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BEAVER DAM WATER COMPANY

FILED  
AZ CORP. COM. DIVISION  
DOCKET BOOK

2013 JAN 11 PM 12 11

**BEFORE THE ARIZONA  
CORPORATION COMMISSION**

Docket No. W-03067A-12-0232

IN THE MATTER OF THE  
APPLICATION OF BEAVER DAM  
WATER COMPANY, INC. FOR A  
RATE INCREASE

**BEAVER DAM WATER COMPANY  
INCORPORATED, NOTICE OF  
FILING REBUTTAL TESTIMONY OF  
THOMAS J. BOURASSA AND BOB  
FRISBY.**

Pursuant to the Assistant Chief Administrative Law Judge's  
Procedural Order, dated November 20, 2012, Applicant, Beaver Dam  
Water Company Incorporated, by and through undersigned counsel,  
hereby provides notice of its filing of the attached Rebuttal  
Testimony of both Mr. Bob Frisby and Mr. Thomas J. Bourassa in  
this docket.

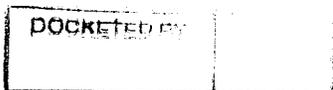
RESPECTFULLY SUBMITTED this 10<sup>th</sup> day of January, 2013

Arizona Corporation Commission

**DOCKETED**

JAN 11 2013

*William D. Condray*  
WILLIAM D. CONDRAY  
Attorney for Applicant



1 I hereby certify that I have this day  
2 served the foregoing Original and  
3 thirteen (13) copies of the foregoing  
4 Rebuttal Testimony of both Mr. Bob Frisby  
5 and Mr. Thomas J. Bourassa. By mailing a  
6 copy or hand delivering thereof, properly  
7 addressed with first class postage prepaid to:

8 Arizona Corporation Commission  
9 Docket Control Center  
10 1200 West Washington Street  
11 Phoenix, Arizona 85007-2996

12 Dated at Phoenix, Arizona,  
13 this 11th day of January, 2013,

14 By: \_\_\_\_\_  
15 Thomas J. Bourassa

16 I hereby certify that I have this day  
17 served a copy of the foregoing Rebuttal  
18 Testimony of both Mr. Bob Frisby and  
19 Mr. Thomas J. Bourassa. By mailing a  
20 copy thereof, properly addressed with  
21 first class postage prepaid to:

22 Janice Alward, Esq.  
23 Chief Counsel, Legal Division  
24 Arizona Corporation Commission  
25 1200 West Washington  
26 Phoenix, Arizona 85007-2827

Steven M. Olea, Director  
Utilities Division  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007-2927

Jarret J. Haskovec  
LUBIN & ENOCH, P.C.  
349 North Fourth Avenue  
Phoenix, Arizona 85003

Dated at Bullhead City, Arizona,  
this 11th day of January, 2013,

By: William D. Condray  
William D. Condray

REBUTTAL TESTIMONY OF BOB FRISBY

1  
2 **Q1. Please state your name, mailing address, and place of**  
3 **residence.**

4 A1 My name is Bob Frisby. My Mailing Address Is PO Box 550,  
5 Beaver Dam Arizona. I'm a year-round resident of the area  
6 and have lived here since 1987.

7 **Q2. In what capacity and on whose behalf are you testifying?**

8 A2. I'm the President and General Manager of the BDWC.

9 **Q3. Prior to becoming President of the BDWC, did you have any**  
10 **background or experience in management or water operations?**

11 A3. Yes, I've been a self-employed general contractor for 11  
12 years. Prior to becoming the general manager of BDWC I was  
13 a licensed general contractor registered by the state of  
14 Utah, the state of Wyoming, and the state of Arizona. I was  
15 over the day-to-day operations for a design build general  
16 contracting firm that operated in the Western United States  
17 for almost 11 years (1975 - 1986). I would do Turnkey  
18 construction for office warehouse businesses, general  
19 warehousing buildings and facilities, steel erection, and  
20 engineering for all facets of the industry. As a result, I  
21 had extensive experience in designing water and sewer  
22 infrastructure for these projects.

23 **Q4. Have you testified in these matters before the Arizona**  
24 **Corporation commission?**

25 Yes, I testified with the Arizona Corporation commission in  
26 an application of BDWC for financing authorization and net

1 creation of BDWC for a rate increase in April 27, 2009.

2 **Q5. Why was it necessary to have a public water company?**

3 A5. In 1986 I was the president of Beaver Dam Development, Inc.

4 which had acquired 33 acres in Beaver Dam, Arizona, that was

5 zoned A-R (agricultural residential ) the plan was to

6 develop a 45 space RV park in 1986. Mohave County

7 stipulated to BDD that there would need to be a public water

8 system in place before they would approve the project. GR

9 Frisby DBA Beaver Dam Water Company received a Certificate

10 of Convenience and Necessity (CCN) from the Arizona

11 Corporation Commission (ACC) in November 13, 1987, Decision

12 Number 55788.

13 **Q6. What are your responsibilities?**

14 A6. Making sure that the customers of BDWC have the highest

15 quality and most reliable water to each and every home as

16 possible. This involves working with our customers,

17 employees and various state agencies to ensure compliance.

18 This includes Rate Cases with the ACC, water quality with

19 the Arizona Department of environmental quality (ADEQ) and

20 resource management with the Arizona Department of Water

21 Resources (ADWR).

22 **Q7. What experienced do you have in building and construction of**

23 **water systems?**

24 A7. For 23 years I worked as a licensed general contractor in

25 Utah and Arizona. This work included design build

26 construction for large commercial and industrial projects in

1 excess of \$7 million. This was Turnkey construction, so I  
2 was responsible for everything under the ground (sewer,  
3 water, electrical and telephone service) as well as the  
4 construction of the buildings above ground. In 1986 I built  
5 the Beaver Dam Golf Course which had several thousand feet  
6 of water pipe, and pumping systems. I also worked as the  
7 superintendent in charge of waterworks operations at the  
8 golf course. For 17 years I have been rated a "Class A  
9 Professional Golf Course Superintendent "this is the highest  
10 achievement that the Golf Course Superintendents Association  
11 of America can give.

12 **Q8. What are the responsibilities of the BDWC staff?**

13 A8. Besides me as full-time general manager, BDWC employs one  
14 full-time Pipefitter/Service Technician, a part-time  
15 receptionist/bookkeeper, a part-time Certified Water  
16 Operator, part-time billing clerk and other part-time  
17 laborers as needed.

18 **Q9. What experienced/licensing does your staff have?**

19 A9. BDWC employs a part-time Certified Water Operator with  
20 Arizona by the name of Robert Norrell license number 10632.  
21 Mr. Norrell has 10 years experience as a water operator.  
22 BDWC also employs a full-time pipefitter/service technician  
23 by the name of Mike Wilcox who has over 30 years experience  
24 in water piping. BDWC has to do the same requirements for  
25 compliance as a water company that serves over 10,000  
26 customers.

1 **Q10. Has the Beaver Dam Water Company acquired or purchased other**  
2 **water systems?**

3 A10. Yes, BDWC purchased or acquired several water systems in the  
4 area that were out of compliance with ADEQ. BDWC felt that  
5 in order to make this a viable company it needed to grow.  
6 BDWC acquired Jack Young's water system, Littlefield Heights  
7 water system and Bill Wall's water system located in the  
8 virgin acres subdivision in 1996 and brought them into  
9 compliance with ADEQ. BDWC #1 which includes areas within  
10 the Beaver Dam Resort Subdivision or the BDPOA and the  
11 Beaver Dam Lodge. January 2002 the ACC approved an extension  
12 of the CCN where the BDWC would take over a water system  
13 that was being provided water by the City of Mesquite ACC  
14 Decision Number 64662. And in 2004 BDWC acquired the  
15 Littlefield Water Company which serves the town of  
16 Littlefield Arizona. BDWC# 1 has been operating in full  
17 compliance with all state agencies for 25 years and is the  
18 oldest water system in the area.

19 **Q11. Does BDWC have any long-term debt?**

20 A11. Yes, after the completion of Phase 4 of the Beaver Dam  
21 Resort Subdivision we found the monthly demand for water in  
22 the summer months for the BDPOA was in excess of 1.3 million  
23 gallons per month. BDWC and its Engineer's felt that the  
24 best way to meet these demands would be to combine the  
25 assets (wells and Storage) to interconnect BDWC #1 with BDWC  
26 #2. In December 2004 the ACC approved long-term financing

1 with Arizona's Water Infrastructure Authority (WIFA)  
2 Decision 67577 and the amount of \$170,703. The  
3 interconnection was completed that same year. Since the  
4 interconnection was completed all of the water systems  
5 located in the Beaver Dam Littlefield area have been  
6 operating as BDWC#1.

7 **Q12. What does BDWC do to maintain, test and ensure fire hydrants**  
8 **are in good working order?**

9 A12. Our Service Technician makes daily inspections of our water  
10 systems daily which includes fire hydrants. The biggest  
11 failure of fire hydrants is caused by leaking of the main  
12 valve at the base of the fire hydrant 3 feet below ground  
13 level. By inspecting these hydrants visually you can see if  
14 there is water standing at the base of the hydrant. Besides  
15 a visual inspection our Service Technician pressure tests  
16 each month to ensure compliance. Annually our Service  
17 Technician or Firefighters flush the fire hydrants to ensure  
18 that the 500 gallon per minute requirement of the  
19 Littlefield/Beaver Dam Fire Department (LFD) is met or  
20 exceeded.

21 **Q13. Please comment on what BDWC does to assist LFD and the**  
22 **insurance Institute Organization (ISO) with testing and**  
23 **maintenance?**

24 A13. BDWC was contacted by the LFD Chief Hunt and 2011 where he  
25 asked BDWC go with the LFD and the ISO to test all of our  
26 hydrants to see if they would meet the minimum requirements

1 and that they were working properly.

2 **Q14. What were the results of the ASFM?**

3 A14. After two days of testing each and every fire hydrant our  
4 systems was found to have met or exceeded the minimum  
5 requirements.

6 **Q15. By passing the ISO test how does that benefit the individual  
7 homeowner?**

8 A15. As a result the ISO dropped the fire departments rating from  
9 a 10 which is the highest and most expensive rating for  
10 homeowners insurance there is, to a 7. The difference  
11 between purchasing homeowners insurance is huge. However,  
12 homeowners that are not within 500 feet of BDWC fire  
13 hydrants have pay the fire rating of 10.

14 **Q16. Does the Littlefield/Beaver Dam Fire Department have a  
15 minimum requirement for fire hydrants?**

16 A16. Yes. The Littlefield/Beaver Dam Fire Department requires  
17 that all subdivisions shall have a minimum of 500 gallons  
18 per minute fire flow for one hour at or above 40 psi. It  
19 requires hydrants shall not exceed 500 feet in spacing and  
20 250 feet to any point on Street or roadway frontage.  
21 Minimum size of hydrant distribution lines shall be 6 inches  
22 and all hydrants shall be National Standard Threads.

23 **Q17. What waterlines do you own, maintain and are responsible for  
24 regarding the distribution system?**

25 A17. BDWC is required by ADEQ to execute a Water Service  
26 Agreement wherein BDWC makes an unconditional agreement

1           which is effective upon completion of each subdivision to  
2           provide water service to every lot in accordance with the  
3           design shown on the approved plats of the subdivision and  
4           agrees to inspect the project during construction to assure  
5           compliance with the plans and specification approved by the  
6           ADEQ and upon completion shall be responsible for  
7           maintenance and operating the system. Upon recordation of  
8           the Final Plat with Mohave County the developers are  
9           required to convey all waterlines via Bill of Sale to BDWC.

10   **Q18. Does BDWC own the irrigation lines within the Beaver Dam**  
11   **Resort Subdivision Tract 3015 B, 3015 C and 3015?**

12   **A18.** BDWC owns approximately 1510 lineal feet of four-inch water  
13   pipe that was installed by BDD in Phase B, Phase C and Phase  
14   D. BDD conveyed all waterlines to BDWC as the various Phases  
15   of the subdivision were developed.

16   **Q19. Does BDWC maintain the irrigation lines the Beaver Dam**  
17   **Resort Subdivision Tract 3015 B, 3015 C and 3015?**

18   **A19.** Between 1994 through 2010 BDWC maintained 1510 lineal foot  
19   of four-inch irrigation main line that waters the common  
20   areas. In 2009 the BDPOA drilled a shallow well to water  
21   parcel P a common area in phase D of the development. BDPOA  
22   connected the sprinkling system that irrigates Parcel P  
23   (approximately 1 acre of grass area) to their newly drilled  
24   well. BDWC was concerned about backflow from this well  
25   contaminating our drinking water system. Because the well  
26   is shallow it is influenced by surface water especially when

1 the Beaver Dam Wash has a high water event almost every  
2 spring. BDWC went so far as to have our attorneys demand  
3 that they put a backflow prevention device between parcel P  
4 and the end of the four-inch mainline. BDPOA did install a  
5 backflow prevention device but BDWC still had concerns about  
6 cross-contamination. BDWC was still concerned that some of  
7 the homeowners had connected their own water lines to the  
8 irrigation line for their outbuildings. BDPOA asked the  
9 BDWC if they could use the 1510 lineal feet of four-inch  
10 water pipe for the "common area grass watering" in phases B  
11 and C. BDWC believed that it was in the best interest of  
12 all customers both inside the BDPOA and outside the BDPOA to  
13 allow them to use it for common area grass watering and  
14 disconnect the 1510 lineal feet of four-inch irrigation  
15 water pipe from our water distribution system. As of 2010  
16 BDWC has not maintained the 4 inch irrigation water pipe.

17 **Q20. Why do you believe having shallow wells is a detriment to**  
18 **the quality of drinking water?**

19 A20. BDWC has tested the water from shallow wells near the Beaver  
20 Dam Creek during flooding events and it is evident that  
21 there is a cross-contamination between surface water and  
22 groundwater is there is no seal between groundwater and  
23 surface water. As a result when we have flooding events the  
24 water from these wells become milky and dirty.

25 **Q21. Do you have other concerns regarding the shallow wells with**  
26 **regards contamination from chloroform or bacteria from wells**

1           **within the BDPOA?**

2   A21. Yes, because of the proximity of the Beaver Dam Creek to  
3       wells that the BDPOA have drilled water can be found just 10  
4       feet beneath the surface or approximately the elevation  
5       above the beaver dam Creek surface water. There are over  
6       500 homes with individual septic tanks with leach lines  
7       located outside of the BDPOA which the leach which the leach  
8       lines. BDWC believes that there is not sufficient  
9       separation between the bottom of the leach lines and  
10      groundwater that could discharge affluent directly into the  
11      shallow wells.

12   **Q22. What has BDWC done to protect its customers from**  
13      **contaminated groundwater?**

14   A22. BDWC has two primary wells that serve the water distribution  
15      system. These wells have been drilled to a depth of 500  
16      feet and have sealed off the upper portions of each of these  
17      wells to keep them from being contaminated. BDWC has been  
18      testing its wells monthly for 25 years and never tested  
19      positive for chloroform or bacteria.

20   **A23. Does BDWC believe that the current arrangement of a 6 inch**  
21      **meter serving the BDPOA is fair for all the members of the**  
22      **Association?**

23   A23. No. BDWC believes that the current six-inch master meter  
24      which provides water to the BDPOA is unjust for those  
25      individuals in RVs. In our last submittal design report to  
26      ADEQ, they concurred with the metering data provided, that

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the average annual water use for a typical RV lot uses an average of 60 gallons per day and a single-family residence uses 345 gallons per day or five times the amount of water. Currently BDPOA there are 100 RV lots and 77 single-family residences.

1       **REBUTTAL TESTIMONY OF THOMAS J. BOURASSA ON BEHALF OF BEAVER DAM**  
2       **WATER COMPANY. (RATE BASE, INCOME STATEMENT, RATE DESIGN)**

3  
4                               **INTRODUCTION AND PURPOSE OF TESTIMONY.**

5       **Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

6       A1. My name is Thomas J. Bourassa. My business address is 139  
7       W. Wood Drive, Phoenix, Arizona 85029.

8       **Q2. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS CASE?**

9       A2. On behalf of the applicant, Beaver Dam Water Company, Inc.  
10       ("BDWC" or the "Company").

11       **Q3. WHAT IS YOUR PROFESSION AND BACKGROUND?**

12       A3. I am a Certified Public Accountant and am self-employed,  
13       providing consulting services to utility companies as well  
14       as general accounting services. I have a B.S. in Chemistry  
15       and Accounting from Northern Arizona University (1980) and  
16       an M.B.A. with an emphasis in Finance from the University of  
17       Phoenix (1991).

18       **Q4. COULD YOU BRIEFLY SUMMARIZE YOUR PRIOR WORK AND REGULATORY**  
19       **EXPERIENCE?**

20       A4. Yes. Prior to becoming a private consultant, I was employed  
21       by High-Tech Institute, Inc., and served as controller and  
22       chief financial officer. Prior to working for High-Tech  
23       Institute, I worked as a division controller for the Apollo  
24       Group, Inc. Before joining the Apollo Group, I was employed  
25       at Kozoman & Kermode, CPAs. In that position, I prepared  
26       compilations and other write-up work for water and

1 wastewater utilities, as well as tax returns.

2 In my private practice, I have prepared and/or assisted  
3 in the preparation of several water and wastewater utility  
4 rate applications before the Arizona Corporation Commission  
5 ("Commission"). Attached is a summary of my regulatory  
6 work experience.

7 **Q5. HAVE YOU PREVIOUSLY SUBMITTED DIRECT TESTIMONY IN THE**  
8 **INSTANT CASE?**

9 A5. No, the Company submitted a short-form application in this  
10 docket. The short-form application does not typically  
11 include testimony and none was filed. However, I did assist  
12 the Company with the preparation of the initial application.

13 **Q6. WHAT IS THE PURPOSE OF THIS REBUTTAL TESTIMONY?**

14 A6. I will provide rebuttal testimony in response to the direct  
15 filing by Staff and the direct testimony of the Beaver Dam  
16 Property Owners Association ("BDPOA"). More specifically,  
17 my rebuttal testimony relates to rate base, income  
18 statement, revenue requirement and rate design for BDWC. I  
19 am sponsoring Rebuttal Schedules A through H, and four  
20 rebuttal exhibits, TJB-RB-1, TJB-RB-2, TJB-RB-3, and TJB-RB-  
21 4, attached hereto.

22 **SUMMARY OF BDWC'S REBUTTAL POSITION**

23 **Q7. WHAT IS THE REVENUE INCREASE THAT THE COMPANY IS PROPOSING**  
24 **IN THIS REBUTTAL TESTIMONY?**

25 A7. The Company is proposing a total revenue requirement of  
26 \$354,283 which constitutes an increase in revenues of

1 \$49,285 or 16.16 percent increase over adjusted test year  
2 revenues of \$304,998. Please see Rebuttal Schedule A-1.

3 **Q8. HOW DOES THIS COMPARE WITH THE COMPANY'S DIRECT FILING?**

4 A8. The Company's proposed revenue requirement of \$354,283 is  
5 the same as in its direct filing. However, the recommended  
6 revenue increase is somewhat higher than the Company  
7 proposed in its initial application. The Company now  
8 proposes an increase of \$49,285 or 16.16% compared to the  
9 initial application amount of \$46,251 or 15.01 percent over  
10 adjusted test year revenues.<sup>1</sup> The reason for the higher  
11 revenue increase is that the Company is proposing a downward  
12 adjustment to test year revenues due to a change in its  
13 initial revenue annualization. So, while the revenue  
14 requirement remains the same, the revenue increase needed to  
15 achieve the revenue requirement is higher. I will discuss  
16 the Company proposed downward revenue adjustment in more  
17 detail later. Please refer to response to Question 20.  
18 For now, the adjustment is based upon the information  
19 contained in the testimony submitted by the BDPOA. More  
20 specifically, the BDPOA testified that there are only 177  
21 habitable lots currently being served.<sup>2</sup> The Company assumed  
22 185 lots in the proposed revenue annualization that was  
23 contained in the initial application.<sup>3</sup> Obviously, fewer

24 <sup>1</sup> Compare BDWC Rate Application, page Supplemental S-1, with Rebuttal Schedule A-1.

25 <sup>2</sup> See Direct Testimony of Jerome Brick, Beaver Dam Property Owners Association, ("Brick Dt.")  
26 at 3.

<sup>3</sup> See Page 19e-4 in the BDWC Rate Application.

1 served lots will mean less revenue than was assumed in the  
2 initial application.

3 Finally, regarding the rate base, based on the adjusted  
4 test year balances for plant-in-service ("PIS"), accumulated  
5 depreciation ("A/D"), advances-in-aid of construction  
6 ("AIAC"), and contributions-in-aid of construction ("CIAC"),  
7 the rate base was \$346,148.<sup>4</sup> In its rebuttal filing, the  
8 Company is proposing an original cost rate base of \$368,750;  
9 an increase of \$22,602. The increase in rate base is the  
10 result the Company's proposal to reclassify a test year  
11 operating expense of \$2,800 to PIS, a Company proposal to  
12 include a working capital component of \$34,083, as well as a  
13 Company proposal to increase A/D by \$14,281. The details  
14 of these adjustments are discussed below. Please refer to  
15 response to Question 13. For now, the reclassification of  
16 expense to PIS reflects the Company's adoption of Staff  
17 recommendation; the inclusion of a working capital component  
18 follows Staff recommendation to include a working capital  
19 component; and, the increase to accumulated depreciation  
20 follows Staff recommendation to increase A/D, except that  
21 based upon the Company's reconstruction of the A/D balance  
22 the Company's proposed A/D adjustment is significantly less.

23 **Q9. WHAT ARE THE PROPOSED REVENUE REQUIREMENTS AND RATE**  
24 **INCREASES FOR THE COMPANY AND STAFF AT THIS STAGE OF THE**  
25 **PROCEEDING?**

26 <sup>4</sup> See BDWC Rate Application, page Supplemental S-2.

1 A9. The proposed revenue requirements and proposed rate  
2 increases are as follows:

	<u>Revenue Requirement</u>	<u>Revenue Incr.</u>	<u>% Increase</u>
3 Company-Direct	\$354,283	\$ 46,251	15.01%
4 Staff	\$354,283	\$ 46,645	15.16%
5 Company Rebuttal	\$354,283	\$ 49,285	16.16%

6  
7 **Q10. THE PARTIES RESPECTIVE REVENUE REQUIREMENTS ARE THE SAME BUT**  
8 **THE REVENUE INCREASES ARE NOT. PLEASE EXPLAIN.**

9 A10. The Company is proposing a change to its revenue  
10 annualization. Part of this change includes adopting  
11 Staff's proposed downward adjustment of \$394.<sup>5</sup> The  
12 remaining part of this change is based upon a revision to  
13 the number of BDPOA lots assumed in the revenue  
14 annualization (185 lots reduced to 177 lots) which reduces  
15 the Company's initial revenue annualization adjustment by  
16 another \$2,640. Thus, the total change to the required  
17 revenue increase is \$3,034 (\$394 plus \$2,640).

18 **Q11. WHAT ARE THE DIFFERENCES IN THE PARTIES' RECOMMENDED**  
19 **OPERATING MARGINS AND RATE OF RETURN?**

20 A11. The Company recommends an operating margin of 9.09 percent  
21 and a rate of return of 8.725 percent.<sup>6</sup> Staff recommends an  
22 operating margin of 8.89 percent and a rate of return of  
23 9.63 percent.<sup>7</sup>

24  
25 <sup>5</sup> See Staff Direct Schedule \_\_\_\_\_.

