ORIGINAL

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BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission
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COMMISSIONERS
GARY PIERCE, Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

IN THE MATTER OF THE APPLICATION OF VALENCIA WATER COMPANY – GREATER BUCKEYE DIVISION FOR THE ESTABLISHMENT OF JUST AND REASONABLE RATES AND CHARGES FOR UTILITY SERVICE DESIGNED TO REALIZE A REASONABLE RATE OF RETURN ON THE FAIR VALUE OF ITS PROPERTY THROUGHOUT THE STATE OF ARIZONA	DOCKET NO. W-02451A-12-0313 **NOTICE OF FILING REVISED SCHEDULES**

On July 9, 2012, Valencia Water Company – Greater Buckeye Division, ("Valencia" or "Applicant") filed a rate application. Staff has requested certain revisions in the schedules. Accordingly, revised schedules are attached.

RESPECTFULLY SUBMITTED this 26th day of September 2012.

ROSHKA DEWULF & PATTEN, PLC

By _____

Michael W. Patten
Timothy J. Sabo
One Arizona Center
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Phoenix, Arizona 85004

Attorneys for Valencia Water Company

– Greater Buckeye Division –

Original +13 copies of the foregoing
filed this 26th day of September 2012, with:

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

Copies of the foregoing hand-delivered/mailed
this 26th day of September 2012, to:

Lyn A. Farmer, Esq.
Chief Administrative Law Judge
Hearing Division
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

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

Steven M. Olea
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

By _____

Valencia Water Company, Greater Buckeye Division
Test Year Ended December 31, 2011
Computation of Increase in Gross Revenue Requirement

Schedule A-1

Line No.	DESCRIPTION	[A]	[B]	[C] ORIGINAL COST	[D] FAIR VALUE
1	Adjusted Rate Base			$ 634,978	$ 634,978
2					
3	Adjusted Operating Income (Loss)			$ 49,158	$ 49,158
4					
5	Current Rate of Return (Line 3 / Line 1)			7.74%	7.74%
6					
7	Required Operating Income (Line 9 * Line 1)			$ 70,975	$ 70,975
8					
9	Required Rate of Return			11.18%	11.18%
10					
11	Operating Income Deficiency (Line 7 - Line 3)			$ 21,817	$ 21,817
12					
13	Gross Revenue Conversion Factor			1.669446	1.669446
14					
15	Increase in Gross Revenue Requirements			$ 36,423	$ 36,423
16					
17					
18	Customer	Present	Proposed	Dollar	Percent
19	Classification	Rates	Rates	Increase	Increase
20					
21	Residential	$ 446,726	$ 479,016	$ 32,289	7.2%
22	Commercial	4,208	4,611	403	9.6%
23	Irrigation	1,078	1,222	145	13.4%
24	Construction	275	677	402	N/A
25					
26	Total of Water Revenues	$ 452,287	$ 485,526	$ 33,239	7.3%
27					
28	Miscellaneous Revenues	12,128	12,128	-	0.0%
29					
30	Total Operating Revenues	$ 464,415	$ 497,654	$ 33,239	7.2%
31					
32	Total Adjusted Revenues (Schedule C-1)	$ 462,043	$ 497,654	$ 35,611 *	7.7%
33					

34 *The increse shown on line 32 does not match exactly with that shown on line 15 because an effort was made to keep the rates to round numbers.

Supporting Schedules:
B-1
C-1
C-3
H-1

Valencia Water Company, Greater Buckeye Division
Test Year Ended December 31, 2011
Summary of Results of Operations

Schedule A-2

Line No.	Description	Prior Years Ended 12/31/2009	Prior Years Ended 12/31/2010	Test Year Actual 12/31/2011	Test Year Adjusted 12/31/2011	Projected Year Present Rates 12/31/2012	Projected Year Proposed Rates 12/31/2012
1	Gross Revenues	$ 353,417	$ 402,828	$ 479,427	$ 462,043	$ 462,043	$ 498,466
2							
3	Revenue Deductions and						
4	Operating Expenses	345,451	415,371	432,008	412,885	412,885	427,679
5							
6	Operating Income	$ 7,966	$ (12,543)	$ 47,419	$ 49,158	$ 49,158	$ 70,787
7							
8	Other Income and Deductions	-	-	-	-	-	-
9							
10	Interest Expense	(11,463)	(10,970)	(10,487)	(10,487)	(10,487)	(10,487)
11							
12	Net Income	$ (3,497)	$ (23,513)	$ 36,932	$ 38,671	$ 38,671	$ 60,300
13							
14	Common Shares	1,000	1,000	1,000	1,000	1,000	1,000
15							
16	Earned Per Average						
17	Common Share	(3.50)	(23.51)	36.93	38.67	38.67	60.30
18							
19	Dividends Per						
20	Common Share	-	-	-	-	-	-
21							
22	Payout Ratio	-	-	-	-	-	-
23							
24	Return on Average						
25	Invested Capital	-0.04%	-0.86%	1.38%	1.46%	2.91%	4.53%
26							
27	Return on Year End						
28	Capital	-0.13%	-0.87%	1.40%	1.45%	1.45%	2.27%
29							
30	Return on Average						
31	Common Equity	-0.04%	-0.91%	1.46%	1.54%	3.05%	4.75%
32							
33	Return on Year End						
34	Common Equity	-0.13%	-0.92%	1.48%	1.52%	1.52%	2.38%
35							
36	Times Bond Interest Earned						
37	Before Income Taxes	0.51	(3.28)	6.76	5.24	5.24	8.60
38							
39	Times Total Interest and						
40	Preferred Dividends Earned						
41	After Income Taxes	1.69	(0.14)	5.52	5.69	5.69	7.75
42							
43							

Supporting Schedules:
E-2
C-1
F-1

Valencia Water Company, Greater Buckeye Division
Test Year Ended December 31, 2011
Summary of Capital Structure

Schedule A-3

Line No.	Description	Prior Years Ended 12/31/2009	Prior Years Ended 12/31/2010	Test Year 12/31/2011	Projected Year 12/31/2012
1	Short-Term Debt	$ 11,261	$ 12,045	$ 12,886	$ 13,668
2					
3	Long-Term Debt	146,311	134,266	121,380	107,712
4					
5	Total Debt	$ 157,572	$ 146,311	$ 134,266	$ 121,380
6					
7	Preferred Stock	-	-	-	-
8					
9	Common Equity	2,604,568	2,559,263	2,499,277	2,537,948
10					
11	Total Capital	$ 2,762,140	$ 2,705,574	$ 2,633,543	$ 2,659,328
12					
13	Capitalization Ratios:				
14					
15	Short-Term Debt	0.41%	0.45%	0.49%	0.51%
16					
17	Long-Term Debt	5.30%	4.96%	4.61%	4.05%
18					
19	Total Debt	5.70%	5.41%	5.10%	4.56%
20					
21	Preferred Stock	0.00%	0.00%	0.00%	0.00%
22					
23	Common Equity	94.30%	94.59%	94.90%	95.44%
24					
25	Total Capital	100.00%	100.00%	100.00%	100.00%
26					
27	Weighted Cost of				
28	Short-Term Debt	0.03%	0.03%	0.03%	0.03%
29					
30	Weighted Cost of				
31	Long-Term Debt	0.29%	0.29%	0.29%	0.29%
32					
33	Weighted Cost of				
34	Senior Debt	0.00%	0.00%	0.00%	0.00%
35					
36					
37					
38	Supporting Schedules:				
39	E-1				
40	D-1				

Valencia Water Company, Greater Buckeye Division Schedule A-4

Test Year Ended December 31, 2011

Constructure Expenditures and Gross Utility Plant Placed in Service

Line No.			Construction Expenditures	Net Plant Placed In Service	Gross Utility Plant In Service
1	Prior Year Ended	12/31/2009	$ 92,932	$ 218,505	$ 3,051,042
2					
3	Prior Year Ended	12/31/2010	15,888	21,157	3,072,199
4					
5	Test Year Ended	12/31/2011	6,978	7,007	3,079,206
6					
7	Projected Year Ended	12/31/2012	-	-	3,079,206
8					
9					
10					
11					
12					
13					
14					

Supporting Schedules:

F-3

E-5

Valencia Water Company, Greater Buckeye Division
Test Year Ended December 31, 2011
Summary of Fair Value Rate Base

Schedule B-1

Line No.		Original Cost Rate Base
1	Plant in Service	$ 3,079,206
2	Less: Accumulated Depreciation	(1,372,116)
3		
4	Net Plant in Service	$ 1,707,090
5		
6	LESS:	
7	Net CIAC	236,097
8	Advances in Aid of Construction (AIAC)	722,274
9	Customer Deposits	43,597
10	Deferred Income Tax Credits	112,475
11		
12	ADD:	
13	Unamortized Finance Charges	-
14	Deferred Tax Assets	42,332
15	Working Capital	-
16	Utility Plant Acquisition Adjustment	-
17		
18	Original Cost Rate Base	$ 634,978
19		
20		

Supporting Schedules:
B-2
B-3
E-1
B-5

Recap Schedules:
A-1

Valencia Water Company, Greater Buckeye Division
Test Year Ended December 31, 2011
Original Cost Rate Base Pro Forma Adjustments

Schedule B-2

Line No.	Description	[A] Actual End of Test Year	[B] ADJ #1	[C] ADJ #2	[D] Adjusted End of Test Year
1	303 Land and Land Rights	$ 27,898	$ -	$ -	$ 27,898
2	304 Structures and Improvements	39,296	-	-	39,296
3	307 Wells and Springs	115,895	-	-	115,895
4	309 Supply Mains	-	-	-	-
5	310 Power Generation Equipment	1,738	-	-	1,738
6	311 Pumping Equipment	543,761	-	-	543,761
7	320 Water Treatment Equipment	844,990	-	-	844,990
8	330 Distribution Reservoirs ad Standpipes	588,494	-	-	588,494
9	331 Transmission and Distribution Mains	766,900	-	-	766,900
10	333 Services	37,406	-	-	37,406
11	334 Meters and Meter Installations	37,332	-	-	37,332
12	335 Hydrants	40,757	-	-	40,757
13	336 Backflow Prevention Devices	5,432	-	-	5,432
14	339 Other Plant and Miscellaneous Equipment	4,284	-	-	4,284
15	340 Office Furniture and Equipment	-	-	-	-
16	341 Transportation Equipment	-	-	-	-
17	343 Tools, Shop and Garage Equipment	1,650	-	-	1,650
18	344 Laboratory Equipment	-	-	-	-
19	345 Power Operated Equipment	-	-	-	-
20	346 Communication Equipment	4,751	-	-	4,751
21	347 Miscellaneous Equipment	10,089	-	-	10,089
22	348 Other Tangible Plant	8,533	-	-	8,533
23					
24	Total Plant in Service	$ 3,079,206	$ -	$ -	$ 3,079,206
25	Less: Accumulated Depreciation	(1,372,116)	-	-	(1,372,116)
26	Net Plant in Service (L59 - L 60)	$ 1,707,090	$ -	$ -	$ 1,707,090
27					
28	LESS:				
29	Net Contributions in Aid of Construction (CIAC)	$ 236,097	$ -	$ -	$ 236,097
30	Advances in Aid of Construction (AIAC)	722,274	-	-	722,274
31	Customer Meter Deposits	43,597	-	-	43,597
32	Deferred Income Tax Credits	112,475	-	-	112,475
33					
34	ADD:				
35	Unamortized Finance Charges	$ -	$ -	$ -	$ -
36	Deferred Tax Assets				
37	Meter deposits	36,986			36,986
38	Deferred gain	-			-
39	Bad debt	3,405			3,405
40	Deferred compensation	1,941			1,941
41	CIAC	-			-
42	Working Capital	-	-	-	-
43	Utility Plant Acquisition Adjustment	-	-	-	-
44					
45	**Original Cost Rate Base**	$ 634,978	$ -	$ -	$ 634,978
46					

