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Docket #(s): W-01737A-12-0478

Arizona Corporation Commission
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Exhibit #: S1-S10, A1, A2

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To: Docket Control

Date: October 3, 2013

Re: New River Utility Company / Rates
W-01737A-12-0478
Volumes I and II, Concluded
September 12 and 13, 2013

STATUS OF ORIGINAL EXHIBITS

FILED WITH DOCKET CONTROL

New River Utility Company (A Exhibits)

A-1 through A-23

Staff (S Exhibits)

S-1 through S-10

EXHIBITS RETURNED TO PARTIES

New River Utility Company (A Exhibits)

A-24	Not offered [by design or oversight]
A-26	Not offered [by design or oversight]

EXHIBITS NOT UTILIZED
Not given to the reporter

New River Utility Company (A Exhibits)

A-25

Copy to:

Ms. Sarah N. Harpring, Administrative Law Judge
Mr. Jeffrey W. Crockett, New River Utility Company
Mr. Brian E. Smith, Staff

BEFORE THE ARIZONA CORPORATION COMMISSION

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

IN THE MATTER OF THE APPLICATION OF NEW RIVER UTILITY COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	)	DOCKET NO. W-01737A-12-0478

DIRECT

TESTIMONY

OF

CRYSTAL S. BROWN

PUBLIC UTILITIES ANALYST V

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

JUNE 26, 2013

EXHIBIT
S-1
ADMITTED

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EXECUTIVE SUMMARY
NEW RIVER UTILITY COMPANY
DOCKET NO. W-01737A-12-0478

New River Utility Company ("New River" or "Company") is an Arizona "S" corporation engaged in the business of providing water utility services to approximately 2,900 customers. The Company operates a water system in the city of Peoria which is located in Maricopa County, Arizona. New River's current rates were approved in Decision No. 65134, dated August 22, 2002.

The Company proposes a $1,087,449, or 86.28 percent revenue increase from $1,260,428 to $2,347,877. The proposed revenue increase would produce an operating income of $681,210 for an 8.72 percent rate of return on a fair value rate base ("FVRB") of $7,812,036. The Company's proposed rates would increase the typical residential 5/8 x 3/4-inch meter bill with a median usage of 8,762 gallons from $18.01 to $30.69, for an increase of $12.67 or 70.34 percent.

Staff recommends a $319,717 or 25.37 percent revenue increase from $1,260,428 to $1,580,145. Staff's recommended revenue increase would produce an operating income of $459,182 for a 7.60 percent rate of return on a Staff adjusted FVRB of $6,041,863 as shown on Schedule CSB-1. Staff's recommended rates would increase the typical residential 5/8 x 3/4-inch meter bill with a median usage of 8,762 gallons from $18.01 to $23.52, for an increase of $5.51 or 30.58 percent.

INTRODUCTION

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

A. My name is Crystal S. Brown. I am a Public Utilities Analyst V employed by the Arizona Corporation Commission ("Commission") in the Utilities Division ("Staff"). My business address is 1200 West Washington Street, Phoenix, Arizona 85007.

Q. Briefly describe your responsibilities as a Public Utilities Analyst V.

A. I am responsible for the examination and verification of financial and statistical information included in utility rate applications. In addition, I develop revenue requirements, prepare written reports, testimonies, and schedules that include Staff recommendations to the Commission. I am also responsible for testifying at formal hearings on these matters.

Q. Please describe your educational background and professional experience.

A. I received a Bachelor of Science Degree in Business Administration from the University of Arizona and a Bachelor of Science Degree in Accounting from Arizona State University.

Since joining the Commission in August 1996, I have participated in numerous rate cases and other regulatory proceedings involving electric, gas, water, and wastewater utilities. I have testified on matters involving regulatory accounting and auditing. Additionally, I have attended utility-related seminars sponsored by the National Association of Regulatory Utility Commissioners ("NARUC") on ratemaking and accounting designed to provide continuing and updated education in these areas.

Q. What is the scope of your testimony in this case?

A. I am presenting Staff's analysis and recommendations in the areas of rate base and operating revenues, expenses, and rate design regarding the New River Utility Company ("New River" or "Company") application for a permanent rate increase. Staff witness, John Cassidy, is presenting Staff's cost of capital recommendations. Staff witness, Marlin Scott, Jr., is presenting Staff's engineering analysis and recommendations.

Q. What is the basis of your recommendations?

A. I performed a regulatory audit of the Company's application to determine whether sufficient, relevant, and reliable evidence exists to support the Company's requested rate increase. The regulatory audit consisted of examining and testing the financial information, accounting records, and other supporting documentation and verifying that the accounting principles applied were in accordance with the Commission-adopted NARUC Uniform System of Accounts ("USoA").

BACKGROUND

Q. Please provide a brief description of New River and the service it provides.

A. New River is an Arizona "S" corporation engaged in the business of providing water utility services to approximately 2,900 customers. The Company operates a water system in the city of Peoria which is located in Maricopa County, Arizona. New River's current rates were approved in Decision No. 65134, dated August 22, 2002.

Q. What are the primary reasons for New River's requested permanent rate increase?

A. According to New River, the primary reason is to recover its operating expenses and to earn a just and reasonable rate of return.

CONSUMER SERVICE

Q. Please provide a brief history of customer complaints received by the Commission regarding New River.

A. Staff reviewed the Commission's records and found that, for the year 2010, there were two complaints regarding quality of service and billing; for the year 2011, there were four complaints regarding quality of service and disconnection; for the year 2012, there were no complaints; and for the year 2013 there was one complaint regarding water quality. All complaints have been resolved and closed.

COMPLIANCE

Q. Please provide a summary of the compliance status of New River.

A. A check of the Compliance database indicates that there are currently no delinquencies for New River.

SUMMARY OF PROPOSED REVENUES

Q. Please summarize the Company's filing.

A. The Company proposes a $1,087,449, or 86.28 percent revenue increase from $1,260,428 to $2,347,877. The proposed revenue increase would produce an operating income of $681,210 for an 8.72 percent rate of return on a fair value rate base ("FVRB") of $7,812,036. The Company's proposed rates would increase the typical residential 5/8 x 3/4-inch meter bill with a median usage of 8,762 gallons from $18.01 to $30.69, for an increase of $12.67 or 70.34 percent.

Q. Please summarize Staff's recommended revenue.

A. Staff recommends a $319,717 or 25.37 percent revenue increase from $1,260,428 to $1,580,145. Staff's recommended revenue increase would produce an operating income

of $459,182 for a 7.60 percent rate of return on a Staff adjusted FVRB of $6,041,863 as shown on Schedule CSB-1. Staff's recommended rates would increase the typical residential 5/8 x 3/4-inch meter bill with a median usage of 8,762 gallons from $18.01 to $23.52, for an increase of $5.51 or 30.58 percent.

Q. What test year did New River utilize in this filing?

A. New River's test year is based on the twelve months ended December 31, 2011.

Q. Please summarize Staff's rate base adjustments for New River.

A. All of Staff's adjustments are made to both the original cost ("OC") and reconstruction cost new ("RCN") rate bases with the exception of $84,633 of plant that the Company recognized in its original cost rate base but not in its RCN rate base. Staff's adjustment reflected this amount in the RCN rate base to correct the Company's error. My testimony discusses the following rate base adjustments.

Rate Base Adjustments

Post-Test Year Plant – This adjustment reflects plant that was placed in service after the test year; was not constructed for growth; and is revenue neutral. The adjustment increases both OC and RCN plant in service by $84,115.

Inadequately Supported Plant Costs – This adjustment removes recorded plant costs that were not adequately supported by invoices or other types of source documentation. The adjustment decreases OC plant in service by $222,346 and RCN plant in service by $307,365.

Unrecorded Plant – This adjustment reflects plant that was used and useful but was not recorded on the Company's books and records. The adjustment increases OC plant in service by $787,955 and RCN plant in service by $1,212,607.

Expensed Plant Costs, Plant In Service – This adjustment reflects plant that the Company expensed when purchased rather than capitalized and depreciated. This adjustment increases both OC and RCN plant in service by $18,236.

Other Tangible Plant Reclassification – This adjustment reclassifies $26,239 from Account No. 348, Other Tangible Equipment to Account No. 311, Pumping Equipment, for both the OC and RCN plant in service. The adjustment was made in order to ensure that the cost will be depreciated using the correct depreciation rate.

Plant Retirements – This adjustment reflects the removal of plant that is no longer in service. The adjustment decreases OC plant in service by $103,695 and RCN plant in service by $111,535.

Accumulated Depreciation – This adjustment reflects Staff's calculation of accumulated depreciation based on Staff's adjustments to plant. The adjustment decreases OC accumulated depreciation by $41,562 and RCN accumulated depreciation by $12,007.

Contributions In Aid of Construction ("CIAC") – This adjustment reflects unrecorded CIAC. The adjustment increases OC CIAC by $1,950,080 and RCN CIAC by $4,347,289.

Amortization of CIAC – This adjustment reflects the amortization of CIAC on the Staff-recommended CIAC additions. The adjustment increases OC accumulated amortization of CIAC by $501,447 and RCN accumulated amortization of CIAC by $935,231

Cash Working Capital Allowance – This adjustment decreases both the OC and RCN rate bases by $96,775 to eliminate the Cooperative's selective recognition of a working capital component that only increases rate base.

Q. Please summarize Staff's operating income adjustments for New River.

A. My testimony discusses the following operating income adjustments:

Operating Income Adjustments

Employee Pensions and Benefits– Operating income adjustment no. 1 increases this expense account by $14,400. It reclassifies $14,400 in expenses from the Contractual Services- Management Fees account to the Employee Pensions and Benefits account to reflect the proper classification of housing benefits that were provided to an employee.

Chemicals – Operating income adjustment no. 2 decreases this expense account by $11,957. It reclassifies $11,957 from the Chemicals account to the Contractual Services-Other account to reflect the proper classification of costs incurred for the services of a certified operator.

Repairs and Maintenance Expense – Operating income adjustment no. 3 decreases this expense account by $56,274. It removes $24,474 in unsupported credit card purchases; removes $31,333 in tank painting costs that the Company has not yet incurred; adds $15,000 to provide for a normalized level of arsenic media replacement cost; and

reclassifies $15,466 incurred for office supplies from the Repairs and Maintenance account to the Office Supplies Expense account.

Office Supplies Expense – Operating income adjustment no. 4 increases this expense account by $15,466. It reclassifies costs incurred for offices supplies from the Repairs and Maintenance account to the Office Supplies Expense account.

Contractual Services, Accounting – Operating income adjustment no. 5 decreases this expense account by $2,423 to remove costs incurred for the preparation of the Company's bill counts for the instant rate application. Staff did not reclassify the amount to rate case expense as the Company's proposed and Staff's recommended total rate case expense of $150,000 is sufficient to reimburse the Company for the $2,423 amount paid.

Contractual Services, Legal – Operating income adjustment no. 6 decreases this expense account by $16,231. It removes $2,424 in legal costs that belonged to the owner and/or affiliate that were incorrectly charged to New River; removes $1,716 in unsupported legal costs; reflects a three year normalization of $11,152 in legal costs related to a payment dispute and related to the title to a well; and capitalizes $4,656 in legal costs related to the interconnect PTY plant.

Contractual Services, Management Fees – Operating income adjustment no. 7 decreases this expense account by $75,000. It reclassifies $14,400 incurred for employee housing expenses from the Contractual Services- Management Fees account to the Employee Pensions and Benefits account; and reclassifies $60,600 in costs for renting office and workshop space from the Contractual Services- Management Fees account to the Rent-Buildings account.

Contractual Services, Water Testing – Operating income adjustment no. 8 increases this expense account by $10,636 to reflect Staff's recommended annual water testing costs.

Contractual Services, Other – Operating income adjustment no. 9 decreases this expense account by $41,768. It reclassifies $11,957 incurred for the services of a certified operator from the Chemicals account to the Contractual Services- Other account; reclassifies $47,950 in water testing costs from the Contractual Services- Other account to the Contractual Services- Water Testing account; and removes $5,775 in costs incurred for an affiliate.

Rents - Building – Operating income adjustment no. 10 increases this expense account by a net $26,580. It reflects Staff's calculation of the annual Rents-Building expense paid for the rental of office and workshop space in the owner's building.

Rents – Equipment (Vehicles) – Operating income adjustment no. 11 decreases this expense account by $13,164 to reflect Staff's analysis of New River's cost to rent vehicles from the owner and to reflect that one truck rental is excessive and not needed in the provision of service.

Transportation Expense – Operating income adjustment no. 12 decreases this expense account by $13,329. Staff removed $2,797 of transportation expense related to a truck rental that Staff determined was excessive and not needed in the provision of service; removed $4,020 for costs of an affiliate that were incorrectly charged to New River; and capitalized $6,512 for an engine that was rebuilt.

Bad Debt Expense – Operating income adjustment no. 13 decreases this expense account by $5,125 to reflect a normalized level of bad debt expense.

Miscellaneous Expense – Operating income adjustment no. 14 decreases this expense account by $16,790 to remove costs that are not needed in the provision of service.

Depreciation Expense – Operating income adjustment no. 15 decreases this expense account by $186,934 to reflect Staff's calculation of depreciation expense using Staff's recommended depreciation rates and Staff's recommended plant and CIAC balances.

Income Tax Expense – Operating income adjustment no. 16 increases this expense account by $104,730 to reflect an income tax allowance on Staff's adjusted test year taxable income.

Interest Expense on Customer Deposits – Operating income adjustment no. 16 increases this expense account by $1,367 to provide for interest on customer deposits.

RATE BASE

Fair Value Rate Base

Q. Did the Company prepare schedules showing the elements of Reconstruction Cost New Rate Base?

A. Yes, the Company prepared schedules showing the elements of reconstruction cost new rate base. The Company is proposing a fair value rate base of $7,812,036.

Rate Base Summary

Q. Please summarize Staff's adjustments to New River's rate base shown on Schedules CSB-3 and CSB-4.

A. Staff's adjustments to New River's rate base resulted in a net decrease of $1,770,173, from $7,812,036 to $6,041,863. This decrease was primarily due to the adjustments as discussed below.

Rate Base Adjustment No. 1– Post-Test Year Plant and Retirement

Q. What amount of plant did New River propose?

A. New River proposed including $5,444,591 of plant in rate base. The amount is composed of $5,373,333 in actual test year plant and $71,258 for post-test year plant.

Q. What is the $71,258 post-test year plant item?

A. The $71,258 post-test year plant item is an interconnection with the City of Peoria. According to New River, the interconnection was needed to resolve water quality issues and to serve as a new source of water supply (CSB 1.4, 3.4, 5.1).

Q. Did New River propose additional post-test year plant after its rate application was filed?

A. Yes, in March 2013, two of the Company's well pumps went down. The Company requested to include the cost of the new well pumps in rate base.

Q. Does Staff agree that it is appropriate to include the interconnection and emergency well pump repair as post-test year plant?

A. Yes, in this case. The cost of the plant is known and measurable, in service, and the retirements related to the emergency well pump repairs have been reflected. Moreover,

the new plant was revenue neutral, was not constructed for growth, and is needed to serve test year customers. Also, the water quality problems and failure of the well was beyond the control of New River.

Q. Has Staff reflected all of the costs incurred for the emergency well pump repairs?

A. No. The Company has received only one invoice from Weber Water Resources in the amount of $84,115 for repair of a pump for well number six. Once the other invoices are provided to the Company, the Company has stated that it will provide them to Staff.

Q. Will Staff include the additional emergency well pump repair costs in plant once they are received?

A. Yes, if they are provided in a timely manner.

Q. What is Staff's recommendation?

A. Staff recommends increasing the pumping equipment account by $84,115 as shown on Schedules CSB-4 and CSB-5.

Rate Base Adjustment No. 2 – Inadequately Supported Plant

Q. Are plant costs required to be supported?

A. Yes. The Arizona Administrative Code R14-2-610 D.1 states, "Each utility shall keep general and auxiliary accounting records reflecting the cost of its properties . . . and all other accounting and statistical data necessary to give complete and authentic information as to its properties . . ." (emphasis added).

Q. During the audit, did Staff identify plant costs which New River could not adequately support?

A. Yes. New River did not provide invoices to support $81,236 in pump additions and $23,747 in services additions. Source documents are essential records for verifying plant costs. In the absence of supporting documentation, the Company's plant balances cannot be verified.

Q. Should the inadequately supported plant costs be removed from rate base?

A. Yes. It is the Company's responsibility to support its claimed costs. If unsupported costs are not removed, ratepayers are at risk of paying for non-existent or overstated costs.

Q. What is Staff's recommendation?

A. Staff recommends decreasing plant in service by $222,346 as shown on Schedules CSB-4 and CSB-6.

Rate Base Adjustment No. 3 – Unrecorded Plant

Q. Should all plant owned by a regulated water utility be recorded in the utility's books and records?

A. Yes. Accounting Instruction No. 13 of the NARUC USoA states the following:

> Separate records shall be maintained by utility plant accounts of the book cost of each plant owned including additions by the utility to plant leased from others and of the cost of operating and maintaining each plant owned or operated.

Q. Did New River always record its plant?

A. No, it did not. On page 7, beginning at line 10 of Mr. Ray Jones' direct testimony he states:

> . . . items of plant were periodically constructed and funded by business entities controlled by Company management rather than by New River. Company management stated that the cost of these items of plant funded by affiliates *were not recorded on New River's books*. (Emphasis added).

Q. During the course of the audit did Staff identify specific examples of the Company not recording plant in accordance to the NARUC USoA?

A. Yes. Staff identified three Commission approved CC&N extensions (Decision Nos. 67164, 67440, and 69576) that the Company obtained since its last rate case. Staff sent data requests (CSB 1.10, 1.11, & 1.12) which, among other things, asked for the amount and the NARUC plant account number(s) in which the associated plant was recorded. The Company's response to these data requests indicated that the plant was not recorded as follows:

> Based upon a review of the Company's books and records made in answering this data request, *the Company does not believe that the plant was ever recorded on the Company's books* (Emphasis added).

Q. What are the amounts and account numbers of the unrecorded plant?

A. The amounts and account numbers are as follows:

Unrecorded Plant		
Acct. No.	Plant Description	Amount
331	Mains	$553,910
333	Services	$114,149
335	Hydrants	$191,525
	Total	$787,955

Q. What is the effect of unrecorded plant?

A. When plant is not recorded in accordance to the NARUC USoA, the financial information provided by the Company cannot be relied upon for ratemaking purposes. For New River, the effects of unrecorded plant are under-stated plant, accumulated depreciation, and depreciation expense balances.

Q. What is Staff's recommendation?

A. Staff recommends increasing plant in service by $787,955 to reflect plant financed with AIAC as shown on Schedules CSB-4 and CSB-7.

Rate Base Adjustment No. 4 – Expensed Plant

Q. **Did New River record as operating expense, costs incurred for plant and that should be recorded in plant accounts in accordance to the NARUC USoA?**

A. Yes, the Company expensed plant costs incurred for meter reading software, an engine rebuild, and the interconnection with the City of Peoria.

Q. **What is the effect of expensing plant?**

A. The matching principle is violated. The NARUC USoA requires utilities to follow accrual accounting. The matching principle is the underlying basis of accrual accounting. The matching principle requires that revenues in an accounting period be matched to the expenses incurred during that same accounting period.

The practice of expensing plant violates the matching principle because the entire cost of the asset is matched to only one accounting period even though the asset will benefit many accounting periods. Adherence to the matching principle and the NARUC USoA requires

that the cost of an asset that benefits more than one accounting period be capitalized (by recording it in a plant account) and depreciated over the asset's useful life.

Q. **What is Staff's recommendation?**

A. Staff recommends increasing plant in service by $18,236 to reclassify plant that was incorrectly recorded as an operating expense as shown on Schedules CSB-4 and CSB-8.

Rate Base Adjustment No. 5 – Other Tangible Plant Reclassification

Q. What amount did the Company propose for Other Tangible Plant?

A. The Company proposed $26,239.

Q. During the course of the audit, did Staff determine that the amount should be reclassified?

A. Yes, in response to data requests CSB 3.4 f3 and MSJ 4.3, the Company stated that the plant should be reclassified.

Q. Did Staff review the invoice for the plant?

A. Yes, Staff reviewed the invoice and determined that the plant should be reclassified to the account no. 311, Pumping Equipment.

Q. **What is Staff recommending?**

A. Staff recommends decreasing this account by $26,239 to reclassify plant to the pumping equipment account as shown on Schedules CSB-4 and CSB-9.

Rate Base Adjustment No. 6 – Plant Retirements

Q. Did Staff review the Company's retirement work paper that was used to prepare the instant rate application?

A. Yes.

Q. What did the work paper show?

A. The work paper showed that, with the exception of transportation equipment, no retirements have been recorded from 1984 to 2011; a 27 year time span.

Q. What plant items are expected to break down, become obsolete, or non-operational during 27 years?

A. Plant items such as pumping equipment, meters, office furniture and equipment, and computers and software all have useful lives of less than 27 years and would be expected to break down, become obsolete, or non-operational at or within a close range of their useful lives as follows:

Acct. No.	Plant Description	Useful Life
311	Pumping Equipment	8 years
334	Meters	12 years
340	Office Furniture & Equip	15 years
340.1	Computers & Software	5 years

Q. Was Staff concerned that no retirements, other than transportation equipment, were recorded on the Company's books?

A. Yes.

Q. What was Staff's concern?

A. Staff's concern was that the Company may not have recorded some of its plant retirements just as it had not recorded some of its plant additions as discussed in Rate Base Adjustment No. 3, "Unrecorded Plant."

Q. Did the Company provide documentation showing that many of its pumps (or major component parts) had been replaced?

A. Yes, the Company provided invoices showing that pumps and other major component parts had been replaced (CSB 1.4). Further, the Company provided an RCND study that indicated that pumps and pump motors had been replaced in the years 2001, 2004, and 2006:

Site No.	Year Replaced	Asset	NARUC Acct.	Repro Cost
Well No. 1	2004	Pump & Motor	311	$61,114
Well No. 2	2004	Pump & Motor	311	$19,833
Well No. 4	2004	Pump & Motor	311	$18,219
Well No. 6	2001	Pump & Motor	311	$68,033
Well No. 6	2001	Piping & Appurtenances	311	$64,574
Well No. 6	2001	Electrical &Instrumentation	311	$ 7,495
Storage Tank No.1 & Booster Pumps	2006	25 hp Centrifugal Pump	311	$ 5,600

Q. When a broken pump and/or pump motor is replaced with a new pump and/or pump motor, should the cost of the new pumping equipment be reflected as an addition and the cost of the broken pumping equipment be reflected as a retirement on the Company's books and records?

A. Yes. The cost of new pumps and pump motors are properly included in the pumps account. The NARUC USoA for plant account 331, Pumping Equipment states, in part, the following:

> This account shall include the cost of pumping equipment driven by electric power, diesel engines, steam engines and hydraulic water wheels and turbines. A sample of items to be included in this account is listed below:
>
> 1. Engines, **motors**, water wheels and turbines for driving pumps. (Emphasis added).
> 2. Pumps, including setting, gearing, shafting and belting.

Accordingly, the cost for the broken pumps and pump motors that are no longer in service and have been replaced are removed from the pumping equipment account. Accounting Instruction No. 27, Paragraph B (2) of the NARUC USOA states:

> When a retirement unit is retired from utility plant, with or without replacement, the book cost thereof shall be credited to the utility plant account in which it is included . . ."

Q. What is the primary effect of the Company not removing retirements from plant in service records?

A. The primary effect of not removing retirements from plant in service records is that depreciation expense and accumulated depreciation are overstated.

Q. What is Staff's recommendation?

A. Staff recommends decreasing account no. 311, pumping equipment by $99,195 and decreasing account no. 334, meters and meter installations by $4,500 as shown on Schedules CSB-4 and CSB-10.

Rate Base Adjustment No. 7 – Accumulated Depreciation

Q. What depreciation methodology does New River currently use?

A. New River currently uses the group method of depreciation (CSB 1-5).

Q. Ms. Brown, in Staff's opinion, does the use of the group method of depreciation present or cause problems within the rate making process?

A. Yes. I will provide details regarding these problems later in my testimony but, in summary, the use of the group method can result in over depreciating the original cost of plant investments, higher rate base levels than warranted (and thus higher revenue requirement to be paid by ratepayers), and a mismatch between actual useful life of new plant investments and the time period over which these new investments are recovered through rate-recognized depreciation expense.

Utilities can also be harmed or disadvantaged through cash flow implications associated with the regulatory treatment given the underlying depreciation expense.

Q. What is the primary difference between the group method and the vintage year group method of depreciation?

A. Both the group method and the vintage year group method of depreciation apply straight line depreciation to a group of assets. However, the group method *does not* keep track of the depreciation reserve of individual groups of assets by the year the individual groups

are placed in service. Use of the group method of depreciation creates numerous problems for regulated utilities as discussed later in my testimony.

The vintage year group method *keeps track* of the depreciation reserve of individual groups of assets *by the year the individual groups are placed in service (i.e. vintage year).* Assets do not continue to depreciate after they have been fully depreciated. The latter method is consistent with the matching principle, the NARUC USOA, and the widely accepted ratemaking principle of recovering only the cost of the asset through rates.

Q. When is an asset considered fully depreciated under the group method and the vintage year group method?

A. Under the group method, plant assets are not considered fully depreciated until they are retired. In other words, even though the full cost of an asset has been recovered through depreciation expense, it is not considered fully depreciated until it has been retired. Depreciation expense will continue to be calculated on the asset as long as it is in service.

Under the vintage year group method, assets are considered fully depreciated when the full cost of the vintage group has been recovered through depreciation expense. Assets that remain in service, though they are fully depreciated, will not continue to be depreciated.

Q. Is continuing to depreciate an asset after it has been fully depreciated consistent with the NARUC USoA?

A. No, it is not. The NARUC USoA discusses the use of only one type of depreciation methodology, namely, the straight line methodology. The straight line methodology allows only the service value (i.e. the original cost of the asset) to be depreciated whereas

the Company's group method allows *more than* the service value to be depreciated. Definition 37 of the NARUC USOA states the following:

> 37. "Straight-line method" as applied to depreciation accounting means the plan under which *the service value of property* is charged to operating expenses (and to clearing accounts if used), and credited to the accumulated depreciation account *through equal annual charges during its useful life* . . . (emphasis added)

Q. What types of problems can arise for Arizona regulated utilities using the group depreciation methodology?

A. There are five main problems that arise for Arizona regulated utilities as discussed below.

1. Group Depreciation Can Cause Negative Net Plant Balances

Utilization of the group methodology can cause a plant group to be depreciated beyond its original cost if the plant is in service longer than its original anticipated useful life. This will cause the net plant balance of the group to be negative. Negative plant values reduce a regulated utility's rate base.

For example, on Exhibit RLJ-DT Schedule B-2.1, page 10, line 11 of New River's application, it shows that in 2009 the pumping equipment account was fully depreciated (i.e., the plant balance was $939,631 and the accumulated depreciation balance was $939,631). Under the group method of depreciation, the $939,631 in pumping equipment continues to depreciate until the entire plant in the account is retired. Thus, the 2010 and 2011 depreciation expense would be $117,453 (i.e., $939,631 x 12.5%) for each year. The accumulated depreciation for 2010 would be $1,057,085 (i.e., $939,631 + $117,453) and the accumulated depreciation for 2011 would be $1,174,538 (i.e., $1,057,085 + $117,453). As shown in column F in the table below, this causes negative net plant.

Calculation of Negative Plant Balance					
Col A	**Col B**	**Col C**	**Col D**	**Col E**	**Col F**
			Col B x Col C		**Col B - Col E**
Year	**Plant Balance**	**Depreciation Rate**	**Depreciation Expense**	**Accumulated Depreciation**	**Net Plant**
2010	$939,631	12.5%	$117,453	$1,057,085	-$117,454
2011	$939,631	12.5%	$117,453	$1,174,538	-$234,907
			$234,907		

Negative plant balances caused by over-depreciation of assets do not occur with vintage year group depreciation.

2. Group Depreciation Can Cause Under-Stated Accumulated Depreciation When A Cap Is Placed On Accumulated Depreciation

Rather than accept the consequences of depreciating a plant group beyond its original cost (i.e., negative net plant balance), some companies, such as New River, place a cap on accumulated depreciation such that the accumulated depreciation will not exceed the original cost of the plant group. Using the example discussed in Item No. 1 above, New River placed a cap on accumulated depreciation such that it would not exceed the plant balance of $939,631 to prevent the net balance from being negative.

This inappropriate practice violates the NARUC USoA because the NARUC USoA requires depreciation expense to be calculated on all plant in service and that this expense be added to accumulated depreciation each year for as long as the plant is in service. As can be seen from the table above, *New River has understated its accumulated depreciation balance by $234,906,* the amount of depreciation expense that was recovered from customers but not recorded on the Company's books due to the cap. This, in turn,

overstates rate base. An over-stated rate base is unfair to the utility's customers who must pay a rate of return on the over-stated rate base.

Placing caps on accumulated depreciation in order to avoid negative net plant balances is not needed for vintage year group depreciation as depreciation ceases once the original cost has been fully depreciated.

3. Group Depreciation Can Cause Depreciation Expense To Be Calculated Indefinitely On Plant That Is No Longer In Service But Has Not Been Retired On The Company's Books.

When an asset has been taken out of service but the cost of that asset has not been removed from the associated plant account, depreciation expense will continue to be calculated on the initial plant investment indefinitely even though it is not in service. For example, New River had numerous pumps that had been replaced or rebuilt (see Schedule CSB-10, Plant Retirements). However, the original cost of the old pumps that were replaced or rebuilt was not removed from the pumping equipment account. Therefore, depreciation would have continued to accrue on these retired assets indefinitely had Staff not recommended that the old plant be retired. This problem does not occur under the vintage year method because depreciation would cease once the total cost of the pumps was fully depreciated.

4. Group Depreciation Can Cause The Cost Of A Plant Item Not To Be Allocated Equally Over The Plant Item's Useful Life

Staff has found that some companies that use the group method have very large gross plant account balances (e.g., New River) for certain plant accounts. Since original gross

investment is used to determine annual depreciation expense, the resulting depreciation expense can be quite large even though the original cost may be fully depreciated.

If new plant additions are smaller than the annual depreciation expense, depreciating individual plant additions within these large plant balances using the group method can essentially depreciate most, if not all, of the new plant additions in the same year they are added, rather than depreciating the assets over their useful lives. This is inconsistent with the NARUC USoA.

Exhibit RLJ-DTE, Schedule B-2.1, page 7, of New River's application (see attachment) shows a 2006 adjusted plant addition in the amount of $7,221 for account no. 311, Pumping Equipment. The pump should have been depreciated over 8 years. However the $7,221 pump, as well as all of the other pumps in the account, were fully depreciated at the end of 2011, a five year period. Fully depreciating the pump over five years rather than eight is inconsistent with the matching principle and the NARUC USOA.

Further, because the pumping equipment account is large (but fully depreciated), the cost of any new pump additions under $117,453 would be fully depreciated within one year rather than over 12 years. For example, Exhibit RLJ-DTE, Schedule B-2.1, page 12 (see attachment) shows that the Pumping Equipment plant balance is $939,631 and the accumulated depreciation for Pumping Equipment is also $939,631. If an $117,453 pump addition were added, the depreciation expense calculated in the first year would be $124,795[1]. Therefore, the $117,453 in pumping equipment would be fully depreciated in one year. This clearly violates the matching principle and the NARUC USOA.

[1] [$939,631 + ($117,453 x 1/2)] x 12.5% = $124,795

Again, this problem does not occur using the vintage year group depreciation method.

5. Group Depreciation Can Accelerate The Accumulation of The Depreciation Reserve Thus Causing a Premature Decrease In Cash Flow

The group method of depreciation has the effect of accelerating the accumulation of the depreciation reserve for plant accounts with large balances. This, in turn, will cause the plant accounts to become fully depreciated faster. Once fully depreciated, the NARUC USoA requires that depreciation expense on that account cease. A premature decrease in depreciation expense will cause a premature decrease in cash flow for regulated utilities because depreciation expense is recovered through rates.

New River's use of the group depreciation method has resulted in the pumping equipment account being fully depreciated even before some of the recent pump additions have reached the end of their useful lives as discussed in Item No. 4 above. Rather than face the consequences of a premature reduction in cash flow resulting from using the group depreciation method, the Company proposes to include $117,454 of depreciation expense on the *fully depreciated* pumping equipment balance (see Exhibit RLJ-DT Schedule C-2, page 9, line 12 of New River's application). The Company's proposal is not consistent with the NARUC USoA.

A premature decrease in cash flow does not occur using the vintage group method because the cost of the group of plant additions added in a year (e.g. $10,000 in pumps) would be depreciated over the useful life of pumps rather than expensed in one year.

Q. How are customers harmed under the Company's depreciation method?

A. The customers are harmed because they (1) are paying for more than the cost of the asset when an asset continues to be depreciated after it is fully depreciated and (2) pay more than they should on the return on rate base when companies place a cap on the amount that is added to accumulated depreciation reserve in order to keep the plant balance from going negative.

Q. What depreciation methodology does Staff generally recommend?

A. Staff generally recommends the vintage year group methodology. Staff used this methodology to calculate depreciation expense and, accordingly, accumulated depreciation in its direct testimony for this case.

Q. Does Staff recommend that New River discontinue the use of the group method of depreciation and begin using the vintage year group methodology in the instant case?

A. Yes. In order to be in agreement with the NARUC USoA and to remove the possibility of negative net plant balances due to over-depreciation, Staff recommends that plant groups be depreciated using vintage years. Once the plant group in a given vintage year is fully depreciated, the calculation of depreciation expense would cease. This will prevent the accumulated depreciation balance for that plant group from exceeding the original cost of the plant group. Staff further recommends that New River employ this same methodology on a going forward basis.

Q. What adjustments did Staff make to the Company's proposed $2,300,840 in accumulated depreciation?

A. Staff recalculated the Accumulated Depreciation balance using Staff's recommended plant balances.

Q. What is Staff's recommendation?

A. Staff recommends decreasing accumulated depreciation by $41,562 as shown on Schedules CSB-4 and CSB-11.

Ratemaking Treatment of Unapproved Advances In Aid of Construction ("AIAC")

Q. Are AIAC agreements required to be approved by the Utilities Division of the Commission?

A. Yes, according to Arizona Administrative Code R14-2-406 M which states:

> All agreements under this rule shall be filed with and approved by the Utilities Division of the Commission. No agreement shall be approved unless accompanied by a Certificate of Approval to Construct as issued by the Arizona Department of Health Services. *Where agreements for main extensions are not filed and approved by the Utilities Division, the refundable advance shall be immediately due and payable to the person making the advance.* Emphasis added.

Q. Did Staff identify any New River AIAC agreements that had not been approved by the Utilities Division of the Commission?

A. Yes. Staff identified $787,956 in unapproved AIACs that the Company entered into since its last rate case. The Company refunded $17,595, for net unapproved AIAC of $770,361.

Q. For ratemaking purposes, how did Staff treat the unapproved AIAC?

A. Staff treated the net unapproved AIAC as CIAC as discussed in Rate Base Adjustment No. 8 below.

Rate Base Adjustment No. 8 – Contributions In Aid of Construction ("CIAC")

Q. What did the Company propose for CIAC?

A. The Company proposed no CIAC.

Q. What adjustment did Staff make to the CIAC account?

A. Staff reflected $1,179,719 in net unrefunded AIAC from the last rate case that had converted to CIAC. Staff also reflected $770,361 in net unrefunded unapproved AIAC that had converted to CIAC during the intervening years since the last rate case.

Q. What is Staff's recommendation?

A. Staff recommends increasing CIAC by $1,950,080 to reflect the AIAC that should be transferred to CIAC as shown on Schedules CSB-4 and CSB-12.

Rate Base Adjustment No. 9 – Amortization of CIAC

Q. Did Staff make any adjustments to the amortization of CIAC account?

A. Yes.

Q. What was the adjustment?

A. Staff reflected the amortization of CIAC on the Staff recommended CIAC additions.

Q. What is Staff's recommendation?

A. Staff recommends increasing the amortization of CIAC by $501,447, as shown on Schedules CSB-4 and CSB-13.

Rate Base Adjustment No. 10 – Cash Working Capital Allowance

Q. What are the components of working capital?

A. The components of working capital as prescribed by the Arizona Administrative Code are cash working capital, materials and supplies, and prepaid expenses.

Q. Can total working capital be a negative amount that is deducted from rate base?

A. Yes, this can happen when cash working capital ("CWC") is negative and is larger than the sum of the materials, supplies, and prepayments.

Q. Does the Company's proposal to only include prepayments in working capital represent an inequitable adjustment to increase rate base?

A. Yes. The Company chose not to conduct a lead-lag study and, accordingly, failed to reflect any customer-provided capital as part of its working capital requirement.

It is inequitable for a utility the size of New River to calculate its working capital allowance by ignoring its cash working capital position. This approach guarantees a positive working capital result for New River. Had a lead-lag study been conducted, it might have shown that working capital is a negative component of rate base.

Q. Has the Commission recently adopted Staff's recommendation to remove the working capital from a Class C water company's rate base because it had not performed a lead-lag study?

A. Yes, the Commission in Decision No. 72429 dated June 24, 2011, (page 7, beginning at line 16), adopted Staff's recommendation to remove Southland Utilities Company's working capital because it had not performed a lead-lag study.

Q. What is Staff's recommendation?

A. Staff recommends removing $96,775 from working capital, as shown on Schedules CSB-4 and CSB-14.

Accumulated Deferred Income Taxes and the Income Tax Allowance

Q. What are accumulated deferred income taxes ("ADITs")?

A. ADITs are the accumulated computed tax differences between income taxes calculated for book purposes and the actual income taxes that a company pays to the United States Treasury and the State of Arizona. The primary cause of the income tax difference is the straight line depreciation method used for rate-making purposes and accelerated depreciation method used for Federal and State income tax reporting purposes.

Q. Did Staff recommend an ADIT in the instant rate case?

A. No, because New River has not recovered any income tax allowance through rates.

Q. What does Staff recommend concerning any future rate cases for New River?

A. Staff recommends that accumulated deferred income taxes be properly reflected in the Company's rate base.

New River's Loan To The Owner

Q. During the course of the audit, did Staff find that New River loaned funds to the owner?

A. Yes.

Q. What is the amount of the loan?

A. The loan amount was $1,018,247 (CSB 3.2 d) at the end of the test year. The loan had increased by $142,457 to $1,160,704 by the end of 2012 (CSB 5.5).

Q. Has the loan affected the operations of the Company?

A. Yes. The loan has adversely affected the Company's ability to provide timely maintenance to its plant. On page 12, beginning at line 21 of Mr. Jones direct testimony, he states:

> The storage tank and hydro pneumatic tank at the 78th Lane Booster Plant were due for recoating in 2012. However, *New River was forced to postpone recoating the tanks due to insufficient available funds.* The tanks have been rescheduled for recoating in 2014 in anticipation of the additional funds being available as the result of this rate increase request. The normalized tank recoating expense is $31,333 annually. Emphasis added.

Q. What is Staff's recommendation concerning the loan?

A. Staff recommends that the Company discontinue making loans to the owner. Further, Staff recommends that the Company amortize the loan for a term of no less than 30 years and that the owner begin re-paying the loan according to the amortization schedule within 60 days of the date of the decision resulting from this proceeding.

Q. What should the Commission do in the Company's next rate case if the owner does not repay the loan according to the amortization schedule?

A. Staff recommends that if the owner fails to comply with the repayment schedule, Staff recommends that the Commission impute the payments as revenue to the Company.

Operating Income

Operating Income Summary

Q. What are the results of Staff's analysis of test year revenues, expenses and operating income?

A. As shown on Schedules CSB-21 and CSB-22, Staff's analysis resulted in test year revenues of $1,260,428, expenses of $996,849 and operating income of $263,579.

Operating Income Adjustment No. 1 – Employee Pensions and Benefits

Q. What amount is the Company proposing for the Employee Pensions and Benefits account?

A. The Company is proposing $22,326.

Q. What adjustment did Staff make to this account?

A. Staff reclassified $14,400 in expenses from the Contractual Services- Management Fees account to the Employee Pensions and Benefits account to reflect the proper classification of housing benefits that were provided to an employee.

Q. What is Staff's recommendation?

A. Staff recommends increasing the Employee Pensions and Benefits account by $14,400 as shown on Schedules CSB-22 and CSB-23.

Operating Income Adjustment No. 2 – Chemicals Expense

Q. What amount is the Company proposing for the Chemicals account?

A. The Company is proposing $15,338.

Q. What adjustment did Staff make to this account?

A. Staff reclassified $11,957 from the Chemicals account to the Contractual Services- Other account to reflect the proper classification of costs incurred for the services of a certified operator.

Q. What is Staff's recommendation?

A. Staff recommends decreasing this account by $11,957 as shown on Schedules CSB-22 and CSB-24.

Operating Income Adjustment No. 3 – Repairs and Maintenance Expense

Q. What is the Company proposing for repair and maintenance expense?

A. The Company is proposing $108,314.

Q. What adjustment did Staff make?

A. Staff removed a total of $56,274. The adjustment consisted of (1) removing $24,475 for inadequately supported purchases made on the owner's personal credit card that were charged to New River (2) removing the Company's $31,333 pro forma adjustment for tank painting (3) adding $15,000 to provide for the replacement cost of the Company's arsenic media and (4) removing $15,466 in office supplies expense that the Company stated were incorrectly included in the repairs and maintenance expense account. Staff will discuss each adjustment separately.

Inadequately Supported Purchases Made On The Owner's Personal Credit Card And Charged To New River

Q. What was the total amount of charges made on the owner's personal credit card that were charged to New River?

A. The total amount of charges made on the owner's personal credit card that were reported as New River's repairs and maintenance expense was $27,584.

Q. Did Staff request the underlying invoices to support the credit card charges?

A. Yes, Staff requested the underlying invoices in data request CSB 6.7.

Q. Did the Company provide the underlying invoices to support the credit card purchases?

A. No, it did not.

Q. What type of documentation did the Company provide?

A. The Company provided copies of the owner's personal credit card bills for 12 months.

Q. What percentage of the transactions on the owner's personal credit card bills were completely blacked out?

A. Staff estimates that approximately 75% of each bill was completely blacked out.

Q. Did Staff assume that the redacted charges were personal expenses of the owner and the unredacted charges were the repairs and maintenance charges proposed for New River?

A. Yes.

Q. Did Staff review the unredacted charges that the Company proposed as repair and maintenance expense for New River?

A. Yes.

Q. What type of transactions did Staff disallow?

A. Staff disallowed transactions that were not needed in the provision of service such as a $571.10 charge for the hotel Lauberge De Sedona in Sedona, Arizona; charges for Supple Beverages (for joint relief); Walmart; On-Star; Mulqueen Sewing Center; Hertz Rent A Car; Ulta 3; Barnes & Nobel; Crossroads of Life; Berean Christian Stores; Home Goods; Lodi Garage Doors & More; Healy's Red Wing Shoe Store; Hobby Lobby; First Watch; Hi Health; Party City; Hair In Motion; Amtrak; Loris Soap Market; FTD Jubilee Flowers; Veteran's Museum Gifts; Best Buy; and Fry's Electronics.

Q. Did Staff disallow any other types of transactions?

A. Yes, Staff disallowed transactions wherein the location of the transaction was partially or completely redacted. Staff notes that some of the transactions occurred in Cottonwood, Arizona; Morenci, Arizona; and Odessa, Texas.

Q. What type of transactions did Staff consider for repair and maintenance expense?

A. Staff considered transactions made in the Phoenix metro area, that were not partially redacted and were for Home Depot, Lowe's, various hardware stores; AOL Service; Wagner Equipment; Arizona Lawn King, Harbor Freight, Dunn-Edwards; USPS; and such other stores.

Q. What is the total amount of costs that Staff considered for repair and maintenance expense?

A. The total amount is $9,328.00.

Q. For ratemaking purposes, did Staff allocate some of the $9,328 to the owner and to Cody Farms?

A. Yes. Staff recognizes that the credit card purchases are a related party transaction; that New River sometimes includes costs for its owner, Mr. Fletcher, and its affiliate, Cody Farms, in its operating expenses; and that New River does not have actual invoices to support any of the related party credit card purchases. Consequently, Staff allocated one third of the cost to Mr. Fletcher; one-third of the cost to Cody Farms; and one-third of the cost to New River as shown on Schedule CSB-25.

Q. What does Staff recommend concerning any future recovery of costs from a credit card with no underlying invoices?

A. Staff recommends no recovery.

Company's Pro Forma Adjustment for Tank Painting Maintenance

Q. What pro forma amount did the Company propose for tank painting maintenance?

A. The Company proposed $31,333.

Q. Has the Company incurred any tank painting expense since its last rate case?

A. No, it has not.

Q. What is the reason that the Company has not incurred any tank painting expense?

A. According to the Company, the reason is because it does not have the funds.

Q. Would repayment of the loan made to the Company owner be sufficient to begin tank painting?

A. Yes, if the owner had repaid a portion (i.e. $33,333) each year as calculated in the Company's pro forma adjustment, the Company would have funds to pay for tank painting.

Q. What adjustment did Staff make to the Company's pro forma tank painting maintenance adjustment?

A. Staff removed the $33,333 tank painting maintenance adjustment.

Replacement Cost for the Company's Arsenic Media

Q. Does the Company have arsenic treatment plant?

A. Yes. The arsenic treatment plant was placed in service in 2010.

Q. What is the replacement cost of the arsenic media?

A. According to the Company's response to data request CSB 5.3, the replacement cost is $75,000.

Q. What is the expected useful life of the arsenic media?

A. The expected useful life is three to five years (CSB 3.9).

Q. What amount did Staff allow for media replacement?

A. Staff allowed $15,000 (i.e., $75,000/5 years).

Q. What is Staff's total recommendation for Repairs and Maintenance Expense?

A. Staff recommends decreasing this account by $56,274 as shown on Schedules CSB-22 and CSB-25.

Operating Income Adjustment No. 4 – Office Supplies Expense

Q. What did the Company propose for Office Supplies Expense?

A. The Company did not propose any amount for office supplies expense

Q. What adjustment did Staff make?

A. Staff reclassified costs incurred for offices supplies from the Repairs and Maintenance account to the Office Supplies Expense account.

Q. What is Staff's recommendation?

A. Staff recommends increasing this account by $15,466 as shown on Schedules CSB-22 and CSB-26.

Operating Income Adjustment No. 5 – Contractual Services, Accounting

Q. What did the Company propose for Contractual Services, Accounting?

A. The Company proposed $8,428.

Q. What adjustment did Staff make?

A. Staff decreased this account by $2,423 to remove costs incurred for the preparation of the Company's bill counts for the instant rate application. Staff did not reclassify the amount to rate case expense as the Company's proposed and Staff recommended total rate case expense of $150,000 is sufficient to reimburse the Company for the $2,423 amount paid.

Q. What is Staff's recommendation?

A. Staff recommends decreasing this account by $2,423 as shown on Schedules CSB-22 and CSB-27.

Operating Income Adjustment No. 6 – Contractual Services, Legal

Q. What did the Company propose for Contractual Services, Legal?

A. The Company proposed $23,128 for Contractual Services, Legal.

Q. What adjustments did Staff make?

A. Staff removed $2,424 in legal costs that belonged to the owner and/or affiliate that were incorrectly charged to New River; removed $1,716 in unsupported legal costs; reflected a three year normalization of $11,152 in legal costs related to a payment dispute and related to the title to a well; and capitalized $4,656 in legal costs related to the interconnect PTY plant.

Q. What is Staff's recommendation?

A. Staff recommends decreasing this account by $16,231 as shown on Schedules CSB-22 and CSB-28.

Operating Income Adjustment No. 7 – Contractual Services, Management Fees

Q. What did the Company propose for Contractual Services, Management Fees?

A. The Company proposed $75,000 for Contractual Services, Management Fees.

Q. What adjustment did Staff make?

A. Staff reclassified $14,400 incurred for employee housing expenses from the Contractual Services- Management Fees account to the Employee Pensions and Benefits account; and

reclassified $60,600 in costs for renting office, workshop space, and the 87th Avenue Booster Plant property from the Contractual Services- Management Fees account to the Rent-Buildings account.

Q. What is Staff's recommendation?

A. Staff recommends decreasing this account by $75,000 as shown on Schedules CSB-22 and CSB-29.

Operating Income Adjustment No. 8 – Contractual Services, Water Testing

Q. What did the Company propose for water testing expense?

A. The Company proposed no water testing expense.

Q. What adjustment did Staff make?

A. Staff reclassified $47,950 in water testing costs from the Contractual Services- Other account to the Contractual Services- Water Testing account. Further, Staff decreased the account by $37,314 to reflect Staff's recommended $10,636 water testing expense as discussed in greater detail by Staff witness Marlin Scott, Jr.

Q. What is Staff's recommendation?

A. Staff recommends increasing water testing expense by $10,636 as shown on Schedules CSB-22 and CSB-30.

Operating Income Adjustment No. 9 – Contractual Services, Other

Q. What did the Company propose for the contract services, other expense?

A. The Company proposed $54,479.

Q. What adjustments did Staff make?

A. Staff reclassified $11,957 incurred for the services of a certified operator from the Chemicals account to the Contractual Services- Other account; reclassified $47,950 in water testing costs from the Contractual Services- Other account to the Contractual Services- Water Testing account, and removed $5,775 in costs incurred for an affiliate.

Q. What is Staff's recommendation?

A. Staff recommends decreasing this account by $41,768 as shown on Schedules CSB-22 and CSB-31.

Operating Income Adjustment No. 10 – Rents, Building Expense

Q. Is New River affiliated with Cody Farms?

A. Yes. New River and Cody Farms have the same owners, Mr. and Mrs. Fletcher.

Q. Are the rents that New River pays to its unregulated affiliate, Cody Farms, a related-party transaction?

A. Yes.

Q. What is a related party transaction?

A. In general, a related party transaction refers to a company and any other party with which the company may deal where one party has the ability to influence the other to the extent *that one party of the transaction may not pursue its own separate best interest.* It is not an arm's-length bargaining of parties of opposing interests.

Q. What types of real estate does New River rent from Cody Farms?

A. New River rents an office building, a workshop facility, and the 87th Avenue booster plant property from Cody Farms. The Company's response to data request CSB 6.2, states the following:

> New River notes that its response to CSB 1.16 refers to the use of a **workshop facility** as accounting for **$12,000 annually** of the management fees paid to Cody Farms, and not the rental of office space as stated in this data request above.
>
> In addition to the workshop facility and the employee housing noted above, **New River pays Cody Farms** for the use of the **business office** and **the 87th Avenue booster plant property**. New River uses the business office to provide customer service, conduct billing and all other business functions of the utility. The 87th Avenue booster plant property is the site of well no. 3, two 1,000,000 gallon storage tanks, four booster pumps and the Company's arsenic treatment facility. The Company does not have information or documentation regarding the actual cost of the business office property and improvements on the 87th Avenue booster plant property and well no. 3. Please note that all other improvements on the 87th Avenue booster plant property are included in New River's plant-in-service.

Q. Is rental of the 87th Avenue booster plant property from Cody Farms in the public interest?

A. No, it is not. The 87th Avenue booster plant property is not protected from Cody Farms' creditors should the owners (i.e., Mr. and Mrs. Fletcher) file for bankruptcy or die. The resulting legal and financial problems could threaten or possibly cause disruption of water service for New River's customers.

Q. What is Staff recommending concerning the rental of the 87th Avenue booster plant property?

A. Staff recommends that the owners transfer the property to New River.

Q. What amount of rental expense is Staff recommending for the business office?

A. Staff is recommending annual rental expense of $23,860.

Q. How did Staff determine the $23,860 amount?

A. Staff used an online real estate database that provides estimates of the selling and rental prices of real estate properties[2]. The monthly rental price provided for the Company's office located at 7939 W. Deer Valley Road was $1,950. Staff compared this rental price to downtown office space rented by the Commission and to another regulated water company with approximately the same number of employees and determined that the amount was reasonable. The monthly rental price of $1,965 results in a $23,580 annual expense ($1,965 x 12).

Q. What is the amount that New River pays for the workshop space?

A. New River pays the affiliate, Cody Farms, $12,000 annually for the rental of 4,000 square feet of an approximately 14,000 square feet workshop facility.

Q. Did Staff personally inspect the workshop facility?

A. Yes.

[2] Zillow.com

Q. Where were the materials and supplies housed for New River?

A. The materials and supplies were housed along one wall of a room within the facility that was approximately 1,000 square feet.

Q. What adjustment did Staff make to the $12,000 annual rents expense for the workshop?

A. Staff reduced the amount by $9,000, from $12,000 to $3,000. Staff calculated a $3.00 cost per square foot by dividing the proposed $12,000 per year by 4,000 square foot. Staff multiplied the $3 per square foot times the 1,000 square feet to arrive at $3,000 annually for the rental of the workshop space.

Q. What is Staff's recommendation concerning Rents, Building Expense?

A. Staff recommends increasing the Rents, Building account by $26,580, as shown on Schedules CSB-22 and CSB-32.

Operating Income Adjustment No. 11 – Rents, Equipment (Vehicles)

Q. What did the Company propose for Rents, Equipment (Vehicles)?

A. The Company proposed $24,000 for Rents, Equipment (Vehicles).

Q. What adjustments did Staff make?

A. Staff removed $2,797 of transportation expense related to a truck rental that Staff determined was excessive and not needed in the provision of service; removed $4,020 for costs of an affiliate that were incorrectly charged to New River; and capitalized $6,512 for an engine that was rebuilt.

Q. What is Staff's recommendation?

A. Staff recommends decreasing transportation expense by $13,164, as shown on Schedules CSB-22 and CSB-33.

Operating Income Adjustment No. 12 – Transportation Expense

Q. What did the Company propose for Transportation Expense?

A. The Company proposed $13,316 for transportation expense.

Q. What adjustments did Staff make?

A. Staff removed the gas and oil costs for the truck that Staff determined was excessive consistent with Staff's recommendation for Operating Income Adjustment No.11, Rents, Equipment (Vehicles). Staff also removed $4,020 in costs incurred for the affiliate; capitalized $6,512 incurred to rebuild a truck engine; and normalized two abnormally large transportation purchases (i.e., $2,106 and $4,021) that were made on a credit card. Staff normalized these costs using three years as these costs are not expected to be incurred at the same level each year and to allow recovery of the total costs within the timeframe that Staff expects the Company to file another rate case.

Q. What is Staff's recommendation?

A. Staff recommends decreasing transportation expense by $13,329, as shown on Schedules CSB-22 and CSB-34.

Operating Income Adjustment No. 13 – Bad Debt Expense

Q. What did the Company propose for Bad Debt Expense?

A. The Company proposed $7,688 for Bad Debt Expense.

Q. What adjustments did Staff make?

A. Staff normalized the bad debt expense using three years as the amount of bad debt expense varied widely from year to year.

Q. What is Staff's recommendation?

A. Staff recommends decreasing this account by $5,125, as shown on Schedules CSB-22 and CSB-35.

Operating Income Adjustment No. 14 – Miscellaneous Expense

Q. What did the Company propose for Miscellaneous Expense?

A. The Company proposed $61,587 for Miscellaneous Expense.

Q. What adjustments did Staff make?

A. Staff removed $13,427 for meals, parties, and entertainment; $3,363 for donations; and $3,597 for business promotions as these costs are not needed in the provision of service.

Q. What is Staff's recommendation?

A. Staff recommends decreasing this account by $16,790, as shown on Schedules CSB-22 and CSB-36.

Operating Income Adjustment No. 15 – Depreciation Expense

Q. What is New River proposing for depreciation expense?

A. New River is proposing depreciation expense of $245,585.

Q. What adjustment did Staff make to depreciation expense?

A. Staff adjusted depreciation expense to reflect Staff's calculation of depreciation expense using Staff's recommended depreciation rates, plant balances, and CIAC balances. Staff's calculation is shown on Schedule CSB-37.

Q. What is Staff's recommendation?

A. Staff recommends decreasing depreciation expense by $186,934, as shown on Schedules CSB-22 and CSB-37.

Operating Income Adjustment No. 16 – Income Tax Allowance

Q. What is New River proposing for test year income tax allowance?

A. New River is proposing a negative $69,820 for income taxes.

Q. Did Staff make any adjustments to the Company's proposed test year income tax allowance?

A. Yes. Staff's adjustment reflects Staff's calculation of the income tax allowance based upon Staff's adjusted test year taxable income.

Q. What is Staff's recommendation?

A. Staff recommends increasing the income tax allowance by $104,730 as shown on Schedules CSB-22 and CSB-38.

Operating Income Adjustment No. 17 – Interest Expense on Customer Deposits

Q. What is New River proposing for income expense on customer deposits?

A. New River is proposing no interest expense on customer deposits.

Q. Does the Arizona Administrative Code require that regulated water companies pay interest expense on customer deposits?

A. Yes. Arizona Administrative Code R-14-2-403(B) requires regulated water companies to pay interest expense on customer deposits.

Q. Did Staff make an adjustment to provide for this requirement?

A. Yes.

Q. What is Staff's recommendation?

A. Staff recommends increasing interest expense on customer deposits by $1,367 as shown on Schedules CSB-16 and CSB-27.

Operating Income – Property Taxes

Q. Did Staff make any adjustment to test year property tax expense?

A. No. Staff reviewed and accepted the Company's calculation. The Company's calculation is the same as Staff's calculation of the property tax expense which uses the modified Arizona Department of Revenue Methodology applied to Staff's recommended revenues, as shown on Schedule CSB-40.

Record Keeping

Q. Are Companies required to keep their books and records in accordance with the NARUC USOA?

A. Yes. The Arizona Administrative Code R14-2-411 D.2 requires water companies to maintain their accounting records in accordance with the NARUC USoA. It states that "Each utility <u>shall</u> maintain its books and records in conformity with the Uniform System of Accounts for Class A, B, C and D Water Utilities" (emphasis added).

Q. Please identify areas where the Company's books and records are not in accordance with the NARUC USoA.

A. As previously discussed, Staff found:

1. Missing or inadequate documentation to support plant costs
2. Expenses being recorded in the wrong account
3. Expenses of the owner, Mr. Fletcher, and the affiliate Cody Farms sometimes being included in New River's expenses
4. Shared assets not allocated properly
5. Unrecorded Depreciation Expense
6. Unrecorded plant
7. Unrecorded retirements
8. AIAC's that had not been approved by the Commission
9. Unrecorded AIAC
10. AIAC's that were not transferred to CIAC following the terms of the AIAC contract

Q. What is Staff's recommendation concerning the Company's record keeping?

A. In order to address the Company's accounting deficiencies stemming from its noncompliance with Arizona Administrative Code R14-2-610 D.1 and the NARUC USoA, Staff recommends that the Company be ordered to file with Docket Control a plan, subject to Staff approval, describing the actions it will take to maintain its books and records in compliance with Arizona Administrative Code R14-2-610 D.1 and the NARUC USoA within 60 days of the date of the decision resulting from this proceeding. The plan should include, but not be limited, to:

1. Training on the record keeping requirements of Arizona Administrative Code R14-2-610 D.1

2. Implementation of policies and procedures to help ensure that source documentation such as invoices and canceled checks are maintained to support plant costs and are not destroyed or thrown away.
3. Training on recording AIAC's in accordance with the NARUC USoA.

Q. What is Staff's recommendation concerning the unrecorded plant in service retirements?

A. Staff recommends that the Company use work orders to help record retirements. Staff further recommends that retirement work orders should include the following information: (a) whether the retirement cost utilized is actual or estimated; (b) the name of the water company or system from which the plant was removed; (c) the date of the retirement; (d) the NARUC account number from which the plant was removed; (e) the reason for the retirement; and (f) appropriate approvals on the work orders.

RATE DESIGN

Q. Has Staff prepared a schedule summarizing the present, Company proposed, and Staff recommended rates and service charges?

A. Yes. Schedule CSB-42 provides a summary of the Company's present, Company's proposed, and Staff's recommended rates.

Q. Please summarize the present rate design.

A. Customer class is distinguished by meter size. The monthly minimum charges vary by meter size and include no gallons. The commodity rates are based on an inverted three-tiered rate design.

Q. Please summarize the Company's proposed rate design.

A. Customer class is distinguished by meter size. The monthly minimum charges vary by meter size and include no gallons. The commodity rates are based on an inverted three - tier rate design. The Company's proposed rates would increase the typical residential 5/8 x 3/4-inch meter bill with a median usage of 8,762 gallons from $18.01 to $30.69, for an increase of $12.67 or 70.34 percent, as shown on Schedule CSB-42.

Q. Please summarize Staff's recommended rate design.

A. Customer class is distinguished by meter size. The monthly minimum charges vary by meter size and include no gallons. The commodity rates are based on an inverted three-tier rate design. Staff's recommended rates would increase the typical residential 5/8 x 3/4-inch meter bill with a median usage of 8,762 gallons from $18.01 to $23.52, for an increase of $5.51 or 30.58 percent, as shown on Schedule CSB-42.

Q. Did the Company propose any changes to its Meter and Service Line Charges?

A. Yes, and Staff recommends approval. Both the Company-proposed and the Staff-recommended changes are shown on Schedule CSB-41 and are discussed in greater detail in the testimony of Staff witness, Marlin Scott, Jr.

Service Charges

Q. Did the Company propose any changes to the service charges?

A. Yes. The Company proposes to increase the Establishment charge from $25 to $30; discontinue the Establishment (After Hours) charge; increase the Reconnection (Delinquent) charge from $35 to $40; increase the Insufficient Funds Check ("NSF") charge from $15 to $30; increase the Meter Re-Read (If Correct) charge from $20 to $30; and to add an After Hours Charge of $25.

Q. Does Staff agree with the Company-proposed Establishment, Reconnection (Delinquent), and Meter Re-Read (If Correct) Charges?

A. Yes.

Q. Does Staff agree with the Company's proposal to discontinue the $37.50 Establishment (After Hours) Charge and to add a $25 After Hours Charge?

A. Yes, Staff agrees that the Establishment (After-Hours) Charge should be discontinued and that an After-Hours charge should be added. Staff agrees that an additional fee for service provided after normal business hours is appropriate when such service is at the customer's request. Such a tariff compensates the utility for additional expenses incurred from providing after-hours service.

Moreover, Staff concludes that it is appropriate to apply an after-hours service charge in addition to the charge for any utility service provided after hours at the customer's request. For example, under Staff's proposal, a customer would be subject to a $30 Establishment fee if it is done during normal business hours, but would pay an additional $25 after-hours fee if the customer requested that the establishment be done after normal business hours.

Q. Does Staff agree with the Company-proposed NSF Check charge?

A. No, Staff does not. Staff has requested documentation to support the $15 increase, from $15 to $30. The Company has not provided documentation. Therefore, Staff recommends no change to the current charge.

Q. Does Staff have any other recommendations concerning the miscellaneous service charges?

A. Yes, Staff recommends that the following clarifying language be added to the Revised Exhibit RLJ-DR2, Schedule H-3, page 2:

1. Deposit Requirement, Line 9 – Change the words "None Residential" to "Non-Residential"
2. Deposit Interest, Line 10 – Add the words "per year"
3. Re-Establishment (Within 12 Months), Line 11 – Remove the word "bill" and add the word "charge"

Q. What is the additional revenue that would be generated from Staff's recommended service charge increases?

A. The additional service charge revenue would be $3,060, as shown in Table B below:

Table B - Calculation of Additional Service Charge Revenue

	Description	Number of Charges in TY		Amount of Increase		Total Additional Rev
CSB 1.36	Establishment	551	x	$ 5	=	$2,755
CSB 1.36	Reconnection (Delinquent)	61	x	$ 5	=	$ 305
						$3,060

Q. Did Staff reflect the additional service charge revenue in its rate design?

A. Yes. Staff allocated $3,060 of its total $336,254 revenue increase to other revenue and the remainder to metered revenue as shown on Schedule CSB-21.

Emergency Purchased Water Surcharge and Tariff

Emergency Purchased Water Surcharge

Q. During the course of the audit, did the Company meet with Staff to discuss recovering the cost of emergency well repairs and water purchases that occurred in 2013?

A. Yes, in March 2013, two of the Company's wells went down and it had to purchase water from the City of Peoria in order to meet customer water demands.

Q. What are the Company's total purchased water costs and gallons purchased?

A. According to the City of Peoria purchased water invoices, the total purchased water costs are $11,292 and the total gallons purchased are 3,005,000 gallons.

Q. Did Staff recommend the addition of a tariff that would allow the Company to recover purchased water costs in the case of an emergency water shortage?

A. Yes, it is attached as Exhibit A.

Q. Is the Company required to submit a calculation of the Emergency Purchased Water Surcharge and obtain prior approval from Staff prior to billing customers?

A. Yes. The Company is required to submit a calculation of the Emergency Purchased Water Surcharge and obtain prior approval from Staff prior to billing customers showing the calculation of the surcharge using the same methodology presented on Exhibit A.

Q. Does this conclude Staff's direct testimony?

A. Yes, it does.

TARIFF

EMERGENCY PURCHASED WATER SURCHARGE

New River Utility Company ("New River" or "Company") is authorized to make monthly adjustments to its rates and charges for water service to recover costs incurred for water purchases ("Purchased Water Costs") in the event that New River experiences extreme water shortages.

The Emergency Purchased Water Surcharge ("Surcharge") shall be calculated by dividing the total Purchased Water Costs incurred in a given month by the amount of water sold that month. The resulting rate per 1,000 gallons will then be multiplied by the gallons used in that month for each customer to arrive at the Surcharge per 1,000 gallons. The Company is required to submit a calculation of the Surcharge and obtain approval from Staff prior to billing customers. In addition, the Company shall provide a detailed explanation and documentation to support the fact that New River had indeed experienced an extreme water shortage. Once the Surcharge calculation has been approved by Staff, the resulting Surcharge will be charged in the next month as a separate line item on the customer's bill.

The Commission recognizes that operational decisions regarding water supply management should be left within the discretion of the Company and that deficient water supply conditions sometimes require the Company to concurrently supplement its primary water supplies to meet customer demand. The foregoing notwithstanding, Company shall undertake reasonable efforts to minimize the quantity of water purchased.

Attachments

(Company Exhibit RLJ-DTE Sch B-2.1, P. 7 & 12)

New River Utility Company
Test Year Ended December 31, 2011
Reconciliation of Plant Additions, Retirements and Accumulated Depreciation

Exhibit: RLJ-DT2
Schedule B-2.1
Page 7
Witness: Jones

Line No.	NARUC Account No.	Description	Deprec. Before LO Date	Allowed Deprec. Rate	2006 Plant Additions	Plant Adjustments	Adjusted Plant Additions	Plant Retirements	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Deprecation (Calculated)	Plant Balance	Accum. Deprec.	Net Plant
1	301	Organization Cost		0.00%	-		-			-		-	-	-	-
2	302	Franchise Cost		0.00%	-		-			-		-	-	-	-
3	303	Land and Land Rights		0.00%	-		-			-		-	75,181	-	75,181
4	304	Structures & Improvements	2.80%	3.33%	-		-			-		2,818	84,633	17,038	67,595
5	305	Collecting & Impounding Reservoirs		2.50%	-		-			-		-	-	-	-
6	306	Lake, River, Canal Intakes		2.50%	-		-			-		-	-	-	-
7	307	Wells & Springs	3.20%	3.33%	-		-			-		26,474	795,021	242,425	552,596
8	308	Infiltration Galleries		6.67%	-		-			-		-	-	-	-
9	309	Raw Water Supply Mains		2.00%	-		-			-		-	-	-	-
10	310	Power Generation Equipment		5.00%	-		-			-		-	-	-	-
11	311	Pumping Equipment	2.40%	12.50%	7,221		7,221			-		117,003	939,631	684,439	255,192
12	320	Water Treatment Equipment		3.33%	-		-			-		-	-	-	-
13	320	Water Treatment Plants			-		-			-		-	-	-	-
14	320	Solution Chemical Feeders			-		-			-		-	-	-	-
15	330	Distribution Reservoirs & Standpipes	3.30%	2.22%	-		-			-		23,243	1,046,963	166,544	880,419
16	330.1	Storage Tanks			-		-			-		-	-	-	-
17	330.2	Pressure Tanks			-		-			-		-	-	-	-
18	331	Transmission & Distribution Mains	2.00%	2.00%	5,000		5,000			-		26,145	1,309,744	187,135	1,122,609
19	333	Services	3.30%	3.33%	-		-			-		7,870	236,325	72,969	163,356
20	334	Meters	3.60%	8.33%	3,296		3,296			-		9,311	113,426	64,746	48,680
21	335	Hydrants	2.00%	2.00%	-		-			-		3,864	193,193	25,903	167,290
22	336	Backflow Prevention Devices		6.67%	-		-			-		-	-	-	-
23	339	Other Plant & Misc Equipment		6.67%	-		-			-		-	-	-	-
24	340	Office Furniture & Equipment	6.80%	6.67%	-		-			-		1,234	18,498	10,982	7,516
25	340.1	Computers & Software		20.00%	-		-			-		-	-	-	-
26	341	Transportation Equipment		20.00%	-		-			-		30,029	150,145	102,938	47,207
27	342	Stores Equipment		4.00%	-		-			-		-	-	-	-
28	343	Tools, Shop & Garage Equipment	3.60%	5.00%	-		-			-		-	-	-	-
29	344	Laboratory Equipment		10.00%	-		-			-		-	-	-	-
30	345	Power Operated Equipment		5.00%	-		-			-		5,786	115,725	14,624	101,101
31	346	Communication Equipment		10.00%	-		-			-		-	-	-	-
32	347	Miscellaneous Equipment		10.00%	-		-			-		-	-	-	-
33	348	Other Tangible Plant	6.80%	20.00%	-		-			-		-	-	-	-
34															
35		TOTAL			15,517	-	15,517	-	-	-	-	253,776	5,078,485	1,589,744	3,488,741
36															
37		Depreciable Plant											5,003,304		
38		Composite Depreciation Rate											5.0722%		
39															

40 Workpaper:
41 NR Rate Case Data.xlsx, Tab: Reconciliation Plant Balances
42

New River Utility Company
Test Year Ended December 31, 2011
Reconciliation of Plant Additions, Retirements and Accumulated Depreciation

Exhibit: RLJ-DT2
Schedule B-2.1
Page 12
Witness: Jones

Line No.	NARUC Account No.	Description	Deprec. Before LO Date	Allowed Deprec. Rate	2011 Plant Additions	Plant Adjustments	Adjusted Plant Additions	Plant Retirements	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Deprecation (Calculated)	Plant Balance	Accum. Deprec.	Net Plant
1	301	Organization Cost		0.00%	-		-	-		-		-	-	-	-
2	302	Franchise Cost		0.00%	-		-	-		-		-	-	-	-
3	303	Land and Land Rights		0.00%	-		-	-		-		-	75,181	-	75,181
4	304	Structures & Improvements	2.80%	3.33%	-		-	-		-		2,818	84,633	31,130	53,503
5	305	Collecting & Impounding Reservoirs		2.50%	-		-	-		-		-	-	-	-
6	306	Lake, River, Canal Intakes		2.50%	-		-	-		-		-	-	-	-
7	307	Wells & Springs	3.20%	3.33%	-		-	-		-		26,474	795,021	374,796	420,225
8	308	Infiltration Galleries		6.67%	-		-	-		-		-	-	-	-
9	309	Raw Water Supply Mains		2.00%	-		-	-		-		-	-	-	-
10	310	Power Generation Equipment		5.00%	-		-	-		-		-	-	-	-
11	311	Pumping Equipment	2.40%	12.50%	-		-	-		-		-	939,631	939,631	0
12	320	Water Treatment Equipment		3.33%	1,660		1,660	-		-		12,728	383,055	19,078	363,977
13	320	Water Treatment Plants			-		-	-		-		-	-	-	-
14	320	Solution Chemical Feeders			-		-	-		-		-	-	-	-
15	330	Distribution Reservoirs & Standpipes	3.30%	2.22%	-		-	-		-		23,243	1,046,963	282,757	764,206
16	330.1	Storage Tanks			-		-	-		-		-	-	-	-
17	330.2	Pressure Tanks			-		-	-		-		-	-	-	-
18	331	Transmission & Distribution Mains	2.00%	2.00%	-		-	-		-		26,442	1,322,110	318,835	1,003,274
19	333	Services	3.30%	3.33%	-		-	-		-		7,870	236,325	112,317	124,008
20	334	Meters	3.60%	8.33%	12,713		12,713	-		-		9,978	126,139	112,517	13,622
21	335	Hydrants	2.00%	2.00%	-		-	-		-		3,864	193,193	45,222	147,971
22	336	Backflow Prevention Devices		6.67%	-		-	-		-		-	-	-	-
23	339	Other Plant & Misc Equipment		6.67%	-		-	-		-		-	-	-	-
24	340	Office Furniture & Equipment	6.80%	6.67%	775		775	-		-		1,260	19,273	17,177	2,095
25	340.1	Computers & Software		20.00%	-		-	-		-		-	-	-	-
26	341	Transportation Equipment		20.00%	1,200		1,200	36,000	5,750	41,750		1,200	1,200	1,200	-
27	342	Stores Equipment		4.00%	-		-	-		-		-	-	-	-
28	343	Tools, Shop & Garage Equipment	3.60%	5.00%	-		-	-		-		-	-	-	-
29	344	Laboratory Equipment		10.00%	-		-	-		-		-	-	-	-
30	345	Power Operated Equipment		5.00%	-		-	-		-		5,786	115,725	43,556	72,169
31	346	Communication Equipment		10.00%	-		-	-		-		-	-	-	-
32	347	Miscellaneous Equipment		10.00%	-		-	-		-		-	-	-	-
33	348	Other Tangible Plant	6.80%	20.00%	26,239		26,239	-		-		2,624	26,239	2,624	23,615
34															
35		TOTAL			42,586	-	42,586	36,000	5,750	41,750	-	124,286	5,364,687	2,300,840	3,063,847
36															
37		Depreciable Plant											5,289,506		
38		Composite Depreciation Rate											2.3497%		
39															
40	Workpaper:														
41	NR Rate Case Data.xlsx, Tab: Reconciliation Plant Balances														
42															

New River Utility Company
Docket No. W-01737A-12-0478
Test Year Ended December 31, 2011

Schedule CSB-1

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	[A] COMPANY ORIGINAL FAIR VALUE	[B] STAFF ORIGINAL FAIR VALUE
1	Adjusted Rate Base	$ 7,812,036	$ 6,041,863
2	Adjusted Operating Income (Loss)	$ 3,629	$ 263,579
3	Current Rate of Return (L2 / L1)	0.05%	4.36%
4	Required Rate of Return	8.72%	7.60%
5	Required Operating Income (L4 * L1)	$ 681,210	$ 459,182
6	Operating Income Deficiency (L5 - L2)	$ 677,581	$ 195,603
7	Gross Revenue Conversion Factor	1.60490	1.63452
8	Increase (Decrease) In Gross Revenue (L7 * L6)	$ 1,087,449	$ 319,717
9	Adjusted Test Year Revenue	$ 1,260,428	$ 1,260,428
10	Proposed Annual Revenue (L8 + L9)	$ 2,347,877	$ 1,580,145
11	Required Increase/(Decrease in Revenue) (%) (L8/L9)	86.28%	25.37%

References:
Column [A]: Company Schedules A-1
Column [B]: Staff Schedules CSB-2, CSB-3, & CSB-15

New River Utility Company
Docket No. W-01737A-12-0478
Test Year Ended December 31, 2011

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
	Calculation of Gross Revenue Conversion Factor:				
1	Revenue	100.0000%			
2	Uncollecible Factor (Line 11)	0.0000%			
3	Revenues (L1 - L2)	100.0000%			
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	38.8199%			
5	Subtotal (L3 - L4)	61.1801%			
6	**Revenue Conversion Factor (L1 / L5)**	1.634519			
	Calculation of Uncollecttible Factor:				
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 17)	37.8277%			
9	One Minus Combined Income Tax Rate (L7 - L8)	62.1723%			
10	Uncollectible Rate	0.0000%			
11	Uncollectible Factor (L9 * L10)	0.0000%			
	Calculation of Effective Tax Rate:				
12	Operating Income Before Taxes	100.0000%			
13	Arizona State Income Tax Rate	4.5400%	From CSB-2, Line 26		
14	Federal Taxable Income (L12 - L13)	95.4600%			
15	Applicable Federal Income Tax Rate (Line 53)	34.8708%			
16	Effective Federal Income Tax Rate (L14 x L15)	33.2877%			
17	Combined Federal and State Income Tax Rate (L13 +L16)		37.8277%		
	Calculation of Effective Property Tax Factor				
18	Unity	100.0000%			
19	Combined Federal and State Income Tax Rate (L17)	37.8277%			
20	One Minus Combined Income Tax Rate (L18-L19)	62.1723%			
21	Property Tax Factor	1.5960%			
22	Effective Property Tax Factor (L20*L21)		0.9922%		
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			38.8199%	
24	Required Operating Income	$ 459,182			
25	AdjustedTest Year Operating Income (Loss)	263,579			
26	Required Increase in Operating Income (L24 - L25)		$ 195,603		
27	Income Taxes on Recommended Revenue (Col. [C], L52)	$ 230,117			
28	Income Taxes on Test Year Revenue (Col. [A], L52)	111,105			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		119,011		
30	Recommended Revenue Requirement	$ 1,580,145			
31	Uncollectible Rate (Line 10)	0.0000%			
32	Uncollectible Expense on Recommended Revenue (L30*L31)	$ -			
33	Adjusted Test Year Uncollectible Expense	$ -			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32-L33)		-		
35	Property Tax with Recommended Revenue	$ 65,450			
36	Property Tax on Test Year Revenue	60,348			
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		5,103		
38	Total Required Increase in Revenue (L26 + L29 + L34 + L37)		$ 319,717		

		Test Year		Staff Recommended
	Calculation of Income Tax:			
39	Revenue	$ 1,260,428	$ 319,717	$ 1,580,145
40	Operating Expenses Excluding Income Taxes	$ 885,744	$ 5,103	$ 890,847
41	Synchronized Interest (L56)	$ -		$ -
42	Arizona Taxable Income (L39 - L40 - L41)	$ 374,684		$ 689,298
43	Arizona State Income Tax Rate	3.9854%		4.2385%
44	Arizona Income Tax (L42 x L43)	$ 14,933		$ 29,216
45	Commission Tax Allowance Policy - Federal Taxable Income (L37- L39)	$ 359,751		$ 660,082
46	Commission Tax Allowance Policy - Federal Effective Tax	26.7330%		30.4356%
47	Commission Tax Allowance Policy - Federal Tax	$ 96,172		$ 200,900
48	Federal Tax on Income Bracket - Not Used	$ -		$ -
49	Federal Tax on Income Bracket - Not Used	$ -		$ -
50	Federal Tax on All Income (See Sch CSB-2, Page 2, Line 27)	$ -		$ -
51	Total Federal Income Tax	$ 96,173		$ 200,900
52	Combined Federal and State Income Tax (L44 + L51)	$ 111,105		$ 230,117

53 Applicable Federal Income Tax Rate [Col. [C], L51 - Col. [A], L51] / [Col. [C], L45 - Col. [A], L45] 34.8708%

	Calculation of Interest Synchronization:	
54	Rate Base	$ 6,041,863
55	Weighted Average Cost of Debt	0.0000%
56	Synchronized Interest (L45 X L46)	$ -

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Line No.	Description					Test Year		Staff Recommended
1								
2	*Calculation of Income Tax:*							
3	Revenue					$ 1,260,428	$ 319,717	$ 1,580,145
4	Less: Operating Expenses (Excluding Income Taxes)					885,744	5,103	890,847
5	Less: Synchronized Interest					-		-
6	Arizona Taxable Income (Married Filing Jointly)					$ 374,684	$ 324,819	$ 689,298
7	Over	But not Over	Amount plus	%				
8	-	20,000	-	2.59%		$ -		$ -
9	20,000	50,000	(58)	2.88%		-		-
10	50,000	100,000	(149)	3.36%		-		-
11	100,000	300,000	(589)	4.24%		-		-
12	300,000	999,999,999	(2,078)	4.54%		14,933		29,216
13	Arizona Income Tax					$ 14,933		$ 29,216
14	Federal Taxable Income (Married Filing Jointly)					$ 359,751		$ 660,082
15	Over	But not Over	Amount plus	%				
16	-	17,000	-	10.00%		$ -		$ -
17	17,000	69,000	1,700	15.00%		-		-
18	69,000	139,350	9,500	25.00%		-		-
19	139,350	212,300	27,088	28.00%		-		-
20	212,300	379,150	47,514	33.00%		96,172		-
21	379,150	9,999,999,999	102,574	35.00%		-		200,900
22	Total Federal Income Tax					$ 96,172		$ 200,900
23								
24	Combined Federal and State Income Tax					$ 111,105		$ 230,116
25								
26	Applicable Arizona State Tax					3.9854%		4.2385%
27	Applicable Federal Income Tax					26.7330%		30.4356%
28	Combined Federal and State Tax Rate					30.7184%		34.6742%
29								
30	Applicable Arizona State Income Tax Rate (Rate Applicable to Revenue Increase)							4.5400%
31	Applicable Federal Income Tax Rate (Rate Applicable to Revenue Increase)							34.8708%
32								

FAIR VALUE RATE BASE

LINE NO.	Acct. No. - I	PLANT IN SERVICE Plant Description	[A] Original Cost Per Staff	[B] Reconstructed New Cost Per Staff	[C] Total	[D]	[E]	[F] Fair Value Rate Base Per Staff As Adjusted
1								
2	302	Franchises	$ -	$ -	$ -	x	50%	$ -
3	303	Land and Land Rights	75,181	-	75,181	x	50%	$ 37,591
4	304	Structures and Improvements	84,633	84,633	169,266	x	50%	$ 84,633
5	307	Wells and Springs	795,021	2,368,472	3,163,493	x	50%	$ 1,581,747
6	309	Supply Mains	-	-	-	x	50%	$ -
7	310	Power Generation Equipment	-	-	-	x	50%	$ -
8	311	Pumping Equipment	950,790	1,219,676	2,170,466	x	50%	$ 1,085,233
9	320	Water Treatment Equipment	383,055	568,450	951,505	x	50%	$ 475,753
10	330	Distribution Reservoirs and Standpipes	1,046,963	2,152,303	3,199,266	x	50%	$ 1,599,633
11	330.2	Pressure Tanks	-	-	-	x	50%	$ -
12	331	Transmission and Distribution Mains	1,827,529	9,073,009	10,900,537	x	50%	$ 5,450,269
13	333	Services	350,474	2,564,645	2,915,119	x	50%	$ 1,457,560
14	334	Meters and Meter Installations	118,343	117,596	235,939	x	50%	$ 117,970
15	335	Hydrants	313,089	1,953,372	2,266,461	x	50%	$ 1,133,231
16	336	Backflow Prevention Devices	-	-	-	x	50%	$ -
17	339	Other Plant and Miscellaneous Equipment	-	-	-	x	50%	$ -
18	340	Office Furniture and Equipment	19,273	19,273	38,546	x	50%	$ 19,273
19	340.1	Computers and Software	7,069	7,069	14,138	x	50%	$ 7,069
20	341	Transportation Equipment	7,712	7,712	15,424	x	50%	$ 7,712
21	343	Tools, Shop, and Garage Equipment	-	-	-	x	50%	$ -
22	344	Laboratory Equipment	-	-	-	x	50%	$ -
23	345	Power Operated Equipment	29,725	29,725	59,450	x	50%	$ 29,725
24	346	Communication Equipment	-	-	-	x	50%	$ -
25	347	Miscellaneous Equipment	-	-	-	x	50%	$ -
26	348	Other Tangible Equipment	-	-	-	x	50%	$ -
27		Rounding	-					
28		Total Plant in Service	$ 6,008,856	$ 20,165,935	$ 26,174,791			$ 13,087,396
29		Less: Accumulated Depreciation	$ 2,259,278	$ 6,925,529	$ 9,184,807	x	50%	4,592,403
30		Net Plant in Service	$ 3,749,578	$ 13,240,407	$ 16,989,985			$ 8,494,992
31								
32		*LESS:*						
33		Advances in Aid of Construction (AIAC)	$ -	$ -	$ -	x	50%	$ -
34		Meter Deposits - Service Line & Meter Advances	$ -	$ -	$ -	x	50%	$ -
35								
36		Contributions in Aid of Construction (CIAC)	$ 1,950,080	$ 4,347,289	$ 6,297,369	x	50%	$ 3,148,684
37		Less: Accumulated Amortization of CIAC	$ 501,447	$ 935,231	$ 1,436,678	x	50%	$ 718,339
38		Net CIAC	$ 1,448,633	$ 3,412,057	$ 4,860,690			$ 2,430,345
39								
40		Total Advances and Net Contributions	$ 1,448,633	$ 3,412,057	$ 4,860,690	x	50%	$ 2,430,345
41								
42		Customer Deposits	$ 22,784	$ 22,784	$ 45,568	x	50%	$ 22,784
43		Accumulated Deferred Taxes	$ -	-	-	x	50%	$ -
44								
45		*ADD:*						-
46		Cash Working Capital Allowance	$ -	$ -	$ -	x	50%	$ -
47			$ -	-	-			$ -
48		**Total Rate Base**	$ 2,278,161	$ 9,805,565	$ 12,083,727		-	$ 6,041,863

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Schedule CSB-4

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

LINE NO.	PLANT IN SERVICE Acct. No. - I Plant Description	[A] COMPANY AS FILED	[B] Adj No.1 Post-Test Year Plant Ref: Sch CSB-5	[C] ADJ No. 2 Inadequatedly Supported Plant Ref: Sch CSB-6	[D] ADJ No. 3 Unrecorded Plant Ref: Sch CSB-7	[E] ADJ No. 4 Expensed Plant Ref: Sch CSB-8	[F] ADJ No. 5 Other Tangible Plant Reclass Ref: Sch CSB-9	[G] ADJ No. 6 Plant Retirements Ref: Sch CSB-10	[H] ADJ No. 7 Accumulated Depreciation Ref: Sch CSB-11	[I] ADJ No. 8 CIAC Ref: Sch CSB-12	[J] ADJ No. 9 Amortization of CIAC Ref: Sch CSB-13	[K] ADJ No. 10 Cash Working Capital Allowance Ref: Sch CSB-14	[L] STAFF AS ADJUSTED
1													
2	302 Franchises	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
3	303 Land and Land Rights	75,181	-	-	-	-	-	-	-	-	-	-	75,181
4	304 Structures and Improvements	84,633	-	-	-	-	-	-	-	-	-	-	84,633
5	307 Wells and Springs	795,021	-	-	-	-	-	-	-	-	-	-	795,021
6	309 Supply Mains	-	-	-	-	-	-	-	-	-	-	-	-
7	310 Power Generation Equipment	-	-	-	-	-	-	-	-	-	-	-	-
8	311 Pumping Equipment	939,631	84,115	-	-	-	26,239	(99,195)	-	-	-	-	950,790
9	320 Water Treatment Equipment	383,055	-	-	-	-	-	-	-	-	-	-	383,055
10	330 Distribution Reservoirs and Standpipes	1,046,963	-	-	-	-	-	-	-	-	-	-	1,046,963
11	330.2 Pressure Tanks	-	-	-	-	-	-	-	-	-	-	-	-
12	331 Transmission and Distribution Mains	1,402,013	-	(133,050)	553,910	4,656	-	-	-	-	-	-	1,827,529
13	333 Services	238,325	-	-	114,149	-	-	-	-	-	-	-	350,474
14	334 Meters and Meter Installations	126,139	-	(3,296)	-	-	-	(4,500)	-	-	-	-	118,343
15	335 Hydrants	193,193	-	-	119,896	-	-	-	-	-	-	-	313,089
16	336 Backflow Prevention Devices	-	-	-	-	-	-	-	-	-	-	-	-
17	339 Other Plant and Miscellaneous Equipment	-	-	-	-	-	-	-	-	-	-	-	-
18	340 Office Furniture and Equipment	19,273	-	-	-	-	-	-	-	-	-	-	19,273
19	340.1 Computers and Software	-	-	-	-	7,069	-	-	-	-	-	-	7,069
20	341 Transportation Equipment	1,200	-	-	-	6,512	-	-	-	-	-	-	7,712
21	343 Tools, Shop, and Garage Equipment	-	-	-	-	-	-	-	-	-	-	-	-
22	344 Laboratory Equipment	-	-	-	-	-	-	-	-	-	-	-	-
23	345 Power Operated Equipment	115,725	-	(86,000)	-	-	-	-	-	-	-	-	29,725
24	346 Communication Equipment	-	-	-	-	-	-	-	-	-	-	-	-
25	347 Miscellaneous Equipment	-	-	-	-	-	-	-	-	-	-	-	-
26	348 Other Tangible Equipment	26,239	-	-	-	-	(26,239)	-	-	-	-	-	-
27	Rounding	-	-	-	-	-	-	-	-	-	-	-	-
28	Total Plant In Service	$ 5,444,591	$ 84,115	$ (222,346)	$ 787,955	$ 18,236	$ -	$ (103,695)	$ -	$ -	$ -	$ -	$ 6,008,856
29	Less: Accumulated Depreciation	$ 2,300,840	$ -	$ -	$ -	$ -	$ -	$ -	$ (41,562)	$ -	$ -	$ -	2,259,278
30	Net Plant In Service	$ 3,143,751	$ 84,115	$ (222,346)	$ 787,955	$ 18,236	$ -	$ (103,695)	$ 41,562	$ -	$ -	$ -	$ 3,749,578
31													
32	*LESS:*												
33	Advances in Aid of Construction (AIAC)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
34	Meter Deposits - Service Line & Meter Advances	$ -	-	-	-	-	-	-	-	-	-	-	-
35													
36	Contributions in Aid of Construction (CIAC)	$ -	-	-	-	-	-	-	-	1,950,080	-	-	1,950,080
37	Less: Accumulated Amortization of CIAC	$ -	-	-	-	-	-	-	-	-	501,447	-	501,447
38	Net CIAC	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,950,080	$ (501,447)	$ -	$ 1,448,633
39													
40	Total Advances and Net Contributions	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,950,080	$ (501,447)	$ -	$ 1,448,633
41													
42	Customer Deposits	$ 22,784	-	-	-	-	-	-	-	-	-	-	$ 22,784
43	Accumulated Deferred Taxes	$ -	-	-	-	-	-	-	-	-	-	-	$ -
44													
45	*ADD:*												
46	Cash Working Capital Allowance	$ 96,775	-	-	-	-	-	-	-	-	-	(96,775)	$ -
47		$ -	-	-	-	-	-	-	-	-	-	-	$ -
48	**Total Rate Base**	$ 3,217,742	$ 84,115	$ (222,346)	$ 787,955	$ 18,236	$ -	$ (103,695)	$ 41,562	$ (1,950,080)	$ 501,447	$ (96,775)	$ 2,278,161

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Schedule CSB-5

ORIGINAL COST RATE BASE ADJUSTMENT NO. 1 - POST TEST-YEAR PLANT

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Acct No. 311, Pumping Equipment	$ 939,631	$ -	$ 939,631
2	Emergency Repair of Well Pump No. 6	$ -	$ 84,115	$ 84,115
3		$ -	$ -	$ -
4	**Adjusted Test Year Plant**	**$ 939,631**	**$ 84,115**	**$ 1,023,746**

References:

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

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Schedule CSB-6

ORIGINAL COST RATE BASE ADJUSTMENT NO. 2 - INADEQUATELY SUPPORTED PLANT COSTS

LINE NO.	DESCRIPTION	[A] PLANT SELECTED IN SAMPLE	[B] UNSUPPOTED PLANT COSTS	[C] STAFF AS ADJUSTED	
1	2001 Plant Addition, Acct No. 311 - Pumping Equipment	$ 163,163	$ -	$ 163,163	
2	2003 Plant Addition, Acct No. 311 - Pumping Equipment	12,096	-	12,096	
3	**Acct No. 311- Pumping Equipment Subtotal**	**$ 175,259**	**$ -**	**$ 175,259**	
4					
5	2010 Plant Addition, Acct No. 320-Water Treatment Equip.	**$ 381,395**	**$ -**	**$ 381,395**	
6					
7	2002 Plant Addition, Acct No. 331-Transp. & Distrib. Mains	$ 119,606	$ (119,606)	$ -	Missing documentation
8	2004 Plant Addition, Acct No. 331-Transp. & Distrib. Mains	42,500	(13,444)	29,056	Missing documentation
9	2008 Plant Addition, Acct No. 331-Transp. & Distrib. Mains	5,366	-	5,366	Amount corrected in RB Adj. 2
10	2009 Plant Addition, Acct No. 331-Transp. & Distrib. Mains	7,000	-	7,000	Amount corrected in RB Adj. 2
11	**Acct No. 331- Transp. & Distrib. Mains Subtotal**	**$ 174,472**	**$ (133,050)**	**$ 41,422**	
12					
13	2006 Plant Addition, Acct No. 334-Meters	$ 3,296	$ (3,296)	$ -	Missing documentation
14	2011 Plant Addition, Acct No. 334-Meters	12,713	-	12,713	
15	**Acct No. 334- Meters Subtotal**	**$ 16,009**	**$ (3,296)**	**$ 12,713**	
16					
17	2005 Plant Addition, Acct No. 345-Power Operated Equipmnt	**$ 86,000**	**$ (86,000)**	**$ -**	Missing documentation
18					
19	2011 Plant Addition, Acct No. 348-Other Tangible Equipment	**$ 26,239**	**$ -**	**$ 26,239**	
20					
21	**Total**	**$ 859,374**	**$ (222,346)**	**$ 637,028**	

References:

Column A: Company Schedule B-2
Column B: Testimony, CSB, Company Data Request Responses CSB 1.3
Column C: Column [A] + Column [B]

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Schedule CSB-7

ORIGINAL COST RATE BASE ADJUSTMENT NO. 3 - UNRECORDED PLANT

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Acct No. 331 - Mains	$ 1,402,013	$ 553,910	$ 1,955,923
2	Acct No. 333 - Services	$ 236,325	$ 114,149	$ 350,474
3	Acct No. 334 - Hydrants	$ 193,193	$ 119,896	$ 313,089
4	**Total**	$ 1,831,531	$ 787,955	$ 2,619,486
5				
6				
7				
8				

Data Request Reference	Acct No. 331 Mains	Acct No. 333 Services	Acct No. 335 Hydrants	Total
CSB 3.1	$ 163,807	$ 31,397	$ 35,277	$ 230,481
CSB 3.2	$ 200,350	$ 28,050	$ 31,500	$ 259,900
CSB 3.2	$ 113,600	$ 42,925	$ 35,000	$ 191,525
CSB 3.3	$ 76,153	$ 11,777	$ 18,119	$ 106,049
	$ 553,910	$ 114,149	$ 119,896	$ 787,955

	Year	Acct No. 331 Mains	Acct No. 333 Services	Acct No. 335 Hydrants
CSB 3.1	2004	$ 139,413	$ 18,924	$ 21,166
CSB 3.2	2004	$ 95,200	$ 34,850	$ 28,000
CSB 3.1	2005	$ 24,394	$ 12,473	$ 14,111
CSB 3.2	2005	$ 200,350	$ 28,050	$ 31,500
CSB 3.2	2005	$ 18,400	$ 8,075	$ 7,000
CSB 3.3	2006	$ 76,153	$ 11,777	$ 18,119
		$ 553,910	$ 114,149	$ 119,896

References:

Column A: Company Schedule B-2
Column B: Testimony, CSB; Data Request Response CSB 3.1, 3.2, & 3.3
Column C: Column [A] + Column [B]

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Schedule CSB-8

ORIGINAL COST RATE BASE ADJUSTMENT NO. 4 - EXPENSED PLANT

LINE NO.	Description	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	331 - Mains	$ 1,402,013	$ 4,656	$ 1,406,669
2	340.1 - Computers and Software	$ -	$ 7,069	$ 7,069
3	341 - Transportation Equipment	$ 1,200	$ 6,512	$ 7,712
4		$ 1,403,213	$ 13,581	$ 14,781
5				
6				
7	PLANT COSTS REMOVED FROM REPAIRS & MAINTENANCE ACCOUNT (CSB 1-22)			
8	Acct. No. / Date / Description			Amount
9	340.1 / 12/31/10 / Meter Reading Software			$ 7,069.00
10				
11				
12	PLANT COSTS REMOVED FROM TRANSPORTATION EXPENSE ACCOUNT (CSB 1.31 & CSB 6.6)			
13	Acct. No. / Year / Description			Amount
14	341 / 2011 / Transportation Equipment			$ 6,511.81
15				
16				
17	PLANT COSTS REMOVED FROM CONTRACTUAL SERVICES LEGAL (CSB 6.5)			
18	Acct. No. / Year / Description			Amount
19	331 / 2011 / Interconnection Agreement			$ 4,655.65

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB, Company Data Request Responses CSB 1-25, 1-29, & 1-35
Column C: Column [A] + Column [B]

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Schedule CSB-9

ORIGINAL COST RATE BASE ADJUSTMENT NO. 5 - OTHER TANGIBLE PLANT RECLASSIFICATION

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS (CSB 3.4 f 3)	[C] STAFF AS ADJUSTED
1	Acct. No. 311 - Pumping Equipment	$ 939,631	26,239	965,870
2	Acct No. 348 - Other Tangible Plant	26,239	(26,239)	-
3	**Plant Total**	$ 965,870	$ -	$ 965,870

References:
Column A: Company Schedule B-2
Column B: Testimony, CSB; Data Request Response 3.4 (f) (3)
Column C: Column [A] + Column [B]

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Schedule CSB-10

ORIGINAL COST RATE BASE ADJUSTMENT NO. 6 - PLANT RETIREMENTS

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Acct. No. 311 - Pumping Equipment	$ 939,631	$ (99,195)	$ 840,436
2	Acct. No. 334 -Meters and Meter Installations	$ 126,139	$ (4,500)	$ 121,639
3		$ -	$ -	$ -
4		$ 1,065,770	$ (103,695)	$ 962,075

Acct. No.	Acct. Description	Replacement Cost				Amount
311	Pumping Equip	$ 29,056	x	50%	=	$ 14,527.91
311	Pumping Equip	$ 9,964	x	50%	=	$ 4,981.90
311	Pumping Equip	$ 4,800	x	50%	=	$ 2,400.00
311	Pumping Equip	$ 1,387	x	50%	=	$ 693.38
311	Pumping Equip	$ 4,312	x	50%	=	$ 2,155.82
311	Air compressor	$ 5,315	x	50%	=	$ 2,657.58
311	Pumping Equip	$ 26,239	x	50%	=	$ 13,119.46
		$ 81,072.05				$ 40,536.03
334	Meters	$ 9,000	x	50%	=	$ 4,500.00
		$ 90,072.05				$ 45,036.03

Data Request	Invoice ID #	Site No.	Year Added	Account No.	Description	Amount
CSB 1.3 & 3.7	29	Well No.1	2004	311	Pumping Equip	$ 29,056
CSB 1.3 & 3.7	n/a	Well No.1	2003	311	Pumping Equip	$ 9,964
CSB 3.7	n/a	Storage Tank #1	2006	311	Pumping Equip	$ 4,800
CSB 1.3 & 3.8	14	Not specified	2010	311	Pumping Equip	$ 1,387
CSB 1.3 & 3.8	18	Not specified	2010	311	Pumping Equip	$ 4,312
CSB 1.3 & 3.8	36	Well No.6	2010	311	air compressor	$ 5,315
CSB 1.3	27	Well No.3	2011	311	Pumping Equip	$ 26,239
CSB 3.8	n/a	n/a	2011	334	Meters	$ 9,000
						$ 90,072

RETIREMENTS RELATED TO EMERGENCY REPAIR OF PUMP FOR WELL NO. 6

2000	311	Pumping Equipment	$	58,659

References:

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

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Schedule CSB-11

ORIGINAL COST RATE BASE ADJUSTMENT NO. 7 - ACCUMULATED DEPRECIATION

LINE NO.	NARUC Acct No.	NARUC PLANT DESCRIPTION Per Exh RLJ-DTD, Sch B-2.1, Page 12	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	304	Structures & Improvements	$ 31,130	$ -	$ 31,130
2	307	Wells & Springs	$ 374,796	$ -	$ 374,796
3	311	Pumping Equipment	$ 939,631	$ (137,276)	$ 802,355
4	320	Water Treatment Equip	$ 19,078	$ -	$ 19,078
5	330	Distribution Reservoirs and Standpipes	$ 282,757	$ -	$ 282,757
6	331	Transmission and Distribution Mains	$ 318,835	$ 64,099	$ 382,934
7	333	Services	$ 112,317	$ 22,305	$ 134,622
8	334	Meters and Meter Installations	$ 112,517	$ (4,500)	$ 108,017
9	335	Hydrants	$ 45,222	$ 13,810	$ 59,032
10	340	Office Furniture and Equipment	$ 17,177	$ -	$ 17,177
11	341	Transportation Equipment	$ 1,200	$ -	$ 1,200
12	345	Power Operated Equipment	$ 43,556	$ -	$ 43,556
13	348	Other Tangible Equipment	$ 2,624	$ -	$ 2,624
14		**Total Accumulated Depreciation**	$ 2,300,840	$ (41,562)	$ 2,259,278
15					

ACCUMULATED DEPRECIATION RELATED TO UNRECORDED MAINS, ACCT NO 331

	Data Request	Year Placed in Service	Acct No.	Description	Plant Cost	Number of Interim Years	Depreciation Rate	Accumulated Depreciation
19	CSB 3.1	2004	331	Mains	$ 139,413	6.5	2.00%	$18,124
20	CSB 3.2	2004	331	Mains	$ 95,200	6.5	2.00%	$12,376
21					$ 234,613			$30,500
22								
23	CSB 3.1	2005	331	Mains	$ 24,394	5.5	2.00%	$2,683
24	CSB 3.2	2005	331	Mains	$ 200,350	5.5	2.00%	$22,039
25	CSB 3.2	2005	331	Mains	$ 18,400	5.5	2.00%	$2,024
26					$ 243,144			$26,746
27								
28	CSB 3.3	2006	331	Mains	$ 76,153	4.5	2.00%	$6,854
29					$553,910			$64,099
30								

ACCUMULATED DEPRECIATION RELATED TO UNRECORDED SERVICES, ACCT NO 333

	Data Request	Year Placed in Service	Acct No.	Description	Plant Cost	Number of Interim Years	Depreciation Rate	Accumulated Depreciation
34	CSB 3.1	2004	331	Services	$ 18,924	6.5	3.33%	$4,096
35	CSB 3.2	2004	331	Services	$ 34,850	6.5	3.33%	$7,543
36					$ 53,774			$11,639
37								
38	CSB 3.1	2005	331	Services	$ 12,473	5.5	3.33%	$2,284
39	CSB 3.2	2005	331	Services	$ 28,050	5.5	3.33%	$5,137
40	CSB 3.2	2005	331	Services	$ 8,075	5.5	3.33%	$1,479
41					$ 48,598			$8,901
42								
43	CSB 1.2 & 3.3	2006	331	Services	$ 11,777	4.5	3.33%	$1,765
44					$114,149			$22,305
45								

ACCUMULATED DEPRECIATION RELATED TO UNRECORDED HYDRANTS, ACCT NO 335

	Data Request	Year Placed in Service	Acct No.	Description	Plant Cost	Number of Interim Years	Depreciation Rate	Accumulated Depreciation
49	CSB 3.1	2004	331	Hydrants	$ 21,166	6.5	2.00%	$2,752
50	CSB 3.2	2004	331	Hydrants	$ 28,000	6.5	2.00%	$3,640
51					$ 49,166			$6,392
52								
53	CSB 3.1	2005	331	Hydrants	$ 14,111	5.5	2.00%	$1,552
54	CSB 3.2	2005	331	Hydrants	$ 31,500	5.5	2.00%	$3,465
55	CSB 3.2	2005	331	Hydrants	$ 7,000	5.5	2.00%	$770
56					$ 52,611			$5,787
57								
58	CSB 1.2 & 3.3	2006	331	Hydrants	$ 18,119	4.5	2.00%	$1,631
59					$119,896			$13,810
60								

ACCUMULATED DEPRECIATION RELATED TO RETIREMENTS

	Data Request	Plant Retirement	Acct No.	Description	Plant Cost	Number of Interim Years	Depreciation Rate	Amount Removed from Accum Depr
64	CSB 3.7	Schedule CSB-10	311	Pumping Equip	$ (99,195)	n/a	n/a	$ (99,195)
65	CSB 3.7	Schedule CSB-10	334	Meters	$ (4,500)	n/a	n/a	$ (4,500)
66					$ (103,695)			$ (103,695)
67								

ACCUMULATED DEPRECIATION ADJUSTMENT ON PUMPS FULLY DEPRECIATED IN SAME YEAR PLACED IN SERVICE

	Col A	Col B	Col C	Col D	Col E	Col F	Col G	Col H	Col I	Col J
71	Year	Schedule	Acct No.	Description	Plant Cost	Number of Interim Years	Depreciation Rate	Depr Expense Col E x Col F x Col G	Recorded Depreciation	Difference Col H - Col I
72	2003	Exhibit RLJ-DT2, Sch B-2.1, P4	311	Pumping Equip	$ 12,096	7.5	12.5%	$ 11,340	$ 12,096	$ (756)
73	2004	Exhibit RLJ-DT2, Sch B-2.1, P5	311	Pumping Equip	$ 30,911	6.5	12.5%	$ 25,115	$ 30,911	$ (5,796)
74	2005	Exhibit RLJ-DT2, Sch B-2.1, P6	311	Pumping Equip	$ 43,166	5.5	12.5%	$ 29,677	$ 43,166	$ (13,489)
75	2010	Data Requ Resp 1.3 Invoice ID #27	311	Pumping Equip	$ 26,239	2.5	12.5%	$ 8,200	$ 26,239	$ (18,039)
76					$ 112,412			$ 74,332	$ 112,412	$ (38,081)

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Schedule CSB-12

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

LINE NO.	DESCRIPTION	[A] PER COMPANY	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	CIAC from Last Rate Case	$ -	$ 1,179,719	$ 1,179,719
2	CIAC from Intervening Years (Unapproved	$ -	$ 770,361	$ 770,361
3	Total CIAC	$ -	$ 1,950,080	$ 1,950,080
4				
5				

6		**AIAC From Last Rate Case**	Amount
7	CSB 1.9	Fulton Homes	$ 1,713,206
8	CSB 1.9	Dehaven	$ 103,109
9	CSB 1.9	Beazer	$ 424,331
10	CSB 1.9	Payne	$ 2,533
11	CSB 1.9	School District	$ 986,366
12	CSB 1.9	Deer Valley Service	$ 62,681
13	CSB 1.9	Payne Resources	$ 36,270
14			**$ 3,328,496**
15		**Refunds on AIAC**	
16	CSB 1.9	Refunds on Fulton AIAC	$ (1,752,147)
17	CSB 1.9	Refunds on Dehaven AIAC	$ (47,819)
18	CSB 1.9	Refunds on Beazer AIAC	$ (265,522)
19	CSB 1.9	Refunds on School District	$ (66,752)
20	CSB 1.9	Refunds on Deer Valley Service	$ (5,000)
21	CSB 1.9	Refunds on Payne Resources	$ (11,537)
22		**Total Refund Payments on AIAC Contracts**	**$ (2,148,777)**
23			
24		**Amount transferred to CIAC**	**$ 1,179,719**
25			
26			

27		**AIAC Added During Intervening Years**	Amount	
28	CSB 1.10 & 3.1	Arrowhead Ranch Office Park,LLC	$ 230,481	
29	CSB 1.11 & 3.2	Cody Farms	$ 259,900	
30	CSB 1.11 & 3.2	Riverstone Estates (Columbia I & II)	$ 158,050	
31	CSB 1.11 & 3.2	Riverstone Estates (Columbia I & II)	$ 33,475	
32	CSB 1.12 & 3.3	Arrowhead Ranch Industrial Park	$ 106,050	
33			**$ 787,956**	Unapproved
34		**Refunds on AIAC**		
35	CSB 1.10 (d)	Refunds on Arrowhead Ranch Office	$ (7,300)	2009 per CSB 1.10
36	CSB 1.11 (d)	Refunds on Cody Farms	$ -	
37	CSB 1.11 (d)	Refunds on Riverstone (Columbia)	$ (3,295)	2006 per Sch B-2.1, p.7
38	CSB 1.12 (d)	Refunds on Arrowhead Ranch Office	$ (7,000)	2009 per Sch B-2.1, p.10
39			**$ (17,595)**	
40				
41		**Amount transferred to CIAC**	**$ 770,361**	

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

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Schedule CSB-13

ORIGINAL COST RATE BASE ADJUSTMENT NO. 9 - AMORTIZATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION ("CIAC")

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Amortization of CIAC	$ -	$ 501,447	$ 501,447
2				
3				
4				

CALCULATION OF AMORTIZATION OF CIAC

	Staff Reference Schedule	AIAC Contract Name	Amount	Year Transferred To CIAC (Per CSB 1.9)	Number of Interim Years	CIAC Amortization Rate Sch B-2.1, P.12, Line 38	Amortization of CIAC
9	CSB-12	Fulton Homes	$ 1,713,206	2005	6.5	2.3497%	$ 261,659
10	CSB-12	Dehaven	$ 103,109	2007	4.5	2.3497%	$ 10,902
11	CSB-12	Beazer	$ 424,331	2007	4.5	2.3497%	$ 44,867
12	CSB-12	Payne	$ 2,533	2008	3.5	2.3497%	$ 208
13	CSB-12	School District	$ 986,366	2006	5.5	2.3497%	$ 127,472
14	CSB-12	Deer Valley Service	$ 62,681	2006	5.5	2.3497%	$ 8,100
15	CSB-12	Payne Resources	$ 36,270	2008	3.5	2.3497%	$ 2,983
16			$ 3,328,496				$ 456,192

CALCULATION OF AMORTIZATION OF CIAC FOR MAINS, ACCT. NO. 331

	Data Request Responses	AIAC Contract Name	Acct No. 331 Mains	Year Transferred To CIAC	Number of Interim Years	CIAC Amortization Rate Sch B-2.1, P.12	Amortization of CIAC
23	CSB 1.10e & 3.1	Arrowhead Ranch Office Park,I	$ 163,807	2009	2.5	2.0000%	$ 8,190
24	CSB 1.11d & 3.2	Cody Farms	$ 200,350	2011	0.5	2.0000%	$ 2,004
25	CSB 1.11d & 3.2	Riverstone Estates (Columbia I & II)	$ 113,600	2008	5.5	2.0000%	$ 12,496
26	CSB 1.12d & 3.3	Arrowhead Ranch Industrial Park	$ 76,153	2009	2.5	2.0000%	$ 3,808
27			$ 553,910				$ 26,498

CALCULATION OF AMORTIZATION OF CIAC FOR SERVICES, ACCT. NO. 333

	Data Request Responses	AIAC Contract Name	Acct No. 333 Services	Year Transferred To CIAC	Number of Interim Years	CIAC Amortization Rate Sch B-2.1, P.12	Amortization of CIAC
34	CSB 1.10e & 3.1	Arrowhead Ranch Office Park,I	$ 31,397	2009	2.5	3.33%	$ 2,614
35	CSB 1.11d & 3.2	Cody Farms	$ 28,050	2011	0.5	3.33%	$ 467
36	CSB 1.11d & 3.2	Riverstone Estates (Columbia I & II)	$ 42,925	2008	5.5	3.33%	$ 7,862
37	CSB 1.12d & 3.3	Arrowhead Ranch Industrial Park	$ 11,777	2009	2.5	3.33%	$ 980
38			$ 114,149				$ 11,923

CALCULATION OF AMORTIZATION OF CIAC FOR HYDRANTS, ACCT. NO. 335

	Data Request Responses	AIAC Contract Name	Acct No. 335 Hydrants	Year Transferred To CIAC	Number of Interim Years	CIAC Amortization Rate Sch B-2.1, P.12	Amortization of CIAC
45	CSB 1.10e & 3.1	Arrowhead Ranch Office Park,I	$ 35,277	2009	2.5	2.0000%	$ 1,764
46	CSB 1.11d & 3.2	Cody Farms	$ 31,500	2011	0.5	2.0000%	$ 315
47	CSB 1.11d & 3.2	Riverstone Estates (Columbia I & II)	$ 35,000	2008	5.5	2.0000%	$ 3,850
48	CSB 1.12d & 3.3	Arrowhead Ranch Industrial Park	$ 18,119	2009	2.5	2.0000%	$ 906
49			$ 119,896				$ 6,835

