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A Professional Corporation
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3 Phoenix, Arizona 85016
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5 Attorneys for Rio Rico Utilities, Inc.

DOCKETED BY	<i>ESM</i>
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6
7 **BEFORE THE ARIZONA CORPORATION COMMISSION**

8
9 IN THE MATTER OF THE
APPLICATION OF RIO RICO
10 UTILITIES, INC., AN ARIZONA
CORPORATION, FOR A
11 DETERMINATION OF THE FAIR
VALUE OF ITS UTILITY PLANTS AND
12 PROPERTY AND FOR INCREASES IN
ITS WATER AND WASTEWATER
13 RATES AND CHARGES FOR UTILITY
SERVICE BASED THEREON.
14

DOCKET NO: WS-02676A-12-0196

15 **NOTICE OF FILING FINAL
16 SCHEDULES**

17 Rio Rico Utilities, Inc. ("RRUI") hereby submits this Notice of Filing Final
18 Schedules in the above-referenced matter. As reflected in these final schedules,
19 RRUI seeks a finding of fair value rate base in the amount of \$7,731,269 for its
20 water division and \$4,790,738 for its wastewater division, and a rate of return of
21 9.50 percent, resulting in a revenue increase of \$520,150 for its water division and a
revenue increase of \$193,293 for its wastewater division, and a gross revenue requirement

22 **Exhibits 1 and 2** to this Notice are the final A-C and H Schedules for RRUI's
23 water division and wastewater division, respectively, and **Exhibit 3** is the final
24 D Schedules—Consolidated Capital Structure of the water division and
25 wastewater division. **Exhibit 4** is the Revenue Breakdown – Water Division, **Exhibit 5** is
26 the Water Revenue Summary for the Santa Cruz Valley Unified School District,

1 and **Exhibit 6** is the Wastewater Revenue Summary for the Santa Cruz Valley Unified
2 School District, which are provided herewith at the Administrative Law Judge's request.

3 RESPECTFULLY SUBMITTED this 23rd day of April, 2013.

4 FENNEMORE CRAIG, P.C.

5
6 By: 
7 Jay L. Shapiro
8 Attorneys for Rio Rico Utilities, Inc.

9 **ORIGINAL** and 13 copies filed
10 this 23rd day of April, 2013 with:

11 Docket Control
12 Arizona Corporation Commission
13 1200 West Washington Street
14 Phoenix, Arizona 85007

15 **COPY** of the foregoing was emailed/mailed
16 this 23rd day of April, 2013 to:

17 Jane L. Rodda
18 Administrative Law Judge
19 Hearing Division
20 Arizona Corporation Commission
21 400 West Congress
22 Tucson, Arizona 85701-1347

23 **COPY** of the foregoing was hand delivered
24 this 23rd day of April, 2013 to:

25 Bridget A. Humphrey, Esq.
26 Scott M. Hesla, Esq.
Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

COPY of the foregoing was emailed/mailed
this 23rd day of April, 2013 to:

Michelle Wood, Esq.
Residential Consumer Office
1110 West Washington Street, Suite 220
Phoenix, Arizona 85007

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Charlene Laplante
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Mesa, Arizona 85201

By: Chris Ruyff 4/23/12
8110210.1/080191.001

Exhibit 1

Rio Rico Utilities Inc., dba Liberty Utilities

Docket No. WS-02676A-12-0196

A-C, H - Water Schedules

Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
 Test Year Ended February 29, 2012
 Computation of Increase in Gross Revenue
 Requirements As Adjusted

Exhibit
 Final Schedule A-1
 Page 1
 Witness: Bourassa

Line No.		\$	7,731,269
1	Fair Value Rate Base		
2			
3	Adjusted Operating Income		420,923
4			
5	Current Rate of Return		5.44%
6			
7	Required Operating Income	\$	734,471
8			
9	Required Rate of Return on Fair Value Rate Base		9.50%
10			
11	Operating Income Deficiency	\$	313,547
12			
13	Gross Revenue Conversion Factor		1.6589
14			
15	Increase in Gross Revenue		
16	Requirement	\$	520,150
17			
18	Adjusted Test Year Revenues	\$	2,865,120
19	Increase in Gross Revenue Revenue Requirement	\$	520,150
20	Proposed Revenue Requirement	\$	3,385,270
21	% Increase		18.15%
22			

Customer Classification	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
23				
24				
25	5/8X3/4 Inch Residential	\$ 2,239,712	\$ 2,671,536	\$ 431,824 19.28%
26	5/8X3/4 Inch Residential (Low Income)	29,750	35,755	6,005 20.18%
27	3/4 Inch Residential	4,032	5,312	1,281 31.76%
28	1 Inch Residential	25,847	32,221	6,374 24.66%
29	1 Inch Residential (Low Income)	359	478	119 33.07%
30	1 1/2 Inch Residential	5,642	6,719	1,077 19.09%
31	2 Inch Residential	5,482	7,351	1,869 34.10%
32	5/8X3/4 Inch Commercial	36,891	42,594	5,702 15.46%
33	1 Inch Commercial	45,719	54,385	8,667 18.96%
34	1 1/2 Inch Commercial	16,434	19,738	3,303 20.10%
35	2 Inch Commercial	110,064	135,804	25,740 23.39%
36	3 Inch Commercial	113,938	126,566	12,627 11.08%
37	4 Inch Commercial	83,492	90,814	7,322 8.77%
38	6 Inch Commercial	25,623	27,899	2,276 8.88%
39	5/8X3/4 Inch Industrial	4,727	5,919	1,192 25.21%
40	2 Inch Industrial	47,436	50,817	3,381 7.13%
41	5/8X3/4 Inch Multi-family	3,072	3,612	540 17.57%
42	1 1/2 Inch Multi-family	1,071	1,439	368 34.40%
43	6 Inch Bulk	29,625	39,889	10,264 34.64%
44	Fire Lines up to 8 Inch	1,263	1,909	646 51.18%
45	Revenue Annualization	(7,949)	(8,858)	(909) 11.43%
46	SCUSD Discount	-	(8,185)	(8,185) 0.00%
47	Subtotal	\$ 2,822,231	\$ 3,343,714	\$ 521,482 18.48%
48				
49	Other Water Revenues	42,889	42,889	- 0.00%
50	Reconciling Amount	-	(1,332)	(1,332) 0.00%
51	Rounding		(1)	0.00%
52	Total of Water Revenues	\$ 2,865,120	\$ 3,385,270	\$ 520,150 18.15%

53
 54 SUPPORTING SCHEDULES:
 55 B-1
 56 C-1
 57 C-3
 58 H-1

Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
Test Year Ended February 29, 2012
Summary of Rate Base

Exhibit
 Final 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	\$ 34,454,989	\$ 34,454,989
3	Less: Accumulated Depreciation	<u>13,754,657</u>	<u>13,754,657</u>
4			
5	Net Utility Plant in Service	\$ 20,700,332	\$ 20,700,332
6			
7	<u>Less:</u>		
8	Advances in Aid of Construction	660,955	660,955
9			
10	Contributions in Aid of Construction	20,179,119	20,179,119
11			
12	Accumulated Amortization of CIAC	(8,617,752)	(8,617,752)
13			
14	Customer Meter Deposits	284,024	284,024
15	Deferred Income Taxes & Credits	462,717	462,717
16			
17			
18			
19	<u>Plus:</u>		
20	Unamortized Finance		
21	Charges	-	-
22	Deferred Tax Assets	-	-
23	Allowance for Working Capital	-	-
24			
25			
26	Total Rate Base	<u>\$ 7,731,269</u>	<u>\$ 7,731,269</u>
27			
28			
29			
30			
31			
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35			
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41	<u>SUPPORTING SCHEDULES:</u>		
42	B-2		
43	B-3		
44	B-5		
45			
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Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
 Test Year Ended February 29, 2012
 Original Cost Rate Base Proforma Adjustments

Exhibit
 Final Schedule B-2
 Page 1
 Witness: Bourassa

Line No.		Actual at End of <u>Test Year</u>	Proforma <u>Adjustment</u>	Adjusted at end of <u>Test Year</u>
1	Gross Utility			
2	Plant in Service	\$ 36,146,219	(1,691,230)	\$ 34,454,989
3				
4	Less:			
5	Accumulated			
6	Depreciation	15,784,381	(2,029,724)	13,754,657
7				
8				
9	Net Utility Plant			
10	in Service	\$ 20,361,839		\$ 20,700,332
11				
12	Less:			
13	Advances in Aid of			
14	Construction	660,955	-	660,955
15				
16	Contributions in Aid of			
17	Construction - Gross	20,179,119	-	20,179,119
18				
19	Accumulated Amortization of CIAC	(8,797,261)	179,509	(8,617,752)
20				
21	Customer Meter Deposits	284,024		284,024
22	Accumulated Deferred Income Tax	405,395	57,322	462,717
23				-
24				-
25				
26	Plus:			
27	Unamortized Finance			
28	Charges	-		-
29	Prepayments	-		-
30	Materials and Supplies	-		-
31	Working capital	-	-	-
32				-
33				
34	Total	<u>\$ 7,629,607</u>		<u>\$ 7,731,269</u>

45 SUPPORTING SCHEDULES:
 46 B-2, pages 2

RECAP SCHEDULES:
 B-1

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Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
Test Year Ended February 29, 2012
Original Cost Rate Base Proforma Adjustments

Line No.	Description	Actual at End of Test Year	Proforma Adjustments				Adjusted at end of Test Year
			1 Plant-in-Service	2 Accumulated Depreciation	3 CIAC	4 ADIT	
1	Gross Utility Plant in Service	\$ 36,146,219	(1,691,230)				\$ 34,454,989
4	Less:						
5	Accumulated Depreciation	15,784,381	(2,029,724)				13,754,657
9	Net Utility Plant in Service	\$ 20,361,839	\$ (1,691,230)	\$ -	\$ -	\$ -	\$ 20,700,332
12	Less:						
13	Advances in Aid of Construction	660,955					660,955
16	Contributions in Aid of Construction (CIAC)	20,179,119					20,179,119
18	Accumulated Amort of CIAC	(8,797,261)		179,509			(8,617,752)
21	Customer Meter Deposits	284,024				60	284,084
22	Accumulated Deferred Income Taxes	405,395			57,322		462,717
25	Plus:						
26	Unamortized Finance Charges	-					-
28	Prepayments	-					-
29	Materials and Supplies	-					-
30	Allowance for Cash Working Capital	-					-
32	Total	\$ 7,629,607	\$ (1,691,230)	\$ 2,029,724	\$ (57,322)	\$ (60)	\$ 7,731,209

SUPPORTING SCHEDULES:
B-1

SUPPORTING SCHEDULES:
B-2, pages 3-5

Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
 Test Year Ended February 29, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 1

Exhibit
 Final Schedule B-2
 Page 3
 Witness: Bourassa

Line No.	Description	A	B	C	D	E	F	Rebutal Adjusted Original Cost
		Direct Adjusted Original Cost	WW Portion of Allocated Building Costs	Affiliate Profit	Plant Retirement	Plant Retirements	Adjustments to Reconcile to Plant Reconstruction	
1	Organization Cost	5,785						5,785
2	Franchise Cost	417						417
3	Land and Land Rights	44,194						44,194
4	Structures and Improvements	3,432,930	(121,438)	(35)				3,311,457
5	Collecting and Impounding Res.	-						-
6	Lake River and Other Intakes	-						-
7	Wells and Springs	562,944		(7)				562,937
8	Infiltration Galleries and Tunnels	-						-
9	Supply Mains	279,157						279,157
10	Power Generation Equipment	219,360						219,360
11	Electric Pumping Equipment	3,147,011		(303)	(9,757)	(1,534,958)	(305)	1,601,688
12	Water Treatment Equipment	369,100	(5,658)					363,442
13	Water Treatment Plant	-						-
14	Chemical Solution Feeders	-						-
15	Dist. Reservoirs & Standpipe	759,861						759,861
16	Storage tanks	-						-
17	Pressure Tanks	-						-
18	Trans. and Dist. Mains	22,339,256		(1,363)				22,337,893
19	Services	2,768,122						2,768,122
20	Meters	1,010,366						1,010,366
21	Hydrants	572,321						572,321
22	Backflow Prevention Devices	15,855	(9,704)					6,151
23	Other Plant and Misc. Equip.	123,778						123,778
24	Office Furniture and Fixtures	29,265						29,265
25	Computers and Software	76,919						76,919
26	Transportation Equipment	142,188						142,188
27	Stores Equipment	-						-
28	Tools and Work Equipment	18,203						18,203
29	Laboratory Equipment	3,061						3,061
30	Power Operated Equipment	-						-
31	Communications Equipment	212,996						212,996
32	Miscellaneous Equipment	13,128				(7,701)		5,427
33	Other Tangible Plant	-						-
34	Plant Held for Future Use	-						-
35	TOTALS	\$ 36,146,219	\$ (15,362)	\$ (1,708)	\$ (9,757)	\$ (1,542,659)	\$ (2)	\$ 34,454,989
36	Plant-in-Service per Direct							\$ 36,146,219
37	Increase (decrease) in Plant-in-Service							\$ (1,691,231)
38	Adjustment to Plant-in-Service							\$ (1,691,231)

Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
 Test Year Ended February 29, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 1 - A

Exhibit
 Final Schedule B-2
 Page 3.1
 Witness: Bourassa

Line

No.

1 Reclassification of plant to Wastewater Division

2

3

4 Acct.

5 No. Description

Recorded

Year

Adjustment

6 320 Water Treatment Equipment

2009 \$ (5,658)

7 336 Backflow Prevention Devices

2010 (7,210)

8 336 Backflow Prevention Devices

2011 (2,494)

9 Total

\$ (15,362)

10

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43 SUPPORTING SCHEDULE

44 Staff Schedule MJR-W5

45 Testimony

Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
 Test Year Ended February 29, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 1 - B

Exhibit
 Final Schedule B-2
 Page 3.2
 Witness: Bourassa

Line
No.

1	<u>Remove Portion of Building Costs Allocated to Wastewater Division</u>			
2				
3				
4	Acct.		Recorded	
5	<u>No.</u>	<u>Description</u>	<u>Year</u>	<u>Adjustment</u>
6	304	Structures and Improvements	2012	\$ (121,438)
7				
8				
9	Total			<u>\$ (121,438)</u>
10				
11				
12				
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43	<u>SUPPORTING SCHEDULE</u>			
44	Staff Schedule MJR-W6			
45	Testimony			

Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
 Test Year Ended February 29, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 1 - C

Exhibit
 Final Schedule B-2
 Page 3.3
 Witness: Bourassa

Line
No.

1 Remove Affiliate Profit

2
3

4 Acct.

5	<u>No.</u>	<u>Description</u>
6	304	Structures and Improvements
7	307	Wells and Springs
8	311	Electric Pumping Equipment
9	331	Trans. and Dist. Mains

Recorded

Year	<u>Adjustment</u>
2012	\$ (35)
2012	(7)
2012	(303)
2012	(1,363)

10

11

12 Total

\$ (1,708)

13

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43 SUPPORTING SCHEDULE

44 Staff Schedule MJR-W7

45 Testimony

Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
 Test Year Ended February 29, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 1 - D

Exhibit
 Final Schedule B-2
 Page 3.4
 Witness: Bourassa

Line

No.

1 Plant Retirement

2

3

4

Acct.

Retirement

5

No. Description

Year

Adjustment

6

311 Electric Pumping Equipment

2012

\$ (9,757)

7

8

9

10

11

12

Total

\$ (9,757)

13

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SUPPORTING SCHEDULE

44

Staff Schedule MJR-W12

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Testimony

Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
 Test Year Ended February 29, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 1 - E

Exhibit
 Final Schedule B-2
 Page 3.5
 Witness: Bourassa

Line

<u>No.</u>			<u>Retirement</u>	<u>Adjustment</u>
1	<u>Plant Retirements</u>			
2				
3				
4	Acct.		<u>Year</u>	
5	<u>No.</u>	<u>Description</u>		
6	311	Electric Pumping Equipment	2009	\$ (867,182)
7	311	Electric Pumping Equipment	2009	(36,257)
8	311	Electric Pumping Equipment	2009	(34,827)
9	311	Electric Pumping Equipment	2009	(12,234)
10	311	Electric Pumping Equipment	2009	(18,044)
11	311	Electric Pumping Equipment	2009	(422,696)
12	311	Electric Pumping Equipment	2009	<u>(78,483)</u>
13		Subtotal		\$ (1,469,722)
14				
15	311	Electric Pumping Equipment	2010	(22,907)
16	311	Electric Pumping Equipment	2011	(11,830)
17	311	Electric Pumping Equipment	2012	\$ (151,098)
18	311	Electric Pumping Equipment	2012	9,757
19	311	Electric Pumping Equipment	2012	<u>110,842</u>
20				\$ (30,499)
21				
22		Total		<u>\$ (1,534,958)</u>
23				
24				
25	Acct.		<u>Retirement</u>	
26	<u>No.</u>	<u>Description</u>	<u>Year</u>	<u>Adjustment</u>
27	347	Miscellaneous Equipment	2009	\$ (481)
28	347	Miscellaneous Equipment	2009	(4,164)
29	347	Miscellaneous Equipment	2009	(1,218)
30	347	Miscellaneous Equipment	2009	(1,838)
31	347	Miscellaneous Equipment	2009	-
32	347	Miscellaneous Equipment	2009	-
33	347	Miscellaneous Equipment	2009	<u>-</u>
34		Subtotal		\$ (7,701)
35				
36	347	Miscellaneous Equipment	2009	-
37	347	Miscellaneous Equipment	2010	-
38				\$ -
39				
40				
41		Total		<u>\$ (7,701)</u>
42				
43	<u>SUPPORTING SCHEDULE</u>			
44	Testimony			
45				

Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
Test Year Ended February 29, 2012
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - F

Exhibit
Final Schedule B-2
Page 3.6
Witness: Bourassa

Line No.	Acct.	Description	Direct Adjusted Original Cost	B-2 Adjustments	Rebuttal Adjusted Original Cost	Plant Per Reconstruction	Difference
1	Reconciliation of Plant to Plant Reconstruction						
2							
3							
4							
5	No.	Description	Cost	Adjustments	Cost	Reconstruction	Difference
6	301	Organization Cost	5,785	-	5,785	5,785	-
7	302	Franchise Cost	417	-	417	417	-
8	303	Land and Land Rights	44,194	-	44,194	44,194	-
9	304	Structures and Improvements	3,432,930	(121,473)	3,311,457	3,311,457	-
10	305	Collecting and Impounding Res.	-	-	-	-	-
11	306	Lake River and Other Intakes	-	-	-	-	-
12	307	Wells and Springs	562,944	(7)	562,937	562,937	-
13	308	Infiltration Galleries and Tunnels	-	-	-	-	-
14	309	Supply Mains	279,157	-	279,157	279,157	-
15	310	Power Generation Equipment	219,360	-	219,360	219,360	-
16	311	Electric Pumping Equipment	3,147,011	(1,545,018)	1,601,993	1,601,688	(305)
17	320	Water Treatment Equipment	369,100	(5,658)	363,442	363,442	-
18	320.1	Water Treatment Plant	-	-	-	-	-
19	320.2	Chemical Solution Feeders	-	-	-	-	-
20	330	Dist. Reservoirs & Standpipe	759,861	-	759,861	759,861	-
21	330.1	Storage tanks	-	-	-	-	-
22	330.2	Pressure Tanks	-	-	-	-	-
23	331	Trans. and Dist. Mains	22,339,256	(1,363)	22,337,893	22,337,893	-
24	333	Services	2,768,122	-	2,768,122	2,768,122	-
25	334	Meters	1,010,366	-	1,010,366	1,010,366	-
26	335	Hydrants	572,321	-	572,321	572,321	-
27	336	Backflow Prevention Devices	15,855	(9,704)	6,151	6,151	-
28	339	Other Plant and Misc. Equip.	123,778	-	123,778	123,778	-
29	340	Office Furniture and Fixtures	29,265	-	29,265	29,265	-
30	340.1	Computers and Software	76,919	-	76,919	76,919	-
31	341	Transportation Equipment	142,188	-	142,188	142,188	-
32	342	Stores Equipment	-	-	-	-	-
33	343	Tools and Work Equipment	18,203	-	18,203	18,203	-
34	344	Laboratory Equipment	3,061	-	3,061	3,061	-
35	345	Power Operated Equipment	-	-	-	-	-
36	346	Communications Equipment	212,996	-	212,996	212,996	-
37	347	Miscellaneous Equipment	13,128	(7,701)	5,427	5,427	0
38	348	Other Tangible Plant	-	-	-	-	-
39		Rounding	-	-	-	(2)	(2)
40		TOTALS	\$ 36,146,219	\$ (1,690,924)	\$ 34,455,295	\$ 34,454,989	\$ (307)

43 SUPPORTING SCHEDULE
44 B-2, pages 3.1 through 3.5
45 B-2, pages 3.7 through 3.10

Rio Rico Utilities dba Liberty Utilities - Water Division
Plant Additions and Retirements

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	Per Decision 72059		2009							Accum. Deprec. 12/31/2008	Accum. Deprec.		
				Plant at 12/31/2008	Deprec. AI 12/31/2008	Plant Additions (Per Books)	Plant Adjustments	Plant Adjustments	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only			Depreciation (Calculated)	Plant Balance
1	301	Organization Cost	0.00%	5,785	-	-	-	-	-	-	-	-	-	-	5,785	-
2	302	Franchise Cost	0.00%	417	-	-	-	-	-	-	-	-	-	-	417	-
3	303	Land and Land Rights	0.00%	44,194	-	-	-	-	-	-	-	-	-	-	44,194	-
4	304	Structures & Improvements	3.33%	2,732,833	306,347	16,449	-	-	-	-	-	-	-	-	2,749,282	397,624
5	305	Collecting & Impounding Reservoirs	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
6	306	Lake, River, Canal Intakes	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.33%	563,511	160,123	(1,518)	-	-	-	-	-	-	-	-	561,993	178,863
8	308	Infiltration Galleries	6.67%	-	-	-	-	-	-	-	-	-	-	-	-	-
9	309	Raw Water Supply Mains	2.00%	279,153	26,151	-	-	-	-	-	-	-	-	-	279,153	31,735
10	310	Power Generation Equipment	5.00%	197,120	69,734	10,000	-	-	-	-	-	-	-	-	207,120	79,840
11	311	Pumping Equipment	12.50%	2,591,970	1,882,989	224,575	-	-	-	-	-	-	-	-	1,346,824	659,452
12	320	Water Treatment Equipment	3.33%	372,970	144,799	(3,869)	-	-	-	-	-	-	-	-	369,100	157,154
13	320.1	Water Treatment Plants	3.33%	-	-	-	-	-	-	-	-	-	-	-	-	-
14	320.2	Solution Chemical Feeders	20.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
15	330	Distribution Reservoirs & Standpipes	2.22%	759,861	138,279	-	-	-	-	-	-	-	-	-	759,861	155,148
16	330.1	Storage Tanks	2.22%	-	-	-	-	-	-	-	-	-	-	-	-	-
17	330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
18	331	Transmission & Distribution Mains	2.00%	22,089,150	8,163,798	40,046	-	-	-	-	-	-	-	-	22,129,197	8,605,981
19	333	Services	3.33%	2,209,274	805,963	123,799	-	-	-	-	-	-	-	-	2,328,679	877,126
20	334	Meters	8.33%	956,605	319,694	1,871	-	-	-	-	-	-	-	-	953,075	383,820
21	335	Hydrants	2.00%	568,577	148,744	1,871	-	-	-	-	-	-	-	-	568,577	160,115
22	336	Backflow Prevention Devices	6.67%	3,848	385	-	-	-	-	-	-	-	-	-	3,848	642
23	339	Other Plant & Misc Equipment	6.67%	121,843	4,647	-	-	-	-	-	-	-	-	-	121,843	12,774
24	340	Office Furniture & Equipment	6.67%	22,986	17,954	-	-	-	-	-	-	-	-	-	22,986	19,487
25	340.1	Computers & Software	20.00%	76,919	76,919	-	-	-	-	-	-	-	-	-	76,919	76,919
26	341	Transportation Equipment	20.00%	218,945	25,112	(78,957)	-	-	-	-	-	-	-	-	139,988	61,005
27	342	Stores Equipment	4.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
28	343	Tools, Shop & Garage Equipment	5.00%	15,035	9,301	-	-	-	-	-	-	-	-	-	15,035	10,053
29	344	Laboratory Equipment	10.00%	3,061	2,893	-	-	-	-	-	-	-	-	-	3,061	3,061
30	345	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
31	346	Communication Equipment	10.00%	218,040	113,464	-	-	-	-	-	-	-	-	-	218,040	135,268
32	347	Miscellaneous Equipment	10.00%	7,701	6,641	480	-	-	-	-	-	-	-	-	409	(651)
33	348	Other Tangible Plant	4.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
34		Rounding		-	-	-	-	-	-	-	-	-	-	-	-	-
35				-	-	-	-	-	-	-	-	-	-	-	-	-
36		TOTALS		34,059,801	12,423,937	332,877	-	-	-	9,786	1,474,423	1,487,219	-	-	32,905,458	12,015,416

