ORIGINAL NEW APPLICATION

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BEFORE THE ARIZONA CORPORATION COMMISSION

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BOB STUMP, Chairman
GARY PIERCE
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BOB BURNS

IN THE MATTER OF THE APPLICATION OF LAS QUINTAS SERENAS WATER CO., AN ARIZONA CORPORATION, FOR (i) A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND (ii) AN INCREASE IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED UPON SUCH DETERMINATION	)	DOCKET NO. W-01583A-13-0117 APPLICATION

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ATTORNEY AT LAW
P. O. Box 1448
Tubac, Arizona 85646

Las Quintas Serenas Water Co. ("LQSWC" or the "Company"), by and through its undersigned counsel, hereby applies for an order (i) determining the fair value of its plant and property used for the provision of public water utility service; and, (ii) based on such finding, approving permanent rates and charges for such utility service designed to produce a fair return thereon. In support of this Application the Company states as follows:

1. LQSWC is a corporation duly organized and existing under the laws of the State of Arizona. Its principal place of business is 75 W. Calle de Las Tiendas, Suite 115-B, Green Valley, Arizona, 85614 and its telephone number is 520-625-8040.

2. LQSWC is a public service corporation under Arizona law, which is primarily engaged in the business of providing water utility services in its certificated service area in unincorporated portions of Pima County, Arizona in the vicinity of the Town of Sahuarita and the community of Green Valley. During the test year, LQSWC served approximately 950 utility service connections.

3. The persons responsible for overseeing and directing the conduct of this rate application for LQSWC are Omar Mejia, Administrative Manager, and the Company's rate consultant, Thomas J. Bourassa. Mr. Mejia's mailing address is 75 W. Calle de las Tiendas,

Suite 115 B, Sahuarita, Arizona 85629. His telephone number is 520-625-8040, his telecopier number is 520-648-3520, and his email address is omar@lqswater.com. Mr. Bourassa's mailing address is 139 W. Wood Drive, Phoenix, Arizona, his telephone number is 602-246-7150, his telecopier number is 602-246-1040, and his email address is tjb114@cox.net. **All discovery requests for information concerning the Application should be directed to Mr. Mejia, including copies by email, and to Mr. Bourassa, with an additional copy to undersigned counsel for the Company, including by email to tubaclawyer@aol.com.**

4. The Company is presently providing services under the rates and charges authorized by the Commission in Decision No. 72498, dated June 25, 2011, using a test year of June 30, 2009.

5. The revenues from LQSWC's utility operations are presently inadequate to provide the Company with a fair rate of return on the fair value of its utility plant and property devoted to the provision of public water utility service. Changes in the Company's operating circumstances since the aforesaid test year in its prior rate proceeding have caused revenues produced by the current rates and charges to become inadequate to meet operating expenses and to provide a reasonable rate of return. Accordingly, the Company hereby requests that certain adjustments to its rates and charges for utility service be approved by the Commission, in order that the Company may recover its operating expenses and be given an opportunity to earn a just and reasonable rate of return on the fair value of its property. In that regard, the Company proposes to use its original cost rate base as its fair value rate base in this proceeding, in order to minimize potential disputes and to reduce rate case expense.

6. Filed concurrently herewith are the schedules required pursuant to A.A.C. R14-2-103 for rate applications by Class "C" utilities, such as LQSWC. The test year utilized by the Company in connection with the preparation of these schedules is the 12-month period that ended September 30, 2012. LQSWC requests the Commission utilize such test year in connection with the processing of this Application, with appropriate adjustments to obtain a normal and more realistic relationship between revenues, expenses, and rate base during the period in which rates established in this proceeding will be in effect.

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7. During the test year, the Company's adjusted gross revenues were $582,421 from water utility service. The adjusted income (loss) was $57,003, leading to an operating deficiency of $81,613. The adjusted fair value rate base was $1,610,145. The resulting rate of return on the Company's water operations during the test year was 3.54 percent, a return which is clearly inadequate.

8. The aforesaid return to the Company is too low to allow it to meet its debt service requirements, maintain a sound credit rating, and/or enable LQSWC to attract additional capital on reasonable and acceptable terms in order to continue that investment in utility plant necessary to allow it to continue to adequately serve its customers.

9. As a consequence, the Company is requesting an increase in revenues equal to $106,895, or an increase of 18.35 percent. In that regard, the adjustments to the Company's rates and charges that are proposed herein, when fully implemented, will produce a rate of return on the fair value rate base of 8.61 percent.

10. Filed concurrently in support of this Application and the requested increase in revenues is the prepared Direct Testimony of Thomas J. Bourassa, organized in two separate volumes that collectively provide (i) an overview of the Company's rate filing, (ii) discussion of the revenue requirement, including the "A" through "F" schedules, (iii) development of the rate base and income statement adjustments, (iv) cost of equity capital and related issues, (v) proposed rates, including the "H" schedules, and (vi) a discussion of the proposed rates on customers' bills. The Company's "D" schedules, which address the cost of capital, are attached to the volume with Mr. Bourassa's testimony addressing cost of capital. In addition, also filed is the prepared Direct Testimony of Omar Mejia, which provides some background information on LQSWC.

WHEREFORE, LQSWC requests the following relief:

A. That the Commission, upon proper notice and at the earliest possible time, conduct a hearing in accordance with A.R.S. §40-251 and determine the fair value of LQSWC's utility plant and property devoted to providing water utility service to the public.

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B. That the Commission, based upon such determination, approve permanent adjustments to the rates and charges for water utility service provided by LQSWC, as proposed by the Company herein, or approve such other rates and charges as will produce a just and reasonable rate of return on the fair value of the Company's utility plant and property devoted to public service; and

C. That the Commission authorize such other and further relief as may be necessary or appropriate to ensure that LQSWC has an opportunity to endeavor to earn a just and reasonable return on the fair value of its utility property, as required under Arizona law.

RESPECTFULLY SUBMITTED this 25th day of April, 2012.

Lawrence V. Robertson Jr.

Lawrence V. Robertson, Jr.

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ORIGINAL and thirteen (13) copies of the foregoing will be filed the 26th day of April, 2013 with Docket Control

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Las Quintas Serenas Water Co.
Docket No: W-01583A-13-_____

OMAR MEJIA
DIRECT TESTIMONY

April 26, 2013

Prepared Direct Testimony

Of

Omar Mejia

On Behalf of

Las Quintas Serenas Water Co.

Q.1 Please state your name, business address and business affiliation with Las Quintas Serenas Water Co. ("LQS"), the Applicant in this proceeding.

A. My name is Omar Mejia, and I am the Administrative Manager of Las Quintas Serenas Water Company ("LQS"). LQS's business address is 75 W. Calle de las Tiendas, Sahuarita, Arizona 85629.

Q.2 How long have you been affiliated with LQS?

A.2 I have been affiliated with Las Quintas Serenas Water Company since November 2009.

Q.3 Please describe your responsibilities in your position as Administrative Manager for LQS.

A.3 My general responsibilities are as follows: Office/Administrative Management; Public Relations; Scheduling; Contracts/Agreements; Primary Interface with Professional Services Entities, Regulatory Agencies and State/County/Town Offices; Company Regulatory Compliance and Submittal of Compliance Reports; and Publication and Distribution of Company Policies, Procedures, and Manuals.

Q.4 How many water service customers does LQS serve, and how large is its certificated water service area?

A.4 LQS currently provides potable water service to 874 residential customers and 14 commercial customers. In addition, LQS provides potable water service to 152

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customers by means of a standpipe arrangement. LQS does not have any industrial water service customers.

LQS' certificated water service area is located on the periphery of the Town of Sahuarita and the unincorporated community of Green Valley, each of which are south of the City of Tucson in Pima County, Arizona. In that regard, attached to my prepared Direct Testimony as Appendix "A" is a map which depicts the shape and geographic location of LQS' certificated water service. LQS' water system Certificate of Convenience and Necessity ("CC&N") includes portions of Township 17 South, Range 13 East, Sections 21,22,23,26 and 27, west of Interstate 19 between El Toro Road and Anamax Mine Road.

Q.5 What is the potential for customer and load growth within LQS' certificated water service area?

A.5 With the exception of the 239 (Undeveloped Lots) at the Santa Cruz Meadows subdivision, potential future growth for LQS is very limited due to the following: First, there is no land available for significant additional development in the company's certificated service area. Second, LQS's certificated service area is surrounded by the CC&N boundaries of Community Water Company to the South and Sahuarita Water Company on the North, and Freeport-McMoRan Sierrita's property to the West. In that regard, it is LQS' understanding that Freeport-McMoRan Sierrita intends to keep that land vacant, and as a "buffer" to its mining operations.

Q.6 How does LQS staff itself, in order to be in a position to provide ongoing adequate and reliable potable water service of its customers in a cost-effective manner?

A.6 In order to provide ongoing adequate and reliable potable water service to our customers in a cost-effective manner, LQS staffs three (3) full time employees to

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perform various administrative duties, and recurring field operations and maintenance. For selective projects and assignments that require professional or certified personal, LQS management has routinely utilized Freeport-McMoRan Sierrita personnel for support and expertise in these areas on an as-needed basis.

Q.7 Please describe the responsibilities of those individuals who are directly employed by LQS.

A.7 As previously indicated, LQS employs three (3) full time employees. First, an Administrative Manager who is responsible for Office/Administrative Management; Public Relations; Scheduling; Contracting/Agreements; Primary Interface with Professional Services Entities, Regulatory Agencies and State/County/Town Offices; Regulatory Compliance and Submittal of Compliance Reports; and, Publication and Distribution of Company Policies, Procedures and Manuals. Second, an Administrative Assistant who is responsible for Office Duties; Customer Accounts Management; Accounts Payable/ Receivable; Reports and Spreadsheets Correspondence; and Support to Administrative Manager. Third, An Operations Technician who performs System Maintenance duties such as Flushing Mains, Chlorinating System, Exercising Valves, Meter Reading, Water Sampling, Area Oversight, Inventory, and 24 hour On-Call

Q.8 Please describe the major components of LQS' water system, by means of which it provides potable water service to its customers in a safe and reliable manner.

A.8 LQS' water system currently operates on a single pressure zone basis. Its water source is solely groundwater. Water demands are provided by three (3) deep wells: No. 5, No. 6, and No. 7. Well No. 5 is located near the middle of the southern portion of the water system, and produces 225 gpm. Well No. 6 is located near the southwest corner of the service area, and produces 425 gpm. Well No. 7 is located

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near the southern end of service area, and produces 925 gpm. Storage capacity is provided by a 400,000 gallon reservoir located at the Well No. 6 site, and 30,000 gallon and 60,000 gallon storage reservoirs located on the West end of the service area. To meet the federal arsenic drinking water standards at Well No. 6 and Well No. 7, there is a 1,275-gpm iron media absorption arsenic treatment system, a 400,000 gallon storage tank, and an 850 gpm transfer booster station. In addition, there is an 8-inch diameter water main approximately 2,500 feet in length that connects Well No. 7 to the arsenic treatment site. Site piping allows either or both of the wells to deliver directly into the arsenic treatment system. Treated (potable) water then flows to the 400,000 gallon reservoir located on site. A variable frequency drive ("VFD") operates the transfer booster station and pumps treated water into the distribution system. For emergency backup, LQS rents a 100kW diesel-powered generator from Freeport-McMoRan Sierrita for emergency power backup during electrical outages.

Q.9 In its Decision No. 68718, issued on June 1, 2006, the Commission authorized LQS to construct an arsenic treatment facility for its water system, and to borrow funds for that purpose. Is the arsenic treatment facility referred to in your last answer the one that was authorized by the Commission in Decision No. 68718?

A.9 Yes, it was placed into operation on December 2008, and has been in service since that date.

Q.10 In Decision No. 69380, on March 22, 2007, the Commission authorized LQS to borrow funds to construct an additional 400,000 gallons of storage. Does the storage capacity included in your previous response include that 400,000 gallons of storage?

A.10 Yes. That storage reservoir also was placed in service on December, 2008, and

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has been in service since that date.

Q.11 What was the means of financing used to construct the arsenic treatment facility and the 400,000 gallon storage reservoir?

A.11 The financing in each instance was by means of a loan from the Arizona Water Infrastructure Financing Authority ("WIFA"), and this means of financing was approved in advance by the Commission in each instance in Decision No. 68718 and Decision No. 69380, respectively.

Q.12 Why did LQS use WIFA to finance these capital improvements?

A.12 Because LQS did not have the cash flow or cash on hand to finance the construction of either facility. In fact, it was also necessary for the Commission to authorize an Arsenic Cost Recovery Mechanism for LQS, which the Commission included in Decision No. 68718, on June 1, 2006, in order to provide LQS with the cash flow to pay the debt service on the WIFA loan for the arsenic treatment facility. In addition, the Commission also directed LQS to prepare and file an Arsenic Impact Hook-Up Fee, which was subsequently approved by the Commission as an additional means for financing these improvements.

Q.13 Is the WIFA loan still in effect?

A.13 Yes.

Q.14 Has LQS been able to make the WIFA monthly loan payments as they have become due?

A.14 Yes, but LQS has struggled to do so given its ongoing financial challenges. In fact, the burden of the WIFA loan payments was a major factor in the decision of LQS' Board of Directors in January 2013 to file for a rate increase at this time.

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Q.15 Didn't the Commission authorize an increase in rates and charges for LQS in Decision No. 72498 on July 25, 2011?

A.15 Yes, but the amount of increase authorized has proven to be insufficient, despite the best efforts by LQS to manage the company. A significant factor in that regard has been the impact on LQS' revenues resulting from the conservation-oriented rate design adopted by the Commission in Decision No. 72498. During both the evidentiary hearing and the Commission Open Meeting which preceded Decision No. 72498, LQS voiced its concerns about the potential adverse effect on revenues which would result if the rate design and rates proposed by the Commission's Staff was adopted. Unfortunately, LQS' concerns have proven to be well-founded. Another significant factor has been the absence of any significant new customer additions in LQS' service area since its last rate case.

Q.16 Who is Thomas J. Bourassa and what is his role in connection with LQS' request for a rate increase at this time?

A.16 Mr. Bourassa is a Certified Public Accountant and utility rate consultant, who has been retained by LQS on a number of occasions in recent years to provide professional consulting services, including LQS' last rate case. In this instance, Mr. Bourassa conducted a rate review which assisted LQS' Board of Directors in determining whether or not LQS should seek an increase at this time in its rate and charges for water service. Thereafter, Mr. Bourassa performed a major role assembling the data and preparing the various schedules necessary to support LQS' formal rate increase Application. He will also be the Company's primary witness in connection with its Application and the supporting schedules, as well as any related subsequent exhibits.

Q.17 Does that complete your prepared Direct Testimony on behalf of LQS and its request for an increase in its rates and charges for water service?

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A.17 Yes, it does.

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Las Quintas Serenas Water Co.
Docket No: W-01583A-13-_____

THOMAS J. BOURASSA
DIRECT TESTIMONY
RATE BASE, INCOME STATEMENT, AND RATE DESIGN

April 26, 2013

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

IN THE MATTER OF THE APPLICATION OF LAS QUINTAS SERENAS WATER CO., AN ARIZONA CORPORATION, FOR (i) A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND (ii) AN INCREASE IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO: W-01583A -13-_____

DIRECT TESTIMONY

OF

THOMAS J. BOURASSA

RATE BASE, INCOME STATEMENT, AND RATE DESIGN

ON BEHALF OF

LAS QUINTAS SERENAS WATER CO.

APRIL 26, 2013

DIRECT TESTIMONY
OF
THOMAS J. BOURASSA
RATE BASE, INCOME STATEMENT, AND RATE DESIGN
ON BEHALF OF
LAS QUINTAS SERENAS WATER CO.
April 26, 2013

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I INTRODUCTION AND QUALIFICATIONS

Q1. PLEASE STATE YOUR NAME AND ADDRESS.

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

Q2. WHAT IS YOUR PROFESSION AND BACKGROUND?

A2. I am a Certified Public Accountant and am self-employed, providing consulting services to utility companies as well as general accounting services. I have a B.S. in Chemistry and Accounting from Northern Arizona University (1980) and an M.B.A. with an emphasis in Finance from the University of Phoenix (1991).

Q3. COULD YOU BRIEFLY SUMMARIZE YOUR PRIOR WORK AND REGULATORY EXPERIENCE?

A3. Yes. Prior to becoming a private consultant, I was employed by High-Tech Institute, Inc., and served as controller and chief financial officer. Prior to working for High-Tech Institute, I worked as a division controller for the Apollo Group, Inc. Before joining the Apollo Group, I was employed at Kozoman & Kermode, CPAs. In that position, I prepared compilations and other write-up work for water and wastewater utilities, as well as tax returns.

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

Q4. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

A4. I am testifying in this proceeding on behalf of the applicant, Las Quintas Serenas Water Co. ("LQSWC" or the "Company"). LQSWC is seeking changes in its rates and charges for water utility service in its certificated service area, which

area is located in Pima County, Arizona in the vicinity of the Town of Sahuarita and the community of Green Valley.

Q5. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

A5. I will testify in support of LQSWC's proposed adjustments to its rates and charges for water utility service. I am sponsoring the direct schedules, which are filed concurrently herewith in support of LQSWC's application. I was responsible for the preparation of these schedules based on my investigation and review of LQSWC's relevant books and records.

For convenience, my direct testimony has been divided into two separate volumes, each with the relevant schedules attached, which are being filed separately but concurrently in this case. In this volume of my direct testimony, I address the subjects of rate base, income statement (revenue and operating expenses), required increase in revenue, rate design and proposed rates and charges for water service. In that regard, Schedules A through C, E-F and H are attached to this portion of my direct testimony. LQSWC has not prepared a cost of service study. Consequently the G schedules are omitted.

In the second volume of my direct testimony, to which the D schedules are attached, I address cost of capital. LQSWC is requesting a return on common equity of 12.5 percent. As shown on Schedule D-1, LQSWC's capital structure for ratemaking purposes consists of 27.2 percent equity and 72.8 percent debt. The weighted cost of capital is 8.61 percent.

II. OVERVIEW OF LQSWC'S REQUEST FOR RATE RELIEF

Q6. PLEASE SUMMARIZE LQSWC'S APPLICATION.

A6. The test year used by LQSWC is the 12-month period ending September 30, 2012. LQSWC is requesting an 8.61 percent return on its fair value rate base ("FVRB"). LQSWC has also proposed certain pro forma adjustments to its income statement

to take into account known and measurable changes to rate base, expenses and revenues. These pro forma adjustments are consistent with normal ratemaking and are contemplated by the Commission's rules and regulations governing rate applications. *See* R14-2-103. These adjustments are necessary to obtain a normal or realistic relationship between revenues, expenses and rate base on a going-forward basis.

LQSWC's proposed fair value rate base is $1,610,139. The increase in revenues to provide for recovery of operating expenses and an 8.61 percent return on rate base is approximately $106,895, an increase of approximately 18.35 percent over the adjusted and annualized test year revenues.

Q7. WHY IS LQSWC FILING FOR NEW RATES AT THIS TIME?

A7. LQSWC is not earning a fair return on the fair value of its water plant devoted to service. Revenues are lower than anticipated and operating expenses have increased since the last test year, which was based on the 12 months ended June 30, 2009. For example, the Company's authorized revenue requirement in the last rate case was $638,106.[1] In the current test year, adjusted test year revenues are $582,421; approximately $56,000 lower. Some operating expenses like purchased power and materials and supplies have decreased, as one would expect from lower water sales which the Company has experienced since the last rate case. However, other operating expenses have increased including salaries and wages, outside services, and rents. As a consequence, LQSWC's current rate of return, based on the adjusted test year data, is 3.54 percent, as contrasted with the 8.5 percent authorized in its last rate case in 2011.

Q8. WHEN WERE LQSWC'S CURRENT RATE APPROVED?

[1] *See* Decision 72498 at

A8. The Company's current water rates were approved in 2011 in Decision 72498 (July 25, 2011).

III. SUMMARY OF SCHEDULES

A. Summary of A, E and F Schedules.

Q9. MR. BOURASSA, LET'S TURN TO LQSWC'S SCHEDULES. PLEASE DESCRIBE THE SCHEDULES LABELED AS A, E, AND F.

A9. The A-1 Schedule is a summary of the rate base, operating income, current operating margin, required operating margin, operating income deficiency, and the increase in gross revenues. An 8.61 percent return on FVRB of $1,610,145 is requested. The increase in the revenue requirement is $106,895, or 18.35 percent over adjusted test year revenues. Revenues at present and proposed rates and customer classifications are also shown on this schedule.

The A-2 Schedule is a summary of results of operations for the test year, prior years, and a projected year at present rates and proposed rates.

Schedule A-3 contains LQSWC's capital structure for the test year and the two prior years.

Schedule A-4 contains plant construction, and plant-in-service for the test year and prior years. The projected plant additions are also shown on this schedule.

Schedule A-5 is the summary of LQSWC's changes in financial position (cash flow) for the prior two years, the test year at present rates, and a projected year at present and proposed rates.

The E Schedules are based on LQSWC's actual operating results, as reported by LQSWC in annual reports filed with the Commission. The E-1

Schedule contains the comparative balance sheet data for the years 2010, 2011, and 2012 ending on September 30.

Schedule E-2, page 1, contains the income statement for the years 2010, 2011, and 2012 ending on September 30.

Schedule E-3 contains the statements of changes in LQSWC's financial position for the test year and the two prior years.

Schedule E-4 provides the changes in stockholder equity.

Schedule E-5 contains LQSWC's plant-in-service at the end of the test year, and one year prior to the end of the test year.

Schedule E-7 contains operating statistics for the years ended 2010, 2011, and 2012 ending on September 30.

Schedule E-8 contains the taxes charged to operations.

The accountant's notes to the financial statements and the financial assumptions used in preparing the rate filing schedules are shown on Schedules E-9 and F-4, respectively, in accordance with the Commission's standard filing requirements. LQSWC does not prepare audited financial statements.

Schedule F-1 contains the results of operations at the present rates (actual and adjusted), and at proposed rates.

Schedule F-2 contains the summary of changes in financial position (cash flow) for the prior two years, the test year at present rates, and a projected year at present and proposed rates.

Schedule F-3 shows LQSWC's projected construction requirements for 2013, 2014, and 2015.

Schedule F-4 contains the assumptions used in developing the adjustments and projections contained in the rate filing.

B. Rate Base (B Schedules).

Q10. WOULD YOU EXPLAIN THE RATE BASE SCHEDULES, WHICH ARE LABELED AS THE B SCHEDULES?

A10. Yes. I will start with Schedule B-5, which is the working capital allowance. I used the "formula method" of computing the working capital allowance to reduce costs. However, LQSWC is not requesting a working capital allowance.

Q11. WHY DIDN'T LQSWC PREPARE A LEAD-LAG STUDY AND USE THE RESULTS OF THAT STUDY TO COMPUTE WORKING CAPITAL?

A11. Because the Company is not seeking a working capital allowance and the costs to prepare a lead-lag study outweigh the benefits in this case.

Q12. THANK YOU. PLEASE CONTINUE.

A12. LQSWC did not file Schedules B-3 and B-4. To limit issues in dispute and further reduce rate case expense, LQSWC is requesting that its original cost rate base ("OCRB") be used as its FVRB.

Q13. HAVE YOU PREPARED SCHEDULES SHOWING ADJUSTMENTS TO LQSWC'S ORIGINAL COST RATE BASE?

A13. Yes. Schedule B-2 shows adjustments to the OCRB cost rate base proposed by LQSWC. Schedule B-2, pages 2 through 5, provides the supporting information. These adjustments are, in summary:

B-2 adjustment number 1, as shown on Schedule B-2, page 2, adjusts plant-in-service. There is one plant-in-service adjustment included in Adjustment 1. This adjustment is shown on Schedule B-2, page 3, and is labeled as adjustment "A".

Adjustment A of B-2 adjustment number 1 reduces plant-in-service to reflect the adjustments required to reconcile to the reconstruction of plant-in-service from the end of the last test year to the end of the current test year. The adjustment reflects the Company's failure to record the plant adjustments adopted

in the last rate case. The resulting reconstruction of the Company's plant-in-service balance is shown on Schedule B-2, pages 3.2 through 3.5.

. B-2 adjustment 2, as shown on Schedule B-2, page 2, adjusts accumulated depreciation. The details of the accumulated depreciation adjustment are shown on Schedule B-2, page 4. There is one adjustment shown on this schedule and it is labeled as adjustment "A".

Adjustment A of B-2 adjustment 2 reflects the re-computed accumulated depreciation balance. The reconstruction of the Company's accumulated depreciation balance is shown on Schedule B-2, pages 3.2 through 3.5.

Q14. DO THE PLANT AND ACCUMULATED DEPRECIATION SHOWN ON B-2 REFLECT THE LAST COMMISSION RATE ORDER?

A14. Yes. The plant shown on Schedule B-2 started with the plant-in-service balances approved in Decision No. 72498, which established the starting values of plant-in-service. Plant additions and retirements have been added to and deducted from total plant shown on Schedule B-2, pages 3.2 to 3.5. Pages 3.2 to 3.5 of the schedule also show the details for the accumulated depreciation through the end of the test year using the half-year convention for depreciation.

Q15. WHAT DEPRECIATION RATES DID YOU EMPLOY?

A15. The same rates used in the last rate case decision.[2] These are based on Staff's typical and customary depreciation rates.

Q16. THANK YOU. PLEASE CONTINUE.

A16. B-2 adjustment number 3, labeled as 3a and 3b, adjusts contributions in aid of construction ("CIAC") and amortization for CIAC recorded since the prior rate case. The detail of LQSWC's proposed CIAC adjustments can be found on Schedule B-2, pages 5.0 and 5.1.

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[2] *See* Decision 72498 at 22.

Q17. HOW WAS THE PROPOSED "FAIR VALUE" RATE BASE SHOWN ON SCHEDULE A-1 DETERMINED?

A17. As stated, the FVRB shown on Schedule A-1 is based on OCRB, with no adjustment for the current reconstruction values of LQSWC's plant and property.

C. <u>Income Statement (C Schedules).</u>

Q18. PLEASE EXPLAIN THE ADJUSTMENTS YOU ARE PROPOSING TO THE INCOME STATEMENT AS SHOWN ON SCHEDULES C-1 AND C-2.

A18. The following is a summary of adjustments shown on Schedule C-1:

Adjustment 1 annualizes depreciation expense. The proposed depreciation rate for each component of utility plant is shown on Schedule C-2, page 2. The depreciation rates approved in LQSWC's last rate case were account specific rates. LQSWC proposes to continue to use these rates.

Adjustment 2 increases the property taxes based on proposed revenues.

Q19. HOW DID YOU COMPUTE THE PROPERTY TAXES AT PROPOSED RATES?

A19. To determine full cash value, I used the method employed by the Arizona Department of Revenue - Centrally Valued Properties ("ADOR" or "the Department"). This method determines full cash value by using twice the average of three years of revenue, plus an addition for CWIP and a deduction for the book value of transportation equipment. In the instant case, I used two times the adjusted revenues for the year ending September 30, 2012, and one year of revenues at proposed rates. The assessed value (20 percent of full cash value) was then multiplied by the property tax rate to determine adjusted property tax expense.

Q20. IS THIS CONSISTENT WITH PRIOR COMMISSION DECISIONS?

A20. Yes. See *Chaparral City Water Company*, Decision No. 68176 (September 30, 2005) at 13, *Rio Rico Utilities Inc.*, Decision No. 67279 (October 5, 2004), *Bella Vista Water Co., Inc.*, Decision No. 65350 (November 2, 2001).

Q21. IS THIS SYNCHRONIZATION OF PROPERTY TAX EXPENSE WITH REVENUES PROPER RATE MAKING?

A21. Yes. Like income taxes, property taxes must be adjusted to ensure that the new rates are sufficient to produce the allowed revenue requirement. For this reason, the Commission has repeatedly approved the use of proposed revenues to determine an appropriate level of property tax expense to be recovered through rates.

Q22. PLEASE CONTINUE WITH YOUR DESCRIPTION OF THE INCOME STATEMENT ADJUSTMENTS.

A22. Adjustment 3 shows estimated rate case expense of $50,000 amortized over 4 years, or $12,500 annually.

Q23. HOW DID YOU ARRIVE AT THESE AMOUNTS?

A23. I estimated $50,000 for a LQSWC rate case based on my experience with rate cases before the Commission, and that of LQSWC's rate case counsel.

Q24. PLEASE EXPLAIN WHY YOU REFER TO THESE AMOUNTS AS "ESTIMATES"?

A24. Because I can't see the future, I can only make some estimates based on my experience. The specifics of who may intervene, what unique issues may come into dispute, what kind of procedural problems we will encounter, and what else will occur during the proceeding, I cannot predict. I know rate cases are lengthy and expensive, but I still have to start with an estimate. If things turn out more complicated than anticipated, LQSWC will modify its request to account for that

increased expense. Conversely, if the case proceeds and rate case expense is lower than expected, we would make an appropriate adjustment downward.

Q25. WHAT AMORTIZATION PERIOD ARE YOU RECOMMENDING?

A25. LQSWC proposes that rate case expense be recovered over four years to help minimize the impact on rate payers. It will be approximately three years between the time the rates were established in the last rate case and the time rates will be established in the instant case. This fact would support a three year amortization period. However, as I stated, the Company seeks to minimize the impact on rate payers, and it also believes a four-year cycle for future rate cases is reasonable given this utility's circumstances.

Q26. PLEASE CONTINUE WITH YOUR DISCUSSION OF THE INCOME STATEMENT ADJUSTMENT?

A26. Adjustment 4 annualizes revenues to the year-end number of customers. The annualization of revenues is based on the number of customers at the end of the test year, compared to the actual number of customers during each month of the test year. Average revenues by month were computed for the test year. The average revenues were then multiplied by the increase (or decrease) in number of customers for each month of the test year. Adjustment 4 also annualizes purchased power expense based on the additional gallons sold from annualizing revenues to the year-end number of customers. This adjustment is intended to match the additional expense associated with the revenue annualization.

Adjustment 5 removes non-recoverable expenses. The non-recoverable expenses include rate case related expenses which are reflected in the Company's proposed rate case expense and regulatory assessment fees from the Arizona Corporation Commission and the Residential Utilities Consumer Office which are intended to be passed-through to customers similar to sales taxes.

Adjustment 6 increases Contractual Services –Other expense and Rent expense for services provided to the Company by an affiliate, Freeport-McMoRan Sierrita ("Freeport"). As described in the Direct Testimony of Omar Majia, the Company routinely utilizes Freeport personnel for support and expertise. The Company's proposed adjustment is intended to capture the cost of those services. Freeport also provides a 100Kw generator which is routinely used by the Company. The rent portion of this adjustment is intended to capture a fair and reasonable cost for rental of this equipment.

Adjustment number 7 removes other non-utility income and expense to eliminate their impact on income taxes.

Adjustment 8 synchronizes interest expense with rate base.

Adjustment 9 reflects income taxes on taxable income based on the adjusted test year revenues and expenses.

D. <u>Rate Design (H Schedules).</u>

Q27. WHAT ARE LQSWC'S PRESENT RATES FOR WATER SERVICE?

A27. LQSWC's present rates are:

<u>MONTHLY SERVICE CHARGES</u>

5/8" x 3/4" meters	$20.56
3/4" Meters	$30.84
1" Meters	$51.39
1 1/2" Meters	$102.79
2" Meters	$164.46
3" Meters	$328.36
4" Meters	$513.94
6" Meters	$1,027.88
6" Meters	$1,655.76

Standpipe		$20.20

COMMODITY RATES

5/8" X ¾" Meters	1 to 4,000 gals	$ 1.08
	4,001 to 10,000 gals	$ 2.08
	Over 10,000 gals	$ 3.09
¾" Meters	1 to 4000 gals	$ 1.08
	4,001 to 10,000 gals	$ 2.08
	Over 10,000 gals	$ 3.09
1" Meters	1 to 27,000 gals	$ 2.08
	Over 27,000 gals	$ 3.09
1 ½" Meters	1 to 70,000	$ 2.08
	Over 70,000	$ 3.09
2" Meters	1 to 122,000	$ 2.08
	Over 122,000	$ 3.09
3" Meters	1 to 262,000	$ 2.08
	Over 262,000	$ 3.09
4" Meters	1 to 423,000	$ 2.08
	Over 423,000	$ 3.09
6" Meters	1 to 873,000	$ 2.08
	Over 873,000	$ 3.09
8" Meters	1 to 1,414,000	$ 2.08
	Over 1,414,000	$ 3.09
Standpipe	0 to 4,000 gals	$ 1.08
	4,001 to 23,000 gals	$ 2.08
	Over 23,000 gals	$ 3.09

Q28. WHAT ARE LQSWC'S PROPOSED RATES FOR WATER SERVICE?

A28. LQSWC's proposed rates are:

MONTHLY SERVICE CHARGES

5/8" x 3/4" meters	$24.24
3/4" Meters	$36.36
1" Meters	$60.60
1 1/2" Meters	$121.20
2" Meters	$193.92
3" Meters	$387.84
4" Meters	$606.01
6" Meters	$1,212.01
6" Meters	$1,939.22
Standpipe	$23.82

COMMODITY RATES

5/8" X ¾" Meters	1 to 4,000 gals	$ 1.50
	4,001 to 10,000 gals	$ 2.50
	Over 10,000 gals	$ 3.50
¾" Meters	1 to 4000 gals	$ 1.50
	4,001 to 10,000 gals	$ 2.50
	Over 10,000 gals	$ 3.50
1" Meters	1 to 27,000 gals	$ 2.50
	Over 27,000 gals	$ 3.50
1 ½" Meters	1 to 70,000	$ 2.50
	Over 70,000	$ 3.50
2" Meters	1 to 122,000	$ 2.50

	Over 122,000	$ 3.50
3" Meters	1 to 262,000	$ 2.50
	Over 262,000	$ 3.50
4" Meters	1 to 423,000	$ 2.50
	Over 423,000	$ 3.50
6" Meters	1 to 873,000	$ 2.50
	Over 873,000	$ 3.50
8" Meters	1 to 1,414,000	$ 2.50
	Over 1,414,000	$ 3.50
Standpipe	0 to 4,000 gals	$ 1.50
	4,001 to 23,000 gals	$ 2.50
	Over 23,000 gals	$ 3.50

Q29. WHAT METER SIZE ARE THE MAJORITY OF CUSTOMERS ON AND WHAT WAS THE AVERAGE MONTHLY BILL DURING THE TEST YEAR ?

A29. The largest customer class is the 5/8 inch residential class. As shown on Schedule H-2, page 1, the average monthly bill under present rates for a 5/8 inch residential customer using an average 9,845 gallons is $37.04.

Q30. WHAT WILL BE THE AVERAGE 5/8 INCH CUSTOMER AVERAGE MONTHLY BILL UNDER THE NEW RATES?

A30. As shown on Schedule H-2, page 2, the average monthly bill under proposed rates for a 5/8 inch customer using an average 9,845 gallons is $44.85 – a $7.81 increase over the present monthly bill or a 21.10 percent increase.

Q31. IS LQSWC PROPOSING A CHANGE IN THE OFF-SITE FACILITIES HOOK-UP FEE OR THE ARSENIC IMPACT HOOK-UP FEE?

A31. No.

Q32. IS LQSWC PROPOSING ANY CHANGES TO ITS METER AND SERVICE LINE INSTALLATION CHARGES?

A32. No.

Q33. IS LQSWC PROPOSING ANY CHANGES TO MISCELLANEOUS SERVICE CHARGES?

A33. No.

Q34. DOES THAT COMPLETE YOUR PREPARED DIRECT TESTIMONY ON BEHALF OF LQSWC, AND ITS REQUEST FOR AN INCREASE IN ITS RATES AND CHARGES FOR WATER SERVICE, AS THE SAME PERTAINS TO THE SUBJECTS OF RATE BASE, INCOME STATEMENT, REVENUE REQUIREMENT AND RATE DESIGN?

A34 Yes, it does.

Las Quintas Serenas Water Co.
Docket No: W-01583A-13-_____

April 26, 2013

Bourassa Work Summary

Exhibit A
RESUME OF THOMAS J. BOURASSA, CPA

EDUCATIONAL BACKGROUND

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

MEMBERSHIPS

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

EMPLOYMENT EXPERIENCE

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

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

SUMMARY OF REGULATORY WORK EXPERIENCE AS SELF EMPLOYED CONSULTANT

COMPANY/CLIENT	FUNCTION
Litchfield park Service Company Docket SW-01428A-13-0043 W-01428A-13-0042	Permanent Rate Application – Water and Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, Cost of Service, and Cost of Capital.
Beaver Dam Water Company Docket WS-03067A-12-0232	Permanent Rate Application. Prepared schedules on Plant, Income Statement, Revenue Requirement, and Rate Design.
Rio Rico Utilities Docket WS-02676A-12-0196	Permanent Rate Application – Water and Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital.
Vail Water Company Docket No. W-01651B-12-0339	Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital.
Avra Water Co-Op. Docket No. W-02126A-11-0480	Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital.
Pima Utility Company Docket W-02199A-11-0329 Docket SW-02199A-11-0330	Permanent Rate Application – Water and Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Cost of Service, Rate Design, and Cost of Capital. Work on financing application.
California Pacific Energy Company	Work on preparation of permanent rate application.
Livco Water Company Docket SW-02563A-11-0213	Permanent Rate Application – Water and Sewer. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill

COMPANY/CLIENT	FUNCTION
	Counts, and Rate Design.
Orange Grove Water Company Docket W-02237A-11-0180	Permanent Rate Application. Prepared schedules on Plant, Income Statement, Revenue Requirement, and Rate Design.
Goodman Water Company Docket W-02500A-10-0382	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Doney Park Water Docket W-01416A-10-0450	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Grimmelmann, et. al. v. Pulte Home Corporation, et. al., case no. CV-08-1878-PHX-FJM, the United States District Court for the District of Arizona.	Consultant to defendant and expert witness for defendant on rates and ratemaking.
Southern Arizona Home Builders Association	Consultant on ratemaking aspects to line extension policies (electric).
H2O Water Company	Valuation
Tierra Linda HOA Water Company	Valuation
Las Quintas Serenas Water Company Docket W-01583A-09-0589	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Coronado Utilities Docket SW-04305A-09-0291	Permanent Rate Application – Wastewater. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Little Park Water Company Docket W-02192A-09-0531	Permanent Rate Application. Prepared schedules on Plant, Income Statement, Revenue Requirement, and Rate Design.

COMPANY/CLIENT	FUNCTION
Sahuarita Water Company Docket W-03718A-09-0359	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, Cost of Service, and Cost of Capital.
Bella Vista Water Company Southern Sunrise Water Company Northern Sunrise Water Company Docket W-02465A-09-0414 W-02453A-09-0414 W-02454A-09-0414	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, Cost of Service, and Cost of Capital.
Rio Rico Utilities, Inc Docket WS-02676A-09-0257	Permanent Rate Application – Water and Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Litchfield park Service Company Docket SW-01428A-09-0103 W-01428A-09-0104	Permanent Rate Application – Water and Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, Cost of Service, and Cost of Capital.
Town of Thatcher v. City of Safford, CV 2007-240, Superior Court of Arizona	Consultant to plaintiff on ratemaking and cost of service.
Valencia Water Company Before the California Public Utility Commission 09-05-002	Cost of Capital
Valley Utilities Docket W-01412A-08-0586	Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Black Mountain Sewer Company Docket SW-02361A-08-0609	Permanent Rate Application – Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Far West Water and Sewer Company	Interim Rate Application (Emergency

COMPANY/CLIENT	FUNCTION
Docket WS-03478A-08-0608	Rates)
Farmers Water Company Docket W-01654A-08-0502	Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Far West Water and Sewer Company Docket WS-03478A-08-0454	Permanent Rate Application. Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design and Cost of Capital.
Ridgeline Water Company, LLC Docket W-20589A-08-0173	Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, and financing.
Sacramento Utilities, Inc. Docket SW-20576A-08-0067	Certificate of Convenience and Necessity – Wastewater. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, and financing.
Johnson Utilities Docket WS-02987A-08-0180	Permanent Rate Application. Water and Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design and Cost of Capital. Participate in 40-252 proceeding.
Orange Grove Water Company Docket W-02237A-08-0455	Permanent Rate Application. Prepared schedules on Plant, Income Statement, Revenue Requirement, and Rate Design.
Far West Water and Sewer Company Docket WS-03478A-07-0442	Financing Application. Prepare schedules to support application.
Oak Creek Water No.1 Docket W-01392A-07-0679	Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
ICR Water Users Association	Permanent Rate Application. Prepared

COMPANY/CLIENT	FUNCTION
Docket W-02824-07-0388	schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Johnson Utilities	Valuation consultant in the matter of the sale of Johnson Utilities assets to the Town of Florence.
H2O, Inc Docket W-02234A-07-0550	Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Chaparral City Water Company Docket W-02113A-07-0551	Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Valley Utilities Docket W-01412A-07-0561	Financing Application. Prepare schedules to support application.
Valley Utilities Docket W-01412A-07-280	Emergency Rate Application. Prepare schedules to support application.
Valley Utilities Docket W-01412A-07-0278	Accounting Order. Assist in preparing definition and scope of costs for deferral for future regulatory consideration and treatment.
Litchfield Park Service Company Docket W-01427A-06-0807	Accounting Order. Assist in preparing definition and scope of costs for deferral for future regulatory consideration and treatment.
Golden Shores Water Company Docket W-01815A-07-0117	Permanent Rate Application. Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Diablo Village Water Company Docket W-02309A-07-0140	Off-site facilities hook-up fee application. Prepare schedules to support application.

COMPANY/CLIENT	FUNCTION
Diablo Village Water Company Docket W-02309A-07-0399	Permanent Rate Application (Class C). Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Sahuarita Water Company (Rancho Sahuarita Water Co.) Docket W-03718A-07-0687	Extension Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, and financing.
Utility Source, L.L.C. Docket WS-04235A-06-0303	Permanent Rate Application- Water and Wastewater. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Tierra Buena Water Company	Valuation of Tierra Buena Water Company for estate purposes.
Goodman Water Company Docket W-02500A-06-0281	Permanent Rate Application (Class C). Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, and Cost of Capital.
Links at Coyote Wash Utilities Docket SW-04210A-06-0220	Certificate of Convenience and Necessity – Sewer. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.
New River Utilities Docket W-0173A-06-0171	Extension Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, and financing.
Johnson Utilities Docket WS-02987A-04-0501 Docket WS-02987A-04-0177	Extension of Certificate of Convenience and Necessity – Sewer. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.
Bachmann Springs Utility	Permanent Rate Application – Water and

COMPANY/CLIENT	FUNCTION
Docket WS-03953A-07-0073	Sewer. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.
Avra Water Cooperative Docket W-02126A-06-0234	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Gold Canyon Sewer Company Docket SW-025191A-06-0015	Permanent Rate Application – Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
State of Arizona v. Far West Water and Sewer, No. 1 CA-CR 06-0160	Expert witness on behalf of defendant in penalty phase of case.
Far West Water and Sewer Company Docket WS-03478A-05-0801	Permanent Rate Application – Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Black Mountain Sewer Company Docket SW-02361A-05-0657	Permanent Rate Application – Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Balterra Sewer Company Docket SW-02304A-05-0586	Certificate of Convenience and Necessity – Sewer. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.
Community Water Company of Green Valley Docket W-02304A-05-0830	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
McClain Water Systems Northern Sunrise Water Southern Sunrise Water Docket W-020453A-06-0251	Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial

COMPANY/CLIENT	FUNCTION
	rate design.
Valley Utilities Water Company Docket W-01412A-04-0376	Off-site facilities hook-up fee application. Prepare schedules to support application.
Valley Utilities Water Company Docket W-01412A-04-0376	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, and Revenue Requirement. Assisted in preparation of Rate Design.
Beardsley Water Company Docket W-02074A-04-0358	Permanent Rate Application – Water. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.
Pine Water Company, Inc. Docket W-03512A-03-0279	Interim and Permanent Rate Application, Financing Application - Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Cost of Capital, and Rate Design.
Chaparral City Water Company Docket W-02113A-04-0616	Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, and Income Statement. Assisted in preparation Rate Design.
Tierra Linda Home Owners Association Docket W-0423A-04-0075	Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.
Diamond Ventures - Red Rock Utilities Docket WS-04245A-04-0184	Certificate of Convenience and Necessity – Water and Sewer. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.
Arizona-American Water Company, Inc. Docket WS-01303A-02-0867 Docket WS-01303A-02-0868 Docket WS-01303A-02-0869	Permanent Rate Application Water and Sewer (10 divisions). Prepared schedules and testimony on Rate Base, Plant, Income Statement, and Revenue

COMPANY/CLIENT	FUNCTION
Docket WS-01303A-02-0870 Docket WS-01303A-02-0908	Requirement. Assisted in preparation of Rate Design.
Bella Vista Water Company, Inc. Docket W-02465A-01-0776	Permanent Rate Application - Water. Prepared schedules and testimony on Rate Base, Plant, Income Statement, and Revenue Requirement. Assisted in preparation of Cost of Capital and Rate Design.
Green Valley Water Company Docket (2000 Not Filed)	Permanent Rate Application. Prepared schedules and testimony on Rate Base, Plant, Income Statement, and Revenue Requirement. Assisted in preparation of Cost of Capital and Rate Design.
Gold Canyon Sewer Company Docket SW-02519A-00-0638	Permanent Rate Application - Sewer. Prepared schedules and testimony on Rate Base, Plant, Revenue Requirement, and Income Statement. Assisted in preparation of Cost of Capital and Rate Design.
Rio Verde Utilities, Inc. Docket WS-02156A-00-0321	Permanent Rate Application – Water and Sewer. Prepared schedules and testimony on Rate Base, Plant, Revenue Requirement, and Income Statement. Assisted in preparation of Cost of Capital and Rate Design.
Livco Water Company Livco Sewer Company Docket SW-02563A-05-0820	Permanent Rate Application – Water. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.
Livco Water Company Docket SW-02563A-07-0506	Permanent Rate Application – Water and Sewer. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.
Cave Creek Sewer Company	Revenue Requirement, Rate Adjustment and Rate Design - Sewer.
Avra Water Cooperative	Permanent Rate Application – Water.

