

ORIGINAL



BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS
BOB STUMP - Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH

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AZ CORP COMMISSION
DOCKET CONTROL

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

DOCKET NO. W-01380A-12-0254

STAFF'S RESPONSIVE BRIEF

On March 14, 2013, the Administrative Law Judge ("ALJ") assigned to this matter issued a Procedural Order directing the Utilities Division ("Staff") of the Arizona Corporation Commission ("Commission") to file a Responsive Brief and Final Schedules no later than May 3, 2013. Specifically, the ALJ requested Ray Water Company, Inc. ("Company" or "Ray Water") and Staff to address the following issues, which Staff will now address in turn:

- 1) **With respect to each individual well,**
 - a) **whether the well should be classified as: (1) plant in service, (2) excess capacity, (3) plant not used and useful, (4) plant held for future use, or (5) construction work-in process;**

Staff's classifications with respect to each individual well are listed in the table to Attachment A.

Staff continues to believe that Well No. 8 constitutes excess capacity. As Staff witness Dorothy Hains testified, the Company has more than enough production and storage capability to meet the Company's average peak day demand utilizing only Well Nos. 2D, 3, and 7.¹ During the Company's peak month (July of 2011), the Company sold a total of 27,303,000 gallons of water which equates to approximately 880,700 gallons per day ("gpd"). Assuming the Company operated Well Nos. 2D, 3, and 7 at 85% capacity, those wells would yield 775 gallons per minute ("gpm")² which equates to approximately 1,113,800 gpd. Therefore, the Company has adequate capacity to serve its customers on the average day of the peak month without Well No. 8. This conclusion

¹ Tr. Vol. II at 308:10-309:4.

² Tr. Vol. II at 317-18.

1 becomes more evident when considering that the Company has even more water production capacity
2 at its disposal by virtue of Well Nos. 4³ (which has a production capacity of 125 gpm) and 6 (which
3 has a production capacity of 325 gpm).

4 The Company also has more than enough production and storage capability to meet the
5 Company's peak day demand utilizing only Well Nos. 2D, 3, and 7. Multiplying the Company's
6 average peak day demand of 880,700 gpd by a capacity factor of 1.25 yields a peak day demand of
7 approximately 1,100,900 gallons. Accordingly, operating Well Nos. 2D, 3, and 7 at 85% capacity
8 comfortably exceeds the needed capacity on the day the Company can expect to see its highest water
9 consumption during the year. Simply stated, the Company does not need the capacity production of
10 Well No. 8 to serve its customers.

11 The Company may claim that Staff's peak day demand calculation is understated because
12 Staff used a lower capacity factor than the Company. However, Staff's capacity multiplier of 1.25 is
13 more reasonable than the Company's because it reflects Staff's extensive experience with capacity
14 multipliers used across the many regulated water utilities in Arizona.⁴ The Company cannot
15 demonstrate that its capacity multiplier is more reflective of peak day demand conditions actually
16 experienced at the Company because the Company does not monitor or record this data in any
17 manner.⁵ As a result, the Company's inflated capacity multiplier should be disregarded because it
18 has no relation to the actual peak day demand experiences of the Company.

19 The Company may also claim that Well No. 8 is used and useful because Well Nos. 3, 4, and
20 6 are old and are susceptible to structural failure. However, as the Company's witness Mr. Glotfelty
21 testified, there is no reason to believe that Well Nos. 3, 4, and 6 are in any imminent danger of
22 structurally failing.⁶ This testimony is not surprising given that the Company continues to rely on
23 these wells to serve its customers. Specifically, the Company continues to rely on Well Nos. 4 and 6
24 for backup capacity. In addition, the Company's witness Ms. Festa testified to the importance of the

25 ³ Although Well No. 4 is currently down for repairs, the Company asserts that Well No. 4 will be
26 repaired and placed in operation once there is sufficient funding available. See Company's Post-
27 Hearing Brief ("Company Brief") at 2:22-23.

27 ⁴ Tr. Vol. II at 322:21-323:12.

28 ⁵ Tr. Vol. I at 140:7-21.

⁶ Tr. Vol. I at 183:19-25.

1 continued operation of Well No. 3 on a daily basis because that well pumps into its own storage tank⁷
2 which provides needed water pressure to the Company's system.⁸

3 Moreover, the potential failure of Well No. 3 does not make Well No. 8 used and useful
4 because Well No. 8 cannot replace that well. As Ms. Festa testified at the hearing, Well No. 3 pumps
5 directly into its own independent storage tank with a booster station located at that site.⁹ There is no
6 pipeline to connect Well No. 8 to the storage tank at Well No. 3. If Well No. 3 failed, and there was
7 no water in the storage tank, the Company would be unable to operate that facility.¹⁰ In that event,
8 the Company would lose much needed water pressure and the operation of Well No. 8 would not
9 alleviate that problem.

10 As stated by the Company, Well No. 8 was constructed to replace Well No. 6.¹¹ However,
11 Well No. 6 is still operational and is still in use by the Company. In addition, Well No. 6 is only 30
12 years old and is 10 years newer than Well No. 4 and nearly 15 years newer than Well No. 3, both of
13 which remain in the Company's future plans for serving its customers.¹² Moreover, as explained
14 more fully above, if Well No. 6 failed the Company would still have adequate production and storage
15 capability to serve its customers during even the highest water consumption months by utilizing only
16 Well Nos. 2D, 3, and 7. Simply stated, Well No. 8 constitutes excess capacity and is not used and
17 useful.

18 In its Post-Hearing Brief, the Company submits that Well No. 2D failed on April 10, 2013 and
19 suggests that the operation of Well No. 8 would have alleviated water shortages and curtailments had
20 this event occurred during the summer.¹³ However, the Company cannot rely on Well No. 8 to
21 replace Well No. 2D for the same reasons that Well No. 8 cannot replace Well No. 3.

22 Well Nos. 8, 7, 6, and 4 all connect to storage tanks located at site Well No. 4. Well No. 2D
23 connects to its own independent storage tanks located at that site. There is no pipeline to connect
24

25 ⁷ Tr. Vol. I at 134:19-21.

26 ⁸ Tr. Vol. I at 144:2-8.

27 ⁹ Tr. Vol. I at 134:19-21.

28 ¹⁰ Tr. Vol. I at 134:21-23.

¹¹ Tr. Vol. I at 136:9-11.

¹² Exh. S-1 (Hains Direct Testimony), Exh. DMH-1 at 2.

¹³ Company Brief at 3:6-9.

1 Well No. 8 to the storage tanks at Well No. 2D. If Well No. 2D is inoperable, the Company's water
2 system will lose water pressure and the Company's operation of Well No. 8 will not alleviate that
3 problem.¹⁴ In that event, the Company's options to remedy the lack of water pressure from the
4 purported failure of Well No. 2D could be to: 1) physically haul water to fill the storage tanks in Well
5 No. 2D; 2) repair the pump and motor at Well No. 2D; or 3) run a temporary pipeline from the
6 storage tanks at Well No. 2D to the storage tanks at Well No. 4 (assuming this is possible). The fact
7 that Well No. 8 does not displace the Company's dependency on Well No. 2D for safe and adequate
8 system operation provides an additional reason why Well No. 8 constitutes excess capacity.

9 **b) The basis for each classification if different from that previously presented
10 in testimony and evidence; and**

11 Staff's classifications remain the same as previously presented in testimony and evidence.

12 **c) A separate schedule listing by Well Number any adjustments to rate base
13 due to accumulated depreciation, AIAC, CIAC and accumulated
14 amortization resulting from the specific plant's classification.**

15 Staff's separate schedule listing Staff's adjustments to accumulated depreciation by Well No.
16 is shown on Schedule CSB-9 and CSB-15 (Attachment B). Staff did not make any adjustments to
17 AIAC, CIAC, or accumulated amortization of CIAC that resulted from a specific plant's
18 classification.

19 **2) Discuss the propriety of including a *pro-forma* adjustment to purchased power
20 expense based on Tucson Electric Power Company's pending rate application.**

21 Staff recommends that the Company's pro-forma adjustment to purchased power be rejected.
22 Staff believes that the Company's proposal overstates purchased power expense by an amount that is
23 not known and measurable. The Company's proposed adjustment is not known and measurable
24 because Tucson Electric Power Company's ("TEP") proposed increase can be adjusted upward or
25 downward by the Commission prior to approval. Therefore, departure from the historical test year
26 and the matching principle is not warranted. Further, should the Company's adjustment be adopted
27 and TEP's proposed increase be lowered, customers would be over-paying for purchased power
28 expense.

¹⁴ Staff notes that this issue exemplifies Staff's recommendation that the Company monitor, record, and document repairs and customer complaints relating to frequency and low pressure. See Exh. S-9.

- 1 **3) Provide a written explanation supporting any adjustments to Ray Water**
2 **Company, Inc.’s (“Ray Water” or “Company”) revised proposed rate case**
3 **expense.**

4 Staff does not support recovery of any additional rate case expense. The Company claims
5 that it incurred additional rate case expense to defend its inclusion of Well No. 8 which Staff had
6 previously determined was excess capacity and not used and useful. Staff has not changed its
7 position on the wells. Accordingly, Staff recommends no increase to rate case expense.

- 8 **4) Provide updated schedules reflecting any changes to rate base and income**
9 **statement, as well as schedules demonstrating the flow-through of the changes to**
10 **cost of capital and revenue requirement.**

11 Staff reflected the retirements shown on Hearing Exhibit A-8 in Staff’s adjustment No. 11,
12 “Post Hearing Retirements” attached as Schedule CSB-15 (Attachment B). Staff’s updated schedules
13 are attached as CSB-1 through CSB-15 (Attachment B).

- 14 **5) Provide updated schedules reflecting any changes to rate design resulting from**
15 **revisions to rate base, income statement and revenue requirement calculations.**

16 Staff’s updated rate design schedules are attached as Schedule CSB-29 (Attachment B).

- 17 **6) Prepare a detailed Typical Bill Analysis broken by meter size and customer class,**
18 **stating the dollar amount and percent of increase in the monthly bill for each.**

19 Staff’s Typical Bill Analysis schedules broken out by meter size and customer class are
20 attached as Schedule CSB-30 (Attachment B).

- 21 **7) Explain why Staff’s proposed rate design is the most effective and reasonable**
22 **manner to achieve recommended revenues.**

23 Staff’s proposed rate design provides revenue stability for the Company while promoting
24 important water conservation measures. The principal difference between the proposed rate designs
25 of Staff and the Company is that the Company’s proposed rate design dramatically increases the
26 monthly minimum charges – over 250% for the Company’s largest residential and commercial
27 customers.¹⁵ For example, 4” meter residential customers would pay a monthly minimum of \$15,300
28 under the Company’s proposed rate design and \$5,940 under Staff’s. The practical effect of the

¹⁵ Exh. A-10 (Staff notes that the Company incorrectly calculated the percentage change in the monthly minimum for 4” residential and 6” commercial customers as 157.58%).

1 Company's proposed rate design is unreasonable in that customers will have substantially less control
2 over the price of their respective bills. The Company's proposed rate design is also unreasonable
3 because customers will have little to no incentive to use less water.

4 The Company claims that it will suffer a revenue shortfall as a result of its 5 largest customers
5 (out of approximately 1,500 total customers) decreasing water consumption based on Staff's
6 proposed rate design. However, the Company's claim is grossly misleading. As noted by the
7 Company, 96% of the customers are residential using a 5/8" meter and the median user will only see
8 a 1.9% bill increase under Staff's proposed rate design.¹⁶

9 **8) With respect to the Pima County Department of Wastewater Management**
10 **("PCDWM") General Services Contract ("Contract"),**

11 **a) The amount of test year non-water revenues attributable to the Contract;**

12 According to the Company, the test year water revenues attributable to the Company's
13 contract with PCDWM were \$4,548.

