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

Docket No. W-01445A-12-0348

RUCO'S NOTICE OF FILING

The RESIDENTIAL UTILITY CONSUMER OFFICE ("RUCO") hereby provides notice of
filing the Direct Testimony of Robert B. Mease on Rate Design, in the above-referenced
docket.

RESPECTFULLY SUBMITTED this 5th day of March, 2013.

Daniel W. Pozefsky
Chief Counsel

1 AN ORIGINAL AND THIRTEEN COPIES
2 of the foregoing filed this 5th day
3 of March, 2013 with:

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

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6 mailed this 5th day of March, 2013 to:

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ARIZONA WATER COMPANY
DOCKET NO. W-01445A-12-0348

DIRECT TESTIMONY
OF
ROBERT B. MEASE
ON
RATE DESIGN

ON BEHALF OF
THE
RESIDENTIAL UTILITY CONSUMER OFFICE

MARCH 5, 2013

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EXECUTIVE SUMMARY

Based on RUCO’s analysis of Arizona Water Company’s rate application, RUCO is recommending rate designs for the Northern Groups Systems that will result in the following typical monthly bills for residential customers with average consumption on a 5/8” X 3/4” meter:

		RUCO		
	<u>SYSTEM</u>	<u>PRESENT RATE</u>	<u>PROPOSED RATE</u>	<u>% CHANGE</u>
	<u>Navajo (Lakeside, Overgarrd)</u>	\$ 26.24	\$ 28.36	8.09 %
	<u>Verde Valley</u>			
	Sedona	\$ 38.71	\$ 48.74	25.9 %
	Pinewood/ Rimrock	\$ 33.42	\$ 30.46	(8.8) %

There are two issues to be discussed in preparing this rate design. The Company has proposed full consolidation of the Sedona System with the Verde Valley System that currently consists of Pinewood and Rimrock. RUCO supports the Company’s proposal to fully consolidate the Sedona System with the existing Verde Valley System. In addition, the Company has proposed a “declining usage” adjustment based on conservation efforts by the ratepayer and weather normalization. RUCO does not support a declining usage adjustment as it is not a known and measurable adjustment.

1 **INTRODUCTION**

2 **Q. Please state your name, position, employer and address.**

3 A. My Name is Robert B. Mease. I am Associate Chief of Accounting and
4 Rates employed by the Residential Utility Consumer Office (“RUCO”)
5 located at 1110 W. Washington, Suite 220, Phoenix, Arizona 85007.

6
7 **Q. Please state your educational background and qualifications in the
8 utility regulation field.**

9 A. Appendix 1, which is attached to this testimony, describes my educational
10 background, work experience and regulatory matters in which I have
11 participated. In summary, I joined RUCO in October of 2011. I graduated
12 from Morris Harvey College in Charleston, WV and attended Kanawha
13 Valley School of Graduate Studies. I am a Certified Public Accountant
14 and maintain my license to practice from the state of West Virginia. My
15 years of work experience include serving as Vice President and Controller
16 of a public utility and energy company in Great Falls, Montana and have
17 participated in several rate case filings on behalf of the utility.

18
19 **Q. What is the purpose of your direct testimony?**

20 A. My direct testimony will address RUCO’s rate designs for the Company’s
21 Northern Group Water Systems. The systems include Navajo (Lakeside
22 and Overgaard) and Verde Valley (Pinewood, Rimrock and Sedona).
23 Schedules have been prepared for each system that develops appropriate

1 rate designs summing up to RUCO's recommended revenue. Also an
2 analysis of a typical residential bill for each system has been included.

3 To support RUCO's position in this direct testimony, Schedules numbered
4 RD-1 and RD-2 have been prepared for each system. I will also discuss
5 the Company's proposed consolidation of the Sedona Water System into
6 the Verde Valley System which currently includes both Pinewood and
7 Rimrock. Finally, I will discuss the declining use adjustment the Company
8 has proposed.

9
10 **VERDE VALLEY – CONSOLIDATION OF SEDONA**

11 **Q. What are the current systems that comprise the Verde Valley Water**
12 **System?**

13 A. Pinewood and Rimrock were fully consolidated, with the same monthly
14 charge and commodity rates, forming the Verde Valley System during the
15 last rate case filing. (ACC Decision No. 71845) Also, Sedona was
16 partially consolidated with the same monthly minimum charge as
17 Pinewood and Rimrock but maintains difference commodity rates.

18
19 **Q. Is the Company proposing to fully consolidate the Sedona Water**
20 **System into the Verde Valley System as part of this filing?**

21 A. Yes, the Company is proposing full consolidation of the three systems
22 during this filing. They have consolidated the rates in this filing as if the
23 systems are already consolidated.

1 **Q. What are the Company’s reasons for consolidating the three systems**
2 **as proposed?**

3 A. The basic reasons for consolidation of the systems include the existing
4 functional relationships such as sharing management, operating
5 employees and customer service. Also, it will help streamline
6 administrative and regulatory processes, thereby lowering costs,
7 especially costs related to ratemaking and accounting.

8

9 **Q. Does RUCO agree with the Company’s consolidation proposal?**

10 A. Yes, RUCO agrees with the Company’s proposal and have prepared it’s
11 rate structure accordingly.

12

13 **DECLINING USAGE RATE DESIGN**

14 **Q Is the Company proposing a reduction in test year quantities sold as**
15 **a result of “declining usage?”**

16 A. Yes. Mr Reiker made the argument that the Northern Groups ratepayers
17 are experiencing declining usage as a result of weather and water efficient
18 appliances. The Company also believes that the declining usage is
19 partially due to the Arizona Corporation Commission’s decisions requiring
20 three-tier increasing block rate designs.

21

22

1 **Q. What is RUCO's position on AWC's rate design that relies on usage**
2 **adjusted billing determinants?**

3 A. RUCO does not believe that the level of declining usage per customer will
4 continue into the future and that the declining usage results from
5 conservation efforts. RUCO does not believe that any projected or
6 forecasted declining usage will result in AWC's ability to earn its
7 authorized return from ratepayers. The potential for ongoing conservation
8 will be mitigated and usage levels stabilized over time, thus minimizing the
9 declining usage that impacts the Company's revenues.

10

11 **Q. Has RUCO adopted the Company proposed rate design method for**
12 **dealing with declining usage?**

13 A. No. RUCO does not believe it is appropriate to embed in today's rates an
14 adjustment designed to recover forecasted lost revenue based on the
15 "possibility" that residential usage will decline in the future.

16

17 **Q. Has the issue of declining usage been addressed in recent**
18 **decisions by the ACC?**

19 A. Yes. In ACC Decision No. 73736, dated February 20, 2013, Arizona
20 Water Company, Eastern Group, the Commission did not allow a declining
21 usage adjustment. In the decision, page 71, it states "the Commission will
22 not approve such an adjustment without first being confident that the
23 changes in usage are known and measureable."

1 **RATE DESIGN**

2 **Q. Please explain elements of the rate designs.**

3 A. Each Schedule RD-1 illustrates the elements of RUCO's rate design which
4 mirrors the Company's Schedules by maintaining the same basic
5 conservation-oriented rate structure effective under present rates with a
6 customer charge and inclining block rates for each classification and
7 meter size.

8

9 **PROOF OF RECOMMENDED REVENUE**

10 **Q. Has RUCO prepared Schedules presenting proof of your**
11 **recommended revenue?**

12 A. Yes. Proof that RUCO's recommended rate designs will produce the
13 recommended required revenue as illustrated, is presented on Schedule
14 RD-1 prepared for each system.

15

16 **TYPICAL BILL ANALYSIS**

17 **Q. Has RUCO prepared Schedules representing the financial impact of**
18 **RUCO's recommended rate designs on the typical residential**
19 **customer for each system?**

20 A. Yes. A typical bill analysis for residential customers of each system with
21 various levels of usage is presented on Schedules RD-2.