Rio Rico Utilities dba Liberty Utilities - Water Division
Plant Additions and Retirements

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	2010				Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
				Plant Additions (Per Books)	Plant Adjustments	Plant Retirements (Per Books)	Retirement Adjustments				
1	301	Organization Cost	0.00%	-	-	-	-	-	5,785	-	
2	302	Franchise Cost	0.00%	-	-	-	-	-	417	-	
3	303	Land and Land Rights	0.00%	-	-	-	-	-	44,194	-	
4	304	Structures & Improvements	3.33%	2,367	-	-	-	-	2,751,649	489,214	
5	305	Collecting & Impounding Reservoirs	2.50%	-	-	-	-	-	-	-	
6	306	Lake, River, Canal Intakes	2.50%	-	-	-	-	-	-	-	
7	307	Wells & Springs	3.33%	897	-	-	-	-	562,890	197,592	
8	308	Infiltration Galleries	6.67%	-	-	-	-	-	-	-	
9	309	Raw Water Supply Mains	2.00%	-	-	-	-	-	-	-	
10	310	Power Generation Equipment	5.00%	10,472	-	-	-	-	279,153	37,318	
11	311	Pumping Equipment	12.50%	23,210	-	-	22,907	-	10,618	217,592	
12	320	Water Treatment Equipment	3.33%	-	-	-	-	-	168,372	804,917	
13	320.1	Water Treatment Plants	3.33%	-	-	-	-	-	12,291	369,100	
14	320.2	Solution Chemical Feeders	20.00%	-	-	-	-	-	-	-	
15	330	Distribution Reservoirs & Standpipes	2.22%	-	-	-	-	-	-	-	
16	330.1	Storage Tanks	2.22%	-	-	-	-	-	-	-	
17	330.2	Pressure Tanks	5.00%	-	-	-	-	-	16,869	172,017	
18	331	Transmission & Distribution Mains	2.00%	20,635	-	-	-	-	442,790	9,048,771	
19	333	Services	3.33%	251,427	-	84,388	-	-	80,326	2,495,718	
20	334	Meters	8.33%	12,184	-	4,967	-	-	79,692	960,292	
21	335	Hydrants	2.00%	-	-	-	-	-	11,372	568,577	
22	336	Backflow Prevention Devices	6.67%	9,513	-	-	-	-	574	13,361	
23	339	Other Plant & Misc. Equipment	6.67%	-	-	-	-	-	8,127	121,843	
24	340	Office Furniture & Equipment	6.67%	-	-	-	-	-	1,533	22,986	
25	340.1	Computers & Software	20.00%	-	-	-	-	-	-	76,919	
26	341	Transportation Equipment	20.00%	381	-	-	-	-	28,036	140,369	
27	342	Stores Equipment	4.00%	-	-	-	-	-	-	-	
28	343	Tools, Shop & Garage Equipment	5.00%	-	-	-	-	-	752	15,035	
29	344	Laboratory Equipment	10.00%	-	-	-	-	-	-	3,061	
30	345	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	
31	346	Communication Equipment	10.00%	3,230	-	-	-	-	21,966	157,233	
32	347	Miscellaneous Equipment	10.00%	4,947	-	-	-	-	295	5,427	
33	348	Other Tangible Plant	4.00%	-	-	-	-	-	-	-	
34		Rounding		-	-	-	-	-	-	-	
35		TOTALS		339,262	-	89,355	22,907	-	999,515	12,902,669	
36				339,262	-	89,355	22,907	-	33,132,459	12,902,669	

Rio Rico Utilities dba Liberty Utilities - Water Division
Plant Additions and Retirements

Line No.	MARUC No.	Description	Allowed Deprec. Rate	2011												
				Plant Additions (Per. Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per. Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.			
1	301	Organization Cost	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
3	303	Land and Land Rights	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
4	304	Structures & Improvements	3.33%	41,525	-	41,525	-	-	-	-	-	-	-	-	-	-
5	305	Collecting & Impounding Reservoirs	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
6	306	Lake, River, Canal Intakes	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.33%	-	-	-	-	-	-	-	-	-	-	-	-	-
8	308	Infiltration Galleries	6.67%	632	-	632	-	-	-	-	-	-	-	-	-	-
9	309	Raw Water Supply Mains	2.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
10	310	Power Generation Equipment	5.00%	1,023	-	1,023	-	-	-	-	-	-	-	-	-	-
11	311	Pumping Equipment	12.50%	67,261	-	67,261	-	11,830	-	11,830	-	-	-	-	-	-
12	320	Water Treatment Equipment	3.33%	-	-	-	-	-	-	-	-	-	-	-	-	-
13	320.1	Water Treatment Plants	3.33%	-	-	-	-	-	-	-	-	-	-	-	-	-
14	320.2	Solution Chemical Feeders	20.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
15	330	Distribution Reservoirs & Standpipes	2.22%	-	-	-	-	-	-	-	-	-	-	-	-	-
16	330.1	Storage Tanks	2.22%	-	-	-	-	-	-	-	-	-	-	-	-	-
17	330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
18	331	Transmission & Distribution Mains	2.00%	76,932	-	76,932	-	-	-	-	-	-	-	-	-	-
19	333	Services	3.33%	307,904	-	307,904	105,260	-	-	105,260	-	-	-	-	-	-
20	334	Meters	8.33%	61,930	-	61,930	27,767	-	-	27,767	-	-	-	-	-	-
21	335	Hydrants	2.00%	3,684	-	3,684	-	-	-	-	-	-	-	-	-	-
22	336	Backflow Prevention Devices	6.67%	2,494	-	2,494	-	-	-	-	-	-	-	-	-	-
23	339	Other Plant & Misc Equipment	6.67%	3,443	-	3,443	-	-	-	-	-	-	-	-	-	-
24	340	Office Furniture & Equipment	6.67%	554	-	554	-	-	-	-	-	-	-	-	-	-
25	340.1	Computers & Software	20.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
26	341	Transportation Equipment	20.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
27	342	Stores Equipment	4.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
28	343	Tools, Shop & Garage Equipment	5.00%	2,437	-	2,437	-	-	-	-	-	-	-	-	-	-
29	344	Laboratory Equipment	10.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
30	345	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
31	346	Communication Equipment	10.00%	381	-	381	33,249	-	-	33,249	-	-	-	-	-	-
32	347	Miscellaneous Equipment	10.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
33	348	Other Tangible Plant	4.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
34		Rounding		-	-	-	-	-	-	-	-	-	-	-	-	-
35				-	-	-	-	-	-	-	-	-	-	-	-	-
36		TOTALS		570,201	-	570,201	166,276	11,830	-	178,105	-	-	1,012,331	33,524,555	13,736,894	-

Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
Test Year Ended February 29, 2012
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2

Line No.	Acct. No.	Description	Accumulated Depreciation									
			A	B	C	D		E	F	G	Rebuttal Adjusted Accum. Depl.	
			Direct Adjusted Accum. Depr.	Reclassification to WW Plant	WW Portion of Allocated Building Costs	Affiliate Profit	Plant Retirement	Plant Retirements	Direct Adjusted Affiliate Profit	Adjustments to Reconcile to A/D Reconstruction		
1	301	Organization Cost	-	-	-	-	-	-	-	-	-	
2	302	Franchise Cost	-	-	-	-	-	-	-	-	-	
3	303	Land and Land Rights	-	-	-	-	-	-	-	-	-	
4	304	Structures and Improvements	598,475	-	(337)	(1)	-	-	-	-	598,475	
5	305	Collecting and Impounding Res.	-	-	-	-	-	-	-	-	-	
6	306	Lake River and Other Intakes	-	-	-	-	-	-	-	-	-	
7	307	Wells and Springs	219,473	-	-	-	-	-	(437)	(63)	218,973	
8	308	Infiltration Galleries and Tunnels	-	-	-	-	-	-	-	-	-	
9	309	Supply Mains	43,831	-	-	-	-	-	-	-	43,831	
10	310	Power Generation Equipment	103,188	-	-	-	-	-	-	-	103,188	
11	311	Electric Pumping Equipment	2,859,238	-	-	(19)	(9,757)	(1,542,659)	(64)	(463,171)	843,567	
12	320	Water Treatment Equipment	183,785	(502)	-	-	-	-	-	0	183,283	
13	320.1	Water Treatment Plant	-	-	-	-	-	-	-	-	-	
14	320.2	Chemical Solution Feeders	-	-	-	-	-	-	-	-	-	
15	330	Dist. Reservoirs & Standpipe	191,697	-	-	-	-	-	-	-	191,697	
16	330.1	Storage tanks	-	-	-	-	-	-	-	-	-	
17	330.2	Pressure Tanks	-	-	-	-	-	-	-	-	-	
18	331	Trans. and Dist. Mains	9,566,814	-	-	(14)	-	-	(334)	3	9,566,469	
19	333	Services	869,455	-	-	-	-	-	-	-	869,455	
20	334	Meters	536,110	-	-	-	-	-	-	(1)	536,109	
21	335	Hydrants	184,803	-	-	-	-	-	-	-	184,803	
22	336	Backflow Prevention Devices	2,366	(912)	-	-	-	-	-	(1)	1,453	
23	339	Other Plant and Misc. Equip.	30,527	-	-	-	-	-	-	(22)	28,827	
24	340	Office Furniture and Fixtures	22,865	-	-	-	-	-	-	-	22,865	
25	340.1	Computers and Software	76,919	-	-	-	-	-	-	-	76,919	
26	341	Transportation Equipment	121,824	-	-	-	-	-	-	-	121,824	
27	342	Stores Equipment	-	-	-	-	-	-	-	-	-	
28	343	Tools and Work Equipment	11,766	-	-	-	-	-	-	-	11,766	
29	344	Laboratory Equipment	3,061	-	-	-	-	-	-	-	3,061	
30	345	Power Operated Equipment	-	-	-	-	-	-	-	-	-	
31	346	Communications Equipment	147,813	-	-	-	-	-	-	-	147,813	
32	347	Miscellaneous Equipment	10,032	-	-	-	-	-	-	(9,755)	278	
33	348	Other Tangible Plant	-	-	-	-	-	-	-	-	-	
34		TOTALS	\$ 15,784,381	\$ (1,415)	\$ (337)	\$ (34)	\$ (9,757)	\$ (1,542,659)	\$ (2,513)	\$ (473,009)	\$ 13,754,657	
35		Accumulated Depreciation per Books									\$ 15,784,381	
36		Increase (decrease) in Accumulated Depreciation									\$ (2,029,724)	
37		Adjustment to Accumulated Depreciation									\$ (2,029,724)	

Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
 Test Year Ended February 29, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2 - A

Exhibit
 Final Schedule B-2
 Page 4.1
 Witness: Bourassa

Line

No.

1 Reclassification of plant to Wastewater Division

2

3

4 Acct.

5 No. Description

6 320 Water Treatment Equipment

7 336 Backflow Prevention Devices

8 336 Backflow Prevention Devices

9 Total

	Plant Reclass <u>Adjustment</u>		Accumulated Depreciation <u>Adjustment</u>
	\$ (5,658)		\$ (502)
	(7,210)		(802)
	(2,494)		(111)
			<u>\$ (1,415)</u>

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43 SUPPORTING SCHEDULE

44 B-2 Schedule 3.1

45 Testimony

Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
 Test Year Ended February 29, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2 - B

Exhibit
 Final Schedule B-2
 Page 4.2
 Witness: Bourassa

Line

No.

1 Remove Portion of Building Costs Allocated to Wastewater Division

2

3

4 Acct.

5 No. Description

6 304 Structures and Improvements

7

8

9 Total

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43 SUPPORTING SCHEDULE

44 B-2 Schedule 3.2

45 Testimony

Plant	Accumulated
<u>Adjustment</u>	<u>Depreciation</u>
<u>Adjustment</u>	<u>Adjustment</u>
\$ (121,473)	\$ (337)
	<u>\$ (337)</u>

Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
 Test Year Ended February 29, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2 - C

Exhibit
 Final Schedule B-2
 Page 4.3
 Witness: Bourassa

Line

No.

1 Remove Affiliate Profit

2

3

4 Acct.

5 No. Description

6 304 Structures and Improvements

7 307 Wells and Springs

8 311 Electric Pumping Equipment

9 331 Trans. and Dist. Mains

10

11

12 Total

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43 SUPPORTING SCHEDULE

44 B-2 Schedule 3.3

45 Testimony

	Plant Profit <u>Adjustment</u>	Accumulated Depreciation <u>Adjustment</u>
\$	(35)	\$ (1)
	(7)	-
	(303)	(19)
	(1,363)	(14)
		<u>\$ (34)</u>

Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
 Test Year Ended February 29, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2 - D

Exhibit
 Final Schedule B-2
 Page 4.4
 Witness: Bourassa

Line

No.

1 Plant Retirement

2

3

4 Acct.

5 No. Description

6 311 Electric Pumping Equipment

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12 Total

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43 SUPPORTING SCHEDULE

44 B-2 Schedule 3.4

45 Testimony

Plant Retirement <u>Adjustment</u>	Accumulated Depreciation <u>Adjustment</u>
\$ (9,757)	\$ (9,757)

	\$ (9,757)
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Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
 Test Year Ended February 29, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2 - E

Exhibit
 Final Schedule B-2
 Page 4.5
 Witness: Bourassa

Line
No.

Line No.	Acct. No.	Description	Plant Retirement Adjustment	Accumulated Depreciation Adjustment
1		<u>Plant Retirements</u>		
2				
3				
4				
5				
6	311	Electric Pumping Equipment	\$ (1,534,958)	\$ (1,534,958)
7	347	Miscellaneous Equipment	(7,701)	(7,701)
8				
9				
10				
11		Total		<u>\$ (1,542,659)</u>
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42				
43		<u>SUPPORTING SCHEDULE</u>		
44		B-2 Schedule 3.4		
45		Testimony		

Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
 Test Year Ended February 29, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2 - F

Exhibit
 Final Schedule B-2
 Page 4.6
 Witness: Bourassa

Line
No.

1 A/D Related to 2009-2011 Affiliate Profit Removed from Plant in Direct Filing

2

3

4

Acct.

No. Description

	Direct	Accumulated
	Filing Plant	Depreciation
	<u>Adjustment</u>	<u>Adjustment</u>
6 307 Wells and Springs	\$ (4,372)	\$ (437)
7 311 Electric Pumping Equipment	(170)	(64)
8 331 Trans. and Dist. Mains	(5,568)	(334)
9 339 Other Plant and Misc. Equip.	(8,386)	(1,678)

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Total

\$ (2,513)

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43 SUPPORTING SCHEDULE

44 B-2 Schedule 3.4

45 Testimony

Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
Test Year Ended February 29, 2012
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 - G

Exhibit
Final Schedule B-2
Page 4.7
Witness: Bourassa

Line No.	Acct. No.	Description	Direct Adjusted Original Cost	B-2 Adjustments	Rebuttal Adjusted Original Cost	A/D Per Reconstruction	Accumulated Depreciation Adjustment
1		<u>Accumulated Depreciation (A/D)</u>					
2							
3							
4							
5							
6	301	Organization Cost	-	-	-	-	-
7	302	Franchise Cost	-	-	-	-	-
8	303	Land and Land Rights	-	-	-	-	-
9	304	Structures and Improvements	598,813	(338)	598,475	598,475	-
10	305	Collecting and Impounding Res.	-	-	-	-	-
11	306	Lake River and Other Intakes	-	-	-	-	-
12	307	Wells and Springs	219,473	(437)	219,036	218,973	(63)
13	308	Infiltration Galleries and Tunnels	-	-	-	-	-
14	309	Supply Mains	43,831	-	43,831	43,831	-
15	310	Power Generation Equipment	103,188	-	103,188	103,188	-
16	311	Electric Pumping Equipment	2,859,238	(1,552,499)	1,306,739	843,567	(463,171)
17	320	Water Treatment Equipment	183,785	(502)	183,282	183,283	0
18	320.1	Water Treatment Plant	-	-	-	-	-
19	320.2	Chemical Solution Feeders	-	-	-	-	-
20	330	Dist. Reservoirs & Standpipe	191,697	-	191,697	191,697	-
21	330.1	Storage tanks	-	-	-	-	-
22	330.2	Pressure Tanks	-	-	-	-	-
23	331	Trans. and Dist. Mains	9,566,814	(348)	9,566,466	9,566,469	3
24	333	Services	869,455	-	869,455	869,455	-
25	334	Meters	536,110	-	536,110	536,109	(1)
26	335	Hydrants	184,803	-	184,803	184,803	-
27	336	Backflow Prevention Devices	2,366	(912)	1,454	1,453	(1)
28	339	Other Plant and Misc. Equip.	30,527	(1,678)	28,849	28,827	(22)
29	340	Office Furniture and Fixtures	22,865	-	22,865	22,865	-
30	340.1	Computers and Software	76,919	-	76,919	76,919	-
31	341	Transportation Equipment	121,824	-	121,824	121,824	-
32	342	Stores Equipment	-	-	-	-	-
33	343	Tools and Work Equipment	11,766	-	11,766	11,766	-
34	344	Laboratory Equipment	3,061	-	3,061	3,061	-
35	345	Power Operated Equipment	-	-	-	-	-
36	346	Communications Equipment	147,813	-	147,813	147,813	-
37	347	Miscellaneous Equipment	10,032	-	10,032	278	(9,755)
38	348	Other Tangible Plant	-	-	-	-	-
39		Rounding	-	-	-	-	-
40		TOTALS	\$ 15,784,381	\$ (1,556,715)	\$ 14,227,666	\$ 13,754,657	\$ (473,009)

SUPPORTING SCHEDULE

- 44 B-2, pages 4.1 through 4.6
45 B-2, pages 3.7 through 3.10

Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
 Test Year Ended February 29, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment 3

Exhibit
 Final Schedule B-2
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 Witness: Bourassa

Contributions-in-Aid of Construction (CIAC) and Accumulated Amortization

Line No.			
1			
2			
3			
4		<u>Gross CIAC</u>	<u>Accumulated Amortization</u>
5	Computed balance at 12/29/2012 per Rebuttal	\$ 20,179,119	\$ 8,617,752
6			
7	Adjusted balance per Direct at 02/29/2012	<u>\$ 20,179,119</u>	<u>\$ 8,797,261</u>
8			
9	Increase (decrease)	\$ -	\$ (179,509)
10			
11			
12	Adjustment to CIAC/AA CIAC	<u>\$ -</u>	<u>\$ 179,509</u>
13	Label	<u>3a</u>	<u>3b</u>
14			
15			
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19	<u>SUPPORTING SCHEDULES</u>		
20	E-1		
21	B-2, page 5.1		
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Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
Test Year Ended February 29, 2012
Original Cost Rate Base Proforma Adjustments
Adjustment 4

Exhibit
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Page 6
Witness: Bourassa

Deferred Income Taxes

Line
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	<u>Balance</u>
Revised balance at 12/29/2012	\$ 462,717
Adjusted balance per Direct at 02/29/2012	<u>\$ 405,395</u>
Increase (decrease)	\$ 57,322
Adjustment to DIT	<u>\$ 57,322</u>

SUPPORTING SCHEDULES

Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
Test Year Ended February 29, 2012
Original Cost Rate Base Proforma Adjustments
Adjustment 5

Exhibit
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Witness: Bourassa

Deferred Income Taxes

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	<u>Balance</u>
Revised balance at 12/29/2012	\$ 284,084
Adjusted balance per Direct at 02/29/2012	<u>\$ 284,024</u>
Increase (decrease)	\$ 60
Adjustment to Customer Deposits	<u><u>\$ 60</u></u>

SUPPORTING SCHEDULES

Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
 Test Year Ended February 29, 2012
 Income Statement

Exhibit
 Final Schedule C-1
 Page 1
 Witness: Bourassa

Line No.		Test Year Adjusted Results	Adjustment	Rebuttal Test Year Adjusted Results	Proposed Rate Increase	Rebuttal Adjusted with Rate Increase
1	Revenues					
2	Metered Water Revenues	\$ 2,811,949	\$ 10,282	\$ 2,822,231	\$ 520,150	\$ 3,342,381
3	Unmetered Water Revenues	-	-	-		-
4	Other Water Revenues	42,889	-	42,889		42,889
5		<u>\$ 2,854,838</u>	<u>\$ 10,282</u>	<u>\$ 2,865,120</u>	<u>\$ 520,150</u>	<u>\$ 3,385,270</u>
6	Operating Expenses					
7	Salaries and Wages	\$ 426,012	32,891	\$ 458,903		\$ 458,903
8	Purchased Water	-	-	-		-
9	Purchased Power	371,378	-	371,378		371,378
10	Fuel For Power Production	-	-	-		-
11	Chemicals	3,884	-	3,884		3,884
12	Materials and Supplies	27,517	-	27,517		27,517
13	Management Services - US Liberty Water	257,367	-	257,367		257,367
14	Management Services - Corporate	133,975	(35,140)	98,835		98,835
15	Management Services - Other	15,903	-	15,903		15,903
16	Outside Services - Accounting	167	-	167		167
17	Outside Services - Engineering	-	-	-		-
18	Outside Services- Other	14,205	-	14,205		14,205
19	Outside Services- Legal	4,690	-	4,690		4,690
20	Water Testing	28,231	(4,410)	23,821		23,821
21	Rents - Building	-	-	-		-
22	Rents - Equipment	3,208	-	3,208		3,208
23	Transportation Expenses	89,305	-	89,305		89,305
24	Insurance - General Liability	34,100	-	34,100		34,100
25	Insurance - Vehicle	7,733	-	7,733		7,733
26	Reg. Comm. Exp. - Other	-	-	-		-
27	Reg. Comm. Exp. - Rate Case	87,500	-	87,500		87,500
28	Miscellaneous Expense	85,057	(1,804)	83,253		83,253
29	Bad Debt Expense	-	-	-		-
30	Depreciation and Amortization Expense	551,222	(109,769)	441,453		441,453
31	Taxes Other Than Income	-	-	-		-
32	Property Taxes	155,805	563	156,368	9,496	165,864
33	Income Tax	181,647	82,960	264,607	197,107	461,714
34		-	-	-		-
35	Total Operating Expenses	<u>\$ 2,478,906</u>	<u>\$ (34,709)</u>	<u>\$ 2,444,197</u>	<u>\$ 206,603</u>	<u>\$ 2,650,800</u>
36	Operating Income	<u>\$ 375,933</u>	<u>\$ 44,991</u>	<u>\$ 420,923</u>	<u>\$ 313,547</u>	<u>\$ 734,471</u>
37	Other Income (Expense)					
38	Interest Income	(0)	-	(0)		(0)
39	Other income	-	-	-		-
40	Interest Expense	(86,978)	86,978	-		-
41	Other Expense	-	-	-		-
42		-	-	-		-
43	Total Other Income (Expense)	<u>\$ (86,978)</u>	<u>\$ 86,978</u>	<u>\$ (0)</u>	<u>\$ -</u>	<u>\$ (0)</u>
44	Net Profit (Loss)	<u>\$ 288,955</u>	<u>\$ 131,968</u>	<u>\$ 420,923</u>	<u>\$ 313,547</u>	<u>\$ 734,471</u>

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 46 SUPPORTING SCHEDULES:
 47 C-1, page 2