COMPANY/CLIENT	FUNCTION
Docket W-02126A-00-0269	Assisted in preparation of Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Town of Oro Valley	Revenue Requirements, Water Rate Adjustments and Rate Design.
Far West Water Company Docket WS-03478A-99-0144	Permanent Rate Application – Water. Assisted in preparation of schedules for Rate Base, Income Statement, Revenue Requirement, Lead-Lag Study, Cost of Capital, and Rate Design.
MHC Operating Limited Partnership Sedona Venture Wastewater Docket W-	Permanent Rate Application – Sewer. Assisted in preparation of schedules for Rate Base, Plant, Income Statement, and Rate Design.
Vail Water Company Docket W-01651B-99-0406	Permanent Rate Application. Assisted in preparation of schedules for Rate Base, Plant, Income Statement, and Rate Design.
E&T Water Company Docket W-01409A-95-0440	Permanent Rate Application - Water. Assisted in preparation of schedules for Rate Base, Plant, Income Statement, and Rate Design.
New River Utility Docket W-01737A-99-0633	Permanent Rate Application - Water. Assisted in preparation of schedules for Rate Base, Plant, Income Statement, and Rate Design.
Golden Shores Water Docket W-01815A-98-0645	Permanent Rate Application – Water. Assisted in preparation of schedules for Rate Base, Plant, Income Statement, and Rate Design.
Ponderosa Utility Company Docket W-01717A-99-0572	Permanent Rate Application – Water. Assisted in preparation of schedules for Rate Base, Plant, Income Statement, and Rate Design.
Chaparral City Water Company Docket (1999 Not Filed)	Permanent Rate Application - Water. Prepared schedules and testimony on Rate Base, Plant, Revenue Requirement, and

COMPANY/CLIENT	FUNCTION
	Income Statement. Assisted in preparation of Cost of Capital and Rate Design.

Las Quintas Serenas Water Co.
Docket No: W-01583A-13-_____

THOMAS J. BOURASSA
DIRECT TESTIMONY
(RATE BASE, INCOME STATEMENT, AND RATE DESIGN)
April 26, 2013

SCHEDULES

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Computation of Increase in Gross Revenue
Requirements As Adjusted

Exhibit
Schedule A-1
Page 1
Witness: Bourassa

Line No.			
1	Fair Value Rate Base	$	1,610,145
2			
3	Adjusted Operating Income		57,003
4			
5	Current Rate of Return		3.54%
6			
7	Required Operating Income	$	138,616
8			
9	Required Rate of Return on Fair Value Rate Base		8.61%
10			
11	Operating Income Deficiency	$	81,613
12			
13	Gross Revenue Conversion Factor		1.3098
14			
15	Increase in Gross Revenue		
16	Requirement	$	106,895
17			
18	*Adjusted Test Year Revenues*	$	582,421
19	Increase in Gross Revenue Revenue Requirement	$	106,895
20	Proposed Revenue Requirement	$	689,316
21	% Increase		18.35%
22			

23	**Customer**	**Present**	**Proposed**	**Dollar**	**Percent**
24	**Classification**	**Rates**	**Rates**	**Increase**	**Increase**
25	5/8x3/4 Inch	$ 405,487	$ 482,825	$ 77,339	19.07%
26	3/4 Inch	5,852	6,924	1,072	18.32%
27	1 Inch	21,230	25,121	3,891	18.33%
28	1.5 Inch	18,640	21,934	3,294	17.67%
29	2 Inch	5,432	6,439	1,007	18.54%
30	4 Inch	22,305	26,197	3,892	17.45%
31	6 Inch	13,531	15,983	2,451	18.12%
32					
33	Standpipe	83,690	98,018	14,328	17.12%
34	Fire Sprinkler	480	480	-	0.00%
35					
36	Revenue Annualization	867	1,051	184	21.20%
37	**Subtotal**	$ 577,514	$ 684,971	$ 107,457	18.61%
38					
39	Other Water Revenues	4,723	4,723	-	0.00%
40	Reconciling Amount	183	(379)	(562)	-307.10%
41				-	0.00%
42	**Total of Water Revenues**	$ 582,421	$ 689,315	$ 106,895	18.35%
43					
44					
45					
46	SUPPORTING SCHEDULES:				
47	B-1				
48	C-1				
49	C-3				
50	H-1				

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Summary of Results of Operations

Exhibit
Schedule A-2
Page 1
Witness: Bourassa

Line No.	Description	Prior Years Ended 9/30/2010	Prior Years Ended 9/30/2011	Test Year Actual 9/30/2012	Test Year Adjusted 9/30/2012	Projected Year Present Rates 9/30/2013	Projected Year Proposed Rates 9/30/2013
1	Gross Revenues	$ 483,070	$ 495,307	$ 581,554	$ 582,421	$ 582,421	$ 689,316
2							
3	Revenue Deductions and	402,775	451,887	491,525	525,418	525,418	550,700
4	Operating Expenses						
5							
6	Operating Income	$ 80,296	$ 43,420	$ 90,028	$ 57,003	$ 57,003	$ 138,616
7							
8	Other Income and	9,647	4,589	5,942	-	-	-
9	Deductions						
10							
11	Interest Expense	(74,919)	(113,827)	(111,797)	(83,878)	(83,878)	(83,878)
12							
13	Net Income	$ 15,024	$ (65,817)	$ (15,827)	$ (26,875)	$ (26,875)	$ 54,738
14							
15	Common Shares	255	255	255	255	255	255
16							
17	Earned Per Average						
18	Common Share	58.92	(258.11)	(62.07)	(105.39)	(105.39)	214.66
19							
20	Dividends Paid	-	-	-	-	-	-
21							
22	Dividends Per						
23	Common Share	-	-	-	-	-	-
24							
25	Payout Ratio	-	-	-	-	-	-
26							
27	Return on Average						
28	Invested Capital	0.11%	-2.27%	-0.60%	-0.98%	-1.00%	2.04%
29							
30	Return on Year End						
31	Capital	0.49%	-2.44%	-0.61%	-0.98%	-1.02%	2.08%
32							
33	Return on Average						
34	Common Equity	1.80%	-8.91%	-2.53%	-4.33%	-4.44%	8.47%
35							
36	Return on Year End						
37	Common Equity	1.78%	-10.38%	-2.56%	-4.42%	-4.54%	8.13%
38							
39	Times Bond Interest Earned						
40	Before Income Taxes	1.07	0.38	0.81	0.59	0.59	1.85
41							
42	Times Total Interest and						
43	Preferred Dividends Earned						
44	After Income Taxes	1.17	0.41	0.83	1.14	1.14	1.65
45							
46							
47							
48							
49							
50	SUPPORTING SCHEDULES						
51	C-1						
52	E-2						
53	F-1						
54							

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Summary of Capital Structure

Exhibit
Schedule A-3
Page 1
Witness: Bourassa

Line No.	Description:	Prior Years Ended 9/30/2010	9/30/2011	Test Year 9/30/2012	Projected Year 9/30/2013
3	Short-Term Debt	-	-	-	-
4	Long-Term Debt	1,767,904	1,739,799	1,656,101	1,582,209
6	Total Debt	$ 1,767,904	$ 1,739,799	$ 1,656,101	$ 1,582,209
9	Preferred Stock	-	-	-	-
11	Common Equity	842,368	634,345	618,651	591,776
14	Total Capital & Debt	$ 2,610,272	$ 2,374,145	$ 2,274,752	$ 2,173,985
17	Capitalization Ratios:				
19	Long-Term Debt	67.73%	73.28%	72.80%	72.78%
21	Total Debt	67.73%	73.28%	72.80%	72.78%
24	Preferred Stock	-	-	-	-
26	Common Equity	32.27%	26.72%	27.20%	27.22%
29	Total Capital	100.00%	100.00%	100.00%	100.00%
32	Weighted Cost of Senior Capital	4.85%	5.25%	5.21%	5.21%

45 SUPPORTING SCHEDULES:
46 E-1
47 D-1

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Construction Expenditures
and Gross Utility Plant in Service

Exhibit
Schedule A-4
Page 1
Witness: Bourassa

Line No.		Construction Expenditures	Net Plant Placed in Service	Gross Utility Plant in Service
1				
2				
3				
4	Prior Year Ended 09/30/2010	15,067	15,067	3,718,317
5				
6	Prior Year Ended 09/30/2011	(2,643)	(2,643)	3,715,674
7				
8	Test Year Ended 09/30/2012	8,221	8,221	3,723,895
9				
10	Projected Year Ended 09/30/2013	10,400	10,400	3,734,295
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34	SUPPORTING SCHEDULES:			
35	B-2			
36	E-5			
37	F-3			
38				
39				
40				

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Summary Statements of Cash Flows

Exhibit
Schedule A-5
Page 1
Witness: Bourassa

Line No.		Prior Year Ended 9/30/2010	Prior Year Ended 9/30/2011	Test Year Ended 9/30/2012	Projected Year Present Rates 9/30/2013	Projected Year Proposed Rates 9/30/2013
5	Cash Flows from Operating Activities					
6	Net Income	$ 15,024	$ (65,817)	$ (15,827)	$ (26,875)	$ 54,738
7	Adjustments to reconcile net income to net cash					
8	*provided by operating activities:*					
9	Depreciation and Amortization	25,667	82,770	135,378	115,811	115,811
10	Other -Adjustments	-	93,389	(9,281)		
11	Changes in Certain Assets and Liabilities:					
12	Accounts Receivable	(6,342)	409	3,921		
13	Unbilled Revenues	-	-	-		
14	Materials and Supplies Inventory	-	566	(304)		
15	Prepaid Expenses	48	(42)	(1,010)		
16	Deferred Charges	-	-	-		
17	Notes Receivable	-	-	-		
18	Accounts Payable	-	-	-		
19	Intercompany payable	-	-	-		
20	Customer Meter Deposits	378	20	(3,092)		
21	Taxes Payable	85,377	3,329	10,198		
22	Other assets and liabilities	(110)	(95,191)	23,961		
23	Rounding	-	-	1		
24	Net Cash Flow provided by Operating Activities	$ 120,041	$ 19,432	$ 143,945	$ 88,936	$ 170,549
25	Cash Flow From Investing Activities:					
26	Capital Expenditures	(15,067)	2,643	(8,221)	(10,400)	(10,400)
27	Plant Held for Future Use	-	-	-		
28	Changes in debt reserve fund	-	-	-		
29	Net Cash Flows from Investing Activities	$ (15,067)	$ 2,643	$ (8,221)	$ (10,400)	$ (10,400)
30	Cash Flow From Financing Activities					
31	Change in Restricted Cash	-	51,755	(36,174)	(36,174)	(36,174)
32	Proceeds from Long-Term Debt	-	-	-		
33	Net receipt of contributions in aid of construction	-	179,805	-	-	-
34	Net receipts of advances in aid of construction	(12,061)	(181,015)	(1,733)	(1,733)	(1,733)
35	Repayments of Long-Term Debt	-	(28,105)	(83,698)	(73,891)	(73,891)
36	Distributions/Dividends Paid	-	-	-	-	-
37	Deferred Financing Costs	-	-	-	-	-
38	Paid in Capital	-	(142,206)	131	-	-
39	Net Cash Flows Provided by Financing Activities	$ (12,061)	$ (119,766)	$ (121,474)	$ (111,798)	$ (111,798)
40	Increase(decrease) in Cash and Cash Equivalents	92,913	(97,691)	14,250	(33,262)	48,351
41	Cash and Cash Equivalents at Beginning of Year	56,155	149,068	51,378	65,628	65,628
42	Cash and Cash Equivalents at End of Year	$ 149,068	$ 51,378	$ 65,628	$ 32,365	$ 113,978

47 SUPPORTING SCHEDULES:
48 E-3
49 F-2

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Summary of Rate Base

Exhibit
Schedule B-1
Page 1
Witness: Bourassa

Line No.		Original Cost Rate base	Fair Value Rate Base
1			
2	Gross Utility Plant in Service	$ 3,675,408	$ 3,675,408
3	Less: Accumulated Depreciation	1,478,470	1,478,470
4			
5	Net Utility Plant in Service	$ 2,196,938	$ 2,196,938
6			
7	Less:		
8	Advances in Aid of Construction	82,962	82,962
9			
10	Contributions in Aid of Construction	603,155	603,155
11			
12	Accumulated Amortization of CIAC	(152,826)	(152,826)
13			
14	Customer Meter Deposits	10,697	10,697
15	Accumulated Deferred Income Tax	42,805	42,805
16			
17			
18			
19	Plus:		
20	Unamortized Finance		
21	Charges	-	-
22	Prepayments	-	-
23	Materials and Supplies	-	-
24	Allowance for Working Capital	-	-
25			
26			
27			
28	Total Rate Base	$ 1,610,145	$ 1,610,145
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43	SUPPORTING SCHEDULES:		
44	B-2		
45	B-3		
46	B-5		
47	E-1		
48			
49			
50			
51			
52			

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Original Cost Rate Base Proforma Adjustments

Exhibit
Schedule B-2
Page 1
Witness: Bourassa

Line No.		Actual at End of Test Year	Proforma Adjustment	Adjusted at end of Test Year
1	Gross Utility			
2	Plant in Service	$ 3,723,895	(48,487)	$ 3,675,408
3				
4	**Less:**			
5	Accumulated			
6	Depreciation	1,567,559	(89,089)	1,478,470
7				
8				
9	Net Utility Plant			
10	in Service	$ 2,156,336		$ 2,196,938
11				
12	**Less:**			
13	Advances in Aid of			
14	Construction	87,692	(4,731)	82,962
15				
16	Contributions in Aid of			
17	Construction - Gross	603,155	0	603,155
18				
19	Accumulated Amortization of CIAC	(433,056)	280,230	(152,826)
20				
21	Customer Meter Deposits	10,697		10,697
22	Accumulated Deferred Income Tax	(64,871)	107,676	42,805
23				-
24				-
25				
26	**Plus:**			
27	Unamortized Finance			
28	Charges	-	-	-
29	Prepayments	-	-	-
30	Materials and Supplies	-	-	-
31	Working capital	-	-	-
32				-
33				
34	Total	$ 1,952,719		$ 1,610,145
35				
36				
37				
38				
39				
40				
41				
42				
43				
44				
45	SUPPORTING SCHEDULES:			RECAP SCHEDULES:
46	B-2, pages 2			B-1
47	E-1			
48				
49				
50				

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Original Cost Rate Base Proforma Adjustments

Exhibit
Schedule B-2
Page 2
Witness: Bourassa

Line No.		Actual at End of Test Year	Proforma Adjustments 1 Plant-in-Service	2 Accumulated Depreciation	3 ADIT	4 AIAC	5 CIAC	Adjusted at end of Test Year
1	Gross Utility							
2	Plant in Service	$ 3,723,895	(48,487)					$ 3,675,408
3								
4	**Less:**							
5	Accumulated							
6	Depreciation	1,567,559		(89,089)				1,478,470
7								
8								
9	Net Utility Plant							
10	in Service	$ 2,156,336	$ (48,487)	$ 89,089	$ -	$ -	$ -	$ 2,196,938
11								
12	**Less:**							
13	Advances in Aid of							
14	Construction	87,692				(4,731)		82,962
15								
16	Contributions in Aid of							
17	Construction (CIAC)	603,155					0	603,155
18								
19	Accumulated Amort of CIAC	(433,056)					280,230	(152,826)
20								
21	Customer Meter Deposits	10,697						10,697
22	Accumulated Deferred Income Taxes	(64,871)			107,676			42,805
23								
24								
25	**Plus:**							
26	Unamortized Finance							
27	Charges	-						-
28	Prepayments	-						-
29	Materials and Supplies	-						-
30	Allowance for Cash Working Capital	-			-			-
31								
32	Total	$ 1,952,719	$ (48,487)	$ 89,089	$ (107,676)	$ 4,731	$ (280,231)	$ 1,610,145
33								
34								
35								
36	SUPPORTING SCHEDULES:						RECAP SCHEDULES:	
37	B-2, pages 3-5						B-1	
38	E-1							
39								
40								

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1

Exhibit
Schedule B-2
Page 3
Witness: Bourassa

Plant-in-Service

Line No.	Acct. No.	Description	Actual Orginal Cost	A Difference to Reconstruction	B Intentionally Left Blank	C Intentionally Left Blank	D Intentionally Left Blank	E Intentionally Left Blank	Adjusted Original Cost
1				Adjustments					
6	301	Organization Cost	-	-					-
7	302	Franchise Cost	-	-					-
8	303	Land and Land Rights	217	-					217
9	304	Structures and Improvements	241,697	(0)					241,696
10	305	Collecting and Impounding Res.	-	-					-
11	306	Lake River and Other Intakes	-	-					-
12	307	Wells and Springs	360,844	0					360,844
13	308	Infiltration Galleries and Tunnels	-	-					-
14	309	Supply Mains	222,769	-					222,769
15	310	Power Generation Equipment	-	-					-
16	311	Electric Pumping Equipment	466,442	(7,488)					458,954
17	320	Water Treatment Equipment	910	(19,252)					(18,342)
18	320.1	Water Treatment Plant	703,731	(830)					702,901
19	320.2	Chemical Solution Feeders	-	-					-
20	330	Dist. Reservoirs & Standpipe	630,757	0					630,757
21	330.1	Storage tanks	-	-					-
22	330.2	Pressure Tanks	-	-					-
23	331	Trans. and Dist. Mains	924,616	(20,918)					903,698
24	333	Services	2,427	-					2,427
25	334	Meters	101,418	0					101,418
26	335	Hydrants	-	-					-
27	336	Backflow Prevention Devices	1,137	-					1,137
28	339	Other Plant and Misc. Equip.	-	-					-
29	340	Office Furniture and Fixtures	33,458	0					33,458
30	340.1	Computers and Software	-	-					-
31	341	Transportation Equipment	23,292	-					23,292
32	342	Stores Equipment	-	-					-
33	343	Tools and Work Equipment	-	-					-
34	344	Laboratory Equipment	-	-					-
35	345	Power Operated Equipment	2,592	-					2,592
36	346	Communications Equipment	-	-					-
37	347	Miscellaneous Equipment	7,589	(4,424)					3,165
38	348	Other Tangible Plant	-	4,424					4,424
39		Plant Held for Future Use							-
40		TOTALS	$ 3,723,895	$ (48,487)	$ -	$ -	$ -	$ -	$ 3,675,408
41									
42	Plant-in-Service per Books								$ 3,723,895
43									
44	Increase (decrease) in Plant-in-Service								$ (48,487)
45									
46	Adjustment to Plant-in-Service								$ (48,487)
47									
48	SUPPORTING SCHEDULES								
49	B-2, pages 3.1								
50									

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 -A

Exhibit
Schedule B-2
Page 3.1
Witness: Bourassa

Line No.	Acct. No.	Description	Recorded Orginal Cost	Plant Per Reconstruction	Difference
1					
2					
3					
4					
5					
6	301	Organization Cost	-	-	-
7	302	Franchise Cost	-	-	-
8	303	Land and Land Rights	217	217	-
9	304	Structures and Improvements	241,697	241,696	(0)
10	305	Collecting and Impounding Res.		-	-
11	306	Lake River and Other Intakes	-	-	-
12	307	Wells and Springs	360,844	360,844	0
13	308	Infiltration Galleries and Tunnels	-	-	-
14	309	Supply Mains	222,769	222,769	-
15	310	Power Generation Equipment	-	-	-
16	311	Electric Pumping Equipment	466,442	458,954	(7,488)
17	320	Water Treatment Equipment	910	(18,342)	(19,252)
18	320.1	Water Treatment Plant	703,731	702,901	(830)
19	320.2	Chemical Solution Feeders	-	-	-
20	330	Dist. Reservoirs & Standpipe	630,757	630,757	0
21	330.1	Storage tanks	-	-	-
22	330.2	Pressure Tanks	-	-	-
23	331	Trans. and Dist. Mains	924,616	903,698	(20,918)
24	333	Services	2,427	2,427	-
25	334	Meters	101,418	101,418	0
26	335	Hydrants	-	-	-
27	336	Backflow Prevention Devices	1,137	1,137	-
28	339	Other Plant and Misc. Equip.	-	-	-
29	340	Office Furniture and Fixtures	33,458	33,458	0
30	340.1	Computers and Software	-	-	-
31	341	Transportation Equipment	23,292	23,292	-
32	342	Stores Equipment	-	-	-
33	343	Tools and Work Equipment	-	-	-
34	344	Laboratory Equipment	-	-	-
35	345	Power Operated Equipment	2,592	2,592	-
36	346	Communications Equipment	-	-	-
37	347	Miscellaneous Equipment	7,589	3,165	(4,424)
38	348	Other Tangible Plant	-	4,424	4,424
39		Plant Held for Future Use			-
40		TOTALS	$ 3,723,895	$ 3,675,408	$ (48,487)
41					
42					
43	SUPPORTING SCHEDULE				
44	B-2, pages 3.2 - 3.5				
45					

Las Quintas Serenas Water Company
Plant Additions and Retirements

Exhibit
Schedule B-2
Page 3.2
Witness: Bourassa

				Per Decision 72059		Ending 9/30/2009								
Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	Plant at 6/30/2009	Accum. Deprec. At 6/30/2009	Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Adjusted Plant Retirements	Salvage A/D Only	3 Months Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%	-	-			-		-		-	-	-
2	302	Franchise Cost	0.00%	-	-			-		-		-	-	-
3	303	Land and Land Rights	0.00%	217	-			-		-		-	217	-
4	304	Structures & Improvements	3.33%	12,229	5,266		227,549	227,549		-		1,049	239,778	6,315
5	305	Collecting & Impounding Reservoirs	2.50%	-	-			-		-		-	-	-
6	306	Lake, River, Canal Intakes	2.50%	-	-			-		-		-	-	-
7	307	Wells & Springs	3.33%	309,094	200,124		44,187	44,187		-		2,757	353,281	202,881
8	308	Infiltration Galleries	6.67%	-	-			-		-		-	-	-
9	309	Raw Water Supply Mains	2.00%	-	-		222,769	222,769		-		557	222,769	557
10	310	Power Generation Equipment	5.00%	-	-			-		-		-	-	-
11	311	Pumping Equipment	12.50%	143,850	117,518		313,521	313,521		-		9,394	457,371	126,913
12	320	Water Treatment Equipment	3.33%	(18,342)	(19,630)			-		-		(153)	(18,342)	(19,783)
13	320.1	Water Treatment Plants	3.33%	1,977,069	23,489	60,291	(1,334,844)	(1,274,553)		-		11,154	702,516	34,643
14	320.2	Solution Chemical Feeders	20.00%	-	-			-		-		-	-	-
15	330	Distribution Reservoirs & Standpipes	2.22%	99,896	59,874		526,818	526,818		-		2,016	626,714	61,891
16	330.1	Storage Tanks	2.22%	-	-			-		-		-	-	-
17	330.2	Pressure Tanks	5.00%	-	-			-		-		-	-	-
18	331	Transmission & Distribution Mains	2.00%	903,698	494,824			-		-		4,518	903,698	499,342
19	333	Services	3.33%	2,427	1,646			-		-		20	2,427	1,666
20	334	Meters	8.33%	101,418	92,172			-		-		2,112	101,418	94,284
21	335	Hydrants	2.00%	-	-			-		-		-	-	-
22	336	Backflow Prevention Devices	6.67%	1,137	950			-		-		19	1,137	969
23	339	Other Plant & Misc Equipment	6.67%	-	-			-		-		-	-	-
24	340	Office Furniture & Equipment	6.67%	28,306	14,931			-		-		472	28,306	15,403
25	340.1	Computers & Software	20.00%	-	-			-		-		-	-	-
26	341	Transportation Equipment	20.00%	23,292	22,712			-		-		580	23,292	23,292
27	342	Stores Equipment	4.00%	-	-			-		-		-	-	-
28	343	Tools, Shop & Garage Equipment	5.00%	-	-			-		-		-	-	-
29	344	Laboratory Equipment	10.00%	-	-			-		-		-	-	-
30	345	Power Operated Equipment	5.00%	2,592	1,962			-		-		32	2,592	1,995
31	346	Communication Equipment	10.00%	-	-			-		-		-	-	-
32	347	Miscellaneous Equipment	10.00%	3,165	1,540			-		-		79	3,165	1,619
33	348	Other Tangible Plant	10.00%	4,424	4,392			-		-		32	4,424	4,424
34		Plant Held for Future Use		0	0			-		-		-	-	-
35				0	0									
36		TOTALS		3,594,472	1,021,769	60,291	0	60,291	-	-	-	34,640	3,654,763	1,056,409

Exhibit
Schedule C-2
Page 5.1
Witness: Bourassa

Las Quintas Serenas Water Company
5/8 Inch
Customers to Year End Levels
Test Year Ended September 30, 2012

Line No.		Month of Oct-11	Month of Nov-11	Month of Dec-11	Month of Jan-12	Month of Feb-12	Month of Mar-12	Month of Apr-12
1	Year End Number of Customers	830	830	830	830	830	830	830
2	Actual Customers	819	827	829	820	831	821	829
3	Increase in Number of Customers/Bills	11	3	1	10	(1)	9	1
4	Average Revenue / Present Rates	$ 37.08	$ 37.31	$ 35.30	$ 34.84	$ 32.07	$ 32.00	$ 34.31
5	Revenue Annualization / Present Rates	$ 408	$ 112	$ 35	$ 348	$ (32)	$ 288	$ 34
6	Increase in Number of Customers	11	3	1	10	(1)	9	1
7	Average Revenue / Proposed Rates	$ 44.91	$ 45.18	$ 42.76	$ 42.21	$ 38.88	$ 38.79	$ 41.57
8	Revenue Annualization / Proposed Rates	$ 494	$ 136	$ 43	$ 422	$ (39)	$ 349	$ 42
9	Additional Gallons to be Produced	108,528	29,927	9,008	87,880	(7,457)	66,794	8,534

Line No.		Month of May-12	Month of Jun-12	Month of Jul-12	Month of Aug-12	Month of Sep-12	Total Year
10	Year End Number of Customers	830	830	830	830	830	
11	Actual Customers	831	835	827	838	830	
12	Increase in Number of Customers/Bills	(1)	(5)	3	(8)	-	23
13	Average Revenue / Present Rates	$ 44.17	$ 42.44	$ 50.09	$ 36.15	$ 36.66	
14	Revenue Annualization / Present Rates	$ (44)	$ (212)	$ 150	$ (289)	$ -	$ 798
15	Increase in Number of Customers	(1)	(5)	3	(8)	-	
16	Average Revenue / Proposed Rates	$ 52.96	$ 51.00	$ 59.66	$ 43.79	$ 44.40	
17	Revenue Annualization / Proposed Rates	$ (44)	$ (212)	$ 150	$ (289)	$ -	$ 967
18	Additional Gallons to be Produced	(12,205)	(58,226)	42,361	(75,362)	-	199,780

Las Quintas Serenas Water Company
3/4 Inch
Customers to Year End Levels
Test Year Ended September 30, 2012

Exhibit
Schedule C-2
Page 5.2
Witness: Bourassa

Line No.		Month of Oct-11	Month of Nov-11	Month of Dec-11	Month of Jan-12	Month of Feb-12	Month of Mar-12	Month of Apr-12
1	Year End Number of Customers	8	8	8	8	8	8	8
2	Actual Customers	8	8	8	8	8	8	8
3	Increase in Number of Customers/Bills	-	-	-	-	-	-	-
4	Average Revenue / Present Rates	$ 48.22	$ 54.40	$ 49.38	$ 50.15	$ 47.38	$ 52.66	$ 56.53
5	Revenue Annualization / Present Rates	$ -	$ -	$ -	$ -	$ -	$ -	$ -
6								
7	Increase in Number of Customers	-	-	-	-	-	-	-
8	Average Revenue / Proposed Rates	$ 58.02	$ 65.02	$ 59.33	$ 60.21	$ 57.05	$ 63.05	$ 67.42
9	Revenue Annualization / Proposed Rates	$ -	$ -	$ -	$ -	$ -	$ -	$ -
10	Additional Gallons to be Produced	-	-	-	-	-	-	-
11								

12		Month of May-12	Month of Jun-12	Month of Jul-12	Month of Aug-12	Month of Sep-12	Total Year
13							
14							
15	Year End Number of Customers	8	8	8	8	8	
16	Actual Customers	8	8	8	8	8	
17	Increase in Number of Customers/Bills	-	-	-	-	-	-
18	Average Revenue / Present Rates	$ 68.89	$ 66.95	$ 83.95	$ 61.16	$ 64.64	
19	Revenue Annualization / Present Rates	$ -	$ -	$ -	$ -	$ -	$ -
20							
21	Increase in Number of Customers	-	-	-	-	-	
22	Average Revenue / Proposed Rates	$ 81.42	$ 79.24	$ 98.49	$ 72.67	$ 76.61	
23	Revenue Annualization / Proposed Rates	$ -	$ -	$ -	$ -	$ -	$ -
24	Additional Gallons to be Produced	-	-	-	-	-	-

Las Quintas Serenas Water Company
1 Inch
Customers to Year End Levels
Test Year Ended September 30, 2012

Exhibit
Schedule C-2
Page 5.3
Witness: Bourassa

Line No.		Month of Oct-11	Month of Nov-11	Month of Dec-11	Month of Jan-12	Month of Feb-12	Month of Mar-12	Month of Apr-12
1	Year End Number of Customers	20	20	20	20	20	20	20
2	Actual Customers	20	20	20	20	20	20	20
3	Increase in Number of Customers/Bills	-	-	-	-	-	-	-
4	Average Revenue / Present Rates	$ 90.39	$ 84.67	$ 79.26	$ 77.81	$ 76.77	$ 74.38	$ 79.58
5	Revenue Annualization / Present Rates	$ -	$ -	$ -	$ -	$ -	$ -	$ -
6								
7	Increase in Number of Customers	-	-	-	-	-	-	-
8	Average Revenue / Proposed Rates	$ 107.48	$ 100.60	$ 94.10	$ 92.35	$ 91.10	$ 88.23	$ 94.48
9	Revenue Annualization / Proposed Rates	$ -	$ -	$ -	$ -	$ -	$ -	$ -
10	Additional Gallons to be Produced	-	-	-	-	-	-	-
11								

12 13 14		Month of May-12	Month of Jun-12	Month of Jul-12	Month of Aug-12	Month of Sep-12	Total Year
15	Year End Number of Customers	20	20	20	20	20	
16	Actual Customers	20	20	20	20	20	
17	Increase in Number of Customers/Bills	-	-	-	-	-	-
18	Average Revenue / Present Rates	$ 96.42	$ 93.10	$ 110.33	$ 81.86	$ 90.50	
19	Revenue Annualization / Present Rates	$ -	$ -	$ -	$ -	$ -	$ -
20							
21	Increase in Number of Customers	-	-	-	-	-	
22	Average Revenue / Proposed Rates	$ 114.73	$ 110.73	$ 131.25	$ 97.23	$ 107.60	
23	Revenue Annualization / Proposed Rates	$ -	$ -	$ -	$ -	$ -	$ -
24	Additional Gallons to be Produced	-	-	-	-	-	-

Las Quintas Serenas Water Company
1 1/2 Inch
Customers to Year End Levels
Test Year Ended September 30, 2012

Exhibit
Schedule C-2
Page 5.4
Witness: Bourassa

Line No.		Month of Oct-11	Month of Nov-11	Month of Dec-11	Month of Jan-12	Month of Feb-12	Month of Mar-12	Month of Apr-12
1	Year End Number of Customers	7	7	7	7	7	7	7
2	Actual Customers	7	7	7	7	7	7	7
3	Increase in Number of Customers/Bills	-	-	-	-	-	-	-
4	Average Revenue / Present Rates	$ 209.26	$ 193.92	$ 189.44	$ 195.41	$ 173.33	$ 166.14	$ 194.34
5	Revenue Annualization / Present Rates	$ -	$ -	$ -	$ -	$ -	$ -	$ -
6								
7	Increase in Number of Customers	-	-	-	-	-	-	-
8	Average Revenue / Proposed Rates	$ 249.17	$ 230.74	$ 225.35	$ 232.52	$ 205.99	$ 197.35	$ 231.24
9	Revenue Annualization / Proposed Rates	$ -	$ -	$ -	$ -	$ -	$ -	$ -
10	Additional Gallons to be Produced	-	-	-	-	-	-	-
11								

12		Month of May-12	Month of Jun-12	Month of Jul-12	Month of Aug-12	Month of Sep-12	Total Year
13							
14							
15	Year End Number of Customers	7	7	7	7	7	
16	Actual Customers	7	7	7	7	7	
17	Increase in Number of Customers/Bills	-	-	-	-	-	-
18	Average Revenue / Present Rates	$ 202.78	$ 289.05	$ 290.33	$ 210.95	$ 190.75	
19	Revenue Annualization / Present Rates	$ -	$ -	$ -	$ -	$ -	$ -
20							
21	Increase in Number of Customers	-	-	-	-	-	
22	Average Revenue / Proposed Rates	$ 241.38	$ 342.25	$ 343.70	$ 251.20	$ 226.92	
23	Revenue Annualization / Proposed Rates	$ -	$ -	$ -	$ -	$ -	$ -
24	Additional Gallons to be Produced	-	-	-	-	-	-

Las Quintas Serenas Water Company
2 Inch
Customers to Year End Levels
Test Year Ended September 30, 2012

Exhibit
Schedule C-2
Page 5.5
Witness: Bourassa

Line No.		Month of Oct-11	Month of Nov-11	Month of Dec-11	Month of Jan-12	Month of Feb-12	Month of Mar-12	Month of Apr-12
1	Year End Number of Customers	2	2	2	2	2	2	2
2	Actual Customers	2	2	2	2	2	2	2
3	Increase in Number of Customers/Bills	-	-	-	-	-	-	-
4	Average Revenue / Present Rates	$ 226.86	$ 221.66	$ 208.14	$ 206.06	$ 200.86	$ 237.26	$ 233.10
5	Revenue Annualization / Present Rates	$ -	$ -	$ -	$ -	$ -	$ -	$ -
6								
7	Increase in Number of Customers	-	-	-	-	-	-	-
8	Average Revenue / Proposed Rates	$ 268.92	$ 262.67	$ 246.42	$ 243.92	$ 237.67	$ 281.42	$ 276.42
9	Revenue Annualization / Proposed Rates	$ -	$ -	$ -	$ -	$ -	$ -	$ -
10	Additional Gallons to be Produced	-	-	-	-	-	-	-
11								

12		Month of May-12	Month of Jun-12	Month of Jul-12	Month of Aug-12	Month of Sep-12	Total Year
13							
14							
15	Year End Number of Customers	2	2	2	2	2	
16	Actual Customers	2	2	2	2	2	
17	Increase in Number of Customers/Bills	-	-	-	-	-	-
18	Average Revenue / Present Rates	$ 218.54	$ 232.06	$ 270.54	$ 272.62	$ 188.38	
19	Revenue Annualization / Present Rates	$ -	$ -	$ -	$ -	$ -	$ -
20							
21	Increase in Number of Customers	-	-	-	-	-	
22	Average Revenue / Proposed Rates	$ 258.92	$ 275.17	$ 321.42	$ 323.92	$ 222.67	
23	Revenue Annualization / Proposed Rates	$ -	$ -	$ -	$ -	$ -	$ -
24	Additional Gallons to be Produced	-	-	-	-	-	-

Las Quintas Serenas Water Company
4 Inch
Customers to Year End Levels
Test Year Ended September 30, 2012

Exhibit
Schedule C-2
Page 5.6
Witness: Bourassa

Line No.		Month of Oct-11	Month of Nov-11	Month of Dec-11	Month of Jan-12	Month of Feb-12	Month of Mar-12	Month of Apr-12
1	Year End Number of Customers	1	1	1	1	1	1	1
2	Actual Customers	1	1	1	1	1	1	1
3	Increase in Number of Customers/Bills	-	-	-	-	-	-	-
4	Average Revenue / Present Rates	$ 1,458.36	$ 1,317.03	$ 851.73	$ 948.45	$ 1,368.20	$ 1,316.20	$ 1,327.84
5	Revenue Annualization / Present Rates	$ -	$ -	$ -	$ -	$ -	$ -	$ -
6								
7	Increase in Number of Customers	-	-	-	-	-	-	-
8	Average Revenue / Proposed Rates	$ 1,736.66	$ 1,571.26	$ 1,012.01	$ 1,128.26	$ 1,632.76	$ 1,570.26	$ 1,584.26
9	Revenue Annualization / Proposed Rates	$ -	$ -	$ -	$ -	$ -	$ -	$ -
10	Additional Gallons to be Produced	-	-	-	-	-	-	-
11								
12								
13								
14		Month of May-12	Month of Jun-12	Month of Jul-12	Month of Aug-12	Month of Sep-12		Total Year
15	Year End Number of Customers	1	1	1	1	1		
16	Actual Customers	1	1	1	1	1		
17	Increase in Number of Customers/Bills	-	-	-	-	-		-
18	Average Revenue / Present Rates	$ 1,885.40	$ 2,833.10	$ 3,841.37	$ 2,290.50	$ 2,866.78		
19	Revenue Annualization / Present Rates	$ -	$ -	$ -	$ -	$ -		$ -
20								
21	Increase in Number of Customers	-	-	-	-	-		
22	Average Revenue / Proposed Rates	$ 2,220.36	$ 3,293.81	$ 4,435.86	$ 2,679.21	$ 3,331.96		
23	Revenue Annualization / Proposed Rates	$ -	$ -	$ -	$ -	$ -		$ -
24	Additional Gallons to be Produced	-	-	-	-	-		-

Las Quintas Serenas Water Company
6 Inch
Customers to Year End Levels
Test Year Ended September 30, 2012

Exhibit
Schedule C-2
Page 5.7
Witness: Bourassa

Line No.		Month of Oct-11	Month of Nov-11	Month of Dec-11	Month of Jan-12	Month of Feb-12	Month of Mar-12	Month of Apr-12
1	Year End Number of Customers	1	1	1	1	1	1	1
2	Actual Customers	1	1	1	1	1	1	1
3	Increase in Number of Customers/Bills	-	-	-	-	-	-	-
4	Average Revenue / Present Rates	$ 1,172.44	$ 1,076.76	$ 1,037.24	$ 1,028.92	$ 1,049.72	$ 1,060.12	$ 1,072.60
5	Revenue Annualization / Present Rates	$ -	$ -	$ -	$ -	$ -	$ -	$ -
6								
7	Increase in Number of Customers	-	-	-	-	-	-	-
8	Average Revenue / Proposed Rates	$ 1,385.76	$ 1,270.76	$ 1,223.26	$ 1,213.26	$ 1,238.26	$ 1,250.76	$ 1,265.76
9	Revenue Annualization / Proposed Rates	$ -	$ -	$ -	$ -	$ -	$ -	$ -
10	Additional Gallons to be Produced	-	-	-	-	-	-	-
11								

12 13 14		Month of May-12	Month of Jun-12	Month of Jul-12	Month of Aug-12	Month of Sep-12	Total Year
15	Year End Number of Customers	1	1	1	1	1	
16	*Actual Customers*	1	1	1	1	1	
17	Increase in Number of Customers/Bills	-	-	-	-	-	-
18	Average Revenue / Present Rates	$ 1,122.52	$ 1,275.82	$ 1,321.58	$ 1,128.76	$ 1,184.92	
19	Revenue Annualization / Present Rates	$ -	$ -	$ -	$ -	$ -	$ -
20							
21	Increase in Number of Customers	-	-	-	-	-	
22	Average Revenue / Proposed Rates	$ 1,325.76	$ 1,510.01	$ 1,565.01	$ 1,333.26	$ 1,400.76	
23	Revenue Annualization / Proposed Rates	$ -	$ -	$ -	$ -	$ -	$ -
24	Additional Gallons to be Produced	-	-	-	-	-	-

Las Quintas Serenas Water Company
Standpipe
Customers to Year End Levels
Test Year Ended September 30, 2012

Exhibit
Schedule C-2
Page 5.8
Witness: Bourassa

Line No.		Month of Oct-11	Month of Nov-11	Month of Dec-11	Month of Jan-12	Month of Feb-12	Month of Mar-12	Month of Apr-12
1	Year End Number of Customers	136	136	136	136	136	136	136
2	Actual Customers	133	136	134	132	135	138	135
3	Increase in Number of Customers/Bills	3	-	2	4	1	(2)	1
4	Average Revenue / Present Rates	$ 37.26	$ 41.84	$ 39.59	$ 35.84	$ 37.29	$ 38.49	$ 35.95
5	Revenue Annualization / Present Rates	$ 112	$ -	$ 79	$ 143	$ 37	$ (77)	$ 36
6								
7	Increase in Number of Customers	3	-	2	4	1	(2)	1
8	Average Revenue / Proposed Rates	$ 45.13	$ 50.63	$ 47.92	$ 43.42	$ 45.17	$ 46.61	$ 43.56
9	Revenue Annualization / Proposed Rates	$ 135	$ -	$ 96	$ 174	$ 45	$ (93)	$ 44
10	Additional Gallons to be Produced	30,373	-	22,486	37,774	10,141	(21,436)	9,497
11								
12								
13								
14		Month of May-12	Month of Jun-12	Month of Jul-12	Month of Aug-12	Month of Sep-12		Total Year
15	Year End Number of Customers	136	136	136	136	136		
16	Actual Customers	138	139	137	135	136		
17	Increase in Number of Customers/Bills	(2)	(3)	(1)	1	-		4
18	Average Revenue / Present Rates	$ 47.78	$ 51.05	$ 57.47	$ 44.37	$ 39.43		
19	Revenue Annualization / Present Rates	$ (96)	$ (153)	$ (57)	$ 44	$ -		$ 69
20								
21	Increase in Number of Customers	(2)	(3)	(1)	1	-		
22	Average Revenue / Proposed Rates	$ 57.77	$ 61.71	$ 69.42	$ 53.67	$ 47.73		
23	Revenue Annualization / Proposed Rates	$ (96)	$ (153)	$ (57)	$ 44	$ -		$ 84
24	Additional Gallons to be Produced	(30,363)	(50,267)	(19,840)	13,541	-		1,907

Las Quintas Serenas Water Company
Plant Additions and Retirements

Exhibit
Schedule B-2
Page 3.3
Witness: Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	Ending 9/30/2010 Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%			-		-		-	-	-
2	302	Franchise Cost	0.00%			-		-		-	-	-
3	303	Land and Land Rights	0.00%			-		-		-	217	-
4	304	Structures & Improvements	3.33%			-		-		7,985	239,778	14,300
5	305	Collecting & Impounding Reservoirs	2.50%			-		-		-	-	-
6	306	Lake, River, Canal Intakes	2.50%			-		-		-	-	-
7	307	Wells & Springs	3.33%			-		-		11,764	353,281	214,645
8	308	Infiltration Galleries	6.67%			-		-		-	-	-
9	309	Raw Water Supply Mains	2.00%			-		-		4,455	222,769	5,012
10	310	Power Generation Equipment	5.00%			-		-		-	-	-
11	311	Pumping Equipment	12.50%			-		-		57,171	457,371	184,084
12	320	Water Treatment Equipment	3.33%			-		-		(611)	(18,342)	(20,393)
13	320.1	Water Treatment Plants	3.33%			-		-		23,394	702,516	58,036
14	320.2	Solution Chemical Feeders	20.00%			-		-		-	-	-
15	330	Distribution Reservoirs & Standpipes	2.22%			-		-		13,913	626,714	75,804
16	330.1	Storage Tanks	2.22%			-		-		-	-	-
17	330.2	Pressure Tanks	5.00%			-		-		-	-	-
18	331	Transmission & Distribution Mains	2.00%			-		-		18,074	903,698	517,416
19	333	Services	3.33%			-		-		81	2,427	1,747
20	334	Meters	8.33%			-		-		7,134	101,418	101,418
21	335	Hydrants	2.00%			-		-		-	-	-
22	336	Backflow Prevention Devices	6.67%			-		-		76	1,137	1,045
23	339	Other Plant & Misc Equipment	6.67%			-		-		-	-	-
24	340	Office Furniture & Equipment	6.67%			-		-		1,888	28,306	17,291
25	340.1	Computers & Software	20.00%			-		-		-	-	-
26	341	Transportation Equipment	20.00%			-		-		-	23,292	23,292
27	342	Stores Equipment	4.00%			-		-		-	-	-
28	343	Tools, Shop & Garage Equipment	5.00%			-		-		-	-	-
29	344	Laboratory Equipment	10.00%			-		-		-	-	-
30	345	Power Operated Equipment	5.00%			-		-		130	2,592	2,124
31	346	Communication Equipment	10.00%			-		-		-	-	-
32	347	Miscellaneous Equipment	10.00%			-		-		317	3,165	1,935
33	348	Other Tangible Plant	10.00%			-		-		-	4,424	4,424
34		Plant Held for Future Use				-		-		-	-	-
35												
36		TOTALS		-	-	-	-	-	-	145,771	3,654,763	1,202,180

Las Quintas Serenas Water Company
Plant Additions and Retirements

Exhibit
Schedule B-2
Page 3.4
Witness: Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	Ending 9/30/2011 Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%			-		-		-	-	-
2	302	Franchise Cost	0.00%			-		-		-	-	-
3	303	Land and Land Rights	0.00%			-		-		-	217	-
4	304	Structures & Improvements	3.33%			-		-		7,985	239,778	22,284
5	305	Collecting & Impounding Reservoirs	2.50%			-		-		-	-	-
6	306	Lake, River, Canal Intakes	2.50%			-		-		-	-	-
7	307	Wells & Springs	3.33%	7,563		7,563		-		11,890	360,844	226,535
8	308	Infiltration Galleries	6.67%			-		-		-	-	-
9	309	Raw Water Supply Mains	2.00%			-		-		4,455	222,769	9,468
10	310	Power Generation Equipment	5.00%			-		-		-	-	-
11	311	Pumping Equipment	12.50%	1,583		1,583		-		57,270	458,954	241,354
12	320	Water Treatment Equipment	3.33%			-		-		(611)	(18,342)	(21,004)
13	320.1	Water Treatment Plants	3.33%			-		-		23,394	702,516	81,430
14	320.2	Solution Chemical Feeders	20.00%			-		-		-	-	-
15	330	Distribution Reservoirs & Standpipes	2.22%			-		-		13,913	626,714	89,717
16	330.1	Storage Tanks	2.22%			-		-		-	-	-
17	330.2	Pressure Tanks	5.00%			-		-		-	-	-
18	331	Transmission & Distribution Mains	2.00%			-		-		18,074	903,698	535,490
19	333	Services	3.33%			-		-		81	2,427	1,828
20	334	Meters	8.33%			-		-		-	101,418	101,418
21	335	Hydrants	2.00%			-		-		-	-	-
22	336	Backflow Prevention Devices	6.67%			-		-		76	1,137	1,121
23	339	Other Plant & Misc Equipment	6.67%			-		-		-	-	-
24	340	Office Furniture & Equipment	6.67%	5,350		5,350	2,072	2,072		1,997	31,584	17,217
25	340.1	Computers & Software	20.00%			-		-		-	-	-
26	341	Transportation Equipment	20.00%			-		-		-	23,292	23,292
27	342	Stores Equipment	4.00%			-		-		-	-	-
28	343	Tools, Shop & Garage Equipment	5.00%			-		-		-	-	-
29	344	Laboratory Equipment	10.00%			-		-		-	-	-
30	345	Power Operated Equipment	5.00%			-		-		130	2,592	2,254
31	346	Communication Equipment	10.00%			-		-		-	-	-
32	347	Miscellaneous Equipment	10.00%			-		-		317	3,165	2,252
33	348	Other Tangible Plant	10.00%			-		-		-	4,424	4,424
34		Plant Held for Future Use				-		-		-	-	-
35												
36		TOTALS		14,496	-	14,496	2,072	2,072	-	138,971	3,667,187	1,339,079