22

23

1 **NAVAJO (LAKESIDE and OVERGAARD)**

2 **Q. Please describe a typical bill utilizing RUCO's rate design on the**
3 **average Navajo residential customer.**

4 A. RUCO's rate design for the Navajo System proposes a basic service
5 charge for residential customers with a 5/8" X 3/4" meter of \$16.40 while
6 the Company has proposed a rate of \$18.25.

7 Commodity charges recommended by RUCO and the Company are as
8 follows:

<u>Navajo</u>	<u>Current Fee</u>	<u>Company Proposed</u>	<u>RUCO Proposed</u>
First 3,000 gallons	\$ 4.27	\$ 4.18	\$ 3.75
3,000 to 10,000 gallons	\$ 5.13	\$ 5.22	\$ 4.69
Over 10,000 gallons	\$ 6.16	\$ 6.53	\$ 5.87

13
14 The monthly billing per RUCO's proposal to the Navajo residential users,
15 assuming an average consumption of 3,150 gallons per month, will be
16 \$28.36, an 8.09% increase compared to the Company's requested
17 increase of 20.1%

18
19 **VERDE VALLEY (Sedona, Pinewood, Rimrock)**

20 **Q. Did RUCO accept the rate design as proposed by the Company for**
21 **the consolidation of the Verde Valley System?**

22 A. While RUCO agrees with the consolidation proposal, RUCO modified the
23 rate design as filed by the Company. The increase as proposed by the
24 Company in its rate design for Sedona was approximately 25.9% while

1 the Company's rate design for the Pinewood, Rimrock Systems was a
2 slight decrease. RUCO adjusted the rates in order to prevent a large
3 subsidization of the Verde Valley consolidated system by the inclusion of
4 the Sedona System.

5
6 **Q. Please describe the financial impact of RUCO's rate design on the**
7 **average Verde Valley (Sedona, Pinewood, Rimrock) residential**
8 **customer?**

9 A. RUCO is proposing full consolidation of the three systems and a basic
10 service charge for residential customers with a 5/8" X 3/4" meter of \$22.67
11 while the Company has proposed a rate of \$25.00. Current commodity
12 fees and proposed commodity fees are shown for each system as follows:

13
14

<u>Sedona</u>	<u>Current Fee</u>	<u>AWC Proposed</u>	<u>RUCO Proposed</u>
15 First 3,000 gallons	\$ 1.53	\$ 2.82	\$ 2.56
16 3,000 to 10,000 gallons	\$ 2.91	\$ 3.53	\$ 3.20
17 Over 10,000 gallons	\$ 2.39	\$ 4.41	\$ 4.00

18

19 The monthly billing per RUCO's proposal to Sedona residential users,
20 assuming an average consumption of 8,751 gallons per month, will be
21 \$48.74, a 25.9% increase compared to the Company's requested increase
22 of 44.2%.

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<u>Pinewood/Rimrock</u>	<u>Current Fee</u>	<u>AWC Proposed</u>	<u>RUCO Proposed</u>
First 3,000 gallons	\$ 3.39	\$ 2.82	\$ 2.56
3,000 to 10,000 gallons	\$ 4.24	\$ 3.53	\$ 3.20
Over 10,000 gallons	\$ 5.30	\$ 4.41	\$ 4.00

The monthly billing per RUCO's proposal to Pinewood and Rimrock residential users, assuming an average consumption of 3,036 gallons per month, will be \$30.46, a 8.8% decrease compared to the Company's requested decrease of 2.0%.

Q. Does this conclude your direct testimony on rate design?

A. Yes, it does.

APPENDIX I

ROBERT B. MEASE, CPA
Education and Professional Qualifications

EDUCATION

Bachelors Degree Business Administration / Accounting - Morris Harvey College.

Attended West Virginia School of Graduate Studies and studied Accounting and Public Administration

Attended numerous courses and seminars for Continuing Professional Educational purposes.

WORK EXPERIENCE

Controller

Knives of Alaska, Inc., Diamond Blade, LLC., and Alaska Expedition Company.

Financial Manager / CFO

All Saints Camp & Conference Center

Energy West, Inc.

Vice President, Controller

- Led team that succeeded in obtaining a \$1.5 million annual utility rate increase
- Coached accountants for proper communication techniques with Public Service Commission, supervised 9 professional accountants
- Developed financial models used to negotiate an \$18 million credit line
- Responsible for monthly, quarterly and annual financial statements for internal and external purposes, SEC filings on a quarterly and annual basis, quarterly presentations to Board of Directors and shareholders during annual meetings, coordinated annual audit
- Communication with senior management team, supervised accounting staff and resolved all accounting issues, reviewed expenditures related to capital projects
- Monitored natural gas prices and worked with senior buyers to ensure optimal price obtained

Junkermier, Clark, Campanella, Stevens

Consulting Staff

- Established a consulting practice that generated approximately \$160k the first year of existence
- Prepared business plan and projections for inclusion in clients financing documents
- Prepared written reports related to consulting engagements performed
- Developed models used in financing documents and made available for other personnel to use
- Performed Profit Enhancement engagements
- Participated during audit of large manufacturing client for two reporting years

Prior to 1999, held various positions: TMC Sales, Inc. as **Vice President / Controller**, with American Agri-Technology Corporation as **Vice President / CFO** and with Union Carbide Corporation as **Accounting Manager**. (Union Carbide was a multi-national Fortune 500 Company that was purchased by Dow Chemical)

PROFESSIONAL AFFILIATIONS

Member - Institute of Management Accountants

Member - American Institute of CPA's

Past Member –WV Society of CPA's and Montana Society of CPA's

RESUME OF RATE CASE AND REGULATORY PARTICIPATION WITH RUCO

<u>Utility Company</u>	<u>Docket No.</u>
Arizona Water Company (Eastern Group)	WS-01445A -- 11-0310
Pima Utility Company	W-02199A – 11-0329 et al.
Tucson Electric Power Company	E-01933A -- 12-0291

Arizona Water Company
Docket No. W-01445A-12-0348
Test Year Ended December 31, 2011

