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Transcript Exhibit

0000144996

Docket #(s): WS-03478A-12-0307

Exhibit # : S-6 thru S-11, R2 thru R-22

Part 3 of 4, Part 1 barcode 0000144994, Part 2 0000144995, Part 4 0000144997

Arizona Corporation Commission
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EXHIBIT
S-6
ADMITTED

BEFORE THE ARIZONA CORPORATION COMMISSION

BOB STUMP
Chairman
GARY PIERCE
Commissioner
BRENDA BURNS
Commissioner
BOB BURNS
Commissioner
SUSAN BITTER SMITH
Commissioner

IN THE MATTER OF THE APPLICATION OF FAR WEST WATER & SEWER COMPANY, INC., AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS WASTEWATER RATES AND CHARGES BASED THEREON FOR UTILITY SERVICE	)	DOCKET NO. WS-03478A-12-0307

SURREBUTTAL

TESTIMONY

OF

GERALD BECKER

EXECUTIVE CONSULTANT

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

MARCH 29, 2013

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EXECUTIVE SUMMARY
FAR WEST WATER & SEWER COMPANY, INC.
DOCKET NO. WS-03478A-12-0307

Far West states that its rate base has increased from $1,549,650 in its prior rate case, which used a 2004 test year, to $22,800,578 using a 2011 test year in this proceeding. In its application, the Company indicates that it incurred an adjusted test year operating loss of $1,187,812 resulting in a negative rate of return.

The Company proposes a revenue increase of $3,866,046 or 173.52 percent over the Company proposed test year revenues of $2,227,982 to $6,094,028. The Company proposed revenue increase would produce an operating income of $1,689,390 for a 7.41 percent rate of return on an original cost rate base ("OCRB") of $22,800,578. Staff recommends a revenue increase of $3,293,186 or 147.81 percent over the test year revenues of $2,227,982 to $5,521,168. The Staff recommended revenue increase would produce an operating income of $1,422,248 for a 7.40 percent rate of return on a Staff adjusted OCRB of $19,219,569. The Company proposes to use OCRB as its fair value rate base.

I address the specific issues listed below that are discussed in the rebuttal testimony of Company witness. I also sponsor the attached schedules.

1. Zenon Temporary Plant – Staff disagrees with the Company's rebuttal position that this should be accepted as post-test year plant.
2. Las Barrancas #1 – Staff accepts the Company's position to correct the valuation of the plant disallowance of associated Advances in Aid of Construction adjustment disallowance.
3. Allowance for Funds Used During Construction ("AFUDC") Disallowance – Staff disagrees with the Company's rebuttal position to reduce the AFUDC disallowance by $436,809 from $1,438,746 to $1,001,937, or $436,809 which is one-half of the interest disallowance recommended by Staff in its Direct Testimony.
4. Interest Disallowance - Staff continues to recommend a disallowance of $873,673.
5. Capestro Management Fees – Staff disagrees with the Company's rebuttal position to reduce the net effect of Capestro Management Fees by one half from $196,573 to $98,288.
6. Working Capital – Staff agrees with the Company's position that interest payments are made monthly and accepts the Company's rebuttal positions of 17.5322 lag days for its interest expense and 37.8750 lag days for income tax expense. Staff has adjusted its cash working capital calculation accordingly.
7. Competitive Bidding and Affiliate Transactions – Staff is awaiting the response to Staff data request GB 11.1 and 11.2 which deals with competitive bidding including work performed by affiliated parties and the support for certain long term construction contracts. Staff is awaiting the Company's response to this data request and will file supplemental testimony to discuss results of its review of the response to that data request.

INTRODUCTION

Q. Please state your name, occupation, and business address.

A. My name is Gerald Becker. I am an Executive Consultant III employed by the Arizona Corporation Commission ("Commission") in the Utilities Division ("Staff"). My business address is 1200 West Washington Street, Phoenix, Arizona 85007.

Q. Are you the same Gerald Becker who previously submitted Direct Testimony in this case?

A. Yes, I am.

PURPOSE OF SURREBUTTAL TESTIMONY

Q. What is the purpose of your Surrebuttal Testimony in this proceeding?

A. The purpose of my Surrebuttal Testimony in this proceeding is to respond, on behalf of Staff, to the Rebuttal Testimonies of Mr. Ray Jones, who represents Far West Water & Sewer, Inc. Sewer Division - ("Far West" or "Company").

Q. Do you attempt to address every issue raised by the Company in its Rebuttal Testimony?

A. No. I limit my discussion to certain issues as outlined below. My silence on any particular issue raised in the Company's Rebuttal Testimony does not indicate that Staff agrees with the Company's stated Rebuttal position on the issue. I rely on my Direct Testimony unless modified by this Surrebuttal Testimony.

SUMMARY OF RECOMMENDED REVENUES

Q. Please summarize Staff's recommended revenue.

A. Staff recommends a revenue increase of $3,293,186 or 147.81 percent increase over test year revenue of $2,227,982. The total annual revenue of $5,521,168 produces an operating income of $1,422,248 or a 7.40 percent rate of return on an original cost rate base of $19,219,569.

Q. Has the weighted average cost of capital ("WACC") used to develop the revenue requirement in Staff's Direct Testimony changed from the WACC in Staff's Surrebuttal Testimony?

A. No. Staff's recommended WACC is the same as in my Direct Testimony filed on February 13, 2013, or 7.40 percent.

Q. How does Staff's recommended revenue compare to the recommended revenue in Staff's Direct Testimony?

A. Staff's recommended revenue has decreased by $58,236, from $5,579,404 in its Direct Testimony to $5,521,168 in its Surrebuttal Testimony due to various adjustments discussed herein.

RATE BASE

Q. Please summarize Staff's adjustments to the Company's rate base shown on Surrebuttal Schedule GWB-3.

A. Staff recommends a reduction of $3,581,009 to rate base from $22,800,578 proposed by the Company in its application to $19,219,569, as recommended by Staff.

Rate Base Adjustment No. 1 – Zenon Plant at Seasons

Q. Did Staff review the Company's Rebuttal Testimony regarding the Zenon Plant at Seasons?

A. Yes.

Q. Does Staff agree with the Company?

A. No. According to the Company, this plant is still not returned to service.

Q. What is Staff's recommendation for the Zenon Plant at Seasons?

A. Staff continues to recommend the removal of $1,060,096 for account 380, Treatment and Disposal Equipment, as shown in Surrebuttal Schedules GWB-4 and GWB-5. On Surrebuttal Schedule GWB-5, Staff also estimates that the accumulated depreciation recorded on this item since being placed in service on September 30, 2006, is $291,526. The adjustment to decrease accumulated depreciation is shown in Col [B], line 34, of Surrebuttal Schedule GWB-4

Rate Base Adjustment No. 2 – Removal of Plant at Las Barrancas #1

Q. Did Staff review the Company's Rebuttal Testimony concerning Plant at Las Barrancas No. 1?

A. Yes.

Q. Does Staff agree?

A. Yes. Staff agrees with the Company's valuation of the plant, adjustment to Accumulated Depreciation, and Advances in Aid of Construction ("AIAC").

Q. What is Staff's recommendation?

A. Staff recommends the removal of $622,519 for account 360, Collections Sewers - Force, a reduction of $68,477 to Accumulated Depreciation, and a reduction to AIAC of $622,519, as shown in Surrebuttal Schedules GWB-4 and GWB-5. The adjustment to decrease accumulated depreciation is shown in Col [C], line 34, of Surrebuttal Schedule GWB-4.

Rate Base Adjustment No. 3 – Disallowance of Allowance for Funds Used During Construction ("AFUDC") Included In Utility Plant in Service ("UPIS")

Q. Did Staff review the Company's Rebuttal Testimony concerning the adjustment to AFUDC?

A. Yes.

Q. Does Staff agree?

A. No.

Q. What is Staff's recommendation?

A. Staff continues to recommend the disallowance of AFUDC recorded after April 30, 2009, or $1,473,172, consistent with its recommendation in its Direct Testimony. Staff also continues to recommend an adjustment to Accumulated Depreciation since the excessive AFUDC amounts were included in UPIS closed during 2011 and subject to depreciation using a half year convention. Staff also recommends a decrease of $34,426 to Accumulated Depreciation for the depreciation expense recorded on the excess AFUDC amounts, as shown in Surrebuttal Schedules GWB-4 and GWB-7.

Rate Base Adjustment No. 4 –Disallowance of Late Fees Included In UPIS

Q. Did Staff review the Company's Rebuttal Testimony concerning the adjustment to late fees included in UPIS?

A. Yes.

Q. Does Staff agree?

A. No.

Q. What is Staff's recommendation?

A. Staff continues to recommends the disallowance of $896,462 of capitalized late fees in the Company's UPIS balances, as shown in Surrebuttal Schedules GWB-4 and GWB-8A. Since the capitalized late fee amounts were included in UPIS closed during 2011 and subject to depreciation using a half year convention, Staff also recommends a decrease of $22,789 to Accumulated Depreciation for the depreciation expense recorded on the capitalized late fees, as shown in Surrebuttal Schedules GWB-4 and GWB-8A.

Rate Base Adjustment No. 5 – Disallowance of Legal and Other Fees Included In UPIS

Q. Did Staff review the Company's rebuttal testimony concerning the adjustment to legal and other fees included in UPIS?

A. Yes.

Q. Does Staff agree?

A. No.

Q. What is Staff's recommendation?

A. Staff continues to recommend the disallowance of $168,193 of capitalized legal and other expenses in the Company's UPIS balances, as shown in Surrebuttal Schedules GWB-4 and GWB-8B.

Since the capitalized legal and other expense amounts were included in UPIS closed during 2011 and subject to depreciation using a half year convention, Staff also recommends a decrease of $4,270 to Accumulated Depreciation for the depreciation expense recorded on the capitalized legal and other expenses, as shown in Surrebuttal Schedules GWB-4 and GWB-8B.

Rate Base Adjustment No. 6 –Disallowance of Management Fees Paid to Andy Capestro and Included In UPIS

Q. Did Staff review the Company's Rebuttal Testimony concerning the adjustment to management fees paid to Andy Capestro and included in UPIS?

A. Yes.

Q. Does Staff agree?

A. No.

Q. What is Staff's recommendation?

A. Staff continues to recommend the disallowance of $201,562 of capitalized construction management fees in the Company's UPIS balances, as shown in Surrebuttal Schedules GWB-4 and GWB-8C.

Since the capitalized construction management fee amounts were included in UPIS closed during 2011 and subject to depreciation using a half year convention, Staff also recommends a decrease of $4,989 to Accumulated Depreciation for the depreciation expense recorded on the capitalized construction management fees, as shown in Surrebuttal Schedules GWB-4 and GWB-8C.

Rate Base Adjustment No. 7 – Working Capital

Q. Did Staff review the Company's Rebuttal Testimony concerning the adjustment to working capital?

A. Yes.

Q. Does Staff agree?

A. Yes. Staff adopts the Company's rebuttal position concerning the number of lag days for interest expense and income tax expense of 17.5322 and 37.8750 days, respectively.

Q. What is Staff's recommendation for the overall adjustment to working capital?

A. The above changes are reflected on Surrebuttal Schedule GWB-9 which provides the calculations of Staff's recommended cash working capital. Staff recommends a reduction to working capital of $134,230 from $1,653,938 to $1,445,938 as shown on Surrebuttal Schedules GWB-4 and GWB-9.

Quality of Service and Other Statues

Q. Did Decision No. 72594 in Docket No. WS-03478A-08-0256 require Staff to formulate and include certain recommendations in this proceeding?

A. Yes. Decision No. 72594 ordered:

IT IS FURTHER ORDERED that Staff shall, as part of Far West Water and Sewer, Inc.'s next rate case, investigate and formulate a recommendation about whether Far West Water and Sewer, Inc. has violated the A.R.S. 40-361(B) and any other applicable statute or Commission rule.

Q. Did Staff review the Company's compliance with ARS 40-361(B) and other statutes?

A. As discussed more fully in the testimony of the Staff engineer, Far West is not in compliance with ADEQ. As discussed in Staff's Direct Testimony, Staff recommends that any rates approved in this proceeding not be implemented until the Company is in compliance with ADEQ.

Q. Is Staff aware of any other instances in which the Company may not be in compliance other statutes?

A. No. However, Staff notes that Far West has incurred long term debt without obtaining Commission approval in advance as required by ARS 40-301 and ARS 40-302, as discussed more fully in the Direct Testimony of John Cassidy. However, the Company filed a Request for Declaratory Ruling in Docket No. WS-03478A-12-0085 on March 5, 2012, and this case is pending. Based on this, Staff considers the Company to be in compliance on this matter.

Affiliate Transactions

Q. Has Staff performed additional review of affiliate transactions?

A. On March 20, 2013, Staff issued data request GB 11.1 and 11.2 which seeks information regarding transactions with affiliated parties and the degree to which competitive bidding procedures were applied when the Company constructed improvements to its system. However, the Company's response to this data request was not received in time for Staff to analyze the responses therein. Staff will include Supplemental Surrebuttal Testimony

with its rate design testimony by April 3, 2013, to address these issues. Staff may revise its position as appropriate.

Q. Does this conclude your Surrebuttal Testimony?

A. Yes, it does.

Far West Water & Sewer, Inc., Sewer Division
Docket No. WS-03478A-12-0307
Test Year Ended December 31, 2011

SURREBUTTAL TESTIMONY OF GERALD BECKER

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Far West Water & Sewer, Inc., Sewer Division
Docket No. WS-03478A-12-0307
Test Year Ended December 31, 2011

Schedule GWB-1
SURREBUTTAL

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) COMPANY ORIGINAL COST	(B) COMPANY FAIR VALUE	(C) STAFF ORIGINAL COST	(D) STAFF FAIR VALUE
1	Adjusted Rate Base	$ 22,800,578	$ 22,800,578	$ 19,219,569	$ 19,219,569
2	Adjusted Operating Income (Loss)	$ (1,187,812)	$ (1,187,812)	$ (560,157)	$ (560,157)
3	Current Rate of Return (L2 / L1)	-5.21%	-5.21%	-2.91%	-2.91%
4	Required Rate of Return	7.41%	7.41%	7.40%	7.40%
5	Required Operating Income (L4 * L1)	$ 1,689,390	$ 1,689,390	$ 1,422,248	$ 1,422,248
6	Operating Income Deficiency (L5 - L2)	$ 2,877,202	$ 2,877,202	$ 1,982,405	$ 1,982,405
7	Gross Revenue Conversion Factor	1.3437	1.3437	1.6612	1.6612
8	Required Revenue Increase (L7 * L6)	$ 3,866,046	$ 3,866,046	**$ 3,293,186**	**$ 3,293,186**
9	Adjusted Test Year Revenue	$ 2,227,982	$ 2,227,982	$ 2,227,982	$ 2,227,982
10	Proposed Annual Revenue (L8 + L9)	$ 6,094,028	$ 6,094,028	$ 5,521,168	$ 5,521,168
11	Required Increase in Revenue (%)	173.52%	173.52%	147.81%	147.81%
12	Rate of Return on Common Equity (%)	10.00%	10.00%		

References:
Column [A]: Company Schedule A-1
Column (B): Company Schedule A-1
Column (C): Company Schedules A-1, A-2, & D-1
Column (C): Staff Schedules GWB-2, GWB-3, and GWB-10

Far West Water & Sewer, Inc., Sewer Division
Docket No. WS-03478A-12-0307
Test Year Ended December 31, 2011

Schedule GWB-2
SURREBUTTAL

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)
	Calculation of Gross Revenue Conversion Factor:			
1	Revenue	100.0000%		
2	Uncollecible Factor (Line 11)	0.3561%		
3	Revenues (L1 - L2)	99.6439%		
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	39.4467%		
5	Subtotal (L3 - L4)	60.1972%		
6	**Revenue Conversion Factor (L1 / L5)**	1.661208		
	Calculation of Uncollecttible Factor:			
7	Unity	100.0000%		
8	Combined Federal and State Tax Rate (Line 17)	38.5989%		
9	One Minus Combined Income Tax Rate (L7 - L8)	61.4011%		
10	Uncollectible Rate	0.5800%		
11	Uncollectible Factor (L9 * L10)		0.3561%	
	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 (Line 44)	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 (GWB-17, L24)	1.3808%		
22	Effective Property Tax Factor (L20*L21)		0.8478%	
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			39.4467%

24	Required Operating Income (Schedule GWB-1, Line 5)	$ 1,422,248	
25	AdjustedTest Year Operating Income (Loss) (Schedule GWB-10, Line 42)	$ (560,157)	
26	Required Increase in Operating Income (L24 - L25)		$ 1,982,405
27	Income Taxes on Recommended Revenue (Col. (F), L52)	$ 253,724	
28	Income Taxes on Test Year Revenue (Col. (C), L52)	$ (992,485)	
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		$ 1,246,209
30	Required Revenue Increase (Schedule GWB-1, Line 8)	$ 3,293,186	
31	Uncollectible Rate (Line 10)	0.5800%	
32	Uncollectible Expense on Recommended Revenue (L30 * L31)	$ 19,100	
33	Adjusted Test Year Uncollectible Expense	$ -	
34	Required Increase in Revenue to Provide for Uncollectible Exp.		$ 19,100
35	Property Tax with Recommended Revenue (GWB-18, Line 20)	$ 141,200	
36	Property Tax on Test Year Revenue (GWB-18, Col A, L17)	$ 95,728	
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		$ 45,472
38	Total Required Increase in Revenue (L26 + L29 + L34+ L37)		$ 3,293,186

		(A) Test Year	(B)	(C) Staff Recommended
	Calculation of Income Tax:			
39	Revenue (Sch GWB-9, Col.(C) L5, GWB-1, Col. (D), L9)	$ 2,227,982		$ 5,521,168
40	Operating Expenses Excluding Income Taxes	$ 3,780,624		$ 3,845,196
41	Synchronized Interest (L52)	$ 1,018,637		$ 1,018,637
42	Arizona Taxable Income (L39 - L40 - L41)	$ (2,571,279)		$ 657,335
43	Arizona State Income Tax Rate	6.9680%		6.9680%
44	Arizona Income Tax (L42 x L43)	$ (179,167)		$ 45,803
45	Federal Taxable Income (L42 - L44)	$ (2,392,112)		$ 611,532
46	Federal Tax	$ (813,318)		$ 207,921
47	Total Federal Income Tax	$ (813,318)		$ 207,921
48	Combined Federal and State Income Tax (L43 + L47)	$ (992,485)		$ 253,724
50	Effective Tax Rate			

	Calculation of Interest Synchronization:	N/A
51	Rate Base (Schedule GWB-3, Col. (C), Line 18)	$ 19,219,569
52	Weighted Average Cost of Debt	5.3000%
53	Synchronized Interest (L50 X L51)	$ 1,018,637

Far West Water & Sewer, Inc., Sewer Division
Docket No. WS-03478A-12-0307
Test Year Ended December 31, 2011

Schedule GWB-3
SURREBUTTAL

RATE BASE - ORIGINAL COST

LINE NO.		(A) COMPANY AS FILED	(B) STAFF ADJUSTMENTS	(C) STAFF AS ADJUSTED
1	Plant in Service	$ 37,751,132	$ (4,422,004)	$ 33,329,128
2	Less: Accumulated Depreciation	4,945,733	(426,477)	4,519,256
3	Net Plant in Service	$ 32,805,399	$ (3,995,527)	$ 28,809,872
	LESS:			
4	Contributions in Aid of Construction (CIAC)	$ 1,726,854	$ -	$ 1,726,854
5	Less: Accumulated Amortization	909,423	-	909,423
6	Net CIAC	817,431	-	817,431
7	Advances in Aid of Construction (AIAC)	10,814,970	(622,519)	10,192,451
8	Imputed Reg AIAC	-		
9	Imputed Reg CIAC	-	-	-
10	Accumulated Deferred Income Tax Credits	-	-	-
	Customer Meter Deposits	26,359		26,359
	ADD:			
11	Accumulated Deferred Income Tax Debits	-	-	-
12	Cash Working Capital	1,653,938	(208,001)	1,445,938
13	Prepayments	-	-	-
		-		
14	Supplies Inventory	-	-	-
15	Projected Capital Expenditures	-	-	-
16	Deferred Debits	-	-	-
17	Purchase Wastewater Treatment Charges	-	-	
18	**Original Cost Rate Base**	$ 22,800,578	$ (3,581,009)	$ 19,219,569

References:
Column (A), Company Schedule B-2
Column (B): Schedule GWB-4
Column (C): Column (A) + Column (B)

Far West Water & Sewer, Inc., Sewer Division
Docket No. WS-03478A-12-0307
Test Year Ended December 31, 2011

Schedule GWB-4
SURREBUTTAL

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] Zenon Temp Plant ADJ #1 GWB-5	[C] Las Barrancas #1 ADJ #2 GWB-6	[D] AFUDC Disallowance ADJ #3 GWB-7	[E] Interest Disallowance ADJ #4 GWB-8A	[F] Legal Other Disallowance ADJ #5 GWB-8B	[G] Capestro Mgt Fees ADJ #6 GWB-8C	[H] Working Capital ADJ #7 GWB-9	[I] STAFF ADJUSTED
		PLANT IN SERVICE:									
1	351	Organization Cost	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	352	Franchise Cost	3,076								3,076
3	353	Land and Land Rights	1,413,437								1,413,437
4	354	Structures & Improvements	2,477,482			(157,878)	(114,449)	(21,911)	(20,846)		2,162,399
5	355	Power Generating Equipment	68,993			(3,654)	(775)	(14)	(2,282)		62,268
6	360	Collection Sewers - Force	3,504,328		(622,519)	(223,711)	(5,243)	(321)	(24,848)		2,627,686
7	361	Collection Sewers - Gravity	8,727,577								8,727,577
8	362	Special Collecting Structures	-								-
9	363	Sevices to Customers	173,621								173,621
10	364	Flow Measuring Devices	32,468								32,468
11	365	Flow Measuring Installations	16,683								16,683
12	366	Reuse Services	-								-
13	367	Reuse Meters and Meter Installations	2,310			(108)	(75)	(14)	(16)		2,097
14	370	Receiving Wells	74,227			(6,555)	(4,571)	(821)	(985)		61,295
15	371	Pumping Equipment	1,395,638			(56,002)	(34,962)	(6,178)	(12,663)		1,285,833
16	374	Reuse Distribution Reserviors	-								-
17	375	Reuse Transmission and Dist. Sys.	-								-
18	380	Treatment and Disposal Equipment	17,685,412	(1,060,096)		(950,159)	(682,992)	(129,026)	(129,306)		14,733,833
19	381	Plant Sewers	623,671			(51,514)	(36,934)	(6,949)	(7,074)		521,201
20	382	Outfall Sewer Lines	1,805			(159)	(111)	(20)	(24)		1,490
21	389	Other Plant and Misc. Equipment	394,141			(22,881)	(15,958)	(2,867)	(3,439)		348,997
22	390	Office Furniture & Equipment	254,572				(285)		(55)		254,233
23	390	Computers & Software	11,356			(398)		(53)			10,906
24	391	Transportation Equipment	271,810								271,810
25	392	Stores Equipment	-								-
26	393	Tools, Shop & Garage Equipment	27,069								27,069
27	394	Laboratory Equipment	17,418								17,418
28	395	Power Operated Equipment	181,667								181,667
29	396	Communications Equipment	17,191			(154)	(108)	(19)	(23)		16,886
30	397	Miscellaneous Equipment	136,351								136,351
31	398	Other Tangible Plant	238,828								238,828
32		**Total Plant in Service**	37,751,132	(1,060,096)	(622,519)	(1,473,172)	(896,462)	(168,193)	(201,562)	-	33,329,128
33											
34		Accumulated Depreciation	4,945,733	(291,526)	(68,477)	(34,426)	(22,789)	(4,270)	(4,989)		4,519,256
35		Net Plant in Service	$ 32,805,399	$ (768,570)	$ (554,042)	$ (1,438,746)	$ (873,673)	$ (163,923)	$ (196,573)		$ 28,809,872
36											
37		*LESS:*									
38		Contributions in Aid of Construction (CIAC)	$ 1,726,854		$ -	$ -					$ 1,726,854
39		Less: Accumulated Amortization	909,423	-							909,423
40		Net CIAC (L63 - L64)	817,431	-	-	-					817,431
41		Advances in Aid of Construction (AIAC)	10,814,970	-	(622,519)						10,192,451
42		Imputed Reg Advances	-	-	-						-
43		Imputed Reg CIAC		-	-						-
44		Accumulated Deferred Income Tax Credits				-					-
45		Customer Meter Deposits	26,359								26,359
46		*ADD:*									-
47		Accumulated Deferred Income Tax Debits									-
48		Working Capital Allowance	1,653,938							(208,001)	1,445,938
49		Pumping Power		-	-	-					-
50		Purchase Wastewater Treatment Charges		-	-	-					-
51		Material and Supplies Inventory		-	-	-					-
52		Prepayments		-	-	-					-
53		Projected Capital Expenditures	-	-	-	-					-
54		Deferred Debits		-	-	-					-
55		**Original Cost Rate Base**	$ 22,800,578	$ (768,570)	$ 68,477	$ (1,438,746)	$ (873,673)	$ (163,923)	$ (196,573)	$ (208,001)	$ 19,219,569

Far West Water & Sewer, Inc., Sewer Division
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Test Year Ended December 31, 2011

Schedule GWB-5
SURREBUTTAL

RATE BASE ADJUSTMENT #1 ZENON TEMPORARY PLANT

LINE NO.	ACCT NO.	Description	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	380		1,060,096	(1,060,096)	-

References:
Column [A] : Amount rreflected in Acct. 380, Treatment and Disposal Equipment
Column [B] , Col [C] less Col [A]
Column [C] , Per testimony GWB

Far West Water & Sewer, Inc., Sewer Division
Docket No. WS-03478A-12-0307
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Schedule GWB-6
SURREBUTTAL

RATE BASE ADJUSTMENT #2 LAS BARRANCAS #1

LINE NO.	ACCT NO.	Description	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	380		622,519	(622,519)	-
2		AIAC	622,519	(622,519)	-
3		Accumulated Depreciation	68,477	(68,477)	-

References:
Column [A] : line 1, amount reflected in Acct. 380, Treatment and Disposal Equipment
Column [A] : line 2, amount rreflected in total AIAC balance
Column [B] , Col [C] less Col [A]
Column [C] , Per testimony GWB

Far West Water & Sewer, Inc., Sewer Division
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Schedule GWB-7
SURREBUTTAL

RATE BASE ADJUSTMENT #3 AFUDC DISALLOWANCE

Account	Section 14 UPIS	AFUDC by NARUC	Del Oro UPIS		PS LS UPIS		PS FM UPIS		Totals	AFUDC by NARUC
354	$ 1,425,696	$ 100,716	$ 737,402	$ 57,161					$ 2,163,098	$ 157,878
355					$ 68,993	$ 3,654			$ 68,993	$ 3,654
360	$ 23,849	$ 1,685	$ 156	$ 12	$ 361,203	$ 19,131	$ 2,254,102	$ 202,883	$ 2,639,310	$ 223,711
370	$ 92,784	$ 6,555							$ 92,784	$ 6,555
371	$ 505,333	$ 35,699	$ 132,358	$ 10,260	$ 189,617	$ 10,043			$ 827,308	$ 56,002
380	$ 9,660,274	$ 682,437	$ 3,453,701	$ 267,721					$ 13,113,974	$ 950,159
381	$ 541,509	$ 38,254	$ 171,054	$ 13,260					$ 712,563	$ 51,514
382	$ 2,256	$ 159							$ 2,256	$ 159
389	$ 323,894	$ 22,881							$ 323,894	$ 22,881
390	$ 4,253	$ 300	$ 1,252	$ 97					$ 5,506	$ 398
367	$ 1,532	$ 108							$ 1,532	$ 108
396	$ 2,185	$ 154							$ 2,185	$ 154
	$ 12,583,566	$ 888,949	$ 4,495,923	$ 348,512	$ 619,813	$ 32,829	$ 2,254,102		$ 19,953,404	$ 1,473,172
AFUDC Total	$ 1,757,533		$ 689,039		$ 64,905		$ 401,118		$ 2,912,595	
AFUDC APR 2009									$ 1,439,423	
Excess										
AFUDC Disallowance	$ 888,949		$ 348,512		$ 32,829		$ 202,883		$ 1,473,172	

UPIS per Co Response to Staff DR 1.4
except PS FM in NARUC 360

Far West Water & Sewer, Inc., Sewer Division
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Schedule GWB-8A
SURREBUTTAL

RATE BASE ADJUSTMENT #4 LATE FEES DISALLOWANCE

Account	Section 14 UPIS	Late Fees by NARUC	Del Oro UPIS	Late Fees by NARUC	PS LS UPIS	Late Fees by NARUC	PS FM UPIS	Late Fees by NARUC	Total	Late Fees NARUC
354	$ 1,425,696	$ 70,241	$ 737,402	$ 44,208					$ 2,163,098	$ 114,449
355					$ 68,993	$ 775			$ 68,993	$ 775
360	$ 23,849	$ 1,175	$ 156	$ 9	$ 361,203	$ 4,058	$ 2,254,102	$ -	$ 2,639,310	$ 5,243
370	$ 92,784	$ 4,571							$ 92,784	$ 4,571
371	$ 505,333	$ 24,897	$ 132,358	$ 7,935	$ 189,617	$ 2,130			$ 827,308	$ 34,962
380	$ 9,660,274	$ 475,940	$ 3,453,701	$ 207,052					$ 13,113,974	$ 682,992
381	$ 541,509	$ 26,679	$ 171,054	$ 10,255					$ 712,563	$ 36,934
382	$ 2,256	$ 111							$ 2,256	$ 111
389	$ 323,894	$ 15,958							$ 323,894	$ 15,958
390	$ 4,253	$ 210	$ 1,252	$ 75					$ 5,506	$ 285
367	$ 1,532	$ 75							$ 1,532	$ 75
396	$ 2,185	$ 108							$ 2,185	$ 108
	$ 12,583,566	$ 619,964	$ 4,495,923	$ 269,534	$ 619,813	$ 6,964	$ 2,254,102		$ 19,953,404	$ 896,462
Late Fees, Per Co.	$ 619,964		$ 269,534		$ 6,964				$ 896,462	
Disallowance	$ 619,964		$ 269,534		$ 6,964		$ -		$ 896,462	

UPIS per Co Response to Staff DR 1.4
except PS FM in NARUC 360

Far West Water & Sewer, Inc., Sewer Division
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Schedule GWB-8B
SURREBUTTAL

RATE BASE ADJUSTMENT #5 LEGAL & OTHER FEES DISALLOWANCE

Account	Section 14 UPIS	Legal/Other by NARUC	Del Oro UPIS	Legal/Other by NARUC	PS LS UPIS	Legal/Other by NARUC	PS FM UPIS	Legal/Other by NARUC	Totals	Legal/Other NARUC
354	$ 1,425,696	$ 12,620	$ 737,402	$ 9,291					$ 2,163,098	$ 21,911
355					$ 68,993	$ 14			$ 68,993	$ 14
360	$ 23,849	$ 211	$ 156	$ 2	$ 361,203	$ 71	$ 2,254,102	$ 37	$ 2,639,310	$ 321
370	$ 92,784	$ 821							$ 92,784	$ 821
371	$ 505,333	$ 4,473	$ 132,358	$ 1,668	$ 189,617	$ 37			$ 827,308	$ 6,178
380	$ 9,660,274	$ 85,511	$ 3,453,701	$ 43,515					$ 13,113,974	$ 129,026
381	$ 541,509	$ 4,793	$ 171,054	$ 2,155					$ 712,563	$ 6,949
382	$ 2,256	$ 20							$ 2,256	$ 20
389	$ 323,894	$ 2,867							$ 323,894	$ 2,867
390	$ 4,253	$ 38	$ 1,252	$ 16					$ 5,506	$ 53
367	$ 1,532	$ 14							$ 1,532	$ 14
396	$ 2,185	$ 19							$ 2,185	$ 19
	$ 12,583,566	$ 111,387	$ 4,495,923	$ 56,647	$ 619,813	$ 122	$ 2,254,102		$ 19,953,404	$ 168,193
									$ -	
Late Fees, Per Co	$ 111,387		$ 56,647		$ 122		$ 37		$ -	$ 168,193

UPIS per Co Response to Staff DR 1.4
except PS FM in NARUC 360

Far West Water & Sewer, Inc., Sewer Division
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Schedule GWB-8C
SURREBUTTAL

RATE BASE ADJUSTMENT #6 CAPESTRO MANAGEMENT FEES DISALLOWANCE

Account	Section 14 UPIS	Mgt. Fees by NARUC	Del Oro UPIS	Mgt. Fees by NARUC	PS LS UPIS	Mgt. Fees by NARUC	PS FM UPIS	Mgt. Fees by NARUC	Totals	Mgt. Fees NARUC
354	$ 1,425,696	$ 15,138	$ 737,402	$ 5,707					$ 2,163,098	$ 20,846
355					$ 68,993	$ 2,282			$ 68,993	$ 2,282
360	$ 23,849	$ 253	$ 156	$ 1	$ 361,203	$ 11,950	$ 2,254,102	$ 12,644	$ 2,639,310	$ 24,848
370	$ 92,784	$ 985							$ 92,784	$ 985
371	$ 505,333	$ 5,366	$ 132,358	$ 1,024	$ 189,617	$ 6,273			$ 827,308	$ 12,663
380	$ 9,660,274	$ 102,575	$ 3,453,701	$ 26,731					$ 13,113,974	$ 129,306
381	$ 541,509	$ 5,750	$ 171,054	$ 1,324					$ 712,563	$ 7,074
382	$ 2,256	$ 24							$ 2,256	$ 24
389	$ 323,894	$ 3,439							$ 323,894	$ 3,439
390	$ 4,253	$ 45	$ 1,252	$ 10					$ 5,506	$ 55
367	$ 1,532	$ 16							$ 1,532	$ 16
396	$ 2,185	$ 23							$ 2,185	$ 23
	$ 12,583,566	$ 133,615	$ 4,495,923	$ 34,798	$ 619,813	$ 20,505	$ 2,254,102		$ 19,953,404	$ 201,562
Mgt. Fees, Per Co.	$ 133,615		$ 34,798		$ 20,505		$ 12,644		$ -	$ 201,562

UPIS per Co Response to Staff DR 1.4
except PS FM in NARUC 360

Far West Water & Sewer, Inc., Sewer Division
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Schedule GWB-9
SURREBUTTAL

RATE BASE ADJUSTMENT #7 WORKING CAPITAL

Line No.		Test Year Adjusted Amount	Revenue Lag Days	Expense Lag Days	Net Lag Days	Lead / Lag Factor	Cash Working Capital Required
1	OPERATING EXPENSES						
2	Salaries and Wages	$ 878,824	45.5768	12.0000	33.5768	0.0920	$ 80,844
3	Group Insurance	27,421	45.5768	(2.3334)	47.9102	0.1313	$ 3,599
4	Sludge Removal	55,247	45.5768	239.8508	(194.2740)	(0.5323)	$ (29,406)
5	Purchased Power	342,364	45.5768	59.8970	(14.3202)	(0.0392)	$ (13,432)
6	Chemicals	219,910	45.5768	63.9648	(18.3880)	(0.0504)	$ (11,079)
7	Repairs and Maintenance	181,981	45.5768	66.6282	(21.0514)	(0.0577)	$ (10,496)
8	Contractural Services	225,961	45.5768	67.2163	(21.6395)	(0.0593)	$ (13,396)
9	Rent - Buildings	20,669	45.5768	(18.5294)	64.1062	0.1756	$ 3,630
10	Rent - Equipment	45,758	45.5768	25.4922	20.0846	0.0550	$ 2,518
11	Transportation Expense	129,723	45.5768	(11.7634)	57.3402	0.1571	$ 20,379
12	Insurance	62,877	45.5768	20.6635	24.9133	0.0683	$ 4,292
13	Depreciation & Amortization	-	45.5768	-	45.5768	0.1249	$ -
14	Other Operating Expenses	63,120	45.5768	30.0000	15.5768	0.0427	$ 2,694
15	TAXES						
16	Taxes Other than Income	76,451	45.5768	15.9481	29.6287	0.0812	$ 6,206
17	Property Taxes	141,200	45.5768	729.6032	(684.0264)	(1.8740)	$ (264,615)
18	Income Tax	253,724	45.5768	37.8750	7.7018	0.0211	$ 5,354
19	Interest	1,018,637	45.5768	17.5322	28.0446	0.0768	$ 78,266
20							
21							
22							
23	WORKING CASH REQUIREMENT						$ (134,641)
28							
29			Per FWWS		Per Staff		
30							
31	Cash Working Capital, per Above		$ 73,359		$ (134,641)		$ (208,001)
32	Material and Supplies Inventories		18,440		18,440		-
33	Working Funds and Special Deposits		1,548,498		1,548,498		0
34	Prepayments		13,641		13,641		-
35	Total Working Capital Allowance, Per Company		$ 1,653,938		$ 1,445,938		$ (208,001)

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Schedule GWB-10
SURREBUTTAL

OPERATING INCOME STATEMENT - 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 RECOMMENDED CHANGES	[E] STAFF RECOMMENDED
		$ -	$ -	$ -		$ -
1	Flat Rate Revenue	2,053,159	-	2,053,159	3,280,011	5,333,169
2	Other Sewer Revenues	43,064		43,064		43,064
3	Metered Reuse Revenue	131,759	-	131,759	13,176	144,935
4	**Total Operating Revenues**	$ 2,227,982	$ -	$ 2,227,982	$ 3,293,186	$ 5,521,168
5	Salaries and Wages	$ 802,071	$ -	$ 802,071	$ -	$ 802,071
6	Salaries and Wages - Officers and Directors	137,000	(60,247)	76,753	-	76,753
7	Employee Pension and Benefits	27,421	-	27,421	-	27,421
8	Purchased Sewer Treatment	-	-	-	-	-
9	Sludge Removal Expense	55,247	-	55,247	-	55,247
10	Purchased Power	342,364	-	342,364	-	342,364
11	Chemicals	219,910	-	219,910	-	219,910
12	Repairs and Maintenance	181,981	-	181,981	-	181,981
13	Contractual Services - Engineering	-	-	-	-	-
14	Contractual Services - Accounting	7,230	-	7,230	-	7,230
15	Contractual Services - Legal	43,865	(32,975)	10,890		10,890
16	Contractual Services - Management Fees	-	-	-	-	-
17	Contractual Services - Testing	147,025	-	147,025	-	147,025
18	Contractual Services - Other	60,716	-	60,716	-	60,716
19	Rent - Buildings	20,669	-	20,669	-	20,669
20	Rent - Equipment	45,758	-	45,758	-	45,758
21	Transportation Expense	129,723	-	129,723		129,723
22	Insurance - Vehicle	12,610	-	12,610		12,610
23	Insurance - General Liability	33,142	-	33,142	-	33,142
24	Insurance - Workman's Compensation	17,125	-	17,125		17,125
25	Insurance - Other	-	-	-		-
26	Advertising Expense	476	-	476		476
27	Regulatory Commission Expense - Rate Ca:	75,000	-	75,000		75,000
28	Regulatory Expense - Other	-	-	-		-
29	Bad Debt Expense	33,490	(20,450)	13,040	19,100	32,140
30	Miscellaneous Expense	30,503	-	30,503		30,503
31	Depreciation Expense	1,497,193	(198,403)	1,298,790		1,298,790
32	Taxes Other Than Income	76,451	-	76,451		76,451
33	Property Taxes	95,728	-	95,728	45,472	141,200
34	Income Tax	$ (676,904)	$ (315,581)	$ (992,485)	$ 1,246,209	$ 253,724
35	**Total Operating Expenses**	3,415,794	(627,655)	2,788,139	1,310,781	4,098,920
36	**Operating Income (Loss)**	$ (1,187,812)	$ 627,655	$ (560,157)	$ 1,982,405	$ 1,422,248

References:
Column (A): Company Schedule C-1
Column (B): Schedule GWB 11
Column (C): Column (A) + Column (B)
Column (D): Schedules GWB 2, Lines 29, 34 and 37
Column (E): Column (C) + Column (D)

Far West Water & Sewer, Inc., Sewer Division
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Schedule GWB-11
SURREBUTTAL

SUMMARY OF OPERATING INCOME ADJUSTMENTS - TEST YEAR

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] Executive Comp ADJ #1 GWB-12	[C] Bad Debts Exp ADJ #2 GWB-13	[D] Legal Exp ADJ #3 GWB-14	[E] Deprec. Exp ADJ #4 GWB-16	[F] Income Taxes ADJ #5 GWB-17	[H] STAFF ADJUSTED
1	Flat Rate Revenue	2,053,159	-	-	-	-	-	2,053,159
2	Other Sewer Revenues	43,064						43,064
3	Metered Reuse Revenue	131,759	-	-	-	-	-	131,759
4	**Total Operating Revenues**	$ 2,227,982	$ -	$ -	$ -	$ -	$ -	$ 2,227,982
	Operating Expenses							
5	Salaries and Wages	$ 802,071		$ -	$ -	$ -	$ -	$ 802,071
6	Salaries and Wages - Officers and Directo	137,000	(60,247)	-	-	-	-	76,753
7	Employee Pension and Benefits	27,421			-	-	-	27,421
8	Purchased Sewer Treatment	-	-					-
9	Sludge Removal Expense	55,247	-	-				55,247
10	Purchased Power	342,364	-	-				342,364
11	Chemicals	219,910	-	-				219,910
12	Repairs and Maintenance	181,981	-	-				181,981
13	Contractual Services - Engineering	-	-	-				-
14	Contractual Services - Accounting	7,230	-	-				7,230
15	Contractual Services - Legal	43,865	-	-	(32,975)			10,890
16	Contractual Services - Management Fees	-	-	-				-
17	Contractual Services - Testing	147,025	-	-				147,025
18	Contractual Services - Other	60,716	-	-				60,716
19	Rent - Buildings	20,669	-	-				20,669
20	Rent - Equipment	45,758	-	-				45,758
21	Transportation Expense	129,723	-	-				129,723
22	Insurance - Vehicle	12,610	-	-				12,610
23	Insurance - General Liability	33,142	-	-				33,142
24	Insurance - Workman's Compensation	17,125						17,125
25	Insurance - Other	-						-
26	Advertising Expense	476		-				476
27	Regulatory Commission Expense - Rate C	75,000	-	-				75,000
28	Regulatory Expense - Other	-						-
29	Bad Debt Expense	33,490		(20,450)				13,040
30	Miscellaneous Expense	30,503						30,503
31	Depreciation Expense	1,497,193				(198,403)		1,298,790
32	Taxes Other Than Income	76,451						76,451
33	Property Taxes	95,728						95,728
34	Income Tax	(676,904)					(315,581)	(992,485)
35	**Total Operating Expenses**	$ 3,415,794	$ (60,247)	$ (20,450)	$ (32,975)	$ (198,403)	$ (315,581)	$ 2,788,139
36	**Operating Income**	$ (1,187,812)	$ 60,247	$ 20,450	$ 32,975	$ 198,403	$ 315,581	$ (560,157)

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Schedule GWB-12
SURREBUTTAL

OPERATING INCOME ADJUSTMENT #1 - SALARIES AND WAGES - OFFICERS AND DIRECTORS

LINE NO.			
1	Payroll Sandy Braden	$	68,500
2	Sandy's Hours		250
3	Paula's Hours		2075
4	Allowable portion		12.05%
5	Disallowable portion		87.95%
6	Disallowance	$	60,247

Line 1: Amount of payroll proposed for Sandy Braden
Line 2 & 3: Respective hours worked by each per Staff DR 6.3
Line 4: Line 2 / line 3
Line 5: 1 minus line 4
Line 6: Line 1 times line 5
Lines 1 - 6: See also testimony GWB

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Schedule GWB-13
SURREBUTTAL

OPERATING INCOME ADJUSTMENT #2 - BAD DEBT EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED*
1		$ 33,490	$ (20,450)	$ 13,040

References:
Column (A), Company Workpapers
Column (B): Testimony GWB
Column (C): Column (A) + Column (B), Per Co Response to Staff DR 5.8

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Schedule GWB-14
SURREBUTTAL

OPERATING INCOME ADJUSTMENT #3 - LEGAL EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED*
1		$ 43,865	$ (32,975)	$ 10,890

References:
Column (A), Company Workpapers
Column (B): Testimony GWB
Column (C): Column (A) + Column (B)

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Schedule GWB-16
SURREBUTTAL

OPERATING INCOME ADJUSTMENT #4 - DEPRECIATION EXPENSE

LINE NO.	ACCT. NO.	DESCRIPTION	[A] PLANT BALANCE	[B] DEPRECIATION RATE	[C] DEPRECIATION EXPENSE
1	*PLANT IN SERVICE:*				
2	351	Organization Cost	-	0.00%	-
3	352	Franchise Cost	3,076	0.00%	-
4	353	Land and Land Rights	1,413,437	0.00%	-
5	354	Structures & Improvements	2,162,399	3.33%	72,008
6	355	Power Generating Equipment	62,268	5.00%	3,113
7	360	Collection Sewers - Force	2,627,686	2.00%	52,554
8	361	Collection Sewers - Gravity	8,727,577	2.00%	174,552
9	362	Special Collecting Structures	-	2.00%	-
10	363	Sevices to Customers	173,621	2.00%	3,472
11	364	Flow Measuring Devices	32,468	10.00%	3,247
12	365	Flow Measuring Installations	16,683	10.00%	1,668
13	366	Reuse Services	-	2.00%	-
14	367	Reuse Meters and Meter Installations	2,097	8.33%	175
15	370	Receiving Wells	61,295	3.33%	2,041
16	371	Pumping Equipment	1,285,833	12.50%	160,729
17	374	Reuse Distribution Reserviors	-	2.50%	-
18	375	Reuse Transmission and Dist. Sys.	-	2.50%	-
19	380	Treatment and Disposal Equipment	14,733,833	5.00%	736,692
20	381	Plant Sewers	521,201	5.00%	26,060
21	382	Outfall Sewer Lines	1,490	3.33%	50
22	389	Other Plant and Misc. Equipment	348,997	6.67%	23,278
23	390	Office Furniture & Equipment	254,233	6.67%	16,957
24	390.1	Computers & Software	10,906	20.00%	2,181
25	391	Transportation Equipment	271,810	20.00%	54,362
26	392	Stores Equipment	-	4.00%	-
27	393	Tools, Shop & Garage Equipment	27,069	5.00%	1,353
28	394	Laboratory Equipment	17,418	10.00%	1,742
29	395	Power Operated Equipment	181,667	5.00%	9,083
30	396	Communications Equipment	16,886	10.00%	1,689
31	397	Miscellaneous Equipment	136,351	10.00%	13,635
32	398	Other Tangible Plant	238,828	10.00%	23,883
33			33,329,128		1,384,524
34		Less:			
35		Amortization of CIAC at Company's Rate	$ 1,726,854	4.9648%	$ 85,734
36		Staff Recommended Depreciation Expense			$ 1,298,790
37		Company Proposed Depreciation Expense			$ 1,497,193
38		Staff Adjustment			**$ (198,403)**

	References:
Col [A]	Schedule GWB-4
Col [B]	Proposed Rates per Staff Engineering Report for Non Allocated Plant
Col [C]	Col [A] times Col [B]

Far West Water & Sewer, Inc., Sewer Division
Docket No. WS-03478A-12-0307
Test Year Ended December 31, 2011

Schedule GWB-17
SURREBUTTAL

OPERATING INCOME ADJUSTMENT #5 - INCOME TAXES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Income Taxes	$ (676,904)	$ (315,581)	$ (992,485)

References:
Column (A), Company Schedule C-2
Column (B): Testimony GWB
Column (C): Column (A) + Column (B),
see also Sch. GWB-2, line 48

Far West Water & Sewer, Inc., Sewer Division
Docket No. WS-03478A-12-0307
Test Year Ended December 31, 2011

Schedule GWB-18
SURREBUTTAL

OPERATING INCOME ADJUSTMENT #6 - PROPERTY TAX EXPENSE GRCF COMPONENT

LINE NO.	DESCRIPTION	[A] STAFF AS ADJUSTED	[B] STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues - 2007	$ 2,227,982	$ 2,227,982
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	4,455,963	4,455,963
4	Staff Adjusted Test Year Revenues - 2007	2,227,982	
5	Staff Recommended Revenue		5,521,168
6	Subtotal (Line 4 + Line 5)	6,683,945	9,977,131
7	Number of Years	3	3
8	Three Year Average (Line 5 / Line 6)	2,227,982	3,325,710
9	Department of Revenue Mutilplier	2	2
10	Revenue Base Value (Line 7 • Line 8)	4,455,963	6,651,421
11	Plus: 10% of CWIP	243,735	243,735
12	Less: Net Book Value of Licensed Vehicles	77,783	77,783
13	Full Cash Value (Line 9 + Line 10 - Line 11)	4,621,915	6,817,373
14	Assessment Ratio	20.0%	20.0%
15	Assessment Value (Line 12 • Line 13)	924,383	1,363,475
16	Composite Property Tax Rate	10.3559%	10.3559%
17	Staff Test Year Adjusted Property Tax Expense (Line 14 • Line 15)	$ 95,728	
18	Company Proposed Property Tax	$ 95,728	
19	Staff Test Year Adjustment (Line 16 - Line 17)	**$ 0**	
20	Property Tax on Staff Recommended Revenue (Line 14 • Line 15)		$ 141,200
21	Staff Test Year Adjusted Property Tax Expense (Line 16)		$ 95,728
22	Increase in Property Tax Due to Increase in Revenue Requirement		**$ 45,472**
23	Increase in Property Tax Due to Increase in Revenue Requirement (Line 21)		$ 45,472
24	Increase in Revenue Requirement		$ 3,293,186
25	Increase in Property Tax Per Dollar Increase in Revenue (Line 22 / Line 23)		1.38079%

REFERENCES:
Line 15: Composite Tax Rate, per Company
Line 18: Company Schedule C-1, Line 23

EXHIBIT
S-7

BEFORE THE ARIZONA CORPORATION COMMISSION

BOB STUMP
Chairman
GARY PIERCE
Commissioner
BRENDA BURNS
Commissioner
BOB BURNS
Commissioner
SUSAN BITTER SMITH
Commissioner

IN THE MATTER OF THE APPLICATION OF FAR WEST WATER & SEWER, INC., AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS WASTEWATER RATES AND CHARGES BASED THEREON FOR UTILITY SERVICE	)	DOCKET NO. WS-03478A-12-0307

(RATE DESIGN)

DIRECT TESTIMONY

OF

GERALD BECKER

EXECUTIVE CONSULTANT

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

FEBRUARY 21, 2013

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EXECUTIVE SUMMARY
FAR WEST WATER & SEWER, INC.
DOCKET NO. WS-03478A-12-0307

Far West Water & Sewer, Inc. ("Far West" or "Company") is an Arizona public service corporation authorized to provide water and wastewater service within portions of Yuma County, Arizona. On July 6, 2012, the Company filed an application with the Arizona Corporation Commission ("Commission" or "ACC") to increase its rates for wastewater service. The Company's existing Certificate of Convenience and Necessity ("CC&N") for wastewater service covers an area totaling approximately 4,335 acres. Far West had over 7,400 residential wastewater customers, 45 commercial wastewater customers and 4 recreational vehicle parks containing over 700 spaces in December 2011. This rate case filing includes only the wastewater division.

This testimony presents Staff's recommendation for rate design for the Company's Sewer Division. The impacts of the Company-proposed and Staff-recommended rate designs on the typical residential customer.

INTRODUCTION

Q. Please state your name, occupation, and business address.

A. My name is Gerald Becker. I am an Executive Consultant III employed by the Arizona Corporation Commission ("Commission") in the Utilities Division ("Staff"). My business address is 1200 West Washington Street, Phoenix, Arizona 85007.

Q. Are you the same Gerald Becker that filed direct testimony regarding the Company's revenue requirements in this case?

A. Yes, I am.

BACKGROUND

Q. Please describe the Company's operations.

A. With two shareholders, Far West is a very closely held corporation that provides water and wastewater services in portions of Yuma County Arizona. Far West has approximately 7,400 wastewater customers and approximately 15,000 water customers. The instant filing only addresses wastewater rates.

Far West's current rates were approved in Decision No. 69335 dated February 20, 2007.

RATE DESIGN

Q. Did Staff prepare schedules showing the present, Company-proposed, and Staff-recommended rates and charges?

A. Yes. Staff Schedules GWB-1 and GWB-2 show the present monthly minimum charges and commodity rates, the Company's proposed monthly minimum charges and commodity rates and Staff's recommended monthly minimum charges and commodity rates. The schedules also show the present, proposed and recommended service charges.

A summary of the present, Company-proposed and Staff-recommended rates is presented in the following section.

Q. Please provide an overview of the present rate design for the Company's Sewer Division.

A. The present monthly minimum charges are as follows: Residential (all except RV spaces) $21.75, Commercial (all) $43.50, RV space $5.44. Effluent customers have no monthly minimum and pay $1.00 per thousand gallons.

Q. Please provide an overview of the Company's proposed rate design for its Sewer Division.

A. The Company proposes to increase all monthly minimum charges by the same proportion but to implement a "Market" rate for its Effluent customers. The proposed monthly minimum charges are as follows: Residential (all except RV spaces) $62.65, Commercial (all) $125.30, RV space $15.66. Effluent customers would have no monthly minimum and pay a "Market" rate between $.20 per thousand gallons and $1.00 per thousand gallons.

Q. What distinguishes Staff's recommended rate structures from the present and Company-proposed rate structures?

A. First, Staff disagrees with setting RV spaces at 25 percent of the single family rates. Based on design criteria from ADEQ, Staff believes that setting the RV space rate at 33 percent of the single family rate is more appropriate.

Second, Staff notes that the Company's proposal does not differentiate by water meter size for its commercial customers or otherwise consider the amount of water purchased by its

44 commercial customers. In order to evaluate the overall equity of the Company's proposed rate design, Staff informally requested information regarding the water purchases of these wastewater customers during the test year. Fortunately, all 44 accounts[1] are also water customers of Far West's Water Division and the information was available.

The Company's response indicated:

5/8" water meters	11
1" water meters	7
1 1/2" water meters	2
2" water meters	23
6" water meters	1

The one 6" water customer is Rancho Rialto Mobile Home Park which master meters its water purchases but each of the 271 residents pay their own wastewater bill separately. Thus, Rancho Rialto Mobile Home Park warrants consideration and treatment as a 5/8" customer, since its common use is limited.

Staff further analyzed the data and found very significant variations in the water purchases within each meter size and that some customers with smaller water meters actually purchased significantly more water than customers with larger meters. A summary of the annual water purchases by meter size is shown below:

[1] Some customers have more than one account, i.e. Comfort Inn and H&S Developers.

	Total Group	Minimum	Maximum	Average per customer
5/8" water meters	2,404,300	34,160	854,170	104,535
1" water meters	4,048,130	44,520	3,072,920	578,304
1 1/2" water meters	417,000	102,500	314,500	208,500
2" water meters	18,238,720	1,800	1,935,000	792,988
6" water meters	14,834,000	N/A	N/A	N/A

As indicated above, there are wide and overlapping variations in the consumption patterns. This indicates that it is inappropriate to charge the same rates for all meter sizes. Further, some of the above flows would compare with the typical residential customer that puts approximately 3,000 gallons per month, or 36,000 gallons per year into the wastewater system.

Based on the above information, Staff recommends the continued use of flat rates and the use of meter multipliers so that customers with larger water meters will pay higher wastewater rates.

Q. Please provide an overview of Staff's recommended rate design for the Company's Sewer Division?

A. Staff's recommended rates and charges are presented in Schedule GWB-1. Staff's recommended monthly minimum charges are as follows: Residential (all except RV spaces) $55.70 and RV space $18.57. For Commercial customers, sewer rates would be based on the size of the customer's water meter, 5/8 x 3/4-inch, $55.70; 3/4-inch, $86.58; 1-inch, $145.37; 1 1/2-inch, $287.49; 2-inch, $459.02; 3-inch, $891.14; 4-inch, $1,392.40; 6-inch excluding Rancho Rialto Mobile Home Park, $2,784.80; Rancho Rialto Mobile Home Park $55.70. The use of meter multipliers applied to commercial rates results in

commercial customers bearing approximately 3.05 percent of the revenue requirements. Staff recommends that the commodity rate for Effluent customers be increased by 10 cents to $1.10 per thousand gallons with no monthly minimum charge.

Staff further recommends that the rates be phased in with 50 percent of the increase becoming effective on the first day of the month after the Company achieves compliance with the conditions more fully described in Staff's revenue requirement testimony filed on February 13, 2013, with the remaining 50 percent becoming effective 6 months later.

Staff also recommends that the Company be required to prepare and include a Cost of Service Study in its next rate application so that the rate design including the appropriateness of including a volumetric component can be assessed more thoroughly.

Q. What is the rate impact on a residential customer?

A. A residential customer would experience a $40.90, or a 188.05 percent, increase from $21.75 to $62.65, under the Company's proposed rates and a $33.95, or a 156.09 percent, increase, from $21.75 to $55.70, under Staff's recommended rates at Phase 2. A typical bill analysis is provided in Schedule GWB-2.

Q. Does Staff have an alternative suggestion regarding the amount of revenues to be borne by the commercial customers?

A. Yes. Regarding the water purchases data above and excluding the water purchases for Rancho Rialto Mobile Home Park of 14,834,000 gallons, the total water purchases for commercial customers are 25,108,150 gallons. For purposes of this discussion, Staff is conservatively estimating that approximately 50 percent of water purchases, or 12,554,075 gallons, go into the wastewater system. Dividing 12,554,075 by total wastewater flows in

the test year of 275,467,000 gallons would suggest that 4.56 percent of the revenue requirement should be borne by the commercial customers. The large variations in volumes further suggest that the rate design should include both a fixed and volumetric component. Therefore, an alternative rate design would be to reduce the multipliers in Staff's rate design discussed above and include a volumetric component. For this alternative Staff's recommended monthly minimum charges are as follows: Residential (all except RV spaces) $54.84 and RV space $18.28. For Commercial customers, sewer rates would be based on the size of the customer's water meter, 5/8 x 3/4-inch, $54.84; 3/4-inch, $68.20; 1-inch, $114.50; 1 1/2-inch, $226.44; 2-inch, $361.56; 3-inch, $701.92; 4-inch, $1,096.75; 6-inch excluding Rancho Rialto Mobile Home Park, $2,139.49; Rancho Rialto Mobile Home Park $54.84. For commercial customers except Rancho Rialto Mobile Home Park, a commodity charge of $9.6331 per thousand gallons would apply to the excess of 50 percent of the water purchases over 3,000 gallons per month. Staff recommends that the commodity rate for Effluent customers still be $1.10 per thousand gallons with no monthly minimum charge.

Miscellaneous Charges

Q. Does Staff have any comments related to service charges?

A. Yes. Staff agrees with the Company's proposed Other Service Charges, with the following exceptions which includes recommendation of a Disconnection Fee for non-payment at cost.

Staff recommends the addition of a Service Charge (after hours) tariff in the amount of $35.00 and that this charge be in addition to the charge for any utility service provided after hours at the customer's request for the customer's convenience. Such a charge

compensates the utility for additional expenses incurred from providing after-hours service.

Staff also recommends adding a Disconnect and Reconnect charge at cost due to 700 customers receiving water service from the City of Yuma rather than Far West. The remaining 6,800 wastewater customers receive water service from Far West which allows Far West to disconnect water service when wastewater bills are unpaid. Staff recommends the actual cost of physical disconnection and reconnection (if same customer), when the wastewater customer is not a water customer of Far West.

Q. What does Staff recommend?

A. Staff recommends the approval of the Other Services Charges as shown on Schedule GWB-1. These charges reflect the Other Service Charges as proposed by the Company along with a Disconnection Fee for non-payment at cost for wastewater customers that are not water customers of Far West.

Q. Does this conclude your direct testimony?

A. Yes, it does.

RATE DESIGN

	Present Rates	Proposed Rates- Co.	Staff Recommended Rates
Monthly Usage Charge-			
Residential - All except RV	$21.75	$ 62.65	$ 55.70
RV Spaces	$5.44	$ 15.66	$ 18.57
Commercial - ALL	$43.50	$ 125.30	N/A
Commercial - 5/8"	N/A	N/A	$ 55.70
Commercial - 3/4"	N/A	N/A	$ 86.58
Commercial - 1"	N/A	N/A	$ 145.37
Commercial - 1 1/2"	N/A	N/A	$ 287.49
Commercial - 2"	N/A	N/A	$ 459.02
Commercial - 3"	N/A	N/A	$ 891.14
Commercial - 4"	N/A	N/A	$ 1,392.40
Commercial - 6", except Rancho Rialto	N/A	N/A	$ 2,784.80
Commercial - Rancho Rialto Only	N/A	N/A	$ 55.70
Commodity Charges			
Sale of Effluent, per thousand gallons	$1.00	"Market" rate, minimum $0.20 and maximum $1.00	$1.10
Service Charges			
Establishment	20.00	40.00	40.00
Reconnection (Delinquent)	20.00	30.00	30.00
Deposit (Residential)	2 times the average bill	2 times the average bill	Per Rule*
Deposit (Non-Residential)	2 1/2 times the average bill	2 1/2times the average bill	Per Rule**
Deposit Interest	6.00%	6.00%	Per Rule***
Re-Establishment (Within 12 Months)	Number of months off system times the monthly minimum	Number of months off system times the monthly minimum	Per Rule****
NSF Check	15.00	30.00	30.00
Deferred Payment, Per Month	1.5%	1.5%	1.5%
Late Payment, Per Month	1.5%	1.5%	1.5%
Disconnect and Reconnect (Delinquent)	N/A	N/A	Cost*****
After Hours Service Charge	N/A	N/A	35.00

* Per Commission Rules (R14-2-603.B.7.a.)
** Per Commission Rules (R14-2-603.B.7.b.)
*** Per Commission Rules (R14-2-603.B.3)
**** Months off system times the minimum (R14-2-603.D.1)
***** For Non-Far West water customers only

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 14-2-608(D)(5).

Far West Water Sewer., Inc., Sewer Division
Docket No. WS-03478A-12-0307
Test Year Ended December 31, 2011

Schedule GWB-2

RATE DESIGN

50 Percent Phased In

Typical Bill Analysis
General Service 5/8 x 3/4-Inch Meter

Company Proposed	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
All Residential (No phase in proposed by Company)	$ 21.75	$ 62.65	$ 40.90	188.05%
Staff Recommended				
All Residential	$ 21.75	$ 38.73	$ 16.98	78.07%

Completely Phased In

Typical Bill Analysis
General Service 5/8 x 3/4-Inch Meter

Company Proposed	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
All Residential	$ 21.75	$ 62.65	$ 40.90	188.05%
Staff Recommended				
All Residential	$ 21.75	$ 55.70	$ 33.95	156.09%

EXHIBIT
S-8
ADMITTED

BEFORE THE ARIZONA CORPORATION COMMISSION

BOB STUMP
Chairman
GARY PIERCE
Commissioner
BRENDA BURNS
Commissioner
BOB BURNS
Commissioner
SUSAN BITTER SMITH
Commissioner

IN THE MATTER OF THE APPLICATION OF FAR WEST WATER & SEWER, INC., AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS WASTEWATER RATES AND CHARGES BASED THEREON FOR UTILITY SERVICE	)	DOCKET NO. WS-03478A-12-0307

RATE DESIGN

SURREBUTTAL TESTIMONY

OF

GERALD BECKER

EXECUTIVE CONSULTANT

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

APRIL 3, 2013

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Typical Bill Analysis	GWB-2

ATTACHMENTS

Company Response to Staff GWB 11.1	ATTACHMENT 1
Company Response to Staff GWB 11.2.1	ATTACHMENT 2

EXECUTIVE SUMMARY
FAR WEST WATER & SEWER, INC.
DOCKET NO. WS-03478A-12-0307

The surrebuttal testimony of Gerald W. Becker addresses the rebuttal testimony filed by Far West Water and Sewer, Inc. ("Far West" or "Company"). Staff agrees with the Company that RV parks should have a rate equivalent to a ¾-inch commercial rate for the common area usages of those parks. Staff continues to recommend that the wastewater bills of commercial customers be based on the size of the customer's water meter.

Staff has updated its rate design to reflect the revenue requirements in its surrebuttal testimony and recommends approval of its rate design discussed herein.

Staff has also reviewed the ratemaking impacts of payments made by developers to Far West's affiliate, H&S Developers.

Staff has also reviewed the affiliate transactions and competitive bidding procedures used by the Company to effect major plant improvements.

Staff also makes a recommendation regarding the requirement that future MXA's be reviewed by Staff.

INTRODUCTION

Q. Please state your name, occupation, and business address.

A. My name is Gerald Becker. I am an Executive Consultant III employed by the Arizona Corporation Commission ("Commission") in the Utilities Division ("Staff"). My business address is 1200 West Washington Street, Phoenix, Arizona 85007.

Q. Are you the same Gerald Becker who previously submitted direct testimony regarding rate design in this case?

A. Yes, I am.

PURPOSE OF SURREBUTTAL TESTIMONY

Q. What is the purpose of your surrebuttal testimony in this proceeding?

A. The purpose of my surrebuttal testimony in this proceeding is to respond, on behalf of Staff, to the rebuttal testimony of Mr. Ray Jones, who represents Far West Water & Sewer, Inc. Sewer Division - ("Far West" or "Company").

Q. Do you attempt to address every issue raised by the Company in its rebuttal testimony?

A. No. I limit my discussion to certain issues as outlined below. My silence on any particular issue raised in the Company's rebuttal testimony does not indicate that Staff agrees with the Company's stated rebuttal position on the issue. I rely on my direct testimony unless modified by this surrebuttal testimony.

RATE DESIGN

Q. Has Staff modified its rate design since filing its direct testimony?

A. Yes. First, Staff has adjusted it recommended rates to support Staff's revised revenue requirement as shown on Surrebuttal Schedule GWB-1 filed as part of its revenue requirements testimony. Second, Staff recommends the establishment of an RV Park rate for service related to the common areas only of RV parks and the continued billing of individual RV's at an RV space rate. At present, there would be five RV parks to be billed at the RV park rate for its common area usage.[1] Those are the Schechert Family Aquatics and Fitness Center, Rancho Rialto, Adobe Village, Sun Village, and Sunset Palm. Third, Staff modifies the billing determinants for RV spaces to add the 48 RV spaces, as discussed by the Company's rebuttal testimony for the spaces in the Schechert Family Aquatics and Fitness Center. At present, the Schechert Family Aquatics and Fitness Center is billed as a 2 inch commercial customer only with no billing for the 48 RV spaces contained therein. Accordingly, the total RV spaces increase from 713 to 761 and the Schechert Family Aquatics and Fitness Center and Rancho Rialto[2] are transferred from the commercial group to the newly created RV Park rate. The Company also reports in its rebuttal testimony that three other RV parks (Adobe Village, Sun Village, and Sunset Palm) are presently billed as a residential account for its common area wastewater, in addition to the billings for RV spaces sent to the individual owners of those RV's.

In summary, Staff removed three customers from the residential group, in addition to two customers removed from the commercial group and treats them as RV Parks, for a total of five RV Parks billed at an RV Park rate for wastewater from its common areas only, and

[1] Some RV parks may contain homes, i.e. so-called Park Models that are larger than RV's and are billed at regular residential rates. Staff recommends continuation of this practice, subject to establishment of terms and condition to differentiate between the different types of homes that may exist in an RV community and to determine the appropriate billing rates.

[2] See Direct Testimony for additional discussion of Rancho Rialto.

761 individual RV owners would (continue to) pay the appropriate RV rate. Staff further recommends that the RV Parks rate be equal to the 3/4 inch commercial rate, as compared with its recommendation in its direct testimony to treat Rancho Rialto as a 5/8 inch commercial customer for the common area usage only.

Staff also notes that the change in the 48 RV spaces in the Schechert Family Aquatics and Fitness Center from the 2 inch commercial customer class to the RV space rates represents a test year adjustment to revenue of $3,133. Staff is not reflecting this adjustment in the attached schedules or elsewhere in its testimony because it is immaterial.

Q. Has Staff updated its recommended rate design to reflect its surrebuttal revenue requirement?

A. Yes. Staff's updated recommended rates are presented in the attached Schedules GWB-1 and GWB-2.

Q. Does your silence on any of the issues constitute your acceptance of their positions on such issues, matters or findings?

A. No. Staff limited its discussion to the specific issues outlined above. Staff's lack of response to any issue in this proceeding should not be construed as agreement with the Company's position in its rebuttal testimony; rather, where there is no response Staff relies on its original direct testimony.

FEES PAID BY DEVELOPERS TO H&S DEVELOPERS

Q. Did the Commission order Staff to determine whether H&S Developers collected any fees associated with obtaining utility service from Far West and to formulate a recommendation?

A. Yes. Decision No. 72594 stated:

IT IS FURTHER ORDERED that Staff shall, as part of Far West Water and Sewer, Inc.'s next rate case, investigate and formulate a recommendation about Far West Water and Sewer, Inc.'s affiliate transactions, including whether there were payments of fees by developers to H&S Developers, Inc. associated with obtaining utility service.[3]

Q. Did Staff determine whether there were payments of fees by developers to H&S Developers associated with obtaining utility service?

A. Yes.

Q. Did Staff investigate such payments to H&S Developers?

A. Yes. Staff issued data request 11.1 which sought information regarding fees paid by to H&S developers by other developers and the ratemaking impact of those payments. Staff reviewed the Company's response and believes that the Company provides adequate information and explanation to provide assurances that the ratepayers have not been harmed by this activity. See Attachment 1.

Q. How were these payments treated by Far West?

A. Based on information provided by the Company, payments by other developers are reflected in the value of plant contributed to Far West by H&S Developers with corresponding amounts recorded as Contributions in Aid of Construction ("CIAC").

[3] Decision No. 72594, 82 at 14-8.

Q. Does the Company's proposed treatment of payments harm the ratepayers?

A. No. Plant funded by CIAC does not increase rate bases or result in a net increase to depreciation and amortization expense. Thus, there is no impact on revenue requirements from plant funded by CIAC.

Q. What is Staff recommending?

A. Since this activity has no impact on ratepayers in this proceeding, Staff recommends that no further consideration of this issue is warranted as this time.

AFFILIATE TRANSACTIONS

Q. Did the Commission order Staff to investigate affiliate transactions between Far West and its affiliates?

A. Yes. Decision No. 72594 stated:

IT IS FURTHER ORDERED that Staff shall, as part of Far West Water and Sewer, Inc.'s next rate case, investigate the transactions between it and its affiliate(s), including H & S Developers, Inc. and formulate a recommendation about whether the transactions were arm's-length, whether there were written agreements supporting those transactions, and whether any advances have been treated appropriately for rate-making purposes.[4]

Q. Did Staff investigate affiliate transactions?

A. Yes.

Q. Did Staff determine whether the transaction were arms-length?

A. It was difficult to determine if the transactions between Far West and its affiliates were "arms-length" partly because Far West does not enter into written agreements with all of its affiliates.

[4] Decision No. 72594, 82 at 9-13.

As discussed in Staff's direct testimony, the only written agreements between Far West and its affiliates are for the lease of its office space with Southwest Land, LLC and its main extension agreements.

Q. What are some of the risks associated with affiliate transactions?

A. While affiliate transaction between a utility and its unregulated affiliate are not prohibited, these transactions merit more scrutiny to ensure that ratepayers are not harmed. A regulated entity has an obligation not to promote profitability for itself or another interested company in a transaction that may not be at arm's length to the detriment of its customers.

Q. Does Staff believe that non arms-length transactions have the potential to harm ratepayers?

A. Yes. However, Staff believes that the ratepayers were not harmed in this case.

Q. How did Staff determine that the ratepayers were not harmed by transactions with affiliates in this case?

A. Staff issued data request 11.2.1 seeking information regarding work performed by H&S Developers for its wastewater plant improvements and the degree to which the work had been subjected to competitive bidding procedures. Based on the Company's response to Staff data request 11.2.1 and Staff review of the supporting information included therein, the cost of the construction services provided by H&S Developers were reasonable. See also attachment 2.

Q. Did Staff determine whether major transactions with unaffiliated contractors were also subjected to competitive bidding procedures?

A. Yes. A review of the Company's response to Staff data request 11.2.1 also indicates that the work performed by unaffiliated parties was reasonable, as the Company also sought competitive bids on significant components of those plant improvements performed by unaffiliated parties.

Q. Does the Company have a formal written policy regarding competitive bidding procedures?

A. No, the Company states that it does not have a formal written policy regarding its competitive bidding procedures.

Q. What is Staff recommending?

A. Staff recommends that the Company formulate and adopt a formal written policy. This policy should address the specific steps that the Company will take that demonstrate that the transactions between the Company and its affiliates and related parties are arm's length, transparent and well documented. Further, the policies should develop a competitive bidding process and require that the Company be required to continue to maintain evidence of competitive biddings for all major construction projects. Staff further recommends that the Company submit such a policy for Staff's review within 60 days of a decision in this docket, as a Compliance item in this proceeding. Staff will assess the policy and its adequacy and file a report with Staff's findings and recommendations within 90 days of receipt.

Q. Were advances treated appropriately for ratemaking purposes?

A. Yes. Also discussed in Staff's direct testimony, Staff issued data request GB 2.2 and relies on the Company's detailed response to that data request to support Advances in Aid of Construction balance. Staff also determined that the Company has unpaid amounts due (advances) due under main extension agreements, as discussed in its direct testimony.

MAIN LINE EXTENSION AGREEMENTS ("MXA'S")

Q. Did Staff discuss MXA's in its direct testimony?

A. Yes. In Staff's direct testimony, Staff is concerned with unpaid amounts due under MXA's.

Q. Does Staff have any additional recommendations regarding MXA's?

A. Yes. Staff recommends that on prospective basis the Company submit wastewater MXA's for Staff review to determine the reasonableness of the associated plant. Far West should also indicate the level of any significant involvement by any related party.

Q. Does this conclude your direct testimony?

A. Yes, it does.

Far West Water Sewer., Inc., Sewer Division
Docket No. WS-03478A-12-0307
Test Year Ended December 31, 2011

Schedule GWB-1
Surrebuttal

RATE DESIGN

	Present Rates	Proposed Rates- Co.	Staff Recommended Rates
Monthly Usage Charge-			
Residential - All except RV	$21.75	$ 62.65	$ 54.93
RV Spaces	$5.44	$ 15.66	$ 18.31
Commercial - ALL	$43.50	$ 125.30	N/A
Commercial - 5/8"	N/A	N/A	$ 54.93
Commercial - 3/4"	N/A	N/A	$ 85.80
Commercial - 1"	N/A	N/A	$ 143.36
Commercial - 1 1/2"	N/A	N/A	$ 283.51
Commercial - 2"	N/A	N/A	$ 452.68
Commercial - 3"	N/A	N/A	$ 878.82
Commercial - 4"	N/A	N/A	$ 1,373.16
Commercial - 6", except Rancho Rialto	N/A	N/A	$ 2,746.32
RV Parks-Common Areas only	N/A	N/A	$ 85.80
Commodity Charges			
Sale of Effluent, per thousand gallons	$1.00	"Market" rate, minimum $0.20 and maximum $1.00	$1.10
Service Charges			
Establishment	20.00	40.00	40.00
Reconnection (Delinquent)	20.00	30.00	30.00
Deposit (Residential)	2 times the average bill	2 times the average bill	Per Rule*
Deposit (Non-Residential)	2 1/2 times the average bill	2 1/2times the average bill	Per Rule**
Deposit Interest	6.00%	6.00%	Per Rule***
Re-Establishment (Within 12 Months)	Number of months off system times the monthly minimum	Number of months off system times the monthly minimum	Per Rule****
NSF Check	15.00	30.00	30.00
Deferred Payment, Per Month	1.5%	1.5%	1.5%
Late Payment, Per Month	1.5%	1.5%	1.5%
Disconnect and Reconnect (Delinquent)	N/A	N/A	Cost*****
After Hours Service Charge	N/A	N/A	35.00

* Per Commission Rules (R14-2-603.B.7.a.)
** Per Commission Rules (R14-2-603.B.7.b.)
*** Per Commission Rules (R14-2-603.B.3)
**** Months off system times the minimum (R14-2-603.D.1)
***** For Non-Far West water customers only

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 14-2-608(D)(5).

RATE DESIGN

50 Percent Phased In

Typical Bill Analysis
General Service 5/8 x 3/4-Inch Meter

Company Proposed	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
All Residential (No phase in proposed by Company)	$ 21.75	$ 62.65	$ 40.90	188.05%
Staff Recommended				
All Residential	$ 21.75	$ 38.34	$ 16.59	76.28%

Completely Phased In

Typical Bill Analysis
General Service 5/8 x 3/4-Inch Meter

Company Proposed	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
All Residential	$ 21.75	$ 62.65	$ 40.90	188.05%
Staff Recommended				
All Residential	$ 21.75	$ 54.93	$ 33.18	152.55%

Far West Water & Sewer, Inc.
Docket No. WS-03478A-12-0307
Response to Staff's Eleventh Set of Data Requests

Response provided by: **Ray L. Jones**

Title: **Consultant**

Address: **25213 N. 49th Drive**
Phoenix, AZ 85083

Data Request Number: **GWB 11.1**

Q. **Fees paid to H&S by developers.**

1. Please provide a schedule of fees paid by developers to H&S Developers ("H&S") associated with obtaining utility service from Far West.

2. Please indicate the ratemaking implications of those payments and the impact in the current proceeding. Attach supporting schedules as necessary.

A.

1. In its capacity as master land developer, H&S Developers collected connection fees from land developer/homebuilders as reimbursement for costs of wastewater facilities that H&S had constructed to provide wastewater treatment plant and backbone collection system capacity for the lots/homes being developed. The table below summarizes the connection fees collected by H&S and provides a reference to an attached file with the H&S General Ledger Detail supporting the summary table.

Connection Fees Collected by H&S		Period:		
Project Description	Connection Fees Collected	From Fees Collected	To Fees Collected	Supporting Document
Palm Shadow s Service Area	$ 975,713	9/23/1999	11/22/2004	GWB 11.1 Palm Shadow s Connection Fees.pdf
Seasons Service Area	462,625	4/29/1999	1/19/2006	GWB 11.1 Seasons Connection Fees.pdf
Mesa Del Sol (Del Oro, Del Rey, Royale Servcie Area)	703,005	4/12/2002	1/19/2006	GWB 11.1 Mesa Del Sol Connection Fees.pdf
	$ 2,141,343			

2. The collection of connection fees by H&S Developers from land developer/homebuilders has no rate making implications and no impact on the current proceeding.

The fees are private transactions between H&S Developers and the individual land developer/homebuilders intended to reimburse costs expended by H&S Developers on behalf of the developer/homebuilder. This is a normal and routine

transaction between a master land developer and smaller land developer/homebuilders that is not unusual in the industry.

In each case, as master developer, H&S constructed the necessary treatment plant and backbone capacity needed by Far West to serve the lots being sold and developed by the developer/homebuilder. And in each case, the facilities constructed by H&S Developers were transferred to Far West with the cost of the facilities being recorded as a contribution in aid of construction or advance in aid of construction with respect to Far West. H&S has received no reimbursement or refunds for these facilities from Far West.

Since the costs of the facilities were either contributed or advanced to Far West by H&S Developers, Far West has no investment in the facilities and no rate base associated with the facilities. Accordingly, any reimbursement received by H&S Developers from third parties should be considered a private transaction between development entities related to development costs and cannot be considered relevant to Far West's ratemaking activities. The following table shows each project constructed by H&S Developers and the treatment of the cost on Far West's books.