RECAP SCHEDULES:
 A-1

Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
 Test Year Ended February 29, 2012
 Income Statement

Exhibit
 Final Schedule C-1
 Page 2.1
 Witness: Bourassa

Line No.	1	2	3	4	5	6	7	8
	Test Year Adjusted Results	Property Taxes	Intentionally Left Blank	Revenue Annualization	Staffs Water Testing	Intentionally Left Blank	APUC Allocated Capital Taxes	Miscellaneous Expense
1	Revenues			\$ 10,282				
2	Metered Water Revenues			\$ 10,282				
3	Unmetered Water Revenues							
4	Other Water Revenues							
5				\$ 10,282				
6	Operating Expenses							
7	Salaries and Wages							
8	Purchased Water							
9	Purchased Power							
10	Fuel For Power Production							
11	Chemicals							
12	Materials and Supplies							
13	Management Services - US Liberty Water							
14	Management Services - Corporate						(2,557)	
15	Management Services - Other							
16	Outside Services - Accounting							
17	Outside Services - Engineering							
18	Outside Services- Other							
19	Outside Services- Legal							
20	Water Testing				(4,410)			
21	Rents - Building							
22	Rents - Equipment							
23	Transportation Expenses							
24	Insurance - General Liability							
25	Insurance - Vehicle							
26	Reg. Comm. Exp. - Other							
27	Reg. Comm. Exp. - Rate Case							
28	Miscellaneous Expense							(1,804)
29	Bad Debt Expense							
30	Depreciation and Amortization Expense	(109,769)						
31	Taxes Other Than Income							
32	Property Taxes	563						
33	Income Tax							
34								
35	Total Operating Expenses	(109,769)					(2,557)	(1,804)
36	Operating Income	109,769		10,282			2,557	1,804
37	Other Income (Expense)							
38	Interest Income	(0)						
39	Other Income							
40	Interest Expense	(86,978)						
41	Other Expense							
42								
43	Total Other Income (Expense)							
44	Net Profit (Loss)	109,769	(563)	10,282	4,410		2,557	1,804
45								
46								
47								
48								

SUPPORTING SCHEDULES:

C-2, pages 1-16

Rio Rico Utilities, Inc. dba Liberty Utilities - Water Divisio
 Test Year Ended February 29, 2012
 Income Statement

Exhibit
 Final Schedule C-1
 Page 2.2
 Witness: Bourassa

Line No.	Revenues	9 Employee Benefits	10 Corporate Allocation	11 Intentionally Left Blank	12 Intentionally Left Blank	13 Intentionally Left Blank	14 Interest Synchronization	15 Income Taxes	Rebuttal Test Year Adjusted Results	Proposed Rate Increase	Rebuttal Adjusted with Rate Increase
2	Metered Water Revenues								\$ 2,822,231	\$ 520,150	\$ 3,342,381
3	Unmetered Water Revenues								-		-
4	Other Water Revenues								42,889		42,889
5									\$ 2,865,120	\$ 520,150	\$ 3,385,270
6	Operating Expenses										
7	Salaries and Wages	32,891							\$ 458,903		\$ 458,903
8	Purchased Water								-		-
9	Purchased Power								371,378		371,378
10	Fuel For Power Production								-		-
11	Chemicals								-		-
12	Materials and Supplies								3,884		3,884
13	Management Services - US Liberty Water								27,517		27,517
14	Management Services - Corporate								257,367		257,367
15	Management Services - Other		(32,583)						98,835		98,835
16	Outside Services - Accounting								15,903		15,903
17	Outside Services - Engineering								167		167
18	Outside Services- Other								-		-
19	Outside Services- Legal								14,205		14,205
20	Water Testing								4,690		4,690
21	Rents - Building								23,821		23,821
22	Rents - Equipment								-		-
23	Transportation Expenses								3,208		3,208
24	Insurance - General Liability								89,305		89,305
25	Insurance - Vehicle								34,100		34,100
26	Reg. Comm. Exp. - Other								7,733		7,733
27	Reg. Comm. Exp. - Rate Case								-		-
28	Miscellaneous Expense								87,500		87,500
29	Bad Debt Expense								83,253		83,253
30	Depreciation and Amortization Expense								441,453		441,453
31	Taxes Other Than Income								-		-
32	Property Taxes								156,368	9,496	165,864
33	Income Tax								82,960	197,107	461,714
34											
35	Total Operating Expenses								\$ 2,444,197	\$ 206,603	\$ 2,650,800
36	Operating Income	\$ 32,891	(32,583)						\$ 420,923	\$ 313,547	\$ 734,471
37	Other Income (Expense)	(32,891)	32,583						(0)		(0)
38	Interest Income										
39	Other income						86,978				
40	Interest Expense										
41	Other Expense										
42											
43	Total Other Income (Expense)						86,978				
44	Net Profit (Loss)	\$ (32,891)	\$ 32,583				\$ 86,978		\$ (0)		\$ (0)
45									\$ 420,923	\$ 313,547	\$ 734,471

SUPPORTING SCHEDULES:
 C-1, page 1

Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
 Test Year Ended February 29, 2012
 Adjustments to Revenues and Expenses

Exhibit
 Final Schedule C-2
 Page 1
 Witness: Bourassa

Line No.	<u>Adjustments to Revenues and Expenses</u>						<u>Subtotal</u>	
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>		
		Property	Intentionally	Revenue	Staff's	Intentionally		
		Taxes	Left	Annualization	Water Testing	Left		
			Blank			Blank		
4	Revenues			10,282			10,282	
5								
6	Expenses	(109,769)	563		(4,410)	-	(113,616)	
7								
8	Operating							
9	Income	109,769	(563)	-	10,282	4,410	123,898	
10								
11	Interest							
12	Expense						-	
13	Other							
14	Income /						-	
15	Expense							
16								
17	Net Income	109,769	(563)	-	10,282	4,410	123,898	
18								
19								
20		<u>Adjustments to Revenues and Expenses</u>						
21		<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>	
22		APUC	Miscellaneous	Employee	Corporate	Intentionally	Intentionally	
23		Allocated	Expense	Benefits	Allocation	Left	Left	
24		Capital Taxes				Blank	Blank	
25	Revenues							
26							10,282	
27	Expenses	(2,557)	(1,804)	32,891	(32,583)	-	(117,669)	
28								
29	Operating							
30	Income	2,557	1,804	(32,891)	32,583	-	127,951	
31								
32	Interest							
33	Expense	-					-	
34	Other							
35	Income /						-	
36	Expense							
37								
38	Net Income	2,557	1,804	(32,891)	32,583	-	127,951	
39								
40								
41		<u>Adjustments to Revenues and Expenses</u>						
42		<u>13</u>	<u>14</u>	<u>15</u>	<u>16</u>	<u>17</u>	<u>18</u>	
43		Intentionally	Interest	Income				
44		Left	Synchronization	Taxes				
45		Blank						
46	Revenues						10,282	
47								
48	Expenses			82,960			(34,709)	
49								
50	Operating							
51	Income	-	-	(82,960)	-	-	44,991	
52								
53	Interest							
54	Expense	-	86,978				86,978	
55	Other							
56	Income /						-	
57	Expense							
58								
59	Net Income	-	86,978	(82,960)	-	-	131,968	

Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
 Test Year Ended February 29, 2012
 Adjustments to Revenues and Expenses
 Adjustment Number 1

Exhibit
 Final Schedule C-2
 Page 2
 Witness: Bourassa

Depreciation Expense

Line No.	Acct. No.	Description	Adjusted Original Cost	Non-Depr or Fully Depreciated	Depreciable Adjusted Original Cost	Proposed Rates	Depreciation Expense
1							
2							
3							
4							
5	301	Organization Cost	5,785	(5,785)	-	0.00%	-
6	302	Franchise Cost	417	(417)	-	0.00%	-
7	303	Land and Land Rights	44,194	(44,194)	-	0.00%	-
8	304	Structures and Improvements	3,311,457		3,311,457	3.33%	110,272
9	305	Collecting and Impounding Res.	-		-	2.50%	-
10	306	Lake River and Other Intakes	-		-	2.50%	-
11	307	Wells and Springs	562,937		562,937	3.33%	18,746
12	308	Infiltration Galleries and Tunnels	-		-	6.67%	-
13	309	Supply Mains	279,157		279,157	2.00%	5,583
14	310	Power Generation Equipment	219,360		219,360	5.00%	10,968
15	311	Electric Pumping Equipment	1,601,688		1,601,688	12.50%	200,211
16	320	Water Treatment Equipment	363,442		363,442	3.33%	12,103
17	320.1	Water Treatment Plant	-		-	3.33%	-
18	320.2	Chemical Solution Feeders	-		-	20.00%	-
19	330	Dist. Reservoirs & Standpipe	759,861		759,861	2.22%	16,869
20	330.1	Storage tanks	-		-	2.22%	-
21	330.2	Pressure Tanks	-		-	5.00%	-
22	331	Trans. and Dist. Mains	22,337,893		22,337,893	2.00%	446,758
23	333	Services	2,768,122		2,768,122	3.33%	92,178
24	334	Meters	1,010,366		1,010,366	8.33%	84,163
25	335	Hydrants	572,321		572,321	2.00%	11,446
26	336	Backflow Prevention Devices	6,151		6,151	6.67%	410
27	339	Other Plant and Misc. Equip.	123,778		123,778	6.67%	8,256
28	340	Office Furniture and Fixtures	29,265		29,265	6.67%	1,952
29	340.1	Computers and Software	76,919	(76,919)	-	20.00%	-
30	341	Transportation Equipment	142,188		142,188	20.00%	28,438
31	342	Stores Equipment	-		-	4.00%	-
32	343	Tools and Work Equipment	18,203		18,203	5.00%	910
33	344	Laboratory Equipment	3,061	(3,061)	-	10.00%	-
34	345	Power Operated Equipment	-		-	5.00%	-
35	346	Communications Equipment	212,996		212,996	10.00%	21,300
36	347	Miscellaneous Equipment	5,427	675	6,102	10.00%	610
37	348	Other Tangible Plant	-		-	10.00%	-
38		TOTALS	\$ 34,454,991	\$ (129,701)	\$ 34,325,289		\$ 1,071,173
39							
40					Gross CIAC	Amort. Rate	
41		Less: Amortization of Contributions			\$ 20,179,119	3.1207%	\$ (629,720)
42		Total Depreciation Expense					\$ 441,453
43							
44		Adjusted Test Year Depreciation Expense					551,222
45							
46		Increase (decrease) in Depreciation Expense					(109,769)
47							
48		Adjustment to Revenues and/or Expenses					\$ (109,769)
49							
50		<u>SUPPORTING SCHEDULE</u>					
51		B-2, page 3					

Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
 Test Year Ended February 29, 2012
 Adjustment to Revenues and Expenses
 Adjustment Number 2

Exhibit
 Final Schedule C-2
 Page 3
 Witness: Bourassa

Property Taxes

Line No.	DESCRIPTION	Test Year as adjusted	Company Recommended
1	Company Adjusted Test Year Revenues	\$ 2,865,120	\$ 2,865,120
2	Weight Factor	<u>2</u>	<u>2</u>
3	Subtotal (Line 1 * Line 2)	5,730,240	5,730,240
4	Company Recommended Revenue	2,865,120	3,385,270
5	Subtotal (Line 4 + Line 5)	8,595,360	9,115,511
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	2,865,120	3,038,504
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	5,730,240	6,077,007
10	Plus: 10% of CWIP (intentionally excluded)	-	-
11	Less: Net Book Value of Licensed Vehicles	20,364	20,364
12	Full Cash Value (Line 9 + Line 10 - Line 11)	5,709,876	6,056,643
13	Assessment Ratio	20.0%	20.0%
14	Assessment Value (Line 12 * Line 13)	1,141,975	1,211,329
15	Composite Property Tax Rate - Obtained from ADOR	13.6927%	13.6927%
16	Test Year Adjusted Property Tax Expense (Line 14 * Line 15)	\$ 156,368	\$ 165,864
17	Tax on Parcels	-	-
18	Total Property Taxes (Line 16 + Line 17)	<u>\$ 156,368</u>	
19	Test Year Property Taxes	<u>\$ 155,805</u>	
20	Adjustment to Test Year Property Taxes (Line 18 - Line 19)	<u>\$ 563</u>	
21			
22	Property Tax on Company Recommended Revenue (Line 16 + Line 17)		<u>\$ 165,864</u>
23	Company Test Year Adjusted Property Tax Expense (Line 18)		<u>\$ 156,368</u>
24	Increase in Property Tax Due to Increase in Revenue Requirement		<u>\$ 9,496</u>
25			
26	Increase in Property Tax Due to Increase in Revenue Requirement (Line 24)		\$ 9,496
27	Increase in Revenue Requirement		\$ 520,150
28	Increase in Property Tax Per Dollar Increase in Revenue (Line 26 / Line 27)		1.82570%
29			
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Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
Test Year Ended February 29, 2012
Adjustment to Revenues and Expenses
Adjustment Number 3

Exhibit
Final Schedule C-2
Page 4
Witness: Bourassa

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Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
Test Year Ended February 29, 2012
Adjustment to Revenues and Expenses
Adjustment Number 4

Exhibit
Final Schedule C-2
Page 5
Witness: Bourassa

Revenue Annualization

Line
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MSR Revenue Annualization per RUCO

\$ 10,282

Total Revenue from Annualization

\$ 10,282

Adjustment to Revenue and/or Expense

\$ 10,282

SUPPORTING SCHEDULES

Testimony

Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
Test Year Ended February 29, 2012
Adjustment to Revenues and Expenses
Adjustment Number 5

Exhibit
Final Schedule C-2
Page 6
Witness: Bourassa

Water Testing

Line
No.

1		
2	Water Testing Expense per Rebuttal	\$ 23,821
3	Water Testing Expense per Direct	<u>28,231</u>
4	Increase (decrease) in Water Testing Expense	(4,410)
5		
6	Adjustment to Revenues	<u>\$ (4,410)</u>
7		
8		
9	Adjustment to Revenue and/or Expense	<u>(4,410)</u>
10		
11	<u>Reference</u>	
12	Staff Schedule MJR-W15	
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Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
Test Year Ended February 29, 2012
Adjustment to Revenues and Expenses
Adjustment Number 6

Exhibit
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Witness: Bourassa

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Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
Test Year Ended December 31, 2001
Adjustment to Revenues and Expenses
Adjustment Number 7

Exhibit
Final Schedule C-2
Page 8
Witness: Bourassa

APUC Allocated Capital Taxes

Line
No.

1		
2	APUC Allocated Capital Taxes	\$ (2,557)
3		
4		
5		
6	Adjustment to Management Services -Corporate	<u>\$ (2,557)</u>
7		
8		
9	Adjustment to Revenue and/or Expense	<u>(2,557)</u>
10		
11	<u>Reference</u>	
12	Staff Schedule MJR-W16	
13	Testimony	
14		
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Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
Test Year Ended December 31, 2001
Adjustment to Revenues and Expenses
Adjustment Number 8

Exhibit
Final Schedule C-2
Page 9
Witness: Bourassa

Miscellaneous Expense

Line
No.

1		
2	RUCO proposed reduction to Miscellaneous Expense	\$ (1,804)
3		
4		
5		
6	Adjustment to Miscellaneous Expense	<u>\$ (1,804)</u>
7		
8		
9	Adjustment to Revenue and/or Expense	<u>(1,804)</u>
10		
11	<u>Reference</u>	
12	Staff Schedule TJC-21	
13	Testimony	
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Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
Test Year Ended February 29, 2012
Adjustment to Revenues and Expenses
Adjustment Number 9

Exhibit
Final Schedule C-2
Page 10
Witness: Bourassa

Employee Benefits

Line
No.

1			
2	Allocated portion of new employee benefit costs	\$	32,891
3			
4			
5			
6	Adjustment to Salaries and Wages expense	<u>\$</u>	<u>32,891</u>
7			
8			
9	Adjustment to Revenue and/or Expense		<u>32,891</u>
10			
11	<u>Reference</u>		
12	Testimony		
13	Workpapers		
14			
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20			

Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
Test Year Ended February 29, 2012
Adjustment to Revenues and Expenses
Adjustment Number 10

Exhibit
Final Schedule C-2
Page 11
Witness: Bourassa

Management Services - Corporate

Line
No.

1		
2	Remove portion of corporate allocated costs	(32,583)
3		
4		
5		
6	Adjustment to Management Services - Corporate	<u>\$ (32,583)</u>
7		
8		
9	Adjustment to Revenue and/or Expense	<u>(32,583)</u>
10		
11	<u>Reference</u>	
12	Staff Testimony	
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Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
Test Year Ended February 29, 2012
Adjustment to Revenues and Expenses
Adjustment Number 11

Exhibit
Final Schedule C-2
Page 12
Witness: Bourassa

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Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
Test Year Ended February 29, 2012
Adjustment to Revenues and Expenses
Adjustment Number 12

Exhibit
Final Schedule C-2
Page 13
Witness: Bourassa

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Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
Test Year Ended February 29, 2012
Adjustment to Revenues and Expenses
Adjustment Number 13

Exhibit
Final Schedule C-2
Page 14
Witness: Bourassa

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Interest Synchronization

Line
No.

1				
2				
3				
4	Fair Value Rate Base	\$	7,731,269	
5	Weighted Cost of Debt		0.00%	
6	Interest Expense			\$ -
7				
8	Test Year Interest Expense			<u>\$ 86,978</u>
9				
10	Increase (decrease) in Interest Expense			(86,978)
11				
12				
13				
14	Adjustment to Revenue and/or Expense			<u>\$ 86,978</u>
15				
16				

Weighted Cost of Debt Computation

18				Weighted
19		<u>Percent</u>	<u>Cost</u>	<u>Cost</u>
20	Debt	0.00%	0.00%	0.00%
21	Equity	<u>100.00%</u>	9.50%	<u>9.50%</u>
22	Total	100.00%		9.50%
23				
24				
25				
26				
27				
28				
29				
30				

Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
Test Year Ended February 29, 2012
Adjustment to Revenues and/or Expenses
Adjustment Number 15

Exhibit
Final Schedule C-2
Page 16
Witness: Bourassa

Line

No.

1 Income Taxes

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**Test Year
at Present Rates**

**Test Year
at Proposed Rates**

Computed Income Tax

\$ 264,607

\$ 461,714

Test Year Income tax Expense

-

264,607

Adjustment to Income Tax Expense

\$ 264,607

\$ 197,107

SUPPORTING SCHEDULE

C-3, page 2

Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
Test Year Ended February 29, 2012
Computation of Gross Revenue Conversion Factor

Exhibit
 Final Schedule C-3
 Page 1
 Witness: Bourassa

Line	<u>No.</u> <u>Description</u>	Percentage of Incremental Gross <u>Revenues</u>
1	Combined Federal and State Effective Income Tax Rate	38.599%
2		
3	Property Taxes	1.121%
4		
5		
6	Total Tax Percentage	39.720%
7		
8	Operating Income % = 100% - Tax Percentage	60.280%
9		
10		
11		
12		
13	<u>1</u> = Gross Revenue Conversion Factor	
14	Operating Income %	1.6589
15		
16		
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25 SUPPORTING SCHEDULES:
 26 C-3, page 2

RECAP SCHEDULES:
 A-1

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Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
 Test Year Ended February 29, 2012

Exhibit
 Final Schedule C-3
 Page 2
 Witness: Bourassa

GROSS REVENUE CONVERSION FACTOR

Line No.	Description	(A)	(B)	(C)	(D)	(E)	(F)
<i>Calculation of Gross Revenue Conversion Factor:</i>							
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)		39.7199%				
5	Subtotal (L3 - L4)		60.2801%				
6	Revenue Conversion Factor (L1 / L5)		1.658922				
<i>Calculation of Uncollectible Factor:</i>							
7	Unity		100.0000%				
8	Combined Federal and State Tax Rate (L17)		38.5989%				
9	One Minus Combined Income Tax Rate (L7 - L8)		61.4011%				
10	Uncollectible Rate		0.0000%				
11	Uncollectible Factor (L9 * L10)			0.0000%			
<i>Calculation of Effective Tax Rate:</i>							
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 (L55 Col F)		34.0000%				
16	Effective Federal Income Tax Rate (L14 x L15)		31.6309%				
17	Combined Federal and State Income Tax Rate (L13 +L16)			38.5989%			
<i>Calculation of Effective Property Tax Factor</i>							
18	Unity		100.0000%				
19	Combined Federal and State Income Tax Rate (L17)		38.5989%				
20	One Minus Combined Income Tax Rate (L18-L19)		61.4011%				
21	Property Tax Factor		1.8257%				
22	Effective Property Tax Factor (L20*L21)			1.1210%			
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)				39.7199%		
24	Required Operating Income	\$	734,471				
25	Adjusted Test Year Operating Income (Loss)	\$	420,923				
26	Required Increase in Operating Income (L24 - L25)	\$		\$	313,547		
27	Income Taxes on Recommended Revenue (Col. (F), L52)	\$	461,714				
28	Income Taxes on Test Year Revenue (Col. (C), L52)	\$	264,607				
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)	\$		\$	197,107		
30	Recommended Revenue Requirement	\$	3,385,270				
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	\$	165,864				
36	Property Tax on Test Year Revenue	\$	156,368				
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)	\$		\$	9,496		
38	Total Required Increase in Revenue (L26 + L29 + L37)	\$		\$	520,150		

	(A) Test Year			(B) Sewer			(C) Water			(D) Company Recommended			(E) Sewer			(F) Water			
	Total	Company		Total	Company		Total	Company		Total	Company		Total	Company		Total	Company		
<i>Calculation of Income Tax:</i>																			
39	Revenue	\$	4,267,963	\$	1,402,843	\$	2,865,120	\$	4,878,089	\$	1,492,819	\$	3,385,270	\$	4,878,089	\$	1,492,819	\$	3,385,270
40	Operating Expenses Excluding Income Taxes	\$	3,030,972	\$	851,383	\$	2,179,590	\$	3,042,111	\$	853,025	\$	2,189,086	\$	3,042,111	\$	853,025	\$	2,189,086
41	Synchronized Interest (L47)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
42	Arizona Taxable Income (L39 - L40 - L41)	\$	1,236,991	\$	551,460	\$	685,531	\$	1,835,979	\$	639,795	\$	1,196,184	\$	1,835,979	\$	639,795	\$	1,196,184
43	Arizona State Effective Income Tax Rate (see work papers)				6.9680%		6.9680%		6.9680%		6.9680%		6.9680%		6.9680%		6.9680%		6.9680%
44	Arizona Income Tax (L42 x L43)	\$	86,194	\$	38,426	\$	47,768	\$	127,931	\$	44,581	\$	83,350	\$	127,931	\$	44,581	\$	83,350
45	Federal Taxable Income (L42- L44)	\$	1,150,797	\$	513,035	\$	637,763	\$	1,708,048	\$	595,214	\$	1,112,834	\$	1,708,048	\$	595,214	\$	1,112,834
46		\$		\$		\$		\$		\$		\$		\$		\$		\$	
47	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%	\$	15,000	\$	7,500	\$	7,500	\$	7,500	\$	7,500	\$	7,500	\$	7,500	\$	7,500	\$	7,500
48	Federal Tax on Second Income Bracket (\$50,001 - \$75,000) @ 25%	\$	12,500	\$	6,250	\$	6,250	\$	6,250	\$	6,250	\$	6,250	\$	6,250	\$	6,250	\$	6,250
49	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%	\$	17,000	\$	8,500	\$	8,500	\$	8,500	\$	8,500	\$	8,500	\$	8,500	\$	8,500	\$	8,500
50	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%	\$	183,300	\$	91,650	\$	91,650	\$	91,650	\$	91,650	\$	91,650	\$	91,650	\$	91,650	\$	91,650
51	Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$	163,471	\$	60,532	\$	102,939	\$	466,836	\$	88,473	\$	264,464	\$	466,836	\$	88,473	\$	264,464
52		\$		\$		\$		\$		\$		\$		\$		\$		\$	
53	Total Federal Income Tax	\$	391,271	\$	174,432	\$	216,839	\$	580,736	\$	202,373	\$	378,364	\$	580,736	\$	202,373	\$	378,364
54	Combined Federal and State Income Tax (L35 + L42)	\$	477,465	\$	212,858	\$	264,607	\$	708,667	\$	246,954	\$	461,714	\$	708,667	\$	246,954	\$	461,714
55	COMBINED Applicable Federal Income Tax Rate [Col. (D), L53 - Col. (A), L53] / [Col. (D), L45 - Col. (A), L45]								34.0000%										
56	WASTEWATER Applicable Federal Income Tax Rate [Col. (E), L53 - Col. (B), L53] / [Col. (E), L45 - Col. (B), L45]																		
57	WATER Applicable Federal Income Tax Rate [Col. (F), L53 - Col. (C), L53] / [Col. (F), L45 - Col. (C), L45]																		