14 **b) Whether PCDWM passes Contract fees to its wastewater customers, and**
15 **if so, whether the amount is identified on the customer's bill; and**

16 Staff has no knowledge as to how PCDWM passes the contract fees to its wastewater
17 customers or whether that amount is identified on the customer's bill.

18 **c) Whether the Contract has been renewed beyond January 31, 2013 and, if**
19 **so, whether the Contract rates remain the same.**

20 Staff does not know whether the Company has renewed the contract, and if so, whether the
21 contract rates are the same.

22 In its Post-Hearing Brief, the Company states that PCDWM has offered the Company another
23 contract.¹⁷ However, Staff notes that the Company fails to specifically provide information relating
24 to whether the Company has accepted that contract offer and, if so, whether and to what extent the
25 new contract rates and terms have changed.

27
28 ¹⁶ Company Brief at 6:19.

¹⁷ Company Brief at 8:14-21.

1 **9) Discuss the need for a Commission-approved information sharing tariff.**

2 Pursuant to the Company's contract with PCDWM, the Company sells proprietary customer
3 account information to the County, including the customer's water consumption data, name, mailing
4 address, billing address, service location address, and any other customer information relating to
5 wastewater usage that is requested by the County.¹⁸ Staff believes that the Company should be
6 required to file a tariff that sets forth appropriate customer notification procedures and defines the
7 scope and purpose for which that information will be used. Staff believes that such a tariff is in the
8 public interest because it provides notice to customers that the Company is selling proprietary
9 customer account information to the County, allows the Commission to monitor with whom the
10 Company is sharing proprietary customer information and for what purpose, and allows the
11 Commission to monitor the revenues earned as a result of any such agreement. Accordingly, Staff
12 recommends the Commission approve a tariff to govern the Company's selling and sharing of
13 proprietary customer account information.

14 The Company first objects to referring to Staff's proposal as a tariff.¹⁹ However, the
15 Company's objection is entirely form over substance. Regardless, Staff's proposal is suitable for the
16 Commission to approve in the form of a tariff. Tariffs are one of the mechanisms by which the
17 Commission regulates public service corporations, including the Company. In this regard, Staff's
18 proposed tariff is functionally similar to cross-connection, curtailment, or best management practice
19 tariffs – all of which are routinely and appropriately approved by the Commission. In addition, Staff
20 notes that the Commission approved a similar tariff concerning the sharing of customer account
21 information in Decision No. 73562 on October 17, 2012.²⁰ For the reasons stated above, Staff's
22 proposed tariff is consistent with past Commission practice and in the public interest.

23 The Company next argues that the proposed tariff is unnecessary because the contract with
24 PCDWM is a public document and the public should be aware that the County is collecting meter
25 size data from water providers because rates for sewer services are based on water meter size.
26 However, contrary to the Company's assertion, the public (and the Company's ratepayers) do not

27 ¹⁸ See Late-Filed Exhibit (March 1, 2013), PCDWM Contract, Exh. A.

28 ¹⁹ In fact, Staff notes that the Company withdrew this objection at the hearing. Tr. Vol. I at 42:15-18.

²⁰ See Docket No. W-01303A-12-0369.

1 have notice of the actual contract. Although the contract might be available for public inspection, the
2 public needs to know that such a contract exists in order to inspect it. Simply stated, the public has
3 had no notice, constructive or otherwise, that a contract exists to allow the Company to sell
4 proprietary customer account information to the County. Similarly troubling is the fact that
5 customers do not have any notice of the specific customer account information that is being sold or
6 for what purpose.

7 Lastly, the Company claims that it would cancel its contract with PCDWM “rather than spend
8 its time and money” on complying with the proposed tariff.²¹ Notably, the Company fails to quantify
9 the resulting increase in costs, if any, associated with filing a tariff. However, even assuming that the
10 proposed tariff would increase administrative costs, Staff does not believe the public interest should
11 be sacrificed to the betterment of the Company’s financial arrangement with PCDWM.²²

12 **10) Any Final Schedules comparing the Company’s and Staff’s respective positions**
13 **shall reflect both parties’ most recent adjusted numbers.**

14 Staff has no additional schedules to present at this time.

15 **11) Address any other legal issues that Staff deems important.**

16 Staff has no additional legal issues to address at this time.

17 RESPECTFULLY SUBMITTED this 3rd day of May, 2013.

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19
20 

21 Scott M. Hesla, Staff Attorney
22 Robin R. Mitchell, Staff Attorney
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24 Arizona Corporation Commission
25 1200 West Washington Street
26 Phoenix, Arizona 85007
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28 ²¹ Company Brief at 10:8-10.

²² Presumably, the Company would account for any increase in administrative costs when it negotiates the terms of the contract.

1 Original and thirteen (13) copies
2 of the foregoing were filed this
3 3rd day of May, 2013 with:

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

6 Copies of the foregoing were mailed
7 This 3rd day of May, 2013 to:

8 Steve Wene, Esq.
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Attachment A

Well # Site	Well #/ADWR #	Plants in Well Site	Is the Plant in Service?	Is this well excess capacity?	Is the Plant Used and Useful?	Is Plant held for future use?	Is the Plant construction work-in process?
1	Well #1 (ADWR #55-609462)	Well	No	n/a	No	No	Unknown
1		Land/Land right	No	n/a	No	Unknown	Unknown
1		Well Pumping Equipment/ Control Panel	No	n/a	No	No	Unknown
1		Structure (Fencing)	No	n/a	No	Unknown	Unknown
1		Pressure Tank	No	n/a	No	Unknown	Unknown
2	Well #2A	Well	No	n/a	No	No	Unknown
2		Land/Land right	Yes	n/a	Yes	No	Unknown
2		Well Pumping Equipment/ Control Panel	No	n/a	No	No	Unknown
2		Structure (Fencing)	No	n/a	No	No	Unknown
2	Well #2B	Well	No	n/a	No	No	Unknown
2		Land/Land right	Yes	n/a	Yes	No	Unknown
2		Well Pumping Equipment/ Control Panel	No	n/a	No	No	Unknown
2		Structure (Fencing)	No	n/a	No	No	Unknown
2	Well #2C	Well	No	n/a	No	No	Unknown
2		Land/Land right	Yes	n/a	Yes	No	Unknown
2		Well Pumping Equipment/ Control Panel	No	n/a	No	No	Unknown
2		Structure (Fencing)	No	n/a	No	No	Unknown

Well # Site	Well #/ADWR #	Plants in Well Site	Is the Plant in Service?	Is this well excess capacity?	Is the Plant Used and Useful?	Is Plant held for future use?	Is the Plant construction work-in process?
2		50,000 gal Storage Tank	No	n/a	No	No	Unknown
2		5,000 gal Pressure Tank	No	n/a	No	No	Unknown
2	Well #2D (ADWR #55-214966)	Well	Yes	No	Yes	Yes	Unknown
2		Land/Land right	Yes	No	Yes	Yes	Unknown
2		Well/ booster Pumping/Control Panel Equipment	Yes	No	Yes	Yes	Unknown
2		Structure (Fencing)	Yes	No	Yes	Yes	Unknown
2		375,000 gal Storage Tank	Yes	No	Yes	Yes	Unknown
2		50 gal Pressure Tank	Yes	No	Yes	Yes	Unknown
3	Well #3 (ADWR #55-609464)	Well	Yes	No	Yes	Yes	Unknown
3		Land/Land right	Yes	No	Yes	Yes	Unknown
3		Well/ booster Pumping/Control Panel Equipment	Yes	No	Yes	Yes	Unknown
3		Structure (Fencing)	Yes	No	Yes	Yes	Unknown
3		50,000 gal Storage Tank	Yes	No	Yes	Yes	Unknown
3		5,000 gal Pressure Tank	Yes	No	Yes	Yes	Unknown
4	Well #4 (ADWR #55-609465)	Well	No	No	Yes	Yes	Unknown

Well # Site	Well #/ADWR #	Plants in Well Site	Is the Plant in Service?	Is this well excess capacity?	Is the Plant Used and Useful?	Is the Plant held for future use?	Is the Plant construction work-in process?
7	Well #7 (ADWR #55-212103)	Well	Yes	No	Yes	Yes	Unknown
7		Land/Land right	Yes	No	Yes	Yes	Unknown
7		Well pump /Control Panel Equipment	Yes	No	Yes	Yes	Unknown
7		Structure (Fencing)	Yes	No	Yes	Yes	Unknown
8	Well #8 (ADWR #55-219154)	Well	Yes	Yes	No	Yes	Unknown
8		Land/Land right	Yes	Yes	No	Yes	Unknown
8		Well pump /Control Panel Equipment	Yes	Yes	No	Yes	Unknown
8		Structure (Fencing)	Yes	Yes	No	Yes	Unknown

Attachment B

REVENUE REQUIREMENT

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY ORIGINAL COST</u>	<u>[B] STAFF ORIGINAL COST</u>
1	Adjusted Rate Base	\$ 1,073,266	\$ 626,424
2	Adjusted Operating Income (Loss)	\$ (125,840)	\$ (55,010)
3	Current Rate of Return (L2 / L1)	-11.72%	-8.78%
4	Required Rate of Return	10.57%	9.10%
5	Required Operating Income (L4 * L1)	\$ 113,393	\$ 57,005
6	Operating Income Deficiency (L5 - L2)	\$ 239,233	\$ 112,015
7	Gross Revenue Conversion Factor	1.56320	1.32994
8	Increase (Decrease) In Gross Revenue (L7 * L6)	\$ 373,969	\$ 148,973
9	Adjusted Test Year Revenue	\$ 576,266	\$ 580,814
10	Proposed Annual Revenue (L8 + L9)	\$ 950,235	\$ 729,787
11	Required Increase/(Decrease in Revenue) (%) (L8/L9)	64.90%	25.65%

References:

Column [A]: Company Schedules A-1

Column [B]: Staff Schedules CSB-2, CSB-3, & CSB-15

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
<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)	24.8087%			
5	Subtotal (L3 - L4)	75.1913%			
6	Revenue Conversion Factor (L1 / L5)	1.329941			
<i>Calculation of Uncollectible Factor:</i>					
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 17)	23.3864%			
9	One Minus Combined Income Tax Rate (L7 - L8)	76.6136%			
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 (Line 53)	17.6481%			
16	Effective Federal Income Tax Rate (L14 x L15)	16.4184%			
17	Combined Federal and State Income Tax Rate (L13 +L16)		23.3864%		
<i>Calculation of Effective Property Tax Factor</i>					
18	Unity	100.0000%			
19	Combined Federal and State Income Tax Rate (L17)	23.3864%			
20	One Minus Combined Income Tax Rate (L18-L19)	76.6136%			
21	Property Tax Factor	1.8565%			
22	Effective Property Tax Factor (L20*L21)		1.4223%		
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			24.8087%	
24	Required Operating Income	\$ 57,005			
25	Adjusted Test Year Operating Income (Loss)	(55,010)			
26	Required Increase in Operating Income (L24 - L25)		\$ 112,015		
27	Income Taxes on Recommended Revenue (Col. [C], L52)	\$ 16,172			
28	Income Taxes on Test Year Revenue (Col. [A], L52)	(18,021)			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		34,193		
30	Recommended Revenue Requirement	\$ 729,787			
31	Uncollectible Rate (Line 10)	0.0000%			
32	Uncollectible Expense on Recommended Revenue (L30*L31)	\$ -			
33	Adjusted Test Year Uncollectible Expense	\$ -			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32-L33)				
35	Property Tax with Recommended Revenue	\$ 35,137			
36	Property Tax on Test Year Revenue	32,371			
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		2,766		
38	Total Required Increase in Revenue (L26 + L29 + L34 + L37)		\$ 148,973		
<i>Calculation of Income Tax:</i>					
39	Revenue	\$ 580,814	\$ 148,973	\$ 729,787	
40	Operating Expenses Excluding Income Taxes	\$ 653,845	\$ 2,766	\$ 656,611	
41	Synchronized Interest (L56)	\$ 3,132		\$ 3,132	
42	Arizona Taxable Income (L39 - L40 - L41)	\$ (76,163)		\$ 70,044	
43	Arizona State Income Tax Rate	6.9680%		6.9680%	
44	Arizona Income Tax (L42 x L43)	\$ (5,307)		\$ 4,881	
45	Federal Taxable Income (L42 - L44)	\$ (70,856)		\$ 65,163	
46	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%	\$ (7,500)		\$ 7,500	
47	Federal Tax on Second Income Bracket (\$51,001 - \$75,000) @ 25%	\$ (5,214)		\$ 3,791	
48	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%	\$ -		\$ -	
49	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%	\$ -		\$ -	
50	Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$ -		\$ -	
51	Total Federal Income Tax	\$ (12,714)		\$ 11,291	
52	Combined Federal and State Income Tax (L44 + L51)	\$ (18,021)		\$ 16,172	
53	Applicable Federal Income Tax Rate [Col. [C], L51 - Col. [A], L51] / [Col. [C], L45 - Col. [A], L45]				17.6481%
<i>Calculation of Interest Synchronization:</i>					
54	Rate Base	\$ 626,424			
55	Weighted Average Cost of Debt	0.5000%			
56	Synchronized Interest (L45 X L46)	\$ 3,132			