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RATE DESIGN AND PROOF OF RECOMMENDED REVENUE - NAVAJO

LINE NO.	DESCRIPTION	(A) RUCO AS ADJUSTED DETERMINTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
1	RESIDENTIAL CUSTOMERS				
2	5/8" X 3/4" Meter	8,709	\$ 16.40	\$ 1,713,501	\$ 1,713,501
3	Commodity Usage (In Thousands of Gallons)				
4	First Tier - First 3 Gals.	152,598	\$ 3.7545	\$ 572,924	
5	Second Tier - Next 7 Gals.	108,365	\$ 4.6931	\$ 508,566	
6	Third Tier - Over 10 Gals.	68,242	\$ 5.8664	\$ 400,333	\$ 1,481,824
		329,205			
7					
8	1" Meter	37	\$ 40.9965	\$ 18,202	\$ 18,202
9	Commodity Usage (In Thousands of Gallons)				
10	First Tier - First 25 Gals.	2,478	\$ 4.6931	\$ 11,629	
11	Second Tier - Over 99,999 Gals.	5,185	\$ 5.8664	\$ 30,417	
12	Third Tier - Over 99,999 Gals.	-	\$ 5.8664	\$ -	\$ 42,047
		7,663			
13					
14	2" Meter	24	\$ 131.1746	\$ 38,093	\$ 38,093
15	Commodity Usage (In Thousands of Gallons)				
16	First Tier - First 90 Gals.	5,674	\$ 4.6931	\$ 26,626	
17	Second Tier - Over 99,999 Gals.	2,219	\$ 5.8664	\$ 13,015	
18	Third Tier - Over 99,999 Gals.	-	\$ 5.8664	\$ -	\$ 39,641
		7,892			
19					
20	3" Meter	2	\$ 262.3492	\$ 6,296	\$ 6,296
21	Commodity Usage (In Thousands of Gallons)				
22	First Tier - First 175 Gals.	2,125	\$ 4.6931	\$ 9,973	
23	Second Tier - Over 99,999 Gals.	770	\$ 5.8664	\$ 4,517	
24	Third Tier - Over 99,999 Gals.	-	\$ 5.8664	\$ -	\$ 14,489
		2,895			
25					
26	4" Meter	2	\$ 409.9206	\$ 9,838	\$ 9,838
27	Commodity Usage (In Thousands of Gallons)				
28	First Tier - First 275 Gals.	3,108	\$ 4.6931	\$ 14,588	
29	Second Tier - Over 99,999 Gals.	1,752	\$ 5.8664	\$ 10,277	
30	Third Tier - Over 99,999 Gals.	-	\$ 5.8664	\$ -	\$ 24,864
		4,860			
31					
32	6" Meter	-	\$ 819.8411	\$ -	\$ -
33	Commodity Usage (In Thousands of Gallons)				
34	First Tier - First 550 Gals.	-	\$ 4.6931	\$ -	
35	Second Tier - Over 99,999 Gals.	-	\$ 5.8664	\$ -	
36	Third Tier - Over 99,999 Gals.	-	\$ 5.8664	\$ -	\$ -
37					
38	8" Meter	-	\$ 1,311.7458	\$ -	\$ -
39	Commodity Usage (In Thousands of Gallons)				
40	First Tier - First 925 Gals.	-	\$ 4.6931	\$ -	
41	Second Tier - Over 99,999 Gals.	-	\$ 5.8664	\$ -	
42	Third Tier - Over 99,999 Gals.	-	\$ 5.8664	\$ -	\$ -
43					
44	10" Meter	-	\$ 1,885.6345	\$ -	\$ -
45	Commodity Usage (In Thousands of Gallons)				
46	First Tier - First 1,300 Gals.	-	\$ 4.6931	\$ -	
47	Second Tier - Over 99,999 Gals.	-	\$ 5.8664	\$ -	
48	Third Tier - Over 99,999 Gals.	-	\$ 5.8664	\$ -	\$ -
49					
50	Total Residential Customer Bills	<u>8,774</u>			
51					
52	Total Residential Usage	<u>352,515</u>			
53					
54	TOTAL RESIDENTIAL CUSTOMERS REVENUES				<u>\$ 3,388,796</u>
55					
56					
57					

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE - NAVAJO

LINE NO.	DESCRIPTION	(A) RUCO AS ADJUSTED DETERMINTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
58					
59	COMMERCIAL CUSTOMERS				
60	5/8" X 3/4" Meter	230	\$ 22.4614	\$ 61,993	\$ 61,993
61	Commodity Usage (In Thousands of Gallons)				
62	First Tier - First 10 Gals.	9,536	\$ 4.6931	\$ 44,755	
63	Second Tier - Over 99,999 Gals.	8,581	\$ 5.8664	\$ 50,339	
64	Third Tier - Over 99,999 Gals.	-	\$ 5.8664	\$ -	\$ 95,095
65		18,117			
66	1" Meter	67	\$ 56.1535	\$ 45,147	\$ 45,147
67	Commodity Usage (In Thousands of Gallons)				
68	First Tier - First 25 Gals.	6,566	\$ 4.6931	\$ 30,817	
69	Second Tier - Over 99,999 Gals.	9,337	\$ 5.8664	\$ 54,774	
70	Third Tier - Over 99,999 Gals.	-	\$ 5.8664	\$ -	\$ 85,590
71		15,903			
72	2" Meter	39	\$ 179.6912	\$ 84,095	\$ 84,095
73	Commodity Usage (In Thousands of Gallons)				
74	First Tier - First 90 Gals.	13,970	\$ 4.6931	\$ 65,562	
75	Second Tier - Over 99,999 Gals.	10,576	\$ 5.8664	\$ 62,040	
76	Third Tier - Over 99,999 Gals.	-	\$ 5.8664	\$ -	\$ 127,602
77		24,546			
78	3" Meter	2	\$ 359.3824	\$ 9,919	\$ 9,919
79	Commodity Usage (In Thousands of Gallons)				
80	First Tier - First 175 Gals.	2,895	\$ 4.6931	\$ 13,587	
81	Second Tier - Over 99,999 Gals.	393	\$ 5.8664	\$ 2,304	
82	Third Tier - Over 99,999 Gals.	-	\$ 5.8664	\$ -	\$ 15,891
83		3,288			
84	4" Meter	1	\$ 561.5350	\$ 6,738	\$ 6,738
85	Commodity Usage (In Thousands of Gallons)				
86	First Tier - First 275 Gals.	521	\$ 4.6931	\$ 2,445	
87	Second Tier - Over 99,999 Gals.	-	\$ 5.8664	\$ -	
88	Third Tier - Over 99,999 Gals.	-	\$ 5.8664	\$ -	\$ 2,445
89		521			
90	6" Meter	1	\$ 1,123.0700	\$ 13,477	\$ 13,477
91	Commodity Usage (In Thousands of Gallons)				
92	First Tier - First 550 Gals.	2,607	\$ 4.6931	\$ 12,236	
93	Second Tier - Over 99,999 Gals.	250	\$ 5.8664	\$ 1,465	
94	Third Tier - Over 99,999 Gals.	-	\$ 5.8664	\$ -	\$ 13,701
95		2,857			
96	8" Meter	-	\$ 1,796.9120	\$ -	\$ -
97	Commodity Usage (In Thousands of Gallons)				
98	First Tier - First 925 Gals.	-	\$ 4.6931	\$ -	
99	Second Tier - Over 99,999 Gals.	-	\$ 5.8664	\$ -	
100	Third Tier - Over 99,999 Gals.	-	\$ 5.8664	\$ -	\$ -
101					
102	10" Meter	-	\$ 2,583.0610	\$ -	\$ -
103	Commodity Usage (In Thousands of Gallons)				
104	First Tier - First 1,300 Gals.	-	\$ 4.6931	\$ -	
105	Second Tier - Over 99,999 Gals.	-	\$ 5.8664	\$ -	
106	Third Tier - Over 99,999 Gals.	-	\$ 5.8664	\$ -	\$ -
107					
108					
109	Total Commercial Customer Bills	<u>340</u>			
110					
111	Total Commercial Usage	<u>65,232</u>			
112					
113	TOTAL COMMERCIAL CUSTOMERS REVENUE				<u>\$ 561,695</u>
114					
115					
116					
117					