Supporting Schedules:
E-1

Recap Schedules:
B-1

Valencia Water Company, Greater Buckeye Division Schedule B-3

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	
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
	Supporting Schedules	Recap Schedules
	B-4	B-1

Valencia Water Company, Greater Buckeye Division Schedule B-4
Test Year Ended December 31, 2011
RCND Detail of Plant Accounts

Line No.	
1	The Company did not conduct a Reconstruction Cost New Study.
2	
3	
4	
5	
6	
7	
8	
9	

Supporting Schedules	Recap Schedules
RCND Study	B-3

Valencia Water Company, Greater Buckeye Division Schedule B-5

Test Year Ended December 31, 2011

Computation of Working Capital Allowance

Line No.	
1	
2	The Company is not requesting a working capital allowance.
3	
4	
5	
6	
7	
8	
9	
10	

Supporting Schedules	Recap Schedules
E-1	B-1

Valencia Water Company, Greater Buckeye Division
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	[C] Adjusted Test Year	[D] Proposed Rate Increase	[E] Adjusted With Rate Increase
1	Revenues					
2	Metered Water Sales	$ 466,071	$ (16,156)	$ 449,915	$ 36,423	$ 486,338
3	Water Sales - Unmetered	1,228	(1,228)	-	-	-
4	Other Operating Revenue	12,128	-	12,128	-	12,128
5	Total Operating Revenues	$ 479,427	$ (17,384)	$ 462,043	$ 36,423	$ 498,466
6						
7	Operating Expenses					
8	601 Salary and Wages - Employees	$ 108,598	-	108,598	-	108,598
9	610 Purchased Water	51,353	-	51,353	-	51,353
10	615 Purchased Power	23,611	4,058	27,669	-	27,669
11	618 Chemicals	5,235	(1)	5,234	-	5,234
12	620 Materials and Supplies	(2,816)	-	(2,816)	-	(2,816)
13	621 Office Supplies and Expense	5,458	-	5,458	-	5,458
14	630 Outside Services	36,433	-	36,433	-	36,433
15	635 Contractual Services - Testing	3,252	-	3,252	-	3,252
16	641 Rental of Building/Real Property	4,216	-	4,216	-	4,216
17	650 Transportation Expenses	9,090	-	9,090	-	9,090
18	657 Insurance - General Liability	2,836	-	2,836	-	2,836
19	659 Insurance - Other	1,509	-	1,509	-	1,509
20	666 Regulatory Commission Expense – Rate Case	1,333	2,809	4,142	-	4,142
21	670 Bad Debt Expense	11,720	(425)	11,295	890	12,185
22	675 Miscellaneous Expenses	13,636	(334)	13,302	-	13,302
23	403 Depreciation Expense	137,751	-	137,751	-	137,751
24	403 Depreciation Expense – CIAC Amortization	(25,605)	-	(25,605)	-	(25,605)
25	408 Taxes Other Than Income	1,722	-	1,722	-	1,722
26	408.11 Taxes Other Than Income - Property Taxes	19,177	(7,514)	11,663	306	11,969
27	409 Income Taxes	23,499	(17,716)	5,783	13,597	19,380
28	Total Operating Expenses	$ 432,008	$ (19,123)	$ 412,885	$ 14,794	$ 427,679
29						
30	Utility Operating Income (Loss)	$ 47,419	$ 1,739	$ 49,158	$ 21,629	$ 70,787
31						
32	414 Gains (Losses) from Disp of Util Prop	$ -	-	-	-	-
33	419 Interest and Dividend Income	-	-	-	-	-
34	427 Interest Expense	(10,487)	-	(10,487)	-	(10,487)
35	Total Other Income and Deductions	$ (10,487)	$ -	$ (10,487)	$ -	$ (10,487)
36						
37	Net Income (Loss)	$ 36,932	$ 1,739	$ 38,671	$ 21,629	$ 60,300
38						
39						
40						

Supporting Schedules:
E-2
C-2

Recap Schedules:
A-1

Valencia Water Company, Greater Buckeye Division
Test Year Ended December 31, 2011
Income Statement Pro Forma Adjustments

Line No.	DESCRIPTION	[A] Actual Test Year	[B] ADJ #1 C-2.1	[C] ADJ #2 C-2.2	[D] ADJ #3 C-2.3	[E] ADJ #4 C-2.4	[F] ADJ #5 C-2.5	[G] ADJ #6 C-2.6
1	Revenues							
2	461 Metered Water Revenue	$ 466,071	$ -	$ -	$ -	$ (494)	$ (16,890)	$ -
3	460 Unmetered Water Revenue	1,228	-	-	-	-	-	-
4	474 Other Water Revenues	12,128	-	-	-	-	-	-
5	Total Operating Revenues	479,427	-	-	-	(494)	(16,890)	-
6								
7	Operating Expenses							
8	601 Salary and Wages - Employees	108,598	-	-	-	-	-	-
9	610 Purchased Water	51,353	-	-	-	-	-	-
10	615 Purchased Power	23,611	-	-	-	(4)	-	4,063
11	618 Chemicals	5,235	-	-	-	(1)	-	-
12	620 Materials and Supplies	(2,816)	-	-	-	-	-	-
13	621 Office Supplies and Expense	5,458	-	-	-	-	-	-
14	630 Outside Services	36,433						
15	635 Contractual Services - Testing	3,252	-	-	-	-	-	-
16	641 Rental of Building/Real Property	4,216	-	-	-	-	-	-
17	650 Transportation Expenses	9,090	-	-	-	-	-	-
18	657 Insurance - General Liability	2,836	-	-	-	-	-	-
19	659 Insurance - Other	1,509	-	-	-	-	-	-
20	666 Regulatory Commission Expense – Rate Case	1,333	(1,333)	4,142	-	-	-	-
21	670 Bad Debt Expense	11,720	-	-	-	-	-	-
22	675 Miscellaneous Expenses	13,636	-	-	(334)	-	-	-
23	403 Depreciation Expense	137,751	-	-	-	-	-	-
24	403 Depreciation Expense – CIAC Amortization	(25,605)						
25	408 Taxes Other Than Income	1,722	-	-	-	-	-	-
26	408.11 Taxes Other Than Income - Property Taxes	19,177	-	-	-	-	-	-
27	409 Income Taxes	23,499	-	-	-	-	-	-
28	Total Operating Expenses	432,008	(1,333)	4,142	(334)	(5)	-	4,063
29								
30		47,419	1,333	(4,142)	334	(489)	(16,890)	(4,063)
31	Operating Income (Loss)							
32	414 Gains (Losses) from Disposition of Utility Property	-	-	-	-	-	-	-
33	419 Interest and Dividend Income	-	-	-	-	-	-	-
34	427 Interest Expense	(10,487)	-	-	-	-	-	-
35	Total Other Income and Deductions	(10,487)	-	-	-	-	-	-
36								
37		$ 36,932	$ 1,333	$ (4,142)	$ 334	$ (489)	$ (16,890)	$ (4,063)
38	Net Income (Loss)							
39								
40								
41	Supporting Schedules:							
42								
43								

[H] ADJ #8	[I] ADJ #11 C-2.11	[J] ADJ #12 C-2.12.a	[K] ADJ #14 C-2.14.a	[L] Adjusted Test Year - As Filed	[M] ADJ #15 A-1, C-2.11	[N] ADJ #17 C-2.12.b	[O] ADJ #18 C-2.14.b	[P] Adjusted With Rate Increase
$ 1,228	$ -	$ -	$ -	$ 449,915	$ 36,423	$ -	$ -	$ 486,338
(1,228)	-	-	-	-	-	-	-	-
-	-	-	-	12,128	-	-	-	12,128
-	-	-	-	462,043	36,423	-	-	498,466
-	-	-	-	108,598	-	-	-	108,598
-	-	-	-	51,353	-	-	-	51,353
-	-	-	-	27,669	-	-	-	27,669
-	-	-	-	5,234	-	-	-	5,234
-	-	-	-	(2,816)	-	-	-	(2,816)
-	-	-	-	5,458	-	-	-	5,458
				36,433				36,433
-	-	-	-	3,252	-	-	-	3,252
-	-	-	-	4,216	-	-	-	4,216
-	-	-	-	9,090	-	-	-	9,090
-	-	-	-	2,836	-	-	-	2,836
-	-	-	-	1,509	-	-	-	1,509
-	-	-	-	4,142	-	-	-	4,142
-	(425)	-	-	11,295	890	-	-	12,185
-	-	-	-	13,302	-	-	-	13,302
-	-	-	-	137,751	-	-	-	137,751
				(25,605)				(25,605)
-	-	-	-	1,722	-	-	-	1,722
-	-	(7,514)	-	11,663	-	306	-	11,969
-	-	-	(17,716)	5,783	-	-	13,597	19,380
-	(425)	(7,514)	(17,716)	412,885	890	306	13,597	427,679
-	425	7,514	17,716	49,158	35,533	(306)	(13,597)	70,787
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	(10,487)	-	-	-	(10,487)
-	-	-	-	(10,487)	-	-	-	(10,487)
$ -	$ 425	$ 7,514	$ 17,716	$ 38,671	$ 35,533	$ (306)	$ (13,597)	$ 60,300

Recap Schedules
C-1

Valencia Water Company, Greater Buckeye Division Schedule C-2.1
Test Year Ended December 31, 2011
Income Statement Adjustment #1
2008 Rate Case Costs Amortization Schedule

Line No.	Company ID	Company	Revenue Increase/Decrease	Percent
1				
2	202	Palo Verde Utilities Co.	$ 6,063,392.00	40.00%
3	602	Santa Cruz Water Company	$ 1,542,323.00	40.00%
4	618	Valencia Water Company	$ 1,473,012.00	14.00%
5	622	Willow Valley Water Company	$ 428,047.00	4.00%
6	630	Water Utility of Greater Tonopah	$ 24,283.00	1.00%
7	634	Water Utility of Greater Buckeye	$ 77,259.000	1.00%
8			$ 9,608,316.00	100.00%
9				
10				
11	Acct 28090	Total Rate Case Expense	$ 400,000.00	
12		Number of Years for Amortization	3	
13		Period Amortization Start	8/31/2010	
14		Period Amortization End	8/31/2013	
15		Monthly Amortization Expense	$ 11,111.11	
16				