RATE BASE - ORIGINAL COST

LINE NO.	(A) COMPANY AS FILED	(B) STAFF ADJUSTMENTS	ADJ NO.	(C) STAFF AS ADJUSTED
1	\$ 5,261,065	\$ (584,338)	1, 2, 3, 4, 11	\$ 4,676,727
2	1,835,897	(118,768)	5	1,717,129
3	<u>\$ 3,425,168</u>	<u>\$ (465,570)</u>		<u>\$ 2,959,598</u>
<i>LESS:</i>				
4	\$ 1,633,387	\$ (158,487)	6	\$ 1,474,900
5	\$ -	\$ -		\$ -
6	\$ 982,352	\$ 158,487	7	\$ 1,140,839
7	260,433	127,537	8	387,970
8	<u>\$ 721,919</u>	<u>30,950</u>		<u>\$ 752,869</u>
9	\$ 2,355,306	\$ (127,537)		\$ 2,227,769
10	\$ -	\$ 105,405	9	\$ 105,405
11	\$ -	\$ -		\$ -
<i>ADD: Working Capital</i>				
12	\$ 3,404	\$ (3,404)	10	\$ -
13	\$ -	\$ -		\$ -
14	<u>\$ 1,073,266</u>	<u>\$ (446,842)</u>		<u>\$ 626,424</u>

References:

Column [A], Company Schedule B-1, Page 1
Column [B]: Schedule CSB-4
Column [C]: Column [A] + Column [B]

RATE BASE ADJUSTMENT NO. 1 - EXCESS CAPACITY PLANT COSTS

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Acct. No. 303 -Land and Land Rights	\$ 62,540	\$ (36,000)	\$ 26,540
2	Acct. No. 307 -Wells and Springs	\$ 1,674,835	\$ (268,821)	\$ 1,406,014
3	Acct. No. 311 - Pumping Equipment	\$ 873,230	\$ (154,629)	\$ 718,601
4	Total Acct. No. 380 -Treatment & Disposal Equip	<u>\$ 2,610,605</u>	<u>\$ (459,450)</u>	<u>\$ 2,151,155</u>
5				
6				
7	Year			
8	Added	Account No.	Account Description	Amount
9	2010	303	Land & Land Rights (Well No. 8)	\$ 36,000
10	2011	307	Wells & Springs (Well No. 8)	\$ 268,821
11	2011	311	Pumping Equipment (Well No. 8)	\$ 154,629
12			Total	\$ 459,450

References:

- Column [A]: Company Schedule B-2
- Column [B]: Testimony, CSB
- Column [C]: Column [A] + Column [B]

RATE BASE ADJUSTMENT NO. 2 - NOT USED AND USEFUL PLANT COSTS

LINE NO.	DESCRIPTION	[A]	[B]	[C]	
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED	
1	Acct No. 303 - Land & Land Rights	\$ 62,540	\$ -	\$ 62,540	Removed \$1,021
2	Acct No. 307 - Wells & Springs	\$ 1,674,835	\$ -	\$ 1,674,835	Removed \$17,028
3	Acct No. 311 - Pumping Equipment	\$ 873,230	\$ -	\$ 873,230	Removed \$15,804
4	Total	\$ 2,610,605	\$ -	\$ 2,610,605	

To remove costs classified as "not used and useful" that Staff retired in Rate Base Adj No. 11, "Post-Hearing Retirements."

Year Added	Account No.	Account Description	Amount
2005	303	Land & Land Rights (Well No.1)	\$ 1,021
2005	307	Wells & Springs (Well No. 1)	\$ 950
2005	307	Wells & Springs (Well No. 1)	\$ 850
2005	307	Wells & Springs (Well No. 2C)	\$ 350
2005	307	Wells & Springs (Well No. 2C)	\$ 600
2005	307	Wells & Springs (Well No. 2C)	\$ 1,032
2005	307	Wells & Springs (Well No. 2C)	\$ 4,750
2005	307	Wells & Springs (Well No. 2C)	\$ 4,178
2005	307	Wells & Springs (Well No. 2C)	\$ 3,593
2005	307	Wells & Springs (Well No. 2C)	\$ 725
			<u>\$ 17,028</u>
2005	311	Pumping Equip (Well No. 2C)	\$ 13,324
2005	311	Pumping Equip (Well No. 2C)	\$ 2,480
			<u>\$ 15,804</u>
Total			<u><u>\$ 33,853</u></u>

Removed adjustment

References:

- Column A: Company Schedule B-2
- Column B: Testimony, CSB
- Column C: Column [A] + Column [B]

RATE BASE ADJUSTMENT NO. 3 - PRESSURE TANK RECLASSIFICATION

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Acct No. 330 - Distribution Reservoirs and Standpipes	\$ 1,674,835	(1,032)	1,673,803
2	Acct No. 330.2 - Pressure Tanks.	-	1,032	1,032
3	Plant Total	\$ 1,674,835	\$ -	\$ 1,674,835

References:

- Column A: Company Schedule B-2
- Column B: Testimony, CSB
- Column C: Column [A] + Column [B]

RATE BASE ADJUSTMENT NO. 4 - ALLOCATED VEHICLE COST

		[A]	[B]	[C]
LINE NO.	DESCRIPTION	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Acct No. 341 - Transportation Equipment	\$ 72,235	(20,250)	51,985
2				
3				
4				
5		Cost of Lexus SUV	\$ 27,000	
6		Percentage Allocated to Owners/Affiliates	75%	
7		Staff's Adjustment	<u>20,250</u>	

References:

- Column A: Company Schedule B-2
- Column B: Testimony, CSB
- Column C: Column [A] + Column [B]

RATE BASE ADJUSTMENT NO. 5 - ACCUMULATED DEPRECIATION

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Accumulated Depreciation	\$ 1,835,897	\$ -	\$ 1,835,897
2	Excess Capacity Plant	\$ -	\$ (10,586)	\$ (10,586)
3	Not Used & Useful Plant	\$ -	\$ -	\$ -
4	Allocated Vehicle Costs	\$ -	\$ (3,544)	\$ (3,544)
5	Post-Hearing Retirements	\$ -	\$ (104,638)	\$ (104,638)
6		\$ 1,835,897	\$ (118,768)	\$ 1,717,129

Removed \$10,670 (see Note 1)
From Rate Base Adj. No. 11

Note 1: Removed \$10,670 amount as amount is included in Line 5

ACCUMULATED DEPRECIATION RELATED TO EXCESS CAPACITY PLANT COSTS

Reference Schedule	Year Placed In Service	Acct No.	Description	Plant Cost	Number of Interim Years	Depreciation Rate	Accumulated Depreciation
13 CSB-5	2011	307	Wells & Springs (Well No. 8)	\$ 268,821	0.5	5.00%	\$6,720.53
14 CSB-5	2011	311	Pumping Equipment (Well No. 8)	\$ 154,629	0.5	5.00%	\$3,865.73
				\$ 423,450			\$10,586.25

ACCUMULATED DEPRECIATION RELATED TO NOT USED AND USEFUL PLANT

Reference Schedule	Year Placed In Service	Acct No.	Description	Plant Cost	Number of Interim Years	Depreciation Rate	Accumulated Depreciation
21 CSB-6	2005	307	Wells & Springs (Well No. 1)	\$ 950	6.5	5.00%	\$308.75
22 CSB-6	2005	307	Wells & Springs (Well No. 1)	\$ 850	6.5	5.00%	\$276.25
23 CSB-6	2005	307	Wells & Springs (Well No. 2C)	\$ 350	6.5	5.00%	\$113.75
24 CSB-6	2005	307	Wells & Springs (Well No. 2C)	\$ 600	6.5	5.00%	\$195.00
25 CSB-6	2005	307	Wells & Springs (Well No. 2C)	\$ 1,032	6.5	5.00%	\$335.39
26 CSB-6	2005	307	Wells & Springs (Well No. 2C)	\$ 4,750	6.5	5.00%	\$1,543.75
27 CSB-6	2005	307	Wells & Springs (Well No. 2C)	\$ 4,178	6.5	5.00%	\$1,357.85
28 CSB-6	2005	307	Wells & Springs (Well No. 2C)	\$ 3,593	6.5	5.00%	\$1,167.65
29 CSB-6	2005	307	Wells & Springs (Well No. 2C)	\$ 725	6.5	5.00%	\$235.63
30 CSB-6	2005	311	Pumping Equip (Well No. 2C)	\$ 13,324	6.5	5.00%	\$4,330.38
31 CSB-6	2005	311	Pumping Equip (Well No. 2C)	\$ 2,480	6.5	5.00%	\$806.00
				\$ 32,832			\$10,670.40

ACCUMULATED DEPRECIATION RELATED TO VEHICLE ALLOCATION

Reference Schedule	Year Placed In Service	Acct No.	Description	Plant Cost	Number of Interim Years	Depreciation Rate	Accumulated Depreciation
37 CSB-7	2008	341	Transportation Equipment	\$ 20,250	3.5	5.00%	\$3,543.75

References:

- Column A: Company Schedule C-1
- Column B: Testimony, CSB
- Column C: Column [A] + Column [B]

RATE BASE ADJUSTMENT NO. 6 - ADVANCES IN AID OF CONSTRUCTION ("AIAC")

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		PER COMPANY	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	AIAC - Main Line Extension Contracts	\$ 1,633,387	\$ (158,487)	\$ 1,474,900
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				

	Date	Amount
CSB 2-11	12/31/1997 Ending Balance	\$ 185,833
CSB 2-11	1998 Net AIAC Additions	\$ 22,360
CSB 2-11	1999 Net AIAC Additions	\$ (284)
CSB 2-11	2000 Net AIAC Additions	\$ 38,729
CSB 2-11	2001 Net AIAC Additions	\$ 37,055
	Total AIAC That Was Not Fully Refunded After Ten Years	\$ 283,693
CSB 2-11	2002 Transfer to CIAC - Per Co.	\$ 31,060
CSB 2-11	2003 Transfer to CIAC - Per Co.	\$ 700
CSB 2-11	2008 Transfer to CIAC - Per Co.	\$ 68,430
CSB 2-11	2010 Transfer to CIAC - Per Co.	\$ 25,016
	Total Transfers to CIAC - Per Company	\$ 125,206
	Difference	\$ 158,487

