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BEFORE THE ARIZONA CORPORATION C

Arizona Corporation Commission
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COMMISSIONERS

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

IN THE MATTER OF THE APPLICATION OF ARIZONA WATER COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR ADJUSTMENTS TO ITS RATES AND CHARGES FOR UTILITY SERVICE FURNISHED BY ITS NORTHERN GROUP AND FOR CERTAIN RELATED APPROVALS.	DOCKET NO. W-01445A-12-0348 DECISION NO. **74081** **OPINION AND ORDER**

DATE OF HEARING: September 18, 2012 (Procedural Conference); May 8, 2013 (Prehearing Conference); May 13 and 14, 2013

PLACE OF HEARING: Phoenix, Arizona

ADMINISTRATIVE LAW JUDGE: Sarah N. Harpring

APPEARANCES: Mr. Steven A. Hirsch, Bryan Cave, LLP, and Mr. Robert W. Geake, Vice President and General Counsel, Arizona Water Company, on behalf of Arizona Water Company;

Mr. Daniel W. Pozefsky, Chief Counsel, on behalf of the Residential Utility Consumer Office; and

Mr. Wesley C. Van Cleve, Mr. Charles O. Hains, Mr. Matthew Laudone, and Mr. Scott M. Hesla, Staff Attorneys, Legal Division, on behalf of the Utilities Division of the Arizona Corporation Commission.

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BY THE COMMISSION:

This case involves an Application for a permanent rate increase, filed with the Arizona Corporation Commission ("Commission") by Arizona Water Company ("AWC"), in which AWC requested adjustments to the rates and charges for utility service provided by AWC's Northern Group, comprised of two water system divisions known as Navajo (Lakeside and Overgaard) and Verde Valley (Sedona, Pinewood, and Rimrock). AWC and the Commission's Utilities Division ("Staff") have entered into a Settlement Agreement resolving their disputed issues in this matter. The Residential Utility Consumer Office ("RUCO"), the sole intervenor in this matter, is not a signatory to the Settlement Agreement.

DISCUSSION

I. Procedural History

A. This Docket

On August 1, 2012,[1] AWC filed with the Commission a permanent rate application using the 2011 calendar year as a test year ("TY") and requesting an increase in rates to generate an increase in combined annual revenue for the Northern Group of approximately $2,829,974 or 27.95 percent over TY results. (Ex. A-7 at Sched. A-1.) In its application, AWC also requested authority to extend its existing Arsenic Cost Recovery Mechanism ("ACRM") beyond the Verde Valley systems to the rest of the Northern Group;[2] to complete consolidation of the Sedona system's rates with those of the other Verde Valley systems; to implement a Distribution System Improvement Charge[3] ("DSIC"); to implement an Off-Site Facilities Fee for the Sedona system; and to continue AWC's ADEQ Monitoring Assistance Program ("MAP") surcharge. (App.[4] at 5-6.) AWC also proposed TY adjustments and a rate design intended to offset decreasing residential per-customer usage that AWC attributed to conservation. (*See* Ex. A-7 at 31-36.) With its application, AWC included the direct

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[1] At the time AWC filed its rate application in this docket, the rate case for its Eastern Group systems was pending in Docket No. W-01445A-11-0310 ("Eastern Group Docket"). As a result, under Arizona Administrative Code ("A.A.C.") R14-2-103(B)(11)(g), the Commission's usual time clock rule does not apply to this rate case.

[2] The only Northern Group system currently approved to have an ACRM is the Sedona system. (*See* Decision No. 72375 (May 27, 2011); Decision No. 73662 (February 6, 2013).) Official notice is taken of Decision No. 72375 and Decision No. 73662.

[3] AWC's request ultimately evolved into a request for approval of a System Improvement Benefits mechanism.

[4] Official notice is taken of AWC's application filed in this case on August 1, 2012. The first portion of the application (as opposed to the schedules and testimony included with the application) was not offered as an Exhibit.

testimony of William M. Garfield, AWC President and Chief Operating Officer; Joseph D. Harris, AWC Vice President and Treasurer; Fredrick K. Schneider, AWC Vice President of Engineering; Joel M. Reiker, AWC Vice President of Rates and Revenues; and Pauline M. Ahern, Principal of AUS Consultants.

On August 30, 2012, Staff issued a Sufficiency Letter stating that AWC's rate application had met the sufficiency requirements of A.A.C. R14-2-103 and that AWC had been classified as a Class A utility.

On September 11, 2012, a Procedural Order was issued scheduling a procedural conference for September 18, 2012.

On September 12, 2012, RUCO filed an Application to Intervene.

On September 18, 2012, a procedural conference was held as scheduled, with AWC, Staff, and RUCO appearing through counsel. During the procedural conference, RUCO was granted intervention without objection, and the scheduling for this matter was determined.

On September 19, 2012, a Procedural Order was issued scheduling the hearing in this matter to commence on May 13, 2013, and establishing other procedural requirements and dates.

On November 30, 2012, AWC filed a Certificate of Notice showing that the prescribed public notice of AWC's application and the hearing in this matter had been mailed to AWC's customers as a billing insert beginning with the October 12, 2012, billing cycle and ending on November 13, 2012. The Certificate of Notice further showed that the prescribed public notice had been published in the *Arizona Daily Sun*, the *Verde Independent*, the *White Mountain Independent*, and the *Sedona Red Rock News* on October 12, 14, 16, and 17, 2012, respectively.[5]

On February 13, 2013, additional hearing dates were scheduled by Procedural Order due to a change in the Commission's Open Meeting schedule.

On February 21, 2013, Staff filed an unopposed Request for Modification to the Procedural Schedule, requesting a one-week extension of the deadline for Staff and RUCO to file direct testimony on revenue requirements and cost of capital and a one-week extension of the deadline for AWC to file rebuttal testimony.

[5] Official notice is taken of this Certificate of Notice, which was not admitted as an Exhibit in this matter.

On February 22, 2013, a Procedural Order was issued granting Staff's Request.

On February 28, 2013, Staff filed the direct testimony of Jeffrey Michlik, Public Utilities Analyst V; Katrin Stukov, Utilities Engineer; and John Cassidy, Public Utilities Analyst.

On March 1, 2013, RUCO filed the direct testimony of William Rigsby, RUCO Chief of Accounting and Rates, and Jorn Keller, Public Utilities Analyst V.

On March 5, 2013, RUCO filed the direct testimony on rate design of Robert Mease, RUCO Associate Chief of Accounting and Rates, and Staff filed Mr. Michlik's direct testimony on cost of service and rate design.

On March 13, 2013, Staff filed Notice of Settlement Discussions, stating that the parties might enter into settlement discussions on or after March 19, 2013.

On March 19, 2013, AWC, Staff, and RUCO met and engaged in settlement discussions.

On April 4, 2013, AWC filed the Parties' Request for Modification of Procedural Schedule, stating that certain of the parties had reached a conceptual settlement but needed additional time to complete and file a settlement agreement. AWC requested that the deadline to file a settlement agreement be extended by one week, that the deadline for testimony supporting or opposing the settlement agreement also be extended by one week, that a date for responsive testimony be set, and that the existing dates for rebuttal testimony and surrebuttal testimony be suspended.

On April 8, 2013, a Procedural Order was issued revising the procedural schedule for this matter consistent with the Parties' Request.

On April 12, 2013, AWC filed Notice of Status of Settlement Agreement, stating that the agreement had not yet been executed in final form and that another update would be filed on April 15, 2013, if the agreement would not be filed that day.

On April 15, 2013, Staff filed a Settlement Agreement executed by Staff and AWC, but not RUCO. The Settlement Agreement relied upon the outcome of the second phase of the Eastern Group Docket for resolution of the DSIC-type mechanism issue, for which AWC and Staff had entered a settlement agreement establishing a System Improvement Benefits ("SIB") mechanism in the Eastern Group Docket, as discussed further below.

On April 15, 2013, RUCO filed a Motion to Extend Filing Dates, requesting that the filing

dates for testimony supporting or opposing the Settlement Agreement and for responsive testimony each be extended by one week.

On April 17, 2013, AWC and Staff filed responses to the RUCO Motion, with AWC opposing an extension longer than one business day and requesting that the pre-hearing conference be set for an earlier date, and Staff taking no position on an extension and not objecting to an earlier pre-hearing conference date.

On April 18, 2013, a Procedural Order was issued extending the filing dates for testimony concerning the Settlement Agreement, requiring that responsive testimony be filed by the parties, and moving the pre-hearing conference to May 8, 2013.

On April 26, 2013, the parties filed initial testimony concerning the Settlement Agreement, with Staff filing testimony from Steven M. Olea, Utilities Division Director; RUCO filing testimony from Mr. Rigsby; and AWC filing testimony from Mr. Reiker.

On May 3, 2013, the parties filed responsive testimony concerning the Settlement Agreement, with Staff filing testimony from Mr. Olea; RUCO filing testimony from Mr. Rigsby; and AWC filing testimony from Mr. Reiker and Ms. Ahern.

On May 6, 2013, RUCO filed a Motion to Incorporate the Record and a Notice of Errata, requesting that the "record of the recent hearings" in the Eastern Group Docket be incorporated into the record in this matter. RUCO asserted that incorporation of the record would be preferable to judicial notice, although judicial notice would be acceptable provided that the record of the Eastern Group Docket could be cited. RUCO asserted that AWC and Staff agreed with RUCO's Motion.

On May 8, 2013, the pre-hearing conference in this matter was held, with AWC, RUCO, and Staff appearing through counsel. RUCO's Motion was discussed, and it was determined that the entire Phase 2 record from the Eastern Group Docket, and that portion of the Phase 1 record pertaining to AWC's requested DSIC, would be incorporated into the record for this matter. Additionally, the order of witnesses was discussed, and the parties were apprised of several issues to address at hearing. Also, Staff and AWC filed a Joint Notice of Filing of Table I, and the parties filed testimony summaries and an Agreed Disputed Issues Matrix.

On May 13 and 14, 2013, the evidentiary hearing in this matter was held before a duly

authorized Administrative Law Judge of the Commission at the Commission's offices in Phoenix, Arizona. At the hearing, AWC, RUCO, and Staff appeared through counsel and provided testimony and exhibits. AWC provided the testimony of Mr. Reiker and Ms. Ahern, RUCO provided the testimony of Mr. Rigsby, and Staff provided the testimony of Mr. Olea. No members of the public attended to provide public comment. At the conclusion of the hearing, RUCO was directed to file a late-filed exhibit providing language that counsel for RUCO had stated might resolve its legal concerns with the SIB mechanism,[6] and the parties were directed to file briefs by June 18, 2013.

On May 23, 2013, RUCO filed its late-filed exhibit regarding language that might resolve RUCO's legal issues with the SIB mechanism, stating the following:

> RUCO has been unable to put a format together which it would feel comfortable with. That is not to say it could not be done – just that RUCO has not been able to do it yet. The SIB is only one of RUCO's objections to the settlement, but if there is language and a method that can resolve the legal issue[,] and there are adequate financial benefits to the ratepayer to offset the obvious benefits to the shareholder[,] RUCO would consider withdrawing its objection to the SIB.[7]

On June 18, 2013, the parties filed their briefs.[8]

B. <u>The Eastern Group Docket</u>

On February 20, 2013, in the Eastern Group Docket, the Commission issued Decision No. 73736 ("Phase 1 Decision"), establishing new permanent rates for AWC's Eastern Group systems.[9] Although AWC's request for a DSIC was denied in the Phase 1 Decision, the Decision expressed support for DSIC-type mechanisms and left the Eastern Group Docket open for a second round of proceedings ("Phase 2") to allow the parties an opportunity to enter into discussions regarding AWC's DSIC proposal and other DSIC-like proposals, to allow for additional intervention, and to allow for the possibility that a settlement or compromise might be reached. (Decision No. 73736 at 104, 110-11.) *Inter alia*, the Phase 1 Decision directed Staff to provide an update on the progress of negotiations at the April 2013 Open Meeting and directed the Hearing Division to hold a procedural

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[6] *See* Tr. at 402-07, 417-20.

[7] RUCO Late Filed Exhibit at 2.

[8] Staff filed corrections to its brief on June 19, 2013.

[9] Official notice is taken of Decision No. 73736 (February 20, 2013). At its Staff Meeting on August 15, 2013, the Commission approved the reopening of Decision No. 73736, pursuant to A.R.S. § 40-252, as to return on equity.

conference,[10] establish the process for the Phase 2 proceedings, and issue a proposed Order for consideration by the Commission no later than its June 2013 Open Meeting. (*Id.* at 113-14.)

Intervention in Phase 2 was granted to the Global Utilities ("Global");[11] EPCOR Water Arizona Inc. ("EPCOR"); Rio Rico Utilities, Inc. dba Liberty Utilities ("Liberty"); the Water Utility Association of Arizona ("WUAA"); the Arizona Investment Council ("AIC"); and the City of Globe ("Globe"). (Ex. A-1 at 4, § 6.0, ex. 1.)

On April 1, 2013, Staff filed a "Settlement Agreement Regarding Distribution System Improvement Charge ('DSIC') and Other DSIC-Like Proposals" ("SIB Agreement"), entered into by all of the parties to Phase 2 other than RUCO and Globe, in which a SIB mechanism was created in lieu of AWC's previously requested DSIC.

The evidentiary hearing for Phase 2 was held on April 8 and 11, 2013, with AWC, RUCO, Liberty, Global, EPCOR, AIC, WUAA, Globe, and Staff appearing through counsel. After the hearing, AWC filed revised SIB schedules, consistent with its testimony, and most of the parties filed briefs.

A Recommended Opinion and Order ("ROO"), recommending adoption of the SIB Agreement with modifications and reduction of the Eastern Group's cost of equity by 55 basis points, was issued on May 28, 2013.[12] The ROO was discussed by the Commission at its Open Meeting on June 12, 2013; was amended by the Commission to include a 10.55 percent cost of equity; and was approved as amended.

On June 27, 2013, the Commission issued Decision No. 73938 ("Phase 2 Decision"), which approved the SIB Agreement with modifications set forth in the Decision.[13] The SIB Agreement, and the modifications made thereto in the Phase 2 Decision, are described more fully below.

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[10] A Phase 2 procedural conference was held on March 4, 2013, and a procedural schedule was established; the schedule was later revised by Procedural Order.

[11] The Global Utilities are Global Water – Palo Verde Utilities Company, Global Water – Santa Cruz Water Company, Valencia Water Company – Town Division, Valencia Water Company – Greater Buckeye Division, Water Utility of Greater Tonopah, Willow Valley Water Co., and Water Utility of Northern Scottsdale.

[12] A Notice of Errata was issued on May 30, 2013, to correct typographical errors.

[13] Official notice is taken of Decision No. 73938 (June 27, 2013).

On July 17, 2013, RUCO filed, pursuant to A.R.S. § 40-253, an Application for Rehearing of Decision No. 73938.[14] On August 5, 2013, at its Staff Meeting, the Commission voted to grant RUCO's Application for the limited purpose of allowing the Commission additional time to consider RUCO's Application. At its Staff Meeting of August 15, 2013, the Commission granted RUCO's rehearing request for the Phase 2 Decision; reopened the Phase 1 Decision pursuant to A.R.S. § 40-252, as to return on equity; and consolidated the proceedings.

II. AWC and its Northern Group

AWC is an Arizona C corporation and Class A water utility providing service, pursuant to Certificates of Convenience and Necessity granted by the Commission, to approximately 84,800 customers through water systems located in Cochise, Coconino, Gila, Maricopa, Navajo, Pima, Pinal, and Yavapai Counties. (App. at 1.) AWC's water systems are organized into three groups: the Northern Group, the Eastern Group, and the Western Group. (*Id.*) This case concerns AWC's Northern Group, for which the current rates were set in a company-wide rate case resulting in Decision No. 71845 (August 25, 2010).[15]

AWC's Northern Group provides water to approximately 19,700 connections in Yavapai, Coconino, and Navajo counties. (Ex. S-4 at ex. KS at 1.) The Northern Group includes the Navajo and Verde Valley divisions, each of which was formed through consolidation in Decision No. 71845. (Ex. A-7 at 5.) The Navajo division consists of the fully consolidated Lakeside and Overgaard systems, and the Verde Valley division consists of the fully consolidated Pinewood and Rimrock systems and the partially consolidated Sedona system. (*Id.* at 5-6.) The Sedona system currently has the same monthly minimum charge as the rest of the Verde Valley division, but different commodity rates.[16] (*Id.*) AWC proposes to complete the consolidation of the Verde Valley division in this case. (*Id.* at 6.) Ultimately, AWC intends to consolidate the entire Northern Group. (Tr. at 203.)

From an engineering perspective, the Northern Group consists of eight independent Public Water Systems ("PWSs"), each with its own water production, storage, and distribution facilities, with the following numbers of connections: Lakeside (4,012), Pinetop Lakes (1,001), Overgaard

[14] Official notice is taken of this filing made in Docket No. W-01445A-11-0310.
[15] Official notice is taken of Decision No. 71845 (August 25, 2010).
[16] The accounting records for Pinewood, Rimrock, and Sedona have been fully consolidated. (Ex. A-7 at 5-6.)

(4,153), Forest Towne (5), Sedona (5,728), Valley Vista (766), Pinewood (2,856), and Rimrock (1,217). (Ex. S-4 at ex. KS at 1, 5.) Geographically, the Northern Group PWSs are spread throughout the following counties: Navajo County (Lakeside, Pinetop Lakes, Overgaard, and Forest Towne PWSs); Coconino County (Pinewood PWS); Yavapai County (Valley Vista and Rimrock PWSs); and Yavapai and Coconino Counties (Sedona PWS). (*Id.* at 6-17, 19, 24, 28, 31.)

All of the PWSs within the Northern Group are in full compliance with the requirements of the Arizona Department of Environmental Quality ("ADEQ") and delivering water that meets the water quality standards required by A.A.C. Title 18, Chapter 4.[17] (Ex. S-4 at ex. KS at 35.) The Sedona, Valley Vista, and Rimrock PWSs have arsenic treatment facilities, (*id.* at 5), and the Sedona system is currently assessing an Arsenic Cost Recovery Mechanism ("ACRM") surcharge, (Ex. A-7 at 10). According to Mr. Schneider, three additional arsenic treatment facilities need to be constructed in the Northern Group, specifically in the Sedona system (for one well) and the Overgaard system (for two wells). (Ex. A-11 at 36-39.)

None of the PWSs in the Northern Group is located within any Arizona Department of Water Resources ("ADWR") Active Management Area ("AMA"). (Ex. S-4 at ex. KS at 35.) ADWR has determined that all of the Northern Group PWSs are in compliance with ADWR requirements for community water systems.[18] (*Id.*)

Staff's engineer reported that all of the Northern Group PWSs have adequate production and storage capacity to serve their present customers and reasonable growth. (Ex. S-4 at ex. KS at 5.)

Five of the eight Northern Group PWSs have water loss exceeding the Commission's general 10-percent standard, as follows: Pinetop Lakes (17.5 percent), Overgaard (13.4 percent), Sedona (10.2 percent[19]), Pinewood (26 percent), and Rimrock (19.5 percent). (Ex. S-4 at ex. KS at 5, 33.) As required by the Commission, AWC has done extensive analysis of its systems relating to water loss causes and solutions. (*See* Ex. A-11 at 9-10, ex. FKS-19, ex. FKS-20.) According to Mr.

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[17] Due to its size, Forest Towne is not a community water system subject to ADEQ compliance monitoring. (Ex. S-4 at ex. KS at 35.)

[18] Due to its size, Forest Towne is not a community water system subject to ADWR compliance monitoring. (Ex. S-4 at ex. KS at 35.)

[19] During the test year, Sedona had water loss of 9.1 percent, but its water loss increased to 10.2 percent in 2012. (Ex. S-4 at ex. KS at 22.)

Schneider, AWC has a water loss reduction program that includes monthly water loss tracking and analysis using leak detection equipment; locating and repairing leaks and breaks; and replacing water mains, service lines, and other facilities as necessary. (*See, e.g.,* Ex. A-11 at 45-47, 52, ex. FKS-19.) From January 2008 through December 2011, AWC found and repaired 1,159 leaks in the five Northern Group PWSs with excessive water loss. (Ex. A-11 at 89.)

Mr. Schneider's testimony included AWC's Water Loss Reduction Program for Water Systems in the Northern Group, dated July 27, 2012, in which Mr. Schneider described in great detail, for the five Northern Group PWSs with excessive water loss, AWC's efforts to detect and reduce water loss; the various PWSs' infrastructure types and conditions; the various PWSs' specific histories of leaks and breakage; the specific areas most in need of infrastructure replacement to curb water loss; any other recommendations to improve water loss for the PWSs; and specific projects proposed to be completed within a three-year period, with cost estimates ("three-year plan"). (Ex. A-11 at ex. FKS-19.) The following projects, estimated to have a total cost of more than $4.8 million, were included in the three-year plan:[20]

- In Verde Valley's Rimrock system, installation of 7,450 linear feet ("LF") of 6-inch main,[21] 180 service connections, and 180 meters, at an estimated aggregate cost of $1,267,536;
- In Verde Valley's Sedona system, installation of 550 LF of 6-inch main, 115 service connections, and 115 meters, at an estimated aggregate cost of $730,932;
- In Verde Valley's Pinewood system, installation of 1,850 LF of 6-inch main, 177 service connections, 177 meters, and 1 fire hydrant, at an estimated aggregate cost of $1,107,568;
- In Navajo's Overgaard system, installation of 2,200 LF of 6-inch main, 343 service connections, 343 meters, and 2 fire hydrants, at an estimated aggregate cost of $1,091,458; and
- In Navajo's Pinetop Lakes system, installation of 193 service connections and 193 meters, at an estimated aggregate cost of $620,993.

[20] *See* Ex. A-11 at 53, 68, 85, 100, 115. The identified plant dates from 1949 to 1975, with much of the plant having been installed in the 1960s and 1970s. (*See* Ex. A-2; Ex. A-11 at ex. FKS-19 at 44, 61, 77, 93, 108.)

[21] The main is six-inch ductile iron pipe with plastic wrap. (Tr. at 206.)

Regarding the need for plant improvements to curb water loss, Staff's engineering witness recommended that AWC continue to record and monitor monthly water losses, repair any leak as soon as it is discovered, and implement an aging infrastructure replacement plan consistent with the three-year plan. (Ex. S-4 at ex. KS at ii, 38.) Ms. Stukov further stated that Staff had reviewed the three-year plan and its estimated costs and found the proposal to be reasonable and appropriate. (Ex. S-4 at ex. KS at 39.)

AWC asserts that the total estimated cost to replace all of the aging infrastructure in the Northern Group is approximately $84,210,409, when considering water mains and service lines that will need to be replaced between 2012 and 2021. (Ex. A-11 at 82.) Between September 20, 2011, and May 31, 2012, AWC completed several plant replacement projects to reduce water loss in the Pinewood and Rimrock systems, at a total cost of approximately $405,000. (*Id.* at 82-83.)

The vast majority of Northern Group customers are served by 5/8" x 3/4" meters, with those customers representing the following percentage of customers for each system in 2011: Lakeside (97.25 percent), Pinetop Lakes (96.60 percent), Overgaard (99.20 percent), Forest Towne (100 percent), Sedona (86.42 percent), Valley Vista (79.32 percent), Pinewood (99.50 percent), and Rimrock (99.01 percent). (*See* Ex. S-4 at ex. KS at 7, 10, 14, 17, 21, 25, 28, and 32.) The monthly average and median water usage of residential 5/8" x 3/4" meter customers differs by division/system, as follows:[22]

	Navajo (Lakeside & Overgaard)	Verde Valley (Sedona)	Verde Valley (Pinewood & Rimrock)
Average:	3,150 gallons	8,751 gallons	3,036 gallons
Median:	1,190 gallons	5,230 gallons	1,215 gallons

AWC has an approved curtailment plan tariff, an approved backflow prevention tariff, and approved Best Management Practices ("BMP") tariffs on file for its Northern Group. (Ex. S-4 at ex. KS at 37-38.)

According to Staff's Consumer Services database, for the period from January 1, 2010, through January 14, 2013, AWC's Northern Group was the subject of a total of 56 complaints, each of which concerned billing, an aspect of service, deposits, disconnection, construction, or rates and

[22] These figures are taken from Ex. A-7 at Sched. H-5.

tariffs. (Ex. S-1 at 3-4.) As of the hearing in this matter, all of the complaints had been resolved and closed. (Tr. at 233-34, 252.)

Between October 23, 2012, and July 17, 2013, 14 comments were filed opposing AWC's application, one comment was filed providing rate design suggestions, and one comment[23] was filed supporting the Commission's recent decision to approve a SIB mechanism in the Eastern Group Docket.

III. Pre-Settlement

In its Application, AWC asserted that the revenues from its utility operations are presently inadequate to allow it to recover its operating costs and to provide a just and reasonable rate of return on the fair value of its utility plant and property used to provide service to its Northern Group customers. (App. at 2.) AWC also asserted that its rate base has increased substantially since the 2007 test year used in its last company-wide rate case due to significant plant additions made in order to assure safe and reliable service to its customers, to comply with the current arsenic standard, and to comply with the Commission's directive for AWC to reduce its water losses by July 1, 2011. (*Id.*) The TY figures proposed by AWC in its application reflected downward adjustments in TY revenues and expenses to reflect what AWC called "normalize[d] revenues [and] expenses to reflect typical weather and usage."[24] AWC stipulated in the Application that its original cost rate base ("OCRB") could be used as its fair value rate base ("FVRB") for the limited purpose of setting rates in this matter. (*Id.* at 3.) In addition to requesting an increase in rates and revenues, AWC requested the following:

- Full rate consolidation of the Sedona system with the rest of the Verde Valley systems;
- Authorization to extend its ACRM, previously authorized for Verde Valley,[25] to the rest of the Northern Group;

[23] This comment letter was filed by Arizonans for Responsible Water Policy ("ARWP"), an organization that includes AWC, Global Water, EPCOR Water USA, and Liberty Utilities Arizona.

[24] AWC showed that a portion of AWC's proposed downward adjustments to TY operating revenues and expenses ($68,751 in revenues and $15,249 in expenses for Navajo and $63,203 in revenues and $30,566 in expenses for Verde Valley) were being made to normalize residential revenues and expenses to reflect typical weather and decreasing residential usage. (Ex. A-7 at Sched. C-2 app. at 10-11.)

[25] The only Northern Group system currently approved to have an ACRM is the Sedona system. (*See* Decision No. 72375 (May 27, 2011); Decision No. 73662 (February 6, 2013).)

- Authorization to implement a DSIC for the Northern Group systems, to allow AWC to recover the fixed costs (depreciation and rate of return) of non-revenue producing distribution system improvement projects completed between rate cases;
- Authorization to implement an Off-Site Facilities Fee ("OSFF") for all new service connections in Verde Valley's Sedona system, with the OSFF starting at $1,100 for a 5/8" x 3/4" meter service connection and increasing for larger meter sizes;
- Continuation of AWC's MAP surcharge for the Northern Group; and
- Authorization of such other and further relief as may be appropriate to ensure that AWC has an opportunity to earn a just and reasonable return on the fair value of its utility plant and property and as may otherwise be required under Arizona law.[26]

A. Undisputed Issues

In its direct testimony, Staff recommended that AWC be authorized to complete consolidation of the rates of the Sedona system with the rates for the other Verde Valley division systems, that AWC be authorized to extend its previously approved ACRM to other Northern Group systems using the same ACRM surcharge approval process previously established, and that AWC be authorized to implement an OSFF using the tariff language provided in Staff's Engineering Report. (Ex. S-1 at 5, 30-32; *see* Ex. S-4 at ex. KS at ii, 39, att. A.) Staff further recommended that AWC be required to submit to the Commission's Docket Control each January, beginning on January 31, 2014, and continuing until the OSFF Tariff is no longer in effect, an annual OSFF status report for the prior calendar year containing a list of all customers that have paid the OSFF, the amount of each OSFF payment, the amount expended from the OSFF account, the amount of interest earned on the OSFF account, and a list of the facilities (identified by ADEQ PWS location) installed with the OSFF account funds during the calendar year. (Ex. S-4 at ex. KS at ii.) Staff's recommendations are expressly included within the recommended OSFF Tariff. (*See* Ex. S-4 at ex. KS at att. A at 4.)

In its direct testimony, RUCO also recommended approval of AWC's request to complete the consolidation of the Sedona system's rates with the rates for the rest of the Verde Valley division. (Ex. R-10 at 2-3.) RUCO also recommended approval of AWC's request to continue its ACRM to

[26] App. at 4-6.

include all of the Verde Valley systems and to establish an ACRM for the Navajo division. (Ex. R-7 at 3, 16-17.) RUCO took no position on AWC's OSFF request, but reiterated its assertion, made in other cases, that delaying recognition of contributions in aid of construction ("CIAC") as a deduction to rate base is not in the best interest of ratepayers. (Ex. R-7 at 3, 17.)

B. Disputed Issues

1. TY Results and Revenue Requirement

The parties adopted the following litigation positions regarding the TY operations and revenue requirements for the two divisions in the Northern Group:[27]

Navajo Division			
	AWC	**RUCO**	**Staff**
TY Adjusted Operating Revenues:	$3,595,080	$3,663,832	$3,663,830
TY Adjusted Operating Expenses:	$3,164,804	$3,163,004	$3,192,492
TY Adjusted Operating Income:	$430,276	$500,828	$471,338
Adjusted OCRB:	$9,911,050	$9,227,096	$10,065,911
TY Rate of Return:	4.34%	5.43%	4.68%
Required Operating Income:	$902,842	$720,424	$795,207
Operating Income Deficiency:	$472,566	$219,596	$323,869
Gross Revenue Conversion Factor	1.6469	1.6469	1.6510
Required Revenue Increase:	$778,281	$361,659	$534,713
Required Revenue Increase %:	**21.65%**	**9.87%**	**14.59%**
Required Rate of Return:	9.11%	7.81%	7.9%
Proposed Revenue Increase:	**$778,281**	**$361,659**	**$534,713**
Proposed Revenue Requirement:	$4,373,361	$4,025,491	$4,198,543
Verde Valley Division			
	AWC	**RUCO**	**Staff**
TY Adjusted Operating Revenues:	$6,529,576	$6,592,779	$6,592,779
TY Adjusted Operating Expenses:	$5,394,801	$5,407,458	$5,383,130
TY Adjusted Operating Income:	$1,134,775	$1,185,321	$1,209,649
Adjusted OCRB:	$26,134,793	$25,528,437	$25,991,704
TY Rate of Return:	4.34%	4.64%	4.65%
Required Operating Income:	$2,380,736	$1,993,184	$2,053,345
Operating Income Deficiency:	$1,245,961	$807,863	$843,695
Gross Revenue Conversion Factor	1.6465	1.6465	1.6465
Required Revenue Increase:	$2,051,496	$1,330,169	$1,389,159

[27] *See* Ex. A-7 at Sched. A-1, Sched. C-1; Ex. S-1 at Sched. JMM-1, JMM-8; Ex. R-9 at Sched. JLK-1, JLK-7.

Required Revenue Increase %:	**31.42%**	**20.18%**	**21.07%**
Required Rate of Return:	9.11%	8.75%	7.9%
Proposed Revenue Increase:	**$2,051,496**	**$1,330,169**	**$1,389,159**
Proposed Revenue Requirement:	$8,581,072	$7,922,948	$7,981,938

The differences in TY revenue figures set forth above are attributable to RUCO and Staff's rejection of AWC's adjustments to "normalize revenues and expenses to reflect typical weather and usage" for residential customers. (*See* Ex. A-7 at 17-19, ex. JMR-1; Ex. R-9 at 8, 19-20; Ex. S-1 at 14-17.) AWC had made downward adjustments to TY revenues and expenses for the Navajo division in the amounts of $68,751 and $15,249 and to the Verde Valley division in the amounts of $63,203 and $30,566, respectively. (Ex. A-7 at Sched. C-2.) Mr. Reiker testified that the adjustments were made based upon the results of a multiple regression analysis of monthly residential per customer usage and weather conditions for the five years ending December 2011, which showed both that normalized weather conditions resulted in lower usage than seen in the hotter and drier TY and that there was a "statistically significant annual decline in residential usage of 2.03 percent and 2.71 percent in the Navajo and Verde Valley systems." (Ex. A-7 at 17-18; *see also id.* at 32.) To reflect the decline, AWC made reductions to revenues and made corresponding adjustments to source of supply, pumping, and water treatment expenses. (*Id.* at 18-19.) RUCO and Staff rejected these adjustments entirely. (Ex. R-9 at 8, 19-20; Ex. S-1 at 14-17.)

RUCO also made downward adjustments in transmission and distribution ("T&D") expense for each division, to reverse AWC's T&D expense normalization adjustment; in rate case expense, to reflect the amount granted for the Northern Group in its last rate case, adjusted for inflation; in fleet fuel expense, based upon an average of the U.S. Energy Information Administration's Short Term Energy Outlook average monthly prices for January 2012 through December 2014; and in miscellaneous expense, to eliminate sponsorships, costs associated with employee events and awards, and half of the costs of certain organizational dues. (Ex. R-9 at 5-7, Scheds. JLK-8, JLK-10 through JLK-13.) RUCO also adjusted depreciation expense, property tax expense, and income tax expense to reflect its own calculations based upon recommended plant in service, a modified Arizona Department of Revenue ("ADOR") formula used by the Commission in prior rate cases, and RUCO's recommended operating income. (Ex. R-9 at 7-9, Scheds. JLK-8, JLK-14 through JLK-17.)

Staff also made downward adjustments in T&D expenses, to reflect a five-year normalized amount rather than the amount projected using AWC's regression analysis; in administrative and general expenses, to eliminate expenses related to memberships, charitable contributions, sponsorships, employee meals, and gifts and awards; in miscellaneous expenses, to eliminate projected expenses related to the implementation of BMPs; and in rate case expense, based on the amount approved by the Commission in Phase 1 of the Eastern Group Docket. (Ex. S-1 at 8, 17-26, Scheds. JMM-8, JMM-12 through JMM-15.) Staff also adjusted depreciation expense, income tax expense, and property tax expense to reflect Staff's calculations based upon its other recommendations, the applicable income tax rates, and the Commission's usual modified ADOR methodology for calculating property tax expense. (Ex. S-1 at 9, 27-29, Scheds. JMM-8, JMM-16 through JMM-18.)

2. Rate Base

In the Application, AWC stated that it adjusted its OCRB to add post-TY "revenue-neutral utility plant additions" for items necessary to serve existing TY customers, along with a half-year of depreciation on these items, and to allocate rate base items for AWC's Phoenix office and meter shop to the Navajo and Verde Valley divisions, consistent with a previously approved three-factor allocation methodology. (Ex. A-7 at 12-13, Sched. B-2, Sched. B-2 app.) As a result, the Navajo division's OCRB was decreased by $1,749,917, and the Verde Valley division's OCRB was increased by $506,265. (Ex. A-7 at Sched. B-2.)

RUCO recommended reducing the value of post-TY plant additions to reflect actual costs rather than projections and rejecting post-TY construction projects completed after June 30, 2012, with the cumulative result being downward adjustments of $463,187 and $233,057 in the OCRBs of Navajo and Verde Valley, respectively. (Ex. R-9 at 4-5, 10, Scheds. JLK-2, JLK-3.) RUCO also recommended reducing cash working capital for the Navajo division by $220,768 and for the Verde Valley division by $373,298, to reflect RUCO's calculation of working capital using AWC's lead/lag study with some adjustments, such as excluding rate case expense and including interest expense. (Ex. R-9 at 4-5, 11-13, Scheds. JLK-2, JLK-3, JLK-5, JLK-6(1).)

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Staff recommended increasing post-TY plant by $257,446 and accumulated depreciation by $5,117 for the Navajo division and increasing post-TY plant by $633 and accumulated depreciation by $238 for the Verde Valley division to reflect actual rather than estimated post-TY plant costs. (Ex. S-1 at 10, Scheds. JMM-4, JMM-5.) Staff also removed from the Navajo division's OCRB $29,288 in post-TY costs for land surveying and purchased land related to Well Site No. 5 and a future arsenic treatment plant for Well No. 5, along with $113 in associated depreciation. (Ex. S-1 at 11, Sched. JMM-6.) Staff also recommended reducing cash working capital for the Navajo division by $68,292 and for the Verde Valley division by $143,482, to reflect Staff's recalculation including interest expense as a component of the lead/lag study. (Ex. S-1 at 12-13, Sched. JMM-7.)

3. Cost of Capital

The parties took the following positions on the Northern Group's cost of capital, with cost of equity ("COE") as the only area of dispute:[28]

	AWC			RUCO			STAFF		
	Weight	Cost	Weighted Avg. Cost	Weight	Cost	Weighted Avg. Cost	Weight	Cost	Weighted Avg. Cost
Common Equity	51.05%	11.30%	5.77%	51.05%	8.75%	4.47%	51.1%	9.1%	4.6%
Debt	48.95%	6.82%	3.34%	48.95%	6.82%	3.34%	48.9%	6.8%	3.3%
Weighted Avg. Cost of Capital			**9.11%**			**7.81%**			**7.9%**

Ms. Ahern testified that she determined AWC's proposed 11.30 percent COE by performing discounted cash flow model ("DCF"), risk premium model ("RPM"), and capital asset pricing model ("CAPM") analyses using a proxy group of nine publicly traded water companies. (Ex. A-10 at 4, 7-9, ex. PMA-1.) Ms. Ahern averaged the results of the DCF (9.13%), RPM (10.47%), and CAPM (11.01%) to arrive at a common equity cost rate of 10.34 percent, which she stated did not include any adjustments for credit and business risks attributable to AWC. (Ex. A-10 at 10.) Ms. Ahern then applied a 50-basis point upward adjustment for credit risk and a 45-basis point upward adjustment for company-specific unique business risk, resulting in an adjusted COE of 11.29 percent, which she rounded to 11.30 percent. (Ex. A-10 at 10, 53-54, ex. PMA-1.) Ms. Ahern testified that she made the credit risk adjustment based on her opinion that if AWC were rated by Moody's or Standard &

[28] *See* Ex. A-10 at 7-8, ex. PMA-1; Ex. R-8 at 5-6, Sched. WAR-1; Ex. S-3 at 3, 35, Sched. JAC-1. Staff's use of only a single decimal place is not considered to be an area of dispute.

Poor's, AWC would probably have a bond rating of Baa/BBB, which she stated indicates an inherently greater credit risk relative to the proxy group utilities.[29] (Ex. A-10 at 55-56.) Ms. Ahern quantified the magnitude of the credit risk adjustment using two-thirds of a recent three-month average spread between Moody's A and Baa2 rated public utility bond yields, to arrive at a rounded 50-basis-point upward credit risk adjustment. (*Id.* at 56.) Ms. Ahern testified that a business risk adjustment is also needed based on water utilities' greater business risk as an industry, as compared to other types of utilities, and AWC's even greater and unique business risk due to its segmented and geographically isolated operations, its small size as compared to the proxy group utilities, and the regulatory lag that results from Arizona's use of a historical test year. (Ex. A-10 at 12-24, 56-58, ex. PMA-1.) At hearing, Ms. Ahern testified that her updated estimate as of May 13, 2013, would be 11.35 percent. (Tr. at 160, 183.)

For RUCO, Mr. Rigsby completed a constant-growth DCF analysis using two separate proxy groups—a proxy group of six publicly traded water companies, and a proxy group of nine publicly traded and regulated natural gas local distribution companies ("LDCs").[30] (Ex. R-8 at 8, 19-20.) Mr. Rigsby averaged the results of the DCF analysis for the water utilities proxy group (7.97 percent) with the result of the DCF analysis for the LDC proxy group (8.75 percent) to reach an overall DCF COE estimate of 8.36 percent. (Ex. R-8 at 30, Scheds. WAR-1, WAR-2.) Mr. Rigsby also performed CAPM analyses using the two proxy groups and using two different methods to calculate market risk premium (geometric mean versus arithmetic mean of historical total returns on the Standard & Poor's 500 index from 1926 to 2011 as a proxy for market rate of return). (Ex. R-8 at 35.) The CAPM analyses for the water utilities proxy group resulted in COE estimates of 5.79 percent and 6.90 percent, and the CAPM analyses for the LDC proxy group resulted in COE estimates of 5.64 percent and 6.69 percent.[31] (Ex. R-8 at 37.) Mr. Rigsby selected the highest DCF

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[29] Ms. Ahern testified that most utilities have an average bond rating of BBB, which is the bottom of investment grade. (Tr. at 174.) She stated that if the rating drops to BB, insurance companies and institutional investors are precluded from investing in them. (*Id.*)

[30] All of the utilities in RUCO's water utility proxy group were also included in AWC's proxy group. (*See* Ex. R-8 at 20-21, Ex. A-10 at 30.) RUCO has used the same LDCs in proxy groups in previous rate cases, including in the Eastern Group Docket. (*See* Ex. R-8 at 23.)

[31] At hearing, Mr. Rigsby said, "[r]ight now I will be the first to admit that CAPM is producing low results. . . . that's only because the yields on risk free assets are low right now." (Tr. at 397.)

COE estimate to serve as RUCO's recommended COE of 8.75 percent. (*Id.*) Mr. Rigsby testified that RUCO's recommended COE of 8.75 percent would provide AWC with a reasonable rate of return on investment, considering low current interest rates, the current state of the economy, the current rates of unemployment in the country and state, and the Federal Reserve's decision to keep interest rates at their current levels into the foreseeable future. (*Id.* at 56.)

Mr. Rigsby testified that Ms. Ahern used the same single stage DCF model that he used and attributed much of the difference in DCF analysis results to timing, as his DCF analyses were performed using data approximately 7 months fresher than that used by Ms. Ahern, and also to the different methods used to produce growth rate estimates. (Ex. R-8 at 60-63.) Mr. Rigsby also testified that Ms. Ahern's CAPM analyses used both the version that he used and another version that has previously been rejected by the Commission and expressed concern that Ms. Ahern's CAPM analyses used only forecasted yields on long-term Treasury instruments for a risk-free rate of return, "totally ignore[d]" the Federal Reserve's plan to keep interest rates at their current low levels through 2014, utilized an "almost Byzantine methodology . . . to arrive at [an] unrealistically high market risk premium," and rejected the use of geometric means to calculate market risk premium. (Ex. R-8 at 60, 65-67.) Mr. Rigsby also testified that AWC needs neither a credit risk adjustment nor a business risk adjustment because AWC has successfully placed bond issuances in the past, and Mr. Rigsby's analyses using the water utilities proxy group shows that investors tolerate the types of risks faced by AWC. (Ex. R-8 at 62, 68.) Mr. Rigsby disagreed with the idea that water utilities currently need higher rates of return to attract investors. (Ex. R-8 at 62.)

To determine Staff's recommended COE, Mr. Cassidy performed two DCF analyses and two CAPM analyses using a sample group of six publicly traded water utilities that receive the majority of their earnings from regulated operations.[32] (Ex. S-3 at 3, 13.) Mr. Cassidy averaged the results of a constant-growth DCF analysis (8.0 percent) and non-constant-growth DCF analysis (9.5 percent) to obtain an overall DCF COE estimate of 8.8 percent. (Ex. S-3 at 14, 24, 26, Sched. JAC-3.) Mr. Cassidy also averaged the results of a historical market risk premium CAPM analysis (6.3 percent)

[32] All of the utilities in Staff's proxy group were also included in AWC's proxy group. (*See* Ex. S-3 at 13, Ex. A-10 at 30.)

with the results of a current market risk premium CAPM analysis (10.0 percent) to obtain an overall CAPM COE estimate of 8.2 percent. (Ex. S-3 at 29-30, Sched. JAC-3.) Mr. Cassidy then determined Staff's recommended 9.1 percent COE by averaging the overall DCF COE estimate and the overall CAPM COE estimate (resulting in 8.5 percent) and making a 60-basis-point upward adjustment in consideration of the status of the "relatively uncertain" current economy and market. (Ex. S-3 at 33-34, Sched. JAC-3.)

Mr. Cassidy criticized Ms. Ahern's exclusive reliance on analysts' forecasts for earnings per share ("EPS") growth to estimate the dividend growth component in her single-stage constant-growth DCF analysis, stating that analysts' forecasts are known to be overly optimistic and to result in COE inflation and also stating that dividends per share growth is more relevant. (Ex. S-3 at 35-38.) Mr. Cassidy also disagreed with Ms. Ahern's use of a "stale" historical 60-day average stock price, as opposed to a current spot price, to calculate the current dividend yield component of the constant growth DCF analysis. (Ex. S-3 at 38-39.) Mr. Cassidy also disagreed with Ms. Ahern's use, in her CAPM and RPM analyses, of a projected risk-free rate based upon both historical and forecasted estimates, as opposed to Staff's recommended use of a risk-free rate based upon a current measure for the 30-year U.S. Treasury yield at the time of analysis. (Ex. S-3 at 39-41.) Mr. Cassidy performed the same CAPM and RPM analyses as completed by Ms. Ahern, using the then-current 30-year U.S. Treasury yield rather than Ms. Ahern's projected risk-free rate, and obtained an RPM result of 9.63 percent (rather than 10.47 percent) and a CAPM result of 9.73 percent (rather than 11.01 percent),[33] for an unadjusted COE of 9.50 percent (rather than 10.34 percent). (Ex. S-3 at 41-44, ex. JAC-C.) Mr. Cassidy also testified that neither Ms. Ahern's 50-basis-point credit risk adjustment nor her 45-basis-point business risk adjustment had merit because bond ratings are not an accurate indicator of equity risk, the Commission has previously ruled that firm size does not warrant recognition of a risk premium, and investors can eliminate firm-specific risk through diversification. (Ex. S-3 at 44-45.)

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[33] Mr. Cassidy did not recalculate Ms. Ahern's DCF analysis.

4. Rate Design

AWC's current Northern Group rates and charges, the rates and charges proposed by AWC in its Application, and the rates and charges proposed by RUCO and Staff in their original direct testimonies are set forth in Exhibit A, attached hereto and incorporated herein.[34]

AWC's proposed rate design significantly increased monthly minimum charges, which would result in AWC's earning more of its overall revenue through monthly minimum charges, while also increasing the first-tier break over points for commodity rates. (*See* Ex. A-7 at Sched. H-3.) Mr. Reiker testified that AWC created its proposed rate design after considering gradualism, affordability, conservation, and cost recovery. (Ex. A-7 at 28.) Mr. Reiker testified that the rate design included a lifeline rate for residential customers with minimal usage, to keep water bills affordable for basic needs, while also promoting conservation by incorporating a third-tier commodity rate set higher than cost. (*Id.* at 28-29.) Mr. Reiker further testified that AWC addressed cost recovery in an environment of declining customer usage with its proposed rate design by adjusting TY sales volumes to reflect declines in per customer residential usage, incorporating the reductions into the billing determinants used to design its proposed rates, and designing a monthly minimum charge consistent with AWC's cost of service study ("COSS") to avoid shifting fixed cost recovery into commodity rates. (*Id.* at 31, 35.) According to Mr. Reiker, the COSS showed that no less than 51 percent of Northern Group revenues should be recovered through monthly minimum charges, and AWC's proposed rate design was designed accordingly. (*Id.* at 35-36.) Mr. Reiker further testified that the proposed Northern Group rate design generally incorporated the same principles as the design approved for the Northern Group in the company-wide rate case, although revisions to miscellaneous service charges and service line and meter installation charges were proposed to make those charges consistent with the Commission's recent Western Group decision.[35] (*Id.* at 37-38.)

RUCO's proposed rate design supports AWC's proposal to complete full consolidation of the Sedona system's rates with the rates for the rest of the Verde Valley division, but does not incorporate AWC's proposed declining usage adjustment. (Ex. R-10 at 3-4.) Mr. Mease stated that

[34] The sources for the data in Exhibit A hereto are Ex. A-7 at Sched. H-3; Ex. R-10 at Sched. RD-1; Ex. S-2 at Sched. JMM-1.

[35] The Western Group's rates were most recently established in Decision No. 73144 (May 1, 2012).

RUCO does not believe the level of declining usage per customer will continue or that the declining usage results from conservation efforts, instead predicting that usage levels will stabilize over time as the potential for ongoing conservation is mitigated. (*Id.*) Mr. Mease added: "RUCO does not believe it is appropriate to embed in today's rates an adjustment designed to recover forecasted lost revenue based on the 'possibility' that residential usage will decline in the future." (*Id.*) Mr. Mease further testified that RUCO's recommended rate design for Verde Valley was modified from AWC's proposed rate design so as to prevent large subsidization of the Verde Valley system resulting from consolidation of the Sedona system. (*Id.* at 6-7.)

Mr. Michlik testified that Staff's recommended rates were designed to produce revenues to cover the overall cost of providing service, while encouraging efficient use of scarce water resources. (Ex. S-2 at 3.) Staff's recommended rate design also supported AWC's proposal to complete full consolidation of the Sedona system's rates with the rates for the rest of the Verde Valley division, but did not incorporate AWC's proposed declining usage adjustment, which Mr. Michlik stated could not be considered known and measurable. (*Id.* at 2, 4.)

Regarding bill formatting, Mr. Michlik recommended that AWC be required to bill each applicable tariff charge on a separate line, showing the description and the billed amount, rather than showing a "balance forward" and, further, that AWC be required to bill for water consumption in 1,000 gallon increments as opposed to 100 gallon increments. (Ex. S-1 at 4; *see* Tr. at 202-03.)

Mr. Reiker testified that AWC had been working with Staff's Consumer Services Section for more than a year regarding designing a new bill, because the process required programming of AWC's system and also research regarding items on the existing bill and whether they needed to be retained. (Tr. at 202-03.) At hearing, Mr. Reiker reported that AWC had designed a new bill meeting Mr. Michlik's recommendations, after several different designs, and that the new bill either had already been implemented or would be implemented within weeks. (*Id.*)

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5. Bill Impacts

The rates and charges proposed by AWC in its application and originally proposed by RUCO and Staff on direct would have approximately the following monthly bill impact on an average usage residential customer served by a 5/8" x 3/4" meter in each of the Northern Group divisions/systems:[36]

AWC Application

Division/System	Usage (Gallons)	Current Bill	Proposed Bill	Dollar Change	Percent Change
Navajo	3,200	$26.50	$31.83	$5.33	20.11%
Verde Valley (Pinewood, Rimrock)	3,000	$33.27	$33.47	$0.20	0.60%
Verde Valley (Sedona)	8,800	$39.57	$53.93	$14.36	36.29%

RUCO Direct

Division/System	Usage (Gallons)	Current Bill	Proposed Bill	Dollar Change	Percent Change
Navajo	3,200	$26.50	$28.60	$2.10	7.92%
Verde Valley (Pinewood, Rimrock)	3,000	$33.27	$30.35	($2.92)	(8.78%)
Verde Valley (Sedona)	8,800	$39.57	$48.90	$9.33	23.58%

Staff Direct

Division/System	Usage (Gallons)	Current Bill	Proposed Bill	Dollar Change	Percent Change
Navajo	3,200	$26.50	$28.49	$1.99	7.51%
Verde Valley (Pinewood, Rimrock)	3,000	$33.27	$29.50	($3.77)	(11.33%)
Verde Valley (Sedona)	8,800	$39.57	$48.93	$9.36	23.65%

6. DSIC

In its application, AWC requested authorization to implement a DSIC for the Northern Group systems, describing it as a "ratemaking tool that allows utilities to recover the fixed costs (depreciation and rate of return) of non-revenue producing distribution system improvement projects completed between rate cases." (App. at 4.) Mr. Harris's testimony provided the details of the proposed DSIC,[37] which was projected to increase an average 5/8" x 3/4" meter residential

[36] This data is taken from Ex. A-7 at Scheds. H-4, H-5; Ex. R-10 at Sched. RD-1; Ex. S-2 at Scheds. JMM-1, JMM-2. AWC used slightly rounded figures for average monthly usage, and those figures are repeated here. The current bill amount for the Sedona system includes the ACRM surcharge applicable during the TY.

[37] The proposed DSIC included the following elements:
(1) Plant eligible for recovery limited to non-revenue producing additions in NARUC USOA accounts 343, 344, 345, 346, 347, and 348;
(2) DSIC to be filed on annual basis for plant added the prior year;

customer's bill by approximately $0.76 to $1.01 per month. (Ex. A-8 at 19-20, ex. JDH-7.) Mr. Harris testified that AWC must replace 190,500 feet of water mains, 9,580 service lines, and 8,020 meters and meter boxes in the Verde Valley and Navajo divisions in order to maintain water system integrity and adequate, reliable water service and that the estimated cost for such replacements is approximately $84,211,000. (Ex. A-8 at 12-13; *see* Ex. A-11 at FKS-19.) Mr. Harris further testified that it would take AWC more than 70 years to replace the water mains alone, if AWC were to make those replacements at the same rate (2,700 feet per year) as it has averaged for the past 10 years. (Ex. A-8 at 12-13.) Mr. Harris stated that because AWC has been unable to recover its cost of service for the past 15 years, in spite of six rate cases and significant cost-cutting measures, AWC's shareholders will need to continue subsidizing the cost of providing water service with funds that could otherwise be used for infrastructure replacement. (*Id.* at 13.) Mr. Harris opined that no other ratemaking

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(3) Each annual filing to include an update of projects included in first phase of infrastructure replacement, thus allowing Staff to review upcoming projects;
(4) WACC and depreciation rates approved in most recent rate decision used to determine return on investment and associated depreciation expense;
(5) The following supporting data required to be filed with each annual filing:
  a. Most recent balance sheet;
  b. Most recent income statements for AWC and each system affected;
  c. Earnings test schedule for each system affected;
  d. Rate review schedule for each system affected, showing impact of requested step increase on balance sheet and income statements;
  e. Revenue requirement schedule showing calculation of requested increase, using rate of return, gross revenue conversion factor, and depreciation rate from most recent rate case and setting forth proposed monthly minimum and volumetric charges for 5/8" x 3/4" meter residential customer;
  f. Schedule showing number of customers by meter size, gallons sold, and the calculation of surcharges, which must be designed to collect costs 50/50 through fixed surcharges and volumetric surcharges, with fixed surcharges scaled by meter size;
  g. Schedule showing rate base from most recent rate case and as of the date for the balance sheet and income statements provided, with adjustments to reflect inclusion of completed and in-service DSIC-eligible facilities;
  h. Construction Work in Progress ledger showing monthly charges related to construction of DSIC-eligible facilities;
  i. Schedule showing calculation of AWC's three-factor allocation methodology; and
  j. Schedule providing typical bill analysis for 5/8 x 3/4 customers;
(6) Staff required to review annual filing and prepare memorandum and recommended order for Commission approval, with Commission approval required before the DSIC surcharge could be implemented;
(7) DSIC surcharge required to be separate line item on customer bills, and AWC required twice each year to include message on bills explaining DSIC surcharge and AWC's progress with infrastructure replacement;
(8) DSIC phased in each year and capped at 7.5 percent of annual amount billed to customers under other applicable rates and charges;
(9) DSIC surcharges reset to zero, and list of completed and in-service DSIC-eligible plant additions reset to none, on effective date of each new general rate case decision, when completed and in-service DSIC-eligible plant included in rate base; and
(10) No annual DSIC filing to be made for any year in which affected system earns a rate of return exceeding its authorized rate of return. (Ex. A-8 at 16-19.)

strategy would work in place of the requested DSIC, unless rates were based on a future test year or AWC's rate of return were increased, because the infrastructure replacements will not increase sales, and pursuing annual general rate cases would be neither feasible nor cost-effective. (*Id.* at 13-14.) Mr. Harris also asserted that because AWC's company-wide need to replace infrastructure (estimated at $192 million) increases the risk that AWC will not be able to earn a fair rate of return, AWC's rate of return should be increased to improve its ability to attract capital on reasonable terms. (*Id.* at 15-16.)

Ms. Ahern also testified in support of the DSIC, stating that in the absence of the requested DSIC, AWC's ability to finance and construct necessary infrastructure and to provide safe and reliable water service would be impaired because of the "extraordinary" amount of infrastructure needing to be replaced. (Ex. A-10 at 58, 61.) To support her position that the improvements that would be eligible for the DSIC are not "routine," Ms. Ahern cited AWC's "distressed financial condition," its need to attract capital on reasonable terms, and its need to replace plant to comply with a Commission directive to reduce water loss. (*Id.* at 61.) Ms. Ahern further testified that DSIC mechanisms have been widely accepted and adopted throughout the country; are considered credit supportive by both Standard & Poor's and Moody's; are a "best regulatory practice" according to the National Association of Regulatory Utility Commissioners ("NARUC"); and benefit customers because more timely infrastructure improvements enhance the reliability and quality of water service, more frequent and smaller rate increases alleviate rate shock through gradualism, and replacement of antiquated infrastructure reduces water loss and results in lower operating costs on a long-term basis. (*Id.* at 58, 61, 67-68.)

In its original direct testimony, Staff did not analyze the DSIC proposed by AWC in this case. (Ex. S-1 at 30.) Rather, Staff recommended that the "Commission adopt, in this case, whatever the outcome is in [the Eastern Group Docket] for its DSIC." (*Id.*) Mr. Michlik noted the Commission's direction for the Eastern Group Docket's proposed DSIC and other DSIC-type mechanisms to be discussed in Phase 2 of the Eastern Group Docket and deferred to that process and its outcome. (*See id.*)

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In its original direct testimony, RUCO recommended that the Commission reject the proposed DSIC for four reasons: (1) AWC is seeking to recover, through the DSIC and outside of a rate case, for routine plant improvements that would normally be recovered through a general rate case; (2) the DSIC is one-sided and works only in the interest of shareholders because it allows for cost recovery for new plant but does not consider any operations and maintenance expense savings attributable to the new plant; (3) no federal or state requirement mandates the plant additions for which AWC seeks to recover through the DSIC; and (4) AWC has not established that it will be unable to provide safe and reliable water service or to achieve cost recovery without a DSIC. (Ex. R-7 at 5.) Additionally, RUCO stated that there are "legal concerns" with implementation of a DSIC, which RUCO would address in legal briefs if necessary. (*Id.*) Mr. Rigsby testified: "RUCO believes that adjustor mechanisms are extraordinary rate recovery devices that are permitted for certain narrow circumstances . . . [but] routine replacement of aging infrastructure . . . does not qualify as an extraordinary circumstance." (*Id.* at 7-8.) Mr. Rigsby differentiated the DSIC from the ACRM because the proposed DSIC is not "specifically designed to address a one-time event [impacting] dozens of Arizona water companies simultaneously." (*Id.* at 8.) To support RUCO's position, Mr. Rigsby cited a 1999 National Association of State Utility Consumer Advocates ("NASUCA") resolution opposing the adoption and implementation of DSIC-like mechanisms;[38] a September 2009 survey report by a principal of the National Regulatory Research Institute ("NRRI") concluding that cost trackers, which Mr. Rigsby stated are similar to AWC's proposed DSIC, can result in higher utility costs and undercut the positive effects of regulatory lag, such as motivation for a utility to cut costs; April 2009 testimony before the Pennsylvania House Consumer Affairs Committee provided by Pennsylvania's RUCO counterpart, opposing a DSIC-like mechanism for the natural gas industry as a "one-way street that can only increase rates between rate cases, even if a utility's other costs are going down or its revenues are going up";[39] and a May 2012 American Association of Retired Persons ("AARP") report warning that DSIC-like mechanisms can result in increased costs to consumers, disincentives for utilities to control costs, and the shifting of business risks away from

[38] The NASUCA resolution was admitted as Exhibit R-7 att. A.
[39] The testimony of the Pennsylvania Consumer Advocate was admitted as Exhibit R-7 att. B.

investors and onto customers.[40] (*Id.* at 9-12.) Mr. Rigsby also cited a prior Commission decision rejecting a similar cost recovery mechanism for a different utility.[41] (*Id.* at 12.) Mr. Rigsby stated that RUCO's problems with the DSIC would be mitigated if an operations and maintenance ("O&M") expense credit, as to every foot of replacement line for which AWC recovers through the DSIC, were applied to customer bills at the same time as the DSIC surcharges went into effect. (*Id.* at 14-15.) Mr. Rigsby also stated that although RUCO had not recommended any adjustment to AWC's proposed increase in O&M expense, RUCO believed that a downward adjustment to O&M expense should be made if the Commission were to approve AWC's proposed DSIC without a corresponding O&M expense credit. (*Id.* at 15.)

IV. The Settlement Agreement—AWC and Staff

A. Generally

The Settlement Agreement, attached hereto and incorporated herein as Exhibit B,[42] was executed on April 15, 2013, by AWC and Staff ("Signatories"), specifically Mr. Garfield and Mr. Olea. (Ex. A-1 at 7-8.) RUCO did not enter into the Settlement Agreement.

The Settlement Agreement states that the negotiation process was open, transparent, and inclusive of the Signatories and RUCO, with each party having an equal opportunity to participate, and that the Signatories and RUCO, along with their counsel, principal witnesses, and representatives, attended and actively participated in all phases of the settlement discussions. (Ex. A-1 at 2, § 1.7.) The Settlement Agreement states that it is the result of the discussions and the Signatories' and RUCO's good faith efforts to settle all of the issues in this case. (*Id.*)

The stated purpose of the Settlement Agreement is to settle all issues in this case in a manner that will promote the public interest, provide for a prompt resolution of the issues, and allow expeditious implementation of the new rates as ordered by the Commission. (*Id.*, § 1.8.) The Settlement Agreement asserts:

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[40] The AARP report was admitted as Exhibit R-7 att. C.
[41] Decision No. 72047 (January 6, 2011).
[42] The Settlement Agreement was admitted herein as Exhibit A-1.

> [T]he terms of this Agreement will serve the public interest by providing a just and reasonable resolution of the issues presented by the Rate Case, establishing just and reasonable rates for AWC's customers, and promoting the health, welfare and safety of AWC's customers. Commission approval of this Agreement will further serve the public interest by allowing the Signatory Parties to avoid the expense and delay associated with continued litigation. The Signatory Parties believe the provisions set forth in this Agreement address the issues raised by RUCO, except as to the negotiated rate of return on common equity . . . as it relates to 1) the impact of the System Improvement Benefits ("SIB") mechanism, and 2) the negotiated rate design's incorporation of a declining usage adjustment.[43]

The Signatories desire for the Commission to find the terms and conditions of the Settlement Agreement to be just and reasonable and in the public interest, along with all other necessary findings; to approve the Settlement Agreement; and to order the Settlement Agreement and the rates contained therein to become effective at the earliest practicable date. (*Id.* at 2, § 1.10.)

The Settlement Agreement includes numerous supporting schedules providing data for the Northern Group and its divisions, with distinctions for the different commodity rate designs within the Verde Valley division. (*See id.* at Scheds. Settlement ("S.A.") A-1 through H-4.) The supporting schedules detail and support the Signatories' agreements related to revenue requirement, rate base, TY income and expenses, cost of capital, and rate design. (*See id.*) The Settlement Agreement also includes, as Exhibit 1, the SIB Agreement from Phase 2 of the Eastern Group Docket. (Ex. A-1 at 4, § 6.0, ex. 1.) The SIB Agreement itself includes the following exhibits:

- Exhibit A: Table I, "Information to be included with SIB-Eligible Project Notification," a detailed list by system and NARUC Uniform System of Accounts ("USOA") account number of the replacement plant eligible for SIB treatment, with estimated costs;
- Exhibit B: SIB Schedule B, setting forth the calculations to determine any SIB revenue true-up amount for the prior 12 months and to determine any necessary fixed surcharge or credit;
- Exhibit C: SIB Plant Table II, "Information to be included with SIB-Eligible Completed Project Filings," a detailed list of information, organized by NARUC USOA account number, identifying SIB-eligible plant projects completed and corresponding retirements;

[43] Ex. A-1 at 2, § 1.9.

- Exhibit D: SIB Schedule A, setting forth the calculations to determine the overall SIB revenue requirement and efficiency credit as well as individual SIB fixed surcharges and efficiency credits;
- Exhibit E: SIB Schedule C, providing the typical bill analysis for residential 5/8" x 3/4" meter customers; and
- Exhibit F: SIB Schedule D, showing, for the most recent rate case, for each SIB Step increase, and pro forma with cumulative SIB Step increases, simplified breakdowns of revenues, expenses, and income; rate base; return on rate base; capital structure; total equity; and return on equity ("ROE").[44]

The Settlement Agreement also includes, as Exhibit 2, an Off-Site Facilities Fee Tariff for the Sedona system. (Ex. A-1 at ex. 2.) SIB Plant Table I for the Northern Group was not yet finalized when the Settlement Agreement was executed and was filed separately by the Signatories on May 8, 2013.

B. Revenue Requirement, Rate Base, Income Statements, and Adjustments to Same

The Signatories agree on the following adjusted TY results, OCRB/FVRB, and revenue requirements for the Northern Group and its divisions:[45]

	Northern Group	**Navajo Division**	**Verde Valley Division**
TY Adjusted Operating Revenues:	$10,256,611	$3,663,832	$6,592,779
TY Adjusted Operating Expenses:	$8,572,217	$3,188,861	$5,383,356
TY Adjusted Operating Income:	$1,684,394	$474,971	$1,209,423
Adjusted OCRB/FVRB:	$36,045,295	$10,060,534	$25,984,762
TY Rate of Return:	4.67%	4.72%	4.65%
Required Operating Income:	$3,044,018	$849,610	$2,194,408
Operating Income Deficiency:	$1,359,624	$374,639	$984,985
Gross Revenue Conversion Factor	1.6478	1.6510	1.6465
Required Revenue Increase:	**$2,240,329**	**$618,535**	**$1,621,794**
Required Revenue Increase %:	**21.8%**	**16.9%**	**24.6%**
Required Operating Revenues:	$12,496,939	$4,282,366	$8,214,573
Required Rate of Return:	**8.44%**	**8.44%**	**8.44%**

The required revenue increase figures set forth above for the Northern Group as a whole and for the Verde Valley division include $584,929 in TY revenue generated in the Verde Valley's Sedona

[44] Ex. A-1 at ex. 1.
[45] *See* Ex. A-1 at 2-3, §§ 2.1 through 2.9, Scheds. S.A. A-1, B-1, B-2, B-2 app., C-1, C-2, C-2 app., C-3.

system by an ACRM surcharge, which will no longer be in effect after this case. (Tr. at 239-40.) When the TY ACRM surcharge revenue is deducted, the required revenue increase for the Northern Group is $1,655,400 or 16.14 percent and for the Verde Valley division is $1,036,865 or 15.73 percent, which should more accurately reflect the increase that will be perceived by Sedona customers. (*See id.*)

The OCRB/FVRB figures agreed to by the Signatories reflect adjustments made to true-up post-TY plant to reflect actual costs; to remove from plant the cost of land purchased for an arsenic facility to be built in the Overgaard system; to make working cash calculation consistent with agreed settlement expenses, which included an interest expense component, and with the calculation method used in AWC's most recent rate cases; and to allocate costs for a post-TY Phoenix office plant project to the Northern Group divisions using a previously approved three-factor allocation method. (*See* Ex. A-1 at Scheds. S.A. B-1, B-2, B-2 app., B-5 app.; Tr. at 192-96.)

The adjusted TY revenue and operating expense figures agreed to by the Signatories reflect reversal of AWC's proposed weather and usage normalization adjustments because the Signatories agreed instead to reflect post-TY declines in customer usage through a five-percent downward adjustment to the billing determinants for the Northern Group. (*See* Ex. A-1 at 4, § 4.3, Sched. S.A. C-2 app. at 1; Ex. A-3 at 6; Tr. at 92-94, 112-13, 118-19, 196.) The adjusted TY operating expenses also reflect adoption of Staff-recommended downward adjustments to AWC's proposed T&D maintenance expenses, miscellaneous expenses, BMP expenses, and rate case expense; adjustments to depreciation expense to be consistent with Settlement Agreement plant adjustments; and adjustments to property tax and income tax expenses to be consistent with Settlement Agreement-adjusted TY revenues and revenue requirements. (*See* Ex. A-1 at Scheds. S.A. C-1, C-2, C-2 app.; Tr. at 196-201.)

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C. Cost of Capital

The Signatories agree on the following calculation of AWC's cost of capital for the Northern Group:[46]

	Weight	Cost	Weighted Avg. Cost
Common Equity:	51.1%	10.0%	5.11%
Debt:	48.9%	6.82%	3.33%
Weighted Avg. Cost of Capital:			**8.44%**

D. Rate Consolidation and Design

The Settlement Agreement rate design, included as Schedule H-3 to the Settlement Agreement and also set forth in the last column of Exhibit A hereto for purposes of comparison, reflects the Signatories' agreement that full consolidation of the Sedona system into the Verde Valley division should be completed. (*See* Ex. A-1 at 4, § 4.3, § 5.1, Sched. S.A. H-3.)

The Settlement Agreement rate design for residential customers uses monthly minimum charges that are somewhat higher than those recommended by Staff on direct, but for other customer classes uses Staff's recommended monthly minimum charges. (*See* Ex. A-1 at Sched. S.A. H-3; Ex. S-2 at Sched. JMM-1.) The Settlement Agreement rate design also incorporates Staff's recommended commodity rate tier break-over points for all customer classes, but sets the commodity rates themselves somewhat higher than those recommended by Staff on direct. (*See* Ex. A-1 at Sched. S.A. H-3; Ex. S-2 at Sched. JMM-1.)

Compared to existing rates, the Settlement Agreement monthly minimum charges for the Navajo division would increase by approximately 36.5 percent for residential customers and 81.9 percent for other customer classes, while the commodity rates would decrease slightly for the first tier of usage for 5/8" x 3/4" meter residential customers and increase for all other usage for all customers.[47] (*See* Ex. A-1 at Sched. S.A. H-3.) In Verde Valley, all customers would see their monthly minimum charges increase (by approximately 9.6 percent for residential customers and between 15 and 17.8 percent for other customer classes). (*See* Ex. A-1 at Sched. S.A. H-3.) Customers in the Sedona system would also see their commodity rates increase, in amounts ranging

[46] Ex. A-1 at 3, § 3.1, Sched. S.A. D-1.

[47] Mr. Reiker testified that the Navajo division has very seasonal customers and usage, which is why average usage is so low and why its rates are so different from those of the Verde Valley division. (*See* Tr. at 205-06.)

from 38.47 percent for 5/8" x 3/4" meter residential customers' first-tier usage to 87.62 percent at the highest tier of usage for all customer classes other than industrial.[48] (*See id.*) But customers in the Pinewood and Rimrock systems would see all of their commodity rates decrease (by approximately 37.4 percent for the 5/8" x 3/4" meter residential customers' first-tier usage and 15.3 percent or more for all other usage for all customers other than industrial customers[49]). (*See id.*) According to Mr. Reiker, the Settlement Agreement rate design would generate 51 percent of revenues through the fixed monthly minimum charge, for the Northern Group as a whole and for each of the two divisions. (Tr. at 204.)

The Northern Group systems currently share the same service line and meter installation charges and miscellaneous charges and would continue to do so under the Settlement Agreement rate design, although these charges are revised in the Settlement Agreement to be consistent with the charges recently approved for the Western and Eastern Group systems. (*See* Ex. A-1 at Sched. S.A. H-3; Decision No. 73144 (May 1, 2012); Decision No. 73736 (February 20, 2013); Decision No. 73829 (April 10, 2013).)

The Settlement Agreement rate design would have approximately the following impacts on the monthly bills of 5/8" x 3/4" meter residential customers with average and standardized[50] usage within each Northern Group division/system:[51]

Settlement Agreement Rate Design

Division/System	Usage (Gallons)	Current Bill	Settlement Bill	Dollar Change	Percent Change
Navajo	3,150	$26.24	$29.82	$3.58	13.64%
	7,500	$48.57	$53.40	$4.84	9.96%
Verde Valley (Pinewood, Rimrock)	3,036	$33.42	$31.82	($1.60)	(4.78%)
	7,500	$52.33	$47.68	($4.65)	(8.89%)
Verde Valley (Sedona)	8,751	$43.97	$52.13	$8.15	18.54%
	7,500	$41.23	$47.68	$6.45	15.63%

[48] Industrial customers would see a commodity rate increase of approximately 111.46 percent; they currently pay, for all usage, a single commodity rate set lower than the first-tier commodity rate for all but the smallest residential customers. (*See id.*)

[49] Industrial customers would receive a much more modest decrease for usage because they currently pay a rate set below the first-tier commodity rate of all users other than 5/8" x 3/4" meter residential customers. (*See* Ex. A-1 at Sched. S.A. H-3.)

[50] Standardized usage figures, at 7,500 gallons, are provided to facilitate comparisons of impact between systems/divisions.

[51] *See* Ex. A-1 at Sched. S.A. H-4; Ex. A-18. The current bill amounts for the Sedona system include ACRM surcharge amounts.

E. System Improvement Benefits ("SIB") Mechanism

The Settlement Agreement states the following regarding the SIB Agreement:

> For ratemaking purposes and for the purposes of this Agreement, the Signatory Parties agree that the terms and conditions of the SIB Settlement as is ultimately approved by the Commission in Docket No. W-01445A-11-0310 shall be applicable to AWC's Navajo (Lakeside, Pinetop Lakes, Overgaard and Forest Towne) and Verde Valley (Sedona, Valley Vista, Pinewood and Rimrock) public water systems, and that the SIB mechanism adopted in the SIB Settlement shall be available to those systems under the terms and conditions set forth in the SIB Settlement, adjusted as appropriate to reflect the specific projects eligible for SIB treatment in the Pinetop Lakes, Overgaard, Sedona, Pinewood, and Rimrock public water systems. The Signatory Parties agree that all factors incorporated into the SIB Settlement and its application to AWC's Northern Group in this proceeding have been carefully considered in reaching settlement on the Cost of Capital . . . .[52]

In the Phase 2 Decision, the Commission modified the SIB Agreement by requiring AWC to file the following information with each SIB surcharge adjustment filing, to the extent that the SIB Agreement did not already require the information to be filed:

> (1) the most current balance sheet at the time of the filing; (2) the most current income statement; (3) an earnings test schedule; (4) a rate review schedule (including the incremental and pro forma effects of the proposed increase); (5) a revenue requirement calculation; (6) a surcharge calculation; (7) an adjusted rate base schedule; (8) a CWIP ledger (for each project showing accumulation of charges by month and paid vendor invoices); (9) calculation of the three factor formula (as requested by Staff); and (10) a typical bill analysis under present and proposed rates.[53]

The Commission further modified the SIB Agreement by requiring AWC to perform an earnings test calculation for each initial and annual SIB filing, to show whether the actual rate of return for the relevant 12-month period for each affected system or division exceeded the most recently authorized fair value rate of return for the system or division. (Decision No. 73938 at 51.) The Commission specified that the earnings test calculation must use (1) "the most recent available operating income, adjusted for any operating revenue and expense adjustments adopted in the most recent general rate case;" and (2) the rate base adopted in the most recent general rate case, updated

[52] Ex. A-1 at 4, § 6.1. Mr. Reiker clarified during the hearing that this language in the Settlement Agreement was intended to mean that AWC and Staff would accept the outcome of the Commission's Phase 2 consideration of the SIB Agreement, for purposes of the Settlement Agreement in this case, even if that outcome were denial of the SIB. (Tr. at 57-58.)

[53] Decision No. 73938 at 50-51.

for changes in plant, accumulated depreciation, contributions in aid of construction ("CIAC"), advances in aid of construction ("AIAC"), and accumulated deferred income taxes ("ADIT") through the most recent quarterly or longer financial statement available. (*Id.*) The Commission further required that the results of the earnings test be used to determine whether a SIB surcharge will go into effect and to what extent:

> If the earnings test calculation described herein shows that [AWC] will not exceed its authorized rate of return with the implementation of the SIB surcharge, the surcharge for the year may go into effect upon issuance of the surcharge approval order and subject to the conditions described herein. But if the earnings test calculation described herein shows that [AWC] will exceed its authorized rate of return with the implementation of any part of the SIB surcharge, the surcharge for that year may not go into effect. Lastly, if the earnings test calculation described herein shows that [AWC] will exceed its authorized rate of return with the implementation of the full surcharge, but a portion of the surcharge may be implemented without exceeding the rate of return, then the surcharge may be authorized up to that amount, again upon issuance of the surcharge approval order and subject to the conditions described herein. We reiterate that the proposed SIB surcharges shall be evaluated by the Commission according to all relevant factors, including the results of the earnings test. In any event, the earnings test shall not impact the approval of the SIB mechanism or the possibility of SIB surcharges in future years where authorized in accordance with the SIB mechanism.[54]

The Commission additionally revised the SIB Agreement by adopting several alternative schedules for calculating the SIB that had been provided by AWC during the Phase 2 hearing after AWC determined that the original schedules did not reflect the tax benefits of incremental interest expenses. (Decision No. 73938 at 54 n40; Phase 2 Tr. at 221-32.) Those alternative schedules, which were attached to Decision No. 73938 as Attachment B, are attached hereto and incorporated herein as Exhibit C.

Finally, the Commission directed that Staff should prepare a Staff Report and Proposed Order for the Commission's consideration with each SIB surcharge filing, modifying the SIB Agreement's requirement for AWC to provide a proposed order for Commission consideration with each SIB filing. (Decision No. 73938 at 58.)

The Commission determined that the SIB Agreement, with the modifications made in the Decision, "represents a reasonable compromise of contested issues, is in accord with Arizona law

[54] *Id.* at 51.

and, as a whole, is consistent with the public interest." (*Id.* at 59.) The Commission further concluded that the SIB mechanism embodied in the SIB Agreement complies with the Commission's constitutional requirements and with the case law interpreting the Commission's authority and discretion in setting rates; that the Commission has the constitutional ratemaking authority to approve adjustment mechanisms in a general rate case; and that the SIB Agreement and SIB mechanism embodied therein, as modified by the Commission, satisfy the fair value concerns addressed by various court decisions. (*Id.*)

F. Other Settlement Issues

The Signatories agree that AWC should be permitted to collect OSFFs as proposed in its Application and agree on the language of the OSFF (Water) Tariff Schedule attached as Exhibit 2 to the Settlement Agreement and incorporated therein by reference. (Ex. A-1 at 4, § 7.1, ex. 2.) By its terms, the OSFF Tariff Schedule applies to the Verde Valley's Sedona system, expressly including the Sedona PWS and the Valley Vista PWS. (Ex. A-1 at ex. 2.)

The Signatories agree that AWC should be authorized to implement an ACRM for the Navajo and Verde Valley divisions. (Ex. A-1 at 4, § 7.2.)

The Signatories agree that AWC may defer, for recovery in a future general rate case, AWC's costs associated with implementing and performing its Commission-approved BMPs and, further, that AWC should record deferral of its BMP costs. (Ex. A-1 at 5, § 7.3.)

G. Additional Provisions

The Signatories acknowledge in the Settlement Agreement that the Commission will independently consider and evaluate the terms of the Settlement Agreement. (Ex. A-1 at 5, § 8.3.) The Settlement Agreement provides that if the Commission issues an order adopting all material terms of the Settlement Agreement, such action shall constitute Commission approval of the Settlement Agreement, and the Signatories shall thereafter abide by the terms as approved by the Commission. (*Id.* at 5, § 8.4.) The Settlement Agreement further provides that the Signatories agree to waive their rights to appeal a Commission Decision approving the Settlement Agreement, provided that the Commission approves all material provisions of the Settlement Agreement. (*Id.* at 5, § 8.5.)

The Settlement Agreement provides that AWC shall file compliance tariffs, consistent with

any order of the Commission, for Staff review and approval and that such compliance tariffs shall become effective on the effective date of the rate increase stated in the Commission's order. (*Id.* at 5, § 8.6.)