<i>Calculation of Interest Synchronization:</i>			
58	Rate Base	Sewer	Water
59	Weighted Average Cost of Debt	\$ 4,790,738	\$ 7,731,269
60	Synchronized Interest (L59 X L60)	0.0000%	0.0000%
		\$ -	\$ -

Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
 Test Year Ended February 29, 2012
 Revenue Summary
 With Annualized Revenues to Year End Number of Customers

Exhibit
 Final Schedule H-1
 Page 3
 Witness: Bourassa

Line No.	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1	\$ 2,830,180	\$ 3,360,756	\$ 530,576	18.75%	100.00%	100.00%
2	(8,185)	(8,185)	(8,185)	0.00%	-	-
3	(7,949)	(8,858)	(909)	11.43%	-0.28%	-0.26%
4	\$ 2,822,231	\$ 3,343,714	\$ 529,667	18.77%		
5						
6	\$ 42,889	\$ 42,889	-	0.00%	1.52%	1.28%
7	-	(1,332)	(1,332)	0.00%	0.00%	-0.04%
8	\$ 2,865,120	\$ 3,385,271	\$ 528,335	18.44%	0.00%	0.00%
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Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
 Test Year Ended February 29, 2012
 Customer Summary
 at 9.5% WACC

Exhibit
 Schedule H-2
 Page 1
 Witness: Bourassa

Line No.	Meter Size, Class	(a) Average Number of Customers at 2/29/2012	Average Consumption	Average Bill		Proposed Increase	
				Present Rates	Proposed Rates	Dollar Amount	Percent Amount
1	5/8X3/4 Inch Residential	5,902	7,794 \$	29.75 \$	36.18	6.43	21.63%
2	5/8X3/4 Inch Residential (Low Income)	96	7,658	24.95	30.39	5.44	21.82%
3	3/4 Inch Residential	11	4,316	29.07	38.45	9.38	32.26%
4	1 Inch Residential	35	10,705	58.71	75.11	16.41	27.94%
5	1 Inch Residential (Low Income)	1	6,667	39.88	53.07	13.19	33.07%
6	1 1/2 Inch Residential	3	27,821	141.77	170.36	28.59	20.17%
7	2 Inch Residential	3	19,316	144.24	193.45	49.21	34.12%
8	Subtotal	6,052					
9							
10	5/8X3/4 Inch Commercial	80	8,995 \$	33.25 \$	39.95	6.70	20.14%
11	1 Inch Commercial	49	15,566	73.31	90.38	17.07	23.28%
12	1 1/2 Inch Commercial	10	24,508	129.71	159.96	30.25	23.32%
13	2 Inch Commercial	43	39,263	202.49	256.09	53.60	26.47%
14	3 Inch Commercial	12	173,138	764.86	823.82	58.96	7.71%
15	4 Inch Commercial	6	253,431	1,155.95	1,224.99	69.04	5.97%
16	6 Inch Commercial	1	457,917	2,125.82	2,271.82	146.00	6.87%
17	Subtotal	201					
18							
19	5/8X3/4 Inch Industrial	17	4,422 \$	19.90 \$	25.59	5.69	28.61%
20	2 Inch Industrial	6	167,329	655.88	705.88	50.00	7.62%
21	Subtotal	23					
22							
23	5/8X3/4 Inch Multi-family	7	9,058 \$	33.48 \$	40.18	6.70	20.01%
24	1 1/2 Inch Multi-family	1	11,750	89.21	119.90	30.69	34.40%
25	Subtotal	8					
26							
27	6 Inch Bulk	0	1,908,591	7,406.27	9,972.15	2,565.88	34.64%
28	Fire Lines up to 8 Inch	19	-	5.49 \$	8.30	2.81	51.18%
29							
30							
31	Total	6,303					

(a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
 Test Year Ended February 29, 2012
 Customer Summary

Exhibit
 Final Schedule H-2
 Page 2
 Witness: Bourassa

Line No.	Meter Size, Class	(a) Average Number of Customers at 2/29/2012	Median Consumption	Median Bill		Proposed Rates	Proposed Increase	
				Present Rates	Proposed Rates		Dollar Amount	Percent Amount
1	5/8X3/4 Inch Residential	5,902	6,000 \$	24.51 \$	30.55	6.04	24.64%	
2	5/8X3/4 Inch Residential (Low Income)	96	-	23.32	28.64	5.32	22.82%	
3	3/4 Inch Residential	11	4,000	28.15	37.46	9.31	33.07%	
4	1 Inch Residential	35	6,000	44.97	60.34	15.37	34.18%	
5	1 Inch Residential (Low Income)	1	-	40.71	53.96	13.25	32.55%	
6	1 1/2 Inch Residential	3	20,000	113.30	145.80	32.50	28.68%	
7	2 Inch Residential	3	14,000	128.72	176.76	48.04	37.32%	
8	Subtotal	6,052						
9								
10	5/8X3/4 Inch Commercial	80	3,000 \$	15.75 \$	21.13	5.38	34.16%	
11	1 Inch Commercial	49	7,000	47.89	63.48	15.59	32.55%	
12	1 1/2 Inch Commercial	10	9,000	81.18	111.26	30.08	37.05%	
13	2 Inch Commercial	43	20,500	147.70	197.17	49.47	33.49%	
14	3 Inch Commercial	12	24,000	245.76	340.96	95.20	38.74%	
15	4 Inch Commercial	6	192,000	932.34	1,017.88	85.54	9.17%	
16	6 Inch Commercial	1	425,000	2,006.00	2,164.50	158.50	7.90%	
17	Subtotal	201						
18								
19	5/8X3/4 Inch Industrial	17	4,353 \$	10.98 \$	16.60	5.62	51.18%	
20	2 Inch Industrial	6	32,667	140.40	189.32	48.92	34.84%	
21	Subtotal	23						
22								
23	5/8X3/4 Inch Multi-family	7	8,000 \$	30.35 \$	36.83	6.48	21.35%	
24	1 1/2 Inch Multi-family	1	11,000	87.02	117.54	30.52	35.07%	
25	Subtotal	8						
26								
27	6 Inch Bulk	0	945,000	3,898.80	5,356.55	1,457.75	37.39%	
28	Fire Lines up to 8 Inch	19	-	5.49 \$	8.30	2.81	51.18%	
29								
30								
31	Total	6,303						

(a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
 Test Year Ended February 29, 2012
 Present and Proposed Rates

Exhibit
 Final Schedule H-3
 Page 1
 Witness: Bourassa

Line No.	Monthly Usage Charge for: Meter Size (All Classes):	Present Rates	Proposed Rates ¹	Change	Percent Change
1	5/8 Inch	\$ 10.98	\$ 16.60	\$ 5.62	51.18%
2	3/4 Inch	16.47	24.90	8.43	51.18%
3	1 Inch	27.45	41.50	14.05	51.18%
4	1 1/2 Inch	54.90	83.00	28.10	51.18%
5	2 Inch	87.84	132.80	44.96	51.18%
6	3 Inch	175.68	265.60	89.92	51.18%
7	4 Inch	274.50	415.00	140.50	51.18%
8	6 Inch	549.00	830.00	281.00	51.18%
9	8 Inch	878.40	1,328.00	449.60	51.18%
10	10 Inch	1,262.70	1,909.00	646.30	51.18%
11	12 Inch	2,360.70	3,569.00	1,208.30	51.18%

¹ Low Income Tariff - A 15% discount is available to qualified residential customers meeting the low income qualifications. Participation is limited to a maximum 2,200 customers.

15 Fire Lines 8 Inch (R-14-2-408.B) Per Rule*
 16 Fire Lines 10 Inch (R-14-2-408.B) Per Rule*
 17 Fire Lines 12 Inch (R-14-2-408.B) Per Rule*

19 * 1% of Monthly Minimum for a Comparable Size Meter Connection, but not less than \$5.00 per month. The Service Charge for Fire Sprinklers is only applicable for service lines separate and distinct from the primary water service line.

Gallons In Minimum (All Classes)

Block	Present Rate	Proposed Rate ¹
(Per 1,000 gallons)		
0 gallons to 3,000 gallons	\$ 1.59	\$ 1.51
3,001 gallons to 9,000 gallons	\$ 2.92	\$ 3.14
over 9,000 gallons	\$ 3.64	\$ 3.64
3/4 Inch Meter	\$ 2.92	\$ 3.14
0 gallons to 6,000 gallons	\$ 3.64	\$ 3.64
over 6,000 gallons		
3/4 Inch Meter	\$ 3.14	\$ 3.64
0 gallons to 4,500 gallons		
over 4,500 gallons		

* Per Rule - A.A.C. R-14-2-408.B

¹ Santa Cruz Unified School District provided a 5% discount.

NT = No Tariff

Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
 Test Year Ended February 29, 2012
 Present and Proposed Rates

Exhibit
 Final Schedule H-3
 Page 2
 Witness: Bourassa

Line No.	Commodity Rates (All Classes)	(Per 1,000 gallons)	
		Present Rate	Proposed Rate ¹
1			
2			
3			
4	Block		
5	0 gallons to 15,000 gallons	\$ 2.92	\$ -
6	over 15,000 gallons	\$ 3.64	\$ -
7			
8	1 Inch Meter		
9	0 gallons to 22,500 gallons		\$ 3.14
10	over 22,500 gallons		\$ 3.64
11			
12	1.5 Inch Meter		
13	0 gallons to 20,000 gallons	\$ 2.92	
14	over 20,000 gallons	\$ 3.64	
15			
16	1.5 Inch Meter		
17	0 gallons to 45,000 gallons		\$ 3.14
18	over 45,000 gallons		\$ 3.64
19			
20	2 Inch Meter		
21	0 gallons to 57,000 gallons	\$ 2.92	
22	over 57,000 gallons	\$ 3.64	
23			
24	2 Inch Meter		
25	0 gallons to 72,000 gallons		\$ 3.14
26	over 72,000 gallons		\$ 3.64
27			
28	3 Inch Meter		
29	0 gallons to 57,000 gallons	\$ 2.92	
30	over 57,000 gallons	\$ 3.64	
31			
32	3 Inch Meter		
33	0 gallons to 144,000 gallons		\$ 3.14
34	over 144,000 gallons		\$ 3.64
35			
36	4 Inch Meter		
37	0 gallons to 57,000 gallons	\$ 2.92	
38	over 57,000 gallons	\$ 3.64	
39			
40	4 Inch Meter		
41	0 gallons to 225,000 gallons		\$ 3.14
42	over 225,000 gallons		\$ 3.64
43			
44	6 Inch Meter		
45	0 gallons to 125,000 gallons	\$ 2.92	
46	over 125,000 gallons	\$ 3.64	
47			
48	6 Inch Meter		
49	0 gallons to 450,000 gallons		\$ 3.14
50	over 450,000 gallons		\$ 3.64

Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
 Test Year Ended February 29, 2012
 Present and Proposed Rates

Exhibit
 Final Schedule H-3
 Page 3
 Witness: Bourassa

Line No.	Commodity Rates (All Classes)	Present Rate	Proposed Rate ¹
1			
2			
3			
4	8 Inch Meter	\$ 2.92	\$ 3.64
5			
6			
7	8 Inch Meter	\$ 3.14	\$ 3.64
8			
9			
10	10 Inch Meter	\$ 2.92	\$ 3.64
11			
12			
13	10 Inch Meter	\$ 3.14	\$ 3.64
14			
15			
16	12 Inch Meter	\$ 2.92	\$ 3.64
17			
18			
19	12 Inch Meter	\$ 3.14	\$ 3.64
20			
21			
22			
23	6 Inch Bulk	\$ 3.64	\$ 3.64
24			
25	NT = No Tariff		
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			

¹ Santa Cruz Unified School District provided a 5% discount.

Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
Changes in Representative Rate Schedules
Test Year Ended February 29, 2012

Exhibit
Final Schedule H-3
Page 4
Witness: Bourassa

Line No.	<u>Other Service Charges</u>	Present <u>Rates</u>	Proposed <u>Rates</u>
1	Establishment	\$ 15.00	\$ 15.00
2	Establishment (After Hours)	\$ 25.00	NT
3	Reconnection (Delinquent)	\$ 15.00	\$ 15.00
4	Reconnection (Delinquent) - After Hours	\$ 25.00	NT
5	Meter test (If Correct)	\$ 15.00	\$ 15.00
6	Deposit	*	*
7	Deposit Interest	**	**
8	Reestablishment (within 12 months)	***	***
9	NSF Check	\$ 15.00	\$ 15.00
10	Meter Reread (if Correct)	\$ 20.00	\$ 20.00
11	Late Payment Penalty	1.5% per month	1.5% per month
12	Deferred Payment (R-01-2-409.G)	1.5% per month	1.5% per month
13	Moving meter at customer request (R-14-2-405.B)	at Cost	at Cost
14	Service Calls - Per Hour/After Hours(a)	\$ 40.00	NT
15	Service Charge - After Hours(a)		\$ 40.00

16
17
18
19
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28
29
30
31
32
33
34

* Per Commission Rule A.A.C. R-14-2-403(B)
** Per Commission Rule A.A.C. R-14-2-403(B)
*** Per Commission Rule A.A.C. R14-2-403(D) - Months off the system times the monthly minimum.
(a) No charge for service calls during normal working hours.

IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE TAX. PER COMMISSION RULE 14-2-409D(5).

Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
 Test Year Ended February 29, 2012
 Meter and Service Line Charges

Exhibit
 Final Schedule H-3
 Page 5
 Witness: Bourassa

Line
No.

1						
2	<u>Refundable Meter and Service Line Charges</u>					
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	At Cost				
10	3/4 Inch	At Cost				
11	1 Inch	At Cost				
12	1 1/2 Inch	At Cost				
13	2 Inch	At Cost				
14	3 Inch	At Cost				
15	4 Inch	At Cost				
16	6 inch	At Cost				
17	8 Inch	At Cost				
18	10 Inch	At Cost				
19	12 Inch	At Cost				
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						

Exhibit 2

Rio Rico Utilities Inc., dba Liberty Utilities

Docket No. WS-02676A-12-0196

A-C, H - Wastewater Schedules

Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division
 Test Year Ended February 29, 2012
 Computation of Increase in Gross Revenue
 Requirements As Adjusted

Exhibit
 Final Schedule A-1
 Page 1
 Witness: Bourassa

Line
No.

1	Fair Value Rate Base	\$ 4,790,738
2		
3	Adjusted Operating Income	338,603
4		
5	Current Rate of Return	7.07%
6		
7	Required Operating Income	\$ 455,120
8		
9	Required Rate of Return on Fair Value Rate Base	9.50%
10		
11	Operating Income Deficiency	\$ 116,517
12		
13	Gross Revenue Conversion Factor	1.6589
14		
15	Increase in Gross Revenue Requirement	\$ 193,293
16		
17		
18	Adjusted Test Year Revenues	\$ 1,402,843
19	Increase in Gross Revenue Revenue Requirement	\$ 193,293
20	Proposed Revenue Requirement	\$ 1,596,136
21	% Increase	13.78%
22		

<u>Customer Classification</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
25 5/8X3/4 Inch Residential	\$ 1,001,239	\$ 1,151,425	\$ 150,186	15.00%
26 5/8X3/4 Inch Residential (Low Income)	26,948	30,990	4,042	15.00%
27 3/4 Inch Residential	5,182	5,960	777	15.00%
28 1 Inch Residential	7,304	8,400	1,096	15.00%
29 1 Inch Residential (Low Income)	494	569	74	15.00%
30 1 1/2 Inch Residential	-	-	-	0.00%
31 2 Inch Residential	132	152	20	15.00%
32 5/8X3/4 Inch Commercial	46,018	52,021	6,003	13.05%
33 1 Inch Commercial	56,409	63,413	7,004	12.42%
34 1 1/2 Inch Commercial	17,712	19,787	2,075	11.72%
35 2 Inch Commercial	94,925	106,065	11,140	11.74%
36 3 Inch Commercial	5,376	6,081	705	13.12%
37 4 Inch Commercial	89,951	99,031	9,080	10.09%
38 6 Inch Commercial	33,018	36,457	3,439	10.42%
39 5/8X3/4 Inch Multi-tenant	4,780	5,414	634	13.25%
40 1 1/2 Inch Multi-tenant	1,411	1,607	196	13.87%
41			-	0.00%
42 Revenue Annualization	11,943	13,616	1,673	14.01%
43 SCUSD Discount	-	(5,251)	(5,251)	0.00%
44 Subtotal	\$ 1,402,843	\$ 1,595,736	\$ 192,893	13.75%
45				
46 Other Water Revenues	-	-	-	0.00%
47 Reconciling Amount	-	400	400	0.00%
48 Rounding				0.00%
49 Total of Water Revenues	\$ 1,402,843	\$ 1,596,136	\$ 193,293	13.78%

51
 52 SUPPORTING SCHEDULES:

- 53 B-1
- 54 C-1
- 55 C-3
- 56 H-1

Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division
Test Year Ended February 29, 2012
Summary of Rate Base

Exhibit
 Final 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	\$ 12,751,357	\$ 12,751,357
3	Less: Accumulated Depreciation	4,698,882
4		
5	Net Utility Plant in Service	\$ 8,052,475
6		
7	<u>Less:</u>	
8	Advances in Aid of Construction	293,794
9		
10	Contributions in Aid of Construction	5,152,673
11		
12	Accumulated Amortization of CIAC	(2,491,137)
13		
14	Customer Meter Deposits	22,963
15	Deferred Income Taxes & Credits	283,444
16		
17		
18		
19	<u>Plus:</u>	
20	Unamortized Finance	
21	Charges	-
22	Deferred Tax Assets	-
23	Allowance for Working Capital	-
24		
25		
26	Total Rate Base	\$ 4,790,738
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41	<u>SUPPORTING SCHEDULES:</u>	
42	B-2	
43	B-3	
44	B-5	
45		
46		
47		
48		
49		
50		

Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division
 Test Year Ended February 29, 2012
 Original Cost Rate Base Proforma Adjustments

Exhibit
 Final Schedule B-2
 Page 1
 Witness: Bourassa

Line No.		Actual at End of <u>Test Year</u>	Proforma <u>Adjustment</u>	Adjusted at end of <u>Test Year</u>
1	Gross Utility			
2	Plant in Service	\$ 14,241,191	(1,489,834)	\$ 12,751,357
3				
4	Less:			
5	Accumulated			
6	Depreciation	6,437,304	(1,738,422)	4,698,882
7				
8				
9	Net Utility Plant			
10	in Service	\$ 7,803,886		\$ 8,052,475
11				
12	Less:			
13	Advances in Aid of			
14	Construction	293,794	-	293,794
15				
16	Contributions in Aid of			
17	Construction - Gross	5,152,673	-	5,152,673
18				
19	Accumulated Amortization of CIAC	(2,509,975)	18,837	(2,491,137)
20				
21	Customer Meter Deposits	22,963		22,963
22	Accumulated Deferred Income Tax	244,419	39,025	283,444
23				-
24				-
25				
26	Plus:			
27	Unamortized Finance			
28	Charges	-		-
29	Prepayments	-		-
30	Materials and Supplies	-	-	-
31	Working capital	-	-	-
32				-
33				
34	Total	\$ 4,600,012		\$ 4,790,738

45 SUPPORTING SCHEDULES:
 46 B-2, pages 2

RECAP SCHEDULES:
 B-1

47
 48
 49
 50

Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division
 Test Year Ended February 29, 2012
 Original Cost Rate Base Proforma Adjustments

Exhibit
 Final Schedule B-2
 Page 2
 Witness: Bourassa

Line No.	Description	Adjusted at end of Test Year	Proforma Adjustments			Intentionally Left Blank	Rebuttal Adjusted at end of Test Year
			1 Plant-in-Service	2 Accumulated Depreciation	3 CIAC		
1	Gross Utility Plant in Service	\$ 14,241,191	(1,489,834)				\$ 12,751,357
2							
3							
4	Less:						
5	Accumulated Depreciation	6,437,304	(1,738,422)				4,698,882
6							
7							
8							
9	Net Utility Plant in Service	\$ 7,803,886	\$ (1,489,834)	\$ -	\$ -	\$ -	\$ 8,052,475
10							
11							
12	Less:						
13	Advances in Aid of Construction	293,794					293,794
14							
15							
16	Contributions in Aid of Construction (CIAC)	5,152,673					5,152,673
17							
18							
19	Accumulated Amort of CIAC	(2,509,975)		18,837			(2,491,137)
20							
21	Customer Meter Deposits	22,963					22,963
22	Accumulated Deferred Income Taxes	244,419			39,025		283,444
23							
24							
25	Plus:						
26	Unamortized Finance Charges	-					-
27							
28	Prepayments	-					-
29	Materials and Supplies	-					-
30	Allowance for Cash Working Capital	-					-
31							
32	Total	\$ 4,600,012	\$ (1,489,834)	\$ 1,738,422	\$ (39,025)	\$ -	\$ 4,790,738
33							
34							
35							
36							
37							
38							
39							
40							

SUPPORTING SCHEDULES:
 B-1

RECAP SCHEDULES:
 B-1

Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division
 Test Year Ended February 29, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 1 -A

Exhibit
 Final Schedule B-2
 Page 3.1
 Witness: Bourassa

Line
No.

1	<u>Reclassification of plant from Water Division</u>					
2						
3	To WW		From Water			
4	Acct.		Acct.	Water	Recorded	
5	<u>No.</u>	<u>Description</u>	<u>No.</u>	<u>Description</u>	<u>Year</u>	<u>Adjustment</u>
6	380	Nogales WWTP	320	Water Treatment Equipment	2009	\$ 5,658
7	380	Nogales WWTP	336	Backflow Prevention Devices	2010	7,210
8	380	Nogales WWTP	336	Backflow Prevention Devices	2011	2,494
9		Total				<u>\$ 15,362</u>
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
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39						
40						
41						
42						
43	<u>SUPPORTING SCHEDULE</u>					
44	Staff Schedule MJR-W5					
45	Testimony					

Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division
 Test Year Ended February 29, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 1 - B

Exhibit
 Final Schedule B-2
 Page 3.2
 Witness: Bourassa

Line

No.

1 Reclassification of plant costs related to Nogales plant

2

3

4

Acct.

5

No. Description

Recorded

Year

Adjustment

6

380 Treatment & Disposal Equipment

2008 and Prior \$ (34,237)

7

380 Treatment & Disposal Equipment

2009 \$ (17,798)

8

380 Treatment & Disposal Equipment

2010 \$ (609)

9

380 Treatment & Disposal Equipment

2011 \$ (99,784)

10

380 Treatment & Disposal Equipment

2012 (1,214)

11

Total

\$ (153,642)

12

13

14

15

Total

16

17

18

19

Nogales WWTP

\$ 153,642

20

21

22

23

24

25

26

27

28

29

30

31

32

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46 SUPPORTING SCHEDULE

47 Staff Schedule MJR-VW5

48 Testimony

Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division
Test Year Ended February 29, 2012
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - C

Exhibit
Final Schedule B-2
Page 3.3
Witness: Bourassa

Line
No.

1 Remove 2012 Affiliate Profit

2
3

4 Acct.

Recorded

5 No. Description

Year

Adjustment

6 361 Collection Sewer Gravity

2012

\$ (415)

7

8

9 Total

\$ (415)

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

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43 SUPPORTING SCHEDULE

44 Staff Schedule MJR-W9

45 Testimony

Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division
 Test Year Ended February 29, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 1 - D

Exhibit
 Final Schedule B-2
 Page 3.4
 Witness: Bourassa

Line

No.

1 Plant Retirements

2

3

4

Acct.

5

No.