References:

- Column A: Company Schedule B-1
- Column B: Testimony, CSB; Data Request Response CSB 2-11
- Column C: Column [A] + Column [B]

RATE BASE ADJUSTMENT NO. 7 -CONTRIBUTIONS IN AID OF CONSTRUCTION ("CIAC")

		[A]	[B]	[C]
LINE NO.	DESCRIPTION	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Gross CIAC	\$ 982,352	\$ 158,487	\$ 1,140,839

References:

Column A: Company Schedule B-2

Column B: Testimony, CSB; Data Request Response CSB 2-11 and Sch CSB-10

Column C: Column [A] + Column [B]

RATE BASE ADJUSTMENT NO. 8 - AMORTIZATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION ("CIAC")

LINE NO.	DESCRIPTION	[A]	[B]	[C]			
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED			
1	Amortization of CIAC	\$ 260,433	\$127,537	\$ 387,970			
2							
3							
4							
5	CALCULATION OF AMORTIZATION OF CIAC						
6	Reference		Year Transferred	Number of	Depreciation	Amortization of	
7	Schedule		To CIAC	Interim Years	Rate	CIAC	
8	CSB-5	12/31/1997 Ending AIAC Balance	\$ 185,833	2007	10	5.00%	\$92,916.50
9	CSB-5	1998 Net CIAC Additions	\$ 22,360	2008	9	5.00%	\$10,062.00
10	CSB-5	1999 Net CIAC Additions	\$ (284)	2009	8	5.00%	(\$113.60)
11	CSB-5	2000 Net CIAC Additions	\$ 38,729	2010	7	5.00%	\$13,555.15
12	CSB-5	2000 Net CIAC Additions	\$ 37,055	2011	6	5.00%	\$11,116.50
13			\$ 283,693				\$127,536.55

References:

- Column A: Company Schedule C-1
- Column B: Testimony, CSB
- Column C: Column [A] + Column [B]

RATE BASE ADJUSTMENT NO. 9 - CUSTOMER DEPOSITS

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Customer Deposits	\$ -	\$ 105,405	\$ 105,405
2				
3				Test Year
4				Customer Deposits
5				\$ 100,696
6				\$ 103,158
7				\$ 105,443
8				\$ 108,028
9				\$ 108,636
10				\$ 106,615
11				\$ 107,823
12				\$ 108,938
13				\$ 109,474
14				\$ 109,849
15				\$ 110,119
16				\$ 86,080
17				\$ 1,264,859
18			Divided by	12 Months
19				\$ 105,404.92

References:

Column A: Company Schedule B-2

Column B: Testimony, CSB; Data Request Response CSB 2-12

Column C: Column [A] + Column [B]

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Test Year Ended December 31, 2011

Final Schedule CSB-14

RATE BASE ADJUSTMENT NO. 10 - WORKING CAPITAL, PREPAYMENTS

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		PER COMPANY	ADJUSTMENT	PER STAFF
1	Prepayments	\$ 3,404	\$ (3,404)	\$ -

References:

- Column A: Company Schedule B-2
- Column B: Testimony, CSB
- Column C: Column [A] + Column [B]

RATE BASE ADJUSTMENT NO. 11 - POST-HEARING RETIREMENTS

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Acct No. 307 - Wells & Springs	\$ 1,674,835	(94,497)	1,580,338
2	Acct No. 311 - Pumping Equipment	873,230	(10,141)	863,089
3	Plant Total	\$ 2,548,065	\$ (104,638)	\$ 2,443,427
4				
5				
6				
7				
8				
9				
10				
11				

Well Retirements Per Hearing Exhibit A-8	
Well No. 1	\$ 51,597.44
Well No. 2B	\$ 28,271.85
Well No. 2C	\$ 14,627.74
Total Well Retirements	\$ 94,497.03

References:

- Column A: Company Schedule B-2
- Column B: Hearing Exhibit A-8
- Column C: Column [A] + Column [B]

OPERATING INCOME - TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] COMPANY TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	[C] STAFF TEST YEAR AS ADJUSTED	[D] STAFF PROPOSED CHANGES	[E] STAFF RECOMMENDED
			ADJ NO.			
REVENUES:						
1	Metered Water Sales	\$ 558,323		\$ 558,323	\$ 145,223	\$ 703,546
2	Water Sales - Unmetered	-		-	-	-
3	Other Operating Revenues	17,943	4,548 1	22,491	3,750	26,241
4	Total Revenues	\$ 576,266	\$ 4,548	\$ 580,814	\$ 148,973	\$ 729,787
EXPENSES:						
7	Salaries and Wages	\$ 226,744	\$ (30,259) 2	\$ 196,485	\$ -	\$ 196,485
8	Employee Pensions & Benefits	9,070	\$ (4,520) 3	4,550	-	4,550
9	Purchased Power	106,874	\$ (24,863) 4	82,011	-	82,011
10	Fuel for Power Production	-	\$ -	-	-	-
11	Chemicals	-	\$ -	-	-	-
12	Materials & Supplies	2,347	\$ -	2,347	-	2,347
13	Office Supplies & Expense	22,190	\$ -	22,190	-	22,190
14	Contractual Services - Billing	69,767	\$ -	69,767	-	69,767
15	Contractual Services - Professional	17,001	\$ -	17,001	-	17,001
16	Contractual Services - Testing	5,650	\$ 965 5	6,615	-	6,615
17	Contractual Services - Other	10,913	\$ -	10,913	-	10,913
18	Equipment Rental	-	\$ -	-	-	-
19	Rents	22,000	\$ (2,200) 6	19,800	-	19,800
20	Transportation Expenses	13,316	\$ (4,110) 7	9,206	-	9,206
21	Insurance - General Liability	10,590	\$ -	10,590	-	10,590
22	Insurance - Health and Life	-	\$ -	-	-	-
23	Reg. Comm. Exp.	-	\$ -	-	-	-
24	Reg. Comm. Exp. - Rate Case	10,000	\$ -	10,000	-	10,000
25	Miscellaneous Expense	9,662	\$ -	9,662	-	9,662
26	Bad Debt Expense	295	\$ -	295	-	295
27	Depreciation Expense	180,559	\$ (53,342) 8	127,217	-	127,217
28	Taxes Other Than Income	18,646	\$ (1,533) 9	17,113	-	17,113
29	Property Taxes	30,589	\$ 1,782 10	32,371	2,766	35,137
30	Income Taxes	(69,820)	\$ 51,799 11	(18,021)	34,193	16,172
31	Interest Expense - Customer Deposits	5,713	\$ -	5,713	-	5,713
32	Total Operating Expenses	\$ 702,106	\$ (66,282)	\$ 635,824	\$ 36,958	\$ 672,782
33						
34	Operating Income (Loss)	\$ (125,840)	\$ 70,830	\$ (55,010)	\$ 108,265	\$ 57,005

References:

- Column (A): Company Schedule C-1
- Column (B): Schedule CSB-16
- Column (C): Column (A) + Column (B)
- Column (D): Schedules CSB-1 and CSB-2
- Column (E): Column (C) + Column (D)

SUMMARY OF OPERATING INCOME ADJUSTMENTS - TEST YEAR

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] ADJ #1 Other Operating Revenues Ref: Sch CSB-17	[C] ADJ #2 Salaries and Wages Ref: Sch CSB-18	[D] ADJ #3 Employee Pensions & Benefits Ref: Sch CSB-19	[E] ADJ #4 Purchased Power Ref: Sch CSB-20	[F] ADJ #5 Contractual Services Water Testing Ref: Sch CSB-21	[G] ADJ #6 Rents Expense Ref: Sch CSB-22	[H] Subtotal
1	REVENUES:								
2	Metered Water Sales	\$ 558,323							\$ 558,323
3	Water Sales - Unmetered		4,548						4,548
4	Other Operating Revenues	17,943							17,943
5	Total Revenues	\$ 576,266	\$ 4,548						\$ 580,814
6	OPERATING EXPENSES:								
7	Salaries and Wages	\$ 226,744		(30,259)					\$ 196,485
8	Employee Pensions & Benefits	9,070		(4,520)					4,550
9	Purchased Power	106,874				(24,863)			82,011
10	Fuel for Power Production								
11	Chemicals								
12	Materials & Supplies	2,347							2,347
13	Office Supplies & Expense	22,190							22,190
14	Contractual Services - Billing	69,767							69,767
15	Contractual Services - Professional	17,001							17,001
16	Contractual Services - Testing	5,650					965		6,615
17	Contractual Services - Other	10,913							10,913
18	Equipment Rental								
19	Rents	22,000					(2,200)		19,800
20	Transportation Expenses	13,316							13,316
21	Insurance - General Liability	10,590							10,590
22	Insurance - Health and Life								
23	Reg. Comm. Exp.								
24	Reg. Comm. Exp. - Rate Case	10,000							10,000
25	Miscellaneous Expense	9,662							9,662
26	Bad Debt Expense	295							295
27	Depreciation Expense	180,559							180,559
28	Taxes Other Than Income	18,646							18,646
29	Property Taxes	30,589							30,589
30	Income Taxes	(69,820)							(69,820)
31	Interest Expense - Customer Deposits	5,713							5,713
32	Total Operating Expenses	\$ 702,106	\$ -	\$ (30,259)	\$ (4,520)	\$ (24,863)	\$ 965	\$ (2,200)	\$ 641,228
33	Operating Income (Loss)	\$ (125,840)	\$ 4,548	\$ 30,259	\$ 4,520	\$ 24,863	\$ (965)	\$ 2,200	\$ (60,414)

SUMMARY OF OPERATING INCOME ADJUSTMENTS - TEST YEAR CONTINUED

LINE NO.	DESCRIPTION	(I) ADJ.#7 Transportation Expense Ref. Sch CSB-23	(J) ADJ.#8 Depreciation Expense Ref. Sch CSB-24	(K) ADJ.#9 Other Than Income Ref. Sch CSB-25	(L) ADJ.#10 Property Tax Expense Ref. Sch CSB-26	(M) ADJ.#11 Income Tax Expense Ref. Sch CSB-27	(N) STAFF ADJUSTED
	REVENUES:						
1	Metered Water Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 568,323
2	Water Sales - Unmetered	-	-	-	-	-	-
3	Other Operating Revenues	-	-	-	-	-	22,491
4	Total Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 580,814
5							
	OPERATING EXPENSES:						
6	Salaries and Wages	-	-	-	-	-	196,485
7	Employee Pensions & Benefits	-	-	-	-	-	4,550
8	Purchased Power	-	-	-	-	-	82,011
9	Fuel for Power Production	-	-	-	-	-	-
10	Chemicals	-	-	-	-	-	-
11	Materials & Supplies	-	-	-	-	-	2,347
12	Office Supplies & Expense	-	-	-	-	-	22,190
13	Contractual Services - Billing	-	-	-	-	-	69,767
14	Contractual Services - Professional	-	-	-	-	-	17,001
15	Contractual Services - Testing	-	-	-	-	-	6,615
16	Contractual Services - Other	-	-	-	-	-	10,913
17	Equipment Rental	-	-	-	-	-	19,800
18	Rents	-	-	-	-	-	9,206
19	Transportation Expenses	(4,110)	-	-	-	-	10,590
20	Insurance - General Liability	-	-	-	-	-	-
21	Insurance - Health and Life	-	-	-	-	-	-
22	Reg. Comm. Exp.	-	-	-	-	-	10,000
23	Reg. Comm. Exp. - Rate Case	-	-	-	-	-	9,662
24	Reg. Comm. Exp. - Miscellaneous Expense	-	-	-	-	-	295
25	Miscellaneous Expense	-	-	-	-	-	127,217
26	Bad Debt Expense	-	(53,342)	-	-	-	17,113
27	Depreciation Expense	-	-	(1,533)	-	-	32,371
28	Taxes Other Than Income	-	-	-	1,782	-	(18,021)
29	Property Taxes	-	-	-	-	51,799	5,713
30	Income Taxes	-	-	-	-	-	-
31	Interest Expense - Customer Deposits	\$ (4,110)	\$ (53,342)	\$ (1,533)	\$ 1,782	\$ 51,799	\$ 635,824
32	Total Operating Expenses	\$ (4,110)	\$ (53,342)	\$ (1,533)	\$ 1,782	\$ 51,799	\$ (55,010)
33							
34	Operating Income (Loss)	\$ 4,110	\$ 53,342	\$ 1,533	\$ (1,782)	\$ (51,799)	\$ -