The Settlement Agreement also states that if the Commission fails to issue an order adopting all material terms of the Settlement Agreement, or adds new or different material terms to the Settlement Agreement, or decides any issue or adopts any position in conflict with any material term of the Settlement Agreement, a Signatory may withdraw from the Settlement Agreement and may pursue remedies at law. (*Id.* at 5, § 8.7.) The Settlement Agreement provides that "whether a term is material shall be left to the discretion of the Signatory Party choosing to withdraw." (*Id.)* In addition, the Settlement Agreement provides that if AWC files an application for rehearing before the Commission, "Staff shall not be obligated to file any document or take any position regarding the AWC's application for rehearing." (*Id.* at 5-6, § 8.7.) The Settlement Agreement also acknowledges that "Staff does not have the power to bind the Commission." (*Id.* at 6, § 8.7.)

V. AWC and Staff Testimony in Support of the Settlement Agreement

Mr. Reiker testified in support of the Settlement Agreement, stating that the Settlement Agreement is just and reasonable and in the public interest, that it provides benefits to all parties, and that it serves the public interest by allowing the parties to avoid the expense and delay associated with continued litigation. (Ex. A-3 at 5.) Mr. Reiker opined that the Settlement Agreement will result in rates, charges, and conditions of service that are just and reasonable and in the public interest because the Settlement Agreement will (1) provide AWC an opportunity to recover its cost of providing service to the public, including the cost of capital deployed to provide the service; (2) through the SIB mechanism and ACRM, provide for partial recovery of known and measurable costs associated with qualifying infrastructure replacement projects and arsenic removal facilities; and (3) through the OSFF Tariff, assign the costs of constructing additional off-site facilities needed to provide water production, treatment, delivery, storage, and pressure to the new customers whose additional demand necessitates the additional facilities. (Ex. A-3 at 9.)

Regarding the SIB Agreement and operation of the SIB, Mr. Reiker explained that the specific SIB-eligible projects contemplated by AWC for the Northern Group and listed in SIB Plant

Table I are the same projects previously identified in the three-year plan included with Mr. Schneider's direct testimony.[55] (Ex. A-3 at 8; Tr. at 58-59.)

Mr. Olea testified that AWC, RUCO, and Staff all participated in the settlement meetings; that all parties were accorded an opportunity to raise, discuss, and propose resolutions to any issue; that all parties had an opportunity to be heard and to have their issues and input fairly considered; and that all parties "zealously advocated and represented their interests" in the "candid but professional" discussions. (Ex. S-5 at 4-5.) According to Mr. Olea, Staff's primary goal in rate proceedings is to protect the public interest by making recommendations that are just, fair, and reasonable for both the ratepayers and the utility, and Staff believes it has accomplished that goal in this matter because the Settlement Agreement will result in AWC's having the "tools and financial health" to provide safe, adequate, and reliable service, at just and reasonable rates, while complying with Commission requirements. (*Id.* at 8.) Mr. Olea stated that the "Signatories compromised on what could be described as vastly different litigation positions" and that those compromises furthered the public interest. (*Id.* at 5.)

Mr. Olea identified the major policy considerations for the Signatories as whether AWC should have a SIB mechanism for its Northern Group and whether rates should be set to reflect a reduction in water sales attributed to the inclining block tiered rate design and the BMPs being implemented by AWC. (*Id.* at 8-9.) Mr. Olea stated that allowing AWC to use the SIB mechanism for its Northern Group will benefit both AWC and its customers, for all of the reasons outlined by Staff in Phase 2 of the Eastern Group Docket. (*Id.* at 8.) Regarding the five-percent reduction in billing determinants, Mr. Olea explained that because Staff believes the proposed rate design and Commission-approved BMPs will have the effect of reducing overall water use, "some type of water use reduction had to be included in the revenue requirement calculation" in order to allow AWC to have the opportunity to earn its approved rate of return. (*Id.* at 9.) Staff believes that the five-percent figure is proper and adequate for AWC in this case. (*Id.*)

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[55] SIB Plant Table I was admitted as Exhibit A-2. Staff's engineer reviewed the three-year-plan projects; found the three-year-plan projects, with their projected costs, to be a reasonable and appropriate proposal; and recommended implementation of the three-year-plan projects to address water loss in the Northern Group. (Ex. S-4 at ex. KS at ii, 38-39.)

Mr. Olea also asserted that both AWC and its ratepayers/customers want the same outcome—the provision of proper, adequate, safe, and reliable water utility service at a fair and reasonable price—although the two may differ on how to achieve that outcome. (*Id.* at 5.) Mr. Olea testified that the Settlement Agreement resulted from a balancing of the interests of AWC and its ratepayers/customers and is fair, balanced, and in the public interest. (*Id.* at 7-8.) According to Mr. Olea, ratepayers are going to pay just and reasonable rates for the services and product received, without going through a long and drawn-out proceeding; the adjustment made for declining usage should help to mitigate whatever increase might be needed in AWC's next Northern Group rate case if usage does decline as expected; the Settlement Agreement rate design is in customers' best interests; and the Settlement Agreement as a whole is in customers' best interests. (*See* Tr. at 279, 295-301.)

Mr. Olea testified that the SIB Agreement is intended to be used as a template for other companies, which will be beneficial because the types of plant eligible for SIB treatment will be known up front in a rate case through the tables, any changes would need to be documented so that the exact plant for the SIB is known, there will be annual filings, there will be a six-month filing, and there is a system set up to allow the process to move quickly. (Tr. at 263-64.) Mr. Olea stated that if it does not work as expected, the SIB will either be changed or eliminated. (Tr. at 264-65.) Staff will be reviewing every comment and complaint filed related to the SIB so that appropriate action can be taken. (Tr. at 265.)

VI. RUCO's Opposition to the Settlement Agreement

RUCO opposes the Settlement Agreement because RUCO disagrees with the SIB mechanism, the declining usage adjustment used in creating the Settlement Agreement rate design, and the overall rate of return.[56] (*See* Ex. R-5 at 4.)

A. SIB Mechanism

According to Mr. Rigsby, RUCO opposes the SIB mechanism because RUCO believes that the SIB mechanism (1) shifts risk from AWC to ratepayers without providing adequate financial

[56] Mr. Rigsby also mentioned that the Settlement Agreement does not address fire flow upgrades, which he stated have been "problematic" in the past. (Ex. R-5 at 15.)

consideration to the ratepayers in return, (2) is not legal in Arizona, (3) is flawed as proposed, and (4) is not in the public interest. (Ex. R-5 at 9-10.) Mr. Rigsby explained that RUCO believes the SIB mechanism shifts risk to ratepayers by reducing regulatory lag[57] for AWC without adjusting for (and flowing through to ratepayers) any actual cost savings attributable to the new plant. (*Id.* at 10.) Mr. Rigsby asserted that regulatory lag serves as a "surrogate for the competitive pressures that force unregulated companies to keep their costs low." (*Id.* at 11.) Mr. Rigsby testified that unlike a typical adjustor mechanism, such as for fuel purchases, which "operates on a two way street basis by flowing both increases and decreases in costs to ratepayers," the SIB mechanism creates a "one way street" because AWC receives cost recovery through the SIB mechanism, but ratepayers receive no actual cost savings and additionally no longer benefit from rate stability. (*Id.*) Mr. Rigsby acknowledged the five-percent efficiency credit adopted in the SIB Agreement, but described it as "woefully inadequate" to make up for the shift in risk to ratepayers, who RUCO believes would receive no other financial benefit from the Settlement Agreement. (*Id.* at 11, 14.) Mr. Rigsby stated that there simply is no equitable quid pro quo provided to ratepayers. (Tr. at 330-31.)

Although Mr. Rigsby left the details of RUCO's legal argument against the SIB mechanism to RUCO's brief, discussed below, Mr. Rigsby stated that RUCO believes the SIB mechanism will not fulfill the Arizona Constitution's requirement for a fair value determination because the Commission "will not be making a meaningful fair value finding as part of each surcharge filing."[58] (Ex. R-5 at 12-13.) Mr. Rigsby also quoted Staff's language from its Opening Brief in Phase 1 of the Eastern Group case, in which Staff characterized the DSIC as unconstitutional. (*Id.* at 12.) Mr. Rigsby asserted that the abbreviated review period for a SIB surcharge application will be inadequate to perform a proper regulatory review for prudence and reasonableness and criticized the SIB mechanism as "piecemeal ratemaking" and as a means of allowing recovery for the costs of routine plant replacement in the absence of extraordinary circumstances such as a government mandate. (*Id.*

[57] Mr. Rigsby defined regulatory lag as "the time that it takes for a utility to recover the costs of plant additions placed into service between general rate case proceedings through new rates" and stated that the SIB mechanism would allow AWC to recover a return on SIB-eligible plant, and a return of the depreciation expense associated with that plant, without having to wait for a general rate case. (Ex. R-5 at 10-11.)

[58] Mr. Rigsby opined that the fair value finding will not be meaningful because a SIB surcharge could be established within 30 days after AWC's request, and thus will not receive the same level of scrutiny that would occur in a general rate case proceeding. (Ex. R-5 at 14.)

at 14-15; Tr. at 370.) According to Mr. Rigsby, there is no reason to believe that AWC would be unable to provide safe and reliable service or to obtain cost recovery without a SIB mechanism. (Ex. R-5 at 15.) Mr. Rigsby expressed concern that the water loss threshold for SIB mechanism eligibility might "have the unintended effect of encouraging utilities to exceed the 10.00 percent threshold just to qualify for a SIB surcharge." (*Id.*) Rather than elaborating further on the flaws of the SIB Agreement, Mr. Rigsby referred to RUCO's Closing Brief in Phase 2 of the Eastern Group rate case. (*Id.*)

As to the SIB mechanism's not being in the public interest, Mr. Rigsby referred to NASUCA's 1999 resolution, stating that frequent rate increases reduce rate stability and distort proper price signals, that mechanisms like the SIB have not been proven to reduce the frequency of rate cases,[59] that such mechanisms can inappropriately reward utilities that have imprudently fallen behind in infrastructure improvements, and that such mechanisms inappropriately shift business risk away from utilities and toward consumers just to cause the utilities to meet their obligations to provide safe and adequate service. (*Id.* at 16-17.)

Mr. Rigsby observed that not much had been heard about AWC cost-cutting efforts in the hearing for this matter and questioned whether the SIB mechanism creates less incentive for AWC to operate more efficiently or control costs, because its rates will not be "frozen" between rate cases. (Tr. at 339-40, 392.) Mr. Rigsby testified that he was familiar with AWC's pre-filed testimony related to cost-cutting measures started in early 2008. (Tr. at 393-94.)

RUCO also challenged AWC's position regarding its not having earned its authorized rate of return because of regulatory lag, eliciting an acknowledgment from Mr. Reiker that AWC has consistently paid annual dividends to its shareholders, that those annual dividends have generally increased, and that AWC may have had an opportunity to earn its authorized rate of return although it has not done so for 16 years.[60] (*See* Tr. at 99-100.)

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[59] Mr. Rigsby referred to the May 2012 Comments of the Regulatory Affairs & Public Advocacy Section of the Alaska Attorney General's Office ("RAPA"), Alaska's RUCO counterpart, filed with the Regulatory Commission of Alaska in a docket examining a plant replacement surcharge mechanism, which asserted that there is no support for the conclusion that the adoption of such mechanisms reduces the frequency of rate cases. (Ex. R-5 at 16.) Limited official notice of the RAPA Comments was taken in both Phase 1 and Phase 2 of the Eastern Group Docket.

[60] Mr. Reiker testified that a reasonable person would expect AWC to have recovered its costs in at least one of the 16 years if it were simply a matter of tightening its belt and cutting costs. (Tr. at 100-01.)

On brief in this case, RUCO made the same arguments concerning the SIB that it had made in Phase 1 and Phase 2 of the Eastern Group Docket regarding the DSIC and the SIB. RUCO asserts that the SIB fails to meet the Commission's constitutional obligation to find fair value and does not meet any of the exceptions under Arizona law because it is not an adjustor mechanism to cover limited fluctuating operating expenses; AWC has not asserted an emergency or requested interim rates; the Commission has not been authorized to create a third exception to the constitutional fair value requirements; and if there were a third exception, the SIB should not qualify because there are no extraordinary circumstances to warrant an exception. RUCO disagrees with the legal analysis set forth in Decision No. 73938, in which the Commission concluded that the SIB is legal.

On brief, RUCO also argued that specific provisions of the SIB Agreement are problematic:

- § 3.3, which creates the five-percent efficiency credit that RUCO asserts is "inadequate" and "paltry" compared to the benefits shareholders will receive;
- §§ 4.6 and 4.7, which RUCO states does not explain what is to happen to the SIB after the next rate case, a situation RUCO describes as "perilous";
- § 6 generally, which RUCO states does not require the Commission to take into account factors such as the history of the company and its past financial circumstances when determining eligibility;
- § 6.3.1, which includes water loss in excess of 10-percent as one of the eligibility criteria and RUCO states could thereby create "perverse incentives" and reward "impure conduct";
- § 6.3.3, which RUCO states leaves the disqualifiers "negligence or improper maintenance" open to interpretation;
- § 6.4, which RUCO states is overly broad in establishing the plant eligible for SIB treatment and could result in unintended plant being eligible, such as fire main upgrades with the sole purpose of improving fire flow, or perhaps plant that is not "non-revenue producing";
- § 6.5, which RUCO states leaves unstated and open to interpretation what happens if either Staff or RUCO objects to a company request to modify or add SIB projects; and

- § 7.1.7, which requires SIB Schedule D, which RUCO states was included to meet the requirements of *Scates*,[61] but which RUCO states does not meet the fair value requirement.[62]

RUCO suggested that § 6 should include a catch-all eligibility provision requiring eligibility to be determined "subject to the consideration of all of the facts and circumstances of [the] given case," which RUCO states would "tighten" eligibility and possibly serve as a "disincentive to questionable conduct." (RUCO Br. at 15.)

As previously noted, RUCO applied for rehearing regarding Decision No. 73938, and its rehearing request has been granted, along with a reopening of Decision No. 73736 under A.R.S. § 40-252, specifically for consideration of the ROE for the Eastern Group.

B. Declining Usage Adjustment

Regarding the declining usage adjustment, Mr. Rigsby testified that AWC would over-collect revenues and could even see a "windfall" in operating income if the projected declines in water consumption do not occur; that reducing TY billing determinants for declining usage is not common, as TY billing determinants normally are adjusted only to annualize for end-of-TY customer counts; and that the Commission has never before approved a declining usage adjustment for AWC, in spite of multiple AWC requests. (Ex. R-5 at 18-19.) Mr. Rigsby asserted that RUCO is not convinced either that the level of declining usage per customer will continue or that the declining usage results from conservation efforts. (*Id.* at 19.) Rather, Mr. Rigsby suggested that the declining usage could be the result of ratepayers responding to the overall rate increases authorized in past years or even the recent economic downturn. (Ex. R-6 at 2-4.) Mr. Rigsby also pointed out that Staff disagreed with AWC's request for a declining usage adjustment both in the Eastern Group rate case and in its original direct testimony in this case; that the declining usage adjustment was also rejected by the Commission in the Eastern Group Phase 1 Decision;[63] and that in his opinion, AWC has not provided

[61] *Scates v. Arizona Corp. Comm'n*, 118 Ariz. 531, 578 P.2d 612 (Ariz. Ct. App. 1978) (holding that Commission lacked authority to increase rates without considering the overall impact of the rate increase upon a utility's return and without determining a utility's fair value rate base, but acknowledging that there "may well be exceptional situations in which the Commission may authorize partial rate increases without requiring entirely new submissions").

[62] *See* RUCO Br. at 13-17.

[63] *See* Decision No. 73736 at 71 (February 20, 2013).

more complete and transparent information as to the normalization adjustment methodology used in this case than it did in the Eastern Group case. (Ex. R-6 at 3-5.) Additionally, RUCO does not believe that any declining usage would prevent AWC from earning its authorized return, because RUCO expects usage levels to stabilize with time, as customers essentially run out of new potential conservation measures. (Ex. R-5 at 19-20; Tr. at 360.) Mr. Rigsby asserted that by his calculations, if usage does not decline as projected, the Northern Group will receive an additional $419,644 in operating revenue as a result of the declining usage adjustment, which RUCO believes would not be an equitable result. (Ex. R-5 at 21; Tr. at 332-33.) RUCO believes that approximately half of that, $209,060, would be an equitable amount and that it would be produced by a 9.30 percent cost of equity and an 8.09 percent rate of return, if declining usage flattens. (Ex. R-5 at 21.)

RUCO also questioned whether both customers and AWC will receive the wrong signals as a result of the declining usage adjustment. (Tr. at 338.) For customers, RUCO said the problem would be a disincentive to conserve because conservation results in higher rather than lower bills. (Tr. at 338-39, 362.) For AWC, RUCO questioned whether the declining usage adjustment would serve as a disincentive to increasing operational efficiency and cutting costs. (*Id.*)

On brief, in addition to arguing that the declining usage adjustment is not in the public interest, RUCO argued that the Commission would undermine its authority if it were to change its position by approving a declining usage adjustment to billing determinants:

> Moreover, and perhaps even more important, the Commission established criteria in the months old Eastern case that must be met before it would approve such an adjustment. Decision No. 73736 at 70-71. That criteria has not been met – aside from the obvious negative connotations associated with approving an adjustment that does not meet the criteria the Commission set less than six months ago, such approval could affect the integrity of the Commission's decisions going forward – why would anyone have any faith in a Commission decision if the Commission does not require compliance with its own judgment? The Commission should not approve the declining usage adjustment as it would be contrary to the public interest.[64]

C. Cost of Equity

Mr. Rigsby asserted that a downward adjustment to the Settlement Agreement's 10.00 percent cost of equity should be made if either the SIB mechanism or declining usage adjustment is approved

[64] RUCO Br. at 25.

because both the SIB mechanism and the declining usage adjustment shift risk away from AWC and onto ratepayers, through annual SIB surcharges and higher rates than TY billing determinants would produce. (*Id.* at 17, 20.) RUCO ultimately recommended that AWC's cost of equity be reduced to 8.80 percent[65] and its rate of return to 7.83 percent,[66] which would result in total operating revenue of $12,131,658, representing an increase in gross revenue of $1,875,047 and a reduction of $365,282 from the amount of the increase included in the Settlement Agreement. (*Id.* at 21-22.) RUCO believes that its recommended 7.83 percent rate of return is reasonable because of the asserted shift in risk attributed to the SIB mechanism and the possible effects of the declining usage adjustment. (*Id.* at 23.) Mr. Rigsby clarified at hearing, however, that RUCO continues to oppose the Settlement Agreement, the SIB, and the declining usage adjustment. (Tr. at 359-60.)

VII. AWC and Staff Reponses to RUCO

A. SIB Mechanism

Mr. Reiker disagreed with RUCO's position that the SIB mechanism shifts risk to ratepayers by reducing regulatory lag, stating that in mainstream finance, only an investor can bear any risk associated with an asset, and customers are not investors. (*See* Ex. A-4 at 4-5; Tr. at 99.) Mr. Reiker elaborated on the distinction between a customer and an investor by stating that customers pay for service, for the ability to turn on the faucet and have water come out, not for the infrastructure providing the service, in the same way that someone who buys a ticket for a train ride is not buying the train. (*See* Tr. at 98-99.) Additionally, Mr. Reiker stated, the reduction in regulatory lag for AWC will encourage AWC's investors to replace aging and failing infrastructure, which will result in reductions in the types of risks that water customers do experience—such as risk of contamination and risk of service interruptions. (*See* Ex. A-4 at 5.) Mr. Reiker also asserted that a portion of Mr.

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[65] Mr. Rigsby pointed out Value Line's weekly Selection and Opinion publication for May 17, 2013, showing the yield for an A-rated 25- to 30-year utility bond as 3.94 percent and the yield for a slightly riskier Baa/BBB-rated 25- to 30-year bond as 4.29 percent, and stated that his recommended COE is more than double that rate, which should be "more than adequate to compensate investors for any perceived risks [AWC] may have." (Tr. at 345-46.) He also referred to Ms. Ahern's estimated 11.30 COE as "way out of line," considering the current state of interest rates and bond yields and the fact that the Standard & Poor's 500 index for 1926 through 2011, which includes much riskier companies than AWC, is 11.8 percent. (*Id.* at 346.)

[66] Mr. Rigsby also testified at hearing that a 50-basis-point reduction should be made to the Settlement Agreement COE "if the decline in usage adjustment were off the table." (Tr. at 334-35.) He acknowledged that this was simply an estimate, a conservative estimate in his opinion, and not a number based on any particular data or formula. (Tr. at 363.)

Rigsby's argument is premised on the idea that a utility will recover its cost of service over the long term, something that Mr. Reiker asserts AWC has not done for the past 16 years. (*Id.* at 5-6.) To support this, Mr. Reiker provided a table showing AWC's actual return, authorized return, and amount of under-recovery each year for the period 1997 through 2012.[67] (*Id.* at 6.) According to Mr. Reiker, AWC's customers will receive economic benefits from the SIB mechanism, both from the five-percent efficiency credit based on SIB revenues and from any income tax savings that result from additional AWC long-term debt, which makes the SIB mechanism more favorable to ratepayers than a traditional adjustor mechanism would be. (*Id.* at 7.) Mr. Reiker noted that customers will also benefit because the SIB Agreement requires AWC to file a general rate case application.[68] (*Id.* at 8.) Mr. Reiker took issue with Mr. Rigsby's assertions that the SIB mechanism will result in less scrutiny of plant replacements, stating that the SIB mechanism will actually result in more stringent scrutiny of eligible infrastructure replacements because the Commission will first review detailed pre-SIB, pre-construction engineering support for infrastructure replacements for which SIB treatment is requested, something that is not currently done in the context of a general rate case, and both Staff and RUCO will be provided with all of the contractor invoices for the SIB projects once completed, which is more information than is provided in a general rate case audit. (*Id.*; Tr. at 102-03.)

Mr. Reiker also emphasized that the discussions leading to Staff's acceptance of the SIB-eligible plant for Northern Group Table I nearly became "heated"; that AWC believes Staff's review is "not going to be easy"; and that AWC understands its best interests will be served by putting in each SIB filing only those items that Staff will agree "make sense" to receive SIB treatment, so as to avoid a Staff objection, a hearing situation, and delay. (Tr. at 62-63.) In response to RUCO's criticism of the SIB mechanism for allowing AWC to recover, outside of a rate case, depreciation expenses related to SIB-eligible plant in addition to a return on the SIB-eligible plant, Mr. Reiker

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[67] The table, created by AWC using AWC's records, shows under-recovery in each of these years, ranging from a low of approximately $250,000 in 1997 to a high near $7 million in 2007, and declining to an amount just under $1 million in 2012. (Ex. A-4 at 6.) Mr. Reiker stated that the cumulative amount, more than $41 million, was borne by AWC's shareholders. (*Id.* at 6-7.)

[68] The SIB Agreement specifically requires AWC to file an Eastern Group general rate case application by August 31, 2016, with a test year ending no later than December 31, 2015. (*See* Ex. A-1 at ex. 1 at 6, § 4.6.) AWC and Staff both testified to an understanding that the Settlement Agreement would require AWC's next Northern Group general rate case application to be filed in five years. (*See* Tr. at 95, 159, 298-99.)

testified that AWC will be "net[ting] out" any depreciation expense related to retirements and will also be reducing the revenue requirement by a hypothetical amount of interest expense tax benefit. (Tr. at 103-04.) In response to RUCO's concerns that AWC may under-collect revenues with the SIB mechanism, resulting in a true-up in its next general rate case, Mr. Reiker testified that under-recovery is very unlikely because of natural growth in the system[69] and that AWC expects to have over-recovery followed by true-up. (*See* Tr. at 104-05.)

Ms. Ahern disagreed with the idea that the existence of regulatory lag is consistently beneficial to customers, stating that regulatory lag can actually increase risk to both a utility and its customers by permanently impairing a utility's ability to earn its authorized rate of return. (*See* Ex. A-5 at 5.) Ms. Ahern also stated that the partial mitigation of regulatory lag resulting from the SIB mechanism would improve AWC's ability to attract capital as well as its service quality and reliability, while providing gradualism in rate increases and resulting in less costly infrastructure replacements.[70] (*Id.* at 5-6.) According to Ms. Ahern, the absence of a SIB mechanism actually increases risk to customers, who ultimately pay more for infrastructure and in operating costs,[71] resulting in higher rates, and experience rate shock because infrastructure replacement is "'bunched' up."[72] (*See id.* at 6-7.) Ms. Ahern distinguished the SIB mechanism from the "cost trackers" referenced by Mr. Rigsby, stating that the only similarity is that they both allow for recovery of costs on a periodic basis outside of a rate case. (*Id.* at 7.)

Ms. Ahern provided a Value Line Water Utility Industry publication from April 19, 2013, in which Value Line stated the following: "Much of the water infrastructure in the U.S. is aging and will require massive amounts of funds for repairs and modernization. No utility will be able to generate sufficient cash internally to cover these outlays." (Ex. A-14.) Value Line cited the American Society of Civil Engineers ("ASCE") and the American Water Works Association ("AWWA"), respectively, as stating that water industry infrastructure is 70-percent underfunded and

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[69] Mr. Reiker testified that AWC has only lost customers in one of the past 10 years, and then only a handful. (Tr. at 105.)

[70] Ms. Ahern stated that this is because the SIB mechanism reflects the time value of money. (Ex. A-5 at 5.)

[71] Ms. Ahern attributed higher water costs to higher water losses resulting from delayed replacement of antiquated infrastructure. (*See id.* at 6-7.)

[72] At hearing, Mr. Rigsby acknowledged that rate shock can result from regulatory lag, particularly where a utility does not have a rate case for 10 or more years, such as he has seen occur in Arizona. (Tr. at 352-53.)

will necessitate $1 trillion in expenditures in the next 25 years. (*Id.*) Ms. Ahern previously had provided the ASCE 2009 Report Card for America's Infrastructure (March 29, 2009) as an exhibit to her pre-filed direct testimony. (*See* Ex. A-10 at ex. PMA-11.) The 2009 ASCE Report Card stated:

> Drinking water again earned a D-. America's drinking water systems face an annual shortfall of at least $11 billion to replace aging facilities that are near the end of their useful life and to comply with existing and future federal water regulations. . . [T]he costs of treating and delivering that water where it is needed continue to outpace the funds available to sustain the system.[73]

Mr. Olea also responded to RUCO's criticisms of the SIB mechanism, stating that RUCO had not provided any new arguments or reasons beyond what had been stated in the Eastern Group Docket. (Ex. S-6 at 1.) Mr. Olea testified that Staff believes the SIB mechanism does not shift risk from AWC to ratepayers without adequate financial consideration, that Staff believes there are no flaws in the SIB mechanism, and that Staff's attorneys consider the SIB mechanism to be legal and within the Commission's authority to approve as proposed. (*Id.*)

At both the Phase 2 hearing and the hearing in this matter, AWC and Staff responded to some questions regarding the meaning of different provisions of the SIB Agreement and how the SIB Mechanism would operate. For example, Mr. Reiker testified that SIB eligibility criteria includes both Staff review and approval or acceptance and Commission review and final approval and that a SIB surcharge cannot become effective without express Commission approval. (Ph. 2 Tr. at 107, 129-30.) Regarding Staff or RUCO objections under SIB Agreement § 6.5, Mr. Reiker and Mr. Olea both testified that they would expect AWC to agree to suspension of the 30-day time clock and for the AWC SIB filing not to be placed on an Open Meeting agenda while the parties engaged in discussions to try to work out an agreement to allow the SIB filing to go forward. (*See id.* at 80-81, 123, 129-30, 250-52, 286-87.) Mr. Reiker testified that AWC hopes Staff or RUCO would call AWC instead of actually filing an objection and ask for AWC to agree to suspend the 30-day clock to work out an agreement. (*Id.* at 123.) AWC and Staff acknowledged that the process will be up to the Commission, and both anticipate the Commission not allowing a SIB filing automatically to go forward if there is an objection filed, that proceedings instead would ensue as ordered by the

[73] Ex. A-10 at ex. PMA-11 at 2.

Commission or the Hearing Division. (*See id.* at 129-30, 250-52.) Regarding criteria for SIB eligibility, Mr. Reiker testified that the Table I affirmations serve to ensure that the plant included is not revenue producing, *i.e.*, that it will not create any new revenue streams. (*See id.* at 127-28, 134-35.) Mr. Olea testified that when a SIB surcharge filing is made, Staff will already have reviewed and approved the Table I plant during the rate case, will already have reviewed the six-month filing, and will just need to match up those filings with the SIB surcharge filing, with the end result being that SIB plant may get more scrutiny than any other plant. (*See id.* at 286-90, 316-17.) Mr. Olea testified that if Staff believes that there is a problem with a SIB filing, or that a company should not receive a SIB even though it meets the criteria for a SIB, Staff will file an objection, and the Commission will decide the process and outcome. (*See id.* at 260-61.) Staff intends to file an objection and recommend disallowance of a SIB, and may even initiate an Order to Show Cause, if Staff believes that a company has purposely let its water loss or plant condition degrade so as to become eligible for a SIB. (*See id.* at 253, 314-15.) Staff testified that in the permanent rate case following the implementation of a SIB mechanism, the SIB surcharges will be zeroed out, the SIB plant minus depreciation will go into rate base, the efficiency credit will go away, and the Commission will consider whether the SIB should again be approved going forward. (*Id.* at 329-31.) The parties also addressed when notice should be provided to customers, so as to make customers' input meaningful and to allow the Commission the opportunity to choose, based on customers' input, not to send a SIB filing to Open Meeting for approval. (*See id.* at 104-05, 309-11.) Mr. Olea testified that Staff would expect notice to go to customers before the SIB surcharge filing is made with the Commission, because that would give customers at least 30 days to object. (*Id.* at 309-11.) Additionally, Mr. Olea testified that Staff would want a utility to work with Staff on the wording of the notice so that customers receive the proper information. (*Id.*) Mr. Reiker testified that AWC would be willing to provide notice to customers in advance of its SIB filing and to indicate in its SIB filing that customers have been provided notice, so that customers have adequate time to object. (*See id.* at 104-05.)

B. <u>Declining Usage Adjustment</u>

Mr. Reiker took issue with RUCO's criticism of the declining usage adjustment, stating that

RUCO's claims of risk shifting are unsupported and that RUCO's criticism would apply equally to any pro forma adjustment to TY figures that results in a higher revenue requirement. (Ex. A-4 at 8-9.) Mr. Reiker also disagreed with Mr. Rigsby's assertion that the Commission has never before approved a declining usage adjustment.[74] (*Id.* at 9.) Mr. Reiker pointed out that the declining usage adjustment in the Settlement Agreement would have less impact on revenue than would AWC's originally proposed adjustment, which had included an expense adjustment specifically to be responsive to Commission criticism of the declining usage adjustment proposed and rejected in the Eastern Group Docket, criticism that was echoed by RUCO in this case. (*See* Tr. at 92-93.)

Mr. Reiker added that compared to the first three months of the TY, the Northern Group experienced a reduction of overall per customer usage for the first three months of 2013, of 7.35 percent for residential customers and 9.7 percent for commercial customers, in spite of the hotter and drier conditions in 2013, and pointed out that this represents a sharper decline than the declining usage adjustment in the Settlement Agreement. (Ex. A-4 at 9; Tr. at 92, 112-13.) Mr. Reiker indicated that a continuation of these declines would result in AWC's failing to recover the Settlement Agreement revenue requirement.[75] (Ex. A-4 at 9-10.) Mr. Reiker also provided a chart showing annual sales per customer from 1997 to 2012, showing that while per customer usage has fluctuated somewhat, it has been trending downward since at least 2000.[76] (*See id.* at 10.) To further support AWC's projection that usage will continue to decline, Mr. Reiker cited a 2010 Water Research Foundation and U.S. Environmental Protection Agency study[77] examining declining trends in household water usage and concluding that annual residential usage at the national level has declined 0.44 percent per year since 1975 and that residential water usage will continue to decline

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[74] Mr. Reiker stated that in Decision No. 73144 (May 1, 2012), the Commission approved a declining usage adjustment to reflect actual declines in industrial customer usage in AWC's Western Group. (Ex. A-4 at 9.)

[75] Mr. Reiker projected that the decline would result in under-recovery by $311,051 and that the corresponding reduction in expenses would be only $145,000. (*Id.* at 9-10.; Tr. at 65.)

[76] The chart shows that per customer sales in 2000 peaked at approximately 152,000 gallons, while per customer sales in 2012 dipped to approximately 125,000 gallons. (Ex. A-4 at 10.) While the chart shows peaks and dips throughout the period portrayed, no peak is higher than that for 2000, and no dip is lower than that for 2012. (*Id.*) The overall trend is downward, although the steepness of the decline would depend on the years analyzed. (*See id.*)

[77] Water Research Foundation and U.S. Environmental Protection Agency, "North America Residential Water Usage Trends Since 1992" (2010) ("WRF/EPA Study"). In Phase 1 of the Eastern Group rate case, Mr. Reiker stated that the WRF/EPA Study also attributed declining per-customer usage to smaller households. (*See* Decision No. 73736 at 67 n80.)

due to factors such as federal standards for water conserving appliances. (*Id.* at 11.)

At hearing, Mr. Reiker provided two separate charts to illustrate declining residential and commercial usage for the Northern Group. (*See* Ex. A-6; Ex. A-16.) The first broke down monthly sales per customer, for both the Navajo and Verde Valley divisions, and for both the residential and commercial classes, between the TY and the first four months of 2013, with weather conditions also reflected using the Palmer Drought Severity Index ("PDSI").[78] (Ex. A-6; Tr. at 48-49.) The first chart shows that when comparing the first four months of the TY to the first four months of 2013, the Northern Group experienced a cumulative decline in residential per customer usage of 8.36 percent, and of commercial per customer usage of 10.35 percent, although the PDSI showed hotter and drier conditions in 2013. (*See* Ex. A-6.) The chart also showed that the declines were greater in the Navajo division than in the Verde Valley division, across both customer classes. (*See id.*) The second chart provided the same type of data for the TY and calendar year 2012 and showed that when comparing the TY to 2012, the Northern Group experienced a cumulative decline in residential per customer usage of 0.66 percent and a cumulative decline in commercial per customer usage of 0.24 percent, again with the PDSI showing that the decline occurred in spite of hotter and drier conditions and again with the Navajo division showing the greater decline.[79] (*See* Ex. A-16; Tr. at 224-28.) Mr. Reiker testified that based on the data for 2013 in the first chart, not only would AWC's Northern Group not over-recover as a result of the flat 5-percent declining usage adjustment, it would actually under-recover by $409,000 in revenues, while only reducing costs by $162,000. (Tr. at 53, 55.) Mr. Reiker also disputed RUCO's projected over-recovery figure of $419,000 should usage flatten out rather than declining, stating that the actual amount of over-recovery, assuming no reduction in usage, would be $383,000, and that this lower figure had been provided to Staff and RUCO. (*Id.* at 53-54.)

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[78] Mr. Reiker explained the PDSI as follows: "[P]ublished by the National Oceanic and Atmospheric Administration's National Climatic Data Center (U.S. Dept. of Commerce)[, t]he PDSI is used to assess the severity of dry or wet periods, and ranges from -6 to +6, with negative values denoting dry spells and positive values indicating wet spells." (Ex. A-4 at 9 n5.)

[79] The PDSI for 10 of 12 months in 2012 was lower, with only January and August 2012 having higher PDSIs than the same months in the TY. (*See* Ex. A-16.) The second chart showed that the decline for residential per customer usage in the Navajo division was greater than in the Verde Valley division and that the Navajo division experienced a decline in commercial per customer usage of 6.25 percent while the Verde Valley division actually experienced an increase in commercial per customer usage of 1.32 percent. (*See id.*)

Mr. Reiker also presented a schedule showing how the declining usage adjustment made to TY billing determinants to establish Settlement Agreement rates and charges impacted average residential customer bills, with the figures for 5/8" x 3/4" residential usage showing the following:[80]

Division/System	Usage (Gallons)	Current Bill	Proposed Bill per Settlement Agreement	Proposed Bill without Adjustment	Adjustment $ Increase
Navajo	3,150	$26.24	$29.82	$29.05	$0.77
Verde Valley Pinewood/Rimrock	3,036	$33.42	$31.82	$31.25	$0.57
Verde Valley Sedona	8,751	$43.97	$52.13	$50.52	$1.61

Additionally, AWC provided a June 2012 AWWA peer-reviewed article concerning declining residential water usage in single-family homes.[81] (Ex. A-13; Tr. at 66-68.) The AWWA article analyzed end-use data from four different studies, dating from 1995 to 2011, and concluded that water use in single-family homes has declined since 1995 and is expected to continue to decline as the market is further saturated with high-efficiency fixtures and appliances such as low-flow toilets and high-efficiency washing machines, which the AWWA article found to cause greater reductions in end-use consumption than did other indoor categories. (Ex. A-13 at 1.) The AWWA article reported that indoor water use for a family of three decreased from 187 gallons per day per household ("gpd/H") in 1996 to 162 gpd/H in 2007 in a California single-family home study and were found to be 132 gpd/H in 2006 in a study conducted for the U.S. Environmental Protection Agency regarding new single-family homes. (*Id.*) The AWWA article also reported that 2002 and 2006 data showed that indoor water use in family homes retrofitted for water efficiency dropped to 117 gpd/H while family homes designed for water efficiency dropped to 107 gpd/H. (*Id.*) Mr. Reiker stated that AWC is not asking to have customers penalized for being more efficient with their usage, just to have customers pay for the cost of service, and he noted that the Settlement Agreement rate design provides "significant discounts" to residential customers with average and below-average usage, who will pay less than the cost of service. (Tr. at 134-36.)

Mr. Olea also addressed RUCO's criticism of the declining usage adjustment included in the Settlement Agreement, stating that Staff has been recommending, and the Commission has been

[80] *See* Ex. A-18; Tr. at 234-36.

[81] William B. DeOreo et al, "Insights into Declining Single-Family Residential Water Demands," *Journal – American Water Works Association* (2012).

approving, inclining block tiered rates for years, specifically to cause water conservation, which Staff believes this type of rate design promotes. (Ex. S-6 at 2.) Mr. Olea added that the BMPs required by ADWR, and the BMP tariffs approved by the Commission, have the same purpose—to promote efficient use of water. (*Id.*) Because of the inclining block tiered rate design and BMPs, Staff believes it highly likely that AWC's customers will use less water going forward than they used in the TY, and "[i]f this is not the case, then the Commission approved rate design along with the Commission approved and ADWR sanctioned BMPs will have been approved for naught." (*Id.*) Mr. Olea testified that Staff believes there is only a remote chance that per customer usage will remain the same or increase in the future and thus does not consider it appropriate to reduce AWC's ROE because of the customer use adjustment. (*Id.* at 3.)

Mr. Olea also addressed the Commission's prior concerns, expressed in the Phase 1 Decision of the Eastern Group Docket, about a declining usage adjustment not being known and measurable, explaining that this type of adjustment will never truly be known and measurable because it is not possible to predict the future with any certainty, but tiered rates and BMPs are working, and Staff believes it is time to acknowledge that. (*See* Tr. at 249-251, 260-61.) Mr. Olea stated that Staff is comfortable with the five-percent adjustment because of the expected declining usage that should result from BMPs and tiered rates as well as the literature he has read that consistently reports declining usage. (*See* Tr. at 249-51.) Mr. Olea also testified that after hearing some of Mr. Reiker's testimony regarding post-TY declines in usage, "Staff is even more comfortable now." (Tr. at 259-60.)

C. Cost of Equity

Regarding RUCO's proposed 50-basis-point downward adjustment to cost of equity, Ms. Ahern stated that Mr. Rigsby provided no empirical evidence to support the adjustment or to establish that investors perceive a reduced risk as a result of DSIC-like mechanisms, particularly because the SIB surcharge is capped at five percent of the allowed cash flow. (Ex. A-5.at 7-8.) Ms. Ahern cited two recent studies concluding that "revenue volatility reduction mechanisms" such as decoupling mechanisms do not have a statistically significant impact on investor-perceived risk—one created by Ms. Ahern's organization, AUS Consultants, along with the Rutgers University School of Business,

Camden,[82] apparently after Ms. Ahern was retained by AWC, and the other by the Brattle Group[83]—and asserted that the SIB mechanism thus would also have no impact on risk. (*Id.* at 8-9; *see* Tr. at 156-58.) Ms. Ahern further provided a Moody's publication characterizing decoupling mechanisms and riders as "credit positive," although less stabilizing of key financial metrics that determine a company's credit rating than apparently expected.[84] (Ex. A-15 at 1-3, 7-8.) The Moody's publication acknowledged arguments for and against reducing a company's ROE when a decoupling-type mechanism is granted and asserted that if the impact on ROE is "punitive" and begins to affect the level of actual earned ROE and to degrade the level of cash flow operations and key financial metrics, Moody's would view that as a credit negative. (*Id.* at 6.) The significance of these publications, according to Ms. Ahern, is that if decoupling mechanisms, which have a greater effect on revenues, do not impact credit risk and do not impact common equity investors' perception of risk, then the SIB mechanism (and the declining usage adjustment) certainly would not. (Tr. at 165, 168-69, 184-85.)

Ms. Ahern testified that she is not aware of any jurisdiction in which an adjustment to ROE has been made to correspond to approval of a DSIC-type mechanism. (Tr. at 169.) Ms. Ahern also testified that the efficiency credit included in the SIB Agreement is the first such efficiency credit that she has seen, and she believes that it would benefit ratepayers because they will be paying a lower ROE on SIB-related investments, approximately 100 basis points lower, which she said is a "big deduct." (Tr. at 171.)

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[82] Pauline M. Ahern et al., "Decoupling: Impact on the Risk and Cost of Common Equity of Public Utility Stocks," presented to the Society of Utility Regulatory & Financial Analysts' 45th Financial Forum, April 18, 2013. This study was admitted as Exhibit A-5 at ex. PMA-18. In the study, Ms. Ahern and her co-authors used two different methods to analyze pre- and post-decoupling risk for eight electric and combination electric/gas companies with at least 95 percent decoupled revenues and determined that although post-decoupling systematic risk was lower, the amount of the decrease was not statistically significant, and the impact of decoupling on stock returns, risk, and cost of capital can neither be isolated nor measured because of the myriad risk drivers impacting investment risk. (Ex. A-5 at ex. PMA-18.)

[83] Michael J. Vilbert, Ph.D., "An Empirical Study of Impact of Decoupling on Cost of Capital," presented to the Society of Utility Regulatory & Financial Analysts' 45th Financial Forum, April 18, 2013. This study was admitted as Exhibit A-5 at ex. PMA-19. In the study, Dr. Vilbert analyzed cost of capital estimates prepared by Brattle for 12 separate natural gas local distribution holding companies (with 46 subsidiaries) on 26 separate dates for rate case proceedings between October 2005 and May 2012, concluding that there was no statistically significant reduction in cost of capital. (Ex. A-5 at ex. PMA-19.) Rather, Dr. Vilbert reported the "counter intuitive" result that decoupling was associated with a statistically significant higher cost of capital, although the results are provisional, and explanations for them continue to be sought. (*Id.*) Dr. Vilbert added that "whatever effect decoupling may have, it is reflected in the sample companies." (*Id.*)

[84] Moody's Investors Service, "Special Comment: Decoupling and 21st Century Rate Making" (November 4, 2011).

Mr. Reiker testified that he is unaware of any time in the past 14 years when the Commission has increased a utility's rate of return to make up for eliminating an adjuster mechanism, although he believes eliminating an adjuster mechanism increases the negative effects of regulatory lag on a utility. (Ex. A-4 at 5.) Mr. Reiker characterized RUCO's position as "suggesting . . . that shareholders . . . continue as they have done over the past 16 years to provide subsidized service." (Tr. at 136-37.) Mr. Reiker also asserted that Arizona Public Service Company ("APS") paid $170 million in dividends to its parent company in the same year it applied to the Commission for an emergency rate increase[85] and, further, that APS has paid out more than $1.3 billion in dividends since that time. (*Id.*) Mr. Reiker testified that "dividends are the lifeblood of equity investment in a public utility . . . [a]nd they are at the heart of the regulatory compact between this company and its regulator." (*Id.* at 137.)

Ms. Ahern also disagreed with RUCO's position that the cost of common equity should be lowered because the declining usage adjustment shifts risk from AWC to its customers, stating that no such risk shift occurs and that no reduction to the cost of common equity is warranted. (Ex. A-5 at 10.) Ms. Ahern agreed with Mr. Reiker's assertions that the declining usage adjustment is no different than any other pro forma adjustment to TY results intended to reflect conditions of service expected to exist when the new rates are in effect. (*Id.*)

Mr. Olea also disagreed with Mr. Rigsby's assertion that AWC's ROE should be lowered below 10.0 percent if the Commission grants the SIB mechanism and the declining usage adjustment, stating that the efficiency credit built into the SIB accounts for any adjustment necessary to address that and confirming that Staff believes the 10.0 percent ROE in the Settlement Agreement is proper even with the SIB. (Ex. S-6 at 3; Tr. at 248.) Mr. Olea testified that a primary reason Staff disagreed with SIB-type mechanisms in the past was because they provided no monetary benefit to ratepayers, only rate gradualism. (Ex. S-6 at 3.) Staff considers the five-percent efficiency credit to be a monetary benefit to ratepayers that has not been included in any previous proposals and to be a more direct (and less contentious) way of providing a monetary benefit to ratepayers than reducing AWC's

[85] Mr. Reiker did not mention that Decision No. 68685 (May 5, 2006), of which we take official notice, denied APS's request for an emergency interim rate increase, although it allowed for an existing Power Supply Adjustor mechanism to be modified on an interim basis pending completion of a general rate case.

ROE would be. (*Id.*) Staff does not believe that it would be appropriate to require both an efficiency credit and a lower ROE. (*Id.*) In deciding whether to enter into the Settlement Agreement, Staff took into consideration whether the 10.0 percent ROE was the right ROE to have with the SIB, and Staff determined that it was. (Tr. at 255-57.) Mr. Olea explained that Staff has consistently said that ratepayers needed to be provided a monetary benefit with any SIB and that the benefit could be provided either by lowering the overall ROE or by providing an efficiency credit. (Tr. at 262.) Staff prefers the efficiency credit, which basically lowers the ROE for SIB plant,[86] because it is "a more direct application of the effect on the ROE." (*Id.*)

VIII. Miscellaneous

AWC currently has in effect a MAP tariff that expressly covers the following Northern Group systems: "Valley Vista (Sedona), Pinewood, Rimrock, Overgaard, Lakeside, Pinetop Lakes (Lakeside)." (Ex. A-17; *see* Tr. at 231-33.) The purpose of the MAP tariff is "to recover the annual change in testing and noticing costs resulting from compliance with the MAP over a twelve-month period through a separately stated fee on each customer's monthly bill." (Ex. A-17.) Participation in the MAP is mandatory for PWSs with customer counts below an ADEQ-specified threshold. (Tr. at 231.) Although continuation of the MAP tariff is not addressed in the Settlement Agreement, AWC and Staff agree that the MAP tariff should remain in effect. (Tr. at 232-33, 252-53.) RUCO also agrees that the MAP tariff should remain in effect. (Tr. at 395.)

Staff's engineering witness recommended that if any further consolidation of AWC's water systems was approved in this case for the purpose of ratemaking and accounting, AWC be required to continue reporting on its water use and plant description data separately, by individual ADEQ PWS, in future Annual Reports and rate filings. (Ex. S-4 at ex. KS at ii.) We have previously required AWC to report such information separately for each PWS, and this requirement remains in effect. (*See* Decision No. 71845 at 93.)

As previously discussed, Staff recommended that AWC's customer bills include, for each approved tariff charge billed to a customer, a separate line item clearly identifying the charge by

[86] Ms. Ahern testified that the five-percent efficiency credit would result in a 100-basis point reduction on the ROE for SIB plant. (Tr. at 171, 187-88.)

name and setting forth the dollar amount of the charge. (Ex. S-1 at ii.) Staff further recommended that AWC bill per its approved tariffs and in units of 1,000 gallons for all water systems. (Id.)

IX. Resolution

As is acknowledged in the Settlement Agreement, the Commission is not bound by the terms of the Settlement Agreement and must independently consider and evaluate the terms of the Settlement Agreement to determine whether they are in the public interest. (*See* Ex. A-1 at 5-6, §§ 8.3, 8.8.) In this case, that also requires consideration of the modified SIB Agreement approved in Phase 2 of the Eastern Group Docket, which is essentially incorporated into the Settlement Agreement for this case, as well as consideration of all of the arguments made in favor of and in opposition to both the Settlement Agreement and the SIB Agreement.

AWC, Staff, and RUCO have reached agreement as to most of the issues in this matter. Specifically, the parties no longer dispute the Northern Group's FVRB; its adjusted TY operating income; and whether the Northern Group should be authorized to implement an OSFF Tariff for the Verde Valley division, to implement an ACRM Tariff for the entire Northern Group, or to defer the costs of implementing additional BMPs required by Decision No. 71845 for consideration in a future rate case. Additionally, the parties have agreed that the MAP Tariff should continue in effect; the Commission has previously ordered AWC to provide PWS-specific information in its annual reports and rate applications; and AWC and Staff have been working toward realization of Staff's specific bill formatting recommendations. It is reasonable and appropriate for these to continue.

Because the Commission concurs with the parties as to the resolution of these undisputed issues and will decide these issues accordingly, there is no need to discuss them further, except to clarify that the ACRM for the Northern Group shall conform to the requirements established in Decision No. 66400 (October 14, 2003) and shall require AWC to file a new application for each step of the ACRM surcharge consistent with the process outlined in Decision No. 66400.

Although RUCO chose not to enter into the Settlement Agreement, RUCO agrees that the discussions that led to the Settlement Agreement were conducted in an open and transparent manner, with all of the parties invited to participate on an equal basis and participating fully. (Ex. R-5 at 3-4; Tr. at 350-51.) Mr. Rigsby also stated that "[t]he Settlement Agreement has some good points in

RUCO's view." (Ex. R-5 at 4; Tr. at 351-52.) RUCO's disagreements with the Settlement Agreement concern only a few issues, but they are among the most significant and difficult policy issues that the Commission has recently faced in a water utility rate case—namely, whether to approve a SIB mechanism; whether to approve a declining usage adjustment made to TY billing determinants in establishing rate design; and whether to decrease a utility's ROE if the Commission is approving either a SIB mechanism or a declining usage adjustment and, if so, to what extent. Although each case before the Commission must be evaluated and decided on its own merits, we are mindful of the Commission's very recent consideration and resolution of these issues in Phase 2 of the Eastern Group Docket.[87]

In Decision No. 73938, the Commission made the following Findings of Fact related to the SIB Agreement and the SIB mechanism embodied therein:

> 15. The Settlement provides, among other things for: Commission pre-approval of SIB-eligible projects; SIB project eligibility criteria; a limit on SIB surcharge recovery to the pre-tax rate of return and depreciation expense associated with SIB-eligible projects; an "efficiency credit" of five percent; a cap on the SIB surcharge of five percent of the Phase 1 revenue requirement; separate line items on customer bills reflecting the SIB surcharge and the efficiency credit; Commission approval of the SIB surcharge prior to implementation and adjustments; a limit of five SIB surcharge filings between general rate cases; an annual true-up of the SIB surcharge; and notice to customers at least 30 days prior to SIB surcharge adjustments.
>
> 16. The SIB mechanism "is a ratemaking device designed to provide for the timely recovery of the capital costs (depreciation expense and pre-tax return on investment) associated with distribution system improvement projects meeting the requirements contained herein and that have been completed and placed in service and where costs have not been included for recovery in Decision No. 73736." (Ex.A-1, ¶2.3.)
>
> 17. Cost recovery under the SIB mechanism is allowed for the pre-tax return on investment and depreciation expense for projects meeting the SIB-eligible criteria and for depreciation expense associated with those projects, net of associated plant retirements. The rate of return, depreciation rates, gross revenue conversion factor and tax multiplier are to be the same as those approved in Phase 1 by Decision No. 73736.
>
> 18. The SIB surcharge will include an "Efficiency Credit" equal to five percent of the SIB revenue requirement.

[87] It is a well-settled principle of administrative law that when an agency deviates from its prior policies or decisions, it must provide a reasoned explanation for doing so. (*See, e.g., Secretary of Agriculture v. United States*, 347 U.S. 645 (1954).)

19. The Agreement caps the amount that is permitted to be collected annually by each SIB surcharge filing to five percent of the revenue requirement authorized in Decision No. 73736.

20. The SIB surcharge will be applicable only for plant replacement investments to provide adequate and reliable service to existing customers and that "are not designed to serve or promote customer growth."

21. Under the Settlement, AWC: may file up to five SIB surcharge requests between rate case decisions; may make no more than one SIB surcharge filing every 12 months; may not make its initial SIB surcharge filing for the Eastern Group prior to 12 months following the effective date of Decision No. 73736 *(i.e.,* February 20, 2014); must make an annual SIB surcharge filing to true-up its surcharge collections; and must file a rate case application for its Eastern Group no later than August 31, 2016, with a test year ending no later than December 31, 2015, at which time any SIB surcharges then in effect would be included in base rates in that proceeding and the surcharge would be reset to zero.

22. The SIB surcharge will be a fixed monthly charge on customers' bills, with the surcharge and the efficiency credit listed as separate line items. The surcharge will increase proportionately based on customer meter size.

23. Each SIB surcharge filing must be approved by the Commission prior to implementation. Upon filing of the SIB surcharge application, Staff and RUCO would have 30 days to review the filing and dispute and/or file a request for the Commission to alter the surcharge or true-up surcharge/credit. Although AWC is also required to provide a proposed order with each SIB filing for the Commission's consideration, and if no objection is filed to the SIB surcharge request the request shall be placed on an Open Meeting agenda at the earliest practicable date, in order to protect the public interest we believe that Staff should prepare its own Staff Report and Proposed Order for the Commission's consideration.

24. At least 30 days prior to a SIB surcharge becoming effective AWC is required to provide public notice to customers in the form of a bill insert or customer letter. The notice must include: the individual surcharge amount by meter size; the individual efficiency credit by meter size; the individual true-up surcharge/credit by meter size; and a summary of the projects included in the current surcharge filing, including a description of each project and its cost.

25. The Settlement Agreement, with the modifications discussed above regarding financial information filing requirements, represents a reasonable compromise of contested issues, is in accord with Arizona law and, as a whole, is consistent with the public interest.[88]

Although RUCO attempted to convince the Commission that approval of the SIB Agreement in Decision No. 73938 was not in the public interest, did not result in the adoption of just and reasonable rates and charges, and was unconstitutional and thus unlawful, the Commission determined the issue contrary to RUCO's position. RUCO has not brought forth any new information

[88] Decision No. 73938 (June 27, 2013) at 57-59.

or put forth any new arguments in this case to cause the Commission to reverse its decision on the SIB mechanism. The Commission has determined that the SIB Agreement and the SIB mechanism created thereby, as modified with the additional protections adopted in Decision No. 73938, are consistent with the Commission's legal authority and will result in rates and charges that are just and reasonable.

Additionally, the Commission believes that it is reasonable and appropriate to make the following modifications and clarifications to the SIB Agreement as adopted herein, which are intended to clarify the language and requirements of the SIB Agreement consistent with the testimony herein and are not intended to alter any material term of either the SIB Agreement or the Settlement Agreement:

- References to the Eastern Group and its individual systems, to the Eastern Group Docket, and to Decision No. 73736 are understood to be replaced, respectively, with references to the Northern Group and its divisions/systems as applicable, to this Docket, and to this Decision;
- §§ 11.0 through 12.9 of the SIB Agreement are deleted as inapplicable;
- Exhibit A to the SIB Agreement is replaced with SIB Plant Table I specific to the Northern Group, which is attached hereto as Exhibit D to this Decision;
- Exhibits D and F to the SIB Agreement, which were replaced in Decision No. 73938, are likewise replaced in this matter, with the new Exhibits D and F attached hereto as Exhibit C;
- § 4.6 is understood to require AWC to file the next general rate case for its Northern Group no later than August 31, 2017, with a TY ending no later than December 31, 2016;
- § 4.7 is understood to mean that the Commission will, in each subsequent general rate case when a SIB mechanism has been in effect, examine how the SIB mechanism has operated and whether it is just and reasonable and in the public interest to authorize the SIB mechanism to continue going forward when newly authorized rates take effect;

- § 4.8 is understood to require a report to be filed every six months after the effective date of the decision in which the SIB mechanism was first approved for the relevant company/group/division/system (*e.g.*, six months after this Decision, for the Northern Group);
- § 4.9 is understood to require the first annual SIB surcharge true-up filing to be made within 60 days after the one-year anniversary of the effective date of the SIB surcharge first approved for the Northern Group pursuant to this Decision and to require each subsequent annual SIB surcharge true-up filing to be made at 12-month intervals thereafter;
- § 6.2 is understood to establish that plant is only eligible for SIB recovery if the plant is replacement plant that will not create a new revenue stream (depreciation expense for plant replacing fully depreciated plant is not considered to be a new revenue stream);
- § 6.3 is understood to include a requirement that eligibility for SIB recovery and satisfaction of the listed criteria are ultimately determined by the Commission;
- § 6.4 is understood to mean that only plant falling within these categories is eligible for SIB treatment;
- §§ 6.5 and 9.4 are understood, consistent with Decision No. 73938, to require Staff to prepare and file a Staff Report for each SIB surcharge filing and:
    - If there is no objection to the SIB surcharge filing from Staff or another person, to prepare and file a Proposed Order for Commission consideration at an Open Meeting; and
    - If there is an objection to the SIB surcharge filing from Staff or another person, to include in the Staff Report a recommendation for the process going forward, which may include a recommendation for a hearing;
- §§ 7.1 and 7.2 are understood to require AWC to provide the required public notice to its customers, in a format and with content approved by the Commission or the Commission's Utilities Division, before AWC files its SIB surcharge filing and to

file, as part of its SIB surcharge filing, an attestation that such notice to its customers has been provided; and

- It is understood that the Commission may consider the totality of circumstances—which may include (but is not limited to) any objection, comments, or information filed by Staff, RUCO, or another interested person, and any information required by or in the possession of the Commission related to a public service corporation's operations or financial condition—when determining whether it is reasonable and appropriate to schedule a SIB filing for consideration at an Open Meeting; to grant SIB eligibility for any plant; to authorize a company to implement a SIB mechanism or surcharge; to approve any modification of a SIB mechanism, true-up, or surcharge; or to take any other action related to a SIB mechanism or SIB surcharge.

While the Commission has received no new information in this case causing it to reverse position on approval of the SIB Agreement, the Commission has received additional information regarding another policy issue considered in the Eastern Group rate case. In Decision No. 73736, when denying a declining usage adjustment proposed by AWC for its Eastern Group, the Commission stated the following:

> AWC has performed an elaborate statistical analysis of actual Eastern Group data to support its request for a downward adjustment in its billing determinants. AWC is effectively requesting to have its rates set based on the assumption that its TY commodity sales (gallons sold) were lower than they actually were, because AWC believes that its commodity sales are declining with time and expects that decline to continue. . . .
>
> Because AWC chose to make its adjustments to billing determinants rather than through revenues and expenses, we cannot be confident that the appropriate associated reductions to future operating costs . . . have also been made. AWC's adjustment methodology also makes it difficult to identify the projected annual impact of the normalization adjustments (as opposed to the impact of the proposed changes in rate design), although it appears that the normalization adjustment would impact annual revenue in an amount between $155,438.91 and $446,738.55 at AWC's proposed rates.
>
> It is possible that, with more complete and transparent information as to the normalization adjustment methodology and its impacts, the Commission might find such an adjustment to be appropriate in the future. The Commission understands that a consistent pattern of declining usage, and the diminished revenues that follow, could jeopardize AWC's ability to recover its cost of service, which is contrary to the best interests of AWC, AWC's customers, and the Commission. However, the

> Commission will not approve such an adjustment without first being confident that the changes in usage are known and measurable, that any corresponding changes in costs have been factored into the normalization calculation so as to avoid mismatches and over-recovery, and that the Commission is aware of the actual impacts of the adjustment on proposed rates.
>
> Based upon the evidence presented, and the preceding discussion, we deny AWC's requested downward adjustment of its TY billing determinants.[89]

In this matter, AWC initially proposed downward usage adjustments made to revenues and certain expenses rather than to billing determinants. Mr. Reiker provided a statistical analysis of AWC data to demonstrate declining usage over a number of years and further quantified the proposed adjustments to revenues and expenses monetarily to make their impact more clear. In the pre-settlement direct testimony phase of this matter, AWC's downward usage adjustment was again rejected by both Staff and RUCO as overly speculative, *i.e.*, not known and measurable.

In the Settlement Agreement, AWC and Staff have agreed upon a different adjustment, an adjustment made to AWC's TY billing determinants to reflect a five-percent decrease in consumption, the same type of adjustment that the Commission recently rejected for the Eastern Group. Staff is now advocating for approval of this declining usage adjustment, which represents a sea change in Staff's position regarding such adjustments. To explain this transformation, Mr. Olea testified:

> [T]his case . . . gave me a chance to look at everything and say, you know, I think it is time that we look at what is really happening out there. And what is really happening is there [are] water use declines having to do with more efficient water use caused by not only the tiered rates but also the BMPs.[90]

Mr. Olea explained that he came to this realization based upon the combination of what he has seen, what he has read (consistently reporting declining usage), and the fact that the Commission is now requiring both tiered rates and BMPs. (*See* Tr. at 295.) As Mr. Olea pointed out, conservation (aka declining usage) has been the goal of policy initiatives adopted by the Commission and ADWR—notably the adoption of inverted block tiered rate designs and of BMP requirements. Mr. Olea reasoned that if the Commission knows that the conservation initiatives are working, and are going to

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[89] Decision No. 73736 (February 20, 2013) at 70-71 (footnotes omitted).
[90] Tr. at 295.

continue working, then some adjustment must be made for the declining usage that results. (Tr. at 249-51.) Additionally, Mr. Olea asserted, this type of adjustment will never be known and measurable because no one can accurately predict the future. (Tr. at 249-51.) Per Mr. Olea, the risk that water use per customer will remain the same or increase in the future is "very small." (*Id.* at 295-96.)

RUCO has argued that the Commission cannot change its position from one previously held, stating that to do so "could affect the integrity of the Commission's decisions going forward" and asking "why . . . anyone [would] have any faith in a Commission decision if the Commission does not require compliance with its own judgment."[91]

The Commission must consider each case on its own merits, must consider all of the evidence presented, and must determine what will serve the public interest and result in just and reasonable rates. If credible evidence is provided that causes the Commission to reconsider a prior decision, even if that decision is recent, it is the Commission's duty to consider it.

In this case, AWC and Staff agree upon a declining usage adjustment very similar to one recently denied for the Eastern Group. AWC has provided evidence that declining usage is occurring in the Northern Group and in the country as a whole, and Staff has testified that declining usage is occurring and is likely to continue. This evidence is credible. However, it is certain that neither the parties to this case nor the Commission can tell the future. It could be that the reductions in consumption seen thus far result from the proverbial "low-hanging fruit" and will soon be exhausted, causing the plateau that RUCO anticipates. No one, including the Commission, can be certain that a five-percent reduction in usage will occur (*i.e.*, that a five-percent reduction in TY billing determinants is known and measurable). We note the relatively minimal impact that the declining usage adjustment agreed upon in the Settlement Agreement would have on the monthly bill for a residential customer with average usage in each of the Northern Group's divisions. We also note that settlement of this rate case would benefit the Northern Group's customers, Staff, the Commission, and RUCO because it represents a more efficient use of resources than does a fully litigated rate case. While AWC's and Staff's arguments in favor of the declining usage adjustment, standing alone in a

[91] RUCO Br. at 25.

fully litigated case, might result in a different resolution, in this case, in the context of the Settlement Agreement, considering the totality of the circumstances, we find that the declining usage adjustment is reasonable. However, we will require AWC, in its next Northern Group rate case application, to provide, for each customer class and each division, data regarding monthly per-customer usage from the effective date of this Decision through the end of the test year for that rate case. We will also require Staff to scrutinize that data, to compare the declining usage experienced with the declining usage adjustment granted herein, to determine whether a declining usage adjustment is warranted going forward, and to provide testimony and recommendations accordingly.

Based on our language in AWC's Eastern Group rate case decision (Decision No. 73736), RUCO's exceptions to this adjustment, and the fact that we have never before approved a declining water usage adjustment and there is a possibility (regardless of how small a possibility) that water use will not actually decline, we will also require AWC to provide the above data every January, until further order of the Commission, beginning January 2015. The data provided shall cover the previous twelve (12) months. Staff shall analyze the data and, if necessary, provide a recommendation to the Commission to modify or eliminate the water usage adjustment by recommending that this Decision be reopened for further Commission consideration. Any other party to this case may also make a recommendation to the Commission based on that party's analysis of the data.

The final contested issue in this case is whether the ROE for the Northern Group should be decreased if the SIB mechanism is approved and/or the declining usage adjustment is approved. The Commission is approving both of them in this matter. Decision No. 73938 resolved the issue related to the SIB and cost of equity. The ROE included in the Settlement Agreement is the same ROE recently approved for the Western Group and is 55 basis points lower than the ROE more recently approved for the Eastern Group. We believe that the 10.0 percent ROE for the Northern Group is just and reasonable and in the public interest, and we are not persuaded that the ROE needs to be decreased below 10.0 percent in this case because of either the SIB or the declining usage adjustment.

Based upon all of the evidence presented in this case, and in light of the foregoing discussion, we determine that adoption of the Settlement Agreement entered into by AWC and Staff in this matter, which is attached hereto as Exhibit B, with the modifications described herein, is in the public

interest and will result in rates and charges and conditions of service for the Northern Group that are just and reasonable and in the public interest.

* * * * * * * * * *

Having considered the entire record herein and being fully advised in the premises, the Commission finds, concludes, and orders that:

FINDINGS OF FACT

1. AWC is an Arizona corporation and Class A water utility providing service as a public service corporation pursuant to authority granted by the Commission.

2. On August 1, 2012, AWC filed with the Commission a permanent rate application for its Northern Group systems, using a 2011 TY and requesting a permanent rate increase; rates established using a pro forma declining usage adjustment; and authorization to extend its existing ACRM to the entire Northern Group, to complete consolidation of the Sedona system's rates with those of the other Verde Valley systems, to implement a DSIC, to implement an OSFF for the Sedona system, and to continue AWC's MAP surcharge. At the time AWC filed its rate application in this docket, AWC had a separate rate application pending in the Eastern Group Docket.

3. On August 30, 2012, Staff issued a Sufficiency Letter for AWC's rate application, classifying AWC as a Class A utility.

4. On September 12, 2012, RUCO filed an Application to Intervene, which was granted without objection at a procedural conference held on September 18, 2012.

5. On September 19, 2012, a Procedural Order was issued scheduling the hearing in this matter to commence on May 13, 2013, and establishing other procedural requirements and dates. Additional hearing dates were scheduled by a Procedural Order issued on February 13, 2013.

6. Public notice of this matter was mailed to AWC's customers as a billing insert beginning with the October 12, 2012, billing cycle and ending on November 13, 2012, and was published in the *Arizona Daily Sun*, the *Verde Independent*, the *White Mountain Independent*, and the *Sedona Red Rock News* on October 12, 14, 16, and 17, 2012, respectively.

7. On February 21, 2013, Staff filed an unopposed Request for Modification to the Procedural Schedule, requesting a one-week extension of the deadline for Staff and RUCO to file

direct testimony on revenue requirements and cost of capital and a one-week extension of the deadline for AWC to file rebuttal testimony. Staff's Request was granted by a Procedural Order issued on February 22, 2013.

8. On March 13, 2013, Staff filed Notice of Settlement Discussions, stating that the parties might enter into settlement discussions on or after March 19, 2013.

9. On March 19, 2013, AWC, Staff, and RUCO met and engaged in settlement discussions.

10. On April 4, 2013, AWC filed the Parties' Request for Modification of Procedural Schedule, stating that certain parties had reached a conceptual settlement but needed additional time to complete and file a settlement agreement and requesting a one-week extension to the deadline to file a settlement agreement and to file testimony supporting or opposing the settlement agreement. AWC further requested that a date be set for the filing of responsive testimony and that the existing dates for rebuttal testimony and surrebuttal testimony be suspended. The procedural schedule was revised consistent with the Parties' Request via a Procedural Order issued on April 8, 2013.

11. On April 12, 2013, AWC filed Notice of Status of Settlement Agreement, stating that the agreement had not yet been executed in final form and that another update would be filed on April 15, 2013, if the agreement would not be filed that day.

12. On April 15, 2013, Staff filed a Settlement Agreement executed by Staff and AWC, but not RUCO. The Settlement Agreement provided, *inter alia*, that the terms of the SIB Settlement, as ultimately approved by the Commission in Phase 2 of the Eastern Group Docket, would apply to AWC's Northern Group systems.

13. On April 15, 2013, RUCO filed a Motion to Extend Filing Dates, requesting that the filing dates for testimony supporting or opposing the Settlement Agreement and for responsive testimony each be extended by one week.

14. On April 17, 2013, AWC and Staff filed responses to the RUCO Motion, with AWC opposing an extension longer than one business day and requesting that the pre-hearing conference be set for an earlier date, and Staff taking no position on an extension and not objecting to an earlier pre-hearing conference date.

15. On April 18, 2013, a Procedural Order was issued extending the filing dates for testimony concerning the Settlement Agreement, requiring that responsive testimony be filed by the parties, and moving the pre-hearing conference to May 8, 2013.

16. On April 26 and May 3, 2013, respectively, the parties filed initial testimony and responsive testimony concerning the Settlement Agreement.

17. On May 6, 2013, RUCO filed a Motion to Incorporate the Record and a Notice of Errata, requesting that the "record of the recent hearings" in the Eastern Group Docket be incorporated into the record in this matter.

18. On May 8, 2013, the pre-hearing conference in this matter was held, with all parties appearing through counsel, and it was determined that the entire Phase 2 record from the Eastern Group Docket, and that portion of the Phase 1 record pertaining to AWC's requested DSIC, would be incorporated into the record for this matter.

19. On May 13 and 14, 2013, a full evidentiary hearing was held before a duly authorized Administrative Law Judge of the Commission at the Commission's offices in Phoenix, Arizona. Testimony and exhibits were provided by each party. No members of the public attended to provide public comment.

20. On May 23, 2013, RUCO filed a late-filed exhibit stating that it had been unable to craft language to resolve RUCO's legal issues with the SIB.

21. On June 18, 2013, the parties filed their briefs. Staff filed corrections to its brief the following day.

22. Between October 23, 2012, and May 21, 2013, 14 comments were filed opposing AWC's application, one comment was filed providing rate design suggestions, and one comment was filed supporting the Commission's recent decision to approve a SIB mechanism in the Eastern Group Docket.

23. Based on our consideration of the complete evidentiary record for this matter, we find that approval of the Settlement Agreement, attached hereto as Exhibit B, with the clarifications and modifications set forth in the Resolution portion of our Discussion Section herein, is in the public interest and will result in the establishment of just and reasonable rates and charges and conditions of

service for the Northern Group.

24. We find that the Northern Group has the following capital structure and weighted average cost of capital:

	Weight	Cost	Weighted Avg. Cost
Common Equity:	51.1%	10.0%	5.11%
Debt:	48.9%	6.82%	3.33%
Weighted Avg. Cost of Capital:			**8.44%**

25. We find the following to be just and reasonable and in the public interest for purposes of setting rates for the Navajo division (including the fully consolidated Lakeside and Overgaard systems):

TY Operating Revenues:	$3,663,832
TY Operating Expenses:	$3,188,861
TY Operating Income:	$474,971
OCRB/FVRB:	**$10,060,534**
TY Rate of Return:	4.72%
Required Operating Income:	$849,610
Operating Income Deficiency:	$374,639
Gross Revenue Conversion Factor	1.6510
Required Revenue Increase:	**$618,535**
Required Revenue Increase %:	**16.9%**
Required Operating Revenues:	$4,282,366
Required Rate of Return:	**8.44%**

26. We find that it is in the public interest to have AWC complete the consolidation of the Sedona system into the Verde Valley division and to have AWC discontinue the collection of its currently authorized ACRM surcharges for the Sedona system upon the effective date of the rates and charges established in this Decision.

27. We find the following, which assumes discontinuance of the ACRM surcharge revenues for the Verde Valley division's Sedona system, to be just and reasonable and in the public interest for purposes of setting rates for the Verde Valley division (including the fully consolidated Sedona, Pinewood, and Rimrock systems):

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. . .

TY Operating Revenues:	$6,592,779
TY Operating Expenses:	$5,383,356
TY Operating Income:	$1,209,423
OCRB/FVRB:	**$25,984,762**
TY Rate of Return:	4.65%
Required Operating Income:	$2,194,408
Operating Income Deficiency:	$984,985
Gross Revenue Conversion Factor	1.6465
Required Revenue Increase:	**$1,621,794**
Required Revenue Increase %:	**24.6%**
Required Operating Revenues:	$8,214,573
Required Rate of Return:	**8.44%**

28. We find that the rates and charges set forth in Schedule H-3 to Exhibit B would have the following impact on average 5/8" x 3/4" customer bills:

Settlement Agreement Rate Design

Division/System	Usage (Gallons)	Current Bill	Settlement Bill	Dollar Change	Percent Change
Navajo	3,150	$26.24	$29.82	$3.58	13.64%
	7,500	$48.57	$53.40	$4.84	9.96%
Verde Valley (Pinewood, Rimrock)	3,036	$33.42	$31.82	($1.60)	(4.78%)
	7,500	$52.33	$47.68	($4.65)	(8.89%)
Verde Valley (Sedona)	8,751	$43.97*	$52.13	$8.15	18.54%
	7,500	$41.23*	$47.68	$6.45	15.63%

*The current bill amounts for the Verde Valley Division's Sedona system include the current ACRM surcharges being paid by customers.

29. We find that the rates and charges set forth in Schedule H-3 to Exhibit B are just and reasonable and in the public interest.

30. We find that it is just and reasonable and in the public interest to allow AWC to implement the OSFF Tariff set forth as an attachment to the Settlement Agreement, which OSFF Tariff shall be applicable to the Verde Valley's Sedona system and, specifically, to the Valley Vista and Sedona public water systems.

31. We find that it is just and reasonable and in the public interest to allow AWC to implement an ACRM Tariff for the Northern Group divisions/systems, with the proviso that the ACRM shall conform to the requirements established in Decision No. 66400 (October 14, 2003) and

shall require AWC to file a new application for each step of the ACRM surcharge consistent with the process outlined in Decision No. 66400.

32. We find that it is just and reasonable and in the public interest to allow AWC's MAP Tariff to remain in effect for the Northern Group divisions/systems.

33. We find that it is just and reasonable and in the public interest to authorize AWC to defer, for consideration of recovery in a future general rate case, the costs of implementing and performing the additional BMPs required by Decision No. 71845 for the Northern Group divisions/systems and, further, that AWC should record such deferral of costs.

34. We find that it is just and reasonable and in the public interest to make the clarifying modifications to the SIB Agreement set forth in the Resolution portion of the Discussion Section of this Decision and to approve the application of the SIB Agreement, with those clarifying modifications, to the Northern Group's divisions/systems.

35. We find that it is just and reasonable and in the public interest to make the Northern Group divisions/systems subject to any additional modifications to the SIB mechanism and SIB Agreement that may be made by the Commission in the Eastern Group Docket as a result of any rehearing of Decision No. 73938.

36. We find that it is just and reasonable and in the public interest to require AWC, in its next Northern Group rate case application, to provide, for each customer class and each division, data regarding monthly per-customer usage from the effective date of this Decision to the end of the test year for that rate case. Additionally, we find that in the next Northern Group rate case, Staff must scrutinize that data, compare the declining usage experienced with the declining usage adjustment granted herein, determine whether a declining usage adjustment is warranted going forward, and provide testimony and recommendations accordingly.

37. In addition, we will require AWC to provide the above data every January, until further order of the Commission, beginning January 2015. The data provided shall cover the previous twelve (12) months. Staff shall analyze the data and, if necessary, provide a recommendation to the Commission to modify or eliminate the water usage adjustment. If the Commission desires to consider such an adjustment or elimination, the Commission shall do so by

reopening this Decision and provide notice and an opportunity to be heard. Any other party to this case may also make a recommendation to the Commission based on that party's analysis of the data.

38. Decision No. 71845 required AWC, in future annual reports and rate filings, to continue reporting information (including but not limited to water use and plant description data) separately for each of its public water systems, as defined by ADEQ. We find that this requirement remains in effect.

39. We find that it is just and reasonable and in the public interest to require AWC to ensure that its customer bills include, for each approved tariff charge billed to a customer, a separate line item clearly identifying the charge by name and setting forth the dollar amount of the charge; that all rates and charges for water service are billed in accordance with AWC's approved tariffs; and that all commodity usage is expressed and all associated commodity charges are assessed for units of 1,000 gallons.

CONCLUSIONS OF LAW

1. AWC is a public service corporation within the meaning of Article XV of the Arizona Constitution and A.R.S. §§ 40-250, 40-251, and 40-367.

2. The Commission has jurisdiction over AWC and the subject matter of its Application.

3. Notice of the Application was provided in accordance with the law.

4. Adoption of the Settlement Agreement, and the underlying SIB Agreement, as discussed and modified herein, is just and reasonable and in the public interest.

5. It is just and reasonable and in the public interest to modify the Settlement Agreement, and the underlying SIB Agreement, as described in the Resolution portion of the Discussion Section of this Decision.

6. The fair value rate bases of AWC's Navajo division and Verde Valley division are as set forth in Findings of Fact Nos. 25 and 27.

7. We find that the requirements, authorizations, and approvals described in Findings of Fact Nos. 23, 26, 29 through 34, and 36 through 39 are just and reasonable and in the public interest.

8. The rates, charges, and conditions of service established herein are just and reasonable and in the public interest.

ORDER

IT IS THEREFORE ORDERED that the Settlement Agreement filed in this Docket on April 15, 2013, and attached to this Decision as Exhibit B, is hereby adopted with the clarifications and modifications discussed herein.

IT IS FURTHER ORDERED that Arizona Water Company is hereby directed to file with the Commission, on or before September 30, 2013, revised schedules of the rates and charges for its Northern Group divisions consistent with Exhibit B and the findings herein.

IT IS FURTHER ORDERED that the rates and charges and conditions of service adopted herein shall be effective for all services rendered on and after October 1, 2013.

IT IS FURTHER ORDERED that Arizona Water Company shall notify its affected customers of the revised schedules of rates and charges authorized herein by means of an insert in its next regularly scheduled billing, and by posting a notice on its website, in a form acceptable to the Commission's Utilities Division Staff.

IT IS FURTHER ORDERED that Arizona Water Company shall implement and comply with the terms of the Settlement Agreement as discussed and adopted herein and that any failure to comply with the Settlement Agreement adopted herein shall be deemed a failure to comply with this Decision.

IT IS FURTHER ORDERED that Arizona Water Company's MAP Tariff shall remain in effect for its Northern Group divisions/systems.

IT IS FURTHER ORDERED that the System Improvement Benefits mechanism approved herein by reference for the Northern Group divisions/systems is subject to additional modifications that may be made by the Commission in the Eastern Group Docket as a result of any rehearing of Decision No. 73938.

IT IS FURTHER ORDERED that Arizona Water Company shall, in its next Northern Group rate case application, provide, for each customer class and each division, data regarding monthly per-customer usage from the effective date of this Decision to the end of the test year for that rate case.