Description

Description

Retirement

Year

Adjustment

6

371

Pumping Equipment

1994 Net Plant Adds

2009

\$ (265,342)

7

371

Pumping Equipment

1995 Net Plant Adds

2009

-

8

371

Pumping Equipment

1996 Net Plant Adds

2009

(31,512)

9

371

Pumping Equipment

1997 Net Plant Adds

2009

(383,702)

10

371

Pumping Equipment

1998 Net Plant Adds

2009

(15,616)

11

371

Pumping Equipment

1999 Net Plant Adds

2009

-

12

371

Pumping Equipment

2000 Net Plant Adds

2009

(2,895)

13

Subtotal

\$ (699,067)

14

15

371

Pumping Equipment

2001 Net Plant Adds

2010

(29,911)

16

371

Pumping Equipment

2002 Net Plant Adds

2011

(775,201)

17

371

Pumping Equipment

2003 Net Plant Adds

2012

-

18

19

20

21

22

Total

\$ (1,504,180)

23

24

25

26

27

28

29

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44

Testimony

45

Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division
 Test Year Ended February 29, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 1 - E

Exhibit
 Final Schedule B-2
 Page 3.5
 Witness: Bourassa

Line No.	Acct.	Description	Direct Adjusted Original Cost	B-2 Adjustments	Rebuttal Adjusted Original Cost	Plant Per Reconstruction	Difference
1	Reconciliation of Plant to Plant Reconstruction						
2							
3							
4							
5							
6	351	Organization	5,785	-	5,785	5,785	-
7	352	Franchise	417	-	417	417	-
8	353	Land	7,545	-	7,545	7,545	-
9	354	Structures & Improvements	150,294	-	150,294	150,294	-
10	355	Power Generation	-	-	-	-	-
11	360	Collection Sewer Forced	636,023	-	636,023	636,023	-
12	361	Collection Sewers Gravity	5,991,654	(415)	5,991,239	5,991,239	-
13	362	Special Collecting Structures	-	-	-	-	-
14	363	Customer Services	1,204,113	-	1,204,113	1,204,113	-
15	364	Flow Measuring Devices	66,339	-	66,339	66,339	-
16	366	Reuse Services	-	-	-	-	-
17	367	Reuse Meters And Installation	-	-	-	-	-
18	370	Receiving Wells	867,120	-	867,120	867,120	-
19	371	Pumping Equipment	1,712,940	(1,504,180)	208,761	208,760	(1)
20	374	Reuse Distribution Reservoirs	-	-	-	-	-
21	375	Reuse Trans. and Dist. System	-	-	-	-	-
22	380	Treatment & Disposal Equipment	1,128,675	(153,642)	975,033	975,033	-
23	381	Plant Sewers	13,690	-	13,690	13,690	-
24	382	Outfall Sewer Lines	-	-	-	-	-
25	389	Other Sewer Plant & Equipment	64,928	-	64,928	64,928	-
26	390	Office Furniture & Equipment	116,937	-	116,937	116,937	-
27	390.1	Computers and Software	4,025	-	4,025	4,025	-
28	391	Transportation Equipment	117	-	117	117	-
29	392	Stores Equipment	-	-	-	-	-
30	393	Tools, Shop And Garage Equip	5,139	-	5,139	5,139	-
31	394	Laboratory Equip	-	-	-	-	-
32	396	Communication Equip	5,936	-	5,936	5,936	-
33	398	Other Tangible Plant	3,913	-	3,913	3,913	-
34	380	Nogales WWTP	2,255,600	169,004	2,424,604	2,424,604	-
35							
36							
37							
38							
39							
40		TOTALS	\$ 14,241,191	\$ (1,489,233)	\$ 12,751,958	\$ 12,751,957	\$ (1)

43 SUPPORTING SCHEDULE
 44 B-2, pages 3.1 through 3.5
 45 B-2, pages 3.8 through 3.11

Rio Rico Utilities dba Liberty Utilities - WW Division
Plant Additions and Retirements

Exhibit
Final Schedule B-2
Page 3.8
Witness: Bourassa

Line Account No. No.	NARUC Description	Allowed Deprec. Rate	Per Decision 72059		2009						Accum. Deprec. At 12/31/2008	Plant at 12/31/2008	
			Plant at 12/31/2008	Accum. Deprec. At 12/31/2008	Plant Additions (Per Books)	Plant Adjustments	Plant Adjustments	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements			Salvage A/D Only
1	351 Organization	0.00%	5,785	-	-	-	-	-	-	-	-	5,785	-
2	352 Franchise	0.00%	417	-	-	-	-	-	-	-	-	417	-
3	353 Land	0.00%	7,545	-	-	-	-	-	-	-	-	7,545	-
4	354 Structures & Improvements	3.33%	28,548	27,203	294	-	-	-	-	-	-	28,842	28,159
5	355 Power Generation	5.00%	-	-	-	-	-	-	-	-	-	-	-
6	360 Collection Sewer Force	2.00%	636,023	(38,371)	-	-	-	-	-	-	-	636,023	(25,651)
7	361 Collection Sewers Gravity	2.00%	5,945,962	2,213,553	130,091	-	-	-	-	-	-	6,076,053	2,333,773
8	362 Special Collecting Structures	2.00%	-	-	-	-	-	-	-	-	-	-	-
9	363 Customer Services	2.00%	1,145,530	585,656	7,994	-	-	245	-	-	-	1,153,279	618,599
10	364 Flow Measuring Devices	10.00%	55,968	31,043	6,964	-	-	-	-	-	-	64,952	37,080
11	366 Reuse Services	2.00%	-	-	-	-	-	-	-	-	-	-	-
12	367 Reuse Meters And Installation	8.33%	-	-	-	-	-	-	-	-	-	-	-
13	370 Receiving Wells	3.33%	867,120	238,710	-	-	-	-	-	-	-	867,120	267,565
14	371 Pumping Equipment	12.50%	1,504,181	1,232,681	112	-	-	-	699,067	-	-	805,225	677,952
15	374 Reuse Distribution Reservoirs	2.50%	-	-	-	-	-	-	-	-	-	-	-
16	375 Reuse Trans. and Dist. System	2.50%	-	-	-	-	-	-	-	-	-	-	-
17	380 Treatment & Disposal Equipment	5.00%	-	-	-	-	-	-	-	-	-	-	-
18	381 Plant Sewers	5.00%	1,006,848	665,783	14,462	-	-	-	-	-	-	1,021,310	716,466
19	382 Outfall Sewer Lines	3.33%	-	-	-	-	-	-	-	-	-	-	-
20	389 Other Sewer Plant & Equipment	6.67%	68,869	65,244	-	-	-	-	-	-	-	68,869	68,869
21	390 Office Furniture & Equipment	6.67%	110,454	8,021	-	-	-	-	-	-	-	110,454	15,388
22	390.1 Computers and Software	20.00%	4,025	4,025	-	-	-	-	-	-	-	4,025	4,025
23	391 Transportation Equipment	20.00%	-	-	-	-	-	-	-	-	-	-	-
24	392 Stores Equipment	4.00%	-	-	-	-	-	-	-	-	-	-	-
25	393 Tools, Shop And Garage Equip	5.00%	4,897	4,156	-	-	-	-	-	-	-	4,897	4,401
26	394 Laboratory Equip	10.00%	-	-	-	-	-	-	-	-	-	-	-
27	396 Communication Equip	10.00%	5,936	5,936	-	-	-	-	-	-	-	5,936	5,936
28	398 Other Tangible Plant	10.00%	3,913	2,815	-	-	-	-	-	-	-	3,913	3,206
29	Nogales WWTP	4.72%	427,000	53,375	-	-	-	-	-	-	-	427,000	73,529
30													
31													
32													
33													
34	Plant Held for Future Use												
35													
36	TOTALS		11,829,042	5,110,028	161,917	-	-	161,917	245	699,067	899,312	11,291,647	4,829,348

Rio Rico Utilities dba Liberty Utilities - WW Division
 Plant Additions and Retirements

Exhibit
 Final Schedule B-2
 Page 3.9
 Witness: Bourassa

Line Account No.	MARUC No.	Description	Allowed Deprec. Rate	2010				Adjusted Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
				Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)							
1	351	Organization	0.00%	-	-	-	-	-	-	-	-	5,785	-	
2	352	Franchise	0.00%	-	-	-	-	-	-	-	-	417	-	
3	353	Land	0.00%	-	-	-	-	-	-	-	-	7,545	-	
4	354	Structures & Improvements	3.33%	-	-	-	-	-	-	-	683	28,842	28,842	
5	355	Power Generation	5.00%	-	-	-	-	-	-	-	-	-	-	
6	360	Collection Sewer Force	2.00%	-	-	-	-	-	-	-	12,720	636,023	(12,930)	
7	361	Collection Sewers Gravity	2.00%	108	-	108	-	-	-	-	121,522	6,076,161	2,455,286	
8	362	Special Collecting Structures	2.00%	-	-	-	-	-	-	-	-	-	-	
9	363	Customer Services	2.00%	36,522	-	36,522	-	-	-	-	23,431	1,189,801	642,030	
10	364	Flow Measuring Devices	10.00%	-	-	-	-	-	-	-	6,495	64,952	43,565	
11	366	Reuse Services	2.00%	-	-	-	-	-	-	-	-	-	-	
12	367	Reuse Meters And Installation	8.33%	-	-	-	-	-	-	-	-	-	-	
13	370	Receiving Wells	3.33%	-	-	-	-	-	-	-	28,875	867,120	296,460	
14	371	Pumping Equipment	12.50%	84,064	-	84,064	-	29,911	-	-	104,038	859,378	752,078	
15	374	Reuse Distribution Reservoirs	2.50%	-	-	-	-	-	-	-	-	-	-	
16	375	Reuse Trans. and Dist. System	2.50%	-	-	-	-	-	-	-	-	-	-	
17	380	Treatment & Disposal Equipment	5.00%	609	-	609	-	-	-	-	51,081	1,021,920	767,567	
18	381	Plant Sewers	5.00%	-	-	-	-	-	-	-	-	-	-	
19	382	Outfall Sewer Lines	3.33%	-	-	-	-	-	-	-	-	-	-	
20	389	Other Sewer Plant & Equipment	6.67%	-	-	-	-	-	-	-	-	68,869	68,869	
21	390	Office Furniture & Equipment	6.67%	-	-	-	-	-	-	-	7,367	110,454	22,755	
22	390.1	Computers and Software	20.00%	-	-	-	-	-	-	-	-	4,025	4,025	
23	381	Transportation Equipment	20.00%	-	-	-	-	-	-	-	-	-	-	
24	382	Stores Equipment	4.00%	-	-	-	-	-	-	-	-	-	-	
25	383	Tools, Shop And Garage Equip	5.00%	-	-	-	-	-	-	-	245	4,897	4,846	
26	384	Laboratory Equip	10.00%	-	-	-	-	-	-	-	-	-	-	
27	386	Communication Equip	10.00%	-	-	-	-	-	-	-	-	5,936	5,936	
28	388	Other Tangible Plant	10.00%	-	-	-	-	-	-	-	391	3,913	3,597	
29		Nogales WWTP	4.72%	-	-	-	-	-	-	-	20,154	427,000	93,684	
30				-	-	-	-	-	-	-	-	-	-	
31				-	-	-	-	-	-	-	-	-	-	
32				-	-	-	-	-	-	-	-	-	-	
33				-	-	-	-	-	-	-	-	-	-	
34		Plant Held for Future Use		-	-	-	-	-	-	-	-	-	-	
35				-	-	-	-	-	-	-	-	-	-	
36		TOTALS		121,303	-	121,303	-	29,911	-	-	377,003	11,363,039	5,176,440	

Rio Rico Utilities dba Liberty Utilities - WW Division
 Plant Additions and Retirements

Exhibit
 Final Schedule B-2
 Page 3.10
 Witness: Bourassa

NARUC Line Account No. No.	Description	Allowed Deprec. Rate	2011				Adjusted Plant Retirements (Per Books)	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
			Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements Adjustments						
1	351 Organization	0.00%	-	-	-	-	-	-	-	5,785	-	
2	352 Franchise	0.00%	-	-	-	-	-	-	-	417	-	
3	353 Land	0.00%	-	-	-	-	-	-	-	7,545	-	
4	354 Structures & Improvements	3.33%	-	-	-	-	-	-	-	28,842	28,842	
5	355 Power Generation	5.00%	-	-	-	-	-	-	-	-	-	
6	360 Collection Sewer Forced	2.00%	-	-	-	-	-	-	12,720	636,023	(210)	
7	361 Collection Sewers Gravity	2.00%	-	-	652	-	-	-	121,530	6,076,813	2,576,825	
8	362 Special Collecting Structures	2.00%	-	-	-	-	-	-	-	-	-	
9	363 Customer Services	2.00%	-	-	7,319	-	-	-	23,869	1,187,120	665,899	
10	364 Flow Measuring Devices	10.00%	-	-	-	-	-	-	6,495	64,952	50,080	
11	366 Reuse Services	2.00%	-	-	-	-	-	-	-	-	-	
12	367 Reuse Meters And Installation	8.33%	-	-	-	-	-	-	-	-	-	
13	370 Receiving Wells	3.33%	-	-	-	-	-	-	28,875	867,120	325,335	
14	371 Pumping Equipment	12.50%	-	-	94,151	-	864,926	864,926	59,249	176,327	(53,596)	
15	374 Reuse Distribution Reservoirs	2.50%	-	-	-	-	-	-	-	-	-	
16	375 Reuse Trans. and Dist. System	2.50%	-	-	-	-	-	-	-	-	-	
17	380 Treatment & Disposal Equipment	5.00%	-	-	99,879	-	3,400	3,400	53,510	1,118,499	817,678	
18	381 Plant Sewers	5.00%	-	-	-	-	-	-	-	-	-	
19	382 Outfall Sewer Lines	3.33%	-	-	-	-	-	-	-	-	-	
20	389 Other Sewer Plant & Equipment	6.67%	-	-	-	-	-	-	-	66,869	66,869	
21	390 Office Furniture & Equipment	6.67%	-	-	-	-	-	-	7,367	110,454	30,122	
22	390.1 Computers and Software	20.00%	-	-	-	-	-	-	-	4,025	4,025	
23	381 Transportation Equipment	20.00%	-	-	67	-	-	-	7	67	7	
24	392 Stores Equipment	4.00%	-	-	-	-	-	-	-	-	-	
25	383 Tools, Shop And Garage Equip	5.00%	-	-	139	-	-	-	248	5,036	4,894	
26	394 Laboratory Equip	10.00%	-	-	-	-	-	-	-	-	-	
27	396 Communication Equip	10.00%	-	-	-	-	-	-	-	5,936	5,936	
28	386 Other Tangible Plant	10.00%	-	-	-	-	-	-	-	3,913	3,597	
29	Nogales WWTP	4.72%	-	-	-	-	-	-	20,154	427,000	113,838	
30			-	-	-	-	-	-	-	-	-	
31			-	-	-	-	-	-	-	-	-	
32			-	-	-	-	-	-	-	-	-	
33			-	-	-	-	-	-	-	-	-	
34	Plant Held for Future Use		-	-	-	-	-	-	-	-	-	
35			-	-	-	-	-	-	-	-	-	
36	TOTALS		202,307	-	202,307	3,400	864,926	868,326	334,026	10,806,743	4,642,140	

Rio Rico Utilities dba Liberty Utilities - WW Division
Plant Additions and Retirements

Exhibit
Final Schedule B-2
Page 3.11
Witness: Bourassa

Line Account No.	MARUC No.	Description	Allowed Deprec. Rate	2012 (2 months through 2/29)				Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Adjusted Plant Retirements	Plant Adjustments Only	Salvage AD Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
				Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)										
1	351	Organization	0.00%	-	-	-	-	-	-	-	-	-	-	-	5,785	-	
2	352	Franchise	0.00%	-	-	-	-	-	-	-	-	-	-	-	417	-	
3	353	Land	0.00%	-	-	-	-	-	-	-	-	-	-	-	7,545	-	
4	354	Structures & Improvements	3.33%	14	121,438	-	121,452	-	-	-	-	-	(428)	487	150,284	28,911	
5	355	Power Generation	5.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	
6	360	Collection Sewer Forced	2.00%	-	-	-	-	-	-	-	-	-	-	-	656,023	1,910	
7	361	Collection Sewers Gravity	2.00%	-	-	-	-	-	-	-	-	-	-	-	5,891,239	2,596,792	
8	362	Special Collecting Structures	2.00%	-	-	(415)	(65,574)	-	-	-	-	-	(147)	20,113	-	-	
9	363	Customer Services	2.00%	7,009	(16)	-	6,993	-	-	-	-	-	(3)	4,002	1,204,113	669,888	
10	364	Flow Measuring Devices	10.00%	1,387	-	-	1,387	-	-	-	-	-	-	1,084	66,339	51,174	
11	366	Reuse Services	2.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	
12	367	Reuse Meters And Installation	8.33%	-	-	-	-	-	-	-	-	-	-	-	-	-	
13	370	Receiving Wells	3.33%	-	-	-	-	-	-	-	-	-	-	-	-	-	
14	371	Pumping Equipment	12.50%	30,433	-	-	30,433	-	-	-	-	-	-	4,813	887,120	330,148	
15	374	Reuse Distribution Reservoirs	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	
16	375	Reuse Trans. and Dist. System	2.50%	-	-	-	-	-	-	-	-	-	-	-	-	-	
17	380	Treatment & Disposal Equipment	5.00%	10,176	-	-	10,176	-	-	-	-	-	-	4,032	208,760	(49,566)	
18	381	Plant Sewers	5.00%	13,680	-	-	13,680	-	-	-	-	-	-	-	-	-	
19	382	Outfall Sewer Lines	3.33%	-	-	-	-	-	-	-	-	-	-	-	-	-	
20	389	Other Sewer Plant & Equipment	6.67%	280	(4,221)	-	(3,941)	-	-	-	-	-	(11,794)	9,363	975,033	815,247	
21	390	Office Furniture & Equipment	6.67%	6,483	-	-	6,483	-	-	-	-	-	1	1,264	116,937	31,387	
22	390.1	Computers and Software	20.00%	-	-	-	-	-	-	-	-	-	-	-	4,025	4,025	
23	391	Transportation Equipment	20.00%	50	-	-	50	-	-	-	-	-	-	3	117	10	
24	392	Stores Equipment	4.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	
25	393	Tools, Shop And Garage Equip	5.00%	103	-	-	103	-	-	-	-	-	(1)	42	5,139	4,936	
26	394	Laboratory Equip	10.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	
27	396	Communication Equip	10.00%	-	-	-	-	-	-	-	-	-	-	-	5,936	5,936	
28	398	Other Tangible Plant	10.00%	-	-	-	-	-	-	-	-	-	-	65	3,913	3,913	
29		Nogales WWTP	4.72%	1,828,600	-	-	1,828,600	-	-	-	-	168,004	15,064	10,552	2,424,604	139,454	
30				-	-	-	-	-	-	-	-	-	-	-	-	-	
31				-	-	-	-	-	-	-	-	-	-	-	-	-	
32				-	-	-	-	-	-	-	-	-	-	-	-	-	
33				-	-	-	-	-	-	-	-	-	-	-	-	-	
34		Plant Held for Future Use		-	-	-	-	-	-	-	-	-	-	-	-	-	
35				-	-	-	-	-	-	-	-	-	-	-	-	-	
36		TOTALS		1,813,066	117,201	(415)	1,929,852	-	-	15,862	(1,276)	58,017	12,751,957	4,698,882			

Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division
Test Year Ended February 29, 2012
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2

Accumulated Depreciation

Line No.	Description	A Direct Adjusted Accum. Depr.	B Nogales WWTP Plant Reclassification	C Accum Depreciation Account 389	D 2012 Affiliate Profit	E Prior Case Affiliate Profit	F Plant Retirements	G Adjustments to Reconcile to A/D Reconstruction	H Intentionally Left Blank	I Rebuttal Adjusted Accum. Depr.
1										
2										
3										
4										
5	351 Organization	-								
6	352 Franchise	-								
7	353 Land	-								
8	354 Structures & Improvements	29,339								28,911
9	355 Power Generation	-								-
10	360 Collection Sewer Forced	1,910								1,910
11	361 Collection Sewers Gravity	2,596,939								2,596,792
12	362 Special Collecting Structures	-			(4)					-
13	363 Customer Services	669,901				(1)				669,898
14	364 Flow Measuring Devices	51,174								51,174
15	366 Reuse Services	-								-
16	367 Reuse Meters And Installation	-								-
17	370 Receiving Wells	330,148								330,148
18	371 Pumping Equipment	1,687,580								(49,566)
19	374 Reuse Distribution Reservoirs	-								-
20	375 Reuse Trans. and Dist. System	-								-
21	380 Treatment & Disposal Equipment	-								-
22	381 Plant Sewers	827,041	(11,181)							815,247
23	382 Outfall Sewer Lines	57								57
24	389 Other Sewer Plant & Equipment	66,869		(3,096)						64,650
25	390 Office Furniture & Equipment	31,386								31,387
26	390.1 Computers and Software	4,025								4,025
27	391 Transportation Equipment	10								10
28	392 Stores Equipment	-								-
29	393 Tools, Shop And Garage Equip	4,937								4,936
30	394 Laboratory Equip	-								-
31	396 Communication Equip	5,936								5,936
32	398 Other Tangible Plant	3,662								3,913
33	380 Nogales WWTP	124,390	10,617							139,454
34		-								-
35		-								-
36		-								-
37		-								-
38		-								-
39		-								-
40		-								-
41		-								-
42		-								-
43		-								-
44		-								-
45		-								-
46		-								-
47		-								-
48		-								-
49		-								-
50		-								-
		\$ 6,437,304	\$ (564)	\$ (3,096)	\$ (4)	\$ (846)	\$ (1,504,180)	\$ (229,733)	\$ -	\$ 4,698,882
TOTALS										\$ 6,437,304
Accumulated Depreciation per Books										\$ (1,738,422)
Increase (decrease) in Accumulated Depreciation										\$ (1,738,422)
Adjustment to Accumulated Depreciation										\$ (1,738,422)

Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division
Test Year Ended February 29, 2012
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 - A

Exhibit
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Page 4.1
Witness: Bourassa

Line

No.

1 Reclassification of Treatment and Disposal Equip. A/D to Nogales WWTP A/D

2

3

4

5

6 Reclassification Totals by Account

7 380 Treatment and Disposal Equipment

\$ (11,181)

8 Nogales WWTP

10,617

9 Total

\$ (564)

10

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33 SUPPORTING SCHEDULE

34 B-2 Schedule 3.3

35 Testimony

Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division
 Test Year Ended February 29, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2 - B

Exhibit
 Final Schedule B-2
 Page 4.2
 Witness: Bourassa

Line
No.

1	<u>Accumulate Depreciation Account 389</u>	
2		
3		
4	Acct.	Accumulated
5	<u>No.</u> <u>Description</u>	<u>Depreciation</u>
6	389 Other Plant and Miscellaneous Equipment	<u>Adjustment</u>
7		\$ (3,096)
8		-
9	Total	<u>\$ (3,096)</u>
10		
11		
12		
13		
14		
15		
16		
17		
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43	<u>SUPPORTING SCHEDULE</u>	
44	B-2 Schedule 3.4	
45	Testimony	

Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division
 Test Year Ended February 29, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2 - C

Exhibit
 Final Schedule B-2
 Page 4.3
 Witness: Bourassa

Line
No.

1 Remove 2012 Affiliate Profit

2
3

4 Acct.

5 No. Description

6 361 Collection Sewers Gravity

7
8

9 Total

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43 SUPPORTING SCHEDULE

44 B-2 Schedule 3.5

45 Testimony

Plant	Accumulated
<u>Adjustment</u>	<u>Depreciation</u>
<u>Adjustment</u>	<u>Adjustment</u>
\$ (415)	\$ (4)
	<u>\$ (4)</u>

Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division
 Test Year Ended February 29, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2 - D

Exhibit
 Final Schedule B-2
 Page 4.4
 Witness: Bourassa

Line

No.

1 A/D Related to 2009-2011 Affiliate Profit Removed from Plant in Direct Filing

2

3

4

Acct.

