

ORIGINAL

OPEN MEETING AGENDA ITEM



0000138728

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

2012 AUG 23 P 3: 24

Arizona Corporation Commission

DOCKETED

AUG 23 2012

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

COMMISSIONERS

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

DOCKETED BY *JM*

IN THE MATTER OF THE APPLICATION
OF ARIZONA WATER COMPANY, AN
ARIZONA CORPORATION, FOR A
DETERMINATION OF THE FAIR VALUE
OF ITS UTILITY PLANT AND
PROPERTY, AND FOR ADJUSTMENTS
TO ITS RATES AND CHARGES FOR
UTILITY SERVICE AND FOR CERTAIN
RELATED APPROVALS THEREON.

DOCKET NO. W-01445A-08-0440

ARIZONA WATER COMPANY'S
AMENDED APPLICATION FOR
AUTHORITY TO IMPLEMENT STEP-1
(PINWOOD/RIMROCK) AND STEP-2
(SEDONA) OF THE ARSENIC COST
RECOVERY MECHANISM IN ITS VERDE
VALLEY SYSTEM

Arizona Water Company ("the Company") files this amended application for authority to implement certain surcharges for its Verde Valley system, which is part of its Northern Group.

BACKGROUND

On August 25, 2010, the Commission issued Decision No. 71845 (the "Decision") in a general rate proceeding for the Company's 18 water systems. In the Decision, the Commission authorized full rate consolidation of the Pinewood and Rimrock water systems into a single water system known as Verde Valley which, in turn, was partially consolidated with the Sedona system by way of a single, consolidated, basic service charge. Under this approach, the accounting records of the Sedona, Pinewood and Rimrock systems were fully consolidated into the new Verde Valley system. Additionally, the tariffs and billing records of the Pinewood and Rimrock systems were fully consolidated.

1 On May 27, 2011, the Commission entered Decision No. 72375 in this docket,
 2 which authorized the Company to implement Step-1 of the arsenic cost recovery
 3 mechanism ("ACRM") for the Sedona portion of the Verde Valley system. The Step-1
 4 ACRM authorized a fixed/monthly minimum surcharge of \$0.40 (5/8-inch meter) and a
 5 volumetric/commodity surcharge of \$0.0418 per 1,000 gallons. The Step-1 ACRM
 6 surcharge included only capital-related costs incurred through August 2010 associated
 7 with the Company's then-new Valley Vista arsenic treatment facility, which is located in
 8 the Sedona portion of the Verde Valley system. The Step-1 ACRM did not include any
 9 recoverable O&M expenses.

10 On June 22, 2012, the Company filed an application for authority to implement
 11 Step-2 of the ACRM in its Verde Valley system, in compliance with the conditions
 12 established in Decision No. 66400, dated October 14, 2003. The Company's June 22,
 13 2012, application included the following arsenic-related capital and operating costs
 14 actually incurred in the Sedona and Rimrock portions of the Verde Valley system:

16 Facility	17 Location Within Verde 18 Valley System	19 Additional Capital Costs Incurred Since Step-1 ACRM 20 Filing	21 Net Increase / (Decrease) in O&M Costs
22 Valley Vista	Sedona	\$0	\$38,487
23 Rainbow	Sedona	\$249,061	\$0
24 Existing facilities purchased from lessor (Wild Horse Mesa, Rancho 25 Rojo, Rimrock Well No. 1, Rimrock Well No. 3, Rimrock Well No. 4	Sedona & Rimrock	\$224,545	\$45,159
26 Rimrock Well No. 2	Rimrock	\$591,026	(\$36,000)
27 Sedona Golf Resort	Sedona	\$445,986	(\$36,000)
28 Montezuma Well Nos. 2 & 3	Rimrock	\$703,043	(\$36,000)
Broken Arrow	Sedona	\$588,322	(\$54,000)
Harmony Hills	Sedona	\$1,183,437	\$0
Total		\$3,985,420	(\$78,354)

1 Accordingly, in its June 22, 2012 application, the Company sought to apply the
2 Step-2 ACRM surcharge to all portions of the Verde Valley system (i.e. Sedona,
3 Pinewood and Rimrock). A benefit of this approach was to lessen the impact of arsenic-
4 related costs incurred in the Rimrock portion of the Verde Valley system on customers
5 located in Pinewood and Rimrock. In its June 22, 2012, application the Company
6 estimated that the average monthly bill for customers located in the Pinewood and
7 Rimrock portions of the Verde Valley system (based on 3,036 gallons used and a 5/8-
8 inch meter) would increase by \$5.48, or 9.5%, from \$57.63 to \$63.11, and the Company
9 estimated that the average monthly bill for customers located in the Sedona portion of
10 the Verde Valley system (based on 8,751 gallons used and a 5/8-inch meter) would
11 increase by \$4.72, or 11.9%, from \$39.47 to \$44.19 (See Schedule 10 of Attachment 3).
12 The approach taken by the Company in its June 22, 2012, application was similar to
13 that proposed by the Company in Docket No. 04-0650, and adopted by the Commission
14 in Decision No. 70702, dated January 20, 2009. In that instance, the Company filed, on
15 September 16, 2008, an amended application for authority to implement Step-2 of the
16 ACRM surcharge in its Casa Grande system and Step-1 of the ACRM surcharge in its
17 Stanfield system.¹ Although the Casa Grande and Stanfield systems were not yet
18 consolidated at that time, the Company proposed two alternatives (Alternatives B and
19 C), which limited the ACRM surcharge increase in the Stanfield system to 10.5% and
20 25.0%, respectively, by shifting a portion of the Stanfield system's ACRM revenue
21 requirement to the Casa Grande system for recovery. The Commission adopted the
22 Company's Alternative B in Decision No. 70702, thereby reducing the Step-1 ACRM
23 increase applicable to Stanfield.² The Company estimates that consolidating the Verde
24 Valley Step-2 ACRM surcharge, as proposed by the Company in its June 22, 2012,
25

26 ¹ See Arizona Water Company's Application for Authority to Implement Arsenic Cost Recovery
27 Mechanisms, filed on August 19, 2008, and Arizona Water Company's Amendment to its Application for
28 Authority to Implement Arsenic Cost Recovery Mechanisms, filed on September 16, 2008, in Docket No.
04-0650.

² See Decision No. 70702, dated January 20, 2009, Finding of Fact No. 5 and p. 7, lines 15 – 18.

1 application reduces the impact of the ACRM surcharge on customers located in
2 Pinewood and Rimrock by \$3.10 per month, from \$8.58 to \$5.48.

3 On July 20, 2012, the Commission's Utilities Division Staff ("Staff") filed a letter in
4 response to the Company's June 22, 2012, application in this docket requesting that the
5 Company file an amended application for authority to implement Step-2 of the ACRM in
6 its Verde Valley system. According to Staff, the Company's amended application
7 should limit the applicability of the Step-2 ACRM surcharge to the Sedona portion of the
8 Verde Valley system.

9 On August 1, 2012, the Company met with Staff to discuss, among other matters,
10 the Company's June 22, 2012 application and the responsive letter filed by Staff on July
11 20, 2012. During that meeting, the Company informed Staff that it had incurred
12 additional arsenic-related capital and operating costs in both the Sedona and Rimrock
13 portions of the Verde Valley system, as summarized in the table above. In response,
14 Staff requested during the August 1, 2012 meeting that the Company file an amended
15 application for authority to implement Step-2 of the ACRM in the Sedona portion of the
16 Verde Valley system for the purpose of recovering only those arsenic-related costs
17 attributable to Sedona. Additionally, Staff requested that the Company file an
18 application for authority to implement Step-1 of the ACRM in the Pinewood and Rimrock
19 portions of the Verde Valley system for the purpose of recovering those arsenic-related
20 costs attributable to Rimrock. This amended application for authority to implement
21 Step-1 of the ACRM in the Pinewood and Rimrock portions of the Verde Valley system
22 and Step-2 of the ACRM in the Sedona portion of the Verde Valley system satisfies
23 Staff's request, above. In addition, the Company has provided schedules supporting an
24 alternative, consolidated, Step-2 ACRM for the Verde Valley system consistent with that
25 proposed by the Company in its June 22, 2012 application. This alternative Step-2
26 ACRM is consistent with the guiding principles of rate consolidation in that it alleviates
27
28

1 the impact of rate increases on customers located in Pinewood and Rimrock, at minimal
2 cost. The details of each component of this application are discussed below.

3
4 **REQUEST FOR AUTHORITY TO IMPLEMENT STEP-1 OF THE ACRM IN THE**
5 **PINEWOOD AND RIMROCK PORTIONS OF THE VERDE VALLEY SYSTEM**

6 This filing includes Step-1 of the ACRM surcharge for the Pinewood and Rimrock
7 portions of the Verde Valley system (See Attachment 1). As shown on Schedule 6 of
8 Attachment 1 hereto, the Company's Step-1 ACRM filing for the Pinewood and Rimrock
9 portions of the Verde Valley system supports a Step-1 ACRM fixed/monthly minimum
10 surcharge of \$1.95 (\$1.32 for capital costs and recurring O&M expenses and \$0.63 for
11 deferred O&M expenses) and a volumetric/commodity surcharge of \$0.7575 (\$0.5134
12 for capital costs and recurring O&M expenses and \$0.2441 for deferred O&M expenses)
13 per 1,000 gallons for the Pinewood and Rimrock portions of the Verde Valley system.
14 The Company estimates that the average monthly bill for customers located in the
15 Pinewood and Rimrock portions of the Verde Valley system (based on 3,036 gallons
16 used and a 5/8-inch meter) will increase by \$8.58, or 14.9%, from \$57.63 to \$66.21
17 (See Schedule 10 of Attachment 1).

18 Pursuant to the Commission's guidelines in Decision No. 66400, the ACRM
19 surcharge will provide for the recovery of expenses related to media replacement or
20 regeneration costs, media replacement or regeneration service costs and waste media
21 or regeneration disposal costs. The Company's proposed Step-1 ACRM surcharge for
22 the Pinewood and Rimrock portions of the Verde Valley system includes both capital-
23 related costs associated with arsenic treatment facilities and deferred and ongoing
24 media-related expenses covering the twelve month period ending March 2012.

1 **REQUEST FOR AUTHORITY TO IMPLEMENT STEP-2 OF THE ACRM**
2 **IN THE SEDONA PORTION OF THE VERDE VALLEY SYSTEM**

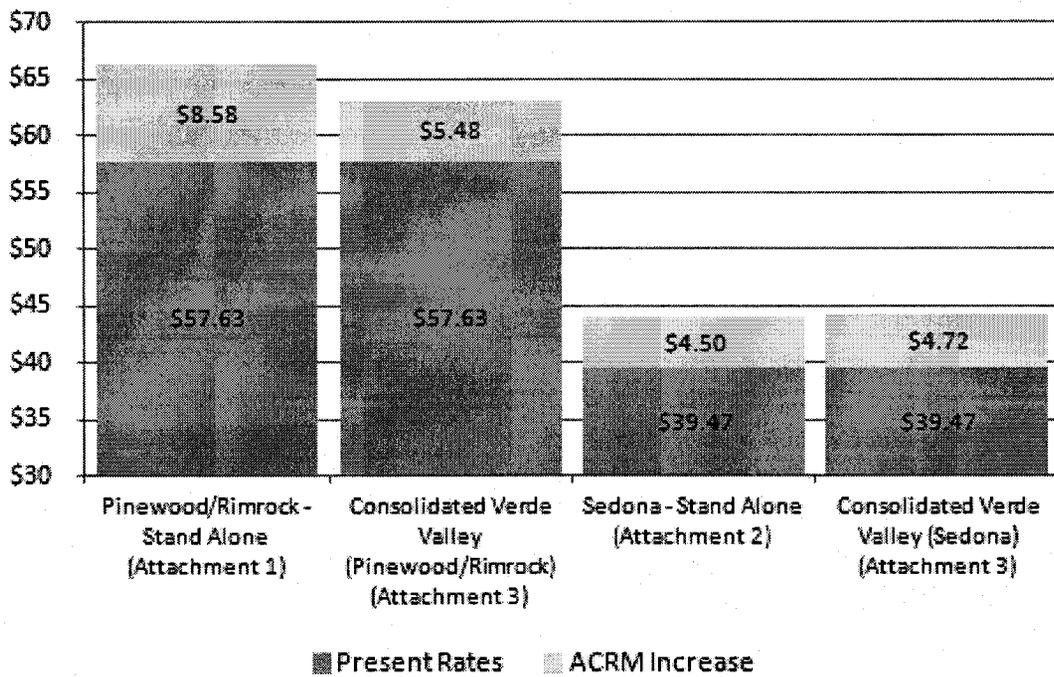
3 This filing also includes Step-2 of the ACRM surcharge for the Sedona portion of
4 the Verde Valley system (See Attachment 2). As shown on Schedule 6 of Attachment 2
5 hereto, the Company's Step-2 ACRM filing for the Sedona portion of the Verde Valley
6 system supports a Step-2 ACRM fixed/monthly minimum surcharge of \$2.87 (\$2.34 for
7 capital costs and recurring O&M expenses and \$0.53 for deferred O&M expenses) and
8 a volumetric/commodity surcharge of \$0.2737 (\$0.2233 for capital costs and recurring
9 O&M expenses and \$0.0504 for deferred O&M expenses) per 1,000 gallons for the
10 Sedona portion of the Verde Valley system. The Step-2 ACRM surcharge **replaces** the
11 Step-1 ACRM surcharge currently in effect for the Sedona portion of the Verde Valley
12 system. The Company estimates that the average monthly bill for customers located in
13 the Sedona portion of the Verde Valley system (based on 8,751 gallons used and a 5/8-
14 inch meter) will increase by \$4.50, or 11.4%, from \$39.47 to \$43.97 (See Schedule 10
15 of Attachment 2).