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OPERATING INCOME ADJUSTMENT NO. 1 - OTHER OPERATING REVENUE

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS (Col C - Col A)	STAFF AS ADJUSTED
1	Other Revenue	\$ 17,943	\$ 4,548	\$ 22,491

References:

- Column A: Company Schedule C-2
- Column B: Testimony, CSB
- Column C: Column [A] + Column [B]

OPERATING INCOME ADJUSTMENT NO. 2 - SALARIES AND WAGES

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS (Col C - Col A)	STAFF AS ADJUSTED
1	Rhonda Rosenbaum, Vice President	\$ 80,000	\$ (8,000)	\$ 72,000
2	Joseph Rosenbaum, Vice President	\$ 80,000	\$ (8,926)	\$ 71,074
3	Doreen Mallis, Company President	\$ 20,000	\$ (13,333)	\$ 6,667
4	Dave Rader, Operations Manager	\$ 46,744	\$ -	\$ 46,744
5		\$ 226,744	\$ (30,259)	\$ 196,485
6				
7				
8				Rhonda Rosenbaum, Vice President
9				
10			2011 Salary	\$ 80,000
11		Percentage Allocated to Affiliate Business		10%
12		Staff's Adjustment		8,000
13				
14				
15				Joseph Rosenbaum, Vice President
16				
17	Contracting With Professionals, Service Providers, & Suppliers			- Not Broken Out Separately
18	Personnel Decisions			- Not Broken Out Separately
19	Bidding Decisions			- Not Broken Out Separately
20			Total	120 Avg Hours Per Month
21				x 12 Months
22			Subtotal	1,440 Avg Hours Per Year
23				
24	Oversight of Professional Accountants and Attorneys			- Not Broken Out Separately
25	Banking and Financing			- Not Broken Out Separately
26	Regulatory Compliance			- Not Broken Out Separately
27	Tax Matters			- Not Broken Out Separately
28	Correspondence With Customers and The Business Community			- Not Broken Out Separately
29	Corporate Matters			- Not Broken Out Separately
30			Subtotal	288 Avg Hours Per Year
31				
32	Land Use and Rights of Way			- Not Broken Out Separately
33	Line Extension Agreements			- Not Broken Out Separately
34	CAGR Compliance			- Not Broken Out Separately
35			Subtotal	120 Avg Hours Per Year
36				
37			TOTAL	1,848 Avg Hours Per Year
38				x \$38.46 (\$80,000 / 2,080)
39				\$ 71,074 Salary - Per Staff
40				\$ 80,000 Salary - Per Company
41				\$ (8,926) Staff's Adjustment
42				
43				
44				Doreen Mallis President
45				
46				
47			2010	\$ - Company Sch E-2
48			2011	\$ 20,000 Company Sch E-2
49			2012	\$ - Company Sch E-2
50				\$ 20,000
51			Divided by 3	3 Years
52				\$ 6,667 Salary - Per Staff
53				\$ 20,000 Salary - Per Company
54				\$ (13,333) Staff's Adjustment

References:

Column A: Company Schedule C-2
Column B: Testimony, CSB,
Column C: Column [A] + Column [B]

OPERATING INCOME ADJUSTMENT NO. 3 - EMPLOYEE PENSIONS AND BENEFITS

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS (Col C - Col A)	STAFF AS ADJUSTED
1	Employee Pensions & Benefits	\$ 9,070	\$ (4,520)	\$ 4,550
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Employee Pensions & Benefits	
2009	\$ 4,585 Company Sch E-2
2010	\$ 9,064 Company Sch E-2
2011	\$ - Company Sch E-2
	\$ 13,649
Divided by 3	3 Years
	\$ 4,550

References:

Column A: Company Schedule C-2

Column B: Testimony, CSB; Company Data Request Responses to CSB 2-26

Column C: Column [A] + Column [B]

OPERATING INCOME ADJUSTMENT NO. 4 - PURCHASED POWER

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS (Col C - Col A)	STAFF AS ADJUSTED
1	2011 Actual Purchased Power Expense	\$ 82,011	\$ -	\$ 82,011
2	Company Pro forma Adjustment	24,863	(24,863)	-
3	Total Purchased Power Expense	\$ 106,874	\$ (24,863)	\$ 82,011
4				
5				
6				

References:

- Column A: Company Schedule C-2
- Column B: Testimony, CSB
- Column C: Column [A] + Column [B]

Ray Water Company
Docket No. W-01380A-12-0254
Test Year Ended December 31, 2011

Final Schedule CSB-22

OPERATING INCOME ADJUSTMENT NO. 5 - CONTRACT SRVCS., WATER TESTING EXPENSE

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Contractual Services - Testing	\$ 5,650	\$ 965	\$ 6,615

References:

- Column A: Company Schedule C-1
- Column B: Testimony, CSB
- Column C: Column [A] + Column [B]

OPERATING INCOME ADJUSTMENT NO. 6 - RENTS EXPENSE

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Rents Expense	\$ 22,000	\$ (2,200)	\$ 19,800

		Rents Expense	
2011 Rents Expense	\$	22,000	CSB 2-16
Percentage Allocated to Affiliate Business		10%	CSB 2-16
Staff's Adjustment		2,200	

References:

- Column A: Company Schedule C-1 & E-2
- Column B: Testimony, CSB; Data Request CSB 2-16
- Column C: Column [A] + Column [B]

OPERATING INCOME ADJUSTMENT NO. 7 - TRANSPORTATION EXPENSE

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Transportation Expense	\$ 5,777	\$ -	\$ 5,777
2	Gasoline Expenses - Shell	3,543	(1,329)	2,214
3	Repair and Maintenance Expenses	3,996	(2,781)	1,215
		<u>\$ 13,316</u>	<u>\$ (4,110)</u>	<u>\$ 9,206</u>

Shell Gasoline Purchases		
1/14/2011	\$ 346.09	CSB 2-33
2/18/2011	\$ 227.51	CSB 2-33
3/18/2011	\$ 270.06	CSB 2-33
4/14/2011	\$ 198.02	CSB 2-33
5/18/2011	\$ 336.25	CSB 2-33
6/14/2011	\$ 226.66	CSB 2-33
7/16/2011	\$ 295.35	CSB 2-33
8/22/2011	\$ 97.00	CSB 2-33
9/17/2011	\$ 436.93	CSB 2-33
10/24/2011	\$ 370.97	CSB 2-33
11/15/2011	\$ 418.48	CSB 2-33
12/19/2011	\$ 319.79	CSB 2-33
	<u>\$ 3,543</u>	Total Shell Gas Purchases
Divided by 2	<u>2</u>	Vehicles (Toyota & Lexus)
	\$ 1,772	
	x 75%	Allocated to Owner/Affiliates
	<u>\$ 1,329</u>	Amount Disallowed
	\$ 3,543	Total Shell Gas Purchases
	<u>\$ (1,329)</u>	Amount Disallowed
	\$ 2,214	Staff as Adjusted

Date	Description	Repair & Maint Expenses
4/4/2011	Lexus SUV - 1 Tire	\$ 138 CSB 2-33
5/16/2011	4 Tires - Ford F250	\$ 893 CSB 2-33
7/5/2011	Lexus SUV Brake Pads/Maint	\$ 820 CSB 2-33
11/18/2011	Lexus SUV - Radiator	\$ 1,124 CSB 2-33
12/30/2011	Lexus SUV - 3 Tire	\$ 807 CSB 2-33
		<u>\$ 3,644</u>
	Divided by 3	<u>3</u> Years
		<u>\$ 1,215</u> Normalized Costs

References:

- Column A: Company Schedule C-1
- Column B: Testimony, CSB;
- Column C: Column [A] + Column [B]

OPERATING INCOME ADJUSTMENT NO. 8 - DEPRECIATION EXPENSE ON TEST YEAR PLANT

LINE NO.	DESCRIPTION	[A]	[B]	Ref	[C]	[D]	[E]
		PLANT In SERVICE Per Staff	NonDepreciable or Fully Depreciated PLANT		DEPRECIABLE PLANT (Col A - Col B)	DEPRECIATION RATE	DEPRECIATION EXPENSE (Col C x Col D)
1	302 Franchises	\$ 700	\$ (700)	1	\$ -	0.00%	\$ -
2	303 Land and Land Rights	26,540	(26,540)	1	-	0.00%	-
3	304 Structures and Improvements	22,078	(13,781)	2	8,297	3.33%	276
4	306 Lake, River, and Other Intakes	-	-	-	-	2.50%	-
5	307 Wells and Springs	1,311,517	(181,238)	2	1,130,279	3.33%	37,638
6	309 Supply Mains	-	-	-	-	2.00%	-
7	310 Power Generation Equipment	-	-	-	-	5.00%	-
8	311 Pumping Equipment	708,460	-	-	708,460	12.50%	88,558
9	320 Water Treatment Equipment	-	-	-	-	3.33%	-
10	330 Distribution Reservoirs and Standpipes	622,302	(106,345)	2	515,957	2.22%	11,454
11	330.2 Pressure Tanks	1,032	-	-	1,032	5.00%	52
12	331 Transmission and Distribution Mains	1,160,777	(579,693)	2	581,084	2.00%	11,622
13	333 Services	526,754	-	-	526,754	3.33%	17,541
14	334 Meters and Meter Installations	113,643	(90,046)	2	23,597	8.33%	1,966
15	335 Hydrants	105,490	-	-	105,490	2.00%	2,110
16	336 Backflow Prevention Devices	-	-	-	-	6.67%	-
17	339 Other Plant and Miscellaneous Equipment	2,902	-	-	2,902	6.67%	194
18	340 Office Furniture and Equipment	8,901	-	-	8,901	6.67%	594
19	341 Transportation Equipment	51,985	-	-	51,985	20.00%	10,397
20	340.1 Computers and Software	8,967	-	-	8,967	20.00%	1,793
21	343 Tools, Shop, and Garage Equipment	1,932	-	-	1,932	5.00%	97
22	344 Laboratory Equipment	-	-	-	-	10.00%	-
23	345 Power Operated Equipment	-	-	-	-	5.00%	-
24	346 Communication Equipment	1,494	-	-	1,494	10.00%	149
25	347 Miscellaneous Equipment	-	-	-	-	10.00%	-
26	348 Other Tangible Equipment	1,253	(1,253)	2	-	10.00%	-
27	Total Plant	\$ 4,676,727	\$ (999,596)		\$ 3,677,131		\$ 184,440

Composite Depreciation Rate (Depr Exp / Depreciable Plant): 5.02%
CIAC: \$ 1,140,839
Amortization of CIAC (Line 31 x Line 32): \$ 57,223
Depreciation Expense Before Amortization of CIAC: \$ 184,440
Less Amortization of CIAC: \$ 57,223
Test Year Depreciation Expense - Staff: \$ 127,217
Depreciation Expense - Company: 180,559
Staff's Total Adjustment: \$ (53,342)