Las Quintas Serenas Water Company
Plant Additions and Retirements

Exhibit
Schedule B-2
Page 3.5
Witness: Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	Ending 9/30/2012 Plant Additions (Per Books)	Plant Adjustments	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%				-		-		-	-	-
2	302	Franchise Cost	0.00%				-		-		-	-	-
3	303	Land and Land Rights	0.00%				-		-		-	217	-
4	304	Structures & Improvements	3.33%	1,918			1,918		-		8,017	241,696	30,301
5	305	Collecting & Impounding Reservoirs	2.50%				-		-		-	-	-
6	306	Lake, River, Canal Intakes	2.50%				-		-		-	-	-
7	307	Wells & Springs	3.33%				-		-		12,016	360,844	238,551
8	308	Infiltration Galleries	6.67%				-		-		-	-	-
9	309	Raw Water Supply Mains	2.00%				-		-		4,455	222,769	13,923
10	310	Power Generation Equipment	5.00%				-		-		-	-	-
11	311	Pumping Equipment	12.50%				-		-		57,369	458,954	298,724
12	320	Water Treatment Equipment	3.33%				-		-		(611)	(18,342)	(21,615)
13	320.1	Water Treatment Plants	3.33%	385			385		-		23,400	702,901	104,830
14	320.2	Solution Chemical Feeders	20.00%				-		-		-	-	-
15	330	Distribution Reservoirs & Standpipes	2.22%	4,043			4,043		-		13,958	630,757	103,675
16	330.1	Storage Tanks	2.22%				-		-		-	-	-
17	330.2	Pressure Tanks	5.00%				-		-		-	-	-
18	331	Transmission & Distribution Mains	2.00%				-		-		18,074	903,698	553,564
19	333	Services	3.33%				-		-		81	2,427	1,909
20	334	Meters	8.33%				-		-		-	101,418	101,418
21	335	Hydrants	2.00%				-		-		-	-	-
22	336	Backflow Prevention Devices	6.67%				-		-		16	1,137	1,137
23	339	Other Plant & Misc Equipment	6.67%				-		-		-	-	-
24	340	Office Furniture & Equipment	6.67%	1,874			1,874		-		2,169	33,458	19,386
25	340.1	Computers & Software	20.00%				-		-		-	-	-
26	341	Transportation Equipment	20.00%				-		-		-	23,292	23,292
27	342	Stores Equipment	4.00%				-		-		-	-	-
28	343	Tools, Shop & Garage Equipment	5.00%				-		-		-	-	-
29	344	Laboratory Equipment	10.00%				-		-		-	-	-
30	345	Power Operated Equipment	5.00%				-		-		130	2,592	2,383
31	346	Communication Equipment	10.00%				-		-		-	-	-
32	347	Miscellaneous Equipment	10.00%				-		-		317	3,165	2,568
33	348	Other Tangible Plant	10.00%				-		-		-	4,424	4,424
34		Plant Held for Future Use					-		-		-	-	-
35													
36		TOTALS		8,221	-		8,221	-	-	-	139,391	3,675,408	1,478,470

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2

Exhibit
Schedule B-2
Page 4
Witness: Bourassa

Accumulated Depreciation

Line No.	Acct. No.	Description	Per Books Accum. Depr.	A Difference to Reconstruction	B Intentionally Left Blank	C Intentionally Left Blank	D Intentionally Left Blank	E Intentionally Left Blank	Adjusted Accum. Depr.
6	301	Organization Cost	-	-					-
7	302	Franchise Cost	-	-					-
8	303	Land and Land Rights	-	-					-
9	304	Structures and Improvements	101,747	(71,446)					30,301
10	305	Collecting and Impounding Res.	-	-					-
11	306	Lake River and Other Intakes	-	-					-
12	307	Wells and Springs	151,905	86,647					238,551
13	308	Infiltration Galleries and Tunnels	-	-					-
14	309	Supply Mains	93,779	(79,856)					13,923
15	310	Power Generation Equipment	-	-					-
16	311	Electric Pumping Equipment	196,359	102,365					298,724
17	320	Water Treatment Equipment	383	(21,998)					(21,615)
18	320.1	Water Treatment Plant	296,250	(191,420)					104,830
19	320.2	Chemical Solution Feeders	-	-					-
20	330	Dist. Reservoirs & Standpipe	265,530	(161,856)					103,675
21	330.1	Storage tanks	-	-					-
22	330.2	Pressure Tanks	-	-					-
23	331	Trans. and Dist. Mains	389,236	164,328					553,564
24	333	Services	1,022	887					1,909
25	334	Meters	42,694	58,724					101,418
26	335	Hydrants	-	-					-
27	336	Backflow Prevention Devices	479	658					1,137
28	339	Other Plant and Misc. Equip.	-	-					-
29	340	Office Furniture and Fixtures	14,085	5,301					19,386
30	340.1	Computers and Software	-	-					-
31	341	Transportation Equipment	9,805	13,487					23,292
32	342	Stores Equipment	-	-					-
33	343	Tools and Work Equipment	-	-					-
34	344	Laboratory Equipment	-	-					-
35	345	Power Operated Equipment	1,091	1,292					2,383
36	346	Communications Equipment	-	-					-
37	347	Miscellaneous Equipment	3,195	(626)					2,568
38	348	Other Tangible Plant	-	4,424					4,424
39									-
40		TOTALS	$ 1,567,559	$ (89,089)	$ -	$ -	$ -	$ -	$ 1,478,470
41									
42	Accumulated Depreciation per Books								$ 1,567,559
43									
44	Increase (decrease) in Accumulated Depreciation								$ (89,089)
45									
46	Adjustment to Accumulated Depreciation								$ (89,089)
47									
48	SUPPORTING SCHEDULES								
49	B-2, pages 4.1								
50	B-2, pages 4.2								

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 -A

Exhibit
Schedule B-2
Page 4.1
Witness: Bourassa

Line No.	Acct. No.	Description	Recorded Accumulated Depreciation	Accumulated Depreciation Per Plant Reconstruction	Difference
1					
2					
3					
4					
5					
6	301	Organization Cost		-	-
7	302	Franchise Cost		-	-
8	303	Land and Land Rights		-	-
9	304	Structures and Improvements	101,747	30,301	(71,446)
10	305	Collecting and Impounding Res.	-	-	-
11	306	Lake River and Other Intakes	-	-	-
12	307	Wells and Springs	151,905	238,551	86,647
13	308	Infiltration Galleries and Tunnels	-	-	-
14	309	Supply Mains	93,779	13,923	(79,856)
15	310	Power Generation Equipment	-	-	-
16	311	Electric Pumping Equipment	196,359	298,724	102,365
17	320	Water Treatment Equipment	383	(21,615)	(21,998)
18	320.1	Water Treatment Plant	296,250	104,830	(191,420)
19	320.2	Chemical Solution Feeders	-	-	-
20	330	Dist. Reservoirs & Standpipe	265,530	103,675	(161,856)
21	330.1	Storage tanks	-	-	-
22	330.2	Pressure Tanks	-	-	-
23	331	Trans. and Dist. Mains	389,236	553,564	164,328
24	333	Services	1,022	1,909	887
25	334	Meters	42,694	101,418	58,724
26	335	Hydrants	-	-	-
27	336	Backflow Prevention Devices	479	1,137	658
28	339	Other Plant and Misc. Equip.	-	-	-
29	340	Office Furniture and Fixtures	14,085	19,386	5,301
30	340.1	Computers and Software	-	-	-
31	341	Transportation Equipment	9,805	23,292	13,487
32	342	Stores Equipment	-	-	-
33	343	Tools and Work Equipment	-	-	-
34	344	Laboratory Equipment	-	-	-
35	345	Power Operated Equipment	1,091	2,383	1,292
36	346	Communications Equipment	-	-	-
37	347	Miscellaneous Equipment	3,195	2,568	(626)
38	348	Other Tangible Plant	-	4,424	4,424
39		Plant Held for Future Use			-
40		TOTALS	$ 1,567,559	$ 1,478,470	$ (89,089)
41					
42					
43	SUPPORTING SCHEDULE				
44	B-2, pages 3.2 - 3.5				
45					

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Original Cost Rate Base Proforma Adjustments
Adjustment 3

Exhibit
Schedule B-2
Page 5.0
Witness: Bourassa

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

Line No.		Gross CIAC	Accumulated Amortization
1			
2			
3			
4			
5	Computed balance at 09/30/2012	$ 603,155	$ 152,826
6			
7	Book balance at 09/30/2012	$ 603,155	$ 433,056
8			
9	Increase (decrease)	$ 0	$ (280,230)
10			
11			
12	Adjustment to CIAC/AA CIAC	$ 0	$ 280,230
13	Label	3a	3b
14			
15			
16			
17			
18			
19	SUPPORTING SCHEDULES		
20	E-1		
21	B-2, page 5.1		
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
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37			
38			
39			
40			

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Contributions-in-aid of Construction (CIAC)

Exhibit
Schedule B-2
Page 5.1
Witness: Bourassa

Line No.			2009		2010		2011		2012	
1		Balance		Balance		Balance		Balance		Balance
2		6/30/2009	Additions	9/30/2009	Additions	10/30/2009	Additions	9/30/2011	Additions	9/30/2012
3										
4										
5	CIAC	333,555	89,796	423,351		423,351	179,804	603,155		603,155
6										
7	Accumulated Amortization	83,901								
8	Amortization Rate			0.95%		4.13%		3.93%		3.93%
9	Amortization (1/2 yr convention)			4,018		17,505		23,693		23,709
10	Accumulated Amortization			87,919		105,424		129,116		152,826
11										
12	Net CIAC	249,654	89,796	335,432	-	317,927	179,804	474,039	-	450,330
13										
14										

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Original Cost Rate Base Proforma Adjustments
Adjustment 4
Advances-in-Aid of Construction (AIAC)

Exhibit
Schedule B-2
Page 6.0
Witness: Bourassa

Line No.			
1			
2			
3			
4	Computed balance at 09/30/2012	$	82,962
5			
6	Book balance at 09/30/2012	$	87,692
7			
8	Increase (decrease)	$	(4,731)
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19	SUPPORTING SCHEDULES		
20	E-1		
21	B-2, page 6.1		
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Advances-in-Aid of Construction (AIAC)

Exhibit
Schedule B-2
Page 6.1
Witness: Bourassa

Line No.			2009		2010		2011		2012	
1		Balance		Balance		Balance		Balance		Balance
2		6/30/2009	Activity	9/30/2009	Activity	9/30/2010	Activity	9/30/2011	Activity	9/30/2012
3										
4										
5	AIAC	351,405	(80,073)	271,332	(12,062)	259,270	(174,550)	84,720	(1,758)	82,962
6	Additions									
7	Refunds									
8										
9										
10										
11										
12	Total AIAC	351,405	(80,073)	271,332	(12,062)	259,270	(174,550)	84,720	(1,758)	82,962
13										
14										

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Original Cost Rate Base Proforma Adjustments
Adjustment 5

Exhibit
Schedule B-2
Page 7.0
Witness: Bourassa

Deferred Income Tax as of September 30, 2012

Line No.			Water & Sewer Adjusted Book Value	Tax Value	Probability of Realization of Future Tax Benefit	Deductible TD (Taxable TD) Expected to be Realized	Effective Tax Rate	Future Tax Asset Current	Future Tax Asset Non Current	Future Tax Liability Current	Future Tax Liability Non Current
6		Plant-in-Service	$ 3,675,408 [1]								
7		Accum. Deprec.	(1,478,470) [1]								
8		CIAC	(508,403) [3]								
9	Fed.	Fixed Assets	$ 1,688,535	$ 1,201,447 [2]	100.0%	$ (487,088)	16.67%		-		(81,179)
10											
11	State	Fixed Assets	$ 1,688,535	$ 2,118,548 [2]	100.0%	$ 430,013	6.97%		29,963		-
12											
13	Fed &St	AIAC		35,586 [4]	100.0%	$ 35,586 [4]	23.63%		$ 8,410		
14											
15								$ -	$ 38,374	$ -	$ (81,179)
16											
17		Net Asset (Liability)						$ (42,805)			
18											
19											
20											
21		Net Asset (Liability)						$ (42,805)			
22											
23		DIT Asset (Liability) per Books						$ 64,871			
24											
25		Adjustment to DIT						$ 107,676			
26											
27											
28											
29											
30											
31											
32		Footnotes - See page 2									
33											
34											
35											
36											
37											
38											
39											
40											

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Original Cost Rate Base Proforma Adjustments
Adjustment 5

Exhibit
Schedule B-2
Page 7.1
Witness: Bourassa

Line No.		FEDERAL			STATE		
1	[1] **Per Rebuttal Adjusted Balances**						
2	[2] **Computation of Net Tax Value September 30, 2012**						
3	Based on 2012 Tax Depreciation report (Septmber 30, 2012)						
4	Unadjusted Cost at September 30, 2012 per federal and state tax depr. report	$ 3,390,436			$ 3,390,436		
5	Reconciling Items not on tax report:						
6	Land costs not on tax, on books	217			217		
7					-		
8					-		
9					-		
					-		
10					-		
11	Net Unadjusted Cost tax Basis at September 30, 2012			$ 3,390,653			$ 3,390,653
12							
13	Reductions						
14	Basis Reduction 2012 and Prior Years per federal and state tax depr. report	$ -			$ -		
15	Accumulated Depreciation 2011 and prior per federal and state tax depr. report	(2,006,740)			(1,052,055)		
16	2012 Tax Depreciation per federal and state tax depr. report	(77,108)			(114,692)		
17	Prior Bonus/Sec 179	(105,358)			(105,358)		
18							
19							
20		-			-		
21		-			-		
22	Net Reductions through September 30, 2012			(2,189,206)			(1,272,105)
23	Net tax value of plant-in-service at September 30. 2012			$ 1,201,447			$ 2,118,548
24							
25	[3] **CIAC (including impact of change to probability of realization)**						
26							
27	Gross CIAC per Adjusted Balances		$ 603,155				
28	CIAC reductions/addtions						
29	A.A perAdjusted Balances	$ (152,826)					
30							
31			(152,826)				
32	Net CIAC before unrealized AIAC			$ 450,330			
33							
34	Unrealized AIAC Component						
35	Adjusted Net AIAC (see footnote 5 below)		$ 82,962				
36	Unrealized AIAC Component % (1-Realized AIAC Component)		70.0%				
37				$ 58,073			
38	Total realizable CIAC			$ 508,403			
39							
40	[4] **AIAC (including impact of change in probability of realization)**						
41	AIAC per adjusted book balances		$ 82,962				
42	AIAC reductions/additions						
43	Net AIAC before unrealized portion			$ 82,962			
44	Less: Unrealized AIAC (from Note 3, above)			$ (58,073)			
45	Net realizable AIAC			$ 24,889			
46	Meter and Service Line Installation Charges per Adjusted Balances			10,697			
47	Total AIAC			$ 35,586			
48							

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Computation of Working Capital

Exhibit
Schedule B-5
Page 1
Witness: Bourassa

Line No.			
1	Cash Working Capital (1/8 of Allowance		
2	Operation and Maintenance Expense)	$	42,212
3	Pumping Power (1/24 of Pumping Power)		2,186
4	Purchased Water (1/24 of Purchased Water)		-
5	Prepaid Expenses		
6			
7			
8			
9	Total Working Capital Allowance	$	44,398
10			
11			
12	**Working Capital Requested**	**$**	**-**
13			
14			
15			
16			
17		Adjusted Test Year	
18	Total Operating Expense	$	525,418
19	Less:		
20	Income Tax	$	(7,111)
21	Property Tax		26,558
22	Depreciation		115,811
23	Purchased Water		-
24	Pumping Power		52,460
25	Allowable Expenses	$	337,699
26	1/8 of allowable expenses	$	42,212
27			
28			
29	SUPPORTING SCHEDULES:	RECAP SCHEDULES:	
30	E-1	B-1	
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Income Statement

Exhibit
Schedule C-1
Page 1
Witness: Bourassa

Line No.		Test Year Book Results	Adjustment	Test Year Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase
1	**Revenues**					
2	Metered Water Revenues	$ 576,831	$ 867	$ 577,698	$ 106,895	$ 684,592
3	Unmetered Water Revenues	-	-	-		-
4	Other Water Revenues	4,723	-	4,723		4,723
5		$ 581,554	$ 867	$ 582,421	$ 106,895	$ 689,316
6	**Operating Expenses**					
7	Salaries and Wages	$ 164,216	-	$ 164,216		$ 164,216
8	Purchased Water	-	-	-		-
9	Purchased Power	52,382	78	52,460		52,460
10	Fuel For Power Production	-	-	-		-
11	Chemicals	1,111	-	1,111		1,111
12	Materials and Supplies	5,136	-	5,136		5,136
13	Office Supplies and Expense	15,844	-	15,844		15,844
14	Contractual Services - Accounting	10,270	-	10,270		10,270
15	Contractual Services - Professional	11,609	(335)	11,274		11,274
16	Contractual Services - Maintenance	1,199	40,457	41,656		41,656
17	Contractual Services - Other	-	-	-		-
18	Water Testing	5,433	-	5,433		5,433
19	Rents	11,068	19,800	30,868		30,868
20	Transportation Expenses	12,198	-	12,198		12,198
21	Insurance - General Liability	2,970	-	2,970		2,970
22	Insurance - Health and Life	414	-	414		414
23	Reg. Comm. Exp. - Other	-	-	-		-
24	Reg. Comm. Exp. - Rate Case	-	12,500	12,500		12,500
25	Miscellaneous Expense	11,973	-	11,973		11,973
26	Bad Debt Expense	-	-	-		-
27	Depreciation and Amortization Expense	135,378	(19,567)	115,811		115,811
28	Taxes Other Than Income	13,067	(1,231)	11,836		11,836
29	Property Taxes	24,513	2,045	26,558	1,625	28,183
30	Income Tax	12,745	(19,856)	(7,111)	23,657	16,546
31			-	-		-
32	**Total Operating Expenses**	$ 491,525	$ 33,892	$ 525,418	$ 25,282	$ 550,700
33	**Operating Income**	$ 90,028	$ (33,025)	$ 57,003	$ 81,613	$ 138,616
34	**Other Income (Expense)**					
35	Interest Income	3,537	(3,537)	-		-
36	Other income	2,213	(2,213)	-		-
37	Interest Expense	(111,797)	27,919	(83,878)		(83,878)
38	Other Expense	192	(192)	-		-
39		-	-	-		-
40	**Total Other Income (Expense)**	$ (105,855)	$ 21,977	$ (83,878)	$ -	$ (83,878)
41	**Net Profit (Loss)**	$ (15,827)	$ (11,048)	$ (26,875)	$ 81,613	$ 54,738
42						
43	SUPPORTING SCHEDULES:				RECAP SCHEDULES:	
44	C-1, page 2				A-1	
45	E-2					
46						

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Income Statement

Exhibit
Schedule C-1
Page 2
Witness: Bourassa

Line No.		LABEL>>>>> Test Year Book Results	1 Depreciation	2 Property Taxes	3 Rate Case Expense	4 Revenue Annualization	5 Expense Adj	6 Freeport Services/Rents	7 Remove Other Inc./Exp.	8 Interest Synchronization	9 Income Taxes	Test Year Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase
1	**Revenues**													
2	*Metered Water Revenues*	$ 576,831				$ 867						$ 577,698	$ 106,895	$ 684,592
3	Unmetered Water Revenues	-										-		-
4	Other Water Revenues	4,723										4,723		4,723
5		$ 581,554	$ -	$ -	$ -	$ 867	$ -		$ -	$ -	$ -	$ 582,421	$ 106,895	$ 689,316
6	**Operating Expenses**													
7	Salaries and Wages	$ 164,216										$ 164,216		$ 164,216
8	Purchased Water	-										-		-
9	Purchased Power	52,382				78						52,460		52,460
10	Fuel For Power Production	-										-		-
11	Chemicals	1,111										1,111		1,111
12	Materials and Supplies	5,136										5,136		5,136
13	Office Supplies and Expense	15,844										15,844		15,844
14	*Contractual Services - Accounting*	10,270										10,270		10,270
15	Contractual Services - Professional	11,609					(335)					11,274		11,274
16	Contractual Services - Maintenance	1,199						40,457				41,656		41,656
17	Contractual Services - Other	-										-		-
18	Water Testing	5,433										5,433		5,433
19	Rents	11,068						19,800				30,868		30,868
20	Transportation Expenses	12,198										12,198		12,198
21	Insurance - General Liability	2,970										2,970		2,970
22	Insurance - Health and Life	414										414		414
23	Reg. Comm. Exp. - Other	-										-		-
24	Reg. Comm. Exp. - Rate Case	-			12,500							12,500		12,500
25	Miscellaneous Expense	11,973										11,973		11,973
26	*Bad Debt Expense*	-										-		-
27	Deprec. and Amort. Exp.	135,378	(19,567)									115,811		115,811
28	Taxes Other Than Income	13,067					(1,231)					11,836		11,836
29	Property Taxes	24,513		2,045								26,558	1,625	28,183
30	Income Tax	12,745									(19,856)	(7,111)	23,657	16,546
31														
32	**Total Operating Expenses**	$ 491,525	$ (19,567)	$ 2,045	$ 12,500	$ 78	$ (1,566)	$ 60,257	$ -	$ -	$ (19,856)	$ 525,418	$ 25,282	$ 550,700
33	**Operating Income**	$ 90,028	$ 19,567	$ (2,045)	$ (12,500)	$ 789	$ 1,566	$ (60,257)	$ -	$ -	$ 19,856	$ 57,003	$ 81,613	$ 138,616
34	**Other Income (Expense)**													
35	Interest Income	3,537							(3,537)			-		-
36	Other income	2,213							(2,213)			-		-
37	Interest Expense	(111,797)								27,919		(83,878)		(83,878)
38	*Other Expense*	192							(192)			-		-
39		-										-		-
40	**Total Other Income (Expense)**	$ (105,855)	$ -	$ -	$ -	$ -	$ -	$ -	$ (5,942)	$ 27,919	$ -	$ (83,878)	$ -	$ (83,878)
41	**Net Profit (Loss)**	$ (15,827)	$ 19,567	$ (2,045)	$ (12,500)	$ 789	$ 1,566	$ (60,257)	$ (5,942)	$ 27,919	$ 19,856	$ (26,875)	$ 81,613	$ 54,738
42														
43	SUPPORTING SCHEDULES:													
44	C-2													
45	E-2													

RECAP SCHEDULES:
C-1, page 1

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Adjustments to Revenues and Expenses

Exhibit
Schedule C-2
Page 1
Witness: Bourassa

Line No.		Adjustments to Revenues and Expenses 1	2	3	4	5	6	Subtotal
1								
2		Depreciation	Property	Rate Case	Revenue		Freeport	
3		Expense	Taxes	Expense	Annualization	Expense Adj	Services/Rents	
4	Revenues				867			867
5								
6	Expenses	(19,567)	2,045	12,500	78	(1,566)	60,257	53,748
7								
8	Operating							
9	Income	19,567	(2,045)	(12,500)	789	1,566	(60,257)	(52,881)
10								
11	Interest							
12	Expense						-	-
13	Other							
14	Income /							-
15	Expense							
16								
17	Net Income	19,567	(2,045)	(12,500)	789	1,566	(60,257)	(52,881)
18								
19								

Line No.		Adjustments to Revenues and Expenses 7	8	9	10	11	12	Subtotal
20								
21								
22					Intentionally	Intentionally	Intentionally	
23		Remove	Interest	Income	Left	Left	Left	
24		Other Inc./Exp.	Synchronization	Taxes	Blank	Blank	Blank	
25	Revenues							867
26								
27	Expenses	-	-	(19,856)	-	-	-	33,892
28								
29	Operating							
30	Income	-	-	19,856	-	-	-	(33,025)
31								
32	Interest							
33	Expense		27,919					27,919
34	Other							
35	Income /	(5,942)						(5,942)
36	Expense							
37								
38	Net Income	(5,942)	27,919	19,856	-	-	-	(11,048)
39								
40								

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Adjustments to Revenues and Expenses
Adjustment Number 1

Exhibit
Schedule C-2
Page 2
Witness: Bourassa

Depreciation Expense

Line No.	Acct. No.	Description	Original Cost	Non-depreciable/ Fully Depreciated	Adjusted Original Cost	Proposed Rates	Depreciation Expense	
1								
2								
3	Acct.		Original	Non-depreciable/	Adjusted Original	Proposed	Depreciation	
4	No.	Description	Cost	Fully Depreciated	Cost	Rates	Expense	
5	301	Organization Cost	-	-	-	0.00%	-	
6	302	Franchise Cost	-	-	-	0.00%	-	
7	303	Land and Land Rights	217	(217)	-	0.00%	-	
8	304	Structures and Improvements	241,696		241,696	3.33%	8,048	
9	305	Collecting and Impounding Res.	-		-	2.50%	-	
10	306	Lake River and Other Intakes	-		-	2.50%	-	
11	307	Wells and Springs	360,844		360,844	3.33%	12,016	
12	308	Infiltration Galleries and Tunnels	-		-	6.67%	-	
13	309	Supply Mains	222,769		222,769	2.00%	4,455	
14	310	Power Generation Equipment	-		-	5.00%	-	
15	311	Electric Pumping Equipment	458,954		458,954	12.50%	57,369	
16	320	Water Treatment Equipment	(18,342)		(18,342)	3.33%	(611)	
17	320.1	Water Treatment Plant	702,901		702,901	3.33%	23,407	
18	320.2	Chemical Solution Feeders	-		-	20.00%	-	
19	330	Dist. Reservoirs & Standpipe	630,757		630,757	2.22%	14,003	
20	330.1	Storage tanks	-		-	2.22%	-	
21	330.2	Pressure Tanks	-		-	5.00%	-	
22	331	Trans. and Dist. Mains	903,698		903,698	2.00%	18,074	
23	333	Services	2,427		2,427	3.33%	81	
24	334	Meters	101,418	(101,418)	-	8.33%	-	
25	335	Hydrants	-		-	2.00%	-	
26	336	Backflow Prevention Devices	1,137	(1,137)	-	6.67%	-	
27	339	Other Plant and Misc. Equip.	-		-	6.67%	-	
28	340	Office Furniture and Fixtures	33,458		33,458	6.67%	2,232	
29	340.1	Computers and Software	-		-	20.00%	-	
30	341	Transportation Equipment	23,292	(23,292)	-	20.00%	-	
31	342	Stores Equipment	-		-	4.00%	-	
32	343	Tools and Work Equipment	-		-	5.00%	-	
33	344	Laboratory Equipment	-		-	10.00%	-	
34	345	Power Operated Equipment	2,592		2,592	5.00%	130	
35	346	Communications Equipment	-		-	10.00%	-	
36	347	Miscellaneous Equipment	3,165		3,165	10.00%	317	
37	348	Other Tangible Plant	4,424		4,424	10.00%	-	*
38		TOTALS	$ 3,675,408	$ (126,064)	$ 3,549,344		$ 139,520	
39								
40					Gross CIAC	Amort. Rate		
41	Less: Amortization of Contributions				$ 603,155	3.9309%	$ (23,709)	
42	Total Depreciation Expense						$ 115,811	
43								
44	Adjusted Test Year Depreciation Expense						135,378	
45								
46	Increase (decrease) in Depreciation Expense						(19,567)	
47								
48	Adjustment to Revenues and/or Expenses						$ (19,567)	
49								
50	SUPPORTING SCHEDULE							
51	B-2, page 3				*Fully Depreciated			

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Adjustment to Revenues and Expenses
Adjustment Number 2

Exhibit
Schedule C-2
Page 3
Witness: Bourassa

Property Taxes

Line No.	DESCRIPTION	Test Year as adjusted	Company Recommended
1	Company Adjusted Test Year Revenues	$ 582,421	$ 582,421
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	1,164,842	1,164,842
4	Company Recommended Revenue	582,421	689,316
5	Subtotal (Line 4 + Line 5)	1,747,263	1,854,157
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	582,421	618,052
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	1,164,842	1,236,105
10	Plus: 10% of CWIP (intentionally excluded)	-	-
11	Less: Net Book Value of Licensed Vehicles	-	-
12	Full Cash Value (Line 9 + Line 10 - Line 11)	1,164,842	1,236,105
13	Assessment Ratio	20.0%	20.0%
14	Assessment Value (Line 12 * Line 13)	232,968	247,221
15	Composite Property Tax Rate - *Obtained from ADOR*	11.4000%	11.4000%
16	Test Year Adjusted Property Tax Expense (Line 14 * Line 15)	$ 26,558	$ 28,183
17	Tax on Parcels	-	-
18	Total Property Taxes (Line 16 + Line 17)	$ 26,558	
19	Test Year Property Taxes	$ 24,513	
20	Adjustment to Test Year Property Taxes (Line 18 - Line 19)	**$ 2,045**	
21			
22	Property Tax on Company Recommended Revenue (Line 16 + Line 17)		$ 28,183
23	Company Test Year Adjusted Property Tax Expense (Line 18)		$ 26,558
24	Increase in Property Tax Due to Increase in Revenue Requirement		**$ 1,625**
25			
26	Increase in Property Tax Due to Increase in Revenue Requirement (Line 24)		$ 1,625
27	Increase in Revenue Requirement		$ 106,895
28	Increase in Property Tax Per Dollar Increase in Revenue (Line 26 / Line 27)		1.52000%
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Adjustment to Revenues and Expenses
Adjustment Number 3

Exhibit
Schedule C-2
Page 4
Witness: Bourassa

Rate Case Expense

Line No.			
1			
2			
3	Estimated Rate Case Expense	$	50,000
4			
5	Estimated Amortization Period in Years		4
6			
7	Annual Rate Case Expense	$	12,500
8			
9	Test Year Rate Case Expense	$	-
10			
11	Increase(decrease) Rate Case Expense	$	12,500
12			
13	Adjustment to Revenue and/or Expense	$	12,500
14			
15			
16	Reference		
17	Testimony		
18			
19			
20			

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Adjustment to Revenues and Expenses
Adjustment Number 4

Exhibit
Schedule C-2
Page 5
Witness: Bourassa

Revenue/Purchased Power Annualization

Line No.			
1	Revenue Annualization		
2			
3	Revenue Annualization Adjustment	$	867
4			
5	Total Revenue from Annualization	$	867
6			
7			
8	Adjustment to Revenue and/or Expense	$	867
9			
10	SUPPORTING SCHEDULES		
11	C-2 pages 5.1 to 5.8		
12	H-1		
13			
14	Purchased Power Annualization		
15			
16	Test Year Purchased Power Expense	$	52,382
17	Gallons Sold in Test Year (in 1,000s)		135,706
18	Cost per 1,000 gallons	$	0.39
19			
20	Additional Gallons from revnue annualization (in 1,000s)		202
21	Cost per 1,000 gallons (from above)	$	0.39
22	Additional Purchased Power Expense	$	78
23			
24	Adjustment to Revenue and/or Expense	$	78
25			

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Adjustment to Revenues and Expenses
Adjustment Number 5

Exhibit
Schedule C-2
Page 6
Witness: Bourassa

Expense Adjustments

Line No.			
1			
2	Professional Services - Accounting	$	(335)
3	Taxes Other Than Income		(1,231)
4			
5			
6	Adjustment to Expenses	$	(1,566)
7			
8			
9	Adjustment to Revenue and/or Expense	$	(1,566)
10			
11	Reference		
12	Testimony		
13	Work papers		
14			
15			
16			
17			
18			
19			
20			

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Adjustment to Revenues and Expenses
Adjustment Number 6

Exhibit
Schedule C-2
Page 7
Witness: Bourassa

Freeport-McMoran Services

Line No.			
1			
2	Contractual Services - Other	$	40,457
3	Equipment Rent		19,800
4			
5			
6	Adjustment to Rents - Building	$	60,257
7			
8			
9	Adjustment to Revenue and/or Expense	$	60,257
10			
11	Reference		
12	Testimony		
13	Work papers		
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			

Las Quintas Serenas Water Company
Test Year Ended December 31, 2001
Adjustment to Revenues and Expenses
Adjustment Number 7

Exhibit
Schedule C-2
Page 8
Witness: Bourassa

Remove Other Income/Expense

Line No.			
1			
2	Interest Income	$	(3,537)
3	Other income		(2,213)
4	Other Expense		(192)
5			
6	Adjustment to Other Income/Expense	$	(5,942)
7			
8			
9	Adjustment to Revenue and/or Expense		(5,942)
10			
11	Reference		
12	Testimony		
13	Work papers		
14			
15			
16			
17			
18			
19			
20			

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Adjustment to Revenues and Expenses
Adjustment Number 8

Exhibit
Schedule C-2
Page 9
Witness: Bourassa

Interest Synchronization

Line No.			
1			
2			
3			
4	Fair Value Rate Base	$ 1,610,145	
5	Weighted Cost of Debt	5.21%	
6	Interest Expense		$ 83,878
7			
8	Test Year Interest Expense		$ 111,797
9			
10	Increase (decrease) in Interest Expense		(27,919)
11			
12			
13			
14	Adjustment to Revenue and/or Expense		$ 27,919
15			
16			
17	Weighted Cost of Debt Computation		

18				Weighted
19		Percent	Cost	Cost
20	Debt	72.80%	7.16%	5.21%
21	Equity	27.20%	12.50%	3.40%
22	Total	100.00%		8.61%

23
24
25
26
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28
29
30

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Adjustment to Revenues and/or Expenses
Adjustment Number 9

Exhibit
Schedule C-2
Page 10
Witness: Bourassa

Line No.		Test Year at Present Rates	Test Year at Proposed Rates
1	Income Taxes		
2			
3			
4	Compauted Income Tax	$ (7,111)	$ 16,546
5	Test Year Income tax Expense	-	(7,111)
6	Adjustment to Income Tax Expense	$ (7,111)	$ 23,657
7			
8			
9			
10			
11			
12			
13	SUPPORTING SCHEDULE		
14	C-3, page 2		
15			
16			
17			
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29			
30			

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Computation of Gross Revenue Conversion Factor

Exhibit
Schedule C-3
Page 1
Witness: Bourassa

Line No.	Description	Percentage of Incremental Gross Revenues
1	Combined Federal and State Effective Income Tax Rate	22.473%
2		
3	Property Taxes	1.178%
4		
5		
6	Total Tax Percentage	23.651%
7		
8	Operating Income % = 100% - Tax Percentage	76.349%
9		
10		
11		
12		
13	1 = Gross Revenue Conversion Factor	
14	Operating Income %	1.3098
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25	SUPPORTING SCHEDULES:	RECAP SCHEDULES:
26	C-3, page 2	A-1
27		
28		
29		
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39		
40		

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012

Exhibit
Schedule C-3
Page 2
Witness: Bourassa

GROSS REVENUE CONVERSION FACTOR

Line No.	Description	(A)	(B)	(C)	(D)	[E]	[F]
	Calculation of Gross Revenue Conversion Factor:						
1	Revenue	100.0000%					
2	Uncollecible Factor (Line 11)	0.0000%					
3	Revenues (L1 - L2)	100.0000%					
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	23.6512%					
5	Subtotal (L3 - L4)	76.3488%					
6	**Revenue Conversion Factor (L1 / L5)**	1.309779					
	Calculation of Uncollectible Factor:						
7	Unity	100.0000%					
8	Combined Federal and State Tax Rate (L17)	22.4728%					
9	One Minus Combined Income Tax Rate (L7 - L8)	77.5272%					
10	Uncollectible Rate	0.0000%					
11	Uncollectible Factor (L9 * L10)		0.0000%				
	Calculation of Effective Tax Rate:						
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%					
13	Arizona State Income Tax Rate	6.9680%					
14	Federal Taxable Income (L12 - L13)	93.0320%					
15	Applicable Federal Income Tax Rate (L55 Col F)	16.6661%					
16	Effective Federal Income Tax Rate (L14 x L15)	15.5048%					
17	Combined Federal and State Income Tax Rate (L13 +L16)		22.4728%				
	Calculation of Effective Property Tax Factor						
18	Unity	100.0000%					
19	Combined Federal and State Income Tax Rate (L17)	22.4728%					
20	One Minus Combined Income Tax Rate (L18-L19)	77.5272%					
21	Property Tax Factor	1.5200%					
22	Effective Property Tax Factor (L20*L21)		1.1784%				
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			23.6512%			
24	Required Operating Income	$ 138,616					
25	AdjustedTest Year Operating Income (Loss)	$ 57,003					
26	*Required Increase in Operating Income (L24 - L25)*		$ 81,613				
27	Income Taxes on Recommended Revenue (Col. (F), L52)	$ 16,546					
28	Income Taxes on Test Year Revenue (Col. (C), L52)	$ (7,111)					
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		$ 23,657				
30	Recommended Revenue Requirement	$ 689,316					
31	Uncollectible Rate (Line 10)	0.0000%					
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	$ -					
33	Adjusted Test Year Uncollectible Expense	$ -					
34	Required Increase in Revenue to Provide for Uncollectible Exp.		$ -				
35	Property Tax with Recommended Revenue	$ 28,183					
36	Property Tax on Test Year Revenue	$ 26,558					
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		$ 1,625				
38	Total Required Increase in Revenue (L26 + L29 + L37)		$ 106,895				

		(A)	(B)	(C)	(D)	[E]	[F]
		Test Year			Company Recommended		
	Calculation of Income Tax:	Total		Water	Total		Water
39	Revenue	$ 582,421		$ 582,421	$ 689,316		$ 689,316
40	Operating Expenses Excluding Income Taxes	532,528		532,528	534,153		534,153
41	Synchronized Interest (L47)	83,878		83,878	83,878	-	83,878
42	Arizona Taxable Income (L39 - L40 - L41)	$ (33,986)	$ -	$ (33,986)	$ 71,284	$ -	$ 71,284
43	Arizona State Effective Income Tax Rate (see work papers)	6.9680%	6.9680%	6.9680%	6.9680%		6.9680%
44	Arizona Income Tax (L42 x L43)	$ (2,368)	$ -	$ (2,368)	$ 4,967	$ -	$ 4,967
45	Federal Taxable Income (L42- L44)	$ (31,618)	$ -	$ (31,618)	$ 66,317	$ -	$ 66,317
46							
47	Federal Tax on First Income Bracket ($1 - $50,000) @ 15%	$ (4,743)	$ -	$ (4,743)	$ 7,500	$ -	$ 7,500
48	Federal Tax on Second Income Bracket ($50,001 - $75,000) @ 25%	$ -	$ -	$ -	$ 4,079	$ -	$ 4,079
49	Federal Tax on Third Income Bracket ($75,001 - $100,000) @ 34%	$ -	$ -	$ -	$ -	$ -	$ -
50	Federal Tax on Fourth Income Bracket ($100,001 - $335,000) @ 39%	$ -	$ -	$ -	$ -	$ -	$ -
51	Federal Tax on Fifth Income Bracket ($335,001 -$10,000,000) @ 34%	$ -	$ -	$ -	$ -	$ -	$ -
52							
53	Total Federal Income Tax	$ (4,743)	$ -	$ (4,743)	$ 11,579	$ -	$ 11,579
54	Combined Federal and State Income Tax (L35 + L42)	$ (7,111)	$ -	$ (7,111)	$ 16,546	$ -	$ 16,546

55 COMBINED Applicable Federal Income Tax Rate [Col. [D], L53 - Col. [A], L53 / [Col. [D], L45 - Col. [A], L45] 16.6661%

56

57 WATER Applicable Federal Income Tax Rate [Col. [F], L53 - Col. [C], L53] / [Col. [F], L45 - Col. [C], L45] 16.6661%

	Calculation of Interest Synchronization:		Water
58	Rate Base	$ -	$ 1,610,145
59	Weighted Average Cost of Debt	0.0000%	5.2094%
60	Synchronized Interest (L59 X L60)	$ -	$ 83,878

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Comparative Balance Sheets

Exhibit
Schedule E-1
Page 1
Witness: Bourassa

Line No.		Test Year Ended 9/30/2012	Year Ended 9/30/2011	Year Ended 9/30/2010
1	**ASSETS**			
2	Plant In Service	$ 3,723,895	$ 3,715,674	$ 3,718,317
3	Non-Utility Plant	-	-	-
4	Construction Work in Progress	-	-	-
5	Less: Accumulated Depreciation	(1,567,559)	(1,410,506)	(1,113,381)
6	Net Plant	$ 2,156,336	$ 2,305,168	$ 2,604,937
7				
8	Debt Reserve Fund	$ 50,738	$ 14,564	$ 66,319
9				
10		$ 50,738	$ 14,564	$ 66,319
11				
12	CURRENT ASSETS			
13	Cash and Equivalents	$ 65,628	$ 51,378	$ 149,069
14	Restricted Cash	-	-	-
15	Accounts Receivable, Net	13,231	17,152	17,561
16	Inter-Division Receivable	-	-	-
17	Notes Receivable	-	-	-
18	Materials and Supplies	3,118	3,422	3,988
19	Prepayments	1,909	899	857
20	Other Current Assets	70,523	70,523	69,442
21	Total Current Assets	$ 154,409	$ 143,375	$ 240,917
22				
23	Unamortized Debt Discount	$ 148,501	$ 235,295	$ 176,344
24	Accumulated Deferred Income Taxes	64,871	$ -	$ -
25	Deferred Debits	$ 213,372	$ 235,295	$ 176,344
26				
27	Other Assets		$ 1,230	$ 1,250
28				
29	TOTAL ASSETS	$ 2,574,856	$ 2,699,632	$ 3,089,767
30				
31				
32	**LIABILITIES AND STOCKHOLDERS' EQUITY**			
33				
34	Stockholder's Equity	$ 618,651	$ 634,345	$ 842,368
35				
36	Long-Term Debt	$ 1,656,101	$ 1,739,799	$ 1,767,904
37				
38	CURRENT LIABILITIES			
39	Accounts Payable	$ -	$ -	$ -
40	Current Portion of Long-Term Debt	-	-	-
41	Payables to Associated Companies	-	-	-
42	Security Deposits	5,513	5,300	7,570
43	Customer Meter Deposits, Current	-	-	-
44	Accrued Taxes	26,091	15,893	12,564
45	Accrued Interest	-	-	-
46	Other Current Liabilities	13	-	-
47	Total Current Liabilities	$ 31,616	$ 21,193	$ 20,134
48	DEFERRED CREDITS			
49	Customer Meter Deposits, less current	$ 10,697	$ 13,789	$ 21,019
50	Advances in Aid of Construction	87,692	89,451	270,466
51	Accumulated Deferred Income Taxes	-	-	25,660
52	Contributions In Aid of Construction	603,155	603,155	423,350
53	Accumulated Amortization	(433,056)	(402,100)	(281,134)
54	Total Deferred Credits	$ 268,488	$ 304,294	$ 459,361
55				
56	Total Liabilities & Common Equity	$ 2,574,856	$ 2,699,632	$ 3,089,767
57				
58				
59				
60	SUPPORTING SCHEDULES:		RECAP SCHEDULES:	
61			A-3	

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Comparative Income Statements

Exhibit
Schedule E-2
Page 1
Witness: Bourassa

Line No.		Test Year Ended 9/30/2012	Prior Year Ended 9/30/2011	Prior Year Ended 9/30/2010
1	**Revenues**			
2	Metered Water Revenues	$ 576,831	$ 488,327	$ 478,070
3	Unmetered Water Revenues			
4	Other Water Revenues	4,723	6,981	5,001
5	**Total Revenues**	$ 581,554	$ 495,307	$ 483,070
6	**Operating Expenses**			
7	Salaries and Wages	$ 164,216	$ 148,293	$ 136,768
8	Purchased Water			
9	Purchased Power	52,382	72,381	74,151
10	Fuel For Power Production			
11	Chemicals	1,111	1,168	320
12	Materials and Supplies	5,136	18,312	4,599
13	Office Supplies and Expense	15,844	25,652	17,356
14	Contractual Services - Accounting	10,270	26,605	33,781
15	Contractual Services - Professional	11,609	38,005	20,731
16	Contractual Services - Maintenance	1,199		
17	Contractual Services - Other		24,298	8,401
18	Water Testing	5,433	5,939	5,229
19	Rents	11,068	10,962	10,398
20	Transportation Expenses	12,198	11,143	11,915
21	Insurance - General Liability	2,970	2,460	2,714
22	Insurance - Health and Life	414	14,063	7,474
23	Reg. Comm. Exp. - Other			
24	Reg. Comm. Exp. - Rate Case			
25	Miscellaneous Expense	11,973	12,662	10,988
26	Bad Debt Expense			
27	Depreciation and Amortization Expense	135,378	82,770	25,667
28	Taxes Other Than Income	13,067	14,139	(7,528)
29	Property Taxes	24,513	22,538	26,022
30	Income Tax	12,745	(79,502)	13,788
31				
32		-		
33	**Total Operating Expenses**	$ 491,525	$ 451,887	$ 402,775
34	**Operating Income**	$ 90,028	$ 43,420	$ 80,296
35	**Other Income (Expense)**			
36	Interest Income	3,537	3,251	2,442
37	Other Income	2,213	2,710	7,205
38	Interest Expense	(111,797)	(113,827)	(74,919)
39	Other Expense	192	(1,372)	
40	Gain (loss) on Disposal of Equip	-		
41	**Total Other Income (Expense)**	$ (105,855)	$ (109,238)	$ (65,272)
42	**Net Profit (Loss)**	$ (15,827)	$ (65,817)	$ 15,024
43				
44				
45				
46	SUPPORTING SCHEDULES:			
47				
48				

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Comparative Statements of Cash Flows