IT IS FURTHER ORDERED that the Commission's Utilities Division shall analyze the above-required per-customer usage data provided by Arizona Water Company in its next Northern

Group rate case application, compare the declining usage experienced with the declining usage adjustment granted herein, determine whether a declining usage adjustment is warranted going forward, and provide testimony and recommendations accordingly in that rate case.

IT IS FURTHER ORDERED that Arizona Water Company shall provide the above water usage data every January, until further order of the Commission, beginning January 2015. The data provided shall cover the previous twelve (12) months. Staff shall analyze the data and, if necessary, provide a recommendation to the Commission to modify or eliminate the water usage adjustment as discussed in Finding of Fact No. 37.

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IT IS FURTHER ORDERED that Arizona Water Company shall ensure that its customer bills include, for each approved tariff charge billed to a customer, a separate line item clearly identifying the charge by name and setting forth the dollar amount of the charge; that all rates and charges for water service are billed in accordance with Arizona Water Company's approved tariffs; and that all commodity usage is expressed and all associated commodity charges are assessed for units of 1,000 gallons.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 23rd day of September 2013.

JODI JERICH
EXECUTIVE DIRECTOR

DISSENT _____

DISSENT _____
SH:ru

SERVICE LIST FOR: ARIZONA WATER COMPANY

DOCKET NO.: W-01445A-12-0348

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NAVAJO DIVISION (Lakeside, Overgaard)					
	Current	**AWC App.**	**RUCO Direct**	**Staff Direct**	**Settlement Agreement**
Monthly Minimum Charges					
Residential					
5/8" x ¾" Meter	$ 12.64	$ 18.25	$ 16.40	$ 16.30	$ 17.26
1" Meter	31.61	45.63	40.9965	40.75	43.15
1 ½" Meter	N/A	91.25	N/A	81.50	86.30
2" Meter	101.15	146.00	131.1746	130.40	138.08
3" Meter	202.29	292.00	262.3492	260.80	276.16
4" Meter	316.08	456.25	409.9206	407.50	431.50
6" Meter	632.17	912.50	819.8411	815.00	863.00
8" Meter	1,011.47	1,460.00	1,311.7458	1,304.00	1,380.80
10" Meter	1,453.99	2,098.75	1,885.6345	1,874.50	1,984.90
Commercial, Industrial, Construction Water,[1] Sales for Resale					
5/8" x ¾" Meter	$ 12.64	$ 25.00	$ 22.4614	$ 23.00	$ 23.00
1" Meter	31.61	62.50	56.1535	57.50	57.50
1 ½" Meter	N/A	125.00	N/A	115.00	115.00
2" Meter	101.15	200.00	179.6912	184.00	184.00
3" Meter	202.29	400.00	359.3824	368.00	368.00
4" Meter	316.08	625.00	561.5350	575.00	575.00
6" Meter	632.17	1,250.00	1,123.0700	1,150.00	1,150.00
8" Meter	1,011.47	2,000.00	1,796.9120	1,840.00	1,840.00
10" Meter	1,453.99	2,875.00	2,583.0610	2,645.00	2,645.00
Private Fire					
All Sizes	$ 22.58	$ 25.00	$ 22.4614	$ 25.00	$ 25.00
Commodity Rates					
Residential					
5/8" x ¾" Meter					
1 to 3,000 gallons	$ 4.2771	$ 4.1788	$ 3.7545	$ 3.7200	$ 3.9160
3,001 to 10,000 gallons	5.1320	5.2235	4.6931	5.1500	5.4213
Over 10,000 gallons	6.1580	6.5294	5.8664	6.9400	7.3058
1" Meter					
1 to 10,000 gallons	5.1320				
Over 10,000 gallons	6.1580				
1 to 25,000 gallons		5.2235	4.6931		
Over 25,000 gallons		6.5294	5.8664		
1 to 21,000 gallons				5.1500	5.4213
Over 21,000 gallons				6.9400	7.3058
1 ½" Meter					
1 to 55,000 gallons	N/A	5.2235	N/A		
Over 55,000 gallons	N/A	6.5294	N/A		
1 to 50,000 gallons				5.1500	5.4213
Over 50,000 gallons				6.9400	7.3058

[1] Construction water rates currently exist, and were proposed by AWC and RUCO on direct, only for 2-inch, 3-inch, and 4-inch meters. Staff recommended construction water rates for all meter sizes. The Settlement Agreement includes construction water rates only for 2-inch, 3-inch, and 4-inch meters.

2" Meter					
1 to 50,000 gallons	5.1320				
Over 50,000 gallons	6.1580				
1 to 90,000 gallons		5.2235	4.6931		
Over 90,000 gallons		6.5294	5.8664		
1 to 60,000 gallons				5.1500	5.4213
Over 60,000 gallons				6.9400	7.3058
3" Meter					
1 to 125,000 gallons	5.1320				
Over 125,000 gallons	6.1580				
1 to 175,000 gallons		5.2235	4.6931		
Over 175,000 gallons		6.5294	5.8664		
1 to 120,000 gallons				5.1500	5.4213
Over 120,000 gallons				6.9400	7.3058
4" Meter					
1 to 200,000 gallons	5.1320				
Over 200,000 gallons	6.1580				
1 to 275,000 gallons		5.2235	4.6931		
Over 275,000 gallons		6.5294	5.8664		
1 to 190,000 gallons				5.1500	5.4213
Over 190,000 gallons				6.9400	7.3058
6" Meter					
1 to 350,000 gallons	5.1320				
Over 350,000 gallons	6.1580				
1 to 550,000 gallons		5.2235	4.6931		
Over 550,000 gallons		6.5294	5.8664		
1 to 390,000 gallons				5.1500	5.4213
Over 390,000 gallons				6.9400	7.3058
8" Meter					
1 to 650,000 gallons	5.1320				
Over 650,000 gallons	6.1580				
1 to 925,000 gallons		5.2235	4.6931		
Over 925,000 gallons		6.5294	5.8664		
1 to 600,000 gallons				5.1500	5.4213
Over 600,000 gallons				6.9400	7.3058
10" Meter					
1 to 1,080,000 gallons	5.1320				
Over 1,080,000 gallons	6.1580				
1 to 1,300,000 gallons		5.2235	4.6931		
Over 1,300,000 gallons		6.5294	5.8664		
1 to 800,000 gallons				5.1500	5.4213
Over 800,000 gallons				6.9400	7.3058
Commercial, Construction Water[2]					
5/8" x ¾" Meter					
1 to 10,000 gallons	$ 4.6988	$ 5.2235	$ 4.6931	$ 5.1500	$ 5.4213
Over 10,000 gallons	5.6386	6.5294	5.8664	6.9400	7.3058
1" Meter					

[2] Construction water rates currently exist, and were proposed by AWC and RUCO on direct, only for 2-inch, 3-inch, and 4-inch meters. Staff recommended construction water rates for all meter sizes. The Settlement Agreement includes construction water rates only for 2-inch, 3-inch, and 4-inch meters.

1 to 15,000 gallons	4.6988				
Over 15,000 gallons	5.6386				
1 to 25,000 gallons		5.2235	4.6931		
Over 25,000 gallons		6.5294	5.8664		
1 to 21,000 gallons				5.1500	5.4213
Over 21,000 gallons				6.9400	7.3058
1 ½" Meter					
1 to 55,000 gallons	N/A	5.2235	N/A		
Over 55,000 gallons	N/A	6.5294	N/A		
1 to 50,000 gallons				5.1500	5.4213
Over 50,000 gallons				6.9400	7.3058
2" Meter					
1 to 65,000 gallons	4.6988				
Over 65,000 gallons	5.6386				
1 to 90,000 gallons		5.2235	4.6931		
Over 90,000 gallons		6.5294	5.8664		
1 to 60,000 gallons				5.1500	5.4213
Over 60,000 gallons				6.9400	7.3058
3" Meter					
1 to 125,000 gallons	4.6988				
Over 125,000 gallons	5.6386				
1 to 175,000 gallons		5.2235	4.6931		
Over 175,000 gallons		6.5294	5.8664		
1 to 120,000 gallons				5.1500	5.4213
Over 120,000 gallons				6.9400	7.3058
4" Meter					
1 to 200,000 gallons	4.6988				
Over 200,000 gallons	5.6386				
1 to 275,000 gallons		5.2235	4.6931		
Over 275,000 gallons		6.5294	5.8664		
1 to 190,000 gallons				5.1500	5.4213
Over 190,000 gallons				6.9400	7.3058
6" Meter					
1 to 400,000 gallons	4.6988				
Over 400,000 gallons	5.6386				
1 to 550,000 gallons		5.2235	4.6931		
Over 550,000 gallons		6.5294	5.8664		
1 to 390,000 gallons				5.1500	5.4213
Over 390,000 gallons				6.9400	7.3058
8" Meter					
1 to 675,000 gallons	4.9688				
Over 675,000 gallons	5.6386				
1 to 925,000 gallons		5.2235	4.6931		
Over 925,000 gallons		6.5294	5.8664		
1 to 600,000 gallons				5.1500	5.4213
Over 600,000 gallons				6.9400	7.3058
10" Meter					
1 to 1,080,000 gallons	4.9688				
Over 1,080,000 gallons	5.6386				
1 to 1,300,000 gallons		5.2235	4.6931		
Over 1,300,000 gallons		6.5294	5.8664		

1 to 800,000 gallons				5.1500	5.4213
Over 800,000 gallons				6.9400	7.3058
Industrial					
All meters & all gallons	$ 4.0667	$ 5.2235	$ 4.6931	$ 5.1500	$ 5.4213
Sales for Resale					
All meters & all gallons	$ 4.6988	$ 5.2235	$ 4.6931	$ 5.1500	$ 5.4213

VERDE VALLEY DIVISION (Pinewood, Rimrock)					
	Current	**AWC App.**	**RUCO Direct**	**Staff Direct**	**Settlement Agreement**
Monthly Minimum Charges					
Residential					
5/8" x ¾" Meter	$ 23.10	$ 25.00	$ 22.67	$ 23.50	$ 25.33
1" Meter	57.75	62.50	56.6650	58.75	63.33
1 ½" Meter	N/A	125.00	N/A	117.50	126.65
2" Meter	184.81	200.00	181.3280	188.00	202.64
3" Meter	369.62	400.00	362.6560	376.00	405.28
4" Meter	577.54	625.00	566.6500	587.50	633.25
6" Meter	1,155.07	1,250.00	1,133.3000	1,175.00	1,266.50
8" Meter	1,848.12	2,000.00	1,813.2800	1,880.00	2,026.40
10" Meter	2,656.67	2,875.00	2,606.5900	2,702.50	2,912.95
Commercial, Construction Water,[3] Sales for Resale					
5/8" x ¾" Meter	$ 23.10	$ 30.00	$ 27.1992	$ 25.00	$ 25.00
1" Meter	57.75	75.00	67.9980	62.50	62.50
1 ½" Meter	N/A	150.00	N/A	125.00	125.00
2" Meter	184.81	240.00	217.5936	200.00	200.00
3" Meter	369.62	480.00	435.1872	400.00	400.00
4" Meter	577.54	750.00	679.9800	625.00	625.00
6" Meter	1,155.07	1,500.00	1,359.9600	1,250.00	1,250.00
8" Meter	1,848.12	2,400.00	2,175.9360	2,000.00	2,000.00
10" Meter	2,656.67	3,450.00	3,127.9080	2,875.00	2,875.00
Industrial					
5/8" x ¾" Meter	$ 21.74	$ 30.00	$ 27.1992	$ 25.00	$ 25.00
1" Meter	54.36	75.00	67.9980	62.50	62.50
1 ½" Meter	N/A	150.00	N/A	125.00	125.00
2" Meter	173.96	240.00	217.5936	200.00	200.00
3" Meter	347.92	480.00	435.1872	400.00	400.00
4" Meter	543.62	750.00	679.9800	625.00	625.00
6" Meter	1,087.25	1,500.00	1,359.9600	1,250.00	1,250.00
8" Meter	1,739.60	2,400.00	2,175.9360	2,000.00	2,000.00
10" Meter	2,500.67	3,450.00	3,127.9080	2,875.00	2,875.00
Private Fire					
All Sizes	$ 25.89	$ 30.50	$ 30.50	$ 30.50	$ 30.50
Commodity Rates					

[3] Construction water rates currently exist, and were proposed by AWC and RUCO on direct, only for 2-inch, 3-inch, and 4-inch meters. Staff recommended construction water rates for all meter sizes. The Settlement Agreement includes construction water rates only for 2-inch, 3-inch, and 4-inch meters.

Residential					
5/8" x ¾" Meter					
1 to 3,000 gallons	$ 3.3891	$ 2.8224	$ 2.5589	$ 2.0000	$ 2.1210
3,001 to 10,000 gallons	4.2361	3.5280	3.1986	3.3500	3.5527
Over 10,000 gallons	5.2954	4.4100	3.9983	4.2300	4.4860
1" Meter					
1 to 10,000 gallons	4.2361				
Over 10,000 gallons	5.2954				
1 to 40,000 gallons		3.5280	3.1986	3.3500	3.5527
Over 40,000 gallons		4.4100	3.9983	4.2300	4.4860
1 ½" Meter					
1 to 75,000 gallons	N/A	3.5280	N/A	3.3500	3.5527
Over 75,000 gallons	N/A	4.4100	N/A	4.2300	4.4860
2" Meter					
1 to 125,000 gallons	4.2361	3.5280	3.1986	3.3500	3.5527
Over 125,000 gallons	5.2954	4.4100	3.9983	4.2300	4.4860
3" Meter					
1 to 298,000 gallons	4.2361				
Over 298,000 gallons	5.2954				
1 to 300,000 gallons		3.5280	3.1986	3.3500	3.5527
Over 300,000 gallons		4.4100	3.9983	4.2300	4.4860
4" Meter					
1 to 493,000 gallons	4.2361				
Over 493,000 gallons	5.2954				
1 to 500,000 gallons		3.5280	3.1986	3.3500	3.5527
Over 500,000 gallons		4.4100	3.9983	4.2300	4.4860
6" Meter					
1 to 925,000 gallons	4.2361				
Over 925,000 gallons	5.2954				
1 to 1,000,000 gallons		3.5280	3.1986	3.3500	3.5527
Over 1,000,000 gallons		4.4100	3.9983	4.2300	4.4860
8" Meter					
1 to 1,500,000 gallons	4.2361	3.5280	3.1986	3.3500	3.5527
Over 1,500,000 gallons	5.2954	4.4100	3.9983	4.2300	4.4860
10" Meter					
1 to 2,262,000 gallons	4.2361				
Over 2,262,000 gallons	5.2954				
1 to 2,300,000 gallons		3.5280	3.1986	3.3500	3.5527
Over 2,300,000 gallons		4.4100	3.9983	4.2300	4.4860
Commercial					
5/8" x ¾" Meter					
1 to 10,000 gallons	$ 4.2361	$ 3.5280	$ 3.1986	$ 3.3500	$ 3.5527
Over 10,000 gallons	5.2954	4.4100	3.9983	4.2300	4.4860
1" Meter					
1 to 40,000 gallons	4.2361	3.5280	3.1986	3.3500	3.5527
Over 40,000 gallons	5.2954	4.4100	3.9983	4.2300	4.4860
1 ½" Meter					
1 to 75,000 gallons	N/A	3.5280	N/A	3.3500	3.5527
Over 75,000 gallons	N/A	4.4100	N/A	4.2300	4.4860
2" Meter					
1 to 125,000 gallons	4.2361	3.5280	3.1986	3.3500	3.5527

Over 125,000 gallons	5.2954	4.4100	3.9983	4.2300	4.4860
3" Meter					
1 to 298,000 gallons	4.2361				
Over 298,000 gallons	5.2954				
1 to 300,000 gallons		3.5280	3.1986	3.3500	3.5527
Over 300,000 gallons		4.4100	3.9983	4.2300	4.4860
4" Meter					
1 to 493,000 gallons	4.2361				
Over 493,000 gallons	5.2954				
1 to 500,000 gallons		3.5280	3.1986	3.3500	3.5527
Over 500,000 gallons		4.4100	3.9983	4.2300	4.4860
6" Meter					
1 to 925,000 gallons	4.2361				
Over 925,000 gallons	5.2954				
1 to 1,000,000 gallons		3.5280	3.1986	3.3500	3.5527
Over 1,000,000 gallons		4.4100	3.9983	4.2300	4.4860
8" Meter					
1 to 1,500,000 gallons	4.2361	3.5280	3.1986	3.3500	3.5527
Over 1,500,000 gallons	5.2954	4.4100	3.9983	4.2300	4.4860
10" Meter					
1 to 2,262,000 gallons	4.2361				
Over 2,262,000 gallons	5.2954				
1 to 2,300,000 gallons		3.5280	3.1986	3.3500	3.5527
Over 2,300,000 gallons		4.4100	3.9983	4.2300	4.4860
Industrial					
All meters & all gallons	$ 3.6242	$ 3.5280	$ 3.1986	$ 3.3500	$ 3.5527
Coin Machine					
Gallons per Quarter ($0.25)	53.76	65	65	N/A	64
Construction Water[4]					
5/8" x ¾" Meter					
1 to 10,000 gallons	N/A	N/A	N/A	$ 3.3500	N/A
Over 10,000 gallons	N/A	N/A	N/A	4.2300	N/A
1" Meter					
1 to 40,000 gallons	N/A	N/A	N/A	3.3500	N/A
Over 40,000 gallons	N/A	N/A	N/A	4.2300	N/A
1 ½" Meter					
1 to 75,000 gallons	N/A	N/A	N/A	3.3500	N/A
Over 75,000 gallons	N/A	N/A	N/A	4.2300	N/A
2" Meter					
1 to 125,000 gallons	$ 4.2361	$ 3.5280	$ 3.1986	$ 3.3500	$ 3.5527
Over 125,000 gallons	5.2954	4.4100	3.9983	4.2300	4.4860
3" Meter					
1 to 298,000 gallons	4.2361				
Over 298,000 gallons	5.2954				
1 to 300,000 gallons		3.5280	3.1986	3.3500	3.5527
Over 300,000 gallons		4.4100	3.9983	4.2300	4.4860

[4] Construction water rates currently exist, and were proposed by AWC and RUCO on direct, only for 2-inch, 3-inch, and 4-inch meters. Staff recommended construction water rates for all meter sizes. The Settlement Agreement includes construction water rates only for 2-inch, 3-inch, and 4-inch meters.

4" Meter					
1 to 500,000 gallons	4.2361	3.5280	3.1986	3.3500	3.5527
Over 500,000 gallons	5.2954	4.4100	3.9983	4.2300	4.4860
6" Meter					
1 to 1,000,000 gallons	N/A	N/A	N/A	3.3500	N/A
Over 1,000,000 gallons	N/A	N/A	N/A	4.2300	N/A
8" Meter					
1 to 1,500,000 gallons	N/A	N/A	N/A	3.3500	N/A
Over 1,500,000 gallons	N/A	N/A	N/A	4.2300	N/A
10" Meter					
1 to 2,300,000 gallons	N/A	N/A	N/A	3.3500	N/A
Over 2,300,000 gallons	N/A	N/A	N/A	4.2300	N/A
Sales for Resale					
All meters & all gallons	$ 4.2361	$ 3.5280	$ 3.1986	$ 3.3500	$ 3.5527

VERDE VALLEY DIVISION (Sedona)					
	Current	**AWC App.**	**RUCO Direct**	**Staff Direct**	**Settlement Agreement**
Monthly Minimum Charges					
Residential					
5/8" x ¾" Meter	$ 23.10	$ 25.00	$ 22.67	$ 23.50	$ 25.33
1" Meter	57.75	62.50	56.6650	58.75	63.33
1 ½" Meter	N/A	125.00	N/A	117.50	126.65
2" Meter	184.81	200.00	181.3280	188.00	202.64
3" Meter	369.62	400.00	362.6560	376.00	405.28
4" Meter	577.54	625.00	566.6500	587.50	633.25
6" Meter	1,155.07	1,250.00	1,133.3000	1,175.00	1,266.50
8" Meter	1,848.12	2,000.00	1,813.2800	1,880.00	2,026.40
10" Meter	2,656.67	2,875.00	2,606.5900	2,702.50	2,912.95
Commercial, Construction Water,[5] Sales for Resale					
5/8" x ¾" Meter	$ 23.10	$ 30.00	$ 27.1992	$ 25.00	$ 25.00
1" Meter	57.75	75.00	67.9980	62.50	62.50
1 ½" Meter	N/A	150.00	N/A	125.00	125.00
2" Meter	184.81	240.00	217.5936	200.00	200.00
3" Meter	369.62	480.00	435.1872	400.00	400.00
4" Meter	577.54	750.00	679.9800	625.00	625.00
6" Meter	1,155.07	1,500.00	1,359.9600	1,250.00	1,250.00
8" Meter	1,848.12	2,400.00	2,175.9360	2,000.00	2,000.00
10" Meter	2,656.67	3,450.00	3,127.9080	2,875.00	2,875.00
Industrial					
5/8" x ¾" Meter	$ 21.74	$ 30.00	$ 27.1992	$ 25.00	$ 25.00
1" Meter	54.36	75.00	67.9980	62.50	62.50
1 ½" Meter	N/A	150.00	N/A	125.00	125.00
2" Meter	173.96	240.00	217.5936	200.00	200.00

[5] Construction water rates currently exist, and were proposed by AWC and RUCO on direct, only for 2-inch, 3-inch, and 4-inch meters. Staff recommended construction water rates for all meter sizes. The Settlement Agreement includes construction water rates only for 2-inch, 3-inch, and 4-inch meters.

3" Meter	347.92	480.00	435.1872	400.00	400.00
4" Meter	543.62	750.00	679.9800	625.00	625.00
6" Meter	1,087.25	1,500.00	1,359.9600	1,250.00	1,250.00
8" Meter	1,739.60	2,400.00	2,175.9360	2,000.00	2,000.00
10" Meter	2,500.67	3,450.00	3,127.9080	2,875.00	2,875.00
Private Fire					
All Sizes	$ 25.89	$ 30.50	$ 30.50	$ 30.50	$ 30.50
Commodity Rates					
Residential					
5/8" x ¾" Meter					
1 to 3,000 gallons	$ 1.5317	$ 2.8224	$ 2.5589	$ 2.0000	$ 2.1210
3,001 to 10,000 gallons	1.9147	3.5280	3.1986	3.3500	3.5527
Over 10,000 gallons	2.3910	4.4100	3.9983	4.2300	4.4860
1" Meter					
1 to 10,000 gallons	1.9147				
Over 10,000 gallons	2.3910				
1 to 40,000 gallons		3.5280	3.1986	3.3500	3.5527
Over 40,000 gallons		4.4100	3.9983	4.2300	4.4860
1 ½" Meter					
1 to 75,000 gallons	N/A	3.5280	N/A	3.3500	3.5527
Over 75,000 gallons	N/A	4.4100	N/A	4.2300	4.4860
2" Meter					
1 to 125,000 gallons	1.9147	3.5280	3.1986	3.3500	3.5527
Over 125,000 gallons	2.3910	4.4100	3.9983	4.2300	4.4860
3" Meter					
1 to 298,000 gallons	1.9147				
Over 298,000 gallons	2.3910				
1 to 300,000 gallons		3.5280	3.1986	3.3500	3.5527
Over 300,000 gallons		4.4100	3.9983	4.2300	4.4860
4" Meter					
1 to 493,000 gallons	1.9147				
Over 493,000 gallons	2.3910				
1 to 500,000 gallons		3.5280	3.1986	3.3500	3.5527
Over 500,000 gallons		4.4100	3.9983	4.2300	4.4860
6" Meter					
1 to 925,000 gallons	1.9147				
Over 925,000 gallons	2.3910				
1 to 1,000,000 gallons		3.5280	3.1986	3.3500	3.5527
Over 1,000,000 gallons		4.4100	3.9983	4.2300	4.4860
8" Meter					
1 to 1,500,000 gallons	1.9147	3.5280	3.1986	3.3500	3.5527
Over 1,500,000 gallons	2.3910	4.4100	3.9983	4.2300	4.4860
10" Meter					
1 to 2,262,000 gallons	1.9147				
Over 2,262,000 gallons	2.3910				
1 to 2,300,000 gallons		3.5280	3.1986	3.3500	3.5527
Over 2,300,000 gallons		4.4100	3.9983	4.2300	4.4860
Commercial					
5/8" x ¾" Meter					
1 to 10,000 gallons	$ 1.9147	$ 3.5280	$ 3.1986	$ 3.3500	$ 3.5527

Over 10,000 gallons	2.3910	4.4100	3.9983	4.2300	4.4860
1" Meter					
1 to 40,000 gallons	1.9147	3.5280	3.1986	3.3500	3.5527
Over 40,000 gallons	2.3910	4.4100	3.9983	4.2300	4.4860
1 ½" Meter					
1 to 75,000 gallons	N/A	3.5280	N/A	3.3500	3.5527
Over 75,000 gallons	N/A	4.4100	N/A	4.2300	4.4860
2" Meter					
1 to 125,000 gallons	1.9147	3.5280	3.1986	3.3500	3.5527
Over 125,000 gallons	2.3910	4.4100	3.9983	4.2300	4.4860
3" Meter					
1 to 298,000 gallons	1.9147				
Over 298,000 gallons	2.3910				
1 to 300,000 gallons		3.5280	3.1986	3.3500	3.5527
Over 300,000 gallons		4.4100	3.9983	4.2300	4.4860
4" Meter					
1 to 493,000 gallons	1.9147				
Over 493,000 gallons	2.3910				
1 to 500,000 gallons		3.5280	3.1986	3.3500	3.5527
Over 500,000 gallons		4.4100	3.9983	4.2300	4.4860
6" Meter					
1 to 925,000 gallons	1.9147				
Over 925,000 gallons	2.3910				
1 to 1,000,000 gallons		3.5280	3.1986	3.3500	3.5527
Over 1,000,000 gallons		4.4100	3.9983	4.2300	4.4860
8" Meter					
1 to 1,500,000 gallons	1.9147	3.5280	3.1986	3.3500	3.5527
Over 1,500,000 gallons	2.3910	4.4100	3.9983	4.2300	4.4860
10" Meter					
1 to 2,262,000 gallons	1.9147				
Over 2,262,000 gallons	2.3910				
1 to 2,300,000 gallons		3.5280	3.1986	3.3500	3.5527
Over 2,300,000 gallons		4.4100	3.9983	4.2300	4.4860
Industrial					
All meters & all gallons	$ 1.6801	$ 3.5280	$ 3.1986	$ 3.3500	$ 3.5527
Coin Machine					
Gallons per Quarter ($0.25)	118.94	65	65	N/A	64
Construction Water[6]					
5/8" x ¾" Meter					
1 to 10,000 gallons	N/A	N/A	N/A	$ 3.3500	N/A
Over 10,000 gallons	N/A	N/A	N/A	4.2300	N/A
1" Meter					
1 to 40,000 gallons	N/A	N/A	N/A	3.3500	N/A
Over 40,000 gallons	N/A	N/A	N/A	4.2300	N/A
1 ½" Meter					
1 to 75,000 gallons	N/A	N/A	N/A	3.3500	N/A

[6] Construction water rates currently exist, and were proposed by AWC and RUCO on direct, only for 2-inch, 3-inch, and 4-inch meters. Staff recommended construction water rates for all meter sizes. The Settlement Agreement includes construction water rates only for 2-inch, 3-inch, and 4-inch meters.

Over 75,000 gallons	N/A	N/A	N/A	4.2300	N/A
2" Meter					
1 to 125,000 gallons	$ 1.9147	$ 3.5280	$ 3.1986	$ 3.3500	$ 3.5527
Over 125,000 gallons	2.3910	4.4100	3.9983	4.2300	4.4860
3" Meter					
1 to 325,000 gallons	1.9147				
Over 325,000 gallons	2.3910				
1 to 300,000 gallons		3.5280	3.1986	3.3500	3.5527
Over 300,000 gallons		4.4100	3.9983	4.2300	4.4860
4" Meter					
1 to 500,000 gallons	1.9147	3.5280	3.1986	3.3500	3.5527
Over 500,000 gallons	2.3910	4.4100	3.9983	4.2300	4.4860
6" Meter					
1 to 1,000,000 gallons	N/A	N/A	N/A	3.3500	N/A
Over 1,000,000 gallons	N/A	N/A	N/A	4.2300	N/A
8" Meter					
1 to 1,500,000 gallons	N/A	N/A	N/A	3.3500	N/A
Over 1,500,000 gallons	N/A	N/A	N/A	4.2300	N/A
10" Meter					
1 to 2,300,000 gallons	N/A	N/A	N/A	3.3500	N/A
Over 2,300,000 gallons	N/A	N/A	N/A	4.2300	N/A
Sales for Resale					
All meters & all gallons	$ 2.2489	$ 3.5280	$ 3.1986	$ 3.3500	$ 3.5527

ALL NORTHERN GROUP SYSTEMS						
Service Line and Meter Installation Charges						
	Current			**Application, Staff Recommended, & Settlement Agreement**		
Meter Size	Service Line	Meter	Total	Service Line*	Meter	Total*
5/8" Meter	$ 445	$ 155	$ 600	$ 445	$ 155	$ 600
1" Meter	495	315	810	495	315	810
2" Turbine	830	1,045	1,875	830	1,045	1,875
2" Compound	830	1,890	2,720	830	1,890	2,720
3" Turbine	1,045	1,670	2,715	Cost	Cost	Cost
3" Compound	1,165	2,545	3,710	Cost	Cost	Cost
4" Turbine	1,490	2,670	4,160	Cost	Cost	Cost
4" Compound	1,670	3,645	5,315	Cost	Cost	Cost
6" Turbine	2,210	5,025	7,235	Cost	Cost	Cost
6" Compound	2,330	6,920	9,250	Cost	Cost	Cost
8" Turbine	2,210	5,025	7,235	Cost	Cost	Cost
8" Compound	2,330	6,920	9,250	Cost	Cost	Cost
10" Turbine	2,210	5,025	7,235	Cost	Cost	Cost
10" Compound	2,330	6,920	9,250	Cost	Cost	Cost
* Actual cost of service line if boring under roadway is required.						

ALL NORTHERN GROUP SYSTEMS				
Miscellaneous Service Charges				
	Current	**AWC App.**	**Staff Recommended**	**Settlement Agreement**
Service Charges				
Establishment	$16.00	$32.00	$32.00	$32.00
Guarantee Deposit	*	*	*	*
Reconnection for Delinquency	$16.00	$32.00	$32.00	$32.00
Re-Establishment	**	**	**	**
Service Call Out, Regular Hours	No Charge	No Charge	$30.00	No Charge
Service Call Out, After Hours[A]	$35.00	N/A	$45.00	N/A
Returned Check	$25.00	N/A	N/A	N/A
Returned Payment for Insufficient Funds	N/A	$25.00	$25.00	$25.00
Meter Re-Read, Regular Hours	No Charge	N/A	$15.00	N/A
Meter Re-Read, After Hours[A]	$35.00	N/A	$45.00	N/A
Meter Re-Read	N/A	$25.00	N/A	$25.00
Meter Test	***	***	***	****
Late Charge, after 15 days	1.5%	1.5%	1.5%	1.5%
After Hours Service Charge[A]	N/A	$35.00	N/A	$35.00

* Residential maximum: Two times average customer class bill
Non-residential maximum: Two and one-half times that customer's estimated maximum monthly bill

** Eight times the customer's monthly minimum charge, or payment of the minimums since disconnection, whichever is less.

*** No charge for the first test; for the second test for the same customer within a 12-month period, $50.00 or actual time and material, whichever is greater

**** No charge for the first test; for the second test for the same customer within any twelve (12) month period, $25.00, or actual time and material, whichever is greater

A After Hours means after regular working hours, on Saturday or Sunday, or on a holiday.

EXHIBIT B

ARIZONA WATER COMPANY

NORTHERN GROUP GENERAL RATE CASE

SETTLEMENT AGREEMENT

SETTLEMENT AGREEMENT

AND

LIST OF SIGNATORY PARTIES

The purpose of this Settlement Agreement ("Agreement") is to settle identified disputed issues related to Docket No. W-01445A-12-0348, Arizona Water Company's ("AWC" or "Company") application to increase rates for its Northern Group of systems as identified in its August 1, 2012 application. This Agreement is entered into by the following entities:

Arizona Water Company ("AWC" or "Company")

The Utilities Division of the Arizona Corporation Commission ("Staff")

These entities shall be referred to collectively as the "Signatory Parties."

TERMS AND CONDITIONS

In consideration of the promises and agreements contained in this Agreement, the Signatory Parties agree that the following numbered sections and subsections, including attached exhibits and schedules, comprise the Signatory Parties' Agreement.

1.0 RECITALS

1.1 Docket No. W-01445A-12-0348 was commenced by the filing of a rate application by AWC on August 1, 2012. AWC's application ("Application") requested a total proposed revenue increase of $2,829,777, or approximately 28.0%, and a Fair Value Rate Base ("FVRB") of $36,045,843.

1.2 Following a sufficiency finding by Staff docketed on August 30, 2012, the Residential Utility Consumer Office ("RUCO") filed an Application to Intervene on September 12, 2012.

1.3 The Administrative Law Judge granted the application to intervene filed by RUCO. No other persons or entities have intervened in this proceeding.

1.4 The Administrative Law Judge scheduled an evidentiary hearing on the Application to commence on May 13, 2013.

1.5 The parties' litigation positions for hearing associated with the total proposed revenue increase and FVRB, together with the amount proposed in settlement by the Signatory Parties, are as follows:

	Revenue Increase	% Increase	FVRB
Company	$2,829,777	28.0 %	$36,045,843
Staff	$1,923,874	18.8%	$36,057,615
RUCO	$1,691,803	16.5%	$34,755,533
Settlement	**$2,240,329**	**21.8%**	**$36,045,295**

1.6 Staff filed a notice of settlement discussions on March 13, 2013, noting that AWC had approached Staff concerning the possibility of settling the issues in the Rate Case, and that Staff was providing notice that settlement discussions concerning the Rate Case might commence on or after March 19, 2013. The Signatory Parties and RUCO were notified of the settlement discussion process, were encouraged to participate in the negotiations, and were provided with an equal opportunity to participate. Pursuant to the notice of settlement discussions, formal settlement discussions between the Signatory Parties and RUCO began on March 19, 2013 at the Commission's offices, and were concluded that same day, with a settlement reached on all issues in the Rate Case by the Signatory Parties. The Signatory Parties believe that the settlement reached between them addresses many of the issues in the Rate Case raised by RUCO, but not all such issues.

1.7 The Signatory Parties agree that the negotiation process undertaken in this matter was open, transparent and inclusive of all Signatory Parties and RUCO, with each such party having an equal opportunity to participate. All Signatory Parties and RUCO, including their counsel and principal witnesses and representatives, attended and actively participated in all phases of the settlement discussions. This Agreement is a result of those meetings and the Signatory Parties' and RUCO's good faith efforts to settle all of the issues presented in this Rate Case. A material consideration by AWC in compromising its positions in the Rate Case is the ability to quickly move its Application to final determination by the Commission, so that the new rates as set forth in this Agreement and ordered by the Commission may be implemented at the earliest possible date. To this end, the Signatory Parties agree to expedite their efforts in advancing this matter before the Commission consistent with the Procedural Orders made in the Rate Case and Commission Rules.

1.8 The purpose of this Agreement is to settle all issues presented in the Rate Case in a manner that will promote the public interest, provide for a prompt resolution of the issues, and allow expeditious implementation of the new rates as ordered by the Commission.

1.9 The Signatory Parties agree that the terms of this Agreement will serve the public interest by providing a just and reasonable resolution of the issues presented by the Rate Case, establishing just and reasonable rates for AWC's customers, and promoting the health, welfare and safety of AWC's customers. Commission approval of this Agreement will further serve the public interest by allowing the Signatory Parties to avoid the expense and delay associated with continued litigation. The Signatory Parties believe the provisions set forth in this Agreement address the issues raised by RUCO, except as to the negotiated rate of return on common equity, set forth in Section 3.0 below, as it relates to 1) the impact of the System Improvement Benefits ("SIB") mechanism, and 2) the negotiated rate design's incorporation of a declining usage adjustment.

1.10 The Signatory Parties agree to ask the Commission to (1) find that the terms and conditions of this Agreement are just and reasonable and in the public interest, along with all other necessary findings, and (2) approve the Agreement and order that the Agreement and the rates contained therein shall become effective at the earliest practicable date.

2.0 REVENUE REQUIREMENT, RATE BASE, INCOME STATEMENTS AND ADJUSTMENTS TO SAME

2.1 For ratemaking purposes and for the purposes of this Agreement, the Signatory Parties agree that:

2.2 AWC will receive an annual increase in revenues of $2,240,329, for an annual revenue requirement of $12,496,939;

2.3 The FVRB, which is determined based on the Original Cost Less Depreciation Rate Base for purposes of this Rate Case, is $36,045,295.

2.4 The breakdown of test year revenues of the Northern Group among the Navajo (Lakeside and Overgaard) and Verde Valley (Sedona, Pinewood and Rimrock) systems is set forth in Schedule A-1 attached and incorporated into the Agreement by this reference.

2.5 The breakdown of FVRB of the Northern Group among the Navajo (Lakeside and Overgaard) and Verde Valley (Sedona, Pinewood and Rimrock) systems is set forth in Schedule B-1 attached and incorporated into the Agreement by this reference.

2.6 The Pro Forma Adjustments applicable to FVRB for the Northern Group and the breakdown of such adjustments among the Navajo (Lakeside and Overgaard) and Verde Valley (Sedona, Pinewood and Rimrock) systems and the Phoenix Office and Meter Shop are set forth in Schedule B-2, including its appendix attached, which are incorporated into the Agreement by this reference.

2.7 The Adjusted Test Year Operating Income applicable to the Northern Group and the breakdown of same among the Navajo (Lakeside and Overgaard) and Verde Valley (Sedona, Pinewood and Rimrock) systems are set forth in Schedule C-1 attached and incorporated into the Agreement by this reference.

2.8 The Income Statement Pro Forma Adjustments applicable to the Northern Group and the breakdown of such adjustments among the Navajo (Lakeside and Overgaard) and Verde Valley (Sedona, Pinewood and Rimrock) systems are set forth in Schedule C-2, including its appendix attached, which are incorporated into the Agreement by this reference.

2.9 The computation of the Gross Revenue Conversion Factor applicable to the Northern Group and the breakdown of such factor among the Navajo (Lakeside and Overgaard) and Verde Valley (Sedona, Pinewood and Rimrock) systems are set forth in Schedule C-3 attached and incorporated into the Agreement by this reference.

3.0 COST OF CAPITAL

3.1 For ratemaking purposes and for the purposes of this Agreement, the Signatory Parties agree that an appropriate return on common equity shall be 10.0%, an appropriate cost of long-term debt shall be 6.82%, and that a capital structure comprised of 48.9% long-term debt and 51.1% common equity shall be adopted, which equates to a weighted cost of debt of 3.33%, a weighted cost of common equity of 5.11%, and an overall Weighted Average Cost of Capital of 8.44%, as set forth in Schedule D-1 attached and incorporated into the Agreement by reference.

4.0 RATE DESIGN

4.1 For ratemaking purposes and for the purposes of this Agreement, the Signatory Parties agree that:

4.2 The summary of changes in representative rate schedules by customer classification for the Navajo (Lakeside and Overgaard) and Verde Valley (Sedona, Pinewood and Rimrock) systems are set forth in Schedule H-3 attached and incorporated into the Agreement by this reference.

4.3 The rate schedules for the Navajo (Lakeside and Overgaard) and Verde Valley (Sedona, Pinewood and Rimrock) systems set forth in Schedule H-3 attached and incorporated into the Agreement by this reference reflect certain post-Test Year declines in customer usage.

4.4 The summary of a typical bill analysis, showing impact on bills from the settlement set forth in this Agreement for the Navajo (Lakeside and Overgaard) and Verde Valley (Sedona, Pinewood and Rimrock) systems is set forth in Schedule H-4 attached and incorporated into the Agreement by this reference.

5.0 RATE CONSOLIDATION

5.1 The Signatory Parties agree that AWC may complete the full consolidation of its Verde Valley (Sedona, Pinewood and Rimrock) system.

6.0 SYSTEM IMPROVEMENT BENEFITS ("SIB") MECHANISM

6.1 Pursuant to the Commission's directive, the Signatory Parties and RUCO participated in lengthy settlement discussions concerning a SIB Mechanism in AWC's Eastern Group rate proceeding, Docket No. W-01445A-11-0310. Those discussions resulting in a Settlement Agreement being docketed in that proceeding on April 1, 2013, a copy of which is attached as Exhibit 1 and incorporated by reference (the "SIB Settlement"). In the SIB Settlement, the Signatory Parties agreed that the SIB mechanism discussed in the SIB Settlement may be used as a template in other proceedings. For ratemaking purposes and for the purposes of this Agreement, the Signatory Parties agree that the terms and conditions of the SIB Settlement as is ultimately approved by the Commission in Docket No. W-01445A-11-310 shall be applicable to AWC's Navajo (Lakeside, Pinetop Lakes, Overgaard and Forest Towne) and Verde Valley (Sedona, Valley Vista, Pinewood and Rimrock) public water systems, and that the SIB mechanism adopted in the SIB Settlement shall be available to those systems under the terms and conditions set forth in the SIB Settlement, adjusted as appropriate to reflect the specific projects eligible for SIB treatment in the Pinetop Lakes, Overgaard, Sedona, Pinewood, and Rimrock public water systems. The Signatory Parties agree that all factors incorporated into the SIB Settlement and its application to AWC's Northern Group in this proceeding have been carefully considered in reaching settlement on the Cost of Capital, as set forth in Section 3.0 above.

7.0 OTHER SETTLEMENT ISSUES

7.1 The Signatory Parties agree on AWC's Off-Site Facilities Fee as proposed in its Application and on the Company's Off-site Facilities Fee Tariff Schedule in the form set forth on Exhibit 2 attached and incorporated into the Agreement by this reference.

7.2 The Signatory Parties agree that that an Arsenic Cost Recovery Mechanism ("ACRM") is authorized for AWC's Navajo and Verde Valley systems.

7.3 The Signatory Parties agree that AWC may defer its costs associated with implementing and performing its Commission approved Best Management Practices for recovery in a future general rate case, and that AWC should record such deferral of costs.

8.0 COMMISSION EVALUATION OF PROPOSED SETTLEMENT

8.1 This Agreement shall serve as a procedural device by which the Signatory Parties will submit their proposed settlement of AWC's Rate Case Docket No. W-01445A-12-0348 to the Commission.

8.2 All currently-filed testimony and exhibits, as well as the testimony in support of this Agreement anticipated by the Commission's September 19, 2012 and February 14, 2013 Procedural Orders, shall be offered into the Commission's record as evidence.

8.3 The Signatory Parties recognize that the Commission will independently consider and evaluate the terms of this Agreement.

8.4 If the Commission issues an order adopting all material terms of this Agreement, such action shall constitute Commission approval of the Agreement. Thereafter, the Signatory Parties shall abide by the terms as approved by the Commission.

8.5 The Signatory Parties agree to support and defend this Agreement, including filing testimony in support of the Agreement and presenting evidence in support of the Agreement at the hearing scheduled to begin on May 13, 2013, and will not oppose any provision of the Agreement in pre-filed or live testimony. The Signatory Parties agree to waive their rights to appeal a Commission Decision approving the same, provided that the Commission approves all material provisions of the Agreement. The Signatory Parties shall take reasonable steps to expedite consideration of the settlement, entry of a Decision adopting the settlement, and implementation of the rates anticipated in this Agreement and shall not seek any delay in the schedules set for consideration of the Agreement or for the Administrative Law Judge's or Commission's consideration of the settlement embodied in the Agreement. If the Commission adopts an order approving all material terms of this Agreement, the Signatory Parties will support and defend the Commission's order before any court or regulatory agency in which it may be at issue.

8.6 Consistent with any order of the Commission, AWC shall file compliance tariffs for Staff review and approval. Such compliance tariffs, however, will become effective upon the effective date of the rate increase stated in the Commission's Order.

8.7 If the Commission fails to issue an order adopting all material terms of this Agreement or adds new or different material terms to this Agreement or decides any issue or adopts any position in conflict with any material term of this Agreement, any or all of the Signatory Parties may withdraw from this Agreement, and such Signatory Party or Parties may pursue without prejudice their respective remedies at law. For the purposes of this Agreement, whether a term is material shall be left to the discretion of the Signatory Party choosing to withdraw from the Agreement. If AWC files an application for rehearing before the

Commission, Staff shall not be obligated to file any document or take any position regarding AWC's application for rehearing.

8.8 The Signatory parties recognize that Staff does not have the power to bind the Commission. For purposes of proposing a settlement agreement, Staff acts in the same manner as any party to a Commission proceeding.

9.0 MISCELLANEOUS PROVISIONS

9.1 The provisions set forth in the Agreement are made for purposes of compromised settlement only and shall not be construed as admissions against interest or waivers of litigation positions of the Signatory Parties in this Rate Case or related to other or future rate cases.

9.2 This Agreement represents the Signatory Parties' mutual desire to compromise and settle disputed issues in a manner consistent with the public interest. None of the positions taken in this Agreement by any of the Signatory Parties may be referred to, cited, or relied upon as precedent in any proceeding before the Commission, any other regulatory agency, or any court for any purpose except in furtherance of this Agreement.

9.3 This case presents a unique set of circumstances and compromises to achieve consensus for settlement, participants may be accepting positions that, in other circumstances, they would be unwilling to accept. They are doing so because the Agreement, as a whole, with its various provisions for settling the unique issues presented by this case, is consistent with their long-term interests and with the broad public interest. The acceptance by any Signatory Party of a specific element of this Agreement shall not be considered as precedent for acceptance of that element in any other context.

9.4 No Signatory Party is bound by any position asserted in negotiations, except as expressly stated otherwise in this Agreement. No Signatory Party shall offer evidence of conduct or statements made in the course of negotiating this Agreement before this Commission, or any other regulatory agency, or any court.

9.5 Each of the terms and conditions of the Agreement is in consideration and support of all other terms. Accordingly, the terms are not severable.

9.6 The Signatory Parties warrant and represent that each person whose signature appears below is fully authorized and empowered to execute this Agreement.

9.7 The Signatory Parties acknowledge that they are represented by competent legal counsel and that they understand all of the terms of this Agreement and have had an opportunity to participate in the drafting of this Agreement and to fully review it with their counsel before signing, and that they execute this Agreement with full knowledge of the terms of the Agreement.

9.8 This Agreement may be executed in any number of counterparts and by each individual Signatory Party on separate counterparts, each of which when so executed and

Executed this 15TH day of April, 2013.

ARIZONA WATER COMPANY

By: William M Garfield
Name: William M. Garfield
Its: President and Chief Operating Officer

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

By:_____
Name:_____
Its:_____

delivered shall be deemed an original and all of which taken together shall constitute one and the same instrument. This Agreement may also be executed electronically or by facsimile.

9.9 To the extent any provision of this Agreement is inconsistent with any existing Commission order, rule or regulation, this Agreement shall control.

Executed this ____ day of April, 2013.

ARIZONA WATER COMPANY

By:_____
Name:_____
Its:_____

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

By:_____
Name: STEVE OLEA
Its: UTILITIES DIVISION DIRECTOR

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Computation of Increase in Gross Revenue Requirement

Line No.	Description	Northern Group [A] Total Northern Group	[B] Navajo	[C] Verde Valley (Sedona, Pinewood, Rimrock)
1				
2				
3				
4	Adjusted Rate Base	$ 36,045,295	$ 10,060,534	$ 25,984,762
5				
6	Adjusted Operating Income	$ 1,684,394	$ 474,971	$ 1,209,423
7				
8	Current Rate of Return (Ln. 6 ÷ Ln. 4)	4.67%	4.72%	4.65%
9				
10	Required Operating Income (Ln. 4 X Ln. 12)	$ 3,044,018	$ 849,610	$ 2,194,408
11				
12	Required Rate of Return	8.44%	8.44%	8.44%
13				
14	Operating Income Deficiency (Ln. 10 - Ln. 6)	$ 1,359,624	$ 374,639	$ 984,985
15				
16	Gross Revenue Conversion Factor	1.6478	1.6510	1.6465
17				
18	Required Increase in Gross Revenue (Ln. 14 X Ln. 16)	$ 2,240,329	$ 618,535	$ 1,621,794
19				
20				
21	Adjusted Test Year Revenue	$ 10,256,611	$ 3,663,832	$ 6,592,779
22				
23	Adjusted Revenue with Increase	$ 12,496,939	$ 4,282,368	$ 8,214,573
24				
25	Required Increase in Revenue %	21.8%	16.9%	24.6%
26				
27				
28				
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Supporting Schedules:
Settlement B-1, Settlement C-1, Settlement C-3

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DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Summary Original Cost Rate Base

Line No.		Northern Group [A] O.C. Rate Base Company - As Filed	[B] Settlement Adjustments	[C] O.C. Rate Base Settlement
1				
2	Gross Plant in Service	$ 84,174,349	$ 228,793	$ 84,403,142
3				
4	Less:			
5	Accumulated Depreciation	23,163,812	5,254	23,169,066
6	Net Plant in Service	$ 61,010,537	$ 223,539	$ 61,234,076
7				
8	Less:			
9	Advances in Aid of Construction	7,048,087	-	7,048,087
10	Contributions in Aid of Construction:			
11	Gross	16,491,869	-	16,491,869
12	Accumulated Amortization	(3,964,163)	-	(3,964,163)
13	Net Contributions in Aid of Construction	$ 12,527,706	$ -	$ 12,527,706
14				
15	Deferred Income Tax	6,406,416	-	6,406,416
16	Customer Deposits	68,783	-	68,783
17				
18	Add:			
19	Working Capital	1,086,298	(224,087)	862,210
20	Net Regulatory Asset / (Liability)	-	-	-
21				
22				
23	Total Rate Base	$ 36,045,843	$ (548)	$ 36,045,295

Supporting Schedules:
Settlement B-2, Settlement B-5

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Processing Date: 4/2/2013 2:50 PM

Recap Schedules:
Settlement A-1

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Summary Original Cost Rate Base

Line No.		Navajo [A] O.C. Rate Base Company - As Filed	Navajo [B] Settlement Adjustments	Navajo [C] O.C. Rate Base Settlement	Verde Valley (Sedona, Pinewood, Rimrock) [A] O.C. Rate Base Company - As Filed	Verde Valley [B] Settlement Adjustments	Verde Valley [C] O.C. Rate Base Settlement
1							
2	Gross Plant in Service	$ 30,223,380	$ 228,159	$ 30,451,539	$ 53,950,969	$ 634	$ 53,951,603
3							
4	Less:						
5	Accumulated Depreciation	9,719,013	5,042	9,724,054	13,444,799	212	13,445,011
6	Net Plant in Service	$ 20,504,367	$ 223,117	$ 20,727,484	$ 40,506,170	$ 422	$ 40,506,592
7							
8	Less:						
9	Advances in Aid of Construction	3,416,251	-	3,416,251	3,631,836	-	3,631,836
10	Contributions in Aid of Construction:						
11	Gross	6,338,423	-	6,338,423	10,153,446	-	10,153,446
12	Accumulated Amortization	(1,479,824)	-	(1,479,824)	(2,484,339)	-	(2,484,339)
13	Net Contributions in Aid of Construction	$ 4,858,599	$ -	$ 4,858,599	$ 7,669,107	$ -	$ 7,669,107
14							
15	Deferred Income Tax	2,752,278	-	2,752,278	3,654,138	-	3,654,138
16	Customer Deposits	21,020	-	21,020	47,763	-	47,763
17							
18	Add:						
19	Working Capital	454,831	(73,634)	381,197	631,466	(150,453)	481,013
20	Net Regulatory Asset / (Liability)	-	-	-	-	-	-
21							
22							
23	Total Rate Base	$ 9,911,050	$ 149,483	$ 10,060,534	$ 26,134,793	$ (150,031)	$ 25,984,762

Supporting Schedules:
Settlement B-2; Settlement B-5

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Settlement A-1

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Original Cost Rate Base Proforma Adjustments

Line No.		[A] Actual End of Test Year	[B] Total Pro Forma Adjustments	[C] Adjusted Test Year - As Filed	Northern Group [D] Settlement Adj. No. 1	[E] Settlement Adj. No. 2	[F] Settlement Adj. No. 3	[G] BLANK	[H] BLANK	[I] BLANK	[J] Settlement Adj. No. 4	[K] Total Settlement Adjustments	[L] Adjusted Test Year - Settlement
					Settlement Rate Base Adjustments								
1													
2	Plant Classification												
3	Intangible Plant	$ 5,319	$ 2,008	$ 7,327	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 7,327
4	Source of Supply Plant	9,566,569	50,018	9,616,586	116,908	(25,334)	-	-	-	-	-	91,574	9,708,160
5	Pumping Plant	6,219,549	40,000	6,259,549	67,225	-	-	-	-	-	-	67,225	6,326,774
6	Water Treatment Plant	4,051,359	2,971,238	7,022,597	(34,191)	(3,954)	-	-	-	-	-	(38,145)	6,984,452
7	Transmission & Distribution Plant	56,770,161	607,273	57,377,435	65,475	-	-	-	-	-	-	65,475	57,442,910
8	General Plant	1,890,138	2,000,716	3,890,854	42,946	-	-	-	-	-	(262)	42,684	3,933,538
9	Total Gross Plant in Service	$ 78,503,096	$ 5,671,253	$ 84,174,349	$ 258,363	$ (29,288)	$ -	$ -	$ -	$ -	$ (262)	$ 228,793	$ 84,403,142
10													
11	Less:												
12	Accumulated Depreciation	22,655,322	508,490	23,163,812	5,332	(57)	-	-	-	-	(22)	5,254	23,169,066
13	Net Plant in Service	$ 55,847,774	$ 5,162,763	$ 61,010,537	$ 253,031	$ (29,231)	$ -	$ -	$ -	$ -	$ (260)	$ 223,539	$ 61,234,076
14													
15	Less:												
16	Advances in Aid of Construction	7,048,087	-	7,048,087	-	-	-	-	-	-	-	-	7,048,087
17	Contributions in Aid of Construction:												
18	Gross	16,491,869	-	16,491,869	-	-	-	-	-	-	-	-	16,491,869
19	Accumulated Amortization	(3,964,163)	-	(3,964,163)	-	-	-	-	-	-	-	-	(3,964,163)
20	Net Contributions in Aid of Construction	$ 12,527,706	$ -	$ 12,527,706	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 12,527,706
21													
22	Deferred Income Tax	-	6,406,416	6,406,416	-	-	-	-	-	-	-	-	6,406,416
23	Customer Deposits	68,783	-	68,783	-	-	-	-	-	-	-	-	68,783
24													
25	Add:												
26	Working Capital	1,086,298	-	1,086,298	-	-	(224,087)	-	-	-	-	(224,087)	862,210
27	Net Regulatory Asset / (Liability)	-	-	-	-	-	-	-	-	-	-	-	-
28													
29													
30	Total Rate Base	$ 37,289,496	$ (1,243,653)	$ 36,045,843	$ 253,031	$ (29,231)	$ (224,087)	$ -	$ -	$ -	$ (260)	$ (548)	$ 36,045,295
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DOCKET NO. W-01445A-12-0348
DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Original Cost Rate Base Pro Forma Adjustments

Navajo

Line No.		[A] Actual End of Test Year	[B] Total Pro Forma Adjustments	[C] Adjusted Test Year - As Filed	[D] Settlement Adj. No. 1	[E] Settlement Adj. No. 2	[F] Settlement Adj. No. 3	[G] BLANK	[H] BLANK	[I] BLANK	[J] Settlement Adj. No. 4	[K] Total Settlement Adjustments	[L] Adjusted Test Year - Settlement
					Settlement Rate Base Adjustments								
1													
2	Plant Classification	$ 1,948	$ 863	$ 2,809	$ -	$ -					$ -	$ -	$ 2,809
3	Intangible Plant	2,289,740	50,008	2,339,748	116,908	(25,334)					-	91,574	2,431,322
4	Source of Supply Plant	2,890,524	40,000	2,930,524	67,225	-					-	67,225	2,997,749
5	Pumping Plant	148,363	50,193	198,557	(35,724)	(3,954)					-	(39,678)	158,878
6	Water Treatment Plant	22,654,431	150,553	22,804,984	74,627	-					-	74,627	22,879,610
7	Transmission & Distribution Plant	1,033,523	913,236	1,946,759	34,533	-					(121)	34,412	1,981,171
8	General Plant	$ 29,018,527	$ 1,204,853	$ 30,223,380	$ 257,568	$ (29,288)	$ -	$ -	$ -	$ -	$ (121)	$ 228,159	$ 30,451,539
9	Total Gross Plant in Service												
10													
11	Less:	9,516,521	202,492	9,719,013	5,108	(57)					(10)	5,042	9,724,054
12	Accumulated Depreciation	$ 19,502,006	$ 1,002,361	$ 20,504,367	$ 252,460	$ (29,231)	$ -	$ -	$ -	$ -	$ (112)	$ 223,117	$ 20,727,484
13	Net Plant in Service												
14													
15	Less:	3,416,251	-	3,416,251								-	3,416,251
16	Advances in Aid of Construction												
17	Contributions in Aid of Construction:	6,338,423	-	6,338,423								-	6,338,423
18	Gross	(1,479,824)	-	(1,479,824)								-	(1,479,824)
19	Accumulated Amortization	$ 4,858,599	$ -	$ 4,858,599	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,858,599
20	Net Contributions in Aid of Construction												
21		-	2,752,278	2,752,278								-	2,752,278
22	Deferred Income Tax	21,020	-	21,020								-	21,020
23	Customer Deposits												
24													
25	Add:	454,831	-	454,831			(73,634)					(73,634)	381,197
26	Working Capital	-	-	-								-	-
27	Net Regulatory Asset / (Liability)												
28													
29		$ 11,660,967	$ (1,749,917)	$ 9,911,050	$ 252,460	$ (29,231)	$ (73,634)	$ -	$ -	$ -	$ (112)	$ 149,483	$ 10,060,534
30	Total Rate Base												
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Supporting Schedules:

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Settlement B-1

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Original Cost Rate Base Pro Forma Adjustments

Verde Valley (Sedona, Pinewood, Rimrock)

Line No.		[A] Actual End of Test Year	[B] Total Pro Forma Adjustments	[C] Adjusted Test Year - As Filed	[D] Settlement Adj. No. 1	[E] Settlement Adj. No. 2	[F] Settlement Adj. No. 3	[G] BLANK	[H] BLANK	[I] BLANK	[J] Settlement Adj. No. 4	[K] Total Settlement Adjustments	[L] Adjusted Test Year - Settlement
					Settlement Rate Base Adjustments								
1													
2	Plant Classification	$ 3,373	$ 1,145	$ 4,518	$ -	$ -					$ -	$ -	$ 4,518
3	Intangible Plant	7,276,828	10	7,276,838	-	-					-	-	7,276,838
4	Source of Supply Plant	3,329,025	-	3,329,025	-	-					-	-	3,329,025
5	Pumping Plant	3,902,996	2,921,045	6,824,041	1,533	-					-	1,533	6,825,574
6	Water Treatment Plant	34,115,731	456,720	34,572,451	(9,151)	-					-	(9,151)	34,563,300
7	Transmission & Distribution Plant	886,615	1,057,480	1,944,095	8,413	-					(161)	8,252	1,952,347
8	General Plant	$ 49,484,568	$ 4,466,401	$ 53,950,969	$ 795	$ -	$ -	$ -	$ -	$ -	$ (161)	$ 834	$ 53,951,803
9	Total Gross Plant in Service												
10													
11	Less:	13,138,801	305,998	13,444,799	225	-					(13)	212	13,445,011
12	Accumulated Depreciation	$ 36,345,767	$ 4,160,402	$ 40,506,170	$ 570	$ -	$ -	$ -	$ -	$ -	$ (148)	$ 422	$ 40,506,592
13	Net Plant in Service												
14													
15	Less:	3,631,836	-	3,631,836								-	3,631,836
16	Advances in Aid of Construction												
17	Contributions in Aid of Construction:	10,153,446	-	10,153,446								-	10,153,446
18	Gross	(2,484,339)	-	(2,484,339)								-	(2,484,339)
19	Accumulated Amortization	$ 7,669,107	$ -	$ 7,669,107	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 7,669,107
20	Net Contributions in Aid of Construction												
21		-	3,654,138	3,654,138								-	3,654,138
22	Deferred Income Tax	47,763	-	47,763								-	47,763
23	Customer Deposits						(150,453)					(150,453)	481,013
24													
25	Add:	631,466	-	631,466								-	
26	Working Capital	-	-	-									
27	Net Regulatory Asset / (Liability)												
28													
29		$ 25,628,528	$ 506,265	$ 26,134,793	$ 570	$ -	$ (150,453)	$ -	$ -	$ -	$ (148)	$ (150,031)	$ 25,984,762
30	Total Rate Base												
31													
32													
33													
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DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Original Cost Rate Base Pro Forma Adjustments

Line No.		[A] Actual End of Test Year	[B] Total Pro Forma Adjustments	[C] Adjusted Test Year - As Filed	Phoenix Office: Settlement Rate Base Adjustments [D] Settlement Adj. No. 1	[E] Settlement Adj. No. 2	[F] Settlement Adj. No. 3	[G] BLANK	[H] BLANK	[I] BLANK	[J] Settlement Adj. No. 4	[K] Total Settlement Adjustments	[L] Adjusted Test Year - Settlement
1													
2	Plant Classification												
3	Intangible Plant	$ 9,148	$ (9,148)	$ -	$ -	$ -					$ -	$ -	$ -
4	Source of Supply Plant	-	-	-	-	-					-	-	-
5	Pumping Plant	-	-	-	-	-					-	-	-
6	Water Treatment Plant	-	-	-	-	-					-	-	-
7	Transmission & Distribution Plant	-	-	-	-	-					-	-	-
8	General Plant	6,990,265	(6,990,265)	-	(1,288)	-					1,288	-	-
9	Total Gross Plant in Service	$ 6,999,412	$ (6,999,412)	$ -	$ (1,288)	$ -	$ -	$ -	$ -	$ -	$ 1,288	$ -	$ -
10													
11	Less:												
12	Accumulated Depreciation	1,958,538	(1,958,538)	-	(101)	-					101	-	-
13	Net Plant in Service	$ 5,040,874	$ (5,040,874)	$ -	$ (1,185)	$ -	$ -	$ -	$ -	$ -	$ 1,185	$ -	$ -
14													
15	Less:												
16	Advances in Aid of Construction	-	-	-								-	-
17	Contributions in Aid of Construction:												
18	Gross	-	-	-								-	-
19	Accumulated Amortization	-	-	-								-	-
20	Net Contributions in Aid of Construction	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
21													
22	Deferred Income Tax	29,186,404	(29,186,404)	-								-	-
23	Customer Deposits	-	-	-								-	-
24													
25	Add:												
26	Working Capital	-	-	-								-	-
27	Net Regulatory Asset / (Liability)	-	-	-								-	-
28													
29													
30	Total Rate Base	$ (24,145,531)	$ 24,145,531	$ -	$ (1,185)	$ -	$ -	$ -	$ -	$ -	$ 1,185	$ -	$ -
31													
32													
33													
34													
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DOCKET NO. W-01445A-12-0348
DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Original Cost Rate Base Pro Forma Adjustments

Meter Shop

Line No.		[A] Actual End of Test Year	[B] Total Pro Forma Adjustments	[C] Adjusted Test Year - As Filed	[D] Settlement Adj. No. 1	[E] Settlement Adj. No. 2	[F] Settlement Adj. No. 3	[G] BLANK	[H] BLANK	[I] BLANK	[J] Settlement Adj. No. 4	[K] Total Settlement Adjustments	[L] Adjusted Test Year - Settlement
					Settlement Rate Base Adjustments								
1													
2	Plant Classification	$ -	$ -	$ -	$ -	$ -					$ -	$ -	$ -
3	Intangible Plant	80	(80)	-	-	-					-	-	-
4	Source of Supply Plant	-	-	-	-	-					-	-	-
5	Pumping Plant	2,050	(2,050)	-	-	-					-	-	-
6	Water Treatment Plant	6,066	(6,066)	-	-	-					-	-	-
7	Transmission & Distribution Plant	145,649	(145,649)	-	-	-					-	-	-
8	General Plant	$ 153,844	$ (153,844)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
9	Total Gross Plant in Service												
10													
11	Less:												
12	Accumulated Depreciation	62,087	(62,087)	-	-	-					-	-	-
13	Net Plant in Service	$ 91,758	$ (91,758)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
14													
15	Less:												
16	Advances in Aid of Construction	-	-	-								-	-
17	Contributions in Aid of Construction:	-	-	-								-	-
18	Gross	-	-	-								-	-
19	Accumulated Amortization	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
20	Net Contributions in Aid of Construction												
21													
22	Deferred Income Tax	-	-	-								-	-
23	Customer Deposits	-	-	-								-	-
24													
25	Add:												
26	Working Capital	-	-	-								-	-
27	Net Regulatory Asset / (Liability)	-	-	-								-	-
28													
29													
30	Total Rate Base	$ 91,758	$ (91,758)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
31													
32													
33													
34													
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Supporting Schedules:

N:\2012_Rate_Case\Settlement\Final Settlement Schedules\2012 AWC Rate Case Settlement v3 20 13 INTERNAL.xlsx\B2
Processing Date: 4/2/2013 2:51 PM

Recap Schedules:
Settlement B-1

DECISION NO. 74081

DOCKET NO. W-01445A-12-0348

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Settlement Rate Base Adjustment No. 1
Post-Test Year Plant True-Up

Navajo

Line No.		Depreciation Rate	[A] 1-4921 As Filed	[B] Work Authorization 1-4921 Actual Cost[1]	[C] 1-4921 Increase / (Decrease)	[D] Adjstmt' to Depreciation Expense
1	Intangible Plant				$ -	$ -
2	301 Organization	0.00%				
3	302 Franchises	n/a				
4	303 Other Intangibles	n/a				
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%				
8	310.3 Other Source of Supply Land	0.00%				
9	310.4 Wells - Other	n/a				
10	314 Wells	3.13%				
11	Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%				
14	321 Pumping Plant Struct. & Improv.	2.86%				
15	325 Electric Pumping Equipment	5.88%				
16	328 Gas Engine Equipment	4.00%				
17	Subtotal Pumping Plant		$ -	$ -	$ -	$ -
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%				
20	331 Water Trtmt. Struct. & Improv.	2.50%				
21	332 Water Treatment Equipment	2.86%				
22	Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%				
25	342 Storage Tanks	2.00%				
26	343 Trans. & Dist. Mains	1.79%	39,482	34,372	(5,110)	(91)
27	344 Fire Sprinkler Taps	2.00%				
28	345 Services	2.36%	499		(499)	(12)
29	346 Meters	4.55%				
30	348 Hydrants	1.82%				
31	Subtotal Trans. & Dist.		$ 39,981	$ 34,372	$ (5,609)	$ (103)
32	General Plant					
33	389 General Plant Land	0.00%				
34	390 General Plant Structures	2.50%				
35	390.1 Leasehold Improvements	n/a				
36	391 Office Furniture & Equipment	6.67%				
37	393 Warehouse Equipment	5.00%				
38	394 Tools, Shop & Garage Equip.	4.00%				
39	395 Laboratory Equipment	5.00%				
40	396 Power Operated Equipment	6.67%				
41	397 Communication Equipment	6.67%				
42	398 Miscellaneous Equipment	3.33%				
43	Subtotal General Plant		$ -	$ -	$ -	$ -
44			$ 39,981	$ 34,372	$ (5,609)	$ (103)
45	Total Utility Plant					
46						$ (52)
47	Accumulated Depreciation (1/2-Year Convention)					
48						$ (5,558)
49	Net Plant					
50						
51						
52						
53						
54						

55 [1]Updated costs provided in response to Staff data request JMM 6.1/RUCO data request 1.30.

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Settlement Rate Base Adjustment No. 1 (continued)
Post-Test Year Plant True-Up

Line No.		Depreciation Rate	Navajo (Continued) [A] 1-4922 As Filed	[B] Work Authorization 1-4922 Actual Cost[1]	[C] 1-4922 Increase / (Decrease)	[D] Adjstmt' to Depreciation Expense
1	Intangible Plant					
2	301 Organization	0.00%			$ -	$ -
3	302 Franchises	n/a			-	-
4	303 Other Intangibles	n/a			-	
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%			-	-
8	310.3 Other Source of Supply Land	0.00%			-	-
9	310.4 Wells - Other	n/a			-	
10	314 Wells	3.13%	50,000	141,574	91,574	2,866
11	Subtotal Source of Sup. Plant		$ 50,000	$ 141,574	$ 91,574	$ 2,866
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%			-	-
14	321 Pumping Plant Struct. & Improv.	2.86%			-	-
15	325 Electric Pumping Equipment	5.88%		82,630	82,630	4,859
16	328 Gas Engine Equipment	4.00%			-	
17	Subtotal Pumping Plant		$ -	$ 82,630	$ 82,630	$ 4,859
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%			-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%			-	-
21	332 Water Treatment Equipment	2.86%			-	
22	Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%			-	-
25	342 Storage Tanks	2.00%			-	-
26	343 Trans. & Dist. Mains	1.79%			-	-
27	344 Fire Sprinkler Taps	2.00%			-	-
28	345 Services	2.38%			-	-
29	346 Meters	4.55%			-	-
30	348 Hydrants	1.82%			-	
31	Subtotal Trans. & Dist.		$ -	$ -	$ -	$ -
32	General Plant					
33	389 General Plant Land	0.00%			-	-
34	390 General Plant Structures	2.50%			-	-
35	390.1 Leasehold Improvements	n/a			-	-
36	391 Office Furniture & Equipment	6.67%			-	-
37	393 Warehouse Equipment	5.00%			-	-
38	394 Tools, Shop & Garage Equip.	4.00%			-	-
39	395 Laboratory Equipment	5.00%			-	-
40	396 Power Operated Equipment	6.67%			-	-
41	397 Communication Equipment	6.67%			-	-
42	398 Miscellaneous Equipment	3.33%			-	
43	Subtotal General Plant		$ -	$ -	$ -	$ -
44						
45	Total Utility Plant		$ 50,000	$ 224,204	$ 174,204	$ 7,725
46						
47	Accumulated Depreciation (1/2-Year Convention)					$ 3,862
48						
49	Net Plant					$ 170,342
50						
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request JMM 6.1/RUCO data request 1.30.					

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Settlement Rate Base Adjustment No. 1 (continued)
Post-Test Year Plant True-Up

Line No.		Navajo (Continued) Depreciation Rate	[A] 1-4924 As Filed	[B] Work Authorization 1-4924 Actual Cost[1]	[C] 1-4924 Increase / (Decrease)	[D] Adjstmt to Depreciation Expense
1	Intangible Plant	0.00%			$ -	$ -
2	301 Organization	n/a				
3	302 Franchises	n/a				$ -
4	303 Other Intangibles		$ -	$ -	$ -	
5	Subtotal Intangible Plant					
6	Source of Supply Plant	0.00%				
7	310.1 Water Rights	0.00%				
8	310.3 Other Source of Supply Land	n/a				$ -
9	310.4 Wells - Other	3.13%				
10	314 Wells		$ -	$ -	$ -	
11	Subtotal Source of Sup. Plant					
12	Pumping Plant	0.00%				
13	320 Pumping Plant Land	2.86%				
14	321 Pumping Plant Struct. & Improv.	5.88%				$ -
15	325 Electric Pumping Equipment	4.00%				
16	328 Gas Engine Equipment		$ -	$ -	$ -	
17	Subtotal Pumping Plant					
18	Water Treatment Plant	0.00%				
19	330 Water Treatment Plant Land	2.50%				
20	331 Water Trtmt. Struct. & Improv.	2.86%				$ -
21	332 Water Treatment Equipment		$ -	$ -	$ -	
22	Subtotal Water Trtmt. Plant					
23	Transmission & Distribution Plant	0.00%				
24	340 Trans. and Dist. Land	2.00%				
25	342 Storage Tanks	1.79%				3,100
26	343 Trans. & Dist. Mains	2.00%		130,256	130,256	(2,275)
27	344 Fire Sprinkler Taps	2.38%			(50,000)	
28	345 Services	4.55%	50,000			$ 825
29	346 Meters	1.82%				
30	348 Hydrants		$ 50,000	$ 130,256	$ 80,256	
31	Subtotal Trans. & Dist.					
32	General Plant	0.00%				
33	389 General Plant Land	2.50%				
34	390 General Plant Structures	n/a				
35	390.1 Leasehold Improvements	6.67%				
36	391 Office Furniture & Equipment	5.00%				
37	393 Warehouse Equipment	4.00%				
38	394 Tools, Shop & Garage Equip.	5.00%				
39	395 Laboratory Equipment	6.67%				
40	396 Power Operated Equipment	6.67%				$ -
41	397 Communication Equipment	3.33%				
42	398 Miscellaneous Equipment		$ -	$ -	$ -	
43	Subtotal General Plant					$ 825
44			$ 50,000	$ 130,256	$ 80,256	
45	Total Utility Plant					$ 413
46						
47	Accumulated Depreciation (1/2-Year Convention)					$ 79,844
48						
49	Net Plant					
50						
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request JMM 6.1/RUCO data request 1.30.					

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Settlement Rate Base Adjustment No. 1 (continued)
Post-Test Year Plant True-Up

Line No.		Depreciation Rate	Navajo (Continued) [A] 1-4925 As Filed	[B] Work Authorization 1-4925 Actual Cost[1]	[C] 1-4925 Increase / (Decrease)	[D] Adjstmt' to Depreciation Expense
1	Intangible Plant	0.00%			$ -	$ -
2	301 Organization	n/a				
3	302 Franchises	n/a				
4	303 Other Intangibles		$ -	$ -	$ -	$ -
5	Subtotal Intangible Plant					
6	Source of Supply Plant	0.00%				
7	310.1 Water Rights	0.00%				
8	310.3 Other Source of Supply Land	n/a				
9	310.4 Wells - Other	3.13%				
10	314 Wells		$ -	$ -	$ -	$ -
11	Subtotal Source of Sup. Plant					
12	Pumping Plant	0.00%				
13	320 Pumping Plant Land	2.86%				
14	321 Pumping Plant Struct. & Improv.	5.88%	40,000	24,595	(15,405)	(906)
15	325 Electric Pumping Equipment	4.00%				
16	328 Gas Engine Equipment		$ 40,000	$ 24,595	$ (15,405)	$ (906)
17	Subtotal Pumping Plant					
18	Water Treatment Plant	0.00%				
19	330 Water Treatment Plant Land	2.50%				
20	331 Water Trtmt. Struct. & Improv.	2.86%				
21	332 Water Treatment Equipment		$ -	$ -	$ -	$ -
22	Subtotal Water Trtmt. Plant					
23	Transmission & Distribution Plant	0.00%				
24	340 Trans. and Dist. Land	2.00%				
25	342 Storage Tanks	1.79%				
26	343 Trans. & Dist. Mains	2.00%				
27	344 Fire Sprinkler Taps	2.38%				
28	345 Services	4.55%				
29	346 Meters	1.82%				
30	348 Hydrants		$ -	$ -	$ -	$ -
31	Subtotal Trans. & Dist.					
32	General Plant	0.00%				
33	389 General Plant Land	2.50%				
34	390 General Plant Structures	n/a				
35	390.1 Leasehold Improvements	6.67%				
36	391 Office Furniture & Equipment	5.00%				
37	393 Warehouse Equipment	4.00%				
38	394 Tools, Shop & Garage Equip.	5.00%				
39	395 Laboratory Equipment	6.67%				
40	396 Power Operated Equipment	6.67%				
41	397 Communication Equipment	3.33%				
42	398 Miscellaneous Equipment		$ -	$ -	$ -	$ -
43	Subtotal General Plant					
44			$ 40,000	$ 24,595	$ (15,405)	$ (906)
45	Total Utility Plant					$ (453)
46						
47	Accumulated Depreciation (1/2-Year Convention)					$ (14,952)
48						
49	Net Plant					
50						
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request JMM 6.1/RUCO data request 1.30.					

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Settlement Rate Base Adjustment No. 1 (continued)
Post-Test Year Plant True-Up

Line No.		Depreciation Rate	Navajo (Continued) [A] 1-4926 As Filed	[B] Work Authorization 1-4926 Actual Cost[1]	[C] 1-4926 Increase / (Decrease)	[D] Adjstmt to Depreciation Expense
1	Intangible Plant				$ -	$ -
2	301 Organization	0.00%			-	-
3	302 Franchises	n/a			-	-
4	303 Other Intangibles	n/a			-	-
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%			-	-
8	310.3 Other Source of Supply Land	0.00%			-	-
9	310.4 Wells - Other	n/a			-	-
10	314 Wells	3.13%			-	-
11	Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%			-	-
14	321 Pumping Plant Struct. & Improv.	2.86%			-	-
15	325 Electric Pumping Equipment	5.88%			-	-
16	328 Gas Engine Equipment	4.00%			-	-
17	Subtotal Pumping Plant		$ -	$ -	$ -	$ -
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%			-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%			-	-
21	332 Water Treatment Equipment	2.86%			-	-
22	Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%			-	-
25	342 Storage Tanks	2.00%			-	-
26	343 Trans. & Dist. Mains	1.79%			-	-
27	344 Fire Sprinkler Taps	2.00%			-	-
28	345 Services	2.38%			-	-
29	346 Meters	4.55%			-	-
30	348 Hydrants	1.82%			-	-
31	Subtotal Trans. & Dist.		$ -	$ -	$ -	$ -
32	General Plant					
33	389 General Plant Land	0.00%			-	-
34	390 General Plant Structures	2.50%			-	-
35	390.1 Leasehold Improvements	n/a			-	-
36	391 Office Furniture & Equipment	6.67%			-	-
37	393 Warehouse Equipment	5.00%			-	-
38	394 Tools, Shop & Garage Equip.	4.00%			-	-
39	395 Laboratory Equipment	5.00%			-	-
40	396 Power Operated Equipment	6.67%			-	-
41	397 Communication Equipment	6.67%	147,891	178,138	30,247	2,017
42	398 Miscellaneous Equipment	3.33%			-	-
43	Subtotal General Plant		$ 147,891	$ 178,138	$ 30,247	$ 2,017
44						
45	Total Utility Plant		$ 147,891	$ 178,138	$ 30,247	$ 2,017
46						
47	Accumulated Depreciation (1/2-Year Convention)					$ 1,009
48						
49	Net Plant					$ 29,238
50						
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request JMM 6.1/RUCO data request 1.30.					