16 The Company's proposed Step-2 ACRM surcharge for the Sedona portion of the
17 Verde Valley system includes additional capital-related costs associated with arsenic
18 treatment facilities incurred since August 2010, when the Company filed its Step-1
19 ACRM surcharge, as well as deferred and ongoing media-related expenses covering
20 the twelve month period ending March 2012.

21 **ALTERNATIVE CONSOLIDATED STEP-2 VERDE VALLEY ACRM**
22

23 Consistent with the Company's approach in Docket W-01445A-04-0650,
24 discussed above, the Company is providing additional Schedules supporting an
25 alternative, consolidated, Step-2 Verde Valley ACRM (See Attachment 3). This
26 alternative proposal is identical to the Company's Step-2 Verde Valley ACRM
27 application filed on June 22, 2012. As discussed above, under this alternative the
28 Company estimates that the average monthly bill for customers located in the Pinewood

1 and Rimrock portions of the Verde Valley system (based on 3,036 gallons used and a
 2 5/8-inch meter) would increase by \$5.48, or 9.5%, from \$57.63 to \$63.11, and the
 3 Company estimates that the average monthly bill for customers located in the Sedona
 4 portion of the Verde Valley system (based on 8,751 gallons used and a 5/8-inch meter)
 5 would increase by \$4.72, or 11.9%, from \$39.47 to \$44.19 (See Schedule 10 of
 6 Attachment 3). The following graph illustrates the difference each scenario has on a
 7 Verde Valley customer's average monthly bill:



20 As shown in the above graph, the Company's alternative proposal reduces the impact of
 21 the ACRM surcharge on customers located in Pinewood and Rimrock by \$3.10 per
 22 month, from \$8.58 to \$5.48, while minimizing the impact on customers located in
 23 Sedona. This alternative proposal is consistent with the principles of rate consolidation
 24 and the phased consolidation approach proposed by the Company in this docket, and
 25 adopted by the Commission in Decision No. 71845.

1 **SUPPORTING MATERIAL**

2

3 In support of this Step-1 ACRM application for the Pinewood and Rimrock
4 portions of the Verde Valley system and Step-2 ACRM application for the Sedona
5 portion of the Verde Valley system, the Company is including the schedules required by
6 Decision No. 66400 as Attachments 1 and 2, respectively, hereto. Additionally, the
7 Company is providing Attachment 3, which supports a consolidated Verde Valley ACRM
8 surcharge. The Company will provide Staff with electronic copies of all work papers and
9 supporting documents, including invoices. The Company representative responsible for
10 handling inquiries regarding this amended application is Joel Reiker, Vice President –
11 Rates & Revenues. Mr. Reiker can be contacted by telephone during normal business
12 hours at (602) 240-6860, or by email at jreiker@azwater.com.

13

14 **CONCLUSION**

15

16 This amended application for a Step-1 ACRM surcharge for the Pinewood and
17 Rimrock portions of the Verde Valley system and a Step-2 ACRM surcharge for the
18 Sedona portion of the Company's Verde Valley system or, in the alternative, a
19 consolidated Step-2 Verde Valley ACRM surcharge, complies with all of the
20 requirements of Decision No. 66400. As the Commission found, adopting the ACRM
21 mechanism "... properly balances the need for Arizona Water to remain financially
22 sound with the avoidance of significant rate shock to customers who are affected by the
23 arsenic requirements." (Decision No. 66400, page 20, lines 21-22). For these reasons,
24 the Company requests that the Step-1 ACRM surcharge for the Pinewood and Rimrock
25 portions of the Verde Valley system and the Step-2 ACRM surcharge for the Sedona
26 portion of the Verde Valley system or, in the alternative, a consolidated Step-2 Verde

1 portion of the Verde Valley system or, in the alternative, a consolidated Step-2 Verde
2 Valley ACRM surcharge, be expedited and reviewed by the Staff and approved by the
3 Commission at the earliest possible time.

4 RESPECTFULLY SUBMITTED this 23rd day of August, 2012.

5 ARIZONA WATER COMPANY

6
7
8 By: 
9 Robert W. Geake
10 Vice President and General Counsel
11 ARIZONA WATER COMPANY
12 Post Office Box 29006
13 Phoenix, Arizona 85038-9006

14 An original and 13 copies of the foregoing were delivered this 23rd day of August, 2012,
15 to:

16 Docketing Supervisor
17 Docket Control
18 Arizona Corporation Commission
19 1200 West Washington
20 Phoenix, AZ 85007

21 A copy of the foregoing was mailed this 23rd day of August, 2012, to:

22 Lyn Farmer, Chief Administrative Law Judge
23 Hearing Division
24 Arizona Corporation Commission
25 1200 West Washington
26 Phoenix, AZ 85007

27 Janice Alward, Chief Counsel
28 Legal Division
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

Steven M. Olea, Director
Utilities Division
Arizona Corporation Commission
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Phoenix, AZ 85007

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By: *D.W. Yeake*

ATTACHMENT 1

ARIZONA WATER COMPANY
DOCKET NO. W-01445A-08-0440
BALANCE SHEET
AS OF MARCH 31, 2012

Line No.	[A] TOTAL COMPANY	[B] VERDE VALLEY ¹
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¹Allocated based on the percentage of rate base to total company rate base.

ARIZONA WATER COMPANY
DOCKET NO. W-01445A-08-0440
INCOME STATEMENT
12 MONTHS ENDING MARCH 2012

Line No.	[A] TOTAL COMPANY	[B] VERDE VALLEY
1		
2		
3		
4		
5	<u>\$ 55,736,768</u>	<u>\$ 7,384,573</u>
6		
7		
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12		
13	<u>\$ 46,402,870</u>	<u>\$ 5,883,848</u>
14		
15		
16		
17	<u>\$ 9,333,898</u>	<u>\$ 1,500,725</u>
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	<u>\$ 4,737,613</u>	<u>\$ 719,547</u>
	<u>\$ 4,476,389</u>	<u>\$ 686,345</u>
	<u>\$ 4,857,509</u>	<u>\$ 814,380</u>

ARIZONA WATER COMPANY
DOCKET NO. W-01445A-08-0440
EARNINGS TEST
12 MONTHS ENDING MARCH 2012

Line No.	[A] VERDE VALLEY
1	
2	
3	
4	
5	Revenue:
6	Total Operating Revenue
7	\$ 7,384,573
8	Operating Expenses:
9	Operation and Maintenance
10	Depreciation
11	Taxes Other than Income
12	Income Tax
13	Total Operating Expenses
14	(Ln. 9 + Ln. 10 + Ln. 11 + Ln. 12)
15	
16	Operating Income/(Loss)
17	(Ln. 5 - Ln. 13)
18	\$ 1,500,725
19	Rate Base O.C.L.D. (includes Rimrock Step-1 arsenic plant)
20	(Sch. 7, Ln. 38)
21	
22	Rate of Return - O.C.L.D.
23	(Ln. 16 / Ln. 19)
24	7.10%
25	Authorized Rate of Return (Dec. 71845)
26	
27	Operating Margin
28	(Ln. 16 / Ln. 5)
29	
30	Interest Expense - Net
31	
32	Interest Coverage
33	([Ln. 16 + Ln. 12] / Ln. 30)
34	
35	Other (Income) and Deductions
36	
37	Allocated Equity
38	
39	Return on Equity
40	([Ln. 16 - Ln. 30 - Ln. 35] / Ln. 37)
41	
42	Authorized Return on Equity (Dec. 71845)
43	
44	
45	
46	
47	
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50	9.50%

ARIZONA WATER COMPANY
DOCKET NO. W-01445A-08-0440
RATE REVIEW
12 MONTHS ENDING MARCH 2012

Line No.	VERDE VALLEY					
	(A)	(B)	(C)	(D)	(E)	(F)
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¹03/31/2012 Rate base does not include arsenic amounts that were closed to plant in service prior to 03/31/2012. See Sch. 7 - Rate Base.

Line No.	[A]	[B]	[C]	[D]	Proposed Rates			
					Current Rates Dec No. 7, 1845	Proposed ACRM Step-1 Surcharge - Capital & Recurring	Proposed ACRM Step-1 Surcharge - Deferred O&M	Total Proposed (A + B + C)
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11					\$ 23.10	\$ 1.32	\$ 0.63	\$ 25.05
12								
13					\$ 3,3891	\$ 0.5134	\$ 0.2441	\$ 4,1466
14					\$ 4,2361	\$ 0.5134	\$ 0.2441	\$ 4,9936
15					\$ 5,2954	\$ 0.5134	\$ 0.2441	\$ 6,0529
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VERDE VALLEY (PINEWOOD/RIMROCK)

Line No.	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]
	VERDE VALLEY (Pinewood/Rimrock Only)								
1									
2									
3									
4									
5									
6	3/31/2011 (Year 1)	Customers	M Gallons Sold	M Gallons Sold Per Customer					
7	3/31/2012 (Year 2)	4,066	165,763.6	41					
8	Year 2 minus Year 1	4,055	156,584.9	39					
9	Percentage change	(11.0)	(9,178.7)	(2.2)					
10	Average Gallons	-0.27%	-5.54%	-5.28%					
11			161,174.3						
12									
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¹Although monthly minimums vary depending on customer classification, meter multiples are constant across all customer classes.