Projects Constructed by H&S related to Collected Connection Fees

	Year Booked	Plant In Service Entry	
Seasons WWTP (Original Plant)	1999	$ 345,247	CIAC
Palm Shadow s WWTP (Original Plant)	1999	408,981	CIAC
Palm Shadows WWTP (Additions)	2000	6,864	CIAC
Palm Shadows WWTP (Additions)	2001	593,731	CIAC
Palm Shadows Trunk Line	1999	201,388	AIAC (No Refunds)
Del Rey WWTP (Original Plant Acquisition)	2001	65,000	CIAC
Royale WWTP (Original Plant Acquisition)	2001	65,000	CIAC
Del Oro WWTP (Original Plant Acquisition)	2001	52,000	CIAC
Del Oro WWTP (Upgrade)	2004	333,471	CIAC
		$ 2,071,682	

Far West Water & Sewer, Inc.
Docket No. WS-03478A-12-0307
Response to Staff's Eleventh Set of Data Requests

Response provided by: **Ray L. Jones**

Title: **Consultant**

Address: **25213 N. 49th Drive**
Phoenix, AZ 85083

Data Request Number: **GWB 11.2.1**

Q: As a follow up to your response to Staff data request GB 2.1, please provide a schedule showing the amount paid and/or owed by Far West to H&S and reflected in the test year amounts. For those items in Utility Plant in Service, please provide a schedule showing the amounts paid or owed to H&S by WWTP. Please indicate whether the work performed by H&S had been subject to competitive bidding procedures and attach those bids and/or provide reference to your response to RUCO 2.8 and/or other data requests. For work perfom1ed by H&S but not subject to competitive bidding procedures, please describe the work, amounts paid, provide the reasons that the cost of such work is not excessive. Attach supporting schedules or other documentation as necessary. For payments made or amounts owed to H&S and charged to expense during the test year, please provide a schedule of those amounts or reference if already provided and the reasons that those amounts are priced fairly.

A. Attached schedule GWB 11.2 UPIS by WWTP.pdf provides a summary of amounts charged to Utility Plant in Service by WWTP. The upper portion of the schedule provides an overall summary of costs by contractor or supplier for each of the WWTP projects. The lower portion of the schedule provides detail of amounts paid to H&S by type of work performed for each of the WWTP projects.

H&S provided bids on the Del Oro project and was low bidder for the control building and site preparation (Site Grading, Excavation, Staking). Coriolis sent the request for bids for the building to H&S Developers, Inc., WJ Anderson Construction and MJL Construction. WJ Anderson Construction did not return a bid and MJL Construction's bid was higher than the H&S bid. H&S Developers originally bid on March 27, 2008 under the name of Concept Homes of Yuma, LLC, an entity wholly owned by H&S Developers. That bid was replaced with a bid from H&S Developers, Inc. (Commercial Construction Division) on April 18, 2008 in the same amount. See RUCO 2.8 Del Oro.PDF provided in response to RUCO DR 2.8 for the bid summary showing the H&S Developer bid amounts. The H&S bid for the building is attached as file GWB 11.2 ControlBuildingDelOro.PDF.

H&S Developers did not bid on the construction support, pit material or other categories of work for the Del Oro project. As shown on GWB 11.2 UPIS by WWTP.pdf, these portions of the project are less than 0.2% of the project cost for the Del Oro project and

were more efficiently provided by H&S Developers rather than through a bidding process. H&S Developers had the necessary expertise to provide these ancillary services. The costs for these services are reasonable and not excessive for the work performed.

As indicated in the attached September 16, 2009 email communication from Coriolis (a/k/a Universal Asset Management, LLC), Far West's contract construction manager, competitive bids were not taken for the Section 14 project (See GWB 11.2 Coriolis Email.pdf). Coriolis explained the decision as follows:

> Bids on significant equipment, mechanical, electrical and building construction were solicited from contractors and vendors on Del Oro. Del Oro was used as a test case so that reasonable pricing was being obtained for execution of this work. The bids approved for Del Oro were then used to negotiate contracts with the same vendors and contractors for Section 14. This was done in order to have consistency between construction techniques between the contractors.

As with other low competitive bidders on the Del Oro project, H&S was asked to submit a bid proposal for the the same work on the Section 14 WWTP. H&S submitted a bid for the Section 14 WWTP on July 30, 2008. The bid was accepted and H&S was selected to perform the work for the Section 14 WWTP. See PO Sect 14 buildings.pdf provided as part of the response to GWB11.2.3 for the H&S bid.

Far West believes that the method of requested bid proposals and negotiating contracts for the Section 14 WWTP with the low bidders for the Del Oro project was reasonable approach to constructing the Section 14 WWTP. As noted by Coriolis, that method insured consistency between construction techniques and consistency between the plants. Since the work performed by H&S was based on a bid consistent with its low bid for the Del Oro WWTP and subject to negotiation with the construction manager, it represents a fair price for the work performed and is not excessive.

As with the Del Oro project, H&S Developers did not bid on the landscaping, construction support, pit material or other categories of work for the Del Oro project. As shown on GWB 11.2 UPIS by WWTP.pdf, these portions of the project are less than 1.0% of the project cost for the Section 14 project and were more efficiently provided by H&S Developers rather than through a competitive bidding process. The costs for these minor services are reasonable and not excessive for the work performed.

As noted in the Coriolis email, the Palm Shadows project was performed by H&S Developers on a negotiated time and material basis and, as such, was not subject to a competitive bidding process. However, as noted by Coriolis, pricing was obtained from other vendors in the area in order to ensure that the pricing negotiated was reasonable. Those comparative prices were provided in response to RUCO DR 2.8 as file RUCO 2.8 Palm Shadows.PDF.

The total paid to H&S Developers for the Palm Shadows Force Main was $1,293,851 including purchase of materials. The total paid to H&S Developers for the Palm Shadows Lift Station was $218,000, including piping materials. Both amounts are less than the reference bids provided in response to RUCO DR 2.8 as file RUCO 2.8 Palm Shadows.PDF, indicating that the costs are reasonable. The cost per foot paid to H&S Developers for the approximately 5 mile long force main is approximately $49.00 per lineal foot of force main. This is a very reasonable unit cost for a 12" diameter pipeline installed through a developed community. The amounts paid to H&S Developers for the Palm Shadows Force Main and Lift Station are reasonable for the work performed and are not excessive.

See attached schedule, GWB 11.2 H&S Expenses.pdf for payments made or amounts owed to H&S during the test year that were charged to expense. As noted, $29,918 was paid to the Foothills Mini Mart for fuel purchased at standard retail prices. Purchasing fuel at posted retail pricing available to the general public is reasonable and represents a fair price for fuel. Hank's Market was paid $17.00 for safety supplies at standard retail rates. This purchase is reasonable and represents a fair price for the materials. Lastly, H&S Developers was reimbursed $289 for the actual cost of postage and shipping charges paid by H&S on behalf of Far West. Reimbursing postage and shipping costs incurred on behalf of Far West at actual cost is reasonable and fair.

EXHIBIT
S-9
ADMITTED

RECEIVED

MEMORANDUM

TO: Docket Control Center

RECEIVED 2013 APR 15 P 3:43

FROM: Steven M. Olea
Director
Utilities Division

APR 15 2013 AZ CORP COMMISSION DOCKET CONTROL

AZ CORP COMM
Director - Utilities

DATE: April 15, 2013

RE: FAR WEST WATER & SEWER, INC. (DOCKET NO. WS-03478A-12-0307)

On March 28, 2013, Commissioner Susan Bitter-Smith docketed a letter stating,

> "I would find it helpful if Staff and the other parties to this matter could provide additional details and analyses of facts relating to the conduct of the management of the Company, and the processes for the appointment of an interim manager, together with recommendations regarding the advisability or inadvisability of the appointment of an interim manager for Far West at this time."

This memo is to supplement Staff's previous filings with additional information for Commission consideration. For the reasons set forth herein, Staff continues to recommend that the appointment of an interim manager is not warranted at this time but recommends that the opportunity be reserved for future consideration.

In its Direct Testimony filed in this proceeding, Staff describes its concerns regarding Far West Water & Inc. ("Far West" or "Company") and its conduct such as not being current on paying its obligations bills including its property taxes and monies due under main extension agreements, its practice of not collecting all monies due from related parties, and the need to reach a new Consent Agreement with Arizona Department of Environmental Quality ("ADEQ"), as discussed more fully below.

However, Far West has made significant improvements in its operations that have a direct impact on the health and safety of its ratepayers along with significant reductions to the odor problems, and these improvements are a contributing factor for Staff's recommendation not to appoint an interim manager at this time. The improvements to date are listed below.

Section 14 WWTP

Far West has completed the Section 14 WWTP Phase I Expansion by using Membrane Bio Reactor technology to produce Class A+ Reclaimed Water. Currently, the Section 14 wastewater treatment plant ("WWTP") is permitted to treat 0.681 Million Gallons per Day. Effluent is used for irrigation of the Las Barrancas Golf Course.

Del Oro WWTP

Del Oro WWTP Phase I Expansion has been completed, and the capacity increased from 0.15 to 0.30 Million Gallons per Day. Membrane Bio Reactor technology is used to produce Class A+ Reclaimed Water. Effluent is used for irrigation of the Mesa Del Sol Golf Course.

Palm Shadows WWTP

Palm Shadows WWTP was designed to treat 0.20 Million Gallons per Day, but typically receives flows of approximately 0.26 Million Gallons per Day in the winter. The treatment plant has a history of exceeding its Aquifer Protection Permit Discharge Limits of 10 mg/l for Total Nitrogen and poor percolation at the effluent ponds has contributed to septic odors in nearby residential areas. Far West has upgraded the Palm Shadows Collection System to deliver raw sewage from the Palm Shadows service area to the expanded Section 14 WWTP for treatment and disposal.

ADEQ COMPLIANCE

In October 2012, ADEQ issued Compliance Status Reports regarding Far West's WWTPs. ADEQ reported that while not in compliance with the Consent Judgment CV2008-021676 ("CJ"), ADEQ is encouraged by the progress that Far West has made. ADEQ is currently amending the CJ to provide future dates for Far West to complete the remaining tasks required by the CJ. ADEQ anticipates that an amended CJ will be effective by June 2013.

The Process to Appoint an Interim Manager

The process for the appointment of an interim manager typically starts with the filing by Staff of a complaint, petition for an order for interim relief. Staff typically initiates such a petition when Staff has determined that there is a serious potential for harm to the public. Staff's petition is supported by affidavits. These affidavits usually state there is a clear and present danger to the public health and safety requiring the appointment of an interim manager to ensure that the public is protected. The Commission, at an Open Meeting, then hears Staff's petition. If the Commission determines that Staff's petition merits action, the Commission issues an order, granting Staff's petition and allowing Staff to enter into an agreement for an interim manager. The appointment of an interim manager is considered extraordinary relief by the Commission, ordered when no other options exist. The appointment of an interim manager is intended to be a temporary measure used to ensure safe and reasonable service.

For example, *In the Matter of Hacienda Acres Water Company*, Staff filed a complaint and was granted the authority to appoint an interim manager because of Hacienda's numerous violations of Commission orders, failure to provide water during curtailment and threats to discontinue water service.[1]

SMO:GWB:tdp\WVC

Originator: Gerald Becker, Jian Liu

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[1] Docket No. 07-0470.

Service List for: FAR WEST WATER & SEWER, INC.
Docket No. DOCKET NO. WS-03478A-12-0307

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Rodney Taylor
Kim Taylor
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Seth Davis
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Jerry S. Durden
12789 E. 46th St.
Yuma, AZ 85367

EXHIBIT
S-10
ADMITTED

Staff Rate Increase Conditions--Additional Condition

10. Staff does not recommend the appointment of an interim manager at this time because while the Company has made significant progress, some improvements remain. Staff believes that if the Company fails to satisfy the rate increase conditions set forth in Exhibit A-8, Staff is requesting the authorization, in this case, to appoint an interim manager.

Far West Water & Sewer, Inc.
Docket No. WS-03478A-12-0307
Response to Staff's First Set of Data Requests

EXHIBIT
S-11
ADMITTED

Response provided by: **Ray L. Jones**

Title: **Consultant**

Address: **25213 N. 49th Drive**
Phoenix, Arizona 85083

Data Request Number: **GB – 1.6**

Q: Schedule B-5, page 2 - Computation of Cash Working Capital. Please explain the reasons that interest expense was not included in the computation. Please also provide the estimated amounts and associated lead lag days for all interest expense payments for debtors indicated on Schedule D-2, page 1.

A. The Company believes that cash working capital should include only capital that is not otherwise included in rate base and is necessary to fund operating expenses incurred in the provision of service to customers. Since payment of interest expense is related to the provision of capital included in rate base, not the provision of service to customers, it is not considered an operating expense and should not be included in the computation of cash working capital.

Furthermore, including interest expense in the cash working capital computation would be inconsistent with the determination of the Company's revenue requirement. Since interest expense is not an operating expense, it is not included in the calculation of the Company's revenue requirement. Rather interest rates and overall levels of debt and equity are used to determine a weighted average cost of capital which is applied to the rate base to determine the level of operating income allowed after payment of operating expenses. The equity return included in the weighted average cost of capital is a market driven rate that integrates numerous factors including the lag associated with interest expense. Including interest expense in the computation of cash working capital would create an unnecessary secondary assessment of interest expense lag and create an unbalanced working capital analysis that unfairly ignores lag associated with equity returns.

Lastly, debt is often used to fund items that are not included in rate base or allowed in operating expenses. This is why interest expense is not directly included in the revenue requirement and another reason why it should not be considered in the cash working capital computation. Some typical uses of debt for items not included in rate base or allowed expenses include funding construction work in progress, funding plant determined to be not used and useful (excess capacity), funding nonutility plant, and funding short-term cash flow demands. If interest expense lag is included in cash working capital computation, to maintain consistency, adjustments would need to be made to accommodate all uses of debt (and related interest expense) that are not included

GB 1.6 (Continued)

in rates or allowable expenses. The needed adjustments would be difficult to quantify and are unnecessary if interest expense is properly excluded from the cash working capital computation.

In summary, excluding interest from the cash working capital computation is consistent with traditional definitions of cash working capital, maintains consistency with determination of the company's revenue requirement and avoids adjustments needed for interest expense applicable to items not included in the revenue requirement.

Estimated Interest and Lag Days

IDA Series 2007A – Interest is paid semi-annually on the first day of the month following the period end. During the test year, $628,588.80 in interest was paid on 6-1-2011 and $628,588.80 in interest was paid on 12-1-2012.

Zenon / Liberation Capital – Interest is paid quarterly on the last day of the period end. During the test year, $68,768.39 in interest was paid on 9-30-2011 and $64,168.39 in interest was paid on 12-29-2011.

Hardknocks Ltd. – No interest due or paid.

Scott Spencer – Interest was paid in the amount of 28,639.56 on 12-9-11 for the period 9-29-2010 through 11-30-2011.

Harry Elliott – No interest due or paid.

Gallager & Kennedy – No interest due or paid during test year.

Scherchert Trust – Principal and interest payments are made as funds are available. See file GB 1.6 Schechert Trust Amortization.pdf for an amortization schedule showing payments dates and interest amounts.

Attachment GB-1.6

Payor: Far West Water & Sewer, Inc.
Payee: Schechert Trust

Interest Rate = 10.00%

Date	Days	Ck#	Payment	Interest	Carry Forward	Additional Advance	Interest Paid	Accrued Interest	Principal	Balance
4/29/2011			Beginning Balance							$ 150,000.00
5/3/2011	4		$ -	$ 164.38	$ 164.38	$ 239,879.00	$ -	$ 164.38	$ 239,879.00	389,879.00
5/3/2011	0			-	164.38	129,865.50		164.38	129,865.50	519,744.50
5/3/2011	0			-	164.38	100,000.00		164.38	100,000.00	619,744.50
5/4/2011	1			169.79	334.18	250,000.00		334.18	250,000.00	869,744.50
5/20/2011	16			3,812.58	4,146.76	100,000.00		4,146.76	100,000.00	969,744.50
5/25/2011	5	3454	18,936.07	1,328.42	5,475.17	-	5,475.17	-	(13,460.90)	956,283.60
6/8/2011	14			3,667.94	3,667.94	250,000.00		3,667.94	250,000.00	1,206,283.60
6/16/2011	8			2,643.91	6,311.85	100,000.00		6,311.85	100,000.00	1,306,283.60
6/21/2011	5			1,789.43	8,101.28	68,000.00		8,101.28	68,000.00	1,374,283.60
6/27/2011	6	3470	18,333.33	2,259.10	10,360.37	-	10,360.37	-	(7,972.96)	1,366,310.64
6/28/2011	1			374.33	374.33	100,000.00		374.33	100,000.00	1,466,310.64
7/11/2011	13		68,000.00	5,222.48	5,596.81	-	5,596.81	-	(62,403.19)	1,403,907.45
7/22/2011	11			4,230.95	4,230.95	25,000.00		4,230.95	25,000.00	1,428,907.45
7/27/2011	5			1,957.41	6,188.36	75,000.00		6,188.36	75,000.00	1,503,907.45
7/28/2011	1	3485	18,333.33	412.03	6,600.39	-	6,600.39	-	(11,732.94)	1,492,174.51
7/29/2011	1		-	408.81	408.81	25,000.00		408.81	25,000.00	1,517,174.51
8/2/2011	4		-	1,662.66	2,071.47	125,000.00		2,071.47	125,000.00	1,642,174.51
8/18/2011	16		12,500.00	7,198.57	9,270.05	-	9,270.05	-	(3,229.95)	1,638,944.56
8/19/2011	1		7,500.00	449.03	449.03	-	449.03	-	(7,050.97)	1,631,893.58
8/22/2011	3		20,000.00	1,341.28	1,341.28	-	1,341.28	-	(18,658.72)	1,613,234.87
8/23/2011	1		10,000.00	441.98	441.98	-	441.98	-	(9,558.02)	1,603,676.85
8/24/2011	1		20,000.00	439.36	439.36	-	439.36	-	(19,560.64)	1,584,116.21
8/24/2011	0		5,000.00	-	-	-	-	-	(5,000.00)	1,579,116.21
8/26/2011	2		7,000.00	865.27	865.27	-	865.27	-	(6,134.73)	1,572,981.48
8/31/2011	5	3500	18,333.33	2,154.77	2,154.77	-	2,154.77	-	(16,178.56)	1,556,802.92
9/6/2011	6		32,000.00	2,559.13	2,559.13	-	2,559.13	-	(29,440.87)	1,527,362.05
9/7/2011	1		7,000.00	418.46	418.46	-	418.46	-	(6,581.54)	1,520,780.50
9/19/2011	12		20,000.00	4,999.83	4,999.83	-	4,999.83	-	(15,000.17)	1,505,780.33
9/19/2011	0		20,000.00	-	-	-	-	-	(20,000.00)	1,485,780.33
9/21/2011	2		-	814.13	814.13	5,000.00		814.13	5,000.00	1,490,780.33
9/21/2011	0		-	-	814.13	2,000.00		814.13	2,000.00	1,492,780.33
9/21/2011	0		-	-	814.13	20,000.00		814.13	20,000.00	1,512,780.33
9/22/2011	1		-	414.46	1,228.59	2,000.00		1,228.59	2,000.00	1,514,780.33

Payor: Far West Water & Sewer, Inc.
Payee: Schechert Trust

Interest Rate = 10.00%

Date	Days	Ck#	Payment	Interest	Carry Forward	Additional Advance	Interest Paid	Accrued Interest	Principal	Balance
9/22/2011	0		20,000.00	-	1,228.59	-	1,228.59	-	(18,771.41)	1,496,008.92
9/22/2011	0		2,000.00	-	-	-		-	(2,000.00)	1,494,008.92
9/22/2011	0		5,000.00	-	-	-		-	(5,000.00)	1,489,008.92
9/23/2011	1			407.95	407.95	-		407.95	-	1,489,008.92
9/26/2011	3		12,000.00	1,223.84	1,631.79	-	1,631.79	-	(10,368.21)	1,478,640.71
9/26/2011	0		7,500.00	-	-	-		-	(7,500.00)	1,471,140.71
9/26/2011	0		2,000.00	-	-	-		-	(2,000.00)	1,469,140.71
9/29/2011	3		20,000.00	1,207.51	1,207.51	-	1,207.51	-	(18,792.49)	1,450,348.22
9/30/2011	1	3526	18,333.33	397.36	397.36	-	397.36	-	(17,935.97)	1,432,412.25
10/3/2011	3		40,000.00	1,177.33	1,177.33	-	1,177.33	-	(38,822.67)	1,393,589.57
10/4/2011	1		-	381.81	381.81	10,000.00		381.81	10,000.00	1,403,589.57
10/4/2011	0		-	-	381.81	25,000.00		381.81	25,000.00	1,428,589.57
10/5/2011	1		40,000.00	391.39	773.20	-	773.20	-	(39,226.80)	1,389,362.77
10/5/2011	0		-	-	-	25,000.00		-	25,000.00	1,414,362.77
10/6/2011	1		-	387.50	387.50	25,000.00		387.50	25,000.00	1,439,362.77
10/6/2011	0		25,000.00	-	387.50	-	387.50	-	(24,612.50)	1,414,750.27
10/7/2011	1		35,000.00	387.60	387.60	-	387.60	-	(34,612.40)	1,380,137.87
10/18/2011	11		-	4,159.32	4,159.32	50,000.00		4,159.32	50,000.00	1,430,137.87
10/19/2011	1		50,000.00	391.82	4,551.14	-	4,551.14	-	(45,448.86)	1,384,689.01
10/20/2011	1		-	379.37	379.37	50,000.00		379.37	50,000.00	1,434,689.01
10/21/2011	1		50,000.00	393.07	772.43	-	772.43	-	(49,227.57)	1,385,461.44
10/24/2011	3		-	1,138.74	1,138.74	50,000.00		1,138.74	50,000.00	1,435,461.44
10/25/2011	1		50,000.00	393.28	1,532.01	-	1,532.01	-	(48,467.99)	1,386,993.45
10/26/2011	1		50,000.00	380.00	380.00	-	380.00	-	(49,620.00)	1,337,373.45
10/27/2011	1		-	366.40	366.40	45,000.00		366.40	45,000.00	1,382,373.45
10/28/2011	1		45,000.00	378.73	745.14	-	745.14	-	(44,254.86)	1,338,118.59
11/1/2011	4	3560	18,333.33	1,466.43	1,466.43	-	1,466.43	-	(16,866.90)	1,321,251.69
11/2/2011	1		-	361.99	361.99	35,000.00		361.99	35,000.00	1,356,251.69
11/2/2011	0		35,000.00	-	361.99	-	361.99	-	(34,638.01)	1,321,613.68
11/4/2011	2		-	724.17	724.17	40,000.00		724.17	40,000.00	1,361,613.68
11/4/2011	0		-	-	724.17	65,000.00		724.17	65,000.00	1,426,613.68
11/4/2011	0		40,000.00	-	724.17	-	724.17	-	(39,275.83)	1,387,337.85
11/4/2011	0		35,000.00	-	-	-	-	-	(35,000.00)	1,352,337.85
11/7/2011	3		-	1,111.51	1,111.51	50,000.00		1,111.51	50,000.00	1,402,337.85

Payor: Far West Water & Sewer, Inc.
Payee: Schechert Trust

Interest Rate = 10.00%

Date	Days	Ck#	Payment	Interest	Carry Forward	Additional Advance	Interest Paid	Accrued Interest	Principal	Balance
11/8/2011	1		-	384.20	1,495.71	50,000.00		1,495.71	50,000.00	1,452,337.85
11/8/2011	0		50,000.00	-	1,495.71	-	1,495.71	-	(48,504.29)	1,403,833.56
11/8/2011	0		65,000.00	-	-	-		-	(65,000.00)	1,338,833.56
11/9/2011	1		50,000.00	366.80	366.80	-	366.80	-	(49,633.20)	1,289,200.36
11/10/2011	1		-	353.21	353.21	50,000.00		353.21	50,000.00	1,339,200.36
11/14/2011	4		50,000.00	1,467.62	1,820.82	-	1,820.82	-	(48,179.18)	1,291,021.19
11/17/2011	3		-	1,061.11	1,061.11	65,000.00		1,061.11	65,000.00	1,356,021.19
11/18/2011	1		-	371.51	1,432.63	50,000.00		1,432.63	50,000.00	1,406,021.19
11/18/2011	0		-	-	1,432.63	25,500.00		1,432.63	25,500.00	1,431,521.19
11/21/2011	3		25,500.00	1,176.59	2,609.22	-	2,609.22	-	(22,890.78)	1,408,630.41
11/21/2011	0		50,000.00	-	-	-		-	(50,000.00)	1,358,630.41
11/22/2011	1		-	372.23	372.23	40,000.00		372.23	40,000.00	1,398,630.41
11/22/2011	0		65,000.00	-	372.23	-	372.23	-	(64,627.77)	1,334,002.63
11/23/2011	1		-	365.48	365.48	15,000.00		365.48	15,000.00	1,349,002.63
11/23/2011	0		40,000.00	-	365.48	-	365.48	-	(39,634.52)	1,309,368.11
11/25/2011	2		-	717.46	717.46	40,000.00		717.46	40,000.00	1,349,368.11
11/25/2011	0		15,000.00	-	717.46	-	717.46	-	(14,282.54)	1,335,085.58
11/28/2011	3		40,000.00	1,097.33	1,097.33	-	1,097.33	-	(38,902.67)	1,296,182.91
11/29/2011	1		1,500.00	355.12	355.12	35,000.00	355.12	-	33,855.12	1,330,038.02
12/1/2011	2	39017	18,333.33	728.79	728.79	-	728.79	-	(17,604.54)	1,312,433.48
12/21/2011	20		-	7,191.42	7,191.42	220,000.00		7,191.42	220,000.00	1,532,433.48
12/23/2011	2		-	839.69	8,031.11	50,000.00		8,031.11	50,000.00	1,582,433.48
12/27/2011	4		-	1,734.17	9,765.28	50,000.00		9,765.28	50,000.00	1,632,433.48
12/31/2011	4		558,487.78	1,788.97	11,554.25		11,554.25	-	(546,933.53)	1,085,499.95
			$ 1,931,923.83			$ 2,927,244.50	$ 90,179.28			$ 1,085,499.95

EXHIBIT
R-2
ADMITTED

ADEQ
Arizona Department of Environmental Quality

DISCHARGE AUTHORIZATION
FOR A SEWAGE COLLECTION SYSTEM
TYPE 4.01 GENERAL PERMIT

Permittee Information:		County:	Yuma
Name	Far West Water and Sewer Inc.	ADEQ File No.	20061202
Address	13157 East 44th Street Yuma, AZ 85367	Project Name:	Palm Shadows Pump Station and 44th Street Forcemain
		LTF #:	52962

Project Type(s)

- ☐ Gravity
- ☒ Lift Station
- ☒ Force Main
- ☐ Other:

Project Location:
The Palm Shadows Pump Station is located on the East of Avenue 9-1/2 E and north of 40th Street in the Yuma Foothills, on the west end of the Far West Service Area.

Project Description:
Installed Installation of approximately 25,800 linear-feet of 12-inch PVC C-900 force main, 700 linear-feet of 12-inch DIP force main, 200 linear-feet of 14-inch HDPE force main, 1lift station, and related appurtenances.

Design Documents Approved for Construction

Document	Date
Engineer's Certificate of Completion	10/28/10
Deflection Tests	N/A
Uniform Slope Tests	N/A
Leakage Tests	07/21/11
As-built Plans	10/27/11
Generator Tests	12/15/11
Manhole Tests	N/A

WWTP Name:	Section 14 WWTP	Treatment Facility Permitted Design Flow:	1.3 MGD
APP Number	105014	System Capacity Affirmation, Date:	07/28/10
Sewage Collection System Capacity Affirmation Date:	07/28/10		

Location of Downstream End of System Proposed Herein:

Township	18N	Range	22W	Section	03	¼	¼	¼	
Latitude	34 °	58 '	00 "	N					
Longitude	114 °	36 '	00 "	W					

Description of Area Served by Project:

The applicant constructed the Plan Shadows lift station but did not construction lift station #16 in the approved construction plans.

Discharge Authorization: This Discharge Authorization is issued in accordance with Arizona Administrative Code Title 18, Chapter 9, Article 3, Part A, Section A301. The permittee is authorized to discharge from the facility at the location specified herein under terms and conditions of the general permit and applicable requirements of Arizona Revised Statutes Title 49, Chapter 2, and Arizona Administrative Code Title 18, Chapter 9.

Tanveer Faiz, P.E.	Environmental Engineer, WQD Groundwater Section	12/15/2011
	Title	Date

Reviewer: RDR
ERP: 11-0427

EXHIBIT
R-3
ADMITTED

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

WS-03478A
Far West Water & Sewer, Inc.
13157 E. 44th Street
Yuma, AZ. 85367

RECEIVED
JUL 06 2012
AZ CORP COMM
Director - Utilities

ANNUAL REPORT
Water & Sewer

FOR YEAR ENDING

12	31	2011

FOR COMMISSION USE

ANN 04	11

7-9-12

COMPANY NAME: Far West Water & Sewer, Inc.	
Name of System:	**Wastewater Inventory Number (if applicable):** 44-004

WASTEWATER FLOWS

MONTH/YEAR (Most Recent 12 Months)	NUMBER OF SERVICES	TOTAL MONTHLY SEWAGE FLOW	SEWAGE FLOW ON PEAK DAY
January	7,498	See Attachment J	See Attachment K
February	7,624		
March	7,727		
April	7,737		
May	6,955		
June	6,732		
July	6,694		
August	6,636		
September	6,662		
October	6,691		
November	6,967		
December	7,463		

PROVIDE THE FOLLOWING INFORMATION AS APPLICABLE PER WASTEWATER SYSTEM

Method of Effluent Disposal (leach field, surface water discharge, reuse, injection wells, groundwater recharge, evaporation ponds, etc.)	Reuse 72% Percolation 28%
Groundwater Permit Number	N\A
ADEQ Aquifer Protection Permit Number	See Attachment I.
ADEQ Reuse Permit Number	See Attachment I.
EPA NPDES Permit Number	N\A

Note: Ifyou are filing for more than one system, please provide separate sheets for each system.

RECEIVED

MAY 0 1 2012

AZ CORP COMM
Director - Utilities

VERIFICATION
AND
SWORN STATEMENT (SEWER)
Intrastate Revenues Only

VERIFICATION

STATE OF AZ

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	Yuma
NAME (OWNER OR OFFICIAL) TITLE	Andrew Capestro, Legal Counsel
COMPANY NAME	Far West Water & Sewer, Inc.

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2011

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2011 WAS:

Arizona Intrastate Gross Operating Revenues Only ($)
$ 2,239,713

(THE AMOUNT IN BOX ABOVE INCLUDES $ -0- IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

SIGNATURE OF OWNER OR OFFICIAL

928-342-3344
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 30th **DAY OF**

COUNTY NAME Yuma	
MONTH April	2012

(SEAL)

YVETTE C. HENDERSHOT
Notary Public - State of Arizona
Yuma County
My Commission Expires
December 18, 2015

MY COMMISSION EXPIRES 12/18/15

SIGNATURE OF NOTARY PUBLIC

Far West Water & Sewer, Inc.
Wastewater Division
Inventory Number 44-004
Wastewater Plant Design Capacities
2011
Attachment E

WWTP	TREATMENT TYPE	DESIGN CAPACITY
Marwood 14000 E. 56th St.	SBR	340,000 GPD
Section 14 12651 Avenue 14E	MBR	1,300,000 GPD
MDS - Villa Royale 12342 E. Del Rico	Ext. Aeration	10,000 GPD
MDS - Del Oro 11717 Omega Lane	MBR	495,000 GPD
MDS - Del Rey 12342 E. Del Rico	Ext. Aeration	37,500 GPD
Seasons 10301 County 10th St.	SBR	150,000 GPD

Far West Water & Sewer, Inc.
Wastewater Division
Inventory Number 44-004
Wastewater Structures
2011
Attachment G

Facility	Structures
Marwood WWTP (Far West Sewer WWTP) 14000 E. 56th Street	Wood Frame, Stucco, Comp Roof 672 Sq. Ft. Bldg, 6 Ft. Block Wall / Chain Link Fence Wood Frame, Stucco, Metal Roof 14,100 Sq. Ft. Building .34 MGD C.L.E.A.R. WWTP
Section 14 WWTP 12651 S. Ave. 14E	Wood Frame, Stucco, Comp Roof 3,360 Sq. Ft. Control Building 936 Sq. Ft. Lab Building 1,800 Sq. Ft. Screening, Sludge Building 480 Sq. Ft. Aeration Blower Shade Structure 10' x 32' Fiberglass Lift Station 1.3 MGD MBR WWTP Surrounded with 8 Ft. Block Wall
MDS - Del Oro WWTP 11717 Omega Lane	Wood Frame, Stucco, Comp Roof 2,160 Sq. Ft. Control Building 800 Sq. Ft. Lab Building 517 Sq. Ft. Zenon Mobile Temp Plant Metal Building 10 x 18 Fiberglass Lift Station .495 MGD MBR WWTP Surrounded with 6 Ft. Block Wall
Seasons WWTP 10301 Co. 10th St.	Wood Frame, Stucco, Comp Roof 980 Sq. Ft. Bldg, 6 Ft. Block Wall 10' x 30' Fiberglass Lift Station .150 MGD C.L.E.A.R. WWTP
Del Rey WWTP 12342 E. Del Rico	.040 MGD Santec WWTP Surrounded with 6 Ft. Chain Link Fence
Villa Royale WWTP 12342 E. Del Rico	.020 MGD Santec WWTP Surrounded With 6 Ft. Block Wall
Far West Yard 12500 Foothills Blvd	Wood Frame, Stucco/Wood Siding, Comp Roof 216 Sq. Ft. Shop Bldg, Surrounded with 6 Ft. Block Wall
Palm Shadows Lift Station 9700 E. 40th St.	Wood Frame, Stucco, Comp Roof 980 Sq. Ft. Bldg., 6 Ft. Chain Link Fence 10' x 28' Lift Station

Far West Water & Sewer, Inc.
Wastewater Division
Inventory Number 44-004
ADEQ Permit Numbers
2011
Attachment I

WWTP	APP NUMBER	REUSE NUMBER
Marwood	102829	R102829
Section 14	105014	R105014
MDS - Villa Royale	100221	R100221
MDS - Del Oro	101816	R100221
MDS - Del Rey	101814	R100221
Seasons	103618	N\A
Palm Shadows	103608	N\A

Far West Water & Sewer, Inc.
Wastewater Division
Inventory Number 44-004
2011 Sewage Flow (MG) on Peak Day
Attachment K

WWTP	January	February	March	April	May	June	July	August	September	October	November	December
Marwood	0.355	0.362	0.325	0.279	0.228	0.147	0.239	0.165	0.192	0.266	0.304	0.341
Section 14	0.122	0.095	0.173	0.098	0.089	0.073	0.067	0.17	0.252	0.456	0.511	0.481
Del Oro	0.249	0.244	0.209	0.22	0.202	0.195	0.171	0.191	0.218	0.218	0.225	0.217
Del Rey	0.027	0.024	0.023	0.021	0.019	0.016	0.017	0.018	0.038	0.058	0.064	0.068
Royale	0.007	0.009	0.006	0.011	0.004	0.004	0.004	0.004	0.005	0.004	0.005	0.005
Seasons	0.1	0.088	0.095	0.085	0.065	0.063	0.069	0.085	0.065	0.073	0.086	0.087
Palm Shadows	0.302	0.353	0.302	0.238	0.265	0.177	0.199	0.129	0.218	0.000		
Total	1.162	1.175	1.133	0.952	0.872	0.675	0.766	0.762	0.988	1.075	1.195	1.199

Purchase Order (PO)

EXHIBIT
R-4
ADMITTED

Project Information	
Project #	154
Title	Section 14 WWTP
Address	12651 Ave 14E
City, State, Zip	Yuma, AZ 85367
Country	

Purchase Order Information	
Date	Jul 16, 2008
PO #	00012
Subject	Ultraviolet Disinfection Units
Shipped via	
F.O.B. Point	Section 14 WWTP
Terms	Per Attached

From	
Contact	Andy Capestro
Company	Far West Sewer
Address	13157 East 44th Street
City, State, Zip	Yuma, Arizona 85367
Country	
Phone	9283421238
Fax	9283427108

Supplier	
Contact	Michael Shortt
Company	Trojan Technologies, Inc.
Address	3020 Gore Road
C/O	Ray Lindsey Company (Bob Nelson)
City, State, Zip	Londaon, Ontario N5V4T7
Country	Canada
Phone	519-457-3400
Fax	519-457-3030

Ship To	
Address	12651 Ave 14E
City, State, Zip	Yuma, AZ 85367
Country	

PO Details

Item No.	Description	Quantity	Unit	Unit Price	Total Price
1	Ultraviolet Disinfection Equipment (3 UV Reactor Units) Modifications/Clarifications: 1. UV system shall be capable of flow pacing based on a combined effluent flow analog output from the plant PLC (as discussed with Bob Nelson). 2. UV system shall be capable of going into auto-standby upon receiving zero-flow signal from the combined effluent flow analog output from the plant PLC (as discussed with Bob Nelson). 3. Change wiring and conduit (supplied by Trojan) lengths to 30' for connection of UV Reactors to Control Power Panels (as discussed with Bob Nelson)	1	LS	$229,560.00	$229,560.00

This purchase order serves as a binding agreement between Far West Water and Sewer, Inc. and Trojan Technologies, Inc. for the purchase of the following items as detailed in the attached documentation. This purchase order shall be read in conjunction with the following attached documents listed in order of priority from highest to lowest:

- This Purchase Order;
- Trojan Technologies proposal (dated June 30, 2008);
- Trojan Technologies Schedule "B" Terms and Conditions of sale;
- Section 11395 of the Section 14 WWTP Technical Specifications;
- Section 14 WWTP Construction Drawings P17, P18, P21 and IC7

All requirements of the construction drawings and technical specifications shall be met unless specifically excluded or modified in the proposal, or in this purchase order

Notes:
1. Extreme emphasis shall be placed on meeting a 10 week lead time after Ray Lindsey Company's ~~receipt of approved~~ submittals.
2. Equipment shall be shipped F.O.B jobsite, Yuma, Arizona.

Subtotal = $229,560.00
Tax = $0.00
Total = $229,560.00

Buyer's Signature: _____ 7/18/08
Authorized By — Date

Seller's Signature: _____ _____
Authorized By — Date

Reviewer's Initials _____

TROJANUV
WATER CONFIDENCE™

SCOPE OF SUPPLY FOR FAR WEST WATER & SEWER INC. – SECTION 14 WASTEWATER TREATMENT PLANT

ULTRAVIOLET DISINFECTION EQUIPMENT – TROJAN PWW 32AL50 SYSTEM

Project Name:	**Far West Water & Sewer Inc. Section 14, AZ**	
Consulting Engineer:	Coriolis, LLC	
Specification:	11395 (06-24-08)	
Submitted By:	Mike Shortt	
Trojan Quote:	106632B – June 30, 2008	
Design Criteria:	Peak Flow:	**1.35 MGD**
	Peak Flow per Unit:	**690 GPM**
	Minimum Flow:	**0 MGD**
	Number of Reactors:	**3**
	Design UV Transmission:	**65 %UVT**, minimum
	Total Suspended Solids:	**<10 mg/L**
	Turbidity:	**<1.0 NTU**
	Particle Size:	**10 microns**
	Disinfection Limit:	**Arizona A+ Water Quality Standard**
	Designed Dose:	**80 mJ/cm^2**

We are pleased to submit the following scope of equipment based on the above criteria. The equipment described herein is named as the basis for the design.

The purchaser is responsible for reading all information contained in this Supply Contract. Trojan will not be held accountable for the supply of equipment not specifically detailed in this document. Supplemental Terms and Conditions are attached to this document. Detailed installation instructions are provided with the shop drawings and are available upon request. Changes to the attached Scope of Supply that affect selling price will be handled through a change order.

Trojan is committed to supplying the best technology it has available at the time of manufacturing. This includes the most recent, reliable version of all parts such as sensors, wipers, lamps, ballasts, controls programs, etc.

This proposal has been respectfully submitted by,
Trojan Technologies Inc.

Mike Shortt
Regional Sales Manager

ULTRAVIOLET REACTORS

Trojan's Responsibility:
The Ultraviolet Reactor(s) shall be supplied with all necessary internal equipment such as UV lamps, quartz sleeves, Automatic Cleaning System, intensity sensor(s), high temperature switch and level sensor. The UV lamps, quartz sleeves and intensity sensor(s) will be packaged separately and will be installed by a Trojan service representative prior to start-up.

Quantity:	Three (3) Trojan PWW 32AL50 Model Ultraviolet Reactors
Material of Construction:	SS316L reactor chamber
Inlet/Outlet Connection:	8" AWWA Flanges
UV Lamps:	32 per reactor
UV Intensity Sensors:	1 per reactor
Automatic Cleaning System:	Automated mechanical cleaning
Reactor Weight:	360 lbs each

Installation Contractor's Responsibility:
The Installation Contractor is responsible for installation of the UV Reactors into the plant process piping. The UV Reactors must be installed such that they remain full of water at all times during operation and are provided with a means to automatically vent air to prevent a build up within the reactor. Each UV Reactor shall be installed with a means of isolating and draining the reactor where required for servicing.

Supply of all required mounting bolts, gaskets or associated pipe supports required for the UV reactor installation and mounting are the responsibility of the Installation Contractor. Associated equipment such as valves, flowmeters, etc. is the responsibility of the Installation Contractor.

CONTROL POWER PANELS (CPP)

Trojan's Responsibility:
One Control Power Panel (CPP) shall be supplied to distribute power, monitor, and control each UV Reactor.

Quantity:	Three (3) Control Power Panels
Ballast:	16 electronic ballasts per CPP
Panel Size:	40" wide x 84" high x 18" deep
Material of Construction:	Painted Mild Steel
Enclosure Rating:	Type 12 ventilated
Approximate Weight:	400 lbs

Installation Contractor's Responsibility:
The Installation Contractor to be responsible for indoor installation of the PDC as indicated on the drawings. The Installation Contractor to be responsible for the supply, installation and connection of the following at each of the Power Distribution Center(s):

1. One (1) 480/277 V, 3 phase, 4 wire plus ground power feed with local disconnects to each CPP.
2. Wiring of UV Reactor to the associated Control Power Panel (cable provided by Trojan)
3. Connection of all communication and power conductors.

All interconnect conduit and local disconnects (except where specified to be supplied by Trojan) are the responsibility of the INSTALLATION CONTRACTOR.

SYSTEM CONTROL CENTER (SCC)

Trojan's Responsibility:
One System Control Center (SCC) shall be supplied to monitor and control the UV System and shall consist of the following:

Controller Type:	Allen Bradley Compact Logix
Operator Interface:	Allen Bradley Panelview 1250+
Panel Size:	42" wide x 78" high x 18" deep
Material of Construction:	Painted Mild Steel
Enclosure Type:	Type 12
Approximate Weight:	300 lbs

Installation Contractor's Responsibility:
The Installation Contractor to be responsible for indoor installation of the SCC as indicated on the drawings. The Installation Contractor to be responsible for the supply, installation and connection of the following at the System Control Center:

1. One 120V, 1 phase, 2-wire plus ground power feed.
2. One serial communication link of two twisted, shielded pairs (18 gauge) from the PDC.
3. Analog signal from plant flow meter.
4. Serial communication link to SCADA via Ethernet.

All conductors, conduits and local disconnects are the responsibility of the INSTALLATION CONTRACTOR.

CHEMICAL CLEANING SYSTEM

Trojan's Responsibility:

A Chemical Feed System shall be supplied to be used in conjunction with the automatic cleaning system.

Quantity:	One (1) Chemical Feed System to be supplied
System Components:	One (1) skid (2' x 3') including: One (1) ½ hp Stainless Steel Pump One (1) 100 liter PE tank with level switch One (1) set of valves One (1) in-line flow sensor One (1) control panel for the pump One (1) chemical containment skid
System Accessories:	Two (2) "three way" hubs to attach at the drain of each of the reactors sufficient PVC piping to interconnect the reactor to the skid.

Installation Contractor's Responsibility:
The Installation Contractor to be responsible for installing all components of the cleaning system.

SPARES PARTS AND SAFETY EQUIPMENT

Trojan's Responsibility:

The following spare parts and safety equipment will be supplied with the UV system:

8	UV Lamps
8	UV Quartz Sleeves
2	UV Ballast
1	Operator Kit (Includes face shield)
8	Lamp sockets, o-rings, washers & nuts

DOCUMENTATION (SHOP DRAWINGS AND O&M MANUALS)

Trojan's Responsibility:
The following documentation will be supplied to the contractor by Trojan per the following schedule:
5 copies of submittal 12-14 weeks after receipt of written purchase order
5 copies of Trojan Standard O&M Manual at time of equipment delivery

INSTALLATION INSPECTION AND CERTIFICATION

Trojan shall inspect and certify that the UV equipment has been properly installed and connected prior to the commencement of the start up and commissioning services. In particular, Trojan personnel will be present when the equipment arrives, for a post installation inspection and upon start up.

STARTUP AND COMMISSIONING

Trojan's Responsibility:
The following service will be supplied by Trojan:

1. Installation and Start-up: 3 days
2. Performance Acceptance Testing: 2 days
3. Operator Training: 1 day

EXCEPTIONS/CLARIFICATIONS TO PROPOSAL

11395 2.05 D. UV Lamp Intensity Monitor 1. Trojan will provide 1 UV Intensity monitor (sensor) per reactor as supported by 11395 2.03 B.1.f. rather than the quantity two (2) specified in section 2.05 D.1.

11395 2.07 B.4 Trojan will provide air conditioners per panel for cooling. Air/water heat exchangers are not recommended due to fouling of the intake tubes.

WARRANTY

Trojan Technologies will warrant the equipment and parts (excluding lamps) for 12 months after start-up or 18 months after shipment, whichever comes first. The UV lamps are 100% warranted up to 9,000 hours of operation and warranted on a pro-rated basis from 9,000 to 12,000 operating hours. The UV ballasts are 100 % warranted up to 1 year of operation and warranted on a pro-rated basis from 1 year to 5 years.

SELLING PRICE

$ 229,560 US

Price is valid for 45 days from the date of this proposal.

PAYMENT TERMS & CONDITIONS

10% Upon Approved Submittals
80% Upon Delivery of Equipment to Site
10% After Final Acceptance
Net 30 days
Freight paid to jobsite
Selling price does not include any duties or taxes, which may be applicable
Refer to attached Terms and Conditions for additional details

EQUIPMENT DELIVERY

The equipment will be fabricated by Trojan and shipped 14 – 18 weeks after approval of submittals.

TROJANUV
WATER CONFIDENCE™

SCHEDULE "B"
TERMS AND CONDITIONS OF SALE

All purchase orders shall be addressed by the purchaser (the "Customer") to Trojan Technologies ("Trojan") and shall not be effective until accepted by Trojan. A purchase order accepted by Trojan shall constitute an agreement between Trojan and the Customer, the terms and conditions of which are set out below.

1. CONSTRUCTION AND LEGAL EFFECT

The sale by Trojan to the Customer of the equipment (the "Equipment") listed in the Scope of Supply, as the Scope of Supply is amended by any applicable change order (collectively, the "Scope of Supply") and any services supplied by Trojan in connection therewith (the "Services") will be solely upon the terms and conditions set out herein. These terms and conditions shall supercede all prior agreements and communications, written or oral, with respect to such sale. Any additional or different terms and conditions contained in any purchase order, order acknowledgement or other communication of the Customer, and any waiver or modification of any terms and conditions set out herein, will not be binding on Trojan unless specifically consented to in writing by an authorized representative of Trojan.

2. EQUIPMENT AND SERVICES SUPPLIED

Trojan will supply only the specific Equipment and Services listed in the Scope of Supply. Trojan assumes no responsibility to supply other equipment or services.

3. PRICES

Prices for the Equipment and Services are as specified in the agreement. Installation, maintenance and any other services which relate to the Equipment are not included unless specifically provided for in the Scope of Supply or in these terms and conditions. The amount of any present or future excise, sales, use, value-added or similar tax, duty or other governmental charge applicable to the production, sale, shipment or use of Equipment or Services will be the responsibility of Customer and will be in addition to the prices set out in the agreement unless the Customer provides Trojan with an applicable exemption certificate.

4. PAYMENT

4.1 Unless otherwise noted in the Scope of Supply, 10% of the purchase price for the Equipment is due 30 days after approval of engineering submittals, 80% of the purchase price is due 30 days after the Delivery Date (as defined below) and 10% of the purchase price is due 30 days after the Acceptance Date (as defined below), provided that if the Start-Up Date is less than 30 days after the Acceptance Date, 90% of the purchase price is due on or before the Start-Up Date. Notwithstanding the foregoing, Trojan may require cash on delivery, or stop the Equipment in transit, if it has any concern as to Customers ability to make payment or if it otherwise feels insecure.

4.2 Where the Customer is responsible for any delay in shipment by Trojan, the date on which the Equipment is ready for shipment by Trojan may be treated by it as the Delivery Date for purposes of determining the time of payment of the purchase price. In such event, the Equipment ready for shipment shall be held at the cost of the Customer and the Customer will be responsible for reasonable storage and insurance expenses with respect to such Equipment.

5. PACKAGING, SHIPPING, SITE STORAGE AND HANDLING

Unless otherwise specified in writing by the Customer and consented to in writing by an authorized representative of Trojan:

(a) Equipment will be boxed or crated as determined appropriate by Trojan for protection against normal handling and there will be an extra charge to the Customer for additional packaging required by the Customer with respect to waterproofing or other added protection,

(b) the manner and routing of shipments will be at Trojan's discretion,

(c) responsibility for payment of shipping costs to the project site will be as specified in the Scope of Supply,

(d) any insurance to be arranged with respect to shipping of the Equipment will be as specified in the Scope of Supply,

(e) on any shipments F.O.B. Trojan's plant, delivery of Equipment to the initial carrier will constitute delivery to the Customer and Equipment will be shipped at the Customer's risk; any claim of the Customer for loss or damage in transit must be placed with the carrier and pursued by the Customer,

(f) Customer has sole responsibility for off-loading, storage and handling of the Equipment at the project site.

6. DELIVERY

6.1 Trojan will request the Customer to provide it with a firm date for delivery of the Equipment to the project site (the "Delivery Date") which Trojan will then use to establish the production schedule for the Equipment. The Delivery Date will then be binding on the Customer except for any changes made in accordance with the provisions below.

6.2 The Customer can request a rescheduling of the Delivery Date on one occasion only by notifying Trojan in writing not less than four weeks prior to the scheduled Delivery Date. The Customer may request that the Delivery Date be extended by a period up to six weeks, without penalty, but may not request that the Delivery Date be moved forward. The Customer may also request that the Delivery Date be extended beyond a six week period but, Trojan may not agree to such extension, beyond the maximum six week extension period

6.3 Trojan may, in its sole discretion, agree to change the Delivery Date on more than one occasion or if less than four weeks' prior notice is provided of a requested change, but is under no obligation to do so.

6.4 Trojan reserves the right to reschedule the Delivery Date to a date prior to or subsequent to the scheduled Delivery Date in order to accommodate its shipping, production or other requirements. This right to reschedule will be applicable unless otherwise agreed in writing by an authorized officer of Trojan. Trojan will provide the Customer or its representative with a minimum of 24 hours notice of any such rescheduling.

6.5 Where any change to the Delivery Date is made at Customer's request, for all purposes with respect to the warranty provided by Trojan in connection with the Equipment, the initial Delivery Date will be considered to be the Delivery Date regardless of any change later made to the Delivery Date.

6.6 Where any change to the Delivery Date is made at Customer's request, 60% of the purchase price for the Equipment is due 30 days after the initial Delivery Date, which will be considered to be the Delivery Date regardless of any change later made to the Delivery Date. The remaining payment terms become 20% of the purchase price due 30 days after the actual on-site Delivery Date and 10% of the purchase price is due 30 days after the Acceptance Date (as defined below).

7. CANCELLATION AND RETURN OF EQUIPMENT

The whole or any part of this order for the Equipment may be cancelled only with the prior written consent of Trojan. If Trojan does consent to a cancellation, such consent will be given only upon payment of reasonable cancellation charges in an amount determined by Trojan. In addition, with respect to any Equipment which is returned on a cancellation consented to by Trojan, the Customer will pay Trojan's cost of placing the returned Equipment in a saleable condition, sales expenses incurred by Trojan in connection with such returned Equipment, a reasonable restocking charge and freight costs incurred in connection with the original shipment and in connection with returning such Equipment to Trojan, all in such amounts as are advised to the Customer by Trojan.

8. ACCEPTANCE

8.1 During the period between the Delivery Date and the Start-up Date, the Customer shall prepare the Equipment and the project site for installation and start-up and, unless otherwise agreed in writing by an authorized representative of Trojan, shall complete acceptance testing with respect to the Equipment. The Equipment shall be deemed to be accepted on the earliest to occur of the following dates (the "Acceptance Date"):

(a) that date on which the Equipment can function in either manual or automatic operation and provide disinfection in accordance with criteria specified in the Scope of Supply, or

(b) 60 days after the Delivery Date.

8.2 All amounts which remain owing by the Customer for the Equipment, including any amount which is specified to be payable on the Acceptance Date, will be paid by the Customer to Trojan within 30 days after the Acceptance Date, unless otherwise agreed in writing by an authorized

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representative of Trojan.

8.3 Written notification must be given by the Customer to Trojan within seven days after the Acceptance Date listing any outstanding deficiencies with respect to the Equipment and Trojan will use all reasonable efforts to correct such deficiencies promptly.

9. START-UP

9.1 Trojan will request the Customer to provide it with a firm date for start-up of the Equipment (the "Start-Up Date"). Trojan will then schedule its technician to be on-site for the Start-up Date. The Start-up Date is binding except for any changes made in accordance with the provisions below.

9.2 On the Start-up Date, Customer must have the Equipment and site ready as provided in the Installation Preparation Checklist contained in the Contractor Installation Package sent to Customer, and must have paid all amounts then due and payable to Trojan.

9.3 Customer can request a rescheduling of the Start-up Date by notifying Trojan in writing not less than three weeks prior to the Start-up Date. Customer may request that the Start-up Date be extended, but may not request that the Start-up Date be moved forward. Trojan requires a minimum extension period of two weeks between the existing Start-up Date and the requested new Start-up Date in order to reschedule its technician.

9.4 Trojan may, in its sole discretion, agree to reschedule the Start-up Date where a Customer requests less than a two week extension but is under no obligation to do so. In the event that Trojan does agree to less than a two week extension or that Customer requests more than two changes to the Start-up Date, Customer will be charged an administration fee in an amount determined by Trojan.

9.5 Trojan reserves the right to reschedule the Start-up Date to a date which is prior to or subsequent to the scheduled Start-up Date in order to accommodate its resource availability. This right to reschedule will be applicable unless otherwise agreed in writing by an authorized officer of Trojan. Trojan will provide Customer or its representative with a minimum of 72 hours notice of any such change to the Start-up Date.

9.6 In the event that Trojan's technician arrives at the project site and finds that the Equipment or the project site is not ready for start-up as defined in the Contractor Installation Package, or any amounts then due and payable to Trojan remain unpaid, Customer may either:

(a) provided all amounts then due and payable to Trojan have been paid, issue a purchase order for all costs involved in having Trojan correct the deficiencies, or

(b) have Trojan's technician leave the site and then reschedule the Start-up Date to a date when all deficiencies will be corrected and the Equipment will be ready for start-up as defined in the Contractor Installation Package. If Customer selects this option, the cost of rescheduling will be not less than a minimum amount specified by Trojan, with the final cost being determined by Trojan based on its costs and expenses incurred in connection with the rescheduling.

10. EXCUSABLE DELAYS

Trojan shall not be liable for any failure to meet the Delivery Date or the Start-up Date if such failure is due to a reason beyond its reasonable control including, without limitation, acts or omissions of carriers, labour difficulties, shortages, strikes or work stoppages of any type, fire, accident, explosion, flood, defaults or delays of suppliers, governmental acts or omissions, acts of God, acts of civil or military authorities, incomplete or inaccurate information supplied by Customer or any other cause beyond Trojan's reasonable control. In any such event, the Delivery Date and Start-up Date shall be extended on a day for day basis to the extent of such delay.

11. WARRANTY

11.1 Trojan warrants to the Customer that during the period ending 18 months after the Delivery Date or 12 months after the Start-up Date, whichever occurs first, Equipment which is manufactured by Trojan will be free from defects in material and workmanship and will function in accordance with the specifications specified in the Scope of Supply.

11.2 This warranty shall not apply to any failure or defect which results from the Equipment not being operated and maintained in strict accordance with instructions specified in Trojan's Operation and Maintenance manual or which results from mishandling, misuse, neglect, improper storage, improper operation of the Equipment with other equipment furnished by the Customer or by other third parties or from defects in designs or specifications furnished by or on behalf of the Customer by a person other than Trojan. In addition, this warranty shall not apply to Equipment that has been altered or repaired after start-up by any one except:

(a) authorized representatives of Trojan, or

(b) Customer acting under specific instructions from Trojan.

11.3 Customer must notify Trojan in writing within 5 days of the date of any Equipment failure. This notification shall include a description of the problem, a copy of the operator's log, a copy of the Customer's maintenance record and any analytical results detailing the problem. If Customer has not maintained the operator's log and maintenance record in the manner directed in the Operation and Maintenance manual, or does not notify Trojan of the problem as specified above, this warranty may, in Trojan's discretion, be invalid.

11.4 Customer will fully cooperate with Trojan, in the manner requested by Trojan, in attempting to diagnose and resolve the problem by way of telephone support. If the problem can be diagnosed by telephone support and a replacement part is required, Trojan will either, at Trojan's expense, ship a repaired, reworked or new part to the Customer who will install such part as directed by Trojan or will direct Customer to acquire, at Trojan's expense, such part from a third party and then install such part as directed by Trojan.

11.5 In the event that Trojan determines that the problem cannot be resolved by way of telephone support and/or shipment by Trojan, or acquisition by the Customer, of a replacement part for installation by the Customer, Trojan will send one or more persons to make an on-site inspection of the problem. If an on-site visit is made, Trojan personnel will evaluate the problem and repair or replace any Equipment determined to be in breach of this warranty. If the problem is not attributable to a breach of this warranty, Trojan reserves the right to invoice the Customer for this service.

11.6 Components of the Equipment which are manufactured by a third party but furnished to Customer by Trojan are warranted by the original manufacturer, only to the extent of the original manufacturer's warranty, and are not covered by this warranty.

11.7 This warranty is the exclusive remedy of the Customer for all claims based on a failure of or defect in the Equipment, whether the claim is based on contract (including fundamental breach), tort (including negligence), strict liability or otherwise. This warranty is lieu of all other warranties whether written, oral, implied or statutory. Without limitation, no warranty of merchantability or fitness for a particular purpose shall apply to the Equipment.

11.8 Lamp warranties, and obligations of Trojan concerning lamp replacements, are set out in separate lamp warranty documents.

12. LIMITATIONS OF LIABILITY

12.1 Trojan does not assume any liability for personal injury or property damage caused by use or misuse of the Equipment. Trojan shall not in any event be liable for special, incidental, indirect or consequential damages including, without limitation, lost profits, lost business opportunities, lost revenue or loss or depreciation of goodwill, even if it has been advised of the possibility thereof. Trojan's liability under the agreement shall, in all instances, be limited to repair or replacement of Equipment in breach of the above warranty and shall not exceed the cost of such repair or replacement. This liability with respect to repair or replacement will terminate upon the expiration date of the above warranty.

12.2 In addition to the foregoing, in no event shall Trojan's liability under or relating to the agreement exceed that portion of the purchase price actually paid to it.

12.3 This limitation of liability shall survive any termination of this agreement.

13. STATUTORY AND OTHER OBLIGATIONS

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Trojan shall not be responsible for verifying that the agreement is in compliance with all applicable laws, ordinances, regulations, codes and orders relating to it and/or the supply of Equipment and Services under it. If the Customer fails to notify Trojan in writing that the agreement or such supply is not in compliance with any applicable law, ordinance, regulation, code or order, the Customer shall be responsible for and hereby agrees to indemnify Trojan against all claims, demands, losses, liabilities, costs and expenses incurred by it as a result of such non-compliance.

14. INSPECTION

Inspection of Equipment by the Customer or its representative at Trojan's plant will be permitted provided that it does not unduly interfere with Trojan's production workflow and that complete details of the desired inspection are provided to Trojan in writing with sufficient advance notice.

15. PATENT INDEMNIFICATION

15.1 Trojan will not be liable with respect to any claim of patent or other intellectual property infringement made regarding any Equipment unless such claim is based on an assertion that Equipment manufactured by Trojan, in the form in which such Equipment is supplied to the Customer, infringes any United States or Canadian patent. Trojan's obligations hereunder shall not apply to Equipment modified, or used in an unauthorized manner, by the Customer or to the extent that infringement arises as a result of combining the Equipment with any other equipment, whether or not supplied by Trojan. Subject to the foregoing, provided that the Customer notifies Trojan promptly in writing of any such claim of infringement and authorizes Trojan to exercise sole control over the defence and/or settlement of any such claim, Trojan will indemnify the Customer against the reasonable expenses of defending such claim as well as any resulting damages finally awarded against Customer or agreed to in any settlement but only up to a maximum amount not exceeding the purchase price actually paid to Trojan for the allegedly infringing Equipment.

15.2 If an injunction is obtained against the further use of allegedly infringing Equipment, Trojan shall, at its option and expense, use its reasonable efforts to:

(a) procure for the Customer the right to continue using the Equipment,

(b) modify the Equipment so that it is no longer infringing,

(c) replace the allegedly infringing Equipment with non-infringing Equipment, or

(d) refund the purchase price paid to Trojan for the Equipment, less reasonable depreciation as determined by Trojan.

15.3 The foregoing provisions constitute Trojan's sole responsibility and liability, and the Customer's sole remedy, with respect to actual or alleged infringement of patents or other intellectual property.

15.4 The Customer hereby agrees to indemnify Trojan against all claims relating to or resulting from any actual or alleged patent infringement by Trojan which arises out of the manufacture and/or supply by Trojan of Equipment manufactured according to a design and/or specifications furnished to Trojan by the Customer or on behalf of the Customer by a person other than Trojan.

16. SPECIAL TOOLS, DIES, JIGS, FIXTURES AND PATTERNS

Any tools, dies, jigs, fixtures, patterns and similar items which are included or required in connection with the manufacture and/or supply of the Equipment will remain the property of Trojan without credit to the Customer. Trojan assumes the cost for maintenance and replacement of such items and shall have the right to discard and scrap any such item after it has been inactive for a minimum of one year, without credit to the Customer.

17. RECORDS, AUDITS & PROPRIETARY DATA

Unless otherwise specifically agreed in writing by an authorized representative of Trojan, neither the Customer nor any representative of the Customer shall have the right to examine or audit any books, records or accounts of Trojan or be entitled to, or have control over, any engineering or production prints, drawings or technical data which Trojan, in its sole discretion, considers to be of a confidential nature.

18. ASSIGNMENT

All rights and obligations of Trojan and the Customer will enure to the benefit of and be binding upon their respective successors and permitted assigns. The rights and obligations of Customer hereunder shall not be assignable without the prior written consent of Trojan. All rights and obligations of Trojan may be assigned in whole or in part to any Affiliate or to any person acquiring any assets of Trojan outside the ordinary course of business. An "Affiliate" shall mean any entity which controls, is controlled by or is under common control with Trojan, whether directly or indirectly. Any attempted assignment in violation of the provisions of this section shall be void.

19. CONFIDENTIALITY

19.1 All technical information, specifications, drawings, documentation and knowhow of every kind and description disclosed by Trojan to the Customer and which is identified by Trojan as confidential shall be deemed to constitute "Confidential Information" of Trojan unless such information:

(a) becomes part of the public domain through no fault of the Customer,

(b) is disclosed to the Customer by a third party without breach of any obligation or other restriction,

(c) is known to the Customer at the time of disclosure and has been documented as such, or

(d) is required to be disclosed by legal, judicial or administrative proceeding.

19.2 All Confidential Information shall be owned by, and remain the exclusive property of, Trojan.

19.3 All Confidential Information shall be held in confidence by the Customer and, if in any form of physical media, returned by the Customer to Trojan upon request. The Customer shall not:

(a) reproduce the Confidential Information without the written consent of Trojan, or

(b) use the Confidential Information for any purpose other than in connection with the operation and maintenance of the Equipment.

19.4 The Customer shall be liable for and shall indemnify Trojan against all claims, demands, liabilities, losses, costs and expenses arising from any failure to comply with the terms hereof relating to Confidential Information. The Customer acknowledges that monetary damages may not be adequate in the event of any such failure to comply and that Trojan shall be entitled to injunctive relief in the event of any such non-compliance.

20. GOVERNING LAW

All issues relating to the construction, validity, interpretation, enforcement and performance of this agreement and the rights and obligations of Trojan and the Customer hereunder shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. Any provisions of the *International Sale of Goods Act* or any convention on contracts for the international sale of goods shall not be applicable to this agreement. The parties submit to and consent to the non-exclusive jurisdiction of courts located in the Province of Ontario.

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SECTION 11395
ULTRA VIOLET DISINFECTION

PART 1 GENERAL

1.01 SCOPE OF WORK

A. This Section specifies equipment and support services for the Ultraviolet (UV) Disinfection System referred to in this Section as the "UV System". The UV equipment furnished shall meet the overall requirements and performance guarantees specified in this Section. The UV System shall be of the closed vessel type designed for pressurized operation.

B. The UV System shall be based solely on the use of low-pressure, high-output (LPHO) amalgam UV lamps to accomplish the specified objectives.

C. The UV System and Support Services shall be furnished by the selected UV System Supplier (UVSS). The UVSS shall be responsible for the design and performance of the UV System and shall comply with all unit responsibility requirements of this specification.

D. The UV System shall include the following: UV vessels, UV lamp and ballast assemblies, Power Distribution Centers, System Control Center, UV transmittance monitoring system, UV intensity monitoring system and all other auxiliary equipment necessary to provide a complete and functional system.

E. The UVSS shall provide equipment start-up services, functional testing and performance testing as specified in this Section. In addition, the UVSS shall provide the specified classroom and on-site training to instruct the facility operations staff in the necessary procedures to operate and maintain the equipment.

F. The UVSS shall warrant the system in accordance with the warranty requirements of this Section and related specification Sections to meet the performance requirements and other operating criteria listed in this Section.

G. Contractor shall be responsible for the installation, commissioning, and testing assistance of this equipment and shall be responsible for the supply and installation of associated equipment specified elsewhere and/or shown on the drawings.

1.02 SUBMITTALS

A. General

The following information shall be provided with the UV System submittal.

B. Shop and Installation Drawings

Complete shop and installation drawings covering all equipment furnished under this contract shall be submitted for approval. Submittals shall include the following information at a minimum:

1. Complete description in sufficient detail to permit an item comparison with the specifications.
2. Dimensions and installation requirements.

3. Descriptive information including catalog cuts and manufacturers' specifications for all components.
4. Electrical schematics and layouts.
5. Complete descriptive information for the UV System to be furnished including design criteria, sizing information, type of equipment, number of lamps, modules, trains and materials of constructions for all components of the UV system.
6. Shop drawings showing all details of UV system construction, including piping, valves, UV reactors, panels, ballasts, panels and related equipment to be included. Also, detailed wiring, control schematics and layout drawings, including wireway, conduit and grounding drawings, electrical sub-units, plus a description of the operation of all panels to be included.
7. Installation details including the reference elevations of equipment to the concrete surface and project datum, critical dimensions and clearances required for maintenance purposes. Sectional drawings shall clearly show the centerline elevations of all UV reactors, pipes and valves. The required working surface elevations for platforms and stairways to gain access to equipment shall be shown.
8. All interconnections, interface requirements, dimensions and locations of all major elements of the UV System shall be given. The maximum separation distances of electrical equipment and ballast panels from the UV reactors shall be provided in the submittal.
9. Wirewary, conduit, grounding layout drawings, control wiring diagrams and an overall electrical layout for the proposed UV System.
10. Power Distribution Center layout diagrams including circuit diagrams, schematics, and manufacturing details.
11. Programmable Logic Controller (PLC) documentation, including UVSS's details and interface requirements. This portion of the submittal shall include a list of all input and output signals.
12. Complete UVSS's specifications and parts list for the UV System including materials of construction, painting systems and standards certifications.
13. Special handling and installation instructions.
14. List of spare parts furnished.
15. List of tools furnished with the UV System.
16. Requirements for protection of the equipment during storage prior to installation and after installation prior to startup.
17. Requirements for routine maintenance prior to startup and for initial startup and operation prior to acceptance by Owner.
18. A full description of any aspects of the submittal which are not in compliance with these specifications and/or the Drawings.

C. Electrical and Instrumentation Submittals:

The following Electrical and Instrumentation Information shall be submitted:

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1. Wire numbers, color coding and terminal numbers.
2. External electrical interconnection diagrams for control panels and field junction boxes.
3. Cabinet layout and assembly drawings showing both interior and exterior views.
4. Control Panel front elevations showing all face mounted instrumentation, and interior layout drawings showing motor controls, control power transformers, fuses, circuit breakers and other major equipment items. Point-to-point wiring should be shown.
5. Bill of materials for each panel including the UVSS's name, descriptions and catalog number.
6. Panel fabrication and coating information.
7. Electrical spare parts list.
8. Operation, installation and trouble-shooting instructions.
9. Electrical single line drawings, elementary diagrams elevation drawings and equipment elevation drawings.

D. Testing and Analysis

Testing and analysis information shall be submitted as follows:

1. Detailed plan for commissioning and acceptance testing that shall satisfy the requirements specified herein. Included shall be certified data guaranteeing the power consumption for the system.
2. Preliminary documentation shall be provided at least 2 weeks prior to the commissioning test and final documentation of the UV System as installed shall be provided within 2 weeks after successful completion of the acceptance test.
3. The startup/acceptance testing report and UVSS's certification as specified herein.

E. Operation and Maintenance Data

1. Complete Operation and Maintenance Manuals shall be submitted.
2. The UVSS's Certificate of Installation, Testing and Instruction shall be submitted along with the Operation and Maintenance Manuals.

1.03 QUALITY ASSURANCE

A. Unit Responsibility

The UVSS shall accept unit responsibility to design, manufacture, factory test, ship, provide coordination during commissioning, provide all specified field testing and furnish operator training and related O&M manuals.

B. Hydraulic Calculations

The UVSS shall submit sufficient information, in the form of detailed shop drawings and hydraulic calculations, to confirm that the equipment furnished under this Section will have hydraulic losses within the limitations previously established.

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C. Factory Tests

All major system components shall be factory tested for compliance with the construction and functional requirements specified herein. Notification shall be provided to the owner 30 days prior to the start of factory testing. The control system shall be paced through all routine alarm and failure modes to assure that the system has been completely debugged and is free from defects. Costs for witnessing factory tests, if desired by the Owner, will be at the expense of the Owner.

D. UVSS'S Representative

1. The UVSS's representative shall be factory trained and experienced in the technical applications, installation, operation and maintenance of UV System supplied by the UVSS, and any subsystems involved.

2. The number of days indicated below shall be provided by the UVSS on an 8-hour-day on-site basis and shall be in addition to travel time.

Purpose	No. of Days
Site visits for start-up and functional testing	3
Performance Acceptance Testing	2
Conduct Operator Training	1

3. The UVSS's representatives shall provide detailed training to the Owner's personnel on operation, maintenance and preventative servicing of the specified UV System. Training services include classroom instruction, and on-site hands-on instruction. The UVSS's representative shall be intimately familiar with the operation and maintenance requirements.

   a. The training schedule shall be adjusted to ensure training of appropriate personnel as deemed necessary by the Owner and Engineer. The training schedule shall also be adjusted to account for interruptions in operability of equipment.

   b. The UVSS shall provide trained, articulate personnel to coordinate and expedite training. The language of instruction shall be English.

   c. The classroom and hands-on instruction training shall be coordinated with all appropriate parties.

1.04 WARRANTY

A. All components, materials and workmanship furnished shall be guaranteed to be free from defects for a warranty period of 12 months from date of start-up or 18 months from shipment, whichever occurs first. During this warranty period, the UVSS shall make good all defective material and workmanship without material cost to the Owner.

B. The UV lamps shall be warranted for 12,000 hours of operation, provided no more than 4 on/off cycles occur on a daily basis. The warranty shall be pro-rated after 9,000 hours of operation. If lamp failure occurs prior to 9,000 hours of operation, the lamp will be replaced without cost to the owner.

C. Electronic Ballasts to be warranted for 5 years, prorated after 1 year.

1.05 UVSS'S EXPERIENCE

A. Experience

The UVSS shall have a minimum of 10 years of experience in the design and production of ultraviolet systems for water and wastewater disinfection.

B. References

The UVSS shall furnish a minimum of three references for UV equipment installations of a similar or larger size and complexity, and based on the same lamp/ballast technology as those proposed. The reference list shall include the name of the facility, type of installation, flow rate, disinfection objective, contact individual's name and telephone number. Plants used as references shall be operating installations with a minimum of six months of full-scale water or wastewater treatment operation.

1.06 ELECTRICAL ASSEMBLY LABELING

A. Electrical and electronic assemblies shall conform to Underwriter's Laboratories (UL) or Canadian Standards Association (CSA) standards.

B. All electrical components shall conform with the appropriate testing authority standards.

PART 2 PRODUCTS

2.01 ACCEPTABLE MANUFACTURERS

A. The physical layout of the system shown on the contract drawings and the equipment specified herein are based upon one of the following:

i. Trojan Technologies Inc., London, Ontario, Canada (PWW model 32AL50-System)

ii. Or approved equivalent.

B. If other equipment is proposed, the Contractor will demonstrate to the Engineer and the Owner that all requirements of materials, performance, and workmanship have been met or exceeded by the equipment proposed. Contractors proposing alternate manufacturers will be responsible for all costs associated with system evaluation and redesign including all electrical, mechanical and civil aspects of the installation. Engineer must approve proposed alternative prior to final selection.

2.02 MATERIALS

A. Materials of construction shall be as follows:

Component	Material
UV Chambers and Piping	Type 316L or Type 316 Ti stainless steel Electro polished on exterior only
Quartz sleeves	Type 214 clear fused quartz
Electrical and ballast panels	NEMA12 painted mild steel
Control panels	NEMA12 painted mild steel
O-rings	Buna-N (Nitrile)

2.03 SYSTEM DESCRIPTION

A. General

The UVSS shall furnish and install a complete in-vessel, UV System of the LPHO amalgam lamp type. The UV System shall be designed to disinfect a membrane filtered wastewater so that the final product shall meet the design criteria specified in this Section.

The Contractor shall provide the power source, electrical conduit, electrical conductors, and equipment supports. The Contractor shall physically install the disinfection trains, power modules, and control modules according to the UVSS's directions and drawings. The Contractor shall coordinate with the UVSS to verify proper equipment installation including conductors, electrical hookup of equipment, start-up, testing, and operation and maintenance instruction for the owner's personnel.

B. UV System Configuration

1. The UV system furnished by the UVSS shall have the following general characteristics.

a. Number of UV Trains:	3
b. Number of UV Reactors per Train:	1
c. Number of Lamps per Reactor:	32
d. Total Number of UV Reactors:	3
e. Total Number of Lamps;	96
f. Number of UV Sensors per Reactor:	1
g. Master Control Panel	1

C. Design Criteria

1. The UVSS shall provide a UV System capable of meeting the following design criteria when treating up to the flow rates listed:

a. Peak Hourly Flow Rate:	1.35 MGD
b. Minimum Flow Rate:	0 GPM
c. UV Transmittance at 254 nm:	65 %
d. Head loss per Reactor:	0.25 feet
e. Total Suspended Solids:	<10 mg/l
f. Turbidity:	<1 NTU
g. Mean particle size:	10 microns

2.04 GUARANTEED PERFORMANCE REQUIREMENTS

A. Disinfection

The UV System shall be supplied such that if the water quality into the UV System is of a quality equal or better than that specified under 2.03.C, the UV System shall provide disinfection results meeting or exceeding the most restrictive of the following requirements:

1. Fecal coliform colonies per 100 ml shall be less than 23 on a daily maximum and four out of seven samples with non-detect.
2. A minimum UV dose of 80 mJ/cm^2

B. Power Consumption

The peak system power consumption shall not exceed 8 kW per reactor. The peak power consumption shall be the product of the measured power consumption per lamp (including ballast losses) and the total number of the installed lamps.

C. Harmonic Distortion

Maximum total harmonic distortion (THD) of the UV System shall not exceed 5 percent set forth in IEEE 519-1992, Table 10.2, at the point of common connection. The point of common connection shall be the associated 480-volt switchgear that powers the UV system.

2.05 ULTRAVIOLET DISINFECTION

A. UV Trains

1. The UV System shall consist of no less than three trains - separate trains installed in parallel. The UV trains shall be of the closed reactor type with each train capable of disinfecting/treating up to 690 GPM of wastewater with the characteristics described within this Specification Section.
2. Each UV Treatment Train shall consist of 1 UV Reactors (UVR).
3. Each UV train shall have isolation valves installed at the inlet and outlet of the UV System in order to facilitate servicing of the UV Train (by contractor).
4. The treatment train shall be provided with 8 -inch AWWA C207 Class D inlet/outlet flanges for connection to the plant piping.

B. UV Reactors

1. Each UV Reactor shall contain 32 amalgam LPHO lamps.
2. All wetted surfaces of the UV Reactor Chamber shall be manufactured from Type 316L stainless steel, Type 214/219 quartz or suitable food-grade UV resistant materials. The exterior surfaces of the reactors shall be electropolished. The reaction chambers shall be provided pre-wired and shall not require field connections from the Power Distribution Centers (PDC) to the reactor (UVR).
3. The UV Reactor Chamber inlets/outlets shall be coupled and mounted to a structural steel support structure.
4. UV lamp orientation shall be parallel to flow. Lamps shall be protected from contact with the water by high purity quartz sleeves. Lamps shall be removable from one end of the chamber without draining the unit or removing the quartz sleeve.
5. The reactors shall be designed in such a way that when properly installed and operated there is no possibility of direct operator exposure to UV light from the UV lamps.
6. The reactors shall be designed for an operating pressure of 65 psi with a maximum test pressure of 1.5 times the operating pressure.
7. Each reactor shall be provided with an end cap switch. Power will be removed to an entire chamber when a reactor end cap is removed.

C. UV Lamps

1. The UV lamps to be used shall be monochromatic low-pressure, high output amalgam lamps.
2. The lamps shall produce zero levels of ozone, withstand shock and vibration and shall be constructed of materials resistant to UV light.
3. Lamps shall operate at a minimum of 16 variable power levels between 60% and 100% power levels. All lamps in a reactor shall operate at the same power level.

D. UV Lamp Intensity Monitor

1. Two lamps in each Reactor shall be equipped with an UV intensity monitor, which measures only the UV intensity of that lamp. The sensor shall provide continuous performance verification over the specified effluent UV transmittance range.
2. The wet portion of the monitor shall have a Type 316 stainless steel housing, a Viton "O" ring, and a high purity quartz probe over the monitor site hole. All rubber components shall be UV resistant.
3. The intensity sensors shall produce a 4-20 mA control signal, which shall be sent to its respective PDC. The intensity shall be displayed locally at the PDC and shall be transmitted to the control system.

E. Mechanical Cleaning System

1. Each UV Reactor shall have it own independently operated wiper system.
2. The wiper carriage contains the wiper seals for each sleeve in its respective reactor.
3. The carriage shall be moved along the length of the sleeves by a rodless cylinder that is magnetically coupled to the carriage.
4. The cylinder shall be powered by an electrical/hydraulic pack controlled through the reactors respective PDC. The hydraulic power unit shall be mounted on the reactor.
5. The wiper shall operate on a timer that is adjustable through the System Control Center.

F. Temperature Sensor And Switch

A temperature switch shall be fitted to each reactor for protection against heat buildup under no flow or drained chamber conditions. The temperature sensor and switch shall cause the UV System to shut down and alarm in event of higher than recommended water temperature (or air temperature if the lamps are operated in a dewatered situation).

G. Drain

Each reactor shall be furnished with a valved drain connection to waste so that the reactor may be dewatered for inspection or cleaning after the inlet and outlet valves are closed. The drainpipe and valve shall be of type 316 stainless steel construction.

H. Isolation Inlet And Outlet Valves

Each reactor train shall have inlet and outlet isolation valves to be provided by the Contractor. Valves shall be pneumatic actuated butterfly valves.