References:

- ¹ Nondepreciable Plant
- ² Fully Depreciated Plant

References:

- Column [A]: Schedule CSB-4
- Column [B]: From Column [A]
- Column [C]: Column [A] - Column [B]
- Column [D]: Engineering Staff Report
- Column [E]: Column [C] x Column [D]

OPERATING INCOME ADJUSTMENT NO. 9 - TAXES OTHER THAN INCOME

		[A]	[B]	[C]
LINE NO.	DESCRIPTION	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Taxes Other Than Income	\$ 18,646	\$ (1,533)	\$ 17,113
2				
3				
4				
5				
6				
7	2011 Taxes Other Than Income		\$ 18,646	
8	Percentage Allocated to Affiliate Business/Owners		8.22%	(\$226,744 / \$18,646)
9	Staff's Adjustment		1,533	

Taxes Other Than Income

References:

- Column A: Company Schedule C-1
- Column B: Testimony, CSB
- Column C: Column [A] + Column [B]

OPERATING INCOME ADJUSTMENT NO. 10 - PROPERTY TAX EXPENSE

LINE NO.	Property Tax Calculation	[A] STAFF AS ADJUSTED	[B] STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues	\$ 580,814	\$ 580,814
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	1,161,628	\$ 1,161,628
4	Staff Recommended Revenue, Per Schedule CSB-1	580,814	\$ 729,787
5	Subtotal (Line 4 + Line 5)	1,742,442	1,891,415
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	580,814	\$ 630,472
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	1,161,628	\$ 1,260,943
10	Plus: 10% of CWIP -	830	830
11	Less: Net Book Value of Licensed Vehicles	-	\$ -
12	Full Cash Value (Line 9 + Line 10 - Line 11)	1,162,458	\$ 1,261,773
13	Assessment Ratio	21.0%	21.0%
14	Assessment Value (Line 12 * Line 13)	244,116	\$ 264,972
15	Composite Property Tax Rate	13.2606%	13.2606%
			\$ -
16	Staff Test Year Adjusted Property Tax (Line 14 * Line 15)	\$ 32,371	
17	Company Proposed Property Tax	30,589	
18	Staff Test Year Adjustment (Line 16-Line 17)	\$ 1,782	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		\$ 35,137
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		\$ 32,371
21	Increase in Property Tax Expense Due to Increase in Revenue Requirement		\$ 2,766
22	Increase to Property Tax Expense		\$ 2,766
23	Increase in Revenue Requirement		148,973
24	Increase to Property Tax per Dollar Increase in Revenue (Line19/Line 20)		1.856484%

OPERATING INCOME ADJUSTMENT NO. 11 - TEST YEAR INCOME TAXES

LINE NO.	DESCRIPTION	(A)	(B)
	<i>Calculation of Income Tax:</i>		
		<u>Test Year</u>	
1	Revenue	\$ 580,814	
2	Less: Operating Expenses - Excluding Income Taxes	\$ 653,845	
3	Less: Synchronized Interest (L17)	\$ 3,132	
4	Arizona Taxable Income (L1- L2 - L3)	\$ (76,163)	
5	Arizona State Income Tax Rate	6.968%	
6	Arizona Income Tax (L4 x L5)		\$ (5,307)
7	Federal Taxable Income (L4 - L6)	\$ (70,856)	
8	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%	\$ (7,500)	
9	Federal Tax on Second Income Bracket (\$51,001 - \$75,000) @ 25%	\$ (5,214)	
10	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%	\$ -	
11	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%	\$ -	
12	Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$ -	
13	Total Federal Income Tax		\$ (12,714)
14	Combined Federal and State Income Tax (L6 + L13)		<u>\$ (18,021)</u>
	<i>Calculation of Interest Synchronization:</i>		
15	Rate Base	\$ 626,424	
16	Weighted Average Cost of Debt	0.50%	
17	Synchronized Interest (L16 x L17)	<u>\$ 3,132</u>	
18		Income Tax - Per Staff \$ (18,021)	
19		Income Tax - Per Company \$ (69,820)	
20		Staff Adjustment \$ 51,799	

Monthly Minimum Charge

	Present	Company Proposed	Staff Recommended
<u>Meter Size (All Classes):</u>			
5/8 Inch x 3/4 Inch	\$ 11.15	\$ 15.00	\$ 15.00
3/4 Inch	25.00	25.00	26.00
1 Inch	39.00	39.00	40.00
1 1/2 Inch	62.00	75.00	62.00
2 Inch	110.00	120.00	110.00
3 Inch	125.00	240.00	125.00
4 Inch	165.00	375.00	165.00
6 Inch	330.00	750.00	330.00

Gallons Included In Monthly Minimum Charge 0 0 0

Commodity Charge - Per One Thousand Gallons

	Present	Company Proposed	Staff Recommended
<u>All Meter Sizes</u>			
1 gallon to 3,000 gallons	\$ 1.55	\$ 0.85	N/A
3,001 gallons to 7,000 gallons	\$ 1.55	\$ 2.25	N/A
7,001 gallons to 25,000 gallons	\$ 1.55	\$ 3.35	N/A
over 25,000 gallons	\$ 1.55	\$ 4.64	N/A
1 gallon to 2,000 gallons	\$ 1.55	N/A	\$ 0.50
2,001 gallons to 7,000 gallons	\$ 1.55	N/A	\$ 1.25
7,001 gallons to 25,000 gallons	\$ 1.55	N/A	\$ 2.00
over 25,000 gallons	\$ 1.55	N/A	\$ 3.17
Standpipe per 1,000 gallons	\$ 1.55	\$ 4.64	\$ 3.17

Miscellaneous Charges

	Present	Company Proposed	Staff Recommended
Establishment	\$ 25.00	\$ 30.00	\$ 30.00
Establishment (After Hours)	37.50	Discontinue	Discontinue
Reconnection (Deliquent)	25.00	35.00	35.00
Meter Test (If Correct)	30.00	35.00	30.00
Deposit	*	*	*
Deposit Interest	*	*	*
Reestablishment (Within 12 Months)	**	**	**
NSF Check	15.00	25.00	25.00
Deferred Payment, Per Month	***	***	1.50%
Meter Re-read (If Correct)	15.00	30.00	20.00
Late Payment Fee (Per Month)	***	2.00%	1.50%
After hours service charge (At the Customer's Request)	NT	25.00	25.00

* Per A. A. C. R-14-2-403 (B)
** Number of months off the system times the monthly minimum.
*** 1.50 percent per month of unpaid balance
NT = No Tariff

Service and Meter Installation Charges

	Total Present Charge	Company Proposed Service Line Charge	Company Proposed Meter Installation Charge*	Total Company Proposed Charge
5/8 x 3/4 Inch	\$ 550	\$ 445	\$ 155	\$ 600
3/4 Inch	\$ 550	\$ 445	\$ 255	\$ 700
1 Inch	\$ 650	\$ 495	\$ 315	\$ 810
1 1/2 Inch	\$ 875	\$ 550	\$ 525	\$ 1,075
2 Inch / Turbine	\$ 1,400	\$ 830	\$ 1,045	\$ 1,875
2 Inch / Compound	N/A	\$ 830	\$ 1,890	\$ 2,720
3 Inch / Turbine	\$ 1,900	\$ 1,045	\$ 1,670	\$ 2,715
3 Inch / Compound	N/A	\$ 1,165	\$ 2,545	\$ 3,710
4 Inch / Turbine	\$ 3,200	\$ 1,490	\$ 2,670	\$ 4,160
4 Inch / Compound	N/A	\$ 1,670	\$ 3,645	\$ 5,315
6 Inch / Turbine	\$ 5,800	\$ 2,210	\$ 5,025	\$ 7,235
6 Inch / Compound	N/A	\$ 2,330	\$ 6,920	\$ 9,250
Over 6-Inch	N/A	N/A	Actual Cost	Actual Cost

	Total Present Charge	Staff Recommended Service Line Charge	Staff Recommended Meter Installation Charge	Total Staff Recommended Charge
5/8 x 3/4 Inch	\$ 550	\$ 445	\$ 155	\$ 600
3/4 Inch	\$ 550	\$ 445	\$ 255	\$ 700
1 Inch	\$ 650	\$ 495	\$ 315	\$ 810
1 1/2 Inch	\$ 875	\$ 550	\$ 525	\$ 1,075
2 Inch / Turbine	\$ 1,400	\$ 830	\$ 1,045	\$ 1,875
2 Inch / Compound	N/A	\$ 830	\$ 1,890	\$ 2,720
3 Inch / Turbine	\$ 1,900	\$ 1,045	\$ 1,670	\$ 2,715
3 Inch / Compound	N/A	\$ 1,165	\$ 2,545	\$ 3,710
4 Inch / Turbine	\$ 3,200	\$ 1,490	\$ 2,670	\$ 4,160
4 Inch / Compound	N/A	\$ 1,670	\$ 3,645	\$ 5,315
6 Inch / Turbine	\$ 5,800	\$ 2,210	\$ 5,025	\$ 7,235
6 Inch / Compound	N/A	\$ 2,330	\$ 6,920	\$ 9,250
Over 6-Inch	N/A	Actual Cost	Actual Cost	Actual Cost

RAY WATER COMPANY

Description	Present Rates		Staff		%	
	Per	Staff's Billcount	Recommended	Difference		
Res 5/8 x 3/4-inch	\$	406,596	\$	445,226	\$ 38,630	9.50%
Res 1-inch		12,373		17,097	4,724	38.17%
Res 1 1/2-inch		2,346		2,703	357	15.21%
Res 2-inch		12,458		16,612	4,154	33.34%
Res 4-inch		59,799		115,188	55,389	92.62%
Comm 5/8 x 3/4-inch		10,866		18,938	8,072	74.29%
Comm 1-inch		11,728		12,567	840	7.16%
Comm 1 1/2-inch		767		753	(15)	-1.91%
Comm 2-inch		7,777		8,104	327	4.21%
Comm 3-inch		12,046		22,637	10,591	87.92%
Comm 6-inch		21,749		39,946	18,197	83.67%
Hydrant Sales		1,882		3,848	1,967	104.52%
	\$	560,387	\$	703,619	\$ 143,231	20.36%
Revenue Requirement				703,546		
			\$	73		

Metered Revenue	\$	703,546
Other Revenue	\$	26,241
Total Staff Proposed Revenue	\$	729,787

TYPICAL BILL ANALYSIS

Res 5/8 inch

Average Number of Customers: 1,453

<u>Staff Proposed</u>	<u>Gallons</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Average Usage	7,832	\$23.29	\$23.91	\$0.62	2.7%
Median Usage	6,467	\$21.17	\$21.58	\$0.41	1.9%

Present & Proposed Rates (Without Taxes)
Res 5/8 inch

<u>Gallons Consumption</u>	<u>Present Rates</u>	<u>Staff Proposed Rates</u>	<u>% Increase</u>
0	\$11.15	\$15.00	34.5%
1,000	12.70	15.50	22.0%
2,000	14.25	16.00	12.3%
3,000	15.80	17.25	9.2%
4,000	17.35	18.50	6.6%
5,000	18.90	19.75	4.5%
6,000	20.45	21.00	2.7%
7,000	22.00	22.25	1.1%
8,000	23.55	24.25	3.0%
9,000	25.10	26.25	4.6%
10,000	26.65	28.25	6.0%
15,000	34.40	38.25	11.2%
20,000	42.15	48.25	14.5%
25,000	49.90	58.25	16.7%
50,000	88.65	137.50	55.1%
75,000	127.40	216.75	70.1%
100,000	166.15	296.00	78.2%
125,000	204.90	375.25	83.1%
150,000	243.65	454.50	86.5%
175,000	282.40	533.75	89.0%
200,000	321.15	613.00	90.9%