ARIZONA WATER COMPANY
DOCKET NO. W-01445A-08-0440
RATE BASE
AS OF MARCH 2012

Line No.	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
	VERDE VALLEY							
1								
2								
3								
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6								
7								
8								
9	\$ -	\$ 1,436,464	\$ 1,436,464	\$ -	\$ -	\$ -	\$ 1,436,464	\$ 1,436,464
10								
11	43,876,016	-	43,876,016	49,484,568	(1,639,402)	47,845,166	-	47,845,166
12								
13	\$ 43,876,016	\$ 1,436,464	\$ 45,312,480	\$ 49,484,568	\$ (1,639,402)	\$ 47,845,166	\$ 1,436,464	\$ 49,281,630
14								
15								
16	9,213,225	31,029	9,244,254	13,455,419	(39,852)	13,415,567	31,029	13,446,596
17								
18	\$ 34,662,791	\$ 1,405,435	\$ 36,068,226	\$ 36,029,149	\$ (1,599,550)	\$ 34,429,599	\$ 1,405,435	\$ 35,835,034
19								
20								
21	4,981,323	-	4,981,323	3,632,486	-	3,632,486	-	3,632,486
22								
23	5,795,886	-	5,795,886	7,618,338	-	7,618,338	-	7,618,338
24								
25	2,468,452	-	2,468,452	4,477,518	-	4,477,518	-	4,477,518
26								
27	29,955	-	29,955	(47,878)	-	(47,878)	-	(47,878)
28								
29	180,019	-	180,019	180,019	-	180,019	-	180,019
30								
31	\$ 21,567,194	\$ 1,405,435	\$ 22,972,629	\$ 20,528,704	\$ (1,599,550)	\$ 18,929,154	\$ 1,405,435	\$ 20,334,589
32								
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¹Includes Phoenix Office and Meter Shop Allocation
²Includes Meter Shop Allocation

Line No.	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]
	Work Authorization (WA) No.	Description	Total WA Adjusted Arsenic	Date In Service	Depr. Rate Per Dec. 71845	Depr. Expense	Accumulated Depreciation	Arsenic Rate Base
1	VERDE VALLEY (Rimrock Only)							
2								
3								
4								
5	1-4847	Purchase 5 arsenic treatment plants from Envirogen	142,395	June, 2011	2.86%	4,072	(4,072)	138,322
6								
7	1-4872	Arsenic plant at Rimrock Well 2	591,026	Dec., 2011	2.86%	16,903	(16,903)	574,123
8								
9	1-4874	Arsenic plant at Montezuma Wells 2 & 3	703,043	Apr., 2012	2.86%	20,107	(10,054)	692,990
10								
11								
12								
13								
14								
15								
16								
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50								
			<u>\$ 1,436,464</u>			<u>\$ 41,083</u>	<u>\$ (31,029)</u>	<u>\$ 1,405,435</u>

ARIZONA WATER COMPANY
DOCKET NO. W-01445A-08-0440
CWIP LEDGER

Line No.	Month/Year	Date	Description	Vendor Name	Invoice No.	Acct. 31401	Acct. 32501	Acct. 33101	Acct. 33201	Total
1	Jun-11	6/14/2011	Payables Trx Entry	ENVIROGEN TECHNOLOGIES INC	1314417	-	-	-	195,000.00	195,000.00
2						\$	\$	\$	\$	\$
3										
4	Jul-11	7/31/2011	JV-01 PAYROLL			-	-	-	21.99	21.99
5		7/31/2011	JV-02 PAYROLL TAXES			-	-	-	6.84	6.84
6						\$	\$	\$	\$	\$
7									28.83	28.83
8	Aug-11	8/31/2011	Adjust WA Charge			-	-	-	(28.83)	(28.83)
9						\$	\$	\$	\$	\$
10									(28.83)	(28.83)
11	Dec-11	12/31/2011	JV-20 CWIP OH SPREAD			-	-	-	29,545.48	29,545.48
12						\$	\$	\$	\$	\$
13									29,545.48	29,545.48
14						\$	\$	\$	\$	\$
15									224,545.48	224,545.48
16									\$	\$
17									21.99	21.99
18									6.84	6.84
19									-	-
20									195,000.00	195,000.00
21									-	-
22									(28.83)	(28.83)
23									29,545.48	29,545.48
24									\$	\$
25									224,545.48	224,545.48
26									\$	\$
27									2.86%	2.86%
28									5.88%	5.88%
29									2.50%	2.50%
30									3.13%	3.13%
31									5.88%	5.88%
32									2.50%	2.50%
33									2.86%	2.86%
34									2.86%	2.86%
35									2.86%	2.86%
36									2.86%	2.86%
37									2.86%	2.86%
38									2.86%	2.86%
39									2.86%	2.86%
40									2.86%	2.86%
41									2.86%	2.86%
42									2.86%	2.86%
43									2.86%	2.86%
44									2.86%	2.86%
45									2.86%	2.86%
46									2.86%	2.86%
47									2.86%	2.86%
48									2.86%	2.86%
49									2.86%	2.86%
50									2.86%	2.86%

ARIZONA WATER COMPANY
DOCKET NO. W-01445A-08-0440
CWIP LEDGER

Line No.	Month/Year	Date	Description	Vendor Name	Invoice No.	Acct. 31401	Acct. 32501	Acct. 33101	Acct. 33201	Total
1	Nov-11	11/18/2011	Payables Trx Entry	MGC CONTRACTORS INC	403022	-	-	-	4,298.00	4,298.00
2		11/30/2011	JV-01 PAYROLL			-	-	-	440.61	440.61
3		11/30/2011	JV-02 PAYROLL TAXES			-	-	-	135.15	135.15
4		11/30/2011	JV-09 VEHICLE CLEARING			-	-	-	32.96	32.96
5		11/30/2011	Payables Trx Entry	MGC CONTRACTORS INC	132339	-	-	-	25,680.00	25,680.00
6						\$	\$	\$	30,586.72	\$ 30,586.72
7										
8	Dec-11	12/31/2011	JV-01 PAYROLL			-	-	-	550.74	550.74
9		12/31/2011	JV-02 PAYROLL TAXES			-	-	-	170.06	170.06
10		12/31/2011	JV-09 VEHICLE CLEARING			-	-	-	51.57	51.57
11		12/31/2011	JV-11 AFUDC			-	-	-	111.13	111.13
12		12/31/2011	JV-11 AFUDC			-	-	-	89.47	89.47
13		12/31/2011	JV-20 CWIP OH SPREAD			-	-	-	18,919.81	18,919.81
14		12/31/2011	MA-38 DEC 2011 ACCRUE LATE		DOC999	-	-	-	73,289.00	73,289.00
15		12/31/2011	Payables Trx Entry	MGC CONTRACTORS INC	132551	-	-	-	20,022.00	20,022.00
16						\$	\$	\$	113,203.78	\$ 113,203.78
17										
18	Jan-12	1/31/2012	JV-01 PAYROLL			-	-	-	608.39	608.39
19		1/31/2012	JV-02 PAYROLL TAXES			-	-	-	203.93	203.93
20		1/31/2012	JV-02A PAYROLL TAXES ADJUI			-	-	-	52.28	52.28
21		1/31/2012	JV-09 VEHICLE CLEARING			-	-	-	46.30	46.30
22		1/31/2012	JV-11 AFUDC CWIP			-	-	-	522.44	522.44
23		1/31/2012	JV-11 AFUDC CWIP			-	-	-	420.59	420.59
24		1/31/2012	JV-20 CWIP OH SPREAD			-	-	-	18,199.60	18,199.60
25		1/31/2012	Payables Trx Entry	MGC CONTRACTORS INC	132701	-	-	-	163,597.00	163,597.00
26						\$	\$	\$	183,650.53	\$ 183,650.53
27										
28	Feb-12	2/29/2012	JV-01 PAYROLL			-	-	-	815.52	815.52
29		2/29/2012	JV-02 PAYROLL TAXES			-	-	-	337.44	337.44
30		2/29/2012	JV-09 VEHICLE CLEARING			-	-	-	220.72	220.72
31		2/29/2012	JV-11 AFUDC CWIP			-	-	-	1,189.70	1,189.70
32		2/29/2012	JV-11 AFUDC CWIP			-	-	-	957.77	957.77
33		2/29/2012	JV-20 CWIP OH SPREAD			-	-	-	387.33	387.33
34						\$	\$	\$	3,908.48	\$ 3,908.48
35										
36	Mar-12	3/31/2012	JV-01 PAYROLL			-	-	-	1,759.25	1,759.25
37		3/31/2012	JV-02 PAYROLL TAXES			-	-	-	707.73	707.73
38		3/31/2012	JV-09 VEHICLE CLEARING			-	-	-	396.63	396.63
39		3/31/2012	JV-11 AFUDC CWIP			-	-	-	1,203.90	1,203.90
40		3/31/2012	JV-11 AFUDC CWIP			-	-	-	969.20	969.20
41		3/31/2012	JV-20 CWIP OH SPREAD			-	-	-	33,132.19	33,132.19
42		3/31/2012	Payables Trx Entry	MGC CONTRACTORS INC	403081	-	-	-	296,165.00	296,165.00
43						\$	\$	\$	334,333.90	\$ 334,333.90
44										
45	Apr-12	4/30/2012	JV-01 PAYROLL			-	-	-	338.60	338.60
46		4/30/2012	JV-02 PAYROLL TAXES			-	-	-	136.74	136.74
47		4/30/2012	JV-09 VEHICLE CLEARING			-	-	-	58.03	58.03
48		4/30/2012	JV-11 AFUDC CWIP			-	-	-	2,418.65	2,418.65
49		4/30/2012	JV-11 AFUDC CWIP			-	-	-	1,947.12	1,947.12
50		4/30/2012	JV-20 CWIP OH SPREAD			-	-	-	538.91	538.91

ARIZONA WATER COMPANY
DOCKET NO. W-01445A-08-0440
TYPICAL BILL ANALYSIS

Line No.	[A]	[B]	[C]
<u>VERDE VALLEY (Pinewood/Rimrock)</u>			
	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Percent Increase</u>
1	\$23.10	\$25.05	8.4%
2	26.49	29.20	10.2%
3	29.88	33.34	11.6%
4	33.27	37.49	12.7%
5	37.50	42.48	13.3%
6	41.74	47.48	13.7%
7	45.98	52.47	14.1%
8	50.21	57.46	14.4%
9	54.45	62.46	14.7%
10	58.68	67.45	14.9%
11	62.92	72.45	15.1%
12	68.22	78.50	15.1%
13	73.51	83.04	13.0%
14	78.81	90.60	15.0%
15	84.10	96.66	14.9%
16	89.40	102.71	14.9%
17	115.87	132.97	14.8%
18	142.35	163.24	14.7%
19			
20			
21			
22			
23			
24			
25			
26			
27	3,036	3,036	
28			
29	\$57.63	\$66.21	14.9%
30			
31			
32			
33			
34			
35			
36	\$ 23.10	\$ 25.05	
37			
38			
39			
40			
41	\$ 3,3891	\$ 4,1466	
42	\$ 4,2361	\$ 4,9936	
43	\$ 5,2954	\$ 6,0529	
44			
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Average Residential Consumption

Average Residential Bill

Minimum Rate

Commodity (per M Gallon)
0-3,000 Gallons
3,001 - 10,000 Gallons
Over 10,000 Gallons

ATTACHMENT 2

ARIZONA WATER COMPANY
DOCKET NO. W-01445A-08-0440
BALANCE SHEET
AS OF MARCH 31, 2012

Line No.	[A] TOTAL COMPANY	[B] VERDE VALLEY ¹
1		
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¹Allocated based on the percentage of rate base to total company rate base.

Line No.	[A]	VERDE VALLEY
1		
2		
3		
4	Revenue:	
5	Total Operating Revenue	\$ 7,384,573
6		
7		
8	Operating Expenses:	
9	Operation and Maintenance	\$ 3,222,124
10	Depreciation	1,062,837
11	Taxes Other than Income	1,017,964
12	Income Tax	580,933
13	Total Operating Expenses	5,883,848
14	(Ln. 9 + Ln. 10 + Ln. 11 + Ln. 12)	
15		
16	Operating Income/(Loss)	\$ 1,500,725
17	(Ln. 5 - Ln. 13)	
18		
19	Rate Base O.C.L.D. (includes Sedona Step-2 arsenic plant)	\$ 22,766,206
20	(Sch. 7, Ln. 38)	
21		
22	Rate of Return - O.C.L.D.	6.59%
23	(Ln. 16 / Ln. 19)	
24		
25	Authorized Rate of Return (Dec. 71845)	7.87%
26		
27	Operating Margin	20.32%
28	(Ln. 16 / Ln. 5)	
29		
30	Interest Expense - Net	\$ 719,547
31		
32	Interest Coverage	2.9
33	(Ln. 16 + Ln. 12] / Ln. 30)	
34		
35	Other (Income) and Deductions	\$ (33,202)
36		
37	Allocated Equity	\$ 10,438,305
38		
39	Return on Equity	7.80%
40	(Ln. 16 - Ln. 30 - Ln. 35] / Ln. 37)	
41		
42	Authorized Return on Equity (Dec. 71845)	9.50%
43		
44		
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Line No.	(A)	(B)	(C)	(D)	(E)	(F)
			Less: Step-1	Adjusted -	ACRM	Adjusted -
	Per	12 Months	ACRM Revenue	12 Months	Increase	With ACRM
	Decision	Ended	& Expenses	Ended	(Sedona Only) ¹	With ACRM
	71845	3/31/2012	12-Months Ended	3/31/2012		(D + E)
			3/31/2012			
8	\$ 6,937,463	\$ 7,384,573	\$ (69,762)	\$ 7,314,811	\$ 560,877	\$ 7,875,688
9						
10						
11						
12	\$ 3,575,990	\$ 3,222,124	\$ -	\$ 3,222,124	\$ 206,721	\$ 3,428,845
13					(126,000)	(126,000)
14	958,409	1,062,837	(16,430)	1,046,407	89,295	1,135,702
15	115,220	1,017,954	-	1,017,954	-	1,017,954
16	590,486	580,933	(20,585)	560,348	150,863	711,211
17	\$ 5,240,105	\$ 5,883,848	\$ (37,015)	\$ 5,846,833	\$ 320,879	\$ 6,167,712
18						
19						
20	\$ 1,697,358	\$ 1,500,725	\$ (32,747)	\$ 1,467,978	\$ 239,998	\$ 1,707,976
21						
22						
23	\$ 21,567,194	\$ 19,716,676 ²	\$ -	\$ 19,716,676	\$ 3,049,530	\$ 22,766,206
24						
25						
26	7.87%	7.61%	n/a	7.45%	7.87%	7.50%
27						
28						
29	7.87%	7.87%	7.87%	7.87%	7.87%	7.87%
30						
31	24.47%	20.32%	46.94%	20.07%	42.79%	21.69%
32						
33						
34	\$ 758,044	\$ 719,547	\$ -	\$ 719,547	\$ 107,039	\$ 826,585
35						
36	3.0	2.9	n/a	2.8	3.7	2.9
37						
38						
39	\$ 9,888,559	\$ 9,040,096	\$ -	\$ 9,040,096	\$ 1,398,210	\$ 10,438,305
40						
41	9.50%	8.60%	n/a	8.30%	9.50%	8.40%
42						
43						
44	12.88%	12.71%	12.71%	12.71%	12.71%	12.71%
45						
46						
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¹Includes Step-1 ACRM Plant and O&M.
²03/31/2012 Rate base does not include arsenic amounts that were closed to plant in service prior to 03/31/2012. See Sch. 7 - Rate Base.