I. Chemical Cleaning System

The UV manufacturer will supply a skid mounted chemical cleaning system for use with the UV system. The system provided by the manufacturer must include but not limited to:

1. One ½ hp stainless steel feed pump
2. One 100 Liter PE tank with level switch
3. All valves between the chemical feed system and UV reactor drain
4. One in line flow meter
5. One control panel for system

6. Four Way Hubs to attach to the drains of each reactor

The contractor must install all components of the cleaning system in accordance with the drawing and manufacturers recommendations. The contractor must also provide:

1. Air release on UV outlet as shown on drawings
2. Loose drain hose for connection to drain of UV unit that can be used to route drained fluid to floor drain. Drain hose should be easily removable from UV drain valve so that it can be utilized on all UV units. Hose must be of appropriate length to allow for leak free drainage to floor drain.
3. Sufficient PE Tubing to interconnect the reactors to the skid.

Supply of the cleaning chemical will be provided by and coordinated by Owner.

2.06 ACCESSORIES

A. A stainless steel identification plate shall be securely mounted on each piece of UV the equipment including all the trains in a readily visible location. The plate shall bear the 1/4-inch die-stamped equipment name.

B. Equipment weighing over 150 pounds shall be provided with lifting lugs.

2.07 ELECTRICAL

A. General
The Power Distribution Centers (PDC) shall distribute power to the UV Reactors located in the treatment trains.

B. Power Distribution Center (PDC)

1. Each PDC shall be supplied with a dedicated 480V, 60 Hz, 3 phase, 4 wire (plus ground), 18.5 kVA service.
2. PDC's shall be floor mounted directly along the sides of the UV reactors.
3. Step-down transformers inside each PDC will provide the required 120V and 24V control system voltages.
4. PDC cooling shall be provided by an air-water heat exchanger through which process water will flow to provide a heat sink for waste heat from ballasts and control equipment. Power for the cooling equipment will be provided by the train's Train Control Panel and not from a PDC.
5. Each PDC will have a heater to prevent condensation.
6. PDC enclosure shall be rated NEMA 12 and shall be painted mild steel.
7. All PDC's shall be UL or CSA approved.
8. All electrical distribution upstream of the PDC is to be provided by the contractor.
9. Each PDC shall contain the necessary equipment to operate its respective reactor independently as a standalone unit from of the rest of the UV system.
10. Each PDC shall have a Local-Off-Remote switch to allow local or remote operation of the reactor.

C. System Control Center (SCC)

1. The SCC will provide the single interface between the UV system and the Plant SCADA system.
2. The PLC shall be an Allen-Bradley CompactLogix PLC with Panelview Plus 1250 HMI for local control and interface with the UV system.
3. The SCC enclosure shall be rated NEMA 12 and be constructed of painted mild steel.

2.08 INSTRUMENTATION AND CONTROLS

A. General

The UVSS shall supply and deliver a complete UV control system such that the operation of the UV process shall be fully automatic. A System Control Center (SCC) shall provide system wide control functions and provide a single interface between the UV system and the Plant SCADA system. A Train Control Panel (TCP) that is capable of allowing lamps to be operated at an optimal UV intensity based on flow rate, process water temperature, UV transmittance and lamp age shall control each train.

Commands to turn the UV Reactors on and off shall be retentive, such that operating UV Reactors will remain on and non-energized UV Reactors will remain off, in the event of a controller failure and following restoration of power after a power failure. Other features shall be provided as specified herein.

The UV control system shall include the following:

1. System Control Center (SCC)
   a. The UV System shall be provided with a programmable-logic based control and monitoring system mounted in a painted mild steel, NEMA 12, free standing cabinet.
   b. The SCC shall contain an Allen Bradley PanelviewPlus HMI mounted at eye level on the front of the panel.
   c. The UV system shall be able to be placed in Automatic, Manual or Offline modes locally from the SCC HMI.
   d. The UV SCC shall provide the following status information to the Plant SCADA.
      - UV01_UV_READY – Set when UV System is in "Automatic" mode and Trains are ready and available to go online if required.
      - UV01_UV_INSERVICE – Set when UV System is in "Automatic" mode and Trains are in service (i.e. in "Online" state).
      - UV01_SYSTEM_MODE – The Mode of the UV System
2. Train Control Panel (TCP)
   a. The TCP shall have the ability to operate the automatic cleaning mechanism. The interval between cleaning cycles shall be programmable through the TCP or SCC.
   b. The TCP shall have the ability to adjust the power level of the UV lamps automatically based on programmed data and external inputs. The power level can also be manually adjustable from the TCP HMI and via plant SCADA.
   c. The control panel shall also provide hours counter for the lamps in each reactor that is resetable when new lamps are installed.

d. The TCP shall control the trains 5 operating states which are Offline, Standby, Start-up, Online and Shutdown.

e. The TCP shall allow each train to be placed in Automatic, Manual or Offline modes locally from the TCP HMI.

3. UV Reactor

a. The UV reaction chamber shall have 2 UV intensity sensors. The UV sensors shall measure intensity of the UV lamps. The output of the UV Sensors shall be a signal that is fed directly into the PDC.

b. The PDC for each reactor shall have a selector switch to allow for selection of Local/Off/Remote reactor modes. In Remote mode the reactor shall respond to commands from its respective TCP. In Local mode the reactor shall operate as a stand alone unit independently of the TCP and SCC.

c. When power is restored after an electrical service interruption, UV Reactors that were previously on will re-energize immediately so that the UV System returns to the previous operational mode upon the power being restored.

B. UV System Alarms

The following alarms shall be made available by the UV System.:

1. System Alarms in the main controller

Plant PCS LAN Communication Fault	System Minor
Primary Controller Fault	System Critical
I/O Module Fault - Minor	System Minor
I/O Module Fault - Critical	System Critical
Inlet Temperature	
- High	Minor
- Low	Minor
Inlet UV Transmittance	
- Low	Minor
- Low Low	Major

2. Train Alarms in each Train controller

Train Inlet Flow	
- High	Minor
- Low	Minor
Train Inlet Valve Failure	Timed Critical
Train Outlet Valve	
- Failed to open	Timed Critical
- Failed to close	Timed Critical
Train Level Alarm	Critical
Train Critical Value Equals Zero	Major
Chiller Return Pump Failure	Minor
Chiller Water Flow Low	Minor

3. UV Reactor Alarms

UV Reactor Lamp Failure	Minor
UV Reactor Ballast Failure	Minor
UV Reactor Multiple lamp Failure	Major
UV Reactor End of Lamp Life Exceeded	Minor

UV Reactor UV Intensity	
- Low	Minor
- Low Low	Major
UV Reactor Temperature High	Timed Critical
UV Reactor End Cap Removed	Critical
UV Reactor not in Remote	Minor
PDC Ground Fault Interrupter Failure	Critical
PDC Power Failure	Critical
PDC Temperature High	Minor
PDC Temperature High High	Timed Critical
CCB Communication Fault	Major

C. Operational Control Strategy

2.09 SPARE PARTS AND TOOLS

The following spare parts shall be provided by the UVSS to the Owner as part of the initial equipment procurement. All parts shall be suitably marked and packaged in protective cartons. All spare parts shall be of the same type and quality as the parts provided with the equipment supply package.

Item	Quantity
UV lamps	8
Quartz sleeves	8
Lamp socket, o-ring, washer and nut	8
Ballasts	2
Operators Kit	1

PART 3 EXECUTION

3.01 INSTALLATION

Contractor shall install the Ultraviolet Disinfection System in strict accordance with the recommendation of the system manufacturer/supplier. The UVSS shall work with the Contractor as a supplier after selection to properly furnish and support the installation of the specified equipment.

3.02 UVSS'S FIELD SERVICES

A. The UVSS shall provide the services of a trained representative to provide startup and testing services, and operation and maintenance training of the Owner's personnel.

B. The costs associated with the services required in this Section, including travel and associated expenses, training materials and incidentals shall be considered to be a part of the UVSS's lump sum price for the equipment furnished.

3.03 FIELD TESTING

A. General

The following field tests shall be performed by or under the direct supervision of the UVSS:

1. Commissioning Test
2. Acceptance Test

B. Testing Preparation

Ready-to-test determination will be by the Engineer based at least on the following:

1. Notification by UVSS and Contractor of equipment and system readiness for testing.
2. Acceptable testing plan.
3. Adequate completion of work adjacent to, or interfacing with, equipment to be tested.
4. Availability of UVSS's representative to assist in testing of respective equipment.
5. Control devices have been tested for function and operation over design range.
6. Equipment and electrical tagging complete.
7. All spare parts and tools on hand.

C. Commissioning Test

Prior to Startup, the UVSS shall inspect the installed UV System for proper alignment, correct operation, proper connection, and satisfactory function of all components. The UVSS's representative shall approve the installation and provide certification that the system components have been installed correctly and are ready for operation. The proposed commissioning test procedure shall have been developed by the UVSS and submitted to and approved by the Engineer before scheduling and performing the Commissioning Test.

1. Commissioning test shall include confirming the operability of the communication interfaces between the PDCs, TCPs SCC and the plant SCADA. The UVSS shall require the presence of both the Contractor and the plant control system UVSS during the interface test.
2. Commissioning test shall be witnessed by the Engineer and shall demonstrate that the UV equipment and related control system operate in accordance with the specifications, including all operating, monitoring and shutdown functions.
3. The UVSS shall conduct functional tests until each individual component item or system has achieved four continuous hours of satisfactory operation, and must demonstrate all operational features and controls during this period while in automatic modes.
4. If, in the opinion of the Engineer, the system meets the requirements specified herein, the system will advance to acceptance testing. If, in the opinion of the Engineer, the commissioning test results do not meet the requirements specified herein, the system will be classed as nonconforming.
5. Contractor shall prepare a report summarizing the results of the commissioning testing.

D. Acceptance Testing

The acceptance testing shall be performed following the commissioning test. Acceptance testing shall include intensive effluent quality testing. The proposed acceptance testing procedure shall have been developed by the UVSS and submitted to and approved by the Engineer before scheduling and performing the acceptance test.

1. During the acceptance test, the UVSS shall monitor the UV System continuously for three days to demonstrate that the system meets the Guaranteed Performance

Requirements of this specification. Each UV module shall be calibrated to insure that the UV intensity monitor is operational and providing relative UV intensity levels consistent with the output of new lamps.

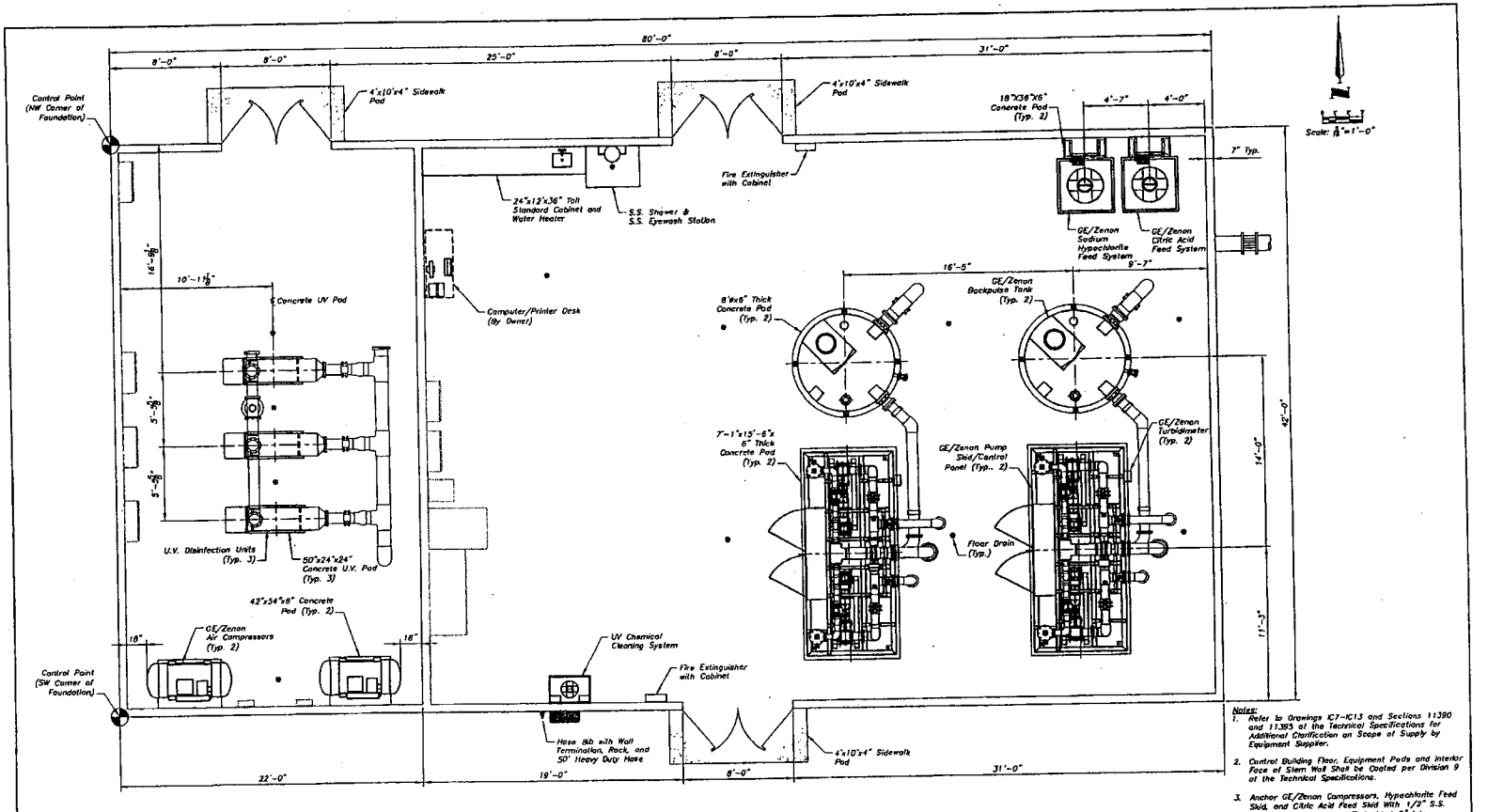
2. Intensive Effluent Quality Tests: The purpose of the Intensive Effluent Quality Test is to quickly test the system to confirm that the effluent quality is satisfactory under the specified design conditions. The analytical costs of the Intensive Effluent Quality Tests shall be borne by the owner.

   a. A qualified representative of the UVSS shall supervise acceptance testing and certify the system's performance during the tests. Tests shall be documented during continuous operation of the system and the UVSS shall submit to the Engineer five copies of a complete report containing all original test data, calculations, and descriptions of the acceptance testing procedures and results. The Acceptance Test report shall be submitted within 30 days of completion of the test.

3.04 TRAINING

The UVSS shall provide training services to the Owner's staff.

END SECTION



Notes:

1. Refer to Drawings IC7-IC13 and Sections 11390 and 11393 of the Technical Specifications for Additional Clarification on Scope of Supply by Equipment Supplier.
2. Control Building Floor, Equipment Pads and Interior Face of Stem Wall Shall be Coated per Division 9 of the Technical Specifications.
3. Anchor GE/Zenon Compressors, Hypochlorite Feed Skid, and Citric Acid Feed Skid With 1/2" S.S. Epoxy Adhesive Anchors Embedded 3" Into Foundation Slab With 3/16" Flat Washers.

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MISSOURI 44406 GARY M. LEE

FAR WEST WATER AND SEWER INC.

SECTION 14 WWTP IMPROVEMENTS

CONTROL BUILDING EQUIPMENT LAYOUT

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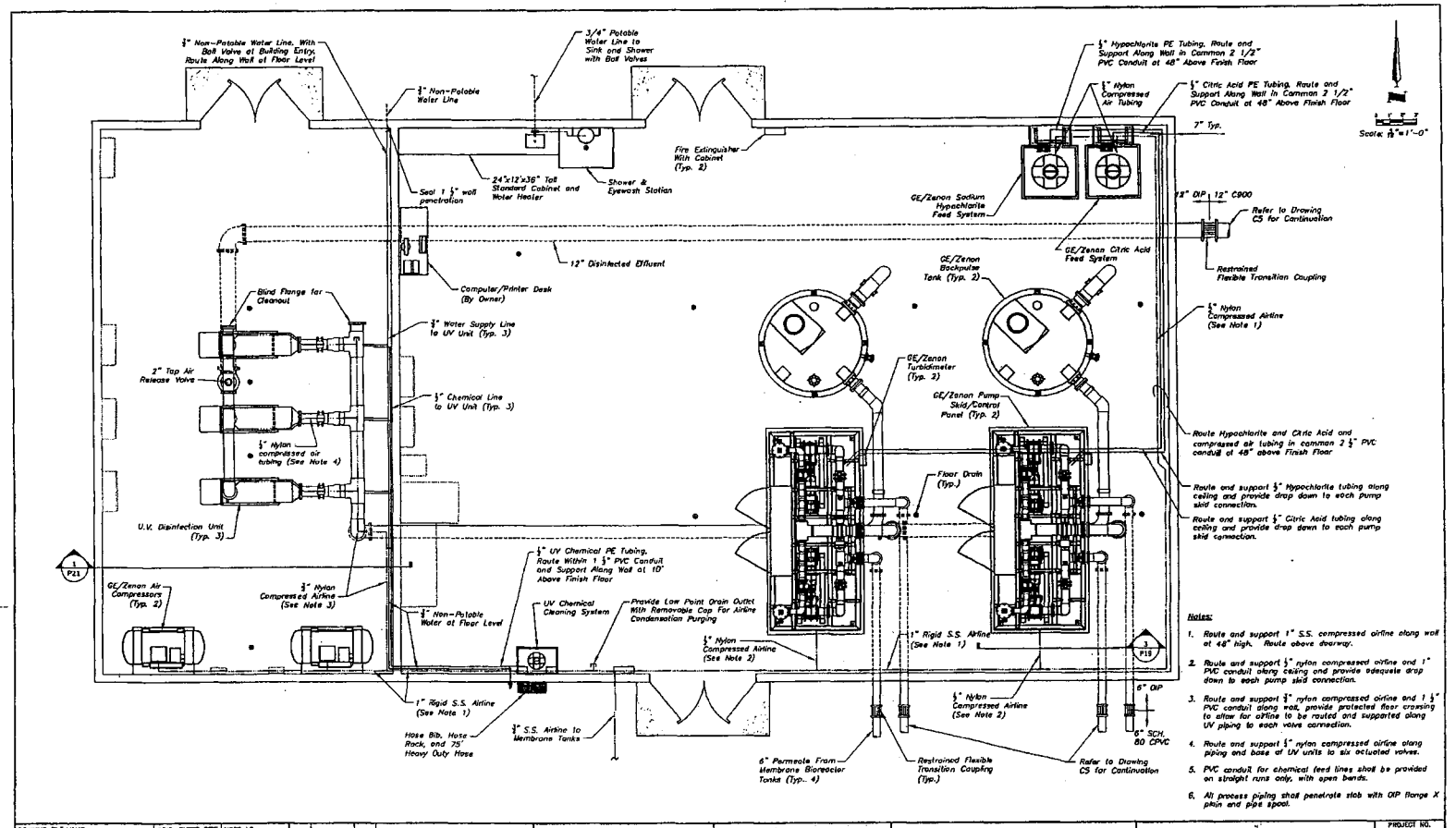

Notes:

1. Route and support 1" S.S. compressed airline along wall at 48" high. Route above doorway.
2. Route and support 1/2" nylon compressed airline and 1" PVC conduit along ceiling and provide adequate drop down to each pump skid connection.
3. Route and support 3/4" nylon compressed airline and 1 1/2" PVC conduit along wall, provide protected floor crossing to allow for airline to be routed and supported along UV piping to each valve connection.
4. Route and support 1/2" nylon compressed airline along piping and base of UV units to six actuated valves.
5. PVC conduit for chemical feed lines shall be provided on straight runs only, with open bends.
6. All process piping shall penetrate slab with DIP flange X plain end pipe spool.

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FAR WEST WATER AND SEWER INC.
SECTION 14 WWTP IMPROVEMENTS
CONTROL BUILDING PIPING PLAN

PROJECT NO.
DRAWING NO. P18

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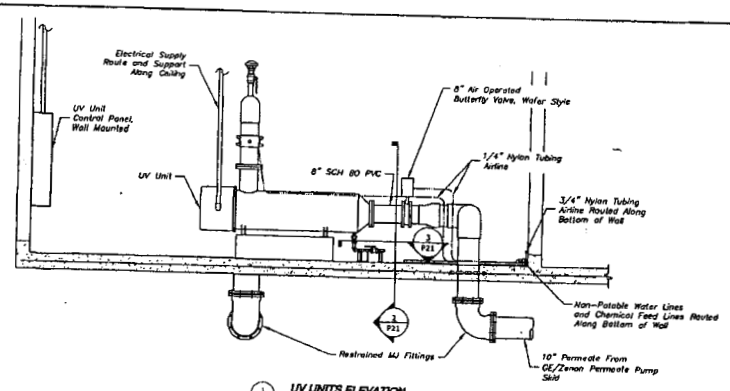
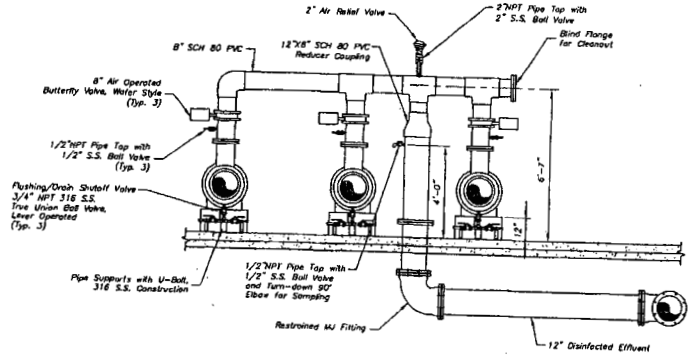
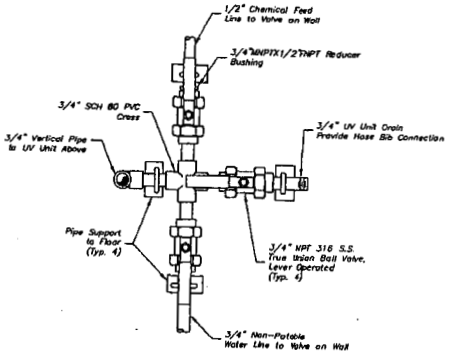


1 P21 UV UNITS ELEVATION



1 P21 UV UNITS SECTION



2 P21 UV UNIT DRAIN / WATER FLUSHING DETAIL

Notes:
1. Anchor UV Units With 1/2" S.S. Epoxy Adhesive Anchors Embedded 4" Into Concrete Pad With 3/16" Flat Washers.

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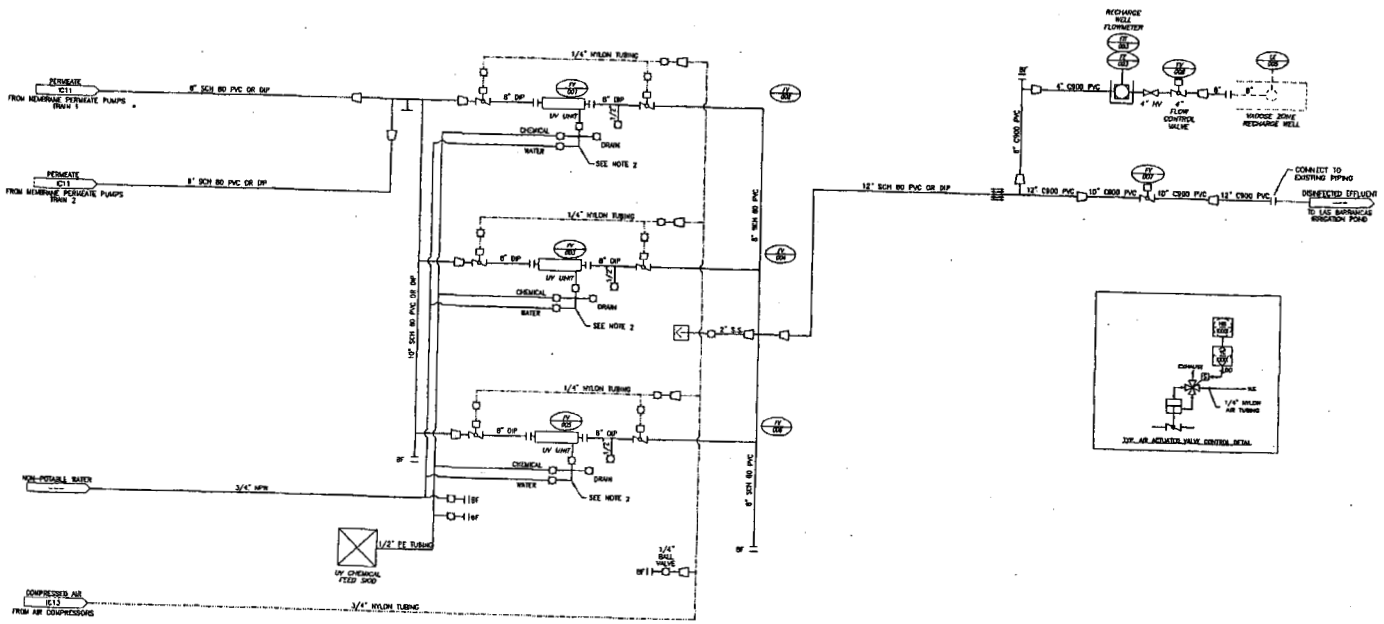
SECTION 14 WWTP IMPROVEMENTS
UV SYSTEM

PROJECT NO.
DRAWING NO. P21



Notes:

1. Refer to division 11 of the technical specifications for additional clarification on scope of supply by each equipment supplier.
2. Refer to drawing P21 for additional UV Disinfection System piping details.

Legend	
Process	———
Air	—·—·—
By GE/Zenon	- - - - -

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BASAL
801 WESTCHESTER AVENUE
HARRISONVILLE, MO 64701
(816) 887-4008

THE WORK WAS PREPARED BY ME OR UNDER MY SUPERVISION AND CONSTRUCTION OF THE PROJECT WILL BE UNDER MY OBSERVATION
SIGNATURE
6/30/08
EXP. DATE OF LICENSE
06/01/08
DATE
44408 GARY M. LEE

FAR WEST WATER AND SEWER INC.

SECTION 14 WWTP IMPROVEMENTS

PIPING AND INSTRUMENTATION DIAGRAM

PROJECT NO.

DRAWING NO. IC7

26

Purchase Order (PO)

EXHIBIT
R-5
ADMITTED

Project Information	
Project #	154
Title	Section 14 WWTP
Address	12651 Ave 14E
City, State, Zip	Yuma, AZ 85367
Country	

Purchase Order Information	
Date	Sep 08, 2006 (Amended July 1, 2008)
PO #	**00004 (Amendment)**
Subject	Membrane Bioreactor System Equipment - Section 14
Shipped via	
F.O.B. Point	Section 14 WWTP
Terms	See Below

From	
Contact	Paula Capestro
Company	Far West Sewer
Address	13157 East 44th Street
City, State, Zip	Yuma, Arizona 85367
Country	
Phone	9283421238
Fax	9283427108

Supplier	
Contact	Grant MacInnis
Company	GE Zenon ULC
Address	3239 Dundas Street West
City, State, Zip	Oakville, Ontario L6M 4B2
Country	Canada
Phone	905-465-3030
Fax	905-465-3050

Ship To	
Address	Section 14 WWTP
City, State, Zip	Yuma, AZ
Country	

PO Details

Item No.	Description	Quantity	Unit	Unit Price	Total Price
1	Membrane Bioreactor System Equipment - Section 14 WWTP	1	LS	$2,019,033.00	$2,019,033.00
2	Price increase due to CPI 3.7477% (See attached breakdown)	1	LS	$68,100.84	$68,100.84
3	Increase due to exchange (See attached breakdown)	1	LS	$157,529.82	$157,529.82
4	Adder # 1 (See attached breakdown)	1	LS	$58,695.10	$58,695.10
5	Adder # 2 (See attached breakdown)	1	LS	$44,361.00	$44,361.00
6	Deduct Qty 3, 48 Module Cassettes (See attached breakdown)	1	LS	-$236,392.17	-$236,392.17

This amendment supersedes the Original PO#4. Items 2 – 6 have been added.

Subtotal = $2,111,327.59

Tax = $0.00

Total = $2,111,327.59

Buyers Signature: _____ _____
Authorized By Date

Sellers Signature: _____ _____
Authorized By Date

650160 Section 14
Price Escalation Calculation
Date: 20-June-08
Prepared by: Jason Penders

Original PO	$2,019,033.00
10% payment back in Sept 06	$201,903.30
Outstanding balance	**$1,817,129.70**

Exchange Rate Calculation

Date	Exchange rate US/Can
1-Sep-06	$1.1056
11-Jun-08	1.0174

Outstanding Balance	Exchange rate US/Can	Equivalent $Can	
$1,817,129.70	1.1056	$2,009,018.60	
$1,817,129.70	1.0174	$1,848,747.76	Notice to Purchase 10-June-08
		$160,270.84	$Can
	Increase due to Exchange	**$157,529.82**	$US

CPI Calculation

1) CPI Calculation Using US Dep. Of Labour

		Date	Total CPI US Dep. of Labour
Outstanding balance	$1,817,129.70	Apr, 2008	214.823
Price increase due to CPI 4.9%	**$89,039.36**	Dec, 2006	201.8
		% increase due to CPI	**6.453419227**

2) CPI Calculation Using Bank of Canada CPI

		Date	Total CPI B of C
Outstanding balance	$1,817,129.70	Apr, 2008	**113.5**
Price increase due to CPI 3.7477%	**$68,100.84**	Dec, 2006	**109.4**
		% increase due to CPI	**3.747714808**

http://www.bankofcanada.ca/en/cpi.html

Total Price increase CPI and Exchange

Price increase due to CPI 3.7477%	$68,100.84	
Increase due to Exchange	$157,529.82	
Total	**$225,630.66**	$US

Adder #1

Description	Price
"Pump from" Membrane Tank design change and one extra turbidty meter as per 21-Nov-06 email to Ryan Saffels	$52,212.00 USD
Increase due to CPI @ 3.7477%	$1,956.76
Increase due to Exchange	$4,526.34
Adder #1 Total	**$58,695.10 USD**

Adder #2

Description	Price
Client equipment requests asso. valves blower sound enclosure etc as shown on revised GE P&IDS and attached BOM list	**$44,361.00 USD**

Deduct #1

Description		Note
Deduct Qty 3, 48 Module Cassettes	-$236,392.17	Includes deduct of previously calculated CPI and Exchange rate.

Adder Summary

1) Price increase due to CPI 3.7477%	$68,100.84	
2) Increase due to Exchange	$157,529.82	
3) Adder #1	$58,695.10	
4) Adder #2	$44,361.00	
5) Deduct Qty 3, 48 Module Cassettes	-$236,392.17	
Total	**$92,294.59**	**$US**

GE
Water & Process Technologies
ZENON Membrane Solutions

Proposal for Z-Mod™ Wastewater Treatment Systems for Far West Water & Sewer

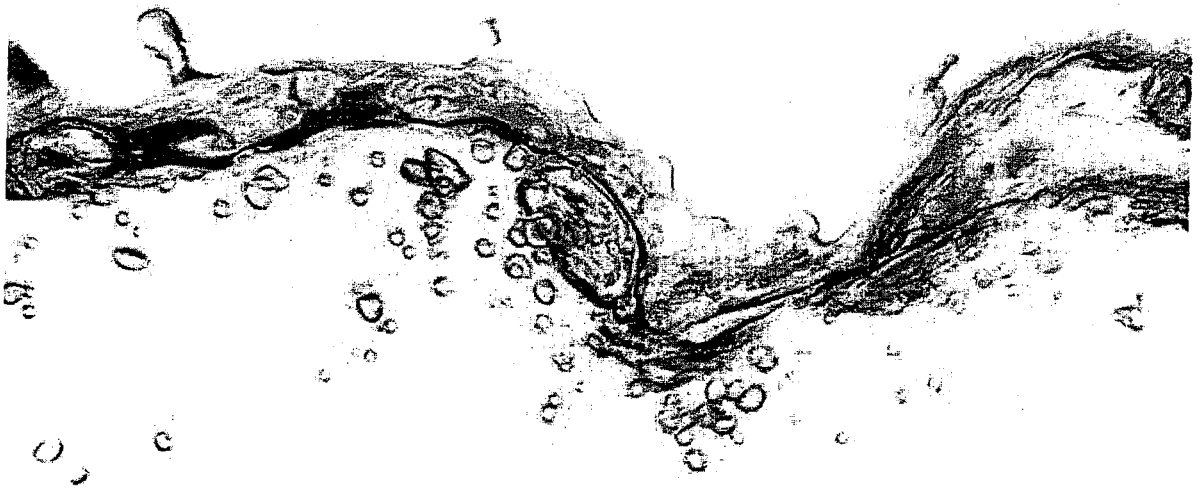
Z-Mod™ Packaged Plants

Proposal # 49677-06 Rev. 1

Submitted To:

Coriolis USA, L.L.C.
1653 S.E. Decker St.
Lee's Summit, MO 64081

Attention: Randy Snell, Procurement Agent



1 Summary

GE ZENON is pleased to be selected as your membrane system provider. This revised proposal is to clarify the updated scope of supply and pricing for the Seasons, Del Oro and Section 14 waste water treatment upgrade project.

To provide mechanical consistency as per required, Four (4) pre-engineered package systems *Z-MOD™ L192* are proposed to three Far West WWTP facilities. The detailed scope of supply is listed in the Tables of Section 2.2.

- The Seasons facility will consist of a single Z-Mod-L-192 pumping skid. This pumping skid will serve two independent membrane trains. Each membrane train will have a single membrane tank and one cassette.

- The Del Oro facility will also consist of a single Z-Mod-L-192 each and will be identical to the facility proposed for the Seasons facility. It will be distinguished only number of membranes included.

- The Section 14 facility will consist of two Z-Mod-L-192 membrane systems, each mechanically identical to the systems supplied to the other facilities. Because each Z-Mod L-192 consists of two independent membrane trains, the Section 14 system will consist of a total of four independent membrane trains. Each membrane train will have two membrane tanks and two cassettes.

An updated hydraulic capacities and expandability of the proposed systems can be found in the table below.

Plant	Installed Capacity	Expansion Capacity
Seasons	0.15 MGD ADF	0.65 MGD ADF
	0.30 MGD MDF	1.30 MGD MDF
Del Oro	0.30 MGD ADF	0.65 MGD ADF
	0.60 MGD MDF	1.30 MGD MDF
Section 14	1.3 MGD ADF	1.30 MGD ADF
	2.6 MGD MDF	2.60 MGD MDF

Revised price information reflecting the up-to-date scope of supply is described in Section 3. We look forward to working with your project team to ensure the success of the project very soon.

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2 Scope of Supply

2.1 Scope of Supply – GE ZENON

Table 1 Scope of Supply for EACH Biological Train

Qty	Item	ZENON	Other	Size	Manufacturer	Note
Anoxic Tank Components (All by others)						
-	-	-	x			All components are supplied by others
Post Anoxic Tank Components (All by others)						
-	-	-	x			All components are supplied by others
Bioreactor Components						
2 *	Transfer (RAS) Pump (duty + standby) per train	x		5 x ADF capacity	ABS	Two submersible pumps per biological train * All other components are supplied by others

* Assuming ONE biological train for Seasons, Del Oro and Palm Shadows and TWO biological trains for Section 14, the above scope of supply table applies to all four plants.

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Table 2 Membrane Systems Scope of Supply for Seasons Plant

Qty	Item	ZENON	Other	Size	Manufacturer	Note
ZeeWeed Tank Components						
2	Membrane tank (Epoxy coated Steel Tank)	x				Sized for 100% redundancy
2	ZeeWeed 500d (48) cassettes and associated Hardware	x			ZENON	
44	ZeeWeed 500d Membrane Module	x		14,960 ft2	ZENON	22 elements for each cassette
2	Permeate collection header pipe	x		Lot	Fabricated item	
2	Air scour distribution header pipe	x		Lot	Fabricated item	
2	Drain Valve	x			Keystone	
4	Drain Ball Valve	X			Keystone	
2	Permeate Valve	x			Keystone	
4	Level switch	x			Signal Master	
2	Cyclic air valve	x		6"	Tyco	
1	Turbidity Meter	x			Hach	
Lot	Pressure gauge	x			Ashcroft	
Membrane Blower						
2	Membrane scouring blower (duty/standby)	x		50 HP (FVNR)	Aerzen	
2	Isolation Valve	x			Keystone	
2	Pressure gauge	x			Ashcroft	
2	Air flow switch	x			Kobold	
1	Air Header	x		Lot	Fabricated	
Backpulse Tank System						
1	Backpulse tank	x		CT-3300	ACO	Poly-ethylene
2	Level switch	x			Signal Master	
1	Isolation valves and piping	x			Keystone	
1	Air vent filter	x			Solberg	
1	Discharge strainer	x			Tate Andale	
Permeate Pumps						
2	Permeate / backpulse reversible pumps (one duty for each train)	x		20 HP (VFD)	Boerger	Controlled based on level in the membrane tank which changes with feed flow. VFD adjusted to match feed flow

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Qty	Item	ZENON	Other	Size	Manufacturer	Note
2	Magnetic flow meter	x		4"	Endress & Hauser	Measure flow from permeate pump
Lot	Isolation Valves	x			Keystone	
2	Temperature gauge	x			Ashcroft	
2	Pressure Transmitter	x			Endress & Hause	TMP measurement
2	Pressure Switch Discharge	X			United Electric	
2	Pressure Switch Membrane	x			United Electric	
1	Permeate pump skid	x			Fabricated item	
Chemical Cleaning Systems						
1	Sodium Hypochlorite addition system for membrane recovery cleaning, c/w one diaphragm pump, piping and valves.	x			ARO	Controlled by ZENON PLC for membrane cleaning. Operator can adjust settings.
1	Sodium hypochlorite day tank	x		120 gal	ACO	Poly-ethylene
1	Citric acid addition system for membrane CIP cleaning, c/w one diaphragm pump, piping and valves	x			ARO	Controlled by ZENON PLC for membrane cleaning. Operator can adjust settings.
1	Citric acid day tank	x		120 gal	ACO	Poly-ethylene
Control System						
1	NEMA 12 carbon steel control panel, c/w, modem interface, dial-out emergency chatter box	x				
1	Motor Control Centre	x				
2	VFD for permeate pumps	x			Baldor	
1	PLC/ HMI	x			Allen-Bradley	

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Table 3 Membrane Systems Scope of Supply for Del Oro Plant

Qty	Item	ZENON	Other	Size	Manufacturer	Note
ZeeWeed Tank Components						
2	Membrane tank (Epoxy coated Steel Tank)	x				
2	ZeeWeed 500d (48) cassettes and associated Hardware	x			ZENON	
88	ZeeWeed 500d Membrane Module	x		29,920 ft2	ZENON	44 elements each cassette
2	Permeate collection header pipe	x		Lot	Fabricated item	
2	Air scour distribution header pipe	x		Lot	Fabricated item	
2	Drain Valve	x			Keystone	
4	Drain Ball Valve	x			Keystone	
2	Permeate Valve	x			Keystone	
4	Level switch	x			Signal Master	
2	Cyclic air valve	x		6"	Tyco	
1	Turbidity Meter	x			Hach	
Lot	Pressure gauge	x			Ashcroft	
Membrane Blower						
2	Membrane scouring blower (duty/standby)	x		50 HP (FVNR)	Aerzen	
2	Isolation Valve	x			Keystone	
2	Pressure gauge	x			Ashcroft	
2	Air flow switch	x			Kobold	
1	Air Header	x		Lot	Fabricated	
Backpulse Tank System						
1	Backpulse tank	x		CT-3300	ACO	Poly-ethylene
2	Level switch	x			Signal Master	
1	Isolation valves	x			Keystone	
1	Air vent filter	x			Solberg	
1	Discharge strainer	x			Tate Andale	
Permeate Pumps						
2	Permeate / backpulse reversible pumps (one duty for each train)	x		20 HP (VFD)	Boerger	Controlled based on level in the membrane tank which changes with feed flow. VFD adjusted to match feed flow
2	Magnetic flow meter	x		4"	Endress &	Measure flow from

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Qty	Item	ZENON	Other	Size	Manufacturer	Note
					Hauser	permeate pump
Lot	Isolation Valves	x			Keystone	
2	Temperature gauge	x			Ashcroft	
2	Pressure Transmitter	x			Endress & Hause	TMP measurement
2	Pressure Switch Discharge	X			United Electric	
2	Pressure Switch Membrane	x			United Electric	
1	Permeate pump skid	x			Fabricated item	
Chemical Cleaning Systems						
1	Sodium Hypochlorite addition system for membrane recovery cleaning, c/w one diaphragm pump, piping and valves.	x			ARO	Controlled by ZENON PLC for membrane cleaning. Operator can adjust settings.
1	Sodium hypochlorite day tank	x		120 gal	ACO	Poly-ethylene
1	Citric acid addition system for membrane CIP cleaning, c/w one diaphragm pump, piping and valves	x			ARO	Controlled by ZENON PLC for membrane cleaning. Operator can adjust settings.
1	Citric acid day tank	x		120 gal	ACO	Poly-ethylene
Control System						
1	NEMA 12 carbon steel control panel, c/w, modem interface, dial-out emergency chatter box	x				
1	Motor Control Centre	x				
2	VFD for permeate pumps	x			Baldor	
1	PLC/ HMI	x			Allen-Bradley	

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Table 4 Membrane Systems Scope of Supply for Section 14 Plant

Qty	Item	ZENON	Other	Size	Manufacturer	Note
ZeeWeed Tank Components						
8	Membrane tank (Epoxy coated Steel Tank)	x				
8	ZeeWeed 500d (48) cassettes and associated Hardware	x			ZENON	
384	ZeeWeed 500d Membrane Module	x		130,560 ft2	ZENON	48 elements in each cassette
8	Permeate collection header pipe	x		Lot	Fabricated item	
8	Air scour distribution header pipe	x		Lot	Fabricated item	
8	Drain Valve	x			Keystone	
16	Drain Ball Valve	x			Keystone	
8	Permeate Valve	x			Keystone	
16	Level switch	x			Signal Master	
8	Cyclic air valve	x		6"	Tyco	
2	Turbidity Meter	x			Hach	
Lot	Pressure gauge	x			Ashcroft	
Membrane Blower						
4	Membrane scouring blower (two duty/standby)	x		50 HP (FVNR)	Aerzen	
4	Isolation Valve	x			Keystone	
4	Pressure gauge	x			Ashcroft	
4	Air flow switch	x			Kobold	
Lot	Piping	x			Fabricated	
Backpulse Tank System						
2	Backpulse tank	x		CT-3300	ACO	Poly-ethylene
4	Level switch	x			Signal Master	
2	Isolation valves and piping	x			Keystone	
2	Air vent filter	x			Solberg	
2	Discharge strainer	x			Tate Andale	
Permeate Pumps						
4	Permeate / backpulse reversible pumps (duty/standby on each skid)	x		20 HP (VFD)	Boerger	Controlled based on level in the membrane tank which changes with feed flow. VFD adjusted to match feed flow

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Qty	Item	ZENON	Other	Size	Manufacturer	Note
4	Magnetic flow meter	x		4"	Endress & Hauser	Measure flow from permeate pump
Lot	Isolation Valves	x			Keystone	
4	Temperature gauge	x			Ashcroft	
4	Pressure Transmitter	x			Endress & Hause	TMP measurement
4	Pressure Switch Discharge	X			United Electric	
4	Pressure Switch Membrane	x			United Electric	
2	Permeate pump skid	x			Fabricated item	
Chemical Cleaning Systems						
1	Sodium Hypochlorite addition system for membrane recovery cleaning, c/w one diaphragm pump, piping and valves.	x			ARO	Controlled by ZENON PLC for membrane cleaning. Operator can adjust settings.
1	Sodium hypochlorite day tank	x		120 gal	ACO	Poly-ethylene
1	Citric acid addition system for membrane CIP cleaning, c/w one diaphragm pump, piping and valves	x			ARO	Controlled by ZENON PLC for membrane cleaning. Operator can adjust settings.
1	Citric acid day tank	x		120 gal	ACO	Poly-ethylene
Control System						
2	NEMA 12 carbon steel control panel, c/w, modem interface, dial-out emergency chatter box	x				
2	Motor Control Centre	x				
4	VFD for permeate pumps	x			Baldor	
2	PLC/ HMI	x			Allen-Bradley	

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Table 5 Common Scope of Supply

Qty	Item	ZENON	Other	Size	Manufacturer	Note
Compressed Air System						
2	Oil free air compressor (Duty / Standby) c/w receiver	x		25 scfm 7.5 HP	Quincy	Operated to maintain compressed air for pneumatic valves operations. Typically on 10-20% of the time.
2	Duty / Standby dryer for compressed air line	x		25 scfm	Quincy	
Miscellaneous						
Lot	Pressure regulator	x			Watts Fluidair	
Lot	Automatic valves (3" and above)	x			Keystone	
Lot	Ball valves – stainless steel	x			Pinacle	
Lot	Ball valves – PVC	x			Chemline	
Lot	Diaphragm valves	x			Chemline	
Lot	Butterfly valves (3" and above)	x			Keystone	
Lot	PVC ball check valves	x			Chemline	
Submittals						
3	Mechanical document, incl. PFDs; P&IDs; GAs; BoMs; Hydaulic Designs; process piping layout and design, etc.	x				
3	Electrical and Instrumental document, incl. control narratives, vendor detail drawing	x				
3	O&M Manual	x				

The above common scope of supply applies to all the plants.

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2.2 Scope of Supply – Others

The following items are for supply by OTHERS and will include, but are not limited to:

- Overall plant design responsibility;
- Review and approval of design parameters related to the membrane separation system;
- Review of ZENON-supplied equipment drawings and specifications;
- Detail drawings of all termination points where ZENON equipment or materials tie into equipment or materials supplied by others;
- Equipment foundations, civil work, equipment mounting pads, buildings etc.;
- Receiving, unloading and safe storage of ZENON-supplied equipment at site until ready for installation;
- HVAC equipment design, specifications and installation (where applicable);
- UPS, Power Conditioner, Emergency power supply and specification (where applicable);
- Concrete bioreactor tank, complete with anoxic zone and aerobic zones;
- 1 to 2 mm pretreatment fine screen, transfer pumps and controls from equalization tank to bioreactor are not included, but can be provided as required.
- Equalization tank(s) and transfer pump(s)– as required;
- Process and utilities piping, pipe supports, hangers, valves etc. including but not limited to:
  - Piping, pipe supports and valves between ZENON-supplied equipment and other plant process equipment;
  - Piping between any loose-supplied ZENON equipment;
  - Process tank aeration system air piping, equalization tank system piping, etc;
- Treated water storage tank(s) where applicable;
- Electrical wiring, conduit and other appurtenances required to provide power connections as required from the electrical power source to the ZENON control panel and from the control panel to any electrical equipment, pump motors and instruments external to the ZENON-supplied enclosure;
- All bolts, brackets and fasteners to install ZENON-supplied equipment;
- Sampling and water quality analysis;
- Raw materials, chemicals, and utilities during equipment start-up and operation;
- Disposal of Initial Start-up wastewater and associated chemicals;
- Disinfection – as required.

3 Commercial

3.1 System Price

GE ZENON's pricing (US FUNDS) to supply equipment /services in this proposal for Far West Water & Sewer:

1. Seasons plant (0.15 MGD ADF)
One (1) Z-MOD™ L -192 wastewater membrane treatment system..... $ 521,428

2. Del Oro plant (0.3 MGD ADF)
One (1) Z-MOD™ L -192 wastewater membrane treatment system..... $ 615,769

3. Section 14 plant (1.3 MGD ADF)
Two (2) Z-MOD™ L -192 wastewater membrane treatment systems..... $ 2,019,033

The prices presented here have been based on the premise that all plants will be purchased together. In the event that orders for individual plants are staggered, price adjustments may be necessary depending. Receipt of place delivery schedules.

Optional:
1. Two (2) membrane tanks and Two (2) ZeeWeed® membrane cassettes, each cassette c/w 48 ZeeWeed® 500d membrane elements..... $ 433,691

2. Two (2) membrane tanks and Two (2) ZeeWeed® membrane cassettes, each cassette c/w 24 ZeeWeed® 500d membrane elements..... $ 311,910

3.2 Terms and Conditions

With the updated system price as shown in Section 3.1, all other commercial Terms and Conditions, included in the original final proposal (#49677-06, dated July 28, 2006), still apply.

EXHIBIT
R-6
ADMITTED

FAR WEST WATER & SEWER, INC.

DOCKET NO. WS-03478A-12-0307

DIRECT TESTIMONY

OF

THOMAS H. FISH, Ph.D.

ON BEHALF OF

THE

RESIDENTIAL UTILITY CONSUMER OFFICE

FEBRUARY 8, 2013

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EXECUTIVE SUMMARY

On July 6, 2012 Far West Water & Sewer, Inc. ("FWWS") filed for a rate increase for its wastewater rates. According to its application the Company claimed that it had invested in major upgrades to its wastewater facilities and required a rate increase to recover its additional costs of providing service.

The Company claimed that its rate base had increased significantly. The Company also claimed that in 2009 (Decision No. 71447) the Commission found its wastewater division to be insolvent. Further, the Company claims that its financial condition has not improved since then.

In this case, Far West requests a rate increase of $3,866,046, or 173.52% in order for it to earn a rate of return on its original cost rate base of 7.40%. A residential customer's monthly bill would increase by $40.90 to $62.65 per month, an increase of 188.05%.

My testimony describes and presents evaluations, observations and recommendations regarding whether the Company's wastewater treatment plant investment is used and useful. My analysis is geared towards determining whether FWWS's request to place the original cost of its treatment plant upgrade in rate base is in the ratepayer's best interest.

As a result of my review and evaluation of the information available in this proceeding I have determined that no more than 69.9% of the investment in wastewater treatment should be considered to be beneficial to current Far West customers and the balance could be beneficial to future Far West wastewater customers.

As a result of my analysis I determined that Far West overstated its depreciable utility plant in service (UPIS) by $10,936,720 which results in an overstatement of the revenue requirement by $1,329,304.[1]

[1] Adjustment is based on RUCO's rate of return and Gross Conversion Factor.

INTRODUCTION

Q. Please describe your professional experience.

A. I have provided expert witness and consulting services in Economics, Finance, Utility Regulation, Industrial Organization, and related areas in administrative and judicial litigation proceedings for over thirty years. I have also taught graduate and undergraduate college classes in Economics, Finance, Quantitative Methods, Financial Accounting, Managerial Accounting, Cost Accounting, Management and related classes.

Q. Please provide a summary of the Far West application.

A. On July 6, 2012 Far West Water & Sewer, Inc. ("the Company", "Far West", or "FWWS") filed an Application for a rate increase for its wastewater rates. Far West provides wastewater service in unincorporated areas of Yuma County, Arizona. FWWS stated that it had invested in major upgrades to its wastewater facilities, as required by a Consent Judgment with the Arizona Department of Environmental Quality. The Company claims that it does not have sufficient resources to pay all of its bills as they become due and obligations to multiple parties are overdue because of its investment in new plant.

Far West currently charges residential customers a flat monthly charge of $21.75 for wastewater service. It is requesting a $40.90 per month

increase (188.05%). The total rate increase requested is $3,866,046, or 173.52%.

Far West is a Class A utility providing water and wastewater to approximately 15,500 water customers and 7,067 residential, 44 commercial wastewater customers and four recreational vehicle parks containing 713 spaces. Most of the Company's wastewater customers are also Far West's water customers.

Q. What is the nature of your testimony in this proceeding?

A. My testimony describes and presents evaluations, observations and recommendations regarding whether the plant, as constructed, is currently used and useful. My analysis is geared towards determining whether Far West's request to place the original cost of its wastewater treatment plants in rate base is in the ratepayer's best interest.

Ariadair Economics Group was directed by RUCO to analyse and report on all adjustments to rate base related to the wastewater processing plant upgrades, whether the plant is used and useful including an analysis of excess capacity, if any.

Q. What were the major components of your evaluation?

A. My colleague, Mr. Royce Duffett, P.E., and I visited the Far West office and treatment plants in Yuma and interviewed Far West employees. In addition, I reviewed, analysed and evaluated the Company's application in

this matter, the history of the Far West wastewater system, the Company's work papers, and its responses to data requests submitted by RUCO and other participants in the proceeding. I also reviewed the engineering report submitted in Docket 08-0454 as well as the 12/31/2011 Annual Water & Sewer Report submitted by the Company to the Commission.

Q. Was this testimony prepared by you or under your supervision?

A. Yes.

BACKGROUND OF THE FAR WEST WATER AND SEWER SYSTEM

Q. Would you describe the background of the Far West Water and Sewer system?

A. Yes. On December 19, 2008, Far West Water & Sewer Company filed an emergency application, WS-03478A-08-0608, for the immediate implementation of interim rates for sewer service. Those rates would be effective until a decision had been issued on the Company's application for permanent rate increase. The Company had filed an application for permanent rates on August 29, 2008, in Docket No. WS-03478A-08-0454. By Procedural Order dated December 10, 2008, the permanent rate case was set for hearing to commence on July 29, 2009. Following the filing of the emergency rate application, by Procedural Order dated January 23, 2009, the proceedings in the permanent rate case were suspended pending the conclusion of the emergency case.

The shareholders of Far West are sisters Paula Capestro and Sandy Braden. Mr. Andrew Capestro is married to Paula Capestro and oversaw the Company during its sewer renovation project.

TABLE 1 – Far West Wastewater Design Capacities

Plant	2011 Design Capacity
Marwood	340,000
Section 14	1,300,000
MDS – Villa Royale	10,000
MDS – Del Oro	495,000
MDS – Del Rey	37,500
Seasons	150,000
Palm Shadows	0
TOTAL	2,332,500

Q. Did the Arizona Department of Environmental Quality (ADEQ) investigate Far West's sewer operation?

A. Yes. After customer complaints about odors and effluent quality, the ADEQ investigated the Company's sewer operations. On March 10, 2006, ADEQ entered into a Consent Order with Far West with respect to the Del Oro treatment facility. In that Consent Order, Far West was required to make short, medium and long-term measures to address operational, maintenance, capacity and permitting deficiencies associated with the Del Oro plant.

Q. Did Far West hire an engineering firm?

A. Yes. In April 2006, after the Del Oro Consent Order, Far West stated that it hired Coriolis, an engineering firm, to perform a comprehensive review of the entire utility, water and sewer, including addressing the issues of the wastewater plants. Before Coriolis could prepare a comprehensive engineering study, however, Far West claims, that the Company had to address the issues surrounding the Del Oro treatment plant. With the assistance of Coriolis, Far West was able to locate a temporary treatment facility. Far West was able to have the temporary plant installed and operational before the deadline in the ADEQ Consent Order. Far West then turned its attention to the system wide odor problem which resulted in the Company injecting dioxide chemicals throughout the system and installing carbon filters.

According to Far West, Coriolis found that the Company had many more issues besides the Del Oro Treatment Plant. After addressing the deficiencies at the Del Oro Plant and the odor problems, the Company stated that it then proceeded to address longer-term goals of designing as system that which would allow the Company to maneuver itself into a more manageable position. The Company claims it did not have proper plant inventories or maps of its systems and had a hard time locating facilities for repair and maintenance and keeping track of customers so Coriolis recommended that Far West engage in a mapping project and purchase new billing software.

Q. What else did Coriolis determine?

A. According to Far West, Coriolis determined that all of Far West's wastewater plants, except the Marwood plant, required major modifications. The engineers determined that Far West had too many treatment plants for the size of its service area. Far West claimed that the hodgepodge of treatment plants was the result of the rapid development, with individual developers building the plant capacity that they needed for their individual developments and then contributing the plant to Far West. In addition, the treatment systems were not working properly and could not easily be made to work properly. Problems with the wastewater treatment plants included inadequate aeration in the tanks, and inadequate mechanisms for handling sludge and removing effluent. As a result, Far West's treatment plants were not meeting the applicable nitrogen requirements and were sometimes exceeding turbidity and fecal coliform limits.

Q. Did Coriolis design a sewer renovation project?

A. Yes. Coriolis designed a sewer renovation project which involves expanding the Section 14 plant, from a capacity of 150,000 gpd to 1.3 million gpd, closing the Palm Shadows plant and diverting the flows that had been going to Palm Shadows to Section 14 for treatment. The Palm Shadows plant would be decommissioned and converted to a lift station. The Del Oro plant would be expanded from a capacity of 300,000 gpd to

495,000 gpd. Then, the Villa Del Rey and Villa Royale flows would be diverted to the new Del Oro plant, and the Villa Del Rey and Villa Royale plants would be closed. The temporary plant currently installed at Del Oro would be moved to the Seasons plant, which would expand that capacity from 70,000 gpd to 150,000 gpd. In addition, some of the flows currently treated at Marwood plant would also be diverted to the Section 14 Plant.

Q. How did Far West propose to finance the plant improvements?

A. In July 2006, the Company obtained the first of two bridge anticipation notes ("BANs"). The first BAN, was in the amount of $11.1 million, and was secured by the pledge of the shareholders' stock in Far West. The purpose of the first BAN was to allow Far West to begin funding the costs of the system-wide improvements, including design and engineering costs.

On October 25, 2006, Far West entered into a second Consent Order with ADEQ, which order superseded the first. The new Consent Order required Far West to Apply for new or amended aquifer protection permits ("APPs") for the Del Oro, Seasons and Section 14 plants, as well as closure permits for the Villa Royale, Villa Del Rey and Palm Shadows plants. The Company was required to submit APP applications relating to these projects within 30 to 90 days. The Company met the deadlines for these submissions.

On December 31, 2006, Far West closed on a second BAN for $17.7 million which was secured by a pledge of the shareholders' stock. The purpose of the second BAN was to pay off the first BAN and provide additional funds to cover the costs of the on-going water and sewer system renovation. Far West stated that Coriolis' goal was to complete its work for Far West by February 2007. Far West's shareholders used the BANs to continue the procurement process and begin construction. Far West determined that it would order plant prior to receiving ADEQ approval of the APPs. The Company believed that they could start ordering equipment as long as it did not book the plant until after it received the APP approvals from ADEQ.

Q. What did ADEQ direct Far West to do in the Second Consent Order?

A. In the Second Consent Order, ADEQ directed Far West to cease all construction- related activities, including procuring equipment until the APPs were issued. Far West stated that it tried to convince ADEQ to allow it to proceed at its own risk with construction activities, but ADEQ would not agree. All construction and most procurement activities stopped until ADEQ issued the APPs. Far West stated that it took ADEQ 18 months to issue all of the permits.

During the period ADEQ had the APPs under review, Far West states that it undertook activities that did not require ADEQ permits, such as

preparing sites for the renovation projects and preparing a long-range engineering study. Far West stated that it also sought permanent financing for the system improvements. The Company obtained a commitment for the issuance of Industrial Development Authority ("IDA") bonds through the Yuma County IDA in the amount of $32.5 million. The projects included in the request included "acquisition, construction and installation of improvements to Far West's wastewater treatment plants and drinking water treatment system."

Q. Did the IDA financing require Commission approval?

A. Yes. The IDA financing required Commission approval and on July 26, 2007, Far West filed a Financing Application with the Commission. Far West concluded that under its existing rates it might not be able to support a Financing Application with the Commission for the entire $32.5 million, and thus, reduced its IDA funding request to a little more than $25 million. The $25 million was intended to allow Far West to pay off an existing WIFA loan in the amount of $4.45 million, pay off the second BAN and construct the sewer system upgrades once ADEQ approved the APPS. Far West's Financing Application sought authority to issue evidence of indebtedness in an amount not to exceed $25,215,000 for the purpose of constructing sewer system infrastructure improvement needed to ensure safe and reliable utility service and comply with the two Consent Orders between the Company and the ADEQ and for repayment

and consolidation of certain existing debt, which was incurred by the Company on a short-term basis for similar purposes. On October 30, 2007, in Decision No. 69950, the Commission authorized Far West to obtain the IDA financing.

Q. Were all of the IDA funds used for Far West's wastewater system?

A. No. In making its Financing Application with the Commission the Company stated that a portion of the IDA funds would be used to repay and consolidate the outstanding debt, which debt had been used in part for water treatment improvements. Far West stated that by the time the IDA funds were taken down, the Company had already spent nearly $1 million to improve its water system, and had committed to spend roughly $1.8 million on water system related improvements. Far West stated that it inadvertently omitted requesting authority to finance improvements to the water system.

Far West closed on the IDA bonds on or about December 13, 2007. The Company incurred approximately $1.3 million in costs and fees to obtain the IDA bonds, which were paid from the bond proceeds. After paying off the $4.45 million WIFA loan, and the second BAN in the amount of $17.7 million, $8.5 million remained from the IDA bond proceeds to fund the construction project.

Q. Was Far West able to complete the project with the $8.5 million available?

A. No. By mid-2007, the effluent ponds at the Palm Shadows plant had ceased to percolate, and the Company began to incur the costs of hauling effluent from the Palm Shadows treatment plant to the City of Yuma facilities. Far West utilized its affiliate, H&S Developers, a real estate company, owned by the principles of Far West, to deliver the effluent from the Palm Shadows plant to the City of Yuma for disposal at a monthly cost of approximately $45,000, including the costs paid to the City. Far West states that by using H&S Developers, it was able to reduce its costs of hauling the effluent. In addition Far West identified cost overruns dealing with membranes and vadose wells of about $4.5 million.

USED AND USEFUL

Q. From a regulatory perspective what does the term "used and useful" mean?

A. The concept matches the customers of a utility's plant with the owner's recovery of the cost of the plant. For example, if 100 per cent of a plant is being used by the current customers of the plant then those customers are the beneficiaries and they are obligated to pay the utility for its cost of providing the plant. However, if only 50 percent of a plant is being used by current customers, then those customers are only obligated to pay for the 50% of the plant they are using and future customers should be

obligated to pay for the remainder of the plant when they use it in the future.

In summary, the concept considers what portion of the plant or improvement is actually being used and is therefore subject to rate base consideration. If a plant is not in use, or used by current customers, then it should not be considered for rate base treatment because current ratepayers should not have to pay for a plant that benefits future ratepayers. This simply follows the regulatory adage that cost causers should be cost payers. That is, current customers should pay only for the costs they cause and future customers should, in their turn, pay for costs they cause. This proper concept of used and useful does not exclude recovery of investment by utilities, it simply allows for the recovery of those costs to be from the customers that benefit from the investment.

Q. Has the Commission determined if Far West's Wastewater treatment facilities are used and useful or prudent?

A. No.

Q. If the Commission determines that building and operating the wastewater treatment plant was prudent does this mean that the White Tanks plant is automatically used and useful?

A. No. The concepts of prudency and of used and useful are different so the determination of used and useful and the determination of prudent must

also be determined separately and on the merits of the situation being considered. Otherwise it would be very easy to force a violation of the matching principle. That is, suppose a utility prudently built a wastewater processing plant with a capacity to treat 5 MGD and had access to only 1 MGD of peak day wastewater to treat. Under the notion that a prudent investment must, by definition, be used and useful, the current customers of the plant who only used 1/5 of the capacity of the plant would be forced to pay for the entire plant. This would force a mismatch because future customers are getting a free ride on the shoulders of existing customers. This would also create a powerful incentive for utilities to overbuild and gold-plate their investments to the detriment of customers. It makes economic sense, and, in my opinion, is in the public interest, for the Commission to make a determination of prudency and a separate determination of used and useful after carefully considering all the facts of each case as it has done in the past.

Q. In your opinion, what would be the result of allowing a prudency determination to automatically determine whether an investment is used and useful?

A. In my opinion adoption of such a policy could tie the hands of the Commission in evaluating applications to include new plant and equipment in rate base. That type of policy could also be expected to induce utilities

to over-invest and could result in misallocation of resources, causing unnecessary economic harm to ratepayers.

Q. Are there different ways of viewing the concept of used and useful?

A. Yes. An engineering perspective recognizes the "lumpiness" of capital investment and looks to a planning horizon of up to five years to measure used and useful. An accounting perspective generally takes a more current view of investment but generally recognizes that future customers can be expected to utilize currently unused portion of the plant and allows for depreciation expense to be deferred matching the current unused portion of the plant with the future users of the plant.

Q. Did you conduct an analysis to determine if the Far West wastewater treatment plant is used and useful?

A. Yes. The following table summarizes my analysis. The relevant data, data from the application forms and Mr. Duffett's testimony are the bases for my analysis. There are two components used in the analysis. These are rated capacity and demand capacity. Demand capacity is determined by using an engineering standard and by actual flow data provided by the Company. See Direct Testimony of Royce Duffett. The two are compared to the rated capacity and then averaged to determine the impact on depreciable UPIS and the revenue requirement. The impact on

depreciable UPIS and the revenue requirement are calculated based on RUCO's cost of equity and gross conversion factor.

TABLE 2 - Analysis Summary

Engineering Data	Data from Application
Depreciable Utility Plant in Service ("UPIS")	$ 36,334,619
Rated Capacity	2,332,500
No. Services	7,824
GPD @ 240	1,877,760
Plus 10% (reserve)	2,065,536
Over Investment	11.4%
Adjustment to Depreciable UPIS	$ 4,142,147
Actual Flow Data	
Depreciable Utility Plant in Service ("UPIS")	$ 36,334,619
Rated Capacity	2,332,500
GPD @ peak usage	1,195,000
Over Investment	48.8%
Adjustment to Depreciable UPIS	$ 7,731,294
Total Over Investment	30.1%
Total Adjustment to Depreciable UPIS	$ 10,936,720
Revenue Impact	
Rate of Return @ 7.30%	$ 798,381
Gross Revenue Conversion Factor @ 1.6605	$ 1,329,304

Q. Did Mr. Duffett determine what part of the Far West processing plant is used and useful?

A. Yes. Mr. Duffett determined that 30.1% of the plant was not used and useful.

Q. Does that conclude your testimony?

A. Yes.

Curriculum Vita

Thomas H. Fish, PhD

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Excelsior Springs, MO 64024
(816) 630-0628
email: tfish@ariadaireconomics.com

EDUCATION

University of Arkansas Ph.D., Major: Economics. Minors: Marketing/Management, Finance, and Quantitative Methods.

Central Missouri State University, Warrensburg: MA, Economics

University of Missouri - Kansas City, Kansas City BA, Economics

EXPERIENCE

Administrative proceedings – participated in over 80 proceedings involving economics, statistics, accounting, finance, market structure and industrial organization issues in telecommunications, electric, and oil and natural gas distribution industries.

Managerial experience – Over 20 years experience in managing private businesses. Experience in personnel, economics, market research, finance, accounting, and operations management. Managed technical departments in several firms and was group manager in many major projects.

Judicial proceedings – participated in over 70 proceedings involving antitrust, contract damages, insurance defense, economic loss, market structure and performance, and other related economics/statistics/finance issues.

Other engagements – participated in over 75 private industry and governmental engagements involving economics, market structure, statistics, finance, and operational issues.

Teaching Experience –Through July, 2003 Professor of Business and Economics at William Jewell College. Duties included teaching classes in Economics, Finance, Quantitative Methods, and Management.

Taught classes at Webster University, Avila College, and Longview Metropolitan College on an adjunct basis between 1984 and 1997. Taught graduate and undergraduate classes in the areas of Management, Marketing, Financial Accounting, Finance, Statistics, Quantitative Methods, and Economics.

Experience

1981-1986 Regulatory Consulting and Expert Witness Services. Ariadair Economics Group. Concentration on Regulatory Consulting and Expert Witness Services for Regulatory Commissions and Consumer Advocates.

1986-1987 Directory, Economics Department, LMSL Consultants, Overland Park, Kansas. Concentration on Regulatory Consulting and Expert Witness Services for Regulatory Commissions and Consumer Advocates.

1987-Present Judicial and administrative litigation consultant and expert witness, Ariadair Economics Group. Regulatory consulting and the regulatory experience led to a large number of utility antitrust and related litigation engagements in addition to regulatory Commission and Consumer Advocate regulatory engagements. During the period 1981 -2000 taught on an adjunct basis at local colleges including Avila University and Webster University. During the period 1981-1999 had Consumer Advocate clients in Arizona, Nevada, Illinois, Ohio, Pennsylvania and Maine. Also during this period had Commission clients in Nebraska, Oklahoma, Tennessee, Pennsylvania, Missouri, and South Dakota,

2001-2006 Professor of Business and Economics at William Jewell College, Liberty, Mo. During this period also had several judicial litigation engagements involving asset valuation and economic loss..

PUBLICATIONS

"An Analysis of Valuation of Community Bank Stocks." Quarterly Community Bank Journal, April, 1983.

"An Analysis of Trends in Prices of Community Bank Control Sales." Quarterly Community Bank Journal, July, 1983.

"An Analysis of Publicly Traded Multi-Bank Holding Company Market Performance After Acquisition of Community Banks." Quarterly Community Bank Journal, October, 1983.

"Derivation of a Valuation Index for Community Bank Control Sales." Quarterly Community Bank Journal, January, 1984.

RESEARCH

Professional Presentation

"An Econometric Model of Missouri." Presented at the Missouri Valley Economic Association, 1974.

Consulting Research

Economic Impact of Various Utility Rate Structures on State and Regional Economies.

Demographic Analysis of Economic Regions.

Determination of Market Characteristics and Parameters for Jet Aircraft Manufacturing Firms.

Determination of Optimal Refinancing and Capital Structuring and Corresponding Cost of Capital and Return for Acquisitions and Mergers.

An Econometric Analysis of NECPA Pricing Policies.

An Econometric Analysis of the Effect of the Proposed 15% Severance Tax (Senate Bill #892) on the Economy of the State of Kansas.

Curtailment of Demand Econometric Model for Cincinnati Bell Telephone Company's Service Area.

Development of Control Procedures for Large Construction Projects.

Development of Automatic Bill of Materials Systems of Manufacturing Processes.

Development of Planning and Forecasting Models.

Utilization of Economic Analysis in Business Decision-Making Situations (Seminar).

A Long-Term Forecast of Relative Costs of Alternative Energy Sources.

Analysis of the Validity of Sampling Procedures for Determination of the Growth Component of the DCF Model.

Analysis of the Relative Risk of Customer Classes of Electric Companies.

Development of EDP Models for Determining Optimal Price, Financing Strategy, and Expected Return for Corporate Acquisitions and Mergers.

Analysis of Asset Valuation in Bankruptcy Cases.

Preparation of Bank Charter Applications and Supporting Economic/Demographic Analyses.

COLLEGES COURSE TAUGHT

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Principles of Econ I
Principles of Econ II
Readings in Economics

Financial Accounting

Cost Accounting
Federal Income Tax
Financial Accounting I
Financial Accounting II
Intermediate Financial Accounting
Managerial Accounting

EXHIBIT
R-7
ADMITTED

FAR WEST WATER & SEWER, INC.

DOCKET NO. WS-03478A-12-0307

SURREBUTTAL TESTIMONY

OF

THOMAS H. FISH, Ph.D.

ON BEHALF OF

THE

RESIDENTIAL UTILITY CONSUMER OFFICE

MARCH 29, 2013

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EXECUTIVE SUMMARY

RUCO consultant Thomas H. Fish, Ph.D. responds to the rebuttal testimony of Far West witness Ray L. Jones on the plant capacity issue associated with Far West's request for a permanent rate increase. Based on his review of Mr. Jones' rebuttal testimony, Dr. Fish recommends the following:

Dr. Fish continues to recommend that no more than 69.90 percent of Far West's investment in wastewater treatment should be considered to be beneficial to current Far West customers.

Dr. Fish continues to advocate that Far West overstated its depreciable utility plant in service ("UPIS") by $10,936,720 which results in an overstatement of the revenue requirement by $1,329,304.

INTRODUCTION

Q. Please state your name, occupation, and business address.

A. My name is Thomas H. Fish. I am President of Ariadair Economics Group. My business address is 1020 Fredericksburg Rd., Excelsior Springs, MO 64024.

Q. Are you the same Thomas Fish that presented testimony on behalf of RUCO earlier in this proceeding?

A. Yes.

Q. What is the purpose of your surrebuttal testimony?

A. The purpose of my surrebuttal testimony is to address various questions raised by the Company regarding my direct testimony which addressed Far West's plant capacity.

PLANT CAPACITY

Q. Have you reviewed the rebuttal testimony of Far West consultant Ray L. Jones, which was filed on March 11, 2013?

A. Yes. I have reviewed the rebuttal testimony of Mr. Jones who takes issue with my plant capacity recommendations.

...

Q. Mr. Jones complains that the plant capacity should be evaluated on an individual basis rather than on a system-wide basis. Do you agree?

A. No. As shown by Mr. Duffett, the results of individual analysis and aggregate analysis are the same so there is no gain or loss by selecting one procedure over the other.

Q. Mr. Jones claims that Mr. Duffett should have used December 31, 2011 design capacity in his analysis rather than Ultimate design capacity. Do you agree?

A. No. Mr. Jones presented the design capacities in his filings and, as such, they were accepted as valid.

Q. Do the criticisms by Mr. Jones have merit regarding Mr. Duffett's analysis?

A. No.

Q. Does Mr. Jones admit that Far West has excess capacity?

A. Yes. In fact, Mr. Jones admits that Far West does have excess capacity.

...

Q. Mr. Jones complains that a rate base adjustment has already been made and that Dr. Fish's adjustment is double counting. Do you agree?

A. No. Mr. Jones used dollars of different weighted values which distort the results of an analysis. Equal value dollars should be used and these are what I used.

Q, Does Mr. Jones complain about your use of depreciation?

A. Yes. However, his complaints are not legitimate. My analysis is an aggregate analysis and as such properly bundles the depreciable items together.

Q. Does your silence on any other issues, matters or findings addressed in the rebuttal testimony of Mr. Jones or any other witness constitute your acceptance of the Company's positions on such issues, matters or findings?

A. No, it does not.

Q. Does this conclude your surrebuttal testimony on the plant capacity issue?

A. Yes, it does.

Engineering Data	Data from Application
Depreciable Utility Plant in Service ("UPIS")	$ 36,334,619
Rated Capacity	2,332,500
No. Services	7,824
GPD @ 240	1,877,760
Plus 10% (reserve)	2,065,536
Over Investment	11.4%
Adjustment to Depreciable UPIS	$ 4,142,147
Peak Usage Data	
GPD @ peak usage	1,195,000
Over Investment	48.8%
Adjustment to Depreciable UPIS	17,731,294
Total Over Investment	30.1%
Total Adjustment to Depreciable UPIS	10,936,720
Revenue Impact	
Rate of Return @ 7.30%	798,381
Gross Revenue Conversion Factor @ 1.6605	1,329,304

EXHIBIT
R-8
ADMITTED

R-8

Engineering Data	Data from Application
Depreciable Utility Plant in Service ("UPIS")	$ 38,499,820
Rated Capacity	2,332,500
No. Services	7,824
GPD @ 240	1,877,760
Plus 10% (reserve)	2,065,536
Over Investment	11.4%
Adjustment to Depreciable UPIS	$ 4,388,979
Peak Usage Data	
GPD @ peak usage	1,195,000
Over Investment	48.8%
Adjustment to Depreciable UPIS	18,787,912
Total Over Investment	30.1%
Total Adjustment to Depreciable UPIS	11,588,446
Revenue Impact	
Rate of Return @ 7.30%	845,957
Gross Revenue Conversion Factor @ 1.6605	1,408,518

FAR WEST WATER & SEWER, INC.

DOCKET NO. WS-03478A-12-0307

DIRECT TESTIMONY

OF

ROYCE A. DUFFETT, P.E.

ON BEHALF OF

THE

RESIDENTIAL UTILITY CONSUMER OFFICE

FEBRUARY 8, 2013

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INTRODUCTION

Q. Please state your name, occupation, and business address.

A. My name is Royce A. Duffett. I am an Engineer with Ariadair Economics Group. My business address is 414 S. Thompson Ave., Excelsior springs, MO 64024. I am also owner of RAD Construction and Engineering, a Design/Build company, at 411 W. Lexington, Richmond, MO 64085.

Q. What does Ariadair Economics Group do?

A. Ariadair Economics Group provides expert witness and consulting services in administrative and judicial litigation proceedings.

Q. Please describe your educational background.

A. I hold a B.S. degree in Civil Engineering from University of Missouri – Columbia. I am a registered Professional Engineer in the State of Missouri. My number is: 2002016645.

Q. Please describe your professional experience.

A. I was responsible for cost analysis and safety issues for utility asset relocation. I have extensive experience with Design/Build construction projects including utility assets/safety considerations. I have extensive experience in the adherence of contracted work to the Missouri Department of Transportation: plans, specifications, special provisions and contracts, construction and supervision of contractors to the State of

Missouri for roads, bridges and other transportation areas. I wrote and approved change orders for contract changes and was responsible for over $25M in contracts per year. I am the owner of one of the few design/build engineering construction companies in Missouri. I am responsible for the design of water main and sewer main extensions including approval from the Missouri Department of Natural Resources as it regulates water pressure, pipe sizing and demand requirements. My company handles all aspects of construction from design of the project to site preparation, utility line installation to completion of finished buildings.

Q. What is the nature of your testimony in this proceeding?

A. We were directed by the Residential Utility Consumer Office to examine the engineering issues related to the Company's $23 million upgrade of the water and wastewater treatment plant. We are to analyze and report on all adjustments to rate base related to the $23 million upgrades to the water and wastewater treatment plant, whether the plant is used and useful including an analysis of excess capacity, if any.

FAR WEST WASTE WATER TREATMENT PLANTS

Q. What is the Far West waste water treatment plant?

A. The Far West wastewater treatment plant consists of seven individually operating package-type plants (According to the annual Far West Water and Sewer Report to the AzCC, Page 32). In August 2011, the Palm

Shadows Plant was closed and its flow sent by new force main to the Section 14 Plant bringing the total to six individually operating plants.

Q. What did your analysis and evaluation consist of?

A. I visited the Far West office and treatment plants in its service territory in Yuma Arizona and interviewed Far West employees. I analyzed and reviewed the Company's application in this matter, the history of the system, the Company's work papers and its responses to data requests. I also reviewed the engineering report submitted by Lee on August 29, 2008 in Docket No. 08-0454 as well as the annual Water and Sewer reports submitted by the Company to the AzCC.

Q. Would you explain the design capacity of the sewer treatment plant?

A. Arizona Department of Environmental Quality defines "Design capacity" as the volume of a containment feature at a discharging facility that accommodates all permitted flows and meets all Aquifer Protection Permit conditions, including allowances for appropriate peaking and safety factors to ensure sustained, reliable operation. What that means is the amount of wastewater that a plant can treat usually calculated in gallons per day (GPD). Far West currently has six treatment plants with a total design capacity of 2,332,500 GPD.

Q. How is the design capacity determined for a given wastewater plant?

A. In the absence of historical data, standard engineering practices and ADEQ design requirements use an average value of 240 gallons per household per day for design of sewer treatment.

Q. How many water customers does Far West have?

A. Far West currently has 7067 residential customers, 44 commercial customers and 4 RV parks with 713 spaces. This makes a total of 7824 customers.

Q. Using the standard, what would Far West's design capacity be to cover the standard 240 GPD?

A. Using Far West's reported customer base of 7824 and multiplying it by the 240 GPD standard, the design capacity of the Far West's facilities should be 1,877,760 GPD to meet expected average flows. Daily averages will be different based on certain events that take place in the community. For example, you would expect that weekend usage be higher than weekday usage because more people are at home on weekends doing laundry, using the bathroom, etc. more than they would during a workday when no one is at home. The 1,877,760 GPD represents what their demand would be expected to be. In addition, a factor would be taken for future use. 10% was added to the base to accommodate future use so the plant

would not need to be expanded every year. This results in a design capacity of 2,065,536 GPD.

Q. What is the rated capacity of Far West's Facilities?

A. Far West currently has six treatment plants with a total design capacity of 2,332,500 GPD or 11.4% above the design capacity to accommodate 7824 customers under ADEQ's 240 GPD household standard.

Q. Does the Company have historical data to provide it with actual flows at its plants for the years they have been in service?

A. Yes

Q. What were Far West's actual average and peak flows in the test year?

A. In July, 2012, the Company filed its annual report for 2011 which included a report of its average and peak flows by system and month. An excerpt of that report is attached as exhibit A. According to the Company's annual reports, Far West average flow in 2011 was 754,704 GPD or 32.4% of its current rated capacity.