17 Amortization Expense by Company

18 Period Ended	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
19 1/31/2010	$ -	$ -	$ -	$ -	$ -	$ -
20 2/28/2010	$ -	$ -	$ -	$ -	$ -	$ -
21 3/31/2010	$ -	$ -	$ -	$ -	$ -	$ -
22 4/30/2010	$ -	$ -	$ -	$ -	$ -	$ -
23 5/31/2010	$ -	$ -	$ -	$ -	$ -	$ -
24 6/30/2010	$ -	$ -	$ -	$ -	$ -	$ -
25 7/31/2010	$ -	$ -	$ -	$ -	$ -	$ -
26 8/31/2010	$ 4,444.44	$ 4,444.44	$ 1,555.56	$ 444.44	$ 111.11	$ 111.11
27 9/30/2010	$ 4,444.44	$ 4,444.44	$ 1,555.56	$ 444.44	$ 111.11	$ 111.11
28 10/31/2010	$ 4,444.44	$ 4,444.44	$ 1,555.56	$ 444.44	$ 111.11	$ 111.11
29 11/30/2010	$ 4,444.44	$ 4,444.44	$ 1,555.56	$ 444.44	$ 111.11	$ 111.11
30 12/31/2010	$ 4,444.44	$ 4,444.44	$ 1,555.56	$ 444.44	$ 111.11	$ 111.11
31 1/31/2011	$ 4,444.44	$ 4,444.44	$ 1,555.56	$ 444.44	$ 111.11	$ 111.11
32 2/28/2011	$ 4,444.44	$ 4,444.44	$ 1,555.56	$ 444.44	$ 111.11	$ 111.11
33 3/31/2011	$ 4,444.44	$ 4,444.44	$ 1,555.56	$ 444.44	$ 111.11	$ 111.11
34 4/30/2011	$ 4,444.44	$ 4,444.44	$ 1,555.56	$ 444.44	$ 111.11	$ 111.11
35 5/31/2011	$ 4,444.44	$ 4,444.44	$ 1,555.56	$ 444.44	$ 111.11	$ 111.11
36 6/30/2011	$ 4,444.44	$ 4,444.44	$ 1,555.56	$ 444.44	$ 111.11	$ 111.11
37 7/31/2011	$ 4,444.44	$ 4,444.44	$ 1,555.56	$ 444.44	$ 111.11	$ 111.11
38 8/31/2011	$ 4,444.44	$ 4,444.44	$ 1,555.56	$ 444.44	$ 111.11	$ 111.11
39 9/30/2011	$ 4,444.44	$ 4,444.44	$ 1,555.56	$ 444.44	$ 111.11	$ 111.11
40 10/31/2011	$ 4,444.44	$ 4,444.44	$ 1,555.56	$ 444.44	$ 111.11	$ 111.11
41 11/30/2011	$ 4,444.44	$ 4,444.44	$ 1,555.56	$ 444.44	$ 111.11	$ 111.11
42 12/31/2011	$ 4,444.44	$ 4,444.44	$ 1,555.56	$ 444.44	$ 111.11	$ 111.11
43 1/31/2012	$ 4,444.44	$ 4,444.44	$ 1,555.56	$ 444.44	$ 111.11	$ 111.11
44 2/29/2012	$ 4,444.44	$ 4,444.44	$ 1,555.56	$ 444.44	$ 111.11	$ 111.11
45 3/31/2012	$ 4,444.44	$ 4,444.44	$ 1,555.56	$ 444.44	$ 111.11	$ 111.11
46 4/30/2012	$ 4,444.44	$ 4,444.44	$ 1,555.56	$ 444.44	$ 111.11	$ 111.11
47 5/31/2012	$ 4,444.44	$ 4,444.44	$ 1,555.56	$ 444.44	$ 111.11	$ 111.11
48 6/30/2012	$ 4,444.44	$ 4,444.44	$ 1,555.56	$ 444.44	$ 111.11	$ 111.11
49 7/31/2012	$ 4,444.44	$ 4,444.44	$ 1,555.56	$ 444.44	$ 111.11	$ 111.11
50 8/31/2012	$ 4,444.44	$ 4,444.44	$ 1,555.56	$ 444.44	$ 111.11	$ 111.11
51 9/30/2012	$ 4,444.44	$ 4,444.44	$ 1,555.56	$ 444.44	$ 111.11	$ 111.11
52 10/31/2012	$ 4,444.44	$ 4,444.44	$ 1,555.56	$ 444.44	$ 111.11	$ 111.11
53 11/30/2012	$ 4,444.44	$ 4,444.44	$ 1,555.56	$ 444.44	$ 111.11	$ 111.11
54 12/31/2012	$ 4,444.44	$ 4,444.44	$ 1,555.56	$ 444.44	$ 111.11	$ 111.11
55 1/31/2013	$ 4,444.44	$ 4,444.44	$ 1,555.56	$ 444.44	$ 111.11	$ 111.11
56 2/28/2013	$ 4,444.44	$ 4,444.44	$ 1,555.56	$ 444.44	$ 111.11	$ 111.11
57 3/31/2013	$ 4,444.44	$ 4,444.44	$ 1,555.56	$ 444.44	$ 111.11	$ 111.11
58 4/30/2013	$ 4,444.44	$ 4,444.44	$ 1,555.56	$ 444.44	$ 111.11	$ 111.11
59 5/31/2013	$ 4,444.44	$ 4,444.44	$ 1,555.56	$ 444.44	$ 111.11	$ 111.11
60 6/30/2013	$ 4,444.44	$ 4,444.44	$ 1,555.56	$ 444.44	$ 111.11	$ 111.11
61 7/31/2013	$ 4,444.44	$ 4,444.44	$ 1,555.56	$ 444.44	$ 111.11	$ 111.11
62 8/31/2013	$ -	$ -	$ -	$ -	$ -	$ -
63						

Valencia Water Company, Greater Buckeye Division
Test Year Ended December 31, 2011
Income Statement Adjustment #2
2011 Rate Case Costs

Schedule C-2.2

Line No.	Company ID	Company	Active connections @ 12/31/2011	Percent
1				
2	202	Palo Verde Utilities Co.	15,831	39.86%
3	602	Santa Cruz Water Company	16,015	40.32%
4	618	Valencia Water Company	5,343	13.45%
5	622	Willow Valley Water Company	1,502	3.78%
6	630	Water Utility of Greater Tonopah	324	0.82%
7	634	Water Utility of Greater Buckeye	627	1.58%
8	622	Water Utility of Northern Scottsdale	76	0.19%
9			39,718	100.00%
10				
11				
12				

	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	
13										
14	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	
15	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	
16	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	
17	Ullmann & Compar	$ 78,808.75	$ 31,411.99	$ 31,777.08	$ 10,601.62	$ 2,980.28	$ 642.88	$ 1,244.10	$ 150.80	
18	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	$ 787,174.03
19										
20										
21	Check	$ -								
22										
23	Amortization:									
24	Year 1	$ 262,391.34	$ 104,585.26	$ 105,800.83	$ 35,297.77	$ 9,922.75	$ 2,140.46	$ 4,142.19	$ 502.08	
25	Year 2	$ 262,391.34	$ 104,585.26	$ 105,800.83	$ 35,297.77	$ 9,922.75	$ 2,140.46	$ 4,142.19	$ 502.08	
26	Year 3	$ 262,391.34	$ 104,585.26	$ 105,800.83	$ 35,297.77	$ 9,922.75	$ 2,140.46	$ 4,142.19	$ 502.08	
27										
28		$ 787,174.03	$ 313,755.78	$ 317,402.49	$ 105,893.32	$ 29,768.25	$ 6,421.38	$ 12,426.56	$ 1,506.25	
29										
30										

Valencia Water Company, Greater Buckeye Division
Test Year Ended December 31, 2011
Income Statement Adjustment #3
Low Income Relief Tariff

Schedule C-2.3

Line No.	Company	Description	Total 2011 Accrual
1	Palo Verde Utilities Co.	Balance LIRT Liability	(8,407.30)
2	Santa Cruz Water Company	Balance LIRT Liability	(8,295.10)
3	Valencia Water Company	Balance LIRT Liability	(2,761.00)
4	Willow Valley Water Company	Balance LIRT Liability	(841.50)
5	Water Utility of Greater Tonopah	Balance LIRT Liability	(171.60)
6	Water Utility of Greater Buckeye	Balance LIRT Liability	(334.40)
7			
8			**(20,810.90)**
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			

Valencia Water Company, Greater Buckeye Division
Test Year Ended December 31, 2011
Income Statement Adjustment 4
Annualize Revenue & Expense to reflect End-of-Test Year Cutomer Counts

Schedule C-2.4

Line No.	Class of Service	[A] Average No. of Customers Per Bill Count Sch. H-2 Col. A	[B] Year-End Number of Customers	[C] Average Additional Customers [B - A]	[D] Average Bill	[E] Additional Revenues at Present Rates
1	5/8" Residential, Greater Buckeye Division	560	567	7	41	290
2	3/4" Residential, Greater Buckeye Division	4	3	(1)	57	(57)
3	1" Residential, Greater Buckeye Division	57	54	(3)	125	(375)
4	Subtotal Residential	621	624	3		(142)
5						
6	5/8" Commercial, Greater Buckeye Division	2	1	(1)	351.96	(352)
7	Subtotal Commercial	2	1	(1)		(352)
8						
9	1" Irrigation	1	1	-	97.14	-
10		1	1	-		-
11						
12	Totals					(494)
13						
14						
15						
16						
17						
18						
19	Class of Expense					
20		Cost per M gallons				
21	Pumping	$ 0.35				
22	Water Treatment	0.08				
23	Totals	$ 0.43				
24						
25		Change in	Average	Change in	Change in	Change in
26		Customers	Consumption	M Gallons	Pumping Cost	Treatment Cost
27	Residential	3	105.33	316	$ 110.77	$ 24.56
28	Commercial	(1)	328.75	-329	$ (115.23)	$ (25.55)
29	Irrigation	-	1,222.43	0	$ -	$ -
30	**Total**				$ (4.47)	$ (0.99)
31						
32						
33						
34						
35						

Valencia Water Company, Greater Buckeye Division Schedule C-2.5

Test Year Ended December 31, 2011

Income Statement Adjustment 5

Net change in accrued revenue accounts during the Test Year 2011.