5

No. Description

6

363 Customer Services

7

389 Other Sewer Plant & Equipment

8

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Total

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43 SUPPORTING SCHEDULE

44 B-2 Schedule 3.5

45 Testimony

Accumulated
Depreciation
Adjustment

\$ (1)

(845)

\$ (846)

Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division
 Test Year Ended February 29, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2 - E

Exhibit
 Final Schedule B-2
 Page 4.5
 Witness: Bourassa

Line
No.

1 Plant Retirements

2

3

4 Acct.

5 No. Description

6 371 Electric Pumping Equipment

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Total

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43 SUPPORTING SCHEDULE

44 B-2 Schedule 3.6

45 Testimony

	Plant Retirement <u>Adjustment</u>	Accumulated Depreciation <u>Adjustment</u>
	\$ (1,504,180)	\$ (1,504,180)
		<u>\$ (1,504,180)</u>

Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division
 Test Year Ended February 29, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 2 - F

Exhibit
 Final Schedule B-2
 Page 4.6
 Witness: Bourassa

Line No.	Accumulated Depreciation (A/D)	Direct Adjusted Original Cost	B-2 Adjustments	Rebuttal Adjusted Original Cost	A/D Per Reconstruction	Accumulated Depreciation Adjustment
1						
2						
3						
4	Acct.					
5	No. Description					
6	351 Organization	-	-	-	-	-
7	352 Franchise	-	-	-	-	-
8	353 Land	-	-	-	-	-
9	354 Structures & Improvements	29,339	-	29,339	28,911	(428)
10	355 Power Generation	-	-	-	-	-
11	360 Collection Sewer Forced	1,910	-	1,910	1,910	-
12	361 Collection Sewers Gravity	2,596,939	(4)	2,596,935	2,596,792	(144)
13	362 Special Collecting Structures	-	-	-	-	-
14	363 Customer Services	669,901	(1)	669,900	669,898	(2)
15	364 Flow Measuring Devices	51,174	-	51,174	51,174	-
16	366 Reuse Services	-	-	-	-	-
17	367 Reuse Meters And Installation	-	-	-	-	-
18	370 Receiving Wells	330,148	-	330,148	330,148	-
19	371 Pumping Equipment	1,687,580	(1,504,180)	183,400	(49,566)	(232,966)
20	374 Reuse Distribution Reservoirs	-	-	-	-	-
21	375 Reuse Trans. and Dist. System	-	-	-	-	-
22	380 Treatment & Disposal Equipment	827,041	(11,181)	815,860	815,247	(613)
23	381 Plant Sewers	57	-	57	57	-
24	382 Outfall Sewer Lines	-	-	-	-	-
25	389 Other Sewer Plant & Equipment	68,869	(3,941)	64,928	64,650	(278)
26	390 Office Furniture & Equipment	31,386	-	31,386	31,387	1
27	390.1 Computers and Software	4,025	-	4,025	4,025	-
28	391 Transportation Equipment	10	-	10	10	-
29	392 Stores Equipment	-	-	-	-	-
30	393 Tools, Shop And Garage Equip	4,937	-	4,937	4,936	(1)
31	394 Laboratory Equip	-	-	-	-	-
32	396 Communication Equip	5,936	-	5,936	5,936	-
33	398 Other Tangible Plant	3,662	-	3,662	3,913	251
34	Nogales WWTP	124,390	10,617	135,007	139,454	4,447
35						
36						
37						
38						
39						
40	TOTALS	\$ 6,437,304	\$ (1,508,690)	\$ 4,928,615	\$ 4,698,882	\$ (229,733)

43 SUPPORTING SCHEDULE
 44 B-2, pages 4.1 through 4.5
 45 B-2, pages 3.8 through 3.11

Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division
 Test Year Ended February 29, 2012
 Original Cost Rate Base Proforma Adjustments
 Adjustment 3

Exhibit
 Final Schedule B-2
 Page 5
 Witness: Bourassa

Contributions-in-Aid of Construction (CIAC) and Accumulated Amortization

Line No.			
1			
2			
3		Gross	Accumulated
4		<u>CIAC</u>	<u>Amortization</u>
5	Computed balance at 02/29/2012 per Rebuttal	\$ 5,152,673	\$ 2,491,137
6			
7	Adjusted balance at 02/29/2012	<u>\$ 5,152,673</u>	<u>\$ 2,509,975</u>
8			
9	Increase (decrease)	\$ -	\$ (18,837)
10			
11			
12	Adjustment to CIAC/AA CIAC	<u>\$ -</u>	<u>\$ 18,837</u>
13	Label	3a	3b
14			
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19	<u>SUPPORTING SCHEDULES</u>		
20	B-2, page 5.1		
21			
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Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division
Test Year Ended February 29, 2012
Original Cost Rate Base Proforma Adjustments
Adjustment 4

Exhibit
Final Schedule B-2
Page 6
Witness: Bourassa

Deferred Income Taxes

Line
No.

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	<u>Balance</u>
Revised balance at 02/29/2012	\$ 283,444
Adjusted balance at 02/29/2012	<u>\$ 244,419</u>
Increase (decrease)	\$ 39,025
Adjustment to DIT	<u>\$ 39,025</u>
Label	

SUPPORTING SCHEDULES

Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division
 Test Year Ended February 29, 2012
 Income Statement

Exhibit
 Final Schedule C-1
 Page 1
 Witness: Bourassa

Line No.		Test Year Adjusted Results	Adjustment	Test Year Adjusted Results	Proposed Rate Increase	Rebuttal Adjusted with Rate Increase
1	Revenues					
2	Metered Water Revenues	\$ 1,360,583	\$ 42,260	\$ 1,402,843	\$ 193,293	\$ 1,596,136
3	Unmetered Water Revenues	-	-	-		-
4	Other Water Revenues	-	-	-		-
5		<u>\$ 1,360,583</u>	<u>\$ 42,260</u>	<u>\$ 1,402,843</u>	<u>\$ 193,293</u>	<u>\$ 1,596,136</u>
6	Operating Expenses					
7	Salaries and Wages	\$ 131,547	11,811	\$ 143,358		\$ 143,358
8	Purchased Wastewater Treatment	-	108,999	108,999		108,999
9	Sludge Removal Expense	-	-	-		-
10	Purchased Power	61,290	-	61,290		61,290
11	Fuel for Power Production	-	-	-		-
12	Chemicals	4,907	-	4,907		4,907
13	Materials and Supplies	4,473	-	4,473		4,473
14	Management Services - US Liberty Water	83,038	-	83,038		83,038
15	Management Services - Corporate	59,292	(23,267)	36,025		36,025
16	Management Services - Other	172,270	(165,896)	6,374		6,374
17	Contracted Services - Engineering	-	-	-		-
18	Contractual Services- Testing	330	-	330		330
19	Contractual Services - Other	638	-	638		638
20	Contractual Services - Legal	585	-	585		585
21	Equipment Rental	400	-	400		400
22	Rents - Building	-	-	-		-
23	Transportation Expenses	18,066	-	18,066		18,066
24	Insurance - General Liability	11,302	-	11,302		11,302
25	Insurance - Vehicle	2,516	-	2,516		2,516
26	Regulatory Commission Expense	-	-	-		-
27	Reg.Comm. Exp. - Rate Case	29,167	-	29,167		29,167
28	Miscellaneous Expense	16,111	-	16,111		16,111
29	Bad Debt Expense	23,194	-	23,194		23,194
30	Depreciation Expense	359,629	(135,855)	223,774		223,774
31	Taxes Other Than Income	-	-	-		-
32	Property Taxes	74,520	2,315	76,835	3,529	80,364
33	Income Tax	93,487	119,371	212,858	73,247	286,105
34		-	-	-		-
35	Total Operating Expenses	<u>\$ 1,146,763</u>	<u>\$ (82,523)</u>	<u>\$ 1,064,240</u>	<u>\$ 76,776</u>	<u>\$ 1,141,016</u>
36	Operating Income	<u>\$ 213,820</u>	<u>\$ 124,783</u>	<u>\$ 338,603</u>	<u>\$ 116,517</u>	<u>\$ 455,120</u>
37	Other Income (Expense)					
38	Interest Income	-	-	-		-
39	Other income	-	-	-		-
40	Interest Expense	(52,427)	52,427	-		-
41	Other Expense	-	-	-		-
42		-	-	-		-
43	Total Other Income (Expense)	<u>\$ (52,427)</u>	<u>\$ 52,427</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
44	Net Profit (Loss)	<u>\$ 161,393</u>	<u>\$ 177,210</u>	<u>\$ 338,603</u>	<u>\$ 116,517</u>	<u>\$ 455,120</u>

46 SUPPORTING SCHEDULES:
 47 C-1, page 2
 48
 49

RECAP SCHEDULES:
 A-1

Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division
 Test Year Ended February 29, 2012
 Income Statement

Exhibit
 Final Schedule C-1
 Page 2.1
 Witness: Bourassa

Line No.	Revenues	1 Test Year Adjusted Results	2 Property Taxes	3 Intentionally Left Blank	4 Revenue Annualization	5 Revenue Accrual Fix	6 Intentionally Left Blank	7 Staff's APUC Cap. Tax Adj.	8 Intentionally Left Blank
1	Metered Water Revenues	\$ 1,360,583			17,150	25,110			
2	Unmetered Water Revenues	-							
3	Other Water Revenues	-							
4									
5									
6	Operating Expenses	\$ 1,360,583			17,150	25,110			
7	Salaries and Wages	\$ 131,547							
8	Purchased Wastewater Treatment	-							
9	Sludge Removal Expense	61,290							
10	Purchased Power	-							
11	Fuel for Power Production	-							
12	Chemicals	4,907							
13	Materials and Supplies	4,473							
14	Management Services - US Liberty Water	83,038							
15	Management Services - Corporate	59,292							
16	Management Services - Other	172,270					(836)		
17	Contracted Services - Engineering	-							
18	Contractual Services- Testing	330							
19	Contractual Services - Other	638							
20	Contractual Services - Legal	585							
21	Equipment Rental	400							
22	Rents - Building	-							
23	Transportation Expenses	18,066							
24	Insurance - General Liability	11,302							
25	Insurance - Vehicle	2,516							
26	Regulatory Commission Expense	-							
27	Reg. Comm. Exp. - Rate Case	29,167							
28	Miscellaneous Expense	16,111							
29	Bad Debt Expense	23,194							
30	Depreciation Expense	359,629	(135,855)						
31	Taxes Other Than Income	-							
32	Property Taxes	-	2,315						
33	Income Tax	93,487							
34									
35	Total Operating Expenses	\$ 1,146,763	\$ (135,855)	\$ 2,315	\$ -	\$ -	\$ (836)	\$ -	
36	Operating Income	\$ 213,820	\$ 135,855	\$ (2,315)	\$ -	\$ 17,150	\$ -	\$ 836	
37	Other Income (Expense)								
38	Interest Income	-							
39	Other Income	-							
40	Interest Expense	(52,427)							
41	Other Expense	-							
42									
43	Total Other Income (Expense)	\$ (52,427)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
44	Net Profit (Loss)	\$ 161,393	\$ 135,855	\$ (2,315)	\$ -	\$ 17,150	\$ -	\$ 836	
45									
46									
47									
48									

SUPPORTING SCHEDULES:
 C-2, pages 1-16

Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division
 Test Year Ended February 29, 2012
 Adjustments to Revenues and Expenses

Exhibit
 Final Schedule C-2
 Page 1
 Witness: Bourassa

Line No.	<u>Adjustments to Revenues and Expenses</u>						<u>Subtotal</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	
			Intentionally	Revenue	Revenue	Intentionally	
		Property	Left	Annualization	Accrual Fix	Left	
		Taxes	Blank			Blank	
4	Revenues		-	17,150	25,110		42,260
6	Expenses	(135,855)	2,315				(133,540)
8	Operating						
9	Income	135,855	(2,315)	17,150	25,110	-	175,800
11	Interest						
12	Expense						-
13	Other						
14	Income /						-
15	Expense						
17	Net Income	135,855	(2,315)	17,150	25,110	-	175,800
<u>Adjustments to Revenues and Expenses</u>							
		<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>
		Staff's	Intentionally	Staff's	Employee	Corporate	Nogales
		APUC Cap.	Left	Expense	Benefits	Allocation	WW
		Tax Adj.	Blank	Recass			Treatment
25	Revenues						
27	Expenses	(836)	-	-	11,811	(22,431)	(56,897)
29	Operating						
30	Income	836	-	-	(11,811)	22,431	56,897
32	Interest						
33	Expense	-					
34	Other						
35	Income /						
36	Expense						
38	Net Income	836	-	-	(11,811)	22,431	56,897
<u>Adjustments to Revenues and Expenses</u>							
		<u>13</u>	<u>14</u>	<u>15</u>	<u>16</u>	<u>17</u>	<u>18</u>
		Intentionally	Interest	Income	Intentionally	Intentionally	Intentionally
		Left	Synchronization	Taxes	Left	Left	Left
		Blank			Blank	Blank	Blank
46	Revenues						
48	Expenses			119,371			
50	Operating						
51	Income	-	-	(119,371)	-	-	-
53	Interest						
54	Expense	-	52,427				
55	Other						
56	Income /						
57	Expense						
59	Net Income	-	52,427	(119,371)	-	-	-

Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division
 Test Year Ended February 29, 2012
 Adjustments to Revenues and Expenses
 Adjustment Number 1

Exhibit
 Final Schedule C-2
 Page 2
 Witness: Bourassa

Depreciation Expense

Line
No.

1	2	3	4	5	6	7	
Acct.	No.	Description	Adjusted Original Cost	Non-Depr or Fullu Depreciated	Depreciable Adjusted Original Cost	Proposed Rates	Depreciation Expense
	5	351 Organization	5,785	(5,785)	-	0.00%	-
	6	352 Franchise	417	(417)	-	0.00%	-
	7	353 Land	7,545	(7,545)	-	0.00%	-
	8	354 Structures & Improvements	150,294		150,294	3.33%	5,005
	9	355 Power Generation	-		-	5.00%	-
	10	360 Collection Sewer Forced	636,023		636,023	2.00%	12,720
	11	361 Collection Sewers Gravity	5,991,239		5,991,239	2.00%	119,825
	12	362 Special Collecting Structures	-		-	2.00%	-
	13	363 Customer Services	1,204,113		1,204,113	2.00%	24,082
	14	364 Flow Measuring Devices	66,339		66,339	10.00%	6,634
	15	366 Reuse Services	-		-	2.00%	-
	16	367 Reuse Meters And Installation	-		-	8.33%	-
	17	370 Receiving Wells	867,120		867,120	3.33%	28,875
	18	371 Pumping Equipment	208,760		208,760	12.50%	26,095
	19	374 Reuse Distribution Reservoirs	-		-	2.50%	-
	20	375 Reuse Trans. and Dist. System	-		-	2.50%	-
	21	380 Treatment & Disposal Equipment	975,033		975,033	5.00%	48,752
	22	381 Plant Sewers	13,690		13,690	5.00%	685
	23	382 Outfall Sewer Lines	-		-	3.33%	-
	24	389 Other Sewer Plant & Equipment	64,928	(64,928)	-	6.67%	-
	25	390 Office Furniture & Equipment	116,937		116,937	6.67%	7,800
	26	390.1 Computers and Software	4,025	(4,025)	-	20.00%	-
	27	391 Transportation Equipment	117		117	20.00%	23
	28	392 Stores Equipment	-		-	4.00%	-
	29	393 Tools, Shop And Garage Equip	5,139	(5,139)	(0)	5.00%	(0)
	30	394 Laboratory Equip	-		-	10.00%	-
	31	396 Communication Equip	5,936	(5,936)	-	10.00%	-
	32	398 Other Tangible Plant	3,913	(3,913)	0	10.00%	0
	33	Nogales WWTP	2,424,604		2,424,604	4.00%	96,984
	34		(600)				-
	35		-				-
	36		-				-
	37		-				-
	38	TOTALS	\$ 12,751,357	\$ (97,688)	\$ 12,654,269		\$ 377,480
	39						
	40				<u>Gross CIAC</u>	<u>Amort. Rate</u>	
	41	Less: Amortization of Contributions			\$ 5,152,673	2.9830%	\$ (153,705)
	42	Total Depreciation Expense					\$ 223,774
	43						
	44	Adjusted Test Year Depreciation Expense					359,629
	45						
	46	Increase (decrease) in Depreciation Expense					(135,855)
	47						
	48	Adjustment to Revenues and/or Expenses					\$ (135,855)
	49						
	50	<u>SUPPORTING SCHEDULE</u>					
	51	B-2, page 3 and 4					

Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division
 Test Year Ended February 29, 2012
 Adjustment to Revenues and Expenses
 Adjustment Number 2

Exhibit
 Final Schedule C-2
 Page 3
 Witness: Bourassa

Property Taxes

Line No.	DESCRIPTION	Test Year as adjusted	Company Recommended
1	Company Adjusted Test Year Revenues	\$ 1,402,843	\$ 1,402,843
2	Weight Factor	<u>2</u>	<u>2</u>
3	Subtotal (Line 1 * Line 2)	2,805,686	2,805,686
4	Company Recommended Revenue	1,402,843	1,596,136
5	Subtotal (Line 4 + Line 5)	4,208,529	4,401,822
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	1,402,843	1,467,274
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	2,805,686	2,934,548
10	Plus: 10% of CWIP (intentionally excluded)	-	-
11	Less: Net Book Value of Licensed Vehicles	-	-
12	Full Cash Value (Line 9 + Line 10 - Line 11)	2,805,686	2,934,548
13	Assessment Ratio	20.0%	20.0%
14	Assessment Value (Line 12 * Line 13)	561,137	586,910
15	Composite Property Tax Rate - Obtained from ADOR	13.6927%	13.6927%
16	Test Year Adjusted Property Tax Expense (Line 14 * Line 15)	\$ 76,835	\$ 80,364
17	Tax on Parcels	-	-
18	Total Property Taxes (Line 16 + Line 17)	<u>\$ 76,835</u>	<u>\$ 80,364</u>
19	Test Year Property Taxes	<u>\$ 74,520</u>	<u>\$ 76,835</u>
20	Adjustment to Test Year Property Taxes (Line 18 - Line 19)	<u>\$ 2,315</u>	<u>\$ 3,529</u>
21			
22	Property Tax on Company Recommended Revenue (Line 16 + Line 17)		<u>\$ 80,364</u>
23	Company Test Year Adjusted Property Tax Expense (Line 18)		<u>\$ 76,835</u>
24	Increase in Property Tax Due to Increase in Revenue Requirement		<u>\$ 3,529</u>
25			
26	Increase in Property Tax Due to Increase in Revenue Requirement (Line 24)		\$ 3,529
27	Increase in Revenue Requirement		\$ 193,293
28	Increase in Property Tax Per Dollar Increase in Revenue (Line 26 / Line 27)		1.82570%
29			
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Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division
Test Year Ended February 29, 2012
Adjustment to Revenues and Expenses
Adjustment Number 3

Exhibit
Final Schedule C-2
Page 4
Witness: Bourassa

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Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division
Test Year Ended February 29, 2012
Adjustment to Revenues and Expenses
Adjustment Number 4

Exhibit
Final Schedule C-2
Page 5
Witness: Bourassa

Revenue Annualization

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Revenue Annualization Per Rebuttal	\$	11,943
Revenue Annualization Per Direct		<u>(5,207)</u>
Increase (decrease) in Revenue Annualization		17,150
Total Revenue from Annualization	\$	<u>17,150</u>
Adjustment to Revenue and/or Expense	\$	<u>17,150</u>

SUPPORTING SCHEDULES

C-2 pages 5.1 to 5.16

H-1

Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division
Test Year Ended February 29, 2012
Adjustment to Revenues and Expenses
Adjustment Number 5

Exhibit
Final Schedule C-2
Page 6
Witness: Bourassa

Revenue Accrual

Line
No.

1		
2	Correct Revenue Accrual Adjustment per Rebuttal	\$ 66,999
3	Correct Revenue Accrual Adjustment per Direct	<u>41,889</u>
4	Increase (decrease) in Revenue Accrual Correction	\$ 25,110
5		
6	Adjustment to Revenues	<u>\$ 25,110</u>
7		
8		
9	Adjustment to Revenue and/or Expense	<u>25,110</u>
10		
11	<u>Reference</u>	
12	Testimony	
13	Work papers	
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Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division
Test Year Ended February 29, 2012
Adjustment to Revenues and Expenses
Adjustment Number 6

Exhibit
Final Schedule C-2
Page 7
Witness: Bourassa

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Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division
Test Year Ended February 29, 2012
Adjustment to Revenues and Expenses
Adjustment Number 7

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Witness: Bourassa

APUC Allocated Capital Taxes

Line
No.

1		
2	APUC Allocated Capital Taxes	(836)
3		
4		
5		
6	Adjustment to Management Services -Corporate	<u>\$ (836)</u>
7		
8		
9	Adjustment to Revenue and/or Expense	<u>(836)</u>
10		
11	<u>Reference</u>	
12	Staff Schedule MJR-W16	
13		
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Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division
Test Year Ended February 29, 2012
Adjustment to Revenues and Expenses
Adjustment Number 8

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Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division
Test Year Ended February 29, 2012
Adjustment to Revenues and Expenses
Adjustment Number 9

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Reclassification of Expenses

Line
No.

1		
2	Management Services - Other	\$ (165,896)
3	Purchased Wastewater Treatment	165,896
4		
5		
6	Net Adjustment	<u>\$ -</u>
7		
8		
9	Adjustment to Revenue and/or Expense	<u>-</u>
10		
11	<u>Reference</u>	
12	Testimony	
13	Work papers	
14		
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Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division
Test Year Ended February 29, 2012
Adjustment to Revenues and Expenses
Adjustment Number 10

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Employee Benefits

Line
No.

1			
2	Allocated portion of new employee benefit costs	\$	11,811
3			
4			
5			
6	Adjustment to Salaries and Wages expense	<u>\$</u>	<u>11,811</u>
7			
8			
9	Adjustment to Revenue and/or Expense		<u>11,811</u>
10			
11	<u>Reference</u>		
12	Testimony		
13	Workpapers		
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Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division
Test Year Ended February 29, 2012
Adjustment to Revenues and Expenses
Adjustment Number 11

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Management Services - Corporate

Line
No.

1		
2	Remove portion of corporate allocated costs	(22,431)
3		
4		
5		
6	Adjustment to Management Services - Corporate	<u>\$ (22,431)</u>
7		
8		
9	Adjustment to Revenue and/or Expense	<u>(22,431)</u>
10		
11	<u>Reference</u>	
12	Staff Testimony	
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Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division
Test Year Ended February 29, 2012
Adjustment to Revenues and Expenses
Adjustment Number 12

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Nogales WW Treatment Expenses

Line

No.

1		
2	Adjust Nogales WW treatment costs	(56,897)
3		
4		
5		
6	Adjustment to Management Services - Corporate	<u>\$ (56,897)</u>
7		
8		
9	Adjustment to Revenue and/or Expense	<u>(56,897)</u>
10		
11	<u>Reference</u>	
12	RUCO Testimony	
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Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division
Test Year Ended February 29, 2012
Adjustment to Revenues and Expenses
Adjustment Number 13

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Interest Synchronization

Line				
<u>No.</u>				
1				
2				
3				
4	Fair Value Rate Base	\$	4,790,738	
5	Weighted Cost of Debt		0.00%	
6	Interest Expense	\$	-	
7				
8	Test Year Interest Expense		<u>\$ 52,427</u>	
9				
10	Increase (decrease) in Interest Expense		(52,427)	
11				
12				
13				
14	Adjustment to Revenue and/or Expense		<u><u>\$ 52,427</u></u>	
15				
16				
17	<u>Weighted Cost of Debt Computation</u>			
18	<u>Pro forma Capital Structure</u>			
19		<u>Percent</u>	<u>Cost</u>	<u>Weighted Cost</u>
20	Debt	0.00%	0.00%	0.00%
21	Equity	<u>100.00%</u>	9.50%	<u>9.50%</u>
22	Total	100.00%		9.50%
23				
24				
25				
26				
27				
28				
29				
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Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division
Test Year Ended February 29, 2012
Adjustment to Revenues and/or Expenses
Adjustment Number 15

Exhibit
Final Schedule C-2
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Line

No.