ARIZONA WATER COMPANY
DOCKET NO. W-01445A-08-0440
REVENUE REQUIREMENT
AS OF MARCH 2012

Line No.	Description	[A]
1		
2		
3	<u>Arsenic Compliance Revenue Requirement:</u>	
4	Test Year Data:	
5	Arsenic Plant in Service (Sch. 8, p. 1)	3,123,542
6	Accumulated Depreciation	74,012
7	Arsenic Rate Base	<u>3,049,530</u>
8		
9	Required Rate of Return (Dec. No. 71845)	7.87%
10		
11	Required Operating Income (Ln. 7 X Ln. 9)	<u>239,998</u>
12		
13	Gross Revenue Conversion Factor (Dec. No. 71845)	1.6286
14		
15	Revenue Required - Return on Arsenic Treatment Plant (Ln. 11 X Ln. 13)	<u>390,861</u>
16		
17	Depreciation on Arsenic Treatment Plant (Sch. 8, p. 1)	89,295
18		
19	Less: Operating Lease Charges Related to Arsenic facilities purchased/replaced	
20	(Fg. 2, Col. G, Ln. 14)	(126,000)
21		
22	Revenue Required - Capital Costs (Ln. 15 + Ln. 17 + Ln. 20)	<u>354,156</u>
23		
24	Net Recurring O&M (Pg. 2, Col. G, Ln. 29)	103,360
25		
26	Revenue Required - Capital Costs & Recurring O&M Expenses (Ln. 22 + Ln. 24)	<u>457,516</u>
27		
28	Revenue Required - Deferred O&M Expenses (1-Year of Recurring O&M Expense)	103,360
29		
30	Total Revenue Required - Step 2 ACRM (Ln. 26 + Ln. 28)	<u>580,877</u>
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Line No.	[A]	[B]	[C]	[D]	[E]	[F]	[G]
	<u>Step-2 ACRM O&M Adjustment Related to Operating Lease Charges Currently Included in Rates</u>						
1	Operating Lease Charges Currently Included in Rates	Adjustment to Reflect the Purchase of Arsenic Plants (WA 1-4847)	BLANK	Adjustment to Reflect Construction of New Plant at Sedona Golf Res. (WA 1-4873)	BLANK	Adjustment to Reflect Construction of New Plant at Broken Arrow (WA 1-4875)	Total ACRM O&M Adjustment
2	Dec. 7, 1845	(WA 1-4847)	BLANK	(WA 1-4873)	BLANK	(WA 1-4875)	
3	\$ 54,000	\$ -	\$ -	\$ -	\$ -	\$ (54,000)	\$ (54,000)
4	12,000	(12,000)	-	-	-	-	(12,000)
5	24,000	(24,000)	-	-	-	-	(24,000)
6	36,000	-	-	(36,000)	-	-	(36,000)
7							
8							
9							
10	Sedona No. 10/Broken Arrow						
11	Sedona No. 1/Wild Horse Mesa						
12	Sedona No. 1/Rancho Rojo						
13	Sedona Golf Resort						
14	Totals	\$ 126,000	\$ (36,000)	\$ (36,000)	\$ -	\$ (54,000)	\$ (126,000)

Line No.	<u>Step-2 ACRM O&M Adjustment Related to O&M Costs Currently Reflected in Rates</u>						
	Treatment (O&M) Charges Currently Included in Rates	Current/Actual Media Replacement Cost	Invoice No.	Date Media Replaced	Next Media Changeout	Pro Forma Annual Media/O&M Cost	O&M Increase / (Decrease) [E - A]
	Dec. 7, 1845					[(B ± (E - D)) X 365]	[E - A]
20	\$ 2,909	34,225	DOC999	9/23/2011	12/20/2012	\$ 27,516	\$ 24,607
21	12,168	53,440	DOC007	9/13/2011	9/19/2012	52,434	40,266
22	-	58,100	DOC013	10/3/2011	4/6/2013	38,487	38,487
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	Totals	\$ 15,077	\$ 145,765			\$ 118,437	\$ 103,360

Line No.	[A]	[B]	[C]	[D]	[E]	[F]
Current Rates						
	Current Rates Dec. No. 71845	Current ACRM Step-1 Surcharge Dec. No. 72375	Total Current Rates [A + B]	Proposed ACRM Step-2 Surcharge - Capital & Recurring (To Replace Current Step-1 Surcharge)	Proposed ACRM Step-2 Surcharge - Deferred O&M (To Replace Current Step-1 Surcharge)	Total Proposed (A + D + E)
10	\$ 23.10	\$ 0.40	\$ 23.50	\$ 2.34	\$ 0.53	\$ 25.97
11	\$ 1.5317	\$ 0.0418	\$ 1.5735	\$ 0.2233	\$ 0.0504	\$ 1.8054
12	\$ 1.9147	\$ 0.0418	\$ 1.9565	\$ 0.2233	\$ 0.0504	\$ 2.1864
13	\$ 2.3910	\$ 0.0418	\$ 2.4328	\$ 0.2233	\$ 0.0504	\$ 2.6647
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Minimum 5/8" x 3/4"
 Commodity (per M Gallon)
 0-3,000 Gallons
 3,001 - 10,000 Gallons
 Over 10,000 Gallons

ARIZONA WATER COMPANY
DOCKET NO. W-01445A-08-0440
SURCHARGE CALCULATION
AS OF MARCH 2012

Line No.	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]
	VERDE VALLEY (Sedona Only)								

Growth		M Gallons Sold Per Customer	
Customers	M Gallons Sold	Customers	M Gallons Sold
3/31/2011 (Year 1)	6,335	1,027,610.0	162
3/31/2012 (Year 2)	6,336	1,021,300.6	161
Year 2 minus Year 1	1.0	(6,309.4)	(1.0)
Percentage change	0.02%	-0.61%	-0.63%
Average Gallons	1,024,455.3		

Incremental Fixed Costs To Be Recovered Per Bill

Size	Customers By Meter Size	Est. Average Customers	Monthly Minimum ¹	Meter Multiplier ¹	Equivalent Meters	Monthly F42 X Col E	Fixed Increment Annual Total [C x G] x 12
5/8"	5,752	5,753	**varies**	1.0	5,753	2.34	\$ 181,544.24
1"	467	467	**varies**	2.5	1,168	5.85	32,783.40
2"	105	105	**varies**	8.0	840	18.72	23,587.20
3"	4	4	**varies**	16.0	64	37.44	1,797.12
4"	5	5	**varies**	25.0	125	58.50	3,510.00
6"	2	2	**varies**	50.0	100	117.00	2,808.00
8"	1	1	**varies**	80.0	80	187.20	2,246.40
10"			**varies**	115.0		269.10	
Total	6,336	6,337			8,130		\$ 228,276.36

Calculation of Surcharge

Description	Permanent Surcharge		Deferred O&M (One Year) Surcharge	
	Minimum Charge	Commodity Charge	Minimum Charge	Commodity Charge
Total Revenue Requirement of Arsenic Treatment Capital Costs and Recurring Recoverable O&M	\$ 228,758	\$ 228,758		
50% of Total Revenue Requirement on Line 31 Recoverable through Meter Charge (Col E Ln 31 X 50%)			\$ 51,680	\$ 51,680
50% of Total Revenue Requirement on Line 31 Recoverable through Commodity Charge (Col E Ln 31 X 50%)		\$ 228,758		
Total Revenue Requirement of Deferred Recoverable O&M				\$ 51,680
50% of Total Revenue Requirement on Line 35 Recoverable through Meter Charge (Col E Ln 35 X 50%)				
50% of Total Revenue Requirement on Line 35 Recoverable through Commodity Charge (Col E Ln 35 X 50%)				
Monthly Increment Per Equivalent Meter				
Equivalent Meters (Col F Ln 24 X 12 months)	97,560		97,560	
Increment Per Equivalent 5/8" Meter (Col F Ln 32 / Col F Ln 40)				
Estimated Arsenic Treatment Cost Recovery Per Mgal				
Average M Gallons (Col C Ln 9)		1,024,455.3		1,024,455.3
Increment Per M gallon (Col G Ln 33/Col G Ln 45)		\$ 0.2233		\$ 0.0504

¹Although monthly minimums vary depending on customer classification, meter multiples are constant across all customer classes.

ARIZONA WATER COMPANY
DOCKET NO. W-01445A-08-0440
RATE BASE
AS OF MARCH 2012

Line No.	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]
		VERDE VALLEY						
1								
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¹Includes Phoenix Office and Meter Shop Allocation
²Includes Meter Shop Allocation

Line No.	[A] Work Authorization (WA) No.	[B] Description	[C] Total WA Adjusted Arsenic	[D] Date In Service	[E] Depr. Rate Per Dec. 7, 1845	[F] Depr. Expense	[G] Accumulated Depreciation	[H] Arsenic Rate Base
1	VERDE VALLEY (Sedona Only)							
2								
3								
4								
5	1-4497	Valley Vista Arsenic Treatment Facility	\$ 574,585	June, 2010	2.86%	\$ 16,430	\$ (32,860)	\$ 541,725 ¹
6								
7	1-4623	Relocate arsenic plant from Valley Vista to Rainbow	249,061	Nov., 2011	2.85%	7,088	(7,088)	241,972
8								
9	1-4847	Purchase 5 arsenic treatment plants from Envirogen	82,151	June, 2011	2.86%	2,350	(2,350)	79,801
10								
11	1-4873	Arsenic plant at Sedona Golf Resort Well	445,986	May, 2012	2.86%	12,755	(6,378)	439,609
12								
13	1-4875	Arsenic plant at Broken Arrow Well 10	588,322	May, 2012	2.86%	16,826	(8,413)	579,909
14								
15	1-4814	Arsenic treatment plant at Harmony Hills	1,183,437	May, 2012	2.86%	33,846	(16,923)	1,166,514
16								
17			<u>\$ 3,123,542</u>					
18							<u>\$ 89,295</u>	<u>\$ (74,012)</u>
19								<u>\$ 3,049,530</u>
20								
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¹Capital costs related to the Valley Vista arsenic treatment facility are currently being recovered via the Verde Valley Step-1 ACRM surcharge, approved in Decision No. 72375, dated May 27, 2011. The Step-2 ACRM surcharge proposed herein is intended to replace the current Step-1 ACRM surcharge. Accordingly, capital costs associated with the Valley Vista facility are included in the Step-2 ACRM surcharge calculation.