Line No.		2010 Ending Balance	2011 Ending Balance	Change
1	**Unbilled revenue assets:**			
2	Potable Water (Volumetric Fee)			
3	(76101) Metered Water Sales Residential	$ -	$ 3,270.94	$ 3,270.94
4	(76103) Metered Water Sales Commercial		0.53	0.53
5	(76104) Water Usage Income Construction		-	-
6	(76109) Metered Water Sales Irrigation		1.49	1.49
7				
8	Basic Charge (Flat Fee)			
9	(76101) Basic Charge Residential	13,192.63	7,847.53	(5,345.10)
10	(76103) Basic Charge Commercial	234.15	11.09	(223.06)
11	(76104) Basic Charge Construction	-	-	-
12	(76109) Basic Charge- Irrigation	11.15	27.72	16.57
13				
14	**Total unbilled revenues**	**$ 13,437.93**	**$ 11,159.30**	**$ (2,278.63)**
15				
16	**Deferred revenue liability:**			
17	Basic Charge (Flat Fee)			
18	(76101) Basic Charge Residential	$ (19,044)	-	$ 19,043.52
19	(76103) Basic Charge Commercial	(55.44)	-	55.44
20	(76104) Basic Charge Construction	-	-	-
21	(76109) Basic Charge- Irrigation	(69.30)	-	69.30
22				
23	**Total deferred revenues**	**$ (19,168.26)**	**$ -**	**$ 19,168.26**
24				
25				
26	**Total change in accrual balances**			**$ 16,889.63**
27				
28				
29				
30				

Valencia Water Company, Greater Buckeye Division
Test Year Ended December 31, 2011
Income Statement Adjustment 6
Adjustment to Purchased Power Expense

Schedule C-2.6

Line No.		
1	615 Purchased Power - Test year actual	$ 23,611
2		
3	Future Purchased Power due to APS annual increases at a rate of 3.5%	27,674
4		
5		
6	Adjustment to Purchased Power	$ 4,063
7		
8		
9		

	Variables	Annual % Change	Implementation date
10			
11	PSA Reset (Four Corners Not Approved)	6.4%	Feb-13
12	PSA Reset (Four Corners Approved)	3.5%	Feb-13
13	Low Fixed Cost Recovery (LFCR)	1.0%	Jan-14
14	LFCA Year 1	0.2%	Mar-13
15	Four Corner Rate Approval	3.0%	Jul-13
16			
17	Projected Growth Rate (Annually)	0.0%	

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total Costs
18														
19		2011												
20		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
21		$ 1,645	$ 1,616	$ 1,722	$ 1,809	$ 2,009	$ 2,348	$ 2,438	$ 2,202	$ 2,325	$ 2,116	$ 2,011	$ 1,854	$ 24,094
22		2012												
23		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
24		$ 2,412	$ 1,601	$ 1,803	$ 2,003	$ 2,094	$ 2,348	$ 2,438	$ 2,202	$ 2,325	$ 2,116	$ 2,011	$ 1,854	$ 25,206
25														
26		2013												
27		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
28	No Rate Increase	$ 2,412	$ 1,601	$ 1,803	$ 2,003	$ 2,094	$ 2,348	$ 2,438	$ 2,202	$ 2,325	$ 2,116	$ 2,011	$ 1,854	$ 25,206
29	With Rate Increase	$ 2,412	$ 1,703	$ 1,922	$ 2,135	$ 2,233	$ 2,503	$ 2,599	$ 2,347	$ 2,478	$ 2,255	$ 2,144	$ 1,976	$ 26,707
30														
31		2014												
32		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
33	No Rate Increase	$ 2,412	$ 1,601	$ 1,803	$ 2,003	$ 2,094	$ 2,348	$ 2,438	$ 2,202	$ 2,325	$ 2,116	$ 2,011	$ 1,854	$ 25,206
34	With Rate Increase	$ 2,591	$ 1,720	$ 1,941	$ 2,156	$ 2,255	$ 2,528	$ 2,625	$ 2,371	$ 2,503	$ 2,278	$ 2,165	$ 1,996	$ 27,129
35														
36		2015												
37		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
38	No Rate Increase	$ 2,412	$ 1,601	$ 1,803	$ 2,003	$ 2,094	$ 2,348	$ 2,438	$ 2,202	$ 2,325	$ 2,116	$ 2,011	$ 1,854	$ 25,206
39	With Rate Increase	$ 2,617	$ 1,737	$ 1,960	$ 2,178	$ 2,278	$ 2,553	$ 2,651	$ 2,394	$ 2,528	$ 2,300	$ 2,187	$ 2,016	$ 27,400
40														
41		2016												
42		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
43	No Rate Increase	$ 2,412	$ 1,601	$ 1,803	$ 2,003	$ 2,094	$ 2,348	$ 2,438	$ 2,202	$ 2,325	$ 2,116	$ 2,011	$ 1,854	$ 25,206
44	With Rate Increase	$ 2,643	$ 1,755	$ 1,980	$ 2,200	$ 2,300	$ 2,579	$ 2,678	$ 2,418	$ 2,553	$ 2,323	$ 2,209	$ 2,036	$ 27,674

Valencia Water Company, Greater Buckeye Division

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)	$	11,720
2	Actual Test Year Revenues (Sch C-2)		479,427
3	Bad Debt Expense Rate		2.4%
4			
5			
6	Adjusted Test Year Revenues (Sch C-2)	$	462,043
7	Bad Debt Expense Rate		2.4%
8	Expected Bad Debt Expense	$	11,295
9			
10	Adjustment to Bad Debt Expense Based on Adjusted Test Year Revenues	$	(425)
11			
12			
13	Proposed Revenues (Sch C-2)	$	498,466
14	Bad Debt Expense Rate		2.4%
15	Expected Bad Debt Expense Based on Proposed Revenues	$	12,185
16			
17	Adjustment to Bad Debt Expense	$	890
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			

Valencia Water Company, Greater Buckeye Division
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	$ 462,043	$ 462,043
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	924,086	$ 924,086
4	Proposed Revenue Requirement	462,043	$ 498,466
5	Subtotal (Line 4 + Line 5)	1,386,129	1,422,552
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	462,043	$ 474,184
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	924,086	$ 948,368
10	Plus: 10% of CWIP -	(3)	(3)
11	Less: Net Book Value of Licensed Vehicles	-	$ -
12	Full Cash Value (Line 9 + Line 10 - Line 11)	924,083	$ 948,365
13	Assessment Ratio	21.0%	21.0%
14	Assessment Value (Line 12 * Line 13)	194,057	$ 199,157
15	Composite Property Tax Rate	6.0100%	6.0100%
16			$ -
17	Test Year Adjusted Property Tax (Line 14 * Line 15)	$ 11,663	
18	Actual Test Year Property Tax Expense	19,177	
19			
20	Test Year Adjustment (Line 16-Line 17)	$ (7,514)	
21	Property Tax - Recommended Revenue (Line 14 * Line 15)		$ 11,969
22	Test Year Adjusted Property Tax Expense (Line 17)		11,663
23	Increase in Property Tax Expense Due to Increase in Revenue Requirement		$ 306
24			
25	Increase to Property Tax Expense		$ 306
26	Increase in Revenue Requirement		36,423
27	Increase to Property Tax per Dollar Increase in Revenue (Line19/Line 20)		0.84%
28			
29			
30			

Valencia Water Company, Greater Buckeye Division Schedule C-2.14
Test Year Ended December 31, 2011
Income Statement Adjustments 14 & 18
Adjust Income Taxes to Reflect Adjusted and Proposed Income Taxes

Line No.		Adjusted Test Year Results	Proposed Revenue Results
1			
2	Operating Income Before Income Taxes	$ 54,941	$ 90,167
3	Synchronized Interest	39,958	39,958
4	Arizona Taxable Income	$ 14,983	$ 50,209
5			
6	Arizona Income Tax (6.968%)	$ 1,044	$ 3,499
7			
8	Federal Income Before Taxes	$ 14,983	$ 50,209
9	Less Arizona Income Taxes	1,044	3,499
10	Federal Taxable Income	$ 13,939	$ 46,710
11			
12	Federal Income Tax (34% Tax Bracket)	$ 4,739	$ 15,882
13			
14	Total Income Tax	$ 5,783	$ 19,380
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)	$ 23,499	
24	Increase/(Decrease) to Income Taxes - Adjusted	$ (17,716)	
25			
26	Test Year Income Taxes - Adjusted		$ 5,783
27			
28	Increase/(Decrease) to Proposed Income Taxes		$ 13,597
29			
30			
31			
32			
33			
34			
35			

Valencia Water Company, Greater Buckeye Division
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	Uncollecible Factor (L14)			1.5010%
3	Revenues (L1 - L2)			98.4990%
4	Combined Federal and State Income Tax			38.5989%
5	Subtotal (L3 - L4)			59.9001%
6	**Revenue Conversion Factor (L1 / L5)**			**1.669446**
7				
8				
9	Calculation of Uncollectible Factor:			
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			2.4446%
14	Uncollectible Factor (L12 x L13)			1.5010%
15				
16	Calculation of Effective Tax Rate:			
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				

Supporting Schedules

Recap Schedules
A-1

Valencia Water Company, Greater Buckeye Division
Test Year Ended December 31, 2011
Summary Cost of Capital

Schedule D-1

Line No.	Description	End of Test Year - Actual Dollar Amount	Percent of Total	Rate of Return	Weighted Cost
1					
2	Short-Term Debt	$ 12,886	0.49%	6.78%	0.03%
3					
4	Long-Term Debt	121,380	4.61%	6.24%	0.29%
5					
6	Common Equity	2,499,277	94.90%	1.48% a	1.40%
7					
8	Totals	$ 2,633,543	100.00%		1.72%
9					
10					

Line No.	Description	End of Test Year - Proposed Dollar Amount	Percent of Total	Rate of Return	Weighted Cost	End of Projected Year - Proposed Rates Dollar Amount	Percent of Total	Rate of Return	Weighted Cost
11									
12									
13									
14									
15	Short-Term Debt	$ 12,886	0.49%	6.78%	0.03%	$ 13,668	0.51%	6.78%	0.03%
16									
17	Long-Term Debt	121,380	4.61%	6.24%	0.29%	107,712	4.02%	6.17%	0.25%
18									
19	Common Equity	2,499,277	94.90%	11.44%	10.86%	2,559,577	95.47%	11.44%	10.92%
20									
21	Totals	$ 2,633,543	100.00%		11.18%	$ 2,680,957	100.00%		11.20%
22									
23		a. Sch. A-2							
24									

Supporting Schedules
D-2
D-3
D-4
E-1

Recap Schedules
A-3

Valencia Water Company, Greater Buckeye Division
Test Year Ended December 31, 2011
Cost of Debt

Schedule D-2

Line No.		End of Test Year - Actual Amount Outstanding	Annual Cost	Interest Rate
1	Long-Term Debt			
2				
3	WIFA 920072-03	$ 33,356	$ 1,564	4.688%
4	WIFA 920103-06	76,278	5,072	6.650%
5	Stewart Title (Garcia)	11,746	940	8.000%
6				
7				
8	Totals	$ 121,380	$ 7,576	6.24%
9				
10	Short-Term Debt			
11				
12	WIFA 920072-03	$ 2,677	$ 125	4.69%
13	WIFA 920103-06	5,108	340	6.65%
14	Stewart Title (Garcia)	5,101	408	8.00%
15				
16	Totals	$ 12,886	$ 873	6.78%
17				
18				
19				

Line No.		End of Test Year - Proposed Amount Outstanding	Annual Cost	Interest Rate	End of Projected Year - Proposed Rates Amount Outstanding	Annual Cost	Interest Rate
20							
21							
22							
23	Long-Term Debt						
24							
25	WIFA 920072-03	$ 33,356	$ 1,564	4.69%	$ 30,551	$ 1,432	4.69%
26	WIFA 920103-06	76,278	5,072	6.65%	70,820	4,710	6.65%
27	Stewart Title (Garcia)	11,746	940	8.00%	6,341	507	8.00%
28							
29							
30	Totals	$ 121,380	$ 7,576	6.24%	$ 107,712	$ 6,649	6.17%
31							
32	Short-Term Debt						
33							
34	WIFA 920072-03	$ 2,677	$ 125	4.69%	$ 2,805	$ 131	4.69%
35	WIFA 920103-06	5,108	340	6.65%	5,458	363	6.65%
36	Stewart Title (Garcia)	5,101	408	8.00%	5,405	432	8.00%
37							
38	Totals	$ 12,886	$ 873	6.78%	$ 13,668	$ 927	6.78%
39							
40	Total	$ 134,266	$ 8,449	6.29%			