26 <sup>6</sup> See Rebuttal Schedule A-1.

<sup>7</sup> See Staff Schedule JAC-1.

RATE BASE

1  
2 **Q12. WOULD YOU PLEASE IDENTIFY THE PARTIES' RESPECTIVE RATE BASE**  
3 **RECOMMENDATIONS?**

4 A12. Yes, the rate bases proposed by the parties at this stage of  
5 the proceeding are as follows:

	<u>OCRB</u>	<u>FVRB</u>
6 Company-Direct <sup>8</sup>	\$ 346,148	\$ 346,148
7 Staff <sup>9</sup>	\$ 327,010	\$ 327,010
8 Company Rebuttal <sup>10</sup>	\$ 368,943	\$ 368,943

9  
10 **Q13. WOULD YOU PLEASE DISCUSS THE COMPANY'S PROPOSED ORIGINAL**  
11 **COST RATE BASE, AND IDENTIFY ANY ADJUSTMENTS YOU HAVE**  
12 **ACCEPTED FROM STAFF?**

13 A13. The Company is proposing four rebuttal adjustments to rate  
14 base. Rebuttal Schedule B-2, page 1 and 2, summarize the  
15 rebuttal OCRB. The rebuttal adjustments are shown on  
16 Rebuttal Schedule B-2, pages 3 and 4.

17 Rebuttal adjustment 1 includes two adjustments labeled  
18 as "A" and "B". Rebuttal adjustment number 1-A increases  
19 PIS by \$2,800. This adjustment reflects the adoption of  
20 Staff's recommended adjustment which reclassifies test year  
21 expenses to PIS.<sup>11</sup> Rebuttal adjustment 1-B reclassifies  
22 \$32,396 from plant account 348 - Other tangible Plant to  
23 plant account 303 - Land and Land Rights. This adjustment

24  
25 <sup>8</sup> See BDWC Rate Application, page Supplemental S-1.

26 <sup>9</sup> See Staff Schedule JAC-1.

<sup>10</sup> See Rebuttal Schedule A-1.

1 also reflects the Company's adoption of Staff's recommended  
2 adjustment.<sup>12</sup>

3 Rebuttal adjustment 2 includes one adjustment labeled  
4 as "A". This adjustment, totaling \$14,281, represents the  
5 difference between the initial application adjusted A/D  
6 balance and the recomputed A/D balance based upon the PIS  
7 balance, A/D balance, and depreciation rates approved in the  
8 prior rate case. The recomputed A/D balance also takes into  
9 consideration the PIS adjustments discussed earlier. As  
10 shown on Rebuttal Schedule B-2, page 2, the Company  
11 recommends an A/D balance of \$447,058.

12 **Q14. STAFF'S RECOMMENDED ACCUMULATED DEPRECIATION BALANCE IS**  
13 **\$486,758 APPROXIMATELY \$39,700 GREATER THAN THE COMPANY'S**  
14 **RECOMMEND REBUTTAL BALANCE OF \$447,058. PLEASE EXPLAIN THE**  
15 **DIFFERENCE?**

16 A14. After a review of the Staff work papers, I discovered at  
17 least two problems with Staff's reconstruction of the A/D  
18 balance. First, Staff's starting total A/D balance at  
19 the end of the last test year (A/D balance approved in  
20 Decision 71415, December 9, 2009) that Staff employs in its  
21 reconstruction is incorrect. This problem results in an  
22 overstatement of A/D by \$30,000. Second, the A/D balances  
23 for some of individual plant accounts appear to be  
24 incorrect. These problem results in an additional

25 <sup>11</sup> See Staff adjustment A on Schedule JAC-2, pages 1 and 2.

26 <sup>12</sup> See Staff adjustment B on Schedule JAC-2, pages 1 and 3.

1 approximately \$9,700 more depreciation expense being  
2 computed than should be.

3 **Q15. PLEASE EXPLAIN THE FIRST PROBLEM.**

4 A15. Staff started its reconstruction of the A/D balance using an  
5 A/D balance of \$330,824. However, the approved A/D balance  
6 was \$300,825; a difference of \$30,000.

7 **Q16. HOW DID YOU DETERMINE WHAT THE APPROVED A/D BALANCE WAS FROM**  
8 **THE LAST RATE CASE?**

9 A16. By reviewing the last decision and the Staff report from the  
10 last rate case. As you will find in Decision 71415, the  
11 rate base that was approved was the Staff recommended rate  
12 base of \$258,030.<sup>13</sup> Staff's final rate base schedule  
13 reflecting a rate base of \$258,030 shows an A/D balance of  
14 \$300,825.<sup>14</sup>

15 **Q17. PLEASE EXPLAIN THE SECOND PROBLEM.**

16 A17. For certain plant accounts Staff's uses a starting A/D  
17 balance that does not make sense. For example, for account  
18 341 - Transportation Equipment, Staff uses a starting A/D  
19 balance of \$9,678. However, based on the historical  
20 additions to this account and a useful life of 5 years<sup>15</sup>,  
21 this account would have been fully depreciated by the end of  
22 the last test year. Accordingly, there should be no  
23 additional depreciation for this account for the years 2008

24  
25 <sup>13</sup> See Decision 71415 at 6.

26 <sup>14</sup> See Amended Staff Report, Docket No. W-03067A-08-0380, Schedule BCA-3.

<sup>15</sup> See BDWC Rate Application, Docket No. W-03067A-08-0380, pages 17 - 26.

1 through 2011. Yet, according to the Staff work papers,  
2 there is an additional \$6,422 of accumulated depreciation  
3 for this plant account. Similarly, for account 340.1 -  
4 Computer and Software, based on the historical additions to  
5 this account and a useful life of 5 years, there would have  
6 been approximately \$5,000 of A/D at the end of the last test  
7 year. Based on the activity in this account for the years  
8 2008 through 2011, at most, an additional \$1,835 of  
9 depreciation would have been recorded. Yet, according to  
10 Staff's work papers, Staff uses a starting A/D balance of  
11 \$1,198 and Staff computes an additional \$5,136 of  
12 depreciation for the years 2008 through 2011. The  
13 difference between the Company and the Staff depreciation  
14 for these years is approximately \$3,301 (\$5,136 less  
15 \$1,835). The difference for these two plant accounts total  
16 \$9,723 (\$6,422 plus \$3,301).

17 **Q18. PLEASE CONTINUE WITH YOUR DISCUSSION OF THE COMPANY PROPOSED**  
18 **RATE BASE ADJUSTMENTS.**

19 A18. The Company has agreed with Staff to include a working  
20 capital component. B-2 adjustment number 3 increases working  
21 capital to \$34,083. The Company's proposed working capital  
22 amount is based on the formula method; the same method Staff  
23 employs. The computation is shown on Rebuttal Schedule B-5.

24 **Q19. ARE THERE ANY OTHER ADJUSTMENTS THE COMPANY PROPOSES TO THE**  
25 **COMPANY'S PROPOSED RATE BASE.**

26 A19. No.

INCOME STATEMENT

1  
2 **Q20. WOULD YOU PLEASE DISCUSS THE COMPANY'S PROPOSED REBUTTAL**  
3 **ADJUSTMENTS TO REVENUES AND EXPENSES AND IDENTIFY ANY**  
4 **ADJUSTMENTS YOU HAVE ACCEPTED FROM STAFF?**

5 A20. The Company is proposing a number of rebuttal adjustments to  
6 revenue and/or expenses. Most of these adjustments are  
7 based upon the recommendations of Staff. The rebuttal  
8 income statement is summarized on Rebuttal Schedule C-1,  
9 page 1-2. The details of the rebuttal adjustments to  
10 revenues and expenses are shown on Rebuttal Schedule C-2,  
11 pages 1 through 10.

12           Rebuttal adjustment 1 adjusts depreciation expense down  
13 to a level which reflects the PIS adjustments discussed  
14 earlier. The Company is proposing depreciation expense of  
15 \$19,437 compared to the Staff recommendation of \$19,457.<sup>16</sup>  
16 The relatively small difference between the Company and  
17 Staff is a small difference in the CIAC amortization rate  
18 (2.8694 percent for the Company and 2.8517 percent for  
19 Staff). Staff computed amortization rate appears to  
20 include the fully depreciated plant account 340.1 -  
21 Computers and Software which is the cause of the difference.

22           Rebuttal adjustment number 2 adjusts property tax  
23 expense down to a level which reflects the Company's  
24 proposed adjusted test year amount. Both Staff and the  
25 Company employ the modified Arizona Department of Revenue

26  

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<sup>16</sup> See Staff Schedule JAC-3.

1 ("ADOR") methodology and employ the same property tax rate.  
2 The difference in the respective parties' property tax  
3 recommendation is due to the difference in the respective  
4 recommended adjusted test year revenues.

5 Rebuttal adjustment number 3 reduces revenues by \$394  
6 and reflects the Company's adoption of Staff's  
7 recommendation to reduce the revenue annualization by the  
8 same amount.<sup>17</sup>

9 Rebuttal adjustment number 4 reduces revenues by  
10 \$2,640. As previously mentioned, this adjustment reflects  
11 the impact of using 177 BDPOA customers in the revenue  
12 annualization rather than the initially proposed 185  
13 customers. The 177 customer level reflects the currently  
14 habitable and served lots with in the BDPOA area.<sup>18</sup> The  
15 details of the revenue annualization computation are shown  
16 on Rebuttal Schedule C-2, page 5.1 and 5.2.

17 Rebuttal adjustment number 5 reduces purchased power by  
18 \$1,272. This adjustment reflects the adoption of Staff's  
19 recommendation for purchased power.<sup>19</sup>

20 Rebuttal adjustment number 6 reduces outside services  
21 by \$11,028. This adjustment reflects the adoption of  
22 Staff's recommendation for outside services.<sup>20</sup>

23 Rebuttal adjustment number 7 increases water testing expense  
24

25 <sup>17</sup> See Staff Schedule JAC-3, page 2 of 4.

26 <sup>18</sup> Brick Dt. at 3.

<sup>19</sup> See Staff Schedule JAC-3, page 2 of 4.

1 by \$105. This adjustment reflects the adoption of Staff's  
2 recommendation for water testing expense.<sup>21</sup>

3 Rebuttal adjustment number 8 increases insurance - health  
4 and life testing expense by \$1,542. This adjustment  
5 reflects the adoption of Staff's recommendation for water  
6 testing expense.<sup>22</sup>

7 Rebuttal adjustment number 9 reflects synchronization  
8 of interest expense with rate base. The synchronized  
9 interest expense is used in the computation of income taxes.  
10 Rebuttal adjustment number 10 reflects income taxes based  
11 upon the adjusted test year revenues and expenses. The  
12 computation of income taxes is commensurate with the  
13 computation of income taxes at proposed revenues and with  
14 the computation of the gross revenue conversion factor<sup>23</sup> used  
15 to compute the required revenue increase on Rebuttal  
16 Schedule A-1.

17 **RATE DESIGN**

18 **Q21. WHAT ARE THE COMPANY'S REBUTTAL PROPOSED RATES?**

19 A21. The proposed rates for customers with a meter size of:

20

21 <u>Meter</u>	21 <u>Monthly</u>	21 <u>Gallons included</u>
22 <u>Size (Inch)</u>	22 <u>Minimum</u>	22 <u>in Monthly Minimum</u>
23 5/8	23 \$ 31.52	23 0

24

25 <sup>20</sup> *Id.*

26 <sup>21</sup> *Id.*

<sup>22</sup> *Id.*

1	3/4	\$ 47.28	0
2	1	\$ 78.80	0
3	1 1/2	\$ 157.60	0
4	2	\$ 252.16	0
5	3	\$ 504.32	0
6	4	\$ 788.00	0
7	6	\$ 1,576.00	0
8	8	\$ 2,521.60	0
9	10	\$ 3,624.80	0
10	12	\$ 6,776.80	0
11	Standpipe/Bulk	\$ 0.00	0

The commodity charges and tiers by meter size are:

Meter		Charge
<u>Size (Inch)</u>	<u>Tier (gallons)</u>	<u>per 1,000 gallons</u>
5/8x3/4 Inch	1 to 5,000	\$ 2.47
	5,000 to 12,000	\$ 3.59
	Over 12,000	\$ 4.71
3/4 Inch	1 to 5,000	\$ 2.47
	5,000 to 12,000	\$ 3.59
	Over 12,000	\$ 4.71
1	0 to 30,000 gals	\$ 3.59
	Over 30,000 gals	\$ 4.71
1-1/2	0 to 60,000 gals	\$ 3.59
	Over 60,000 gals	\$ 4.71

<sup>23</sup> See Rebuttal Schedule C-3, pages 1 and 2.

1	2	0 to 96,000 gals	\$ 3.59
2		Over 96,000 gals	\$ 4.71
3	3	0 to 192,000 gals	\$ 3.59
4		Over 192,000 gals	\$ 4.71
5	4	0 to 300,000 gals	\$ 3.59
6		Over 300,000 gals	\$ 4.71
7	6	0 to 600,000 gals	\$ 3.59
8		Over 600,000 gals	\$ 4.71
9	8	0 to 960,000 gals	\$ 3.59
10		Over 960,000 gals	\$ 4.71
11	10	0 to 1,380,000 gals	\$ 3.59
12		Over 1,380,000 gals	\$ 4.71
13	12	0 to 2,580,000 gals	\$ 3.59
14		Over 2,580,000 gals	\$ 4.71

The proposed standpipe rate and bulk water rate is \$4.71 per 1,000 gallons with no minimum monthly charge. Please refer to Rebuttal Schedule H-3, page 1-2.

**Q22. WHAT IS THE IMPACT OF THE COMPANY'S REBUTTAL PROPOSED RATES ON AN AVERAGE 5/8x3/4 INCH METERED RESIDENTIAL CUSTOMER?**

A22. The present monthly bill for a 5/8x3/4 inch metered customer using an average of 6,577 gallons is \$42.97. The proposed monthly bill for a 5/8x3/4 inch metered residential customer using an average of 6,577 gallons would be \$49.53, an increase of \$6.56 or 15.28 percent compared to the present rates.<sup>24</sup>

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<sup>24</sup> See Rebuttal Schedule H-2, page 1.

1 **Q23. PLEASE COMMENT ON THE STAFF PROPOSED RATE DESIGN.**

2 A23. I would note that the Staff proposed rates do not produce  
3 the Staff recommended revenue requirement; the Staff  
4 proposed rates produce approximately 6,200 less revenue than  
5 Staff's proposed revenue requirement. I have discussed this  
6 issue with Staff and Staff is looking into the matter.  
7 That said, like the Company, Staff is proposing an inverted  
8 three tier design for the smaller metered customers (5/8  
9 inch and 3/4 inch all classes) and an inverted two tier design  
10 for the 1 inch and larger metered customers (all classes).  
11 The main difference between the designs is that Staff  
12 proposes to keep the monthly minimums for all meter sizes  
13 the same as under present rates and increases the commodity  
14 rates to provide the revenue increase recommended by Staff.  
15 By contrast, the Company proposes to increase both the  
16 monthly minimums and the commodity rates.  
17 Staff also recommends reducing the break-over points for all  
18 meter sizes. The Company proposed to retain the current  
19 break-over points for all meter sizes. Notably, Staff  
20 recommends reducing the smaller metered customer first-tier  
21 break-over point from 5,000 gallons to 3,000 gallons and  
22 reducing the second-tier break-over point from 12,000  
23 gallons to 7,000 gallons. By comparison, the Company the  
24 recommends keeping the smaller metered customer first-tier  
25 break-over point at 5,000 gallons and the second-tier break-  
26 over point at 12,000.

1 Q24. DID THE RATE DESIGN ADOPTED IN THE PRIOR RATE CASE WHERE THE  
2 FIRST TIER BREAK-OVER POINT FOR THE SMALLER METERED  
3 CUSTOMERS WAS SET AT 5,000 GALLONS AND THE SECOND TIER  
4 BREAK-OVER POINT WAS SET AT 12,000 GALLONS RESULT IN WATER  
5 CONSERVATION?

6 A24. In my opinion it has. The average monthly usage for a  
7 5/8x3/4 inch metered customer in the last rate case was  
8 15,279 gallons.<sup>25</sup> The current test year average monthly  
9 usage for these customers was 6,577 gallons; a reduction of  
10 over 8,700 gallons or nearly 57 percent compared the prior  
11 test year usage.

12 Q25. DO YOU BELIEVE THAT DIFFERENCES IN WEATHER BETWEEN THE LAST  
13 TEST YEAR AND THE CURRENT TEST YEAR PLAYED A SIGNIFICANT  
14 ROLE IN REDUCED WATER CONSUMPTION BETWEEN THE CURRENT TEST  
15 YEAR AND THE PRIOR TEST YEAR?

16 A25. No. The reduction in water usage since the last rate case  
17 is not satisfactorily explained by differences in weather  
18 from the last test year (12 months ended 12/31/2007) to the  
19 current test year (12 months ended 12/31/2011). I have  
20 prepared an exhibit showing the mean temperatures,  
21 precipitation, and water consumption for the 5/8x3/4 inch  
22 metered customers for 2007 and 2011. See Rebuttal Exhibit  
23 TJB-RB-1. On page 1 of the exhibit shows the raw data for  
24 each year; Table 1 is the 2007 data and Table 2 is the 2011  
25 data. On page 2 of the exhibit are graphs of the data for

26 <sup>25</sup> See Staff Amended Report, Docket No. W-03067A-08-0380, Schedule BCA-33.

1 each year. On page 3 of the exhibit is a graph of the 2011  
2 and 2007 differences in precipitation and consumption for  
3 each month.

4 As you can see from the data contained in Tables 1 and  
5 2 on page 1 of the exhibit there is not much difference in  
6 the annual mean temperature between the two years. 2011 was  
7 somewhat cooler at 66.8 degrees mean temperature compared  
8 2007 where the mean temperature was 68.6. Being cooler one  
9 might expect lower water consumption in 2011. This happens  
10 to be the case. However, the monthly difference in  
11 temperature and consumption reveals conflicting results  
12 which would lead one to conclude that temperature is not a  
13 major factor for the reduced consumption even though 2011  
14 was a somewhat cooler year. The monthly difference in  
15 temperature and consumption between the two years can be  
16 found in columns [E] and [G] of Table 1 and 2. These  
17 columns show the year-over-year differences for monthly  
18 temperature and water consumption. One might expect that  
19 when the temperature is higher in one year the consumption  
20 would also be higher. However, no consistent pattern is  
21 exists. In some months this expectation is met while in  
22 other months when the temperature is greater in one year,  
23 the consumption is lower. In other months when the  
24 temperature is lower, the consumption is greater.  
25 As you can also see from the data contained in Tables 1 and  
26 2, the 2011 monthly average precipitation in the area was

1 0.61 inches whereas the 2007 monthly average participation  
2 was 0.42 inches; not a significant difference. The 2011  
3 annual precipitation in the area was 7.33 inches whereas the  
4 2007 annual participation was 5.01 inches. While there was a  
5 more precipitation in 2011 compared to the last test year,  
6 the greatest amounts of additional precipitation in 2011  
7 largely occurred in the winter months rather than in the  
8 summer months. Summer outdoor water usage would tend to be  
9 more sensitive to changes in precipitation than the winter  
10 month outdoor water usage because landscaping watering and  
11 other outdoor water needs would tend to be the greater in  
12 the warmer summer months.

13 The monthly difference water consumption is not fully  
14 explained by the monthly difference in precipitation either.  
15 One can see this by examining columns [F] and [G] of Tables  
16 1 and 2 on page 1 of the exhibit. These columns show the  
17 year-over-year differences for monthly precipitation and  
18 water consumption. One might expect that when the  
19 precipitation is greater in one year the consumption would  
20 be lower. However, no consistent pattern is exists. In  
21 some months this expectation is met while in other months  
22 when the precipitation is greater in one year, the  
23 consumption is greater. In other months when the  
24 precipitation is lower, the consumption is lower  
25 A graph of the temperature, precipitation, and consumption  
26 year-over-year differences are shown on page 3 of the

1 exhibit. If either temperature and/or precipitation were  
2 major factors impacting consumption between the two years  
3 consistent patterns would emerge which could be seen on the  
4 graph. However, as I already suggested, there are no  
5 consistent patterns. Based upon the data I examined, in my  
6 view it is more likely that the reduction in water use was  
7 primarily caused by conservation rather than weather.

8 **Q26. WHY DID THE COMPANY CHOOSE TO RETAIN THE PRESENT BREAK-OVER**  
9 **POINTS FOR THE SMALLER METERED CUSTOMERS?**

10 A26. Because the Company believes there is no clear reason for or  
11 need to reduce the break-over points further at this time.  
12 The current break-over points have worked and will continue  
13 to work to promote conservation. Staff's proposal to set  
14 the first tier break-over point at 3,000 gallons and the  
15 second tier break-over point at 7,000 gallons reflects  
16 Staff's typical approach to rate design for smaller metered  
17 customers. It is a "one size fits all" approach which  
18 assumes that the break-over points of 3,000 gallons and  
19 7,000 gallons are optimal regardless of the facts and  
20 circumstances surrounding the customer usage patterns of the  
21 utility.

22 **Q27. WHY DO YOU BELIEVE THE CURRENT BREAK-OVER POINTS HAVE WORKED**  
23 **TO PROMOTE WATER CONSERVATION?**

24 A27. Because there has been a significant shift in the usage  
25 patterns of the 5/8x3/4 inch metered customers from the last  
26 test year to the current test year. In the prior test year

1 approximately 24.8 percent of the 5/8x3/4 inch month  
2 billings were for usages of over 12,000 gallons. In the  
3 current test year approximately 11.6 percent of the monthly  
4 billings were for usages of over 12,000 gallons; a reduction  
5 of over 13 percent. This is a dramatic shift that resulted  
6 in a total water usage reduction of over 6 million gallons  
7 compared to the prior test year; a nearly 21 percent  
8 reduction in water consumption for this customer class.  
9 Another shift occurred from the last test year to the  
10 current test year. The proportion of monthly billings for  
11 usages of less than 5,000 gallons increased from around 50.4  
12 percent in the prior test year to nearly 52.4 percent in the  
13 current test year. This shift has resulted in reduced water  
14 consumption for the second block (5,001 to 12,000 gallons)  
15 of nearly 1.65 million gallons compared to the prior test  
16 year; another roughly 5.7 percent reduction in water  
17 consumption for this customer class.

18 **Q28. HAVE YOU PREPARED AN EXHIBIT THAT SUPPORTS THE FIGURES**  
19 **DISCUSSED ABOVE?**

20 A28. Yes. Attached hereto is Rebuttal Exhibit TJB-RB-2 which  
21 contains data concerning of the number of monthly billings  
22 and total consumption for each usage block (First Block 0-  
23 5,000 gallons, Second Block 5,001 to 12,000 gallons, and  
24 Third Block over 12,000 gallons) for the last test year  
25 (2007) and the current test year (2011). Table 1 of the  
26 exhibit shows the number of billings and the percentage of

1 total billings for each usage block for each of the years.  
2 Table 1 also shows the difference in monthly billings from  
3 the last test year to the current test year. Table 2 of the  
4 exhibit shows the consumption in each block and the  
5 percentage of total consumption in each block for each of  
6 the years. Table 2 also shows the difference in consumption  
7 for each block from the last test year to the current test  
8 year.