References:

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

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Schedule CSB-14

ORIGINAL COST RATE BASE
ADJUSTMENT NO. 9 - CASH WORKING CAPITAL ALLOWANCE

		[A]	[B]	[C]
LINE NO.	**DESCRIPTION**	**PER COMPANY**	**ADJUSTMENT**	**PER STAFF**
1	Cash Working Capital Allowance	$ 96,775	$ (96,775)	$ -

References:

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

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Schedule CSB-15

SUMMARY OF REPRODUCTION COST NEW ("RCN") RATE BASE ADJUSTMENTS

LINE NO.	PLANT IN SERVICE Acct. No. - I Plant Description	[A] COMPANY AS FILED	[B] Adj No.1 Post-Test Year Plant Ref: Sch CSB-16	[C] ADJ No. 2 Inadequatedy Supported Plant Ref: Sch CSB-16	[D] ADJ No. 3 Unrecorded Plant Ref: Sch CSB-16	[E] ADJ No. 4 Expensed Plant Ref: Sch CSB-16	[F] ADJ No. 5 Other Tangible Plant Reclass Ref: Sch CSB-16	[G] ADJ No. 6 Plant Retirements Ref: Sch CSB-16	[H] ADJ No. 7 Accumulated Depreciation Ref: Sch CSB-17	[I] ADJ No. 8 CIAC Ref: Sch CSB-18	[J] ADJ No. 9 Amortization of CIAC Ref: Sch CSB-19	[K] ADJ No. 10 Cash Working Capital Allowance Ref: Sch CSB-20	[L] STAFF AS ADJUSTED
1													
2	302 Franchises	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
3	303 Land and Land Rights	-	-	-	-	-	-	-	-	-	-	-	-
4	304 Structures and Improvements	-	-	-	84,633	-	-	-	-	-	-	-	84,633
5	307 Wells and Springs	2,368,472	-	-	-	-	-	-	-	-	-	-	2,368,472
6	309 Supply Mains	-	-	-	-	-	-	-	-	-	-	-	-
7	310 Power Generation Equipment	-	-	-	-	-	-	-	-	-	-	-	-
8	311 Pumping Equipment	1,216,357	84,115	-	-	-	26,239	(107,035)	-	-	-	-	1,219,676
9	320 Water Treatment Equipment	568,450	-	-	-	-	-	-	-	-	-	-	568,450
10	330 Distribution Reservoirs and Standpipes	2,369,625	-	(217,322)	-	-	-	-	-	-	-	-	2,152,303
11	330.2 Pressure Tanks	-	-	-	-	-	-	-	-	-	-	-	-
12	331 Transmission and Distribution Mains	8,249,988	-	-	818,365	4,656	-	-	-	-	-	-	9,073,009
13	333 Services	2,397,643	-	-	167,002	-	-	-	-	-	-	-	2,564,645
14	334 Meters and Meter Installations	126,139	-	(4,043)	-	-	-	(4,500)	-	-	-	-	117,596
15	335 Hydrants	1,810,765	-	-	142,607	-	-	-	-	-	-	-	1,953,372
16	336 Backflow Prevention Devices	-	-	-	-	-	-	-	-	-	-	-	-
17	339 Other Plant and Miscellaneous Equipment	-	-	-	-	-	-	-	-	-	-	-	-
18	340 Office Furniture and Equipment	19,273	-	-	-	-	-	-	-	-	-	-	19,273
19	340.1 Computers and Software	-	-	-	-	7,069	-	-	-	-	-	-	7,069
20	341 Transportation Equipment	1,200	-	-	-	6,512	-	-	-	-	-	-	7,712
21	343 Tools, Shop, and Garage Equipment	-	-	-	-	-	-	-	-	-	-	-	-
22	344 Laboratory Equipment	-	-	-	-	-	-	-	-	-	-	-	-
23	345 Power Operated Equipment	115,725	-	(86,000)	-	-	-	-	-	-	-	-	29,725
24	346 Communication Equipment	-	-	-	-	-	-	-	-	-	-	-	-
25	347 Miscellaneous Equipment	-	-	-	-	-	-	-	-	-	-	-	-
26	348 Other Tangible Equipment	26,239	-	-	-	-	(26,239)	-	-	-	-	-	-
27	Rounding	-	-	-	-	-	-	-	-	-	-	-	-
28	Total Plant in Service	$ 19,269,876	$ 84,115	$ (307,365)	$ 1,212,607	$ 18,236	$ -	$ (111,535)	$ -	$ -	$ -	$ -	$ 20,165,935
29	Less: Accumulated Depreciation	$ 6,937,536	$ -	$ -	$ -	$ -	$ -	$ -	$ (12,007)	$ -	$ -	$ -	6,925,529
30	Net Plant in Service	$ 12,332,340	$ 84,115	$ (307,365)	$ 1,212,607	$ 18,236	$ -	$ (111,535)	$ 12,007	$ -	$ -	$ -	$ 13,240,407
31													
32	*LESS:*												
33	Advances in Aid of Construction (AIAC)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
34	Meter Deposits - Service Line & Meter Advances	$ -	-	-	-	-	-	-	-	-	-	-	-
35													
36	Contributions in Aid of Construction (CIAC)	$ -	-	-	-	-	-	-	-	4,347,289	-	-	4,347,289
37	Less: Accumulated Amortization of CIAC	$ -	-	-	-	-	-	-	-	-	935,231	-	935,231
38	Net CIAC	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,347,289	$ (935,231)	$ -	$ 3,412,057
39													
40	Total Advances and Net Contributions	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,347,289	$ (935,231)	$ -	$ 3,412,057
41													
42	Customer Deposits	$ 22,784	-	-	-	-	-	-	-	-	-	-	$ 22,784
43	Accumulated Deferred Taxes	$ -	-	-	-	-	-	-	-	-	-	-	$ -
44													
45	*ADD:*												-
46	Cash Working Capital Allowance	$ 96,775	-	-	-	-	-	-	-	-	-	(96,775)	$ -
47		$ -	-	-	-	-	-	-	-	-	-	-	$ -
48	**Total Rate Base**	$ 12,406,331	$ 84,115	$ (307,365)	$ 1,212,607	$ 18,236	$ -	$ (111,535)	$ 12,007	$ (4,347,289)	$ 935,231	$ (96,775)	$ 9,805,565

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Schedule CSB-16

RECONSTRUCT COST NEW ("RCN") Rate Base Adjustments

Line No.	Schedule Reference	Acct. No.		Original Cost	Handy-Whitman		Reconstruct Cost New
1		RCN Rate Base Adj. No. 1 - Post-Test Year Plant (Emergency Well Repair)					
2	Sch CSB-5	311	Electric Pumping Equip	84,115	1	1	84,115
3	Sch CSB-5			0	1	1	0
4	Sch CSB-5			84,115			84,115
5							
6		RCN Rate Base Adj. No. 2 - Inadequatedly Supported Plant					
7	Sch CSB-5	331	Mains	119,606	561	342	196,196
8	Sch CSB-5			13,444	561	357	21,126
9	Sch CSB-5			133,050			217,322
10							
11	Sch CSB-5	334	Meters	3,296	525	428	4,043
12							
13	Sch CSB-5	348	Power Operated Equip.	86,000	1	1	86,000
14							
15							
16		RCN Rate Base Adj. No. 3 - Unrecorded Plant					
17	Engr Report	304	Structures & Improvmnts	84,633	1	1	84,633
18							
19	Sch CSB-6	331	Mains	234,613	561	357	368,678
20	Sch CSB-6			243,144	561	392	347,969
21	Sch CSB-6			76,153	561	420	101,719
22				553,910			818,365
23							
24	Sch CSB-6	333	Services (Mains)	53,774	483	315	82,453
25	Sch CSB-6			48,598	483	341	68,835
26	Sch CSB-6			11,777	483	362	15,714
27	Sch CSB-6			114,149			167,002
28							
29	Sch CSB-6	335	Hydrants (Mains)	49,166	672	550	60,072
30	Sch CSB-6			52,611	672	565	62,574
31	Sch CSB-6			18,119	672	610	19,961
32	Sch CSB-6			119,896			142,607
33							
34							
35		RCN Rate Base Adj. No. 4 - Expensed Plant					
36	Sch CSB-7	340.1	Computers	7,069	1	1	7,069
37		341	Transportation Equipment	6,512	1	1	6,512
38		331	Mains	4,656	1	1	4,656
39							
40		RCN Rate Base Adj. No. 5 - Other Tangible Plant Reclassification					
41	Sch CSB-8	311	Pumping Equip.	26,239	1	1	26,239
42							
43							
44		RCN Rate Base Adj. No. 6 - Plant Retirements					
45	Sch CSB-9	311	Pumping Equip.	14,528	760	569	19,405
46	Sch CSB-9	311	Pumping Equip.	4,982	760	546	6,935
47	Sch CSB-9	311	Pumping Equip.	2,400	760	619	2,947
48	Sch CSB-9	311	Pumping Equip.	693	760	701	751
49	Sch CSB-9	311	Pumping Equip.	2,156	760	701	2,337
50	Sch CSB-9	311	Pumping Equip.	2,658	760	701	2,882
51	Sch CSB-9	311	Pumping Equip.	13,119	1	1	13,119
52				40,536			48,376
53							
54	PTY Pump	311	Pumping Equip.	84,115	530	760	58,659
55							
56	Sch CSB-9	334	Meters	4,500	1	1	4,500

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Schedule CSB-17

RECONSTRUCT COST NEW RATE BASE ADJUSTMENT NO. 7 - ACCUMULATED DEPRECIATION

LINE NO.	NARUC Acct No.	NARUC PLANT DESCRIPTION PER SCH B-4	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	304	Structures & Improvements	$ -	$ -	$ -
2	307	Wells & Springs	$ 2,103,420	$ -	$ 2,103,420
3	311	Pumping Equipment	$ 641,846	$ (152,165)	$ 489,682
4	320	Water Treatment Equip	$ 41,837	$ -	$ 41,837
5	330	Distribution Reservoirs and Standpipes	$ 662,512	$ -	$ 662,512
6	331	Transmission and Distribution Mains	$ 1,938,047	$ 95,359	$ 2,033,406
7	333	Services	$ 961,784	$ 32,809	$ 994,593
8	334	Meters and Meter Installations	$ 112,517	$ (4,500)	$ 108,017
9	335	Hydrants	$ 411,016	$ 16,489	$ 427,505
10	340	Office Furniture and Equipment	$ 17,177	$ -	$ 17,177
11	341	Transportation Equipment	$ 1,200	$ -	$ 1,200
12	345	Power Operated Equipment	$ 43,556	$ -	$ 43,556
13	348	Other Tangible Equipment	$ 2,624	$ -	$ 2,624
14		Total Accumulated Depreciation	$ 6,937,536	$ (12,007)	$ 6,925,529

ACCUMULATED DEPRECIATION RELATED TO UNRECORDED MAINS, ACCT NO 331

Data Request	Year Placed In Service	Acct No.	Description	RCN Plant Cost	Number of Interim Years	Depreciation Rate	Accumulated Depreciation
CSB 3.1	2004	331	Mains	$ 219,078	6.5	2.00%	$28,480
CSB 3.2	2004	331	Mains	$ 149,600	6.5	2.00%	$19,448
				$ 368,678			$47,928
CSB 3.1	2005	331	Mains	$ 34,911	5.5	2.00%	$3,840
CSB 3.2	2005	331	Mains	$ 286,725	5.5	2.00%	$31,540
CSB 3.2	2005	331	Mains	$ 26,333	5.5	2.00%	$2,897
				$ 347,969			$38,277
CSB 1.2 & 3.3	2006	331	Mains	$ 101,719	4.5	2.00%	$9,155
				$818,365			$95,359

ACCUMULATED DEPRECIATION RELATED TO UNRECORDED SERVICES, ACCT NO 333

Data Request	Year Placed In Service	Acct No.	Description	RCN Plant Cost	Number of Interim Years	Depreciation Rate	Accumulated Depreciation
CSB 3.1	2004	331	Services	$ 29,017	6.5	3.33%	$6,281
CSB 3.2	2004	331	Services	$ 53,437	6.5	3.33%	$11,566
				$ 82,453			$17,847
CSB 3.1	2005	331	Services	$ 17,667	5.5	3.33%	$3,236
CSB 3.2	2005	331	Services	$ 39,731	5.5	3.33%	$7,277
CSB 3.2	2005	331	Services	$ 11,438	5.5	3.33%	$2,095
				$ 68,835			$12,607
CSB 1.2 & 3.3	2006	331	Services	$ 15,714	4.5	3.33%	$2,355
				$167,002			$32,809

ACCUMULATED DEPRECIATION RELATED TO UNRECORDED HYDRANTS, ACCT NO 335

Data Request	Year Placed In Service	Acct No.	Description	RCN Plant Cost	Number of Interim Years	Depreciation Rate	Accumulated Depreciation
CSB 3.1	2004	331	Hydrants	$ 25,861	6.5	2.00%	$3,362
CSB 3.2	2004	331	Hydrants	$ 34,211	6.5	2.00%	$4,447
				$ 60,072			$7,809
CSB 3.1	2005	331	Hydrants	$ 16,783	5.5	2.00%	$1,846
CSB 3.2	2005	331	Hydrants	$ 37,465	5.5	2.00%	$4,121
CSB 3.2	2005	331	Hydrants	$ 8,326	5.5	2.00%	$916
				$ 62,574			$6,883
CSB 1.2 & 3.3	2006	331	Hydrants	$ 19,961	4.5	2.00%	$1,796
				$142,607			$16,489

ACCUMULATED DEPRECIATION RELATED TO RETIREMENTS

Data Request	Reference	Acct No.	Description	RCN Plant Cost	Number of Interim Years	Depreciation Rate	Amnt Removed from Acc Depr
CSB 3.7	Schedule CSB-7	311	Pumping Equip	$ (48,376)	n/a	n/a	$ (48,376)
CSB 3.7	Schedule CSB-7	334	Meters	$ (4,500)	n/a	n/a	$ (4,500)
				$ (52,876)			$ (52,876)

ACCUMULATED DEPRECIATION ADJUSTMENT ON PUMPS FULLY DEPRECIATED IN SAME YEAR PLACED IN SERVICE

Col A	Col B	Col C	Col D	Col E	Col F	Col G	Col H	Col I	Col J
Year	Reference	Acct No.	Description	RCN Plant Cost	Number of Interim Years	Depreciation Rate	Depr Expense Col E x Col F x Col G	Recorded Depreciation	Difference Col H - Col I
2003	Exhibit RLJ-DT2, Sch B-2.1, P4	311	Pumping Equip	$ 16,837	7.5	12.5%	$ 15,785	$ 16,837	$ (1,052)
2004	Exhibit RLJ-DT2, Sch B-2.1, P5	311	Pumping Equip	$ 41,287	6.5	12.5%	$ 33,546	$ 41,287	$ (7,741)
2005	Exhibit RLJ-DT2, Sch B-2.1, P6	311	Pumping Equip	$ 53,693	5.5	12.5%	$ 36,914	$ 53,693	$ (16,779)
2010	Data Requ Resp 1.3 Invoice ID #27	311	Pumping Equip	$ 28,447	2.5	12.5%	$ 8,890	$ 28,447	$ (19,558)
				$ 140,264			$ 95,134	$ 140,264	$ (45,130)

ACCUMULATED DEPRECIATION RELATED TO POST-TEST YEAR RELATED RETIREMENT

Year	Reference	Acct No.	Description	RCN Cost
2000	RCN Rate Adj No. 1	311	Pumping Equip	$ (58,659)

Column A: Company Exhibit RLJ-DT2, Schedule B-2.1, Page 12
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

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Schedule CSB-18

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

LINE NO.	DESCRIPTION	[A] PER COMPANY	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	CIAC from Last Rate Case	$ -	$ 3,205,549	$ 3,205,549
2	CIAC from Intervening Years	$ -	$ 1,141,740	$ 1,141,740
3	Total CIAC	$ -	$ 4,347,289	$ 4,347,289
4				
5				

6		**RCN AIAC From Last Rate Case**	Amount
7	CSB 1.9	Fulton Homes	$ 3,397,316
8	CSB 1.9	Dehaven	$ 174,089
9	CSB 1.9	Beazer	$ 715,886
10	CSB 1.9	Payne	$ 4,511
11	CSB 1.9	School District	$ 1,835,889
12	CSB 1.9	Deer Valley Service	$ 105,748
13	CSB 1.9	Payne Resources	$ 61,191
14			**$ 6,294,630**
15		**RCN Refunds on AIAC**	
16	CSB 1.9	Refunds on Fulton AIAC	$ (2,550,843)
17	CSB 1.9	Refunds on Dehaven AIAC	$ (66,103)
18	CSB 1.9	Refunds on Beazer AIAC	$ (361,704)
19	CSB 1.9	Refunds on School District	$ (89,162)
20	CSB 1.9	Refunds on Deer Valley Service	$ (6,679)
21	CSB 1.9	Refunds on Payne Resources	$ (14,591)
22		**Total Refund Payments on AIAC Contracts**	**$ (3,089,081)**
23			
24		**Amount transferred to CIAC**	**$ 3,205,549**
25			
26			

27		**AIAC Added During Intervening Years**	RCN Amount	
28	CSB 1.10 & 3.1	Arrowhead Ranch Office Park,LLC	$ 343,316	
29	CSB 1.11 & 3.2	Cody Farms	$ 363,922	
30	CSB 1.11 & 3.2	Riverstone Estates (Columbia I & II)	$ 283,344	
31	CSB 1.11 & 3.2	Riverstone Estates (Columbia I & II)	$ 33,475	
32	CSB 1.12 & 3.3	Arrowhead Ranch Industrial Park	$ 137,393	
33			**$ 1,161,450**	
34		**Refunds on AIAC**		
35	CSB 1.10 (d)	Refunds on Arrowhead Ranch Office	$ (7,815)	2009 per CSB 1.10
36	CSB 1.11 (d)	Refunds on Cody Farms	$ -	
37	CSB 1.11 (d)	Refunds on Riverstone (Columbia)	$ (4,401)	2006 per Sch B-2.1, p.7
38	CSB 1.12 (d)	Refunds on Arrowhead Ranch Office	$ (7,494)	2009 per Sch B-2.1, p.10
39			**$ (19,710)**	
40				
41		**Amount transferred to CIAC**	**$ 1,141,740**	

References:

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

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Schedule CSB-19

RECONSTRUCT COST NEW RATE BASE
ADJUSTMENT NO. 9 - AMORTIZATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION ("CIAC")

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Amortization of CIAC	$ -	$ 935,231	$ 935,231
2				
3				
4				

CALCULATION OF AMORTIZATION OF CIAC

	Staff Reference Schedule	AIAC Contract Name	Amount	Year Transferred To CIAC (Per CSB 1.9)	Number of Interim Years	CIAC Amortization Rate Sch B-2.1, P.12, Line 38	Amortization of CIAC
9	CSB-18	Fulton Homes	$ 3,397,316	2005	6.5	2.3497%	$ 518,874
10	CSB-18	Dehaven	$ 174,089	2007	4.5	2.3497%	$ 18,408
11	CSB-18	Beazer	$ 715,886	2007	4.5	2.3497%	$ 75,695
12	CSB-18	Payne	$ 4,511	2008	3.5	2.3497%	$ 371
13	CSB-18	School District	$ 1,835,889	2006	5.5	2.3497%	$ 237,258
14	CSB-18	Deer Valley Service	$ 105,748	2006	5.5	2.3497%	$ 13,666
15	CSB-18	Payne Resources	$ 61,191	2008	3.5	2.3497%	$ 5,032
16			$ 6,294,630				$ 869,304

CALCULATION OF AMORTIZATION OF CIAC FOR MAINS, ACCT. NO. 331

	Data Request Responses	AIAC Contract Name	Acct No. 331 Mains	Year Transferred To CIAC	Number of Interim Years	CIAC Amortization Rate Sch B-2.1, P.12	Amortization of CIAC
23	CSB 1.10e & 3.1	Arrowhead Ranch Office Park,I	$ 253,988	2009	2.5	2.0000%	$ 12,699
24	CSB 1.11d & 3.2	Cody Farms	$ 286,725	2011	0.5	2.0000%	$ 2,867
25	CSB 1.11d & 3.2	Riverstone Estates (Columbia I & II)	$ 175,933	2008	5.5	2.0000%	$ 19,353
26	CSB 1.12d & 3.3	Arrowhead Ranch Industrial Park	$ 101,719	2009	2.5	2.0000%	$ 5,086
27			$ 818,365				$ 40,005

CALCULATION OF AMORTIZATION OF CIAC FOR SERVICES, ACCT. NO. 333

	Data Request Responses	AIAC Contract Name	Acct No. 333 Services	Year Transferred To CIAC	Number of Interim Years	CIAC Amortization Rate Sch B-2.1, P.12	Amortization of CIAC
34	CSB 1.10e & 3.1	Arrowhead Ranch Office Park,I	$ 46,684	2009	2.5	3.33%	$ 3,886
35	CSB 1.11d & 3.2	Cody Farms	$ 39,731	2011	0.5	3.33%	$ 662
36	CSB 1.11d & 3.2	Riverstone Estates (Columbia I & II)	$ 64,874	2008	5.5	3.33%	$ 11,882
37	CSB 1.12d & 3.3	Arrowhead Ranch Industrial Park	$ 15,714	2009	2.5	3.33%	$ 1,308
38			$ 167,003				$ 17,738

CALCULATION OF AMORTIZATION OF CIAC FOR HYDRANTS, ACCT. NO. 335

	Data Request Responses	AIAC Contract Name	Acct No. 335 Hydrants	Year Transferred To CIAC	Number of Interim Years	CIAC Amortization Rate Sch B-2.1, P.12	Amortization of CIAC
45	CSB 1.10e & 3.1	Arrowhead Ranch Office Park,I	$ 42,644	2009	2.5	2.0000%	$ 2,132
46	CSB 1.11d & 3.2	Cody Farms	$ 37,465	2011	0.5	2.0000%	$ 375
47	CSB 1.11d & 3.2	Riverstone Estates (Columbia I & II)	$ 42,537	2008	5.5	2.0000%	$ 4,679
48	CSB 1.12d & 3.3	Arrowhead Ranch Industrial Park	$ 19,961	2009	2.5	2.0000%	$ 998
49			$ 142,607				$ 8,184

References:

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

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Schedule CSB-20

RECONSTRUCT COST NEW RATE BASE
ADJUSTMENT NO. 10 - CASH WORKING CAPITAL ALLOWANCE

LINE NO.	DESCRIPTION	[A] PER COMPANY	[B] ADJUSTMENT	[C] PER STAFF
1	Cash Working Capital Allowance	$ 96,775	$ (96,775)	$ -

References:

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

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Schedule CSB-21

OPERATING INCOME - TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] COMPANY TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	ADJ NO.	[C] STAFF TEST YEAR AS ADJUSTED	[D] STAFF PROPOSED CHANGES	[E] STAFF RECOMMENDED
	REVENUES:						
1	Metered Water Sales	$ 1,234,701			$ 1,234,701	$ 316,657	$ 1,551,358
2	Water Sales - Unmetered	-	-		-		-
3	Other Operating Revenues	25,727	-		25,727	3,060	28,787
4	**Total Revenues**	$ 1,260,428	$ -		$ 1,260,428	$ 319,717	$ 1,580,145
5							
6	*EXPENSES:*						
7	Salaries and Wages	$ 77,200	$ -		$ 77,200	$ -	$ 77,200
8	Salaries and Wages-Officers & Directors	210,000	-		210,000	-	210,000
9	Employee Pensions & Benefits	22,326	14,400	1	36,726	-	36,726
10	Purchased Power	159,775	-		159,775	-	159,775
11	Chemicals	15,338	(11,957)	2	3,381	-	3,381
12	Repairs and Maintenance	108,314	(56,273)	3	52,041	-	52,041
13	Office Supplies Expense	-	15,466	4	15,466	-	15,466
14	Contractual Services - Accounting	8,428	(2,423)	5	6,005	-	6,005
15	Contractual Services - Legal	23,128	(16,231)	6	6,897	-	6,897
16	Contractual Services - Management Fees	75,000	(75,000)	7	-	-	-
17	Contractual Services - Testing	-	10,636	8	10,636	-	10,636
18	Contractual Services - Other	54,479	(41,768)	9	12,712	-	12,712
19	Rent - Building	-	26,580	10	26,580	-	26,580
20	Rent - Equipment	24,000	(13,164)	11	10,836	-	10,836
21	Transportation Expense	26,580	(13,329)	12	13,251	-	13,251
22	Insurance - General Liability	6,003	-		6,003	-	6,003
23	Insurance - Workman's Compensation	872	-		872	-	872
24	Reg. Comm. Exp. - Rate Case	50,000	-		50,000	-	50,000
25	Reg. Comm. Exp. - Other	-	-		-	-	-
26	Bad Debt Expense	7,688	(5,125)	13	2,563	-	2,563
27	Miscellaneous Expense	61,587	(16,790)	14	44,797	-	44,797
28	Depreciation Expense	245,585	(186,934)	15	58,651	-	58,651
29	Taxes Other Than Income	19,638	-		19,638	-	19,638
30	Property Taxes	60,348	-		60,348	5,103	65,451
31	Income Taxes	510	110,595	16	111,105	119,011	230,116
32	Interest Expense - Customer Deposits	-	1,367	17	1,367		1,367
33	**Total Operating Expenses**	$ 1,256,799	$ (259,950)		$ 996,849	$ 124,114	$ 1,120,963
34							
35	**Operating Income (Loss)**	$ 3,629	$ 259,950		$ 263,579	$ 192,543	$ 459,182

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

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SUMMARY OF OPERATING INCOME ADJUSTMENTS - TEST YEAR

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] ADJ #1 Employee Benefits Expense Ref: Sch CSB-23	[C] ADJ #2 Chemicals Expense Ref: Sch CSB-24	[D] ADJ #3 Repair & Maintenance Expense Ref: Sch CSB-25	[E] ADJ #4 Office Supplies Expense Ref: Sch CSB-26	[F] ADJ #5 Contractual Services Accounting Ref: Sch CSB-27	[G] ADJ #6 Contractual Services Legal Ref: Sch CSB-28	[H] ADJ #7 Contractual Services Management Fees Ref: Sch CSB-29	[I] ADJ #8 Contractual Services Water Testing Ref: Sch CSB-30	[J] ADJ #9 Contractual Services Other Ref: Sch CSB-31	[K] Subtotal
	REVENUES:											
1	Metered Water Sales	$ 1,234,701	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,234,701
2	Water Sales - Unmetered	-	-	-	-	-	-	-	-	-	-	-
3	Other Operating Revenues	25,727	-	-	-	-	-	-	-	-	-	25,727
4	**Total Revenues**	$ 1,260,428	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,260,428
5												
6	*OPERATING EXPENSES:*											
7	Salaries and Wages	$ 77,200	-	-	-	-	-	-	-	-	-	$ 77,200
8	Salaries and Wages-Officers & Directors	210,000	-	-	-	-	-	-	-	-	-	210,000
9	Employee Pensions & Benefits	22,326	14,400	-	-	-	-	-	-	-	-	36,726
10	Purchased Power	159,775	-	-	-	-	-	-	-	-	-	159,775
11	Chemicals	15,338	-	(11,957)	-	-	-	-	-	-	-	3,381
12	Repairs and Maintenance	108,314	-	-	(56,273)	-	-	-	-	-	-	52,041
13	Office Supplies Expense	-	-	-	-	15,466	-	-	-	-	-	15,466
14	Contractual Services - Accounting	8,428	-	-	-	-	(2,423)	-	-	-	-	6,005
15	Contractual Services - Legal	23,128	-	-	-	-	-	(16,231)	-	-	-	6,897
16	Contractual Services - Management Fees	75,000	-	-	-	-	-	-	(75,000)	-	-	-
17	Contractual Services - Testing	-	-	-	-	-	-	-	-	10,636	-	10,636
18	Contractual Services - Other	54,479	-	-	-	-	-	-	-	-	(41,768)	12,712
19	Rent - Buildings	-	-	-	-	-	-	-	-	-	-	-
20	Rent - Equipment	24,000	-	-	-	-	-	-	-	-	-	24,000
21	Transportation Expense	26,580	-	-	-	-	-	-	-	-	-	26,580
22	Insurance - General Liability	6,003	-	-	-	-	-	-	-	-	-	6,003
23	Insurance - Workman's Compensation	872	-	-	-	-	-	-	-	-	-	872
24	Reg. Comm. Exp. - Rate Case	50,000	-	-	-	-	-	-	-	-	-	50,000
25	Reg. Comm. Exp. - Other	-	-	-	-	-	-	-	-	-	-	-
26	Bad Debt Expense	7,688	-	-	-	-	-	-	-	-	-	7,688
27	Miscellaneous Expense	61,587	-	-	-	-	-	-	-	-	-	61,587
28	Depreciation Expense	245,585	-	-	-	-	-	-	-	-	-	245,585
29	Taxes Other Than Income	19,638	-	-	-	-	-	-	-	-	-	19,638
30	Property Taxes	60,348	-	-	-	-	-	-	-	-	-	60,348
31	Income Taxes	510	-	-	-	-	-	-	-	-	-	510
32	Interest Expense - Customer Deposits	-	-	-	-	-	-	-	-	-	-	-
33	**Total Operating Expenses**	$ 1,256,799	$ 14,400	$ (11,957)	$ (56,273)	$ 15,466	$ (2,423)	$ (16,231)	$ (75,000)	$ 10,636	$ (41,768)	$ 1,093,649
34												
35	**Operating Income (Loss)**	$ 3,629	$ (14,400)	$ 11,957	$ 56,273	$ (15,466)	$ 2,423	$ 16,231	$ 75,000	$ (10,636)	$ 41,768	$ 166,779

SUMMARY OF OPERATING INCOME ADJUSTMENTS - TEST YEAR CONTINUED

LINE NO.	DESCRIPTION	[L] ADJ #10 Rents Buildings Ref: Sch CSB-32	[M] ADJ #11 Rents Equipment (Vehicles) Ref: Sch CSB-33	[N] ADJ #12 Transportation Expense Ref: Sch CSB-34	[O] ADJ #13 Bad Debt Expense Ref: Sch CSB-35	[P] ADJ #14 Miscellaneous Expense Ref: Sch CSB-36	[Q] ADJ #15 Depreciation Expense Ref: Sch CSB-37	[R] ADJ #16 Income Tax Allowance Ref: Sch CSB-38	[S] ADJ #17 Interest Expense on Customer Deposits Ref: Sch CSB-39	[U] STAFF ADJUSTED
	REVENUES:									
1	Metered Water Sales	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,234,701
2	Water Sales - Unmetered	-	-	-	-	-	-	-	-	-
3	Other Operating Revenues	-	-	-	-	-	-	-	-	25,727
4	**Total Revenues**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,260,428
5										
6	*OPERATING EXPENSES:*									
7	Salaries and Wages	-	-	-	-	-	-	-	-	77,200
8	Salaries and Wages-Officers & Directors	-	-	-	-	-	-	-	-	210,000
9	Employee Pensions & Benefits	-	-	-	-	-	-	-	-	36,726
10	Purchased Power	-	-	-	-	-	-	-	-	159,775
11	Chemicals	-	-	-	-	-	-	-	-	3,381
12	Repairs and Maintenance	-	-	-	-	-	-	-	-	52,041
13	Office Supplies Expense	-	-	-	-	-	-	-	-	15,466
14	Contractual Services - Accounting	-	-	-	-	-	-	-	-	6,005
15	Contractual Services - Legal	-	-	-	-	-	-	-	-	6,897
16	Contractual Services - Management Fees	-	-	-	-	-	-	-	-	-
17	Contractual Services - Testing	-	-	-	-	-	-	-	-	10,636
18	Contractual Services - Other	-	-	-	-	-	-	-	-	12,712
19	Rent - Buildings	26,580	-	-	-	-	-	-	-	26,580
20	Rent - Equipment	-	(13,164)	-	-	-	-	-	-	10,836
21	Transportation Expense	-	-	(13,329)	-	-	-	-	-	13,251
22	Insurance - General Liability	-	-	-	-	-	-	-	-	6,003
23	Insurance - Workman's Compensation	-	-	-	-	-	-	-	-	872
24	Reg. Comm. Exp. - Rate Case	-	-	-	-	-	-	-	-	50,000
25	Reg. Comm. Exp. - Other	-	-	-	-	-	-	-	-	-
26	Bad Debt Expense	-	-	-	(5,125)	-	-	-	-	2,563
27	Miscellaneous Expense	-	-	-	-	(16,790)	-	-	-	44,797
28	Depreciation Expense	-	-	-	-	-	(186,934)	-	-	58,651
29	Taxes Other Than Income	-	-	-	-	-	-	-	-	19,638
30	Property Taxes	-	-	-	-	-	-	-	-	60,348
31	Income Taxes	-	-	-	-	-	-	110,595	-	111,105
32	Interest Expense - Customer Deposits	-	-	-	-	-	-	-	1,367	1,367
33	**Total Operating Expenses**	$ 26,580	$ (13,164)	$ (13,329)	$ (5,125)	$ (16,790)	$ (186,934)	$ 110,595	$ 1,367	$ 996,849
34										
35	**Operating Income (Loss)**	$ (26,580)	$ 13,164	$ 13,329	$ 5,125	$ 16,790	$ 186,934	$ (110,595)	$ (1,367)	$ 263,579

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Schedule CSB-23

OPERATING INCOME ADJUSTMENT NO. 1 - EMPLOYEE PENSIONS AND BENEFITS

		[A]	[B]	[C]
LINE NO.	DESCRIPTION	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Employee Pensions and Benefits	$ 22,326	$ -	$ 22,326
2	Reclassified from Management Fees	-	14,400	14,400
3	Total	$ 22,326	$ 14,400	$ 36,726

References:

Column A: Company Schedule C-2

Column B: Testimony, CSB; Data Request CSB 1.20 c

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

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Schedule CSB-24

OPERATING INCOME ADJUSTMENT NO. 2 - CHEMICALS EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Chemicals Expense	$ 15,338	$ (11,957)	$ 3,381

References:

Column A: Company Schedule C-2

Column B: Testimony, CSB; Data Request CSB 1.21

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

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Schedule CSB-25

OPERATING INCOME ADJUSTMENT NO. 3 - REPAIRS AND MAINTENANCE EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED	
1	2011 Actual Repairs & Maintenance Expense	$ 76,981	$ -	$ 76,981	
2	Inadequately Supported Credit Card Purchases	-	(24,475)	(24,475)	From Line 43
3	Company Pro forma Adj for Tank Painting	31,333	(31,333)	-	
4	Staff Pro forma Adj for Arsenic Media	-	15,000	15,000	From Line 53
5	Office Suppl Exp Incorrectly Included In R&M	-	(15,466)	(15,466)	CSB 1.22
6	Total Repairs & Maintenance	$ 108,314	$ (56,273)	$ 52,041	
7					
8					

	Repair & Maintenance Related Purchases Made On Personal Credit Card		
10		CSB 1.22 & CSB 6.7	
11	Home Depot	$ 1,137.37	
12	Lowe's	8.77	
13	A&G Turf	321.59	
14	QT	443.06	
15	AZ Lawn King	26.74	
16	Wagner Equipment	963.29	
17	Dunn-Edwards	24.40	
18	Amerigas Propane	70.70	
19	USPS	461.49	
20	Harbor Freight	119.98	
21	Ace Hardware	564.23	
22	Dealer's Tire Supply	621.39	
23	Hardware Plus	29.40	
24	S&S Tire Peoria	1,174.78	
25	Border's Turf & Tractor	32.83	
26	Danny's Family Car Wash	82.99	
27	Bigham Equipment	310.33	
28	Fed Ex	37.32	
29	Sprinkler World	761.49	
30	WW Grainger	113.84	
31	Chevy's 2040	58.99	
32	Office Max	472.17	
33	AOL Service	310.80	
34	Ever Ready Glass	195.00	
35	Firestone	952.50	
36	Thunderbird Automotive	32.55	
37		9,328.00	Total To Be Allocated
38	x	33.33%	
39	Allowed Personal Credit Card Purchases	3,109.02	33.33% To Owner; 33.33% to Cody Farms, 33.33% New River
40			
41		$ 27,583.80	Total Purchases on Personal Credit Card
42		$ (3,109.02)	Allocation to New River
43	Staff's Adjustment	$ 24,474.78	Amount Disallowed
44			
45			
46			

		Normalized Arsenic Media Costs	
47			
48			
49			
50		CSB 3.9 & 5.3	
51	Actual Cost of Arsenic Media	$ 75,000	
52	Divided by	5	Years
53		$ 15,000	

References:

Column A: Company Schedule C-2
Column B: Testimony, CSB; Data Request CSB 1.22 & CSB 3.9
Column C: Column [A] + Column [B]

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Schedule CSB-26

OPERATING INCOME ADJUSTMENT NO. 4 - OFFICE SUPPLIES EXPENSE

		[A]	[B]	[C]
LINE NO.	DESCRIPTION	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Office Supplies Expense	$ -	$ -	$ -
2	To Reclassify from Rep & Maint to Off Suppl	-	15,466	15,466
3	Total	$ -	$ 15,466	$ 15,466

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB; Data Request CSB 1.22
Column C: Column [A] + Column [B]

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Schedule CSB-27

OPERATING INCOME ADJUSTMENT NO. 5 - CONTRACTUAL SERVICES, ACCOUNTING

		[A]	[B]	[C]
LINE NO.	DESCRIPTION	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Contractual Services, Accounting	$ 8,428	$ (2,423)	$ 6,005
2				
3				
4			Thomas	
5			Bourassa	
6			Invoice	
7	Work performed for billcounts		$ 2,423	CSB 1.25

References:

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

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Schedule CSB-28

OPERATING INCOME ADJUSTMENT NO. 6 - CONTRACTUAL SERVICES, LEGAL

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Contractual Services, Legal	$ 23,128	$ -	$ 23,128
2	Incorrectly Booked to New River (CSB 1.26)	-	(2,005)	(2,005)
3	Incorrectly Booked to New River (CSB 6.5)		(419)	(419)
4	To Remove Unsupported Cost (CSB 6.5)	-	(1,716)	(1,716)
5	To Normalize Costs Related to Payment Dispute		(7,435)	(7,435)
6	To Capitalize Costs Related To Interconnection		(4,656)	(4,656)
7		$ 23,128	$ (16,231)	$ 6,897
8				
9				

	Vendor	Description		Amount
10				
11	Fennemore Craig	Interconnection Agreement	$	3,891
12	Ryley Carlock	Interconnection Agreement	$	765
13			$	4,656
14				
15				

		Normalized Costs	
16			
17			
18	Legal Costs Related to Payment Dispute With Customer	$ 7,531	CSB 6.6
19	Legal Costs Related To Title To Well	$ 3,621	CSB 6.6
20	Total Costs to Be Normalized	$ 11,152	
21	Normalized using three years	3	
22	Normalized amount	$ 3,717	
23			
24	Total Costs to Be Normalized	$ 11,152	
25	Less: Normalized amount	$ (3,717)	
26	Staff's Adjustment	$ 7,435	

References:

Column A: Company Schedule C-1 & E-2
Column B: Testimony, CSB; Data Request CSB 1.26
Column C: Column [A] + Column [B]

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Schedule CSB-29

OPERATING INCOME ADJUSTMENT NO. 7 - CONTRACTUAL SERVICES, MANAGEMENT FEES

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Contractual Services, Management Fees	$ 75,000	$ -	$ 75,000
2	To Reclassify Employee Benefits (Employee Housing)	-	(14,400)	(14,400)
3	To Reclassify Rental of Workshop Space	-	(12,000)	(12,000)
4	To Reclassify Rental of Bus. Off. & 87th Ave Booster Plant Prop	-	(48,600)	(48,600)
5		$ 75,000	$ (75,000)	$ -
6				
7				
8		Data Request	Amount	Description
9		CSB 1.27 (a)	$ 75,000	Management Fees
10		CSB 1.20	$ (14,400)	Employee Benefit (Housing)
11		CSB 1.16	$ (12,000)	Rental of Workshop Space
12		CSB 6.1	$ (48,600)	Rental of Business Off & 87th Ave Booster Plant Property
13			$ -	

References:

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

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Schedule CSB-30

OPERATING INCOME ADJUSTMENT NO. 8 - CONTRACT SRVCS., WATER TESTING EXPENSE

		[A]	[B]	[C]
LINE NO.	**DESCRIPTION**	**COMPANY AS FILED**	**STAFF ADJUSTMENTS**	**STAFF AS ADJUSTED**
1	Contractual Services - Testing	$ -	$ -	$ -
2	Reclassified from Contractual Srvcs, Other	-	47,950	47,950
3	To Remove Company's Water Testing Exp	-	(47,950)	(47,950)
4	To Reflect Staff's Water Testing Expense	-	10,636	10,636
5	Total	$ -	$ 10,636	$ 10,636

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB; Data Request CSB 1.29
Column C: Column [A] + Column [B]

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Schedule CSB-31

OPERATING INCOME ADJUSTMENT NO. 9 - CONTRACTUAL SERVICES, OTHER

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED	
1	Contractual Services, Other	$ 54,479	$ -	$ 54,479	
2	Reclassified from Chemicals Expense	-	11,957	11,957	
3	To Reclassify Water Testing Expenses	-	(47,950)	(47,950)	From Line 15
4	To Remove Legal Costs Related to Affiliate	-	$ (5,775)	(5,775)	From Line 8
5		$ 54,479	$ (41,768)	$ 12,712	
6					
7					
8	Griffin & Associates (CSB 1.29)		$ 5,775	Legal Expense	
9					
10	Jack Muir Enterprises (CSB 1.29)		$ 10,336	Water Testing Exp	
11	Jack Muir Enterprises (CSB 1.29)		$ 9,977	Water Testing Exp	
12	Jack Muir Enterprises (CSB 1.29)		$ 8,837	Water Testing Exp	
13	Jack Muir Enterprises (CSB 1.29)		$ 9,656	Water Testing Exp	
14	Jack Muir Enterprises (CSB 1.29)		$ 9,143	Water Testing Exp	
15			$ 47,950		

References:

Column A: Company Schedule C-2

Column B: Testimony, CSB; Company Data Request Response to CSB 1.29

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

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Schedule CSB-32

OPERATING INCOME ADJUSTMENT NO. 10 - RENT, BUILDINGS

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED	
1	Rent, Buildings	$ -	$ -	$ -	
2	Reclassified from Mgmnt Fees, Workshop		12,000	12,000	
3	To Adjust to Staff's Recommended Costs		(9,000)	(9,000)	
4	Staff's Recommended Workshop Rent Costs	-	3,000	3,000	From Line 20
5					
6	Reclassified from Mgmnt Fees, Bus. Off. & 87th Ave Booster Plant Prop	-	48,600	48,600	
7	To Adjust to Staff's Recommended Costs		(25,020)	(25,020)	
8	Staff's Recommended Rent Costs for Business Office	-	23,580	23,580	From Line 32
9					
10	Total for Workshop and Business Office	-	26,580	26,580	
11					
12					
13		Calculation			
14		of Workshop			
15		Rental Cost			
16	Cost for Renting 4,000 sq. ft. Workshop Facility	$ 12,000	Per Year		
17	Divided By	4,000	Square Feet		
18	Cost Per Square Foot	$ 3			
19	Multiplied by Staff Recommended Squ Footage	1,000	Square Feet		
20	Staff's Recommended Annual Cost	$ 3,000	For Workshop		
21					
22	Annual Workshop Facility Cost	$ 12,000	Per Company		
23	Less:	$ 3,000	Staff's Recommended Annual Cost		
24		$ 9,000	Staff's Adjustment		
25					
26					
27		Calculation of			
28		Business Off.			
29		Rental Cost			
30	Staff's Recommended	$ 1,965	Per Month		
31	Multiplied by	12	Months		
32	Staff's Recommended Annual Cost	$ 23,580	for Business Office		
33					
34	Annual Workshop Facility Cost	$ 48,600	Per Company		
35	Less:	$ 23,580	Staff's Recommended Annual Cost		
36		$ 25,020	Staff's Adjustment		

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB; Data Request CSB 6.1 & 6.2
Column C: Column [A] + Column [B]

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Schedule CSB-33

OPERATING INCOME ADJUSTMENT NO. 11 - RENT, EQUIPMENT (VEHICLES)

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Rent, Equipment (Vehicles)	$ 22,000	$ (13,164)	$ 8,836
2				
3				
4				

5		Estimated Monthly Lease Cost CSB 2.2	Work Days In Month	Daily Rate	Avg. Est. Number of Days Used Per Month	Monthly Cost	Annual Cost
9	Bob Fletcher's Truck	$ 400	22	$ 18.18	11	$ 200.00	$ 2,400.00
10	Karen Fletcher's Truck	$ 400	22	$ 18.18	0	$ -	$ -
11	Florintino Ibbera's Truck	$ 400	22	$ 18.18	22	$ 400.00	$ 4,800.00
12	Tracy Dalgleich's Truck	$ 200	22	$ 9.09	11	$ 100.00	$ 1,200.00
13	1997 Trailer	$ 100	22	$ 4.55	3	$ 13.64	$ 163.64
14	1999 Trailer	$ 100	22	$ 4.55	1	$ 4.55	$ 54.55
15		$ 1,600				$ 718.18	$8,618.18
16							
17	1989 Forklift	$ 400	22	$ 18.18	1	$ 18.18	$ 218.18
18	Total	$ 2,000				$ 736.36	$8,836.36

References:

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

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Schedule CSB-34

OPERATING INCOME ADJUSTMENT NO. 12 - TRANSPORTATION EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED	
1	Transportation Expense, Gas & Oil Costs	$ 17,314	$ -	$ 17,314	
2	To Remove Oil & Gas Costs of Disallowed Truck	-	(2,797)	(2,797)	From line 20
3	Transportation Expense, Repair & Maintenance	9,265	-	9,265	
4	To Remove Costs of the Affiliate	-	(4,020)	(4,020)	CSB 6.6
5	To Capitalize Engine Rebuild Costs	-	(6,512)	(6,512)	CSB 6.6
6		$ 26,580	$ (13,329)	$ 13,251	
7					
8					
9	Gas and Oil Costs for all Vehicles		$ 17,314		
10	Less: Costs to be Normalized		$ (2,106)		
11	Less: Costs to be Normalized		$ (4,021)		
12	Costs for 4 Vehicles		$ 11,188		
13	Divided by		4	Vehicles	
14			$ 2,797	Oil and Gas Costs Per Vehicle	
15			x 3	Vehicles	
16			$ 8,391	Oil and Gas Costs for 3 Vehicles	
17					
18			$ 11,188	Total Gas and Oil Purchases	
19			$ 8,391	Amount Allowed from line 16	
20	Staff's Adjustment		$ 2,797	Oil and Gas costs disallowed for truck	
21					

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB; Data Request CSB 1.31 and 6.6
Column C: Column [A] + Column [B]

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Schedule CSB-35

OPERATING INCOME ADJUSTMENT NO. 13 - BAD DEBT EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Bad Debt Expense	$ 7,688	$ (5,125)	$ 2,563
2				
3				
4				
5			Bad Debt Expense	
6		2009	$ -	
7		2010	$ -	
8		2011	$ 7,688	
9			$ 7,688	
10		Divided by	3	Years
11			$ 2,563	Normalized Amount
12		Bad Debt Expense Per Company	$ 7,688	From Line 9
13		Staff's Adjustment	$ (5,125)	

References:

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

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Schedule CSB-36

OPERATING INCOME ADJUSTMENT NO. 14 - MISCELLANEOUS EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Miscellaneous Expense	$ 61,587	$ -	$ 61,587
2	To Remove Meals and Entertainment	-	(13,427)	(13,427)
4	To Remove Donations	-	(3,363)	(3,363)
5	To Remove Business Promotions Costs	-	(3,597)	(3,597)
6		$ 61,587	$ (16,790)	$ 44,797
7				

8	Data Request CSB 1.19		
9	Meals and		Business
10	Entertainment	Donations	Promotions
11	$ 550.00	$ 1,000.00	$ 2,096.81
12	300.00	500.00	1,000.00
13	6,500.00	1,313.02	500.00
14	1,048.80	500.00	3,596.81
15	226.25	50.00	
16	137.77	$ 3,363	
17	181.85		
18	828.36		
19	364.71		
20	311.42		
21	216.77		
22	417.49		
23	108.84		
24	56.08		
25	460.47		
26	656.40		
27	427.29		
	45.72		
	460.85		
	128.16		
	$ 13,427		

References:

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

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Schedule CSB-37

OPERATING INCOME ADJUSTMENT NO. 15 - DEPRECIATION EXPENSE ON ORIGINAL COAST TEST YEAR PLANT

LINE NO.		DESCRIPTION	[A] PLANT in SERVICE Per Staff	[B] NonDepreciable or Fully Depreciated PLANT	[C] DEPRECIABLE PLANT (Col A - Col B)	[D] DEPRECIATION RATE	[E] DEPRECIATION EXPENSE (Col C x Col D)
1	302	Franchises	$ -	$ -	$ -	0.00%	$ -
2	303	Land and Land Rights	75,181	(75,181)	-	0.00%	
3	304	Structures and Improvements	84,633	-	84,633	3.33%	2,818
4	306	Lake, River, and Other Intakes	-	-	-	2.50%	-
5	307	Wells and Springs	795,021	-	795,021	3.33%	26,474
6	309	Supply Mains	-	-	-	2.00%	-
7	310	Power Generation Equipment	-	-	-	5.00%	-
8	311	Pumping Equipment	950,790	(812,922)	137,868	12.50%	17,233
9	320	Water Treatment Equipment	383,055	-	383,055	3.33%	12,756
10	330	Distribution Reservoirs and Standpipes	1,046,963	-	1,046,963	2.22%	23,243
11	330.2	Pressure Tanks	-	-	-	5.00%	-
12	331	Transmission and Distribution Mains	1,827,529	-	1,827,529	2.00%	36,551
13	333	Services	350,474	-	350,474	3.33%	11,671
14	334	Meters and Meter Installations	118,343	-	118,343	8.33%	9,858
15	335	Hydrants	313,089	-	313,089	2.00%	6,262
16	336	Backflow Prevention Devices	-	-	-	6.67%	-
17	339	Other Plant and Miscellaneous Equipment	-	-	-	6.67%	-
18	340	Office Furniture and Equipment	19,273	-	19,273	6.67%	1,286
19	340.1	Computers and Software	7,069	-	7,069	20.00%	1,414
20	341	Transportation Equipment	7,712	(1,200)	6,512	20.00%	1,302
21	343	Tools, Shop, and Garage Equipment	-	-	-	5.00%	-
22	344	Laboratory Equipment	-	-	-	10.00%	-
23	345	Power Operated Equipment	29,725	-	29,725	5.00%	1,486
24	346	Communication Equipment	-	-	-	10.00%	-
25	347	Miscellaneous Equipment	-	-	-	10.00%	-
26	348	Other Tangible Equipment	-	-	-	10.00%	-
27		Total Plant	$ 6,008,856	$ (889,303)	$ 5,119,553		$ 152,353
28							
29							
30							
31		Composite Depreciation Rate (Depr Exp / Depreciable Plant):	2.98%				
32		CIAC:	$ 3,148,684				
33		Amortization of CIAC (Line 31 x Line 32):	$ 93,702				
34							
35		Depreciation Expense Before Amortization of CIAC:	$ 152,353				
36		Less Amortization of CIAC:	$ 93,702				
37		Test Year Depreciation Expense - Staff:	$ 58,651				
38		Depreciation Expense - Company:	245,585				
39		**Staff's Total Adjustment:**	**$ (186,934)**				

Year Placed In Service	Acct. No. 311 Pumping Equip.
2003	$ 12,096
2004	$ 30,911
2005	$ 43,166
2010	$ 26,239
	$ 112,412

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

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Schedule CSB-38

OPERATING INCOME ADJUSTMENT NO. 16 - INCOME TAX ALLOWANCE

		[A]	[B]	[C]	
LINE NO.	DESCRIPTION	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED	
1	Income Tax Allowance on Test Year Revenue	$ 510	$ 110,595	$ 111,105	From Sch CSB-2, P.1

References:

Column A: Company Schedule C-2

Column B: Testimony, CSB; Schedule CSB-2

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

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Schedule CSB-39

OPERATING INCOME ADJUSTMENT NO. 17 - INTEREST EXPENSE ON CUSTOMER DEPOSITS

		[A]	[B]	[C]
LINE NO.	DESCRIPTION	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Interest Expense on Customer Deposits	$ -	$ 1,367	$ 1,367

Customer Deposits Balance	$	22,784
Multiplied by		6.0%
	$	1,367

References:

Column A: Company Schedule C-2

Column B: Testimony, CSB; Data Request CSB 1.21

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

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Schedule CSB-40

OPERATING INCOME ADJUSTMENT NO. 10 - PROPERTY TAX EXPENSE

LINE NO.	Property Tax Calculation	[A] STAFF AS ADJUSTED	[B] STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues	$ 1,260,428	$ 1,260,428
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	2,520,856	$ 2,520,856
4	Staff Recommended Revenue, Per Schedule CSB-1	1,260,428	$ 1,596,682
5	Subtotal (Line 4 + Line 5)	3,781,284	4,117,538
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	1,260,428	$ 1,372,513
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	2,520,856	$ 2,745,026
10	Plus: 10% of CWIP -	-	-
11	Less: Net Book Value of Licensed Vehicles	-	$ -
12	Full Cash Value (Line 9 + Line 10 - Line 11)	2,520,856	$ 2,745,026
13	Assessment Ratio	20.0%	20.0%
14	Assessment Value (Line 12 * Line 13)	504,171	$ 549,005
15	Composite Property Tax Rate	11.9697%	11.9697%
			$ -
16	Staff Test Year Adjusted Property Tax (Line 14 * Line 15)	$ 60,348	
17	Company Proposed Property Tax	60,348	
18	Staff Test Year Adjustment (Line 16-Line 17)	$ (0)	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		$ 65,714
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		$ 60,348
21	Increase in Property Tax Expense Due to Increase in Revenue Requirement		$ 5,366
22	Increase to Property Tax Expense		$ 5,366
23	Increase in Revenue Requirement		336,254
24	Increase to Property Tax per Dollar Increase in Revenue (Line19/Line 20)		1.595960%

Monthly Minimum Charge	Present	Company Proposed Rates	Staff Recommended Rates
Meter Size (All Classes):			
5/8 x 3/4 inch	$ 7.50	$ 14.00	$ 10.00
3/4 inch	7.50	14.00	10.00
1 inch	18.75	35.00	21.00
1 1/2 inch	37.50	70.00	43.00
2 inch	60.00	112.00	68.00
3 inch	120.00	224.00	136.00
4 inch	190.00	350.00	212.00
6 inch	375.00	700.00	425.00
8 inch	750.00	1,400.00	680.00
Gallons Included in Monthly Minimum Charge	0	0	0
Commodity Charge - Per 1,000 Gallons			
5/8" x 3/4" Meter			
First 12,000 gallons	$ 1.2000	N/A	N/A
12,000 to 18,000 gallons	1.4000	N/A	N/A
Over 18,000 gallons	1.6000	N/A	N/A
First 4,000 gallons	N/A	1.1000	N/A
4,001 to 10,000 gallons	N/A	2.5800	N/A
Over 10,000 gallons	N/A	3.2000	N/A
First 4,000 gallons	N/A	N/A	$ 1.0000
4,001 to 11,000 gallons	N/A	N/A	2.0000
Over 11,000 gallons	N/A	N/A	3.1200
3/4" Meter			
First 12,000 gallons	$ 1.2000	N/A	N/A
12,000 to 18,000 gallons	1.4000	N/A	N/A
Over 18,000 gallons	1.6000		
First 4,000 gallons	N/A	1.1000	N/A
4,001 to 10,000 gallons	N/A	2.5800	N/A
Over 10,000 gallons	N/A	3.2000	N/A
First 4,000 gallons	N/A	1.1000	1.0000
4,001 to 11,000 gallons	N/A	2.5800	2.0000
Over 11,000 gallons	N/A	3.2000	3.1200
1" Meter			
First 12,000 gallons	$ 1.2000	N/A	N/A
12,000 to 18,000 gallons	1.4000	N/A	N/A
Over 18,000 gallons	1.6000		
First 25,000 gallons	N/A	2.5800	N/A
Over 25,000 gallons	N/A	3.2000	N/A
First 22,500 gallons	N/A	N/A	2.0000
Over 22,500 gallons	N/A	N/A	3.1200
1 1/2" Meter			
First 12,000 gallons	$ 1.2000	N/A	N/A
12,000 to 18,000 gallons	1.4000	N/A	N/A
Over 18,000 gallons	1.6000		
First 50,000 gallons	N/A	2.5800	N/A
Over 50,000 gallons	N/A	3.2000	N/A
First 45,000 gallons	N/A	N/A	2.0000
Over 45,000 gallons	N/A	N/A	3.1200

2" Meter			
First 12,000 gallons [4]	$ 1.2000	N/A	N/A
12,000 to 18,000 gallons	1.4000	N/A	N/A
Over 18,000 gallons	1.6000		
First 50,000 gallons	N/A	2.5800	N/A
Over 50,000 gallons	N/A	3.2000	N/A
First 72,000 gallons	N/A	N/A	2.0000
Over 72,000 gallons	N/A	N/A	3.1200
3" Meter			
First 12,000 gallons	$ 1.2000	N/A	N/A
12,000 to 18,000 gallons	1.4000	N/A	N/A
Over 18,000 gallons	1.6000		
First 50,000 gallons	N/A	2.5800	N/A
Over 50,000 gallons	N/A	3.2000	N/A
First 144,000 gallons	N/A	N/A	2.0000
Over 144,000 gallons	N/A	N/A	3.1200
4" Meter			
First 12,000 gallons	$ 1.2000	N/A	N/A
12,000 to 18,000 gallons	1.4000	N/A	N/A
Over 18,000 gallons	1.6000		
First 50,000 gallons	N/A	2.5800	N/A
Over 50,000 gallons	N/A	3.2000	N/A
First 225,000 gallons	N/A	N/A	2.0000
Over 225,000 gallons	N/A	N/A	3.1200
6" Meter			
First 12,000 gallons	$ 1.2000	N/A	N/A
12,000 to 18,000 gallons	1.4000	N/A	N/A
Over 18,000 gallons	1.6000		
First 50,000 gallons	N/A	2.5800	N/A
Over 50,000 gallons	N/A	3.2000	N/A
First 450,000 gallons	N/A	N/A	2.0000
Over 450,000 gallons	N/A	N/A	3.1200
8" Meter			
First 12,000 gallons	$ 1.2000	N/A	N/A
12,000 to 18,000 gallons	1.4000	N/A	N/A
Over 18,000 gallons	1.6000		
First 50,000 gallons	N/A	2.5800	N/A
Over 50,000 gallons	N/A	3.2000	N/A
First 720,000 gallons	N/A	N/A	2.0000
Over 720,000 gallons	N/A	N/A	3.1200

Other Service Charges

Establishment	$ 25.00	$ 30.00	$ 30.00
Establishment (After Hours)	$ 35.00	Discontinue	Discontinue
Reconnection (Delinquent)	$ 35.00	$ 40.00	$ 40.00
After Hours Charge	No Tariff	$ 25.00	$ 25.00
Meter Test (If Correct)	$ 40.00	$ 40.00	$ 40.00
Deposit (Residential)	2 times the avg bill	2 times the avg bill	*
Deposit (Non-Residential)	2 1/2 times the avg bill	2 1/2 times the avg bill	*
Deposit Interest	6%	6%	**
Reestablishment (within 12 months)	***	***	***
NSF Check	$ 15.00	$ 30.00	$ 15.00
Deferred Payment	1.5% per month	1.5% per month	1.5% per month
Meter Re-read (If correct)	$ 20.00	$ 30.00	$ 30.00
Moving Meter at Customer Request	At Cost	At Cost	At Cost
Late Charge per month	1.5% per month	1.5% per month	1.5% per month

* Per Commission Rule A.A.C. R-14-2-403(B)
** Per Commission Rule A.A.C. R-14-2-403(B)
*** Per Commission Rule A.A.C. R-14-2-403(D) - Months off the system times the monthly minimum.

In addition to the collection of regular rates, the utility will collect from its customers a proportionate share of any privilege, sales, use, and franchise tax. Per commission rule 14-2-409D(5).

Service and Meter Installation Charges

	Total Present Charge	Proposed Service Line Charge	Proposed Meter Insallation Charge	Total Proposed Charge	Recommended Service Line Charge	Recommended Meter Insallation Charge	Total Recommended Charge
5/8" x 3/4" Meter	$ 410	$ 445	$ 155	$ 600	$ 445	$ 155	$ 600
3/4" Meter	$ 410	$ 445	$ 255	$ 700	$ 445	$ 255	$ 700
1" Meter	$ 520	$ 495	$ 315	$ 810	$ 495	$ 315	$ 810
1 1/2" Meter	$ 660	$ 550	$ 525	$ 1,075	$ 550	$ 525	$ 1,075
2" Meter	$ 1,155	$ 830	$ 1,045	$ 1,875	$ 830	$ 1,045	$ 1,875
2" Compound Meter	$ 1,720	$ 830	$ 1,890	$ 2,720	$ 830	$ 1,890	$ 2,720
3" Meter	$ 1,625	$ 1,045	$ 1,670	$ 2,715	$ 1,045	$ 1,670	$ 2,715
3" Compound Meter	$ 2,260	$ 1,165	$ 2,545	$ 3,710	$ 1,165	$ 2,545	$ 3,710
4" Meter	$ 2,500	$ 1,490	$ 2,670	$ 4,160	$ 1,490	$ 2,670	$ 4,160
4" Compound Meter	$ 3,200	$ 1,670	$ 3,645	$ 5,315	$ 1,670	$ 3,645	$ 5,315
6" Meter	$ 4,500	$ 2,210	$ 5,025	$ 7,235	$ 2,210	$ 5,025	$ 7,235
6" Compound Meter	$ 6,300	$ 2,330	$ 6,920	$ 9,250	$ 2,330	$ 6,920	$ 9,250
8" Meter	$ 8,200	n/t	n/t	n/t	n/t	n/t	n/t
8" or Larger Meter	n/t	Cost	Cost	Cost	Cost	Cost	Cost

New River Utility Company
Docket No. W-01737A-12-0478
Test Year Ended December 31, 2011

Schedule CSB-42

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

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	11,183	$ 20.92	$ 37.67	$ 16.75	80.05%
Median Usage	8,762	18.01	30.69	$ 12.67	70.34%
Staff Recommended					
Average Usage	11,183	$ 20.92	$ 28.57	$ 7.65	36.58%
Median Usage	8,762	18.01	23.52	$ 5.51	30.58%

Present & Proposed Rates (Without Taxes)
General Service 5/8 x 3/4-Inch Meter

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	$ 7.50	$ 14.00	86.67%	$ 10.00	33.33%
1,000	8.70	15.10	73.56%	11.00	26.44%
2,000	9.90	16.20	63.64%	12.00	21.21%
3,000	11.10	17.30	55.86%	13.00	17.12%
4,000	12.30	18.40	49.59%	14.00	13.82%
5,000	13.50	20.98	55.41%	16.00	18.52%
6,000	14.70	23.56	60.27%	18.00	22.45%
7,000	15.90	26.14	64.40%	20.00	25.79%
8,000	17.10	28.72	67.95%	22.00	28.65%
9,000	18.30	31.30	71.04%	24.00	31.15%
10,000	19.50	33.88	73.74%	26.00	33.33%
11,000	20.70	37.08	79.13%	28.00	35.27%
12,000	21.90	40.28	83.93%	31.12	42.10%
13,000	23.30	43.48	86.61%	34.24	46.95%
14,000	24.70	46.68	88.99%	37.36	51.26%
15,000	26.10	49.88	91.11%	40.48	55.10%
16,000	27.50	53.08	93.02%	43.60	58.55%
17,000	28.90	56.28	94.74%	46.72	61.66%
18,000	30.30	59.48	96.30%	49.84	64.49%
19,000	31.90	62.68	96.49%	52.96	66.02%
20,000	33.50	65.88	96.66%	56.08	67.40%
25,000	41.50	81.88	97.30%	71.68	72.72%
30,000	49.50	97.88	97.74%	87.28	76.32%
35,000	57.50	113.88	98.05%	102.88	78.92%
40,000	65.50	129.88	98.29%	118.48	80.89%
45,000	73.50	145.88	98.48%	134.08	82.42%
50,000	81.50	161.88	98.63%	149.68	83.66%
75,000	121.50	241.88	99.08%	227.68	87.39%
100,000	161.50	321.88	99.31%	305.68	89.28%

BEFORE THE ARIZONA CORPORATION COMMISSION

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

IN THE MATTER OF THE APPLICATION OF NEW RIVER UTILITY COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	)	DOCKET NO. W-01737A-12-0478

SURREBUTTAL

TESTIMONY

OF

CRYSTAL S. BROWN

PUBLIC UTILITIES ANALYST V

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

AUGUST 12, 2013

EXHIBIT
S-2
ADMITTED

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Attachments ..... Purchased Water Tariff

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EXECUTIVE SUMMARY
NEW RIVER UTILITY COMPANY
DOCKET NO. W-01737A-12-0478

Staff recommends a revenue increase of $422,381 or 33.51 percent increase over test year revenue of $1,260,428. The total annual revenue of $1,682,809 produces an operating income of $492,210 or a 7.80 percent rate of return on a fair value cost rate base of $6,310,388. Staff's Surrebuttal Testimony responds to New River Utility Company ("New River" or "Company") Rebuttal Testimony on the following issues:

1. Rate Base

    a. Post-Test Year Plant
    b. Inadequately Supported Plant
    c. Plant Retirements
    d. Accumulated Depreciation
    e. Contributions In Aid of Construction ("CIAC")
    f. Amortization of CIAC
    g. Cash Working Capital

2. Operating Income

    a. Salaries and Wages
    b. Contractual Services – Accounting
    c. Repairs and Maintenance
    d. Contractual Services – Other
    e. Rents Expense
    f. Transportation Expense
    g. Bad Debt Expense
    h. Depreciation Expense
    i. Property Taxes
    j. Income Taxes
    k. New River's Loan to Owner
    l. Purchased Water Tariff

INTRODUCTION

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

A. My name is Crystal S. Brown. I am a Public Utilities Analyst V employed by the Arizona Corporation Commission ("Commission") in the Utilities Division ("Staff"). My business address is 1200 West Washington Street, Phoenix, Arizona 85007.

Q. Are you the same Crystal S. Brown who filed Direct Testimony in this case?

A. Yes.

PURPOSE OF SURREBUTTAL TESTIMONY

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

A. The purpose of my Surrebuttal Testimony in this proceeding is to respond, on behalf of Staff, to the Rebuttal Testimony of Mr. Ray Jones who represents New River Utility Company ("New River" or "Company").

Q. What issues will you address?

A. I will address the issues listed below that are discussed in the Rebuttal Testimony of the Company's witness Mr. Ray Jones.

1. Rate Base

   a. Post-Test Year Plant
   b. Inadequately Supported Plant
   c. Plant Retirements
   d. Accumulated Depreciation
   e. Contributions In Aid of Construction ("CIAC")
   f. Amortization of CIAC
   g. Cash Working Capital ("CWC")

2. Operating Income

a. Salaries and Wages
b. Contractual Services – Accounting
c. Repairs and Maintenance
d. Contractual Services – Other
e. Rents Expense
f. Transportation Expense
g. Bad Debt Expense
h. Depreciation Expense
i. Property Taxes
j. Income Taxes
k. New River's Loan to Owner
l. Purchased Water Tariff

Q. Does your silence on any particular issue raised in the Company's Rebuttal Testimony indicate that Staff agrees with the Company's stated rebuttal position?

A. No. Rather, where I do not respond, I am continuing to rely on my Direct Testimony.

SUMMARY OF PROPOSED REVENUES

Q. Please summarize Staff's recommended revenue.

A. Staff recommends a revenue increase of $422,381 or 33.51 percent increase over test year revenue of $1,260,428. The total annual revenue of $1,682,809 produces an operating income of $492,210 or a 7.80 percent rate of return on a fair value cost rate base of $6,310,388.

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

A. Yes. In my Direct Testimony, Staff used a 7.6 percent WACC. Staff has since updated the WACC to 7.8 percent as discussed in the Surrebuttal Testimony of Staff witness John Cassidy.

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

A. Staff's recommended revenue has increased by $102,664, from $1,580,145 in its Direct Testimony to $1,682,809 in its Surrebuttal Testimony, due to various adjustments discussed herein.

RATE BASE

Q. Please summarize Staff's adjustments to New River's rate base shown on Surrebuttal Schedule CSB-3.

A. A summary of the Company's proposed and Staff's recommended rate base follows:

TEST YEAR RATE BASE

Per Company - Direct	Difference	Per Staff - Surrebuttal
$7,812,036	($1,770,173)	$6,310,388

Q. How does Staff's Surrebuttal recommended rate base compare to the recommended rate base in Staff's Direct Testimony?

A. Staff's recommended rate base rate base has increased by $268,525, from $6,041,863 in its Direct Testimony to $6,310,388.

PLANT IN SERVICE

Rate Base Adjustment No. 1 – Post-Test Year Plant

Q. Did Staff review the Company's Rebuttal Testimony regarding post-test year plant?

A. Yes.

Q. Did the Company adopt the $84,115 in post-test year plant additions that Staff recommended in its Direct Testimony?

A. Yes. The Company adopted the $84,115 in post-test year plant additions Staff recommended.

Q. Is the Company proposing additional post-test year plant in its Rebuttal Testimony?

A. Yes. The Company is proposing an additional $90,998 in post-test year plant; for total post-test year plant of $175,113 in its Rebuttal Testimony.

Q. What information did the Company provide concerning the $90,998 in additional post-test year plant?

A. The Company, in response to data request CSB 8.1, stated the following:

> Subsequent to completing work at Well No 6, the Company began planned work on Well No. 1 to address the noisy operation of the well and reduced output. These issues are believed to be the result of worn pump and line shaft bearings. On June 1, 2013, the newly serviced motor at Well No. 6 failed. This failure caused the Company to again activate the Emergency Interconnect on June 1, 2013. The Company relocated the motor from Well No. 3 (a well which is currently out of service due to water quality) to Well No. 6 and returned Well No. 6 to operation on June 2, 2013. The Company continues to utilize the Emergency Interconnect at reduced levels and plans to continue using the interconnect at reduced levels until it has completed work on Well No. 1 and determined what permanent repairs or replacement is needed for the Well No. 6 motor.

Q. Does Staff agree with the Company that the $90,998 in post-test year plant should be added to plant in service?

A. Yes. The plant was not constructed for growth. The related retirements for the plant have been reflected. The plant will help to resolve water production issues. Staff has reviewed the invoices and has determined that the plant is used and useful.

Q. What are Staff's recommendations for original cost rate base ("OCRB") and reconstruction cost new rate base ("RCNRB")?

A. Staff recommends increasing Account No. 311, Pumping Equipment for OCRB and RCNRB by $175,113[1] each. The original cost adjustment is shown on Surrebuttal Schedules CSB-4 and CSB-5 and the reconstruction cost new adjustment is shown on Surrebuttal Schedules CSB-15 and CSB-16.

Q. How does Staff's Surrebuttal recommendation for post-test year plant compare to the recommendation for post-test year plant in Staff's Direct Testimony?

A. Staff's recommendation for post-test year plant for OCRB and RCNRB has increased by $90,998 from its Direct Testimony.

Rate Base Adjustment No. 2 – Inadequately Supported Plant

Q. Did Staff review New River's Rebuttal Testimony concerning Staff's disallowance of inadequately supported plant?

A. Yes.

[1]This amount is composed of Staff's recommended $84,115 in post-test year plant from Staff's direct testimony and an additional $90,998 in post-test year plant from Staff's surrebuttal testimony.

Q. What are the Company's concerns?

A. The Company has two main concerns. The first concern expressed by the Company is that Staff's recommendation to remove 100 percent of the inadequately supported plant is "excessive and punitive." The second concern is that Staff did not remove the accumulated depreciation related to the plant.

Amount of Disallowance

Q. Does Staff agree that its adjustment to remove 100 percent of the inadequately supported plant is "excessive and punitive"?

A. No. Staff's adjustment is typical. In general, Staff only departs from its recommendation to disallow 100 percent of the inadequately supported costs when the disallowance represents a significantly large percentage of a utility's plant in service. In which case, Staff would treat a portion or all of the inadequately supported plant as CIAC.

Q. What percentage of fair value plant in service does Staff's adjustment represent?

A. Staff has recommended a fair value plant in service balance of $13,089,746; therefore, Staff's fair value adjustment of $264,855[2] represents 2.02 percent.

Q. Can Staff briefly identify some companies in which Staff has recommended disallowance of plant due to inadequate supporting documentation?

A. Yes. Adaman Mutual Water Company (Docket No. W-01997A-12-0501); Bella Vista Water Company (Docket No. W-02465-09-04110); Far West Water and Sewer – Sewer Division (Docket No. WS-03478A-05-0801); and Gold Canyon Sewer Company (Docket No. SW-02519A-06-0015).

[2] ($222,346 original cost + $307,365) x 50%= $264,855

Q. Is Staff's adjustment consistent with the National Association of Regulatory Utility Commissioners ("NARUC") and the Arizona Administrative Code?

A. Yes, making this adjustment is consistent with the recommended audit evidence outlined in the NARUC Rate Case and Audit Manual which lists invoices as one of the records to be reviewed during the audit. Staff's adjustment is also consistent with the record keeping requirements of Arizona Administrative Code R14-2-610 D.1 which states, "Each utility shall keep general and auxiliary accounting records reflecting the cost of its properties . . . and all other accounting and statistical data necessary to give complete and authentic information as to its properties . . ." (emphasis added).

Q. Did the Company provide any reasons that would warrant departure from the record keeping requirements of the NARUC, the Arizona Administrative Code, and Staff's typical treatment of inadequately supported plant?

A. No, it has not.

Q. Has the Company indicated that it has problems with plant investment record keeping that needs to be addressed?

A. Yes. On page 25 of Mr. Jones' Rebuttal Testimony, the Company indicated its willingness to accept the record keeping recommendations that Staff outlines in its Direct Testimony.

Q. What is the risk to customers when inadequately supported plant costs are included in plant in service?

A. As Staff stated in its Direct Testimony, if unsupported costs are not removed, ratepayers are at risk of paying for non-existent or overstated costs.

Removing the Accumulated Depreciation Related to the Inadequately Supported Plant

Q. Does Staff agree that Staff should have removed the accumulated depreciation related to the inadequately supported plant?

A. Yes. Staff has made the adjustment as discussed in Rate Base Adjustment No. 7 "Accumulated Depreciation."

Q. What are Staff's recommendations for original cost rate base OCRB and reconstruction cost new rate base RCNRB?

A. Staff continues to recommend the removal of $222,346 for OCRB and $307,365 for RCNRB for inadequately supported plant. Staff's OCRB adjustment is shown on Surrebuttal Schedules CSB-4 and CSB-6. Staff's RCNRB adjustment is shown on Surrebuttal Schedules CSB-15 and CSB-17.

Q. How does Staff's Surrebuttal recommendation for inadequately supported plant compare to the recommendation for inadequately supported plant in Staff's Direct Testimony?

A. Staff's recommendation for inadequately supported plant is the same as the recommendation made in its Direct Testimony.

Rate Base Adjustment No. 6 – Plant Retirements

Q. Did Staff review the Company's Rebuttal Testimony concerning plant retirements?

A. Yes.

Q. Did the Company adopt the $103,695 in plant retirements that Staff recommended in its Direct Testimony?

A. Yes. The Company adopted the $103,695 in plant retirements that Staff recommended.

Q. Is the Company proposing additional plant retirements?

A. Yes, the Company is proposing to include plant retirements related to the Well No. 1 post-test year plant discussed in Rate Base Adjustment No. 1, Post-Test Year Plant.

Q. What amounts does the Company propose for RCNRB?

A. The Company proposes an additional $62,870 for OCRB and $88,969 for RCNRB.

Q. Does Staff agree with the Company?

A. Yes, and Staff has reflected the plant retirements.

Q. Did Staff adjust its RCN value for the Well No. 6 pump?

A. Yes, Staff adopted the Company's RCN value. Consequently, Staff increased the RCN value for the Well No. 6 pump by $25,456, from $58,659 to $84,115 as shown on Surrebuttal Schedule CSB-16.

Q. What are Staff's recommendations for OCRB and RCNRB?

A. Staff recommends decreasing Account No. 311, Pumping Equipment by $166,565 for OCRB and $225,960 for RCNRB. Staff's adjustment for OCRB is shown on Surrebuttal Schedules CSB-4 and CSB-10. Staff's adjustment for RCNRB is shown on Surrebuttal Schedules CSB-15 and CSB-21.

Q. How does Staff's Surrebuttal recommendation for plant retirements compare to the recommendation for plant retirements in Staff's Direct Testimony?

A. Staff's recommendation for OCRB plant retirements has increased by $62,870 from its Direct Testimony. Staff's recommendation for RCNRB plant retirements has increased by $114,425 from its Direct Testimony.

Rate Base Adjustment No. 5 – Accumulated Depreciation

Q. Did Staff review the Company's Rebuttal Testimony concerning accumulated depreciation?

A. Yes.

Q. What recommended adjustments of Staff's did the Company adopt?

A. The Company adopted all of Staff's adjustments except the accumulated depreciation adjustment on pumps that were fully depreciated the same year they were placed in service (see Surrebuttal Schedule CSB-17, line 81).

Q. Is the Company proposing any new adjustments?

A. Yes. The Company is proposing (1) to remove $62,870 in accumulated depreciation for Well No. 1 retirements, (2) remove $2,624 in accumulated depreciation related to the other tangible plant reclassification, (3) reduce accumulated depreciation for account no. 311, pumping equipment to reflect its recommended five percent depreciation rate, and (4) to restate (i.e., recalculate) the accumulated depreciation for pumping equipment from the end of the last rate case to the end of the instant rate case.

Q. Does Staff agree with the Company's proposal to remove $62,870 in accumulated depreciation for Well No. 1 plant retirements and $2,624 in accumulated depreciation pertaining to the other tangible plant reclassification?

A. Yes.

Q. **Does Staff agree with the Company proposed five percent depreciation rate used to calculate its accumulated depreciation adjustment for electric pumping equipment?**

A. Yes, Engineering Staff reviewed the Company proposed five percent depreciation rate and found it reasonable. Staff has updated its recommended depreciation expense with the five percent rate as discussed in Operating Income Adjustment No. 15, Depreciation Expense.

Q. **Does Staff agree with the Company's proposal to restate (i.e., recalculate) the accumulated depreciation for pumping equipment from the end of the last rate case to the end of the instant rate case?**

A. No, Staff does not.

Q. **Why does Staff not agree with the Company?**

A. The Commission in Decision No. 65134 authorized a 12.5 percent depreciation rate for account no. 311, Pumping Equipment. Consequently, this depreciation rate is the only rate that the Company could utilize to recover the annual depreciation of its pumping equipment until the Company receives a different depreciation rate from the Commission. Since the Company has recovered the cost from customers using the Commission authorized 12.5 percent rate and has recorded the annual pumping equipment depreciation expense in the related accumulated depreciation plant account, it would be in violation of the Commission's Decision No. 65134, and sound accounting and ratemaking principles, to restate the accumulated depreciation for pumping equipment using the five percent rate.

Q. What are Staff's recommendations for OCRB and RCNRB accumulated depreciation?

A. Staff recommends decreasing the OCRB accumulated depreciation by $107,056 and the RCNRB by $14,631. Staff's OCRB adjustment is shown on Surrebuttal Schedules CSB-4 and CSB-9. Staff's OCRB adjustment is shown on Surrebuttal Schedules CSB-15 and CSB-22.

Q. How does Staff's Surrebuttal recommended accumulated depreciation balance compare to the recommended accumulated depreciation balance in Staff's Direct Testimony?

A. Staff's recommended OCRB accumulated depreciation balance has decreased by $65,494 from its Direct Testimony. Staff's recommended RCNRB accumulated depreciation balance has decreased by $2,624 from its Direct Testimony.

<u>Group Method of Depreciation and Over-Depreciation</u>

Q. **Does Staff have any concerns regarding the Company's Rebuttal comments regarding the group method of depreciation?**

A. Yes.

Q. What is Staff's concern?

A. On page 9, line 22 of Mr. Jones' Rebuttal Testimony, he states:

> Their comparison of the two methods is based on the false premise that use of the broad group procedure causes over depreciation. **Over depreciation is caused by depreciation rates that are not well matched to asset lives — grouping has nothing to do with the problem.** (Emphasis added.)

Staff's concern is that the Company's statement is incorrect.

Q. Why is the Company's statement incorrect?

A. Over-depreciation is the amount that an asset is depreciated beyond its original cost. Over-depreciation is not caused by improperly matched useful lives and depreciation rates as the Company claims but by continuing to depreciate an asset after the original cost of the asset has been fully recovered through depreciation expense.

Q. Would you please provide an example?

A. Yes. Take for example, a $10,000 pump that is installed in the year 2013, is depreciated using the Company proposed 20 year life or 5 percent rate (i.e. 1 / 20 years = 5%), but remains in service for 25 years. The pump would be fully depreciated in 20 years, or in the year 2033. The total depreciation recovered during the 20 years that the pump is in service (i.e. at the end of the year 2033) would be $10,000 and depreciation should cease.

However, under the group methodology, the pump is not considered fully depreciated until it is retired. Therefore, the pump would continue to be depreciated for an additional 5 years, accumulating an additional $2,500 in depreciation expense (i.e. $10,000 original cost x 5% depreciation rate x 5 years = $2,500) because it remains in service for five years longer than its estimated 20 year useful life.

The $2,500 represents over-depreciation and is caused by use of the group depreciation method. Depreciating an asset beyond its useful life is not in accordance with the NARUC Uniform System of Accounts ("USoA").

Q. What is Staff's recommendation?

A. Staff continues to recommend use of the vintage year group method of depreciation.

Rate Base Adjustment No. 8 – Contributions In Aid of Construction ("CIAC")

Q. Did Staff review the Company's Rebuttal Testimony concerning CIAC?

A. Yes.

Q. Did the Company's Rebuttal Testimony adopt substantially all of the adjustments that Staff recommended in its Direct Testimony?

A. Yes, Staff recommended a CIAC balance of $1,950,080 in its Direct Testimony. In its Rebuttal Testimony, the Company proposed a CIAC balance of $1,929,839, a difference of $20,241.

Q. What is the cause of the $20,241 difference?

A. The $20,241 is composed of three adjustments proposed by the Company. First, the Company reduced Staff's CIAC balance by $22,684 to properly reflect the ending balance authorized in the last rate case. Second, the Company updated the refund paid consistent with its responses to Staff's data requests. Third, it allocated a refund overpayment made on the Fulton Advances In Aid of Construction ("AIAC") contract to its other AIAC contracts (see footnote 2 on the Company's Rebuttal Schedule B-2, page 12, line27).

Q. Did Staff have any concerns about the Company's proposal to allocate a refund overpayment made on the Fulton AIAC contract to its other AIAC contracts?

A. Yes, the Company's proposal is not consistent with Arizona Administrative Code R-14-2-406 D which governs the methodology in which refunds should be calculated and paid.

Q. Notwithstanding the above error, did Staff adopt all of the Company's proposed adjustments?

A. Yes. The net effect of the error on rate base would be immaterial after the refund over payment is added back to CIAC and the offsetting amortization of CIAC is increased to reflect the amortization on the additional CIAC. Staff anticipates that the amount would be approximately $15,000 or .24 percent of the Staff recommended $6,310,388 fair value rate base ("FVRB").

Q. What are Staff's recommendations for OCRB and RCNRB CIAC?

A. Staff recommends increasing OCRB CIAC by $1,929,840 and increasing RCNRB CIAC by $3,259,648. Staff's recommended CIAC balances are the same as those proposed by the Company in its Rebuttal Testimony. Staff's OCRB CIAC adjustment is shown on Surrebuttal Schedules CSB-4 and CSB-12. Staff's RCNRB CIAC adjustment is shown on Surrebuttal Schedules CSB-15 and CSB-23.

Q. How does Staff's Surrebuttal recommended CIAC balance compare to the recommended CIAC balance in Staff's Direct Testimony?

A. Staff's OCRB CIAC recommendation has decreased by $20,241 from Staff's Direct Testimony. Staff's RCNRB CIAC recommendation has decreased by $1,087,641 from Staff's Direct Testimony.

Rate Base Adjustment No. 9 – Amortization of CIAC

Q. Did Staff review the Company's Rebuttal Testimony concerning the amortization of CIAC?

A. Yes.

Q. What were the Company's concerns?

A. The Company indicated that Staff should have used the net AIAC balances that had not been approved by the Commission to transfer to CIAC and the average depreciation rate over the intervening years to calculate the amortization of CIAC.

Q. Does Staff agree?

A. Yes.

Q. What is Staff's recommendation?

A. Staff recommends decreasing OCRB amortization of CIAC by $213,264 and decreasing RCNRB amortization of CIAC by $430,386. Staff's recommended CIAC balances are the same as those proposed by the Company in its rebuttal testimony. Staff's OCRB CIAC adjustment is shown on Surrebuttal Schedules CSB-4 and CSB-12. Staff's RCNRB CIAC adjustment is shown on Surrebuttal Schedules CSB-15 and CSB-23.

Q. How does Staff's Surrebuttal recommended OCRB and RCNRB amortization CIAC balance compare to the recommended OCRB and RCNRB amortization CIAC balance in Staff's Direct Testimony?

A. Staff's recommendation for amortization of OCRB CIAC has decreased by $213,264 from Staff's Direct Testimony. Staff's recommendation for amortization of RCNRB amortization of CIAC has decreased by $430,386 from Staff's Direct Testimony.

Rate Base Adjustment No. 10 – Cash Working Capital ("CWC")

Q. Is the inclusion of cash working capital in rate base without a lead-lag study a prevalent practice for Class A, B, and C utilities?

A. No, it is not. In Staff's experience, nearly all recent Class A, B, and C rate case filings support CWC with a lead-lag study. The large majority of filings without a lead-lag study either (1) have not requested CWC or (2) accept Staff's recommendation to remove CWC from rate base. Very few Class A, B, and C utilities attempt to support CWC by using the formula method.

Q. What has the Commission stated concerning use of the formula method to support CWC for a Class C Utility?

A. The Commission, in Decision No. 72429, dated June 24, 2011, denied the CWC request for Southland Utilities Company, Inc. stating on page 7, beginning at line 12:

> By looking at actual data, the lead-lag study **determines whether there is a revenue lag**, whereas the formula method **assumes** there is. (Emphasis added.)

Further, the Commission stated on page 7, beginning at line 14:

> 21. Commission Rule Arizona Administrative Code ("A.A.C.") R14-2-103(A)(3)(h) states that an original cost rate base calculation should include a **proper** allowance for working capital. (Emphasis added.)
>
> 22. We do not believe that Southland has demonstrated that $22,501 is a proper allowance for working capital in this case. Southland **relied on the formula method** to calculate this amount, and **supplied no evidence that there is a revenue lag**, other than the $249 in prepayments allowed by Staffs adjustment. (Emphasis added.)

Q. How did New River calculate the $96,775 in CWC it proposes to include in rate base?

A. New River calculated CWC using the "formula method" which is equal to one-eighth of the operating expenses less depreciation, rate case expense, taxes, purchased water, and purchased pumping power expense, plus one twenty-fourth of purchased water and purchased pumping power expense.

Q. Is it appropriate for a company the size of New River to use the formula method to calculate CWC?

A. No, it is not. In general, the formula method is appropriate for only Class D and E companies due to the small size of the utilities, the cost and time involved in performing the lead-lag study, and the relatively minor impact on rate base.

Q. What problem is inherent in using the formula method for Class A, B, and C utilities?

A. In reality, a utility's CWC requirement can be positive or negative and thus the resulting adjustments to rate base can be positive or negative;[3] however, the formula method always yields a positive result. This flaw effectively ignores CWC provided by rate payers. Had a lead-lag study been conducted, it might have shown that working capital is a negative component of rate base.

Q. What is Staff's recommendation?

A. Staff continues to recommend removing $96,775 from working capital, as shown on Schedules CSB-4 and CSB-14.

[3] A positive number indicates cash was provided by investors to pay operating expenses before receipt of revenues from customers. A negative number indicates customer sales revenue was received by a company prior to the company paying operating expenses.

Q. How does Staff's Surrebuttal recommendation for CWC compare to the recommendation for CWC in Staff's Direct Testimony?

A. Staff's recommendation for CWC is the same as the recommendation made in its Direct Testimony.

OPERATING INCOME

Salaries and Wages

Q. Has the Company proposed hiring an additional employee to address the record keeping issues that Staff identified in its Direct Testimony?

A. Yes. The Company has proposed the addition of a new position at a cost of $48,600.

Q. Does Staff agree with the Company's proposal?

A. Staff believes that it would be more cost efficient to attempt to resolve the issues through the proper training of its existing employees. Staff notes that incurring the cost for an additional employee in and of itself would not resolve the record keeping issues. Training is the key and the existing employees are ones who need to receive the required training. In addition, the possible hiring of a new employee is not known and measureable.

Q. What is Staff's recommendation?

A. Staff recommends that the Company's proposal be denied.

Operating Income Adjustment No. 3 – Repairs and Maintenance Expense

Credit Card Purchases

Q. Has Staff reviewed the Company's Rebuttal Testimony concerning the credit card purchases included in repairs and maintenance expense?

A. Yes.

Q. What is the Company's primary concern?

A. The Company disagrees with Staff's allocation of one-third of the $9,328 in credit charges to the owner and to Cody Farms, an affiliate.

Q. What information regarding the $9,328 in credit card purchases was shown on the copies of the owner's credit card bills?

A. For the most part, the only information shown was the date, amount, and the business from which the item(s) were purchased.

Q. Why was this information inadequate to support all of the $9,328 in credit card purchases?

A. It was inadequate because a determination of whether these items were needed in the provision of water service could not be made. For example, Home Depot sells shower faucets, garbage disposals, charcoal for barbeque grills, and such other items. Since (1) the purchases were made on the owner's personal credit card and (2) the Company has not provided receipts or invoices showing the individual items purchased, Staff could not determine if the items were needed in the provision of water service.

Q. Did Staff allow a portion of the $9,328?

A. Yes, Staff allowed one-third of the cost or $3,109.

Q. What is Staff's recommendation?

A. Staff continues to recommend allowance of only one-third of the $9,328 or $3,109.

Q. How does Staff's Surrebuttal recommendation compare to the recommendation in Staff's Direct Testimony?

A. Staff's recommendation is the same as the recommendation made in its Direct Testimony.

Tank Painting Costs

Q. Has Staff reviewed the Company's Rebuttal Testimony concerning tank painting costs?

A. Yes.

Q. What is the Company's primary concern?

A. Beginning on page 19, line 1 of Mr. Jones' Rebuttal Testimony the Company states that Staff's adjustment to remove the pro forma tank painting adjustment "is nothing more than an attempt to force an affiliate of New River to fund the tank painting rather than New River's customers."

Q. Is it the responsibility of customers to provide the cash necessary for tank painting prior to the tanks actually being painted?

A. No, it is not. It is the responsibility of the owner to provide the initial cash needed to fund tank painting. Once the tanks have been painted, amortization of the costs may be recovered from customers consistent with general ratemaking principles.

Q. Is Staff attempting to force the affiliate to fund tank painting?

A. No, Staff is not. Staff's recommended operating income is $492,210 and recommended depreciation expense is $71,127, resulting in cash flow of $563,338. This cash flow is sufficient to fund the Company's projected $31,333 in annual tank painting costs.

Q. What is Staff's recommendation?

A. Staff continues to recommend disallowance of the Company's pro forma tank painting expense.

Q. How does Staff's Surrebuttal recommendation compare to the recommendation in Staff's Direct Testimony?

A. Staff's recommendation is the same as the recommendation made in its Direct Testimony.

Operating Income Adjustment No. 9 – Contractual Services, Other

Q. Has Staff reviewed the Company's Rebuttal Testimony concerning Contractual Services, Other?

A. Yes.

Q. What is the Company's primary concern?

A. The Company indicated that only $13,489 of the $47,950 that Staff reclassified for water testing were actually water testing costs. The remaining $34,461 (i.e., $47,950 - $13,489) was for a certified operator.

Q. Does Staff agree?

A. Yes, and has revised its calculations accordingly.

Q. What is Staff's recommendation?

A. Staff recommends increasing the Contractual Services, Other expense by $19,671.

Q. How does Staff's Surrebuttal recommendation compare to the recommendation in Staff's Direct Testimony?

A. Staff's recommendation has increased by $34,461 from its Direct Testimony.

Operating Income Adjustment No. 10 – Rents Expense, Buildings

Q. Did Staff review the Company's Rebuttal Testimony concerning rents expense, buildings?

A. Yes.

Q. What was the Company's main concern?

A. The Company stated, "Staff effectively substituted its judgment for Company's management judgment . . ."

Q. Please describe the office?

A. The office is a residential house located in a residential neighborhood that was converted into an office.

Q. How did Staff determine its recommended monthly rental expense for the office?

A. Staff used a real estate database that uses public property data and similar properties listed for rent to provide a rental amount as a starting point. Staff then compared the amount to a Commission office located near downtown Phoenix and a water utility office located near downtown Tucson. Based on this analysis, the monthly rental amount provided by the real estate database appeared reasonable.

Q. How did Staff determine its recommended monthly rental expense for the storage area?

A. Staff personally inspected the storage area. Staff found that New River's materials and supplies were housed in a small area (about 10' x 10' area) within a 1,000 square foot room located within the 12,000 square foot storage facility. Based upon this inspection, Staff determined that 1,000 square feet was more than enough space to store all of New River's materials and equipment that needed to be stored indoors. Staff then multiplied the 1,000 square feet by the Company proposed $3.00 per square foot.

Q. What is Staff's recommendation?

A. Staff recommends increasing the Rents, Building expense by $26,580.

Q. How does Staff's Surrebuttal recommendation compare to its Direct Testimony?

A. Staff's recommendation is the same as its Direct Testimony.

Operating Income Adjustment No. 11 – Rents Expense, Vehicles

Q. Did Staff review the Company's Rebuttal Testimony concerning rents expense, vehicles?

A. Yes.

Q. What were the Company's primary concerns?

A. The Company's primary concerns were that Staff disallowed one of the vehicles that New River rents and that Staff arbitrarily lowered the rental cost of the vehicles.

Q. Please describe the vehicles and equipment that the Company rents.

A. According to the Company's response to data request CSB 2.2, the Company rents four trucks, one forklift, and two flatbed trailers. A description of the vehicles and equipment are: a 2006 Chevrolet Silverado 1/2-ton extended cab truck; a 2005 Chevrolet Silverado 1/2-ton extended cab truck; a 2005 Chevrolet Silverado 3/4-ton diesel extended cab truck; a 2003 Ford truck; a 1989 forklift; a 1997 flatbed trailer; and a 1999 flatbed trailer.

Q. Does New River rent the vehicles from its affiliate, Cody Farms?

A. Yes.

Q. Is the owner of Cody Farms also the owner of New River?

A. Yes.

Q. Was Staff concerned about the number of vehicles that New River rented from its affiliate, Cody Farms, for the office employees?

A. Yes.

Q. Did the job duties of the office employees justify the rental of three vehicles?

A. No, they did not. The job duties of the office employees as provided by the Company would not necessitate a high amount of travel. The meter reading for New River is performed using golf carts that are owned by New River. Further, work related to Cody Farms is conducted out of the New River office. Consequently, Staff considered the rental of three vehicles excessive for the office employees and disallowed the cost of one truck rental.

Q. Can the vehicles be used for work conducted on behalf of Cody Farms?

A. Yes.

Q. Does the Company maintain a travel log showing who used the vehicles and for what purpose?

A. No, it does not.

Q. Does the Company's allocation methodology follow the NARUC Guideline for Cost Allocations and Affiliate Transactions?

A. No, it does not.

Q. Please discuss the NARUC Guideline for Cost Allocations and Affiliate Transactions.

A. One of the principles contained in the Guideline for Cost Allocations and Affiliate Transactions states that:

> The primary cost driver of common costs, or a relevant proxy in the absence of a primary cost driver, should be identified and used to allocate the cost between regulated and non-regulated services or products. (Emphasis added).

Moreover, the NARUC Guideline for Cost Allocations and Affiliate Transactions states that:

> The indirect costs of each business unit, including the allocated costs of shared services, should be spread to the services or products to which they relate using relevant cost allocators. (Emphasis added).

Q. What effect does an unfair allocation of costs have on ratepayers?

A. When costs are improperly identified and allocated, then costs of the unregulated affiliate can be shifted to the captive customers of the regulated utility. This cost shifting results in the captive customers of the regulated utility subsidizing the business operations of the unregulated affiliate. This harms customers by creating artificially higher rates.

Q. How did Staff develop the hours used in its calculation of Rents Expense, Vehicles?

A. Staff used the estimated hours provided by the Company in response to data request CSB 2.2. For the vehicles for which the Company did not provide an estimate of usage, Staff based the estimated hours on the job duties that would require travel.

Q. What is Staff's recommendation for Rents Expense, Vehicles?

A. Staff recommends decreasing the Rents Expense, Vehicles by $13,164.

Q. How does Staff's Supplemental recommendation compare to the recommendation in Staff's Direct Testimony?

A. Staff's recommendation has not changed from its Direct Testimony.

Operating Income Adjustment No. 13 – Bad Debt Expense

Q. Did Staff review the Company's Rebuttal Testimony concerning bad debt expense?

A. Yes.

Q. What were the Company's primary concerns?

A. The Company's primary concerns were that Staff inappropriately normalized bad debt expense and that Staff did not recognize bad debt expense in its gross revenue conversion factor calculation.

Q. Does Staff agree that bad debt should be recognized in the gross revenue conversion factor calculation?

A. Yes, and Staff has changed its calculation accordingly.

Q. Does Staff agree that its adjustment to normalize bad debt expense was inappropriate?

A. No, Staff does not. The revenue requirement should be developed using only normal levels of expenses. This concept is a NARUC recognized ratemaking principle that helps to ensure just and reasonable rates.

Q. Are Class A, B, & C utilities required to file three years of comparative income statements that show the level at which individual expenses were incurred?

A. Yes, Class A, B, & C utilities are required to file Schedule E-2. This schedule presents the revenues and expenses for the test year and two prior years.

Q. Can a review of Schedule E-2 help to identify expenses that may not be incurred at normal levels?

A. Yes, it can help to identify abnormal levels of expenses. Staff reviews each expense for the test year and compares it to the other years. If an expense is incurred at approximately the same level for each of the three years, then that expense is typically considered to be normal for the test year and no normalization adjustment is necessary. An expense level that varies widely from year to year may not be normal. After investigating why the expense level varied, Staff would make a determination whether or not a normalization adjustment is necessary.

Q. What was Staff's justification for normalizing bad debt expense?

A. Staff reviewed the three year comparative data for bad debt expense and found that it varied widely. The bad debt expense was $0, $0, and $7,688 for the years 2009, 2010, and 2011, respectively. According to the Company's response to data request CSB 1.33, "prior to the test year bad debt expense was not recorded." The Company provided no support to show that the $7,688 in bad debt would likely be incurred at approximately the same level on an ongoing basis. Therefore, Staff normalized the expense using three years (i.e., the number of years that Staff anticipates that the Company will file its next rate case).

Q. What is Staff's recommendation?

A. Staff recommends decreasing bad debt expense by $5,125.

Q. How does Staff's Surrebuttal recommendation compare to its Direct Testimony?

A. Staff's recommendation is the same as its Direct Testimony.

New River's Loan to Owner

Q. Do notes receivables arise from making loans to other entities including affiliates?

A. Yes.

Q. Are New River and the Owner two separate legal entities?

A. Yes.

Q. As such, should the Owner pay the loan back?

A. Yes. The Company chose to record the transaction as a notes receivable from the owner. By definition, a notes receivable is a written promise to receive a sum of money from

another party (in this case, from the owner) on one or more future dates. It would be incompatible with the public interest and sound financial practices for the owner not to repay the notes receivable.

Q. What is Staff's recommendation?

A. Staff recommends that the owner pay the loan back.

Q. How does Staff's Surrebuttal recommendation compare to its Direct Testimony?

A. Staff's recommendation is the same as its Direct Testimony.

Purchased Water Tariff

Q. Did Staff review the purchased water tariff that the Company prepared in response to data request CSB 8.1?

A. Yes.

Q. How does the Company-prepared purchased water tariff compare to Staff's purchased water tariff?

A. The Company's tariff captures the cost savings related to the purchased pumping power that the Company does not have to pay when it buys water rather than pump the water from its wells. Staff's tariff does not reflect this cost saving.

Q. Is Staff withdrawing the purchased water tariff recommended in its Direct Testimony?

A. Yes.

Q. What is Staff's Surrebuttal recommendation?

A. Staff recommends the Company-prepared tariff which is attached.

Q. Does this conclude Staff's Surrebuttal Testimony?

A. Yes, it does.

ATTACHMENT

PURCHASED WATER TARIFF

TARIFF SCHEDULE

UTILITY: New River Utility Company
DOCKET NO. W-01737A-12-0478

DECISION NO. _____
EFFECTIVE DATE: _____

PURCHASED WATER SURCHARGE

I. Purpose and Applicability

The purpose of the this tariff is to equitably apportion the costs of water purchased through an emergency interconnection with the City of Peoria among New River Utility Company Customers. These charges are applicable to all connections and will be assessed based on usage, 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.

"Avoided Production Costs" means the unit cost of production (cost per 1,000 gallons) avoided by the Company because of the use of water purchased from the City of Peoria rather than pumping groundwater from the Company's wells and booster stations.

"Company" means New River Utility Company.

"Purchased Water Cost" means the actual cost billed by the City of Peoria for water purchased through the emergency interconnection between the City of Peoria's water system and the Company's water system.

"Purchased Water Quantity" means the actual quantity (in thousands of gallons) of water billed by the City of Peoria for water purchased through the emergency interconnection between the City of Peoria's water system and the Company's water system.

"Purchased Water Surcharge" means the surcharge calculated in accordance with Section IV below.

"Surcharge Rate" means the rate per 1,000 gallons that is calculated in accordance with Section III below.

"Water Sold" means the actual quantity (in thousands of gallons) of water sold by the Company to its Customers during the month corresponding to the month in which water was purchased from the City of Peoria through the emergency interconnection between the City of Peoria's water system and the Company's water system.

III. Surcharge Rate Calculation

For each month that the Company purchases water from the City of Peoria through the emergency interconnection between the City of Peoria's water system and the Company's water system, the Company will calculate the Surcharge Rate per the following formula:

[Purchased Water Cost – (Purchased Water Quantity x Avoided Production Costs)] / Water Sold

IV. Terms and Conditions

(A) Assessment and Billing of Purchased Water Surcharge: For any month in which water is purchased from the City of Peoria, after completing its billing for the month and receiving Peoria's billing for the month, New River will make the surcharge calculation to determine the Surcharge Rate.

In the following month, New River will bill the Purchased Water Surcharge to its customers. Each individual customer's billing for the Purchased Water Surcharge will be based on that customer's actual usage for the previous month (the month corresponding to the water purchase from Peoria) times the Surcharge Rate.

The Purchased Water Surcharge shall be presented as a separate line item on the customer billing.

(B) Notice to Commission: For any month in which the Company intends to bill customers a Purchased Water Surcharge, the Company shall provide Commission Staff notice of the Company's intent to bill the Purchased Water Surcharge. The notice to Commission Staff shall include the following:

1. The Purchased Water Cost.
2. The Purchased Water Quantity.
3. A copy of the bill received for the purchase of water from the City of Peoria.
4. A description of the system problem necessitating purchasing of water and a description of the action being taken by the Company to resolve the problem, including the date operations did or are expected to return to normal.
5. The dates for beginning and ending purchasing water.
6. A schedule showing the calculation of the Surcharge Rate in excel format with formulas intact, including a schedule showing the determination of the Avoided Production Costs.