Exhibit
Schedule E-3
Page 1
Witness: Bourassa

Line No.		Test Year Ended 9/30/2012	Prior Year Ended 9/30/2011	Prior Year Ended 9/30/2010
1				
2				
3	Cash Flows from Operating Activities			
4	Net Income	$ (15,827)	$ (65,817)	$ 15,024
5	Adjustments to reconcile net income to net cash			
6	provided by operating activities:			
7	Depreciation and Amortization	135,378	82,770	25,667
8	Depreciation Adjustments	(9,281)	93,389	
9	Changes in Certain Assets and Liabilities:			
10	Accounts Receivable	3,921	409	(6,342)
11	Unbilled Revenues			
12	Materials and Supplies Inventory	(304)	566	
13	Prepaid Expenses	(1,010)	(42)	48
14	Deferred Charges			
15	Receivables to Associated Co.			
16	Accounts Payable			
17	Intercompany payable			
18	Customer Meter and Security Deposits	(3,092)	20	378
19	Taxes Payable	10,198	3,329	85,377
20	Other assets and liabilities	23,961	(95,191)	(110)
21	Rounding	1		
22	Net Cash Flow provided by Operating Activities	$ 143,945	$ 19,432	$ 120,041
23	Cash Flow From Investing Activities:			
24	Capital Expenditures	(8,221)	2,643	(15,067)
25	Plant Held for Future Use			
26	Changes in Special Funds			
27	Net Cash Flows from Investing Activities	$ (8,221)	$ 2,643	$ (15,067)
28	Cash Flow From Financing Activities			
29	Change in Restricted Cash	(36,174)	51,755	
30	Proceeds from Long-Term Debt			
31	Net receipt of contributions in aid of construction		179,805	
32	Net receipts of advances in aid of construction	(1,733)	(181,015)	(12,061)
33	Repayments of Long-Term Debt	(83,698)	(28,105)	
34	Distributions			
35	Deferred Financing Costs			
36	Adjustments to Earnings	131	(142,206)	
37	Net Cash Flows Provided by Financing Activities	$ (121,474)	$ (119,766)	$ (12,061)
38	Increase(decrease) in Cash and Cash Equivalents	14,250	(97,691)	92,913
39	Cash and Cash Equivalents at Beginning of Year	51,378	149,068	56,155
40	Cash and Cash Equivalents at End of Year	$ 65,628	$ 51,378	$ 149,068
41				
42				
43	SUPPORTING SCHEDULES:		RECAP SCHEDULES:	
44	Workpapers/cashflow water.xls		A-5	
45				

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Statement of Changes in Stockholder's Equity

Exhibit
Schedule E-4
Page 1
Witness: Bourassa

Line No.		Stockholder's Equity	Paid-in Capital	Retained Earnings	Total
1					
2					
3					
4	Balance, September 30, 2009	$ 2,550	$ 5,180	$ 819,614	$ 827,344
5	Addnl Paid In Capital Adjustment	-			-
6	Distributions			-	-
7	Rounding			-	-
8	Net Income			15,024	15,024
9					
10	Balance, September 30, 2010	$ 2,550	$ 5,180	$ 834,638	$ 842,368
11	Adjustment			(142,206)	(142,206)
12	Distributions			-	-
13	Rounding			1	1
14	Net Income			(65,817)	(65,817)
15					
16	Balance, September 30, 2011	$ 2,550	$ 5,180	$ 626,615	$ 634,345
17	Addnl Paid In Capital Adjustment	131			131
18	Distributions			-	-
19	Rounding			2	2
20	Net Income			(15,827)	(15,827)
21					
22	Balance, September 30, 2012	$ 2,681	$ 5,180	$ 610,790	$ 618,651
23					
24					
25					
26					
27					
28					
29	SUPPORTING SCHEDULES:			RECAP SCHEDULES:	
30				E-1	
31					
32					
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Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Detail of Plant in Service

Exhibit
Schedule E-5
Page 1
Witness: Bourassa

Line No.	Acct. No.	Plant Description	Plant Balance at 9/30/2011	Plant Additions, Reclass-ications or or Retirements	Plant Balance at 9/30/2012
1					
2	301	Organization Cost	$ -	$ -	$ -
3	302	Franchise Cost	-	-	-
4	303	Land and Land Rights	217	-	217
5	304	Structures & Improvements	239,779	1,918	241,697
6	305	Collecting & Impounding Reservoirs	-	-	-
7	306	Lake, River, Canal Intakes	-	-	-
8	307	Wells & Springs	360,844	-	360,844
9	308	Infiltration Galleries	-	-	-
10	309	Raw Water Supply Mains	222,769	-	222,769
11	310	Power Generation Equipment	-	-	-
12	311	Pumping Equipment	466,442	-	466,442
13	320	Water Treatment Equipment	910	-	910
14	320	Water Treatment Plants	703,346	385	703,731
15	320.2	Solution Chemical Feeders	-	-	-
16	330.0	Distribution Reservoirs & Standpipes	626,714	4,043	630,757
17	330	Storage Tanks	-	-	-
18	330.2	Pressure Tanks	-	-	-
19	331	Transmission & Distribution Mains	924,616	-	924,616
20	333	Services	2,427	-	2,427
21	334	Meters	101,418	-	101,418
22	335	Hydrants	-	-	-
23	336	Backflow Prevention Devices	1,137	-	1,137
24	339	Other Plant & Misc Equipment	-	-	-
25	340	Office Furniture & Equipment	31,584	1,874	33,458
26	340.1	Computers & Software	-	-	-
27	341	Transportation Equipment	23,292	-	23,292
28	342	Stores Equipment	-	-	-
29	343	Tools, Shop & Garage Equipment	-	-	-
30	344	Laboratory Equipment	-	-	-
31	345	Power Operated Equipment	2,592	-	2,592
32	346	Communication Equipment	-	-	-
33	347	Miscellaneous Equipment	7,589	-	7,589
34	348	Other Tangible Plant	-	-	-
35		Plant Held for Future Use		-	
36					
37					
38		Rounding			
39		TOTAL WATER PLANT	$ 3,715,674	$ 8,221	$ 3,723,895
40					
41	SUPPORTING SCHEDULES			RECAP SCHEDULES:	
42	Work Papers			A-4	
43	B-2 pages 3.1 to 3.4			E-1	
44					

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Operating Statistics

Exhibit
Schedule E-7
Page 1
Witness: Bouras

Line No.		Test Year Ended 9/30/2012	Prior Year Ended 9/30/2011	Prior Year Ended 9/30/2010
1	WATER STATISTICS:			
2				
3				
4				
5	Total Gallons Sold (in Thousands)	135,706	156,960	151,681
6				
7				
8				
9	Water Revenues from Customers:	$ 576,831	$ 488,327	$ 478,070
10				
11				
12				
13				
14	Year End Number of Customers	991	1,003	1,009
15				
16				
17	Annual Gallons (in Thousands)			
18	Sold Per Year End Customer	137	156	150
19				
20				
21				
22	Annual Revenue per Year End Customer	$ 582.07	$ 486.87	$ 473.81
23				
24	Pumping Cost Per 1,000 Gallons	$ 0.3860	$ 0.4611	$ 0.4889
25	Purchased Water Cost per 1,000 Gallons	$ -	$ -	$ -

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Taxes Charged to Operations

Exhibit
Schedule E-8
Page 1
Witness: Bourassa

Line No.	Description	Test Year Ended 9/30/2012	Prior Year Ended 9/30/2011	Prior Year Ended 9/30/2010
1	Description			
2				
3	State Income Taxes	$ -	$ -	$ -
4	Federal Income Taxes	12,745	(79,502)	13,788
5	Payroll Taxes	13,067	14,139	(7,528)
6	Property Taxes	24,513	22,538	26,022
7				
8	Totals	$ 50,325	$ (42,825)	$ 32,283
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Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Notes To Financial Statements

Exhibit
Schedule E-9
Page 1
Witness: Bourassa

Line No.	
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2	The Company does not conduct independent audits
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Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Projected Income Statements - Present & Proposed Rates

Exhibit
Schedule F-1
Page 1
Witness: Bourassa

Line No.		Test Year Actual Results	At Present Rates Year Ended 9/30/2013	At Proposed Rates Year Ended 9/30/2013
1	**Revenues**			
2	Metered Water Revenues	$ 576,831	$ 577,698	$ 684,592
3	Unmetered Water Revenues	-	-	-
4	Other Water Revenues	4,723	4,723	4,723
5		$ 581,554	$ 582,421	$ 689,316
6	**Operating Expenses**			
7	Salaries and Wages	$ 164,216	$ 164,216	$ 164,216
8	Purchased Water	-	-	-
9	Purchased Power	52,382	52,460	52,460
10	Fuel For Power Production	-	-	-
11	Chemicals	1,111	1,111	1,111
12	Materials and Supplies	5,136	5,136	5,136
13	Office Supplies and Expense	15,844	15,844	15,844
14	Contractual Services - Accounting	10,270	10,270	10,270
15	Contractual Services - Professional	11,609	11,274	11,274
16	Contractual Services - Maintenance	1,199	41,656	41,656
17	Contractual Services - Other	-	-	-
18	Water Testing	5,433	5,433	5,433
19	Rents	11,068	30,868	30,868
20	Transportation Expenses	12,198	12,198	12,198
21	Insurance - General Liability	2,970	2,970	2,970
22	Insurance - Health and Life	414	414	414
23	Reg. Comm. Exp. - Other	-	-	-
24	Reg. Comm. Exp. - Rate Case	-	12,500	12,500
25	Miscellaneous Expense	11,973	11,973	11,973
26	Bad Debt Expense	-	-	-
27	Depreciation and Amortization Expense	135,378	115,811	115,811
28	Taxes Other Than Income	13,067	11,836	11,836
29	Property Taxes	24,513	26,558	28,183
30	Income Tax	12,745	(7,111)	16,546
31	**Total Operating Expenses**	$ 491,525	$ 525,418	$ 550,700
32	**Operating Income**	$ 90,028	$ 57,003	$ 138,616
33	**Other Income (Expense)**			
34	Interest Income	3,537	-	-
35	Other income	2,213	-	-
36	Interest Expense	(111,797)	(113,286)	(113,286)
37	Other Expense	192	-	-
38	Gain/Loss Sale of Fixed Assets	-	-	-
39	**Total Other Income (Expense)**	$ (105,855)	$ (113,286)	$ (113,286)
40	**Net Profit (Loss)**	$ (15,827)	$ (56,283)	$ 25,330
41				
42				
43	SUPPORTING SCHEDULES:			
44	C-1			
45				
46				
47				

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Projected Statements of Changes in Financial Position
Present and Proposed Rates

Exhibit
Schedule F-2
Page 1
Witness: Bourassa

Line No.		Actual Test Year Ended 9/30/2012	At Present Rates Year Ended 9/30/2013	At Proposed Rates Year Ended 9/30/2013
5	Cash Flows from Operating Activities			
6	Net Income	$ (15,827)	$ (26,875)	$ 54,738
7	Adjustments to reconcile net income to net cash			
8	provided by operating activities:			
9	Depreciation and Amortization	135,378	115,811	115,811
10	Depreciation Adjustments	(9,281)		
11	Changes in Certain Assets and Liabilities:			
12	Accounts Receivable	3,921		
13	Unbilled Revenues	-		
14	Materials and Supplies Inventory	(304)		
15	Prepaid Expenses	(1,010)		
16	Deferred Charges	-		
17	Receivables to Associated Co.	-		
18	Accounts Payable	-		
19	Intercompany payable	-		
20	Customer Meter and Security Deposits	(3,092)		
21	Taxes Payable	10,198		
22	Other assets and liabilities	23,961		
23	Rounding	1		
24	Net Cash Flow provided by Operating Activities	$ 143,945	$ 88,936	$ 170,549
25	Cash Flow From Investing Activities:			
26	Capital Expenditures	(8,221)	(10,400)	(10,400)
27	Plant Held for Future Use	-		
28	Changes in debt reserve fund	-		
29	Net Cash Flows from Investing Activities	$ (8,221)	$ (10,400)	$ (10,400)
30	Cash Flow From Financing Activities			
31	Change in Restricted Cash	(36,174)	(36,174)	(36,174)
32	Change in net amounts due to parent and affiliates	-		
33	Net Receipt contributions in aid of construction	-	-	-
34	Net receipts of advances in aid of construction	(1,733)	(1,733)	(1,733)
35	Repayments of Long-Term Debt	(83,698)	(73,891)	(73,891)
36	Dividends Paid	-	-	-
37	Deferred Financing Costs	-	-	-
38	Paid in Capital	131	-	-
39	Net Cash Flows Provided by Financing Activities	$ (121,474)	$ (111,798)	$ (111,798)
40	Increase(decrease) in Cash and Cash Equivalents	14,250	(33,262)	48,351
41	Cash and Cash Equivalents at Beginning of Year	51,378	65,628	65,628
42	Cash and Cash Equivalents at End of Year	$ 65,628	$ 32,365	$ 113,978
43				
44				
45				
46	SUPPORTING SCHEDULES:			
47	E-3			
48				
49				
50				
51				

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Projected Construction Requirements

Exhibit
Schedule F-3
Page 1
Witness: Bourassa

Line No.	Account Number	Plant Asset:	Test Year	2013	2014	2015
1						
2	Account					
3	Number	Plant Asset:	Test Year	2013	2014	2015
4	301	Organization Cost	$ -	$ -	$ -	$ -
5	302	Franchise Cost	-	-	-	-
6	303	Land and Land Rights	-	-	-	-
7	304	Structures and Improvements	1,918	3,800	-	-
8	305	Collecting and Impounding Res.	-	-	-	-
9	306	Lake River and Other Intakes	-	-	-	-
10	307	Wells and Springs	-	-	-	-
11	308	Infiltration Galleries and Tunnels	-	-	-	-
12	309	Supply Mains	-	-	-	-
13	310	Power Generation Equipment	-	-	-	-
14	311	Electric Pumping Equipment	-	1,600	7,200	7,200
15	320	Water Treatment Equipment	-	-	-	-
16	320.1	Water Treatment Plant	385	-	-	-
17	320.2	Chemical Solution Feeders	-	500	500	500
18	330	Dist. Reservoirs & Standpipe	4,043	-	-	-
19	330.1	Storage tanks	-	-	-	-
20	330.2	Pressure Tanks	-	-	-	-
21	331	Trans. and Dist. Mains	-	2,300	12,500	25,000
22	333	Services	-	-	-	-
23	334	Meters	-	1,100	5,700	3,300
24	335	Hydrants	-	-	-	-
25	336	Backflow Prevention Devices	-	-	-	-
26	339	Other Plant and Misc. Equip.	-	-	-	-
27	340	Office Furniture and Fixtures	1,874	-	-	-
28	340.1	Computers and Software	-	-	1,600	1,500
29	341	Transportation Equipment	-	-	-	30,000
30	342	Stores Equipment	-	-	-	-
31	343	Tools and Work Equipment	-	1,100	1,000	1,000
32	344	Laboratory Equipment	-	-	-	-
33	345	Power Operated Equipment	-	-	-	-
34	346	Communications Equipment	-	-	1,500	1,500
35	347	Miscellaneous Equipment	-	-	-	-
36	348	Other Tangible Plant	-	-	-	-
37	Total		$ 8,221	$ 10,400	$ 30,000	$ 70,000
38						
39						
40						

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Assumptions Used in Rate Filing

Exhibit
Schedule F-4
Page 1
Witness: Bourassa

Line No.

1 Property Taxes were computed using the method used by the Arizona Department
2 of Revenue modified for ratemaking.
3
4 Projected construction expenditures are shown on Schedule A-4.
5
6 Expense adjustments are shown on Schedule C2, and are explained in the testimony.
7
8 Income taxes were computed using statutory state and federal income tax rates.
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Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Schedule H-1
Page 1

Line No.	Meter Size	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1	5/8x3/4 Inch	$ 405,487	$ 482,825	$ 77,339	19.07%	69.62%	70.04%
2	3/4 Inch	5,852	6,924	1,072	18.32%	1.00%	1.00%
3	1 Inch	21,230	25,121	3,891	18.33%	3.65%	3.64%
4	1.5 Inch	18,640	21,934	3,294	17.67%	3.20%	3.18%
5	2 Inch	5,432	6,439	1,007	18.54%	0.93%	0.93%
6	4 Inch	22,305	26,197	3,892	17.45%	3.83%	3.80%
7	6 Inch	13,531	15,983	2,451	18.12%	2.32%	2.32%
8	Subtotal	$ 492,477	$ 585,423	$ 92,945	18.87%	84.56%	84.93%
9							
10							
11	Standpipe	$ 83,690	$ 98,018	$ 14,328	17.12%	14.37%	14.22%
12	Fire Sprinkler	480	480	-	0.00%	0.08%	0.07%
13	Subtotal	84,170	98,498	14,328	17.02%	14.45%	14.29%
14							
15							
16	Total Revenuers before Annualization	$ 576,647	$ 683,920	$ 107,273	18.60%	99.01%	99.22%
17							

18								
19	Meter	Company Present	Staff Proposed	Dollar	Percent	Percent of	Percent of	
20	Size	Revenues	Revenues	Change	Change	Present	Proposed	Schedule
21			Revenue Annualization					
22	5/8x3/4 Inch	$ 798	$ 967	$ 169	21.11%	0.14%	0.14%	C-2, page 5.1
23	3/4 Inch	-	-	-	0.00%	0.00%	0.00%	C-2, page 5.2
24	1 Inch	-	-	-	0.00%	0.00%	0.00%	C-2, page 5.3
25	1.5 Inch	-	-	-	0.00%	0.00%	0.00%	C-2, page 5.4
26	2 Inch	-	-	-	0.00%	0.00%	0.00%	C-2, page 5.5
27	4 Inch	-	-	-	0.00%	0.00%	0.00%	C-2, page 5.6
28	6 Inch	-	-	-	0.00%	0.00%	0.00%	C-2, page 5.7
29	Subtotal	$ 798	$ 967	$ 169	21.11%	0.14%	0.14%	
30								
31								
32	Standpipe	69	84	15	22.20%	0.01%	0.01%	C-2, page 5.8
33	Fire Sprinkler	-	-	-	0.00%	0.00%	0.00%	
34								
35	Total Revenue Annualization	$ 867	$ 1,051	$ 184	21.20%	0.15%	0.15%	
36								
37	Total Revenues with Rev. Annual.	$ 577,514	$ 684,971	$ 107,457	18.61%	99.16%	99.37%	
38								
39	Misc. Serv. Rev.	4,723	4,723	-	0.00%	0.811%	0.685%	
40	Unreconciled Difference to C-1	183	(379)	(562)	-307.10%	0.031%	-0.055%	
41								
42	Total Revenues	$ 582,421	$ 689,315	$ 106,895	18.35%	100.00%	100.00%	
43								

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Analysis of Revenue by Detailed Class

Exhibit
Schedule H-2
Page 1
Witness: Bourassa

Line No.	Meter Size	(a) Average Number of Customers at 9/30/2012	Average Consumption	Revenues Present Rates	Revenues Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount
1	5/8x3/4 Inch	828	9,845	$ 37.04	$ 44.85	$ 7.81	21.10%
2	3/4 Inch	8	13,573	58.68	69.87	11.19	19.06%
3	1 Inch	20	16,726	86.18	102.41	16.24	18.84%
4	1.5 Inch	7	49,888	206.56	245.92	39.36	19.06%
5	2 Inch	2	29,751	226.34	268.30	41.96	18.54%
6	4 Inch	1	557,325	1,808.84	2,133.64	324.80	17.96%
7	6 Inch	1	47,950	1,127.62	1,331.89	204.27	18.12%
8	Subtotal	867		$ 3,551	$ 4,197	$ 646	18.18%
9							
10	Standpipe	136	12,528	$ 42.26	$ 51.14	$ 8.88	21.01%
11	Fire Sprinkler	4	-	10.00	10.00	-	0.00%
12	Subtotal	140		$ 42	$ 51	$ 9	21.01%
13							
14	Totals	1,007		$ 3,594	$ 4,248	$ 655	18.21%
15							

16 **(a)** Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.
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Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Analysis of Median Bill by Detailed Class

Exhibit
Schedule H-2
Page 2
Witness: Bourassa

Line No.	Meter Size and Class	(a) Average Number of Customers at 9/30/2012	Median Consumption	Median Bill Present Rates	Median Bill Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount
1	5/8x3/4 Inch	828	7,500	$ 32.16	$ 38.99	6.83	21.24%
2	3/4 Inch	8	12,500	55.37	66.11	10.75	19.41%
3	1 Inch	20	14,500	81.55	96.85	15.30	18.76%
4	1.5 Inch	7	25,500	155.83	184.95	29.12	18.69%
5	2 Inch	2	30,000	226.86	268.92	42.06	18.54%
6	4 Inch	1	427,300	1,407.07	1,678.56	0.06	0.00%
7	6 Inch	1	45,000	1,121.48	1,324.51	203.03	18.10%
8	Subtotal	867					
9							
10							
11	Standpipe	136	3,500	$ 23.98	$ 29.07	5.09	21.21%
12	Fire Sprinkler	4	-	10.00	10.00	-	0.00%
13	Subtotal	140					
14							
15	Totals	1,007					
16							
17							
18	**(a)** Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.						
19							
20							
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41							

Las Quintas Serenas Water Company
Revenue Breakdown Summary
Present Rates

Exhibit
Schedule H-2
Page 3
Witness: Bourassa

Line No.		Monthly Mins	Commodity First Tier	Commodity Second Tier	Commodity Third Tier	Total
1						
2						
3	5/8x3/4 Inch	$ 204,778	$ 37,373	$ 65,566	$ 98,569	$ 406,285
4	3/4 Inch	$ 2,961	$ 383	$ 869	$ 1,639	$ 5,852
5	1 Inch	$ 12,334	$ 7,223	$ 1,673	$ -	$ 21,230
6	1.5 Inch	$ 8,634	$ 6,062	$ 3,943	$ -	$ 18,640
7	2 Inch	$ 3,947	$ 1,485	$ -	$ -	$ 5,432
8	4 Inch	$ 6,167	$ 9,325	$ 6,813	$ -	$ 22,305
9	6 Inch	$ 12,335	$ 1,197	$ -	$ -	$ 13,531
10	Subtotal	$ 251,155	$ 63,048	$ 78,864	$ 100,209	$ 493,276
11						
12	Standpipe	$ 32,966	$ 4,577	$ 7,654	$ 38,562	$ 83,759
13	Fire Sprinkler	$ 480	$ -	$ -	$ -	$ 480
14						
15	Subtotal	$ 33,446	$ 4,577	$ 7,654	$ 38,562	$ 84,239
16						
17						
18						
19	TOTALS	$ 284,601	$ 67,625	$ 86,518	$ 138,770	$ 577,514
20	Percent of Total	49.28%	11.71%	14.98%	24.03%	100.00%
21	Cummulative %	49.28%	60.99%	75.97%	100.00%	
22						
23						
24						
25						

Las Quintas Serenas Water Company
Revenue Breakdown Summary
Company Proposed Rates

Exhibit
Schedule H-2
Page 4
Witness: Bourassa

Line No.		Monthly Mins	Commodity First Tier	Commodity Second Tier	Commodity Third Tier	Total
1						
2						
3	5/8x3/4 Inch	$ 241,433	$ 51,907	$ 78,805	$ 111,648	$ 483,792
4	3/4 Inch	$ 3,491	$ 532	$ 1,045	$ 1,857	$ 6,924
5	1 Inch	$ 14,544	$ 8,681	$ 1,895	$ -	$ 25,121
6	1.5 Inch	$ 10,181	$ 7,286	$ 4,466	$ -	$ 21,934
7	2 Inch	$ 4,654	$ 1,785	$ -	$ -	$ 6,439
8	4 Inch	$ 7,272	$ 11,208	$ 7,717	$ -	$ 26,197
9	6 Inch	$ 14,544	$ 1,439	$ -	$ -	$ 15,983
10	Subtotal	$ 296,119	$ 82,838	$ 93,928	$ 113,505	$ 586,390
11						
12	Standpipe	$ 38,867	$ 6,357	$ 9,199	$ 43,678	$ 98,102
13	Fire Sprinkler	$ 480	$ -	$ -	$ -	$ 480
14						
15	Subtotal	$ 39,347	$ 6,357	$ 9,199	$ 43,678	$ 98,582
16						
17						
18						
19	TOTALS	$ 335,466	$ 89,195	$ 103,127	$ 157,183	$ 684,971
20	Percent of Total	48.98%	13.02%	15.06%	22.95%	100.00%
21	Cummulative %	48.98%	62.00%	77.05%	100.00%	
22						
23						
24						
25						

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Present and Proposed Rates

Exhibit
Schedule H-3
Page 1
Witness: Bourassa

Line No.	Monthly Usage Charge for:	Present Rates	Proposed Rates	Change	Percent Change
1	Meter Size :				
2	5/8 Inch	$ 20.56	$ 24.24	$ 3.68	17.90%
3	3/4 Inch	30.84	36.36	5.52	17.90%
4	1 Inch	51.39	60.60	9.21	17.92%
5	1 1/2 Inch	102.79	121.20	18.41	17.91%
6	2 Inch	164.46	193.92	29.46	17.91%
7	3 Inch	328.36	387.84	59.48	18.12%
8	4 Inch	513.94	606.01	92.07	17.91%
9	6 Inch	1,027.88	1,212.01	184.13	17.91%
10	8 Inch	1,655.76	1,939.22		
11					
12	Standpipe	20.20	23.82	3.62	17.90%
13					
14	Fire Sprinkler Connection, less than 6 inch	$ 10.00	$ 10.00	-	0.00%
15	Fire Sprinkler Connection, larger than 6 inch	$ 15.00	$ 15.00	-	0.00%
16					
17	Gallons In Minimum	-	-		
18					
19					
20			(Per 1,000 gallons)		
21	**Commodity Rates**		Present	Proposed	
22	**(Residential, Commercial, Industrial, Standpipe)**	Block	Rate	Rate	
23	5/8 Inch and 3/4 Inch	0 gallons to 4,000 gallons	$ 1.08	$ 1.50	
24		4,001 gallons to 10,000 gallons	$ 2.08	$ 2.50	
25		over 10,000 gallons	$ 3.09	$ 3.50	
26					
27	1 Inch	0 gallons to 27,000 gallons	$ 2.08	$ 2.50	
28		over 27,000 gallons	$ 3.09	$ 3.50	
29					
30	1 1/2 Inch	0 gallons to 70,000 gallons	$ 2.08	$ 2.50	
31		over 70,000 gallons	$ 3.09	$ 3.50	
32					
33	2 Inch	0 gallons to 122,000 gallons	$ 2.08	$ 2.50	
34		over 122,000 gallons	$ 3.09	$ 3.50	
35					

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Present and Proposed Rates

Exhibit
Schedule H-3
Page 2
Witness: Bourassa

Line No.			(Per 1,000 gallons) Present Rate	Proposed Rate
1				
2	**Commodity Rates**			
3	**(Residential, Commercial, Industrial)**	**Block**		
4				
5	3 Inch	0 gallons to 262,000 gallons	$ 2.08	$ 2.50
6		over 262,000 gallons	$ 3.09	$ 3.50
7				
8	4 Inch	0 gallons to 423,000 gallons	$ 2.08	$ 2.50
9		over 423,000 gallons	$ 3.09	$ 3.50
10				
11	6 Inch	0 gallons to 873,000 gallons	$ 2.08	$ 2.50
12		over 873,000 gallons	$ 3.09	$ 3.50
13				
14	8 Inch	0 gallons to 1,414,000 gallons	$ 2.08	$ 2.50
15		over 1,414,000 gallons	$ 3.09	$ 3.50
16				
17				
18	Standpipe	0 gallons to 4,000 gallons	$ 1.08	$ 1.50
19		4,001 gallons to 23,000 gallons	$ 2.08	$ 2.50
20		over 23,000 gallons	$ 3.09	$ 3.50
21				
22				
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Las Quintas Serenas Water Company
Changes in Representative Rate Schedules
Test Year Ended September 30, 2012

Exhibit
Schedule H- 3
Page 3
Witness: Bourassa

Line No.	Other Service Charges	Present Rates	Proposed Rates
1	Establishment	$ 20.00	$ 20.00
2	Reconnection (Delinquent)	20.00	20.00
3	Service Charge (After Hours)	35.00	35.00
4	Meter Test (If meter reading correctly)	25.00	25.00
5	Deposit	*	*
6	Deposit Interest	*	*
7	Re-Establishment (With-in 12 Months)	**	**
8	NSF Check	$ 15.00	$ 15.00
9	Deferred Payment, Per Month	N/T	1.50%
10	Meter Re-Read (if correct)	$ 15.00	$ 15.00
11	After hours service charge, per Rule R14-2-403D	Cost	Cost
12	Late Charge per month (per R-14-2-409G(6))	1.50%	1.50%
13			
14	Stanpipe Charges		
15	Original Key Deposit	$ 30.00	$ 30.00
16	Additional Set	$ 5.00	$ 5.00
17	Offsite Facitlities Hook-Up Fee	See H-3, page 4	See H-3, page 4
18	Arsenic Impact Hook-Up Fee	See H-3, page 4	See H-3, page 4

* PER COMMISSION RULE (R14-2-403.B)
** *Months off system times the minimum.* PER COMMISSION RULE (R14-2-403.D)

N/T = No tariff.

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 (14-2-409.D 5).

ALL ADVANCES AND/OR CONTRIBUTIONS ARE TO INCLUDE LABOR, MATERIALS, OVERHEADS, AND ALL APPLICABLE TAXES.

Las Quintas Serenas Water Company
Changes in Representative Rate Schedules
Test Year Ended September 30, 2012

Exhibit
Schedule H- 3
Page 4
Witness: Bourassa

Line No.

1
2 **Arsenic Impact Hook-up Fee**
3

	Present Charge	Proposed Charge
5/8 x 3/4 Inch	$ 1,135	$ 1,135
3/4 Inch	1,703	1,703
1 Inch	2,838	2,838
1 1/2 Inch	5,675	5,675
2 Inch	9,080	9,080
3 Inch	18,160	18,160
4 Inch	28,375	28,375
6 Inch	56,750	56,750

14
15 **Offsite Facilities Hook-up Fee**
16

	Present Charge	Proposed Charge
5/8 x 3/4 Inch	$ 250	$ 250
3/4 Inch	250	250
1 Inch	250	250
1 1/2 Inch	250	250
2 Inch	250	250
3 Inch	250	250
4 Inch	250	250
6 Inch	250	250

27
28
29

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Service Charges
Meter and Service Line Charges

Exhibit
Schedule H-3
Page 5
Witness: Bourassa

Line No.		Present Service Line Charge*	Present Meter Install-ation Charge*	Total Present Charge*	Proposed Service Line Charge*	Proposed Meter Install-ation Charge*	Total Proposed Charge*
6	5/8 x 3/4 Inch	$ 455.00	$ 155.00	$ 610.00	$ 455.00	$ 155.00	$ 610.00
7	3/4 Inch	445.00	255.00	700.00	445.00	255.00	700.00
8	1 Inch	495.00	315.00	810.00	495.00	315.00	810.00
9	1 1/2 Inch	550.00	525.00	1,075.00	550.00	525.00	1,075.00
10	2 Inch / Turbine	830.00	1,045.00	1,875.00	830.00	1,045.00	1,875.00
11	2 Inch / Compound	830.00	1,890.00	2,720.00	830.00	1,890.00	2,720.00
12	3 Inch / Turbine	1,045.00	1,670.00	2,715.00	1,045.00	1,670.00	2,715.00
13	3 Inch / Compound	1,165.00	2,545.00	3,710.00	1,165.00	2,545.00	3,710.00
14	4 Inch / Turbine	1,490.00	3,670.00	5,160.00	1,490.00	3,670.00	5,160.00
15	4 Inch / Compound	1,670.00	3,645.00	5,315.00	1,670.00	3,645.00	5,315.00
16	6 Inch / Turbine	2,210.00	5,025.00	7,235.00	2,210.00	5,025.00	7,235.00
17	6 Inch / Compound	2,330.00	6,920.00	9,250.00	2,330.00	6,920.00	9,250.00
18	8 Inch	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost

*Based on Staff update of typical service line and meter installation charges dated February 21, 2008.

Las Quintas Serenas Water Company
Bill Comparison Present and Proposed Rates

Meter Size: 5/8 Inch

Exhibit
Schedule H-4
Page 1
Witness: Bourassa

Line No.	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1					
2					
3	-	$ 20.56	$ 24.24	$ 3.68	17.90%
4	1,000	21.64	25.74	4.10	18.95%
5	2,000	22.72	27.24	4.52	19.90%
6	3,000	23.80	28.74	4.94	20.76%
7	4,000	24.88	30.24	5.36	21.54%
8	5,000	26.96	32.74	5.78	21.44%
9	6,000	29.04	35.24	6.20	21.35%
10	7,000	31.12	37.74	6.62	21.27%
11	8,000	33.20	40.24	7.04	21.21%
12	9,000	35.28	42.74	7.46	21.15%
13	10,000	37.36	45.24	7.88	21.09%
14	12,000	43.54	52.24	8.70	19.98%
15	14,000	49.72	59.24	9.52	19.15%
16	16,000	55.90	66.24	10.34	18.50%
17	18,000	62.08	73.24	11.16	17.98%
18	20,000	68.26	80.24	11.98	17.55%
19	25,000	83.71	97.74	14.03	16.76%
20	30,000	99.16	115.24	16.08	16.22%
21	35,000	114.61	132.74	18.13	15.82%
22	40,000	130.06	150.24	20.18	15.52%
23	50,000	160.96	185.24	24.28	15.08%
24	60,000	191.86	220.24	28.38	14.79%
25	70,000	222.76	255.24	32.48	14.58%
26	80,000	253.66	290.24	36.58	14.42%
27	90,000	284.56	325.24	40.68	14.30%
28	100,000	315.46	360.24	44.78	14.20%
29					
30					
31	Average Usage				
32	9,845	$ 37.04	$ 44.85	$ 7.81	21.10%
33	Median Usage				
34	7,500	$ 32.16	$ 38.99	$ 6.83	21.24%

Present Rates:			
Monthly Minimum:		$	20.56
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	4,000	$	1.08
Up to	10,000	$	2.08
Over	10,000	$	3.09
Arsenic Surcharge		$	-
Proposed Rates:			
Monthly Minimum:		$	24.24
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	4,000	$	1.50
Up to	10,000	$	2.50
Over	10,000	$	3.50
Arsenic Surcharge		$	-

Las Quintas Serenas Water Company
Bill Comparison Present and Proposed Rates

Meter Size: 3/4 Inch

Exhibit
Schedule H-4
Page 2
Witness: Bourassa

Line No.	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1					
2					
3	-	$ 30.84	$ 36.36	$ 5.52	17.90%
4	1,000	31.92	37.86	5.94	18.61%
5	2,000	33.00	39.36	6.36	19.27%
6	3,000	34.08	40.86	6.78	19.90%
7	4,000	35.16	42.36	7.20	20.48%
8	5,000	37.24	44.86	7.62	20.46%
9	6,000	39.32	47.36	8.04	20.45%
10	7,000	41.40	49.86	8.46	20.44%
11	8,000	43.48	52.36	8.88	20.42%
12	9,000	45.56	54.86	9.30	20.41%
13	10,000	47.64	57.36	9.72	20.40%
14	12,000	53.82	64.36	10.54	19.58%
15	14,000	60.00	71.36	11.36	18.93%
16	16,000	66.18	78.36	12.18	18.40%
17	18,000	72.36	85.36	13.00	17.97%
18	20,000	78.54	92.36	13.82	17.60%
19	25,000	93.99	109.86	15.87	16.89%
20	30,000	109.44	127.36	17.92	16.37%
21	35,000	124.89	144.86	19.97	15.99%
22	40,000	140.34	162.36	22.02	15.69%
23	50,000	171.24	197.36	26.12	15.25%
24	60,000	202.14	232.36	30.22	14.95%
25	70,000	233.04	267.36	34.32	14.73%
26	80,000	263.94	302.36	38.42	14.56%
27	90,000	294.84	337.36	42.52	14.42%
28	100,000	325.74	372.36	46.62	14.31%
29					
30					
31	Average Usage				
32	13,573	$ 58.68	$ 69.87	$ 11.19	19.06%
33	Median Usage				
34	12,500	$ 55.37	$ 66.11	$ 10.75	19.41%

Present Rates:

Monthly Minimum:		$	30.84
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	4,000	$	1.08
Up to	10,000	$	2.08
Over	10,000	$	3.09

Proposed Rates:

Monthly Minimum:		$	36.36
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	4,000	$	1.50
Up to	10,000	$	2.50
Over	10,000	$	3.50

Las Quintas Serenas Water Company
Bill Comparison Present and Proposed Rates

Meter Size: 1 Inch

Exhibit
Schedule H-4
Page 3
Witness: Bourassa

Line No.	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1					
2					
3	-	$ 51.39	$ 60.60	$ 9.21	17.92%
4	1,000	53.47	63.10	9.63	18.01%
5	2,000	55.55	65.60	10.05	18.09%
6	3,000	57.63	68.10	10.47	18.17%
7	4,000	59.71	70.60	10.89	18.24%
8	5,000	61.79	73.10	11.31	18.30%
9	6,000	63.87	75.60	11.73	18.37%
10	7,000	65.95	78.10	12.15	18.42%
11	8,000	68.03	80.60	12.57	18.48%
12	9,000	70.11	83.10	12.99	18.53%
13	10,000	72.19	85.60	13.41	18.58%
14	12,000	76.35	90.60	14.25	18.66%
15	14,000	80.51	95.60	15.09	18.74%
16	16,000	84.67	100.60	15.93	18.81%
17	18,000	88.83	105.60	16.77	18.88%
18	20,000	92.99	110.60	17.61	18.94%
19	25,000	103.39	123.10	19.71	19.06%
20	30,000	116.82	138.60	21.78	18.64%
21	35,000	132.27	156.10	23.83	18.02%
22	40,000	147.72	173.60	25.88	17.52%
23	50,000	178.62	208.60	29.98	16.78%
24	60,000	209.52	243.60	34.08	16.27%
25	70,000	240.42	278.60	38.18	15.88%
26	80,000	271.32	313.60	42.28	15.58%
27	90,000	302.22	348.60	46.38	15.35%
28	100,000	333.12	383.60	50.48	15.15%
29					
30					
31	Average Usage				
32	16,726	$ 86.18	$ 102.41	$ 16.24	18.84%
33	Median Usage				
34	14,500	$ 81.55	$ 96.85	$ 15.30	18.76%

Present Rates:

Monthly Minimum:		$	51.39
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	27,000	$	2.08
Over	27,000	$	3.09

Proposed Rates:

Monthly Minimum:		$	60.60
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	27,000	$	2.50
Over	27,000	$	3.50

Las Quintas Serenas Water Company
Bill Comparison Present and Proposed Rates
Meter Size: 1 1/2 Inch

Exhibit
Schedule H-4
Page 4
Witness: Bourassa

Line No.	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1					
2					
3	-	$ 102.79	$ 121.20	$ 18.41	17.91%
4	1,000	104.87	123.70	18.83	17.96%
5	2,000	106.95	126.20	19.25	18.00%
6	3,000	109.03	128.70	19.67	18.04%
7	4,000	111.11	131.20	20.09	18.08%
8	5,000	113.19	133.70	20.51	18.12%
9	6,000	115.27	136.20	20.93	18.16%
10	7,000	117.35	138.70	21.35	18.19%
11	8,000	119.43	141.20	21.77	18.23%
12	9,000	121.51	143.70	22.19	18.26%
13	10,000	123.59	146.20	22.61	18.30%
14	12,000	127.75	151.20	23.45	18.36%
15	14,000	131.91	156.20	24.29	18.41%
16	16,000	136.07	161.20	25.13	18.47%
17	18,000	140.23	166.20	25.97	18.52%
18	20,000	144.39	171.20	26.81	18.57%
19	25,000	154.79	183.70	28.91	18.68%
20	30,000	165.19	196.20	31.01	18.77%
21	35,000	175.59	208.70	33.11	18.86%
22	40,000	185.99	221.20	35.21	18.93%
23	50,000	206.79	246.20	39.41	19.06%
24	60,000	227.59	271.20	43.61	19.16%
25	70,000	248.39	296.20	47.81	19.25%
26	80,000	279.29	331.20	51.91	18.59%
27	90,000	310.19	366.20	56.01	18.06%
28	100,000	341.09	401.20	60.11	17.62%
29					
30					
31	Average Usage				
32	49,888	$ 206.56	$ 245.92	$ 39.36	19.06%
33	Median Usage				
34	25,500	$ 155.83	$ 184.95	$ 29.12	18.69%

Present Rates:			
Monthly Minimum:		$	102.79
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	70,000	$	2.08
Over	70,000	$	3.09
Arsenic Surcharge		$	-
Proposed Rates:			
Monthly Minimum:		$	121.20
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	70,000	$	2.50
Over	70,000	$	3.50

Las Quintas Serenas Water Company
Bill Comparison Present and Proposed Rates

Meter Size: 2 Inch

Exhibit
Schedule H-4
Page 5
Witness: Bourassa

Line No.	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1					
2					
3	-	$ 164.46	$ 193.92	$ 29.46	17.91%
4	1,000	166.54	196.42	29.88	17.94%
5	2,000	168.62	198.92	30.30	17.97%
6	3,000	170.70	201.42	30.72	18.00%
7	4,000	172.78	203.92	31.14	18.02%
8	5,000	174.86	206.42	31.56	18.05%
9	6,000	176.94	208.92	31.98	18.08%
10	7,000	179.02	211.42	32.40	18.10%
11	8,000	181.10	213.92	32.82	18.12%
12	9,000	183.18	216.42	33.24	18.15%
13	10,000	185.26	218.92	33.66	18.17%
14	12,000	189.42	223.92	34.50	18.21%
15	14,000	193.58	228.92	35.34	18.26%
16	16,000	197.74	233.92	36.18	18.30%
17	18,000	201.90	238.92	37.02	18.34%
18	20,000	206.06	243.92	37.86	18.37%
19	25,000	216.46	256.42	39.96	18.46%
20	30,000	226.86	268.92	42.06	18.54%
21	35,000	237.26	281.42	44.16	18.61%
22	40,000	247.66	293.92	46.26	18.68%
23	50,000	268.46	318.92	50.46	18.80%
24	60,000	289.26	343.92	54.66	18.90%
25	70,000	310.06	368.92	58.86	18.98%
26	80,000	330.86	393.92	63.06	19.06%
27	90,000	351.66	418.92	67.26	19.13%
28	100,000	372.46	443.92	71.46	19.19%
29					
30					
31	Average Usage				
32	29,751	$ 226.34	$ 268.30	41.96	18.54%
33	Median Usage				
34	30,000	$ 226.86	$ 268.92	$ 42.06	18.54%

Present Rates:

Monthly Minimum:		$ 164.46
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	122,000	$ 2.08
Over	122,000	$ 3.09
Arsenic Surcharge		$ -

Proposed Rates:

Monthly Minimum:		$ 193.92
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	122,000	$ 2.50
Over	122,000	$ 3.50

Las Quintas Serenas Water Company
Bill Comparison Present and Proposed Rates

Meter Size: 4 Inch

Exhibit
Schedule H-4
Page 6
Witness: Bourassa

Line No.	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1					
2					
3	-	$ 513.94	$ 606.01	$ 92.07	17.91%
4	1,000	516.02	608.51	92.49	17.92%
5	2,000	518.10	611.01	92.91	17.93%
6	3,000	520.18	613.51	93.33	17.94%
7	4,000	522.26	616.01	93.75	17.95%
8	5,000	524.34	618.51	94.17	17.96%
9	6,000	526.42	621.01	94.59	17.97%
10	7,000	528.50	623.51	95.01	17.98%
11	8,000	530.58	626.01	95.43	17.99%
12	9,000	532.66	628.51	95.85	17.99%
13	10,000	534.74	631.01	96.27	18.00%
14	12,000	538.90	636.01	97.11	18.02%
15	14,000	543.06	641.01	97.95	18.04%
16	16,000	547.22	646.01	98.79	18.05%
17	18,000	551.38	651.01	99.63	18.07%
18	20,000	555.54	656.01	100.47	18.08%
19	25,000	565.94	668.51	102.57	18.12%
20	30,000	576.34	681.01	104.67	18.16%
21	35,000	586.74	693.51	106.77	18.20%
22	40,000	597.14	706.01	108.87	18.23%
23	50,000	617.94	731.01	113.07	18.30%
24	60,000	638.74	756.01	117.27	18.36%
25	70,000	659.54	781.01	121.47	18.42%
26	80,000	680.34	806.01	125.67	18.47%
27	90,000	701.14	831.01	129.87	18.52%
28	100,000	721.94	856.01	134.07	18.57%
29					
30					
31	Average Usage				
32	557,325	$ 1,808.84	$ 2,133.64	$ 324.80	17.96%
33	Median Usage				
34	427,300	$ 1,407.07	$ 1,678.56	$ 271.49	19.29%

Present Rates:		
Monthly Minimum:	$	513.94
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to 423,000	$	2.08
Over 423,000	$	3.09
Arsenic Surcharge	$	-
Proposed Rates:		
Monthly Minimum:	$	606.01
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to 423,000	$	2.50
Over 423,000	$	3.50

Las Quintas Serenas Water Company
Bill Comparison Present and Proposed Rates

Meter Size: 6 Inch

Exhibit
Schedule H-4
Page 7
Witness: Bourassa

Line No.	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1					
2					
3	-	$ 1,027.88	$ 1,212.01	$ 184.13	17.91%
4	1,000	1,029.96	1,214.51	184.55	17.92%
5	2,000	1,032.04	1,217.01	184.97	17.92%
6	3,000	1,034.12	1,219.51	185.39	17.93%
7	4,000	1,036.20	1,222.01	185.81	17.93%
8	5,000	1,038.28	1,224.51	186.23	17.94%
9	6,000	1,040.36	1,227.01	186.65	17.94%
10	7,000	1,042.44	1,229.51	187.07	17.95%
11	8,000	1,044.52	1,232.01	187.49	17.95%
12	9,000	1,046.60	1,234.51	187.91	17.95%
13	10,000	1,048.68	1,237.01	188.33	17.96%
14	12,000	1,052.84	1,242.01	189.17	17.97%
15	14,000	1,057.00	1,247.01	190.01	17.98%
16	16,000	1,061.16	1,252.01	190.85	17.99%
17	18,000	1,065.32	1,257.01	191.69	17.99%
18	20,000	1,069.48	1,262.01	192.53	18.00%
19	25,000	1,079.88	1,274.51	194.63	18.02%
20	30,000	1,090.28	1,287.01	196.73	18.04%
21	35,000	1,100.68	1,299.51	198.83	18.06%
22	40,000	1,111.08	1,312.01	200.93	18.08%
23	50,000	1,131.88	1,337.01	205.13	18.12%
24	60,000	1,152.68	1,362.01	209.33	18.16%
25	70,000	1,173.48	1,387.01	213.53	18.20%
26	80,000	1,194.28	1,412.01	217.73	18.23%
27	90,000	1,215.08	1,437.01	221.93	18.26%
28	100,000	1,235.88	1,462.01	226.13	18.30%
29					
30					
31	Average Usage				
32	47,950	$ 1,127.62	$ 1,331.89	$ 204.27	18.12%
33	Median Usage				
34	45,000	$ 1,121.48	$ 1,324.51	$ 203.03	18.10%

Present Rates:

Monthly Minimum:	$	1,027.88
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to 873,000	$	2.08
Over 873,000	$	3.09
Arsenic Surcharge	$	-

Proposed Rates:

Monthly Minimum:	$	1,212.01
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to 873,000	$	2.50
Over 873,000	$	3.50

Las Quintas Serenas Water Company
Bill Comparison Present and Proposed Rates
Meter Size: Standpipe