9 **Q29. WHAT WAS THE TOTAL NET REDUCTION IN WATER CONSUMPTION FOR**  
10 **THE 5/8X3/4 INCH CUSTOMER CLASS IN THE CURRENT TEST YEAR**  
11 **COMPARED TO THE PRIOR TEST YEAR?**

12 A29. The total net reduction was approximately 5.75 million  
13 gallons as shown in Table 2. This reduction is skewed  
14 downward because BDWC actually has about 50 more 5/8x3/4  
15 inch customers and the additional water usage from these 50  
16 customers in the current test year compared to the prior  
17 test year. So, the actual water savings as a result of the  
18 shift in customer usage patterns is much greater. Let me  
19 explain. There is an increase in consumption for the first  
20 usage block (<5,000 gallons) of approximately 1.9 million  
21 gallons. This makes sense because there are more customers  
22 on the system. Note there are approximately 600 more  
23 monthly billings in the current test year than the prior  
24 test year. The increase in consumption is approximately 1.9  
25 million gallons and offsets the 1.65 million gallon and 6.00  
26 million gallon reductions occurring in the second and third

1 usage blocks. The net reduction in consumption is 5.75  
2 million gallons (1.65 million gallons plus 6.00 million  
3 gallons minus 1.9 million gallons). These figures  
4 referenced above can be found in Table 2.

5 **Q30. WHY ARE THE CURRENT BREAK-OVER POINTS STILL APPROPRIATE FOR**  
6 **THE SMALLER METERED CUSTOMERS?**

7 A30. The Company believes that the segment of the customer base  
8 using 5,000 gallons or less per month has the least amount  
9 of discretionary water and therefore will have the least  
10 impact on reducing overall water usage through conservation.  
11 The 5,000 gallon bench mark for the first block may not be  
12 the optimum; it may be too high or it may be too low. The  
13 same can be said of the second block break-over point of  
14 12,000 gallons. We simply do not know with certainty at  
15 this time the point at which discretionary water use becomes  
16 a significant portion of the water usage for this customer  
17 class. What we do know is that the current rate design has  
18 had a measurable and significant impact on reducing water  
19 usage for this customer class. So, the question comes down  
20 to whether a drastic reduction to the break-over points for  
21 the smaller metered customers is necessary at this time in  
22 order to continue to promote and achieve reasonable water  
23 usage reductions through conservation on a going forward  
24 basis. The Company is proposing to increase the commodity  
25 rates which will send additional conservation price signals  
26 to customers; particularly the high water users. Reducing

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the break-over points further may not be necessary and may do very little to reduce water consumption.

I would add that the 5,000 gallon first tier break-over point is still well below the current average monthly usage of 6,577 gallons. The Company proposed rate design, including retention of the current break-over points, is a conservation oriented rate design. Customers pay increasing volumetric rates for increasing consumption and this design will continue to send the appropriate conservation price signals. But just as important, the Company believes its proposed rate design provides more balance between water conservation and revenue stability.

**Q31. WHICH CUSTOMERS GENERALLY HAS THE GREATEST POTENTIAL IMPACT ON WATER CONSERVATION?**

A31. Customers with relatively high water usage are the most likely to have the greatest amount of discretionary water usage, are the most likely to conserve, and are most likely to provide the greatest potential reduction in water usage. The evidence to support this statement has already been discussed and can be found by Rebuttal Exhibit TJB-RB-2. The largest reduction in water usage since the last test year was gained by the shift in the monthly usages from over 12,000 gallons to under 12,000 gallons; over 3.5 times the amount of water (6.00 million gallons divided by 1.65 million gallons).

1 **Q30. DO YOU BELIEVE THE ECONOMY PLAYED A ROLE IN THE REDUCTION IN**  
2 **WATER CONSUMPTION SINCE THE LAST TEST YEAR?**

3 A30. It likely did. Anytime customers see a higher water bill,  
4 regardless of whether the higher bill is as a result of a  
5 conservation oriented rate design, customers will likely  
6 reduce their consumption if they can in order to save money;  
7 particularly during poor economic times. However, based on  
8 the available evidence the most significant decline in water  
9 consumption occurred after the conservation oriented rates  
10 from the prior rate case were implemented and after the  
11 economic recession of 2008 and 2009 had ended.

12 **Q31. WHAT EVIDENCE IS THERE TO SUPPORT YOUR ASSESSMENT OF THE**  
13 **ROLE OF THE ECONOMY IN BDWC'S REDUCTION IN WATER CONSUMPTION**  
14 **FROM ITS CUSTOMERS?**

15 A31. I examined the Company's Arizona Corporation Commission  
16 annual reports for the years 2008 to 2010 as well as billing  
17 information for 2007 and 2011. As you are aware, the  
18 Company reports the number of gallons sold for the year in  
19 its annual report. That said, a review of the gallons sold  
20 data suggests that the economy may have had only a secondary  
21 role in the reduced water consumption from 2007 to 2011.  
22 Based upon a comparison of the total gallons sold in the  
23 years 2008 and 2009, when the prior rates were in effect and  
24 when the economy was still in the midst of a recession,  
25 there was actually a slight increase in total water  
26 consumption. It was only until 2010 and 2011, after the

1 implementation of current rates that the greatest drop in  
2 water consumption occurred. The economy may have played a  
3 role in the reduced water consumption occurring in 2008 and  
4 2009 compared to 2007. It may also have played a role after  
5 2009. However, the inverted tier rate design adopted in the  
6 prior case and implemented in January 2010 coincided with  
7 the largest reduction in water consumption since 2007.  
8 Thus, I conclude, the rate design that was adopted by the  
9 Commission was the major factor in reduced water  
10 consumption.

11 **Q32. PLEASE EXPLAIN WHAT YOU FOUND IN THE DATA?**

12 A32. In 2007, the Company sold approximately 71.8 million gallons  
13 of water. In 2008, the first year of the recession, the  
14 Company sold approximately 60.5 million gallons of water; a  
15 reduction of approximately 11.3 million gallons from 2007.  
16 Over half of this reduction in water sales was due to  
17 reduced water usage by the BDPOA (about 6.74 million  
18 gallons). The reason for the reduced usage by the BDPOA in  
19 2008 was because the BDPOA began using its own water from  
20 wells it drilled and installed beginning in 2007.<sup>26</sup> An  
21 additional part of the reduction in 2008 water sales was due  
22 to lost construction water sales as residential construction  
23 waned in 2008 due to the recession. In 2009, still in the  
24 midst of the recession, the Company sold approximately 63.3  
25 million gallons of water; an increase of nearly 3 million

26 <sup>26</sup> See Direct Testimony of Jerome Brick ("Brick Dt.") at 3.

1 gallons over 2008. This was despite further reductions in  
2 water sales to the BDPOA (about 2.72 million gallons). In  
3 2010, after the current rates were implemented and after the  
4 country was technically out of the economic recession, water  
5 sales dropped to approximately 47.9 million gallons; a  
6 reduction of 15.4 million gallons from 2009. The 15.4  
7 million gallon reduction from 2009 to 2010 is only partially  
8 explained by further reductions in water sales to the BDPOA.  
9 The BDPOA purchased approximately 3 million gallons less in  
10 2010 as compared to 2009. That leaves over 12 million  
11 gallons of reduced water sales that can be directly  
12 attributed to the increase in water rates that occurred in  
13 2010. This was the most significant drop in water sales  
14 since 2007 particularly when you factor out the lost BDPOA  
15 water sales. In 2011, water sales dropped to around 37  
16 million gallons; about 10.9 million gallons less than 2010.  
17 The BDPOA purchased about 5.65 million gallons less water in  
18 2011 compared to 2010, which was a little over half of the  
19 10.9 million gallons reduction in water sales from 2010 to  
20 2011. Never-the-less, the additional water sales reduction  
21 of over 5 million gallons compared to 2010 came from other  
22 than the BDPOA reduced water sales.

23 **Q33. DO YOU HAVE AN EXHIBIT WHICH SHOWS THE FIGURES YOU REFER TO**  
24 **ABOVE?**

25 A33. Yes. Attached hereto as Rebuttal Exhibit TJB-RB-3 is a  
26 schedule showing the figures discussed above. The exhibit

1 has two tables. Table 1 of the exhibit shows the BDPOA  
2 water usage for the years 2007 through 2011. Table 1 also  
3 shows the BDPOA annual reduction in usage as well as the  
4 cumulative reduction in usage since 2007. Table 2 of the  
5 exhibit shows the total customer water usage by all the  
6 Company's customers (including the BDPOA) for the years 2007  
7 through 2011. It also shows the annual reduction in water  
8 usage for all customers and the derived annual reduction in  
9 water usage from all other customers (excluding the BDPOA).  
10 As you will find, the total reduction in water sales from  
11 2007 to 2011 from customers other than the BDPOA was over  
12 16.6 million gallons.

13 **Q34. WHAT IMPACT DID THESE REDUCTIONS HAVE ON THE COMPANY?**

14 A34. The reductions in water usage from conservation did not come  
15 without a cost. With the dramatic reduction in usage came  
16 a significant amount of revenue erosion. The revenue  
17 erosion which occurred since rates were implemented from  
18 Decision 71415 is one of the factors contributing to the  
19 Company's request for an increase in its revenues in the  
20 instant case. In fact, reductions in water usage for the  
21 5/8x3/4 inch customer class alone contributed to nearly  
22 \$17,000 of revenue erosion; over 4.6 percent of the \$365,129  
23 annual revenue requirement authorized in the prior rate case  
24 and nearly 35 percent of the requested revenue increase in  
25 the instant case. For a small utility, like BDWC, a \$17,000  
26 loss in revenues is very significant and can mean the

1 difference between being profitable and being unprofitable.

2 **Q35. YOU MENTIONED THE COMPANY EXPERIENCED A SIGNIFICANT AMOUNT OF**  
3 **REDUCED WATER SALES TO THE BDPOA. PLEASE DISCUSS THE**  
4 **REVENUE LOSS?**

5 A35. As mentioned earlier the BDPOA reduced its water usage by  
6 over 18 million gallons since the last test year. The BDPOA  
7 accomplished this by drilling its own well(s) and using its  
8 own water (for non-culinary and irrigation purposes), rather  
9 than Company supplied water.<sup>27</sup> That said the resulting  
10 revenue loss was nearly \$66,000.

11 **Q36. HOW DID YOU COMPUTE THE \$66,000 REVENUE LOSS?**

12 A36. By comparing how much revenues were expected to be generated  
13 from the rates adopted in Decision 71415 and the prior test  
14 year water sales of BDPOA with the actual test year revenues  
15 generated by the BDPOA water sales. The details of this  
16 computation are shown in Exhibit TJB-RB-4, attached hereto.  
17 As you will find, Table 2 contains the data reflecting the  
18 expected revenues to be generated by the BDPOA. The  
19 expected amount of revenues was approximately \$90,706.  
20 Table 3 contains the data reflecting the actual test year  
21 revenues generated by the BDPOA water sales. The actual  
22 amount of revenues was approximately \$25,131. The  
23 difference between these two figures is \$65,575 or  
24 approximately \$66,000.

25  
26 

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<sup>27</sup> Brick Dt. at 3.

1 **Q37. IS THE COMPANY SEEKING TO INCREASE THE RATES TO THE BDPOA**  
2 **RESIDENTS TO MAKE UP THE \$66,000 REVENUE LOSS?**

3 A37. No. The Company proposed change in rates to the BDPOA  
4 (billings as 177 individually metered customers as opposed  
5 to one 6 inch metered customer) customers helps generate  
6 about \$39,000 of the \$66,000 revenue loss. The remaining  
7 \$27,000 of revenue loss is part of the overall revenue  
8 increase the Company is seeking in the instant case. The  
9 \$27,000 represents about 55 percent of the overall revenue  
10 increase over the adjusted test year revenues the Company  
11 seeks in the instant case.

12 **Q38. PLEASE EXPLAIN HOW THE COMPANY PROPOSED CHANGE IN HOW IT**  
13 **BILLS THE BDPOA CUSTOMERS MAKES UP \$39,000 OF THE \$66,000**  
14 **REVENUE LOSS?**

15 A38. As already mentioned, the Company generated approximately  
16 \$25,000 from the BDPOA under the present 6 inch rates during  
17 the test year. By assuming that 177 BDPOA residents are  
18 individually billed as 5/8x3/4 inch customers the Company  
19 will generate approximately \$64,000 of revenues. The  
20 difference is \$39,000. This difference is reflected in the  
21 revenue annualization discussed earlier in my testimony and  
22 included in adjusted test year revenues. <sup>28</sup>

23 **Q39. PLEASE COMMENT ON THE REVENUE STABILITY PROVIDED BY THE**  
24 **PARTIES RATE DESIGNS.**

25 \_\_\_\_\_  
26 <sup>28</sup> Please also see Rebuttal Schedule H-1, page 1, lines 22, 23, and 25, column for present rates which show the figures referenced.

1 A39. The lower monthly minimums and break-over points recommended  
2 by Staff result in a greater shift in revenue recovery from  
3 the monthly minimums to the commodity rates and a greater  
4 shift in revenue recovery from the first tier commodity  
5 rates to the higher tier commodity rates than under the  
6 Company's rate design. This will result in greater revenue  
7 instability.

8 As already mentioned, Staff generates the additional  
9 revenues for their recommended revenue increase exclusively  
10 from the commodity rates. Staff does not recommend any  
11 increase to the monthly minimums. Under the Staff proposed  
12 design revenue recovery is shifted away from the monthly  
13 minimums and to the commodity rates which makes the Staff  
14 design more "risky".

15 **Q40. WHY DOES RECOVERING A GREATER PROPORTION OF THE TOTAL**  
16 **REVENUES FROM THE COMMODITY RATES MORE RISKY?**

17 A40. Commodity rate revenues under an inverted tier rate design  
18 are inherently volatile. The revenue volatility is due to  
19 the fact that an increasing block rate anticipates  
20 recovering greater proportions of revenues at higher levels  
21 of consumption. When a greater proportion of overall  
22 revenues are expected to be recovered from the commodity  
23 rates, revenue volatility increases.

24 **Q41. IS THERE OTHER INFORMATION WHICH WOULD SUPPLEMENT AS TO WHY**  
25 **RECOVERING A GREATER PROPORTION OF THE TOTAL REVENUES FROM**  
26 **THE COMMODITY RATES MORE RISKY.**

1 A41. Staff also proposes much higher second and third tier  
2 commodity rates than does the Company. Under the Staff's  
3 proposed design revenue recovery is shifted from the lower  
4 cost commodity rates to the higher cost commodity rates in a  
5 greater way than under the Company's proposed rate design.  
6 Staff's higher cost commodity rates at the higher usage  
7 blocks means a greater proportion of the commodity revenues  
8 are anticipated to be recovered at the higher cost commodity  
9 rates. This in turn translates to even greater volatility.  
10 When conservation takes place it will likely be greater at  
11 the higher cost commodity usages as the higher water users  
12 are likely to have the greatest amount of discretionary  
13 water use. Conservation which takes place in the higher  
14 cost commodity usage block(s) is(are) more impactful on  
15 revenues than the conservation which takes place in a lower  
16 cost commodity usage block(s).

17 By contrast, the Company has recommended increasing the  
18 monthly minimums as well as increasing the commodity rates  
19 which it believes is a more balanced approach. Proper rate  
20 design requires the consideration of revenue stability and  
21 the balancing of water conservation with revenue stability.<sup>29</sup>  
22 Both designs will encourage conservation. However, the  
23 Company believes its design provides a better balance  
24 between the objective of encouraging water conservation and  
25

26 <sup>29</sup> *Principles of Water Rates, Fees and Charges*, Manual of Water Supply Practices (M-1),  
American Water Works Association, 2000, pp. 100.

1 the objective of providing revenue stability than does  
2 Staff's rate design. The Company's accomplishes this by  
3 increasing the monthly minimums as well as the commodity  
4 rates and by having narrower dollar differentials between  
5 the commodity rates.

6 **Q42. PLEASE COMMENT ON THE TESTIMONY OF THE BDPOA REGARDING THE**  
7 **IMPACT OF THE PROPOSED RATES ON THE INDIVIDUAL BDPOA**  
8 **CUSTOMERS.**

9 A42. I find the testimony of Mr. Brick at page 4 regarding the  
10 rate impact of the Company proposed rates on the individual  
11 BDPOA customers a bit misleading. Before the Decision  
12 71415, the BDPOA was billed as 6 inch metered customer. The  
13 monthly minimum was a multiple of the monthly minimum of the  
14 other 5/8x3/4 inch customers on the system. In the test  
15 year, the BDPOA was billed \$2,655 (177 times \$15) for its  
16 monthly minimum. The BDPOA was then billed the same  
17 commodity rate of \$1.50 per thousand gallons as were all  
18 other customers. In other words, although the BDPOA was  
19 billed as a single 6 inch metered customer, its rates were  
20 at the same levels as other 5/8x3/4 inch customers on the  
21 system. The Commission departed from this rate design in  
22 Decision 71415 and adopted a monthly minimum of \$1,375.<sup>30</sup>  
23 The adopted monthly minimum of \$1,375 translated to an  
24 equivalent of \$7.77 per residential unit (\$1,375 divided by  
25 177). The BDPOA was then billed \$3.15 per thousand for the

26 <sup>30</sup> Decision 71415 at 12, 17-18.

1 first block of 600,000 gallons and \$3.75 per thousand  
2 gallons for usage over 600,000 gallons.<sup>31</sup> Based upon the  
3 BDPOA usage in the prior test year, the average per  
4 residential unit usage was 9,844 gallons. The annual  
5 revenues expected to be generated from the BDPOA under the  
6 rates adopted in Decision 71415 were \$90,706. This  
7 translates to a per residential unit charge of \$42.71  
8 (\$90,706 divided by 177).

9 **Q43. DO YOU HAVE AN EXHIBIT WHICH SHOWS THE EXPECTED REVENUES TO**  
10 **BE GENERATED BY THE ADOPTED RATES IN THE PRIOR CASE?**

11 A43. Yes. These figures can be found in the aforementioned  
12 Rebuttal Exhibit TJB-RB-4. Table 2 of the exhibit shows the  
13 details of the computation of the revenues of \$90,706 that  
14 were expected to be generated from the rates adopted in  
15 Decision 71415. The details of computation of the \$42.71  
16 monthly cost per unit are also shown in Table 2.

17 **Q44. WHAT WAS THE IMPACT OF THE RATES TO THE BDPOA AS ADOPTED IN**  
18 **DECISION 71415?**

19 A44. Based upon the rates adopted in the prior rate case and  
20 based upon the prior test year usage, the BDPOA was expected  
21 to see a 43.5 percent increase in its water rates. This  
22 increase is shown in the Summary Data section of Rebuttal  
23 Exhibit TJB-RB-4. Considering that the overall revenue  
24 increase in the prior case was 59.39 percent<sup>32</sup> and that the

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25 <sup>31</sup> *Id.* at 18.

26 <sup>32</sup> *Id.* at 8.

1 average 5/8x3/4 inch customers by increased by over 90  
2 percent<sup>33</sup>, the BDPOA received very fair treatment<sup>34</sup>; even at  
3 what translated to be \$42.71 per residential unit.

4 In the instant case, the Company is proposing to  
5 individually bill each of the BDPOA residential units.  
6 Under the Company proposed rates and based upon the BDPOA  
7 test year usage, the average monthly bill will be \$34.71.<sup>35</sup>  
8 This is based upon a per residential unit average monthly  
9 use of about 1,290 gallons. The details of the computation  
10 of the 1,290 gallons are shown in Table 3 of Rebuttal  
11 Exhibit TJB-RB-4.

12 **Q45. WHY SHOULD THE BDPOA RESIDENTIAL UNITS BE INDIVIDUALLY**  
13 **METERED AND BILLED?**

14 A45. Because BDWC is responsible for providing safe and reliable  
15 water service to all the BDPOA residences. The Company owns  
16 and is responsible to maintain the distribution system up to  
17 the property line of all the residences within the BDPOA  
18 boundaries. The Company also provides adequate fire flow to  
19 the residential units which require the capacity of the  
20 Company owned storage and pumping facilities not located  
21 within the BDPOA boundaries. Further, all of the  
22 residential units are now individually metered; unlike the  
23

24 \_\_\_\_\_  
25 <sup>33</sup> *Id.* at 13

26 <sup>34</sup> *Id.* at 12.

<sup>35</sup> *See* Schedule H-2, page 1.

1 circumstances that existed during the prior rate case.<sup>36</sup>

2 Under the current circumstances, it no longer makes sense to  
3 treat the BDPOA as a single 6 inch metered customer.

4 **Q46. IF THE BDPOA DOES NOT PAY THEIR COST OF SERVICE WHO WILL**  
5 **HAVE TO PICK UP THE SHORTFALL?**

6 A46. If the BDPOA residents units to not pay their fair share of  
7 the costs of service of BDWC, then the remaining 311  
8 customers (or the remaining approximately) 64 percent of the  
9 customer base) will have to pick up the tab; essentially  
10 providing a subsidy to the BDPOA residents. BDWC must be  
11 able to recover its cost of service from its all of its rate  
12 payers including the BDPOA otherwise it will become  
13 financially unviable and unable to provide safe and reliable  
14 water service.

15 **Q47. WHY DID THE PER RESIDENTIAL UNIT USAGE DROP SO SIGNIFICANTLY**  
16 **FROM THE PRIOR TEST YEAR TO THE CURRENT TEST YEAR?**

17 A47. As already mentioned, subsequent to the prior test  
18 year, the BDPOA drilled its own well and substituted much of  
19 its water needs with its own water rather than purchasing it  
20 from BDWC. During the test year, BDPOA purchased over 18  
21 million gallons less water from the Company than was  
22 expected based upon the prior test year usage. Also as I  
23 mentioned earlier, this resulted in approximately \$66,000  
24 less revenue to the Company than was expected. Further, the  
25 expected revenue to BDWC of \$42.71 per residential per month

26 

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<sup>36</sup> Decision 71415 at 11-12.

1 has dwindled to \$11.83 per residential unit per month during  
2 the test year. The details of the computation of the \$11.83  
3 per unit per month cost are shown in the Table 3 of Rebuttal  
4 Exhibit TJB-RB-4.

5 **Q48. DO YOU HAVE ANY OTHER COMMENTS REGARDING THE BDPOA?**

6 A48. Yes. I appreciate the BDPOA's efforts to bring savings to  
7 their members by drilling its own well(s) and reducing the  
8 water it needs to purchase from BDWC. But, this effort did  
9 not reduce BDWC's cost of service by the same magnitude.  
10 Even if the rates proposed by the Company are adopted by the  
11 Commission, in my view the BDWC residents will still realize  
12 a savings. In the instant case, the Company is proposing  
13 rates which will have an average monthly rate \$34.71; an \$8  
14 monthly savings over the prior test year per unit per month  
15 rate of \$42.71 or approximately 19 percent savings over the  
16 \$42.71.