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Surrebutal Schedule CSB-1

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	[A] COMPANY ORIGINAL FAIR VALUE	[B] STAFF ORIGINAL FAIR VALUE
1	Adjusted Rate Base	$ 7,812,036	$ 6,310,388
2	Adjusted Operating Income (Loss)	$ 3,629	$ 233,559
3	Current Rate of Return (L2 / L1)	0.05%	3.70%
4	Required Rate of Return	8.72%	7.80%
5	Required Operating Income (L4 * L1)	$ 681,210	$ 492,210
6	Operating Income Deficiency (L5 - L2)	$ 677,581	$ 258,652
7	Gross Revenue Conversion Factor	1.60490	1.63301
8	Increase (Decrease) In Gross Revenue (L7 * L6)	$ 1,087,449	$ 422,381
9	Adjusted Test Year Revenue	$ 1,260,428	$ 1,260,428
10	Proposed Annual Revenue (L8 + L9)	$ 2,347,877	$ 1,682,809
11	Required Increase/(Decrease in Revenue) (%) (L8/L9)	86.28%	33.51%

References:
Column [A]: Company Schedules A-1
Column [B]: Staff Schedules CSB-2, CSB-3, & CSB-15

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GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
	Calculation of Gross Revenue Conversion Factor:				
1	Revenue	100.0000%			
2	Uncollecible Factor (Line 11)	0.1268%			
3	Revenues (L1 - L2)	99.8732%			
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	38.6366%			
5	Subtotal (L3 - L4)	61.2366%			
6	**Revenue Conversion Factor (L1 / L5)**	1.633012			
	Calculation of Uncollecttible Factor:				
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 17)	37.6414%			
9	One Minus Combined Income Tax Rate (L7 - L8)	62.3586%			
10	Uncollectible Rate	0.2033%			
11	Uncollectible Factor (L9 * L10)	0.1268%			
	Calculation of Effective Tax Rate:				
12	Operating Income Before Taxes	100.0000%			
13	Arizona State Income Tax Rate	4.5400%	From CSB-2, Line 26		
14	Federal Taxable Income (L12 - L13)	95.4600%			
15	Applicable Federal Income Tax Rate (Line 53)	34.6757%			
16	Effective Federal Income Tax Rate (L14 x L15)	33.1014%			
17	Combined Federal and State Income Tax Rate (L13 +L16)		37.6414%		
	Calculation of Effective Property Tax Factor				
18	Unity	100.0000%			
19	Combined Federal and State Income Tax Rate (L17)	37.6414%			
20	One Minus Combined Income Tax Rate (L18-L19)	62.3586%			
21	Property Tax Factor	1.5960%			
22	Effective Property Tax Factor (L20*L21)		0.9952%		
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			38.6366%	
24	Required Operating Income	$ 492,210			
25	AdjustedTest Year Operating Income (Loss)	233,559			
26	Required Increase in Operating Income (L24 - L25)		$ 258,652		
27	Income Taxes on Recommended Revenue (Col. [C], L52)	$ 250,318			
28	Income Taxes on Test Year Revenue (Col. [A], L52)	94,188			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		156,130		
30	Recommended Revenue Requirement	$ 1,682,809			
31	Uncollectible Rate (Line 10)	0.2033%			
32	Uncolllectible Expense on Recommended Revenue (L30*L31)	$ 3,422			
33	Adjusted Test Year Uncollectible Expense	$ 2,563			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32-L33)		859		
35	Property Tax with Recommended Revenue	$ 67,089			
36	Property Tax on Test Year Revenue	60,348			
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		6,741		
38	Total Required Increase in Revenue (L26 + L29 + L34 + L37)		$ 422,381		
			$ 7,600		

	Calculation of Income Tax:	Test Year		Staff Recommended
39	Revenue	$ 1,260,428	$ 422,381	$ 1,682,809
40	Operating Expenses Excluding Income Taxes	$ 932,681	$ 7,600	$ 940,281
41	Synchronized Interest (L56)	$ -		$ -
42	Arizona Taxable Income (L39 - L40 - L41)	$ 327,747		$ 742,528
43	Arizona State Income Tax Rate	3.9060%		4.2601%
44	Arizona Income Tax (L42 x L43)	$ 12,802		$ 31,633
45	Commission Tax Allowance Policy - Federal Taxable Income (L37- L39)	$ 314,945		$ 710,895
46	Commission Tax Allowance Policy - Federal Effective Tax	25.8414%		30.7619%
47	Commission Tax Allowance Policy - Federal Tax	$ 81,386		$ 218,685
48	Federal Tax on Income Bracket - Not Used	$ -		$ -
49	Federal Tax on Income Bracket - Not Used	$ -		$ -
50	Federal Tax on All Income (See Sch CSB-2, Page 2, Line 27)	$ -		$ -
51	Total Federal Income Tax	$ 81,387		$ 218,685
52	Combined Federal and State Income Tax (L44 + L51)	$ 94,188		$ 250,318

53 Applicable Federal Income Tax Rate [Col. [C], L51 - Col. [A], L51] / [Col. [C], L45 - Col. [A], L45] 34.6757%

	Calculation of Interest Synchronization:	
54	Rate Base	$ 6,310,388
55	Weighted Average Cost of Debt	0.0000%
56	Synchronized Interest (L45 X L46)	$ -

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Line No.	Description				Test Year		Staff Recommended
1							
2	*Calculation of Income Tax:*						
3	Revenue				$ 1,260,428	$ 422,381	$ 1,682,809
4	Less: Operating Expenses (Excluding Income Taxes)				932,681	7,600	940,281
5	Less: Synchronized Interest				-		-
6	Arizona Taxable Income (Married Filing Jointly)				$ 327,747	$ 429,981	$ 742,528
7	Over	But not Over	Amount plus	%			
8	-	20,000	-	2.59%	$ -		$ -
9	20,000	50,000	(58)	2.88%	-		-
10	50,000	100,000	(149)	3.36%	-		-
11	100,000	300,000	(589)	4.24%	-		-
12	300,000	999,999,999	(2,078)	4.54%	12,802		31,633
13	Arizona Income Tax				$ 12,802		$ 31,633
14	Federal Taxable Income (Married Filing Jointly)				$ 314,945		$ 710,895
15	Over	But not Over	Amount plus	%			
16	-	17,000	-	10.00%	$ -		$ -
17	17,000	69,000	1,700	15.00%	-		-
18	69,000	139,350	9,500	25.00%	-		-
19	139,350	212,300	27,088	28.00%	-		-
20	212,300	379,150	47,514	33.00%	81,386		-
21	379,150	9,999,999,999	102,574	35.00%	-		218,685
22	Total Federal Income Tax				$ 81,386		$ 218,685
23							
24	*Combined Federal and State Income Tax*				$ 94,188		$ 250,318
25							
26	Applicable Arizona State Tax				3.9060%		4.2601%
27	Applicable Federal Income Tax				25.8414%		30.7619%
28	Combined Federal and State Tax Rate				29.7474%		35.0220%
29							
30	Applicable Arizona State Income Tax Rate (Rate Applicable to Revenue Increase)						4.5400%
31	Applicable Federal Income Tax Rate (Rate Applicable to Revenue Increase)						34.6757%
32							

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Line No.	Description					Test Year		Staff Recommended
1								
2	*Calculation of Income Tax:*							
3	Revenue					$ 1,260,428	$ 422,381	$ 1,682,809
4	Less: Operating Expenses (Excluding Income Taxes)					932,681	7,600	940,281
5	Less: Synchronized Interest					-		-
6	Arizona Taxable Income (Married Filing Jointly)					$ 327,747	$ 429,981	$ 742,528
7	Over	But not Over	Amount plus	%				
8	-	20,000	-	2.59%		$ -		$ -
9	20,000	50,000	(58)	2.88%		-		-
10	50,000	100,000	(149)	3.36%		-		-
11	100,000	300,000	(589)	4.24%		-		-
12	300,000	999,999,999	(2,078)	4.54%		12,802		31,633
13	Arizona Income Tax					$ 12,802		$ 31,633
14	Federal Taxable Income (Married Filing Jointly)					$ 314,945		$ 710,895
15	Over	But not Over	Amount plus	%				
16	-	17,000	-	10.00%		$ -		$ -
17	17,000	69,000	1,700	15.00%		-		-
18	69,000	139,350	9,500	25.00%		-		-
19	139,350	212,300	27,088	28.00%		-		-
20	212,300	379,150	47,514	33.00%		81,386		-
21	379,150	9,999,999,999	102,574	35.00%		-		218,685
22	Total Federal Income Tax					$ 81,386		$ 218,685
23								
24	Combined Federal and State Income Tax					$ 94,188		$ 250,318
25								
26	Applicable Arizona State Tax					3.9060%		4.2601%
27	Applicable Federal Income Tax					25.8414%		30.7619%
28	Combined Federal and State Tax Rate					29.7474%		35.0220%
29								
30	Applicable Arizona State Income Tax Rate (Rate Applicable to Revenue Increase)							4.5400%
31	Applicable Federal Income Tax Rate (Rate Applicable to Revenue Increase)							34.6757%
32								

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RATE BASE - FAIR VALUE

LINE NO.		(A) COMPANY AS FILED	(B) STAFF ADJUSTMENTS	ADJ NO.	(C) STAFF AS ADJUSTED
1	Plant in Service	$ 12,357,233	$ 732,513	1, 2, 3, 4,5,6	$ 13,089,746
2	Less: Accumulated Depreciation	4,619,188	(60,844)	7	4,558,344
3	Net Plant in Service	7,738,045	793,357		8,531,402
	LESS:				
4	Advances in Aid of Construction (AIAC)	$ -	$ -		$ -
5	Service Line and Meter Advances	$ -	$ -		$ -
6	Contributions in Aid of Construction (CIAC)	$ -	$ 2,594,744	8	$ 2,594,744
7	Less: Accumulated Amortization	-	396,514	9	396,514
8	Net CIAC	$ -	2,198,230		$ 2,198,230
9	Total Advances and Contributions	$ -	$ 2,198,230		$ 2,198,230
10	Customer Deposits	$ 22,784	$ -		$ 22,784
11	Accumulated Deferred Income Taxes	$ -	$ -		$ -
	ADD: Working Capital				
12	Cash Working Capital Allowance	$ 96,775	$ (96,775)	10	$ -
13	Inventory	$ -	$ -		$ -
14	**Total Rate Base**	$ 7,812,036	$ (1,501,648)		$ 6,310,388

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

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FAIR VALUE RATE BASE

LINE NO.	PLANT IN SERVICE Acct. No. - Plant Description	[A] Original Cost Per Staff	[B] Reconstructed New Cost Per Staff	[C] Total	[D]	[E]	[F] Fair Value Rate Base Per Staff As Adjusted
1							
2	302 Franchises	$ -	$ -	$ -	x	50%	$ -
3	303 Land and Land Rights	75,181	-	75,181	x	50%	$ 37,591
4	304 Structures and Improvements	84,633	84,633	169,266	x	50%	$ 84,633
5	307 Wells and Springs	795,021	2,368,472	3,163,493	x	50%	$ 1,581,747
6	309 Supply Mains	-	-	-	x	50%	$ -
7	310 Power Generation Equipment	-	-	-	x	50%	$ -
8	311 Pumping Equipment	978,918	1,196,249	2,175,167	x	50%	$ 1,087,584
9	320 Water Treatment Equipment	383,055	568,450	951,505	x	50%	$ 475,753
10	330 Distribution Reservoirs and Standpipes	1,046,963	2,152,303	3,199,266	x	50%	$ 1,599,633
11	330.2 Pressure Tanks	-	-	-	x	50%	$ -
12	331 Transmission and Distribution Mains	1,827,529	9,073,009	10,900,537	x	50%	$ 5,450,269
13	333 Services	350,474	2,564,645	2,915,119	x	50%	$ 1,457,560
14	334 Meters and Meter Installations	118,343	117,596	235,939	x	50%	$ 117,970
15	335 Hydrants	313,089	1,953,372	2,266,461	x	50%	$ 1,133,231
16	336 Backflow Prevention Devices	-	-	-	x	50%	$ -
17	339 Other Plant and Miscellaneous Equipment	-	-	-	x	50%	$ -
18	340 Office Furniture and Equipment	19,273	19,273	38,546	x	50%	$ 19,273
19	340.1 Computers and Software	7,069	7,069	14,138	x	50%	$ 7,069
20	341 Transportation Equipment	7,712	7,712	15,424	x	50%	$ 7,712
21	343 Tools, Shop, and Garage Equipment	-	-	-	x	50%	$ -
22	344 Laboratory Equipment	-	-	-	x	50%	$ -
23	345 Power Operated Equipment	29,725	29,725	59,450	x	50%	$ 29,725
24	346 Communication Equipment	-	-	-	x	50%	$ -
25	347 Miscellaneous Equipment	-	-	-	x	50%	$ -
26	348 Other Tangible Equipment	-	-	-	x	50%	$ -
27	*Rounding*	-					
28	Total Plant in Service	$ 6,036,984	$ 20,142,508	$ 26,179,493			$ 13,089,746
29	Less: Accumulated Depreciation	$ 2,193,784	$ 6,922,905	$ 9,116,689	x	50%	4,558,344
30	Net Plant in Service	$ 3,843,200	$ 13,219,604	$ 17,062,804			$ 8,531,402
31							
32	*LESS:*						
33	Advances in Aid of Construction (AIAC)	$ -	$ -	$ -	x	50%	$ -
34	Meter Deposits - Service Line & Meter Advances	$ -	$ -	$ -	x	50%	$ -
35							
36	Contributions in Aid of Construction (CIAC)	$ 1,929,840	$ 3,259,648	$ 5,189,488	x	50%	$ 2,594,744
37	Less: Accumulated Amortization of CIAC	$ 288,183	$ 504,845	$ 793,028	x	50%	$ 396,514
38	Net CIAC	$ 1,641,657	$ 2,754,803	$ 4,396,460			$ 2,198,230
39							
40	Total Advances and Net Contributions	$ 1,641,657	$ 2,754,803	$ 4,396,460	x	50%	$ 2,198,230
41							
42	Customer Deposits	$ 22,784	$ 22,784	$ 45,568	x	50%	$ 22,784
43	Accumulated Deferred Taxes	$ -	-	-	x	50%	$ -
44							
45	*ADD:*						-
46	Cash Working Capital Allowance	$ -	$ -	$ -	x	50%	$ -
47		$ -	-	-			$ -
48	**Total Rate Base**	$ 2,178,759	$ 10,442,017	$ 12,620,776			$ 6,310,388

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SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

LINE NO.	PLANT IN SERVICE Acct. No. - I Plant Description	[A] COMPANY AS FILED	[B] Adj No.1 Post-Test Year Plant Ref: Sch CSB-5	[C] ADJ No. 2 Inadequatedly Supported Plant Ref: Sch CSB-6	[D] ADJ No. 3 Unrecorded Plant Ref: Sch CSB-7	[E] ADJ No. 4 Expensed Plant Ref: Sch CSB-8	[F] ADJ No. 5 Other Tangible Plant Reclass Ref: Sch CSB-9	[G] ADJ No. 6 Plant Retirements Ref: Sch CSB-10	[H] ADJ No. 7 Accumulated Depreciation Ref: Sch CSB-11	[I] ADJ No. 8 CIAC Ref: Sch CSB-12	[J] ADJ No. 9 Amortization of CIAC Ref: Sch CSB-13	[K] ADJ No. 10 Cash Working Capital Allowance Ref: Sch CSB-14	[L] STAFF AS ADJUSTED
1		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	302 Franchises	75,181	-	-	-	-	-	-	-	-	-	-	75,181
3	303 Land and Land Rights	84,633	-	-	-	-	-	-	-	-	-	-	84,633
4	304 Structures and Improvements	795,021	-	-	-	-	-	-	-	-	-	-	795,021
5	307 Wells and Springs	-	-	-	-	-	-	-	-	-	-	-	-
6	309 Supply Mains	-	-	-	-	-	-	-	-	-	-	-	-
7	310 Power Generation Equipment	939,631	175,113	-	-	-	26,239	(162,065)	-	-	-	-	978,918
8	311 Pumping Equipment	383,055	-	-	-	-	-	-	-	-	-	-	383,055
9	320 Water Treatment Equipment	1,046,963	-	-	-	-	-	-	-	-	-	-	1,046,963
10	330 Distribution Reservoirs and Standpipes	-	-	-	-	-	-	-	-	-	-	-	-
11	330.2 Pressure Tanks	1,402,013	-	(133,050)	553,910	4,656	-	-	-	-	-	-	1,827,529
12	331 Transmission and Distribution Mains	236,325	-	-	114,149	-	-	-	-	-	-	-	350,474
13	333 Services	126,139	-	(3,296)	-	-	-	(4,500)	-	-	-	-	118,343
14	334 Meters and Meter Installations	193,193	-	-	119,896	-	-	-	-	-	-	-	313,089
15	335 Hydrants	-	-	-	-	-	-	-	-	-	-	-	-
16	336 Backflow Prevention Devices	-	-	-	-	-	-	-	-	-	-	-	-
17	339 Other Plant and Miscellaneous Equipment	19,273	-	-	-	-	-	-	-	-	-	-	19,273
18	340 Office Furniture and Equipment	-	-	-	-	7,069	-	-	-	-	-	-	7,069
19	340.1 Computers and Software	1,200	-	-	-	6,512	-	-	-	-	-	-	7,712
20	341 Transportation Equipment	-	-	-	-	-	-	-	-	-	-	-	-
21	343 Tools, Shop, and Garage Equipment	-	-	-	-	-	-	-	-	-	-	-	-
22	344 Laboratory Equipment	115,725	-	(86,000)	-	-	-	-	-	-	-	-	29,725
23	345 Power Operated Equipment	-	-	-	-	-	-	-	-	-	-	-	-
24	346 Communication Equipment	-	-	-	-	-	-	-	-	-	-	-	-
25	347 Miscellaneous Equipment	26,239	-	-	-	-	(26,239)	-	-	-	-	-	-
26	348 Other Tangible Equipment	-	-	-	-	-	-	-	-	-	-	-	-
27	Rounding	$ 5,444,591	$ 175,113	$ (222,346)	$ 787,955	$ 18,236	$ -	$ (166,565)	$ -	$ -	$ -	$ -	$ 6,036,984
28	Total Plant in Service	$ 2,300,840	$ -	$ -	$ -	$ -	$ -	$ -	$ (107,056)	$ -	$ -	$ -	2,193,784
29	Less: Accumulated Depreciation	$ 3,143,751	$ 175,113	$ (222,346)	$ 787,955	$ 18,236	$ -	$ (166,565)	$ 107,056	$ -	$ -	$ -	$ 3,843,200
30	Net Plant in Service												
31													
32	*LESS:*	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
33	Advances in Aid of Construction (AIAC)	$ -	-	-	-	-	-	-	-	-	-	-	-
34	Meter Deposits - Service Line & Meter Advances	$ -	-	-	-	-	-	-	-	1,929,840	-	-	1,929,840
35		$ -	-	-	-	-	-	-	-	-	288,183	-	288,183
36	Contributions in Aid of Construction (CIAC)	$ -	-	-	-	-	-	-	-	$ 1,929,840	$ (288,183)	$ -	$ 1,641,657
37	Less: Accumulated Amortization of CIAC	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,929,840	$ (288,183)	$ -	$ 1,641,657
38	Net CIAC												
39		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-	-	-	$ 22,784
40	Total Advances and Net Contributions												
41		$ 22,784	-	-	-	-	-	-	-	-	-	-	$ -
42	Customer Deposits	$ -	-	-	-	-	-	-	-	-	-	-	-
43	Accumulated Deferred Taxes												
44												(96,775)	$ -
45	*ADD:*	$ 96,775	-	-	-	-	-	-	-	-	-	-	$ -
46	Cash Working Capital Allowance	$ -	-	-	-	-	-	-	-	-	-	-	
47		$ 3,217,742	$ 175,113	$ (222,346)	$ 787,955	$ 18,236	$ -	$ (166,565)	$ 107,056	$ (1,929,840)	$ 288,183	$ (96,775)	$ 2,178,759
48	**Total Rate Base**												

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Surrebuttal Schedule CSB-5

ORIGINAL COST RATE BASE ADJUSTMENT NO. 1 - POST TEST-YEAR PLANT

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Acct No. 311, Pumping Equipment	$ 939,631	$ -	$ 939,631
2	Emergency Repair of Well Pump No. 6	$ -	$ 84,115	$ 84,115
3	Moving Pump from Well No. 3 to Well No.6	$ -	$ 2,029	$ 2,029
4	Well No. 1 Pump & Electrical Refurbishment	$ -	$ 88,969	$ 88,969
5	**Adjusted Test Year Plant**	**$ 939,631**	**$ 175,113**	**$ 1,114,744**

References:

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

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Surrebuttal Schedule CSB-6

ORIGINAL COST RATE BASE ADJUSTMENT NO. 2 - INADEQUATELY SUPPORTED PLANT COSTS

LINE NO.	DESCRIPTION	[A] PLANT SELECTED IN SAMPLE	[B] UNSUPPOTED PLANT COSTS	[C] STAFF AS ADJUSTED	
1	2001 Plant Addition, Acct No. 311 - Pumping Equipment	$ 163,163	$ -	$ 163,163	
2	2003 Plant Addition, Acct No. 311 - Pumping Equipment	12,096	-	12,096	
3	**Acct No. 311- Pumping Equipment Subtotal**	**$ 175,259**	**$ -**	**$ 175,259**	
4					
5	2010 Plant Addition, Acct No. 320-Water Treatment Equip.	**$ 381,395**	**$ -**	**$ 381,395**	
6					
7	2002 Plant Addition, Acct No. 331-Transp. & Distrib. Mains	$ 119,606	$ (119,606)	$ -	Missing documentation
8	2004 Plant Addition, Acct No. 331-Transp. & Distrib. Mains	42,500	(13,444)	29,056	Missing documentation
9	2008 Plant Addition, Acct No. 331-Transp. & Distrib. Mains	5,366	-	5,366	Amount corrected in RB Adj. 2
10	2009 Plant Addition, Acct No. 331-Transp. & Distrib. Mains	7,000	-	7,000	Amount corrected in RB Adj. 2
11	**Acct No. 331- Transp. & Distrib. Mains Subtotal**	**$ 174,472**	**$ (133,050)**	**$ 41,422**	
12					
13	2006 Plant Addition, Acct No. 334-Meters	$ 3,296	$ (3,296)	$ -	Missing documentation
14	2011 Plant Addition, Acct No. 334-Meters	12,713	-	12,713	
15	**Acct No. 334- Meters Subtotal**	**$ 16,009**	**$ (3,296)**	**$ 12,713**	
16					
17	2005 Plant Addition, Acct No. 345-Power Operated Equipmnt	**$ 86,000**	**$ (86,000)**	**$ -**	Missing documentation
18					
19	2011 Plant Addition, Acct No. 348-Other Tangible Equipment	**$ 26,239**	**$ -**	**$ 26,239**	
20					
21	**Total**	**$ 859,374**	**$ (222,346)**	**$ 637,028**	

References:

Column A: Company Schedule B-2
Column B: Testimony, CSB, Company Data Request Responses CSB 1.3
Column C: Column [A] + Column [B]

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Surrebuttal Schedule CSB-7

ORIGINAL COST RATE BASE ADJUSTMENT NO. 3 - UNRECORDED PLANT

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Acct No. 331 - Mains	$ 1,402,013	$ 553,910	$ 1,955,923
2	Acct No. 333 - Services	$ 236,325	$ 114,149	$ 350,474
3	Acct No. 334 - Hydrants	$ 193,193	$ 119,896	$ 313,089
4	**Total**	$ 1,831,531	$ 787,955	$ 2,619,486
5				
6				
7				
8				

Data Request Reference	Acct No. 331 Mains	Acct No. 333 Services	Acct No. 335 Hydrants	Total
CSB 3.1	$ 163,807	$ 31,397	$ 35,277	$ 230,481
CSB 3.2	$ 200,350	$ 28,050	$ 31,500	$ 259,900
CSB 3.2	$ 113,600	$ 42,925	$ 35,000	$ 191,525
CSB 3.3	$ 76,153	$ 11,777	$ 18,119	$ 106,049
	$ 553,910	$ 114,149	$ 119,896	$ 787,955

	Year	Acct No. 331 Mains	Acct No. 333 Services	Acct No. 335 Hydrants
CSB 3.1	2004	$ 139,413	$ 18,924	$ 21,166
CSB 3.2	2004	$ 95,200	$ 34,850	$ 28,000
CSB 3.1	2005	$ 24,394	$ 12,473	$ 14,111
CSB 3.2	2005	$ 200,350	$ 28,050	$ 31,500
CSB 3.2	2005	$ 18,400	$ 8,075	$ 7,000
CSB 3.3	2006	$ 76,153	$ 11,777	$ 18,119
		$ 553,910	$ 114,149	$ 119,896

References:

Column A: Company Schedule B-2
Column B: Testimony, CSB; Data Request Response CSB 3.1, 3.2, & 3.3
Column C: Column [A] + Column [B]

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Surrebuttal Schedule CSB-8

ORIGINAL COST RATE BASE ADJUSTMENT NO. 4 - EXPENSED PLANT

LINE NO.	Description	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	331 - Mains	$ 1,402,013	$ 4,656	$ 1,406,669
2	340.1 - Computers and Software	$ -	$ 7,069	$ 7,069
3	341 - Transportation Equipment	$ 1,200	$ 6,512	$ 7,712
4		$ 1,403,213	$ 13,581	$ 14,781
5				
6				

	PLANT COSTS REMOVED FROM REPAIRS & MAINTENANCE ACCOUNT (CSB 1-22)			
8	Acct. No.	Date	Description	Amount
9	340.1	12/31/10	Meter Reading Software	$ 7,069.00
10				
11				

	PLANT COSTS REMOVED FROM TRANSPORTATION EXPENSE ACCOUNT (CSB 1.31 & CSB 6.6)			
13	Acct. No.	Year	Description	Amount
14	341	2011	Transportation Equipment	$ 6,511.81
15				
16				

	PLANT COSTS REMOVED FROM CONTRACTUAL SERVICES LEGAL (CSB 6.5)			
18	Acct. No.	Year	Description	Amount
19	331	2011	Interconnection Agreement	$ 4,655.65

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB, Company Data Request Responses CSB 1-25, 1-29, & 1-35
Column C: Column [A] + Column [B]

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Surrebuttal Schedule CSB-9

ORIGINAL COST RATE BASE ADJUSTMENT NO. 5 - OTHER TANGIBLE PLANT RECLASSIFICATION

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS (CSB 3.4 f 3)	[C] STAFF AS ADJUSTED
1	Acct. No. 311 - Pumping Equipment	$ 939,631	26,239	965,870
2	Acct No. 348 - Other Tangible Plant	26,239	(26,239)	-
3	**Plant Total**	$ 965,870	$ -	$ 965,870

References:
Column A: Company Schedule B-2
Column B: Testimony, CSB; Data Request Response 3.4 (f) (3)
Column C: Column [A] + Column [B]

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Surrebuttal Schedule CSB-10

ORIGINAL COST RATE BASE ADJUSTMENT NO. 6 - PLANT RETIREMENTS

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Acct. No. 311 - Pumping Equipment	$ 939,631	$ (162,065)	$ 777,566
2	Acct. No. 334 -Meters and Meter Installations	$ 126,139	$ (4,500)	$ 121,639
3		**$ 1,065,770**	**$ (166,565)**	**$ 899,205**
4				
5				

	Acct. No.	Acct. Description	Replacement Cost				Amount
8	311	Pumping Equip	$ 29,056	x	50%	=	$ 14,527.91
9	311	Pumping Equip	$ 9,964	x	50%	=	$ 4,981.90
10	311	Pumping Equip	$ 4,800	x	50%	=	$ 2,400.00
11	311	Pumping Equip	$ 1,387	x	50%	=	$ 693.38
12	311	Pumping Equip	$ 4,312	x	50%	=	$ 2,155.82
13	311	Air compressor	$ 5,315	x	50%	=	$ 2,657.58
14	311	Pumping Equip	$ 26,239	x	50%	=	$ 13,119.46
15			$ 81,072.05				$ 40,536.03
16							
17	334	Meters	$ 9,000	x	50%	=	$ 4,500.00
18							
19			$ 90,072.05				$ 45,036.03
20							
21							

	Data Request	Invoice ID #	Site No.	Year Added	Account No.	Description	Amount
24	CSB 1.3 & 3.7	29	Well No.1	2004	311	Pumping Equip	$ 29,056
25	CSB 1.3 & 3.7	n/a	Well No.1	2003	311	Pumping Equip	$ 9,964
26	CSB 3.7	n/a	Storage Tank #1	2006	311	Pumping Equip	$ 4,800
27	CSB 1.3 & 3.8	14	Not specified	2010	311	Pumping Equip	$ 1,387
28	CSB 1.3 & 3.8	18	Not specified	2010	311	Pumping Equip	$ 4,312
29	CSB 1.3 & 3.8	36	Well No.6	2010	311	air compressor	$ 5,315
30	CSB 1.3	27	Well No.3	2011	311	Pumping Equip	$ 26,239
31	CSB 3.8	n/a	n/a	2011	334	Meters	$ 9,000
32							$ 90,072
33							
34	RETIREMENTS RELATED TO EMERGENCY REPAIR OF PUMP FOR WELL NO. 6						
35		2000	311	Pumping Equipment			$ 58,659
36							
37	RETIREMENTS RELATED TO WELL NO. 1						
38		2004	311	Pumping Equipment			$ 44,447
39		1997	311	Pumping Equipment			$ 18,423
							$ 62,870

References:

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

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Surrebuttal Schedule CSB-11

ORIGINAL COST RATE BASE ADJUSTMENT NO. 7 - ACCUMULATED DEPRECIATION

LINE NO.	NARUC Acct No.	NARUC PLANT DESCRIPTION Per Exh RLJ-DTD, Sch B-2.1, Page 12	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	304	Structures & Improvements	$ 31,130	$ -	$ 31,130
2	307	Wells & Springs	$ 374,796	$ -	$ 374,796
3	311	Pumping Equipment	$ 939,631	$ (200,146)	$ 739,485
4	320	Water Treatment Equip	$ 19,078	$ -	$ 19,078
5	330	Distribution Reservoirs and Standpipes	$ 282,757	$ -	$ 282,757
6	331	Transmission and Distribution Mains	$ 318,835	$ 64,099	$ 382,934
7	333	Services	$ 112,317	$ 22,305	$ 134,622
8	334	Meters and Meter Installations	$ 112,517	$ (4,500)	$ 108,017
9	335	Hydrants	$ 45,222	$ 13,810	$ 59,032
10	340	Office Furniture and Equipment	$ 17,177	$ -	$ 17,177
11	341	Transportation Equipment	$ 1,200	$ -	$ 1,200
12	345	Power Operated Equipment	$ 43,556	$ -	$ 43,556
13	348	Other Tangible Equipment	$ 2,624	$ (2,624)	$ 0
14		**Total Accumulated Depreciation**	$ 2,300,840	$ (107,056)	$ 2,193,784
15					

ACCUMULATED DEPRECIATION RELATED TO UNRECORDED MAINS, ACCT NO 331

Data Request	Year Placed In Service	Acct No.	Description	Plant Cost	Number of Interim Years	Depreciation Rate	Accumulated Depreciation
CSB 3.1	2004	331	Mains	$ 139,413	6.5	2.00%	$18,124
CSB 3.2	2004	331	Mains	$ 95,200	6.5	2.00%	$12,376
				$ 234,613			$30,500
CSB 3.1	2005	331	Mains	$ 24,394	5.5	2.00%	$2,683
CSB 3.2	2005	331	Mains	$ 200,350	5.5	2.00%	$22,039
CSB 3.2	2005	331	Mains	$ 18,400	5.5	2.00%	$2,024
				$ 243,144			$26,746
CSB 3.3	2006	331	Mains	$ 76,153	4.5	2.00%	$6,854
				$553,910			**$64,099**

ACCUMULATED DEPRECIATION RELATED TO UNRECORDED SERVICES, ACCT NO 333

Data Request	Year Placed In Service	Acct No.	Description	Plant Cost	Number of Interim Years	Depreciation Rate	Accumulated Depreciation
CSB 3.1	2004	331	Services	$ 18,924	6.5	3.33%	$4,096
CSB 3.2	2004	331	Services	$ 34,850	6.5	3.33%	$7,543
				$ 53,774			$11,639
CSB 3.1	2005	331	Services	$ 12,473	5.5	3.33%	$2,284
CSB 3.2	2005	331	Services	$ 28,050	5.5	3.33%	$5,137
CSB 3.2	2005	331	Services	$ 8,075	5.5	3.33%	$1,479
				$ 48,598			$8,901
CSB 1.2 & 3.3	2006	331	Services	$ 11,777	4.5	3.33%	$1,765
				$114,149			**$22,305**

ACCUMULATED DEPRECIATION RELATED TO UNRECORDED HYDRANTS, ACCT NO 335

Data Request	Year Placed In Service	Acct No.	Description	Plant Cost	Number of Interim Years	Depreciation Rate	Accumulated Depreciation
CSB 3.1	2004	331	Hydrants	$ 21,166	6.5	2.00%	$2,752
CSB 3.2	2004	331	Hydrants	$ 28,000	6.5	2.00%	$3,640
				$ 49,166			$6,392
CSB 3.1	2005	331	Hydrants	$ 14,111	5.5	2.00%	$1,552
CSB 3.2	2005	331	Hydrants	$ 31,500	5.5	2.00%	$3,465
CSB 3.2	2005	331	Hydrants	$ 7,000	5.5	2.00%	$770
				$ 52,611			$5,787
CSB 1.2 & 3.3	2006	331	Hydrants	$ 18,119	4.5	2.00%	$1,631
				$119,896			**$13,810**

ACCUMULATED DEPRECIATION RELATED TO RETIREMENTS

Data Request	Plant Retirement	Acct No.	Description	Plant Cost	Number of Interim Years	Depreciation Rate	Amount Removed from Accum Depr
CSB 3.7	Schedule CSB-10	311	Pumping Equip	$ (162,065)	n/a	n/a	$ (162,065)
CSB 3.7	Schedule CSB-10	334	Meters	$ (4,500)	n/a	n/a	$ (4,500)
				$ (166,565)			$ (166,565)

ACCUMULATED DEPRECIATION ADJUSTMENT ON PUMPS FULLY DEPRECIATED IN SAME YEAR PLACED IN SERVICE

Col A	Col B	Col C	Col D	Col E	Col F	Col G	Col H	Col I	Col J
Year	Schedule	Acct No.	Description	Plant Cost	Number of Interim Years	Depreciation Rate	Depr Expense Col E x Col F x Col G	Recorded Depreciation	Difference Col H - Col I
2003	Exhibit RLJ-DT2, Sch B-2.1, P4	311	Pumping Equip	$ 12,096	7.5	12.5%	$ 11,340	$ 12,096	$ (756)
2004	Exhibit RLJ-DT2, Sch B-2.1, P5	311	Pumping Equip	$ 30,911	6.5	12.5%	$ 25,115	$ 30,911	$ (5,796)
2005	Exhibit RLJ-DT2, Sch B-2.1, P6	311	Pumping Equip	$ 43,166	5.5	12.5%	$ 29,677	$ 43,166	$ (13,489)
2010	Data Requ Resp 1.3 Invoice ID #27	311	Pumping Equip	$ 26,239	2.5	12.5%	$ 8,200	$ 26,239	$ (18,039)
				$ 112,412			$ 74,332	$ 112,412	$ (38,081)

ACCUMULATED DEPRECIATION RELATED TO OTHER TANGIBLE PLANT RECLASSIFICATION

Data Request	Schedule	Acct No.	Description	Plant Cost	Number of Interim Years	Depreciation Rate	Amount Removed from Accum Depr
3.4 (f) (3)	Sch CSB-9 & Company Rebuttal Test	348	Othr Tang. Plant	$ 26,239	1	10.0%	$ 2,624

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Surrebuttal Schedule CSB-12

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

LINE NO.	DESCRIPTION	[A] PER COMPANY	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	CIAC from Last Rate Case	$ -	$ 1,157,105	$ 1,157,105
2	CIAC from Intervening Years (Unapproved)	$ -	$ 772,735	$ 772,735
3	Total CIAC	$ -	$ 1,929,840	$ 1,929,840
4				
5				

6		**AIAC From Last Rate Case**	Amount
7	CSB 1.9	Fulton Homes	$ 1,713,206
8	CSB 1.9	Dehaven	$ 101,899
9	CSB 1.9	Beazer	$ 419,027
10	CSB 1.9	Payne	$ -
11	CSB 1.9	School District	$ 974,036
12	CSB 1.9	Deer Valley Service	$ 61,897
13	CSB 1.9	Payne Resources	$ 35,817
14			**$ 3,305,882**
15		**Refunds on AIAC**	
16	CSB 1.9	Refunds on Fulton AIAC	$ (1,752,147)
17	CSB 1.9	Refunds on Dehaven AIAC	$ (47,819)
18	CSB 1.9	Refunds on Beazer AIAC	$ (265,522)
19	CSB 1.9	Refunds on School District	$ (66,752)
20	CSB 1.9	Refunds on Deer Valley Service	$ (5,000)
21	CSB 1.9	Refunds on Payne Resources	$ (11,537)
22		**Total Refund Payments on AIAC Contracts**	**$ (2,148,777)**
23			
24		**Amount transferred to CIAC**	**$ 1,157,105**
25			
26			

27		**AIAC Added During Intervening Years**	Amount	
28	CSB 1.10 & 3.1	Arrowhead Ranch Office Park,LLC	$ 230,481	
29	CSB 1.11 & 3.2	Cody Farms	$ 259,900	
30	CSB 1.11 & 3.2	Riverstone Estates (Columbia I & II)	$ 158,050	
31	CSB 1.11 & 3.2	Riverstone Estates (Columbia I & II)	$ 33,475	
32	CSB 1.12 & 3.3	Arrowhead Ranch Industrial Park	$ 106,050	
33			**$ 787,956**	Unapproved
34		**Refunds on AIAC**		
35	CSB 1.10 (d)	Refunds on Arrowhead Ranch Office	$ (7,330)	2009 per CSB 1.10
36	CSB 1.11 (d)	Refunds on Cody Farms	$ (4,596)	
37	CSB 1.11 (d)	Refunds on Riverstone (Columbia)	$ (3,295)	2006 per Sch B-2.1, p.7
38	CSB 1.12 (d)	Refunds on Arrowhead Ranch Office	$ -	2009 per Sch B-2.1, p.10
39			**$ (15,221)**	
40				
41		**Amount transferred to CIAC**	**$ 772,735**	

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

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Surrebuttal Schedule CSB-13

ORIGINAL COST RATE BASE ADJUSTMENT NO. 9
AMORTIZATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION ("CIAC")

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Amortization of CIAC	$ -	$ 288,183	$ 288,183

References:

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

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Surrebuttal Schedule CSB-14

ORIGINAL COST RATE BASE
ADJUSTMENT NO. 9 - CASH WORKING CAPITAL ALLOWANCE

		[A]	[B]	[C]
LINE NO.	**DESCRIPTION**	**PER COMPANY**	**ADJUSTMENT**	**PER STAFF**
1	Cash Working Capital Allowance	$ 96,775	$ (96,775)	$ -

References:

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

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Surrebuttal Schedule CSB-15

225960 111535 114425

SUMMARY OF REPRODUCTION COST NEW ("RCN") RATE BASE ADJUSTMENTS

LINE NO.	PLANT IN SERVICE Acct. No. - I Plant Description	[A] COMPANY AS FILED	[B] Adj No.1 Post-Test Year Plant Ref: Sch CSB-16	[C] ADJ No. 2 Inadequatedly Supported Plant Ref: Sch CSB-17	[D] ADJ No. 3 Unrecorded Plant Ref: Sch CSB-18	[E] ADJ No. 4 Expensed Plant Ref: Sch CSB-19	[F] ADJ No. 5 Other Tangible Plant Reclass Ref: Sch CSB-20	[G] ADJ No. 6 Plant Retirements Ref: Sch CSB-21	[H] ADJ No. 7 Accumulated Depreciation Ref: Sch CSB-22	[I] ADJ No. 8 CIAC Ref: Sch CSB-23	[J] ADJ No. 9 Amortization of CIAC Ref: Sch CSB-24	[K] ADJ No. 10 Cash Working Capital Allowance Ref: Sch CSB-25	[L] STAFF AS ADJUSTED
2	302 Franchises	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
3	303 Land and Land Rights	-	-	-	-	-	-	-	-	-	-	-	-
4	304 Structures and Improvements	-	-	-	84,633	-	-	-	-	-	-	-	84,633
5	307 Wells and Springs	2,368,472	-	-	-	-	-	-	-	-	-	-	2,368,472
6	309 Supply Mains	-	-	-	-	-	-	-	-	-	-	-	-
7	310 Power Generation Equipment	-	-	-	-	-	-	-	-	-	-	-	-
8	311 Pumping Equipment	1,216,357	175,113	-	-	-	26,239	(221,460)	-	-	-	-	1,196,249
9	320 Water Treatment Equipment	568,450	-	-	-	-	-	-	-	-	-	-	568,450
10	330 Distribution Reservoirs and Standpipes	2,369,625	-	(217,322)	-	-	-	-	-	-	-	-	2,152,303
11	330.2 Pressure Tanks	-	-	-	-	-	-	-	-	-	-	-	-
12	331 Transmission and Distribution Mains	8,249,988	-	-	818,365	4,656	-	-	-	-	-	-	9,073,009
13	333 Services	2,397,643	-	-	167,002	-	-	-	-	-	-	-	2,564,645
14	334 Meters and Meter Installations	126,139	-	(4,043)	-	-	-	(4,500)	-	-	-	-	117,596
15	335 Hydrants	1,810,765	-	-	142,607	-	-	-	-	-	-	-	1,953,372
16	336 Backflow Prevention Devices	-	-	-	-	-	-	-	-	-	-	-	-
17	339 Other Plant and Miscellaneous Equipment	-	-	-	-	-	-	-	-	-	-	-	-
18	340 Office Furniture and Equipment	19,273	-	-	-	-	-	-	-	-	-	-	19,273
19	340.1 Computers and Software	-	-	-	-	7,069	-	-	-	-	-	-	7,069
20	341 Transportation Equipment	1,200	-	-	-	6,512	-	-	-	-	-	-	7,712
21	343 Tools, Shop, and Garage Equipment	-	-	-	-	-	-	-	-	-	-	-	-
22	344 Laboratory Equipment	-	-	-	-	-	-	-	-	-	-	-	-
23	345 Power Operated Equipment	115,725	-	(86,000)	-	-	-	-	-	-	-	-	29,725
24	346 Communication Equipment	-	-	-	-	-	-	-	-	-	-	-	-
25	347 Miscellaneous Equipment	-	-	-	-	-	-	-	-	-	-	-	-
26	348 Other Tangible Equipment	26,239	-	-	-	-	(26,239)	-	-	-	-	-	-
27	Rounding	-	-	-	-	-	-	-	-	-	-	-	-
28	Total Plant In Service	$ 19,269,876	$ 175,113	$ (307,365)	$ 1,212,607	$ 18,236	$ -	$ (225,960)	$ -	$ -	$ -	$ -	$ 20,142,508
29	Less: Accumulated Depreciation	$ 6,937,536	$ -	$ -	$ -	$ -	$ -	$ -	$ (14,631)	$ -	$ -	$ -	6,922,905
30	Net Plant in Service	$ 12,332,340	$ 175,113	$ (307,365)	$ 1,212,607	$ 18,236	$ -	$ (225,960)	$ 14,631	$ -	$ -	$ -	$ 13,219,604
31													
32	*LESS:*												
33	Advances in Aid of Construction (AIAC)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
34	Meter Deposits - Service Line & Meter Advances	$ -	-	-	-	-	-	-	-	-	-	-	-
36	Contributions In Aid of Construction (CIAC)	$ -	-	-	-	-	-	-	-	3,259,648	-	-	3,259,648
37	Less: Accumulated Amortization of CIAC	$ -	-	-	-	-	-	-	-	-	504,845	-	504,845
38	Net CIAC	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,259,648	$ (504,845)	$ -	$ 2,754,803
40	Total Advances and Net Contributions	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,259,648	$ (504,845)	$ -	$ 2,754,803
42	Customer Deposits	$ 22,784	-	-	-	-	-	-	-	-	-	-	$ 22,784
43	Accumulated Deferred Taxes	$ -	-	-	-	-	-	-	-	-	-	-	$ -
45	*ADD:*												-
46	Cash Working Capital Allowance	$ 96,775	-	-	-	-	-	-	-	-	-	(96,775)	$ -
47		$ -	-	-	-	-	-	-	-	-	-	-	$ -
48	**Total Rate Base**	$ 12,406,331	$ 175,113	$ (307,365)	$ 1,212,607	$ 18,236	$ -	$ (225,960)	$ 14,631	$ (3,259,648)	$ 504,845	$ (96,775)	$ 10,442,017

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Surrebuttal Schedule CSB-16

RECONSTRUCT COST NEW ("RCN") Rate Base Adjustments

Line No.	Schedule Reference	Acct. No.		Original Cost	Handy-Whitman		Reconstruct Cost New	
1		RCN Rate Base Adj. No. 1 - Post-Test Year Plant (Emergency Well Repair)						
2	Sch CSB-5	311	Electric Pumping Equip	84,115	1	1	84,115	
3	Sch CSB-5	311	Electric Pumping Equip	2,029	1	1	2,029	
4	Sch CSB-5	311	Electric Pumping Equip	88,969	1	1	88,969	
5	Sch CSB-5			175,113			175,113	
6								
7		RCN Rate Base Adj. No. 2 - Inadequatedly Supported Plant						
8	Sch CSB-5	331	Mains	119,606	561	342	196,196	
9	Sch CSB-5			13,444	561	357	21,126	
10	Sch CSB-5			133,050			217,322	
11								
12	Sch CSB-5	334	Meters	3,296	525	428	4,043	
13								
14	Sch CSB-5	348	Power Operated Equip.	86,000	1	1	86,000	
15								
16								
17		RCN Rate Base Adj. No. 3 - Unrecorded Plant						
18	Engr Report	304	Structures & Improvmnts	84,633	1	1	84,633	
19								
20	Sch CSB-6	331	Mains	234,613	561	357	368,678	
21	Sch CSB-6			243,144	561	392	347,969	
22	Sch CSB-6			76,153	561	420	101,719	
23				553,910			818,365	
24								
25	Sch CSB-6	333	Services (Mains)	53,774	483	315	82,453	
26	Sch CSB-6			48,598	483	341	68,835	
27	Sch CSB-6			11,777	483	362	15,714	
28	Sch CSB-6			114,149			167,002	
29								
30	Sch CSB-6	335	Hydrants (Mains)	49,166	672	550	60,072	
31	Sch CSB-6			52,611	672	565	62,574	
32	Sch CSB-6			18,119	672	610	19,961	
33	Sch CSB-6			119,896			142,607	
34								
35								
36		RCN Rate Base Adj. No. 4 - Expensed Plant						
37	Sch CSB-7	340.1	Computers	7,069	1	1	7,069	
38		341	Transportation Equipment	6,512	1	1	6,512	
39		331	Mains	4,656	1	1	4,656	
40								
41		RCN Rate Base Adj. No. 5 - Other Tangible Plant Reclassification						
42	Sch CSB-8	311	Pumping Equip.	26,239	1	1	26,239	
43								
44								
45		RCN Rate Base Adj. No. 6 - Plant Retirements						
46	Sch CSB-9	311	Pumping Equip.	14,528	760	569	19,405	
47	Sch CSB-9	311	Pumping Equip.	4,982	760	546	6,935	
48	Sch CSB-9	311	Pumping Equip.	2,400	760	619	2,947	
49	Sch CSB-9	311	Pumping Equip.	693	760	701	751	
50	Sch CSB-9	311	Pumping Equip.	2,156	760	701	2,337	
51	Sch CSB-9	311	Pumping Equip.	2,658	760	701	2,882	
52	Sch CSB-9	311	Pumping Equip.	13,119	1	1	13,119	
53				40,536			48,376	
54								
55	PTY Pump	311	Pumping Equip.	84,115	1	1	84,115	Was $58,659 in Direct
56								
57	PTY Pump	311	Pumping Equip. - Well No. 1				59,367	
58	PTY Pump	311	Pumping Equip. - Well No. 1				29,602	
59							88,969	
60								
61	Sch CSB-9	334	Meters	4,500	1	1	4,500	
				Total Plant Retirements			225,960	

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Surrebuttal Schedule CSB-17

RECONSTRUCT COST NEW RATE BASE ADJUSTMENT NO. 7 - ACCUMULATED DEPRECIATION

LINE NO.	NARUC Acct No.	NARUC PLANT DESCRIPTION PER SCH B-4	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	304	Structures & Improvements	$ -	$ -	$ -
2	307	Wells & Springs	$ 2,103,420	$ -	$ 2,103,420
3	311	Pumping Equipment	$ 641,846	$ (152,165)	$ 489,682
4	320	Water Treatment Equip	$ 41,837	$ -	$ 41,837
5	330	Distribution Reservoirs and Standpipes	$ 662,512	$ -	$ 662,512
6	331	Transmission and Distribution Mains	$ 1,938,047	$ 95,359	$ 2,033,406
7	333	Services	$ 961,784	$ 32,809	$ 994,593
8	334	Meters and Meter Installations	$ 112,517	$ (4,500)	$ 108,017
9	335	Hydrants	$ 411,016	$ 16,489	$ 427,505
10	340	Office Furniture and Equipment	$ 17,177	$ -	$ 17,177
11	341	Transportation Equipment	$ 1,200	$ -	$ 1,200
12	345	Power Operated Equipment	$ 43,556	$ -	$ 43,556
13	348	Other Tangible Equipment	$ 2,624	$ (2,624)	$ 0
14		**Total Accumulated Depreciation**	$ 6,937,536	$ (14,631)	$ 6,922,905

ACCUMULATED DEPRECIATION RELATED TO UNRECORDED MAINS, ACCT NO 331

Date Request	Year Placed In Service	Acct No.	Description	RCN Plant Cost	Number of Interim Years	Depreciation Rate	Accumulated Depreciation
CSB 3.1	2004	331	Mains	$ 219,078	6.5	2.00%	$28,480
CSB 3.2	2004	331	Mains	$ 149,600	6.5	2.00%	$19,448
				$ 368,678			$47,928
CSB 3.1	2005	331	Mains	$ 34,911	5.5	2.00%	$3,840
CSB 3.2	2005	331	Mains	$ 286,725	5.5	2.00%	$31,540
CSB 3.2	2005	331	Mains	$ 26,333	5.5	2.00%	$2,897
				$ 347,969			$38,277
CSB 1.2 & 3.3	2006	331	Mains	$ 101,719	4.5	2.00%	$9,155
				$818,365			$95,359

ACCUMULATED DEPRECIATION RELATED TO UNRECORDED SERVICES, ACCT NO 333

Date Request	Year Placed In Service	Acct No.	Description	RCN Plant Cost	Number of Interim Years	Depreciation Rate	Accumulated Depreciation
CSB 3.1	2004	331	Services	$ 29,017	6.5	3.33%	$6,281
CSB 3.2	2004	331	Services	$ 53,437	6.5	3.33%	$11,566
				$ 82,453			$17,847
CSB 3.1	2005	331	Services	$ 17,667	5.5	3.33%	$3,236
CSB 3.2	2005	331	Services	$ 39,731	5.5	3.33%	$7,277
CSB 3.2	2005	331	Services	$ 11,438	5.5	3.33%	$2,095
				$ 68,835			$12,607
CSB 1.2 & 3.3	2006	331	Services	$ 15,714	4.5	3.33%	$2,355
				$167,002			$32,809

ACCUMULATED DEPRECIATION RELATED TO UNRECORDED HYDRANTS, ACCT NO 335

Date Request	Year Placed In Service	Acct No.	Description	RCN Plant Cost	Number of Interim Years	Depreciation Rate	Accumulated Depreciation
CSB 3.1	2004	331	Hydrants	$ 25,861	6.5	2.00%	$3,362
CSB 3.2	2004	331	Hydrants	$ 34,211	6.5	2.00%	$4,447
				$ 60,072			$7,809
CSB 3.1	2005	331	Hydrants	$ 16,783	5.5	2.00%	$1,846
CSB 3.2	2005	331	Hydrants	$ 37,465	5.5	2.00%	$4,121
CSB 3.2	2005	331	Hydrants	$ 8,326	5.5	2.00%	$916
				$ 62,574			$6,883
CSB 1.2 & 3.3	2006	331	Hydrants	$ 19,981	4.5	2.00%	$1,796
				$142,607			$16,489

ACCUMULATED DEPRECIATION RELATED TO RETIREMENTS

Date Request	Reference	Acct No.	Description	RCN Plant Cost	Number of Interim Years	Depreciation Rate	Amnt Removed from Acc Depr
CSB 3.7	Schedule CSB-7	311	Pumping Equip	$ (48,376)	n/a	n/a	$ (48,376)
CSB 3.7	Schedule CSB-7	334	Meters	$ (4,500)	n/a	n/a	$ (4,500)
				$ (52,876)			$ (52,876)

ACCUMULATED DEPRECIATION ADJUSTMENT ON PUMPS FULLY DEPRECIATED IN SAME YEAR PLACED IN SERVICE

Col A	Col B	Col C	Col D	Col E	Col F	Col G	Col H	Col I	Col J
Year	Reference	Acct No.	Description	RCN Plant Cost	Number of Interim Years	Depreciation Rate	Depr Expense Col E x Col F x Col G	Recorded Depreciation	Difference Col H - Col I
2003	Exhibit RLJ-DT2, Sch B-2.1, P4	311	Pumping Equip	$ 16,837	7.5	12.5%	$ 15,785	$ 16,837	$ (1,052)
2004	Exhibit RLJ-DT2, Sch B-2.1, P5	311	Pumping Equip	$ 41,287	6.5	12.5%	$ 33,546	$ 41,287	$ (7,741)
2005	Exhibit RLJ-DT2, Sch B-2.1, P6	311	Pumping Equip	$ 53,693	5.5	12.5%	$ 36,914	$ 53,693	$ (16,779)
2010	Data Requ Resp 1.3 Invoice ID #27	311	Pumping Equip	$ 28,447	2.5	12.5%	$ 8,890	$ 28,447	$ (19,558)
				$ 140,264			$ 95,134	$ 140,264	$ (45,130)

ACCUMULATED DEPRECIATION RELATED TO POST-TEST YEAR RELATED RETIREMENT

Year	Reference	Acct No.	Description	RCN Cost
2000	RCN Rate Adj No. 1	311	Pumping Equip	$ (58,659)

ACCUMULATED DEPRECIATION RELATED TO OTHER TANGIBLE PLANT RECLASSIFICATION

Date Request	Schedule	Acct No.	Description	Plant Cost	Number of Interim Years	Depreciation Rate	Amount Removed from Accum Depr
3.4 (f) (3)	Sch CSB-9 & Company Rebuttal Test	348	Othr Tang. Plant	$ 26,239	1	10.0%	$ 2,624

Column A: Company Exhibit RLJ-DT2, Schedule B-2.1, Page 12
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

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Surrebuttal Schedule CSB-18

Reconstruction ?

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

		[A]	[B]	[C]
LINE NO.	**DESCRIPTION**	**PER COMPANY**	**STAFF ADJUSTMENTS**	**STAFF AS ADJUSTED**
1	CIAC from Last Rate Case	$ -	$ 2,117,237	$ 2,117,237
2	CIAC from Intervening Years	$ -	$ 1,142,411	$ 1,142,411
3	Total CIAC	$ -	$ 3,259,648	$ 3,259,648
4				

References:

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

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Surrebuttal Schedule CSB-19

RECONSTRUCT COST NEW RATE BASE
ADJUSTMENT NO. 9 - AMORTIZATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION ("CIAC")

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Amortization of CIAC	$ -	$ 504,845	$ 504,845

References:

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

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Surrebuttal Schedule CSB-20

RECONSTRUCT COST NEW RATE BASE
ADJUSTMENT NO. 10 - CASH WORKING CAPITAL ALLOWANCE

		[A]	[B]	[C]
LINE NO.	**DESCRIPTION**	**PER COMPANY**	**ADJUSTMENT**	**PER STAFF**
1	Cash Working Capital Allowance	$ 96,775	$ (96,775)	$ -

References:

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

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Surrebuttal Schedule CSB-21

OPERATING INCOME - TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] COMPANY TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	ADJ NO.	[C] STAFF TEST YEAR AS ADJUSTED	[D] STAFF PROPOSED CHANGES	[E] STAFF RECOMMENDED
	REVENUES:						
1	Metered Water Sales	$ 1,234,701			$ 1,234,701	$ 419,321	$ 1,654,022
2	Water Sales - Unmetered	-	-		-		-
3	Other Operating Revenues	25,727	-		25,727	3,060	28,787
4	**Total Revenues**	$ 1,260,428	$ -		$ 1,260,428	$ 422,381	$ 1,682,809
5							
6	*EXPENSES:*						
7	Salaries and Wages	$ 77,200	$ -		$ 77,200	$ -	$ 77,200
8	Salaries and Wages-Officers & Directors	210,000	-		210,000	-	210,000
9	Employee Pensions & Benefits	22,326	14,400	1	36,726	-	36,726
10	Purchased Power	159,775	-		159,775	-	159,775
11	Chemicals	15,338	(11,957)	2	3,381	-	3,381
12	Repairs and Maintenance	108,314	(56,273)	3	52,041	-	52,041
13	Office Supplies Expense	-	15,466	4	15,466	-	15,466
14	Contractual Services - Accounting	8,428	(2,423)	5	6,005	-	6,005
15	Contractual Services - Legal	23,128	(16,231)	6	6,897	-	6,897
16	Contractual Services - Management Fees	75,000	(75,000)	7	-	-	-
17	Contractual Services - Testing	-	10,636	8	10,636	-	10,636
18	Contractual Services - Other	54,479	(7,307)	9	47,172	-	47,172
19	Rent - Building	-	26,580	10	26,580	-	26,580
20	Rent - Equipment	24,000	(13,164)	11	10,836	-	10,836
21	Transportation Expense	26,580	(13,329)	12	13,251	-	13,251
22	Insurance - General Liability	6,003	-		6,003	-	6,003
23	Insurance - Workman's Compensation	872	-		872	-	872
24	Reg. Comm. Exp. - Rate Case	50,000	-		50,000	-	50,000
25	Reg. Comm. Exp. - Other	-	-		-	-	-
26	Bad Debt Expense	7,688	(5,125)	13	2,563	859	3,422
27	Miscellaneous Expense	61,587	(16,790)	14	44,797		44,797
28	Depreciation Expense	245,585	(174,458)	15	71,127		71,127
29	Taxes Other Than Income	19,638	-		19,638		19,638
30	Property Taxes	60,348	-		60,348	6,741	67,089
31	Income Taxes	510	93,678	16	94,188	156,130	250,318
32	Interest Expense - Customer Deposits	-	1,367	17	1,367		1,367
33	**Total Operating Expenses**	$ 1,256,799	$ (229,930)		$ 1,026,869	$ 163,729	$ 1,190,599
34							
35	**Operating Income (Loss)**	$ 3,629	$ 229,930		$ 233,559	$ 255,592	$ 492,210

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

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SUMMARY OF OPERATING INCOME ADJUSTMENTS - TEST YEAR

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] ADJ #1 Employee Benefits Expense Ref: Sch CSB-23	[C] ADJ #2 Chemicals Expense Ref: Sch CSB-24	[D] ADJ #3 Repair & Maintenance Expense Ref: Sch CSB-25	[E] ADJ #4 Office Supplies Expense Ref: Sch CSB-26	[F] ADJ #5 Contractual Services Accounting Ref: Sch CSB-27	[G] ADJ #6 Contractual Services Legal Ref: Sch CSB-28	[H] ADJ #7 Contractual Services Management Fees Ref: Sch CSB-29	[I] ADJ #8 Contractual Services Water Testing Ref: Sch CSB-30	[J] ADJ #9 Contractual Services Other Ref: Sch CSB-31	[K] Subtotal
	REVENUES:											
1	Metered Water Sales	$ 1,234,701	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,234,701
2	Water Sales - Unmetered	-	-	-	-	-	-	-	-	-	-	-
3	Other Operating Revenues	25,727	-	-	-	-	-	-	-	-	-	25,727
4	**Total Revenues**	$ 1,260,428	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,260,428
5												
6	*OPERATING EXPENSES:*											
7	Salaries and Wages	$ 77,200	-	-	-	-	-	-	-	-	-	$ 77,200
8	Salaries and Wages-Officers & Directors	210,000	-	-	-	-	-	-	-	-	-	210,000
9	Employee Pensions & Benefits	22,326	14,400	-	-	-	-	-	-	-	-	36,726
10	Purchased Power	159,775	-	-	-	-	-	-	-	-	-	159,775
11	Chemicals	15,338	-	(11,957)	-	-	-	-	-	-	-	3,381
12	Repairs and Maintenance	108,314	-	-	(56,273)	-	-	-	-	-	-	52,041
13	Office Supplies Expense	-	-	-	-	15,466	-	-	-	-	-	15,466
14	Contractual Services - Accounting	8,428	-	-	-	-	(2,423)	-	-	-	-	6,005
15	Contractual Services - Legal	23,128	-	-	-	-	-	(16,231)	-	-	-	6,897
16	Contractual Services - Management Fees	75,000	-	-	-	-	-	-	(75,000)	-	-	-
17	Contractual Services - Testing	-	-	-	-	-	-	-	-	10,636	-	10,636
18	Contractual Services - Other	54,479	-	-	-	-	-	-	-	-	(7,307)	47,172
19	Rent - Buildings	-	-	-	-	-	-	-	-	-	-	-
20	Rent - Equipment	24,000	-	-	-	-	-	-	-	-	-	24,000
21	Transportation Expense	26,580	-	-	-	-	-	-	-	-	-	26,580
22	Insurance - General Liability	6,003	-	-	-	-	-	-	-	-	-	6,003
23	Insurance - Workman's Compensation	872	-	-	-	-	-	-	-	-	-	872
24	Reg. Comm. Exp. - Rate Case	50,000	-	-	-	-	-	-	-	-	-	50,000
25	Reg. Comm. Exp. - Other	-	-	-	-	-	-	-	-	-	-	-
26	Bad Debt Expense	7,688	-	-	-	-	-	-	-	-	-	7,688
27	Miscellaneous Expense	61,587	-	-	-	-	-	-	-	-	-	61,587
28	Depreciation Expense	245,585	-	-	-	-	-	-	-	-	-	245,585
29	Taxes Other Than Income	19,638	-	-	-	-	-	-	-	-	-	19,638
30	Property Taxes	60,348	-	-	-	-	-	-	-	-	-	60,348
31	Income Taxes	510	-	-	-	-	-	-	-	-	-	510
32	Interest Expense - Customer Deposits	-	-	-	-	-	-	-	-	-	-	-
33	**Total Operating Expenses**	$ 1,256,799	$ 14,400	$ (11,957)	$ (56,273)	$ 15,466	$ (2,423)	$ (16,231)	$ (75,000)	$ 10,636	$ (7,307)	$ 1,128,110
34												
35	**Operating Income (Loss)**	$ 3,629	$ (14,400)	$ 11,957	$ 56,273	$ (15,466)	$ 2,423	$ 16,231	$ 75,000	$ (10,636)	$ 7,307	$ 132,318

SUMMARY OF OPERATING INCOME ADJUSTMENTS - TEST YEAR CONTINUED

LINE NO.	DESCRIPTION	[L] ADJ #10 Rents Buildings Ref: Sch CSB-32	[M] ADJ #11 Rents Equipment (Vehicles) Ref: Sch CSB-33	[N] ADJ #12 Transportation Expense Ref: Sch CSB-34	[O] ADJ #13 Bad Debt Expense Ref: Sch CSB-35	[P] ADJ #14 Miscellaneous Expense Ref: Sch CSB-36	[Q] ADJ #15 Depreciation Expense Ref: Sch CSB-37	[R] ADJ #16 Income Tax Allowance Ref: Sch CSB-38	[S] ADJ #17 Interest Expense on Customer Deposits Ref: Sch CSB-39	[U] STAFF ADJUSTED
	REVENUES:									
1	Metered Water Sales	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,234,701
2	Water Sales - Unmetered	-	-	-	-	-	-	-	-	-
3	Other Operating Revenues	-	-	-	-	-	-	-	-	25,727
4	**Total Revenues**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,260,428
5										
6	*OPERATING EXPENSES:*									
7	Salaries and Wages	-	-	-	-	-	-	-	-	77,200
8	Salaries and Wages-Officers & Directors	-	-	-	-	-	-	-	-	210,000
9	Employee Pensions & Benefits	-	-	-	-	-	-	-	-	36,726
10	Purchased Power	-	-	-	-	-	-	-	-	159,775
11	Chemicals	-	-	-	-	-	-	-	-	3,381
12	Repairs and Maintenance	-	-	-	-	-	-	-	-	52,041
13	Office Supplies Expense	-	-	-	-	-	-	-	-	15,466
14	Contractual Services - Accounting	-	-	-	-	-	-	-	-	6,005
15	Contractual Services - Legal	-	-	-	-	-	-	-	-	6,897
16	Contractual Services - Management Fees	-	-	-	-	-	-	-	-	-
17	Contractual Services - Testing	-	-	-	-	-	-	-	-	10,636
18	Contractual Services - Other	-	-	-	-	-	-	-	-	47,172
19	Rent - Buildings	26,580	-	-	-	-	-	-	-	26,580
20	Rent - Equipment	-	(13,164)	-	-	-	-	-	-	10,836
21	Transportation Expense	-	-	(13,329)	-	-	-	-	-	13,251
22	Insurance - General Liability	-	-	-	-	-	-	-	-	6,003
23	Insurance - Workman's Compensation	-	-	-	-	-	-	-	-	872
24	Reg. Comm. Exp. - Rate Case	-	-	-	-	-	-	-	-	50,000
25	Reg. Comm. Exp. - Other	-	-	-	-	-	-	-	-	-
26	Bad Debt Expense	-	-	-	(5,125)	-	-	-	-	2,563
27	Miscellaneous Expense	-	-	-	-	(16,790)	-	-	-	44,797
28	Depreciation Expense	-	-	-	-	-	(174,458)	-	-	71,127
29	Taxes Other Than Income	-	-	-	-	-	-	-	-	19,638
30	Property Taxes	-	-	-	-	-	-	-	-	60,348
31	Income Taxes	-	-	-	-	-	-	93,678	-	94,188
32	Interest Expense - Customer Deposits	-	-	-	-	-	-	-	1,367	1,367
33	**Total Operating Expenses**	$ 26,580	$ (13,164)	$ (13,329)	$ (5,125)	$ (16,790)	$ (174,458)	$ 93,678	$ 1,367	$ 1,026,869
34										
35	**Operating Income (Loss)**	$ (26,580)	$ 13,164	$ 13,329	$ 5,125	$ 16,790	$ 174,458	$ (93,678)	$ (1,367)	$ 233,559

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Surrebuttal Schedule CSB-23

OPERATING INCOME ADJUSTMENT NO. 1 - EMPLOYEE PENSIONS AND BENEFITS

		[A]	[B]	[C]
LINE NO.	DESCRIPTION	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Employee Pensions and Benefits	$ 22,326	$ -	$ 22,326
2	Reclassified from Management Fees	-	14,400	14,400
3	Total	$ 22,326	$ 14,400	$ 36,726

References:

Column A: Company Schedule C-2

Column B: Testimony, CSB; Data Request CSB 1.20 c

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

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Surrebuttal Schedule CSB-24

OPERATING INCOME ADJUSTMENT NO. 2 - CHEMICALS EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Chemicals Expense	$ 15,338	$ (11,957)	$ 3,381

References:

Column A: Company Schedule C-2

Column B: Testimony, CSB; Data Request CSB 1.21

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

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Surrebuttal Schedule CSB-25

OPERATING INCOME ADJUSTMENT NO. 3 - REPAIRS AND MAINTENANCE EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED	
1	2011 Actual Repairs & Maintenance Expense	$ 76,981	$ -	$ 76,981	
2	Inadequately Supported Credit Card Purchases	-	(24,475)	(24,475)	From Line 43
3	Company Pro forma Adj for Tank Painting	31,333	(31,333)	-	
4	Staff Pro forma Adj for Arsenic Media	-	15,000	15,000	From Line 53
5	Office Suppl Exp Incorrectly Included In R&M	-	(15,466)	(15,466)	CSB 1.22
6	Total Repairs & Maintenance	$ 108,314	$ (56,273)	$ 52,041	
7					
8					

	Repair & Maintenance Related Purchases Made On Personal Credit Card		
9		CSB 1.22 & CSB 6.7	
10			
11	Home Depot	$ 1,137.37	
12	Lowe's	8.77	
13	A&G Turf	321.59	
14	QT	443.06	
15	AZ Lawn King	26.74	
16	Wagner Equipment	963.29	
17	Dunn Edwards	24.40	
18	Amerigas Propane	70.70	
19	USPS	461.49	
20	Harbor Freight	119.98	
21	Ace Hardware	564.23	
22	Dealer's Tire Supply	621.39	
23	Hardware Plus	29.40	
24	S&S Tire Peoria	1,174.78	
25	Border's Turf & Tractor	32.83	
26	Danny's Family Car Wash	82.99	
27	Bigham Equipment	310.33	
28	Fed Ex	37.32	
29	Sprinkler World	761.49	
30	WW Grainger	113.84	
31	Chevy's 2040	58.99	
32	Office Max	472.17	
33	AOL Service	310.80	
34	Ever Ready Glass	195.00	
35	Firestone	952.50	
36	Thunderbird Automotive	32.55	
37		9,328.00	Total To Be Allocated
38	x	33.33%	
39	Allowed Personal Credit Card Purchases	3,109.02	33.33% To Owner; 33.33% to Cody Farms, 33.33% New River
40			
41		$ 27,583.80	Total Purchases on Personal Credit Card
42		$ (3,109.02)	Allocation to New River
43	Staff's Adjustment	$ 24,474.78	Amount Disallowed
44			
45			
46			

		Normalized Arsenic Media Costs	
47			
48			
49			
50		CSB 3.9 & 5.3	
51	Actual Cost of Arsenic Media	$ 75,000	
52	Divided by	5	Years
53		$ 15,000	

References:

Column A: Company Schedule C-2
Column B: Testimony, CSB; Data Request CSB 1.22 & CSB 3.9
Column C: Column [A] + Column [B]

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Surrebuttal Schedule CSB-26

OPERATING INCOME ADJUSTMENT NO. 4 - OFFICE SUPPLIES EXPENSE

		[A]	[B]	[C]
LINE NO.	DESCRIPTION	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Office Supplies Expense	$ -	$ -	$ -
2	To Reclassify from Rep & Maint to Off Suppl	-	15,466	15,466
3	Total	$ -	$ 15,466	$ 15,466

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB; Data Request CSB 1.22
Column C: Column [A] + Column [B]

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Surrebuttal Schedule CSB-27

OPERATING INCOME ADJUSTMENT NO. 5 - CONTRACTUAL SERVICES, ACCOUNTING

		[A]	[B]	[C]
LINE NO.	DESCRIPTION	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Contractual Services, Accounting	$ 8,428	$ (2,423)	$ 6,005
2				
3				
4			Thomas	
5			Bourassa	
6			Invoice	
7	Work performed for billcounts		$ 2,423	CSB 1.25

References:

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

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Surrebuttal Schedule CSB-28

OPERATING INCOME ADJUSTMENT NO. 6 - CONTRACTUAL SERVICES, LEGAL

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Contractual Services, Legal	$ 23,128	$ -	$ 23,128
2	Incorrectly Booked to New River (CSB 1.26)	-	(2,005)	(2,005)
3	Incorrectly Booked to New River (CSB 6.5)		(419)	(419)
4	To Remove Unsupported Cost (CSB 6.5)	-	(1,716)	(1,716)
5	To Normalize Costs Related to Payment Dispute		(7,435)	(7,435)
6	To Capitalize Costs Related To Interconnection		(4,656)	(4,656)
7		$ 23,128	$ (16,231)	$ 6,897
8				
9				

	Vendor	Description	Amount
10			
11	Fennemore Craig	Interconnection Agreement	$ 3,891
12	Ryley Carlock	Interconnection Agreement	$ 765
13			$ 4,656
14			
15			

		Normalized Costs	
16			
17			
18	Legal Costs Related to Payment Dispute With Customer	$ 7,531	CSB 6.6
19	Legal Costs Related To Title To Well	$ 3,621	CSB 6.6
20	Total Costs to Be Normalized	$ 11,152	
21	Normalized using three years	3	
22	Normalized amount	$ 3,717	
23			
24	Total Costs to Be Normalized	$ 11,152	
25	Less: Normalized amount	$ (3,717)	
26	Staff's Adjustment	$ 7,435	

References:

Column A: Company Schedule C-1 & E-2
Column B: Testimony, CSB; Data Request CSB 1.26
Column C: Column [A] + Column [B]

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Surrebuttal Schedule CSB-29

OPERATING INCOME ADJUSTMENT NO. 7 - CONTRACTUAL SERVICES, MANAGEMENT FEES

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Contractual Services, Management Fees	$ 75,000	$ -	$ 75,000
2	To Reclassify Employee Benefits (Employee Housing)	-	(14,400)	(14,400)
3	To Reclassify Rental of Workshop Space	-	(12,000)	(12,000)
4	To Reclassify Rental of Bus. Off. & 87th Ave Booster Plant Prop	-	(48,600)	(48,600)
5		$ 75,000	$ (75,000)	$ -
6				
7				

	Data Request	Amount	Description
8			
9	CSB 1.27 (a)	$ 75,000	Management Fees
10	CSB 1.20	$ (14,400)	Employee Benefit (Housing)
11	CSB 1.16	$ (12,000)	Rental of Workshop Space
12	CSB 6.1	$ (48,600)	Rental of Business Off & 87th Ave Booster Plant Property
13		$ -	

References:

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

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Surrebuttal Schedule CSB-30

OPERATING INCOME ADJUSTMENT NO. 8 - CONTRACT SRVCS., WATER TESTING EXPENSE

		[A]	[B]	[C]
LINE NO.	**DESCRIPTION**	**COMPANY AS FILED**	**STAFF ADJUSTMENTS**	**STAFF AS ADJUSTED**
1	Contractual Services - Testing	$ -	$ -	$ -
2	Reclassified from Contractual Srvcs, Other	-	13,489	13,489
3	To Remove Company's Water Testing Exp	-	(13,489)	(13,489)
4	To Reflect Staff's Water Testing Expense	-	10,636	10,636
5	Total	$ -	$ 10,636	$ 10,636

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB; Data Request CSB 1.29
Column C: Column [A] + Column [B]

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Surrebuttal Schedule CSB-31

OPERATING INCOME ADJUSTMENT NO. 9 - CONTRACTUAL SERVICES, OTHER

		[A]	[B]	[C]	
LINE NO.	DESCRIPTION	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED	
1	Contractual Services, Other	$ 54,479	$ -	$ 54,479	
2	Reclassified from Chemicals Expense	-	11,957	11,957	
3	To Reclassify Water Testing Expenses	-	(13,489)	(13,489)	Co.'s Rebuttal
4	To Remove Legal Costs Related to Affiliate	-	$ (5,775)	(5,775)	From Line 8
5		$ 54,479	$ (7,307)	$ 47,172	
6					
7					
8	Griffin & Associates (CSB 1.29)		$ 5,775	Legal Expense	
9					

References:

Column A: Company Schedule C-2

Column B: Testimony, CSB; Company Data Request Response to CSB 1.29

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

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Surrebuttal Schedule CSB-32

OPERATING INCOME ADJUSTMENT NO. 10 - RENT, BUILDINGS

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED	
1	Rent, Buildings	$ -	$ -	$ -	
2	Reclassified from Mgmnt Fees, Workshop		12,000	12,000	
3	To Adjust to Staff's Recommended Costs		(9,000)	(9,000)	
4	Staff's Recommended Workshop Rent Costs	-	3,000	3,000	From Line 20
5					
6	Reclassified from Mgmnt Fees, Bus. Off. & 87th Ave Booster Plant Prop	-	48,600	48,600	
7	To Adjust to Staff's Recommended Costs		(25,020)	(25,020)	
8	Staff's Recommended Rent Costs for Business Office	-	23,580	23,580	From Line 32
9					
10	Total for Workshop and Business Office	-	26,580	26,580	
11					
12					
13		Calculation			
14		of Workshop			
15		Rental Cost			
16	Cost for Renting 4,000 sq. ft. Workshop Facility	$ 12,000	Per Year		
17	Divided By	4,000	Square Feet		
18	Cost Per Square Foot	$ 3			
19	Multiplied by Staff Recommended Squ Footage	1,000	Square Feet		
20	Staff's Recommended Annual Cost	$ 3,000	For Workshop		
21					
22	Annual Workshop Facility Cost	$ 12,000	Per Company		
23	Less:	$ 3,000	Staff's Recommended Annual Cost		
24		$ 9,000	Staff's Adjustment		
25					
26					
27		Calculation of			
28		Business Off.			
29		Rental Cost			
30	Staff's Recommended	$ 1,965	Per Month		
31	Multiplied by	12	Months		
32	Staff's Recommended Annual Cost	$ 23,580	for Business Office		
33					
34	Annual Workshop Facility Cost	$ 48,600	Per Company		
35	Less:	$ 23,580	Staff's Recommended Annual Cost		
36		$ 25,020	Staff's Adjustment		

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB; Data Request CSB 6.1 & 6.2
Column C: Column [A] + Column [B]

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Surrebuttal Schedule CSB-33

OPERATING INCOME ADJUSTMENT NO. 11 - RENT, EQUIPMENT (VEHICLES)

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Rent, Equipment (Vehicles)	$ 22,000	$ (13,164)	$ 8,836
2				
3				
4				

		Estimated Monthly Lease Cost CSB 2.2	Work Days In Month	Daily Rate	Avg. Est. Number of Days Used Per Month	Monthly Cost	Annual Cost
9	Bob Fletcher's Truck	$ 400	22	$ 18.18	11	$ 200.00	$ 2,400.00
10	Karen Fletcher's Truck	$ 400	22	$ 18.18	0	$ -	$ -
11	Florintino Ibbera's Truck	$ 400	22	$ 18.18	22	$ 400.00	$ 4,800.00
12	Tracy Dalgleich's Truck	$ 200	22	$ 9.09	11	$ 100.00	$ 1,200.00
13	1997 Trailer	$ 100	22	$ 4.55	3	$ 13.64	$ 163.64
14	1999 Trailer	$ 100	22	$ 4.55	1	$ 4.55	$ 54.55
15		$ 1,600				$ 718.18	$8,618.18
16							
17	1989 Forklift	$ 400	22	$ 18.18	1	$ 18.18	$ 218.18
18	Total	$ 2,000				$ 736.36	$8,836.36

References:

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

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Surrebuttal Schedule CSB-34

OPERATING INCOME ADJUSTMENT NO. 12 - TRANSPORTATION EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED	
1	Transportation Expense, Gas & Oil Costs	$ 17,314	$ -	$ 17,314	
2	To Remove Oil & Gas Costs of Disallowed Truck	-	(2,797)	(2,797)	From line 20
3	Transportation Expense, Repair & Maintenance	9,265	-	9,265	
4	To Remove Costs of the Affiliate	-	(4,020)	(4,020)	CSB 6.6
5	To Capitalize Engine Rebuild Costs	-	(6,512)	(6,512)	CSB 6.6
6		$ 26,580	$ (13,329)	$ 13,251	
7					
8					
9	Gas and Oil Costs for all Vehicles		$ 17,314		
10	Less: Costs to be Normalized		$ (2,106)		
11	Less: Costs to be Normalized		$ (4,021)		
12	Costs for 4 Vehicles		$ 11,188		
13	Divided by		4	Vehicles	
14			$ 2,797	Oil and Gas Costs Per Vehicle	
15			x 3	Vehicles	
16			$ 8,391	Oil and Gas Costs for 3 Vehicles	
17					
18			$ 11,188	Total Gas and Oil Purchases	
19			$ 8,391	Amount Allowed from line 16	
20	Staff's Adjustment		$ 2,797	Oil and Gas costs disallowed for truck	
21					

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB; Data Request CSB 1.31 and 6.6
Column C: Column [A] + Column [B]

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Surrebuttal Schedule CSB-35

OPERATING INCOME ADJUSTMENT NO. 13 - BAD DEBT EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Bad Debt Expense	$ 7,688	$ (5,125)	$ 2,563
2				
3				
4				
5			Bad Debt Expense	
6		2009	$ -	
7		2010	$ -	
8		2011	$ 7,688	
9			$ 7,688	
10		Divided by	3	Years
11			$ 2,563	Normalized Amount
12		Bad Debt Expense Per Company	$ 7,688	From Line 9
13		Staff's Adjustment	$ (5,125)	

References:

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

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Surrebuttal Schedule CSB-36

OPERATING INCOME ADJUSTMENT NO. 14 - MISCELLANEOUS EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Miscellaneous Expense	$ 61,587	$ -	$ 61,587
2	To Remove Meals and Entertainment	-	(13,427)	(13,427)
4	To Remove Donations	-	(3,363)	(3,363)
5	To Remove Business Promotions Costs	-	(3,597)	(3,597)
6		$ 61,587	$ (16,790)	$ 44,797
7				
8		Data Request CSB 1.19		
9		Meals and		Business
10		Entertainment	Donations	Promotions
11		$ 550.00	$ 1,000.00	$ 2,096.81
12		300.00	500.00	1,000.00
13		6,500.00	1,313.02	500.00
14		1,048.80	500.00	3,596.81
15		226.25	50.00	
16		137.77	$ 3,363	
17		181.85		
18		828.36		
19		364.71		
20		311.42		
21		216.77		
22		417.49		
23		108.84		
24		56.08		
25		460.47		
26		656.40		
27		427.29		
		45.72		
		460.85		
		128.16		
		$ 13,427		

References:

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

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Surrebuttal Schedule CSB-37

OPERATING INCOME ADJUSTMENT NO. 15 - DEPRECIATION EXPENSE ON ORIGINAL COAST TEST YEAR PLANT

LINE NO.		DESCRIPTION	[A] PLANT In SERVICE Per Staff	[B] NonDepreciable or Fully Depreciated PLANT	[C] DEPRECIABLE PLANT (Col A - Col B)	[D] DEPRECIATION RATE	[E] DEPRECIATION EXPENSE (Col C x Col D)
1	302	Franchises	$ -	$ -	$ -	0.00%	$ -
2	303	Land and Land Rights	75,181	(75,181)	-	0.00%	
3	304	Structures and Improvements	84,633	-	84,633	3.33%	2,818
4	306	Lake, River, and Other Intakes	-	-	-	2.50%	-
5	307	Wells and Springs	795,021	-	795,021	3.33%	26,474
6	309	Supply Mains	-	-	-	2.00%	-
7	310	Power Generation Equipment	-	-	-	5.00%	-
8	311	Pumping Equipment	978,918	(812,922)	165,996	5.00%	8,300
9	320	Water Treatment Equipment	383,055	-	383,055	3.33%	12,756
10	330	Distribution Reservoirs and Standpipes	1,046,963	-	1,046,963	2.22%	23,243
11	330.2	Pressure Tanks	-	-	-	5.00%	-
12	331	Transmission and Distribution Mains	1,827,529	-	1,827,529	2.00%	36,551
13	333	Services	350,474	-	350,474	3.33%	11,671
14	334	Meters and Meter Installations	118,343	-	118,343	8.33%	9,858
15	335	Hydrants	313,089	-	313,089	2.00%	6,262
16	336	Backflow Prevention Devices	-	-	-	6.67%	-
17	339	Other Plant and Miscellaneous Equipment	-	-	-	6.67%	-
18	340	Office Furniture and Equipment	19,273	-	19,273	6.67%	1,286
19	340.1	Computers and Software	7,069	-	7,069	20.00%	1,414
20	341	Transportation Equipment	7,712	(1,200)	6,512	20.00%	1,302
21	343	Tools, Shop, and Garage Equipment	-	-	-	5.00%	-
22	344	Laboratory Equipment	-	-	-	10.00%	-
23	345	Power Operated Equipment	29,725	-	29,725	5.00%	1,486
24	346	Communication Equipment	-	-	-	10.00%	-
25	347	Miscellaneous Equipment	-	-	-	10.00%	-
26	348	Other Tangible Equipment	-	-	-	10.00%	-
27		Total Plant	$ 6,036,984	$ (889,303)	$ 5,147,681		$ 143,420
28							
29							
30							
31		Composite Depreciation Rate (Depr Exp / Depreciable Plant):	2.79%				
32		CIAC:	$ 2,594,744				
33		Amortization of CIAC (Line 31 x Line 32):	$ 72,292				
34							
35		Depreciation Expense Before Amortization of CIAC:	$ 143,420				
36		Less Amortization of CIAC:	$ 72,292				
37		Test Year Depreciation Expense - Staff:	$ 71,127				
38		Depreciation Expense - Company:	245,585				
39		**Staff's Total Adjustment:**	**$ (174,458)**				

Year Placed In Service	Acct. No. 311 Pumping Equip.
2003	$ 12,096
2004	$ 30,911
2005	$ 43,166
2010	$ 26,239
	$ 112,412

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

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Surrebuttal Schedule CSB-38

OPERATING INCOME ADJUSTMENT NO. 16 - INCOME TAX ALLOWANCE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED	
1	Income Tax Allowance on Test Year Revenue	$ 510	$ 93,678	$ 94,188	From Sch CSB-2, P.1

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

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Surrebuttal Schedule CSB-39

OPERATING INCOME ADJUSTMENT NO. 17 - INTEREST EXPENSE ON CUSTOMER DEPOSITS

		[A]	[B]	[C]
LINE NO.	DESCRIPTION	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Interest Expense on Customer Deposits	$ -	$ 1,367	$ 1,367

Customer Deposits Balance	$	22,784
Multiplied by		6.0%
	$	1,367

References:

Column A: Company Schedule C-2

Column B: Testimony, CSB; Data Request CSB 1.21

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

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Surrebuttal Schedule CSB-40

OPERATING INCOME ADJUSTMENT NO. 10 - PROPERTY TAX EXPENSE

LINE NO.	Property Tax Calculation	[A] STAFF AS ADJUSTED	[B] STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues	$ 1,260,428	$ 1,260,428
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	2,520,856	$ 2,520,856
4	Staff Recommended Revenue, Per Schedule CSB-1	1,260,428	$ 1,682,809
5	Subtotal (Line 4 + Line 5)	3,781,284	4,203,665
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	1,260,428	$ 1,401,222
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	2,520,856	$ 2,802,443
10	Plus: 10% of CWIP -	-	-
11	Less: Net Book Value of Licensed Vehicles	-	$ -
12	Full Cash Value (Line 9 + Line 10 - Line 11)	2,520,856	$ 2,802,443
13	Assessment Ratio	20.0%	20.0%
14	Assessment Value (Line 12 * Line 13).	504,171	$ 560,489
15	Composite Property Tax Rate	11.9697%	11.9697%
			$ -
16	Staff Test Year Adjusted Property Tax (Line 14 * Line 15)	$ 60,348	
17	Company Proposed Property Tax	60,348	
18	Staff Test Year Adjustment (Line 16-Line 17)	$ (0)	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		$ 67,089
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		$ 60,348
21	Increase in Property Tax Expense Due to Increase in Revenue Requirement		$ 6,741
22	Increase to Property Tax Expense		$ 6,741
23	Increase in Revenue Requirement		422,381
24	Increase to Property Tax per Dollar Increase in Revenue (Line19/Line 20)		1.595960%

Monthly Minimum Charge	Present	Company Proposed Rates	Staff Recommended Rates
Meter Size (All Classes):			
5/8 x 3/4 Inch	$ 7.50	$ 14.00	$ 12.40
3/4 Inch	7.50	14.00	12.40
1 Inch	18.75	35.00	21.00
1 1/2 Inch	37.50	70.00	43.00
2 Inch	60.00	112.00	68.00
3 Inch	120.00	224.00	136.00
4 Inch	190.00	350.00	212.00
6 Inch	375.00	700.00	425.00
8 Inch	750.00	1,400.00	680.00
Gallons Included In Monthly Minimum Charge	0	0	0
Commodity Charge - Per 1,000 Gallons			
5/8" x 3/4" Meter			
First 12,000 gallons	$ 1.2000	N/A	N/A
12,000 to 18,000 gallons	1.4000	N/A	N/A
Over 18,000 gallons	1.6000	N/A	N/A
First 4,000 gallons	N/A	1.1000	N/A
4,001 to 10,000 gallons	N/A	2.5800	N/A
Over 10,000 gallons	N/A	3.2000	N/A
First 4,000 gallons	N/A	N/A	$ 1.0000
4,001 to 11,000 gallons	N/A	N/A	2.0000
Over 11,000 gallons	N/A	N/A	3.1200
3/4" Meter			
First 12,000 gallons	$ 1.2000	N/A	N/A
12,000 to 18,000 gallons	1.4000	N/A	N/A
Over 18,000 gallons	1.6000		
First 4,000 gallons	N/A	1.1000	N/A
4,001 to 10,000 gallons	N/A	2.5800	N/A
Over 10,000 gallons	N/A	3.2000	N/A
First 4,000 gallons	N/A	1.1000	1.0000
4,001 to 11,000 gallons	N/A	2.5800	2.0000
Over 11,000 gallons	N/A	3.2000	3.1200
1" Meter			
First 12,000 gallons	$ 1.2000	N/A	N/A
12,000 to 18,000 gallons	1.4000	N/A	N/A
Over 18,000 gallons	1.6000		
First 25,000 gallons	N/A	2.5800	N/A
Over 25,000 gallons	N/A	3.2000	N/A
First 16,000 gallons	N/A	N/A	2.0000
Over 16,000 gallons	N/A	N/A	3.1200
1 1/2" Meter			
First 12,000 gallons	$ 1.2000	N/A	N/A
12,000 to 18,000 gallons	1.4000	N/A	N/A
Over 18,000 gallons	1.6000		
First 50,000 gallons	N/A	2.5800	N/A
Over 50,000 gallons	N/A	3.2000	N/A
First 33,000 gallons	N/A	N/A	2.0000
Over 33,000 gallons	N/A	N/A	3.1200

2" Meter				
First 12,000 gallons	$	1.2000	N/A	N/A
12,000 to 18,000 gallons		1.4000	N/A	N/A
Over 18,000 gallons		1.6000		
First 50,000 gallons		N/A	2.5800	N/A
Over 50,000 gallons		N/A	3.2000	N/A
First 53,000 gallons		N/A	N/A	2.0000
Over 53,000 gallons		N/A	N/A	3.1200
3" Meter				
First 12,000 gallons	$	1.2000	N/A	N/A
12,000 to 18,000 gallons		1.4000	N/A	N/A
Over 18,000 gallons		1.6000		
First 50,000 gallons		N/A	2.5800	N/A
Over 50,000 gallons		N/A	3.2000	N/A
First 111,000 gallons		N/A	N/A	2.0000
Over 111,000 gallons		N/A	N/A	3.1200
4" Meter				
First 12,000 gallons	$	1.2000	N/A	N/A
12,000 to 18,000 gallons		1.4000	N/A	N/A
Over 18,000 gallons		1.6000		
First 50,000 gallons		N/A	2.5800	N/A
Over 50,000 gallons		N/A	3.2000	N/A
First 176,000 gallons		N/A	N/A	2.0000
Over 176,000 gallons		N/A	N/A	3.1200
6" Meter				
First 12,000 gallons	$	1.2000	N/A	N/A
12,000 to 18,000 gallons		1.4000	N/A	N/A
Over 18,000 gallons		1.6000		
First 50,000 gallons		N/A	2.5800	N/A
Over 50,000 gallons		N/A	3.2000	N/A
First 364,000 gallons		N/A	N/A	2.0000
Over 364,000 gallons		N/A	N/A	3.1200
8" Meter				
First 12,000 gallons	$	1.2000	N/A	N/A
12,000 to 18,000 gallons		1.4000	N/A	N/A
Over 18,000 gallons		1.6000		
First 50,000 gallons		N/A	2.5800	N/A
Over 50,000 gallons		N/A	3.2000	N/A
First 589,000 gallons		N/A	N/A	2.0000
Over 589,000 gallons		N/A	N/A	3.1200

Other Service Charges

Establishment	$ 25.00	$ 30.00	$ 30.00
Establishment (After Hours)	$ 35.00	Discontinue	Discontinue
Reconnection (Delinquent)	$ 35.00	$ 40.00	$ 40.00
After Hours Charge	No Tariff	$ 25.00	$ 25.00
Meter Test (If Correct)	$ 40.00	$ 40.00	$ 40.00
Deposit (Residential)	2 times the avg bill	2 times the avg bill	*
Deposit (Non-Residential)	2 1/2 times the avg bill	2 1/2 times the avg bill	*
Deposit Interest	6%	6%	**
Reestablishment (within 12 months)	***	***	***
NSF Check	$ 15.00	$ 30.00	$ 15.00
Deferred Payment	1.5% per month	1.5% per month	1.5% per month
Meter Re-read (if correct)	$ 20.00	$ 30.00	$ 30.00
Moving Meter at Customer Request	At Cost	At Cost	At Cost
Late Charge per month	1.5% per month	1.5% per month	1.5% per month

* Per Commission Rule A.A.C. R-14-2-403(B)
** Per Commission Rule A.A.C. R-14-2-403(B)
*** Per Commission Rule A.A.C. R-14-2-403(D) - Months off the system times the monthly minimum.

In addition to the collection of regular rates, the utility will collect from its customers a proportionate share of any privilege, sales, use, and franchise tax. Per commission rule 14-2-409D(5).

Service and Meter Installation Charges

	Total Present Charge	Proposed Service Line Charge	Proposed Meter Insallation Charge	Total Proposed Charge	Recommended Service Line Charge	Recommended Meter Insallation Charge	Total Recommended Charge
5/8" x 3/4" Meter	$ 410	$ 445	$ 155	$ 600	$ 445	$ 155	$ 600
3/4" Meter	$ 410	$ 445	$ 255	$ 700	$ 445	$ 255	$ 700
1" Meter	$ 520	$ 495	$ 315	$ 810	$ 495	$ 315	$ 810
1 1/2" Meter	$ 660	$ 550	$ 525	$ 1,075	$ 550	$ 525	$ 1,075
2" Meter	$ 1,155	$ 830	$ 1,045	$ 1,875	$ 830	$ 1,045	$ 1,875
2" Compound Meter	$ 1,720	$ 830	$ 1,890	$ 2,720	$ 830	$ 1,890	$ 2,720
3" Meter	$ 1,625	$ 1,045	$ 1,670	$ 2,715	$ 1,045	$ 1,670	$ 2,715
3" Compound Meter	$ 2,260	$ 1,165	$ 2,545	$ 3,710	$ 1,165	$ 2,545	$ 3,710
4" Meter	$ 2,500	$ 1,490	$ 2,670	$ 4,160	$ 1,490	$ 2,670	$ 4,160
4" Compound Meter	$ 3,200	$ 1,670	$ 3,645	$ 5,315	$ 1,670	$ 3,645	$ 5,315
6" Meter	$ 4,500	$ 2,210	$ 5,025	$ 7,235	$ 2,210	$ 5,025	$ 7,235
6" Compound Meter	$ 6,300	$ 2,330	$ 6,920	$ 9,250	$ 2,330	$ 6,920	$ 9,250
8" Meter	$ 8,200	n/t	n/t	n/t	n/t	n/t	n/t
8" or Larger Meter	n/t	Cost	Cost	Cost	Cost	Cost	Cost

New River Utility Company
Docket No. W-01737A-12-0478
Test Year Ended December 31, 2011

Schedule CSB-42

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

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	11,183	$ 20.92	$ 37.67	$ 16.75	80.05%
Median Usage	8,762	18.01	30.69	$ 12.67	70.34%
Staff Recommended					
Average Usage	11,183	$ 20.92	$ 30.97	$ 10.05	48.05%
Median Usage	8,762	18.01	25.92	$ 7.91	43.91%

Present & Proposed Rates (Without Taxes)
General Service 5/8 x 3/4-Inch Meter

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	$ 7.50	$ 14.00	86.67%	$ 12.40	65.33%
1,000	8.70	15.10	73.56%	13.40	54.02%
2,000	9.90	16.20	63.64%	14.40	45.45%
3,000	11.10	17.30	55.86%	15.40	38.74%
4,000	12.30	18.40	49.59%	16.40	33.33%
5,000	13.50	20.98	55.41%	18.40	36.30%
6,000	14.70	23.56	60.27%	20.40	38.78%
7,000	15.90	26.14	64.40%	22.40	40.88%
8,000	17.10	28.72	67.95%	24.40	42.69%
9,000	18.30	31.30	71.04%	26.40	44.26%
10,000	19.50	33.88	73.74%	28.40	45.64%
11,000	20.70	37.08	79.13%	30.40	46.86%
12,000	21.90	40.28	83.93%	33.52	53.06%
13,000	23.30	43.48	86.61%	36.64	57.25%
14,000	24.70	46.68	88.99%	39.76	60.97%
15,000	26.10	49.88	91.11%	42.88	64.29%
16,000	27.50	53.08	93.02%	46.00	67.27%
17,000	28.90	56.28	94.74%	49.12	69.97%
18,000	30.30	59.48	96.30%	52.24	72.41%
19,000	31.90	62.68	96.49%	55.36	73.54%
20,000	33.50	65.88	96.66%	58.48	74.57%
25,000	41.50	81.88	97.30%	74.08	78.51%
30,000	49.50	97.88	97.74%	89.68	81.17%
35,000	57.50	113.88	98.05%	105.28	83.10%
40,000	65.50	129.88	98.29%	120.88	84.55%
45,000	73.50	145.88	98.48%	136.48	85.69%
50,000	81.50	161.88	98.63%	152.08	86.60%
75,000	121.50	241.88	99.08%	230.08	89.37%
100,000	161.50	321.88	99.31%	308.08	90.76%

BEFORE THE ARIZONA CORPORATION COMMISSION

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

IN THE MATTER OF THE APPLICATION OF NEW RIVER UTILITY COMPANY FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO. W-01737A-12-0478 **STAFF'S NOTICE OF FILING REVISED SURREBUTTAL SCHEDULES**

Staff of the Arizona Corporation Commission ("Staff") hereby files the Revised Surrebuttal Schedules in the above docket.

RESPECTFULLY SUBMITTED this 5th day of September 2013.

Brian E. Smith, Attorney
Scott M. Hesla, Attorney
Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007
(602) 542-3402

Original and thirteen (13) copies of the foregoing filed this 5th day of September 2013 with:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Copy of the foregoing mailed this 5th day of September 2013 to:

Jeffry W. Crockett
Brownstein Hyatt Farber Schreck LLP
One East Washington Street, Suite 2400
Phoenix, Arizona 85004

Karyn Christine

EXHIBIT
S-3
ADMITTED

New River Utility Company
Docket No. W-01737A-12-0478
Test Year Ended December 31, 2011

Revised Surrebutal Schedule CSB-1

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	[A] COMPANY ORIGINAL FAIR VALUE	[B] STAFF ORIGINAL FAIR VALUE
1	Adjusted Rate Base	$ 7,812,036	$ 6,421,716
2	Adjusted Operating Income (Loss)	$ 3,629	$ 216,733
3	Current Rate of Return (L2 / L1)	0.05%	3.38%
4	Required Rate of Return	8.72%	7.80%
5	Required Operating Income (L4 * L1)	$ 681,210	$ 500,894
6	Operating Income Deficiency (L5 - L2)	$ 677,581	$ 284,161
7	Gross Revenue Conversion Factor	1.60490	1.63084
8	Increase (Decrease) In Gross Revenue (L7 * L6)	$ 1,087,449	$ 463,422
9	Adjusted Test Year Revenue	$ 1,260,428	$ 1,260,428
10	Proposed Annual Revenue (L8 + L9)	$ 2,347,877	$ 1,723,850
11	Required Increase/(Decrease in Revenue) (%) (L8/L9)	86.28%	36.77%

References:
Column [A]: Company Schedules A-1
Column [B]: Staff Schedules CSB-2, CSB-3, & CSB-15

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
	Calculation of Gross Revenue Conversion Factor:				
1	Revenue	100.0000%			
2	Uncollecible Factor (Line 11)	0.1270%			
3	Revenues (L1 - L2)	99.8730%			
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	38.5550%			
5	Subtotal (L3 - L4)	61.3180%			
6	**Revenue Conversion Factor (L1 / L5)**	1.630842			
	Calculation of Uncollecttible Factor:				
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 17)	37.5585%			
9	One Minus Combined Income Tax Rate (L7 - L8)	62.4415%			
10	Uncollectible Rate	0.2033%			
11	Uncollectible Factor (L9 * L10)	0.1270%			
	Calculation of Effective Tax Rate:				
12	Operating Income Before Taxes	100.0000%			
13	Arizona State Income Tax Rate	4.5400%	From CSB-2, Line 26		
14	Federal Taxable Income (L12 - L13)	95.4600%			
15	Applicable Federal Income Tax Rate (Line 53)	34.5888%			
16	Effective Federal Income Tax Rate (L14 x L15)	33.0185%			
17	Combined Federal and State Income Tax Rate (L13 +L16)		37.5585%		
	Calculation of Effective Property Tax Factor				
18	Unity	100.0000%			
19	Combined Federal and State Income Tax Rate (L17)	37.5585%			
20	One Minus Combined Income Tax Rate (L18-L19)	62.4415%			
21	Property Tax Factor	1.5960%			
22	Effective Property Tax Factor (L20*L21)		0.9965%		
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			38.5550%	
24	Required Operating Income	$ 500,894			
25	AdjustedTest Year Operating Income (Loss)	216,733			
26	Required Increase in Operating Income (L24 - L25)		$ 284,161		
27	Income Taxes on Recommended Revenue (Col. [C], L52)	$ 255,629			
28	Income Taxes on Test Year Revenue (Col. [A], L52)	84,707			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		170,922		
30	Recommended Revenue Requirement	$ 1,723,850			
31	Uncollectible Rate (Line 10)	0.2033%			
32	Uncollectible Expense on Recommended Revenue (L30*L31)	$ 3,505			
33	Adjusted Test Year Uncollectible Expense	$ 2,563			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32-L33)		942		
35	Property Tax with Recommended Revenue	$ 67,744			
36	Property Tax on Test Year Revenue	60,348			
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		7,396		
38	Total Required Increase in Revenue (L26 + L29 + L34 + L37)		$ 463,422		
			$ 8,338		

		Test Year		Staff Recommended
	Calculation of Income Tax:			
39	Revenue	$ 1,260,428	$ 463,422	$ 1,723,850
40	Operating Expenses Excluding Income Taxes	$ 958,989	$ 8,338	$ 967,327
41	Synchronized Interest (L56)	$ -		$ -
42	Arizona Taxable Income (L39 - L40 - L41)	$ 301,439		$ 756,523
43	Arizona State Income Tax Rate	3.8506%		4.2653%
44	Arizona Income Tax (L42 x L43)	$ 11,607		$ 32,268
45	Commission Tax Allowance Policy - Federal Taxable Income (L37- L39)	$ 289,832		$ 724,254
46	Commission Tax Allowance Policy - Federal Effective Tax	25.2212%		30.8401%
47	Commission Tax Allowance Policy - Federal Tax	$ 73,099		$ 223,361
48	Federal Tax on Income Bracket - Not Used	$ -		$ -
49	Federal Tax on Income Bracket - Not Used	$ -		$ -
50	Federal Tax on All Income (See Sch CSB-2, Page 2, Line 27)	$ -		$ -
51	Total Federal Income Tax	$ 73,099		$ 223,361
52	Combined Federal and State Income Tax (L44 + L51)	$ 84,707		$ 255,629
53	Applicable Federal Income Tax Rate [Col. [C], L51 - Col. [A], L51] / [Col. [C], L45 - Col. [A], L45]			34.5888%
	Calculation of Interest Synchronization:			
54	Rate Base	$ 6,421,716		
55	Weighted Average Cost of Debt	0.0000%		
56	Synchronized Interest (L45 X L46)	$ -		

Line No.	Description					Test Year		Staff Recommended
1								
2	*Calculation of Income Tax:*							
3	Revenue					$ 1,260,428	$ 463,422	$ 1,723,850
4	Less: Operating Expenses (Excluding Income Taxes)					958,989	8,338	967,327
5	Less: Synchronized Interest					-		-
6	Arizona Taxable Income (Married Filing Jointly)					$ 301,439	$ 471,760	$ 756,523
7	Over	But not Over	Amount plus	%				
8	-	20,000	-	2.59%		$ -		$ -
9	20,000	50,000	(58)	2.88%		-		-
10	50,000	100,000	(149)	3.36%		-		-
11	100,000	300,000	(589)	4.24%		-		-
12	300,000	999,999,999	(2,078)	4.54%		11,607		32,268
13	Arizona Income Tax					$ 11,607		$ 32,268
14	Federal Taxable Income (Married Filing Jointly)					$ 289,832		$ 724,254
15	Over	But not Over	Amount plus	%				
16	-	17,000	-	10.00%		$ -		$ -
17	17,000	69,000	1,700	15.00%		-		-
18	69,000	139,350	9,500	25.00%		-		-
19	139,350	212,300	27,088	28.00%		-		-
20	212,300	379,150	47,514	33.00%		73,099		-
21	379,150	9,999,999,999	102,574	35.00%		-		223,361
22	Total Federal Income Tax					$ 73,099		$ 223,361
23								
24	Combined Federal and State Income Tax					$ 84,706		$ 255,629
25								
26	Applicable Arizona State Tax					3.8506%		4.2653%
27	Applicable Federal Income Tax					25.2212%		30.8401%
28	Combined Federal and State Tax Rate					29.0718%		35.1054%
29								
30	Applicable Arizona State Income Tax Rate (Rate Applicable to Revenue Increase)							4.5400%
31	Applicable Federal Income Tax Rate (Rate Applicable to Revenue Increase)							34.5888%
32								

New River Utility Company
Docket No. W-01737A-12-0478
Test Year Ended December 31, 2011

RATE BASE - FAIR VALUE

LINE NO.		(A) COMPANY AS FILED	(B) STAFF ADJUSTMENTS	ADJ NO.	(C) STAFF AS ADJUSTED
1	Plant in Service	$ 12,357,233	$ 732,513	1, 2, 3, 4,5,6	$ 13,089,746
2	Less: Accumulated Depreciation	4,619,188	(172,172)	7	4,447,016
3	Net Plant in Service	7,738,045	904,685		8,642,730
	LESS:				
4	Advances in Aid of Construction (AIAC)	$ -	$ -		$ -
5	Service Line and Meter Advances	$ -	$ -		$ -
6	Contributions in Aid of Construction (CIAC)	$ -	$ 2,594,744	8	$ 2,594,744
7	Less: Accumulated Amortization	-	396,514	9	396,514
8	Net CIAC	$ -	2,198,230		$ 2,198,230
9	Total Advances and Contributions	$ -	$ 2,198,230		$ 2,198,230
10	Customer Deposits	$ 22,784	$ -		$ 22,784
11	Accumulated Deferred Income Taxes	$ -	$ -		$ -
	ADD: Working Capital				
12	Cash Working Capital Allowance	$ 96,775	$ (96,775)	10	$ -
13	Inventory	$ -	$ -		$ -
14	**Total Rate Base**	$ 7,812,036	$ (1,390,320)		$ 6,421,716

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

FAIR VALUE RATE BASE

LINE NO.	Acct. No. - F	PLANT IN SERVICE Plant Description	[A] Original Cost Per Staff	[B] Reconstructed New Cost Per Staff	[C] Total	[D]	[E]	[F] Fair Value Rate Base Per Staff As Adjusted
1								
2	302	Franchises	$ -	$ -	$ -	x	50%	$ -
3	303	Land and Land Rights	75,181	-	75,181	x	50%	$ 37,591
4	304	Structures and Improvements	84,633	84,633	169,266	x	50%	$ 84,633
5	307	Wells and Springs	795,021	2,368,472	3,163,493	x	50%	$ 1,581,747
6	309	Supply Mains	-	-	-	x	50%	$ -
7	310	Power Generation Equipment	-	-	-	x	50%	$ -
8	311	Pumping Equipment	978,918	1,196,249	2,175,167	x	50%	$ 1,087,584
9	320	Water Treatment Equipment	383,055	568,450	951,505	x	50%	$ 475,753
10	330	Distribution Reservoirs and Standpipes	1,046,963	2,152,303	3,199,266	x	50%	$ 1,599,633
11	330.2	Pressure Tanks	-	-	-	x	50%	$ -
12	331	Transmission and Distribution Mains	1,827,529	9,073,009	10,900,537	x	50%	$ 5,450,269
13	333	Services	350,474	2,564,645	2,915,119	x	50%	$ 1,457,560
14	334	Meters and Meter Installations	118,343	117,596	235,939	x	50%	$ 117,970
15	335	Hydrants	313,089	1,953,372	2,266,461	x	50%	$ 1,133,231
16	336	Backflow Prevention Devices	-	-	-	x	50%	$ -
17	339	Other Plant and Miscellaneous Equipment	-	-	-	x	50%	$ -
18	340	Office Furniture and Equipment	19,273	19,273	38,546	x	50%	$ 19,273
19	340.1	Computers and Software	7,069	7,069	14,138	x	50%	$ 7,069
20	341	Transportation Equipment	7,712	7,712	15,424	x	50%	$ 7,712
21	343	Tools, Shop, and Garage Equipment	-	-	-	x	50%	$ -
22	344	Laboratory Equipment	-	-	-	x	50%	$ -
23	345	Power Operated Equipment	29,725	29,725	59,450	x	50%	$ 29,725
24	346	Communication Equipment	-	-	-	x	50%	$ -
25	347	Miscellaneous Equipment	-	-	-	x	50%	$ -
26	348	Other Tangible Equipment	-	-	-	x	50%	$ -
27		Rounding	-					
28		Total Plant in Service	$ 6,036,984	$ 20,142,508	$ 26,179,493			$ 13,089,746
29		Less: Accumulated Depreciation	$ 2,146,818	$ 6,747,214	$ 8,894,032	x	50%	4,447,016
30		Net Plant in Service	$ 3,890,166	$ 13,395,294	$ 17,285,460			$ 8,642,730
31								
32		*LESS:*						
33		Advances in Aid of Construction (AIAC)	$ -	$ -	$ -	x	50%	$ -
34		Meter Deposits - Service Line & Meter Advances	$ -	$ -	$ -	x	50%	$ -
35								
36		Contributions in Aid of Construction (CIAC)	$ 1,929,840	$ 3,259,648	$ 5,189,488	x	50%	$ 2,594,744
37		Less: Accumulated Amortization of CIAC	$ 288,183	$ 504,845	$ 793,028	x	50%	$ 396,514
38		Net CIAC	$ 1,641,657	$ 2,754,803	$ 4,396,460			$ 2,198,230
39								
40		Total Advances and Net Contributions	$ 1,641,657	$ 2,754,803	$ 4,396,460	x	50%	$ 2,198,230
41								
42		Customer Deposits	$ 22,784	$ 22,784	$ 45,568	x	50%	$ 22,784
43		Accumulated Deferred Taxes	$ -	-	-	x	50%	$ -
44								
45		*ADD:*						-
46		Cash Working Capital Allowance	$ -	$ -	$ -	x	50%	$ -
47			$ -	-	-			$ -
48		**Total Rate Base**	$ 2,225,725	$ 10,617,707	$ 12,843,432			$ 6,421,716

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SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

LINE NO.	PLANT IN SERVICE Acct. No. - I Plant Description	[A] COMPANY AS FILED	[B] Adj No.1 Post-Test Year Plant Ref: Sch CSB-5	[C] ADJ No. 2 Inadequatedly Supported Plant Ref: Sch CSB-6	[D] ADJ No. 3 Unrecorded Plant Ref: Sch CSB-7	[E] ADJ No. 4 Expensed Plant Ref: Sch CSB-8	[F] ADJ No. 5 Other Tangible Plant Reclass Ref: Sch CSB-9	[G] ADJ No. 6 Plant Retirements Ref: Sch CSB-10	[H] ADJ No. 7 Accumulated Depreciation Ref: Sch CSB-11	[I] ADJ No. 8 CIAC Ref: Sch CSB-12	[J] ADJ No. 9 Amortization of CIAC Ref: Sch CSB-13	[K] ADJ No. 10 Cash Working Capital Allowance Ref: Sch CSB-14	[L] STAFF AS ADJUSTED
1													
2	302 Franchises	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
3	303 Land and Land Rights	75,181	-	-	-	-	-	-	-	-	-	-	75,181
4	304 Structures and Improvements	84,633	-	-	-	-	-	-	-	-	-	-	84,633
5	307 Wells and Springs	795,021	-	-	-	-	-	-	-	-	-	-	795,021
6	309 Supply Mains	-	-	-	-	-	-	-	-	-	-	-	-
7	310 Power Generation Equipment	-	-	-	-	-	-	-	-	-	-	-	-
8	311 Pumping Equipment	939,631	175,113	-	-	-	26,239	(162,065)	-	-	-	-	978,918
9	320 Water Treatment Equipment	383,055	-	-	-	-	-	-	-	-	-	-	383,055
10	330 Distribution Reservoirs and Standpipes	1,046,963	-	-	-	-	-	-	-	-	-	-	1,046,963
11	330.2 Pressure Tanks	-	-	-	-	-	-	-	-	-	-	-	-
12	331 Transmission and Distribution Mains	1,402,013	-	(133,050)	553,910	4,656	-	-	-	-	-	-	1,827,529
13	333 Services	236,325	-	-	114,149	-	-	-	-	-	-	-	350,474
14	334 Meters and Meter Installations	126,139	-	(3,296)	-	-	-	(4,500)	-	-	-	-	118,343
15	335 Hydrants	193,193	-	-	119,896	-	-	-	-	-	-	-	313,089
16	336 Backflow Prevention Devices	-	-	-	-	-	-	-	-	-	-	-	-
17	339 Other Plant and Miscellaneous Equipment	-	-	-	-	-	-	-	-	-	-	-	-
18	340 Office Furniture and Equipment	19,273	-	-	-	-	-	-	-	-	-	-	19,273
19	340.1 Computers and Software	-	-	-	-	7,069	-	-	-	-	-	-	7,069
20	341 Transportation Equipment	1,200	-	-	-	6,512	-	-	-	-	-	-	7,712
21	343 Tools, Shop, and Garage Equipment	-	-	-	-	-	-	-	-	-	-	-	-
22	344 Laboratory Equipment	-	-	-	-	-	-	-	-	-	-	-	-
23	345 Power Operated Equipment	115,725	-	(86,000)	-	-	-	-	-	-	-	-	29,725
24	346 Communication Equipment	-	-	-	-	-	-	-	-	-	-	-	-
25	347 Miscellaneous Equipment	-	-	-	-	-	-	-	-	-	-	-	-
26	348 Other Tangible Equipment	26,239	-	-	-	-	(26,239)	-	-	-	-	-	-
27	Rounding	-	-	-	-	-	-	-	-	-	-	-	-
28	Total Plant in Service	$ 5,444,591	$ 175,113	$ (222,346)	$ 787,955	$ 18,236	$ -	$ (166,565)	$ -	$ -	$ -	$ -	$ 6,036,984
29	Less: Accumulated Depreciation	$ 2,300,840	$ -	$ -	$ -	$ -	$ -	$ -	$ (154,022)	$ -	$ -	$ -	$ 2,146,818
30	Net Plant in Service	$ 3,143,751	$ 175,113	$ (222,346)	$ 787,955	$ 18,236	$ -	$ (166,565)	$ 154,022	$ -	$ -	$ -	$ 3,890,166
31													
32	*LESS:*												
33	Advances in Aid of Construction (AIAC)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
34	Meter Deposits - Service Line & Meter Advances	$ -	-	-	-	-	-	-	-	-	-	-	-
35													
36	Contributions in Aid of Construction (CIAC)	$ -	-	-	-	-	-	-	-	1,929,840	-	-	1,929,840
37	Less: Accumulated Amortization of CIAC	$ -	-	-	-	-	-	-	-	-	288,183	-	288,183
38	Net CIAC	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,929,840	$ (288,183)	$ -	$ 1,641,657
39													
40	Total Advances and Net Contributions	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,929,840	$ (288,183)	$ -	$ 1,641,657
41													
42	Customer Deposits	$ 22,784	-	-	-	-	-	-	-	-	-	-	$ 22,784
43	Accumulated Deferred Taxes	$ -	-	-	-	-	-	-	-	-	-	-	$ -
44													-
45	*ADD:*												
46	Cash Working Capital Allowance	$ 96,775	-	-	-	-	-	-	-	-	-	(96,775)	$ -
47		$ -	-	-	-	-	-	-	-	-	-	-	$ -
48	**Total Rate Base**	$ 3,217,742	$ 175,113	$ (222,346)	$ 787,955	$ 18,236	$ -	$ (166,565)	$ 154,022	$ (1,929,840)	$ 288,183	$ (96,775)	$ 2,225,725

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Revised Surrebuttal Schedule CSB-5

ORIGINAL COST RATE BASE ADJUSTMENT NO. 1 - POST TEST-YEAR PLANT

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Acct No. 311, Pumping Equipment	$ 939,631	$ -	$ 939,631
2	Emergency Repair of Well Pump No. 6	$ -	$ 84,115	$ 84,115
3	Moving Pump from Well No. 3 to Well No.6	$ -	$ 2,029	$ 2,029
4	Well No. 1 Pump & Electrical Refurbishment	$ -	$ 88,969	$ 88,969
5	**Adjusted Test Year Plant**	**$ 939,631**	**$ 175,113**	**$ 1,114,744**

References:

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

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Revised Surrebuttal Schedule CSB-6

ORIGINAL COST RATE BASE ADJUSTMENT NO. 2 - INADEQUATELY SUPPORTED PLANT COSTS

LINE NO.	DESCRIPTION	[A] PLANT SELECTED IN SAMPLE	[B] UNSUPPOTED PLANT COSTS	[C] STAFF AS ADJUSTED	
1	2001 Plant Addition, Acct No. 311 - Pumping Equipment	$ 163,163	$ -	$ 163,163	
2	2003 Plant Addition, Acct No. 311 - Pumping Equipment	12,096	-	12,096	
3	**Acct No. 311- Pumping Equipment Subtotal**	**$ 175,259**	**$ -**	**$ 175,259**	
4					
5	2010 Plant Addition, Acct No. 320-Water Treatment Equip.	**$ 381,395**	**$ -**	**$ 381,395**	
6					
7	2002 Plant Addition, Acct No. 331-Transp. & Distrib. Mains	$ 119,606	$ (119,606)	$ -	Missing documentation
8	2004 Plant Addition, Acct No. 331-Transp. & Distrib. Mains	42,500	(13,444)	29,056	Missing documentation
9	2008 Plant Addition, Acct No. 331-Transp. & Distrib. Mains	5,366	-	5,366	Amount corrected in RB Adj. 2
10	2009 Plant Addition, Acct No. 331-Transp. & Distrib. Mains	7,000	-	7,000	Amount corrected in RB Adj. 2
11	**Acct No. 331- Transp. & Distrib. Mains Subtotal**	**$ 174,472**	**$ (133,050)**	**$ 41,422**	
12					
13	2006 Plant Addition, Acct No. 334-Meters	$ 3,296	$ (3,296)	$ -	Missing documentation
14	2011 Plant Addition, Acct No. 334-Meters	12,713	-	12,713	
15	**Acct No. 334- Meters Subtotal**	**$ 16,009**	**$ (3,296)**	**$ 12,713**	
16					
17	2005 Plant Addition, Acct No. 345-Power Operated Equipmnt	**$ 86,000**	**$ (86,000)**	**$ -**	Missing documentation
18					
19	2011 Plant Addition, Acct No. 348-Other Tangible Equipment	**$ 26,239**	**$ -**	**$ 26,239**	
20					
21	**Total**	**$ 859,374**	**$ (222,346)**	**$ 637,028**	

References:

Column A: Company Schedule B-2
Column B: Testimony, CSB, Company Data Request Responses CSB 1.3
Column C: Column [A] + Column [B]