Supporting Schedules
E-1

Recap Schedules
D-1

Valencia Water Company, Greater Buckeye Division
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	Assets			
2				
3	131 Cash and cash equivalents	$ (138)	$ (138)	$ (138)
4	132 Special Deposits	14,674	12,946	10,873
5	141 Customer Accounts Receivable	43,230	58,108	12,397
6	143 Accumulated Provision for Uncollectible Accounts	(8,799)	(6,295)	(3,093)
7	162 Prepayments	5,583	6,637	5,082
8	174 Miscellaneous Current and Accrued Assets	11,159	13,438	15,164
9	Total Current Assets	65,709	84,696	40,285
10				
11	101 Total Utility Plant in Service	3,079,206	3,072,199	3,051,042
12	105 Construction work-in-progress	(29)	-	5,269
13	108 Less:Accumulated Depreciation	(1,372,116)	(1,234,365)	(1,038,560)
14	Total Fixed Assets (Net)	1,707,061	1,837,834	2,017,751
15				
16	Deferred Debits			
17	114 Utility Plant Acquisition Adjustments	1,888,677	1,888,677	1,888,677
18	181 Unamortized Debt Discount & Expense	-	-	45
19	190 Accumulated Deferred Income Taxes	17,832	38,846	15,390
20	Total other assets	1,906,509	1,927,523	1,904,112
21				
22	Total Assets	$ 3,679,279	$ 3,850,053	$ 3,962,148
23				
24	Liabilities and Stockholders' Equity			
25				
26				
27	231 Accounts payable	$ 5,971	$ 62,346	$ 79,969
28	232 Notes Payable	12,886	12,045	11,261
29	235 Customer Deposits	43,597	28,510	13,269
30	236 Accrued Taxes	9,475	9,576	8,417
31	237 Accrued Interest	3,565	2,559	1,760
32	241 Miscellaneous Current and Accrued Liabilities	15,922	46,404	24,734
33	253 Other Deferred Credits	6,349	2,386	7,811
34	Total Current Liabilities	$ 97,765	$ 163,826	$ 147,221
35				
36	224 Other Long-Term Debt	121,380	134,266	146,311
37				
38	252 Advances for Construction	722,274	730,996	747,864
39	271 Contributions in Aid of Construction	407,979	407,979	407,979
40	272 Accumulated Amortization of CIAC	(171,882)	(146,277)	(91,795)
41	281 Accumulated Deferred Income Taxes	2,486	-	-
42	Total Deferred Credits and Other Liabilities	$ 960,857	$ 992,698	$ 1,064,048
43				
44	Total Liabilities and Deferred Credits	$ 1,180,002	$ 1,290,790	$ 1,357,580
45				
46	211 Other Paid-In Capital	2,370,339	2,467,256	2,489,049
47	215 Unappropriated Retained Earnings	92,007	115,520	119,016
48	215 Current year net income	36,932	(23,513)	(3,497)
49	Total Members' Equity	$ 2,499,277	$ 2,559,263	$ 2,604,568
50				
51	Total Liabilities and Stockholders' Equity	$ 3,679,279	$ 3,850,053	$ 3,962,148
52		$ (0)	$ 0	$ -

Supporting Schedules
E-5

Recap Schedules
A-3

Valencia Water Company, Greater Buckeye Division
Test Year Ended December 31, 2011
Comparative Income Statements

Schedule E-2

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	$ 466,071	$ 386,931	$ 336,851
4	460 Unmetered Water Revenue	1,228	2,106	749
5	474 Other Water Revenues	12,128	13,791	15,817
6	Total Operating Revenues	479,427	402,828	353,417
7				
8	Operating Expenses			
9				
10	601 Salary and Wages - Employees	108,598	124,086	83,036
11	610 Purchased Water	51,353	48,729	52,384
12	615 Purchased Power	23,611	22,231	25,191
13	618 Chemicals	5,235	5,019	5,291
14	620 Materials and Supplies	(2,816)	7,577	879
15	621 Office Supplies and Expense	5,458	5,905	12,199
16	630 Outside Services	36,433	21,330	759
17	635 Contractual Services - Testing	3,252	7,221	7,595
18	641 Rental of Building/Real Property	4,216	-	4,995
19	650 Transportation Expenses	9,090	7,573	4,340
20	657 Insurance - General Liability	2,836	3,081	3,330
21	659 Insurance - Other	1,509	1,135	1,546
22	666 Regulatory Commission Expense – Rate Case	1,333	2,133	-
23	670 Bad Debt Expense	11,720	2,988	3,534
24	675 Miscellaneous Expenses	13,636	12,718	5,675
25	403 Depreciation Expense	137,751	199,675	140,075
26	403 Depreciation Expense – CIAC Amortization	(25,605)	(54,481)	(20,399)
27	408 Taxes Other Than Income	1,722	1,127	815
28	408.11 Taxes Other Than Income - Property Taxes	19,177	20,780	16,351
29	409 Income Taxes	23,499	(23,456)	(2,145)
30	Total Operating Expenses	432,008	415,371	345,451
31				
32	Operating Income / (Loss)	47,419	(12,543)	7,966
33				
34	OTHER INCOME / (EXPENSE			
35	414 Gains (Losses) from Disposition of Utility Property	-	-	-
36	419 Interest and Dividend Income	-	-	-
37	427 Interest Expense	(10,487)	(10,970)	(11,463)
38	Total Other Income / (Expense)	(10,487)	(10,970)	(11,463)
39				
40	NET INCOME / (LOSS)	$ 36,932	$ (23,513)	$ (3,497)
41				

Supporting Schedules
E-6

Recap Schedules
A-2

Valencia Water Company, Greater Buckeye Division
Test Year Ended December 31, 2011
Detail Plant in Service

Schedule E-5

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	$ 27,898	$ 0	$ 27,898
3	304 Structures and Improvements	39,169	127	39,296
4	307 Wells and Springs	115,895	0	115,895
5	309 Supply Mains	-	-	-
6	310 Power Generation Equipment	1,738	(0)	1,738
7	311 Pumping Equipment	538,769	4,992	543,761
8	320 Water Treatment Equipment	844,990	(0)	844,990
9	330 Distribution Reservoirs ad Standpipes	588,494	(0)	588,494
10	331 Transmission and Distribution Mains	765,540	1,360	766,900
11	333 Services	37,406	(0)	37,406
12	334 Meters and Meter Installations	37,332	0	37,332
13	335 Hydrants	40,757	(0)	40,757
14	336 Backflow Prevention Devices	5,432	0	5,432
15	339 Other Plant and Miscellaneous Equipment	4,284	(0)	4,284
16	340 Office Furniture and Equipment	-	-	-
17	341 Transportation Equipment	-	-	-
18	343 Tools, Shop and Garage Equipment	1,650	0	1,650
19	344 Laboratory Equipment	-	-	-
20	345 Power Operated Equipment	-	-	-
21	346 Communication Equipment	7,491	(2,740)	4,751
22	347 Miscellaneous Equipment	6,821	3,268	10,089
23	348 Other Tangible Plant	8,533	(0)	8,533
24	Total Utility Plant in Service	$ 3,072,199	$ 7,007	$ 3,079,206
25				
26	107 Construction Work in Progress	$ -	$ (29)	$ (29)
27				
28	Total Plant	$ 3,072,199	$ 6,978	$ 3,079,177
29				
30	Total Accum. Depreciation	$ (1,234,365)	$ (137,751)	$ (1,372,116)
31				
32	Total Net Plant	$ 1,837,834	$ (130,773)	$ 1,707,061
33				
34				
35	Supporting Schedules		Recap Schedules	
36	E-6		E-1	
			A-4	

Valencia Water Company, Greater Buckeye Division

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	$ 461,390	$ 383,373	$ 333,948
3	Commercial	4,407	1,825	1,319
4	Irrigation	1,228	2,106	749
5	Construction	275	1,732	1,584
6				
7	Total Water Sales	$ 467,299	$ 389,036	$ 337,600
8				
9	Miscellaneous	12,128	13,791	15,817
10				
11	Total Operating Revenues	$ 479,427	$ 402,827	$ 353,417
12				
13	Operating Expenses			
14	Operations and Maintenance	$ 140,024	$ 153,170	$ 136,834
15				
16	General and Administrative	$ 135,440	$ 143,138	$ 76,880
17				
18	Depreciation	$ 112,146	$ 145,194	$ 119,676
19				
20	Taxes			
21	Income Taxes	$ 23,499	$ (23,456)	$ (2,145)
22	Property taxes	19,177	20,780	16,351
23	Other Taxes and Licenses	1,722	(23,456)	(2,145)
24	Utility Regulatory Assessment Fee			-
25				
26	Total Taxes	$ 44,398	$ (26,132)	$ 12,061
27				
28	Total Operating Expenses	$ 432,008	$ 415,370	$ 345,451
29				
30	Operating Income/(Loss)	$ 47,419	$ (12,543)	$ 7,966
31				
32				

Supporting Schedules

Recap Schedules

E-2

Valencia Water Company, Greater Buckeye Division
Test Year Ended December 31, 2011
Operating Statistics

Schedule E-7

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	65,412	69,083	66,234
3	Total Commercial	657	333	329
4	Total Irrigation	1,222	356	135
5	Total Construction	68		
6		67,359	69,772	66,698
7				
8	Average No. Customers			
9	Total Residential	621	608	599
10	Total Commercial	2	2	2
11	Total Irrigation	1	1	1
12	Total Construction	1	1	1
13	Non-Potable	625	612	603
14				
15	Average Annual Gallons Per			
16	Residential Customer (in 1,000's)	105.33	113.62	110.57
17				
18	Average Annual Gallons Per			
19	Commercial Customer (in 1,000's)	328.75	166.50	164.50
20				
21				
22	Average Annual Revenue Per			
23	Residential Customer	$ 742.98	$ 630.55	$ 557.51
24				
25				
26	Average Per 1,000 Gallons Sold			
27	Pumping Expense	$ 0.35	$ 0.32	$ 0.38
28	Water Treatment Expense	0.08	0.07	0.08

Valencia Water Company, Greater Buckeye Division
Test Year Ended December 31, 2011
Taxes Charged to Operations

Schedule E-8

Line No.		Test Year Ended 12/31/2011	Prior Year Ended 12/31/2010	Prior Year Ended 12/31/2009
1				
2	Federal Taxes			
3	Income	19,257	(19,222)	(1,758)
4	FICA (Employer's)	6,291	7,091	4,862
5	Unemployment	129	118	64
6	Total Federal Taxes	$ 25,676.88	$ (12,012.64)	$ 3,168.22
7				
8				
9	State Taxes			
10	Income	$ 4,242	$ (4,234)	$ (387)
11	Property	19,177	20,780	16,351
12	Other	1,722	1,127	815
13	Unemployment*	960	649	164
14	Total State Taxes	$ 26,101	$ 18,322	$ 16,943
15				
16	Local Taxes			
17				
18	Total Taxes to Operations	$ 51,778	$ 6,309	$ 20,111
19				
20				
21	* FICA and Unemployment are included with Salaries and Wages on C-1, E-2 and E-6.			