17 **Miscellaneous Charges.**

18 **Q49. PLEASE DISCUSS THE CHANGES TO THE MISCELLANEOUS CHARGES**  
19 **STAFF PROPOSED THAT THE COMPANY HAS ADOPTED.**

20 A49. The Company agrees with Staff's proposal to eliminate the  
21 after-hours service charges for establishment and  
22 reconnection and include the after-hours charge for all  
23 services to \$35. The \$35 would apply to both the  
24 establishment fee and the reconnection fee if after hours.

25 **Q50. PLEASE DISCUSS THE CHANGES TO THE MISCELLANEOUS CHARGES**  
26 **STAFF PROPOSED THAT THE COMPANY HAS NOT ADOPTED.**

1 A50. The Company disagrees with Staff's proposal to reduce the  
2 reconnection (delinquent) charge from \$50 to \$30. The  
3 Company proposes to keep the reconnection (delinquent)  
4 charge the same as under present rates or \$50. In my  
5 experience the reconnection charge for delinquent accounts  
6 is typically around 2 times the establishment fee. The  
7 higher charge helps to discourage customer delinquencies.

8 **Q51. ARE THERE ANY OTHER DISAGREEMENT BETWEEN THE STAFF AND THE**  
9 **COMPANY REGARDING MISCELLANEOUS CHARGES?**

10 A51. No.

11 **Q52. IS THERE ANY DISAGREEMENT BETWEEN THE STAFF AND THE COMPANY**  
12 **REGARDING SERVICE AND METER LINE CHARGES?**

13 A52. Just one. It appears to be more of math error than a  
14 disagreement. Staff is recommending a meter and service  
15 line charge for the 6 inch compound meters totaling \$4,120  
16 (\$1,250 for the service line and \$4,710 for the meter). See  
17 Staff Schedule JAC-4, page 2 of 2. However, the Staff  
18 recommended service line charge of \$1,250 plus the Staff  
19 recommended meter charge of \$4,710 totals \$5,960, not  
20 \$4,120. A review of the Staff Engineering recommendation  
21 contained in Table C on page 10 of Staff Engineering report  
22 shows a total charge of \$5,960 (\$1,250 for the service line  
23 charges and \$4,710 for the meter charges).

24 **Q53. DOES THAT CONCLUDE YOUR REBUTTAL TESTIMONY?**

25 A53. Yes. Although my silence on any issue not discussed herein  
26 does not necessarily constitute agreement with Staff as to

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matters or arguments I have not addressed.

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**Exhibit A**  
**RESUME OF THOMAS J. BOURASSA, CPA**

**EDUCATIONAL BACKGROUND**

B.S. Northern Arizona University Chemistry/Accounting (1980)  
M.B.A. University of Phoenix with Emphasis in Finance (1991)  
C.P.A. State of Arizona (1995)  
Continuing Professional Education – In areas of tax, accounting, management, economics, finance, ethics (80 hrs every two years)

**MEMBERSHIPS**

Arizona Society of CPAs  
Water Utilities Association of Arizona  
American Water Works Association  
Society of Regulatory Financial Analysts

**EMPLOYMENT EXPERIENCE**

1995 – Present	<p>CPA - Self Employed</p> <p>Consultant to utilities on regulatory matters including all aspects of rate applications (rate base, income statement, cost of capital, cost of service, and rate design), rate reviews, certificates of convenience and necessity (CC&amp;N), CC&amp;N extensions, financing applications, accounting order applications, and off-site facilities hook-up fee applications. Provide expert testimony as required.</p> <p>Consult on various aspects of business, financial and accounting matters including best business practices, generally accepted accounting principles, generally accepted ratemaking principles, project analysis, cash flow analysis, regulatory treatment of certain expenditures and investments, business valuations, and rate reviews.</p> <p>Litigation support services.</p>
1992-1995	<p>Employed by High-Tech Institute, Phoenix, Arizona as Controller and C.F.O.</p>
1989-1992	<p>Employed by Alta Technical School, a division of University of Phoenix as Division Controller.</p>
1985-1989	<p>Employed by M.L.R. Builders, Tampa and Pensacola, Florida as Operations/Accounting Manager</p>

- 1982-1985      Employed by and part owner in Area Sand and Clay Company,  
Pensacola, Florida.
- 1981-1982      Employed by Purdue University, West Lafayette, Indiana as  
Teaching Assistant.

**SUMMARY OF REGULATORY WORK EXPERIENCE AS SELF EMPLOYED  
CONSULTANT**

**COMPANY/CLIENT**

**FUNCTION**

Beaver Dam Water Company  
Docket WS-03067A-12-0232

Permanent Rate Application. Prepared schedules on Plant, Income Statement, Revenue Requirement, and Rate Design.

Rio Rico Utilities  
Docket WS-02676A-12-0196

Permanent Rate Application – Water and Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital.

Vail Water Company  
Docket No. W-01651B-12-0339

Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital.

Avra Water Co-Op.  
Docket No. W-02126A-11-0480

Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital.

Pima Utility Company  
Docket W-02199A-11-0329  
Docket SW-02199A-11-0330

Permanent Rate Application – Water and Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital.

Work on financing application.

California Pacific Energy Company

Work on preparation of permanent rate application.

Livco Water Company  
Docket SW-02563A-11-0213

Permanent Rate Application – Water and Sewer. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.

Orange Grove Water Company  
Docket W-02237A-11-0180

Permanent Rate Application. Prepared schedules on Plant, Income Statement, Revenue Requirement, and Rate Design.

**COMPANY/CLIENT**

Goodman Water Company  
Docket W-02500A-10-0382

Doney Park Water  
Docket W-01416A-10-0450

*Grimmelmann, et. al. v. Pulte Home Corporation, et. al.*, case no. CV-08-1878-PHX-FJM, the United States District Court for the District of Arizona.

Southern Arizona Home Builders Association

H2O Water Company

Tierra Linda HOA Water Company

Las Quintas Serenas Water Company  
Docket W-01583A-09-0589

Coronado Utilities  
Docket SW-04305A-09-0291

Little Park Water Company  
Docket W-02192A-09-0531

Sahuarita Water Company  
Docket W-03718A-09-0359

**FUNCTION**

Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.

Consultant to defendant and expert witness for defendant on rates and ratemaking.

Consultant on ratemaking aspects to line extension policies (electric).

Valuation

Valuation

Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Permanent Rate Application – Wastewater. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Permanent Rate Application. Prepared schedules on Plant, Income Statement, Revenue Requirement, and Rate Design.

Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, Cost of Service, and Cost of Capital.

**COMPANY/CLIENT**

Bella Vista Water Company  
Southern Sunrise Water Company  
Northern Sunrise Water Company  
Docket W-02465A-09-0414  
W-02453A-09-0414  
W-02454A-09-0414

Rio Rico Utilities, Inc  
Docket WS-02676A-09-0257

Litchfield park Service Company  
Docket SW-01428A-09-0103  
W-01428A-09-0104

*Town of Thatcher v. City of Safford, CV*  
2007-240, Superior Court of Arizona

Valencia Water Company  
Before the California Public Utility  
Commission 09-05-002

Valley Utilities  
Docket W-01412A-08-0586

Black Mountain Sewer Company  
Docket SW-02361A-08-0609

Far West Water and Sewer Company  
Docket WS-03478A-08-0608

Farmers Water Company  
Docket W-01654A-08-0502

**FUNCTION**

Permanent Rate Application – Water.  
Prepared schedules and testified on Rate  
Base, Plant, Income Statement, Revenue  
Requirement, Rate Design, Cost of  
Service, and Cost of Capital.

Permanent Rate Application – Water and  
Sewer. Prepared schedules and testified  
on Rate Base, Plant, Income Statement,  
Revenue Requirement, Rate Design, and  
Cost of Capital.

Permanent Rate Application – Water and  
Sewer. Prepared schedules and testified  
on Rate Base, Plant, Income Statement,  
Revenue Requirement, Rate Design, Cost  
of Service, and Cost of Capital.

Consultant to plaintiff on ratemaking and  
cost of service.

Cost of Capital

Permanent Rate Application. Prepared  
schedules and testified on Rate Base,  
Plant, Income Statement, Revenue  
Requirement, and Rate Design.

Permanent Rate Application – Sewer.  
Prepared schedules and testified on Rate  
Base, Plant, Income Statement, Revenue  
Requirement, Rate Design, and Cost of  
Capital.

Interim Rate Application (Emergency  
Rates)

Permanent Rate Application. Prepared  
schedules and testified on Rate Base,  
Plant, Income Statement, Revenue

**COMPANY/CLIENT**

**FUNCTION**

Far West Water and Sewer Company  
Docket WS-03478A-08-0454

Requirement, and Rate Design.

Permanent Rate Application. Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design and Cost of Capital.

Ridgeline Water Company, LLC  
Docket W-20589A-08-0173

Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, and financing.

Sacramento Utilities, Inc.  
Docket SW-20576A-08-0067

Certificate of Convenience and Necessity – Wastewater. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, and financing.

Johnson Utilities  
Docket WS-02987A-08-0180

Permanent Rate Application. Water and Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design and Cost of Capital.

Participate in 40-252 proceeding.

Orange Grove Water Company  
Docket W-02237A-08-0455

Permanent Rate Application. Prepared schedules on Plant, Income Statement, Revenue Requirement, and Rate Design.

Far West Water and Sewer Company  
Docket WS-03478A-07-0442

Financing Application. Prepare schedules to support application.

Oak Creek Water No.1  
Docket W-01392A-07-0679

Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.

ICR Water Users Association  
Docket W-02824-07-0388

Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.

Johnson Utilities

Valuation consultant in the matter of the sale of Johnson Utilities assets to the

**COMPANY/CLIENT**

**FUNCTION**

H2O, Inc  
Docket W-02234A-07-0550

Town of Florence.

Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Chaparral City Water Company  
Docket W-02113A-07-0551

Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Valley Utilities  
Docket W-01412A-07-0561

Financing Application. Prepare schedules to support application.

Valley Utilities  
Docket W-01412A-07-280

Emergency Rate Application. Prepare schedules to support application.

Valley Utilities  
Docket W-01412A-07-0278

Accounting Order. Assist in preparing definition and scope of costs for deferral for future regulatory consideration and treatment.

Litchfield Park Service Company  
Docket W-01427A-06-0807

Accounting Order. Assist in preparing definition and scope of costs for deferral for future regulatory consideration and treatment.

Golden Shores Water Company  
Docket W-01815A-07-0117

Permanent Rate Application. Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Diablo Village Water Company  
Docket W-02309A-07-0140

Off-site facilities hook-up fee application. Prepare schedules to support application.

Diablo Village Water Company  
Docket W-02309A-07-0399

Permanent Rate Application (Class C). Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and

**COMPANY/CLIENT**

**FUNCTION**

Sahuarita Water Company  
(Rancho Sahuarita Water Co.)  
Docket W-03718A-07-0687

Cost of Capital.

Extension Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, and financing.

Utility Source, L.L.C.  
Docket WS-04235A-06-0303

Permanent Rate Application- Water and Wastewater. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Tierra Buena Water Company

Valuation of Tierra Buena Water Company for estate purposes.

Goodman Water Company  
Docket W-02500A-06-0281

Permanent Rate Application (Class C). Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, and Cost of Capital.

Links at Coyote Wash Utilities  
Docket SW-04210A-06-0220

Certificate of Convenience and Necessity – Sewer. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.

New River Utilities  
Docket W-0173A-06-0171

Extension Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, and financing.

Johnson Utilities  
Docket WS-02987A-04-0501  
Docket WS-02987A-04-0177

Extension of Certificate of Convenience and Necessity – Sewer. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.

Bachmann Springs Utility  
Docket WS-03953A-07-0073

Permanent Rate Application – Water and Sewer. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.

Avra Water Cooperative  
Docket W-02126A-06-0234

Permanent Rate Application – Water. Prepared schedules and testified on Rate

**COMPANY/CLIENT**

**FUNCTION**

Gold Canyon Sewer Company  
Docket SW-025191A-06-0015

Base, Plant, Income Statement, Revenue Requirement, and Rate Design.

Permanent Rate Application – Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

*State of Arizona v. Far West Water and Sewer*, No. 1 CA-CR 06-0160

Expert witness on behalf of defendant in penalty phase of case.

Far West Water and Sewer Company  
Docket WS-03478A-05-0801

Permanent Rate Application – Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Black Mountain Sewer Company  
Docket SW-02361A-05-0657

Permanent Rate Application – Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.

Balterra Sewer Company  
Docket SW-02304A-05-0586

Certificate of Convenience and Necessity – Sewer. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.

Community Water Company of Green Valley  
Docket W-02304A-05-0830

Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.

McClain Water Systems  
Northern Sunrise Water  
Southern Sunrise Water  
Docket W-020453A-06-0251

Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.

Valley Utilities Water Company  
Docket W-01412A-04-0376

Off-site facilities hook-up fee application. Prepare schedules to support application.

Valley Utilities Water Company

Permanent Rate Application – Water.

**COMPANY/CLIENT**

Docket W-01412A-04-0376

Beardsley Water Company  
Docket W-02074A-04-0358

Pine Water Company, Inc.  
Docket W-03512A-03-0279

Chaparral City Water Company  
Docket W-02113A-04-0616

Tierra Linda Home Owners Association  
Docket W-0423A-04-0075

Diamond Ventures - Red Rock Utilities  
Docket WS-04245A-04-0184

Arizona-American Water Company, Inc.  
Docket WS-01303A-02-0867  
Docket WS-01303A-02-0868  
Docket WS-01303A-02-0869  
Docket WS-01303A-02-0870  
Docket WS-01303A-02-0908

Bella Vista Water Company, Inc.  
Docket W-02465A-01-0776

**FUNCTION**

Prepared schedules and testified on Rate Base, Plant, Income Statement, and Revenue Requirement. Assisted in preparation of Rate Design.

Permanent Rate Application – Water. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.

Interim and Permanent Rate Application, Financing Application - Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Cost of Capital, and Rate Design.

Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, and Income Statement. Assisted in preparation Rate Design.

Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.

Certificate of Convenience and Necessity – Water and Sewer. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.

Permanent Rate Application Water and Sewer (10 divisions). Prepared schedules and testimony on Rate Base, Plant, Income Statement, and Revenue Requirement. Assisted in preparation of Rate Design.

Permanent Rate Application - Water. Prepared schedules and testimony on Rate

**COMPANY/CLIENT**

**FUNCTION**

Green Valley Water Company  
Docket (2000 Not Filed)

Base, Plant, Income Statement, and Revenue Requirement. Assisted in preparation of Cost of Capital and Rate Design.

Gold Canyon Sewer Company  
Docket SW-02519A-00-0638

Permanent Rate Application. Prepared schedules and testimony on Rate Base, Plant, Income Statement, and Revenue Requirement. Assisted in preparation of Cost of Capital and Rate Design.

Rio Verde Utilities, Inc.  
Docket WS-02156A-00-0321

Permanent Rate Application - Sewer. Prepared schedules and testimony on Rate Base, Plant, Revenue Requirement, and Income Statement. Assisted in preparation of Cost of Capital and Rate Design.

Permanent Rate Application – Water and Sewer. Prepared schedules and testimony on Rate Base, Plant, Revenue Requirement, and Income Statement. Assisted in preparation of Cost of Capital and Rate Design.

Livco Water Company  
Livco Sewer Company  
Docket SW-02563A-05-0820

Permanent Rate Application – Water. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.

Livco Water Company  
Docket SW-02563A-07-0506

Permanent Rate Application – Water and Sewer. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.

Cave Creek Sewer Company

Revenue Requirement, Rate Adjustment and Rate Design - Sewer.

Avra Water Cooperative  
Docket W-02126A-00-0269

Permanent Rate Application – Water. Assisted in preparation of Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.

Town of Oro Valley

Revenue Requirements, Water Rate Adjustments and Rate Design.

**COMPANY/CLIENT**

**FUNCTION**

Far West Water Company  
Docket WS-03478A-99-0144

Permanent Rate Application – Water.  
Assisted in preparation of schedules for Rate Base, Income Statement, Revenue Requirement, Lead-Lag Study, Cost of Capital, and Rate Design.

MHC Operating Limited Partnership  
Sedona Venture Wastewater  
Docket W-

Permanent Rate Application – Sewer.  
Assisted in preparation of schedules for Rate Base, Plant, Income Statement, and Rate Design.

Vail Water Company  
Docket W-01651B-99-0406

Permanent Rate Application. Assisted in preparation of schedules for Rate Base, Plant, Income Statement, and Rate Design.

E&T Water Company  
Docket W-01409A-95-0440

Permanent Rate Application - Water.  
Assisted in preparation of schedules for Rate Base, Plant, Income Statement, and Rate Design.

New River Utility  
Docket W-01737A-99-0633

Permanent Rate Application - Water.  
Assisted in preparation of schedules for Rate Base, Plant, Income Statement, and Rate Design.

Golden Shores Water  
Docket W-01815A-98-0645

Permanent Rate Application – Water.  
Assisted in preparation of schedules for Rate Base, Plant, Income Statement, and Rate Design.

Ponderosa Utility Company  
Docket W-01717A-99-0572

Permanent Rate Application – Water.  
Assisted in preparation of schedules for Rate Base, Plant, Income Statement, and Rate Design.

Chaparral City Water Company  
Docket (1999 Not Filed)

Permanent Rate Application - Water.  
Prepared schedules and testimony on Rate Base, Plant, Revenue Requirement, and Income Statement. Assisted in preparation of Cost of Capital and Rate Design.

**Beaver Dam Water Company, Inc.  
Docket No. W-03067A-12-0232**

**THOMAS J. BOURASSA  
REBUTTAL TESTIMONY  
(RATE BASE, INCOME STATEMENT,  
RATE DESIGN)**

**January 11, 2013**

**EXHIBIT TJB-RB-1**

Beaver Dam Water Company  
Mean Temp., Precipitation, and 5/8x3/4 Inch Total Water Consumption

**Table 1 - 2007 Data**

[A] Month-Year	[B] Mean Temp. (deg. F)	[C] Prcp. (inches)	[D] 5/8x3/4 Inch Consumption (100,000 gallons)	[E] Difference in Temp 2007 over(under) 2011	[F] Difference in Prcp. 2007 over(under) 2011	[G] Difference in Consumption 2007 over(under) 2011
Jan-07	43.2	0.20	13,406	(4.20)	0.12	3.04
Feb-07	51.5	0.13	17,046	3.90	(2.23)	4.22
Mar-07	62.2	0.02	15,896	5.20	(0.55)	(0.36)
Apr-07	67.0	0.22	22,167	3.10	(0.04)	4.01
May-07	78.2	-	23,911	9.10	(0.06)	2.58
Jun-07	85.6	-	23,456	3.90	-	(6.66)
Jul-07	93.3	0.11	37,163	3.00	-	13.20
Aug-07	90.7	0.47	35,439	(1.40)	0.28	6.74
Sep-07	81.7	1.38	26,876	(3.10)	1.25	2.01
Oct-07	67.0	-	26,156	(1.90)	(2.03)	8.43
Nov-07	61.2	0.01	26,476	7.70	(1.40)	9.72
Dec-07	41.9	2.47	23,210	(3.60)	2.34	10.59
Monthly Avg	68.6	0.42	24,250	1.81	(0.19)	4.79
Annual	68.6	5.01	291.00	68.63	(2.32)	57.53

**Table 2 - 2011 Data**

[A] Month-Year	[B] Mean Temp. (deg. F)	[C] Prcp. (inches)	[D] 5/8x3/4 Inch Consumption (100,000 gallons)	[E] Difference in Temp 2011 over(under) 2007	[F] Difference in Prcp. 2011 over(under) 2007	[G] Difference in Consumption 2011 over (under) 2007
Jan-11	47.4	0.08	10,366	4.20	(0.12)	(3.04)
Feb-11	47.6	2.36	12,821	(3.90)	2.23	(4.22)
Mar-11	57.0	0.57	16,256	(5.20)	0.55	0.36
Apr-11	63.9	0.26	18,161	(3.10)	0.04	(4.01)
May-11	69.1	0.06	21,331	(9.10)	0.06	(2.58)
Jun-11	81.7	-	30,121	(3.90)	-	6.66
Jul-11	90.3	0.11	23,961	(3.00)	-	(13.20)
Aug-11	92.1	0.19	28,701	1.40	(0.28)	(6.74)
Sep-11	84.8	0.13	24,661	3.10	(1.25)	(2.01)
Oct-11	68.9	2.03	17,726	1.90	2.03	(8.43)
Nov-11	53.5	1.41	16,751	(7.70)	1.40	(9.72)
Dec-11	45.5	0.13	12,616	3.60	(2.34)	(10.59)
Monthly Avg	66.8	0.61	19,456	(1.81)	0.19	(4.79)
Total Annual	66.8	7.33	233.48	(68.63)	2.32	(57.53)

Beaver Dam Water Company  
Mean Temp., Precipitation, and 5/8x3/4 Inch Total Water Consumption