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Revised Surrebuttal Schedule CSB-7

ORIGINAL COST RATE BASE ADJUSTMENT NO. 3 - UNRECORDED PLANT

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Acct No. 331 - Mains	$ 1,402,013	$ 553,910	$ 1,955,923
2	Acct No. 333 - Services	$ 236,325	$ 114,149	$ 350,474
3	Acct No. 334 - Hydrants	$ 193,193	$ 119,896	$ 313,089
4	**Total**	$ 1,831,531	$ 787,955	$ 2,619,486
5				
6				
7				
8				

Data Request Reference	Acct No. 331 Mains	Acct No. 333 Services	Acct No. 335 Hydrants	Total
CSB 3.1	$ 163,807	$ 31,397	$ 35,277	$ 230,481
CSB 3.2	$ 200,350	$ 28,050	$ 31,500	$ 259,900
CSB 3.2	$ 113,600	$ 42,925	$ 35,000	$ 191,525
CSB 3.3	$ 76,153	$ 11,777	$ 18,119	$ 106,049
	$ 553,910	$ 114,149	$ 119,896	$ 787,955

	Year	Acct No. 331 Mains	Acct No. 333 Services	Acct No. 335 Hydrants
CSB 3.1	2004	$ 139,413	$ 18,924	$ 21,166
CSB 3.2	2004	$ 95,200	$ 34,850	$ 28,000
CSB 3.1	2005	$ 24,394	$ 12,473	$ 14,111
CSB 3.2	2005	$ 200,350	$ 28,050	$ 31,500
CSB 3.2	2005	$ 18,400	$ 8,075	$ 7,000
CSB 3.3	2006	$ 76,153	$ 11,777	$ 18,119
		$ 553,910	$ 114,149	$ 119,896

References:

Column A: Company Schedule B-2
Column B: Testimony, CSB; Data Request Response CSB 3.1, 3.2, & 3.3
Column C: Column [A] + Column [B]

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ORIGINAL COST RATE BASE ADJUSTMENT NO. 4 - EXPENSED PLANT

LINE NO.	Description	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	331 - Mains	$ 1,402,013	$ 4,656	$ 1,406,669
2	340.1 - Computers and Software	$ -	$ 7,069	$ 7,069
3	341 - Transportation Equipment	$ 1,200	$ 6,512	$ 7,712
4		$ 1,403,213	$ 13,581	$ 14,781
5				
6				
7	PLANT COSTS REMOVED FROM REPAIRS & MAINTENANCE ACCOUNT (CSB 1-22)			
8	Acct. No. / Date / Description			Amount
9	340.1 / 12/31/10 / Meter Reading Software			$ 7,069.00
10				
11				
12	PLANT COSTS REMOVED FROM TRANSPORTATION EXPENSE ACCOUNT (CSB 1.31 & CSB 6.6)			
13	Acct. No. / Year / Description			Amount
14	341 / 2011 / Transportation Equipment			$ 6,511.81
15				
16				
17	PLANT COSTS REMOVED FROM CONTRACTUAL SERVICES LEGAL (CSB 6.5)			
18	Acct. No. / Year / Description			Amount
19	331 / 2011 / Interconnection Agreement			$ 4,655.65

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB, Company Data Request Responses CSB 1-25, 1-29, & 1-35
Column C: Column [A] + Column [B]

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Revised Surrebuttal Schedule CSB-9

ORIGINAL COST RATE BASE ADJUSTMENT NO. 5 - OTHER TANGIBLE PLANT RECLASSIFICATION

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS (CSB 3.4 f 3)	[C] STAFF AS ADJUSTED
1	Acct. No. 311 - Pumping Equipment	$ 939,631	26,239	965,870
2	Acct No. 348 - Other Tangible Plant	26,239	(26,239)	-
3	**Plant Total**	$ 965,870	$ -	$ 965,870

References:
Column A: Company Schedule B-2
Column B: Testimony, CSB; Data Request Response 3.4 (f) (3)
Column C: Column [A] + Column [B]

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ORIGINAL COST RATE BASE ADJUSTMENT NO. 6 - PLANT RETIREMENTS

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Acct. No. 311 - Pumping Equipment	$ 939,631	$ (162,065)	$ 777,566
2	Acct. No. 334 -Meters and Meter Installations	$ 126,139	$ (4,500)	$ 121,639
3		**$ 1,065,770**	**$ (166,565)**	**$ 899,205**
4				
5				

	Acct. No.	Acct. Description	Replacement Cost				Amount
8	311	Pumping Equip	$ 29,056	x	50%	=	$ 14,527.91
9	311	Pumping Equip	$ 9,964	x	50%	=	$ 4,981.90
10	311	Pumping Equip	$ 4,800	x	50%	=	$ 2,400.00
11	311	Pumping Equip	$ 1,387	x	50%	=	$ 693.38
12	311	Pumping Equip	$ 4,312	x	50%	=	$ 2,155.82
13	311	Air compressor	$ 5,315	x	50%	=	$ 2,657.58
14	311	Pumping Equip	$ 26,239	x	50%	=	$ 13,119.46
15			$ 81,072.05				$ 40,536.03
16							
17	334	Meters	$ 9,000	x	50%	=	$ 4,500.00
18							
19			$ 90,072.05				$ 45,036.03
20							
21							

	Data Request	Invoice ID #	Site No.	Year Added	Account No.	Description	Amount
24	CSB 1.3 & 3.7	29	Well No.1	2004	311	Pumping Equip	$ 29,056
25	CSB 1.3 & 3.7	n/a	Well No.1	2003	311	Pumping Equip	$ 9,964
26	CSB 3.7	n/a	Storage Tank #1	2006	311	Pumping Equip	$ 4,800
27	CSB 1.3 & 3.8	14	Not specified	2010	311	Pumping Equip	$ 1,387
28	CSB 1.3 & 3.8	18	Not specified	2010	311	Pumping Equip	$ 4,312
29	CSB 1.3 & 3.8	36	Well No.6	2010	311	air compressor	$ 5,315
30	CSB 1.3	27	Well No.3	2011	311	Pumping Equip	$ 26,239
31	CSB 3.8	n/a	n/a	2011	334	Meters	$ 9,000
32							$ 90,072
33							
34	RETIREMENTS RELATED TO EMERGENCY REPAIR OF PUMP FOR WELL NO. 6						
35		2000	311	Pumping Equipment			$ 58,659
36							
37	RETIREMENTS RELATED TO WELL NO. 1						
38		2004	311	Pumping Equipment			$ 44,447
39		1997	311	Pumping Equipment			$ 18,423
							$ 62,870

References:

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

ORIGINAL COST RATE BASE ADJUSTMENT NO. 7 - ACCUMULATED DEPRECIATION

LINE NO.	NARUC Acct No.	NARUC PLANT DESCRIPTION Per Exh RLJ-DTD, Sch B-2.1, Page 12	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	304	Structures & Improvements	$ 31,130	$ -	$ 31,130
2	307	Wells & Springs	$ 374,796	$ -	$ 374,796
3	311	Pumping Equipment	$ 939,631	$ (200,146)	$ 739,485
4	320	Water Treatment Equip	$ 19,078	$ -	$ 19,078
5	330	Distribution Reservoirs and Standpipes	$ 282,757	$ -	$ 282,757
6	331	Transmission and Distribution Mains	$ 318,835	$ 42,019	$ 360,854
7	333	Services	$ 112,317	$ 22,305	$ 134,622
8	334	Meters and Meter Installations	$ 112,517	$ (5,736)	$ 106,781
9	335	Hydrants	$ 45,222	$ 13,810	$ 59,032
10	340	Office Furniture and Equipment	$ 17,177	$ -	$ 17,177
11	341	Transportation Equipment	$ 1,200	$ -	$ 1,200
12	345	Power Operated Equipment	$ 43,556	$ (23,650)	$ 19,906
13	348	Other Tangible Equipment	$ 2,624	$ (2,624)	$ 0
14		**Total Accumulated Depreciation**	$ 2,300,840	$ (154,022)	$ 2,146,818
15					

ACCUMULATED DEPRECIATION RELATED TO UNRECORDED MAINS, ACCT NO 331

16								
17	Data	Year Placed				Number of	Depreciation	Accumulated
18	Request	In Service	Acct No.	Description	Plant Cost	Interim Years	Rate	Depreciation
19	CSB 3.1	2004	331	Mains	$ 139,413	6.5	2.00%	$18,124
20	CSB 3.2	2004	331	Mains	$ 95,200	6.5	2.00%	$12,376
21					$ 234,613			$30,500
22								
23	CSB 3.1	2005	331	Mains	$ 24,394	5.5	2.00%	$2,683
24	CSB 3.2	2005	331	Mains	$ 200,350	5.5	2.00%	$22,039
25	CSB 3.2	2005	331	Mains	$ 18,400	5.5	2.00%	$2,024
26					$ 243,144			$26,746
27								
28	CSB 3.3	2006	331	Mains	$ 76,153	4.5	2.00%	$6,854
29					$553,910			**$64,099**
30								

ACCUMULATED DEPRECIATION RELATED TO UNRECORDED SERVICES, ACCT NO 333

31								
32	Data	Year Placed				Number of	Depreciation	Accumulated
33	Request	In Service	Acct No.	Description	Plant Cost	Interim Years	Rate	Depreciation
34	CSB 3.1	2004	331	Services	$ 18,924	6.5	3.33%	$4,096
35	CSB 3.2	2004	331	Services	$ 34,850	6.5	3.33%	$7,543
36					$ 53,774			$11,639
37								
38	CSB 3.1	2005	331	Services	$ 12,473	5.5	3.33%	$2,284
39	CSB 3.2	2005	331	Services	$ 28,050	5.5	3.33%	$5,137
40	CSB 3.2	2005	331	Services	$ 8,075	5.5	3.33%	$1,479
41					$ 48,598			$8,901
42								
43	CSB 1.2 & 3.3	2006	331	Services	$ 11,777	4.5	3.33%	$1,765
44					$114,149			**$22,305**
45								

ACCUMULATED DEPRECIATION RELATED TO UNRECORDED HYDRANTS, ACCT NO 335

46								
47	Data	Year Placed				Number of	Depreciation	Accumulated
48	Request	In Service	Acct No.	Description	Plant Cost	Interim Years	Rate	Depreciation
49	CSB 3.1	2004	331	Hydrants	$ 21,166	6.5	2.00%	$2,752
50	CSB 3.2	2004	331	Hydrants	$ 28,000	6.5	2.00%	$3,640
51					$ 49,166			$6,392
52								
53	CSB 3.1	2005	331	Hydrants	$ 14,111	5.5	2.00%	$1,552
54	CSB 3.2	2005	331	Hydrants	$ 31,500	5.5	2.00%	$3,465
55	CSB 3.2	2005	331	Hydrants	$ 7,000	5.5	2.00%	$770
56					$ 52,611			$5,787
57								
58	CSB 1.2 & 3.3	2006	331	Hydrants	$ 18,119	4.5	2.00%	$1,631
59					$119,896			**$13,810**
60								

ACCUMULATED DEPRECIATION RELATED TO RETIREMENTS

61								
62	Data					Number of	Depreciation	Amount Removed
63	Request	Plant Retirement	Acct No.	Description	Plant Cost	Interim Years	Rate	from Accum Depr
64	CSB 3.7	Schedule CSB-10	311	Pumping Equip	$ (162,065)	n/a	n/a	$ (162,065)
65	CSB 3.7	Schedule CSB-10	334	Meters	$ (4,500)	n/a	n/a	$ (4,500)
66					$ (166,565)			**$ (166,565)**
67								

ACCUMULATED DEPRECIATION ADJUSTMENT ON PUMPS FULLY DEPRECIATED IN SAME YEAR PLACED IN SERVICE

68										
69	Col A	Col B	Col C	Col D	Col E	Col F	Col G	Col H	Col I	Col J
70						Number of	Depreciation	Depr Expense	Recorded	Difference
71	Year	Schedule	Acct No.	Description	Plant Cost	Interim Years	Rate	Col E x Col F x Col G	Depreciation	Col H - Col I
72	2003	Exhibit RLJ-DT2, Sch B-2.1, P4	311	Pumping Equip	$ 12,096	7.5	12.5%	$ 11,340	$ 12,096	$ (756)
73	2004	Exhibit RLJ-DT2, Sch B-2.1, P5	311	Pumping Equip	$ 30,911	6.5	12.5%	$ 25,115	$ 30,911	$ (5,796)
74	2005	Exhibit RLJ-DT2, Sch B-2.1, P6	311	Pumping Equip	$ 43,166	5.5	12.5%	$ 29,677	$ 43,166	$ (13,489)
75	2010	Data Requ Resp 1.3 Invoice ID #27	311	Pumping Equip	$ 26,239	2.5	12.5%	$ 8,200	$ 26,239	$ (18,039)
76					$ 112,412			$ 74,332	$ 112,412	**$ (38,081)**
77										

ACCUMULATED DEPRECIATION RELATED TO OTHER TANGIBLE PLANT RECLASSIFICATION

78								
79	Data					Number of	Depreciation	Amount Removed
80	Request	Schedule	Acct No.	Description	Plant Cost	Interim Years	Rate	from Accum Depr
81	3.4 (f) (3)	Sch CSB-9 & Company Rebuttal Test	348	Othr Tang. Plant	$ (26,239)	1	10.0%	$ (2,624)

ORIGINAL COST RATE BASE ADJUSTMENT NO. 7 - ACCUMULATED DEPRECIATION
CONTINUED

ACCUMULATED DEPRECIATION RELATED TO INADEQUATELY SUPPORTED PLANT

Line No.	Data Request	Year Placed In Service	Acct No.	Description	Plant Cost	Number of Interim Years	Depreciation Rate	Accum. Deprec To Be Removed
1	CSB 1.3	2002	331	Mains	$ (119,606)	8.5	2.00%	$ (20,333)
2	CSB 1.3	2004	331	Mains	$ (13,444)	6.5	2.00%	$ (1,748)
3					$ (133,050)			$ (22,081)
4								
5	CSB 1.3	2006	334	Meters	$ (3,296)	4.5	8.33%	$ (1,236)
6								
7	CSB 1.3	2005	345	Power Op Equip	$ (86,000)	5.5	5.00%	$ (23,650)
8					$ (222,346)			**$ (46,966)**
9								

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Revised Surrebuttal Schedule CSB-12

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

LINE NO.	DESCRIPTION	[A] PER COMPANY	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	CIAC from Last Rate Case	$ -	$ 1,157,105	$ 1,157,105
2	CIAC from Intervening Years (Unapproved)	$ -	$ 772,735	$ 772,735
3	Total CIAC	$ -	$ 1,929,840	$ 1,929,840
4				
5				

6		**AIAC From Last Rate Case**	Amount
7	CSB 1.9	Fulton Homes	$ 1,713,206
8	CSB 1.9	Dehaven	$ 101,899
9	CSB 1.9	Beazer	$ 419,027
10	CSB 1.9	Payne	$ -
11	CSB 1.9	School District	$ 974,036
12	CSB 1.9	Deer Valley Service	$ 61,897
13	CSB 1.9	Payne Resources	$ 35,817
14			**$ 3,305,882**
15		**Refunds on AIAC**	
16	CSB 1.9	Refunds on Fulton AIAC	$ (1,752,147)
17	CSB 1.9	Refunds on Dehaven AIAC	$ (47,819)
18	CSB 1.9	Refunds on Beazer AIAC	$ (265,522)
19	CSB 1.9	Refunds on School District	$ (66,752)
20	CSB 1.9	Refunds on Deer Valley Service	$ (5,000)
21	CSB 1.9	Refunds on Payne Resources	$ (11,537)
22		**Total Refund Payments on AIAC Contracts**	**$ (2,148,777)**
23			
24		**Amount transferred to CIAC**	**$ 1,157,105**
25			
26			

27		**AIAC Added During Intervening Years**	Amount	
28	CSB 1.10 & 3.1	Arrowhead Ranch Office Park,LLC	$ 230,481	
29	CSB 1.11 & 3.2	Cody Farms	$ 259,900	
30	CSB 1.11 & 3.2	Riverstone Estates (Columbia I & II)	$ 158,050	
31	CSB 1.11 & 3.2	Riverstone Estates (Columbia I & II)	$ 33,475	
32	CSB 1.12 & 3.3	Arrowhead Ranch Industrial Park	$ 106,050	
33			**$ 787,956**	Unapproved
34		**Refunds on AIAC**		
35	CSB 1.10 (d)	Refunds on Arrowhead Ranch Office	$ (7,330)	2009 per CSB 1.10
36	CSB 1.11 (d)	Refunds on Cody Farms	$ (4,596)	
37	CSB 1.11 (d)	Refunds on Riverstone (Columbia)	$ (3,295)	2006 per Sch B-2.1, p.7
38	CSB 1.12 (d)	Refunds on Arrowhead Ranch Office	$ -	2009 per Sch B-2.1, p.10
39			**$ (15,221)**	
40				
41		**Amount transferred to CIAC**	**$ 772,735**	

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

New River Utility Company
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Revised Surrebuttal Schedule CSB-13

ORIGINAL COST RATE BASE ADJUSTMENT NO. 9
AMORTIZATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION ("CIAC")

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Amortization of CIAC	$ -	$ 288,183	$ 288,183

References:

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

New River Utility Company
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Revised Surrebuttal Schedule CSB-14

ORIGINAL COST RATE BASE
ADJUSTMENT NO. 9 - CASH WORKING CAPITAL ALLOWANCE

		[A]	[B]	[C]
LINE NO.	DESCRIPTION	PER COMPANY	ADJUSTMENT	PER STAFF
1	Cash Working Capital Allowance	$ 96,775	$ (96,775)	$ -

References:

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

New River Utility Company
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SUMMARY OF RECONSTRUCTION COST NEW ("RCN") RATE BASE ADJUSTMENTS

LINE NO.	PLANT IN SERVICE Acct. No. - I Plant Description	[A] COMPANY AS FILED	[B] Adj No.1 Post-Test Year Plant Ref: Sch CSB-16	[C] ADJ No. 2 Inadequatedly Supported Plant Ref: Sch CSB-17	[D] ADJ No. 3 Unrecorded Plant Ref: Sch CSB-18	[E] ADJ No. 4 Expensed Plant Ref: Sch CSB-19	[F] ADJ No. 5 Other Tangible Plant Reclass Ref: Sch CSB-20	[G] ADJ No. 6 Plant Retirements Ref: Sch CSB-21	[H] ADJ No. 7 Accumulated Depreciation Ref: Sch CSB-22	[I] ADJ No. 8 CIAC Ref: Sch CSB-23	[J] ADJ No. 9 Amortization of CIAC Ref: Sch CSB-24	[K] ADJ No. 10 Cash Working Capital Allowance Ref: Sch CSB-25	[L] STAFF AS ADJUSTED
1													
2	302 Franchises	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
3	303 Land and Land Rights	-	-	-	-	-	-	-	-	-	-	-	84,633
4	304 Structures and Improvements	-	-	-	84,633	-	-	-	-	-	-	-	2,368,472
5	307 Wells and Springs	2,368,472	-	-	-	-	-	-	-	-	-	-	-
6	309 Supply Mains	-	-	-	-	-	-	-	-	-	-	-	-
7	310 Power Generation Equipment	-	-	-	-	-	-	-	-	-	-	-	1,196,249
8	311 Pumping Equipment	1,216,357	175,113	-	-	-	26,239	(221,460)	-	-	-	-	568,450
9	320 Water Treatment Equipment	568,450	-	-	-	-	-	-	-	-	-	-	2,152,303
10	330 Distribution Reservoirs and Standpipes	2,369,625	-	(217,322)	-	-	-	-	-	-	-	-	-
11	330.2 Pressure Tanks	-	-	-	-	-	-	-	-	-	-	-	9,073,009
12	331 Transmission and Distribution Mains	8,249,988	-	-	818,365	4,656	-	-	-	-	-	-	2,564,645
13	333 Services	2,397,643	-	-	167,002	-	-	-	-	-	-	-	117,596
14	334 Meters and Meter Installations	126,139	-	(4,043)	-	-	-	(4,500)	-	-	-	-	1,953,372
15	335 Hydrants	1,810,765	-	-	142,607	-	-	-	-	-	-	-	-
16	336 Backflow Prevention Devices	-	-	-	-	-	-	-	-	-	-	-	-
17	339 Other Plant and Miscellaneous Equipment	-	-	-	-	-	-	-	-	-	-	-	19,273
18	340 Office Furniture and Equipment	19,273	-	-	-	-	-	-	-	-	-	-	7,069
19	340.1 Computers and Software	-	-	-	-	7,069	-	-	-	-	-	-	7,712
20	341 Transportation Equipment	1,200	-	-	-	6,512	-	-	-	-	-	-	-
21	343 Tools, Shop, and Garage Equipment	-	-	-	-	-	-	-	-	-	-	-	-
22	344 Laboratory Equipment	-	-	-	-	-	-	-	-	-	-	-	29,725
23	345 Power Operated Equipment	115,725	-	(86,000)	-	-	-	-	-	-	-	-	-
24	346 Communication Equipment	-	-	-	-	-	-	-	-	-	-	-	-
25	347 Miscellaneous Equipment	-	-	-	-	-	-	-	-	-	-	-	-
26	348 Other Tangible Equipment	26,239	-	-	-	-	(26,239)	-	-	-	-	-	-
27	Rounding	-	-	-	-	-	-	-	-	-	-	-	$ 20,142,508
28	Total Plant in Service	$ 19,269,876	$ 175,113	$ (307,365)	$ 1,212,607	$ 18,236	$ -	$ (225,960)	$ -	$ -	$ -	$ -	$ 6,747,214
29	Less: Accumulated Depreciation	$ 6,937,536	$ -	$ -	$ -	$ -	$ -	$ -	$ (190,322)	$ -	$ -	$ -	$ 13,395,294
30	Net Plant in Service	$ 12,332,340	$ 175,113	$ (307,365)	$ 1,212,607	$ 18,236	$ -	$ (225,960)	$ 190,322	$ -	$ -	$ -	
31													
32	*LESS:*												
33	Advances in Aid of Construction (AIAC)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
34	Meter Deposits - Service Line & Meter Advances	$ -	-	-	-	-	-	-	-	-	-	-	-
35													
36	Contributions in Aid of Construction (CIAC)	$ -	-	-	-	-	-	-	-	3,259,648	-	-	3,259,648
37	Less: Accumulated Amortization of CIAC	$ -	-	-	-	-	-	-	-	-	504,845	-	504,845
38	Net CIAC	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,259,648	$ (504,845)	$ -	$ 2,754,803
39													
40	Total Advances and Net Contributions	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,259,648	$ (504,845)	$ -	$ 2,754,803
41													
42	Customer Deposits	$ 22,784	-	-	-	-	-	-	-	-	-	-	$ 22,784
43	Accumulated Deferred Taxes	$ -	-	-	-	-	-	-	-	-	-	-	$ -
44													
45	*ADD:*												
46	Cash Working Capital Allowance	$ 96,775	-	-	-	-	-	-	-	-	-	(96,775)	$ -
47		$ -	-	-	-	-	-	-	-	-	-	-	$ -
48	**Total Rate Base**	$ 12,406,331	$ 175,113	$ (307,365)	$ 1,212,607	$ 18,236	$ -	$ (225,960)	$ 190,322	$ (3,259,648)	$ 504,845	$ (96,775)	$ 10,617,707

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Revised Surrebuttal Schedule CSB-16

RECONSTRUCTION COST NEW ("RCN") Rate Base Adjustments

Line No.	Schedule Reference	Acct. No.		Original Cost	Handy-Whitman		Reconstruct Cost New	
1		RCN Rate Base Adj. No. 1 - Post-Test Year Plant (Emergency Well Repair)						
2	Sch CSB-5	311	Electric Pumping Equip	84,115	1	1	84,115	
3	Sch CSB-5	311	Electric Pumping Equip	2,029	1	1	2,029	
4	Sch CSB-5	311	Electric Pumping Equip	88,969	1	1	88,969	
5	Sch CSB-5			175,113			175,113	
6								
7		RCN Rate Base Adj. No. 2 - Inadequatedly Supported Plant						
8	Sch CSB-5	331	Mains	119,606	561	342	196,196	
9	Sch CSB-5			13,444	561	357	21,126	
10	Sch CSB-5			133,050			217,322	
11								
12	Sch CSB-5	334	Meters	3,296	525	428	4,043	
13								
14	Sch CSB-5	348	Power Operated Equip.	86,000	1	1	86,000	
15								
16							307,365	
17								
18		RCN Rate Base Adj. No. 3 - Unrecorded Plant						
19	Engr Report	304	Structures & Improvmnts	84,633	1	1	84,633	
20								
21	Sch CSB-6	331	Mains	234,613	561	357	368,678	
22	Sch CSB-6			243,144	561	392	347,969	
23	Sch CSB-6			76,153	561	420	101,719	
24				553,910			818,365	
25								
26	Sch CSB-6	333	Services (Mains)	53,774	483	315	82,453	
27	Sch CSB-6			48,598	483	341	68,835	
28	Sch CSB-6			11,777	483	362	15,714	
29	Sch CSB-6			114,149			167,002	
30								
31	Sch CSB-6	335	Hydrants (Mains)	49,166	672	550	60,072	
32	Sch CSB-6			52,611	672	565	62,574	
33	Sch CSB-6			18,119	672	610	19,961	
34	Sch CSB-6			119,896			142,607	
35								
36								
37		RCN Rate Base Adj. No. 4 - Expensed Plant						
38	Sch CSB-7	340.1	Computers	7,069	1	1	7,069	
39		341	Transportation Equipment	6,512	1	1	6,512	
40		331	Mains	4,656	1	1	4,656	
41								
42		RCN Rate Base Adj. No. 5 - Other Tangible Plant Reclassification						
43	Sch CSB-8	311	Pumping Equip.	26,239	1	1	26,239	
44								
45								
46		RCN Rate Base Adj. No. 6 - Plant Retirements						
47	Sch CSB-9	311	Pumping Equip.	14,528	760	569	19,405	
48	Sch CSB-9	311	Pumping Equip.	4,982	760	546	6,935	
49	Sch CSB-9	311	Pumping Equip.	2,400	760	619	2,947	
50	Sch CSB-9	311	Pumping Equip.	693	760	701	751	
51	Sch CSB-9	311	Pumping Equip.	2,156	760	701	2,337	
52	Sch CSB-9	311	Pumping Equip.	2,658	760	701	2,882	
53	Sch CSB-9	311	Pumping Equip.	13,119	1	1	13,119	
54				40,536			48,376	
55								
56	PTY Pump	311	Pumping Equip.	84,115	1	1	84,115	Was $58,659 in Direct
57								
58	PTY Pump	311	Pumping Equip. - Well No. 1				59,367	
59	PTY Pump	311	Pumping Equip. - Well No. 1				29,602	
60							88,969	
61								
62	Sch CSB-9	334	Meters	4,500	1	1	4,500	
63					Total Plant Retirements		225,960	

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RECONSTRUCTION COST NEW RATE BASE ADJ. NO. 7 - ACCUMULATED DEPRECIATION

LINE NO.	NARUC Acct No.	NARUC PLANT DESCRIPTION PER SCH B-4	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	304	Structures & Improvements	$ -	$ -	$ -
2	307	Wells & Springs	$ 2,103,420	$ -	$ 2,103,420
3	311	Pumping Equipment	$ 641,846	$ (266,590)	$ 375,257
4	320	Water Treatment Equip	$ 41,837	$ -	$ 41,837
5	330	Distribution Reservoirs and Standpipes	$ 662,512	$ -	$ 662,512
6	331	Transmission and Distribution Mains	$ 1,938,047	$ 59,260	$ 1,997,306
7	333	Services	$ 961,784	$ 32,809	$ 994,593
8	334	Meters and Meter Installations	$ 112,517	$ (6,016)	$ 106,501
9	335	Hydrants	$ 411,016	$ 16,489	$ 427,505
10	340	Office Furniture and Equipment	$ 17,177	$ -	$ 17,177
11	341	Transportation Equipment	$ 1,200	$ -	$ 1,200
12	345	Power Operated Equipment	$ 43,556	$ (23,650)	$ 19,906
13	348	Other Tangible Equipment	$ 2,624	$ (2,624)	$ 0
14		**Total Accumulated Depreciation**	$ 6,937,536	$ (190,322)	$ 6,747,215

ACCUMULATED DEPRECIATION RELATED TO UNRECORDED MAINS, ACCT NO 331

Line	Data Request	Year Placed In Service	Acct No.	Description	RCN Plant Cost	Number of Interim Years	Depreciation Rate	Accumulated Depreciation
21	CSB 3.1	2004	331	Mains	$ 219,078	6.5	2.00%	$28,480
22	CSB 3.2	2004	331	Mains	$ 149,600	6.5	2.00%	$19,448
23					$ 368,678			$47,928
25	CSB 3.1	2005	331	Mains	$ 34,911	5.5	2.00%	$3,840
26	CSB 3.2	2005	331	Mains	$ 286,725	5.5	2.00%	$31,540
27	CSB 3.2	2005	331	Mains	$ 26,333	5.5	2.00%	$2,897
28					$ 347,969			$38,277
30	CSB 1.2 & 3.3	2006	331	Mains	$ 101,719	4.5	2.00%	$9,155
31					$818,365			$95,359

ACCUMULATED DEPRECIATION RELATED TO UNRECORDED SERVICES, ACCT NO 333

Line	Data Request	Year Placed In Service	Acct No.	Description	RCN Plant Cost	Number of Interim Years	Depreciation Rate	Accumulated Depreciation
38	CSB 3.1	2004	331	Services	$ 29,017	6.5	3.33%	$6,281
39	CSB 3.2	2004	331	Services	$ 53,437	6.5	3.33%	$11,566
40					$ 82,453			$17,847
42	CSB 3.1	2005	331	Services	$ 17,667	5.5	3.33%	$3,236
43	CSB 3.2	2005	331	Services	$ 39,731	5.5	3.33%	$7,277
44	CSB 3.2	2005	331	Services	$ 11,438	5.5	3.33%	$2,095
45					$ 68,835			$12,607
47	CSB 1.2 & 3.3	2006	331	Services	$ 15,714	4.5	3.33%	$2,355
48					$167,002			$32,809

ACCUMULATED DEPRECIATION RELATED TO UNRECORDED HYDRANTS, ACCT NO 335

Line	Data Request	Year Placed In Service	Acct No.	Description	RCN Plant Cost	Number of Interim Years	Depreciation Rate	Accumulated Depreciation
54	CSB 3.1	2004	331	Hydrants	$ 25,861	6.5	2.00%	$3,362
55	CSB 3.2	2004	331	Hydrants	$ 34,211	6.5	2.00%	$4,447
56					$ 60,072			$7,809
58	CSB 3.1	2005	331	Hydrants	$ 16,783	5.5	2.00%	$1,846
59	CSB 3.2	2005	331	Hydrants	$ 37,465	5.5	2.00%	$4,121
60	CSB 3.2	2005	331	Hydrants	$ 8,326	5.5	2.00%	$916
61					$ 62,574			$6,883
63	CSB 1.2 & 3.3	2006	331	Hydrants	$ 19,961	4.5	2.00%	$1,796
64					$142,607			$16,489

ACCUMULATED DEPRECIATION RELATED TO RETIREMENTS

Line	Data Request	Reference	Acct No.	Description	RCN Plant Cost	Number of Interim Years	Depreciation Rate	Amnt Removed from Acc Depr
69	CSB 3.7	Schedule CSB-7	311	Pumping Equip	$ (48,376)	n/a	n/a	$ (48,376)
70	CSB 3.7	Schedule CSB-7	334	Meters	$ (4,500)	n/a	n/a	$ (4,500)
71					$ (52,876)			$ (52,876)

ACCUMULATED DEPRECIATION ADJUSTMENT ON PUMPS FULLY DEPRECIATED IN SAME YEAR PLACED IN SERVICE

Line	Col A	Col B	Col C	Col D	Col E	Col F	Col G	Col H	Col I	Col J
77	Year	Reference	Acct No.	Description	RCN Plant Cost	Number of Interim Years	Depreciation Rate	Depr Expense Col E x Col F x Col G	Recorded Depreciation	Difference Col H - Col I
77	2003	Exhibit RLJ-DT2, Sch B-2.1, P4	311	Pumping Equip	$ 16,837	7.5	12.5%	$ 15,785	$ 16,837	$ (1,052)
78	2004	Exhibit RLJ-DT2, Sch B-2.1, P5	311	Pumping Equip	$ 41,287	6.5	12.5%	$ 33,546	$ 41,287	$ (7,741)
79	2005	Exhibit RLJ-DT2, Sch B-2.1, P6	311	Pumping Equip	$ 53,693	5.5	12.5%	$ 36,914	$ 53,693	$ (16,779)
80	2010	Data Requ Resp 1.3 Invoice ID #27	311	Pumping Equip	$ 28,447	2.5	12.5%	$ 8,890	$ 28,447	$ (19,558)
81					$ 140,264			$ 95,134	$ 140,264	$ (45,130)

ACCUMULATED DEPRECIATION RELATED TO POST-TEST YEAR RELATED RETIREMENT

Line	Year	Reference	Acct No.	Description	RCN Cost	
85	2000	RCN Rate Adj No. 1	311	Pumping Equip	$ (173,084)	Was $58,659 in Surrebuttal

ACCUMULATED DEPRECIATION RELATED TO OTHER TANGIBLE PLANT RECLASSIFICATION

Line	Data Request	Schedule	Acct No.	Description	Plant Cost	Number of Interim Years	Depreciation Rate	Amount Removed from Accum Depr
90	3.4 (f) (3)	Sch CSB-9 & Company Rebuttal Test	348	Othr Tang. Plant	$ 26,239	1	10.0%	$ 2,624

Column A: Company Exhibit RLJ-DT2, Schedule B-2.1, Page 12
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

RECONSTRUCTION COST NEW RATE BASE ADJUSTMENT NO. 7 - ACCUMULATED DEPRECIATION CONTINUED

	ACCUMULATED DEPRECIATION RELATED TO INADEQUATELY SUPPORTED PLANT							
Line. No.	Data Request	Year Placed In Service	Acct No.	Description	RCN Plant Cost	Number of Interim Years	Depreciation Rate	Accumulated Depreciation
1	CSB 1.3	2002	331	Mains	$ (196,196)	8.5	2.00%	$ (33,353)
2	CSB 1.3	2004	331	Mains	$ (21,126)	6.5	2.00%	$ (2,746)
3					$ (217,322)			$ (36,100)
4								
5	CSB 1.3	2006	334	Meters	$ (4,043)	4.5	8.33%	$ (1,516)
6								
7	CSB 1.3	2005	345	Power Op Equip	$ (86,000)	5.5	5.00%	$ (23,650)
8					$ (307,365)			**$ (61,265)**

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Revised Surrebuttal Schedule CSB-18

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

LINE NO.	DESCRIPTION	[A] PER COMPANY	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	CIAC from Last Rate Case	$ -	$ 2,117,237	$ 2,117,237
2	CIAC from Intervening Years	$ -	$ 1,142,411	$ 1,142,411
3	Total CIAC	$ -	$ 3,259,648	$ 3,259,648
4				

References:

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

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Revised Surrebuttal Schedule CSB-19

RECONSTRUCTION COST NEW RATE BASE
ADJUSTMENT NO. 9 - AMORTIZATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION ("CIAC")

		[A]	[B]	[C]
LINE NO.	DESCRIPTION	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Amortization of CIAC	$ -	$ 504,845	$ 504,845

References:

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

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Revised Surrebuttal Schedule CSB-20

RECONSTRUCTION COST NEW RATE BASE
ADJUSTMENT NO. 10 - CASH WORKING CAPITAL ALLOWANCE

LINE NO.	DESCRIPTION	[A] PER COMPANY	[B] ADJUSTMENT	[C] PER STAFF
1	Cash Working Capital Allowance	$ 96,775	$ (96,775)	$ -

References:

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

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Revised Surrebuttal Schedule CSB-21

OPERATING INCOME - TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] COMPANY TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	ADJ NO.	[C] STAFF TEST YEAR AS ADJUSTED	[D] STAFF PROPOSED CHANGES	[E] STAFF RECOMMENDED
	REVENUES:						
1	Metered Water Sales	$ 1,234,701			$ 1,234,701	$ 460,362	$ 1,695,063
2	Water Sales - Unmetered	-	-		-		-
3	Other Operating Revenues	25,727	-		25,727	3,060	28,787
4	**Total Revenues**	$ 1,260,428	$ -		$ 1,260,428	$ 463,422	$ 1,723,850
5							
6	*EXPENSES:*						
7	Salaries and Wages	$ 77,200	$ -		$ 77,200	$ -	$ 77,200
8	Salaries and Wages-Officers & Directors	210,000	-		210,000	-	210,000
9	Employee Pensions & Benefits	22,326	14,400	1	36,726	-	36,726
10	Purchased Power	159,775	-		159,775	-	159,775
11	Chemicals	15,338	(11,957)	2	3,381	-	3,381
12	Repairs and Maintenance	108,314	(56,273)	3	52,041	-	52,041
13	Office Supplies Expense	-	15,466	4	15,466	-	15,466
14	Contractual Services - Accounting	8,428	(2,423)	5	6,005	-	6,005
15	Contractual Services - Legal	23,128	(16,231)	6	6,897	-	6,897
16	Contractual Services - Management Fees	75,000	(75,000)	7	-	-	-
17	Contractual Services - Testing	-	10,636	8	10,636	-	10,636
18	Contractual Services - Other	54,479	(7,307)	9	47,172	-	47,172
19	Rent - Building	-	26,580	10	26,580	-	26,580
20	Rent - Equipment	24,000	(13,164)	11	10,836	-	10,836
21	Transportation Expense	26,580	(13,329)	12	13,251	-	13,251
22	Insurance - General Liability	6,003	-		6,003	-	6,003
23	Insurance - Workman's Compensation	872	-		872	-	872
24	Reg. Comm. Exp. - Rate Case	50,000	-		50,000	-	50,000
25	Reg. Comm. Exp. - Other	-	-		-	-	-
26	Bad Debt Expense	7,688	(5,125)	13	2,563	942	3,505
27	Miscellaneous Expense	61,587	(16,790)	14	44,797		44,797
28	Depreciation Expense	245,585	(148,150)	15	97,435		97,435
29	Taxes Other Than Income	19,638	-		19,638		19,638
30	Property Taxes	60,348	-		60,348	7,396	67,744
31	Income Taxes	510	84,196	16	84,706	170,922	255,629
32	Interest Expense - Customer Deposits	-	1,367	17	1,367		1,367
33	**Total Operating Expenses**	$ 1,256,799	$ (213,104)		$ 1,043,695	$ 179,261	$ 1,222,956
34							
35	**Operating Income (Loss)**	$ 3,629	$ 213,104		$ 216,733	$ 281,101	$ 500,894

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

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SUMMARY OF OPERATING INCOME ADJUSTMENTS - TEST YEAR

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] ADJ #1 Employee Benefits Expense Ref: Sch CSB-23	[C] ADJ #2 Chemicals Expense Ref: Sch CSB-24	[D] ADJ #3 Repair & Maintenance Expense Ref: Sch CSB-25	[E] ADJ #4 Office Supplies Expense Ref: Sch CSB-26	[F] ADJ #5 Contractual Services Accounting Ref: Sch CSB-27	[G] ADJ #6 Contractual Services Legal Ref: Sch CSB-28	[H] ADJ #7 Contractual Services Management Fees Ref: Sch CSB-29	[I] ADJ #8 Contractual Services Water Testing Ref: Sch CSB-30	[J] ADJ #9 Contractual Services Other Ref: Sch CSB-31	[K] Subtotal
	REVENUES:											
1	Metered Water Sales	$ 1,234,701	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,234,701
2	Water Sales - Unmetered	-	-	-	-	-	-	-	-	-	-	-
3	Other Operating Revenues	25,727	-	-	-	-	-	-	-	-	-	25,727
4	**Total Revenues**	$ 1,260,428	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,260,428
5												
6	*OPERATING EXPENSES:*											
7	Salaries and Wages	$ 77,200	-	-	-	-	-	-	-	-	-	$ 77,200
8	Salaries and Wages-Officers & Directors	210,000	-	-	-	-	-	-	-	-	-	210,000
9	Employee Pensions & Benefits	22,326	14,400	-	-	-	-	-	-	-	-	36,726
10	Purchased Power	159,775	-	-	-	-	-	-	-	-	-	159,775
11	Chemicals	15,338	-	(11,957)	-	-	-	-	-	-	-	3,381
12	Repairs and Maintenance	108,314	-	-	(56,273)	-	-	-	-	-	-	52,041
13	Office Supplies Expense	-	-	-	-	15,466	-	-	-	-	-	15,466
14	Contractual Services - Accounting	8,428	-	-	-	-	(2,423)	-	-	-	-	6,005
15	Contractual Services - Legal	23,128	-	-	-	-	-	(16,231)	-	-	-	6,897
16	Contractual Services - Management Fees	75,000	-	-	-	-	-	-	(75,000)	-	-	-
17	Contractual Services - Testing	-	-	-	-	-	-	-	-	10,636	-	10,636
18	Contractual Services - Other	54,479	-	-	-	-	-	-	-	-	(7,307)	47,172
19	Rent - Buildings	-	-	-	-	-	-	-	-	-	-	-
20	Rent - Equipment	24,000	-	-	-	-	-	-	-	-	-	24,000
21	Transportation Expense	26,580	-	-	-	-	-	-	-	-	-	26,580
22	Insurance - General Liability	6,003	-	-	-	-	-	-	-	-	-	6,003
23	Insurance - Workman's Compensation	872	-	-	-	-	-	-	-	-	-	872
24	Reg. Comm. Exp. - Rate Case	50,000	-	-	-	-	-	-	-	-	-	50,000
25	Reg. Comm. Exp. - Other	-	-	-	-	-	-	-	-	-	-	-
26	Bad Debt Expense	7,688	-	-	-	-	-	-	-	-	-	7,688
27	Miscellaneous Expense	61,587	-	-	-	-	-	-	-	-	-	61,587
28	Depreciation Expense	245,585	-	-	-	-	-	-	-	-	-	245,585
29	Taxes Other Than Income	19,638	-	-	-	-	-	-	-	-	-	19,638
30	Property Taxes	60,348	-	-	-	-	-	-	-	-	-	60,348
31	Income Taxes	510	-	-	-	-	-	-	-	-	-	510
32	Interest Expense - Customer Deposits	-	-	-	-	-	-	-	-	-	-	-
33	**Total Operating Expenses**	$ 1,256,799	$ 14,400	$ (11,957)	$ (56,273)	$ 15,466	$ (2,423)	$ (16,231)	$ (75,000)	$ 10,636	$ (7,307)	$ 1,128,110
34												
35	**Operating Income (Loss)**	$ 3,629	$ (14,400)	$ 11,957	$ 56,273	$ (15,466)	$ 2,423	$ 16,231	$ 75,000	$ (10,636)	$ 7,307	$ 132,318

SUMMARY OF OPERATING INCOME ADJUSTMENTS - TEST YEAR CONTINUED

LINE NO.	DESCRIPTION	[L] ADJ #10 Rents Buildings Ref: Sch CSB-32	[M] ADJ #11 Rents Equipment (Vehicles) Ref: Sch CSB-33	[N] ADJ #12 Transportation Expense Ref: Sch CSB-34	[O] ADJ #13 Bad Debt Expense Ref: Sch CSB-35	[P] ADJ #14 Miscellaneous Expense Ref: Sch CSB-36	[Q] ADJ #15 Depreciation Expense Ref: Sch CSB-37	[R] ADJ #16 Income Tax Allowance Ref: Sch CSB-38	[S] ADJ #17 Interest Expense on Customer Deposits Ref: Sch CSB-39	[U] STAFF ADJUSTED
	REVENUES:									
1	Metered Water Sales	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,234,701
2	Water Sales - Unmetered	-	-	-	-	-	-	-	-	-
3	Other Operating Revenues	-	-	-	-	-	-	-	-	25,727
4	**Total Revenues**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,260,428
5										
6	*OPERATING EXPENSES:*									
7	Salaries and Wages	-	-	-	-	-	-	-	-	77,200
8	Salaries and Wages-Officers & Directors	-	-	-	-	-	-	-	-	210,000
9	Employee Pensions & Benefits	-	-	-	-	-	-	-	-	36,726
10	Purchased Power	-	-	-	-	-	-	-	-	159,775
11	Chemicals	-	-	-	-	-	-	-	-	3,381
12	Repairs and Maintenance	-	-	-	-	-	-	-	-	52,041
13	Office Supplies Expense	-	-	-	-	-	-	-	-	15,466
14	Contractual Services - Accounting	-	-	-	-	-	-	-	-	6,005
15	Contractual Services - Legal	-	-	-	-	-	-	-	-	6,897
16	Contractual Services - Management Fees	-	-	-	-	-	-	-	-	-
17	Contractual Services - Testing	-	-	-	-	-	-	-	-	10,636
18	Contractual Services - Other	-	-	-	-	-	-	-	-	47,172
19	Rent - Buildings	26,580	-	-	-	-	-	-	-	26,580
20	Rent - Equipment	-	(13,164)	-	-	-	-	-	-	10,836
21	Transportation Expense	-	-	(13,329)	-	-	-	-	-	13,251
22	Insurance - General Liability	-	-	-	-	-	-	-	-	6,003
23	Insurance - Workman's Compensation	-	-	-	-	-	-	-	-	872
24	Reg. Comm. Exp. - Rate Case	-	-	-	-	-	-	-	-	50,000
25	Reg. Comm. Exp. - Other	-	-	-	-	-	-	-	-	-
26	Bad Debt Expense	-	-	-	(5,125)	-	-	-	-	2,563
27	Miscellaneous Expense	-	-	-	-	(16,790)	-	-	-	44,797
28	Depreciation Expense	-	-	-	-	-	(148,150)	-	-	97,435
29	Taxes Other Than Income	-	-	-	-	-	-	-	-	19,638
30	Property Taxes	-	-	-	-	-	-	-	-	60,348
31	Income Taxes	-	-	-	-	-	-	84,196	-	84,706
32	Interest Expense - Customer Deposits	-	-	-	-	-	-	-	1,367	1,367
33	**Total Operating Expenses**	$ 26,580	$ (13,164)	$ (13,329)	$ (5,125)	$ (16,790)	$ (148,150)	$ 84,196	$ 1,367	$ 1,043,695
34										
35	**Operating Income (Loss)**	$ (26,580)	$ 13,164	$ 13,329	$ 5,125	$ 16,790	$ 148,150	$ (84,196)	$ (1,367)	$ 216,733

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Revised Surrebuttal Schedule CSB-23

OPERATING INCOME ADJUSTMENT NO. 1 - EMPLOYEE PENSIONS AND BENEFITS

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Employee Pensions and Benefits	$ 22,326	$ -	$ 22,326
2	Reclassified from Management Fees	-	14,400	14,400
3	Total	$ 22,326	$ 14,400	$ 36,726

References:

Column A: Company Schedule C-2

Column B: Testimony, CSB; Data Request CSB 1.20 c

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

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Revised Surrebuttal Schedule CSB-24

OPERATING INCOME ADJUSTMENT NO. 2 - CHEMICALS EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Chemicals Expense	$ 15,338	$ (11,957)	$ 3,381

References:

Column A: Company Schedule C-2

Column B: Testimony, CSB; Data Request CSB 1.21

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

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Revised Surrebuttal Schedule CSB-25

OPERATING INCOME ADJUSTMENT NO. 3 - REPAIRS AND MAINTENANCE EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED	
1	2011 Actual Repairs & Maintenance Expense	$ 76,981	$ -	$ 76,981	
2	Inadequately Supported Credit Card Purchases	-	(24,475)	(24,475)	From Line 43
3	Company Pro forma Adj for Tank Painting	31,333	(31,333)	-	
4	Staff Pro forma Adj for Arsenic Media	-	15,000	15,000	From Line 53
5	Office Suppl Exp Incorrectly Included In R&M	-	(15,466)	(15,466)	CSB 1.22
6	Total Repairs & Maintenance	$ 108,314	$ (56,273)	$ 52,041	
7					
8					

9	Repair & Maintenance Related Purchases Made On Personal Credit Card		
10	CSB 1.22 & CSB 6.7		
11	Home Depot	$ 1,137.37	
12	Lowe's	8.77	
13	A&G Turf	321.59	
14	QT	443.06	
15	AZ Lawn King	26.74	
16	Wagner Equipment	963.29	
17	Dunn Edwards	24.40	
18	Amerigas Propane	70.70	
19	USPS	461.49	
20	Harbor Freight	119.98	
21	Ace Hardware	564.23	
22	Dealer's Tire Supply	621.39	
23	Hardware Plus	29.40	
24	S&S Tire Peoria	1,174.78	
25	Border's Turf & Tractor	32.83	
26	Danny's Family Car Wash	82.99	
27	Bigham Equipment	310.33	
28	Fed Ex	37.32	
29	Sprinkler World	761.49	
30	WW Grainger	113.84	
31	Chevy's 2040	58.99	
32	Office Max	472.17	
33	AOL Service	310.80	
34	Ever Ready Glass	195.00	
35	Firestone	952.50	
36	Thunderbird Automotive	32.55	
37		9,328.00	Total To Be Allocated
38	x	33.33%	
39	Allowed Personal Credit Card Purchases	3,109.02	33.33% To Owner; 33.33% to Cody Farms, 33.33% New River
40			
41		$ 27,583.80	Total Purchases on Personal Credit Card
42		$ (3,109.02)	Allocation to New River
43	Staff's Adjustment	$ 24,474.78	Amount Disallowed
44			
45			
46			

47		Normalized Arsenic Media Costs	
48			
49			
50		CSB 3.9 & 5.3	
51	Actual Cost of Arsenic Media	$ 75,000	
52	Divided by	5	Years
53		$ 15,000	

References:

Column A: Company Schedule C-2
Column B: Testimony, CSB; Data Request CSB 1.22 & CSB 3.9
Column C: Column [A] + Column [B]

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Revised Surrebuttal Schedule CSB-26

OPERATING INCOME ADJUSTMENT NO. 4 - OFFICE SUPPLIES EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Office Supplies Expense	$ -	$ -	$ -
2	To Reclassify from Rep & Maint to Off Suppl	-	15,466	15,466
3	Total	$ -	$ 15,466	$ 15,466

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB; Data Request CSB 1.22
Column C: Column [A] + Column [B]

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Revised Surrebuttal Schedule CSB-27

OPERATING INCOME ADJUSTMENT NO. 5 - CONTRACTUAL SERVICES, ACCOUNTING

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Contractual Services, Accounting	$ 8,428	$ (2,423)	$ 6,005
2				
3				
4			Thomas	
5			Bourassa	
6			Invoice	
7	Work performed for billcounts		$ 2,423	CSB 1.25

References:

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

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Revised Surrebuttal Schedule CSB-28

OPERATING INCOME ADJUSTMENT NO. 6 - CONTRACTUAL SERVICES, LEGAL

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Contractual Services, Legal	$ 23,128	$ -	$ 23,128
2	Incorrectly Booked to New River (CSB 1.26)	-	(2,005)	(2,005)
3	Incorrectly Booked to New River (CSB 6.5)		(419)	(419)
4	To Remove Unsupported Cost (CSB 6.5)	-	(1,716)	(1,716)
5	To Normalize Costs Related to Payment Dispute		(7,435)	(7,435)
6	To Capitalize Costs Related To Interconnection		(4,656)	(4,656)
7		$ 23,128	$ (16,231)	$ 6,897
8				
9				

	Vendor	Description	Amount
10			
11	Fennemore Craig	Interconnection Agreement	$ 3,891
12	Ryley Carlock	Interconnection Agreement	$ 765
13			$ 4,656
14			
15			

		Normalized Costs	
16			
17			
18	Legal Costs Related to Payment Dispute With Customer	$ 7,531	CSB 6.6
19	Legal Costs Related To Title To Well	$ 3,621	CSB 6.6
20	Total Costs to Be Normalized	$ 11,152	
21	Normalized using three years	3	
22	Normalized amount	$ 3,717	
23			
24	Total Costs to Be Normalized	$ 11,152	
25	Less: Normalized amount	$ (3,717)	
26	Staff's Adjustment	$ 7,435	

References:

Column A: Company Schedule C-1 & E-2
Column B: Testimony, CSB; Data Request CSB 1.26
Column C: Column [A] + Column [B]

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Revised Surrebuttal Schedule CSB-29

OPERATING INCOME ADJUSTMENT NO. 7 - CONTRACTUAL SERVICES, MANAGEMENT FEES

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Contractual Services, Management Fees	$ 75,000	$ -	$ 75,000
2	To Reclassify Employee Benefits (Employee Housing)	-	(14,400)	(14,400)
3	To Reclassify Rental of Workshop Space	-	(12,000)	(12,000)
4	To Reclassify Rental of Bus. Off. & 87th Ave Booster Plant Prop	-	(48,600)	(48,600)
5		$ 75,000	$ (75,000)	$ -
6				
7				
8		Data Request	Amount	Description
9		CSB 1.27 (a)	$ 75,000	Management Fees
10		CSB 1.20	$ (14,400)	Employee Benefit (Housing)
11		CSB 1.16	$ (12,000)	Rental of Workshop Space
12		CSB 6.1	$ (48,600)	Rental of Business Off & 87th Ave Booster Plant Property
13			$ -	

References:

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

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Revised Surrebuttal Schedule CSB-30

OPERATING INCOME ADJUSTMENT NO. 8 - CONTRACT SRVCS., WATER TESTING EXPENSE

		[A]	[B]	[C]
LINE NO.	**DESCRIPTION**	**COMPANY AS FILED**	**STAFF ADJUSTMENTS**	**STAFF AS ADJUSTED**
1	Contractual Services - Testing	$ -	$ -	$ -
2	Reclassified from Contractual Srvcs, Other	-	13,489	13,489
3	To Remove Company's Water Testing Exp	-	(13,489)	(13,489)
4	To Reflect Staff's Water Testing Expense	-	10,636	10,636
5	Total	$ -	$ 10,636	$ 10,636

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB; Data Request CSB 1.29
Column C: Column [A] + Column [B]

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Revised Surrebuttal Schedule CSB-31

OPERATING INCOME ADJUSTMENT NO. 9 - CONTRACTUAL SERVICES, OTHER

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED	
1	Contractual Services, Other	$ 54,479	$ -	$ 54,479	
2	Reclassified from Chemicals Expense	-	11,957	11,957	
3	To Reclassify Water Testing Expenses	-	(13,489)	(13,489)	Co.'s Rebuttal
4	To Remove Legal Costs Related to Affiliate	-	$ (5,775)	(5,775)	From Line 8
5		$ 54,479	$ (7,307)	$ 47,172	
6					
7					
8	Griffin & Associates (CSB 1.29)		$ 5,775	Legal Expense	
9					

References:

Column A: Company Schedule C-2

Column B: Testimony, CSB; Company Data Request Response to CSB 1.29

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

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Revised Surrebuttal Schedule CSB-32

OPERATING INCOME ADJUSTMENT NO. 10 - RENT, BUILDINGS

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED	
1	Rent, Buildings	$ -	$ -	$ -	
2	Reclassified from Mgmnt Fees, Workshop		12,000	12,000	
3	To Adjust to Staff's Recommended Costs		(9,000)	(9,000)	
4	Staff's Recommended Workshop Rent Costs	-	3,000	3,000	From Line 20
5					
6	Reclassified from Mgmnt Fees, Bus. Off. & 87th Ave Booster Plant Prop	-	48,600	48,600	
7	To Adjust to Staff's Recommended Costs		(25,020)	(25,020)	
8	Staff's Recommended Rent Costs for Business Office	-	23,580	23,580	From Line 32
9					
10	Total for Workshop and Business Office	-	26,580	26,580	
11					
12					
13		Calculation			
14		of Workshop			
15		Rental Cost			
16	Cost for Renting 4,000 sq. ft. Workshop Facility	$ 12,000	Per Year		
17	Divided By	4,000	Square Feet		
18	Cost Per Square Foot	$ 3			
19	Multiplied by Staff Recommended Squ Footage	1,000	Square Feet		
20	Staff's Recommended Annual Cost	$ 3,000	For Workshop		
21					
22	Annual Workshop Facility Cost	$ 12,000	Per Company		
23	Less:	$ 3,000	Staff's Recommended Annual Cost		
24		$ 9,000	Staff's Adjustment		
25					
26					
27		Calculation of			
28		Business Off.			
29		Rental Cost			
30	Staff's Recommended	$ 1,965	Per Month		
31	Multiplied by	12	Months		
32	Staff's Recommended Annual Cost	$ 23,580	for Business Office		
33					
34	Annual Workshop Facility Cost	$ 48,600	Per Company		
35	Less:	$ 23,580	Staff's Recommended Annual Cost		
36		$ 25,020	Staff's Adjustment		

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB; Data Request CSB 6.1 & 6.2
Column C: Column [A] + Column [B]

New River Utility Company
Docket No. W-01737A-12-0478
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Revised Surrebuttal Schedule CSB-33

OPERATING INCOME ADJUSTMENT NO. 11 - RENT, EQUIPMENT (VEHICLES)

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Rent, Equipment (Vehicles)	$ 22,000	$ (13,164)	$ 8,836
2				
3				
4				

5		Estimated Monthly Lease Cost	Work Days In Month	Daily Rate	Avg. Est. Number of Days Used Per Month	Monthly Cost	Annual Cost
6							
7							
8		CSB 2.2					
9	Bob Fletcher's Truck	$ 400	22	$ 18.18	11	$ 200.00	$ 2,400.00
10	Karen Fletcher's Truck	$ 400	22	$ 18.18	0	$ -	$ -
11	Florintino Ibbera's Truck	$ 400	22	$ 18.18	22	$ 400.00	$ 4,800.00
12	Tracy Dalgleich's Truck	$ 200	22	$ 9.09	11	$ 100.00	$ 1,200.00
13	1997 Trailer	$ 100	22	$ 4.55	3	$ 13.64	$ 163.64
14	1999 Trailer	$ 100	22	$ 4.55	1	$ 4.55	$ 54.55
15		$ 1,600				$ 718.18	$8,618.18
16							
17	1989 Forklift	$ 400	22	$ 18.18	1	$ 18.18	$ 218.18
18	Total	$ 2,000				$ 736.36	$8,836.36

References:

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

New River Utility Company
Docket No. W-01737A-12-0478
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Revised Surrebuttal Schedule CSB-34

OPERATING INCOME ADJUSTMENT NO. 12 - TRANSPORTATION EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED	
1	Transportation Expense, Gas & Oil Costs	$ 17,314	$ -	$ 17,314	
2	To Remove Oil & Gas Costs of Disallowed Truck	-	(2,797)	(2,797)	From line 20
3	Transportation Expense, Repair & Maintenance	9,265	-	9,265	
4	To Remove Costs of the Affiliate	-	(4,020)	(4,020)	CSB 6.6
5	To Capitalize Engine Rebuild Costs	-	(6,512)	(6,512)	CSB 6.6
6		$ 26,580	$ (13,329)	$ 13,251	
7					
8					
9	Gas and Oil Costs for all Vehicles		$ 17,314		
10	Less: Costs to be Normalized		$ (2,106)		
11	Less: Costs to be Normalized		$ (4,021)		
12	Costs for 4 Vehicles		$ 11,188		
13	Divided by		4	Vehicles	
14			$ 2,797	Oil and Gas Costs Per Vehicle	
15			x 3	Vehicles	
16			$ 8,391	Oil and Gas Costs for 3 Vehicles	
17					
18			$ 11,188	Total Gas and Oil Purchases	
19			$ 8,391	Amount Allowed from line 16	
20	Staff's Adjustment		$ 2,797	Oil and Gas costs disallowed for truck	
21					

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB; Data Request CSB 1.31 and 6.6
Column C: Column [A] + Column [B]

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Revised Surrebuttal Schedule CSB-35

OPERATING INCOME ADJUSTMENT NO. 13 - BAD DEBT EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Bad Debt Expense	$ 7,688	$ (5,125)	$ 2,563
2				
3				
4				
5			Bad Debt Expense	
6		2009	$ -	
7		2010	$ -	
8		2011	$ 7,688	
9			$ 7,688	
10		Divided by	3	Years
11			$ 2,563	Normalized Amount
12		Bad Debt Expense Per Company	$ 7,688	From Line 9
13		Staff's Adjustment	$ (5,125)	

References:

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

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Revised Surrebuttal Schedule CSB-36

OPERATING INCOME ADJUSTMENT NO. 14 - MISCELLANEOUS EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Miscellaneous Expense	$ 61,587	$ -	$ 61,587
2	To Remove Meals and Entertainment	-	(13,427)	(13,427)
4	To Remove Donations	-	(3,363)	(3,363)
5	To Remove Business Promotions Costs	-	(3,597)	(3,597)
6		$ 61,587	$ (16,790)	$ 44,797
7				
8		Data Request CSB 1.19		
9		Meals and		Business
10		Entertainment	Donations	Promotions
11		$ 550.00	$ 1,000.00	$ 2,096.81
12		300.00	500.00	1,000.00
13		6,500.00	1,313.02	500.00
14		1,048.80	500.00	3,596.81
15		226.25	50.00	
16		137.77	$ 3,363	
17		181.85		
18		828.36		
19		364.71		
20		311.42		
21		216.77		
22		417.49		
23		108.84		
24		56.08		
25		460.47		
26		656.40		
27		427.29		
		45.72		
		460.85		
		128.16		
		$ 13,427		

References:

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

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Revised Surrebuttal Schedule CSB-37

OPERATING INCOME ADJUSTMENT NO. 15 - DEPRECIATION EXPENSE ON ORIGINAL COAST TEST YEAR PLANT

LINE NO.		DESCRIPTION	[A] PLANT In SERVICE Per Staff	[B] NonDepreciable or Fully Depreciated PLANT	[C] DEPRECIABLE PLANT (Col A - Col B)	[D] DEPRECIATION RATE	[E] DEPRECIATION EXPENSE (Col C x Col D)
1	302	Franchises	$ -	$ -	$ -	0.00%	$ -
2	303	Land and Land Rights	75,181	(75,181)	-	0.00%	
3	304	Structures and Improvements	84,633	-	84,633	3.33%	2,818
4	306	Lake, River, and Other Intakes	-	-	-	2.50%	-
5	307	Wells and Springs	795,021	-	795,021	3.33%	26,474
6	309	Supply Mains	-	-	-	2.00%	-
7	310	Power Generation Equipment	-	-	-	5.00%	-
8	311	Pumping Equipment	978,918	(812,922)	165,996	12.50%	20,749
9	320	Water Treatment Equipment	383,055	-	383,055	3.33%	12,756
10	330	Distribution Reservoirs and Standpipes	1,046,963	-	1,046,963	2.22%	23,243
11	330.2	Pressure Tanks	-	-	-	5.00%	-
12	331	Transmission and Distribution Mains	1,827,529	-	1,827,529	2.00%	36,551
13	333	Services	350,474	-	350,474	3.33%	11,671
14	334	Meters and Meter Installations	118,343	-	118,343	8.33%	9,858
15	335	Hydrants	313,089	-	313,089	2.00%	6,262
16	336	Backflow Prevention Devices	-	-	-	6.67%	-
17	339	Other Plant and Miscellaneous Equipment	-	-	-	6.67%	-
18	340	Office Furniture and Equipment	19,273	-	19,273	6.67%	1,286
19	340.1	Computers and Software	7,069	-	7,069	20.00%	1,414
20	341	Transportation Equipment	7,712	(1,200)	6,512	20.00%	1,302
21	343	Tools, Shop, and Garage Equipment	-	-	-	5.00%	-
22	344	Laboratory Equipment	-	-	-	10.00%	-
23	345	Power Operated Equipment	29,725	-	29,725	5.00%	1,486
24	346	Communication Equipment	-	-	-	10.00%	-
25	347	Miscellaneous Equipment	-	-	-	10.00%	-
26	348	Other Tangible Equipment	-	-	-	10.00%	-
27		Total Plant	$ 6,036,984	$ (889,303)	$ 5,147,681		$ 155,869
28							
29							
30							
31		Composite Depreciation Rate (Depr Exp / Depreciable Plant):	3.03%				
32		CIAC:	$ 1,929,840				
33		Amortization of CIAC (Line 31 x Line 32):	$ 58,435				
34							
35		Depreciation Expense Before Amortization of CIAC:	$ 155,869				
36		Less Amortization of CIAC:	$ 58,435				
37		Test Year Depreciation Expense - Staff:	$ 97,435				
38		Depreciation Expense - Company:	245,585				
39		**Staff's Total Adjustment:**	**$ (148,150)**				

Year Placed In Service	Acct. No. 311 Pumping Equip.
2003	$ 12,096
2004	$ 30,911
2005	$ 43,166
2010	$ 26,239
	$ 112,412

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

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Revised Surrebuttal Schedule CSB-38

OPERATING INCOME ADJUSTMENT NO. 16 - INCOME TAX ALLOWANCE

		[A]	[B]	[C]	
LINE NO.	DESCRIPTION	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED	
1	Income Tax Allowance on Test Year Revenue	$ 510	$ 84,196	$ 84,706	From Sch CSB-2, P.1

References:

Column A: Company Schedule C-2

Column B: Testimony, CSB; Schedule CSB-2

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

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Revised Surrebuttal Schedule CSB-39

OPERATING INCOME ADJUSTMENT NO. 17 - INTEREST EXPENSE ON CUSTOMER DEPOSITS

		[A]	[B]	[C]
LINE NO.	DESCRIPTION	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Interest Expense on Customer Deposits	$ -	$ 1,367	$ 1,367

Customer Deposits Balance	$	22,784
Multiplied by		6.0%
	$	1,367

References:

Column A: Company Schedule C-2

Column B: Testimony, CSB; Data Request CSB 1.21

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

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Revised Surrebuttal Schedule CSB-40

OPERATING INCOME ADJUSTMENT NO. 10 - PROPERTY TAX EXPENSE

LINE NO.	Property Tax Calculation	[A] STAFF AS ADJUSTED	[B] STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues	$ 1,260,428	$ 1,260,428
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	2,520,856	$ 2,520,856
4	Staff Recommended Revenue, Per Schedule CSB-1	1,260,428	$ 1,723,850
5	Subtotal (Line 4 + Line 5)	3,781,284	4,244,706
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	1,260,428	$ 1,414,902
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	2,520,856	$ 2,829,804
10	Plus: 10% of CWIP -	-	-
11	Less: Net Book Value of Licensed Vehicles	-	$ -
12	Full Cash Value (Line 9 + Line 10 - Line 11)	2,520,856	$ 2,829,804
13	Assessment Ratio	20.0%	20.0%
14	Assessment Value (Line 12 * Line 13)	504,171	$ 565,961
15	Composite Property Tax Rate	11.9697%	11.9697%
			$ -
16	Staff Test Year Adjusted Property Tax (Line 14 * Line 15)	$ 60,348	
17	Company Proposed Property Tax	60,348	
18	Staff Test Year Adjustment (Line 16-Line 17)	$ (0)	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		$ 67,744
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		$ 60,348
21	Increase in Property Tax Expense Due to Increase in Revenue Requirement		$ 7,396
22	Increase to Property Tax Expense		$ 7,396
23	Increase in Revenue Requirement		463,422
24	Increase to Property Tax per Dollar Increase in Revenue (Line19/Line 20)		1.595960%

Monthly Minimum Charge	Present	Company Proposed Rates	Staff Recommended Rates
Meter Size (All Classes):			
5/8 x 3/4 Inch	$ 7.50	$ 14.00	$ 8.00
3/4 Inch	7.50	14.00	8.00
1 Inch	18.75	35.00	20.00
1 1/2 Inch	37.50	70.00	40.00
2 Inch	60.00	112.00	64.00
3 Inch	120.00	224.00	128.00
4 Inch	190.00	350.00	200.00
6 Inch	375.00	700.00	400.00
8 Inch	750.00	1,400.00	640.00
Gallons Included In Monthly Minimum Charge	0	0	0
Commodity Charge - Per 1,000 Gallons			
5/8" x 3/4" Meter			
First 12,000 gallons	$ 1.2000	N/A	N/A
12,000 to 18,000 gallons	1.4000	N/A	N/A
Over 18,000 gallons	1.6000	N/A	N/A
First 4,000 gallons	N/A	1.1000	N/A
4,001 to 10,000 gallons	N/A	2.5800	N/A
Over 10,000 gallons	N/A	3.2000	N/A
First 4,000 gallons	N/A	N/A	$ 0.8700
4,001 to 11,000 gallons	N/A	N/A	1.8700
Over 11,000 gallons	N/A	N/A	2.8780
3/4" Meter			
First 12,000 gallons	$ 1.2000	N/A	N/A
12,000 to 18,000 gallons	1.4000	N/A	N/A
Over 18,000 gallons	1.6000		
First 4,000 gallons	N/A	1.1000	N/A
4,001 to 10,000 gallons	N/A	2.5800	N/A
Over 10,000 gallons	N/A	3.2000	N/A
First 4,000 gallons	N/A	1.1000	0.8700
4,001 to 11,000 gallons	N/A	2.5800	1.8700
Over 11,000 gallons	N/A	3.2000	2.8780
1" Meter			
First 12,000 gallons	$ 1.2000	N/A	N/A
12,000 to 18,000 gallons	1.4000	N/A	N/A
Over 18,000 gallons	1.6000		
First 25,000 gallons	N/A	2.5800	N/A
Over 25,000 gallons	N/A	3.2000	N/A
First 16,000 gallons	N/A	N/A	1.8700
Over 16,000 gallons	N/A	N/A	2.8780
1 1/2" Meter			
First 12,000 gallons	$ 1.2000	N/A	N/A
12,000 to 18,000 gallons	1.4000	N/A	N/A
Over 18,000 gallons	1.6000		
First 50,000 gallons	N/A	2.5800	N/A
Over 50,000 gallons	N/A	3.2000	N/A
First 30,000 gallons	N/A	N/A	1.8700
Over 30,000 gallons	N/A	N/A	2.8780

2" Meter				
First 12,000 gallons	$	1.2000	N/A	N/A
12,000 to 18,000 gallons		1.4000	N/A	N/A
Over 18,000 gallons		1.6000		
First 50,000 gallons		N/A	2.5800	N/A
Over 50,000 gallons		N/A	3.2000	N/A
First 48,000 gallons		N/A	N/A	1.8700
Over 48,000 gallons		N/A	N/A	2.8780
3" Meter				
First 12,000 gallons	$	1.2000	N/A	N/A
12,000 to 18,000 gallons		1.4000	N/A	N/A
Over 18,000 gallons		1.6000		
First 50,000 gallons		N/A	2.5800	N/A
Over 50,000 gallons		N/A	3.2000	N/A
First 105,000 gallons		N/A	N/A	1.8700
Over 105,000 gallons		N/A	N/A	2.8780
4" Meter				
First 12,000 gallons	$	1.2000	N/A	N/A
12,000 to 18,000 gallons		1.4000	N/A	N/A
Over 18,000 gallons		1.6000		
First 50,000 gallons		N/A	2.5800	N/A
Over 50,000 gallons		N/A	3.2000	N/A
First 170,000 gallons		N/A	N/A	1.8700
Over 170,000 gallons		N/A	N/A	2.8780
6" Meter				
First 12,000 gallons	$	1.2000	N/A	N/A
12,000 to 18,000 gallons		1.4000	N/A	N/A
Over 18,000 gallons		1.6000		
First 50,000 gallons		N/A	2.5800	N/A
Over 50,000 gallons		N/A	3.2000	N/A
First 360,000 gallons		N/A	N/A	1.8700
Over 360,000 gallons		N/A	N/A	2.8780
8" Meter				
First 12,000 gallons	$	1.2000	N/A	N/A
12,000 to 18,000 gallons		1.4000	N/A	N/A
Over 18,000 gallons		1.6000		
First 50,000 gallons		N/A	2.5800	N/A
Over 50,000 gallons		N/A	3.2000	N/A
First 590,000 gallons		N/A	N/A	1.8700
Over 590,000 gallons		N/A	N/A	2.8780

Other Service Charges

Establishment	$ 25.00	$ 30.00	$ 30.00
Establishment (After Hours)	$ 35.00	Discontinue	Discontinue
Reconnection (Delinquent)	$ 35.00	$ 40.00	$ 40.00
After Hours Charge	No Tariff	$ 25.00	$ 25.00
Meter Test (If Correct)	$ 40.00	$ 40.00	$ 40.00
Deposit (Residential)	2 times the avg bill	2 times the avg bill	*
Deposit (Non-Residential)	2 1/2 times the avg bill	2 1/2 times the avg bill	*
Deposit Interest	6%	6%	**
Reestablishment (within 12 months)	***	***	***
NSF Check	$ 15.00	$ 30.00	$ 15.00
Deferred Payment	1.5% per month	1.5% per month	1.5% per month
Meter Re-read (if correct)	$ 20.00	$ 30.00	$ 30.00
Moving Meter at Customer Request	At Cost	At Cost	At Cost
Late Charge per month	1.5% per month	1.5% per month	1.5% per month

* Per Commission Rule A.A.C. R-14-2-403(B)
** Per Commission Rule A.A.C. R-14-2-403(B)
*** Per Commission Rule A.A.C. R-14-2-403(D) - Months off the system times the monthly minimum.

In addition to the collection of regular rates, the utility will collect from its customers a proportionate share of any privilege, sales, use, and franchise tax. Per commission rule 14-2-409D(5).

Service and Meter Installation Charges

	Total Present Charge	Proposed Service Line Charge	Proposed Meter Insallation Charge	Total Proposed Charge	Recommended Service Line Charge	Recommended Meter Insallation Charge	Total Recommended Charge
5/8" x 3/4" Meter	$ 410	$ 445	$ 155	$ 600	$ 445	$ 155	$ 600
3/4" Meter	$ 410	$ 445	$ 255	$ 700	$ 445	$ 255	$ 700
1" Meter	$ 520	$ 495	$ 315	$ 810	$ 495	$ 315	$ 810
1 1/2" Meter	$ 660	$ 550	$ 525	$ 1,075	$ 550	$ 525	$ 1,075
2" Meter	$ 1,155	$ 830	$ 1,045	$ 1,875	$ 830	$ 1,045	$ 1,875
2" Compound Meter	$ 1,720	$ 830	$ 1,890	$ 2,720	$ 830	$ 1,890	$ 2,720
3" Meter	$ 1,625	$ 1,045	$ 1,670	$ 2,715	$ 1,045	$ 1,670	$ 2,715
3" Compound Meter	$ 2,260	$ 1,165	$ 2,545	$ 3,710	$ 1,165	$ 2,545	$ 3,710
4" Meter	$ 2,500	$ 1,490	$ 2,670	$ 4,160	$ 1,490	$ 2,670	$ 4,160
4" Compound Meter	$ 3,200	$ 1,670	$ 3,645	$ 5,315	$ 1,670	$ 3,645	$ 5,315
6" Meter	$ 4,500	$ 2,210	$ 5,025	$ 7,235	$ 2,210	$ 5,025	$ 7,235
6" Compound Meter	$ 6,300	$ 2,330	$ 6,920	$ 9,250	$ 2,330	$ 6,920	$ 9,250
8" Meter	$ 8,200	n/t	n/t	n/t	n/t	n/t	n/t
8" or Larger Meter	n/t	Cost	Cost	Cost	Cost	Cost	Cost

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Revised Surrebuttal Schedule CSB-42

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

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	11,183	$ 20.92	$ 37.67	$ 16.75	80.05%
Median Usage	8,762	18.01	30.69	$ 12.67	70.34%
Staff Recommended					
Average Usage	11,183	$ 20.92	$ 25.10	$ 4.18	19.97%
Median Usage	8,762	18.01	20.38	$ 2.37	13.16%

Present & Proposed Rates (Without Taxes)
General Service 5/8 x 3/4-Inch Meter

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	$ 7.50	$ 14.00	86.67%	$ 8.00	6.67%
1,000	8.70	15.10	73.56%	8.87	1.95%
2,000	9.90	16.20	63.64%	9.74	-1.62%
3,000	11.10	17.30	55.86%	10.61	-4.41%
4,000	12.30	18.40	49.59%	11.48	-6.67%
5,000	13.50	20.98	55.41%	13.35	-1.11%
6,000	14.70	23.56	60.27%	15.22	3.54%
7,000	15.90	26.14	64.40%	17.09	7.48%
8,000	17.10	28.72	67.95%	18.96	10.88%
9,000	18.30	31.30	71.04%	20.83	13.83%
10,000	19.50	33.88	73.74%	22.70	16.41%
11,000	20.70	37.08	79.13%	24.57	18.70%
12,000	21.90	40.28	83.93%	27.45	25.33%
13,000	23.30	43.48	86.61%	30.33	30.15%
14,000	24.70	46.68	88.99%	33.20	34.43%
15,000	26.10	49.88	91.11%	36.08	38.25%
16,000	27.50	53.08	93.02%	38.96	41.67%
17,000	28.90	56.28	94.74%	41.84	44.77%
18,000	30.30	59.48	96.30%	44.72	47.58%
19,000	31.90	62.68	96.49%	47.59	49.20%
20,000	33.50	65.88	96.66%	50.47	50.66%
25,000	41.50	81.88	97.30%	64.86	56.29%
30,000	49.50	97.88	97.74%	79.25	60.11%
35,000	57.50	113.88	98.05%	93.64	62.86%
40,000	65.50	129.88	98.29%	108.03	64.93%
45,000	73.50	145.88	98.48%	122.42	66.56%
50,000	81.50	161.88	98.63%	136.81	67.87%
75,000	121.50	241.88	99.08%	208.76	71.82%
100,000	161.50	321.88	99.31%	280.71	73.82%

Monthly Minimum Charge	Present	Company Proposed Rates	Staff Recommended Rates
Meter Size (All Classes):			
5/8 x 3/4 Inch	$ 7.50	$ 14.00	$ 8.00
3/4 Inch	7.50	14.00	8.00
1 Inch	18.75	35.00	20.00
1 1/2 Inch	37.50	70.00	40.00
2 Inch	60.00	112.00	64.00
3 Inch	120.00	224.00	128.00
4 Inch	190.00	350.00	200.00
6 Inch	375.00	700.00	400.00
8 Inch	750.00	1,400.00	640.00
Gallons Included In Monthly Minimum Charge	0	0	0
Commodity Charge - Per 1,000 Gallons			
5/8" x 3/4" Meter			
First 12,000 gallons	$ 1.2000	N/A	N/A
12,000 to 18,000 gallons	1.4000	N/A	N/A
Over 18,000 gallons	1.6000	N/A	N/A
First 4,000 gallons	N/A	1.1000	$ 0.8700
4,001 to 10,000 gallons	N/A	2.5800	1.8700
Over 10,000 gallons	N/A	3.2000	2.8500
3/4" Meter			
First 12,000 gallons	$ 1.2000	N/A	N/A
12,000 to 18,000 gallons	1.4000	N/A	N/A
Over 18,000 gallons	1.6000		
First 4,000 gallons	N/A	1.1000	N/A
4,001 to 10,000 gallons	N/A	2.5800	N/A
Over 10,000 gallons	N/A	3.2000	N/A
First 4,000 gallons	N/A	1.1000	0.8700
4,001 to 10,000 gallons	N/A	2.5800	1.8700
Over 10,000 gallons	N/A	3.2000	2.8500
1" Meter			
First 12,000 gallons	$ 1.2000	N/A	N/A
12,000 to 18,000 gallons	1.4000	N/A	N/A
Over 18,000 gallons	1.6000		
First 25,000 gallons	N/A	2.5800	N/A
Over 25,000 gallons	N/A	3.2000	N/A
First 16,000 gallons	N/A	N/A	1.8700
Over 16,000 gallons	N/A	N/A	2.8500
1 1/2" Meter			
First 12,000 gallons	$ 1.2000	N/A	N/A
12,000 to 18,000 gallons	1.4000	N/A	N/A
Over 18,000 gallons	1.6000		
First 50,000 gallons	N/A	2.5800	N/A
Over 50,000 gallons	N/A	3.2000	N/A
First 30,000 gallons	N/A	N/A	1.8700
Over 30,000 gallons	N/A	N/A	2.8500

2" Meter				
First 12,000 gallons	$	1.2000	N/A	N/A
12,000 to 18,000 gallons		1.4000	N/A	N/A
Over 18,000 gallons		1.6000		
First 50,000 gallons		N/A	2.5800	N/A
Over 50,000 gallons		N/A	3.2000	N/A
First 48,000 gallons		N/A	N/A	1.8700
Over 48,000 gallons		N/A	N/A	2.8500
3" Meter				
First 12,000 gallons	$	1.2000	N/A	N/A
12,000 to 18,000 gallons		1.4000	N/A	N/A
Over 18,000 gallons		1.6000		
First 50,000 gallons		N/A	2.5800	N/A
Over 50,000 gallons		N/A	3.2000	N/A
First 105,000 gallons		N/A	N/A	1.8700
Over 105,000 gallons		N/A	N/A	2.8500
4" Meter				
First 12,000 gallons	$	1.2000	N/A	N/A
12,000 to 18,000 gallons		1.4000	N/A	N/A
Over 18,000 gallons		1.6000		
First 50,000 gallons		N/A	2.5800	N/A
Over 50,000 gallons		N/A	3.2000	N/A
First 170,000 gallons		N/A	N/A	1.8700
Over 170,000 gallons		N/A	N/A	2.8500
6" Meter				
First 12,000 gallons	$	1.2000	N/A	N/A
12,000 to 18,000 gallons		1.4000	N/A	N/A
Over 18,000 gallons		1.6000		
First 50,000 gallons		N/A	2.5800	N/A
Over 50,000 gallons		N/A	3.2000	N/A
First 360,000 gallons		N/A	N/A	1.8700
Over 360,000 gallons		N/A	N/A	2.8500
8" Meter				
First 12,000 gallons	$	1.2000	N/A	N/A
12,000 to 18,000 gallons		1.4000	N/A	N/A
Over 18,000 gallons		1.6000		
First 50,000 gallons		N/A	2.5800	N/A
Over 50,000 gallons		N/A	3.2000	N/A
First 590,000 gallons		N/A	N/A	1.8700
Over 590,000 gallons		N/A	N/A	2.8500

Other Service Charges

Establishment	$ 25.00	$ 30.00	$ 30.00
Establishment (After Hours)	$ 35.00	Discontinue	Discontinue
Reconnection (Delinquent)	$ 35.00	$ 40.00	$ 40.00
After Hours Charge	No Tariff	$ 25.00	$ 25.00
Meter Test (If Correct)	$ 40.00	$ 40.00	$ 40.00
Deposit (Residential)	2 times the avg bill	2 times the avg bill	*
Deposit (Non-Residential)	2 1/2 times the avg bill	2 1/2 times the avg bill	*
Deposit Interest	6%	6%	**
Reestablishment (within 12 months)	***	***	***
NSF Check	$ 15.00	$ 30.00	$ 15.00
Deferred Payment	1.5% per month	1.5% per month	1.5% per month
Meter Re-read (if correct)	$ 20.00	$ 30.00	$ 30.00
Moving Meter at Customer Request	At Cost	At Cost	At Cost
Late Charge per month	1.5% per month	1.5% per month	1.5% per month

* Per Commission Rule A.A.C. R-14-2-403(B)
** Per Commission Rule A.A.C. R-14-2-403(B)
*** Per Commission Rule A.A.C. R-14-2-403(D) - Months off the system times the monthly minimum.

In addition to the collection of regular rates, the utility will collect from its customers a proportionate share of any privilege, sales, use, and franchise tax. Per commission rule 14-2-409D(5).

Service and Meter Installation Charges

	Total Present Charge	Proposed Service Line Charge	Proposed Meter Insallation Charge	Total Proposed Charge	Recommended Service Line Charge	Recommended Meter Insallation Charge	Total Recommended Charge
5/8" x 3/4" Meter	$ 410	$ 445	$ 155	$ 600	$ 445	$ 155	$ 600
3/4" Meter	$ 410	$ 445	$ 255	$ 700	$ 445	$ 255	$ 700
1" Meter	$ 520	$ 495	$ 315	$ 810	$ 495	$ 315	$ 810
1 1/2" Meter	$ 660	$ 550	$ 525	$ 1,075	$ 550	$ 525	$ 1,075
2" Meter	$ 1,155	$ 830	$ 1,045	$ 1,875	$ 830	$ 1,045	$ 1,875
2" Compound Meter	$ 1,720	$ 830	$ 1,890	$ 2,720	$ 830	$ 1,890	$ 2,720
3" Meter	$ 1,625	$ 1,045	$ 1,670	$ 2,715	$ 1,045	$ 1,670	$ 2,715
3" Compound Meter	$ 2,260	$ 1,165	$ 2,545	$ 3,710	$ 1,165	$ 2,545	$ 3,710
4" Meter	$ 2,500	$ 1,490	$ 2,670	$ 4,160	$ 1,490	$ 2,670	$ 4,160
4" Compound Meter	$ 3,200	$ 1,670	$ 3,645	$ 5,315	$ 1,670	$ 3,645	$ 5,315
6" Meter	$ 4,500	$ 2,210	$ 5,025	$ 7,235	$ 2,210	$ 5,025	$ 7,235
6" Compound Meter	$ 6,300	$ 2,330	$ 6,920	$ 9,250	$ 2,330	$ 6,920	$ 9,250
8" Meter	$ 8,200	n/t	n/t	n/t	n/t	n/t	n/t
8" or Larger Meter	n/t	Cost	Cost	Cost	Cost	Cost	Cost

New River Utility Company
Docket No. W-01737A-12-0478
Test Year Ended December 31, 2011

Revised Surrebuttal Schedule CSB-42

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

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	11,183	$ 20.92	$ 37.67	$ 16.75	80.05%
Median Usage	8,762	18.01	30.69	$ 12.67	70.34%
Staff Recommended					
Average Usage	11,183	$ 20.92	$ 26.07	$ 5.15	24.63%
Median Usage	8,762	18.01	20.38	$ 2.37	13.16%

Present & Proposed Rates (Without Taxes)
General Service 5/8 x 3/4-Inch Meter

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	$ 7.50	$ 14.00	86.67%	$ 8.00	6.67%
1,000	8.70	15.10	73.56%	8.87	1.95%
2,000	9.90	16.20	63.64%	9.74	-1.62%
3,000	11.10	17.30	55.86%	10.61	-4.41%
4,000	12.30	18.40	49.59%	11.48	-6.67%
5,000	13.50	20.98	55.41%	13.35	-1.11%
6,000	14.70	23.56	60.27%	15.22	3.54%
7,000	15.90	26.14	64.40%	17.09	7.48%
8,000	17.10	28.72	67.95%	18.96	10.88%
9,000	18.30	31.30	71.04%	20.83	13.83%
10,000	19.50	33.88	73.74%	22.70	16.41%
11,000	20.70	37.08	79.13%	25.55	23.43%
12,000	21.90	40.28	83.93%	28.40	29.68%
13,000	23.30	43.48	86.61%	31.25	34.12%
14,000	24.70	46.68	88.99%	34.10	38.06%
15,000	26.10	49.88	91.11%	36.95	41.57%
16,000	27.50	53.08	93.02%	39.80	44.73%
17,000	28.90	56.28	94.74%	42.65	47.58%
18,000	30.30	59.48	96.30%	45.50	50.17%
19,000	31.90	62.68	96.49%	48.35	51.57%
20,000	33.50	65.88	96.66%	51.20	52.84%
25,000	41.50	81.88	97.30%	65.45	57.71%
30,000	49.50	97.88	97.74%	79.70	61.01%
35,000	57.50	113.88	98.05%	93.95	63.39%
40,000	65.50	129.88	98.29%	108.20	65.19%
45,000	73.50	145.88	98.48%	122.45	66.60%
50,000	81.50	161.88	98.63%	136.70	67.73%
75,000	121.50	241.88	99.08%	207.95	71.15%
100,000	161.50	321.88	99.31%	279.20	72.88%

BEFORE THE ARIZONA CORPORATION COMMISSION

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

IN THE MATTER OF THE APPLICATION OF	)	DOCKET NO. W-01737A-12-0478
NEW RIVER UTILITY COMPANY, AN	)	
ARIZONA CORPORATION, FOR A	)	
DETERMINATION OF THE FAIR VALUE	)	
OF ITS UTILITY PLANT AND	)	
PROPERTY AND FOR INCREASES IN	)	
ITS WATER RATES AND CHARGES FOR	)	
UTILITY SERVICE BASED THEREON.	)	

DIRECT

TESTIMONY

OF

JOHN A. CASSIDY

PUBLIC UTILITIES ANALYST

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

JUNE 26, 2013

EXHIBIT
S-4
ADMITTED

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

The Direct Testimony of Staff witness John A. Cassidy addresses the following issues:

Capital Structure – Staff recommends that the Commission adopt a capital structure for New River Utility Company ("Company") for this proceeding consisting of 0.0 percent debt and 100.0 percent equity.

Cost of Equity – Staff recommends that the Commission adopt an 8.8 percent return on equity ("ROE") for the Company. Staff's estimated ROE for the Company is based on the average of its discounted cash flow ("DCF") method and capital asset pricing model ("CAPM") cost of equity methodology estimates for the sample companies of 8.6 percent for the DCF and 7.7 percent for the CAPM. Staff's recommended ROE includes an upward economic assessment adjustment of 60 basis points.

Cost of Debt – Staff recommends that the Commission adopt a 0.0 percent cost of debt, as the Company has no debt in its capital structure.

Fair Value Rate of Return – Staff recommends that the Commission adopt a fair value rate of return ("FVROR") of 7.6 percent.

Mr. Jones' Testimony – The Commission should reject the 10.0 percent cost of equity proposed by Mr. Jones because it is not supported by any market based cost of equity estimation analysis.

I. INTRODUCTION

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

A. My name is John A. Cassidy. I am a Public Utilities Analyst employed by the Arizona Corporation Commission ("Commission") in the Utilities Division ("Staff"). My business address is 1200 West Washington Street, Phoenix, Arizona 85007.

Q. Briefly describe your responsibilities as a Public Utilities Analyst.

A. I am responsible for the examination of financial and statistical information included in utility rate applications and other financial matters, including studies to estimate the cost of capital component in rate filings used to determine the overall revenue requirement, and for preparing written reports, testimonies and schedules to present Staff's recommendations to the Commission on these matters.

Q. Please describe your educational background and professional experience.

A. I hold a Bachelor of Arts degree in History from Arizona State University, a Master of Library Science degree from the University of Arizona, and a Master of Business Administration degree with an emphasis in Finance from Arizona State University. While pursuing my MBA degree, I was inducted into Beta Gamma Sigma, the National Business Honor Society. I have passed the CPA exam, but opted not to pursue certification. I have worked professionally as a librarian, financial consultant and tax auditor and served as Staff's cost of capital witness in rate case evidentiary proceedings in my current as well as in a past tenure as a Commission employee.

Q. What is the scope of your testimony in this case?

A. My testimony provides Staff's recommended capital structure, return on equity ("ROE") and overall fair value rate of return ("FVROR") for establishing the revenue requirements for New River Utility Company's ("New River" or "Company") pending rate application.

Q. Please provide a brief description of New River.

A. New River is a public service corporation engaged in providing water utility service in portions of Maricopa County, Arizona, pursuant to certificates of convenience and necessity granted by the Commission in Decision No. 33131 (May 24, 1961) and Decision No. 33354 (August 15, 1961). During the Test Year ended December 31, 2012, New River served approximately 2,900 water service connections.

Summary of Testimony and Recommendations

Q. Briefly summarize how Staff's Cost of Capital Testimony is organized.

A. Staff's Cost of Capital Testimony is presented in eleven sections. Section I is this introduction. Section II discusses the concept of weighted average cost of capital ("WACC"). Section III presents the concept of capital structure and presents Staff's recommended capital structure for New River in this proceeding. Section IV presents Staff's cost of debt for New River. Section V discusses the concepts of ROE and risk. Section VI presents the methods employed by Staff to estimate New River's ROE. Section VII presents the findings of Staff's ROE analysis. Section VIII presents Staff's final cost of equity estimates for New River. Section IX presents Staff's FVROR recommendation. Section X presents Staff's comments on the Direct Testimony of the Company's witness, Mr. Ray L. Jones, pertaining to cost of capital. Finally, section XI presents the conclusions.

Q. Have you prepared any exhibits to accompany your testimony?

A. Yes. I prepared nine schedules (JAC-1 to JAC-9) that support Staff's cost of capital analysis.

Q. What is Staff's weighted average cost of capital ("WACC") for New River?

A. Staff's WACC is 8.8 percent, as shown in Schedule JAC-1. Staff's WACC is based on cost of equity estimates for the proxy group of sample companies of 8.6 percent from the discounted cash flow ("DCF") method and 7.7 percent from the capital asset pricing model ("CAPM"). As shown in Schedule JAC-3, Staff recommends adoption of a 60 basis point upward economic assessment adjustment to the cost of equity.

Q. What is Staff's recommended FVROR for New River?

A. Staff recommends a 7.6 percent FVROR. The calculation of Staff's recommended 7.6 percent FVROR is presented in Schedule JAC-1.

New River's Proposed Overall Rate of Return

Q. Briefly summarize New River's proposed capital structure, cost of debt, ROE and overall FVROR for this proceeding.

A. Table 1 summarizes the Company's proposed capital structure, cost of debt, ROE and overall cost of capital / FVROR in this proceeding:

Table 1

	Weight	Cost	Inflation Adj.	Adjusted Cost	Weighted Cost
Long-term Debt	0.0%	0.0%	-1.28%	-1.28%	0.0%
Common Equity	100.0%	10.0%	-1.28%	8.72%	8.72%
Cost of Capital (FVROR)					**8.72%**

New River is proposing an overall fair value cost of capital, i.e., FVROR of 8.72 percent.[1]

II. THE WEIGHTED AVERAGE COST OF CAPITAL

Q. Briefly explain the cost of capital concept.

A. The cost of capital is the opportunity cost of choosing one investment over others with equivalent risk. In other words, the cost of capital is the return that stakeholders expect for investing their financial resources in a determined business venture over another business venture.

Q. What is the overall cost of capital?

A. The cost of capital to a company issuing a variety of securities (i.e., stock and indebtedness) is an average of the cost rates on all issued securities adjusted to reflect the relative amounts for each security in the company's entire capital structure. Thus, the overall cost of capital is the WACC.

Q. How is the WACC calculated?

A. The WACC is calculated by adding the weighted expected returns of a firm's securities. The WACC formula is:

Equation 1.

$$WACC = \sum_{i=1}^{n} W_i * r_i$$

In this equation, W_i is the weight given to the ith security (the proportion of the ith security relative to the portfolio) and r_i is the expected return on the ith security.

[1] *See* Jones Direct, p. 15 (lines 12-13), and Exhibit RLJ-DT2, Schedule D-1 (page 1).

Q. Can you provide an example demonstrating application of Equation 1?

A. Yes. For this example, assume that an entity has a capital structure composed of 60 percent debt and 40 percent equity. Also, assume that the embedded cost of debt is 6.0 percent and the expected return on equity, i.e., the cost of equity, is 10.5 percent. Calculation of the WACC is as follows:

$$WACC = (60\% * 6.0\%) + (40\% * 10.5\%)$$

$$WACC = 3.60\% + 4.20\%$$

$$WACC = 7.80\%$$

The weighted average cost of capital in this example is 7.80 percent. The entity in this example would need to earn an overall rate of return of 7.80 percent to cover its cost of capital.

III. CAPITAL STRUCTURE

Background

Q. Please explain the capital structure concept.

A. The capital structure of a firm is the relative proportions of each type of security—short-term debt, long-term debt (including capital leases), preferred stock and common stock—that are used to finance the firm's assets.

Q. How is the capital structure expressed?

A. The capital structure of a company is expressed as the percentage of each component of the capital structure (capital leases, short-term debt, long-term debt, preferred stock and common stock) relative to the entire capital structure.

As an example, the capital structure for an entity that is financed by $20,000 of short-term debt, $85,000 of long-term debt (including capital leases), $15,000 of preferred stock and $80,000 of common stock is shown in Table 2.

Table 2

Component			%
Short-Term Debt	$20,000	($20,000/$200,000)	10.0%
Long-Term Debt	$85,000	($85,000/$200,000)	42.5%
Preferred Stock	$15,000	($15,000/$200,000)	7.5%
Common Stock	$80,000	($80,000/$200,000)	40.0%
Total	$200,000		100%

The capital structure in this example is composed of 10.0 percent short-term debt, 42.5 percent long-term debt, 7.5 percent preferred stock and 40.0 percent common stock.

New River's Capital Structure

Q. What capital structure does New River propose?

A. The Company proposes a test-year end capital structure composed of 0.0 percent long-term debt and 100.0 percent common equity.

Q. How does New River's proposed capital structure compare to capital structures of publicly-traded water utilities?

A. Schedule JAC-4 shows the capital structures of six publicly-traded water companies ("sample water companies" or "sample water utilities") as of December 2012. The average capital structure for the sample water utilities is comprised of approximately 51.2 percent debt and 48.8 percent equity.

Staff's Capital Structure

Q. What is Staff's recommended capital structure for New River?

A. Staff recommends a capital structure composed of 0.0 percent debt and 100.0 percent equity. Staff's recommended capital structure reflects the Company's actual capital structure as of the December 31, 2011, test-year end.

IV. COST OF DEBT

Q. What is the overall cost of debt proposed by the Company?

A. As shown in the Company's Schedule D-2, New River has no debt in its capital structure; thus, its cost of debt is 0.0 percent.

V. RETURN ON EQUITY

Background

Q. Please define the term "cost of equity capital."

A. The cost of equity is the rate of return that investors expect to earn on their investment in a business entity given its risk. In other words, the cost of equity to the entity is the investors' expected rate of return on other investments of similar risk. As investors have a wide selection of stocks to choose from, they will choose stocks with similar risks but higher returns. Therefore, the market determines the entity's cost of equity.

Q. Is there a correlation between interest rates and the cost of equity?

A. Yes, there is a positive correlation between interest rates and the cost of equity, as the two tend to move in the same direction. This relationship is reflected in the CAPM formula. The CAPM is a market-based model employed by Staff for estimating the cost of equity. The CAPM is further discussed in Section VI of this testimony.

Q. What has been the general trend of interest rates in recent years?

A. A chronological chart of interest rates is a good tool to show interest rate history and identify trends. Chart 1 graphs intermediate U.S. treasury rates from January 4, 2002, to May 31, 2013.

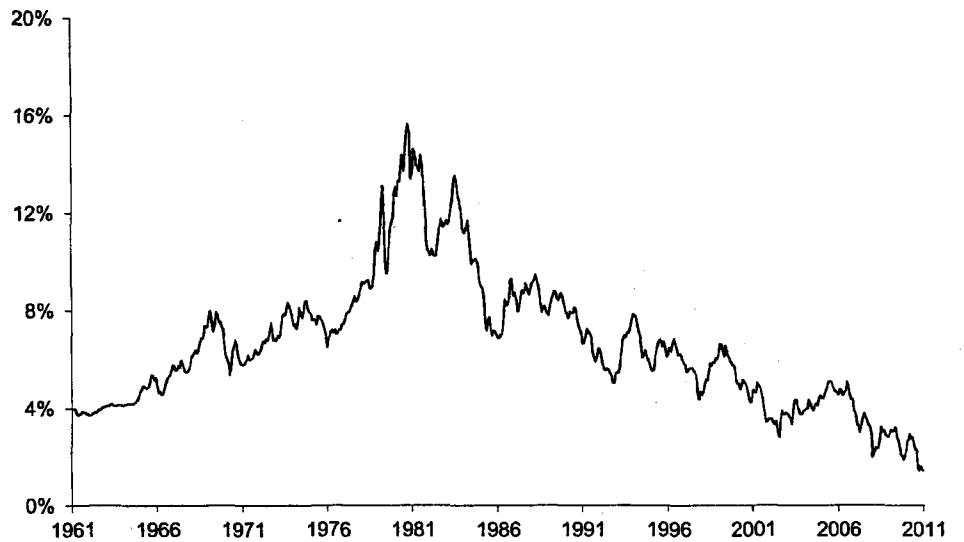
Chart 1: Average Yield on 5-, 7-, & 10-Year Treasuries

Chart 1 shows that intermediate-term interest rates trended downward from 2002 to mid-2003, then trended upward through mid-2007, and have since generally trended downward.

Q. What has been the general trend in interest rates longer term?

A. U.S. Treasury rates from January 1962 - May 2013 are shown in Chart 2. The chart shows that interest rates trended upward through the early-1980s, and have trended downward over the last 30 years.

Chart 2: History of 5- and 10-Year Treasury Yields



Source: Federal Reserve

Q. Do these trends suggest anything in terms of cost of equity?

A. Yes. As previously noted, interest rates and cost of equity tend to move in the same direction; therefore, the cost of equity has declined in the past 30 years.

Q. Do actual returns represent the cost of equity?

A. No. The cost of equity represents investors' *expected* returns and not realized returns.

Q. Is there any information available that leads to an understanding of the relationship between the equity returns required for a regulated water utility and those required in the market as a whole?

A. Yes. A comparison of betas, a component of the CAPM discussed in Section VI, for the water utility industry and the market, provide insight into this relationship. In theory, the market has a beta value of 1.0, with stocks bearing greater risk (less risk) than the market having beta values higher than (lower than) 1.0, respectively. Furthermore, in accordance with the CAPM, the cost of equity capital moves in the same direction as beta. Therefore, because the average beta value (0.71)[2] for a water utility is less than 1.0, the required return on equity for a regulated water utility is below that of the market as a whole.

Risk

Q. Please define risk in relation to cost of capital.

A. Risk, as it relates to an investment, is the variability or uncertainty of the returns on a particular security. Investors are risk averse and require a greater potential return to invest in relatively higher risk opportunities, i.e., investors require compensation for taking on additional risk. Risk is generally separated into two components. Those components are market risk (systematic risk) and non-market risk (diversifiable risk or firm-specific risk).

Q. What is market risk?

A. Market risk or systematic risk is the risk of an investment that cannot be reduced through diversification. Market risk stems from factors that affect all securities, such as recessions, war, inflation and high interest rates. Since these factors affect the entire market they cannot be eliminated through diversification. Market risk does not impact each security to the same degree. The degree to which a given security's return is affected

[2] See Schedule JAC-7.

by market fluctuations can be measured using Beta. Beta reflects the business risk and the financial risk of a security.

Q. Please define business risk.

A. Business risk is the fluctuation of earnings inherent in a firm's operations and environment, such as competition and adverse economic conditions that may impair its ability to provide returns on investment. Companies in the same or similar line of business tend to experience the same fluctuations in business cycles.

Q. Please define financial risk.

A. Financial risk is the fluctuation of earnings, inherent in the use of debt financing, that may impair a firm's ability to provide adequate returns; the higher the percentage of debt in a company's capital structure, the greater its exposure to financial risk.

Q. Do business risk and financial risk affect the cost of equity?

A. Yes.

Q. Is a firm subject to any other risk?

A. Yes. Firms are also subject to unsystematic or firm-specific risk. Examples of unsystematic risk include losses caused by labor problems, nationalization of assets, loss of a big client or weather conditions. Investors can eliminate firm-specific risk by holding a diverse portfolio; thus, it is not of concern to diversified investors.

Q. How does New River's financial risk exposure compare to that of Staff's sample group of water companies?

A. JAC-4 shows the capital structures of the six sample water companies as of December 31, 2012, and New River's capital structure as of its December 31, 2011 test-year end date. As shown, the sample water utilities were capitalized with approximately 51.2 percent debt and 48.8 percent equity, while New River's capital structure consists of 0.0 percent debt and 100.0 percent equity. Thus, unlike Staff's sample group of companies, New River has no exposure to financial risk.

Q. Is firm-specific risk measured by beta?

A. No. Firm-specific risk is not measured by beta.

Q. Is the cost of equity affected by firm-specific risk?

A. No. Since firm-specific risk can be eliminated through diversification, it does not affect the cost of equity.

Q. Can investors expect additional returns for firm-specific risk?

A. No. Investors who hold diversified portfolios can eliminate firm-specific risk and, consequently, do not require any additional return. Since investors who choose to be less than fully-diversified must compete in the market with fully-diversified investors, the former cannot expect to be compensated for unique risk.

VI. ESTIMATING THE COST OF EQUITY

Introduction

Q. Did Staff directly estimate the cost of equity for New River?

A. No. Since New River is not a publicly-traded company, Staff is unable to directly estimate its cost of equity due to the lack of firm-specific market data. Instead, Staff estimated the Company's cost of equity indirectly, using a representative sample group of publicly traded water utilities as a proxy, taking the average of the sample group to reduce the sample error resulting from random fluctuations in the market at the time the information is gathered.

Q. What companies did Staff select as proxies or comparables for New River?

A. Staff's sample consists of the following six publicly-traded water utilities: American States Water, California Water, Connecticut Water Services, Middlesex Water, Aqua America and SJW Corp. Staff chose these companies because they are publicly-traded and receive the majority of their earnings from regulated operations.

Q. What models did Staff implement to estimate New River's cost of equity?

A. Staff used two market-based models to estimate the cost of equity for New River: the DCF model and the CAPM.

Q. Please explain why Staff chose the DCF and CAPM models.

A. Staff chose to use the DCF and CAPM models because they are widely-recognized market-based models and have been used extensively to estimate the cost of equity. An explanation of the DCF and CAPM models follows.

Discounted Cash Flow Model Analysis

Q. Please provide a brief summary of the theory upon which the DCF method of estimating the cost of equity is based.

A. The DCF method of stock valuation is based on the theory that the value of an investment is equal to the sum of the future cash flows generated from the aforementioned investment discounted to the present time. This method uses expected dividends, market price and dividend growth rate to calculate the cost of capital. Professor Myron Gordon pioneered the DCF method in the 1960s. The DCF method has become widely used to estimate the cost of equity for public utilities due to its theoretical merit and its simplicity. Staff used the financial information for the relevant six sample companies in the DCF model and averaged the results to determine an estimated cost of equity for the sample companies.

Q. Does Staff use more than one version of the DCF?

A. Yes. Staff uses two versions of the DCF model: the constant-growth DCF and the multi-stage or non-constant growth DCF. The constant-growth DCF assumes that an entity's dividends will grow indefinitely at the same rate. The multi-stage growth DCF model assumes the dividend growth rate will change at some point in the future.

The Constant-Growth DCF

Q. What is the mathematical formula used in Staff's constant-growth DCF analysis?

A. The constant-growth DCF formula used in Staff's analysis is:

Equation 2:

$$K = \frac{D_1}{P_0} + g$$

where:

K	=	the cost of equity
D_1	=	the expected annual dividend
P_0	=	the current stock price
g	=	the expected infinite annual growth rate of dividends

Equation 2 assumes that the entity has a constant earnings retention rate and that its earnings are expected to grow at a constant rate. According to Equation 2, a stock with a current market price of $10 per share, an expected annual dividend of $0.45 per share and an expected dividend growth rate of 3.0 percent per year has a cost of equity to the entity of 7.5 percent reflected by the sum of the dividend yield ($0.45/ $10 = 4.5 percent) and the 3.0 percent annual dividend growth rate.

Q. How did Staff calculate the expected dividend yield (D_1/P_0) component of the constant-growth DCF formula?

A. Staff calculated the expected yield component of the DCF formula by dividing the expected annual dividend (D_1) by the spot stock price (P_0) after the close of market on May 29, 2013, as reported by *MSN Money*.

Q. Why did Staff use the May 29, 2013, spot price rather than a historical average stock price to calculate the dividend yield component of the DCF formula?

A. The current, rather than historic, market price is used in order to be consistent with financial theory. In accordance with the Efficient Market Hypothesis, the current stock price is reflective of all available information on a stock, and as such reveals investors' expectations of future returns. Use of historical average stock prices illogically discounts

the most recent information in favor of less recent information. The latter is stale and is representative of underlying conditions that may have changed.

Q. How did Staff estimate the dividend growth (g) component of the constant-growth DCF model represented by Equation 2?

A. The dividend growth component used by Staff is determined by the average of six different estimation methods, as shown in Schedule JAC-8. Staff calculated historical and projected growth estimates on dividend-per-share ("DPS"),[3] earnings-per-share ("EPS")[4] and sustainable growth bases.

Q. Why did Staff examine EPS growth to estimate the dividend growth component of the constant-growth DCF model?

A. Historic and projected EPS growth are used because dividends are related to earnings. Dividend distributions may exceed earnings in the short run, but cannot continue indefinitely. In the long term, dividend distributions are dependent on earnings.

Q. How did Staff estimate historical DPS growth?

A. Staff estimated historical DPS growth by calculating a compound annual DPS growth rate for each of its sample companies over the 10-year period, 2002-2012. As shown in Schedule JAC-5, the average historical DPS growth rate for the sample was 3.4 percent.

Q. How did Staff estimate projected DPS growth?

A. Staff calculated an average of the projected DPS growth rates for the sample water utilities from *Value Line* through the period, 2016-2018. The average projected DPS growth rate is 5.2 percent, as shown in Schedule JAC-5.

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[3] Derived from information provided by *Value Line*.
[4] Derived from information provided by *Value Line*.

Q. How did Staff estimate historical EPS growth rate?

Staff estimated historical EPS growth by calculating a compound annual EPS growth rate for each of its sample companies over the 10-year period, 2002-2012. As shown in Schedule JAC-5, the average historical EPS growth rate for the sample was 4.9 percent.

Q. How did Staff estimate projected EPS growth?

A. Staff calculated an average of the projected EPS growth rates for the sample water utilities from *Value Line* through the period, 2016-2018. The average projected EPS growth rate is 4.7 percent, as shown in Schedule JAC-5.

Q. How does Staff calculate its historical and projected sustainable growth rates?

A. Historical and projected sustainable growth rates are calculated by adding their respective retention growth rate terms (br) to their respective stock financing growth rate terms (vs), as shown in Schedule JAC-6.

Q. What is retention growth?

A. Retention growth is the growth in dividends due to the retention of earnings. The retention growth concept is based on the theory that dividend growth cannot be achieved unless the company retains and reinvests some of its earnings. The retention growth is used in Staff's calculation of sustainable growth shown in Schedule JAC-6.

Q. What is the formula for the retention growth rate?

A. The retention growth rate is the product of the retention ratio and the book/accounting return on equity. The retention growth rate formula is:

Equation 3:

$$\text{Retention Growth Rate} = br$$

where: b = the retention ratio (1 – dividend payout ratio)
r = the accounting/book return on common equity

Q. How did Staff calculate the average historical retention growth rate (br) for the sample water utilities?

A. Staff calculated the mean of the 10-year average historical retention rate for each sample company over the period, 2002-2012. As shown in Schedule JAC-6, the historical average retention (br) growth rate for the sample is 2.8 percent.

Q. How did Staff estimate its projected retention growth rate (br) for the sample water utilities?

A. Staff used the retention growth projections for the sample water utilities for the period, 2016-2018, from *Value Line.* As shown in Schedule JAC-6, the projected average retention growth rate for the sample companies is 3.8 percent.

Q. When can retention growth provide a reasonable estimate of future dividend growth?

A. The retention growth rate is a reasonable estimate of future dividend growth when the retention ratio is reasonably constant and the entity's market price to book value ("market-to-book ratio") is expected to be 1.0. The average retention ratio has been reasonably constant in recent years. However, the market-to-book ratio for the sample water utilities is 2.1, notably higher than 1.0, as shown in Schedule JAC-7.

Q. Is there any financial implication of a market-to-book ratio greater than 1.0?

A. Yes. A market-to-book ratio greater than 1.0 implies that investors expect an entity to earn an accounting/book return on its equity that exceeds its cost of equity. The relationship between required returns and expected cash flows is readily observed in the fixed securities market. For example, assume an entity contemplating issuance of bonds with a face value of $10 million at either 6 percent or 8 percent and, thus, paying annual interest of $600,000 or $800,000, respectively. Regardless of investors' required return on similar bonds, investors will be willing to pay more for the bonds if issued at 8 percent than if the bonds are issued at 6 percent. For example, if the current interest rate required by investors is 6 percent, then they would bid $10 million for the 6 percent bonds and more than $10 million for the 8 percent bonds. Similarly, if equity investors require a 9 percent return and expect an entity to earn accounting/book returns of 13 percent, the market will bid up the price of the entity's stock to provide the required return of 9 percent.