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Settlement Rate Base Adjustment No. 1 (continued)
Post-Test Year Plant True-Up

Line No.			Depreciation Rate	Navajo (Continued) [A] Work Authorization 1-4920 As Filed	[B] 1-4920 Actual Cost[1]	[C] 1-4920 Increase / (Decrease)	[D] Adjstmt' to Depreciation Expense
1		Intangible Plant					
2	301	Organization	0.00%			$ -	$ -
3	302	Franchises	n/a			-	-
4	303	Other Intangibles	n/a			-	-
5		Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6		Source of Supply Plant					
7	310.1	Water Rights	0.00%			-	-
8	310.3	Other Source of Supply Land	0.00%			-	-
9	310.4	Wells - Other	n/a			-	-
10	314	Wells	3.13%			-	-
11		Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12		Pumping Plant					
13	320	Pumping Plant Land	0.00%			-	-
14	321	Pumping Plant Struct. & Improv.	2.86%			-	-
15	325	Electtric Pumping Equipment	5.88%			-	-
16	328	Gas Engine Equipment	4.00%			-	-
17		Subtotal Pumping Plant		$ -	$ -	$ -	$ -
18		Water Treatment Plant					
19	330	Water Treatment Plant Land	0.00%			-	-
20	331	Water Trtmt. Struct. & Improv.	2.50%			-	-
21	332	Water Treatment Equipment	2.86%			-	-
22		Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23		Transmission & Distribution Plant					
24	340	Trans. and Dist. Land	0.00%			-	-
25	342	Storage Tanks	2.00%			-	-
26	343	Trans. & Dist. Mains	1.79%			-	-
27	344	Fire Sprinkler Taps	2.00%			-	-
28	345	Services	2.36%			-	-
29	346	Meters	4.55%			-	-
30	348	Hydrants	1.82%			-	-
31		Subtotal Trans. & Dist.		$ -	$ -	$ -	$ -
32		General Plant					
33	389	General Plant Land	0.00%			-	-
34	390	General Plant Structures	2.50%			-	-
35	390.1	Leasehold Improvements	n/a			-	-
36	391	Office Furniture & Equipment	6.67%			-	-
37	393	Warehouse Equipment	5.00%			-	-
38	394	Tools, Shop & Garage Equip.	4.00%			-	-
39	395	Laboratory Equipment	5.00%			-	-
40	396	Power Operated Equipment	6.67%			-	-
41	397	Communication Equipment	6.67%	70,000	74,286	4,286	286
42	398	Miscellaneous Equipment	3.33%			-	-
43		Subtotal General Plant		$ 70,000	$ 74,286	$ 4,286	$ 286
44							
45		Total Utility Plant		$ 70,000	$ 74,286	$ 4,286	$ 286
46							
47		Accumulated Depreciation (1/2-Year Convention)					$ 143
48							
49		Net Plant					$ 4,143
50							
51							
52							
53							
54							
55		[1]Updated costs provided in response to Staff data request JMM 6.1/RUCO data request 1.30.					

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DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Settlement Rate Base Adjustment No. 1 (continued)
Post-Test Year Plant True-Up

Line No.		Depreciation Rate	Navajo (Continued) [A] 1-4923 As Filed	[B] Work Authorization 1-4923 Actual Cost[1]	[C] 1-4923 Increase / (Decrease)	[D] Adjstmt to Depreciation Expense
1	Intangible Plant	0.00%			$ -	$ -
2	301 Organization	n/a				
3	302 Franchises	n/a				
4	303 Other Intangibles		$ -	$ -	$ -	$ -
5	Subtotal Intangible Plant					
6	Source of Supply Plant	0.00%			-	
7	310.1 Water Rights	0.00%		25,334	25,334	
8	310.3 Other Source of Supply Land	n/a			-	
9	310.4 Wells - Other	3.13%			-	
10	314 Wells		$ -	$ 25,334	$ 25,334	$ -
11	Subtotal Source of Sup. Plant					
12	Pumping Plant	0.00%			-	
13	320 Pumping Plant Land	2.86%			-	
14	321 Pumping Plant Struct. & Improv.	5.88%			-	
15	325 Electric Pumping Equipment	4.00%			-	
16	328 Gas Engine Equipment		$ -	$ -	$ -	$ -
17	Subtotal Pumping Plant					
18	Water Treatment Plant	0.00%	50,000		(50,000)	
19	330 Water Treatment Plant Land	2.50%		10,321	10,321	258
20	331 Water Trtmt. Struct. & Improv.	2.86%		3,954	3,954	113
21	332 Water Treatment Equipment		$ 50,000	$ 14,276	$ (35,724)	$ 371
22	Subtotal Water Trtmt. Plant					
23	Transmission & Distribution Plant	0.00%			-	
24	340 Trans. and Dist. Land	2.00%			-	
25	342 Storage Tanks	1.79%			-	
26	343 Trans. & Dist. Mains	2.00%			-	
27	344 Fire Sprinkler Taps	2.38%			-	
28	345 Services	4.55%			-	
29	346 Meters	1.82%			-	
30	348 Hydrants		$ -	$ -	$ -	$ -
31	Subtotal Trans. & Dist.					
32	General Plant	0.00%			-	
33	389 General Plant Land	2.50%			-	
34	390 General Plant Structures	n/a			-	
35	390.1 Leasehold Improvements	6.67%			-	
36	391 Office Furniture & Equipment	5.00%			-	
37	393 Warehouse Equipment	4.00%			-	
38	394 Tools, Shop & Garage Equip.	5.00%			-	
39	395 Laboratory Equipment	6.67%			-	
40	396 Power Operated Equipment	6.67%			-	
41	397 Communication Equipment	3.33%			-	
42	398 Miscellaneous Equipment		$ -	$ -	$ -	$ -
43	Subtotal General Plant					
44			$ 50,000	$ 39,609	$ (10,391)	$ 371
45	Total Utility Plant					
46						$ 186
47	Accumulated Depreciation (1/2-Year Convention)					
48						$ (10,576)
49	Net Plant					
50						
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request JMM 6.1/RUCO data request 1.30.					

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DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Settlement Rate Base Adjustment No. 1 (continued)
Post-Test Year Plant True-Up

Line No.		Depreciation Rate	Navajo (Continued) [A] 1-4927 As Filed	[B] Work Authorization 1-4927 Actual Cost[1]	[C] 1-4927 Increase / (Decrease)	[D] Adjstmt to Depreciation Expense
1	Intangible Plant	0.00%			$ -	$ -
2	301 Organization	n/a				
3	302 Franchises	n/a				$ -
4	303 Other Intangibles		$ -	$ -	$ -	
5	Subtotal Intangible Plant					
6	Source of Supply Plant	0.00%				
7	310.1 Water Rights	0.00%				
8	310.3 Other Source of Supply Land	n/a				
9	310.4 Wells - Other	3.13%				$ -
10	314 Wells		$ -	$ -	$ -	
11	Subtotal Source of Sup. Plant					
12	Pumping Plant	0.00%				
13	320 Pumping Plant Land	2.86%				
14	321 Pumping Plant Struct. & Improv.	5.88%				
15	325 Electric Pumping Equipment	4.00%				$ -
16	328 Gas Engine Equipment		$ -	$ -	$ -	
17	Subtotal Pumping Plant					
18	Water Treatment Plant	0.00%				
19	330 Water Treatment Plant Land	2.50%				
20	331 Water Trtmt. Struct. & Improv.	2.86%				$ -
21	332 Water Treatment Equipment		$ -	$ -	$ -	
22	Subtotal Water Trtmt. Plant					
23	Transmission & Distribution Plant	0.00%				
24	340 Trans. and Dist. Land	2.00%				(3)
25	342 Storage Tanks	1.79%	60,000	59,840	(160)	
26	343 Trans. & Dist. Mains	2.00%				3
27	344 Fire Sprinkler Taps	2.38%		140	140	
28	345 Services	4.55%				
29	346 Meters	1.82%				$ 0
30	348 Hydrants		$ 60,000	$ 59,980	$ (20)	
31	Subtotal Trans. & Dist.					
32	General Plant	0.00%				
33	389 General Plant Land	2.50%				
34	390 General Plant Structures	n/a				
35	390.1 Leasehold Improvements	6.67%				
36	391 Office Furniture & Equipment	5.00%				
37	393 Warehouse Equipment	4.00%				
38	394 Tools, Shop & Garage Equip.	5.00%				
39	395 Laboratory Equipment	8.67%				
40	396 Power Operated Equipment	6.67%				
41	397 Communication Equipment	3.33%				$ -
42	398 Miscellaneous Equipment		$ -	$ -	$ -	
43	Subtotal General Plant					$ 0
44			$ 60,000	$ 59,980	$ (20)	
45	Total Utility Plant					$ 0
46						
47	Accumulated Depreciation (1/2-Year Convention)					$ (20)
48						
49	Net Plant					
50						
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request JMM 6.1/RUCO data request 1.30.					

Supporting Schedules:

Recap Schedules:

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DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Settlement Rate Base Adjustment No. 1 (continued)
Post-Test Year Plant True-Up

Line No.		Depreciation Rate	Navajo - Total [A] Total As Filed	[B] Work Authorization Total Actual Cost[1]	[C] Total Increase / (Decrease)	[D] Total Adjstmt to Depreciation Expense
1	Intangible Plant	0.00%	$ -	$ -	$ -	$ -
2	301 Organization	n/a	-	-	-	-
3	302 Franchises	n/a	-	-	-	-
4	303 Other Intangibles		$ -	$ -	$ -	$ -
5	Subtotal Intangible Plant					
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%	-	-	-	-
8	310.3 Other Source of Supply Land	0.00%	-	25,334	25,334	-
9	310.4 Wells - Other	n/a	-	-	-	-
10	314 Wells	3.13%	50,000	141,574	91,574	2,866
11	Subtotal Source of Sup. Plant		$ 50,000	$ 166,908	$ 116,908	$ 2,866
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%	-	-	-	-
14	321 Pumping Plant Struct. & Improv.	2.86%	-	-	-	-
15	325 Electric Pumping Equipment	5.88%	40,000	107,225	67,225	3,953
16	328 Gas Engine Equipment	4.00%	-	-	-	-
17	Subtotal Pumping Plant		$ 40,000	$ 107,225	$ 67,225	$ 3,953
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%	50,000	-	(50,000)	-
20	331 Water Trtmt. Struct. & Improv.	2.50%	-	10,321	10,321	258
21	332 Water Treatment Equipment	2.86%	-	3,954	3,954	113
22	Subtotal Water Trtmt. Plant		$ 50,000	$ 14,276	$ (35,724)	$ 371
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%	-	-	-	-
25	342 Storage Tanks	2.00%	-	-	-	-
26	343 Trans. & Dist. Mains	1.79%	99,482	94,211	(5,271)	(94)
27	344 Fire Sprinkler Taps	2.00%	-	-	-	-
28	345 Services	2.38%	499	130,396	129,897	3,092
29	346 Meters	4.55%	50,000	-	(50,000)	(2,275)
30	348 Hydrants	1.82%	-	-	-	-
31	Subtotal Trans. & Dist.		$ 149,981	$ 224,608	$ 74,627	$ 722
32	General Plant					
33	389 General Plant Land	0.00%	-	-	-	-
34	390 General Plant Structures	2.50%	-	-	-	-
35	390.1 Leasehold Improvements	n/a	-	-	-	-
36	391 Office Furniture & Equipment	6.67%	-	-	-	-
37	393 Warehouse Equipment	5.00%	-	-	-	-
38	394 Tools, Shop & Garage Equip.	4.00%	-	-	-	-
39	395 Laboratory Equipment	5.00%	-	-	-	-
40	396 Power Operated Equipment	6.67%	-	-	-	-
41	397 Communication Equipment	6.67%	217,891	252,424	34,533	2,303
42	398 Miscellaneous Equipment	3.33%	-	-	-	-
43	Subtotal General Plant		$ 217,891	$ 252,424	$ 34,533	$ 2,303
44						
45	Total Utility Plant		$ 507,872	$ 765,440	$ 257,568	$ 10,216
46						$ 5,108
47	Accumulated Depreciation (1/2-Year Convention)					
48						$ 252,460
49	Net Plant					
50						
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request JMM 6.1/RUCO data request 1.30.					

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DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Settlement Rate Base Adjustment No. 1 (continued)
Post-Test Year Plant True-Up

Line No.		Depreciation Rate	Verde Valley [A] 1-4814 As Filed	[B] Work Authorization 1-4814 Actual Cost[1]	[C] 1-4814 Increase / (Decrease)	[D] Adjstmt to Depreciation Expense
1	Intangible Plant					
2	301 Organization	0.00%			$ -	$ -
3	302 Franchises	n/a			-	-
4	303 Other Intangibles	n/a			-	
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%			-	-
8	310.3 Other Source of Supply Land	0.00%			-	-
9	310.4 Wells - Other	n/a			-	-
10	314 Wells	3.13%			-	
11	Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%			-	-
14	321 Pumping Plant Struct. & Improv.	2.86%			-	-
15	325 Electric Pumping Equipment	5.88%			-	-
16	328 Gas Engine Equipment	4.00%			-	
17	Subtotal Pumping Plant		$ -	$ -	$ -	$ -
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%			-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%			-	-
21	332 Water Treatment Equipment	2.86%	1,183,437	1,219,809	36,372	1,040
22	Subtotal Water Trtmt. Plant		$ 1,183,437	$ 1,219,809	$ 36,372	$ 1,040
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%			-	-
25	342 Storage Tanks	2.00%			-	-
26	343 Trans. & Dist. Mains	1.79%			-	-
27	344 Fire Sprinkler Taps	2.00%			-	-
28	345 Services	2.38%			-	-
29	346 Meters	4.55%			-	-
30	348 Hydrants	1.82%			-	
31	Subtotal Trans. & Dist.		$ -	$ -	$ -	$ -
32	General Plant					
33	389 General Plant Land	0.00%			-	-
34	390 General Plant Structures	2.50%			-	-
35	390.1 Leasehold Improvements	n/a			-	-
36	391 Office Furniture & Equipment	6.67%			-	-
37	393 Warehouse Equipment	5.00%			-	-
38	394 Tools, Shop & Garage Equip.	4.00%			-	-
39	395 Laboratory Equipment	5.00%			-	-
40	396 Power Operated Equipment	6.67%			-	-
41	397 Communication Equipment	6.67%			-	-
42	398 Miscellaneous Equipment	3.33%			-	
43	Subtotal General Plant		$ -	$ -	$ -	$ -
44						
45	Total Utility Plant		$ 1,183,437	$ 1,219,809	$ 36,372	$ 1,040
46						
47	Accumulated Depreciation (1/2-Year Convention)					$ 520
48						
49	Net Plant					$ 35,852
50						
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request JMM 6.1/RUCO data request 1.30.					

Supporting Schedules:

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Recap Schedules:

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ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Settlement Rate Base Adjustment No. 1 (continued)
Post-Test Year Plant True-Up

Line No.		Depreciation Rate	Verde Valley (Continued) [A] 1-4873 As Filed	[B] Work Authorization 1-4873 Actual Cost[1]	[C] 1-4873 Increase / (Decrease)	[D] Adjstmt' to Depreciation Expense
1	Intangible Plant					
2	301 Organization	0.00%			$ -	$ -
3	302 Franchises	n/a			-	-
4	303 Other Intangibles	n/a			-	-
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%			-	-
8	310.3 Other Source of Supply Land	0.00%			-	-
9	310.4 Wells - Other	n/a			-	-
10	314 Wells	3.13%			-	-
11	Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%			-	-
14	321 Pumping Plant Struct. & Improv.	2.86%			-	-
15	325 Electric Pumping Equipment	5.88%			-	-
16	328 Gas Engine Equipment	4.00%			-	-
17	Subtotal Pumping Plant		$ -	$ -	$ -	$ -
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%			-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%			-	-
21	332 Water Treatment Equipment	2.86%	445,986	424,451	(21,535)	(616)
22	Subtotal Water Trtmt. Plant		$ 445,986	$ 424,451	$ (21,535)	$ (616)
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%			-	-
25	342 Storage Tanks	2.00%			-	-
26	343 Trans. & Dist. Mains	1.79%			-	-
27	344 Fire Sprinkler Taps	2.00%			-	-
28	345 Services	2.38%			-	-
29	346 Meters	4.55%			-	-
30	348 Hydrants	1.82%			-	-
31	Subtotal Trans. & Dist.		$ -	$ -	$ -	$ -
32	General Plant					
33	389 General Plant Land	0.00%			-	-
34	390 General Plant Structures	2.50%			-	-
35	390.1 Leasehold Improvements	n/a			-	-
36	391 Office Furniture & Equipment	6.67%			-	-
37	393 Warehouse Equipment	5.00%			-	-
38	394 Tools, Shop & Garage Equip.	4.00%			-	-
39	395 Laboratory Equipment	5.00%			-	-
40	396 Power Operated Equipment	6.67%			-	-
41	397 Communication Equipment	6.67%			-	-
42	398 Miscellaneous Equipment	3.33%			-	-
43	Subtotal General Plant		$ -	$ -	$ -	$ -
44						
45	Total Utility Plant		$ 445,986	$ 424,451	$ (21,535)	$ (616)
46						
47	Accumulated Depreciation (1/2-Year Convention)					$ (308)
48						
49	Net Plant					$ (21,227)
50						
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request JMM 6.1/RUCO data request 1.30.					

Supporting Schedules:

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Recap Schedules:

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DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Settlement Rate Base Adjustment No. 1 (continued)
Post-Test Year Plant True-Up

Line No.		Depreciation Rate	Verde Valley (Continued) [A] 1-4874 As Filed	[B] Work Authorization 1-4874 Actual Cost[1]	[C] 1-4874 Increase / (Decrease)	[D] Adjstmt' to Depreciation Expense
1	Intangible Plant	0.00%			$ -	$ -
2	301 Organization	n/a				
3	302 Franchises	n/a				
4	303 Other Intangibles		$ -	$ -	$ -	$ -
5	Subtotal Intangible Plant					
6	Source of Supply Plant	0.00%				
7	310.1 Water Rights	0.00%				
8	310.3 Other Source of Supply Land	n/a				
9	310.4 Wells - Other	3.13%				
10	314 Wells		$ -	$ -	$ -	$ -
11	Subtotal Source of Sup. Plant					
12	Pumping Plant	0.00%				
13	320 Pumping Plant Land	2.86%				
14	321 Pumping Plant Struct. & Improv.	5.88%				
15	325 Electric Pumping Equipment	4.00%				
16	328 Gas Engine Equipment		$ -	$ -	$ -	$ -
17	Subtotal Pumping Plant					
18	Water Treatment Plant	0.00%				
19	330 Water Treatment Plant Land	2.50%				103
20	331 Water Trtmt. Struct. & Improv.	2.86%	703,043	706,628	3,585	
21	332 Water Treatment Equipment		$ 703,043	$ 706,628	$ 3,585	$ 103
22	Subtotal Water Trtmt. Plant					
23	Transmission & Distribution Plant	0.00%				
24	340 Trans. and Dist. Land	2.00%				
25	342 Storage Tanks	1.79%				
26	343 Trans. & Dist. Mains	2.00%				
27	344 Fire Sprinkler Taps	2.38%				
28	345 Services	4.55%				
29	346 Meters	1.82%				
30	348 Hydrants		$ -	$ -	$ -	$ -
31	Subtotal Trans. & Dist.					
32	General Plant	0.00%				
33	389 General Plant Land	2.50%				
34	390 General Plant Structures	n/a				
35	390.1 Leasehold Improvements	6.67%				
36	391 Office Furniture & Equipment	5.00%				
37	393 Warehouse Equipment	4.00%				
38	394 Tools, Shop & Garage Equip.	5.00%				
39	395 Laboratory Equipment	6.67%				
40	396 Power Operated Equipment	6.67%				
41	397 Communication Equipment	3.33%				
42	398 Miscellaneous Equipment		$ -	$ -	$ -	$ -
43	Subtotal General Plant					
44			$ 703,043	$ 706,628	$ 3,585	$ 103
45	Total Utility Plant					$ 51
46						
47	Accumulated Depreciation (1/2-Year Convention)					$ 3,533
48						
49	Net Plant					
50						
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request JMM 6.1/RUCO data request 1.30.					

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Settlement Rate Base Adjustment No. 1 (continued)
Post-Test Year Plant True-Up

Line No.		Depreciation Rate	Verde Valley (Continued) [A] 1-4875 As Filed	[B] Work Authorization 1-4875 Actual Cost[1]	[C] 1-4875 Increase / (Decrease)	[D] Adjstmt' to Depreciation Expense
1	Intangible Plant	0.00%			$ -	$ -
2	301 Organization	n/a				
3	302 Franchises	n/a				
4	303 Other Intangibles		$ -	$ -	$ -	$ -
5	Subtotal Intangible Plant					
6	Source of Supply Plant	0.00%				
7	310.1 Water Rights	0.00%				
8	310.3 Other Source of Supply Land	n/a				
9	310.4 Wells - Other	3.13%				
10	314 Wells		$ -	$ -	$ -	$ -
11	Subtotal Source of Sup. Plant					
12	Pumping Plant	0.00%				
13	320 Pumping Plant Land	2.86%				
14	321 Pumping Plant Struct. & Improv.	5.88%				
15	325 Electric Pumping Equipment	4.00%				
16	328 Gas Engine Equipment		$ -	$ -	$ -	$ -
17	Subtotal Pumping Plant					
18	Water Treatment Plant	0.00%				
19	330 Water Treatment Plant Land	2.50%				
20	331 Water Trtmt. Struct. & Improv.	2.86%	588,322	571,433	(16,889)	(483)
21	332 Water Treatment Equipment		$ 588,322	$ 571,433	$ (16,889)	$ (483)
22	Subtotal Water Trtmt. Plant					
23	Transmission & Distribution Plant	0.00%				
24	340 Trans. and Dist. Land	2.00%				
25	342 Storage Tanks	1.79%				
26	343 Trans. & Dist. Mains	2.00%				
27	344 Fire Sprinkler Taps	2.38%				
28	345 Services	4.55%				
29	346 Meters	1.82%				
30	348 Hydrants		$ -	$ -	$ -	$ -
31	Subtotal Trans. & Dist.					
32	General Plant	0.00%				
33	389 General Plant Land	2.50%				
34	390 General Plant Structures	n/a				
35	390.1 Leasehold Improvements	6.67%				
36	391 Office Furniture & Equipment	5.00%				
37	393 Warehouse Equipment	4.00%				
38	394 Tools, Shop & Garage Equip.	5.00%				
39	395 Laboratory Equipment	6.67%				
40	396 Power Operated Equipment	6.67%				
41	397 Communication Equipment	3.33%				
42	398 Miscellaneous Equipment		$ -	$ -	$ -	$ -
43	Subtotal General Plant					
44			$ 588,322	$ 571,433	$ (16,889)	$ (483)
45	Total Utility Plant					$ (242)
46						
47	Accumulated Depreciation (1/2-Year Convention)					$ (16,647)
48						
49	Net Plant					
50						
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request JMM 6.1/RUCO data request 1.30.					

Supporting Schedules:

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Recap Schedules:

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Settlement Rate Base Adjustment No. 1 (continued)
Post-Test Year Plant True-Up

Line No.		Verde Valley (Continued)	[A]	[B]	[C]	[D]
				Work Authorization		
		Depreciation Rate	1-4928 As Filed	1-4928 Actual Cost[1]	1-4928 Increase / (Decrease)	Adjstmt to Depreciation Expense
1	Intangible Plant	0.00%			$ -	$ -
2	301 Organization	n/a				
3	302 Franchises	n/a				
4	303 Other Intangibles		$ -	$ -	$ -	$ -
5	Subtotal Intangible Plant					
6	Source of Supply Plant	0.00%				
7	310.1 Water Rights	0.00%				
8	310.3 Other Source of Supply Land	n/a				
9	310.4 Wells - Other	3.13%				
10	314 Wells		$ -	$ -	$ -	$ -
11	Subtotal Source of Sup. Plant					
12	Pumping Plant	0.00%				
13	320 Pumping Plant Land	2.86%				
14	321 Pumping Plant Struct. & Improv.	5.88%				
15	325 Electric Pumping Equipment	4.00%				
16	328 Gas Engine Equipment		$ -	$ -	$ -	$ -
17	Subtotal Pumping Plant					
18	Water Treatment Plant	0.00%				
19	330 Water Treatment Plant Land	2.50%				
20	331 Water Trtmt. Struct. & Improv.	2.86%				
21	332 Water Treatment Equipment		$ -	$ -	$ -	$ -
22	Subtotal Water Trtmt. Plant					
23	Transmission & Distribution Plant	0.00%				
24	340 Trans. and Dist. Land	2.00%				
25	342 Storage Tanks	1.79%	75,000	66,891	(8,109)	(145)
26	343 Trans. & Dist. Mains	2.00%				
27	344 Fire Sprinkler Taps	2.38%				
28	345 Services	4.55%				
29	346 Meters	1.82%				
30	348 Hydrants		$ 75,000	$ 66,891	$ (8,109)	$ (145)
31	Subtotal Trans. & Dist.					
32	General Plant	0.00%				
33	389 General Plant Land	2.50%				
34	390 General Plant Structures	n/a				
35	390.1 Leasehold Improvements	6.67%				
36	391 Office Furniture & Equipment	5.00%				
37	393 Warehouse Equipment	4.00%				
38	394 Tools, Shop & Garage Equip.	5.00%				
39	395 Laboratory Equipment	6.67%				
40	396 Power Operated Equipment	6.67%				
41	397 Communication Equipment	3.33%				
42	398 Miscellaneous Equipment		$ -	$ -	$ -	$ -
43	Subtotal General Plant					
44			$ 75,000	$ 66,891	$ (8,109)	$ (145)
45	Total Utility Plant					
46						$ (73)
47	Accumulated Depreciation (1/2-Year Convention)					
48						$ (8,037)
49	Net Plant					
50						
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request JMM 6.1/RUCO data request 1.30.					

Supporting Schedules:

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DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Settlement Rate Base Adjustment No. 1 (continued)
Post-Test Year Plant True-Up

Line No.			Depreciation Rate	Verde Valley (Continued) [A] 1-4929 As Filed	[B] Work Authorization 1-4929 Actual Cost[1]	[C] 1-4929 Increase / (Decrease)	[D] Adjstmt to Depreciation Expense
1		Intangible Plant	0.00%			$ -	$ -
2	301	Organization	n/a				
3	302	Franchises	n/a				
4	303	Other Intangibles		$ -	$ -	$ -	$ -
5		Subtotal Intangible Plant					
6		Source of Supply Plant	0.00%				
7	310.1	Water Rights	0.00%				
8	310.3	Other Source of Supply Land	n/a				
9	310.4	Wells - Other	3.13%				
10	314	Wells		$ -	$ -	$ -	$ -
11		Subtotal Source of Sup. Plant					
12		Pumping Plant	0.00%				
13	320	Pumping Plant Land	2.86%				
14	321	Pumping Plant Struct. & Improv.	5.88%				
15	325	Electric Pumping Equipment	4.00%				
16	328	Gas Engine Equipment		$ -	$ -	$ -	$ -
17		Subtotal Pumping Plant					
18		Water Treatment Plant	0.00%				
19	330	Water Treatment Plant Land	2.50%				
20	331	Water Trtmt. Struct. & Improv.	2.86%				
21	332	Water Treatment Equipment		$ -	$ -	$ -	$ -
22		Subtotal Water Trtmt. Plant					
23		Transmission & Distribution Plant	0.00%				
24	340	Trans. and Dist. Land	2.00%				
25	342	Storage Tanks	1.79%				
26	343	Trans. & Dist. Mains	2.00%				
27	344	Fire Sprinkler Taps	2.38%	205,800	195,537	(10,263)	(244)
28	345	Services	4.55%				
29	346	Meters	1.82%				
30	348	Hydrants		$ 205,800	$ 195,537	$ (10,263)	$ (244)
31		Subtotal Trans. & Dist.					
32		General Plant	0.00%				
33	389	General Plant Land	2.50%				
34	390	General Plant Structures	n/a				
35	390.1	Leasehold Improvements	6.67%				
36	391	Office Furniture & Equipment	5.00%				
37	393	Warehouse Equipment	4.00%				
38	394	Tools, Shop & Garage Equip.	5.00%				
39	395	Laboratory Equipment	6.67%				
40	396	Power Operated Equipment	6.67%				
41	397	Communication Equipment	3.33%				
42	398	Miscellaneous Equipment		$ -	$ -	$ -	$ -
43		Subtotal General Plant					$ (244)
44				$ 205,800	$ 195,537	$ (10,263)	
45		Total Utility Plant					$ (122)
46							
47		Accumulated Depreciation (1/2-Year Convention)					$ (10,141)
48							
49		Net Plant					
50							
51							
52							
53							
54							
55		[1]Updated costs provided in response to Staff data request JMM 6.1/RUCO data request 1.30.					

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ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Settlement Rate Base Adjustment No. 1 (continued)
Post-Test Year Plant True-Up

Line No.		Depreciation Rate	Verde Valley (Continued) [A] 1-4930 As Filed	[B] Work Authorization 1-4930 Actual Cost[1]	[C] 1-4930 Increase / (Decrease)	[D] Adjstmt' to Depreciation Expense
1	Intangible Plant	0.00%			$ -	$ -
2	301 Organization	n/a				
3	302 Franchises	n/a				
4	303 Other Intangibles		$ -	$ -	$ -	$ -
5	Subtotal Intangible Plant					
6	Source of Supply Plant	0.00%				
7	310.1 Water Rights	0.00%				
8	310.3 Other Source of Supply Land	n/a				
9	310.4 Wells - Other	3.13%				
10	314 Wells		$ -	$ -	$ -	$ -
11	Subtotal Source of Sup. Plant					
12	Pumping Plant	0.00%				
13	320 Pumping Plant Land	2.86%				
14	321 Pumping Plant Struct. & Improv.	5.88%				
15	325 Electric Pumping Equipment	4.00%				
16	328 Gas Engine Equipment		$ -	$ -	$ -	$ -
17	Subtotal Pumping Plant					
18	Water Treatment Plant	0.00%				
19	330 Water Treatment Plant Land	2.50%				
20	331 Water Trtmt. Struct. & Improv.	2.86%				
21	332 Water Treatment Equipment		$ -	$ -	$ -	$ -
22	Subtotal Water Trtmt. Plant					
23	Transmission & Distribution Plant	0.00%				
24	340 Trans. and Dist. Land	2.00%				
25	342 Storage Tanks	1.79%	60,543	55,415	(5,128)	(92)
26	343 Trans. & Dist. Mains	2.00%				
27	344 Fire Sprinkler Taps	2.38%	49,647	61,716	12,069	287
28	345 Services	4.55%				
29	346 Meters	1.82%				
30	348 Hydrants		$ 110,190	$ 117,130	$ 6,940	$ 195
31	Subtotal Trans. & Dist.					
32	General Plant	0.00%				
33	389 General Plant Land	2.50%				
34	390 General Plant Structures	n/a				
35	390.1 Leasehold Improvements	6.67%				
36	391 Office Furniture & Equipment	5.00%				
37	393 Warehouse Equipment	4.00%				
38	394 Tools, Shop & Garage Equip.	5.00%				
39	395 Laboratory Equipment	6.67%				
40	396 Power Operated Equipment	6.67%				
41	397 Communication Equipment	3.33%				
42	398 Miscellaneous Equipment		$ -	$ -	$ -	$ -
43	Subtotal General Plant					
44			$ 110,190	$ 117,130	$ 6,940	$ 195
45	Total Utility Plant					$ 98
46						
47	Accumulated Depreciation (1/2-Year Convention)					$ 6,843
48						
49	Net Plant					
50						
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request JMM 6.1/RUCO data request 1.30.					

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DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Settlement Rate Base Adjustment No. 1 (continued)
Post-Test Year Plant True-Up

Line No.		Depreciation Rate	Verde Valley (Continued) [A] 1-4931 As Filed	[B] Work Authorization 1-4931 Actual Cost[1]	[C] 1-4931 Increase / (Decrease)	[D] Adjstmt to Depreciation Expense
1	Intangible Plant	0.00%			$ -	$ -
2	301 Organization	n/a				
3	302 Franchises	n/a				
4	303 Other Intangibles		$ -	$ -	$ -	$ -
5	Subtotal Intangible Plant					
6	Source of Supply Plant	0.00%				
7	310.1 Water Rights	0.00%				
8	310.3 Other Source of Supply Land	n/a				
9	310.4 Wells - Other	3.13%				
10	314 Wells		$ -	$ -	$ -	$ -
11	Subtotal Source of Sup. Plant					
12	Pumping Plant	0.00%				
13	320 Pumping Plant Land	2.86%				
14	321 Pumping Plant Struct. & Improv.	5.88%				
15	325 Electric Pumping Equipment	4.00%				
16	328 Gas Engine Equipment		$ -	$ -	$ -	$ -
17	Subtotal Pumping Plant					
18	Water Treatment Plant	0.00%				
19	330 Water Treatment Plant Land	2.50%				
20	331 Water Trtmt. Struct. & Improv.	2.86%				
21	332 Water Treatment Equipment		$ -	$ -	$ -	$ -
22	Subtotal Water Trtmt. Plant					
23	Transmission & Distribution Plant	0.00%				
24	340 Trans. and Dist. Land	2.00%				49
25	342 Storage Tanks	1.79%	57,473	60,217	2,744	
26	343 Trans. & Dist. Mains	2.00%				(11)
27	344 Fire Sprinkler Taps	2.38%	7,498	7,035	(463)	
28	345 Services	4.55%				
29	346 Meters	1.82%				
30	348 Hydrants		$ 64,971	$ 67,251	$ 2,280	$ 38
31	Subtotal Trans. & Dist.					
32	General Plant	0.00%				
33	389 General Plant Land	2.50%				
34	390 General Plant Structures	n/a				
35	390.1 Leasehold Improvements	6.67%				
36	391 Office Furniture & Equipment	5.00%				
37	393 Warehouse Equipment	4.00%				
38	394 Tools, Shop & Garage Equip.	5.00%				
39	395 Laboratory Equipment	6.67%				
40	396 Power Operated Equipment	6.67%				
41	397 Communication Equipment	3.33%				
42	398 Miscellaneous Equipment		$ -	$ -	$ -	$ -
43	Subtotal General Plant					
44			$ 64,971	$ 67,251	$ 2,280	$ 38
45	Total Utility Plant					$ 19
46						
47	Accumulated Depreciation (1/2-Year Convention)					$ 2,261
48						
49	Net Plant					
50						
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request JMM 6.1/RUCO data request 1.30.					

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DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Settlement Rate Base Adjustment No. 1 (continued)
Post-Test Year Plant True-Up

Line No.		Depreciation Rate	Verde Valley (Continued) [A] 1-4932 As Filed	[B] Work Authorization 1-4932 Actual Cost[1]	[C] 1-4932 Increase / (Decrease)	[D] Adjstmt to Depreciation Expense
1	Intangible Plant	0.00%			$ -	$ -
2	301 Organization	n/a				
3	302 Franchises	n/a				
4	303 Other Intangibles		$ -	$ -	$ -	$ -
5	Subtotal Intangible Plant					
6	Source of Supply Plant	0.00%				
7	310.1 Water Rights	0.00%				
8	310.3 Other Source of Supply Land	n/a				
9	310.4 Wells - Other	3.13%				
10	314 Wells		$ -	$ -	$ -	$ -
11	Subtotal Source of Sup. Plant					
12	Pumping Plant	0.00%				
13	320 Pumping Plant Land	2.86%				
14	321 Pumping Plant Struct. & Improv.	5.88%				
15	325 Electric Pumping Equipment	4.00%				
16	328 Gas Engine Equipment		$ -	$ -	$ -	$ -
17	Subtotal Pumping Plant					
18	Water Treatment Plant	0.00%				
19	330 Water Treatment Plant Land	2.50%				
20	331 Water Trtmt. Struct. & Improv.	2.86%				
21	332 Water Treatment Equipment		$ -	$ -	$ -	$ -
22	Subtotal Water Trtmt. Plant					
23	Transmission & Distribution Plant	0.00%				
24	340 Trans. and Dist. Land	2.00%				
25	342 Storage Tanks	1.79%				
26	343 Trans. & Dist. Mains	2.00%				
27	344 Fire Sprinkler Taps	2.38%				
28	345 Services	4.55%				
29	346 Meters	1.82%				
30	348 Hydrants		$ -	$ -	$ -	$ -
31	Subtotal Trans. & Dist.					
32	General Plant	0.00%				
33	389 General Plant Land	2.50%				
34	390 General Plant Structures	n/a				
35	390.1 Leasehold Improvements	6.67%				
36	391 Office Furniture & Equipment	5.00%				
37	393 Warehouse Equipment	4.00%				
38	394 Tools, Shop & Garage Equip.	5.00%				
39	395 Laboratory Equipment	6.67%				
40	396 Power Operated Equipment	6.67%	164,286	172,699	8,413	561
41	397 Communication Equipment	3.33%				
42	398 Miscellaneous Equipment		$ 164,286	$ 172,699	$ 8,413	$ 561
43	Subtotal General Plant					
44			$ 164,286	$ 172,699	$ 8,413	$ 561
45	Total Utility Plant					
46						$ 281
47	Accumulated Depreciation (1/2-Year Convention)					
48						$ 8,132
49	Net Plant					
50						
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request JMM 6.1/RUCO data request 1.30.					

Supporting Schedules:

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ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Settlement Rate Base Adjustment No. 1 (continued)
Post-Test Year Plant True-Up

Line No.		Depreciation Rate	Verde Valley - Total [A] Total As Filed	[B] Work Authorization Total Actual Cost[1]	[C] Total Increase / (Decrease)	[D] Total Adjstmt to Depreciation Expense
1	Intangible Plant	0.00%	$ -	$ -	$ -	$ -
2	301 Organization	n/a	-	-	-	-
3	302 Franchises	n/a	-	-	-	-
4	303 Other Intangibles		$ -	$ -	$ -	$ -
5	Subtotal Intangible Plant					
6	Source of Supply Plant	0.00%	-	-	-	-
7	310.1 Water Rights	0.00%	-	-	-	-
8	310.3 Other Source of Supply Land	n/a	-	-	-	-
9	310.4 Wells - Other	3.13%	-	-	-	-
10	314 Wells		$ -	$ -	$ -	$ -
11	Subtotal Source of Sup. Plant					
12	Pumping Plant	0.00%	-	-	-	-
13	320 Pumping Plant Land	2.86%	-	-	-	-
14	321 Pumping Plant Struct. & Improv.	5.88%	-	-	-	-
15	325 Electric Pumping Equipment	4.00%	-	-	-	-
16	328 Gas Engine Equipment		$ -	$ -	$ -	$ -
17	Subtotal Pumping Plant					
18	Water Treatment Plant	0.00%	-	-	-	-
19	330 Water Treatment Plant Land	2.50%	-	-	-	44
20	331 Water Trtmt. Struct. & Improv.	2.86%	2,920,788	2,922,321	1,533	$ 44
21	332 Water Treatment Equipment		$ 2,920,788	$ 2,922,321	$ 1,533	
22	Subtotal Water Trtmt. Plant					
23	Transmission & Distribution Plant	0.00%	-	-	-	-
24	340 Trans. and Dist. Land	2.00%	-	-	-	-
25	342 Storage Tanks	1.79%	193,016	182,522	(10,494)	(188)
26	343 Trans. & Dist. Mains	2.00%	-	-	-	-
27	344 Fire Sprinkler Taps	2.38%	262,945	264,287	1,342	32
28	345 Services	4.55%	-	-	-	-
29	346 Meters	1.82%	-	-	-	-
30	348 Hydrants		$ 455,961	$ 446,810	$ (9,151)	$ (156)
31	Subtotal Trans. & Dist.					
32	General Plant	0.00%	-	-	-	-
33	389 General Plant Land	2.50%	-	-	-	-
34	390 General Plant Structures	n/a	-	-	-	-
35	390.1 Leasehold Improvements	6.67%	-	-	-	-
36	391 Office Furniture & Equipment	5.00%	-	-	-	-
37	393 Warehouse Equipment	4.00%	-	-	-	-
38	394 Tools, Shop & Garage Equip.	5.00%	-	-	-	-
39	395 Laboratory Equipment	6.67%	-	-	-	-
40	396 Power Operated Equipment	6.67%	164,286	172,699	8,413	561
41	397 Communication Equipment	3.33%	-	-	-	-
42	398 Miscellaneous Equipment		$ 164,286	$ 172,699	$ 8,413	$ 561
43	Subtotal General Plant					
44			$ 3,541,035	$ 3,541,830	$ 795	$ 449
45	Total Utility Plant					
46						$ 225
47	Accumulated Depreciation (1/2-Year Convention)					
48						$ 570
49	Net Plant					
50						
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request JMM 6.1/RUCO data request 1.30.					

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ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Settlement Rate Base Adjustment No. 1 (continued)
Post-Test Year Plant True-Up

Line No.		Depreciation Rate	Phoenix Office: [A] 1-4933 As Filed	[B] Work Authorization 1-4933 Actual Cost[1]	[C] 1-4933 Increase / (Decrease)	[D] Adjstmt' to Depreciation Expense
1	Intangible Plant					
2	301 Organization	0.00%			$ -	$ -
3	302 Franchises	n/a			-	-
4	303 Other Intangibles	n/a			-	-
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%			-	-
8	310.3 Other Source of Supply Land	0.00%			-	-
9	310.4 Wells - Other	n/a			-	-
10	314 Wells	3.13%			-	-
11	Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%			-	-
14	321 Pumping Plant Struct. & Improv.	2.86%			-	-
15	325 Electric Pumping Equipment	5.88%			-	-
16	328 Gas Engine Equipment	4.00%			-	-
17	Subtotal Pumping Plant		$ -	$ -	$ -	$ -
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%			-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%			-	-
21	332 Water Treatment Equipment	2.86%			-	-
22	Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%			-	-
25	342 Storage Tanks	2.00%			-	-
26	343 Trans. & Dist. Mains	1.79%			-	-
27	344 Fire Sprinkler Taps	2.00%			-	-
28	345 Services	2.38%			-	-
29	346 Meters	4.55%			-	-
30	348 Hydrants	1.82%			-	-
31	Subtotal Trans. & Dist.		$ -	$ -	$ -	$ -
32	General Plant					
33	389 General Plant Land	0.00%			-	-
34	390 General Plant Structures	2.50%			-	-
35	390.1 Leasehold Improvements	n/a			-	-
36	391 Office Furniture & Equipment	6.67%	190,000	184,380	(5,620)	(375)
37	393 Warehouse Equipment	5.00%			-	-
38	394 Tools, Shop & Garage Equip.	4.00%			-	-
39	395 Laboratory Equipment	5.00%			-	-
40	396 Power Operated Equipment	6.67%			-	-
41	397 Communication Equipment	6.67%			-	-
42	398 Miscellaneous Equipment	3.33%			-	-
43	Subtotal General Plant		$ 190,000	$ 184,380	$ (5,620)	$ (375)
44						
45	Total Utility Plant		$ 190,000	$ 184,380	$ (5,620)	$ (375)
46						
47	Accumulated Depreciation (1/2-Year Convention)					$ (187)
48						
49	Net Plant					$ (5,433)
50						
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request JMM 6.1/RUCO data request 1.30.					

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ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Settlement Rate Base Adjustment No. 1 (continued)
Post-Test Year Plant True-Up

Line No.			Depreciation Rate	Phoenix Office (Continued) [A] 1-4934 As Filed	[B] Work Authorization 1-4934 Actual Cost[1]	[C] 1-4934 Increase / (Decrease)	[D] Adjstmt to Depreciation Expense
1		Intangible Plant				$ -	$ -
2	301	Organization	0.00%				
3	302	Franchises	n/a				
4	303	Other Intangibles	n/a				
5		Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6		Source of Supply Plant					
7	310.1	Water Rights	0.00%				
8	310.3	Other Source of Supply Land	0.00%				
9	310.4	Wells - Other	n/a				
10	314	Wells	3.13%				
11		Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12		Pumping Plant					
13	320	Pumping Plant Land	0.00%				
14	321	Pumping Plant Struct. & Improv.	2.86%				
15	325	Electric Pumping Equipment	5.88%				
16	328	Gas Engine Equipment	4.00%				
17		Subtotal Pumping Plant		$ -	$ -	$ -	$ -
18		Water Treatment Plant					
19	330	Water Treatment Plant Land	0.00%				
20	331	Water Trtmt. Struct. & Improv.	2.50%				
21	332	Water Treatment Equipment	2.86%				
22		Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23		Transmission & Distribution Plant					
24	340	Trans. and Dist. Land	0.00%				
25	342	Storage Tanks	2.00%				
26	343	Trans. & Dist. Mains	1.79%				
27	344	Fire Sprinkler Taps	2.00%				
28	345	Services	2.38%				
29	346	Meters	4.55%				
30	348	Hydrants	1.82%				
31		Subtotal Trans. & Dist.		$ -	$ -	$ -	$ -
32		General Plant					
33	389	General Plant Land	0.00%				
34	390	General Plant Structures	2.50%				
35	390.1	Leasehold Improvements	n/a				
36	391	Office Furniture & Equipment	6.67%				
37	393	Warehouse Equipment	5.00%				
38	394	Tools, Shop & Garage Equip.	4.00%	47,841	52,175	4,334	173
39	395	Laboratory Equipment	5.00%				
40	396	Power Operated Equipment	6.67%				
41	397	Communication Equipment	6.67%				
42	398	Miscellaneous Equipment	3.33%				
43		Subtotal General Plant		$ 47,841	$ 52,175	$ 4,334	$ 173
44							
45		Total Utility Plant		$ 47,841	$ 52,175	$ 4,334	$ 173
46							
47		Accumulated Depreciation (1/2-Year Convention)					$ 87
48							
49		Net Plant					$ 4,248
50							
51							
52							
53							
54							
55		[1]Updated costs provided in response to Staff data request JMM 6.1/RUCO data request 1.30.					

Supporting Schedules:

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Recap Schedules:

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Settlement Rate Base Adjustment No. 1 (continued)
Post-Test Year Plant True-Up

Line No.			Depreciation Rate	Phoenix Office - Total [A] Total As Filed	[B] Work Authorization Total Actual Cost[1]	[C] Total Increase / (Decrease)	[D] Total Adjstmt to Depreciation Expense
1		Intangible Plant	0.00%	$ -	$ -	$ -	$ -
2	301	Organization	n/a	-	-	-	
3	302	Franchises	n/a	-	-	-	
4	303	Other Intangibles		$ -	$ -	$ -	$ -
5		Subtotal Intangible Plant					
6		Source of Supply Plant	0.00%	-	-	-	
7	310.1	Water Rights	0.00%	-	-	-	
8	310.3	Other Source of Supply Land	n/a	-	-	-	
9	310.4	Wells - Other	3.13%	-	-	-	
10	314	Wells		$ -	$ -	$ -	$ -
11		Subtotal Source of Sup. Plant					
12		Pumping Plant	0.00%	-	-	-	
13	320	Pumping Plant Land	2.86%	-	-	-	
14	321	Pumping Plant Struct. & Improv.	5.88%	-	-	-	
15	325	Electric Pumping Equipment	4.00%	-	-	-	
16	328	Gas Engine Equipment		$ -	$ -	$ -	$ -
17		Subtotal Pumping Plant					
18		Water Treatment Plant	0.00%	-	-	-	
19	330	Water Treatment Plant Land	2.50%	-	-	-	
20	331	Water Trtmt. Struct. & Improv.	2.86%	-	-	-	
21	332	Water Treatment Equipment		$ -	$ -	$ -	$ -
22		Subtotal Water Trtmt. Plant					
23		Transmission & Distribution Plant	0.00%	-	-	-	
24	340	Trans. and Dist. Land	2.00%	-	-	-	
25	342	Storage Tanks	1.79%	-	-	-	
26	343	Trans. & Dist. Mains	2.00%	-	-	-	
27	344	Fire Sprinkler Taps	2.38%	-	-	-	
28	345	Services	4.55%	-	-	-	
29	346	Meters	1.82%	-	-	-	
30	348	Hydrants		$ -	$ -	$ -	$ -
31		Subtotal Trans. & Dist.					
32		General Plant	0.00%	-	-	-	
33	389	General Plant Land	2.50%	-	-	-	
34	390	General Plant Structures	n/a	-	-	-	
35	390.1	Leasehold Improvements	6.67%	190,000	184,380	(5,620)	(375)
36	391	Office Furniture & Equipment	5.00%	-	-	-	
37	393	Warehouse Equipment	4.00%	47,841	52,175	4,334	173
38	394	Tools, Shop & Garage Equip.	5.00%	-	-	-	
39	395	Laboratory Equipment	6.67%	-	-	-	
40	396	Power Operated Equipment	6.67%	-	-	-	
41	397	Communication Equipment	3.33%	-	-	-	
42	398	Miscellaneous Equipment		$ 237,841	$ 236,555	$ (1,286)	$ (201)
43		Subtotal General Plant					
44				$ 237,841	$ 236,555	$ (1,286)	$ (201)
45		Total Utility Plant					
46							$ (101)
47		Accumulated Depreciation (1/2-Year Convention)					
48							$ (1,185)
49		Net Plant					
50							
51							
52							
53							
54		[1]Updated costs provided in response to Staff data request JMM 6.1/RUCO data request 1.30.					

Supporting Schedules:

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DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Settlement Rate Base Adjustment No. 2
Adopt Staff Rate Base Adjustment No. 2 (Remove Land Purchased for Arsenic Facility)

Line No.		Depreciation Rate	Navajo [A] Work Auth. 1-4923 As Filed	Navajo [B] Total Adjstmt' to Depreciation Expense
1	Intangible Plant	0.00%	$ -	$ -
2	301 Organization	n/a	-	-
3	302 Franchises	n/a	-	-
4	303 Other Intangibles		$ -	$ -
5	Subtotal Intangible Plant			
6	Source of Supply Plant	0.00%	-	-
7	310.1 Water Rights	0.00%	(25,334)	-
8	310.3 Other Source of Supply Land	n/a	-	-
9	310.4 Wells - Other	3.13%	-	-
10	314 Wells		$ (25,334)	$ -
11	Subtotal Source of Sup. Plant			
12	Pumping Plant	0.00%	-	-
13	320 Pumping Plant Land	2.86%	-	-
14	321 Pumping Plant Struct. & Improv.	5.88%	-	-
15	325 Electric Pumping Equipment	4.00%	-	-
16	328 Gas Engine Equipment		$ -	$ -
17	Subtotal Pumping Plant			
18	Water Treatment Plant	0.00%	-	-
19	330 Water Treatment Plant Land	2.50%	-	-
20	331 Water Trtmt. Struct. & Improv.	2.86%	(3,954)	(113)
21	332 Water Treatment Equipment		$ (3,954)	$ (113)
22	Subtotal Water Trtmt. Plant			
23	Transmission & Distribution Plant	0.00%	-	-
24	340 Trans. and Dist. Land	2.00%	-	-
25	342 Storage Tanks	1.79%	-	-
26	343 Trans. & Dist. Mains	2.00%	-	-
27	344 Fire Sprinkler Taps	2.38%	-	-
28	345 Services	4.55%	-	-
29	346 Meters	1.82%	-	-
30	348 Hydrants		$ -	$ -
31	Subtotal Trans. & Dist.			
32	General Plant	0.00%	-	-
33	389 General Plant Land	2.50%	-	-
34	390 General Plant Structures	n/a	-	-
35	390.1 Leasehold Improvements	6.67%	-	-
36	391 Office Furniture & Equipment	5.00%	-	-
37	393 Warehouse Equipment	4.00%	-	-
38	394 Tools, Shop & Garage Equip.	5.00%	-	-
39	395 Laboratory Equipment	6.67%	-	-
40	396 Power Operated Equipment	6.67%	-	-
41	397 Communication Equipment	3.33%	-	-
42	398 Miscellaneous Equipment		$ -	$ -
43	Subtotal General Plant		$ (29,288)	$ (113)
44				
45	Total Utility Plant			$ (57)
46				
47	Accumulated Depreciation (1/2-Year Convention)			$ (29,231)
48				
49	Net Plant			
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Supporting Schedules:

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DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Settlement Rate Base Adjustment No. 3
Adjust Working Cash to Reflect Rebuttal Expense Levels & Include Interest Expense

Line No.	System	Company Working Cash - As Filed	Company Working Cash - Settlement	Increase / (Decrease)
1				
2	Northern Group	$ 84,216	$ 10,582	$ (73,634)
3	Navajo	111,380	(39,073)	(150,453)
4	Verde Valley			
5				
6	Subtotal	$ 195,597	$ (28,490)	$ (224,087)
7				
8	Total	$ 195,597	$ (28,490)	$ (224,087)
9				
10				
11	Increase/(Decrease) in Working Cash			$ (224,087)
12				
13				
14				
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Supporting Schedules:

Recap Schedules:

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Settlement Rate Base Adjustment No. 4
Allocate Phoenix Office & Meter Shop Settlement Adjustments

Line No.		Northern Group [A] Test Year Adjusted	[B] Allocated Navajo	[C] Allocated Verde Valley
1				
2	3-Factor Allocation Ratio		0.0943	0.1252
3				
4	Phoenix Office			
5	Plant Classification			
6	Intangible Plant	$ -	$ -	$ -
7	Source of Supply Plant			
8	Pumping Plant			
9	Water Treatment Plant			
10	Transmission & Distribution Plant			
11	General Plant	(1,286)	(121)	(161)
12	Total Gross Plant in Service	$ (1,286)	$ (121)	$ (161)
13	Less:			
14	Accumulated Depreciation	(101)	(10)	(13)
15	Net Plant in Service	$ (1,185)	$ (112)	$ (148)
16	Less:			
17	Deferred Income Tax			
18	Total Rate Base	$ (1,185)	$ (112)	$ (148)
19				
20				
21				
22	Meter Shop			
23	Plant Classification			
24	Intangible Plant	$ -	$ -	$ -
25	Source of Supply Plant			
26	Pumping Plant			
27	Water Treatment Plant			
28	Transmission & Distribution Plant			
29	General Plant			
30	Total Gross Plant in Service	$ -	$ -	$ -
31	Less:			
32	Accumulated Depreciation			
33	Net Plant in Service	$ -	$ -	$ -
34				
35	Total Rate Base	$ -	$ -	$ -
36				
37				
38	Total Phoenix Office & Meter Shop			
39	Plant Classification			
40	Intangible Plant	$ -	$ -	$ -
41	Source of Supply Plant			
42	Pumping Plant			
43	Water Treatment Plant			
44	Transmission & Distribution Plant			
45	General Plant	(1,286)	(121)	(161)
46	Total Gross Plant in Service	$ (1,286)	$ (121)	$ (161)
47	Less:			
48	Accumulated Depreciation	$ (101)	(10)	(13)
49		$ (1,185)	$ (112)	$ (148)
50	Less:			
51	Deferred Income Tax			
52	Total Rate Base	$ (1,185)	$ (112)	$ (148)
53				
54				
55				

Supporting Schedules:

Recap Schedules:

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Computation of Working Capital

Line No.		Northern Group [A] Company - As Filed Working Capital	[B] Settlement Adjustments	[C] Settlement Working Capital
1				
2	Working Cash Requirement	$ 195,597	$ (224,087)	$ (28,490)
3	(Sch. B-5 Rebuttal Appendix)			
4				
5	Material and Supplies Inventories[1]	88,156	-	88,156
6				
7	Required Bank Balances[1]	231,729	-	231,729
8				
9	Prepayments & Special Deposits[1]	570,816	-	570,816
10				
11	Total Working Capital Allowance	$ 1,086,298	$ (224,087)	$ 862,210
12				
13				
14				
15				
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55	[1]13-month average balances			

Supporting Schedules:
Settlement B-5 Appendix

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Recap Schedules:
Settlement B-1

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Computation of Working Capital

Line No.		Navajo [A] Company - As Filed Working Capital	Navajo [B] Settlement Adjustments	Navajo [C] Settlement Working Capital	Verde Valley (Sedona, Pinewood, Rimrock) [A] Company - As Filed Working Capital	Verde Valley [B] Settlement Adjustments	Verde Valley [C] Settlement Working Capital
1							
2	Working Cash Requirement						
3	(Sch. B-5 Rebuttal Appendix)	$ 84,216	$ (73,634)	$ 10,582	$ 111,380	$ (150,453)	$ (39,073)
4							
5	Material and Supplies Inventories[1]	26,083	-	26,083	62,073	-	62,073
6							
7	Required Bank Balances[1]	99,566	-	99,566	132,163	-	132,163
8							
9	Prepayments & Special Deposits[1]	244,967	-	244,967	325,849	-	325,849
10							
11	Total Working Capital Allowance	$ 454,831	$ (73,634)	$ 381,197	$ 631,466	$ (150,453)	$ 481,013
12							
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54							
55	[1]13-month average balances						

Supporting Schedules:
Settlement B-5 Appendix

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Recap Schedules:
Settlement B-1

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Computation of Working Cash Requirement

Line No.		Navajo											
		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]
		Company - As Filed						Settlement					
		Adjusted Results - As Filed	Revenue Lag Days[1]	Expense Lag Days[2]	Net Lag Days [B - C]	Lead / Lag Factor [D ÷ 365]	Working Cash Requirement [A X E]	Adjusted Results - Rebuttal	Revenue Lag Days[1]	Expense Lag Days[2]	Net Lag Days [H - I]	Lead / Lag Factor [J ÷ 365]	Working Cash Requirement [G X K]
1													
2													
3	Operating Expenses												
4	Purchased Power	$ 262,792	29.23	30.87	(1.64)	(0.0045)	$ (1,184)	$ 262,792	29.23	30.87	(1.64)	(0.0045)	$ (1,184)
5	Payroll	930,148	29.23	14.00	15.23	0.0417	38,801	930,148	29.23	14.00	15.23	0.0417	38,801
6	Purchased Water	610	29.23	30.47	(1.24)	(0.0034)	(2)	610	29.23	30.47	(1.24)	(0.0034)	(2)
7	Chemicals	17,436	29.23	(18.11)	47.34	0.1297	2,261	17,436	29.23	(18.11)	47.34	0.1297	2,261
8	Property & Liability Insurance	49,336	29.23	(45.27)	74.50	0.2041	10,069	49,336	29.23	(45.27)	74.50	0.2041	10,069
9	Workman's Compensation Insurance	9,176	29.23	(46.50)	75.73	0.2075	1,904	9,176	29.23	(46.50)	75.73	0.2075	1,904
10	Health Insurance	177,978	29.23	(8.92)	38.15	0.1045	18,600	177,978	29.23	(8.92)	38.15	0.1045	18,600
11	Other O&M (Excluding Rate Case Expense)	587,449	29.23	(9.27)	38.50	0.1055	61,957	560,008	29.23	(9.27)	38.50	0.1055	59,063
12	Federal Income Taxes	294,536	29.23	37.00	(7.77)	(0.0213)	(6,273)	264,836	29.23	37.00	(7.77)	(0.0213)	(5,641)
13	State Income Taxes	64,884	29.23	37.00	(7.77)	(0.0213)	(1,382)	58,341	29.23	37.00	(7.77)	(0.0213)	(1,243)
14	FICA Taxes	69,483	29.23	14.00	15.23	0.0417	2,898	69,483	29.23	14.00	15.23	0.0417	2,898
15	FUTA & SUTA Taxes	2,230	29.23	83.10	(53.87)	(0.1476)	(329)	2,230	29.23	83.10	(53.87)	(0.1476)	(329)
16	Property Taxes	128,416	29.23	212.00	(182.77)	(0.5008)	(64,305)	157,369	29.23	212.00	(182.77)	(0.5008)	(78,802)
17	Registration, Svc. Contracts, & Misc. Fees	64,052	29.23	(98.83)	128.06	0.3508	22,472	64,052	29.23	(98.83)	128.06	0.3508	22,472
18	Retirement Annuities (401k)	84,555	29.23	34.72	(5.49)	(0.0151)	(1,273)	84,555	29.23	34.72	(5.49)	(0.0151)	(1,273)
19							$ 84,216						$ 67,596
20	Total Operating Expenses	$ 2,743,081						$ 2,708,349					
21													
22	Interest Expense							335,517	29.23	91.25	(62.02)	(0.1699)	(57,014)
23													$ 10,582
24	Total	$ 2,743,081					$ 84,216	$ 3,043,866					
25													
26													
27													
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50	[1]2011 Actual lag days per AWC billing system.												
51	[2]Dec. No. 64282 as amended by Dec. Nos. 66849												
52	& 68302. Purchased power lag days per												
53	Dec. No. 71645. Purchased water lag days												
54	are actual 2011.												
55													

Supporting Schedules:

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Computation of Working Cash Requirement

Verde Valley (Sedona, Pinewood, Rimrock)

Line No.		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]
		Company - As Filed						Settlement					
		Adjusted Results - As Filed	Revenue Lag Days[1]	Expense Lag Days[2]	Net Lag Days [B - C]	Lead / Lag Factor [D ÷ 365]	Working Cash Requirement [A X E]	Adjusted Results - Rebuttal	Revenue Lag Days[1]	Expense Lag Days[2]	Net Lag Days [H - I]	Lead / Lag Factor [J ÷ 365]	Working Cash Requirement [G X K]
1													
2													
3	Operating Expenses												
4	Purchased Power	$ 635,560	28.82	30.87	(2.05)	(0.0056)	$ (3,573)	$ 635,560	28.82	30.87	(2.05)	(0.0056)	$ (3,573)
5	Payroll	1,306,798	28.82	14.00	14.82	0.0406	53,052	1,306,798	28.82	14.00	14.82	0.0406	53,052
6	Purchased Water	-	28.82	-	28.82	0.0790	-	-	28.82	-	28.82	0.0790	-
7	Chemicals	26,279	28.82	(18.11)	46.93	0.1286	3,379	26,279	28.82	(18.11)	46.93	0.1286	3,379
8	Property & Liability Insurance	65,502	28.82	(45.27)	74.09	0.2030	13,296	65,502	28.82	(45.27)	74.09	0.2030	13,296
9	Workman's Compensation Insurance	12,183	28.82	(46.50)	75.32	0.2064	2,514	12,183	28.82	(46.50)	75.32	0.2064	2,514
10	Health Insurance	223,971	28.82	(8.92)	37.74	0.1034	23,157	223,971	28.82	(8.92)	37.74	0.1034	23,157
11	Other O&M (Excluding Rate Case Expense)	1,219,792	28.82	(9.27)	38.09	0.1044	127,286	1,172,268	28.82	(9.27)	38.09	0.1044	122,327
12	Federal Income Taxes	776,673	28.82	37.00	(8.18)	(0.0224)	(17,410)	684,029	28.82	37.00	(8.18)	(0.0224)	(15,333)
13	State Income Taxes	171,094	28.82	37.00	(8.18)	(0.0224)	(3,835)	150,686	28.82	37.00	(8.18)	(0.0224)	(3,378)
14	FICA Taxes	97,861	28.82	14.00	14.82	0.0406	3,973	97,861	28.82	14.00	14.82	0.0406	3,973
15	FUTA & SUTA Taxes	3,253	28.82	83.10	(54.28)	(0.1487)	(484)	3,253	28.82	83.10	(54.28)	(0.1487)	(484)
16	Property Taxes	235,027	28.82	212.00	(183.18)	(0.5019)	(117,953)	232,420	28.82	212.00	(183.18)	(0.5019)	(116,844)
17	Registration, Svc. Contracts, & Misc. Fees	84,930	28.82	(98.83)	127.65	0.3497	29,702	84,930	28.82	(98.83)	127.65	0.3497	29,702
18	Retirement Annuities (401k)	106,531	28.82	34.72	(5.90)	(0.0162)	(1,723)	106,531	28.82	34.72	(5.90)	(0.0162)	(1,723)
19							$ 111,380						$ 110,264
20	Total Operating Expenses	$ 4,965,453						$ 4,802,270					
21													
22	Interest Expense							873,077	28.82	91.25	(62.43)	(0.1710)	(149,337)
23													$ (39,073)
24	Total	$ 4,965,453					$ 111,380	$ 5,675,347					
25													
26													
27													
28													
29													
30													
31													
32													
33													
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49													
50	[1]2011 Actual lag days per AWC billing system.												
51	[2]Dec. No. 64282 as amended by Dec. Nos. 66849												
52	& 68302. Purchased power lag days per												
53	Dec. No. 71845. Purchased water lag days												
54	are actual 2011.												
55													

Supporting Schedules:

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Recap Schedules:
Settlement B-5

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Adjusted Test Year Income Statement

Line No.		Northern Group [A] Test Year Ended 12/31/2011	[B] Pro Forma Adjustments - As Filed	[C] Adjusted Test Year - As Filed	[D] Settlement Adjustments	[E] Adjusted Test Year - Settlement	[F] Required Increase - Settlement	[G] Adjstd' w/ Increase - Settlement
1	Operating Revenues							
2	Residential	$ 8,897,832	$ (961,547)	$ 7,936,285	$ 131,954	$ 8,068,239		
3	Commercial	2,221,794	(218,528)	2,003,266	-	2,003,266		
4	Industrial	3,594	638	4,231	-	4,231		
5	Private Fire Service	66,835	(7,019)	59,816	-	59,816		
6	Other Water Revenues	18,845	(1,545)	17,300	-	17,300		
7	Total Water Revenues	$ 11,208,900	$ (1,188,002)	$ 10,020,898	$ 131,954	$ 10,152,852		
8	Miscellaneous	113,440	(9,681)	103,758	-	103,758		
9	Total Operating Revenues	$ 11,322,340	$ (1,197,683)	$ 10,124,656	$ 131,954	$ 10,256,611	$ 2,240,329	$ 12,496,939
10								
11	Operating Expenses							
12	Source of Supply Expenses:							
13	Purchased Water	610	-	610	-	610	-	610
14	Other	77,884	6,016	83,900	2,166	86,066	-	86,066
15	Pumping Expenses:							
16	Purchased Power	898,352	-	898,352	-	898,352	-	898,352
17	Purchased Gas	451	-	451	-	451	-	451
18	Other	292,753	33,841	326,594	30,219	356,814	-	356,814
19	Water Treatment Expenses	567,248	101,754	669,002	13,430	682,432	-	682,432
20	Transmission & Distribution Expenses	1,047,823	231,194	1,279,017	(74,927)	1,204,090	-	1,204,090
21	Customer Accounting Expenses	974,482	94,596	1,069,078	-	1,069,078	-	1,069,078
22	Sales Expense	2,058	-	2,058	-	2,058	-	2,058
23	Administrative & General Expenses	1,402,373	280,835	1,683,208	(76,378)	1,606,829	-	1,606,829
24	Total Operations & Maintenance Expense	$ 5,264,054	$ 748,236	$ 6,012,270	$ (105,490)	$ 5,906,780	$ -	$ 5,906,780
25								
26	Depreciation & Amortization Expenses	1,689,546	150,254	1,839,800	10,508	1,850,307	-	1,850,307
27								
28	Taxes							
29	Federal Income Taxes	707,353	(521,446)	185,907	62,546	248,453	700,412	948,865
30	State Income Taxes	105,071	(64,117)	40,954	13,778	54,732	154,295	209,026
31	Property Taxes	311,379	21,141	332,520	31,271	363,790	25,998	389,788
32	Other	1,182,063	(1,033,909)	148,155	-	148,155	-	148,155
33	Total Taxes	$ 2,305,867	$ (1,598,331)	$ 707,535	$ 107,594	$ 815,130	$ 880,705	$ 1,695,834
34								
35	Total Operating Expenses	$ 9,259,446	$ (699,841)	$ 8,559,605	$ 12,612	$ 8,572,217	$ 880,705	$ 9,452,921
36	Operating Income	$ 2,062,894	$ (497,842)	$ 1,565,051	$ 119,342	$ 1,684,394	$ 1,359,624	$ 3,044,018
37								
38								
39	Other Income & Deductions:							
40	Interest:							
41	Long-Term Debt	1,148,444	55,729	1,204,173	(2,069)	1,202,103	-	1,202,103
42	Short-Term Debt	841	(841)	-	-	-	-	-
43	Other	(83,728)	83,728	-	-	-	-	-
44	Total Interest	$ 1,065,557	$ 138,616	$ 1,204,173	$ (2,069)	$ 1,202,103	$ -	$ 1,202,103
45								
46	Other (Income) - Net	(56,906)	56,906	-	-	-	-	-
47								
48	Total Other (Income) & Deductions	$ 1,008,651	$ 195,522	$ 1,204,173	$ (2,069)	$ 1,202,103	$ -	$ 1,202,103
49								
50	Net Income	$ 1,054,243	$ (693,364)	$ 360,879	$ 121,412	$ 482,290	$ 1,359,624	$ 1,841,915
51								
52								
53								
54								
55								

Supporting Schedules:
Settlement C-2

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Recap Schedules:
Settlement A-1

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Adjusted Test Year Income Statement

Navajo

Line No.		[A] Test Year Ended 12/31/2011	[B] Pro Forma Adjustments - As Filed	[C] Adjusted Test Year - As Filed	[D] Settlement Adjustments	[E] Adjusted Test Year - Settlement	[F] Required Increase - Settlement	[G] Adjstd' w/ Increase - Settlement
1	Operating Revenues							
2	Residential	$ 3,355,969	$ (290,248)	$ 3,065,720	$ 68,751	$ 3,134,472		
3	Commercial	485,813	(26,674)	459,139	-	459,139		
4	Industrial	374	158	532	-	532		
5	Private Fire Service	15,974	(1,207)	14,767	-	14,767		
6	Other Water Revenues	13,498	(1,018)	12,480	-	12,480		
7	Total Water Revenues	$ 3,871,628	$ (318,989)	$ 3,552,639	$ 68,751	$ 3,621,391		
8	Miscellaneous	45,656	(3,215)	42,441	-	42,441		
9	Total Operating Revenues	$ 3,917,284	$ (322,204)	$ 3,595,080	$ 68,751	$ 3,663,832	$ 618,535	$ 4,282,366
10								
11	Operating Expenses							
12	Source of Supply Expenses:							
13	Purchased Water	610	-	610	-	610	-	610
14	Other	37,983	879	38,862	1,281	40,143	-	40,143
15	Pumping Expenses:							
16	Purchased Power	262,792	-	262,792	-	262,792	-	262,792
17	Purchased Gas	451	-	451	-	451	-	451
18	Other	80,858	13,606	94,464	11,418	105,882	-	105,882
19	Water Treatment Expenses	76,861	(3,284)	73,577	2,550	76,128	-	76,128
20	Transmission & Distribution Expenses	441,848	88,587	530,435	(21,629)	508,806	-	508,806
21	Customer Accounting Expenses	478,844	41,612	520,456	-	520,456	-	520,456
22	Sales Expense	881	-	881	-	881	-	881
23	Administrative & General Expenses	609,622	114,617	724,239	(34,175)	690,064	-	690,064
24	Total Operations & Maintenance Expense	$ 1,990,750	$ 256,018	$ 2,246,768	$ (40,555)	$ 2,206,213	$ -	$ 2,206,213
25								
26	Depreciation & Amortization Expenses	643,577	29,264	672,841	10,084	682,925	-	682,925
27								
28	Taxes							
29	Federal Income Taxes	197,278	(146,185)	51,093	20,747	71,840	192,996	264,836
30	State Income Taxes	29,304	(18,049)	11,255	4,570	15,826	42,515	58,341
31	Property Taxes	135,561	(15,788)	119,773	29,211	148,985	8,384	157,369
32	Other	345,481	(282,408)	63,073	-	63,073	-	63,073
33	Total Taxes	$ 707,624	$ (462,430)	$ 245,195	$ 54,528	$ 299,723	$ 243,895	$ 543,618
34								
35	Total Operating Expenses	$ 3,341,951	$ (177,147)	$ 3,164,804	$ 24,057	$ 3,188,861	$ 243,895	$ 3,432,756
36	Operating Income	$ 575,333	$ (145,057)	$ 430,276	$ 44,694	$ 474,971	$ 374,639	$ 849,610
37								
38	Other Income & Deductions:							
39	Interest:							
40	Long-Term Debt	359,135	(28,040)	331,096	4,421	335,517	-	335,517
41	Short-Term Debt	263	(263)	-	-	-	-	-
42	Other	(26,183)	26,183	-	-	-	-	-
43	Total Interest	$ 333,215	$ (2,120)	$ 331,096	$ 4,421	$ 335,517	$ -	$ 335,517
44								
45	Other (Income) - Net	(24,448)	24,448	-	-	-	-	-
46								
47	Total Other (Income) & Deductions	$ 308,768	$ 22,328	$ 331,096	$ 4,421	$ 335,517	$ -	$ 335,517
48								
49	Net Income	$ 266,565	$ (167,385)	$ 99,181	$ 40,273	$ 139,454	$ 374,639	$ 514,093
50								
51								
52								
53								
54								
55								

Supporting Schedules:
Settlement C-2

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Recap Schedules:
Settlement A-1

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Adjusted Test Year Income Statement

Verde Valley (Sedona, Pinewood, Rimrock)

Line No.		[A] Test Year Ended 12/31/2011	[B] Pro Forma Adjustments - As Filed	[C] Adjusted Test Year - As Filed	[D] Settlement Adjustments	[E] Adjusted Test Year - Settlement	[F] Required Increase - Settlement	[G] Adjstd' w/ Increase - Settlement
1	Operating Revenues							
2	Residential	$ 5,541,864	$ (671,299)	$ 4,870,565	$ 63,203	$ 4,933,768		
3	Commercial	1,735,981	(191,855)	1,544,126	-	1,544,126		
4	Industrial	3,220	479	3,699	-	3,699		
5	Private Fire Service	50,861	(5,812)	45,049	-	45,049		
6	Other Water Revenues	5,347	(527)	4,820	-	4,820		
7	Total Water Revenues	$ 7,337,272	$ (869,013)	$ 6,468,259	$ 63,203	$ 6,531,462		
8	Miscellaneous	67,784	(6,466)	61,317	-	61,317		
9	Total Operating Revenues	$ 7,405,056	$ (875,480)	$ 6,529,576	$ 63,203	$ 6,592,779	$ 1,621,794	$ 8,214,573
10								
11	Operating Expenses							
12	Source of Supply Expenses:							
13	Purchased Water	-	-	-	-	-	-	-
14	Other	39,901	5,137	45,038	885	45,923	-	45,923
15	Pumping Expenses:							
16	Purchased Power	635,560	-	635,560	-	635,560	-	635,560
17	Purchased Gas	-	-	-	-	-	-	-
18	Other	211,895	20,235	232,130	18,802	250,932	-	250,932
19	Water Treatment Expenses	490,387	105,038	595,425	10,880	606,305	-	606,305
20	Transmission & Distribution Expenses	605,975	142,606	748,581	(53,298)	695,283	-	695,283
21	Customer Accounting Expenses	495,638	52,984	548,622	-	548,622	-	548,622
22	Sales Expense	1,177	-	1,177	-	1,177	-	1,177
23	Administrative & General Expenses	792,751	166,218	958,968	(42,203)	916,765	-	916,765
24	Total Operations & Maintenance Expense	$ 3,273,284	$ 492,218	$ 3,765,502	$ (64,935)	$ 3,700,567	$ -	$ 3,700,567
25								
26	Depreciation & Amortization Expenses	1,045,969	120,989	1,166,958	424	1,167,382	-	1,167,382
27								
28	Taxes							
29	Federal Income Taxes	510,075	(375,261)	134,814	41,799	176,613	507,416	684,029
30	State Income Taxes	75,767	(46,069)	29,698	9,208	38,906	111,779	150,686
31	Property Taxes	175,818	36,928	212,747	2,059	214,806	17,614	232,420
32	Other	836,582	(751,500)	85,082	-	85,082	-	85,082
33	Total Taxes	$ 1,598,242	$ (1,135,902)	$ 462,341	$ 53,066	$ 515,407	$ 636,809	$ 1,152,216
34								
35	Total Operating Expenses	$ 5,917,495	$ (522,694)	$ 5,394,801	$ (11,445)	$ 5,383,356	$ 636,809	$ 6,020,165
36	Operating Income	$ 1,487,561	$ (352,786)	$ 1,134,775	$ 74,648	$ 1,209,423	$ 984,985	$ 2,194,408
37								
38								
39	Other Income & Deductions:							
40	Interest:							
41	Long-Term Debt	789,309	83,768	873,077	(6,491)	866,587	-	866,587
42	Short-Term Debt	578	(578)	-	-	-	-	-
43	Other	(57,545)	57,545	-	-	-	-	-
44	Total Interest	$ 732,342	$ 140,735	$ 873,077	$ (6,491)	$ 866,587	$ -	$ 866,587
45								
46	Other (Income) - Net	(32,459)	32,459	-	-	-	-	-
47								
48	Total Other (Income) & Deductions	$ 699,883	$ 173,194	$ 873,077	$ (6,491)	$ 866,587	$ -	$ 866,587
49								
50	Net Income	$ 787,677	$ (525,980)	$ 261,698	$ 81,139	$ 342,837	$ 984,985	$ 1,327,821
51								
52								
53								
54								
55								

Supporting Schedules:
Settlement C-2

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Recap Schedules:
Settlement A-1

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Income Statement Pro Forma Adjustments

Line No.		Northern Group											
		[A] Actual End of Test Year	[B] Pro Forma Adjustments - As Filed	[C] Adjusted Test Year - As Filed	[D] Settlement Adj. No. 1	[E] Settlement Adj. No. 2	[F] Settlement Adj. No. 3	[G] Settlement Adj. No. 4	[H] Settlement Adj. No. 5	[I] Settlement Adj. No. 6	[J] Settlement Adj. No. 7	[K] Settlement Adj. No. 8
					Settlement Income Statement Adjustments							
1	Operating Revenues	$ 8,897,832	$ (961,547)	$ 7,936,285	$ 131,954	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	Residential	2,221,794	(218,528)	2,003,266	-	-	-	-	-	-	-	-
3	Commercial	3,594	638	4,231	-	-	-	-	-	-	-	-
4	Industrial	66,835	(7,019)	59,816	-	-	-	-	-	-	-	-
5	Private Fire Service	18,845	(1,545)	17,300	-	-	-	-	-	-	-	-
6	Other Water Revenues	$ 11,208,900	$ (1,188,002)	$ 10,020,898	$ 131,954	$ -	$ -	$ -	$ -	$ -	$ -	$ -
7	Total Water Revenues											
8		113,440	(9,681)	103,758	-	-	-	-	-	-	-	-
9	Miscellaneous	$ 11,322,340	$ (1,197,683)	$ 10,124,656	$ 131,954	$ -	$ -	$ -	$ -	$ -	$ -	$ -
10	Total Operating Revenues											
11												
12	Operating Expenses											
13	Source of Supply Expenses:	610	-	610	-	-	-	-	-	-	-	-
14	Purchased Water	77,884	6,016	83,900	2,166	-	-	-	-	-	-	-
15	Other											
16	Pumping Expenses:	898,352	-	898,352	-	-	-	-	-	-	-	-
17	Purchased Power	451	-	451	-	-	-	-	-	-	-	-
18	Purchased Gas	292,753	33,841	326,594	30,219	-	-	-	-	-	-	-
19	Other	567,248	101,754	669,002	13,430	-	-	-	-	-	-	-
20	Water Treatment Expenses	1,047,823	231,194	1,279,017	-	(74,927)	-	-	-	-	-	-
21	Transmission & Distribution Expenses	974,482	94,596	1,069,078	-	-	-	-	-	-	-	-
22	Customer Accounting Expenses	2,058	-	2,058	-	-	-	-	-	-	-	-
23	Sales Expense	1,402,373	280,835	1,683,208	-	-	(3,528)	(42,325)	(30,525)	-	-	-
24	Administrative & General Expenses	$ 5,264,034	$ 748,236	$ 6,012,270	$ 45,815	$ (74,927)	$ (3,528)	$ (42,325)	$ (30,525)	$ -	$ -	$ -
25	Total Operations & Maintenance Expense											
26												
27	Depreciation & Amortization Expenses	1,689,546	150,254	1,839,800	-	-	-	-	-	10,508	-	-
28												
29	Taxes											
30	Federal Income Taxes	707,353	(521,446)	185,907	-	-	-	-	-	-	-	-
31	State Income Taxes	105,071	(64,117)	40,954	-	-	-	-	-	-	-	31,271
32	Property Taxes	311,379	21,141	332,520	-	-	-	-	-	-	-	-
33	Other	1,182,063	(1,033,909)	148,155	-	-	-	-	-	-	-	31,271
34	Total Taxes	$ 2,305,867	$ (1,598,331)	$ 707,535	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 31,271
35												
36	Total Operating Expenses	$ 9,259,448	$ (699,841)	$ 8,559,605	$ 45,815	$ (74,927)	$ (3,528)	$ (42,325)	$ (30,525)	$ 10,508	$ -	$ (31,271)
37	Operating Income	$ 2,062,894	$ (497,842)	$ 1,565,051	$ 86,139	$ 74,927	$ 3,528	$ 42,325	$ 30,525	$ (10,508)	$ -	$ (31,271)
38												
39	Other Income & Deductions:											
40	Interest:	1,148,444	55,729	1,204,173	-	-	-	-	-	-	(2,069)	-
41	Long-Term Debt	841	(841)	-	-	-	-	-	-	-	-	-
42	Short-Term Debt	(83,728)	83,728	-	-	-	-	-	-	-	-	-
43	Other	$ 1,065,557	$ 138,616	$ 1,204,173	$ -	$ -	$ -	$ -	$ -	$ -	$ (2,069)	$ -
44	Total Interest											
45		(56,906)	56,906	-	-	-	-	-	-	-	-	-
46	Other (Income) - Net											
47		$ 1,008,651	$ 195,522	$ 1,204,173	$ -	$ -	$ -	$ -	$ -	$ -	$ (2,069)	$ -
48	Total Other (Income) & Deductions											
49												
50	Net Income	$ 1,054,243	$ (693,364)	$ 360,879	$ 86,139	$ 74,927	$ 3,528	$ 42,325	$ 30,525	$ (10,508)	$ 2,069	$ (31,271)
51												
52												
53												
54												
55												