Chart 1 - 2007

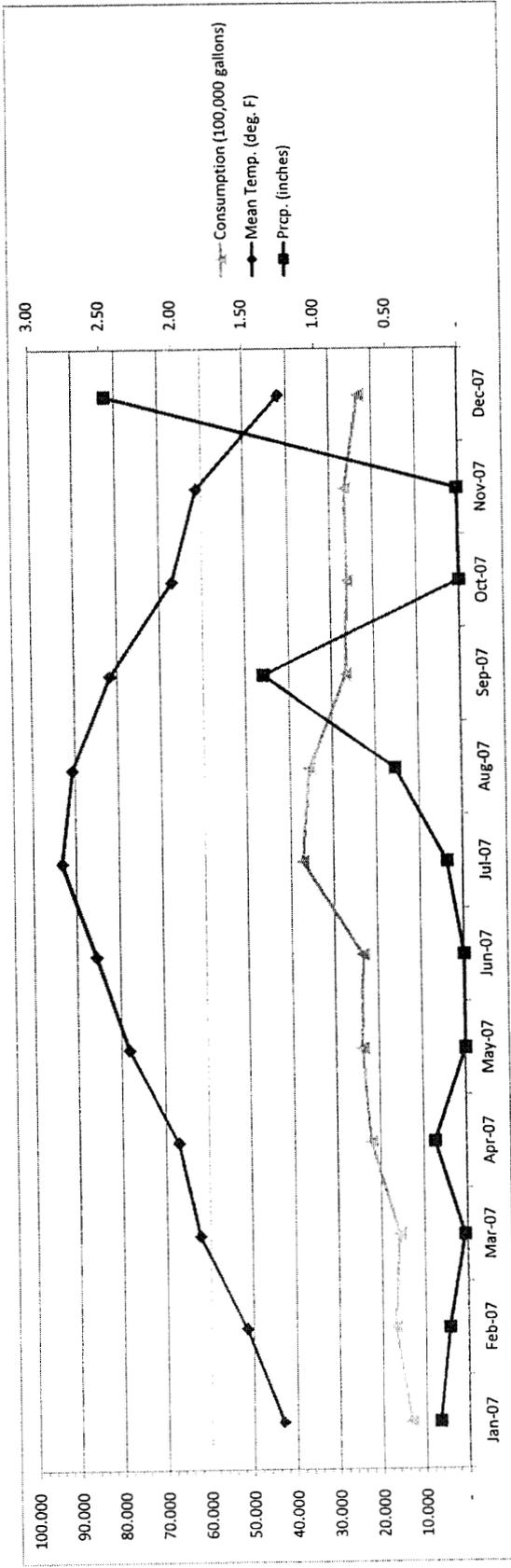
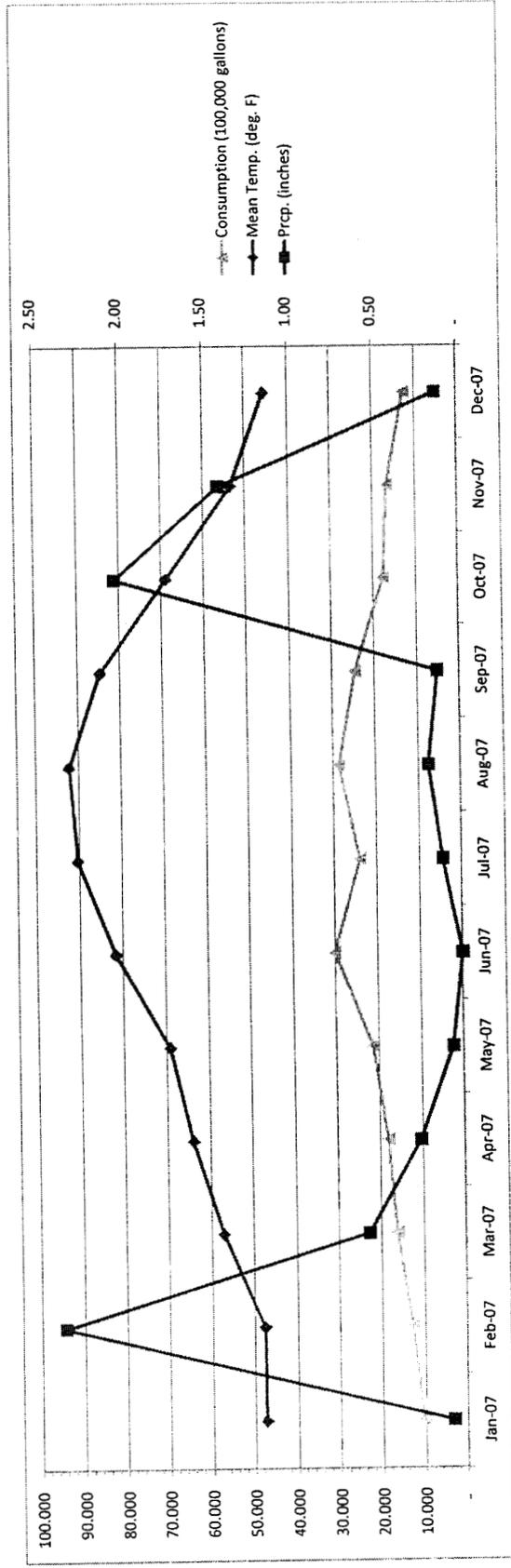


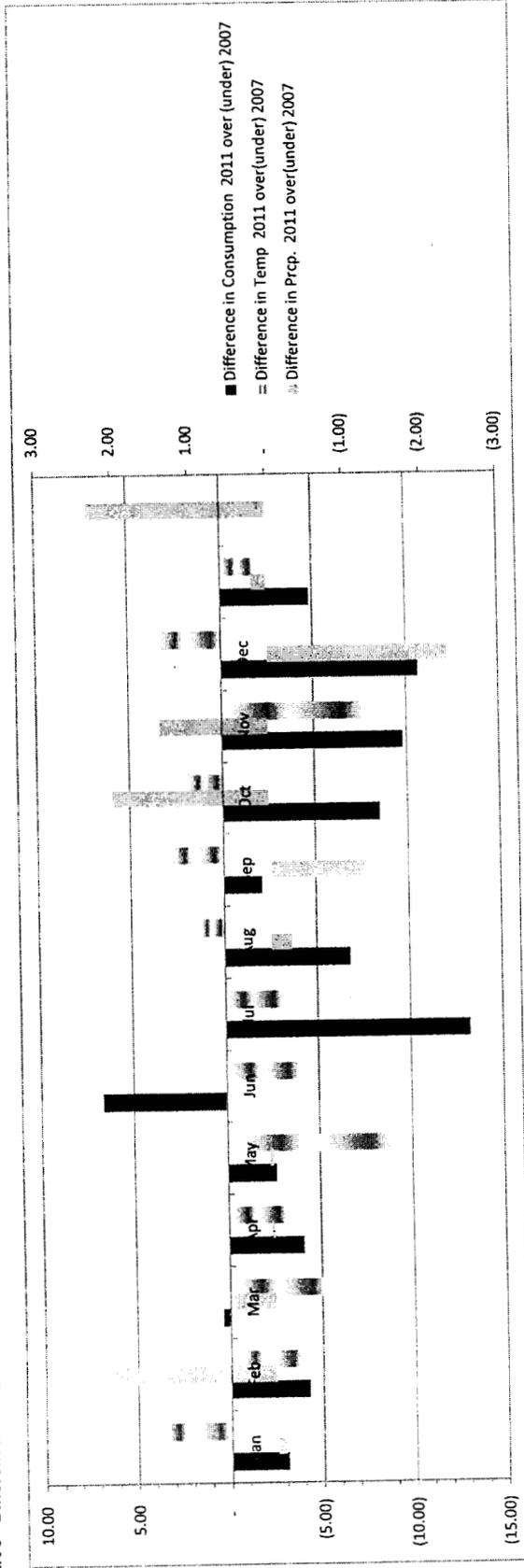
Chart 2 - 2011





Beaver Dam Water Company  
Average Precipitation and Water Consumption Differences

Chart 3 - Difference from 2011 to 2007





**Beaver Dam Water Company, Inc.  
Docket No. W-03067A-12-0232**

**THOMAS J. BOURASSA  
REBUTTAL TESTIMONY  
(RATE BASE, INCOME STATEMENT,  
RATE DESIGN)**

**January 11, 2013**

**EXHIBIT TJB-RB-2**

Beaver Dam Water Company, Inc.  
 Information on Billings and Gallons Sold - Prior Test Year (2007) vs Current Test Year (2011)

**Table 1 Monthly Billings**

Monthly Usage	Prior Test Year		Current Test Year		Increase (Decrease)
	No. Billings	% of Total	No. Billings	% of Total	
0 to 5,000 gallons	1,485	50.44%	1,859	52.37%	374
5,001 to 12,000 gallons	728	24.73%	1,281	36.08%	553
Over 12,000 gallons	731	24.83%	410	11.55%	(321)
Totals	2,944	100.00%	3,550	100.00%	606

**Table 2 - Gallons Sold (Water Consumption)**

Block	Prior Test Year		Current Test Year		Increase (Decrease)
	Gallons (1,000s)	% of Total	Gallons (1,000s)	% of Total	
0 to 5,000 gallons	10,886	37.41%	12,782	54.75%	1,897
5,001 to 12,000 gallons	7,795	26.79%	6,150	26.34%	(1,645)
Over 12,000 gallons	10,419	35.80%	4,415	18.91%	(6,004)
Total	29,100	100.00%	23,348	100.00%	(5,753)

**Beaver Dam Water Company, Inc.  
Docket No. W-03067A-12-0232**

**THOMAS J. BOURASSA  
REBUTTAL TESTIMONY  
(RATE BASE, INCOME STATEMENT,  
RATE DESIGN)**

**January 11, 2013**

**EXHIBIT TJB-RB-3**

**Table 1 - Water Usage - Beaver Dam Property Owners Association.<sup>1</sup>**

	2007	2008	2009	2010	2011
	Usage (gallons)	Usage (gallons)	Usage (gallons)	Usage (gallons)	Usage (gallons)
January	427,680	668,050	557,000	375,000	77,000
February	567,000	363,800	293,000	214,000	92,000
March	701,162	394,800	615,000	302,000	116,000
April	1,128,256	948,900		435,000	130,000
May	2,303,000	960,500	675,000	677,000	140,000
June	1,825,667	1,358,800	866,000	737,000	208,000
July	2,608,607	1,854,000	929,000	808,000	243,000
August	2,460,576	2,038,000	1,307,600	1,163,000	285,000
September	3,063,618	1,988,000	1,262,400	1,288,000	318,000
October	3,165,502	1,359,000	2,803,000	1,272,000	341,000
November	1,755,698	1,271,000	1,197,000	599,000	377,000
December	900,850	962,000	946,000	515,000	413,000
<b>Total</b>	<b>20,907,616</b>	<b>14,166,850</b>	<b>11,451,000</b>	<b>8,385,000</b>	<b>2,740,000</b>

Gallons Sold (million gallons)  
Reduction in Consumption from prior year (million gallons)  
Cumulative reduction in consumption (million gallons)

	20.91	14.17	11.45	8.39	2.74
		(6.74)	(2.72)	(3.07)	(5.65)
		(6.74)	(9.46)	(12.52)	(18.17)

**Table 2 - BDWC Gallons Sold**

Total Gallons Sold (million gallons)<sup>2</sup>  
Total reduction in consumption from prior year (million gallons)  
BDPOA reduction in consumption from Table 1 (million gallons)  
Net reduction in consumption from other customers (million gallons)  
Cumulative net reduction in consumption from other customers (million gallons)

	71.84	60.50	63.30	47.97	37.06
		(11.34)	2.80	(15.33)	(10.92)
		(6.74)	(2.72)	(3.07)	(5.65)
		(4.60)	5.52	(12.26)	(5.27)
		(4.60)	0.92	(11.35)	(16.62)

<sup>1</sup> Source: Company billing data for 2007-2011.

<sup>2</sup> Source: Company billing data for 2007 and 2011. ACC Reports for 2008-2010.

**Beaver Dam Water Company, Inc.  
Docket No. W-03067A-12-0232**

**THOMAS J. BOURASSA  
REBUTTAL TESTIMONY  
(RATE BASE, INCOME STATEMENT,  
RATE DESIGN)**

**January 11, 2013**

**EXHIBIT TJB-RB-4**

**Table 1**

Actual HOA revenues (6 inch meter) generated based upon rates in effect prior to Decision 71415.

	Monthly Min		Usage		Total Charge
	Usage	Rate	Charge	Flat Charge	
January	427,680	2,655.00	\$ 641.52	\$ 2,655.00	\$ 3,296.52
February	567,000	2,655.00	\$ 850.50	\$ 2,655.00	\$ 3,505.50
March	701,162	2,655.00	\$ 1,051.74	\$ 2,655.00	\$ 3,706.74
April	1,128,256	2,655.00	\$ 1,692.38	\$ 2,655.00	\$ 4,347.38
May	2,303,000	2,655.00	\$ 3,454.50	\$ 2,655.00	\$ 6,109.50
June	1,825,667	2,655.00	\$ 2,738.50	\$ 2,655.00	\$ 5,393.50
July	2,608,607	2,655.00	\$ 3,912.91	\$ 2,655.00	\$ 6,567.91
August	2,460,576	2,655.00	\$ 3,690.86	\$ 2,655.00	\$ 6,345.86
September	3,063,618	2,655.00	\$ 4,595.43	\$ 2,655.00	\$ 7,250.43
October	3,165,502	2,655.00	\$ 4,748.25	\$ 2,655.00	\$ 7,403.25
November	1,755,698	2,655.00	\$ 2,633.55	\$ 2,655.00	\$ 5,288.55
December	900,850	2,655.00	\$ 1,351.28	\$ 2,655.00	\$ 4,006.28
<b>Total</b>	<b>20,907,616</b>	<b>\$ 31,860.00</b>	<b>\$ 31,361.42</b>		<b>Total \$ 63,221.42</b>
# Units	177				# Units 177
Per Unit Monthly Usage	9,844			Per Unit Monthly Chg	\$ 29.77

**Table 2**

HOA revenues (6 inch meter) expected to be generated based upon Decision 71415 adopted rates and prior test year usage

	Monthly Min		Usage		Total Charge
	Usage	Rate	Charge	Flat Charge	
January	427,680	1,375.00	\$ 1,347.19	\$ 1,375.00	\$ 2,722.19
February	567,000	1,375.00	\$ 1,786.05	\$ 1,375.00	\$ 3,161.05
March	701,162	1,375.00	\$ 2,269.36	\$ 1,375.00	\$ 3,644.36
April	1,128,256	1,375.00	\$ 3,870.96	\$ 1,375.00	\$ 5,245.96
May	2,303,000	1,375.00	\$ 8,276.25	\$ 1,375.00	\$ 9,651.25
June	1,825,667	1,375.00	\$ 6,486.25	\$ 1,375.00	\$ 7,861.25
July	2,608,607	1,375.00	\$ 9,422.28	\$ 1,375.00	\$ 10,797.28
August	2,460,576	1,375.00	\$ 8,867.16	\$ 1,375.00	\$ 10,242.16
September	3,063,618	1,375.00	\$ 11,128.57	\$ 1,375.00	\$ 12,503.57
October	3,165,502	1,375.00	\$ 11,510.63	\$ 1,375.00	\$ 12,885.63
November	1,755,698	1,375.00	\$ 6,223.87	\$ 1,375.00	\$ 7,598.87
December	900,850	1,375.00	\$ 3,018.19	\$ 1,375.00	\$ 4,393.19
<b>Total</b>	<b>20,907,616</b>	<b>\$ 16,500.00</b>	<b>\$ 74,206.75</b>		<b>Total \$ 90,706.75</b>
# Units	177				# Units 177
Per Unit Monthly Usage	9,844			Per Unit Monthly Chg	\$ 42.71

**Table 3**

HOA actual revenues (6 inch meter) generated based upon Decision 71415 adopted rates and current test year usage

	Monthly Min		Usage		Total Charge
	Usage	Rate	Charge	Flat Charge	
January	285,000	1,375.00	\$ 897.75	\$ 1,375.00	\$ 2,272.75
February	341,000	1,375.00	\$ 1,074.15	\$ 1,375.00	\$ 2,449.15
March	413,000	1,375.00	\$ 1,300.95	\$ 1,375.00	\$ 2,675.95
April	377,000	1,375.00	\$ 1,187.55	\$ 1,375.00	\$ 2,562.55
May	318,000	1,375.00	\$ 1,001.70	\$ 1,375.00	\$ 2,376.70
June	243,000	1,375.00	\$ 765.45	\$ 1,375.00	\$ 2,140.45
July	77,000	1,375.00	\$ 242.55	\$ 1,375.00	\$ 1,617.55
August	92,000	1,375.00	\$ 289.80	\$ 1,375.00	\$ 1,664.80
September	116,000	1,375.00	\$ 365.40	\$ 1,375.00	\$ 1,740.40
October	140,000	1,375.00	\$ 441.00	\$ 1,375.00	\$ 1,816.00
November	208,000	1,375.00	\$ 655.20	\$ 1,375.00	\$ 2,030.20
December	130,000	1,375.00	\$ 409.50	\$ 1,375.00	\$ 1,784.50
<b>Total</b>	<b>2,740,000</b>	<b>\$ 16,500.00</b>	<b>\$ 8,631.00</b>		<b>Total \$ 25,131.00</b>
# Units	177				# Units 177
Per Unit Monthly Usage	1,290			Per Unit Monthly Chg	\$ 11.83

**Summary Data**

Expected Annual HOA Revenues Prior Rate Case Based Upon Rates Adopted in Decision 71415 (Table 2)	\$ 90,706.75
Actual BPOA TY Revenues in Prior Rate Case (Table 1)	\$ 63,221.42
Anticipated Increase	\$ 27,485.33
% Increase	43.47%
Actual Test Year HOA Gallons Sold (Table 1)	2,740,000
Expected Annual HOA Gallons Sold Prior Rate Case (Table 3)	20,907,616
Difference	(18,167,616)
Actual Test Year Revenues (Table 3)	\$ 25,131.00
Expected Annual HOA Revenues Prior Rate Case (Table 2)	\$ 90,706.75
Difference	\$ (65,575.75)

**Beaver Dam Water Company, Inc.  
Docket No. W-03067A-12-0232**

**THOMAS J. BOURASSA  
REBUTTAL TESTIMONY  
(RATE BASE, INCOME STATEMENT,  
RATE DESIGN)**

**January 11, 2013**

**SCHEDULES**

**Beaver Dam Water Company, Inc.**  
 Test Year Ended December 31, 2011  
 Computation of Increase in Gross Revenue  
 Requirements As Adjusted

Exhibit  
 Rebuttal Schedule A-1  
 Page 1  
 Witness: Bourassa

Line					
<u>No.</u>					
1	Fair Value Rate Base		\$	368,943	
2					
3	Adjusted Operating Income			(6,315)	
4					
5	Current Rate of Return			-1.71%	
6					
7	Required Operating Income		\$	32,190	
8					
9	Required Rate of Return on Fair Value Rate Base			8.7250%	
10					
11	Operating Income Deficiency		\$	38,505	
12					
13	Gross Revenue Conversion Factor			1.2800	
14					
15	Increase in Gross Revenue				
16	Requirement		\$	49,285	
17					
18	Adjusted Test Year Revenues		\$	304,998	
19	Increase in Gross Revenue Revenue Requirement		\$	49,285	
20	Proposed Revenue Requirement		\$	354,283	
21	% Increase			16.16%	
22	Operating Margin %			9.09%	
23					
24	<b>Customer</b>		<b>Present</b>	<b>Proposed</b>	<b>Dollar</b>
25	<b>Classification</b>		<b>Rates</b>	<b>Rates</b>	<b>Increase</b>
26	5/8x3/4 Inch		\$ 160,398	\$ 186,343	\$ 25,945 16.18%
27	1 Inch		14,547	17,339	2,792 19.19%
28	1.5 Inch		10,025	11,960	1,934 19.30%
29	2 Inch		7,038	8,055	1,017 14.46%
30	3 Inch		5,280	6,052	772 14.62%
31	4 Inch		10,704	12,253	1,549 14.47%
32	6 Inch	RV	30,754	35,157	4,403 14.32%
33	6 Inch	HOA	25,131	28,749	3,618 14.39%
34	Bulk		1,676	3,209	1,533 91.46%
35	Revenue Annualization		\$ -	\$ -	- 0.00%
36	Revenue Annualization	6 Inch HOA	(25,131)	(28,749)	(3,618) 14.39%
37	Revenue Annualization	5/8x3/4 Inch HOA	64,164	73,716	9,552 14.89%
38					
39	<b>Subtotal</b>		<b>\$ 304,586</b>	<b>\$ 354,083</b>	<b>\$ 49,497 16.25%</b>
40					
41	Misc Water Revenues		540	540	- 0.00%
42	Reconciling Amount		(128)	(341)	(213) 166.41%
43	Rounding		-	1	1 0.00%
44	<b>Total of Water Revenues</b>		<b>\$ 304,998</b>	<b>\$ 354,283</b>	<b>\$ 49,285 16.16%</b>
45					
46					
47	<u>SUPPORTING SCHEDULES:</u>				
48	B-1				
49	C-1				
50	C-3				
51	H-1				

**Beaver Dam Water Company, Inc.**  
 Test Year Ended December 31, 2011  
 Summary of Rate Base

Exhibit  
 Rebuttal Schedule B-1  
 Page 1  
 Witness: Bourassa

Line No.		<u>Original Cost</u> <u>Rate base</u>	<u>Fair Value</u> <u>Rate Base</u>
1			
2	Gross Utility Plant in Service	\$ 1,478,856	\$ 1,478,856
3	Less: Accumulated Depreciation	<u>447,058</u>	<u>447,058</u>
4			
5	Net Utility Plant in Service	\$ 1,031,798	\$ 1,031,798
6			
7	<u>Less:</u>		
8	Advances in Aid of		
9	Construction	76,110	76,110
10	Contributions in Aid of		
11	Construction - Net of amortization	615,926	615,926
12	Customer Meter Deposits	5,095	5,095
13	Deferred Income Taxes & Credits	-	-
14	Investment tax Credits	-	-
15			
16			
17	<u>Plus:</u>		
18	Unamortized Finance		
19	Charges	-	-
20	Deferred Tax Assets	-	-
21	Allowance for Working Capital	34,276	34,276
22			
23			
24	Total Rate Base	<u>\$ 368,943</u>	<u>\$ 368,943</u>
25			
26			
27			
28	<u>SUPPORTING SCHEDULES:</u>		
29	B-2		
30	B-5		
31			
32			
33			

**Beaver Dam Water Company, Inc.**  
 Test Year Ended December 31, 2011  
 Original Cost Rate Base Proforma Adjustments

Exhibit  
 Rebuttal Schedule B-2  
 Page 1  
 Witness: Bourassa

Line No.		Adjusted at end of <u>Test Year</u>	Proforma Adjustments <u>Amount</u>	Rebuttal Adjusted at end of <u>Test Year</u>
1	Gross Utility			
2	Plant in Service	\$ 1,476,056	2,800	\$ 1,478,856
3				
4	<b>Less:</b>			
5	Accumulated			
6	Depreciation	432,777	14,281	447,058
7				
8				
9	Net Utility Plant			
10	in Service	\$ 1,043,279		\$ 1,031,798
11				
12	<b>Less:</b>			
13	Advances in Aid of			
14	Construction	76,110	-	76,110
15				
16	Contributions in Aid of			
17	Construction - Net	615,926	-	615,926
18				
19	Service Line and Meter Installation Chgs	5,095		5,095
20	Accumulated Deferred Income Tax	-	-	-
21				-
22				-
23				
24	<b>Plus:</b>			
25	Unamortized Finance			
26	Charges	-		-
27	Prepayments	-		-
28	Materials and Supplies	-		-
29	Working capital	-	34,276	34,276
30				-
31				
32	<b>Total</b>	<b>\$ 346,148</b>		<b>\$ 368,943</b>

36 SUPPORTING SCHEDULES:  
 37 B-2, pages 2

RECAP SCHEDULES:  
 B-1

38  
 39  
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Beaver Dam Water Company, Inc.  
Test Year Ended December 31, 2011  
Original Cost Rate Base Proforma Adjustments

Line No.	Adjusted at end of Test Year	1 Plant-in-Service	2 Accumulated Depreciation	3 Working Capital	4 Intentionally Left Blank	Rebuttal Adjusted at end of Test Year
1	\$ 1,476,056	2,800				\$ 1,478,856
2						
3						
4						
5	432,777		14,281			447,058
6						
7						
8						
9	\$ 1,043,279	2,800	(14,281)			\$ 1,031,798
10						
11						
12						
13	76,110					76,110
14						
15						
16	677,631					677,631
17	(61,705)					(61,705)
18						
19						
20						
21	5,095					5,095
22						
23						
24						
25						
26						
27						
28						
29						
30				34,276		34,276
31						
32	\$ 346,148	2,800	(14,281)	34,276		\$ 368,943
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45						

SUPPORTING SCHEDULES:  
B-2, pages 3-4

Beaver Dam Water Company, Inc.  
 Test Year Ended December 31, 2011  
 Original Cost Rate Base Proforma Adjustments  
 Adjustment Number 1

Line No.	Plant-in-Service	Acct. No.	Description	Adjustments				Rebuttal Adjusted Original Cost
				A	B	C	D	
				Reclass Repairs & Maint. Expense	Reclass ADWR Assured Water Supply Desig.	Adjustments to Reconcile To Prior Rate Case	Intentionally Left Blank	
1				Adjusted Original Cost				20,335
2				20,335				
3								
4								
5				Organization Cost				
6				35,596				
7				Franchise Cost				67,992
8				Land and Land Rights		32,396		6,000
9				Structures and Improvements				
10				Collecting and Impounding Res.				
11				Lake River and Other Intakes				
12				Wells and Springs	159,275			159,275
13				Infiltration Galleries and Tunnels				
14				Supply Mains				
15				Power Generation Equipment				
16				Electric Pumping Equipment	68,959			71,759
17				Water Treatment Plant				
18				Water Treatment Plant				
19				Chemical Solution Feeders				
20				Dist. Reservoirs & Standpipe				
21				Storage tanks	273,381			273,381
22				Pressure Tanks				
23				Trans. and Dist. Mains	823,464			823,464
24				Services				
25				Meters	22,090			22,090
26				Hydrants	827			827
27				Backflow Prevention Devices				
28				Other Plant and Misc. Equip.				
29				Office Furniture and Fixtures	6,500			6,500
30				Computers and Software	6,886			6,886
31				Transportation Equipment	16,100			16,100
32				Stores Equipment				
33				Tools and Work Equipment	4,247			4,247
34				Laboratory Equipment				
35				Power Operated Equipment				
36				Communications Equipment				
37				Miscellaneous Equipment				
38				Other Tangible Plant	32,396	(32,396)		
39				TOTALS	\$ 1,476,056	\$ 2,800	\$ -	\$ 1,478,856
40								
41				Plant-in-Service per Books				\$ 1,476,056
42								
43				Increase (decrease) in Plant-in-Service				\$ 2,800
44								
45				Adjustment to Plant-in-Service				\$ 2,800
46								
47				SUPPORTING SCHEDULES				
48				B-2, pages 3.1-3.9				

Beaver Dam Water Company, Inc.  
Test Year Ended December 31, 2011  
Original Cost Rate Base Proforma Adjustments  
Adjustment Number 1-1

Exhibit  
Rebuttal Schedule B-2  
Page 3.1  
Witness: Bourassa

Line

No.