Q. How has Staff generally recognized a market-to-book ratio exceeding 1.0 in its cost of equity analyses in recent years?

A. Staff has assumed that investors expect the market-to-book ratio to remain greater than 1.0. Given that assumption, Staff has added a stock financing growth rate (vs) term to the retention ratio (br) term to calculate its historical and projected sustainable growth rates.

Q. Do the historical and projected sustainable growth rates Staff uses to develop its DCF cost of equity in this case continue to include a stock financing growth rate term?

A. Yes.

Q. What is stock financing growth?

A. Stock financing growth is the growth in an entity's dividends due to the sale of stock by that entity. Stock financing growth is a concept derived by Myron Gordon and discussed in his book *The Cost of Capital to a Public Utility.*[5] Stock financing growth is the product of the fraction of the funds raised from the sale of stock that accrues to existing shareholders (v) and the fraction resulting from dividing the funds raised from the sale of stock by the existing common equity (s).

Q. What is the mathematical formula for the stock financing growth rate?

A. The mathematical formula for stock financing growth is:

Equation 4:

$$\text{Stock Financing Growth} = vs$$

where: v = Fraction of the funds raised from the sale of stock that accrues to existing shareholders

s = Funds raised from the sale of stock as a fraction of the existing common equity

Q. How is the variable v presented above calculated?

A. Variable v is calculated as follows:

Equation 5:

$$v = 1 - \left(\frac{book\ value}{market\ value} \right)$$

[5] Gordon, Myron J. *The Cost of Capital to a Public Utility.* MSU Public Utilities Studies, Michigan, 1974. pp 31-35.

For example, assume that a share of stock has a $30 book value and is selling for $45. Then, to find the value of *v*, the formula is applied:

$$v = 1 - \left(\frac{30}{45}\right)$$

In this example, *v* is equal to 0.33.

Q. How is the variable *s* presented above calculated?

A. Variable *s* is calculated as follows:

Equation 6:

$$s = \frac{\text{Funds raised from the issuance of stock}}{\text{Total existing common equity before the issuance}}$$

For example, assume that an entity has $150 in existing equity, and it sells $30 of stock. Then, to find the value of *s*, the formula is applied:

$$s = \left(\frac{30}{150}\right)$$

In this example, *s* is equal to 20.0 percent.

Q. What is the *vs* term when the market-to-book ratio is equal to 1.0?

A. A market-to-book ratio of 1.0 reflects that investors expect an entity to earn a book/accounting return on their equity investment equal to the cost of equity. When the market-to-book ratio is equal to 1.0, none of the funds raised from the sale of stock by the entity accrues to the benefit of existing shareholders, i.e., the term *v* is equal to zero (0.0). Consequently, the *vs* term is also equal to zero (0.0). When stock financing growth is zero, dividend growth depends solely on the *br* term.

Q. What is the effect of the *vs* term when the market-to-book ratio is greater than 1.0?

A. A market-to-book ratio greater than 1.0 reflects that investors expect an entity to earn a book/accounting return on their equity investment greater than the cost of equity. Equation 5 shows that, when the market-to-book ratio is greater than 1.0, the *v* term is also greater than zero. The excess by which new shares are issued and sold over book value per share of outstanding stock is a contribution that accrues to existing stockholders in the form of a higher book value. The resulting higher book value leads to higher expected earnings and dividends. Continued growth from the *vs* term is dependent upon the continued issuance and sale of additional shares at a price that exceeds book value per share.

Q. What *vs* estimate did Staff calculate from its analysis of the sample water utilities?

A. Staff estimated an average stock financing growth of 1.9 percent for the sample water utilities, as shown in Schedule JAC-6.

Q. What would occur if an entity had a market-to-book ratio greater than 1.0 as a result of investors expecting earnings to exceed its cost of equity, and subsequently experienced newly-authorized rates equal only to its cost of equity?

A. *Ceteris paribus*, i.e., holding all other factors constant, one would expect market forces to move the company's stock price lower, closer to a market-to-book ratio of 1.0, to reflect investor expectations of reduced expected future cash flows.

Q. If the average market-to-book ratio of Staff's sample water utilities were to fall to 1.0 due to authorized ROEs equaling their cost of equity, would inclusion of the vs term be necessary to Staff's constant-growth DCF analysis?

A. No. As discussed above, when the market-to-book ratio is equal to 1.0, none of the funds raised from the sale of stock by the entity accrues to the benefit of existing shareholders because the *v* term equals to zero and, consequently, the *vs* term also equals zero. When the market-to-book ratio equals 1.0, dividend growth depends solely on the *br* term. Staff's inclusion of the *vs* term assumes that the market-to-book ratio continues to exceed 1.0 and that the water utilities will continue to issue and sell stock at prices above book value with the effect of benefitting existing shareholders.

Q. What are Staff's historical and projected sustainable growth rates?

A. Staff's estimated historical sustainable growth rate is 4.7 percent based on an analysis of earnings retention for the sample water companies. Staff's projected sustainable growth rate is 5.7 percent based on retention growth projected by *Value Line.* Schedule JAC-6 presents Staff's estimates of the sustainable growth rate.

Q. What is Staff's expected infinite annual growth rate in dividends?

A. Staff's expected dividend growth rate (*g*) is 4.8 percent, which is the average of historical and projected DPS, EPS, and sustainable growth estimates. Staff's calculation of the expected infinite annual growth rate in dividends is shown in Schedule JAC-8.

Q. What is Staff's constant-growth DCF estimate for the sample utilities?

A. Staff's constant-growth DCF estimate is 7.8 percent, as shown in Schedule JAC-3.

The Multi-Stage DCF

Q. Why did Staff implement the multi-stage DCF model to estimate New River's cost of equity?

A. Staff generally uses the multi-stage DCF model to consider the assumption that dividends may not grow at a constant rate. The multi-stage DCF uses two stages of growth, the first stage (near-term) having a four-year duration, followed by the second stage (long-term) of constant growth.

Q. What is the mathematical formula for the multi-stage DCF?

A. The multi-stage DCF formula is shown in the following equation:

Equation 7:

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

Where:
P_0 = current stock price
D_t = dividends expected during stage 1
K = cost of equity
n = years of non – constant growth
D_n = dividend expected in year n
g_n = constant rate of growth expected after year n

Q. What steps did Staff take to implement its multi-stage DCF cost of equity model?

A. First, Staff projected future dividends for each of the sample water utilities using near-term and long-term growth rates. Second, Staff calculated the rate (cost of equity) which equates the present value of the forecasted dividends to the current stock price for each of

the sample water utilities. Lastly, Staff calculated an overall sample average cost of equity estimate.

Q. How did Staff calculate near-term (stage-1) growth?

A. The stage-1 growth rate is based on *Value Lines*'s projected dividends for the next twelve months, when available, and on the average dividend growth (*g*) rate of 4.8 percent, calculated in Staff's constant DCF analysis for the remainder of the stage.

Q. How did Staff estimate long-term (stage-2) growth?

A. Staff calculated the stage-2 growth rate using the arithmetic mean rate of growth in Gross Domestic Product ("GDP") from 1929 to 2011.[6] Using the GDP growth rate assumes that the water utility industry is expected to grow at the same rate as the overall economy.

Q. What is the historical GDP growth rate that Staff used to estimate stage-2 growth?

A. Staff used 6.5 percent to estimate the stage-2 growth rate.

Q. What is Staff's multi-stage DCF estimate for the sample utilities?

A. Staff's multi-stage DCF estimate is 9.4 percent, as shown in Schedule JAC-3.

Q. What is Staff's overall DCF estimate for the sample utilities?

A. Staff's overall DCF estimate is 8.6 percent. Staff calculated the overall DCF estimate by averaging the constant growth DCF (7.8%) and multi-stage DCF (9.4%) estimates, as shown in Schedule JAC-3.

[6] www.bea.doc.gov.

Capital Asset Pricing Model

Q. Please describe the CAPM.

A. The CAPM is used to determine the prices of securities in a competitive market. The CAPM model describes the relationship between a security's investment risk and its market rate of return. Under the CAPM, an investor requires the expected return of a security to equal the rate on a risk-free security plus a risk premium. If the investor's expected return does not meet or beat the required return, the investment is not economically justified. The model also assumes that investors will sufficiently diversify their investments to eliminate any non-systematic or unique risk.[7] In 1990, Professors Harry Markowitz, William Sharpe, and Merton Miller earned the Nobel Prize in Economic Sciences for their contribution to the development of the CAPM.

Q. Did Staff use the same sample water utilities in its CAPM and DCF cost of equity estimation analyses?

A. Yes. Staff's CAPM cost of equity estimation analysis uses the same sample water companies as its DCF cost of equity estimation analysis.

Q. What is the mathematical formula for the CAPM?

A. The mathematical formula for the CAPM is:

[7] The CAPM makes the following assumptions: 1) single holding period; 2) perfect and competitive securities market; 3) no transaction costs; 4) no restrictions on short selling or borrowing; 5) the existence of a risk-free rate; and 6) homogeneous expectations.

Equation 8:

$$K = R_f + \beta (R_m - R_f)$$

where:

R_f	=	risk free rate
R_m	=	return on market
β	=	beta
$R_m - R_f$	=	market risk premium
K	=	expected return

The equation shows that the expected return (K) on a risky asset is equal to the risk-free interest rate (R_f) plus the product of the market risk premium ($R_m - R_f$) multiplied by beta (β) where beta represents the riskiness of the investment relative to the market.

Q. What is the risk-free rate?

A. The risk-free rate is the rate of return of an investment free of default risk.

Q. What does Staff use as surrogates to represent estimations of the risk-free rates of interest in its historical and current market risk premium CAPM methods?

A. Staff uses separate parameters as surrogates for the estimations of the risk-free rates of interest for the historical market risk premium CAPM cost of equity estimation and the current market risk premium CAPM cost of equity estimation. Staff uses the average of three (5-, 7-, and 10-year) intermediate-term U.S. Treasury securities' spot rates in its historical market risk premium CAPM cost of equity estimation, and the 30-year U.S. Treasury bond spot rate in its current market risk premium CAPM cost of equity estimation. Rates on U.S. Treasuries are largely verifiable and readily available.

Q. What does beta measure?

A. Beta is a measure of a security's price volatility, or systematic risk, relative to the market as a whole. Since systematic risk cannot be diversified away, it is the only risk that is relevant when estimating a security's required return. Using a baseline market beta coefficient of 1.0, a security having a beta value less than 1.0 will be less volatile (i.e., less risky) than the market. A security with a beta value greater than 1.0 will be more volatile (i.e., more risky) than the market.

Q. How did Staff estimate New River's beta?

A. Staff used the average of the *Value Line* betas for the sample water utilities as a proxy for the Company's beta. Schedule JAC-7 shows the *Value Line* betas for each of the sample water utilities. The 0.71 average beta coefficient for the sample water utilities is Staff's estimated beta value for New River. A security with a beta value of 0.71 has less volatility than the market.

Q. What is the market risk premium ($R_m - R_f$)?

A. The market risk premium is the expected return on the market, minus the risk-free rate. Simplified, it is the return an investor expects as compensation for market risk.

Q. What did Staff use for the market risk premium?

A. Staff uses separate calculations for the market risk premium in its historical and current market risk premium CAPM methods.

Q. How did Staff calculate an estimate for the market risk premium in its historical market risk premium CAPM method?

A. Staff uses the intermediate-term government bond income returns published in the Ibbotson Associates' *Stocks, Bonds, Bills, and Inflation 2012 Yearbook* to calculate the historical market risk premium. Ibbotson Associates calculates the historical risk premium by averaging the historical arithmetic differences between the S&P 500 and the intermediate-term government bond income returns for the period 1926-2011. Staff's historical market risk premium estimate is 7.1 percent, as shown in Schedule JAC-3.

Q. How did Staff calculate an estimate for the market risk premium in its current market risk premium CAPM method?

A. Staff solves equation 8 above to arrive at a market risk premium using a DCF-derived expected return (K) of 10.88 (2.1 + 8.78[8]) percent using the expected dividend yield (2.1 percent over the next twelve months) and the annual per share growth rate (8.78 percent) that *Value Line* projects for all dividend-paying stocks under its review[9] along with the current long-term risk-free rate (30-year Treasury note at 3.27 percent) and the market's average beta of 1.0. Staff calculated the current market risk premium as 7.61 percent,[10] as shown in Schedule JAC-3.

Q. What is the result of Staff's historical market risk premium CAPM and current market risk premium CAPM cost of equity estimations for the sample utilities?

A. Staff's cost of equity estimates are 6.6 percent using the historical market risk premium CAPM and 8.7 percent using the current market risk premium CAPM.

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[8] The three to five year price appreciation is 40%. $1.40^{0.25} - 1 = 8.78\%$.
[9] May 31, 2013 issue date.
[10] 10.88% = 3.27% + (1) (7.61%).

Q. What is Staff's overall CAPM estimate for the sample utilities?

A. Staff's overall CAPM cost of equity estimate is 7.7 percent which is the average of the historical market risk premium CAPM (6.6 percent) and the current market risk premium CAPM (8.7 percent) estimates, as shown in Schedule JAC-3.

VII. SUMMARY OF STAFF'S COST OF EQUITY ANALYSIS

Q. What is the result of Staff's constant-growth DCF analysis to estimate the cost of equity for the sample water utilities?

A. Schedule JAC-3 shows the result of Staff's constant-growth DCF analysis. The result of Staff's constant-growth DCF analysis is as follows:

$$k = 3.0\% + 4.8\%$$

$$k = \mathbf{7.8\%}$$

Staff's constant-growth DCF estimate of the cost of equity for the sample water utilities is 7.8 percent.

Q. What is the result of Staff's multi-stage DCF analysis to estimate of the cost of equity for the sample utilities?

A. Schedule JAC-9 shows the result of Staff's multi-stage DCF analysis. The result of Staff's multi-stage DCF analysis is:

Company	**Equity Cost Estimate (k)**
American States Water	8.8%
California Water	9.7%
Aqua America	8.5%
Connecticut Water	9.8%

Middlesex Water	10.2%
SJW Corp	9.1%
Average	**9.4%**

Staff's multi-stage DCF estimate of the cost of equity for the sample water utilities is 9.4 percent.

Q. What is Staff's overall DCF estimate of the cost of equity for the sample utilities?

A. Staff's overall DCF estimate of the cost of equity for the sample utilities is 8.6 percent. Staff calculated an overall DCF cost of equity estimate by averaging Staff's constant growth DCF (7.8 percent) and Staff's multi-stage DCF (9.4 percent) estimates, as shown in Schedule JAC-3.

Q. What is the result of Staff's historical market risk premium CAPM analysis to estimate of the cost of equity for the sample utilities?

A. Schedule JAC-3 shows the result of Staff's CAPM analysis using the historical risk premium estimate. The result is as follows:

$$k = 1.6\% + 0.71 * 7.1\%$$

$$k = 6.6\%$$

Staff's CAPM estimate (using the historical market risk premium) of the cost of equity to the sample water utilities is 6.6 percent.

Q. What is the result of Staff's current market risk premium CAPM analysis to estimate the cost of equity for the sample utilities?

A. Schedule JAC-3 shows the result of Staff's CAPM analysis using the current market risk premium estimate. The result is:

$$k = 3.3\% + 0.71 * 7.6\%$$

$$k = 8.7\%$$

Staff's CAPM estimate (using the current market risk premium) of the cost of equity to the sample water utilities is 8.7 percent.

Q. What is Staff's overall CAPM estimate of the cost of equity for the sample utilities?

A. Staff's overall CAPM estimate for the sample utilities is 7.7 percent. Staff's overall CAPM estimate is the average of the historical market risk premium CAPM (6.6 percent) and the current market risk premium CAPM (8.7 percent) estimates, as shown in Schedule JAC-3.

Q. Please summarize the results of Staff's cost of equity analysis for the sample utilities.

A. The following table shows the results of Staff's cost of equity analysis:

Table 2

Method	Estimate
Average DCF Estimate	8.6%
Average CAPM Estimate	7.7%
Overall Average	**8.2%**

Staff's average estimate of the cost of equity to the sample water utilities is 8.2 percent.

VIII. FINAL COST OF EQUITY ESTIMATES FOR NEW RIVER

Q. Please compare New River's capital structure to that of the six sample water companies.

A. The average capital structure for the sample water utilities is composed of 48.8 percent common equity and 51.2 percent debt, as shown in Schedule JAC-4. New River's capital structure is composed of 100.0 percent common equity and 0.0 percent debt. In this case, since New River's capital structure is less leveraged than that of the average sample water utility, its stockholders bear less financial risk than do common stock shareholders of the sample water utility companies.

Q. Does New River's decreased financial risk affect its cost of equity?

A. Yes. As previously discussed, financial risk is a component of market risk and investors require compensation for market risk. Since New River's financial risk exposure is less than that of the average sample water companies, its cost of equity is lower than that of the sample water companies.

Q. Is Staff recommending a downward financial risk adjustment to the Company's cost of equity to recognize its lower financial risk?

A. No. Staff normally applies two criteria in assessing whether application of a downward financial risk adjustment is appropriate. The first consideration is whether the utility has a reasonably economical capital structure. Staff considers a capital structure composed of no more than 60 percent equity to meet this condition. If equity exceeds 60 percent, as it does for New River, Staff considers application of a downward financial risk adjustment to be appropriate if the utility meets the second criteria. The second condition is whether the utility has access to equity capital markets. Although New River's equity exceeds 60 percent, it does not have access to the equity capital markets; accordingly, Staff is not

recommending a downward financial risk adjustment to the Company's cost of equity. Staff's methodology for applying a downward financial risk adjustment encourages a utility with access to the equity capital markets to use that access to manage its capital structure with economic efficiency and encourages a utility that lacks access to the equity capital markets to maintain a healthy capital structure.

Q. Did Staff consider factors other than the results of its technical models in its cost of equity analysis?

A. Yes. In consideration of the relatively uncertain status of the economy and the market that currently exists, Staff is proposing an Economic Assessment Adjustment to the cost of equity. In this case, Staff recommends a 60 basis point (0.6 percent) upward Economic Assessment Adjustment, as shown in Schedule JAC-3.

Q. What is Staff's ROE estimate for New River?

A. Staff determined a COE estimate of 8.2 percent for New River based on cost of equity estimates for the sample companies of 8.6 percent from the DCF and 7.7 percent from the CAPM. Staff recommends adoption of a 60 basis point upward Economic Assessment Adjustment resulting in an 8.8 percent Staff-recommended ROE, as shown in Schedule JAC-3.

IX. FINAL WEIGHTED AVERAGE COST OF CAPITAL

Q. What weighted average cost of capital did Staff determine for New River?

A. Staff determined an 8.8 percent WACC for the Company, as shown in Schedule JAC-1 and the following table:

Table 3

	Weight	Cost	Weighted Cost
Long-term Debt	0.0%	0.0%	0.0%
Common Equity	100.0%	8.8%	8.8%
Weighted Average Cost of Capital			**8.8%**

X. FAIR VALUE RATE OF RETURN ("FVROR") RECOMMENDATION

Q. What FVROR does the Company propose in this proceeding?

A. The Company proposes an 8.72 percent FVROR. New River's proposed FVROR represents its proposed 10.00 percent cost of equity, less a 1.28 percent fair value inflation adjustment (10.00% - 1.28% = 8.72%). In making its FVROR calculation, the Company utilized the methodology recommended by Staff in an earlier docket,[11] and adopted by the Commission in Decision No. 71308.[12]

Q. What FVROR does Staff Recommend for New River?

A. Staff recommends a 7.6 percent FVROR for the Company, as shown in Schedule JAC-1.

Q. How did Staff calculate its recommended FVROR?

A. Like the Company, Staff calculated the FVROR utilizing the methodology previously adopted in Decision No. 71308[13] for Chaparral City Water Company, Inc.[14] In short, the FVROR methodology used deducts from the WACC an inflation adjustment/accretion return. The method Staff used in this case differs from the prior method in that Staff used

[11] Chaparral City Water Co., Docket No. W-02113A-07-0551.
[12] Dated October 21, 2009.
[13] *See* Decision No. 71308, p. 43, footnote 258.
[14] Docket No. W-02113A-07-0551.

the yield on 30-year United States Treasury bonds instead of the yield on 20-year U.S. Treasury bonds to calculate the portion of the return required by investor due to inflation (i.e., accretion return). The preferred term for calculating the accretion term is that which most closely matches the weighted average expected life of the plant included in the fair value rate base. Thirty years more closely reflects the weighted average life of the plant included in the fair value rate base than does 20 years.[15] At the time the case resulting in Decision No. 71308 was processed, 20 years was the longest term available for Treasury Inflation Protected Securities ("TIPS") which are used in the calculation of the accretion return. The U.S. Treasury initiated the sale of 30-year TIPS on February 22, 2010.

Q. How did Staff calculate the inflation adjustment/accretion return?

A. Staff first calculated the difference between the nominal yield (i.e., unadjusted for inflation) on the 30-year U.S. Treasury bond and the real yield (i.e., inflation adjusted) on the same 30-year treasury security. The spread between the nominal and real yields on the 30-year treasury security is reflective of the additional return (i.e., the inflation adjustment/accretion return) required by investors for the loss of purchasing power due to inflation over this same 30-year horizon. Since the OCRB, which does not include inflation, represents 50 percent of the FVRB, Staff reduced the accretion return by 50 percent resulting in a modified inflation adjustment/accretion return to deduct from the WACC for purposes of calculating the FVROR. Details of Staff's inflation adjustment/accretion return calculation are presented in Schedule JAC-2.

[15] Thirty years reflects a 3.33 percent depreciation rate and 20 years reflects a 5.0 percent depreciation rate.

Q. Did Staff use spot U.S. Treasury security yields for purposes of making its FVROR estimate?

A. Yes. Staff used the closing spot nominal and real yields on the 30-year U.S. Treasury bond as of May 29, 2013, to correspond with the spot price date selected for Staff's sample companies. Use of the current bond yield is consistent with financial theory (i.e., the Efficient Market Hypothesis).

XI. STAFF RESPONSE TO COMPANY'S COST OF CAPITAL WITNESS MR. RAY L. JONES

Q. Does Mr. Jones provide market based support for his recommended 10.0 percent cost of equity?

A. No. Mr. Jones' testimony was not supported by any market based analysis of the cost of equity. Instead, he based his proposed 10.0 percent cost of equity upon a review of the returns authorized by the Commission in six recent rate cases.[16] The cost of equity varies over time and the cost of equity is dependent upon capital structure that should be adjusted to reflect differences among the sample companies.

XI. CONCLUSION

Q. Please summarize Staff's recommendations.

A. Staff recommends that the Commission adopt an 8.8 percent WACC for New River in this proceeding based on a capital structure composed of 0.0 percent debt and 100.0 percent equity, Staff's 8.2 percent cost of equity estimate and Staff's 60 basis point (0.6 percent) upward economic assessment adjustment.

[16] Direct Testimony of Ray L. Jones, pp. 16-17. Among the six rate filings upon which Mr. Jones based his 10.0 percent cost of equity, five were 2010 dockets and one was a 2009 docket.

Staff further recommends that the Commission adopt a 7.6 percent FVROR for the Company, reflecting a 1.2 percent inflation adjustment/accretion return deduction from the WACC, as shown in Schedule JAC-1.

Q. Does this conclude your Direct Testimony?

A. Yes, it does.

New River Utility Company Cost of Capital Calculation
Capital Structure &
Weighted Average Cost of Capital &
Fair Value Rate of Return
Staff Recommended and Company Proposed

[A]	[B]	[C]	[D]
Description	Weight (%)	Cost	Weighted Cost
Staff Recommended Structure			
Debt	0.0%	0.0%	0.0%
Common Equity	100.0%	8.8%	8.8%
Weighted Average Cost of Capital			8.8%
Less: Accretion Return			1.2%
Fair Value Rate of Return			**7.6%**
Company Proposed Structure			
Debt	0.0%	0.0%	0.0%
Common Equity	100.0%	10.0%	10.0%
Weighted Average Cost of Capital			10.00%
Less: Accretion Return			1.28%
Fair Value Rate of Return			**8.72%**

[D] : [B] x [C]

Supporting Schedules: JAC-3 and JAC-4.

New River Utility Company Cost of Capital Calculation
Inflation Adjustment (Accretion Return)
Included in the Fair Value Rate of Return
Staff Recommended

Description		
Weighted Average Cost of Capital	8.8%	[1]
Less: Modified Inflation Adjustment/Accretion Return	**1.2%**	[2]
Fair Value Rate of Return	7.6%	

[1] Schedule JAC-1

[2] Calculation of Modified Inflation Adjustment/Accretion Return:

30-Year Treasury Yield (as of 5/29/2013) – Nominal [3]	3.27%
Less: 30-Year Treasury Yield (@ 5/29/2013) – Real [3]	0.91%
Return Required by Investors due to Inflation (Accretion Return)	2.36%
Times: 50% factor [4]	0.5
Inflation Adjustment (rounded to one decimal point)	**1.2%**

[3] http://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/default.aspx

[4] This factor recognizes that the OCRB represents 50% of the FVRB, and the the OCRB includes no inflation.

Note: The above Fair Value Rate of Return calculation is consistent with the methodology adopted in Decision No. 71308 (dated October 21, 2009) with one exception. Specifically, the methodology adopted in Decision No. 71308 utilized a 20-year Treasury yield to determine the return required by investors due to inflation (i.e., accretion yield), as this was the longest term Treasury Inflation Protected Securities ("TIPS") instrument available at the time. However, beginning on February 22, 2010, the Treasury initiated the sale of a new 30-year TIP security, and expanded its analysis to allow for the calculation of an inflation adjustment/accretion return based upon a 30-year Treasury yield. Accordingly, Staff's analysis incorporates the use of a 30-year Treasury yield in order to more accurately reflect the impact of inflation over the life of the Company's plant as reflected in its weighted average depreciation/amortization rate.

New River Utility Company Cost of Capital Calculation
Final Cost of Equity Estimates
Sample Water Utilities

[A]	[B]		[C]		[D]		[E]
DCF Method			D_1/P_0 [1]	+	g [2]	=	**k**
Constant Growth DCF Estimate			3.0%	+	4.8%	=	7.8%
Multi-Stage DCF Estimate						=	9.4%
Average DCF Estimate							**8.6%**
CAPM Method	**Rf**	+	β [5]	x	**(Rp)**	=	**k**
Historical Market Risk Premium[3]	1.6%	+	0.71	x	7.1% [6]	=	6.6%
Current Market Risk Premium[4]	3.3%	+	0.71	x	7.6% [7]	=	8.7%
Average CAPM Estimate							**7.7%**
					Average of Overall Estimates		**8.2%**
					Economic Assessment Adjustment		**0.6%**
					Sub-Total		**8.8%**
					Financial risk adjustment		0.0%
					Total		**8.8%**

1 MSN Money and Value Line

2 Schedule JAC-8

3 Risk-free rate (Rf) for 5, 7, and 10 year Treasury rates from the U.S. Treasury Department at www.ustreas.gov

4 Risk-free rate (Rf) for 30 Year Treasury bond rate from the U.S. Treasury Department at www.ustreas.gov

5 Value Line

6 Historical Market Risk Premium (Rp) calculated from Ibbotson Associates SBBI 2011 Yearbook data

7 Testimony

New River Utility Company Cost of Capital Calculation
Average Capital Structure of Sample Water Utilities

[A]	[B]	[C]	[D]
Company	Debt	Common Equity	Total
American States Water	43.3%	56.7%	100.0%
California Water	54.2%	45.8%	100.0%
Aqua America	55.2%	44.8%	100.0%
Connecticut Water	55.3%	44.7%	100.0%
Middlesex Water	43.1%	56.9%	100.0%
SJW Corp	56.2%	43.8%	100.0%
Average Sample Water Utilities	**51.2%**	**48.8%**	**100.0%**
New River - Actual Capital Structure	**0.0%**	**100.0%**	**100.0%**

Source:
Sample Water Companies from Value Line

New River Utility Company Cost of Capital Calculation
Growth in Earnings and Dividends
Sample Water Utilities

[A]	[B]	[C]	[D]	[E]
Company	Dividends Per Share 2002 to 2012 DPS[1]	Dividends Per Share Projected DPS[1]	Earnings Per Share 2002 to 2012 EPS[1,2]	Earnings Per Share Projected EPS[1]
American States Water	3.9%	6.0%	7.7%	1.2%
California Water	1.2%	7.4%	5.0%	5.8%
Aqua America	7.7%	8.3%	7.3%	8.0%
Connecticut Water	1.7%	2.8%	3.2%	2.1%
Middlesex Water	1.6%	1.6%	2.1%	5.0%
SJW Corp	4.4%	4.9%	4.2%	6.3%
Average Sample Water Utilities	**3.4%**	**5.2%**	**4.9%**	**4.7%**

1 Value Line

2 Negative values are inconsistent with the DCF, accordingly, they are excluded from the average.

New River Utility Company Cost of Capital Calculation
Sustainable Growth
Sample Water Utilities

[A]	[B]	[C]	[D]	[E]	[F]
Company	Retention Growth 2002 to 2012 br	Retention Growth Projected br	Stock Financing Growth vs	Sustainable Growth 2002 to 2012 br + vs	Sustainable Growth Projected br + vs
American States Water	3.8%	5.6%	1.5%	5.4%	7.1%
California Water	2.4%	3.2%	1.5%	3.9%	4.7%
Aqua America	3.9%	4.4%	1.9%	5.8%	6.4%
Connecticut Water	2.0%	3.0%	3.7%	5.6%	6.7%
Middlesex Water	1.2%	2.8%	2.9%	4.1%	5.7%
SJW Corp	3.5%	3.8%	0.1%	3.6%	3.9%
Average Sample Water Utilities	**2.8%**	**3.8%**	**1.9%**	**4.7%**	**5.7%**

[B]: Value Line
[C]: Value Line
[D]: Value Line and MSN Money
[E]: [B]+[D]
[F]: [C]+[D]

New River Utility Company Cost of Capital Calculation
Selected Financial Data of Sample Water Utilities

[A]	[B]	[C]	[D]	[E]	[F]	[G]
Company	Symbol	Spot Price 5/29/2013	Book Value	Mkt To Book	*Value Line* Beta β	Raw Beta β *raw*
American States Water	AWR	**53.46**	23.29	2.3	**0.70**	0.52
California Water	CWT	**19.82**	11.51	1.7	**0.65**	0.45
Aqua America	WTR	**31.81**	9.81	3.2	**0.60**	0.37
Connecticut Water	CTWS	**28.78**	13.87	2.1	**0.75**	0.60
Middlesex Water	MSEX	**19.65**	11.88	1.7	**0.70**	0.52
SJW Corp	SJW	**27.30**	15.09	1.8	**0.85**	0.75
Average				**2.1**	**0.71**	**0.53**

[C]: Msn Money
[D]: Value Line
[E]: [C] / [D]
[F]: Value Line
[G]: (-0.35 + [F]) / 0.67

New River Utility Company Cost of Capital Calculation
Calculation of Expected Infinite Annual Growth in Dividends
Sample Water Utilities

[A]	[B]
Description	g
DPS Growth - Historical[1]	3.4%
DPS Growth - Projected[1]	5.2%
EPS Growth - Historical[1]	4.9%
EPS Growth - Projected[1]	4.7%
Sustainable Growth - Historical[2]	4.7%
Sustainable Growth - Projected[2]	5.7%
Average	**4.8%**

1 Schedule JAC-5

2 Schedule JAC-6

New River Utility Company Cost of Capital Calculation
Multi-Stage DCF Estimates
Sample Water Utilities

[A]	[B]	[C]	[D]	[E]	[F]	[H]	[I]
Company	Current Mkt. Price (P_o)[1]	Projected Dividends[2] (Stage 1 growth) (D_t)				Stage 2 growth[3] (g_n)	Equity Cost Estimate (K)[4]
	5/29/2013	d_1	d_2	d_3	d_4		
American States Water	53.5	1.30	1.37	1.43	1.50	6.5%	8.8%
California Water	19.8	0.66	0.69	0.72	0.76	6.5%	9.7%
Aqua America	31.8	0.67	0.70	0.73	0.77	6.5%	8.5%
Connecticut Water	28.8	0.98	1.03	1.08	1.13	6.5%	9.8%
Middlesex Water	19.7	0.75	0.78	0.82	0.86	6.5%	10.2%
SJW Corp	27.3	0.74	0.78	0.82	0.86	6.5%	9.1%
						Average	**9.4%**

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

Where : P_0 = current stock price
D_t = dividends expected during stage 1
K = cost of equity
n = years of non – constant growth
D_n = dividend expected in year n
g_n = constant rate of growth expected after year n

1 [B] see Schedule JAC-7
2 Derived from Value Line Information
3 Average annual growth in GDP 1929 - 2011 in current dollars.
4 Internal Rate of Return of Projected Dividends

BEFORE THE ARIZONA CORPORATION COMMISSION

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

IN THE MATTER OF THE APPLICATION OF NEW RIVER UTILITY COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	)	DOCKET NO. W-01737A-12-0478

SURREBUTTAL

TESTIMONY

OF

JOHN A. CASSIDY

PUBLIC UTILITIES ANALYST

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

AUGUST 12, 2013

EXHIBIT
S-5
ADMITTED

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SURREBUTTAL SCHEDULES

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Inflation Adjustment (Accretion Return) Included in the Fair Value Rate of Return JAC-2

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EXECUTIVE SUMMARY
NEW RIVER UTILITY COMPANY
DOCKET NO. W-01737A-12-0478

The Surrebuttal Testimony of Staff witness John A. Cassidy addresses the following issues:

Capital Structure – Staff continues to recommend that the Commission adopt a capital structure for New River Utility Company ("Company") for this proceeding consisting of 0.0 percent debt and 100.0 percent equity.

Cost of Equity – Staff recommends that the Commission adopt an 8.9 percent return on equity ("ROE") for the Company. Staff's estimated ROE for the Company is based on the average of its discounted cash flow ("DCF") method and capital asset pricing model ("CAPM") cost of equity methodology estimates for the sample companies of 8.6 percent for the DCF and 7.9 percent for the CAPM. Staff's recommended ROE includes an upward economic assessment adjustment of 60 basis points (0.6 percent). Staff's Direct Testimony recommended a ROE of 8.8 percent.

Cost of Debt – Staff continues to recommend that the Commission adopt a 0.0 percent cost of debt, as the Company has no debt in its capital structure.

Fair Value Rate of Return – Staff recommends that the Commission adopt a fair value rate of return ("FVROR") of 7.8 percent for the Company. Staff's Direct Testimony recommended a FVROR of 7.6 percent.

Mr. Jones' Testimony – The Commission should reject the 10.0 percent cost of equity proposed by Mr. Jones because it is not supported by any market based cost of equity estimation analysis.

I. INTRODUCTION

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

A. My name is John A. Cassidy. I am a Public Utilities Analyst employed by the Arizona Corporation Commission ("Commission") in the Utilities Division ("Staff"). My business address is 1200 West Washington Street, Phoenix, Arizona 85007.

Q. Are you the same John A. Cassidy who filed Direct Testimony in this case?

A. Yes, I am.

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

A. The purpose of my Surrebuttal Testimony is to report on Staff's updated cost of capital analysis with its recommendations concerning New River Utility Company's ("New River" or "Company") cost of capital and overall fair value rate of return ("FVROR"), and to respond to the cost of capital Rebuttal Testimony of Company witness, Ray L. Jones ("Mr. Jones' Rebuttal").

Q. Please explain how Staff's Surrebuttal Testimony is organized.

A. Staff's Surrebuttal Testimony is presented in four sections. Section I is this introduction. Section II discusses Staff's updated cost of capital analysis. Section III presents Staff's comments on the Rebuttal Testimony of the Company's cost of capital witness, Mr. Jones. Lastly, Section IV presents Staff's recommendations.

II. COST OF EQUITY AND OVERALL FAIR VALUE RATE OF RETURN

Q. Is Staff recommending a different capital structure for New River in its Surrebuttal Testimony than it did in Direct Testimony?

A. No. Staff continues to recommend a capital structure consisting of 0.0 percent debt and 100.0 percent common equity.

Q. Has Staff updated its analysis concerning the Company's cost of equity since filing Direct Testimony in this proceeding?

A. Yes. Staff updated its analysis to include more recent market data.

Q. What is Staff's updated estimate for the cost of equity?

A. Staff's updated estimate for the cost of equity is 8.3 percent. This figure is derived from cost of equity estimates which range from 8.6 percent for the discounted cash flow ("DCF") method to 7.9 percent for the capital asset pricing model ("CAPM") estimation methodologies, as shown in Surrebuttal Schedule JAC-3. In Direct Testimony, Staff's cost of equity estimate was 8.2 percent.[1]

Q. In its Surrebuttal Testimony, does Staff continue to recommend the 60 basis point (0.6 percent) upward economic assessment adjustment to New River's cost of equity that it recommended in its Direct Testimony?

A. Yes.

[1] In Direct Testimony, Staff derived cost of equity estimates of 8.6 percent from the DCF method and 7.7 percent from the CAPM.

Q. What return on equity ("ROE") is Staff recommending for New River?

A. Staff recommends an 8.9 percent ROE. Staff's recommended ROE represents Staff's updated 8.3 percent cost of equity, plus Staff's upward 60 basis point economic assessment adjustment (8.9% = 8.3% + 0.6%).

Q. Did Staff update its analysis concerning the Company's overall fair value rate of return?

A. Yes, the updated analysis is supported by Surrebuttal Schedules JAC-1 to JAC-9.

Q. Does Staff's updated cost of equity analysis result in a change to Staff's weighted average cost of capital?

A. Yes. Based upon its updated cost of equity analysis, Staff's weighted average cost of capital for New River is 8.9 percent, as shown in Surrebuttal Schedule JAC-1. In Direct Testimony, Staff's weighted average cost of capital was 8.8 percent.

Q. What FVROR does Staff recommend for New River?

A. Staff recommends a 7.8 percent FVROR for the Company, as shown in Surrebuttal Schedule JAC-1.[2] Staff's FVROR calculation represents New River's weighted average cost of capital, less an inflation adjustment/accretion return of 1.1 percent (8.9% - 1.1% = 7.8%).

Q. In calculating its updated inflation adjustment/accretion return for the Company, did Staff employ the same methodology used in its Direct Testimony?

A. Yes. Details of Staff's updated inflation adjustment/accretion return calculation are presented in Surrebuttal Schedule JAC-2.

[2] In Direct Testimony, Staff recommended a FVROR of 7.6 percent for New River.

III. STAFF RESPONSE TO COMPANY'S COST OF CAPITAL WITNESS MR. RAY L. JONES

Q. In Direct Testimony, Mr. Jones provided no market based support for his proposed 10.0 percent cost of equity. Does he provide such market based support in Rebuttal Testimony?

A. No. Mr. Jones' Rebuttal Testimony continues to rely upon a review of authorized returns granted by the Commission in recent cases as the basis for his proposed 10.0 percent cost of equity. In Direct Testimony, Mr. Jones based his proposed 10.0 percent cost of equity on a review of the returns authorized in six recent dockets;[3] in Rebuttal Testimony, he expands his review to include authorized returns from ten recent dockets, four of which were among the six dockets reviewed for purposes of his Direct Testimony.[4]

Q. For purposes of establishing the rates to be charged customers by a public utility in a regulatory proceeding, why is it appropriate that the estimated cost of equity be market based?

A. It is appropriate because the cost of equity can only be determined in the marketplace, wherein it manifests itself as the investors' *expected* return. As noted in Staff's Direct Testimony, there is an opportunity cost associated with choosing one investment over another of equivalent risk.[5] Markets are efficient, and with so many investment opportunities to choose from, investors will seek out those stocks offering the highest returns available for a given level of risk; bidding up the share price of stocks deemed to be undervalued, and selling off those shares deemed to be overvalued. Through this

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[3] *See* Jones Direct, p.16.

[4] *See* Jones Rebuttal, p. 29, Table 1- Recent Returns on Equity Granted by the Commission. Among the ten dockets reviewed, four had previously been reviewed by Mr. Jones for purposes of his Direct testimony: Bermuda Water (Docket No. W-01812A-10-0521; Decision No. 72892), Indiada Water/East Slope Water (Docket No. W-02031A-10-0168; Decision No. 73091); Arizona Water – Western Group (Docket No. W-01445A-10-0517; Decision No. 73144); and Arizona-American Water (Docket No. W-01303A-10-0448; Decision No. 73145).

[5] *See* Cassidy Direct, p. 4, lines 5-8.

process, the market determines an entity's cost of equity.[6] Authorized returns on equity are not the equivalent of the cost of equity, and thus should not be relied upon.

Q. Aside from Mr. Jones reliance upon authorized returns to estimate the cost of equity, does Staff have other concerns regarding his proposed 10.0 percent return on equity for New River?

A. Yes. As noted in Staff's Direct Testimony,[7] financial risk is proportional to the level of debt financing employed in a firm's capital structure; the higher the percentage of debt, the greater the exposure to financial risk. Furthermore, equity shareholders require compensation for exposure to financial risk.[8] As noted earlier, New River has a capital structure consisting of 100.0 percent equity and 0.0 percent debt; thus, the Company has no exposure to financial risk. In contrast, as shown in Table 1 of Mr. Jones' Rebuttal (p. 29) Testimony, the average capital structure of the ten sample companies selected by Mr. Jones is more highly leveraged, consisting of 66.49 percent equity and 33.51 percent debt. Nevertheless, despite having no exposure to financial risk, Mr. Jones proposes a *higher* cost of equity (i.e., 10.0 percent) for New River than his sample average ROE (i.e., 9.85 percent). Staff has prepared a restatement of Mr. Jones' Rebuttal Table-1 which corrects for several minor errors contained therein. Staff's restatement appears in Surrebuttal Exhibit JAC-A.[9]

[6] *See* Cassidy Direct, p. 7, lines 15-19.
[7] *See* Cassidy Direct, page 11, lines 11-13.
[8] *See* Cassidy Direct, page 33, lines 12-15.
[9] *See* Cassidy Surrebuttal Exhibit JAC-A. The corrections were made to the authorized ROE for Chino Meadows II Water Co. (corrected, 9.60%), and the authorized ROE for UNS Gas Corp. (corrected, 9.75%). These corrections resulted in a reduction to Mr. Jones' sample average authorized ROE from 9.85 percent to 9.83 percent.

Q. Did Mr. Jones make a downward financial risk adjustment to his estimated cost of equity for New River in recognition of the Company's lack of exposure to financial risk relative to his sample companies?

A. No, he did not.

Q. Did Staff make a downward financial risk adjustment to its estimated cost of equity for New River in recognition of the Company's lack of exposure to financial risk?

A. No. For reasons noted in its Direct Testimony,[10] Staff elected not to make a downward financial risk adjustment to its cost of equity estimate for the Company. However, if New River were a utility with access to the capital markets, making such a downward adjustment would have been warranted. As shown in Surrebuttal Schedule JAC-4, Staff's updated sample average capital structure consists of 50.3 percent debt and 49.7 percent equity. Thus, to properly reflect the absence of financial risk exposure associated with New River's 100.0 percent equity capital structure relative to that of Staff's sample companies, a downward adjustment to Staff's recommended cost of equity for New River could have been appropriate.

Q. How does Staff respond to the concerns raised by Mr. Jones relating to the cost of equity recommended by Staff in Direct Testimony in the pending Global Water ("Global") consolidated rate dockets?

A. Staff would note that the Global rate dockets are on-going so it would not be appropriate for Staff to expand upon, or otherwise attempt to clarify the basis of its arguments in the Global dockets in this New River docket. However, Staff does want to make one point for purpose of clarifying the record in this New River docket. That point is that Staff's cost of equity analysis in the Global dockets was actually completed before its analysis in

[10] *See* Cassidy Direct, pages 33-34.

the New River docket, but testimony was not filed on the original timeline in the Global dockets due to a two month filing date extension approved by the Commission.

IV. STAFF RECOMMENDATIONS

Q. What are Staff's recommendations for the Company's cost of capital?

A. Staff recommends the following for New River's cost of capital:

1. A capital structure of 0.0 percent debt and 100.0 percent equity.
2. A 0.0 percent cost of debt.
3. An 8.9 percent cost of equity (which includes a 60 basis point (0.6 percent) upward economic assessment adjustment).
4. A 7.8 percent FVROR.

Q. Does this conclude your Surrebuttal Testimony?

A. Yes, it does.

New River Utility Company Cost of Capital Calculation
Capital Structure &
Weighted Average Cost of Capital &
Fair Value Rate of Return
Staff Recommended and Company Proposed

[A]	[B]	[C]	[D]
Description	Weight (%)	Cost	Weighted Cost
Staff Recommended Structure			
Debt	0.0%	0.0%	0.0%
Common Equity	100.0%	8.9%	8.9%
Weighted Average Cost of Capital			8.9%
Less: Accretion Return			1.1%
Fair Value Rate of Return			**7.8%**
Company Proposed Structure			
Debt	0.0%	0.0%	0.0%
Common Equity	100.0%	10.0%	10.0%
Weighted Average Cost of Capital			10.00%
Less: Accretion Return			1.28%
Fair Value Rate of Return			**8.72%**

[D] : [B] x [C]

Supporting Schedules: JAC-3 and JAC-4.

New River Utility Company Cost of Capital Calculation
Inflation Adjustment (Accretion Return)
Included in the Fair Value Rate of Return
Staff Recommended

Description		
Weighted Average Cost of Capital	8.9%	[1]
Less: Modified Inflation Adjustment/Accretion Return	**1.1%**	[2]
Fair Value Rate of Return	7.8%	

[1] Schedule JAC-1

[2] Calculation of Modified Inflation Adjustment/Accretion Return:

30-Year Treasury Yield (as of 7/17/2013) -- Nominal [3]	3.57%
Less: 30-Year Treasury Yield (@ 7/17/2013) -- Real [3]	1.29%
Return Required by Investors due to Inflation (Accretion Return)	2.28%
Times: 50% factor [4]	0.5
Inflation Adjustment (rounded to one decimal point)	**1.1%**

[3] http://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/default.aspx

[4] This factor recognizes that the OCRB represents 50% of the FVRB, and that the OCRB includes no inflation.

Note: The above Fair Value Rate of Return calculation is consistent with the methodology adopted in Decision No. 71308 (dated October 21, 2009) with one exception. Specifically, the methodology adopted in Decision No. 71308 utilized a 20-year Treasury yield to determine the return required by investors due to inflation (i.e., accretion yield), as this was the longest term Treasury Inflation Protected Securities ("TIPS") instrument available at the time. However, beginning on February 22, 2010, the Treasury initiated the sale of a new 30-year TIP security, and expanded its analysis to allow for the calculation of an inflation adjustment/accretion return based upon a 30-year Treasury yield. Accordingly, Staff's analysis incorporates the use of a 30-year Treasury yield in order to more accurately reflect the impact of inflation over the life of the Company's plant as reflected in its weighted average depreciation/amortization rate.

New River Utility Company Cost of Capital Calculation
Final Cost of Equity Estimates
Sample Water Utilities

[A]	[B]		[C]		[D]		[E]
DCF Method			D_1/P_0 [1]	+	g [2]	=	k
Constant Growth DCF Estimate			2.9%	+	5.0%	=	7.9%
Multi-Stage DCF Estimate						=	9.2%
Average DCF Estimate							**8.6%**
CAPM Method	Rf	+	β [5]	x	(Rp)	=	k
Historical Market Risk Premium [3]	1.9%	+	0.71	x	7.2% [6]	=	7.0%
Current Market Risk Premium [4]	3.6%	+	0.71	x	7.3% [7]	=	8.7%
Average CAPM Estimate							**7.9%**
					Average of Overall Estimates		**8.3%**
					Economic Assessment Adjustment		**0.6%**
					Sub-Total		**8.9%**
					Financial risk adjustment		**0.0%**
					Total		**8.9%**

1 MSN Money and Value Line

2 Schedule JAC-8

3 Risk-free rate (Rf) for 5, 7, and 10 year Treasury rates from the U.S. Treasury Department at www.ustreas.gov

4 Risk-free rate (Rf) for 30 Year Treasury bond rate from the U.S. Treasury Department at www.ustreas.gov

5 Value Line

6 Historical Market Risk Premium (Rp) calculated from 2013 Ibbotson SBBI Classic Yearbook data

7 Testimony

New River Utility Company Cost of Capital Calculation
Average Capital Structure of Sample Water Utilities

[A]	[B]	[C]	[D]
Company	Debt	Common Equity	Total
American States Water	43.3%	56.7%	100.0%
California Water	54.2%	45.8%	100.0%
Aqua America	55.2%	44.8%	100.0%
Connecticut Water	55.3%	44.7%	100.0%
Middlesex Water	43.1%	56.9%	100.0%
SJW Corp	56.2%	43.8%	100.0%
York Water	45.0%	55.0%	100.0%
Average Sample Water Utilities	**50.3%**	**49.7%**	**100.0%**
New River - Actual Capital Structure	**0.0%**	**100.0%**	**100.0%**

Source:
Sample Water Companies from Value Line

New River Utility Company Cost of Capital Calculation
Growth in Earnings and Dividends
Sample Water Utilities

[A]	[B]	[C]	[D]	[E]
Company	Dividends Per Share 2002 to 2012 DPS[1]	Dividends Per Share Projected DPS[1]	Earnings Per Share 2002 to 2012 EPS[1,2]	Earnings Per Share Projected EPS[1]
American States Water	3.9%	7.2%	7.7%	1.2%
California Water	1.2%	7.4%	5.0%	5.8%
Aqua America	7.7%	8.3%	7.3%	8.0%
Connecticut Water	1.7%	3.5%	3.2%	2.7%
Middlesex Water	1.6%	1.6%	2.1%	5.0%
SJW Corp	4.4%	4.9%	4.2%	6.3%
York Water	4.4%	3.8%	6.1%	4.6%
Average Sample Water Utilities	**3.6%**	**5.2%**	**5.1%**	**4.8%**

1 Value Line

2 Negative values are inconsistent with the DCF, accordingly, they are excluded from the average.

New River Utility Company Cost of Capital Calculation
Sustainable Growth
Sample Water Utilities

[A]	[B]	[C]	[D]	[E]	[F]
Company	Retention Growth 2002 to 2012 br	Retention Growth Projected br	Stock Financing Growth vs	Sustainable Growth 2002 to 2012 br + vs	Sustainable Growth Projected br + vs
American States Water	3.8%	5.1%	1.6%	5.5%	6.8%
California Water	2.4%	3.2%	1.6%	4.0%	4.8%
Aqua America	3.9%	4.4%	2.0%	5.9%	6.4%
Connecticut Water	2.0%	3.0%	3.7%	5.7%	6.8%
Middlesex Water	1.2%	2.8%	3.3%	4.5%	6.1%
SJW Corp	3.5%	3.8%	0.1%	3.6%	3.9%
York Water	2.2%	2.8%	4.7%	6.9%	7.5%
Average Sample Water Utilities	**2.7%**	**3.6%**	**2.4%**	**5.1%**	**6.0%**

[B]: Value Line
[C]: Value Line
[D]: Value Line and MSN Money
[E]: [B]+[D]
[F]: [C]+[D]

New River Utility Company Cost of Capital Calculation
Selected Financial Data of Sample Water Utilities

[A]	[B]	[C]	[D]	[E]	[F]	[G]
Company	Symbol	Spot Price 7/17/2013	Book Value	Mkt To Book	*Value Line* Beta *β*	Raw Beta *β raw*
American States Water	AWR	**58.68**	23.43	2.5	**0.70**	0.52
California Water	CWT	**20.99**	11.57	1.8	**0.65**	0.45
Aqua America	WTR	**32.74**	9.87	3.3	**0.60**	0.37
Connecticut Water	CTWS	**29.64**	13.91	2.1	**0.75**	0.60
Middlesex Water	MSEX	**21.68**	11.94	1.8	**0.70**	0.52
SJW Corp	SJW	**27.44**	15.15	1.8	**0.85**	0.75
York Water	YORW	**21.12**	8.08	2.6	**0.70**	0.52
Average				**2.3**	**0.71**	**0.53**

[C]: Msn Money
[D]: Value Line
[E]: [C] / [D]
[F]: Value Line
[G]: (-0.35 + [F]) / 0.67

New River Utility Company Cost of Capital Calculation
Calculation of Expected Infinite Annual Growth in Dividends
Sample Water Utilities

[A]	[B]
Description	g
DPS Growth - Historical[1]	3.6%
DPS Growth - Projected[1]	5.2%
EPS Growth - Historical[1]	5.1%
EPS Growth - Projected[1]	4.8%
Sustainable Growth - Historical[2]	5.1%
Sustainable Growth - Projected[2]	6.0%
Average	**5.0%**

1 Schedule JAC-5

2 Schedule JAC-6

New River Utility Company Cost of Capital Calculation
Multi-Stage DCF Estimates
Sample Water Utilities

[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]
Company	Current Mkt. Price (P_o)[1] 7/17/2013	Projected Dividends[2] (Stage 1 growth) (D_t) d_1	d_2	d_3	d_4	Stage 2 growth[3] (g_n)	Equity Cost Estimate (K)[4]
American States Water	58.7	1.52	1.60	1.68	1.76	6.5%	9.0%
California Water	21.0	0.65	0.68	0.72	0.75	6.5%	9.5%
Aqua America	32.7	0.74	0.78	0.82	0.86	6.5%	8.6%
Connecticut Water	29.6	1.02	1.07	1.12	1.18	6.5%	9.8%
Middlesex Water	21.7	0.76	0.79	0.83	0.88	6.5%	9.8%
SJW Corp	27.4	0.74	0.77	0.81	0.85	6.5%	9.1%
York Water	21.1	0.55	0.58	0.61	0.64	6.5%	9.0%
						Average	**9.2%**

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

Where : P_0 = current stock price
D_t = dividends expected during stage 1
K = cost of equity
n = years of non – constant growth
D_n = dividend expected in year n
g_n = constant rate of growth expected after year n

1 [B] see Schedule JAC-7
2 Derived from Value Line Information
3 Average annual growth in GDP 1929 - 2011 in current dollars.
4 Internal Rate of Return of Projected Dividends

Staff Restatement of Ray L. Jones Rebuttal Table 1
Recent Returns on Equity Granted by the Commission

Line	Company	Docket No.	Decision No.	Date	Authorized ROE	Capital Structure	
						Debt	Equity
1	Southwest Gas Corp.[1]	G-01551A-10-0458	72723	6-Jan-12	9.50%	47.70%	52.30%
2	Bermuda Water Co.	W-01812A-10-0521	72892	17-Feb-12	8.82%	0.00%	100.00%
3	Chino Meadows II Water Co.[2]	W-02370A-10-0519	72896	21-Feb-12	9.60%	0.00%	100.00%
4	Indiada Water Co.	W-02031A-10-0168, et al.	73091	5-Apr-12	10.00%	0.00%	100.00%
5	Arizona Water Co. - Western Group	W-01445A-10-0517	73144	1-May-12	10.00%	49.03%	50.97%
6	Arizona-American Water Co.	W-01303A-10-0448	73145	1-May-12	10.60%	58.73%	41.27%
7	UNS Gas Corp.[3]	G-04204A-11-0158	73142	1-May-12	9.75%	49.18%	50.82%
8	Arizona Public Service Co.	E-01345A-11-0224	73183	24-May-12	10.00%	46.06%	53.94%
9	Pima Utility Co.	W-02199A-11-0329, et al.	73573	21-Nov-12	9.49%	35.36%	64.64%
10	Arizona Water Co. - Eastern Group	W-01445A-11-0310	73736	20-Feb-13	10.55%	49.03%	50.97%
11							
12	**Average**				9.83%	33.51%	66.49%
13							
14	**New River Utility Co.**					0.00%	100.00%

[1] As per the terms of a Settlement agreement, Decision No. 72723 authorized Southwest Gas an ROE of 9.5%, plus a mechanism for full revenue decoupling.
[2] As per Decision No 72896, Chino Meadows II was authorized an ROE of 9.6%, not 10.0% as represented by Mr. Jones (Jones Rebuttal, Table 1, p. 29).
[3] As per Decision No 73142, UNS Gas was authorized an ROE of 9.75%, not 9.5% as represented by Mr. Jones (Jones Rebuttal, Table 1, p. 29).

BEFORE THE ARIZONA CORPORATION COMMISSION

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

IN THE MATTER OF THE APPLICATION OF NEW RIVER UTILITY COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	)	DOCKET NO. W-01737A-12-0478

DIRECT TESTIMONY

OF

MARLIN SCOTT, JR.

UTILITIES ENGINEER

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

JUNE 26, 2013

EXHIBIT
5-6
ADMITTED

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EXECUTIVE SUMMARY
NEW RIVER UTILITY COMPANY
DOCKET NO. W-01737A-12-0478

Conclusions

A. New River Utility Company's ("Company") water system has a water loss of 8.6 percent, which is within the acceptable limit of 10 percent.

B. The Company's current well capacity of 2,485 GPM and storage capacity of 3,000,000 gallons are adequate to serve the present customer base and reasonable growth. In addition, the Company has an emergency interconnection with the City of Peoria.

C. The Maricopa County Department of Environmental Services reported no deficiencies and has determined that the Company's system is currently delivering water that meets the water quality standards required by the Code of Federal Regulations Title 40, Part 141 (The National Primary Drinking Water Regulations) and Arizona Administrative Code, Title 18, Chapter 4.

D. The Company is located in the Arizona Department of Water Resources' ("ADWR") Phoenix Active Management Area and ADWR reported the Company's system is in compliance with its requirements governing water providers and/or community water systems.

E. According to the Arizona Corporation Commission Utilities Division Compliance Section, the Company had no delinquent compliance issues.

F. The Company has a Commission approved curtailment tariff.

G. The Company has a Commission approved backflow prevention tariff.

Recommendations

1. Staff concludes that the requested post-test year plant item – City of Peoria interconnection is used and useful for the provision of service to the Company's customers.

2. Staff recommends the Original Cost and Reproduction Cost New plant costs shown in Table E-1 be used for purposes of this proceeding.

3. Staff recommends an annual water testing expense of $10,636 be adopted for this proceeding.

4. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within 90 days of the effective date of a decision in this proceeding, at least seven Best Management Practices ("BMPs") in the form of tariffs that substantially conform to the templates created by Staff for Commission review and approval. These BMP templates are available on the Commission's website. The Company may request cost recovery of the actual costs associated with the implemented BMPs in its next general rate application.

5. Staff recommends that the Company continue to use Staff's depreciation rates by individual National Association of Regulatory Utility Commissioners category as shown in Table I-1.

6. Staff recommends approval of the proposed service line and meter installations charges as shown in Table J-1.

INTRODUCTION

Q. Please state your name, place of employment and job title.

A. My name is Marlin Scott, Jr. My place of employment is the Arizona Corporation Commission ("Commission" or "ACC"), Utilities Division, 1200 West Washington Street, Phoenix, Arizona 85007. My job title is Utilities Engineer.

Q. How long have you been employed by the Commission?

A. I have been employed by the Commission since November 1987.

Q. Please list your duties and responsibilities.

A. As a Utilities Engineer, specializing in water and wastewater engineering, my responsibilities include: the inspection, investigation, and evaluation of water and wastewater systems; preparing reconstruction cost new and/or original cost studies, cost of service studies and investigative reports; providing technical recommendations and suggesting corrective action for water and wastewater systems; and providing written and oral testimony on rate applications and other cases before the Commission.

Q. How many cases have you analyzed for the Utilities Division?

A. I have analyzed approximately 580 cases covering various responsibilities for the Utilities Division.

Q. Have you previously testified before this Commission?

A. Yes, I have testified in 90 proceedings before this Commission.

Q. What is your educational background?

A. I graduated from Northern Arizona University in 1984 with a Bachelor of Science degree in Civil Engineering Technology.

Q. Briefly describe your pertinent work experience.

A. Prior to my employment with the Commission, I was Assistant Engineer for the City of Winslow, Arizona, for about two years. Prior to that, I was a Civil Engineering Technician with the U.S. Public Health Service in Winslow for approximately six years.

PURPOSE OF TESTIMONY

Q. Were you assigned to provide the Utilities Division Staff ("Staff") engineering analysis and recommendation for the New River Utility Company ("Company") in this proceeding?

A. Yes. I reviewed the Company's application, reviewed responses to data requests, and inspected the water system on March 11, 2013. This testimony and its attachment present Staff's engineering evaluation.

ENGINEERING REPORT

Q. Please describe the attached Engineering Report, Exhibit MSJ.

A. Exhibit MSJ presents the details and analyses of Staff's findings for the Company's water system and is attached to this Direct Testimony. Exhibit MSJ contains the following major topics: (1) a description of the water system, (2) water use, (3) growth, (4) plant-in-service, (5) compliance with the rules of the Arizona Department of Environmental Quality, Arizona Department of Water Resources, and the ACC, (6) depreciation rates, (7) service line and meter installation charges, and (8) tariff filings.

My conclusions and recommendations from the Engineering Report are contained in the "Executive Summary", above.

Q. Does this conclude your Direct Testimony?

A. Yes, it does.

Engineering Report for New River Utility Company

Docket No. W-01737A-12-0478 (Rates)

May 7, 2013

A. LOCATION OF NEW RIVER UTILITY COMPANY ("COMPANY")

The Company is located within the City of Peoria in the vicinity of 83th Avenue and Deer Valley Road. Figure A-1 shows the location of the Company within Maricopa County and Figure A-2 shows the approximate 1.75 square-miles of certificated area.

B. DESCRIPTION OF WATER SYSTEM

This water system was field inspected on March 11, 2013, by Arizona Corporation Commission ("ACC" or "Commission") Staff member Marlin Scott, Jr., in the accompaniment of Robert Fletcher, representing the Company. The current operation of this water system consists of four wells, three storage tanks, two booster systems and a distribution system serving approximately 2,925 service connections during the test year ending December 2011. The Company also has an interconnection (6-inch compound meter with backflow prevention assembly) with the City of Peoria that was completed in April 2012. Figure A-3 shows a system schematic of the water system. A detailed plant facility description is as follows:

Table 1. Well Data

Well No.	ADWR ID No.	Pump	Flow, GPM	Casing Size & Depth	Meter Size	Year Drilled
#1	55-8054376	200-Hp turbine	960	20" x 1,200'	8"	1980
#2	55-616944	150-Hp turbine	300	20/16" x 1,262'	6"	1952
#4	55-616946	75-Hp turbine	225	16" x 1,300'	8"	1969
#6	55-616948	300-Hp turbine	1,000	16" x 1,500'	8"	1983
		Total:	2,485			
#3	55-616945	300-Hp turbine	Disconnected	16" x 1,650'	8"	1958

Well #3 is disconnected from the water system and the Company did not include this well as part of its plant-in-service in this proceeding.

Table 2. Storage Tanks

Capacity	Quantity	Location
1,000,000	3	One at 78th Lane Booster Plant and two at 87th Avenue Booster Plant
Total: 3,000,000 gallons		

Table 3. Pumping Facilities

Location	Booster Systems	Storage Tanks (From Table 2 above)
78th Lane Booster Plant	Three 25-Hp & 100-Hp boosters with 5,000 gallon pressure tank.	1,000,000 gallon
87th Avenue Booster Plant	Three 25-Hp & 100-Hp boosters with 5,000 gallon pressure tank.	Two 1,000,000 gallon

Table 4. Water Mains

MAINS		
Size	Material	Length (feet)
6-inch	PVC	41,136
"	DIP	2,525
8-inch	PVC	119,371
"	DIP	11,981
10-inch	PVC	10,949
"	DIP	29
12-inch	PVC	11,667
"	DIP	16,629
16-inch	PVC	140
"	DIP	52
	Total:	214,479 feet or 40.62 miles

Table 5. Customer Meters

Size	Quantity
5/8 x 3/4-inch	2,240
3/4-inch	3
1- inch	546
1-1/2-inch	11
2-inch	114
3-inch compound	6
6-inch compound	2
8-inch	2
Total:	2,924

Table 6. Fire Hydrants

Size	Quantity
Standard	451

Table 7. Treatment, Structures and Operations Equipment

Location	Treatment, Structures & Treatment Equipment
87th Avenue Booster Plant	Arsenic treatment system, 1,000 GPM Gas chlorination system Block fencing
78th Lane Booster Plant (Well #4)	Gas chlorination system Block fencing
Well Sites #1 & #2	Chain link fencing
Well #6	Gas chlorination system Block fencing

C. WATER USE

Water Sold

Based on information provided by the Company, water use for the test year ending December 2011 is presented in Figure C-1. The customer consumption experienced a high monthly average water use of 805 gallons per day ("GPD") per connection in September and a low monthly average water use of 304 GPD per connection in March for an average annual use of 539 GPD per connection.

Non-Account Water

Non-account water should be 10 percent or less. The Company reported 628,882,000 gallons pumped and 574,635,110 gallons sold during the test year, resulting in a difference of 8.6 percent. This 8.6 percent is within the acceptable limit of 10 percent.

System Analysis

The Company's current well capacity of 2,485 GPM and storage capacity of 3,000,000 gallons are adequate to serve the present customer base and reasonable growth. In addition, the Company has an emergency interconnection with the City of Peoria.

D. GROWTH

Figure D-1 depicts customer growth using customer count information obtained from annual reports submitted to the Commission. As of December 2011, the Company had 2,924 customers. According to the Company, the built-out customer count is estimated at 2,934.

E. PLANT-IN-SERVICE

Post-Test Year Plant

In its rate application filing, the Company submitted a post-test year ("PTY") plant item which provided interconnection with the City of Peoria. This interconnection was completed in April 2012 at a cost of $79,904 that consisted of a 6-inch compound meter with a backflow prevention assembly. Staff concludes that the requested PTY plant item – City of Peoria interconnection is used and useful for the provision of service to customers.

Original Cost and Reproduction Cost New

The Company submitted Original Cost ("OC") and Reproduction Cost New ("RCN") plant costs for the test year ending December 2011. Staff has reviewed this OC/RCN study and has made one recommended adjustment (shaded) to Account No. 304 – Structures & Improvements in Table E-1 below. Staff adopted original cost as the RCN value for Account No. 304. Staff recommends the following OC and RCN plant-in-service costs be used for purposes of this proceeding:

Table E-1. Staff's Adjustment to Plant-in-Service

Acct. No.	Descriptions	New River Utility Company's Plant-in-Service OC	RCN	OCLD	RCNLD
303	Land & Land Rights	$ 75,181	$ -	$ 75,181	$ -
304	Structures & Improvements	$ 84,633		$ 53,503	
307	Wells	$ 795,021	$ 2,368,472	$ 420,225	$ 265,052
311	Pumping Equipment	$ 939,631	$ 1,216,357	$ -	$ 574,511
320	Water Treatment Equipment	$ 383,055	$ 568,450	$ 363,977	$ 526,613
330	Distribution Reservoirs	$ 1,046,963	$ 2,369,625	$ 764,206	$ 1,707,113
331	Trans. & Distribution Mains	$ 1,322,110	$ 8,170,084	$ 1,003,274	$ 6,232,037
333	Services	$ 236,325	$ 2,397,643	$ 124,008	$ 1,435,859
334	Meters	$ 126,139	$ 126,139	$ 13,622	$ 13,622
335	Hydrants	$ 193,193	$ 1,810,765	$ 147,971	$ 1,399,749
339	Other Plant & Misc. Equip.	$ -	$ -	$ -	$ -
340	Office Furniture & Equip.	$ 19,273	$ 19,273	$ 2,095	$ 2,095
341	Transportation Equipment	$ 1,200	$ 1,200	$ -	$ -
343	Tools, Shop & Garage Equip.	$ -	$ -	$ -	$ -
345	Power Operated Equipment	$ 115,725	$ 115,725	$ 72,169	$ 72,169
348	Other Tangible Plant	$ 26,239	$ 26,239	$ 23,615	$ 23,615
	Totals:	$ 5,364,688	$ 19,274,605	$ 3,063,846	$ 12,305,938
331	PTY Plant - inter-tie w/ Peoria	$ 79,904	$ 79,904	$ 79,904	$ 79,904
	TOTALS:	$ 5,444,592	$ 19,354,509	$ 3,143,750	$ 12,385,842

F. MARICOPA COUNTY ENVIRONMENTAL SERVICES DEPARTMENT ("MCESD") COMPLIANCE

Compliance

According to a MCESD Compliance Status Report dated February 26, 2013, MCESD reported no deficiencies and has determined that the Company's system, PWS #07-051, is currently delivering water that meets the water quality standards required by Title 40 Code of Federal Regulations Part 141 (the National Primary Drinking Water Regulations) and Arizona Administrative Code, Title 18, Chapter 4.

Water Testing Expense

During the test year, the Company participated in the Monitoring Assistance Program ("MAP") and reported its water testing expense in two different accounts, Account 618 – Chemical Expense ($1,781) and Account 636 – Contractual Services Other ($8,410), totaling to

$10,191. During Staff's field inspection, the Company informed Staff that the Company no longer participates in MAP. Based on this new testing information, the Company responded to Staff's Data Request MSJ 4.5 by providing a calculated annual water testing expense of $10,636 as shown in Table F-1. Staff recommends this annual water testing expense of $10,636 be used for the purpose of this proceeding.

G. ARIZONA DEPARTMENT OF WATER RESOURCES ("ADWR") COMPLIANCE

Compliance

The Company's water system is located in the Phoenix Active Management Area ("AMA"). On February 27, 2013, ADWR reported that the Company's system is in compliance with its requirements governing water providers and/or community water systems.

Best Management Practice Tariffs

According to the Company, the Company is enrolled as a regulated Tier I municipal provider in ADWR's Modified Non-Per Capita Conservation Program ("NPCCP"). Under this program, the Company was required to implement the Public Education Program ("PEP") and one additional Best Management Practice ("BMP").

During Staff's field inspection, Staff obtained a copy of the ADWR document approving the following BMPs:

1. PEP
2. BMP 4.2 – Meter Repair and/or Replacement Program

This ADWR document, dated June 24, 2010, showed a "list" of the above BMPs for approval. These BMPs however were not in tariff form.

Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within 90 days of the effective date of a decision in this proceeding, at least seven BMPs in the form of tariffs that substantially conform to the templates created by Staff for Commission review and approval. These BMP templates are available on the Commission's website. The Company may submit the approved two ADWR BMPs as part of the seven and may request cost recovery of the actual costs associated with the implemented BMPs in its next general rate application.

H. ARIZONA CORPORATION COMMISSION ("ACC") COMPLIANCE

On May 7, 2013, the Utilities Division Compliance Section reported that the Company had no delinquent ACC compliance issues.

I. DEPRECIATION RATES

In the prior rate case, the Company was granted use of Staff's typical depreciation rates by individual National Association of Regulatory Utility Commissioners category. In this present case, the Company is still using Staff's typical and customary water depreciation rates. Staff recommends that the Company continue to use Staff's depreciation rates which are listed in Table I-1.

J. SERVICE LINE AND METER INSTALLATION CHARGES

The Company has requested changes to its service line and meter installation charges by adopting Staff's latest typical installation charges. Staff recommends approval of the proposed charges shown in Table J-1 which shows separate service line and meter charges.

K. CURTAILMENT TARIFF

The Company has an approved curtailment tariff on file with the Commission.

L. BACKFLOW PREVENTION TARIFF

The Company has an approved backflow prevention tariff on file with the Commission.

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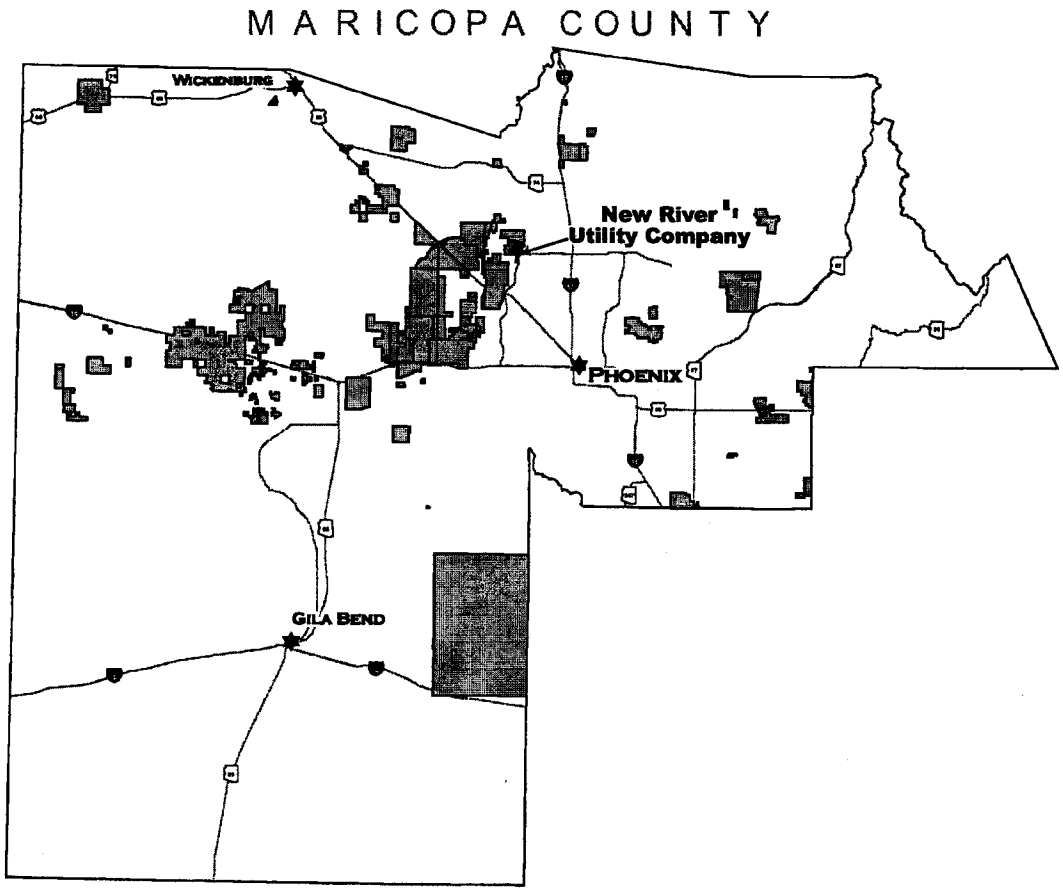

Figure A-1. Maricopa County Map

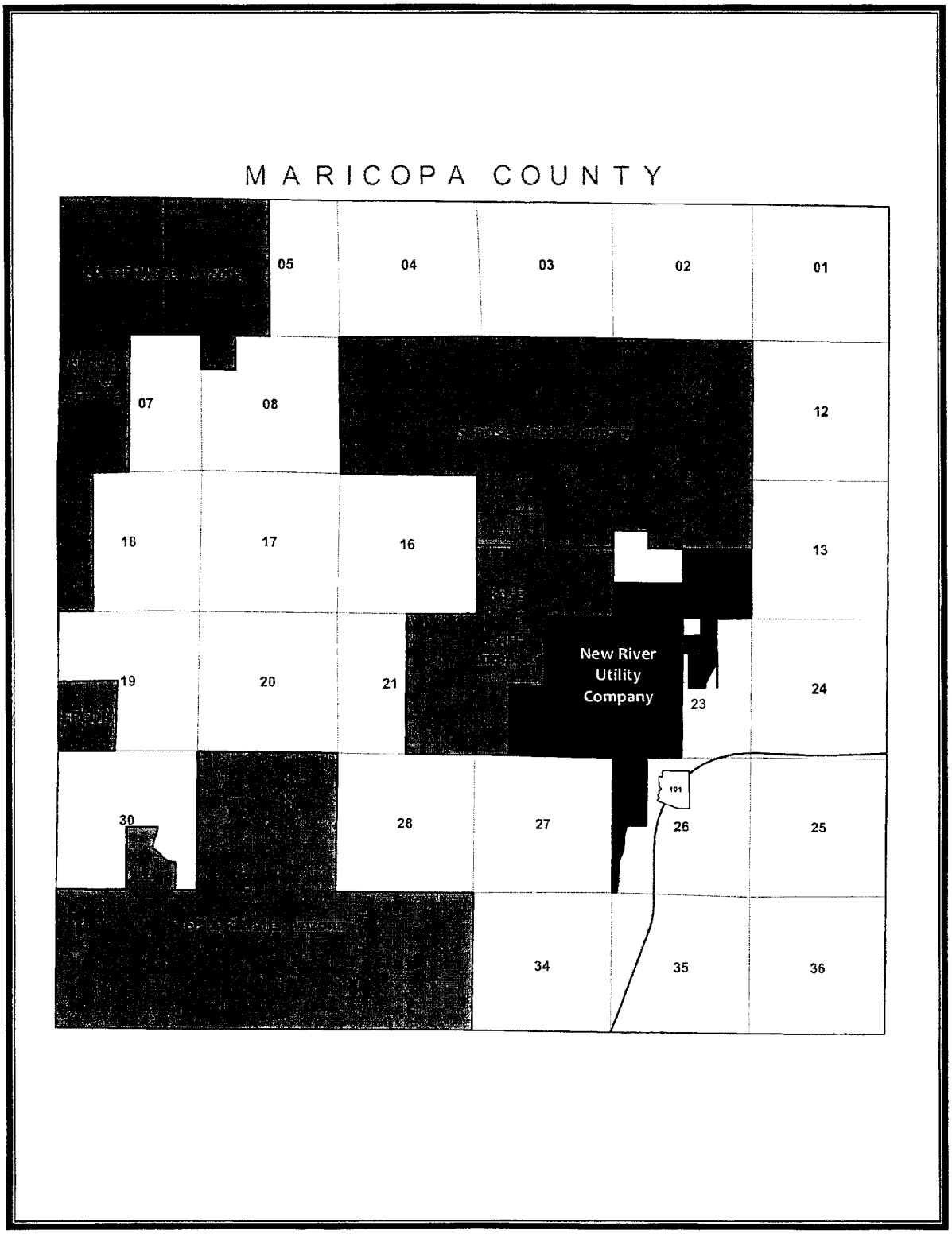

Figure A-2. Certificated Area

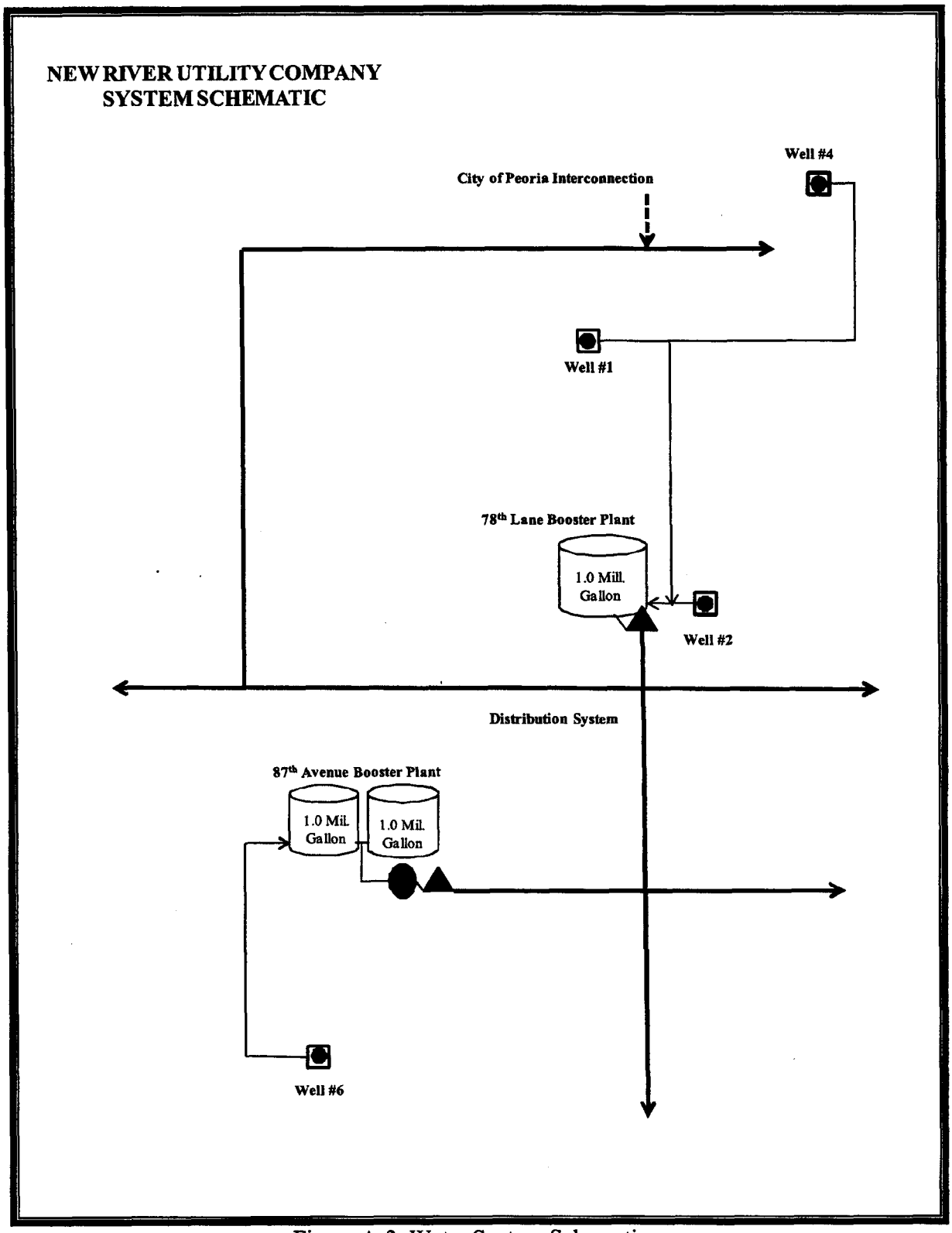

Figure A-3. Water System Schematic

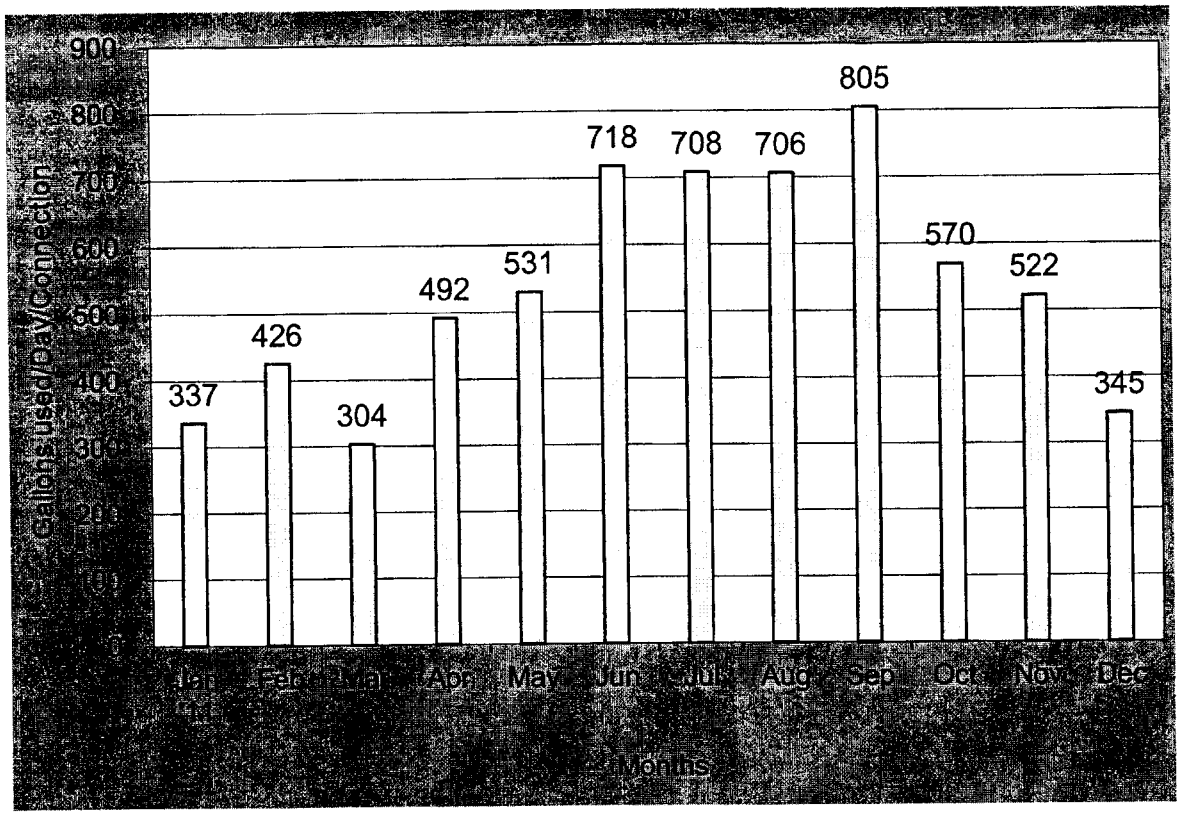

Figure C-1. Water System Use

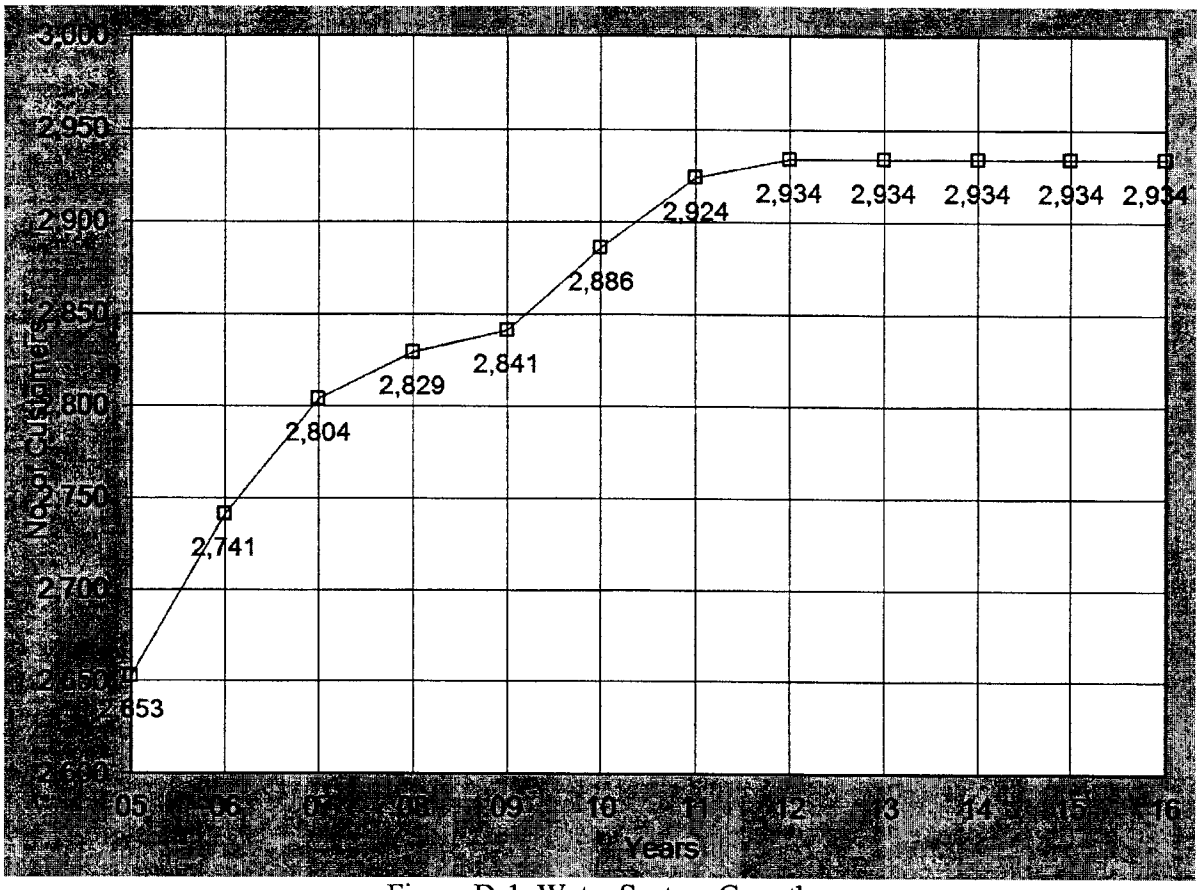

Figure D-1. Water System Growth

Table F-1. Water Testing Expense

MONITORING	Cost per Test	No. of Test	Annual Cost
Total Coliform – 12 samples monthly	$21	144	$3,024
Inorganics –			
Priority Pollutants – POE #2, per 9 yrs.	$282	1	$31
Priority Pollutants – POE #3, per 3 yrs.	$282	1	$94
Radiochemical – per 6 yrs.	$630	2	$210
Phase II and V:			
Nitrate – Monthly, both POEs	$45	2	$1,080
Nitrite – Monthly, POE #2	$45	1	$540
Nitrite – POE #3, per 9 yrs.	$45	1	$5
Asbestos - per 9 years	$224	2	$50
VOC's – per 3yrs.	$280	2	$187
Pesticides/PCB's/Unreg./SOC's:			
All SOCs – 2 test per POE (6 test per 6 yrs.)	$3,136	6	$3,136
DBCP – 3 test per 6 yrs.	$190	3	$95
Lead & Copper - per 3 years	$36	20	$240
Trihalomethane/ HAA5 – 2 test per yr.	$420	2	$840
Others –			
Arsenic – Raw water – monthly	$23	1	$276
Arsenic – Discharge treatment – monthly	$23	1	$276
Arsenic – Blended water – monthly	$23	1	$276
Arsenic – POE #3 – monthly	$23	1	$276
Total:			**$10,636**

Table I-1. Water Depreciation Rates

NARUC Acct. No.	Depreciable Plant	Average Service Life (Years)	Annual Accrual Rate (%)
304	Structures & Improvements	30	3.33
305	Collecting & Impounding Reservoirs	40	2.50
306	Lake, River, Canal Intakes	40	2.50
307	Wells & Springs	30	3.33
308	Infiltration Galleries	15	6.67
309	Raw Water Supply Mains	50	2.00
310	Power Generation Equipment	20	5.00
311	Pumping Equipment	8	12.5
320	Water Treatment Equipment		
320.1	Water Treatment Plants	30	3.33
320.2	Solution Chemical Feeders	5	20.0
330	Distribution Reservoirs & Standpipes		
330.1	Storage Tanks	45	2.22
330.2	Pressure Tanks	20	5.00
331	Transmission & Distribution Mains	50	2.00
333	Services	30	3.33
334	Meters	12	8.33
335	Hydrants	50	2.00
336	Backflow Prevention Devices	15	6.67
339	Other Plant & Misc Equipment	15	6.67
340	Office Furniture & Equipment	15	6.67
340.1	Computers & Software	5	20.00
341	Transportation Equipment	5	20.00
342	Stores Equipment	25	4.00
343	Tools, Shop & Garage Equipment	20	5.00
344	Laboratory Equipment	10	10.00
345	Power Operated Equipment	20	5.00
346	Communication Equipment	10	10.00
347	Miscellaneous Equipment	10	10.00
348	Other Tangible Plant	-	-

NOTE: Acct. 348 – Other Tangible Plant may vary from 5% to 50%. The depreciation rate would be set in accordance with the specific capital items in this account.

Table J-1. Service Line and Meter Installation Charges

Meter Size	Current Total Charges	Proposed Service Line Charges	(1) Proposed Meter Charges	Proposed Total Charges
5/8 x3/4-inch	$410	$445	$155	$600
3/4-inch	$410	$445	$255	$700
1-inch	$520	$495	$315	$810
1-1/2-inch	$660	$550	$525	$1,075
2-inch Turbine 2-inch Compound	$1,155 $1,720	$830 $830	$1,045 $1,890	$1,875 $2,720
3-inch Turbine 3-inch Compound	$1,625 $2,260	$1,045 $1,165	$1,670 $2,545	$2,715 $3,710
4-inch Turbine 4-inch Compound	$2,500 $3,200	$1,490 $1,670	$2,670 $3,645	$4,160 $5,315
6-inch Turbine 6-inch Compound	$4,500 $6,300	$2,210 $2,330	$5,025 $6,920	$7,235 $9,250
8-inch	$8,200	NT	NT	NT
8-inch or larger meters	NT	Cost	Cost	Cost

Note: NT = no tariff

BEFORE THE ARIZONA CORPORATION COMMISSION

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

IN THE MATTER OF THE APPLICATION OF NEW RIVER UTILITY COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	)	DOCKET NO. W-01737A-12-0478

SURREBUTTAL TESTIMONY

OF

DEL SMITH

UTILITIES ENGINEER SUPERVISOR

ARIZONA CORPORATION COMMISSION

UTILITIES DIVISION

AUGUST 12, 2013

EXHIBIT
S-7
ADMITTED

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EXHIBIT

Water Depreciation Rates ..... A

SURREBUTTAL TESTIMONY
NEW RIVER UTILITY COMPANY
DOCKET NO. W-01737A-12-0478

Recommendations

1. Staff recommends that New River Utility Company ("Company") file with Docket Control, as a compliance item in this docket, within 90 days of the effective date of a decision in this proceeding, at least seven Best Management Practices ("BMPs") in the form of tariffs that substantially conform to the templates created by Staff for Commission review and approval. These BMP templates are available on the Commission's website. The Company may request recovery of the actual costs associated with the implemented BMPs in its next general rate application.

2. Staff recommends that the Company use a 20 year life and 5 percent rate for its plant in National Association of Regulatory Utility Commissioners Account No. 311 (pumping equipment) going forward.

Conclusions

1. The Company's proposed rate base adjustment RB1 proposes to include plant costs in rate base related to recent well motor and well pump replacements and electrical system upgrades. Based on information provided by the Company, Staff concludes that these were legitimate costs that were reasonably incurred.

INTRODUCTION

Q. Please state your name and business address.

A. My name is Del Smith. My business address is 1200 West Washington Street, Phoenix, Arizona 85007.

Q. By whom are you employed and what is your position?

A. I am employed by the Arizona Corporation Commission ("ACC" or "Commission") in its Utilities Division. My title is Engineering Supervisor.

Q. Briefly describe your responsibilities as Engineering Supervisor.

A. In my capacity as Engineering Supervisor, I provide recommendations and technical assistance to the Commissioners and to other staff members on matters that come before the Commission involving utilities such as New River Utility Company ("Company") and other water service providers operating in the State. In addition, I am responsible for supervising other Staff members who work in the Engineering Section of the Utilities Division. Those Staff members include water and wastewater engineers, electrical engineers and an information technology specialist.

Q. Please describe your educational background and professional experience.

A. I graduated from Arizona State University in 1976 with a Bachelor of Science Degree in Engineering Technology. Prior to joining the Commission in 1985 as a Utilities Consultant, I had worked for a telephone operating company for twelve years where I held positions in network planning and design. Since joining the Commission, I have worked on hundreds of issues that have come before this Commission.

Q. Did you submit Direct Testimony on behalf of the Utilities Division?

A. No I did not. Marlin Scott filed Direct Testimony in this proceeding for the Utilities Division ("Staff"). The testimony filed by Mr. Scott presented Staff's engineering evaluation and recommendations in this proceeding. Due to his recent retirement, I will be sponsoring Mr. Scott's Direct Testimony at the hearing in this matter.

PURPOSE OF TESTIMONY

Q. What is the purpose of your Surrebuttal Testimony?

A. To respond to the Rebuttal Testimony filed by Ray L. Jones on behalf of the Company. My testimony addresses the Company's Rate Base adjustment RB1, the Company's adjustment to address over depreciation of pumping equipment in National Association of Regulatory Utility Commissioners ("NARUC") Account No. 311 and the Company's position on Best Management Practices ("BMPs").

RATE BASE ADJUSTMENT RB1

Q. Please explain the Company's rate base adjustment RB1.

A. Adjustment RB1proposes to include plant costs in rate base related to recent well motor and well pump replacements and electrical system upgrades.

Q. What are your comments regarding the Company's rate base adjustment RB1?

A. Based on information provided by the Company, it appears these were legitimate costs that were reasonably incurred.

DEPRECIATION ADJUSTMENT

Q. Please explain the Company's adjustment to address over depreciation of pumping equipment.

A. The Company claims that Staff's recommended depreciation rate of 12.5 percent per year for pumping equipment (NARUC Account No. 311) does not match the expected lives of the Company's pumping plant. At a rate of 12.5 percent the pumping equipment becomes fully depreciated in eight years. The Company suggests that a 20 year life which equates to a depreciation rate of 5 percent would be more appropriate for the Company's pumping equipment.

Q. Does Staff believe that the Company should use the 20 year life and 5 percent rate for its plant in NARUC Account No. 311 going forward?

A. Yes. To that end I have attached to my Surrebuttal Testimony Exhibit A which includes an amended Table I-1. Table I-1 listed the depreciation rates by NARUC Account that Marlin Scott recommended in his Direct Testimony filed on June 26, 2013. Table I-1, as amended and attached in Exhibit A, includes a 20 year life and 5 percent rate for the Company's plant in NARUC Account No. 311 (Pumping Equipment). Staff recommends that the depreciation rates listed in amended Table I-1 attached in Exhibit A be used by the Company going forward.

BMPS

Q. What is the Company's position on BMPs?

A. Staff recommends that the Company file at least seven BMPs in the form of tariffs that substantially conform to the templates created by Staff for Commission review and approval. Mr. Jones stated that the Company does not agree with Staff's recommendation because it is excessive and duplicative, taking the Company beyond what is required by

the Arizona Department of Water Resources' ("ADWR"). Mr. Jones also stated the Company is already enrolled with ADWR's Modified Non-Per Capita Conservation Program ("Modified NPCCP") that requires the Company to implement the Public Education Program ("PEP") and one additional BMP.

Q. First, could you provide a brief background of the BMPs?

A. Yes. In 2008, ADWR added a new regulatory program for the ADWR Third Management Plan for Active Management Areas ("AMAs"). The new program, called Modified NPCCP, addresses large municipal water providers (cities, towns and private water companies serving more than 250 acre-feet per year) and was developed in conjunction with stakeholders from all AMAs. Participation in the program is required for all large municipal water providers in AMAs that do not have a Designation of Assured Water Supply and that are not regulated as a large untreated water provider or an institutional provider.

The Modified NPCCP is a performance-based program that requires participating providers to implement water conservation measures that result in water use efficiency in their service areas. A water provider regulated under the program must implement a required PEP and choose one or more additional BMPs based on its size, as defined by its total number of water service connections. The provider must select the additional BMPs from the list included in the Modified NPCCP Program. The BMPs are a mix of technical, policy, and information conservation efforts.

Although the implementation of the Modified NPCCP is required of large municipal water providers within an AMA, the Commission has adopted the BMPs for implementation by Commission regulated water companies.

Q. Could you also provide a background on how Staff decided on the number of BMPs it is recommending in this case?

A. Yes. In April of 2011, Staff had in-house discussions regarding the implementation of BMPs. Based on the knowledge of ADWR's requirements to implement the Modified NPCCP (a PEP and one or more additional BMPs based on the customer base size) and the understanding of the Commissioners' desire for additional BMPs above a water company's ADWR requirements, it was decided by the Utilities Director to recommend the number of BMPs based on the size of a water utility as follows:

Class A – 10 BMPs
Class B – 7 BMPs
Class C – 5 BMPs
Class D & E – 3 BMPs

With the adoption of this guideline, Staff was primarily looking for consistency when recommending the number of BMPs to be implemented for a water utility.

Q. Do you agree that filing the BMPs with the Commission is duplication of State regulatory oversight?

A. No, I do not. Basically, the difference between the ADWR and ACC filing is the ACC requires the BMPs to be filed in tariff form. The ACC requires the BMPs be filed in tariff form for implementation, notification of water company/customer requirements, and notification of steps for service termination, if needed. The ADWR filing does not address these issues. Having ACC approved BMP tariffs give a water company more tools to prevent water loss, at a little to no extra cost to the Company.

Q. Are you aware of another State regulation under the terms of which the Commission requires water utilities to file a tariff with the ACC for implementation?

A. Yes, the Backflow Prevention Tariff. The backflow prevention program falls under the Arizona Department of Environment Quality ("ADEQ") regulation and, if a water utility is to implement this ADEQ requirement, the water utility must file this Backflow Prevention Tariff for implementation, notification of water company/customer requirements, and notification of steps for service termination, if needed.

Q. Based on the Company's Rebuttal Testimony, has Staff's recommendation regarding the BMPs changed?

A. No. Staff still recommends that the Company file with Docket Control, as a compliance item in this docket, within 90 days of the effective date of a decision in this proceeding, at least seven BMPs in the form of tariffs that substantially conform to the templates created by Staff for Commission review and approval. These BMP templates are available on the Commission's website. The Company may submit the two approved ADWR BMPs as part of the seven and may request recovery of the actual costs associated with the implemented BMPs in its next general rate application.

Q. Does this conclude your Surrebuttal Testimony?

A. Yes, it does.

Table I-1. Water Depreciation Rates

NARUC Acct. No.	Depreciable Plant	Average Service Life (Years)	Annual Accrual Rate (%)
304	Structures & Improvements	30	3.33
305	Collecting & Impounding Reservoirs	40	2.50
306	Lake, River, Canal Intakes	40	2.50
307	Wells & Springs	30	3.33
308	Infiltration Galleries	15	6.67
309	Raw Water Supply Mains	50	2.00
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311	Pumping Equipment	20	5.00
320	Water Treatment Equipment		
320.1	Water Treatment Plants	30	3.33
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330	Distribution Reservoirs & Standpipes		
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330.2	Pressure Tanks	20	5.00
331	Transmission & Distribution Mains	50	2.00
333	Services	30	3.33
334	Meters	12	8.33
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339	Other Plant & Misc Equipment	15	6.67
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344	Laboratory Equipment	10	10.00
345	Power Operated Equipment	20	5.00
346	Communication Equipment	10	10.00
347	Miscellaneous Equipment	10	10.00
348	Other Tangible Plant	-	-

NOTES:

1. Acct. 348 – Other Tangible Plant may vary from 5% to 50%. The depreciation rate would be set in accordance with the specific capital items in this account.
2. These depreciation rates represent average expected rates. Water companies may experience different rates due to variations in construction, environment, or the physical and chemical characteristics of the water.

UNIFORM SYSTEM OF ACCOUNTS FOR CLASS A WATER UTILITIES

1996

NATIONAL ASSOCIATION OF
REGULATORY UTILITY COMMISSIONERS
1201 Constitution Avenue, N.W., Suite 1102
Post Office Box 684
Washington, DC 20044-0684
Telephone No. (202) 898-2200
Facsimile No. (202) 898-2213

Price: $25.00

EXHIBIT
S-8
ADMITTED

.1 Intangible plant
.2 Source of supply and pumping plant
.3 Water treatment plant
.4 Transmission and distribution plant
.5 General Plant

33. Operating Income - Depreciation Expense

A. Depreciation charges shall be computed using either the straight-line remaining life method (See definition 36) or the straight-line method (See definition 37), according to which method has been approved by the Commission. Composite depreciation rates (See definition 8) may be used with prior Commission approval. When at all possible, separate depreciation charges shall be computed for both contributed plant and for plant generating investment tax credits including progress payment investment tax credits.

B. When the straight-line remaining life method is used, the rates shall be reviewed periodically and adjusted as required, so that the depreciation accrual will bear a reasonable relationship to the remaining life, the estimated net future salvage, cost of plant in service and to the balance of accumulated depreciation accrued in prior periods.

C. When the straight-line method is used, the rates shall be reviewed periodically and adjusted as required, so that the depreciation accrual will bear a reasonable relationship to the service life, the estimated net salvage, and the cost of plant in service.

D. Amortization of contributions in aid of construction (CIAC), if recognized by the Commission, shall be credited to account 403 - Depreciation Expense. The concurrent debit is to account 272 - Accumulated Amortization of CIAC. The resulting balance in the depreciation expense account will be net of CIAC amortization. CIAC shall be amortized over a period equal to the estimated service life of the related contributed asset. A group composite or overall composite rate, which ever is applicable, may be used for CIAC that can not be directly related to a particular plant asset.

34. Operating Income - Income Taxes

A. Current income tax provision:

(1) The utility shall initially debit account 409 - Income Taxes, and credit account 236 - Accrued Taxes, to record its estimated current income tax liability. As the exact amounts of taxes become known, the current tax accruals shall be adjusted by debits or credits to these accounts unless such adjustments are properly includible in

DEFINITIONS

When used in this system of accounts:

1. "Accounts" means the accounts prescribed in this system of accounts.

2. "Actually issued," as applied to securities issued or assumed by the utility, means those which have been sold to bona fide purchasers for a valuable consideration, those issued as dividends on stock, and those which have been issued in accordance with contractual requirements direct to trustees of sinking funds.

3. "Actually outstanding," as applied to securities issued or assumed by the utility, means those which have been actually issued and are neither retired nor held by or for the utility; provided, however, that securities held by trustees shall be considered as actually outstanding.

4. "Amortization" means the gradual extinguishment of an amount in an account by distributing such amount over a fixed period, over the life of the asset or liability to which it applies, or over the period during which it is anticipated the benefit will be realized.

5. A. "Associated companies" means companies or persons that, directly or indirectly, through one or more intermediaries, control, or are controlled by, or are under common control with, the accounting company.

   B. "Control" (including the terms "controlling," "controlled by," and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a company, whether such power is exercised through one or more intermediary companies, or alone, or in conjunction with, or pursuant to an agreement, and whether such power is established through a majority or minority ownership or voting of securities, common directors, officers, or stockholders, voting trusts, holding trusts, associated companies, contract or any other direct or indirect means.

6. "Book cost" means the amount at which property is recorded in these accounts without deduction of related provisions for accrued depreciation, amortization, or for other purposes.

7. "Commission", unless otherwise indicated by the context, means the commission prescribing this system of accounts.

8. "Composite depreciation rate" is a percentage based on the weighted average service life of a number of units of plant, each of which may have a different individual life expectancy. Composite

depreciation rates may be determined for (a) a single depreciable plant account, (b) a single rate for several depreciable accounts or (c) a single composite rate may be determined for all depreciable plant of the utility.

9. "Cost" means the amount of money actually paid for property or service. When the consideration given is other than cash, the value of such consideration shall be determined on a cash basis.

10. "Cost of removal" means the cost of demolishing, dismantling, tearing down or otherwise removing utility plant, including the cost of transportation and handling incidental thereto.

11. "Debt expense" means all expenses in connection with the issuance and initial sale of evidences of debt, such as fees for drafting mortgages and trust deeds; fees and taxes for issuing or recording evidences of debt; cost of engraving and printing bonds and certificates of indebtedness; fees paid trustees; specific costs of obtaining governmental authority; fees for legal services; fees and commissions paid underwriters, brokers, and salesmen or marketing such evidences of debt; fees and expenses of listing on exchanges; and other like costs.

12. "Depreciation", as applied to depreciable utility plant, means the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of utility plant in the course of providing service from causes which are known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand, and requirements of public authorities.

13. "Discount", as applied to the securities issued or assumed by the utility, means the excess of the par (stated value of no-par stocks) or face value of the securities plus interest or dividends accrued at the date of the sale over the cash value of the consideration received from their sale.

14. "Fire main" means any main forming part of an integrated system used exclusively for fire protection purposes.

15. "Gross-up of contributions in aid of construction" is the method by which a utility extracts, from developers or others, a sum of money sufficient to pay all or a portion of the tax obligation due to the change in the federal tax law in 1987 which resulted in contributions made to utilities in aid of construction (CIAC) being considered ordinary income instead of contributions of capital. Because the sum extracted to pay the tax is also considered income subject to tax, the term tax-on-tax has been used to describe the

DEFINITIONS

32. "Reuse" means the deliberate application of reclaimed water, in compliance with Federal and State environmental rules and regulations, for a beneficial purpose.

33. "Salvage value" means the amount received for property retired, less any expenses incurred in connection with the sale or in preparing the property for sale, or, if retained, the amount at which the material recoverable is chargeable to materials and supplies, or other appropriate account.

34. "Service life" means the time between the date utility plant is includible in utility plant in service, or utility plant leased to others, and the date of its retirement. If depreciation is accounted for on a production basis rather than on a time basis, then service life should be measured in terms of the appropriate unit of production.

35. "Service value" means the difference between the original cost and net salvage value of utility plant.

36. "Straight-line remaining life method", as applied to depreciation accounting, means the plan under which the service value of property is charged to operating expenses (and to clearing accounts if used), and credited to the accumulated depreciation account through equal annual charges during its service life. "Remaining life" implies that estimates of future life and salvage will be reexamined periodically and that depreciation rates will be corrected to reflect any changes in these estimates.

37. "Straight-line method" as applied to depreciation accounting means the plan under which the service value of property is charged to operating expenses (and to clearing accounts if used), and credited to the accumulated depreciation account through equal annual charges during its service life. Estimates of the service life and salvage will be reexamined periodically and depreciation rates will be corrected to reflect any changes in these estimates.

38. "Supply main" means any main, pipe, aqueduct or canal the primary purpose of which is to convey water from one unit to another unit in the source of supply, water treatment or pumping plant and generally providing no service connections with customers.

39. "Transmission and distribution main" means any main the primary purpose of which is to convey water, requiring no further processing except incidental chlorination or pressure boosting, from a unit in the source of supply, water treatment or pumping plant and generally providing no service connection with customers.

40. "Utility", as used herein and when not otherwise indicated in the context, means any public utility to which this system of accounts is applicable.

EXHIBIT
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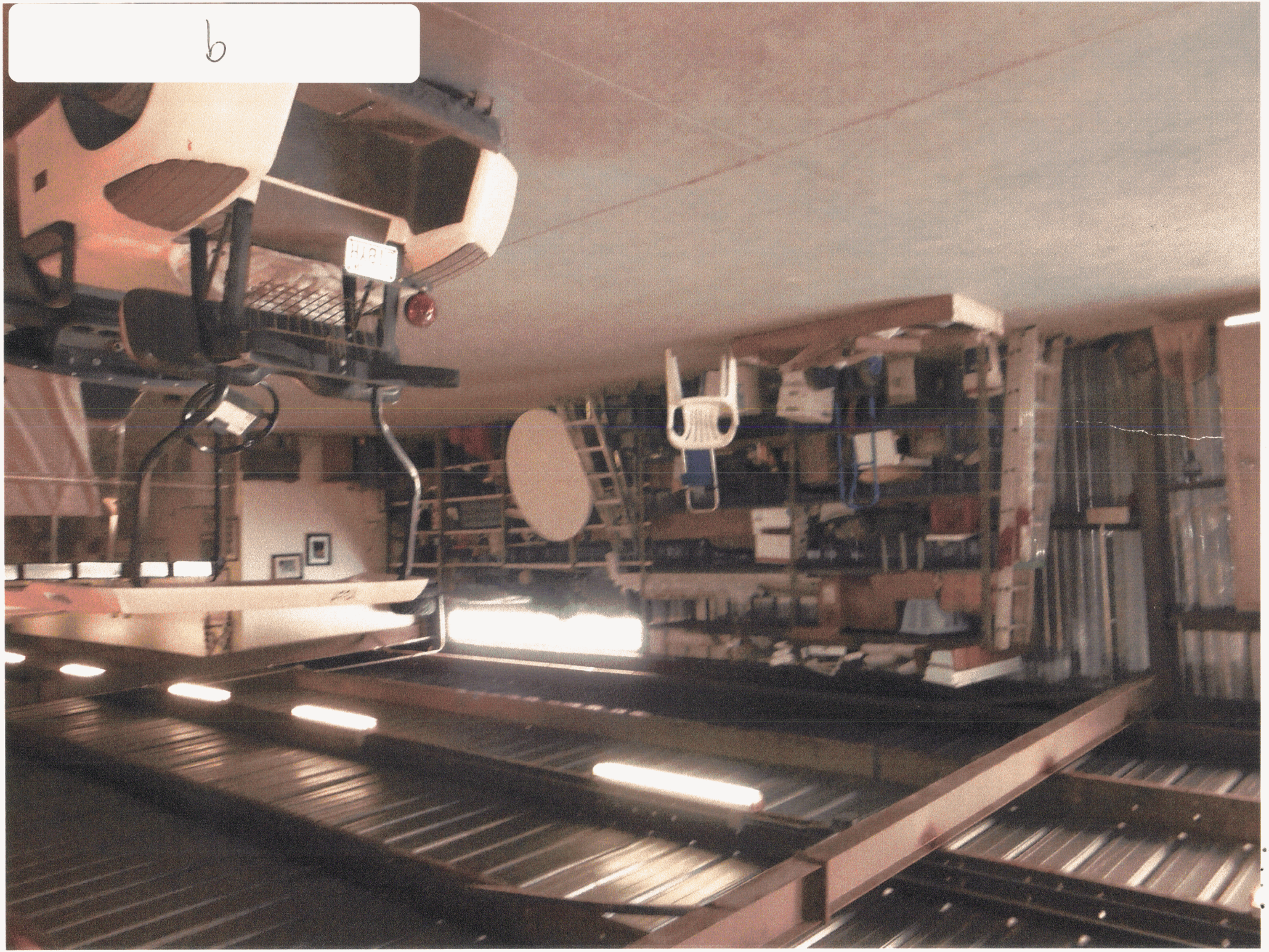

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UNIROYAL

ACCOUNTING FOR PUBLIC UTILITIES

Volume 1

ROBERT L. HAHNE
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Contributing Authors: The following were the original contributing authors of *Accounting for Public Utilities*. While much of what these individuals originally wrote has been removed or replaced through the annual update process, we wish to continue to recognize their contributions in the creation of this book.