Supporting Schedules:

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Recap Schedules:
Settlement C-1

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Income Statement Pro Forma Adjustments

Line No.		Northern Group										
		[L]	[M]	[N]	[O]	[P]	[Q]	[R]	[S] Total Settlement Adjustments	[T] Adjusted Test Year - Settlement	[U] Required Increase - Settlement	[V] Adjstd' w/ Increase - Settlement
		Settlement Adj. No. 9	BLANK	BLANK	BLANK	BLANK	BLANK	BLANK				
1	Operating Revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 131,954	$ 8,068,239		
2	Residential								-	2,003,266		
3	Commercial								-	4,231		
4	Industrial								-	59,816		
5	Private Fire Service								-	17,300		
6	Other Water Revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 131,954	$ 10,152,852		
7	Total Water Revenues								-	103,759		
8												
9	Miscellaneous	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 131,954	$ 10,256,611	$ 2,240,329	$ 12,496,939
10	Total Operating Revenues											
11												
12	Operating Expenses								-	610		610
13	Source of Supply Expenses:								2,166	86,066		86,066
14	Purchased Water								-	898,352		898,352
15	Other								-	451		451
16	Pumping Expenses:								30,219	356,814		356,814
17	Purchased Power								13,430	682,432		682,432
18	Purchased Gas								(74,927)	1,204,090		1,204,090
19	Other								-	1,069,078		1,069,078
20	Water Treatment Expenses								-	2,058		2,058
21	Transmission & Distribution Expenses								(76,378)	1,606,829		1,606,829
22	Customer Accounting Expenses								$ (105,490)	$ 5,906,780	$ -	$ 5,906,780
23	Sales Expense											
24	Administrative & General Expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -	10,506	1,850,307		1,850,307
25	Total Operations & Maintenance Expense											
26												
27	Depreciation & Amortization Expenses								62,546	248,453	700,412	948,865
28									13,778	54,732	154,295	209,026
29	Taxes	62,546							31,271	363,790	25,998	389,788
30	Federal Income Taxes	13,778							-	148,155	-	148,155
31	State Income Taxes								$ 107,594	$ 815,130	$ 880,705	$ 1,695,834
32	Property Taxes											
33	Other	$ 76,324	$ -	$ -	$ -	$ -	$ -	$ -	$ 12,612	$ 8,572,217	$ 880,705	$ 9,452,921
34	Total Taxes								$ 119,342	$ 1,684,394	$ 1,359,624	$ 3,044,018
35		$ 76,324	$ -	$ -	$ -	$ -	$ -	$ -				
36	Total Operating Expenses	$ (76,324)	$ -	$ -	$ -	$ -	$ -	$ -				
37	Operating Income											
38												
39	Other Income & Deductions:								(2,069)	1,202,103		1,202,103
40	Interest:								-	-		-
41	Long-Term Debt								-	-		-
42	Short-Term Debt								$ (2,069)	$ 1,202,103	$ -	$ 1,202,103
43	Other	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-	-		
44	Total Interest											
45									$ (2,069)	$ 1,202,103	$ -	$ 1,202,103
46	Other (Income) - Net											
47		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 121,412	$ 482,290	$ 1,359,624	$ 1,841,915
48	Total Other (Income) & Deductions											
49												
50	Net Income	$ (76,324)	$ -	$ -	$ -	$ -	$ -	$ -				
51												
52												
53												
54												
55												

Supporting Schedules:

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DECISION NO. 74081

DOCKET NO. W-01445A-12-0348

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Income Statement Pro Forma Adjustments

Navajo

Line No.		[A] Actual End of Test Year	[B] Pro Forma Adjustments - As Filed	[C] Adjusted Test Year - As Filed	[D] Settlement Adj. No. 1	[E] Settlement Adj. No. 2	[F] Settlement Adj. No. 3	[G] Settlement Adj. No. 4	[H] Settlement Adj. No. 5	[I] Settlement Adj. No. 6	[J] Settlement Adj. No. 7	[K] Settlement Adj. No. 8
					Settlement Income Statement Adjustments							
1	Operating Revenues											
2	Residential	$ 3,355,969	$ (290,248)	$ 3,065,720	$ 68,751							
3	Commercial	485,813	(26,674)	459,139								
4	Industrial	374	158	532								
5	Private Fire Service	15,974	(1,207)	14,767								
6	Other Water Revenues	13,496	(1,016)	12,480								
7	Total Water Revenues	$ 3,871,626	$ (318,989)	$ 3,552,639	$ 68,751	$ -	$ -	$ -	$ -	$ -	$ -	$ -
8												
9	Miscellaneous	45,658	(3,215)	42,441								
10	Total Operating Revenues	$ 3,917,284	$ (322,204)	$ 3,595,080	$ 68,751	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11												
12	Operating Expenses											
13	Source of Supply Expenses:											
14	Purchased Water	610	-	610								
15	Other	37,983	879	38,862	1,281							
16	Pumping Expenses:											
17	Purchased Power	262,792	-	262,792								
18	Purchased Gas	451	-	451								
19	Other	80,858	13,606	94,464	11,418							
20	Water Treatment Expenses	76,861	(3,284)	73,577	2,550							
21	Transmission & Distribution Expenses	441,848	88,587	530,435		(21,629)						
22	Customer Accounting Expenses	478,844	41,612	520,456								
23	Sales Expense	881	-	881								
24	Administrative & General Expenses	609,622	114,617	724,239			(2,311)	(18,750)	(13,114)			
25	Total Operations & Maintenance Expense	$ 1,990,750	$ 256,018	$ 2,246,768	$ 15,249	$ (21,629)	$ (2,311)	$ (18,750)	$ (13,114)	$ -	$ -	$ -
26												
27	Depreciation & Amortization Expenses	643,577	29,264	672,841						10,084		
28												
29	Taxes											
30	Federal Income Taxes	197,278	(146,185)	51,093								
31	State Income Taxes	29,304	(18,049)	11,255								
32	Property Taxes	135,561	(15,788)	119,773								29,211
33	Other	345,481	(282,408)	63,073								
34	Total Taxes	$ 707,624	$ (462,430)	$ 245,195	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 29,211
35												
36	Total Operating Expenses	$ 3,341,951	$ (177,147)	$ 3,164,804	$ 15,249	$ (21,629)	$ (2,311)	$ (18,750)	$ (13,114)	$ 10,084	$ -	$ 29,211
37	Operating Income	$ 575,333	$ (145,057)	$ 430,276	$ 53,503	$ 21,629	$ 2,311	$ 18,750	$ 13,114	$ (10,084)	$ -	$ (29,211)
38												
39	Other Income & Deductions:											
40	Interest:											
41	Long-Term Debt	359,135	(28,040)	331,096							4,421	
42	Short-Term Debt	263	(263)	-								
43	Other	(26,183)	26,183	-								
44	Total Interest	$ 333,215	$ (2,120)	$ 331,096	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,421	$ -
45												
46	Other (Income) - Net	(24,448)	24,448	-								
47												
48	Total Other (Income) & Deductions	$ 308,768	$ 22,328	$ 331,096	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,421	$ -
49												
50	Net Income	$ 266,565	$ (167,385)	$ 99,181	$ 53,503	$ 21,629	$ 2,311	$ 18,750	$ 13,114	$ (10,084)	$ (4,421)	$ (29,211)
51												
52												
53												
54												
55												

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Income Statement Pro Forma Adjustments

Line No.		Navajo [L] Settlement Adj. No. 9	[M] BLANK	[N] BLANK	[O] BLANK	[P] BLANK	[Q] BLANK	[R] BLANK	[S] Total Settlement Adjustments	[T] Adjusted Test Year - Settlement	[U] Required Increase - Settlement	[V] Adjstd w/ Increase - Settlement
		Settlement Income Statement Adjustments										
1	Operating Revenues								$ 68,751	$ 3,134,472		
2	Residential								-	459,139		
3	Commercial								-	532		
4	Industrial								-	14,767		
5	Private Fire Service								-	12,480		
6	Other Water Revenues											
7	Total Water Revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 68,751	$ 3,621,391		
8									-	42,441		
9	Miscellaneous											
10	Total Operating Revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 68,751	$ 3,663,832	$ 618,535	$ 4,282,368
11												
12	Operating Expenses											
13	Source of Supply Expenses:								-	610		610
14	Purchased Water								1,281	40,143		40,143
15	Other											
16	Pumping Expenses:								-	262,792		262,792
17	Purchased Power								-	451		451
18	Purchased Gas								11,418	105,882		105,882
19	Other								2,550	76,128		76,128
20	Water Treatment Expenses								(21,629)	508,806		508,806
21	Transmission & Distribution Expenses								-	520,456		520,456
22	Customer Accounting Expenses								-	881		881
23	Sales Expense								(34,175)	690,084		690,084
24	Administrative & General Expenses											
25	Total Operations & Maintenance Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (40,555)	$ 2,206,213	$ -	$ 2,206,213
26												
27	Depreciation & Amortization Expenses								10,084	682,925		682,925
28												
29	Taxes								20,747	71,840	192,996	264,836
30	Federal Income Taxes	20,747							4,570	15,826	42,515	58,341
31	State Income Taxes	4,570							29,211	148,985	8,384	157,369
32	Property Taxes								-	63,073		63,073
33	Other											
34	Total Taxes	$ 25,317	$ -	$ -	$ -	$ -	$ -	$ -	$ 54,528	$ 299,723	$ 243,895	$ 543,618
35												
36	Total Operating Expenses	$ 25,317	$ -	$ -	$ -	$ -	$ -	$ -	$ 24,057	$ 3,188,861	$ 243,895	$ 3,432,756
37	Operating Income	$ (25,317)	$ -	$ -	$ -	$ -	$ -	$ -	$ 44,694	$ 474,971	$ 374,639	$ 849,610
38												
39	Other Income & Deductions:											
40	Interest:								4,421	335,517		335,517
41	Long-Term Debt								-	-		-
42	Short-Term Debt								-	-		-
43	Other											
44	Total Interest	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,421	$ 335,517	$ -	$ 335,517
45									-	-		-
46	Other (Income) - Net											
47												
48	Total Other (Income) & Deductions	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,421	$ 335,517	$ -	$ 335,517
49												
50	Net Income	$ (25,317)	$ -	$ -	$ -	$ -	$ -	$ -	$ 40,273	$ 139,454	$ 374,639	$ 514,093
51												
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53												
54												
55												

Supporting Schedules:

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DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Income Statement Pro Forma Adjustments

Line No.		[A] Actual End of Test Year	[B] Pro Forma Adjustments - As Filed	[C] Adjusted Test Year - As Filed	[D] Settlement Adj. No. 1	[E] Settlement Adj. No. 2	[F] Settlement Adj. No. 3	[G] Settlement Adj. No. 4	[H] Settlement Adj. No. 5	[I] Settlement Adj. No. 6	[J] Settlement Adj. No. 7	[K] Settlement Adj. No. 8
					Verde Valley (Sedona, Pinewood, Rimrock) Settlement Income Statement Adjustments							
1	Operating Revenues											
2	Residential	$ 5,541,864	$ (671,299)	$ 4,870,565	$ 63,203							
3	Commercial	1,735,981	(191,855)	1,544,126								
4	Industrial	3,220	479	3,699								
5	Private Fire Service	50,861	(5,812)	45,049								
6	Other Water Revenues	5,347	(527)	4,820								
7	Total Water Revenues	$ 7,337,272	$ (869,013)	$ 6,468,259	$ 63,203	$ -	$ -	$ -	$ -	$ -	$ -	$ -
8												
9	Miscellaneous	67,784	(6,466)	61,317								
10	Total Operating Revenues	$ 7,405,056	$ (875,480)	$ 6,529,576	$ 63,203	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11												
12	Operating Expenses											
13	Source of Supply Expenses:											
14	Purchased Water	-	-	-								
15	Other	39,901	5,137	45,038	885							
16	Pumping Expenses:											
17	Purchased Power	635,560	-	635,560								
18	Purchased Gas	-	-	-								
19	Other	211,895	20,235	232,130	18,802							
20	Water Treatment Expenses	490,387	105,038	595,425	10,880							
21	Transmission & Distribution Expenses	605,975	142,606	748,581		(53,298)						
22	Customer Accounting Expenses	495,638	52,984	548,622								
23	Sales Expense	1,177	-	1,177								
24	Administrative & General Expenses	792,751	166,218	958,968			(1,217)	(23,575)	(17,411)			
25	Total Operations & Maintenance Expense	$ 3,273,284	$ 492,218	$ 3,765,502	$ 30,566	$ (53,298)	$ (1,217)	$ (23,575)	$ (17,411)	$ -	$ -	$ -
26										424		
27	Depreciation & Amortization Expenses	1,045,969	120,989	1,166,958								
28												
29	Taxes											
30	Federal Income Taxes	510,075	(375,261)	134,814								
31	State Income Taxes	75,767	(46,069)	29,698								2,059
32	Property Taxes	175,818	36,928	212,747								
33	Other	836,582	(751,500)	85,082								
34	Total Taxes	$ 1,598,242	$ (1,136,902)	$ 462,341	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,059
35												
36	Total Operating Expenses	$ 5,917,495	$ (522,694)	$ 5,394,801	$ 30,566	$ (53,298)	$ (1,217)	$ (23,575)	$ (17,411)	$ 424	$ -	$ 2,059
37	Operating Income	$ 1,487,561	$ (352,786)	$ 1,134,775	$ 32,638	$ 53,298	$ 1,217	$ 23,575	$ 17,411	$ (424)	$ -	$ (2,059)
38												
39	Other Income & Deductions:											
40	Interest:											
41	Long-Term Debt	789,309	83,768	873,077							(6,491)	
42	Short-Term Debt	578	(578)	-								
43	Other	(57,545)	57,545	-								
44	Total Interest	$ 732,342	$ 140,735	$ 873,077	$ -	$ -	$ -	$ -	$ -	$ -	$ (6,491)	$ -
45												
46	Other (Income) - Net	(32,459)	32,459	-								
47												
48	Total Other (Income) & Deductions	$ 699,883	$ 173,194	$ 873,077	$ -	$ -	$ -	$ -	$ -	$ -	$ (6,491)	$ -
49												
50	Net Income	$ 787,677	$ (525,980)	$ 261,698	$ 32,638	$ 53,298	$ 1,217	$ 23,575	$ 17,411	$ (424)	$ 6,491	$ (2,059)
51												
52												
53												
54												
55												

Supporting Schedules:

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DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Income Statement Pro Forma Adjustments

Line No.		Verde Valley (Sedona, Pinewood, Rimrock)										
		[L]	[M]	[N]	[O]	[P]	[Q]	[R]	[S]	[T]	[U]	[V]
		Settlement Income Statement Adjustments							Total Settlement Adjustments	Adjusted Test Year - Settlement	Required Increase - Settlement	Adjstd w/ Increase - Settlement
		Settlement Adj. No. 8	BLANK	BLANK	BLANK	BLANK	BLANK	BLANK				
1	Operating Revenues								$ 63,203	$ 4,933,768		
2	Residential								-	1,544,126		
3	Commercial								-	3,699		
4	Industrial								-	45,049		
5	Private Fire Service								-	4,820		
6	Other Water Revenues								$ 63,203	$ 6,531,462		
7	Total Water Revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -				
8									-	61,317		
9	Miscellaneous								$ 63,203	$ 6,592,779	$ 1,621,794	$ 8,214,573
10	Total Operating Revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -				
11												
12	Operating Expenses											
13	Source of Supply Expenses:								-	-		-
14	Purchased Water								885	45,923		45,923
15	Other											
16	Pumping Expenses:								-	635,560		635,560
17	Purchased Power								-	-		-
18	Purchased Gas								18,802	250,932		250,932
19	Other								10,880	606,305		606,305
20	Water Treatment Expenses								(53,298)	695,283		695,283
21	Transmission & Distribution Expenses								-	548,622		548,622
22	Customer Accounting Expenses								-	1,177		1,177
23	Sales Expense								(42,203)	916,765		916,765
24	Administrative & General Expenses								$ (64,935)	$ 3,700,567	$ -	$ 3,700,567
25	Total Operations & Maintenance Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -				
26									424	1,167,382		1,167,382
27	Depreciation & Amortization Expenses											
28												
29	Taxes								41,799	176,613	507,416	684,029
30	Federal Income Taxes	41,799							9,208	38,906	111,779	150,686
31	State Income Taxes	9,208							2,059	214,806	17,614	232,420
32	Property Taxes								-	85,082		85,082
33	Other								$ 53,066	$ 515,407	$ 636,809	$ 1,152,216
34	Total Taxes	$ 51,007	$ -	$ -	$ -	$ -	$ -	$ -				
35									$ (11,445)	$ 5,383,356	$ 636,809	$ 6,020,165
36	Total Operating Expenses	$ 51,007	$ -	$ -	$ -	$ -	$ -	$ -	$ 74,648	$ 1,209,423	$ 984,985	$ 2,194,408
37	Operating Income	$ (51,007)	$ -	$ -	$ -	$ -	$ -	$ -				
38												
39	Other Income & Deductions:											
40	Interest:								(6,491)	866,587		866,587
41	Long-Term Debt								-	-		-
42	Short-Term Debt								-	-		-
43	Other								$ (6,491)	$ 866,587	$ -	$ 866,587
44	Total Interest	$ -	$ -	$ -	$ -	$ -	$ -	$ -				
45									-	-		-
46	Other (Income) - Net											
47									$ (6,491)	$ 866,587	$ -	$ 866,587
48	Total Other (Income) & Deductions	$ -	$ -	$ -	$ -	$ -	$ -	$ -				
49									$ 81,159	$ 342,837	$ 984,985	$ 1,327,821
50	Net Income	$ (51,007)	$ -	$ -	$ -	$ -	$ -	$ -				
51												
52												
53												
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Supporting Schedules:

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DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Settlement Income Statement Adjustment No. 1
Reverse Company Proposed Weather & Usage Normalization

Line No.		Navajo [A]	Verde Valley [B]	Total [B]
1				
2	**Class of Service**	Increase / (Decrease) in Revenue	Increase / (Decrease) in Revenue	Increase / (Decrease) in Revenue
3				
4	Residential 5/8 x 3/4 -inch	$ 63,677	$ 52,810	$ 116,487
5	Residential 1-inch	1,745	6,385	8,130
6	Residential 1.5-inch	-	-	-
7	Residential 2-inch	1,672	2,794	4,466
8	Residential 3-inch	612	-	612
9	Residential 4-inch	1,045	204	1,249
10	Residential 6-inch	-	1,011	1,011
11	Residential 8-inch	-	-	-
12	Residential 10-inch	-	-	-
13				
14	Total Residential	$ 68,751	$ 63,203	$ 131,954
15				
16	Total Increase/(Decrease) in Revenue	$ 68,751	$ 63,203	$ 131,954
17				
18				
19				
20		Increase / (Decrease) in Expenses	Increase / (Decrease) in Expenses	Increase / (Decrease) in Expenses
21				
22	**Class of Expense**			
23				
24	Source of Supply	$ 1,281	$ 885	$ 2,166
25	Pumping	11,418	18,802	30,219
26	Water Treatment	2,550	10,880	13,430
27				
28	Total Residential	$ 15,249	$ 30,566	$ 45,815
29				
30	Total Increase/(Decrease) in Expenses	$ 15,249	$ 30,566	$ 45,815
31				
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DOCKET NO. W-01445A-12-0348
DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Settlement Income Statement Adjustment No. 2
Adopt Staff Recommended T&D Maintenance Expense Adjustment

Line No.	System	Northern Group [A] Company Proposed T&D Maintenance - Expense - Adjustment	[B] Staff Recommended Adjustment	[C] Increase / (Decrease)
6	Northern Group			
7	Navajo	$ 68,736	$ 47,107	$ (21,629)
8	Verde Valley	66,204	12,906	(53,298)
10	Subtotal	$ 134,940	$ 60,013	$ (74,927)
12	Total	$ 134,940	$ 60,013	$ (74,927)
15	Increase/(Decrease) in Expenses			$ (74,927)

Supporting Schedules:

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DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Settlement Income Statement Adjustment No. 3
Adopt Staff Recommended Adjustment to Miscellaneous Expense

Line No.		Northern Group [A] Staff Proposed Adjustment - Miscellaneous Expense
1		
2		
3		
4	System	
5		
6	Northern Group	$ (2,311)
7	Navajo	(1,217)
8	Verde Valley	
9		
10	Subtotal	$ (3,528)
11		
12	Total	$ (3,528)
13		
14		
15	Increase/(Decrease) in Expenses	$ (3,528)
16		
17		
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Supporting Schedules:

Recap Schedules:

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Settlement Income Statement Adjustment No. 4
Adopt Staff Recommended Adjustment to Best Management Practices ("BMP") Expense

Line No.	System	Northern Group [A] Staff Proposed Adjustment - BMP Expense
6	Northern Group	$ (18,750)
7	Navajo	(23,575)
8	Verde Valley	
10	Subtotal	$ (42,325)
12	Total	$ (42,325)
15	Increase/(Decrease) in Expenses	$ (42,325)

Supporting Schedules:

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DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Settlement Income Statement Adjustment No. 5
Adopt Staff Recommended Rate Case Expense

Line No.	System	[A] Northern Grp. Rate Case Expense Estimate / Spread	[B] Normalization Period in Years	[C] Annual Expense - Normalized	[D] T.Y. 2011 Prior Rate Case Expense Charged to O&M - 928.2	[E] Increase / (Decrease)	[F] Settlement Rate Case Expense	[G] Normalization Period in Years	[H] Annual Expense - Normalized	[I] Increase / (Decrease)
						Northern Group				
1										
2	Northern Group	$ 189,707	3	$ 63,236	$ 16,980	$ 46,256	150,364	3	$ 50,121	$ (13,114)
3	Navajo	251,869	3	83,956	21,480	62,476	199,636	3	66,545	(17,411)
4	Verde Valley									
5		$ 441,576		$ 147,192	$ 38,460	$ 108,732	$ 350,000		$ 116,667	$ (30,525)
6	Subtotal									
7										
8							350,000			
9		$ 441,576								(30,525)
10	Phoenix Office			$ 147,192	$ 38,460	$ 108,732				
11										
12	Total									(30,525)
13										
14	Increase/(Decrease) in Rate Case Expense									
15										
16										
17										
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Supporting Schedules:

Recap Schedules:

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Settlement Income Statement Adjustment No. 6
Adjust Depreciation Expense to Reflect Settlement Plant Adjustments

Line No.	Acct. No.		[A] Depreciation Rate	[B] Settlement Rate Base Adjustments - Direct Plant	[C] Settlement Rate Base Adjustments - P.T.Y.P.	Navajo [D] Increase / (Decrease) Depr. Exp.	[E] Increase / (Decrease) Phoenix Office (3-factor Alloc.) 0.0943	[F] Increase / (Decrease) Meter Shop (3-factor Alloc.) 0.0943	[G] Total Increase / (Decrease) [D + E + F]
1		Intangible Plant							
2	301	Organization	0.00%	$ -	$ -	$ -	$ -	$ -	$ -
3	302	Franchises	note_1						
4	303	Other Intangibles	note_1						
5		Subtotal Intangible Plant		$ -	$ -	$ -	$ -	$ -	$ -
6		Source of Supply Plant							
7	310.1	Water Rights	0.00%						
8	310.3	Other Source of Supply Land	0.00%			(0)			
9	310.4	Wells - Other	note_1						
10	314	Wells	3.13%			91,574	2,866		2,866
11		Subtotal Source of Supply Plant		$ -	$ -	$ 91,574	$ 2,866	$ -	$ 2,866
12		Pumping Plant							
13	320	Pumping Plant Land	0.00%						
14	321	Pumping Plant Structures & Improvements	2.86%						
15	325	Electric Pumping Equipment	5.88%			67,225	3,953		3,953
16	328	Gas Engine Equipment	4.00%						
17		Subtotal Pumping Plant		$ -	$ -	$ 67,225	$ 3,953	$ -	$ 3,953
18		Water Treatment Plant							
19	330	Water Treatment Plant Land	0.00%						
20	331	Water Treatment Structures & Improvements	2.50%			(50,000)			
21	332	Water Treatment Equipment	2.86%			10,321	258		258
22		Subtotal Water Treatment Plant				0	0		0
23		Transmission & Distribution Plant		$ -	$ -	$ (39,678)	$ 258	$ -	$ 258
24	340	Transmission and Distribution Land	0.00%						
25	342	Storage Tanks	2.00%			(5,271)	(94)		(94)
26	343	Transmission & Distribution Mains	1.79%						
27	344	Fire Sprinkler Taps	2.00%			129,897	3,092		3,092
28	345	Services	2.38%			(50,000)	(2,275)		(2,275)
29	346	Meters	4.55%						
30	348	Hydrants	1.82%						
31		Subtotal Transmission & Distribution Plant		$ -	$ -	$ 74,627	$ 722	$ -	$ 722
32		General Plant							
33	389	General Plant Land	0.00%						
34	390	General Plant Structures	2.50%						
35	390.1	Leasehold Improvements	note_2					(35)	(35)
36	391	Office Furniture & Equipment	6.67%						
37	393	Warehouse Equipment	5.00%					16	16
38	394	Tools, Shop & Garage Equipment	4.00%						
39	395	Laboratory Equipment	5.00%						
40	396	Power Operated Equipment	6.67%						
41	397	Communication Equipment	6.67%			34,533	2,303		2,303
42	398	Miscellaneous Equipment	3.33%						
43		Subtotal General Plant		$ -	$ -	$ 34,533	$ 2,303	$ (19)	$ 2,284
44									
45		Total Depreciation Expense - Utility Plant		$ -	$ -	$ 226,280	$ 10,103	$ (19)	$ 10,084
46									$ -
47		Net Regulatory Assets/(Liabilities)	2.00%						$ 10,084
48		Less: Contributions in Aid of Construction							
49									
50		Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement							
51									
52									
53		note_1 Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other Intangibles amortized over 15 & 20 Years.							
54		Acct. 310.4 - Wells - Other amortized over 24 years. Accumulated Amortization booked to Acct. 111 - Amort. Of Ltd. Term Investments.							
55		note_2 Acct. 390.1 - Leasehold Improvements amortized over the remaining life of the associated lease.							

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Supporting Schedules:

Recap Schedules:

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DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Settlement Income Statement Adjustment No. 6 (continued)
Adjust Depreciation Expense to Reflect Settlement Plant Adjustments

Line No.	Acct. No.		Verde Valley [A] Depreciation Rate	[B] Settlement Rate Base Adjustments - Direct Plant	[C] Settlement Rate Base Adjustments - P.T.Y.P.	[D] Increase / (Decrease) Depr. Exp.	[E] Increase / (Decrease) Phoenix Office (3-factor Alloc.) 0.1252	[F] Increase / (Decrease) Meter Shop (3-factor Alloc.) 0.1252	[G] Total Increase / (Decrease) [D + E + F]
1		Intangible Plant	0.00%	$ -	$ -	$ -	$ -	$ -	$ -
2	301	Organization	note_1						
3	302	Franchises	note_1						
4	303	Other Intangibles		$ -	$ -	$ -	$ -	$ -	$ -
5		Subtotal Intangible Plant							
6		Source of Supply Plant	0.00%						
7	310.1	Water Rights	0.00%						
8	310.3	Other Source of Supply Land	note_1						
9	310.4	Wells - Other	3.13%						
10	314	Wells		$ -	$ -	$ -	$ -	$ -	$ -
11		Subtotal Source of Supply Plant							
12		Pumping Plant	0.00%						
13	320	Pumping Plant Land	2.86%						
14	321	Pumping Plant Structures & Improvements	5.88%						
15	325	Electric Pumping Equipment	4.00%						
16	328	Gas Engine Equipment		$ -	$ -	$ -	$ -	$ -	$ -
17		Subtotal Pumping Plant							
18		Water Treatment Plant	0.00%						
19	330	Water Treatment Plant Land	2.50%						44
20	331	Water Treatment Structures & Improvements	2.86%		1,533	44			44
21	332	Water Treatment Equipment		$ -	$ 1,533	$ 44	$ -	$ -	$ 44
22		Subtotal Water Treatment Plant							
23		Transmission & Distribution Plant	0.00%						
24	340	Transmission and Distribution Land	2.00%						(188)
25	342	Storage Tanks	1.79%		(10,494)	(188)			
26	343	Transmission & Distribution Mains	2.00%						32
27	344	Fire Sprinkler Taps	2.38%		1,342	32			
28	345	Services	4.55%						
29	346	Meters	1.82%						(156)
30	348	Hydrants		$ -	$ (9,151)	$ (156)	$ -	$ -	$ (156)
31		Subtotal Transmission & Distribution Plant							
32		General Plant	0.00%						
33	389	General Plant Land	2.50%						
34	390	General Plant Structures	note_2				(47)		(47)
35	390.1	Leasehold Improvements	6.67%						
36	391	Office Furniture & Equipment	5.00%				22		22
37	393	Warehouse Equipment	4.00%						
38	394	Tools, Shop & Garage Equipment	5.00%						
39	395	Laboratory Equipment	6.67%						561
40	396	Power Operated Equipment	6.67%		8,413	561			
41	397	Communication Equipment	3.33%						
42	398	Miscellaneous Equipment		$ -	$ 8,413	$ 561	$ (25)	$ -	$ 536
43		Subtotal General Plant							
44				$ -	$ 795	$ 449	$ (25)	$ -	$ 424
45		Total Depreciation Expense - Utility Plant							
46								$ -	
47		Net Regulatory Assets/(Liablities)	2.00%						
48		Less: Contributions in Aid of Construction							$ 424
49									
50		Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement							
51									
52									
53		note_1 Acct. 302 - Franchises amortized over 25 years, Acct. 303 - Other Intangibles amortized over 15 & 20 Years.							
54		Acct. 310.4 - Wells - Other amortized over 24 years. Accumulated Amortization booked to Acct. 111 - Amort. Of Ltd. Term Investments.							
55		note_2 Acct. 390.1 - Leasehold Improvements amortized over the remaining life of the associated lease.							

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Supporting Schedules:

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DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Settlement Income Statement Adjustment No. 6 (continued)
Adjust Depreciation Expense to Reflect Settlement Plant Adjustments

Line No.	Acct. No.		Phoenix Office [A] Depreciation Rate	[B] Settlement Rate Base Adjustments - Direct Plant	[C] Settlement Rate Base Adjustments - P.T.Y.P.	[D] Increase / (Decrease) Depr. Exp.
1		Intangible Plant				
2	301	Organization	0.00%	$ -	$ -	$ -
3	302	Franchises	note_1			
4	303	Other Intangibles	note_1			
5		Subtotal Intangible Plant		$ -	$ -	$ -
6		Source of Supply Plant				
7	310.1	Water Rights	0.00%			
8	310.3	Other Source of Supply Land	0.00%			
9	310.4	Wells - Other	note_1			
10	314	Wells	3.13%			
11		Subtotal Source of Supply Plant		$ -	$ -	$ -
12		Pumping Plant				
13	320	Pumping Plant Land	0.00%			
14	321	Pumping Plant Structures & Improvements	2.86%			
15	325	Electric Pumping Equipment	5.88%			
16	328	Gas Engine Equipment	4.00%			
17		Subtotal Pumping Plant		$ -	$ -	$ -
18		Water Treatment Plant				
19	330	Water Treatment Plant Land	0.00%			
20	331	Water Treatment Structures & Improvements	2.50%			
21	332	Water Treatment Equipment	2.86%			
22		Subtotal Water Treatment Plant		$ -	$ -	$ -
23		Transmission & Distribution Plant				
24	340	Transmission and Distribution Land	0.00%			
25	342	Storage Tanks	2.00%			
26	343	Transmission & Distribution Mains	1.79%			
27	344	Fire Sprinkler Taps	2.00%			
28	345	Services	2.38%			
29	346	Meters	4.55%			
30	348	Hydrants	1.82%			
31		Subtotal Transmission & Distribution Plant		$ -	$ -	$ -
32		General Plant				
33	389	General Plant Land	0.00%			
34	390	General Plant Structures	2.50%			
35	390.1	Leasehold Improvements	note_2			
36	391	Office Furniture & Equipment	6.67%		(5,620)	(375)
37	393	Warehouse Equipment	5.00%			
38	394	Tools, Shop & Garage Equipment	4.00%		4,334	173
39	395	Laboratory Equipment	5.00%			
40	396	Power Operated Equipment	6.67%			
41	397	Communication Equipment	6.67%			
42	398	Miscellaneous Equipment	3.33%			
43		Subtotal General Plant		$ -	$ (1,286)	$ (201)
44				$ -	$ (1,286)	$ (201)
45		Total Depreciation Expense - Utility Plant				
46		Net Regulatory Assets/(Liabilities)				
47						$ (201)
48		Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement				
49						
50						
51						
52						

53 note_1 Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangibles amortized over 15 & 20 Years.
54 Acct. 310.4 - Wells - Other amortized over 24 years. Accumulated Amortization booked to Acct. 111 - Amort. Of Ltd. Term Investments.
55 note_2 Acct. 390.1 - Leasehold Improvements amortized over the remaining life of the associated lease.

DECISION NO. 74081

DOCKET NO. W-01445A-12-0348

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Settlement Income Statement Adjustment No. 6 (continued)
Adjust Depreciation Expense to Reflect Settlement Plant Adjustments

Meter Shop

Line No.	Acct. No.		[A] Depreciation Rate	[B] Settlement Rate Base Adjustments - Direct Plant	[C] Settlement Rate Base Adjustments - P.T.Y.P.	[D] Increase / (Decrease) Depr. Exp.
1		Intangible Plant	0.00%	$ -	$ -	$ -
2	301	Organization	note_1			
3	302	Franchises	note_1			
4	303	Other Intangibles		$ -	$ -	$ -
5		Subtotal Intangible Plant				
6		Source of Supply Plant	0.00%			
7	310.1	Water Rights	0.00%			
8	310.3	Other Source of Supply Land	note_1			
9	310.4	Wells - Other	3.13%			
10	314	Wells		$ -	$ -	$ -
11		Subtotal Source of Supply Plant				
12		Pumping Plant	0.00%			
13	320	Pumping Plant Land	2.86%			
14	321	Pumping Plant Structures & Improvements	5.88%			
15	325	Electric Pumping Equipment	4.00%			
16	328	Gas Engine Equipment		$ -	$ -	$ -
17		Subtotal Pumping Plant				
18		Water Treatment Plant	0.00%			
19	330	Water Treatment Plant Land	2.50%			
20	331	Water Treatment Structures & Improvements	2.86%			
21	332	Water Treatment Equipment		$ -	$ -	$ -
22		Subtotal Water Treatment Plant				
23		Transmission & Distribution Plant	0.00%			
24	340	Transmission and Distribution Land	2.00%			
25	342	Storage Tanks	1.79%			
26	343	Transmission & Distribution Mains	2.00%			
27	344	Fire Sprinkler Taps	2.38%			
28	345	Services	4.55%			
29	346	Meters	1.82%			
30	348	Hydrants		$ -	$ -	$ -
31		Subtotal Transmission & Distribution Plant				
32		General Plant	0.00%			
33	389	General Plant Land	2.50%			
34	390	General Plant Structures	note_2			
35	390.1	Leasehold Improvements	6.67%			
36	391	Office Furniture & Equipment	5.00%			
37	393	Warehouse Equipment	4.00%			
38	394	Tools, Shop & Garage Equipment	5.00%			
39	395	Laboratory Equipment	6.67%			
40	396	Power Operated Equipment	6.67%			
41	397	Communication Equipment	3.33%			
42	398	Miscellaneous Equipment		$ -	$ -	$ -
43		Subtotal General Plant				
44				$ -	$ -	$ -
45		Total Depreciation Expense - Utility Plant				
46		Net Regulatory Assets/(Liabilities)				
47						$ -
48		Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement				
49						
50						
51						
52						
53		note_1 Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangibles amortized over 15 & 20 Years.				
54		Acct. 310.4 - Wells - Other amortized over 24 years. Accumulated Amortization booked to Acct. 111 - Amort. Of Ltd. Term Investments.				
55		note_2 Acct. 390.1 - Leasehold Improvements amortized over the remaining life of the associated lease.				

Supporting Schedules:

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ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Settlement Income Statement Adjustment No. 7
True-up Synchronized Interest to Reflect Settlement Rate Base Adjustments

Northern Group - Synchronized Interest

Line No.	System	[A] Settlement Orig. Cost Rate Base Sch. B-1 Ln. 23	[B] Weighted Cost of Long-Term Debt Sch. D-1	[C] Synchronized Interest - Long-Term Debt	[D] Adjusted T.Y. Long-Term Interest - As Filed	[E] Increase / (Decrease) Long-Term Interest Exp.	[F] Weighted Cost of Short-Term Debt Sch. D-1	[G] Synchronized Interest - Short-Term Debt	[H] Adjusted T.Y. Short-Term Interest - As Filed	[I] Increase / (Decrease) Short-Term Interest Exp.	[J] Test Year Other Interest - As Filed	[K] Increase / (Decrease) Other Interest Exp.
1												
2												
3	Northern Group											
4	Navajo	$ 10,060,534	3.33%	$ 335,517	$ 331,096	$ 4,421	0.00%	$ -	$ -	$ -	$ -	$ -
5	Verde Valley	25,984,762	3.33%	866,587	873,077	(6,491)	0.00%	-	-	-	-	-
6												
7	Subtotal	$ 36,045,295		$ 1,202,103	$ 1,204,173	$ (2,069)		$ -	$ -	$ -	$ -	$ -
8												
9	Total	$ 36,045,295		$ 1,202,103	$ 1,204,173	$ (2,069)		$ -	$ -	$ -	$ -	$ -
10												$ (2,069)
11												
12	Increase/(Decrease) in Expenses											
13												
14												
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16												
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DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Settlement Income Statement Adjustment IS-8
Adjust Property Taxes

Line No.		Navajo [A] T.Y. Adjstd' - Settlement	Navajo [B] Adjusted - Settlement w/ Increase	Verde Valley [C] T.Y. Adjstd' - Settlement	Verde Valley [D] Adjusted - Settlement w/ Increase	Northern Group [E] T.Y. Adjstd' - Settlement	Northern Group [F] Adjusted - Settlement w/ Increase
1							
2	Adjusted Revenues - Settlement	$ 3,663,832	$ 3,663,832	$ 6,592,779	$ 6,592,779	$ 10,256,611	$ 10,256,611
3	Adjusted Revenues - Settlement	3,663,832	3,663,832	6,592,779	6,592,779	10,256,611	10,256,611
4	Adjusted Revenues - Settlement / Settlement Revenues	3,663,832	4,282,366	6,592,779	8,214,573	10,256,611	12,496,939
5							
6	Average Revenue	$ 3,663,832	$ 3,870,010	$ 6,592,779	$ 7,133,377	$ 10,256,611	$ 11,003,387
7							
8	Average Revenue Multiplied by 2	$ 7,327,663	$ 7,740,020	$ 13,185,558	$ 14,266,754	$ 20,513,221	$ 22,006,774
9							
10							
11							
12							
13							
14							
15	Deduct:						
16	Net Book Value of Transportation Equipment	$ -	$ -	$ -	$ -	$ -	$ -
17							
18							
19	Full Cash Value	$ 7,327,663	$ 7,740,020	$ 13,185,558	$ 14,266,754	$ 20,513,221	$ 22,006,774
20							
21	Assessment Ratio	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
22							
23	Assessed Value	1,465,533	1,548,004	2,637,112	2,853,351	4,102,644	4,401,355
24							
25	Property Tax Rate[1]	10.17%	10.17%	8.15%	8.15%	8.87%	8.86%
26							
27	Property Tax	148,985	157,369	214,806	232,420	363,790	389,788
28							
29	Tax on Parcels	-	-	-	-	-	-
30							
31	Total Property Taxes - Calculated	$ 148,985	$ 157,369	$ 214,806	$ 232,420	$ 363,790	$ 389,788
32							
33	Adjusted Property Taxes - As filed	119,773		212,747		332,520	
34							
35	Increase / (Decrease) in T.Y. Property Taxes - Settlement	$ 29,211		$ 2,059		$ 31,271	
36							
37	Adjusted Property Taxes at New Rates - Settlement		148,985		214,806		363,790
38							
39	Inc. / (Dec.) in Property Taxes at New Rates - Settlement		$ 8,384		$ 17,614		$ 25,998
40							
41	As % of Change in Revenue Requirement		1.36%		1.09%		1.16%
42							
43							
44							
45							
46							
47							
48							
49							
50							
51							
52							
53							
54	[1]Property Tax rates updated to reflect current						
55	known & measurable rates.						

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DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Settlement Income Statement Adjustment IS-9
Adjust Income Taxes

Line No.		Navajo [A] T.Y. Adjusted - Settlement	Navajo [B] Adjusted - Settlement w/ Increase	Verde Valley [C] T.Y. Adjusted - Settlement	Verde Valley [D] Adjusted - Settlement w/ Increase	Northern Group [D] T.Y. Adjusted - Settlement	Northern Group [E] Adjusted - Settlement w/ Increase
1							
2							
3	Operating Income Before Inc. Taxes	$ 562,636	$ 1,172,787	$ 1,424,942	$ 3,029,123	$ 1,987,578	$ 4,201,910
4	Interest Expense	335,517	335,517	866,587	866,587	1,202,103	1,202,103
5	Arizona Taxable Income (Ln. 3 + Ln. 4)	$ 227,119	$ 837,270	$ 558,356	$ 2,162,536	$ 785,475	$ 2,999,806
6							
7	Less Arizona Income Tax (Ln. 5 X Ln. 8)	$ 15,826	$ 58,341	$ 38,906	$ 150,686	$ 54,732	$ 209,026
8	Arizona Income Tax Rate = 6.968%						
9							
10	Federal Income Before Taxes (Ln. 5)	$ 227,119	$ 837,270	$ 558,356	$ 2,162,536	$ 785,475	$ 2,999,806
11	Less Arizona Income Taxes (Ln. 7)	15,826	58,341	38,906	150,686	54,732	209,026
12	Federal Taxable Income (Ln. 10 - Ln. 11)	$ 211,294	$ 778,929	$ 519,449	$ 2,011,850	$ 730,743	$ 2,790,780
13							
14	Federal Income Taxes:						
15	15% Bracket from $1 to $50,000						
16	25% Bracket from $50,001 to $75,000						
17	34% Bracket from $75,001 to $100,000						
18	39% Bracket from $100,001 to $335,000						
19	34% Bracket over $335,000	71,840	264,836	176,613	684,029	248,453	948,865
20							
21	Federal Income Taxes:	$ 71,840	$ 264,836	$ 176,613	$ 684,029	$ 248,453	$ 948,865
22							
23							
24	Total Income Tax (Ln. 11 + Ln. 21)	$ 87,666	$ 323,177	$ 215,519	$ 834,715	$ 303,185	$ 1,157,892
25							
26	Tax Rate (Ln. 24 ÷ Ln. 5)	38.60%	38.60%	38.60%	38.60%	38.60%	38.60%
27							
28	Effective Income Tax Rates						
29	State (Ln. 7 ÷ Ln. 5)	6.97%	6.97%	6.97%	6.97%	6.97%	6.97%
30	Federal (Ln. 21 ÷ Ln. 5)	31.63%	31.63%	31.63%	31.63%	31.63%	31.63%
31							
32							
33	Adjusted Federal Income Taxes - As Filed (Sch. C-2, Ln. 30)	$ 51,093		$ 134,814		$ 185,907	
34	Increase / (Decrease) in Federal Income Taxes (Ln. 21 - Ln. 33)	20,747		41,799		62,546	
35							
36	Adjusted State Income Taxes - As filed (Sch. C-2, Ln. 31)	$ 11,255		$ 29,698		$ 40,954	
37	Increase / (Decrease) in State Income Taxes (Ln. 11 - Ln. 36)	4,570		9,208		13,778	
38							
39	Adjusted Federal Income Taxes - Settlement		$ 71,840		$ 176,613		$ 248,453
40	Increase / (Decrease) in Federal Income Taxes (Ln. 21 - Ln. 39)		192,996		507,416		700,412
41							
42	Adjusted State Income Taxes - Settlement		15,826		38,906		54,732
43	Increase / (Decrease) in State Income Taxes (Ln. 11 - Ln. 42)		42,515		111,779		154,295
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Supporting Schedules:

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Processing Date: 4/2/2013 2:54 PM

Recap Schedules:

DOCKET NO. W-01445A-12-0348
DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Computation of Gross Revenue Conversion Factor

Line No.	Description	Northern Group [A] Percentage of Incremental Gross Revenues	Navajo [B] Percentage of Incremental Gross Revenues	Verde Valley (Sedona, Pinewood, Rimrock) [C] Percentage of Incremental Gross Revenues
1				
2	Federal Income Taxes	31.63%	31.63%	31.63%
3				
4	State Income Taxes	6.97%	6.97%	6.97%
5				
6	Total Federal & State Income Tax Percentage	38.60%	38.60%	38.60%
7				
8	Operating Income % = 100% - Tax Percentage	61.40%	61.40%	61.40%
9				
10	Property Tax Factor (Sch. C-2 Appdx.)	1.16%	1.36%	1.09%
11				
12	Effective Property Tax Factor (Ln. 8 x Ln. 10)	0.71%	0.83%	0.67%
13				
14	Combined Federal & State Income & Property Tax Rate	39.31%	39.43%	39.27%
15				
16	Operating Income % = 100% - Tax Percentage	60.69%	60.57%	60.73%
17				
18				
19				
20				
21				
22	1 / Operating Income % = Gross Revenue Conversion Factor	1.6478	1.6510	1.6465
23				
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Supporting Schedules:

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Summary Cost of Capital

Line No.	Description	Northern Group [A] Actual End of Test Year Dollar Amount[1]	[B] Percent of Total	[C] Rate of Return	[D] Weighted Return
2	Short-Term Debt	$ -	0.0%	0.00%	0.00%
4	Long-Term Debt	16,462,500	48.9%	6.82%	3.34%
6	Common Equity	17,169,552	51.1%	6.14%	3.13%
8	Totals	$ 33,632,052	100.00%		6.48%

Line No.	Description	Proposed End of Test Year - As Filed Dollar Amount[1]	Percent of Total	Cost Rate	Weighted Cost
20	Short-Term Debt	$ -	0.0%	0.00%	0.00%
22	Long-Term Debt	16,462,500	48.9%	6.82%	3.34%
24	Common Equity	17,169,552	51.1%	11.30%	5.77%
26	Totals	$ 33,632,052	100.00%		9.11%

Line No.	Description	End of Test Year - Settlement Dollar Amount[1]	Percent of Total	Cost Rate	Weighted Cost
38	Short-Term Debt	$ -	0.0%	0.00%	0.00%
40	Long-Term Debt	16,462,500	48.9%	6.82%	3.33%
42	Common Equity	17,169,552	51.1%	10.00%	5.11%
44	Totals	$ 33,632,052	100.00%		8.44%

[1]Allocated based on 3-factor methodology

Supporting Schedules:

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Processing Date: 4/2/2013 2:58 PM

Recap Schedules:

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Changes in Representative Rate Schedules

Navajo

Line No.	Class of Service	[A] Rate Block	[B] Present	[C] Settlement	[D] Basic Service Charge Present Rate	[E] Basic Service Charge Settlement Rate	[F] Basic Service Charge Change	[G] Volumetric Charge (/M Gal) Present Rate	[H] Volumetric Charge (/M Gal) Settlement Rate	[I] Volumetric Charge (/M Gal) Change
1										
2	Residential 5/8 x 3/4 -inch	Tier One Breakover (M Gal):	3	3	$ 12.64	$ 17.26	$ 4.62	$ 4.2771	$ 3.9160	$ (0.3611)
3		Tier Two Breakover (M Gal):	10	10				5.1320	5.4213	0.2893
4		Tier Three Breakover (M Gal):	99,999	99,999				6.1580	7.3058	1.1478
5										
6	Residential 1-inch	Tier One Breakover (M Gal):	10	21	$ 31.61	$ 43.15	$ 11.54	$ 5.1320	$ 5.4213	$ 0.2893
7		Tier Two Breakover (M Gal):	99,999	99,999				6.1580	7.3058	1.1478
8		Tier Three Breakover (M Gal):	99,999	99,999				6.1580	7.3058	1.1478
9										
10	Residential 1.5-inch	Tier One Breakover (M Gal):	n/a	50	n/a	$ 86.30	n/a	n/a	$ 5.4213	n/a
11		Tier Two Breakover (M Gal):	n/a	99,999				n/a	7.3058	n/a
12		Tier Three Breakover (M Gal):	n/a	99,999				n/a	7.3058	n/a
13										
14	Residential 2-inch	Tier One Breakover (M Gal):	50	60	$ 101.15	$ 138.08	$ 36.93	$ 5.1320	$ 5.4213	$ 0.2893
15		Tier Two Breakover (M Gal):	99,999	99,999				6.1580	7.3058	1.1478
16		Tier Three Breakover (M Gal):	99,999	99,999				6.1580	7.3058	1.1478
17										
18	Residential 3-inch	Tier One Breakover (M Gal):	125	120	$ 202.29	$ 276.16	$ 73.87	$ 5.1320	$ 5.4213	$ 0.2893
19		Tier Two Breakover (M Gal):	99,999	99,999				6.1580	7.3058	1.1478
20		Tier Three Breakover (M Gal):	99,999	99,999				6.1580	7.3058	1.1478
21										
22	Residential 4-inch	Tier One Breakover (M Gal):	200	190	$ 316.08	$ 431.50	$ 115.42	$ 5.1320	$ 5.4213	$ 0.2893
23		Tier Two Breakover (M Gal):	99,999	99,999				6.1580	7.3058	1.1478
24		Tier Three Breakover (M Gal):	99,999	99,999				6.1580	7.3058	1.1478
25										
26	Residential 6-inch	Tier One Breakover (M Gal):	350	390	$ 632.17	$ 863.00	$ 230.83	$ 5.1320	$ 5.4213	$ 0.2893
27		Tier Two Breakover (M Gal):	99,999	99,999				6.1580	7.3058	1.1478
28		Tier Three Breakover (M Gal):	99,999	99,999				6.1580	7.3058	1.1478
29										
30	Residential 8-inch	Tier One Breakover (M Gal):	650	600	$ 1,011.47	$ 1,380.80	$ 369.33	$ 5.1320	$ 5.4213	$ 0.2893
31		Tier Two Breakover (M Gal):	99,999	99,999				6.1580	7.3058	1.1478
32		Tier Three Breakover (M Gal):	99,999	99,999				6.1580	7.3058	1.1478
33										
34	Residential 10-inch	Tier One Breakover (M Gal):	1,080	800	$ 1,453.99	$ 1,984.90	$ 530.91	$ 5.1320	$ 5.4213	$ 0.2893
35		Tier Two Breakover (M Gal):	99,999	99,999				6.1580	7.3058	1.1478
36		Tier Three Breakover (M Gal):	99,999	99,999				6.1580	7.3058	1.1478
37										
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55	**For Service Charges See Company-wide Service Charge Tariff at the end of this schedule**									

(Continued)

DOCKET NO. W-01445A-12-0348
DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Changes in Representative Rate Schedules

Navajo

Line No.	Class of Service	[A] Rate Block	[B] Present	[C] Settlement	[D] Basic Service Charge Present Rate	[E] Basic Service Charge Settlement Rate	[F] Basic Service Charge Change	[G] Volumetric Charge (/M Gal) Present Rate	[H] Volumetric Charge (/M Gal) Settlement Rate	[I] Volumetric Charge (/M Gal) Change
1	Commercial 5/8 x 3/4 -inch	Tier One Breakover (M Gal):	10	10	$ 12.64	$ 23.00	$ 10.36	$ 4.6988	$ 5.4213	$ 0.7225
2		Tier Two Breakover (M Gal):	99,999	99,999				5.6386	7.3058	1.6672
3		Tier Three Breakover (M Gal):	99,999	99,999				5.6386	7.3058	1.6672
4										
5	Commercial 1-inch	Tier One Breakover (M Gal):	15	21	$ 31.61	$ 57.50	$ 25.89	$ 4.6988	$ 5.4213	$ 0.7225
6		Tier Two Breakover (M Gal):	99,999	99,999				5.6386	7.3058	1.6672
7		Tier Three Breakover (M Gal):	99,999	99,999				5.6386	7.3058	1.6672
8										
9	Commercial 1.5-inch	Tier One Breakover (M Gal):	n/a	50	n/a	$ 115.00	n/a	n/a	$ 5.4213	n/a
10		Tier Two Breakover (M Gal):	n/a	99,999				n/a	7.3058	n/a
11		Tier Three Breakover (M Gal):	n/a	99,999				n/a	7.3058	n/a
12										
13	Commercial 2-inch	Tier One Breakover (M Gal):	65	60	$ 101.15	$ 184.00	$ 82.85	$ 4.6988	$ 5.4213	$ 0.7225
14		Tier Two Breakover (M Gal):	99,999	99,999				5.6386	7.3058	1.6672
15		Tier Three Breakover (M Gal):	99,999	99,999				5.6386	7.3058	1.6672
16										
17	Commercial 3-inch	Tier One Breakover (M Gal):	125	120	$ 202.29	$ 368.00	$ 165.71	$ 4.6988	$ 5.4213	$ 0.7225
18		Tier Two Breakover (M Gal):	99,999	99,999				5.6386	7.3058	1.6672
19		Tier Three Breakover (M Gal):	99,999	99,999				5.6386	7.3058	1.6672
20										
21	Commercial 4-inch	Tier One Breakover (M Gal):	200	190	$ 316.08	$ 575.00	$ 258.92	$ 4.6988	$ 5.4213	$ 0.7225
22		Tier Two Breakover (M Gal):	99,999	99,999				5.6386	7.3058	1.6672
23		Tier Three Breakover (M Gal):	99,999	99,999				5.6386	7.3058	1.6672
24										
25	Commercial 6-inch	Tier One Breakover (M Gal):	400	390	$ 632.17	$ 1,150.00	$ 517.83	$ 4.6988	$ 5.4213	$ 0.7225
26		Tier Two Breakover (M Gal):	99,999	99,999				5.6386	7.3058	1.6672
27		Tier Three Breakover (M Gal):	99,999	99,999				5.6386	7.3058	1.6672
28										
29	Commercial 8-inch	Tier One Breakover (M Gal):	875	600	$ 1,011.47	$ 1,840.00	$ 828.53	$ 4.6988	$ 5.4213	$ 0.7225
30		Tier Two Breakover (M Gal):	99,999	99,999				5.6386	7.3058	1.6672
31		Tier Three Breakover (M Gal):	99,999	99,999				5.6386	7.3058	1.6672
32										
33	Commercial 10-inch	Tier One Breakover (M Gal):	1,080	800	$ 1,453.99	$ 2,645.00	$ 1,191.01	$ 4.6988	$ 5.4213	$ 0.7225
34		Tier Two Breakover (M Gal):	99,999	99,999				5.6386	7.3058	1.6672
35		Tier Three Breakover (M Gal):	99,999	99,999				5.6386	7.3058	1.6672
36										
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55	**For Service Charges See Company-wide Service Charge Tariff at the end of this schedule**									

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Supporting Schedules:

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Processing Date: 4/2/2013 2:57 PM

Recap Schedules:

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Changes in Representative Rate Schedules

Navajo

Line No.	Class of Service	[A] Rate Block	[B] Present	[C] Settlement	[D] Basic Service Charge Present Rate	[E] Basic Service Charge Settlement Rate	[F] Basic Service Charge Change	[G] Volumetric Charge (/M Gal) Present Rate	[H] Volumetric Charge (/M Gal) Settlement Rate	[I] Volumetric Charge (/M Gal) Change
1	Industrial 5/8 x 3/4 -inch	Tier One Breakover (M Gal):	99,999	99,999	$ 12.64	$ 23.00	$ 10.36	$ 4.0667	$ 5.4213	$ 1.3546
2		Tier Two Breakover (M Gal):	99,999	99,999				4.0667	5.4213	1.3546
3		Tier Three Breakover (M Gal):	99,999	99,999				4.0667	5.4213	1.3546
4										
5	Industrial 1-inch	Tier One Breakover (M Gal):	99,999	99,999	$ 31.61	$ 57.50	$ 25.89	$ 4.0667	$ 5.4213	$ 1.3546
6		Tier Two Breakover (M Gal):	99,999	99,999				4.0667	5.4213	1.3546
7		Tier Three Breakover (M Gal):	99,999	99,999				4.0667	5.4213	1.3546
8										
9	Industrial 1.5-inch	Tier One Breakover (M Gal):	n/a	99,999	n/a	$ 115.00	n/a	n/a	$ 5.4213	n/a
10		Tier Two Breakover (M Gal):	n/a	99,999				n/a	5.4213	n/a
11		Tier Three Breakover (M Gal):	n/a	99,999				n/a	5.4213	n/a
12										
13	Industrial 2-inch	Tier One Breakover (M Gal):	99,999	99,999	$ 101.15	$ 184.00	$ 82.85	$ 4.0667	$ 5.4213	$ 1.3546
14		Tier Two Breakover (M Gal):	99,999	99,999				4.0667	5.4213	1.3546
15		Tier Three Breakover (M Gal):	99,999	99,999				4.0667	5.4213	1.3546
16										
17	Industrial 3-inch	Tier One Breakover (M Gal):	99,999	99,999	$ 202.29	$ 368.00	$ 165.71	$ 4.0667	$ 5.4213	$ 1.3546
18		Tier Two Breakover (M Gal):	99,999	99,999				4.0667	5.4213	1.3546
19		Tier Three Breakover (M Gal):	99,999	99,999				4.0667	5.4213	1.3546
20										
21	Industrial 4-inch	Tier One Breakover (M Gal):	99,999	99,999	$ 316.08	$ 575.00	$ 258.92	$ 4.0667	$ 5.4213	$ 1.3546
22		Tier Two Breakover (M Gal):	99,999	99,999				4.0667	5.4213	1.3546
23		Tier Three Breakover (M Gal):	99,999	99,999				4.0667	5.4213	1.3546
24										
25	Industrial 6-inch	Tier One Breakover (M Gal):	99,999	99,999	$ 632.17	$ 1,150.00	$ 517.83	$ 4.0667	$ 5.4213	$ 1.3546
26		Tier Two Breakover (M Gal):	99,999	99,999				4.0667	5.4213	1.3546
27		Tier Three Breakover (M Gal):	99,999	99,999				4.0667	5.4213	1.3546
28										
29	Industrial 8-inch	Tier One Breakover (M Gal):	99,999	99,999	$ 1,011.47	$ 1,840.00	$ 828.53	$ 4.0667	$ 5.4213	$ 1.3546
30		Tier Two Breakover (M Gal):	99,999	99,999				4.0667	5.4213	1.3546
31		Tier Three Breakover (M Gal):	99,999	99,999				4.0667	5.4213	1.3546
32										
33	Industrial 10-inch	Tier One Breakover (M Gal):	99,999	99,999	$ 1,453.99	$ 2,645.00	$ 1,191.01	$ 4.0667	$ 5.4213	$ 1.3546
34		Tier Two Breakover (M Gal):	99,999	99,999				4.0667	5.4213	1.3546
35		Tier Three Breakover (M Gal):	99,999	99,999				4.0667	5.4213	1.3546
36										
37										
38										
39	Private Fire Service	All meter connection sizes:			$ 22.58	$ 25.00	$ 2.42	n/a	n/a	n/a
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55	**For Service Charges See Company-wide Service Charge Tariff at the end of this schedule**									

DOCKET NO. W-01445A-12-0348
DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Changes In Representative Rate Schedules

Navajo

Line No.	Class of Service	[A] Rate Block	[B] Present	[C] Settlement	[D] Basic Service Charge Present Rate	[E] Basic Service Charge Settlement Rate	[F] Basic Service Charge Change	[G] Volumetric Charge (/M Gal) Present Rate	[H] Volumetric Charge (/M Gal) Settlement Rate	[I] Volumetric Charge (/M Gal) Change
1	Public Fire Hydrant				n/a	n/a	n/a	n/a	n/a	n/a
2	Coin Machine				n/a	n/a	n/a	n/a	n/a	n/a
3		No. Gallons / $ .25 (quarter)								
4	Construction Water (2-Inch)	Tier One Breakover (M Gal):	65	60	$ 101.15	$ 184.00	$ 82.85	$ 4.6988	$ 5.4213	$ 0.7225
5		Tier Two Breakover (M Gal):	99,999	99,999				5.6386	7.3058	1.6672
6		Tier Three Breakover (M Gal):	99,999	99,999				5.6386	7.3058	1.6672
7	Construction Water (3-Inch)	Tier One Breakover (M Gal):	125	120	$ 202.29	$ 368.00	$ 165.71	$ 4.6988	$ 5.4213	$ 0.7225
8		Tier Two Breakover (M Gal):	99,999	99,999				5.6386	7.3058	1.6672
9		Tier Three Breakover (M Gal):	99,999	99,999				5.6386	7.3058	1.6672
10	Construction Water (4-Inch)	Tier One Breakover (M Gal):	200	190	$ 316.08	$ 575.00	$ 258.92	$ 4.6988	$ 5.4213	$ 0.7225
11		Tier Two Breakover (M Gal):	99,999	99,999				5.6386	7.3058	1.6672
12		Tier Three Breakover (M Gal):	99,999	99,999				5.6386	7.3058	1.6672
13	Sales for Resale (5/8-Inch)	Tier One Breakover (M Gal):	99,999	99,999	$ 12.64	$ 23.00	$ 10.36	$ 4.6988	$ 5.4213	$ 0.7225
14		Tier Two Breakover (M Gal):	99,999	99,999				4.6988	5.4213	0.7225
15		Tier Three Breakover (M Gal):	99,999	99,999				4.6988	5.4213	0.7225
16	Sales for Resale (1-Inch)	Tier One Breakover (M Gal):	99,999	99,999	$ 31.61	$ 57.50	$ 25.89	$ 4.6988	$ 5.4213	$ 0.7225
17		Tier Two Breakover (M Gal):	99,999	99,999				4.6988	5.4213	0.7225
18		Tier Three Breakover (M Gal):	99,999	99,999				4.6988	5.4213	0.7225
19	Sales for Resale (1.5-Inch)	Tier One Breakover (M Gal):	n/a	99,999	n/a	$ 115.00	n/a	n/a	$ 5.4213	n/a
20		Tier Two Breakover (M Gal):	n/a	99,999				n/a	5.4213	n/a
21		Tier Three Breakover (M Gal):	n/a	99,999				n/a	5.4213	n/a
22	Sales for Resale (2-Inch)	Tier One Breakover (M Gal):	99,999	99,999	$ 101.15	$ 184.00	$ 82.85	$ 4.6988	$ 5.4213	$ 0.7225
23		Tier Two Breakover (M Gal):	99,999	99,999				4.6988	5.4213	0.7225
24		Tier Three Breakover (M Gal):	99,999	99,999				4.6988	5.4213	0.7225
25	Sales for Resale (3-Inch)	Tier One Breakover (M Gal):	99,999	99,999	$ 202.29	$ 368.00	$ 165.71	$ 4.6988	$ 5.4213	$ 0.7225
26		Tier Two Breakover (M Gal):	99,999	99,999				4.6988	5.4213	0.7225
27		Tier Three Breakover (M Gal):	99,999	99,999				4.6988	5.4213	0.7225
28	Sales for Resale (4-Inch)	Tier One Breakover (M Gal):	99,999	99,999	$ 316.08	$ 575.00	$ 258.92	$ 4.6988	$ 5.4213	$ 0.7225
29		Tier Two Breakover (M Gal):	99,999	99,999				4.6988	5.4213	0.7225
30		Tier Three Breakover (M Gal):	99,999	99,999				4.6988	5.4213	0.7225
31	Sales for Resale (6-Inch)	Tier One Breakover (M Gal):	99,999	99,999	$ 632.17	$ 1,150.00	$ 517.83	$ 4.6988	$ 5.4213	$ 0.7225
32		Tier Two Breakover (M Gal):	99,999	99,999				4.6988	5.4213	0.7225
33		Tier Three Breakover (M Gal):	99,999	99,999				4.6988	5.4213	0.7225
34	Sales for Resale (8-Inch)	Tier One Breakover (M Gal):	99,999	99,999	$ 1,011.47	$ 1,840.00	$ 828.53	$ 4.6988	$ 5.4213	$ 0.7225
35		Tier Two Breakover (M Gal):	99,999	99,999				4.6988	5.4213	0.7225
36		Tier Three Breakover (M Gal):	99,999	99,999				4.6988	5.4213	0.7225
37	Sales for Resale (10-Inch)	Tier One Breakover (M Gal):	99,999	99,999	$ 1,453.99	$ 2,645.00	$ 1,191.01	$ 4.6988	$ 5.4213	$ 0.7225
38		Tier Two Breakover (M Gal):	99,999	99,999				4.6988	5.4213	0.7225
39		Tier Three Breakover (M Gal):	99,999	99,999				4.6988	5.4213	0.7225

For Service Charges See Company-wide Service Charge Tariff at the end of this schedule

Supporting Schedules:

N:\2012_Rate_Case\Settlement\Final Settlement Schedules\2012 AWC Rate Case Settlement v3 20 13 INTERNAL.xlsx\H3
Processing Date: 4/2/2013 2:57 PM

Recap Schedules:

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

Line No.	Class of Service	Verde Valley (Sedona, Pinewood, Rimrock) [A]	[B] Rate Block Present	[C] Rate Block Settlement	[D] Basic Service Charge Present Rate	[E] Basic Service Charge Settlement Rate	[F] Basic Service Charge Change	[G] Volumetric Charge (/M Gal) Present Rate	[H] Volumetric Charge (/M Gal) Settlement Rate	[I] Volumetric Charge (/M Gal) Change
1										
2	Residential 5/8 x 3/4 -inch	Tier One Breakover (M Gal):	3	3	$ 23.10	$ 25.33	$ 2.23	varies	$ 2.1210	varies
3		Tier Two Breakover (M Gal):	10	10				varies	3.5527	varies
4		Tier Three Breakover (M Gal):	99,999	99,999				varies	4.4860	varies
5										
6	Residential 1-inch	Tier One Breakover (M Gal):	10	40	$ 57.75	$ 63.33	$ 5.58	varies	$ 3.5527	varies
7		Tier Two Breakover (M Gal):	99,999	99,999				varies	4.4860	varies
8		Tier Three Breakover (M Gal):	99,999	99,999				varies	4.4860	varies
9										
10	Residential 1.5-inch	Tier One Breakover (M Gal):	n/a	75	n/a	$ 126.65	n/a	n/a	$ 3.5527	n/a
11		Tier Two Breakover (M Gal):	n/a	99,999				n/a	4.4860	n/a
12		Tier Three Breakover (M Gal):	n/a	99,999				n/a	4.4860	n/a
13										
14	Residential 2-inch	Tier One Breakover (M Gal):	125	125	$ 184.81	$ 202.64	$ 17.83	varies	$ 3.5527	varies
15		Tier Two Breakover (M Gal):	99,999	99,999				varies	4.4860	varies
16		Tier Three Breakover (M Gal):	99,999	99,999				varies	4.4860	varies
17										
18	Residential 3-inch	Tier One Breakover (M Gal):	298	300	$ 369.62	$ 405.28	$ 35.66	varies	$ 3.5527	varies
19		Tier Two Breakover (M Gal):	99,999	99,999				varies	4.4860	varies
20		Tier Three Breakover (M Gal):	99,999	99,999				varies	4.4860	varies
21										
22	Residential 4-inch	Tier One Breakover (M Gal):	493	500	$ 577.54	$ 633.25	$ 55.71	varies	$ 3.5527	varies
23		Tier Two Breakover (M Gal):	99,999	99,999				varies	4.4860	varies
24		Tier Three Breakover (M Gal):	99,999	99,999				varies	4.4860	varies
25										
26	Residential 6-inch	Tier One Breakover (M Gal):	925	1,000	$ 1,155.07	$ 1,266.50	$ 111.43	varies	$ 3.5527	varies
27		Tier Two Breakover (M Gal):	99,999	99,999				varies	4.4860	varies
28		Tier Three Breakover (M Gal):	99,999	99,999				varies	4.4860	varies
29										
30	Residential 8-inch	Tier One Breakover (M Gal):	1,500	1,500	$ 1,848.12	$ 2,026.40	$ 178.28	varies	$ 3.5527	varies
31		Tier Two Breakover (M Gal):	99,999	99,999				varies	4.4860	varies
32		Tier Three Breakover (M Gal):	99,999	99,999				varies	4.4860	varies
33										
34	Residential 10-inch	Tier One Breakover (M Gal):	2,262	2,300	$ 2,656.67	$ 2,912.95	$ 256.28	varies	$ 3.5527	varies
35		Tier Two Breakover (M Gal):	99,999	99,999				varies	4.4860	varies
36		Tier Three Breakover (M Gal):	99,999	99,999				varies	4.4860	varies
37										
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55	**For Service Charges See Company-wide Service Charge Tariff at the end of this schedule**									

(Continued)

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Changes in Representative Rate Schedules

Line No.	Class of Service	Rate Block	Present	Settlement	Basic Service Charge: Present Rate	Basic Service Charge: Settlement Rate	Basic Service Charge: Change	Volumetric Charge (/M Gal): Present Rate	Volumetric Charge (/M Gal): Settlement Rate	Volumetric Charge (/M Gal): Change
			[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]
			Verde Valley (Sedona, Pinewood, Rimrock)								
1	Commercial 5/8 x 3/4 -inch	Tier One Breakover (M Gal):	10	10	$ 23.10	$ 25.00	$ 1.90	varies	$ 3.5527	varies
2		Tier Two Breakover (M Gal):	99,999	99,999				varies	4.4860	varies
3		Tier Three Breakover (M Gal):	99,999	99,999				varies	4.4860	varies
4										
5	Commercial 1-inch	Tier One Breakover (M Gal):	40	40	$ 57.75	$ 62.50	$ 4.75	varies	$ 3.5527	varies
6		Tier Two Breakover (M Gal):	99,999	99,999				varies	4.4860	varies
7		Tier Three Breakover (M Gal):	99,999	99,999				varies	4.4860	varies
8										
9	Commercial 1.5-inch	Tier One Breakover (M Gal):	n/a	75	n/a	$ 125.00	n/a	n/a	$ 3.5527	n/a
10		Tier Two Breakover (M Gal):	n/a	99,999				n/a	4.4860	n/a
11		Tier Three Breakover (M Gal):	n/a	99,999				n/a	4.4860	n/a
12										
13	Commercial 2-inch	Tier One Breakover (M Gal):	125	125	$ 184.81	$ 200.00	$ 15.19	varies	$ 3.5527	varies
14		Tier Two Breakover (M Gal):	99,999	99,999				varies	4.4860	varies
15		Tier Three Breakover (M Gal):	99,999	99,999				varies	4.4860	varies
16										
17	Commercial 3-inch	Tier One Breakover (M Gal):	298	300	$ 369.62	$ 400.00	$ 30.38	varies	$ 3.5527	varies
18		Tier Two Breakover (M Gal):	99,999	99,999				varies	4.4860	varies
19		Tier Three Breakover (M Gal):	99,999	99,999				varies	4.4860	varies
20										
21	Commercial 4-inch	Tier One Breakover (M Gal):	493	500	$ 577.54	$ 625.00	$ 47.46	varies	$ 3.5527	varies
22		Tier Two Breakover (M Gal):	99,999	99,999				varies	4.4860	varies
23		Tier Three Breakover (M Gal):	99,999	99,999				varies	4.4860	varies
24										
25	Commercial 6-inch	Tier One Breakover (M Gal):	925	1,000	$ 1,155.07	$ 1,250.00	$ 94.93	varies	$ 3.5527	varies
26		Tier Two Breakover (M Gal):	99,999	99,999				varies	4.4860	varies
27		Tier Three Breakover (M Gal):	99,999	99,999				varies	4.4860	varies
28										
29	Commercial 8-inch	Tier One Breakover (M Gal):	1,500	1,500	$ 1,848.12	$ 2,000.00	$ 151.88	varies	$ 3.5527	varies
30		Tier Two Breakover (M Gal):	99,999	99,999				varies	4.4860	varies
31		Tier Three Breakover (M Gal):	99,999	99,999				varies	4.4860	varies
32										
33	Commercial 10-inch	Tier One Breakover (M Gal):	2,262	2,300	$ 2,656.67	$ 2,875.00	$ 218.33	varies	$ 3.5527	varies
34		Tier Two Breakover (M Gal):	99,999	99,999				varies	4.4860	varies
35		Tier Three Breakover (M Gal):	99,999	99,999				varies	4.4860	varies
36										
37										
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55	**For Service Charges See Company-wide Service Charge Tariff at the end of this schedule**									

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Supporting Schedules:

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Processing Date: 4/2/2013 2:57 PM

Recap Schedules:

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Changes in Representative Rate Schedules

Verde Valley (Sedona, Pinewood, Rimrock)

Line No.	Class of Service	[A] Rate Block	[B] Present	[C] Settlement	[D] Basic Service Charge Present Rate	[E] Settlement Rate	[F] Change	[G] Volumetric Charge (/M Gal) Present Rate	[H] Settlement Rate	[I] Change
1	Industrial 5/8 x 3/4 -Inch	Tier One Breakover (M Gal):	99,999	99,999	$ 21.74	$ 25.00	$ 3.26	varies	$ 3.5527	varies
2		Tier Two Breakover (M Gal):	99,999	99,999				varies	3.5527	varies
3		Tier Three Breakover (M Gal):	99,999	99,999				varies	3.5527	varies
4										
5	Industrial 1-Inch	Tier One Breakover (M Gal):	99,999	99,999	$ 54.36	$ 62.50	$ 8.14	varies	$ 3.5527	varies
6		Tier Two Breakover (M Gal):	99,999	99,999				varies	3.5527	varies
7		Tier Three Breakover (M Gal):	99,999	99,999				varies	3.5527	varies
8										
9	Industrial 1.5-Inch	Tier One Breakover (M Gal):	n/a	99,999	n/a	$ 125.00	n/a	n/a	$ 3.5527	n/a
10		Tier Two Breakover (M Gal):	n/a	99,999				n/a	3.5527	n/a
11		Tier Three Breakover (M Gal):	n/a	99,999				n/a	3.5527	n/a
12										
13	Industrial 2-Inch	Tier One Breakover (M Gal):	99,999	99,999	$ 173.96	$ 200.00	$ 26.04	varies	$ 3.5527	varies
14		Tier Two Breakover (M Gal):	99,999	99,999				varies	3.5527	varies
15		Tier Three Breakover (M Gal):	99,999	99,999				varies	3.5527	varies
16										
17	Industrial 3-Inch	Tier One Breakover (M Gal):	99,999	99,999	$ 347.92	$ 400.00	$ 52.08	varies	$ 3.5527	varies
18		Tier Two Breakover (M Gal):	99,999	99,999				varies	3.5527	varies
19		Tier Three Breakover (M Gal):	99,999	99,999				varies	3.5527	varies
20										
21	Industrial 4-Inch	Tier One Breakover (M Gal):	99,999	99,999	$ 543.62	$ 625.00	$ 81.38	varies	$ 3.5527	varies
22		Tier Two Breakover (M Gal):	99,999	99,999				varies	3.5527	varies
23		Tier Three Breakover (M Gal):	99,999	99,999				varies	3.5527	varies
24										
25	Industrial 6-Inch	Tier One Breakover (M Gal):	99,999	99,999	$ 1,087.25	$ 1,250.00	$ 162.75	varies	$ 3.5527	varies
26		Tier Two Breakover (M Gal):	99,999	99,999				varies	3.5527	varies
27		Tier Three Breakover (M Gal):	99,999	99,999				varies	3.5527	varies
28										
29	Industrial 8-Inch	Tier One Breakover (M Gal):	99,999	99,999	$ 1,739.60	$ 2,000.00	$ 260.40	varies	$ 3.5527	varies
30		Tier Two Breakover (M Gal):	99,999	99,999				varies	3.5527	varies
31		Tier Three Breakover (M Gal):	99,999	99,999				varies	3.5527	varies
32										
33	Industrial 10-Inch	Tier One Breakover (M Gal):	99,999	99,999	$ 2,500.67	$ 2,875.00	$ 374.33	varies	$ 3.5527	varies
34		Tier Two Breakover (M Gal):	99,999	99,999				varies	3.5527	varies
35		Tier Three Breakover (M Gal):	99,999	99,999				varies	3.5527	varies
36										
37										
38	Private Fire Service	All meter connection sizes:			$ 25.89	$ 30.50	$ 4.61	n/a	n/a	n/a
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55	**For Service Charges See Company-wide Service Charge Tariff at the end of this schedule**									

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Supporting Schedules:

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Processing Date: 4/2/2013 2:57 PM

Recap Schedules:

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

Line No.	Class of Service	Verde Valley (Sedona, Pinewood, Rimrock) [A] Rate Block	[B] Present	[C] Settlement	[D] Basic Service Charge Present Rate	[E] Settlement Rate	[F] Change	[G] Volumetric Charge (/M Gal) Present Rate	[H] Settlement Rate	[I] Change
1										
2	Public Fire Hydrant				n/a	n/a	n/a	n/a	n/a	n/a
3										
4	Coin Machine	No. Gallons / $ .25 (quarter)			n/a	n/a	n/a	varies	64	varies
5										
6	Construction Water (2-Inch)	Tier One Breakover (M Gal):	125	125	$ 184.81	$ 200.00	$ 15.19	varies	$ 3.5527	varies
7		Tier Two Breakover (M Gal):	99,999	99,999				varies	4.4860	varies
8		Tier Three Breakover (M Gal):	99,999	99,999				varies	4.4860	varies
9										
10	Construction Water (3-Inch)	Tier One Breakover (M Gal):	varies	300	$ 369.62	$ 400.00	$ 30.38	varies	$ 3.5527	varies
11		Tier Two Breakover (M Gal):	99,999	99,999				varies	4.4860	varies
12		Tier Three Breakover (M Gal):	99,999	99,999				varies	4.4860	varies
13										
14	Construction Water (4-Inch)	Tier One Breakover (M Gal):	500	500	$ 577.54	$ 625.00	$ 47.46	varies	$ 3.5527	varies
15		Tier Two Breakover (M Gal):	99,999	99,999				varies	4.4860	varies
16		Tier Three Breakover (M Gal):	99,999	99,999				varies	4.4860	varies
17										
18	Sales for Resale (5/8-Inch)	Tier One Breakover (M Gal):	99,999	99,999	$ 23.10	$ 25.00	$ 1.90	varies	$ 3.5527	varies
19		Tier Two Breakover (M Gal):	99,999	99,999				varies	3.5527	varies
20		Tier Three Breakover (M Gal):	99,999	99,999				varies	3.5527	varies
21										
22	Sales for Resale (1-Inch)	Tier One Breakover (M Gal):	99,999	99,999	$ 57.75	$ 62.50	$ 4.75	varies	$ 3.5527	varies
23		Tier Two Breakover (M Gal):	99,999	99,999				varies	3.5527	varies
24		Tier Three Breakover (M Gal):	99,999	99,999				varies	3.5527	varies
25										
26	Sales for Resale (1.5-Inch)	Tier One Breakover (M Gal):	n/a	99,999	n/a	$ 125.00	n/a	n/a	$ 3.5527	n/a
27		Tier Two Breakover (M Gal):	n/a	99,999				n/a	3.5527	n/a
28		Tier Three Breakover (M Gal):	n/a	99,999				n/a	3.5527	n/a
29										
30	Sales for Resale (2-Inch)	Tier One Breakover (M Gal):	99,999	99,999	$ 184.81	$ 200.00	$ 15.19	varies	$ 3.5527	varies
31		Tier Two Breakover (M Gal):	99,999	99,999				varies	3.5527	varies
32		Tier Three Breakover (M Gal):	99,999	99,999				varies	3.5527	varies
33										
34	Sales for Resale (3-Inch)	Tier One Breakover (M Gal):	99,999	99,999	$ 369.62	$ 400.00	$ 30.38	varies	$ 3.5527	varies
35		Tier Two Breakover (M Gal):	99,999	99,999				varies	3.5527	varies
36		Tier Three Breakover (M Gal):	99,999	99,999				varies	3.5527	varies
37										
38	Sales for Resale (4-Inch)	Tier One Breakover (M Gal):	99,999	99,999	$ 577.54	$ 625.00	$ 47.46	varies	$ 3.5527	varies
39		Tier Two Breakover (M Gal):	99,999	99,999				varies	3.5527	varies
40		Tier Three Breakover (M Gal):	99,999	99,999				varies	3.5527	varies
41										
42	Sales for Resale (6-Inch)	Tier One Breakover (M Gal):	99,999	99,999	$ 1,155.07	$ 1,250.00	$ 94.93	varies	$ 3.5527	varies
43		Tier Two Breakover (M Gal):	99,999	99,999				varies	3.5527	varies
44		Tier Three Breakover (M Gal):	99,999	99,999				varies	3.5527	varies
45										
46	Sales for Resale (8-Inch)	Tier One Breakover (M Gal):	99,999	99,999	$ 1,848.12	$ 2,000.00	$ 151.88	varies	$ 3.5527	varies
47		Tier Two Breakover (M Gal):	99,999	99,999				varies	3.5527	varies
48		Tier Three Breakover (M Gal):	99,999	99,999				varies	3.5527	varies
49										
50	Sales for Resale (10-Inch)	Tier One Breakover (M Gal):	99,999	99,999	$ 2,656.67	$ 2,875.00	$ 218.33	varies	$ 3.5527	varies
51		Tier Two Breakover (M Gal):	99,999	99,999				varies	3.5527	varies
52		Tier Three Breakover (M Gal):	99,999	99,999				varies	3.5527	varies
53										
54										
55	**For Service Charges See Company-wide Service Charge Tariff at the end of this schedule**									

DECISION NO. 74081

DOCKET NO. W-01445A-12-0348

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Changes in Representative Rate Schedules

Line No.	Class of Service	Rate Block	[A] Present	[B] Settlement	[C]	[D] Basic Service Charge Present Rate	[E] Settlement Rate	[F] Change	[G] Volumetric Charge (/M Gal) Present Rate	[H] Settlement Rate	[I] Change
						Verde Valley (Sedona)					
1	Residential 5/8 x 3/4 -inch	Tier One Breakover (M Gal):	3	3		$ 23.10	$ 25.33	$ 2.23	$ 1.5317	$ 2.1210	$ 0.5893
2		Tier Two Breakover (M Gal):	10	10					1.9147	3.5527	1.6380
3		Tier Three Breakover (M Gal):	99,999	99,999					2.3910	4.4860	2.0950
4											
5	Residential 1-inch	Tier One Breakover (M Gal):	10	40		$ 57.75	$ 63.33	$ 5.58	$ 1.9147	$ 3.5527	$ 1.6380
6		Tier Two Breakover (M Gal):	99,999	99,999					2.3910	4.4860	2.0950
7		Tier Three Breakover (M Gal):	99,999	99,999					2.3910	4.4860	2.0950
8											
9	Residential 1.5-inch	Tier One Breakover (M Gal):	n/a	75		n/a	$ 126.65	n/a	n/a	$ 3.5527	n/a
10		Tier Two Breakover (M Gal):	n/a	99,999					n/a	4.4860	n/a
11		Tier Three Breakover (M Gal):	n/a	99,999					n/a	4.4860	n/a
12											
13	Residential 2-inch	Tier One Breakover (M Gal):	125	125		$ 184.81	$ 202.64	$ 17.83	$ 1.9147	$ 3.5527	$ 1.6380
14		Tier Two Breakover (M Gal):	99,999	99,999					2.3910	4.4860	2.0950
15		Tier Three Breakover (M Gal):	99,999	99,999					2.3910	4.4860	2.0950
16											
17	Residential 3-inch	Tier One Breakover (M Gal):	298	300		$ 369.62	$ 405.28	$ 35.66	$ 1.9147	$ 3.5527	$ 1.6380
18		Tier Two Breakover (M Gal):	99,999	99,999					2.3910	4.4860	2.0950
19		Tier Three Breakover (M Gal):	99,999	99,999					2.3910	4.4860	2.0950
20											
21	Residential 4-inch	Tier One Breakover (M Gal):	493	500		$ 577.54	$ 633.25	$ 55.71	$ 1.9147	$ 3.5527	$ 1.6380
22		Tier Two Breakover (M Gal):	99,999	99,999					2.3910	4.4860	2.0950
23		Tier Three Breakover (M Gal):	99,999	99,999					2.3910	4.4860	2.0950
24											
25	Residential 6-inch	Tier One Breakover (M Gal):	925	1,000		$ 1,155.07	$ 1,266.50	$ 111.43	$ 1.9147	$ 3.5527	$ 1.6380
26		Tier Two Breakover (M Gal):	99,999	99,999					2.3910	4.4860	2.0950
27		Tier Three Breakover (M Gal):	99,999	99,999					2.3910	4.4860	2.0950
28											
29	Residential 8-inch	Tier One Breakover (M Gal):	1,500	1,500		$ 1,848.12	$ 2,026.40	$ 178.28	$ 1.9147	$ 3.5527	$ 1.6380
30		Tier Two Breakover (M Gal):	99,999	99,999					2.3910	4.4860	2.0950
31		Tier Three Breakover (M Gal):	99,999	99,999					2.3910	4.4860	2.0950
32											
33	Residential 10-inch	Tier One Breakover (M Gal):	2,262	2,300		$ 2,656.67	$ 2,912.95	$ 256.28	$ 1.9147	$ 3.5527	$ 1.6380
34		Tier Two Breakover (M Gal):	99,999	99,999					2.3910	4.4860	2.0950
35		Tier Three Breakover (M Gal):	99,999	99,999					2.3910	4.4860	2.0950
36											
37											
38											
39											
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55	**For Service Charges See Company-wide Service Charge Tariff at the end of this schedule**										

(Continued)

Supporting Schedules:

N:\2012_Rate_Case\Settlement\Final Settlement Schedules\2012 AWC Rate Case Settlement v3 20 13 INTERNAL.xlsx\H3
Processing Date: 4/2/2013 2:57 PM

Recap Schedules:

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Changes in Representative Rate Schedules

Verde Valley (Sedona)

Line No.	Class of Service	[A] Rate Block	[B] Present	[C] Settlement	[D] Basic Service Charge: Present Rate	[E] Basic Service Charge: Settlement Rate	[F] Basic Service Charge: Change	[G] Volumetric Charge (/M Gal): Present Rate	[H] Volumetric Charge (/M Gal): Settlement Rate	[I] Volumetric Charge (/M Gal): Change
1										
2	Commercial 5/8 x 3/4 -Inch	Tier One Breakover (M Gal):	10	10	$ 23.10	$ 25.00	$ 1.90	$ 1.9147	$ 3.5527	$ 1.6380
3		Tier Two Breakover (M Gal):	99,999	99,999				2.3910	4.4860	2.0950
4		Tier Three Breakover (M Gal):	99,999	99,999				2.3910	4.4860	2.0950
5										
6	Commercial 1-Inch	Tier One Breakover (M Gal):	40	40	$ 57.75	$ 62.50	$ 4.75	$ 1.9147	$ 3.5527	$ 1.6380
7		Tier Two Breakover (M Gal):	99,999	99,999				2.3910	4.4860	2.0950
8		Tier Three Breakover (M Gal):	99,999	99,999				2.3910	4.4860	2.0950
9										
10	Commercial 1.5-Inch	Tier One Breakover (M Gal):	n/a	75	n/a	$ 125.00	n/a	n/a	$ 3.5527	n/a
11		Tier Two Breakover (M Gal):	n/a	99,999				n/a	4.4860	n/a
12		Tier Three Breakover (M Gal):	n/a	99,999				n/a	4.4860	n/a
13										
14	Commercial 2-Inch	Tier One Breakover (M Gal):	125	125	$ 184.81	$ 200.00	$ 15.19	$ 1.9147	$ 3.5527	$ 1.6380
15		Tier Two Breakover (M Gal):	99,999	99,999				2.3910	4.4860	2.0950
16		Tier Three Breakover (M Gal):	99,999	99,999				2.3910	4.4860	2.0950
17										
18	Commercial 3-Inch	Tier One Breakover (M Gal):	298	300	$ 369.62	$ 400.00	$ 30.38	$ 1.9147	$ 3.5527	$ 1.6380
19		Tier Two Breakover (M Gal):	99,999	99,999				2.3910	4.4860	2.0950
20		Tier Three Breakover (M Gal):	99,999	99,999				2.3910	4.4860	2.0950
21										
22	Commercial 4-Inch	Tier One Breakover (M Gal):	493	500	$ 577.54	$ 625.00	$ 47.46	$ 1.9147	$ 3.5527	$ 1.6380
23		Tier Two Breakover (M Gal):	99,999	99,999				2.3910	4.4860	2.0950
24		Tier Three Breakover (M Gal):	99,999	99,999				2.3910	4.4860	2.0950
25										
26	Commercial 6-Inch	Tier One Breakover (M Gal):	925	1,000	$ 1,155.07	$ 1,250.00	$ 94.93	$ 1.9147	$ 3.5527	$ 1.6380
27		Tier Two Breakover (M Gal):	99,999	99,999				2.3910	4.4860	2.0950
28		Tier Three Breakover (M Gal):	99,999	99,999				2.3910	4.4860	2.0950
29										
30	Commercial 8-Inch	Tier One Breakover (M Gal):	1,500	1,500	$ 1,848.12	$ 2,000.00	$ 151.88	$ 1.9147	$ 3.5527	$ 1.6380
31		Tier Two Breakover (M Gal):	99,999	99,999				2.3910	4.4860	2.0950
32		Tier Three Breakover (M Gal):	99,999	99,999				2.3910	4.4860	2.0950
33										
34	Commercial 10-Inch	Tier One Breakover (M Gal):	2,262	2,300	$ 2,656.67	$ 2,875.00	$ 218.33	$ 1.9147	$ 3.5527	$ 1.6380
35		Tier Two Breakover (M Gal):	99,999	99,999				2.3910	4.4860	2.0950
36		Tier Three Breakover (M Gal):	99,999	99,999				2.3910	4.4860	2.0950
37										
38										
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55	**For Service Charges See Company-wide Service Charge Tariff at the end of this schedule**									

(Continued)

DOCKET NO. W-01445A-12-0348
DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Changes in Representative Rate Schedules

Verde Valley (Sedona)

Line No.	Class of Service	[A] Rate Block	[B] Present	[C] Settlement	[D] Basic Service Charge Present Rate	[E] Basic Service Charge Settlement Rate	[F] Basic Service Charge Change	[G] Volumetric Charge (/M Gal) Present Rate	[H] Volumetric Charge (/M Gal) Settlement Rate	[I] Volumetric Charge (/M Gal) Change
1	Industrial 5/8 x 3/4 -inch	Tier One Breakover (M Gal):	99,999	99,999	$ 21.74	$ 25.00	$ 3.26	$ 1.6801	$ 3.5527	$ 1.8726
2		Tier Two Breakover (M Gal):	99,999	99,999				1.6801	3.5527	1.8726
3		Tier Three Breakover (M Gal):	99,999	99,999				1.6801	3.5527	1.8726
4										
5	Industrial 1-inch	Tier One Breakover (M Gal):	99,999	99,999	$ 54.36	$ 62.50	$ 8.14	$ 1.6801	$ 3.5527	$ 1.8726
6		Tier Two Breakover (M Gal):	99,999	99,999				1.6801	3.5527	1.8726
7		Tier Three Breakover (M Gal):	99,999	99,999				1.6801	3.5527	1.8726
8										
9	Industrial 1.5-inch	Tier One Breakover (M Gal):	n/a	99,999	n/a	$ 125.00	n/a	n/a	$ 3.5527	n/a
10		Tier Two Breakover (M Gal):	n/a	99,999				n/a	3.5527	n/a
11		Tier Three Breakover (M Gal):	n/a	99,999				n/a	3.5527	n/a
12										
13	Industrial 2-inch	Tier One Breakover (M Gal):	99,999	99,999	$ 173.96	$ 200.00	$ 26.04	$ 1.6801	$ 3.5527	$ 1.8726
14		Tier Two Breakover (M Gal):	99,999	99,999				1.6801	3.5527	1.8726
15		Tier Three Breakover (M Gal):	99,999	99,999				1.6801	3.5527	1.8726
16										
17	Industrial 3-inch	Tier One Breakover (M Gal):	99,999	99,999	$ 347.92	$ 400.00	$ 52.08	$ 1.6801	$ 3.5527	$ 1.8726
18		Tier Two Breakover (M Gal):	99,999	99,999				1.6801	3.5527	1.8726
19		Tier Three Breakover (M Gal):	99,999	99,999				1.6801	3.5527	1.8726
20										
21	Industrial 4-inch	Tier One Breakover (M Gal):	99,999	99,999	$ 543.62	$ 625.00	$ 81.38	$ 1.6801	$ 3.5527	$ 1.8726
22		Tier Two Breakover (M Gal):	99,999	99,999				1.6801	3.5527	1.8726
23		Tier Three Breakover (M Gal):	99,999	99,999				1.6801	3.5527	1.8726
24										
25	Industrial 6-inch	Tier One Breakover (M Gal):	99,999	99,999	$ 1,087.25	$ 1,250.00	$ 162.75	$ 1.6801	$ 3.5527	$ 1.8726
26		Tier Two Breakover (M Gal):	99,999	99,999				1.6801	3.5527	1.8726
27		Tier Three Breakover (M Gal):	99,999	99,999				1.6801	3.5527	1.8726
28										
29	Industrial 8-inch	Tier One Breakover (M Gal):	99,999	99,999	$ 1,739.60	$ 2,000.00	$ 260.40	$ 1.6801	$ 3.5527	$ 1.8726
30		Tier Two Breakover (M Gal):	99,999	99,999				1.6801	3.5527	1.8726
31		Tier Three Breakover (M Gal):	99,999	99,999				1.6801	3.5527	1.8726
32										
33	Industrial 10-inch	Tier One Breakover (M Gal):	99,999	99,999	$ 2,500.67	$ 2,875.00	$ 374.33	$ 1.6801	$ 3.5527	$ 1.8726
34		Tier Two Breakover (M Gal):	99,999	99,999				1.6801	3.5527	1.8726
35		Tier Three Breakover (M Gal):	99,999	99,999				1.6801	3.5527	1.8726
36										
37										
38	Private Fire Service	All meter connection sizes:			$ 25.89	$ 30.50	$ 4.61	n/a	n/a	n/a
39										
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44										
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55	**For Service Charges See Company-wide Service Charge Tariff at the end of this schedule**									

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Supporting Schedules:

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Processing Date: 4/2/2013 2:57 PM

Recap Schedules:

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Changes in Representative Rate Schedules

Line No.	Class of Service	Verde Valley (Sedona) [A]	[B] Rate Block Present	[C] Rate Block Settlement	[D] Basic Service Charge Present Rate	[E] Basic Service Charge Settlement Rate	[F] Basic Service Charge Change	[G] Volumetric Charge (/M Gal) Present Rate	[H] Volumetric Charge (/M Gal) Settlement Rate	[I] Volumetric Charge (/M Gal) Change
1										
2	Public Fire Hydrant				n/a	n/a	n/a	n/a	n/a	n/a
3										
4	Coin Machine	No. Gallons / $ .25 (quarter)			n/a	n/a	n/a	118.94	64	0.4585
5										
6	Construction Water (2-Inch)	Tier One Breakover (M Gal):	125	125	$ 184.81	$ 200.00	$ 15.19	$ 1.9147	$ 3.5527	$ 1.6380
7		Tier Two Breakover (M Gal):	99,999	99,999				2.3910	4.4860	2.0950
8		Tier Three Breakover (M Gal):	99,999	99,999				2.3910	4.4860	2.0950
9										
10	Construction Water (3-Inch)	Tier One Breakover (M Gal):	325	300	$ 369.62	$ 400.00	$ 30.38	$ 1.9147	$ 3.5527	$ 1.6380
11		Tier Two Breakover (M Gal):	99,999	99,999				2.3910	4.4860	2.0950
12		Tier Three Breakover (M Gal):	99,999	99,999				2.3910	4.4860	2.0950
13										
14	Construction Water (4-Inch)	Tier One Breakover (M Gal):	500	500	$ 577.54	$ 625.00	$ 47.46	$ 1.9147	$ 3.5527	$ 1.6380
15		Tier Two Breakover (M Gal):	99,999	99,999				2.3910	4.4860	2.0950
16		Tier Three Breakover (M Gal):	99,999	99,999				2.3910	4.4860	2.0950
17										
18	Sales for Resale (5/8-Inch)	Tier One Breakover (M Gal):	99,999	99,999	$ 23.10	$ 25.00	$ 1.90	$ 2.2489	$ 3.5527	$ 1.3038
19		Tier Two Breakover (M Gal):	99,999	99,999				2.2489	3.5527	1.3038
20		Tier Three Breakover (M Gal):	99,999	99,999				2.2489	3.5527	1.3038
21										
22	Sales for Resale (1-Inch)	Tier One Breakover (M Gal):	99,999	99,999	$ 57.75	$ 62.50	$ 4.75	$ 2.2489	$ 3.5527	$ 1.3038
23		Tier Two Breakover (M Gal):	99,999	99,999				2.2489	3.5527	1.3038
24		Tier Three Breakover (M Gal):	99,999	99,999				2.2489	3.5527	1.3038
25										
26	Sales for Resale (1.5-Inch)	Tier One Breakover (M Gal):	n/a	99,999	n/a	$ 125.00	n/a	n/a	$ 3.5527	n/a
27		Tier Two Breakover (M Gal):	n/a	99,999				n/a	3.5527	n/a
28		Tier Three Breakover (M Gal):	n/a	99,999				n/a	3.5527	n/a
29										
30	Sales for Resale (2-Inch)	Tier One Breakover (M Gal):	99,999	99,999	$ 184.81	$ 200.00	$ 15.19	$ 2.2489	$ 3.5527	$ 1.3038
31		Tier Two Breakover (M Gal):	99,999	99,999				2.2489	3.5527	1.3038
32		Tier Three Breakover (M Gal):	99,999	99,999				2.2489	3.5527	1.3038
33										
34	Sales for Resale (3-Inch)	Tier One Breakover (M Gal):	99,999	99,999	$ 369.62	$ 400.00	$ 30.38	$ 2.2489	$ 3.5527	$ 1.3038
35		Tier Two Breakover (M Gal):	99,999	99,999				2.2489	3.5527	1.3038
36		Tier Three Breakover (M Gal):	99,999	99,999				2.2489	3.5527	1.3038
37										
38	Sales for Resale (4-Inch)	Tier One Breakover (M Gal):	99,999	99,999	$ 577.54	$ 625.00	$ 47.46	$ 2.2489	$ 3.5527	$ 1.3038
39		Tier Two Breakover (M Gal):	99,999	99,999				2.2489	3.5527	1.3038
40		Tier Three Breakover (M Gal):	99,999	99,999				2.2489	3.5527	1.3038
41										
42	Sales for Resale (6-Inch)	Tier One Breakover (M Gal):	99,999	99,999	$ 1,155.07	$ 1,250.00	$ 94.93	$ 2.2489	$ 3.5527	$ 1.3038
43		Tier Two Breakover (M Gal):	99,999	99,999				2.2489	3.5527	1.3038
44		Tier Three Breakover (M Gal):	99,999	99,999				2.2489	3.5527	1.3038
45										
46	Sales for Resale (8-Inch)	Tier One Breakover (M Gal):	99,999	99,999	$ 1,848.12	$ 2,000.00	$ 151.88	$ 2.2489	$ 3.5527	$ 1.3038
47		Tier Two Breakover (M Gal):	99,999	99,999				2.2489	3.5527	1.3038
48		Tier Three Breakover (M Gal):	99,999	99,999				2.2489	3.5527	1.3038
49										
50	Sales for Resale (10-Inch)	Tier One Breakover (M Gal):	99,999	99,999	$ 2,656.67	$ 2,875.00	$ 218.33	$ 2.2489	$ 3.5527	$ 1.3038
51		Tier Two Breakover (M Gal):	99,999	99,999				2.2489	3.5527	1.3038
52		Tier Three Breakover (M Gal):	99,999	99,999				2.2489	3.5527	1.3038
53										
54										
55	**For Service Charges See Company-wide Service Charge Tariff at the end of this schedule**									

Supporting Schedules:

N:\2012_Rate_Case\Settlement\Final Settlement Schedules\2012 AWC Rate Case Settlement v3 20 13 INTERNAL.xlsx\H3
Processing Date: 4/2/2013 2:57 PM

Recap Schedules:

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Changes in Representative Rate Schedules

Verde Valley (Pinewood, Rimrock)

Line No.	Class of Service	[A] Rate Block	[B] Present	[C] Settlement	[D] Basic Service Charge Present Rate	[E] Basic Service Charge Settlement Rate	[F] Basic Service Charge Change	[G] Volumetric Charge (/M Gal) Present Rate	[H] Volumetric Charge (/M Gal) Settlement Rate	[I] Volumetric Charge (/M Gal) Change
1	Residential 5/8 x 3/4 -inch	Tier One Breakover (M Gal):	3	3	$ 23.10	$ 25.33	$ 2.23	$ 3.3891	$ 2.1210	$ (1.2681)
2		Tier Two Breakover (M Gal):	10	10				4.2361	3.5527	(0.6834)
3		Tier Three Breakover (M Gal):	99,999	99,999				5.2954	4.4860	(0.8094)
4										
5	Residential 1-inch	Tier One Breakover (M Gal):	10	40	$ 57.75	$ 63.33	$ 5.58	$ 4.2361	$ 3.5527	$ (0.6834)
6		Tier Two Breakover (M Gal):	99,999	99,999				5.2954	4.4860	(0.8094)
7		Tier Three Breakover (M Gal):	99,999	99,999				5.2954	4.4860	(0.8094)
8										
9	Residential 1.5-inch	Tier One Breakover (M Gal):	n/a	75	n/a	$ 128.65	n/a	n/a	$ 3.5527	n/a
10		Tier Two Breakover (M Gal):	n/a	99,999				n/a	4.4860	n/a
11		Tier Three Breakover (M Gal):	n/a	99,999				n/a	4.4860	n/a
12										
13	Residential 2-inch	Tier One Breakover (M Gal):	125	125	$ 184.81	$ 202.64	$ 17.83	$ 4.2361	$ 3.5527	$ (0.6834)
14		Tier Two Breakover (M Gal):	99,999	99,999				5.2954	4.4860	(0.8094)
15		Tier Three Breakover (M Gal):	99,999	99,999				5.2954	4.4860	(0.8094)
16										
17	Residential 3-inch	Tier One Breakover (M Gal):	298	300	$ 369.62	$ 405.28	$ 35.66	$ 4.2361	$ 3.5527	$ (0.6834)
18		Tier Two Breakover (M Gal):	99,999	99,999				5.2954	4.4860	(0.8094)
19		Tier Three Breakover (M Gal):	99,999	99,999				5.2954	4.4860	(0.8094)
20										
21	Residential 4-inch	Tier One Breakover (M Gal):	493	500	$ 577.54	$ 633.25	$ 55.71	$ 4.2361	$ 3.5527	$ (0.6834)
22		Tier Two Breakover (M Gal):	99,999	99,999				5.2954	4.4860	(0.8094)
23		Tier Three Breakover (M Gal):	99,999	99,999				5.2954	4.4860	(0.8094)
24										
25	Residential 6-inch	Tier One Breakover (M Gal):	925	1,000	$ 1,155.07	$ 1,266.50	$ 111.43	$ 4.2361	$ 3.5527	$ (0.6834)
26		Tier Two Breakover (M Gal):	99,999	99,999				5.2954	4.4860	(0.8094)
27		Tier Three Breakover (M Gal):	99,999	99,999				5.2954	4.4860	(0.8094)
28										
29	Residential 8-inch	Tier One Breakover (M Gal):	1,500	1,500	$ 1,848.12	$ 2,026.40	$ 178.28	$ 4.2361	$ 3.5527	$ (0.6834)
30		Tier Two Breakover (M Gal):	99,999	99,999				5.2954	4.4860	(0.8094)
31		Tier Three Breakover (M Gal):	99,999	99,999				5.2954	4.4860	(0.8094)
32										
33	Residential 10-inch	Tier One Breakover (M Gal):	2,262	2,300	$ 2,656.67	$ 2,912.95	$ 256.28	$ 4.2361	$ 3.5527	$ (0.6834)
34		Tier Two Breakover (M Gal):	99,999	99,999				5.2954	4.4860	(0.8094)
35		Tier Three Breakover (M Gal):	99,999	99,999				5.2954	4.4860	(0.8094)

(Continued)

For Service Charges See Company-wide Service Charge Tariff at the end of this schedule

DOCKET NO. W-01445A-12-0348
DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Changes in Representative Rate Schedules

Verde Valley (Pinewood, Rimrock)

Line No.	Class of Service	[A] Rate Block	[B] Present	[C] Settlement	[D] Basic Service Charge Present Rate	[E] Basic Service Charge Settlement Rate	[F] Basic Service Charge Change	[G] Volumetric Charge (/M Gal) Present Rate	[H] Volumetric Charge (/M Gal) Settlement Rate	[I] Volumetric Charge (/M Gal) Change
1	Commercial 5/8 x 3/4 -inch	Tier One Breakover (M Gal):	10	10	$ 23.10	$ 25.00	$ 1.90	$ 4.2361	$ 3.5527	$ (0.6834)
2		Tier Two Breakover (M Gal):	99,999	99,999				5.2954	4.4860	(0.8094)
3		Tier Three Breakover (M Gal):	99,999	99,999				5.2954	4.4860	(0.8094)
4										
5	Commercial 1-inch	Tier One Breakover (M Gal):	40	40	$ 57.75	$ 62.50	$ 4.75	$ 4.2361	$ 3.5527	$ (0.6834)
6		Tier Two Breakover (M Gal):	99,999	99,999				5.2954	4.4860	(0.8094)
7		Tier Three Breakover (M Gal):	99,999	99,999				5.2954	4.4860	(0.8094)
8										
9	Commercial 1.5-inch	Tier One Breakover (M Gal):	n/a	75	n/a	$ 125.00	n/a	n/a	$ 3.5527	n/a
10		Tier Two Breakover (M Gal):	n/a	99,999				n/a	4.4860	n/a
11		Tier Three Breakover (M Gal):	n/a	99,999				n/a	4.4860	n/a
12										
13	Commercial 2-inch	Tier One Breakover (M Gal):	125	125	$ 184.81	$ 200.00	$ 15.19	$ 4.2361	$ 3.5527	$ (0.6834)
14		Tier Two Breakover (M Gal):	99,999	99,999				5.2954	4.4860	(0.8094)
15		Tier Three Breakover (M Gal):	99,999	99,999				5.2954	4.4860	(0.8094)
16										
17	Commercial 3-inch	Tier One Breakover (M Gal):	298	300	$ 369.62	$ 400.00	$ 30.38	$ 4.2361	$ 3.5527	$ (0.6834)
18		Tier Two Breakover (M Gal):	99,999	99,999				5.2954	4.4860	(0.8094)
19		Tier Three Breakover (M Gal):	99,999	99,999				5.2954	4.4860	(0.8094)
20										
21	Commercial 4-inch	Tier One Breakover (M Gal):	493	500	$ 577.54	$ 625.00	$ 47.46	$ 4.2361	$ 3.5527	$ (0.6834)
22		Tier Two Breakover (M Gal):	99,999	99,999				5.2954	4.4860	(0.8094)
23		Tier Three Breakover (M Gal):	99,999	99,999				5.2954	4.4860	(0.8094)
24										
25	Commercial 6-inch	Tier One Breakover (M Gal):	925	1,000	$ 1,155.07	$ 1,250.00	$ 94.93	$ 4.2361	$ 3.5527	$ (0.6834)
26		Tier Two Breakover (M Gal):	99,999	99,999				5.2954	4.4860	(0.8094)
27		Tier Three Breakover (M Gal):	99,999	99,999				5.2954	4.4860	(0.8094)
28										
29	Commercial 8-inch	Tier One Breakover (M Gal):	1,500	1,500	$ 1,848.12	$ 2,000.00	$ 151.88	$ 4.2361	$ 3.5527	$ (0.6834)
30		Tier Two Breakover (M Gal):	99,999	99,999				5.2954	4.4860	(0.8094)
31		Tier Three Breakover (M Gal):	99,999	99,999				5.2954	4.4860	(0.8094)
32										
33	Commercial 10-inch	Tier One Breakover (M Gal):	2,262	2,300	$ 2,656.67	$ 2,875.00	$ 218.33	$ 4.2361	$ 3.5527	$ (0.6834)
34		Tier Two Breakover (M Gal):	99,999	99,999				5.2954	4.4860	(0.8094)
35		Tier Three Breakover (M Gal):	99,999	99,999				5.2954	4.4860	(0.8094)
36										
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55	**For Service Charges See Company-wide Service Charge Tariff at the end of this schedule**									

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Supporting Schedules:

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Recap Schedules:

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Changes in Representative Rate Schedules

			Verde Valley (Pinewood, Rimrock)								
			[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]
			Rate Block			Basic Service Charge			Volumetric Charge (/M Gal)		
Line No.	Class of Service			Present	Settlement	Present Rate	Settlement Rate	Change	Present Rate	Settlement Rate	Change
1											
2	Industrial 5/8 x 3/4 -inch	Tier One Breakover (M Gal):		99,999	99,999	$ 21.74	$ 25.00	$ 3.26	$ 3.6242	$ 3.5527	$ (0.0715)
3		Tier Two Breakover (M Gal):		99,999	99,999				3.6242	3.5527	(0.0715)
4		Tier Three Breakover (M Gal):		99,999	99,999				3.6242	3.5527	(0.0715)
5											
6	Industrial 1-inch	Tier One Breakover (M Gal):		99,999	99,999	$ 54.36	$ 62.50	$ 8.14	$ 3.6242	$ 3.5527	$ (0.0715)
7		Tier Two Breakover (M Gal):		99,999	99,999				3.6242	3.5527	(0.0715)
8		Tier Three Breakover (M Gal):		99,999	99,999				3.6242	3.5527	(0.0715)
9											
10	Industrial 1.5-inch	Tier One Breakover (M Gal):		n/a	99,999	n/a	$ 125.00	n/a	n/a	$ 3.5527	n/a
11		Tier Two Breakover (M Gal):		n/a	99,999				n/a	3.5527	n/a
12		Tier Three Breakover (M Gal):		n/a	99,999				n/a	3.5527	n/a
13											
14	Industrial 2-inch	Tier One Breakover (M Gal):		99,999	99,999	$ 173.96	$ 200.00	$ 26.04	$ 3.6242	$ 3.5527	$ (0.0715)
15		Tier Two Breakover (M Gal):		99,999	99,999				3.6242	3.5527	(0.0715)
16		Tier Three Breakover (M Gal):		99,999	99,999				3.6242	3.5527	(0.0715)
17											
18	Industrial 3-inch	Tier One Breakover (M Gal):		99,999	99,999	$ 347.92	$ 400.00	$ 52.08	$ 3.6242	$ 3.5527	$ (0.0715)
19		Tier Two Breakover (M Gal):		99,999	99,999				3.6242	3.5527	(0.0715)
20		Tier Three Breakover (M Gal):		99,999	99,999				3.6242	3.5527	(0.0715)
21											
22	Industrial 4-inch	Tier One Breakover (M Gal):		99,999	99,999	$ 543.62	$ 625.00	$ 81.38	$ 3.6242	$ 3.5527	$ (0.0715)
23		Tier Two Breakover (M Gal):		99,999	99,999				3.6242	3.5527	(0.0715)
24		Tier Three Breakover (M Gal):		99,999	99,999				3.6242	3.5527	(0.0715)
25											
26	Industrial 6-inch	Tier One Breakover (M Gal):		99,999	99,999	$ 1,087.25	$ 1,250.00	$ 162.75	$ 3.6242	$ 3.5527	$ (0.0715)
27		Tier Two Breakover (M Gal):		99,999	99,999				3.6242	3.5527	(0.0715)
28		Tier Three Breakover (M Gal):		99,999	99,999				3.6242	3.5527	(0.0715)
29											
30	Industrial 8-inch	Tier One Breakover (M Gal):		99,999	99,999	$ 1,739.60	$ 2,000.00	$ 260.40	$ 3.6242	$ 3.5527	$ (0.0715)
31		Tier Two Breakover (M Gal):		99,999	99,999				3.6242	3.5527	(0.0715)
32		Tier Three Breakover (M Gal):		99,999	99,999				3.6242	3.5527	(0.0715)
33											
34	Industrial 10-inch	Tier One Breakover (M Gal):		99,999	99,999	$ 2,500.67	$ 2,875.00	$ 374.33	$ 3.6242	$ 3.5527	$ (0.0715)
35		Tier Two Breakover (M Gal):		99,999	99,999				3.6242	3.5527	(0.0715)
36		Tier Three Breakover (M Gal):		99,999	99,999				3.6242	3.5527	(0.0715)
37											
38											
39	Private Fire Service	All meter connection sizes:				$ 25.89	$ 30.50	$ 4.61	n/a	n/a	n/a
40											
41											
42											
43											
44											
45											
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55	**For Service Charges See Company-wide Service Charge Tariff at the end of this schedule**										

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Supporting Schedules:

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Recap Schedules:

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Changes in Representative Rate Schedules

Verde Valley (Pinewood, Rimrock)

Line No.	Class of Service	[A] Rate Block	[B] Present	[C] Settlement	[D] Basic Service Charge Present Rate	[E] Settlement Rate	[F] Change	[G] Volumetric Charge (/M Gal) Present Rate	[H] Settlement Rate	[I] Change
1	Public Fire Hydrant				n/a	n/a	n/a	n/a	n/a	n/a
2	Coin Machine	No. Gallons / $ .25 (quarter)			n/a	n/a	n/a	53.78	64	(0.1980)
3	Construction Water (2-Inch)	Tier One Breakover (M Gal):	125	125	$ 184.81	$ 200.00	$ 15.19	$ 4.2361	$ 3.5527	$ (0.6834)
4		Tier Two Breakover (M Gal):	99,999	99,999				5.2954	4.4860	(0.8094)
5		Tier Three Breakover (M Gal):	99,999	99,999				5.2954	4.4860	(0.8094)
6	Construction Water (3-Inch)	Tier One Breakover (M Gal):	298	300	$ 369.62	$ 400.00	$ 30.38	$ 4.2361	$ 3.5527	$ (0.6834)
7		Tier Two Breakover (M Gal):	99,999	99,999				5.2954	4.4860	(0.8094)
8		Tier Three Breakover (M Gal):	99,999	99,999				5.2954	4.4860	(0.8094)
9	Construction Water (4-Inch)	Tier One Breakover (M Gal):	500	500	$ 577.54	$ 625.00	$ 47.46	$ 4.2361	$ 3.5527	$ (0.6834)
10		Tier Two Breakover (M Gal):	99,999	99,999				5.2954	4.4860	(0.8094)
11		Tier Three Breakover (M Gal):	99,999	99,999				5.2954	4.4860	(0.8094)
12	Sales for Resale (5/8-Inch)	Tier One Breakover (M Gal):	99,999	99,999	$ 23.10	$ 25.00	$ 1.90	$ 4.2361	$ 3.5527	$ (0.6834)
13		Tier Two Breakover (M Gal):	99,999	99,999				4.2361	3.5527	(0.6834)
14		Tier Three Breakover (M Gal):	99,999	99,999				4.2361	3.5527	(0.6834)
15	Sales for Resale (1-Inch)	Tier One Breakover (M Gal):	99,999	99,999	$ 57.75	$ 62.50	$ 4.75	$ 4.2361	$ 3.5527	$ (0.6834)
16		Tier Two Breakover (M Gal):	99,999	99,999				4.2361	3.5527	(0.6834)
17		Tier Three Breakover (M Gal):	99,999	99,999				4.2361	3.5527	(0.6834)
18	Sales for Resale (1.5-Inch)	Tier One Breakover (M Gal):	n/a	99,999	n/a	$ 125.00	n/a	n/a	$ 3.5527	n/a
19		Tier Two Breakover (M Gal):	n/a	99,999				n/a	3.5527	n/a
20		Tier Three Breakover (M Gal):	n/a	99,999				n/a	3.5527	n/a
21	Sales for Resale (2-Inch)	Tier One Breakover (M Gal):	99,999	99,999	$ 184.81	$ 200.00	$ 15.19	$ 4.2361	$ 3.5527	$ (0.6834)
22		Tier Two Breakover (M Gal):	99,999	99,999				4.2361	3.5527	(0.6834)
23		Tier Three Breakover (M Gal):	99,999	99,999				4.2361	3.5527	(0.6834)
24	Sales for Resale (3-Inch)	Tier One Breakover (M Gal):	99,999	99,999	$ 369.62	$ 400.00	$ 30.38	$ 4.2361	$ 3.5527	$ (0.6834)
25		Tier Two Breakover (M Gal):	99,999	99,999				4.2361	3.5527	(0.6834)
26		Tier Three Breakover (M Gal):	99,999	99,999				4.2361	3.5527	(0.6834)
27	Sales for Resale (4-Inch)	Tier One Breakover (M Gal):	99,999	99,999	$ 577.54	$ 625.00	$ 47.46	$ 4.2361	$ 3.5527	$ (0.6834)
28		Tier Two Breakover (M Gal):	99,999	99,999				4.2361	3.5527	(0.6834)
29		Tier Three Breakover (M Gal):	99,999	99,999				4.2361	3.5527	(0.6834)
30	Sales for Resale (6-Inch)	Tier One Breakover (M Gal):	99,999	99,999	$ 1,155.07	$ 1,250.00	$ 94.93	$ 4.2361	$ 3.5527	$ (0.6834)
31		Tier Two Breakover (M Gal):	99,999	99,999				4.2361	3.5527	(0.6834)
32		Tier Three Breakover (M Gal):	99,999	99,999				4.2361	3.5527	(0.6834)
33	Sales for Resale (8-Inch)	Tier One Breakover (M Gal):	99,999	99,999	$ 1,848.12	$ 2,000.00	$ 151.88	$ 4.2361	$ 3.5527	$ (0.6834)
34		Tier Two Breakover (M Gal):	99,999	99,999				4.2361	3.5527	(0.6834)
35		Tier Three Breakover (M Gal):	99,999	99,999				4.2361	3.5527	(0.6834)
36	Sales for Resale (10-Inch)	Tier One Breakover (M Gal):	99,999	99,999	$ 2,656.67	$ 2,875.00	$ 218.33	$ 4.2361	$ 3.5527	$ (0.6834)
37		Tier Two Breakover (M Gal):	99,999	99,999				4.2361	3.5527	(0.6834)
38		Tier Three Breakover (M Gal):	99,999	99,999				4.2361	3.5527	(0.6834)

For Service Charges See Company-wide Service Charge Tariff at the end of this schedule

Supporting Schedules:

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Recap Schedules:

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Changes in Representative Rate Schedules

Northern Group

Line No.	Service Charge	[A] Current Rate	[B] Settlement Rate
1	Establishment	$16.00	$32.00
2	Guarantee Deposit	Residential - maximum: Two(2) times average customer class bill. Non-Residential-maximum: Two and one-half (21/2) times that customers estimated maximum monthly bill.	No Change
3			$32.00
4			
5			
6			
7	Reconnection for Delinquency	$16.00	
8			
9			
10			No Change
11			
12	Re-Establishment	Eight (8) times the customer's monthly minimum charge, or payment of the minimums since disconnection, whichever is less.	
13			During regular working hours - no charge. After regular working hours, on Saturdays, Sundays, or holidays - a $35.00 After Hours Service Charge. The current Service Call Out After Hours Charge is eliminated;
14			
15	Service Call Out	During regular working hours - No charge, After regular working hours, on Saturdays, Sundays, or holidays - $35.00	
16			
17			No Change in rate, Change language to read "Returned payment for insufficient funds."
18			
19	Returned Check	$25.00	
20			All Meter Re-Reads - $25.00
21			
22			
23	Meter Re-read	No charge, if done during regular working hours, otherwise, a $35.00 service call out.	
24			No charge for the first test; for the second test for the same customer within any twelve (12) mont period, $25.00, or actual time and material, whichever is greater.
25			
26	Meter Test	No charge for the first test; for the second test for the same customer within any twelve (12) month period, $50.00, or actual time and material whichever is greater.	
27			
28			
29			
30	Service Line and Meter Installation		
31			
32			
33			
34			
35			
36			
37			
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45			
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49			
50	Late Charge	1.5 percent after 15 days.	
51			
52			
53			
54			
55			

Meter Size	Service Line	Meter	Total
5/8-inch	$ 445.00	$ 155.00	$ 600.00
1-inch	495.00	315.00	810.00
2" turbine	830.00	1,045.00	1,875.00
2" compound	830.00	1,890.00	2,720.00
3" turbine	1,045.00	1,670.00	2,715.00
3" compound	1,165.00	2,545.00	3,710.00
4" turbine	1,490.00	2,670.00	4,160.00
4" compound	1,670.00	3,645.00	5,315.00
6" turbine	2,210.00	5,025.00	7,235.00
6" compound	2,330.00	6,920.00	9,250.00
8" turbine	2,210.00	5,025.00	7,235.00
8" compound	2,330.00	6,920.00	9,250.00
10" turbine	2,210.00	5,025.00	7,235.00
10" compound	2,330.00	6,920.00	9,250.00

Meter Size	Service Line[1]	Meter	Total[1]
5/8-inch	$ 445.00	$ 155.00	$ 600.00
1-inch	495.00	315.00	810.00
2" turbine	830.00	1,045.00	1,875.00
2" compound	830.00	1,890.00	2,720.00
3" turbine	Actual Cost	Actual Cost	Actual Cost
3" compound	Actual Cost	Actual Cost	Actual Cost
4" turbine	Actual Cost	Actual Cost	Actual Cost
4" compound	Actual Cost	Actual Cost	Actual Cost
6" turbine	Actual Cost	Actual Cost	Actual Cost
6" compound	Actual Cost	Actual Cost	Actual Cost
8" turbine	Actual Cost	Actual Cost	Actual Cost
8" compound	Actual Cost	Actual Cost	Actual Cost
10" turbine	Actual Cost	Actual Cost	Actual Cost
10" compound	Actual Cost	Actual Cost	Actual Cost

[1]Actual cost of service line if boring under roadway is required.

Supporting Schedules:

Recap Schedules:

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Typical Bill Analysis

Navajo

Line No.		[A] Base Rates	[B] Surcharges (ACRM/DSIC)	[C] Monthly Consumption (M Gal)	[D] Typical Bill: Present Rates Base	[E] Typical Bill: Present Rates Surcharge	[F] Typical Bill: Present Rates Total	[G] Typical Bill: Proposed Rates - Staff Direct	[H] Increase Amount	[I] Increase Percent
1	Residential 5/8 x 3/4 -inch			-	$ 12.64	$ -	$ 12.64	$ 17.26	$ 4.62	36.55%
2				5	35.74	-	35.74	39.85	4.12	11.52%
3				15	92.19	-	92.19	103.49	11.30	12.26%
4				20	122.98	-	122.98	140.01	17.04	13.86%
5	Present Rates			25	153.77	-	153.77	176.54	22.78	14.81%
6				30	184.56	-	184.56	213.07	28.52	15.45%
7				35	215.35	-	215.35	249.60	34.26	15.91%
8	Basic Service Charge:	$ 12.64	$ -	40	246.14	-	246.14	286.13	39.99	16.25%
9				45	276.93	-	276.93	322.66	45.73	16.51%
10	Tier One Breakover (M Gal):	3		50	307.72	-	307.72	359.19	51.47	16.73%
11	Tier Two Breakover (M Gal):	10		55	338.51	-	338.51	395.72	57.21	16.90%
12	Tier Three Breakover (M Gal):	99,999		60	369.30	-	369.30	432.25	62.95	17.05%
13				65	400.09	-	400.09	468.77	68.69	17.17%
14	Tier One Rate:	$ 4.2771	$ -	70	430.88	-	430.88	505.30	74.43	17.27%
15	Tier Two Rate:	5.1320	-	75	461.67	-	461.67	541.83	80.17	17.36%
16	Tier Three Rate:	6.1580	-	100	615.62	-	615.62	724.48	108.86	17.68%
17				150	923.52	-	923.52	1,089.76	166.25	18.00%
18				200	1,231.42	-	1,231.42	1,455.05	223.64	18.16%
19	Proposed Rates - Staff Direct			250	1,539.32	-	1,539.32	1,820.34	281.02	18.26%
20				300	1,847.22	-	1,847.22	2,185.63	338.41	18.32%
21				350	2,155.12	-	2,155.12	2,550.91	395.80	18.37%
22	Basic Service Charge:	$ 17.26	$ -	400	2,463.02	-	2,463.02	2,916.20	453.19	18.40%
23				450	2,770.92	-	2,770.92	3,281.49	510.58	18.43%
24	Tier One Breakover (M Gal):	3		500	3,078.82	-	3,078.82	3,646.78	567.96	18.45%
25	Tier Two Breakover (M Gal):	10		550	3,386.72	-	3,386.72	4,012.07	625.35	18.46%
26	Tier Three Breakover (M Gal):	99,999		600	3,694.62	-	3,694.62	4,377.35	682.74	18.48%
27				650	4,002.52	-	4,002.52	4,742.64	740.13	18.49%
28	Tier One Rate:	$ 3.9160	$ -	700	4,310.42	-	4,310.42	5,107.93	797.51	18.50%
29	Tier Two Rate:	5.4213	-	750	4,618.32	-	4,618.32	5,473.22	854.90	18.51%
30	Tier Three Rate:	7.3058	-	800	4,926.22	-	4,926.22	5,838.51	912.29	18.52%
31				850	5,234.12	-	5,234.12	6,203.79	969.68	18.53%
32				900	5,542.02	-	5,542.02	6,569.08	1,027.07	18.53%
33				1,000	6,157.82	-	6,157.82	7,299.66	1,141.84	18.54%
34				1,500	9,236.82	-	9,236.82	10,952.54	1,715.72	18.57%
35				2,000	12,315.82	-	12,315.82	14,605.42	2,289.60	18.59%
36				2,500	15,394.82	-	15,394.82	18,256.29	2,863.48	18.60%
37				3,000	18,473.82	-	18,473.82	21,911.17	3,437.36	18.61%
38										
39										
40			Average Usage:	3.2	$ 26.24	$ -	$ 26.24	$ 29.82	$ 3.58	13.64%
41			Median Usage:	1.2	$ 17.73	$ -	$ 17.73	$ 21.92	$ 4.19	23.64%
42			Standardized Usage:	7.5	$ 48.57	$ -	$ 48.57	$ 53.40	$ 4.84	9.96%
43										
44					Proposed Bill at Lifeline Usage (3.0 M Gal):			$ 29.01		
45					Cost of Service at Lifeline Usage (3.0 M Gal):			$ 34.12		
46					% Cost Discount at Lifeline Usage:			14.98%		
47										
48					Cost of Service at Average Usage:			$ 34.80		
49					% Cost Discount at Average Usage:			14.31%		
50										
51										
52										
53										
54										
55										

Supporting Schedules:

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Recap Schedules:

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Typical Bill Analysis

Verde Valley (Sedona, Pinewood, Rimrock)

Line No.		[A] Base Rates	[B] Surcharges (ACRM/DSIC)	[C] Monthly Consumption (M Gal)	[D] Typical Bill Present Rates Base	[E] Surcharge	[F] Total	[G] Proposed Rates - Staff Direct	[H] Increase Amount	[I] Percent
1	Residential 5/8 x 3/4 -Inch									
2				5	varies	$ -	varies	$ 25.33	varies	varies
3				15	varies	-	varies	38.80	varies	varies
4				20	varies	-	varies	78.99	varies	varies
5	Present Rates			25	varies	-	varies	101.42	varies	varies
6				30	varies	-	varies	123.85	varies	varies
7				35	varies	-	varies	146.28	varies	varies
8	Basic Service Charge:	$ 23.10	$ -	40	varies	-	varies	168.71	varies	varies
9				45	varies	-	varies	191.14	varies	varies
10	Tier One Breakover (M Gal):	3		50	varies	-	varies	213.57	varies	varies
11	Tier Two Breakover (M Gal):	10		55	varies	-	varies	236.00	varies	varies
12	Tier Three Breakover (M Gal):	99,999		60	varies	-	varies	258.43	varies	varies
13				65	varies	-	varies	280.86	varies	varies
14	Tier One Rate:	varies	$ -	70	varies	-	varies	303.29	varies	varies
15	Tier Two Rate:	varies	-	75	varies	-	varies	325.72	varies	varies
16	Tier Three Rate:	varies	-	100	varies	-	varies	348.15	varies	varies
17				150	varies	-	varies	460.30	varies	varies
18				200	varies	-	varies	684.60	varies	varies
19	Proposed Rates - Staff Direct			250	varies	-	varies	908.89	varies	varies
20				300	varies	-	varies	1,133.19	varies	varies
21				350	varies	-	varies	1,357.49	varies	varies
22	Basic Service Charge:	$ 25.33	$ -	400	varies	-	varies	1,581.79	varies	varies
23				450	varies	-	varies	1,806.09	varies	varies
24	Tier One Breakover (M Gal):	3		500	varies	-	varies	2,030.39	varies	varies
25	Tier Two Breakover (M Gal):	10		550	varies	-	varies	2,254.68	varies	varies
26	Tier Three Breakover (M Gal):	99,999		600	varies	-	varies	2,478.98	varies	varies
27				650	varies	-	varies	2,703.28	varies	varies
28	Tier One Rate:	$ 2.1210	$ -	700	varies	-	varies	2,927.58	varies	varies
29	Tier Two Rate:	3.5527	-	750	varies	-	varies	3,151.88	varies	varies
30	Tier Three Rate:	4.4860	-	800	varies	-	varies	3,376.17	varies	varies
31				850	varies	-	varies	3,600.47	varies	varies
32				900	varies	-	varies	3,824.77	varies	varies
33				1,000	varies	-	varies	4,049.07	varies	varies
34				1,500	varies	-	varies	4,497.66	varies	varies
35				2,000	varies	-	varies	6,740.65	varies	varies
36				2,500	varies	-	varies	8,983.63	varies	varies
37				3,000	varies	-	varies	11,226.61	varies	varies
38								13,469.59	varies	varies
39										
40			Average Usage:	6.2	varies	$ -	varies	$ 43.16	varies	varies
41			Median Usage:	3.3	varies	$ -	varies	$ 32.92	varies	varies
42			Standardized Usage:	7.5	varies	$ -	varies	$ 47.68	varies	varies
43										
44					Proposed Bill at Lifeline Usage (3.0 M Gal):			$ 31.69		
45					Cost of Service at Lifeline Usage (3.0 M Gal):			$ 37.28		
46					% Cost Discount at Lifeline Usage:			14.99%		
47										
48					Cost of Service at Average Usage:			$ 49.54		
49					% Cost Discount at Average Usage:			12.88%		
50										
51										
52										
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Supporting Schedules:

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Processing Date: 4/2/2013 2:58 PM

Recap Schedules:

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Typical Bill Analysis

Verde Valley (Sedona)

Line No.		[A] Base Rates	[B] Surcharges (ACRM/DSIC)	[C] Monthly Consumption (M Gal)	[D] Typical Bill: Present Rates Base	[E] Typical Bill: Present Rates Surcharge	[F] Typical Bill: Present Rates Total	[G] Proposed Rates - Staff Direct	[H] Increase Amount	[I] Increase Percent
1	Residential 5/8 x 3/4 -Inch				$ 23.10	$ 2.87	$ 25.97	$ 25.33	$ (0.64)	-2.46%
2				5	31.52	4.24	35.76	38.80	3.04	8.49%
3				15	53.05	6.98	60.03	78.99	18.96	31.59%
4				20	65.01	8.34	73.35	101.42	28.07	38.27%
5	Present Rates			25	76.96	9.71	86.68	123.85	37.18	42.89%
6				30	88.92	11.08	100.00	146.28	46.28	46.28%
7				35	100.87	12.45	113.32	168.71	55.39	48.88%
8	Basic Service Charge:	$ 23.10	$ 2.87	40	112.83	13.82	126.65	191.14	64.49	50.93%
9				45	124.78	15.19	139.97	213.57	73.60	52.58%
10	Tier One Breakover (M Gal):	3		50	136.74	16.56	153.29	236.00	82.71	53.95%
11	Tier Two Breakover (M Gal):	10		55	148.69	17.92	166.62	256.43	91.81	55.10%
12	Tier Three Breakover (M Gal):	99,999		60	160.65	19.29	179.94	280.86	100.92	56.09%
13				65	172.60	20.66	193.26	303.29	110.03	56.93%
14	Tier One Rate:	$ 1.5317	$ 0.2737	70	184.56	22.03	206.59	325.72	119.13	57.67%
15	Tier Two Rate:	1.9147	0.2737	75	196.51	23.40	219.91	348.15	128.24	58.31%
16	Tier Three Rate:	2.3910	0.2737	100	256.29	30.24	286.53	460.30	173.77	60.65%
17				150	375.84	43.93	419.76	684.60	264.83	63.09%
18				200	495.39	57.61	553.00	908.89	355.90	64.36%
19	Proposed Rates - *Staff Direct*			250	614.94	71.30	686.23	1,133.19	446.96	65.13%
20				300	734.49	84.98	819.47	1,357.49	538.02	65.66%
21				350	854.04	98.67	952.70	1,581.79	629.09	66.03%
22	Basic Service Charge:	$ 25.33	$ -	400	973.59	112.35	1,085.94	1,806.09	720.15	66.32%
23				450	1,093.14	126.04	1,219.17	2,030.39	811.21	66.54%
24	Tier One Breakover (M Gal):	3		500	1,212.69	139.72	1,352.41	2,254.68	902.28	66.72%
25	Tier Two Breakover (M Gal):	10		550	1,332.24	153.41	1,485.64	2,478.98	993.34	66.86%
26	Tier Three Breakover (M Gal):	99,999		600	1,451.79	167.09	1,618.88	2,703.28	1,084.40	66.98%
27				650	1,571.34	180.78	1,752.11	2,927.58	1,175.46	67.09%
28	Tier One Rate:	$ 2.1210	$ -	700	1,690.89	194.46	1,885.35	3,151.88	1,266.53	67.18%
29	Tier Two Rate:	3.5527	-	750	1,810.44	208.15	2,018.58	3,376.17	1,357.59	67.25%
30	Tier Three Rate:	4.4860	-	800	1,929.99	221.83	2,151.82	3,600.47	1,448.65	67.32%
31				850	2,049.54	235.52	2,285.05	3,824.77	1,539.72	67.38%
32				900	2,169.09	249.20	2,418.29	4,049.07	1,630.78	67.44%
33				1,000	2,408.19	276.57	2,684.76	4,497.66	1,812.91	67.53%
34				1,500	3,603.69	413.42	4,017.11	6,740.65	2,723.54	67.80%
35				2,000	4,799.19	550.27	5,349.46	8,983.63	3,634.17	67.94%
36				2,500	5,994.69	687.12	6,681.81	11,226.61	4,544.80	68.02%
37				3,000	7,190.19	823.97	8,014.16	13,469.59	5,455.43	68.07%
38										
39										
40			Average Usage:	8.8	$ 38.71	$ 5.27	$ 43.97	$ 52.13	$ 8.15	18.54%
41			Median Usage:	6.2	$ 31.96	$ 4.30	$ 36.27	$ 39.62	$ 3.35	9.23%
42			Standardized Usage:	7.5	$ 36.31	$ 4.92	$ 41.23	$ 47.68	$ 6.45	15.63%
43										
44					Proposed Bill at Lifeline Usage (3.0 M Gal):			$ 31.69		
45					Cost of Service at Lifeline Usage (3.0 M Gal):			$ 37.28		
46					% Cost Discount at Lifeline Usage:			14.99%		
47										
48					Cost of Service at Average Usage:			$ 59.13		
49					% Cost Discount at Average Usage:			11.84%		
50										
51										
52										
53										
54										
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Supporting Schedules:

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Recap Schedules:

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Test Year Ended December 31, 2011
Typical Bill Analysis

Verde Valley (Pinewood, Rimrock)

Line No.		[A] Base Rates	[B] Surcharges (ACRM/DSIC)	[C] Monthly Consumption (M Gal)	[D] Typical Bill: Present Rates Base	[E] Typical Bill: Present Rates Surcharge	[F] Typical Bill: Present Rates Total	[G] Typical Bill: Proposed Rates - Staff Direct	[H] Increase Amount	[I] Increase Percent
1	Residential 5/8 x 3/4 -Inch									
2				5	$ 23.10	$ -	$ 23.10	$ 25.33	$ 2.23	9.65%
3				15	41.74	-	41.74	38.80	(2.94)	-7.05%
4				20	89.40	-	89.40	78.99	(10.41)	-11.64%
5	Present Rates			25	115.87	-	115.87	101.42	(14.45)	-12.47%
6				30	142.35	-	142.35	123.85	(18.50)	-13.00%
7				35	168.83	-	168.83	146.28	(22.55)	-13.36%
8	Basic Service Charge:	$ 23.10	$ -	40	195.31	-	195.31	168.71	(26.59)	-13.62%
9				45	221.78	-	221.78	191.14	(30.64)	-13.82%
10	Tier One Breakover (M Gal):	3		50	248.26	-	248.26	213.57	(34.69)	-13.97%
11	Tier Two Breakover (M Gal):	10		55	274.74	-	274.74	236.00	(38.74)	-14.10%
12	Tier Three Breakover (M Gal):	99,999		60	301.21	-	301.21	258.43	(42.78)	-14.20%
13				65	327.69	-	327.69	280.86	(46.83)	-14.29%
14	Tier One Rate:	$ 3.3891	$ -	70	354.17	-	354.17	303.29	(50.88)	-14.37%
15	Tier Two Rate:	4.2361	-	75	380.64	-	380.64	325.72	(54.92)	-14.43%
16	Tier Three Rate:	5.2954	-	100	407.12	-	407.12	348.15	(58.97)	-14.49%
17				150	539.51	-	539.51	460.30	(79.21)	-14.68%
18				200	804.28	-	804.28	684.60	(119.68)	-14.88%
19	Proposed Rates - Staff Direct			250	1,069.05	-	1,069.05	908.89	(160.15)	-14.98%
20				300	1,333.82	-	1,333.82	1,133.19	(200.62)	-15.04%
21				350	1,598.59	-	1,598.59	1,357.49	(241.10)	-15.08%
22	Basic Service Charge:	$ 25.33	$ -	400	1,863.36	-	1,863.36	1,581.79	(281.57)	-15.11%
23				450	2,128.13	-	2,128.13	1,806.09	(322.04)	-15.13%
24	Tier One Breakover (M Gal):	3		500	2,392.90	-	2,392.90	2,030.39	(362.51)	-15.15%
25	Tier Two Breakover (M Gal):	10		550	2,657.67	-	2,657.67	2,254.68	(402.98)	-15.16%
26	Tier Three Breakover (M Gal):	99,999		600	2,922.44	-	2,922.44	2,478.98	(443.45)	-15.17%
27				650	3,187.21	-	3,187.21	2,703.28	(483.93)	-15.18%
28	Tier One Rate:	$ 2.1210	$ -	700	3,451.98	-	3,451.98	2,927.58	(524.40)	-15.19%
29	Tier Two Rate:	3.5527	-	750	3,716.75	-	3,716.75	3,151.88	(564.87)	-15.20%
30	Tier Three Rate:	4.4860	-	800	3,981.52	-	3,981.52	3,376.17	(605.34)	-15.20%
31				850	4,246.29	-	4,246.29	3,600.47	(645.81)	-15.21%
32				900	4,511.06	-	4,511.06	3,824.77	(686.29)	-15.21%
33				1,000	4,775.83	-	4,775.83	4,049.07	(726.76)	-15.22%
34				1,500	5,305.37	-	5,305.37	4,497.66	(807.70)	-15.22%
35				2,000	7,953.07	-	7,953.07	6,740.65	(1,212.42)	-15.24%
36				2,500	10,600.77	-	10,600.77	8,983.63	(1,617.14)	-15.25%
37				3,000	13,248.47	-	13,248.47	11,226.61	(2,021.86)	-15.26%
38					15,896.17	-	15,896.17	13,469.59	(2,426.58)	-15.27%
39										
40				Average Usage: 3.0	$ 33.42	$ -	$ 33.42	$ 31.82	$ (1.60)	-4.78%
41				Median Usage: 1.2	$ 27.22	$ -	$ 27.22	$ 27.91	$ 0.69	2.53%
42				Standardized Usage: 7.5	$ 52.33	$ -	$ 52.33	$ 47.68	$ (4.65)	-8.89%
43										
44					Proposed Bill at Lifeline Usage (3.0 M Gal):			$ 31.69		
45					Cost of Service at Lifeline Usage (3.0 M Gal):			$ 37.28		
46					% Cost Discount at Lifeline Usage:			14.99%		
47										
48					Cost of Service at Average Usage:			$ 37.42		
49					% Cost Discount at Average Usage:			14.96%		
50										
51										
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Supporting Schedules:

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DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

EXHIBIT 1

ARIZONA WATER COMPANY

PHASE 2--EASTERN GROUP GENERAL RATE CASE

SETTLEMENT AGREEMENT
REGARDING DISTRIBUTION SYSTEM IMPROVEMENT CHARGE ("DSIC")
AND OTHER DSIC-LIKE PROPOSALS

SETTLEMENT AGREEMENT ON DSIC AND DSIC-LIKE PROPOSALS AND LIST OF SIGNATORY PARTIES

The purpose of this Settlement Agreement ("Agreement") is to settle specific, identified remaining issues related to Phase 2 of Docket No. W-01445A-11-0310, Arizona Water Company's ("AWC" or "Company") application to increase rates for its Eastern Group of systems as identified in its August 5, 2011 application ("Rate Case"). These remaining issues relate to a DSIC proposal presented by AWC in the Rate Case and the parties' responses to that proposal, including presentation of DSIC-like proposals. This Agreement is entered into by the following entities:

Arizona Water Company

Arizona Corporation Commission Utilities Division ("Staff")

Global Water – Palo Verde Utilities Company, Global Water – Santa Cruz Water Company, Valencia Water Company- Town Division, Valencia Water Company – Greater Buckeye Division, Water Utility of Greater Tonopah, Willow Valley Water Co. and Water Utility of Northern Scottsdale (collectively the "Global Utilities")

EPCOR Water Arizona Inc.

Rio Rico Utilities, Inc. dba Liberty Utilities ("Liberty Utilities")

The Water Utility Association of Arizona ("WUAA")

Arizona Investment Council ("AIC")

These entities shall be referred to collectively as the "Signatory Parties."

TERMS AND CONDITIONS

In consideration of the promises and agreements contained in this Agreement, the Signatory Parties agree that the following numbered sections and subsections, including attached exhibits and schedules, comprise the Signatory Parties' Agreement.

1.0 RECITALS

1.1 Docket No. W-01445A-11-0310 was commenced by the filing of a rate application by AWC on August 5, 2011. AWC's application ("Application"), among other relief, proposed that the Arizona Corporation Commission ("ACC" or "Commission") adopt a Distribution System Improvement Charge ("DSIC").

1.2 Following a sufficiency finding by Staff on September 6, 2011, RUCO filed an Application to Intervene on September 14, 2011. Kathie Wyatt filed an Application to Intervene on October 20, 2011.

1.3 The Administrative Law Judge granted the applications to intervene filed by RUCO and Kathie Wyatt. No other persons or entities intervened in the Rate Case or participated in the proceedings until after the Commission entered its Decision No. 73736 on February 20, 2013.

1.4 The Administrative Law Judge scheduled an evidentiary hearing on the Application to commence on May 14, 2012. The evidentiary hearing closed on May 24, 2012. Testimony and exhibits were presented by AWC, RUCO, and Staff. Kathie Wyatt did not appear.

1.5 Following post-hearing briefing, the Administrative Law Judge issued a Recommended Opinion and Order ("ROO") on January 30, 2013. AWC and RUCO filed exceptions to the ROO and Staff responded to AWC's exceptions. In addition, amendments to the ROO were presented at the Open Meeting at which the Commission considered the ROO on February 12, 2013. At the Open Meeting on that date, the Commission voted 5-0 to adopt Decision No. 73736, and reopened intervention for the limited purpose of discussing AWC's DSIC proposal, other DSIC-like proposals, and the possibility of achieving a settlement or compromise on the two. On February 21, 2013, the Administrative Law Judge issued a Procedural Order setting forth a schedule for the determination of the remaining issues in Phase 2 of the Rate Case (the "Phase 2 Proceedings").

1.6 The Global Utilities, EPCOR Water Arizona Inc., Liberty Utilities, WUAA, Arizona Investment Council and the City of Globe moved to intervene and were granted intervention in the Phase 2 Proceedings. Staff filed a notice of settlement discussions on February 21, 2013, setting settlement discussions in the Phase 2 Proceedings for March 4, 2013. The Signatory Parties and Kathie Wyatt were notified of the settlement discussion process, were encouraged to participate in the negotiations, and were provided with an equal opportunity to participate. Formal settlement discussions between the Signatory Parties began on the scheduled date of March 4, 2013. Kathie Wyatt did not appear or participate. A settlement was reached on all issues in the Phase 2 Proceedings by the participating Signatory Parties.

1.7 The Signatory Parties agree that the negotiation process undertaken in this matter was open, transparent and inclusive of all Signatory Parties, with each such party having an equal opportunity to participate. All Signatory Parties attended and actively participated in the settlement discussions. This Agreement is a result of those meetings and the Signatory Parties' good faith efforts to settle all of the issues presented in the Phase 2 Proceedings.

1.8 The purpose of this Agreement is to document the settlement of all issues presented in the Phase 2 Proceedings in a manner that will promote the public interest and provide for a prompt resolution of the issues on the schedule ordered by the Commission.

1.9 The Signatory Parties agree that the terms of this Agreement will serve the public interest by providing a just and reasonable resolution of the issues presented in the Phase 2 Proceedings and promoting the health, welfare and safety of customers. Commission approval of this Agreement will further serve the public interest by allowing the Signatory Parties to avoid the expense and delay associated with continued litigation of the Phase 2 Proceedings.

1.10 The Signatory Parties agree to ask the Commission to (1) find that the terms and conditions of this Agreement are just and reasonable and in the public interest, along with all other necessary findings, and (2) approve the Agreement and order that the Agreement and the System Improvement Benefits ("SIB") mechanism contained herein shall become effective at the earliest practicable date.

2.0 SYSTEM IMPROVEMENT BENEFITS ("SIB") MECHANISM

2.1 It is necessary for AWC to undertake a variety of system improvements in order to maintain adequate and reliable service to existing customers. AWC is also required to complete certain system improvements in order to comply with requirements imposed by law. The Signatory Parties acknowledge that these projects are necessary to provide proper, adequate and reliable service to existing customers; are not designed to serve or promote customer growth; and will not comprise an upgrade or expansion of existing plant unless justified for existing customers per Section 6.3.3.

2.2 Both the cost of these projects and the timing of their proposed completion and other factors set forth in the record create a circumstance for AWC that justifies the implementation of a SIB mechanism.

2.3 For ratemaking purposes and for the purposes of this Agreement, the Signatory Parties agree that the Commission may authorize a SIB mechanism for AWC in Docket W-01455A-11-0310. The SIB mechanism is a ratemaking device designed to provide for the timely recovery of the capital costs (depreciation expense and pre-tax return on investment) associated with distribution system improvement projects meeting the requirements contained herein and that have been completed and placed in service and where costs have not been included for recovery in Decision No. 73736.

2.4 A list of these projects and an estimation of the capital costs of each is set forth in SIB Plant Table I, attached hereto as Exhibit A

2.5 AWC may seek a SIB surcharge for projects on SIB Plant Table I that have been completed and placed into service, per SIB Plant Table II (Exhibit C).

3.0 CALCULATION OF AMOUNTS TO BE COLLECTED BY THE SIB SURCHARGE

3.1 The amount to be collected by the SIB surcharge ("SIB Authorized Revenue") shall be equal to the SIB revenue requirement minus the SIB efficiency credit.

3.2 The SIB revenue requirement is equal to the required pre-tax return on investment and depreciation expense associated with SIB-eligible projects that have been completed and placed into service, per SIB Plant Table II (Exhibit C), net of associated retirements. For such calculation:

3.2.1 The required rate of return is equal to the overall rate of return authorized in Decision No. 73736.

3.2.2 The gross revenue conversion factor/tax multiplier is equal to the gross revenue conversion factor/tax multiplier approved in Decision No. 73736 and;

3.2.3 The applicable depreciation rate(s) is equal to the depreciation rate(s) approved in Decision No. 73736.

3.3 The SIB Efficiency Credit shall be equal to five percent of the SIB revenue requirement.

3.4 The amount to be collected by each SIB surcharge filing shall be capped annually at five percent of the revenue requirement authorized in Decision No. 73736.

4.0 TIMING AND FREQUENCY OF SIB FILINGS

4.1 For ratemaking purposes and for purposes of this Agreement, the Signatory Parties agree that:

4.2 AWC may make its initial SIB surcharge filing no earlier than twelve months after the entry of Decision No. 73736.

4.3 Any subsequent SIB surcharge filings shall be made within sixty (60) days of the end of the previous twelve (12)-month SIB surcharge period.

4.4 AWC may make no more than one (1) SIB surcharge filing every twelve (12) months.

4.5 AWC is permitted no more than five (5) SIB surcharge filings between rate case decisions.

4.6 Unless otherwise authorized by the Commission, AWC (Eastern Group) shall be required to file its next general rate case no later than August 31, 2016 with a test year ending no later than December 31, 2015.

4.7 Any SIB surcharges that are in effect shall be reset to zero upon the date new rates become effective in AWC's next general rate case.

4.8 Every six (6) months AWC shall file a report with Docket Control delineating the status of all SIB eligible projects listed per SIB Plant Table I above, and may include modifications to that list for approval by the Commission using the process referenced in Section 6.0.

4.9 AWC shall make an annual SIB surcharge filing to true-up its collections under the SIB surcharge and establish the surcharge for the new surcharge period. A new SIB surcharge may be combined with an existing SIB surcharge such that a single SIB surcharge and SIB efficiency credit are shown on a customer's bill.

5.0 RECONCILIATION AND TRUE-UPS

5.1 The revenue collected by the SIB surcharge over the preceding twelve months shall be trued-up and reconciled with the SIB Authorized Revenue for that period.

5. 2 For each twelve (12) month period that a SIB surcharge is in effect, AWC shall reconcile the amounts collected by the SIB surcharge with the SIB Authorized Revenue, for that twelve (12)-month period, consistent with Schedule B, attached hereto as Exhibit B.

5.3 Any under- or over-collected SIB revenues shall be recovered or refunded, without interest, over a twelve-month period by means of a fixed monthly true-up surcharge or credit.

5.4 Starting with the second annual SIB surcharge, where there are over/under-collected balances related to the previous annual SIB surcharge, such over/under-collected balances shall be carried over to the next year, and capped to the extent annual revenues do not exceed the five percent cap. If, after the five year period there remains an over/under-collected balance, such balance shall be reset to zero, and any over/under-collected balance shall be addressed in the Company's next rate case for the Eastern Group.

6.0 ADDING PROJECTS TO SIB PLANT TABLE I

6.1 For ratemaking purposes and for purposes of this Agreement, the Signatory Parties agree that AWC, during the period to which the SIB applies, may request Commission authorization to modify or add other projects to SIB Plant Table I. Such additional projects may be added to SIB Plant Table I if they satisfy the criteria set forth in Paragraphs 6.2, 6.3, and 6.4.

6.2 To be eligible for SIB recovery, an asset must be utility plant investment that represents expenditures made by the Company to maintain or improve existing customer service and system reliability, integrity and safety. Eligible plant additions are limited to replacement projects. The costs of extending facilities or capacity to serve new customers are not recoverable through the SIB mechanism.

6.3 To be eligible for SIB recovery, a project must be a distribution system improvement that satisfies at least one of the following criteria:

6.3.1 Water loss for the system exceeds ten (10) percent, as calculated by the following formula:

6.3.1.1 ((Volume of Water Produced – (Volume of Water Sold + Volume of Water Put to Beneficial Use))/(Volume of Water Produced)). If the Volume of Water Put to Beneficial Use is not metered, it shall be established in a reliable, verifiable manner;

6.3.2 Water Utility plant assets have remained in service beyond their useful service lives (based on that system's authorized utility plant depreciation rates) and are in need of replacement due to being worn out or in a deteriorating condition through no fault of the Company;

6.3.3 Any other engineering, operational or financial justification supporting the need for a plant asset replacement, other than AWC's negligence or improper maintenance, including, but not limited to:

6.3.3.1 A documented increasing level of repairs to, or failures of, a plant asset justifying its replacement prior to reaching the end of its useful service life (e.g. black poly pipe);

6.3.3.2 Meter replacements for systems that have implemented a meter testing and maintenance program in compliance with A.A.C. R14-2-408 (E);

6.3.3.3 Meters replaced in a system for the purpose of complying with the U.S. Environmental Protection Agency's Reduction of Lead in Drinking Water Act of 2010; and

6.3.3.4 Assets that are required to be moved, replaced or abandoned by a governmental agency or political subdivision if AWC can show that it has made a good faith effort to seek reimbursement for all or part of the costs incurred.

6.4 To be eligible for SIB treatment, a project must be a distribution system improvement with assets to be classified in the following plant categories:

6.4.1 Transmission and Distribution Mains;

6.4.2 Fire Mains;

6.4.3 Services, including Service Connections;

6.4.4 Valves and Valve Structures;

6.4.5 Meters and Meter Installations;

6.4.6 Hydrants

6.5 With a request to modify or add projects to SIB Plant Table I, AWC shall provide a proposed order for Commission consideration. Staff and RUCO shall have 30 days to object to the projects AWC is seeking to include in its revised SIB Plant Table I. Staff shall promptly process AWC's request and shall docket any Staff recommendations to the Commission within thirty days after AWC has filed its request. If there is no objection to AWC's request, that request shall be placed on an open meeting agenda at the earliest practical date.

7.0 SIB SURCHARGE FILING REQUIREMENTS

7.1 For ratemaking purposes and for all purposes of this Agreement, the Signatory Parties agree that AWC shall include the following information with each SIB surcharge filing:

7.1.1 A schedule (an example of which is attached hereto as Exhibit C, SIB Plant Table II) showing the SIB eligible projects completed for which AWC seeks cost recovery. Such projects must 1) be projects set forth in AWC's initial SIB Plant Table I or have been added to said SIB Plant Table I pursuant to Section 6.0 of this agreement; 2) have been completed by AWC; and 3) be actually serving customers.

7.1.2 SIB Schedule A (an example of which is attached hereto as Exhibit D), showing a calculation of the SIB revenue requirement and SIB efficiency credit, as well as the individual SIB fixed surcharge calculation;

7.1.3 SIB Schedule B (an example of which is attached hereto as Exhibit B), showing the overall SIB revenue true-up calculation for the prior twelve-month SIB surcharge period, as well as the individual SIB fixed true-up surcharge or credit calculation;

7.1.4 SIB Schedule C (an example of which is attached hereto as Exhibit E) showing the effect of the SIB surcharge on a typical residential customer bill;

7.1.5 SIB Plant Table II, summarizing SIB-eligible projects completed and included in the current SIB surcharge filing.

7.1.6 SIB Plant Table I (an example of which is attached hereto as Exhibit A), summarizing SIB-eligible projects contemplated for the next twelve (12)-month SIB surcharge period.

7.1.7 SIB Schedule D (an example of which is attached as Exhibit F) showing an analysis of the impact of the SIB Plant on the fair value rate base, revenue, and the fair value rate of return as set forth in Decision No. 73736.

7.1.8 A proposed order for the Commission's consideration.

7.2 At least 30 days prior to the SIB surcharge becoming effective, AWC shall provide public notice in the form of a billing insert or customer letter which includes the following information:

7.2.1 The individual SIB surcharge amount, by meter size;

7.2.2 The individual SIB efficiency credit, by meter size;

7.2.3 Any individual SIB true-up surcharge or credit, by meter size; and

7.2.4 A summary of the projects included in the current SIB surcharge filing, including a description of each project and its cost.

8.0 RATE DESIGN

8.1 The SIB fixed surcharge/rate design shall be calculated as follows:

8.1.1 The SIB surcharge shall be a fixed monthly surcharge containing a SIB fixed surcharge and the SIB efficiency credit as its two components.

8.1.2 The SIB surcharge shall be calculated by dividing the overall SIB revenue requirement by the number of 5/8-inch equivalent meters serving active customers at the end of the most recent twelve (12) month period, and shall increase with meter size based on the following meter capacity multipliers:

8.1.2.1	5/8-inch x ¾-inch	1.0 times
8.1.2.2	1-inch	2.5 times
8.1.2.3	1 ½-inch	5 times
8.1.2.4	2-inch	8 times
8.1.2.5	3-inch	16 times
8.1.2.6	4-inch	25 times

8.1.2.7	6-inch	50 times
8.1.2.8	8-inch	80 times
8.1.2.9	10-inch & above	115 times

8.2 The SIB surcharge shall apply to all of AWC's metered general service customers, including private fire service customers.

9.0 SIB SURCHARGE IMPLEMENTATION

9.1 For ratemaking purposes and for all purposes of this Agreement, the Signatory Parties agree that:

9.2 AWC's SIB surcharges and SIB true-up surcharges/credits shall not become effective unless approved by the Commission.