1	<u>Reclassify test year expenses to plant-in-service</u>		
2			
3			
4	Test year expenses reclassified to plant-in-service (Account 311-Pumping Equipment)	\$	2,800
5			
6			
7			
8			
9	Increase (decrease) to plant-in-service	<u>\$</u>	<u>2,800</u>

10

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20 SUPPORTING SCHEDULES

21 Staff Schedule JAC-1, pages 1 and 2.

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Beaver Dam Water Company, Inc.  
Test Year Ended December 31, 2011  
Original Cost Rate Base Proforma Adjustments  
Adjustment Number 1-1

Exhibit  
Rebuttal Schedule B-2  
Page 3.2  
Witness: Bourassa

Line

No.

1	<u>Reclassification of plant-in-service</u>		
2			
3			
4	Reclassification from Account 348 - Other Tangible Plant	\$	(32,396)
5			
6	Reclassification to Account 303 - Land and Land Rights		<u>32,396</u>
7			
8			
9	Increase (decrease) to plant-in-service	\$	<u>-</u>
10			
11			
12			
13			
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16			
17			
18			
19			
20	<u>SUPPORTING SCHEDULES</u>		
21	Staff Schedule JAC-1, pages 1 and 3.		
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**Beaver Dam Water Company, Inc.**  
Plant Additions and Retirements

Exhibit  
Rebuttal Schedule B-2  
Page 3.3  
Witness: Bourassa

Account No.	Description	Deprec. Rate Before Dec-09	Deprec. Rate After Dec-09	Decision 71415 Plant At 12/31/2007	2007 Accum. Depr.	2008 Plant Additions	2008 Plant Adjustments	2008 Adjusted Plant Additions	2008 Plant Retirements	2008 Salvage A/D Only	2008 Plant Balance	2008 Deprac.
301	Organization Cost	0.00%	0.00%	20,335	-	-	-	-	-	-	20,335	-
302	Franchise Cost	0.00%	0.00%	35,596	-	-	-	-	-	-	35,596	-
303	Land and Land Rights	0.00%	0.00%	6,000	5,966	-	-	-	-	-	6,000	34
304	Structures and Improvements	3.33%	3.33%	-	-	-	-	-	-	-	-	-
305	Collecting and Impounding Res.	2.50%	2.50%	-	-	-	-	-	-	-	-	-
306	Lake River and Other Intakes	2.50%	2.50%	-	-	-	-	-	-	-	-	-
307	Wells and Springs	3.33%	3.33%	135,641	28,664	23,634	-	23,634	-	-	159,275	4,910
308	Infiltration Galleries and Tunnels	6.67%	6.67%	-	-	-	-	-	-	-	-	-
309	Supply Mains	2.00%	2.00%	-	-	-	-	-	-	-	-	-
310	Power Generation Equipment	5.00%	5.00%	-	-	-	-	-	-	-	60,701	7,588
311	Electric Pumping Equipment	12.50%	12.50%	60,701	17,124	-	-	-	-	-	-	-
320	Water Treatment Equipment	3.33%	3.33%	-	-	-	-	-	-	-	-	-
320.1	Water Treatment Equipment	3.33%	3.33%	-	-	-	-	-	-	-	-	-
320.2	Chemical Solution Feeders	20.00%	20.00%	-	-	-	-	-	-	-	-	-
330	Distribution Reservoirs & Standpipe	2.22%	2.22%	-	108,903	-	-	-	-	-	182,592	4,054
330.1	Storage tanks	5.00%	5.00%	-	-	-	-	-	-	-	823,464	16,061
330.2	Pressure Tanks	2.00%	2.00%	782,610	103,967	-	40,854	40,854	-	-	22,090	1,840
331	Transmission and Distribution Mains	3.33%	3.33%	-	-	-	-	-	-	-	-	-
333	Services	8.33%	8.33%	22,090	6,540	-	-	-	-	-	827	17
334	Meters	2.00%	2.00%	827	9	-	-	-	-	-	-	-
335	Hydrants	6.67%	6.67%	-	-	-	-	-	-	-	-	-
336	Backflow Prevention Devices	6.67%	6.67%	-	-	-	-	-	-	-	-	-
339	Other Plant and Miscellaneous Equipment	6.67%	6.67%	6,500	6,500	-	-	-	-	-	6,500	-
340	Office Furniture and Fixtures	20.00%	20.00%	6,140	5,051	-	-	-	-	-	6,140	1,089
340.1	Computers and Software	20.00%	20.00%	16,100	16,100	-	-	-	-	-	16,100	-
341	Transportation Equipment	4.00%	4.00%	-	-	-	-	-	-	-	2,000	-
342	Stores Equipment	5.00%	5.00%	2,000	2,000	-	-	-	-	-	-	-
343	Tools and Work Equipment	10.00%	10.00%	-	-	-	-	-	-	-	-	-
344	Laboratory Equipment	5.00%	5.00%	-	-	-	-	-	-	-	-	-
345	Power Operated Equipment	10.00%	10.00%	-	-	-	-	-	-	-	-	-
346	Communications Equipment	10.00%	10.00%	-	-	-	-	-	-	-	-	-
347	Miscellaneous Equipment	10.00%	10.00%	-	-	-	-	-	-	-	-	-
348	Other Tangible Plant (DWS) Rounding	5.00%	5.00%	-	-	-	-	-	-	-	-	-

Plant Held for Future Use  
TOTAL WATER PLANT

1,277,132	300,825	23,634	40,854	64,488	1,341,620	35,592
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**Beaver Dam Water Company, Inc.**  
Plant Additions and Retirements

Exhibit  
Rebuttal Schedule B-2  
Page 3.4  
Witness: Bourassa

Account No.	Description	Deprec. Rate Before Dec-09	Deprec. Rate After Dec-09	2009 Plant Additions	2009 Plant Adjustments	2009 Adjusted Plant Additions	2009 Plant Retirements	2009 Salvage/Adj. AD Only	2009 Plant Balance	2009 Deprec.
301	Organization Cost	0.00%	0.00%	-	-	-	-	-	20,335	-
302	Franchise Cost	0.00%	0.00%	-	-	-	-	-	-	-
303	Land and Land Rights	0.00%	0.00%	32,396	-	32,396	-	-	67,992	-
304	Structures and Improvements	3.33%	3.33%	-	-	-	-	-	6,000	-
305	Collecting and Impounding Res.	2.50%	2.50%	-	-	-	-	-	-	-
306	Lake River and Other Intakes	2.50%	2.50%	-	-	-	-	-	-	-
307	Wells and Springs	3.33%	3.33%	-	-	-	-	-	159,275	5,304
308	Infiltration Galleries and Tunnels	6.67%	6.67%	-	-	-	-	-	-	-
309	Supply Mains	2.00%	2.00%	-	-	-	-	-	-	-
310	Power Generation Equipment	5.00%	5.00%	-	-	-	-	-	60,701	7,588
311	Electric Pumping Equipment	12.50%	12.50%	-	-	-	-	-	-	-
320	Water Treatment Equipment	3.33%	3.33%	-	-	-	-	-	-	-
320.1	Water Treatment Equipment	3.33%	3.33%	-	-	-	-	-	-	-
320.2	Chemical Solution Feeders	20.00%	20.00%	-	-	-	-	-	-	-
330	Distribution Reservoirs & Standpipe	2.22%	2.22%	-	-	-	-	-	182,592	4,054
330.1	Storage tanks	2.22%	2.22%	-	-	-	-	-	-	-
330.2	Pressure Tanks	5.00%	5.00%	-	-	-	-	-	823,464	16,469
331	Transmission and Distribution Mains	2.00%	2.00%	-	-	-	-	-	-	-
333	Services	3.33%	3.33%	-	-	-	-	-	22,090	1,840
334	Meters	8.33%	8.33%	-	-	-	-	-	827	17
335	Hydrants	2.00%	2.00%	-	-	-	-	-	-	-
336	Backflow Prevention Devices	6.67%	6.67%	-	-	-	-	-	-	-
339	Other Plant and Miscellaneous Equipment	6.67%	6.67%	-	-	-	-	-	6,500	-
340	Office Furniture and Fixtures	6.67%	6.67%	-	-	-	-	-	6,140	-
340.1	Computers and Software	20.00%	20.00%	-	-	-	-	-	16,100	-
341	Transportation Equipment	20.00%	20.00%	-	-	-	-	-	-	-
342	Stores Equipment	4.00%	4.00%	-	-	-	-	-	2,000	-
343	Tools and Work Equipment	5.00%	5.00%	-	-	-	-	-	-	-
344	Laboratory Equipment	10.00%	10.00%	-	-	-	-	-	-	-
345	Power Operated Equipment	5.00%	5.00%	-	-	-	-	-	-	-
346	Communications Equipment	10.00%	10.00%	-	-	-	-	-	-	-
347	Miscellaneous Equipment	10.00%	10.00%	-	-	-	-	-	-	-
348	Other Tangible Plant (DWS) Rounding	5.00%	5.00%	-	-	-	-	-	-	-

Plant Held for Future Use  
TOTAL WATER PLANT

32,396	-	-	-	32,396	-	-	-	-	1,374,016	35,271
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**Beaver Dam Water Company, Inc.**  
 Plant Additions and Retirements

Exhibit  
 Rebuttal Schedule B-2  
 Page 3.5  
 Witness: Bourassa

Account No.	Description	Deprec. Rate Before Dec-09	Deprec. Rate After Dec-09	2010 Plant Additions	2010 Plant Adjustments	2010 Plant Adjustments	2010 Adjusted Plant Additions	2010 Plant Retirements	2010 Salvage A/D Only	2010 Plant Balance	2010 Deprec.
301	Organization Cost	0.00%	0.00%	-	-	-	-	-	-	20,335	-
302	Franchise Cost	0.00%	0.00%	-	-	-	-	-	-	-	-
303	Land and Land Rights	0.00%	0.00%	-	-	-	-	-	-	67,992	-
304	Structures and Improvements	3.33%	3.33%	-	-	-	-	-	-	6,000	-
305	Collecting and Impounding Res.	2.50%	2.50%	-	-	-	-	-	-	-	-
306	Lake River and Other Intakes	2.50%	2.50%	-	-	-	-	-	-	159,275	5,304
307	Wells and Springs	3.33%	3.33%	-	-	-	-	-	-	-	-
308	Infiltration Galleries and Tunnels	6.67%	6.67%	-	-	-	-	-	-	-	-
309	Supply Mains	2.00%	2.00%	-	-	-	-	-	-	-	-
310	Power Generation Equipment	5.00%	5.00%	-	-	-	-	-	-	60,701	7,588
311	Electric Pumping Equipment	12.50%	12.50%	-	-	-	-	-	-	-	-
320	Water Treatment Equipment	3.33%	3.33%	-	-	-	-	-	-	-	-
320.1	Water Treatment Equipment	3.33%	3.33%	-	-	-	-	-	-	-	-
320.2	Chemical Solution Feeders	20.00%	20.00%	-	-	-	-	-	-	-	-
330	Distribution Reservoirs & Standpipe	2.22%	2.22%	-	-	-	90,789	-	-	273,381	5,061
330.1	Storage tanks	2.22%	2.22%	90,789	-	-	-	-	-	-	-
330.2	Pressure Tanks	5.00%	5.00%	-	-	-	-	-	-	823,464	16,469
331	Transmission and Distribution Mains	2.00%	2.00%	-	-	-	-	-	-	-	-
333	Services	3.33%	3.33%	-	-	-	-	-	-	22,090	1,840
334	Meters	8.33%	8.33%	-	-	-	-	-	-	827	17
335	Hydrants	2.00%	2.00%	-	-	-	-	-	-	-	-
336	Backflow Prevention Devices	6.67%	6.67%	-	-	-	-	-	-	-	-
339	Other Plant and Miscellaneous Equipment	6.67%	6.67%	-	-	-	-	-	-	6,500	-
340	Office Furniture and Fixtures	6.67%	6.67%	-	-	-	746	-	-	6,886	746
340.1	Computers and Software	20.00%	20.00%	746	-	-	-	-	-	16,100	-
341	Transportation Equipment	20.00%	20.00%	-	-	-	-	-	-	-	-
342	Stores Equipment	4.00%	4.00%	-	-	-	2,247	-	-	4,247	156
343	Tools and Work Equipment	5.00%	5.00%	2,247	-	-	-	-	-	-	-
344	Laboratory Equipment	10.00%	10.00%	-	-	-	-	-	-	-	-
345	Power Operated Equipment	5.00%	5.00%	-	-	-	-	-	-	-	-
346	Communications Equipment	10.00%	10.00%	-	-	-	-	-	-	-	-
347	Miscellaneous Equipment	10.00%	10.00%	-	-	-	-	-	-	-	-
348	Other Tangible Plant (DWS) Rounding	5.00%	5.00%	-	-	-	-	-	-	-	-

93,782	-	-	-	93,782	-	-	93,782	-	-	1,467,798	37,181
Plant Held for Future Use											
TOTAL WATER PLANT											

**Beaver Dam Water Company, Inc.**  
Plant Additions and Retirements

Exhibit  
Rebuttal Schedule B-2  
Page 3.6  
Witness: Bourassa

Account	NO.	Description	Deprec. Rate Before Dec-09	Deprec. Rate After Dec-09	2011 Plant Additions	2011 Plant Adjustments	2011 Adjusted Plant Additions	2011 Plant Retirements	2011 Salvage A/D Only	2011 Plant Balance	2011 Deprec.
	301	Organization Cost	0.00%	0.00%	-	-	-	-	-	20,335	-
	302	Franchise Cost	0.00%	0.00%	-	-	-	-	-	-	-
	303	Land and Land Rights	0.00%	0.00%	-	-	-	-	-	67,992	-
	304	Structures and Improvements	3.33%	3.33%	-	-	-	-	-	6,000	-
	305	Collecting and Impounding Res.	2.50%	2.50%	-	-	-	-	-	-	-
	306	Lake River and Other Intakes	2.50%	2.50%	-	-	-	-	-	-	-
	307	Wells and Springs	3.33%	3.33%	-	-	-	-	-	159,275	5,304
	308	Infiltration Galleries and Tunnels	6.67%	6.67%	-	-	-	-	-	-	-
	309	Supply Mains	2.00%	2.00%	-	-	-	-	-	-	-
	310	Power Generation Equipment	5.00%	5.00%	-	-	-	-	-	-	-
	311	Electric Pumping Equipment	12.50%	12.50%	8,258	2,800	11,058	-	-	71,759	8,279
	320	Water Treatment Equipment	3.33%	3.33%	-	-	-	-	-	-	-
	320.1	Water Treatment Equipment	3.33%	3.33%	-	-	-	-	-	-	-
	320.2	Chemical Solution Feeders	2.22%	2.22%	-	-	-	-	-	-	-
	330	Distribution Reservoirs & Standpipe	2.22%	2.22%	-	-	-	-	-	-	-
	330.1	Storage tanks	5.00%	5.00%	-	-	-	-	-	-	-
	330.2	Pressure Tanks	2.00%	2.00%	-	-	-	-	-	-	-
	331	Transmission and Distribution Mains	3.33%	3.33%	-	-	-	-	-	273,381	6,069
	333	Services	3.33%	3.33%	-	-	-	-	-	823,464	16,469
	334	Meters	8.33%	8.33%	-	-	-	-	-	22,090	1,840
	335	Hydrants	2.00%	2.00%	-	-	-	-	-	827	17
	336	Backflow Prevention Devices	6.67%	6.67%	-	-	-	-	-	-	-
	339	Other Plant and Miscellaneous Equipment	6.67%	6.67%	-	-	-	-	-	-	-
	340	Office Furniture and Fixtures	6.67%	6.67%	-	-	-	-	-	6,500	-
	340.1	Computers and Software	20.00%	20.00%	-	-	-	-	-	6,886	-
	341	Transportation Equipment	20.00%	20.00%	-	-	-	-	-	16,100	-
	342	Stores Equipment	4.00%	4.00%	-	-	-	-	-	-	-
	343	Tools and Work Equipment	5.00%	5.00%	-	-	-	-	-	4,247	212
	344	Laboratory Equipment	10.00%	10.00%	-	-	-	-	-	-	-
	345	Power Operated Equipment	5.00%	5.00%	-	-	-	-	-	-	-
	346	Communications Equipment	10.00%	10.00%	-	-	-	-	-	-	-
	347	Miscellaneous Equipment	10.00%	10.00%	-	-	-	-	-	-	-
	348	Other Tangible Plant (DWS)	5.00%	5.00%	-	-	-	-	-	-	-
		Rounding									

Plant Held for Future Use  
TOTAL WATER PLANT

8,258	2,800	11,058	-	-	1,478,856	38,190
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Beaver Dam Water Company, Inc.  
 Plant Additions and Retirements

Account No.	Description	Deprec. Rate Before Dec-09	Deprec. Rate After Dec-09	Year End Accumulated Depreciation by Account						
				2007	2008	2009	2010	2011	2012	2013
301	Organization Cost	0.00%	0.00%	-	-	-	-	-	-	-
302	Franchise Cost	0.00%	0.00%	-	-	-	-	-	-	-
303	Land and Land Rights	0.00%	0.00%	-	-	-	-	-	-	-
304	Structures and Improvements	3.33%	3.33%	5,966	6,000	6,000	6,000	6,000	6,000	6,000
305	Collecting and Impounding Res.	2.50%	2.50%	-	-	-	-	-	-	-
306	Lake River and Other Intakes	2.50%	2.50%	-	-	-	-	-	-	-
307	Wells and Springs	3.33%	3.33%	28,664	33,574	38,878	44,182	49,486	-	-
308	Infiltration Galleries and Tunnels	6.67%	6.67%	-	-	-	-	-	-	-
309	Supply Mains	2.00%	2.00%	-	-	-	-	-	-	-
310	Power Generation Equipment	5.00%	5.00%	-	-	-	-	-	-	-
311	Electric Pumping Equipment	12.50%	12.50%	17,124	24,711	32,299	39,887	48,165	-	-
320	Water Treatment Equipment	3.33%	3.33%	-	-	-	-	-	-	-
320.1	Water Treatment Equipment	3.33%	3.33%	-	-	-	-	-	-	-
320.2	Chemical Solution Feeders	20.00%	20.00%	-	-	-	-	-	-	-
330	Distribution Reservoirs & Standpipe	2.22%	2.22%	-	-	-	-	-	-	-
330.1	Storage tanks	2.22%	2.22%	108,903	112,957	117,011	122,072	128,141	-	-
330.2	Pressure Tanks	5.00%	5.00%	-	-	-	-	-	-	-
331	Transmission and Distribution Mains	2.00%	2.00%	103,967	120,028	136,487	152,966	169,436	-	-
333	Services	3.33%	3.33%	-	-	-	-	-	-	-
334	Meters	8.33%	8.33%	6,540	8,381	10,221	12,061	13,901	-	-
335	Hydrants	2.00%	2.00%	9	26	42	59	75	-	-
336	Backflow Prevention Devices	6.67%	6.67%	-	-	-	-	-	-	-
339	Other Plant and Miscellaneous Equipment	6.67%	6.67%	-	-	-	-	-	-	-
340	Office Furniture and Fixtures	6.67%	6.67%	6,500	6,500	6,500	6,500	6,500	6,500	6,500
340.1	Computers and Software	20.00%	20.00%	5,051	6,140	6,140	6,886	6,886	6,886	6,886
341	Transportation Equipment	20.00%	20.00%	16,100	16,100	16,100	16,100	16,100	16,100	16,100
342	Stores Equipment	4.00%	4.00%	-	-	-	-	-	-	-
343	Tools and Work Equipment	5.00%	5.00%	2,000	2,000	2,000	2,156	2,369	-	-
344	Laboratory Equipment	10.00%	10.00%	-	-	-	-	-	-	-
345	Power Operated Equipment	5.00%	5.00%	-	-	-	-	-	-	-
346	Communications Equipment	10.00%	10.00%	-	-	-	-	-	-	-
347	Miscellaneous Equipment	10.00%	10.00%	-	-	-	-	-	-	-
348	Other Tangible Plant (DWS) Rounding	5.00%	5.00%	-	-	-	-	-	-	-

Plant Held for Future Use  
 TOTAL WATER PLANT  
 300,825      336,417      371,688      408,868      447,058

Beaver Dam Water Company, Inc.  
Plant Reconciliation to Prior Rate Case

Exhibit  
Rebuttal Schedule B-2  
Page 3.8  
Witness: Bourassa

Line No.	Account No.	Description	Balance Per Company Per 2007 Filing Before Adj.	Staff Adjustments	Staff Adjustments	Staff Adjustments	Adjusted Plant	PTY Plant	Rounding	Initial Balance
1	301	Organization Cost	20,335				20,335			20,335
2	302	Franchise Cost								
3	303	Land and Land Rights	35,596				35,596			35,596
4	304	Structures and Improvements	6,000				6,000			6,000
5	305	Collecting and Impounding Res.								
6	306	Lake River and Other Intakes								
7	307	Wells and Springs	77,913	57,728			135,641			135,641
8	308	Infiltration Galleries and Tunnels								
9	309	Supply Mains								
10	310	Power Generation Equipment								
11	311	Electric Pumping Equipment	16,702	43,999			60,701			60,701
12	312	Water Treatment Equipment								
13	313	Water Treatment Plants								
14	314	Chemical Solution Feeders								
15	315	Distribution Reservoirs & Standpipe			(210,254)		182,592			182,592
16	316	Storage tanks	381,199	11,647			823,464	(40,854)		782,610
17	317	Pressure Tanks	664,017	118,593			22,090			22,090
18	318	Transmission and Distribution Mains	11,587	10,503			827			827
19	319	Services								
20	320	Meters								
21	321	Hydrants								
22	322	Backflow Prevention Devices								
23	323	Other Plant and Miscellaneous Equipment								
24	324	Office Furniture and Fixtures	6,500				6,500			6,500
25	325	Computers and Software	4,983	1,157			6,140			6,140
26	326	Transportation Equipment	16,100				16,100			16,100
27	327	Stores Equipment								
28	328	Tools and Work Equipment	2,000				2,000			2,000
29	329	Laboratory Equipment								
30	330	Power Operated Equipment								
31	331	Communications Equipment								
32	332	Miscellaneous Equipment								
33	333	Other Tangible Plant								
34	334	CWMP	40,854					40,854		40,854
35	335	Rounding		(1)			(1)		1	
36	336	TOTAL	\$ 1,283,786	\$ 244,453	\$ (210,254)	\$	\$ 1,317,985	\$ -	\$ -	\$ 1,317,986
37	337	TOTAL EXCLUDING CWMP	\$ 1,242,932				\$ 1,317,985			\$ 1,277,132