1 Income Taxes

2

3

4 Computed Income Tax

5 Test Year Income tax Expense

6 Adjustment to Income Tax Expense

7

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13 SUPPORTING SCHEDULE

14 C-3, page 2

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	<u>Test Year</u> <u>at Present Rates</u>	<u>Test Year</u> <u>at Proposed Rates</u>
	\$ 212,858	\$ 286,105
	-	212,858
	<u>\$ 212,858</u>	<u>\$ 73,247</u>

Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division Exhibit
 Test Year Ended February 29, 2012 Final Schedule C-3
 Computation of Gross Revenue Conversion Factor 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	38.599%
2		
3	Property Taxes	1.121%
4		
5		
6	Total Tax Percentage	39.720%
7		
8	Operating Income % = 100% - Tax Percentage	60.280%
9		
10		
11		
12		
13	<u>1</u> = Gross Revenue Conversion Factor	
14	Operating Income %	1.6589

25 SUPPORTING SCHEDULES:
 26 C-3, page 2

RECAP SCHEDULES:
 A-1

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GROSS REVENUE CONVERSION FACTOR

Line No.	Description	(A)	(B)	(C)	(D)	(E)	(F)
Calculation of Gross Revenue Conversion Factor:							
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)	39.7199%					
5	Subtotal (L3 - L4)	60.2801%					
6	Revenue Conversion Factor (L1 / L5)	1.658922					
Calculation of Uncollectible Factor:							
7	Unity	100.0000%					
8	Combined Federal and State Tax Rate (L17)	38.5989%					
9	One Minus Combined Income Tax Rate (L7 - L8)	61.4011%					
10	Uncollectible Rate	0.0000%					
11	Uncollectible Factor (L9 * L10)		0.0000%				
Calculation of Effective Tax Rate:							
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 (L55, Col E)	34.0000%					
16	Effective Federal Income Tax Rate (L14 x L15)	31.6309%					
17	Combined Federal and State Income Tax Rate (L13 + L16)		38.5989%				
Calculation of Effective Property Tax Factor							
18	Unity	100.0000%					
19	Combined Federal and State Income Tax Rate (L17)	38.5989%					
20	One Minus Combined Income Tax Rate (L18-L19)	61.4011%					
21	Property Tax Factor	1.8257%					
22	Effective Property Tax Factor (L20*L21)		1.1210%				
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			39.7199%			
24	Required Operating Income	\$ 455,120					
25	Adjusted Test Year Operating Income (Loss)	\$ 338,603					
26	Required Increase in Operating Income (L24 - L25)		\$ 116,517				
27	Income Taxes on Recommended Revenue (Col. (E), L52)	\$ 286,105					
28	Income Taxes on Test Year Revenue (Col. (B), L54)	\$ 212,858					
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		\$ 73,247				
30	Recommended Revenue Requirement	\$ 1,596,136					
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	\$ 80,364					
36	Property Tax on Test Year Revenue	\$ 76,835					
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		\$ 3,529				
38	Total Required Increase in Revenue (L26 + L29 + L37)		\$ 193,293				

	(A) Test Year			(B) Company			(C) Sewer			(D) Water			(E) Company Recommended			(F) Sewer			(G) Water		
	Total	Company	Sewer	Water	Total	Company	Sewer	Water	Total	Company	Sewer	Water	Total	Company	Sewer	Water	Total	Company	Sewer	Water	
39	Revenue	\$ 4,267,963	\$ 1,402,843	\$ 2,865,120	\$ 4,814,655	\$ 1,596,136	\$ 3,218,519	\$ 3,218,519	\$ 4,814,655	\$ 1,596,136	\$ 3,218,519	\$ 3,218,519	\$ 4,814,655	\$ 1,596,136	\$ 3,218,519	\$ 3,218,519	\$ 4,814,655	\$ 1,596,136	\$ 3,218,519	\$ 3,218,519	
40	Operating Expenses Excluding Income Taxes	\$ 3,030,953	\$ 851,383	\$ 2,179,571	\$ 3,040,934	\$ 854,911	\$ 2,186,023	\$ 2,186,023	\$ 3,040,934	\$ 854,911	\$ 2,186,023	\$ 2,186,023	\$ 3,040,934	\$ 854,911	\$ 2,186,023	\$ 2,186,023	\$ 3,040,934	\$ 854,911	\$ 2,186,023	\$ 2,186,023	
41	Synchronized Interest (L47)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
42	Arizona Taxable Income (L39 - L40 - L41)	\$ 1,237,010	\$ 551,461	\$ 685,549	\$ 1,773,721	\$ 741,226	\$ 1,032,496	\$ 1,032,496	\$ 1,773,721	\$ 741,226	\$ 1,032,496	\$ 1,032,496	\$ 1,773,721	\$ 741,226	\$ 1,032,496	\$ 1,032,496	\$ 1,773,721	\$ 741,226	\$ 1,032,496	\$ 1,032,496	
43	Arizona State Effective Income Tax Rate (see work papers)		6.9680%	6.9680%		6.9680%	6.9680%	6.9680%		6.9680%	6.9680%	6.9680%		6.9680%	6.9680%	6.9680%		6.9680%	6.9680%	6.9680%	
44	Arizona Income Tax (L42 x L43)	\$ 86,195	\$ 38,426	\$ 47,769	\$ 123,593	\$ 51,649	\$ 71,944	\$ 71,944	\$ 123,593	\$ 51,649	\$ 71,944	\$ 71,944	\$ 123,593	\$ 51,649	\$ 71,944	\$ 71,944	\$ 123,593	\$ 51,649	\$ 71,944	\$ 71,944	
45	Federal Taxable Income (L42- L44)	\$ 1,150,815	\$ 513,035	\$ 637,780	\$ 1,650,129	\$ 689,577	\$ 960,552	\$ 960,552	\$ 1,650,129	\$ 689,577	\$ 960,552	\$ 960,552	\$ 1,650,129	\$ 689,577	\$ 960,552	\$ 960,552	\$ 1,650,129	\$ 689,577	\$ 960,552	\$ 960,552	
46																					
47	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%	\$ 15,000	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	
48	Federal Tax on Second Income Bracket (\$50,001 - \$75,000) @ 25%	\$ 12,500	\$ 6,250	\$ 6,250	\$ 6,250	\$ 6,250	\$ 6,250	\$ 6,250	\$ 6,250	\$ 6,250	\$ 6,250	\$ 6,250	\$ 6,250	\$ 6,250	\$ 6,250	\$ 6,250	\$ 6,250	\$ 6,250	\$ 6,250	\$ 6,250	
49	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%	\$ 17,000	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,500	
50	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%	\$ 183,300	\$ 91,650	\$ 91,650	\$ 91,650	\$ 91,650	\$ 91,650	\$ 91,650	\$ 91,650	\$ 91,650	\$ 91,650	\$ 91,650	\$ 91,650	\$ 91,650	\$ 91,650	\$ 91,650	\$ 91,650	\$ 91,650	\$ 91,650	\$ 91,650	
51	Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$ 163,477	\$ 81,738	\$ 81,738	\$ 81,738	\$ 81,738	\$ 81,738	\$ 81,738	\$ 81,738	\$ 81,738	\$ 81,738	\$ 81,738	\$ 81,738	\$ 81,738	\$ 81,738	\$ 81,738	\$ 81,738	\$ 81,738	\$ 81,738	\$ 81,738	
52																					
53	Total Federal Income Tax	\$ 391,277	\$ 174,432	\$ 216,845	\$ 561,044	\$ 234,456	\$ 326,588	\$ 326,588	\$ 561,044	\$ 234,456	\$ 326,588	\$ 326,588	\$ 561,044	\$ 234,456	\$ 326,588	\$ 326,588	\$ 561,044	\$ 234,456	\$ 326,588	\$ 326,588	
54	Combined Federal and State Income Tax (L35 + L42)	\$ 477,472	\$ 212,858	\$ 264,614	\$ 684,637	\$ 286,105	\$ 398,532	\$ 398,532	\$ 684,637	\$ 286,105	\$ 398,532	\$ 398,532	\$ 684,637	\$ 286,105	\$ 398,532	\$ 398,532	\$ 684,637	\$ 286,105	\$ 398,532	\$ 398,532	

55 **COMBINED** Applicable Federal Income Tax Rate [Col. (D), L53 - Col. (A), L53 / (Col. (D), L45 - Col. (A), L45] 34.0000%

56 **WASTEWATER** Applicable Federal Income Tax Rate [Col. (E), L53 - Col. (B), L53] / (Col. (E), L45 - Col. (B), L45] 34.0000%

57 **WATER** Applicable Federal Income Tax Rate [Col. (F), L53 - Col. (C), L53] / (Col. (F), L45 - Col. (C), L45] 34.0000%

Calculation of Interest Synchronization:

58	Rate Base	\$ 4,790,738	\$ 7,731,269
59	Weighted Average Cost of Debt	0.0000%	0.0000%
60	Synchronized Interest (L45 X L46)	\$ -	\$ -

Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division
 Test Year Ended February 29, 2012

Exhibit
 Final Schedule H-1
 Page 3
 Witness: Bourassa

Revenue Summary

With Annualized Revenues to Year End Number of Customers

Line No.	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present WW Revenues	Percent of Proposed WW Revenues
1	\$ 1,390,900	\$ 1,587,371	\$ 196,471	14.13%	100.00%	100.00%
2		(5,251)	(5,251)	0.00%	-	-
3	11,943	13,616	1,673.26	14.01%	0.86%	0.86%
4	\$ 1,402,843	\$ 1,595,736	\$ 198,144	14.12%		
5						
6	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%
7	-	400	400	0.00%	0.00%	0.03%
8	\$ 1,402,843	\$ 1,596,136	\$ 198,544	14.15%	0.00%	0.00%
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Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division
 Test Year Ended February 29, 2012
 Customer Summary
 At 9.5% WACC

Exhibit
 Schedule H-2
 Page 1
 Witness: Bourassa

Line No.	Meter Size, Class	(a) Average Number of Customers at 2/29/2012	Average Consumption	Present Rates	Average Bill Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount
1	5/8X3/4 Inch Residential	1,819	- \$	45.88 \$	52.76	6.88	15.00%
2	5/8X3/4 Inch Residential (Low Income)	58	-	39.00	44.85	5.85	15.00%
3	3/4 Inch Residential	8	-	52.88	60.81	7.93	15.00%
4	1 Inch Residential	9	-	64.64	74.34	9.70	15.00%
5	1 Inch Residential (Low Income)	1	-	54.94	63.19	8.24	15.00%
6	1 1/2 Inch Residential	-	-	95.44	109.76	14.32	15.00%
7	2 Inch Residential	0	-	132.38	152.24	19.86	15.00%
8	Subtotal	1,895					
9							
10	5/8X3/4 Inch Commercial	56	8,296 \$	51.93 \$	59.36	7.43	14.30%
11	1 Inch Commercial	41	15,305	103.43	116.61	13.19	12.75%
12	1 1/2 Inch Commercial	7	30,036	203.02	227.01	24.00	11.82%
13	2 Inch Commercial	27	39,870	285.88	319.56	33.67	11.78%
14	3 Inch Commercial	1	29,125	333.94	377.84	43.89	13.14%
15	4 Inch Commercial	4	335,063	1,873.98	2,063.15	189.17	10.09%
16	6 Inch Commercial	0	488,571	2,898.52	3,198.36	299.84	10.34%
17	Subtotal	138					
18							
19	5/8X3/4 Inch Multi-tenant	6	9,614 \$	58.09 \$	66.07	7.98	13.74%
20	1 1/2 Inch Multi-tenant	1	11,750	117.62	133.93	16.31	13.87%
21	Subtotal	7					
22							
23							
24							
25							
26	Total	2,039					
27							

(a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division
 Test Year Ended February 29, 2012
 Customer Summary

Exhibit
 Final Schedule H-2
 Page 2
 Witness: Bourassa

Line No.	Meter Size, Class	(a) Average Number of Customers at 2/29/2012	Median Consumption	Median Bill		Proposed Increase	
				Present Rates	Proposed Rates	Dollar Amount	Percent Amount
1	5/8X3/4 Inch Residential	1,819	-	45.88 \$	52.76	6.88	15.00%
2	5/8X3/4 Inch Residential (Low Income)	58	-	39.00	44.85	5.85	15.00%
3	3/4 Inch Residential	8	-	52.88	60.81	7.93	15.00%
4	1 Inch Residential	9	-	64.64	74.34	9.70	15.00%
5	1 Inch Residential (Low Income)	1	-	54.94	63.19	8.24	15.00%
6	1 1/2 Inch Residential	-	-	95.44	109.76	14.32	15.00%
7	2 Inch Residential	0	-	132.38	152.24	19.86	15.00%
8	Subtotal	1,895					
9							
10	5/8X3/4 Inch Commercial	56	4,000	45.88 \$	52.76	6.88	15.00%
11	1 Inch Commercial	41	8,000	69.31	79.43	10.12	14.60%
12	1 1/2 Inch Commercial	7	5,000	95.44	109.76	14.32	15.00%
13	2 Inch Commercial	27	20,000	193.09	218.41	25.32	13.11%
14	3 Inch Commercial	1	26,500	321.69	364.47	42.79	13.30%
15	4 Inch Commercial	4	375,000	2,060.39	2,266.33	205.94	10.00%
16	6 Inch Commercial	0	199,500	1,548.56	1,726.90	178.34	11.52%
17	Subtotal	138					
18							
19	5/8X3/4 Inch Multi-tenant	6	9,000	55.22 \$	62.94	7.72	13.99%
20	1 1/2 Inch Multi-tenant	1	11,000	114.12	130.12	16.00	14.02%
21	Subtotal	7					
22							
23							
24							
25							
26							
27	Total	2,039					

(a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division
 Test Year Ended February 29, 2012
 Present and Proposed Rates

Exhibit
 Final Schedule H-3
 Page 1
 Witness: Bourassa

Line No.	Monthly Minimum Charge for: <u>Meter Size (All Classes):</u>	Present Rates	Proposed Rates ¹	Change	Percent Change
1	5/8 Inch	\$ 45.88	\$ 52.76	\$ 6.88	15.00%
2	3/4 Inch	52.88	60.81	7.93	15.00%
3	1 Inch	64.64	74.34	9.70	15.00%
4	1 1/2 Inch	95.44	109.76	14.32	15.00%
5	2 Inch	132.38	152.24	19.86	15.00%
6	3 Inch	230.62	265.21	34.59	15.00%
7	4 Inch	341.83	393.10	51.27	15.00%
8	6 Inch	649.58	747.02	97.44	15.00%
9	8 Inch	944.45	1,086.12	141.67	15.00%
10	10 Inch	1,415.24	1,627.53	212.29	15.00%
11	12 Inch	2,012.57	2,314.46	301.89	15.00%

Line No.	Commodity Rates <u>(Commercial and Multi-tenant Only)¹</u>	Block	Present Rate	Proposed Rate ¹
21				
22				
23				
24	All Meter Sizes	0 gallons to 7,000 gallons	\$ -	\$ -
25		over 7,000 gallons	\$ 4.67	\$ 5.09
26				
27				
28				
29				
30				
31				
32				

Low Income Tariff - A 15% discount is available to qualified residential customers meeting the low income qualifications. Participation is limited to a maximum 725 customers.

¹ Santa Cruz Unified School District provided a 5% discount.
 NT = No Tariff

Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division
Changes in Representative Rate Schedules
Test Year Ended February 29, 2012

Exhibit
 Final Schedule H-3
 Page 2
 Witness: Bourassa

Line No.	Other Service Charges	Present Rates	Proposed Rates
1	Establishment	\$ 15.00	\$ 15.00
2	Establishment (After Hours)	\$ 25.00	NT
3	Reconnection (Delinquent)	\$ 15.00	\$ 15.00
4	Reconnection (Delinquent) - After Hours	\$ 25.00	NT
5	Deposit	*	*
6	Deposit Interest	**	**
7	Reestablishment (within 12 months)	***	***
8	NSF Check	\$ 15.00	\$ 15.00
9	Late Payment Penalty	1.5% per month	1.5% per month
10	Deferred Payment	1.5% per month	1.5% per month
11	Service Calls - Per Hour/After Hours(a)	\$ 40.00	NT
12	Service Charge - after hours	NT	\$ 50.00

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* Per Commission Rule A.A.C. R-14-2-603(B)
 ** Per Commission Rule A.A.C. R-14-2-603(B)
 *** Per Commission Rule A.A.C. R14-2-603(D) - Months off the system times the monthly minimum.
 (a) No charge for service calls during normal working hours.

IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE TAX. PER COMMISSION RULE 14-2-608D(5).

Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division
Test Year Ended February 29, 2012
Meter and Service Line Charges

Exhibit
Final Schedule H-3
Page 3
Witness: Bourassa

Line
No.

1

2 Service Line Installation Charges

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8 Service Line Size

Present
Charge

Proposed
Charge

9 4 Inch

At Cost

At Cost

10 6 Inch

At Cost

At Cost

11 8 Inch

At Cost

At Cost

12 10 Inch

At Cost

At Cost

13 12 Inch

At Cost

At Cost

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32 N/T = No Tariff

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Exhibit 3

Rio Rico Utilities Inc., dba Liberty Utilities

Docket No. WS-02676A-12-0196

D Schedules – Consolidated Capital Structure

Consolidated Capital Structure of Water and Wastewater Division

Porforma Capital Structure

Line No.	Item of Capital	Percent of		Weighted Cost
		Total	Cost Rate	
1	Long-Term Debt	0.00%	0.00%	0.00%
3	Stockholder's Equity	100.00%	9.50%	9.50%
5	Totals	100.00%		9.50%

SUPPORTING SCHEDULES:

RECAP SCHEDULES:
 A-1

D-1
 D-3
 D-4
 Testimony

22
 23
 24
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Rio Rico Utilities, Inc. dba Liberty Utilities
 Test Year Ended February 29, 2012
 Cost of Long Term Debt

Exhibit
 Final Schedule D-2
 Page 1
 Witness: Bourassa

Line No.	Description of Debt	End of Test Year				End of Projected Year			
		Amount Outstanding	Annual Interest	Interest Rate	Weighted Cost	Amount Outstanding	Annual Interest	Interest Rate	Weighted Cost
1									
2		-	-	0.000%	0.000%	-	-	0.000%	0.000%
3		-	-	0.000%	0.000%	-	-	0.000%	0.000%
4		-	-	0.000%	0.000%	-	-	0.000%	0.000%
5		-	-	0.000%	0.000%	-	-	0.000%	0.000%
6		-	-	0.000%	0.000%	-	-	0.000%	0.000%
7		-	-	0.000%	0.000%	-	-	0.000%	0.000%
8		-	-	0.000%	0.000%	-	-	0.000%	0.000%
9		-	-	0.000%	0.000%	-	-	0.000%	0.000%
10		-	-	0.000%	0.000%	-	-	0.000%	0.000%
11									
12									
13	Totals	\$ -	-		0.000%	\$ -	-		0.000%
14									

Supporting Schedules:

- 16
- 17
- 18
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Rio Rico Utilities, Inc. dba Liberty Utilities
Test Year Ended February 29, 2012
Cost of Preferred Stock

Exhibit
Final Schedule D-3
Page 1
Witness: Bourassa

Line
No.

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End of Test Year

End of Projected Year

Description of Issue	Shares Outstanding	Dividend Amount	Dividend Requirement	Shares Outstanding	Dividend Amount	Dividend Requirement
-------------------------	-----------------------	--------------------	-------------------------	-----------------------	--------------------	-------------------------

NOT APPLICABLE, NO PREFERRED STOCK ISSUED OR OUTSTANDING

SUPPORTING SCHEDULES:

RECAP SCHEDULES:
D-1

Rio Rico Utilities, Inc. dba Liberty Utilities
Test Year Ended February 29, 2012
Cost of Common Equity

Exhibit
Final Schedule D-4
Page 1
Witness: Bourassa

Line

No.

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The Company is proposing a cost of common equity of 10.30% .

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SUPPORTING SCHEDULES:

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D-4.1 to D-4.16

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RECAP SCHEDULES:

D-1

Rio Rico Utilities, Inc. dba Liberty Utilities
 Summary of Results

Exhibit
 Final Schedule D-4.1

Line No.	Method	Low	High	Midpoint
1				
2				
3				
4				
5				
6	Range DCF Constant Growth Estimates ¹	8.6%	9.7%	9.2%
7				
8	Range of CAPM Estimates ²	8.6%	12.7%	10.6%
9				
10				
11				
12	Average of midpoint estimates	8.6%	11.2%	9.9%
13				
14				
15	Financial Risk Adjustment ³	-0.9%	-0.9%	-0.9%
16				
17	Small Company Risk Premium ⁴	0.8%	0.8%	0.8%
18				
19	Indicated Cost of Equity	8.5%	11.1%	9.8%
20				
21				
22				
23	Recommended Cost of Equity			9.5%
24				
25				
26				

¹ See Schedule D-4-8

² See Schedule D-4.12

³ See Schedule D-4.13, Testimony

⁴ See Schedule D-4.16, Testimony

Rio Rico Utilities, Inc. dba Liberty Utilities
Selected Characteristics of Sample Group of Water Utilities

Exhibit
Final Schedule D-4.2

Line No.	Company ¹	% Water Revenues	Operating Revenues (millions)	Net Plant (millions)	S&P Bond Rating	Moody's Bond Rating	Allowed ROE
1	1. American States	68%	\$ 449.7	\$ 912.0	A+	A2	9.99
2	2. Aqua America	96%	\$ 755.7	\$ 3,863.4	AA-	NR	10.33
3	3. California Water	100%	\$ 541.5	\$ 1,443.1	AA-	NR	9.99
4	4. Connecticut Water	100%	\$ 79.8	\$ 422.6	A	NR	9.75
5	5. Middlesex	89%	\$ 106.6	\$ 433.3	A	NR	10.15
6	6. SJW Corp.	96%	\$ 261.4	\$ 870.5	A	NR	9.99
11	Average	92%	\$ 365.8	\$ 1,324.2			10.03
13	Rio Rico Utilities, Inc. dba Liberty Utilities	68%	\$ 4.2	\$ 28.2	NR	NR	
14	(Adjusted as of February 29, 2012)						

¹AUS Utility Reports (March 2013).

Line No. 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25

Rio Rico Utilities, Inc. dba Liberty Utilities
Capital Structures

Exhibit
Final Schedule D-4.3

No.	Company	Book Value ¹		Market Value ¹	
		Long-Term <u>Debt</u>	Common <u>Equity</u>	Long-Term <u>Debt</u>	Common <u>Equity</u>
1	1. American States	45.5%	54.5%	24.7%	75.3%
2	2. Aqua America	52.7%	47.3%	25.3%	74.7%
3	3. California Water	51.7%	48.3%	35.8%	64.2%
4	4. Connecticut Water	53.2%	46.8%	34.2%	65.8%
5	5. Middlesex	42.8%	57.2%	29.9%	70.1%
6	6. SJW Corp.	56.6%	43.4%	39.9%	60.1%
11	Average	50.4%	49.6%	31.6%	68.4%
13	Rio Rico Utilities, Inc. dba Liberty Utilities	0.0%	100.0%	N/A	N/A
14	(Proforma)				

¹ Value Line Analyzer Data (March 6, 2013)

² Adjusted Per Schedule D-1

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**Rio Rico Utilities, Inc. dba Liberty Utilities
Comparisons of Past and Future Estimates of Growth**

Line No.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
	<u>Five-year historical average annual changes</u>						
	<u>Company</u>	<u>Price¹</u>	<u>Book Value²</u>	<u>EPS²</u>	<u>DPS²</u>	<u>Average Col 1-4</u>	<u>Average Future Growth³</u>
1	1. American States	7.59%	5.50%	10.50%	3.00%	6.65%	6.24%
2	2. Aqua America	3.63%	6.00%	6.00%	8.00%	5.91%	5.98%
3	3. California Water	NMF	5.00%	5.00%	1.00%	3.67%	4.83%
4	4. Connecticut Water	7.74%	3.00%	4.00%	1.50%	4.06%	5.43%
5	5. Middlesex	4.44%	5.00%	2.00%	1.50%	3.24%	4.04%
6	6. SJW Corp.	NMF	4.50%	NMF	5.00%	4.75%	7.88%
7							
8							
9							
10							
11							
12							
13							
14							
15							
16	GROUP AVERAGE	5.85%	4.83%	5.50%	3.33%	4.71%	5.73%
17	GROUP MEDIAN	6.02%	5.00%	5.00%	2.25%	4.40%	5.71%
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							

¹ Average of changes in annual stock prices ending on December 31 through 2012. Data from Yahoo Finance website.