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE - NAVAJO

LINE NO.	DESCRIPTION	(A) RUCO AS ADJUSTED DETERMINTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
118					
119	INDUSTRIAL CUSTOMERS				
120	5/8" X 3/4" Meter	0	\$ 22.4614	\$ 108	\$ 108
121	Commodity Usage (In Thousands of Gallons)				
122	First Tier - First 99,999 Gals.	31	\$ 4.6931	\$ 143	
123	Second Tier - Next 99,999 Gals.	-	\$ 4.6931	\$ -	
124	Third Tier - Over 99,999 Gals.	-	\$ 4.6931	\$ -	\$ 143
125		31			
126	1" Meter	1	\$ 56.1535	\$ 505	\$ 505
127	Commodity Usage (In Thousands of Gallons)				
128	First Tier - First 99,999 Gals.	15	\$ 4.6931	\$ 70	
129	Second Tier - Next 99,999 Gals.	-	\$ 4.6931	\$ -	
130	Third Tier - Over 99,999 Gals.	-	\$ 4.6931	\$ -	\$ 70
131		15			
132	2" Meter	-	\$ 179.6912	\$ -	\$ -
133	Commodity Usage (In Thousands of Gallons)				
134	First Tier - First 99,999 Gals.	-	\$ 4.6931	\$ -	
135	Second Tier - Next 99,999 Gals.	-	\$ 4.6931	\$ -	
136	Third Tier - Over 99,999 Gals.	-	\$ 4.6931	\$ -	\$ -
137					
138	3" Meter	-	\$ 359.3824	\$ -	\$ -
139	Commodity Usage (In Thousands of Gallons)				
140	First Tier - First 99,999 Gals.	-	\$ 4.6931	\$ -	
141	Second Tier - Next 99,999 Gals.	-	\$ 4.6931	\$ -	
142	Third Tier - Over 99,999 Gals.	-	\$ 4.6931	\$ -	\$ -
143					
144	4" Meter	-	\$ 561.5350	\$ -	\$ -
145	Commodity Usage (In Thousands of Gallons)				
146	First Tier - First 99,999 Gals.	-	\$ 4.6931	\$ -	
147	Second Tier - Next 99,999 Gals.	-	\$ 4.6931	\$ -	
148	Third Tier - Over 99,999 Gals.	-	\$ 4.6931	\$ -	\$ -
149					
150	6" Meter	-	\$ 1,123.0700	\$ -	\$ -
151	Commodity Usage (In Thousands of Gallons)				
152	First Tier - First 99,999 Gals.	-	\$ 4.6931	\$ -	
153	Second Tier - Next 99,999 Gals.	-	\$ 4.6931	\$ -	
154	Third Tier - Over 99,999 Gals.	-	\$ 4.6931	\$ -	\$ -
155					
156	8" Meter	-	\$ 1,796.9120	\$ -	\$ -
157	Commodity Usage (In Thousands of Gallons)				
158	First Tier - First 99,999 Gals.	-	\$ 4.6931	\$ -	
159	Second Tier - Next 99,999 Gals.	-	\$ 4.6931	\$ -	
160	Third Tier - Over 99,999 Gals.	-	\$ 4.6931	\$ -	\$ -
161					
162	10" Meter	-	\$ 2,583.0610	\$ -	\$ -
163	Commodity Usage (In Thousands of Gallons)				
164	First Tier - First 99,999 Gals.	-	\$ 4.6931	\$ -	
165	Second Tier - Next 99,999 Gals.	-	\$ 4.6931	\$ -	
166	Third Tier - Over 99,999 Gals.	-	\$ 4.6931	\$ -	\$ -
167					
168	Total Industrial Customer Bills	<u>1</u>			
169					
170	Total Industrial Usage	<u>15</u>			
171					
172	TOTAL INDUSTRIAL CUSTOMERS REVENUE				<u>\$ 826</u>
173					
174					
175					
176					
177					

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE - NAVAJO

LINE NO.	DESCRIPTION	(A) RUCO AS ADJUSTED DETERMINTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
178					
179	PRIVATE FIRE SERVICE CUSTOMERS				
180	5/8" Meter	654	\$ 22.4614	\$ 14,690	\$ 14,690
181					
182	1" Meter		\$ 22.4614	\$ -	\$ -
183					
184	2" Meter		\$ 22.4614	\$ -	\$ -
185					
186	3" Meter		\$ 22.4614	\$ -	\$ -
187					
188	4" Meter		\$ 22.4614	\$ -	\$ -
189					
190	6" Meter		\$ 22.4614	\$ -	\$ -
191					
192	8" Meter		\$ 22.4614	\$ -	\$ -
193					
194	10" Meter		\$ 22.4614	\$ -	\$ -
195					
196	Total Private Fire Service Customers	<u>654</u>			
197					
198					
199	TOTAL PRIVATE FIRES SERVICE CUSTOMERS REVENUE				<u>\$ 14,690</u>
200					
201	OTHER WATER REVENUE CUSTOMERS				
202	Public Fire Hydrant	-	\$ -	\$ -	\$ -
203					
204	Coin Machine				
205	Commodity Usage (In Thousands of Gallons)	-	\$ -	\$ -	\$ -
206					
207	Construction Water 2" Meter	-	\$ 179.6912		\$ -
208	Commodity Usage (In Thousands of Gallons)				
209	First Tier - First 90 Gals.	-	\$ 4.6931	\$ -	
210	Second Tier - Over 99,999 Gals.	-	\$ 5.8664	\$ -	
211	Third Tier - Over 99,999 Gals.	-	\$ 5.8664	\$ -	\$ -
212					
213	Construction Water 3" Meter	2	\$ 359.3824	\$ 10,415	\$ 10,415
214	Commodity Usage (In Thousands of Gallons)				
215	First Tier - First 175 Gals.	1,127	\$ 4.6931	\$ 5,291	
216	Second Tier - Over 99,999 Gals.	228	\$ 5.8664	\$ 1,338	
217	Third Tier - Over 99,999 Gals.	-	\$ 5.8664	\$ -	\$ 6,629
218		1,355			
219	Construction Water 4" Meter	-	\$ 561.5350	\$ -	\$ -
220	Commodity Usage (In Thousands of Gallons)				
221	First Tier - First 275 Gals.	-	\$ 4.6931	\$ -	\$ -
222	Second Tier - Over 99,999 Gals.	-	\$ 5.8664	\$ -	\$ -
223	Third Tier - Over 99,999 Gals.	-	\$ 5.8664	\$ -	\$ -
224					
225	Sales For Resales 5/8" Meter	-	\$ 22.4614	\$ -	\$ -
226	Commodity Usage (In Thousands of Gallons)				
227	First Tier - First 99,999 Gals.	-	\$ 4.6931	\$ -	
228	Second Tier - Next 99,999 Gals.	-	\$ 4.6931	\$ -	
229	Third Tier - Over 99,999 Gals.	-	\$ 4.6931	\$ -	\$ -
230					
231	Sales For Resales 1" Meter	-	\$ 56.1535	\$ -	\$ -
232	Commodity Usage (In Thousands of Gallons)				
233	First Tier - First 99,999 Gals.	-	\$ 4.6931	\$ -	
234	Second Tier - Next 99,999 Gals.	-	\$ 4.6931	\$ -	
235	Third Tier - Over 99,999 Gals.	-	\$ 4.6931	\$ -	\$ -
236					
237	Sales For Resales 2" Meter	-	\$ 179.6912	\$ -	\$ -
238	Commodity Usage (In Thousands of Gallons)				
239	First Tier - First 99,999 Gals.	-	\$ 4.6931	\$ -	
240	Second Tier - Next 99,999 Gals.	-	\$ 4.6931	\$ -	
241	Third Tier - Over 99,999 Gals.	-	\$ 4.6931	\$ -	\$ -
242					