9.3 AWC shall provide a proposed order with each SIB surcharge filing for the Commission's consideration.

9.4 Staff and RUCO shall have thirty (30) days from the date a SIB surcharge filing is made by AWC to review the amount of the SIB surcharge or SIB true-up surcharge or credit, and dispute and/or file a request for the Commission to alter the SIB surcharge or SIB true-up surcharge/credit. If no objection is filed to AWC's request within the thirty-day timeframe, the request shall be placed on an open meeting agenda at the earliest practicable date.

10.0 COMMISSION REVIEW OF SIB MECHANISM

10.1 For ratemaking purposes and for all purposes of this Agreement, the Signatory Parties agree that the Commission may determine that good cause exists to suspend, terminate or modify AWC's SIB mechanism, after the affected parties are afforded due process and an opportunity to be heard prior to any suspension, termination, or modification of the SIB mechanism.

10.2 The Signatory Parties agree that, although the SIB mechanism discussed in this agreement may be used as a template in other rate proceedings, it is specific to AWC in Docket W-01455A-11-0310. The Signatory Parties further agree that Staff may recommend and/or that any utility may apply to the Commission for a similar SIB mechanism for projects meeting the criteria outlined herein in a full rate case application.

11.0 COMMISSION EVALUATION OF PROPOSED SETTLEMENT

11.1 This Agreement shall serve as the procedural device by which the Signatory Parties will submit their proposed settlement of the Phase 2 Rate Proceeding to the Commission. Nothing herein is intended to amend or supersede Decision No. 73736, which Decision is final in every respect.

11.2 All currently-filed testimony and exhibits, as well as the testimony in support of this Agreement anticipated by the Commission's February 21, 2013 Procedural Order, shall be offered into the Commission's record as evidence. All Signatory Parties waive the filing and submission of surrebuttal testimony and exhibits from Staff and Intervenors, and the filing and submission of rejoinder testimony and exhibits from AWC.

11.3 The Signatory Parties recognize that the Commission will independently consider and evaluate the terms of this Agreement.

11.4 If the Commission issues an order adopting all material terms of this Agreement, such action shall constitute Commission approval of the Agreement. Thereafter, the Signatory Parties shall abide by the terms of this Agreement, as approved by the Commission.

11.5 The Signatory Parties agree to support and defend this Agreement, including filing testimony in support of the Agreement and presenting evidence in support of the Agreement at the hearing in the Phase 2 Proceedings scheduled to begin on April 8, 2013, and will not oppose any provision of the Agreement in pre-filed or live testimony. The parties agree to waive their rights to appeal a Commission Decision approving the same, provided that the Commission approves all material provisions of the Agreement. The Signatory Parties shall take reasonable steps to expedite consideration of the settlement, entry of a Decision adopting the settlement, and implementation of the mechanism anticipated in this Agreement, and shall not seek any delay in the schedules set for consideration of the Agreement or for the Administrative Law Judge's or Commission's consideration of the settlement embodied in the Agreement. If the Commission adopts an order approving all material terms of this Agreement, the Signatory Parties will support and defend the Commission's order before any court or regulatory agency in which it may be at issue.

11.6 If the Commission fails to issue an order adopting all material terms of this Agreement or adds new or different material terms to this Agreement, any or all of the Signatory Parties may withdraw from this Agreement, and such Signatory Party or Parties may pursue without prejudice their respective remedies at law. For the purposes of this Agreement, whether a term is material shall be left to the discretion of the Signatory Party choosing to withdraw from the Agreement. If a Signatory Party files an application for rehearing before the Commission, Staff shall not be obligated to file any document or take any position regarding the withdrawing Signatory Party's application for rehearing.

11.7 The Signatory parties recognize that Staff does not have the power to bind the Commission. For purposes of proposing a settlement agreement, Staff acts in the same manner as any party to a Commission proceeding.

12.0 MISCELLANEOUS PROVISIONS

12.1 The provisions set forth in the Agreement are made for purposes of settlement only and shall not be construed as admissions against interest or waivers of litigation positions of the Signatory parties in this proceeding or related to other or future rate cases.

12.2 This Agreement represents the Signatory Parties' mutual desire to settle disputed issues in a manner consistent with the public interest. None of the positions taken in this Agreement by any of the Signatory Parties may be relied upon as precedent in any proceeding before the Commission, any other regulatory agency, or any court for any purpose except in furtherance of this Agreement.

12.3 This case presents a unique set of circumstances and to achieve consensus for settlement, participants may be accepting positions that, in other circumstances, they would be unwilling to accept. They are doing so because the Agreement, as a whole, with its various provisions for settling the unique issues presented by this case, is consistent with their long-term interests and with the broad public interest. The acceptance by any Signatory Party of a specific element of this Agreement shall not be considered as precedent for acceptance of that element in any other context.

12.4 No Signatory Party is bound by any position asserted in negotiations, except as expressly stated otherwise in this Agreement. No Signatory Party shall offer evidence of conduct or statements made in the course of negotiating this Agreement before this Commission, or any other regulatory agency, or any court.

12.5 Each of the terms and conditions of the Agreement is in consideration and support of all other terms. Accordingly, the terms are not severable.

11.6 The Signatory Parties warrant and represent that each person whose signature appears below is fully authorized and empowered to execute this Agreement.

12.7 The Signatory Parties acknowledge that they are represented by competent legal counsel and that they understand all of the terms of this Agreement and have had an opportunity to participate in the drafting of this Agreement and to fully review it with their counsel before signing, and that they execute this Agreement with full knowledge of the terms of the Agreement.

12.8 This Agreement may be executed in any number of counterparts and by each individual Signatory Party on separate counterparts, each of which when so executed and delivered shall be deemed an original and all of which taken together shall constitute one and the same instrument. This Agreement may also be executed electronically or by facsimile.

12.9 To the extent any provision of this Agreement is inconsistent with any existing Commission order, rule or regulation, this Agreement shall control.

Executed this 15th day of April, 2013.

ARIZONA WATER COMPANY

By: William M Garfield
Name: William M. Garfield
Its: President and COO

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

By:_____
Name:_____
Its:_____

GLOBAL WATER – PALO VERDE UTILITIES COMPANY

By:_____
Name:_____
Its:_____

Executed this ____ day of March, 2013.

ARIZONA WATER COMPANY

By:_____
Name:_____
Its:_____

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

By:_____
Name: STEVE DLEA
Its: Utilities Division Director

GLOBAL WATER – PALO VERDE UTILITIES COMPANY

By:_____
Name:_____
Its:_____

Executed this ____ day of March, 2013.

ARIZONA WATER COMPANY

By:_____
Name:_____
Its:_____

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

By:_____
Name:_____
Its:_____

GLOBAL WATER – PALO VERDE UTILITIES COMPANY

By:_____
Name: Ron Fleming
Its: Vice-President

GLOBAL WATER – SANTA CRUZ WATER COMPANY

By:_____
Name: Ron Fleming
Its: Vice-President

VALENCIA WATER COMPANY – TOWN DIVISION

By:_____
Name: Ron Fleming
Its: Vice-President

VALENCIA WATER COMPANY – GREATER BUCKEYE DIVISION

By:_____
Name: Ron Fleming
Its: Vice-President

WATER UTILITY OF GREATER TONOPAH

By:_____
Name: Ron Fleming
Its: Vice-President

WILLOW VALLEY WATER CO.

By:_____
Name: Ron Fleming
Its: Vice-President

WATER UTILITY OF NORTHERN SCOTTSDALE

By: _____
Name: Ron Fleming
Its: Vice-President

EPCOR WATER ARIZONA, INC.

By: _____
Name: _____
Its: _____

RIO RICO UTILITIES, INC. dba LIBERTY UTILITIES

By: _____
Name: _____
Its: _____

THE WATER UTILITY ASSOCIATION OF ARIZONA

By: _____
Name: _____
Its: _____

ARIZONA INVESTMENT COUNCIL

By: _____
Name: _____
Its: _____

WATER UTILITY OF NORTHERN SCOTTSDALE

By:_____
Name:_____
Its:_____

EPCOR WATER ARIZONA, INC.

By:_____
Name: JIM McKEE
Its: VP - CORP. SERVICES

RIO RICO UTILITIES, INC. dba LIBERTY UTILITIES

By:_____
Name:_____
Its:_____

THE WATER UTILITY ASSOCIATION OF ARIZONA

By:_____
Name: Greg PATTERSON
Its: DIRECTOR

ARIZONA INVESTMENT COUNCIL

By:_____
Name:_____
Its:_____

WATER UTILITY OF NORTHERN SCOTTSDALE

By:_____
Name:_____
Its:_____

EPCOR WATER ARIZONA, INC.

By:_____
Name:_____
Its:_____

RIO RICO UTILITIES, INC. dba LIBERTY UTILITIES

By: [signature]
Name: Gregory S Sorensen
Its: VP & Gen

THE WATER UTILITY ASSOCIATION OF ARIZONA

By:_____
Name:_____
Its:_____

ARIZONA INVESTMENT COUNCIL

By:_____
Name:_____
Its:_____

WATER UTILITY OF NORTHERN SCOTTSDALE

By:_____
Name:_____
Its:_____

EPCOR WATER ARIZONA, INC.

By:_____
Name:_____
Its:_____

RIO RICO UTILITIES, INC. dba LIBERTY UTILITIES

By:_____
Name:_____
Its:_____

THE WATER UTILITY ASSOCIATION OF ARIZONA

By:_____
Name:_____
Its:_____

ARIZONA INVESTMENT COUNCIL

By: Gary Yaquinto
Name: Gary Yaquinto
Its: President & CEO

EXHIBIT A

SUPERSTITION/APACHE JUNCTION
TABLE 1 (Page 1 of 6)
Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 309 Supply Mains	Replacement Plant Description (SIB-eligible plant) Pipe length	Diameter	Material	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
1	NA					11-004			$0	
2	NA					11-004			$0	
3	NA					11-004			$0	
4	NA					11-004			$0	
6	NA					11-004			$0	
9	NA					11-004			$0	
10	NA					11-004			$0	
11	NA					11-004			$0	
12	NA					11-004			$0	
14	NA					11-004			$0	
17	NA					11-004			$0	
18	NA					11-004			$0	
25	NA					11-004			$0	
27	NA					11-004			$0	
28	NA					11-004			$0	
31	NA					11-004			$0	

SUPERSTITION/APACHE JUNCTION

TABLE I (Page 1 of 6) cont.

Information to be included with SIB-Eligible Project Notification

32	NA					11-004			$0		
33	NA					11-004			$0		
35	NA					11-004			$0		
Subtotal Cost (estimate)										$0	

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DECISION NO. 74081

SUPERSTITION/APACHE JUNCTION

TABLE I (Page 2 of 6)

Information to be included with SIB-Eligible Project Notification

	NARUC Acct No. (SIB-eligible plant)	Replacement Plant Description (SIB-eligible plant)				PWSID No.	Site (location description)	Replacement Plant		1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
Project No.	343 T&D Mains	Pipe length	Diameter	Material	Cost/Unit			Expected In-Service Date	Cost (estimated)	
1	NA					11-004			$0	
2	343	1,350	6	DI	88.81	11-004	Boise St.	2015	$119,894	Install approximately 1,350 LF of 6-inch DI replacement pipe with polywrap, replace 88 service connections and replace 88 meters between Boise Street and Avalon Street. This project will replace approximately 800 LF of 4-inch CA water main installed in 1970 in an alley between 113th Way and 114th Street. The existing water main and service connections to be replaced have 22 recorded leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
3	343	650	6	DI	88.81	11-004	114th St.	2014	$57,727	Install approximately 650 LF of 6-inch DI replacement pipe with polywrap, replace 102 service connections, replace 102 meters, and replace 1 fire hydrant between 114th Street and Meridian Road. The existing water mains and service connections to be replaced have 22 recorded leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
4	NA					11-004			$0	
6	NA					11-004			$0	

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SUPERSTITION/APACHE JUNCTION
TABLE I (Page 2 of 6) cont.
Information to be included with SIB-Eligible Project Notification

9	343	4,700	6	DI	88.71	11-004	Hidalgo St.	2013	$416,937	Install approximately 4,700 LF of 6-inch DI replacement pipe with polywrap, replace 32 service connections and replace 32 meters along Hidalgo Street and Concho Street. This project will replace approximately 2,950 LF of 1.5-inch and 2-inch GS water main installed in 1959 and 1960 along Hidalgo Street and will also replace approximately 2,350 LF of 1-inch and 2-inch GS water main installed in 1960 along Concho Street. These existing water mains and service connections to be replaced have 19 recorded leaks over the last 8 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
10	NA					11-004			$0	
11	NA					11-004			$0	
12	NA					11-004			$0	
14	NA					11-004			$0	
17	NA					11-004			$0	
18	NA					11-004			$0	
25	NA					11-004			$0	
27	343	500	6	DI	89.65	11-004	Emerald Dr.	2014	$44,825	Install approximately 500 LF of 6-inch DI replacement pipe with polywrap, replace 8 service connections and replace 8 meters along South Emerald Drive. This project will replace approximately 500 LF of 2-inch ST water main installed in 1955 along South Emerald Drive. The existing water mains and service connections to be replaced has 10 recorded leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
28	NA					11-004			$0	
31	NA					11-004			$0	
32	343	600	6	DI	84.90	11-004	Broadway Ave.	2014	$50,940	Install approximately 600 LF of 6-inch DI replacement pipe with polywrap, replace 3 service connections, replace 3 meters, and replace 1 fire hydrant along Broadway Avenue from Tomahawk Road to Vista Road. This project will replace approximately 600 LF of 6-inch CA water main installed in 1960 and 1984 along Broadway Avenue. The existing water mains and service connections to be replaced has 7 recorded leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.

SUPERSTITION/APACHE JUNCTION
TABLE I (Page 2 of 6) cont.
Information to be included with SIB-Eligible Project Notification

33	NA	1,400	6	DI	89.48	11-004	Boise St.	2014	$125,272	Install approximately 1,400 LF of 6-inch DI replacement pipe with polywrap, replace 13 service connections and replace 13 meters along Boise Street and 105th Place. This project will replace approximately 1,100 LF of 2-inch PVC water main installed in 1966 along Boise Street and approximately 300 LF of 2-inch PVC water main installed in 1966 along 105th Place. The existing water mains and service connections to be replaced have 7 recorded leaks over the last 8 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
35	NA					11-004			$0	
Subtotal Cost (estimate)									**$815,595**	

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DECISION NO. 74081

SUPERSTITION/APACHE JUNCTION

TABLE I (Page 3 of 6)

Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 345 Services	Replacement Plant Description (SIB-eligible plant) Quantity	Diameter	Material	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
1	345	126	1-inch	Copper	4,077.36	11-004	Peralta Estates Unit 2	2014	$513,747	Replace 126 service connections and replace 126 meters in Peralta Estates Unit Two. The existing water mains have 25 recorded service line leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
2	345	88	1-inch	Copper	4,750.34	11-004	Boise St.	2015	$418,030	Install approximately 1,350 LF of 6-inch DI replacement pipe with polywrap, replace 88 service connections and replace 88 meters between Boise Street and Avalon Street. This project will replace approximately 800 LF of 4-inch CA water main installed in 1970 in an alley between 113th Way and 114th Street. The existing water main and service connections to be replaced have 22 recorded leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
3	345	102	1-inch	Copper	3,570.63	11-004	114th St.	2014	$364,204	Install approximately 650 LF of 6-inch DI replacement pipe with polywrap, replace 102 service connections, replace 102 meters and replace 1 fire hydrant between 114th Street and Meridian Road. The existing water mains and service connections to be replaced have 22 recorded leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
4	345	87	1-inch	Copper	3,902.31	11-004	Delaware Dr.	2014	$339,501	Replace 87 service connections and replace 87 meters along Delaware and Lawther Drives. The existing water mains have 22 recorded service line leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.

SUPERSTITION/APACHE JUNCTION
TABLE I (Page 3 of 6) cont.
Information to be included with SIB-Eligible Project Notification

6	345	25	1-inch	Copper	4,000.32	11-004	Greasewood Dr.	2014	$100,008	Replace 25 service connections and replace 25 meters along Greasewood Drive and Escondido Court. The existing water main has 20 recorded service line leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
9	345	32	1-inch	Copper	4,499.32	11-004	Hidalgo St.	2013	$143,978	Install approximately 4,700 LF of 6-inch DI replacement pipe with polywrap, replace 32 service connections and replace 32 meters along Hidalgo Street and Concho Street. This project will replace approximately 2,950 LF of 1.5-inch and 2-inch GS water main installed in 1959 and 1960 along Hidalgo Street and will also replace approximately 2,350 LF of 1-inch and 2-inch GS water main installed in 1960 along Concho Street. These existing water mains and service connections to be replaced have 19 recorded leaks over the last 8 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
10	345	47	1-inch	Copper	3,987.04	11-004	Sugar Creek Dr.	2014	$187,391	Replace 47 service connections and replace 47 meters along Sugar Creek Drive, Pleasant Place and Breathless Drive. The existing water mains have 19 recorded service line leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
11	345	101	1-inch	Copper	4,041.83	11-004	Pinyon Dr.	2015	$408,225	Replace 101 service connections and replace 101 meters along Pinyon Drive and Virginia, Scenic, Cactus Wren, and Gregory Streets. The existing water mains have 18 recorded service line leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
12	345	44	1-inch	Copper	4,076.36	11-004	Peralta Estates	2015	$179,360	Replace 44 service connections and replace 44 meters in Peralta Estates Unit Two. The existing water main has 17 recorded service line leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
14	345	121	1-inch	Copper	4,127.63	11-004	Copper Dr.	2015	$499,443	Replace 121 service connections and replace 121 meters along Copper, Gold and Silver Drives. The existing water mains have 16 recorded service line leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
17	345	25	1-inch	Copper	4,037.08	11-004	Sleepy Hollow	2015	$100,927	Replace 25 service connections and replace 25 meters along Sleepy Hollow Trail and Lazy Lane. The existing water mains have 15 recorded service line leaks over the last 7 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.

SUPERSTITION/APACHE JUNCTION
TABLE I (Page 3 of 6) cont.
Information to be included with SIB-Eligible Project Notification

18	345	21	1-inch	Copper	3,946.08	11-004	Hideaway Lane	2015	$82,868	Replace 21 service connections and replace 21 meters along Hideaway Lane, Lazy Lane, and Breathless Drive. The existing water mains have 14 recorded service line leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
25	345	48	1-inch	Copper	3,959.74	11-004	Mountain Rd.	2015	$190,068	Replace 48 service connections and replace 48 meters along Mountain Road, Elmont Drive and Malcolm Drive. The existing water mains have 11 recorded service line leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
27	345	8	1-inch	Copper	4,146.89	11-004	Emerald Dr.	2014	$33,175	Install approximately 500 LF of 6-inch DI replacement pipe with polywrap, replace 8 service connections and replace 8 meters along South Emerald Drive. This project will replace approximately 500 LF of 2-inch ST water main installed in 1955 along South Emerald Drive. The existing water mains and service connections to be replaced has 10 recorded leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
28	345	30	1-inch	Copper	3,963.58	11-004	Sleepy Hollow Trail, Breathless Dr	2014	$118,907	Replace 30 service connections and replace 30 meters along Sleepy Hollow Trail, Breathless Drive and Tum Tum Court. The existing water mains have 10 recorded service line leaks over the last 7 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
31	345	14	1-inch	Copper	4,055.48	11-004	Hummingbird Lane	2015	$56,777	Replace 14 service connections and replace 14 meters along Hummingbird Lane. The existing water main has 7 recorded service line leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
32	345	3	1-inch	Copper	4,491.60	11-004	Broadway Ave.	2014	$13,475	Install approximately 600 LF of 6-inch DI replacement pipe with polywrap, replace 3 service connections, replace 3 meters, and replace 1 fire hydrant along Broadway Avenue from Tomahawk Road to Vista Road. This project will replace approximately 600 LF of 6-inch CA water main installed in 1960 and 1984 along Broadway Avenue. The existing water mains and service connections to be replaced has 7 recorded leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.

SUPERSTITION/APACHE JUNCTION

TABLE I (Page 3 of 6) cont.

Information to be included with SIB-Eligible Project Notification

33	345	13	1-inch	Copper	3,856.50	11-004	Boise St.	2014	$50,135	Install approximately 1,400 LF of 6-inch DI replacement pipe with polywrap, replace 13 service connections and replace 13 meters along Boise Street and 105th Place. This project will replace approximately 1,100 LF of 2-inch PVC water main installed in 1966 along Boise Street and approximately 300 LF of 2-inch PVC water main installed in 1966 along 105th Place. The existing water mains and service connections to be replaced have 7 recorded leaks over the last 8 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
35	345	14	1-inch	Copper	4,055.48	11-004	Alhambra Way	2014	$56,777	Replace 14 service connections and replace 14 meters along Hummingbird Avenue and Alhambra Way. The existing water main has 6 recorded service line leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
Subtotal Cost (estimate)									$3,856,996	

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SUPERSTITION/APACHE JUNCTION
TABLE 1 (Page 4 of 6)
Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 346 Meters	Replacement Plant Description (SIB-eligible plant) Size	Quantity	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
1	346	5/8-inch	126	80.00	11-004	Peralta Estates Unit 2	2014	$10,080	Replace 126 meters in Peralta Estates Unit Two. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
2	346	5/8-inch	88	80.00	11-004	Boise St.	2015	$7,040	Replace 88 meters between Boise Street and Avalon Street. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
3	346	5/8-inch	102	80.00	11-004	114th St.	2014	$8,160	Replace 102 meters between 114th Street and Meridian Road. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
4	346	5/8-inch	87	80.00	11-004	Delaware Dr.	2014	$6,960	Replace 87 meters along Delaware and Lawther Drives. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.

SUPERSTITION/APACHE JUNCTION
TABLE I (Page 4 of 6) cont.
Information to be included with SIB-Eligible Project Notification

6	346	5/8-inch	25	80.00	11-004	Greasewood Dr.	2014	$2,000	Replace 25 meters along Greasewood Drive and Escondido Court. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
9	346	5/8-inch	32	80.00	11-004	Hidalgo St.	2013	$2,560	Replace 32 meters along Hidalgo Street and Concho Street. The existing meters have reached the end of their useful life. This replacement project is not being constructed to serve new customers.
10	346	5/8-inch	47	80.00	11-004	Sugar Creek Dr.	2014	$3,760	Replace 47 meters along Sugar Creek Drive, Pleasant Place and Breathless Drive. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
11	346	5/8-inch	101	80.00	11-004	Pinyon Dr.	2015	$8,080	Replace 101 meters along Pinyon Drive and Virginia, Scenic, Cactus Wren, and Gregory Streets. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
12	346	5/8-inch	44	80.00	11-004	Peralta Estates	2015	$3,520	Replace 44 meters in Peralta Estates Unit Two. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
14	346	5/8-inch	121	80.00	11-004	Copper Dr.	2015	$9,680	Replace 121 meters along Copper, Gold and Silver Drives. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
17	346	5/8-inch	25	80.00	11-004	Sleepy Hollow	2015	$2,000	Replace 25 meters along Sleepy Hollow Trail and Lazy Lane. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.

SUPERSTITION/APACHE JUNCTION
TABLE I (Page 4 of 6) cont.
Information to be included with SIB-Eligible Project Notification

18	346	5/8-inch	21	80.00	11-004	Hideaway Lane	2015	$1,680	Replace 21 meters along Hideaway Lane, Lazy Lane, and Breathless Drive. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
25	346	5/8-inch	48	80.00	11-004	Mountain Rd.	2015	$3,840	Replace 48 meters along Mountain Road, Elmont Drive and Malcolm Drive. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
27	346	5/8-inch	8	80.00	11-004	Emerald Dr.	2014	$640	Rplace 8 meters along South Emerald Drive. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
28	346	5/8-inch	30	80.00	11-004	Sleepy Hollow Trail, Breathless Dr	2014	$2,400	Replace 30 meters along Sleepy Hollow Trail, Breathless Drive and Tum Tum Court. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
31	346	5/8-inch	14	80.00	11-004	Hummingbird Lane	2015	$1,120	Replace 14 meters along Hummingbird Lane. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
32	346	5/8-inch	3	80.00	11-004	Broadway Ave.	2014	$240	Replace 3 meters along Broadway Avenue from Tomahawk Road to Vista Road. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
33	346	5/8-inch	13	80.00	11-004	Boise St.	2014	$1,040	Replace 13 meters along Boise Street and 105th Place. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.

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TABLE I (Page 4 of 6) cont.

Information to be included with SIB-Eligible Project Notification

35	346	5/8-inch	14	80.00	11-004	Alhambra Way	2014	$1,120	Replace 14 meters along Hummingbird Avenue and Alhambra Way. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
Subtotal Cost (estimate)								**$75,920**	

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SUPERSTITION/APACHE JUNCTION
TABLE I (Page 5 of 6)
Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 348 Hydrants	Replacement Plant Description (SIB-eligible plant) Quantity	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
1	NA			11-004			$0	
2	NA			11-004			$0	
3	348	1	2,886.70	11-004	114th St.	2014	$2,887	Replace 1 fire hydrant between 114th Street and Meridian Road. This project will replace a fire hydrant installed in 1970. The existing hydrant is old and failing requiring replacement. Replacement parts are unavailable for this hydrant. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
4	NA			11-004			$0	
6	NA			11-004			$0	
9	NA			11-004			$0	
10	NA			11-004			$0	
11	NA			11-004			$0	
12	NA			11-004			$0	
14	NA			11-004			$0	
17	NA			11-004			$0	
18	NA			11-004			$0	
25	NA			11-004			$0	
27	NA			11-004			$0	
28	NA			11-004			$0	
31	NA			11-004			$0	

SUPERSTITION/APACHE JUNCTION

TABLE I (Page 5 of 6) cont.

Information to be included with SIB-Eligible Project Notification

32	348	1	2,693.80	11-004	Broadway Ave.	2014	$2,694	Replace 1 fire hydrant along Broadway Avenue from Tomahawk Road to Vista Road. This project will replace a fire hydrant installed in 1960 along Broadway Avenue. The existing hydrant is old and failing requiring replacement. Replacement parts are unavailable for this hydrant. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
33	NA			11-004			$0	
35	NA			11-004			$0	
Subtotal Cost (estimate)							$5,581	

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TABLE I (Page 6 of 6, Summary)
Information to be included with SIB-Eligible Project Notification

Project No.	PWSID No.	Project Description	Cost (estimated)
1	11-004	REPLACE 126 SERVICE CONNECTIONS IN PERALTA ESTATES UNIT TWO	$523,827
2	11-004	INSTALL 1,350 LF OF 6-INCH DIP w/POLYWRAP AND REPLACE 88 SERVICE CONNECTIONS BETWEEN BOISE STREET AND AVALON STREET	$544,964
3	11-004	INSTALL 650 LF OF 6-INCH DIP w/POLYWRAP AND REPLACE 102 SERVICE CONNECTIONS BETWEEN 114TH STREET AND MERIDIAN ROAD	$432,978
4	11-004	REPLACE 87 SERVICE CONNECTIONS ALONG DELAWARE AND ALWTHER DRIVES	$346,461
6	11-004	REPLACE 25 SERVICE CONNECTIONS ALONG GREASEWOOD DRIVE AND ESCONDIDO COURT	$102,008
9	11-004	INSTALL 4,700 LF OF 6-INCH DIP w/POLYWRAP AND REPLACE 32 SERVICE CONNECTIONS ALONG HIDALOG STREET AND CONCHO STREET	$563,475
10	11-004	REPLACE 46 SERVICE CONNECTIONS ALONG SUGAR CREEK DRIVE, PLEASANT PLACE AND BREATHLESS DRIVE	$191,151
11	11-004	REPLACE 101 SERVICE CONNECTIONS ALONG PINYON DRIVE AND VIRGINIA, SCENIC, CACTUS WREN, AND GREGORY STREETS	$416,305
12	11-004	REPLACE 44 SERVICE CONNECTIONS IN PERALTA ESTATES UNIT TWO	$182,880
14	11-004	REPLACE 121 SERVICE CONNECTIONS ALONG COPPER, GOLD AND SILVER DRIVES	$509,123
17	11-004	REPLACE 25 SERVICE CONNECTIONS ALONG SLEEPY HALLOW TRAIL AND LAZY LANE	$102,927
18	11-004	REPLACE 21 SERVICE CONNECTIONS ALONG HIDEAWAY LANE, LAZY LANE AND BREATHLESS DRIVE	$84,548
25	11-004	REPLACE 48 SERVICE CONNECTIONS ALONG MOUNTAIN ROAD, ELMONT DRIVE AND MALCOLM DRIVE	$193,908
27	11-004	INSTALL 500 LF OF 6-INCH DIP w/POLYWRAP AND REPLACE 8 SERVICE CONNECTIONS ALONG SOUTH EMERALD DRIVE	$78,640
28	11-004	REPLACE 30 SERVICE CONNECTIONS ALONG SLEEPY HOLLOW TRAIL, BREATHLESS DRIVE AND TUM TUM COURT	$121,307

SUPERSTITION/APACHE JUNCTION

TABLE I (Page 6 of 6, Summary) cont.

Information to be included with SIB-Eligible Project Notification

31	11-004	REPLACE 14 SERVICE CONNECTIONS ALONG HUMMINGBIRD LANE	$57,897
32	11-004	INSTALL 600 LF OF 6-INCH DIP w/POLYWRAP AND REPLACE 3 SERVICE CONNECTIONS ALONG BROADWAY AVENUE FROM TOMAHAWK ROAD TO VISTA ROAD	$67,349
33	11-004	INSTALL 1,400 LF OF 6-INCH DIP w/POLYWRAP AND REPLACE 13 SERVICE CONNECTIONS ALONG BOISE STREET AND 105TH PLACE	$176,447
35	11-004	REPLACE 14 SERVICE CONNECTIONS ALONG HUMMINGBIRD LANE AND ALHAMBRA WAY	$57,897
Total Cost (estimate)			$4,754,092

SUPERSTITION/SUPERIOR

TABLE 1 (Page 1 of 6)

Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 309 Supply Mains	Replacement Plant Description (SIB-eligible plant) Pipe length	Diameter	Material	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
19	NA					11-021			$0	
34	NA					11-021			$0	
36	NA					11-021			$0	
Subtotal Cost (estimate)									$0	

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Information to be included with SIB-Eligible Project Notification

	NARUC Acct No. (SIB-eligible plant)	Replacement Plant Description (SIB-eligible plant)				PWSID No.	Site (location description)	Replacement Plant		
Project No.	343 T&D Mains	Pipe length	Diameter	Material	Cost/Unit			Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
19	343	1,350	6	DI	83.07	11-021	Stone Avenue	2013	$112,145	Install approximately 1,350 LF of 6-inch DI replacement pipe with polywrap, replace 25 service connections, replace 25 meters, and replace 3 fire hydrants along Stone Avenue from Kiser Street to Mofatt Street. This project will replace approximately 950 LF of 4-inch CI water main installed in 1937 along Stone Avenue and approximately 400 LF of 2-inch CA water main installed in 1942 along Kiser Street. The existing water mains to be replaced have 14 recorded leaks and over the past 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
34	NA					11-021			$0	
36	343	1,250	6	DI	98.18	11-021	Garrot Avenue	2015	$122,725	Install approximately 1,250 LF of 6-inch DI replacement pipe with polywrap, replace 31 service connections, and replace 31 meters along Garrot Avenue and Stansberry Avenue. This project will replace approximately 650 LF of 2-inch CA water main installed in 1939 in the alley west of Garrot Avenue and approximately 600 LF of 6-inch CA water main installed in 1930 on Stansberry Avenue. The existing water mains to be replaced have 6 recorded leaks over the past 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
Subtotal Cost (estimate)									**$234,870**	

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TABLE I (Page 3 of 6)
Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 345 Services	Replacement Plant Description (SIB-eligible plant) Quantity	Diameter	Material	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
19	345	25	1-inch	Copper	3,996.17	11-021	Stone Avenue	2013	$99,904	Install approximately 1,350 LF of 6-inch DI replacement pipe with polywrap, replace 25 service connections, replace 25 meters, and replace 3 fire hydrants along Stone Avenue from Kiser Street to Mofatt Street. This project will replace approximately 950 LF of 4-inch CI water main installed in 1937 along Stone Avenue and approximately 400 LF of 2-inch CA water main installed in 1942 along Kiser Street. The existing water mains to be replaced have 14 recorded leaks and over the past 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
34	345	28	1-inch	Copper	4,022.64	11-021	Hill Street	2014	$112,634	Replace 28 service connections along Hill Street from Church Avenue to Terrance Drive. The existing water mains have 7 recorded service line leaks over the past 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
36	345	31	1-inch	Copper	4,958.40	11-021	Garrot Avenue	2015	$153,710	Install approximately 1,250 LF of 6-inch DI replacement pipe with polywrap, replace 31 service connections, and replace 31 meters along Garrot Avenue and Stansberry Avenue. This project will replace approximately 650 LF of 2-inch CA water main installed in 1939 in the alley west of Garrot Avenue and approximately 600 LF of 6-inch CA water main installed in 1930 on Stansberry Avenue. The existing water mains to be replaced have 6 recorded leaks over the past 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
Subtotal Cost (estimate)									**$366,248**	

SUPERSTITION/SUPERIOR

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Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 346 Meters	Replacement Plant Description (SIB-eligible plant) Size	Quantity	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
19	346	5/8-inch	25	80.00	11-021	Stone Avenue	2013	$2,000	Replace 25 meters along Stone Avenue from Kiser Street to Mofatt Street. The existing meters have reached the end of their useful life. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
34	346	5/8-inch	28	80.00	11-021	Hill Street	2014	$2,240	Replace 28 meters along Hill Street from Church Avenue to Terrance Drive. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter has to be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
36	346	5/8-inch	31	80.00	11-021	Garrot Avenue	2015	$2,480	Replace 31 meters along Garrot Avenue and Stansberry Avenue. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter has to be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
Subtotal Cost (estimate)								**$6,720**	

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Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 348 Hydrants	Replacement Plant Description (SIB-eligible plant) Quantity	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
19	348	3	2,826.37	11-021	Stone Avenue	2013	$8,479	Replace 3 fire hydrants along Stone Avenue from Kiser Street to Mofatt Street. This project will replace fire hydrants installed in 1937 along Stone Avenue and fire hydrants installed in 1942 along Kiser Street. The existing hydrants are old and failing requiring replacement. Replacement parts are unavailable for these hydrants. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
34	NA			11-021			$0	
36	NA			11-021			$0	
Subtotal Cost (estimate)							$8,479	

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Information to be included with SIB-Eligible Project Notification

Project No.	PWSID No.	Project Description	Cost (estimated)
19	11-021	INSTALL 1,350 LF OF 6-INCH DIP w/POLYWRAP AND REPLACE 25 SERVICE CONNECTIONS ALONG STONE AVENUE FROM KISER STREET TO MOFATT STREET	$222,528
34	11-021	REPLACE 26 SERVICE CONNECTIONS ALONG HILL STREET FROM CHURCH AVENUE TO TERRANCE DRIVE	$114,874
36	11-021	INSTALL 1,250 LF OF 6" DIP w/POLLYWRAP AND REPLACE 31 SERVICE CONNECTIONS ALONG GARROT AVENUE AND STANSBERRY AVENUE	$278,915

SUPERSTITION/MIAMI

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Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 309 Supply Mains	Replacement Plant Description (SIB-eligible plant) Pipe length	Diameter	Material	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
5	NA					04-002			$0	
7	NA					04-002			$0	
8	NA					04-002			$0	
13	NA					04-002			$0	
15	NA					04-002			$0	
16	NA					04-002			$0	
20	NA					04-002			$0	
21	NA					04-002			$0	
22	NA					04-002			$0	
23	NA					04-002			$0	
24	NA					04-002			$0	
26	NA					04-002			$0	
29	NA					04-002			$0	
30	NA					04-002			$0	
Subtotal Cost (estimate)									$0	

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Information to be included with SIB-Eligible Project Notification

	NARUC Acct No. (SIB-eligible plant)	Replacement Plant Description (SIB-eligible plant)				PWSID No.	Site (location description)	Replacement Plant		1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
Project No.	343 T&D Mains	Pipe length	Diameter	Material	Cost/Unit			Expected In-Service Date	Cost (estimated)	
5	NA					04-002			$0	
7	NA					04-002			$0	
8	343	600	6	DI	89.54	04-002	Ranch Rd.	2014	$53,724	Install approximately 600 LF of 6-inch DI replacement pipe with polywrap, replace 1 service connection and replace 1 meter along Ranch Road. This project will replace approximately 600 LF of 2-inch PVC water main installed in 1984 on Ranch Road. The existing water main and service connection to be replaced has 20 recorded leaks over the last 3 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
13	343	1,050	6	DI	88.78	04-002	Russell Ave.	2014	$93,219	Install approximately 1,050 LF of 6-inch DI replacement pipe with polywrap, replace 23 service connections, and replace 23 meters along Snedden Avenue east of Russell Avenue. This project will replace approximately 650 LF of 2-inch CA water main installed in 1949, approximately 200 LF of 1-inch GS water main installed in 1950, and approximately 200 LF of 3-inch CA water main installed in 1965. The existing water mains and service connections to be replaced have 17 recorded leaks over the last 6 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
15	NA					04-002			$0	

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Information to be included with SIB-Eligible Project Notification

16	343	250	6	DI	90.57	04-002	Monroe St.	2013	$22,643	Install approximately 250 LF of 6-inch DI replacement pipe with polywrap, replace 6 service connections and replace 6 meters along Monroe Street from Miami Street to Marion Street. This project will replace approximately 400 LF of 2-inch PVC water main installed in 1976 and 2-inch GS water main installed in 1936 on Monroe Street. The existing water mains and service connections to be replaced have 16 recorded leaks over the last 7 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
20	343	550	6	DI	83.02	04-002	Central Ave.	2014	$45,661	Install approximately 550 LF of 6-inch DI replacement pipe with polywrap, replace 25 service connections, replace 25 meters, replace 1 fire hydrant along Central Avenue from Braley Street to Monroe Street. This project will replace approximately 550 LF of 6-inch ST water main installed in 1955 on Central Avenue. The existing water mains and service connections to be replaced have 14 recorded leaks over the last 7 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
21	343	1,700	6	DI	89.08	04-002	Orphan St.	2014	$151,436	Install approximately 1,700 LF of 6-inch DI replacement pipe with polywrap, replace 33 service connections, and replace 33 meters along Orphan Street and Kenzie Avenue. This project will replace approximately 1,050 LF of 2-inch CA water main installed in 1949 on Orphan Avenue, and will replace approximately 650 LF of 1-inch and 2-inch GS water mains installed in 1932 on Kenzie Avenue. The existing water mains and service connections to be replaced have 14 recorded leaks over the last 6 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
22	343	2,750	6	DI	87.78	04-002	Fredric St.	2015	$241,395	Install approximately 2,750 LF of 6-inch DI replacement pipe with polywrap, replace 53 service connections, replace 53 meters and replace 2 fire hydrants along Fredric Street and Bird Street. This project will replace approximately 1,450 LF of 2-inch GS water main installed in 1930 and 1936 on Fredric Street and approximately 1,300 LF of 2-inch GS and 4-inch CA water main installed in 1930 and 1949, respectively, and in 1949 on Bird Street. The existing water mains and service connections to be replaced have 13 recorded leaks over the last 6 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
23	NA					04-002			$0	

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TABLE 1 (Page 2 of 6) cont.

Information to be included with SIB-Eligible Project Notification

24	343	600	6	DI	88.74	04-002	Story St.	2014	$53,244	Install approximately 600 LF of 6-inch DI replacement pipe with polywrap, replace 11 service connections, replace 11 meters and install 2 fire hydrants along Story Street east of Russell Avenue. This project will replace approximately 600 LF of 2-inch GS water main installed in 1956. The existing water mains and service connections to be replaced have 12 recorded leaks over the last 6 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
26	343	800	6	DI	90.03	04-002	Young St.	2015	$72,024	Install approximately 800 LF of 6-inch DI replacement pipe with polywrap, replace 17 service connections and replace 17 meters along Young Street, Second Avenue, Hill Street, and Third Avenue. This project will replace approximately 300 LF of 1-inch ST water main installed in 1975, approximately 350 LF of 1-inch PVC water main installed in 1979, and approximately 100 LF of 2-inch PVC water main installed in 1975. The existing water mains and service connections to be replaced have 11 recorded leaks over the last 3 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
29	343	1,600	6	DI	87.70	04-002	Washborn Rd.	2013	140,320	Install approximately 1,600 LF of 6-inch DI replacement pipe with polywrap and replace 1 fire hydrant along Washborn Road. This project will replace approximately 1,600 LF of 6-inch HDPE water main along Washborn Road. The existing water main to be replaced has 9 recorded water main leaks over the last 6 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
30	343	500	6	DI	89.48	04-002	Loomis Ave.	2015	$44,740	Install approximately 500 LF of 6-inch DI replacement pipe with polywrap, replace 5 service connections and replace 5 meters, east of Loomis Avenue. This project will replace approximately 500 LF of 1-inch GS water main installed in 1935 east of Loomis Avenue. The existing water main and service connections to be replaced have 9 recorded leaks in the last 7 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
Subtotal Cost (estimate)									$918,406	

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Information to be included with SIB-Eligible Project Notification

	NARUC Acct No. (SIB-eligible plant)	Replacement Plant Description (SIB-eligible plant)				PWSID No.	Site (location description)	Replacement Plant		
Project No.	345 Services	Quantity	Diameter	Material	Cost/Unit			Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
5	345	10	1-inch	Copper	4,147.43	04-002	Globe Ave.	2014	$41,474	Replace 10 service connections and replace 10 meters along Globe Avenue. The existing water mains have 22 recorded service line leaks over the last 6 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
7	345	22	1-inch	Copper	4,139.00	04-002	Chisolm Ave.	2014	$91,058	Replace 22 service connections and replace 22 meters along Chisolm Avenue. The existing water mains have 20 recorded service line leaks over the last 6 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
8	345	1	1-inch	Copper	3,435.50	04-002	Ranch Rd.	2014	$3,436	Install approximately 600 LF of 6-inch DI replacement pipe with polywrap and replace 1 service connection, and replace 1 meter along Ranch Road. This project will replace approximately 600 LF of 2-inch PVC water main installed in 1984 on Ranch Road. The existing water main and service connection to be replaced has 20 recorded leaks over the last 3 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
13	345	23	1-inch	Copper	4,137.96	04-002	Russell Ave.	2014	$95,173	Install approximately 1,050 LF of 6-inch DI replacement pipe with polywrap, replace 23 service connections, and replace 23 meters along Snedden Avenue east of Russell Avenue. This project will replace approximately 650 LF of 2-inch CA water main installed in 1949, approximately 200 LF of 1-inch GS water main installed in 1950, and approximately 200 LF of 3-inch CA water main installed in 1965. The existing water mains and service connections to be replaced have 17 recorded leaks over the last 6 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.

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TABLE I (Page 3 of 6) cont.
Information to be included with SIB-Eligible Project Notification

15	345	18	1-inch	Copper	4,055.49	04-002	McKinney Ave.	2015	$72,999	Replace 18 service connections and replace 18 meters along McKinney Avenue from Braley Street to Hill Street. The existing water mains have 16 recorded service line leaks over the last 6 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
16	345	6	1-inch	Copper	3,848.24	04-002	Monroe St.	2013	$23,089	Install approximately 250 LF of 6-inch DI replacement pipe with polywrap, replace 6 service connections and replace 6 meters along Monroe Street from Miami Street to Marion Street. This project will replace approximately 400 LF of 2-inch PVC water main installed in 1976 and 2-inch GS water main installed in 1936 on Monroe Street. The existing water mains and service connections to be replaced have 16 recorded leaks over the last 7 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
20	345	25	1-inch	Copper	4,192.08	04-002	Central Ave.	2014	$104,802	Install approximately 550 LF of 6-inch DI replacement pipe with polywrap, replace 25 service connections, replace 25 meters and replace 1 fire hydrant along Central Avenue from Braley Street to Monroe Street. This project will replace approximately 550 LF of 6-inch ST water main installed in 1955 on Central Avenue. The existing water mains and service connections to be replaced have 14 recorded leaks over the last 7 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
21	345	33	1-inch	Copper	3,828.75	04-002	Orphan St.	2014	$126,349	Install approximately 1,700 LF of 6-inch DI replacement pipe with polywrap, replace 33 service connections and replace 33 meters along Orphan Street and Kenzie Avenue. This project will replace approximately 1,050 LF of 2-inch CA water main installed in 1949 on Orphan Avenue, and will replace approximately 650 LF of 1-inch and 2-inch GS water mains installed in 1932 on Kenzie Avenue. The existing water mains and service connections to be replaced have 14 recorded leaks over the last 6 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
22	345	53	1-inch	Copper	4,036.73	04-002	Fredric St.	2015	$213,947	Install approximately 2,750 LF of 6-inch DI replacement pipe with polywrap, replace 53 service connections, replace 53 meters and replace 2 fire hydrants along Fredric Street and Bird Street. This project will replace approximately 1,450 LF of 2-inch GS water main installed in 1930 and 1936 on Fredric Street and approximately 1,300 LF of 2-inch GS and 4-inch CA water main installed in 1930 and 1949, respectively, and in 1949 on Bird Street. The existing water mains and service connections to be replaced have 13 recorded leaks over the last 6 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.

SUPERSTITION/MIAMI
TABLE I (Page 3 of 6) cont.
Information to be included with SIB-Eligible Project Notification

23	345	17	1-inch	Copper	4,028.46	04-002	Glendale Ave.	2015	$68,484	Replace 17 service connections and replace 17 meters along Glendale Avenue from Braley Street to Hill Street. The existing water mains have 13 recorded service line leaks over the last 7 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
24	345	11	1-inch	Copper	4,042.78	04-002	Story St.	2014	$44,471	Install approximately 600 LF of 6-inch DI replacement pipe with polywrap, replace 11 service connections, and replace 11 meters along Story Street east of Russell Avenue. This project will replace approximately 600 LF of 2-inch GS water main installed in 1956. The existing water mains and service connections to be replaced have 12 recorded leaks over the last 6 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
26	345	17	1-inch	Copper	3,830.70	04-002	Young St.	2015	$65,122	Install approximately 800 LF of 6-inch DI replacement pipe with polywrap, replace 17 service connections and replace 17 meters along Young Street, Second Avenue, Hill Street, and Third Avenue. This project will replace approximately 300 LF of 1-inch ST water main installed in 1975, approximately 350 LF of 1-inch PVC water main installed in 1979, and approximately 100 LF of 2-inch PVC water main installed in 1975. The existing water mains and service connections to be replaced have 11 recorded leaks over the last 3 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
29	NA								$0	
30	345	5	1-inch	Copper	3,575.45	04-002	Loomis Ave.	2015	$17,877	Install approximately 500 LF of 6-inch DI replacement pipe with polywrap, replace 5 service connections and replace 5 meters, east of Loomis Avenue. This project will replace approximately 500 LF of 1-inch GS water main installed in 1935 east of Loomis Avenue. The existing water main and service connections to be replaced have 9 recorded leaks in the last 7 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
Subtotal Cost (estimate)									$968,281	

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Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 346 Meters	Replacement Plant Description (SIB-eligible plant) Size	Quantity	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
5	346	5/8-inch	10	80.00	04-002	Globe Ave.	2014	$800	Replace 10 meters along Globe Avenue. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
7	346	5/8-inch	22	80.00	04-002	Chisolm Ave.	2014	$1,760	Replace 22 meters along Chisolm Avenue. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
8	346	5/8-inch	1	80.00	04-002	Ranch Rd.	2014	$80	Replace 1 meter along Ranch Road. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
13	346	5/8-inch	23	80.00	04-002	Russell Ave.	2014	$1,840	Replace 23 meters along Snedden Avenue east of Russell Avenue. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.

SUPERSTITION/MIAMI
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Information to be included with SIB-Eligible Project Notification

15	346	5/8-inch	18	80.00	04-002	McKinney Ave.	2015	$1,440	Replace 18 meters along McKinney Avenue from Braley Street to Hill Street. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
16	346	5/8-inch	6	80.00	04-002	Monroe St.	2013	$480	Replace 6 meters along Monroe Street from Miami Street to Marion Street. The existing meters have reached the end of their useful life. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
20	346	5/8-inch	25	80.00	04-002	Central Ave.	2014	$2,000	Replace 25 meters along Central Avenue from Braley Street to Monroe Street. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
21	346	5/8-inch	33	80.00	04-002	Orphan St.	2014	$2,640	Replace 33 meters along Orphan Street and Kenzie Avenue. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
22	346	5/8-inch	53	80.00	04-002	Fredric St.	2015	$4,240	Replace 53 meters along Fredric Street and Bird Street. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
23	346	5/8-inch	17	80.00	04-002	Glendale Ave.	2015	$1,360	Replace 17 meters along Glendale Avenue from Braley Street to Hill Street. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
24	346	5/8-inch	11	80.00	04-002	Story St.	2014	$880	Replace 11 meters along Story Street east of Russell Avenue. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.

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26	346	5/8-inch	17	80.00	04-002	Young St.	2015	$1,360	Replace 17 meters along Young Street, Second Avenue, Hill Street, and Third Avenue. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
29	NA				04-002			$0	
30	346	5/8-inch	5	80.00	04-002	Loomis Ave.	2015	$400	Replace 5 meters east of Loomis Avenue. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
Subtotal Cost (estimate)								**$19,280**	

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Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 348 Hydrants	Replacement Plant Description (SIB-eligible plant) Quantity	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
5	NA			04-002			$0	
7	NA			04-002			$0	
8	NA			04-002			$0	
13	NA			04-002			$0	
15	NA			04-002			$0	
16	NA			04-002			$0	
20	348	1	2,321.78	04-002	Central Ave.	2014	$2,2322	Replace 1 fire hydrant along Central Avenue from Braley Street to Monroe Street. This project will replace a fire hydrant installed in 1955 on Central Avenue. The existing hydrant is old and *failing requiring* replacement. Replacement parts are unavailable for this hydrant. This replacement is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
21	NA			04-002			$0	
22	348	2	2,321.12	04-002	Fredric St.	2015	$4,642	Replace 2 fire hydrants along Fredric Street and Bird Street. This project will replace fire hydrants installed in 1930s on Fredric Street and Bird Street. The existing hydrants are old and failing requiring replacement. Replacement parts are unavailable for these hydrants. This replacement is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
23	NA			04-002			$0	
24	NA			04-002			$0	
26	NA			04-002			$0	

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29	NA	1	2,517.50	04-002	Washborn Rd.		$2,518	Replace 1 fire hydrant along Washborn Road. This project will replace a fire hydrant Washborn Road. The existing hydrant is old and failing requiring replacement. Replacement parts are unavailable for this hydrant. This replacement is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
30	NA			04-002			$0	
Subtotal Cost (estimate)							$9,482	

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TABLE 1 (Page 6 of 6, Summary)

Information to be included with SIB-Eligible Project Notification

Project No.	PWSID No.	Project Description	Cost (estimated)
5	04-002	REPLACE 10 SERVICE CONNECTIONS ALONG GLOBE AVENUE	$42,274
7	04-002	REPLACE 22 SERVICE CONNECTIONS ALONG CHISOLM AVENUE	$92,818
8	04-002	INSTALL 600 LF OF 6-INCH DIP w/POLLYWRAP ALONG RANCH ROAD AND REPLACE 1 SERVICE CONNECTION	$57,240
13	04-002	INSTALL 1,050 LF OF 6-INCH DIP w/POLYWRAP AND REPLACE 23 SERVICE CONNECTIONS ALONG SNEDDED AVENUE EAST OF RUSSELL AVENUE	$190,232
15	04-002	REPLACE 18 SERVICE CONNECTIONS ALONG MCKINNEY AVENUE FROM BRALEY STREET TO HILL STREET	$74,439
16	04-002	INSTALL 250 LF OF 6-INCH DIP w/POLYWRAP AND REPLACE 6 SERVICE CONNECTIONS ALONG MONROE STREET FROM MIAMI STREET TO MARION STREET	$46,212
20	04-002	INSTALL 550 LF OF 6-INCH DIP w/POLYWRAP AND REPLACE 25 SERVICE CONNECTIONS ALONG CENTRAL AVENUE FROM BRALEY STREET TO MONROE STREET	$154,785
21	04-002	INSTALL 1,700 LF OF 6-INCH DIP w/POLYWRAP AND REPLACE 33 SERVICE CONNECTIONS ALONG ORPHAN STREET AND KENZIE AVENUE	$280,425
22	04-002	INSTALL 2,750 LF OF 6-INCH DIP w/POLYWRAP AND REPLACE 53 SERVICE CONNECTIONS ALONG FREDRIC STREET AND BIRD STREET	$464,224
23	04-002	REPLACE 17 SERVICE CONNECTIONS ALONG GLENDALE AVENUE FROM BRALEY STREET TO HILL STREET	$69,844
24	04-002	INSTALL 600 LF OF 6-INCH DIP w/POLYWRAP AND REPLACE 11 SERVICE CONNECTIONS ALONG STORY STREET EAST OF RUSSELL AVENUE	$98,595
26	04-002	INSTALL 800 LF OF 6-INCH DIP w/POLYWRAP AND REPLACE 17 SERVICE CONNECTIONS ALONG YOUNG STREET, SECOND AVENUE, HILL STREET AND THRID AVENUE	$138,506
29	04-002	INSTALL 1,600 LF OF 6-INCH DIP w/POLYWRAP ALONG WASHBORN ROAD	$142,838
30	04-002	INSTALL 500 LF OF 6-INCH DIP w/POLYWRAP AND REPLACE 5 SERVICES EAST OF LOOMIS AVENUE	$63,017
Total Cost (estimate)			$1,915,449

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Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 309 Supply Mains	Replacement Plant Description (SIB-eligible plant) Pipe length	Diameter	Material	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
37	NA					11-019			$0	
38	NA					11-019			$0	
39	NA					11-019			$0	
40	NA					11-019			$0	
41	NA					11-019			$0	
42	NA					11-019			$0	
Subtotal Cost (estimate)									$0	

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Information to be included with SIB-Eligible Project Notification

	NARUC Acct No. (SIB-eligible plant)	Replacement Plant Description (SIB-eligible plant)				PWSID No.	Site (location description)	Replacement Plant		1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
Project No.	343 T&D Mains	Pipe length	Diameter	Material	Cost/Unit			Expected In-Service Date	Cost (estimated)	
37	NA					11-019			$0	
38	NA					11-019			$0	
39	NA					11-019			$0	
40	NA					11-019			$0	
41	NA					11-019			$0	
42	NA					11-019			$0	
Subtotal Cost (estimate)										$0

FALCON VALLEY/ORACLE
TABLE I (Page 3 of 6)
Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 345 Services	Replacement Plant Description (SIB-eligible plant) Quantity	Diameter	Material	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
37	345	61	1-inch	Copper	2,717.88	11-019	Beverly Circle	2013	$165,791	Replace 61 service connections and replace 61 meters along Beverly Circle. The existing water mains have 36 recorded service line leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
38	345	35	1-inch	Copper	2,639.48	11-019	Sonberg Drive	2013	$92,382	Replace 35 service connections and replace 35 meters along Sonberg Drive, Harold Drive and Rockcliff Boulevard. The existing water mains have 21 recorded service line leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
39	345	19	1-inch	Copper	2,735.75	11-019	Camino Seco	2014	$51,979	Replace 19 service connections and replace 19 meters along Camino Seco and Calle Valencia. The existing water mains have 9 recorded service line leaks over the last 5 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
40	345	27	1-inch	Copper	2,837.44	11-019	Adams Street	2014	$76,611	Replace 27 service connections and replace 27 meters along Adams Street, Howard Street and Logan Street. The existing water mains have 7 recorded service line leaks and 1 water main leak over the last 6 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
41	345	24	1-inch	Copper	2,668.79	11-019	Two O'Clock Hills Road	2015	$64,051	Replace 24 service connections and replace 24 meters along North Two O'clock Hills Road and Chaparral Street. The existing water mains have 8 recorded service line leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.

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Information to be included with SIB-Eligible Project Notification

42	345	16	1-inch	Copper	2,709.84	11-019	Cedar Ridge Drive	2015	$43,357	Replace 16 service connections and replace 16 meters along North Cedar Ridge Drive. The existing water main has 6 recorded service line leaks over the last 6 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
Subtotal Cost (estimate)									**$494,171**	

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Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 346 Meters	Replacement Plant Description (SIB-eligible plant) Size	Quantity	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
37	346	5/8-inch	61	80.00	11-019	Beverly Circle	2013	$4,880	Replace 61 meters along Beverly Circle. The existing meters have reached the end of their useful life. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
38	346	5/8-inch	35	80.00	11-019	Sonberg Drive	2013	$2,800	Replace 35 meters along Sonberg Drive, Harold Drive and Rockcliff Boulevard. The existing meters have reached the end of their useful life. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
39	346	5/8-inch	19	80.00	11-019	Camino Seco	2014	$1,520	Replace 19 meters along Camino Seco and Calle Valencia. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter has to be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
40	346	5/8-inch	27	80.00	11-019	Adams Street	2014	$2,160	Replace 27 meters along Adams Street, Howard Street and Logan Street. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter has to be installed in its place for compliance. This replacement project is not being constructed to serve new customers.
41	346	5/8-inch	24	80.00	11-019	Two O'Clock Hills Road	2015	$1,920	Replace 24 meters along North Two O'clock Hills Road and Chaparral Street. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter has to be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.

FALCON VALLEY/ORACLE
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Information to be included with SIB-Eligible Project Notification

42	346	5/8-inch	16	80.00	11-019	Cedar Ridge Drive	2015	$1,280	Replace 16 meters along North Cedar Ridge Drive. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter has to be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
Subtotal Cost (estimate)								$14,560	

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Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 348 Hydrants	Replacement Plant Description (SIB-eligible plant) Quantity	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
37	NA			11-019			$0	
38	NA			11-019			$0	
39	NA			11-019			$0	
40	NA			11-019			$0	
41	NA			11-019			$0	
42	NA			11-019			$0	
Subtotal Cost (estimate)							$0	

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Information to be included with SIB-Eligible Project Notification

Project No.	PWSID No.	Project Description	Cost (estimated)
37	11-019	REPLACE 61 SERVICE CONNECTIONS AND METERS ALONG BEVERLY CIRCLE.	$170,671
38	11-019	REPLACE 35 SERVICE CONNECTIONS AND METERS ALONG SONBERG DRIVE, HAROLD DRIVE AND ROCKCLIFF BOULEVARD.	$95,182
39	11-019	REPLACE 19 SERVICE CONNECTIONS AND METERS ALONG CAMINO SECO AND CALLE VALENCIA.	$53,499
40	11-019	REPLACE 27 SERVICE CONNECTIONS AND METERS ALONG ADAMS STREET, HOWARD STREET AND LOGAN STREET.	$78,771
41	11-019	REPLACE 24 SERVICE CONNECTIONS AND METERS ALONG NORTH TWO O'CLOCK HILLS ROAD AND CHAPARRAL STREET.	$65,971
42	11-019	REPLACE 16 SERVICE CONNECTIONS AND METERS ALONG NORTH CEDAR RIDGE DRIVE.	$44,637
Total Cost (estimate)			**$508,731**

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COCHISE/BISBEE

TABLE 1 (Page 1 of 6)

Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 309 Supply Mains	Replacement Plant Description (SIB-eligible plant) Pipe length	Diameter	Material	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
43	NA					02-001			$0	
44	NA					02-001			$0	
45	NA					02-001			$0	
46	NA					02-001			$0	
47	NA					02-001			$0	
48	NA					02-001			$0	
49	NA					02-001			$0	
50	NA					02-001			$0	
51	NA					02-001			$0	
52	NA					02-001			$0	
Subtotal Cost (estimate)									$0	

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Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 343 T&D Mains	Replacement Plant Description (SIB-eligible plant) Pipe length	Diameter	Material	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
43	343	1,900	6	DI	90.27	02-001	Bowers Street	2012	$171,513	Install approximately 1,900 LF of 6-inch DI replacement pipe with polywrap, replace 22 service connections, replace 22 meters, and replace 1 fire hydrant along Bowers Street from Marie Street to McDonald Street. This project will replace approximately 1,250 LF of 4-inch ST water main installed in 1958 and approximately 150 LF of 1-inch GS water main installed in 1961 on Bowers Street; and approximately 500 LF of 2-inch GS water main installed in 1958 on Marie Street. The existing water mains and service connections to be replaced have 80 recorded leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
44	343	700	6	DI	88.34	02-001	Ocotillo Avenue	2012	$61,838	Install approximately 700 LF of 6-inch DI replacement pipe with polywrap, replace 11 service connections, replace 11 meters, and replace 1 fire hydrant along Ocotillo Street. This project will replace approximately 600 LF of 1-inch GS water main installed in 1945, 1947, and 1950, approximately 250 LF of 1-inch PVC water main installed in 1980, approximately 150 LF of 4-inch ST water main installed in 1960, and approximately 100 LF of 2-inch CU water main installed in 2007 on Ocotillo Street. The existing water mains and service connections to be replaced have 35 recorded leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.

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Information to be included with SIB-Eligible Project Notification

45	343	2,450	6	DI	92.37	02-001	Ledge Avenue	2014	$226,307	Install approximately 2,450 LF of 6-inch DI replacement pipe with polywrap, replace 41 service connections, and replace 41 meters along Ledge Avenue and Quality Road. This project will replace approximately 1,050 LF of 1-inch GS water main installed in 1937, 1939, 1958, and 1962; approximately 100 LF of 2-inch ST water main installed in 2002; approximately 1,000 LF of 2-inch GS water main installed in 1932 and 1947; and approximately 200 LF of 3-inch GS water main installed in 1947. The existing water mains and service connections to be replaced have 35 recorded leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
46	343	900	6	DI	92.09	02-001	Highway 80	2014	$82,881	Install approximately 900 LF of 6-inch DI replacement pipe with polywrap, replace 1 service connection, and replace 1 meter along Highway 80 and Winwood Road. This project will replace approximately 900 LF of 1-inch PVC water main installed in 1980 on Winwood Road. The existing water mains and service connections to be replaced have 22 recorded leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
47	343	1,650	6	DI	91.98	02-001	Ledge Avenue	2014	$151,767	Install approximately 1,650 LF of 6-inch DI replacement pipe with polywrap, replace 20 service connections, and replace 20 meters along Ledge Avenue, Quality Road and Alleys. This project will replace approximately 150 LF of 1-inch GS water main installed in 1939, approximately 100 LF of 1-inch PVC water main installed in 1976, approximately 750 LF of 2-inch GS water main installed in 1939 and 1947; and approximately 350 LF of 3-inch GS water main installed in 1932 and 1952. The existing water mains and service connections to be replaced have 21 recorded leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
48	343	2,900	6	DI	91.66	02-001	Teran Street	2013	$265,814	Install approximately 2,900 LF of 6-inch DI replacement pipe with polywrap, replace 22 service connections, and replace 22 meters along Teran Street, Aruizu Street, Carbajal Street, and Vargas Street. This project will replace approximately 700 LF of 1-inch GS water main installed in 1938, approximately 800 LF of 2-inch GS water main installed in 1938, and approximately 1,300 LF of 6-inch ST water main installed in 1908 and 1976. The existing water mains and service connections to be replaced have 20 recorded leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.

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Information to be included with SIB-Eligible Project Notification

49	343	700	6	DI	88.73	02-001	Park Avenue	2013	$62,111	Install approximately 700 LF of 6-inch DI replacement pipe with polywrap, replace 12 service connections, replace 12 meters, and replace 1 fire hydrant along Park Avenue. This project will replace approximately 650 LF of 2-inch GS water main installed in 1920 and 1967; approximately 300 LF of 4-inch GS water main installed in 1922; and approximately 250 LF of 6-inch ST water main installed in 1922 on Second Street. The existing water mains and service connections to be replaced have 16 recorded leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
50	343	600	6	DI	92.16	02-001	Brophy Avenue	2014	$55,296	Install approximately 600 LF of 6-inch DI replacement pipe with polywrap, replace 11 service connections, and replace 11 meters along Brophy Avenue. This project will replace approximately 400 LF of 1-inch GS water main installed in 1944 and approximately 200 LF of 2-inch CU water main installed in 1980 on Brophy Avenue. The existing water mains and service connections to be replaced have 15 recorded leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
51	343	1,000	6	DI	86.18	02-001	Cole Avenue	2014	$86,180	Install approximately 1,000 LF of 6-inch DI replacement pipe with polywrap, replace 7 service connections, replace 7 meters, and replace 2 fire hydrants along Cole Avenue. This project will replace approximately 800 LF of 6-inch ST water main installed in 1908 and approximately 150 LF of 8-inch ST water main installed in 1908 on Cole Avenue. The existing water mains and service connections to be replaced have 14 recorded leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
52	343	400	6	DI	85.06	02-001	Church Street	2012	$34,024	Install approximately 400 LF of 6-inch DI replacement pipe with polywrap, replace 7 service connections, replace 7 meters, and replace 1 fire hydrant along Church Street from Clawson Avenue to Sowels Avenue. This project will replace approximately 300 LF of 4-inch ST water main installed in 1930, 1975, and 1978 and approximately 100 LF of 6-inch ST water main installed in 1908 on Church Street. The existing water mains and service connections to be replaced have 12 recorded leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
Subtotal Cost (estimate)									**$1,197,731**	

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Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 345 Services	Replacement Plant Description (SIB-eligible plant) Quantity	Diameter	Material	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
43	345	22	1-inch	Copper	2555.67	02-001	Bowers Street	2012	$56,225	Install approximately 1,900 LF of 6-inch DI replacement pipe with polywrap, replace 22 service connections, replace 22 meters, and replace 1 fire hydrant along Bowers Street from Marie Street to McDonald Street. This project will replace approximately 1,250 LF of 4-inch ST water main installed in 1958 and approximately 150 LF of 1-inch GS water main installed in 1961 on Bowers Street; and approximately 500 LF of 2-inch GS water main installed in 1958 on Marie Street. The existing water mains and service connections to be replaced have 80 recorded leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
44	345	11	1-inch	Copper	2673.90	02-001	Ocotillo Avenue	2012	$29,413	Install approximately 700 LF of 6-inch DI replacement pipe with polywrap, replace 11 service connections, replace 11 meters, and replace 1 fire hydrant along Ocotillo Street. This project will replace approximately 600 LF of 1-inch GS water main installed in 1945, 1947, and 1950, approximately 250 LF of 1-inch PVC water main installed in 1980, approximately 150 LF of 4-inch ST water main installed in 1960, and approximately 100 LF of 2-inch CU water main installed in 2007 on Ocotillo Street. The existing water mains and service connections to be replaced have 35 recorded leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.

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Information to be included with SIB-Eligible Project Notification

45	345	41	1-inch	Copper	2,178.15	02-001	Ledge Avenue	2014	$89,304	Install approximately 2,450 LF of 6-inch DI replacement pipe with polywrap, replace 41 service connections, and replace 41 meters along Ledge Avenue and Quality Road. This project will replace approximately 1,050 LF of 1-inch GS water main installed in 1937, 1939, 1958, and 1962; approximately 100 LF of 2-inch ST water main installed in 2002; approximately 1,000 LF of 2-inch GS water main installed in 1932 and 1947; and approximately 200 LF of 3-inch GS water main installed in 1947. The existing water mains and service connections to be replaced have 35 recorded leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
46	345	1	1-inch	Copper	1,717.75	02-001	Highway 80	2014	$1,718	Install approximately 900 LF of 6-inch DI replacement pipe with polywrap, replace 1 service connection, and replace 1 meter along Highway 80 and Winwood Road. This project will replace approximately 900 LF of 1-inch PVC water main installed in 1980 on Winwood Road. The existing water mains and service connections to be replaced have 22 recorded leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
47	345	20	1-inch	Copper	1,954.85	02-001	Ledge Avenue	2014	$39,097	Install approximately 1,650 LF of 6-inch DI replacement pipe with polywrap, replace 20 service connections, and replace 20 meters along Ledge Avenue, Quality Road and Alleys. This project will replace approximately 150 LF of 1-inch GS water main installed in 1939, approximately 100 LF of 1-inch PVC water main installed in 1976, approximately 750 LF of 2-inch GS water main installed in 1939 and 1947; and approximately 350 LF of 3-inch GS water main installed in 1932 and 1952. The existing water mains and service connections to be replaced have 21 recorded leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
48	345	22	1-inch	Copper	2,052.15	02-001	Teran Street	2013	$45,147	Install approximately 2,900 LF of 6-inch DI replacement pipe with polywrap, replace 22 service connections, and replace 22 meters along Teran Street, Aruizu Street, Carbajal Street, and Vargas Street. This project will replace approximately 700 LF of 1-inch GS water main installed in 1938, approximately 800 LF of 2-inch GS water main installed in 1938, and approximately 1,300 LF of 6-inch ST water main installed in 1908 and 1976. The existing water mains and service connections to be replaced have 20 recorded leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.

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TABLE I (Page 3 of 6) cont.
Information to be included with SIB-Eligible Project Notification

49	345	12	1-inch	Copper	2,698.67	02-001	Park Avenue	2013	$32,384	Install approximately 700 LF of 6-inch DI replacement pipe with polywrap, replace 12 service connections, replace 12 meters, and replace 1 fire hydrant along Park Avenue. This project will replace approximately 650 LF of 2-inch GS water main installed in 1920 and 1967; approximately 300 LF of 4-inch GS water main installed in 1922; and approximately 250 LF of 6-inch ST water main installed in 1922 on Second Street. The existing water mains and service connections to be replaced have 16 recorded leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
50	345	11	1-inch	Copper	1,875.09	02-001	Brophy Avenue	2014	$20,626	Install approximately 600 LF of 6-inch DI replacement pipe with polywrap, replace 11 service connections, and replace 11 meters along Brophy Avenue. This project will replace approximately 400 LF of 1-inch GS water main installed in 1944 and approximately 200 LF of 2-inch CU water main installed in 1980 on Brophy Avenue. The existing water mains and service connections to be replaced have 15 recorded leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
51	345	7	1-inch	Copper	2,985.16	02-001	Cole Avenue	2014	$20,896	Install approximately 1,000 LF of 6-inch DI replacement pipe with polywrap, replace 7 service connections, replace 7 meters, and replace 2 fire hydrants along Cole Avenue. This project will replace approximately 800 LF of 6-inch ST water main installed in 1908 and approximately 150 LF of 8-inch ST water main installed in 1908 on Cole Avenue. The existing water mains and service connections to be replaced have 14 recorded leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
52	345	7	1-inch	Copper	2,507.04	02-001	Church Street	2012	$17,549	Install approximately 400 LF of 6-inch DI replacement pipe with polywrap, replace 7 service connections, replace 7 meters, and replace 1 fire hydrant along Church Street from Clawson Avenue to Sowels Avenue. This project will replace approximately 300 LF of 4-inch ST water main installed in 1930, 1975, and 1978 and approximately 100 LF of 6-inch ST water main installed in 1908 on Church Street. The existing water mains and service connections to be replaced have 12 recorded leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
Subtotal Cost (estimate)									**$352,359**	

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Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 346 Meters	Replacement Plant Description (SIB-eligible plant) Size	Quantity	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
43	346	5/8-inch	22	80.00	02-001	Bowers Street	2012	$1,760	Replace 22 meters along Bowers Street from Marie Street to McDonald Street. The existing meters have reached the end of their useful life. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
44	346	5/8-inch	11	80.00	02-001	Ocotillo Avenue	2012	$880	Replace 11 meters along Ocotillo Street. The existing meters have reached the end of their useful life. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
45	346	5/8-inch	41	80.00	02-001	Ledge Avenue	2014	$3,280	Replace 41 meters along Ledge Avenue and Quality Road. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
46	346	5/8-inch	1	80.00	02-001	Highway 80	2014	$80	Replace 1 meter along Highway 80 and Winwood Road. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
47	346	5/8-inch	20	80.00	02-001	Ledge Avenue	2014	$1,600	Replace 20 meters along Ledge Avenue, Quality Road and Alleys. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.

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TABLE I (Page 4 of 6) cont.

Information to be included with SIB-Eligible Project Notification

48	346	5/8-inch	22	80.00	02-001	Teran Street	2013	$1,760	Replace 22 meters along Teran Street, Aruizu Street, Carbajal Street, and Vargas Street. The existing meters have reached the end of their useful life. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
49	346	5/8-inch	12	80.00	02-001	Park Avenue	2013	$960	Replace 12 meters along Park Avenue. The existing meters have reached the end of their useful life. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
50	346	5/8-inch	11	80.00	02-001	Brophy Avenue	2014	$880	Replace 11 meters along Brophy Avenue. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
51	346	5/8-inch	7	80.00	02-001	Cole Avenue	2014	$560	Replace 7 meters along Cole Avenue. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
52	346	5/8-inch	7	80.00	02-001	Church Street	2012	$560	Replace 7 meters along Church Street from Clawson Avenue to Sowels Avenue. The existing meters have reached the end of their useful life. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
Subtotal Cost (estimate)								**$12,320**	

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

COCHISE/BISBEE

TABLE 1 (Page 5 of 6)

Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 348 Hydrants	Replacement Plant Description (SIB-eligible plant) Quantity	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
43	348	1	2,876.32	02-001	Bowers Street	2012	$2,876	Replace 1 fire hydrant along Bowers Street from Marie Street to McDonald Street. This project will replace a fire hydrant installed in 1958 along Bowers Street. The existing hydrant is old and failing requiring replacement. Replacement parts are unavailable for this hydrant. This replacement is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
44	348	1	2,524.87	02-001	Ocotillo Avenue	2012	$2,525	Replace 1 fire hydrant along Ocotillo Street. This project will replace a fire hydrant installed in 1960 along Ocotillo Street. The existing hydrant is old and failing requiring replacement. Replacement parts are unavailable for this hydrant. This replacement is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
45	NA			02-001			$0	
46	NA			02-001			$0	
47	NA			02-001			$0	
48	NA			02-001			$0	
49	348	1	2,615.10	02-001	Park Avenue	2013	$2,615	Replace 1 fire hydrant along Park Avenue. This project will replace a fire hydrant installed in 1920 along Park Avenue. The existing hydrant is old and failing requiring replacement. Replacement parts are unavailable for this hydrant. This replacement is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
50	NA			02-001			$0	
51	348	2	2,634.45	02-001	Cole Avenue	2014	$5,269	Replace 2 fire hydrants along Cole Avenue. This project will replace fire hydrants installed in 1908 along Cole Avenue. The existing hydrants are old and failing requiring replacement. Replacement parts are unavailable for these hydrants. This replacement is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.

COCHISE/BISBEE

TABLE I (Page 5 of 6) cont.