Line No.

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

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

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

In addition to material costs, direct labor and personnel costs, and indirect construction overhead costs may be capitalized. Interest incurred during the construction period is also capitalized as a component of the cost of the constructed assets, which represents the cost of debt associated with construction activity. Expenditures for maintenance and repairs are charged to expense.

Revenue Recognition — Water services revenues are recorded when service is rendered or water is delivered to customers. However, in addition to the monthly basic service charge, the determination and billing of water sales to individual customers is based on the reading of their meters, which occurs on a systematic basis throughout the month. At the end of each reporting period, amounts of water delivered to customers since the date of the last meter reading are estimated and the corresponding accrued, but unbilled revenue is recorded.

Water connection fees are the fees associated with the application process to set up a customer to receive utility service on an existing water meter. These fees are approved by the ACC through the regulatory process and are set based on the costs incurred to establish services including the application process, billing setup, initial meter reading and service transfer. Because the amounts charged for water connection fees are set by our regulator and not negotiated in conjunction with the pricing of ongoing water service, the connection fees represent the culmination of a separate earnings process and are recognized when the service is provided.

Meter installation fees are the fees charged to the developer or builder associated with the installation of a new water meter. Fees charged for meters installed within a service area regulated by the ACC are refundable pursuant to a utility line extension agreement and properly recorded as a liability. For a portion of our service area, meter installation fees are not refundable. Because these fees are negotiated with the developer or builder independent of service that will be provided to the end-user and represent the culmination of a separate earnings process, they are recognized when the service is rendered. Accordingly, revenue for water meter sales is recognized at the time the water meters are installed.

Wastewater service revenues are generally recognized when service is rendered. Wastewater services are billed at a fixed monthly amount per connection, and recycled water services are billed monthly based on volumetric fees.

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.

Valencia Water Company, Greater Buckeye Division
Test Year Ended December 31, 2011
Projected Income Statements - Present and Proposed

Schedule F-1

Line No.		Test Year Actual 12/31/2011	Present Rates Year Ended 12/312012	Adjustments	Proposed Rates Year Ended 12/312012
1	Operating Revenues	$ 479,427	$ 462,043	$ 36,423	$ 498,466
2					
3	Operating Expenses				
4					
5	601 Salary and Wages - Employees	$ 108,598	$ 108,598	$ -	$ 108,598
6	610 Purchased Water	51,353	51,353	-	51,353
7	615 Purchased Power	23,611	27,669	-	27,669
8	618 Chemicals	5,235	5,234	-	5,234
9	620 Materials and Supplies	(2,816)	(2,816)	-	(2,816)
10	621 Office Supplies and Expense	5,458	5,458	-	5,458
11	630 Outside Services	36,433	36,433	-	36,433
12	635 Contractual Services - Testing	3,252	3,252	-	3,252
13	641 Rental of Building/Real Property	4,216	4,216	-	4,216
14	650 Transportation Expenses	9,090	9,090	-	9,090
15	657 Insurance - General Liability	2,836	2,836	-	2,836
16	659 Insurance - Other	1,509	1,509	-	1,509
17	666 Regulatory Commission Expense – Rate Case	1,333	4,142	-	4,142
18	670 Bad Debt Expense	11,720	11,295	890	12,185
19	675 Miscellaneous Expenses	13,636	13,302	-	13,302
20	403 Depreciation Expense	137,751	137,751	-	137,751
21	403 Depreciation Expense – CIAC Amortization	(25,605)	(25,605)	-	(25,605)
22	408Taxes Other Than Income	1,722	1,722	-	1,722
23	408.11 Taxes Other Than Income - Property Taxes	19,177	11,663	306	11,969
24	409 Income Taxes	23,499	5,783	13,597	19,380
25	Total Operating Expenses	$ 432,008	$ 412,885	$ 14,794	$ 427,679
26					
27	Operating Income / (Loss)	$ 47,419	$ 49,158	$ 21,629	$ 70,787
28					
29	OTHER INCOME / (EXPENSE				
30	414 Gains (Losses) from Disp of Util Prop	$ -	$ -	$ -	$ -
31	419 Interest and Dividend Income	-	-	-	-
32	427 Interest Expense	(10,487)	(10,487)	-	(10,487)
33	Total Other Income / (Expense)	$ (10,487)	$ (10,487)	$ -	$ (10,487)
34					
35	NET INCOME / (LOSS)	$ 36,932	$ 38,671	$ 21,629	$ 60,300
36					

Supporting Schedules
E-2

Recap Schedules
A-2

Valencia Water Company, Greater Buckeye Division
Test Year Ended December 31, 2011
Projected Construction Requirements

Schedule F-3

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	$ -

Supporting Schedules

Recap Schedules
F-2 & A-4

Valencia Water Company, Greater Buckeye Division
Test Year Ended December 31, 2011
Assumptions

Schedule F-4

Line
No.
1 Revenues and expenses were projected using the pro forma changes to the test year
2 ending December 31, 2011.
3
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.
7
8
9

Valencia Water Company, Greater Buckeye Division Schedule G-1
Test Year Ended December 31, 2011
Cost of Service Summary - Present 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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13	Supporting Schedules	Recap Schedules
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15	G-3	
16	G-4	
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Valencia Water Company, Greater Buckeye Division Schedule G-2
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.	
3		
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12	Supporting Schedules	Recap Schedules
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14	G-3	
15	G-4	
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Valencia Water Company, Greater Buckeye Division Schedule G-3
Test Year Ended December 31, 2011
Rate Base Allocation to Classes of Service

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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12	Supporting Schedules	Recap Schedules
13	G-5	G-1 & G-2
14	G-7	
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Valencia Water Company, Greater Buckeye Division Schedule G-4
Test Year Ended December 31, 2011
Expense Allocation to Classes of Service

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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12	Supporting Schedules	Recap Schedules
13	G-5	G-1 & G-2
14	G-7	
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Valencia Water Company, Greater Buckeye Division Schedule G-5
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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12	Supporting Schedules	Recap Schedules
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Valencia Water Company, Greater Buckeye Division Schedule G-6
Test Year Ended December 31, 2011
Distribution of Expenses 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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12	Supporting Schedules	Recap Schedules
13		G-4
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Valencia Water Company, Greater Buckeye Division 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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12	Supporting Schedules	Recap Schedules
13		G-4
14		G-3
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Valencia Water Company, Greater Buckeye Division
Test Year Ended December 31, 2011
Classification - Present and Proposed Rates

Schedule H-1

Line No.	Customer Classification	[A] Present Rates Sch. H-2 Col. C	[B] Proposed Rates Sch. H-2 Col. F	[C] Proposed Increase Amount	[D] %
1					
2	Residential	$ 446,726	$ 479,016	$ 32,289	7.2%
3	Commercial	4,208	4,611	403	9.6%
4	Irrigation	1,078	1,222	145	13.4%
5	Construction	275	677	402	N/A
6					
7	Total Water Revenues	$ 452,287	$ 485,526	$ 33,239	7.3%
8					
9	Miscellaneous Revenues (Sch. C-1, L4)	12,128	12,128		
10					
11	Total Operating Revenues	$ 464,415	$ 497,654		
12					
13					
14					
15	Test Year Revenue (Schedule C-2)	$ 479,427			
16	Less adjustment C-2.5	(16,890)			
17		$ 462,537			
18					
19	Unreconciled Difference	$ 1,878			
20		0.4043%			

Supporting Schedules
H-2

Recap Schedules
A-1

Valencia Water Company, Greater Buckeye Division
Test Year Ended December 31, 2011
Analysis of Revenue by Detailed Class

Line No.	Class of Service	[A] Average Number of Customers	[B] Average Consumption	Present Rates No CRT	CRT	[C] Present Rates	[D] Adjustments Sch. C-2.4	[E] Adjusted Present Rates [C + D]	Bill Count Water Revenues: Proposed Rates No CRT	Proposed CRT	[F] Proposed Rates	[G] Proposed Increase [F - E]	[H] %
1	5/8" Residential, GBD	560	8,600	$ 391,061	$ (20,367)	$ 370,695	$ 290	$ 370,985	$ 417,049	$ (20,729)	$ 396,320	$ 25,336	6.83%
2	3/4" Residential, GBD	4	9,090	2,325	(70)	2,255	(57)	2,197	2,451	(72)	2,379	182	8.30%
3	1" Residential, GBD	57	10,856	75,566	(1,646)	73,920	(375)	73,544	81,963	(1,647)	80,316	6,771	9.21%
4	5/8" Commercial, GBD	2	43,833	4,560	(0)	4,560	(352)	4,208	4,612	(1)	4,611	403	9.58%
5	1" HOA, GBD	1	8,667	1,142	(64)	1,078	-	1,078	1,256	(33)	1,222	145	13.42%
6	2' Construction, GBD	1	36,000	275	-	275	-	275	677	-	677	402	N/A
7													
8													
9	Total Residential	621	8,771	$ 468,952	$ (22,083)	$ 446,869	$ (142)	$ 446,726	$ 501,463	$ (22,448)	$ 479,016	$ 32,289	7.23%
10	Total Commercial	2	43,833	4,560	(0)	4,560	(352)	4,208	4,612	(1)	4,611	403	9.58%
11	Total Irrigation	1	8,667	1,142	(64)	1,078	-	1,078	1,256	(33)	1,222	145	13.42%
12	Total Construction	1	36,000	275	-	275	-	275	677	-	677	402	N/A
13	Totals	625		474,929	(22,147)	452,781	(494)	452,287	508,008	(22,482)	485,526	33,239	7.35%
14													

Supporting Schedules

Recap Schedules
H-1

Valencia Water Company, Greater Buckeye Division
Test Year Ended December 31, 2011
Calculation of Change in Miscellaneous Service Charge revenue

Line No.		Current	Proposed	Increase	Test Year Charges	Revenue Increase
1						
2	Establishment	$ 35.00	$ 35.00	$ -	146	$ -
3	Reconnect	35.00	35.00	-	57	-
4	NSF Fees	30.00	30.00	-	18	-
5						
6	Proposed Misc. Service Charge Increase					$ -
7						
8						
9						
10						
11						
12						
13						
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Valencia Water Company, Greater Buckeye Division
Test Year Ended December 31, 2011
Changes in Representative Rate Schedules

Monthly Minimum Charges:

Meter Size (All Classes*)	Basic Service Charge Present	Basic Service Charge Proposed	Change
5/8" x 3/4" Meter	$ 27.72	$ 31.50	$ 3.78
3/4" Meter	27.72	31.50	3.78
1" Meter	69.30	78.75	9.45
1.5" Meter	138.60	157.50	18.90
2" Meter	221.76	252.00	30.24
3" Meter	443.52	504.00	60.48
4" Meter	693.00	787.50	94.50
6" Meter	1,386.00	1,575.00	189.00
8" Meter	N/A	3,150.00	N/A

Commodity Rate Charges:

Potable Water - All Meter Sizes and Classes	Rate Block Present	Rate Block Proposed	Volumetric Charge (Per 1,000 Gallons): Present	Volumetric Charge (Per 1,000 Gallons): Proposed	Change
Tier One Breakover	1,000 Gallons	1,000 Gallons	$ 1.35	$ 1.35	$ -
Tier Two Breakover	5,000 Gallons	5,000 Gallons	2.55	2.55	-
Tier Three Breakover	10,000 Gallons	10,000 Gallons	3.75	3.75	-
Tier Four Breakover	18,000 Gallons	18,000 Gallons	4.95	4.95	-
Tier Five Breakover	25,000 Gallons	25,000 Gallons	6.15	6.15	-
Tier Six Breakover	999,999,999	over 25,000 Gallons	7.35	7.35	-
Conservation Rebate Threshold ("CRT") in Gallons	9,001	8,000			
Commodity rate rebate applied if consumption is below the CRT:	45%	50%			

*Includes all potable water meters including irrigation meters.