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE - NAVAJO

LINE NO.	DESCRIPTION	(A) RUCO AS ADJUSTED DETERMINTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
243	Sales For Resales 3" Meter	-	\$ 359.3824	\$ -	
244	Commodity Usage (In Thousands of Gallons)				
245	First Tier - First 99,999 Gals.	-	\$ 4.6931	\$ -	
246	Second Tier - Next 99,999 Gals.	-	\$ 4.6931	\$ -	
247	Third Tier - Over 99,999 Gals.	-	\$ 4.6931	\$ -	\$ -
248					
249	Sales For Resales 4" Meter	-	\$ 561.5350	\$ -	
250	Commodity Usage (In Thousands of Gallons)				
251	First Tier - First 99,999 Gals.	-	\$ 4.6931	\$ -	\$ -
252	Second Tier - Next 99,999 Gals.	-	\$ 4.6931	\$ -	
253	Third Tier - Over 99,999 Gals.	-	\$ 4.6931	\$ -	\$ -
254					
255	Sales For Resales 6" Meter	-	\$ 1,123.0700	\$ -	
256	Commodity Usage (In Thousands of Gallons)				
257	First Tier - First 999,999,999 Gals.	-	\$ 4.6931	\$ -	
258	Second Tier - Next 999,999,999 Gals.	-	\$ 4.6931	\$ -	
259	Third Tier - Over 999,999,999 Gals.	-	\$ 4.6931	\$ -	\$ -
260					
261	Sales For Resales 8" Meter	-	\$ 1,796.9120	\$ -	
262	Commodity Usage (In Thousands of Gallons)				
263	First Tier - First 999,999,999 Gals.	-	\$ 4.6931	\$ -	
264	Second Tier - Next 999,999,999 Gals.	-	\$ 4.6931	\$ -	
265	Third Tier - Over 999,999,999 Gals.	-	\$ 4.6931	\$ -	\$ -
266					
267	Sales For Resales 10" Meter	-	\$ 2,583.0610	\$ -	
268	Commodity Usage (In Thousands of Gallons)				
269	First Tier - First 999,999,999 Gals.	-	\$ 4.6931	\$ -	\$ -
270	Second Tier - Next 999,999,999 Gals.	-	\$ 4.6931	\$ -	
271	Third Tier - Over 999,999,999 Gals.	-	\$ 4.6931	\$ -	\$ -
272	Total Other Water Revenue Customer Bills	<u>2</u>			
273					
274	Total Other Water Revenue Usage	<u>1,355</u>			<u>\$ 17,043</u>
275					
276	TOTAL OTHER WATER CUSTOMERS REVENUE				
277					
278		419,771			
279	RUCO TOTAL PROPOSED REVENUE PER BILL COUNT				\$ 3,983,050
280					
281	Unreconciled Difference vs. Billed Revenues				\$ -
282	Miscellaneous Revenues				\$ 42,441
283					
284	RUCO TOTAL REVENUE				<u>\$ 4,025,491</u>
285					
286	RUCO ADJUSTED TEST-YEAR REVENUE PER SCHEDULE RBM-1				<u>\$ 4,025,491</u>

**RATE DESIGN AND PROOF OF RECOMMENDED REVENUE - NAVAJO
TYPICAL RESIDENTIAL BILL ANALYSIS**

LINE NO.	DESCRIPTION	(A) ORIGINAL RATES	(B) PRESENT ADDITIONAL ACRM / PPA SURCHARGES	(C) TOTAL PRESENT RATES	(D) COMPANY PROPOSED	(E) RUCO PROPOSED	(F) RUCO PROPOSED	(G) RUCO PROPOSED
1	RESIDENTIAL (5/8" X 3/4") RATE DESIGN	\$ 12.64	\$ -	\$ 12.64	\$ 18.25	\$ -	\$ 16.40	
	BASIC MONTHLY CHARGE							
2	COMMODITY CHARGE (Per 1,000 Gallons)							
3	1st Tier - First 3,000	\$ 4.2771	\$ -	\$ 4.2771	\$ 4.1788		\$ 3.7545	
4	2nd Tier - Next 7,000	\$ 5.1320	\$ -	\$ 5.1320	\$ 5.2295		\$ 4.6931	
5	3rd Tier - Over 10,000	\$ 6.1580	\$ -	\$ 6.1580	\$ 6.5294		\$ 5.8664	

AVERAGE RESIDENTIAL BILL COMPARISONS

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

VARIABLE MONTHLY USAGE	PERCENT AVERAGE USAGE OF 3150	PRESENT BASE RATE MONTHLY COST	PRESENT SURCHARGE MONTHLY COST	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
788	25.00%	\$ 16.01	-	\$ 16.01	\$ 19.35	\$ 3.35	20.90%
1,575	50.00%	\$ 19.38	-	\$ 19.38	\$ 22.31	\$ 2.93	15.14%
3,150	100.00%	\$ 26.24	-	\$ 26.24	\$ 28.36	\$ 2.12	8.09%
4,725	150.00%	\$ 34.32	-	\$ 34.32	\$ 35.76	\$ 1.43	4.17%
6,300	200.00%	\$ 42.41	-	\$ 42.41	\$ 43.15	\$ 0.74	1.75%

MEDIAN RESIDENTIAL BILL COMPARISONS

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

VARIABLE MONTHLY USAGE	PERCENT MEDIAN USAGE OF 1,190	PRESENT BASE RATE MONTHLY COST	PRESENT SURCHARGE MONTHLY COST	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
298	25.00%	\$ 13.91	-	\$ 13.91	\$ 17.51	\$ 3.60	25.89%
595	50.00%	\$ 15.18	-	\$ 15.18	\$ 18.63	\$ 3.45	22.69%
1,190	100.00%	\$ 16.18	-	\$ 16.18	\$ 20.86	\$ 4.68	28.93%
1,785	150.00%	\$ 19.24	-	\$ 19.24	\$ 23.10	\$ 3.86	20.08%
2,380	200.00%	\$ 22.29	-	\$ 22.29	\$ 25.33	\$ 3.04	13.65%

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE - VERDE VALLEY (Consolidated)

LINE NO.	DESCRIPTION	(A) RUCO AS ADJUSTED DETERMINTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
1	RESIDENTIAL CUSTOMERS				
2	5/8" X 3/4" Meter	9,073.8	\$ 22.67	\$ 2,468,001	\$ 2,468,001
3	Commodity Usage (in "000" of gallons)				
4	First Tier - First 3 Gals.	224,432.4	\$ 2.5589	\$ 574,300	
5	Second Tier - Next 7 Gals.	236,213.6	\$ 3.1986	\$ 755,559	
6	Third Tier - Over 10 Gals.	217,503.8	\$ 3.9983	\$ 869,642	\$ 2,199,501
7		678,150			
8	1" Meter	539.4	\$ 56.6650	\$ 366,781	\$ 366,781
9	Commodity Usage (In Thousands of Gallons)				
10	First Tier - First 40 Gals.	42,454.2	\$ 3.1986	\$ 135,795	
11	Second Tier - Over 99,999 Gals.	48,130.8	\$ 3.9983	\$ 192,441	
12	Third Tier - Over 99,999 Gals.	-	\$ 3.9983		\$ 328,236
13		90,585			
14	2" Meter	26.0	\$ 181.3280	\$ 56,574	\$ 56,574
15	Commodity Usage (In Thousands of Gallons)				
16	First Tier - First 125 Gals.	19,632.8	\$ 3.1986	\$ 62,798	
17	Second Tier - Over 99,999 Gals.	9,854.3	\$ 3.9983	\$ 39,400	
18	Third Tier - Over 99,999 Gals.	-	\$ 3.9983	\$ -	\$ 102,198
19		29,487			
20	3" Meter	-	\$ 362.6560	\$ -	\$ -
21	Commodity Usage (In Thousands of Gallons)				
22	First Tier - First 300 Gals.	-	\$ 3.1986	\$ -	
23	Second Tier - Over 99,999 Gals.	-	\$ 3.9983	\$ -	
24	Third Tier - Over 99,999 Gals.	-	\$ 3.9983	\$ -	\$ -
25					
26	4" Meter	1.7	\$ 566.6500	\$ 11,560	\$ 11,560
27	Commodity Usage (In Thousands of Gallons)				
28	First Tier - First 500 Gals.	3,308.1	\$ 3.1986	\$ 10,581	
29	Second Tier - Over 99,999 Gals.	-	\$ 3.9983	\$ -	
30	Third Tier - Over 99,999 Gals.	-	\$ 3.9983	\$ -	\$ 10,581
31		3,308			
32	6" Meter	1.0	\$ 1,133.3000	\$ 13,600	\$ 13,600
33	Commodity Usage (In Thousands of Gallons)				
34	First Tier - First 1,000 Gals.	10,914.3	\$ 3.1986	\$ 34,911	
35	Second Tier - Over 99,999 Gals.	4,377.1	\$ 3.9983	\$ 17,501	
36	Third Tier - Over 99,999 Gals.	-	\$ 3.9983	\$ -	\$ 52,412
37		15,291			
38	8" Meter	-	\$ 1,813.2800	\$ -	\$ -
39	Commodity Usage (In Thousands of Gallons)				
40	First Tier - First 1,500 Gals.	-	\$ 3.1986	\$ -	
41	Second Tier - Over 99,999 Gals.	-	\$ 3.9983	\$ -	
42	Third Tier - Over 99,999 Gals.	-	\$ 3.9983	\$ -	\$ -
43					
44	10" Meter	-	\$ 2,606.5900	\$ -	\$ -
45	Commodity Usage (In Thousands of Gallons)				
46	First Tier - First 2,300 Gals.	-	\$ 3.1986	\$ -	
47	Second Tier - Over 99,999 Gals.	-	\$ 3.9983	\$ -	
48	Third Tier - Over 99,999 Gals.	-	\$ 3.9983	\$ -	\$ -
49					
50	Total Residential Customer Bills	<u>9,639.2</u>			
51					
52	Total Residential Usage	<u>798,221.9</u>			
53					
54	TOTAL RESIDENTIAL CUSTOMERS REVENUE			<u>\$ 5,609,444</u>	
55					
56					
57					
58					