ARIZONA WATER COMPANY
DOCKET NO. W-01445A-08-0440
CWIP LEDGER

Line No.	Month/Year	Date	Description	Vendor Name	Invoice No.	Acct. 31401	Acct. 32501	Acct. 33101	Acct. 33201	Total
1	Apr-08	4/30/2008	JV-1 PAYROLL							
2		4/30/2008	JV-2 PAYROLL TAXES						136.40	136.40
3		4/30/2008	JV-9 TRANSPORTATION						12.68	12.68
4									(81.33)	(81.33)
5									67.75	67.75
6	May-08	5/28/2008	JV-1 PAYROLL							
7		5/31/2008	JV-2 PAYROLL TAXES						102.30	102.30
8		5/31/2008	JV-9 TRANSPORTATION						8.92	8.92
9									18.34	18.34
10									129.56	129.56
11	Jun-08	6/30/2008	JV-1 PAYROLL							
12		6/30/2008	JV-2 PAYROLL TAXES						272.80	272.80
13		6/30/2008	JV-9 TRANSPORTATION						24.96	24.96
14		6/30/2008	Payables Trx Entry	CAROLLO ENGINEERS	0100004				75.78	75.78
15									13,906.80	13,906.80
16									14,280	14,280
17	Jul-08	7/31/2008	Payables Trx Entry	LEGEND TECHNICAL SERVICES	VM080108_08					
18		7/31/2008	Payables Trx Entry	JAMES WILSON	VM080108_01	1,086.30				1,086.30
19									44.75	44.75
20									44.75	44.75
21	Aug-08	8/31/2008	JV-1 PAYROLL							
22		8/31/2008	JV-11 AFUDC			8.73				8.73
23		8/31/2008	JV-11 AFUDC						0.55	0.55
24		8/31/2008	JV-11 AFUDC						116.66	116.66
25		8/31/2008	JV-11 AFUDC						116.30	116.30
26		8/31/2008	JV-2 PAYROLL TAXES						12.54	12.54
27		8/31/2008	JV-9 TRANSPORTATION						30.37	30.37
28		8/31/2008	Payables Trx Entry	CAROLLO ENGINEERS	0100500				24,830.58	24,830.58
29									25,252.13	25,252.13
30										
31	Sep-08	9/30/2008	JV-11 AFUDC			6.07				6.07
32		9/30/2008	JV-11 AFUDC			2.66				2.66
33		9/30/2008	JV-11 AFUDC						220.72	220.72
34		9/30/2008	JV-11 AFUDC						96.85	96.85
35		9/30/2008	Payables Trx Entry	CAROLLO ENGINEERS	0101010				18,678.38	18,678.38
36									18,678.38	18,678.38
37									19,004.68	19,004.68
38	Oct-08	10/17/2008	Payables Trx Entry	CAROLLO ENGINEERS	0101686					
39		10/31/2008	JV-1 PAYROLL						2,965.72	2,965.72
40		10/31/2008	JV-11 AFUDC			6.16				6.16
41		10/31/2008	JV-11 AFUDC			2.70				2.70
42		10/31/2008	JV-11 AFUDC						328.09	328.09
43		10/31/2008	JV-11 AFUDC						143.97	143.97
44		10/31/2008	JV-2 PAYROLL TAXES						14.23	14.23
45		10/31/2008	JV-9 TRANSPORTATION						34.07	34.07
46									3,656.58	3,656.58
47										
48	Nov-08	11/30/2008	JV-11 AFUDC			6.21				6.21
49		11/30/2008	JV-11 AFUDC			2.73				2.73
50		11/30/2008	JV-11 AFUDC						348.50	348.50

ARIZONA WATER COMPANY
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CWIP LEDGER

Line No.	Month/Year	Date	Description	Vendor Name	Invoice No.	Acct 31401	Acct 32501	Acct 33101	Acct 33201	Total
1		11/30/2008	JV-11 AFUDC			\$ 8.94			152.92	152.92
2									\$ 501.42	510.36
3										
4	Dec-08	12/31/2008	JV-11 AFUDC			6.26				6.26
5		12/31/2008	JV-11 AFUDC			2.75				2.75
6		12/31/2008	JV-11 AFUDC						361.30	361.30
7		12/31/2008	JV-11 AFUDC						158.54	158.54
8		12/31/2008	JV-32 OVERHEAD SPREAD			90.32				90.32
9		12/31/2008	JV-32 OVERHEAD SPREAD						5,210.99	5,210.99
10		12/31/2008	Payables Trx Entry	CAROLLO ENGINEERS	0103296				1,790.44	1,790.44
11						\$ 99.33			\$ 7,521.27	7,620.60
12										
13	Jan-09	1/31/2009	JV-11 AFUDC			6.82				6.82
14		1/31/2009	JV-11 AFUDC			2.99				2.99
15		1/31/2009	JV-11 AFUDC						393.30	393.30
16		1/31/2009	JV-11 AFUDC						172.58	172.58
17		2/28/2009	JV-11 AFUDC			6.87				6.87
18		2/28/2009	JV-11 AFUDC			3.02				3.02
19						\$ 19.70			\$ 565.88	585.58
20										
21	Feb-09	2/28/2009	JV-11 AFUDC						396.46	396.46
22		2/28/2009	JV-11 AFUDC						173.97	173.97
23									\$ 570.43	570.43
24										
25	Mar-09	3/31/2009	JV-1 PAYROLL						151.26	151.26
26		3/31/2009	JV-11 AFUDC			6.93				6.93
27		3/31/2009	JV-11 AFUDC			3.04				3.04
28		3/31/2009	JV-11 AFUDC						399.64	399.64
29		3/31/2009	JV-11 AFUDC						175.36	175.36
30		3/31/2009	JV-2 PAYROLL TAXES						14.55	14.55
31						\$ 9.97			\$ 740.81	750.78
32										
33	Apr-09	4/30/2009	JV-1 PAYROLL						201.68	201.68
34		4/30/2009	JV-1 PAYROLL						352.94	352.94
35		4/30/2009	JV-11 AFUDC			6.98				6.98
36		4/30/2009	JV-11 AFUDC			3.06				3.06
37		4/30/2009	JV-11 AFUDC						403.78	403.78
38		4/30/2009	JV-11 AFUDC						177.18	177.18
39		4/30/2009	JV-2 PAYROLL TAXES						53.44	53.44
40						\$ 10.04			\$ 1,189.02	1,199.06
41										
42	May-09	5/20/2009	Payables Trx Entry	CAROLLO ENGINEERS	0104625				3,463.20	3,463.20
43		5/31/2009	JV-1 PAYROLL						75.63	75.63
44		5/31/2009	JV-1 PAYROLL						52.92	52.92
45		5/31/2009	JV-1 PAYROLL						67.18	67.18
46		5/31/2009	JV-11 AFUDC			7.04				7.04
47		5/31/2009	JV-11 AFUDC			3.09				3.09
48		5/31/2009	JV-11 AFUDC						410.41	410.41
49		5/31/2009	JV-11 AFUDC						180.09	180.09
50		5/31/2009	JV-2 PAYROLL TAXES						17.55	17.55

Invoice provided in Step-1 ACRM filing

0103296

Invoice provided in Step-1 ACRM filing

0104625

ARIZONA WATER COMPANY
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CWIP LEDGER

Line No.	Month/Year	Date	Description	Vendor Name	Invoice No.	Acct. 31401	Acct. 32501	Acct. 33101	Acct. 33201	Total
1		5/31/2009	JV-9 TRANSPORTATION			\$ 10.13			10.39	10.39
2									\$ 4,277.37	\$ 4,287.50
3										
4	Jun-09	6/30/2009	JV-1 PAYROLL					272.80		272.80
5		6/30/2009	JV-1 PAYROLL					264.60		264.60
6		6/30/2009	JV-1 PAYROLL						21.67	21.67
7		6/30/2009	JV-11 AFUDC			7.09				7.09
8		6/30/2009	JV-11 AFUDC			3.11				3.11
9		6/30/2009	JV-11 AFUDC						434.30	434.30
10		6/30/2009	JV-11 AFUDC						190.57	190.57
11		6/30/2009	JV-2 PAYROLL TAXES					51.48		51.48
12		6/30/2009	JV-2 PAYROLL TAXES						2.08	2.08
13		6/30/2009	JV-32 OVERHEAD SPREAD			4.39				4.39
14		6/30/2009	JV-32 OVERHEAD SPREAD					48.30		48.30
15		6/30/2009	JV-32 OVERHEAD SPREAD							
16		6/30/2009	JV-9 TRANSPORTATION					71.02		71.02
17		6/30/2009	Payables Trx Entry	SEDONA MWF	401541				38.38	38.38
18		6/30/2009	Payables Trx Entry	LEE HETRICK	401541				38.38	38.38
19		6/30/2009	Void Open Trx	SEDONA MWF	401541				(38.38)	(38.38)
20						\$ 14.59		\$ 708.20	\$ 1,274.83	\$ 1,997.62
21										
22	Jul-09	7/27/2009	Payables Trx Entry	WOODRUFF BWC CONSTRUCTION	09-098			345.18		345.18
23		7/31/2009	JV-1 PAYROLL					136.40		136.40
24		7/31/2009	JV-1 PAYROLL					158.76		158.76
25		7/31/2009	JV-1 PAYROLL						65.01	65.01
26		7/31/2009	JV-1 PAYROLL						68.20	68.20
27		7/31/2009	JV-1 PAYROLL						86.68	86.68
28		7/31/2009	JV-1 PAYROLL						67.18	67.18
29		7/31/2009	JV-11 AFUDC			7.18				7.18
30		7/31/2009	JV-11 AFUDC			3.15				3.15
31		7/31/2009	JV-11 AFUDC					3.95		3.95
32		7/31/2009	JV-11 AFUDC					1.74		1.74
33		7/31/2009	JV-11 AFUDC						441.41	441.41
34		7/31/2009	JV-11 AFUDC						193.70	193.70
35		7/31/2009	JV-2 PAYROLL TAXES					28.05		28.05
36		7/31/2009	JV-2 PAYROLL TAXES							
37		7/31/2009	JV-9 TRANSPORTATION					34.42		34.42
38		7/31/2009	JV-9 TRANSPORTATION							
39		7/31/2009	JV-9 TRANSPORTATION						12.65	12.65
40		7/31/2009	JV-9 TRANSPORTATION						17.21	17.21
41						\$ 10.33		\$ 708.50	\$ 979.32	\$ 1,698.15
42	Sep-09	9/30/2009	JV-11 AFUDC			7.23				7.23
43		9/30/2009	JV-11 AFUDC			3.17				3.17
44		9/30/2009	JV-11 AFUDC					7.91		7.91
45		9/30/2009	JV-11 AFUDC					3.47		3.47
46		9/30/2009	JV-11 AFUDC						446.88	446.88
47		9/30/2009	JV-11 AFUDC						196.09	196.09
48									642.97	664.75
49										
50	Dec-09	12/31/2009	JV-11 AFUDC			7.29				7.29