Q. Should the plant also be designed to accommodate peak usage?

A. Yes. As I previously stated, a plant needs to be able to accommodate the peak usage, not just an average usage. According to the Company in 2011, its system wide peak demand was 1,195,000 GPD.

Q. What is the difference between Far West's demand and its rated capacity?

A. 1,195,000 GPD represents the peak usage of Far West's plants for one day whereas the Company's rated capacity is 2,332,500 GPD.

Q. Why is there such a difference in demand versus design capacity?

A. Overinvestment. Dividing the existing peak usage by the current design capacity, (1,195,000/2,332,500) this represents a value of 48.8% overinvestment in the plant. Or in other words, the plant has 1,137,500 GPD in available capacity for future use (see used and useful). If you were designing a plant with no knowledge of the area or historical data of the usage you would use the above 240 gallons per day plus 10% and arrive at a required design capacity of 2,065,536 GPD. This value represents an 11.4% excess design capacity in the plants.

USED AND USEFUL – WASTE WATER TREATMENT PLANTS

Q. What is the concept of "used and useful"?

A. The concept matches the customers of a utility plant with the owner's recovery of the cost of the plant. For example, if 100% of a plant is being used by the current customers then those customers are the beneficiaries and they should be obligated to pay the utility for its cost of providing the plant. However, if only 50% of a plant is being used by current customers, then those customers are only obligated to pay for 50% of the plant they

are using and future customers should be obligated to pay for the remainder of the plant when they use it in the future. If a new plant is sized for future use, ratepayers should not have to pay for the project at the present time when it is not needed. If the need materializes in the future, the company will benefit by having one set of customers pay for the upgrade while another provides excess revenue. If future use doesn't materialize then customers would be paying for inaccurate planning on the part of the company.

Q. What is your determination of used and useful?

A. I have averaged my determinations of excess capacity above and determined that 30.1% of the Company's plant in service is not used and useful (48.8%+11.4%=60.2%/2= 30.1%)

Royce Duffett, P.E. Resume

radengineer@sbcglobal.net

EDUCATION

1991-1994	B.S., Civil Engineering, University of Missouri
Special Courses:	Numerous special courses dealing with safety, project management and planning, construction contract administration, and related issues.

REGISTRATIONS: Registered Professional Engineer in Missouri, No. 2002016645

POSITIONS

1994 – 2000	Construction Inspector Missouri Department of Transportation – Kansas City, MO.
2000 – 2005	Resident Engineer, Missouri Department of Transportation.
2005 – Present	RAD Construction & Engineering, Owner.
2009 – Present	Ariadair Economics Group, Engineer.

EXPERIENCE

Summary: Responsible for cost analysis and safety issues for utility asset relocation. Design/Build construction projects including utility assets/safety considerations. Extensive experience in the adherence of contracted work to the Missouri Department of Transportation: Plans, specifications, special provisions and contracts. Construction and supervision of contractors to the State of Missouri for roads, bridges and other transportation areas. Wrote and approved change orders for contract changes. Responsible for over $25M in contracts per year. Owns and operates one of the only design/build companies in Missouri.

EXHIBIT A

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

WS-03478A
Far West Water & Sewer, Inc.
13157 E. 44th Street
Yuma, AZ. 85367

RECEIVED
JUL 06 2012
AZ CORP COMM
Director - Utilities

ANNUAL REPORT
Water & Sewer

FOR YEAR ENDING

12	31	2011

FOR COMMISSION USE

ANN 04	11

7-9-12

Far West Water & Sewer, Inc.
Wastewater Division
Inventory Number 44-004
2011 Total Monthly Sewage Flows (MG)
Attachment J

WWTP	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
Marwood	9.172	8.555	8.937	6.515	4.862	3.756	3.863	3.972	4.608	5.592	7.553	8.595
Section 14	2.646	2.660	4.061	3.034	2.189	1.773	1.765	1.849	4.455	10.207	11.732	11.634
Del Oro	5.620	5.102	5.546	5.172	0.202	4.617	4.745	4.927	4.807	5.056	4.447	5.505
Del Rey	0.503	0.477	0.481	0.421	0.378	0.338	0.358	0.405	0.710	0.993	1.317	1.644
Royale	0.131	0.127	0.127	0.112	0.085	0.071	0.067	0.076	0.065	0.082	0.099	0.108
Seasons	2.173	1.946	2.302	1.873	1.692	1.604	1.569	1.688	1.653	1.783	2.078	2.21
Palm Shadows	7.799	7.344	7.732	6.093	5.600	4.131	5.031	5.204	5.056	0.000	0.000	0
TOTAL	28.044	26.211	29.186	23.220	15.008	16.290	17.398	18.121	21.354	23.713	27.226	29.696

Far West Water & Sewer, Inc.
Wastewater Division
Inventory Number 44-004
2011 Sewage Flow (MG) on Peak Day
Attachment K

WWTP	January	February	March	April	May	June	July	August	September	October	November	December
Marwood	0.355	0.362	0.325	0.279	0.228	0.147	0.239	0.165	0.192	0.266	0.304	0.341
Section 14	0.122	0.095	0.173	0.098	0.089	0.073	0.067	0.17	0.252	0.456	0.511	0.481
Del Oro	0.249	0.244	0.209	0.22	0.202	0.195	0.171	0.191	0.218	0.218	0.225	0.217
Del Rey	0.027	0.024	0.023	0.021	0.019	0.016	0.017	0.018	0.038	0.058	0.064	0.068
Royale	0.007	0.009	0.006	0.011	0.004	0.004	0.004	0.004	0.005	0.004	0.005	0.005
Seasons	0.1	0.088	0.095	0.085	0.065	0.063	0.069	0.085	0.065	0.073	0.086	0.087
Palm Shadows	0.302	0.353	0.302	0.238	0.265	0.177	0.199	0.129	0.218	0.000		
Total	1.162	1.175	1.133	0.952	0.872	0.675	0.766	0.762	0.988	1.075	1.195	1.199

FAR WEST WATER & SEWER, INC.

DOCKET NO. WS-03478A-12-0307

DIRECT TESTIMONY

OF

ROYCE A. DUFFETT, P.E.

ON BEHALF OF

THE

RESIDENTIAL UTILITY CONSUMER OFFICE

FEBRUARY 8, 2013

EXHIBIT
tabbies
R-10
ADMITTED

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3 **FAR WEST WASTE WATER TREATMENT PLANTS** 2

4 **USED AND USEFUL – WASTE WATER TREATMENT PLANTS** 6

INTRODUCTION

Q. Please state your name, occupation, and business address.

A. My name is Royce A. Duffett. I am an Engineer with Ariadair Economics Group. My business address is 414 S. Thompson Ave., Excelsior springs, MO 64024. I am also owner of RAD Construction and Engineering, a Design/Build company, at 411 W. Lexington, Richmond, MO 64085.

Q. What does Ariadair Economics Group do?

A. Ariadair Economics Group provides expert witness and consulting services in administrative and judicial litigation proceedings.

Q. Please describe your educational background.

A. I hold a B.S. degree in Civil Engineering from University of Missouri – Columbia. I am a registered Professional Engineer in the State of Missouri. My number is: 2002016645.

Q. Please describe your professional experience.

A. I was responsible for cost analysis and safety issues for utility asset relocation. I have extensive experience with Design/Build construction projects including utility assets/safety considerations. I have extensive experience in the adherence of contracted work to the Missouri Department of Transportation: plans, specifications, special provisions and contracts, construction and supervision of contractors to the State of

Missouri for roads, bridges and other transportation areas. I wrote and approved change orders for contract changes and was responsible for over $25M in contracts per year. I am the owner of one of the few design/build engineering construction companies in Missouri. I am responsible for the design of water main and sewer main extensions including approval from the Missouri Department of Natural Resources as it regulates water pressure, pipe sizing and demand requirements. My company handles all aspects of construction from design of the project to site preparation, utility line installation to completion of finished buildings.

Q. What is the nature of your testimony in this proceeding?

A. We were directed by the Residential Utility Consumer Office to examine the engineering issues related to the Company's $23 million upgrade of the water and wastewater treatment plant. We are to analyze and report on all adjustments to rate base related to the $23 million upgrades to the water and wastewater treatment plant, whether the plant is used and useful including an analysis of excess capacity, if any.

FAR WEST WASTE WATER TREATMENT PLANTS

Q. What is the Far West waste water treatment plant?

A. The Far West wastewater treatment plant consists of seven individually operating package-type plants (According to the annual Far West Water and Sewer Report to the AzCC, Page 32). In August 2011, the Palm

Shadows Plant was closed and its flow sent by new force main to the Section 14 Plant bringing the total to six individually operating plants.

Q. What did your analysis and evaluation consist of?

A. I visited the Far West office and treatment plants in its service territory in Yuma Arizona and interviewed Far West employees. I analyzed and reviewed the Company's application in this matter, the history of the system, the Company's work papers and its responses to data requests. I also reviewed the engineering report submitted by Lee on August 29, 2008 in Docket No. 08-0454 as well as the annual Water and Sewer reports submitted by the Company to the AzCC.

Q. Would you explain the design capacity of the sewer treatment plant?

A. Arizona Department of Environmental Quality defines "Design capacity" as the volume of a containment feature at a discharging facility that accommodates all permitted flows and meets all Aquifer Protection Permit conditions, including allowances for appropriate peaking and safety factors to ensure sustained, reliable operation. What that means is the amount of wastewater that a plant can treat usually calculated in gallons per day (GPD). Far West currently has six treatment plants with a total design capacity of 2,332,500 GPD.

Q. How is the design capacity determined for a given wastewater plant?

A. In the absence of historical data, standard engineering practices and ADEQ design requirements use an average value of 240 gallons per household per day for design of sewer treatment.

Q. How many water customers does Far West have?

A. Far West currently has 7067 residential customers, 44 commercial customers and 4 RV parks with 713 spaces. This makes a total of 7824 customers.

Q. Using the standard, what would Far West's design capacity be to cover the standard 240 GPD?

A. Using Far West's reported customer base of 7824 and multiplying it by the 240 GPD standard, the design capacity of the Far West's facilities should be 1,877,760 GPD to meet expected average flows. Daily averages will be different based on certain events that take place in the community. For example, you would expect that weekend usage be higher than weekday usage because more people are at home on weekends doing laundry, using the bathroom, etc. more than they would during a workday when no one is at home. The 1,877,760 GPD represents what their demand would be expected to be. In addition, a factor would be taken for future use. 10% was added to the base to accommodate future use so the plant

would not need to be expanded every year. This results in a design capacity of 2,065,536 GPD.

Q. What is the rated capacity of Far West's Facilities?

A. Far West currently has six treatment plants with a total design capacity of 2,332,500 GPD or 11.4% above the design capacity to accommodate 7824 customers under ADEQ's 240 GPD household standard.

Q. Does the Company have historical data to provide it with actual flows at its plants for the years they have been in service?

A. Yes

Q. What were Far West's actual average and peak flows in the test year?

A. In July, 2012, the Company filed its annual report for 2011 which included a report of its average and peak flows by system and month. An excerpt of that report is attached as exhibit A. According to the Company's annual reports, Far West average flow in 2011 was 754,704 GPD or 32.4% of its current rated capacity.

Q. Should the plant also be designed to accommodate peak usage?

A. Yes. As I previously stated, a plant needs to be able to accommodate the peak usage, not just an average usage. According to the Company in 2011, its system wide peak demand was 1,195,000 GPD.

Q. What is the difference between Far West's demand and its rated capacity?

A. 1,195,000 GPD represents the peak usage of Far West's plants for one day whereas the Company's rated capacity is 2,332,500 GPD.

Q. Why is there such a difference in demand versus design capacity?

A. Overinvestment. Dividing the existing peak usage by the current design capacity, (1,195,000/2,332,500) this represents a value of 48.8% overinvestment in the plant. Or in other words, the plant has 1,137,500 GPD in available capacity for future use (see used and useful). If you were designing a plant with no knowledge of the area or historical data of the usage you would use the above 240 gallons per day plus 10% and arrive at a required design capacity of 2,065,536 GPD. This value represents an 11.4% excess design capacity in the plants.

USED AND USEFUL – WASTE WATER TREATMENT PLANTS

Q. What is the concept of "used and useful"?

A. The concept matches the customers of a utility plant with the owner's recovery of the cost of the plant. For example, if 100% of a plant is being used by the current customers then those customers are the beneficiaries and they should be obligated to pay the utility for its cost of providing the plant. However, if only 50% of a plant is being used by current customers, then those customers are only obligated to pay for 50% of the plant they

are using and future customers should be obligated to pay for the remainder of the plant when they use it in the future. If a new plant is sized for future use, ratepayers should not have to pay for the project at the present time when it is not needed. If the need materializes in the future, the company will benefit by having one set of customers pay for the upgrade while another provides excess revenue. If future use doesn't materialize then customers would be paying for inaccurate planning on the part of the company.

Q. What is your determination of used and useful?

A. I have averaged my determinations of excess capacity above and determined that 30.1% of the Company's plant in service is not used and useful (48.8%+11.4%=60.2%/2= 30.1%)

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UTILITIES DIVISION

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Yuma, AZ. 85367

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ANNUAL REPORT
Water & Sewer

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Wastewater Division
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Wastewater Division
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Royale	0.007	0.009	0.006	0.011	0.004	0.004	0.004	0.004	0.005	0.004	0.005	0.005
Seasons	0.1	0.088	0.095	0.085	0.065	0.063	0.069	0.085	0.065	0.073	0.086	0.087
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Total	1.162	1.175	1.133	0.952	0.872	0.675	0.766	0.762	0.988	1.075	1.195	1.199

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF FAR WEST WATER & SEWER COMPANY, AN ARIZONA CORPORATION, FOR APPROVAL OF INTERIM RATES AND CHARGES.	DOCKET NO. WS-03478A-08-0608

At: Tucson, Arizona

Date: May 12, 2009

Filed: JUN 01 2009

EXHIBIT R-11 ADMITTED

REPORTER'S TRANSCRIPT OF PROCEEDINGS

VOLUME III

(Pages 428 through 652, inclusive.)

ARIZONA REPORTING SERVICE, INC.
Court Reporting
Suite 502
2200 North Central Avenue
Phoenix, Arizona 85004-1481

By: COLETTE E. ROSS
Certified Reporter
Certificate No. 50658

Prepared for:

RUCO

CERTIFIED COPY
(When in red)

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7 ANDREW J. CAPESTRO

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25

1 weren't allowed to do so.
2 Q. Now, the Section 14 plant has two phases, right?
3 A. That is correct.
4 Q. And do you have to get both phases in operation
5 to be in compliance with ADEQ?
6 A. No. I need the first phase to be in compliance
7 for ADEQ for Palm Shadows and for the Section 14. I
8 would not have enough capacity there to take everything
9 from the force main that I am moving from Marwood or the
10 commercial on Foothills Boulevard until I get to the
11 second phase. So if we move that right away, we would
12 be very, very tight, next to the wall, as to, during the
13 peak season, as to whether or not it could handle it.
14 Then I have to put the next phase in once we can
15 show that the vadose well and the surrounding golf
16 courses are sufficient to take not only the 681,000
17 gallons a day but higher than that. Because some of
18 their studies show that it only has capacity of that
19 number. Mr. Lee believes that he has studies that shows
20 it could take the million three without the use of the
21 vadose well. If not, the situation is that they would
22 require us to drill at least two more vadose wells. But
23 I believe we did a chart that showed the capacities
24 necessary and what would happen based upon the ADEQ
25 requirements of 187.2 per household.

ADT Drilling, Inc.

28150 N. Alma School Rd.# 103
PMB# 440
Scottsdale Az. 85262
Ph. 480-471-1177
Fax. 480-471-1116

Invoice

To: Far West Water & Sewer, Inc. — Location: Yuma, AZ.
Address: 13157 E. 44th Street — Date: 01-28-09
City: Yuma State: AZ. Zip: 85367 — Ref: Vadose Zone Well
Phone: 928-342-1238 Cell: 816-835-9680 Fax: 928-342-7108
Attn: Tim Mathes

-Mobilization and Demobilization		$ 22,000.00
-Borehole Drilling	180' x $250.00	$ 45,000.00
-Blank casing and installation	80' x $ 50.00	$ 4,000.00
-Perforated casing and installation	100' x $ 60.00	$ 6,000.00
-Pull back of 24" diameter casing	180' x $ 50.00	$ 9,000.00
-Gravel pack installation	15.8 x $300.00	$ 4,740.00
-Bentonite chips and natural fill material	1.5 x $3,000.00	$ 4,500.00
-Injection tubes and gravel pack injection tubes		$ 4,500.00
	Sub Total	$99,740.00
	Sales tax	$ 4,388.56
	Sub Total	$104,128.56
	Less deposit rec'd	- $52,870.00
	Total amount due	$51,258.56

Respectfully submitted,

Jay Click
ADT Drilling, Inc.

EXHIBIT
R-12
ADMITTED

Far West Water & Sewer, Inc.
General Ledger
As of December 31, 2011

Account Description	Type	Date	Num	Name	Memo	Debit	Credit	Balance
	General Journal	11/30/2011				46.87		-161.40
	General Journal	12/31/2011				161.40		0.00
Total 105162D · CWIP-Sect 14 WWTP-Building (CWIP-Sect 14 WWTP-Building)						231,033.89	231,033.89	0.00
105162E · CWIP-Sect 14 WWTP-Concrete (CWIP-Sect 14 WWTP-Concrete)								0.00
	Bill	07/29/2008	REQ NO11	2 EVANS CUSTOM CONCRETE, LLC	REQ NO11/SECTION 14 (3) TANK PADS	91,132.00		91,132.00
	Bill	08/27/2008	163	2 EVANS CUSTOM CONCRETE, LLC	REQ NO15B/SCREENING BLD PAD	24,995.00		116,127.00
	Bill	09/29/2008	181	2 EVANS CUSTOM CONCRETE, LLC	INV#181 CONTRL BLDG PAD/SEC14 REQ NO19B	39,551.00		155,678.00
	Bill	10/03/2008	187	2 EVANS CUSTOM CONCRETE, LLC	INV#187 MEMBRANE TANK PADS REQ NO19B	24,832.00		180,510.00
	Bill	10/03/2008	188	2 EVANS CUSTOM CONCRETE, LLC	INV#188 ZENON RECIRCULATION PUMP; REQ NO19B	3,024.00		183,534.00
	Bill	10/06/2008	193	2 EVANS CUSTOM CONCRETE, LLC	INV#193 REQ NO19B; EPOXY SCREENING SEC14	9,000.00		192,534.00
	Bill	01/16/2009	216	2 EVANS CUSTOM CONCRETE, LLC	REQ NO 01C/AERATION TANK PAD	4,866.00		197,400.00
	Bill	05/21/2010	462	2 ZELLERS	SET, POUR, PLACE & FINISH GRINDER PIT/SECTION 14	15,671.00		213,071.00
	Bill	06/14/2010	13543	2 EVANS CUSTOM CONCRETE, LLC	S2940 CONCRETE NEW WET WELL SEC14	309.00		213,380.00
	Bill	06/16/2010	483	2 ZELLERS	S2526 BAL OF 6" PAD; CONCRETE COMPACTION TESTING	2,885.18		216,265.18
	Bill	06/26/2010	13557	2 ZELLERS	S2501 CONCRETE NEW WELL/SEC 14	368.00		216,633.18
	Bill	07/17/2010	13604	2 ZELLERS	S2490 WO-10-00211 CONCRETE FOR NEW WET WELL/SECTION 14	261.00		216,894.18
	Bill	07/31/2010	2010-07	2 FOOTHILLS HARDWARE	(9) Concrete 80# premix	28.22		216,922.40
	Bill	09/30/2010	13713	2 ZELLERS	WO#1000469 SECTION 14	299.00		217,221.40
	Bill	10/31/2010	13752	2 ZELLERS	WO#1002718 SECTION 14 FORCE MAIN	304.50		217,525.90
	Bill	10/31/2010	2010-10	2 FOOTHILLS HARDWARE	3.5 B 16GA rebar tiewire/thrust blocks	2.72		217,528.62
	Bill	08/15/2011	14266	2 ZELLERS	S3519 CONCRETE SEC 14	304.50		217,833.12
	General Journal	09/30/2011			Section 14 WWTP		222,032.92	-4,199.80
	Bill	10/17/2011	308621	2 ZELLERS	S3550, SECTION 14 CONCRETE PAD	2,681.80		-1,518.00
	Bill	10/17/2011	308626	2 ZELLERS	S3550, SECTION 14 CONCRETE PAD EXTRA POUR 8 BLOCKS	450.00		-1,068.00
	Bill	10/31/2011	14361	2 ZELLERS	EXTEND WATER LINE SECTION 14	1,068.00		0.00
Total 105162E · CWIP-Sect 14 WWTP-Concrete (CWIP-Sect 14 WWTP-Concrete)						222,032.92	222,032.92	0.00
105162F · CWIP-Sect 14-Zenon Cassettes,Tr (CWIP-Sect 14 WWTP-Zenon-Cassettes, Trains)								0.00
	General Journal	12/31/2007			OJE 10/26/06 6003981 ZENON 10% PREPAY	201,903.30		201,903.30
	Bill	07/10/2008	071008	2 ZENON	SLI/28002061 - 30% ORIGINAL PO'S SECTION 14	605,709.90		807,613.20
	Bill	09/30/2008	SLI/28002970	2 ZENON	Zenon Progress Payment-Section 14 WWTP	1,101,811.09		1,909,424.29
	General Journal	07/31/2010			WO 10-00460 MEMBRANE TANKS	18.10		1,909,442.39
	General Journal	08/31/2010			WO 10-00460 MEMBRANE TANKS	371.57		1,909,813.96
	General Journal	09/30/2010			WO 10-00460 MEMBRANE TANKS	89.49		1,909,903.45
	Bill	03/28/2011	Promissory Note	2 ZENON	Section 14 PO Balance for Commissioning & Startup	201,903.30		2,111,806.75
	Credit	03/28/2011	Promissory Note	2 ZENON	Section 14 Discount PO Balance for Commissioning & Startup Per Note Dated 03/28/11		10,332.99	2,101,473.76
	General Journal	04/30/2011			WO 11-01126 S7 Move Membranes From Dist Yard To Sec 14	33.09		2,101,506.85
	General Journal	05/31/2011			WO 11-01126 S7 Move Membranes From Dist Yard To Sec 14	49.64		2,101,556.49
	General Journal	06/30/2011			WO 11-01377 S7 Unload Membrane Tanks, Paint & Install	33.09		2,101,589.58
	General Journal	07/31/2011	Addit Hrs		WO 11-01377 S7 Unload Membrane Tanks, Paint & Install	1,061.60		2,102,651.18
	General Journal	08/31/2011			WO 11-01126 S7 Move Membranes From Dist Yard To Sec 14	155.13		2,102,806.31
	General Journal	08/31/2011	Addit Hrs		WO 11-01377 S7 Unload Membrane Tanks, Paint & Install	3,228.43		2,106,034.74
	Bill	09/14/2011	4073	3 PRIORITY WELL SERVICE INC	CLEAN ACCUATORS ON MEMBRANE FILL VALVE TRAIN 2 & 4	390.00		2,106,424.74
	Bill	09/15/2011	3960	2 PRIORITY WELL SERVICE INC	SAND MEMBRANE TANKS SECTION 14	600.00		2,107,024.74
	Bill	09/15/2011	3962	2 PRIORITY WELL SERVICE INC	SAND MEMBRANE TANKS SECTION 14	750.00		2,107,774.74
	Bill	09/15/2011	3963	2 PRIORITY WELL SERVICE INC	PAINT MEMBRANE TANKS SECTION 14	680.00		2,108,454.74
	General Journal	09/30/2011			Section 14 WWTP		2,166,812.19	-58,357.45
	General Journal	09/30/2011	Addit Hrs		WO 11-01377 S7 Unload Membrane Tanks, Paint & Install	2,893.95		-55,463.50
	Bill	10/03/2011	4100	2 PRIORITY WELL SERVICE INC	FIX LEAKS ON PERMEATE LINE MEMBRANE TANKS 1&3	400.00		-55,063.50
	Bill	10/03/2011	4133	2 PRIORITY WELL SERVICE INC	RE-ADJUST STRAUB FITTINGS ON MEMBRANE TANKS	260.00		-54,803.50
	Bill	10/07/2011	4135	2 PRIORITY WELL SERVICE INC	POWER WASH OUTSIDE MEMBRANE TANKS	385.00		-54,418.50
	Bill	10/07/2011	4148	2 PRIORITY WELL SERVICE INC	CLEAN MEMBRANE TANKS; CHANGE LOW LEVEL SWITCH ON	195.00		-54,223.50
	Bill	10/13/2011	SLI/30006118	2 ZENON	GE FIELD SERVICE START-UP SERVICES S/B Section 14	30,040.00		-24,183.50
	Bill	10/17/2011	4204	2 PRIORITY WELL SERVICE INC	REMOVE MEMBRANE AND CLEAN UNIT	400.00		-23,783.50
	Bill	10/17/2011	4202	2 PRIORITY WELL SERVICE INC	SWAP MEMBRANE CASSETTE FROM MEMBRANE TANK 2 FROM PANEL 44 TO 45 PANEL	300.00		-23,483.50
	Bill	10/18/2011	4207	2 PRIORITY WELL SERVICE INC	ASSIST WITH PROGRAM DOWNLOAD FOR ZENON	650.00		-22,833.50
	Bill	10/20/2011	3999	2 PRIORITY WELL SERVICE INC	Repaint Membrane Tank 1,2,&3 At section 14	1,100.00		-21,733.50
	General Journal	10/31/2011			WO 11-01126 S7 Move Membranes From Dist Yard To Sec 14	641.83		-21,091.67
	General Journal	10/31/2011	Addit Hrs		WO 11-01377 S7 Unload Membrane Tanks, Paint & Install	116.34		-20,975.33
	Bill	11/01/2011	4268	2 PRIORITY WELL SERVICE INC	CHECK LEVEL TRANSMITTERS ON MEMBRANE TANKS	260.00		-20,715.33

EXHIBIT
R-13
ADMITTED

Far West Water & Sewer, Inc.
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Account Description	Type	Date	Num	Name	Memo	Debit	Credit	Balance
	Bill	11/16/2011	4358	2 PRIORITY WELL SERVICE INC	CLEAN MEMBRANE TANKS	400.00		-20,315.33
	Bill	11/16/2011	4015	2 PRIORITY WELL SERVICE INC	Membrane Tanks Section 14 New Constuction	487.50		-19,827.83
	Bill	11/22/2011	4371	2 PRIORITY WELL SERVICE INC	MAINTENANCE CLEANING ON TRAIN 2 & 3	390.00		-19,437.83
	Bill	11/29/2011	4390	2 PRIORITY WELL SERVICE INC	REMOVE CASSETTE FROM MEMBRANE TANK #7 & CLEAN; PRESSURE WASH TO REMOVE PAINT; ADD HYPERCHL	3,100.00		-16,337.83
	Bill	11/30/2011			WO 11-01126 S7 Move Membranes From Dist Yard To Sec 14	58.59		-16,279.24
	General Journal	11/30/2011			WO 11-01502 S7 Clean Zenon Membrane Tanks	251.46		-16,027.78
	General Journal	11/30/2011	4391	2 PRIORITY WELL SERVICE INC	REMOVE CASSETTE FROM MEMBRANE TANK #3 FOR CLEANING	1,040.00		-14,987.78
	Bill	11/30/2011	Addit Hrs		WO 11-01377 S7 Unload Membrane Tanks, Paint & Install	581.70		-14,406.08
	General Journal	12/01/2011	4393	2 PRIORITY WELL SERVICE INC	REMOVE, CLEAN, & REINSTALL MEMBRANES @ TRAIN 2	1,080.00		-13,326.08
	Bill	12/02/2011	21302	2 SELLERS CRANE SERVICE	-MULTIPLE-	2,257.80		-11,068.28
	Bill	12/02/2011	4394	2 PRIORITY WELL SERVICE INC	REMOVE CASSETTE, CLEAN & REINSTALL ON TRAIN 3	1,852.50		-9,215.78
	Bill	12/02/2011	4395	2 PRIORITY WELL SERVICE INC	PRESSURE WASH MEMBRANE TANKS 3&5	1,412.00		-7,803.78
	Bill	12/03/2011	4396	2 PRIORITY WELL SERVICE INC	BUBBLE TEST MEMBRANES 5&7	400.00		-7,403.78
	Bill	12/05/2011	4398	2 PRIORITY WELL SERVICE INC	REMOVE CASSETTES FROM TANK 1 & 2, CLEAN & REINSTALL	1,380.00		-6,023.78
	Bill	12/05/2011	4399	2 PRIORITY WELL SERVICE INC	PRESSURE WASH TANKS 1&2, BUBBLE TEST MEMBRANES 1&2	1,100.00		-4,923.78
	Bill	12/06/2011	4401	2 PRIORITY WELL SERVICE INC	REMOVE & CLEAN MEMBRANE CASSETTES & MODULES	897.50		-4,026.28
	Bill	12/06/2011	4402	2 PRIORITY WELL SERVICE INC	INSTALL CARTRIDGE FOR MEMBRANE TANKS	200.00		-3,826.28
	Bill	12/06/2011	4403	2 PRIORITY WELL SERVICE INC	AIR CHECK ON PERMEATE LINE FOR MEMBRANE TANK 1&2	200.00		-3,626.28
	Bill	12/08/2011	4413	2 PRIORITY WELL SERVICE INC	PRESSURE WASH MEMBRANE TANK 4; FIX AIR LEAK ON TANK 1 & 2	200.00		-3,426.28
	Bill	12/12/2011	4426	2 PRIORITY WELL SERVICE INC	AIR TEST MEMBRANE TANK 3	200.00		-3,361.28
	Bill	12/13/2011	4428	2 PRIORITY WELL SERVICE INC	EXCHANGE LEVEL TRANSDUCER FROM MEMBRANE TANK 3 TO TANK 7	65.00		-3,111.28
	Bill	12/13/2011	4430	2 PRIORITY WELL SERVICE INC	REPAIR AIR DIFFUSER ON MEMBRANE TANK 4	250.00		-2,851.28
	Bill	12/14/2011	4437	2 PRIORITY WELL SERVICE INC	INSTALL PRESSURE TRANSDUCER ON TRAIN 2	260.00		-2,701.28
	Bill	12/15/2011	4448	2 PRIORITY WELL SERVICE INC	PULL MEMBRANE FROM TANK 3, FIX BROKEN LINE & REINSTALL	150.00		-2,401.28
	Bill	12/15/2011	4449	2 PRIORITY WELL SERVICE INC	REPAIR AIR VALVE ON MEMBRANE TABNK 5	300.00		-2,251.28
	Bill	12/16/2011	4454	2 PRIORITY WELL SERVICE INC	ADJUST FLOAT ON MEMBRANE TANK 7	150.00		-2,186.28
	Bill	12/16/2011	4455	2 PRIORITY WELL SERVICE INC	REPAIR AIR VALVE ON TRAIN 2	65.00		-2,121.28
	Bill	12/19/2011	4460	2 PRIORITY WELL SERVICE INC	RESET CONTACT ON SIDE PANEL OF ZENON	65.00		-1,991.28
	Bill	12/31/2011			WO 11-01502 S7 Clean Zenon Membrane Tanks	130.00		-916.18
	General Journal	12/31/2011	Addit Hrs		WO 11-01377 S7 Unload Membrane Tanks, Paint & Install	1,075.10		0.00
	General Journal					916.18		0.00
Total 105162F · CWIP-Sect 14-Zenon Cassettes,Tr (CWIP-Sect 14 WWTP-Zenon-Cassettes, Trains)						2,177,145.18	2,177,145.18	0.00
105162G · CWIP-Sec 14 WWTP-Aeration Tanks (CWIP-Sect 14 WWTP-Pentair-Aeration Tankage)								0.00
	General Journal	12/31/2007		2 PENTAIR WATER-DELTA ENVIRONMENTAL	-MULTIPLE-	492,500.00		492,500.00
	General Journal	12/31/2007		2 PENTAIR WATER-DELTA ENVIRONMENTAL	OJE 11/14/08 1529494 PENTAIR ENG DESIGN CONCR BASE		2,000.00	490,500.00
	Bill	08/27/2008	08272008	2 PENTAIR WATER-DELTA ENVIRONMENTAL	50% PREPAY/SECTION 14 DECK & RAILINGS	198,500.00		689,000.00
	Bill	09/25/2008	1862197	2 PENTAIR WATER-DELTA ENVIRONMENTAL	Section 14 WWTP Flange Changes	7,908.00		696,908.00
	Bill	02/10/2009	0007	2 PENTAIR WATER-DELTA ENVIRONMENTAL	PROJECT#154 PO#00007/DECKING/COVERS, STAIRWAYS & CROSSOVERS (BAL DUE FRM CK #3092 REG NOBB)	198,500.00		895,408.00
	General Journal	04/30/2010			WO 10-00458 SEC 14-PIPES STANDS & SADDLES	319.66		895,727.66
	General Journal	05/31/2010			WO 10-00458 SEC 14-PIPES STANDS & SADDLES	25.81		895,753.47
	General Journal	06/30/2010			WO 10-00458 SEC 14-PIPES STANDS & SADDLES	1,493.46		897,246.93
	General Journal	07/31/2010			WO 10-00459-SEC 14-AERATION TANKS	325.98		897,572.91
	General Journal	07/31/2010			WO 10-00458 SEC 14-PIPES STANDS & SADDLES	2,687.91		900,260.82
	General Journal	08/31/2010			WO 10-00459-SEC 14-AERATION TANKS	4,694.39		904,955.21
	General Journal	08/31/2010			WO 10-00458 SEC 14-PIPES STANDS & SADDLES	1,375.96		906,331.17
	General Journal	09/30/2010			WO 10-00459-SEC 14-AERATION TANKS	1,758.71		908,089.88
	General Journal	09/30/2010			WO 10-00458 SEC 14-PIPES STANDS & SADDLES	777.72		908,867.60
	General Journal	10/31/2010			WO 10-00459-SEC 14-AERATION TANKS	610.62		909,478.22
	General Journal	11/30/2010			WO 10-00458 SEC 14-PIPES STANDS & SADDLES	562.39		910,040.61
	General Journal	12/31/2010			WO 10-00458 SEC 14-PIPES STANDS & SADDLES	370.58		910,411.19
	Bill	12/31/2010	1530170	2 PENTAIR WATER-DELTA ENVIRONMENTAL	WO 10-00458 SEC 14-PIPES STANDS & SADDLES	0.00		910,411.19
	Bill	12/31/2010	1551310	2 PENTAIR WATER-DELTA ENVIRONMENTAL	WO 10-00459-SEC 14-AERATION TANKS	0.00		910,411.19
	Bill	12/31/2010	1862201	2 PENTAIR WATER-DELTA ENVIRONMENTAL	To post bill not posted did 11/15/06	0.00		910,411.19
	Bill	12/31/2010	1869141	2 PENTAIR WATER-DELTA ENVIRONMENTAL	To post bill not posted did 12/28/06	0.00		910,411.19
	Bill	12/31/2010	1862201CR	2 PENTAIR WATER-DELTA ENVIRONMENTAL	To post bill not posted did 9/25/08	0.00		911,501.19
	Credit	05/06/2011	3763	2 PRIORITY WELL SERVICE INC	To post bill not posted did 10/15/08	1,090.00		911,846.19
	Bill	05/17/2011	3831	2 PRIORITY WELL SERVICE INC	To credit payment made by H&S Developers 2/27/09,4/6/09,5/8/09	345.00		912,306.19
	Bill	06/01/2011	3869	2 PRIORITY WELL SERVICE INC	Sec 14 WWTP-Labor-Floats-Hookup Air D.O.-Aeration Tank	460.00		913,406.19
	Bill	08/15/2011	4014	2 PRIORITY WELL SERVICE INC	Sec 14 WWTP-Aeration Tank-Install MLS Sensors on Tanks	1,100.00		913,861.19
	Bill	08/15/2011	4012	2 PRIORITY WELL SERVICE INC	INSTALL MEMBRANE TANKS; PULL MOTOR NEW PUMP; ANOX TANKS	455.00		914,900.79
	Bill	08/17/2011	4013	2 PRIORITY WELL SERVICE INC	Membrane Tanks Section 14 New Constuction	1,039.60		
					Membrane Tanks Section 14 New Constuction			
					Membrane Tanks Section 14 New Constuction			

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Account Description	Type	Date	Num	Name	Memo	Debit	Credit	Balance
	Bill	12/10/2008	3330-A	2 H & S Developers (Sewer, Plant)	FWS3330-A/ADDITIONAL MATERIAL USED TO FABRICATE 24 MIXER STANDOFFS/SEC14	938.64		4,522.25
	Bill	12/30/2008	I-61751-0	2 JCI INDUSTRIES	PO 20 and PO 11-Flyght Pumps,Access,Transfer Pumps, Influent Pumps,Mixers, Controls	255,258.00		259,780.25
	Bill	04/06/2009	1-61753-0	2 JCI INDUSTRIES	Section 14 Kaeser Blower Package	184,365.00		444,145.25
	Bill	05/20/2010	Q-168302	2 WESTCO PIPE AND SUPPLY	S2387 MATERIALS FOR BLOWER/SEC14 WO#10-00211	3,029.08		447,174.33
	Bill	06/01/2011	3871	2 PRIORITY WELL SERVICE INC	SET ROTATION MIXER PUMPS/SECTION 14	285.00		447,459.33
	Bill	09/13/2011	4074	3 PRIORITY WELL SERVICE INC	REMOVE DECANT PUMPS & FITTINGS	195.00		447,654.33
	General Journal	09/30/2011			Section 14 WWTP		447,946.83	-292.50
	Bill	10/07/2011	4149	2 PRIORITY WELL SERVICE INC	TEST PERMEATE PUMP SPEEDS	227.50		-65.00
	Bill	11/17/2011	4042	3 PRIORITY WELL SERVICE INC	CHANGE FLOAT ON INFLUENT PUMP; SECT 14	65.00		0.00
Total 105162N · CWIP-Sect 14 WWTP-JCI Pumps,Etc (CWIP-Sect 14 WWTP-JCI Pumps, Etc.)						447,946.83	447,946.83	0.00
105162O · CWIP-Sect 14 WWTP-Aer Diffusers (CWIP-Sect 14 WWTP-Aeration Tank Diffusers)								0.00
	Bill	10/21/2008	23342	2 ENVIRONMENTAL DYNAMICS, INC	#23342 AREATION TANK (1 OF 3 INV)	95,986.35		95,986.35
	Bill	11/12/2008	23523	2 ENVIRONMENTAL DYNAMICS, INC	#23523 AREATION TANK DIFFUSER (2 OF 3 INV)	2,968.65		98,955.00
	Bill	11/12/2008	23524	2 ENVIRONMENTAL DYNAMICS, INC	#23524 AREATION TANKS DIFFUSER (3 OF 3 10% DN)	10,995.00		109,950.00
	Credit	05/17/2011	EDI	2 ENVIRONMENTAL DYNAMICS, INC	FINAL: FULL PAYMENT/DISMISSAL OF LITIGATION		19,950.00	90,000.00
	General Journal	09/30/2011			Section 14 WWTP		90,000.00	0.00
Total 105162O · CWIP-Sect 14 WWTP-Aer Diffusers (CWIP-Sect 14 WWTP-Aeration Tank Diffusers)						109,950.00	109,950.00	0.00
105162P · CWIP-Sect 14 WWTP-Security,Sfty (CWIP-Sect 14 WWTP-Security,Safety)								0.00
	Bill	08/14/2008	436-E	2 AVSA, INC	50% ESTIMATE#436/SECTION14 SECURITY SYSTEM	6,205.44		6,205.44
	General Journal	09/30/2011			Section 14 WWTP		6,205.44	0.00
Total 105162P · CWIP-Sect 14 WWTP-Security,Sfty (CWIP-Sect 14 WWTP-Security,Safety)						6,205.44	6,205.44	0.00
105162Q · CWIP-Sect 14 WWTP-Insurance (CWIP-Section 14 WWTP-Insurance)								0.00
	Bill	03/07/2008	591552	2 LOCKTON COMPANIES, LLC	INV#591552 ADEQ CLOSURE BONDS	3,000.00		3,000.00
	Bill	06/18/2008	06182008	2 COLORADO CASUALTY INSURANCE	Constr Period Insurance Down Payment	4,346.97		7,346.97
	Check	06/18/2008	28515	2 COLORADO CASUALTY INSURANCE	VOID:	0.00		7,346.97
	Bill	06/25/2008	800695430	2 COLORADO CASUALTY INSURANCE	ACCT#800695430 JUL08 PREMIUM (76.38%)	391.26		7,738.23
	Bill	08/28/2008	800695430-08	2 COLORADO CASUALTY INSURANCE	ACCT#800695430 AUG08 (76.38%)	4,339.60		12,077.83
	Bill	11/25/2008	800695430-1208	2 COLORADO CASUALTY INSURANCE	REF#800695430-1208 SEC 14 (76.38%) QTRLY PAYMT	4,339.53		16,417.36
	Bill	02/25/2009	800695430	2 COLORADO CASUALTY INSURANCE	SECTION 14 (76.38%)	4,339.60		20,756.96
	General Journal	09/30/2011			Section 14 WWTP		20,756.96	0.00
Total 105162Q · CWIP-Sect 14 WWTP-Insurance (CWIP-Section 14 WWTP-Insurance)						20,756.96	20,756.96	0.00
105162R · CWIP-Sect 14 WWTP-Legal (CWIP-Section 14 WWTP-Legal Fees)								0.00
	General Journal	12/31/2007		-MULTIPLE-	-MULTIPLE-	21,055.07		21,055.07
	Bill	03/31/2008	March 31, 2008 Stmt	2 CAPESTRO, ANDREW J	-MULTIPLE-	19,625.00		40,680.07
	Bill	05/29/2008	Statement	2 CAPESTRO, ANDREW J	Permits,Review Plans, Staking	9,975.00		50,655.07
	Bill	07/15/2008	071508	2 CAPESTRO, ANDREW J	Permits, Constr Budgets & Bids,Constr Contracts, Easements	5,250.00		55,905.07
	Bill	08/15/2008	081508	2 CAPESTRO, ANDREW J	-MULTIPLE-	6,290.00		62,195.07
	Bill	06/12/2009	061209	1 CAPESTRO, ANDREW J.	Legal Fees APPLY TO NEW FINANCING & PLANT VENDOR,CREDITOR NEGOTIATIONS	7,500.00		69,695.07
	Bill	06/15/2009	061509	1 CAPESTRO, ANDREW J.	LEGAL FEES/WATER APPLY TO NEW FINANCING & PLANT VENDOR,CREDITOR NEGOTIATIONS	3,500.00		73,195.07
	Bill	06/23/2009	062309	2 CAPESTRO, ANDREW J	Attorney Fees APPLY TO NEW FINANCING & PLANT VENDOR,CREDITOR NEGOTIATIONS	3,750.00		76,945.07
	Bill	07/23/2009	Finance Agreement	2 ESSCO WHOLESALE ELECTIC, INC.	Essco Finance Agreement Legal Fees $1,660.00 Litigation Costs $1,143.60	2,803.60		79,748.67
	Bill	07/23/2009	FINANCE AGREEMENT	2 ESSCO WHOLESALE ELECTIC, INC.	Essco Finance Agreement-Lien Fee	235.00		79,983.67
	Bill	07/23/2009	FINANCE AGREEMENT	2 ESSCO WHOLESALE ELECTIC, INC.	Essco Finance Agreement-Stop Notice Fee	80.00		80,063.67
	Bill	07/23/2009	FINANCE AGREEMENT	2 ESSCO WHOLESALE ELECTIC, INC.	Essco Finance Agreement-Proof of Service Fee	100.00		80,163.67
	Check	10/16/2009	35269	Andrew Capestro	Attorney Fees APPLY TO NEW FINANCING & PLANT VENDOR,CREDITOR NEGOTIATIONS	10,000.00		90,163.67
	Check	11/09/2009	35358	Andrew Capestro	ATTORNEY FEES APPLY TO NEW FINANCING & PLANT VENDOR,CREDITOR NEGOTIATIONS	5,000.00		95,163.67
	Check	11/13/2009	35384	Andrew Capestro	ATTORNEY FEES APPLY TO NEW FINANCING & PLANT VENDOR,CREDITOR NEGOTIATIONS	5,000.00		100,163.67
	Check	11/16/2009	35411	Andrew Capestro	ATTORNEY FEES APPLY TO NEW FINANCING & PLANT VENDOR,CREDITOR NEGOTIATIONS	2,500.00		102,663.67
	Check	11/17/2009	35417	Andrew Capestro	ATTORNEY FEES APPLY TO NEW FINANCING & PLANT VENDOR,CREDITOR NEGOTIATIONS	7,500.00		110,163.67
	Check	12/15/2009	35527	Andrew Capestro	PAYMENT ATTORNEY FEES APPLY TO NEW FINANCING & PLANT VENDOR,CREDITOR NEGOTIATIONS	7,500.00		117,663.67
	Check	12/30/2009	35622	Andrew Capestro	ATTORNEY FEES APPLY TO NEW FINANCING & PLANT VENDOR,CREDITOR NEGOTIATIONS	5,000.00		122,663.67
	Check	09/16/2010	TO PRINT	Andrew Capestro	VOID:	0.00		122,663.67
	Bill	05/31/2011	05312011	2 LAW OFFICE OF RICHARD B GELLER	MAY 2011 PROF SERVICES	4,515.28		127,178.95
	Bill	05/31/2011	670	2 CRAIG A MARKS PLC	PROF SERVICES MAY FINANCING	282.77		127,461.72
	Bill	06/03/2011	060311	2 LAW OFFICE OF RICHARD B GELLER	PER 6/3 STMT	401.36		127,863.08
	Bill	06/09/2011		2 CITIZENS TITLE & TRUST	GE Finance Zenon Note Closing Statement - Legal Fees-Section 14	5,493.73		133,356.81
	Bill	06/30/2011	684	2 CRAIG A MARKS PLC	LEGAL & FINANCE ZENON SEC 14 & DEL ORO	829.70		134,186.51

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Account Description	Type	Date	Num	Name	Memo	Debit	Credit	Balance
	Bill	08/31/2011	702 8-2011	2 CRAIG A MARKS PLC	Legal fees 08-31-2011	108.00		134,294.51
	General Journal	09/30/2011			Section 14 WWTP	134,294.51	134,294.51	0.00
Total 105162R · CWIP-Sect 14 WWTP-Legal (CWIP-Section 14 WWTP-Legal Fees)								0.00
105162S · CWIP-Sect 14 WWTP-ADEQ APP (CWIP-Section 14 WWTP-ADEQ APP Permits)								
	General Journal	12/31/2007		-MULTIPLE-	-MULTIPLE-	38,506.97		38,506.97
	Bill	06/23/2008	57932	2 ARIZONA DEPT OF ENVIRONMENTAL QUALIT	INV#57932 (INVTY #105014) 11/17/07-12/28/07	10,649.95		49,156.92
	Bill	08/27/2008	57932	2 ARIZONA DEPT OF ENVIRONMENTAL QUALIT	REQ NO15B/INV#57932 APP EXPEDITED PERMIT PROCESSING	28,706.19		77,863.11
	Bill	01/06/2009	010609	2 ARIZONA DEPT OF ENVIRONMENTAL QUALIT	Type 3 General Permit Fee/Reclaimed Water	1,500.00		79,363.11
	Bill	08/20/2010	Section 14 Amendment	2 ARIZONA DEPT OF ENVIRONMENTAL QUALIT	Section 14 WWTP-Amendment	1,000.00		80,363.11
	Bill	11/26/2010	58787-11	2 ARIZONA DEPT OF ENVIRONMENTAL QUALIT	INVTY#105014 PERIOD COVERED 8/24/10-11/26/10	2,141.50		82,504.61
	Bill	12/10/2010	58053-11	2 ARIZONA DEPT OF ENVIRONMENTAL QUALIT	INVTY#105963 PERIOD COVERED 10/30/10-12/10/10	122.00		82,626.61
	General Journal	09/30/2011			Section 14 WWTP	82,626.61	82,626.61	0.00
Total 105162S · CWIP-Sect 14 WWTP-ADEQ APP (CWIP-Section 14 WWTP-ADEQ APP Permits)								0.00
105162T · CWIP-Sect 14 WWTP-Testing (CWIP-Sect 14 WWTP-Testing)								
	General Journal	12/31/2007		2 GEOTECHNICAL TESTING	OJE 11/10/06 8470 GEOTECH INVESTIGATION	3,000.00		3,000.00
	Bill	07/30/2008	11051	2 GEOTECHNICAL TESTING	-MULTIPLE-	340.00		3,340.00
	Bill	09/17/2008	11231	2 GEOTECHNICAL TESTING	INV#11231 CONCRETE/SCREENING SLUDGE PAD	115.00		3,455.00
	Bill	10/30/2008	11379	2 GEOTECHNICAL TESTING	INV#11379 CONCRETE 9/28 & 10/02	230.00		3,685.00
	General Journal	06/30/2010			WO 10-00466 SECT 14 PLANT TESTING	25.57		3,710.57
	General Journal	08/31/2010			WO 10-00466 SECT 14 PLANT TESTING	1,147.41		4,857.98
	General Journal	09/30/2010			WO 10-00466 SECT 14 PLANT TESTING	193.56		5,051.54
	General Journal	10/31/2010			WO 10-00466 SECT 14 PLANT TESTING	191.76		5,243.30
	General Journal	09/30/2011			Section 14 WWTP	5,243.30	5,243.30	0.00
Total 105162T · CWIP-Sect 14 WWTP-Testing (CWIP-Sect 14 WWTP-Testing)								0.00
105162U · CWIP-Sect 14 WWTP-Drum Screens (CWIP-Section 14 WWTP-Drum Screens)								
	Bill	01/30/2009	42144	2 WASTE TECH - KUSTERS ZIMA CORPORATIO	Sect 14 Drum Screens,Screening Flume,Screenings Press	203,378.00		203,378.00
	Bill	03/28/2011	3757	2 PRIORITY WELL SERVICE INC	WORK ON DRUM SCREEN AT SECTION 14	285.00		203,663.00
	Bill	03/28/2011	3761	2 PRIORITY WELL SERVICE INC	WORK ON DRUM SCREENS/SECTION 14	760.00		204,423.00
	General Journal	09/30/2011			Section 14 WWTP		205,938.00	-1,515.00
	Bill	10/08/2011	4150	2 PRIORITY WELL SERVICE INC	CLEAN SOLIDS COMPACTOR FOR DRUM SCREENS	162.50		-1,352.50
	Bill	10/10/2011	4153	2 PRIORITY WELL SERVICE INC	CLEAN TRASH COMPACTOR ON DRUM SCREENS	100.00		-1,252.50
	Bill	11/13/2011	4337	2 PRIORITY WELL SERVICE INC	CLEAN DRUM SCREENS	237.50		-1,015.00
	Bill	11/16/2011	4354	2 PRIORITY WELL SERVICE INC	CLEAN DRUM SCREENS & COMPACTOR	260.00		-755.00
	Bill	11/16/2011	4357	2 PRIORITY WELL SERVICE INC	FIX WIRE ON DRUM SCREEN STARTER	300.00		-455.00
	Bill	12/27/2011	4482	2 PRIORITY WELL SERVICE INC	CLEAN DRUM SCREENS	455.00		0.00
Total 105162U · CWIP-Sect 14 WWTP-Drum Screens (CWIP-Section 14 WWTP-Drum Screens)						205,938.00	205,938.00	0.00
105162W · CWIP-Sect 14 WWTP Vadose Well (CWIP-Sect 14 WWTP Vadose Well)								
	General Journal	12/31/2007		-MULTIPLE-	-MULTIPLE-	42,415.00		42,415.00
	Bill	10/15/2008	08-539.3	2 HYDROSYSTEMS INC	Invoice 08-539.3 Section 14 Vadose Well	2,267.50		44,682.50
	Bill	11/14/2008	08-539.4	2 HYDROSYSTEMS INC	Section 14 Vadose Well	12,391.03		57,073.53
	Bill	11/14/2008	08-539.5	2 HYDROSYSTEMS INC	Section 14 Vadose Well	6,375.00		63,448.53
	Bill	12/11/2008	PO00023	2 ADT DRILLING	50% Deposit Section 14 Vadose Zone Recharge Well	52,870.00		116,318.53
	Bill	01/16/2009	08-539.6	2 HYDROSYSTEMS INC	Section 14 Vadose Well	6,488.08		122,806.61
	Bill	01/27/2009	00024	2 LAVEEN PUMP	PO#00024/MOBILIZATION & MATERIALS VADOSE WELLHEAD	32,400.00		155,206.61
	Bill	01/28/2009	Invoice	2 ADT DRILLING	50% Balance of Vadose Well-Section 14 (tax exempt)	46,870.00		202,076.61
	Bill	02/13/2009	08-539.7	2 HYDROSYSTEMS INC	08-539.7 Section 14 Vadose Well	15,449.43		217,526.04
	Bill	02/28/2009	FWS 3293-04	2 H & S Developers (Sewer, Plant)	Section 14 WWTP Vadose Well-Pond for Drill Rig	3,387.43		220,913.47
	Bill	03/06/2009	08-539.8	2 HYDROSYSTEMS INC	Vadose Well	5,239.25		226,152.72
	Bill	03/11/2009	FWS 3400	2 H & S Developers (Sewer, Plant)	Section 14 Vadose Well Vertical Leach Line	7,781.60		233,934.32
	Bill	03/27/2009	FWS 3293-05	2 H & S Developers (Sewer, Plant)	Section 14 WWTP Constr Pond for Vadose Well Drill Rig	2,835.67		236,769.99
	Bill	04/13/2009	08-539.9	2 HYDROSYSTEMS INC	Invoice # 08-539.3 Vadose Well	22,577.94		259,347.93
	Bill	07/21/2011	Q-0005878	2 YUMA WINNELSON	S3499 PIPING VADOSE WELL	2,103.45		261,451.38
	General Journal	09/30/2011			Section 14 WWTP		266,497.23	-5,045.85
	Bill	10/20/2011	3998	2 PRIORITY WELL SERVICE INC	New pipe cover valve and tee on well at section 14 Labor	2,040.00		-3,005.85
	Bill	11/08/2011	4315	2 PRIORITY WELL SERVICE INC	PULL PIPE OUT OF VALDOES ZONE WELL	65.00		-2,940.85
	Bill	11/08/2011	4321	2 PRIORITY WELL SERVICE INC	START TO PULL INJECTOR WELL (VADOSE ZONE WELL)	150.00		-2,790.85
	Bill	11/09/2011	4323	2 PRIORITY WELL SERVICE INC	FINISH PULLING PIPE FROM VADOSE ZONE WELL	455.00		-2,335.85

Far West Water & Sewer, Inc.
General Ledger
As of December 31, 2011

Account Description	Type	Date	Num	Name	Memo	Debit	Credit	Balance
	Bill	11/09/2011	4325	2 PRIORITY WELL SERVICE INC	REMOVE 1 1/2", 1" & 3/4" PIPE OUT OF VADOSE WELL	455.00		-1,880.85
	Bill	11/15/2011	4347	2 PRIORITY WELL SERVICE INC	REINSTALL PIPING IN VADOSE ZONE WELL	195.00		-1,685.85
	Bill	11/15/2011	4351	2 PRIORITY WELL SERVICE INC	REINSTALL PIPING ON VADOSE ZONE WELL & ELMINATE 10" OF PIPE AS PER INSTRUCTION FROM HYDROSYSTEM	550.00		-1,135.85
	Bill	12/31/2011	08-539.10	2 HYDROSYSTEMS INC	Invoice # 08-539.10 Vadose Well	1,135.85		0.00
Total 105162W · CWIP-Sect 14 WWTP Vadose Well (CWIP-Sect 14 WWTP Vadose Well)						266,497.23	266,497.23	0.00
105162X · CWIP-Sect 14-Hydro Int'l-Eutek (CWIP-Section 14 WWTP-Hydro Int'l-Eutek Systems-Grit Removal System)								0.00
	Bill	12/19/2008	10507	2 EUTEK Systems, Inc	#10507 (HYDRO INTL) PO#00016 10% SHOP DRAWINGS	13,015.00		13,015.00
	Bill	01/01/2009	10512	2 EUTEK Systems, Inc	PO #16-Section 14 WWTP-80% of Grit Removal System	104,120.00		117,135.00
	Bill	04/27/2010	132776	2 WESTCO PIPE AND SUPPLY	S2419 SEC14 (NEW) GRID CHAMBER	412.79		117,547.79
	Bill	06/23/2010	Q-06211001	2 SEASAFE	S2521/GATOR GRATE SECTION 14	1,392.00		118,939.79
	Bill	06/28/2010	56860	2 AGATE INC	GALVANIZED PIPE/GRIT CHAMBER SEC14	650.00		119,589.79
	General Journal	09/30/2011			Section 14 WWTP		119,589.79	0.00
Total 105162X · CWIP-Sect 14-Hydro Int'l-Eutek (CWIP-Section 14 WWTP-Hydro Int'l-Eutek Systems-Grit Removal System)						119,589.79	119,589.79	0.00
105162Y · CWIP-Sect 14 WWTP-Trojan-UV 1&2 (CWIP-Section 14 WWTP-Trojan UV Equipment UV1 and UV2)								0.00
	Bill	12/17/2008	SLS/10168632	2 TROJAN TECHNOLOGIES	PO 12-UV Equipment- (3 UV Reactor Units)	229,560.00		229,560.00
	General Journal	08/31/2010			WO-10-00467 SECT 14-UV ROOM	1,008.27		230,568.27
	General Journal	09/30/2010			WO-10-00467 SECT 14-UV ROOM	1,161.63		231,729.90
	General Journal	09/30/2011			Section 14 WWTP		234,412.40	-2,682.50
	Bill	10/03/2011	SLS\10204950	2 TROJAN TECHNOLOGIES	S3588 PHOTOMETER KIT SEC14	1,975.00		-707.50
	Bill	10/03/2011	4101	2 PRIORITY WELL SERVICE INC	CHEMICAL CLEAN UV LIGHTS 1 & 2	260.00		-447.50
	Bill	10/06/2011	4118	2 PRIORITY WELL SERVICE INC	CLEAN TUBES ON TROJAN UV LIGHTS	200.00		-247.50
	Bill	10/14/2011	4192	2 PRIORITY WELL SERVICE INC	REPLACE BALLAST ON UV UNIT A	150.00		-97.50
	Bill	10/14/2011	4191	2 PRIORITY WELL SERVICE INC	REPLACE BALLAST #8 ON UV UNIT #1	97.50		0.00
Total 105162Y · CWIP-Sect 14 WWTP-Trojan-UV 1&2 (CWIP-Section 14 WWTP-Trojan UV Equipment UV1 and UV2)						234,412.40	234,412.40	0.00
105162Z · CWIP-Sect 14 WWTP-Misc (CWIP-Section 14 WWTP-Miscellaneous)								0.00
	General Journal	12/31/2007		2 H & S Developers (Sewer, Plant)	OJE 10/01/06 WO2087 POTHOLING\ELECTRICAL	528.00		528.00
	Bill	03/17/2008	111681	2 WESTCO PIPE AND SUPPLY	PVC 4" - PVC COUPLERS - Effluent Discharge Lines	761.52		1,289.52
	Bill	09/19/2008	35895	2 BLT COMPANIES, LLC	INV#35895 (4) HRS 40 TON GROVE CRANE OPERATED RENTAL	560.00		1,849.52
	Bill	09/25/2008	35948	2 BLT COMPANIES, LLC	INV#35948 (4) HOURS 40 TON GROVE CRANE RENTAL	560.00		2,409.52
	Bill	09/30/2008	7953	2 B&E SANITATION-SERVICES	INV#7953 RENTAL/PORT-A-POTTIE	76.68		2,486.20
	Bill	10/06/2008	36052	2 BLT COMPANIES, LLC	INV#36052 (4) HRS 40 TON CRANE RENTAL; (1) SPREADER BAR	660.00		3,146.20
	Bill	12/31/2008	9016	2 B&E SANITATION-SERVICES	#9016/TOILET SERVICE SEC 14	130.18		3,276.38
	Bill	04/01/2009	3478	2 H & S Developers (Sewer, Plant)	MODIFIED & RELOCATED TWO 4" HOT AIR EXHAUST LINES AT SEC14 (PO#00028)	3,347.47		6,623.85
	General Journal	01/01/2010			Essco Wholesale Interest Charges to Cwip - Posted 7/23/09 thru 12/31/09	18,447.16		25,071.01
	Bill	02/02/2010	3629	2 PRIORITY WELL SERVICE INC	TRACE CONTROL WIRES & MARK/SECTION 14	1,920.00		26,991.01
	Bill	02/02/2010	3630	2 PRIORITY WELL SERVICE INC	PULL WIRE SECTION 14	960.00		27,951.01
	Bill	02/02/2010	3631	2 PRIORITY WELL SERVICE INC	PULL WIRE FOR BLOWERS CONNECTED AT PUMP DISCONNECT; PULL WIRES FOR LIFT PUMPS SOUTH SIDE	960.00		28,911.01
	Bill	02/02/2010	3632	2 PRIORITY WELL SERVICE INC	MATL & LABOR TO CK ROTATION ON DRUM SCREENS & GRIT PUMP	801.00		29,712.01
	Bill	02/08/2010	325-200	2 AMTEK ELECTRIC LLC	S2215 LABOR/ MAGNETIC STARTER FOR LS SECTION14	498.82		30,210.83
	Bill	03/23/2010	131896	2 WESTCO PIPE AND SUPPLY	S2341 PVC SECTION 14	210.46		30,421.29
	General Journal	03/31/2010			WO 10-00491 CONSTR ADMIN, MEETINGS	569.66		30,990.95
	Bill	04/13/2010	9806923	2 BUGGY WHIP PEST CONTROL, INC	BEE CONTROL/SECTION 14	110.00		31,100.95
	Bill	04/16/2010	2341	2 TIM LATHAM	S2393 REIMBURSEMENT/CGK INDUSTRIES (SANDBLAST COUPLERS SECTION 14	90.00		31,190.95
	Bill	04/16/2010	2341A	2 CGK INDUSTRIES	S2393 SANDBLAST FITTINGS SEC14 (Reimbursed T Latham for this invoice previously)	90.00		31,280.95
	Bill	04/30/2010	2010-04	2 FOOTHILLS HARDWARE	S2374/HILLMAN PCS SEC14 S2379/MISCL SUPPLIES SEC14 S2380/CEMENT; PAINT & BRUSH S2415/COVERS; PRI...	193.18		31,474.13
	Bill	05/13/2010	Q-168103	2 WESTCO PIPE AND SUPPLY	(1) 4X24 THRUST COLLAR (2) 2X30 THRUST COLLAR WALLS SECTION 14 Grit Chamber	933.75		32,407.88
	Bill	05/17/2010	87101988	2 UNITED RENTALS	S2407 SECTION 14 TRENCH BOX	3,711.80		36,119.68
	Bill	05/18/2010	05182010	2 TIM LATHAM	S2437 REIMBURSE/LANDSCAPING SEC14	387.43		36,507.11
	Bill	05/26/2010	05252010	2 H & S Developers (Sewer, Plant)	10% LANDSCAPING BUDGET SEC14	14,688.00		51,195.11
	Bill	05/31/2010	2010-05	2 FOOTHILLS HARDWARE	WO 10-00357 & WS 10-00211 MISCL MATERIALS FOR SECTION 14	152.14		51,347.25
	General Journal	05/31/2010			WO 10-00491 CONSTR ADMIN, MEETINGS	1,463.22		52,810.47
	Bill	06/01/2010	Q-168637	2 WESTCO PIPE AND SUPPLY	S2476 MISCL SUPPLIES SEC14	601.65		53,412.12
	Bill	06/03/2010	06032010	2 H & S Developers (Sewer, Plant)	LANDSCAPING SEC14	12,000.00		65,412.12
	Bill	06/04/2010	133592	2 WESTCO PIPE AND SUPPLY	S2476 MISCL SUPPLIES FOR GRIT CHAMBER	1,318.39		66,730.51
	Bill	06/07/2010	Q-168803	2 WESTCO PIPE AND SUPPLY	S2487 MATERIALS FOR EXISTING WET WELL/SEC14	1,157.91		67,888.42
	Bill	06/09/2010	133660	2 WESTCO PIPE AND SUPPLY	S2488 BLOWERS/SEC14	83.95		67,972.37
	Bill	06/10/2010	2231	2 DESERT CONCRETE PUMPING	S2489 SEC14 WELL; SET UP/3 YDS PUMPED	218.00		68,190.37
	Bill	06/15/2010	133764	2 WESTCO PIPE AND SUPPLY	S2503 MISCL MATERIALS SEC14 WET WELL	25.23		68,215.60

Far West Water & Sewer, Inc.
Section 14 WWTP Capacity Analysis Workpaper

Plant Capacity Data

Phase I Capacity (MGD)	0.681	52.4%
Phase II Capacity (MGD)	0.619	47.6%
Ultimate Capacity	1.300	100.0%

Plant Flow Analysis

	Connected Lots	Max Day (gpdupd)	Avg Day Max Month (gpdupd)
Section 14	1,254		
Palm Shadows	1,787		
RV	712		
Total Units	3,753	136.16	104.18

	Lots	Max Day (MGD)	Avg Day Max Month (MGD)
Test Year	3,753	0.511	0.391
Projected 5-Yr Growth	500	0.068	0.052
L.S. 16 Transfer (Residential)	753	0.103	0.078
L.S. 16 Transfer (Commercial)		0.010	0.008
		0.692	0.529
Percent of Available Capacity		101.59%	77.74%

Cost Allocation

NARUC	Account	Total Cost	Incremental Allocation Phase I Cost Allocation	Incremental Allocation Phase II Cost Allocation	Incremental Costs Phase I 0.681 MGD	Incremental Costs Phase II 1.3 MGD
354	30400-2 · Structures and Improvements (Structures and Improvements)	1,425,696.01	100.0%	0.0%	1,425,696.01	0.00
370	37000-2 · Receiving Wells (Receiving Wells)	92,784.26	80.0%	20.0%	74,227.41	18,556.85
360	36000-2 · Collection Sewers - Force (Collection Sewers - Force)	4,231.72	80.0%	20.0%	3,385.38	846.34
361	36010-2 · Collection Sewers - Lift Statn (Collection Sewer, Lift Station)	19,617.02	80.0%	20.0%	15,693.62	3,923.40
371	31100-2 · Pumping Equipment (Pumping Equipment)	505,333.37	80.0%	20.0%	404,266.70	101,066.67
380	38000-2 · Treatment & Disposal Equipment (Treatment & Disposal Equipment)	7,493,461.17	80.0%	20.0%	5,994,768.94	1,498,692.23
380	38000-2 · Zenon Membranes & Equipment	2,166,812.19	80.0%	20.0%	1,733,449.75	433,362.44
381	38100-2 · Plant Sewers (Plant Sewers)	541,508.76	80.0%	20.0%	433,207.01	108,301.75
382	38200-2 · Outfall Sewer Lines (Outfall Sewer Lines)	2,255.81	80.0%	20.0%	1,804.65	451.16
389	33900-2 · Other Plant, Misc. Equipment (Other Plant & Misc. Equipment)	323,893.59	100.0%	0.0%	323,893.59	0.00
390	34000-2 · Office Furniture & Equipment (Office Furniture & Equipment)	4,253.17	100.0%	0.0%	4,253.17	0.00
397	36700-2 · Reuse Meters, Meter Installatn (Reuse Meters, Meters Installation)	1,532.32	100.0%	0.0%	1,532.32	0.00
396	34600-2 · Communication Equipmt (Communication Equipment)	2,185.48	100.0%	0.0%	2,185.48	0.00
		12,583,564.87	82.8%	17.2%	10,418,364.01	2,165,200.86

EXHIBIT
R-14
ADMITTED

1 BEFORE THE ARIZONA CORPORATION COMMISSION
2
3
IN THE MATTER OF THE APPLICATION OF)
4 FAR WEST WATER & SEWER COMPANY, AN) DOCKET NO.
ARIZONA CORPORATION, FOR APPROVAL OF) WS-03478A-08-0608
5 INTERIM RATES AND CHARGES.)
)
6
7
8
9
At: Tucson, Arizona
10
Date: April 7, 2009
11
Filed:
12
13
14
REPORTER'S TRANSCRIPT OF PROCEEDINGS
15
VOLUME II
16 (Pages 210 through 427, inclusive.)
17
18
19
ARIZONA REPORTING SERVICE, INC.
20 Court Reporting
Suite 502
21 2200 North Central Avenue
Phoenix, Arizona 85004-1481
22
By: COLETTE E. ROSS
23 Prepared for: Certified Reporter
Certificate No. 50658
24
25

EXHIBIT
tabbies
R-15
admin. notice

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1 CYNTHIA CAMPBELL,
2 a witness herein, having been previously duly sworn by
3 the Certified Reporter to speak the truth and nothing
4 but the truth, was examined and testified as follows:
5
6 DIRECT EXAMINATION
7 BY MS. WOOD:
8 Q. Ms. Campbell, my name is Michelle Wood. I know
9 we have met on one occasion before today. And I just
10 want to say good afternoon.
11 And you are appearing here today by subpoena?
12 A. Yes.
13 Q. Okay. How are you employed?
14 A. I am employed as a compliance manager of the
15 water quality division of the Arizona Department of
16 Environmental Quality.
17 Q. Are you familiar with the company Far West
18 water?
19 A. Yes.
20 Q. And I should say Far West Water & Sewer company.
21 A. Yes.
22 Q. Okay. How are you familiar with that company?
23 How did you come to become involved with them?
24 A. I have been dealing with Far West Water & Sewer
25 pretty much during my entire tenure at ADEQ, which began

1 in July of 19 -- I am sorry -- July of 2006.
2 Q. All righty. Are you familiar with the, the
3 consent agreement that was entered into between ADEQ and
4 Far West Water & Sewer in 2006?
5 A. There were actually two in 2006. The second
6 one, which was effective October 31st, 2006 I am
7 familiar with. I actually drafted it.
8 Q. Okay. Does the second agreement in 2006
9 supercede the prior agreement in March of 2006?
10 A. Yes.
11 Q. Okay. So for the purposes of our discussion I
12 would like to focus on the second agreement of
13 October 2006.
14 Now, is this an order or an agreement?
15 A. It is a consent order that is, it is an order
16 that was entered into by ADEQ and Far West as a
17 negotiated agreement.
18 Q. Okay. Now, one of the wastewater treatment
19 plants that Far West Water & Sewer operates is called
20 Marwood. Are you familiar with that one?
21 A. I am familiar with the existence of it.
22 Q. Can you locate Exhibit R-1 in front of you. It
23 should be the largest clipped exhibit in that package.
24 A. Yes, I found that.
25 Q. This is a copy of the finance agreement

1 submitted by the company. And attached to it is an
2 attachment or Exhibit 3 which has a copy of the consent
3 agreements. And I would like you to turn to that.
4 A. Okay.
5 Q. On page 5 and 6, there is some discussion
6 regarding Marwood wastewater treatment plant. And it
7 looks like from paragraph D that whatever issues that
8 were related to a notice of violation were closed by the
9 department without action. Is that true?
10 A. As of the time of this consent order in
11 October of 2006, ADEQ was stating its intention to close
12 the notice of violation.
13 Q. Okay. Are there any requirements with regard to
14 this consent agreement that require the transfer of the
15 Marwood effluent, or influent for that matter, to
16 Section 14?
17 A. I am going to look at the compliance section of
18 the order. There are no compliance requirements for
19 Marwood in this order.
20 Q. Okay. There is a plant referred to as the
21 Section 14 wastewater treatment plant, correct?
22 A. Yes.
23 Q. That plant was previously permitted at 150,000
24 gallons per day, correct?
25 A. Let me look back at this. Yes.

1 Q. And I am going to give you a copy, actually I am
2 going to ask you to look, I think it is, Exhibit R-8 in
3 front of you.
4 A. Okay.
5 Q. Is that a copy of the Section 14 permit?
6 A. This is the amendment to Section 14 wastewater
7 treatment plant aquifer protection permit.
8 Q. Okay. And that was entered or issued by the
9 department on what date?
10 A. September 4th, 2008.
11 Q. Now, it talks about approval of a $1.3 million,
12 excuse me, 1.3 million gallons per day limit. What does
13 that mean?
14 A. The permit, the permit authorizes the wastewater
15 treatment plant to operate at a peak flow -- not a peak
16 flow, I am sorry -- at a design rate of 1.3 million
17 gallons per day. So that's the maximum amount average
18 flow that they can take into that plant based upon its
19 design and what was approved in terms of the design by
20 ADEQ.
21 Q. By the existence of that 1.3 million gallons per
22 day, does that mean that the company has to go out and
23 build a 1.3 million gallon per day facility right now or
24 is there some other criteria you use to evaluate?
25 A. To answer your original question, not

1 necessarily. An APP permit is not, it is not a permit
2 that is directing a wastewater treatment plant to build
3 to a certain capacity. That's not the purpose of the
4 permit.
5 Q. What is the purpose of the permit?
6 A. The purpose of the permit is for the agency for
7 the State of Arizona to ensure that what is built as a
8 wastewater treatment plant is adequately engineered and
9 designed such that it can safely treat a certain volume
10 of sewage and the effluent that comes out the other end,
11 the discharge, which is what the APP is concerned with,
12 is protective of human health and environment.
13 Q. So in the consent agreement, or I think it is
14 called a consent order, it says that they will apply for
15 a 1.3 million gallons per day APP permit for this
16 facility.
17 Let's actually read it. Let me point you to the
18 exact page so I don't misstate. And if you find it
19 before I do, let me know.
20 A. I believe page 11.
21 Q. Okay. Okay. Is it in paragraph 2 where it
22 talks about the move from 150- gallons per day to
23 1.3 million gallons per day?
24 A. Yes. The consent order provides in paragraph
25 G.2 that Far West was required to submit an application

1 to expand Section 14 from 150,000 gallons per day to
2 1.3 million gallons per day.
3 Q. Now, where did you come up or where did the
4 parties arrive at the 1.3 million gallons per day
5 number?
6 MR. SHAPIRO: Your Honor, I am going to object.
7 I thought the purpose was to ask Ms. Campbell the status
8 of these projects. Now we are having her go back and
9 explain the entire consent order and how things were
10 determined. I think that also calls into question
11 conclusions of law regarding a written document.
12 MS. WOOD: They are saying they are required by
13 the ADEQ order to build to a certain level. What I am
14 trying to do is discover why is that number the number.
15 MR. SHAPIRO: Well --
16 ALJ RODDA: That seems to be --
17 MR. SHAPIRO: -- again, I don't think that's the
18 issue in this case. So I will make that objection as
19 well as we have gone well beyond the scope of this case.
20 How this order came about I don't know that
21 Ms. Campbell is appropriate to -- I mean we are
22 discussing a negotiated agreement and what is behind it.
23 I am not even sure there may not be Rule 408 concerns
24 there as well. This was a negotiated settlement of a
25 dispute.

1 ALJ RODDA: Well, I will let her answer that.
2 BY MS. WOOD:
3 Q. How did you arrive at the 1.3 million gallon per
4 day order in this consent?
5 A. In this particular consent order, that number
6 was arrived at because that was what Far West asked for.
7 Q. Okay. So did you do, did DEQ do an evaluation
8 and demand 1.3 million gallons per day or was it offered
9 and you accepted?
10 A. It was offered and we accepted based upon -- I
11 mean, we did an evaluation to determine obviously
12 whether the number that was chosen would be adequate to
13 meet the needs of what they were already servicing, what
14 they had committed to serve in actual capacity
15 development.
16 And I believe, if I recall correctly, that one
17 of the other provisions was Palm Shadows was going to be
18 decommissioned, taken off line, and the flows were to be
19 directed to Section 14. So those flows also would have
20 had to have been taken into account in coming up with
21 total volume that was a minimum that they had to, they
22 had to permit to that minimum.
23 I don't believe that 1.3 million represents a
24 minimum. So to the extent that it is greater than the
25 minimum, it was not a number of ADEQ's choosing.

1 Q. Thank you.
2 Now, looking back at the Exhibit R-8 that you
3 have in front of you, that is a copy of the APP
4 permit --
5 A. Yes.
6 Q. -- for Section 14?
7 A. Okay.
8 Q. And I am trying to make sense of it and it is
9 becoming more clear to me. As you permit it for the
10 first phase of 681,000 gallons per day, which is, you
11 know, significantly less than 1.3 million gallons per
12 day, can you explain the relationship between those
13 numbers?
14 A. Well, sometimes when the agency issues permits,
15 it issues permits that are built in phases, especially
16 if the expansion is somewhat significant. I personally
17 do not have knowledge as to why this permit was built in
18 this way in these phases. I can read that it did have
19 phases in it.
20 Q. Well, let me ask you this: If 1.3 million
21 gallons per day was necessary to serve the current
22 ratepayers, the transfer from Palm Shadows and anything
23 that had already been approved in terms of, you know,
24 commitment, would they approve it for 681,000, 681,000
25 gallons per day?

1 MR. SHAPIRO: I am sorry. Can you repeat that
2 question back.
3 (The record was read by the reporter as
4 requested.)
5 MR. SHAPIRO: Objection; assumes facts not in
6 evidence, calls for speculation by the witness.
7 ALJ RODDA: Yes, I am going to sustain that one
8 because you are assuming too much in that question.
9 BY MS. WOOD:
10 Q. What were you looking for in terms of --
11 ALJ RODDA: Do you have anything to do with the
12 permitting process?
13 THE WITNESS: No, in terms of actually issuing
14 the permit, no, I have nothing to do with the permitting
15 process.
16 ALJ RODDA: Okay.
17 MS. WOOD: I am asking her how they got to 1.3.
18 ALJ RODDA: I know. I just wanted to clarify
19 what her job was.
20 BY MS. WOOD:
21 Q. Let me just back up then. What is your
22 connection with this particular consent order?
23 A. I drafted this consent order and negotiated this
24 consent order.
25 Q. Okay. So you are familiar with what you were

1 looking for in terms of the consent order?
2 A. Yes.
3 Q. Okay. With regard to the capacity of Section
4 14, what were you wanting to cover?
5 A. As I said, we were looking to cover what
6 Section 14 was actually treating at the time. The
7 addition of the Palm Shadows flows, and then if Far West
8 was telling us that they had made actual capacity
9 assurances to additional, for additional flows, we
10 probably would have taken that into consideration.
11 I think in reality what was happening at the
12 time was, is that as long as Far West was going to put
13 forth a number which we thought would get to the minimum
14 amount it needed to, if it was greater than that number,
15 that frankly was not really of any concern to us as a
16 compliance matter. So if the number 1.3, which I
17 believe came from Far West, not from ADEQ, if it
18 represents a number that is greater than the sum of
19 those, I don't know why -- if it was different, it
20 wouldn't have mattered to us.
21 Q. So as long as you have enough to cover the
22 demands that you have just previously identified, ADEQ
23 was satisfied?
24 A. Yes.
25 Q. Okay. The next questions I am going to ask you

are about Palm Shadows. Palm Shadows is a waste treatment facility also operated by Far West?

A. Yes.

Q. What are DEQ's concerns with regard to this facility?

A. ADEQ has concerns about the operation of Palm Shadows for several reasons. As were stated in the consent order, one is that they failed to meet the discharge limit for nitrogen at Palm Shadows for a period of time. In addition to that, a large portion of Palm Shadows was built without ADEQ approval or permits. And then more recently, there have been numerous complaints regarding odor at Palm Shadows, overtopping of the evaporation ponds, and operation of those ponds generally.