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2006

Filed Through:
RELEASE NO. 23, October 2006

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annual depreciation provisions, the amount of detail in maintaining the accumulated provisions for depreciation, how the utility estimates and accounts for salvage and cost of removal, and how removal labor is distinguished from construction labor. The size of retirement units has a direct effect on the magnitude of depreciation rates, because size controls the flow of investment dollars through the property records. Likewise, the way in which the utility determines and accounts for salvage and cost of removal has a direct effect on the magnitude of depreciation rates because of control of the dollar flow through the reserve for accumulated depreciation. Suggestions are sometimes made to consider salvage as period income and cost of removal as period expense either directly through adoption of a cash basis, or indirectly through adjusting depreciation rates to produce net salvage accruals equal to the amount that would be recorded if a cash basis is adopted. This type of adjustment generally is raised in regulatory proceedings only when the net effect is to reduce current depreciation rates. Whether direct or indirect, recording salvage and cost of removal on a cash basis is in conflict with the FERC uniform system of accounts for electric and gas utilities. General Instruction 11 states: "The utility is required to keep its accounts on the accrual basis." Without a regulatory requirement, the materiality of cost of removal and salvage would likely preclude this recording when accounting on a cash basis.

[a] Depreciation Calculation Approaches

The most common approach to calculating depreciation provisions is to accrue depreciation expense for the same property groups identified as depreciable for purposes of conducting a depreciation study. However, some utilities use the depreciation rates applicable to the depreciable property groups to calculate a composite rate for the functional property group, with the functional rate then being used to calculate the annual expense. Most utilities that use this approach recalculate the composite rate periodically to recognize changes in property mix between depreciable property groups, but this practice is not universal. Another approach, required by some regulators, is to calculate depreciation accruals at the same level of detail at which the reserve for accumulated depreciation is maintained.

Utilities have mechanized their depreciation accrual and reserve accounting functions, often through the use of computer programs designed for entities that depreciate individual property items independently. Adoption of these programs requires modifications to make them work consistently with the group depreciation concept. For example, for unit depreciation, the reserve applicable to each property item is recorded, and accrual ceases when the item reaches the age of expected life. For group depreciation, an item reserve amount is not meaningful

because the depreciation rate applies to the total group, not to any component part of the group, and full recovery does not occur before retirement.

The variations of how depreciation expense accruals can be calculated are numerous. A few examples are listed below:

(1) Rates are applied to the beginning-of-the-year plant balances.

(2) Rates are applied to monthly plant balances.

(3) Rates are applied to an estimated average plant balance for the year, with an adjustment at year-end to reflect the actual plant balances.

(4) Rates are applied to estimated plant balances for the year without any adjustment.

(5) Rates are applied to estimated average annual plant balances, with an adjustment for actual in-service dates of major projects.

(6) Rates are applied to estimated average plant balances, with no adjustments for in-service dates of major projects.

The uniform systems of accounts require the accumulated provisions for depreciation to be maintained by functional property groups, but some utilities, either voluntarily or otherwise, maintain reserves in more detail. The additional detail may involve keeping the reserve by location or by primary plant account or subaccount. For instance, the FERC requires the accumulated provisions for depreciation to be maintained separately for each licensed project, which would include property carried in both production and transmission plant accounts and, perhaps, in general plant accounts.

If the utility calculates remaining life depreciation rates at a more detailed depreciable property group level than the one for which the reserve is maintained, it must allocate the reserve. Although there is an appropriate procedure for making these allocations, it is sometimes proposed that the depreciation rates should be calculated at the most detailed level for which the reserve is maintained, thereby avoiding reserve allocations. Supposedly, the elimination of allocations would render the calculation of depreciation rates more accurate. These claims lose validity when it is realized that maintenance of the depreciation reserve in more detail than functional property groups requires allocations to be built into the accounting system. Therefore, although more detailed calculations are more precise, they are not necessarily more accurate.

[b] Depreciation Rate Components

Depreciation rates are composites of either three or four components. A *whole life* depreciation rate comprises three components: recovery of invested capital, credit for gross salvage, and recovery of cost of removal. A *remaining life* rate

NEW APPLICATION

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COMMISSIONERS

GARY PIERCE - Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

IN THE MATTER OF THE APPLICATION OF NEW RIVER UTILITY COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.

DOCKET NO. W-01737A-12-0478

APPLICATION

BROWNSTEIN HYATT FARBER SCHRECK, LLP
One East Washington Street, Suite 2400
Phoenix, AZ 85004
602.382.4040

New River Utility Company, an Arizona public service corporation ("New River" or the "Company"), hereby applies (the "Application") for an order establishing the fair value of its plant and property used for the provision of public water utility service and, based on such finding, approving permanent rates and charges for utility service designed to produce a fair return thereon. In support of this Application, New River states as follows:

1. New River is a public service corporation engaged in providing water utility service in portions of Maricopa County, Arizona, pursuant to certificates of convenience and necessity granted by the Arizona Corporation Commission ("Commission") in Decision 33131 (May 24, 1961) and Decision 33354 (August 15, 1961). During the Test Year, as hereinafter defined, New River served approximately 2,900 water service connections. New River is a Class "B" utility.

2. New River's business office is located at 7839 W. Deer Valley Road, Peoria, Arizona 85382, and its telephone number is 623-561-1848. The Company's management contact is Robert L. Fletcher. Mr. Fletcher is the President and Chief Executive Officer of New River.

3. The persons responsible for overseeing and directing the conduct of this rate application are Mr. Fletcher and Ray L. Jones, the Company's consultant. The mailing address, telephone number and fax number for Mr. Fletcher are:

EXHIBIT
A-1
ADMITTED

Robert L. Fletcher, President and CEO
NEW RIVER UTILITY COMPANY
7939 W. Deer Valley Road
Peoria, Arizona 85382
Phone: 623-561-1848
Fax: 623-561-5831

The mailing address, telephone number, fax number and e-mail address for Mr. Jones are:

Ray L. Jones, P.E.
ARICOR WATER SOLUTIONS LC
25213 N. 49th Drive
Phoenix, Arizona 85083
Phone: 623-341-4771
Fax: 623-582-5160
E-mail: ray.jones@aricor.com.

4. All discovery, data requests and other requests for information concerning this Application should be directed via email to Messrs. Fletcher and Jones, with a copy via e-mail to legal counsel undersigned, as follows:

Jeffrey W. Crockett, Esq.
BROWNSTEIN HYATT FARBER SCHRECK LLP
One East Washington Street, Suite 2400
Phoenix, Arizona 85004
Phone: 602-382-4062
Fax: 602-382-4020
E-mail: jcrockett@bhfs.com

5. New River's present rates and charges were approved by the Commission in Decision 65134 (August 22, 2002) using a test year ended December 31, 2000. There have been no other changes to the Company's rates and charges since the current rates and charges went into effect on September 1, 2002.

6. Revenues from New River's utility operations are presently inadequate to allow the Company to recover its operating costs and provide a just and reasonable rate of return on the fair value of its utility plant and property devoted to public service and used to provide service to its customers. Operating expenses and rate base have both increased since the last test year. As a result, the revenues produced by New River's current rates and charges for service have become inadequate to meet the Company's operating expenses and provide a reasonable rate of return on fair value rate base. Therefore, New River requests that adjustments to its rates and charges for

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utility service be approved by the Commission in order that the Company may recover its operating expenses and be given an opportunity to earn a just and reasonable rate of return on the fair value of its property.

7. Attached hereto as Attachment 1 and incorporated herein is the Pre-Filed Direct Testimony of Ray L. Jones, with exhibits, dated November 29, 2012. Mr. Jones' direct testimony provides an overview of New River's Application, describes the Company's water system and operations, supports the Company's proposed adjustments to its rates and charges for water service, and describes the Company's rate base, net income (revenue and operating expenses), required level of revenues, and its rate design. Exhibit RLJ-DT2 to Mr. Jones' direct testimony contains the following schedules which are required by A.A.C. R14-2-103 for rate applications for Class "B" utilities and which are sponsored by Mr. Jones:

- Schedules A-1 through A-5 – Summary Information.
- Schedules B-1 through B-5 – Rate Base Information and Adjustments.
- Schedules C-1 through C-3 – Income Statements and Adjustments.
- Schedules D-1 through D-4 – Cost of Capital Information.
- Schedules E-1 through E-9 – Financial Statements and Statistical Data.
- Schedules F-1 through F-4 – Projections and Forecasts.
- Schedules H-1 through H-5 – Effect of Proposed Rate Schedules.

New River is not submitting G Schedules because the Company is not proposing to change its rate design and did not prepare a cost of service study.

8. New River has utilized as its test year ("Test Year") the 12-month period ending December 31, 2011. The Company requests that the Commission utilize this Test Year with appropriate adjustments to obtain a normal and/or more realistic relationship between revenues, expenses and rate base during the period in which the rates established in this proceeding are in effect.

9. During the Test Year, New River's adjusted gross revenues were $1,260,429. Adjusted operating income was $3,629, leading to an operating income deficiency of $677,580.

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The adjusted fair value rate base was $7,812,036. Thus, the rate of return during the test year was 0.05%.

10. A 0.05% rate of return is inadequate to allow New River to obtain debt, pay a reasonable dividend to its stockholder, maintain a sound credit rating, and/or enable the Company to attract additional capital on reasonable and acceptable terms in order to continue the investment in utility plant necessary to adequately serve its customers.

11. New River is requesting an increase in gross revenues of $1,087,457, an increase of 86.28%. The adjustments to the Company's rates and charges that are proposed herein, when fully implemented, will produce a rate of return on the fair value rate base equal to 8.72%.

12. Attached hereto as Attachment 2 and incorporated herein are New River's water plant descriptions and a completed water use data sheet for calendar year 2011.

WHEREFORE, New River requests the following relief:

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

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

C. That the Commission authorize such other and further relief as may be appropriate to ensure that New River has an opportunity to earn a just and reasonable return on the fair value of its water utility plant and property and as may otherwise be required under Arizona law.

RESPECTFULLY submitted this 29th day of November, 2012.

BROWNSTEIN HYATT FARBER SCHRECK LLP

Jeffrey W. Crockett, Esq.
One East Washington Street, Suite 2400
Phoenix, Arizona 85004
Attorneys for New River Utility Company

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ORIGINAL and fifteen (15) copies filed
this 29th day of November, 2012, with:

Docket Control
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

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ATTACHMENT 1

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

GARY PIERCE, Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

IN THE MATTER OF THE APPLICATION OF NEW RIVER UTILITY COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	**DOCKET NO. W-01737A-12-**

PRE-FILED DIRECT TESTIMONY OF RAY L. JONES
NOVEMBER 29, 2012

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I. INTRODUCTION AND PURPOSE OF TESTIMONY.

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND TELEPHONE NUMBER.

A. My name is Ray L. Jones. My business address is 25213 N. 49th Dr., Phoenix, Arizona 85083, and my business phone is (623) 341-4771.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am the owner and principal of ARICOR Water Solutions LC ("ARICOR"). ARICOR provides a wide range of engineering and regulatory support services to the private utility, municipal utility, and development sectors.

Q. PLEASE SUMMARIZE YOUR PROFESSIONAL EXPERIENCE.

A. I have an extensive background in Arizona water and wastewater utility businesses. I began my career as a Staff Engineer with Citizens Utilities Company ("Citizens") at its Sun City office in 1985. I held progressively more responsible positions and ultimately became the Vice President and General Manager for Citizens' Arizona water and wastewater operations in 1998. When Arizona-American Water Company ("Arizona-American") purchased Citizens' water and wastewater operations in 2002, I became Arizona-American's President. In 2004, I left Arizona-American and formed my own consulting firm, ARICOR.

Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?

A. I received a Bachelor of Science in Civil Engineering in 1985 from the University of Kansas and a Master of Business Administration in 1991 from Arizona State University.

Q. DO YOU HOLD ANY PROFESSIONAL LICENSES?

A. I am a licensed Professional Engineer in Arizona and California and I am a Grade 3 Certified Operator for all four Arizona classifications.

Q. WHAT IS YOUR EXPERIENCE BEFORE THE ARIZONA CORPORATION COMMISSION?

A. In my time with Citizens and Arizona-American, I prepared or assisted in the preparation of multiple filings before the Arizona Corporation Commission ("Commission"), including rate applications and CC&N filings. Since starting ARICOR, I have prepared several filings and assisted in the preparation of several more filings before the Commission, including rate applications and CC&N filings. I have also provided testimony in all of these cases before the Commission. A summary of my regulatory work experience is included in my resume attached hereto as **Exhibit RLJ-DT1**.

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

A. I am testifying on behalf of the applicant, New River Utility Company ("New River" or the "Company"). New River is seeking a determination of: (i) the fair value of its water utility plant and property for ratemaking purposes; (ii) a fair and reasonable rate of return thereon; and (iii) increases in its rates and charges for water utility service in its certificated service area.

Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

A. My direct testimony supports New River's application ("Application") for a rate increase, and I sponsor the required schedules which support the rate case Application as set forth in Arizona Administrative Code R14-2-103. Specifically, I provide an overview of New River's Application, describe the Company's water system and operations, support the Company's proposed adjustments to its rates and charges for water service, and describe the Company's rate base, net income (revenue and operating expenses), required level of revenues, and its rate design.

II. NEW RIVER'S WATER SYSTEM AND OPERATIONS.

Q. WHAT IS YOUR RELATIONSHIP TO NEW RIVER?

A. I am a consultant to New River, retained to prepare this rate case filing. In my preparation of this filing, I have become familiar with the Company's facilities

and operations.

Q. PLEASE DESCRIBE NEW RIVER AND ITS WATER SYSTEM.

A. New River was granted Certificates of Convenience and Necessity in Decision No. 33131 (May 24, 1961) and Decision No. 33354 (August 15, 1961). New River currently serves approximately 2,900 customer connections within the exterior boundaries of the City of Peoria, including residential homes, multi-family housing complexes, schools and supporting neighborhood commercial development. Most residential customers are served with 5/8" x 3/4" meters with some large homes served by 1" meters. Commercial customers are served by meters ranging from 5/8" x 3/4" to 8".

New River's current rates are very low with a 5/8" x 3/4" meter base charge of only $7.50 per month and commodity charges in a very narrow band ranging from $1.20 per thousand gallons to $1.60 per thousand gallons across three tiers. These low rates have resulted in a relatively high average water usage for residential customers with a 5/8" x 3/4" meter of 11,183 gallons per month with a monthly charge for that level of usage of only $20.92.

New River's water system is a groundwater system typical of systems serving newer developments in Arizona. The system has four active wells feeding two water booster plant sites: the 78th Lane Booster Plant and the 87th Avenue Booster Plant.

The 78th Lane Booster Plant includes a single 1,000,000 gallon water storage tank, three 25 horsepower ("hp") booster pumps and one 100 hp booster pump. Three active wells feed the 78th Lane Booster Plant: Well #4, which is located on-site, and Well #1 and Well #2, which are located off-site.

The 87th Avenue Booster Plant includes two 1,000,000 gallon storage tanks, three 25 hp booster pumps, one 100 hp booster pump and an arsenic treatment facility. The 87th Avenue Booster Plant is fed by Well #6 located off-site.

The 78th Lane Booster Plant and 87th Avenue Booster Plant are interconnected by a looped distribution system to provide system reliability. The system is designed to provide a 1,500 gallon-per-minute fire flow. In addition, New River has an interconnection with the City of Peoria that can be used to supplement New River's water supply and which increases system reliability.

Q. HOW HAVE NEW RIVER'S WATER FACILITIES AND OPERATIONS CHANGED SINCE NEW RIVER'S LAST RATE CASE?

A. New River has more than doubled its number of service connections since the last test year (TY 2000) from 1,150 to more than 2,900, and its service area is now effectively built-out. Since the last test year, New River has brought one additional well (Well #4) into service, installed an arsenic treatment facility at the 87th Avenue Booster Plant, and installed an interconnection with the City of Peoria. As a result of these improvements, New River's water system is a more robust, sophisticated system requiring increased levels of operational expertise and effort, including increased maintenance, repair and capital investment.

Q. DOES NEW RIVER HAVE A WATER CONSERVATION PROGRAM?

A. Yes. New River is enrolled as a regulated Tier I municipal provider in the Arizona Department of Water Resources' ("ADWR") Modified Non Per Capita Conservation Program ("NPCCP"). As a part of the NPCCP, New River is required to have a public education program and to implement one best management practice ("BMP") in its service area. On June 24, 2010, ADWR approved a meter repair and/or replacement program (the "Meter Repair and/or Replacement Program") as New River's chosen BMP.

Q. DOES NEW RIVER HAVE A PROGRAM TO ADDRESS WATER LOSSES?

A. Yes. All water providers in the Phoenix Active Management Area are required to track and report water losses to ADWR. New River closely monitors this data and implements corrective action as warranted. The ADWR and Commission-

approved Meter Repair and/or Replacement Program is specifically designed to prevent water losses.

Q. IS NEW RIVER'S WATER LOSS CONTROL PROGRAM EFFECTIVE?

A. Yes. Water losses reported by ADWR for the years 2007, 2008 and 2009 (the most recent three years reported) averaged 7.31% for the three-year period. Water losses calculated from New River's annual reports filed with the Commission for the years 2010 and 2011 are 7.6% and 8.6%, respectively.

III. OVERVIEW OF NEW RIVER'S APPLICATION.

Q. PLEASE SUMMARIZE NEW RIVER'S APPLICATION.

A. New River requests a rate increase of $1,087,457, or 86.28%, to allow it to earn an 8.72% rate of return on its fair value rate base. Due to New River's low existing rates, the increase for a 5/8" x 3/4" meter with average monthly usage of 11,183 gallons is just $16.75 per month and for a 5/8" x 3/4" meter with median monthly usage of 8,762 gallons is just $12.68 per month.

The test year is the 12-month period ending December 31, 2011. As I describe in my direct testimony, New River is proposing certain pro forma adjustments to account for known and measurable changes to rate base, expenses and revenues, and to present a normalized and more realistic relationship between revenues, expenses and rate base.

Q. WHY IS THE COMPANY FILING FOR A RATE INCREASE AT THIS TIME?

A. New River's system has built out since its last test year (TY 2000), and as previously discussed, New River has completed construction of several production and treatment facilities needed to serve its customers. The improvements include equipping a well, installing an arsenic treatment facility and constructing an interconnection with the City of Peoria. The arsenic treatment facility was constructed during 2010 and 2011 and placed into service in 2011. The interconnection with Peoria was completed post-test year in 2012.

These expenditures and other capital expenditures made over the past eleven years have significantly increased New River's rate base and equity investment. New River is requesting a rate increase in order to earn a fair return on these investments and to ensure that the Company has sufficient cash flow to meet ongoing maintenance, operations and plant investment obligations.

Q. PLEASE IDENTIFY THE RATE CASE SCHEDULES PROVIDED WITH YOUR TESTIMONY.

A. I have prepared the following schedules which are attached as **Exhibit RLJ-DT2** to my direct testimony:

- Schedules A-1 through A-5 – Summary Information.
- Schedules B-1 through B-5 – Rate Base Information and Adjustments.
- Schedules C-1 through C-3 – Income Statements and Adjustments.
- Schedules D-1 through D-4 – Cost of Capital Information.
- Schedules E-1 through E-9 – Financial Statements and Statistical Data.
- Schedules F-1 through F-4 – Projections and Forecasts.
- Schedules H-1 through H-5 – Effect of Proposed Rate Schedules.

I prepared these schedules based on my investigation and review of the relevant books and records of New River. I have not included the G Schedules because the Company is not proposing to change its rate design and did not prepare a cost of service study.

IV. RATE BASE AND RATE BASE ADJUSTMENTS.

A. Plant In Service Review.

Q. DID YOU CONDUCT A REVIEW OF NEW RIVER'S PLANT IN SERVICE IN CONJUNCTION WITH PREPARING THIS FILING?

A. Yes. I conducted a review of New River's plant in service records provided by New River's outside accounting firm.

Q. WHAT CONCLUSIONS DID YOU REACH AFTER YOUR FIXED ASSET REVIEW?

A. While I found New River's accounting records to be generally in good order and in compliance with the NARUC system of accounts, the plant in service balance appeared low for a company of New River's size.

Q. WHAT ACTIONS DID YOU TAKE AFTER YOUR FIXED ASSET REVIEW?

A. I discussed my findings with Company management. Company management concurred with my assessment and informed me that due to a lack of Company funds during the period of rapid growth for New River, items of plant were periodically constructed and funded by business entities controlled by Company management rather than by New River itself. Company management stated that the costs of these items of plant funded by affiliates were not recorded on New River's books.

Q. DID THE COMPANY TAKE ANY ACTIONS TO ADDRESS THE UNRECORDED PLANT IN SERVICE?

A. Yes. In 2009, the Company contracted with the engineering firm Brown and Caldwell to update a valuation of Company assets originally prepared in 2005 at the request of the City of Peoria. On October 29, 2009, Brown and Caldwell issued a Report Amendment ("B&C Report Amendment") providing a reproduction cost less depreciation ("RCND") valuation of New River's utility assets of $25,971,621. The B&C Report Amendment is attached as **Exhibit RLJ-DT3** to my direct testimony.

Q. DID YOU REVIEW THE B&C REPORT AMENDMENT?

A. Yes. I reviewed the B&C Report Amendment and discussed it with personnel at Brown and Caldwell.

Q. WHAT CONCLUSIONS DID YOU REACH AFTER REVIEWING THE B&C REPORT AMENDMENT?

A. I believe that the $25,971,621 RCND valuation contained in the B&C Report Amendment overstates the reconstruction cost of New River's plant in service and should not be used for ratemaking purposes. My conclusion is based on several concerns. First and most significantly, the reproduction costs used for many of the distribution assets appear to be in excess of typical construction costs for new facilities in the Phoenix market area. Second, the B&C Report Amendment includes some assets that are not used in the provision of water service by New River. Lastly, I did not agree with some of the expected lives used for certain classes of assets.

Q. DID YOU MAKE ANY RECOMMENDATIONS TO COMPANY MANAGEMENT REGARDING THE UNRECORDED PLANT AND THE B&C REPORT AMENDMENT?

A. Yes. I recommended that New River authorize me to prepare an updated RCND valuation to be used to establish the fair value rate base for the Company.

Q. DID YOU PREPARE AN UPDATED RCND VALUATION OF NEW RIVER'S UTILITY ASSETS FOR THIS CASE?

A. Yes. I prepared an RCND study (the "RCND Study") which is attached as **Exhibit RLJ-DT4** to my direct testimony. My RCND Study values the New River plant in service at $12,252,436.

Q. PLEASE DESCRIBE THE PROCESS YOU USED TO PREPARE THE RCND STUDY.

In preparing the RCND Study, I made a complete review of the as-built plans for all New River distribution facilities in order to establish the inventory of distribution piping by year, size and type. I reviewed recently incurred construction costs for distribution facilities in new subdivisions and used those costs for the reproduction costs of distribution facilities. For plant and well

facilities, I used the reproduction cost estimates in the B&C Report Amendment, but limited the study to those items of plant that are used and useful in the provision of water service by New River. Expected lives of assets were estimated based on my experience and remaining useful life was determined by the actual age of each facility as compared to the estimated useful life. For meters and items of general plant, the original cost was used as the reproduction cost. I believe that my approach produces a RCND valuation that is appropriate for rate making purposes and produces a conservative valuation that is most likely below the actual reproduction cost of the New River utility plant in service.

B. <u>Rate Base.</u>

Q. HOW DID NEW RIVER ARRIVE AT ITS TEST YEAR ORIGINAL COST RATE BASE SHOWN ON SCHEDULE B-1, LINE 22?

A. The original cost rate base was calculated by establishing the balance of utility plant in service at the end of the test year, per New River's books, as shown in the first column of Schedule B-2. Deductions were made for accumulated depreciation and customer security deposits. Working capital was included as an addition to rate base. The Company made various pro forma adjustments (RB-1 & RB-2) to the actual test-year-end rate base to arrive at the adjusted test-year-end original cost rate base of $3,217,742.

Q. HOW DID NEW RIVER ARRIVE AT ITS TEST YEAR RCND RATE BASE SHOWN ON SCHEDULE B-1, LINE 22?

A. The basis for the RCND rate base is the RCND Study previously discussed, as shown in the first column of Schedule B-3. In addition to the accumulated depreciation established in the RCND Study, a deduction was made for customer security deposits. Working capital was included as an addition to rate base. The Company made a pro forma adjustment (RCN-1) to the test-year-end RCND rate base to arrive at the adjusted test-year-end RCND rate base of $12,406,330.

Q. HOW WAS THE FAIR VALUE RATE BASE SHOWN ON SCHEDULE B-1, LINE 22, DETERMINED?

A. It is based on a 50/50 weighting or average of the original cost and RCND rate bases.

C. <u>Working Capital.</u>

Q. HOW DID NEW RIVER DETERMINE ITS WORKING CAPITAL REQUIREMENT?

A. As shown on Schedule B-5, Page 2, working capital was determined using the formula method.

D. <u>Original Cost Rate Base Adjustments.</u>

Q. PLEASE EXPLAIN RATE BASE ADJUSTMENT RB-1.

A. Rate base adjustment RB-1, detailed on page 2 of Schedule B-2, increases the plant in service balance by a net of $71,258 after considering several separate plant in service adjustments labeled [1.1], [1.2] and [1.5].

Adjustment [1.1] conforms the plant in service balance to Decision 65134. Schedule B-2.1 provides a detailed reconciliation of the adjustment.

Adjustment [1.2] records the unbooked retirement of a 1989 Chevy Flatbed Dump.

Adjustment [1.5], detailed on Schedule B-2, Page 2.1, includes costs for post-test-year plant. Adjustment [1.5] is the cost to install a system interconnection with the City of Peoria, which was completed in April 2012.

Q. PLEASE EXPLAIN RATE BASE ADJUSTMENT RB-2.

A. Rate base adjustment RB-2 decreases the accumulated depreciation balance by a net of $384,542 after considering separate accumulated depreciation adjustments labeled [2.1] and [2.2].

Adjustment [2.1] records the unbooked retirement of a 1989 Chevy Flatbed Dump.

Adjustment [2.2] adjusts accumulated depreciation to the amounts

calculated on Schedule B-2.1. As detailed on Schedule B-2.1, accumulated depreciation was calculated from the balances approved in Decision 65134 considering recorded plant additions and retirements, plant reclassifications and adjustments and unbooked retirements.

E. <u>RCND Rate Base Adjustments.</u>

Q. PLEASE EXPLAIN RATE BASE ADJUSTMENT RCN-1.

A. Rate base adjustment RCN-1, detailed on page 2 of Schedule B-3, increases the plant in service balance by a net of $79,904 to include costs for the installation of an interconnection with the City of Peoria, which was completed in April 2012.

V. <u>INCOME STATEMENT AND INCOME STATEMENT ADJUSTMENTS.</u>

A. <u>Expense Adjustments.</u>

Q. WHAT IS INCOME STATEMENT ADJUSTMENT IS-1?

A. Income statement adjustment IS-1 is an adjustment to correct test year purchased power expense. Electric costs for three out-of-service wells were erroneously charged to purchased power expense. The costs were largely incurred for well testing related to New River's new water supply project that resulted in the installation of an interconnection with the City of Peoria and are not properly included in purchased power expense. Income statement adjustment IS-1 decreases purchased power expense by $21,442.

Q. WHAT IS INCOME STATEMENT ADJUSTMENT IS-2?

A. Income statement adjustment IS-2 annualizes an electric rate increase for Well #1 and Well #2, and increases purchased power expense by $2,064. As indicated on Schedule C-2, page 4, a workpaper has been prepared detailing income statement adjustment IS-2.

Q. WHAT IS INCOME STATEMENT ADJUSTMENT IS-3?

A. Income statement adjustment IS-3 reduces purchased power expense to remove power costs for the Company owner's personal residence. Income statement adjustment IS-3 reduces purchased power expense by $6,760. As indicated on

Schedule C-2, Page 5, a workpaper has been prepared detailing the adjustment.

Q. WHAT IS INCOME STATEMENT ADJUSTMENT IS-4?

A. Income statement adjustment IS-4 reduces miscellaneous expense to remove utility costs for the Company owner's personal residence. Income statement adjustment IS-4 reduces miscellaneous expense by $599. As indicated on Schedule C-2, Page 6, a workpaper has been prepared detailing the adjustment.

Q. WHAT IS INCOME STATEMENT ADJUSTMENT IS-5?

A. Income statement adjustment IS-5 increases salaries and wages and taxes other than income to annualize employee costs and reflect a change in employment status for a Company employee from part time to full time. Income statement adjustment IS-5 increase salary and wages expense by $19,480 and increases taxes other than income by $1,558. As indicated on Schedule C-2, Page 7, a workpaper has been prepared detailing the adjustment.

Q. WHAT IS INCOME STATEMENT ADJUSTMENT IS-6?

A. Income statement adjustment IS-6 adjusts repairs and maintenance expense to normalize anticipated tank recoating expenses. Tank recoating costs were normalized based on a 15-year schedule of tank recoating covering all of New River's steel storage tanks. The schedule is based on a target date of 15 years from the last tank coating with minor schedule adjustments to smooth cash flow. New River's recovery of tank recoating costs is critical as many of New River's tanks are at or approaching the age that they require their first recoating. The storage tank and hydropneumatic tank at the 78th Lane Booster Plant were due for recoating in 2012. However, New River was forced to postpone recoating the tanks due to insufficient available funds. The tanks have been rescheduled for recoating in 2014 in anticipation of the additional funds being available as the result of this rate increase request. The normalized tank recoating expense is $31,333 annually. As indicated on Schedule C-2, Page 8, a workpaper has been prepared detailing the adjustment.

Q. WHAT IS INCOME STATEMENT ADJUSTMENT IS-13?

A. Income Statement Adjustment IS-13 increases the test year rate case expense by $50,000. This is based on New River's estimated rate case expense at $150,000, which it proposes to collect over a three-year amortization period. Considering that New River is a Class "B" utility and thus required to participate in five rounds of prefiled testimony, discovery, hearings and briefing, $150,000 is a reasonable level of rate case expense for this case. Of course, New River will update the estimate as the case progresses to reflect any changes in expected total rate case expense.

Q. WHAT IS INCOME STATEMENT ADJUSTMENT IS-15?

A. Income statement adjustment IS-15 annualizes depreciation expense using adjusted test-year-end plant balances and current depreciation rates. Income statement adjustment IS-15 decreases depreciation expense by $11,698.

Q. WHAT IS INCOME STATEMENT ADJUSTMENT IS-16?

A. Income statement adjustment IS-16 restates property taxes consistent with the method supported by Commission Staff and approved in numerous recent Commission decisions. Specifically, following the Arizona Department of Revenue - Centrally Valued Properties method, full cash value was determined by using twice the average of three years of revenue, plus an addition for CWIP and a deduction for the book value of transportation equipment. Consistent with Commission practice, three times the adjusted revenues for 2011 was used to determine the average revenue. The assessed value (20% of full cash value) was then multiplied by the tax year 2012 property tax rate to determine adjusted property tax expense. Income statement adjustment IS-16 decreases property tax expense by $21,136 for the test year, and after considering the effect of the proposed rate increase, property tax expense is increased by $17,192 from the test year adjusted amount.

Q. WHAT IS INCOME STATEMENT ADJUSTMENT IS-17?

A. Income statement adjustment IS-17 calculates the test year income tax expense for New River, considering all other adjustments. Income statement adjustment IS-17 increases the test year income tax expense by $2,007, and after considering the effect of the proposed rate increase, income tax expense is increased by $384,391 from the test year adjusted amount.

VI. INCOME TAX.

Q. IS NEW RIVER TAXED AS AN S-CORPORATION?

A. Yes. New River is taxed as an S-Corporation.

Q. HOW IS THE INCOME OF S-CORPORATIONS TAXED?

A. The tax liability for regular income is passed through to the shareholders of the corporation with individual shareholders paying the income tax due on their share of the S-Corporation income. In certain limited circumstances, S-Corporations pay income tax directly.

Q. WHY IS NEW RIVER REQUESTING INCOME TAX EXPENSE RECOVERY IN THIS CASE?

A. New River is requesting income tax expense because the net income generated by New River through the provision of regulated water service is subject to State and Federal income tax liability. Without income tax recovery, the shareholders of New River will receive a lower rate of return on their equity investment than shareholders of other corporations that receive income tax recovery. Furthermore, the passed-through tax liability incurred by New River's shareholders would not exist absent the provision of regulated water services by New River. The income taxes are "inescapable business outlays and are directly comparable with similar corporate taxes."[1] Like any other expense prudently incurred in the operation of a regulated entity, the income tax expense should be recovered in rates of the regulated entity.

[1] *Suburban Utility Corp. v. Public Utility Com'n of Texas,* 625 S.W.2d 358 (Tex. 1983).

Q. IS THE COMMISSION REVIEWING ITS POLICY ON INCOME TAX RECOVERY FOR S-CORPORATIONS AT THIS TIME?

A. Yes. The Commission is reviewing the income tax expense issue in its ongoing water workshops (Docket No. W-00000-06-0149) and New River believes the matter will be resolved in the next several months.

VII. COST OF CAPITAL.

Q. WHAT IS THE RECOMMENDED CAPITAL STRUCTURE FOR NEW RIVER?

A. New River proposes to use the adjusted test-year-end capital structure of 100% equity, as shown on Schedule D-1.

Q. WHAT IS THE RECOMMENDED COST OF EQUITY?

A. New River proposes to use a 10.000% cost of equity, less a 1.280% fair value inflation adjustment, for a fair value adjusted equity return of 8.720%.

Q. HOW DID YOU ARRIVE AT A 10.000% COST OF EQUITY?

A. The request is based on a review of rate orders issued by the Commission during calendar year 2012. I identified the following cases for Class A, B and C companies for which the cost of equity could be determined. The identified utilities range from 0% debt capital to a high of 64.14% debt capital. Based on my review of the Commission's 2012 decisions, as detailed on the schedule below, a 10.000% return on equity is appropriate for New River's capital structure.

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Company	Docket	Debt Ratio	Equity Return	Risk Premium Included
Arizona-American Water[2]	09-0343	64.14%	10.70%	80 basis pt.
Bermuda Water	10-0521	0.00%	8.82%	n/a
Goodman Water	10-0521	18.27%	9.95%	n/a
East Slope Water	10-0168	0.00%	9.6%	n/a
Arizona Water	10-0517	49.03%	10.0%	n/a
Arizona-American Water	10-0488	58.73%	10.6%	n/a

Q. HOW WAS THE FAIR VALUE INFLATION ADJUSTMENT DETERMINED?

A. The fair value inflation adjustment was determined in accordance with the methodology approved by the Commission in Decision 71308 (Docket W-02113A-07-0551). The methodology was recommended by Commission Staff and determines the fair value inflation adjustment by subtracting the yields on Treasury inflation protected securities for the yields on Treasury securities with constant maturities. Consistent with Decision 71308, as shown on Schedule D-1, the 20-year Treasury real yield was subtracted from the 20-year treasury yield for a difference of 2.560%. Again consistent with Decision 71308, that result was reduced by 50% to 1.280% because one half of the proposed fair value rate base is based on original cost which does not include inflation.

VIII. RATE DESIGN AND REVENUE PROOF.

Q. PLEASE DESCRIBE THE H SCHEDULES.

A. Schedule H-1 summarizes the revenue by source as billed under present rates and the amount that would be generated by the proposed increase in metered water rates. Schedule H-2 analyzes revenue at present and proposed rates by source,

[2] Commission Staff recommendation shown in table. The decision ultimately adopted RUCO's lower cost of equity due to factors that are not applicable in this matter.

and meter size in dollar amount and percentage. The average number of customers derived from the bill count is also shown by meter size and in total. Lastly, Schedule H-2 contains supplemental schedules that provide a breakdown of revenue at the existing and proposed rates by the components of the proposed rate design. Schedule H-3 compares present and proposed rates and shows the changes in each rate. Schedule H-4 compares present and proposed rates and the percentage increase at various consumption levels for each meter size. Schedule H-5 is the bill count of the bills issued during the test year.

Q. HAS NEW RIVER PROPOSED A CHANGE IN RATE DESIGN?

A. No. New River proposes to increase its base charge consistent with the overall increase percentage and maintain its current three tier rate design. However, New River proposes to significantly alter the rate tiers so that the rate design will serve to better encourage water conservation by its customers. Specifically, the first tier breakover point is lowered from 10,000 gallons to 4,000 gallons and the second tier breakover point is lowered from 18,000 to 10,000 gallons.

In addition, New River proposes to increase rates in the upper tiers to a greater degree than in the lower tiers to again better encourage water conservation by its customers. The tier one rate is proposed to be lowered by 8.00%, the tier two rate is increased by 84.00%, and the tier three rate is increased by 100.00%.

In constructing the rate design, New River's goals were to implement a significantly more conservation-oriented rate design and to provide current low water use customers a significantly smaller increase than higher water use customers.

Q. WHAT IS THE IMPACT OF NEW RIVER'S PROPOSED RATES ON TYPICAL RESIDENTIAL CUSTOMERS?

A. The vast majority of New River's residential customers are served by 5/8" x 3/4" meters. Due to the rate design proposed by New River and New River's current low rates, the monthly impact on typical residential customers is modest, ranging

between $6.10 and $16.75 per month. Specifically, for residential customers using 6,800 gallons or less per month, the increase is between $6.10 and $10.00 per month. At median usage of 8,762 gallons per month, the impact increases slightly to $12.68 per month. At the average usage of 11,183 gallons per month, the increase is a reasonable $16.75 per month.

Q. IS NEW RIVER PROPOSING ANY CHANGES TO MISCELLANEOUS SERVICE CHARGES?

A. Yes. As detailed in Schedule H-3, New River is proposing minor adjustments to its miscellaneous charges to better reflect the costs of providing the services and to be consistent with those recommended by Staff in recent cases.

Q DID NEW RIVER VERIFY AND PROVE THE TEST YEAR REVENUES?

A. Yes. Schedule H-5 lists the number of bills by thousand-gallon block and the cumulative consumption by rate block for each class of customer and meter size.

As shown on Schedule H-1, line 10, total calculated revenues at present rates for the test year were $1,260,208 compared to total per-book adjusted revenues of $1,260,429 shown on Schedule H-1, line 21. The unreconciled difference of ($221) amounts to -0.02% of per-book adjusted revenues.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

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EXHIBIT RLJ-DT1

New River Utility Company

Direct Testimony of Ray L. Jones

Exhibit RLJ-DT1

Ray L. Jones P.E.
Principal
ARICOR Water Solutions, LC
25213 N. 49th Drive
Phoenix, Arizona 85083

EMPLOYMENT HISTORY

2004 – Present

ARICOR Water Solutions
Principal
ARICOR Water Solutions offers a wide range of services to the private and public sectors. Projects include water resources strategy development, water rights evaluation and development of regulatory strategies. Services also include consultation on water and wastewater utility formation, management and operations, and valuation, including due diligence analysis and preparation of financial schedules and testimony in support of CC&N, Rate Case and other filings before the Arizona Corporation Commission. ARICOR Water Solutions provides water, wastewater and water resource master planning, water and wastewater facilities design, and owner representation; including value engineering, program management and construction oversight. Lastly, ARICOR Water Solutions supports water solutions with contract operations and expert witness testimony and litigation support.

2002 to 2004

Arizona-American Water Company
President
Responsible for leadership of the Arizona business activities of Arizona-American Water Company. Key responsibilities include developing and evaluation new business opportunities, developing strategic plans, establishing effective government and community relations, insuring compliance with all regulatory requirements, and providing management and guidance to key operations and support personnel.

1998 to 2002

Citizens Water Resources, Arizona Operations
Vice President and General Manager
Responsible for leadership of the Arizona regulated and unregulated business activities of Citizens Water Resources. Key responsibilities included developing and evaluation new business opportunities, developing strategic plans, establishing effective government and community relations, insuring compliance with all regulatory requirements, and providing management and guidance to key operations and support personnel.

1990 to 1998

Citizens Water Resources, Arizona Operations
Engineering and Development Services Manager
Responsible for management of a diverse group of business growth related activities. Responsibilities include: marketing of operation and maintenance services (unregulated business growth), management of new development activity (regulated business growth), management of engineering functions (infrastructure planning and construction), management of water resources planning and compliance, management of growth-related regulatory functions (CC&N's and Franchises), and management of capital budgeting functions and capital accounting functions.

1985 to 1990

Citizens Water Resources, Arizona Operations
Civil Engineer
Responsible for the planning, coordination and supervision of capital expansion and major maintenance and rehabilitation projects as assigned. Responsible for development of capital program for Maricopa County Operations.

EDUCATION

Arizona State University – Master of Business Administration (1991)
University of Kansas – Bachelor of Science in Civil Engineering (1985)

PROFESSIONAL CERTIFICATION

Registered Professional Engineer – Civil Engineering – Arizona
Professional Engineer – Civil Engineering – California
Certified Operator – Wastewater Treatment, Wastewater Collection, Water Treatment, Water Distribution – Arizona

PROFESSIONAL AFFILIATIONS

- Director - Water Utilities Association of Arizona (1998 – 2004)
- Member - American Society of Professional Engineers
- Member - American Water Works Association
- Member - Arizona Water Pollution Control Association
- Member - Water Environment Federation

CIVIC AND COMMUNITY INVOLVEMENT

- Advisory Member - Water Resources Development Commission (2010 – 2012)
- Board of Directors – Greater Maricopa FTZ, Inc. (2009 – Present)
- Chairman WESTMARC (2008)
- Director and Member of the Executive Committee- WESTMARC (1998 – 2010)
- Co-Chairman, WESTMARC Water Committee (2006 – 2007)
- Chairman-Elect WESTMARC (2007)
- Member – Corporate Contributions Committee, West Valley Fine Arts Council Diamond Ball (Chairman 2005)
- Member – Technical Advisory Committee – Governor's Water Management Commission (2001)
- Board Member, Manager & Past Chairman – North Valley Little League Softball

REGULATORY EXPERIENCE

Testimony has been provided before the Arizona Corporation Commission in the dockets listed below. Unless otherwise indicated testimony was provided on behalf of the utility.

Filing Year	Utility(ies)	Filing Type(s)	Docket(s)
1992	Sun City West Utilities Company	CC&N Extension (Expansion of Sun City West)	U-2334-92-244
1993	Sun City Water Company Sun City Sewer Company	CC&N Extension (Addition of Coyote Lakes)	U-1656-93-060 U-2276-93-060
1993	Tubac Valley Water Co., Inc.	CC&N Extension (Various Subdivisions on western border)	U-1595-93-241
1993	Sun City West Utilities Company	CC&N Extension (Expansion of Sun City West)	U-2334-93-293
1995	Citizens Utilities Company Sun City Water Company Sun City Sewer Company Sun City West Utilities Company Tubac Valley Water Company	Ratemaking	E-1032-95-417 U-1656-95-417 U-2276-95-417 U-2334-95-417 U-1595-95-417
1996	City Water Company Sun City Sewer Company	CC&N Extension (Acquisition of Youngtown)	U-1656-96-282 U-2276-96-282
1996	Citizens Utilities Company	CC&N Extension and Deletion (Realignment of Surprise Bdry.)	E-1032-96-518
1998	Sun City Water Company Sun City West Utilities Company	CAP Water Plan and Accounting Order (Sun Cities CAP plan)	W-01656A-98-0577 SW-02334A-98-0577

Filing Year	Utility(ies)	Filing Type(s)	Docket(s)
2000	Citizens Water Resources Company of Arizona Citizens Water Services Company of Arizona	CC&N Extension and Accounting Order (Anthen Jacka Property and Phoenix Treatment Agreement)	SW-3455-00-1022 SW-3454-00-1022
2000	Citizens Communications Company Citizens Water Services Company of Arizona	CC&N Extension and Approval of Hook-Up Fee (Verrado)	W-0132B-00-1043 SW-0354A-00-1043
2002	Arizona-American Water Company	Ratemaking	WS-01303A-02-0867 WS-01303A-02-0868 WS-01303A-02-0869 WS-01303A-02-0870 WS-01303A-02-0908
2004	Arizona-American Water Company Rancho Cabrillo Water Company Rancho Cabrillo Sewer Company	CC&N Transfer	WS-01303A-04-0089 W-01303A-04-0089 SW-03898A-04-0089
2004	Johnson Utilities Company, LLC (Representing Pulte Home Corporation)	CC&N Extension	WS-02987A-04-0288
2005	Perkins Mountain Utility Company Perkins Mountain Water Company	New CC&N & Initial Rates	WS-20379A-05-0489 W-20380A-05-0490
2005	West End Water Company	CC&N Extension	W-01157A-05-706
2005	Arizona-American Water Company	Approvals Associated with Construction of Surface Water Treatment Facility	W-01303A-05-0718
2006	Arizona-American Water Company	Ratemaking	WS-01303A-06-0403
2008	Sunrise Water Company	Ratemaking	W-02069A-08-0406
2009	Baca Float Water Company	Ratemaking	WS-01678A-09-0376
2009	Aubrey Water Company	Lost Water Evaluation (Rate Case Compliance)	W-03476A-06-0425
2009	White Horse Ranch Owner's Assn.	Ratemaking	W-04161A-09-0471
2010	Litchfield Park Service Company	Ratemaking	W-01427A-09-0104
2010	Chino Meadows II Water Company	Ratemaking	W-02370A-10-0519
2011	Pima Utility Company	Ratemaking	W-021999A-11-0329 WS-02199A-11-0330
2012	Valley Utilities Water Company, Inc.	Ratemaking	W-01412A-12-0195
2012	Far West Water & Sewer, Inc.	Ratemaking	WS-03478A-12-0307

EXHIBIT RLJ-DT2

New River Utility Company

Direct Testimony of Ray L. Jones

Exhibit RLJ-DT2

New River Utility Company
Test Year Ended December 31, 2011
Index of Standard Filing Schedules

Exhibit: RLJ-DT2
Index
Page 1
Witness: Jones

Schedule No.	Title
Schedule A-1	Computation of Increase in Gross Revenue Requirement
Schedule A-2	Summary of Results of Operations
Schedule A-3	Summary of Capital Structure
Schedule A-4	Construction Expenditures and Gross Utility Plant in Service
Schedule A-5	Summary Changes in Financial Position
Schedule B-1	Summary of Original Cost Rate Base Elements
Schedule B-2	Original Cost Rate Base Pro forma Adjustments
Schedule B-2.1	Reconciliation of Plant Additions, Retirements and Accumulated Depreciation
Schedule B-5	Computation of Working Capital
Schedule C-1	Adjusted Test Year Income Statement
Schedule C-2	Income Statement Pro forma Adjustments
Schedule C-3	Computation of Gross Revenue Conversion Factor
Schedule D-1	Summary of Cost of Capital
Schedule D-2	Cost of Long-Term and Short-Term Debt
Schedule D-3	Cost of Preferred Stock
Schedule D-4	Cost of Common Equity
Schedule E-1	Comparative Balance Sheet
Schedule E-2	Comparative Income Statements
Schedule E-3	Comparative Statement of Changes in Financial Position
Schedule E-4	Statement of Changes in Stockholder's Equity
Schedule E-5	Detail of Utility Plant
Schedule E-7	Operating Statistics
Schedule E-8	Taxes Charged to Operations
Schedule E-9	Notes To Financial Statements
Schedule F-1	Projected Income Statements - Present and Proposed Rates
Schedule F-2	Projected Changes in Financial Position - Present and Proposed Rates
Schedule F-3	Projected Construction Requirements
Schedule F-4	Assumptions Used in Developing Projection
Schedule H-1	Summary of Revenues by Customer Classification - Present and Proposed Rates
Schedule H-2	Analysis of Revenues by Detailed Class
Schedule H-3	Changes In Representative Rate Schedules
Schedule H-4	Typical Bill Analysis
Schedule H-5	Bill Count

New River Utility Company
Test Year Ended December 31, 2011
Computation of Increase in Gross Revenue Requirements
/

Exhibit: RLJ-DT2
Schedule A-1
Page 1
Witness: Jones

Line No.		Fair Value Rate Base
1	Adjusted Rate Base	$ 7,812,036
2		
3	*Adjusted Operating Income*	3,629
4		
5	Current Rate of Return	0.05%
6		
7	Required Operating Income	$ 681,210
8		
9	Required Rate of Return	8.720%
10		
11	Operating Income Deficiency	$ 677,580
12		
13	Gross Revenue Conversion Factor	1.6049
14		
15	Increase in Gross Revenue	$ 1,087,457
16		
17	Percent Increase in Gross Revenue	86.28%
18		
19		
20		
21		

	Customer Classification	Projected Revenue Increase Due To Rates	% Dollar Increase
22			
23			
24			
25			
26			
27	All Customers	$ 1,087,797	88.12%
28			
29	Other Water Revenue	-	0.00%
30			
31	Total Revenue Increase	$ 1,087,797	86.32%
32			
33	Supporting Schedules:		
34	B-1 C-1		
35	C-3 H-1		
36			

New River Utility Company
Test Year Ended December 31, 2011
Summary Results of Operations

Exhibit: RLJ-DT2
Schedule A-2
Page 1
Witness: Jones

Line No.	Description	Prior Years Ended 12/31/2009	Prior Years Ended 12/31/2010	Test Year Actual 12/31/2011	Test Year Adjusted 12/31/2011	Projected Year Present Rates 12/31/2012	Projected Year Proposed Rates 12/31/2012
1	Gross Revenues	$ 1,458,334	$ 1,274,051	$ 1,260,429	$ 1,260,429	$ 1,260,429	$ 2,347,886
2	Revenue Deductions and						
3	Operating Expenses	1,337,501	1,236,111	1,213,490	1,256,799	1,266,591	1,676,468
4	Operating Income	120,833	37,940	46,939	3,629	(6,162)	671,418
5							
6	Other Income and						
7	Deductions	6,815	5,629	1,275	1,275	5,436	5,436
8	Interest Expense	-	-	-	-	-	-
9	Net Income	$ 127,648	$ 43,569	$ 48,214	$ 4,904	$ (727)	$ 676,854
10							
11	Earned Per Average						
12	Common Share	1,276.48	435.69	482.14	49.04	(7.27)	6,768.54
13							
14	Dividends Per						
15	Common Share	(1,691.53)	-	-	-	-	-
16							
17	Payout Ratio	-132.52%	0.00%	0.00%	0.00%	0.00%	0.00%
18							
19	Return on Average						
20	Invested Capital	3.4%	1.2%	1.3%	0.1%	0.0%	17.5%
21							
22	Return on Year End						
23	Capital	3.4%	1.2%	1.3%	0.1%	0.0%	17.5%
24							
25	Return on Average						
26	Common Equity	3.4%	1.2%	1.3%	0.1%	0.0%	16.0%
27							
28	Return on Year End						
29	Common Equity	3.4%	1.2%	1.3%	0.1%	0.0%	15.9%
30							
31	Times Bond Interest Earned						
32	Before Income Taxes	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
33							
34	Times Total Interest and						
35	Preferred Dividends Earned						
36	After Income Taxes	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
37							
38							
39	Supporting Schedules:						
40	E-2 F-1						
41	C-1						
42							

New River Utility Company
Test Year Ended December 31, 2011
Summary of Capital Structure

Exhibit: RLJ-DT2
Schedule A-3
Page 1
Witness: Jones

Line No.	Description:	Prior Years Ended 12/31/2009	Prior Years Ended 12/31/2010	Test Year 12/31/2011	Projected Year 12/31/2012
1					
2					
3	Short-Term Debt	-	-	-	-
4	Long-Term Debt	-	-	-	-
5	Total Debt	$ -	$ -	$ -	$ -
6					
7	Preferred Stock	-	-	-	-
8	Common Equity	3,719,843	3,763,411	4,267,425	4,266,699
9	Total Capital & Debt	$ 3,719,843	$ 3,763,411	$ 4,267,425	$ 4,266,699
10					
11					
12	Capitalization Ratios:				
13					
14	Short-Term Debt	0.00%	0.00%	0.00%	0.00%
15	Long-Term Debt	0.00%	0.00%	0.00%	0.00%
16	Total Debt	0.00%	0.00%	0.00%	0.00%
17					
18	Preferred Stock	0.00%	0.00%	0.00%	0.00%
19	Common Equity	100.00%	100.00%	100.00%	100.00%
20	Total Capital	100.00%	100.00%	100.00%	100.00%
21					
28	Weighted Cost of				
29	Senior Capital	0.000%	0.000%	0.000%	0.000%
30					
31					
32					
33					
34					
35	Supporting Schedules:				
36	E-1 D-1				
37					

New River Utility Company
Test Year Ended December 31, 2011
Construction Expenditures and Gross Utility Plant In Service

Exhibit: RLJ-DT2
Schedule A-4
Page 1
Witness: Jones

Line No.	Year		Construction Expenditures	Net Plant Placed In Service	Gross Utility Plant In Service
1					
2	Prior Year Ended	12/31/2009	$ 72,000	$ 72,000	$ 5,164,497
3					
4	Prior Year Ended	12/31/2010	316,395	202,250	5,366,747
5					
6	Test Year Ended	12/31/2011	42,586	6,586	5,373,333
7					
8	Projected Year Ending	12/31/2012	25,000	25,000	5,398,333
9					
10	Projected Year Ending	12/31/2013	175,000	175,000	5,573,333
11					
12	Projected Year Ending	12/31/2014	175,000	175,000	5,748,333
13					
14	Supporting Schedules:				
15	F-3				
16	E-5				
17					

New River Utility Company
Test Year Ended December 31, 2011
Summary Changes In Financial Position

Exhibit: RLJ-DT2
Schedule A-5
Page 1
Witness: Jones

Line No.		Prior Year Ended 12/31/2009	Prior Year Ended 12/31/2010	Test Year Ended 12/31/2011	Projected Year Present Rates 12/31/2012	Projected Year Proposed Rates 12/31/2013
1	Source of Funds					
2	Operations	$ 283,944	$ 312,619	$ 38,038	$ 244,859	$ 922,439
3						
4	Outside Financing	-	-	-	-	-
5						
6	Total Funds Provided	$ 283,944	$ 312,619	$ 38,038	$ 244,859	$ 922,439
7						
8	Application of Funds					
9	Constriction Expenditures	$ (72,000)	$ (316,395)	$ (42,586)	$ (25,000)	$ (25,000)
10						
11	Dividends/Distributions	(169,153)	-	-	-	-
12						
13	Other	-	-	-	-	-
14						
15	Total Funds Applied	$ (241,153)	$ (316,395)	$ (42,586)	$ (25,000)	$ (25,000)
16						
17	Net Increase/(Decrease) in Cash	42,790	(3,776)	(4,548)	219,859	897,439
18						
19						
20						
21	Supporting Schedules:					
22	E-3					
23	F-2					
24						

New River Utility Company
Test Year Ended December 31, 2011
Summary of Original Cost Rate Base Elements

Exhibit: RLJ-DT2
Schedule B-1
Page 1
Witness: Jones

Line No.		Original Cost Rate Base*	RCND Rate Base*	Fair Value Rate Base (50/50)
1				
2	Gross Utility Plant in Service	$ 5,444,591	$ 19,269,875	$ 12,357,233
3				
4	Less: Accumulated Depreciation	(2,300,840)	(6,937,536)	(4,619,188)
5				
6	Net Utility Plant in Service	3,143,751	12,332,339	7,738,045
7				
8	Less:			
9	Advances in Aid of Construction	-	-	-
10				
11	Contributions in Aid of Construction	-	-	-
12	Accumulated Amortization of CIAC	-	-	-
13	Contributions in Aid of Construction - Net	-	-	-
14				
15	Customer Security Deposits	22,784	22,784	22,784
16	Deferred Income Taxes	-	-	-
17				
18	Plus:			
19	Working Capital	96,775	96,775	96,775
20	Net Regulatory Asset / (Liability)	-	-	-
21				
22	Rate Base	$ 3,217,742	$ 12,406,330	$ 7,812,036
23				
24	* including pro forma adjustments			
25				
26				
27	Supporting Schedules:			Recap Schedules:
28	B-2 B-5			A-1
29	B-3 E-1			
30				

New River Utility Company
Test Year Ended December 31, 2011
Original Cost Rate Base Pro forma Adjustments

Exhibit: RLJ-DT2
Schedule B-2
Page 1
Witness: Jones

Line No.		Actual End of Test Year	ADJ RB-1	ADJ RB-2	ADJ RB-3	Total Pro Forma Adjustments	Adjusted End of Test Year
1							
2	Gross Utility Plant in Service	$ 5,373,333	$ 71,258			$ 71,258	$ 5,444,591
3							
4	Less: Accumulated Depreciation	(2,685,382)		384,542		384,542	(2,300,840)
5							
6	Net Utility Plant in Service	2,687,951	71,258	384,542	-	455,800	3,143,751
7							
8	Less:						
9	Advances in Aid of Construction	-				-	-
10							
11	Contributions in Aid of Construction	-			-	-	-
12	Accumulated Amortization of CIAC	-			-	-	-
13	Contributions in Aid of Construction - Net	-	-	-	-	-	-
14							
15	Customer Security Deposits	22,784				-	22,784
16	Deferred Income Taxes	-				-	-
17							
18	Plus:						
19	Working Capital	96,775				-	96,775
20	Net Regulatory Asset / (Liability)					-	-
21							
22	Rate Base	$ 2,761,942	$ 71,258	$ 384,542	$ -	$ 455,800	$ 3,217,742
23							
24							
25							
26							
27							
28	Supporting Schedules:					Recap Schedules:	
29	E-1					B-1	
30							

New River Utility Company
Test Year Ended December 31, 2011
Rate Base Adjustment RB-1

Exhibit: RLJ-DT2
Schedule B-2
Page 2
Witness: Jones

Plant In Service Balance

Line No.	Acct No.	Description	Actual End of Test Year	Book Adjustments - (Included on Schedule B.2.1) [1.1] Conform to Decision No. 71482	[1.2] Unbooked Plant Retirement	[1.3] NOT USED	[1.4] NOT USED	Adjusted Book End of Test Year[1]	Rate Making Adjustments [1.5] Post Test Year Plant	[1.6] NOT USED	[1.7] NOT USED	Adjusted End of Test Year	
4	301	Organization Cost	$ -	$ -				$ -				$ -	
5	302	Franchise Cost	-	-				-				-	
6	303	Land and Land Rights	75,181	-				75,181				75,181	
7	304	Structures & Improvements	84,633	-				84,633				84,633	
8	305	Collecting & Impounding Reservoirs	-	-				-				-	
9	306	Lake, River, Canal Intakes	-	-				-				-	
10	307	Wells & Springs	808,187	(13,166)				795,021				795,021	
11	308	Infiltration Galleries	-	-				-				-	
12	309	Raw Water Supply Mains	-	-				-				-	
13	310	Power Generation Equipment	-	-				-				-	
14	311	Pumping Equipment	949,008	(9,377)				939,631				939,631	
15	320	Water Treatment Equipment	383,055	-				383,055				383,055	
16	320.1	Water Treatment Plants	-	-				-				-	
17	320.2	Solution Chemical Feeders	-	-				-				-	
18	330	Distribution Reservoirs & Standpipes	1,047,248	(285)				1,046,963				1,046,963	
19	330.1	Storage Tanks	-	-				-				-	
20	330.2	Pressure Tanks	-	-				-				-	
21	331	Transmission & Distribution Mains	1,303,088	19,022				1,322,110	79,904			1,402,013	
22	333	Services	236,325	-				236,325				236,325	
23	334	Meters	125,229	910				126,139				126,139	
24	335	Hydrants	193,193	-				193,193				193,193	
25	336	Backflow Prevention Devices	-	-				-				-	
26	339	Other Plant & Misc Equipment	-	-				-				-	
27	340	Office Furniture & Equipment	19,273	-				19,273				19,273	
28	340.1	Computers & Software	-	-				-				-	
29	341	Transportation Equipment	6,950	-	(5,750)			1,200				1,200	
30	342	Stores Equipment	-	-				-				-	
31	343	Tools, Shop & Garage Equipment	-	-				-				-	
32	344	Laboratory Equipment	-	-				-				-	
33	345	Power Operated Equipment	115,725	-				115,725				115,725	
34	346	Communication Equipment	-	-				-				-	
35	347	Miscellaneous Equipment	-	-				-				-	
36	348	Other Tangible Plant	26,239	-				26,239				26,239	Total
37		TOTALS	$ 5,373,333	$ (2,896)	$ (5,750)	$ -	$ -	$ 5,364,687	$ 79,904	$ -	$ -	$ 5,444,591	Equity Adj.
38		Equity Adjustments (Schedule B3.1)		$ (2,896)					$ 79,904	$ -	$ -		$ 77,008
39													
40		Plant In Service per Books										$ 5,373,333	
41													
42		Increase / (Decrease) in Plant in Service										$ 71,258	

43 [1] Adjusted plant in service balance including all book adjustments. Agrees with 2011 plant in service balance on Schedule B2.1.

44

45 Supporting Schedules: Workpapers:

46 B-2.1

47

New River Utility Company
Test Year Ended December 31, 2011
Rate Base Adjustment RB-1 [1.5]

Exhibit: RLJ-DT2
Schedule B-2
Page 2.1
Witness: Jones

Post Test Year Plant - New Water Supply Project

Line No.	Plant Acct	Description	Adjustment Amount	
1				
2				
3	331	Costs Expensed during Test Year	$ 21,442	See Income Statement Adjustment IS-1
4	331	Capital Costs incurred during 2012	58,462	
5			$ 79,904	
6				
7	331	Total Increase/(Decrease) in Plant in Service		$ 79,904
8				

New River Utility Company
Test Year Ended December 31, 2011
Rate Base Adjustment RB-2

Exhibit: RLJ-DT2
Schedule B-2
Page 3
Witness: Jones

Accumulated Depreciation

Line No.	Acct No.	Description	Actual End of Test Year	Book Adjustments - (Included on Schedule B.2.1) [2.1] Unbooked Plant Retirement	[2.2] Difference From Calc'd on B-2.1	[2.3] NOT USED	[2.4] NOT USED	Adjusted Book End of Test Year[1]	Rate Making Adjustments [2.5] NOT USED	[2.6] NOT USED	[2.7] NOT USED	Adjusted End of Test Year	
1	Acct												
2	No.	Description											
3													
4	301	Organization Cost	$ -		-			$ -				$ -	
5	302	Franchise Cost	-		-			-				-	
6	303	Land and Land Rights	-		-			-				-	
7	304	Structures & Improvements	69,308		(38,178)			31,130				31,130	
8	305	Collecting & Impounding Reservoirs	-		-			-				-	
9	306	Lake, River, Canal Intakes	-		-			-				-	
10	307	Wells & Springs	449,440		(74,645)			374,796				374,796	
11	308	Infiltration Galleries	-		-			-				-	
12	309	Raw Water Supply Mains	-		-			-				-	
13	310	Power Generation Equipment	-		-			-				-	
14	311	Pumping Equipment	466,291		473,340			939,631				939,631	
15	320	Water Treatment Equipment	90,868		(71,789)			19,078				19,078	
16	320	Water Treatment Plants	-		-			-				-	
17	320	Solution Chemical Feeders	-		-			-				-	
18	330	Distribution Reservoirs & Standpipes	528,874		(246,117)			282,757				282,757	
19	330.1	Storage Tanks	-		-			-				-	
20	330.2	Pressure Tanks	-		-			-				-	
21	331	Transmission & Distribution Mains	644,725		(325,890)			318,835				318,835	
22	333	Services	140,528		(28,211)			112,317				112,317	
23	334	Meters	62,715		49,802			112,517				112,517	
24	335	Hydrants	91,221		(45,998)			45,222				45,222	
25	336	Backflow Prevention Devices	-		-			-				-	
26	339	Other Plant & Misc Equipment	-		-			-				-	
27	340	Office Furniture & Equipment	19,273		(2,095)			17,177				17,177	
28	340.1	Computers & Software	-		-			-				-	
29	341	Transportation Equipment	4,816	(5,750)	2,134			1,200				1,200	
30	342	Stores Equipment	-		-			-				-	
31	343	Tools, Shop & Garage Equipment	-		-			-				-	
32	344	Laboratory Equipment	-		-			-				-	
33	345	Power Operated Equipment	112,222		(68,667)			43,556				43,556	
34	346	Communication Equipment	-		-			-				-	
35	347	Miscellaneous Equipment	-		-			-				-	
36	348	Other Tangible Plant	5,102		(2,478)			2,624				2,624	Total
37		TOTALS	$ 2,685,382	$ (5,750)	$ (378,792)	$ -	$ -	$ 2,300,840	$ -	$ -	$ -	$ 2,300,840	Equity Adj.
38		Equity Adjustments (Schedule B-3)			$ 378,792	$	$		$	$	$		$ 378,792
39													
40		Accumulated Depreciation per Books										$ 2,685,382	
41													
42		Increase / (Decrease) in Accumulated Depreciation										$ (384,542)	
43													

44 [1] Adjusted accumulated depreciation balance including all book adjustments. Agrees with 2011 accumulated depreciation balance on Schedule B2.1.

45 Supporting Schedules: Workpapers:
46 B-2.1
47

New River Utility Company
Test Year Ended December 31, 2011
Reconciliation of Plant Additions, Retirements and Accumulated Depreciation

Exhibit: RLJ-DT2
Schedule B-2.1
Page 1
Witness: Jones

Line No.	NARUC Account No.	Description	Deprec. Before LO Date	Allowed Deprec. Rate	Per Decision No. 65134 - 08/22/2002 [1] Book Plant at 12/31/2000	[2] Dec. 63449 Adjust-ments	[3] Dec. 65134 Adjust-ments	[4] Adjusted Plant at 12/31/2000 [1]+[2]+[3]	[5] Dec. 65134 Accum Depr 12/31/2000	[6] Net Plant 12/31/2000 [4]-[5]	Conform Current Books to 65134 [7] Book Plant at 12/31/2000	[8] Conforming Plant Adjustment [4]-[7]	[9] Adjusted Plant at 12/31/2000 [9]+[10]
1	301	Organization Cost		0.00%	-			-		-	-	-	-
2	302	Franchise Cost		0.00%	-			-		-	-	-	-
3	303	Land and Land Rights		0.00%	75,181			75,181		75,181	75,181	-	75,181
4	304	Structures & Improvements	2.80%	3.33%	61,495			61,495	1,071	60,424	61,495	-	61,495
5	305	Collecting & Impounding Reservoirs		2.50%	-			-		-	-	-	-
6	306	Lake, River, Canal Intakes		2.50%	-			-		-	-	-	-
7	307	Wells & Springs	3.20%	3.33%	808,186	(13,165)		795,021	83,579	711,442	808,187	(13,166)	795,021
8	308	Infiltration Galleries		6.67%	-			-		-	-	-	-
9	309	Raw Water Supply Mains		2.00%	-			-		-	-	-	-
10	310	Power Generation Equipment		5.00%	-			-		-	-	-	-
11	311	Pumping Equipment	2.40%	12.50%	686,831	(9,377)		677,454	37,517	639,937	686,831	(9,377)	677,454
12	320	Water Treatment Equipment		3.33%	-			-		-	-	-	-
13	320	Water Treatment Plants			-			-		-	-	-	-
14	320	Solution Chemical Feeders			-			-		-	-	-	-
15	330	Distribution Reservoirs & Standpipes	3.30%	2.22%	1,029,162	(285)		1,028,877	27,289	1,001,588	1,029,162	(285)	1,028,877
16	330.1	Storage Tanks			-			-		-	-	-	-
17	330.2	Pressure Tanks			-			-		-	-	-	-
18	331	Transmission & Distribution Mains	2.00%	2.00%	1,123,616		19,022	1,142,638	37,079	1,105,559	1,123,616	19,022	1,142,638
19	333	Services	3.30%	3.33%	236,325			236,325	25,751	210,574	236,325	-	236,325
20	334	Meters	3.60%	8.33%	103,288	(1,007)	1,917	104,198	10,408	93,790	103,288	910	104,198
21	335	Hydrants	2.00%	2.00%	193,193			193,193	2,720	190,473	193,193	-	193,193
22	336	Backflow Prevention Devices		6.67%	-			-		-	-	-	-
23	339	Other Plant & Misc Equipment		6.67%	-			-		-	-	-	-
24	340	Office Furniture & Equipment	6.80%	6.67%	17,428			17,428	3,615	13,813	17,428	-	17,428
25	340.1	Computers & Software		20.00%	-			-		-	-	-	-
26	341	Transportation Equipment		20.00%	-			-		-	-	-	-
27	342	Stores Equipment		4.00%	-			-		-	-	-	-
28	343	Tools, Shop & Garage Equipment	3.60%	5.00%	-			-		-	-	-	-
29	344	Laboratory Equipment		10.00%	-			-		-	-	-	-
30	345	Power Operated Equipment		5.00%	-			-		-	-	-	-
31	346	Communication Equipment		10.00%	-			-		-	-	-	-
32	347	Miscellaneous Equipment		10.00%	-			-		-	-	-	-
33	348	Other Tangible Plant	6.80%	20.00%	-			-		-	-	-	-
34													
35		TOTAL			4,334,705	(23,834)	20,939	4,331,810	229,030	4,102,780	4,334,706	(2,896)	4,331,810
36													
37		Depreciable Plant											
38		Composite Depreciation Rate											
39													
40	Workpaper:												
41	NR Rate Case Data.slsx, Tab: Reconciliation Plant Balances												
42													

New River Utility Company
Test Year Ended December 31, 2011
Reconciliation of Plant Additions, Retirements and Accumulated Depreciation

Exhibit: RLJ-DT2
Schedule B-2.1
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Witness: Jones

Line No.	NARUC Account No.	Description	Deprec. Before LO Date	Allowed Deprec. Rate	2001 Plant Additions	Plant Adjustments	Adjusted Plant Additions	Plant Retirements	Unbooked Retirements	Adjusted Plant Retirements	Salvage A/D Only	Deprecation (Calculated)	Plant Balance	Accum. Deprec.	Net Plant
1	301	Organization Cost		0.00%	-		-			-		-	-	-	-
2	302	Franchise Cost		0.00%	-		-			-		-	-	-	-
3	303	Land and Land Rights		0.00%	-		-			-		-	75,181	-	75,181
4	304	Structures & Improvements	2.80%	3.33%	6,390		6,390			-		2,154	67,885	3,226	64,659
5	305	Collecting & Impounding Reservoirs		2.50%	-		-			-		-	-	-	-
6	306	Lake, River, Canal Intakes		2.50%	-		-			-		-	-	-	-
7	307	Wells & Springs	3.20%	3.33%	-		-			-		26,474	795,021	110,054	684,967
8	308	Infiltration Galleries		6.67%	-		-			-		-	-	-	-
9	309	Raw Water Supply Mains		2.00%	-		-			-		-	-	-	-
10	310	Power Generation Equipment		5.00%	-		-			-		-	-	-	-
11	311	Pumping Equipment	2.40%	12.50%	163,163		163,163			-		94,879	840,617	132,396	708,221
12	320	Water Treatment Equipment		3.33%	-		-			-		-	-	-	-
13	320	Water Treatment Plants			-		-			-		-	-	-	-
14	320	Solution Chemical Feeders			-		-			-		-	-	-	-
15	330	Distribution Reservoirs & Standpipes	3.30%	2.22%	18,086		18,086			-		23,042	1,046,963	50,331	996,632
16	330.1	Storage Tanks			-		-			-		-	-	-	-
17	330.2	Pressure Tanks			-		-			-		-	-	-	-
18	331	Transmission & Distribution Mains	2.00%	2.00%	-		-			-		22,853	1,142,638	59,932	1,082,706
19	333	Services	3.30%	3.33%	-		-			-		7,870	236,325	33,621	202,704
20	334	Meters	3.60%	8.33%	-		-			-		8,680	104,198	19,088	85,110
21	335	Hydrants	2.00%	2.00%	-		-			-		3,864	193,193	6,583	186,610
22	336	Backflow Prevention Devices		6.67%	-		-			-		-	-	-	-
23	339	Other Plant & Misc Equipment		6.67%	-		-			-		-	-	-	-
24	340	Office Furniture & Equipment	6.80%	6.67%	1,070		1,070			-		1,198	18,498	4,813	13,685
25	340.1	Computers & Software		20.00%	-		-			-		-	-	-	-
26	341	Transportation Equipment		20.00%	29,286		29,286			-		2,929	29,286	2,929	26,357
27	342	Stores Equipment		4.00%	-		-			-		-	-	-	-
28	343	Tools, Shop & Garage Equipment	3.60%	5.00%	-		-			-		-	-	-	-
29	344	Laboratory Equipment		10.00%	-		-			-		-	-	-	-
30	345	Power Operated Equipment		5.00%	29,725		29,725			-		743	29,725	743	28,982
31	346	Communication Equipment		10.00%	-		-			-		-	-	-	-
32	347	Miscellaneous Equipment		10.00%	-		-			-		-	-	-	-
33	348	Other Tangible Plant	6.80%	20.00%	-		-			-		-	-	-	-
34															
35		TOTAL			247,720	-	247,720	-	-	-	-	194,685	4,579,530	423,715	4,155,815
36															
37		Depreciable Plant											4,504,349		
38		Composite Depreciation Rate											4.3222%		
39															
40	Workpaper:														
41	NR Rate Case Data.xlsx, Tab: Reconciliation Plant Balances														
42															

New River Utility Company
Test Year Ended December 31, 2011
Reconciliation of Plant Additions, Retirements and Accumulated Depreciation

Exhibit: RLJ-DT2
Schedule B-2.1
Page 3
Witness: Jones

Line No.	NARUC Account No.	Description	Deprec. Before LO Date	Allowed Deprec. Rate	2002 Plant Additions	Plant Adjustments	Adjusted Plant Additions	Plant Retirements	Unbooked Retirements	Adjusted Plant Retirements	Salvage A/D Only	Deprecation (Calculated)	Plant Balance	Accum. Deprec.	Net Plant
1	301	Organization Cost		0.00%	-		-			-		-	-	-	-
2	302	Franchise Cost		0.00%	-		-			-		-	-	-	-
3	303	Land and Land Rights		0.00%	-		-			-		-	75,181	-	75,181
4	304	Structures & Improvements	2.80%	3.33%	16,748		16,748			-		2,539	84,633	5,765	78,868
5	305	Collecting & Impounding Reservoirs		2.50%	-		-			-		-	-	-	-
6	306	Lake, River, Canal Intakes		2.50%	-		-			-		-	-	-	-
7	307	Wells & Springs	3.20%	3.33%	-		-			-		26,474	795,021	136,528	658,493
8	308	Infiltration Galleries		6.67%	-		-			-		-	-	-	-
9	309	Raw Water Supply Mains		2.00%	-		-			-		-	-	-	-
10	310	Power Generation Equipment		5.00%	-		-			-		-	-	-	-
11	311	Pumping Equipment	2.40%	12.50%	5,620		5,620			-		105,428	846,237	237,824	608,413
12	320	Water Treatment Equipment		3.33%	-		-			-		-	-	-	-
13	320	Water Treatment Plants			-		-			-		-	-	-	-
14	320	Solution Chemical Feeders			-		-			-		-	-	-	-
15	330	Distribution Reservoirs & Standpipes	3.30%	2.22%	-		-			-		23,243	1,046,963	73,573	973,390
16	330.1	Storage Tanks			-		-			-		-	-	-	-
17	330.2	Pressure Tanks			-		-			-		-	-	-	-
18	331	Transmission & Distribution Mains	2.00%	2.00%	119,606		119,606			-		24,049	1,262,244	83,981	1,178,263
19	333	Services	3.30%	3.33%	-		-			-		7,870	236,325	41,491	194,834
20	334	Meters	3.60%	8.33%	4,715		4,715			-		8,876	108,913	27,964	80,949
21	335	Hydrants	2.00%	2.00%	-		-			-		3,864	193,193	10,447	182,746
22	336	Backflow Prevention Devices		6.67%	-		-			-		-	-	-	-
23	339	Other Plant & Misc Equipment		6.67%	-		-			-		-	-	-	-
24	340	Office Furniture & Equipment	6.80%	6.67%	-		-			-		1,234	18,498	6,047	12,451
25	340.1	Computers & Software		20.00%	-		-			-		-	-	-	-
26	341	Transportation Equipment		20.00%	28,000		28,000			-		8,657	57,286	11,586	45,700
27	342	Stores Equipment		4.00%	-		-			-		-	-	-	-
28	343	Tools, Shop & Garage Equipment	3.60%	5.00%	-		-			-		-	-	-	-
29	344	Laboratory Equipment		10.00%	-		-			-		-	-	-	-
30	345	Power Operated Equipment		5.00%	-		-			-		1,486	29,725	2,229	27,496
31	346	Communication Equipment		10.00%	-		-			-		-	-	-	-
32	347	Miscellaneous Equipment		10.00%	-		-			-		-	-	-	-
33	348	Other Tangible Plant	6.80%	20.00%	-		-			-		-	-	-	-
34															
35		TOTAL			174,689	-	174,689	-	-	-	-	213,720	4,754,219	637,436	4,116,783
36															
37		Depreciable Plant											4,679,038		
38		Composite Depreciation Rate											4.5676%		
39															
40	Workpaper:														
41	NR Rate Case Data.xlsx, Tab: Reconciliation Plant Balances														
42															

New River Utility Company
Test Year Ended December 31, 2011
Reconciliation of Plant Additions, Retirements and Accumulated Depreciation

Exhibit: RLJ-DT2
Schedule B-2.1
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Line No.	NARUC Account No.	Description	Deprec. Before LO Date	Allowed Deprec. Rate	2003 Plant Additions	Plant Adjustments	Adjusted Plant Additions	Plant Retirements	Unbooked Retirements	Adjusted Plant Retirements	Salvage A/D Only	Deprecation (Calculated)	Plant Balance	Accum. Deprec.	Net Plant
1	301	Organization Cost		0.00%	-		-			-		-	-	-	-
2	302	Franchise Cost		0.00%	-		-			-		-	-	-	-
3	303	Land and Land Rights		0.00%	-		-			-		-	75,181	-	75,181
4	304	Structures & Improvements	2.80%	3.33%	-		-			-		2,818	84,633	8,583	76,050
5	305	Collecting & Impounding Reservoirs		2.50%	-		-			-		-	-	-	-
6	306	Lake, River, Canal Intakes		2.50%	-		-			-		-	-	-	-
7	307	Wells & Springs	3.20%	3.33%	-		-			-		26,474	795,021	163,002	632,019
8	308	Infiltration Galleries		6.67%	-		-			-		-	-	-	-
9	309	Raw Water Supply Mains		2.00%	-		-			-		-	-	-	-
10	310	Power Generation Equipment		5.00%	-		-			-		-	-	-	-
11	311	Pumping Equipment	2.40%	12.50%	12,096		12,096			-		106,536	858,333	344,360	513,973
12	320	Water Treatment Equipment		3.33%	-		-			-		-	-	-	-
13	320	Water Treatment Plants			-		-			-		-	-	-	-
14	320	Solution Chemical Feeders			-		-			-		-	-	-	-
15	330	Distribution Reservoirs & Standpipes	3.30%	2.22%	-		-			-		23,243	1,046,963	96,816	950,147
16	330.1	Storage Tanks			-		-			-		-	-	-	-
17	330.2	Pressure Tanks			-		-			-		-	-	-	-
18	331	Transmission & Distribution Mains	2.00%	2.00%	-		-			-		25,245	1,262,244	109,226	1,153,018
19	333	Services	3.30%	3.33%	-		-			-		7,870	236,325	49,360	186,965
20	334	Meters	3.60%	8.33%	1,217		1,217			-		9,123	110,130	37,087	73,043
21	335	Hydrants	2.00%	2.00%	-		-			-		3,864	193,193	14,311	178,882
22	336	Backflow Prevention Devices		6.67%	-		-			-		-	-	-	-
23	339	Other Plant & Misc Equipment		6.67%	-		-			-		-	-	-	-
24	340	Office Furniture & Equipment	6.80%	6.67%	-		-			-		1,234	18,498	7,281	11,217
25	340.1	Computers & Software		20.00%	-		-			-		-	-	-	-
26	341	Transportation Equipment		20.00%	31,469		31,469			-		14,604	88,755	26,190	62,565
27	342	Stores Equipment		4.00%	-		-			-		-	-	-	-
28	343	Tools, Shop & Garage Equipment	3.60%	5.00%	-		-			-		-	-	-	-
29	344	Laboratory Equipment		10.00%	-		-			-		-	-	-	-
30	345	Power Operated Equipment		5.00%	-		-			-		1,486	29,725	3,716	26,009
31	346	Communication Equipment		10.00%	-		-			-		-	-	-	-
32	347	Miscellaneous Equipment		10.00%	-		-			-		-	-	-	-
33	348	Other Tangible Plant	6.80%	20.00%	-		-			-		-	-	-	-
34															
35		TOTAL			44,782	-	44,782	-	-	-	-	222,496	4,799,001	859,932	3,939,069
36															
37		Depreciable Plant											4,723,820		
38		Composite Depreciation Rate											4.7101%		
39															
40	Workpaper:														
41	NR Rate Case Data.slsx, Tab: Reconciliation Plant Balances														
42															

New River Utility Company
Test Year Ended December 31, 2011
Reconciliation of Plant Additions, Retirements and Accumulated Depreciation

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Line No.	NARUC Account No.	Description	Deprec. Before LO Date	Allowed Deprec. Rate	2004 Plant Additions	Plant Adjustments	Adjusted Plant Additions	Plant Retirements	Unbooked Retirements	Adjusted Plant Retirements	Salvage A/D Only	Deprecation (Calculated)	Plant Balance	Accum. Deprec.	Net Plant
1	301	Organization Cost		0.00%	-		-			-		-	-	-	-
2	302	Franchise Cost		0.00%	-		-			-		-	-	-	-
3	303	Land and Land Rights		0.00%	-		-			-		-	75,181	-	75,181
4	304	Structures & Improvements	2.80%	3.33%	-		-			-		2,818	84,633	11,402	73,231
5	305	Collecting & Impounding Reservoirs		2.50%	-		-			-		-	-	-	-
6	306	Lake, River, Canal Intakes		2.50%	-		-			-		-	-	-	-
7	307	Wells & Springs	3.20%	3.33%	-		-			-		26,474	795,021	189,476	605,545
8	308	Infiltration Galleries		6.67%	-		-			-		-	-	-	-
9	309	Raw Water Supply Mains		2.00%	-		-			-		-	-	-	-
10	310	Power Generation Equipment		5.00%	-		-			-		-	-	-	-
11	311	Pumping Equipment	2.40%	12.50%	30,911		30,911			-		109,224	889,244	453,584	435,660
12	320	Water Treatment Equipment		3.33%	-		-			-		-	-	-	-
13	320	Water Treatment Plants			-		-			-		-	-	-	-
14	320	Solution Chemical Feeders			-		-			-		-	-	-	-
15	330	Distribution Reservoirs & Standpipes	3.30%	2.22%	-		-			-		23,243	1,046,963	120,059	926,904
16	330.1	Storage Tanks			-		-			-		-	-	-	-
17	330.2	Pressure Tanks			-		-			-		-	-	-	-
18	331	Transmission & Distribution Mains	2.00%	2.00%	42,500		42,500			-		25,670	1,304,744	134,896	1,169,849
19	333	Services	3.30%	3.33%	-		-			-		7,870	236,325	57,230	179,095
20	334	Meters	3.60%	8.33%	-		-			-		9,174	110,130	46,261	63,869
21	335	Hydrants	2.00%	2.00%	-		-			-		3,864	193,193	18,175	175,018
22	336	Backflow Prevention Devices		6.67%	-		-			-		-	-	-	-
23	339	Other Plant & Misc Equipment		6.67%	-		-			-		-	-	-	-
24	340	Office Furniture & Equipment	6.80%	6.67%	-		-			-		1,234	18,498	8,515	9,983
25	340.1	Computers & Software		20.00%	-		-			-		-	-	-	-
26	341	Transportation Equipment		20.00%	25,390		25,390			-		20,290	114,145	46,480	67,665
27	342	Stores Equipment		4.00%	-		-			-		-	-	-	-
28	343	Tools, Shop & Garage Equipment	3.60%	5.00%	-		-			-		-	-	-	-
29	344	Laboratory Equipment		10.00%	-		-			-		-	-	-	-
30	345	Power Operated Equipment		5.00%	-		-			-		1,486	29,725	5,202	24,523
31	346	Communication Equipment		10.00%	-		-			-		-	-	-	-
32	347	Miscellaneous Equipment		10.00%	-		-			-		-	-	-	-
33	348	Other Tangible Plant	6.80%	20.00%	-		-			-		-	-	-	-
34															
35		TOTAL			98,801	-	98,801	-	-	-	-	231,346	4,897,802	1,091,278	3,806,524
36															
37		Depreciable Plant											4,822,621		
38		Composite Depreciation Rate											4.7971%		
39															
40	Workpaper:														
41	*NR Rate Case Data.slsx, Tab: Reconciliation Plant Balances*														
42															

New River Utility Company
Test Year Ended December 31, 2011
Reconciliation of Plant Additions, Retirements and Accumulated Depreciation

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Line No.	NARUC Account No.	Description	Deprec. Before LO Date	Allowed Deprec. Rate	2005 Plant Additions	Plant Adjustments	Adjusted Plant Additions	Plant Retirements	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Deprecation (Calculated)	Plant Balance	Accum. Deprec.	Net Plant
1	301	Organization Cost		0.00%	-		-			-		-	-	-	-
2	302	Franchise Cost		0.00%	-		-			-		-	-	-	-
3	303	Land and Land Rights		0.00%	-		-			-		-	75,181	-	75,181
4	304	Structures & Improvements	2.80%	3.33%	-		-			-		2,818	84,633	14,220	70,413
5	305	Collecting & Impounding Reservoirs		2.50%	-		-			-		-	-	-	-
6	306	Lake, River, Canal Intakes		2.50%	-		-			-		-	-	-	-
7	307	Wells & Springs	3.20%	3.33%	-		-			-		26,474	795,021	215,950	579,071
8	308	Infiltration Galleries		6.67%	-		-			-		-	-	-	-
9	309	Raw Water Supply Mains		2.00%	-		-			-		-	-	-	-
10	310	Power Generation Equipment		5.00%	-		-			-		-	-	-	-
11	311	Pumping Equipment	2.40%	12.50%	43,166		43,166			-		113,853	932,410	567,437	364,973
12	320	Water Treatment Equipment		3.33%	-		-			-		-	-	-	-
13	320	Water Treatment Plants			-		-			-		-	-	-	-
14	320	Solution Chemical Feeders			-		-			-		-	-	-	-
15	330	Distribution Reservoirs & Standpipes	3.30%	2.22%	-		-			-		23,243	1,046,963	143,301	903,662
16	330.1	Storage Tanks			-		-			-		-	-	-	-
17	330.2	Pressure Tanks			-		-			-		-	-	-	-
18	331	Transmission & Distribution Mains	2.00%	2.00%	-		-			-		26,095	1,304,744	160,990	1,143,754
19	333	Services	3.30%	3.33%	-		-			-		7,870	236,325	65,100	171,225
20	334	Meters	3.60%	8.33%	-		-			-		9,174	110,130	55,435	54,695
21	335	Hydrants	2.00%	2.00%	-		-			-		3,864	193,193	22,039	171,154
22	336	Backflow Prevention Devices		6.67%	-		-			-		-	-	-	-
23	339	Other Plant & Misc Equipment		6.67%	-		-			-		-	-	-	-
24	340	Office Furniture & Equipment	6.80%	6.67%	-		-			-		1,234	18,498	9,749	8,749
25	340.1	Computers & Software		20.00%	-		-			-		-	-	-	-
26	341	Transportation Equipment		20.00%	36,000		36,000			-		26,429	150,145	72,909	77,236
27	342	Stores Equipment		4.00%	-		-			-		-	-	-	-
28	343	Tools, Shop & Garage Equipment	3.60%	5.00%	-		-			-		-	-	-	-
29	344	Laboratory Equipment		10.00%	-		-			-		-	-	-	-
30	345	Power Operated Equipment		5.00%	86,000		86,000			-		3,636	115,725	8,838	106,887
31	346	Communication Equipment		10.00%	-		-			-		-	-	-	-
32	347	Miscellaneous Equipment		10.00%	-		-			-		-	-	-	-
33	348	Other Tangible Plant	6.80%	20.00%	-		-			-		-	-	-	-
34															
35		TOTAL			165,166	-	165,166	-	-	-	-	244,690	5,062,968	1,335,968	3,727,000
36															
37		Depreciable Plant											4,987,787		
38		Composite Depreciation Rate											4.9058%		
39															

40 Workpaper:
41 NR Rate Case Data.xlsx, Tab: Reconciliation Plant Balances
42

New River Utility Company
Test Year Ended December 31, 2011
Reconciliation of Plant Additions, Retirements and Accumulated Depreciation

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Line No.	NARUC Account No.	Description	Deprec. Before IO Date	Allowed Deprec. Rate	2006 Plant Additions	Plant Adjustments	Adjusted Plant Additions	Plant Retirements	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Deprecation (Calculated)	Plant Balance	Accum. Deprec.	Net Plant
1	301	Organization Cost		0.00%	-		-			-		-	-	-	-
2	302	Franchise Cost		0.00%	-		-			-		-	-	-	-
3	303	Land and Land Rights		0.00%	-		-			-		-	75,181	-	75,181
4	304	Structures & Improvements	2.80%	3.33%	-		-			-		2,818	84,633	17,038	67,595
5	305	Collecting & Impounding Reservoirs		2.50%	-		-			-		-	-	-	-
6	306	Lake, River, Canal Intakes		2.50%	-		-			-		-	-	-	-
7	307	Wells & Springs	3.20%	3.33%	-		-			-		26,474	795,021	242,425	552,596
8	308	Infiltration Galleries		6.67%	-		-			-		-	-	-	-
9	309	Raw Water Supply Mains		2.00%	-		-			-		-	-	-	-
10	310	Power Generation Equipment		5.00%	-		-			-		-	-	-	-
11	311	Pumping Equipment	2.40%	12.50%	7,221		7,221			-		117,003	939,631	684,439	255,192
12	320	Water Treatment Equipment		3.33%	-		-			-		-	-	-	-
13	320	Water Treatment Plants			-		-			-		-	-	-	-
14	320	Solution Chemical Feeders			-		-			-		-	-	-	-
15	330	Distribution Reservoirs & Standpipes	3.30%	2.22%	-		-			-		23,243	1,046,963	166,544	880,419
16	330.1	Storage Tanks			-		-			-		-	-	-	-
17	330.2	Pressure Tanks			-		-			-		-	-	-	-
18	331	Transmission & Distribution Mains	2.00%	2.00%	5,000		5,000			-		26,145	1,309,744	187,135	1,122,609
19	333	Services	3.30%	3.33%	-		-			-		7,870	236,325	72,969	163,356
20	334	Meters	3.60%	8.33%	3,296		3,296			-		9,311	113,426	64,746	48,680
21	335	Hydrants	2.00%	2.00%	-		-			-		3,864	193,193	25,903	167,290
22	336	Backflow Prevention Devices		6.67%	-		-			-		-	-	-	-
23	339	Other Plant & Misc Equipment		6.67%	-		-			-		-	-	-	-
24	340	Office Furniture & Equipment	6.80%	6.67%	-		-			-		1,234	18,498	10,982	7,516
25	340.1	Computers & Software		20.00%	-		-			-		-	-	-	-
26	341	Transportation Equipment		20.00%	-		-			-		30,029	150,145	102,938	47,207
27	342	Stores Equipment		4.00%	-		-			-		-	-	-	-
28	343	Tools, Shop & Garage Equipment	3.60%	5.00%	-		-			-		-	-	-	-
29	344	Laboratory Equipment		10.00%	-		-			-		-	-	-	-
30	345	Power Operated Equipment		5.00%	-		-			-		5,786	115,725	14,624	101,101
31	346	Communication Equipment		10.00%	-		-			-		-	-	-	-
32	347	Miscellaneous Equipment		10.00%	-		-			-		-	-	-	-
33	348	Other Tangible Plant	6.80%	20.00%	-		-			-		-	-	-	-
34															
35		TOTAL			15,517	-	15,517	-	-	-	-	253,776	5,078,485	1,589,744	3,488,741
36															
37		Depreciable Plant											5,003,304		
38		Composite Depreciation Rate											5.0722%		
39															
40	Workpaper:														
41	NR Rate Case Data.slsx, Tab: Reconciliation Plant Balances														
42															

New River Utility Company
Test Year Ended December 31, 2011
Reconciliation of Plant Additions, Retirements and Accumulated Depreciation

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Witness: Jones

Line No.	NARUC Account No.	Description	Deprec. Before LO Date	Allowed Deprec. Rate	2007 Plant Additions	Plant Adjustments	Adjusted Plant Additions	Plant Retirements	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Deprecation (Calculated)	Plant Balance	Accum. Deprec.	Net Plant
1	301	Organization Cost		0.00%	-		-			-		-	-	-	-
2	302	Franchise Cost		0.00%	-		-			-		-	-	-	-
3	303	Land and Land Rights		0.00%	-		-			-		-	75,181	-	75,181
4	304	Structures & Improvements	2.80%	3.33%	-		-			-		2,818	84,633	19,856	64,777
5	305	Collecting & Impounding Reservoirs		2.50%	-		-			-		-	-	-	-
6	306	Lake, River, Canal Intakes		2.50%	-		-			-		-	-	-	-
7	307	Wells & Springs	3.20%	3.33%	-		-			-		26,474	795,021	268,899	526,122
8	308	Infiltration Galleries		6.67%	-		-			-		-	-	-	-
9	309	Raw Water Supply Mains		2.00%	-		-			-		-	-	-	-
10	310	Power Generation Equipment		5.00%	-		-			-		-	-	-	-
11	311	Pumping Equipment	2.40%	12.50%	-		-			-		117,454	939,631	801,893	137,738
12	320	Water Treatment Equipment		3.33%	-		-			-		-	-	-	-
13	320	Water Treatment Plants			-		-			-		-	-	-	-
14	320	Solution Chemical Feeders			-		-			-		-	-	-	-
15	330	Distribution Reservoirs & Standpipes	3.30%	2.22%	-		-			-		23,243	1,046,963	189,786	857,177
16	330.1	Storage Tanks			-		-			-		-	-	-	-
17	330.2	Pressure Tanks			-		-			-		-	-	-	-
18	331	Transmission & Distribution Mains	2.00%	2.00%	-		-			-		26,195	1,309,744	213,330	1,096,414
19	333	Services	3.30%	3.33%	-		-			-		7,870	236,325	80,839	155,486
20	334	Meters	3.60%	8.33%	-		-			-		9,448	113,426	74,194	39,232
21	335	Hydrants	2.00%	2.00%	-		-			-		3,864	193,193	29,767	163,426
22	336	Backflow Prevention Devices		6.67%	-		-			-		-	-	-	-
23	339	Other Plant & Misc Equipment		6.67%	-		-			-		-	-	-	-
24	340	Office Furniture & Equipment	6.80%	6.67%	-		-			-		1,234	18,498	12,216	6,282
25	340.1	Computers & Software		20.00%	-		-			-		-	-	-	-
26	341	Transportation Equipment		20.00%	-		-			-		30,029	150,145	132,967	17,178
27	342	Stores Equipment		4.00%	-		-			-		-	-	-	-
28	343	Tools, Shop & Garage Equipment	3.60%	5.00%	-		-			-		-	-	-	-
29	344	Laboratory Equipment		10.00%	-		-			-		-	-	-	-
30	345	Power Operated Equipment		5.00%	-		-			-		5,786	115,725	20,411	95,314
31	346	Communication Equipment		10.00%	-		-			-		-	-	-	-
32	347	Miscellaneous Equipment		10.00%	-		-			-		-	-	-	-
33	348	Other Tangible Plant	6.80%	20.00%	-		-			-		-	-	-	-
34															
35		TOTAL			-	-	-	-	-	-	-	254,415	5,078,485	1,844,158	3,234,327
36															
37		Depreciable Plant											5,003,304		
38		Composite Depreciation Rate											5.0849%		
39															
40	Workpaper:														
41	NR Rate Case Data.slsx, Tab: Reconciliation Plant Balances														
42															

New River Utility Company
Test Year Ended December 31, 2011
Reconciliation of Plant Additions, Retirements and Accumulated Depreciation

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Witness: Jones

Line No.	NARUC Account No.	Description	Deprec. Before LO Date	Allowed Deprec. Rate	2008 Plant Additions	Plant Adjustments	Adjusted Plant Additions	Plant Retirements	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Deprecation (Calculated)	Plant Balance	Accum. Deprec.	Net Plant
1	301	Organization Cost		0.00%	-		-			-		-	-	-	-
2	302	Franchise Cost		0.00%	-		-			-		-	-	-	-
3	303	Land and Land Rights		0.00%	-		-			-		-	75,181	-	75,181
4	304	Structures & Improvements	2.80%	3.33%	-		-			-		2,818	84,633	22,675	61,958
5	305	Collecting & Impounding Reservoirs		2.50%	-		-			-		-	-	-	-
6	306	Lake, River, Canal Intakes		2.50%	-		-			-		-	-	-	-
7	307	Wells & Springs	3.20%	3.33%	-		-			-		26,474	795,021	295,373	499,648
8	308	Infiltration Galleries		6.67%	-		-			-		-	-	-	-
9	309	Raw Water Supply Mains		2.00%	-		-			-		-	-	-	-
10	310	Power Generation Equipment		5.00%	-		-			-		-	-	-	-
11	311	Pumping Equipment	2.40%	12.50%	-		-			-		117,454	939,631	919,347	20,284
12	320	Water Treatment Equipment		3.33%	-		-			-		-	-	-	-
13	320	Water Treatment Plants			-		-			-		-	-	-	-
14	320	Solution Chemical Feeders			-		-			-		-	-	-	-
15	330	Distribution Reservoirs & Standpipes	3.30%	2.22%	-		-			-		23,243	1,046,963	213,029	833,934
16	330.1	Storage Tanks			-		-			-		-	-	-	-
17	330.2	Pressure Tanks			-		-			-		-	-	-	-
18	331	Transmission & Distribution Mains	2.00%	2.00%	5,366		5,366			-		26,249	1,315,110	239,579	1,075,531
19	333	Services	3.30%	3.33%	-		-			-		7,870	236,325	88,708	147,617
20	334	Meters	3.60%	8.33%	-		-			-		9,448	113,426	83,642	29,784
21	335	Hydrants	2.00%	2.00%	-		-			-		3,864	193,193	33,631	159,563
22	336	Backflow Prevention Devices		6.67%	-		-			-		-	-	-	-
23	339	Other Plant & Misc Equipment		6.67%	-		-			-		-	-	-	-
24	340	Office Furniture & Equipment	6.80%	6.67%	-		-			-		1,234	18,498	13,450	5,048
25	340.1	Computers & Software		20.00%	-		-			-		-	-	-	-
26	341	Transportation Equipment		20.00%	5,750		5,750			-		22,928	155,895	155,895	-
27	342	Stores Equipment		4.00%	-		-			-		-	-	-	-
28	343	Tools, Shop & Garage Equipment	3.60%	5.00%	-		-			-		-	-	-	-
29	344	Laboratory Equipment		10.00%	-		-			-		-	-	-	-
30	345	Power Operated Equipment		5.00%	-		-			-		5,786	115,725	26,197	89,528
31	346	Communication Equipment		10.00%	-		-			-		-	-	-	-
32	347	Miscellaneous Equipment		10.00%	-		-			-		-	-	-	-
33	348	Other Tangible Plant	6.80%	20.00%	-		-			-		-	-	-	-
34															
35		TOTAL			11,116	-	11,116	-	-	-	-	247,368	5,089,601	2,091,526	2,998,075
36															
37		Depreciable Plant											5,014,420		
38		Composite Depreciation Rate											4.9331%		
39															

40 Workpaper:
41 NR Rate Case Data.slsx, Tab: Reconciliation Plant Balances
42

New River Utility Company
Test Year Ended December 31, 2011
Reconciliation of Plant Additions, Retirements and Accumulated Depreciation

Exhibit: RLJ-DT2
Schedule B-2.1
Page 10
Witness: Jones

Line No.	NARUC Account No.	Description	Deprec. Before LO Date	Allowed Deprec. Rate	2009 Plant Additions	Plant Adjustments	Adjusted Plant Additions	Plant Retirements	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Deprecation (Calculated)	Plant Balance	Accum. Deprec.	Net Plant
1	301	Organization Cost		0.00%	-		-			-		-	-	-	-
2	302	Franchise Cost		0.00%	-		-			-		-	-	-	-
3	303	Land and Land Rights		0.00%	-		-			-		-	75,181	-	75,181
4	304	Structures & Improvements	2.80%	3.33%	-		-			-		2,818	84,633	25,493	59,140
5	305	Collecting & Impounding Reservoirs		2.50%	-		-			-		-	-	-	-
6	306	Lake, River, Canal Intakes		2.50%	-		-			-		-	-	-	-
7	307	Wells & Springs	3.20%	3.33%	-		-			-		26,474	795,021	321,847	473,174
8	308	Infiltration Galleries		6.67%	-		-			-		-	-	-	-
9	309	Raw Water Supply Mains		2.00%	-		-			-		-	-	-	-
10	310	Power Generation Equipment		5.00%	-		-			-		-	-	-	-
11	311	Pumping Equipment	2.40%	12.50%	-		-			-		20,284	939,631	939,631	0
12	320	Water Treatment Equipment		3.33%	-		-			-		-	-	-	-
13	320	Water Treatment Plants			-		-			-		-	-	-	-
14	320	Solution Chemical Feeders			-		-			-		-	-	-	-
15	330	Distribution Reservoirs & Standpipes	3.30%	2.22%	-		-			-		23,243	1,046,963	236,272	810,691
16	330.1	Storage Tanks			-		-			-		-	-	-	-
17	330.2	Pressure Tanks			-		-			-		-	-	-	-
18	331	Transmission & Distribution Mains	2.00%	2.00%	7,000		7,000			-		26,372	1,322,110	265,951	1,056,159
19	333	Services	3.30%	3.33%	-		-			-		7,870	236,325	96,578	139,747
20	334	Meters	3.60%	8.33%	-		-			-		9,448	113,426	93,091	20,335
21	335	Hydrants	2.00%	2.00%	-		-			-		3,864	193,193	37,494	155,699
22	336	Backflow Prevention Devices		6.67%	-		-			-		-	-	-	-
23	339	Other Plant & Misc Equipment		6.67%	-		-			-		-	-	-	-
24	340	Office Furniture & Equipment	6.80%	6.67%	-		-			-		1,234	18,498	14,684	3,814
25	340.1	Computers & Software		20.00%	-		-			-		-	-	-	-
26	341	Transportation Equipment		20.00%	-		-			-		-	155,895	155,895	-
27	342	Stores Equipment		4.00%	-		-			-		-	-	-	-
28	343	Tools, Shop & Garage Equipment	3.60%	5.00%	-		-			-		-	-	-	-
29	344	Laboratory Equipment		10.00%	-		-			-		-	-	-	-
30	345	Power Operated Equipment		5.00%	-		-			-		5,786	115,725	31,983	83,742
31	346	Communication Equipment		10.00%	-		-			-		-	-	-	-
32	347	Miscellaneous Equipment		10.00%	-		-			-		-	-	-	-
33	348	Other Tangible Plant	6.80%	20.00%	-		-			-		-	-	-	-
34															
35		TOTAL			7,000	-	7,000	-	-	-	-	127,393	5,096,601	2,218,919	2,877,682
36															
37		Depreciable Plant											5,021,420		
38		Composite Depreciation Rate											2.5370%		
39															

40 Workpaper:
41 NR Rate Case Data.xlsx, Tab: Reconciliation Plant Balances
42

New River Utility Company
Test Year Ended December 31, 2011
Reconciliation of Plant Additions, Retirements and Accumulated Depreciation

Exhibit: RLJ-DT2
Schedule B-2.1
Page 11
Witness: Jones

Line No.	NARUC Account No.	Description	Deprec. Before LO Date	Allowed Deprec. Rate	2010 Plant Additions	Plant Adjustments	Adjusted Plant Additions	Plant Retirements	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Deprecation (Calculated)	Plant Balance	Accum. Deprec.	Net Plant
1	301	Organization Cost		0.00%	-		-	-		-		-	-	-	-
2	302	Franchise Cost		0.00%	-		-	-		-		-	-	-	-
3	303	Land and Land Rights		0.00%	-		-	-		-		-	75,181	-	75,181
4	304	Structures & Improvements	2.80%	3.33%	-		-	-		-		2,818	84,633	28,311	56,322
5	305	Collecting & Impounding Reservoirs		2.50%	-		-	-		-		-	-	-	-
6	306	Lake, River, Canal Intakes		2.50%	-		-	-		-		-	-	-	-
7	307	Wells & Springs	3.20%	3.33%	-		-	-		-		26,474	795,021	348,321	446,700
8	308	Infiltration Galleries		6.67%	-		-	-		-		-	-	-	-
9	309	Raw Water Supply Mains		2.00%	-		-	-		-		-	-	-	-
10	310	Power Generation Equipment		5.00%	-		-	-		-		-	-	-	-
11	311	Pumping Equipment	2.40%	12.50%	-		-	-		-		-	939,631	939,631	0
12	320	Water Treatment Equipment		3.33%	381,395		381,395	-		-		6,350	381,395	6,350	375,045
13	320	Water Treatment Plants			-		-	-		-		-	-	-	-
14	320	Solution Chemical Feeders			-		-	-		-		-	-	-	-
15	330	Distribution Reservoirs & Standpipes	3.30%	2.22%	-		-	-		-		23,243	1,046,963	259,514	787,449
16	330.1	Storage Tanks			-		-	-		-		-	-	-	-
17	330.2	Pressure Tanks			-		-	-		-		-	-	-	-
18	331	Transmission & Distribution Mains	2.00%	2.00%	-		-	-		-		26,442	1,322,110	292,393	1,029,717
19	333	Services	3.30%	3.33%	-		-	-		-		7,870	236,325	104,448	131,877
20	334	Meters	3.60%	8.33%	-		-	-		-		9,448	113,426	102,539	10,887
21	335	Hydrants	2.00%	2.00%	-		-	-		-		3,864	193,193	41,358	151,835
22	336	Backflow Prevention Devices		6.67%	-		-	-		-		-	-	-	-
23	339	Other Plant & Misc Equipment		6.67%	-		-	-		-		-	-	-	-
24	340	Office Furniture & Equipment	6.80%	6.67%	-		-	-		-		1,234	18,498	15,918	2,580
25	340.1	Computers & Software		20.00%	-		-	-		-		-	-	-	-
26	341	Transportation Equipment		20.00%	-		-	114,145		114,145		-	41,750	41,750	-
27	342	Stores Equipment		4.00%	-		-	-		-		-	-	-	-
28	343	Tools, Shop & Garage Equipment	3.60%	5.00%	-		-	-		-		-	-	-	-
29	344	Laboratory Equipment		10.00%	-		-	-		-		-	-	-	-
30	345	Power Operated Equipment		5.00%	-		-	-		-		5,786	115,725	37,769	77,956
31	346	Communication Equipment		10.00%	-		-	-		-		-	-	-	-
32	347	Miscellaneous Equipment		10.00%	-		-	-		-		-	-	-	-
33	348	Other Tangible Plant	6.80%	20.00%	-		-	-		-		-	-	-	-
34															
35		TOTAL			381,395	-	381,395	114,145	-	114,145	-	113,529	5,363,851	2,218,303	3,145,548
36															
37		Depreciable Plant											5,288,670		
38		Composite Depreciation Rate											2.1467%		
39															
40	Workpaper:														
41	NR Rate Case Data.slsx, Tab: Reconciliation Plant Balances														
42															

New River Utility Company
Test Year Ended December 31, 2011
Reconciliation of Plant Additions, Retirements and Accumulated Depreciation

Exhibit: RLJ-DT2
Schedule B-2.1
Page 12
Witness: Jones

Line No.	NARUC Account No.	Description	Deprec. Before LO Date	Allowed Deprec. Rate	2011 Plant Additions	Plant Adjustments	Adjusted Plant Additions	Plant Retirements	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Deprecation (Calculated)	Plant Balance	Accum. Deprec.	Net Plant
1	301	Organization Cost		0.00%	-		-	-		-		-	-	-	-
2	302	Franchise Cost		0.00%	-		-	-		-		-	-	-	-
3	303	Land and Land Rights		0.00%	-		-	-		-		-	75,181	-	75,181
4	304	Structures & Improvements	2.80%	3.33%	-		-	-		-		2,818	84,633	31,130	53,503
5	305	Collecting & Impounding Reservoirs		2.50%	-		-	-		-		-	-	-	-
6	306	Lake, River, Canal Intakes		2.50%	-		-	-		-		-	-	-	-
7	307	Wells & Springs	3.20%	3.33%	-		-	-		-		26,474	795,021	374,796	420,225
8	308	Infiltration Galleries		6.67%	-		-	-		-		-	-	-	-
9	309	Raw Water Supply Mains		2.00%	-		-	-		-		-	-	-	-
10	310	Power Generation Equipment		5.00%	-		-	-		-		-	-	-	-
11	311	Pumping Equipment	2.40%	12.50%	-		-	-		-		-	939,631	939,631	0
12	320	Water Treatment Equipment		3.33%	1,660		1,660	-		-		12,728	383,055	19,078	363,977
13	320	Water Treatment Plants			-		-	-		-		-	-	-	-
14	320	Solution Chemical Feeders			-		-	-		-		-	-	-	-
15	330	Distribution Reservoirs & Standpipes	3.30%	2.22%	-		-	-		-		23,243	1,046,963	282,757	764,206
16	330.1	Storage Tanks			-		-	-		-		-	-	-	-
17	330.2	Pressure Tanks			-		-	-		-		-	-	-	-
18	331	Transmission & Distribution Mains	2.00%	2.00%	-		-	-		-		26,442	1,322,110	318,835	1,003,274
19	333	Services	3.30%	3.33%	-		-	-		-		7,870	236,325	112,317	124,008
20	334	Meters	3.60%	8.33%	12,713		12,713	-		-		9,978	126,139	112,517	13,622
21	335	Hydrants	2.00%	2.00%	-		-	-		-		3,864	193,193	45,222	147,971
22	336	Backflow Prevention Devices		6.67%	-		-	-		-		-	-	-	-
23	339	Other Plant & Misc Equipment		6.67%	-		-	-		-		-	-	-	-
24	340	Office Furniture & Equipment	6.80%	6.67%	775		775	-		-		1,260	19,273	17,177	2,095
25	340.1	Computers & Software		20.00%	-		-	-		-		-	-	-	-
26	341	Transportation Equipment		20.00%	1,200		1,200	36,000	5,750	41,750		1,200	1,200	1,200	-
27	342	Stores Equipment		4.00%	-		-	-		-		-	-	-	-
28	343	Tools, Shop & Garage Equipment	3.60%	5.00%	-		-	-		-		-	-	-	-
29	344	Laboratory Equipment		10.00%	-		-	-		-		-	-	-	-
30	345	Power Operated Equipment		5.00%	-		-	-		-		5,786	115,725	43,556	72,169
31	346	Communication Equipment		10.00%	-		-	-		-		-	-	-	-
32	347	Miscellaneous Equipment		10.00%	-		-	-		-		-	-	-	-
33	348	Other Tangible Plant	6.80%	20.00%	26,239		26,239	-		-		2,624	26,239	2,624	23,615
34															
35		TOTAL			42,586	-	42,586	36,000	5,750	41,750	-	124,286	5,364,687	2,300,840	3,063,847
36															
37		*Depreciable Plant*											5,289,506		
38		Composite Depreciation Rate											2.3497%		
39															
40	Workpaper:														
41	NR Rate Case Data.slsx, Tab: Reconciliation Plant Balances														
42															