Exhibit
Schedule H-4
Page 8
Witness: Bourassa

Line No.	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1					
2					
3	-	$ 20.20	$ 23.82	$ 3.62	17.90%
4	1,000	21.28	25.32	4.04	18.97%
5	2,000	22.36	26.82	4.46	19.93%
6	3,000	23.44	28.32	4.88	20.80%
7	4,000	24.52	29.82	5.30	21.60%
8	5,000	26.60	32.32	5.72	21.49%
9	6,000	28.68	34.82	6.14	21.39%
10	7,000	30.76	37.32	6.56	21.31%
11	8,000	32.84	39.82	6.98	21.24%
12	9,000	34.92	42.32	7.40	21.18%
13	10,000	37.00	44.82	7.82	21.12%
14	12,000	41.16	49.82	8.66	21.03%
15	14,000	45.32	54.82	9.50	20.95%
16	16,000	49.48	59.82	10.34	20.89%
17	18,000	53.64	64.82	11.18	20.83%
18	20,000	57.80	69.82	12.02	20.79%
19	25,000	70.22	84.32	14.10	20.07%
20	30,000	85.67	101.82	16.15	18.85%
21	35,000	101.12	119.32	18.20	17.99%
22	40,000	116.57	136.82	20.25	17.37%
23	50,000	147.47	171.82	24.35	16.51%
24	60,000	178.37	206.82	28.45	15.95%
25	70,000	209.27	241.82	32.55	15.55%
26	80,000	240.17	276.82	36.65	15.26%
27	90,000	271.07	311.82	40.75	15.03%
28	100,000	301.97	346.82	44.85	14.85%
29					
30					
31	Average Usage				
32	12,528	$ 42.26	$ 51.14	$ 8.88	21.01%
33	Median Usage				
34	3,500	$ 23.98	$ 29.07	$ 5.09	21.21%

Present Rates:			
Monthly Minimum:		$	20.20
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	4,000	$	1.08
Up to	23,000	$	2.08
Over	23,000	$	3.09
Arsenic Surcharge		$	-
Proposed Rates:			
Monthly Minimum:		$	23.82
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	4,000	$	1.50
Up to	23,000	$	2.50
Over	23,000	$	3.50
Arsenic Surcharge		$	-

Las Quintas Serenas Water Company
Bill Comparison Present and Proposed Rates
Meter Size: Fire Sprinkler less than 6 Inch

Exhibit
Schedule H-4
Page 9
Witness: Bourassa

Line No.	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1					
2					
3	-	$ 10.00	$ 10.00	$ -	0.00%
4	1,000	10.00	10.00	-	0.00%
5	2,000	10.00	10.00	-	0.00%
6	3,000	10.00	10.00	-	0.00%
7	4,000	10.00	10.00	-	0.00%
8	5,000	10.00	10.00	-	0.00%
9	6,000	10.00	10.00	-	0.00%
10	7,000	10.00	10.00	-	0.00%
11	8,000	10.00	10.00	-	0.00%
12	9,000	10.00	10.00	-	0.00%
13	10,000	10.00	10.00	-	0.00%
14	12,000	10.00	10.00	-	0.00%
15	14,000	10.00	10.00	-	0.00%
16	16,000	10.00	10.00	-	0.00%
17	18,000	10.00	10.00	-	0.00%
18	20,000	10.00	10.00	-	0.00%
19	25,000	10.00	10.00	-	0.00%
20	30,000	10.00	10.00	-	0.00%
21	35,000	10.00	10.00	-	0.00%
22	40,000	10.00	10.00	-	0.00%
23	50,000	10.00	10.00	-	0.00%
24	60,000	10.00	10.00	-	0.00%
25	70,000	10.00	10.00	-	0.00%
26	80,000	10.00	10.00	-	0.00%
27	90,000	10.00	10.00	-	0.00%
28	100,000	10.00	10.00	-	0.00%
29					
30					
31	Average Usage				
32	-	$ 10.00	$ 10.00	$ -	0.00%
33	Median Usage				
34	-	$ 10.00	$ 10.00	$ -	0.00%

Present Rates:
Monthly Minimum: $ 10.00

Proposed Rates:
Monthly Minimum: $ 10.00

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012

Meter Size: 5/8 Inch

Exhibit
Schedule H-5
Page 1
Witness: Bourassa

Usage From:	Usage To:	Month of Oct-11	Month of Nov-11	Month of Dec-11	Month of Jan-12	Month of Feb-12	Month of Mar-12	Month of Apr-12	Month of May-12	Month of Jun-12	Month of Jul-12	Month of Aug-12	Month of Sep-12	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000s)
-	-	24	26	31	28	32	31	25	32	34	31	40	45	379	379	-
1	1,000	38	42	32	34	34	39	37	30	34	31	45	35	431	810	216
1,001	2,000	40	35	32	37	50	47	36	22	33	25	46	46	449	1,259	889
2,001	3,000	49	37	43	51	56	50	37	27	33	28	48	33	492	1,751	2,120
3,001	4,000	72	54	60	62	101	75	64	35	39	30	55	56	703	2,454	4,581
4,001	5,000	66	69	74	77	99	100	69	49	50	35	74	58	820	3,274	8,271
5,001	6,000	53	70	79	88	84	79	74	47	51	42	58	62	787	4,061	12,600
6,001	7,000	56	69	80	81	83	76	75	58	54	42	60	58	792	4,853	17,748
7,001	8,000	45	44	58	59	61	70	77	52	50	38	49	53	656	5,509	22,669
8,001	9,000	51	43	40	40	40	44	45	45	43	47	34	48	520	6,029	27,089
9,001	10,000	30	54	47	47	41	36	31	46	42	33	41	33	481	6,510	31,659
10,001	11,000	45	32	30	40	31	36	34	41	36	44	33	31	433	6,943	36,205
11,001	12,000	21	21	33	25	21	29	45	45	35	32	37	30	374	7,317	40,506
12,001	13,000	33	22	30	20	14	13	27	26	24	33	31	35	308	7,625	44,357
13,001	14,000	21	25	17	22	14	15	30	23	33	24	21	26	271	7,896	48,015
14,001	15,000	30	25	24	10	14	15	20	25	18	17	26	24	248	8,144	51,611
15,001	16,000	18	25	18	13	9	11	15	21	30	29	26	23	238	8,382	55,301
16,001	17,000	17	11	9	13	7	13	14	23	19	29	17	14	186	8,568	58,370
17,001	18,000	17	15	13	11	3	8	12	15	17	20	14	16	161	8,729	61,187
18,001	19,000	7	14	3	8	8	2	8	14	21	18	8	11	122	8,851	63,444
19,001	20,000	9	12	6	5	1	5	13	21	13	23	12	15	135	8,986	66,077
20,001	21,000	6	10	10	4	4	1	4	14	13	13	2	11	92	9,078	67,963
21,001	22,000	6	11	5	6	3	4	3	10	10	11	6	6	81	9,159	69,704
22,001	23,000	5	6	11	5	-	1	6	9	9	13	6	6	77	9,236	71,437
23,001	24,000	5	1	4	4	2	4	3	11	10	11	6	8	69	9,305	73,058
24,001	25,000	7	5	6	3	5	-	3	10	10	8	5	2	64	9,369	74,626
25,001	26,000	5	4	4	4	3	1	2	5	10	7	4	4	53	9,422	75,978
26,001	27,000	3	4	3	2	-	3	2	13	6	10	-	4	50	9,472	77,303
27,001	28,000	6	5	1	2	1	-	4	5	10	11	5	3	53	9,525	78,761
28,001	29,000	1	3	6	1	-	1	-	5	3	5	4	3	32	9,557	79,673
29,001	30,000	-	1	2	2	1	-	1	8	3	9	1	4	32	9,589	80,617
30,001	31,000	3	2	1	1	-	1	-	6	6	9	1	2	32	9,621	81,593
31,001	32,000	1	3	1	2	-	-	1	2	5	6	3	1	25	9,646	82,380
32,001	33,000	4	-	1	1	1	1	-	2	1	2	3	2	18	9,664	82,965
33,001	34,000	3	1	1	1	-	-	-	5	2	3	-	4	20	9,684	83,635
34,001	35,000	3	1	-	1	-	1	-	3	2	7	1	1	20	9,704	84,325
35,001	36,000	1	1	1	-	1	-	3	-	2	6	-	2	17	9,721	84,929
36,001	37,000	-	3	-	-	1	-	2	-	1	2	1	-	10	9,731	85,294
37,001	38,000	2	1	-	-	-	1	-	1	1	2	2	1	11	9,742	85,706
38,001	39,000	1	-	1	1	-	-	-	1	1	2	-	2	9	9,751	86,053
39,001	40,000	-	-	-	-	-	-	1	1	1	2	1	1	7	9,758	86,329
40,001	41,000	-	2	-	1	-	1	1	-	2	1	-	1	9	9,767	86,694
41,001	42,000	-	5	1	-	-	-	-	2	1	6	1	-	16	9,783	87,358
42,001	43,000	3	-	1	-	-	-	-	2	-	5	1	1	13	9,796	87,910
43,001	44,000	1	-	-	1	-	-	-	3	1	2	-	-	8	9,804	88,258
44,001	45,000	2	-	1	-	-	-	-	-	1	1	-	-	5	9,809	88,481
45,001	46,000	-	-	-	-	-	-	1	1	-	1	1	-	4	9,813	88,663
46,001	47,000	-	-	1	-	-	-	1	1	-	1	-	1	5	9,818	88,895
47,001	48,000	-	-	-	1	-	-	-	-	1	1	1	-	4	9,822	89,085
48,001	49,000	1	-	-	-	-	-	-	-	1	-	-	1	3	9,825	89,231
49,001	50,000	-	1	-	-	1	-	-	4	-	-	-	-	6	9,831	89,528
50,001	51,000	1	2	-	-	-	-	-	1	1	-	-	1	6	9,837	89,831

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012

Meter Size: 5/8 Inch

Exhibit
Schedule H-5
Page 1
Witness: Bourassa

Usage From:	Usage To:	Month of Oct-11	Month of Nov-11	Month of Dec-11	Month of Jan-12	Month of Feb-12	Month of Mar-12	Month of Apr-12	Month of May-12	Month of Jun-12	Month of Jul-12	Month of Aug-12	Month of Sep-12	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000s)
51,001	52,000	-	-	-	1	-	-	-	-	1	1	2	1	6	9,843	90,140
52,001	53,000	-	1	1	1	-	1	-	-	2	1	3	-	10	9,853	90,665
53,001	54,000	-	1	-	-	-	1	-	1	-	-	1	1	5	9,858	90,932
54,001	55,000	-	1	1	-	-	-	-	1	-	1	-	-	4	9,862	91,150
55,001	56,000	-	-	1	-	-	-	1	-	2	-	-	-	4	9,866	91,372
56,001	57,000	2	-	-	-	1	-	-	1	1	2	-	-	7	9,873	91,768
57,001	58,000	1	-	-	-	-	-	-	-	-	-	-	1	2	9,875	91,883
58,001	59,000	-	2	-	-	-	-	-	-	-	-	-	-	2	9,877	92,000
59,001	60,000	-	-	-	-	-	1	-	-	-	-	-	-	1	9,878	92,059
60,001	61,000	-	-	1	-	2	1	-	-	-	-	-	-	4	9,882	92,301
61,001	62,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,882	92,301
62,001	63,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,882	92,301
63,001	64,000	-	-	1	1	-	-	-	1	1	3	1	-	8	9,890	92,809
64,001	65,000	-	1	1	-	-	-	-	1	1	2	-	-	6	9,896	93,196
65,001	66,000	-	-	-	-	-	-	-	-	-	1	-	-	1	9,897	93,262
66,001	67,000	1	-	1	-	-	-	-	-	-	-	-	1	3	9,900	93,461
67,001	68,000	-	1	1	-	-	-	1	-	-	-	-	-	3	9,903	93,664
68,001	69,000	-	1	-	-	-	-	1	1	-	1	-	-	4	9,907	93,938
69,001	70,000	-	-	-	1	-	-	-	-	-	-	-	-	1	9,908	94,007
70,001	71,000	-	1	-	-	-	-	-	-	-	-	-	-	1	9,909	94,078
71,001	72,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,909	94,078
72,001	73,000	-	-	-	-	1	-	-	-	-	1	-	-	2	9,911	94,223
73,001	74,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,911	94,223
74,001	75,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,911	94,223
75,001	76,000	-	-	-	-	-	-	-	-	-	1	-	-	1	9,912	94,298
76,001	77,000	-	-	-	-	-	-	-	-	-	-	-	1	1	9,913	94,375
77,001	78,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,913	94,375
78,001	79,000	-	-	-	-	-	-	-	1	-	-	-	-	1	9,914	94,453
79,001	80,000	1	-	-	-	-	-	-	-	1	1	-	-	3	9,917	94,692
80,001	81,000	-	-	-	-	-	-	-	-	-	1	-	1	2	9,919	94,853
81,001	82,000	-	-	-	-	-	-	-	-	1	-	-	-	1	9,920	94,934
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,920	94,934
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,920	94,934
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,920	94,934
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,920	94,934
86,001	87,000	-	-	-	-	-	1	-	-	-	-	-	-	1	9,921	95,021
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,921	95,021
88,001	89,000	-	1	-	-	-	-	-	-	-	-	-	-	1	9,922	95,109
89,001	90,000	-	-	-	-	-	-	-	-	1	-	-	-	1	9,923	95,199
90,001	91,000	-	-	-	-	-	-	-	-	-	1	-	-	1	9,924	95,289
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,924	95,289
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,924	95,289
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,924	95,289
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,924	95,289
95,001	96,000	-	-	-	-	-	1	-	-	-	-	-	-	1	9,925	95,385
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,925	95,385
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,925	95,385
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,925	95,385
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,925	95,385
357,300	357,300	-	-	-	-	-	-	-	-	-	-	1	-	1	9,926	95,742
118,400	118,400	-	-	-	-	-	-	-	-	1	-	-	-	1	9,927	95,860
327,400	327,400	-	-	-	1	-	-	-	-	-	-	-	-	1	9,928	96,188

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012

Meter Size: 5/8 Inch

Exhibit
Schedule H-5
Page 1
Witness: Bourassa

Usage From:	Usage To:	Month of Oct-11	Month of Nov-11	Month of Dec-11	Month of Jan-12	Month of Feb-12	Month of Mar-12	Month of Apr-12	Month of May-12	Month of Jun-12	Month of Jul-12	Month of Aug-12	Month of Sep-12	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000s)
102,162	102,162	-	-	-	-	-	1	-	-	-	-	-	-	1	9,929	96,290
109,400	109,400	-	-	-	-	-	-	-	-	-	1	-	-	1	9,930	96,399
232,400	232,400	-	-	-	1	-	-	-	-	-	-	-	-	1	9,931	96,632
164,900	164,900	1	-	-	-	-	-	-	-	-	-	-	-	1	9,932	96,797
119,700	119,700	-	-	-	-	-	-	-	-	-	1	-	-	1	9,933	96,916
514,226	514,226	-	-	-	-	1	-	-	-	-	-	-	-	1	9,934	97,431
103,700	103,700	-	-	-	-	-	-	-	1	-	-	-	-	1	9,935	97,534
110,600	110,600	1	-	-	-	-	-	-	-	-	-	-	-	1	9,936	97,645
181,100	181,100	-	-	-	-	-	-	-	1	-	-	-	-	1	9,937	97,826
	-													-	9,937	97,826
	-													-	9,937	97,826
	-													-	9,937	97,826
Totals		819	827	829	820	831	821	829	831	835	827	838	830	9,937		

Average Usage	9,845
Median Usage	7,500
Average # Customers	828
Change in Number of Customer:	11

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Meter Size: 3/4 Inch

Exhibit
Schedule H-5
Page 2
Witness: Bourassa

Usage From:	Usage To:	Month of Oct-11	Month of Nov-11	Month of Dec-11	Month of Jan-12	Month of Feb-12	Month of Mar-12	Month of Apr-12	Month of May-12	Month of Jun-12	Month of Jul-12	Month of Aug-12	Month of Sep-12	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000s)
-	-	1	1	1	1	-	-	-	-	-	-	-	-	4	4	-
1	1,000	-	-	-	-	1	-	-	-	-	-	1	-	2	6	1
1,001	2,000	1	-	-	-	-	-	-	-	-	-	-	-	1	7	3
2,001	3,000	-	1	1	-	-	-	-	-	-	-	-	-	2	9	8
3,001	4,000	1	-	-	-	1	-	-	-	-	-	-	-	2	11	15
4,001	5,000	-	1	1	2	1	1	1	-	-	-	-	-	7	18	46
5,001	6,000	-	-	-	-	-	1	-	-	1	-	-	1	3	21	63
6,001	7,000	-	-	1	1	1	2	1	1	-	1	-	-	8	29	115
7,001	8,000	1	-	-	-	-	-	-	-	-	-	1	-	2	31	130
8,001	9,000	-	1	-	-	-	-	1	1	1	-	-	-	4	35	164
9,001	10,000	-	-	-	1	-	-	-	-	-	-	-	1	2	37	183
10,001	11,000	-	-	-	-	-	-	1	1	1	1	2	-	6	43	246
11,001	12,000	-	-	-	-	-	-	-	-	1	-	1	-	2	45	269
12,001	13,000	-	-	-	-	1	1	-	-	-	-	-	2	4	49	319
13,001	14,000	2	-	-	-	-	-	1	1	-	1	-	1	6	55	400
14,001	15,000	-	-	-	-	-	-	-	-	-	1	-	-	1	56	414
15,001	16,000	-	1	1	-	1	-	-	-	-	-	-	-	3	59	461
16,001	17,000	-	-	2	-	1	-	-	-	-	-	-	-	3	62	510
17,001	18,000	-	-	-	1	-	1	-	-	-	-	-	-	2	64	545
18,001	19,000	-	-	-	1	-	1	-	-	1	-	-	-	3	67	601
19,001	20,000	-	-	-	-	1	-	2	1	-	-	-	-	4	71	679
20,001	21,000	1	-	-	-	-	-	1	-	-	-	-	1	3	74	740
21,001	22,000	1	1	-	-	-	1	-	-	1	1	-	1	6	80	869
22,001	23,000	-	2	1	-	-	-	-	-	-	-	-	-	3	83	937
23,001	24,000	-	-	-	-	-	-	-	-	-	-	1	-	1	84	960
24,001	25,000	-	-	-	-	-	-	-	1	-	-	1	-	2	86	1,009
25,001	26,000	-	-	-	1	-	-	-	1	-	-	-	-	2	88	1,060
26,001	27,000	-	-	-	-	-	-	-	1	1	1	1	-	4	92	1,166
27,001	28,000	-	-	-	-	-	-	-	-	1	-	-	-	1	93	1,194
28,001	29,000	-	-	-	-	-	-	-	-	-	-	-	1	1	94	1,222
29,001	30,000	-	-	-	-	-	-	-	-	-	-	-	-	-	94	1,222
30,001	31,000	-	-	-	-	-	-	-	-	-	-	-	-	-	94	1,222
31,001	32,000	-	-	-	-	-	-	-	-	-	-	-	-	-	94	1,222
32,001	33,000	-	-	-	-	-	-	-	-	-	-	-	-	-	94	1,222
33,001	34,000	-	-	-	-	-	-	-	-	-	-	-	-	-	94	1,222
34,001	35,000	-	-	-	-	-	-	-	-	-	-	-	-	-	94	1,222
35,001	36,000	-	-	-	-	-	-	-	-	-	-	-	-	-	94	1,222
36,001	37,000	-	-	-	-	-	-	-	-	-	-	-	-	-	94	1,222
37,001	38,000	-	-	-	-	-	-	-	-	-	-	-	-	-	94	1,222
38,001	39,000	-	-	-	-	-	-	-	-	-	-	-	-	-	94	1,222
39,001	40,000	-	-	-	-	-	-	-	-	-	-	-	-	-	94	1,222
40,001	41,000	-	-	-	-	-	-	-	-	-	2	-	-	2	96	1,303
41,001	42,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
42,001	43,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
43,001	44,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
44,001	45,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
45,001	46,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
46,001	47,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
47,001	48,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
48,001	49,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
49,001	50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
50,001	51,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
51,001	52,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012

Meter Size: 3/4 Inch

Exhibit
Schedule H-5
Page 2
Witness: Bourassa

Usage From:	Usage To:	Month of Oct-11	Month of Nov-11	Month of Dec-11	Month of Jan-12	Month of Feb-12	Month of Mar-12	Month of Apr-12	Month of May-12	Month of Jun-12	Month of Jul-12	Month of Aug-12	Month of Sep-12	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000s)
52,001	53,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
53,001	54,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
54,001	55,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
55,001	56,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
56,001	57,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
57,001	58,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
58,001	59,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
59,001	60,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
60,001	61,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
61,001	62,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
62,001	63,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
63,001	64,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
64,001	65,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
65,001	66,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
66,001	67,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
67,001	68,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
68,001	69,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
69,001	70,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
70,001	71,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
71,001	72,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
72,001	73,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
73,001	74,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
74,001	75,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
75,001	76,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
76,001	77,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
77,001	78,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
78,001	79,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
79,001	80,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
80,001	81,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96	1,303
	-													-	96	1,303
	-													-	96	1,303
Totals		8	8	8	8	8	8	8	8	8	8	8	8	96		
													Average Usage	13,573		

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012

Meter Size: 3/4 Inch

Exhibit
Schedule H-5
Page 2
Witness: Bourassa

Usage From:	Usage To:	Month of Oct-11	Month of Nov-11	Month of Dec-11	Month of Jan-12	Month of Feb-12	Month of Mar-12	Month of Apr-12	Month of May-12	Month of Jun-12	Month of Jul-12	Month of Aug-12	Month of Sep-12	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000s)
											Median Usage			12,500		
											Average # Customers			8		
											Change in Number of Customers			-		

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012

Meter Size: 1 Inch

Exhibit
Schedule H-5
Page 3
Witness: Bourassa

Usage From:	Usage To:	Month of Oct-11	Month of Nov-11	Month of Dec-11	Month of Jan-12	Month of Feb-12	Month of Mar-12	Month of Apr-12	Month of May-12	Month of Jun-12	Month of Jul-12	Month of Aug-12	Month of Sep-12	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000s)
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1	1,000	4	4	3	3	3	4	1	-	1	-	-	1	24	24	12
1,001	2,000	-	-	-	-	-	-	-	-	-	-	2	-	2	26	15
2,001	3,000	-	-	1	2	1	1	1	-	-	-	-	-	6	32	30
3,001	4,000	1	1	-	-	1	-	1	-	1	1	-	2	8	40	58
4,001	5,000	1	-	1	1	1	1	1	1	1	-	1	-	9	49	99
5,001	6,000	-	-	-	1	2	2	1	-	-	2	1	1	10	59	154
6,001	7,000	-	1	1	1	1	-	-	-	-	-	-	-	4	63	180
7,001	8,000	-	-	1	-	1	2	1	-	-	-	1	-	6	69	225
8,001	9,000	-	-	1	-	-	1	2	1	-	-	2	-	7	76	284
9,001	10,000	-	-	1	1	2	-	1	-	-	-	-	-	5	81	332
10,001	11,000	1	-	-	1	-	1	-	-	1	-	2	2	8	89	416
11,001	12,000	1	2	-	1	-	-	-	3	-	-	2	1	10	99	531
12,001	13,000	-	1	3	-	1	2	-	1	2	-	-	-	10	109	656
13,001	14,000	-	1	-	1	-	-	2	2	1	1	-	-	8	117	764
14,001	15,000	-	-	-	-	-	-	1	-	3	-	1	1	6	123	851
15,001	16,000	1	2	-	1	-	-	1	1	-	-	3	1	10	133	1,006
16,001	17,000	1	1	1	-	1	1	2	1	1	1	-	2	12	145	1,204
17,001	18,000	1	-	-	-	-	-	1	-	2	1	-	1	6	151	1,309
18,001	19,000	1	1	1	-	-	-	-	-	-	2	-	-	5	156	1,401
19,001	20,000	1	1	1	-	-	-	-	2	-	2	-	2	9	165	1,577
20,001	21,000	-	-	-	4	2	1	-	2	1	-	-	-	10	175	1,782
21,001	22,000	1	-	-	-	-	-	-	-	-	2	-	-	3	178	1,846
22,001	23,000	-	1	-	1	-	-	-	-	1	-	-	1	4	182	1,936
23,001	24,000	-	-	1	-	-	-	-	-	-	-	-	1	2	184	1,983
24,001	25,000	-	-	2	-	-	2	-	1	-	-	-	2	7	191	2,155
25,001	26,000	1	-	-	-	1	-	-	-	-	-	-	-	2	193	2,206
26,001	27,000	-	1	-	-	1	-	1	-	-	-	1	-	4	197	2,312
27,001	28,000	-	-	-	-	-	1	1	-	-	-	-	-	2	199	2,367
28,001	29,000	1	-	-	-	1	1	1	-	-	-	-	-	4	203	2,481
29,001	30,000	-	1	-	-	-	-	-	1	-	-	1	-	3	206	2,569
30,001	31,000	-	-	1	1	-	-	1	-	-	1	1	-	5	211	2,722
31,001	32,000	-	-	-	-	-	-	-	-	-	-	1	-	1	212	2,753
32,001	33,000	-	-	1	-	-	-	-	-	-	-	1	-	2	214	2,818
33,001	34,000	-	-	-	-	-	-	-	-	2	1	-	-	3	217	2,919
34,001	35,000	-	-	-	-	-	-	-	-	-	-	-	-	-	217	2,919
35,001	36,000	1	-	-	1	-	-	-	1	1	-	-	-	4	221	3,061
36,001	37,000	-	-	-	-	-	-	-	-	-	-	-	-	-	221	3,061
37,001	38,000	-	-	-	-	1	-	-	-	-	2	-	-	3	224	3,173
38,001	39,000	-	-	-	-	-	-	-	-	-	-	-	-	-	224	3,173
39,001	40,000	-	-	-	-	-	-	-	-	1	-	-	-	1	225	3,213
40,001	41,000	-	-	-	-	-	-	-	-	-	1	-	-	1	226	3,253
41,001	42,000	-	-	-	-	-	-	-	-	-	-	-	-	-	226	3,253
42,001	43,000	1	-	-	-	-	-	-	-	-	-	-	-	1	227	3,296
43,001	44,000	-	-	-	-	-	-	-	-	-	-	-	-	-	227	3,296
44,001	45,000	-	1	-	-	-	-	-	1	-	-	-	-	2	229	3,385
45,001	46,000	-	-	-	-	-	-	-	1	-	-	-	1	2	231	3,476
46,001	47,000	1	-	-	-	-	-	-	-	-	1	-	-	2	233	3,569
47,001	48,000	-	-	-	-	-	-	-	-	-	-	-	-	-	233	3,569
48,001	49,000	-	-	-	-	-	-	-	-	-	-	-	-	-	233	3,569
49,001	50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	233	3,569

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012

Meter Size: 1 Inch

Exhibit
Schedule H-5
Page 3
Witness: Bourassa

Usage From:	Usage To:	Month of Oct-11	Month of Nov-11	Month of Dec-11	Month of Jan-12	Month of Feb-12	Month of Mar-12	Month of Apr-12	Month of May-12	Month of Jun-12	Month of Jul-12	Month of Aug-12	Month of Sep-12	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000s)
50,001	51,000	-	1	-	-	-	-	-	-	-	-	-	-	1	234	3,619
51,001	52,000	-	-	-	-	-	-	-	-	-	-	-	-	-	234	3,619
52,001	53,000	-	-	-	-	-	-	-	-	-	-	-	-	-	234	3,619
53,001	54,000	-	-	-	-	-	-	-	-	-	-	-	-	-	234	3,619
54,001	55,000	-	-	-	-	-	-	-	1	-	-	-	-	1	235	3,674
55,001	56,000	1	-	-	-	-	-	-	-	-	-	-	-	1	236	3,729
56,001	57,000	-	-	-	-	-	-	-	-	-	-	-	-	-	236	3,729
57,001	58,000	-	-	-	-	-	-	-	-	-	-	-	-	-	236	3,729
58,001	59,000	-	-	-	-	-	-	-	-	-	-	-	-	-	236	3,729
59,001	60,000	-	-	-	-	-	-	-	-	-	-	-	-	-	236	3,729
60,001	61,000	-	-	-	-	-	-	-	-	-	-	-	-	-	236	3,729
61,001	62,000	-	-	-	-	-	-	-	-	-	-	-	-	-	236	3,729
62,001	63,000	-	-	-	-	-	-	-	-	-	-	-	-	-	236	3,729
63,001	64,000	-	-	-	-	-	-	-	-	1	-	-	-	1	237	3,793
64,001	65,000	-	-	-	-	-	-	-	-	-	-	-	-	-	237	3,793
65,001	66,000	-	-	-	-	-	-	-	-	-	-	-	-	-	237	3,793
66,001	67,000	-	-	-	-	-	-	-	-	-	-	-	-	-	237	3,793
67,001	68,000	-	-	-	-	-	-	-	-	-	-	-	-	-	237	3,793
68,001	69,000	-	-	-	-	-	-	-	-	-	-	-	-	-	237	3,793
69,001	70,000	-	-	-	-	-	-	-	-	-	-	-	-	-	237	3,793
70,001	71,000	-	-	-	-	-	-	-	-	-	-	-	1	1	238	3,863
71,001	72,000	-	-	-	-	-	-	-	-	-	-	-	-	-	238	3,863
72,001	73,000	-	-	-	-	-	-	-	-	-	-	-	-	-	238	3,863
73,001	74,000	-	-	-	-	-	-	-	-	-	1	-	-	1	239	3,937
74,001	75,000	-	-	-	-	-	-	-	-	-	-	-	-	-	239	3,937
75,001	76,000	-	-	-	-	-	-	-	-	-	-	-	-	-	239	3,937
76,001	77,000	-	-	-	-	-	-	-	-	-	-	-	-	-	239	3,937
77,001	78,000	-	-	-	-	-	-	-	-	-	1	-	-	1	240	4,014
78,001	79,000	-	-	-	-	-	-	-	-	-	-	-	-	-	240	4,014
79,001	80,000	-	-	-	-	-	-	-	-	-	-	-	-	-	240	4,014
80,001	81,000	-	-	-	-	-	-	-	-	-	-	-	-	-	240	4,014
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	240	4,014
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	240	4,014
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	240	4,014
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	240	4,014
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	240	4,014
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	240	4,014
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	240	4,014
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	240	4,014
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	240	4,014
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	240	4,014
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	240	4,014
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	240	4,014
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	240	4,014
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	240	4,014
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	240	4,014
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-	240	4,014
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	240	4,014
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	240	4,014
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	240	4,014
	-													-	240	4,014

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012

Meter Size: 1 Inch

Exhibit
Schedule H-5
Page 3
Witness: Bourassa

Usage From:	Usage To:	Month of Oct-11	Month of Nov-11	Month of Dec-11	Month of Jan-12	Month of Feb-12	Month of Mar-12	Month of Apr-12	Month of May-12	Month of Jun-12	Month of Jul-12	Month of Aug-12	Month of Sep-12	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000s)
	-													-	240	4,014
	-															
	Totals	20	20	20	20	20	20	20	20	20	20	20	20	240		

Average Usage	16,726
Median Usage	14,500
Average # Customers	20
Change in Number of Customers	-

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Meter Size: 1 1/2 Inch

Exhibit
Schedule H-5
Page 4
Witness: Bourassa

Usage From:	Usage To:	Month of Oct-11	Month of Nov-11	Month of Dec-11	Month of Jan-12	Month of Feb-12	Month of Mar-12	Month of Apr-12	Month of May-12	Month of Jun-12	Month of Jul-12	Month of Aug-12	Month of Sep-12	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000s)
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1	1,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1,001	2,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2,001	3,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3,001	4,000	1	1	1	1	1	1	1	-	1	1	-	-	9	9	32
4,001	5,000	-	-	-	-	-	1	-	1	-	-	1	-	3	12	45
5,001	6,000	-	-	-	-	1	-	-	-	-	-	-	1	2	14	56
6,001	7,000	-	1	1	-	-	-	-	-	-	-	-	-	2	16	69
7,001	8,000	-	-	-	-	-	-	-	-	-	-	-	-	-	16	69
8,001	9,000	-	-	-	-	-	-	-	-	-	-	-	-	-	16	69
9,001	10,000	-	-	-	-	1	-	-	-	-	-	-	-	1	17	79
10,001	11,000	-	-	-	-	-	-	-	-	-	-	1	1	2	19	100
11,001	12,000	-	-	-	-	-	-	-	-	-	-	-	-	-	19	100
12,001	13,000	-	-	-	-	-	-	-	-	-	-	1	-	1	20	112
13,001	14,000	-	-	-	-	-	-	-	-	1	-	-	-	1	21	126
14,001	15,000	-	-	-	-	-	1	1	-	-	-	-	-	2	23	155
15,001	16,000	-	-	1	1	-	-	-	-	-	-	1	-	3	26	201
16,001	17,000	1	-	-	-	1	-	-	-	-	1	-	-	3	29	251
17,001	18,000	-	1	-	-	-	1	1	-	-	-	-	2	5	34	338
18,001	19,000	-	1	-	1	-	-	-	-	-	-	-	-	2	36	375
19,001	20,000	-	-	1	-	-	-	-	-	-	-	-	-	1	37	395
20,001	21,000	-	-	-	-	-	-	-	1	-	-	-	-	1	38	415
21,001	22,000	-	-	-	1	-	-	-	-	-	-	-	-	1	39	437
22,001	23,000	-	-	-	-	-	-	-	-	-	-	-	-	-	39	437
23,001	24,000	1	-	-	-	1	-	-	-	-	-	-	-	2	41	484
24,001	25,000	-	-	-	-	-	-	-	-	-	-	-	-	-	41	484
25,001	26,000	-	-	-	-	-	-	-	-	1	1	-	-	2	43	535
26,001	27,000	-	-	-	-	-	1	-	-	-	-	-	-	1	44	561
27,001	28,000	-	-	-	-	-	-	-	1	-	-	-	-	1	45	589
28,001	29,000	-	-	-	-	-	-	-	-	-	-	-	-	-	45	589
29,001	30,000	-	-	-	-	-	-	-	-	-	-	-	-	-	45	589
30,001	31,000	-	-	-	-	-	-	-	-	-	-	-	-	-	45	589
31,001	32,000	-	-	1	-	-	-	-	-	-	-	-	-	1	46	620
32,001	33,000	1	-	-	1	-	-	-	-	-	-	-	-	2	48	685
33,001	34,000	1	-	-	-	-	1	-	-	-	-	-	-	2	50	752
34,001	35,000	-	-	-	-	-	-	-	-	-	-	-	-	-	50	752
35,001	36,000	-	-	-	-	-	-	-	-	-	-	-	-	-	50	752
36,001	37,000	-	-	-	-	-	-	-	-	-	-	-	-	-	50	752
37,001	38,000	-	-	-	-	-	-	-	-	-	-	-	-	-	50	752
38,001	39,000	-	-	-	-	-	-	-	-	-	-	-	-	-	50	752
39,001	40,000	-	-	-	-	-	-	-	-	-	-	-	-	-	50	752
40,001	41,000	-	-	-	-	-	-	-	-	-	-	-	-	-	50	752
41,001	42,000	-	-	-	-	-	-	-	-	-	-	-	-	-	50	752
42,001	43,000	-	-	-	-	-	-	-	1	-	-	-	-	1	51	795
43,001	44,000	-	-	-	-	-	-	-	-	-	-	-	-	-	51	795
44,001	45,000	-	-	-	-	-	-	-	-	-	-	-	-	-	51	795
45,001	46,000	-	1	-	-	1	-	-	-	-	-	1	-	3	54	931
46,001	47,000	-	-	-	-	-	-	-	-	-	-	-	-	-	54	931
47,001	48,000	-	-	-	-	-	-	-	-	-	-	-	-	-	54	931
48,001	49,000	-	-	-	-	-	-	1	-	-	-	-	-	1	55	980
49,001	50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	55	980

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Meter Size: 1 1/2 Inch

Exhibit
Schedule H-5
Page 4
Witness: Bourassa

Usage From:	Usage To:	Month of Oct-11	Month of Nov-11	Month of Dec-11	Month of Jan-12	Month of Feb-12	Month of Mar-12	Month of Apr-12	Month of May-12	Month of Jun-12	Month of Jul-12	Month of Aug-12	Month of Sep-12	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000s)
50,001	51,000	-	-	-	1	-	-	-	-	-	1	-	-	2	57	1,081
51,001	52,000	-	-	-	-	-	-	-	-	-	-	-	-	-	57	1,081
52,001	53,000	-	-	-	-	-	-	-	-	-	-	-	-	-	57	1,081
53,001	54,000	-	-	-	-	-	-	1	-	-	-	-	-	1	58	1,134
54,001	55,000	-	-	-	-	-	-	-	-	-	-	-	-	-	58	1,134
55,001	56,000	-	-	-	-	-	-	-	-	-	-	-	-	-	58	1,134
56,001	57,000	-	-	1	-	-	-	-	-	-	-	-	-	1	59	1,191
57,001	58,000	-	-	-	-	-	-	-	-	-	-	-	-	-	59	1,191
58,001	59,000	-	-	-	-	-	-	-	-	-	-	-	1	1	60	1,249
59,001	60,000	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,249
60,001	61,000	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,249
61,001	62,000	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,249
62,001	63,000	-	-	-	-	-	-	-	-	-	-	-	-	-	60	1,249
63,001	64,000	-	1	-	-	-	-	-	-	-	-	-	-	1	61	1,313
64,001	65,000	-	-	-	-	-	-	1	-	-	-	-	-	1	62	1,377
65,001	66,000	-	-	-	-	-	-	-	-	-	-	-	-	-	62	1,377
66,001	67,000	-	-	-	-	-	-	-	-	-	-	-	-	-	62	1,377
67,001	68,000	-	-	-	-	-	-	-	1	-	-	-	-	1	63	1,445
68,001	69,000	-	-	-	-	-	-	-	-	-	-	-	-	-	63	1,445
69,001	70,000	-	-	-	-	-	-	-	-	-	-	-	-	-	63	1,445
70,001	71,000	-	-	-	-	-	-	-	-	-	-	-	1	1	64	1,515
71,001	72,000	-	-	-	-	-	-	-	-	-	-	-	-	-	64	1,515
72,001	73,000	-	-	-	-	-	-	-	-	-	-	-	-	-	64	1,515
73,001	74,000	-	-	-	-	-	-	-	-	-	-	-	-	-	64	1,515
74,001	75,000	-	-	-	-	-	-	-	-	-	-	-	-	-	64	1,515
75,001	76,000	-	-	-	-	-	-	-	-	-	-	-	-	-	64	1,515
76,001	77,000	-	-	-	-	-	-	-	-	-	-	-	-	-	64	1,515
77,001	78,000	-	-	-	-	-	-	-	1	-	-	-	-	1	65	1,593
78,001	79,000	-	-	-	-	-	-	-	-	-	-	-	-	-	65	1,593
79,001	80,000	-	-	-	-	-	-	-	-	-	-	-	-	-	65	1,593
80,001	81,000	-	-	-	-	-	-	-	-	-	-	-	-	-	65	1,593
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	65	1,593
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	65	1,593
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	65	1,593
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	65	1,593
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	65	1,593
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	65	1,593
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	65	1,593
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	65	1,593
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	65	1,593
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	65	1,593
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	65	1,593
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	65	1,593
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	65	1,593
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	65	1,593
95,001	96,000	1	-	-	-	-	-	-	-	-	-	-	-	1	66	1,688
96,001	97,000	-	-	-	-	-	-	-	1	-	-	-	-	1	67	1,785
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	67	1,785
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	67	1,785
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	67	1,785
175,100	175,100	-	-	-	-	-	-	-	-	1	-	-	-	1	68	1,960

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012

Meter Size: 1 1/2 Inch

Exhibit
Schedule H-5
Page 4
Witness: Bourassa

Usage From:	Usage To:	Month of Oct-11	Month of Nov-11	Month of Dec-11	Month of Jan-12	Month of Feb-12	Month of Mar-12	Month of Apr-12	Month of May-12	Month of Jun-12	Month of Jul-12	Month of Aug-12	Month of Sep-12	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000s)
153,300	153,300	1	-	-	-	-	-	-	-	-	-	-	-	1	69	2,113
151,700	151,700	-	1	-	-	-	-	-	-	-	-	-	-	1	70	2,265
158,600	158,600	-	-	1	-	-	-	-	-	-	-	-	-	1	71	2,423
169,700	169,700	-	-	-	1	-	-	-	-	-	-	-	-	1	72	2,593
133,400	133,400	-	-	-	-	1	-	-	-	-	-	-	-	1	73	2,726
113,200	113,200	-	-	-	-	-	1	-	-	-	-	-	-	1	74	2,840
106,100	106,100	-	-	-	-	-	-	1	-	-	-	-	-	1	75	2,946
107,500	107,500	-	-	-	-	-	-	-	-	1	-	-	-	1	76	3,053
218,000	218,000	-	-	-	-	-	-	-	-	-	1	-	-	1	77	3,271
168,500	168,500	-	-	-	-	-	-	-	-	-	-	1	-	1	78	3,440
146,000	146,000	-	-	-	-	-	-	-	-	1	-	-	-	1	79	3,586
135,000	135,000	-	-	-	-	-	-	-	-	-	1	-	-	1	80	3,721
107,000	107,000	-	-	-	-	-	-	-	-	-	-	1	-	1	81	3,828
116,000	116,000	-	-	-	-	-	-	-	-	-	-	-	1	1	82	3,944
111,000	111,000	-	-	-	-	-	-	-	-	1	-	-	-	1	83	4,055
136,000	136,000	-	-	-	-	-	-	-	-	-	1	-	-	1	84	4,191
	-													-	84	4,191
	-													-	84	4,191
Totals		7	7	7	7	7	7	7	7	7	7	7	7	84		

Average Usage	49,888
Median Usage	25,500
Average # Customers	7
Change in Number of Customers	-

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012

Meter Size: 2 Inch

Exhibit
Schedule H-5
Page 5
Witness: Bourassa

Usage From:	Usage To:	Month of Oct-11	Month of Nov-11	Month of Dec-11	Month of Jan-12	Month of Feb-12	Month of Mar-12	Month of Apr-12	Month of May-12	Month of Jun-12	Month of Jul-12	Month of Aug-12	Month of Sep-12	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000s)
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1	1,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1,001	2,000	-	-	-	-	-	-	1	-	-	-	-	-	1	1	2
2,001	3,000	-	-	1	1	-	-	-	-	-	-	-	-	2	3	7
3,001	4,000	-	-	-	-	1	-	-	-	-	-	-	1	2	5	14
4,001	5,000	-	-	-	-	-	-	-	-	-	-	-	-	-	5	14
5,001	6,000	-	-	-	-	-	-	-	-	-	-	-	-	-	5	14
6,001	7,000	-	-	-	-	-	-	-	-	-	-	-	-	-	5	14
7,001	8,000	-	-	-	-	-	-	-	-	-	-	-	-	-	5	14
8,001	9,000	-	-	-	-	-	-	-	-	-	-	-	-	-	5	14
9,001	10,000	-	-	-	-	-	-	-	-	-	-	-	-	-	5	14
10,001	11,000	-	-	-	-	-	-	-	-	-	-	-	-	-	5	14
11,001	12,000	-	-	-	-	-	-	-	-	-	-	-	-	-	5	14
12,001	13,000	-	1	-	-	-	-	-	-	-	-	-	-	1	6	26
13,001	14,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6	26
14,001	15,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6	26
15,001	16,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6	26
16,001	17,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6	26
17,001	18,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6	26
18,001	19,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6	26
19,001	20,000	-	-	-	-	-	-	-	-	-	-	-	1	1	7	46
20,001	21,000	1	-	-	-	-	1	-	-	-	-	-	-	2	9	87
21,001	22,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9	87
22,001	23,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9	87
23,001	24,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9	87
24,001	25,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9	87
25,001	26,000	-	-	-	-	-	-	-	1	-	-	-	-	1	10	112
26,001	27,000	-	-	-	-	-	-	-	1	-	-	1	-	2	12	165
27,001	28,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	165
28,001	29,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12	165
29,001	30,000	-	-	-	-	-	-	-	-	1	-	-	-	1	13	195
30,001	31,000	-	-	-	-	-	-	-	-	-	-	-	-	-	13	195
31,001	32,000	-	-	-	-	1	-	-	-	-	-	-	-	1	14	226
32,001	33,000	-	-	-	-	-	-	-	-	-	-	-	-	-	14	226
33,001	34,000	-	-	-	-	-	-	-	-	-	-	-	-	-	14	226
34,001	35,000	-	-	-	-	-	-	-	-	-	-	-	-	-	14	226
35,001	36,000	-	-	-	-	-	-	-	-	1	-	-	-	1	15	262
36,001	37,000	-	-	-	-	-	-	-	-	-	-	-	-	-	15	262
37,001	38,000	-	-	-	1	-	-	-	-	-	-	-	-	1	16	299
38,001	39,000	-	-	-	-	-	-	-	-	-	-	-	-	-	16	299
39,001	40,000	1	-	1	-	-	-	-	-	-	-	-	-	2	18	378
40,001	41,000	-	-	-	-	-	-	-	-	-	-	-	-	-	18	378
41,001	42,000	-	-	-	-	-	-	-	-	-	-	-	-	-	18	378
42,001	43,000	-	1	-	-	-	-	-	-	-	-	-	-	1	19	421
43,001	44,000	-	-	-	-	-	-	-	-	-	-	-	-	-	19	421
44,001	45,000	-	-	-	-	-	-	-	-	-	-	-	-	-	19	421
45,001	46,000	-	-	-	-	-	-	-	-	-	-	-	-	-	19	421
46,001	47,000	-	-	-	-	-	-	-	-	-	-	-	-	-	19	421
47,001	48,000	-	-	-	-	-	-	-	-	-	-	-	-	-	19	421
48,001	49,000	-	-	-	-	-	-	-	-	-	1	-	-	1	20	469
49,001	50,000	-	-	-	-	-	1	-	-	-	-	-	-	1	21	519