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE - VERDE VALLEY (Consolidated)

LINE NO.	DESCRIPTION	(A) RUCO AS ADJUSTED DETERMINTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
59					
60	COMMERCIAL CUSTOMERS				
61	5/8" X 3/4" Meter	374.8	\$ 27.1992	\$ 122,331	\$ 122,331
62	Commodity Usage (In Thousands of Gallons)				
63	First Tier - First 10 Gals.	24,313.3	\$ 3.1986	\$ 77,769	
64	Second Tier - Over 99,999 Gals.	34,772.6	\$ 3.9983	\$ 139,031	
65	Third Tier - Over 99,999 Gals.	-	\$ 3.9983		\$ 216,800
66	59,086				
67	1" Meter	231.0	\$ 67.9980	\$ 188,490	\$ 188,490
68	Commodity Usage (In Thousands of Gallons)				
69	First Tier - First 40 Gals.	44,502.1	\$ 3.1986	\$ 142,346	
70	Second Tier - Over 99,999 Gals.	34,341.7	\$ 3.9983	\$ 137,308	
71	Third Tier - Over 99,999 Gals.	-	\$ 3.9983	\$ -	\$ 279,653
72	78,844				
73	2" Meter	149.8	\$ 217.5936	\$ 391,146	\$ 391,146
74	Commodity Usage (In Thousands of Gallons)				
75	First Tier - First 125 Gals.	101,374.7	\$ 3.1986	\$ 324,260	
76	Second Tier - Over 99,999 Gals.	38,628.8	\$ 3.9983	\$ 154,449	
77	Third Tier - Over 99,999 Gals.	-	\$ 3.9983	\$ -	\$ 478,709
78	140,004				
79	3" Meter	6.1	\$ 435.1872	\$ 31,856	\$ 31,856
80	Commodity Usage (In Thousands of Gallons)				
81	First Tier - First 300 Gals.	14,187.4	\$ 3.1986	\$ 45,380	
82	Second Tier - Over 99,999 Gals.	27,284.2	\$ 3.9983	\$ 109,090	
83	Third Tier - Over 99,999 Gals.	-	\$ 3.9983	\$ -	\$ 154,470
84	41,472				
85	4" Meter	7.4	\$ 679.9800	\$ 60,382	\$ 60,382
86	Commodity Usage (In Thousands of Gallons)				
87	First Tier - First 500 Gals.	30,260.3	\$ 3.1986	\$ 96,791	
88	Second Tier - Over 99,999 Gals.	5,375.0	\$ 3.9983	\$ 21,491	
89	Third Tier - Over 99,999 Gals.	-	\$ 3.9983	\$ -	\$ 118,282
90	35,635				
91	6" Meter	2.0	\$ 1,359.9600	\$ 32,639	\$ 32,639
92	Commodity Usage (In Thousands of Gallons)				
93	First Tier - First 1,000 Gals.	10,937.7	\$ 3.1986	\$ 34,986	
94	Second Tier - Over 99,999 Gals.	716.0	\$ 3.9983	\$ 2,863	
95	Third Tier - Over 99,999 Gals.	-	\$ 3.9983	\$ -	\$ 37,848
96	11,654				
97	8" Meter	1.9	\$ 2,175.9360	\$ 49,611	\$ 49,611
98	Commodity Usage (In Thousands of Gallons)				
99	First Tier - First 1,500 Gals.	7,929.1	\$ 3.1986	\$ 25,362	
100	Second Tier - Over 99,999 Gals.	140.5	\$ 3.9983	\$ 562	
101	Third Tier - Over 99,999 Gals.	-	\$ 3.9983	\$ -	\$ 25,924
102	8,070				
103	10" Meter	-	\$ 3,127.9080	\$ -	\$ -
104	Commodity Usage (In Thousands of Gallons)				
105	First Tier - First 2,300 Gals.	-	\$ 3.1986	\$ -	
106	Second Tier - Over 99,999 Gals.	-	\$ 3.9983	\$ -	
107	Third Tier - Over 99,999 Gals.	-	\$ 3.9983	\$ -	\$ -
108					
109					
110	Total Commercial Customer Bills	<u>771.1</u>			
111					
112	Total Commercial Usage	<u>334,034.6</u>			
113					
114	TOTAL COMMERCIAL CUSTOMERS REVENUE				<u>\$ 2,188,143</u>
115					
116					
117					
118					

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE - VERDE VALLEY (Consolidated)