New River Utility Company
Test Year Ended December 31, 2011
Reconstruction Cost Rate Base Pro forma Adjustments

Exhibit: RLJ-DT2
Schedule B-3
Page 1
Witness: Jones

Line No.		Actual End of Test Year	ADJ RCN-1	ADJ RCN-2	ADJ RCN-3	Total Pro Forma Adjustments	Adjusted End of Test Year
1							
2	Gross Utility Plant in Service	$ 19,189,971	$ 79,904			$ 79,904	$ 19,269,875
3							
4	Less: Accumulated Depreciation	(6,937,536)				-	(6,937,536)
5							
6	Net Utility Plant in Service	12,252,436	79,904	-	-	79,904	12,332,339
7							
8	Less:						
9	Advances in Aid of Construction	-				-	-
10							
11	Contributions in Aid of Construction	-				-	-
12	Accumulated Amortization of CIAC	-				-	-
13	Contributions in Aid of Construction - Net	-	-	-	-	-	-
14							
15	Customer Security Deposits	22,784				-	22,784
16	Deferred Income Taxes	-				-	-
17							
18	Plus:						
19	Working Capital	96,775				-	96,775
20	Net Regulatory Asset / (Liability)					-	-
21							
22	Rate Base	$ 12,326,427	$ 79,904	$ -	$ -	$ 79,904	$ 12,406,330
23							
24							
25							
26							
27							
28	Supporting Schedules:					Recap Schedules:	
29	B-4					B-1	
30							

New River Utility Company
Test Year Ended December 31, 2011
Rate Base Adjustment RCN-1

Exhibit: RLI-DT2
Schedule B-3
Page 2
Witness: Jones

Post Test Year Plant - New Water Supply Project

Line No.	Plant Acct	Description	Adjustment Amount	
1				
2				
3				
4	331	Costs Expensed during Test Year	$ 21,442	See Income Statement Adjustment IS-1
5	331	Capital Costs incurred during 2012	58,462	
6			$ 79,904	
7				
8	331	Total Increase/(Decrease) in Plant In Service	$ 79,904	
9				

New River Utility Company
Test Year Ended December 31, 2011
RCND By Major Plant Accounts

Exhibit: RLJ-DT2
Schedule B-4
Page 1
Witness: Jones

Line No.	Acct No.	Description	RCN	Depletion Percent	Accumulated Depreciation	RCND
1						
2						
3						
4	301	Organization Cost	$ -	0.0%	$ -	$ -
5	302	Franchise Cost	-	0.0%	-	-
6	303	Land and Land Rights	-	0.0%	-	-
7	304	Structures & Improvements	-	0.0%	-	-
8	305	Collecting & Impounding Reservoirs	-	0.0%	-	-
9	306	Lake, River, Canal Intakes	-	0.0%	-	-
10	307	Wells & Springs	2,368,472.00	88.8%	2,103,419.81	265,052.19
11	308	Infiltration Galleries	-	0.0%	-	-
12	309	Raw Water Supply Mains	-	0.0%	-	-
13	310	Power Generation Equipment	-	0.0%	-	-
14	311	Pumping Equipment	1,216,357.00	52.8%	641,846.46	574,510.54
15	320	Water Treatment Equipment	568,450.00	7.4%	41,837.20	526,612.80
16	320.1	Water Treatment Plants	-	0.0%	-	-
17	320.2	Solution Chemical Feeders	-	0.0%	-	-
18	330	Distribution Reservoirs & Standpipes	2,369,625.00	28.0%	662,511.93	1,707,113.07
19	330.1	Storage Tanks	-	0.0%	-	-
20	330.2	Pressure Tanks	-	0.0%	-	-
21	331	Transmission & Distribution Mains	8,170,084.00	23.7%	1,938,046.76	6,232,037.24
22	333	Services	2,397,643.00	40.1%	961,784.08	1,435,858.92
23	334	Meters	126,139.04	0.0%	112,517.15	13,621.89
24	335	Hydrants	1,810,765.00	22.7%	411,015.55	1,399,749.45
25	336	Backflow Prevention Devices	-	0.0%	-	-
26	339	Other Plant & Misc Equipment	-	0.0%	-	-
27	340	Office Furniture & Equipment	19,272.50	89.1%	17,177.37	2,095.13
28	340.1	Computers & Software	-	0.0%	-	-
29	341	Transportation Equipment	1,200.00	100.0%	1,200.00	-
30	342	Stores Equipment	-	0.0%	-	-
31	343	Tools, Shop & Garage Equipment	-	0.0%	-	-
32	344	Laboratory Equipment	-	0.0%	-	-
33	345	Power Operated Equipment	115,725.00	37.6%	43,555.63	72,169.37
34	346	Communication Equipment	-	0.0%	-	-
35	347	Miscellaneous Equipment	-	0.0%	-	-
36	348	Other Tangible Plant	26,238.91	10.0%	2,623.89	23,615.02
37		TOTALS	$ 19,189,971	36.2%	$ 6,937,536	$ 12,252,436
38						
39						
40						
41	Workpaper:					Recap Schedules:
42	NR RCND Study.xlsx					B-3
43						

New River Utility Company
Test Year Ended December 31, 2011
Computation of Working Capital

Exhibit: RLJ-DT2
Schedule B-5
Page 1
Witness: Jones

Line No.		Working Capital
1		
2	Cash Working Capital	$ 96,775
3	(Schedule B-5, Page 2)	
4		
5	Material and Supplies Inventories	-
6		
7	Working Funds and Special Deposits	-
8		
9	Prepayments	-
10		
11	Total Working Capital Allowance	$ 96,775
12		
13	Supporting Schedules:	Recap Schedules:
14	E-1	B-1
15		

New River Utility Company
Test Year Ended December 31, 2011
Computation of Working Capital

Exhibit: RLJ-DT2
Schedule B-5
Page 2
Witness: Jones

Line No.		
1		
2	Operation and Maintenance Expense	$ 720,942
3	Less depreciation, taxes, purchased	
4	power and purchased water	
5	Factor - 1/8	0.1250
6		$ 90,118
7		
8	Purchased Power and Purchased Water	$ 159,775
9	Factor - 1/24	0.0417
10		$ 6,657
11		
12	Total Cash Working Capital	$ 96,775
13		
14		

New River Utility Company
Test Year Ended December 31, 2011
Adjusted Test Year Income Statement

Exhibit: RLI-DT2
Schedule C-1
Page 1
Witness: Jones

Line No.			Actual for Test Year Ended 12/31/2011	Total Pro forma Adjustments	Test Year Results After Pro forma Adjustments	Proposed Rate Increase	Adjusted With Rate Increase
1	**Revenues**						
2	460	Unmetered Water Revenue	$ -	$ -	$ -	-	$ -
3	461	Metered Water Revenues	1,234,701	-	1,234,701	1,087,457	2,322,159
4	471	Miscellaneous Service Revenue	25,727	-	25,727	-	25,727
5	**Total Revenues**		$ 1,260,429	$ -	$ 1,260,429	$ 1,087,457	$ 2,347,886
6	**Operating Expenses**						
7	601	Salaries and Wages	$ 57,720	$ 19,480	$ 77,200		$ 77,200
8	603	Salaries and Wages - Officers and Directors	210,000	-	210,000		210,000
9	604	Employee Pension and Benefits	22,326	-	22,326		22,326
10	610	Purchased Water	-	-	-		-
11	615	Purchased Power	185,913	(26,138)	159,775		159,775
12	618	Chemicals	15,338	-	15,338		15,338
13	620	Repairs and Maintenance	76,981	31,333	108,314		108,314
14	621	Office Supplies Expense	-	-	-		-
15	631	Contractual Services - Engineering	-	-	-		-
16	632	Contractual Services - Accounting	8,428	-	8,428		8,428
17	633	Contractual Services - Legal	23,128	-	23,128		23,128
18	634	Contractual Services - Management Fees	75,000	-	75,000		75,000
19	635	Contractual Services - Testing	-	-	-		-
20	636	Contractual Services - Other	54,479	-	54,479		54,479
21	641	Rent - Buildings	-	-	-		-
22	642	Rent - Equipment	24,000	-	24,000		24,000
23	650	Transportation Expense	26,580	-	26,580		26,580
24	656	Insurance - Vehicle	-	-	-		-
25	657	Insurance - General Liability	6,003	-	6,003		6,003
26	658	Insurance - Workman's Compensation	872	-	872		872
27	659	Insurance - Other	-	-	-		-
28	660	Advertising Expense	-	-	-		-
29	666	Regulatory Commission Expense - Rate Case	-	50,000	50,000		50,000
30	667	Regulatory Expense - Other	-	-	-		-
31	668	Water Resource Conservation Expense	-	-	-		-
32	670	Bad Debt Expense	7,688	-	7,688	6,633	14,322
33	675	Miscellaneous Expense	62,186	(599)	61,587		61,587
34	403	Depreciation Expense	257,284	(11,698)	245,585		245,585
35	408	Taxes Other Than Income	18,080	1,558	19,638		19,638
36	408.11	Property Taxes	81,484	(21,136)	60,348	17,355	77,703
37	409	Income Tax	-	510	510	385,888	386,399
38	**Total Operating Expenses**		$ 1,213,490	$ 43,310	$ 1,256,799	$ 409,877	$ 1,666,676
39	**Operating Income**		$ 46,939	$ (43,310)	$ 3,629	$ 677,580	$ 681,210
40	**Other Income (Expense)**						
41	419	Interest and Dividend Income	$ 5,436	$ -	$ 5,436		$ 5,436
42	421	Non-Utility Income	-	-	-		-
43	426	Miscellaneous Non-Utility Expenses	(4,161)	-	(4,161)		(4,161)
44	427	Interest Expense	-	-	-		-
45	**Total Other Income (Expense)**		$ 1,275	$ -	$ 1,275	$ -	$ 1,275
46	**Net Income (Loss)**		$ 48,214	$ (43,310)	$ 4,904	$ 677,580	$ 682,485
47							
48	Supporting Schedules:				Recap Schedules:		
49	E-2				A-1		
50	C-2						
51							

New River Utility Company
Test Year Ended December 31, 2011
Income Statement Pro forma Adjustments

Exhibit: RLJ-DT2
Schedule C-2
Page 1
Witness: Jones

Line No.		Actual for T.Y. Ended 12/31/2011	ADJ IS-1	ADJ IS-2	ADJ IS-3	ADJ IS-4	ADJ IS-5	ADJ IS-6	ADJ IS-7 Not Used	ADJ IS-8 Not Used	ADJ IS-9 Not Used
	Revenues										
1	460 Unmetered Water Revenue	$ -									
2	461 Metered Water Revenues	1,234,701									
3	471 Miscellaneous Service Revenue	25,727									
4	**Total Revenues**	$ 1,260,429	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5	**Operating Expenses**										
6	601 Salaries and Wages	$ 57,720					$ 19,480				
7	603 Salaries and Wages - Officers and Directors	210,000									
8	604 Employee Pension and Benefits	22,326									
9	610 Purchased Water	-									
10	615 Purchased Power	185,913	(21,442)	2,064	(6,760)						
11	618 Chemicals	15,338									
12	620 Repairs and Maintenance	76,981						31,333			
13	621 Office Supplies Expense	-									
14	631 Contractual Services - Engineering	-									
15	632 Contractual Services - Accounting	8,428									
16	633 Contractual Services - Legal	23,128									
17	634 Contractual Services - Management Fees	75,000									
18	635 Contractual Services - Testing	-									
19	636 Contractual Services - Other	54,479									
20	641 Rent - Buildings	-									
21	642 Rent - Equipment	24,000									
22	650 Transportation Expense	26,580									
23	656 Insurance - Vehicle	-									
24	657 Insurance - General Liability	6,003									
25	658 Insurance - Workman's Compensation	872									
26	659 Insurance - Other	-									
27	660 Advertising Expense	-									
28	666 Regulatory Commission Expense - Rate Case	-									
29	667 Regulatory Expense - Other	-									
30	668 Water Resource Conservation Expense	-									
31	670 Bad Debt Expense	7,688									
32	675 Miscellaneous Expense	62,186				(599)					
33	403 Depreciation Expense	257,284									
34	408 Taxes Other Than Income	18,080					1,558				
35	408 Property Taxes	81,484									
36	409 Income Tax	-									
37	**Total Operating Expenses**	$ 1,213,490	$ (21,442)	$ 2,064	$ (6,760)	$ (599)	$ 21,038	$ 31,333	$ -	$ -	$ -
38	**Operating Income**	$ 46,939	$ 21,442	$ (2,064)	$ 6,760	$ 599	$ (21,038)	$ (31,333)	$ -	$ -	$ -
39	**Other Income (Expense)**										
40	419 Interest and Dividend Income	$ 5,436									
41	421 Non-Utility Income	-									
42	426 Miscellaneous Non-Utility Expenses	(4,161)									
43	427 Interest Expense	-									
44	**Total Other Income (Expense)**	$ 1,275	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
45	**Net Income (Loss)**	$ 48,214	$ 21,442	$ (2,064)	$ 6,760	$ 599	$ (21,038)	$ (31,333)	$ -	$ -	$ -
46											
47	Supporting Schedules:									Recap Schedules:	
48										C-1	

New River Utility Company
Test Year Ended December 31, 2011
Income Statement Pro forma Adjustments

Exhibit: RLJ-DT2
Schedule C-2
Page 2
Witness: Jones

Line No.		ADJ IS-10 Not Used	ADJ IS-11 Not Used	ADJ IS-12 Not Used	ADJ IS-13	ADJ IS-14 Not Used	ADJ IS-15	ADJ IS-16	ADJ IS-17	Total Adjustments	Test Year Adjusted Results
	Revenues										
1	460 Unmetered Water Revenue									$ -	$ -
2	461 Metered Water Revenues									-	1,234,701
3	471 Miscellaneous Service Revenue									-	25,727
4	**Total Revenues**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,260,429
5	**Operating Expenses**										
6	601 Salaries and Wages									$ 19,480	$ 77,200
7	603 Salaries and Wages - Officers and Directors									-	210,000
8	604 Employee Pension and Benefits									-	22,326
9	610 Purchased Water									-	-
10	615 Purchased Power									(26,138)	159,775
11	618 Chemicals									-	15,338
12	620 Repairs and Maintenance									31,333	108,314
13	621 Office Supplies Expense									-	-
14	631 Contractual Services - Engineering									-	-
15	632 Contractual Services - Accounting									-	8,428
16	633 Contractual Services - Legal									-	23,128
17	634 Contractual Services - Management Fees									-	75,000
18	635 Contractual Services - Testing									-	-
19	636 Contractual Services - Other									-	54,479
20	641 Rent - Buildings									-	-
21	642 Rent - Equipment									-	24,000
22	650 Transportation Expense									-	26,580
23	656 Insurance - Vehicle									-	-
24	657 Insurance - General Liability									-	6,003
25	658 Insurance - Workman's Compensation									-	872
26	659 Insurance - Other									-	-
27	660 Advertising Expense									-	-
28	666 Regulatory Commission Expense - Rate Case				50,000					50,000	50,000
29	667 Regulatory Expense - Other									-	-
30	668 Water Resource Conservation Expense									-	-
31	670 Bad Debt Expense									-	7,688
32	675 Miscellaneous Expense									(599)	61,587
33	403 Depreciation Expense						(11,698)			(11,698)	245,585
34	408 Taxes Other Than Income									1,558	19,638
35	408 Property Taxes							(21,136)		(21,136)	60,348
36	409 Income Tax								510	510	510
37	**Total Operating Expenses**	$ -	$ -	$ -	$ 50,000	$ -	$ (11,698)	$ (21,136)	$ 510	$ 43,310	$ 1,256,799
38	**Operating Income**	$ -	$ -	$ -	$ (50,000)	$ -	$ 11,698	$ 21,136	$ (510)	$ (43,310)	$ 3,629
39	**Other Income (Expense)**										
40	419 Interest and Dividend Income									$ -	$ 5,436
41	421 Non-Utility Income									-	-
42	426 Miscellaneous Non-Utility Expenses									-	(4,161)
43	427 Interest Expense					-				-	-
44	**Total Other Income (Expense)**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,275
45	**Net Income (Loss)**	$ -	$ -	$ -	$ (50,000)	$ -	$ 11,698	$ 21,136	$ (510)	$ (43,310)	$ 4,904
46											
47	Supporting Schedules:									Recap Schedules:	
48										C-1	

New River Utility Company
Test Year Ended December 31, 2011
Income Statement Adjustment IS-1

Exhibit: RLJ-DT2
Schedule C-2
Page 3
Witness: Jones

Line No.			
1	Remove New Water Supply Projecct Costs from Expenses		
2			
3	Power costs related to testing wells as a part of New Water Supply Project were expensed.		
4	The capital expenditurs should be removed from operating expenses.		
5			
6	Inactive Wells Considered for New Water Supply		
7	TY Pumping Power Well #3	$ 20,676.76	
8	TY Pumping Power Well #5	382.39	
9	TY Pumping Power Well #7	382.39	
10	Total TY Pumping Power Inactive Wells	$ 21,441.54	
11			
12	Increase/(Decrease) in Pumping Power Expense		$ (21,441.54)
13			

New River Utility Company
Test Year Ended December 31, 2011
Income Statement Adjustment IS-2

Exhibit: RLJ-DT2
Schedule C-2
Page 4
Witness: Jones

Line No.			
1	Adjust Purchased Power to Reflect Rate Increase During Test Year		
2			
3	Adjustment to annualize rate increase for Well #1 and Well #2.		
4			
5	TY Pumping Power Well #1	$ 43,337.58	
6	TY Pumping Power Well #2	38,503.13	
7	TY Pumping Power	$ 81,840.71	
8			
9	Proforma Pumping Power Well #1	$ 44,484.59	
10	Proforma Pumping Power Well #2	39,420.11	
11	Proforma Pumping Power	$ 83,904.70	
12			
13	Increase/(Decrease) in Purchased Power Expense		$ 2,063.99
14			
15	Workpaper:		
16	NR Rate Case Data.slsx, Tab:Well Power		
17			

New River Utility Company
Test Year Ended December 31, 2011
Income Statement Adjustment IS-3

Exhibit: RLI-DT2
Schedule C-2
Page 5
Witness: Jones

Line No.			
1	*Adjust Purchased Power to Remove Personal Expense*		
2			
3	Total Personal Utility Expense Charged to Purchased Power	$ 6,760.40	
4			
5	Increase/(Decrease) in Purchased Power Expense		$ (6,760.40)
6			
7	Workpaper:		
8	NR Rate Case Data.slsx, Tab:Personal Expense		
9			

New River Utility Company
Test Year Ended December 31, 2011
Income Statement Adjustment IS-4

Exhibit: RLJ-DT2
Schedule C-2
Page 6
Witness: Jones

Line No.			
1	Adjust Miscellaneous Expense to Remove Personal Expense		
2			
3	Total Personal Utility Expense Charged to Miscellaneous Expense	$ 599.35	
4			
5	Increase/(Decrease) in Miscellaneous Expense		$ (599.35)
6			
7	Workpaper:		
8	NR Rate Case Data.slsx, Tab:Personal Expense		
9			

New River Utility Company
Test Year Ended December 31, 2011
Income Statement Adjustment IS-5

Exhibit: RLJ-DT2
Schedule C-2
Page 7
Witness: Jones

Line No.			
1	Adjust Payroll Expense and Tax to reflect change of employment status		
2			
3	Adjustment for costs associated with part-time employee being		
4	reclassified as a full-time employee.		
5			
6	Annualized payroll cost for Brooklyn Soto as full-time employee	$ 20,800.00	
7	Test Year payroll cost for Brooklyn Soto	1,320.00	
8			
9	Increase / (Decrease) in Salaries and Wages		$ 19,480.00
10			
11	Annualized payroll taxes for Brooklyn Soto as full-time employee	$ 1,664.00	
12	Test Year payroll cost for Brooklyn Soto	105.60	
13			
14	Increase / (Decrease) in Taxes Other than Income		$ 1,558.40
15			

New River Utility Company
Test Year Ended December 31, 2011
Income Statement Adjustment IS-6

Exhibit: RLJ-DT2
Schedule C-2
Page 8
Witness: Jones

Line No.			
1	Normalize Tank Coating Expense		
2			
3	Proposed coating of steel storage tanks and hydropneumatic tanks		
4	should be normalized to reflect an average annual cost.		
5			
6	Projected Tank Coating Costs (2014 - 2016)	$ 470,000	
7	Painting Cycle (Years)	15	
8	Annualized Cost (15-Yr Painting Cycle)	$ 31,333	
9			
10	Increase/(Decrease) in Repairs and Maintenance Expense		$ 31,333
11			
12	Workpaper:		
13	NR Rate Case Data.slsx, Tab:Tank Coating		
14			

New River Utility Company
Test Year Ended December 31, 2011
Income Statement Adjustment IS-13

Exhibit: RLJ-DT2
Schedule C-2
Page 8
Witness: Jones

Adjust Rate Case Expense

Line No.			
1	Estimated Rate Case Expense	$	150,000
2			
3	Amortization Period (Years)		3
4			
5	Annualized Rate Case Expense	$	50,000
6			
7	Test Year Rate Case Expense		-
8			
9	Increase / (Decrease) in Rate Case Expense		50,000
10			

New River Utility Company
Test Year Ended December 31, 2011
Income Statement Adjustment IS-15

Exhibit: RLJ-DT2
Schedule C-2
Page 9
Witness: Jones

Adjust Depreciation Expense to Reflect Adjusted Plant Balances

Line No.	Acct	Description	Adjusted Test Year Balance 12/31/2011	Proposed Depreciation Rate	Depreciation Expense
1					
2	301	Organization Cost	$ -	0.00%	$ -
3	302	Franchise Cost	-	0.00%	-
4	303	Land and Land Rights	75,181	0.00%	-
5	304	Structures & Improvements	84,633	3.33%	2,818
6	305	Collecting & Impounding Reservoirs	-	2.50%	-
7	306	Lake, River, Canal Intakes	-	2.50%	-
8	307	Wells & Springs	795,021	3.33%	26,474
9	308	Infiltration Galleries	-	6.67%	-
10	309	Raw Water Supply Mains	-	2.00%	-
11	310	Power Generation Equipment	-	5.00%	-
12	311	Pumping Equipment	939,631	12.50%	117,454
13	320	Water Treatment Equipment	383,055	3.33%	12,756
14	320	Water Treatment Plants	-		-
15	320	Solution Chemical Feeders	-		-
16	330	Distribution Reservoirs & Standpipes	1,046,963	2.22%	23,243
17	330	Storage Tanks	-		-
18	330	Pressure Tanks	-		-
19	331	Transmission & Distribution Mains	1,402,013	2.00%	28,040
20	333	Services	236,325	3.33%	7,870
21	334	Meters	126,139	8.33%	10,507
22	335	Hydrants	193,193	2.00%	3,864
23	336	Backflow Prevention Devices	-	6.67%	-
24	339	Other Plant & Misc Equipment	-	6.67%	-
25	340	Office Furniture & Equipment	19,273	6.67%	1,285
26	340	Computers & Software	-	20.00%	-
27	341	Transportation Equipment	1,200	20.00%	240
28	342	Stores Equipment	-	4.00%	-
29	343	Tools, Shop & Garage Equipment	-	5.00%	-
30	344	Laboratory Equipment	-	10.00%	-
31	345	Power Operated Equipment	115,725	5.00%	5,786
32	346	Communication Equipment	-	10.00%	-
33	347	Miscellaneous Equipment	-	10.00%	-
34	348	Other Tangible Plant	26,239	20.00%	5,248
35		TOTALS	$ 5,444,591		$ 245,585
36					
37		Less: Amortization of CIAC	$ -	4.5738%	$ -
38					
39		Adjusted Test Year Depreciation Expense			$ 245,585
40					
41		Test Year Depreciation Expense			$ 257,284
42					
43		Increase / (Decrease) in Depreciation Expense			$ (11,698)
44					

New River Utility Company
Test Year Ended December 31, 2011
Income Statement Adjustment IS-16

Exhibit: RLI-DT2
Schedule C-2
Page 10
Witness: Jones

Adjust Property Tax Expense to Reflect Adjusted Test Year and Proposed Revenues

Line No.	Description	Company As Adjusted	Company Proposed
1	Adjusted Test Year Revenue	$ 1,260,429	$ 1,260,429
2	Adjusted Test Year Revenue	1,260,429	1,260,429
3	Adjusted Test Year Revenue	1,260,429	
4	Proposed Revenues after Increase		2,347,886
5	Average of three year's of revenue	1,260,429	1,622,914
6	Average of three year's of revenue, times 2	2,520,857	3,245,829
7	Add:		
8	Construction Work In Progress at 10%	-	-
9	Deduct:		
10	Net Book Value of Transportation Equipment	-	-
11			
12	Full Cash Value	2,520,857	3,245,829
13	Assessment Ratio	20.0%	20.0%
14	Assessed Value	504,171	649,166
15	Property Tax Rate (2012 Tax Year)	11.9697%	11.9697%
16			
17	Adjusted Test Year Property Tax	$ 60,348	
18	Recorded Test Year Property Tax	81,484	
19	Test Year Adjustment	$ (21,136)	
20			
21	Property Tax at Proposed Rates		$ 77,703
22	Adjusted Test Year Property Tax		60,348
23	Increase in Property Tax due to Rate Increase		$ 17,355
24			
25	Calculation of Property Tax Factor		
26	Increase to Property Tax Expense		$ 17,355
27	Increase in Revenue Requirement		$ 1,087,457
28	Property Tax Factor (L25 / L26)		1.5960%
29			

New River Utility Company
Test Year Ended December 31, 2011
Income Statement Adjustment IS-17

Exhibit: RLJ-DT2
Schedule C-2
Page 11
Witness: Jones

Adjust Income Tax Expense to Reflect Adjusted Test Year and Proposed Revenues

Line No.	Description					Adjusted Test Year	Proposed with Increase
1							
2	Calculation of Income Tax:						
3	Revenue					$ 1,260,429	$ 2,347,886
4	Less: Operating Expenses (Excluding Income Taxes)					1,256,289	1,280,278
5	Less: Synchronized Interest					-	-
6	Arizona Taxable Income					$ 4,140	$ 1,067,608
7		Over	But not Over	Amount plus	%		
8		$ -	$ 10,000	$ -	2.5900%	$ 107	$ -
9		10,000	25,000	259.00	2.8800%	-	-
10		25,000	50,000	691.00	3.3600%	-	-
11		50,000	150,000	1,531.00	4.2400%	-	-
12		150,000	999,999,999	5,771.00	4.5400%	-	47,430
13	Arizona Income Tax					$ 107	$ 47,430
14	Federal Taxable Income					$ 4,032	$ 1,020,178
15		Over	But not Over	Amount plus	%		
16		$ -	$ 8,700	$ -	10.0000%	$ 403	$ -
17		8,700	34,000	870.00	15.0000%	-	-
18		34,000	82,400	4,867.50	25.0000%	-	-
19		82,400	171,850	17,442.50	28.0000%	-	-
20		171,850	373,650	43,482.50	33.0000%	-	-
21		373,650	9,999,999,999	112,683.50	35.0000%	-	338,968
22	Total Federal Income Tax					$ 403	$ 338,968
23							
24	Combined Federal and State Income Tax					$ 510	$ 386,399
25							
26							
27							
28	Applicable Arizona State Income Tax Rate (Rate Applicable to Revenue Increase)						4.4499%
29	Applicable Federal Income Tax Rate (Rate Applicable to Revenue Increase)						33.3186%
30							
31	Calculation of Interest Synchronization						
32	Rate Base			$ 3,217,742			
33	Weighted Average Cost of Debt			0.000%			
34	Synchronized Interest			$ -			
35							
36	Income Tax Adjustments						
37	Test Year Income Taxes - Booked					$ -	
38	Increase / (decrease) in Income Taxes (L21 - L32)					510	
39							
40	Test Year Income Taxes - Adjusted						$ 510
41	Increase / (decrease) in Federal Income Taxes (L21 - L35)						385,888
42							
43							

New River Utility Company
Test Year Ended December 31, 2011
Computation of Gross Revenue Conversion Factor

Exhibit: RLJ-DT2
Schedule C-3
Page 1
Witness: Jones

Line No.	Calculation of Gross Revenue Conversion Factor		
1	Revenue	100.0000%	
2	Uncollectable Factor (Line 11)	0.3886%	
3	Revenue (L1 - L2)	99.6114%	
4	Combined Income Tax and Property Tax Rate (Line 23)	37.3027%	
5	Operating Income Percentage (L3 -L4)	62.3087%	
6	Gross Revenue Conversion Factor (L1 / L5)	1.604913	
	Calculation of Uncollectable Factor		
7	Unity	100.0000%	
8	Combined Federal and State Tax Rate (Line 17)	36.2858%	
9	One Minus Combined Federal and State Tax Rate (L7 - L8)	63.7142%	
10	Uncollectable Rate (Line 26)	0.6100%	
11	Uncollectable Factor (L9 * L10)	0.3886%	
	Calculation of Effective Tax Rate		
12	Operating Income Before Taxes	100.0000%	
13	Applicable Arizona State Tax Rate (from Schedule C-2)	4.4499%	
14	Federal Taxable Income (L12 - L13)	95.5501%	
15	Applicable Federal Tax Rate (from Schedule C-2)	33.3186%	
16	Effective Federal Tax Rate (L14 * L15)	31.8359%	
17	Combined Federal and State Tax Rate (L13 + L16)		36.2858%
	Calculation of Effective Property Tax Rate		
18	Unity	100.0000%	
19	Combined Federal and State Tax Rate (Line 17)	36.2858%	
20	One Minus Combined Income Tax Rate (L18 - L19)	63.7142%	
21	Property Tax Factor (from Schedule C-2)	1.5960%	
22	Effective Property Tax Factor (L20 * L21)		1.0169%
23	Combined Federal and State Income Tax Rate and Property Tax Rate (L17 + L22)		37.3027%

	Calculation of Uncollectable Rate		
24	Bad Debt Expense (from Schedule C-1)	$	7,688
25	Total Revenues (from Schedule C-1)		1,260,429
26	Uncollectable Rate (L24 / L25)		0.6100%
27	Revenue Increase (from Schedule C-1)	$	1,087,457
28	Uncollectable Rate (Line 26)		0.6100%
29	Bad Debt Expense due to Increase	$	6,633

	Supporting Schedules:	Recap Schedules:
30		
31		A-1

New River Utility Company
Test Year Ended December 31, 2011
Summary Cost of Capital

Exhibit: RLJ-DT2
Schedule D-1
Page 1
Witness: Jones

Line No.	Invested Capital	End of Test Year (Adjusted) Amount	Percent of Total	Cost Rate	Weighted Cost	End of Projected Year (Current Rates) Amount	Percent of Total	Cost Rate	Weighted Cost	End of Projected Year (Proposed Rates) Amount	Percent of Total	Cost Rate	Weighted Cost
1													
2	Long-Term Debt	$ -	0.00%	0.000%	0.000%	$ -	0.00%	0.000%	0.000%	$ -	0.00%	0.000%	0.000%
3													
4	Short-Term Debt	$ -	0.00%		0.000%	$ -	0.00%		0.000%	$ -	0.00%		0.000%
5													
6	Adjusted Common Equity	$ 4,267,425	100.00%	10.000%	10.000%	$ 4,266,699	100.00%	10.000%	10.000%	$ 4,944,279	100.00%	10.000%	10.000%
7													
8	Totals	$ 4,267,425	100.00%		10.000%	$ 4,266,699	100.00%		10.000%	$ 4,944,279	100.00%		10.000%
9													
10													
11	Calculation of Fair Value Return Inflation Adjustment												
12	20-Year Treasury Yield (as of 10-22-12)				2.570%								
13	Less: 20-Year Treasury Real Yield (as of 10-22-12)				0.010%								
14	Return Due to Inflation				2.560%								
15	Times: 50% factor (No inlation on OCRB)				0.50								
16	Fair Value Inflation Adjustment				1.280%								
17													
18													
19	Calculation of Fair Value Cost of Capital												
20													
21		Amount	Percent of Total	Cost Rate	Inflation Adjust	Adjusted Rate	Weighted Cost						
22													
23	Long-Term Debt	$ -	0.00%	0.000%	-1.280%	-1.280%	0.000%						
24													
25	Short-Term Debt	$ -	0.00%	0.000%	-1.280%	-1.280%	0.000%						
26													
27	Adjusted Common Equity	$ 4,267,425	100.00%	10.000%	-1.280%	8.720%	8.720%						
28													
29	Totals	$ 4,267,425	100.00%				8.720%						
30													
31													
32	Equity Adjustments												
33	Common Equity per Sch. E-1	$ 3,811,626											
34													
35	PIS Equity Adjustments	$ 77,008											
36	A/D Equity Adjustments	378,792											
37	AIAC Equity Adjustment	-											
38	CIAC Equity Adjustment	-											
39	AA CIAC Equity Adjustment	-											
40													
41	Adjusted Common Equity	$ 4,267,425											
42													
43													
44	Supporting Schedules:									Recap Schedules:			
45	D-2 D-3									A-3			
46	D-4 E-1												
47													

New River Utility Company
Test Year Ended December 31, 2011
Cost of Long-Term and Short-Term Debt

Exhibit: RLJ-DT2
Schedule D-2
Page 1
Witness: Jones

Line No.		End of Test Year			End of Projected Year		
1							
2		Amount	Annual	Interest	Amount	Annual	Interest
3		Outstanding	Interest	Rate	Outstanding	Interest	Rate
4	Long-Term Debt						
5	None Outstanding						
6							
7							
8	Total Long-Term Debt	$ -	$ -		$ -	$ -	
9							
10	Short-Term Debt						
11	None Outstanding						
12							
13							
14	Total Short-Term Debt	$ -	$ -		$ -	$ -	
15							
16	Total All Debt	$ -	$ -		$ -	$ -	
17							
18							
19	Supporting Schedules:						Recap Schedules:
20	E-1						D-1
21							

New River Utility Company
Test Year Ended December 31, 2011
Cost of Preferred Stock

Exhibit: RLJ-DT2
Schedule D-3
Page 1
Witness: Jones

Line No.		
1		
2	Not Applicable - No preferred stock issued or outstanding	
3		
4	Supporting Schedules:	Recap Schedules:
5		D-1
6		

Line No.		
1		
2	New River Utility Company is proposing an 10.0% cost of common equity per its filed testimony	
3		
4	Supporting Schedules:	Recap Schedules:
5		D-1
6		

New River Utility Company
Test Year Ended December 31, 2011
Comparative Balance Sheet

Exhibit: RLJ-DT2
Schedule E-1
Page 1
Witness: Jones

Line No.		Test Year Ended 12/31/2011	Prior Year Ended 12/31/2010	Prior Year Ended 12/31/2009
1	**ASSETS**			
2	**PROPERTY PLANT AND EQUIPMENT**			
3	101 Utility Plant In Service	$ 5,373,333	$ 5,366,747	$ 5,164,497
4	103 Property Held for Future Use	-		
5	105 Construction Work in Progress	-		
6	108 Less: Accumulated Depreciation	(2,685,382)	(2,460,885)	(2,340,169)
7	**Net Plant**	$ 2,687,951	$ 2,905,862	$ 2,824,327
8				
9	**CURRENT ASSETS**			
10	131 Cash and Equivalents	$ 42,842	$ 47,390	$ 51,167
11	132 Special Deposits	-		
12	141 Customer Accounts Receivable	103,114	100,554	33,657
13	146 Notes/Receivables from Associated Companies	1,018,247	722,181	854,553
14	151 Plant Materials and Supplies	-		
15	162 Prepayments	-		
16	174 Miscellaneous Current and Accrued Assets	-		
17	**Total Current Assets**	$ 1,164,203	$ 870,125	$ 939,377
18				
19	**DEFERRED DEBITS**			
20	186 Deferred Debits	$ -		
21				
22	**TOTAL ASSETS**	$ 3,852,154	$ 3,775,987	$ 3,763,704
23				
24	**LIABILITIES AND STOCKHOLDERS' EQUITY**			
25	**CAPITAL ACCOUNTS**			
26	201 Common Stock Issued	$ 100	$ 100	$ 100
27	211 Paid in Capital	4,163,618	4,163,618	4,163,618
28	215 Retained Earnings	(352,093)	(400,307)	(443,876)
29	**Total Capital**	$ 3,811,626	$ 3,763,411	$ 3,719,843
30				
31	**LONG-TERM DEBT**			
32	221 Bonds	-		
33	224 Other Long-Term Debt	-		
34	**Total long-Term Debt**	$ -	$ -	$ -
35				
36	**CURRENT LIABILITIES**			
37	231 Accounts Payable	$ 10,186	$ 12,576	$ 33,237
38	232 Notes Payable	-		
40	234 Payable to Associated Companies	-		
41	235 Customer Deposits	22,784		
42	236 Accrued Taxes	7,559		10,624
43	237 Accrued Interest	-		
44	241 Miscellaneous Current Liabilities	-		
45	**Total Current Liabilities**	$ 40,529	$ 12,576	$ 43,861
46				
47	**DEFERRED CREDITS**			
48	252 Advances in Aid of Construction	$ -		
49	271 Contributions in Aid of Construction	-		
50	272 Accumulated Amortization CIAC	-		
51	281 Accumulated Deferred Income Tax	-		
52	**Total Deferred Credits**	$ -	$ -	$ -
53				
54	**Total Liabilities & Common Equity**	$ 3,852,154	$ 3,775,987	$ 3,763,704
55				
56	Supporting Schedules:	Workpapers:		Recap Schedules:
57	E-5	NR Rate Case Data.xlsx, Tab:2011 GL		A-3

New River Utility Company
Test Year Ended December 31, 2011
Comparative Income Statements

Exhibit: RLJ-DT2
Schedule E-2
Page 1
Witness: Jones

Line No.			Test Year Ended 12/31/2011	Prior Year Ended 12/31/2010	Prior Year Ended 12/31/2009
1	**Revenues**				
2	460	Unmetered Water Revenue	$ -	$ -	$ -
3	461	Metered Water Revenues	1,234,701	1,274,051	1,458,334
4	471	Miscellaneous Service Revenue	25,727	-	-
5	**Total Revenues**		$ 1,260,429	$ 1,274,051	$ 1,458,334
6	**Operating Expenses**				
7	601	Salaries and Wages	$ 57,720	$ 56,000	$ 56,000
8	603	Salaries and Wages - Officers and Directors	210,000	-	-
8	604	Employee Pension and Benefits	22,326	18,804	-
9	610	Purchased Water	-	-	-
10	615	Purchased Power	185,913	131,754	126,921
11	618	Chemicals	15,338	8,047	13,113
12	620	Repairs and Maintenance	76,981	74,097	70,293
13	621	Office Supplies Expense	-	3,185	-
14	631	Contractual Services - Engineering	-	-	-
15	632	Contractual Services - Accounting	8,428	-	-
16	633	Contractual Services - Legal	23,128	-	-
17	634	Contractual Services - Management Fees	75,000	500,000	500,000
18	635	Contractual Services - Testing	-	34,293	25,111
19	636	Contractual Services - Other	54,479	30,409	23,587
20	641	Rent - Buildings	-	-	-
21	642	Rent - Equipment	24,000	24,000	60,000
22	650	Transportation Expense	26,580	6,372	4,679
23	656	Insurance - Vehicle	-	-	-
24	657	Insurance - General Liability	6,003	5,378	11,694
25	658	Insurance - Workman's Compensation	872	786	1,225
26	659	Insurance - Other	-	-	-
27	660	Advertising Expense	-	-	-
28	666	Regulatory Commission Expense - Rate Case	-	-	-
29	667	Regulatory Expense - Other	-	-	-
30	668	Water Resource Conservation Expense	-	-	-
31	670	Bad Debt Expense	7,688	-	-
32	675	Miscellaneous Expense	62,186	56,142	39,799
33	403	Depreciation Expense	257,284	234,861	199,180
34	408	Taxes Other Than Income	18,080	4,399	113,030
35	408.11	Property Taxes	81,484	47,583	92,869
36	409	Income Tax	-	-	-
37	**Total Operating Expenses**		$ 1,213,490	$ 1,236,111	$ 1,337,501
38	**Operating Income**		$ 46,939	$ 37,940	$ 120,833
39	**Other Income (Expense)**				
40	419	Interest and Dividend Income	$ 5,436	$ 5,629	$ 5,483
41	421	Non-Utility Income	-	-	1,332
42	426	Miscellaneous Non-Utility Expenses	(4,161)	-	-
43	427	Interest Expense	-	-	-
44	**Total Other Income (Expense)**		$ 1,275	$ 5,629	$ 6,815
45	**Net Income (Loss)**		$ 48,214	$ 43,569	$ 127,648
46					
47					
48	Workpapers:				Recap Schedules:
49	NR Rate Case Data.xlsx, Tabs: 2011 GL, IS FS				A-2
50					

New River Utility Company
Test Year Ended December 31, 2011
Comparative Statement of Changes in Financial Position

Exhibit: RLJ-DT2
Schedule E-3
Page 1
Witness: Jones

Line No.		Test Year Ended 12/31/2011	Prior Year Ended 12/31/2010	Prior Year Ended 12/31/2009
1	Source of Funds			
2	Cash Flow from Operations:			
3	Net Income	$ 48,214	$ 43,569	$ 127,648
4	Adjustments to reconcile net income to net cash			
5	403 Depreciation and Amortization	257,284	234,861	199,180
6	410 Deferred Income Tax	-	-	-
7	Other Adjustments	3,213	-	-
8	Changes in Assets & Liabilities			
9	141 Customer Accounts Receivable	(2,560)	(66,897)	(33,657)
10	146 Notes/Receivables from Associated Companies	(296,066)	132,371	(5,483)
11	151 Plant Materials and Supplies	-	-	-
12	162 Prepayments	-	-	-
13	174 Miscellaneous Current and Accrued Assets	-	-	-
14	183 Special Deposits	-	-	-
15	186 Deferred Debits	-	-	-
16	231 Accounts Payable	(2,390)	(20,662)	33,237
17	232 Notes Payable	-	-	-
18	234 Payable to Associated Companies	-	-	-
19	235 Customer Deposits	22,784	-	(46,195)
20	236 Accrued Taxes	7,559	(10,624)	9,213
21	237 Accrued Interest	-	-	-
22	241 Miscellaneous Current Liabilities	-	-	-
23	Total From Operations	$ 38,038	$ 312,619	$ 283,944
24				
25	Cash Flow from Financing:			
26	221 Bonds	-	-	-
27	224 Long-Term Debt	-	-	-
28	252 Advances in Aid of Construction	-	-	-
29	271 Contributions in Aid of Construction	-	-	-
30	211 Paid in Capital	-	-	-
31	Total From Financing	$ -	$ -	$ -
32				
33	Application of Funds			
34	Cash Flow from Investing Activities			
35	Capital Expenditures	(42,586)	(316,395)	(72,000)
36	Dividends Paid			(169,153)
37	Other			
38	Total From Investing Activities	$ (42,586)	$ (316,395)	$ (241,153)
39				
40	Net Increase/(Decrease) in Cash	$ (4,548)	$ (3,776)	$ 42,790
41				
42	Cash, Beginning of Year	$ 47,390	$ 51,167	$ 8,376
43	Cash, End of Year	$ 42,842	$ 47,390	$ 51,167
44				
45				
46				
47	Workpapers:			Recap Schedules:
48	NR Rate Case Data.xlsx, Tabs: 2011 GL, IS FS, NARUC Plt Add - Retire			A-5
49				

New River Utility Company
Test Year Ended December 31, 2011
Statement of Changes in Stockholder's Equity

Exhibit: RLJ-DT2
Schedule E-4
Page 1
Witness: Jones

Line No.		Common Shares	Common Stock	Additional Paid In Capital	Retained Earnings	Total
1						
2						
3						
4	Balance, December 31, 2008	100	$ 100	$ 4,163,618	$ (402,370)	$ 3,761,348
5	Additional Paid In Capital					-
6	Dividends				(169,153)	(169,153)
7	Adjustments/Other					-
8	Net Income				127,648	127,648
9						
10	Balance, December 31, 2009	100	$ 100	$ 4,163,618	$ (443,876)	$ 3,719,843
11	Additional Paid In Capital					-
12	Dividends					-
13	Adjustments/Other					-
14	Net Income				43,569	43,569
15						
16	Balance, December 31, 2010	100	$ 100	$ 4,163,618	$ (400,307)	$ 3,763,411
17	Additional Paid In Capital					-
18	Dividends					-
19	Adjustments/Other					-
20	Net Income				48,214	48,214
21						
22	Balance, December 31, 2011	100	$ 100	$ 4,163,618	$ (352,093)	$ 3,811,626
23						
24						
25	Supporting Schedules:				Recap Schedules:	
26						
27						

New River Utility Company
Test Year Ended December 31, 2011
Detail of Utility Plant

Exhibit: RLJ-DT2
Schedule E-5
Page 1
Witness: Jones

Line No.	Acct. No.	Plant Description	Plant Balance at 12/31/2010	Plant Additions, Reclassifications or Retirements	Plant Balance at 12/31/2011
1					
2	301	Organization Cost	$ -	$ -	$ -
3	302	Franchise Cost	-	-	-
4	303	Land and Land Rights	75,181	-	75,181
5	304	Structures & Improvements	84,633	-	84,633
6	305	Collecting & Impounding Reservoirs	-	-	-
7	306	Lake, River, Canal Intakes	-	-	-
8	307	Wells & Springs	808,187	-	808,187
9	308	Infiltration Galleries	-	-	-
10	309	Raw Water Supply Mains	-	-	-
11	310	Power Generation Equipment	-	-	-
12	311	Pumping Equipment	949,008	-	949,008
13	320	Water Treatment Equipment	381,395	1,660	383,055
14	320.1	Water Treatment Plants	-	-	-
15	320.2	Solution Chemical Feeders	-	-	-
16	330	Distribution Reservoirs & Standpipes	1,047,248	-	1,047,248
17	330.1	Storage Tanks	-	-	-
18	330.2	Pressure Tanks	-	-	-
19	331	Transmission & Distribution Mains	1,303,088	-	1,303,088
20	333	Services	236,325	-	236,325
21	334	Meters	112,516	12,713	125,229
22	335	Hydrants	193,193	-	193,193
23	336	Backflow Prevention Devices	-	-	-
24	339	Other Plant & Misc Equipment	-	-	-
25	340	Office Furniture & Equipment	18,498	775	19,273
26	340.1	Computers & Software	-	-	-
27	341	Transportation Equipment	41,750	(34,800)	6,950
28	342	Stores Equipment	-	-	-
29	343	Tools, Shop & Garage Equipment	-	-	-
30	344	Laboratory Equipment	-	-	-
31	345	Power Operated Equipment	115,725	-	115,725
32	346	Communication Equipment	-	-	-
33	347	Miscellaneous Equipment	-	-	-
34	348	Other Tangible Plant	-	26,239	26,239
35					
36		TOTAL WATER PLANT	$ 5,366,747	$ 6,586	$ 5,373,333
37					
38	Workpapers:				Recap Schedules:
39	NR Rate Case Data.xlsx, Tabs: NARUC Plt Bal, NARUC Plt Add - Retire, Plant Per				E-1
40	Books				A-4
41					

New River Utility Company
Test Year Ended December 31, 2011
Operating Statistics

Exhibit: RLJ-DT2
Schedule E-7
Page 1
Witness: Jones

Line No.		Test Year Ended 12/31/2011	Prior Year Ended 12/31/2010	Prior Year Ended 12/31/2009
1				
2	Gallons Sold - By Class of Service (Thousands)			
3	All Customers	573,721	556,356	611,833
9				
10	Average Number of Customers			
12	All Customers	2,924	2,884	2,835
17				
18	Gallons Per Customer	196,211	192,911	215,814
19				
20	Revenue Per Customer	$ 422	$ 442	$ 514
21				
22	Pumping Cost Per 1,000 Gallons	$ 0.3240	$ 0.2368	$ 0.2074
23				

New River Utility Company
Test Year Ended December 31, 2011
Taxes Charged to Operations

Exhibit: RLJ-DT2
Schedule E-8
Page 1
Witness: Jones

Line No.	Description	Test Year Ended 12/31/2011	Prior Year Ended 12/31/2010	Prior Year Ended 12/31/2009
1	Description			
2				
3	Federal Income Tax			
4	State Income Tax			
5	Payroll Tax	18,080	4,399	4,581
6	Property Tax	81,484	47,583	92,869
7				
8	Totals	$ 99,564	$ 51,982	$ 97,450
9				
10	Workpapers:			Recap Schedules:
11	VU 2007-2011 Financial Data.xlsx - P&L, Inc Tax			
12				

New River Utility Company
Test Year Ended December 31, 2011
Notes to Financial Statements

Exhibit: RLJ-DT2
Schedule E-9
Page 1
Witness: Jones

Line No.	
1	
2	The Company does not conduct independent audits.
3	
4	The Company uses the NARUC System of Accounts.
5	
6	
7	
8	
9	Supporting Schedules: Recap Schedules:
10	
11	

New River Utility Company
Test Year Ended December 31, 2011
Projected Income Statements - Present and Proposed Rates

Exhibit: RLJ-DT2
Schedule F-1
Page 1
Witness: Jones

Line No.			Actual Test Year Ended 12/31/2011	At Present Rates Year Ended Ended 12/31/2012	At Proposed Rates Year Ended Ended 12/31/2012
1	**Revenues**				
2	460	Unmetered Water Revenue	$ -	$ -	$ -
3	461	Metered Water Revenues	1,234,701	1,234,701	2,322,159
4	471	Miscellaneous Service Revenue	25,727	25,727	25,727
5	**Total Revenues**		$ 1,260,429	$ 1,260,429	$ 2,347,886
6	**Operating Expenses**				
7	601	Salaries and Wages	$ 57,720	$ 79,516	$ 79,516
8	604	Employee Pension and Benefits	22,326	22,996	22,996
9	610	Purchased Water	-	-	-
10	615	Purchased Power	185,913	159,775	159,775
11	618	Chemicals	15,338	15,568	15,568
12	620	Repairs and Maintenance	76,981	109,938	109,938
13	621	Office Supplies Expense	-	-	-
14	631	Contractual Services - Engineering	-	-	-
15	632	Contractual Services - Accounting	8,428	8,554	8,554
16	633	Contractual Services - Legal	23,128	23,475	23,475
17	634	Contractual Services - Management Fees	75,000	76,125	76,125
18	635	Contractual Services - Testing	-	-	-
19	636	Contractual Services - Other	54,479	55,296	55,296
20	641	Rent - Buildings	-	-	-
21	642	Rent - Equipment	24,000	24,360	24,360
22	650	Transportation Expense	26,580	26,978	26,978
23	656	Insurance - Vehicle	-	-	-
24	657	Insurance - General Liability	6,003	6,093	6,093
25	658	Insurance - Workman's Compensation	872	885	885
26	659	Insurance - Other	-	-	-
27	660	Advertising Expense	-	-	-
28	666	Regulatory Commission Expense - Rate Case	-	50,750	50,750
29	667	Regulatory Expense - Other	-	-	-
30	668	Water Resource Conservation Expense	-	-	-
31	670	Bad Debt Expense	7,688	7,688	14,322
32	675	Miscellaneous Expense	62,186	62,511	62,511
33	403	Depreciation Expense	257,284	245,585	245,585
34	408	Taxes Other Than Income	18,080	19,638	19,638
35	408.11	Property Taxes	81,484	60,348	77,703
36	409	Income Tax	-	510	386,399
37	**Total Operating Expenses**		$ 1,213,490	$ 1,266,591	$ 1,676,468
38	**Operating Income**		$ 46,939	$ (6,162)	$ 671,418
39	**Other Income (Expense)**				
40	419	Interest and Dividend Income	$ 5,436	$ 5,436	$ 5,436
41	421	Non-Utility Income	-	-	-
42	426	Miscellaneous Non-Utility Expenses	(4,161)	-	-
43	427	Interest Expense	-	-	-
44	**Total Other Income (Expense)**		$ 1,275	$ 5,436	$ 5,436
45	**Net Income (Loss)**		$ 48,214	$ (727)	$ 676,854
46					
47	Supporting Schedules:				Recap Schedules:
48	E-2				A-2
49					

New River Utility Company
Test Year Ended December 31, 2011
Projected Changes In Financial Position - Present and Proposed Rates

Exhibit: RLJ-DT2
Schedule F-2
Page 1
Witness: Jones

Line No.		Test Year Ended 12/31/2011	At Present Rates Year Ended 12/31/2012	At Proposed Rates Year Ended 12/31/2012
1	Source of Funds			
2	Cash Flow from Operations:			
3	Net Income	$ 48,214	$ (727)	$ 676,854
4	Adjustments to reconcile net income to net cash			
5	403 Depreciation and Amortization	257,284	245,585	245,585
6	281 Deferred Income Tax	-		
7	Other Adjustments	3,213		
8	Changes in Assets & Liabilities			
9	141 Customer Accounts Receivable	(2,560)		
10	146 Notes/Receivables from Associated Companies	(296,066)		
11	151 Plant Materials and Supplies	-		
12	162 Prepayments	-		
13	174 Miscellaneous Current and Accrued Assets	-		
14	183 Special Deposits	-		
15	186 Deferred Debits	-		
16	231 Accounts Payable	(2,390)		
17	232 Notes Payable	-		
18	234 Payable to Associated Companies	-		
19	235 Customer Deposits	22,784		
20	236 Accrued Taxes	7,559		
21	237 Accrued Interest	-		
22	241 Miscellaneous Current Liabilities	-		
23	Total From Operations	$ 38,038	$ 244,859	$ 922,439
24				
25	Cash Flow from Financing:			
26	221 Bonds	-		
27	224 Long-Term Debt	-	-	-
28	252 Advances in Aid of Construction	-		
29	271 Contributions in Aid of Construction	-	-	-
30	211 Paid in Capital	-		
31	Total From Financing	$ -	$ -	$ -
32				
33	Application of Funds			
34	Cash Flow from Investing Activities			
35	Capital Expenditures	(42,586)	(25,000)	(25,000)
36	Dividends Paid	-	-	-
37	Other	-	-	-
38	Total From Investing Activities	$ (42,586)	$ (25,000)	$ (25,000)
39				
40	Net Increase/(Decrease) in Cash	$ (4,548)	$ 219,859	$ 897,439
41				
42	Cash, Beginning of Year	$ 47,390	$ 42,842	$ 42,842
43	Cash, End of Year	$ 42,842	$ 262,701	$ 940,281
44				
45				
46	Supporting Schedules:			Recap Schedules:
47	E-3			A-5
48	F-3			
49				

New River Utility Company
Test Year Ended December 31, 2011
Projected Construction Requirements

Exhibit: RLJ-DT2
Schedule F-3
Page 1
Witness: Jones

Line No.	Property Classification	Actual Test Year 12/31/2011	Projected Thru 12/31/2012	Projected Thru 12/31/2013	Projected Thru 12/31/2014
5	Intangible Plant	$ -			
7	Source of Supply and Pumping Plant	-		150,000	150,000
9	Water Treatment Plant	1,660			
11	Transmission and Distribution Plant	12,713	20,000	20,000	20,000
13	General Plant	28,213	5,000	5,000	5,000
15	Total Plant	$ 42,586	$ 25,000	$ 175,000	$ 175,000

18 Workpapers:

Recap Schedules:
F-2 A-4

New River Utility Company
Test Year Ended December 31, 2011
Assumptions Used in Developing Projection

Exhibit: RLJ-DT2
Schedule F-4
Page 1
Witness: Jones

Line No.	
1	
2	No Customer Growth
3	
4	No Change in Per Customer Consumption
5	
6	Per Test Year Adjustments
7	
8	Salaries and Pensions increase by 3.0%
9	
10	All other expenses increased by 1.5%
11	
12	Supporting Schedules: Recap Schedules:
13	
14	

New River Utility Company
Test Year Ended December 31, 2011
Summary of Revenues by Customer Classification - Present and Proposed Rates

Exhibit: RLJ-DT2
Schedule H-1
Page 1
Witness: Jones

Line No.	Customer Classification	Revenues in the Test Year: Present Rates	Revenues in the Test Year: Proposed Rates	Proposed Increase: Amount	Proposed Increase: %
1					
2	Metered Water Revenue				
3	All Customers	1,234,480	2,322,277	1,087,797	88.12%
4					
5	Other Water Revenue	25,727	25,727	-	0.00%
6					
7	Total Water Revenues	$ 1,260,208	$ 2,348,005	$ 1,087,797	86.32%
8					
9	Reconciliation				
10	Bill Count Revenue	$ 1,260,208			
11	Water Revenues per G.L.	1,260,429			
12	Unreconciled Difference	$ (221)			
13	Percentage Difference	-0.02%			
14					
15					
16	Supporting Schedules:				Recap Schedules:
17	H-2				A-1
18					

New River Utility Company
Test Year Ended December 31, 2011
Analysis of Revenue by Detailed Class

Exhibit: RLJ-DT2
Schedule H-2
Page 1
Witness: Jones

Line No.	Description	Average Number Customers	Average Consumption	Revenues Present Rates	Revenues Proposed Rates	Proposed Increase Amount	Proposed Increase %
1							
5	Metered Water Revenue						
6	R1 - 5/8" x 3/4" Meter	2,240	11,183	$ 584,840	$ 1,066,503	$ 481,663	82.36%
7	R2 - 3/4" Meter	3	41,194	2,524	5,007	2,483	98.35%
8	R3 - 1" Meter	546	16,126	$ 265,658	$ 517,413	251,755	94.77%
9	R4 - 1.5" Meter	11	43,727	13,801	26,535	12,734	92.27%
10	R5 - 2" Meter	114	211,650	313,479	604,118	290,639	92.71%
11	R6 - 3" Meter	6	336,106	21,683	41,765	20,083	92.62%
12	R7 - 4" Meter						
13	R8 - 6" Meter	2	146,875	14,496	27,336	12,840	88.58%
15	R9 - 8" Meter	2	-	18,000	33,600	15,600	86.67%
16	Standpipe						
26	**Totals:**						
30	Metered Water Revenue						
31	All Customers	2,924	196,211	1,234,480	2,322,277	1,087,797	88.12%
36							
37	Other Water Revenue			$ 25,727	$ 25,727	-	0.00%
38							
39	Total	2,924		$ 1,260,208	$ 2,348,005	$ 1,087,797	86.32%
40							
41	Supporting Schedules:					Recap Schedules:	
42						H-1	
43							

New River Utility Company
Test Year Ended December 31, 2011
Analysis of Revenue by Detailed Class

Exhibit: RLJ-DT2
Schedule H-2
Page 2
Witness: Jones

Supplemental Schedule
Breakdown of Metered Water Revenue at Current Rates
By Rate Components

Line No.	Description	Revenue at Current Rates: Base Charge	1st Tier	2nd Tier	3rd Tier	Total Revenue
1						
2	R1 - 5/8" x 3/4" Meter	$ 201,578	$ 269,186	$ 55,492	$ 58,584	$ 584,840
3	R2 - 3/4" Meter	270	287	160	1,808	2,524
4	R3 - 1" Meter	122,944	71,176	19,169	52,370	265,658
5	R4 - 1.5" Meter	4,950	1,028	291	7,531	13,801
6	R5 - 2" Meter	81,900	14,486	7,126	209,967	313,479
7	R6 - 3" Meter	8,760	654	304	11,965	21,683
8	R7 - 4" Meter					
9	R8 - 6" Meter	9,000	346	202	4,949	14,496
10	R9 - 8" Meter	18,000	-	-	-	18,000
11	Standpipe					-
12						
22	Total Revenue	$ 447,401	$ 357,163	$ 82,743	$ 347,173	$ 1,234,480
23						
24	Percentage of Total	36.24%	28.93%	6.70%	28.12%	100.00%
25						

New River Utility Company
Test Year Ended December 31, 2011
Analysis of Revenue by Detailed Class

Exhibit: RLJ-DT2
Schedule H-2
Page 3
Witness: Jones

Supplemental Schedule
Breakdown of Metered Water Revenue at Proposed Rates
By Rate Components

Line No.	Description	Revenue at Proposed Rates: Base Charge	1st Tier	2nd Tier	3rd Tier	Total Revenue
1						
2	R1 - 5/8" x 3/4" Meter	$ 376,278	$ 108,429	$ 268,864	$ 312,931	$ 1,066,503
3	R2 - 3/4" Meter	504	88	310	4,106	5,007
4	R3 - 1" Meter	229,495	-	209,883	78,035	517,413
5	R4 - 1.5" Meter	9,240	-	4,892	12,403	26,535
6	R5 - 2" Meter	152,880	-	98,262	352,976	604,118
7	R6 - 3" Meter	16,352	-	3,973	21,440	41,765
8	R7 - 4" Meter					
9	R8 - 6" Meter	16,800	-	3,096	7,440	27,336
10	R9 - 8" Meter	33,600	-	-	-	33,600
11	Standpipe					-
12						-
22	Total Revenue	$ 835,149	$ 108,517	$ 589,280	$ 789,331	$ 2,322,277
23						
24	Percentage of Total Revenue	35.96%	4.67%	25.38%	33.99%	100.00%
25						
26	Percentage Increase by Tier	86.67%	-69.62%	612.18%	127.36%	88.12%
27						

New River Utility Company
Test Year Ended December 31, 2011
Changes in Representative Rate Schedules

Exhibit: RLJ-DT2
Schedule H-3
Page 1
Witness: Jones

Line No.	General Water Service Rates		Present Rate Tiers (gallons)	Proposed Rate Tiers (gallons)	Base Charge Present Rate	Base Charge Proposed Rate	Base Charge Change	Volume Charge Present Rate	Volume Charge Proposed Rate	Volume Charge Change
1										
2										
3	Description									
4										
5	R1 - 5/8" x 3/4" Meter	Tier 1	12,000	4,000	$ 7.50	$ 14.00	$ 6.50	$ 1.20	$ 1.10	$ (0.10)
6		Tier 2	18,000	10,000				$ 1.40	$ 2.58	$ 1.18
7		Tier 3	999,999,000	999,999,000				$ 1.60	$ 3.20	$ 1.60
8	R2 - 3/4" Meter	Tier 1	12,000	4,000	$ 7.50	$ 14.00	$ 6.50	$ 1.20	$ 1.10	$ (0.10)
9		Tier 2	18,000	10,000				$ 1.40	$ 2.58	$ 1.18
10		Tier 3	999,999,000	999,999,000				$ 1.60	$ 3.20	$ 1.60
11	R3 - 1" Meter	Tier 1	12,000	-	$ 18.75	$ 35.00	$ 16.25	$ 1.20	$ 1.10	$ (0.10)
12		Tier 2	18,000	25,000				$ 1.40	$ 2.58	$ 1.18
13		Tier 3	999,999,000	999,999,000				$ 1.60	$ 3.20	$ 1.60
14	R4 - 1.5" Meter	Tier 1	12,000	-	$ 37.50	$ 70.00	$ 32.50	$ 1.20	$ 1.10	$ (0.10)
15		Tier 2	18,000	50,000				$ 1.40	$ 2.58	$ 1.18
16		Tier 3	999,999,000	999,999,000				$ 1.60	$ 3.20	$ 1.60
17	R5 - 2" Meter	Tier 1	12,000	-	$ 60.00	$ 112.00	$ 52.00	$ 1.20	$ 1.10	$ (0.10)
18		Tier 2	18,000	50,000				$ 1.40	$ 2.58	$ 1.18
19		Tier 3	999,999,000	999,999,000				$ 1.60	$ 3.20	$ 1.60
20	R6 - 3" Meter	Tier 1	12,000	-	$ 120.00	$ 224.00	$ 104.00	$ 1.20	$ 1.10	$ (0.10)
21		Tier 2	18,000	50,000				$ 1.40	$ 2.58	$ 1.18
22		Tier 3	999,999,000	999,999,000				$ 1.60	$ 3.20	$ 1.60
23	R7 - 4" Meter	Tier 1	12,000	-	$ 190.00	$ 350.00	$ 160.00	$ 1.20	$ 1.10	$ (0.10)
24		Tier 2	18,000	50,000				$ 1.40	$ 2.58	$ 1.18
25		Tier 3	999,999,000	999,999,000				$ 1.60	$ 3.20	$ 1.60
26	R8 - 6" Meter	Tier 1	12,000	-	$ 375.00	$ 700.00	$ 325.00	$ 1.20	$ 1.10	$ (0.10)
27		Tier 2	18,000	50,000				$ 1.40	$ 2.58	$ 1.18
28		Tier 3	999,999,000	999,999,000				$ 1.60	$ 3.20	$ 1.60
29	R9 - 8" Meter	Tier 1	12,000	-	$ 750.00	$ 1,400.00	$ 650.00	$ 1.20	$ 1.10	$ (0.10)
30		Tier 2	18,000	50,000				$ 1.40	$ 2.58	$ 1.18
31		Tier 3	999,999,000	999,999,000				$ 1.60	$ 3.20	$ 1.60
32	Standpipe	Tier 3	999,999,000	999,999,000		By Meter Size		$ 1.60	$ 3.20	$ 1.60
33										
34	**Monthly Service Charge for Fire Sprinkler**									
35			Present	Proposed						
36			Rates	Rates						
37	All Meter Sizes		*	**						
38										
39	* Greater of $5.00 or 1 percent of the general service rate for a similar size meter									
40	** Greater of $10.00 or 2 percent of the general service rate for a similar size meter									
41										

New River Utility Company
Test Year Ended December 31, 2011
Changes in Representative Rate Schedules

Exhibit: RLJ-DT2
Schedule H-3
Page 2
Witness: Jones

Line No.	Other Service Charges	Present Rates	Proposed Rates
1			
2			
3	Establishment	$ 25.00	$ 30.00
4	Establishment (After Hours)	$ 35.00	n/t
5	Reconnection (Delinquent)	$ 35.00	$ 40.00
6	After Hours Charge	n/t	$ 25.00
7	Meter Test (If correct)	$ 40.00	$ 40.00
8	Deposit Requirement (Residential)	2 times the average bill	2 times the average bill
9	Deposit Requirement (None Residential Meter)	2-1/2 times the average bill	2-1/2 times the average bill
10	Deposit Interest	6.0%	6.0%
11	Re-Establishment (Within 12 Months)	Number of Months off system times the monthly minimum bill	Number of Months off system times the monthly minimum bill
12	NSF Check	$ 15.00	$ 30.00
13	Deferred Payment, Per Month	1.5%	1.5%
14	Meter Re-Read (If correct)	$ 20.00	$ 30.00
15	Moving Customer Meter at Customer Request	Cost	Cost
16	Late Charge per month	1.50%	1.50%
17			
18	In addition to the collection of regular rates, the utility will collect from its		
19	customers a proportionate share of any privilege, sales, use, and franchise tax,		
20	per Commission rule A.A.C. 14-2-409(D)(5).		
21			
22	All items billed at cost shall include labor, materials and parts, overheads and all applicable taxes.		
23			
24	n/t - no tariff		
25			

26	Service Line and Meter Installation Charges	Present Rates			Proposed Rates		
27		Srv. Line	Meter	Total	Srv. Line	Meter	Total
28	5/8" x 3/4" Meter			$ 410	$ 445	$ 155	$ 600
29	3/4" Meter			$ 410	$ 445	$ 255	$ 700
30	1" Meter			$ 520	$ 495	$ 315	$ 810
31	1 1/2" Meter			$ 660	$ 550	$ 525	$ 1,075
32	2" Meter			$ 1,155	$ 830	$ 1,045	$ 1,875
33	2" Compound Meter			$ 1,720	$ 830	$ 1,890	$ 2,720
34	3" Meter			$ 1,625	$ 1,045	$ 1,670	$ 2,715
35	3" Compound Meter			$ 2,260	$ 1,165	$ 2,545	$ 3,710
36	4" Meter			$ 2,500	$ 1,490	$ 2,670	$ 4,160
37	4" Compound Meter			$ 3,200	$ 1,670	$ 3,645	$ 5,315
38	6" Meter			$ 4,500	$ 2,210	$ 5,025	$ 7,235
39	6" Compound Meter			$ 6,300	$ 2,330	$ 6,920	$ 9,250
40	8" Meter			$ 8,200	n/t	n/t	n/t
41	8" or Larger Meter			n/t	Cost	Cost	Cost
42							
43	All advances and/or contributions are to include labor, materials and parts, overheads and all applicable taxes,						
44	including gross-up taxes for Federal and State taxes, if applicable.						
45							
46	All items billed at cost shall include labor, materials and parts, overheads and all applicable taxes.						
47							
48	n/t - no tariff						
49							

New River Utility Company
Test Year Ended December 31, 2011
Typical Bill Analysis

Exhibit: RLJ-DT2
Schedule H-4
Witness: Jones

Meter Size: 5/8" x 3/4"
Rate Code: R1

Line No.	Rate Schedules			Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	**Present Rates:**			-	$ 7.50	$ 14.00	$ 6.50	86.67%
2	Base Charge:	$	7.50	1,000	$ 8.70	$ 15.10	$ 6.40	73.56%
3				2,000	$ 9.90	$ 16.20	$ 6.30	63.64%
4				3,000	$ 11.10	$ 17.30	$ 6.20	55.86%
5	Tier One Rate:	$	1.20	4,000	$ 12.30	$ 18.40	$ 6.10	49.59%
6	Tier Two Rate:	$	1.40	5,000	$ 13.50	$ 20.98	$ 7.48	55.41%
7	Tier Three Rate:	$	1.60	6,000	$ 14.70	$ 23.56	$ 8.86	60.27%
8				7,000	$ 15.90	$ 26.14	$ 10.24	64.40%
9	Tier One Breakover (M gal):		12	8,000	$ 17.10	$ 28.72	$ 11.62	67.95%
10	Tier Two Breakover (M gal):		18	9,000	$ 18.30	$ 31.30	$ 13.00	71.04%
11	Tier Three Breakover (M gal):		999,999	10,000	$ 19.50	$ 33.88	$ 14.38	73.74%
12				12,000	$ 21.90	$ 40.28	$ 18.38	83.93%
13				14,000	$ 24.70	$ 46.68	$ 21.98	88.99%
14	**Proposed Rates:**			16,000	$ 27.50	$ 53.08	$ 25.58	93.02%
15	Base Charge:	$	14.00	18,000	$ 30.30	$ 59.48	$ 29.18	96.30%
16				20,000	$ 33.50	$ 65.88	$ 32.38	96.66%
17				25,000	$ 41.50	$ 81.88	$ 40.38	97.30%
18	Tier One Rate:	$	1.10	30,000	$ 49.50	$ 97.88	$ 48.38	97.74%
19	Tier Two Rate:	$	2.58	35,000	$ 57.50	$ 113.88	$ 56.38	98.05%
20	Tier Three Rate:	$	3.20	40,000	$ 65.50	$ 129.88	$ 64.38	98.29%
21				45,000	$ 73.50	$ 145.88	$ 72.38	98.48%
22	Tier One Breakover (M gal):		4	50,000	$ 81.50	$ 161.88	$ 80.38	98.63%
23	Tier Two Breakover (M gal):		10	60,000	$ 97.50	$ 193.88	$ 96.38	98.85%
24	Tier Three Breakover (M gal):		999,999	70,000	$ 113.50	$ 225.88	$ 112.38	99.01%
25				80,000	$ 129.50	$ 257.88	$ 128.38	99.14%
26				90,000	$ 145.50	$ 289.88	$ 144.38	99.23%
27				100,000	$ 161.50	$ 321.88	$ 160.38	99.31%
28								
29				Average Usage				
30				11,183	$ 20.92	$ 37.67	$ 16.75	80.07%
31				Median Usage				
32				8,762	$ 18.01	$ 30.69	$ 12.68	70.41%
33								
34								

New River Utility Company
Test Year Ended December 31, 2011
Typical Bill Analysis

Exhibit: RLI-DT2
Schedule H-4
Witness: Jones

Meter Size: 3/4"
Rate Code: R2

Line No.	Rate Schedules			Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	**Present Rates:**			-	$ 7.50	$ 14.00	$ 6.50	86.67%
2	Base Charge:	$	7.50	1,000	$ 8.70	$ 15.10	$ 6.40	73.56%
3				2,000	$ 9.90	$ 16.20	$ 6.30	63.64%
4				3,000	$ 11.10	$ 17.30	$ 6.20	55.86%
5	Tier One Rate:	$	1.20	4,000	$ 12.30	$ 18.40	$ 6.10	49.59%
6	Tier Two Rate:	$	1.40	5,000	$ 13.50	$ 20.98	$ 7.48	55.41%
7	Tier Three Rate:	$	1.60	6,000	$ 14.70	$ 23.56	$ 8.86	60.27%
8				7,000	$ 15.90	$ 26.14	$ 10.24	64.40%
9	Tier One Breakover (M gal):		12	8,000	$ 17.10	$ 28.72	$ 11.62	67.95%
10	Tier Two Breakover (M gal):		18	9,000	$ 18.30	$ 31.30	$ 13.00	71.04%
11	Tier Three Breakover (M gal):		999,999	10,000	$ 19.50	$ 33.88	$ 14.38	73.74%
12				12,000	$ 21.90	$ 40.28	$ 18.38	83.93%
13				14,000	$ 24.70	$ 46.68	$ 21.98	88.99%
14	**Proposed Rates:**			16,000	$ 27.50	$ 53.08	$ 25.58	93.02%
15	Base Charge:	$	14.00	18,000	$ 30.30	$ 59.48	$ 29.18	96.30%
16				20,000	$ 33.50	$ 65.88	$ 32.38	96.66%
17				25,000	$ 41.50	$ 81.88	$ 40.38	97.30%
18	Tier One Rate:	$	1.10	30,000	$ 49.50	$ 97.88	$ 48.38	97.74%
19	Tier Two Rate:	$	2.58	35,000	$ 57.50	$ 113.88	$ 56.38	98.05%
20	Tier Three Rate:	$	3.20	40,000	$ 65.50	$ 129.88	$ 64.38	98.29%
21				45,000	$ 73.50	$ 145.88	$ 72.38	98.48%
22	Tier One Breakover (M gal):		4	50,000	$ 81.50	$ 161.88	$ 80.38	98.63%
23	Tier Two Breakover (M gal):		10	60,000	$ 97.50	$ 193.88	$ 96.38	98.85%
24	Tier Three Breakover (M gal):		999,999	70,000	$ 113.50	$ 225.88	$ 112.38	99.01%
25				80,000	$ 129.50	$ 257.88	$ 128.38	99.14%
26				90,000	$ 145.50	$ 289.88	$ 144.38	99.23%
27				100,000	$ 161.50	$ 321.88	$ 160.38	99.31%
28								
29				Average Usage				
30				41,194	$ 67.41	$ 133.70	$ 66.29	98.34%
31				Median Usage				
32				18,000	$ 30.30	$ 59.48	$ 29.18	96.30%
33								
34								

New River Utility Company
Test Year Ended December 31, 2011
Typical Bill Analysis

Exhibit: RLJ-DT2
Schedule H-4
Witness: Jones

Meter Size: 1"
Rate Code: R3

Line No.	Rate Schedules			Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	**Present Rates:**			-	$ 18.75	$ 35.00	$ 16.25	86.67%
2	Base Charge:	$	18.75	1,000	$ 19.95	$ 37.58	$ 17.63	88.37%
3				2,000	$ 21.15	$ 40.16	$ 19.01	89.88%
4				3,000	$ 22.35	$ 42.74	$ 20.39	91.23%
5	Tier One Rate:	$	1.20	4,000	$ 23.55	$ 45.32	$ 21.77	92.44%
6	Tier Two Rate:	$	1.40	5,000	$ 24.75	$ 47.90	$ 23.15	93.54%
7	Tier Three Rate:	$	1.60	6,000	$ 25.95	$ 50.48	$ 24.53	94.53%
8				7,000	$ 27.15	$ 53.06	$ 25.91	95.43%
9	Tier One Breakover (M gal):		12	8,000	$ 28.35	$ 55.64	$ 27.29	96.26%
10	Tier Two Breakover (M gal):		18	9,000	$ 29.55	$ 58.22	$ 28.67	97.02%
11	Tier Three Breakover (M gal):		999,999	10,000	$ 30.75	$ 60.80	$ 30.05	97.72%
12				12,000	$ 33.15	$ 65.96	$ 32.81	98.97%
13				14,000	$ 35.95	$ 71.12	$ 35.17	97.83%
14	**Proposed Rates:**			16,000	$ 38.75	$ 76.28	$ 37.53	96.85%
15	Base Charge:	$	35.00	18,000	$ 41.55	$ 81.44	$ 39.89	96.00%
16				20,000	$ 44.75	$ 86.60	$ 41.85	93.52%
17				25,000	$ 52.75	$ 99.50	$ 46.75	88.63%
18	Tier One Rate:	$	1.10	30,000	$ 60.75	$ 115.50	$ 54.75	90.12%
19	Tier Two Rate:	$	2.58	35,000	$ 68.75	$ 131.50	$ 62.75	91.27%
20	Tier Three Rate:	$	3.20	40,000	$ 76.75	$ 147.50	$ 70.75	92.18%
21				45,000	$ 84.75	$ 163.50	$ 78.75	92.92%
22	Tier One Breakover (M gal):		-	50,000	$ 92.75	$ 179.50	$ 86.75	93.53%
23	Tier Two Breakover (M gal):		25	60,000	$ 108.75	$ 211.50	$ 102.75	94.48%
24	Tier Three Breakover (M gal):		999,999	70,000	$ 124.75	$ 243.50	$ 118.75	95.19%
25				80,000	$ 140.75	$ 275.50	$ 134.75	95.74%
26				90,000	$ 156.75	$ 307.50	$ 150.75	96.17%
27				100,000	$ 172.75	$ 339.50	$ 166.75	96.53%
28								
29				Average Usage				
30				16,126	$ 38.93	$ 76.61	$ 37.68	96.79%
31				Median Usage				
32				10,505	$ 31.36	$ 62.10	$ 30.74	98.02%
33								
34								

New River Utility Company
Test Year Ended December 31, 2011
Typical Bill Analysis

Exhibit: RLJ-DT2
Schedule H-4
Witness: Jones

Meter Size: 1-1/2"
Rate Code: R4

Line No.	Rate Schedules			Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	**Present Rates:**			-	$ 37.50	$ 70.00	$ 32.50	86.67%
2	Base Charge:	$	37.50	1,000	$ 38.70	$ 72.58	$ 33.88	87.55%
3				2,000	$ 39.90	$ 75.16	$ 35.26	88.37%
4				3,000	$ 41.10	$ 77.74	$ 36.64	89.15%
5	Tier One Rate:	$	1.20	4,000	$ 42.30	$ 80.32	$ 38.02	89.88%
6	Tier Two Rate:	$	1.40	5,000	$ 43.50	$ 82.90	$ 39.40	90.57%
7	Tier Three Rate:	$	1.60	6,000	$ 44.70	$ 85.48	$ 40.78	91.23%
8				7,000	$ 45.90	$ 88.06	$ 42.16	91.85%
9	Tier One Breakover (M gal):		12	8,000	$ 47.10	$ 90.64	$ 43.54	92.44%
10	Tier Two Breakover (M gal):		18	9,000	$ 48.30	$ 93.22	$ 44.92	93.00%
11	Tier Three Breakover (M gal):		999,999	10,000	$ 49.50	$ 95.80	$ 46.30	93.54%
12				12,000	$ 51.90	$ 100.96	$ 49.06	94.53%
13				14,000	$ 54.70	$ 106.12	$ 51.42	94.00%
14	**Proposed Rates:**			16,000	$ 57.50	$ 111.28	$ 53.78	93.53%
15	Base Charge:	$	70.00	18,000	$ 60.30	$ 116.44	$ 56.14	93.10%
16				20,000	$ 63.50	$ 121.60	$ 58.10	91.50%
17				25,000	$ 71.50	$ 134.50	$ 63.00	88.11%
18	Tier One Rate:	$	1.10	30,000	$ 79.50	$ 147.40	$ 67.90	85.41%
19	Tier Two Rate:	$	2.58	35,000	$ 87.50	$ 160.30	$ 72.80	83.20%
20	Tier Three Rate:	$	3.20	40,000	$ 95.50	$ 173.20	$ 77.70	81.36%
21				45,000	$ 103.50	$ 186.10	$ 82.60	79.81%
22	Tier One Breakover (M gal):		-	50,000	$ 111.50	$ 199.00	$ 87.50	78.48%
23	Tier Two Breakover (M gal):		50	60,000	$ 127.50	$ 231.00	$ 103.50	81.18%
24	Tier Three Breakover (M gal):		999,999	70,000	$ 143.50	$ 263.00	$ 119.50	83.28%
25				80,000	$ 159.50	$ 295.00	$ 135.50	84.95%
26				90,000	$ 175.50	$ 327.00	$ 151.50	86.32%
27				100,000	$ 191.50	$ 359.00	$ 167.50	87.47%
28								
29				Average Usage				
30				43,727	$ 101.46	$ 182.82	$ 81.36	80.19%
31				Median Usage				
32				4,833	$ 43.30	$ 82.47	$ 39.17	90.46%
33								
34								

New River Utility Company
Test Year Ended December 31, 2011
Typical Bill Analysis

Exhibit: RLJ-DT2
Schedule H-4
Witness: Jones

Meter Size: 2"
Rate Code: R5

Line No.	Rate Schedules			Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	**Present Rates:**			-	$ 60.00	$ 112.00	$ 52.00	86.67%
2	Base Charge:	$	60.00	1,000	$ 61.20	$ 114.58	$ 53.38	87.22%
3				2,000	$ 62.40	$ 117.16	$ 54.76	87.76%
4				3,000	$ 63.60	$ 119.74	$ 56.14	88.27%
5	Tier One Rate:	$	1.20	4,000	$ 64.80	$ 122.32	$ 57.52	88.77%
6	Tier Two Rate:	$	1.40	5,000	$ 66.00	$ 124.90	$ 58.90	89.24%
7	Tier Three Rate:	$	1.60	6,000	$ 67.20	$ 127.48	$ 60.28	89.70%
8				7,000	$ 68.40	$ 130.06	$ 61.66	90.15%
9	Tier One Breakover (M gal):		12	8,000	$ 69.60	$ 132.64	$ 63.04	90.57%
10	Tier Two Breakover (M gal):		18	9,000	$ 70.80	$ 135.22	$ 64.42	90.99%
11	Tier Three Breakover (M gal):		999,999	10,000	$ 72.00	$ 137.80	$ 65.80	91.39%
12				12,000	$ 74.40	$ 142.96	$ 68.56	92.15%
13				14,000	$ 77.20	$ 148.12	$ 70.92	91.87%
14	**Proposed Rates:**			16,000	$ 80.00	$ 153.28	$ 73.28	91.60%
15	Base Charge:	$	112.00	18,000	$ 82.80	$ 158.44	$ 75.64	91.35%
16				20,000	$ 86.00	$ 163.60	$ 77.60	90.23%
17				25,000	$ 94.00	$ 176.50	$ 82.50	87.77%
18	Tier One Rate:	$	1.10	30,000	$ 102.00	$ 189.40	$ 87.40	85.69%
19	Tier Two Rate:	$	2.58	35,000	$ 110.00	$ 202.30	$ 92.30	83.91%
20	Tier Three Rate:	$	3.20	40,000	$ 118.00	$ 215.20	$ 97.20	82.37%
21				45,000	$ 126.00	$ 228.10	$ 102.10	81.03%
22	Tier One Breakover (M gal):		-	50,000	$ 134.00	$ 241.00	$ 107.00	79.85%
23	Tier Two Breakover (M gal):		50	60,000	$ 150.00	$ 273.00	$ 123.00	82.00%
24	Tier Three Breakover (M gal):		999,999	70,000	$ 166.00	$ 305.00	$ 139.00	83.73%
25				80,000	$ 182.00	$ 337.00	$ 155.00	85.16%
26				90,000	$ 198.00	$ 369.00	$ 171.00	86.36%
27				100,000	$ 214.00	$ 401.00	$ 187.00	87.38%
28								
29				*Average Usage*				
30				108,750	$ 228.00	$ 429.00	$ 201.00	88.16%
31				Median Usage				
32				28,556	$ 99.69	$ 185.67	$ 85.98	86.25%
33								
34								

New River Utility Company
Test Year Ended December 31, 2011
Typical Bill Analysis

Exhibit: RLJ-DT2
Schedule H-4
Witness: Jones

Meter Size: 2" (Hand Billed)
Rate Code: RS

Line No.	Rate Schedules			Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	**Present Rates:**			-	$ 60.00	$ 112.00	$ 52.00	86.67%
2	Base Charge:	$	60.00	1,000	$ 61.20	$ 114.58	$ 53.38	87.22%
3				2,000	$ 62.40	$ 117.16	$ 54.76	87.76%
4				3,000	$ 63.60	$ 119.74	$ 56.14	88.27%
5	Tier One Rate:	$	1.20	4,000	$ 64.80	$ 122.32	$ 57.52	88.77%
6	Tier Two Rate:	$	1.40	5,000	$ 66.00	$ 124.90	$ 58.90	89.24%
7	Tier Three Rate:	$	1.60	6,000	$ 67.20	$ 127.48	$ 60.28	89.70%
8				7,000	$ 68.40	$ 130.06	$ 61.66	90.15%
9	Tier One Breakover (M gal):		12	8,000	$ 69.60	$ 132.64	$ 63.04	90.57%
10	Tier Two Breakover (M gal):		18	9,000	$ 70.80	$ 135.22	$ 64.42	90.99%
11	Tier Three Breakover (M gal):		999,999	10,000	$ 72.00	$ 137.80	$ 65.80	91.39%
12				12,000	$ 74.40	$ 142.96	$ 68.56	92.15%
13				14,000	$ 77.20	$ 148.12	$ 70.92	91.87%
14	**Proposed Rates:**			16,000	$ 80.00	$ 153.28	$ 73.28	91.60%
15	Base Charge:	$	112.00	18,000	$ 82.80	$ 158.44	$ 75.64	91.35%
16				20,000	$ 86.00	$ 163.60	$ 77.60	90.23%
17				25,000	$ 94.00	$ 176.50	$ 82.50	87.77%
18	Tier One Rate:	$	1.10	30,000	$ 102.00	$ 189.40	$ 87.40	85.69%
19	Tier Two Rate:	$	2.58	35,000	$ 110.00	$ 202.30	$ 92.30	83.91%
20	Tier Three Rate:	$	3.20	40,000	$ 118.00	$ 215.20	$ 97.20	82.37%
21				45,000	$ 126.00	$ 228.10	$ 102.10	81.03%
22	Tier One Breakover (M gal):		-	50,000	$ 134.00	$ 241.00	$ 107.00	79.85%
23	Tier Two Breakover (M gal):		50	60,000	$ 150.00	$ 273.00	$ 123.00	82.00%
24	Tier Three Breakover (M gal):		999,999	70,000	$ 166.00	$ 305.00	$ 139.00	83.73%
25				80,000	$ 182.00	$ 337.00	$ 155.00	85.16%
26				90,000	$ 198.00	$ 369.00	$ 171.00	86.36%
27				100,000	$ 214.00	$ 401.00	$ 187.00	87.38%
28								
29				Average Usage				
30				102,900	$ 218.64	$ 410.28	$ 191.64	87.65%
31				Median Usage				
32				62,000	$ 153.20	$ 279.40	$ 126.20	82.38%
33								
34								

New River Utility Company
Test Year Ended December 31, 2011
Typical Bill Analysis

Exhibit: RLJ-DT2
Schedule H-4
Witness: Jones

Meter Size: 3"
Rate Code: R6

Line No.	Rate Schedules		Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	**Present Rates:**		-	$ 120.00	$ 224.00	$ 104.00	86.67%
2	Base Charge:	$ 120.00	1,000	$ 121.20	$ 226.58	$ 105.38	86.95%
3			2,000	$ 122.40	$ 229.16	$ 106.76	87.22%
4			3,000	$ 123.60	$ 231.74	$ 108.14	87.49%
5	Tier One Rate:	$ 1.20	4,000	$ 124.80	$ 234.32	$ 109.52	87.76%
6	Tier Two Rate:	$ 1.40	5,000	$ 126.00	$ 236.90	$ 110.90	88.02%
7	Tier Three Rate:	$ 1.60	6,000	$ 127.20	$ 239.48	$ 112.28	88.27%
8			7,000	$ 128.40	$ 242.06	$ 113.66	88.52%
9	Tier One Breakover (M gal):	12	8,000	$ 129.60	$ 244.64	$ 115.04	88.77%
10	Tier Two Breakover (M gal):	18	9,000	$ 130.80	$ 247.22	$ 116.42	89.01%
11	Tier Three Breakover (M gal):	999,999	10,000	$ 132.00	$ 249.80	$ 117.80	89.24%
12			12,000	$ 134.40	$ 254.96	$ 120.56	89.70%
13			14,000	$ 137.20	$ 260.12	$ 122.92	89.59%
14	**Proposed Rates:**		16,000	$ 140.00	$ 265.28	$ 125.28	89.49%
15	Base Charge:	$ 224.00	18,000	$ 142.80	$ 270.44	$ 127.64	89.38%
16			20,000	$ 146.00	$ 275.60	$ 129.60	88.77%
17			25,000	$ 154.00	$ 288.50	$ 134.50	87.34%
18	Tier One Rate:	$ 1.10	30,000	$ 162.00	$ 301.40	$ 139.40	86.05%
19	Tier Two Rate:	$ 2.58	35,000	$ 170.00	$ 314.30	$ 144.30	84.88%
20	Tier Three Rate:	$ 3.20	40,000	$ 178.00	$ 327.20	$ 149.20	83.82%
21			45,000	$ 186.00	$ 340.10	$ 154.10	82.85%
22	Tier One Breakover (M gal):	-	50,000	$ 194.00	$ 353.00	$ 159.00	81.96%
23	Tier Two Breakover (M gal):	50	60,000	$ 210.00	$ 385.00	$ 175.00	83.33%
24	Tier Three Breakover (M gal):	999,999	70,000	$ 226.00	$ 417.00	$ 191.00	84.51%
25			80,000	$ 242.00	$ 449.00	$ 207.00	85.54%
26			90,000	$ 258.00	$ 481.00	$ 223.00	86.43%
27			100,000	$ 274.00	$ 513.00	$ 239.00	87.23%

New River Utility Company
Test Year Ended December 31, 2011
Typical Bill Analysis

Exhibit: RLJ-DT2
Schedule H-4
Witness: Jones

Meter Size: 3" (Hand Billed)
Rate Code: R6

Line No.	Rate Schedules			Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	**Present Rates:**			-	$ 120.00	$ 224.00	$ 104.00	86.67%
2	Base Charge:	$	120.00	1,000	$ 121.20	$ 226.58	$ 105.38	86.95%
3				2,000	$ 122.40	$ 229.16	$ 106.76	87.22%
4				3,000	$ 123.60	$ 231.74	$ 108.14	87.49%
5	Tier One Rate:	$	1.20	4,000	$ 124.80	$ 234.32	$ 109.52	87.76%
6	Tier Two Rate:	$	1.40	5,000	$ 126.00	$ 236.90	$ 110.90	88.02%
7	Tier Three Rate:	$	1.60	6,000	$ 127.20	$ 239.48	$ 112.28	88.27%
8				7,000	$ 128.40	$ 242.06	$ 113.66	88.52%
9	Tier One Breakover (M gal):		12	8,000	$ 129.60	$ 244.64	$ 115.04	88.77%
10	Tier Two Breakover (M gal):		18	9,000	$ 130.80	$ 247.22	$ 116.42	89.01%
11	Tier Three Breakover (M gal):		999,999	10,000	$ 132.00	$ 249.80	$ 117.80	89.24%
12				12,000	$ 134.40	$ 254.96	$ 120.56	89.70%
13				14,000	$ 137.20	$ 260.12	$ 122.92	89.59%
14	**Proposed Rates:**			16,000	$ 140.00	$ 265.28	$ 125.28	89.49%
15	Base Charge:	$	224.00	18,000	$ 142.80	$ 270.44	$ 127.64	89.38%
16				20,000	$ 146.00	$ 275.60	$ 129.60	88.77%
17				25,000	$ 154.00	$ 288.50	$ 134.50	87.34%
18	Tier One Rate:	$	1.20	30,000	$ 162.00	$ 301.40	$ 139.40	86.05%
19	Tier Two Rate:	$	2.58	35,000	$ 170.00	$ 314.30	$ 144.30	84.88%
20	Tier Three Rate:	$	3.20	40,000	$ 178.00	$ 327.20	$ 149.20	83.82%
21				45,000	$ 186.00	$ 340.10	$ 154.10	82.85%
22	Tier One Breakover (M gal):		-	50,000	$ 194.00	$ 353.00	$ 159.00	81.96%
23	Tier Two Breakover (M gal):		50	60,000	$ 210.00	$ 385.00	$ 175.00	83.33%
24	Tier Three Breakover (M gal):		999,999	70,000	$ 226.00	$ 417.00	$ 191.00	84.51%
25				80,000	$ 242.00	$ 449.00	$ 207.00	85.54%
26				90,000	$ 258.00	$ 481.00	$ 223.00	86.43%
27				100,000	$ 274.00	$ 513.00	$ 239.00	87.23%
28								
29				Average Usage				
30				329,167	$ 640.67	$ 1,246.33	$ 605.66	94.54%
31				Median Usage				
32				206,000	$ 443.60	$ 852.20	$ 408.60	92.11%
33								
34								

New River Utility Company
Test Year Ended December 31, 2011
Typical Bill Analysis

Exhibit: RLJ-DT2
Schedule H-4
Witness: Jones

Meter Size: 6"
Rate Code: R8

Line No.	Rate Schedules			Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	**Present Rates:**			-	$ 375.00	$ 700.00	$ 325.00	86.67%
2	Base Charge:	$	375.00	1,000	$ 376.20	$ 702.58	$ 326.38	86.76%
3				2,000	$ 377.40	$ 705.16	$ 327.76	86.85%
4				3,000	$ 378.60	$ 707.74	$ 329.14	86.94%
5	Tier One Rate:	$	1.20	4,000	$ 379.80	$ 710.32	$ 330.52	87.02%
6	Tier Two Rate:	$	1.40	5,000	$ 381.00	$ 712.90	$ 331.90	87.11%
7	Tier Three Rate:	$	1.60	6,000	$ 382.20	$ 715.48	$ 333.28	87.20%
8				7,000	$ 383.40	$ 718.06	$ 334.66	87.29%
9	Tier One Breakover (M gal):		12	8,000	$ 384.60	$ 720.64	$ 336.04	87.37%
10	Tier Two Breakover (M gal):		18	9,000	$ 385.80	$ 723.22	$ 337.42	87.46%
11	Tier Three Breakover (M gal):		999,999	10,000	$ 387.00	$ 725.80	$ 338.80	87.55%
12				12,000	$ 389.40	$ 730.96	$ 341.56	87.71%
13				14,000	$ 392.20	$ 736.12	$ 343.92	87.69%
14	**Proposed Rates:**			16,000	$ 395.00	$ 741.28	$ 346.28	87.67%
15	Base Charge:	$	700.00	18,000	$ 397.80	$ 746.44	$ 348.64	87.64%
16				20,000	$ 401.00	$ 751.60	$ 350.60	87.43%
17				25,000	$ 409.00	$ 764.50	$ 355.50	86.92%
18	Tier One Rate:	$	1.10	30,000	$ 417.00	$ 777.40	$ 360.40	86.43%
19	Tier Two Rate:	$	2.58	35,000	$ 425.00	$ 790.30	$ 365.30	85.95%
20	Tier Three Rate:	$	3.20	40,000	$ 433.00	$ 803.20	$ 370.20	85.50%
21				45,000	$ 441.00	$ 816.10	$ 375.10	85.06%
22	Tier One Breakover (M gal):		-	50,000	$ 449.00	$ 829.00	$ 380.00	84.63%
23	Tier Two Breakover (M gal):		50	60,000	$ 465.00	$ 861.00	$ 396.00	85.16%
24	Tier Three Breakover (M gal):		999,999	70,000	$ 481.00	$ 893.00	$ 412.00	85.65%
25				80,000	$ 497.00	$ 925.00	$ 428.00	86.12%
26				90,000	$ 513.00	$ 957.00	$ 444.00	86.55%
27				100,000	$ 529.00	$ 989.00	$ 460.00	86.96%
28								
29				Average Usage				
30				146,875	$ 604.00	$ 1,139.00	$ 535.00	88.58%
31				Median Usage				
32				140,000	$ 593.00	$ 1,117.00	$ 524.00	88.36%
33								
34								

New River Utility Company
Test Year Ended December 31, 2011
Typical Bill Analysis

Exhibit: RLJ-DT2
Schedule H-4
Witness: Jones

Meter Size: 8" (Hand Billed)
Rate Code: R9

Line No.	Rate Schedules		Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	**Present Rates:**		-	$ 750.00	$ 1,400.00	$ 650.00	86.67%
2	Base Charge:	$ 750.00	1,000	$ 751.20	$ 1,402.58	$ 651.38	86.71%
3			2,000	$ 752.40	$ 1,405.16	$ 652.76	86.76%
4			3,000	$ 753.60	$ 1,407.74	$ 654.14	86.80%
5	Tier One Rate:	$ 1.20	4,000	$ 754.80	$ 1,410.32	$ 655.52	86.85%
6	Tier Two Rate:	$ 1.40	5,000	$ 756.00	$ 1,412.90	$ 656.90	86.89%
7	Tier Three Rate:	$ 1.60	6,000	$ 757.20	$ 1,415.48	$ 658.28	86.94%
8			7,000	$ 758.40	$ 1,418.06	$ 659.66	86.98%
9	Tier One Breakover (M gal):	12	8,000	$ 759.60	$ 1,420.64	$ 661.04	87.02%
10	Tier Two Breakover (M gal):	18	9,000	$ 760.80	$ 1,423.22	$ 662.42	87.07%
11	Tier Three Breakover (M gal):	999,999	10,000	$ 762.00	$ 1,425.80	$ 663.80	87.11%
12			12,000	$ 764.40	$ 1,430.96	$ 666.56	87.20%
13			14,000	$ 767.20	$ 1,436.12	$ 668.92	87.19%
14	**Proposed Rates:**		16,000	$ 770.00	$ 1,441.28	$ 671.28	87.18%
15	Base Charge:	$ 1,400.00	18,000	$ 772.80	$ 1,446.44	$ 673.64	87.17%
16			20,000	$ 776.00	$ 1,451.60	$ 675.60	87.06%
17			25,000	$ 784.00	$ 1,464.50	$ 680.50	86.80%
18	Tier One Rate:	$ 1.10	30,000	$ 792.00	$ 1,477.40	$ 685.40	86.54%
19	Tier Two Rate:	$ 2.58	35,000	$ 800.00	$ 1,490.30	$ 690.30	86.29%
20	Tier Three Rate:	$ 3.20	40,000	$ 808.00	$ 1,503.20	$ 695.20	86.04%
21			45,000	$ 816.00	$ 1,516.10	$ 700.10	85.80%
22	Tier One Breakover (M gal):	-	50,000	$ 824.00	$ 1,529.00	$ 705.00	85.56%
23	Tier Two Breakover (M gal):	50	60,000	$ 840.00	$ 1,561.00	$ 721.00	85.83%
24	Tier Three Breakover (M gal):	999,999	70,000	$ 856.00	$ 1,593.00	$ 737.00	86.10%
25			80,000	$ 872.00	$ 1,625.00	$ 753.00	86.35%
26			90,000	$ 888.00	$ 1,657.00	$ 769.00	86.60%
27			100,000	$ 904.00	$ 1,689.00	$ 785.00	86.84%
28							
29			Average Usage				
30			-	$ 750.00	$ 1,400.00	$ 650.00	86.67%
31			Median Usage				
32			-	$ 750.00	$ 1,400.00	$ 650.00	86.67%
33							
34							

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 5/8" x 3/4"
Rate Code: R1

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	4
Tier Two Breakover (M gal):	18	10
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 7.50	$ 14.00
Tier One Rate:	$ 1.20	$ 1.10
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block			Number of Bills in Block	Average Consumption in Block	Consumption in Block	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
1	-	-	-	1,246	-	-	1,246	4.64%	-	0.00%
2	1	-	1,000	428	1,000	428,000	1,674	6.23%	428,000	0.14%
3	1,001	-	2,000	751	2,000	1,502,000	2,425	9.02%	1,930,000	0.64%
4	2,001	-	3,000	1,166	3,000	3,498,000	3,591	13.36%	5,428,000	1.81%
5	3,001	-	4,000	1,484	4,000	5,936,000	5,075	18.88%	11,364,000	3.78%
6	4,001	-	5,000	1,743	5,000	8,715,000	6,818	25.37%	20,079,000	6.68%
7	5,001	-	6,000	1,859	6,000	11,154,000	8,677	32.28%	31,233,000	10.39%
8	6,001	-	7,000	1,794	7,000	12,558,000	10,471	38.96%	43,791,000	14.57%
9	7,001	-	8,000	1,708	8,000	13,664,000	12,179	45.31%	57,455,000	19.12%
10	8,001	-	9,000	1,652	9,000	14,868,000	13,831	51.46%	72,323,000	24.06%
11	9,001	-	10,000	1,599	10,000	15,990,000	15,430	57.41%	88,313,000	29.38%
12	10,001	-	11,000	1,355	11,000	14,905,000	16,785	62.45%	103,218,000	34.34%
13	11,001	-	12,000	1,182	12,000	14,184,000	17,967	66.85%	117,402,000	39.06%
14	12,001	-	13,000	1,065	13,000	13,845,000	19,032	70.81%	131,247,000	43.67%
15	13,001	-	14,000	968	14,000	13,552,000	20,000	74.41%	144,799,000	48.17%
16	14,001	-	15,000	832	15,000	12,480,000	20,832	77.51%	157,279,000	52.33%
17	15,001	-	16,000	740	16,000	11,840,000	21,572	80.26%	169,119,000	56.27%
18	16,001	-	17,000	650	17,000	11,050,000	22,222	82.68%	180,169,000	59.94%
19	17,001	-	18,000	574	18,000	10,332,000	22,796	84.82%	190,501,000	63.38%
20	18,001	-	19,000	512	19,000	9,728,000	23,308	86.72%	200,229,000	66.62%
21	19,001	-	20,000	467	20,000	9,340,000	23,775	88.46%	209,569,000	69.72%
22	20,001	-	21,000	384	21,000	8,064,000	24,159	89.89%	217,633,000	72.41%
23	21,001	-	22,000	324	22,000	7,128,000	24,483	91.09%	224,761,000	74.78%
24	22,001	-	23,000	282	23,000	6,486,000	24,765	92.14%	231,247,000	76.94%
25	23,001	-	24,000	259	24,000	6,216,000	25,024	93.11%	237,463,000	79.00%
26	24,001	-	25,000	225	25,000	5,625,000	25,249	93.94%	243,088,000	80.87%
27	25,001	-	26,000	204	26,000	5,304,000	25,453	94.70%	248,392,000	82.64%
28	26,001	-	27,000	161	27,000	4,347,000	25,614	95.30%	252,739,000	84.09%
29	27,001	-	28,000	158	28,000	4,424,000	25,772	95.89%	257,163,000	85.56%
30	28,001	-	29,000	139	29,000	4,031,000	25,911	96.41%	261,194,000	86.90%
31	29,001	-	30,000	100	30,000	3,000,000	26,011	96.78%	264,194,000	87.90%
32	30,001	-	31,000	94	31,000	2,914,000	26,105	97.13%	267,108,000	88.87%
33	31,001	-	32,000	72	32,000	2,304,000	26,177	97.40%	269,412,000	89.63%
34	32,001	-	33,000	91	33,000	3,003,000	26,268	97.73%	272,415,000	90.63%
35	33,001	-	34,000	59	34,000	2,006,000	26,327	97.95%	274,421,000	91.30%
36	34,001	-	35,000	48	35,000	1,680,000	26,375	98.13%	276,101,000	91.86%
37	35,001	-	36,000	49	36,000	1,764,000	26,424	98.31%	277,865,000	92.44%
38	36,001	-	37,000	42	37,000	1,554,000	26,466	98.47%	279,419,000	92.96%
39	37,001	-	38,000	-		-	26,466	98.47%	279,419,000	92.96%
40	38,001	-	39,000	80	38,425	3,074,000	26,546	98.77%	282,493,000	93.98%
41	39,001	-	40,000	27	40,000	1,080,000	26,573	98.87%	283,573,000	94.34%
42	40,001	-	41,000	37	41,000	1,517,000	26,610	99.01%	285,090,000	94.85%
43	41,001	-	42,000	27	42,000	1,134,000	26,637	99.11%	286,224,000	95.23%
44	42,001	-	43,000	-		-	26,637	99.11%	286,224,000	95.23%
45	43,001	-	44,000	-		-	26,637	99.11%	286,224,000	95.23%
46	44,001	-	45,000	48	43,688	2,097,000	26,685	99.29%	288,321,000	95.92%
47	45,001	-	46,000	12	46,000	552,000	26,697	99.33%	288,873,000	96.11%
48	46,001	-	47,000	11	47,000	517,000	26,708	99.37%	289,390,000	96.28%
49	47,001	-	48,000	9	48,000	432,000	26,717	99.40%	289,822,000	96.42%
50	48,001	-	49,000	10	49,000	490,000	26,727	99.44%	290,312,000	96.59%
51	49,001	-	50,000	11	50,000	550,000	26,738	99.48%	290,862,000	96.77%
52	50,001	-	51,000	8	51,000	408,000	26,746	99.51%	291,270,000	96.90%
53	51,001	-	52,000	4	52,000	208,000	26,750	99.53%	291,478,000	96.97%
54	52,001	-	53,000	9	53,000	477,000	26,759	99.56%	291,955,000	97.13%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 5/8" x 3/4"
Rate Code: R1

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	4
Tier Two Breakover (M gal):	18	10
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 7.50	$ 14.00
Tier One Rate:	$ 1.20	$ 1.10
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills in Block	Average Consumption in Block	Consumption in Block	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
55	53,001 - 54,000	10	54,000	540,000	26,769	99.60%	292,495,000	97.31%
56	54,001 - 55,000	9	55,000	495,000	26,778	99.63%	292,990,000	97.48%
57	55,001 - 56,000	5	56,000	280,000	26,783	99.65%	293,270,000	97.57%
58	56,001 - 57,000	10	57,000	570,000	26,793	99.69%	293,840,000	97.76%
59	57,001 - 58,000	8	58,000	464,000	26,801	99.72%	294,304,000	97.91%
60	58,001 - 59,000	5	59,000	295,000	26,806	99.74%	294,599,000	98.01%
61	59,001 - 60,000	5	60,000	300,000	26,811	99.75%	294,899,000	98.11%
62	60,001 - 61,000	6	61,000	366,000	26,817	99.78%	295,265,000	98.23%
63	61,001 - 62,000	1	62,000	62,000	26,818	99.78%	295,327,000	98.25%
64	62,001 - 63,000	4	63,000	252,000	26,822	99.80%	295,579,000	98.34%
65	63,001 - 64,000	2	64,000	128,000	26,824	99.80%	295,707,000	98.38%
66	64,001 - 65,000	4	65,000	260,000	26,828	99.82%	295,967,000	98.47%
67	65,001 - 66,000	2	66,000	132,000	26,830	99.83%	296,099,000	98.51%
68	66,001 - 67,000	1	67,000	67,000	26,831	99.83%	296,166,000	98.53%
69	67,001 - 68,000	5	68,000	340,000	26,836	99.85%	296,506,000	98.65%
70	68,001 - 69,000	3	69,000	207,000	26,839	99.86%	296,713,000	98.72%
71	69,001 - 70,000	1	70,000	70,000	26,840	99.86%	296,783,000	98.74%
72	70,001 - 71,000	2	71,000	142,000	26,842	99.87%	296,925,000	98.79%
73	71,001 - 72,000	3	72,000	216,000	26,845	99.88%	297,141,000	98.86%
74	72,001 - 73,000	3	73,000	219,000	26,848	99.89%	297,360,000	98.93%
75	73,001 - 74,000	2	74,000	148,000	26,850	99.90%	297,508,000	98.98%
76	74,001 - 75,000	5	75,000	375,000	26,855	99.92%	297,883,000	99.10%
77	75,001 - 76,000	-		-	26,855	99.92%	297,883,000	99.10%
78	76,001 - 77,000	1	77,000	77,000	26,856	99.92%	297,960,000	99.13%
79	77,001 - 78,000	-		-	26,856	99.92%	297,960,000	99.13%
80	78,001 - 79,000	1	79,000	79,000	26,857	99.93%	298,039,000	99.16%
81	79,001 - 80,000	1	80,000	80,000	26,858	99.93%	298,119,000	99.18%
82	80,001 - 81,000	1	81,000	81,000	26,859	99.93%	298,200,000	99.21%
83	81,001 - 82,000	1	82,000	82,000	26,860	99.94%	298,282,000	99.24%
84	82,001 - 83,000	-		-	26,860	99.94%	298,282,000	99.24%
85	83,001 - 84,000	1	84,000	84,000	26,861	99.94%	298,366,000	99.27%
86	84,001 - 85,000	-		-	26,861	99.94%	298,366,000	99.27%
87	85,001 - 86,000	-		-	26,861	99.94%	298,366,000	99.27%
88	86,001 - 87,000	-		-	26,861	99.94%	298,366,000	99.27%
89	87,001 - 88,000	1	88,000	88,000	26,862	99.94%	298,454,000	99.29%
90	88,001 - 89,000	-		-	26,862	99.94%	298,454,000	99.29%
91	89,001 - 90,000	-		-	26,862	99.94%	298,454,000	99.29%
92	90,001 - 91,000	-		-	26,862	99.94%	298,454,000	99.29%
93	91,001 - 92,000	-		-	26,862	99.94%	298,454,000	99.29%
94	92,001 - 93,000	1	93,000	93,000	26,863	99.95%	298,547,000	99.33%
95	93,001 - 94,000	-		-	26,863	99.95%	298,547,000	99.33%
96	94,001 - 95,000	1	95,000	95,000	26,864	99.95%	298,642,000	99.36%
97	95,001 - 96,000	-		-	26,864	99.95%	298,642,000	99.36%
98	96,001 - 97,000	-		-	26,864	99.95%	298,642,000	99.36%
99	97,001 - 98,000	-		-	26,864	99.95%	298,642,000	99.36%
100	98,001 - 99,000	-		-	26,864	99.95%	298,642,000	99.36%
101	99,001 - 100,000	2	100,000	200,000	26,866	99.96%	298,842,000	99.42%
102	102,000 - 102,000	1	102,000	102,000	26,867	99.96%	298,944,000	99.46%
103	105,000 - 105,000	1	105,000	105,000	26,868	99.97%	299,049,000	99.49%
104	109,000 - 109,000	1	109,000	109,000	26,869	99.97%	299,158,000	99.53%
105	114,000 - 114,000	1	114,000	114,000	26,870	99.97%	299,272,000	99.57%
106	118,000 - 118,000	1	118,000	118,000	26,871	99.98%	299,390,000	99.61%
107	130,000 - 130,000	1	130,000	130,000	26,872	99.98%	299,520,000	99.65%
108	140,000 - 140,000	1	140,000	140,000	26,873	99.99%	299,660,000	99.70%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 5/8" x 3/4"
Rate Code: R1

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	4
Tier Two Breakover (M gal):	18	10
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 7.50	$ 14.00
Tier One Rate:	$ 1.20	$ 1.10
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills in Block	Average Consumption in Block	Consumption in Block	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
109	174,000 - 174,000	1	174,000	174,000	26,874	99.99%	299,834,000	99.75%
110	184,000 - 184,000	1	184,000	184,000	26,875	99.99%	300,018,000	99.82%
111	186,000 - 186,000	1	186,000	186,000	26,876	100.00%	300,204,000	99.88%
112	370,000 - 370,000	1	370,000	370,000	26,877	100.00%	300,574,000	100.00%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 5/8" x 3/4"
Rate Code: R1