Q. Okay. What type of waste treatment plant is it?

A. I am not sure I understand your question.

Q. Is it a membrane bioreactor? Is it evaporation/percolation? What kind of plant is Palm Shadows?

A. Let's see. I am actually not sure.

Q. Can you look to page 5 of the consent, line 6.

A. Page 5?

Q. Yes.

A. Okay.

Q. That's where they talk about the wastewater

1 treatment plant called Palm Shadows.
2 A. Uh-huh.
3 Q. And it says effluent from Palm Shadows
4 wastewater treatment plant is disposed of by evaporation
5 and percolation?
6 A. Oh, yes.
7 Q. Okay. What is the problem with the plant
8 evaporating and percolating?
9 A. Well, part of the, part of that is hard to say
10 simply because Far West has not engaged ADEQ in
11 conversations about why they have so many evaporation
12 ponds. The original permit permitted two. I believe
13 there are now seven, perhaps, evaporation ponds out
14 there. So it is difficult to say why and how Far West
15 came to the decision about why they needed all those
16 evaporation ponds because ADEQ was not involved in the
17 process, which should have happened in the permitting
18 issues.
19 Q. Now, typically when you permit a plant, a person
20 goes out and they, it gives them the authority to go out
21 and what? Is it to construct or to discharge? Or what
22 is the process?
23 A. An aquifer protection permit is granted to a
24 party to discharge.
25 Q. So is it based on an approved design flow?

1 A. It is based on an approved design that is
2 reviewed by our permitting group. They evaluate the
3 technical aspects of it, both the engineering and the
4 hydrology of it, to determine whether or not what is
5 being proposed will actually turn out an effluent that
6 will meet water quality standards.
7 Q. What if it doesn't work?
8 A. Generally speaking if a facility is operating
9 under its permit and they are not able to meet the
10 requirements of the permit because of something
11 operational, the general practice is for the party to
12 come back to ADEQ and propose an alternative or some
13 type of fix to it through the permitting process in
14 order to get the plant into compliance with water
15 quality standards.
16 Q. This plant was built in, according to the
17 consent agreement -- I don't know when it was built but
18 what it said in the consent agreement, it says April 14,
19 1999 ADEQ issued Far West an APP for the Palm Shadows
20 wastewater treatment plant permitting a design flow of
21 200,000 gallons per day.
22 A. That's what it says.
23 Q. Okay. Do you have any other facts related to
24 the parameters of that design flow and the gallons per
25 day?

1 A. Well, I know at the time that the permit was
2 issued the facility was already constructed and
3 operational, which generally speaking you are not
4 supposed to operate a facility without the permit. And
5 they did go ahead and operate without the permit. They
6 went and they built a 50,000 gpd facility back in the
7 late '90s. That's what was there. It had to have ponds
8 for evaporation, percolation, effluent disposal.
9 Q. How does the percolation part work, how does the
10 evaporation/percolation pond work? Do you have the
11 ability to tell me how that works? Do you have an
12 expertise?
13 A. I am not an expert on it but I know that
14 generally a percolation/evaporation pond works through a
15 combination of percolating into the soil and
16 evaporation. A combination of the two basically
17 disposes of effluent.
18 Q. Now, in addition to -- I understand there is
19 some sort of problem with Palm Shadows and their
20 hauling. I think you call it -- what do you call it?
21 Vault and haul?
22 A. Vault and haul is a term we use at DEQ.
23 Q. Which means?
24 A. It basically means you use a truck to take
25 either raw sewage or effluent and you transport it to

1 another location where it is treated.
2 Q. Don't they have a wastewater treatment plant
3 there? I mean, if the percolation/evaporation ponds
4 were not working, isn't there a wastewater treatment
5 plant located there to treat the influent making it
6 effluent?
7 A. At Palm Shadows?
8 Q. Yes.
9 A. Yes.
10 Q. Why does it have to be retreated by the City of
11 Yuma?
12 A. I am not sure why Far West is choosing to
13 retreat their effluent through the City of Yuma's
14 wastewater treatment plant.
15 Q. Should effluent come under the treatment plant
16 meeting the discharge requirements of the permit?
17 A. Yes.
18 Q. And if it is effluent, it should be something
19 they can use for stated purposes?
20 A. Depending on what the permit allows in terms of
21 what the quality of the effluent as prescribed by the
22 permit.
23 Q. And you have different categories --
24 A. Yes.
25 Q. -- of discharge permits?

1 A. There is different categories of effluent
2 quality.
3 Q. Okay. All right. I am mixing my terms. So I
4 have heard you say B quality effluent and Mr. Capestro
5 did a lot of testifying about A quality effluent. And
6 the term is used reuse or recharge. Can you explain
7 reuse, recharge?
8 A. Generally speaking reuse of effluent is done
9 through use and irrigation or other prescribed methods.
10 Recharge is a different, is different than reuse. It is
11 generally done through wells. And it is recharged into
12 the aquifer.
13 Q. If they are vaulting and hauling to the City of
14 Yuma for retreatment, that's not reuse or recharge?
15 A. No.
16 Q. Does that mean that what is coming out of the
17 waste treatment plant is not effluent that meets the
18 quality, or why do we have this problem?
19 A. Well, again, I can't tell you why Far West is
20 making a business decision to retreat its effluent. I
21 can say that the quality of the effluent that's being
22 treated by Palm Shadows is not meeting the requirements
23 of its APP permit, specifically with regard to nitrogen.
24 Q. Okay. What is the problem there?
25 A. They are exceeding the discharge limit.

1 Q. Okay. Should the wastewater treatment plant --
2 the wastewater treatment plant you approved had the
3 ability to generate effluent that met the standard?
4 A. ADEQ generally doesn't issue a permit if it
5 doesn't think that the treatment technology is -- I mean
6 we issue the permit with the idea that the treatment
7 technology will work. Sometimes that happens and
8 occasionally it does not.
9 Q. All right. Do you know whether or not the
10 percolating ponds failed to percolate because they have
11 clay underneath them?
12 A. I don't. I don't know that for a fact.
13 (Brief pause.)
14 BY MS. WOOD:
15 Q. In front of you you have a copy of what has been
16 marked as Exhibit R-21.
17 A. Yes.
18 Q. Can you identify that for administrative law
19 judge?
20 A. This is the amendment to the aquifer protection
21 permit for the Del Oro wastewater treatment plant.
22 Q. And on what date was that issued?
23 A. February 25th, 2008.
24 Q. And are you familiar with these documents?
25 A. I have seen these permits, yes.

1 Q. In fact I asked you for copies of them?
2 A. Yes.
3 Q. Okay. Is this a true and correct copy of the
4 document issued by the Department of Environmental
5 Quality on February 25th, 2008?
6 A. Yes.
7 MS. WOOD: Move for the admission of
8 Exhibit R-21.
9 ALJ RODDA: Any objection to R-21?
10 MR. SHAPIRO: Again, we are just introducing
11 exhibits that we are not asking anybody questions about.
12 So at this point, I mean are we just calling
13 Ms. Campbell just to lay a foundation for the document?
14 MS. WOOD: I don't think there is anything
15 improper about laying a foundation and asking for
16 admission of a document that's related to the Del Oro
17 plant and ADEQ's requirements when that's the issue
18 here.
19 ALJ RODDA: Well, if that's -- I don't know if
20 that's an objection or not, but I will admit it.
21 (Exhibit No. R-21 was admitted into evidence.)
22 BY MS. WOOD:
23 Q. On the Del Oro agreement, excuse me, APP permit
24 you have in front of you, on page 2 of the permit, what
25 is the capacity of this particular facility?

1 A. The maximum average monthly --
2 MR. SHAPIRO: I am sorry.
3 THE WITNESS: I am sorry.
4 MR. SHAPIRO: I am going to object if we are
5 just having her read stuff. But Ms. Campbell already
6 testified she is not in the permitting department, this
7 is not her area of responsibilities.
8 ALJ RODDA: All right. But I think she can
9 testify, I mean I am sure she is familiar with the
10 document.
11 Are you not?
12 THE WITNESS: I am familiar with the document.
13 ALJ RODDA: So you can answer the question.
14 THE WITNESS: The maximum average monthly flow
15 for Del Oro based on this permit is 495,000 gallons per
16 day.
17 BY MS. WOOD:
18 Q. Does the -- okay. Again, this number is 495,
19 495,000 gallons per day. How did you arrive at the
20 figure of 400 -- is that also part of the consent
21 agreement?
22 A. It was incorporated into the consent, into the
23 consent order, but it was already a permit that was in
24 process at the time this order was executed. The
25 application was already in process for 495,000 gallons

1 per day. So it wasn't a requirement of this permit --
2 or I am sorry, I am sorry -- of this consent order to
3 apply for that amount, because the application was
4 already in process.
5 Q. Did DEQ demand the level of 495,000 gallons per
6 day or was it something that was offered and you
7 accepted?
8 A. Actually I don't know how that number was
9 arrived at, because I believe the permit was applied
10 for. If this was a discussion in terms of compliance,
11 that is, what ADEQ was asking Far West to do in order to
12 comply, if that request was made, it predates my time at
13 ADEQ.
14 Q. Okay. Thank you.
15 There is another facility that Far West operates
16 called Seasons, correct?
17 A. I am aware of that.
18 Q. Under the terms of the consent agreement, what
19 is the company required to do with regard to Seasons?
20 And I am looking at page 13.
21 A. As I recall, the issue with Seasons was they
22 didn't have permit coverage for what they were either
23 operating at the time, which I believe was the case, or
24 that they were going to operate. And so they needed
25 additional permit coverage to cover up to 150,000

1 gallons per day. So the order required them to submit
2 an application to amend their APP to get to that
3 capacity.
4 Q. Now, has the department reviewed and approved an
5 amended APP?
6 A. Yes.
7 Q. What you have in front of you as R-22, is that a
8 copy of the amended APP?
9 A. It is for Seasons wastewater treatment plant.
10 Q. Is this a true and correct copy of the document
11 issued by the department?
12 A. Yes. This is the document I provided to you.
13 Q. And it was issued on which date?
14 A. It was issued June 4th, 2008.
15 MS. WOOD: Okay. I don't have any more
16 questions for Ms. Campbell at this time.
17 ALJ RODDA: Okay. Mr. Torrey, do you have any
18 questions for this witness?
19 MR. TORREY: I have just a few, Your Honor.
20
21 CROSS-EXAMINATION
22 BY MR. TORREY:
23 Q. Ms. Campbell, I want to direct your attention
24 back to Exhibit R-1 that you testified to before that
25 has the copy of the consent order that you said you had

1 helped draft.
2 A. Yes.
3 Q. I believe it is on about page 8 that the
4 compliance schedule begins to appear in that document.
5 A. Yes.
6 Q. I had asked some questions earlier of
7 Mr. Capestro related to this document and I wanted to
8 follow up with you.
9 Is it ADEQ's position that Far West is in
10 compliance with its, with this consent order as it
11 relates to the Del Oro wastewater treatment plant?
12 A. It is ADEQ's position -- and when I say it is
13 ADEQ's position, the agency issued a notice of violation
14 to Far West related to this consent order. The notice
15 of violation makes allegations that Far West is not in
16 compliance with this order. One of the allegations
17 contained in that notice of violation relates to the Del
18 Oro wastewater treatment plant to the extent that the
19 Villa Del Rey and Villa Royale wastewater treatment
20 plants are supposed to be taken off line, converted to
21 basically lift stations, and then the sewage that would
22 normally go to those wastewater treatment plants would
23 be put to Del Oro. So to that extent, to the extent
24 that that has not yet occurred, it is the agency's
25 position that Far West is not in compliance with this

1 order.
2 Q. But you would agree it would be impossible for
3 the company to move that effluent to the Del Oro plant
4 if the Del Oro is not on line, isn't that right?
5 A. That is true.
6 Q. And isn't it true that the Del Oro plant is not
7 at this time on line and able to process that effluent?
8 A. That is my understanding, yes.
9 Q. Approximately how long has it been since the
10 company and ADEQ discussed the need for the Del Oro
11 plant to be modified as it appears in this consent
12 order?
13 A. Well, as I already testified, the application
14 for Del Oro to expand to 495,000 gpd, gallons per day,
15 was already in process before we executed the order from
16 October of 2006. So to the extent that that answers
17 your question, I mean there was a discussion already
18 going, there was an application for that to happen.
19 Q. So is it safe to say that the company has been
20 on notice with ADEQ that modifications were necessary to
21 this Del Oro plant since before September 2006?
22 A. Yes.
23 Q. Regarding the Villa Del Rey and Villa Royale
24 plants, other than the fact that they have not been
25 interconnected with Del Oro at this time, are there any

1 other outstanding violations or outstanding
2 modifications that need to be made from the perspective
3 of ADEQ?
4 MR. SHAPIRO: I am sorry. Can I have that
5 question read back.
6 (The record was read by the reporter as
7 requested.)
8 MR. SHAPIRO: Mr. Torrey, are you asking whether
9 within the confines of or the context of the consent
10 order in general?
11 MR. TORREY: Within the context, within the
12 context of the consent order.
13 MR. SHAPIRO: Okay. Thank you for the
14 clarification. No objection.
15 THE WITNESS: To the extent that the portion of
16 the consent order that's under the title Villa Del Rey
17 wastewater treatment plant and Villa Royale wastewater
18 treatment plant, and right now I am looking at page 10,
19 section F, the provision that I was referring to in my
20 previous testimony regarding construction of a
21 collection system to Del Oro is referenced specifically
22 in F.1. And so my testimony stands with regard to that.
23 With regard to the additional requirements that
24 are laid out in this consent order, no, the agency has
25 not taken a position to date that Far West is a

1 noncompliance with these terms. They have submitted an
2 application for closure on both of those facilities, but
3 that closure application cannot be complete until the
4 facilities are closed.
5 I think the other requirement in here is for
6 them to submit an application for discharge
7 authorization, which, as you have already pointed out,
8 they cannot do until Del Oro is available to treat the
9 sewage.
10 BY MR. TORREY:
11 Q. You were just looking at page 10. If I could
12 get you to flip the page to page 11, subparagraph G,
13 where it discusses Section 14 wastewater treatment
14 plant.
15 A. Okay.
16 Q. From ADEQ's perspective are there outstanding
17 matters in this consent agreement or consent order that
18 Far West has yet to comply with?
19 A. ADEQ has taken the position in a notice of
20 violation that Far West is not in compliance with this
21 consent order with regard, I believe, specifically to
22 section G.4, which relates to the Section 14 collection
23 system.
24 Q. And is the purpose of the Section 14 collection
25 system the same as the previous collection systems,

1 which is to get effluent together to be shipped to Del
2 Oro for treatment?
3 A. No, no. The purpose of the Section 14
4 collection system is to divert raw sewage flows from
5 Palm Shadows, what is now Palm Shadows, to Section 14.
6 Q. Okay. Moving down to subsection H on this same
7 page, the Palm Shadows wastewater treatment plant from
8 the perspective of ADEQ, is there anything within the
9 section related to Palm Shadows that ADEQ believes Far
10 West is not in compliance with in relation to this
11 consent agreement?
12 A. Yes. ADEQ has issued a notice of violation
13 alleging that Far West is in violation of this portion
14 of the consent order in that it failed to submit to ADEQ
15 a request for a minor modification to its aquifer
16 protection permit to address the issues of the nitrogen
17 exceedances that are still unaddressed today.
18 Q. And that would be subparagraph H.1, is that
19 correct?
20 A. Correct.
21 Q. And so does that mean that H.2, 3 and 4 don't
22 present a problem to ADEQ from a compliance standpoint?
23 A. Not today, because the time is not ripe for
24 these things to have been completed. You can't complete
25 closure of a facility until after it is no longer taking

1 in sewage.
2 Q. Okay. And the final request is, if you will
3 turn to page 13, subparagraph I, regarding the Seasons
4 wastewater treatment plant. Does ADEQ have a position
5 regarding whether or not Far West is in compliance with
6 that subsection of the consent order?
7 A. Yes. ADEQ has issued a notice of violation
8 regarding this portion of the consent order alleging
9 that Far West is not in compliance with the consent
10 order because it has failed to submit a request for a
11 minor modification to its aquifer protection permit to
12 address the nitrogen exceedances at Seasons.
13 Q. And that's subparagraph 1, is that correct?
14 A. I.1, yes.
15 Q. Ms. Campbell, you have been testifying today
16 about minor modifications. Can you just for my benefit,
17 because I am not familiar enough with what happens at
18 ADEQ, why is it referred to as a minor modification,
19 what needs to be done to correct that?
20 A. Well, there are two things about it, I guess, to
21 answer your question.
22 One is a minor modification, the term is
23 somewhat of a term of art and used primarily to talk
24 about amendments to an aquifer protection permit. There
25 are major amendments and minor amendments. They usually

1 relate to the scope of the change that you are talking
2 about or if it increases the capacity.
3 In this particular instance, the reason that
4 both those facilities had that provision in this consent
5 order was because both facilities were experiencing, and
6 I can say I know with regard to Palm Shadows are still
7 experiencing, problems meeting their permit limits with
8 regard to the effluent quality specifically with the
9 parameter of nitrogen.
10 So what we had asked for when we did this order
11 was Far West had made the suggestion that they were
12 going to take Seasons off line. They had also made the
13 statement that they wanted to take Palm Shadows off
14 line. That was their proposal for how to address the
15 problems. But realizing that that would take time,
16 because both involved in both cases an expansion of
17 another wastewater treatment plant in order to take
18 those flows, what ADEQ had requested and what was agreed
19 to in this order was that in the interim there would be
20 a minor modification to the APP permit in both instances
21 because Far West represented to us that there was
22 available technology that they could install that would
23 address the nitrogen problem on a more immediate nature,
24 in a shorter time frame.
25 Q. And did Far West in fact do that?

A. No.

Q. I will just follow up with a couple quick questions. And if you are not an appropriate witness for this question, just please let me know.

For example, regarding this, the Seasons plant that we just talked about, the company is required to submit this authorization for increases in design flow. They haven't done that. Are you familiar with what it would approximately cost to get into compliance with that?

MR. SHAPIRO: Excuse me. I am sorry. Objection. I think Mr. Torrey misstated the witness' testimony regarding what has not been submitted. So, therefore, he stated facts that are not in evidence.

ALJ RODDA: Okay. Do you want to read that question back, Mr. Torrey, or do you just want to rephrase, ask the question again?

BY MR. TORREY:

Q. The --

ALJ RODDA: Are you going to ask her in general if she has any knowledge about costs?

MR. TORREY: I can do that.

ALJ RODDA: Because she might not. I mean...

BY MR. TORREY:

Q. Are you familiar with the costs that it would

1 take for remediation of the nature that are discussed in
2 this consent order to the extent that Far West hasn't
3 complied?
4 A. No. That's outside the scope of my expertise.
5 Q. Okay. And if ADEQ has issued a notice of
6 violation, is there a particular penalty that the
7 company incurs for each ongoing day of violation, is
8 that how that works?
9 A. Well, a notice of violation is an informal
10 compliance tool used by ADEQ to notify a party if the
11 agency believes it is in violation of a law, rule,
12 consent order or other requirement. Once -- in and of
13 itself it does not carry a penalty. The notice of
14 violation does not impose a penalty nor does it carry a
15 penalty. If Far West is in violation of a consent
16 order, the statute provides up to $25,000 per day per
17 violation, which includes violation of an administrative
18 order.
19 MR. TORREY: And, Your Honor, I have no further
20 questions for Ms. Campbell.
21 ALJ RODDA: All right. Let me ask, Mr. Shapiro,
22 based on what you heard here today, are you prepared
23 to -- or how do you want to proceed?
24 MR. SHAPIRO: Judge Rodda, what I would like to
25 do with your permission is proceed to right now ask

1 Ms. Campbell what I would view as more foundational and
2 not substantive questions. I would like to meet with my
3 client and advisors and discuss the substantive aspects
4 of her testimony.
5 ALJ RODDA: Okay. So what I hear you saying,
6 you are going to ask some foundational type questions
7 and then we can take a break and you can decide whether
8 you can conclude your cross today --
9 MR. SHAPIRO: Correct.
10 ALJ RODDA: -- or not.
11 MR. SHAPIRO: Correct.
12 ALJ RODDA: And I will just state for the record
13 for the witness we had a discussion prior, an
14 off-the-record discussion about the possibility that we
15 may have to come back a second day for
16 cross-examination. Isn't that right? And you agree
17 that you would be able to make arrangements to appear
18 again?
19 THE WITNESS: We would make arrangements to
20 appear if that's what the Commission would like.
21 ALJ RODDA: All right. Then let's go forward
22 with Mr. Shapiro --
23 MR. SHAPIRO: Thank you.
24 ALJ RODDA: -- and see where it gets.
25

1 CROSS-EXAMINATION
2 BY MR. SHAPIRO:
3 Q. Good afternoon, Ms. Campbell.
4 A. Good afternoon.
5 Q. When did you first speak with representatives
6 from RUCO about this case?
7 A. I think it was probably several weeks ago.
8 Q. And who did you speak to?
9 A. Ms. Wood.
10 Q. And did she contact you?
11 A. Yes.
12 Q. And what was the purpose of the contact by
13 Ms. Wood?
14 A. She had questions for me regarding the consent
15 order between ADEQ and Far West.
16 Q. So -- I am just trying to do some calendaring in
17 my head. So the contact by RUCO, by counsel for RUCO,
18 predated Tuesday, March 31st?
19 A. Yes.
20 Q. And at that time did Ms. Wood tell you that she
21 would like to call you as a witness?
22 A. No, not initially. Initially when she contacted
23 me, she was asking me general questions about the order,
24 I believe trying to attempt to understand some of the
25 terms used in the order and how aquifer protection

1 permits worked generally. We didn't talk about listing
2 me as a witness initially.
3 Q. Did Ms. Wood suggest to you at that time any
4 position or concerns that RUCO had about this case or
5 about the consent order or the company?
6 A. No, I don't recall any specific concerns that
7 she said that RUCO had regarding the consent order.
8 Q. It was an informational inquiry at the time?
9 A. Absolutely.
10 Q. Okay. When was the next time you spoke to
11 Ms. Wood?
12 A. I believe I spoke to her again either the second
13 or third week of March. She said she had some
14 additional questions.
15 Q. And how did that, how did the additional
16 questions differ from the first contact?
17 A. Well, actually the second contact, in the second
18 contact she was then discussing the possibility of me
19 appearing as a witness. And the way the conversation
20 went, she made the inquiry and what I told her was, is
21 that ADEQ staff generally does not appear on the part of
22 any party in a matter before the Commission.
23 Q. Did RUCO request that you appear on their
24 behalf?
25 A. Well, they, they had asked if I could appear as

1 a witness. I don't know if, if I would necessarily
2 characterize it as on their behalf but I believe she did
3 ask me to give testimony.
4 Q. And this was also before March 31st?
5 A. It was.
6 Q. Okay. And at that time did RUCO inform you of
7 any concerns or positions that they had or might be
8 taking in this case?
9 A. None, none that differed from the original
10 consultation.
11 Q. During which you said that they didn't express
12 positions, it was informational?
13 A. Correct.
14 Q. Okay. So the second call was informational and
15 the possibility of becoming a witness?
16 A. Yes.
17 Q. Okay. And then the next time that you had
18 contact with Ms. Wood?
19 A. Well, I think the next time I had contact with
20 Ms. Wood was to tell her that ADEQ employees generally
21 do not appear. And so I thought the matter was closed.
22 Q. Okay. When did you find out it wasn't?
23 A. Today is --
24 Q. Roughly. I don't mean to pin you down. I know
25 it is hard to keep our calendars.

A. Last Thursday.
Q. So that would be April 2nd?
A. Yes.
Q. Okay. And what happened on April 2nd?
A. Well, there had been a bit of a back and forth conversation.
Q. Okay.
A. They had said we would like you to appear and we said we generally don't appear. And I think finally the statement was, is, you know, if there was, obviously if there was a subpoena issued, we would comply with the subpoena. And then she indicated her interest in pursuing a subpoena.
Q. Okay. Again, at that time any discussion of why RUCO wanted you to appear?
A. There was, there was a conversation about I believe she was -- in one of her interviews with me I think she brought her investigator -- and the intent I believe that she expressed to me was the hopes of, in the process of interviewing me, that her investigator would feel comfortable enough to testify to the documents that were being submitted into evidence. And that was, that was the last substantive conversation that we had had.
Q. And who was that investigator?

A. I apologize for not remembering his name but he is sitting at the table.

Q. Oh, Mr. Rigsby. We know him well.

Okay. So that was April 2nd. Again, at that time, did RUCO indicate any specific testimony they sought to elicit from you?

A. No, other than to say they were interested in information about Palm Shadows. I think that specifically was mentioned.

Q. Okay. I assume that after that you had some discussions with Ms. Wood just about logistics as to the date and time?

A. Sure.

Q. Were there any substantive discussions after April 2nd before you got down here today?

A. No.

Q. I have noticed that since you arrived today you have had some discussions with Ms. Wood.

A. Yes.

Q. What were the nature of those discussions?

A. The nature of those discussions, she confirmed again what she was going to ask specifically about Palm Shadows. And she mentioned that she would be asking me questions relating to the terms of the consent order, to some extent the terms of the aquifer protection permits.

1 Q. At any time in any of your discussions with RUCO
2 representatives have they indicated or used the terms
3 excess capacity?
4 A. No.
5 Q. Have they asked you whether you have formed a
6 belief as to whether the company has more wastewater
7 treatment capacity than it might need?
8 A. No. She did, she did ask me the question that
9 she asked me today relating to Section 14, specifically
10 in terms of the 1.3 million gallons per day, where did
11 that number come from.
12 Q. Okay. Did RUCO, did Ms. Wood today in any way
13 indicate any positions that RUCO might be taking or
14 concerned with Far West?
15 A. No.
16 MR. SHAPIRO: Okay. Thank you very much.
17 If I can have a few minutes at a break, we will
18 let you know where we go from here.
19 ALJ RODDA: Okay. And I don't have any
20 questions.
21 I just wanted to say that I have never had, as
22 long as I have been doing this, I have never had anyone
23 point and say, "It was him."
24 THE WITNESS: Sorry, sorry.
25 ALJ RODDA: So thank you very much for that

1 experience.
2 And what we are going to do, we are going to
3 take a short break while counsel confer. And then I
4 will let you know whether you are needed back or not.
5 THE WITNESS: Thank you.
6 ALJ RODDA: Thank you. So don't go away
7 completely.
8 (A recess ensued from 2:37 p.m. to 2:50 p.m.)
9 ALJ RODDA: Let's go back on the record.
10 MR. SHAPIRO: Thank you, Judge Rodda.
11 I think what we would suggest is the following.
12 Let's finish up the cross-examination and any questions
13 you have for Mr. Capestro, call it a day, reconvene a
14 conference call later this week to discuss additional
15 dates. I think if, rather than starting and doing a
16 short amount of redirect, we have a lot, I think --
17 ALJ RODDA: I am sorry. Let's go to
18 Ms. Campbell.
19 MR. SHAPIRO: She can go.
20 ALJ RODDA: Okay.
21 MR. SHAPIRO: We will work on Friday to get a
22 date to bring her back and everybody else.
23 ALJ RODDA: I see. So you are going to have
24 some additional substantive questions.
25 MR. SHAPIRO: Yes, but I don't believe we will

1 need discovery or depositions. We will just proceed
2 based on what we heard today.
3 ALJ RODDA: Okay. All right. Well, so thank
4 you very much, Ms. Campbell. You can be excused and we
5 will get in contact with you about a future appearance.
6 MR. SHAPIRO: And the subpoena will remain
7 effective?
8 ALJ RODDA: And so you will appear under the
9 same subpoena or do we need to, or do you know or does
10 your attorney know --
11 MR. COX: It is a continuing subpoena.
12 ALJ RODDA: It is a continuing, okay.
13 MR. COX: We are fine.
14 MR. SHAPIRO: Okay.
15 MR. COX: Just give us notice.
16 ALJ RODDA: We will. We will try to do this up
17 in Phoenix, too. You are both in Phoenix, is that
18 right?
19 MR. COX: Yes.
20 ALJ RODDA: And so...
21 MR. SHAPIRO: I would suggest, rather than
22 engage in what would be a very long redirect, I think if
23 we break when we are done, give us a chance to coalesce,
24 decide what additional witnesses we will call for
25 rebuttal, I think it would be more productive than going

1 through a day of cross-examination and try and figure
2 out what we want to cover, what has been covered. There
3 has been a lot of information the last 24 hours. So we
4 just think it would be more productive to finish
5 Mr. Capestro and then maybe reconvene Friday, if
6 possible, with you on a conference call to discuss the
7 procedural schedule. That's our suggestion.
8 ALJ RODDA: Okay. I will give the other parties
9 time. Any comments? I know Friday is Good Friday.
10 MR. SHAPIRO: I forgot about that.
11 ALJ RODDA: Well, tomorrow is Passover for those
12 of you, but we will find some time to discuss the
13 scheduling.
14 MS. WOOD: It would be better for me; I won't be
15 here on Friday.
16 ALJ RODDA: Okay.
17 MR. SHAPIRO: We will arrange a call whenever
18 the parties and you are available.
19 ALJ RODDA: Okay. Mr. Torrey.
20 MR. TORREY: I am available all the time.
21 ALJ RODDA: Well, I think that's a plan. I mean
22 we are already at 3:00 and it is obvious we have to come
23 back, and we can do some better rescheduling then.
24 So, all right. Mr. Capestro, you are back.
25 MR. CAPESTRO: I thought we were rescheduling to

1 some other day.
2 ALJ RODDA: No, not you. We have to finish.
3 THE WITNESS: As I heard it, he is not going to
4 do the redirect on me today. So if I am not finished, I
5 will keep on coming back.
6 MR. SHAPIRO: We just don't have time anymore.
7 ALJ RODDA: No.
8 All right. So Mr. Capestro is back on the stand
9 and, Mr. Torrey, I believe that you were still
10 cross-examining.
11
12 ANDREW J. CAPESTRO,
13 a witness herein, having been previously duly sworn by
14 the Certified Reporter to speak the truth and nothing
15 but the truth, was further examined and testified as
16 follows:
17
18 CROSS-EXAMINATION CONTINUED
19 BY MR. TORREY:
20 Q. It has been so long I almost forgot.
21 Mr. Capestro, I believe we were on approximately
22 page 11 of the document that we were looking at, the
23 consent agreement with ADEQ. And I was asking you about
24 subparagraph G, on line 12, about the Section 14
25 wastewater treatment plant.

BEFORE THE ARIZONA CORPORATION COMMISSION

BOB STUMP
CHAIRMAN
GARY PIERCE
COMMISSIONER
BRENDA BURNS
COMMISSIONER
ROBERT BURNS
COMMISSIONER
SUSAN BITTER SMITH
COMMISSIONER

EXHIBIT
R-16
ADMITTED

IN THE MATTER OF THE APPLICATION OF FAR WEST WATER & SEWER, INC., AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS WASTEWATER RATES AND CHARGES BASED THEREON FOR UTILITY SERVICE.	Docket No. WS-03478A-12-0307

NOTICE OF FILING REVISED SCHEDULES

The Residential Utility Consumer Office ("RUCO") hereby provides notice of filing the Revised Schedules to the Direct Testimony of Timothy J. Coley on Rate Design, in the above-referenced matter.

RESPECTFULLY SUBMITTED this 26th day of February, 2013.

Michelle L. Wood
Counsel

AN ORIGINAL AND THIRTEEN COPIES
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of February, 2013 with:

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Phoenix, Arizona 85007

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By Cheryl Fraulob
Cheryl Fraulob

SEWER DIVISION
RESIDENTIAL

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO DIRECT RATE DESIGN / RESIDENTIAL
TEST YEAR ENDED DECEMBER 31, 2011
SUMMARY OF PRESENT, COMPANY PROPOSED & RUCO RECOMMENDED RATES

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 1

RATE SUMMARY

Present Rates

A	B	C	D	E	F	G	H	I	J	K	L	M
Meter Size	Number of Bills	Total Gallons Consumed (Midrange)	Minimum Gallons	Monthly Minimum Charge	Metered Minimum Revenue B X E	Tier One Gallons Subject to Comodity Charge (Midrange)	Tier One Commodity Revenue per 1,000 Gal.	Tier Two Gallons Subject to Comodity Charge (Midrange)	Tier Two Commodity Revenue per 1,000 Gal.	Tier Three Gallons Subject to Comodity Charge (Midrange)	Tier Three Commodity Revenue per 1,000 Gal.	Total Metered Revenue F + H + J + L
All Residential	84,783	0	0	$21.75	$1,844,030	0	$0	0	$0	0	$0	$1,844,030
3/4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 1/2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
3 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
10 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
	84,783	0	0		$1,844,030	0	$0	0	$0	0	$0	$1,844,030

Company Proposed Rates

A	B	C	D	E	F	G	H	I	J	K	L	M
Meter Size	Number of Bills	Total Gallons Consumed (Midrange)	Minimum Gallons	Monthly Minimum Charge	Metered Minimum Revenue B X E	Tier One Gallons Subject to Comodity Charge (Midrange)	Tier One Commodity Revenue per 1,000 Gal.	Tier Two Gallons Subject to Comodity Charge (Midrange)	Tier Two Commodity Revenue per 1,000 Gal.	Tier Three Gallons Subject to Comodity Charge (Midrange)	Tier Three Commodity Revenue per 1,000 Gal.	Total Metered Revenue F + H + J + L
All Residential	84,783	0	0	$62.65	$5,311,655	0	$0	0	$0	0	$0	$5,311,655
3/4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 1/2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
3 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
10 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
	84,783	0	0		$5,311,655	0	$0	0	$0	0	$0	$5,311,655

RUCO Recommended Rates

A	B	C	D	E	F	G	H	I	J	K	L	M
Meter Size	Number of Bills	Total Gallons Consumed (Midrange)	Minimum Gallons	Monthly Minimum Charge	Metered Minimum Revenue B X E	Tier One Gallons Subject to Comodity Charge (Midrange)	Tier One Commodity Revenue per 1,000 Gal.	Tier Two Gallons Subject to Comodity Charge (Midrange)	Tier Two Commodity Revenue per 1,000 Gal.	Tier Three Gallons Subject to Comodity Charge (Midrange)	Tier Three Commodity Revenue per 1,000 Gal.	Total Metered Revenue F + H + J + L
All Residential	84,783	0	0	$49.85	$4,226,433	0	$0	0	$0	0	$0	$4,226,433
3/4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 1/2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
3 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
10 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
	84,783	0	0		$4,226,433	0	$0	0	$0	0	$0	$4,226,433

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO DIRECT RATE DESIGN / RESIDENTIAL
TEST YEAR ENDED DECEMBER 31, 2011
RECOMMENDED RATES

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 2

LINE NO.	DESCRIPTION	PRESENT RATES	COMPANY PROPOSED	RUCO PROPOSED
1	**RECOMMENDED MONTHLY MINIMUM USAGE CHARGE:**			
2				
3	(RESIDENTIAL CUSTOMERS)			
4	All Residential	$21.75	$62.65	$49.85
5	3/4 - INCH	0.00	0.00	0.00
6	1 - INCH	0.00	0.00	0.00
7	1 1/2 - INCH	0.00	0.00	0.00
8	2 - INCH	0.00	0.00	0.00
9	3 - INCH	0.00	0.00	0.00
10	4 - INCH	0.00	0.00	0.00
11	6 - INCH	0.00	0.00	0.00
12	8 - INCH	0.00	0.00	0.00
13	10 - INCH	0.00	0.00	0.00
14				
15	***GALLONS INCLUDED IN MONTHLY MINIMUM USAGE CHARGE:***			
16				
17	RESIDENTIAL CUSTOMERS	0	0	0
18				
19	**RECOMMENDED COMMODITY RATES BY METER SIZE**			
20				
21	All Residential			
22	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
23	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
24	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
25				
26	3/4 - INCH			
27	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
28	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
29	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
30				
31	1 - INCH			
32	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
33	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
34	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
35				
36	1 1/2 - INCH			
37	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
38	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
39	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
40				
41	2 - INCH			
42	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
43	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
44	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
45				
46	3 - INCH			
47	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
48	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
49	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
50				
51	4 - INCH			
52	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
53	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
54	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
55				
56	6 - INCH			
57	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
58	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
59	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
60				
61	8 - INCH			
62	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
63	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
64	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
65				
66	10 - INCH			
67	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
68	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
69	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO DIRECT RATE DESIGN / RESIDENTIAL
TEST YEAR ENDED DECEMBER 31, 2011
MONTHLY MINIMUM CHARGES

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 3

LINE NO.	METER SIZE	(A) COMPANY PRESENT RATES	(B) COMPANY PROPOSED RATES	(C) COMPANY DOLLAR INCREASE	(D) COMPANY PERCENT. INCREASE	(E) RUCO RECOMMENDED RATES	(F) RUCO DOLLAR INCREASE	(G) RUCO PERCENT. INCREASE
1	All Residential	$ 21.75	$ 62.65	$ 40.90	188.05%	$ 49.85	$ 28.10	129.20%

REFERENCES
COLUMN (A) THRU COLUMN (D): COMPANY SCHEDULE H-3, PAGE 1
COLUMN (E): TESTIMONY TJC
COLUMN (F): COLUMN (E) - COLUMN (A)
COLUMN (G): COLUMN (F) ÷ COLUMN (A)

SEWER DIVISION
COMMERCIAL

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO DIRECT RATE DESIGN / COMMERCIAL
TEST YEAR ENDED DECEMBER 31, 2011
SUMMARY OF PRESENT, COMPANY PROPOSED & RUCO RECOMMENDED RATES

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 1

RATE SUMMARY

Present Rates

A Meter Size	B Number of Bills	C Total Gallons Consumed (Midrange)	D Minimum Gallons	E Monthly Minimum Charge	F Metered Minimum Revenue B X E	G Tier One Gallons Subject to Comodity Charge (Midrange)	H Tier One Commodity Revenue per 1,000 Gal.	I Tier Two Gallons Subject to Comodity Charge (Midrange)	J Tier Two Commodity Revenue per 1,000 Gal.	K Tier Three Gallons Subject to Comodity Charge (Midrange)	L Tier Three Commodity Revenue per 1,000 Gal.	M Total Metered Revenue F + H + J + L
5/8 X 3/4 - INCH	533	0	0	$43.50	$23,186	0	$0	0	$0	0	$0	$23,186
3/4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 1/2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
3 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
10 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
	533	0	0		$23,186	0	$0	0	$0	0	$0	$23,186

Company Proposed Rates

A Meter Size	B Number of Bills	C Total Gallons Consumed (Midrange)	D Minimum Gallons	E Monthly Minimum Charge	F Metered Minimum Revenue B X E	G Tier One Gallons Subject to Comodity Charge (Midrange)	H Tier One Commodity Revenue per 1,000 Gal.	I Tier Two Gallons Subject to Comodity Charge (Midrange)	J Tier Two Commodity Revenue per 1,000 Gal.	K Tier Three Gallons Subject to Comodity Charge (Midrange)	L Tier Three Commodity Revenue per 1,000 Gal.	M Total Metered Revenue F + H + J + L
5/8 X 3/4 - INCH	533	0	0	$125.30	$66,785	0	$0	0	$0	0	$0	$66,785
3/4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 1/2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
3 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
10 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
	533	0	0		$66,785	0	$0	0	$0	0	$0	$66,785

RUCO Recommended Rates

A Meter Size	B Number of Bills	C Total Gallons Consumed (Midrange)	D Minimum Gallons	E Monthly Minimum Charge	F Metered Minimum Revenue B X E	G Tier One Gallons Subject to Comodity Charge (Midrange)	H Tier One Commodity Revenue per 1,000 Gal.	I Tier Two Gallons Subject to Comodity Charge (Midrange)	J Tier Two Commodity Revenue per 1,000 Gal.	K Tier Three Gallons Subject to Comodity Charge (Midrange)	L Tier Three Commodity Revenue per 1,000 Gal.	M Total Metered Revenue F + H + J + L
5/8 X 3/4 - INCH	533	0	0	$99.70	$53,140	0	$0	0	$0	0	$0	$53,140
3/4 - INCH	0	0	0	149.55	0	0	0	0	0	0	0	0
1 - INCH	0	0	0	249.25	0	0	0	0	0	0	0	0
1 1/2 - INCH	0	0	0	498.50	0	0	0	0	0	0	0	0
2 - INCH	0	0	0	797.60	0	0	0	0	0	0	0	0
3 - INCH	0	0	0	1,495.50	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	2,492.50	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	4,985.00	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	9,970.00	0	0	0	0	0	0	0	0
10 - INCH	0	0	0	19,940.00	0	0	0	0	0	0	0	0
	533	0	0		$53,140	0	$0	0	$0	0	$0	$53,140

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO DIRECT RATE DESIGN / COMMERCIAL
TEST YEAR ENDED DECEMBER 31, 2011
RECOMMENDED RATES

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 2

LINE NO.	DESCRIPTION	PRESENT RATES	COMPANY PROPOSED	RUCO PROPOSED
1	**RECOMMENDED MONTHLY MINIMUM USAGE CHARGE:**			
2				
3	(COMMERCIAL CUSTOMERS)			
4	All Commercial Customers	$43.50	$125.30	
5	5/8 X 3/4 - INCH			$99.70
6	3/4 - INCH			149.55
7	1 - INCH			249.25
8	1 1/2 - INCH			498.50
9	2 - INCH			797.60
10	3 - INCH			1,495.50
11	4 - INCH			2,492.50
12	6 - INCH			4,985.00
13	8 - INCH			9,970.00
14	10 - INCH			19,940.00
15				
16	**GALLONS INCLUDED IN MONTHLY MINIMUM USAGE CHARGE:**			
17				
18	COMMERCIAL CUSTOMERS	0	0	0
19				
20	**RECOMMENDED COMMODITY RATES BY METER SIZE**			
21				
22	5/8 X 3/4 - INCH			
23	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
24	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
25	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
26				
27	3/4 - INCH			
28	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
29	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
30	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
31				
32	1 - INCH			
33	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
34	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
35	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
36				
37	1 1/2 - INCH			
38	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
39	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
40	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
41				
42	2 - INCH			
43	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
44	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
45	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
46				
47	3 - INCH			
48	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
49	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
50	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
51				
52	4 - INCH			
53	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
54	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
55	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
56				
57	6 - INCH			
58	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
59	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
60	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
61				
62	8 - INCH			
63	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
64	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
65	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
66				
67	10 - INCH			
68	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
69	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
70	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO DIRECT RATE DESIGN / COMMERCIAL
TEST YEAR ENDED DECEMBER 31, 2011
MONTHLY MINIMUM CHARGES

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 3

LINE NO.	METER SIZE	(A) COMPANY PRESENT RATES	(B) COMPANY PROPOSED RATES	(C) COMPANY DOLLAR INCREASE	(D) COMPANY PERCENT. INCREASE	(E) RUCO RECOMMENDED RATES	(F) RUCO DOLLAR INCREASE	(G) RUCO PERCENT. INCREASE
1	All Commercial Customers	$ 43.50	$ 125.30	$ 81.80	188.05%			
2	5/8 X 3/4 - INCH					$ 99.70	$ 56.20	129.20%
3	3/4 - INCH					149.55	149.55	243.79%
4	1 - INCH					249.25	249.25	472.99%
5	1 1/2 - INCH					498.50	498.50	1045.98%
6	2 - INCH					797.60	797.60	1733.56%
7	3 - INCH					1,495.50	1,495.50	3337.93%
8	4 - INCH					2,492.50	2,492.50	5629.89%
9	6 - INCH					4,985.00	4,985.00	11359.77%
10	8 - INCH					9,970.00	9,970.00	22819.54%
11	10 - INCH					19,940.00	19,940.00	45739.08%

REFERENCES
COLUMN (A) THRU COLUMN (D): COMPANY SCHEDULE H-3, PAGE 1
COLUMN (E): TESTIMONY TJC
COLUMN (F): COLUMN (E) - COLUMN (A)
COLUMN (G): COLUMN (F) ÷ COLUMN (A)

SEWER DIVISION
RV PARK SPACES

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO DIRECT RATE DESIGN / RV PARK
TEST YEAR ENDED DECEMBER 31, 2011
SUMMARY OF PRESENT, COMPANY PROPOSED & RUCO RECOMMENDED RATES

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 1

RATE SUMMARY

Present Rates

A Meter Size	B Number of Bills	C Total Gallons Consumed (Midrange)	D Minimum Gallons	E Monthly Minimum Charge	F Metered Minimum Revenue B X E	G Tier One Gallons Subject to Comodity Charge (Midrange)	H Tier One Commodity Revenue per 1,000 Gal.	I Tier Two Gallons Subject to Comodity Charge (Midrange)	J Tier Two Commodity Revenue per 1,000 Gal.	K Tier Three Gallons Subject to Comodity Charge (Midrange)	L Tier Three Commodity Revenue per 1,000 Gal.	M Total Metered Revenue F + H + J + L
All RV Customers	8,556	0	0	$5.44	$46,545	0	$0	0	$0	0	$0	$46,545
3/4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 1/2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
3 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
10 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
	8,556	0	0		$46,545	0	$0	0	$0	0	$0	$46,545

Company Proposed Rates

A Meter Size	B Number of Bills	C Total Gallons Consumed (Midrange)	D Minimum Gallons	E Monthly Minimum Charge	F Metered Minimum Revenue B X E	G Tier One Gallons Subject to Comodity Charge (Midrange)	H Tier One Commodity Revenue per 1,000 Gal.	I Tier Two Gallons Subject to Comodity Charge (Midrange)	J Tier Two Commodity Revenue per 1,000 Gal.	K Tier Three Gallons Subject to Comodity Charge (Midrange)	L Tier Three Commodity Revenue per 1,000 Gal.	M Total Metered Revenue F + H + J + L
All RV Customers	8,556	0	0	$15.66	$133,987	0	$0	0	$0	0	$0	$133,987
3/4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 1/2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
3 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
10 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
	8,556	0	0		$133,987	0	$0	0	$0	0	$0	$133,987

RUCO Recommended Rates

A Meter Size	B Number of Bills	C Total Gallons Consumed (Midrange)	D Minimum Gallons	E Monthly Minimum Charge	F Metered Minimum Revenue B X E	G Tier One Gallons Subject to Comodity Charge (Midrange)	H Tier One Commodity Revenue per 1,000 Gal.	I Tier Two Gallons Subject to Comodity Charge (Midrange)	J Tier Two Commodity Revenue per 1,000 Gal.	K Tier Three Gallons Subject to Comodity Charge (Midrange)	L Tier Three Commodity Revenue per 1,000 Gal.	M Total Metered Revenue F + H + J + L
All RV Customers	8,556	0	0	$12.50	$106,950	0	$0	0	$0	0	$0	$106,950
3/4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 1/2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
3 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
10 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
	8,556	0	0		$106,950	0	$0	0	$0	0	$0	$106,950

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO DIRECT RATE DESIGN / RV PARK
TEST YEAR ENDED DECEMBER 31, 2011
RECOMMENDED RATES

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 2

LINE NO.	DESCRIPTION	PRESENT RATES	COMPANY PROPOSED	RUCO PROPOSED
1	**RECOMMENDED MONTHLY MINIMUM USAGE CHARGE:**			
2				
3	(RV CUSTOMERS)			
4	All RV Customers	$5.44	$15.66	$12.50
5	3/4 - INCH	0.00	0.00	0.00
6	1 - INCH	0.00	0.00	0.00
7	1 1/2 - INCH	0.00	0.00	0.00
8	2 - INCH	0.00	0.00	0.00
9	3 - INCH	0.00	0.00	0.00
10	4 - INCH	0.00	0.00	0.00
11	6 - INCH	0.00	0.00	0.00
12	8 - INCH	0.00	0.00	0.00
13	10 - INCH	0.00	0.00	0.00
14				
15	**GALLONS INCLUDED IN MONTHLY MINIMUM USAGE CHARGE:**			
16				
17	RV PARK CUSTOMERS	0	0	0
18				
19	**RECOMMENDED COMMODITY RATES BY METER SIZE**			
20				
21	All RV Customers			
22	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
23	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
24	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
25				
26	3/4 - INCH			
27	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
28	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
29	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
30				
31	1 - INCH			
32	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
33	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
34	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
35				
36	1 1/2 - INCH			
37	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
38	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
39	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
40				
41	2 - INCH			
42	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
43	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
44	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
45				
46	3 - INCH			
47	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
48	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
49	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
50				
51	4 - INCH			
52	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
53	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
54	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
55				
56	6 - INCH			
57	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
58	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
59	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
60				
61	8 - INCH			
62	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
63	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
64	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
65				
66	10 - INCH			
67	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
68	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
69	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO DIRECT RATE DESIGN / RV PARK
TEST YEAR ENDED DECEMBER 31, 2011
MONTHLY MINIMUM CHARGES

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 3

LINE NO.	METER SIZE	(A) COMPANY PRESENT RATES	(B) COMPANY PROPOSED RATES	(C) COMPANY DOLLAR INCREASE	(D) COMPANY PERCENT. INCREASE	(E) RUCO RECOMMENDED RATES	(F) RUCO DOLLAR INCREASE	(G) RUCO PERCENT. INCREASE
1	All RV Customers	$ 5.44	$ 15.66	$ 10.22	187.87%	$ 12.50	$ 7.06	129.78%

REFERENCES
COLUMN (A) THRU COLUMN (D): COMPANY SCHEDULE H-3, PAGE 1
COLUMN (E): TESTIMONY TJC
COLUMN (F): COLUMN (E) - COLUMN (A)
COLUMN (G): COLUMN (F) ÷ COLUMN (A)

SEWER DIVISION
RESIDENTIAL
RE-ESTABLISHMENT

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO DIRECT RATE DESIGN / RESIDENTIAL RE-ESTABLISHMENT
TEST YEAR ENDED DECEMBER 31, 2011
SUMMARY OF PRESENT, COMPANY PROPOSED & RUCO RECOMMENDED RATES

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 1

RATE SUMMARY

Present Rates

A	B	C	D	E	F	G	H	I	J	K	L	M
Meter Size	Number of Bills	Total Gallons Consumed (Midrange)	Minimum Gallons	Monthly Minimum Charge	Metered Minimum Revenue B X E	Tier One Gallons Subject to Comodity Charge (Midrange)	Tier One Commodity Revenue per 1,000 Gal.	Tier Two Gallons Subject to Comodity Charge (Midrange)	Tier Two Commodity Revenue per 1,000 Gal.	Tier Three Gallons Subject to Comodity Charge (Midrange)	Tier Three Commodity Revenue per 1,000 Gal.	Total Metered Revenue F + H + J + L
All Re-Establishment	6,537	0	0	$21.75	$142,180	0	$0	0	$0	0	$0	$142,180
3/4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 1/2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
3 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
10 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
	6,537	0	0		$142,180	0	$0	0	$0	0	$0	$142,180

Company Proposed Rates

A	B	C	D	E	F	G	H	I	J	K	L	M
Meter Size	Number of Bills	Total Gallons Consumed (Midrange)	Minimum Gallons	Monthly Minimum Charge	Metered Minimum Revenue B X E	Tier One Gallons Subject to Comodity Charge (Midrange)	Tier One Commodity Revenue per 1,000 Gal.	Tier Two Gallons Subject to Comodity Charge (Midrange)	Tier Two Commodity Revenue per 1,000 Gal.	Tier Three Gallons Subject to Comodity Charge (Midrange)	Tier Three Commodity Revenue per 1,000 Gal.	Total Metered Revenue F + H + J + L
All Re-Establishment	6,537	0	0	$62.65	$409,543	0	$0	0	$0	0	$0	$409,543
3/4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 1/2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
3 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
10 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
	6,537	0	0		$409,543	0	$0	0	$0	0	$0	$409,543

RUCO Recommended Rates

A	B	C	D	E	F	G	H	I	J	K	L	M
Meter Size	Number of Bills	Total Gallons Consumed (Midrange)	Minimum Gallons	Monthly Minimum Charge	Metered Minimum Revenue B X E	Tier One Gallons Subject to Comodity Charge (Midrange)	Tier One Commodity Revenue per 1,000 Gal.	Tier Two Gallons Subject to Comodity Charge (Midrange)	Tier Two Commodity Revenue per 1,000 Gal.	Tier Three Gallons Subject to Comodity Charge (Midrange)	Tier Three Commodity Revenue per 1,000 Gal.	Total Metered Revenue F + H + J + L
All Re-Establishment	6,537	0	0	$49.85	$325,869	0	$0	0	$0	0	$0	$325,869
3/4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 1/2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
3 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
10 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
	6,537	0	0		$325,869	0	$0	0	$0	0	$0	$325,869

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO DIRECT RATE DESIGN / RESIDENTIAL RE-ESTABLISHMENT DOCKET NO. WS-03478A-12-0307
TEST YEAR ENDED DECEMBER 31, 2011 SCHEDULE TJC-RD 2
RECOMMENDED RATES

LINE NO.	DESCRIPTION	PRESENT RATES	COMPANY PROPOSED	RUCO PROPOSED
1	**RECOMMENDED MONTHLY MINIMUM USAGE CHARGE:**			
2				
3	(RESIDENTIAL RE-ESTABLISHMENT CUSTOMERS)			
4	All Re-Establishment	$21.75	$62.65	$49.85
5	3/4 - INCH	0.00	0.00	0.00
6	1 - INCH	0.00	0.00	0.00
7	1 1/2 - INCH	0.00	0.00	0.00
8	2 - INCH	0.00	0.00	0.00
9	3 - INCH	0.00	0.00	0.00
10	4 - INCH	0.00	0.00	0.00
11	6 - INCH	0.00	0.00	0.00
12	8 - INCH	0.00	0.00	0.00
13	10 - INCH	0.00	0.00	0.00
14				
15	**GALLONS INCLUDED IN MONTHLY MINIMUM USAGE CHARGE:**			
16				
17	RESIDENTIAL RE-ESTABLISHMENT CUSTOMERS	0	0	0
18				
19	**RECOMMENDED COMMODITY RATES BY METER SIZE**			
20				
21	All Re-Establishment			
22	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
23	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
24	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
25				
26	3/4 - INCH			
27	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
28	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
29	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
30				
31	1 - INCH			
32	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
33	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
34	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
35				
36	1 1/2 - INCH			
37	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
38	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
39	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
40				
41	2 - INCH			
42	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
43	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
44	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
45				
46	3 - INCH			
47	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
48	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
49	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
50				
51	4 - INCH			
52	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
53	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
54	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
55				
56	6 - INCH			
57	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
58	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
59	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
60				
61	8 - INCH			
62	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
63	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
64	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
65				
66	10 - INCH			
67	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
68	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
69	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO DIRECT RATE DESIGN / RESIDENTIAL RE-ESTABLISHME
TEST YEAR ENDED DECEMBER 31, 2011
MONTHLY MINIMUM CHARGES

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 3

LINE NO.	METER SIZE	(A) COMPANY PRESENT RATES	(B) COMPANY PROPOSED RATES	(C) COMPANY DOLLAR INCREASE	(D) COMPANY PERCENT. INCREASE	(E) RUCO RECOMMENDED RATES	(F) RUCO DOLLAR INCREASE	(G) RUCO PERCENT. INCREASE
1	All Re-Establishment	$ 21.75	$ 62.65	$ 40.90	188.05%	$ 49.85	$ 28.10	129.20%

REFERENCES
COLUMN (A) THRU COLUMN (D): COMPANY SCHEDULE H-3, PAGE 1
COLUMN (E): TESTIMONY TJC
COLUMN (F): COLUMN (E) - COLUMN (A)
COLUMN (G): COLUMN (F) ÷ COLUMN (A)

SEWER DIVISION
EFFLUENT REUSE

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO DIRECT RATE DESIGN / METERED REUSE REVENUES
TEST YEAR ENDED DECEMBER 31, 2011
SUMMARY OF PRESENT, COMPANY PROPOSED & RUCO RECOMMENDED RATES

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 1

RATE SUMMARY

Present Rates

A	B	C	D	E	F	G	H	I	J	K	L	M
Meter Size	Number of Bills	Total Gallons Consumed (Midrange)	Minimum Gallons	Monthly Minimum Charge	Metered Minimum Revenue B X E	Tier One Gallons Subject to Comodity Charge (Midrange)	Tier One Commodity Revenue per 1,000 Gal.	Tier Two Gallons Subject to Comodity Charge (Midrange)	Tier Two Commodity Revenue per 1,000 Gal.	Tier Three Gallons Subject to Comodity Charge (Midrange)	Tier Three Commodity Revenue per 1,000 Gal.	Total Metered Revenue F + H + J + L
All Metered Re-Use	24	1,449,348,912	0	$0.00	$0	131,758,992	$131,759	0	$0	0	$0	$131,759
3/4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 1/2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
3 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
10 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
	24	1,449,348,912	0		$0	131,758,992	$131,759	0	$0	0	$0	$131,759

Company Proposed Rates

A	B	C	D	E	F	G	H	I	J	K	L	M
Meter Size	Number of Bills	Total Gallons Consumed (Midrange)	Minimum Gallons	Monthly Minimum Charge	Metered Minimum Revenue B X E	Tier One Gallons Subject to Comodity Charge (Midrange)	Tier One Commodity Revenue per 1,000 Gal.	Tier Two Gallons Subject to Comodity Charge (Midrange)	Tier Two Commodity Revenue per 1,000 Gal.	Tier Three Gallons Subject to Comodity Charge (Midrange)	Tier Three Commodity Revenue per 1,000 Gal.	Total Metered Revenue F + H + J + L
All Metered Re-Use	24	1,449,348,912	0	$0.00	$0	131,758,992	$131,759	0	$0	0	$0	$131,759
3/4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 1/2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
3 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
10 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
	24	1,449,348,912	0		$0	131,758,992	$131,759	0	$0	0	$0	$131,759

RUCO Recommended Rates

A	B	C	D	E	F	G	H	I	J	K	L	M
Meter Size	Number of Bills	Total Gallons Consumed (Midrange)	Minimum Gallons	Monthly Minimum Charge	Metered Minimum Revenue B X E	Tier One Gallons Subject to Comodity Charge (Midrange)	Tier One Commodity Revenue per 1,000 Gal.	Tier Two Gallons Subject to Comodity Charge (Midrange)	Tier Two Commodity Revenue per 1,000 Gal.	Tier Three Gallons Subject to Comodity Charge (Midrange)	Tier Three Commodity Revenue per 1,000 Gal.	Total Metered Revenue F + H + J + L
All Metered Re-Use	24	1,449,348,912	0	$0.00	$0	131,758,992	$131,759	0	$0	0	$0	$131,759
3/4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 1/2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
3 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
10 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
	24	1,449,348,912	0		$0	131,758,992	$131,759	0	$0	0	$0	$131,759

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO DIRECT RATE DESIGN / METERED REUSE REVENUES
TEST YEAR ENDED DECEMBER 31, 2011
RECOMMENDED RATES

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 2

LINE NO.	DESCRIPTION	PRESENT RATES	COMPANY PROPOSED	RUCO PROPOSED
1	**RECOMMENDED MONTHLY MINIMUM USAGE CHARGE:**			
2				
3	(METERED REUSE CUSTOMERS)			
4	All Metered Reuse Customers	$0.00	$0.00	$0.00
5	3/4 - INCH	0.00	0.00	0.00
6	1 - INCH	0.00	0.00	0.00
7	1 1/2 - INCH	0.00	0.00	0.00
8	2 - INCH	0.00	0.00	0.00
9	3 - INCH	0.00	0.00	0.00
10	4 - INCH	0.00	0.00	0.00
11	6 - INCH	0.00	0.00	0.00
12	8 - INCH	0.00	0.00	0.00
13	10 - INCH	0.00	0.00	0.00
14				
15	**GALLONS INCLUDED IN MONTHLY MINIMUM USAGE CHARGE:**			
16				
17	METERED REUSE CUSTOMERS	0	0	0
18				
19	**RECOMMENDED COMMODITY RATES BY ALL METER SIZES**			
20				
21	All Metered Reuse Customers			
22	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 999,999,999,999,999,000 GALLONS:	$ 1.00	$ 1.00	$ 1.00
23	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 999,999,999,999,999,000 TO 0 GALLONS:	$ -	$ -	$ -
24	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -

FAR WEST WATER & SEWER, INC.

DOCKET NO. WS-03478A-12-0307

SURREBUTTAL TESTIMONY

OF

TIMOTHY J. COLEY

ON BEHALF OF

THE

RESIDENTIAL UTILITY CONSUMER OFFICE

EXHIBIT
R-17
ADMITTED

MARCH 29, 2013

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EXECUTIVE SUMMARY

The Residential Utility Consumer Office ("RUCO") now provides surrebuttal testimony in response to Far West Water & Sewer, Inc., Sewer Division ("Far West" or "Company") rebuttal testimony that was filed with the Arizona Corporation Commission ("ACC" or "Staff") on March 11, 2013. I will address the Company's rebuttal positions to the intervening parties' direct testimonies as it pertains to Far West's operating income and revenue requirement. RUCO consultants Thomas H. Fish, Ph.D and Royce A. Duffet P.E., of Ariadair Economics Group will provide separate testimony regarding the Company's rate base with the exception of working capital. I will address Far West's working capital as proposed in its rebuttal filing. RUCO Chief of Accounting and Rates, William Rigsby, will provide separate testimony on RUCO's recommended cost of capital.

The following table presents the rate base for Far West's Sewer Division as initially proposed in the Company's Application, its rebuttal position, and RUCO's direct and surrebuttal recommendations.

Rate Base

Company Direct Application	Company Rebuttal Filing	RUCO Direct Recommendation	RUCO Surrebuttal Recommendation
$22,800,578	$20,556,601	$16,399,350	$16,679,237

The primary difference between the Company's direct and rebuttal rate base filings is Far West's acceptance and partial acceptances of Staff's recommended utility plant in service adjustments, which is highlighted in the Company's rebuttal filing.

The next table presents the operating income for Far West's Sewer Division as initially proposed in the Company's Application, its rebuttal position, and RUCO's direct and surrebuttal recommendations.

Adjusted Test Year Operating Income

Company Direct Application	Company Rebuttal Filing	RUCO Direct Recommendation	RUCO Surrebuttal Recommendation
($1,187,812)	($573,672)	($404,164)	($405,272)

The primary difference between the Company's direct and rebuttal adjusted test year operating income is Far West's utilization of the statutory federal income tax rate in its rebuttal filing as utilized by RUCO in

both of its filings. There are small differences in RUCO's direct and surrebuttal recommendations for its recommended adjusted test year operating income in both filings.

The final two tables below presents the required increase in dollars and percentages of gross revenues by the parties for Far West as initially proposed in the Company's Application, its rebuttal position, and RUCO's direct and surrebuttal recommendations.

Required Dollar Increase in Gross Revenues

Company Direct Application	Company Rebuttal Filing	RUCO Direct Recommendation	RUCO Surrebuttal Recommendation
$3,866,046	$3,514,335	$2,658,963	$2,695,215

Required Percentage Increase in Gross Revenues

Company Direct Application	Company Rebuttal Filing	RUCO Direct Recommendation	RUCO Surrebuttal Recommendation
173.52%	157.74%	119.34%	120.84%

The resulting differences in the required increase in revenues between Far West and RUCO were noted earlier in the rate base and adjusted test year operating income sections. One other difference is due to a slightly higher required rate of return requested by the Company in its rebuttal filing.

The Company sought a 7.409 percent rate of return on its $22,800,578 Sewer Division's fair value rate base in its original rate Application and is seeking a 7.50 percent rate of return on its $20,556,601 rebuttal fair value rate base. RUCO recommends a 7.30 percent rate of return on a $16,729,237 fair value rate base.

RUCO's adjusted Test Year rate base and operating income recommendations for Far West reflect four net rate base adjustments totaling ($6,121,341) and eight net operating income adjustments totaling ($779,406).

RUCO will file separate rate design testimony on April 3, 2013.

INTRODUCTION

Q. Please state your name for the record.

A. My name is Timothy J. Coley.

Q. Have you previously filed testimony regarding this docket?

A. Yes, I have. I filed direct testimony in this docket on February 8, 2013.

Q. What is the purpose of your surrebuttal testimony?

A. My surrebuttal testimony will address the Company's rebuttal proposals and comments pertaining to the adjustments I recommended in my direct testimony.

Q. What areas will you address in your surrebuttal testimony?

A. My surrebuttal testimony will address RUCO's recommended operating income adjustments and revenue requirement for Far West Water & Sewer, Inc., Sewer Division (hereafter referred to as "Far West" or the "Company"). RUCO's consultants, Thomas H. Fish, Ph.D and Royce A. Duffet P.E., of Ariadair Economics Group provide separate testimonies on Far West's rate base with the exception of the working capital allownace, which I will address.

...

Q. How is your surrebuttal testimony organized?

A. My surrebuttal testimony is comprised of four parts: the introduction that I've just presented; RUCO's rate base adjustments; RUCO's operating income adjustments; and revenue requirement.

Q. Please identify the schedules that you are sponsoring in RUCO's surrebuttal testimony.

A. I am sponsoring rate base and operating income schedules for Far West numbered TJC-1 through TJC-19.

SURREBUTTAL RATE BASE ADJUSTMENTS

Q. What are RUCO's surrebuttal rate base adjustments and briefly identify each one?

A. RUCO did not make any additional rate base adjustments in surrebuttal testimony other than the four adjustments that were fully addressed in my direct testimony and the testimonies of Dr. Fish and Mr. Duffet of Ariadair Economics Group with RUCO's reason(s) why each is recommended to the Commission. If RUCO recommends an adjustment here in surrebuttal testimony that was either not recommended or is materially different than what was recommended in direct testimony a full description of the adjustment will be noted here in surrebuttal testimony. RUCO's rate base

adjustments consist of the following recommendations and are briefly identified below:

1(a). Excess Capacity of Used and Useful Utility Plant in Service;
1(b). Excess Capacity Accumulated Depreciation;
1(c). Excess Capacity AIAC and net CIAC;
2. Intentionally Left Blank;
3. Intentionally Left Blank; and
4. Working Capital Allowance.

Dr. Fish and Mr. Duffet will address adjustments 1(a) through 1(c) in their testimony. I will present RUCO's working capital allowance adjustment 4.

Rate Base Adjustment 1(a) - Excess Capacity of Used and Useful Utility Plant in Service

Q. Did the Company adopt RUCO's direct testimony rate base adjustment 1(a) – Excess Capacity of Utility Plant in Service ("UPIS") identified above?

A. No. RUCO consultants, Dr. Fish and Mr. Duffet, will address the Company's rebuttal position regarding RUCO's excess capacity adjustment for used and useful plant in service for Far West's current ratepayers.

...

Q. What adjustment is RUCO recommending here in surrebuttal testimony to disallow plant that is not used, useful, and necessary for Far West's current ratepayers?

A. RUCO recommends the Commission disallow $10,936,720 from the Company's requested plant in service balance to be included in rate base. This adjustment is shown on RUCO's Surrebuttal Schedules TJC-2, TJC-3, with the details reflected on TJC-4(a).

Q. Would you like to address any other issues raised by the Company's rate consultant, Mr. Ray Jones, pertaining to this adjustment?

A. Yes. Since I was the individual for RUCO that was responsible for creating all the revenue requirement schedules, which incorporated Dr. Fish and Mr. Duffet's used and useful UPIS recommendations, I am the appropriate person to address Mr. Jones' rebuttal claims that RUCO's adjustment 4(a) somehow "double dips." On page 17 of his rebuttal testimony, Mr. Jones claims that RUCO's adjustment 1(a) double counts "the Company's Rate Base Adjustment RB-1.7." That is simply a misperception by Mr. Jones that is not true. This matter can be easily clarified by viewing RUCO Exhibit 1, which is an expanded version of RUCO Direct Schedule TJC-4(a) as filed. The schedule filed with the Commission contained additional columns. RUCO Exhibit 1 shows all the columns that were both filed and hidden for illustrative purposes. On Exhibit 1 in column [G], the amount that Mr. Jones refers to above in

Company adjustment RB-1.7 is included and thus deducted in the next column labeled [H]. The total amount shown in column [H], $37,751,132, is the same amount requested by the Company to be included in rate base (See Far West Direct Rate Application Schedule B-1 on page 1 at line 2). Therefore, there is no double count because RUCO recommends a 30.1 percent disallowance of $10,936,720 to depreciable plant in service which already includes the Company's downward adjustment RB-1.7. Therefore, there is no double count as erroneously asserted by Mr. Jones.

Rate Base Adjustment 1(b) – Accumulated Depreciation Related to Excess Capacity of Used and Useful Utility Plant in Service

Q. Did the Company adopt RUCO's direct testimony rate base adjustment 1(b) – Accumulated Depreciation Related to Excess Capacity of Used and Useful Utility Plant in Service ("UPIS") identified earlier?

A. No. RUCO consultants, Dr. Fish and Mr. Duffet, will address the Company's rebuttal position regarding RUCO's recommended level of accumulated depreciation related to their excess capacity adjustment for used and useful plant in service for Far West's current ratepayers.

...

Q. What adjustment is RUCO recommending here in surrebuttal testimony to remove accumulated depreciation previously calculated on plant that is not used, useful, and necessary for Far West's current ratepayers?

A. RUCO recommends the Commission remove $1,488,666 from the Company's accumulated depreciation balance that is included in its direct Application. This adjustment is shown on RUCO's Surrebuttal Schedules TJC-2, TJC-3, with the details reflected on TJC-4(b).

<u>Rate Base Adjustment 1(c) – Advances in Aid of Construction (AIAC) and Contributions in Aid of Construction (CIAC) Related to Excess Capacity of Used and Useful Utility Plant in Service</u>

Q. Did the Company adopt RUCO's direct testimony rate base adjustment 1(c) – Advances in Aid of Construction (AIAC) and Contributions in Aid of Construction (CIAC) Related to Excess Capacity of Used and Useful Utility Plant in Service ("UPIS") identified earlier?

A. No. RUCO consultants, Dr. Fish and Mr. Duffet, will address the Company's rebuttal position regarding RUCO's AIAC and CIAC related to excess capacity adjustment for used and useful plant in service for Far West's current ratepayers.

Q. What adjustment is RUCO recommending here in surrebuttal testimony to remove the AIAC and CIAC related to excess capacity that is not used, useful, and necessary for Far West's current ratepayers?

A. RUCO recommends the Commission remove $3,255,306 of AIAC and $246,047 of net CIAC from the Company's respective AIAC and Net CIAC balances that were included in its direct Application. This adjustment is shown on RUCO's Surrebuttal Schedules TJC-2, TJC-3, with the details reflected on TJC-4(c).

Rate Base Adjustment 2 – Intentionally Left Blank

Rate Base Adjustment 3 – Intentionally Left Blank

Rate Base Adjustment 4 – Working Capital Allowance

Q. Does RUCO adopt the Company's cash working capital calculation for an allowance to its cash working capital allowance request?

A. Yes.

Q. Are there any other issues regarding the Company's adjustment to working capital that RUCO would want to address?

A. Yes, there is a minor issue that is incorporated into the Company's rebuttal Schedule B-5 on page 1. The Company shows a working capital

allowance on line 13 as filed being $1,653,928. That amount is $10 less than what was reflected in the original rate application of $1,653,938.

SURREBUTTAL OPERATING INCOME ADJUSTMENTS

Q. What are RUCO's surrebuttal operating income adjustments and briefly identify each one?

A. RUCO had eight direct testimony operating income adjustments, of which two were eliminated in surrebuttal testimony. RUCO added two new surrebuttal adjustments for a total of eight adjustments with slight modifications made to some adjustments that were included in direct testimony. If RUCO recommends an adjustment here in surrebuttal testimony that was either not recommended or is materially different than what was recommended in direct testimony a full description of the adjustment will be noted here in surrebuttal testimony. RUCO's operating income adjustments consist of the following recommendations and are briefly identified below:

1. Depreciation Expense;
2. Property Tax Expense;
3. Repairs and Maintenance Expense;
4. Salaries and Wages Expense;
5. Salaries and Wages Expense;
6. Merit Pay Expense;
7. Bad Debt Expense;
8. Imputed Revenue;
9. Legal Expense; and
10. Income Taxes.

Operating Income Adjustment 1 - Depreciation Expense

Q. Is RUCO recommending a depreciation expense adjustment that is similar to its direct testimony adjustment?

A. Yes. RUCO's surrebuttal depreciation expense adjustment is identical to its direct testimony adjustment that reduces the expense by $451,872. This adjustment is fully explained in RUCO's direct testimony. This adjustment is shown on RUCO's Surrebuttal Schedules TJC-7, TJC-8, with the details reflected on TJC-9.

Operating Income Adjustment 2 - Property Tax Expense

Q. Is RUCO recommending a property tax expense adjustment that is similar to its direct testimony adjustment?

A. Yes. RUCO's surrebuttal depreciation expense adjustment is similar to its direct testimony adjustment that increases the expense by $130. This adjustment is fully explained in RUCO's direct testimony. The adjustment is shown on RUCO's Surrebuttal Schedules TJC-7, TJC-8, with the details reflected on TJC-10.

Operating Income Adjustment 3 – Repairs and Maintenance Expense

Q. Is RUCO recommending a repairs and maintenance expense adjustment that is similar to its direct testimony adjustment?

A. No. RUCO eliminated its repairs and maintenance normalization expense adjustment based on the Company's rebuttal testimony. This adjustment is now intentionally left blank.

Operating Income Adjustment 4 – Salaries and Wages Expense

Q. Is RUCO recommending a property tax expense adjustment that is similar to its direct testimony adjustment?

A. Yes. RUCO's surrebuttal depreciation expense adjustment is similar to its direct testimony adjustment that decreases the expense by $60,247, which is slightly greater than its direct testimony adjustment. The Company adopted Staff's recommendation that was $5,447 higher than RUCO's original adjustment. However, RUCO contends that an accompanying adjustment to payroll tax expense is also necessary to reduce that expense by $4,609 to fully capture the impact of the salaries and wages expense adjustment. This adjustment is fully explained in RUCO's direct testimony. The adjustment is shown on RUCO's Surrebuttal Schedules TJC-7, TJC-8, with the details reflected on TJC-12.

Operating Income Adjustment 5 – Salaries and Wages Expense

Q. Did the Company adopt RUCO adjustment 5 that reconciles the general ledger and payroll ledger for salaries and wages expense?

A. Yes. The adjustment reduces the salaries and wages expense by $1,362. This adjustment is fully explained in RUCO's direct testimony. The adjustment is shown on RUCO's Surrebuttal Schedules TJC-7, TJC-8, with the details reflected on TJC-13.

Operating Income Adjustment 6 – Merit Pay Expense

Q. Is RUCO recommending a merit pay expense adjustment that is similar to its direct testimony adjustment?

A. No. RUCO eliminated its merit pay expense adjustment based on the Company's rebuttal testimony. This adjustment is now intentionally left blank.

Operating Income Adjustment 7 - Bad Debt Expense

Q. Is RUCO recommending a bad debt expense adjustment that is similar to its direct testimony adjustment?

A. Yes. RUCO's surrebuttal depreciation expense adjustment is identical to its direct testimony adjustment that reduces the expense by $20,450. This adjustment is fully explained in RUCO's direct testimony. The adjustment is shown on RUCO's Surrebuttal Schedules TJC-7, TJC-8, with the details reflected on TJC-15.

Q. Did the Company adopt RUCO's bad debt expense adjustment of $20,450?

A. Yes.

Operating Income Adjustment 8 - Imputed Revenue

Q. Is RUCO recommending a surrebuttal adjustment that imputes revenue from a recreational vehicle park that the Company had failed to bill properly?

A. Yes. In a data response to an intervener, the Company admitted that it had failed to bill 47 recreational park lots for monthly revenues. This adjustment captures those lost revenues in the amount of $3,133. The adjustment is shown on RUCO's Surrebuttal Schedules TJC-7, TJC-8, with the details reflected on TJC-16.

Operating Income Adjustment 9 – Legal Expense

Q. Is RUCO adopting an adjustment that Far West adopted of Staff's concerning some legal expenses that should be considered as non-recurring on a going forward basis when the new rates are in affect?

A. Yes. This adjustment reduces legal expense by $32,975 for non-recurring expenses in the future. The adjustment is shown on RUCO's Surrebuttal Schedules TJC-7, TJC-8, with the details reflected on TJC-17.

Operating Income Adjustment 10 – Intentionally Left Blank

Operating Income Adjustment 11 – Income Tax Expense

Q. What adjustment is necessary to income tax expense based on RUCO's taxable operating income less income taxes?

A. RUCO's recommended level of operating income less income taxes results in a decrease to income taxes in the amount of $208,021. The adjustment is shown on RUCO Surrebuttal Schedules TJC-7, TJC-8, with the details reflected on TJC-18 and TJC-1 on page 2 of 2.

Q. Does RUCO's recommended income tax expense adjustment take into effect the impact of the deduction for synchronized interest deduction when calculating the proper income taxes?

A. Yes.

REVENUE REQUIREMENTS

Q. Please summarize the results of RUCO's analysis of the Company's filing and state RUCO's recommended revenue requirements for Far West Sewer Division.