LINE NO.	DESCRIPTION	(A) RUCO AS ADJUSTED DETERMINTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
119					
120	INDUSTRIAL CUSTOMERS				
121	5/8" X 3/4" Meter	-	\$ 27.1992	\$ -	\$ -
122	Commodity Usage (In Thousands of Gallons)				
123	First Tier - First 99,999 Gals.	-	\$ 3.1986	\$ -	
124	Second Tier - Next 99,999 Gals.	-	\$ 3.1986	\$ -	
125	Third Tier - Over 99,999 Gals.	-	\$ 3.1986	\$ -	\$ -
126					
127	1" Meter	-	\$ 67.9980	\$ -	\$ -
128	Commodity Usage (In Thousands of Gallons)				
129	First Tier - First 99,999 Gals.	-	\$ 3.1986	\$ -	
130	Second Tier - Next 99,999 Gals.	-	\$ 3.1986	\$ -	
131	Third Tier - Over 99,999 Gals.	-	\$ 3.1986	\$ -	\$ -
132					
133	2" Meter	-	\$ 217.5936	\$ -	\$ -
134	Commodity Usage (In Thousands of Gallons)				
135	First Tier - First 99,999 Gals.	-	\$ 3.1986	\$ -	
136	Second Tier - Next 99,999 Gals.	-	\$ 3.1986	\$ -	
137	Third Tier - Over 99,999 Gals.	-	\$ 3.1986	\$ -	\$ -
138					
139	3" Meter	-	\$ 435.1872	\$ -	\$ -
140	Commodity Usage (In Thousands of Gallons)				
141	First Tier - First 99,999 Gals.	-	\$ 3.1986	\$ -	
142	Second Tier - Next 99,999 Gals.	-	\$ 3.1986	\$ -	
143	Third Tier - Over 99,999 Gals.	-	\$ 3.1986	\$ -	\$ -
144					
145	4" Meter	-	\$ 679.9800	\$ -	\$ -
146	Commodity Usage (In Thousands of Gallons)				
147	First Tier - First 99,999 Gals.	-	\$ 3.1986	\$ -	
148	Second Tier - Next 99,999 Gals.	-	\$ 3.1986	\$ -	
149	Third Tier - Over 99,999 Gals.	-	\$ 3.1986	\$ -	\$ -
150					
151	6" Meter	-	\$ 1,359.9600	\$ -	\$ -
152	Commodity Usage (In Thousands of Gallons)				
153	First Tier - First 99,999 Gals.	-	\$ 3.1986	\$ -	
154	Second Tier - Next 99,999 Gals.	-	\$ 3.1986	\$ -	
155	Third Tier - Over 99,999 Gals.	-	\$ 3.1986	\$ -	\$ -
156					
157	8" Meter	0.2	\$ 2,175.9360	\$ 5,222	\$ 5,222
158	Commodity Usage (In Thousands of Gallons)				
159	First Tier - First 99,999 Gals.	33.8	\$ 3.1986	\$ 108	
160	Second Tier - Next 99,999 Gals.	-	\$ 3.1986	\$ -	
161	Third Tier - Over 99,999 Gals.	-	\$ 3.1986	\$ -	\$ 108
162		33.8			
163	10" Meter	-	\$ 3,127.9080	\$ -	\$ -
164	Commodity Usage (In Thousands of Gallons)				
165	First Tier - First 99,999 Gals.	-	\$ 3.1986	\$ -	
166	Second Tier - Next 99,999 Gals.	-	\$ 3.1986	\$ -	
167	Third Tier - Over 99,999 Gals.	-	\$ 3.1986	\$ -	\$ -
168					
169	Total Industrial Customer Bills				
170					
171	Total Industrial Usage				
172					
173	TOTAL INDUSTRIAL CUSTOMERS REVENUE				\$ 5,330

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE - VERDE VALLEY (Consolidated)

LINE NO.	DESCRIPTION	(A) RUCO AS ADJUSTED DETERMINTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
179					
180	PRIVATE FIRE SERVICE CUSTOMERS				
181	5/8" Meter	1,740.0	\$ 30.5000	\$ 53,070	\$ 53,070
182					
183	1" Meter	-	\$ 30.50	\$ -	\$ -
184					
185	2" Meter	-	\$ 30.50	\$ -	\$ -
186					
187	3" Meter	-	\$ 30.50	\$ -	\$ -
188					
189	4" Meter	-	\$ 30.50	\$ -	\$ -
190					
191	6" Meter	-	\$ 30.50	\$ -	\$ -
192					
193	8" Meter	-	\$ 30.50	\$ -	\$ -
194					
195	10" Meter	-	\$ 30.50	\$ -	\$ -
196					
197	Total Private Fire Service Customers	<u>1,740.0</u>			
198					
199					
200	TOTAL PRIVATE FIRE SERVICE CUSTOMERS REVENUE				<u>\$ 53,070</u>
201					
202	OTHER WATER REVENUE CUSTOMERS				
203	Public Fire Hydrant	-	\$ -	\$ -	\$ -
204					
205	Coin Machine	65	\$ 0.2500		
206	Commodity Usage (In Thousands of Gallons)	123.1		\$ 425	\$ 425
207					
208	Construction Water 2" Meter	-	\$ 217.5936	\$ -	\$ -
209	Commodity Usage (In Thousands of Gallons)				
210	First Tier - First 125 Gals.	-	\$ 3.1986	\$ -	\$ -
211	Second Tier - Next 99,999 Gals.	-	\$ 3.9983	\$ -	\$ -
212	Third Tier - Over 99,999 Gals.	-	\$ 3.9983	\$ -	\$ -
213					
214	Construction Water 3" Meter	0.9	\$ 435.1872	\$ 4,700	\$ 4,700
215	Commodity Usage (In Thousands of Gallons)				
216	First Tier - First 300 Gals.	162.0	\$ 3.1986	\$ 518	
217	Second Tier - Next 99,999 Gals.	-	\$ 3.9983	\$ -	
218	Third Tier - Over 99,999 Gals.	-	\$ 3.9983	\$ -	\$ 518
219					
220	Construction Water 4" Meter	-	\$ 679.9800	\$ -	\$ -
221	Commodity Usage (In Thousands of Gallons)				
222	First Tier - First 500 Gals.	-	\$ 3.1986	\$ -	\$ -
223	Second Tier - Next 99,999 Gals.	-	\$ 3.9983	\$ -	\$ -
224	Third Tier - Over 99,999 Gals.	-	\$ 3.9983	\$ -	\$ -
225					
226	Sales For Resales 5/8" Meter	-	\$ 27.1992	\$ -	\$ -
227	Commodity Usage (In Thousands of Gallons)				
228	First Tier - First 99,999 Gals.	-	\$ 3.1986	\$ -	\$ -
229	Second Tier - Next 99,999 Gals.	-	\$ 3.1986	\$ -	\$ -
230	Third Tier - Over 99,999 Gals.	-	\$ 3.1986	\$ -	\$ -
231					
232	Sales For Resales 1" Meter	-	\$ 67.9980	\$ -	\$ -
233	Commodity Usage (In Thousands of Gallons)				
234	First Tier - First 99,999 Gals.	-	\$ 3.1986	\$ -	\$ -
235	Second Tier - Next 99,999 Gals.	-	\$ 3.1986	\$ -	\$ -
236	Third Tier - Over 99,999 Gals.	-	\$ 3.1986	\$ -	\$ -
237					
238	Sales For Resales 2" Meter	-	\$ 217.5936	\$ -	\$ -
239	Commodity Usage (In Thousands of Gallons)				
240	First Tier - First 99,999 Gals.	-	\$ 3.1986	\$ -	\$ -
241	Second Tier - Next 99,999 Gals.	-	\$ 3.1986	\$ -	\$ -
242	Third Tier - Over 99,999 Gals.	-	\$ 3.1986	\$ -	\$ -

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE - VERDE VALLEY (Consolidated)

LINE NO.	DESCRIPTION	(A) RUCO AS ADJUSTED DETERMINTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
243					
244	Sales For Resales 3" Meter	-	\$ 435.1872	\$ -	
245	Commodity Usage (In Thousands of Gallons)				
246	First Tier - First 99,999 Gals.	-	\$ 3.1986	\$ -	
247	Second Tier - Next 99,999 Gals.	-	\$ 3.1986	\$ -	
248	Third Tier - Over 99,999 Gals.	-	\$ 3.1986	\$ -	
249					
250	Sales For Resales 4" Meter	-	\$ 679.9800	\$ -	
251	Commodity Usage (In Thousands of Gallons)				
252	First Tier - First 99,999 Gals.	-	\$ 3.1986	\$ -	
253	Second Tier - Next 99,999 Gals.	-	\$ 3.1986	\$ -	
254	Third Tier - Over 99,999 Gals.	-	\$ 3.1986	\$ -	
255					
256					
257	Sales For Resales 6" Meter	-	\$ 1,359.9600	\$ -	\$ -
258	Commodity Usage (In Thousands of Gallons)				
259	First Tier - First 99,999 Gals.	-	\$ 3.1986	\$ -	
260	Second Tier - Next 99,999 Gals.	-	\$ 3.1986	\$ -	
261	Third Tier - Over 99,999 Gals.	-	\$ 3.5280	\$ -	\$ -
262					
263	Sales For Resales 8" Meter	-	\$ 2,175.9360	\$ -	\$ -
264	Commodity Usage (In Thousands of Gallons)				
265	First Tier - First 99,999 Gals.	-	\$ 3.1986	\$ -	
266	Second Tier - Next 99,999 Gals.	-	\$ 3.1986	\$ -	
267	Third Tier - Over 99,999 Gals.	-	\$ 3.1986	\$ -	\$ -
268					
269					
270	Sales For Resales 10" Meter	-	\$ 3,127.9080	\$ -	\$ -
271	Commodity Usage (In Thousands of Gallons)				
272	First Tier - First 99,999 Gals.	-	\$ 3.1986	\$ -	
273	Second Tier - Next 99,999 Gals.	-	\$ 3.1986	\$ -	
274	Third Tier - Over 99,999 Gals.	-	\$ 3.1986	\$ -	\$ -
275					
276					
277	Total Other Water Revenue Customer Bills	<u>0.9</u>		\$ -	
278					
279	Total Other Water Revenue Usage	<u>162.0</u>		\$ -	
280					
281	TOTAL OTHER WATER CUSTOMERS REVENUE				<u>\$ 5,643</u>
282					
283					
284	RUCO TOTAL PROPOSED REVENUE PER BILL COUNT				\$ 7,861,630
285					
286	Unreconciled Difference vs. Billed Revenues				\$ -
287	Miscellaneous Revenues				\$ 61,317
288					
289	RUCO TOTAL REVENUE				<u>\$ 7,922,947</u>
290					
291	RUCO ADJUSTED TEST-YEAR REVENUE PER SCHEDULES RBM-1				<u>\$ 7,922,947</u>