Non-Potable Water - All Meter Sizes and Classes	Present	Proposed	Change
All Gallons (Per Acre Foot)	185.74	$ 651.70	$ 465.96
All Gallons (Per 1,000 Gallons)	0.57	2.00	1.43

Miscellaneous Service Charges	Present	Proposed	Change
Establishment of Service	$ 35.00	$ 35.00	$ -
Establishment of Service (After Hours)	50.00	50.00	$ -
Re-establishment of Service (Within 12 Months)	(a)	(a)	
Reconnection of Service (Delinquent)	$ 35.00	35.00	$ -
Reconnection of Service - After Hours (Delinquent)	50.00	50.00	$ -
Meter Move at Customer Request	(b)	(b)	
After Hours Service Charge, Per Hour*	$ 50.00	50.00	$ -
Deposit	(c)	(c)	
Meter Re-Read (If Correct)	$ 30.00	30.00	$ -
Meter Test Fee (If Correct)	30.00	30.00	$ -
NSF Check	30.00	30.00	$ -
Late Payment Charge (Per Month)	1.50%	1.5%	$ -
Deferred Payment Charge (Per Month)	1.50%	1.5%	$ -

(a) Number of Months off System times the Monthly Minimum per A.A.C. R14-2-403(D).
(b) Cost to include parts, labor, overhead and all applicable taxes per A.A.C. R14-2-405(B)(5).
(c) Per A.A.C. R14-2-403(B).
*For After Hours Service Calls for work performed on the customer's property; not to be charged in addition to an establishment or a reconnection after hours charge.

In addition to the collection of its regular rates and charges, the Company shall collect from customers their proportionate share of any privilege, sales or use tax in accordance with A.A.C. R14-4-409(D)(5).

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

	Present			Proposed			
Meter Size	Line Charges	Meter Charges	Total Charges	Service Line Charges	Meter Charges	Total Charges	Change
5/8 x 3/4" Meter	$ 445.00	$ 155.00	$ 600.00	$ 445.00	$ 155.00	$ 600.00	0.00%
3/4" Meter	445.00	255.00	700.00	445.00	255.00	700.00	0.00%
1" Meter	495.00	315.00	810.00	495.00	315.00	810.00	0.00%
1 1/2" Meter	550.00	525.00	1,075.00	550.00	525.00	1,075.00	0.00%
2" Turbine Meter	830.00	1,045.00	1,875.00	830.00	1,045.00	1,875.00	0.00%
2" Compound Meter	830.00	1,890.00	2,720.00	830.00	1,890.00	2,720.00	0.00%
3" Turbine Meter	1,045.00	1,670.00	2,715.00	1,045.00	1,670.00	2,715.00	0.00%
3" Compound Meter	1,165.00	2,545.00	3,710.00	1,165.00	2,545.00	3,710.00	0.00%
4" Turbine Meter	1,490.00	2,670.00	4,160.00	1,490.00	2,670.00	4,160.00	0.00%
4" Compound Meter	1,670.00	3,645.00	5,315.00	1,670.00	3,645.00	5,315.00	0.00%
6" Turbine Meter	2,210.00	5,025.00	7,235.00	2,210.00	5,025.00	7,235.00	0.00%
6" Compound Meter	2,330.00	6,920.00	9,250.00	2,330.00	6,920.00	9,250.00	0.00%
8" and Larger Meters	Cost	Cost	Cost	Cost	Cost	Cost	

Valencia Water Company, Greater Buckeye Division
Test Year Ended December 31, 2011
Typical Bill Analysis

Rate Schedu 3/4" X 5/8" Meters and 3/4" meters All Classes

Monthly Consumption	Present Bill	Proposed Bill	Percent Increase
-	$ 27.72	$ 31.50	13.64%
1,000	29.07	32.18	10.68%
2,000	31.62	33.45	5.79%
3,000	34.17	34.73	1.62%
4,000	36.72	36.00	-1.96%
5,000	39.27	37.28	-5.08%
6,000	43.02	39.15	-9.00%
7,000	46.77	50.55	8.08%
8,000	50.52	54.30	7.48%
9,000	54.27	58.05	6.97%
10,000	58.02	61.80	6.51%
15,000	82.77	86.55	4.57%
20,000	109.92	113.70	3.44%
25,000	140.67	144.45	2.69%
50,000	324.42	328.20	1.17%
75,000	508.17	511.95	0.74%
100,000	691.92	695.70	0.55%
125,000	875.67	879.45	0.43%
150,000	1,059.42	1,063.20	0.36%
175,000	1,243.17	1,246.95	0.30%
200,000	1,426.92	1,430.70	0.26%

Valencia Water Company, Greater Buckeye Division
Test Year Ended December 31, 2011
Typical Bill Analysis

Rate Schedule: 1" Meters All Classes

Monthly Consumption	Present Bill	Proposed Bill	Percent Increase
-	$ 69.30	$ 78.75	13.64%
1,000	70.65	79.43	12.42%
2,000	73.20	80.70	10.25%
3,000	75.75	81.98	8.22%
4,000	78.30	83.25	6.32%
5,000	80.85	84.53	4.55%
6,000	84.60	86.40	2.13%
7,000	88.35	97.80	10.70%
8,000	92.10	101.55	10.26%
9,000	95.85	105.30	9.86%
10,000	99.60	109.05	9.49%
15,000	124.35	133.80	7.60%
20,000	151.50	160.95	6.24%
25,000	182.25	191.70	5.19%
50,000	366.00	375.45	2.58%
75,000	549.75	559.20	1.72%
100,000	733.50	742.95	1.29%
125,000	917.25	926.70	1.03%
150,000	1,101.00	1,110.45	0.86%
175,000	1,284.75	1,294.20	0.74%
200,000	1,468.50	1,477.95	0.64%

Valencia Water Company, Greater Buckeye Division
Test Year Ended December 31, 2011
Bill Count

Rate Schedule: 5/8" Residential

Block		Number of Bills by Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
0		139	-	139	2.07%	-	0.00%
1	1,000	373	186,500	512	7.62%	186,500	0.32%
1,001	2,000	349	523,500	861	12.82%	710,000	1.23%
2,001	3,000	479	1,197,500	1,340	19.96%	1,907,500	3.30%
3,001	4,000	530	1,855,000	1,870	27.85%	3,762,500	6.52%
4,001	5,000	641	2,884,500	2,511	37.39%	6,647,000	11.51%
5,001	6,000	639	3,514,500	3,150	46.91%	10,161,500	17.60%
6,001	7,000	538	3,497,000	3,688	54.92%	13,658,500	23.65%
7,001	8,000	445	3,337,500	4,133	61.55%	16,996,000	29.43%
8,001	9,000	346	2,941,000	4,479	66.70%	19,937,000	34.52%
9,001	10,000	310	2,945,000	4,789	71.32%	22,882,000	39.62%
10,001	11,000	261	2,740,500	5,050	75.20%	25,622,500	44.37%
11,001	12,000	210	2,415,000	5,260	78.33%	28,037,500	48.55%
12,001	13,000	194	2,425,000	5,454	81.22%	30,462,500	52.75%
13,001	14,000	167	2,254,500	5,621	83.71%	32,717,000	56.65%
14,001	15,000	126	1,827,000	5,747	85.58%	34,544,000	59.82%
15,001	16,000	97	1,503,500	5,844	87.03%	36,047,500	62.42%
16,001	17,000	105	1,732,500	5,949	88.59%	37,780,000	65.42%
17,001	18,000	100	1,750,000	6,049	90.08%	39,530,000	68.45%
18,001	19,000	65	1,202,500	6,114	91.05%	40,732,500	70.53%
19,001	20,000	61	1,189,500	6,175	91.96%	41,922,000	72.59%
20,001	21,000	69	1,414,500	6,244	92.99%	43,336,500	75.04%
21,001	22,000	50	1,075,000	6,294	93.73%	44,411,500	76.90%
22,001	23,000	47	1,057,500	6,341	94.43%	45,469,000	78.73%
23,001	24,000	42	987,000	6,383	95.06%	46,456,000	80.44%
24,001	25,000	36	882,000	6,419	95.59%	47,338,000	81.97%
25,001	26,000	33	841,500	6,452	96.08%	48,179,500	83.43%
26,001	27,000	30	795,000	6,482	96.53%	48,974,500	84.80%
27,001	28,000	20	550,000	6,502	96.83%	49,524,500	85.75%
28,001	29,000	17	484,500	6,519	97.08%	50,009,000	86.59%
29,001	30,000	19	560,500	6,538	97.36%	50,569,500	87.56%
30,001	31,000	16	488,000	6,554	97.60%	51,057,500	88.41%
31,001	32,000	18	567,000	6,572	97.87%	51,624,500	89.39%
32,001	33,000	13	422,500	6,585	98.06%	52,047,000	90.12%
33,001	34,000	15	502,500	6,600	98.29%	52,549,500	90.99%
34,001	35,000	11	379,500	6,611	98.45%	52,929,000	91.65%
35,001	36,000	5	177,500	6,616	98.53%	53,106,500	91.96%
36,001	37,000	8	292,000	6,624	98.64%	53,398,500	92.46%
37,001	38,000	8	300,000	6,632	98.76%	53,698,500	92.98%
38,001	39,000	10	385,000	6,642	98.91%	54,083,500	93.65%
39,001	40,000	5	197,500	6,647	98.99%	54,281,000	93.99%
40,001	41,000	7	283,500	6,654	99.09%	54,564,500	94.48%
41,001	42,000	1	41,500	6,655	99.11%	54,606,000	94.55%
42,001	43,000	5	212,500	6,660	99.18%	54,818,500	94.92%
43,001	44,000	7	304,500	6,667	99.29%	55,123,000	95.45%
44,001	45,000	5	222,500	6,672	99.36%	55,345,500	95.83%
45,001	46,000	6	273,000	6,678	99.45%	55,618,500	96.31%
46,001	47,000	4	186,000	6,682	99.51%	55,804,500	96.63%
47,001	48,000	6	285,000	6,688	99.60%	56,089,500	97.12%
48,001	49,000	1	48,500	6,689	99.61%	56,138,000	97.21%
49,001	50,000	3	148,500	6,692	99.66%	56,286,500	97.46%
50,001	51,000	2	101,000	6,694	99.69%	56,387,500	97.64%
51,001	52,000	1	51,500	6,695	99.70%	56,439,000	97.73%
52,001	53,000	2	105,000	6,697	99.73%	56,544,000	97.91%
53,001	54,000	2	107,000	6,699	99.76%	56,651,000	98.09%
55,001	56,000	2	111,000	6,701	99.79%	56,762,000	98.29%
56,001	57,000	2	113,000	6,703	99.82%	56,875,000	98.48%
57,001	58,000	1	57,500	6,704	99.84%	56,932,500	98.58%
58,001	59,000	1	58,500	6,705	99.85%	56,991,000	98.68%
59,001	60,000	2	119,000	6,707	99.88%	57,110,000	98.89%
60,001	61,000	1	60,500	6,708	99.90%	57,170,500	98.99%
62,001	63,000	1	62,500	6,709	99.91%	57,233,000	99.10%
63,001	64,000	1	63,500	6,710	99.93%	57,296,500	99.21%
69,001	70,000	1	69,500	6,711	99.94%	57,366,000	99.33%
74,001	75,000	1	74,500	6,712	99.96%	57,440,500	99.46%
80,001	81,000	1	80,500	6,713	99.97%	57,521,000	99.60%
114,440	114,440	1	114,440	6,714	99.99%	57,635,440	99.80%
115,870	115,870	1	115,870	6,715	100.00%	57,751,310	100.00%
Totals		6,715	57,751,310	6,715		57,751,310	