A. As can be seen on my Surrebuttal Schedule TJC-1, a comparison between the Company's and RUCO's recommended revenue increases is presented in both dollar and percentage increases on the following page:

Required Dollar Increase in Gross Revenues

Company Direct Application	Company Rebuttal Filing	RUCO Direct Recommendation	RUCO Surrebuttal Recommendation
$3,866,046	$3,514,335	$2,658,963	$2,695,215

Required Percentage Increase in Gross Revenues

Company Direct Application	Company Rebuttal Filing	RUCO Direct Recommendation	RUCO Surrebuttal Recommendation
173.52%	157.74%	119.34%	120.80%

Q. Does this conclude your surrebuttal testimony on Far West Sewer Division?

A. Yes, it does, with the exception of my surrebuttal testimony on rate design, which will be filed on April 3, 2013.

EXHIBIT 1

RATE BASE ADJUSTMENT NO. 1(a)
RUCO RECOMMENDED USED AND USEFUL PLANT IN SERVICE

LINE NO.	NARUC ACCT NO.	DESCRIPTION	[A] Plant In Service Per Decision No. 69335 12/31/2004	[B] Adjust per Audited Financial Statements 12/31/2004	[C] Adjujsted Plant 12/31/2004	[D] Net Plant Additions 2005 - 2011	[E] Add Back Rate Case Plant Adjustments	[F] Company Actual Test Year Plant Booked 12/31/2011	[G] Company Book Adjustments	[H] Company Adjusted Plant in Service As Filed	[I] RUCO Excess Capacity Percentage Adjustment	[J] RUCO Excess Capacity Adjustment	[K] RUCO Recommended Plant in Service Balances
1	351	Organization Cost	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	30.1%	$ -	$ -
2	352	Franchise Cost	3,076	-	3,076	-	-	3,076	-	3,076	30.1%	-	3,076
3	353	Land and Land Rights	82,567	334,587	417,154	1,143,693	-	1,560,847	(147,410)	1,413,437	30.1%	-	1,413,437
4	354	Structures & Improvements	203,576	-	203,576	2,420,466	(9,581)	2,633,622	(156,140)	2,477,482	30.1%	745,722	1,731,760
5	355	Power Generating Equipment	-	-	-	68,993	-	68,993	-	68,993	30.1%	20,767	48,226
6	360	Collection Sewers - Force	225,747	-	225,747	3,282,350	(197,379)	3,705,476	(201,148)	3,504,328	30.1%	1,054,803	2,449,525
7	361	Collection Sewers - Gravity	7,671,491	0	7,671,491	1,060,009	(17,640)	8,749,140	(21,563)	8,727,577	30.1%	2,627,001	6,100,576
8	362	Special Collecting Structures	-	-	-	-	-	-	-	-	30.1%	-	-
9	363	Sevices to Customers	-	-	-	173,621	-	173,621	-	173,621	30.1%	52,260	121,361
10	364	Flow Measuring Devices	25,725	-	25,725	6,743	-	32,468	-	32,468	30.1%	9,773	22,695
11	365	Flow Measuring Installations	11,378	-	11,378	5,306	-	16,683	-	16,683	30.1%	5,022	11,662
12	366	Reuse Services	-	-	-	-	-	-	-	-	30.1%	-	-
13	367	Reuse Meters and Meter Installations	-	-	-	2,310	-	2,310	-	2,310	30.1%	695	1,615
14	370	Receiving Wells	-	-	-	92,784	-	92,784	(18,557)	74,227	30.1%	22,342	51,885
15	371	Pumping Equipment	212,029	-	212,029	1,303,931	19,255	1,496,705	(101,067)	1,395,638	30.1%	420,087	975,551
16	374	Reuse Distribution Reserviors	-	-	-	-	-	-	-	-	30.1%	-	-
17	375	Reuse Transmission and Dist. Sys.	-	-	-	-	-	-	-	-	30.1%	-	-
18	380	Treatment and Disposal Equipment	4,627,939	(231,971)	4,395,968	16,437,393	(816,940)	21,650,302	(3,964,890)	17,685,412	30.1%	5,323,309	12,362,103
19	381	Plant Sewers	20,168	-	20,168	716,374	-	736,542	(112,871)	623,671	30.1%	187,725	435,946
20	382	Outfall Sewer Lines	-	-	-	2,256	-	2,256	(451)	1,805	30.1%	543	1,261
21	389	Other Plant and Misc. Equipment	20,877	-	20,877	402,643	4,833	418,687	(24,546)	394,141	30.1%	118,637	275,505
22	390	Office Furniture & Equipment	7,530	-	7,530	249,762	-	257,292	(2,720)	254,572	30.1%	76,626	177,946
23	390.1	Computers & Software	13,442	-	13,442	16,584	-	30,027	(18,670)	11,356	30.1%	3,418	7,938
24	391	Transportation Equipment	193,939	-	193,939	77,871	-	271,810	-	271,810	30.1%	81,815	189,995
25	392	Stores Equipment	-	-	-	-	-	-	-	-	30.1%	-	-
26	393	Tools, Shop & Garage Equipment	-	-	-	27,069	-	27,069	-	27,069	30.1%	8,148	18,921
27	394	Laboratory Equipment	4,236	-	4,236	29,473	-	33,710	(16,292)	17,418	30.1%	5,243	12,175
28	395	Power Operated Equipment	2,940	-	2,940	178,727	-	181,667	-	181,667	30.1%	54,682	126,985
29	396	Communications Equipment	-	-	-	17,191	-	17,191	-	17,191	30.1%	5,174	12,016
30	397	Miscellaneous Equipment	93,591	-	93,591	110,913	-	204,504	(68,153)	136,351	30.1%	41,042	95,309
31	398	Other Tangible Plant	-	-	-	238,828	-	238,828	-	238,828	30.1%	71,887	166,941
32		Totals	$ 13,420,251	$ 102,617	$ 13,522,867	$ 28,065,291		$ 42,605,611	$ (4,854,479)	$ 37,751,132		$ 10,936,720	$ 26,814,412
33		Company As Filed											37,751,132
34		RUCO Adjustment - Increase / (Decrease) in Plant											$ (10,936,720)

References:
Column [A]: Per Company Schedule B-2, page 2 on Line 37 - Actual End of Test Year Booked Plant Balances
Column [B]: Per Company Schedule B-2, page 2 on Line 42 - Increase / (Decrease) in Plant in Service
Column [C]: Per Company Schedule B-2, page 2 on Line 37 - Adjusted End of Test Year Plant Balances
Column [D]: Per RUCO Witness Thomas Fish Testimony
Column [E]: Column [C] X [D] with the Exception of Non-Depreciable Accounts 351, 352, and 353
Column [F]: Column [C] - [E] - RUCO Recommended Plant Balances

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TJC-18	1	OPERATING INCOME ADJUSTMENT NO. 11 - INCOME TAX EXPENSE ADJUSTMENT
TJC-19	1	COST OF CAPITAL - WAR TESTIMONY

LINE NO.	DESCRIPTION	[A] COMPANY OCRB/FVRB COST	[B] RUCO OCRB/FVRB COST
1	Adjusted Original Cost/Fair Value Rate Base	$ 22,800,578	$ 16,679,237
2	Adjusted Operating Income (Loss)	$ (1,187,812)	$ (405,272)
3	Current Rate of Return (L2 / L1)	-5.21%	-2.43%
4	Required Operating Income (L5 X L1)	$ 1,689,390	$ 1,217,584
5	Required Rate of Return on Fair Value Rate Base	7.409%	7.300%
6	Operating Income Deficiency (L4 - L2)	$ 2,877,202	$ 1,622,856
7	Gross Revenue Conversion Factor (TJC-1, Page 2)	1.3437	1.6608
8	Required Increase in Gross Revenue Requirement (L7 X L6)	$ 3,866,046	$ 2,695,215
9	Adjusted Test Year Revenue	$ 2,227,982	$ 2,231,115
10	Proposed Annual Revenue (L8 + L9)	$ 6,094,028	$ 4,926,330
11	Required Percentage Increase in Revenue (L8 / L9)	173.52%	120.80%
12	Rate of Return on Common Equity	10.00%	9.25%

References:
Column [A]: Company Schedules A-1 and C-1
Column [B]: RUCO Schedule TJC-2, TJC-6, and TJC-16

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	[A]	[B]	[C]
	Calculation of Gross Revenue Conversion Factor:			
1	Revenue	100.0000%		
2	Uncollecible Factor	0.3590%		
3	Revenues (L1 - L2)	99.6410%		
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	39.4285%		
5	Subtotal (L3 - L4)	60.2125%		
6	**Revenue Conversion Factor (L1 / L5)**	1.660785		
	Calculation of Uncollecttible Factor:			
7	Unity	100.0000%		
8	Combined Federal and State Tax Rate (Line 17)	38.5805%		
9	One Minus Combined Income Tax Rate (L7 - L8)	61.4195%		
10	Uncollectible Rate	0.00584		
11	Uncollectible Factor (L9 * L10)	0.3590%		
	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 (Col. [C], L53)	33.9802%		
16	Effective Federal Income Tax Rate (L14 x L15)	31.6125%		
17	Combined Federal and State Income Tax Rate (L13 + L16)		38.5805%	
	Calculation of Effective Property Tax Factor			
18	Unity	100.0000%		
19	Combined Federal and State Income Tax Rate (Col. [B], L17)	38.5805%		
20	One Minus Combined Income Tax Rate (L18-L19)	61.4195%		
21	Property Tax Factor (Sch. TJC-9, Col. [B], L24)	1.3808%		
22	Effective Property Tax Factor (L20 x L21)		0.8481%	
23	Combined Federal and State Income Tax and Property Tax Rate (Col. [B], L17 + L22)			39.4285%
24	Required Operating Income (Sch. TJC-1, Col. [B] Line 4)	$ 1,217,584		
25	Adjusted Test Year Operating Income (Loss) (Sch. TJC-1, Col. [B], L2)	(405,272)		
26	Required Increase in Operating Income (L24 - L25)		$ 1,622,856	
27	Income Taxes on Recommended Revenue (Col. [C], L52)	$ 134,466		
28	Income Taxes on Test Year Revenue (Col. [A], L52)	(884,926)		
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		1,019,391	
30	Recommended Revenue Requirement (Sch. TJC-1, Col. [B], Line 10)	$ 4,926,330		
31	Uncollectible Rate (L10)	0.5845%		
32	Uncollectible Expense on Recommended Revenue (L30 x L31)	$ 28,792		
33	Adjusted Test Year Uncollectible Expense(Sch. TJC-6, Col. [C], L32)	$ 13,040		
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32 - L33)		15,752	
35	Property Tax with Recommended Revenue (Sch. TJC-9, Col. [B], L19)	$ 133,073		
36	Property Tax on Test Year Revenue (Sch. TJC-9, Col. [B], L20)	95,858		
37	Increase in Property Tax Due to Increase in Revenue (L35 - 36)		37,215	
38	Total Required Increase in Revenue (Col. [B], L26 + L29 + L34 + L37)		$ 2,695,215	

		Test Year		RUCO Recommended
	Calculation of Income Tax:			
39	Revenue (Sch. TJC-1, Col. [B], Line 9 & Sch. TJC-1, Col. [B], L10)	$ 2,231,115	$ 2,695,215	$ 4,926,330
40	Operating Expenses Excluding Income Taxes	$ 3,521,313		$ 3,574,280
41	Synchronized Interest (Col. [C], L57)	$ 1,002,422		$ 1,002,422
42	Arizona Taxable Income (L39 - L40 - L41)	$ (2,292,620)		$ 349,628
43	Arizona State Income Tax Rate	6.9680%		6.9680%
44	Arizona Income Tax (L42 x L43)	$ (159,750)		$ 24,362
45	Federal Taxable Income (L42 - L44)	$ (2,132,870)		$ 325,266
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%	$ (6,250)		$ 6,250
48	Federal Tax on Third Income Bracket ($75,001 - $100,000) @ 34%	$ (8,500)		$ 8,500
49	Federal Tax on Fourth Income Bracket ($100,001 - $335,000) @ 39%	$ (91,650)		$ 87,854
50	Federal Tax on Fifth Income Bracket ($335,001 -$10,000,000) @ 34%	$ (611,276)		$ -
51	Total Federal Income Tax	$ (725,176)		$ 110,104
52	Combined Federal and State Income Tax (L44 + L51)	$ (884,926)		$ 134,466
53	Applicable Federal Income Tax Rate [Col. [C], L46 - Col. [A], L46] / [Col. [C], L40 - Col. [A], L40]			33.9802%
54	Synchronized Interest Calculation			
55	Rate Base			$ 16,679,237
56	x Weighted Average Cost of Debt			6.01%
57	Synchronized Interest			$ 1,002,422

Far West Water & Sewer, Inc.
Docket No. WS-03478A-12-0307
Test Year Ended December 31, 2011

Wastewater Division
Surrebuttal Schedule TJC-2

RATE BASE - ORIGINAL COST

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED OCRB/FVRB	[B] RUCO OCRB/FVRB ADJUSTMENTS	[C] RUCO ADJ'TED OCRB/FVRB
1	Gross Utility Plant in Service	$ 37,751,132	$ (10,936,720)	$ 26,814,412
2				
3	**Less:**			
4	Accumulated Depreciation	(4,945,733)	1,488,666	(3,457,068)
5				
6	Net Utility Plant in Service (L1 less L4)	$ 32,805,399	$ (9,448,055)	$ 23,357,344
7				
8	Advances in Aid of Construction	(10,814,970)	3,255,306	(7,559,664)
9				
10	Contributions in Aid of Construction (CIAC)	(1,726,854)	519,783	(1,207,071)
11	Accumulated Amortization of CIAC	909,423	(273,736)	635,687
12	Net CIAC (L10 less L11)	$ (817,431)	$ 246,047	$ (571,384)
13				
14	Customer Deposits	(26,359)	-	(26,359)
15	Accumulated Deferred Income Taxes (ADIT)	-	-	-
16				
17	**Add:**			
18	Allowance for Working Capital	$ 1,653,938	$ (174,639)	$ 1,479,299
19				
20	Net Regulatory Asset / (Liability)	-	-	-
21				
22				
23	TOTAL RATE BASE (Sum L's 6, 8, 12, & 14 Thru 20)	$ 22,800,578	$ (6,121,341)	$ 16,679,237

References:
Column (A): Company Schedule B-1
Column (B): Schedule TJC-3
Column (C): Column (A) + Column (B)

Far West Water & Sewer, Inc.
Docket No. WS-03478A-12-0307
Test Year Ended December 31, 2011

Wastewater Division
Surrebuttal Schedule TJC-3

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED OCRB/FVRB	(B) ADJMT NO. 1(a) PLANT BALANCES	(C) ADJMT NO. 1(b) ACCUMULATED DEPRECIATION	(D) ADJMT NO. 1(c) EXCESS CAP. AIAC & CIAC	(E) ADJMT NO. 2 INTENTIONALLY LEFT BLANK	(F) ADJMT NO. 3 INTENTIONALLY LEFT BLANK	(G) ADJMT NO. 4 WORKING CAPITAL	(H) RUCO ADJ'TED OCRB/FVRB
1	Gross Utility Plant in Service	$37,751,132	$ (10,936,720)	$ -	$ -	$ -	$ -	$ -	$ 26,814,412
2									
3	**Less:**								
4	Accumulated Depreciation	(4,945,733)	-	1,488,666	-	-	-	-	(3,457,068)
5									
6	Net Utility Plant in Service (L1 less L4)	$32,805,399	$ (10,936,720)	$ 1,488,666	$ -	$ -	$ -	$ -	$ 23,357,344
7									
8	Advances in Aid of Construction	(10,814,970)	-	-	3,255,306	-	-	-	(7,559,664)
9				-					
10	Contributions in Aid of Construction (CIAC)	(1,726,854)	-	-	519,783	-	-	-	(1,207,071)
11	Accumulated Amortization of CIAC	909,423	-	-	(273,736)	-	-	-	635,687
12	Net CIAC (L10 less L11)	$ (817,431)	$ -	$ -	$ 246,047	$ -	$ -	$ -	$ (571,384)
13									
14	Customer Deposits	(26,359)	-	-	-	-	-	-	(26,359)
15	Accumulated Deferred Income Taxes (ADIT)	-	-	-	-	-	-	-	-
16									
17	**Add:**								
18	Allowance for Working Capital	$ 1,653,938	$ -	$ -	$ -	$ -	$ -	$ (174,639)	$ 1,479,299
19									
20	Net Regulatory Asset / (Liability)	-	-	-	-	-	-	-	-
21									
22									
23	TOTAL RATE BASE (Sum L's 6, 8, 12, & 14 Thru 20)	$22,800,578	$ (10,936,720)	$ 1,488,666	$ 3,501,353	$ -	$ -	$ (174,639)	$ 16,679,237

References:
Column (A): Company Schedule B-2
Column (B): Adjustment No. 1(a) - Adjust Test-Year Plant for Excess Capacity (See TJC-4(a) and T. Fish Testimony)
Column (C): Adjustment No. 1(b) - Adjust Accumulated Depreciation for Excess Capacity (See Schedule TJC-4(b) and T. Fish Testimony)
Column (D): Adjustment No. 1(c) - AIAC & CIAC Excess Capacity (See Schedule TJC-4(c))
Column (E): Adjustment No. 2 - Intentionally Left Blank
Column (F): Adjustment No. 3 - Intentionally Left Blank
Column (G): Adjustment No. 4 - Working Capital
Column (H): Sum Of Columns (A), (B), (C), (D), (E), (F) & (G)

Far West Water & Sewer, Inc.
Docket No. WS-03478A-12-0307
Test Year Ended December 31, 2011

Wastewater Division
Surrebuttal Schedule TJC-4(a)

RATE BASE ADJUSTMENT NO. 1(a)
RUCO RECOMMENDED USED AND USEFUL PLANT IN SERVICE

LINE NO.	NARUC ACCT NO.	DESCRIPTION	[A] Company Actual Test Year Plant Booked 12/31/2011	[B] Company Book Adjustments	[C] Company Adjusted Plant in Service As Filed	[D] RUCO Excess Capacity Percentage Adjustment	[E] RUCO Excess Capacity Adjustment	[F] RUCO Recommended Plant in Service Balances
1	351	Organization Cost	$ -	$ -	$ -	30.1%	$ -	$ -
2	352	Franchise Cost	3,076	-	3,076	30.1%	-	3,076
3	353	Land and Land Rights	1,560,847	(147,410)	1,413,437	30.1%	-	1,413,437
4	354	Structures & Improvements	2,633,622	(156,140)	2,477,482	30.1%	745,722	1,731,760
5	355	Power Generating Equipment	68,993	-	68,993	30.1%	20,767	48,226
6	360	Collection Sewers - Force	3,705,476	(201,148)	3,504,328	30.1%	1,054,803	2,449,525
7	361	Collection Sewers - Gravity	8,749,140	(21,563)	8,727,577	30.1%	2,627,001	6,100,576
8	362	Special Collecting Structures	-	-	-	30.1%	-	-
9	363	Sevices to Customers	173,621	-	173,621	30.1%	52,260	121,361
10	364	Flow Measuring Devices	32,468	-	32,468	30.1%	9,773	22,695
11	365	Flow Measuring Installations	16,683	-	16,683	30.1%	5,022	11,662
12	366	Reuse Services	-	-	-	30.1%	-	-
13	367	Reuse Meters and Meter Installations	2,310	-	2,310	30.1%	695	1,615
14	370	Receiving Wells	92,784	(18,557)	74,227	30.1%	22,342	51,885
15	371	Pumping Equipment	1,496,705	(101,067)	1,395,638	30.1%	420,087	975,551
16	374	Reuse Distribution Reserviors	-	-	-	30.1%	-	-
17	375	Reuse Transmission and Dist. Sys.	-	-	-	30.1%	-	-
18	380	Treatment and Disposal Equipment	21,650,302	(3,964,890)	17,685,412	30.1%	5,323,309	12,362,103
19	381	Plant Sewers	736,542	(112,871)	623,671	30.1%	187,725	435,946
20	382	Outfall Sewer Lines	2,256	(451)	1,805	30.1%	543	1,261
21	389	Other Plant and Misc. Equipment	418,687	(24,546)	394,141	30.1%	118,637	275,505
22	390	Office Furniture & Equipment	257,292	(2,720)	254,572	30.1%	76,626	177,946
23	390.1	Computers & Software	30,027	(18,670)	11,356	30.1%	3,418	7,938
24	391	Transportation Equipment	271,810	-	271,810	30.1%	81,815	189,995
25	392	Stores Equipment	-	-	-	30.1%	-	-
26	393	Tools, Shop & Garage Equipment	27,069	-	27,069	30.1%	8,148	18,921
27	394	Laboratory Equipment	33,710	(16,292)	17,418	30.1%	5,243	12,175
28	395	Power Operated Equipment	181,667	-	181,667	30.1%	54,682	126,985
29	396	Communications Equipment	17,191	-	17,191	30.1%	5,174	12,016
30	397	Miscellaneous Equipment	204,504	(68,153)	136,351	30.1%	41,042	95,309
31	398	Other Tangible Plant	238,828	-	238,828	30.1%	71,887	166,941
32		Totals	$ 42,605,611	$ (4,854,479)	$ 37,751,132		$ 10,936,720	$ 26,814,412
33		Company As Filed						37,751,132
34		RUCO Adjustment - Increase / (Decrease) in Plant						$ (10,936,720)

References:
Column [A]: Per Company Schedule B-2, page 2 on Line 37 - Actual End of Test Year Booked Plant Balances
Column [B]: Per Company Schedule B-2, page 2 on Line 42 - Increase / (Decrease) in Plant in Service
Column [C]: Per Company Schedule B-2, page 2 on Line 37 - Adjusted End of Test Year Plant Balances
Column [D]: Per RUCO Witness Thomas Fish Testimony
Column [E]: Column [C] X [D] with the Exception of Non-Depreciable Accounts 351, 352, and 353
Column [F]: Column [C] - [E] - RUCO Recommended Plant Balances

Far West Water & Sewer, Inc.
Docket No. WS-03478A-12-0307
Test Year Ended December 31, 2011

Wastewater Division
Surrebuttal Schedule TJC-4(b)

RATE BASE ADJUSTMENT NO. 1(b)
RUCO RECOMMENDED ACCUMULATED DEPRECIATION

LINE NO.	NARUC ACCT NO.	DESCRIPTION	[A] Company Actual Test Year Accum. Depre. 12/31/2011	[B] Company Book Adjustments	[C] Company Accumulated Depreciation As Filed	[D] RUCO Excess Capacity Percentage Adjustment	[E] RUCO Excess Capacity Adjustment	[F] RUCO Recommended Accum. Depre. Balances
1	351	Organization Cost	$ -	$ -	$ -	30.1%	$ -	$ -
2	352	Franchise Cost	-	-	-	30.1%	-	-
3	353	Land and Land Rights	-	-	-	30.1%	-	-
4	354	Structures & Improvements	138,113	(86,844)	51,270	30.1%	15,432	35,837
5	355	Power Generating Equipment	1,725	-	1,725	30.1%	519	1,206
6	360	Collection Sewers - Force	181,585	(27,458)	154,126	30.1%	46,392	107,734
7	361	Collection Sewers - Gravity	1,723,051	(10,564)	1,712,487	30.1%	515,459	1,197,028
8	362	Special Collecting Structures	-	-	-	30.1%	-	-
9	363	Sevices to Customers	8,395	(3,697)	4,698	30.1%	1,414	3,284
10	364	Flow Measuring Devices	29,877	2,591	32,468	30.1%	9,773	22,695
11	365	Flow Measuring Installations	13,766	2,918	16,683	30.1%	5,022	11,662
12	366	Reuse Services	-	-	-	30.1%	-	-
13	367	Reuse Meters and Meter Installations	96	-	96	30.1%	29	67
14	370	Receiving Wells	1,546	(309)	1,237	30.1%	372	865
15	371	Pumping Equipment	397,823	44,393	442,217	30.1%	133,107	309,109
16	374	Reuse Distribution Reserviors	-	-	-	30.1%	-	-
17	375	Reuse Transmission and Dist. Sys.	-	-	-	30.1%	-	-
18	380	Treatment and Disposal Equipment	3,825,791	(1,741,708)	2,084,083	30.1%	627,309	1,456,774
19	381	Plant Sewers	27,488	(8,302)	19,186	30.1%	5,775	13,411
20	382	Outfall Sewer Lines	38	(8)	30	30.1%	9	21
21	389	Other Plant and Misc. Equipment	45,316	(30,304)	15,012	30.1%	4,519	10,493
22	390	Office Furniture & Equipment	31,463	(4,279)	27,184	30.1%	8,182	19,001
23	390.1	*Computers & Software*	25,306	(21,597)	3,709	30.1%	1,117	2,593
24	391	Transportation Equipment	125,372	68,655	194,028	30.1%	58,402	135,625
25	392	Stores Equipment	-	-	-	30.1%	-	-
26	393	Tools, Shop & Garage Equipment	3,124	-	3,124	30.1%	940	2,184
27	394	Laboratory Equipment	21,263	(20,469)	793	30.1%	239	554
28	395	Power Operated Equipment	23,457	-	23,457	30.1%	7,061	16,397
29	396	Communications Equipment	1,182	-	1,182	30.1%	356	826
30	397	Miscellaneous Equipment	137,179	(87,714)	49,465	30.1%	14,889	34,576
31	398	Other Tangible Plant	107,473	-	107,473	30.1%	32,349	75,123
32		Totals	$ 6,870,429	$ (1,924,696)	$ 4,945,733		$ 1,488,666	$ 3,457,067
33		Company As Filed						4,945,733
34		RUCO Adjustment - (Increase) / Decrease in Accumulated Depreciation						$ 1,488,666

References:
Column [A]: Per Company Schedule B-2, page 3 on Line 37 - Actual End of Test Year Booked Accumulated Depreciation Balances
Column [B]: Per Company Schedule B-2, page 3 on Line 42 - Increase / (Decrease) in Accumulated Depreciation
Column [C]: Per Company Schedule B-2, page 3 on Line 37 - Adjusted End of Test Year Accumulated Depreciation Balances
Column [D]: Per RUCO Witness Thomas Fish Testimony
Column [E]: Column [C] X [D] with the Exception of Non-Depreciable Accounts 351, 352, and 353
Column [F]: Column [C] - [E] - RUCO Recommended Accumulated Depreciation Balances

RATE BASE ADJUSTMENT NO. 1(c)
REMOVE 30.1% OF AIAC AND NET CIAC FOR EXCESS CAPACITY FACTOR

Line No.	Description	Amount
1		
2	Advances in Aid of Construction (AIAC) As Filed by Company	$ (10,814,970)
3	Excess Capacity Factor	30.1%
4		
5	RUCO Adjustment	$ 3,255,306
6		
7		
8		
9	Contributions in Aid of Construction (CIAC) As Filed by Company	$ (1,726,854)
10	Excess Capacity Factor	30.1%
11		
12	RUCO Adjustment	$ 519,783
13		
14		
15	Accumulated Amortization of CIAC As Filed by Company	$ 909,423
16	Excess Capacity Factor	30.1%
17		
18	RUCO Adjustment	$ (273,736)
19		
20		
21		
22	Total RUCO Adjustment	$ 3,501,353

RATE BASE ADJUSTMENT NO. 2
INTENTIONALLY LEFT BLANK

Line No.	Description	Amount
1		
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RATE BASE ADJUSTMENT NO. 3
INTENTIONALLY LEFT BLANK

Line No.	Description	Amount
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Far West Water & Sewer, Inc.
Docket No. WS-03478A-12-0307
Test Year Ended December 31, 2011

Wastewater Division
Surrebuttal Schedule TJC-7

OPERATING INCOME SUMMARY

LINE NO.	NARUC ACCOUNT NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] RUCO TEST YEAR ADJM'TS	[C] RUCO TEST YEAR AS ADJ'TED	[D] RUCO PROP'D CHANGES	[E] RUCO AS RECOMM'D
1		**Revenues:**					
2	413	Income Utility Plant Leased to Others	$ -	$ -	$ -	$ -	$ -
3	521	Flat Rate Revenue	2,053,159	3,133	2,056,292	2,695,215	4,751,507
4	536	Other Sewer Revenues	43,064	-	43,064	-	43,064
5	541	Metered Reuse Revenue	131,759	-	131,759	-	131,759
6		Total Sewer Revenues	$ 2,227,982	$ 3,133	$ 2,231,115	$ 2,695,215	$ 4,926,330
7		**Operating Expenses:**					
8	701	Salaries and Wages	$ 802,071	$ -	$ 802,071	$ -	$ 802,071
9	703	Salaries and Wages - Officers and Directors	137,000	(61,609)	75,391	-	75,391
10	704	Employee Pension and Benefits	27,421	-	27,421	-	27,421
11	710	Purchased Sewer Treatment	-	-	-	-	-
12	711	Sludge Removal Expense	55,247	-	55,247	-	55,247
13	715	Purchased Power	342,364	-	342,364	-	342,364
14	718	Chemicals	219,910	-	219,910	-	219,910
15	720	Repairs and Maintenance	181,981	-	181,981	-	181,981
16	731	Contractual Services - Engineering	-	-	-	-	-
17	732	Contractual Services - Accounting	7,230	-	7,230	-	7,230
18	733	Contractual Services - Legal	43,865	(32,975)	10,890	-	10,890
19	734	Contractual Services - Management Fees	-	-	-	-	-
20	735	Contractual Services - Testing	147,025	-	147,025	-	147,025
21	736	Contractual Services - Other	60,716	-	60,716	-	60,716
22	741	Rent - Buildings	20,669	-	20,669	-	20,669
23	742	Rent - Equipment	45,758	-	45,758	-	45,758
24	750	Transportation Expense	129,723	-	129,723	-	129,723
25	756	Insurance - Vehicle	12,610	-	12,610	-	12,610
26	757	Insurance - General Liability	33,142	-	33,142	-	33,142
27	758	Insurance - Workman's Compensation	17,125	-	17,125	-	17,125
28	759	Insurance - Other	-	-	-	-	-
29	760	Advertising Expense	476	-	476	-	476
30	766	Regulatory Commission Expense - Rate Case	75,000	-	75,000	-	75,000
31	767	Regulatory Expense - Other	-	-	-	-	-
32	770	Bad Debt Expense	33,490	(20,450)	13,040	15,752	28,792
33	775	Miscellaneous Expense	30,503	-	30,503	-	30,503
34	403	Depreciation Expense	1,497,193	(451,872)	1,045,320	-	1,045,320
35	408	Taxes Other Than Income	76,451	(4,609)	71,842	-	71,842
36	408.11	Property Taxes	95,728	130	95,858	37,215	133,073
37	409	Income Tax	(676,904)	(208,021)	(884,926)	1,019,391	134,466
38		Total Operating Expenses	$ 3,415,794	$ (779,406)	$ 2,636,387	$ 1,072,359	$ 3,708,746
39		Operating Income	$ (1,187,812)	$ 782,540	$ (405,272)	$ 1,622,856	$ 1,217,584

References:
Column [A]: Company Schedule C-1
Column [B]: TJC-9, Columns [B] Thru [L]
Column [C]: Column [A] + Column [B]
Column [D]: TJC-1, pages 1 Thru 2
Column [E]: Column [C] + Column [D]

Far West Water & Sewer, Inc.
Docket No. WS-03478A-12-0307
Test Year Ended December 31, 2011

Wastewater Division
Surrebuttal Schedule TJC-8

SUMMARY OF OPERATING INCOME ADJUSTMENTS
TEST YEAR AS FILED AND ADJUSTMENTS

LINE NO.	NARUC ACCOUNT NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] ADJMT NO. 1 DEPRECIATION EXPENSE	[C] ADJMT NO. 2 PROPERTY TAX EXPENSE	[D] ADJMT NO. 3 INTENTIONALLY LEFT BLANK	[E] ADJMT NO. 4 SALARIES & WAGE EXPENSE	[F] ADJMT NO. 5 SALARIES & WAGE EXPENSE	[G] ADJMT NO. 6 INTENTIONALLY LEFT BLANK	[H] ADJMT NO. 7 BAD DEBT EXPENSE	[I] ADJMT NO. 8 IMPUTED REVENUE	[J] ADJMT NO. 9 LEGAL EXPENSE	[K] ADJMT NO. 10 INTENTIONALLY LEFT BLANK	[L] ADJMT NO. 11 INCOME TAXES	[M] RUCO AS ADJT'D
1		**Revenues:**													
2	413	Income Utility Plant Leased to Others	-	-	-	-	-	-	-	-	-	-	-	-	-
3	521	Flat Rate Revenue	2,053,159	-	-	-	-	-	-	-	3,133	-	-	-	2,056,292
4	536	Other Sewer Revenues	43,064	-	-	-	-	-	-	-	-	-	-	-	43,064
5	541	Metered Reuse Revenue	131,759	-	-	-	-	-	-	-	-	-	-	-	131,759
6		Total Sewer Revenues	2,227,982	-	-	-	-	-	-	-	3,133	-	-	-	2,231,115
7		**Operating Expenses:**													
8	701	Salaries and Wages	802,071	-	-	-	-	-	-	-	-	-	-	-	802,071
9	703	Salaries and Wages - Officers and Directors	137,000	-	-	-	(60,247)	(1,362)	-	-	-	-	-	-	75,391
10	704	Employee Pension and Benefits	27,421	-	-	-	-	-	-	-	-	-	-	-	27,421
11	710	Purchased Sewer Treatment	-	-	-	-	-	-	-	-	-	-	-	-	-
12	711	Sludge Removal Expense	55,247	-	-	-	-	-	-	-	-	-	-	-	55,247
13	715	Purchased Power	342,364	-	-	-	-	-	-	-	-	-	-	-	342,364
14	718	Chemicals	219,910	-	-	-	-	-	-	-	-	-	-	-	219,910
15	720	Repairs and Maintenance	181,981	-	-	-	-	-	-	-	-	-	-	-	181,981
16	731	Contractual Services - Engineering	-	-	-	-	-	-	-	-	-	-	-	-	-
17	732	Contractual Services - Accounting	7,230	-	-	-	-	-	-	-	-	-	-	-	7,230
18	733	Contractual Services - Legal	43,865	-	-	-	-	-	-	-	-	(32,975)	-	-	10,890
19	734	Contractual Services - Management Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
20	735	Contractual Services - Testing	147,025	-	-	-	-	-	-	-	-	-	-	-	147,025
21	736	Contractual Services - Other	60,716	-	-	-	-	-	-	-	-	-	-	-	60,716
22	741	Rent - Buildings	20,669	-	-	-	-	-	-	-	-	-	-	-	20,669
23	742	Rent - Equipment	45,758	-	-	-	-	-	-	-	-	-	-	-	45,758
24	750	Transportation Expense	129,723	-	-	-	-	-	-	-	-	-	-	-	129,723
25	756	Insurance - Vehicle	12,610	-	-	-	-	-	-	-	-	-	-	-	12,610
26	757	Insurance - General Liability	33,142	-	-	-	-	-	-	-	-	-	-	-	33,142
27	758	Insurance - Workman's Compensation	17,125	-	-	-	-	-	-	-	-	-	-	-	17,125
28	759	Insurance - Other	-	-	-	-	-	-	-	-	-	-	-	-	-
29	760	Advertising Expense	476	-	-	-	-	-	-	-	-	-	-	-	476
30	766	Regulatory Commission Expense - Rate Case	75,000	-	-	-	-	-	-	-	-	-	-	-	75,000
31	767	Regulatory Expense - Other	-	-	-	-	-	-	-	-	-	-	-	-	-
32	770	Bad Debt Expense	33,490	-	-	-	-	-	-	(20,450)	-	-	-	-	13,040
33	775	Miscellaneous Expense	30,503	-	-	-	-	-	-	-	-	-	-	-	30,503
34	403	Depreciation Expense	1,497,193	(451,872)	-	-	-	-	-	-	-	-	-	-	1,045,320
35	408	Taxes Other Than Income	76,451	-	-	-	(4,609)	-	-	-	-	-	-	-	71,842
36	408.11	Property Taxes	95,728	-	130	-	-	-	-	-	-	-	-	-	95,858
37	409	Income Tax	(676,904)	-	-	-	-	-	-	-	-	-	-	(208,021)	(884,925)
38		Total Operating Expenses	$ 3,415,794	$ (451,872)	$ 130	$ -	$ (64,856)	$ (1,362)	$ -	$ (20,450)	$ -	$ (32,975)	$ -	$ (208,021)	$ 2,636,387
39		Operating Income	(1,187,812)	451,872	(130)	-	64,856	1,362	-	20,450	3,133	32,975	-	208,021	(405,272)

ADJUSTMENTS:	REFERENCE:	DESCRIPTION:
1 Depreciation Expense	TJC Testimony and Schedule TJC-6, TJC-7 and TJC-8 on Pages 1 of 1	Depreciation Expense
2 Property Tax Expense	TJC Testimony and Schedule TJC-6, TJC-7 and TJC-9 on Pages 1 of 1	Property Tax Expense
3 Normalize Repairs & Maintenance Expense	TJC Testimony and Schedule TJC-6, TJC-7 and TJC-10 on Pages 1 of 1	Repairs & Maintenance Expense
4 Salaries & Wage Expense - Officers and Directors	TJC Testimony and Schedule TJC-6, TJC-7 and TJC-11 on Pages 1 of 1	Salaries & Wage Expense - Officers and Directors
5 Salaries & Wage Expense	TJC Testimony and Schedule TJC-6, TJC-7 and TJC-12 on Pages 1 of 1	Salaries & Wage Expense
6 Merit Pay Expense	TJC Testimony and Schedule TJC-6, TJC-7 and TJC-13 on Pages 1 of 1	Merit Pay Expense
7 Normalize Bad Debt Expense	TJC Testimony and Schedule TJC-6, TJC-7 and TJC-14 on Pages 1 of 1	Bad Debt Expense
8 Intentionally Left Blank	Not Used	Intentionally Left Blank
9 Intentionally Left Blank	Not Used	Intentionally Left Blank
1 Intentionally Left Blank	Not Used	Intentionally Left Blank
1 Income Tax Expense	TJC Testimony and Schedule TJC-1 on Pages 2 & 2, TJC-6, TJC-7 and TJC-15 on Pages 1 of 1	Income Tax Expense

OPERATING INCOME ADJUSTMENT NO. 1
TEST YEAR DEPRECIATION EXPENSE

LINE NO.	NARUC ACCOUNT NO.	ACCOUNT NAME	(A) RUCO TOTAL DEPRECIABLE PLANT	(B) COMPANY PROPOSED DEP. RATES	(C) TEST YEAR DEPRECIATION EXPENSE
1	351	Organization Cost	$ -	0.00%	$ -
2	352	Franchise Cost	3,076	0.00%	-
3	353	Land and Land Rights	1,413,437	0.00%	-
4	354	Structures & Improvements	1,731,760	3.33%	57,668
5	355	Power Generating Equipment	48,226	5.00%	2,411
6	360	Collection Sewers - Force	2,449,525	2.00%	48,991
7	361	Collection Sewers - Gravity	6,100,576	2.00%	122,012
8	362	Special Collecting Structures	-	2.00%	-
9	363	Sevices to Customers	121,361	2.00%	2,427
10	364	Flow Measuring Devices	22,695	10.00%	2,270
11	365	Flow Measuring Installations	11,662	10.00%	1,166
12	366	Reuse Services	-	2.00%	-
13	367	Reuse Meters and Meter Installations	1,615	8.33%	135
14	370	Receiving Wells	51,885	3.33%	1,728
15	371	Pumping Equipment	975,551	12.50%	121,944
16	374	Reuse Distribution Reserviors	-	2.50%	-
17	375	Reuse Transmission and Dist. Sys.	-	2.50%	-
18	380	Treatment and Disposal Equipment	12,362,103	5.00%	618,105
19	381	Plant Sewers	435,946	5.00%	21,797
20	382	Outfall Sewer Lines	1,261	3.33%	42
21	389	Other Plant and Misc. Equipment	275,505	6.67%	18,376
22	390	Office Furniture & Equipment	177,946	6.67%	11,869
23	390.1	Computers & Software	7,938	20.00%	1,588
24	391	Transportation Equipment	189,995	20.00%	37,999
25	392	Stores Equipment	-	4.00%	-
26	393	Tools, Shop & Garage Equipment	18,921	5.00%	946
27	394	Laboratory Equipment	12,175	10.00%	-
28	395	Power Operated Equipment	126,985	5.00%	6,349
29	396	Communications Equipment	12,016	10.00%	1,202
30	397	Miscellaneous Equipment	95,309	10.00%	9,531
31	398	Other Tangible Plant	166,941	10.00%	16,694
					-
32		TEST YEAR GROSS PLANT AND DEPRECIATION EXPENSE	$ 26,814,412		$ 1,105,248
		Less:			
33		AMORTIZATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)	(1,207,071)	4.9648%	(59,928)
34	**RUCO TOTAL DEPRECIATION EXPENSE**				$ 1,045,320
35	Company As Filed				1,497,193
36	Difference				$ (451,872)
37	RUCO Adjustment (See TJC-6, Column (C) Line 34)				$ (451,872)

RUCO OPERATING INCOME ADJUSTMENT NO. 2
PROPERTY TAXES

LINE NO.	Property Tax Calculation	[A] RUCO AS ADJUSTED	[B] RUCO RECOMMENDED
1	RUCO Adjusted Test Year Revenues	$ 2,231,115	$ 2,231,115
2	Multiplied by 2	2	2
3	Subtotal (Line 1 X Line 2)	$ 4,462,230	$ 4,462,230
4a	RUCO Adjusted Test Year Revenues	2,231,115	
4b	RUCO Recommended Revenue, Per Schedule TJC-6		4,926,330
5	Subtotal (Line 3 + Line 4a)	$ 6,693,345	$ 9,388,561
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	$ 2,231,115	$ 3,129,520
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 X Line 8)	$ 4,462,230	$ 6,259,040
10	Plus: 10% of CWIP Per Company Schedule E	243,735	243,735
11	Less: Net Book Value of Licensed Vehicles	77,783	77,783
12	Full Cash Value (Line 9 + Line 10 - Line 11)	$ 4,628,183	$ 6,424,993
13	Assessment Ratio	20.0%	20.0%
14	Assessed Value (Line 12 * Line 13)	$ 925,637	$ 1,284,999
15	Composite Property Tax Rate (Per RUCO Effective Property Tax Calculation Analysis W/P)	10.3559%	10.3559%
16	RUCO Adjusted Test Year Property Tax Expense (Line 14 * Line 15)	$ 95,858	
17	Company Adjusted Test Year Property Tax (Per Company C-1 Schedule)	95,728	
18	RUCO Test Year Adjustment (Line 16-Line 17)	$ 130	
19	Property Tax - RUCO Recommended Revenue (Line 14 * Line 15)		$ 133,073
20	RUCO Test Year Adjusted Property Tax Expense (Line 16)		95,858
21	Increase/(Decrease) to Property Tax Expense		$ 37,215
22	Increase/(Decrease) to Property Tax Expense		$ 37,215
23	Increase in Revenue Requirement		2,695,215
24	Increase /(Decrease) to Property Tax per Dollar Increase in Revenue (Line 22 / Line 23)		0.013808

OPERATING INCOME ADJUSTMENT NO. 3
INTENTIONALLY LEFT BLANK

Line No.	Description	Amount
1		
2		
3		
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13		
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15		
16		

OPERATING INCOME ADJUSTMENT NO. 4
SALARIES AND WAGES - OFFICERS & DIRECTORS

Line No.	Description	[A] Salaries In Test Year	[B] Estimated Hours Worked	Note	[C] Hours Allocated to FW Sewer	[D] RUCO Allocation Adjustment Factor	[E] RUCO Recommended Amount
1							
2	Paula Capestro	$ 68,500	2,075	1	1,038	100%	$ 68,500
3							
4	Sandra Braden	68,500	250	1	125	12%	8,253
5							
6	Totals	$137,000					$ 76,753
7							
8	Company Requested Test Year Amount As Filed						137,000
9							
10	Total RUCO Adjustment						$ (60,247)
11							
12							
13							
14	Total Taxes Other Than Income As Filed by Company						$ 76,451
15							
16	Total Taxes Other Than Income As Adjusted by RUCO						71,842
17							
18	RUCO Taxes Other Than Income Adjustment						$ (4,609)
19							

Notes:
Company Response to Staff DR GWB 6.3

OPERATING INCOME ADJUSTMENT NO. 5
SALARIES AND WAGES

Line No.	Description	G/L Balance For Test Year Ended	Per Response to Staff DR JA-3.34	RUCO Adjustment
1				
2	Salaries and Wages	$ 683,996	$ 682,634	$ (1,362)
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17	References:			
18	Per Company Response to Staff DR JA - 3.34			
19				

OPERATING INCOME ADJUSTMENT NO. 6
INTENTIONALLY LEFT BLANK

Line No.	Description	Amount
1		
2		
3		
4		
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OPERATING INCOME ADJUSTMENT NO. 7
NORMALIZE BAD DEBT EXPENSE

Line No.	Description		Amount
1			
2	2009 Bad Debt Expense - Schedule E	$	5,630
3	2010 Bad Debt Expense - Schedule E		-
4	2011 Bad Debt Expense - Schedule C-1		33,490
5			
6	Total Bad Debt Expense 2009 - 2011	$	39,120
7			
8	Divide by 3 Year Normalization Period		3
9			
10	3 Year Normalization of Repairs & Maintenance Expense	$	13,040
11			
12	Company Repairs & Maintenance Expense As Filed		33,490
13			
14			
15	Total RUCO Adjustment	$	(20,450)
16			

OPERATING INCOME ADJUSTMENT NO. 8
IMPUTE RV PARK REVENUES

Line No.	Description		Amount
1			
2	Aquatic Center RV Lots Per Company Response to Gilkey Data Request 5.1		48
3			
4	X 12 Months		12
5			
6	Total Number of Bills		576
7			
8	Present Rate Per RV Lot	$	5.44
9			
10	Total Imputed Revenues for Aquatic Center RV Lots	$	3,133
11			
12	Total RUCO Adjustment	$	3,133

OPERATING INCOME ADJUSTMENT NO. 9
NON-RECURRING LEGAL EXPENSES

Line No.	Description	Amount
1		
2	Company Adjusted Test Year As Filed	$ 43,865
3		
4	Staff Recommended and Adopted by Company in Rebuttal	10,890
5		
6	Staff Recommended Adjustment	$ (32,975)
7		
8		
9	Total RUCO Adjustment	$ (32,975)

OPERATING INCOME ADJUSTMENT NO. 8
ADJUSTED TEST YEAR INCOME TAX EXPENSE

Line No.	Description		Amount
1			
2	Total Adjusted Test Year Income Tax Expense As Filed by Company	$	(676,904)
3			
4	Total Adjusted Test Year Income Tax Expense Per RUCO		(884,926)
5			
6	RUCO Adjusted Test Year Income Tax Expense Adjustment		(208,021)
7			
8			
9			
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20			

Far West Water & Sewer, Inc.
Docket No. WS-03478A-12-0307
Test Year Ended December 31, 2011

Wastewater Division
Surrebuttal Schedule TJC-19

WEIGHTED AVERAGE COST OF CAPITAL

LINE NO.	DESCRIPTION	(A) COMPANY PROPOSED	(B) RUCO ADJUSTMENT	(C) RUCO ADJUSTED	(D) CAPITAL RATIO	(E) COST	(F) WEIGHTED COST
1	LONG-TERM DEBT	$ 21,323,943	$ -	$ 21,323,943	79.55%	6.90%	5.49%
2	SHORT-TERM DEBT	1,732,342	-	1,732,342	6.46%	8.07%	0.52%
3	COMMON EQUITY	3,748,573	-	3,748,573	13.98%	9.25%	1.29%
4	TOTAL CAPITALIZATION	$ 26,804,858	$ -	$ 26,804,858	100.00%		
5	**WEIGHTED AVERAGE COST OF CAPITAL**						7.30%

REFERENCES:
TESTIMONY WAR

FAR WEST WATER & SEWER

DOCKET NO. WS-03478A-12-0307

SURREBUTTAL TESTIMONY

OF

TIMOTHY J. COLEY

ON

RATE DESIGN

EXHIBIT
R-18
ADMITTED

ON BEHALF OF

THE

RESIDENTIAL UTILITY CONSUMER OFFICE

APRIL 3, 2013

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COMPANY AND RUCO RATES IN DOLLARS I
COMPANY AND RUCO CHANGE IN PRESENT RATES BY PERCENTAGES I
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PROOF OF RECOMMENDED REVENUE 4

EXECUTIVE SUMMARY

Far West Water & Sewer, Inc. ("Far West" or the "Company") Sewer Division's present, proposed direct, and rebuttal rates are provided in the first three columns on the table below. Based on RUCO's analysis of Far West's testimonies in this proceeding, RUCO recommends a flat monthly rate design for all residential customers regardless of water meter size with no commodity charges in both direct and surrebuttal filings as shown in the last two columns on the table below:

Company and RUCO Rates in Dollars

Far West Present Rate	Far West Direct Rate	Far West Rebuttal Rate	RUCO Direct Rate	RUCO Surrebuttal Rate
$ 21.75	$ 62.65	$ 57.77	$ 49.85	$ 48.93

The percentage change in the residential flat monthly rate design proposed by the Company in its direct and rebuttal testimonies are reflected in the first two columns and RUCO's direct and surrebuttal recommendations are presented in the last two columns in the table below:

Company and RUCO Change in Present Rates by Percentages

Far West Direct Rate	Far West Rebuttal Rate	RUCO Direct Rate	RUCO Surrebuttal Rate
188.05%	165.50%	129.20%	124.97%

INTRODUCTION

Q. Are you the same Timothy J. Coley that filed surrebuttal revenue requirement testimony on behalf of RUCO on March 29, 2013 in this proceeding?

A. Yes.

Q. **What is the purpose of your surrebuttal rate design direct testimony?**

A. My surrebuttal testimony will address RUCO's residential rate design for Far West Water & Sewer, Inc. ("Far West" or the "Company") for the Company's Sewer Division and prove that the rate design will produce RUCO's recommended revenue. An analysis of a typical residential bill has been included.

To support RUCO's position in surrebuttal testimony, Schedules numbered TJC-RD1 through TJC-RD5 have been prepared for the Company's Sewer Division.

RATE DESIGN

Q. Has RUCO updated its rate design after considering all intervening parties' testimony in this case?

A. Yes.

...

Q. Please explain the updated elements of RUCO's surrebuttal rate design.

A. RUCO continues to propose a flat monthly rate design for the residential and Recreational Vehicle ("RV") Park classes. RUCO's recommended residential rate is $48.93 per month for all water meter sizes. The RV Park rate is one-third of the residential rate or $16.31 per month with a residential 1-Inch monthly base charge of $122.33 for each of the five RV Parks and the manufactured home park of Rancho Rialto. These monthly base charge billings properly account for the five RV Parks and Rancho Rialto's clubhouses, Laundromats, and any other common facilities that are on the premises. Whereas, the commercial customers' sewer charges are based on the customer's water meter size as shown on RUCO's Commercial Schedule TJC-RD 2.

RUCO continues to recommend the present effluent rate of $1.00 per thousand gallons for the two affiliated metered effluent reuse golf course customers.

Q. Does RUCO agree with the Company's rationale for the proposed rebuttal commercial meter multipliers?

A. Yes, with the exception of the 5/8 x 3/4 and 3/4-Inch meters. RUCO proposes the index of 1.0 for the meter multiplier for the 5/8 x 3/4-Inch meter and a meter multiplier of 1.25, based on the 5/8 x 3/4-Inch meter,

for the 3/4-Inch meter. The Company proposes the same $86.66 rate for both meter sizes. Even though there are no customers receiving service on the 3/4-Inch water meter size, RUCO believes a disparity between the rates is warranted for the two water meter sizes.

Q. Has RUCO adjusted its RV Park sewer rates to one-third of the residential rate rather than RUCO's direct rate based on 25 percent of its recommended residential rate?

A. Yes. The Company is in agreement with the RV Park lot adjustment of one-third of the residential customer monthly rate rather than its original direct filing rate of 25 percent.

Q. How does the issue with the Schechert Aquatic Fitness Center affect RUCO's rate design?

A. The Company and RUCO are in agreement that the additional RV spaces increase the number of billing determinants for the RV Park class of customers as well as the revenue generated by this class of customer. This was fully addresses in my surrebuttal revenue requirement testimony filed earlier.

PROOF OF RECOMMENDED REVENUE

Q. Has RUCO prepared Schedules presenting proof of your surrebuttal recommended revenue?

A. Yes. Proof that RUCO's recommended rate design will produce the recommended required revenue as illustrated is presented on Schedule TJC-RD 1 for each customer classification.

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

A. Yes, it does.

FAR WEST SEWER DIVISION

RESIDENTIAL RATE DESIGN

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO SURREBUTTAL RATE DESIGN / RESIDENTIAL
TEST YEAR ENDED DECEMBER 31, 2011
SUMMARY OF PRESENT, COMPANY PROPOSED & RUCO RECOMMENDED RATES

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 1

RATE SUMMARY

Present Rates

A	B	C	D	E	F	G	H	I	J	K	L	M
Meter Size	Number of Bills	Total Gallons Consumed (Midrange)	Minimum Gallons	Monthly Minimum Charge	Metered Minimum Revenue B X E	Tier One Gallons Subject to Comodity Charge (Midrange)	Tier One Commodity Revenue per 1,000 Gal.	Tier Two Gallons Subject to Comodity Charge (Midrange)	Tier Two Commodity Revenue per 1,000 Gal.	Tier Three Gallons Subject to Comodity Charge (Midrange)	Tier Three Commodity Revenue per 1,000 Gal.	Total Metered Revenue F + H + J + L
All Residential	84,747	0	0	$21.75	$1,843,247	0	$0	0	$0	0	$0	$1,843,247
3/4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 1/2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
3 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
10 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
	84,747	0	0		$1,843,247	0	$0	0	$0	0	$0	$1,843,247

Company Proposed Rates

A	B	C	D	E	F	G	H	I	J	K	L	M
Meter Size	Number of Bills	Total Gallons Consumed (Midrange)	Minimum Gallons	Monthly Minimum Charge	Metered Minimum Revenue B X E	Tier One Gallons Subject to Comodity Charge (Midrange)	Tier One Commodity Revenue per 1,000 Gal.	Tier Two Gallons Subject to Comodity Charge (Midrange)	Tier Two Commodity Revenue per 1,000 Gal.	Tier Three Gallons Subject to Comodity Charge (Midrange)	Tier Three Commodity Revenue per 1,000 Gal.	Total Metered Revenue F + H + J + L
All Residential	84,747	0	0	$62.65	$5,309,400	0	$0	0	$0	0	$0	$5,309,400
3/4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 1/2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
3 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
10 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
	84,747	0	0		$5,309,400	0	$0	0	$0	0	$0	$5,309,400

RUCO Recommended Rates

A	B	C	D	E	F	G	H	I	J	K	L	M
Meter Size	Number of Bills	Total Gallons Consumed (Midrange)	Minimum Gallons	Monthly Minimum Charge	Metered Minimum Revenue B X E + BR	Tier One Gallons Subject to Comodity Charge (Midrange)	Tier One Commodity Revenue per 1,000 Gal.	Tier Two Gallons Subject to Comodity Charge (Midrange)	Tier Two Commodity Revenue per 1,000 Gal.	Tier Three Gallons Subject to Comodity Charge (Midrange)	Tier Three Commodity Revenue per 1,000 Gal.	Total Metered Revenue F + H + J + L
All Residential	84,747	0	0	$48.93	$4,148,139	0	$0	0	$0	0	$0	$4,148,139
3/4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 1/2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
3 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
10 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
	84,747	0	0		$4,148,139	0	$0	0	$0	0	$0	$4,148,139

BR = 1" Residential Monthly Minimum x 12

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO SURREBUTTAL RATE DESIGN / RESIDENTIAL
TEST YEAR ENDED DECEMBER 31, 2011
RECOMMENDED RATES

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 2

LINE NO.	DESCRIPTION	PRESENT RATES	COMPANY PROPOSED	RUCO PROPOSED
1	**RECOMMENDED MONTHLY MINIMUM USAGE CHARGE:**			
2				
3	(RESIDENTIAL CUSTOMERS)			
4	All Residential	$21.75	$62.65	$48.93
5	3/4 - INCH	0.00	0.00	0.00
6	1 - INCH	0.00	0.00	0.00
7	1 1/2 - INCH	0.00	0.00	0.00
8	2 - INCH	0.00	0.00	0.00
9	3 - INCH	0.00	0.00	0.00
10	4 - INCH	0.00	0.00	0.00
11	6 - INCH	0.00	0.00	0.00
12	8 - INCH	0.00	0.00	0.00
13	10 - INCH	0.00	0.00	0.00
14				
15	**GALLONS INCLUDED IN MONTHLY MINIMUM USAGE CHARGE:**			
16				
17	RESIDENTIAL CUSTOMERS	0	0	0
18				
19	**RECOMMENDED COMMODITY RATES BY METER SIZE**			
20				
21	All Residential			
22	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
23	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
24	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
25				
26	3/4 - INCH			
27	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
28	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
29	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
30				
31	1 - INCH			
32	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
33	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
34	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
35				
36	1 1/2 - INCH			
37	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
38	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
39	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
40				
41	2 - INCH			
42	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
43	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
44	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
45				
46	3 - INCH			
47	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
48	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
49	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
50				
51	4 - INCH			
52	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
53	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
54	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
55				
56	6 - INCH			
57	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
58	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
59	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
60				
61	8 - INCH			
62	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
63	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
64	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
65				
66	10 - INCH			
67	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
68	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
69	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO SURREBUTTAL RATE DESIGN / RESIDENTIAL
TEST YEAR ENDED DECEMBER 31, 2011
MONTHLY MINIMUM CHARGES

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 3

LINE NO.	METER SIZE	(A) COMPANY PRESENT RATES	(B) COMPANY PROPOSED RATES	(C) COMPANY DOLLAR INCREASE	(D) COMPANY PERCENT. INCREASE	(E) RUCO RECOMMENDED RATES	(F) RUCO DOLLAR INCREASE	(G) RUCO PERCENT. INCREASE
1	All Residential	$ 21.75	$ 62.65	$ 40.90	188.05%	$ 48.93	$ 27.18	124.97%

REFERENCES
COLUMN (A) THRU COLUMN (D): COMPANY SCHEDULE H-3, PAGE 1
COLUMN (E): TESTIMONY TJC
COLUMN (F): COLUMN (E) - COLUMN (A)
COLUMN (G): COLUMN (F) ÷ COLUMN (A)

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO SURREBUTTAL RATE DESIGN / RESIDENTIAL
TEST YEAR ENDED DECEMBER 31, 2011
BILLING ANALYSIS

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 4

RUCO RECOMMENDED RATES

LINE NO.	CONSUMPTION IN GALLONS	(A) 5/8 - INCH	(B) 3/4 - INCH	(C) 1 - INCH	(D) 1.5 - INCH	(E) 2 - INCH	(F) 3 - INCH	(G) 4 - INCH	(H) 6 - INCH	(G) 8 - INCH	(H) 10 - INCH
1	0	$48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2	1,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3	2,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
4	3,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
5	4,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6	5,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
7	6,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
8	7,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
9	8,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
10	9,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
11	10,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
12	15,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
13	20,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
14	25,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
15	50,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
16	75,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
17	100,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
18	125,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
19	150,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
20	175,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
21	200,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
22	250,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
23	500,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
24	1,000,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
25	2,000,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
26	3,000,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
27	4,000,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
28	5,000,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
29											
30											
31	AVG. NO. OF CUST:	7,062	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
32											
33	AVG. USE (GAL.):	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
34	MONTHLY BILL:	$48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
35											
36	MEDIAN USE (GAL.) :	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
37	MONTHLY BILL:	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO SURREBUTTAL RATE DESIGN / RESIDENTIAL
TEST YEAR ENDED DECEMBER 31, 2011
BILLING ANALYSIS

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 5

RUCO RECOMMENDED CHANGES EXPRESSED AS A PERCENTAGE

LINE NO.	CONSUMPTION IN GALLONS	(A) 5/8 - INCH	(B) 3/4 - INCH	(C) 1 - INCH	(D) 1.5 - INCH	(E) 2 - INCH	(F) 3 - INCH	(G) 4 - INCH	(H) 6 - INCH	(G) 8 - INCH	(H) 10 - INCH
1	0	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2	1,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3	2,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
4	3,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
5	4,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6	5,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
7	6,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
8	7,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
9	8,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
10	9,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
11	10,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
12	15,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
13	20,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
14	25,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
15	50,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
16	75,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
17	100,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
18	125,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
19	150,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
20	175,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
21	200,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
22	250,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
23	500,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
24	1,000,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
25	2,000,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
26	3,000,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
27	4,000,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
28	5,000,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
29											
30											
31	AVG. NO. OF CUST:	7,062	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
32											
33	AVG. USE (GAL.):	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
34	MONTHLY BILL:	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
35											
36	MEDIAN USE (GAL.) :	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
37	MONTHLY BILL:	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

FAR WEST SEWER DIVISION

COMMERCIAL RATE DESIGN

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO SURREBUTTAL RATE DESIGN / COMMERCIAL
TEST YEAR ENDED DECEMBER 31, 2011
SUMMARY OF PRESENT, COMPANY PROPOSED & RUCO RECOMMENDED RATES

RATE SUMMARY

Present Rates

A Meter Size	B Number of Bills	C Total Gallons Consumed (Midrange)	D Minimum Gallons	E Monthly Minimum Charge	F Metered Minimum Revenue B X E	G Tier One Gallons Subject to Comodity Charge (Midrange)	H Tier One Commodity Revenue per 1,000 Gal.	I Tier Two Gallons Subject to Comodity Charge (Midrange)	J Tier Two Commodity Revenue per 1,000 Gal.	K Tier Three Gallons Subject to Comodity Charge (Midrange)	L Tier Three Commodity Revenue per 1,000 Gal.	M Total Metered Revenue F + H + J + L
5/8 X 3/4 - INCH	144	0	0	$43.50	$6,264	0	$0	0	$0	0	$0	$6,264
3/4 - INCH	0	0	0	43.50	0	0	0	0	0	0	0	0
1 - INCH	84	0	0	43.50	3,654	0	0	0	0	0	0	3,654
1 1/2 - INCH	24	0	0	43.50	1,044	0	0	0	0	0	0	1,044
2 - INCH	252	0	0	43.50	10,962	0	0	0	0	0	0	10,962
3 - INCH	0	0	0	43.50	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	43.50	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	43.50	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	43.50	0	0	0	0	0	0	0	0
N/A	0	0	0		0	0	0	0	0	0	0	0
	504	0	0		$21,924	0	$0	0	$0	0	$0	$21,924

Company Proposed Rates

A Meter Size	B Number of Bills	C Total Gallons Consumed (Midrange)	D Minimum Gallons	E Monthly Minimum Charge	F Metered Minimum Revenue B X E	G Tier One Gallons Subject to Comodity Charge (Midrange)	H Tier One Commodity Revenue per 1,000 Gal.	I Tier Two Gallons Subject to Comodity Charge (Midrange)	J Tier Two Commodity Revenue per 1,000 Gal.	K Tier Three Gallons Subject to Comodity Charge (Midrange)	L Tier Three Commodity Revenue per 1,000 Gal.	M Total Metered Revenue F + H + J + L
5/8 X 3/4 - INCH	144	0	0	$125.30	$18,043	0	$0	0	$0	0	$0	$18,043
3/4 - INCH	0	0	0	125.30	0	0	0	0	0	0	0	0
1 - INCH	84	0	0	125.30	10,525	0	0	0	0	0	0	10,525
1 1/2 - INCH	24	0	0	125.30	3,007	0	0	0	0	0	0	3,007
2 - INCH	252	0	0	125.30	31,576	0	0	0	0	0	0	31,576
3 - INCH	0	0	0	125.30	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	125.30	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	125.30	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	125.30	0	0	0	0	0	0	0	0
N/A	0	0	0		0	0	0	0	0	0	0	0
	504	0	0		$63,151	0	$0	0	$0	0	$0	$63,151

RUCO Recommended Rates

A Meter Size	B Number of Bills	C Total Gallons Consumed (Midrange)	D Minimum Gallons	E Monthly Minimum Charge	F Metered Minimum Revenue B X E	G Tier One Gallons Subject to Comodity Charge (Midrange)	H Tier One Commodity Revenue per 1,000 Gal.	I Tier Two Gallons Subject to Comodity Charge (Midrange)	J Tier Two Commodity Revenue per 1,000 Gal.	K Tier Three Gallons Subject to Comodity Charge (Midrange)	L Tier Three Commodity Revenue per 1,000 Gal.	M Total Metered Revenue F + H + J + L
5/8 X 3/4 - INCH	144	0	0	$65.05	$9,367	0	$0	0	$0	0	$0	$9,367
3/4 - INCH	0	0	0	81.31	0	0	0	0	0	0	0	0
1 - INCH	84	0	0	162.63	13,661	0	0	0	0	0	0	13,661
1 1/2 - INCH	24	0	0	243.94	5,855	0	0	0	0	0	0	5,855
2 - INCH	252	0	0	390.30	98,356	0	0	0	0	0	0	98,356
3 - INCH	0	0	0	1,040.80	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	1,626.25	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	3,252.50	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	6,505.00	0	0	0	0	0	0	0	0
N/A	0	0	0	13,010.00	0	0	0	0	0	0	0	0
	504	0	0		$127,238	0	$0	0	$0	0	$0	$127,238

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO SURREBUTTAL RATE DESIGN / COMMERCIAL
TEST YEAR ENDED DECEMBER 31, 2011
RECOMMENDED RATES

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 2

LINE NO.	DESCRIPTION	PRESENT RATES	COMPANY PROPOSED	RUCO PROPOSED
1	**RECOMMENDED MONTHLY MINIMUM USAGE CHARGE:**			
2				
3	(COMMERCIAL CUSTOMERS)			
4	All Commercial Customers	$43.50	$125.30	
5	5/8 X 3/4 - INCH			$65.05
6	3/4 - INCH			81.31
7	1 - INCH			162.63
8	1 1/2 - INCH			243.94
9	2 - INCH			390.30
10	3 - INCH			1,040.80
11	4 - INCH			1,626.25
12	6 - INCH			3,252.50
13	8 - INCH			6,505.00
14	N/A			13,010.00
15				
16	**GALLONS INCLUDED IN MONTHLY MINIMUM USAGE CHARGE:**			
17				
18	COMMERCIAL CUSTOMERS	0	0	0
19				
20	**RECOMMENDED COMMODITY RATES BY METER SIZE**			
21				
22	5/8 X 3/4 - INCH			
23	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
24	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
25	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
26				
27	3/4 - INCH			
28	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
29	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
30	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
31				
32	1 - INCH			
33	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
34	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
35	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
36				
37	1 1/2 - INCH			
38	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
39	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
40	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
41				
42	2 - INCH			
43	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
44	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
45	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
46				
47	3 - INCH			
48	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
49	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
50	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
51				
52	4 - INCH			
53	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
54	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
55	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
56				
57	6 - INCH			
58	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
59	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
60	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
61				
62	8 - INCH			
63	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
64	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
65	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
66				
67	N/A			
68	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
69	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
70	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO SURREBUTTAL RATE DESIGN / COMMERCIAL
TEST YEAR ENDED DECEMBER 31, 2011
MONTHLY MINIMUM CHARGES

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 3

LINE NO.	METER SIZE	(A) COMPANY PRESENT RATES	(B) COMPANY PROPOSED RATES	(C) COMPANY DOLLAR INCREASE	(D) COMPANY PERCENT. INCREASE	(E) RUCO RECOMMENDED RATES	(F) RUCO DOLLAR INCREASE	(G) RUCO PERCENT. INCREASE
1	All Commercial Customers	$ 43.50	$ 125.30	$ 81.80	188.05%			
2	5/8 X 3/4 - INCH					$ 65.05	$ 56.20	49.54%
3	3/4 - INCH					81.31	81.31	86.93%
4	1 - INCH					162.63	162.63	273.85%
5	1 1/2 - INCH					243.94	243.94	460.78%
6	2 - INCH					390.30	390.30	797.24%
7	3 - INCH					1,040.80	1,040.80	2292.64%
8	4 - INCH					1,626.25	1,626.25	3638.51%
9	6 - INCH					3,252.50	3,252.50	7377.01%
10	8 - INCH					6,505.00	6,505.00	14854.02%

REFERENCES
COLUMN (A) THRU COLUMN (D): COMPANY SCHEDULE H-3, PAGE 1
COLUMN (E): TESTIMONY TJC
COLUMN (F): COLUMN (E) - COLUMN (A)
COLUMN (G): COLUMN (F) ÷ COLUMN (A)

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO SURREBUTTAL RATE DESIGN / COMMERCIAL
TEST YEAR ENDED DECEMBER 31, 2011
BILLING ANALYSIS

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 4

RUCO RECOMMENDED RATES

LINE NO.	CONSUMPTION IN GALLONS	(A) 5/8 - INCH	(B) 3/4 - INCH	(C) 1 - INCH	(D) 1.5 - INCH	(E) 2 - INCH	(F) 3 - INCH	(G) 4 - INCH	(H) 6 - INCH	(G) 8 - INCH	(H) 10 - INCH
1	0	$65.05	$81.31	$162.63	$243.94	$390.30	$1,040.80	$1,626.25	$3,252.50	$6,505.00	$13,010.00
2	1,000	65.05	81.31	162.63	243.94	390.30	1,040.80	1,626.25	3,252.50	6,505.00	13,010.00
3	2,000	65.05	81.31	162.63	243.94	390.30	1,040.80	1,626.25	3,252.50	6,505.00	13,010.00
4	3,000	65.05	81.31	162.63	243.94	390.30	1,040.80	1,626.25	3,252.50	6,505.00	13,010.00
5	4,000	65.05	81.31	162.63	243.94	390.30	1,040.80	1,626.25	3,252.50	6,505.00	13,010.00
6	5,000	65.05	81.31	162.63	243.94	390.30	1,040.80	1,626.25	3,252.50	6,505.00	13,010.00
7	6,000	65.05	81.31	162.63	243.94	390.30	1,040.80	1,626.25	3,252.50	6,505.00	13,010.00
8	7,000	65.05	81.31	162.63	243.94	390.30	1,040.80	1,626.25	3,252.50	6,505.00	13,010.00
9	8,000	65.05	81.31	162.63	243.94	390.30	1,040.80	1,626.25	3,252.50	6,505.00	13,010.00
10	9,000	65.05	81.31	162.63	243.94	390.30	1,040.80	1,626.25	3,252.50	6,505.00	13,010.00
11	10,000	65.05	81.31	162.63	243.94	390.30	1,040.80	1,626.25	3,252.50	6,505.00	13,010.00
12	15,000	65.05	81.31	162.63	243.94	390.30	1,040.80	1,626.25	3,252.50	6,505.00	13,010.00
13	20,000	65.05	81.31	162.63	243.94	390.30	1,040.80	1,626.25	3,252.50	6,505.00	13,010.00
14	25,000	65.05	81.31	162.63	243.94	390.30	1,040.80	1,626.25	3,252.50	6,505.00	13,010.00
15	50,000	65.05	81.31	162.63	243.94	390.30	1,040.80	1,626.25	3,252.50	6,505.00	13,010.00
16	75,000	65.05	81.31	162.63	243.94	390.30	1,040.80	1,626.25	3,252.50	6,505.00	13,010.00
17	100,000	65.05	81.31	162.63	243.94	390.30	1,040.80	1,626.25	3,252.50	6,505.00	13,010.00
18	125,000	65.05	81.31	162.63	243.94	390.30	1,040.80	1,626.25	3,252.50	6,505.00	13,010.00
19	150,000	65.05	81.31	162.63	243.94	390.30	1,040.80	1,626.25	3,252.50	6,505.00	13,010.00
20	175,000	65.05	81.31	162.63	243.94	390.30	1,040.80	1,626.25	3,252.50	6,505.00	13,010.00
21	200,000	65.05	81.31	162.63	243.94	390.30	1,040.80	1,626.25	3,252.50	6,505.00	13,010.00
22	250,000	65.05	81.31	162.63	243.94	390.30	1,040.80	1,626.25	3,252.50	6,505.00	13,010.00
23	500,000	65.05	81.31	162.63	243.94	390.30	1,040.80	1,626.25	3,252.50	6,505.00	13,010.00
24	1,000,000	65.05	81.31	162.63	243.94	390.30	1,040.80	1,626.25	3,252.50	6,505.00	13,010.00
25	2,000,000	65.05	81.31	162.63	243.94	390.30	1,040.80	1,626.25	3,252.50	6,505.00	13,010.00
26	3,000,000	65.05	81.31	162.63	243.94	390.30	1,040.80	1,626.25	3,252.50	6,505.00	13,010.00
27	4,000,000	65.05	81.31	162.63	243.94	390.30	1,040.80	1,626.25	3,252.50	6,505.00	13,010.00
28	5,000,000	65.05	81.31	162.63	243.94	390.30	1,040.80	1,626.25	3,252.50	6,505.00	13,010.00
29											
30											
31	AVG. NO. OF CUST:	12	0	7	2	21	0	0	0	0	0
32											
33	AVG. USE (GAL.):	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
34	MONTHLY BILL:	$65.05	81.31	$162.63	$243.94	$390.30	$1,040.80	$1,626.25	$3,252.50	$6,505.00	$13,010.00
35											
36	MEDIAN USE (GAL.) :	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
37	MONTHLY BILL:	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO SURREBUTTAL RATE DESIGN / COMMERCIAL
TEST YEAR ENDED DECEMBER 31, 2011
BILLING ANALYSIS

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 5

RUCO RECOMMENDED CHANGES EXPRESSED AS A PERCENTAGE

LINE NO.	CONSUMPTION IN GALLONS	(A) 5/8 - INCH	(B) 3/4 - INCH	(C) 1 - INCH	(D) 1.5 - INCH	(E) 2 - INCH	(F) 3 - INCH	(G) 4 - INCH	(H) 6 - INCH	(G) 8 - INCH	(H) 10 - INCH
1	0	49.5%	86.9%	273.9%	460.8%	797.2%	2292.6%	3638.5%	7377.0%	14854.0%	29808.0%
2	1,000	49.5%	86.9%	273.9%	460.8%	797.2%	2292.6%	3638.5%	7377.0%	14854.0%	29808.0%
3	2,000	49.5%	86.9%	273.9%	460.8%	797.2%	2292.6%	3638.5%	7377.0%	14854.0%	29808.0%
4	3,000	49.5%	86.9%	273.9%	460.8%	797.2%	2292.6%	3638.5%	7377.0%	14854.0%	29808.0%
5	4,000	49.5%	86.9%	273.9%	460.8%	797.2%	2292.6%	3638.5%	7377.0%	14854.0%	29808.0%
6	5,000	49.5%	86.9%	273.9%	460.8%	797.2%	2292.6%	3638.5%	7377.0%	14854.0%	29808.0%
7	6,000	49.5%	86.9%	273.9%	460.8%	797.2%	2292.6%	3638.5%	7377.0%	14854.0%	29808.0%
8	7,000	49.5%	86.9%	273.9%	460.8%	797.2%	2292.6%	3638.5%	7377.0%	14854.0%	29808.0%
9	8,000	49.5%	86.9%	273.9%	460.8%	797.2%	2292.6%	3638.5%	7377.0%	14854.0%	29808.0%
10	9,000	49.5%	86.9%	273.9%	460.8%	797.2%	2292.6%	3638.5%	7377.0%	14854.0%	29808.0%
11	10,000	49.5%	86.9%	273.9%	460.8%	797.2%	2292.6%	3638.5%	7377.0%	14854.0%	29808.0%
12	15,000	49.5%	86.9%	273.9%	460.8%	797.2%	2292.6%	3638.5%	7377.0%	14854.0%	29808.0%
13	20,000	49.5%	86.9%	273.9%	460.8%	797.2%	2292.6%	3638.5%	7377.0%	14854.0%	29808.0%
14	25,000	49.5%	86.9%	273.9%	460.8%	797.2%	2292.6%	3638.5%	7377.0%	14854.0%	29808.0%
15	50,000	49.5%	86.9%	273.9%	460.8%	797.2%	2292.6%	3638.5%	7377.0%	14854.0%	29808.0%
16	75,000	49.5%	86.9%	273.9%	460.8%	797.2%	2292.6%	3638.5%	7377.0%	14854.0%	29808.0%
17	100,000	49.5%	86.9%	273.9%	460.8%	797.2%	2292.6%	3638.5%	7377.0%	14854.0%	29808.0%
18	125,000	49.5%	86.9%	273.9%	460.8%	797.2%	2292.6%	3638.5%	7377.0%	14854.0%	29808.0%
19	150,000	49.5%	86.9%	273.9%	460.8%	797.2%	2292.6%	3638.5%	7377.0%	14854.0%	29808.0%
20	175,000	49.5%	86.9%	273.9%	460.8%	797.2%	2292.6%	3638.5%	7377.0%	14854.0%	29808.0%
21	200,000	49.5%	86.9%	273.9%	460.8%	797.2%	2292.6%	3638.5%	7377.0%	14854.0%	29808.0%
22	250,000	49.5%	86.9%	273.9%	460.8%	797.2%	2292.6%	3638.5%	7377.0%	14854.0%	29808.0%
23	500,000	49.5%	86.9%	273.9%	460.8%	797.2%	2292.6%	3638.5%	7377.0%	14854.0%	29808.0%
24	1,000,000	49.5%	86.9%	273.9%	460.8%	797.2%	2292.6%	3638.5%	7377.0%	14854.0%	29808.0%
25	2,000,000	49.5%	86.9%	273.9%	460.8%	797.2%	2292.6%	3638.5%	7377.0%	14854.0%	29808.0%
26	3,000,000	49.5%	86.9%	273.9%	460.8%	797.2%	2292.6%	3638.5%	7377.0%	14854.0%	29808.0%
27	4,000,000	49.5%	86.9%	273.9%	460.8%	797.2%	2292.6%	3638.5%	7377.0%	14854.0%	29808.0%
28	5,000,000	49.5%	86.9%	273.9%	460.8%	797.2%	2292.6%	3638.5%	7377.0%	14854.0%	29808.0%
29											
30											
31	AVG. NO. OF CUST:	12	0	7	2	21	0	0	0	0	0
32											
33	AVG. USE (GAL.):	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
34	MONTHLY BILL:	49.5%	86.9%	273.9%	460.8%	797.2%	2292.6%	3638.5%	7377.0%	14854.0%	29808.0%
35											
36	MEDIAN USE (GAL.) :	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
37	MONTHLY BILL:	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

FAR WEST SEWER DIVISION

RECREATIONAL VEHICLE PARKS RATE DESIGN

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO DIRECT RATE DESIGN / RV PARK
TEST YEAR ENDED DECEMBER 31, 2011
SUMMARY OF PRESENT, COMPANY PROPOSED & RUCO RECOMMENDED RATES

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 1

RATE SUMMARY

Present Rates

A Meter Size	B Number of Bills	C Total Gallons Consumed (Midrange)	D Minimum Gallons	E Monthly Minimum Charge	F Metered Minimum Revenue B X E	G Tier One Gallons Subject to Comodity Charge (Midrange)	H Tier One Commodity Revenue per 1,000 Gal.	I Tier Two Gallons Subject to Comodity Charge (Midrange)	J Tier Two Commodity Revenue per 1,000 Gal.	K Tier Three Gallons Subject to Comodity Charge (Midrange)	L Tier Three Commodity Revenue per 1,000 Gal.	M Total Metered Revenue F + H + J + L
5/8 X 3/4 - INCH	9,132	0	0	$5.44	$49,678	0	$0	0	$0	0	$0	$49,678
3/4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 1/2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
3 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
10 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
	9,132	0	0		$49,678	0	$0	0	$0	0	$0	$49,678

Company Proposed Rates

A Meter Size	B Number of Bills	C Total Gallons Consumed (Midrange)	D Minimum Gallons	E Monthly Minimum Charge	F Metered Minimum Revenue B X E	G Tier One Gallons Subject to Comodity Charge (Midrange)	H Tier One Commodity Revenue per 1,000 Gal.	I Tier Two Gallons Subject to Comodity Charge (Midrange)	J Tier Two Commodity Revenue per 1,000 Gal.	K Tier Three Gallons Subject to Comodity Charge (Midrange)	L Tier Three Commodity Revenue per 1,000 Gal.	M Total Metered Revenue F + H + J + L
5/8 X 3/4 - INCH	9,132	0	0	$15.66	$143,007	0	$0	0	$0	0	$0	$143,007
3/4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 1/2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
3 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
10 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
	9,132	0	0		$143,007	0	$0	0	$0	0	$0	$143,007

RUCO Recommended Rates

A Meter Size	B Number of Bills	C Total Gallons Consumed (Midrange)	D Minimum Gallons	E Monthly Minimum Charge	F Metered Minimum Revenue B X E	G Tier One Gallons Subject to Comodity Charge (Midrange)	H Tier One Commodity Revenue per 1,000 Gal.	I Tier Two Gallons Subject to Comodity Charge (Midrange)	J Tier Two Commodity Revenue per 1,000 Gal.	K Tier Three Gallons Subject to Comodity Charge (Midrange)	L Tier Three Commodity Revenue per 1,000 Gal.	M Total Metered Revenue F + H + J + L
5/8 X 3/4 - INCH	9,132	0	0	$16.31	$156,282	0	$0	0	$0	0	$0	$156,282
3/4 - INCH	0	0	0	24.46	0	0	0	0	0	0	0	0
1 - INCH	0	0	0	40.77	0	0	0	0	0	0	0	0
1 1/2 - INCH	0	0	0	81.55	0	0	0	0	0	0	0	0
2 - INCH	0	0	0	130.48	0	0	0	0	0	0	0	0
3 - INCH	0	0	0	244.65	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	407.75	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	815.50	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	1,631.00	0	0	0	0	0	0	0	0
10 - INCH	0	0	0	3,262.00	0	0	0	0	0	0	0	0
	9,132	0	0		$156,282	0	$0	0	$0	0	$0	$156,282

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO DIRECT RATE DESIGN / RV PARK
TEST YEAR ENDED DECEMBER 31, 2011
RECOMMENDED RATES

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 2

LINE NO.	DESCRIPTION	PRESENT RATES	COMPANY PROPOSED	RUCO PROPOSED
1	**RECOMMENDED MONTHLY MINIMUM USAGE CHARGE:**			
2				
3	(RESIDENTIAL, COMMERCIAL AND MISC. CUSTOMERS)			
4	5/8 X 3/4 - INCH	$5.44	$15.66	$16.31
5	3/4 - INCH	0.00	0.00	24.46
6	1 - INCH	0.00	0.00	40.77
7	1 1/2 - INCH	0.00	0.00	81.55
8	2 - INCH	0.00	0.00	130.48
9	3 - INCH	0.00	0.00	244.65
10	4 - INCH	0.00	0.00	407.75
11	6 - INCH	0.00	0.00	815.50
12	8 - INCH	0.00	0.00	1,631.00
13	10 - INCH	0.00	0.00	3,262.00
14				
15	**GALLONS INCLUDED IN MONTHLY MINIMUM USAGE CHARGE:**			
16				
17	RESIDENTIAL, COMMERCIAL AND MISC. CUSTOMERS	0	0	0
18				
19	**RECOMMENDED COMMODITY RATES BY METER SIZE**			
20				
21	5/8 X 3/4 - INCH			
22	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
23	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
24	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
25				
26	3/4 - INCH			
27	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
28	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
29	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
30				
31	1 - INCH			
32	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
33	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
34	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
35				
36	1 1/2 - INCH			
37	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
38	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
39	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
40				
41	2 - INCH			
42	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
43	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
44	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
45				
46	3 - INCH			
47	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
48	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
49	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
50				
51	4 - INCH			
52	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
53	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
54	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
55				
56	6 - INCH			
57	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
58	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
59	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
60				
61	8 - INCH			
62	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
63	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
64	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
65				
66	10 - INCH			
67	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
68	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
69	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO DIRECT RATE DESIGN / RV PARK
TEST YEAR ENDED DECEMBER 31, 2011
MONTHLY MINIMUM CHARGES