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Line No.	Month/Year	Date	Description	Vendor Name	Invoice No.	Acct. 31401	Acct. 32501	Acct. 33101	Acct. 33201	Total
1		12/31/2009	JV-11 AFUDC			3.20	-	-	-	3.20
2		12/31/2009	JV-11 AFUDC			-	-	7.97	-	7.97
3		12/31/2009	JV-11 AFUDC			-	-	3.50	-	3.50
4		12/31/2009	JV-11 AFUDC			-	-	-	450.47	450.47
5		12/31/2009	JV-11 AFUDC			-	-	-	197.67	197.67
6		12/31/2009	JV-32 OVERHEAD SPREAD			24.05	-	-	-	24.05
7		12/31/2009	JV-32 OVERHEAD SPREAD			-	-	385.26	-	385.26
8		12/31/2009	JV-32 OVERHEAD SPREAD			-	-	-	2,622.27	2,622.27
9		12/31/2009	JV-32 OVERHEAD SPREAD			-	-	-	-	-
10						\$ 34.54	\$ -	\$ 396.73	\$ 3,270.41	\$ 3,701.68
11	Jan-10	1/31/2010	JV-11 PAYROLL			-	-	-	83.16	83.16
12		1/31/2010	JV-11 AFUDC			7.48	-	-	-	7.48
13		1/31/2010	JV-11 AFUDC			3.28	-	-	-	3.28
14		1/31/2010	JV-11 AFUDC			-	-	10.19	-	10.19
15		1/31/2010	JV-11 AFUDC			-	-	-	-	-
16		1/31/2010	JV-11 AFUDC			-	-	4.47	-	4.47
17		1/31/2010	JV-11 AFUDC			-	-	-	468.73	468.73
18		1/31/2010	JV-11 AFUDC			-	-	-	205.68	205.68
19		1/31/2010	JV-2 PAYROLL TAXES			-	-	-	9.22	9.22
20						\$ 10.76	\$ -	\$ 14.66	\$ 766.79	\$ 792.21
21	Feb-10	2/5/2010	Payables Trx Entry	STATE OF ARIZONA DWR	402450	-	-	-	150.00	150.00 Invoice provided in Step-1 ACRM filing
22		2/28/2010	JV-1 PAYROLL			-	-	-	252.88	252.88
23		2/28/2010	JV-11 AFUDC			7.55	-	-	-	7.55
24		2/28/2010	JV-11 AFUDC			3.31	-	-	-	3.31
25		2/28/2010	JV-11 AFUDC			-	-	10.27	-	10.27
26		2/28/2010	JV-11 AFUDC			-	-	4.51	-	4.51
27		2/28/2010	JV-2 PAYROLL TAXES			-	-	-	26.45	26.45
28		2/28/2010	JV-9 TRANSPORTATION			-	-	-	55.84	55.84
29		2/28/2010	Payables Trx Entry	LEGEND TECHNICAL SERVICES	402567	-	-	-	1,150.50	1,150.50 Invoice provided in Step-1 ACRM filing
30		2/28/2010	Payables Trx Entry	HENNESY MECHANICAL SALES	8402	-	-	-	72,674.00	72,674.00 Invoice provided in Step-1 ACRM filing
31						\$ 10.86	\$ -	\$ 14.78	\$ 74,309.67	\$ 74,335.31
32						-	-	-	25.00	25.00 Invoice provided in Step-1 ACRM filing
33	Mar-10	3/1/2010	Payables Trx Entry	JOHN KNOBBE	402571	-	-	-	342.71	342.71 Invoice provided in Step-1 ACRM filing
34		3/23/2010	Payables Trx Entry	JOHN KNOBBE	402668	-	-	-	1,775.78	1,775.78
35		3/31/2010	JV-1 PAYROLL			-	-	-	-	-
36		3/31/2010	JV-11 AFUDC			7.61	-	-	-	7.61
37		3/31/2010	JV-11 AFUDC			3.34	-	-	-	3.34
38		3/31/2010	JV-11 AFUDC			-	-	10.35	-	10.35
39		3/31/2010	JV-11 AFUDC			-	-	4.54	-	4.54
40		3/31/2010	JV-11 AFUDC			-	-	-	887.91	887.91
41		3/31/2010	JV-11 AFUDC			-	-	-	389.62	389.62
42		3/31/2010	JV-2 PAYROLL TAXES			-	-	-	166.59	166.59
43		3/31/2010	JV-9 TRANSPORTATION			-	-	-	210.62	210.62
44		3/31/2010	Payables Trx Entry	HENNESY MECHANICAL SALES	8447	-	-	-	217,880.51	217,880.51 Invoice provided in Step-1 ACRM filing
45		3/31/2010	Payables Trx Entry	ANDREW HAAS	402690	-	-	-	41.00	41.00 Invoice provided in Step-1 ACRM filing
46						\$ 10.95	\$ -	\$ 14.89	\$ 221,719.74	\$ 221,745.58
47						-	-	-	1,288.65	1,288.65
48	Apr-10	4/30/2010	JV-1 PAYROLL			-	-	-	-	-
49		4/30/2010	JV-11 AFUDC			7.67	-	-	-	7.67
50		4/30/2010	JV-11 AFUDC			3.36	-	-	-	3.36

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Line No.	Month/Year	Date	Description	Vendor Name	Invoice No.	Acct. 31401	Acct. 32501	Acct. 33101	Acct. 33201	Total
1		4/30/2010	JV-11 AFUDC			-	-	10.44	-	10.44
2		4/30/2010	JV-11 AFUDC			-	-	4.58	-	4.58
3		4/30/2010	JV-11 AFUDC			-	-	-	2,125.84	2,125.84
4		4/30/2010	JV-11 AFUDC			-	-	-	932.83	932.83
5		4/30/2010	JV-2 PAYROLL TAXES			-	-	-	120.14	120.14
6		4/30/2010	JV-9 TRANSPORTATION			-	-	-	146.70	146.70
7						\$ 11.03	\$ -	\$ 15.02	\$ 4,614.16	\$ 4,640.21
8										
9	May-10	5/31/2010	JV-1 PAYROLL			-	-	-	1,408.06	1,408.06
10		5/31/2010	JV-2 PAYROLL TAXES			-	-	-	123.30	123.30
11		5/31/2010	JV-11 AFUDC			7.73	-	-	-	7.73
12		5/31/2010	JV-11 AFUDC			3.39	-	-	-	3.39
13		5/31/2010	JV-11 AFUDC			-	-	-	2,151.61	2,151.61
14		5/31/2010	JV-11 AFUDC			-	-	-	944.14	944.14
15		5/31/2010	JV-11 AFUDC			-	-	10.52	-	10.52
16		5/31/2010	JV-11 AFUDC			-	-	4.62	-	4.62
17		5/31/2010	Payables Trx Entry	HENNESY MECHANICAL SALES	8506	-	-	-	10,660.54	10,660.54
18		5/31/2010	Payables Trx Entry	KP VENTURES	1454	-	-	-	500.00	500.00
19		5/31/2010	Payables Trx Entry	KEITH SELF	129379	-	-	-	95.22	95.22
20		5/31/2010	Payables Trx Entry	HENNESY MECHANICAL SALES	8536	-	-	-	154,770.01	154,770.01
21		5/31/2010	JV-9 TRANSPORTATION			-	-	-	116.65	116.65
22						\$ 11.12	\$ -	\$ 15.14	\$ 170,769.53	\$ 170,795.79
23										
24	Jun-10	6/14/2010	Payables Trx Entry	HENNESY MECHANICAL SALES	8554	-	-	-	1,145.97	1,145.97
25		6/30/2010	JV-1 PAYROLL			-	-	-	529.97	529.97
26		6/30/2010	JV-2 PAYROLL TAXES			-	-	-	48.94	48.94
27		6/30/2010	JV-11 AFUDC			7.79	-	-	-	7.79
28		6/30/2010	JV-11 AFUDC			3.42	-	-	-	3.42
29		6/30/2010	JV-11 AFUDC			-	-	-	3,105.07	3,105.07
30		6/30/2010	JV-11 AFUDC			-	-	-	1,362.52	1,362.52
31		6/30/2010	JV-11 AFUDC			-	-	10.60	-	10.60
32		6/30/2010	JV-11 AFUDC			-	-	4.65	-	4.65
33		6/30/2010	JV-9 TRANSPORTATION			-	-	-	56.53	56.53
34						\$ 11.21	\$ -	\$ 15.25	\$ 6,249.00	\$ 6,275.46
35										
36	Jul-10	7/31/2010	JV-1 PAYROLL			-	-	-	476.43	476.43
37		7/31/2010	JV-2 PAYROLL TAXES			-	-	-	43.76	43.76
38		7/31/2010	JV-11 AFUDC			7.85	-	-	-	7.85
39		7/31/2010	JV-11 AFUDC			3.45	-	-	-	3.45
40		7/31/2010	JV-11 AFUDC			-	-	-	3,139.96	3,139.96
41		7/31/2010	JV-11 AFUDC			-	-	-	1,377.83	1,377.83
42		7/31/2010	JV-11 AFUDC			-	-	10.69	-	10.69
43		7/31/2010	JV-11 AFUDC			-	-	4.69	-	4.69
44		7/31/2010	JV-9 TRANSPORTATION			-	-	-	74.95	74.95
45						\$ 11.30	\$ -	\$ 15.38	\$ 5,112.93	\$ 5,139.61
46										
47	Aug-10	8/31/2010	JV-11 AFUDC			5.15	-	-	-	5.15
48		8/31/2010	JV-11 AFUDC			4.15	-	-	-	4.15
49		8/31/2010	JV-11 AFUDC			-	-	-	2,061.89	2,061.89
50		8/31/2010	JV-11 AFUDC			-	-	-	1,659.92	1,659.92

ARIZONA WATER COMPANY
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CWIP LEDGER

Line No.	Month/Year	Date	Description	Vendor Name	Invoice No.	Acct. 31401	Acct. 32501	Acct. 33101	Acct. 33201	Total
1	Apr-11	4/27/2011	Payables Trx Entry	ENGINEERED SALES COMPANY	126811	-	-	-	2,202.28	2,202.28
2		4/30/2011	JV-01 PAYROLL			-	-	-	128.28	128.28
3		4/30/2011	JV-02 PAYROLL TAXES			-	-	-	40.66	40.66
4		4/30/2011	JV-11 AFUDC			-	-	-	176.87	176.87
5		4/30/2011	JV-11 AFUDC			-	-	-	142.39	142.39
6		4/30/2011	JV-11 AFUDC			-	-	0.21	-	0.21
7		4/30/2011	JV-11 AFUDC			-	-	0.17	-	0.17
8		4/30/2011	JV-9 VEHICLE CLEARING			-	-	-	17.23	17.23
9		4/30/2011	Payables Trx Entry	INDUSTRIAL AUTOMATION	20837	-	-	-	4,202.75	4,202.75
10		4/30/2011	Payables Trx Entry	INDUSTRIAL AUTOMATION	20839	-	-	-	286.20	286.20
11		4/30/2011	Payables Trx Entry	SENSUS METERING SYSTEMS	SS12001124	-	-	-	710.00	710.00
12		4/30/2011	Payables Trx Entry	HD SUPPLY WATERWORKS	2707488	-	-	-	3,935.02	3,935.02
13						\$	\$	\$	0.38	\$ 11,841.68
14										\$ 11,842.06
15	May-11	5/19/2011	Payables Trx Entry	ARIZONA PUBLIC SERVICE	131272	-	-	-	510.00	510.00
16		5/31/2011	JV-01 PAYROLL			-	-	-	2,040.29	2,040.29
17		5/31/2011	JV-01 PAYROLL			-	114.33	-	-	114.33
18		5/31/2011	JV-02 PAYROLL TAXES			-	-	-	486.04	486.04
19		5/31/2011	JV-02 PAYROLL TAXES			-	27.24	-	-	27.24
20		5/31/2011	JV-09 VEHICLE CLEARING			-	-	-	236.80	236.80
21		5/31/2011	JV-11 AFUDC			-	-	-	219.90	219.90
22		5/31/2011	JV-11 AFUDC			-	-	-	177.03	177.03
23		5/31/2011	JV-11 AFUDC			-	-	0.21	-	0.21
24		5/31/2011	JV-11 AFUDC			-	-	0.17	-	0.17
25		5/31/2011	Payables Trx Entry	THOMAS PIPE & SUPPLY LLC	S1709983.001	-	-	-	266.00	266.00
26						\$	\$	\$	0.38	\$ 3,936.06
27										\$ 4,078.01
28	Jun-11	6/20/2011	Payables Trx Entry	PEC PUMP INC	A-002674	-	2,268.81	-	-	2,268.81
29		6/24/2011	Payables Trx Entry	SHELTER WORKS	2829	-	-	30,750.00	-	30,750.00
30		6/30/2011	JV-01 PAYROLL			-	-	-	679.06	679.06
31		6/30/2011	JV-01 PAYROLL			-	43.98	-	-	43.98
32		6/30/2011	JV-02 PAYROLL TAXES			-	-	-	208.87	208.87
33		6/30/2011	JV-02 PAYROLL TAXES			-	13.53	-	-	13.53
34		6/30/2011	JV-09 VEHICLE CLEARING			-	-	-	182.56	182.56
35		6/30/2011	JV-11 AFUDC			-	-	-	234.20	234.20
36		6/30/2011	JV-11 AFUDC			-	-	-	188.54	188.54
37		6/30/2011	JV-11 AFUDC			-	-	-	0.51	0.51
38		6/30/2011	JV-11 AFUDC			-	0.51	-	-	0.51
39		6/30/2011	JV-11 AFUDC			-	0.41	-	-	0.41
40		6/30/2011	JV-11 AFUDC			-	0.21	-	-	0.21
41		6/30/2011	JV-11 AFUDC			-	0.17	-	-	0.17
42		6/30/2011	Payables Trx Entry	SEDONA ACE HARDWARE	131540	-	-	-	15.18	15.18
43		6/30/2011	Payables Trx Entry	TIFFANY CONSTRUCTION CO.	#1110615	-	-	-	49,374.90	49,374.90
44						\$	\$	\$	2,327.62	\$ 50,883.31
45										\$ 83,960.93
45	Jul-11	7/19/2011	Payables Trx Entry	USA BLUEBOOK	436496	-	-	-	146.67	146.67
46		7/31/2011	JV-01 PAYROLL			-	-	-	962.61	962.61
47		7/31/2011	JV-01 PAYROLL			-	197.91	-	-	197.91
48		7/31/2011	JV-02 PAYROLL TAXES			-	-	-	299.53	299.53
49		7/31/2011	JV-02 PAYROLL TAXES			-	61.58	-	-	61.58
50		7/31/2011	JV-09 VEHICLE CLEARING			-	-	-	169.83	169.83