TYPICAL BILL ANALYSIS

Res 1 inch

Average Number of Customers: 10

<u>Staff Proposed</u>	<u>Gallons</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Average Usage	41,350	\$103.09	\$135.08	\$31.99	31.0%
Median Usage	24,286	\$76.64	\$81.82	\$5.18	6.8%

Present & Proposed Rates (Without Taxes)
Res 1 inch

<u>Gallons Consumption</u>	<u>Present Rates</u>	<u>Staff Proposed Rates</u>	<u>% Increase</u>
0	\$39.00	\$40.00	2.6%
1,000	40.55	40.50	-0.1%
2,000	42.10	41.00	-2.6%
3,000	43.65	42.25	-3.2%
4,000	45.20	43.50	-3.8%
5,000	46.75	44.75	-4.3%
6,000	48.30	46.00	-4.8%
7,000	49.85	47.25	-5.2%
8,000	51.40	49.25	-4.2%
9,000	52.95	51.25	-3.2%
10,000	54.50	53.25	-2.3%
15,000	62.25	63.25	1.6%
20,000	70.00	73.25	4.6%
25,000	77.75	83.25	7.1%
50,000	116.50	162.50	39.5%
75,000	155.25	241.75	55.7%
100,000	194.00	321.00	65.5%
125,000	232.75	400.25	72.0%
150,000	271.50	479.50	76.6%
175,000	310.25	558.75	80.1%
200,000	349.00	638.00	82.8%

TYPICAL BILL ANALYSIS

Res 1.5 inch

Average Number of Customers: 2

<u>Staff Proposed</u>	<u>Gallons</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Average Usage	23,063	\$97.75	\$101.38	\$3.63	3.7%
Median Usage	12,750	\$81.76	\$80.75	(\$1.01)	-1.2%

Present & Proposed Rates (Without Taxes)
Res 1.5 inch

<u>Gallons Consumption</u>	<u>Present Rates</u>	<u>Staff Proposed Rates</u>	<u>% Increase</u>
0	\$62.00	\$62.00	0.0%
1,000	63.55	62.50	-1.7%
2,000	65.10	63.00	-3.2%
3,000	66.65	64.25	-3.6%
4,000	68.20	65.50	-4.0%
5,000	69.75	66.75	-4.3%
6,000	71.30	68.00	-4.6%
7,000	72.85	69.25	-4.9%
8,000	74.40	71.25	-4.2%
9,000	75.95	73.25	-3.6%
10,000	77.50	75.25	-2.9%
15,000	85.25	85.25	0.0%
20,000	93.00	95.25	2.4%
25,000	100.75	105.25	4.5%
50,000	139.50	184.50	32.3%
75,000	178.25	263.75	48.0%
100,000	217.00	343.00	58.1%
125,000	255.75	422.25	65.1%
150,000	294.50	501.50	70.3%
175,000	333.25	580.75	74.3%
200,000	372.00	660.00	77.4%

TYPICAL BILL ANALYSIS

Res 2 inch

Average Number of Customers: 5

<u>Staff Proposed</u>	<u>Gallons</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Average Usage	60,795	\$204.23	\$266.72	\$62.49	30.6%
Median Usage	49,167	\$186.21	\$229.86	\$43.65	23.4%

Present & Proposed Rates (Without Taxes)
Res 2 inch

<u>Gallons Consumption</u>	<u>Present Rates</u>	<u>Staff Proposed Rates</u>	<u>% Increase</u>
0	\$110.00	\$110.00	0.0%
1,000	111.55	110.50	-0.9%
2,000	113.10	111.00	-1.9%
3,000	114.65	112.25	-2.1%
4,000	116.20	113.50	-2.3%
5,000	117.75	114.75	-2.5%
6,000	119.30	116.00	-2.8%
7,000	120.85	117.25	-3.0%
8,000	122.40	119.25	-2.6%
9,000	123.95	121.25	-2.2%
10,000	125.50	123.25	-1.8%
15,000	133.25	133.25	0.0%
20,000	141.00	143.25	1.6%
25,000	148.75	153.25	3.0%
50,000	187.50	232.50	24.0%
75,000	226.25	311.75	37.8%
100,000	265.00	391.00	47.5%
125,000	303.75	470.25	54.8%
150,000	342.50	549.50	60.4%
175,000	381.25	628.75	64.9%
200,000	420.00	708.00	68.6%

TYPICAL BILL ANALYSIS

Res 4 inch

Average Number of Customers: 3

<u>Staff Proposed</u>	<u>Gallons</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Average Usage	965,206	\$1,661.07	\$3,188.70	\$1,527.63	92.0%
Median Usage	853,200	\$1,487.46	\$2,833.64	\$1,346.18	90.5%

Present & Proposed Rates (Without Taxes)
Res 4 inch

<u>Gallons Consumption</u>	<u>Present Rates</u>	<u>Staff Proposed Rates</u>	<u>% Increase</u>
0	\$165.00	\$165.00	0.0%
1,000	166.55	165.50	-0.6%
2,000	168.10	166.00	-1.2%
3,000	169.65	167.25	-1.4%
4,000	171.20	168.50	-1.6%
5,000	172.75	169.75	-1.7%
6,000	174.30	171.00	-1.9%
7,000	175.85	172.25	-2.0%
8,000	177.40	174.25	-1.8%
9,000	178.95	176.25	-1.5%
10,000	180.50	178.25	-1.2%
15,000	188.25	188.25	0.0%
20,000	196.00	198.25	1.1%
25,000	203.75	208.25	2.2%
50,000	242.50	287.50	18.6%
75,000	281.25	366.75	30.4%
100,000	320.00	446.00	39.4%
125,000	358.75	525.25	46.4%
150,000	397.50	604.50	52.1%
175,000	436.25	683.75	56.7%
200,000	475.00	763.00	60.6%

TYPICAL BILL ANALYSIS

Com 5/8 inch

Average Number of Customers: 10

<u>Staff Proposed</u>	<u>Gallons</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Average Usage	49,731	\$88.23	\$136.65	\$48.41	54.9%
Median Usage	5,875	\$20.26	\$20.84	\$0.59	2.9%

Present & Proposed Rates (Without Taxes)
Com 5/8 inch

<u>Gallons Consumption</u>	<u>Present Rates</u>	<u>Staff Proposed Rates</u>	<u>% Increase</u>
0	\$11.15	\$15.00	34.5%
1,000	12.70	15.50	22.0%
2,000	14.25	16.00	12.3%
3,000	15.80	17.25	9.2%
4,000	17.35	18.50	6.6%
5,000	18.90	19.75	4.5%
6,000	20.45	21.00	2.7%
7,000	22.00	22.25	1.1%
8,000	23.55	24.25	3.0%
9,000	25.10	26.25	4.6%
10,000	26.65	28.25	6.0%
15,000	34.40	38.25	11.2%
20,000	42.15	48.25	14.5%
25,000	49.90	58.25	16.7%
50,000	88.65	137.50	55.1%
75,000	127.40	216.75	70.1%
100,000	166.15	296.00	78.2%
125,000	204.90	375.25	83.1%
150,000	243.65	454.50	86.5%
175,000	282.40	533.75	89.0%
200,000	321.15	613.00	90.9%

TYPICAL BILL ANALYSIS

Com 1 inch

Average Number of Customers: 18

<u>Staff Proposed</u>	<u>Gallons</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Average Usage	8,934	\$52.85	\$51.12	(\$1.73)	-3.3%
Median Usage	2,036	\$42.16	\$41.04	(\$1.11)	-2.6%

Present & Proposed Rates (Without Taxes)
Com 1 inch

<u>Gallons Consumption</u>	<u>Present Rates</u>	<u>Staff Proposed Rates</u>	<u>% Increase</u>
0	\$39.00	\$40.00	2.6%
1,000	40.55	40.50	-0.1%
2,000	42.10	41.00	-2.6%
3,000	43.65	42.25	-3.2%
4,000	45.20	43.50	-3.8%
5,000	46.75	44.75	-4.3%
6,000	48.30	46.00	-4.8%
7,000	49.85	47.25	-5.2%
8,000	51.40	49.25	-4.2%
9,000	52.95	51.25	-3.2%
10,000	54.50	53.25	-2.3%
15,000	62.25	63.25	1.6%
20,000	70.00	73.25	4.6%
25,000	77.75	83.25	7.1%
50,000	116.50	162.50	39.5%
75,000	155.25	241.75	55.7%
100,000	194.00	321.00	65.5%
125,000	232.75	400.25	72.0%
150,000	271.50	479.50	76.6%
175,000	310.25	558.75	80.1%
200,000	349.00	638.00	82.8%

TYPICAL BILL ANALYSIS

Com 1.5 inch

Average Number of Customers: 1

<u>Staff Proposed</u>	<u>Gallons</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Average Usage	833	\$63.29	\$62.42	(\$0.88)	-1.4%
Median Usage	600	\$62.93	\$62.30	(\$0.63)	-1.0%

Present & Proposed Rates (Without Taxes)
Com 1.5 inch

<u>Gallons Consumption</u>	<u>Present Rates</u>	<u>Staff Proposed Rates</u>	<u>% Increase</u>
0	\$62.00	\$62.00	0.0%
1,000	63.55	62.50	-1.7%
2,000	65.10	63.00	-3.2%
3,000	66.65	64.25	-3.6%
4,000	68.20	65.50	-4.0%
5,000	69.75	66.75	-4.3%
6,000	71.30	68.00	-4.6%
7,000	72.85	69.25	-4.9%
8,000	74.40	71.25	-4.2%
9,000	75.95	73.25	-3.6%
10,000	77.50	75.25	-2.9%
15,000	85.25	85.25	0.0%
20,000	93.00	95.25	2.4%
25,000	100.75	105.25	4.5%
50,000	139.50	184.50	32.3%
75,000	178.25	263.75	48.0%
100,000	217.00	343.00	58.1%
125,000	255.75	422.25	65.1%
150,000	294.50	501.50	70.3%
175,000	333.25	580.75	74.3%
200,000	372.00	660.00	77.4%

TYPICAL BILL ANALYSIS
Com 2 inch

Average Number of Customers: 5

<u>Staff Proposed</u>	<u>Gallons</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Average Usage	13,983	\$131.67	\$131.22	(\$0.46)	-0.3%
Median Usage	8,500	\$123.18	\$120.25	(\$2.93)	-2.4%

Present & Proposed Rates (Without Taxes)
Com 2 inch

<u>Gallons Consumption</u>	<u>Present Rates</u>	<u>Staff Proposed Rates</u>	<u>% Increase</u>
0	\$110.00	\$110.00	0.0%
1,000	111.55	110.50	-0.9%
2,000	113.10	111.00	-1.9%
3,000	114.65	112.25	-2.1%
4,000	116.20	113.50	-2.3%
5,000	117.75	114.75	-2.5%
6,000	119.30	116.00	-2.8%
7,000	120.85	117.25	-3.0%
8,000	122.40	119.25	-2.6%
9,000	123.95	121.25	-2.2%
10,000	125.50	123.25	-1.8%
15,000	133.25	133.25	0.0%
20,000	141.00	143.25	1.6%
25,000	148.75	153.25	3.0%
50,000	187.50	232.50	24.0%
75,000	226.25	311.75	37.8%
100,000	265.00	391.00	47.5%
125,000	303.75	470.25	54.8%
150,000	342.50	549.50	60.4%
175,000	381.25	628.75	64.9%
200,000	420.00	708.00	68.6%

TYPICAL BILL ANALYSIS

Com 3 inch

Average Number of Customers: 1

<u>Staff Proposed</u>	<u>Gallons</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Average Usage	567,008	\$1,003.86	\$1,886.42	\$882.55	87.9%
Median Usage	564,200	\$999.51	\$1,877.51	\$878.00	87.8%