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 3

LINE NO.	METER SIZE	(A) COMPANY PRESENT RATES	(B) COMPANY PROPOSED RATES	(C) COMPANY DOLLAR INCREASE	(D) COMPANY PERCENT. INCREASE	(E) RUCO RECOMMENDED RATES	(F) RUCO DOLLAR INCREASE	(G) RUCO PERCENT. INCREASE
1	5/8 X 3/4 - INCH	$ 5.44	$ 15.66	$ 10.22	187.87%	$ 16.31	$ 10.87	199.82%

REFERENCES
COLUMN (A) THRU COLUMN (D): COMPANY SCHEDULE H-3, PAGE 1
COLUMN (E): TESTIMONY TJC
COLUMN (F): COLUMN (E) - COLUMN (A)
COLUMN (G): COLUMN (F) ÷ COLUMN (A)

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO DIRECT RATE DESIGN / RV PARK
TEST YEAR ENDED DECEMBER 31, 2011
BILLING ANALYSIS

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 4

RUCO RECOMMENDED RATES

LINE NO.	CONSUMPTION IN GALLONS	(A) All RV Lots	(B) 3/4 - INCH	(C) 1 - INCH	(D) 1.5 - INCH	(E) 2 - INCH	(F) 3 - INCH	(G) 4 - INCH	(H) 6 - INCH	(G) 8 - INCH	(H) 10 - INCH
1	0	$16.31	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2	1,000	16.31	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3	2,000	16.31	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
4	3,000	16.31	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
5	4,000	16.31	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6	5,000	16.31	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
7	6,000	16.31	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
8	7,000	16.31	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
9	8,000	16.31	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
10	9,000	16.31	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
11	10,000	16.31	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
12	15,000	16.31	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
13	20,000	16.31	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
14	25,000	16.31	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
15	50,000	16.31	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
16	75,000	16.31	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
17	100,000	16.31	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
18	125,000	16.31	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
19	150,000	16.31	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
20	175,000	16.31	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
21	200,000	16.31	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
22	250,000	16.31	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
23	500,000	16.31	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
24	1,000,000	16.31	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
25	2,000,000	16.31	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
26	3,000,000	16.31	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
27	4,000,000	16.31	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
28	5,000,000	16.31	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
29											
30											
31	AVG. NO. OF CUST:	761	0	0	0	0	0	0	0	0	0
32											
33	AVG. USE (GAL.):	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
34	MONTHLY BILL:	$16.31	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
35											
36	MEDIAN USE (GAL.) :	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
37	MONTHLY BILL:	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO DIRECT RATE DESIGN / RV PARK
TEST YEAR ENDED DECEMBER 31, 2011
BILLING ANALYSIS

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 5

RUCO RECOMMENDED CHANGES EXPRESSED AS A PERCENTAGE

LINE NO.	CONSUMPTION IN GALLONS	(A) All RV Lots	(B) 3/4 - INCH	(C) 1 - INCH	(D) 1.5 - INCH	(E) 2 - INCH	(F) 3 - INCH	(G) 4 - INCH	(H) 6 - INCH	(G) 8 - INCH	(H) 10 - INCH
1	0	199.8%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2	1,000	199.8%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3	2,000	199.8%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
4	3,000	199.8%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
5	4,000	199.8%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6	5,000	199.8%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
7	6,000	199.8%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
8	7,000	199.8%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
9	8,000	199.8%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
10	9,000	199.8%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
11	10,000	199.8%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
12	15,000	199.8%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
13	20,000	199.8%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
14	25,000	199.8%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
15	50,000	199.8%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
16	75,000	199.8%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
17	100,000	199.8%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
18	125,000	199.8%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
19	150,000	199.8%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
20	175,000	199.8%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
21	200,000	199.8%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
22	250,000	199.8%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
23	500,000	199.8%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
24	1,000,000	199.8%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
25	2,000,000	199.8%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
26	3,000,000	199.8%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
27	4,000,000	199.8%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
28	5,000,000	199.8%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
29											
30											
31	AVG. NO. OF CUST:	761	0	0	0	0	0	0	0	0	0
32											
33	AVG. USE (GAL.):	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
34	MONTHLY BILL:	199.8%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
35											
36	MEDIAN USE (GAL.) :	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
37	MONTHLY BILL:	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

FAR WEST SEWER DIVISION

RESIDENTIAL RE-ESTABLISHMENT RATE DESIGN

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO SURREBUTTAL RATE DESIGN / RESIDENTIAL RE-ESTABLISHMENT
TEST YEAR ENDED DECEMBER 31, 2011
SUMMARY OF PRESENT, COMPANY PROPOSED & RUCO RECOMMENDED RATES

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 1

RATE SUMMARY

Present Rates

A	B	C	D	E	F	G	H	I	J	K	L	M
Meter Size	Number of Bills	Total Gallons Consumed (Midrange)	Minimum Gallons	Monthly Minimum Charge	Metered Minimum Revenue B X E	Tier One Gallons Subject to Comodity Charge (Midrange)	Tier One Commodity Revenue per 1,000 Gal.	Tier Two Gallons Subject to Comodity Charge (Midrange)	Tier Two Commodity Revenue per 1,000 Gal.	Tier Three Gallons Subject to Comodity Charge (Midrange)	Tier Three Commodity Revenue per 1,000 Gal.	Total Metered Revenue F + H + J + L
All Re-Establishment	6,537	0	0	$21.75	$142,180	0	$0	0	$0	0	$0	$142,180
3/4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 1/2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
3 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
10 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
	6,537	0	0		$142,180	0	$0	0	$0	0	$0	$142,180

Company Proposed Rates

A	B	C	D	E	F	G	H	I	J	K	L	M
Meter Size	Number of Bills	Total Gallons Consumed (Midrange)	Minimum Gallons	Monthly Minimum Charge	Metered Minimum Revenue B X E	Tier One Gallons Subject to Comodity Charge (Midrange)	Tier One Commodity Revenue per 1,000 Gal.	Tier Two Gallons Subject to Comodity Charge (Midrange)	Tier Two Commodity Revenue per 1,000 Gal.	Tier Three Gallons Subject to Comodity Charge (Midrange)	Tier Three Commodity Revenue per 1,000 Gal.	Total Metered Revenue F + H + J + L
All Re-Establishment	6,537	0	0	$62.65	$409,543	0	$0	0	$0	0	$0	$409,543
3/4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 1/2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
3 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
10 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
	6,537	0	0		$409,543	0	$0	0	$0	0	$0	$409,543

RUCO Recommended Rates

A	B	C	D	E	F	G	H	I	J	K	L	M
Meter Size	Number of Bills	Total Gallons Consumed (Midrange)	Minimum Gallons	Monthly Minimum Charge	Metered Minimum Revenue B X E	Tier One Gallons Subject to Comodity Charge (Midrange)	Tier One Commodity Revenue per 1,000 Gal.	Tier Two Gallons Subject to Comodity Charge (Midrange)	Tier Two Commodity Revenue per 1,000 Gal.	Tier Three Gallons Subject to Comodity Charge (Midrange)	Tier Three Commodity Revenue per 1,000 Gal.	Total Metered Revenue F + H + J + L
All Re-Establishment	6,537	0	0	$48.93	$319,855	0	$0	0	$0	0	$0	$319,855
3/4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 1/2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
3 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
10 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
	6,537	0	0		$319,855	0	$0	0	$0	0	$0	$319,855

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO SURREBUTTAL RATE DESIGN / RESIDENTIAL RE-ESTABLISHMENT DOCKET NO. WS-03478A-12-0307
TEST YEAR ENDED DECEMBER 31, 2011 SCHEDULE TJC-RD 2
RECOMMENDED RATES

LINE NO.	DESCRIPTION	PRESENT RATES	COMPANY PROPOSED	RUCO PROPOSED
1	**RECOMMENDED MONTHLY MINIMUM USAGE CHARGE:**			
2				
3	(RESIDENTIAL RE-ESTABLISHMENT CUSTOMERS)			
4	All Re-Establishment	$21.75	$62.65	$48.93
5	3/4 - INCH	0.00	0.00	0.00
6	1 - INCH	0.00	0.00	0.00
7	1 1/2 - INCH	0.00	0.00	0.00
8	2 - INCH	0.00	0.00	0.00
9	3 - INCH	0.00	0.00	0.00
10	4 - INCH	0.00	0.00	0.00
11	6 - INCH	0.00	0.00	0.00
12	8 - INCH	0.00	0.00	0.00
13	10 - INCH	0.00	0.00	0.00
14				
15	**GALLONS INCLUDED IN MONTHLY MINIMUM USAGE CHARGE:**			
16				
17	RESIDENTIAL RE-ESTABLISHMENT CUSTOMERS	0	0	0
18				
19	**RECOMMENDED COMMODITY RATES BY METER SIZE**			
20				
21	All Re-Establishment			
22	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
23	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
24	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
25				
26	3/4 - INCH			
27	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
28	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
29	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
30				
31	1 - INCH			
32	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
33	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
34	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
35				
36	1 1/2 - INCH			
37	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
38	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
39	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
40				
41	2 - INCH			
42	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
43	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
44	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
45				
46	3 - INCH			
47	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
48	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
49	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
50				
51	4 - INCH			
52	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
53	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
54	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
55				
56	6 - INCH			
57	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
58	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
59	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
60				
61	8 - INCH			
62	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
63	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
64	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
65				
66	10 - INCH			
67	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
68	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
69	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO SURREBUTTAL RATE DESIGN / RESIDENTIAL RE-ESTAI

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 3

TEST YEAR ENDED DECEMBER 31, 2011
MONTHLY MINIMUM CHARGES

LINE NO.	METER SIZE	(A) COMPANY PRESENT RATES	(B) COMPANY PROPOSED RATES	(C) COMPANY DOLLAR INCREASE	(D) COMPANY PERCENT. INCREASE	(E) RUCO RECOMMENDED RATES	(F) RUCO DOLLAR INCREASE	(G) RUCO PERCENT. INCREASE
1	All Re-Establishment	$ 21.75	$ 62.65	$ 40.90	188.05%	$ 48.93	$ 27.18	124.97%

REFERENCES
COLUMN (A) THRU COLUMN (D): COMPANY SCHEDULE H-3, PAGE 1
COLUMN (E): TESTIMONY TJC
COLUMN (F): COLUMN (E) - COLUMN (A)
COLUMN (G): COLUMN (F) ÷ COLUMN (A)

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO SURREBUTTAL RATE DESIGN / RESIDENTIAL RE-ESTABLISHMEN DOCKET NO. WS-03478A-12-0307
TEST YEAR ENDED DECEMBER 31, 2011 SCHEDULE TJC-RD 4
BILLING ANALYSIS

RUCO RECOMMENDED RATES

LINE NO.	CONSUMPTION IN GALLONS	(A) 5/8 - INCH	(B) 3/4 - INCH	(C) 1 - INCH	(D) 1.5 - INCH	(E) 2 - INCH	(F) 3 - INCH	(G) 4 - INCH	(H) 6 - INCH	(G) 8 - INCH	(H) 10 - INCH
1	0	$48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2	1,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3	2,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
4	3,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
5	4,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6	5,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
7	6,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
8	7,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
9	8,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
10	9,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
11	10,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
12	15,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
13	20,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
14	25,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
15	50,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
16	75,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
17	100,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
18	125,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
19	150,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
20	175,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
21	200,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
22	250,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
23	500,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
24	1,000,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
25	2,000,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
26	3,000,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
27	4,000,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
28	5,000,000	48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
29											
30											
31	AVG. NO. OF CUST:	545	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
32											
33	AVG. USE (GAL.):	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
34	MONTHLY BILL:	$48.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
35											
36	MEDIAN USE (GAL.) :	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
37	MONTHLY BILL:	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO SURREBUTTAL RATE DESIGN / RESIDENTIAL RE-ESTABLISH DOCKET NO. WS-03478A-12-0307
TEST YEAR ENDED DECEMBER 31, 2011 SCHEDULE TJC-RD 5
BILLING ANALYSIS

RUCO RECOMMENDED CHANGES EXPRESSED AS A PERCENTAGE

LINE NO.	CONSUMPTION IN GALLONS	(A) 5/8 - INCH	(B) 3/4 - INCH	(C) 1 - INCH	(D) 1.5 - INCH	(E) 2 - INCH	(F) 3 - INCH	(G) 4 - INCH	(H) 6 - INCH	(G) 8 - INCH	(H) 10 - INCH
1	0	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2	1,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3	2,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
4	3,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
5	4,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6	5,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
7	6,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
8	7,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
9	8,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
10	9,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
11	10,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
12	15,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
13	20,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
14	25,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
15	50,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
16	75,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
17	100,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
18	125,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
19	150,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
20	175,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
21	200,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
22	250,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
23	500,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
24	1,000,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
25	2,000,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
26	3,000,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
27	4,000,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
28	5,000,000	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
29											
30											
31	AVG. NO. OF CUST:	545	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
32											
33	AVG. USE (GAL.):	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
34	MONTHLY BILL:	125.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
35											
36	MEDIAN USE (GAL.) :	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
37	MONTHLY BILL:	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

FAR WEST SEWER DIVISION

METERED EFFLUENT RE-USE RATE DESIGN

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO SURREBUTTAL RATE DESIGN / METERED REUSE REVENUES
TEST YEAR ENDED DECEMBER 31, 2011
SUMMARY OF PRESENT, COMPANY PROPOSED & RUCO RECOMMENDED RATES

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 1

RATE SUMMARY

Present Rates

A	B	C	D	E	F	G	H	I	J	K	L	M
Meter Size	Number of Bills	Total Gallons Consumed (Midrange)	Minimum Gallons	Monthly Minimum Charge	Metered Minimum Revenue B X E	Tier One Gallons Subject to Comodity Charge (Midrange)	Tier One Commodity Revenue per 1,000 Gal.	Tier Two Gallons Subject to Comodity Charge (Midrange)	Tier Two Commodity Revenue per 1,000 Gal.	Tier Three Gallons Subject to Comodity Charge (Midrange)	Tier Three Commodity Revenue per 1,000 Gal.	Total Metered Revenue F + H + J + L
All Metered Re-Use	24	1,449,348,912	0	$0.00	$0	131,758,992	$131,759	0	$0	0	$0	$131,759
3/4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 1/2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
3 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
10 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
	24	1,449,348,912	0		$0	131,758,992	$131,759	0	$0	0	$0	$131,759

Company Proposed Rates

A	B	C	D	E	F	G	H	I	J	K	L	M
Meter Size	Number of Bills	Total Gallons Consumed (Midrange)	Minimum Gallons	Monthly Minimum Charge	Metered Minimum Revenue B X E	Tier One Gallons Subject to Comodity Charge (Midrange)	Tier One Commodity Revenue per 1,000 Gal.	Tier Two Gallons Subject to Comodity Charge (Midrange)	Tier Two Commodity Revenue per 1,000 Gal.	Tier Three Gallons Subject to Comodity Charge (Midrange)	Tier Three Commodity Revenue per 1,000 Gal.	Total Metered Revenue F + H + J + L
All Metered Re-Use	24	1,449,348,912	0	$0.00	$0	131,758,992	$131,759	0	$0	0	$0	$131,759
3/4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 1/2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
3 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
10 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
	24	1,449,348,912	0		$0	131,758,992	$131,759	0	$0	0	$0	$131,759

RUCO Recommended Rates

A	B	C	D	E	F	G	H	I	J	K	L	M
Meter Size	Number of Bills	Total Gallons Consumed (Midrange)	Minimum Gallons	Monthly Minimum Charge	Metered Minimum Revenue B X E	Tier One Gallons Subject to Comodity Charge (Midrange)	Tier One Commodity Revenue per 1,000 Gal.	Tier Two Gallons Subject to Comodity Charge (Midrange)	Tier Two Commodity Revenue per 1,000 Gal.	Tier Three Gallons Subject to Comodity Charge (Midrange)	Tier Three Commodity Revenue per 1,000 Gal.	Total Metered Revenue F + H + J + L
All Metered Re-Use	24	1,449,348,912	0	$0.00	$0	131,758,992	$131,759	0	$0	0	$0	$131,759
3/4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 1/2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
3 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
10 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
	24	1,449,348,912	0		$0	131,758,992	$131,759	0	$0	0	$0	$131,759

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO SURREBUTTAL RATE DESIGN / METERED REUSE REVENUES
TEST YEAR ENDED DECEMBER 31, 2011
RECOMMENDED RATES

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 2

LINE NO.	DESCRIPTION	PRESENT RATES	COMPANY PROPOSED	RUCO PROPOSED
1	**RECOMMENDED MONTHLY MINIMUM USAGE CHARGE:**			
2				
3	(METERED REUSE CUSTOMERS)			
4	All Metered Reuse Customers	$0.00	$0.00	$0.00
5	3/4 - INCH	0.00	0.00	0.00
6	1 - INCH	0.00	0.00	0.00
7	1 1/2 - INCH	0.00	0.00	0.00
8	2 - INCH	0.00	0.00	0.00
9	3 - INCH	0.00	0.00	0.00
10	4 - INCH	0.00	0.00	0.00
11	6 - INCH	0.00	0.00	0.00
12	8 - INCH	0.00	0.00	0.00
13	10 - INCH	0.00	0.00	0.00
14				
15	**GALLONS INCLUDED IN MONTHLY MINIMUM USAGE CHARGE:**			
16				
17	METERED REUSE CUSTOMERS	0	0	0
18				
19	**RECOMMENDED COMMODITY RATES BY ALL METER SIZES**			
20				
21	All Metered Reuse Customers			
22	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 999,999,999,999,999,000 GALLONS:	$ 1.00	$ 1.00	$ 1.00
23	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 999,999,999,999,999,000 TO 0 GALLONS:	$ -	$ -	$ -
24	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO SURREBUTTAL RATE DESIGN / METERED REUSE REVE
TEST YEAR ENDED DECEMBER 31, 2011
MONTHLY MINIMUM CHARGES

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 3

LINE NO.	METER SIZE	(A) COMPANY PRESENT RATES	(B) COMPANY PROPOSED RATES	(C) COMPANY DOLLAR INCREASE	(D) COMPANY PERCENT. INCREASE	(E) RUCO RECOMMENDED RATES	(F) RUCO DOLLAR INCREASE	(G) RUCO PERCENT. INCREASE
1	All Metered Reuse Customers	$ -	$ -	$ -	N/A	$ -	$ -	N/A
2	GALLONS INCLUDED IN MONHTLY MINIMUM CHARGE	0	0			0		

REFERENCES
COLUMN (A) THRU COLUMN (D): COMPANY SCHEDULE H-3, PAGE 1 OF 3
COLUMN (E): TESTIMONY TJC
COLUMN (F): COLUMN (E) - COLUMN (A)
COLUMN (G): COLUMN (F) ÷ COLUMN (A)

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO SURREBUTTAL RATE DESIGN / METERED REUSE REVENUES
TEST YEAR ENDED DECEMBER 31, 2011
BILLING ANALYSIS

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 4

RUCO RECOMMENDED RATES

LINE NO.	CONSUMPTION IN GALLONS	(A) All Meters	(B) 3/4 - INCH	(C) 1 - INCH	(D) 1.5 - INCH	(E) 2 - INCH	(F) 3 - INCH	(G) 4 - INCH	(H) 6 - INCH	(G) 8 - INCH	(H) 10 - INCH
1	0	$0.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2	1,000	1.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3	2,000	2.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
4	3,000	3.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
5	4,000	4.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6	5,000	5.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
7	6,000	6.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
8	7,000	7.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
9	8,000	8.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
10	9,000	9.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
11	10,000	10.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
12	15,000	15.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
13	20,000	20.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
14	25,000	25.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
15	50,000	50.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
16	75,000	75.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
17	100,000	100.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
18	125,000	125.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
19	150,000	150.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
20	175,000	175.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
21	200,000	200.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
22	250,000	250.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
23	500,000	500.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
24	1,000,000	1,000.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
25	2,000,000	2,000.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
26	3,000,000	3,000.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
27	4,000,000	4,000.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
28	5,000,000	5,000.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
29											
30											
31	AVG. NO. OF CUST:	2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
32											
33	AVG. USE (GAL.):	5,489,958	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
34	MONTHLY BILL:	$5,489.96	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
35											
36	MEDIAN USE (GAL.) :	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
37	MONTHLY BILL:	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO SURREBUTTAL RATE DESIGN / METERED REUSE REVENUES
TEST YEAR ENDED DECEMBER 31, 2011
BILLING ANALYSIS

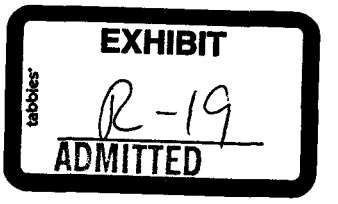
DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 5

RUCO RECOMMENDED CHANGES EXPRESSED AS A PERCENTAGE

LINE NO.	CONSUMPTION IN GALLONS	(A) All Meters	(B) 3/4 - INCH	(C) 1 - INCH	(D) 1.5 - INCH	(E) 2 - INCH	(F) 3 - INCH	(G) 4 - INCH	(H) 6 - INCH	(G) 8 - INCH	(H) 10 - INCH
1	0	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2	1,000	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3	2,000	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
4	3,000	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
5	4,000	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6	5,000	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
7	6,000	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
8	7,000	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
9	8,000	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
10	9,000	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
11	10,000	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
12	15,000	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
13	20,000	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
14	25,000	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
15	50,000	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
16	75,000	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
17	100,000	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
18	125,000	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
19	150,000	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
20	175,000	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
21	200,000	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
22	250,000	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
23	500,000	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
24	1,000,000	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
25	2,000,000	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
26	3,000,000	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
27	4,000,000	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
28	5,000,000	0.0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
29											
30											
31	AVG. NO. OF CUST:	2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
32											
33	AVG. USE (GAL.):	5,489,958	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
34	MONTHLY BILL:	$5,489.96	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
35											
36	MEDIAN USE (GAL.) :	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
37	MONTHLY BILL:	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

FAR WEST WATER & SEWER, INC.

DOCKET NO. WS-03478A-12-0307



DIRECT TESTIMONY

OF

TIMOTHY J. COLEY

ON BEHALF OF

THE

RESIDENTIAL UTILITY CONSUMER OFFICE

FEBRUARY 8, 2013

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EXECUTIVE SUMMARY

Far West Water & Sewer, Inc. ("Far West" or "Company") is a Class A public service Water and Sewer Corporation organized as a C corporation under Title 8 and Chapter 1 of the Internal Revenue Code. The Company serves approximately 15,500 water customers and 7,824 wastewater customers in portions of Yuma County, Arizona.

Far West filed a general rate Application for the Company's Sewer Division with the Arizona Corporation Commission ("ACC" or "Commission") on July 6, 2012 using a test year that ended on December 31, 2011("Test Year").

For Far West Sewer Division, the Company is requesting a gross revenue increase of $3,866,046 or a 173.52 percent increase over Test Year adjusted revenue of $2,227,982.

RUCO is recommending a $2,658,963 or 119.34 percent increase over the Sewer Division's Test Year adjusted revenue of $2,227,982.

The Company is seeking a 7.409 percent rate of return on a $22,800,578 Sewer Division fair value rate base for an operating income of $1,689,390. RUCO recommends a 7.30 percent rate of return on a $16,399,350 fair value rate base for an operating income of $1,197,153.

RUCO's adjusted Test Year rate base and operating income recommendations for Far West's Sewer Division reflects four rate base adjustments totaling $6,401,228 that reduced the Company-proposed rate base from $22,800,578 to $16,399,350; and eight adjusted Test Year operating income adjustments totaling $783,648 that increased the Company's Test Year adjusted operating income from a negative $1,187,812 to a negative $404,164.

RUCO's recommended operating income is comprised of four adjustments to flat rate revenue, bad debt expense, property tax expense, and income tax expense totaling $1,601,317 that increased RUCO's recommended operating income from an adjusted Test Year amount of a negative $404,164 to a positive $1,197,153.

RUCO consultants Thomas H. Fish, Ph.D and Royce A. Duffet P.E., of Ariadair Economics Group will provide direct testimony on Far West's Sewer rate Application regarding excess capacity.

RUCO's Chief of Accounting and Rates, William A. Rigsby, will provide direct testimony on RUCO's recommended cost of capital.

INTRODUCTION

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

A. My Name is Timothy J. Coley. I am a Public Utilities Analyst V employed by the Residential Utility Consumer Office ("RUCO") located at 1110 W. Washington, Suite 220, Phoenix, Arizona 85007.

Q. Please state your educational background and qualifications in the utility regulation field.

A. Appendix 1, which is attached to this testimony, describes my educational background and includes a list of the rate cases and regulatory matters in which I have participated.

Q. Please state the purpose of your testimony.

A. The purpose of my testimony is to present RUCO's recommendations regarding Far West Water & Sewer, Inc. ("Far West" or "Company") Sewer Division's rate Application for a determination of the current fair value of its utility plant and property and for a permanent increase in its rates and charges based thereon for utility service. The Test Year utilized by the Company in connection with the preparation of this Application is the 12-month period that ended December 31, 2011 ("Test Year").

BACKGROUND

Q. Please describe your work effort on this project.

A. I reviewed prior Commission decisions on Far West, obtained and reviewed data responses and performed analytical procedures on the Company's standard filing schedules in order to understand the Company's Application as it relates to rate base, operating income, and required revenue. My recommendations are based on these analyses. Procedures performed included the in-house formulation and analysis of five sets of data requests. I also reviewed and analyzed the Company's responses to Commission Staff's data requests, and coordinated my work with RUCO's consultants at Ariadair Economics Group.

RUCO's participation in this proceeding is the cumulative effort of four RUCO witnesses; myself (Timothy J. Coley), William A. Rigsby, and Thomas H. Fish, Ph.D. and Royce A. Duffet P.E. of Ariadair Economics Group. I was responsible for the working capital component of rate base and all operating income components that determine RUCO's required revenue recommendations. RUCO's Chief of Accounting and Rates, Mr. Rigsby, will present separate testimony on RUCO's cost of capital recommendation. Dr. Fish and Mr. Duffet will also provide separate testimony on RUCO's recommended excess capacity adjustments pertaining to plant, accumulated depreciation, advances in aid of

construction ("AIAC"), net contributions in aid of construction ("CIAC"), and depreciation expense on a going forward basis.

Q. Will RUCO sponsor its rate design testimony in this proceeding?

A. Yes. RUCO's rate design testimony will be filed under separate cover on February 19, 2013.

Q. Please identify the schedules and exhibits that you are sponsoring.

A. I am sponsoring required revenue schedules numbered TJC-1 through TJC-16.

SUMMARY OF REVENUE REQUIREMENT

Q. Please summarize RUCO's overall revenue requirement recommendations.

A. As can be seen on my Schedule TJC-1, a comparison between the Company's and RUCO's recommended rate bases, operating income levels, and revenue increases are presented, respectively, below:

Far West Rate Base	RUCO Rate Base	Far West Operating Income	RUCO Operating Income
$ 22,800,578	$ 16,399,350	$ 1,689,390	$ 1,197,153

Far West Revenue $'s Increase	RUCO Revenue $'s Increase	Far West Revenue % Increase	RUCO Revenue % Increase
$ 3,866,046	$ 2,658,963	173.52%	119.34%

SUMMARY OF RATE BASE ADJUSTMENTS

Q. Please summarize RUCO's recommended rate base adjustments.

A. RUCO's testimony addresses the following rate base adjustments:

Rate Base Adjustment #1(a) – Excess Plant Capacity

This adjustment quantifies RUCO's consultants' excess plant capacity determination. The adjustment reduces gross depreciable plant requested by the Company in this proceeding by $10,936,720 or 30.1 percent. The rationale for the adjustment is fully explained in the testimonies of Dr. Fish and Mr. Duffet.

Rate Base Adjustment #1(b) – Remove Accumulated Depreciation Related to Excess Plant Capacity

This is a corresponding adjustment to the excess plant capacity in adjustment 1(a) above and removes the same 30.1 percent of accumulated depreciation related to excess plant capacity. The adjustment reduces accumulated depreciation by $1,488,666. The rationale for the adjustment is also fully explained in the testimonies of Dr. Fish and Mr. Duffet.

Rate Base Adjustment #1(c) – Remove AIAC and Net CIAC Related to Excess Plant Capacity

This is a corresponding adjustment to the excess plant capacity in adjustment 1(a) earlier and removes the same 30.1 percent of AIAC, CIAC, and amortization of CIAC related to excess plant capacity. The adjustment reduces the AIAC balance as filed by the Company in the amount of $3,255,306. The adjustment also reduces the CIAC balance as filed by the Company in the amount of $519,783 and reduces the amortization balance of CIAC by $273,736. The rationale for the adjustment is also explained in the testimonies of Dr. Fish and Mr. Duffet.

Rate Base Adjustment #2 – Intentionally Left Blank

Rate Base Adjustment #3 – Intentionally Left Blank

Rate Base Adjustment #4 – Working Capital

This adjustment reduces the cash working capital component of working capital in the amount of $454,526 primarily by excluding all non-cash expense items, including all cash expense items, and adjusting the revenue lag days in the lead/lag study as provided in the Company's rate Application.

SUMMARY OF OPERATING INCOME ADJUSTMENTS

Q. Please summarize RUCO's recommended operating income adjustments.

A. RUCO's testimony addresses the following operating income adjustments:

Operating Income Adjustment #1 – Depreciation Expense

This adjustment is a companion adjustment to RUCO's rate base adjustments 1(a), 1(b), and 1(c) described earlier. The adjustment removes the same 30.1 percent of depreciable account balances related to the excess plant capacity adjustment and depreciates those plant balances at the Company's proposed depreciation rates. The adjustment reduces the Company's requested depreciation expense of $1,497,193 by $451,872 to $1,045,320 on an annual going forward basis.

Operating Income Adjustment #2 – Property Tax Expense

RUCO did not make a recommended adjusted test year property tax expense adjustment. However, RUCO does recommend a going forward adjustment to increase property tax expense by $36,715, which is $16,667 less than the Company's proposed increase of $53,382. This adjustment calculates property tax expense based on a modified Arizona Department of Revenue ("ADOR") formula that has been adopted by the Commission in a number of prior rate cases. The reason for this

adjustment is entirely due to the different proposed levels of the required increase to the gross revenue requirement between RUCO and the Company.

Operating Income Adjustment #3 – 3-Year Normalization of Repairs and Maintenance Expense

This adjustment normalizes the repairs and maintenance expense over a 3-year period for a more normal expense level on a going forward basis. The adjustment reduces the expense by $47,095.

Operating Income Adjustment #4 – Salaries & Wage Expense – Officers and Directors

This adjustment, which is related to one of the two officers and directors of the Company, decreases the salaries and wages expense account by $54,800. An accompanying adjustment is required to reduce the payroll tax expense in the amount of $4,192.

Operating Income Adjustment #5 – Salaries & Wage Expense

This adjustment reflects the difference between the amount of salaries and wage expense shown on the Company's payroll allocation to NARUC Account 601 and the general ledger amount, as shown in response to Staff DR JA – 3.34. The adjustment decreases the Company-proposed level of salary and wage expense by $1,362.

Operating Income Adjustment #6 – Merit Pay Expense

This adjustment allocates 50 percent of the merit pay expense to the shareholders to be shared 50/50 between ratepayers and shareholders. The adjustment decreases the Company's adjusted Test Year expense by $6,620. An accompanying adjustment is also required to reduce the payroll tax expense in the amount of $506.

Operating Income Adjustment #7 – 3-Year Normalization of Bad Debt Expense

This adjustment recognizes the fact that the Company's Test Year expense for bad debt reflects two years of the expense. To smooth the level of the expense out, it is necessary to normalize the expense over a three year period. The adjustment decreases the Company's adjusted Test Year expense as filed by $20,450.

Operating Income Adjustment #8 – Intentionally Left Blank

Operating Income Adjustment #9 – Intentionally Left Blank

Operating Income Adjustment #10 – Intentionally Left Blank

Operating Income Adjustment #11 – Income Tax Expense

This adjustment reflects RUCO's level of income taxes on its recommended adjusted Test Year operating income before income taxes. The adjustment reduces the expense by $196,750 from a negative $676,904 to a negative $873,655.

RATE BASE ADJUSTMENTS

Q. Please address and explain the rate base adjustments made by RUCO in this proceeding.

A. RUCO made four adjustments to the Company-proposed level of rate base, which are explained on the succeeding pages and in the testimonies of Dr. Fish and Mr. Duffet.

Rate Base Adjustment #1(a) – Excess Plant Capacity

Q. Please explain RUCO's excess plant capacity adjustment.

A. Dr. Fish and Mr. Duffet explain the methodologies utilized in determining the excess capacity adjustment in their respective testimonies. I have included Schedule TJC-4(a) in my revenue requirement schedules that reflect the results of their excess capacity analysis and findings.

...

Q. What does your Schedule TJC-4(a) reflect regarding Dr. Fish and Mr. Duffet's recommendations regarding excess plant capacity?

A. Dr. Fish and Mr. Duffet's review and evaluation determined that 30.1 percent of the investment in wastewater treatment should be considered excess plant capacity to current Far West customers and the 30.1 percent of excess capacity balance "could be beneficial to future Far West wastewater customers." RUCO Schedule TJC-4(a) reflects that 30.1 percent should be removed from depreciable utility plant in service as an excess capacity adjustment.

Q. What adjustment does RUCO recommend to remove the excess capacity from rate base that was determined by Dr. Fish and Mr. Duffet's review and evaluation?

A. As reflected in RUCO Schedule TJC-4(a) in column [E] on line 32, RUCO's excess capacity adjustment removes 30.1 percent from the Company's depreciable plant balance of $36,334,619[1], which results in a deduction to rate base in the amount of $10,936,720. This adjustment is shown on RUCO Schedules TJC-2 and TJC-3 with the details on Schedule TJC-4(a).

[1] Far West's rate Application as filed reflects gross utility plant in service of $37,751,132 less non-depreciable franchise costs of $3,076 and land and land rights of $1,413,437 that equals $36,334,619 of depreciable plant as filed.

Rate Base Adjustment #1(b) – Remove Accumulated Depreciation Related to the Excess Plant Capacity

Q. Please explain RUCO's rate base adjustment #1(b).

A. The adjustment removes the same 30.1 percent referenced in adjustment 1(a) above from the Company's accumulated depreciation balance as filed, which was determined to be excess capacity. RUCO Schedule TJC-4(b) reflects the recommended adjustment. The adjustment reflects the findings presented by Dr. Fish and Mr. Duffet.

Q. What adjustment to accumulated depreciation is necessary to reflect the excess capacity factor of 30.1 percent?

A. The Company's rate Application as filed shows an accumulated depreciation balance of $4,945,733. The application of the 30.1 excess capacity factor produces an adjustment that decreases the accumulated depreciation balance by $1,488,666. This adjustment is shown on RUCO Schedules TJC-2 and TJC-3 with the details on Schedule TJC-4(b).

Rate Base Adjustment #1(c) – Remove AIAC and Net CIAC Related to Excess Plant Capacity

Q. Please explain RUCO's rate base adjustment #1(c).

The adjustment removes the same 30.1 percent referenced in adjustments above from the Company's AIAC, CIAC, and amortization of CIAC balances as filed by the Company, which increases rate base and

was determined to be related to the excess plant capacity. RUCO Schedule TJC-4(c) reflects the recommended adjustment. The adjustment reflects the findings presented by Dr. Fish and Mr. Duffet.

Q. What adjustment to the Company's AIAC, CIAC, and amortization of CIAC balances as filed by Far West are necessary to reflect the excess capacity factor of 30.1 percent?

A. The Company's rate Application as filed shows an AIAC balance of $10,814,970. The application of the 30.1 excess capacity factor produces an adjustment that decreases the AIAC balance by $3,255,306 to $7,559,664. This adjustment is shown on RUCO Schedules TJC-2 and TJC-3 with the details on Schedule TJC-4(c).

For the Company's CIAC and amortization of CIAC balances, Far West's CIAC and amortization of CIAC balances as filed by the Company shows balances of $1,726,854 and $909,423, respectively for a net CIAC balance of $817,431. The application of the 30.1 excess capacity factor produces an adjustment that decreases the CIAC balance by $519,783 to $7,559,664. The application of the 30.1 excess capacity factor produces an adjustment that decreases the CIAC amortization balance by $273,736 to $635,687 for a net CIAC balance of $571,384. These adjustments are shown on RUCO Schedules TJC-2 and TJC-3 with the details on Schedule TJC-4(c).

Rate Base Adjustment #2 – Intentionally Left Blank

Rate Base Adjustment #3 – Intentionally Left Blank

Rate Base Adjustment #4 – Working Capital

Q. Did the Company include and request a working capital component in rate base?

A. Yes. The Company included a working capital component in rate base that increases the rate base by $1,653,938. Far West's working capital request is comprised of four separate elements.

Q. What are the four elements that make up the Company's working capital component of rate base that increases it by $1,653,938?

A. The first element is the cash working capital. The second element is comprised of materials and supplies. The third element is for working funds and special deposits, which is primarily to satisfy the covenant required by the Industrial Development Authority bonds to maintain a particular bank balance at all times. Finally, the fourth element is for prepayments.

Q. Please explain the concept of working capital.

A. Cash working capital is often defined as the net cash outlay that a utility must furnish to provide service before payment for that service is

received from the customers.[2] A company's cash working capital requirement represents the amount of cash the company must have on hand to cover any differences in the time period between when revenues are received and expenses must be paid. However, it is common for a Class A utility company to receive payments from the customers before the Company's obligations become due to its vendors and employees in order for the company to provide water service to its customers. When a company receives payment from its customers prior to making payments for its obligations to creditors, a negative cash working capital would exist. Thus, a reduction to rate base is necessary. The most accurate way to measure the cash working capital requirement element of working capital is via a lead/lag study. The lead/lag study measures the actual lead and lag days attributable to the individual revenues and expenses.

Q. Did the Company include a lead/lag study for calculating its cash working capital element in the working capital requirements?

A. Yes.

Q. Does RUCO agree with the Company's cash working capital request for $73,359?

A. No.

[2] See *Accounting for Public Utilities* at Section 5.04.

Q. Did RUCO make any adjustments to the Company's lead/lag study?

A. Yes. However, RUCO developed and utilized its own lead/lag study in determining its required cash working capital adjustments.

Q. Does RUCO agree with the Company's revenue lag days?

A. No. The Company calculates 9 billing lag days for the meter readers to read the meter and to prepare the bill for mailing to the customer. In Far West – Sewer Division's case, there is no need for a meter read because the sewer rates are based on flat monthly charges with no need for a meter reader in the first place. RUCO eliminated the 9 additional billing lag days related to the meter reader. The Company can mail the bill on the last day of the service period. This billing practice could start to mitigate some of this Company's terrible cash flow problems. RUCO would also suggest the Company also consider a billing policy change for its future sewer division customers to prepay the monthly service charge upon establishing service. This is not an unheard billing practice in the industry.

Q. Does RUCO agree with the Company's expense lead/lag days?

A. Yes, with the exception of income taxes. The Company uses zero days for the income tax expense lead/lag days. Far West receives income tax expense in rates from ratepayers regardless of whether or not the Company pays the Internal Revenue Service on an annual basis. It

would be inherently unfair to ratepayers not to include the proper lead/lag days associated with income tax expense. By the Company's own admission, and shown on its lead/lag study schedule, the Company reflects positive income tax expense at its proposed level of increase to revenues due to this rate case. RUCO's recommended level of revenue increase also projects positive income tax expense. Therefore, the Commission should accept such a recommendation because rates are being set on a going forward basis, with positive income tax expense, and not on some historical basis, where negative income tax may have been the case at that time.

Q. What other element of expenses did RUCO adjust in its lead/lag study?

A. RUCO also made operating expense adjustments that are reflected in RUCO's recommended lead/lag expense levels on Schedules TJC-5, page 2. These expense adjustments are also shown on Schedules TJC-6, with the detail shown on Schedules TJC-7.

Q. Did RUCO make any other adjustments to elements in the lead/lag study?

A. Yes.

...

Q. Please describe the other adjustments RUCO made to the Company's lead/lag study elements.

A. RUCO removed the Company's inclusion of non-cash operating expenses such as depreciation expense and bad debt expense. The lag days for both of these non-cash expenses are zero because those accounts do not involve cash in the current year.

RUCO also included other cash expenses excluded in the Company's lead/lag study such as interest expense with the corresponding lead/lag days associated with this contractual cash expense as calculated in RUCO's work papers.

Q. What is RUCO's rationale for including the interest expense in the lead/lag study?

A. There are expressed contractual arrangements associated with Far West's debt issuances that obligate the Company to make fixed interest payments on certain dates. In this respect, interest on debt more closely resembles Far West's other cash operating expenses. Thus, the payment lead for the Company's interest expense should be separately recognized in the lead/lag calculation as the Commission has recognized in numerous cases. Typically, long-term debt interest is paid semi-annually, creating a 91.25-day expense lead. In this case, RUCO used

the actual payment dates for interest payments on Far West's debt. The lead/lag days for interest expense resulted in 89.42 days.

Q. Did the Company utilize the 89.42 lead/lag days in calculating its interest expense for cash working capital?

A. No. The Company excluded interest expense altogether in its lead/lag study, which the Commission has rejected in a number of cases.

Q. What adjustment is RUCO recommending to the Company's cash working capital requirement?

A. The Company calculated a positive $73,359 cash working capital requirement. The following adjustment is necessary when taking all of RUCO's recommendations that were mentioned earlier into consideration. RUCO's cash working capital calculation results in a negative $381,166, which results in an adjustment of ($454,526). This adjustment is shown on RUCO Schedules TJC-2 and TJC-3 with the details on Schedule TJC-5 on pages 1-2.

Q. Does RUCO recommend any adjustments to the other elements (i.e. prepayments and special deposits etc.) of working capital?

A. No.

OPERATING INCOME ADJUSTMENTS

Q. Please address and explain the operating income adjustments that RUCO is recommending in this proceeding.

A. RUCO recommends eight operating income adjustments to Far West's operating income elements as summarized earlier in this testimony. The cumulative review, analysis, and adjustments made by RUCO are explained on the succeeding pages.

Operating Income Adjustment #1 – Depreciation Expense

Q. Please explain RUCO's depreciation expense adjustment.

A. RUCO's depreciation expense adjustment is solely due to RUCO's consultants' excess capacity adjustment to plant in the amount of $10,936,720, which was discussed in RUCO's earlier rate base adjustment number 1(a). The adjustment reduces the Test Year depreciation expense by $451,872. This adjustment is shown on RUCO Schedules TJC-6 and TJC-7 with the details on Schedule TJC-8.

Operating Income Adjustment #2 – Property Tax Expense

Q. Has RUCO made an adjustment to the Company-adjusted Test Year level of property tax expense?

A. No. However, RUCO's proposed level of property tax expense differs from what the Company proposed. The reason for the difference between RUCO and Far West for proposed-level property tax expense is

solely due to the different recommended levels of gross revenue increase for this rate case.

Q. What level of proposed property tax expense does RUCO recommend compared to the Company?

A. RUCO recommends a proposed level of property tax expense in the amount of $36,715 on its required increase in gross revenue of $2,658,963 compared to the Company's proposed property tax expense of $53,382 on a requested increase in gross revenue of $3,866,046. The proposed level of property tax expense going forward is shown on RUCO Schedules TJC-6 with the details on Schedule TJC-9.

Operating Income Adjustment #3 – Repairs & Maintenance Expense

Q. Please explain RUCO's adjustment to repairs and maintenance expense.

A. Compared to the previous two year historical period, the Test Year expense for repairs and maintenance appeared abnormally high on a going forward basis considering the $25 Million of newly constructed treatment plant over the past few years. RUCO normalized the expense over a three-year period of 2009-2011 to obtain a more normalized level of expense on a going forward basis.

...

Q. What adjustment is necessary to account for RUCO's three-year normalization for the repairs and maintenance expense?

A. The adjustment to account for the three-year normalization of the expense reduces the Company's adjusted test year expense by $47,095 from $181,981 to $134,887. This adjustment is shown on RUCO Schedules TJC-6 and TJC-7 with the details on Schedule TJC-10.

Operating Income Adjustment #4 – Salaries & Wage Expense – Officers and Directors

Q. Please explain RUCO's adjustment to salaries and wage expense for officers and directors.

A. In its application the Company asserted Far West Water & Sewer paid each of its two officers/directors $68,500 each for a total of $137,000 based on full time employment. The Company allocated the salary equally between its water and sewer divisions. In discovery, in response to Staff DR GWB 6.3, the Company admitted that one of the two officers/directors of Far West estimated she "works 250 hours per year performing Far West executive duties" or stated differently 125 hours for each division. Because the Company's application was based on each officer/director working 1,040 hours for the sewer division. This seems to be exorbitant for a Company in such financial distress. The payroll register lists 1,040 hours being allocated to the sewer division for each officer and director. The 125 estimated hours devoted to the sewer

division as stated in response to Staff DR GWB 6.3 requires a fair, just, and reasonable adjustment considering the facts.

Q. What adjustment does RUCO find to be fair, just, and reasonable for both the shareholders and ratepayers in this instance?

A. Since 125 estimated hours worked for Far West Sewer represents approximately 12 percent of the 1,040 hours reflected in the payroll register, RUCO believes that a 20 percent allowance of the allocated salary of $68,500 is a fair, just, and reasonable adjustment. The adjustment removes $54,800 from the test year expense.

An accompanying adjustment to payroll tax expense is necessary to complete this adjustment. RUCO removed $4,192 from the taxes other than income expense account to complete the adjustment. This adjustment is shown on RUCO Schedules TJC-6 and TJC-7 with the details on Schedule TJC-11.

<u>Operating Income Adjustment #5 – Salaries & Wage Expense</u>

Q. Please explain RUCO's second adjustment to salaries and wage expense.

A. During the discovery phase in this case, the Company responded to Staff DR JA 3.34 and provided a payroll register showing the total salaries and wage expense for the test year being $1,362 less than what was shown

in the general ledger and as filed in the rate Application. RUCO's adjustment simply removes the $1,362 of what appears to be an overstatement for salaries and wage expense as filed. This adjustment is shown on RUCO Schedules TJC-6 and TJC-7 with the details on Schedule TJC-12.

Operating Income Adjustment #6 – Salary & Wage Exp. – Merit Pay

Q. Please explain RUCO's third adjustment to salaries and wage expense.

A. During the discovery phase in this case, the Company responded to Staff DR JA 3.35 and provided a payroll type schedule showing total salaries and wage expense increased 44.7 percent from 2010 to 2011. Some of the 44.7 percent increase was due to merit increases for eight employees in 2010 and five employees in 2011. If any of those employees were still with the Company at the end of the Test Year but were not promoted to a higher paying position, RUCO removed 50 percent of the merit pay increases and shifted that cost to the shareholders in order to not be entirely borne by the ratepayers. This adjustment provides a fair and reasonable balancing of the interests between the ratepayers and shareholders.

...

Q. Please explain why a 50 percent allocation to shareholders is appropriate in this case for a merit compensation program.

A. Generally, achievement/incentive/merit pay programs can provide benefits to both shareholders and ratepayers. The shareholders stand to gain from potential cost savings while the ratepayers may benefit through superior customer service for example. The adjustment essentially provides an equal sharing of such costs and the potential benefits that may be derived from the program(s). This provides an appropriate balance between the shareholders and ratepayers for the benefits achieved. The shareholders stand to benefit as much as the ratepayer does. Therefore, an equal sharing of the costs is appropriate. There is no certainty that the same level of costs will reoccur on a going forward basis as the new rates will have some of the burden placed equally on both the shareholders and ratepayers.

Q. Has the Commission in the past ordered an equal sharing between the shareholders and ratepayers of such costs?

A. Yes. In numerous Commission decisions,[3] the Commission has ordered a 50/50 sharing of incentive pay programs and provides for a fair and reasonable balancing of the interests between the ratepayers and shareholders.

[3] See Decision No. 70011 at 27, Decision No. 70360 at 21, Decision No. 68487 at 18, Decision No. 70665 at 16, and Decision No. 71623 at 31.

Q. What adjustments is RUCO recommending in order to share these costs in a manner that balances the interests between ratepayers and shareholders?

A. RUCO recommends allocating 50 percent of the merit pay costs to the shareholders. RUCO recommends the removal of $6,620 of 2010 and 2011 Test Year merit pay increases.

An accompanying adjustment for the payroll tax expense is necessary to complete this adjustment. RUCO recommends the removal of $506 from the taxes other than income account. These adjustments are shown on RUCO Schedules TJC-6 and TJC-7 with the details on Schedule TJC-13.

Operating Income Adjustment #7 – Bad Debt Expense

Q. Please explain RUCO's adjustment to bad debt expense.

A. The Company lists bad debt expense of $33,490 for the 2011 Test Year. In response to Staff DR GWB 5.8, the Company admitted that the bad debt expense booked for 2011 was a combination of bad debt expense from both 2010 and 2011 or two-years of bad debt expense. The Company explains that they were implementing new software in 2010 and did not compile bad debt expense. In response to the same data request, the Company also admitted bad debt expense for 2009 was $5,630. RUCO normalized the expense for 2009-2011 and determined

that the normalized bad debt expense is $13,039.88. Accordingly, RUCO made a downward adjustment to address this issue.

Q. What downward adjustment is necessary to recognize the Test Year bad debt expense included two-years of the expense and to normalize the expense over a three-year period of 2009 through 2011?

A. It was necessary to reduce the test year bad debt expense as filed by Far West by $20,450 to recognize the Test Year bad debt expense included two-years of the expense and to normalize the expense over a three-year period of 2009 through 2011. This adjustment is shown on RUCO Schedules TJC-6 and TJC-7 with the details on Schedule TJC-14

Operating Income Adjustment #8 – Intentionally Left Blank

Operating Income Adjustment #9 – Intentionally Left Blank

Operating Income Adjustment #10 – Intentionally Left Blank

Operating Income Adjustment #11 – Income Tax Expense

Q. Have you calculated income tax expense based on both RUCO's recommended adjusted Test Year operating income and on the operating income that includes RUCO's recommended revenue increase on a going forward basis?

A. Yes. These adjustments for RUCO's adjusted operating income and the recommended operating income that includes RUCO's recommended revenue increase are shown on Schedules TJC-6 with the details shown on TJC-1 on page 2.

Q. Have you included an interest synchronization calculation in your computation of income tax expense?

A. Yes. The interest synchronization calculation, which computes an interest expense deduction for income tax expense, can be viewed in the same schedules noted above. The interest synchronization calculation is the adjusted rate base multiplied by the weighted cost of debt. The income tax gross up revenue conversion factor includes an element for the increase in property taxes due to RUCO's recommended level of increased revenues. The synchronized interest calculation is shown on TJC-1 on page 2.

OTHER ISSUES

Q. Please summarize any other issues RUCO has pertaining to the Company's Application.

A. It is worth noting that Far West's response to Staff DR GWB 5.8 pertaining to the bad debt expense will change the uncollectible factor in the gross revenue conversion calculation. This should be revised in its rebuttal filing to .58 percent rather than 1.1519 percent.

RUCO reserves the right to modify its position for any reason, including the production of any additional evidence, which would warrant RUCO's reconsideration of its current position.

Q. Does your silence on any of the issues, matters or findings addressed in the testimony of any of the witnesses for Far West constitute your acceptance of their positions on such issues, matters, or findings?

A. No, it does not.

Q. Does this conclude your direct testimony on Far West Water & Sewer, Inc.?

A. Yes, it does.

APPENDIX 1

Qualifications of Timothy J. Coley

WORK HISTORY

July 2000 – Present: **RESIDENTIAL UTILITY CONSUMER OFFICE,** Phoenix, Arizona
Public Utilities Analyst V. The Residential Utility Consumer Office (RUCO) is a consumer advocate group providing residential consumers a voice in utility regulation and backed by a professional staff with legal and financial expertise. Responsibilities include: audited, reviewed and analyzed public utility companies various filings; prepared written testimony, schedules, financial statements, and spreadsheet models and analyses. Testified and stand cross-examination before the Arizona Corporation Commission.

January 2000 - April 2000: **JACKSON HEWITT TAX SERVICE,** Phoenix, Arizona
Tax Preparer. Interviewed clients, determined tax situation, and explained how the tax laws benefited them in their specific situation. Ensured that each customer received every deduction that they were entitled. Prepared individual and business income tax returns, which best utilized each specific situation that minimized their tax obligations.

May 1998 - November 1999: **BENEFITS CONSULTING,** Cypress, Texas
Consultant Assistant. The consulting firm specialized in alleged medical claim charges brought against the government of Harris County in Houston, Texas. Assisted in the review, examination, and analysis of the attested charges. Determined if the purported medical claim charges were prudent, customary, and reasonable for the alleged sustained injuries. The firm analyzed cases for both the County's Risk Department and Attorneys Office.

January 1992 - April 1998: **PHOENIX SERVICES,** Villa Rica, Georgia
Owner. Provided landscaping services primarily in a high growth gated community where the Property Owners' Association approved mandated ordinances to be strictly adhered and abided by. Coordinated and supervised all aspects of projects from inception to completion, from master planning to site design to installation.

May 1989 - October 1991: **GEORGIA PUBLIC SERVICE COMMISSION,** Atlanta, GA
Senior Auditor. The Public Service Commission (PSC) was responsible for regulating many intrastate telecommunications, electric, and gas utility industries operating in Georgia. It was the PSC's job to ensure that consumers received adequate and reliable service at reasonable rates. It must also assure the utility companies and investors an opportunity to earn a fair rate of return on prudent investments. The Commission participated significantly in Georgia's economic health and growth. I was promoted to the PSC's Electric/Gas Division where I examined, verified, and analyzed various financial documents, accounting records, reports, ledgers, and statements. In addition, I was assigned to automate the PSC's Electric Division where I utilized a computer application process that I had developed earlier while with the (PSC) Telecommunication Division. I was later ascribed to work in conjunction with the Engineering Department and established a procedure to track and compare costs of operation and maintenance (O&M) expenses of nuclear electric generating plants. This effort determined a comparative price per kilowatt-hour produced that influenced the awareness for the company to control the O&M costs, which benefited the consumer through lower prices.

- Developed computer application system that streamlined audit procedures by 30 – 40%.
- Various other schedules were implemented to track, maintain, and control costs.

GEORGIA PUBLIC SERVICE COMMISSION (continued)

November 1986 - April 1989: **Georgia Public Service Commission,** Atlanta, Georgia
Auditor. Regulated telecommunications and also oversaw the deregulation process that was currently under way in that industry. Examined and analyzed accounting records to determine financial status of companies and prepared financial reports concerning audit findings. Reviewed data including payroll, time sheets, purchase vouchers, cash receipt ledgers, financial reports, and disbursements. Verified statewide telephone company transaction classifications and documentation.

- Developed computer application utilizing Lotus to completely automate and streamline the entire telecommunication audit process. The results saved 25% in field audit time and produced a product of professional appearance.
- Created, coordinated, and implemented "Operational Project Training" automated procedure-training program. Trained and supervised staff of five auditors.
- Computerized "Desk Audit Analysis" program that identified 11 independent telephone companies in the state of over-earning and resulted in $4.1M annual savings to the Georgia ratepayers affected.

October 1985 - October 1986: **Georgia Public Service Commission,** Atlanta, Georgia
Junior Auditor. Assisted in planning and performing telecommunication audit engagements. Examined financial records, internal management control, correspondence, bills, and records of services delivered in order to verify or recommend compliance with company specifications contained in contracts, agreements, regulations, and/or laws.

- As a special project, I was assigned to analyze the results of a survey designed to evaluate "Interest in Organizing a Multi-State Nuclear Management Review Group" by the Director of Utilities. Wrote the draft and findings for the speech that was presented to all participatory commissions.

PROFESSIONAL MEMBERSHIPS

- Elected Member of the National Honor Society for Public Affairs and Administration.
- Active Member of Delta Sigma Pi - Professional Business Fraternity.

SPECIAL TRAINING AND CERTIFICATES

- The Graduate School of Business Administration - Michigan State University; completed the Annual Regulatory Studies Program of the National Association of Regulatory Utility Commissioners.
- Completed Graduate Exit Paper on "Deregulation of the Electric Industry".
- Attended Eastern Utility Rate School in 2000 and 2005.

EDUCATION

- Currently enrolled at Arizona State University - West in the Post Baccalaureate Graduate Certificate Program in Accountancy with two courses remaining.
- Master of Public Administration, State University of West Georgia, 1997, GPA 3.5.
- BS Business Management & Administration, Minor in Economics, Sorrel School of Business, Troy State University, 1985.
- AA Business Administration, Miles Community College, 1981.

RESUME OF PUBLIC UTILITY RATE CASES & AUDITS PARTICIPATION

Residential Utility Consumer Office For Years 2000 To Present

Arizona-American Water Company – Docket No. WS-01303A-05-0405

Arizona Public Service Co. – Docket No. E-01345A-03-0437

Tucson Electric Power Company – Docket No. E-01933A-04-0408

UniSource Merger – Docket No. E-04230A-03-0933

Arizona-American Water Company – Docket No. WS-01303A-02-0867

Arizona Water Company (Eastern Group) – Docket No. W01445A-02-0619

Litchfield Park Service Company – Docket Nos. W-01427A-01-0487 &
SW-01428A-01-0487

Arizona Water Company (Northern Group) – Docket No. W-01445A-00-0962

Rio Verde Utilities, Inc. – Docket Nos. W-02156A-00-0321 &
SW-02156A-00-0323

Arizona-American Water Company (Paradise Valley) –
Docket Nos. W-01303A-05-0405 &
W-01303A-05-0910

Arizona-American Water Company (Mohave District) –
Docket No. WS-01303A-06-0014

Arizona-American Water Company (Sun City & Sun Cit West Wastewater) –
Docket No. WS-01303A-06-0491

Arizona-American Water Company - Docket No. W-01303A-07-0209

Chaparral City Water Company – Docket No. W-02113A-07-0551

Arizona-American Water Company - Docket No. W-01303A-08-0227

Residential Utility Consumer Office For Years 2000 To Present (cont'd)

Arizona Water Company - Docket No. W-01445A-08-0440

Far West Water & Sewer Company - WS-03478A-08-0608

Rio Rico Utilities, Inc. - WS-02676A-08-09-0257

Bella Vista Water Company – Docket No. W-02465A-09-0411

Goodman Water Company – Docket No. W-02500A-10-0382

Arizona Water Company – Western Group – Docket No. W-01445A-10-0517

Pima Utility Company – Docket No. W-02199A-11-0329 et al.

Rio Rico Utilities, Inc. – WS-02676A-12-0196

Georgia Public Service Commission For Years 1985 – 1991

Atlanta Gas Light Company

Georgia Power Company

Atlanta Gas Light Company (Management Audit)

Georgia Power Company

Trenton Telephone Company

Fairmount Telephone Company

Ellijay Telephone Company

GTE, Inc.

ALL-TEL Telephone Company

Citizens Utilities Co.

Ball Ground Telephone Company

Lanett Telephone Company

Brantley Telephone Company

Blue Ridge Telephone Company

Waverly Hall Telephone Company

St. Marys Telephone Company

Darien Telephone Company

Statesboro Telephone Company

Statesboro Telephone Co-op

Wilkes Telephone Company

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TJC-4(b)	1	RATE BASE ADJUSTMENT NO. 1(b) - RUCO RECOMMENDED EXCESS CAPACITY ACCUMULATED DEPRECIATION ADJUSTMENT
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TJC-5	1 & 2	RATE BASE ADJUSTMENT NO. 4 - WORKING CAPITAL
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		OPERATING INCOME ADJUSTMENT NO. 8 - INTENTIONALLY LEFT BLANK
		OPERATING INCOME ADJUSTMENT NO. 9 - INTENTIONALLY LEFT BLANK
		OPERATING INCOME ADJUSTMENT NO. 10 - INTENTIONALLY LEFT BLANK
TJC-15	1	OPERATING INCOME ADJUSTMENT NO. 11 - INCOME TAX EXPENSE ADJUSTMENT
TJC-16	1	COST OF CAPITAL - WAR TESTIMONY

LINE NO.	DESCRIPTION	[A] COMPANY OCRB/FVRB COST	[B] RUCO OCRB/FVRB COST
1	Adjusted Original Cost/Fair Value Rate Base	$ 22,800,578	$ 16,399,350
2	Adjusted Operating Income (Loss)	$ (1,187,812)	$ (404,164)
3	Current Rate of Return (L2 / L1)	-5.21%	-2.46%
4	Required Operating Income (L5 X L1)	$ 1,689,390	$ 1,197,153
5	Required Rate of Return on Fair Value Rate Base	7.409%	7.300%
6	Operating Income Deficiency (L4 - L2)	$ 2,877,202	$ 1,601,317
7	Gross Revenue Conversion Factor (TJC-1, Page 2)	1.3437	1.6605
8	Required Increase in Gross Revenue Requirement (L7 X L6)	$ 3,866,046	$ 2,658,963
9	Adjusted Test Year Revenue	$ 2,227,982	$ 2,227,982
10	Proposed Annual Revenue (L8 + L9)	$ 6,094,028	$ 4,886,944
11	Required Percentage Increase in Revenue (L8 / L9)	173.52%	119.34%
12	Rate of Return on Common Equity	10.00%	9.25%

References:
Column [A]: Company Schedules A-1 and C-1
Column [B]: RUCO Schedule TJC-2, TJC-6, and TJC-16

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	[A]	[B]	[C]	[D]
	Calculation of Gross Revenue Conversion Factor:				
1	Revenue	100.0000%			
2	Uncollecible Factor	0.3595%			
3	Revenues (L1 - L2)	99.6405%			
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	39.4171%			
5	Subtotal (L3 - L4)	60.2234%			
6	**Revenue Conversion Factor (L1 / L5)**	1.660485			
	Calculation of Uncollecttible Factor:				
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 17)	38.5689%			
9	One Minus Combined Income Tax Rate (L7 - L8)	61.4311%			
10	Uncollectible Rate	0.00585			
11	Uncollectible Factor (L9 * L10)	0.3595%			
	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 (Col. [C], L53)	33.9677%			
16	Effective Federal Income Tax Rate (L14 x L15)	31.6009%			
17	Combined Federal and State Income Tax Rate (L13 + L16)		38.5689%		
	Calculation of Effective Property Tax Factor				
18	Unity	100.0000%			
19	Combined Federal and State Income Tax Rate (Col. [B], L17)	38.5689%			
20	One Minus Combined Income Tax Rate (L18-L19)	61.4311%			
21	Property Tax Factor (Sch. TJC-9, Col. [B], L24)	1.3808%			
22	Effective Property Tax Factor (L20 x L21)		0.8482%		
23	Combined Federal and State Income Tax and Property Tax Rate (Col. [B], L17 + L22)			39.4171%	
24	Required Operating Income (Sch. TJC-1, Col. [B] Line 4)	$ 1,197,153			
25	*Adjusted Test Year Operating Income (Loss) (Sch. TJC-1, Col. [B], L2)*	(404,164)			
26	Required Increase in Operating Income (L24 - L25)		$ 1,601,317		
27	Income Taxes on Recommended Revenue (Col. [C], L52)	$ 131,714			
28	Income Taxes on Test Year Revenue (Col. [A], L52)	(873,655)			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		1,005,369		
30	Recommended Revenue Requirement (Sch. TJC-1, Col. [B], Line 10)	$ 4,886,944			
31	Uncollectible Rate (L10)	0.5853%			
32	Uncollectible Expense on Recommended Revenue (L30 x L31)	$ 28,602			
33	Adjusted Test Year Uncollectible Expense(Sch. TJC-6, Col. [C], L32)	$ 13,040			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32 - L33)		15,562		
35	Property Tax with Recommended Revenue (Sch. TJC-9, Col. [B], L19)	$ 132,443			
36	Property Tax on Test Year Revenue (Sch. TJC-9, Col. [B], L20)	95,728			
37	Increase in Property Tax Due to Increase in Revenue (L35 - 36)		36,715		
38	Total Required Increase in Revenue (Col. [B], L26 + L29 + L34 + L37)		$ 2,658,963		

		Test Year		RUCO Recommended
	Calculation of Income Tax:			
39	Revenue (Sch. TJC-1, Col. [B], Line 9 & Sch. TJC-1, Col. [B], L10)	$ 2,227,982	$ 2,658,963	$ 4,886,944
40	Operating Expenses Excluding Income Taxes	$ 3,505,801		$ 3,558,078
41	Synchronized Interest (Col. [C], L57)	$ 985,601		$ 985,601
42	Arizona Taxable Income (L39 - L40 - L41)	$ (2,263,420)		$ 343,266
43	Arizona State Income Tax Rate	6.9680%		6.9680%
44	Arizona Income Tax (L42 x L43)	$ (157,715)		$ 23,919
45	Federal Taxable Income (L42 - L44)	$ (2,105,705)		$ 319,347
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%	$ (6,250)		$ 6,250
48	Federal Tax on Third Income Bracket ($75,001 - $100,000) @ 34%	$ (8,500)		$ 8,500
49	Federal Tax on Fourth Income Bracket ($100,001 - $335,000) @ 39%	$ (91,650)		$ 85,545
50	Federal Tax on Fifth Income Bracket ($335,001 -$10,000,000) @ 34%	$ (602,040)		$ -
51	Total Federal Income Tax	$ (715,940)		$ 107,795
52	Combined Federal and State Income Tax (L44 + L51)	$ (873,655)		$ 131,714
53	Applicable Federal Income Tax Rate [Col. [C], L46 - Col. [A], L46] / [Col. [C], L40 - Col. [A], L40]			33.9677%
54	Synchronized Interest Calculation			
55	Rate Base			$ 16,399,350
56	*x Weighted Average Cost of Debt*			6.01%
57	Synchronized Interest			$ 985,601

Far West Water & Sewer, Inc.
Docket No. WS-03478A-12-0307
Test Year Ended December 31, 2011

Wastewater Division
Direct Schedule TJC-2

RATE BASE - ORIGINAL COST

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED OCRB/FVRB	[B] RUCO OCRB/FVRB ADJUSTMENTS	[C] RUCO ADJ'TED OCRB/FVRB
1	Gross Utility Plant in Service	$ 37,751,132	$ (10,936,720)	$ 26,814,412
2				
3	**Less:**			
4	Accumulated Depreciation	(4,945,733)	1,488,666	(3,457,068)
5				
6	Net Utility Plant in Service (L1 less L4)	$ 32,805,399	$ (9,448,055)	$ 23,357,344
7				
8	Advances in Aid of Construction	(10,814,970)	3,255,306	(7,559,664)
9				
10	Contributions in Aid of Construction (CIAC)	(1,726,854)	519,783	(1,207,071)
11	Accumulated Amortization of CIAC	909,423	(273,736)	635,687
12	Net CIAC (L10 less L11)	$ (817,431)	$ 246,047	$ (571,384)
13				
14	Customer Deposits	(26,359)	-	(26,359)
15	Accumulated Deferred Income Taxes (ADIT)	-	-	-
16				
17	**Add:**			
18	Allowance for Working Capital	$ 1,653,938	$ (454,526)	$ 1,199,412
19				
20	Net Regulatory Asset / (Liability)	-	-	-
21				
22				
23	TOTAL RATE BASE (Sum L's 9, 10, 13, & 14 Thru 18)	$ 22,800,578	$ (6,401,228)	$ 16,399,350

References:
Column (A): Company Schedule B-1
Column (B): Schedule TJC-3
Column (C): Column (A) + Column (B)

Far West Water & Sewer, Inc.
Docket No. WS-03478A-12-0307
Test Year Ended December 31, 2011

Wastewater Division
Direct Schedule TJC -X

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED OCRB/FVRB	(B) ADJMT NO. 1(a) PLANT BALANCES	(C) ADJMT NO. 1(b) ACCUMULATED DEPRECIATION	(D) ADJMT NO. 1(c) EXCESS CAP. AIAC & CIAC	(E) ADJMT NO. 3 INTENTIONALLY LEFT BLANK	(F) ADJMT NO. 4 INTENTIONALLY LEFT BLANK	(G) ADJMT NO. 5 WORKING CAPITAL	(H) RUCO ADJ'TED OCRB/FVRB
1	Gross Utility Plant in Service	$ 37,751,132	$ (10,936,720)	$ -	$ -	$ -	$ -	$ -	$ 26,814,412
2									
3	**Less:**								
4	Accumulated Depreciation	(4,945,733)	-	1,488,666	-	-	-	-	(3,457,068)
5									
6	Net Utility Plant in Service (L1 less L4)	$ 32,805,399	$ (10,936,720)	$ 1,488,666	$ -	$ -	$ -	$ -	$ 23,357,344
7									
8	Advances in Aid of Construction	(10,814,970)	-	-	3,255,306	-	-	-	(7,559,664)
9				-					
10	Contributions in Aid of Construction (CIAC)	(1,726,854)	-	-	519,783	-	-	-	(1,207,071)
11	Accumulated Amortization of CIAC	909,423	-	-	(273,736)	-	-	-	635,687
12	Net CIAC (L10 less L11)	$ (817,431)	$ -	$ -	$ 246,047	$ -	$ -	$ -	$ (571,384)
13									
14	Customer Deposits	(26,359)	-	-	-	-	-	-	(26,359)
15	Accumulated Deferred Income Taxes (ADIT)	-	-	-	-	-	-	-	-
16									
17	**Add:**								
18	Allowance for Working Capital	$ 1,653,938	$ -	$ -	$ -	$ -	$ -	$ (454,526)	$ 1,199,412
19									
20	Net Regulatory Asset / (Liability)	-	-	-	-	-	-	-	-
21									
22									
23	#REF!	$ 22,800,578	$ (10,936,720)	$ 1,488,666	$ 3,501,353	$ -	$ -	$ (454,526)	$ 16,399,350

References:
Column (A): Company Schedule B-2
Column (B): Adjustment No. 1(a) - Adjust Test-Year Plant for Excess Capacity (See TJC-4(a) and T. Fish Testimony)
Column (C): Adjustment No. 1(b) - Adjust Accumulated Depreciation for Excess Capacity (See Schedule TJC-4(b) and T. Fish Testimony)
Column (D): Adjustment No. 2 - Intentionally Left Blank
Column (E): Adjustment No. 3 - Intentionally Left Blank
Column (F): Adjustment No. 4 - Intentionally Left Blank
Column (F): Adjustment No. 5 - Working Capital
Column (H): Sum Of Columns (A), (B), (C), (D), (E), (F) & (G)

RATE BASE ADJUSTMENT NO. 1(a)
RUCO RECOMMENDED USED AND USEFUL PLANT IN SERVICE

LINE NO.	NARUC ACCT NO.	DESCRIPTION	[A] Company Actual Test Year Plant Booked 12/31/2011	[B] Company Book Adjustments	[C] Company Adjusted Plant in Service As Filed	[D] RUCO Excess Capacity Percentage Adjustment	[E] RUCO Excess Capacity Adjustment	[F] RUCO Recommended Plant in Service Balances
1	351	Organization Cost	$ -	$ -	$ -	30.1%	$ -	$ -
2	352	Franchise Cost	3,076	-	3,076	30.1%	-	3,076
3	353	Land and Land Rights	1,560,847	(147,410)	1,413,437	30.1%	-	1,413,437
4	354	Structures & Improvements	2,633,622	(156,140)	2,477,482	30.1%	745,722	1,731,760
5	355	Power Generating Equipment	68,993	-	68,993	30.1%	20,767	48,226
6	360	Collection Sewers - Force	3,705,476	(201,148)	3,504,328	30.1%	1,054,803	2,449,525
7	361	Collection Sewers - Gravity	8,749,140	(21,563)	8,727,577	30.1%	2,627,001	6,100,576
8	362	Special Collecting Structures	-	-	-	30.1%	-	-
9	363	Sevices to Customers	173,621	-	173,621	30.1%	52,260	121,361
10	364	Flow Measuring Devices	32,468	-	32,468	30.1%	9,773	22,695
11	365	Flow Measuring Installations	16,683	-	16,683	30.1%	5,022	11,662
12	366	Reuse Services	-	-	-	30.1%	-	-
13	367	Reuse Meters and Meter Installations	2,310	-	2,310	30.1%	695	1,615
14	370	Receiving Wells	92,784	(18,557)	74,227	30.1%	22,342	51,885
15	371	Pumping Equipment	1,496,705	(101,067)	1,395,638	30.1%	420,087	975,551
16	374	Reuse Distribution Reserviors	-	-	-	30.1%	-	-
17	375	Reuse Transmission and Dist. Sys.	-	-	-	30.1%	-	-
18	380	Treatment and Disposal Equipment	21,650,302	(3,964,890)	17,685,412	30.1%	5,323,309	12,362,103
19	381	Plant Sewers	736,542	(112,871)	623,671	30.1%	187,725	435,946
20	382	Outfall Sewer Lines	2,256	(451)	1,805	30.1%	543	1,261
21	389	Other Plant and Misc. Equipment	418,687	(24,546)	394,141	30.1%	118,637	275,505
22	390	Office Furniture & Equipment	257,292	(2,720)	254,572	30.1%	76,626	177,946
23	390.1	Computers & Software	30,027	(18,670)	11,356	30.1%	3,418	7,938
24	391	Transportation Equipment	271,810	-	271,810	30.1%	81,815	189,995
25	392	Stores Equipment	-	-	-	30.1%	-	-
26	393	Tools, Shop & Garage Equipment	27,069	-	27,069	30.1%	8,148	18,921
27	394	Laboratory Equipment	33,710	(16,292)	17,418	30.1%	5,243	12,175
28	395	Power Operated Equipment	181,667	-	181,667	30.1%	54,682	126,985
29	396	Communications Equipment	17,191	-	17,191	30.1%	5,174	12,016
30	397	Miscellaneous Equipment	204,504	(68,153)	136,351	30.1%	41,042	95,309
31	398	Other Tangible Plant	238,828	-	238,828	30.1%	71,887	166,941
32		Totals	$ 42,605,611	$ (4,854,479)	$ 37,751,132		$ 10,936,720	$ 26,814,412
33		Company As Filed						37,751,132
34		RUCO Adjustment - Increase / (Decrease) in Plant						$ (10,936,720)

References:
Column [A]: Per Company Schedule B-2, page 2 on Line 37 - Actual End of Test Year Booked Plant Balances
Column [B]: Per Company Schedule B-2, page 2 on Line 42 - Increase / (Decrease) in Plant in Service
Column [C]: Per Company Schedule B-2, page 2 on Line 37 - Adjusted End of Test Year Plant Balances
Column [D]: Per RUCO Witness Thomas Fish Testimony
Column [E]: Column [C] X [D] with the Exception of Non-Depreciable Accounts 351, 352, and 353
Column [F]: Column [C] - [E] - RUCO Recommended Plant Balances

RATE BASE ADJUSTMENT NO. 1(b)
RUCO RECOMMENDED ACCUMULATED DEPRECIATION

LINE NO.	NARUC ACCT NO.	DESCRIPTION	[A] Company Actual Test Year Accum. Depre. 12/31/2011	[B] Company Book Adjustments	[C] Company Accumulated Depreciation As Filed	[D] RUCO Excess Capacity Percentage Adjustment	[E] RUCO Excess Capacity Adjustment	[F] RUCO Recommended Accum. Depre. Balances
1	351	Organization Cost	$ -	$ -	$ -	30.1%	$ -	$ -
2	352	Franchise Cost	-	-	-	30.1%	-	-
3	353	Land and Land Rights	-	-	-	30.1%	-	-
4	354	Structures & Improvements	138,113	(86,844)	51,270	30.1%	15,432	35,837
5	355	Power Generating Equipment	1,725	-	1,725	30.1%	519	1,206
6	360	Collection Sewers - Force	181,585	(27,458)	154,126	30.1%	46,392	107,734
7	361	Collection Sewers - Gravity	1,723,051	(10,564)	1,712,487	30.1%	515,459	1,197,028
8	362	Special Collecting Structures	-	-	-	30.1%	-	-
9	363	Sevices to Customers	8,395	(3,697)	4,698	30.1%	1,414	3,284
10	364	Flow Measuring Devices	29,877	2,591	32,468	30.1%	9,773	22,695
11	365	Flow Measuring Installations	13,766	2,918	16,683	30.1%	5,022	11,662
12	366	Reuse Services	-	-	-	30.1%	-	-
13	367	Reuse Meters and Meter Installations	96	-	96	30.1%	29	67
14	370	Receiving Wells	1,546	(309)	1,237	30.1%	372	865
15	371	Pumping Equipment	397,823	44,393	442,217	30.1%	133,107	309,109
16	374	Reuse Distribution Reserviors	-	-	-	30.1%	-	-
17	375	Reuse Transmission and Dist. Sys.	-	-	-	30.1%	-	-
18	380	Treatment and Disposal Equipment	3,825,791	(1,741,708)	2,084,083	30.1%	627,309	1,456,774
19	381	Plant Sewers	27,488	(8,302)	19,186	30.1%	5,775	13,411
20	382	Outfall Sewer Lines	38	(8)	30	30.1%	9	21
21	389	Other Plant and Misc. Equipment	45,316	(30,304)	15,012	30.1%	4,519	10,493
22	390	Office Furniture & Equipment	31,463	(4,279)	27,184	30.1%	8,182	19,001
23	390.1	Computers & Software	25,306	(21,597)	3,709	30.1%	1,117	2,593
24	391	Transportation Equipment	125,372	68,655	194,028	30.1%	58,402	135,625
25	392	Stores Equipment	-	-	-	30.1%	-	-
26	393	Tools, Shop & Garage Equipment	3,124	-	3,124	30.1%	940	2,184
27	394	Laboratory Equipment	21,263	(20,469)	793	30.1%	239	554
28	395	Power Operated Equipment	23,457	-	23,457	30.1%	7,061	16,397
29	396	Communications Equipment	1,182	-	1,182	30.1%	356	826
30	397	Miscellaneous Equipment	137,179	(87,714)	49,465	30.1%	14,889	34,576
31	398	Other Tangible Plant	107,473	-	107,473	30.1%	32,349	75,123
32		Totals	$ 6,870,429	$ (1,924,696)	$ 4,945,733		$ 1,488,666	$ 3,457,067
33		Company As Filed						4,945,733
34		RUCO Adjustment - (Increase) / Decrease in Accumulated Depreciation						$ 1,488,666

References:
Column [A]: Per Company Schedule B-2, page 3 on Line 37 - Actual End of Test Year Booked Accumulated Depreciation Balances
Column [B]: Per Company Schedule B-2, page 3 on Line 42 - Increase / (Decrease) in Accumulated Depreciation
Column [C]: Per Company Schedule B-2, page 3 on Line 37 - Adjusted End of Test Year Accumulated Depreciation Balances
Column [D]: Per RUCO Witness Thomas Fish Testimony
Column [E]: Column [C] X [D] with the Exception of Non-Depreciable Accounts 351, 352, and 353
Column [F]: Column [C] - [E] - RUCO Recommended Accumulated Depreciation Balances

RATE BASE ADJUSTMENT NO. 1(c)
REMOVE 30.1% OF AIAC AND NET CIAC FOR EXCESS CAPACITY FACTOR

Line No.	Description	Amount
1		
2	Advances in Aid of Construction (AIAC) As Filed by Company	$ (10,814,970)
3	Excess Capacity Factor	30.1%
4		
5	RUCO Adjustment	$ 3,255,306
6		
7		
8		
9	Contributions in Aid of Construction (CIAC) As Filed by Company	$ (1,726,854)
10	Excess Capacity Factor	30.1%
11		
12	RUCO Adjustment	$ 519,783
13		
14		
15	Accumulated Amortization of CIAC As Filed by Company	$ 909,423
16	Excess Capacity Factor	30.1%
17		
18	RUCO Adjustment	$ (273,736)
19		
20		
21		
22	Total RUCO Adjustment	$ 3,501,353