ARIZONA WATER COMPANY
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CWIP LEDGER

Line No.	Month/Year	Date	Description	Vendor Name	Invoice No.	Acct. 31401	Acct. 32501	Acct. 33101	Acct. 33201	Total
1	Nov-11	11/30/2011	JV-01 PAYROLL							
2		11/30/2011	JV-02 PAYROLL TAXES						1,442.28	1,442.28
3		11/30/2011	JV-09 VEHICLE CLEARING						442.39	442.39
4		11/30/2011	Payables Trx Entry	BLANCHARD ELECTRIC INC.	132375				105.31	105.31
5		11/30/2011	Payables Trx Entry	WEBER GROUP	0010257-IN				150.00	150.00
6									27,706.34	27,706.34
7						\$	\$	\$	29,846.32	29,846.32
8	Dec-11	12/31/2011	JV-01 PAYROLL							
9		12/31/2011	JV-02 PAYROLL TAXES						1,094.06	1,094.06
10		12/31/2011	JV-09 VEHICLE CLEARING						337.82	337.82
11		12/31/2011	JV-11 AFUDC						35.50	35.50
12		12/31/2011	JV-11 AFUDC						108.44	108.44
13		12/31/2011	JV-20 CWIP OH SPREAD						87.30	87.30
14		12/31/2011	Payables Trx Entry	WEBER WATER RESOURCES LLC	0010342-IN				8,151.99	8,151.99
15									22,293.66	22,293.66
16						\$	\$	\$	32,108.77	32,108.77
17	Jan-12	1/31/2012	JV-01 PAYROLL							
18		1/31/2012	JV-02 PAYROLL TAXES						2,688.70	2,688.70
19		1/31/2012	JV-02A PAYROLL TAXES ADJUL						901.23	901.23
20		1/31/2012	JV-09 VEHICLE CLEARING						231.04	231.04
21		1/31/2012	JV-11 AFUDC CWIP						301.51	301.51
22		1/31/2012	JV-11 AFUDC CWIP						225.10	225.10
23		1/31/2012	JV-20 CWIP OH SPREAD						181.22	181.22
24									498.17	498.17
25						\$	\$	\$	5,026.97	5,026.97
26	Feb-12	2/28/2012	Payables Trx Entry	WEBER WATER RESOURCES LLC	0010380-IN					
27		2/29/2012	JV-01 PAYROLL						28,970.23	28,970.23
28		2/29/2012	JV-02 PAYROLL TAXES						1,411.66	1,411.66
29		2/29/2012	JV-09 VEHICLE CLEARING						584.10	584.10
30		2/29/2012	JV-11 AFUDC CWIP						334.84	334.84
31		2/29/2012	JV-11 AFUDC CWIP						243.37	243.37
32		2/29/2012	JV-20 CWIP OH SPREAD						195.92	195.92
33									3,491.41	3,491.41
34						\$	\$	\$	35,231.53	35,231.53
35	Mar-12	3/8/2012	Payables Trx Entry	AMERICAN FENCE CORP	1634190					
36		3/31/2012	JV-01 PAYROLL						5,826.73	5,826.73
37		3/31/2012	JV-02 PAYROLL TAXES						2,193.52	2,193.52
38		3/31/2012	JV-09 VEHICLE CLEARING						882.43	882.43
39		3/31/2012	JV-11 AFUDC CWIP						420.96	420.96
40		3/31/2012	JV-11 AFUDC CWIP						371.38	371.38
41		3/31/2012	JV-20 CWIP OH SPREAD						298.97	298.97
42		3/31/2012	Payables Trx Entry	WEBER WATER RESOURCES LLC	010540A-IN				6,427.83	6,427.83
43									48,440.79	48,440.79
44						\$	\$	\$	64,862.61	64,862.61
45	Apr-12	4/30/2012	JV-01 PAYROLL							
46		4/30/2012	JV-02 PAYROLL TAXES						5,457.89	5,457.89
47		4/30/2012	JV-09 VEHICLE CLEARING						2,204.06	2,204.06
48		4/30/2012	JV-11 AFUDC CWIP						809.61	809.61
49		4/30/2012	JV-11 AFUDC CWIP						607.04	607.04
50		4/30/2012	JV-20 CWIP OH SPREAD						488.70	488.70
									1,052.40	1,052.40

ARIZONA WATER COMPANY
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CWIP LEDGER

Line No.	Month/Year	Date	Description	Vendor Name	Invoice No.	Acct. 31401	Acct. 32501	Acct. 33101	Acct. 33201	Total
1	Jun-11	6/28/2011	Payables Trx Entry	RICKER ATKINSON MCBEE	43636	-	-	-	1,500.00	1,500.00
2		6/30/2011	JV-01 PAYROLL			-	-	-	541.64	541.64
3		6/30/2011	JV-02 PAYROLL TAXES			-	-	-	166.60	166.60
4		6/30/2011	JV-09 VEHICLE CLEARING			-	-	-	18.35	18.35
5						\$	\$	\$	2,226.59	\$ 2,226.59
6										
7	Jul-11	7/31/2011	JV-01 PAYROLL			-	-	-	513.14	513.14
8		7/31/2011	JV-02 PAYROLL TAXES			-	-	-	159.67	159.67
9		7/31/2011	JV-09 VEHICLE CLEARING			-	-	-	45.57	45.57
10		7/31/2011	JV-11 AFUDC			-	-	-	9.30	9.30
11		7/31/2011	JV-11 AFUDC			-	-	-	7.49	7.49
12		7/31/2011	Payables Trx Entry	WATER WORKS ENGINEERS, LLC	1822	-	-	-	52,101.20	52,101.20
13						\$	\$	\$	52,836.37	\$ 52,836.37
14										
15	Aug-11	8/16/2011	Payables Trx Entry	ARIZONA DEPT ENVIROMENTAL QI	131764	-	-	-	6,000.00	6,000.00
16		8/31/2011	JV-01 PAYROLL			-	-	-	256.47	256.47
17		8/31/2011	JV-02 PAYROLL TAXES			-	-	-	75.74	75.74
18		8/31/2011	JV-09 VEHICLE CLEARING			-	-	-	17.97	17.97
19		8/31/2011	JV-11 AFUDC			-	-	-	201.28	201.28
20		8/31/2011	JV-11 AFUDC			-	-	-	162.04	162.04
21		8/31/2011	Payables Trx Entry	PETTY CASH REIMBURSEMENT - SI	131829	-	-	-	100.00	100.00
22						\$	\$	\$	6,813.50	\$ 6,813.50
23										
24	Sep-11	9/30/2011	JV-01 PAYROLL			-	-	-	87.96	87.96
25		9/30/2011	JV-02 PAYROLL TAXES			-	-	-	25.61	25.61
26		9/30/2011	JV-11 AFUDC			-	-	-	226.03	226.03
27		9/30/2011	JV-11 AFUDC			-	-	-	181.97	181.97
28		9/30/2011	Payables Trx Entry	WATER WORKS ENGINEERS, LLC	1930	-	-	-	4,697.49	4,697.49
29						\$	\$	\$	5,219.06	\$ 5,219.06
30										
31	Oct-11	10/31/2011	JV-01 PAYROLL			-	-	-	833.52	833.52
32		10/31/2011	JV-02 PAYROLL TAXES			-	-	-	193.64	193.64
33		10/31/2011	JV-09 VEHICLE CLEARING			-	-	-	43.77	43.77
34		10/31/2011	JV-11 AFUDC CWIP			-	-	-	244.99	244.99
35		10/31/2011	JV-11 AFUDC CWIP			-	-	-	197.23	197.23
36		10/31/2011	MA-01 Adjust Aug 2011 PR Taxe			-	-	-	4.76	4.76
37		10/31/2011	MA-02 Adjust Sep 2011 PR Taxe			-	-	-	1.59	1.59
38		10/31/2011	Payables Trx Entry	WATER WORKS ENGINEERS, LLC	1981	-	-	-	6,214.57	6,214.57
39						\$	\$	\$	7,734.07	\$ 7,734.07
40										
41	Nov-11	11/30/2011	JV-01 PAYROLL			-	-	-	404.66	404.66
42		11/30/2011	JV-02 PAYROLL TAXES			-	-	-	124.12	124.12
43		11/30/2011	JV-09 VEHICLE CLEARING			-	-	-	32.45	32.45
44		11/30/2011	JV-11 AFUDC			-	-	-	273.09	273.09
45		11/30/2011	JV-11 AFUDC			-	-	-	219.85	219.85
46		11/30/2011	Payables Trx Entry	WATER WORKS ENGINEERS, LLC	2042	-	-	-	6,933.50	6,933.50
47						\$	\$	\$	7,987.67	\$ 7,987.67
48										
49	Dec-11	12/31/2011	JV-01 PAYROLL			-	-	-	379.32	379.32
50		12/31/2011	JV-02 PAYROLL TAXES			-	-	-	117.13	117.13

ARIZONA WATER COMPANY
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3-FACTOR CALCULATION
FISCAL YEAR 2012

Line No.	[A] 2011 Year-End Customers	[B] 2011 Gross Plant Less Intangibles	[C] 2011 Gross Payroll	[D] [Col. A ÷ Col. A, Ln. 18]	[E] Ratios Gross Plant Less Intangibles [Col. B ÷ Col. B, Ln. 18]	[F] Gross Payroll [Col. C ÷ Col. C, Ln. 18]	[G] Total [Cols. D + E + F]	[H] 3-Factor Ratio [Col. G ÷ Col. G, Ln. 18]
1								
2								
3								
4								
5								
6								
7								
8	System							
9	Superstition	23,971	2,096,441	0.2839	0.2852	0.2866	0.8557	0.2852
10	Cochise	6,456	671,311	0.0765	0.0536	0.0918	0.2219	0.0740
11	San Manuel	1,450	137,938	0.0172	0.0110	0.0189	0.0471	0.0157
12	Oracle/SaddleBrooke	1,693	161,055	0.0200	0.0316	0.0220	0.0737	0.0246
13	Winkelman	156	14,840	0.0018	0.0015	0.0020	0.0053	0.0018
14	Pinal Valley	28,266	2,313,807	0.3347	0.3652	0.3164	1.0163	0.3388
15	White Tank	2,034	162,691	0.0241	0.0472	0.0222	0.0935	0.0312
16	Ajo	678	64,193	0.0080	0.0057	0.0088	0.0225	0.0075
17	Verde Valley	10,567	956,418	0.1251	0.1254	0.1308	0.3813	0.1271
18	Navajo	9,171	734,992	0.1086	0.0735	0.1005	0.2826	0.0942
19	Totals	84,442	7,313,686	1.0000	1.0000	1.0000	3.0000	1.0000

Line No.	[A]	[B]	[C]
<u>VERDE VALLEY (Sedona)</u>			
	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Percent Increase</u>
1			
2			
3			
4			
5			
6	\$23.50	\$25.97	10.5%
7	25.07	27.78	10.8%
8	26.65	29.58	11.0%
9	28.22	31.39	11.2%
10	30.18	33.57	11.3%
11	32.13	35.76	11.3%
12	34.09	37.95	11.3%
13	36.05	40.14	11.4%
14	38.00	42.33	11.4%
15	39.96	44.52	11.4%
16	41.92	46.71	11.4%
17	44.35	49.37	11.3%
18	46.78	52.03	11.2%
19	49.21	54.70	11.1%
20	51.65	57.36	11.1%
21	54.08	60.03	11.0%
22	66.24	73.35	10.7%
23	78.41	86.68	10.5%
24			
25			
26			
27	8,751	8,751	
28			
29	\$39.47	\$43.97	11.4%
30			
31			
32			
33			
34			
35			
36	\$	\$	
37	23.50	25.97	
38			
39			
40			
41	\$ 1,5735	\$ 1,8054	
42	\$ 1,9565	\$ 2,1884	
43	\$ 2,4328	\$ 2,6647	
44			
45			
46			
47			
48			
49			
50			

Average Residential Consumption
 Average Residential Bill

Minimum Rate

Commodity (per M Gallon)
 0-3,000 Gallons
 3,001 - 10,000 Gallons
 Over 10,000 Gallons