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE - SEDONA ONLY
TYPICAL RESIDENTIAL BILL ANALYSIS

LINE NO.	DESCRIPTION	(A)			(B)		(C)		(D)		(E)		(F)		(G)
		ORIGINAL RATES	ADDITIONAL ACRM / PPA SURCHARGES	TOTAL PRESENT RATES	PRESENT SURCHARGES	PRESENT SURCHARGE MONTHLY COST	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE					
1	RESIDENTIAL (5/8" X 3/4") RATE DESIGN	\$ 23.10	\$ -	\$ 23.10	\$ 25.00	\$ 22.67									
2	BASIC MONTHLY CHARGE														
3	COMMODITY CHARGE (Per 1,000 Gallons)														
4	1st Tier - First 3,000	\$ 1,5317	\$ -	\$ 1,5317	\$ 2,8224	\$ 2,5589									
5	2nd Tier - Next 7,000	\$ 1,9147	\$ -	\$ 1,9147	\$ 3,5280	\$ 3,1986									
6	3rd Tier - Over 10,000	\$ 2,3910	\$ -	\$ 2,3910	\$ 4,4100	\$ 3,9983									
7	AVERAGE RESIDENTIAL BILL COMPARISONS														
8	COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL														
9		PERCENT AVERAGE USAGE OF 8,751	PRESENT BASE RATE MONTHLY COST	PRESENT SURCHARGE MONTHLY COST	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	RUCO MONTHLY INCREASE	% MONTHLY INCREASE						
10		25.00%	\$ 26.45	\$ -	\$ 26.45	\$ 28.26	\$ 1.81	\$ 1.81	6.86%						
11		50.00%	\$ 29.80	\$ -	\$ 29.80	\$ 34.74	\$ 4.94	\$ 4.94	16.58%						
12		100.00%	\$ 38.71	\$ -	\$ 38.71	\$ 48.74	\$ 10.03	\$ 10.03	25.92%						
13		150.00%	\$ 48.57	\$ -	\$ 48.57	\$ 65.24	\$ 16.66	\$ 16.66	34.30%						
14		200.00%	\$ 59.04	\$ -	\$ 59.04	\$ 82.73	\$ 23.69	\$ 23.69	40.13%						
15	MEDIAN RESIDENTIAL BILL COMPARISONS														
16	COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL														
17		PERCENT MEDIAN USAGE OF 5,230	PRESENT BASE RATE MONTHLY COST	PRESENT SURCHARGE MONTHLY COST	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	RUCO MONTHLY INCREASE	% MONTHLY INCREASE						
18		25.00%	\$ 25.10	\$ -	\$ 25.10	\$ 26.01	\$ 0.91	\$ 0.91	3.62%						
19		50.00%	\$ 27.11	\$ -	\$ 27.11	\$ 29.36	\$ 2.25	\$ 2.25	8.31%						
20		100.00%	\$ 31.96	\$ -	\$ 31.96	\$ 37.48	\$ 5.51	\$ 5.51	17.24%						
21		150.00%	\$ 36.97	\$ -	\$ 36.97	\$ 45.84	\$ 8.87	\$ 8.87	23.99%						
22		200.00%	\$ 41.98	\$ -	\$ 41.98	\$ 54.57	\$ 12.59	\$ 12.59	30.00%						

**RATE DESIGN AND PROOF OF RECOMMENDED REVENUE - PINEWOOD / RIMROCK
 TYPICAL RESIDENTIAL BILL ANALYSIS**

LINE NO.	DESCRIPTION	(A) ORIGINAL RATES	(B) PRESENT ADDITIONAL ACRM / PPA SURCHARGES	(C) TOTAL PRESENT RATES	(D) COMPANY PROPOSED	(E) RUCO PROPOSED	(F) RUCO PROPOSED	(G) RUCO PROPOSED
RESIDENTIAL (5/8" X 3/4") RATE DESIGN								
1	BASIC MONTHLY CHARGE	\$ 23.10	\$ -	\$ 23.10	\$ 25.00	\$	\$ 22.67	
COMMODITY CHARGE (Per 1,000 Gallons)								
2	1st Tier - First 3,000	\$ 3.3891	\$ -	\$ 3.3891	\$ 2.8224	\$	\$ 2.5589	
3	2nd Tier - Next 7,000	\$ 4.2361	\$ -	\$ 4.2361	\$ 3.5280	\$	\$ 3.1986	
4	3rd Tier - Over 10,000	\$ 5.2954	\$ -	\$ 5.2954	\$ 4.4100	\$	\$ 3.9983	

AVERAGE RESIDENTIAL BILL COMPARISONS

COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL	VARIABLE MONTHLY USAGE	PERCENT AVERAGE USAGE OF 3,036	PRESENT BASE RATE MONTHLY COST	PRESENT SURCHARGE MONTHLY COST	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
	759	25.00%	\$ 25.67	\$ -	\$ 25.67	\$ 24.61	\$ (1.06)	-4.15%
	1,518	50.00%	\$ 28.24	\$ -	\$ 28.24	\$ 25.60	\$ (2.64)	-9.36%
	3,036	100.00%	\$ 33.42	\$ -	\$ 33.42	\$ 30.46	\$ (2.96)	-8.86%
	4,554	150.00%	\$ 39.79	\$ -	\$ 39.79	\$ 30.96	\$ (8.83)	-22.20%
	6,072	200.00%	\$ 46.28	\$ -	\$ 46.28	\$ 37.03	\$ (9.25)	-19.99%

MEDIAN RESIDENTIAL BILL COMPARISONS

COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL	VARIABLE MONTHLY USAGE	PERCENT MEDIAN USAGE OF 1,215	PRESENT BASE RATE MONTHLY COST	PRESENT SURCHARGE MONTHLY COST	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
	304	25.00%	\$ 24.13	\$ -	\$ 24.13	\$ 23.44	\$ (0.69)	-2.84%
	608	50.00%	\$ 25.16	\$ -	\$ 25.16	\$ 24.22	\$ (0.94)	-3.73%
	3,036	100.00%	\$ 33.42	\$ -	\$ 33.42	\$ 30.46	\$ (2.96)	-8.86%
	1,823	150.00%	\$ 28.28	\$ -	\$ 28.28	\$ 26.58	\$ (1.70)	-6.02%
	2,430	200.00%	\$ 22.83	\$ -	\$ 22.83	\$ 22.47	\$ (0.37)	-1.61%