RATE BASE ADJUSTMENT NO. 5
ALLOWANCE FOR WORKING CAPITAL

LINE NO.	DESCRIPTION	[A] AMOUNT	REFERENCE
1	Working Cash Requirement Per Company	$ 73,359	Company Schedule B-5, PG. 1
2	Working Cash Requirement Per RUCO	(381,166)	RUCO Schedule TJC-5, Page 2
3	Adjustment	$ (454,526)	Line 2 - Line 1
4	Material and Supplies Inventories Per Company	$ 18,440	Company Schedule B-5, PG. 1
5	Material and Supplies Inventories Per RUCO	18,440	Company Schedule B-5, PG. 1
6	Adjustment	$ -	Line 5 - Line 4
7	Working Funds and Special Deposits Per Company	$ 1,548,498	Company Schedule B-5, PG. 1
8	Working Funds and Special Deposits Per RUCO	1,548,498	Company Schedule B-5, PG. 1
9	Adjustment	$ -	Line 8 - Line 7
10	Prepayments Per Company	$ 13,641	Company Schedule B-5, PG. 1
11	Prepayments Per RUCO	13,641	Company Schedule B-5, PG. 1
12	Adjustment	$ -	Line 11 - Line 10
13	TOTAL ADJUSTMENT (See TJC-2, Column [K])	$ (454,526)	Sum of Lines 3, 6, 9 & 12

CHAPARRAL CITY WATER COMPANY, INC.
TEST YEAR ENDED DECEMBER 31, 2006
RATE BASE ADJ. #16 - WORKING CAPITAL ADJUSTMENT
LEAD/LAG CALCULATION

LINE NO.	DESCRIPTION	(A) EXPENSES PER COMPANY	(B) RUCO ADJUSTMENTS	(C) RUCO ADJUSTED EXPENSES		(D) RUCO (LEAD)/LAG DAYS	(E) RUCO $ DAYS
1	Salaries and Wages	$ 939,071	$ (62,782)	876,289	*	12.00	$ 10,515,467
2	Group Insurance	27,421	-	27,421	*	(2.33)	(63,984)
3	Sludge Removal	55,247	-	55,247	*	239.85	13,251,037
4	Purchased Power	342,364	-	342,364	*	21.50	7,360,891
5	Chemicals	219,910	-	219,910	*	63.96	14,066,515
6	Repairs and Maintenance	181,981	(47,095)	134,887	*	66.63	8,987,241
7	Contractual Services	258,836	-	258,836	*	67.22	17,398,010
8	Rent - Buildings	20,669	-	20,669	*	(18.53)	(382,990)
9	Rent - Equipment	45,758	-	45,758	*	25.49	1,166,479
10	Transportation Expense	129,723	-	129,723	*	(11.76)	(1,525,984)
11	Insurance	62,877	-	62,877	*	20.66	1,299,259
12	Depreciation & Amortization	1,497,193	(1,497,193)	-	*	-	-
13	Other Operating Expenses	122,581	(91,602)	30,979	*	15.50	480,177
14	Taxes Other Than Income	76,451	(4,699)	71,752	*	15.95	1,144,309
15	Property Taxes	149,110	(16,667)	132,443	*	729.60	96,630,691
16	Federal Income Tax	164,261	(56,465)	107,795	*	37.50	4,042,323
17	State Income Tax	36,185	(12,266)	23,919	*	62.65	1,498,510
	Subtotal	4,329,638	(1,788,768)	2,540,869	*		175,867,952
18	Interest Expense	-	$ 1,418,754	1,418,754	*	89.42	126,864,455
19	Scherchert Interest Expense	-	90,179	90,179	*	8.00	721,326
18	TOTAL OPERATING EXPENSES	$ 4,329,638	$ (279,835)	$ 4,049,803	*		$ 303,453,732
19	EXPENSE LAG					74.93	
20	REVENUE LAG					40.58	
21	NET LAG					(34.35)	
22	CASH WORKING CAPITAL	$ (381,166)					

NOTE
* RUCO RECOMMENDED LEVEL OF CASH WORKING CAPITAL EXPENSES

Far West Water & Sewer, Inc.
Docket No. WS-03478A-12-0307
Test Year Ended December 31, 2011

Wastewater Division
Direct Schedule TJC-6

OPERATING INCOME SUMMARY

LINE NO.	NARUC ACCOUNT NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] RUCO TEST YEAR ADJM'TS	[C] RUCO TEST YEAR AS ADJ'TED	[D] RUCO PROP'D CHANGES	[E] RUCO AS RECOMM'D
1		**Revenues:**					
2	413	Income Utility Plant Leased to Others	$ -	$ -	$ -	$ -	$ -
3	521	Flat Rate Revenue	2,053,159	-	2,053,159	2,658,963	4,712,121
4	536	Other Sewer Revenues	43,064	-	43,064	-	43,064
5	541	Metered Reuse Revenue	131,759	-	131,759	-	131,759
6		Total Sewer Revenues	$ 2,227,982	$ -	$ 2,227,982	$ 2,658,963	$ 4,886,944
7		**Operating Expenses:**					
8	701	Salaries and Wages	$ 802,071	$ (6,620)	$ 795,451	$ -	$ 795,451
9	703	Salaries and Wages - Officers and Directors	137,000	(56,162)	80,838	-	80,838
10	704	Employee Pension and Benefits	27,421	-	27,421	-	27,421
11	710	Purchased Sewer Treatment	-	-	-	-	-
12	711	Sludge Removal Expense	55,247	-	55,247	-	55,247
13	715	Purchased Power	342,364	-	342,364	-	342,364
14	718	Chemicals	219,910	-	219,910	-	219,910
15	720	Repairs and Maintenance	181,981	(47,095)	134,887	-	134,887
16	731	Contractual Services - Engineering	-	-	-	-	-
17	732	Contractual Services - Accounting	7,230	-	7,230	-	7,230
18	733	Contractual Services - Legal	43,865	-	43,865	-	43,865
19	734	Contractual Services - Management Fees	-	-	-	-	-
20	735	Contractual Services - Testing	147,025	-	147,025	-	147,025
21	736	Contractual Services - Other	60,716	-	60,716	-	60,716
22	741	Rent - Buildings	20,669	-	20,669	-	20,669
23	742	Rent - Equipment	45,758	-	45,758	-	45,758
24	750	Transportation Expense	129,723	-	129,723	-	129,723
25	756	Insurance - Vehicle	12,610	-	12,610	-	12,610
26	757	Insurance - General Liability	33,142	-	33,142	-	33,142
27	758	Insurance - Workman's Compensation	17,125	-	17,125	-	17,125
28	759	Insurance - Other	-	-	-	-	-
29	760	Advertising Expense	476	-	476	-	476
30	766	Regulatory Commission Expense - Rate Case	75,000	-	75,000	-	75,000
31	767	Regulatory Expense - Other	-	-	-	-	-
32	770	Bad Debt Expense	33,490	(20,450)	13,040	15,562	28,602
33	775	Miscellaneous Expense	30,503	-	30,503	-	30,503
34	403	Depreciation Expense	1,497,193	(451,872)	1,045,320	-	1,045,320
35	408	Taxes Other Than Income	76,451	(4,699)	71,752	-	71,752
36	408.11	Property Taxes	95,728	0	95,728	36,715	132,443
37	409	Income Tax	(676,904)	(196,750)	(873,655)	1,005,369	131,714
38		Total Operating Expenses	$ 3,415,794	$ (783,648)	$ 2,632,146	$ 1,057,646	$ 3,689,792
39		Operating Income	$ (1,187,812)	$ 783,648	$ (404,164)	$ 1,601,317	$ 1,197,153

References:
Column [A]: Company Schedule C-1
Column [B]: TJC-7, Columns [B] Thru [L]
Column [C]: Column [A] + Column [B]
Column [D]: TJC-1, pages 1 Thru 2
Column [E]: Column [C] + Column [D]

Far West Water & Sewer, Inc.
Docket No. WS-03478A-12-0307
Test Year Ended December 31, 2011

Wastewater Division
Direct Schedule TJC-7

SUMMARY OF OPERATING INCOME ADJUSTMENTS
TEST YEAR AS FILED AND ADJUSTMENTS

LINE NO.	NARUC ACCOUNT NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] ADJMT NO. 1 DEPRECIATION EXPENSE	[C] ADJMT NO. 2 PROPERTY TAX EXPENSE	[D] ADJMT NO. 3 REPAIRS & MAINT. EXPENSE	[E] ADJMT NO. 4 SALARIES & WAGE EXPENSE	[F] ADJMT NO. 5 SALARIES & WAGE EXPENSE	[G] ADJMT NO. 6 MERIT PAY EXPENSE	[H] ADJMT NO. 7 BAD DEBT EXPENSE	[I] ADJMT NO. 8 INTENTIONALLY LEFT BLANK	[J] ADJMT NO. 9 INTENTIONALLY LEFT BLANK	[K] ADJMT NO. 10 INTENTIONALLY LEFT BLANK	[L] ADJMT NO. 11 INCOME TAXES	[M] RUCO AS ADJT'D
1		**Revenues:**													
2	413	Income Utility Plant Leased to Others	-	-	-	-	-	-	-	-	-	-	-	-	-
3	521	Flat Rate Revenue	2,053,159	-	-	-	-	-	-	-	-	-	-	-	2,053,159
4	536	Other Sewer Revenues	43,064	-	-	-	-	-	-	-	-	-	-	-	43,064
5	541	Metered Reuse Revenue	131,759	-	-	-	-	-	-	-	-	-	-	-	131,759
6		Total Sewer Revenues	2,227,982	-	-	-	-	-	-	-	-	-	-	-	2,227,982
7		**Operating Expenses:**													
8	701	Salaries and Wages	802,071	-	-	-	-	-	(6,620)	-	-	-	-	-	795,451
9	703	Salaries and Wages - Officers and Directors	137,000	-	-	-	(54,800)	(1,362)	-	-	-	-	-	-	80,838
10	704	Employee Pension and Benefits	27,421	-	-	-	-	-	-	-	-	-	-	-	27,421
11	710	Purchased Sewer Treatment	-	-	-	-	-	-	-	-	-	-	-	-	-
12	711	Sludge Removal Expense	55,247	-	-	-	-	-	-	-	-	-	-	-	55,247
13	715	Purchased Power	342,364	-	-	-	-	-	-	-	-	-	-	-	342,364
14	718	Chemicals	219,910	-	-	-	-	-	-	-	-	-	-	-	219,910
15	720	Repairs and Maintenance	181,981	-	-	(47,095)	-	-	-	-	-	-	-	-	134,887
16	731	Contractual Services - Engineering	-	-	-	-	-	-	-	-	-	-	-	-	-
17	732	Contractual Services - Accounting	7,230	-	-	-	-	-	-	-	-	-	-	-	7,230
18	733	Contractual Services - Legal	43,865	-	-	-	-	-	-	-	-	-	-	-	43,865
19	734	Contractual Services - Management Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
20	735	Contractual Services - Testing	147,025	-	-	-	-	-	-	-	-	-	-	-	147,025
21	736	Contractual Services - Other	60,716	-	-	-	-	-	-	-	-	-	-	-	60,716
22	741	Rent - Buildings	20,669	-	-	-	-	-	-	-	-	-	-	-	20,669
23	742	Rent - Equipment	45,758	-	-	-	-	-	-	-	-	-	-	-	45,758
24	750	Transportation Expense	129,723	-	-	-	-	-	-	-	-	-	-	-	129,723
25	756	Insurance - Vehicle	12,610	-	-	-	-	-	-	-	-	-	-	-	12,610
26	757	Insurance - General Liability	33,142	-	-	-	-	-	-	-	-	-	-	-	33,142
27	758	Insurance - Workman's Compensation	17,125	-	-	-	-	-	-	-	-	-	-	-	17,125
28	759	Insurance - Other	-	-	-	-	-	-	-	-	-	-	-	-	-
29	760	Advertising Expense	476	-	-	-	-	-	-	-	-	-	-	-	476
30	766	Regulatory Commission Expense - Rate Case	75,000	-	-	-	-	-	-	-	-	-	-	-	75,000
31	767	Regulatory Expense - Other	-	-	-	-	-	-	-	-	-	-	-	-	-
32	770	Bad Debt Expense	33,490	-	-	-	-	-	-	(20,450)	-	-	-	-	13,040
33	775	Miscellaneous Expense	30,503	-	-	-	-	-	-	-	-	-	-	-	30,503
34	403	Depreciation Expense	1,497,193	(451,872)	-	-	-	-	-	-	-	-	-	-	1,045,320
35	408	Taxes Other Than Income	76,451	-	-	-	(4,192)	-	(506)	-	-	-	-	-	71,752
36	408.11	Property Taxes	95,728	-	0	-	-	-	-	-	-	-	-	-	95,728
37	409	Income Tax	(676,904)	-	-	-	-	-	-	-	-	-	-	(196,750)	(873,655)
38		Total Operating Expenses	$ 3,415,794	$ (451,872)	$ 0	$ (47,095)	$ (58,992)	$ (1,362)	$ (7,127)	$ (20,450)	$ -	$ -	$ -	$ (196,750)	$ 2,832,146
39		Operating Income	(1,187,812)	451,872	(0)	47,095	58,992	1,362	7,127	20,450	-	-	-	196,750	(404,184)

ADJUSTMENTS:	REFERENCE:	DESCRIPTION:
1 Depreciation Expense	TJC Testimony and Schedule TJC-6, TJC-7 and TJC-8 on Pages 1 of 1	Depreciation Expense
2 Property Tax Expense	TJC Testimony and Schedule TJC-6, TJC-7 and TJC-9 on Pages 1 of 1	Property Tax Expense
3 Normalize Repairs & Maintenance Expense	TJC Testimony and Schedule TJC-6, TJC-7 and TJC-10 on Pages 1 of 1	Repairs & Maintenance Expense
4 Salaries & Wage Expense - Officers and Directors	TJC Testimony and Schedule TJC-6, TJC-7 and TJC-11 on Pages 1 of 1	Salaries & Wage Expense - Officers and Directors
5 Salaries & Wage Expense	TJC Testimony and Schedule TJC-6, TJC-7 and TJC-12 on Pages 1 of 1	Salaries & Wage Expense
6 Merit Pay Expense	TJC Testimony and Schedule TJC-6, TJC-7 and TJC-13 on Pages 1 of 1	Merit Pay Expense
7 Normalize Bad Debt Expense	TJC Testimony and Schedule TJC-6, TJC-7 and TJC-14 on Pages 1 of 1	Bad Debt Expense
8 Intentionally Left Blank	Not Used	Intentionally Left Blank
9 Intentionally Left Blank	Not Used	Intentionally Left Blank
1 Intentionally Left Blank	Not Used	Intentionally Left Blank
1 Income Tax Expense	TJC Testimony and Schedule TJC-1 on Pages 2 & 2, TJC-6, TJC-7 and TJC-15 on Pages 1 of 1	Income Tax Expense

OPERATING INCOME ADJUSTMENT NO. 1
TEST YEAR DEPRECIATION EXPENSE

LINE NO.	NARUC ACCOUNT NO.	ACCOUNT NAME	(A) RUCO TOTAL DEPRECIABLE PLANT	(B) COMPANY PROPOSED DEP. RATES	(C) TEST YEAR DEPRECIATION EXPENSE
1	351	Organization Cost	$ -	0.00%	$ -
2	352	Franchise Cost	3,076	0.00%	-
3	353	Land and Land Rights	1,413,437	0.00%	-
4	354	Structures & Improvements	1,731,760	3.33%	57,668
5	355	Power Generating Equipment	48,226	5.00%	2,411
6	360	Collection Sewers - Force	2,449,525	2.00%	48,991
7	361	Collection Sewers - Gravity	6,100,576	2.00%	122,012
8	362	Special Collecting Structures	-	2.00%	-
9	363	Sevices to Customers	121,361	2.00%	2,427
10	364	Flow Measuring Devices	22,695	10.00%	2,270
11	365	Flow Measuring Installations	11,662	10.00%	1,166
12	366	Reuse Services	-	2.00%	-
13	367	Reuse Meters and Meter Installations	1,615	8.33%	135
14	370	Receiving Wells	51,885	3.33%	1,728
15	371	Pumping Equipment	975,551	12.50%	121,944
16	374	Reuse Distribution Reserviors	-	2.50%	-
17	375	Reuse Transmission and Dist. Sys.	-	2.50%	-
18	380	Treatment and Disposal Equipment	12,362,103	5.00%	618,105
19	381	Plant Sewers	435,946	5.00%	21,797
20	382	Outfall Sewer Lines	1,261	3.33%	42
21	389	Other Plant and Misc. Equipment	275,505	6.67%	18,376
22	390	Office Furniture & Equipment	177,946	6.67%	11,869
23	390.1	Computers & Software	7,938	20.00%	1,588
24	391	Transportation Equipment	189,995	20.00%	37,999
25	392	Stores Equipment	-	4.00%	-
26	393	Tools, Shop & Garage Equipment	18,921	5.00%	946
27	394	Laboratory Equipment	12,175	10.00%	-
28	395	Power Operated Equipment	126,985	5.00%	6,349
29	396	Communications Equipment	12,016	10.00%	1,202
30	397	Miscellaneous Equipment	95,309	10.00%	9,531
31	398	Other Tangible Plant	166,941	10.00%	16,694
					-
32		TEST YEAR GROSS PLANT AND DEPRECIATION EXPENSE	$ 26,814,412		$ 1,105,248
		Less:			
33		AMORTIZATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)	(1,207,071)	4.9648%	(59,928)
34		**RUCO TOTAL DEPRECIATION EXPENSE**			$ 1,045,320
35		Company As Filed			1,497,193
36		Difference			$ (451,872)
37		RUCO Adjustment (See TJC-6, Column (C) Line 34)			$ (451,872)

RUCO OPERATING INCOME ADJUSTMENT NO. 2
PROPERTY TAXES

LINE NO.	Property Tax Calculation	[A] RUCO AS ADJUSTED	[B] RUCO RECOMMENDED
1	RUCO Adjusted Test Year Revenues	$ 2,227,982	$ 2,227,982
2	Multiplied by 2	2	2
3	Subtotal (Line 1 X Line 2)	$ 4,455,963	$ 4,455,963
4a	RUCO Adjusted Test Year Revenues	2,227,982	
4b	RUCO Recommended Revenue, Per Schedule TJC-6		4,886,944
5	Subtotal (Line 3 + Line 4a)	$ 6,683,945	$ 9,342,908
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	$ 2,227,982	$ 3,114,303
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 X Line 8)	$ 4,455,963	$ 6,228,605
10	Plus: 10% of CWIP Per Company Schedule E	243,735	243,735
11	Less: Net Book Value of Licensed Vehicles	77,783	77,783
12	Full Cash Value (Line 9 + Line 10 - Line 11)	$ 4,621,916	$ 6,394,558
13	Assessment Ratio	20.0%	20.0%
14	Assessed Value (Line 12 * Line 13)	$ 924,383	$ 1,278,912
15	Composite Property Tax Rate (Per RUCO Effective Property Tax Calculation Analysis W/P)	10.3559%	10.3559%
16	RUCO Adjusted Test Year Property Tax Expense (Line 14 * Line 15)	$ 95,728	
17	Company Adjusted Test Year Property Tax (Per Company C-1 Schedule)	95,728	
18	RUCO Test Year Adjustment (Line 16-Line 17)	$ 0	
19	Property Tax - RUCO Recommended Revenue (Line 14 * Line 15)		$ 132,443
20	RUCO Test Year Adjusted Property Tax Expense (Line 16)		95,728
21	Increase/(Decrease) to Property Tax Expense		$ 36,715
22	Increase/(Decrease) to Property Tax Expense		$ 36,715
23	Increase in Revenue Requirement		2,658,963
24	Increase /(Decrease) to Property Tax per Dollar Increase in Revenue (Line 22 / Line 23)		0.013808

OPERATING INCOME ADJUSTMENT NO. 3
NORMALIZE REPAIRS & MAINTENANCE EXPENSE

Line No.	Description	Amount
1		
2	2009 Repairs & Maintenance Expense - Schedule E	$ 122,341
3	2010 Repairs & Maintenance Expense - Schedule E	100,337
4	2011 Repairs & Maintenance Expense - Schedule C-1	181,981
5		
6	Total Repairs & Maintenance Expense 2009 - 2011	$ 404,659
7		
8	Divide by 3 Year Normalization Period	3
9		
10	3 Year Normalization of Repairs & Maintenance Expense	$ 134,886
11		
12	Company Repairs & Maintenance Expense As Filed	181,981
13		
14		
15	Total RUCO Adjustment	$ (47,095)
16		

OPERATING INCOME ADJUSTMENT NO. 4
SALARIES AND WAGES - OFFICERS & DIRECTORS

Line No.	Description	[A] Salaries In Test Year	[B] Estimated Hours Worked	Note	[C] Hours Allocated to FW Sewer	[D] RUCO Allocation Adjustment Factor	[E] RUCO Recommended Amount
1							
2	Paula Capestro	$ 68,500	2,075	1	1,038	100%	$ 68,500
3							
4	Sandra Braden	68,500	250	1	125	20%	13,700
5							
6	Totals	$ 137,000					$ 82,200
7							
8	Company Requested Test Year Amount As Filed						137,000
9							
10	Total RUCO Adjustment						$ (54,800)
11							
12							
13							
14	Total Taxes Other Than Income As Filed by Company						$ 76,451
15							
16	Total Taxes Other Than Income As Adjusted by RUCO						72,259
17							
18	RUCO Taxes Other Than Income Adjustment						$ (4,192)
19							

Notes:
Company Response to Staff DR GWB 6.3

OPERATING INCOME ADJUSTMENT NO. 5
SALARIES AND WAGES

Line No.	Description	G/L Balance For Test Year Ended	Per Response to Staff DR JA-3.34	RUCO Adjustment
1				
2	Salaries and Wages	$ 683,996	$ 682,634	$ (1,362)
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17	References:			
18	Per Company Response to Staff DR JA - 3.34			
19				

OPERATING INCOME ADJUSTMENT NO. 6
50/50 SHARING OF MERIT PAY INCREASE

Line No.	Description	Amount
1		
2	Total Salaries & Wages As Filed by Company	$ 802,071
3		
4	Total Salaries & Wages As Adjusted by RUCO	795,451
5		
6	RUCO Salaries & Wages Adjustment	(6,620)
7		
8		
9		
10		
11		
12	Total Taxes Other Than Income As Filed by Company	$ 76,451
13		
14	Total Taxes Other Than Income As Adjusted by RUCO	75,944
15		
16	RUCO Taxes Other Than Income Adjustment	(506)
17		
18		
19	References:	
20	Company Responses to RUCO DR 1 and Staff DR JA - 3.35	

OPERATING INCOME ADJUSTMENT NO. 7
NORMALIZE BAD DEBT EXPENSE

Line No.	Description		Amount
1			
2	2009 Bad Debt Expense - Schedule E	$	5,630
3	2010 Bad Debt Expense - Schedule E		-
4	2011 Bad Debt Expense - Schedule C-1		33,490
5			
6	Total Bad Debt Expense 2009 - 2011	$	39,120
7			
8	Divide by 3 Year Normalization Period		3
9			
10	3 Year Normalization of Repairs & Maintenance Expense	$	13,040
11			
12	Company Repairs & Maintenance Expense As Filed		33,490
13			
14			
15	Total RUCO Adjustment	$	(20,450)
16			

OPERATING INCOME ADJUSTMENT NO. 8
ADJUSTED TEST YEAR INCOME TAX EXPENSE

Line No.	Description		Amount
1			
2	Total Adjusted Test Year Income Tax Expense As Filed by Company	$	(676,904)
3			
4	Total Adjusted Test Year Income Tax Expense Per RUCO		(873,655)
5			
6	RUCO Adjusted Test Year Income Tax Expense Adjustment		(196,750)
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			

Far West Water & Sewer, Inc.
Docket No. WS-03478A-12-0307
Test Year Ended December 31, 2011

Wastewater Division
Direct Schedule TJC-16

WEIGHTED AVERAGE COST OF CAPITAL

LINE NO.	DESCRIPTION	(A) COMPANY PROPOSED	(B) RUCO ADJUSTMENT	(C) RUCO ADJUSTED	(D) CAPITAL RATIO	(E) COST	(F) WEIGHTED COST
1	LONG-TERM DEBT	$ 21,323,943	$ -	$ 21,323,943	79.55%	6.90%	5.49%
2	SHORT-TERM DEBT	1,732,342	-	1,732,342	6.46%	8.07%	0.52%
3	COMMON EQUITY	3,748,573	-	3,748,573	13.98%	9.25%	1.29%
4	TOTAL CAPITALIZATION	$ 26,804,858	$ -	$ 26,804,858	100.00%		
5	**WEIGHTED AVERAGE COST OF CAPITAL**						**7.30%**

REFERENCES:
TESTIMONY WAR

FAR WEST WATER & SEWER

DOCKET NO. WS-03478A-12-0307

DIRECT TESTIMONY

OF

TIMOTHY J. COLEY

ON

RATE DESIGN

EXHIBIT

R-20

ADMITTED

ON BEHALF OF

THE

RESIDENTIAL UTILITY CONSUMER OFFICE

FEBRUARY 21, 2013

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EXECUTIVE SUMMARY

Based on RUCO's analysis of Far West Water & Sewer, Inc., - Sewer Division's rate Application and direct testimony filed with the Commission separately on February 8, 2013, RUCO is recommending a flat monthly rate design with no commodity charge that will result in the following typical monthly bill for residential customers:

COMPANY PRESENT RATE	COMPANY PROPOSED RATE	RUCO RECOMMENDED RATE	RUCO $ CHANGE	RUCO % CHANGE
$ 21.75	$ 62.65	$ 49.85	$ 28.10	129.2%

INTRODUCTION

Q. Are you, Timothy J. Coley, the same RUCO witness that sponsored direct testimony that was filed with the Arizona Corporation Commission ("ACC" or "Commission") on February 8, 2013 for Far West's revenue requirements?

A. Yes.

Q. What is the purpose of RUCO's direct testimony on rate design?

A. RUCO's direct testimony on rate design will address its recommended rate design for Far West Water & Sewer, Inc., Sewer Division and prove that the recommended rate designs will produce RUCO's recommended revenue. There are four customer classifications that will be subject to a rate increase. These customer classifications are the residential, commercial, recreational vehicle park, and the reestablishment residential customers. A typical bill for each customer classification that will experience a rate increase as recommended by RUCO has been included on Schedules TJC-RD 3. These schedules will show a typical bill for the four customer classifications based on the Company's present and proposed rates as well as RUCO's recommended rates.

To support RUCO's direct testimony on its recommended revenue increase filed with the ACC on February 8, 2013, rate design schedules

numbered TJC-RD 1, TJC-RD 2, and TJC-RD 3 have been prepared for each of the four customer classifications mentioned earlier.

RATE DESIGN

Q. Please explain the elements of RUCO's rate designs.

A. Each Schedule TJC-RD 2 shows the elements of RUCO's rate design, which mirrors the Company's H Schedules by maintaining the same basic overall increase to each customer classification. The schedules show that each customer classifications' rate design is comprised entirely of a flat monthly minimum with no commodity charges built into the rate.

PROOF OF RECOMMENDED REVENUE

Q. Has RUCO prepared schedules presenting proof of your recommended revenue?

A. Yes. Proof that RUCO's rate designs will produce the recommended required revenue as proposed in the revenue requirement direct testimony is presented on Schedules TJC-RD 1 for each of the four customer classifications.

TYPICAL BILL ANALYSIS

Q. Has RUCO prepared schedules representing the financial impact of RUCO's recommended rate designs on the typical residential, commercial, recreational vehicle park, and the reestablishment residential customers?

A. Yes. A typical bill for each customer classification that will experience a rate increase has been included on Schedules TJC-RD 3. That schedule will show a typical bill for the four customer classifications based on the Company's present and proposed rates as well as RUCO's recommended rates.

Q. Please describe a typical bill utilizing RUCO's rate design on the average Far West residential customer.

A. RUCO's rate design proposes a flat monthly minimum service charge with no commodity charge for a residential customer of $49.85 as compared to Far West's proposed rate of $62.65

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

A. Yes, it does.

SEWER DIVISION
RESIDENTIAL

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO DIRECT RATE DESIGN / RESIDENTIAL
TEST YEAR ENDED DECEMBER 31, 2011
SUMMARY OF PRESENT, COMPANY PROPOSED & RUCO RECOMMENDED RATES

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 1

RATE SUMMARY

Present Rates

A Meter Size	B Number of Bills	C Total Gallons Consumed (Midrange)	D Minimum Gallons	E Monthly Minimum Charge	F Metered Minimum Revenue B X E	G Tier One Gallons Subject to Comodity Charge (Midrange)	H Tier One Commodity Revenue per 1,000 Gal.	I Tier Two Gallons Subject to Comodity Charge (Midrange)	J Tier Two Commodity Revenue per 1,000 Gal.	K Tier Three Gallons Subject to Comodity Charge (Midrange)	L Tier Three Commodity Revenue per 1,000 Gal.	M Total Metered Revenue F + H + J + L
5/8 X 3/4 - INCH	84,783	0	0	$21.75	$1,844,030	0	$0	0	$0	0	$0	$1,844,030
3/4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 1/2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
3 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
10 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
	84,783	0	0		$1,844,030	0	$0	0	$0	0	$0	$1,844,030

Company Proposed Rates

A Meter Size	B Number of Bills	C Total Gallons Consumed (Midrange)	D Minimum Gallons	E Monthly Minimum Charge	F Metered Minimum Revenue B X E	G Tier One Gallons Subject to Comodity Charge (Midrange)	H Tier One Commodity Revenue per 1,000 Gal.	I Tier Two Gallons Subject to Comodity Charge (Midrange)	J Tier Two Commodity Revenue per 1,000 Gal.	K Tier Three Gallons Subject to Comodity Charge (Midrange)	L Tier Three Commodity Revenue per 1,000 Gal.	M Total Metered Revenue F + H + J + L
5/8 X 3/4 - INCH	84,783	0	0	$62.65	$5,311,655	0	$0	0	$0	0	$0	$5,311,655
3/4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 1/2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
3 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
10 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
	84,783	0	0		$5,311,655	0	$0	0	$0	0	$0	$5,311,655

RUCO Recommended Rates

A Meter Size	B Number of Bills	C Total Gallons Consumed (Midrange)	D Minimum Gallons	E Monthly Minimum Charge	F Metered Minimum Revenue B X E	G Tier One Gallons Subject to Comodity Charge (Midrange)	H Tier One Commodity Revenue per 1,000 Gal.	I Tier Two Gallons Subject to Comodity Charge (Midrange)	J Tier Two Commodity Revenue per 1,000 Gal.	K Tier Three Gallons Subject to Comodity Charge (Midrange)	L Tier Three Commodity Revenue per 1,000 Gal.	M Total Metered Revenue F + H + J + L
5/8 X 3/4 - INCH	84,783	0	0	$49.85	$4,226,433	0	$0	0	$0	0	$0	$4,226,433
3/4 - INCH	0	0	0	74.78	0	0	0	0	0	0	0	0
1 - INCH	0	0	0	124.63	0	0	0	0	0	0	0	0
1 1/2 - INCH	0	0	0	249.25	0	0	0	0	0	0	0	0
2 - INCH	0	0	0	398.80	0	0	0	0	0	0	0	0
3 - INCH	0	0	0	747.75	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	1,246.25	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	2,492.50	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	4,985.00	0	0	0	0	0	0	0	0
10 - INCH	0	0	0	9,970.00	0	0	0	0	0	0	0	0
	84,783	0	0		$4,226,433	0	$0	0	$0	0	$0	$4,226,433

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO DIRECT RATE DESIGN / RESIDENTIAL
TEST YEAR ENDED DECEMBER 31, 2011
RECOMMENDED RATES

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 2

LINE NO.	DESCRIPTION	PRESENT RATES	COMPANY PROPOSED	RUCO PROPOSED
1	**RECOMMENDED MONTHLY MINIMUM USAGE CHARGE:**			
2				
3	(RESIDENTIAL, COMMERCIAL AND MISC. CUSTOMERS)			
4	5/8 X 3/4 - INCH	$21.75	$62.65	$49.85
5	3/4 - INCH	0.00	0.00	74.78
6	1 - INCH	0.00	0.00	124.63
7	1 1/2 - INCH	0.00	0.00	249.25
8	2 - INCH	0.00	0.00	398.80
9	3 - INCH	0.00	0.00	747.75
10	4 - INCH	0.00	0.00	1,246.25
11	6 - INCH	0.00	0.00	2,492.50
12	8 - INCH	0.00	0.00	4,985.00
13	10 - INCH	0.00	0.00	9,970.00
14				
15	**GALLONS INCLUDED IN MONTHLY MINIMUM USAGE CHARGE:**			
16				
17	RESIDENTIAL, COMMERCIAL AND MISC. CUSTOMERS	0	0	0
18				
19	**RECOMMENDED COMMODITY RATES BY METER SIZE**			
20				
21	5/8 X 3/4 - INCH			
22	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
23	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
24	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
25				
26	3/4 - INCH			
27	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
28	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
29	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
30				
31	1 - INCH			
32	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
33	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
34	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
35				
36	1 1/2 - INCH			
37	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
38	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
39	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
40				
41	2 - INCH			
42	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
43	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
44	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
45				
46	3 - INCH			
47	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
48	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
49	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
50				
51	4 - INCH			
52	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
53	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
54	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
55				
56	6 - INCH			
57	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
58	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
59	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
60				
61	8 - INCH			
62	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
63	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
64	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
65				
66	10 - INCH			
67	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
68	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
69	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO DIRECT RATE DESIGN / RESIDENTIAL
TEST YEAR ENDED DECEMBER 31, 2011
MONTHLY MINIMUM CHARGES

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 3

LINE NO.	METER SIZE	(A) COMPANY PRESENT RATES	(B) COMPANY PROPOSED RATES	(C) COMPANY DOLLAR INCREASE	(D) COMPANY PERCENT. INCREASE	(E) RUCO RECOMMENDED RATES	(F) RUCO DOLLAR INCREASE	(G) RUCO PERCENT. INCREASE
1	5/8 X 3/4 - INCH	$ 21.75	$ 62.65	$ 40.90	188.05%	$ 49.85	$ 28.10	129.20%

REFERENCES
COLUMN (A) THRU COLUMN (D): COMPANY SCHEDULE H-3, PAGE 1
COLUMN (E): TESTIMONY TJC
COLUMN (F): COLUMN (E) - COLUMN (A)
COLUMN (G): COLUMN (F) ÷ COLUMN (A)

SEWER DIVISION
COMMERCIAL

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO DIRECT RATE DESIGN / COMMERCIAL
TEST YEAR ENDED DECEMBER 31, 2011
SUMMARY OF PRESENT, COMPANY PROPOSED & RUCO RECOMMENDED RATES

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 1

RATE SUMMARY

Present Rates

A Meter Size	B Number of Bills	C Total Gallons Consumed (Midrange)	D Minimum Gallons	E Monthly Minimum Charge	F Metered Minimum Revenue B X E	G Tier One Gallons Subject to Comodity Charge (Midrange)	H Tier One Commodity Revenue per 1,000 Gal.	I Tier Two Gallons Subject to Comodity Charge (Midrange)	J Tier Two Commodity Revenue per 1,000 Gal.	K Tier Three Gallons Subject to Comodity Charge (Midrange)	L Tier Three Commodity Revenue per 1,000 Gal.	M Total Metered Revenue F + H + J + L
5/8 X 3/4 - INCH	533	0	0	$43.50	$23,186	0	$0	0	$0	0	$0	$23,186
3/4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 1/2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
3 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
10 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
	533	0	0		$23,186	0	$0	0	$0	0	$0	$23,186

Company Proposed Rates

A Meter Size	B Number of Bills	C Total Gallons Consumed (Midrange)	D Minimum Gallons	E Monthly Minimum Charge	F Metered Minimum Revenue B X E	G Tier One Gallons Subject to Comodity Charge (Midrange)	H Tier One Commodity Revenue per 1,000 Gal.	I Tier Two Gallons Subject to Comodity Charge (Midrange)	J Tier Two Commodity Revenue per 1,000 Gal.	K Tier Three Gallons Subject to Comodity Charge (Midrange)	L Tier Three Commodity Revenue per 1,000 Gal.	M Total Metered Revenue F + H + J + L
5/8 X 3/4 - INCH	533	0	0	$125.30	$66,785	0	$0	0	$0	0	$0	$66,785
3/4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 1/2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
3 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
10 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
	533	0	0		$66,785	0	$0	0	$0	0	$0	$66,785

RUCO Recommended Rates

A Meter Size	B Number of Bills	C Total Gallons Consumed (Midrange)	D Minimum Gallons	E Monthly Minimum Charge	F Metered Minimum Revenue B X E	G Tier One Gallons Subject to Comodity Charge (Midrange)	H Tier One Commodity Revenue per 1,000 Gal.	I Tier Two Gallons Subject to Comodity Charge (Midrange)	J Tier Two Commodity Revenue per 1,000 Gal.	K Tier Three Gallons Subject to Comodity Charge (Midrange)	L Tier Three Commodity Revenue per 1,000 Gal.	M Total Metered Revenue F + H + J + L
5/8 X 3/4 - INCH	533	0	0	$99.70	$53,140	0	$0	0	$0	0	$0	$53,140
3/4 - INCH	0	0	0	149.55	0	0	0	0	0	0	0	0
1 - INCH	0	0	0	249.25	0	0	0	0	0	0	0	0
1 1/2 - INCH	0	0	0	498.50	0	0	0	0	0	0	0	0
2 - INCH	0	0	0	797.60	0	0	0	0	0	0	0	0
3 - INCH	0	0	0	1,495.50	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	2,492.50	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	4,985.00	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	9,970.00	0	0	0	0	0	0	0	0
10 - INCH	0	0	0	19,940.00	0	0	0	0	0	0	0	0
	533	0	0		$53,140	0	$0	0	$0	0	$0	$53,140

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO DIRECT RATE DESIGN / COMMERCIAL
TEST YEAR ENDED DECEMBER 31, 2011
RECOMMENDED RATES

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 2

LINE NO.	DESCRIPTION	PRESENT RATES	COMPANY PROPOSED	RUCO PROPOSED
1	**RECOMMENDED MONTHLY MINIMUM USAGE CHARGE:**			
2				
3	(RESIDENTIAL, COMMERCIAL AND MISC. CUSTOMERS)			
4	5/8 X 3/4 - INCH	$43.50	$125.30	$99.70
5	3/4 - INCH	0.00	0.00	149.55
6	1 - INCH	0.00	0.00	249.25
7	1 1/2 - INCH	0.00	0.00	498.50
8	2 - INCH	0.00	0.00	797.60
9	3 - INCH	0.00	0.00	1,495.50
10	4 - INCH	0.00	0.00	2,492.50
11	6 - INCH	0.00	0.00	4,985.00
12	8 - INCH	0.00	0.00	9,970.00
13	10 - INCH	0.00	0.00	19,940.00
14				
15	**GALLONS INCLUDED IN MONTHLY MINIMUM USAGE CHARGE:**			
16				
17	RESIDENTIAL, COMMERCIAL AND MISC. CUSTOMERS	0	0	0
18				
19	**RECOMMENDED COMMODITY RATES BY METER SIZE**			
20				
21	5/8 X 3/4 - INCH			
22	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
23	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
24	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
25				
26	3/4 - INCH			
27	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
28	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
29	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
30				
31	1 - INCH			
32	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
33	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
34	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
35				
36	1 1/2 - INCH			
37	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
38	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
39	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
40				
41	2 - INCH			
42	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
43	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
44	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
45				
46	3 - INCH			
47	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
48	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
49	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
50				
51	4 - INCH			
52	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
53	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
54	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
55				
56	6 - INCH			
57	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
58	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
59	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
60				
61	8 - INCH			
62	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
63	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
64	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
65				
66	10 - INCH			
67	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
68	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
69	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO DIRECT RATE DESIGN / COMMERCIAL
TEST YEAR ENDED DECEMBER 31, 2011
MONTHLY MINIMUM CHARGES

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 3

LINE NO.	METER SIZE	(A) COMPANY PRESENT RATES	(B) COMPANY PROPOSED RATES	(C) COMPANY DOLLAR INCREASE	(D) COMPANY PERCENT. INCREASE	(E) RUCO RECOMMENDED RATES	(F) RUCO DOLLAR INCREASE	(G) RUCO PERCENT. INCREASE
1	5/8 X 3/4 - INCH	$ 43.50	$ 125.30	$ 81.80	188.05%	$ 99.70	$ 56.20	129.20%

REFERENCES
COLUMN (A) THRU COLUMN (D): COMPANY SCHEDULE H-3, PAGE 1
COLUMN (E): TESTIMONY TJC
COLUMN (F): COLUMN (E) - COLUMN (A)
COLUMN (G): COLUMN (F) ÷ COLUMN (A)

SEWER DIVISION
RV PARK SPACES

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO DIRECT RATE DESIGN / RV PARK
TEST YEAR ENDED DECEMBER 31, 2011
SUMMARY OF PRESENT, COMPANY PROPOSED & RUCO RECOMMENDED RATES

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 1

RATE SUMMARY

Present Rates

A Meter Size	B Number of Bills	C Total Gallons Consumed (Midrange)	D Minimum Gallons	E Monthly Minimum Charge	F Metered Minimum Revenue B X E	G Tier One Gallons Subject to Comodity Charge (Midrange)	H Tier One Commodity Revenue per 1,000 Gal.	I Tier Two Gallons Subject to Comodity Charge (Midrange)	J Tier Two Commodity Revenue per 1,000 Gal.	K Tier Three Gallons Subject to Comodity Charge (Midrange)	L Tier Three Commodity Revenue per 1,000 Gal.	M Total Metered Revenue F + H + J + L
5/8 X 3/4 - INCH	8,556	0	0	$5.44	$46,545	0	$0	0	$0	0	$0	$46,545
3/4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 1/2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
3 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
10 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
	8,556	0	0		$46,545	0	$0	0	$0	0	$0	$46,545

Company Proposed Rates

A Meter Size	B Number of Bills	C Total Gallons Consumed (Midrange)	D Minimum Gallons	E Monthly Minimum Charge	F Metered Minimum Revenue B X E	G Tier One Gallons Subject to Comodity Charge (Midrange)	H Tier One Commodity Revenue per 1,000 Gal.	I Tier Two Gallons Subject to Comodity Charge (Midrange)	J Tier Two Commodity Revenue per 1,000 Gal.	K Tier Three Gallons Subject to Comodity Charge (Midrange)	L Tier Three Commodity Revenue per 1,000 Gal.	M Total Metered Revenue F + H + J + L
5/8 X 3/4 - INCH	8,556	0	0	$15.66	$133,987	0	$0	0	$0	0	$0	$133,987
3/4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 1/2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
3 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
10 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
	8,556	0	0		$133,987	0	$0	0	$0	0	$0	$133,987

RUCO Recommended Rates

A Meter Size	B Number of Bills	C Total Gallons Consumed (Midrange)	D Minimum Gallons	E Monthly Minimum Charge	F Metered Minimum Revenue B X E	G Tier One Gallons Subject to Comodity Charge (Midrange)	H Tier One Commodity Revenue per 1,000 Gal.	I Tier Two Gallons Subject to Comodity Charge (Midrange)	J Tier Two Commodity Revenue per 1,000 Gal.	K Tier Three Gallons Subject to Comodity Charge (Midrange)	L Tier Three Commodity Revenue per 1,000 Gal.	M Total Metered Revenue F + H + J + L
5/8 X 3/4 - INCH	8,556	0	0	$12.50	$106,950	0	$0	0	$0	0	$0	$106,950
3/4 - INCH	0	0	0	18.75	0	0	0	0	0	0	0	0
1 - INCH	0	0	0	31.25	0	0	0	0	0	0	0	0
1 1/2 - INCH	0	0	0	62.50	0	0	0	0	0	0	0	0
2 - INCH	0	0	0	100.00	0	0	0	0	0	0	0	0
3 - INCH	0	0	0	187.50	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	312.50	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	625.00	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	1,250.00	0	0	0	0	0	0	0	0
10 - INCH	0	0	0	2,500.00	0	0	0	0	0	0	0	0
	8,556	0	0		$106,950	0	$0	0	$0	0	$0	$106,950

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO DIRECT RATE DESIGN / RV PARK
TEST YEAR ENDED DECEMBER 31, 2011
RECOMMENDED RATES

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 2

LINE NO.	DESCRIPTION	PRESENT RATES	COMPANY PROPOSED	RUCO PROPOSED
1	**RECOMMENDED MONTHLY MINIMUM USAGE CHARGE:**			
2				
3	(RESIDENTIAL, COMMERCIAL AND MISC. CUSTOMERS)			
4	5/8 X 3/4 - INCH	$5.44	$15.66	$12.50
5	3/4 - INCH	0.00	0.00	18.75
6	1 - INCH	0.00	0.00	31.25
7	1 1/2 - INCH	0.00	0.00	62.50
8	2 - INCH	0.00	0.00	100.00
9	3 - INCH	0.00	0.00	187.50
10	4 - INCH	0.00	0.00	312.50
11	6 - INCH	0.00	0.00	625.00
12	8 - INCH	0.00	0.00	1,250.00
13	10 - INCH	0.00	0.00	2,500.00
14				
15	**GALLONS INCLUDED IN MONTHLY MINIMUM USAGE CHARGE:**			
16				
17	RESIDENTIAL, COMMERCIAL AND MISC. CUSTOMERS	0	0	0
18				
19	**RECOMMENDED COMMODITY RATES BY METER SIZE**			
20				
21	5/8 X 3/4 - INCH			
22	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
23	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
24	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
25				
26	3/4 - INCH			
27	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
28	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
29	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
30				
31	1 - INCH			
32	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
33	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
34	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
35				
36	1 1/2 - INCH			
37	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
38	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
39	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
40				
41	2 - INCH			
42	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
43	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
44	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
45				
46	3 - INCH			
47	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
48	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
49	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
50				
51	4 - INCH			
52	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
53	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
54	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
55				
56	6 - INCH			
57	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
58	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
59	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
60				
61	8 - INCH			
62	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
63	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
64	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
65				
66	10 - INCH			
67	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
68	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
69	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO DIRECT RATE DESIGN / RV PARK
TEST YEAR ENDED DECEMBER 31, 2011
MONTHLY MINIMUM CHARGES

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 3

LINE NO.	METER SIZE	(A) COMPANY PRESENT RATES	(B) COMPANY PROPOSED RATES	(C) COMPANY DOLLAR INCREASE	(D) COMPANY PERCENT. INCREASE	(E) RUCO RECOMMENDED RATES	(F) RUCO DOLLAR INCREASE	(G) RUCO PERCENT. INCREASE
1	5/8 X 3/4 - INCH	$ 5.44	$ 15.66	$ 10.22	187.87%	$ 12.50	$ 7.06	129.78%

REFERENCES
COLUMN (A) THRU COLUMN (D): COMPANY SCHEDULE H-3, PAGE 1
COLUMN (E): TESTIMONY TJC
COLUMN (F): COLUMN (E) - COLUMN (A)
COLUMN (G): COLUMN (F) ÷ COLUMN (A)

SEWER DIVISION
RESIDENTIAL
RE-ESTABLISHMENT

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO DIRECT RATE DESIGN / RESIDENTIAL RE-ESTABLISHMENT
TEST YEAR ENDED DECEMBER 31, 2011
SUMMARY OF PRESENT, COMPANY PROPOSED & RUCO RECOMMENDED RATES

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 1

RATE SUMMARY

Present Rates

A Meter Size	B Number of Bills	C Total Gallons Consumed (Midrange)	D Minimum Gallons	E Monthly Minimum Charge	F Metered Minimum Revenue B X E	G Tier One Gallons Subject to Comodity Charge (Midrange)	H Tier One Commodity Revenue per 1,000 Gal.	I Tier Two Gallons Subject to Comodity Charge (Midrange)	J Tier Two Commodity Revenue per 1,000 Gal.	K Tier Three Gallons Subject to Comodity Charge (Midrange)	L Tier Three Commodity Revenue per 1,000 Gal.	M Total Metered Revenue F + H + J + L
5/8 X 3/4 - INCH	6,537	0	0	$21.75	$142,180	0	$0	0	$0	0	$0	$142,180
3/4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 1/2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
3 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
10 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
	6,537	0	0		$142,180	0	$0	0	$0	0	$0	$142,180

Company Proposed Rates

A Meter Size	B Number of Bills	C Total Gallons Consumed (Midrange)	D Minimum Gallons	E Monthly Minimum Charge	F Metered Minimum Revenue B X E	G Tier One Gallons Subject to Comodity Charge (Midrange)	H Tier One Commodity Revenue per 1,000 Gal.	I Tier Two Gallons Subject to Comodity Charge (Midrange)	J Tier Two Commodity Revenue per 1,000 Gal.	K Tier Three Gallons Subject to Comodity Charge (Midrange)	L Tier Three Commodity Revenue per 1,000 Gal.	M Total Metered Revenue F + H + J + L
5/8 X 3/4 - INCH	6,537	0	0	$62.65	$409,543	0	$0	0	$0	0	$0	$409,543
3/4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 1/2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
3 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
10 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
	6,537	0	0		$409,543	0	$0	0	$0	0	$0	$409,543

RUCO Recommended Rates

A Meter Size	B Number of Bills	C Total Gallons Consumed (Midrange)	D Minimum Gallons	E Monthly Minimum Charge	F Metered Minimum Revenue B X E	G Tier One Gallons Subject to Comodity Charge (Midrange)	H Tier One Commodity Revenue per 1,000 Gal.	I Tier Two Gallons Subject to Comodity Charge (Midrange)	J Tier Two Commodity Revenue per 1,000 Gal.	K Tier Three Gallons Subject to Comodity Charge (Midrange)	L Tier Three Commodity Revenue per 1,000 Gal.	M Total Metered Revenue F + H + J + L
5/8 X 3/4 - INCH	6,537	0	0	$49.85	$325,869	0	$0	0	$0	0	$0	$325,869
3/4 - INCH	0	0	0	74.78	0	0	0	0	0	0	0	0
1 - INCH	0	0	0	124.63	0	0	0	0	0	0	0	0
1 1/2 - INCH	0	0	0	249.25	0	0	0	0	0	0	0	0
2 - INCH	0	0	0	398.80	0	0	0	0	0	0	0	0
3 - INCH	0	0	0	747.75	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	1,246.25	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	2,492.50	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	4,985.00	0	0	0	0	0	0	0	0
10 - INCH	0	0	0	9,970.00	0	0	0	0	0	0	0	0
	6,537	0	0		$325,869	0	$0	0	$0	0	$0	$325,869

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO DIRECT RATE DESIGN / RESIDENTIAL RE-ESTABLISHMENT
TEST YEAR ENDED DECEMBER 31, 2011
RECOMMENDED RATES

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 2

LINE NO.	DESCRIPTION	PRESENT RATES	COMPANY PROPOSED	RUCO PROPOSED
1	**RECOMMENDED MONTHLY MINIMUM USAGE CHARGE:**			
2				
3	(RESIDENTIAL, COMMERCIAL AND MISC. CUSTOMERS)			
4	5/8 X 3/4 - INCH	$21.75	$62.65	$49.85
5	3/4 - INCH	0.00	0.00	74.78
6	1 - INCH	0.00	0.00	124.63
7	1 1/2 - INCH	0.00	0.00	249.25
8	2 - INCH	0.00	0.00	398.80
9	3 - INCH	0.00	0.00	747.75
10	4 - INCH	0.00	0.00	1,246.25
11	6 - INCH	0.00	0.00	2,492.50
12	8 - INCH	0.00	0.00	4,985.00
13	10 - INCH	0.00	0.00	9,970.00
14				
15	**GALLONS INCLUDED IN MONTHLY MINIMUM USAGE CHARGE:**			
16				
17	RESIDENTIAL, COMMERCIAL AND MISC. CUSTOMERS	0	0	0
18				
19	**RECOMMENDED COMMODITY RATES BY METER SIZE**			
20				
21	5/8 X 3/4 - INCH			
22	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
23	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
24	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
25				
26	3/4 - INCH			
27	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
28	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
29	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
30				
31	1 - INCH			
32	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
33	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
34	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
35				
36	1 1/2 - INCH			
37	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
38	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
39	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
40				
41	2 - INCH			
42	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
43	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
44	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
45				
46	3 - INCH			
47	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
48	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
49	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
50				
51	4 - INCH			
52	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
53	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
54	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
55				
56	6 - INCH			
57	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
58	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	$ -	$ -	$ -
59	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
60				
61	8 - INCH			
62	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
63	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
64	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
65				
66	10 - INCH			
67	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	$ -	$ -	$ -
68	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -
69	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	$ -	$ -	$ -

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO DIRECT RATE DESIGN / RESIDENTIAL RE-ESTABLISHMI
TEST YEAR ENDED DECEMBER 31, 2011
MONTHLY MINIMUM CHARGES

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 3

LINE NO.	METER SIZE	(A) COMPANY PRESENT RATES	(B) COMPANY PROPOSED RATES	(C) COMPANY DOLLAR INCREASE	(D) COMPANY PERCENT. INCREASE	(E) RUCO RECOMMENDED RATES	(F) RUCO DOLLAR INCREASE	(G) RUCO PERCENT. INCREASE
1	5/8 X 3/4 - INCH	$ 21.75	$ 62.65	$ 40.90	188.05%	$ 49.85	$ 28.10	129.20%

REFERENCES
COLUMN (A) THRU COLUMN (D): COMPANY SCHEDULE H-3, PAGE 1
COLUMN (E): TESTIMONY TJC
COLUMN (F): COLUMN (E) - COLUMN (A)
COLUMN (G): COLUMN (F) ÷ COLUMN (A)

SEWER DIVISION
EFFLUENT REUSE

FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO DIRECT RATE DESIGN / METERED REUSE REVENUES
TEST YEAR ENDED DECEMBER 31, 2011
SUMMARY OF PRESENT, COMPANY PROPOSED & RUCO RECOMMENDED RATES

RATE SUMMARY

Present Rates

A Meter Size	B Number of Bills	C Total Gallons Consumed (Midrange)	D Minimum Gallons	E Monthly Minimum Charge	F Metered Minimum Revenue B X E	G Tier One Gallons Subject to Comodity Charge (Midrange)	H Tier One Commodity Revenue per 1,000 Gal.	I Tier Two Gallons Subject to Comodity Charge (Midrange)	J Tier Two Commodity Revenue per 1,000 Gal.	K Tier Three Gallons Subject to Comodity Charge (Midrange)	L Tier Three Commodity Revenue per 1,000 Gal.	M Total Metered Revenue F + H + J + L
5/8 X 3/4 - INCH	24	1,449,348,912	0	$0.00	$0	131,758,992	$131,759	0	$0	0	$0	$131,759
3/4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 1/2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
3 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
10 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
	24	1,449,348,912	0		$0	131,758,992	$131,759	0	$0	0	$0	$131,759

Company Proposed Rates

A Meter Size	B Number of Bills	C Total Gallons Consumed (Midrange)	D Minimum Gallons	E Monthly Minimum Charge	F Metered Minimum Revenue B X E	G Tier One Gallons Subject to Comodity Charge (Midrange)	H Tier One Commodity Revenue per 1,000 Gal.	I Tier Two Gallons Subject to Comodity Charge (Midrange)	J Tier Two Commodity Revenue per 1,000 Gal.	K Tier Three Gallons Subject to Comodity Charge (Midrange)	L Tier Three Commodity Revenue per 1,000 Gal.	M Total Metered Revenue F + H + J + L
5/8 X 3/4 - INCH	24	1,449,348,912	0	$0.00	$0	131,758,992	$131,759	0	$0	0	$0	$131,759
3/4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 1/2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
3 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
10 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
	24	1,449,348,912	0		$0	131,758,992	$131,759	0	$0	0	$0	$131,759

RUCO Recommended Rates

A Meter Size	B Number of Bills	C Total Gallons Consumed (Midrange)	D Minimum Gallons	E Monthly Minimum Charge	F Metered Minimum Revenue B X E	G Tier One Gallons Subject to Comodity Charge (Midrange)	H Tier One Commodity Revenue per 1,000 Gal.	I Tier Two Gallons Subject to Comodity Charge (Midrange)	J Tier Two Commodity Revenue per 1,000 Gal.	K Tier Three Gallons Subject to Comodity Charge (Midrange)	L Tier Three Commodity Revenue per 1,000 Gal.	M Total Metered Revenue F + H + J + L
5/8 X 3/4 - INCH	24	1,449,348,912	0	$0.00	$0	131,758,992	$131,759	0	$0	0	$0	$131,759
3/4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
1 1/2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
2 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
3 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
4 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
6 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
8 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
10 - INCH	0	0	0	0.00	0	0	0	0	0	0	0	0
	24	1,449,348,912	0		$0	131,758,992	$131,759	0	$0	0	$0	$131,759

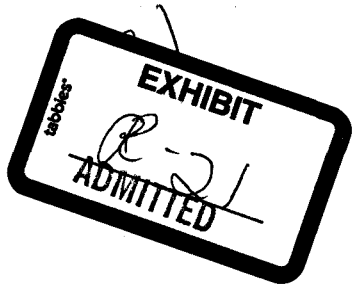
FAR WEST WATER & SEWER, INC., SEWER DIVISION - RUCO DIRECT RATE DESIGN / METERED REUSE REVENUES
TEST YEAR ENDED DECEMBER 31, 2011
RECOMMENDED RATES

DOCKET NO. WS-03478A-12-0307
SCHEDULE TJC-RD 2

LINE NO.	DESCRIPTION					PRESENT RATES	COMPANY PROPOSED	RUCO PROPOSED
1	**RECOMMENDED MONTHLY MINIMUM USAGE CHARGE:**							
2								
3	(RESIDENTIAL, COMMERCIAL AND MISC. CUSTOMERS)							
4	5/8 X 3/4 - INCH					$0.00	$0.00	$0.00
5	3/4 - INCH					0.00	0.00	0.00
6	1 - INCH					0.00	0.00	0.00
7	1 1/2 - INCH					0.00	0.00	0.00
8	2 - INCH					0.00	0.00	0.00
9	3 - INCH					0.00	0.00	0.00
10	4 - INCH					0.00	0.00	0.00
11	6 - INCH					0.00	0.00	0.00
12	8 - INCH					0.00	0.00	0.00
13	10 - INCH					0.00	0.00	0.00
14								
15	**GALLONS INCLUDED IN MONTHLY MINIMUM USAGE CHARGE:**							
16								
17	RESIDENTIAL, COMMERCIAL AND MISC. CUSTOMERS					0	0	0
18								
19	**RECOMMENDED COMMODITY RATES BY METER SIZE**							
20								
21	5/8 X 3/4 - INCH							
22	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) -	ZERO	TO	999,999,999,999,999,000	GALLONS:	$ 1.00	$ 1.00	$ 1.00
23	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) -	999,999,999,999,999,000	TO	0	GALLONS:	$ -	$ -	$ -
24	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) -	OVER		0	GALLONS:	$ -	$ -	$ -
25								
26	3/4 - INCH							
27	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) -	ZERO	TO	999,999,999,999,999,000	GALLONS:	$ -	$ -	$ 1.00
28	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) -	OVER		0	GALLONS:	$ -	$ -	$ -
29	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) -	OVER		0	GALLONS:	$ -	$ -	$ -
30								
31	1 - INCH							
32	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) -	ZERO	TO	999,999,999,999,999,000	GALLONS:	$ -	$ -	$ 1.00
33	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) -	OVER		0	GALLONS:	$ -	$ -	$ -
34	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) -	OVER		0	GALLONS:	$ -	$ -	$ -
35								
36	1 1/2 - INCH							
37	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) -	ZERO	TO	999,999,999,999,999,000	GALLONS:	$ -	$ -	$ 1.00
38	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) -	OVER		0	GALLONS:	$ -	$ -	$ -
39	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) -	OVER		0	GALLONS:	$ -	$ -	$ -
40								
41	2 - INCH							
42	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) -	ZERO	TO	999,999,999,999,999,000	GALLONS:	$ -	$ -	$ 1.00
43	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) -	999,999,999,999,999,000	TO	0	GALLONS:	$ -	$ -	$ -
44	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) -	OVER		0	GALLONS:	$ -	$ -	$ -
45								
46	3 - INCH							
47	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) -	ZERO	TO	999,999,999,999,999,000	GALLONS:	$ -	$ -	$ 1.00
48	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) -	999,999,999,999,999,000	TO	0	GALLONS:	$ -	$ -	$ -
49	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) -	OVER		0	GALLONS:	$ -	$ -	$ -
50								
51	4 - INCH							
52	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) -	ZERO	TO	999,999,999,999,999,000	GALLONS:	$ -	$ -	$ 1.00
53	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) -	999,999,999,999,999,000	TO	0	GALLONS:	$ -	$ -	$ -
54	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) -	OVER		0	GALLONS:	$ -	$ -	$ -
55								
56	6 - INCH							
57	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) -	ZERO	TO	999,999,999,999,999,000	GALLONS:	$ -	$ -	$ 1.00
58	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) -	999,999,999,999,999,000	TO	0	GALLONS:	$ -	$ -	$ -
59	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) -	OVER		0	GALLONS:	$ -	$ -	$ -
60								
61	8 - INCH							
62	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) -	ZERO	TO	999,999,999,999,999,000	GALLONS:	$ -	$ -	$ 1.00
63	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) -	OVER		0	GALLONS:	$ -	$ -	$ -
64	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) -	OVER		0	GALLONS:	$ -	$ -	$ -
65								
66	10 - INCH							
67	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) -	ZERO	TO	999,999,999,999,999,000	GALLONS:	$ -	$ -	$ 1.00
68	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) -	OVER		0	GALLONS:	$ -	$ -	$ -
69	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) -	OVER		0	GALLONS:	$ -	$ -	$ -

COMPANY REJOINDER METER MULTIPLIER TABLE AT PAGE 15 OF 27

Rate	Multiplier Used			RUCO Rates	Percent Increase		
	RUCO	Staff	Company		RUCO	Staff	Company
Residential	N/A	1.00	1.00	$ 48.93	N/A	152.6%	164.1%
Commercial - 5/8"	1.00	1.00	1.50	65.05	49.5%	26.3%	98.1%
Commercial - 3/4"	1.25	1.60	1.50	81.31	86.9%	97.2%	98.1%
Commercial - 1"	2.50	2.60	2.50	162.63	273.9%	229.6%	230.1%
Commercial - 1 1/2"	3.75	5.20	3.75	243.94	460.8%	551.7%	395.2%
Commercial - 2"	6.00	8.20	6.00	390.30	797.2%	940.6%	692.3%
Commercial - 3"	16.00	16.00	16.00	1,040.80	2292.6%	1920.3%	2012.7%
Commercial - 4"	25.00	25.00	25.00	1,626.25	3638.5%	3056.7%	3201.1%
Commercial - 6"	50.00	50.00	50.00	3,252.50	7377.0%	6213.4%	6502.3%
RV Park - Common Area	3.74	1.56	1.50	162.63	181.2%	97.2%	98.1%
RV Park - Per Space	0.33	0.33	0.33	16.31	199.8%	236.6%	251.8%



LINE NO.	DESCRIPTION	[A] COMPANY OCRB/FVRB COST	[B] RUCO OCRB/FVRB COST
1	Adjusted Original Cost/Fair Value Rate Base	$ 22,800,578	$ 16,044,876
2	Adjusted Operating Income (Loss)	$ (1,187,812)	$ (469,508)
3	Current Rate of Return (L2 / L1)	-5.21%	-2.93%
4	Required Operating Income (L5 X L1)	$ 1,689,390	$ 1,171,276
5	Required Rate of Return on Fair Value Rate Base	7.409%	7.300%
6	Operating Income Deficiency (L4 - L2)	$ 2,877,202	$ 1,640,784
7	Gross Revenue Conversion Factor (TJC-1, Page 2)	1.3437	1.6601
8	Required Increase in Gross Revenue Requirement (L7 X L6)	$ 3,866,046	$ 2,723,787
9	Adjusted Test Year Revenue	$ 2,227,982	$ 2,231,115
10	Proposed Annual Revenue (L8 + L9)	$ 6,094,028	$ 4,954,903
11	Required Percentage Increase in Revenue (L8 / L9)	173.52%	122.08%
12	Rate of Return on Common Equity	10.00%	9.25%

References:
Column [A]: Company Schedules A-1 and C-1
Column [B]: RUCO Schedule TJC-2, TJC-6, and TJC-16

EXHIBIT
R-22
ADMITTED

Far West Water & Sewer, Inc.
Docket No. WS-03478A-12-0307
Test Year Ended December 31, 2011

Wastewater Division
Surrebuttal Schedule TJC-2

RATE BASE - ORIGINAL COST

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED OCRB/FVRB	[B] RUCO OCRB/FVRB ADJUSTMENTS	[C] RUCO ADJ'TED OCRB/FVRB
1	Gross Utility Plant in Service	$ 37,751,132	$ (11,588,446)	$ 26,162,686
2				
3	**Less:**			
4	Accumulated Depreciation	(4,945,733)	1,506,030	(3,439,703)
5				
6	Net Utility Plant in Service (L1 less L4)	$ 32,805,399	$ (10,082,416)	$ 22,722,983
7				
8	Advances in Aid of Construction	(10,814,970)	3,255,306	(7,559,664)
9				
10	Contributions in Aid of Construction (CIAC)	(1,726,854)	519,783	(1,207,071)
11	Accumulated Amortization of CIAC	909,423	(273,736)	635,687
12	Net CIAC (L10 less L11)	$ (817,431)	$ 246,047	$ (571,384)
13				
14	Customer Deposits	(26,359)	-	(26,359)
15	Accumulated Deferred Income Taxes (ADIT)	-	-	-
16				
17	**Add:**			
18	Allowance for Working Capital	$ 1,653,938	$ (174,639)	$ 1,479,299
19				
20	Net Regulatory Asset / (Liability)	-	-	-
21				
22				
23	TOTAL RATE BASE (Sum L's 6, 8, 12, & 14 Thru 20)	$ 22,800,578	$ (6,755,702)	$ 16,044,876

References:
Column (A): Company Schedule B-1
Column (B): Schedule TJC-3
Column (C): Column (A) + Column (B)

Far West Water & Sewer, Inc.
Docket No. WS-03478A-12-0307
Test Year Ended December 31, 2011

Wastewater Division
Surrebuttal Schedule TJC-3

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED OCRB/FVRB	(B) ADJMT NO. 1(a) PLANT BALANCES	(C) ADJMT NO. 1(b) ACCUMULATED DEPRECIATION	(D) ADJMT NO. 1(c) EXCESS CAP. AIAC & CIAC	(E) ADJMT NO. 2 INTENTIONALLY LEFT BLANK	(F) ADJMT NO. 3 INTENTIONALLY LEFT BLANK	(G) ADJMT NO. 4 WORKING CAPITAL	(H) RUCO ADJ'TED OCRB/FVRB
1	Gross Utility Plant in Service	$37,751,132	$ (11,588,446)	$ -	$ -	$ -	$ -	$ -	$ 26,162,686
2									
3	**Less:**								
4	Accumulated Depreciation	(4,945,733)	-	1,506,030	-	-	-	-	(3,439,703)
5									
6	Net Utility Plant in Service (L1 less L4)	$ 32,805,399	$ (11,588,446)	$ 1,506,030	$ -	$ -	$ -	$ -	$ 22,722,983
7									
8	Advances in Aid of Construction	(10,814,970)	-	-	3,255,306	-	-	-	(7,559,664)
9				-					
10	Contributions in Aid of Construction (CIAC)	(1,726,854)	-	-	519,783	-	-	-	(1,207,071)
11	Accumulated Amortization of CIAC	909,423	-	-	(273,736)	-	-	-	635,687
12	Net CIAC (L10 less L11)	$ (817,431)	$ -	$ -	$ 246,047	$ -	$ -	$ -	$ (571,384)
13									
14	Customer Deposits	(26,359)	-	-	-	-	-	-	(26,359)
15	Accumulated Deferred Income Taxes (ADIT)	-	-	-	-	-	-	-	-
16									
17	**Add:**								
18	Allowance for Working Capital	$ 1,653,938	$ -	$ -	$ -	$ -	$ -	$ (174,639)	$ 1,479,299
19									
20	Net Regulatory Asset / (Liability)	-	-	-	-	-	-	-	-
21									
22									
23	TOTAL RATE BASE (Sum L's 6, 8, 12, & 14 Thru 20)	$22,800,578	$ (11,588,446)	$ 1,506,030	$ 3,501,353	$ -	$ -	$ (174,639)	$ 16,044,876

References:
Column (A): Company Schedule B-2
Column (B): Adjustment No. 1(a) - Adjust Test-Year Plant for Excess Capacity (See TJC-4(a) and T. Fish Testimony)
Column (C): Adjustment No. 1(b) - Adjust Accumulated Depreciation for Excess Capacity (See Schedule TJC-4(b) and T. Fish Testimony)
Column (D): Adjustment No. 1(c) - AIAC & CIAC Excess Capacity (See Schedule TJC-4(c))
Column (E): Adjustment No. 2 - Intentionally Left Blank
Column (F): Adjustment No. 3 - Intentionally Left Blank
Column (G): Adjustment No. 4 - Working Capital
Column (H): Sum Of Columns (A), (B), (C), (D), (E), (F) & (G)

RATE BASE ADJUSTMENT NO. 1(a)
RUCO RECOMMENDED USED AND USEFUL PLANT IN SERVICE

LINE NO.	NARUC ACCT NO.	DESCRIPTION	[A] Company Actual Test Year Plant Booked 12/31/2011	[B] Company Book Adjustments	[C] Company Adjusted Plant in Service As Filed	[D] RUCO Excess Capacity Percentage Adjustment	[E] RUCO Excess Capacity Adjustment	[F] RUCO Recommended Plant in Service Balances
1	351	Organization Cost	$ -	$ -	$ -	30.1%	$ -	$ -
2	352	Franchise Cost	3,076	-	3,076	30.1%	-	3,076
3	353	Land and Land Rights	1,560,847	(147,410)	1,413,437	30.1%	-	1,413,437
4	354	Structures & Improvements	2,633,622	(156,140)	2,477,482	30.1%	745,722	1,731,760
5	355	Power Generating Equipment	68,993	-	68,993	30.1%	20,767	48,226
6	360	Collection Sewers - Force	3,705,476	(200,302)	3,505,174	30.1%	1,055,057	2,450,117
7	361	Collection Sewers - Gravity	8,749,140	(17,640)	8,731,500	30.1%	2,628,181	6,103,318
8	362	Special Collecting Structures	-	-	-	30.1%	-	-
9	363	Sevices to Customers	173,621	-	173,621	30.1%	52,260	121,361
10	364	Flow Measuring Devices	32,468	-	32,468	30.1%	9,773	22,695
11	365	Flow Measuring Installations	16,683	-	16,683	30.1%	5,022	11,662
12	366	*Reuse Services*	-	-	-	30.1%	-	-
13	367	Reuse Meters and Meter Installations	2,310	-	2,310	30.1%	695	1,615
14	370	Receiving Wells	92,784	0	92,784	30.1%	27,928	64,856
15	371	Pumping Equipment	1,496,705	0	1,496,705	30.1%	450,508	1,046,197
16	374	Reuse Distribution Reserviors	-	-	-	30.1%	-	-
17	375	Reuse Transmission and Dist. Sys.	-	-	-	30.1%	-	-
18	380	Treatment and Disposal Equipment	21,650,302	(2,032,835)	19,617,467	30.1%	5,904,857	13,712,609
19	381	Plant Sewers	736,542	(4,569)	731,973	30.1%	220,324	511,649
20	382	Outfall Sewer Lines	2,256	(0)	2,256	30.1%	679	1,577
21	389	Other Plant and Misc. Equipment	418,687	(24,546)	394,141	30.1%	118,637	275,505
22	390	Office Furniture & Equipment	257,292	(2,720)	254,572	30.1%	76,626	177,946
23	390.1	Computers & Software	30,027	(18,670)	11,356	30.1%	3,418	7,938
24	391	Transportation Equipment	271,810	-	271,810	30.1%	81,815	189,995
25	392	*Stores Equipment*	-	-	-	30.1%	-	-
26	393	Tools, Shop & Garage Equipment	27,069	-	27,069	30.1%	8,148	18,921
27	394	Laboratory Equipment	33,710	(16,292)	17,418	30.1%	5,243	12,175
28	395	Power Operated Equipment	181,667	-	181,667	30.1%	54,682	126,985
29	396	Communications Equipment	17,191	-	17,191	30.1%	5,174	12,016
30	397	Miscellaneous Equipment	204,504	(68,153)	136,351	30.1%	41,042	95,309
31	398	Other Tangible Plant	238,828	-	238,828	30.1%	71,887	166,941
32		Totals	$ 42,605,611	$ (2,689,278)	$ 39,916,333		$ 11,588,446	$ 28,327,887
33		Company As Filed						39,916,333
34		RUCO Adjustment - Increase / (Decrease) in Plant						$ (11,588,446)

References:
Column [A]: Per Company Schedule B-2, page 2 on Line 37 - Actual End of Test Year Booked Plant Balances
Column [B]: Per Company Schedule B-2, page 2 on Line 42 - Increase / (Decrease) in Plant in Service
Column [C]: Per Company Schedule B-2, page 2 on Line 37 - Adjusted End of Test Year Plant Balances
Column [D]: *Per RUCO Witness Thomas Fish Testimony*
Column [E]: Column [C] X [D] with the Exception of Non-Depreciable Accounts 351, 352, and 353
Column [F]: Column [C] - [E] - RUCO Recommended Plant Balances

RATE BASE ADJUSTMENT NO. 1(b)
RUCO RECOMMENDED ACCUMULATED DEPRECIATION

LINE NO.	NARUC ACCT NO.	DESCRIPTION	[A] Company Actual Test Year Accum. Depre. 12/31/2011	[B] Company Book Adjustments	[C] Company Accumulated Depreciation As Filed	[D] RUCO Excess Capacity Percentage Adjustment	[E] RUCO Excess Capacity Adjustment	[F] RUCO Recommended Accum. Depre. Balances
1	351	Organization Cost	$ -	$ -	$ -	30.1%	$ -	$ -
2	352	Franchise Cost	-	-	-	30.1%	-	-
3	353	Land and Land Rights	-	-	-	30.1%	-	-
4	354	Structures & Improvements	138,113	(86,844)	51,270	30.1%	15,432	35,837
5	355	Power Generating Equipment	1,725	-	1,725	30.1%	519	1,206
6	360	Collection Sewers - Force	181,585	(27,450)	154,134	30.1%	46,394	107,740
7	361	Collection Sewers - Gravity	1,723,051	(10,525)	1,712,526	30.1%	515,470	1,197,055
8	362	Special Collecting Structures	-	-	-	30.1%	-	-
9	363	Sevices to Customers	8,395	(3,697)	4,698	30.1%	1,414	3,284
10	364	Flow Measuring Devices	29,877	2,591	32,468	30.1%	9,773	22,695
11	365	Flow Measuring Installations	13,766	2,918	16,683	30.1%	5,022	11,662
12	366	Reuse Services	-	-	-	30.1%	-	-
13	367	Reuse Meters and Meter Installations	96	-	96	30.1%	29	67
14	370	Receiving Wells	1,546	0	1,546	30.1%	465	1,081
15	371	Pumping Equipment	397,823	50,710	448,534	30.1%	135,009	313,525
16	374	Reuse Distribution Reserviors	-	-	-	30.1%	-	-
17	375	Reuse Transmission and Dist. Sys.	-	-	-	30.1%	-	-
18	380	Treatment and Disposal Equipment	3,825,791	(1,693,407)	2,132,384	30.1%	641,847	1,490,536
19	381	Plant Sewers	27,488	(5,594)	21,894	30.1%	6,590	15,304
20	382	Outfall Sewer Lines	38	0	38	30.1%	11	27
21	389	Other Plant and Misc. Equipment	45,316	(30,304)	15,012	30.1%	4,519	10,493
22	390	Office Furniture & Equipment	31,463	(4,279)	27,184	30.1%	8,182	19,001
23	390.1	Computers & Software	25,306	(21,597)	3,709	30.1%	1,117	2,593
24	391	Transportation Equipment	125,372	68,655	194,028	30.1%	58,402	135,625
25	392	Stores Equipment	-	-	-	30.1%	-	-
26	393	Tools, Shop & Garage Equipment	3,124	-	3,124	30.1%	940	2,184
27	394	Laboratory Equipment	21,263	(20,469)	793	30.1%	239	554
28	395	Power Operated Equipment	23,457	-	23,457	30.1%	7,061	16,397
29	396	Communications Equipment	1,182	-	1,182	30.1%	356	826
30	397	Miscellaneous Equipment	137,179	(87,714)	49,465	30.1%	14,889	34,576
31	398	Other Tangible Plant	107,473	-	107,473	30.1%	32,349	75,123
32		Totals	$ 6,870,429	$ (1,867,006)	$ 5,003,423		$ 1,506,030	$ 3,497,393
33		Company As Filed						5,003,423
34		RUCO Adjustment - (Increase) / Decrease in Accumulated Depreciation						$ 1,506,030

References:
Column [A]: Per Company Schedule B-2, page 3 on Line 37 - Actual End of Test Year Booked Accumulated Depreciation Balances
Column [B]: Per Company Schedule B-2, page 3 on Line 42 - Increase / (Decrease) in Accumulated Depreciation
Column [C]: Per Company Schedule B-2, page 3 on Line 37 - Adjusted End of Test Year Accumulated Depreciation Balances
Column [D]: Per RUCO Witness Thomas Fish Testimony
Column [E]: Column [C] X [D] with the Exception of Non-Depreciable Accounts 351, 352, and 353
Column [F]: Column [C] - [E] - RUCO Recommended Accumulated Depreciation Balances

OPERATING INCOME ADJUSTMENT NO. 1
TEST YEAR DEPRECIATION EXPENSE

LINE NO.	NARUC ACCOUNT NO.	ACCOUNT NAME	(A) RUCO TOTAL DEPRECIABLE PLANT	(B) COMPANY PROPOSED DEP. RATES	(C) TEST YEAR DEPRECIATION EXPENSE
1	351	Organization Cost	$ -	0.00%	$ -
2	352	Franchise Cost	3,076	0.00%	-
3	353	Land and Land Rights	1,413,437	0.00%	-
4	354	Structures & Improvements	1,731,760	3.33%	57,668
5	355	Power Generating Equipment	48,226	5.00%	2,411
6	360	Collection Sewers - Force	2,450,117	2.00%	49,002
7	361	Collection Sewers - Gravity	6,103,318	2.00%	122,066
8	362	Special Collecting Structures	-	2.00%	-
9	363	Sevices to Customers	121,361	2.00%	2,427
10	364	Flow Measuring Devices	22,695	10.00%	2,270
11	365	Flow Measuring Installations	11,662	10.00%	1,166
12	366	Reuse Services	-	2.00%	-
13	367	Reuse Meters and Meter Installations	1,615	8.33%	135
14	370	Receiving Wells	64,856	3.33%	2,160
15	371	Pumping Equipment	1,046,197	12.50%	130,775
16	374	Reuse Distribution Reserviors	-	2.50%	-
17	375	Reuse Transmission and Dist. Sys.	-	2.50%	-
18	380	Treatment and Disposal Equipment	13,712,609	5.00%	685,630
19	381	Plant Sewers	511,649	5.00%	25,582
20	382	Outfall Sewer Lines	1,577	3.33%	53
21	389	Other Plant and Misc. Equipment	275,505	6.67%	18,376
22	390	Office Furniture & Equipment	177,946	6.67%	11,869
23	390.1	Computers & Software	7,938	20.00%	1,588
24	391	Transportation Equipment	189,995	20.00%	37,999
25	392	Stores Equipment	-	4.00%	-
26	393	Tools, Shop & Garage Equipment	18,921	5.00%	946
27	394	Laboratory Equipment	12,175	10.00%	-
28	395	Power Operated Equipment	126,985	5.00%	6,349
29	396	Communications Equipment	12,016	10.00%	1,202
30	397	Miscellaneous Equipment	95,309	10.00%	9,531
31	398	Other Tangible Plant	166,941	10.00%	16,694
					-
32		TEST YEAR GROSS PLANT AND DEPRECIATION EXPENSE	$ 28,327,887		$ 1,185,899
		Less:			
33		AMORTIZATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)	(1,207,071)	4.9648%	(59,928)
34	**RUCO TOTAL DEPRECIATION EXPENSE**				$ 1,125,970
35	Company As Filed				1,497,193
36	Difference				$ (371,222)
37	RUCO Adjustment (See TJC-6, Column (C) Line 34)				$ (371,222)