ATTACHMENT 3

Line No.	[A]	VERDE VALLEY
1	<u>Arsenic Compliance Revenue Requirement</u>	
2	Test Year Data:	
3	Arsenic Plant in Service (Sch. 8, p. 1)	\$ 4,560,006
4	Accumulated Depreciation	105,041
5	Arsenic Rate Base	<u>\$ 4,454,965</u>
6	Required Rate of Return (Dec. No. 71845)	7.87%
7	Required Operating Income (Ln. 7 X Ln. 9)	
8	Gross Revenue Conversion Factor (Dec. No. 71845)	<u>\$ 350,606</u>
9	Revenue Required - Return on Arsenic Treatment Plant (Ln. 11 X Ln. 13)	1,6286
10	Depreciation on Arsenic Treatment Plant (Sch. 8, p. 1)	<u>\$ 570,996</u>
11	Less: Operating Lease Charges Related to Arsenic facilities purchased/replaced (Pg. 2, Col. G, Ln. 19)	\$ 130,378
12	Revenue Required - Capital Costs (Ln. 15 + Ln. 17 + Ln. 20)	\$ (260,400)
13	Net Recurring O&M (Pg. 2, Col. G, Ln. 37)	<u>\$ 440,975</u>
14	Revenue Required - Capital Costs & Recurring O&M Expenses (Ln. 22 + Ln. 24)	\$ 182,047
15	Revenue Required - Deferred O&M Expenses (1-Year of Recurring O&M Expense)	<u>\$ 623,021</u>
16	Total Revenue Required - Step 2 ACRM (Ln. 26 + Ln. 28)	\$ 182,047
17		<u>\$ 805,068</u>
18		
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Line No.	[A]	[B]	[C]	[D]	[E]	[F]	[G]
	<u>Step-2 ACRM O&M Adjustment Related to Operating Lease Charges Currently Included in Rates</u>						
1	Operating Lease Charges Currently Included in Rates Dec. 7, 1845						
2	\$ 54,000	\$ -	\$ -	\$ -	\$ -	\$ -	
3	12,000	(12,000)	-	-	-	(54,000)	\$ (54,000)
4	24,000	(24,000)	-	-	-	-	(12,000)
5	36,000	-	-	-	-	-	(24,000)
6	24,000	(24,000)	-	(36,000)	-	-	(36,000)
7	36,000	-	(36,000)	-	-	-	(24,000)
8	14,400	(14,400)	-	-	-	-	(36,000)
9	24,000	(24,000)	-	-	-	-	(14,400)
10	36,000	-	-	-	(36,000)	-	(24,000)
11	24,000	-	-	-	-	-	(36,000)
12	36,000	-	-	-	-	-	(24,000)
13	14,400	-	-	-	-	-	(36,000)
14	24,000	-	-	-	-	-	(14,400)
15	36,000	-	-	-	-	-	(24,000)
16	24,000	-	-	-	-	-	(36,000)
17	36,000	-	-	-	(36,000)	-	(24,000)
18							
19	Totals	\$ (98,400)	\$ (36,000)	\$ (36,000)	\$ (36,000)	\$ (54,000)	\$ (260,400)

Line No.	Treatment (O&M) Charges Currently Included in Rates Dec. 7, 1845	Current/Actual Media Replacement Cost	Invoice No.	Date Media Replaced	Next Media Changeout	Pro Forma Annual Media/O&M Cost [(B ± (E - D)) X 365]	O&M Increase / (Decrease) [F - A]
	<u>Step-2 ACRM O&M Adjustment Related to O&M Costs Currently Reflected in Rates</u>						
30	\$ 2,909	\$ 34,225	DOC999	9/23/2011	12/20/2012	\$ 27,516	\$ 24,607
31	12,168	53,440	DOC007	9/13/2011	9/19/2012	52,434	40,266
32	2,588	53,440	DOC009	10/20/2011	6/7/2013	32,728	30,140
33	3,484	34,225	DOC010	10/27/2011	10/13/2012	35,489	32,005
34	1,860	53,440	DOC012	10/28/2011	9/22/2014	18,402	16,541
35	-	58,100	DOC013	10/3/2011	4/6/2013	38,487	38,487
36							
37	Totals	\$ 286,870				\$ 205,055	\$ 182,047

Line No.	[A]	[B]	[C]	[D]	[E]	[F]
Current Rates						
	Current Rates Dec No. 71845	Current ACRM Step-1 Surcharge Dec. No. 72375	Total Current Rates [A + B]	Proposed ACRM - Step-2 Surcharge - Capital & Recurring (To Replace Current Step-1 Surcharge)	Proposed ACRM - Step-2 Surcharge - Deferred O&M (To Replace Current Step-1 Surcharge)	Total Proposed (A + D + E)
10	\$ 23.10	\$ 0.40	\$ 23.50	\$ 1.94	\$ 0.57	\$ 25.61
11	\$ 1.5317	\$ 0.0418	\$ 1.5735	\$ 0.2627	\$ 0.0768	\$ 1.8712
13	\$ 1.9147	\$ 0.0418	\$ 1.9565	\$ 0.2627	\$ 0.0768	\$ 2.2542
14	\$ 2.3910	\$ 0.0418	\$ 2.4328	\$ 0.2627	\$ 0.0768	\$ 2.7305
15						
16						
17						
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22						
23						
24						
25						
26						
27						
28	\$ 23.10	\$ -	\$ 23.10	\$ 1.94	\$ 0.57	\$ 25.61
29	\$ 3.3891	\$ -	\$ 3.3891	\$ 0.2627	\$ 0.0768	\$ 3.7286
30	\$ 4.2361	\$ -	\$ 4.2361	\$ 0.2627	\$ 0.0768	\$ 4.5756
31	\$ 5.2954	\$ -	\$ 5.2954	\$ 0.2627	\$ 0.0768	\$ 5.6349
32						
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VERDE VALLEY (PINWOOD/RIMROCK)						
Current Rates						
	Current Rates Dec No. 71845	Current ACRM Step-1 Surcharge Dec. No. 72375	Total Current Rates [A + B]	Proposed ACRM - Step-2 Surcharge - Capital & Recurring (To Replace Current Step-1 Surcharge)	Proposed ACRM - Step-2 Surcharge - Deferred O&M (To Replace Current Step-1 Surcharge)	Total Proposed (A + D + E)
28	\$ 23.10	\$ -	\$ 23.10	\$ 1.94	\$ 0.57	\$ 25.61
29	\$ 3.3891	\$ -	\$ 3.3891	\$ 0.2627	\$ 0.0768	\$ 3.7286
30	\$ 4.2361	\$ -	\$ 4.2361	\$ 0.2627	\$ 0.0768	\$ 4.5756
31	\$ 5.2954	\$ -	\$ 5.2954	\$ 0.2627	\$ 0.0768	\$ 5.6349
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ARIZONA WATER COMPANY
DOCKET NO. W-01445A-08-0440
SURCHARGE CALCULATION
AS OF MARCH 2012

Line No.	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]
	VERDE VALLEY								

Growth		M Gallons Sold		M Gallons Sold	
Customers	Year	Customers	Year	Per Customer	Year
10,402	2011	1,193,373.7	2011	115	
10,391	2012	1,177,885.5	2012	113	
(11.0)	Year 2 minus Year 1	(15,488.2)		(1.4)	
-0.11%	Percentage change	-1.30%		-1.19%	
	Average Gallons	1,185,629.6			

Incremental Fixed Costs To Be Recovered Per Bill									
Size	Customers By Meter Size		Est. Average Customers (A+B)/2	Meter Multiplier ¹	Equivalent Meters C x E	Fixed Increment		Annual Total [C x G] x 12	
	03/31/12	03/31/13				Monthly Minimum ¹	Monthly F42 X Col E		
5/8"	9,433	9,423	9,428	1.0	9,428	1.94	\$	219,483.84	
1"	765	764	765	2.5	1,913	4.85	\$	44,523.00	
2"	173	173	173	8.0	1,384	15.52	\$	32,219.52	
3"	6	6	6	16.0	96	31.04	\$	2,234.88	
4"	9	9	9	25.0	225	48.50	\$	5,238.00	
6"	3	3	3	50.0	150	97.00	\$	3,492.00	
8"	2	2	2	80.0	160	155.20	\$	3,724.80	
10"	-	-	-	115.0	-	223.10	\$	-	
Total	10,391	10,380	10,386		13,356		\$	310,916.04	

Calculation of Surcharge			
Description	Permanent Surcharge		Deferred O&M (One Year) Surcharge
	Minimum Charge	Commodity Charge	Minimum Charge
Total Revenue Requirement of Arsenic Treatment Capital Costs and Recurring Recoverable O&M	\$	311,511	\$
50% of Total Revenue Requirement on Line 31 Recoverable through Meter Charge (Col E Ln 31 X 50%)			\$
50% of Total Revenue Requirement on Line 31 Recoverable through Commodity Charge (Col E Ln 31 X 50%)		\$	311,511
Total Revenue Requirement of Deferred Recoverable O&M			\$
50% of Total Revenue Requirement on Line 35 Recoverable through Meter Charge (Col E Ln 35 X 50%)			\$
50% of Total Revenue Requirement on Line 35 Recoverable through Commodity Charge (Col E Ln 35 X 50%)		\$	182,047
Monthly Increment Per Equivalent Meter			\$
Equivalent Meters (Col F Ln 24 X 12 months)	160,272		\$
Increment Per Equivalent 5/8" Meter (Col F Ln 32 / Col F Ln 40)			\$
Estimated Arsenic Treatment Cost Recovery Per Mgal Average Gallons (Col C Ln 9)		1,185,629.6	\$
Increment Per M gallon (Col G Ln 33/Col G Ln 45)		\$	0.2627
		1,185,629.6	\$
		\$	0.0768

¹Although monthly minimums vary depending on customer classification, meter multiples are constant across all customer classes.

Line No.	Gallons Consumption	VERDE VALLEY (Sedona)			VERDE VALLEY (Pinewood/Rimrock)		
		[A] Present Rates	[B] Proposed Rates	[C] Percent Increase	[D] Present Rates	[E] Proposed Rates	[F] Percent Increase
1	0	\$23.50	\$25.61	9.0%	\$23.10	\$25.61	10.9%
2	1,000	25.07	27.48	9.6%	26.49	29.34	10.8%
3	2,000	26.65	29.35	10.2%	29.88	33.07	10.7%
4	3,000	28.22	31.22	10.6%	33.27	36.80	10.6%
5	4,000	30.18	33.48	10.9%	37.50	41.37	10.3%
6	5,000	32.13	35.73	11.2%	41.74	45.95	10.1%
7	6,000	34.09	37.99	11.4%	45.98	50.52	9.9%
8	7,000	36.05	40.24	11.6%	50.21	55.10	9.7%
9	8,000	38.00	42.49	11.8%	54.45	59.67	9.6%
10	9,000	39.96	44.75	12.0%	58.68	64.25	9.5%
11	10,000	41.92	47.00	12.1%	62.92	68.83	9.4%
12	11,000	44.35	49.73	12.1%	68.22	74.46	9.2%
13	12,000	46.78	52.46	12.1%	73.51	79.42	8.0%
14	13,000	49.21	55.19	12.2%	78.81	85.73	8.8%
15	14,000	51.65	57.93	12.2%	84.10	91.36	8.6%
16	15,000	54.08	60.66	12.2%	89.40	97.00	8.5%
17	20,000	66.24	74.31	12.2%	115.87	125.17	8.0%
18	25,000	78.41	87.96	12.2%	142.35	153.35	7.7%
19							
20							
21							
22							
23							
24							
25							
26							
27	Average Residential Consumption	8,751	8,751		3,036	3,036	
28							
29	Average Residential Bill	\$39.47	\$44.19	11.9%	\$57.63	\$63.11	9.5%
30							
31							
32							
33							
34							
35							
36	Minimum Rate	\$ 23.50	\$ 25.61		\$ 23.10	\$ 25.61	
37							
38							
39							
40	Commodity (per M Gallon)						
41	0-3,000 Gallons	\$ 1.5735	\$ 1.8712		\$ 3.3891	\$ 3.7286	
42	3,001 - 10,000 Gallons	\$ 1.9565	\$ 2.2542		\$ 4.2361	\$ 4.5756	
43	Over 10,000 Gallons	\$ 2.4328	\$ 2.7305		\$ 5.2954	\$ 5.6349	
44							
45							
46							
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