Present & Proposed Rates (Without Taxes)
Com 3 inch

<u>Gallons Consumption</u>	<u>Present Rates</u>	<u>Staff Proposed Rates</u>	<u>% Increase</u>
0	\$125.00	\$125.00	0.0%
1,000	126.55	125.50	-0.8%
2,000	128.10	126.00	-1.6%
3,000	129.65	127.25	-1.9%
4,000	131.20	128.50	-2.1%
5,000	132.75	129.75	-2.3%
6,000	134.30	131.00	-2.5%
7,000	135.85	132.25	-2.6%
8,000	137.40	134.25	-2.3%
9,000	138.95	136.25	-1.9%
10,000	140.50	138.25	-1.6%
15,000	148.25	148.25	0.0%
20,000	156.00	158.25	1.4%
25,000	163.75	168.25	2.7%
50,000	202.50	247.50	22.2%
75,000	241.25	326.75	35.4%
100,000	280.00	406.00	45.0%
125,000	318.75	485.25	52.2%
150,000	357.50	564.50	57.9%
175,000	396.25	643.75	62.5%
200,000	435.00	723.00	66.2%

TYPICAL BILL ANALYSIS
Com 6 inch

Average Number of Customers: 1

<u>Staff Proposed</u>	<u>Gallons</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Average Usage	956,417	\$1,812.45	\$3,325.84	\$1,513.40	83.5%
Median Usage	651,000	\$1,339.05	\$2,357.67	\$1,018.62	76.1%

Present & Proposed Rates (Without Taxes)
Com 6 inch

<u>Gallons Consumption</u>	<u>Present Rates</u>	<u>Staff Proposed Rates</u>	<u>% Increase</u>
0	\$330.00	\$330.00	0.0%
1,000	331.55	330.50	-0.3%
2,000	333.10	331.00	-0.6%
3,000	334.65	332.25	-0.7%
4,000	336.20	333.50	-0.8%
5,000	337.75	334.75	-0.9%
6,000	339.30	336.00	-1.0%
7,000	340.85	337.25	-1.1%
8,000	342.40	339.25	-0.9%
9,000	343.95	341.25	-0.8%
10,000	345.50	343.25	-0.7%
15,000	353.25	353.25	0.0%
20,000	361.00	363.25	0.6%
25,000	368.75	373.25	1.2%
50,000	407.50	452.50	11.0%
75,000	446.25	531.75	19.2%
100,000	485.00	611.00	26.0%
125,000	523.75	690.25	31.8%
150,000	562.50	769.50	36.8%
175,000	601.25	848.75	41.2%
200,000	640.00	928.00	45.0%

TYPICAL BILL ANALYSIS
Hydrant Sales

Average Number of Customers: 1

<u>Staff Proposed</u>	<u>Gallons</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Average Usage	202,330	\$315.16	\$608.56	\$293.39	93.1%
Median Usage	158,926	\$247.89	\$470.97	\$223.08	90.0%

Present & Proposed Rates (Without Taxes)
Hydrant Sales

<u>Gallons Consumption</u>	<u>Present Rates</u>	<u>Staff Proposed Rates</u>	<u>% Increase</u>
0	\$1.55	\$3.17	104.5%
1,000	3.10	3.67	18.4%
2,000	4.65	4.17	-10.3%
3,000	6.20	5.42	-12.6%
4,000	7.75	6.67	-13.9%
5,000	9.30	7.92	-14.8%
6,000	10.85	9.17	-15.5%
7,000	12.40	10.42	-16.0%
8,000	13.95	12.42	-11.0%
9,000	15.50	14.42	-7.0%
10,000	17.05	16.42	-3.7%
15,000	24.80	26.42	6.5%
20,000	32.55	36.42	11.9%
25,000	40.30	46.42	15.2%
50,000	79.05	125.67	59.0%
75,000	117.80	204.92	74.0%
100,000	156.55	284.17	81.5%
125,000	195.30	363.42	86.1%
150,000	234.05	442.67	89.1%
175,000	272.80	521.92	91.3%
200,000	311.55	601.17	93.0%

Ray Water Company Cost of Capital Calculation
 Capital Structure
 And Weighted Average Cost of Capital
 Staff Recommended and Company Proposed

[A]	[B]	[C]	[D]
<u>Description</u>	<u>Weight (%)</u>	<u>Cost</u>	<u>Weighted Cost</u>
Staff Recommended Structure			
Debt	7.6%	6.3%	0.5%
Common Equity	92.4%	9.3%	<u>8.6%</u>
Weighted Average Cost of Capital			9.1%
Company Proposed Structure			
Debt	7.4%	6.3%	0.5%
Common Equity	92.6%	10.9%	<u>10.1%</u>
Weighted Average Cost of Capital			10.6%

[D] : [B] x [C]
 Supporting Schedules: JAC-3 and JAC-4.

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Ray Water Company Cost of Capital Calculation
Average Capital Structure of Sample Water Utilities

[A]	[B]	[C]	[D]
<u>Company</u>	<u>Debt</u>	<u>Common Equity</u>	<u>Total</u>
American States Water	46.0%	54.0%	100.0%
California Water	53.3%	46.7%	100.0%
Aqua America	53.9%	46.1%	100.0%
Connecticut Water	57.1%	42.9%	100.0%
Middlesex Water	43.3%	56.7%	100.0%
SJW Corp	<u>55.7%</u>	<u>44.3%</u>	<u>100.0%</u>
Average Sample Water Utilities	51.6%	48.4%	100.0%
Ray Water - Actual Capital Structure	7.6%	92.4%	100.0%

Source:
Sample Water Companies from Value Line

Ray Water Company Cost of Capital Calculation
Growth in Earnings and Dividends
Sample Water Utilities

[A]	[B]	[C]	[D]	[E]
Company	Dividends Per Share 2003 to 2012 <u>DPS^{1,2}</u>	Dividends Per Share Projected <u>DPS^{1,3}</u>	Earnings Per Share 2002 to 2011 <u>EPS¹</u>	Earnings Per Share Projected <u>EPS¹</u>
American States Water	3.9%	5.9%	5.1%	4.7%
California Water	1.2%	3.4%	6.2%	8.6%
Aqua America	7.7%	4.5%	7.3%	5.6%
Connecticut Water	1.7%	No Projection	0.4%	No Projection
Middlesex Water	1.7%	1.9%	2.4%	8.3%
SJW Corp	4.4%	3.0%	3.7%	4.0%
Average Sample Water Utilities	3.4%	3.8%	4.2%	6.2%

1 Value Line

2 Value Line -- Ten-year historical dividend growth updated from 2003-2012 as it is known and measurable.

3 Value Line -- Projected DPS growth covers the four-year period, 2012-2016.

Ray Water Company Cost of Capital Calculation
Sustainable Growth
Sample Water Utilities

[A]	[B]	[C]	[D]	[E]	[F]
	Retention Growth 2002 to 2011 <u>br</u>	Retention Growth Projected <u>br</u>	Stock Financing Growth <u>vs</u>	Sustainable Growth 2002 to 2011 <u>br + vs</u>	Sustainable Growth Projected. <u>br + vs</u>
<u>Company</u>					
American States Water	3.6%	5.3%	2.4%	6.0%	7.7%
California Water	2.2%	4.8%	2.0%	4.2%	6.8%
Aqua America	4.4%	5.2%	2.2%	6.6%	7.4%
Connecticut Water	2.2%	No Projection	1.0%	3.2%	No Projection
Middlesex Water	1.3%	3.3%	3.6%	4.9%	6.9%
SJW Corp	<u>3.7%</u>	<u>2.9%</u>	<u>0.1%</u>	<u>3.8%</u>	<u>3.0%</u>
Average Sample Water Utilities	2.9%	4.3%	1.9%	4.8%	6.4%

[B]: Value Line

[C]: Value Line

[D]: Value Line and MSN Money

[E]: [B]+[D]

[F]: [C]+[D]

Ray Water Company Cost of Capital Calculation
 Selected Financial Data of Sample Water Utilities

[A]	[B]	[C]	[D]	[E]	[F]	[G]
Company	Symbol	Spot Price 12/19/2012	Book Value	Mkt To Book	Value Line Beta β	Raw Beta β_{raw}
American States Water	AWR	47.34	22.18	2.1	0.70	0.52
California Water	CWT	18.15	11.35	1.6	0.65	0.45
Aqua America	WTR	24.69	9.45	2.6	0.60	0.37
Connecticut Water	CTWS	30.26	13.64	2.2	0.75	0.60
Middlesex Water	MSEX	19.14	11.93	1.6	0.70	0.52
SJW Corp	SJW	25.50	15.30	1.7	0.85	0.75
Average				2.0	0.71	0.53

[C]: Men Money

[D]: Value Line

[E]: [C] / [D]

[F]: Value Line

[G]: $(-0.35 + [F]) / 0.67$

Ray Water Company Cost of Capital Calculation
Calculation of Expected Infinite Annual Growth in Dividends
Sample Water Utilities

[A]	[B]
<u>Description</u>	g
DPS Growth - Historical ¹	3.4%
DPS Growth - Projected ¹	3.8%
EPS Growth - Historical ¹	4.2%
EPS Growth - Projected ¹	6.2%
Sustainable Growth - Historical ²	4.8%
<u>Sustainable Growth - Projected²</u>	<u>6.4%</u>
Average	4.8%

¹ Schedule JAC-5

² Schedule JAC-6

Ray Water Company Cost of Capital Calculation
 Multi-Stage DCF Estimates
 Sample Water Utilities

[A] Company	[B] Current Mkt. Price (P ₀) ¹	[C]	[D] Projected Dividends ² (D _t)	[E] d ₃	[F] d ₄	[H] Stage 2 growth ³ (g _n)	[I] Equity Cost Estimate (K) ⁴
	12/19/2012		d ₁	d ₂			
American States Water	47.3		1.30	1.37	1.50	6.5%	9.1%
California Water	18.2		0.66	0.69	0.76	6.5%	10.0%
Aqua America	24.7		0.68	0.71	0.78	6.5%	9.1%
Connecticut Water	30.3		0.98	1.03	1.13	6.5%	9.6%
Middlesex Water	19.1		0.75	0.78	0.86	6.5%	10.3%
SJW Corp	25.5		0.74	0.78	0.86	6.5%	9.3%

$$P_0 = \sum_{t=1}^n \frac{D_t}{(1+K)^t} + \frac{D_n(1+g_n)}{K-g_n} \left[\frac{1}{(1+K)} \right]^n$$

Where: P₀ = current stock price

D_t = dividends expected during stage 1

K = cost of equity

n = years of non - constant growth

D_n = dividend expected in year n

g_n = constant rate of growth expected after year n

Average **9.6%**

1 [B] see Schedule JAC-7

2 Derived from Value Line Information

3 Average annual growth in GDP 1929 - 2011 in current dollars.

4 Internal Rate of Return of Projected Dividends

Ray Water Company Cost of Capital Calculation				
Capitalization				
	<u>Interest Rate</u>	<u>Annual Interest</u>	<u>Amount outstanding</u> <u>as of 12/31/2011</u>	<u>Percentage of</u> <u>Capital Structure</u>
Long-Term Debt	6.25%	5,459	87,346	
	\$	-		
	\$	-		
Long-Term Debt		5,459	\$ 87,346	7.61%
Short-Term Debt		-	\$ -	0.00%
Total Debt	6.25%	\$ 5,459	\$ 87,346.00	7.61%
Common Equity				
Common Shares Outstanding				
Paid in Capital				
Retained Earnings				
Total Common Equity			\$ 1,059,748	92.39%
Total Capitalization			\$ 1,147,094	100.00%