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012

Meter Size: 2 Inch

Exhibit
Schedule H-5
Page 5
Witness: Bourassa

Usage From:	Usage To:	Month of Oct-11	Month of Nov-11	Month of Dec-11	Month of Jan-12	Month of Feb-12	Month of Mar-12	Month of Apr-12	Month of May-12	Month of Jun-12	Month of Jul-12	Month of Aug-12	Month of Sep-12	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000s)
50,001	51,000	-	-	-	-	-	-	-	-	-	-	-	-	-	21	519
51,001	52,000	-	-	-	-	-	-	-	-	-	-	-	-	-	21	519
52,001	53,000	-	-	-	-	-	-	-	-	-	-	-	-	-	21	519
53,001	54,000	-	-	-	-	-	-	-	-	-	1	-	-	1	22	572
54,001	55,000	-	-	-	-	-	-	-	-	-	-	-	-	-	22	572
55,001	56,000	-	-	-	-	-	-	-	-	-	-	-	-	-	22	572
56,001	57,000	-	-	-	-	-	-	-	-	-	-	-	-	-	22	572
57,001	58,000	-	-	-	-	-	-	-	-	-	-	-	-	-	22	572
58,001	59,000	-	-	-	-	-	-	-	-	-	-	-	-	-	22	572
59,001	60,000	-	-	-	-	-	-	-	-	-	-	-	-	-	22	572
60,001	61,000	-	-	-	-	-	-	-	-	-	-	-	-	-	22	572
61,001	62,000	-	-	-	-	-	-	-	-	-	-	-	-	-	22	572
62,001	63,000	-	-	-	-	-	-	-	-	-	-	-	-	-	22	572
63,001	64,000	-	-	-	-	-	-	-	-	-	-	-	-	-	22	572
64,001	65,000	-	-	-	-	-	-	1	-	-	-	-	-	1	23	637
65,001	66,000	-	-	-	-	-	-	-	-	-	-	-	-	-	23	637
66,001	67,000	-	-	-	-	-	-	-	-	-	-	-	-	-	23	637
67,001	68,000	-	-	-	-	-	-	-	-	-	-	-	-	-	23	637
68,001	69,000	-	-	-	-	-	-	-	-	-	-	-	-	-	23	637
69,001	70,000	-	-	-	-	-	-	-	-	-	-	-	-	-	23	637
70,001	71,000	-	-	-	-	-	-	-	-	-	-	-	-	-	23	637
71,001	72,000	-	-	-	-	-	-	-	-	-	-	-	-	-	23	637
72,001	73,000	-	-	-	-	-	-	-	-	-	-	-	-	-	23	637
73,001	74,000	-	-	-	-	-	-	-	-	-	-	-	-	-	23	637
74,001	75,000	-	-	-	-	-	-	-	-	-	-	-	-	-	23	637
75,001	76,000	-	-	-	-	-	-	-	-	-	-	-	-	-	23	637
76,001	77,000	-	-	-	-	-	-	-	-	-	-	-	-	-	23	637
77,001	78,000	-	-	-	-	-	-	-	-	-	-	1	-	1	24	714
78,001	79,000	-	-	-	-	-	-	-	-	-	-	-	-	-	24	714
79,001	80,000	-	-	-	-	-	-	-	-	-	-	-	-	-	24	714
80,001	81,000	-	-	-	-	-	-	-	-	-	-	-	-	-	24	714
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	24	714
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	24	714
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	24	714
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	24	714
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	24	714
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	24	714
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	24	714
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	24	714
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	24	714
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	24	714
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	24	714
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	24	714
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	24	714
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	24	714
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	24	714
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-	24	714
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	24	714
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	24	714
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	24	714
	-													-	24	714

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012

Meter Size: 2 Inch

Exhibit
Schedule H-5
Page 5
Witness: Bourassa

Usage From:	Usage To:	Month of Oct-11	Month of Nov-11	Month of Dec-11	Month of Jan-12	Month of Feb-12	Month of Mar-12	Month of Apr-12	Month of May-12	Month of Jun-12	Month of Jul-12	Month of Aug-12	Month of Sep-12	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000s)
	Totals	2	2	2	2	2	2	2	2	2	2	2	2	24		
											Average Usage			29,751		
											Median Usage			30,000		
											Average # Customers			2		
											Change in Number of Customers			-		

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012

Meter Size: 4 Inch

Exhibit
Schedule H-5
Page 6
Witness: Bourassa

Usage From:	Usage To:	Month of Oct-11	Month of Nov-11	Month of Dec-11	Month of Jan-12	Month of Feb-12	Month of Mar-12	Month of Apr-12	Month of May-12	Month of Jun-12	Month of Jul-12	Month of Aug-12	Month of Sep-12	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000s)
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1	1,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1,001	2,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2,001	3,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3,001	4,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4,001	5,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5,001	6,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6,001	7,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7,001	8,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8,001	9,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9,001	10,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10,001	11,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11,001	12,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12,001	13,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13,001	14,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14,001	15,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15,001	16,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16,001	17,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17,001	18,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18,001	19,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19,001	20,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20,001	21,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21,001	22,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22,001	23,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23,001	24,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24,001	25,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25,001	26,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26,001	27,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27,001	28,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28,001	29,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29,001	30,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30,001	31,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31,001	32,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32,001	33,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33,001	34,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34,001	35,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35,001	36,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36,001	37,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37,001	38,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
38,001	39,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39,001	40,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
40,001	41,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
41,001	42,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
42,001	43,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43,001	44,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
44,001	45,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
45,001	46,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
46,001	47,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
47,001	48,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
48,001	49,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
49,001	50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50,001	51,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012

Meter Size: 4 Inch

Exhibit
Schedule H-5
Page 6
Witness: Bourassa

Usage From:	Usage To:	Month of Oct-11	Month of Nov-11	Month of Dec-11	Month of Jan-12	Month of Feb-12	Month of Mar-12	Month of Apr-12	Month of May-12	Month of Jun-12	Month of Jul-12	Month of Aug-12	Month of Sep-12	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000s)
51,001	52,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
52,001	53,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
53,001	54,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
54,001	55,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
55,001	56,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
56,001	57,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57,001	58,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
58,001	59,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
59,001	60,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60,001	61,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
61,001	62,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
62,001	63,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
63,001	64,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
64,001	65,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
65,001	66,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
66,001	67,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
67,001	68,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
68,001	69,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
69,001	70,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70,001	71,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
71,001	72,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
72,001	73,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
73,001	74,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
74,001	75,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
75,001	76,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
76,001	77,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
77,001	78,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
78,001	79,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
79,001	80,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
80,001	81,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
162,400	162,400	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-
208,900	208,900	-	-	-	1	-	-	-	-	-	-	-	-	1	1	162
385,700	385,700	-	-	-	-	-	1	-	-	-	-	-	-	1	2	371
														1	3	757

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012

Meter Size: 4 Inch

Exhibit
Schedule H-5
Page 6
Witness: Bourassa

Usage From:	Usage To:	Month of Oct-11	Month of Nov-11	Month of Dec-11	Month of Jan-12	Month of Feb-12	Month of Mar-12	Month of Apr-12	Month of May-12	Month of Jun-12	Month of Jul-12	Month of Aug-12	Month of Sep-12	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000s)
386,100	386,100	-	1	-	-	-	-	-	-	-	-	-	-	1	4	1,143
391,300	391,300	-	-	-	-	-	-	1	-	-	-	-	-	1	5	1,534
410,700	410,700	-	-	-	-	1	-	-	-	-	-	-	-	1	6	1,945
443,900	443,900	1	-	-	-	-	-	-	-	-	-	-	-	1	7	2,389
582,100	582,100	-	-	-	-	-	-	-	1	-	-	-	-	1	8	2,971
713,200	713,200	-	-	-	-	-	-	-	-	-	-	1	-	1	9	3,684
888,800	888,800	-	-	-	-	-	-	-	-	1	-	-	-	1	10	4,573
899,700	899,700	-	-	-	-	-	-	-	-	-	-	-	1	1	11	5,473
1,215,100	1,215,100	-	-	-	-	-	-	-	-	-	1	-	-	1	12	6,688
	-													-	12	6,688
Totals		1	1	1	1	1	1	1	1	1	1	1	1	12		

Average Usage	557,325
Median Usage	427,300
Average # Customers	1
Change in Number of Customers	-

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012

Meter Size: 6 Inch

Exhibit
Schedule H-5
Page 7
Witness: Bourassa

Usage From:	Usage To:	Month of Oct-11	Month of Nov-11	Month of Dec-11	Month of Jan-12	Month of Feb-12	Month of Mar-12	Month of Apr-12	Month of May-12	Month of Jun-12	Month of Jul-12	Month of Aug-12	Month of Sep-12	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000s)
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1	1,000	-	-	-	1	-	-	-	-	-	-	-	-	1	1	1
1,001	2,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1	1
2,001	3,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1	1
3,001	4,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1	1
4,001	5,000	-	-	1	-	-	-	-	-	-	-	-	-	1	2	5
5,001	6,000	-	-	-	-	-	-	-	-	-	-	-	-	-	2	5
6,001	7,000	-	-	-	-	-	-	-	-	-	-	-	-	-	2	5
7,001	8,000	-	-	-	-	-	-	-	-	-	-	-	-	-	2	5
8,001	9,000	-	-	-	-	-	-	-	-	-	-	-	-	-	2	5
9,001	10,000	-	-	-	-	-	-	-	-	-	-	-	-	-	2	5
10,001	11,000	-	-	-	-	1	-	-	-	-	-	-	-	1	3	16
11,001	12,000	-	-	-	-	-	-	-	-	-	-	-	-	-	3	16
12,001	13,000	-	-	-	-	-	-	-	-	-	-	-	-	-	3	16
13,001	14,000	-	-	-	-	-	-	-	-	-	-	-	-	-	3	16
14,001	15,000	-	-	-	-	-	-	-	-	-	-	-	-	-	3	16
15,001	16,000	-	-	-	-	-	1	-	-	-	-	-	-	1	4	31
16,001	17,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4	31
17,001	18,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4	31
18,001	19,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4	31
19,001	20,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4	31
20,001	21,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4	31
21,001	22,000	-	-	-	-	-	-	1	-	-	-	-	-	1	5	53
22,001	23,000	-	-	-	-	-	-	-	-	-	-	-	-	-	5	53
23,001	24,000	-	1	-	-	-	-	-	-	-	-	-	-	1	6	76
24,001	25,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6	76
25,001	26,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6	76
26,001	27,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6	76
27,001	28,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6	76
28,001	29,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6	76
29,001	30,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6	76
30,001	31,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6	76
31,001	32,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6	76
32,001	33,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6	76
33,001	34,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6	76
34,001	35,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6	76
35,001	36,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6	76
36,001	37,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6	76
37,001	38,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6	76
38,001	39,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6	76
39,001	40,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6	76
40,001	41,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6	76
41,001	42,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6	76
42,001	43,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6	76
43,001	44,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6	76
44,001	45,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6	76
45,001	46,000	-	-	-	-	-	-	-	1	-	-	-	-	1	7	122
46,001	47,000	-	-	-	-	-	-	-	-	-	-	-	-	-	7	122
47,001	48,000	-	-	-	-	-	-	-	-	-	-	-	-	-	7	122
48,001	49,000	-	-	-	-	-	-	-	-	-	-	1	-	1	8	170
49,001	50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	170
50,001	51,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	170

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012

Meter Size: 6 Inch

Exhibit
Schedule H-5
Page 7
Witness: Bourassa

Usage From:	Usage To:	Month of Oct-11	Month of Nov-11	Month of Dec-11	Month of Jan-12	Month of Feb-12	Month of Mar-12	Month of Apr-12	Month of May-12	Month of Jun-12	Month of Jul-12	Month of Aug-12	Month of Sep-12	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000s)
51,001	52,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	170
52,001	53,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	170
53,001	54,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	170
54,001	55,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	170
55,001	56,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	170
56,001	57,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	170
57,001	58,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	170
58,001	59,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	170
59,001	60,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	170
60,001	61,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	170
61,001	62,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	170
62,001	63,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	170
63,001	64,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	170
64,001	65,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	170
65,001	66,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	170
66,001	67,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	170
67,001	68,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	170
68,001	69,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8	170
69,001	70,000	1	-	-	-	-	-	-	-	-	-	-	-	1	9	240
70,001	71,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9	240
71,001	72,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9	240
72,001	73,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9	240
73,001	74,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9	240
74,001	75,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9	240
75,001	76,000	-	-	-	-	-	-	-	-	-	-	-	1	1	10	315
76,001	77,000	-	-	-	-	-	-	-	-	-	-	-	-	-	10	315
77,001	78,000	-	-	-	-	-	-	-	-	-	-	-	-	-	10	315
78,001	79,000	-	-	-	-	-	-	-	-	-	-	-	-	-	10	315
79,001	80,000	-	-	-	-	-	-	-	-	-	-	-	-	-	10	315
80,001	81,000	-	-	-	-	-	-	-	-	-	-	-	-	-	10	315
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	10	315
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	10	315
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	10	315
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	10	315
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	10	315
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	10	315
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	10	315
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	10	315
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	10	315
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	10	315
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	10	315
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	10	315
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	10	315
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	10	315
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	10	315
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-	10	315
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	10	315
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	10	315
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	10	315
119,200	119,200	-	-	-	-	-	-	-	-	1	-	-	-	1	11	434
141,200	141,200	-	-	-	-	-	-	-	-	-	1	-	-	1	12	575
	-													-	12	575

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012

Meter Size: 6 Inch

Exhibit
Schedule H-5
Page 7
Witness: Bourassa

Usage From:	Usage To:	Month of Oct-11	Month of Nov-11	Month of Dec-11	Month of Jan-12	Month of Feb-12	Month of Mar-12	Month of Apr-12	Month of May-12	Month of Jun-12	Month of Jul-12	Month of Aug-12	Month of Sep-12	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000s)
	Totals	1	1	1	1	1	1	1	1	1	1	1	1	12		
											Average Usage			47,950		
											Median Usage			45,000		
											Average # Customers			1		
											Change in Number of Customers			-		

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Meter Size: Standpipe

Exhibit
Schedule H-5
Page 8
Witness: Bourassa

Usage From:	Usage To:	Month of Oct-11	Month of Nov-11	Month of Dec-11	Month of Jan-12	Month of Feb-12	Month of Mar-12	Month of Apr-12	Month of May-12	Month of Jun-12	Month of Jul-12	Month of Aug-12	Month of Sep-12	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000s)
-	-	20	21	20	17	18	18	21	18	17	15	15	16	216	216	-
1	1,000	14	8	8	8	12	16	7	9	6	8	15	11	122	338	61
1,001	2,000	16	17	18	22	22	24	28	12	13	8	17	13	210	548	376
2,001	3,000	19	25	26	22	27	23	23	13	13	15	19	29	254	802	1,011
3,001	4,000	19	20	16	14	13	15	15	15	25	7	15	13	187	989	1,666
4,001	5,000	11	6	15	15	13	9	12	13	13	12	18	13	150	1,139	2,341
5,001	6,000	3	6	4	6	8	7	4	7	9	13	4	10	81	1,220	2,787
6,001	7,000	6	1	2	4	3	5	6	12	5	12	6	6	68	1,288	3,229
7,001	8,000	1	4	6	6	5	6	6	9	3	6	5	3	60	1,348	3,679
8,001	9,000	5	5	3	4	2	5	3	4	3	5	4	3	46	1,394	4,070
9,001	10,000	5	4	1	1	1	1	1	4	3	4	4	4	33	1,427	4,383
10,001	11,000	-	2	3	3	1	1	1	4	2	3	-	2	22	1,449	4,614
11,001	12,000	-	6	1	1	1	-	2	2	7	3	2	2	27	1,476	4,925
12,001	13,000	2	1	1	1	-	-	-	1	3	5	1	-	15	1,491	5,112
13,001	14,000	2	-	-	-	-	2	-	2	2	3	2	3	16	1,507	5,328
14,001	15,000	1	-	-	-	1	-	-	2	1	1	-	1	7	1,514	5,430
15,001	16,000	-	-	-	-	1	-	-	1	2	2	1	-	7	1,521	5,538
16,001	17,000	-	-	1	-	-	-	1	-	4	-	-	-	6	1,527	5,637
17,001	18,000	-	-	-	-	-	-	-	-	-	3	-	-	3	1,530	5,690
18,001	19,000	1	1	-	-	-	-	-	-	-	-	-	-	2	1,532	5,727
19,001	20,000	-	1	1	-	-	-	-	1	-	-	-	-	3	1,535	5,785
20,001	21,000	-	-	-	-	-	-	-	-	1	1	-	-	2	1,537	5,826
21,001	22,000	-	-	-	-	-	-	-	1	-	-	-	-	1	1,538	5,848
22,001	23,000	-	1	-	-	1	-	-	-	-	2	-	-	4	1,542	5,938
23,001	24,000	1	-	1	-	-	-	-	1	-	1	-	-	4	1,546	6,032
24,001	25,000	-	-	-	1	-	-	-	-	-	-	-	-	1	1,547	6,056
25,001	26,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,547	6,056
26,001	27,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,547	6,056
27,001	28,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,547	6,056
28,001	29,000	1	-	-	-	-	-	-	-	-	-	-	-	1	1,548	6,085
29,001	30,000	-	-	-	1	-	1	-	-	-	-	-	-	2	1,550	6,144
30,001	31,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,550	6,144
31,001	32,000	-	-	-	-	-	-	-	-	-	1	-	-	1	1,551	6,175
32,001	33,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,551	6,175
33,001	34,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,551	6,175
34,001	35,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,551	6,175
35,001	36,000	-	-	-	1	-	-	-	-	-	-	-	-	1	1,552	6,211
36,001	37,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,552	6,211
37,001	38,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,552	6,211
38,001	39,000	1	-	1	-	-	-	-	-	-	-	-	-	2	1,554	6,288
39,001	40,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,554	6,288
40,001	41,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,554	6,288
41,001	42,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,554	6,288
42,001	43,000	-	1	-	-	-	-	-	-	-	-	-	-	1	1,555	6,330
43,001	44,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,555	6,330
44,001	45,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,555	6,330
45,001	46,000	-	-	-	-	-	-	-	1	1	-	-	-	2	1,557	6,421
46,001	47,000	-	-	-	-	1	-	-	-	-	-	-	-	1	1,558	6,468

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Meter Size: Standpipe

Exhibit
Schedule H-5
Page 8
Witness: Bourassa

Usage From:	Usage To:	Month of Oct-11	Month of Nov-11	Month of Dec-11	Month of Jan-12	Month of Feb-12	Month of Mar-12	Month of Apr-12	Month of May-12	Month of Jun-12	Month of Jul-12	Month of Aug-12	Month of Sep-12	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000s)
47,001	48,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,558	6,468
48,001	49,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,558	6,468
49,001	50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,558	6,468
50,001	51,000	-	-	-	-	-	1	-	-	-	-	-	-	1	1,559	6,518
51,001	52,000	-	-	-	-	-	-	-	-	-	1	1	-	2	1,561	6,621
52,001	53,000	-	-	-	-	-	-	-	-	-	-	-	1	1	1,562	6,674
53,001	54,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,562	6,674
54,001	55,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,562	6,674
55,001	56,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,562	6,674
56,001	57,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,562	6,674
57,001	58,000	-	-	-	1	-	-	-	-	-	-	-	-	1	1,563	6,731
58,001	59,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,563	6,731
59,001	60,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,563	6,731
60,001	61,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,563	6,731
61,001	62,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,563	6,731
62,001	63,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,563	6,731
63,001	64,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,563	6,731
64,001	65,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,563	6,731
65,001	66,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,563	6,731
66,001	67,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,563	6,731
67,001	68,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,563	6,731
68,001	69,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,563	6,731
69,001	70,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,563	6,731
70,001	71,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,563	6,731
71,001	72,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,563	6,731
72,001	73,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,563	6,731
73,001	74,000	-	-	-	-	-	-	1	-	-	-	-	-	1	1,564	6,805
74,001	75,000	-	-	-	-	-	-	-	-	-	-	-	1	1	1,565	6,879
75,001	76,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,565	6,879
76,001	77,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,565	6,879
77,001	78,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,565	6,879
78,001	79,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,565	6,879
79,001	80,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,565	6,879
80,001	81,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,565	6,879
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,565	6,879
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,565	6,879
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,565	6,879
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,565	6,879
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,565	6,879
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,565	6,879
87,001	88,000	1	-	-	-	-	-	-	-	-	-	-	-	1	1,566	6,967
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,566	6,967
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,566	6,967
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,566	6,967
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,566	6,967
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,566	6,967
93,001	94,000	-	-	1	-	-	-	-	-	-	-	-	-	1	1,567	7,060
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	2	2	1,569	7,249

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Meter Size: Standpipe

Exhibit
Schedule H-5
Page 8
Witness: Bourassa

Usage From:	Usage To:	Month of Oct-11	Month of Nov-11	Month of Dec-11	Month of Jan-12	Month of Feb-12	Month of Mar-12	Month of Apr-12	Month of May-12	Month of Jun-12	Month of Jul-12	Month of Aug-12	Month of Sep-12	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000s)
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,569	7,249
96,001	97,000	-	-	-	-	-	-	-	-	-	-	2	-	2	1,571	7,442
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,571	7,442
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,571	7,442
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,571	7,442
168,000	168,000	-	1	-	-	-	-	-	-	-	-	-	-	1	1,572	7,610
143,000	143,000	-	-	1	1	-	-	-	-	1	-	-	-	3	1,575	8,039
117,000	117,000	-	-	-	1	-	-	-	-	-	-	-	-	1	1,576	8,156
282,000	282,000	-	-	-	-	1	-	-	-	-	-	-	-	1	1,577	8,438
332,000	332,000	-	-	-	-	-	1	-	-	-	-	-	1	2	1,579	9,102
327,000	327,000	-	-	-	-	-	-	1	-	-	-	-	-	1	1,580	9,429
444,000	444,000	-	-	-	-	-	-	-	1	-	-	-	-	1	1,581	9,873
520,000	520,000	-	-	-	-	-	-	-	-	1	-	-	-	1	1,582	10,393
512,000	512,000	-	-	-	-	-	-	-	-	-	1	-	-	1	1,583	10,905
392,000	392,000	-	-	-	-	-	-	-	-	-	-	1	-	1	1,584	11,297
153,000	153,000	-	1	-	-	-	-	-	-	-	-	1	-	2	1,586	11,603
115,000	115,000	1	-	-	-	-	-	-	-	-	-	-	-	1	1,587	11,718
137,000	137,000	-	1	1	-	-	-	-	-	-	-	-	-	2	1,589	11,992
135,000	135,000	-	-	-	1	-	-	-	-	-	-	-	-	1	1,590	12,127
118,000	118,000	-	-	-	-	1	-	-	-	-	-	-	-	1	1,591	12,245
130,000	130,000	-	-	-	-	-	-	1	-	-	-	-	-	1	1,592	12,375
192,000	192,000	-	-	-	-	-	-	-	1	-	-	-	-	1	1,593	12,567
215,000	215,000	-	-	-	-	-	-	-	-	1	-	-	-	1	1,594	12,782
233,000	233,000	-	-	-	-	-	-	-	-	-	1	-	-	1	1,595	13,015
139,000	139,000	-	-	-	-	-	-	-	-	-	-	-	1	1	1,596	13,154
245,000	245,000	1	-	-	-	-	-	-	-	-	-	-	-	1	1,597	13,399
234,000	234,000	-	1	-	-	-	-	-	-	-	-	-	-	1	1,598	13,633
291,000	291,000	-	-	1	-	-	-	-	-	-	-	-	-	1	1,599	13,924
293,000	293,000	-	-	-	1	-	-	-	-	-	-	-	-	1	1,600	14,217
222,000	222,000	-	-	-	-	1	-	-	-	-	-	-	-	1	1,601	14,439
216,000	216,000	-	-	-	-	-	1	-	-	-	-	-	-	1	1,602	14,655
223,000	223,000	-	-	-	-	-	-	1	-	-	-	-	-	1	1,603	14,878
307,000	307,000	-	-	-	-	-	-	-	1	-	-	-	-	1	1,604	15,185
279,000	279,000	-	-	-	-	-	-	-	-	1	-	-	-	1	1,605	15,464
376,000	376,000	-	-	-	-	-	-	-	-	-	1	-	-	1	1,606	15,840
255,000	255,000	-	-	-	-	-	-	-	-	-	-	1	-	1	1,607	16,095
251,000	251,000	-	-	-	-	-	-	-	-	-	-	-	1	1	1,608	16,346
132,000	132,000	1	-	-	-	-	-	-	-	-	-	-	-	1	1,609	16,478
129,000	129,000	-	1	-	-	-	-	-	-	-	-	-	-	1	1,610	16,607
126,000	126,000	-	-	1	-	-	-	-	-	-	-	-	-	1	1,611	16,733
127,000	127,000	-	-	-	-	1	-	-	-	-	-	-	-	1	1,612	16,860
113,000	113,000	-	-	-	-	-	1	-	-	-	-	-	-	1	1,613	16,973
128,000	128,000	-	-	-	-	-	-	1	-	-	-	-	-	1	1,614	17,101
173,000	173,000	-	-	-	-	-	-	-	1	-	-	-	-	1	1,615	17,274
164,000	164,000	-	-	-	-	-	-	-	-	1	1	-	-	2	1,617	17,602
122,000	122,000	-	-	-	-	-	-	-	1	-	-	-	-	1	1,618	17,724
217,000	217,000	-	-	-	-	-	-	-	-	-	1	-	-	1	1,619	17,941
244,000	244,000	1	-	-	-	-	-	-	-	-	-	-	-	1	1,620	18,185

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Meter Size: Standpipe

Exhibit
Schedule H-5
Page 8
Witness: Bourassa

Usage From:	Usage To:	Month of Oct-11	Month of Nov-11	Month of Dec-11	Month of Jan-12	Month of Feb-12	Month of Mar-12	Month of Apr-12	Month of May-12	Month of Jun-12	Month of Jul-12	Month of Aug-12	Month of Sep-12	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000s)
311,000	311,000	-	1	-	-	-	-	-	-	-	-	-	-	1	1,621	18,496
228,000	228,000	-	-	1	-	-	-	-	-	-	-	-	-	1	1,622	18,724
161,000	161,000	-	-	-	-	1	-	-	-	-	-	-	-	1	1,623	18,885
338,000	338,000	-	-	-	-	-	1	-	-	-	-	-	-	1	1,624	19,223
176000	176,000	-	-	-	-	-	-	-	1	-	-	-	-	1	1,625	19,399
305000	305,000	-	-	-	-	-	-	-	-	1	-	-	-	1	1,626	19,704
370000	370,000	-	-	-	-	-	-	-	-	-	1	-	-	1	1,627	20,074
321000	321,000	-	-	-	-	-	-	-	-	-	-	1	-	1	1,628	20,395
	-													-	1,628	20,395
	-													-	1,628	20,395
Totals		133	136	134	132	135	138	135	138	139	137	135	136	1,628		

Average Usage	12,528
Median Usage	3,500
Average # Customers	136
Change in Number of Custome	3

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Meter Size: Fire Sprinkler less than 6 Inch

Exhibit
Schedule H-5
Page 9
Witness: Bourassa

Usage From:	Usage To:	Month of Oct-11	Month of Nov-11	Month of Dec-11	Month of Jan-12	Month of Feb-12	Month of Mar-12	Month of Apr-12	Month of May-12	Month of Jun-12	Month of Jul-12	Month of Aug-12	Month of Sep-12	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000s)
-	-	4	4	4	4	4	4	4	4	4	4	4	4	48	48	-
1	1,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
1,001	2,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
2,001	3,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
3,001	4,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
4,001	5,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
5,001	6,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
6,001	7,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
7,001	8,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
8,001	9,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
9,001	10,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
10,001	11,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
11,001	12,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
12,001	13,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
13,001	14,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
14,001	15,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
15,001	16,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
16,001	17,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
17,001	18,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
18,001	19,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
19,001	20,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
20,001	21,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
21,001	22,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
22,001	23,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
23,001	24,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
24,001	25,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
25,001	26,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
26,001	27,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
27,001	28,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
28,001	29,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
29,001	30,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
30,001	31,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
31,001	32,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
32,001	33,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
33,001	34,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
34,001	35,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
35,001	36,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
36,001	37,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
37,001	38,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
38,001	39,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
39,001	40,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
40,001	41,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
41,001	42,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
42,001	43,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
43,001	44,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
44,001	45,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
45,001	46,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
46,001	47,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012

Meter Size: Fire Sprinkler less than 6 Inch

Exhibit
Schedule H-5
Page 9
Witness: Bourassa

Usage From:	Usage To:	Month of Oct-11	Month of Nov-11	Month of Dec-11	Month of Jan-12	Month of Feb-12	Month of Mar-12	Month of Apr-12	Month of May-12	Month of Jun-12	Month of Jul-12	Month of Aug-12	Month of Sep-12	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000s)
47,001	48,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
48,001	49,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
49,001	50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
50,001	51,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
51,001	52,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
52,001	53,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
53,001	54,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
54,001	55,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
55,001	56,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
56,001	57,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
57,001	58,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
58,001	59,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
59,001	60,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
60,001	61,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
61,001	62,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
62,001	63,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
63,001	64,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
64,001	65,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
65,001	66,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
66,001	67,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
67,001	68,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
68,001	69,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
69,001	70,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
70,001	71,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
71,001	72,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
72,001	73,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
73,001	74,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
74,001	75,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
75,001	76,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
76,001	77,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
77,001	78,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
78,001	79,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
79,001	80,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
80,001	81,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Meter Size: Fire Sprinkler less than 6 Inch

Exhibit
Schedule H-5
Page 9
Witness: Bourassa

Usage From:	Usage To:	Month of Oct-11	Month of Nov-11	Month of Dec-11	Month of Jan-12	Month of Feb-12	Month of Mar-12	Month of Apr-12	Month of May-12	Month of Jun-12	Month of Jul-12	Month of Aug-12	Month of Sep-12	Total Year	Cumul-ative Billing	Cumul-ative Gallons (in 1,000s)
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	48	-
	-													-	48	-
	-													-	48	-
Totals		4	4	4	4	4	4	4	4	4	4	4	4	48		

Average Usage	-
Median Usage	-
Average # Customers	4
Change in Number of Custome	-

Las Quintas Serenas Water Co.
Docket No: W-01583A-13-_____

April 26, 2013

WATER USE DATA
PLANT INVENTORY

COMPANY NAME Las Quintas Serenas Water Company	
Name of System:	ADEQ Public Water System Number: 10064

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
#5 – 55608531	40	200	513-805	10" – 8"	4"	1976
#6 – 55608530	75	500	837	12"	4"	1971
#7 – 55566940	150	825	910	12"	8"	1998

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
N/A		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
25 HP	4	N/A	

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
30,000 Gallons	1	1,000 Gallons	2
60,000 Gallons	1	2,500 Gallons	1
400,000 Gallons	1	3,000 Gallons	4

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

COMPANY NAME Las Quintas Serenas Water Company	
Name of System:	ADEQ Public Water System Number: 10064

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	Copper	250
3	Transite	240
4	Transite	19,840
5	N/A	N/A
6	Transite	32,487
8	Transite	2,760
10	Transite	420
12	Transite	1,320
2	Plastic	1,550
4	Plastic	5,100
6	Plastic	25,158
8	Plastic	13,180
12	Plastic	1,950
6	Ductile Iron	575

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X ¾	797
3/4	8
1	21
1 1/2	7
2	2
Comp. 3	0
Turbo 3	0
Comp. 4	1
Turbo 4	0
Comp. 6	1
Turbo 6	0
Standpipe	145

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:
1,276 gpm ArsenicTreatment Facility consisting of: 2 ea 10'0" Diameter Absorption Tanks / 1 ea 12'0" x 16'4" Backwash/Rinsewater Holding Tank at Well #6

STRUCTURES:
Steel Portable Shed 8'x 20' at Well No. 5
Steel Portable Shed 8'x 40' at Well No. 7

OTHER:

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

COMPANY NAME: Las Quintas Serenas Water Company	
Name of System:	ADEQ Public Water System Number: 10064

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2009

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	1008	9,498,500	10,073,000	
FEBRUARY	1017	8,026,100	8,784,000	
MARCH	1012	8,779,100	9,640,000	
APRIL	1010	9,618,300	11,041,000	
MAY	1017	13,784,900	15,581,000	
JUNE	1014	14,343,300	16,215,000	
JULY	1014	17,359,100	19,925,000	
AUGUST	1022	11,453,100	12,446,000	
SEPTEMBER	1012	11,502,500	13,394,000	
OCTOBER	1016	13,276,200	15,024,000	
NOVEMBER	1016	10,450,700	11,430,000	
DECEMBER	1008	9,357,200	10,584,000	
	TOTALS →	**137,499,000**	154,137,000	

What is the level of arsenic for each well on your system? _____mg/l
(If more than one well, please list each separately.) Well #5 0.0077, Well #6 Untreated – 0.0094/Treated – 0.0015
Well #7 Untreated – 0.0094/ Treated – 0.0015
Results taken from Turner Labs. analysis results 10/03/2012

If system has fire hydrants, what is the fire flow requirement? ____GPM for ____hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
(X) Yes ( ) No Only when Wells Nos. 6&7 start up, chlorination starts during actual pumping. Stops when Wells shut off

Is the Water Utility located in an ADWR Active Management Area (AMA)?
(X) Yes ( ) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
(X) Yes ( ) No

If yes, provide the GPCPD amount: 121.0 .

Las Quintas Serenas Water Co.
Docket No: W-01583A-13-_____

THOMAS J. BOURASSA
DIRECT TESTIMONY
COST OF CAPITAL

April 26, 2013

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

IN THE MATTER OF THE APPLICATION OF LAS QUINTAS SERENAS WATER CO., AN ARIZONA CORPORATION, FOR (i) A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND (ii) AN INCREASE IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO: W-01583A -13-_____

DIRECT TESTIMONY

OF

THOMAS J. BOURASSA

COST OF CAPITAL

ON BEHALF OF
LAS QUINTAS SERENAS WATER CO.

APRIL 26, 2013

DIRECT TESTIMONY
OF
THOMAS J. BOURASSA
COST OF CAPITAL
ON BEHALF OF
LAS QUINTAS SERENAS WATER CO.
April 26, 2013

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I. INTRODUCTION AND QUALIFICATIONS

Q1. PLEASE STATE YOUR NAME AND ADDRESS.

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

Q2. ARE YOU THE SAME THOMAS J. BOURASSA THAT CONCURRENTLY FILED DIRECT TESTIMONY ON RATE BASE, INCOME STATEMENT, REVENUE REQUIREMENT AND RATE DESIGN IN THIS DOCKET?

A2. Yes, and all of my background information and testimony regarding my qualifications are contained in that portion of my direct testimony.

II. SUMMARY OF TESTIMONY AND THE PROPOSED COST OF CAPITAL FOR THE COMPANY

Q3. WHAT IS THE PURPOSE OF THIS PORTION OF YOUR DIRECT TESTIMONY?

A3. This portion of my direct testimony focuses on cost of capital issues. I will testify in support of Las Quintas Serenas Water Co.'s ("LQSWC" or "Company") proposed rate of return on its fair value rate base ("FVRB"). I am sponsoring the Company's D Schedules, which are attached to this testimony. There are 22 schedules that support my cost of capital testimony. As noted above, I am also sponsoring direct testimony that addresses the Company's rate base, income statement (revenue and operating expenses), required increase in revenue, and its rate design and proposed rates and charges for service. For convenience, that testimony and my related schedules are contained in a separate volume.

Q4. PLEASE SUMMARIZE YOUR COST OF CAPITAL TESTIMONY.

A4. I have determined that the cost of equity for the publicly traded water utilities falls in the range of 8.5 percent to 11.4 percent with the midpoint of the range at

9.9 percent. After considering the difference in financial risk and company size between LQSWC and the publicly traded water utilities, I am recommending a return on equity ("ROE") of 12.5 percent for the Company.

My recommendation is based on consideration of (i) cost of equity estimates using constant growth and multi-stage growth discounted cash flow ("DCF") models, the capital asset pricing model ("CAPM") and the Build-up Method for a sample group of publicly traded water utilities; (ii) my review of the economic conditions expected to prevail during the period in which new rates will be in effect; (iii) my judgments about the risks associated with relatively small utilities like LQSWC that are not captured by the market data of publicly-traded water utilities; (iv) the financial risk associated with the high level of debt in LQSWC's capital structure; and (v) additional specific business and operational risks faced by LQSWC.

Q5. WHAT IS THE RECOMMENDED CAPITAL STRUCTURE FOR LQSWC?

A5. I am recommending a capital structure consisting of 72.8 percent debt and 27.2 percent equity. My recommendation is based upon the actual capital structure of the Company at the end of the test year (September 30, 2012).

Q6. WHAT IS THE RECOMMENDED COST OF DEBT FOR LQSWC?

A6. The effective cost of debt is 7.16 percent inclusive of issuance costs.

Q7. WHAT IS THE WEIGHTED AVERAGE COST OF CAPITAL?

A7. The weighted cost of capital based upon a capital structure consisting of 72.8 percent debt and 27.2 percent equity, a debt cost of 7.16 percent, and a cost of equity of 12.5 percent is 8.61 percent as shown on Schedule D-1.

Q8. PLEASE SUMMARIZE THE APPROACH(ES) YOU USED TO ESTIMATE THE COST OF EQUITY FOR THE COMPANY.

A8. The cost of equity for LQSWC cannot be estimated directly because the Company's equity is not in the form of a publicly traded security so there is no market data for LQSWC. Consequently, I have assessed the market-based common equity cost rates of companies of relatively similar, but not necessarily identical risk for insight into a recommended common equity cost rate applicable to LQSWC. The DCF, CAPM, and Build-up models using data from a sample of publicly traded water utilities, or proxy group, selected from the *Value Line Investment Survey* serve as starting point in my analysis. Analysis of a proxy group serves as a starting point because no proxy group can be selected to be identical in risk to LQSWC. Therefore, the proxy group's results must be adjusted to reflect the unique relative financial and/or business risks of LQSWC, as I will discuss in detail.

There are six water utilities in my sample: American States Water (AWR), Aqua America (WTR), California Water Company (CWT), Connecticut Water (CTWS), Middlesex Water (MSEX), and SJW Corp. (SJW). As explained later in my testimony, these companies aren't directly comparable to LQSWC, but they are water utilities for which market data is available, and the Utilities Division Staff has relied on data for these water utilities for their proxy group in a number of recent water and sewer utility rate cases.

My DCF analyses of my proxy group indicate ROEs in the range of 8.7 percent to 9.7 percent with a midpoint of 9.2 percent. My CAPM analysis, again using the proxy group, indicates ROEs in the range of 8.7 percent to 12.4 percent are appropriate with a midpoint of 10.5 percent. My Build-up Method analysis, also using the same proxy group, indicates ROEs in the range of 8.1 percent to 12.1 percent are appropriate with a

midpoint of 10.1 percent. The average of the midpoint estimates is 9.9 percent. The DCF, CAPM, and Build-up results are before consideration of financial risk and company-specific risks such as size.

Given LQSWC's proposed capital structure and relatively small size compared to the larger publicly-traded utilities used in my sample, the regulatory methods and policies used in this jurisdiction, and other company-specific factors, it is my opinion that at the present time a cost of equity of at least 12.5 percent is warranted.

My recommendation of a 12.5 percent ROE balances my judgment about the degree of financial and business risk associated with an investment in LQSWC, as well as consideration of the current economic environment. A summary of my cost of equity analysis result is shown on Schedule D-4.1.

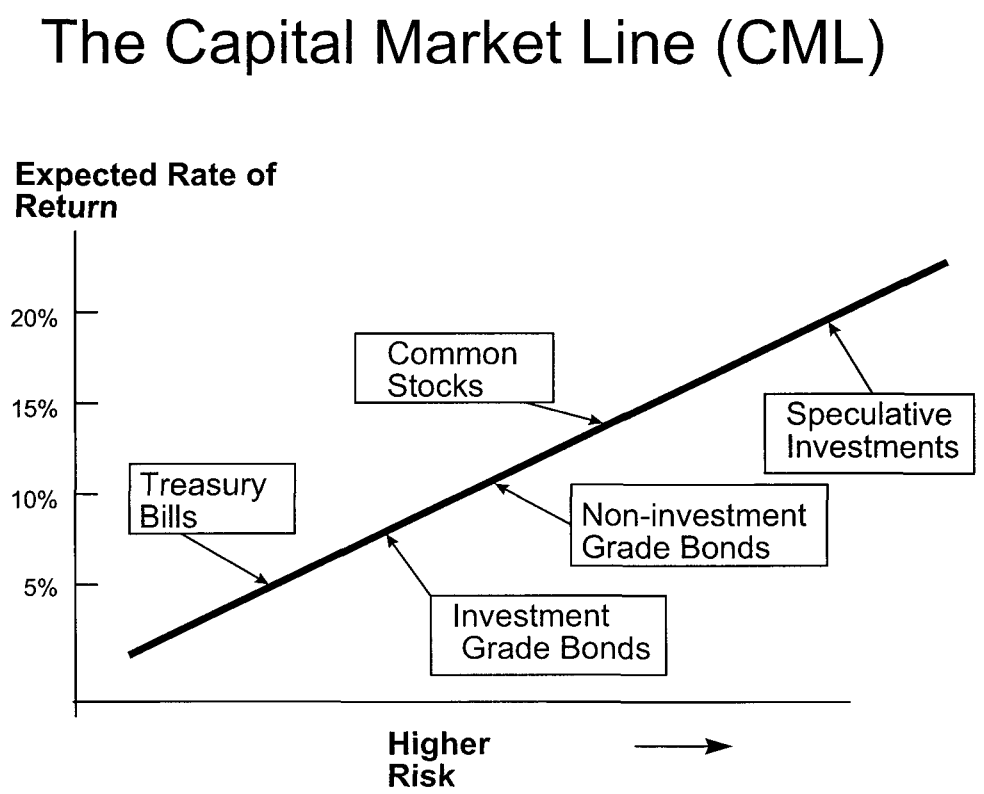
III. OVERVIEW OF THE RELATIONSHIP BETWEEN RISK AND THE EXPECTED RETURN ON AN INVESTMENT

Q9. HOW IS THE COST OF EQUITY TYPICALLY ANALYZED?

A9. The cost of equity is the rate of return that equity investors expect to receive on their investment. Investors can choose from numerous investment options, not simply publicly traded stock. Investments have varying degrees of risk, ranging from relatively low risk assets such as Treasury securities to somewhat higher risk corporate bonds to even higher risk common stocks. As the level of risk increases, investors require higher returns on their investment. Finance models that are used to estimate the cost of equity often rely on this basic concept.

Q10. CAN YOU ILLUSTRATE THE CAPITAL MARKET RISK-RETURN CONCEPT?

A10. Yes. The following graph depicts the risk-return relationship that has become widely known as the Capital Market Line ("CML"). The CML illustrates in a general way the risk-return relationship.



The CML can be viewed as a continuum of the available investment opportunities for investors. Investment risk increases move upward and to the right along the CML. Again, the return required by investors increases with the risk.

Q11. HOW DOES THE RISK-RETURN TRADE OFF CONCEPT WORK IN THE CAPITAL MARKET?

A11. As indicated by the CML, the allocation of capital in a free market economy is based upon the relative risk of, and expected return from, an investment. In general, investors rank investment opportunities in the order of their relative risks. Investment alternatives in which the expected return is commensurate with the perceived risk become viable investment options. If all other factors remain equal, the greater the risk, the higher the rate of return investors will require to compensate them for the possibility of loss of either the principal amount invested or the expected annual income from such investment.

Short-term Treasury bills provide a high degree of certainty and in nominal terms (after considering inflation) are considered virtually risk free. Long-term bonds and preferred stocks, having priority claims to assets and fixed income payments, are relatively low risk, but are not risk free. The market values of long-term bonds often fluctuate when government policies or other factors cause interest rates to change. Common stocks are higher and to the right on the CML continuum because they are exposed to more risk. Common stock risk includes the nature of the underlying business and financial strength of the issuing corporation as well as market-wide factors, such as general changes in capital costs.

The capital markets reflect investor expectations and requirements each day through market prices. Prices for stocks and bonds change to reflect investor expectations and the relative attractiveness of one investment relative to others. While the example provided above seems straightforward, returns on common stocks are not directly observable in advance, in contrast to debt or preferred stocks with fixed payment terms. This means that these returns must be estimated

from market data. Estimating the cost of equity capital should be a matter of informed judgment about the relative risk of the company in question and the expected rate of return characteristics of other alternative investments.

Q12. HOW IS THE COST OF EQUITY TO BE DETERMINED FOR A PARTICULAR UTILITY?

A12. The estimation of a utility's cost of equity is complex. It requires an analysis of the factors influencing the cost of various types of capital, such as interest on long-term debt, dividends on preferred stock, and earnings on common equity. The data for such an analysis comes from highly competitive capital markets, where the firm raises funds by issuing common stock, selling bonds, and borrowing (both long- and short-term) from banks and other financial institutions. In the capital markets, the cost of capital, whether the capital is in the form of debt or equity, is determined by two important factors:

1) The pure or real rate of interest, often called the risk-free rate of interest; and,
2) The uncertainty or risk premium (the compensation the investor requires over and above the real or pure rate of interest for subjecting his capital to additional risk).

Q13. PLEASE DISCUSS THESE FACTORS IN GREATER DETAIL.

A13. The pure rate of interest essentially reflects both the time preference for and the productivity of capital. From the standpoint of the individual, it is the rate of interest required to induce the individual to forgo present consumption and offer the funds thus saved to others for a specified length of time. Moreover, the pure rate of interest concept is based on the assumption that no uncertainty affects the investment undertaken by the individual, i.e., there is no doubt that the periodic interest payments will be made and the principal returned at the end of the time

period. In reality, investments without any risk do not exist. Every commitment of funds involves some degree of uncertainty.

Turning to the second factor affecting the cost of capital, it is generally accepted that the higher the degree of uncertainty, the higher the cost of capital. Investors are regarded as risk adverse and require that the rate of return increase as the risk(s) (uncertainty) associated with an investment increase(s).

Q14. CAN YOU PROVIDE SOME PERSPECTIVE ON YOUR PREVIOUS DISCUSSION WITH RESPECT TO RETURNS ON COMMON STOCKS?

A14. Yes. Conceptually,

[1] Required Return for Common Stocks = Return on a risk-free asset + Risk Premium

where the risk premium investors require for common stocks will be higher than the risk premium they require for investment grade bonds. This relationship is depicted in the graph of the CML above. As I will discuss later in this testimony, this concept is the basis of risk premium methods, such as the CAPM, that are used to estimate the cost of equity.

Q15. WHAT HAS BEEN THE RECENT EXPERIENCE IN THE U.S. CAPITAL MARKETS AND THE ECONOMY IN GENERAL?

A15. In the past few years and subsequent to the market turmoil and recession of the 2007-2009 time frame, inflation and capital market costs have generally declined. Interest rates have been lower than in previous decades, and inflation, as measured by the Consumer Price Index, has been at relatively low levels in the past ten years.

Since emerging from the recent recession of 2007-2009, the economy has grown at a modest and tepid pace. GDP growth for 2010 and 2011 was 3.0 percent and 2.0 percent, respectively. GDP growth slowed for 2012 to 1.6 percent.