Information to be included with SIB-Eligible Project Notification

52	348	1	2,743.86	02-001	Church Street	2012	$2,744	Replace 1 fire hydrant along Church Street from Clawson Avenue to Sowels Avenue. This project will replace a fire hydrant installed in 1908 along Church Street from Clawson Avenue to Sowels Avenue. The existing hydrant is old and failing requiring replacement. Replacement parts are unavailable for this hydrant. This replacement is not being constructed to serve new customers. Project further described and documented in Exhibit PKS-13.
Subtotal Cost (estimate)							$16,029	

COCHISE/BISBEE

TABLE I (Page 6 of 6, Summary)

Information to be included with SIB-Eligible Project Notification

Project No.	PWSID No.	Project Description	Cost (estimated)
43	02-001	INSTALL 1,900 LF OF 6-INCH DIP w/POLYWRAP AND REPLACE 22 SERVICE CONNECTIONS ALONG BOWERS STREET FROM MARIE STREET TO McDONALD STREET.	$232,374
44	02-001	INSTALL 700 LF OF 6-INCH DIP W/POLYWRAP AND REPLACE 11 SERVICE CONNECTIONS ALONG OCOTILLO AVENUE.	$94,656
45	02-001	INSTALL 2,450 LF OF 6-INCH DIP w/POLYWRAP AND REPLACE 41 SERVICE CONNECTIONS ALONG LEDGE AVENUE AND QUALITY ROAD.	$318,891
46	02-001	INSTALL 900 LF OF 6-INCH DIP w/POLYWRAP AND REPLACE 1 SERVICE CONNECTION ALONG HIGHWAY 80 AND WINWOOD ROAD.	$84,679
47	02-001	INSTALL 1,650 LF OF 6-INCH DIP w/POLYWRAP AND REPLACE 20 SERVICE CONNECTIONS ALONG LEDGE AVENUE, QUALITY ROAD, AND ALLEYS.	$192,464
48	02-001	INSTALL 2,900 LF OF 6-INCH DIP w/POLYWRAP AND REPLACE 22 SERVICE CONNECTIONS ALONG TERAN STREET, ARUIZU STREET, CARBAJAL STREET, AND VARGAS STREET.	$312,721
49	02-001	INSTALL 700 LF OF 6-INCH DIP w/POLYWRAP AND REPLACE 12 SERVICE CONNECTIONS ALONG PARK AVENUE.	$98,070
50	02-001	INSTALL 600 LF OF 6-INCH DIP w/POLYWRAP AND REPLACE 11 SERVICE CONNECTIONS ALONG BROPHY AVENUE.	$76,802
51	02-001	INSTALL 1,000 LF OF 6-INCH DIP w/POLYWRAP AND REPLACE 7 SERVICE CONNECTIONS ALONG COLE AVENUE.	$112,905
52	02-001	INSTALL 400 LF OF 6-INCH DIP w/POLYWRAP AND REPLACE 7 SERVICE CONNECTIONS ALONG CHURCH STREET FROM CLAWSON AVENUE TO SOWELS AVENUE.	$54,877
Total Cost (estimate)			**$1,578,439**

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DECISION NO. 74081

EXHIBIT B

ARIZONA WATER COMPANY
Docket No. W-01445A-11-0310
Calculation of Overall SIB True-Up and Individual True-Up Surcharge/Credit
As of December 31, 2012

SIB Schedule B

Line No.	CALCULATION OF OVERALL SIB REVENUE TRUE-UP FROM PRIOR 12-MONTH SIBA SURCHARGE PERIOD	[A] SUPERSTITION	[B]
1			
2	Overall SIB Revenue Requirement from Prior 12-Month SIB Surcharge Period	$ 335,722	
3			
4	Overall SIB Efficiency Credit from Prior 12-Month SIB Surcharge Period	$ (16,786)	
5			
6	Total SIB Revenue Requirement Net of Efficiency Credit - Prior 12-Month SIB Surcharge Period		$ 318,936
7			
8	Total SIB Surcharge Revenues from Prior 12-Month SIB Surcharge Period	$ 310,000	
9			
10	Total SIB Efficiency Credit Refunds from Prior 12-Month SIB Surcharge Period	$ (15,500)	
11			
12	Total SIB Surcharge Revenues Net of Efficiency Credit from Prior 12-Month SIB Surcharge Period		$ 294,500
13			
14	Net SIB Surcharge Under/(Over)-Collections from Prior 12-Month SIB Surcharge Period (ln. 6 - ln. 12)		24,436
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DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Docket No. W-01445A-11-0310
Calculation of Overall SIB True-Up and Individual True-Up Surcharge/Credit
As of December 31, 2012

Line No.		[A]	[B]	[C]	[D]	[E]
1	CALCULATION OF INDIVIDUAL SIB FIXED TRUE-UP SURCHARGE/CREDIT					
2					SIB True-Up Surcharge/(Credit)	
3	Customer Meter Size	No. of Customers 12/31/2012	Meter Multiplier	5/8 x 3/4-inch Equivalent Meters (C X F)	Fixed Surcharge / (Credit)	Annual Revenue by Meter Size
9	5/8 x 3/4-inch	21,521	1	21,521	$ 0.07	$ 17,098
10	1-inch	1,824	2.5	4,559	$ 0.17	$ 3,622
11	1 1/2-inch	-	5	-	$ 0.33	$ -
12	2-inch	285	8	2,278	$ 0.53	$ 1,810
13	3-inch	31	16	492	$ 1.06	$ 391
14	4-inch	21	25	523	$ 1.66	$ 415
15	6-inch	25	50	1,225	$ 3.31	$ 973
16	8-inch	2	80	160	$ 5.30	$ 127
17	10-inch	-	115	-	$ 7.61	$ -
18						
19	Totals	23,708		30,758		$ 24,436
23						
24	Net SIB Surcharge Under/(Over)-Collections from Prior 12-Month SIB Surcharge Period (p. 1, ln. 14)				$ 24,436	
25						
26	Individual SIB Fixed True-Up Surcharge/(Credit) Per 5/8 x 3/4-inch Equivalent Meter (ln. 24 ÷ col. C, ln. 19 ÷ 12)					0.07

EXHIBIT C

SIB PLANT TABLE II (Page 1 of 6)

Information to be included with SIB-Eligible Completed Project Filings

	NARUC Acct No. (SIB-eligible plant)	Replacement Plant Description (SIB-eligible plant)				PWSID No.	Site (location description)	Replacement Plant		Original Plant (Plant Being Retired)			
Project No.	309 Supply Mains	Pipe Length	Diameter	Material	Cost/Unit			In-Service Date (provide ADEQ AOC and other related approvals by state and/or federal agencies when applicable; pictures of installed plant)	Actual Cost	Actual Retirement Date	Original In-Service Date	Original Cost	Accumulated Depreciation Reserve (as of the actual retirement date)
Subtotal Actual Cost													

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

SIB PLANT TABLE II (Page 2 of 6)

Information to be included with SIB-Eligible Completed Project Filings

	NARUC Acct No. (SIB-eligible plant)	Replacement Plant Description (SIB-eligible plant)				PWSID No.	Site (location description)	Replacement Plant		Original Plant (Plant Being Retired)			
Project No.	331 T&D Mains	Pipe Length	Diameter	Material	Cost/Unit			In-Service Date (provide ADEQ AOC and other *related* approvals by state and/or federal agencies when applicable; pictures of installed plant)	Actual Cost	Actual Retirement Date	Original In-Service Date	Original Cost	Accumulated Depreciation Reserve (as of the actual retirement date)
Subtotal Actual Cost													

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DECISION NO. 74081

SIB PLANT TABLE II (Page 3 of 6)

Information to be included with SIB-Eligible Completed Project Filings

	NARUC Acct No. (SIB-eligible plant)	Replacement Plant Description (SIB-eligible plant)				PWSID No.	Site (location description)	Replacement Plant		Original Plant (Plant Being Retired)			
Project No.	333 Services	Quantity	Diameter	Material	Cost/Unit			In-Service Date (provide ADEQ AOC and other related approvals by state and/or federal agencies when applicable; pictures of installed plant)	Actual Cost	Actual Retirement Date	Original In-Service Date	Original Cost	Accumulated Depreciation Reserve (as of the actual retirement date)
Subtotal Actual Cost													

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

SIB PLANT TABLE II (Page 4 of 6)

Information to be included with SIB-Eligible Completed Project Filings

	NARUC Acct No. (SIB-eligible plant)	Replacement Plant Description (SIB-eligible plant)			PWSID No.	Site (location description)	Replacement Plant		Original Plant (Plant Being Retired)			
Project No.	334 Meters	Size	Quantity	Cost/Unit			In-Service Date (provide ADEQ AOC and other related approvals by state and/or federal agencies when applicable; pictures of installed plant)	Actual Cost	Actual Retirement Date	Original In-Service Date	Original Cost	Accumulated Depreciation Reserve (as of the actual retirement date)
Subtotal Actual Cost												

DECISION NO. 74081

DOCKET NO. W-01445A-12-0348

Information to be included with SIB-Eligible Completed Project Filings

	NARUC Acct No. (SIB-eligible plant)	Replacement Plant Description (SIB-eligible plant)		PWSID No.	Site (location description)	Replacement Plant		Original Plant (Plant Being Retired)			
Project No.	335 Hydrants	Quantity	Cost/Unit			In-Service Date (provide ADEQ AOC and other related approvals by state and/or federal agencies when applicable; pictures of installed plant)	Actual Cost	Actual Retirement Date	Original In-Service Date	Original Cost	Accumulated Depreciation Reserve (as of the actual retirement date)
Subtotal Actual Cost											

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

SIB PLANT TABLE II (Page 6 of 6, Summary)

Information to be included with SIB-Eligible Completed Project Filings

Project No.	PWSID No.	Project Description	Cost (estimated)	Actual Cost	Detailed explanation of why actual costs have exceeded estimated costs by more than 10% for the project
Total Cost					

EXHIBIT D

ARIZONA WATER COMPANY
Docket No. W-01445A-11-0310
Calculation of Overall SIB Revenue Requirement and Individual Surcharge
As of December 31, 2012

SIB Schedule A

Line No.	CALCULATION OF OVERALL SIB REVENUE REQUIREMENT & EFFICIENCY CREDIT	[A] SUPERSTITION	[B]
1			
2	Total Authorized Revenue Requirement - Decision No. 73736	$ 17,848,923	
3			
4	SIB Revenue Cap %	5.00%	
5			
6	Net SIB Revenue Cap (ln. 2 x ln. 4)		$ 892,446
7			
8	SIB-Eligible Plant in Service - Per SIB Table II Summary	$ 2,000,000	
9			
10	Accumulated Depreciation - 1/2-Year Convention (ln. 24 x .5)	27,700	
11			
12	SIB Rate Base (ln. 8 - ln. 10)	$ 1,972,300	
13			
14	Required Rate of Return - Decision No. 73736	8.72%	
15			
16	Required SIB Operating Income (ln. 12 x ln. 14)	$ 171,985	
17			
18	Gross Revenue Conversion Factor/Tax Multiplier - Per Decision No. 73736	1.6590	
19			
20	Revenue Requirement - Return on SIB-Eligible Rate Base (ln. 16 x ln. 18)	$ 285,322	
21			
22	Applicable Depreciation Rate - Per Decision No. 73736	2.77%	
23			
24	SIB Depreciation Expense (ln. 8 x ln. 22)	$ 55,400	
25			
26	Less: Depreciation Expense Associated with Applicable Retirements - Per SIB Table II Summary	$ 5,000	
27			
28	Net Depreciation Expense - SIBA Eligible Plant (ln. 24 - ln. 26)	$ 50,400	
29			
30	SIB Capital Costs - Pre-Tax Return & Depreciation (ln. 20 + ln. 28)		$ 335,722
31			
32	Under or Over Recovery from Previous Period		$ -
33			
34			
35	Overall SIB Revenue Requirement - Lesser of Net SIB Revenue Cap or SIB Captial Costs		$ 335,722
36			
37	SIB Efficiency Credit %	-5.00%	
38			
39	Overall SIB Efficiency Credit (ln. 35 x ln. 37)		$ (16,786)
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DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Docket No. W-01445A-11-0310
Calculation of Overall SIB Revenue Requirement and Individual Surcharge
As of December 31, 2012

CALCULATION OF INDIVIDUAL SIB FIXED SURCHARGE AND EFFICIENCY CREDIT

Line No.		[A]	[B]	[C]	[D]	[E]	[F]	[G]
					SIB Surcharge		SIB Efficiency Credit	
	Customer Meter Size	No. of Customers 12/31/2012	Meter Multiplier	5/8 x 3/4-inch Equivalent Meters (C X F)	Individual Fixed Surcharge	Annual Revenue by Meter Size	Individual Fixed Credit	Annual Refund by Meter Size
9	5/8 x 3/4-inch	21,521	1	21,521	$ 0.91	$ 234,900	$ (0.05)	(11,745.00)
10	1-inch	1,824	2.5	4,559	$ 2.27	$ 49,763	$ (0.11)	(2,488.16)
11	1 1/2-inch	-	5	-	$ 4.55	$ -	$ (0.23)	-
12	2-inch	285	8	2,278	$ 7.28	$ 24,864	$ (0.36)	(1,243.21)
13	3-inch	31	16	492	$ 14.55	$ 5,370	$ (0.73)	(268.51)
14	4-inch	21	25	523	$ 22.74	$ 5,708	$ (1.14)	(285.38)
15	6-inch	25	50	1,225	$ 45.48	$ 13,371	$ (2.27)	(668.54)
16	8-inch	2	80	160	$ 72.77	$ 1,746	$ (3.64)	(87.32)
17	10-inch	-	115	-	$ 104.60	$ -	$ (5.23)	-
18								$ (16,786)
19	Totals	23,708		30,758		$ 335,722		

23	Overall SIB Revenue Requirement (p. 1, ln. 32)	$ 335,722
24	Individual SIB Fixed Surcharge Per 5/8 x 3/4-inch Equivalent Meter (ln. 24 ÷ col. C, ln. 19 ÷ 12)	$ 0.91
27	Overall SIB Efficiency Credit (p. 1, ln. 36)	$ (16,786)
30	Individual SIB Fixed Efficiency Credit Per 5/8 x 3/4-inch Equivalent Meter (ln. 28 ÷ col. C, ln. 19 ÷ 12)	$ (0.05)

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

EXHIBIT E

ARIZONA WATER COMPANY
Docket No. W-01445A-11-0310
Typical Bill Analysis - Residential 5/8 x 3/4-Inch Meter
As of December 31, 2012

SIB Schedule C

Line No.	Gallons Consumed	[A] Present Bill	[B] SIB Fixed Surcharge	[C] SIB Efficiency Credit	[D] SIB True-Up Surcharge / (Credit)	[E] Total Pro Forma Bill	[F] Net SIB Increase	[G] Percent SIB Increase
					SUPERSTITION			
1								
2	-	$ 22.26	$ 0.91	$ (0.05)	$ 0.07	$ 23.19	$ 0.93	4.2%
3	1,000	23.89	0.91	(0.05)	0.07	24.82	0.93	3.9%
4	2,000	25.53	0.91	(0.05)	0.07	26.46	0.93	3.6%
5	3,000	27.16	0.91	(0.05)	0.07	28.09	0.93	3.4%
6	4,000	30.49	0.91	(0.05)	0.07	31.42	0.93	3.1%
7	5,000	33.82	0.91	(0.05)	0.07	34.75	0.93	2.8%
8	6,000	37.14	0.91	(0.05)	0.07	38.07	0.93	2.5%
9	7,000	40.47	0.91	(0.05)	0.07	41.40	0.93	2.3%
10	8,000	43.80	0.91	(0.05)	0.07	44.73	0.93	2.1%
11	9,000	47.12	0.91	(0.05)	0.07	48.05	0.93	2.0%
12	10,000	50.45	0.91	(0.05)	0.07	51.38	0.93	1.8%
13	11,000	55.25	0.91	(0.05)	0.07	56.18	0.93	1.7%
14	12,000	60.05	0.91	(0.05)	0.07	60.98	0.93	1.5%
15	13,000	64.84	0.91	(0.05)	0.07	65.77	0.93	1.4%
16	14,000	69.64	0.91	(0.05)	0.07	70.57	0.93	1.3%
17	15,000	74.44	0.91	(0.05)	0.07	75.37	0.93	1.2%
18	20,000	98.42	0.91	(0.05)	0.07	99.35	0.93	0.9%
19	25,000	122.41	0.91	(0.05)	0.07	123.34	0.93	0.8%
20								
21								
22								
23								
24	Residential Bill at Average Consumption of 6,300 Gallons	$ 38.14	$ 0.91	$ (0.05)	$ 0.07	$ 39.07	$ 0.93	2.4%
25								
26								
27	Basic Service Charge	$ 22.26	$ 0.91	$ (0.05)	$ 0.07	$ 23.19	$ 0.93	4.2%
28								
29	Commodity Rate Per 1,000 Gallons							
30	0 - 3,000 Gallons	$ 1.6340	n/a	n/a	n/a	n/a	n/a	n/a
31	3,001 - 10,000 Gallons	$ 3.3270	n/a	n/a	n/a	n/a	n/a	n/a
32	Over 10,000 Gallons	$ 4.7970	n/a	n/a	n/a	n/a	n/a	n/a
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DECISION NO. 74081

DOCKET NO. W-01445A-12-0348

EXHIBIT F

ARIZONA WATER COMPANY
Docket No. W-01445A-11-0310
Fair Value Rate Base, Revenue & Rate of Return
As of December 31, 2012

SIB Schedule D

Line No.		[A]	[B]	[C]	[D]	[E]	[F]	[G]
					SUPERSTITION			
		Per Decision 73736	Net SIB Step-1 Increase	Net SIB Step-2 Increase	Net SIB Step-3 Increase	Net SIB Step-4 Increase	Net SIB Step-5 Increase	Pro Forma With SIB
1	Total Operating Revenue	$ 17,848,923	$ 318,936	$ -	$ -	$ -	$ -	$ 18,167,859
2								
3	Operating Expenses							
4	Operations & Maintenance	$ 8,057,876	$ -	$ -	$ -	$ -	$ -	$ 8,057,876
5	Depreciation & Amortization	2,671,694	50,400	-	-	-	-	2,722,094
6	Taxes Other than Income	1,049,113	-	-	-	-	-	1,049,113
7	Income Taxes	1,695,023	106,663	-	-	-	-	1,801,686
8	Total Operating Expenses	$ 13,473,706	$ 157,063	$ -	$ -	$ -	$ -	$ 13,630,769
9								
10	Operating Income (ln. 1 - ln. 8)	$ 4,375,217	$ 161,874	$ -	$ -	$ -	$ -	$ 4,537,091
11								
12	Interest Expense							
13	Weighted Avg. Cost of Debt	3.34%	3.34%	3.34%	3.34%	3.34%	3.34%	3.34%
14	Interest Expense (ln. 13 x ln. 19)	$ 1,876,832	$ 65,914	$ -	$ -	$ -	$ -	$ 1,742,746
15								
16	Net Income (ln. 10 - ln. 14)	$ 2,698,385	$ 95,959	$ -	$ -	$ -	$ -	$ 2,794,344
17								
18								
19	Rate Base - O.C.L.D.	$ 50,174,504	$ 1,972,300	$ -	$ -	$ -	$ -	$ 52,146,804
20								
21	Return on Rate Base - O.C.L.D. (ln. 10 ÷ ln. 19)	8.72%	8.21%	0.00%	0.00%	0.00%	0.00%	8.70%
22								
23	Authorized Return on Rate Base	8.72%	8.72%	8.72%	8.72%	8.72%	8.72%	8.72%
24								
25	Capital Structure							
26	Debt %	49.03%	49.03%	49.03%	49.03%	49.03%	49.03%	49.03%
27	Equity %	50.97%	50.97%	50.97%	50.97%	50.97%	50.97%	50.97%
28								
29	Total Equity (ln. 19 x ln. 27)	$ 25,573,945	$ 1,005,281	$ -	$ -	$ -	$ -	$ 26,579,226
30								
31	Authorized Return on Equity	10.55%	10.55%	10.55%	10.55%	10.55%	10.55%	10.55%
32								
33	Return on Equity (Ln. 16 ÷ ln. 29)	10.55%	9.55%	0.00%	0.00%	0.00%	0.00%	10.51%
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DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

EXHIBIT 2

TARIFF SCHEDULE

ARIZONA WATER COMPANY	A.C.C. No.
Filed by: William M. Garfield	Cancelling A.C.C. No.
Title: President	Tariff or Schedule No.
Date of Original Filing	Filed:
System(s): Sedona PWS No. 03-003&	Effective:
Valley Vista PWS No. 13-114	
(VERDE VALLEY DIVISION / SEDONA)	

OFF-SITE FACILITIES FEE (WATER)

I. Purpose and Applicability

The purpose of the off-site facilities fees payable to Arizona Water Company ("the Company") pursuant to this tariff is to equitably apportion the costs of constructing additional off-site facilities necessary to provide water production, treatment, delivery, storage and pressure among all new service connections. These charges are applicable to all new service connections established after the effective date of this tariff undertaken via Main Extension Agreements or requests for service not requiring a Main Extension Agreement. The charges are one-time charges and are payable as a condition to Company's establishment of service, as more particularly provided below.

II. Definitions

Unless the context otherwise requires, the definitions set forth in R-14-2-401 of the Arizona Corporation Commission's ("Commission") rules and regulations governing water utilities shall apply in interpreting this tariff schedule.

"Applicant" means any party entering into an agreement with Company for the installation of water facilities to serve new service connections, including Developers and/or Builders of new residential subdivisions and/or commercial and industrial properties.

"Company" means Arizona Water Company.

"System" means Public Water System ("PWS"), as defined by Arizona Department of Environmental Quality.

"Main Extension Agreement" means any agreement whereby an Applicant agrees to advance the costs of the installation of water facilities necessary for the Company to serve new service connections within a development, or installs such water facilities necessary to serve new service connections and transfer ownership of such water facilities to the Company, which agreement shall require the approval of the

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Commission pursuant to A.A.C. R-14-2-406, and shall have the same meaning as "Water Facilities Agreement" or "Line Extension Agreement."

"Off-site Facilities" means wells, storage tanks, water treatment facilities, that are not otherwise supported by an Arsenic Cost Recovery Mechanism ("ACRM"), and related appurtenances and equipment necessary for proper operation of such water treatment facilities, including engineering and design costs. Off-site facilities may also include booster pumps, pressure tanks, transmission mains and related appurtenances and equipment necessary for proper operation of such facilities if these facilities are not for the exclusive use of the applicant and will benefit the entire water system (Either all of Valley Vista or all of Sedona).

"Service Connection" means and includes all service connections for single-family residential or commercial, industrial other uses, regardless of meter size.

III. Off-Site Water Facilities Fee

For each new service connection, the Company shall collect an off-site facilities fee derived from the following table:

OFF-SITE FACILITIES FEE TABLE		
Meter Size	**Size Factor**	**Total Fee**
5/8" x 3/4 "	1	$1,100
3/4"	1.5	$1,650
1"	2.5	$2,750
1-1/2 "	5	$5,500
2"	8	$8,800
3"	16	$17,600
4"	25	$27,500
6" or larger	50	$55,000

IV. Terms and Conditions

(A) Assessment of One Time Off-Site Facilities Fee: The off-site facilities fee may be assessed only once per parcel, service connection, or lot within a subdivision (similar to meter and service line installation charge). These charges are not applicable to additional service connections that are established as back-up connections, under the condition that these service connections are not to be used at the same time.

(B) Use of Off-Site Facilities Fee: Off-site facilities fees may only be used to pay for capital items of off-site facilities or for repayment of loans obtained to fund the cost of installation of off-site facilities. Off-site facilities fees shall not be used to cover repairs,

maintenance, or operational costs. The Company shall record amounts collected under tariff as Contributions in Aid of Construction ("CIAC"); however, such amounts shall not be deducted from rate base until such amounts have been expended for utility plant.

(C) Time of Payment:

(1) For those requiring a Main Extension Agreement: In the event that the Applicant is required to enter into a Main Extension Agreement, whereby the Applicant agrees to advance the costs of installing mains, valves, fittings, hydrants and other on-site improvements or construct such improvements in order to extend service in accordance with R-14-2-406(B), payment of the off-site facilities fees required hereunder shall be made by the Applicant no later than 15 calendar days after receipt of notification from the Company that the Utilities Division of the Arizona Corporation Commission has approved the Main Extension Agreement in accordance with R-14-2-406(M). Except for those off-site facilities excluded from the definition above, Off-site Facilities shall not be included in the Main Extension Agreement.

(2) For those connecting to an existing main: In the event that the Applicant is not required to enter into a Main Extension Agreement, the off-site facilities fee charges hereunder shall be due and payable at the time the meter and service line installation fee is due and payable.

(D) Off-Site Facilities Construction By Developer: Company and Applicant may agree to construction of off-site facilities necessary to serve a particular development by Applicant, which facilities are then conveyed to Company. In that event, Company shall credit the total cost of such off-site facilities as an offset to off-site facilities fees due under this Tariff. If the total cost of the off-site facilities constructed by Applicant and conveyed to Company is less than the applicable off-site facilities fees under this Tariff, Applicant shall pay the remaining amount of off-site facilities fees owed hereunder. If the total cost of the off-site facilities contributed by Applicant and conveyed to Company is more than the applicable off-site facilities fees under this Tariff, Applicant shall be refunded the difference upon acceptance of the off-site facilities by the Company.

(E) Failure to Pay Charges; Delinquent Payments: The Company will not be obligated to make an advance commitment to provide or actually provide water service to any Applicant in the event that the Applicant has not paid in full all charges hereunder. Under no circumstances will the Company set a meter or otherwise allow service to be established if the entire amount of any payment due hereunder has not been paid.

(F) Large Subdivision and/or Development Projects: In the event that the Applicant is engaged in the development of a residential subdivision and/or development containing more than 150 lots, the Company may, in its discretion, agree to payment of off-site facilities fees in installments. Such installments may be based on the residential subdivision and/or development's phasing, and should attempt to equitably apportion

the payment of charges hereunder based on the Applicant's construction schedule and water service requirements. In the alternative, the Applicant shall post an irrevocable letter of credit in favor of the Company in a commercially reasonable form, which may be drawn by the Company consistent with the actual or planned construction and hook up schedule for the subdivision and/or development.

(G) Off-Site Facilities Fees Non-refundable: The amounts collected by the Company as off-site facilities fees shall be non-refundable contributions in aid of construction.

(H) Use of Off-Site Facilities Fees Received: All funds collected by the Company as off-site facilities fees shall be deposited into a separate interest bearing bank account and used solely for the purposes of paying for the costs of installation of off-site facilities, including repayment of loans obtained for the installation of off-site facilities that will benefit the entire water system (either all of Valley Vista or Sedona).

(I) Off-Site Facilities Fee in Addition to On-site Facilities: The off-site facilities fee shall be in addition to any costs associated with the construction of on-site facilities under a Main Extension Agreement.

(J) Disposition of Excess Funds: After all necessary and desirable off-site facilities are constructed utilizing funds collected pursuant to this tariff, or if the off-site facilities fee tariff has been terminated by order of the Arizona Corporation Commission, any funds remaining in the bank account shall be refunded. The manner of the refund shall be determined by the Commission at the time a refund becomes necessary.

(K) Fire Flow Requirements: In the event the Applicant for service has fire flow requirements that require additional facilities not covered by this tariff, such additional facilities shall be constructed under a separate Main Extension Agreement as a non-refundable contribution and shall be in addition to the off-site facilities fees.

(L) Status Reporting Requirements to the Commission: The Company shall submit a calendar year off-site facilities fee status report each January 31st to Docket Control for the prior twelve (12) month period, beginning January 31, 2014, until the off-site facilities fee tariff is no longer in effect. This status report shall contain a list of all customers that have paid the off-site facilities fee, the amount each has paid, the physical location/address of the property in respect of which such fee was paid, the amount of money spent from the account, the amount of interest earned on the funds within the tariff account, and a list of all facilities (by system location) that have been installed with the tariff funds during the twelve (12) month period.

ARIZONA WATER COMPANY
Docket No. W-01445A-11-0310
Calculation of Overall SIB Revenue Requirement and Individual Surcharge
As of December 31, 2012

SIB Schedule A

Line No.	CALCULATION OF OVERALL SIB REVENUE REQUIREMENT & EFFICIENCY CREDIT		[A] SUPERSTITION	[B]
1				
2	Total Authorized Revenue Requirement - Decision No. 73736		$ 17,848,923	
3				
4	SIB Revenue Cap %		5.00%	
5				
6	Net SIB Revenue Cap (ln. 2 x ln. 4)			$ 892,446
7				
8	SIB-Eligible Plant in Service - Per SIB Table II Summary		$ 2,000,000	
9				
10	Accumulated Depreciation - 1/2-Year Convention (ln. 28 x .5)		27,700	
11				
12	SIB Rate Base (ln. 8 - ln. 10)		$ 1,972,300	
13				
14				
15	Required Rate of Return - Decision No. 73736			
16	Weighted Cost of Equity:	5.38%		
17	Revenue Conversion Factor:	1.6590		
18	Pre-Tax Weighted Cost of Equity (ln. 16 x ln. 17):	8.92%		
19	Weighted Cost of Debt:	3.34%		
20				
21	Pre-Tax Cost of Capital (ln. 18 + ln. 19):	12.26%	12.26%	
22				
23	Required Revenues (ln. 12 x ln. 21)		$ 241,900	
24				
25				
26	Applicable Depreciation Rate - Per Decision No. 73736		2.77%	
27				
28	SIB Depreciation Expense (ln. 8 x ln. 26)		$ 55,400	
29				
30	Less: Depreciation Expense Associated with Applicable Retirements - Per SIB Table II Summary		$ 5,000	
31				
32	Net Depreciation Expense - SIBA Eligible Plant (ln. 28 - ln. 30)		$ 50,400	
33				
34	SIB Capital Costs - Pre-Tax Return & Depreciation (ln. 23 + ln. 32)			$ 292,300
35				
36	Under or Over Recovery from Previous Period			$ -
37				
38				
39	Overall SIB Revenue Requirement - Lesser of Net SIB Revenue Cap or SIB Captial Costs			$ 292,300
40				
41	SIB Efficiency Credit %		-5.00%	
42				
43	Overall SIB Efficiency Credit (ln. 39 x ln. 41)			$ (14,615)
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EXHIBIT C

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

ARIZONA WATER COMPANY
Docket No. W-01445A-11-0310
Calculation of Overall SIB Revenue Requirement and Individual Surcharge
As of December 31, 2012

CALCULATION OF INDIVIDUAL SIB FIXED SURCHARGE AND EFFICIENCY CREDIT

Line No.	Customer Meter Size	[A] No. of Customers 12/31/2012	[B] Meter Multiplier	[C] 5/8 x 3/4-inch Equivalent Meters (C X F)	[D] SIB Surcharge Individual Fixed Surcharge	[E] SIB Surcharge Annual Revenue by Meter Size	[F] SIB Efficiency Credit Individual Fixed Credit	[G] SIB Efficiency Credit Annual Refund by Meter Size
8	5/8 x 3/4-inch	21,521	1	21,521	$ 0.79	$ 204,518	$ (0.04)	(10,225.88)
9	1-inch	1,824	2.5	4,559	$ 1.98	$ 43,327	$ (0.10)	(2,166.33)
10	1 1/2-inch	-	5	-	$ 3.96	$ -	$ (0.20)	-
11	2-inch	285	8	2,278	$ 6.34	$ 21,646	$ (0.32)	(1,082.41)
12	3-inch	31	16	492	$ 12.67	$ 4,676	$ (0.63)	(233.78)
13	4-inch	21	25	523	$ 19.80	$ 4,969	$ (0.99)	(248.47)
14	6-inch	25	50	1,225	$ 39.60	$ 11,641	$ (1.98)	(582.07)
15	8-inch	2	80	160	$ 63.35	$ 1,521	$ (3.17)	(76.03)
16	10-inch	-	115	-	$ 91.07	$ -	$ (4.55)	-
17	Totals	23,708		30,758		$ 292,300		$ (14,615)

22	Overall SIB Revenue Requirement (p. 1, ln. 32)	$ 292,300
23	Individual SIB Fixed Surcharge Per 5/8 x 3/4-inch Equivalent Meter (ln. 24 ÷ col. C, ln. 19 ÷ 12)	$ 0.79
26	Overall SIB Efficiency Credit (p. 1, ln. 36)	$ (14,615)
29	Individual SIB Fixed Efficiency Credit Per 5/8 x 3/4-inch Equivalent Meter (ln. 28 ÷ col. C, ln. 19 ÷ 12)	$ (0.04)

DECISION NO. 74081

DOCKET NO. W-01445A-12-0348

ARIZONA WATER COMPANY
Docket No. W-01445A-11-0310
Calculation of Overall SIB True-Up and Individual True-Up Surcharge/Credit
As of December 31, 2012

SIB Schedule B

Line No.	CALCULATION OF OVERALL SIB REVENUE TRUE-UP FROM PRIOR 12-MONTH SIBA SURCHARGE PERIOD	[A] SUPERSTITION	[B]
1			
2	Overall SIB Revenue Requirement from Prior 12-Month SIB Surcharge Period	$ 292,300	
3			
4	Overall SIB Efficiency Credit from Prior 12-Month SIB Surcharge Period	$ (14,615)	
5			
6	Total SIB Revenue Requirement Net of Efficiency Credit - Prior 12-Month SIB Surcharge Period		$ 277,685
7			
8	Total SIB Surcharge Revenues from Prior 12-Month SIB Surcharge Period	$ 310,000	
9			
10	Total SIB Efficiency Credit Refunds from Prior 12-Month SIB Surcharge Period	$ (15,500)	
11			
12	Total SIB Surcharge Revenues Net of Efficiency Credit from Prior 12-Month SIB Surcharge Period		$ 294,500
13			
14	Net SIB Surcharge Under/(Over)-Collections from Prior 12-Month SIB Surcharge Period (ln. 6 - ln. 12)		(16,815)
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ARIZONA WATER COMPANY
Docket No. W-01445A-11-0310
Calculation of Overall SIB True-Up and Individual True-Up Surcharge/Credit
As of December 31, 2012

Line No.		[A]	[B]	[C]	[D]	[E]
	CALCULATION OF INDIVIDUAL SIB FIXED TRUE-UP SURCHARGE/CREDIT					
					SIB True-Up Surcharge/(Credit)	
	Customer Meter Size	No. of Customers 12/31/2012	Meter Multiplier	5/8 x 3/4-inch Equivalent Meters (C X F)	Fixed Surcharge / (Credit)	Annual Revenue by Meter Size
9	5/8 x 3/4-inch	21,521	1	21,521	$ (0.05)	$ (11,766)
10	1-inch	1,824	2.5	4,559	$ (0.11)	$ (2,493)
11	1 1/2-inch	-	5	-	$ (0.23)	$ -
12	2-inch	285	8	2,278	$ (0.36)	$ (1,245)
13	3-inch	31	16	492	$ (0.73)	$ (269)
14	4-inch	21	25	523	$ (1.14)	$ (286)
15	6-inch	25	50	1,225	$ (2.28)	$ (670)
16	8-inch	2	80	160	$ (3.64)	$ (87)
17	10-inch	-	115	-	$ (5.24)	$ -
19	Totals	23,708		30,758		$ (16,815)
24	Net SIB Surcharge Under/(Over)-Collections from Prior 12-Month SIB Surcharge Period (p. 1, ln. 14)				$ (16,815)	
26	Individual SIB Fixed True-Up Surcharge/(Credit) Per 5/8 x 3/4-inch Equivalent Meter (ln. 24 ÷ col. C, ln. 19 ÷ 12)					(0.05)

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DOCKET NO. W-01445A-12-0348

ARIZONA WATER COMPANY
Docket No. W-01445A-11-0310
Typical Bill Analysis - Residential 5/8 x 3/4-Inch Meter
As of December 31, 2012

SIB Schedule C

Line No.	Gallons Consumed	[A] Present Bill	[B] SIB Fixed Surcharge	[C] SIB Efficiency Credit	[D] SIB True-Up Surcharge / (Credit)	[E] Total Pro Forma Bill	[F] Net SIB Increase	[G] Percent SIB Increase
		SUPERSTITION						
1	-	$ 22.26	$ 0.79	$ (0.04)	$ (0.05)	$ 22.97	$ 0.71	3.2%
2	1,000	23.89	0.79	(0.04)	(0.05)	24.60	0.71	3.0%
3	2,000	25.53	0.79	(0.04)	(0.05)	26.23	0.71	2.8%
4	3,000	27.16	0.79	(0.04)	(0.05)	27.87	0.71	2.6%
5	4,000	30.49	0.79	(0.04)	(0.05)	31.20	0.71	2.3%
6	5,000	33.82	0.79	(0.04)	(0.05)	34.52	0.71	2.1%
7	6,000	37.14	0.79	(0.04)	(0.05)	37.85	0.71	1.9%
8	7,000	40.47	0.79	(0.04)	(0.05)	41.18	0.71	1.7%
9	8,000	43.80	0.79	(0.04)	(0.05)	44.50	0.71	1.6%
10	9,000	47.12	0.79	(0.04)	(0.05)	47.83	0.71	1.5%
11	10,000	50.45	0.79	(0.04)	(0.05)	51.16	0.71	1.4%
12	11,000	55.25	0.79	(0.04)	(0.05)	55.95	0.71	1.3%
13	12,000	60.05	0.79	(0.04)	(0.05)	60.75	0.71	1.2%
14	13,000	64.84	0.79	(0.04)	(0.05)	65.55	0.71	1.1%
15	14,000	69.64	0.79	(0.04)	(0.05)	70.35	0.71	1.0%
16	15,000	74.44	0.79	(0.04)	(0.05)	75.14	0.71	0.9%
17	20,000	98.42	0.79	(0.04)	(0.05)	99.13	0.71	0.7%
18	25,000	122.41	0.79	(0.04)	(0.05)	123.11	0.71	0.6%
19								
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21								
22								
23								
24	Residential Bill at Average Consumption of 6,300 Gallons	$ 38.14	$ 0.79	$ (0.04)	$ (0.05)	$ 38.85	$ 0.71	1.9%
25								
26								
27	Basic Service Charge	$ 22.26	$ 0.79	$ (0.04)	$ (0.05)	$ 22.97	$ 0.71	3.2%
28								
29	Commodity Rate Per 1,000 Gallons							
30	0 - 3,000 Gallons	$ 1.6340	n/a	n/a	n/a	n/a	n/a	n/a
31	3,001 - 10,000 Gallons	$ 3.3270	n/a	n/a	n/a	n/a	n/a	n/a
32	Over 10,000 Gallons	$ 4.7970	n/a	n/a	n/a	n/a	n/a	n/a
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DECISION NO. 74081

DOCKET NO. W-01445A-12-0348

ARIZONA WATER COMPANY
Docket No. W-01445A-11-0310
Fair Value Rate Base, Revenue & Rate of Return
As of December 31, 2012

SIB Schedule D

Line No.		[A]	[B]	[C]	[D]	[E]	[F]	[G]
					SUPERSTITION			
		Per Decision 73736	Net SIB Step-1 Increase	Net SIB Step-2 Increase	Net SIB Step-3 Increase	Net SIB Step-4 Increase	Net SIB Step-5 Increase	Pro Forma With SIB
1	Total Operating Revenue	$ 17,848,923	$ 277,685	$ -	$ -	$ -	$ -	$ 18,126,608
2								
3	Operating Expenses							
4	Operations & Maintenance	$ 8,057,876	$ -	$ -	$ -	$ -	$ -	$ 8,057,876
5	Depreciation & Amortization	2,671,694	50,400	-	-	-	-	2,722,094
6	Taxes Other than Income	1,049,113	-	-	-	-	-	1,049,113
7	Income Taxes	1,695,023	64,101	-	-	-	-	1,759,124
8	Total Operating Expenses	$ 13,473,706	$ 114,501	$ -	$ -	$ -	$ -	$ 13,588,207
9								
10	Operating Income (ln. 1 - ln. 8)	$ 4,375,217	$ 163,184	$ -	$ -	$ -	$ -	$ 4,538,401
11								
12	Interest Expense							
13	Weighted Avg. Cost of Debt	3.34%	3.34%	3.34%	3.34%	3.34%	3.34%	3.34%
14	Interest Expense (ln. 13 x ln. 19)	$ 1,676,832	$ 65,914	$ -	$ -	$ -	$ -	$ 1,742,746
15								
16	Net Income (ln. 10 - ln. 14)	$ 2,698,385	$ 97,270	$ -	$ -	$ -	$ -	$ 2,795,655
17								
18								
19	Rate Base - O.C.L.D.	$ 50,174,504	$ 1,972,300	$ -	$ -	$ -	$ -	$ 52,146,804
20								
21	Return on Rate Base - O.C.L.D. (ln. 10 ÷ ln. 19)	8.72%	8.27%	0.00%	0.00%	0.00%	0.00%	8.70%
22								
23	Authorized Return on Rate Base	8.72%	8.72%	8.72%	8.72%	8.72%	8.72%	8.72%
24								
25	Capital Structure							
26	Debt %	49.03%	49.03%	49.03%	49.03%	49.03%	49.03%	49.03%
27	Equity %	50.97%	50.97%	50.97%	50.97%	50.97%	50.97%	50.97%
28								
29	Total Equity (ln. 19 x ln. 27)	$ 25,573,945	$ 1,005,281	$ -	$ -	$ -	$ -	$ 26,579,226
30								
31	Authorized Return on Equity	10.55%	10.55%	10.55%	10.55%	10.55%	10.55%	10.55%
32								
33	Return on Equity (Ln. 16 ÷ ln. 29)	10.55%	9.68%	0.00%	0.00%	0.00%	0.00%	10.52%
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DECISION NO. 74081

DOCKET NO. W-01445A-12-0348

ARIZONA WATER COMPANY
Docket No. W-01445A-11-0310
Fair Value Rate Base, Revenue & Rate of Return
As of December 31, 2012

SIB Schedule D

Line No.		[A]	[B]	[C]	[D]	[E]	[F]	[G]
					SUPERSTITION			
		Per Decision 73736	Net SIB Step-1 Increase	Net SIB Step-2 Increase	Net SIB Step-3 Increase	Net SIB Step-4 Increase	Net SIB Step-5 Increase	Pro Forma With SIB
1	Total Operating Revenue	$ 17,848,923	$ 318,936	$ -	$ -	$ -	$ -	$ 18,167,859
2								
3	Operating Expenses							
4	Operations & Maintenance	$ 8,057,876	$ -	$ -	$ -	$ -	$ -	$ 8,057,876
5	Depreciation & Amortization	2,671,694	50,400	-	-	-	-	2,722,094
6	Taxes Other than Income	1,049,113	-	-	-	-	-	1,049,113
7	Income Taxes	1,695,023	106,663	-	-	-	-	1,801,686
8	Total Operating Expenses	$ 13,473,706	$ 157,063	$ -	$ -	$ -	$ -	$ 13,630,769
9								
10	Operating Income (ln. 1 - ln. 8)	$ 4,375,217	$ 161,874	$ -	$ -	$ -	$ -	$ 4,537,091
11								
12	Interest Expense							
13	Weighted Avg. Cost of Debt	3.34%	3.34%	3.34%	3.34%	3.34%	3.34%	3.34%
14	Interest Expense (ln. 13 x ln. 19)	$ 1,676,832	$ 65,914	$ -	$ -	$ -	$ -	$ 1,742,746
15								
16	Net Income (ln. 10 - ln. 14)	$ 2,698,385	$ 95,959	$ -	$ -	$ -	$ -	$ 2,794,344
17								
18								
19	Rate Base - O.C.L.D.	$ 50,174,504	$ 1,972,300	$ -	$ -	$ -	$ -	$ 52,146,804
20								
21	Return on Rate Base - O.C.L.D. (ln. 10 + ln. 19)	8.72%	8.21%	0.00%	0.00%	0.00%	0.00%	8.70%
22								
23	Authorized Return on Rate Base	8.72%	8.72%	8.72%	8.72%	8.72%	8.72%	8.72%
24								
25	Capital Structure							
26	Debt %	49.03%	49.03%	49.03%	49.03%	49.03%	49.03%	49.03%
27	Equity %	50.97%	50.97%	50.97%	50.97%	50.97%	50.97%	50.97%
28								
29	Total Equity (ln. 19 x ln. 27)	$ 25,573,945	$ 1,005,281	$ -	$ -	$ -	$ -	$ 26,579,226
30								
31	Authorized Return on Equity	10.55%	10.55%	10.55%	10.55%	10.55%	10.55%	10.55%
32								
33	Return on Equity (Ln. 16 + ln. 29)	10.55%	9.55%	0.00%	0.00%	0.00%	0.00%	10.51%
34								
35								
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DECISION NO. 74081

DOCKET NO. W-01445A-12-0348

VERDE VALLEY/RIMROCK

TABLE 1 (Page 1 of 6)

Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 309 Supply Mains	Replacement Plant Description (SIB-eligible plant) Pipe length	Diameter	Material	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
7	NA					13-046			$0	
8	NA					13-046			$0	
9	NA					13-046			$0	
10	NA					13-046			$0	
11	NA					13-046			$0	
12	NA					13-046			$0	
Subtotal Cost (estimate)									$0	

EXHIBIT D

DOCKET NO. W-01445A-12-0348

DECISION NO. 74081

VERDE VALLEY/RIMROCK

TABLE I (Page 2 of 6)

Information to be included with SIB-Eligible Project Notification

	NARUC Acct No. (SIB-eligible plant)	Replacement Plant Description (SIB-eligible plant)				PWSID No.	Site (location description)	Replacement Plant		
Project No.	343 T&D Mains	Pipe length	Diameter	Material	Cost/Unit			Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
7	343	1,100	6	DI	99.68	13-046	Roundup Road and Ghostrider Way	2015	$109,648	Install approximately 1,100 LF of 6-inch DI replacement pipe with polywrap, replace 22 service connections, and replace 22 meters along Roundup Road and Ghostrider Way. This project will replace approximately 1,100 LF of 4-inch GS water main installed in 1965. The existing water mains and service connections to be replaced have 6 recorded leaks over the past 2 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
8	343	2,800	6	DI	99.91	13-046	Lavin Lane, Miller Road and Forest Glen Road	2015	$279,748	Install approximately 2,800 LF of 6-inch DI replacement pipe with polywrap, replace 37 service connections, and replace 37 meters along Lavin Lane, Miller Road, and Forest Glen Road. This project will replace approximately 2,800 LF of 4-inch GS water main installed in 1964. The existing water mains and service connections to be replaced have 9 recorded leaks over the past 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
9	343	1,150	6	DI	99.80	13-046	Cliffside Trail	2015	$114,770	Install approximately 1,150 LF of 6-inch DI replacement pipe with polywrap, replace 19 service connections, and replace 19 meters along Cliffside Trail. This project will replace approximately 1,150 LF of 2-inch GS and 4-inch CA water main installed in 1961. The existing water mains and service connections to be replaced have 11 recorded leaks over the past 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
10	NA					13-046			$0	

VERDE VALLEY/RIMROCK

TABLE I (Page 2 of 6) cont.

Information to be included with SIB-Eligible Project Notification

11	343	1,600	6	DI	99.62	13-046	Valley Lane, Elm Drive and Yuma Drive	2014	$159,392	Install approximately 1,600 LF of 6-inch DI replacement pipe with polywrap, replace 34 service connections, and replace 34 meters along Valley Lane, Elm Drive and Yuma Drive. This project will replace approximately 1,600 LF of 2-inch GS and 4-inch CA water main installed in 1965. The existing water mains and service connections to be replaced have 17 recorded leaks over the past 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
12	343	800	6	DI	100.20	13-046	Top O' The Morning Way	2014	$80,160	Install approximately 800 LF of 6-inch DI replacement pipe with polywrap, replace 6 service connections, and replace 6 meters along Top O' The Moring Way. This project will replace approximately 800 LF of 4-inch GS water main installed in 1964 and 4-inch PVC water main installed in 1971. The existing water mains and service connections to be replaced have 10 recorded leaks over the past 6 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
Subtotal Cost (estimate)									**$743,718**	

VERDE VALLEY/RIMROCK
TABLE I (Page 3 of 6)
Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 345 Services	Replacement Plant Description (SIB-eligible plant) Quantity	Diameter	Material	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
7	345	22	1-inch	Copper	2,928.09	13-046	Roundup Road and Ghostrider Way	2015	$64,418	Install approximately 1,100 LF of 6-inch DI replacement pipe with polywrap, replace 22 service connections, and replace 22 meters along Roundup Road and Ghostrider Way. This project will replace approximately 1,100 LF of 4-inch GS water main installed in 1965. The existing water mains and service connections to be replaced have 6 recorded leaks over the past 2 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
8	345	37	1-inch	Copper	2,686.57	13-046	Lavin Lane, Miller Road and Forest Glen Road	2015	$99,403	Install approximately 2,800 LF of 6-inch DI replacement pipe with polywrap, replace 37 service connections, and replace 37 meters along Lavin Lane, Miller Road, and Forest Glen Road. This project will replace approximately 2,800 LF of 4-inch GS water main installed in 1964. The existing water mains and service connections to be replaced have 9 recorded leaks over the past 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
9	345	19	1-inch	Copper	2,908.27	13-046	Cliffside Trail	2015	$55,257	Install approximately 1,150 LF of 6-inch DI replacement pipe with polywrap, replace 19 service connections, and replace 19 meters along Cliffside Trail. This project will replace approximately 1,150 LF of 2-inch GS and 4-inch CA water main installed in 1961. The existing water mains and service connections to be replaced have 11 recorded leaks over the past 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
10	345	62	1-inch	Copper	2,877.71	13-046	Waldron and Aztec Roads	2013	$178,418	Replace 62 service connections and replace 62 meters along Waldron and Aztec Roads. The existing water mains and service connections to be replaced have 22 recorded leaks over the last 9 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.

VERDE VALLEY/RIMROCK
TABLE I (Page 3 of 6) cont.
Information to be included with SIB-Eligible Project Notification

11	345	34	1-inch	Copper	2,772.50	13-046	Valley Lane, Elm Drive and Yuma Drive	2014	$94,265	Install approximately 1,600 LF of 6-inch DI replacement pipe with polywrap, replace 34 service connections, and replace 34 meters along Valley Lane, Elm Drive and Yuma Drive. This project will replace approximately 1,600 LF of 2-inch GS and 4-inch CA water main installed in 1965. The existing water mains and service connections to be replaced have 17 recorded leaks over the past 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
12	345	6	1-inch	Copper	2,942.90	13-046	Top O' The Morning Way	2014	$17,657	Install approximately 800 LF of 6-inch DI replacement pipe with polywrap, replace 6 service connections, and replace 6 meters along Top O' The Moring Way. This project will replace approximately 800 LF of 4-inch GS water main installed in 1964 and 4-inch PVC water main installed in 1971. The existing water mains and service connections to be replaced have 10 recorded leaks over the past 6 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
Subtotal Cost (estimate)									**$509,418**	

VERDE VALLEY/RIMROCK
TABLE I (Page 4 of 6)
Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 346 Meters	Replacement Plant Description (SIB-eligible plant) Size	Quantity	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
7	346	5/8-inch	22	80.00	13-046	Roundup Road and Ghostrider Way	2015	$1,760	Replace 22 meters along Roundup Road and Ghostrider Way. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
8	346	5/8-inch	37	80.00	13-046	Lavin Lane, Miller Road and Forest Glen Road	2015	$2,960	Replace 37 meters along Lavin Lane, Miller Road and Forest Glen Road. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
9	346	5/8-inch	19	80.00	13-046	Cliffside Trail	2015	$1,520	Replace 19 meters along Cliffside Trail. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
10	346	5/8-inch	62	80.00	13-046	Waldron and Aztec Roads	2013	$4,960	Replace 62 meters along Waldron and Aztec Roads. The existing meters have reached the end of their useful life. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
11	346	5/8-inch	34	80.00	13-046	Valley Lane, Elm Drive and Yuma Drive	2014	$2,720	Replace 34 meters along Valley Lane, Elm Drive and Yuma Drive. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.

VERDE VALLEY/RIMROCK

TABLE I (Page 4 of 6) cont.

Information to be included with SIB-Eligible Project Notification

12	346	5/8-inch	6	80.00	13-046	Top O' The Morning Way	2014	$480	Replace 6 meters along Top O' The Morning Way. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
Subtotal Cost (estimate)								**$14,400**	

VERDE VALLEY/RIMROCK
TABLE I (Page 5 of 6)
Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 348 Hydrants	Replacement Plant Description (SIB-eligible plant) Quantity	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
7	NA			13-046			$0	
8	NA			13-046			$0	
9	NA			13-046			$0	
10	NA			13-046			$0	
11	NA			13-046			$0	
12	NA			13-046			$0	
Subtotal Cost (estimate)							$0	

VERDE VALLEY/RIMROCK

TABLE I (Page 6 of 6, Summary)

Information to be included with SIB-Eligible Project Notification

Project No.	PWSID No.	Project Description	Cost (estimated)
7	13-046	INSTALL 1,100 LF OF 6-INCH DIP w/POLYWRAP AND REPLACE 22 SERVICE CONNECTIONS ALONG ROUNDUP ROAD AND GHOSTRIDER WAY.	$175,826
8	13-046	INSTALL 2,800 LF OF 6-INCH DIP w/POLYWRAP AND REPLACE 37 SERVICE CONNECTIONS ALONG LAVIN LANE, MILLER ROAD, AND FOREST GLEN ROAD.	$382,111
9	13-046	INSTALL 1,150 LF OF 6-INCH DIP w/POLYWRAP AND REPLACE 19 SERVICE CONNECTIONS ALONG CLIFFSIDE TRAIL.	$171,547
10	13-046	REPLACE 62 SERVICE CONNECTIONS ALONG WALDRON ROAD AND AZTEC ROAD.	$183,378
11	13-046	INSTALL 1,600 LF OF 6-INCH DIP w/POLYWRAP AND REPLACE 34 SERVICE CONNECTIONS ALONG VALLEY LANE, ELM DRIVE, AND YUMA DRIVE.	$256,377
12	13-046	INSTALL 800 LF OF 6-INCH DIP w/POLYWRAP AND REPLACE 6 SERVICE CONNECTIONS ALONG TOP O' THE MORNING WAY.	$98,297
Total Cost (estimate)			**$1,267,536**

VERDE VALLEY/SEDONA

TABLE I (Page 1 of 6)

Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 309 Supply Mains	Replacement Plant Description (SIB-eligible plant) Pipe length	Diameter	Material	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
27	NA					03-003			$0	
28	NA					03-003			$0	
29	NA					03-003			$0	
30	NA					03-003			$0	
31	NA					03-003			$0	
32	NA					03-003			$0	
33	NA					03-003			$0	
34	NA					03-003			$0	
Subtotal Cost (estimate)									$0	

VERDE VALLEY/SEDONA
TABLE 1 (Page 2 of 6)
Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 343 T&D Mains	Replacement Plant Description (SIB-eligible plant) Pipe length	Diameter	Material	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
27	NA					03-003			$0	
28	343	250	6	DI	181.64	03-003	Flaming Arrow Drive	2013	$45,410	Install approximately 250 LF of 6-inch DI replacement pipe with polywrap, replace 4 service connections, and replace 4 meters along Flaming Arrow Drive. This project will replace approximately 250 LF of 4-inch CA water main installed in 1965. The existing water mains and service connections to be replaced have 3 recorded leaks over the last 3 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
29	NA					03-003			$0	
30	NA					03-003			$0	
31	NA					03-003			$0	
32	NA					03-003			$0	
33	343	300	6	DI	181.87	03-003	Brewer Road	2014	$54,561	Install approximately 300 LF of 6-inch DI replacement pipe with polywrap, replace 3 service connections, and replace 3 meters along Brewer Road. This project will replace approximately 300 LF of 1-inch GS water main installed in 1953. The existing water mains and service connections to be replaced have 4 recorded leaks over the last 4 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
34	NA					03-003			$0	
Subtotal Cost (estimate)									**$99,971**	

VERDE VALLEY/SEDONA

TABLE I (Page 3 of 6)

Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 345 Services	Replacement Plant Description (SIB-eligible plant) Quantity	Diameter	Material	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
27	345	12	1-inch	Copper	5,583.67	03-003	Roundup Drive	2015	$67,004	Replace 12 service connections and replace 12 meters along Roundup Drive. The existing water mains and service connections to be replaced have 6 recorded leaks over the last 5 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
28	345	4	1-inch	Copper	5,637.25	03-003	Flaming Arrow Drive	2013	$22,549	Install approximately 250 LF of 6-inch DI replacement pipe with polywrap, replace 4 service connections, and replace 4 meters along Flaming Arrow Drive. This project will replace approximately 250 LF of 4-inch CA water main installed in 1965. The existing water mains and service connections to be replaced have 3 recorded leaks over the last 3 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
29	345	10	1-inch	Copper	5,583.70	03-003	San Luis Circle	2015	$55,837	Replace 10 service connections and replace 10 meters along San Luis Circle. The existing water mains and service connections to be replaced have 6 recorded leaks over the last 5 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
30	345	21	1-inch	Copper	5,314.00	03-003	Santa Barbara Drive and San Mateo Circle	2015	$111,594	Replace 21 service connections and replace 21 meters along Santa Barbara Drive and San Mateo Circle. The existing water mains and service connections to be replaced have 9 recorded leaks over the last 4 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.

VERDE VALLEY/SEDONA

TABLE I (Page 3 of 6) cont.

Information to be included with SIB-Eligible Project Notification

31	345	30	1-inch	Copper	5,415.90	03-003	South Palisades Drive, Oak Ridge Lane and Creek View Circle	2014	$162,477	Replace 30 service connections and replace 30 meters along South Palisades Drive, Oak Ridge Lane and Creek View Circle. The existing water mains and service connections to be replaced have 11 recorded leaks over the last 4 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
32	345	13	1-inch	Copper	5,438.46	03-003	Lucerne Road	2014	$70,700	Replace 13 service connections and replace 13 meters along Lucerne Road. The existing water mains and service connections to be replaced have 4 recorded leaks over the last 3 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
33	345	3	1-inch	Copper	5,017.00	03-003	Brewer Road	2014	$15,051	Install approximately 300 LF of 6-inch DI replacement pipe with polywrap, replace 3 service connections, and replace 3 meters along Brewer Road. This project will replace approximately 300 LF of 1-inch GS water main installed in 1953. The existing water mains and service connections to be replaced have 4 recorded leaks over the last 4 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
34	345	22	1-inch	Copper	5,297.64	03-003	Manzanita Drive	2015	$116,548	Replace 22 service connections and replace 22 meters along Manzanita Drive. The existing water mains and service connections to be replaced have 5 recorded leaks over the last 4 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
Subtotal Cost (estimate)									**$621,760**	

VERDE VALLEY/SEDONA
TABLE 1 (Page 4 of 6)
Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 346 Meters	Replacement Plant Description (SIB-eligible plant) Size	Quantity	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
27	346	5/8-inch	12	80.00	03-003	Roundup Drive	2015	$960	Replace 12 meters along Roundup Drive. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
28	346	5/8-inch	4	80.00	03-003	Flaming Arrow Drive	2013	$320	Replace 4 meters along Flaming Arrow Drive. The existing meters have reached the end of their useful life. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
29	346	5/8-inch	10	80.00	03-003	San Luis Circle	2015	$800	Replace 10 meters along San Luis Circle. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
30	346	5/8-inch	21	80.00	03-003	Santa Barbara Drive and San Mateo Circle	2015	$1,680	Replace 21 meters along Santa Barbara Drive and San Mateo Circle. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
31	346	5/8-inch	30	80.00	03-003	South Palisades Drive, Oak Ridge Lane and Creek View Circle	2014	$2,400	Replace 30 meters along South Palisades Drive, Oak Ridge Lane and Creek View Circle. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.

VERDE VALLEY/SEDONA

TABLE 1 (Page 4 of 6) cont.

Information to be included with SIB-Eligible Project Notification

32	346	5/8-inch	13	80.00	03-003	Lucerne Road	2014	$1,040	Replace 13 meters along Lucerne Road. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
33	346	5/8-inch	3	80.00	03-003	Brewer Road	2014	$240	Replace 3 meters along Brewer Road. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
34	346	5/8-inch	22	80.00	03-003	Manzanita Drive	2015	$1,760	Replace 22 meters along Manzanita Drive. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
Subtotal Cost (estimate)								**$9,200**	

VERDE VALLEY/SEDONA

TABLE I (Page 5 of 6)

Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 348 Hydrants	Replacement Plant Description (SIB-eligible plant) Quantity	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
27	NA			03-003			$0	
28	NA			03-003			$0	
29	NA			03-003			$0	
30	NA			03-003			$0	
31	NA			03-003			$0	
32	NA			03-003			$0	
33	NA			03-003			$0	
34	NA			03-003			$0	
Subtotal Cost (estimate)							$0	

VERDE VALLEY/SEDONA
TABLE I (Page 6 of 6, Summary)
Information to be included with SIB-Eligible Project Notification

Project No.	PWSID No.	Project Description	Cost (estimated)
27	03-003	REPLACE 12 SERVICE CONNECTIONS ALONG ROUNDUP DRIVE.	$67,964
28	03-003	INSTALL 250 LF OF 6-INCH DIP w/POLYWRAP AND REPLACE 4 SERVICE CONNECTIONS ALONG FLAMING ARROW DRIVE.	$68,279
29	03-003	REPLACE 10 SERVICE CONNECTIONS ALONG SAN LUIS CIRCLE.	$56,637
30	03-003	REPLACE 21 SERVICE CONNECTIONS ALONG SANTA BARBARA DRIVE AND SAN MATEO CIRCLE.	$113,274
31	03-003	REPLACE 30 SERVICE CONNECTIONS ALONG SOUTH PALISADES DRIVE, OAK RIDGE LANE, AND CREEK VIEW CIRCLE.	$164,877
32	03-003	REPLACE 13 SERVICE CONNECTIONS ALONG LUCERNE ROAD.	$71,740
33	03-003	INSTALL 300 LF OF 6-INCH DIP w/POLYWRAP AND REPLACE 3 SERVICE CONNECTIONS ALONG BREWER ROAD.	$69,852
34	03-003	REPLACE 22 SERVICE CONNECTIONS ALONG MANZANITA DRIVE.	$118,308
Total Cost (estimate)			**$730,931**

VERDE VALLEY/PINEWOOD

TABLE I (Page 1 of 6)

Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 309 Supply Mains	Replacement Plant Description (SIB-eligible plant) Pipe length	Diameter	Material	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
1	NA					03-002			$0	
2	NA					03-002			$0	
3	NA					03-002			$0	
4	NA					03-002			$0	
5	NA					03-002			$0	
6	NA					03-002			$0	
Subtotal Cost (estimate)									$0	

VERDE VALLEY/PINEWOOD
TABLE I (Page 2 of 6)
Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 343 T&D Mains	Replacement Plant Description (SIB-eligible plant) Pipe length	Diameter	Material	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
1	343	450	6	DI	137.35	03-002	Munds Canyon Place	2015	$61,808	Install approximately 450 LF of 6-inch DI replacement pipe with polywrap, replace 11 service connections, and replace 11 meters, along Munds Canyon Place. This project will replace approximately 450 LF of 4-inch CA water main installed in 1971. The existing water mains and service connections to be replaced have 9 recorded leaks over the last 8 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
2	NA					03-002			$0	
3	NA					03-002			$0	
4	343	1,400	6	DI	135.24	03-002	Hillside Drive	2013	$189,336	Install approximately 1,400 LF of 6-inch DI replacement pipe with polywrap, replace 21 service connections, replace 21 meters, and replace 1 fire hydrant along Hillside Drive. This project will replace approximately 1,400 LF of 6-inch CA water main installed in 1971. The existing water mains and service connections to be replaced have 6 recorded leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
5	NA					03-002			$0	
6	NA					03-002			$0	
Subtotal Cost (estimate)									**$251,144**	

VERDE VALLEY/PINEWOOD

TABLE I (Page 3 of 6)

Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 345 Services	Replacement Plant Description (SIB-eligible plant) Quantity	Diameter	Material	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
1	345	11	1-inch	Copper	4,427.10	03-002	Munds Canyon Place	2015	$48,698	Install approximately 450 LF of 6-inch DI replacement pipe with polywrap, replace 11 service connections, and replace 11 meters, along Munds Canyon Place. This project will replace approximately 450 LF of 4-inch CA water main installed in 1971. The existing water mains and service connections to be replaced have 9 recorded leaks over the last 8 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
2	345	44	1-inch	Copper	4,768.48	03-002	North Lodge Drive	2015	$209,813	Replace 44 service connections and replace 44 meters along North Lodge Drive. The existing water mains and service connections to be replaced have 16 recorded leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
3	345	43	1-inch	Copper	4,705.60	03-002	Crestline Road and Midway Lane	2014	$202,341	Replace 43 service connections and replace 43 meters along Crestline Road and Midway Lane. The existing water mains and service connections to be replaced have 18 recorded leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
4	345	21	1-inch	Copper	4,390.60	03-002	Hillside Drive	2013	$92,203	Install approximately 1,400 LF of 6-inch DI replacement pipe with polywrap, replace 21 service connections, replace 21 meters, and replace 1 fire hydrant along Hillside Drive. This project will replace approximately 1,400 LF of 6-inch CA water main installed in 1971. The existing water mains and service connections to be replaced have 6 recorded leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.

VERDE VALLEY/PINEWOOD

TABLE 1 (Page 3 of 6) cont.

Information to be included with SIB-Eligible Project Notification

5	345	31	1-inch	Copper	4,913.81	03-002	Raintree Road, Lake Meadow Drive and Raintree Place	2015	$152,328	Replace 31 service connections and replace 31 meters along Raintree Road, Lake Meadow Drive and Raintree Place. The existing water mains and service connections to be replaced have 11 recorded leaks over the last 9 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
6	345	27	1-inch	Copper	4,884.48	03-002	Pinto, Palomino and Maverick Circles	2014	$131,881	Replace 27 service connections and replace 27 meters along Pinto, Palomino & Maverick Circles. The existing water mains and service connections to be replaced have 18 recorded leaks over the last 10 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
Subtotal Cost (estimate)									**$837,264**	

VERDE VALLEY/PINEWOOD

TABLE I (Page 4 of 6)

Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 346 Meters	Replacement Plant Description (SIB-eligible plant) Size	Quantity	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
1	346	5/8-inch	11	80.00	03-002	Munds Canyon Place	2015	$880	Replace 11 meters along Munds Canyon Place. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
2	346	5/8-inch	44	80.00	03-002	North Lodge Drive	2015	$3,520	Replace 44 meters along North Lodge Drive. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
3	346	5/8-inch	43	80.00	03-002	Crestline Road and Midway Lane	2014	$3,440	Replace 43 meters along Crestline Road and Midway Lane. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
4	346	5/8-inch	21	80.00	03-002	Hillside Drive	2013	$1,680	Replace 21 meters along Hillside Drive. The existing meters have reached the end of their useful life. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
5	346	5/8-inch	31	80.00	03-002	Raintree Road, Lake Meadow Drive and Raintree Place	2015	$2,480	Replace 31 meters along Raintree Road, Lake Meadow Drive and Raintree Place. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.

VERDE VALLEY/PINEWOOD

TABLE 1 (Page 4 of 6) cont.

Information to be included with SIB-Eligible Project Notification

6	346	5/8-inch	27	80.00	03-002	Pinto, Palomino and Maverick Circles	2014	$2,160	Replace 27 meters along Pinto, Palomino and Maverick Circles. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
Subtotal Cost (estimate)								**$14,160**	

VERDE VALLEY/PINEWOOD
TABLE I (Page 5 of 6)
Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 348 Hydrants	Replacement Plant Description (SIB-eligible plant) Quantity	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
1	NA			03-002			$0	
2	NA			03-002			$0	
3	NA			03-002			$0	
4	348	1	5,000.00	03-002	Hillside Drive	2013	$5,000	Replace 1 fire hydrant along Hillside Drive. This project will replace a fire hydrant installed in 1971. The existing hydrant is old and failing requiring replacement. Replacement parts are unavailable for this hydrant. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
5	NA			03-002			$0	
6	NA			03-002			$0	
Subtotal Cost (estimate)							$5,000	

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Information to be included with SIB-Eligible Project Notification

Project No.	PWSID No.	Project Description	Cost (estimated)
1	03-002	INSTALL 450 LF OF 6-INCH DIP w/POLYWRAP AND REPLACE 11 SERVICE CONNECTIONS ALONG MUNDS CANYON PLACE.	$111,386
2	03-002	REPLACE 44 SERVICE CONNECTIONS ALONG NORTH LODGE DRIVE.	$213,333
3	03-002	REPLACE 43 SERVICE CONNECTIONS ALONG CRESTLINE ROAD AND MIDWAY LANE.	$205,781
4	03-002	INSTALL 1,400 LF OF 6-INCH DIP w/POLYWRAP AND REPLACE 21 SERVICE CONNECTIONS ALONG HILLSIDE DRIVE.	$288,219
5	03-002	REPLACE 31 SERVICE CONNECTIONS ALONG RAINTREE ROAD, LAKE MEADOW DRIVE AND RAINTREE PLACE.	$154,808
6	03-002	REPLACE 27 SERVICE CONNECTIONS ALONG PINTO, PALOMINO AND MAVERICK CIRCLES.	$134,041
Total Cost (estimate)			**$1,107,568**

NAVAJO/OVERGAARD

TABLE I (Page 1 of 6)

Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 309 Supply Mains	Replacement Plant Description (SIB-eligible plant) Pipe length	Diameter	Material	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
13	NA					09-004			$0	
14	NA					09-004			$0	
15	NA					09-004			$0	
16	NA					09-004			$0	
17	NA					09-004			$0	
18	NA					09-004			$0	
19	NA					09-004			$0	
20	NA					09-004			$0	
21	NA					09-004			$0	
Subtotal Cost (estimate)									$0	

DECISION NO. 74081

DOCKET NO. W-01445A-12-0348

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TABLE 1 (Page 2 of 6)
Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 343 T&D Mains	Replacement Plant Description (SIB-eligible plant) Pipe length	Diameter	Material	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
13	NA					09-004			$0	
14	NA					09-004			$0	
15	NA					09-004			$0	
16	343	1,950	6	DI	66.80	09-004	B, C, and E Streets	2014	$130,260	Install approximately 1,950 LF of 6-inch DI replacement pipe with polywrap, replace 32 service connections, replace 32 meters, and replace 1 fire hydrant along B, C, and E Streets. This project will replace approximately 1,950 LF of 2-inch GS, 4-inch CA and 6-inch CA water main installed in 1949. The existing water mains and service connections to be replaced have 6 recorded leaks over the past 5 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
17	343	250	6	DI	56.53	09-004	Tall Pine Circle	2013	$14,133	Install approximately 250 LF of 6-inch DI replacement pipe with polywrap, replace 4 service connections, replace 4 meters, and replace 1 fire hydrant along Tall Pine Circle. This project will replace approximately 250 LF of 2-inch PVC water main installed in 1975. The existing water mains and service connections to be replaced have 4 recorded leaks over the past 5 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
18	NA					09-004			$0	
19	NA					09-004			$0	
20	NA					09-004			$0	

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Information to be included with SIB-Eligible Project Notification

21	NA					09-004			$0	
Subtotal Cost (estimate)									**$144,393**	

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Information to be included with SIB-Eligible Project Notification

	NARUC Acct No. (SIB-eligible plant)	Replacement Plant Description (SIB-eligible plant)				PWSID No.	Site (location description)	Replacement Plant		
Project No.	345 Services	Quantity	Diameter	Material	Cost/Unit			Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
13	345	31	1-inch	Copper	2,753.87	09-004	Holiday Forest Drive	2013	$85,370	Replace 31 service connections and replace 31 meters along Holiday Forest Drive. The existing water mains and service connections to be replaced have 5 recorded leaks over the last 5 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
14	345	33	1-inch	Copper	2,746.12	09-004	Hackamore Drive	2014	$90,622	Replace 33 service connections and replace 33 meters along Hackamore Drive. The existing water mains and service connections to be replaced have 5 recorded leaks over the last 5 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
15	345	56	1-inch	Copper	2,641.71	09-004	Blue Jay Road	2014	$147,936	Replace 56 service connections and replace 56 meters along Blue Jay Road. The existing water mains and service connections to be replaced have 8 recorded leaks over the last 5 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
16	345	32	1-inch	Copper	2,452.19	09-004	B, C, and E Streets	2014	$78,470	Install approximately 1,950 LF of 6-inch DI replacement pipe with polywrap, replace 32 service connections, replace 32 meters, and replace 1 fire hydrant along B, C, and E Streets. This project will replace approximately 1,950 LF of 2-inch GS, 4-inch CA and 6-inch CA water main installed in 1949. The existing water mains and service connections to be replaced have 6 recorded leaks over the past 5 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.

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TABLE 1 (Page 3 of 6) cont.

Information to be included with SIB-Eligible Project Notification

17	345	4	1-inch	Copper	2,389.70	09-004	Tall Pine Circle	2013	$9,558	Install approximately 250 LF of 6-inch DI replacement pipe with polywrap, replace 4 service connections, replace 4 meters, and replace 1 fire hydrant along Tall Pine Circle. This project will replace approximately 250 LF of 2-inch PVC water main installed in 1975. The existing water mains and service connections to be replaced have 4 recorded leaks over the past 5 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
18	345	43	1-inch	Copper	2,697.70	09-004	Pinewood Drive	2015	$116,001	Replace 43 service connections and replace 43 meters along Pinewood Drive. The existing water mains and service connections to be replaced have 6 recorded leaks over the last 5 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
19	345	36	1-inch	Copper	2,772.83	09-004	Ponderosa Road	2015	$99,822	Replace 36 service connections and replace 36 meters along Ponderosa Road. The existing water mains and service connections to be replaced have 3 recorded leaks over the last 5 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
20	345	55	1-inch	Copper	2,585.95	09-004	Aspen Road	2015	$142,227	Replace 55 service connections and replace 55 meters along Aspen Road. The existing water mains and service connections to be replaced have 4 recorded leaks over the last 5 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
21	345	53	1-inch	Copper	2,634.30	09-004	Pinewood Drive	2015	$139,618	Replace 53 service connections and replace 53 meters along Pinewood Drive. The existing water mains and service connections to be replaced have 7 recorded leaks over the last 5 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
Subtotal Cost (estimate)									**$909,624**	

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Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 346 Meters	Replacement Plant Description (SIB-eligible plant) Size	Quantity	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
13	346	5/8-inch	31	80.00	09-004	Holiday Forest Drive	2013	$2,480	Replace 31 meters along Holiday Forest Drive. The existing meters have reached the end of their useful life. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
14	346	5/8-inch	33	80.00	09-004	Hackamore Drive	2014	$2,640	Replace 33 meters along Hackamore Drive. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
15	346	5/8-inch	56	80.00	09-004	Blue Jay Road	2014	$4,480	Replace 56 meters along Blue Jay Road. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
16	346	5/8-inch	32	80.00	09-004	B, C, and E Streets	2014	$2,560	Replace 32 meters along B,C, and E Streets. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
17	346	5/8-inch	4	80.00	09-004	Tall Pine Circle	2013	$320	Replace 4 meters along Tall Pine Circle. The existing meters have reached the end of their useful life. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.

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Information to be included with SIB-Eligible Project Notification

18	346	5/8-inch	43	80.00	09-004	Pinewood Drive	2015	$3,440	Replace 43 meters along Pinewood Drive. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
19	346	5/8-inch	36	80.00	09-004	Ponderosa Road	2015	$2,880	Replace 36 meters along Ponderosa Road. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
20	346	5/8-inch	55	80.00	09-004	Aspen Road	2015	$4,400	Replace 55 meters along Aspen Road. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
21	346	5/8-inch	53	80.00	09-004	Pinewood Drive	2015	$4,240	Replace 53 meters along Pinewood Drive. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
Subtotal Cost (estimate)								**$27,440**	

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TABLE 1 (Page 5 of 6)

Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 348 Hydrants	Replacement Plant Description (SIB-eligible plant) Quantity	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
13	NA			09-004			$0	
14	NA			09-004			$0	
15	NA			09-004			$0	
16	348	1	5,000.00	09-004	B, C, and E Streets	2014	$5,000	Replace 1 fire hydrant along B, C, and E Streets. This project will replace a fire hydrant installed in 1949. The existing hydrant is old and failing requiring replacement. Replacement parts are unavailable for this hydrant. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
17	348	1	5,000.00	09-004	Tall Pine Circle	2013	$5,000	Replace 1 fire hydrant along Tall Pine Circle. This project will replace a fire hydrant installed in 1975. The existing hydrant is old and failing requiring replacement. Replacement parts are unavailable for this hydrant. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
18	NA			09-004			$0	
19	NA			09-004			$0	
20	NA			09-004			$0	
21	NA			09-004			$0	
Subtotal Cost (estimate)							**$10,000**	

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Information to be included with SIB-Eligible Project Notification

Project No.	PWSID No.	Project Description	Cost (estimated)
13	09-004	REPLACE 31 SERVICE CONNECTIONS ALONG HOLIDAY FOREST DRIVE.	$87,850
14	09-004	REPLACE 33 SERVICE CONNECTIONS ALONG HACKAMORE DRIVE.	$93,262
15	09-004	REPLACE 56 SERVICE CONNECTIONS ALONG BLUE JAY ROAD.	$152,416
16	09-004	INSTALL 1,950 LF OF 6-INCH DIP w/POLYWRAP AND REPLACE 32 SERVICE CONNECTIONS ALONG B, C, AND E STREETS.	$216,290
17	09-004	INSTALL 250 LF OF 6-INCH DIP w/POLYWRAP AND REPLACE 4 SERVICE CONNECTIONS ALONG TALL PINE CIRCLE.	$29,011
18	09-004	REPLACE 43 SERVICE CONNECTIONS ALONG PINEWOOD DRIVE.	$119,441
19	09-004	REPLACE 36 SERVICE CONNECTIONS ALONG PONDEROSA ROAD.	$102,702
20	09-004	REPLACE 55 SERVICE CONNECTIONS ALONG ASPEN ROAD.	$146,627
21	09-004	REPLACE 53 SERVICE CONNECTIONS ALONG PINEWOOD DRIVE.	$143,858
Total Cost (estimate)			**$1,091,457**

NAVAJO/PINETOP LAKES

TABLE I (Page 1 of 6)

Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 309 Supply Mains	Replacement Plant Description (SIB-eligible plant) Pipe length	Diameter	Material	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
22	NA					09-018			$0	
23	NA					09-018			$0	
24	NA					09-018			$0	
25	NA					09-018			$0	
26	NA					09-018			$0	
Subtotal Cost (estimate)									$0	

NAVAJO/PINETOP LAKES

TABLE I (Page 2 of 6)

Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 343 T&D Mains	Replacement Plant Description (SIB-eligible plant): Pipe length	Diameter	Material	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant: Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
22	NA					09-018			$0	
23	NA					09-018			$0	
24	NA					09-018			$0	
25	NA					09-018			$0	
26	NA					09-018			$0	
Subtotal Cost (estimate)									**$0**	

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NAVAJO/PINETOP LAKES
TABLE I (Page 3 of 6)
Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 345 Services	Replacement Plant Description (SIB-eligible plant) Quantity	Diameter	Material	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
22	345	25	1-inch	Copper	2,882.76	09-018	Roaring Fork and Branding Iron Loop	2013	$72,069	Replace 25 service connections and replace 25 meters along Roaring Fork and Branding Iron Loop. The existing water mains and service connections to be replaced have 3 recorded leaks over the last 2 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
23	345	32	1-inch	Copper	2,981.94	09-018	Fairway, Rustler and Maverick Drives	2013	$95,422	Replace 32 service connections and replace 32 meters along Fairway, Rustler and Maverick Drives. The existing water mains and service connections to be replaced have 2 recorded leaks over the last 2 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
24	345	42	1-inch	Copper	3,121.93	09-018	Crown Dancer Drive	2013	$131,121	Replace 42 service connections and replace 42 meters along Crown Dancer Drive. The existing water mains and service connections to be replaced have 3 recorded leaks over the last 2 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
25	345	29	1-inch	Copper	3,203.21	09-018	Buck Springs Road and Bride Trail Circle	2014	$92,893	Replace 29 service connections and replace 29 meters along Buck Springs Road and Bride Trail Circle. The existing water main and service connections to be replaced have 3 recorded leaks over the last 2 years. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.

NAVAJO/PINETOP LAKES

TABLE I (Page 3 of 6) cont.

Information to be included with SIB-Eligible Project Notification

26	345	65	1-inch	Copper	3,293.05	09-018	Blue Ridge Loop, Racoon Court and Moon Creek Court	2015	$214,048	Replace 65 service connections and replace 65 meters along Blue Ridge Loop, Racoon Court and Moon Creek Court.. The existing water main and service connections to be replaced have 2 recorded leaks over the last year. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
Subtotal Cost (estimate)									**$605,553**	

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NAVAJO/PINETOP LAKES
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Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 346 Meters	Replacement Plant Description (SIB-eligible plant) Size	Quantity	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
22	346	5/8-inch	25	80.00	09-018	Roaring Fork and Branding Iron Loop	2013	$2,000	Replace 25 meters along Roaring Fork and Branding Iron Loop. The existing meters have reached the end of their useful life. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
23	346	5/8-inch	32	80.00	09-018	Fairway, Rustler and Maverick Drives	2013	$2,560	Replace 32 meters along Fairway, Rustler and Maverick Drives. The existing meters have reached the end of their useful life. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
24	346	5/8-inch	42	80.00	09-018	Crown Dancer Drive	2013	$3,360	Replace 42 meters along Crown Dancer Drive. The existing meters have reached the end of their useful life. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-13.
25	346	5/8-inch	29	80.00	09-018	Buck Springs Road and Bride Trail Circle	2014	$2,320	Replace 29 meters along Buck Springs Road and Bride Trail Circle. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
26	346	5/8-inch	65	80.00	09-018	Blue Ridge Loop, Racoon Court and Moon Creek Court	2015	$5,200	Replace 65 meters along Blue Ridge Loop, Racoon Court and Moon Creek Court. In 2014 the existing meters are no longer NSF approved due to the new lead free brass requirements. Once a meter is removed from service, a new NSF approved meter must be installed in its place for compliance. This replacement project is not being constructed to serve new customers. Project further described and documented in Exhibit FKS-19.
Subtotal Cost (estimate)								**$15,440**	

NAVAJO/PINETOP LAKES

TABLE 1 (Page 5 of 6)

Information to be included with SIB-Eligible Project Notification

Project No.	NARUC Acct No. (SIB-eligible plant) 348 Hydrants	Replacement Plant Description (SIB-eligible plant) Quantity	Cost/Unit	PWSID No.	Site (location description)	Replacement Plant Expected In-Service Date	Cost (estimated)	1. Provide narrative why Replacement Plant is necessary - replacement of existing plant that has exceeded its designated useful life and has worn out or is in deteriorating condition due to no fault of the utility - replacement of existing plant to address excessive water loss (10% or more) - replacement of existing plant for other reasons supported by persuasive showing by utility 2. Provide narrative explaining why this segment of plant is a priority. 3. Provide narrative explaining how replacing this plant will benefit existing customers. 4. Provide affirmation that Replacement Plant does not include the costs for extending or expanding facilities to serve new customers.
22	NA			09-018			$0	
23	NA			09-018			$0	
24	NA			09-018			$0	
25	NA			09-018			$0	
26	NA			09-018			$0	
Subtotal Cost (estimate)							$0	

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NAVAJO/PINETOP LAKES

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Information to be included with SIB-Eligible Project Notification

Project No.	PWSID No.	Project Description	Cost (estimated)
22	09-018	REPLACE 25 SERVICE CONNECTIONS ALONG ROARING FORK AND BRANDING IRON LOOP.	$74,069
23	09-018	REPLACE 32 SERVICE CONNECTIONS ALONG FAIRWAY, RUSTLER AND MAVERICK DRIVES.	$97,982
24	09-018	REPLACE 42 SERVICE CONNECTIONS ALONG CROWN DANCER DRIVE.	$134,481
25	09-018	REPLACE 29 SERVICE CONNECTIONS ALONG BUCK SPRINGS ROAD AND BRIDE TRAIL CIRCLE.	$95,213
26	09-018	REPLACE 65 SERVICE CONNECTIONS ALONG BLUE RIDGE LOOP, RACOON COURT AND MOON CREEK COURT.	$219,248
Total Cost (estimate)			**$620,993**