Beaver Dam Water Company, Inc.  
 A/D Reconciliation to Prior Rate Case

Line No.	Account No.	Description	Balance Per Company Per 2007 Filing Before Adj.	Staff Adjustments	Intentionally Left Blank	Intentionally Left Blank	Adjusted A/D	PTY Plant	Initial Balance
1	301	Organization Cost	20,335	(20,335)	-	-	-	-	-
2	302	Franchise Cost	-	-	-	-	-	-	-
3	303	Land and Land Rights	5,900	66	-	-	5,966	-	5,966
4	304	Structures and Improvements	-	-	-	-	-	-	-
5	305	Collecting and Impounding Res.	-	-	-	-	-	-	-
6	306	Lake River and Other Intakes	27,163	1,501	-	-	28,664	-	28,664
7	307	Wells and Springs	-	-	-	-	-	-	-
8	308	Infiltration Galleries and Tunnels	-	-	-	-	-	-	-
9	309	Supply Mains	-	-	-	-	-	-	-
10	310	Power Generation Equipment	16,452	672	-	-	17,124	-	17,124
11	311	Electric Pumping Equipment	-	-	-	-	-	-	-
12	312	Water Treatment Equipment	-	-	-	-	-	-	-
13	313	Water Treatment Plants	-	-	-	-	-	-	-
14	314	Chemical Solution Feeders	-	-	-	-	-	-	-
15	315	Distribution Reservoirs & Standpipe	106,883	2,020	-	-	108,903	-	108,903
16	316	Storage tanks	-	-	-	-	-	-	-
17	317	Pressure Tanks	95,307	8,660	-	-	103,967	-	103,967
18	318	Transmission and Distribution Mains	-	-	-	-	-	-	-
19	319	Services	6,296	244	-	-	6,540	-	6,540
20	320	Meters	-	9	-	-	9	-	9
21	321	Hydrants	-	-	-	-	-	-	-
22	322	Backflow Prevention Devices	-	-	-	-	-	-	-
23	323	Other Plant and Miscellaneous Equipment	6,500	-	-	-	6,500	-	6,500
24	324	Office Furniture and Fixtures	4,983	68	-	-	5,051	-	5,051
25	325	Computers and Software	16,100	-	-	-	16,100	-	16,100
26	326	Transportation Equipment	-	-	-	-	-	-	-
27	327	Stores Equipment	2,000	-	-	-	2,000	-	2,000
28	328	Tools and Work Equipment	-	-	-	-	-	-	-
29	329	Laboratory Equipment	-	-	-	-	-	-	-
30	330	Power Operated Equipment	-	-	-	-	-	-	-
31	331	Communications Equipment	-	-	-	-	-	-	-
32	332	Miscellaneous Equipment	-	-	-	-	-	-	-
33	333	Other Tangible Plant	-	-	-	-	-	-	-
34	334	Rounding	-	-	-	-	-	-	-
35	335	TOTAL	307,919	(7,094)	-	-	300,825	-	300,825

Line No.	Plant-in-Service	Acct. No.	Description	Adjusted Accum. Depr.	A Difference to Computed Balance	B Intentionally Left Blank	C Intentionally Left Blank	D Intentionally Left Blank	Rebuttal Adjusted Accum. Depr.
1			Organization Cost	-	-	-	-	-	-
2			Franchise Cost	-	-	-	-	-	-
3			Land and Land Rights	-	-	-	-	-	-
4			Structures and Improvements	6,000	-	-	-	-	6,000
5			Collecting and Impounding Res.	-	-	-	-	-	-
6			Lake River and Other Intakes	-	-	-	-	-	-
7			Wells and Springs	45,137	4,349	-	-	-	49,486
8			Infiltration Galleries and Tunnels	-	-	-	-	-	-
9			Supply Mains	-	-	-	-	-	-
10			Power Generation Equipment	-	-	-	-	-	-
11			Electric Pumping Equipment	29,770	18,396	-	-	-	48,165
12			Water Treatment Plant	-	-	-	-	-	-
13			Water Treatment Plant	-	-	-	-	-	-
14			Chemical Solution Feeders	-	-	-	-	-	-
15			Dist. Reservoirs & Standpipe	-	-	-	-	-	-
16			Storage tanks	127,617	524	-	-	-	128,141
17			Pressure Tanks	-	-	-	-	-	-
18			Trans. and Dist. Mains	180,321	(10,885)	-	-	-	169,436
19			Services	-	-	-	-	-	-
20			Meters	10,145	3,756	-	-	-	13,901
21			Hydrants	87	(12)	-	-	-	75
22			Backflow Prevention Devices	-	-	-	-	-	-
23			Other Plant and Misc. Equip.	-	-	-	-	-	-
24			Office Furniture and Fixtures	6,500	-	-	-	-	6,500
25			Computers and Software	6,886	-	-	-	-	6,886
26			Transportation Equipment	16,100	-	-	-	-	16,100
27			Stores Equipment	-	-	-	-	-	-
28			Tools and Work Equipment	2,156	212	-	-	-	2,369
29			Laboratory Equipment	-	-	-	-	-	-
30			Power Operated Equipment	-	-	-	-	-	-
31			Communications Equipment	-	-	-	-	-	-
32			Miscellaneous Equipment	-	-	-	-	-	-
33			Other Tangible Plant	2,058	(2,058)	-	-	-	-
34			TOTALS	\$ 432,777	\$ 14,281	\$ -	\$ -	\$ -	\$ 447,058
35			Accumulated Depreciation per Direct						\$ 432,777
36			Increase (decrease) in Accumulated Depreciation						\$ 14,281
37			Adjustment to Accumulated Depreciation						\$ 14,281

**Beaver Dam Water Company, Inc.**  
 Test Year Ended December 31, 2011  
 Original Cost Rate Base Proforma Adjustments  
 Adjustment Number 2-A

Exhibit  
 Rebuttal Schedule B-2  
 Page 4.1  
 Witness: Bourassa

Line

No.

1 Adjustment to Reconsilde to Computed A/D Balance

2

3

4 **Acct.**

5 **No. Description**

**Adjusted**

**Accum.**

**Depr.**

**Comuted**

**Balance**

**Required**

**Adjustment**

6	301	Organization Cost	\$ -	\$ -	\$ -
7	302	Franchise Cost	-	-	-
8	303	Land and Land Rights	-	-	-
9	304	Structures and Improvements	6,000	6,000	-
10	305	Collecting and Impounding Res.	-	-	-
11	306	Lake River and Other Intakes	-	-	-
12	307	Wells and Springs	45,137	49,486	4,349
13	308	Infiltration Galleries and Tunnels	-	-	-
14	309	Supply Mains	-	-	-
15	310	Power Generation Equipment	-	-	-
16	311	Electric Pumping Equipment	29,770	48,165	18,396
17	320	Water Treatment Equipment	-	-	-
18	320.1	Water Treatment Plant	-	-	-
19	320.2	Chemical Solution Feeders	-	-	-
20	330	Dist. Reservoirs & Standpipe	-	-	-
21	330.1	Storage tanks	127,617	128,141	524
22	330.2	Pressure Tanks	-	-	-
23	331	Trans. and Dist. Mains	180,321	169,436	(10,885)
24	333	Services	-	-	-
25	334	Meters	10,145	13,901	3,756
26	335	Hydrants	87	75	(12)
27	336	Backflow Prevention Devices	-	-	-
28	339	Other Plant and Misc. Equip.	-	-	-
29	340	Office Furniture and Fixtures	6,500	6,500	-
30	340.1	Computers and Software	6,886	6,886	-
31	341	Transportation Equipment	16,100	16,100	-
32	342	Stores Equipment	-	-	-
33	343	Tools and Work Equipment	2,156	2,369	212
34	344	Laboratory Equipment	-	-	-
35	345	Power Operated Equipment	-	-	-
36	346	Communications Equipment	-	-	-
37	347	Miscellaneous Equipment	-	-	-
38	348	Other Tangible Plant	2,058	-	(2,058)
39					
40		TOTALS	\$ 432,777	\$ 447,058	\$ 14,281

41

42

43

44

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46

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48

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50

Beaver Dam Water Company, Inc.  
Test Year Ended December 31, 2011  
Computation of Working Capital

Exhibit  
Rebuttal Schedule B-5  
Page 1  
Witness: Bourassa

Line  
No.

1	Cash Working Capital (1/8 of Allowance		
2	Operation and Maintenance Expense)	\$	33,510
3	Pumping Power (1/24 of Pumping Power)		766
4	Purchased Water (1/24 of Purchased Water)		-
5			
6			
7			
8			
9	Total Working Capital Allowance	<u>\$</u>	<u>34,276</u>
10			
11			
12	Working Capital Requested	<u>\$</u>	<u>34,276</u>
13			
14			
15	<u>SUPPORTING SCHEDULES:</u>	<u>RECAP SCHEDULES:</u>	
16	E-1	B-1	
17			
18			
19	Total Operating Expense	\$	311,313
20	Less:		
21	Income Tax		(5,579)
22	Property Tax		10,993
23	Depreciation		19,437
24	Purchased Water		-
25	Pumping Power		18,381
26	Allowable Expenses		<u>268,080</u>
27	1/8 of allowable expenses		<u>33,510</u>
28			
29			
30			

**Beaver Dam Water Company, Inc.**  
 Test Year Ended December 31, 2011  
 Income Statement

Exhibit  
 Rebuttal Schedule C-1  
 Page 1  
 Witness: Bourassa

Line No.		Test Year Adjusted Results	Adjustment	Rebuttal Test Year Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase
1	<b>Revenues</b>					
2	Metered Water Revenues	\$ 307,492	\$ (3,034)	\$ 304,458	\$ 49,285	\$ 353,743
3	Unmetered Water Revenues	-	-	-		-
4	Other Water Revenues	540	-	540		540
5		\$ 308,032	\$ (3,034)	\$ 304,998	\$ 49,285	\$ 354,283
6	<b>Operating Expenses</b>					
7	Salaries and Wages	\$ 121,950	-	\$ 121,950		\$ 121,950
8	Purchased Water	-	-	-		-
9	Purchased Power	19,653	(1,272)	18,381		18,381
10	Chemicals	1,445	-	1,445		1,445
11	Repairs and Maintenance	15,297	-	15,297		15,297
12	Office Supplies and Expense	4,989	-	4,989		4,989
13	Outside Services	21,545	(11,028)	10,517		10,517
14	Water Testing	3,672	105	3,777		3,777
15	Rents - Building	46,999	-	46,999		46,999
16	Transportation Expenses	7,967	-	7,967		7,967
17	Insurance - General Liability	5,049	-	5,049		5,049
18	Insurance - Other	4,143	-	4,143		4,143
19	Insurance - Health and Life	13,644	1,542	15,186		15,186
20	Regulatory Commission Expense - Rate Case	5,000	-	5,000		5,000
21	Miscellaneous Expense	7,900	-	7,900		7,900
22	Depreciation Expense	20,992	(1,555)	19,437		19,437
23	Taxes Other Than Income	17,861	-	17,861		17,861
24	Property Taxes	11,103	(109)	10,993	592	11,585
25	Income Tax	(7,331)	1,751	(5,579)	10,188	4,609
26		-	-	-		-
27	<b>Total Operating Expenses</b>	\$ 321,879	\$ (10,566)	\$ 311,313	\$ 10,780	\$ 322,093
28	<b>Operating Income</b>	\$ (13,847)	\$ 7,532	\$ (6,315)	\$ 38,505	\$ 32,190
29	<b>Other Income (Expense)</b>					
30	Interest Income	-	-	-		-
31	Other income	-	-	-		-
32	Interest Expense	(13,852)	(920)	(14,772)		(14,772)
33	Other Expense	-	-	-		-
34		-	-	-		-
35	<b>Total Other Income (Expense)</b>	\$ (13,852)	\$ (920)	\$ (14,772)	\$ -	\$ (14,772)
36	<b>Net Profit (Loss)</b>	\$ (27,699)	\$ 6,612	\$ (21,087)	\$ 38,505	\$ 17,418
37						
38	<u>SUPPORTING SCHEDULES:</u>				<u>RECAP SCHEDULES:</u>	
39	C-1, page 2				A-1	
40						
41						

Beaver Dam Water Company, Inc.  
 Test Year Ended December 31, 2011  
 Income Statement

Exhibit  
 Rebuttal Schedule C-1  
 Page 2  
 Witness: Bourassa

Line No.	1	2	3	4	5	6	7	8	9	10	Rebuttal Test Year Adjusted Results	Proposed Rate Increase	Rebuttal Adjusted with Rate Increase
	Depr. Results	Property Taxes	Revenue Annualization	Revenue Annualization	Purchased Power	Outside Services	Water Testing	Insurance Health and Life	Interest Synch.	Income Tax			
1	\$ 307,492		\$ (394)	\$ (2,640)							\$ 304,458	\$ 49,285	\$ 353,743
2	540										540		540
3	\$ 308,032		\$ (394)	\$ (2,640)							\$ 304,998	\$ 49,285	\$ 354,283
4													
5													
6	\$ 121,950										\$ 121,950		\$ 121,950
7					(1,272)								
8	19,653										18,381		18,381
9	1,445										1,445		1,445
10	15,297										15,297		15,297
11	4,989										4,989		4,989
12	21,545				(11,028)						10,517		10,517
13	3,672						105				3,777		3,777
14	46,999										46,999		46,999
15	7,967										7,967		7,967
16	5,049										5,049		5,049
17	4,143										4,143		4,143
18	13,644							1,542			15,186		15,186
19	5,000										5,000		5,000
20	7,900										7,900		7,900
21	20,992										19,437		19,437
22	17,861										17,861		17,861
23	11,103	(109)									10,993	592	11,585
24	(7,331)									1,751	(5,579)	10,188	4,609
25													
26													
27	\$ 321,879	\$ (1,555)	\$ (109)	\$ -	\$ (1,272)	\$ (11,028)	\$ 105	\$ 1,542	\$ -	\$ 1,751	\$ 311,313	\$ 10,780	\$ 322,093
28	\$ (13,847)	\$ 1,555	\$ 109	\$ (394)	\$ 1,272	\$ 11,028	\$ (105)	\$ (1,542)	\$ -	\$ (1,751)	\$ (6,315)	\$ 38,505	\$ 32,190
29													
30													
31													
32									(920)				
33	(13,852)										(14,772)		(14,772)
34													
35	\$ (13,852)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (920)	\$ -	\$ (14,772)	\$ -	\$ (14,772)
36	\$ (27,689)	\$ 1,555	\$ 109	\$ (394)	\$ 1,272	\$ 11,028	\$ (105)	\$ (1,542)	\$ (920)	\$ (1,751)	\$ (21,087)	\$ 38,505	\$ 17,418
37													

RECAP SCHEDULES:  
 C-1, page 1

SUPPORTING SCHEDULES:  
 C-2, page 1-10



**Beaver Dam Water Company, Inc.**  
 Test Year Ended December 31, 2011  
 Adjustments to Revenues and Expenses  
 Adjustment Number 1

Exhibit  
 Rebuttal Schedule C-2  
 Page 2  
 Witness: Bourassa

Line No.	Acct.	Description	Adjusted Original Cost	Proposed Rates	Depreciation Expense	
1	<u>Depreciation Expense</u>					
2						
3						
4						
5	301	Organization Cost	20,335	0.00%	-	*
6	302	Franchise Cost	-	0.00%	-	
7	303	Land and Land Rights	67,992	0.00%	-	*
8	304	Structures and Improvements	6,000	3.33%	-	*
9	305	Collecting and Impounding Res.	-	2.50%	-	
10	306	Lake River and Other Intakes	-	2.50%	-	
11	307	Wells and Springs	159,275	3.33%	5,304	
12	308	Infiltration Galleries and Tunnels	-	6.67%	-	
13	309	Supply Mains	-	2.00%	-	
14	310	Power Generation Equipment	-	5.00%	-	
15	311	Electric Pumping Equipment	71,759	12.50%	8,970	
16	320	Water Treatment Equipment	-	3.33%	-	
17	320.1	Water Treatment Plant	-	3.33%	-	
18	320.2	Chemical Solution Feeders	-	20.00%	-	
19	330	Dist. Reservoirs & Standpipe	-	2.22%	-	
20	330.1	Storage tanks	273,381	2.22%	6,069	
21	330.2	Pressure Tanks	-	5.00%	-	
22	331	Trans. and Dist. Mains	823,464	2.00%	16,469	
23	333	Services	-	3.33%	-	
24	334	Meters	22,090	8.33%	1,840	
25	335	Hydrants	827	2.00%	17	
26	336	Backflow Prevention Devices	-	6.67%	-	
27	339	Other Plant and Misc. Equip.	-	6.67%	-	
28	340	Office Furniture and Fixtures	6,500	6.67%	-	*
29	340.1	Computers and Software	6,886	20.00%	-	*
30	341	Transportation Equipment	16,100	20.00%	-	*
31	342	Stores Equipment	-	4.00%	-	
32	343	Tools and Work Equipment	4,247	5.00%	212	
33	344	Laboratory Equipment	-	10.00%	-	
34	345	Power Operated Equipment	-	5.00%	-	
35	346	Communications Equipment	-	10.00%	-	
36	347	Miscellaneous Equipment	-	10.00%	-	
37	348	Other Tangible Plant	-	5.00%	-	
38						
39		TOTALS	\$ 1,478,856		\$ 38,881	
40						
41						
42		Less: Amortization of Contributions	\$ 677,631	2.8694%	\$ (19,444)	
43						
44						
45						
46		Total Depreciation Expense			\$ 19,437	
47						
48		Adjusted Test Year Depreciation Expense			20,992	
49						
50		Increase (decrease) in Depreciation Expense			(1,555)	
51						
52		Adjustment to Revenues and/or Expenses			\$ (1,555)	
53						
54		<u>SUPPORTING SCHEDULE</u>				
55		B-2, page 3				* Non-depreciable or fully depreciated
56						
57		<u>CIAC Amortization Rate Calc</u>				
58		(A) Annual Depreciation	\$ 38,881			
59		(B) Depreciable Plant	\$ 1,355,043			
60		(C) Rate =(A)/(B)		2.8694%		

Beaver Dam Water Company, Inc.  
 Test Year Ended December 31, 2011  
 Adjustment to Revenues and Expenses  
 Adjustment Number 2

Exhibit  
 Rebuttal Schedule C-2  
 Page 3  
 Witness: Bourassa

**Property Tax Expense**

Line No.	<u>DESCRIPTION</u>	<u>Test Year As Adjusted</u>	<u>Company Proposed</u>
1	Company Adjusted Test Year Revenues - 2007	\$ 304,998	\$ 304,998
2	Weight Factor	<u>2</u>	<u>2</u>
3	Subtotal (Line 1 * Line 2)	609,996	609,996
4	Company Recommended Revenue	304,998	354,283
5	Subtotal (Line 4 + Line 5)	914,994	964,279
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	304,998	321,426
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	609,996	642,853
10	Plus: 10% of CWIP - 2005	-	-
11	Less: Net Book Value of Licensed Vehicles	-	-
12	Full Cash Value (Line 9 + Line 10 - Line 11)	609,996	642,853
13	Assessment Ratio	20.0%	20.0%
14	Assessment Value (Line 12 * Line 13)	121,999	128,571
15	Composite Property Tax Rate - Obtained from ADOR	9.0109%	9.0109%
16	Test Year Adjusted Property Tax Expense (Line 14 * Line 15)	\$ 10,993	\$ 11,585
17	Tax on Parcels	-	-
18	Total Property Taxes (Line 16 + Line 17)	<u>\$ 10,993</u>	
19	Test Year Property Taxes	<u>\$ 11,103</u>	
20	Adjustment to Test Year Property Taxes (Line 18 - Line 19)	<u>\$ (109)</u>	
21			
22	Property Tax on Company Recommended Revenue (Line 16 + Line 17)		<u>\$ 11,585</u>
23	Company Test Year Adjusted Property Tax Expense (Line 18)		<u>\$ 10,993</u>
24	Increase in Property Tax Due to Increase in Revenue Requirement		<u>\$ 592</u>
25			
26	Increase in Property Tax Due to Increase in Revenue Requirement (Line 24)		\$ 592
27	Increase in Revenue Requirement		\$ 49,285
28	Increase in Property Tax Per Dollar Increase in Revenue (Line 26 / Line 27)		1.20145%
29			
30	<b><u>REFERENCES:</u></b>		
31	Line 15: Composite Tax Rate obtained from Arizona Department of Revenue		
32	Line 19: Company Schedule C-1, Line 23		
33			
34			

Beaver Dam Water Company, Inc.  
Test Year Ended December 31, 2011  
Adjustment to Revenues and Expenses  
Adjustment Number 3

Exhibit  
Rebuttal Schedule C-2  
Page 4  
Witness: Bourassa

Line

No.

1	<u>Revenue Annualization</u>		
2			
3	Staff recommended revenue annualization adjustment	\$	(394)
4			
5			
6			
7			
8			
9			
10			
11	Increase(decrease) Metered Revenues	<u>\$</u>	<u>(394)</u>
12			
13	Adjustment to Revenue and/or Expense	<u>\$</u>	<u>(394)</u>
14			
15			
16	<u>SUPPORTING SCHEDULES/REFERENCE</u>		
17	Staff Adjustment D		
18			
19			
20			

Beaver Dam Water Company, Inc.  
Test Year Ended December 31, 2011  
Adjustment to Revenues and Expenses  
Adjustment Number 4

Exhibit  
Rebuttal Schedule C-2  
Page 5  
Witness: Bourassa

Line

No.