However, economists view the recent fourth quarter GDP growth for 2012 of a negative 0.1 percent as a relatively short-term soft patch. More specifically, economists view fourth quarter GDP growth setback as the result of such unusual items as the largest cutback in defense spending in 40 years, a decline in exports, and a pullback in manufacturing and inventories. Against these headwinds were rising business investment, consumer spending and housing. While there are still risks to economic growth arising out of Washington (debt ceiling, spending sequestrations, and tax increases), economists see business investment and housing continuing to improve. With this backdrop, economists see the economy growing at a modest pace with GDP growth in the range of 2.1 to 2.8 percent over the next year.

Q16. WHAT ABOUT INTEREST RATES AND THE STATUS OF THE STOCK MARKET?

A16. With respect to interest rates, the Federal Reserve lowered the Federal Funds target rate to near zero during the depths of the 2007-2009 recession where it continues to stand at zero to .25 percent. While the move to lower interest rates may have been necessary at the time, the Federal Reserve is left with little latitude to affect new monetary moves going forward. In August 2011, the Federal Reserve announced that it intended to keep interest rates low well into 2013 due, in part, to the expected economic conditions going forward. This news met with mixed reactions from investors. On the one hand, investors and businesses received some level of certainty regarding interest rates over the next few years. On the other hand, the need to keep interest rates low reflects that the Federal Reserve did not expect economic conditions to improve much over the same period.

Thereafter, in January 2012, the Federal Reserve said it was likely to raise interest rates at the end of 2014, but not until then. This announcement continued to reflect that the Federal Reserve did not expect the economy to complete its recovery over the next few years. In October 2012, the Federal Reserve indicated that it anticipated the exceptionally low levels for the federal funds rate were likely to be warranted at least through mid-2015. More recently, the Federal Reserve has stated that it would continue to move forward with its efforts to keep interest rates low through its bond buying program (QE4[1]) and through the purchasing of mortgage backed securities (QE3[2]) at least as long the unemployment rate remains above 6 ½ percent, inflation remains within their target range of 1 to 2 percent, and long-term inflation expectations remain well anchored.

The stock market has recovered from the market lows during the 2007-2008 time frame. Prior to 2007, the Dow Jones Industrial Average rose to over 14,000 only to fall more than 50 percent—to the mid-6000 range—during the long bear market which followed. Since then, the DOW has reached and even surpassed the 14,000 level. Improved earnings, low inflation, modest but sustained economic growth, and a highly supportive Federal Reserve are considered key forces in keeping the markets advances in place. Despite the improvement in the stock market, the market remains volatile and many individual investors, stung by the market downturn in 2008, remain on the sidelines for the most part.

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[1] QE4 - Quantitative Easing program 4 announced by Fed December 2012, the Fed announced plans to purchase $40 billion worth of agency mortgage-backed securities per month, and $45 billion worth of longer-term Treasury securities.

[2] QE3 - Quantitative Easing program 3 announced by Fed in September 2012. The Fed plans to purchase mortgage backed securities at a pace of about $40 billion per month until the labor market "improves substantially".

Q17. IS THERE A RELATIONSHIP BETWEEN THE COST OF EQUITY AND INTEREST RATES?

A17. Yes. All things being equal, the cost of equity moves in the same direction as interest rates. Lower interest rates on U.S Treasuries ("risk-free" rate) imply lower equity returns and visa versa. However, as indicated by Equation [1] above,[3] the risk premium required to compensate investors also impacts the cost of equity. Higher risk premiums required by investors imply higher equity costs and vice versa. Risk premiums are impacted by uncertainty not only with respect to future interest rates, but uncertainty with respect to business and economic conditions, and inflation (or deflation). Risk premiums also reflect other investment specific risk factors such business and operation risk, regulatory risk, financial risk, construction risk, and liquidity risk.

Q18. IS LQSWC AFFECTED BY THESE SAME MARKET UNCERTAINTIES AND CONCERNS?

A18. Yes, in general, all investors are impacted by economic uncertainty, including the Company's investors. Smaller utilities like LQSWC generally feel the impact worse because of their size, with a relatively small customer base, limited service territory, and a general fact that the water and wastewater industry is very capital intensive. Smaller utilities have a limited or an inability to attract capital. However, even those that have parent companies with an access to the capital markets still face the problem of the parent's willingness to infuse capital where alternatives for better returns exist.

[3] See page 8, *supra*.

Q19. WHAT RECENT DEVELOPMENTS IN THE WATER UTILITY INDUSTRY ARE AFFECTING INVESTMENTS?

A19. On the whole, the water and wastewater utility industry is expected to continue to confront an increasing need for infrastructure upgrades and replacement, as well as possible additional demand. *Value Line Investment Survey* (January 18, 2013) continues to stress that many utilities have facilities that are decades old and in need of significant maintenance and, in some cases, massive renovation and replacement. As infrastructure costs continue to climb, many smaller companies are at a serious disadvantage. *Value Line* notes that most of the companies in this sector lack the finances necessary to fund improvements on their own. This will require outside financing largely from more debt and higher associated interest expense, which will thwart share-earnings and dilute shareholder gains.

Q20. THANK YOU. PLEASE DISCUSS IN MORE DETAIL THE IMPACT OF RISK ON CAPITAL COSTS.

A20. With reference to specific utilities, risk is often discussed as consisting of two separate types of risk: business risk and financial risk.

Business risk, the basic risk associated with any business undertaking, is the uncertainty associated with the enterprise's day-to-day operations. In essence, it is a function of the normal day-to-day business environment, both locally and nationally. Business risks include the condition of the economy and capital markets, the state of labor markets, regional stability, government regulation, technological obsolescence, and other similar factors that may impact demand for the business product and its cost of production. For utilities, business risk also includes the volatility of revenues due to abnormal weather conditions, degree(s) of operational leverage, and regulatory climate. Regulation, for example, can compound the business risk if it is unpredictable in reacting to cost increases both

in terms of the time lag and magnitude for recovery of such increases. Regulatory lag makes it difficult to earn a reasonable return, particularly in an inflationary environment and/or when there is significant lag between the timing of investment in capital projects and its recognition in rates. Put simply, the greater the degree of uncertainty regarding the various factors affecting a company's business, the greater the risk of an investment in that company and the greater the compensation required by the investor.

Financial risk, on the other hand, concerns the distribution of business risk among the various capital investors in the utility. As I discussed earlier, permanent capital is normally divided into three categories: long-term debt, preferred stock, and common equity. Because common equity owners have only a residual claim on earnings after debt and preferred stockholders are paid, financial risk tends to be concentrated in that element of the firm's capital structure. Thus, a decision by management to raise additional capital by issuing additional debt concentrates even more of the financial risk of the utility in the common equity owners.

An important component of financial risk is construction risk. Construction risk refers to the magnitude of a company's capital budget. If a company has a large construction budget relative to internally generated cash flows it will require external financing, and it is important that such companies have access to capital funds on reasonable terms and conditions. Utilities are more susceptible to construction risk for two reasons. First, water and wastewater utilities generally have high capital requirements to build plant to serve customers. Second, utilities have a mandated obligation to serve demand within their service areas, leaving less flexibility both in the timing and discretion of scheduling capital projects since demand is largely influenced by external factors or events. This is

compounded by the limited ability to wait for more favorable market conditions to raise the capital necessary to fund the capital projects.

Although often discussed separately, the two types of risks (business and financial) are interrelated. Specifically, a common equity investor may seek to offset exposure to high financial risk by investing in a firm perceived to have a low degree of business risk. In other words, the total risk to an investor would be high if the enterprise was characterized as a high business risk with a large portion of its permanent capital financed with senior debt. To attract capital under these circumstances, the firm would have to offer higher rates of return to its common equity investors.

Q21. HOW HAS THE COMMISSION GENERALLY TREATED THESE TWO TYPES OF RISK IN THE COST OF CAPITAL ANALYSIS?

A21. The Commission's returns on equity for water and sewer utilities over the past decade plus have almost entirely ignored the additional business risk inherent with smaller firms. In almost every case of which I am aware, the cost of equity is almost entirely a reflection of the utility's financial risk relative to the large publicly traded water companies. What the Commission generally does not do is look at the utility's business risk relative to the proxy group(s) used to analyze the cost of equity. That is, the specific problems each utility faces and how those things impact its ability to attract capital. In this regard, the Commission typically takes one-size fits all approach and assumes, whether you serve water and sewer to 1 or 1 million customers, you generally face the same risks.

Q.22 DO YOU ANTICIPATE THIS APPROACH WILL CHANGE IN THE FORESEEABLE FUTURE?

A.22 I certainly hope so.

IV. THE MEANING OF "JUST AND REASONABLE" RATE OF RETURN

Q23. HAVE THE COURTS SET FORTH ANY CRITERIA THAT GOVERN THE RATE OF RETURN THAT A UTILITY'S RATES SHOULD PRODUCE?

A23. Yes. In 1923, the U.S. Supreme Court set forth the following criteria for determining whether a rate of return is reasonable in *Bluefield Water Works and Improvement Co. v. Public Service Commission of West Virginia*, 262 U.S. 679, 692-93 (1923):

> A public utility is entitled to such rates as will permit it to earn a return on the value of the property which it employs for the convenience of the public equal to that generally being made at the same time and in the same general part of the country on investments on other business undertakings which are attended by corresponding risks and uncertainties .... The return should be reasonably sufficient to assure confidence in the financial soundness of the utility and should be adequate, under efficient and economical management, to maintain and support its credit and enable it to raise money necessary for the proper discharge of its public duties. A rate of return may be reasonable at one time and become too high or too low by changes affecting opportunities for investment, the money market, and business conditions generally.

In *Federal Power Commission v. Hope Natural Gas Co.*, 320 U.S. 591, 603 (1944), the U.S. Supreme Court stated the following regarding the return to owners of a company:

> [T]he return to the equity owner should be commensurate with returns on investments in other enterprises having corresponding risks. That return, moreover, should be sufficient to assure confidence in the financial integrity of the enterprise, so as to maintain its credit and to attract capital.

In summary, under *Hope* and *Bluefield*:

(1) The rate of return should be similar to the return in businesses with similar or comparable risks;

(2) The return should be sufficient to ensure the confidence in the financial integrity of the utility; and

(3) The return should be sufficient to maintain and support the utility's credit.

Q24. HAVE THESE CRITERIA BEEN APPLIED IN REGULATORY PROCEEDINGS; AND, IF SO, WITH WHAT RESULTS?

A24. Yes, but the application of the "reasonableness" criteria laid down by the Supreme Court has resulted in controversy. The typical method of computing the overall cost of capital is quite straightforward: it is the composite, weighted cost of the various classes of capital (debt, preferred stock, and common equity) used by the utility. The weighting is done by calculating the proportion that each class of capital bears to total capital. However, there is no consensus regarding the best method of estimating the cost of equity capital. The increasing regulatory use of market-based finance models in equity return determination has not led to a universally accepted means of estimating the ROE. In addition, the market-based results are applied to a book-value investment base, which, as I will discuss, understates the return expected by investors who invest in real markets based on "real time" or current market values.

V. THE ESTIMATED COST OF EQUITY FOR LQSWC

A. The Publicly Traded Utilities That Comprise the Sample Group Used to Estimate the Company's Cost of Equity

Q25. PLEASE DESCRIBE THE APPROACH YOU FOLLOWED IN YOUR COST OF CAPITAL ANALYSIS FOR LQSWC.

A25. Again, estimating the cost of equity is a matter of informed judgment. The development of an appropriate rate of return for a regulated enterprise involves a determination of the level of risk associated with that enterprise and the determination of an appropriate return for that risk level. Practitioners employ

various techniques that provide a link to actual capital market data and assist in defining the various relationships that underlie the equity cost estimation process.

Since LQSWC is not publicly traded, the information required to directly estimate its cost of equity is not available. Accordingly, as previously noted, I used a sample group of water utilities as a starting point to develop an appropriate cost of equity for LQSWC. There are six water utilities included in the sample group: American States Water (AWR), Aqua America (WTR), California Water (CWT), Connecticut Water (CTWS), Middlesex Water (MSEX), and SJW Corp. (SJW). All these companies are followed by the *Value Line Investment Survey.*

Q26. ARE THE WATER UTILITIES IN YOUR SAMPLE DIRECTLY COMPARABLE TO LQSWC?

A26. No, nor are they readily comparable on an indirect basis given the huge difference in size and scope of service. But, they are utilities for which market data is available. All of them are regulated, they primarily provide water service, although some provide both water and wastewater services, and their primary source of revenues is from regulated services. Therefore, they provide a useful starting point for developing a cost of equity for the Company. I emphasized "starting point" because LQSWC is not publicly traded; there is no market data available for smaller utilities, like LQSWC, that can be used to more directly develop cost of equity estimates. Therefore, we can't just glue the results for the large publicly traded companies onto smaller firms like LQSWC and call it a day.

Q27. BRIEFLY, WHY IS A PROXY GROUP NECESSARY IN A COST OF CAPITAL ANALYSIS AND HOW IS IT SELECTED?

A27. The comparable earnings standard set forth in the *Hope* and *Bluefield* decisions requires the rate of return afforded to utilities be similar to the return in businesses

with similar or comparable risks.[4] A proxy group of companies with comparable risk is therefore the starting point in a cost of capital analysis.

There are two broad approaches to choosing a proxy group.[5] The first approach consists of selecting pure-play companies that are directly comparable in risk to the subject utility. The companies are chosen using strict criteria with an attempt to identify companies with the same investment risk as the subject utility. There are several qualitative measures that influence investors' assessment of risk that can be used to screen companies. These include SIC classification, bond ratings, beta risk, business risk scores, size, percentage of revenues from regulated operations, common equity ratio, geographical location, etc.[6]

The second approach is to select as large a group of utilities as possible that is representative of the utility industry average and make adjustments for any differences between the subject utility and the industry average. Whether one employs the direct approach or the indirect approach, the selection of companies for a proxy group always raises the question of whether it is possible to select a group that are of comparable risk. Further, there is always the question of identifying any differences in investment risk. The electric, natural gas, and water utility industries have witnessed numerous takeovers, restructuring, corporate reorganizations, unbundling, and increased competition over the last decade or so, all of which has made selections of proxy groups more difficult.[7]

The approach adopted for the Company utilizes an indirect method. The water companies selected derive the vast majority of their revenues from regulated operations. As shown in Schedule D-4.2, the six water utilities on average derive over 90 percent of the revenues from regulated activities. These companies were

[4] See pages 13 – 14, *supra*.
[5] *Morin* at 400.
[6] *Id.*
[7] *Id.*

also chosen because they are publicly traded, are not in financial distress, and there is a sufficiently long financial and market history from which to perform an analysis.

The bottom line is that the water utility companies in my proxy group are considered representative of the average of the industry, and, as I have stated throughout my testimony, must be adjusted for differences in investment risk.

Q28. DOES THE MARKET DATA PROVIDED BY THE WATER PROXY GROUP CAPTURE ALL OF THE MARKET RISKS THAT LQSWC MIGHT FACE IF IT WERE PUBLICLY TRADED?

A28. In my opinion, no. As I stated, there is no directly comparable market data for utility companies the size of LQSWC. For example, the average revenue of the water utility sample companies is over 628 times that of LQSWC, and the average net plant of the water utility sample companies is over 614 times that of LQSWC. Even the smallest company in the sample group, Connecticut Water, has over 196 times the net plant of LQSWC, and over 137 times the revenues.

Putting aside the size aspect, an investment in the Company is not a liquid investment. If an investor invests in any of the publicly traded utilities and is not happy with the returns, he/she may sell his/her stock within minutes while liquidating an investment in LQSWC could take years. This is liquidity risk. Liquidity risk is a significant risk to an investment in non-publicly traded companies like LQSWC. Some researchers believe that the size premium phenomenon for smaller companies in the public markets is, in part, a reflection of liquidity risk.

Q29. PLEASE PROVIDE A GENERAL DESCRIPTION OF THE WATER UTILITIES IN YOUR SAMPLE.

A29. Schedule D-4.2 lists the current operating revenues and net plant for the six water utilities as reported by AUS Utility Reports (formerly C.A. Turner Utility Reports) and LQSWC, respectively. The six sample companies may be generally described as follows:

(1) American States Water (AWR) primarily serves the California market through Golden State Water Company, which provides water services to nearly 256,000 customers within 75 communities in ten counties in the State of California, primarily in Los Angeles, San Bernardino, and Orange counties. AWR also owns an electric utility service provider with over 23,000 customers, but approximately 72 percent of its revenues were derived from commercial and residential water customers. Revenues for AWR were nearly $467 million in 2012 and net plant was nearly $918 million at the end of 2012.

(2) Aqua America (WTR) owns regulated utilities in Pennsylvania, Ohio, North Carolina, Illinois, Texas, New Jersey, Florida, Indiana, and Virginia serving nearly 931,000 customers at the end of 2012. WTR's utility base is diversified among residential water, commercial water, fire protection, industrial water, other water, and wastewater customers. Total revenues for WTR were nearly $758 million in 2012 and net plant was over $3.9 billion at the end of 2012.

(3) California Water Service Group (CWT) owns subsidiaries in California, New Mexico, Washington, and Hawaii, serving nearly 501,000 customers. Revenues for CWT were over $559 million in 2012 and net plant nearly $1.5 billion at the end of 2012.

(4) Connecticut Water Services (CTWS) owns subsidiaries in Connecticut, Maine, Massachusetts, and Rhode Island, serving nearly 122,000 customers. Revenues for CTWS were nearly $84 million in 2012 and net plant nearly $448 million at the end of 2012.

(5) Middlesex Water (MSEX) owns subsidiaries in New Jersey, Delaware and Pennsylvania, serving over 112,000 customers, and provides water service under contract to municipalities in central New Jersey serving a population of over 303,000. Revenues for MSEX were over $110 million in 2012 and net plant was over $435 million at the end of 2012.

(6) SJW Corp. (SJW) owns San Jose Water, which provides water service in a 138 square mile area in San Jose, California, and surrounding communities serving nearly 238,000 customers. Revenues for SJW were nearly $262 million in 2012 and net plant was nearly $832 million at the end of 2012.

Q30. HOW DOES LQSWC COMPARE TO THE SAMPLE WATER UTILITIES?

A30. It is much smaller. At the end of the test year, the Company had approximately 1,000 water customers. Its revenues totaled approximately $582,000, and net plant-in-service was approximately $2.2 million. LQSWC is located in Pima County, Arizona, and has a very small service territory compared to the sample water companies.

Q31. ARE THERE OTHER CHARACTERISTICS OF SMALLER UTILITIES, LIKE LQSWC, THAT INCREASE RISK?

A31. Yes. Water and sewer utilities are also capital intensive and typically have relatively large construction budgets. As I have previously discussed in this testimony, firms with large capital budgets face construction risk (a form of

financial risk). The size of a utility's capital budget relative to the size of the utility itself often increases construction risk. Large utilities are more able to fund their capital budgets from their earnings, cash flows, and short-term borrowings. For smaller utilities, like LQSWC, the ability to fund relatively large capital budgets from earnings, cash flows, and short-term debt is difficult, if not impossible, without reliance upon additional outside capital.

Q32. WHAT OTHER RISK FACTORS DISTINGUISH LQSWC FROM THE LARGER SAMPLE WATER UTILITIES?

A32. There are a number of factors including the differences in regulatory environments, differences in the type of test year used for rate making, and differences in the available regulatory mechanisms for recovery of costs outside of a rate case. All these factors have an impact on the ability of a utility to actually earn its authorized return.

Business risk, or the uncertainty of earnings, is a direct reflection of these and the other factors I have discussed. There are two quantitative measures for measuring business risk. The first is the co-efficient of variance of earnings and the second is operating leverage.

The co-efficient of variance of earnings is a reflection of the distributions of earnings. It is meaningful when measured against the distribution of earnings of alternative investments, like the water utilities in my water proxy group. The co-efficient of variance of earnings can be quantified using a relatively simple formula: [8]

[1] Co-efficient of Variance of Earnings = Standard Deviation of Operating Income[9]/Mean of Operating Income

[8] Tuller, Lawrence W., *The Small Business Valuation Book*, Adams Media Corporation, 1994. p.89.
[9] Operating income is defined as earnings before interest and taxes (EBIT)

Using this measure, the greater the co-efficient of variance of earnings, the greater the risk to investors of not receiving expected returns.[10] Below are the computed co-efficient of variance of earnings results using the most recent 5 years of historical data for my water proxy group and LQSWC:

Company	Symbol	Business Risk Co-efficient of variance of earnings
American States	AWR	0.282
Aqua America	WTR	0.144
California Water	CWT	0.055
Connecticut Water	CTWS	0.211
Middlesex	MSEX	0.127
SJW Corp.	SJW	0.171
Average of Water Utilities		0.165
LQSWC		0.823

What these results show is that when using the co-efficient of variance of earnings as a measure of business risk, LQSWC carries nearly 5 times the risk compared to the average water utility in my proxy group (0.823 divided by 0.165).

The second method of measuring business risk, or operating leverage, reflects both the sales fluctuations and the impact of operating costs on earnings. Operating leverage is expressed as: [11]

[2] Operating leverage = Percent Change in Operating Income[12]/ Percent Change in Sales

[10] Tuller at 89.
[11] *Id.*
[12] Operating income is defined as earnings before interest and taxes (EBIT)

Using this measure, the greater the operating leverage, the greater the business risk.[13] Below are the computed operating leverage results using the most recent 5 years of historical data for my water proxy group and LQSWC:

Company	Symbol	Operating Leverage
American States	AWR	2.58
Aqua America	WTR	0. 44
California Water	CWT	0.51
Connecticut Water	CTWS	2.01
Middlesex	MSEX	4.06
SJW Corp.	SJW	1.92
Average of Water Utilities		1.92
LQSWC		4.95

To interpret these results, with respect to the water proxy group, a 1.0 percent change in sales revenue results in a 1.92 percent change in operating income whereas for LQSWC, a 1.0 percent change in sales results in a 4.95 percent change in operating income. What these results show is that the operating leverage of LQSWC creates a greater business risk compared to the average water utility in my proxy group.

Q33. SO LQSWC REALLY ISN'T COMPARABLE TO THE SAMPLE WATER UTILITIES?

A33. It really isn't, for the reasons I have stated. Besides the obvious difference in size, business risk, operating leverage, and financial risk, constraints on the rate making process in Arizona, coupled with lower returns over the past decade than in most states, makes it difficult to obtain approval of rates that allow Arizona water and

[13] *Tuller* at 90-91.

wastewater utilities to recover their costs of service let alone their authorized returns. As a result, risks are higher for LQSWC compared to the sample companies that do not operate in Arizona. Thus, the required return on equity should be higher too. Unfortunately, as I have testified, the approaches commonly used to estimate a utility's cost of equity require market data, which is not available for smaller companies and utilities operating exclusively in Arizona, like LQSWC, so much larger, public companies must be used as proxies.

The emphasis on proxy is very important. The criteria established by the Supreme Court in decisions such as *Hope* and *Bluefield Water Works* require the use of comparable companies, i.e., companies that would be viewed by investors as having similar risks. A rational investor would not regard LQSWC as having the same level of risk as WTR or even CTWS - even with LQSWC's lower financial risk - because of the previously mentioned small size characteristics and the regulatory constraints in Arizona. Consequently, the results produced by the DCF and CAPM methodologies, utilizing data for the sample utilities, often understate the appropriate return on equity for a regulated water and wastewater utility provider such as LQSWC.

Q34. THANK YOU. IS THERE A RELATIONSHIP BETWEEN A UTILITY'S CAPITAL STRUCTURE AND ITS COST OF CAPITAL?

A34. Yes. Generally speaking, when a firm engages in debt financing, it exposes itself to greater risk. Once debt becomes significant relative to the total capital structure, the risk increases in a geometric fashion compared to the linear percentage increase in the debt ratio itself. This risk is illustrated by considering the effect of leverage on net earnings. For example, as leverage increases, the equity ratio falls. This creates two adverse effects. First, equity earnings decline rapidly and may even disappear. Second, the "cushion" of equity protection for

debt falls. A decline in the protection afforded debt holders, or the possibility of a serious decline in debt protection, will act to increase the cost of debt financing. Therefore, one may conclude that each new financing, whether through debt or equity, impacts the marginal cost of future financing by any alternative method. For a firm already perceived as being over-leveraged, this additional borrowing would cause the marginal cost of both equity and debt to increase. On the other hand, if the same firm instead successfully employed equity funding, this could actually reduce the real marginal cost of additional borrowing, even if the particular equity issuance occurred at a higher unit cost than an equivalent amount of debt.

Q35. HOW DO THE CAPITAL STRUCTURES OF THE SAMPLE WATER UTILITIES COMPARE TO LQSWC?

A35. Schedule D-4.3 shows that the capital structure of LQSWC for this rate case contains about 73 percent debt and 27 percent equity, compared to the average of the water utility sample of 52 percent debt and 48 percent equity.

The approximately 73 percent of debt in the Company's capital structure is much higher than the publicly traded water utilities. Having more debt in its capital structure implies that LQSWC has more financial risk than the sample water utilities. One way to measure financial risk is by calculating the degree of financial leverage. This is expressed by the formula:[14]

[3] Degree of financial leverage = Percent Change in Net Income/Percent Change in Operating Income

[14] Tuller at 91.

Using this measure, the greater the degree of financial leverage, the greater the financial risk.[15] Below are the computed financial leverage results using the most recent 5 years of historical data for my water proxy group and LQSWC:

Company	Symbol	Degree of Financial Leverage
American States	AWR	1.57
Aqua America	WTR	2.15
California Water	CWT	1.90
Connecticut Water	CTWS	0.18
Middlesex	MSEX	0.79
SJW Corp.	SJW	1.34
Average of Water Utilities		1.32
LQSWC		2.92

To interpret these results, with respect to the water proxy group, a 1.0 percent change in operating income results in a 1.32 percent change in net income whereas for LQSWC, a 1.0 percent change in operating income results in a 2.92 percent change in net income. What these results show is that financial leverage has a greater effect on the shareholders of LQSWC compared to the average water utility in my proxy group.

B. Overview of the DCF and CAPM Methodologies

Q36. PLEASE EXPLAIN THE GENERAL APPROACHES TO ESTIMATING THE COST OF CAPITAL.

A36. These two broad approaches:

1) identify comparable-risk sample companies and estimate the cost of capital directly; or,

[15] *Id.* at 90-91.

2) find the location of the CML and estimate the relative risk of the company, which jointly determines the cost of capital.

The DCF model is an example of a method falling into the first general approach. It is a direct method, but uses only a subset of the total capital market evidence. The DCF model rests on the premise that the fundamental value of an asset (stock) is its ability to generate future cash flows to the owner of that asset (stock). I will explain the DCF model in detail in a moment, but for now, the DCF is simply the sum of a stock's expected dividend yield and the expected long-term growth rate. Dividend yields are readily available, but long-term growth estimates are not.

The CAPM is an example of a method falling into the second general approach. It uses information on all securities rather than a small subset. I will explain the CAPM in more detail later. For now, the CAPM is a risk-return relationship, often depicted graphically as the CML. The CAPM is the sum of a risk-free return and a risk premium.

The Build-up Method is another example of a method falling into the second general approach. I will explain the Build-up Method in more detail later. For now, the Build-up Method, like the CAPM, is a risk-return relationship. The Build-up Method is the sum of a risk-free return and a risk premium. However, rather than a single risk premium as is used in the CAPM, the risk premium in the Build-up Method is made up of one or more risk premia. Each risk premium represents the reward an investor receives for taking on a specific risk.

Each of these three methods has its own way of measuring investor expectations. In the final analysis, ROE estimates are subjective and should be based on sound, informed judgment rationally articulated and supported by competent evidence. I have applied several versions of the DCF, two versions of

the CAPM, and a Build-up Method to "bracket" the fair cost of equity capital for LQSWC, but without taking into account the additional risks that LQSWC possesses.

C. Explanation of the DCF Model and Its Inputs

Q37. PLEASE EXPLAIN IN DETAIL THE DCF METHOD OF ESTIMATING THE COST OF EQUITY.

A37. The DCF model is based on the concept that the current price of a share of stock is equal to the present value of future cash flows from the purchase of the stock. In other words, the DCF model is an attempt to replicate the market valuation process that sets the price investors are willing to pay for a share of a company's stock. It rests on the assumption that investors rely on the expected returns (i.e., cash flow they expect to receive) to set the price of a security. The DCF model in its most general form is:

[2] $P_0 = CF_1/(1+k) + CF_2/(1+k)^2 + \ldots + CF_n/(1+k)^n$

where k is the cost of equity; n is a very large number; P_0 is the current stock price; and CF_1, CF_2,...CF_n are all the expected future cash flows expected to be received in periods 1, 2, ... n.

Equation (2) can be written to show that the current price (P_0) is also equal to

[3] $P_0 = CF_1/(1+k) + CF_2/(1+k)^2 + \ldots + P_t/(1+k)^t$

where P_t is the price expected to be received at the end of the period t. If the future price (P_t) included a premium (an expected increase in the stock price or capital gain), the price the investor would pay today (in anticipation of receiving that premium) would increase. In other words, by estimating the cash flows from the purchase of a stock in the form of dividends and capital gains, we can calculate

the investor's required rate of return, i.e., the rate of return an investor presumptively used in bidding the current price to the stock (P_0) to its current level.

Equation [3] is a Market Price version of the DCF model. As with the general form of the DCF model in equation [2], in the Market Price approach the current stock price (P_0) is the present value of the expected cash inflows. The cash flows are comprised of dividends and the final selling price of the stock. The estimated cost of equity (k) is the rate of return investors expect if they bought the stock at today's price, held the stock and received dividends through the transition period, and then sold it for price (P_t).

Q38. CAN YOU PROVIDE AN EXAMPLE TO ILLUSTRATE THE MARKET PRICE VERSION OF THE DCF MODEL?

A38. Yes. Assume an investor buys a share of common stock for $40. If the expected dividend during the coming year is $2.00, then the expected dividend yield is 5 percent ($2.00/$40 = 5.0 percent). If the stock price is also expected to increase to $43.00 after one year, this $3.00 expected gain adds an additional 7.5 percent to the expected total rate of return ($3.00/$40 = 7.5 percent). Thus, the investor buying the stock at $40 per share, expects a total return of 12.5 percent (5 percent dividend yield plus 7.5 percent price appreciation). The total return of 12.5 percent is the appropriate measure of the cost of capital because this is the rate of return that caused the investor to commit $40 of his capital by purchasing the stock.

Q39. PLEASE CONTINUE WITH YOUR DESCRIPTION OF THE DCF MODEL.

A39. Under the assumption that future cash flows are expected to grow at a constant rate ("g"), equation [2] can be solved for k and rearranged into the simple form:

[4] $k = CF_1/P_0 + g$

where CF_1/P_0 is the expected dividend yield and g is the expected long-term dividend (price) growth rate ("g"). The expected dividend yield is computed as the ratio of next period's expected dividend ("CF_1") divided by the current stock price ("P_0"). This form of the DCF model is known as the constant growth DCF model and recognizes that investors expect to receive a portion of their total return in the form of current dividends and the remainder through future dividends and capital (price) appreciation. A key assumption of this form of the model is that investors expect that same rate of return (k) every year and that market price grows at the same rate as dividends. This has not been historically true for the water utility sample, as shown by the data in Schedule D-4.4 and Schedule D.4.5. As a result, estimates of long-term growth rates (g) should take this into account.

Q40. ARE THERE ANY CONCERNS ABOUT APPLYING THE DCF MODEL TO UTILITY STOCKS?

A40. There are a number of reasons why caution must be used when applying the DCF model to utility stocks. First, the stock price and dividend yield components may be unduly influenced by structural changes in the industry, such as mergers and acquisitions, which influence investor expectations. Second, the DCF model is based on a number of assumptions that may not be realistic given the current capital market environment. The traditional DCF model assumes that the stock price, book value, dividends, and earnings all grow at the same rate. This has not been historically true for the sample water utility companies. Third, the application of the DCF model produces estimates of the cost of equity that are consistent with investor expectations *only* when the market price of a stock and the stock's book value are approximately the same. The DCF model will understate the cost of equity when the market-to-book ratio exceeds 1.0 and conversely will

overstate the cost of equity when the market-to-book ratio is less than 1.0. The reason for this is that the market-derived return produced by the DCF is often applied to book value rate base by regulators. Fourth, the assumption of a constant growth rate may be unrealistic, and there may be difficulty in finding an adequate proxy for the growth rate. Historical growth rates can be downward biased as a result of the impact of anemic historical growth rates in earnings, mergers and acquisitions, restructuring, unfavorable regulatory decisions, and even abnormal weather patterns. Further, by placing too much emphasis on the past, the estimation of future growth becomes circular.

Q41. LET'S TURN TO THE SPECIFIC INPUTS USED IN YOUR DCF MODELS. WHAT DATA HAVE YOU USED TO COMPUTE THE EXPECTED DIVIDEND YIELD (CF_1/P_0) IN YOUR MODELS?

A41. First, I computed a current dividend yield (CF_0/P_0). The expected dividend yield (CF_1/P_0) is the current dividend yield (CF_0/P_0) times one plus the growth rate (g). I used the spot price for each of the stocks of the water utilities in the sample group on as reported by the *Value Line Investment Analyzer* for March 6, 2013 for P_0. The current dividend (CF_0) is the dividend for the next year as reported by Value Line. In my schedules, the current dividend yield is denoted as (D_0/P_0), where D_0 is the current dividend and P_0 is the spot stock price. (D_1/P_0) is used to denote the expected dividend yield in the schedules.

Q42. WHAT MEASURES OF GROWTH ("g") HAVE YOU USED?

A42. For my primary DCF growth estimate, I have used analyst growth forecasts, where available, from four different, widely-followed sources: *Reuters, Zacks, Yahoo Finance*[16], and *Value Line*. Schedule D-4.6 reflects the analyst estimates of growth. The currently available estimates from these four sources provide at least

[16] Yahoo Finance analyst estimates provided by Thompson Financial.

two estimates for each of the sample water utility companies. When there is no estimate of forward-looking growth for a utility in the water utilities sample, I have assumed investors expect the growth for that utility to equal the average of growth rates for the other water utilities in the sample.

Q43. WHY DID YOU USE FORECASTED GROWTH RATES AS YOUR PRIMARY ESTIMATE OF GROWTH?

A43. The DCF model requires estimates of growth that investors expect in the future and not past estimates of growth that have already occurred. Accordingly, I use analysts' forecasts of growth as a primary estimate of growth. Logically, in estimating future growth, financial institutions and analysts have taken into account all relevant historical information on a company as well as other more recent information.[17] To the extent that past results provide useful indications of future growth prospects, analysts' forecasts would already incorporate that information. In addition, a stock's current price reflects known historic information on that company, including its past earnings history. Any further recognition of the past will double count what has already occurred. Therefore, forward-looking growth rates should be used.

Q44. WHAT OTHER ESTIMATES OF GROWTH DID YOU USE?

A44. I use the 5-year historical average growth rates in the stock price, book value per share ("BVPS"), earnings per share ("EPS") and dividends per share ("DPS") along with the average of analyst expectations. Using the historical average of growth in price, BVPS, EPS, and DPS is reasonable because investors know that,

[17] David A. Gordon, Myron J. Gordon and Lawrence I Gould, "Choice Among Methods of Estimating Share Yield," *Journal of Portfolio Management* (Spring 1989) 50-55. Gordon, Gordon and Gould found that a consensus of analysts' forecasts of earnings per share growth for the next five years provides a more accurate estimate of growth required in the DCF model than three different historical measures of growth (historical EPS, historical DPS, and historical retention growth). They explain that this result makes sense because analysts would take into account such past growth as indicators of future growth as well as any new information.

in equilibrium, common stock prices, BVPS, EPS and DPS will all grow at the same rate and would take information about changes in stock prices and growth in BVPS into account when they price utilities' stocks. As I stated either, a basic assumption of the DCF model is that the stock price, BVPS, EPS and DPS all grow at the same rate. While I believe the use of historical growth rates gives added recognition to the past that is already incorporated into analyst estimates of growth, I have been criticized in the past for not giving direct consideration to past growth rates in my estimate of growth. So, I have endeavored to remove any basis for the criticism in this case. However, I do so reluctantly because the empirical evidence indicates that analyst estimates of growth are the best measure of growth for use in the DCF for utility stocks.[18]

Q45. HAVE YOU USED ANALYST ESTIMATES OF DPS GROWTH?

A45. No. While I did not use analyst estimates of DPS growth, the average projected DPS growth rate of 3.8 percent is higher than the historical DPS growth rate of 3.33 percent. Putting this aside, I did not use analyst estimates of dividend growth primarily because there are analyst estimates for dividend growth for only three of the six sample companies. Further, only one source (*Value Line*) provides DPS growth estimates. The wide availability of earnings growth estimates compared to dividend growth estimates indicates a greater reliance by investors on earnings rather than dividends for their investment decisions.

D. Explanation of the CAPM and Its Inputs

Q46. PLEASE EXPLAIN THE CAPM METHODOLOGY FOR ESTIMATING THE COST OF EQUITY.

A46. As I already indicated, the CAPM is a type of risk premium methodology that is often depicted graphically in a form identical to the CML. Put simply, the CAPM

[18] Gordon, Gordon, and Gould.

formula is the sum of a risk-free rate plus a risk premium. It quantifies the additional return required by investors for bearing incremental risk. The risk-free rate is the reward for postponing consumption by investing in the market. The risk premium is the additional return compensation for assuming risk.

The CAPM formula provides a formal risk-return relationship premised on the idea that only market risk matters, as measure by beta. The CAPM formula is:

$$(7) \quad k = R_f + \beta(R_m - R_f)$$

where k is the expected return, R_f is the risk-free rate, R_m is the market return, $(R_f - R_m)$ is the market risk premium, and β is beta.

The difficulty with the CAPM is that it is a prospective or forward-looking model while most of the capital market data required to match the input variables above is historical.

Q47. WHAT IS THE RISK-FREE RATE?

A47. It is the return on an investment with no risk. The U.S. Treasury rate serves as the basis for the risk-free rate because the yields are directly observable in the market and are backed by the U.S. government. Practically speaking, short-term rates are volatile, fluctuate widely and are subject to more random disturbances than long-term rates. In short, long-term Treasury rates are preferred for these reasons, and because long-term rates are more appropriately matched to securities with an indefinite life or long-term investment horizon.

Q48. WHAT IS BETA AND WHAT DOES IT MEASURE?

A48. Beta is a measure of the relative risk of a security in relation to the market. In other words, it is a measure of the sensitivity of a security to the market as a whole. This sensitivity is also known as systematic risk. It is estimated by regressing a security's excess returns against a market portfolio's excess returns. The slope of the regression line is the beta.

Beta for the market is 1.0. A security with a beta greater than 1.0 is considered riskier than the market. A security with a beta less than 1.0 is considered less risky than the market.

There are computational problems surrounding beta. It depends on the return data, the time period used, its duration, the choice of the market index, and whether annual, monthly, or weekly return figures are used. Betas are estimated with error. Based on empirical evidence, high betas will tend to have a positive error (risk is overestimated) and low betas will have a negative error (risk is underestimated).[19]

Q49. WHAT DID YOU USE AS THE PROXY OF THE BETA FOR LQSWC?

A49. I used the average beta of the sample water utility companies. Betas were obtained from *Value Line Investment Analyzer* (March 6, 2013). *Value Line* is the source for estimated betas that I regularly employ, along with Staff, and it is widely-accepted by financial analysts. The average beta as shown on Schedule D-4.9 is 0.71. I should note that because LQSWC is not publicly traded, LQSWC has no beta. I believe that LQSWC, if it were publicly traded, would have a higher beta than the sample water utility companies.

Q50. WHY WOULD LQSWC HAVE A HIGHER BETA?

A50. As previously indicated, smaller companies are inherently more risky than larger companies. In Chapter 7 of Morningstar's *Ibbotson SBBI 2013 Valuation Yearbook*, for example, Ibbotson reports that when betas (a measure of market risk) are properly estimated, betas are larger for small companies than for larger companies. As I will explain later, Ibbotson also finds that even after accounting for differences in beta risk, small firms require an additional risk premium over and above the added risk premium indicated by differences in beta risk.

[19] Eugene F. Fama and Kenneth R. French, "The Capital Asset Pricing Model: Theory and Evidence," *Journal of Economic Perspectives* (Summer 2004) 25-46.

Q51. PLEASE EXPLAIN THE MARKET RISK PREMIUM.

A51. The market-risk premium (R_m-R_f) is the return an investor expects to receive as compensation for market risk. It is the expected market return minus the risk-free rate. Approaches for estimating the market risk premium can be historical or prospective.

Since expected returns are not directly observable, historical realized returns are often used as a proxy for expected returns on the basis that the historical market risk premium follows what is known in statistics as a "random walk." If the historical risk premium does follow the random walk, then one should expect the risk premium to remain at its historical mean. Based on this argument, the best estimate of the future market risk premium is the historical mean. Morningstar's *SBBI Valuation Edition 2013 Yearbook* provides historical market returns for various asset classes from 1926 to 2012. This publication also provides market risk premiums over U.S. Treasury bonds, which make it an excellent source for historical market risk premiums.

Prospective market risk premium estimation approaches necessarily require examining the returns expected from common equities and bonds. One method employs applying the DCF model to a representative market index such as the Value Line 1700 stocks (the *Value Line* Composite Index). The expected return from the DCF is measured for a number of periods of time, and then subtracted from the prevailing risk-free rate for each period to arrive at market risk premium for each period. The market risk premium subsequently employed in the CAPM is the average market risk premium of the overall period.

Q52. HOW MANY MARKET RISK PREMIUM ESTIMATES DID YOU PREPARE IN CONNECTION WITH YOUR ASSIGNMENT FOR LQSWC?

A52. I prepared two market risk premium estimates: An historical market risk premium and a current market risk premium.

Q53. HOW DID YOU ESTIMATE THE HISTORICAL MARKET RISK PREMIUM?

A53. I used the Morningstar's *Ibbotson SBBI 2013 Valuation Yearbook* measure of the average premium of the market over long-term treasury securities from 1926 through 2012. The average historical market risk premium over long-term treasury securities is 6.7 percent.

Q54. HOW DID YOU ESTIMATE THE CURRENT MARKET RISK PREMIUM?

A54. I derived a market risk premium by first using the DCF model to compute an expected market return for each of the past 12 months using *Value Line's* projections of the average dividend yield and average 3-5 year price appreciation (growth) on the *Value Line* 1700 Composite Index. I then subtracted the average 30-year Treasury yield for each month from the expected market returns to arrive at the expected market risk premiums. Finally, I averaged the computed market risk premiums to determine the current market risk premium. The data and computations are shown on Schedule D-4.11. The recent 3-month average current market risk premium is 12.01 percent. Estimates of the current market risk premium have ranged from 11.52 percent to 18.80 percent over the past 12 months averaging 15.11 percent. My 3-month average estimate at 12.01 percent is near the bottom of the 12 month range.

Q55. HAS STAFF EMPLOYED A CURRENT MARKET RISK PREMIUM IN THE PAST?

A55. Yes. However, their estimation of the current market risk premium was somewhat different. Staff uses a DCF model to compute the current market risk premium as I do. However, Staff also uses a single spot estimate using the median annualized projected 3-5 year price appreciation on the *Value Line* 1700 stocks in conjunction the median dividend yield on the *Value Line* 1700 stocks.

Q56. WHY DO YOU BELIEVE THAT YOUR APPROACH IS MORE APPROPRIATE?

A56. Staff typically computes a market risk premium based on a single point in time, which makes estimates extremely volatile, so much so that the expected market risk premium estimate can change by as much as 700 basis points (or more) each time it is estimated. The accuracy of the expected risk premium is greatly enhanced by increasing the number of periods used to estimate it.

Q57. WHAT DO YOU ADOPT AS THE RETURN FOR THE RISK-FREE RATE?

A57. I use long-term expected Treasury bond rates as the measure of the risk-free return for use with both CAPM cost of equity estimates from two sources: the *Blue Chip Financial Forecast* and *Value Line*. Morningstar's *Ibbotson SBBI 2013 Valuation Yearbook* explains on page 55 that the appropriate choice for the risk-free rate is the <u>expected</u> return for long-term Treasury securities. Thus, when determining an estimate of the risk-free rate, it is appropriate to adopt a return that is no less than the expected return on the long-term Treasury bond rate. Both of my CAPM estimates are based on expected interest rates using a recent month average (February 2013) and projected estimates of the long-term treasury rates for 2014 and 2015 (from *Blue Chip Financial Forecasts* and *Value Line Selection and*

Opinion). The 2014 to 2015 timeframe and beyond is the period when new rates will be in effect for the Company.

E. Explanation of the Build-Up Method and Its Inputs

Q58. PLEASE EXPLAIN THE BUILD-UP METHOD FOR ESTIMATING THE COST OF EQUITY.

A58. As I already indicated, like the CAPM, the Build-up Method, is a type of risk premium methodology. This is a common and effective method used by appraisers and valuation experts.[20] The Build-up Method is an additive model in which the return on a security is the sum of a risk-free rate and one or more risk premia. Each premium represents the reward an investor receives for taking on a specific risk. The elegance of the Build-up Method is that it does not require an estimate of market beta, which is problematic for non-publicly traded companies such as LQSWC. The Build-up Method can be stated as follows:

[1] $k = R_f + RP_m + RP_s +/- RP_u$

where k = the expected return

R_f = risk-free rate

RP_m = equity risk premium for the market

RP_s = equity risk premium for size

RP_u = risk premium attributed to the specific company or to the industry (often called the company specific risk premium)

Or alternatively as:

[2] $k = R_f + RP_{ms} +/- RP_u$

where k = the expected return

R_f = risk-free rate

[20] Morningstar *Ibbotson SBBI 2013 Valuation Yearbook*. Chapter 3.

RP_{m+s} = equity risk premium for the market and size

RP_u = risk premium attributed to the specific company or to the industry (often call the company specific risk premium)

The data for the equity risk premium for the market (RP_m), the equity risk premium for size (RP_s), and the company specific or industry risk premium (RP_u) can be readily obtained from *Morningstar* and/or other size premium studies such as the *Duff & Phelps* study.[21] *Morningstar* quantifies the size premium separate from the market risk premium by market capitalization as a measure of size, whereas *Duff & Phelps* study quantifies the risk premium (RP_{m+s}) (market premium (RP_m) plus the size premium (RP_s)) by book value of common equity, 5-year average net income, market value of invested capital, total assets (as reported on balance sheet), 5-year average of earnings before interest, income taxes, depreciation and amortization (EBITDA), sales, and number of employees in addition to market capitalization, all of which have been shown to be highly correlated with market returns. I should note that the authors of the *Duff & Phelps* study conclude that, by whatever measures of size are used, the results are clear that there is an inverse relationship between size and historical equity returns – small companies have higher returns than larger companies.[22]

Q59. ARE THERE ADVANTAGES TO THE USE OF THE BUILD-UP METHOD OVER THE CAPM FOR ESTIMATING THE COST OF EQUITY?