Average No. of Customers: 560

Average Consumption: 8,600

Median Consumption: 6,386

Valencia Water Company, Greater Buckeye Division
Test Year Ended December 31, 2011
Bill Count

Rate Schedule: 3/4" Residential

Block		Number of Bills by Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
0			-	-	0.00%	-	0.00%
1	1,000	1	500	1	2.56%	500	0.14%
1,001	2,000	1	1,500	2	5.13%	2,000	0.56%
2,001	3,000	3	7,500	5	12.82%	9,500	2.68%
3,001	4,000	9	31,500	14	35.90%	41,000	11.57%
4,001	5,000	2	9,000	16	41.03%	50,000	14.10%
5,001	6,000		-	16	41.03%	50,000	14.10%
6,001	7,000	2	13,000	18	46.15%	63,000	17.77%
7,001	8,000		-	18	46.15%	63,000	17.77%
8,001	9,000	1	8,500	19	48.72%	71,500	20.17%
9,001	10,000	3	28,500	22	56.41%	100,000	28.21%
10,001	11,000	5	52,500	27	69.23%	152,500	43.02%
11,001	12,000	3	34,500	30	76.92%	187,000	52.75%
12,001	13,000	2	25,000	32	82.05%	212,000	59.80%
13,001	14,000	1	13,500	33	84.62%	225,500	63.61%
14,001	15,000		-	33	84.62%	225,500	63.61%
15,001	16,000		-	33	84.62%	225,500	63.61%
16,001	17,000	1	16,500	34	87.18%	242,000	68.27%
17,001	18,000		-	34	87.18%	242,000	68.27%
18,001	19,000	2	37,000	36	92.31%	279,000	78.70%
19,001	20,000	1	19,500	37	94.87%	298,500	84.20%
23,001	24,000	1	23,500	38	97.44%	322,000	90.83%
32,001	33,000	1	32,500	39	100.00%	354,500	100.00%
33,001	34,000		-	39	100.00%	354,500	100.00%
34,001	35,000		-	39	100.00%	354,500	100.00%
			-	39	100.00%	354,500	100.00%
Totals		39	354,500	39		354,500	

Average No. of Customers: 4

Average Consumption: 9,090

Median Consumption: 9,167

Rate Schedule: 1" Residential

Block		Number of Bills by Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
0		9	-	9	1.34%	-	0.00%
1	1,000	62	31,000	71	10.55%	31,000	0.42%
1,001	2,000	32	48,000	103	15.30%	79,000	1.08%
2,001	3,000	23	57,500	126	18.72%	136,500	1.87%
3,001	4,000	32	112,000	158	23.48%	248,500	3.40%
4,001	5,000	40	180,000	198	29.42%	428,500	5.87%
5,001	6,000	63	346,500	261	38.78%	775,000	10.61%
6,001	7,000	51	331,500	312	46.36%	1,106,500	15.15%
7,001	8,000	32	240,000	344	51.11%	1,346,500	18.43%
8,001	9,000	30	255,000	374	55.57%	1,601,500	21.92%
9,001	10,000	30	285,000	404	60.03%	1,886,500	25.82%
10,001	11,000	28	294,000	432	64.19%	2,180,500	29.85%
11,001	12,000	27	310,500	459	68.20%	2,491,000	34.10%
12,001	13,000	19	237,500	478	71.03%	2,728,500	37.35%
13,001	14,000	13	175,500	491	72.96%	2,904,000	39.75%
14,001	15,000	25	362,500	516	76.67%	3,266,500	44.71%
15,001	16,000	16	248,000	532	79.05%	3,514,500	48.10%
16,001	17,000	12	198,000	544	80.83%	3,712,500	50.81%
17,001	18,000	16	280,000	560	83.21%	3,992,500	54.65%
18,001	19,000	11	203,500	571	84.84%	4,196,000	57.43%
19,001	20,000	11	214,500	582	86.48%	4,410,500	60.37%
20,001	21,000	8	164,000	590	87.67%	4,574,500	62.61%
21,001	22,000	11	236,500	601	89.30%	4,811,000	65.85%
22,001	23,000	12	270,000	613	91.08%	5,081,000	69.55%
23,001	24,000	4	94,000	617	91.68%	5,175,000	70.83%
24,001	25,000	5	122,500	622	92.42%	5,297,500	72.51%
25,001	26,000	5	127,500	627	93.16%	5,425,000	74.25%
26,001	27,000		-	627	93.16%	5,425,000	74.25%
27,001	28,000	3	82,500	630	93.61%	5,507,500	75.38%
28,001	29,000	3	85,500	633	94.06%	5,593,000	76.55%
29,001	30,000	4	118,000	637	94.65%	5,711,000	78.17%
30,001	31,000	6	183,000	643	95.54%	5,894,000	80.67%
31,001	32,000	5	157,500	648	96.29%	6,051,500	82.83%
32,001	33,000	1	32,500	649	96.43%	6,084,000	83.27%
33,001	34,000	3	100,500	652	96.88%	6,184,500	84.65%
34,001	35,000	2	69,000	654	97.18%	6,253,500	85.59%
35,001	36,000	2	71,000	656	97.47%	6,324,500	86.57%
36,001	37,000	1	36,500	657	97.62%	6,361,000	87.07%
37,001	38,000	1	37,500	658	97.77%	6,398,500	87.58%
38,001	39,000	2	77,000	660	98.07%	6,475,500	88.63%
39,001	40,000		-	660	98.07%	6,475,500	88.63%
40,001	41,000		-	660	98.07%	6,475,500	88.63%
41,001	42,000	2	83,000	662	98.37%	6,558,500	89.77%
46,001	47,000	1	46,500	663	98.51%	6,605,000	90.41%
48,001	49,000	2	97,000	665	98.81%	6,702,000	91.73%
52,001	53,000	1	52,500	666	98.96%	6,754,500	92.45%
54,001	55,000	3	163,500	669	99.41%	6,918,000	94.69%
57,001	58,000	1	57,500	670	99.55%	6,975,500	95.48%
59,001	60,000	1	59,500	671	99.70%	7,035,000	96.29%
73,001	74,000	1	73,500	672	99.85%	7,108,500	97.30%
197,420	197,420	1	197,420	673	100.00%	7,305,920	100.00%
Totals		673	7,305,920	673		7,305,920	

Average No. of Customers: 57

Average Consumption: 10,856

Median Consumption: 7,766

Valencia Water Company, Greater Buckeye Division
Test Year Ended December 31, 2011
Bill Count

Rate Schedule: 5/8" Commercial

Block		Number of Bills by Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
0		1	-	1	6.67%	-	0.00%
1	1,000	4	2,000	5	33.33%	2,000	0.30%
10,001	11,000	1	10,500	6	40.00%	12,500	1.90%
24,001	25,000	1	24,500	7	46.67%	37,000	5.63%
45,001	46,000	1	45,500	8	53.33%	82,500	12.55%
47,001	48,000	1	47,500	9	60.00%	130,000	19.77%
62,001	63,000	1	62,500	10	66.67%	192,500	29.28%
72,001	73,000	1	72,500	11	73.33%	265,000	40.30%
77,001	78,000	1	77,500	12	80.00%	342,500	52.09%
97,001	98,000	1	97,500	13	86.67%	440,000	66.92%
106,610	106,610	1	106,610	14	93.33%	546,610	83.14%
110,880	110,880	1	110,880	15	100.00%	657,490	100.00%
Totals		15	657,490	15		657,490	

Average No. of Customers: 2

Average Consumption: 43,833

Median Consumption: 45,500

Valencia Water Company, Greater Buckeye Division
Test Year Ended December 31, 2011
Bill Count

Rate Schedule: 1" HOA

Block		Number of Bills by Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
3,001	4,000	1	3,500	1	8.33%	3,500	3.37%
6,001	7,000	1	6,500	2	16.67%	10,000	9.62%
7,001	8,000	2	15,000	4	33.33%	25,000	24.04%
8,001	9,000	3	25,500	7	58.33%	50,500	48.56%
9,001	10,000	2	19,000	9	75.00%	69,500	66.83%
10,001	11,000	1	10,500	10	83.33%	80,000	76.92%
11,001	12,000	1	11,500	11	91.67%	91,500	87.98%
12,001	13,000	1	12,500	12	100.00%	104,000	100.00%
			-				
Totals		12	104,000	12		104,000	

Average No. of Customers: 1

Average Consumption: 8,667

Median Consumption: 8,667

Valencia Water Company, Greater Buckeye Division
Test Year Ended December 31, 2011
Bill Count

Rate Schedule: 2" Construction

Block		Number of Bills by Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
0			-	-	0.00%	-	0.00%
36,000	36,000	1	36,000	1	100.00%	36,000	100.00%
			-	1	100.00%	36,000	100.00%
			-	1	100.00%	36,000	100.00%
			-	1	100.00%	36,000	100.00%
			-	1	100.00%	36,000	100.00%
			-	1	100.00%	36,000	100.00%
			-	1	100.00%	36,000	100.00%
			-	1	100.00%	36,000	100.00%
Totals		1	36,000	1		36,000	

Average No. of Customers: 1

Average Consumption: 36,000

Median Consumption: 36,000

Please Note:

The normal monthly minimum charge for this meter size is $221.76 per month. However, in the case of this one bill, they were only charged for 11 of the 30 days of the month. ($221.76 divided by 30, times 11 = $81.31)

	Gallons	Rate	Cost
Monthly Minimum			$ 81.31
Tier 1	1,000	1.35	1.35
Tier 2	4,000	2.55	10.20
Tier 3	5,000	3.75	18.75
Tier 4	8,000	4.95	39.60
Tier 5	7,000	6.15	43.05
Tier 6	11,000	7.35	80.85
Totals for bill	36,000		$ 275.11