² Value Line Analyzer Data, March 6, 2013

³ See Schedule D-4.6.

**Exhibit
Final Schedule D-4.5**

**Rio Rico Utilities, Inc. dba Liberty Utilities
Comparisons of Past and Future Estimates of Growth**

Line No.	[1]	[2]	[3]	[4]	[5]	[6]	[7]
	<u>Ten-year historical average annual changes</u>						
	<u>Company</u>	<u>Price¹</u>	<u>Book Value²</u>	<u>EPS²</u>	<u>DPS²</u>	<u>Average Col 1-4</u>	<u>Average Future Growth³</u>
1	1. American States	9.71%	5.00%	5.00%	2.00%	5.43%	5.63%
2	2. Aqua America	6.42%	8.50%	7.00%	7.50%	7.36%	6.71%
3	3. California Water	5.72%	5.00%	4.00%	1.00%	3.93%	4.96%
4	4. Connecticut Water	3.13%	4.00%	0.50%	1.50%	2.28%	4.54%
5	5. Middlesex	4.42%	4.50%	2.50%	1.50%	3.23%	4.04%
6	6. SJW Corp.	5.50%	5.50%	2.00%	5.00%	4.50%	7.75%
7							
8							
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13							
14							
15	GROUP AVERAGE	5.82%	5.42%	3.50%	3.08%	4.45%	5.61%
16	GROUP MEDIAN	5.61%	5.00%	3.25%	1.75%	4.21%	5.30%
17							
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27							
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¹ Average of changes in annual stock prices ending December 31, 2011. Data from Yahoo Finance website.

² Value Line Analyzer Data, March 6, 2013.

³ See Schedule D-4.6.

Rio Rico Utilities, Inc. dba Liberty Utilities
Analysts Forecasts of Earnings Per Share Growth **Exhibit**
Final Schedule D-4.6

Line No.	[1]	[2]	[3]	[4]
	ESTIMATES OF EARNINGS GROWTH			
	<u>Company</u>	<u>Reuters¹</u>	<u>Yahoo¹</u>	<u>Line¹</u>
		Value		Average Growth (G) (Cols 1-3) ²
1	1. American States	6.00%	6.00%	5.50%
2	2. Aqua America	6.27%	4.90%	7.00%
3	3. California Water	6.00%	6.00%	6.00%
4	4. Connecticut Water	neg	6.10%	7.50%
5	5. Middlesex		2.70%	7.00%
6	6. SJW Corp.		14.00%	8.00%
7				5.83%
8				6.06%
9				6.00%
10				6.80%
11				4.85%
12				11.00%
13				
14				
15	GROUP AVERAGE	6.09%	6.62%	6.83%
16	GROUP MEDIAN			6.76%
17				6.03%
18				
19				
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¹ Data as of March 6, 2013

² Where no data available or single estimate, average of other utilities assumed to estimate for utility.

Rio Rico Utilities, Inc. dba Liberty Utilities
Current Dividend Yields for Water Utility Sample Group

Exhibit
Final Schedule D-4.7

Line No. 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25

Company	Current Stock Price (P ₀) ¹	Current Dividend (D ₀) ¹	Current Dividend Yield (D ₀ /P ₀) ¹	Average Annual Dividend Yield (D ₀ /P ₀) ^{1,2}
1. American States	\$ 55.29	\$ 1.10	1.99%	3.20%
2. Aqua America	\$ 29.73	\$ 0.63	2.12%	2.85%
3. California Water	\$ 20.63	\$ 0.62	3.01%	3.36%
4. Connecticut Water	\$ 29.54	\$ 0.94	3.18%	3.62%
5. Middlesex	\$ 19.75	\$ 0.73	3.70%	4.02%
6. SJW Corp.	\$ 27.79	\$ 0.69	2.48%	2.94%
Average			2.75%	3.33%
Median			2.74%	3.28%

¹ Value Line Analyzer Data. Stock prices as of March 6, 2013.

² Average Annual Dividend is dividends declared per share for a year divided by the average annual price of the stock in the same year, expressed as a percentage. For comparison purposes only.

Rio Rico Utilities, Inc. dba Liberty Utilities
Discounted Cash Flow Analysis
DCF Constant Growth

Exhibit
Final Schedule D-4.8

Line No.	[1] Average Spot Dividend Yield (D_0/P_0) ¹	[2] Expected Dividend Yield (D_1/P_0) ²	[3] Growth (g)	[4] Indicated Cost of Equity k=Div Yld + g (Cols 2+3)
8	2.75%	2.90%	5.73% ³	8.6%
9				
10	2.75%	2.93%	6.76% ⁴	9.7%
11				
12				
13	2.75%	2.92%	6.25%	9.2%
14				
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26				
27				
28				

¹ Spot Dividend Yield = D_0/P_0 . See Schedule D-4.7.
² Expected Dividend Yield = $D_1/P_0 = D_0/P_0 * (1+g)$.
³ Growth rate (g). Average of Past and Future Growth. See Schedule D-4.4, column 7
⁴ Growth rate (g). Average of Analyst Estimates Future Growth. See Schedule D-4.6.

**Rio Rico Utilities, Inc. dba Liberty Utilities
Market Betas**

**Exhibit
Final Schedule D-4.9**

Line
No. 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20

<u>Company</u>	<u>Beta (β)¹</u>
1. American States	0.70
2. Aqua America	0.60
3. California Water	0.65
4. Connecticut Water	0.75
5. Middlesex	0.70
6. SJW Corp.	0.85
Average	0.71

¹ Value Line Investment Analyzer data (March 6, 2013)

Note: Beta is a relative measure of the historical sensitivity of a stock's price to overall fluctuations in the New York Stock Exchange Composite Index. A Beta of 1.50 indicates a stock tends to rise (or fall) 50% more than the New York Stock Exchange Composite Index. The "Beta coefficient" is derived from a regression analysis of the relationship between weekly percent-age changes in the price of a stock and weekly percentage changes in the NYSE Index over a period of five years. In the case of shorter price histories, a smaller time period is used, but two years is the minimum. The Betas are adjusted for their long-term tendency to converge toward 1.00.

Rio Rico Utilities, Inc. dba Liberty Utilities
Forecasts of Long-Term Interest Rates
2012-14

Exhibit
Final Schedule D-4.10

Line No.	<u>Description</u>	<u>Spot Feb. 2013</u>	<u>2014</u>	<u>2015</u>	<u>Average</u>
6	Blue Chip Consensus Forecasts ¹	3.2%	3.6%	4.3%	3.7%
8	Value Line ²	3.2%	4.6%	4.5%	4.1%
10	Average				3.9%

¹ December 2012 Blue Chip Financial Forecasts consensus forecast of 30 Year U.S. Treasury

² Value Line Quarterly forecast, dated February 22, 2013, Long-term Treasury

Line No. 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24

Rio Rico Utilities, Inc. dba Liberty Utilities
Computation of Current Market Risk Premium

Exhibit
Final Schedule D-4.11

Line No.	Month	Dividend Yield (D _t /P ₀) ¹	Expected Dividend Yield (D _t /P ₀) ²	Growth (g) ³	Expected Market Return (k)	Monthly Average 30 Year Treasury Rate ⁴	Market Risk Premium (MRP)
1	Jan 2011	2.34%	2.60%	+ 11.10%	= 13.70%	= 4.52%	= 9.18%
2	Feb	2.41%	2.73%	+ 13.16%	= 15.89%	= 4.65%	= 11.24%
3	Mar	2.35%	2.64%	+ 12.33%	= 14.97%	= 4.51%	= 10.46%
4	Apr	1.83%	2.02%	+ 10.30%	= 12.32%	= 4.50%	= 7.82%
5	May	1.95%	2.18%	+ 11.76%	= 13.94%	= 4.29%	= 9.65%
6	June	1.97%	2.21%	+ 12.11%	= 14.32%	= 4.23%	= 10.09%
7	July	2.23%	2.58%	+ 15.51%	= 18.09%	= 4.27%	= 13.82%
8	Aug	2.73%	3.24%	+ 18.51%	= 21.75%	= 3.65%	= 18.10%
9	Sept	2.88%	3.47%	+ 20.40%	= 23.87%	= 3.18%	= 20.69%
10	Oct	2.60%	3.03%	+ 16.35%	= 19.38%	= 3.13%	= 16.25%
11	Nov	2.75%	3.24%	+ 17.89%	= 21.13%	= 3.02%	= 18.11%
12	Dec 2011	2.70%	3.17%	+ 17.41%	= 20.58%	= 2.98%	= 17.60%
13	Jan 2012	2.61%	2.98%	+ 14.18%	= 17.16%	= 3.03%	= 14.13%
14	Feb	2.60%	2.99%	+ 15.01%	= 18.00%	= 3.11%	= 14.89%
15	Mar	2.36%	2.65%	+ 12.33%	= 14.98%	= 3.28%	= 11.70%
16	Apr	2.62%	3.02%	+ 15.22%	= 18.24%	= 3.18%	= 15.06%
17	May	2.86%	3.38%	+ 18.12%	= 21.50%	= 2.93%	= 18.57%
18	June	2.73%	3.18%	+ 16.59%	= 19.77%	= 2.70%	= 17.07%
19	July	2.79%	3.29%	+ 18.10%	= 21.39%	= 2.59%	= 18.80%
20	Aug	2.73%	3.17%	+ 16.23%	= 19.40%	= 2.77%	= 16.63%
21	Sept	2.67%	3.07%	+ 14.95%	= 18.02%	= 2.88%	= 15.14%
22	Oct	2.71%	3.14%	+ 15.81%	= 18.95%	= 2.90%	= 16.05%
23	Nov	2.74%	3.15%	+ 14.88%	= 18.03%	= 2.80%	= 15.23%
24	Dec 2012	2.62%	2.95%	+ 12.63%	= 15.58%	= 2.88%	= 12.70%
25	Jan 2013	2.56%	2.86%	+ 11.74%	= 14.60%	= 3.08%	= 11.52%
26	Feb	2.60%	2.94%	+ 13.13%	= 16.07%	= 3.17%	= 12.90%
27	Recommended	2.59%	2.92%	+ 12.50%	= 15.42%	= 3.04%	= 12.37%
28	Short-term Trends						
29	Recent Twelve Months Avg	2.67%	3.07%	+ 14.98%	= 18.04%	= 2.93%	= 15.11%
30	Recent Nine Months Avg	2.68%	3.08%	+ 14.90%	= 17.98%	= 2.86%	= 15.12%
31	Recent Six Months Avg	2.65%	3.02%	+ 13.86%	= 16.87%	= 2.95%	= 13.92%
32	Recent Three Months Avg	2.59%	2.92%	+ 12.50%	= 15.42%	= 3.04%	= 12.37%

¹ Average Current Dividend Yield (D_t/P₀) of dividend paying stocks. Data from Value Line Investment Analyzer Software Data - Value Line 1700 Stocks

² Expected Dividend Yield (D_t/P₀) equals average current dividend yield (D0/P0) times one plus growth rate(g).

³ Average 3-5 year price appreciation (annualized). Data from Value Line Investment Analyzer Software Data - Value Line 1700 Stocks

⁴ Monthly average 30 year U.S. Treasury. Federal Reserve.

**Rio Rico Utilities, Inc. dba Liberty Utilities
Capital Asset Pricing Model (CAPM)**

**Exhibit
Final Schedule D-4.12**

Line No.	Rf ¹	+	beta ³	x	Rp	=	k
1							
2							
3	3.9%	+	0.71	x	6.6%	=	8.6%
4							
5	3.9%	+	0.71	x	12.4%	=	12.7%
6							
7							
8							10.6%
9							
10							
11							
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15							
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17							
18							
19							
20							

¹ Forecasts of long-term treasury yields. See Schedule D-4.10.

² Value Line Investment Analyzer data. See Schedule D-4.9.

³ Historical Market Risk Premium from (Rp) MorningStar S&P 500 2012 Valuation Yearbook Table A-1 Long-Horizon ERP 1926-2011.

⁴ Computed using DCF constant growth method to determine current market return on Value Line 1700 stocks and CAPM with beta of 1.0 to compute Current Market Risk Premium (Rp). See Schedule D-4.11.

Rio Rico Utilities, Inc. dba Liberty Utilities
Financial Risk Computation

Exhibit
Final Schedule D-4.13

Line									
No.									
1									
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24									
25									

<u>CAPM</u>									
Historical Market Risk Premium	Rf	+	β	x	(Rp)	=	k		
Current Market Risk Premium	3.9%	1	0.71	x	6.6%	3	8.6%		
	3.9%	1	0.71	x	12.4%	4	12.7%		
Average									10.7%

<u>CAPM Relevered Beta</u>									
Historical Market Risk Premium	Rf	+	β	x	(Rp)	=	k		
Current Market Risk Premium	3.9%	1	0.62	x	6.6%	3	8.0%		
	3.9%	1	0.62	x	12.4%	4	11.6%		
Average									9.8%
Financial Risk Adjustment									<u>-0.9%</u>

¹ Forecast of long-term treasury yields. See Schedule D-4.10
² Value Line Investment Analyzer data. See Schedule D-4.9
³ Historical Market Risk Premium from (Rp) MorningStar SBB1 2012 Valuation Yearbook Table A-1 Long-Horizon ERP 1926-2011
⁴ Computed using DCF constant growth method to determine current market return on Value Line 1700 stocks and CAPM with beta of 1.0 to compute Current Market Risk Premium (Rp). See Schedule D-4.11
⁵ Relevered beta found on Schedule D-4.15

Rio Rico Utilities, Inc. dba Liberty Utilities
Financial Risk Computation
Unlevered Beta

Exhibit
Final Schedule D-4.14

Line No.	Company	VL Beta β_L^1	Raw Beta β_{Raw}^2	Tax Rate t^3	MV Debt $\frac{D^4}{E^4}$	MV Equity $\frac{E^4}{E^4}$	Unlevered Raw Beta β_{Un}^5
1	American States	0.70	0.55	41.7%	24.7%	75.3%	0.46
2	Aqua America	0.60	0.40	32.9%	25.3%	74.7%	0.33
3	California Water	0.65	0.48	40.5%	35.8%	64.2%	0.36
4	Connecticut Water	0.75	0.63	41.3%	34.2%	65.8%	0.48
5	Middlesex	0.70	0.55	32.7%	29.9%	70.1%	0.43
6	SJW Corp.	0.85	0.78	41.1%	39.9%	60.1%	0.56
13	Sample Water Utilitie	0.71	0.57	38.4%	31.6%	68.4%	0.44

¹ Value Line Investment Analyzer data. See Schedule D-4.13
Value Line uses the historical data of the stock, but assumes that a security's beta moves toward the market average over time. The formula is as follows:
Adjusted beta = $.33 + (.67) * \text{Raw beta}$
² Raw Beta = $(VL \text{ beta} - .33) / (.67)$
³ Effective tax rates per Value Line Analyzer Data (March 6, 2013).
⁴ See Schedule D-4.3
⁵ Raw $B_u = \text{Raw } B_L / (1 + (1-t) * D/E)$

Line No. 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30

Exhibit
Final Schedule D-4.15

Rio Rico Utilities, Inc. dba Liberty Utilities
Financial Risk Computation
Relevered Beta

Line No.	Unlevered Raw Beta β_{UL}^1	MV Book Debt BD^2	MV Equity Capital EC^2	Tax Rate t^3	Relevered Raw Beta $\beta_{RL} = \beta_U (1 + (1-t)BD/EC)$	Adjusted Relevered Beta β_{RL}
1	0.44	0.0%	100.0%	38.60%	0.44	0.62
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						

¹ Unlevered Beta from Schedule D-4.14.

² Proforma Capital Structure of Company.

	BV (in Thousands)	MV (in Thousands)	MV %
Long-term Debt	\$ -	\$ -	0.00%
Preferred Stock	\$ -	\$ -	0.0%
Common Stock	\$ 100	\$ 228 (a)	100.0%
Total Capital	\$ 100	\$ 228	100.0%

(a) Current market-to-book ratio of sample water utilities. See work papers.

³ Current Tax rate based on test year at proposed rates.

22
23
24
25
26

Rio Rico Utilities, Inc. dba Liberty Utilities
Size Premium¹

Exhibit
Final Schedule D-4.16

Line No.	Beta(β)	Size Premium	Risk Premium for Small Water Utilities ⁷
1			
2			
3			
4			
5			
6	1.12	1.14%	
7			
8	1.23	1.88%	
9			
10	1.36	3.89%	
11			
12	1.41	6.10%	3.67%
13			
14			
15			
16			
17			
18			
19			

Estimated Risk Premium for small water utilities⁶

0.99%

¹ Data from Table 7-8 of Morningstar, *Ibbotson S&P 2012 Valuation Yearbook*.
² Mid-Cap companies includes companies with market capitalization between \$1,621 million and \$6,896 million.
³ Low-Cap companies includes companies with market capitalization between \$423 million and \$1,620 million.
⁴ Micro-Cap companies includes companies with market capitalization less than \$422 million.
⁵ Decile 10 includes companies with market capitalization between \$1.0 million and \$206 million.
⁶ From Table 2, Thomas M. Zepp, "Utility Stocks and the Size Effect Revisited," *The Quarterly Review of Economics and Finance*, 43 (2003), 578-582.
⁷ Computed as the weighted differences between the Decile 10 risk premium and the indicated risk premiums for the sample water utilities as shown below. Excludes risk due to differences in beta.

Market Cap.	(Millions)	Class	Size Premium	Difference to Decile 10	Weight	Weighted Size Premium
1.	\$ 1,039	Low-Cap	1.88%	4.22%	0.166667	0.70%
2.	\$ 4,129	Mid-Cap	1.14%	4.96%	0.166667	0.83%
3.	\$ 862	Low-Cap	1.88%	4.22%	0.166667	0.70%
4.	\$ 260	Micro-Cap	3.89%	2.21%	0.166667	0.37%
5.	\$ 310	Micro-Cap	3.89%	2.21%	0.166667	0.37%
6.	\$ 517	Low-Cap	1.88%	4.22%	0.166667	0.70%
Weighted Size Premium for Small Companies						3.67%

Exhibit 4

Rio Rico Utilities Inc., dba Liberty Utilities

Docket No. WS-02676A-12-0196

Revenue Breakdown – Water Division

Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
 Test Year Ended February 29, 2012
 Revenue Breakdown Summary
 Proposed Rates

Attachment
 Page 1

		Proposed				
		Monthly	Commodity	Commodity	Commodity	
		<u>Mins</u>	<u>First Tier</u>	<u>Second Tier</u>	<u>Third Tier</u>	<u>Total</u>
5/8x3/4 Inch	Residential	\$ 1,170,300	\$ 283,888	\$ 694,364	\$ 514,185	\$ 2,662,736
5/8x3/4 Inch	Residential (Low Incor	\$ 23,535	\$ 5,686	\$ 15,860	\$ 4,996	\$ 50,078
3/4 Inch	Residential	\$ 2,988	\$ 1,118	\$ 594	\$ -	\$ 4,701
1 Inch	Residential	\$ 17,430	\$ 11,828	\$ 2,710	\$ -	\$ 31,967
1 Inch	Residential (Low Incor	\$ 423	\$ 160	\$ -	\$ -	\$ 583
1.5 Inch	Residential	\$ 3,984	\$ 3,673	\$ 546	\$ -	\$ 8,203
2 Inch	Residential	\$ 4,781	\$ 2,214	\$ -	\$ -	\$ 6,995
5/8x3/4 Inch	Commercial	\$ 16,534	\$ 2,861	\$ 6,934	\$ 18,076	\$ 44,405
1 Inch	Commercial	\$ 24,402	\$ 18,101	\$ 12,384	\$ -	\$ 54,887
1.5 Inch	Commercial	\$ 9,960	\$ 5,756	\$ 3,953	\$ -	\$ 19,669
2 Inch	Commercial	\$ 68,525	\$ 47,076	\$ 19,212	\$ -	\$ 134,813
3 Inch	Commercial	\$ 35,059	\$ 15,738	\$ 65,312	\$ -	\$ 116,110
4 Inch	Commercial	\$ 29,880	\$ 34,133	\$ 25,529	\$ -	\$ 89,543
6 Inch	Commercial	\$ 9,960	\$ 12,956	\$ 4,983	\$ -	\$ 27,899
5/8X3/4 Inch	Industrial	\$ 3,386	\$ 423	\$ 998	\$ 1,143	\$ 5,950
2 Inch	Industrial	\$ 6,374	\$ 2,272	\$ 27,148	\$ -	\$ 35,795
5/8 Inch	Multi-family	\$ 1,394	\$ 332	\$ 1,037	\$ 801	\$ 3,565
1.5 Inch	Multi-family	\$ 996	\$ 443	\$ -	\$ -	\$ 1,439
	Bulk	\$ 3,320	\$ 36,569	\$ -	\$ -	\$ 39,889
	Fire Lines up to 8 Inch	\$ 2,390	\$ -	\$ -	\$ -	\$ 2,390
TOTALS		\$ 1,435,623	\$ 485,228	\$ 881,565	\$ 539,201	\$ 3,341,617
Percent of Total		42.96%	14.52%	26.38%	16.14%	100.00%
Cummulative %		42.96%	57.48%	83.86%	100.00%	
Comparison to Staff Final Rates						
Percent of Total		42.32%	14.05%	27.26%	16.37%	0.00%
Cummulative %		42.32%	56.37%	83.63%	100.00%	

Exhibit 5

Rio Rico Utilities Inc., dba Liberty Utilities

Docket No. WS-02676A-12-0196

SCUSD Water at 5% Discount

Rio Rico Utilities, Inc. dba Liberty Utilities - Water Division
 Test Year Ended February 29, 2012
 Revenue Summary
 Santa Cruz Unified School District

Exhibit

Line No.	Meter Size	<u>Present Revenues</u>	<u>Proposed Revenues</u>	<u>Dollar Change</u>	<u>Percent Change</u>
1	5/8X3/4 Inch	\$ 418	\$ 619	\$ 201	48.19%
2	1 1/2 Inch	732	1,075	\$ 343	46.83%
3	2 Inch	32,789	39,559	6,770	20.65%
4	3 Inch	79,192	80,705	1,513	1.91%
5	4 Inch	12,752	13,839	1,086	8.52%
6	6 Inch	25,623	27,899	2,276	8.88%
7					
8	Total	<u>\$ 151,505</u>	<u>\$ 163,695</u>	<u>\$ 12,190</u>	8.05%
9					
10					
11	Discount		5%	\$ (8,185)	
12					
13	Net Increase (over present revenues)			\$ 4,005	2.64%
14					
15					
16					
17					
18					
19					
20					

Exhibit 6

Rio Rico Utilities Inc., dba Liberty Utilities

Docket No. WS-02676A-12-0196

SCUSD Wastewater at 5% Discount

Rio Rico Utilities, Inc. dba Liberty Utilities - Wastewater Division
 Test Year Ended February 29, 2012
 Revenue Summary
 Santa Cruz Unified School District

Exhibit

<u>Line No.</u>	<u>Meter Size</u>	<u>Present Revenues</u>	<u>Proposed Revenues</u>	<u>Dollar Change</u>	<u>Percent Change</u>
1	5/8X3/4 Inch	\$ 1,652	\$ 1,899	\$ 248	15.00%
2	2 Inch	43,602	48,479	4,877	11.19%
3	4 Inch	16,463	18,191	1,728	10.49%
4	6 Inch	33,018	36,457	3,439	10.42%
5					
6	Totals	<u>94,735</u>	<u>105,027</u>	<u>10,292</u>	10.86%
7					
8					
9					
10	Discount	5%		<u>\$ (5,251)</u>	
11					
12	Net Increase (over present revenues)			<u>5,041</u>	5.32%
13					
14					
15					
16					
17					
18					
19					
20					