A59. Yes. First, as I mentioned earlier, the Build-up Method does not require a market beta estimate, which is not available for non-public firms. I use the average beta of the large publicly traded water utilities as a proxy for the beta of LQSWC. However, as I also discussed, there are computation problems surrounding beta

[21] *Duff & Phelps* LLC, *Risk Premium Report 2013*.
[22] *Id.* at 26.

and empirical financial data show that beta does not account for all of the risks associated with smaller firms. Second, each of the risk premia used in the Build-up Method can be quantified using data from the equity markets. Third, the various measures of size, including fundamental accounting measures, have a practical benefit of eliminating the need to make a "guesstimate" of size for comparative purposes where market data for determining market value measures of size is not available, particularly for non-public firms.

F. Financial Risk Adjustment

Q60. PLEASE EXPLAIN YOUR FINANCIAL RISK ADJUSTMENT TO REFLECT THE COMPANY'S HIGHER LEVEL OF DEBT IN ITS CAPITAL STRUCTURE AS COMPARED TO THE SAMPLE WATER UTILITIES.

A60. My financial risk estimation is based upon the methodology developed by Professor Hamada of the University of Chicago, which incorporates the beta of a levered firm to that of its unlevered counterpart. The equation is

$$\beta_L = \beta_U[1 + (1 - T)\varphi]$$

where β_L and β_U are the levered and unlevered betas, respectively, T is the tax rate, and φ the leverage, defined as the ratio of debt and equity of the firm. In simple terms, I un-lever the average beta of the six publicly-traded water utilities in my sample using a ratio of the market value of debt and the market value of equity. While I can compute the market value of equity of the sample water utilities based on the current number of shares outstanding and the current stock price, estimating the market value of debt is much more difficult. For purposes of my analysis, I assume the market value of debt is the book value. This is a customary and

realistic assumption.[23] Once the unlevered beta is determined, I re-lever the beta using the capital structure of LQSWC. For the market value of equity, I multiplied LQSWC's book value of equity times the average market-to-book ratio of the sample water utilities. For LQSWC's debt, I assume the market value of debt is equal to the book value.

The re-levered beta is then used in my CAPM models, and the new CAPM results are compared to my original CAPM results. The computed difference is the basis of my financial risk adjustment.

Q61. WHAT IS THE COMPUTED FINANCIAL RISK ADJUSTMENT?

A61. A upward adjustment of no less than 170 basis points. Again, however, in my opinion, the beta for LQSWC would be higher than that of the sample water utilities that would have resulted in a lower downward financial risk adjustment. But I have to make some assumptions to work with an approach used by Staff and approved by the Commission in past cases.

G. Company Specific Risk Premium

Q62. PLEASE DISCUSS YOUR COMPANY-SPECIFIC RISK PREMIUM.

A62. As I testified earlier, LQSWC is not directly comparable to the sample water utilities because of its small size and because of the regulatory environment in Arizona. The characteristics associated with small size such as the lack of diversification, limited revenue and cash flow, small customer base, lack of liquidity, as well as the magnitudes of regulatory and construction risk which are common to smaller water and wastewater utilities regardless of the regulatory jurisdiction. These characteristics and magnitudes of risk are unique only in the sense that the large publicly-traded water utilities (including the companies in the proxy group) do not possess these same characteristics and magnitudes of risk.

[23] Roger A. Morin. *New Regulatory Finance* (2006) 224.

With respect to Arizona regulation, the use of an historical test year, with limited out-of-period adjustments, and the limited availability(?) of automatic adjuster mechanism(s) increase the risk of LQSWC as an investment.

Q63. PLEASE DISCUSS SIZE RISK FOR SMALL UTILITY COMPANIES.

A63. Investment risk increases as the firm size decreases, all else remaining constant. There is a great deal of empirical evidence that the firm size phenomenon exists. Morningstar's *Ibbotson SBBI 2013 Valuation Yearbook* (Chapter 7) reports that smaller companies have experienced higher returns that are not fully explainable by their higher betas and that beta is inversely related to company size. In other words, smaller companies not only have higher betas but higher returns than larger ones. Even after accounting for differences in beta risk, small companies require an additional risk premium over and above the added risk premium indicated by differences in beta risk. Dr. Zepp also reported evidence that the stocks of small water or wastewater utilities are more risky than the stocks of larger water utilities, such as those in the water utilities sample.[24] Even the California PUC conducted a study that showed smaller water utilities are more risky than larger ones.[25] Based on the evidence, it is clear that investors require higher returns on small company stocks than on large company stocks.

I have included in Schedule D-4.22 the results of a *Morningstar* study using annual data reporting the size premium based upon firm size and return data (i) provided in Morningstar's *Ibbotson SBBI 2013 Valuation Yearbook* and information, and (ii) contained in Dr. Thomas M. Zepp's 2003 article in The Quarterly Review Economic and Finance. I have estimated that a small company risk premium in the range of 99 to 365 basis points is appropriate for LQSWC.

[24] Thomas M. Zepp, "Utility Stocks and the Size Effect – Revisited," The Quarterly Review Economics and Finance, Vol. 43, Issue 3, Autumn 2003, 578-582.
[25] Staff Report on Issues Related to Small Water Utilities, dated June 10, 1991; CPUC Decision 92-03-093.

Q64. WHAT COMPANY SPECIFIC-RISK PREMIUM DO YOU RECOMMEND FOR LQSWC?

A64. To be conservative, I recommend a risk premium of at least 150 basis points which is near the bottom end of the range of my risk premium estimates for small firms.

VI. SUMMARY AND CONCLUSIONS

Q65. HAVE YOU PREPARED A SCHEDULE THAT SUMMARIZES YOUR EQUITY COST ESTIMATES AND PRESENTS YOUR RECOMMENDATIONS?

A65. Yes. The equity cost estimates and my recommendations are summarized in Schedule D-4.1.

In the first part of my analysis, I applied two versions of the constant growth DCF model. One uses analyst estimates of growth and the other uses historical growth and analyst expectations. See Schedule D-4.8. The DCF models produce an indicated equity cost in the range of 8.7percent to 9.7 percent, with a midpoint of 9.2 percent.

In the second part of my analysis, I applied two versions of the CAPM – a historical risk premium CAPM and a current market risk premium CAPM. The CAPM analyses appear in Schedule D-4.12 and produce an indicated cost of equity in the range of 8.7 percent to 12.4 percent, with a midpoint of 10.5 percent.

In the third part of my analysis, I applied the Build-up Method using the *Duff & Phelps* risk premium study data. The Build-up Method analysis appears on Schedule D-4.18 and produces an indicated cost of equity in the range of 8.1 percent to 12.1 percent, with a mid-point of 10.1 percent.

In the fourth part of my analysis, I compute a financial risk adjustment to account for the higher level of debt in LQSWC's pro forma capital structure

compared to the sample water utilities. My recommendation is that a upward financial risk adjustment of no more than 170 basis points be applied to LQSWC's cost of equity. My financial risk adjustment analysis is shown in schedules D-4.19, D-4.20, and D-4.21.

In the fifth part of my analysis, I reviewed the financial literature on the small firm size effect and determined that an appropriate risk premium for small utilities like LQSWC that should be applied to the DCF and CAPM results is the range of 99 to 365 basis points. See Schedule D-4.22. I also considered the risks for LQSWC from Arizona regulation. My recommendation is that an upward adjustment for company-specific risk of no less than 150 basis points be applied to LQSWC's cost of equity.

The range of results of my DCF, CAPM, and Build-up analyses and other risk adjustments is 11.7 percent to 14.6 percent, with a mid-point of 13.1 percent. See Schedule D-4.1.

Q66. WHAT EQUITY RETURN DO YOU RECOMMEND?

A66. My recommended return on equity is 12.5 percent.

Q67. HAVE YOU PREPARED AN ESTIMATE OF THE COST OF EQUITY USING THE BUILD-UP METHOD FOR LQSWC USING DATA FROM MORNINGSTAR?

A67. Yes. This Build-up Method using *Morningstar* data is one check on the reasonableness of my recommendation for LQSWC. I estimate the cost of equity for LQSWC to be at least 10.2 percent and up to 15.9 percent. These results are based upon the data from *Morningstar* as contained Table C-1 (the risk-rate would be 2.4 percent,[26] the equity risk premium would be 6.7 percent,[27] the small

[26] Long-term (20 year) U.S. Treasury Bond Yield as of March 6, 2013.
[27] Long-horizon historical equity risk premium – Table A-1 1928-2012.

company risk premium of 6.0 percent[28]) and data contained in Table 3-5, Industry Premia Estimates (negative 4.9 for the water supply industry SIC code 494). The calculation is shown as follows:

[1] $k = R_f + RP_m + RP_s +/- RP_u$

[2] $k = 2.4\% + 6.7\% + 6.0\% - 4.9\%$

[3] $k = 10.2\%$

The computed 10.2 percent is at the low end. Using more refined data provided by *Morningstar* with respect to the 10th decile firm size based upon market value, the indicated cost of equity would be 15.9 percent for LQSWC.[29]

Q68. HAVE YOU PREPARED A COST OF EQUITY ESTIMATE FOR LQSWC USING THE *DUFF & PHELPS* STUDY DATA?

A68. Yes. Please see Schedule D-4.18. The estimate for LQSWC has been adjusted for leverage (financial risk) differences between the companies in the size portfolios contained in the study and the water sample companies and LQSWC. Further, like the Build-up Method cost of equity estimate using the *Morningstar* data, the cost of equity estimates includes a downward water industry risk premium adjustment.[30] The indicated cost of equity for LQSWC using the same Build-up Method I employed for my analysis of my water proxy group is 21.14 percent; well above my recommendation of 12.5 percent. Accordingly, I find my recommendation of 12.5 percent appropriately conservative.

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[28] Decile 10z – smallest, market capitalization of $1.139 million to $96.164 million. See Appendix C.

[29] *Morningstar* splits the 10th decile portfolio into four groups; Decile 10w (up to $253.761 million in market capitalization); Decile 10x (up to $212.031 million in market capitalization), Decile 10y (up to $165.600 million in market capitalization), and Decile 10z (up to $96.164 million in market capitalization). If publicly traded, LQSWC would likely fall into the latter group (10z) which has an indicated size premium of 11.65 percent (see Appendix C). Substituting the 11.65 percent size premium for the 6.0 percent in the Build-up formula the result would be 15.85 percent (2.4%+6.7%+11.65%-4.9%).

[30] Note that the risk premium for the water utility industry is negative indicating that water utilities are less risky than the market as a whole.

Q69. DOES THAT CONCLUDE YOUR DIRECT TESTIMONY ON COST OF CAPITAL?

A69. Yes.

Las Quintas Serenas Water Co.
Docket No: W-01583A-13-_____

THOMAS J. BOURASSA
DIRECT TESTIMONY
(COST OF CAPITAL)

April 26, 2013

SCHEDULES

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Summary of Cost of Capital

Exhibit
Schedule D-1
Page 1
Witness: Bourassa

Capital Structure

Line No.	Item of Capital	Adjusted End of Test Year Dollar Amount	Adjusted End of Test Year Percent of Total	Adjusted End of Test Year Cost Rate	Adjusted End of Test Year Weighted Cost	Projected Capital Structure Dollar Amount	Projected Capital Structure Percent of Total	Projected Capital Structure Cost Rate	Projected Capital Structure Weighted Cost
1	Long-Term Debt	1,656,101	72.80%	7.16%	5.21%	1,582,209	72.78%	7.16%	5.21%
2									
3	Stockholder's Equity	618,651	27.20%	12.50%	3.40%	591,776	27.22%	12.50%	3.40%
4									
5	Totals	2,274,752	100.00%		8.61%	2,173,985	100.00%		8.61%
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									
21									
22	SUPPORTING SCHEDULES:					RECAP SCHEDULES:			
23	D-1					A-3			
24	D-3								
25	D-4								
26	E-1								
27									
28	Testimony								
29									
30									

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Cost of Long Term Debt

Exhibit
Schedule D-2
Page 1
Witness: Bourassa

Line No.	Description of Debt	End of Test Year Amount Outstanding	Annual Interest	Effective Interest Rate	Weighted Cost	End of Projected Year Amount Outstanding	Annual Interest	Effective Interest Rate	Weighted Cost
1									
2	WIFA	1,656,101	118,577	7.160%	7.160%	1,582,209	113,286	7.160%	7.160%
3			-	0.000%	0.000%		-	0.000%	0.000%
4			-	0.000%	0.000%		-	0.000%	0.000%
5			-	0.000%	0.000%		-	0.000%	0.000%
6			-	0.000%	0.000%		-	0.000%	0.000%
7			-	0.000%	0.000%		-	0.000%	0.000%
8			-	0.000%	0.000%		-	0.000%	0.000%
9			-	0.000%	0.000%		-	0.000%	0.000%
10			-	0.000%	0.000%		-	0.000%	0.000%
11									
12									
13	Totals	$ 1,656,101	118,577		7.160%	$ 1,582,209	113,286		7.160%
14									
15									
16	Supporting Schdules:								
17	E-1								
18	E-2								
19	Work papers								
20									
21									
22									
23									
24									
25									
26									
27									
28									
29									
30									

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Cost of Preferred Stock

Exhibit
Schedule D-3
Page 1
Witness: Bourassa

Line No.		End of Test Year			End of Projected Year		
1							
2							
3	Description	Shares		Dividend	Shares		Dividend
4	of Issue	Outstanding	Amount	Requirement	Outstanding	Amount	Requirement
5							
6							
7	NOT APPLICABLE, NO PREFERRED STOCK ISSUED OR OUTSTANDING						
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21	SUPPORTING SCHEDULES:				RECAP SCHEDULES:		
22	E-1				D-1		
23							
24							
25							
26							
27							
28							
29							
30							
31							
32							
33							
34							
35							
36							
37							
38							
39							
40							

Las Quintas Serenas Water Company
Test Year Ended September 30, 2012
Cost of Common Equity

Exhibit
Schedule D-4
Page 1
Witness: Bourassa

Line No.		
1		
2	The Company is proposing a cost of common equity of	12.50% .
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17	SUPPORTING SCHEDULES:	RECAP SCHEDULES:
18	D-4.1 to D-4.22	D-1
19		
20		

Las Quintas Serenas Water Company
Summary of Results

Exhibit
Schedule D-4.1
Witness: Bourassa

Line No.	Method	Low	High	Midpoint
6	Range DCF Constant Growth Estimates[1]	8.7%	9.7%	9.2%
8	Range of CAPM Estimates[2]	8.7%	12.4%	10.5%
10	Build-up Method[3]	8.1%	12.1%	10.1%
12	Average of midpoint estimates	8.5%	11.4%	9.9%
15	Financial Risk Adjustment[4]	1.7%	1.7%	1.7%
17	Small Company Risk Premium[5]	1.5%	1.5%	1.5%
19	Indicated Cost of Equity	11.7%	14.6%	13.1%
23	Recommended Cost of Equity			12.5%

26 [1] See Schedule D-4-8
27 [2] See Schedule D-4.12
28 [3] See Schedule D-4.18
29 [4] See Schedule D-4.21, Testimony
30 [5] See Schedule D-4.22, Testimony

Las Quintas Serenas Water Company
Selected Characteristics of Sample Group of Water Utilities

Exhibit
Schedule D-4.2
Witness: Bourassa

Line No.	Company[1]	% Water Revenues	Operating Revenues (millions)	Net Plant (millions)	S&P Bond Rating	Moody's Bond Rating	Allowed ROE (%)
4	1. American States	68%	$ 449.7	$ 912.0	A+	A2	9.99
5	2. Aqua America	96%	$ 755.7	$ 3,863.4	AA-	NR	10.33
6	3. California Water	100%	$ 541.5	$ 1,443.1	AA-	NR	9.99
7	4. Connecticut Water	100%	$ 79.8	$ 422.6	A	NR	9.75
8	5. Middlesex	89%	$ 106.6	$ 433.3	A	NR	10.15
9	6. SJW Corp.	96%	$ 261.4	$ 870.5	A	NR	9.99
11	Average	92%	$ 365.8	$ 1,324.2			10.03
13	Las Quintas Serenas Water Company (Adjusted as of September 30, 2012)	100%	$ 0.6	$ 2.2	NR	NR	

[1]AUS Utility Reports (March 2013).

Las Quintas Serenas Water Company
Capital Structures

Exhibit
Schedule D-4.3
Witness: Bourassa

No.	Company	Book Value[1] Long-Term Debt	Book Value[1] Common Equity	Market Value[1] Long-Term Debt	Market Value[1] Common Equity
1	American States	45.5%	54.5%	24.7%	75.3%
2	Aqua America	52.7%	47.3%	25.3%	74.7%
3	California Water	51.7%	48.3%	35.8%	64.2%
4	Connecticut Water	53.2%	46.8%	34.2%	65.8%
5	Middlesex	42.8%	57.2%	29.9%	70.1%
6	SJW Corp.	56.6%	43.4%	39.9%	60.1%
	Average	50.4%	49.6%	31.6%	68.4%
	Las Quintas Serenas Water Company (Proforma)	72.8%	27.2%	N/A	N/A

[1] Value Line Analyzer Data (March 6, 2013)
[2] Adjusted Per Schedule D-1

Las Quintas Serenas Water Company
Comparisons of Past and Future Estimates of Growth

Exhibit
Schedule D-4.4
Witness: Bourassa

Line No.	Company	[1] Price[1]	[2] Book Value[2]	[3] EPS[2]	[4] DPS[2]	[5] Average Col 1-4	[6] Average Future Growth[3]	[7] Average of Future and Historical Growth Col 5-6
		Five-year historical average annual changes						
8	1. American States	9.12%	5.50%	10.50%	3.00%	7.03%	5.88%	6.45%
9	2. Aqua America	5.40%	6.00%	6.00%	8.00%	6.35%	6.27%	6.31%
10	3. California Water	2.03%	5.00%	5.00%	1.00%	3.26%	5.75%	4.50%
11	4. Connecticut Water	7.90%	3.00%	4.00%	1.50%	4.10%	6.80%	5.45%
12	5. Middlesex	4.56%	5.00%	2.00%	1.50%	3.26%	4.85%	4.06%
13	6. SJW Corp.	NMF	4.50%	NMF	5.00%	4.75%	11.00%	7.88%
16	GROUP AVERAGE	5.80%	4.83%	5.50%	3.33%	4.79%	6.76%	5.77%
17	GROUP MEDIAN	5.40%	5.00%	5.00%	2.25%	4.43%	6.07%	5.88%

[1] Average of changes in annual stock prices ending on December 31 through 2012. Data from Yahoo Finance website.
[2] Value Line Analyzer Data, March 6, 2013
[3] See Schedule D-4.6.

Las Quintas Serenas Water Company
Comparisons of Past and Future Estimates of Growth

Exhibit
Schedule D-4.5
Witness: Bourassa

Line No.	Company	[1] Price[1]	[2] Book Value[2]	[3] EPS[2]	[4] DPS[2]	[5] Average Col 1-4	[6] Average Future Growth[3]	[7] Average of Future and Historical Growth Col 5-6
		Ten-year historical average annual changes						
7	1. American States	10.41%	5.00%	5.00%	2.00%	5.60%	5.88%	5.74%
8	2. Aqua America	7.70%	8.50%	7.00%	7.50%	7.68%	6.27%	6.97%
9	3. California Water	6.27%	5.00%	4.00%	1.00%	4.07%	5.75%	4.91%
10	4. Connecticut Water	4.80%	4.00%	0.50%	1.50%	2.70%	6.80%	4.75%
11	5. Middlesex	5.14%	4.50%	2.50%	1.50%	3.41%	4.85%	4.13%
12	6. SJW Corp.	6.99%	5.50%	2.00%	5.00%	4.87%	11.00%	7.94%
15	GROUP AVERAGE	6.88%	5.42%	3.50%	3.08%	4.72%	6.76%	5.74%
16	GROUP MEDIAN	6.63%	5.00%	3.25%	1.75%	4.47%	6.07%	5.32%

[1] Average of changes in annual stock prices ending December 31, 2011. Data from Yahoo Finance website.
[2] Value Line Analyzer Data, March 6, 2013.
[3] See Schedule D-4.6.

Las Quintas Serenas Water Company
Analysts Forecasts of Earnings Per Share Growth

Exhibit
Schedule D-4.6
Witness: Bourassa

Line No.		[1]	[2]	[3]	[4]	[5]
1						
2						
3						
4		ESTIMATES OF EARNINGS GROWTH				Average
5					Value	Growth (G)
6	Company	Reuters[1]	Yahoo[1]	Zacks[1]	Line[1]	(Cols 1-4)[2]
7	1. American States	6.00%	6.00%	6.00%	5.50%	5.88%
8	2. Aqua America	6.27%	4.90%	6.90%	7.00%	6.27%
9	3. California Water	6.00%	6.00%	5.00%	6.00%	5.75%
10	4. Connecticut Water		6.10%		7.50%	6.80%
11	5. Middlesex	neg	2.70%		7.00%	4.85%
12	6. SJW Corp.		14.00%		8.00%	11.00%
13						
14						
15	GROUP AVERAGE	6.09%	6.62%	5.97%	6.83%	6.76%
16	GROUP MEDIAN					6.07%
17						
18						
19	[1] Data as of March 6, 2013					
20	[2] Where no data available or single estimate, average of other utilities assumed to estimate for utility.					
21						
22						
23						
24						
25						
26						
27						
28						

Las Quintas Serenas Water Company
Current Dividend Yields for Water Utility Sample Group

Exhibit
Schedule D-4.7
Witness: Bourassa

Line No.	Company	Curent Stock Price (P_0)[1]	Current Dividend (D_0)[1]	Current Dividend Yield (D_0/P_0)[1]	Average Annual Dividend Yield (D_0/P_0)[1,2]
6	1. American States	$ 55.29	$ 1.10	1.99%	3.20%
7	2. Aqua America	$ 29.73	$ 0.63	2.12%	2.85%
8	3. California Water	$ 20.63	$ 0.62	3.01%	3.36%
9	4. Connecticut Water	$ 29.54	$ 0.94	3.18%	3.62%
10	5. Middlesex	$ 19.75	$ 0.73	3.70%	4.02%
11	6. SJW Corp.	$ 27.79	$ 0.69	2.48%	2.94%
13	Average			2.75%	3.33%
14	Median			2.74%	3.28%

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

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

Las Quintas Serenas Water Company
Discounted Cash Flow Analysis
DCF Constant Growth

Exhibit
Schedule D-4.8
Witness: Bourassa

Line No.		[1]	[2]	[3]	[4]
		Average Spot Dividend Yield (D_0/P_0)[1]	Expected Dividend Yield (D_1/P_0)[2]	Growth (g)	Indicated Cost of Equity k=Div Yld + g (Cols 2+3)
8	DCF - Past and Future Growth	2.75%	2.90%	5.77% [3]	8.7%
10	DCF - Future Growth	2.75%	2.93%	6.76% [4]	9.7%
13	Average	2.75%	2.92%	6.27%	9.2%

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

Las Quintas Serenas Water Company
Market Betas

Exhibit
Schedule D-4.9
Witness: Bourassa

Line No.		Company	Beta (β)[1]
1		Company	Beta (β)[1]
2	1.	American States	0.70
3	2.	Aqua America	0.60
4	3.	California Water	0.65
5	4.	Connecticut Water	0.75
6	5.	Middlesex	0.70
7	6.	SJW Corp.	0.85
8			
9		Average	**0.71**

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

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

Las Quintas Serenas Water Company
Forecasts of Long-Term Interest Rates
2012-14

Exhibit
Schedule D-4.10
Witness: Bourassa

Line No.	Description	Spot Feb-13	2014	2015	Average
1					
2					
3					
4					
5					
6	Blue Chip Consensus Forecasts[1]	3.2%	3.6%	4.3%	3.7%
7					
8	Value Line[2]	3.2%	4.6%	4.5%	4.1%
9					
10	Average				3.9%
11					
12					
13					
14					
15	[1] December 2012 Blue Chip Financial Forecasts consensus long-term forecast of 30 Year U.S.Treasury				
16	[2] Value Line Quarterly forecast, dated February 22, 2013, Long-term Treasury				
17					
18					
19					
20					
21					
22					
23					
24					

Las Quintas Serenas Water Company
Computation of Current Market Risk Premium

Exhibit
Schedule D-4.11
Witness: Bourassa

Line No.	Month	Dividend Yield (D_0/P_0)[1]	Expected Dividend Yield (D_1/P_0)[2]	+	Growth (g)[3]	=	Expected Market Return (k)	-	Monthly Average 30 Year Treasury Rate[4]	=	Market Risk Premium (MRP)
4	Dec 2011	2.70%	3.17%	+	17.41%	=	20.58%	-	2.98%	=	17.60%
5	Jan 2012	2.61%	2.98%	+	14.18%	=	17.16%	-	3.03%	=	14.13%
6	Feb	2.60%	2.99%	+	15.01%	=	18.00%	-	3.11%	=	14.89%
7	Mar	2.36%	2.73%	+	15.68%	=	18.41%	-	3.28%	=	15.13%
8	April	2.62%	3.02%	+	15.27%	=	18.29%	-	3.18%	=	15.11%
9	May	2.86%	3.38%	+	18.12%	=	21.50%	-	2.93%	=	18.57%
10	June	2.73%	3.18%	+	16.59%	=	19.77%		2.70%	=	17.07%
11	July	2.79%	3.29%	+	18.10%	=	21.39%		2.59%	=	18.80%
12	Aug	2.73%	3.17%	+	16.23%	=	19.40%		2.77%	=	16.63%
13	Sept	2.67%	3.07%	+	14.95%	=	18.02%		2.88%	=	15.14%
14	Oct	2.71%	3.14%	+	15.81%	=	18.95%		2.90%	=	16.05%
15	Nov	2.74%	3.15%	+	14.88%	=	18.03%		2.80%	=	15.23%
16	Dec 2012	2.62%	2.95%	+	12.63%	=	15.58%		2.88%	=	12.70%
17	Jan 2013	2.56%	2.86%	+	11.74%	=	14.60%		3.08%	=	11.52%
18	Feb	2.60%	2.94%	+	13.13%	=	16.07%		3.17%	=	12.90%
19	Mar	2.52%	2.82%	+	11.94%	=	14.76%		3.16%	=	11.60%
21	Recommended	2.56%	2.87%	+	12.27%	=	15.14%	-	3.14%	=	12.01%
23	Short-term Trends										
24	Recent Twelve Months Avg	2.68%	3.08%	+	14.95%	=	18.03%	-	2.92%	=	15.11%
25	Recent Nine Months Avg	2.66%	3.04%	+	14.38%	=	17.42%	-	2.91%	=	14.51%
26	Recent Six Months Avg	2.63%	2.98%	+	13.36%	=	16.33%	-	3.00%	=	13.33%
27	Recent Three Months Avg	2.56%	2.87%	+	12.27%	=	15.14%	-	3.14%	=	12.01%

30 [1] Average Current Dividend Yield (D_0/P_0) of dividend paying stocks. Data from Value Line Investment Analyzer Software Data - Value Line 1700 Stocks
31 [2] Expected Dividend Yield (D_1/P_0) equals average current dividend yield (D0/P0) times one plus growth rate(g).
32 [3] Average 3-5 year price appreciation (annualized). Data from Value Line Investment Analyzer Software Data - Value Line 1700 Stocks
33 [4] Monthly average 30 year U.S. Treasury. Federal Reserve.

Las Quintas Serenas Water Company
Capital Asset Pricing Model (CAPM)

Exhibit
Schedule D-4.12
Witness: Bourassa

Line No.		Rf[1]	+	beta[3]	x	Rp		=	k
1									
2									
3	Historical Market Risk Premium CAPM	3.9%	+	0.71	x	6.7%	[4]	=	8.7%
4									
5	Current Market Risk Premium CAPM	3.9%	+	0.71	x	12.0%	[5]	=	12.4%
6									
7	Average								10.5%
8									
9									
10									
11									
12	[1] Forecasts of long-term treasury yields. See Schedule D-4.10.								
13	[2] Value Line Investment Analyzer data. See Schedule D-4.9.								
14	[3] Historical Market Risk Premium from (Rp) MorningStar SBBI 2013 Valuation Yearbook Table A-1 Long-Horizon ERP 1926-2012.								
15	[4] Computed using DCF constant growth method to determine current market return onValue Line 1700 stocks								
16	and CAPM with beta of 1.0 to compute Current Market Risk Premium (Rp). See Schedule D-4.11.								
17									
18									
19									
20									

Las Quintas Serenas Water Company
COST OF EQUITY (COE) USING RISK PREMIUM BUILD-UP METHOD
Based on *Duff and Phelps* Risk Premium Study Data

Schedule D-4.13
Witness: Bourassa

	Company	Symbol	MV Equity[1]	Book Equity[1]	MVIC[1]	5 Yr Avg. Net Income	Total Assets[2]	5 Yr Avg. EBITDA[3]
			Measures of size (Millions)					
1.	American States	AWR	$ 1,039	$ 408	$ 1,380	$ 37	$ 1,281	$ 130
2.	Aqua America	WTR	$ 4,129	$ 1,251	$ 5,525	$ 133	$ 4,859	$ 422
3.	California Water	CWT	$ 862	$ 450	$ 1,344	$ 41	$ 1,996	$ 140
4.	Connecticut Water	CTWS	$ 260	$ 119	$ 395	$ 11	$ 579	$ 24
5.	Middlesex	MSEX	$ 310	$ 177	$ 442	$ 13	$ 562	$ 38
6.	SJW Corp.	SJW	$ 517	$ 264	$ 861	$ 21	$ 1,087	$ 89
	Las Quintas Serenas Water Company		NA	$ 0.6	NA	$ 0.0	$ 2.6	$ 0.1

[1] From Zacks Investment Research data
[2] From Zacks Investment Research. From E-1 for subject utility.
[3] Net Income. From Zacks Investment Research and Company ACC reports

Net Income Data ($ millions)

Company	Symbol	2012	2011	2010	2009	2008	Average
American States	AWR	$ 54.0	$ 45.9	$ 33.2	$ 29.5	$ 22.0	$ 36.9
Aqua America	WTR	$ 197.0	$ 143.1	$ 124.0	$ 104.4	$ 97.9	$ 133.3
California Water	CWT	$ 49.0	$ 37.7	$ 37.7	$ 40.6	$ 39.8	$ 40.9
Connecticut Water	CTWS	$ 14.0	$ 11.3	$ 9.8	$ 10.2	$ 9.4	$ 10.9
Middlesex	MSEX	$ 14.0	$ 13.4	$ 14.3	$ 10.0	$ 12.2	$ 12.8
SJW Corp.	SJW	$ 22.0	$ 20.9	$ 24.4	$ 15.2	$ 21.5	$ 20.8
Las Quintas Serenas Water Company		$ (0.0)	$ (0.1)	$ 0.0	$ 0.1	$ 0.1	$ 0.0

Net Income data for publicly traded water utilities from Zacks Investment Research and/or Yahoo Finance

[4] Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA). From Zacks Investment Research and Company ACC reports.

EBITDA Data ($ millions)

Company	Symbol	2012	2011	2010	2009	2008	Average
American States	AWR	$ 154.0	$ 133.3	$ 134.4	$ 122.6	$ 105.9	$ 130.0
Aqua America	WTR	$ 439.0	$ 397.8	$ 473.2	$ 415.2	$ 384.7	$ 422.0
California Water	CWT	$ 151.0	$ 143.3	$ 155.7	$ 125.5	$ 122.1	$ 139.5
Connecticut Water	CTWS	$ 30.0	$ 24.2	$ 22.5	$ 20.3	$ 21.1	$ 23.6
Middlesex	MSEX	$ 39.0	$ 34.6	$ 43.3	$ 34.6	$ 38.6	$ 38.0
SJW Corp.	SJW	$ 90.0	$ 87.1	$ 75.4	$ 93.5	$ 99.7	$ 89.1
Las Quintas Serenas Water Company		$ 0.2	$ 0.1	$ 0.1	$ 0.2	$ 0.1	$ 0.1

EBITDA data for publicly traded water utilities from Zacks Investment Research and/or Yahoo Finance
EBITDA data for subject utility from E-1 and/or ACC reports

Las Quintas Serenas Water Company
COST OF EQUITY (COE) USING RISK PREMIUM BUILD-UP METHOD
Based on *Duff and Phelps* **Risk Premium Study Data**

Schedule D-4.14
Witness: Bourassa

MRP_{m+s} Estimates Using Duff & Phelps Study (Unlevered)
Assumes 100% Equity and 0% debt
Data Smoothing with Regression Analysis
Smoothed Premium (RP_{m+s}) = Constant + X Coefficients * Log(Relevent Metric)

$RPun_{relevered} = RP_{levered} - W_d/W_e*(\beta_u-\beta_d)*RP_{market}$
Where β_u = unlevered portfolio beta
β_d = debt beta, assumed to be 0.1
W_d = percentage of debt in capital structure
W_e = percentage of equity in capital structure
$RP_{levered}$ = levered realized risk premium

	MV Equity (Table C-1)	Book Equity (Table C-2)	MVIC (Table C-4)	5 Yr Avg. Net Income (Table C-3)	Total Assets (Table C-5)	5 Yr Avg. EBITDA (Table C-6)
Constant	18.448%	15.453%	18.701%	13.312%	17.363%	14.836%
X Coefficient(s)	-3.193%	-2.533%	-3.173%	-2.600%	-2.793%	-2.717%

MRP_{m+s} (unlevered)

	Company	Symbol	MV Equity	Book Equity	MVIC	5 Yr Avg. Net Income	Total Assets	5 Yr Avg. EBITDA	Average
1.	American States	AWR	8.82%	8.84%	8.74%	9.24%	8.68%	9.09%	8.90%
2.	Aqua America	WTR	6.90%	7.61%	6.83%	7.79%	7.07%	7.70%	7.32%
3.	California Water	CWT	9.07%	8.73%	8.77%	9.12%	8.15%	9.01%	8.81%
4.	Connecticut Water	CTWS	10.74%	10.20%	10.46%	10.61%	9.65%	11.11%	10.46%
5.	Middlesex	MSEX	10.49%	9.76%	10.31%	10.43%	9.68%	10.54%	10.20%
6.	SJW Corp.	SJW	9.78%	9.32%	9.39%	9.89%	8.88%	9.54%	9.47%
	Average (unlevered)		9.30%	9.08%	9.08%	9.51%	8.68%	9.50%	9.19%
	Las Quintas Serenas Water Company		NA	15.98%	NA	17.45%	16.22%	17.11%	16.69%

Indicated size premium 7.50%

Las Quintas Serenas Water Company
COST OF EQUITY (COE) USING RISK PREMIUM BUILD-UP METHOD
Based on *Duff and Phelps* **Risk Premium Study Data**

Unlevered Portfilio Beta
(from 2012 Duff & Phelps RP Study - Table C)

Schedule D-4.15
Witness: Bourassa

	Company	Symbol	Unlevered Portfolio Beta (β_u) (Table C-1)	(Table C-2)	(Table C-4)	(Table C-3)	(Table C-5)	(Table C-6)	Average
1.	American States	AWR	0.94	0.96	0.95	0.95	0.97	0.95	0.95
2.	Aqua America	WTR	0.87	0.89	0.86	0.88	0.83	0.82	0.86
3.	California Water	CWT	0.98	0.96	0.95	0.95	0.94	0.96	0.96
4.	Connecticut Water	CTWS	0.96	0.98	0.97	0.97	0.99	1.03	0.98
5.	Middlesex	MSEX	0.96	1.00	0.98	0.97	0.99	0.99	0.98
6.	SJW Corp.	SJW	0.98	0.98	0.98	0.99	0.97	0.95	0.98
	Average		0.95	0.96	0.95	0.95	0.95	0.95	0.95
	Las Quintas Serenas Water Company		NA	0.98	NA	1.01	1.05	1.03	1.02

Las Quintas Serenas Water Company
COST OF EQUITY (COE) USING RISK PREMIUM BUILD-UP METHOD
Based on *Duff and Phelps* Risk Premium Study Data

Schedule D-4.16
Witness: Bourassa

MRP Estimates Using Duff & Phelps Study (Relevered)
Relevered Realized Risk Premium
$RP_{relevered} = RP_{unlevered} + W_d/W_e*(\beta_u-\beta_d)*RP_{market}$
Where β_u = unlevered portfolio beta
β_d = debt beta, assumed to be 0.1
W_d = percentage of debt in capital structure
W_e = percentage of equity in capital structure
$RP_{unlevered}$ = unlevered realized risk premium from Scehdule D-4.14
RP_{market} = general equity risk premium for the market since 1963.

				MRP_{m+s} (Relevered)						
	Company	Symbol	W_d/W_e	MV Equity	Book Equity	MVIC	5 Yr Avg. Net Income	Total Assets	5 Yr Avg. EBITDA	Average
1.	American States	AWR	32.7%	10.05%	10.11%	9.99%	10.49%	9.97%	10.34%	10.16%
2.	Aqua America	WTR	33.8%	8.07%	8.81%	7.98%	8.97%	8.18%	8.80%	8.47%
3.	California Water	CWT	55.8%	11.29%	10.89%	10.91%	11.26%	10.26%	11.17%	10.96%
4.	Connecticut Water	CTWS	52.0%	12.75%	12.26%	12.50%	12.65%	11.73%	13.28%	12.53%
5.	Middlesex	MSEX	42.6%	12.14%	11.49%	11.99%	12.10%	11.39%	12.25%	11.89%
6.	SJW Corp.	SJW	66.5%	12.42%	11.95%	12.02%	12.55%	11.49%	12.08%	12.09%
	Average MRP (Relevered)		47.26%	11.12%	10.92%	10.90%	11.34%	10.50%	11.32%	11.02%
	Las Quintas Serenas Water Company		117.54%	NA	20.64%	NA	22.26%	21.24%	22.03%	21.54%

Las Quintas Serenas Water Company
COST OF EQUITY (COE) USING RISK PREMIUM BUILD-UP METHOD
Based on *Duff and Phelps* **Risk Premium Study Data**

Equity Risk Premium Adjustment and Other meterics used in Build-up Method

Schedule D- 4.17
Witness: Bourassa

[1] Estimate of Current Market Risk Premium (**RP_{market}**)	**5.00%**	<<<< Current Duff and Phelps recommendation
[2] Risk Premium Assumed in Duff & Phelps Study (1963-2012)[1]	4.50%	
[3] Equity Risk Premium Adjustment ([1] - [2])	0.50%	
[4] Average MRP (relevered) for publicly traded water companies (from Schedule D-4.16)	11.02%	
[5] MRP (relevered) for publicly traded water companies (**RP_{m+s}**) ([3] + [4])	11.52%	
[6] Equity Risk Premium Adjustment ([3])	0.50%	
[7] Average MRP (relevered) for subject utility company (from Table 4)	21.54%	
[8] MRP (relevered) for subject utility company (**RP_{m+s}**) ([6] + [7])	22.04%	
[9] Industry Risk Premium (From *Ibbotson* for SIC 494 Water Supply Industry Table 3-5)	-4.92%	
[10] Adjustment Factor to Industry Risk Premium ([2] / 6.7%[1])	0.7463	
[11] Adjusted Industry Risk Premium (**R_i**) ([9] x [10])	-3.67%	
[12] Risk Free Rate (**R_f**)[2]	2.77%	

[1] From Duff and Phelps Risk Premium Report 2013.
[2] Yield on 20 Yr U.S. Treasury March 6, 2013 (Federal Reserve)

Las Quintas Serenas Water Company
COST OF EQUITY (COE) USING RISK PREMIUM BUILD-UP METHOD
Based on *Duff and Phelps* Risk Premium Study Data

Schedule D- 4.18
Witness: Bourassa

Cost of Equity (COE) Estimate using Build-up Method

$E(R_i) = R_f + RP_{m+s} + RP_i + RP_u$

Where:

- **$E(R_i)$ = Expected (indicated) rate of return**
- **R_f = Risk-free rate of return. *See Schedule D-4-17.***
- **RP_{m+s} = Market risk premium including size premium. See ScheduleD- 4.16**
- **RP_i = Industry risk premium (adjusted). See Schedule D-4.17.**
- **RP_u = Company-specific risk premium**

	Sample Publicly Traded Water Utilities	Las Quintas Serenas Water Company
R_f =	2.77%	2.77%
RP_{m+s} =	See Table 4	See Table 4
RP_i =	-3.67%	-3.67%
RP_u =	0.00%	0.00%

Indicated COE $E(R_i)$

	Company	Symbol	MV Equity	Book Equity	MVIC	5 Yr Avg. Net Income	Total Assets	5 Yr Avg. EBITDA	Average
1.	American States	AWR	9.65%	9.71%	9.59%	10.09%	9.56%	9.94%	9.76%
2.	Aqua America	WTR	7.67%	8.41%	7.58%	8.57%	7.77%	8.40%	8.07%
3.	California Water	CWT	10.88%	10.49%	10.51%	10.85%	9.86%	10.77%	10.56%
4.	Connecticut Water	CTWS	12.35%	11.86%	12.10%	12.25%	11.33%	12.88%	12.13%
5.	Middlesex	MSEX	11.74%	11.08%	11.59%	11.70%	10.99%	11.85%	11.49%
6.	SJW Corp.	SJW	12.02%	11.55%	11.62%	12.15%	11.09%	11.68%	11.68%
	Average COE estimate		10.72%	10.52%	10.50%	10.94%	10.10%	10.92%	10.61%
	Las Quintas Serenas Water Company		NA	20.24%	NA	21.86%	20.84%	21.63%	21.14%

Las Quintas Serenas Water Company
Financial Risk Computation
Unlevered Beta

Exhibit
Schedule D-4.19
Witness: Bourassa

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

[1] Value Line Investment Analyzer data. See Schedule D-4.9
Value Line uses the historical data of the stock, but assumes that a security's beta moves toward the market average over time. The formula is as follows:
Adjusted beta = .33 + (.67) * Raw beta
[2] Raw Beta = (VL beta - .33)/(.67)
[3] Effective tax rates for year ended December 31, 2011.
[4] See Schedule D-4.3
[5] Raw B_u = Raw B_L/ (1+ (1-t)*D/E)

Las Quintas Serenas Water Company
Financial Risk Computation
Relevered Beta

Exhibit
Schedule D-4.20
Witness: Bourassa

Line No.		Unlevered Raw Beta β_U[1]	MV Book Debt BD[2]	MV Equity Capital EC[2]	Tax Rate t[3]	Relevered Raw Beta $\beta_{RL}=\beta_U(1+(1-t)BD/EC)$ β_{RL}	VL Adjusted Relevered Beta .33 + .67(Raw Beta) β_{RL}
1							
2							
3							
4							
5	Las Quintas Serenas Water Company	0.44	54.0%	46.0%	22.47%	0.84	0.89
6							
7							
8							
9							
10							
11							
12							

13 [1] Unlevered Beta from Schedule D-4.14.
14 [2] Proforma Capital Structure of Company

	BV (in Thousands)		MV (in Thousands)	MV %
15				
16				
17 Long-term Debt	$ 1,656	1.00	$ 1,656	54.00%
18 Preferred Stock	$ -	1.00	-	0.0%
19 Common Stock	$ 619	2.28	(a) 1,409	46.0%
20 Total Capital	$ 2,275		$ 3,065	100.0%

21
22 (a) Current market-to-book ratio of sample water utilities. See work papers.
23
24 [3] Current Tax rate based on test year ending 12/31/2012. See Schedule D-1.
25
26

Las Quintas Serenas Water Company
Financial Risk Computation

Exhibit
Schedule D-4.21
Witness: Bourassa

Line No.											
1	**CAPM**										
2		**Rf**		+	β		x	**(Rp)**			**k**
3	Historical Market Risk Premium	3.9%	1	+	0.71	2	x	6.7%	3	=	8.7%
4	Current Market Risk Premium	3.9%	1	+	0.71	2	x	12.0%	4	=	12.4%
5											
6	Average										10.6%
7											
8											
9	**CAPM Relevered Beta**										
10		**Rf**		+	β		x	**(Rp)**			**k**
11	Historical Market Risk Premium	3.9%	1	+	0.89	5	x	6.7%	3	=	9.9%
12	Current Market Risk Premium	3.9%	1	+	0.89	5	x	12.0%	4	=	14.6%
13											
14	Average										12.3%
15											
16	Financial Risk Adjustment										**1.7%**
17											
18											

19 [1] Forecast of long-term treasury yields. See Schedule D-4.10
20 [2] Value Line Investment Analyzer data. See Schedule D-4.9
21 [3] Historical Market Risk Premium from (Rp) MorningStar SBBI 2012 Valuation Yearbook Table A-1 Long-Horizon ERP 1926-2011
22 [4] Computed using DCF constant growth method to determine current market return on Value Line 1700 stocks
23 and CAPM with beta of 1.0 to compute Current Market Risk Premium (Rp). See Schedule D-4.11
24 [5] Relevered bata found on Schedule D-4.15
25

Las Quintas Serenas Water Company
Size Premium[1]

Exhibit
Schedule D-4.22
Witness: Bourassa

Line No.		Beta(β)	Size Premium	Risk Premium for Small Water Utilities[7]
6	Mid-Cap Companies[2]	1.12	1.12%	
8	Low-Cap Companies[3]	1.23	1.85%	
10	Micro-Cap Companies[4]	1.36	3.81%	
12	Decile 10[5]	1.42	6.03%	3.65%

		Risk Premium for Small Water Utilities
20	Estimated Risk Premium for small water utilities[6]	0.99%

[1] Data from Table 7-8 of Morningstar, *Ibbotson SBBI 2013 Valuation Yearbook.*
[2] Mid-Cap companies includes companies with market capitalization between $1,912 million and $7,687 million.
[3] Low-Cap companies includes companies with market capitalization between $514 million and $1,909 million.
[4] Micro-Cap companies includes companies with market capitalization less than $514 million.
[5] Decile 10 includes companies with market capitalization between $1.14 million and $254 million.
[6] From Table 2, Thomas M. Zepp, "Utility Stocks and the Size Effect Revisited," *The Quarterly Review of Economics and Finance*, 43 (2003), 578-582.
[7] Computed as the weighted differences between the Decile 10 risk premium and the inidicated risk premiums for the sample water utlities as shown below. Excludes risk due to differences in beta.

	Market Cap. (Millions)	Class	Size Premium	Difference to Decile 10	Weight	Weighted Size Premium
1. American States	$ 1,039	Low-Cap	1.85%	4.18%	0.166667	0.70%
2. Aqua America	$ 4,129	Mid-Cap	1.14%	4.89%	0.166667	0.82%
3. California Water	$ 862	Low-Cap	1.85%	4.18%	0.166667	0.70%
4. Connecticut Water	$ 260	Micro-Cap	3.81%	2.22%	0.166667	0.37%
5. Middlesex	$ 310	Micro-Cap	3.81%	2.22%	0.166667	0.37%
6. SJW Corp.	$ 517	Low-Cap	1.85%	4.18%	0.166667	0.70%
Weighted Size Premium for Small Companies						3.65%