1	<u>Revenue Annualization</u>		
2			
3	Revenue Annualization per Rebuttal	\$	39,033
4	less: Revenue Annualization per Direct	\$	(42,067)
5	less: Revenue annualization adjustment #3		394
6			
7			
8	Net Revenue Increase (decrease) in Revenue Annualization	<u>\$</u>	<u>(2,640)</u>
9			
10			
11	Adjustment to Revenue and/or Expense	<u>\$</u>	<u>(2,640)</u>
12			
13	<u>SUPPORTING SCHEDULES/REFERENCE</u>		
14	H-1		
15	C-2, page 4		
16	C-2, page 5.1 to 5.2		
17	Testimony		
18			
19			
20			

Beaver Dam Water Company, Inc.  
Revenue Annualization / 6 Inch HOA Customers to Year End Number of Customers  
Test Year Ended December 31, 2011

Line No.		Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11
1	Year End Number of Customers	1	1	1	1	1	1	1
2	Actual Customers	(1)	(1)	(1)	(1)	(1)	(1)	(1)
3	Increase in Number of Customers/Bills	\$ 2,272.75	\$ 2,449.15	\$ 2,675.95	\$ 2,562.55	\$ 2,376.70	\$ 2,140.45	\$ 1,617.55
4	Average Revenue / Present Rates	\$ (2,273)	\$ (2,449)	\$ (2,676)	\$ (2,563)	\$ (2,377)	\$ (2,140)	\$ (1,618)
5	Revenue Annualization / Present Rates							
6	Increase in Number of Customers	(1)	(1)	(1)	(1)	(1)	(1)	(1)
7	Average Revenue / Proposed Rates	\$ 2,599.15	\$ 2,800.19	\$ 3,058.67	\$ 2,929.43	\$ 2,717.62	\$ 2,448.37	\$ 1,852.43
8	Revenue Annualization / Proposed Rates	\$ (2,599.15)	\$ (2,800.19)	\$ (3,058.67)	\$ (2,929.43)	\$ (2,717.62)	\$ (2,448.37)	\$ (1,852.43)
9	Additional Gallons to be Produced	(285,000)	(341,000)	(413,000)	(377,000)	(318,000)	(243,000)	(77,000)
10								
11								
12								
13								
14								
15	Year End Number of Customers	1	1	1	1	1	1	1
16	Actual Customers	(1)	(1)	(1)	(1)	(1)	(1)	(1)
17	Increase in Number of Customers/Bills	\$ 1,664.80	\$ 1,740.40	\$ 1,816.00	\$ 2,030.20	\$ 1,784.50	\$ 1,784.50	\$ 1,784.50
18	Average Revenue / Present Rates	\$ (1,664.80)	\$ (1,740.40)	\$ (1,816.00)	\$ (2,030.20)	\$ (1,784.50)	\$ (1,784.50)	\$ (1,784.50)
19	Revenue Annualization / Present Rates							
20	Increase in Number of Customers	(1)	(1)	(1)	(1)	(1)	(1)	(1)
21	Average Revenue / Proposed Rates	\$ 1,906.28	\$ 1,992.44	\$ 2,078.60	\$ 2,322.72	\$ 2,042.70	\$ 2,042.70	\$ 2,042.70
22	Revenue Annualization / Proposed Rates	\$ (1,906.28)	\$ (1,992.44)	\$ (2,078.60)	\$ (2,322.72)	\$ (2,042.70)	\$ (2,042.70)	\$ (2,042.70)
23	Additional Gallons to be Produced	(92,000)	(116,000)	(140,000)	(208,000)	(130,000)	(130,000)	(130,000)
24								

Total Year  
\$ (25,131)

\$ (28,749)  
\$ (2,740,000)



Beaver Dam Water Company, Inc.  
Test Year Ended December 31, 2011  
Adjustment to Revenues and Expenses  
Adjustment Number 5

Exhibit  
Rebuttal Schedule C-2  
Page 6  
Witness: Bourassa

Line

No.

1	<u>Purchased Power</u>		
2			
3	Staff recommended purchased power adjustment	\$	(1,272)
4			
5			
6			
7			
8			
9			
10			
11	Increase(decrease) Purchased Power	<u>\$</u>	<u>(1,272)</u>
12			
13	Adjustment to Revenue and/or Expense	<u>\$</u>	<u>(1,272)</u>
14			
15			
16	<u>SUPPORTING SCHEDULES/REFERENCE</u>		
17	Staff Adjustment E		
18			
19			
20			

Beaver Dam Water Company, Inc.  
Test Year Ended December 31, 2011  
Adjustment to Revenues and Expenses  
Adjustment Number 6

Exhibit  
Rebuttal Schedule C-2  
Page 7  
Witness: Bourassa

Line

No.

1 Outside Services

2

3 Staff recommended outside services expense adjustment \$ (11,028)

4

5

6

7

8

9

10

11 Increase(decrease) Contractual Services \$ (11,028)

12

13 Adjustment to Revenue and/or Expense \$ (11,028)

14

15

16 SUPPORTING SCHEDULES/REFERENCE

17 Staff Adjustment F

18

19

20

Beaver Dam Water Company, Inc.  
Test Year Ended December 31, 2011  
Adjustment to Revenues and Expenses  
Adjustment Number 7

Exhibit  
Rebuttal Schedule C-2  
Page 8  
Witness: Bourassa

Line

No.

1	<u>Outside Services</u>		
2			
3	Staff recommended water testing expense adjustment	\$	105
4			
5			
6			
7			
8			
9			
10			
11	Increase(decrease) Water Testing expense	<u>\$</u>	<u>105</u>
12			
13	Adjustment to Revenue and/or Expense	<u>\$</u>	<u>105</u>
14			
15			
16	<u>SUPPORTING SCHEDULES/REFERENCE</u>		
17	Staff Adjustment G		
18			
19			
20			

Beaver Dam Water Company, Inc.  
Test Year Ended December 31, 2011  
Adjustment to Revenues and Expenses  
Adjustment Number 8

Exhibit  
Rebuttal Schedule C-2  
Page 9  
Witness: Bourassa

Line  
No.

1	<u>Insurance - Health and Life</u>		
2			
3	Staff recommended insurance - health and life expense adjustment	\$	1,542
4			
5			
6			
7			
8			
9			
10			
11	Increase(decrease) Water Testing expense	\$	<u>1,542</u>
12			
13	Adjustment to Revenue and/or Expense	\$	<u>1,542</u>
14			
15			
16	<u>SUPPORTING SCHEDULES/REFERENCE</u>		
17	Staff Adjustment H		
18			
19			
20			

Beaver Dam Water Company, Inc.  
Test Year Ended December 31, 2011  
Adjustment to Revenues and Expenses  
Adjustment Number 9

Exhibit  
Rebuttal Schedule C-2  
Page 10  
Witness: Bourassa

Line No.				
1	<u>Interest Synchronization</u>			
2				
3				
4	Fair Value Rate Base	\$	368,943	
5	Weighted Cost of Debt		4.00%	
6	Interest Expense		\$	14,772
7				
8	Test Year Interest Expense		\$	<u>13,852</u>
9				
10	Increase (decrease) in Interest Expense			920
11				
12				
13				
14	Adjustment to Revenue and/or Expense		\$	<u>(920)</u>
15				

**Beaver Dam Water Company, Inc.**  
 Test Year Ended December 31, 2011  
 Adjustment to Revenues and/or Expenses  
 Adjustment Number 10

Exhibit  
 Rebuttal Schedule C-2  
 Page 11  
 Witness: Bourassa

Line  
 No.

		<u>Test Year Adjusted Results</u>		<u>Adjusted with Rate Increase</u>	
1	<u>Income Tax Computation</u>				
2					
3					
4					
5					
6					
7					
8					
9	Taxable Income	\$ (26,666)		\$ 22,027	
10					
11					
12					
13	Income Before Taxes	<u>\$ (26,666)</u>		<u>\$ 22,027</u>	
14					
15	Arizona Income Before Taxes	\$ (26,666)		\$ 22,027	
16					
17	Arizona Income Tax	<u>\$ (1,858)</u>		<u>\$ 1,535</u>	
18	Rate =	6.968%			
19					
20					
21	Arizona Income Taxes	\$ (1,858)		\$ 1,535	
22					
23	Federal Income Before Taxes	\$ (26,666)		\$ 22,027	
24					
25	Less Arizona Income Taxes	<u>\$ (1,858)</u>		<u>\$ 1,535</u>	
26					
27	Federal Taxable Income	<u>\$ (24,808)</u>		<u>\$ 20,492</u>	
28					
29					
30					
31	FEDERAL INCOME TAXES:				
32	15% BRACKET	\$ (3,721)		\$ 3,074	
33	25% BRACKET	\$ -		\$ -	
34	34% BRACKET	\$ -	Federal	\$ -	Federal
35	39% BRACKET	\$ -	Effective	\$ -	Effective
36	34% BRACKET	\$ -	Tax	\$ -	Tax
37			Rate		Rate
38	Federal Income Taxes	<u>\$ (3,721)</u>	13.95%	<u>\$ 3,074</u>	13.95%
39					
40					
41	Total Income Tax	<u>\$ (5,579)</u>		<u>\$ 4,609</u>	
42					
43	Overall Tax Rate	<u>20.92%</u>		<u>20.92%</u>	
44					
45	Income Tax	\$ (5,579)		\$ 4,609	
46	Test Year Income tax Expense	(7,331)		(5,579)	
47	Adjustment to Income Tax Expense	<u>\$ 1,751</u>		<u>\$ 10,188</u>	

49 SUPPORTING SCHEDULES

50 C-3, page 2

51

**Beaver Dam Water Company, Inc.**  
 Test Year Ended December 31, 2011  
 Computation of Gross Revenue Conversion Factor

Exhibit  
 Rebuttal Schedule C-3  
 Page 1  
 Witness: Bourassa

Line No.	<u>Description</u>	Percentage of Incremental Gross <u>Revenues</u>
1	Combined Federal and State Effective Income Tax Rate	20.923%
2		
3	Property Taxes	<u>0.950%</u>
4		
5		
6	Total Tax Percentage	21.873%
7		
8	Operating Income % = 100% - Tax Percentage	78.127%
9		
10		
11		
12		
13	<u>1</u> = Gross Revenue Conversion Factor	
14	Operating Income %	1.2800
15		
16	<u>SUPPORTING SCHEDULES:</u>	<u>RECAP SCHEDULES:</u>
17	C-3, page 2	A-1
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)	(E)	(F)
<u>Calculation of Gross Revenue Conversion Factor:</u>							
1	Revenue	100.0000%					
2	Uncollectible Factor (Line 11)	0.0000%					
3	Revenues (L1 - L2)	100.0000%					
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	21.8729%					
5	Subtotal (L3 - L4)	78.1271%					
6	Revenue Conversion Factor (L1 / L5)	1.279955					
<u>Calculation of Uncollectible Factor:</u>							
7	Unity	100.0000%					
8	Combined Federal and State Tax Rate (Line 17)	20.9228%					
9	One Minus Combined Income Tax Rate (L7 - L8)	79.0772%					
10	Uncollectible Rate	0.0000%					
11	Uncollectible Factor (L9 * L10)		0.0000%				
<u>Calculation of Effective Tax Rate:</u>							
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%					
13	Arizona State Income Tax Rate	6.9680%					
14	Federal Taxable Income (L12 - L13)	93.0320%					
15	Applicable Federal Income Tax Rate (Line 44)	15.0000%					
16	Effective Federal Income Tax Rate (L14 x L15)	13.9548%					
17	Combined Federal and State Income Tax Rate (L13 + L16)		20.9228%				
<u>Calculation of Effective Property Tax Factor:</u>							
18	Unity	100.0000%					
19	Combined Federal and State Income Tax Rate (L17)	20.9228%					
20	One Minus Combined Income Tax Rate (L18-L19)	79.0772%					
21	Property Tax Factor	1.2014%					
22	Effective Property Tax Factor (L20*L21)		0.9501%				
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			21.8729%			
24	Required Operating Income	\$ 32,190					
25	Adjusted Test Year Operating Income (Loss)	\$ (6,315)					
26	Required Increase in Operating Income (L24 - L25)		\$ 38,505				
27	Income Taxes on Recommended Revenue (Col. (E), L52)	\$ 4,609					
28	Income Taxes on Test Year Revenue (Col. (B), L52)	\$ (5,579)					
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		\$ 10,188				
30	Recommended Revenue Requirement	\$ 354,283					
31	Uncollectible Rate (Line 10)	0.0000%					
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	\$ -					
33	Adjusted Test Year Uncollectible Expense	\$ -					
34	Required Increase in Revenue to Provide for Uncollectible Exp.		\$ -				
35	Property Tax with Recommended Revenue	\$ 11,585					
36	Property Tax on Test Year Revenue	\$ 10,993					
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		\$ 592				
38	Total Required Increase in Revenue (L26 + L29 + L37)		\$ 49,285				

	(A)	(B)	(C)	(D)	(E)	(F)
	Test Year			Company Recommended		
	Beaver Dam Water Company, Inc.			Beaver Dam Water Company, Inc.		
Total						
Revenue	\$ 304,998	\$ 304,998	\$ -	\$ 354,283	\$ 354,283	\$ -
Operating Expenses Excluding Income Taxes	\$ 316,892	\$ 316,892	\$ -	\$ 317,484	\$ 317,484	\$ -
Synchronized Interest (L58)	\$ 14,772	\$ 14,772	\$ -	\$ 14,772	\$ 14,772	\$ -
Arizona Taxable Income (L39 - L40 - L41)	\$ (26,666)	\$ (26,666)	\$ -	\$ 22,028	\$ 22,028	\$ -
Arizona State Income Tax Rate	6.9680%	6.9680%	-	6.9680%	6.9680%	-
Arizona Income Tax (L42 x L43)	\$ (1,858)	\$ (1,858)	\$ -	\$ 1,535	\$ 1,535	\$ -
Federal Taxable Income (L42 - L44)	\$ (24,808)	\$ (24,808)	\$ -	\$ 20,493	\$ 20,493	\$ -
Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%	\$ (3,721)	\$ (3,721)	\$ -	\$ 3,074	\$ 3,074	\$ -
Federal Tax on Second Income Bracket (\$50,001 - \$75,000) @ 25%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Federal Income Tax	\$ (3,721)	\$ (3,721)	\$ -	\$ 3,074	\$ 3,074	\$ -
Combined Federal and State Income Tax (L44 + L51)	\$ (5,579)	\$ (5,579)	\$ -	\$ 4,609	\$ 4,609	\$ -

53 **COMBINED** Applicable Federal Income Tax Rate [Col. (D), L51 - Col. (A), L51] / [Col. (D), L45 - Col. (A), L45] 20.92% 15.0000%

54 **WATER** Applicable Federal Income Tax Rate [Col. (E), L51 - Col. (B), L51] / [Col. (E), L45 - Col. (B), L45] 15.0000%

55

Calculation of Interest Synchronization:

56 Rate Base

57 Weighted Average Cost of Debt

58 Synchronized Interest (L56 X L57)

\$ 368,943	N/A	\$ -
4.0039%		0.0000%
\$ 14,772		\$ -



**Beaver Dam Water Company, Inc.**  
 Analysis of Revenue by Detailed Class  
 Test Year Ended December 31, 2011

Line No.	Customer Classification and/or Meter Size	(a) Average Number of Customers at 12/31/2011	Average Consumption	Revenues		Proposed Increase	
				Present Rates	Proposed Rates	Dollar Amount	Percent Amount
1	5/8x3/4 Inch	296	6,577	\$ 42.97	\$ 49.53	6.56	15.28%
2	1 Inch	8	23,971	144.26	164.86	20.60	14.28%
3	1.5 Inch	2	79,634	400.13	465.47	65.35	16.33%
4	2 Inch	2	23,251	\$ 293.24	\$ 335.63	42.39	14.46%
5	3 Inch	1	-	440.00	504.32	64.32	14.62%
6	4 Inch	1	64,917	-	-	-	0.00%
7	6 Inch	1	377,083	\$ 2,562.81	\$ 2,929.73	366.92	14.32%
8	6 Inch		INTENTIONALLY LEFT BLANK - SEE HOA 5/8X3/4 INCH BELOW				
9	6 Inch	177	1,290	\$ 11.83	\$ 34.71	22.87	193.33%
10							
11							
12							
13							
14							
15	Totals	488					
16							
17	Actual Year End Number of Customers:	313					
18							
19							

<sup>1</sup> Present rate computed assumes 177 lots and assumes recorded test year revenues for 6 inch HOA meter of \$25,131.

Line No.	Monthly Usage Charge for:	Present Rates	Proposed Rates	Change	Percent Change
1	Meter Size:				
2	5/8 x 3/4 Inch	\$ 27.50	\$ 31.52	\$ 4.02	14.62%
3	3/4 Inch	41.25	47.28	6.03	14.62%
4	1 Inch	68.75	78.80	10.05	14.62%
5	1 1/2 Inch	137.50	157.60	20.10	14.62%
6	2 Inch	220.00	252.16	32.16	14.62%
7	3 Inch	440.00	504.32	64.32	14.62%
8	4 Inch	687.50	788.00	100.50	14.62%
9	6 Inch	1,375.00	1,576.00	201.00	14.62%
10	8 Inch	2,200.00	2,521.60	321.60	14.62%
11	10 Inch	3,162.00	3,624.80	462.80	14.64%
12	12 Inch	5,912.00	6,776.80	864.80	14.63%
13					
14					
15					
16					
17	Gallons in Minimum				
18					
19					
20					
21					
22	<u>Commodity Rates</u>				
23	5/8x3/4 Inch				
24					
25					
26					
27	3/4 Inch				
28					
29					
30					
31	1 Inch Meter				
32					
33					
34	1.5 Inch Meter				
35					
36					
37	2 Inch Meter				
38					
39					
40	3 Inch Meter				
41					
42					
43	4 Inch Meter				
44					
45					
46					
47					

Block	Present Rates	Proposed Rates	Percent Change
1 gallons to 5,000 gallons	\$ 2.10	\$ 2.47	17.62%
5,001 gallons to 12,000 gallons	\$ 3.15	\$ 3.59	13.97%
over 12,000 gallons	\$ 3.75	\$ 4.71	25.60%
1 gallons to 5,000 gallons	\$ 2.10	\$ 2.47	17.62%
5,001 gallons to 12,000 gallons	\$ 3.15	\$ 3.59	13.97%
over 12,000 gallons	\$ 3.75	\$ 4.71	25.60%
1 gallons to 30,000 gallons	\$ 3.15	\$ 3.59	13.97%
over 30,000 gallons	\$ 3.75	\$ 4.71	25.60%
0 gallons to 60,000 gallons	\$ 3.15	\$ 3.59	13.97%
over 60,000 gallons	\$ 3.75	\$ 4.71	25.60%
1 gallons to 96,000 gallons	\$ 3.15	\$ 3.59	13.97%
over 96,000 gallons	\$ 3.75	\$ 4.71	25.60%
1 gallons to 192,000 gallons	\$ 3.15	\$ 3.59	13.97%
over 192,000 gallons	\$ 3.75	\$ 4.71	25.60%
1 gallons to 300,000 gallons	\$ 3.15	\$ 3.59	13.97%
over 300,000 gallons	\$ 3.75	\$ 4.71	25.60%

(Per 1,000 gallons)

Beaver Dam Water Company, Inc.  
 Test Year Ended December 31, 2011  
 Present and Proposed Rates

Line No.	Commodity Rates	Block	Present Rates	Proposed Rates	Percent Change
1					
2					
3					
4					
5	6 Inch Meter	1 to 600,000 gallons	\$ 3.15	\$ 3.59	13.97%
6		over 600,000 gallons	\$ 3.75	\$ 4.71	25.60%
7					
8	8 Inch Meter	1 to 960,000 gallons	\$ 3.15	\$ 3.59	13.97%
9		over 960,000 gallons	\$ 3.75	\$ 4.71	25.60%
10					
11	10 Inch Meter	1 to 1,380,000 gallons	\$ 3.15	\$ 3.59	13.97%
12		over 1,380,000 gallons	\$ 3.75	\$ 4.71	25.60%
13					
14	12 Inch Meter	1 to 2,580,000 gallons	\$ 3.15	\$ 3.59	13.97%
15		over 2,580,000 gallons	\$ 3.75	\$ 4.71	25.60%
16					
17	Standpipe (Bulk)	All gallons	\$ 2.46	\$ 4.71	91.46%
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
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52					
53					

**Beaver Dam Water Company, Inc.**  
 Changes in Representative Rate Schedules  
 Test Year Ended December 31, 2011

Exhibit  
 Rebuttal Schedule H-3  
 Page 3  
 Witness: Bourassa

Line	Present	Proposed
<u>No.</u>	<u>Rates</u>	<u>Rates</u>
1	\$ 35.00	\$ 35.00
2	\$ 45.00	NT
3	\$ 50.00	\$ 50.00
4	\$ 65.00	NT
5	\$ 25.00	\$ 25.00
6	(a)	(a)
7	(a)	(a)
8	(b)	(b)
9	(b)	NT
10	\$ 25.00	\$ 20.00
11	(c)	(c)
12	\$ 15.00	\$ 15.00
13	NT	Cost
14	(c)	(c)
15	NT	\$ 35.00
16	(d)	(d)
17		
18	Present	Proposed
19	<u>Rates</u>	<u>Rates</u>
20	NT	(e)
21	NT	(e)
22	NT	(e)
23	NT	(e)
24	NT	(e)
25		
26		
27	(a) Per Rule R14-2-403(B).	
28	(b) Minimum charge times number of full months off the system. per Rule R14-2-403(D).	
29	(c) 1.5% of the unpaid balance per month	
30	(d) Per Commission Rule R14-2-405.B	
31	(e) 2.00% of monthly minimum for a comparable size meter connection but no less than \$10	
32	per month. Applicable where there is a separate and distinct service line and distinct from	
33	the primary water service line.	
34		
35	IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM	
36	ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE	
37	TAX. PER COMMISSION RULE 14-2-409D(5).	
38		
39		
40		
41		
42		
43		
44		
45		
46		
47		
48		

**Beaver Dam Water Company, Inc.**  
 Test Year Ended December 31, 2011  
 Meter and Service Line Charges

Exhibit  
 Rebuttal Schedule H-3  
 Page 4  
 Witness: Bourassa

Line  
No.

1						
2	<b><u>Meter and Service Line Charges</u></b>					
3						
4		Present			Proposed	
5		Present	Meter		Proposed	Meter
6		Service	Install-	Total	Service	Install-
7		Line	ation	Present	Line	ation
8		<u>Charge</u>	<u>Charge</u>	<u>Charge</u>	<u>Charge</u>	<u>Charge</u>
9	5/8 x 3/4 Inch	\$ 425.00	\$ 155.00	\$ 580.00	\$ 425.00	\$ 155.00
10	3/4 Inch	445.00	255.00	700.00	445.00	255.00
11	1 Inch	445.00	255.00	700.00	445.00	255.00
12	1 1/2 Inch	460.00	420.00	880.00	460.00	420.00
13	2 Inch / Turbine	615.00	765.00	1,380.00	615.00	765.00
14	2 Inch / Compound	615.00	845.00	1,460.00	615.00	845.00
15	3 Inch / Turbine	745.00	1,185.00	1,930.00	745.00	1,185.00
16	3 Inch / Compound	745.00	1,265.00	2,010.00	745.00	1,265.00
17	4 Inch / Turbine	1,050.00	1,885.00	2,935.00	1,050.00	1,885.00
18	4 Inch / Compound	1,050.00	1,970.00	3,020.00	1,050.00	1,970.00
19	6 Inch / Turbine	1,250.00	2,870.00	4,120.00	1,250.00	2,870.00
20	6 Inch / Compound	1,250.00	4,710.00	5,960.00	1,250.00	4,710.00
21	8 Inch Turbine	At Cost				
22	10 Inch Turbine	At Cost				
23	12 Inch Turbine	At Cost				
24						
25	N/T = No Tariff					
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
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