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	4
Tier Two Breakover (M gal):	18	10
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 7.50	$ 14.00
Tier One Rate:	$ 1.20	$ 1.10
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills in Block	Average Consumption in Block	Consumption in Block	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
113								
114	Totals	26,877		300,574,000	26,877		300,574,000	
115								
116	Total Bills	26,877						

Line No.		Current Rates Units	Current Rates Revenue	Proposed Rates Units	Proposed Rates Revenue
117					
118	Base Charge	26,877	$ 201,578	26,877	$ 376,278
119	Average Number of Customers 2,240				
120	Usage (gallons)				
121	Average Consumption (gallons) 11,183	Tier One 224,322,000	$ 269,186	98,572,000	$ 108,429
122		Tier Two 39,637,000	55,492	104,211,000	268,864
123	Median Consumption (gallons) 8,762	Tier Three 36,615,000	58,584	97,791,000	312,931
124		Usage Totals 300,574,000		300,574,000	
125		Revenue Totals	$ 584,840		$ 1,066,503
126					

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 3/4"
Rate Code: R2

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	4
Tier Two Breakover (M gal):	18	10
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 7.50	$ 14.00
Tier One Rate:	$ 1.20	$ 1.10
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block			Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
1	-	-	-	16	-	-	16	44.44%	-	0.00%
2	1	-	1,000	-		-	16	44.44%	-	0.00%
3	1,001	-	2,000	-		-	16	44.44%	-	0.00%
4	2,001	-	3,000	-		-	16	44.44%	-	0.00%
5	3,001	-	4,000	-		-	16	44.44%	-	0.00%
6	4,001	-	5,000	-		-	16	44.44%	-	0.00%
7	5,001	-	6,000	-		-	16	44.44%	-	0.00%
8	6,001	-	7,000	-		-	16	44.44%	-	0.00%
9	7,001	-	8,000	-		-	16	44.44%	-	0.00%
10	8,001	-	9,000	-		-	16	44.44%	-	0.00%
11	9,001	-	10,000	-		-	16	44.44%	-	0.00%
12	10,001	-	11,000	1	11,000	11,000	17	47.22%	11,000	0.74%
13	11,001	-	12,000	-		-	17	47.22%	11,000	0.74%
14	12,001	-	13,000	-		-	17	47.22%	11,000	0.74%
15	13,001	-	14,000	-		-	17	47.22%	11,000	0.74%
16	14,001	-	15,000	-		-	17	47.22%	11,000	0.74%
17	15,001	-	16,000	-		-	17	47.22%	11,000	0.74%
18	16,001	-	17,000	-		-	17	47.22%	11,000	0.74%
19	17,001	-	18,000	-		-	17	47.22%	11,000	0.74%
20	18,001	-	19,000	-		-	17	47.22%	11,000	0.74%
21	19,001	-	20,000	-		-	17	47.22%	11,000	0.74%
22	20,001	-	21,000	-		-	17	47.22%	11,000	0.74%
23	21,001	-	22,000	-		-	17	47.22%	11,000	0.74%
24	22,001	-	23,000	-		-	17	47.22%	11,000	0.74%
25	23,001	-	24,000	-		-	17	47.22%	11,000	0.74%
26	24,001	-	25,000	2	25,000	50,000	19	52.78%	61,000	4.11%
27	25,001	-	26,000	-		-	19	52.78%	61,000	4.11%
28	26,001	-	27,000	1	27,000	27,000	20	55.56%	88,000	5.93%
29	27,001	-	28,000	-		-	20	55.56%	88,000	5.93%
30	28,001	-	29,000	-		-	20	55.56%	88,000	5.93%
31	29,001	-	30,000	1	30,000	30,000	21	58.33%	118,000	7.96%
32	30,001	-	31,000	-		-	21	58.33%	118,000	7.96%
33	31,001	-	32,000	-		-	21	58.33%	118,000	7.96%
34	32,001	-	33,000	-		-	21	58.33%	118,000	7.96%
35	33,001	-	34,000	-		-	21	58.33%	118,000	7.96%
36	34,001	-	35,000	-		-	21	58.33%	118,000	7.96%
37	35,001	-	36,000	-		-	21	58.33%	118,000	7.96%
38	36,001	-	37,000	-		-	21	58.33%	118,000	7.96%
39	37,001	-	38,000	-		-	21	58.33%	118,000	7.96%
40	38,001	-	39,000	1	39,000	39,000	22	61.11%	157,000	10.59%
41	39,001	-	40,000	-		-	22	61.11%	157,000	10.59%
42	40,001	-	41,000	-		-	22	61.11%	157,000	10.59%
43	41,001	-	42,000	-		-	22	61.11%	157,000	10.59%
44	42,001	-	43,000	-		-	22	61.11%	157,000	10.59%
45	43,001	-	44,000	-		-	22	61.11%	157,000	10.59%
46	44,001	-	45,000	-		-	22	61.11%	157,000	10.59%
47	45,001	-	46,000	-		-	22	61.11%	157,000	10.59%
48	46,001	-	47,000	-		-	22	61.11%	157,000	10.59%
49	47,001	-	48,000	-		-	22	61.11%	157,000	10.59%
50	48,001	-	49,000	-		-	22	61.11%	157,000	10.59%
51	49,001	-	50,000	-		-	22	61.11%	157,000	10.59%
52	50,001	-	51,000	-		-	22	61.11%	157,000	10.59%
53	51,001	-	52,000	-		-	22	61.11%	157,000	10.59%
54	52,001	-	53,000	-		-	22	61.11%	157,000	10.59%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 3/4"
Rate Code: R2

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	4
Tier Two Breakover (M gal):	18	10
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 7.50	$ 14.00
Tier One Rate:	$ 1.20	$ 1.10
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
55	53,001 - 54,000	1	54,000	54,000	23	63.89%	211,000	14.23%
56	54,001 - 55,000	-		-	23	63.89%	211,000	14.23%
57	55,001 - 56,000	1	56,000	56,000	24	66.67%	267,000	18.00%
58	56,001 - 57,000	-		-	24	66.67%	267,000	18.00%
59	57,001 - 58,000	-		-	24	66.67%	267,000	18.00%
60	58,001 - 59,000	-		-	24	66.67%	267,000	18.00%
61	59,001 - 60,000	-		-	24	66.67%	267,000	18.00%
62	60,001 - 61,000	-		-	24	66.67%	267,000	18.00%
63	61,001 - 62,000	-		-	24	66.67%	267,000	18.00%
64	62,001 - 63,000	1	63,000	63,000	25	69.44%	330,000	22.25%
65	63,001 - 64,000	-		-	25	69.44%	330,000	22.25%
66	64,001 - 65,000	-		-	25	69.44%	330,000	22.25%
67	65,001 - 66,000	1	66,000	66,000	26	72.22%	396,000	26.70%
68	66,001 - 67,000	-		-	26	72.22%	396,000	26.70%
69	67,001 - 68,000	1	68,000	68,000	27	75.00%	464,000	31.29%
70	68,001 - 69,000	-		-	27	75.00%	464,000	31.29%
71	69,001 - 70,000	-		-	27	75.00%	464,000	31.29%
72	70,001 - 71,000	-		-	27	75.00%	464,000	31.29%
73	71,001 - 72,000	-		-	27	75.00%	464,000	31.29%
74	72,001 - 73,000	-		-	27	75.00%	464,000	31.29%
75	73,001 - 74,000	-		-	27	75.00%	464,000	31.29%
76	74,001 - 75,000	1	75,000	75,000	28	77.78%	539,000	36.35%
77	75,001 - 76,000	-		-	28	77.78%	539,000	36.35%
78	76,001 - 77,000	1	77,000	77,000	29	80.56%	616,000	41.54%
79	77,001 - 78,000	-		-	29	80.56%	616,000	41.54%
80	78,001 - 79,000	-		-	29	80.56%	616,000	41.54%
81	79,001 - 80,000	2	80,000	160,000	31	86.11%	776,000	52.33%
82	80,001 - 81,000	-		-	31	86.11%	776,000	52.33%
83	81,001 - 82,000	-		-	31	86.11%	776,000	52.33%
84	82,001 - 83,000	-		-	31	86.11%	776,000	52.33%
85	83,001 - 84,000	-		-	31	86.11%	776,000	52.33%
86	84,001 - 85,000	-		-	31	86.11%	776,000	52.33%
87	85,001 - 86,000	-		-	31	86.11%	776,000	52.33%
88	86,001 - 87,000	-		-	31	86.11%	776,000	52.33%
89	87,001 - 88,000	1	88,000	88,000	32	88.89%	864,000	58.26%
90	88,001 - 89,000	-		-	32	88.89%	864,000	58.26%
91	89,001 - 90,000	-		-	32	88.89%	864,000	58.26%
92	90,001 - 91,000	-		-	32	88.89%	864,000	58.26%
93	91,001 - 92,000	-		-	32	88.89%	864,000	58.26%
94	92,001 - 93,000	-		-	32	88.89%	864,000	58.26%
95	93,001 - 94,000	-		-	32	88.89%	864,000	58.26%
96	94,001 - 95,000	1	95,000	95,000	33	91.67%	959,000	64.67%
97	95,001 - 96,000	-		-	33	91.67%	959,000	64.67%
98	96,001 - 97,000	-		-	33	91.67%	959,000	64.67%
99	97,001 - 98,000	-		-	33	91.67%	959,000	64.67%
100	98,001 - 99,000	-		-	33	91.67%	959,000	64.67%
101	99,001 - 100,000	-		-	33	91.67%	959,000	64.67%
102	109,000 - 109,000	1	109,000	109,000	34	94.44%	1,068,000	72.02%
103	129,000 - 129,000	1	129,000	129,000	35	97.22%	1,197,000	80.71%
104	286,000 - 286,000	1	286,000	286,000	36	100.00%	1,483,000	100.00%
105								
106	Totals	36		1,483,000	36		1,483,000	
107								
108	Total Bills	36				Current Rates		Proposed Rates

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 3/4"
Rate Code: R2

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	4
Tier Two Breakover (M gal):	18	10
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 7.50	$ 14.00
Tier One Rate:	$ 1.20	$ 1.10
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
109						Units	Revenue	Units	Revenue
110					Base Charge	36	$ 270	36	$ 504
111	Average Number of Customers		3						
112					Usage (gallons)				
113	Average Consumption (gallons)		41,194		Tier One	239,000	$ 287	80,000	$ 88
114					Tier Two	114,000	160	120,000	310
115	Median Consumption (gallons)		18,000		Tier Three	1,130,000	1,808	1,283,000	4,106
116					Usage Totals	1,483,000		1,483,000	
117					Revenue Totals		$ 2,524		$ 5,007
118									

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DTZ
Schedule H-5
Witness: Jones

Meter Size: 1"
Rate Code: R3

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	25
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 18.75	$ 35.00
Tier One Rate:	$ 1.20	$ 1.10
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block			Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
1	-	-	-	255	-	-	255	3.89%	-	0.00%
2	1	-	1,000	102	1,000	102,000	357	5.44%	102,000	0.10%
3	1,001	-	2,000	130	2,000	260,000	487	7.43%	362,000	0.34%
4	2,001	-	3,000	185	3,000	555,000	672	10.25%	917,000	0.87%
5	3,001	-	4,000	268	4,000	1,072,000	940	14.34%	1,989,000	1.88%
6	4,001	-	5,000	343	5,000	1,715,000	1,283	19.57%	3,704,000	3.50%
7	5,001	-	6,000	358	6,000	2,148,000	1,641	25.03%	5,852,000	5.53%
8	6,001	-	7,000	382	7,000	2,674,000	2,023	30.85%	8,526,000	8.06%
9	7,001	-	8,000	375	8,000	3,000,000	2,398	36.57%	11,526,000	10.90%
10	8,001	-	9,000	363	9,000	3,267,000	2,761	42.11%	14,793,000	13.99%
11	9,001	-	10,000	370	10,000	3,700,000	3,131	47.75%	18,493,000	17.49%
12	10,001	-	11,000	292	11,000	3,212,000	3,423	52.20%	21,705,000	20.53%
13	11,001	-	12,000	263	12,000	3,156,000	3,686	56.21%	24,861,000	23.51%
14	12,001	-	13,000	261	13,000	3,393,000	3,947	60.20%	28,254,000	26.72%
15	13,001	-	14,000	267	14,000	3,738,000	4,214	64.27%	31,992,000	30.26%
16	14,001	-	15,000	196	15,000	2,940,000	4,410	67.26%	34,932,000	33.04%
17	15,001	-	16,000	196	16,000	3,136,000	4,606	70.25%	38,068,000	36.00%
18	16,001	-	17,000	181	17,000	3,077,000	4,787	73.01%	41,145,000	38.91%
19	17,001	-	18,000	175	18,000	3,150,000	4,962	75.67%	44,295,000	41.89%
20	18,001	-	19,000	165	19,000	3,135,000	5,127	78.19%	47,430,000	44.86%
21	19,001	-	20,000	138	20,000	2,760,000	5,265	80.30%	50,190,000	47.47%
22	20,001	-	21,000	133	21,000	2,793,000	5,398	82.32%	52,983,000	50.11%
23	21,001	-	22,000	104	22,000	2,288,000	5,502	83.91%	55,271,000	52.27%
24	22,001	-	23,000	108	23,000	2,484,000	5,610	85.56%	57,755,000	54.62%
25	23,001	-	24,000	80	24,000	1,920,000	5,690	86.78%	59,675,000	56.44%
26	24,001	-	25,000	74	25,000	1,850,000	5,764	87.91%	61,525,000	58.19%
27	25,001	-	26,000	69	26,000	1,794,000	5,833	88.96%	63,319,000	59.88%
28	26,001	-	27,000	63	27,000	1,701,000	5,896	89.92%	65,020,000	61.49%
29	27,001	-	28,000	58	28,000	1,624,000	5,954	90.80%	66,644,000	63.03%
30	28,001	-	29,000	37	29,000	1,073,000	5,991	91.37%	67,717,000	64.04%
31	29,001	-	30,000	50	30,000	1,500,000	6,041	92.13%	69,217,000	65.46%
32	30,001	-	31,000	30	31,000	930,000	6,071	92.59%	70,147,000	66.34%
33	31,001	-	32,000	40	32,000	1,280,000	6,111	93.20%	71,427,000	67.55%
34	32,001	-	33,000	33	33,000	1,089,000	6,144	93.70%	72,516,000	68.58%
35	33,001	-	34,000	26	34,000	884,000	6,170	94.10%	73,400,000	69.42%
36	34,001	-	35,000	31	35,000	1,085,000	6,201	94.57%	74,485,000	70.44%
37	35,001	-	36,000	29	36,000	1,044,000	6,230	95.01%	75,529,000	71.43%
38	36,001	-	37,000	20	37,000	740,000	6,250	95.32%	76,269,000	72.13%
39	37,001	-	38,000	-		-	6,250	95.32%	76,269,000	72.13%
40	38,001	-	39,000	30	38,533	1,156,000	6,280	95.78%	77,425,000	73.22%
41	39,001	-	40,000	15	40,000	600,000	6,295	96.00%	78,025,000	73.79%
42	40,001	-	41,000	13	41,000	533,000	6,308	96.20%	78,558,000	74.30%
43	41,001	-	42,000	12	42,000	504,000	6,320	96.39%	79,062,000	74.77%
44	42,001	-	43,000	-		-	6,320	96.39%	79,062,000	74.77%
45	43,001	-	44,000	-		-	6,320	96.39%	79,062,000	74.77%
46	44,001	-	45,000	27	44,037	1,189,000	6,347	96.80%	80,251,000	75.90%
47	45,001	-	46,000	6	46,000	276,000	6,353	96.89%	80,527,000	76.16%
48	46,001	-	47,000	15	47,000	705,000	6,368	97.12%	81,232,000	76.83%
49	47,001	-	48,000	10	48,000	480,000	6,378	97.27%	81,712,000	77.28%
50	48,001	-	49,000	10	49,000	490,000	6,388	97.42%	82,202,000	77.74%
51	49,001	-	50,000	3	50,000	150,000	6,391	97.47%	82,352,000	77.88%
52	50,001	-	51,000	8	51,000	408,000	6,399	97.59%	82,760,000	78.27%
53	51,001	-	52,000	2	52,000	104,000	6,401	97.62%	82,864,000	78.37%
54	52,001	-	53,000	10	53,000	530,000	6,411	97.77%	83,394,000	78.87%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 1"
Rate Code: R3

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	25
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 18.75	$ 35.00
Tier One Rate:	$ 1.20	$ 1.10
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
55	53,001 - 54,000	4	54,000	216,000	6,415	97.83%	83,610,000	79.07%
56	54,001 - 55,000	4	55,000	220,000	6,419	97.90%	83,830,000	79.28%
57	55,001 - 56,000	4	56,000	224,000	6,423	97.96%	84,054,000	79.49%
58	56,001 - 57,000	4	57,000	228,000	6,427	98.02%	84,282,000	79.71%
59	57,001 - 58,000	1	58,000	58,000	6,428	98.03%	84,340,000	79.76%
60	58,001 - 59,000	5	59,000	295,000	6,433	98.11%	84,635,000	80.04%
61	59,001 - 60,000	3	60,000	180,000	6,436	98.15%	84,815,000	80.21%
62	60,001 - 61,000	4	61,000	244,000	6,440	98.22%	85,059,000	80.44%
63	61,001 - 62,000	1	62,000	62,000	6,441	98.23%	85,121,000	80.50%
64	62,001 - 63,000	3	63,000	189,000	6,444	98.28%	85,310,000	80.68%
65	63,001 - 64,000	2	64,000	128,000	6,446	98.31%	85,438,000	80.80%
66	64,001 - 65,000	5	65,000	325,000	6,451	98.38%	85,763,000	81.11%
67	65,001 - 66,000	2	66,000	132,000	6,453	98.41%	85,895,000	81.24%
68	66,001 - 67,000	6	67,000	402,000	6,459	98.51%	86,297,000	81.62%
69	67,001 - 68,000	1	68,000	68,000	6,460	98.52%	86,365,000	81.68%
70	68,001 - 69,000	3	69,000	207,000	6,463	98.57%	86,572,000	81.88%
71	69,001 - 70,000	-		-	6,463	98.57%	86,572,000	81.88%
72	70,001 - 71,000	2	71,000	142,000	6,465	98.60%	86,714,000	82.01%
73	71,001 - 72,000	-		-	6,465	98.60%	86,714,000	82.01%
74	72,001 - 73,000	1	73,000	73,000	6,466	98.61%	86,787,000	82.08%
75	73,001 - 74,000	5	74,000	370,000	6,471	98.69%	87,157,000	82.43%
76	74,001 - 75,000	1	75,000	75,000	6,472	98.70%	87,232,000	82.50%
77	75,001 - 76,000	2	76,000	152,000	6,474	98.73%	87,384,000	82.64%
78	76,001 - 77,000	-		-	6,474	98.73%	87,384,000	82.64%
79	77,001 - 78,000	1	78,000	78,000	6,475	98.75%	87,462,000	82.72%
80	78,001 - 79,000	1	79,000	79,000	6,476	98.76%	87,541,000	82.79%
81	79,001 - 80,000	1	80,000	80,000	6,477	98.78%	87,621,000	82.87%
82	80,001 - 81,000	1	81,000	81,000	6,478	98.80%	87,702,000	82.94%
83	81,001 - 82,000	-		-	6,478	98.80%	87,702,000	82.94%
84	82,001 - 83,000	1	83,000	83,000	6,479	98.81%	87,785,000	83.02%
85	83,001 - 84,000	-		-	6,479	98.81%	87,785,000	83.02%
86	84,001 - 85,000	1	85,000	85,000	6,480	98.83%	87,870,000	83.10%
87	85,001 - 86,000	2	86,000	172,000	6,482	98.86%	88,042,000	83.27%
88	86,001 - 87,000	2	87,000	174,000	6,484	98.89%	88,216,000	83.43%
89	87,001 - 88,000	1	88,000	88,000	6,485	98.90%	88,304,000	83.51%
90	88,001 - 89,000	-		-	6,485	98.90%	88,304,000	83.51%
91	89,001 - 90,000	-		-	6,485	98.90%	88,304,000	83.51%
92	90,001 - 91,000	1	91,000	91,000	6,486	98.92%	88,395,000	83.60%
93	91,001 - 92,000	2	92,000	184,000	6,488	98.95%	88,579,000	83.77%
94	92,001 - 93,000	-		-	6,488	98.95%	88,579,000	83.77%
95	93,001 - 94,000	-		-	6,488	98.95%	88,579,000	83.77%
96	94,001 - 95,000	4	95,000	380,000	6,492	99.01%	88,959,000	84.13%
97	95,001 - 96,000	-		-	6,492	99.01%	88,959,000	84.13%
98	96,001 - 97,000	1	96,500	96,500	6,493	99.02%	89,055,500	84.22%
99	97,001 - 98,000	-		-	6,493	99.02%	89,055,500	84.22%
100	98,001 - 99,000	1	99,000	99,000	6,494	99.04%	89,154,500	84.32%
101	99,001 - 100,000	2	100,000	200,000	6,496	99.07%	89,354,500	84.51%
102	104,000 - 104,000	1	104,000	104,000	6,497	99.08%	89,458,500	84.61%
103	105,000 - 105,000	1	105,000	105,000	6,498	99.10%	89,563,500	84.70%
104	106,000 - 106,000	1	106,000	106,000	6,499	99.12%	89,669,500	84.81%
105	107,000 - 107,000	1	107,000	107,000	6,500	99.13%	89,776,500	84.91%
106	109,000 - 109,000	1	109,000	109,000	6,501	99.15%	89,885,500	85.01%
107	110,000 - 110,000	1	110,000	110,000	6,502	99.16%	89,995,500	85.11%
108	111,000 - 111,000	1	111,000	111,000	6,503	99.18%	90,106,500	85.22%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: *RLJ-DT2*
Schedule H-5
Witness: Jones

Meter Size: 1"
Rate Code: R3

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	25
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 18.75	$ 35.00
Tier One Rate:	$ 1.20	$ 1.10
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
109	113,000 - 113,000	1	113,000	113,000	6,504	99.19%	90,219,500	85.33%
110	115,000 - 115,000	1	115,000	115,000	6,505	99.21%	90,334,500	85.43%
111	118,000 - 118,000	1	118,000	118,000	6,506	99.22%	90,452,500	85.55%
112	123,000 - 123,000	1	123,000	123,000	6,507	99.24%	90,575,500	85.66%
113	123,000 - 123,000	1	123,000	123,000	6,508	99.25%	90,698,500	85.78%
114	124,000 - 124,000	1	124,000	124,000	6,509	99.27%	90,822,500	85.90%
115	129,000 - 129,000	1	129,000	129,000	6,510	99.28%	90,951,500	86.02%
116	130,000 - 130,000	1	130,000	130,000	6,511	99.30%	91,081,500	86.14%
117	130,000 - 130,000	1	130,000	130,000	6,512	99.31%	91,211,500	86.26%
118	132,000 - 132,000	1	132,000	132,000	6,513	99.33%	91,343,500	86.39%
119	133,000 - 133,000	1	133,000	133,000	6,514	99.34%	91,476,500	86.51%
120	135,000 - 135,000	1	135,000	135,000	6,515	99.36%	91,611,500	86.64%
121	137,000 - 137,000	1	137,000	137,000	6,516	99.37%	91,748,500	86.77%
122	137,000 - 137,000	1	137,000	137,000	6,517	99.39%	91,885,500	86.90%
123	140,000 - 140,000	1	140,000	140,000	6,518	99.41%	92,025,500	87.03%
124	142,000 - 142,000	1	142,000	142,000	6,519	99.42%	92,167,500	87.17%
125	145,000 - 145,000	1	145,000	145,000	6,520	99.44%	92,312,500	87.30%
126	149,000 - 149,000	1	149,000	149,000	6,521	99.45%	92,461,500	87.45%
127	153,000 - 153,000	1	153,000	153,000	6,522	99.47%	92,614,500	87.59%
128	154,000 - 154,000	1	154,000	154,000	6,523	99.48%	92,768,500	87.74%
129	157,000 - 157,000	1	157,000	157,000	6,524	99.50%	92,925,500	87.88%
130	157,000 - 157,000	1	157,000	157,000	6,525	99.51%	93,082,500	88.03%
131	158,000 - 158,000	1	158,000	158,000	6,526	99.53%	93,240,500	88.18%
132	192,000 - 192,000	1	192,000	192,000	6,527	99.54%	93,432,500	88.36%
133	210,000 - 210,000	1	210,000	210,000	6,528	99.56%	93,642,500	88.56%
134	215,000 - 215,000	1	215,000	215,000	6,529	99.57%	93,857,500	88.77%
135	240,000 - 240,000	1	240,000	240,000	6,530	99.59%	94,097,500	88.99%
136	242,000 - 242,000	1	242,000	242,000	6,531	99.60%	94,339,500	89.22%
137	243,000 - 243,000	1	243,000	243,000	6,532	99.62%	94,582,500	89.45%
138	246,000 - 246,000	1	246,000	246,000	6,533	99.63%	94,828,500	89.68%
139	253,000 - 253,000	1	253,000	253,000	6,534	99.65%	95,081,500	89.92%
140	255,000 - 255,000	1	255,000	255,000	6,535	99.66%	95,336,500	90.16%
141	264,000 - 264,000	1	264,000	264,000	6,536	99.68%	95,600,500	90.41%
142	274,000 - 274,000	1	274,000	274,000	6,537	99.69%	95,874,500	90.67%
143	284,000 - 284,000	1	284,000	284,000	6,538	99.71%	96,158,500	90.94%
144	294,000 - 294,000	1	294,000	294,000	6,539	99.73%	96,452,500	91.22%
145	298,000 - 298,000	1	298,000	298,000	6,540	99.74%	96,750,500	91.50%
146	315,000 - 315,000	1	315,000	315,000	6,541	99.76%	97,065,500	91.80%
147	324,000 - 324,000	1	324,000	324,000	6,542	99.77%	97,389,500	92.11%
148	333,000 - 333,000	1	333,000	333,000	6,543	99.79%	97,722,500	92.42%
149	347,000 - 347,000	1	347,000	347,000	6,544	99.80%	98,069,500	92.75%
150	376,000 - 376,000	1	376,000	376,000	6,545	99.82%	98,445,500	93.10%
151	408,000 - 408,000	1	408,000	408,000	6,546	99.83%	98,853,500	93.49%
152	463,000 - 463,000	1	463,000	463,000	6,547	99.85%	99,316,500	93.93%
153	476,500 - 476,500	1	476,500	476,500	6,548	99.86%	99,793,000	94.38%
154	479,000 - 479,000	1	479,000	479,000	6,549	99.88%	100,272,000	94.83%
155	512,000 - 512,000	1	512,000	512,000	6,550	99.89%	100,784,000	95.32%
156	549,000 - 549,000	1	549,000	549,000	6,551	99.91%	101,333,000	95.84%
157	568,000 - 568,000	1	568,000	568,000	6,552	99.92%	101,901,000	96.37%
158	585,000 - 585,000	1	585,000	585,000	6,553	99.94%	102,486,000	96.93%
159	600,500 - 600,500	1	600,500	600,500	6,554	99.95%	103,086,500	97.49%
160	790,500 - 790,500	1	790,500	790,500	6,555	99.97%	103,877,000	98.24%
161	804,000 - 804,000	1	804,000	804,000	6,556	99.98%	104,681,000	99.00%
162	######## - #######	1	1,055,000	1,055,000	6,557	100.00%	105,736,000	100.00%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 1"
Rate Code: R3

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	25
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 18.75	$ 35.00
Tier One Rate:	$ 1.20	$ 1.10
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
163								
164	Totals	6,557		105,736,000	6,557		105,736,000	
165								
166	Total Bills	6,557						

		Current Rates		Proposed Rates	
		Units	Revenue	Units	Revenue
167					
168	Base Charge	6,557	$ 122,944	6,557	$ 229,495
169	Average Number of Customers 546				
170	Usage (gallons)				
171	Average Consumption (gallons) 16,126	Tier One 59,313,000	$ 71,176	-	$ -
172		Tier Two 13,692,000	19,169	81,350,000	209,883
173	Median Consumption (gallons) 10,505	Tier Three 32,731,000	52,370	24,386,000	78,035
174		Usage Totals 105,736,000		105,736,000	
175		Revenue Totals	$ 265,658		$ 517,413
176					

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 1-1/2"
Rate Code: R4

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 37.50	$ 70.00
Tier One Rate:	$ 1.20	$ 1.10
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block			Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
1	-	-	-	11	-	-	11	8.33%	-	0.00%
2	1	-	1,000	5	1,000	5,000	16	12.12%	5,000	0.09%
3	1,001	-	2,000	7	2,000	14,000	23	17.42%	19,000	0.33%
4	2,001	-	3,000	15	3,000	45,000	38	28.79%	64,000	1.11%
5	3,001	-	4,000	23	4,000	92,000	61	46.21%	156,000	2.70%
6	4,001	-	5,000	6	5,000	30,000	67	50.76%	186,000	3.22%
7	5,001	-	6,000	6	6,000	36,000	73	55.30%	222,000	3.85%
8	6,001	-	7,000	8	7,000	56,000	81	61.36%	278,000	4.82%
9	7,001	-	8,000	4	8,000	32,000	85	64.39%	310,000	5.37%
10	8,001	-	9,000	2	9,000	18,000	87	65.91%	328,000	5.68%
11	9,001	-	10,000	5	10,000	50,000	92	69.70%	378,000	6.55%
12	10,001	-	11,000	1	11,000	11,000	93	70.45%	389,000	6.74%
13	11,001	-	12,000	1	12,000	12,000	94	71.21%	401,000	6.95%
14	12,001	-	13,000	3	13,000	39,000	97	73.48%	440,000	7.62%
15	13,001	-	14,000	-		-	97	73.48%	440,000	7.62%
16	14,001	-	15,000	1	15,000	15,000	98	74.24%	455,000	7.88%
17	15,001	-	16,000	1	16,000	16,000	99	75.00%	471,000	8.16%
18	16,001	-	17,000	-		-	99	75.00%	471,000	8.16%
19	17,001	-	18,000	1	18,000	18,000	100	75.76%	489,000	8.47%
20	18,001	-	19,000	-		-	100	75.76%	489,000	8.47%
21	19,001	-	20,000	-		-	100	75.76%	489,000	8.47%
22	20,001	-	21,000	1	21,000	21,000	101	76.52%	510,000	8.84%
23	21,001	-	22,000	-		-	101	76.52%	510,000	8.84%
24	22,001	-	23,000	-		-	101	76.52%	510,000	8.84%
25	23,001	-	24,000	2	24,000	48,000	103	78.03%	558,000	9.67%
26	24,001	-	25,000	2	25,000	50,000	105	79.55%	608,000	10.53%
27	25,001	-	26,000	-		-	105	79.55%	608,000	10.53%
28	26,001	-	27,000	1	27,000	27,000	106	80.30%	635,000	11.00%
29	27,001	-	28,000	-		-	106	80.30%	635,000	11.00%
30	28,001	-	29,000	-		-	106	80.30%	635,000	11.00%
31	29,001	-	30,000	-		-	106	80.30%	635,000	11.00%
32	30,001	-	31,000	-		-	106	80.30%	635,000	11.00%
33	31,001	-	32,000	-		-	106	80.30%	635,000	11.00%
34	32,001	-	33,000	1	33,000	33,000	107	81.06%	668,000	11.57%
35	33,001	-	34,000	-		-	107	81.06%	668,000	11.57%
36	34,001	-	35,000	-		-	107	81.06%	668,000	11.57%
37	35,001	-	36,000	-		-	107	81.06%	668,000	11.57%
38	36,001	-	37,000	-		-	107	81.06%	668,000	11.57%
39	37,001	-	38,000	-		-	107	81.06%	668,000	11.57%
40	38,001	-	39,000	1	39,000	39,000	108	81.82%	707,000	12.25%
41	39,001	-	40,000	-		-	108	81.82%	707,000	12.25%
42	40,001	-	41,000	-		-	108	81.82%	707,000	12.25%
43	41,001	-	42,000	1	42,000	42,000	109	82.58%	749,000	12.98%
44	42,001	-	43,000	-		-	109	82.58%	749,000	12.98%
45	43,001	-	44,000	-		-	109	82.58%	749,000	12.98%
46	44,001	-	45,000	-		-	109	82.58%	749,000	12.98%
47	45,001	-	46,000	-		-	109	82.58%	749,000	12.98%
48	46,001	-	47,000	1	47,000	47,000	110	83.33%	796,000	13.79%
49	47,001	-	48,000	-		-	110	83.33%	796,000	13.79%
50	48,001	-	49,000	-		-	110	83.33%	796,000	13.79%
51	49,001	-	50,000	1	50,000	50,000	111	84.09%	846,000	14.66%
52	50,001	-	51,000	-		-	111	84.09%	846,000	14.66%
53	51,001	-	52,000	1	52,000	52,000	112	84.85%	898,000	15.56%
54	52,001	-	53,000	-		-	112	84.85%	898,000	15.56%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 1-1/2"
Rate Code: R4

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 37.50	$ 70.00
Tier One Rate:	$ 1.20	$ 1.10
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
55	53,001 - 54,000	-		-	112	84.85%	898,000	15.56%
56	54,001 - 55,000	1	55,000	55,000	113	85.61%	953,000	16.51%
57	55,001 - 56,000	-		-	113	85.61%	953,000	16.51%
58	56,001 - 57,000	-		-	113	85.61%	953,000	16.51%
59	57,001 - 58,000	-		-	113	85.61%	953,000	16.51%
60	58,001 - 59,000	-		-	113	85.61%	953,000	16.51%
61	59,001 - 60,000	1	60,000	60,000	114	86.36%	1,013,000	17.55%
62	60,001 - 61,000	-		-	114	86.36%	1,013,000	17.55%
63	61,001 - 62,000	-		-	114	86.36%	1,013,000	17.55%
64	62,001 - 63,000	1	63,000	63,000	115	87.12%	1,076,000	18.64%
65	63,001 - 64,000	-		-	115	87.12%	1,076,000	18.64%
66	64,001 - 65,000	-		-	115	87.12%	1,076,000	18.64%
67	65,001 - 66,000	-		-	115	87.12%	1,076,000	18.64%
68	66,001 - 67,000	-		-	115	87.12%	1,076,000	18.64%
69	67,001 - 68,000	-		-	115	87.12%	1,076,000	18.64%
70	68,001 - 69,000	-		-	115	87.12%	1,076,000	18.64%
71	69,001 - 70,000	-		-	115	87.12%	1,076,000	18.64%
72	70,001 - 71,000	1	71,000	71,000	116	87.88%	1,147,000	19.87%
73	71,001 - 72,000	2	72,000	144,000	118	89.39%	1,291,000	22.37%
74	72,001 - 73,000	-		-	118	89.39%	1,291,000	22.37%
75	73,001 - 74,000	-		-	118	89.39%	1,291,000	22.37%
76	74,001 - 75,000	-		-	118	89.39%	1,291,000	22.37%
77	75,001 - 76,000	1	76,000	76,000	119	90.15%	1,367,000	23.68%
78	76,001 - 77,000	-		-	119	90.15%	1,367,000	23.68%
79	77,001 - 78,000	-		-	119	90.15%	1,367,000	23.68%
80	78,001 - 79,000	-		-	119	90.15%	1,367,000	23.68%
81	79,001 - 80,000	-		-	119	90.15%	1,367,000	23.68%
82	80,001 - 81,000	-		-	119	90.15%	1,367,000	23.68%
83	81,001 - 82,000	-		-	119	90.15%	1,367,000	23.68%
84	82,001 - 83,000	-		-	119	90.15%	1,367,000	23.68%
85	83,001 - 84,000	-		-	119	90.15%	1,367,000	23.68%
86	84,001 - 85,000	1	85,000	85,000	120	90.91%	1,452,000	25.16%
87	85,001 - 86,000	-		-	120	90.91%	1,452,000	25.16%
88	86,001 - 87,000	-		-	120	90.91%	1,452,000	25.16%
89	87,001 - 88,000	-		-	120	90.91%	1,452,000	25.16%
90	88,001 - 89,000	1	89,000	89,000	121	91.67%	1,541,000	26.70%
91	89,001 - 90,000	-		-	121	91.67%	1,541,000	26.70%
92	90,001 - 91,000	-		-	121	91.67%	1,541,000	26.70%
93	91,001 - 92,000	-		-	121	91.67%	1,541,000	26.70%
94	92,001 - 93,000	-		-	121	91.67%	1,541,000	26.70%
95	93,001 - 94,000	1	94,000	94,000	122	92.42%	1,635,000	28.33%
96	94,001 - 95,000	-		-	122	92.42%	1,635,000	28.33%
97	95,001 - 96,000	-		-	122	92.42%	1,635,000	28.33%
98	96,001 - 97,000	-		-	122	92.42%	1,635,000	28.33%
99	97,001 - 98,000	-		-	122	92.42%	1,635,000	28.33%
100	98,001 - 99,000	-		-	122	92.42%	1,635,000	28.33%
101	99,001 - 100,000	-		-	122	92.42%	1,635,000	28.33%
102	130,000 - 130,000	1	130,000	130,000	123	93.18%	1,765,000	30.58%
103	175,000 - 175,000	1	175,000	175,000	124	93.94%	1,940,000	33.61%
104	185,000 - 185,000	1	185,000	185,000	125	94.70%	2,125,000	36.82%
105	247,000 - 247,000	1	247,000	247,000	126	95.45%	2,372,000	41.09%
106	334,000 - 334,000	1	334,000	334,000	127	96.21%	2,706,000	46.88%
107	361,000 - 361,000	1	361,000	361,000	128	96.97%	3,067,000	53.14%
108	404,000 - 404,000	1	404,000	404,000	129	97.73%	3,471,000	60.14%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 1-1/2"
Rate Code: R4

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 37.50	$ 70.00
Tier One Rate:	$ 1.20	$ 1.10
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
109	614,000 - 614,000	1	614,000	614,000	130	98.48%	4,085,000	70.77%
110	795,000 - 795,000	1	795,000	795,000	131	99.24%	4,880,000	84.55%
111	892,000 - 892,000	1	892,000	892,000	132	100.00%	5,772,000	100.00%
112								
113	Totals	132		5,772,000	132		5,772,000	
114								
115	Total Bills	132						

		Current Rates Units	Current Rates Revenue	Proposed Rates Units	Proposed Rates Revenue
116					
117	Base Charge	132	$ 4,950	132	$ 9,240
118	Average Number of Customers 11				
119	Usage (gallons)				
120	Average Consumption (gallons) 43,727	Tier One 857,000	$ 1,028	-	$ -
121	Tier Two	208,000	291	1,896,000	4,892
122	Median Consumption (gallons) 4,833	Tier Three 4,707,000	7,531	3,876,000	12,403
123	Usage Totals	5,772,000		5,772,000	
124	Revenue Totals		$ 13,801		$ 26,535
125					

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 2"
Rate Code: R5

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 60.00	$ 112.00
Tier One Rate:	$ 1.20	$ 1.10
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
1	- - -	195	-	-	195	14.38%	-	0.00%
2	1 - 1,000	24	1,000	24,000	219	16.15%	24,000	0.02%
3	1,001 - 2,000	27	2,000	54,000	246	18.14%	78,000	0.05%
4	2,001 - 3,000	40	3,000	120,000	286	21.09%	198,000	0.13%
5	3,001 - 4,000	43	4,000	172,000	329	24.26%	370,000	0.25%
6	4,001 - 5,000	38	5,000	190,000	367	27.06%	560,000	0.38%
7	5,001 - 6,000	34	6,000	204,000	401	29.57%	764,000	0.52%
8	6,001 - 7,000	23	7,000	161,000	424	31.27%	925,000	0.63%
9	7,001 - 8,000	12	8,000	96,000	436	32.15%	1,021,000	0.69%
10	8,001 - 9,000	14	9,000	126,000	450	33.19%	1,147,000	0.78%
11	9,001 - 10,000	16	10,000	160,000	466	34.37%	1,307,000	0.89%
12	10,001 - 11,000	16	11,000	176,000	482	35.55%	1,483,000	1.01%
13	11,001 - 12,000	5	12,000	60,000	487	35.91%	1,543,000	1.05%
14	12,001 - 13,000	12	13,000	156,000	499	36.80%	1,699,000	1.15%
15	13,001 - 14,000	9	14,000	126,000	508	37.46%	1,825,000	1.24%
16	14,001 - 15,000	14	15,000	210,000	522	38.50%	2,035,000	1.38%
17	15,001 - 16,000	13	16,000	208,000	535	39.45%	2,243,000	1.52%
18	16,001 - 17,000	7	17,000	119,000	542	39.97%	2,362,000	1.60%
19	17,001 - 18,000	13	18,000	234,000	555	40.93%	2,596,000	1.76%
20	18,001 - 19,000	13	19,000	247,000	568	41.89%	2,843,000	1.93%
21	19,001 - 20,000	18	20,000	360,000	586	43.22%	3,203,000	2.17%
22	20,001 - 21,000	9	21,000	189,000	595	43.88%	3,392,000	2.30%
23	21,001 - 22,000	10	22,000	220,000	605	44.62%	3,612,000	2.45%
24	22,001 - 23,000	12	23,000	276,000	617	45.50%	3,888,000	2.64%
25	23,001 - 24,000	14	24,000	336,000	631	46.53%	4,224,000	2.86%
26	24,001 - 25,000	9	25,000	225,000	640	47.20%	4,449,000	3.02%
27	25,001 - 26,000	9	26,000	234,000	649	47.86%	4,683,000	3.18%
28	26,001 - 27,000	9	27,000	243,000	658	48.53%	4,926,000	3.34%
29	27,001 - 28,000	10	28,000	280,000	668	49.26%	5,206,000	3.53%
30	28,001 - 29,000	18	29,000	522,000	686	50.59%	5,728,000	3.88%
31	29,001 - 30,000	2	30,000	60,000	688	50.74%	5,788,000	3.92%
32	30,001 - 31,000	9	31,000	279,000	697	51.40%	6,067,000	4.11%
33	31,001 - 32,000	7	32,000	224,000	704	51.92%	6,291,000	4.27%
34	32,001 - 33,000	7	33,000	231,000	711	52.43%	6,522,000	4.42%
35	33,001 - 34,000	10	34,000	340,000	721	53.17%	6,862,000	4.65%
36	34,001 - 35,000	6	35,000	210,000	727	53.61%	7,072,000	4.80%
37	35,001 - 36,000	6	36,000	216,000	733	54.06%	7,288,000	4.94%
38	36,001 - 37,000	6	37,000	222,000	739	54.50%	7,510,000	5.09%
39	37,001 - 38,000	-		-	739	54.50%	7,510,000	5.09%
40	38,001 - 39,000	23	38,391	883,000	762	56.19%	8,393,000	5.69%
41	39,001 - 40,000	6	40,000	240,000	768	56.64%	8,633,000	5.85%
42	40,001 - 41,000	6	40,917	245,500	774	57.08%	8,878,500	6.02%
43	41,001 - 42,000	4	42,000	168,000	778	57.37%	9,046,500	6.13%
44	42,001 - 43,000	-		-	778	57.37%	9,046,500	6.13%
45	43,001 - 44,000	-		-	778	57.37%	9,046,500	6.13%
46	44,001 - 45,000	20	43,950	879,000	798	58.85%	9,925,500	6.73%
47	45,001 - 46,000	7	46,000	322,000	805	59.37%	10,247,500	6.95%
48	46,001 - 47,000	5	47,000	235,000	810	59.73%	10,482,500	7.11%
49	47,001 - 48,000	3	48,000	144,000	813	59.96%	10,626,500	7.21%
50	48,001 - 49,000	5	49,000	245,000	818	60.32%	10,871,500	7.37%
51	49,001 - 50,000	4	50,000	200,000	822	60.62%	11,071,500	7.51%
52	50,001 - 51,000	4	51,000	204,000	826	60.91%	11,275,500	7.65%
53	51,001 - 52,000	2	52,000	104,000	828	61.06%	11,379,500	7.72%
54	52,001 - 53,000	1	53,000	53,000	829	61.14%	11,432,500	7.75%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 2"
Rate Code: R5

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 60.00	$ 112.00
Tier One Rate:	$ 1.20	$ 1.10
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
55	53,001 - 54,000	3	54,000	162,000	832	61.36%	11,594,500	7.86%
56	54,001 - 55,000	2	55,000	110,000	834	61.50%	11,704,500	7.94%
57	55,001 - 56,000	2	56,000	112,000	836	61.65%	11,816,500	8.01%
58	56,001 - 57,000	4	57,000	228,000	840	61.95%	12,044,500	8.17%
59	57,001 - 58,000	1	58,000	58,000	841	62.02%	12,102,500	8.21%
60	58,001 - 59,000	1	59,000	59,000	842	62.09%	12,161,500	8.25%
61	59,001 - 60,000	2	60,000	120,000	844	62.24%	12,281,500	8.33%
62	60,001 - 61,000	7	61,000	427,000	851	62.76%	12,708,500	8.62%
63	61,001 - 62,000	4	62,000	248,000	855	63.05%	12,956,500	8.79%
64	62,001 - 63,000	6	63,000	378,000	861	63.50%	13,334,500	9.04%
65	63,001 - 64,000	4	64,000	256,000	865	63.79%	13,590,500	9.22%
66	64,001 - 65,000	1	65,000	65,000	866	63.86%	13,655,500	9.26%
67	65,001 - 66,000	3	66,000	198,000	869	64.09%	13,853,500	9.39%
68	66,001 - 67,000	7	67,000	469,000	876	64.60%	14,322,500	9.71%
69	67,001 - 68,000	-		-	876	64.60%	14,322,500	9.71%
70	68,001 - 69,000	3	69,000	207,000	879	64.82%	14,529,500	9.85%
71	69,001 - 70,000	6	70,000	420,000	885	65.27%	14,949,500	10.14%
72	70,001 - 71,000	2	71,000	142,000	887	65.41%	15,091,500	10.23%
73	71,001 - 72,000	4	72,000	288,000	891	65.71%	15,379,500	10.43%
74	72,001 - 73,000	5	73,000	365,000	896	66.08%	15,744,500	10.68%
75	73,001 - 74,000	3	74,000	222,000	899	66.30%	15,966,500	10.83%
76	74,001 - 75,000	5	74,900	374,500	904	66.67%	16,341,000	11.08%
77	75,001 - 76,000	3	76,000	228,000	907	66.89%	16,569,000	11.24%
78	76,001 - 77,000	5	77,000	385,000	912	67.26%	16,954,000	11.50%
79	77,001 - 78,000	3	78,000	234,000	915	67.48%	17,188,000	11.66%
80	78,001 - 79,000	-		-	915	67.48%	17,188,000	11.66%
81	79,001 - 80,000	5	80,000	400,000	920	67.85%	17,588,000	11.93%
82	80,001 - 81,000	4	81,000	324,000	924	68.14%	17,912,000	12.15%
83	81,001 - 82,000	6	82,000	492,000	930	68.58%	18,404,000	12.48%
84	82,001 - 83,000	1	83,000	83,000	931	68.66%	18,487,000	12.54%
85	83,001 - 84,000	2	84,000	168,000	933	68.81%	18,655,000	12.65%
86	84,001 - 85,000	5	85,000	425,000	938	69.17%	19,080,000	12.94%
87	85,001 - 86,000	1	86,000	86,000	939	69.25%	19,166,000	13.00%
88	86,001 - 87,000	2	87,000	174,000	941	69.40%	19,340,000	13.11%
89	87,001 - 88,000	2	88,000	176,000	943	69.54%	19,516,000	13.23%
90	88,001 - 89,000	1	89,000	89,000	944	69.62%	19,605,000	13.29%
91	89,001 - 90,000	1	90,000	90,000	945	69.69%	19,695,000	13.36%
92	90,001 - 91,000	2	91,000	182,000	947	69.84%	19,877,000	13.48%
93	91,001 - 92,000	1	92,000	92,000	948	69.91%	19,969,000	13.54%
94	92,001 - 93,000	2	93,000	186,000	950	70.06%	20,155,000	13.67%
95	93,001 - 94,000	1	94,000	94,000	951	70.13%	20,249,000	13.73%
96	94,001 - 95,000	1	95,000	95,000	952	70.21%	20,344,000	13.80%
97	95,001 - 96,000	1	96,000	96,000	953	70.28%	20,440,000	13.86%
98	96,001 - 97,000	2	97,000	194,000	955	70.43%	20,634,000	13.99%
99	97,001 - 98,000	1	98,000	98,000	956	70.50%	20,732,000	14.06%
100	98,001 - 99,000	1	99,000	99,000	957	70.58%	20,831,000	14.13%
101	99,001 - 100,000	3	100,000	300,000	960	70.80%	21,131,000	14.33%
102	101,000 - 101,000	2	101,000	202,000	962	70.94%	21,333,000	14.47%
103	102,000 - 102,000	2	102,000	204,000	964	71.09%	21,537,000	14.60%
104	103,000 - 103,000	3	103,000	309,000	967	71.31%	21,846,000	14.81%
105	104,000 - 104,000	2	104,000	208,000	969	71.46%	22,054,000	14.96%
106	105,000 - 105,000	3	105,000	315,000	972	71.68%	22,369,000	15.17%
107	106,000 - 106,000	2	106,000	212,000	974	71.83%	22,581,000	15.31%
108	108,000 - 108,000	1	108,000	108,000	975	71.90%	22,689,000	15.39%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 2"
Rate Code: R5

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 60.00	$ 112.00
Tier One Rate:	$ 1.20	$ 1.10
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
109	109,000 - 109,000	1	109,000	109,000	976	71.98%	22,798,000	15.46%
110	110,000 - 110,000	3	110,000	330,000	979	72.20%	23,128,000	15.68%
111	111,000 - 111,000	3	111,000	333,000	982	72.42%	23,461,000	15.91%
112	112,000 - 112,000	2	112,000	224,000	984	72.57%	23,685,000	16.06%
113	113,000 - 113,000	4	113,000	452,000	988	72.86%	24,137,000	16.37%
114	114,000 - 114,000	2	114,000	228,000	990	73.01%	24,365,000	16.52%
115	115,000 - 115,000	1	115,000	115,000	991	73.08%	24,480,000	16.60%
116	116,000 - 116,000	2	116,000	232,000	993	73.23%	24,712,000	16.76%
117	117,000 - 117,000	2	117,000	234,000	995	73.38%	24,946,000	16.92%
118	118,000 - 118,000	2	118,000	236,000	997	73.53%	25,182,000	17.08%
119	119,000 - 119,000	2	119,000	238,000	999	73.67%	25,420,000	17.24%
120	120,000 - 120,000	1	120,000	120,000	1,000	73.75%	25,540,000	17.32%
121	121,000 - 121,000	2	121,000	242,000	1,002	73.89%	25,782,000	17.48%
122	122,000 - 122,000	2	122,000	244,000	1,004	74.04%	26,026,000	17.65%
123	123,000 - 123,000	2	123,000	246,000	1,006	74.19%	26,272,000	17.82%
124	124,000 - 124,000	2	124,000	248,000	1,008	74.34%	26,520,000	17.98%
125	125,000 - 125,000	2	125,000	250,000	1,010	74.48%	26,770,000	18.15%
126	129,000 - 129,000	2	129,000	258,000	1,012	74.63%	27,028,000	18.33%
127	131,000 - 131,000	2	131,000	262,000	1,014	74.78%	27,290,000	18.51%
128	134,000 - 134,000	1	134,000	134,000	1,015	74.85%	27,424,000	18.60%
129	135,000 - 135,000	7	135,000	945,000	1,022	75.37%	28,369,000	19.24%
130	136,000 - 136,000	2	136,000	272,000	1,024	75.52%	28,641,000	19.42%
131	137,000 - 137,000	2	137,000	274,000	1,026	75.66%	28,915,000	19.61%
132	138,000 - 138,000	1	138,000	138,000	1,027	75.74%	29,053,000	19.70%
133	139,000 - 139,000	3	139,000	417,000	1,030	75.96%	29,470,000	19.98%
134	140,000 - 140,000	2	140,000	280,000	1,032	76.11%	29,750,000	20.17%
135	141,000 - 141,000	1	141,000	141,000	1,033	76.18%	29,891,000	20.27%
136	142,000 - 142,000	3	142,000	426,000	1,036	76.40%	30,317,000	20.56%
137	143,000 - 143,000	1	143,000	143,000	1,037	76.47%	30,460,000	20.66%
138	144,000 - 144,000	1	144,000	144,000	1,038	76.55%	30,604,000	20.75%
139	145,000 - 145,000	2	145,000	290,000	1,040	76.70%	30,894,000	20.95%
140	147,000 - 147,000	3	147,000	441,000	1,043	76.92%	31,335,000	21.25%
141	148,000 - 148,000	3	148,000	444,000	1,046	77.14%	31,779,000	21.55%
142	149,000 - 149,000	2	149,000	298,000	1,048	77.29%	32,077,000	21.75%
143	150,000 - 150,000	3	150,000	450,000	1,051	77.51%	32,527,000	22.06%
144	151,000 - 151,000	3	151,000	453,000	1,054	77.73%	32,980,000	22.36%
145	152,000 - 152,000	4	152,000	608,000	1,058	78.02%	33,588,000	22.78%
146	153,000 - 153,000	1	153,000	153,000	1,059	78.10%	33,741,000	22.88%
147	154,000 - 154,000	2	154,000	308,000	1,061	78.24%	34,049,000	23.09%
148	155,000 - 155,000	4	155,000	620,000	1,065	78.54%	34,669,000	23.51%
149	156,000 - 156,000	1	156,000	156,000	1,066	78.61%	34,825,000	23.62%
150	158,000 - 158,000	2	158,000	316,000	1,068	78.76%	35,141,000	23.83%
151	159,000 - 159,000	2	159,000	318,000	1,070	78.91%	35,459,000	24.05%
152	160,000 - 160,000	1	160,000	160,000	1,071	78.98%	35,619,000	24.15%
153	161,000 - 161,000	3	161,000	483,000	1,074	79.20%	36,102,000	24.48%
154	162,000 - 162,000	2	162,000	324,000	1,076	79.35%	36,426,000	24.70%
155	163,000 - 163,000	2	163,000	326,000	1,078	79.50%	36,752,000	24.92%
156	165,000 - 165,000	1	165,000	165,000	1,079	79.57%	36,917,000	25.03%
157	166,000 - 166,000	4	166,000	664,000	1,083	79.87%	37,581,000	25.48%
158	167,000 - 167,000	2	167,000	334,000	1,085	80.01%	37,915,000	25.71%
159	168,000 - 168,000	2	168,000	336,000	1,087	80.16%	38,251,000	25.94%
160	169,000 - 169,000	2	169,000	338,000	1,089	80.31%	38,589,000	26.17%
161	170,000 - 170,000	2	170,000	340,000	1,091	80.46%	38,929,000	26.40%
162	171,000 - 171,000	1	171,000	171,000	1,092	80.53%	39,100,000	26.51%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-S
Witness: Jones

Meter Size: 2"
Rate Code: R5

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 60.00	$ 112.00
Tier One Rate:	$ 1.20	$ 1.10
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
163	172,000 - 172,000	2	172,000	344,000	1,094	80.68%	39,444,000	26.75%
164	173,000 - 173,000	2	173,000	346,000	1,096	80.83%	39,790,000	26.98%
165	174,000 - 174,000	1	174,000	174,000	1,097	80.90%	39,964,000	27.10%
166	175,000 - 175,000	1	175,000	175,000	1,098	80.97%	40,139,000	27.22%
167	177,000 - 177,000	2	177,000	354,000	1,100	81.12%	40,493,000	27.46%
168	178,000 - 178,000	1	178,000	178,000	1,101	81.19%	40,671,000	27.58%
169	179,000 - 179,000	1	179,000	179,000	1,102	81.27%	40,850,000	27.70%
170	180,000 - 180,000	2	180,000	360,000	1,104	81.42%	41,210,000	27.95%
171	181,000 - 181,000	4	181,000	724,000	1,108	81.71%	41,934,000	28.44%
172	182,000 - 182,000	5	182,000	910,000	1,113	82.08%	42,844,000	29.05%
173	183,000 - 183,000	2	183,000	366,000	1,115	82.23%	43,210,000	29.30%
174	184,000 - 184,000	1	184,000	184,000	1,116	82.30%	43,394,000	29.43%
175	186,000 - 186,000	2	186,000	372,000	1,118	82.45%	43,766,000	29.68%
176	189,000 - 189,000	1	189,000	189,000	1,119	82.52%	43,955,000	29.81%
177	190,000 - 190,000	2	190,000	380,000	1,121	82.67%	44,335,000	30.06%
178	191,000 - 191,000	5	191,000	955,000	1,126	83.04%	45,290,000	30.71%
179	192,000 - 192,000	1	192,000	192,000	1,127	83.11%	45,482,000	30.84%
180	194,000 - 194,000	3	194,000	582,000	1,130	83.33%	46,064,000	31.24%
181	195,000 - 195,000	1	195,000	195,000	1,131	83.41%	46,259,000	31.37%
182	197,000 - 197,000	2	197,000	394,000	1,133	83.55%	46,653,000	31.64%
183	200,000 - 200,000	1	200,000	200,000	1,134	83.63%	46,853,000	31.77%
184	201,000 - 201,000	1	201,000	201,000	1,135	83.70%	47,054,000	31.91%
185	202,000 - 202,000	4	202,000	808,000	1,139	84.00%	47,862,000	32.46%
186	204,000 - 204,000	1	204,000	204,000	1,140	84.07%	48,066,000	32.59%
187	205,000 - 205,000	3	205,000	615,000	1,143	84.29%	48,681,000	33.01%
188	208,000 - 208,000	1	208,000	208,000	1,144	84.37%	48,889,000	33.15%
189	211,000 - 211,000	1	211,000	211,000	1,145	84.44%	49,100,000	33.30%
190	212,000 - 212,000	2	212,000	424,000	1,147	84.59%	49,524,000	33.58%
191	213,000 - 213,000	3	213,000	639,000	1,150	84.81%	50,163,000	34.02%
192	215,000 - 215,000	1	215,000	215,000	1,151	84.88%	50,378,000	34.16%
193	218,000 - 218,000	2	218,000	436,000	1,153	85.03%	50,814,000	34.46%
194	220,000 - 220,000	1	220,000	220,000	1,154	85.10%	51,034,000	34.61%
195	221,000 - 221,000	1	221,000	221,000	1,155	85.18%	51,255,000	34.76%
196	225,000 - 225,000	1	225,000	225,000	1,156	85.25%	51,480,000	34.91%
197	226,000 - 226,000	1	226,000	226,000	1,157	85.32%	51,706,000	35.06%
198	227,000 - 227,000	1	227,000	227,000	1,158	85.40%	51,933,000	35.22%
199	228,000 - 228,000	3	228,000	684,000	1,161	85.62%	52,617,000	35.68%
200	229,000 - 229,000	2	229,000	458,000	1,163	85.77%	53,075,000	35.99%
201	230,000 - 230,000	1	230,000	230,000	1,164	85.84%	53,305,000	36.15%
202	231,000 - 231,000	1	231,000	231,000	1,165	85.91%	53,536,000	36.30%
203	232,000 - 232,000	1	232,000	232,000	1,166	85.99%	53,768,000	36.46%
204	233,000 - 233,000	1	233,000	233,000	1,167	86.06%	54,001,000	36.62%
205	234,000 - 234,000	1	234,000	234,000	1,168	86.14%	54,235,000	36.78%
206	235,000 - 235,000	1	235,000	235,000	1,169	86.21%	54,470,000	36.94%
207	236,000 - 236,000	2	236,000	472,000	1,171	86.36%	54,942,000	37.26%
208	237,000 - 237,000	1	237,000	237,000	1,172	86.43%	55,179,000	37.42%
209	239,000 - 239,000	1	239,000	239,000	1,173	86.50%	55,418,000	37.58%
210	240,000 - 240,000	1	240,000	240,000	1,174	86.58%	55,658,000	37.74%
211	243,000 - 243,000	1	243,000	243,000	1,175	86.65%	55,901,000	37.91%
212	245,000 - 245,000	1	245,000	245,000	1,176	86.73%	56,146,000	38.07%
213	250,000 - 250,000	4	250,000	1,000,000	1,180	87.02%	57,146,000	38.75%
214	251,000 - 251,000	1	251,000	251,000	1,181	87.09%	57,397,000	38.92%
215	252,000 - 252,000	3	252,000	756,000	1,184	87.32%	58,153,000	39.44%
216	253,000 - 253,000	1	253,000	253,000	1,185	87.39%	58,406,000	39.61%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 2"
Rate Code: R5

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 60.00	$ 112.00
Tier One Rate:	$ 1.20	$ 1.10
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
217	255,000 - 255,000	1	255,000	255,000	1,186	87.46%	58,661,000	39.78%
218	256,000 - 256,000	2	256,000	512,000	1,188	87.61%	59,173,000	40.13%
219	257,000 - 257,000	1	257,000	257,000	1,189	87.68%	59,430,000	40.30%
220	258,000 - 258,000	1	258,000	258,000	1,190	87.76%	59,688,000	40.48%
221	260,000 - 260,000	1	260,000	260,000	1,191	87.83%	59,948,000	40.65%
222	261,000 - 261,000	2	261,000	522,000	1,193	87.98%	60,470,000	41.01%
223	262,000 - 262,000	2	262,000	524,000	1,195	88.13%	60,994,000	41.36%
224	264,000 - 264,000	1	264,000	264,000	1,196	88.20%	61,258,000	41.54%
225	265,000 - 265,000	1	265,000	265,000	1,197	88.27%	61,523,000	41.72%
226	269,000 - 269,000	1	269,000	269,000	1,198	88.35%	61,792,000	41.90%
227	272,000 - 272,000	1	272,000	272,000	1,199	88.42%	62,064,000	42.09%
228	273,000 - 273,000	1	273,000	273,000	1,200	88.50%	62,337,000	42.27%
229	275,000 - 275,000	1	275,000	275,000	1,201	88.57%	62,612,000	42.46%
230	277,000 - 277,000	1	277,000	277,000	1,202	88.64%	62,889,000	42.65%
231	279,000 - 279,000	1	279,000	279,000	1,203	88.72%	63,168,000	42.84%
232	283,000 - 283,000	2	283,000	566,000	1,205	88.86%	63,734,000	43.22%
233	285,000 - 285,000	2	285,000	570,000	1,207	89.01%	64,304,000	43.61%
234	287,000 - 287,000	1	287,000	287,000	1,208	89.09%	64,591,000	43.80%
235	291,000 - 291,000	1	291,000	291,000	1,209	89.16%	64,882,000	44.00%
236	292,000 - 292,000	2	292,000	584,000	1,211	89.31%	65,466,000	44.39%
237	294,000 - 294,000	2	294,000	588,000	1,213	89.45%	66,054,000	44.79%
238	295,000 - 295,000	1	295,000	295,000	1,214	89.53%	66,349,000	44.99%
239	301,000 - 301,000	2	301,000	602,000	1,216	89.68%	66,951,000	45.40%
240	302,000 - 302,000	1	302,000	302,000	1,217	89.75%	67,253,000	45.61%
241	303,000 - 303,000	1	303,000	303,000	1,218	89.82%	67,556,000	45.81%
242	304,000 - 304,000	1	304,000	304,000	1,219	89.90%	67,860,000	46.02%
243	307,000 - 307,000	1	307,000	307,000	1,220	89.97%	68,167,000	46.23%
244	308,000 - 308,000	1	308,000	308,000	1,221	90.04%	68,475,000	46.43%
245	310,000 - 310,000	1	310,000	310,000	1,222	90.12%	68,785,000	46.64%
246	315,000 - 315,000	1	315,000	315,000	1,223	90.19%	69,100,000	46.86%
247	316,000 - 316,000	1	316,000	316,000	1,224	90.27%	69,416,000	47.07%
248	317,000 - 317,000	1	317,000	317,000	1,225	90.34%	69,733,000	47.29%
249	320,000 - 320,000	2	320,000	640,000	1,227	90.49%	70,373,000	47.72%
250	322,000 - 322,000	1	322,000	322,000	1,228	90.56%	70,695,000	47.94%
251	323,000 - 323,000	2	323,000	646,000	1,230	90.71%	71,341,000	48.38%
252	323,500 - 323,500	1	323,500	323,500	1,231	90.78%	71,664,500	48.60%
253	325,000 - 325,000	1	325,000	325,000	1,232	90.86%	71,989,500	48.82%
254	331,000 - 331,000	1	331,000	331,000	1,233	90.93%	72,320,500	49.04%
255	343,000 - 343,000	1	343,000	343,000	1,234	91.00%	72,663,500	49.28%
256	344,000 - 344,000	1	344,000	344,000	1,235	91.08%	73,007,500	49.51%
257	345,000 - 345,000	1	345,000	345,000	1,236	91.15%	73,352,500	49.74%
258	349,000 - 349,000	2	349,000	698,000	1,238	91.30%	74,050,500	50.22%
259	352,000 - 352,000	1	352,000	352,000	1,239	91.37%	74,402,500	50.45%
260	353,000 - 353,000	1	353,000	353,000	1,240	91.45%	74,755,500	50.69%
261	360,000 - 360,000	1	360,000	360,000	1,241	91.52%	75,115,500	50.94%
262	361,000 - 361,000	1	361,000	361,000	1,242	91.59%	75,476,500	51.18%
263	362,000 - 362,000	1	362,000	362,000	1,243	91.67%	75,838,500	51.43%
264	364,000 - 364,000	1	364,000	364,000	1,244	91.74%	76,202,500	51.67%
265	365,000 - 365,000	1	365,000	365,000	1,245	91.81%	76,567,500	51.92%
266	371,000 - 371,000	1	371,000	371,000	1,246	91.89%	76,938,500	52.17%
267	375,000 - 375,000	1	375,000	375,000	1,247	91.96%	77,313,500	52.43%
268	377,000 - 377,000	1	377,000	377,000	1,248	92.04%	77,690,500	52.68%
269	381,000 - 381,000	1	381,000	381,000	1,249	92.11%	78,071,500	52.94%
270	383,000 - 383,000	1	383,000	383,000	1,250	92.18%	78,454,500	53.20%

Meter Size: 2"
Rate Code: R5

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 60.00	$ 112.00
Tier One Rate:	$ 1.20	$ 1.10
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
271	384,000 - 384,000	1	384,000	384,000	1,251	92.26%	78,838,500	53.46%
272	385,000 - 385,000	1	385,000	385,000	1,252	92.33%	79,223,500	53.72%
273	389,000 - 389,000	1	389,000	389,000	1,253	92.40%	79,612,500	53.99%
274	396,000 - 396,000	1	396,000	396,000	1,254	92.48%	80,008,500	54.26%
275	399,000 - 399,000	2	399,000	798,000	1,256	92.63%	80,806,500	54.80%
276	400,000 - 400,000	1	400,000	400,000	1,257	92.70%	81,206,500	55.07%
277	401,000 - 401,000	2	401,000	802,000	1,259	92.85%	82,008,500	55.61%
278	402,000 - 402,000	2	402,000	804,000	1,261	92.99%	82,812,500	56.16%
279	404,000 - 404,000	2	404,000	808,000	1,263	93.14%	83,620,500	56.71%
280	406,000 - 406,000	1	406,000	406,000	1,264	93.22%	84,026,500	56.98%
281	408,000 - 408,000	1	408,000	408,000	1,265	93.29%	84,434,500	57.26%
282	411,000 - 411,000	1	411,000	411,000	1,266	93.36%	84,845,500	57.54%
283	412,000 - 412,000	2	412,000	824,000	1,268	93.51%	85,669,500	58.09%
284	413,000 - 413,000	3	413,000	1,239,000	1,271	93.73%	86,908,500	58.94%
285	415,000 - 415,000	2	415,000	830,000	1,273	93.88%	87,738,500	59.50%
286	416,000 - 416,000	2	416,000	832,000	1,275	94.03%	88,570,500	60.06%
287	420,000 - 420,000	1	420,000	420,000	1,276	94.10%	88,990,500	60.35%
288	421,000 - 421,000	2	421,000	842,000	1,278	94.25%	89,832,500	60.92%
289	422,000 - 422,000	1	422,000	422,000	1,279	94.32%	90,254,500	61.20%
290	423,000 - 423,000	1	423,000	423,000	1,280	94.40%	90,677,500	61.49%
291	427,000 - 427,000	1	427,000	427,000	1,281	94.47%	91,104,500	61.78%
292	430,000 - 430,000	2	430,000	860,000	1,283	94.62%	91,964,500	62.36%
293	438,000 - 438,000	1	438,000	438,000	1,284	94.69%	92,402,500	62.66%
294	440,000 - 440,000	1	440,000	440,000	1,285	94.76%	92,842,500	62.96%
295	452,000 - 452,000	1	452,000	452,000	1,286	94.84%	93,294,500	63.27%
296	463,000 - 463,000	1	463,000	463,000	1,287	94.91%	93,757,500	63.58%
297	472,500 - 472,500	1	472,500	472,500	1,288	94.99%	94,230,000	63.90%
298	480,000 - 480,000	1	480,000	480,000	1,289	95.06%	94,710,000	64.23%
299	481,000 - 481,000	1	481,000	481,000	1,290	95.13%	95,191,000	64.55%
300	487,000 - 487,000	1	487,000	487,000	1,291	95.21%	95,678,000	64.88%
301	488,000 - 488,000	1	488,000	488,000	1,292	95.28%	96,166,000	65.21%
302	490,000 - 490,000	1	490,000	490,000	1,293	95.35%	96,656,000	65.55%
303	491,000 - 491,000	1	491,000	491,000	1,294	95.43%	97,147,000	65.88%
304	497,000 - 497,000	1	497,000	497,000	1,295	95.50%	97,644,000	66.22%
305	500,000 - 500,000	1	500,000	500,000	1,296	95.58%	98,144,000	66.55%
306	507,000 - 507,000	1	507,000	507,000	1,297	95.65%	98,651,000	66.90%
307	508,000 - 508,000	1	508,000	508,000	1,298	95.72%	99,159,000	67.24%
308	509,000 - 509,000	1	509,000	509,000	1,299	95.80%	99,668,000	67.59%
309	509,000 - 509,000	1	509,000	509,000	1,300	95.87%	100,177,000	67.93%
310	513,000 - 513,000	1	513,000	513,000	1,301	95.94%	100,690,000	68.28%
311	513,000 - 513,000	1	513,000	513,000	1,302	96.02%	101,203,000	68.63%
312	514,000 - 514,000	1	514,000	514,000	1,303	96.09%	101,717,000	68.98%
313	516,000 - 516,000	1	516,000	516,000	1,304	96.17%	102,233,000	69.33%
314	522,000 - 522,000	1	522,000	522,000	1,305	96.24%	102,755,000	69.68%
315	523,000 - 523,000	1	523,000	523,000	1,306	96.31%	103,278,000	70.04%
316	527,000 - 527,000	1	527,000	527,000	1,307	96.39%	103,805,000	70.39%
317	531,000 - 531,000	1	531,000	531,000	1,308	96.46%	104,336,000	70.75%
318	537,000 - 537,000	1	537,000	537,000	1,309	96.53%	104,873,000	71.12%
319	540,000 - 540,000	1	540,000	540,000	1,310	96.61%	105,413,000	71.48%
320	543,000 - 543,000	1	543,000	543,000	1,311	96.68%	105,956,000	71.85%
321	544,000 - 544,000	1	544,000	544,000	1,312	96.76%	106,500,000	72.22%
322	557,000 - 557,000	1	557,000	557,000	1,313	96.83%	107,057,000	72.60%
323	563,000 - 563,000	1	563,000	563,000	1,314	96.90%	107,620,000	72.98%
324	569,000 - 569,000	1	569,000	569,000	1,315	96.98%	108,189,000	73.37%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 2"
Rate Code: R5

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 60.00	$ 112.00
Tier One Rate:	$ 1.20	$ 1.10
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
325	575,000 - 575,000	1	575,000	575,000	1,316	97.05%	108,764,000	73.76%
326	591,000 - 591,000	1	591,000	591,000	1,317	97.12%	109,355,000	74.16%
327	592,000 - 592,000	1	592,000	592,000	1,318	97.20%	109,947,000	74.56%
328	592,000 - 592,000	1	592,000	592,000	1,319	97.27%	110,539,000	74.96%
329	597,000 - 597,000	1	597,000	597,000	1,320	97.35%	111,136,000	75.36%
330	606,000 - 606,000	1	606,000	606,000	1,321	97.42%	111,742,000	75.78%
331	623,000 - 623,000	1	623,000	623,000	1,322	97.49%	112,365,000	76.20%
332	640,000 - 640,000	1	640,000	640,000	1,323	97.57%	113,005,000	76.63%
333	663,000 - 663,000	1	663,000	663,000	1,324	97.64%	113,668,000	77.08%
334	675,000 - 675,000	1	675,000	675,000	1,325	97.71%	114,343,000	77.54%
335	686,000 - 686,000	1	686,000	686,000	1,326	97.79%	115,029,000	78.00%
336	687,000 - 687,000	1	687,000	687,000	1,327	97.86%	115,716,000	78.47%
337	690,000 - 690,000	1	690,000	690,000	1,328	97.94%	116,406,000	78.94%
338	694,000 - 694,000	1	694,000	694,000	1,329	98.01%	117,100,000	79.41%
339	705,000 - 705,000	1	705,000	705,000	1,330	98.08%	117,805,000	79.89%
340	715,000 - 715,000	1	715,000	715,000	1,331	98.16%	118,520,000	80.37%
341	725,000 - 725,000	1	725,000	725,000	1,332	98.23%	119,245,000	80.86%
342	728,000 - 728,000	1	728,000	728,000	1,333	98.30%	119,973,000	81.36%
343	732,000 - 732,000	1	732,000	732,000	1,334	98.38%	120,705,000	81.85%
344	732,000 - 732,000	1	732,000	732,000	1,335	98.45%	121,437,000	82.35%
345	744,000 - 744,000	1	744,000	744,000	1,336	98.53%	122,181,000	82.85%
346	823,000 - 823,000	1	823,000	823,000	1,337	98.60%	123,004,000	83.41%
347	842,000 - 842,000	1	842,000	842,000	1,338	98.67%	123,846,000	83.98%
348	846,000 - 846,000	1	846,000	846,000	1,339	98.75%	124,692,000	84.56%
349	847,000 - 847,000	1	847,000	847,000	1,340	98.82%	125,539,000	85.13%
350	865,000 - 865,000	1	865,000	865,000	1,341	98.89%	126,404,000	85.72%
351	891,000 - 891,000	1	891,000	891,000	1,342	98.97%	127,295,000	86.32%
352	900,000 - 900,000	1	900,000	900,000	1,343	99.04%	128,195,000	86.93%
353	927,000 - 927,000	1	927,000	927,000	1,344	99.12%	129,122,000	87.56%
354	935,000 - 935,000	1	935,000	935,000	1,345	99.19%	130,057,000	88.20%
355	946,000 - 946,000	1	946,000	946,000	1,346	99.26%	131,003,000	88.84%
356	######## - #######	1	1,017,000	1,017,000	1,347	99.34%	132,020,000	89.53%
357	######## - #######	1	1,065,000	1,065,000	1,348	99.41%	133,085,000	90.25%
358	######## - #######	1	1,074,000	1,074,000	1,349	99.48%	134,159,000	90.98%
359	######## - #######	1	1,200,000	1,200,000	1,350	99.56%	135,359,000	91.79%
360	######## - #######	1	1,280,000	1,280,000	1,351	99.63%	136,639,000	92.66%
361	######## - #######	1	1,504,000	1,504,000	1,352	99.71%	138,143,000	93.68%
362	######## - #######	1	1,686,000	1,686,000	1,353	99.78%	139,829,000	94.82%
363	######## - #######	1	2,329,000	2,329,000	1,354	99.85%	142,158,000	96.40%
364	######## - #######	1	2,487,000	2,487,000	1,355	99.93%	144,645,000	98.09%
365	######## - #######	1	2,820,000	2,820,000	1,356	100.00%	147,465,000	100.00%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 2"
Rate Code: R5

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 60.00	$ 112.00
Tier One Rate:	$ 1.20	$ 1.10
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
366								
367	Totals	1,356		147,465,000	1,356		147,465,000	
368								
369	Total Bills	1,356						
370								
371								
372	Average Number of Customers		113					
373								
374	Average Consumption (gallons)		108,750					
375								
376	Median Consumption (gallons)		28,556					
377								
378								
379								

	Current Rates Units	Current Rates Revenue	Proposed Rates Units	Proposed Rates Revenue
Base Charge	1,356	$ 81,360	1,356	$ 151,872
Usage (gallons)				
Tier One	11,971,000	$ 14,365	-	$ -
Tier Two	5,043,000	7,060	37,771,500	97,450
Tier Three	130,451,000	208,722	109,693,500	351,019
Usage Totals	147,465,000		147,465,000	
Revenue Totals		$ 311,507		$ 600,342

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 2" (Hand Billed)
Rate Code: R5

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 60.00	$ 112.00
Tier One Rate:	$ 1.20	$ 1.10
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
1	- - -				-	0.00%	-	0.00%
2	1 - 1,000				-	0.00%	-	0.00%
3	1,001 - 2,000				-	0.00%	-	0.00%
4	2,001 - 3,000				-	0.00%	-	0.00%
5	3,001 - 4,000				-	0.00%	-	0.00%
6	4,001 - 5,000	1	4,700	4,700	1	11.11%	4,700	0.51%
7	5,001 - 6,000				1	11.11%	4,700	0.51%
8	6,001 - 7,000				1	11.11%	4,700	0.51%
9	7,001 - 8,000				1	11.11%	4,700	0.51%
10	8,001 - 9,000				1	11.11%	4,700	0.51%
11	9,001 - 10,000				1	11.11%	4,700	0.51%
12	10,001 - 11,000				1	11.11%	4,700	0.51%
13	11,001 - 12,000				1	11.11%	4,700	0.51%
14	12,001 - 13,000				1	11.11%	4,700	0.51%
15	13,001 - 14,000				1	11.11%	4,700	0.51%
16	14,001 - 15,000				1	11.11%	4,700	0.51%
17	15,001 - 16,000				1	11.11%	4,700	0.51%
18	16,001 - 17,000				1	11.11%	4,700	0.51%
19	17,001 - 18,000	2	17,500	35,000	3	33.33%	39,700	4.29%
20	18,001 - 19,000				3	33.33%	39,700	4.29%
21	19,001 - 20,000				3	33.33%	39,700	4.29%
22	20,001 - 21,000				3	33.33%	39,700	4.29%
23	21,001 - 22,000				3	33.33%	39,700	4.29%
24	22,001 - 23,000				3	33.33%	39,700	4.29%
25	23,001 - 24,000				3	33.33%	39,700	4.29%
26	24,001 - 25,000	1	25,000	25,000	4	44.44%	64,700	6.99%
27	25,001 - 26,000				4	44.44%	64,700	6.99%
28	26,001 - 27,000				4	44.44%	64,700	6.99%
29	27,001 - 28,000				4	44.44%	64,700	6.99%
30	28,001 - 29,000				4	44.44%	64,700	6.99%
31	29,001 - 30,000				4	44.44%	64,700	6.99%
32	30,001 - 31,000				4	44.44%	64,700	6.99%
33	31,001 - 32,000				4	44.44%	64,700	6.99%
34	32,001 - 33,000				4	44.44%	64,700	6.99%
35	33,001 - 34,000				4	44.44%	64,700	6.99%
36	34,001 - 35,000				4	44.44%	64,700	6.99%
37	35,001 - 36,000				4	44.44%	64,700	6.99%
38	36,001 - 37,000				4	44.44%	64,700	6.99%
39	37,001 - 38,000				4	44.44%	64,700	6.99%
40	38,001 - 39,000				4	44.44%	64,700	6.99%
41	39,001 - 40,000				4	44.44%	64,700	6.99%
42	40,001 - 41,000				4	44.44%	64,700	6.99%
43	41,001 - 42,000				4	44.44%	64,700	6.99%
44	42,001 - 43,000				4	44.44%	64,700	6.99%
45	43,001 - 44,000				4	44.44%	64,700	6.99%
46	44,001 - 45,000				4	44.44%	64,700	6.99%
47	45,001 - 46,000				4	44.44%	64,700	6.99%
48	46,001 - 47,000				4	44.44%	64,700	6.99%
49	47,001 - 48,000				4	44.44%	64,700	6.99%
50	48,001 - 49,000				4	44.44%	64,700	6.99%
51	49,001 - 50,000				4	44.44%	64,700	6.99%
52	50,001 - 51,000				4	44.44%	64,700	6.99%
53	51,001 - 52,000				4	44.44%	64,700	6.99%
54	52,001 - 53,000				4	44.44%	64,700	6.99%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 2" (Hand Billed)
Rate Code: R5

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 60.00	$ 112.00
Tier One Rate:	$ 1.20	$ 1.10
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
55	53,001 - 54,000				4	44.44%	64,700	6.99%
56	54,001 - 55,000				4	44.44%	64,700	6.99%
57	55,001 - 56,000				4	44.44%	64,700	6.99%
58	56,001 - 57,000				4	44.44%	64,700	6.99%
59	57,001 - 58,000				4	44.44%	64,700	6.99%
60	58,001 - 59,000				4	44.44%	64,700	6.99%
61	59,001 - 60,000				4	44.44%	64,700	6.99%
62	60,001 - 61,000				4	44.44%	64,700	6.99%
63	61,001 - 62,000				4	44.44%	64,700	6.99%
64	62,001 - 63,000				4	44.44%	64,700	6.99%
65	63,001 - 64,000				4	44.44%	64,700	6.99%
66	64,001 - 65,000				4	44.44%	64,700	6.99%
67	65,001 - 66,000				4	44.44%	64,700	6.99%
68	66,001 - 67,000				4	44.44%	64,700	6.99%
69	67,001 - 68,000				4	44.44%	64,700	6.99%
70	68,001 - 69,000				4	44.44%	64,700	6.99%
71	69,001 - 70,000				4	44.44%	64,700	6.99%
72	70,001 - 71,000				4	44.44%	64,700	6.99%
73	71,001 - 72,000				4	44.44%	64,700	6.99%
74	72,001 - 73,000				4	44.44%	64,700	6.99%
75	73,001 - 74,000				4	44.44%	64,700	6.99%
76	74,001 - 75,000				4	44.44%	64,700	6.99%
77	75,001 - 76,000				4	44.44%	64,700	6.99%
78	76,001 - 77,000				4	44.44%	64,700	6.99%
79	77,001 - 78,000				4	44.44%	64,700	6.99%
80	78,001 - 79,000				4	44.44%	64,700	6.99%
81	79,001 - 80,000				4	44.44%	64,700	6.99%
82	80,001 - 81,000				4	44.44%	64,700	6.99%
83	81,001 - 82,000				4	44.44%	64,700	6.99%
84	82,001 - 83,000				4	44.44%	64,700	6.99%
85	83,001 - 84,000				4	44.44%	64,700	6.99%
86	84,001 - 85,000				4	44.44%	64,700	6.99%
87	85,001 - 86,000				4	44.44%	64,700	6.99%
88	86,001 - 87,000				4	44.44%	64,700	6.99%
89	87,001 - 88,000				4	44.44%	64,700	6.99%
90	88,001 - 89,000				4	44.44%	64,700	6.99%
91	89,001 - 90,000				4	44.44%	64,700	6.99%
92	90,001 - 91,000				4	44.44%	64,700	6.99%
93	91,001 - 92,000				4	44.44%	64,700	6.99%
94	92,001 - 93,000				4	44.44%	64,700	6.99%
95	93,001 - 94,000				4	44.44%	64,700	6.99%
96	94,001 - 95,000				4	44.44%	64,700	6.99%
97	95,001 - 96,000				4	44.44%	64,700	6.99%
98	96,001 - 97,000				4	44.44%	64,700	6.99%
99	97,001 - 98,000				4	44.44%	64,700	6.99%
100	98,001 - 99,000	1	99,000	99,000	5	55.56%	163,700	17.68%
101	99,001 - 100,000				5	55.56%	163,700	17.68%
102	127,000 - 127,000	1	127,000	127,000	6	66.67%	290,700	31.39%
103	170,000 - 170,000	1	170,000	170,000	7	77.78%	460,700	49.75%
104	190,000 - 190,000	1	190,000	190,000	8	88.89%	650,700	70.26%
105	275,400 - 275,400	1	275,400	275,400	9	100.00%	926,100	100.00%
106								
107	Totals	9		926,100	9		926,100	
108								

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 2" (Hand Billed)
Rate Code: R5

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 60.00	$ 112.00
Tier One Rate:	$ 1.20	$ 1.10
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks
109	Total Bills	9		
110				
111				
112	Average Number of Customers		1	
113				
114	Average Consumption (gallons)		102,900	
115				
116	Median Consumption (gallons)		62,000	
117				
118				
119				

	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total

	Current Rates Units	Current Rates Revenue	Proposed Rates Units	Proposed Rates Revenue
Base Charge	9	$ 540	9	$ 1,008
Usage (gallons)				
Tier One	100,700	$ 121	-	$ -
Tier Two	47,000	66	314,700	812
Tier Three	778,400	1,245	611,400	1,956
Usage Totals	926,100		926,100	
Revenue Totals		$ 1,972		$ 3,776

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 3"
Rate Code: R6

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 120.00	$ 224.00
Tier One Rate:	$ 1.20	$ 1.10
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block			Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
1	-	-	-	17	-	-	17	34.69%	-	0.00%
2	1	-	1,000	2	1,000	2,000	19	38.78%	2,000	0.59%
3	1,001	-	2,000	7	2,000	14,000	26	53.06%	16,000	4.71%
4	2,001	-	3,000	3	3,000	9,000	29	59.18%	25,000	7.35%
5	3,001	-	4,000	-		-	29	59.18%	25,000	7.35%
6	4,001	-	5,000	-		-	29	59.18%	25,000	7.35%
7	5,001	-	6,000	-		-	29	59.18%	25,000	7.35%
8	6,001	-	7,000	1	7,000	7,000	30	61.22%	32,000	9.41%
9	7,001	-	8,000	-		-	30	61.22%	32,000	9.41%
10	8,001	-	9,000	-		-	30	61.22%	32,000	9.41%
11	9,001	-	10,000	1	10,000	10,000	31	63.27%	42,000	12.35%
12	10,001	-	11,000	1	11,000	11,000	32	65.31%	53,000	15.59%
13	11,001	-	12,000	-		-	32	65.31%	53,000	15.59%
14	12,001	-	13,000	3	13,000	39,000	35	71.43%	92,000	27.06%
15	13,001	-	14,000	-		-	35	71.43%	92,000	27.06%
16	14,001	-	15,000	2	15,000	30,000	37	75.51%	122,000	35.88%
17	15,001	-	16,000	2	16,000	32,000	39	79.59%	154,000	45.29%
18	16,001	-	17,000	4	17,000	68,000	43	87.76%	222,000	65.29%
19	17,001	-	18,000	2	18,000	36,000	45	91.84%	258,000	75.88%
20	18,001	-	19,000	1	19,000	19,000	46	93.88%	277,000	81.47%
21	19,001	-	20,000	1	20,000	20,000	47	95.92%	297,000	87.35%
22	20,001	-	21,000	1	21,000	21,000	48	97.96%	318,000	93.53%
23	21,001	-	22,000	1	22,000	22,000	49	100.00%	340,000	100.00%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 3"
Rate Code: R6

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 120.00	$ 224.00
Tier One Rate:	$ 1.20	$ 1.10
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
24								
25	Totals	49		340,000	49		340,000	
26								
27	Total Bills	49						
28								
29								
30	Average Number of Customers		4					
31								
32	Average Consumption (gallons)		6,939					
33								
34	Median Consumption (gallons)		1,786					
35								
36								
37								

	Current Rates Units	Current Rates Revenue	Proposed Rates Units	Proposed Rates Revenue
Base Charge	49	$ 5,880	49	$ 10,976
Usage (gallons)				
Tier One	257,000	$ 308	-	$ -
Tier Two	73,000	102	340,000	877
Tier Three	10,000	16	-	-
Usage Totals	340,000		340,000	
Revenue Totals		$ 6,307		$ 11,853

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 3" (Hand Billed)
Rate Code: R6

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 120.00	$ 224.00
Tier One Rate:	$ 1.20	$ 1.20
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block			Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
1	-	-	-				-	0.00%	-	0.00%
2	1	-	1,000				-	0.00%	-	0.00%
3	1,001	-	2,000				-	0.00%	-	0.00%
4	2,001	-	3,000				-	0.00%	-	0.00%
5	3,001	-	4,000				-	0.00%	-	0.00%
6	4,001	-	5,000				-	0.00%	-	0.00%
7	5,001	-	6,000				-	0.00%	-	0.00%
8	6,001	-	7,000				-	0.00%	-	0.00%
9	7,001	-	8,000				-	0.00%	-	0.00%
10	8,001	-	9,000				-	0.00%	-	0.00%
11	9,001	-	10,000				-	0.00%	-	0.00%
12	10,001	-	11,000				-	0.00%	-	0.00%
13	11,001	-	12,000				-	0.00%	-	0.00%
14	12,001	-	13,000				-	0.00%	-	0.00%
15	13,001	-	14,000				-	0.00%	-	0.00%
16	14,001	-	15,000				-	0.00%	-	0.00%
17	15,001	-	16,000				-	0.00%	-	0.00%
18	16,001	-	17,000				-	0.00%	-	0.00%
19	17,001	-	18,000				-	0.00%	-	0.00%
20	18,001	-	19,000				-	0.00%	-	0.00%
21	19,001	-	20,000				-	0.00%	-	0.00%
22	20,001	-	21,000				-	0.00%	-	0.00%
23	21,001	-	22,000				-	0.00%	-	0.00%
24	22,001	-	23,000				-	0.00%	-	0.00%
25	23,001	-	24,000				-	0.00%	-	0.00%
26	24,001	-	25,000				-	0.00%	-	0.00%
27	25,001	-	26,000				-	0.00%	-	0.00%
28	26,001	-	27,000				-	0.00%	-	0.00%
29	27,001	-	28,000				-	0.00%	-	0.00%
30	28,001	-	29,000				-	0.00%	-	0.00%
31	29,001	-	30,000				-	0.00%	-	0.00%
32	30,001	-	31,000				-	0.00%	-	0.00%
33	31,001	-	32,000				-	0.00%	-	0.00%
34	32,001	-	33,000				-	0.00%	-	0.00%
35	33,001	-	34,000				-	0.00%	-	0.00%
36	34,001	-	35,000				-	0.00%	-	0.00%
37	35,001	-	36,000				-	0.00%	-	0.00%
38	36,001	-	37,000				-	0.00%	-	0.00%
39	37,001	-	38,000				-	0.00%	-	0.00%
40	38,001	-	39,000				-	0.00%	-	0.00%
41	39,001	-	40,000				-	0.00%	-	0.00%
42	40,001	-	41,000				-	0.00%	-	0.00%
43	41,001	-	42,000				-	0.00%	-	0.00%
44	42,001	-	43,000				-	0.00%	-	0.00%
45	43,001	-	44,000				-	0.00%	-	0.00%
46	44,001	-	45,000				-	0.00%	-	0.00%
47	45,001	-	46,000				-	0.00%	-	0.00%
48	46,001	-	47,000				-	0.00%	-	0.00%
49	47,001	-	48,000				-	0.00%	-	0.00%
50	48,001	-	49,000				-	0.00%	-	0.00%
51	49,001	-	50,000				-	0.00%	-	0.00%
52	50,001	-	51,000				-	0.00%	-	0.00%
53	51,001	-	52,000				-	0.00%	-	0.00%
54	52,001	-	53,000				-	0.00%	-	0.00%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 3" (Hand Billed)
Rate Code: R6

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 120.00	$ 224.00
Tier One Rate:	$ 1.20	$ 1.20
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
55	53,001 - 54,000				-	0.00%	-	0.00%
56	54,001 - 55,000				-	0.00%	-	0.00%
57	55,001 - 56,000				-	0.00%	-	0.00%
58	56,001 - 57,000				-	0.00%	-	0.00%
59	57,001 - 58,000				-	0.00%	-	0.00%
60	58,001 - 59,000				-	0.00%	-	0.00%
61	59,001 - 60,000				-	0.00%	-	0.00%
62	60,001 - 61,000				-	0.00%	-	0.00%
63	61,001 - 62,000				-	0.00%	-	0.00%
64	62,001 - 63,000				-	0.00%	-	0.00%
65	63,001 - 64,000				-	0.00%	-	0.00%
66	64,001 - 65,000				-	0.00%	-	0.00%
67	65,001 - 66,000				-	0.00%	-	0.00%
68	66,001 - 67,000				-	0.00%	-	0.00%
69	67,001 - 68,000				-	0.00%	-	0.00%
70	68,001 - 69,000				-	0.00%	-	0.00%
71	69,001 - 70,000				-	0.00%	-	0.00%
72	70,001 - 71,000				-	0.00%	-	0.00%
73	71,001 - 72,000				-	0.00%	-	0.00%
74	72,001 - 73,000				-	0.00%	-	0.00%
75	73,001 - 74,000				-	0.00%	-	0.00%
76	74,001 - 75,000				-	0.00%	-	0.00%
77	75,001 - 76,000				-	0.00%	-	0.00%
78	76,001 - 77,000				-	0.00%	-	0.00%
79	77,001 - 78,000				-	0.00%	-	0.00%
80	78,001 - 79,000				-	0.00%	-	0.00%
81	79,001 - 80,000				-	0.00%	-	0.00%
82	80,001 - 81,000				-	0.00%	-	0.00%
83	81,001 - 82,000				-	0.00%	-	0.00%
84	82,001 - 83,000				-	0.00%	-	0.00%
85	83,001 - 84,000				-	0.00%	-	0.00%
86	84,001 - 85,000				-	0.00%	-	0.00%
87	85,001 - 86,000				-	0.00%	-	0.00%
88	86,001 - 87,000				-	0.00%	-	0.00%
89	87,001 - 88,000				-	0.00%	-	0.00%
90	88,001 - 89,000				-	0.00%	-	0.00%
91	89,001 - 90,000				-	0.00%	-	0.00%
92	90,001 - 91,000				-	0.00%	-	0.00%
93	91,001 - 92,000				-	0.00%	-	0.00%
94	92,001 - 93,000				-	0.00%	-	0.00%
95	93,001 - 94,000				-	0.00%	-	0.00%
96	94,001 - 95,000				-	0.00%	-	0.00%
97	95,001 - 96,000				-	0.00%	-	0.00%
98	96,001 - 97,000				-	0.00%	-	0.00%
99	97,001 - 98,000				-	0.00%	-	0.00%
100	98,001 - 99,000				-	0.00%	-	0.00%
101	99,001 - 100,000				-	0.00%	-	0.00%
102	102,800 - 102,800	2	102,800	205,600	2	8.33%	-	0.00%
103	131,100 - 131,100	2	131,100	262,200	4	16.67%	-	0.00%
104	141,400 - 141,400	2	141,400	282,800	6	25.00%	-	0.00%
105	154,600 - 154,600	2	154,600	309,200	8	33.33%	-	0.00%
106	175,600 - 175,600	2	175,600	351,200	10	41.67%	-	0.00%
107	206,000 - 206,000	2	206,000	412,000	12	50.00%	-	0.00%
108	248,350 - 248,350	2	248,350	496,700	14	58.33%	-	0.00%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 3" (Hand Billed)
Rate Code: R6

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 120.00	$ 224.00
Tier One Rate:	$ 1.20	$ 1.20
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
109	336,600 - 336,600	2	336,600	673,200	16	66.67%	-	0.00%
110	464,300 - 464,300	2	464,300	928,600	18	75.00%	-	0.00%
111	475,800 - 475,800	2	475,800	951,600	20	83.33%	-	0.00%
112	580,550 - 580,550	2	580,550	1,161,100	22	91.67%	-	0.00%
113	932,905 - 932,905	2	932,905	1,865,810	24	100.00%	7,900,010	100.00%
114								
115	Totals	24		7,900,010	24		7,900,010	
116								
117	Total Bills	24						

		Current Rates Units	Current Rates Revenue	Proposed Rates Units	Proposed Rates Revenue
118					
119	Base Charge	24	$ 2,880	24	$ 5,376
120	Average Number of Customers 2				
121	Usage (gallons)				
122	Average Consumption (gallons) 329,167	Tier One 288,000	$ 346	-	$ -
123		Tier Two 144,000	202	1,200,000	3,096
124	Median Consumption (gallons) 206,000	Tier Three 7,468,010	11,949	6,700,010	21,440
125		Usage Totals 7,900,010		7,900,010	
126		Revenue Totals	$ 15,376		$ 29,912
127					

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 6"
Rate Code: R8

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 375.00	$ 700.00
Tier One Rate:	$ 1.20	$ 1.10
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block			Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
1	-	-	-	-		-	-	0.00%	-	0.00%
2	1	-	1,000	-		-	-	0.00%	-	0.00%
3	1,001	-	2,000	-		-	-	0.00%	-	0.00%
4	2,001	-	3,000	-		-	-	0.00%	-	0.00%
5	3,001	-	4,000	-		-	-	0.00%	-	0.00%
6	4,001	-	5,000	-		-	-	0.00%	-	0.00%
7	5,001	-	6,000	-		-	-	0.00%	-	0.00%
8	6,001	-	7,000	-		-	-	0.00%	-	0.00%
9	7,001	-	8,000	-		-	-	0.00%	-	0.00%
10	8,001	-	9,000	-		-	-	0.00%	-	0.00%
11	9,001	-	10,000	-		-	-	0.00%	-	0.00%
12	10,001	-	11,000	-		-	-	0.00%	-	0.00%
13	11,001	-	12,000	-		-	-	0.00%	-	0.00%
14	12,001	-	13,000	-		-	-	0.00%	-	0.00%
15	13,001	-	14,000	-		-	-	0.00%	-	0.00%
16	14,001	-	15,000	-		-	-	0.00%	-	0.00%
17	15,001	-	16,000	-		-	-	0.00%	-	0.00%
18	16,001	-	17,000	-		-	-	0.00%	-	0.00%
19	17,001	-	18,000	-		-	-	0.00%	-	0.00%
20	18,001	-	19,000	-		-	-	0.00%	-	0.00%
21	19,001	-	20,000	-		-	-	0.00%	-	0.00%
22	20,001	-	21,000	-		-	-	0.00%	-	0.00%
23	21,001	-	22,000	-		-	-	0.00%	-	0.00%
24	22,001	-	23,000	-		-	-	0.00%	-	0.00%
25	23,001	-	24,000	-		-	-	0.00%	-	0.00%
26	24,001	-	25,000	-		-	-	0.00%	-	0.00%
27	25,001	-	26,000	-		-	-	0.00%	-	0.00%
28	26,001	-	27,000	-		-	-	0.00%	-	0.00%
29	27,001	-	28,000	-		-	-	0.00%	-	0.00%
30	28,001	-	29,000	-		-	-	0.00%	-	0.00%
31	29,001	-	30,000	-		-	-	0.00%	-	0.00%
32	30,001	-	31,000	-		-	-	0.00%	-	0.00%
33	31,001	-	32,000	-		-	-	0.00%	-	0.00%
34	32,001	-	33,000	-		-	-	0.00%	-	0.00%
35	33,001	-	34,000	-		-	-	0.00%	-	0.00%
36	34,001	-	35,000	-		-	-	0.00%	-	0.00%
37	35,001	-	36,000	-		-	-	0.00%	-	0.00%
38	36,001	-	37,000	-		-	-	0.00%	-	0.00%
39	37,001	-	38,000	-		-	-	0.00%	-	0.00%
40	38,001	-	39,000	-		-	-	0.00%	-	0.00%
41	39,001	-	40,000	-		-	-	0.00%	-	0.00%
42	40,001	-	41,000	-		-	-	0.00%	-	0.00%
43	41,001	-	42,000	-		-	-	0.00%	-	0.00%
44	42,001	-	43,000	-		-	-	0.00%	-	0.00%
45	43,001	-	44,000	-		-	-	0.00%	-	0.00%
46	44,001	-	45,000	-		-	-	0.00%	-	0.00%
47	45,001	-	46,000	-		-	-	0.00%	-	0.00%
48	46,001	-	47,000	-		-	-	0.00%	-	0.00%
49	47,001	-	48,000	-		-	-	0.00%	-	0.00%
50	48,001	-	49,000	-		-	-	0.00%	-	0.00%
51	49,001	-	50,000	-		-	-	0.00%	-	0.00%
52	50,001	-	51,000	-		-	-	0.00%	-	0.00%
53	51,001	-	52,000	-		-	-	0.00%	-	0.00%
54	52,001	-	53,000	-		-	-	0.00%	-	0.00%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 6"
Rate Code: R8

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 375.00	$ 700.00
Tier One Rate:	$ 1.20	$ 1.10
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
55	53,001 - 54,000	-		-	-	0.00%	-	0.00%
56	54,001 - 55,000	-		-	-	0.00%	-	0.00%
57	55,001 - 56,000	-		-	-	0.00%	-	0.00%
58	56,001 - 57,000	-		-	-	0.00%	-	0.00%
59	57,001 - 58,000	-		-	-	0.00%	-	0.00%
60	58,001 - 59,000	-		-	-	0.00%	-	0.00%
61	59,001 - 60,000	-		-	-	0.00%	-	0.00%
62	60,001 - 61,000	-		-	-	0.00%	-	0.00%
63	61,001 - 62,000	-		-	-	0.00%	-	0.00%
64	62,001 - 63,000	-		-	-	0.00%	-	0.00%
65	63,001 - 64,000	-		-	-	0.00%	-	0.00%
66	64,001 - 65,000	-		-	-	0.00%	-	0.00%
67	65,001 - 66,000	-		-	-	0.00%	-	0.00%
68	66,001 - 67,000	-		-	-	0.00%	-	0.00%
69	67,001 - 68,000	-		-	-	0.00%	-	0.00%
70	68,001 - 69,000	-		-	-	0.00%	-	0.00%
71	69,001 - 70,000	-		-	-	0.00%	-	0.00%
72	70,001 - 71,000	-		-	-	0.00%	-	0.00%
73	71,001 - 72,000	-		-	-	0.00%	-	0.00%
74	72,001 - 73,000	-		-	-	0.00%	-	0.00%
75	73,001 - 74,000	-		-	-	0.00%	-	0.00%
76	74,001 - 75,000	-		-	-	0.00%	-	0.00%
77	75,001 - 76,000	-		-	-	0.00%	-	0.00%
78	76,001 - 77,000	-		-	-	0.00%	-	0.00%
79	77,001 - 78,000	-		-	-	0.00%	-	0.00%
80	78,001 - 79,000	-		-	-	0.00%	-	0.00%
81	79,001 - 80,000	-		-	-	0.00%	-	0.00%
82	80,001 - 81,000	-		-	-	0.00%	-	0.00%
83	81,001 - 82,000	-		-	-	0.00%	-	0.00%
84	82,001 - 83,000	-		-	-	0.00%	-	0.00%
85	83,001 - 84,000	-		-	-	0.00%	-	0.00%
86	84,001 - 85,000	-		-	-	0.00%	-	0.00%
87	85,001 - 86,000	-		-	-	0.00%	-	0.00%
88	86,001 - 87,000	-		-	-	0.00%	-	0.00%
89	87,001 - 88,000	-		-	-	0.00%	-	0.00%
90	88,001 - 89,000	-		-	-	0.00%	-	0.00%
91	89,001 - 90,000	-		-	-	0.00%	-	0.00%
92	90,001 - 91,000	-		-	-	0.00%	-	0.00%
93	91,001 - 92,000	-		-	-	0.00%	-	0.00%
94	92,001 - 93,000	-		-	-	0.00%	-	0.00%
95	93,001 - 94,000	-		-	-	0.00%	-	0.00%
96	94,001 - 95,000	-		-	-	0.00%	-	0.00%
97	95,001 - 96,000	-		-	-	0.00%	-	0.00%
98	96,001 - 97,000	-		-	-	0.00%	-	0.00%
99	97,001 - 98,000	-		-	-	0.00%	-	0.00%
100	98,001 - 99,000	-		-	-	0.00%	-	0.00%
101	99,001 - 100,000	-		-	-	0.00%	-	0.00%
102	115,000 - 115,000	1	115,000	115,000	1	4.17%	115,000	3.26%
103	115,000 - 115,000	1	115,000	115,000	2	8.33%	230,000	6.52%
104	115,000 - 115,000	1	115,000	115,000	3	12.50%	345,000	9.79%
105	125,000 - 125,000	1	125,000	125,000	4	16.67%	470,000	13.33%
106	125,000 - 125,000	1	125,000	125,000	5	20.83%	595,000	16.88%
107	125,000 - 125,000	1	125,000	125,000	6	25.00%	720,000	20.43%
108	130,000 - 130,000	1	130,000	130,000	7	29.17%	850,000	24.11%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 6"
Rate Code: R8

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 375.00	$ 700.00
Tier One Rate:	$ 1.20	$ 1.10
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
109	130,000 - 130,000	1	130,000	130,000	8	33.33%	980,000	27.80%
110	130,000 - 130,000	1	130,000	130,000	9	37.50%	1,110,000	31.49%
111	130,000 - 130,000	1	130,000	130,000	10	41.67%	1,240,000	35.18%
112	135,000 - 135,000	1	135,000	135,000	11	45.83%	1,375,000	39.01%
113	140,000 - 140,000	1	140,000	140,000	12	50.00%	1,515,000	42.98%
114	140,000 - 140,000	1	140,000	140,000	13	54.17%	1,655,000	46.95%
115	145,000 - 145,000	1	145,000	145,000	14	58.33%	1,800,000	51.06%
116	145,000 - 145,000	1	145,000	145,000	15	62.50%	1,945,000	55.18%
117	155,000 - 155,000	1	155,000	155,000	16	66.67%	2,100,000	59.57%
118	160,000 - 160,000	1	160,000	160,000	17	70.83%	2,260,000	64.11%
119	170,000 - 170,000	1	170,000	170,000	18	75.00%	2,430,000	68.94%
120	170,000 - 170,000	1	170,000	170,000	19	79.17%	2,600,000	73.76%
121	175,000 - 175,000	1	175,000	175,000	20	83.33%	2,775,000	78.72%
122	180,000 - 180,000	1	180,000	180,000	21	87.50%	2,955,000	83.83%
123	185,000 - 185,000	1	185,000	185,000	22	91.67%	3,140,000	89.08%
124	185,000 - 185,000	1	185,000	185,000	23	95.83%	3,325,000	94.33%
125	200,000 - 200,000	1	200,000	200,000	24	100.00%	3,525,000	100.00%
126								
127	Totals	24		3,525,000	24		3,525,000	
128								
129	Total Bills	24						
130								
131								
132	Average Number of Customers	2						
133								
134	Average Consumption (gallons)	146,875						
135								
136	Median Consumption (gallons)	140,000						
137								
138								
139								

	Current Rates Units	Current Rates Revenue	Proposed Rates Units	Proposed Rates Revenue
Base Charge	24	$ 9,000	24	$ 16,800
Usage (gallons)				
Tier One	288,000	$ 346	-	$ -
Tier Two	144,000	202	1,200,000	3,096
Tier Three	3,093,000	4,949	2,325,000	7,440
Usage Totals	3,525,000		3,525,000	
Revenue Totals		$ 14,496		$ 27,336

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 8" (Hand Billed)
Rate Code: R9

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 750.00	$ 1,400.00
Tier One Rate:	$ 1.20	$ 1.10
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block			Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
1	-	-	-	24	-		24	100.00%	-	#DIV/0!
2	1	-	1,000				24	100.00%	-	#DIV/0!
3	1,001	-	2,000				24	100.00%	-	#DIV/0!
4	2,001	-	3,000				24	100.00%	-	#DIV/0!
5	3,001	-	4,000				24	100.00%	-	#DIV/0!
6	4,001	-	5,000				24	100.00%	-	#DIV/0!
7	5,001	-	6,000				24	100.00%	-	#DIV/0!
8	6,001	-	7,000				24	100.00%	-	#DIV/0!
9	7,001	-	8,000				24	100.00%	-	#DIV/0!
10	8,001	-	9,000				24	100.00%	-	#DIV/0!
11	9,001	-	10,000				24	100.00%	-	#DIV/0!
12	10,001	-	11,000				24	100.00%	-	#DIV/0!
13	11,001	-	12,000				24	100.00%	-	#DIV/0!
14	12,001	-	13,000				24	100.00%	-	#DIV/0!
15	13,001	-	14,000				24	100.00%	-	#DIV/0!
16	14,001	-	15,000				24	100.00%	-	#DIV/0!
17	15,001	-	16,000				24	100.00%	-	#DIV/0!
18	16,001	-	17,000				24	100.00%	-	#DIV/0!
19	17,001	-	18,000				24	100.00%	-	#DIV/0!
20	18,001	-	19,000				24	100.00%	-	#DIV/0!
21	19,001	-	20,000				24	100.00%	-	#DIV/0!
22	20,001	-	21,000				24	100.00%	-	#DIV/0!
23	21,001	-	22,000				24	100.00%	-	#DIV/0!
24	22,001	-	23,000				24	100.00%	-	#DIV/0!
25	23,001	-	24,000				24	100.00%	-	#DIV/0!
26	24,001	-	25,000				24	100.00%	-	#DIV/0!
27	25,001	-	26,000				24	100.00%	-	#DIV/0!
28	26,001	-	27,000				24	100.00%	-	#DIV/0!
29	27,001	-	28,000				24	100.00%	-	#DIV/0!
30	28,001	-	29,000				24	100.00%	-	#DIV/0!
31	29,001	-	30,000				24	100.00%	-	#DIV/0!
32	30,001	-	31,000				24	100.00%	-	#DIV/0!
33	31,001	-	32,000				24	100.00%	-	#DIV/0!
34	32,001	-	33,000				24	100.00%	-	#DIV/0!
35	33,001	-	34,000				24	100.00%	-	#DIV/0!
36	34,001	-	35,000				24	100.00%	-	#DIV/0!
37	35,001	-	36,000				24	100.00%	-	#DIV/0!
38	36,001	-	37,000				24	100.00%	-	#DIV/0!
39	37,001	-	38,000				24	100.00%	-	#DIV/0!
40	38,001	-	39,000				24	100.00%	-	#DIV/0!
41	39,001	-	40,000				24	100.00%	-	#DIV/0!
42	40,001	-	41,000				24	100.00%	-	#DIV/0!
43	41,001	-	42,000				24	100.00%	-	#DIV/0!
44	42,001	-	43,000				24	100.00%	-	#DIV/0!
45	43,001	-	44,000				24	100.00%	-	#DIV/0!
46	44,001	-	45,000				24	100.00%	-	#DIV/0!
47	45,001	-	46,000				24	100.00%	-	#DIV/0!
48	46,001	-	47,000				24	100.00%	-	#DIV/0!
49	47,001	-	48,000				24	100.00%	-	#DIV/0!
50	48,001	-	49,000				24	100.00%	-	#DIV/0!
51	49,001	-	50,000				24	100.00%	-	#DIV/0!
52	50,001	-	51,000				24	100.00%	-	#DIV/0!
53	51,001	-	52,000				24	100.00%	-	#DIV/0!
54	52,001	-	53,000				24	100.00%	-	#DIV/0!

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 8" (Hand Billed)
Rate Code: R9

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 750.00	$ 1,400.00
Tier One Rate:	$ 1.20	$ 1.10
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
55	53,001 - 54,000				24	100.00%	-	#DIV/0!
56	54,001 - 55,000				24	100.00%	-	#DIV/0!
57	55,001 - 56,000				24	100.00%	-	#DIV/0!
58	56,001 - 57,000				24	100.00%	-	#DIV/0!
59	57,001 - 58,000				24	100.00%	-	#DIV/0!
60	58,001 - 59,000				24	100.00%	-	#DIV/0!
61	59,001 - 60,000				24	100.00%	-	#DIV/0!
62	60,001 - 61,000				24	100.00%	-	#DIV/0!
63	61,001 - 62,000				24	100.00%	-	#DIV/0!
64	62,001 - 63,000				24	100.00%	-	#DIV/0!
65	63,001 - 64,000				24	100.00%	-	#DIV/0!
66	64,001 - 65,000				24	100.00%	-	#DIV/0!
67	65,001 - 66,000				24	100.00%	-	#DIV/0!
68	66,001 - 67,000				24	100.00%	-	#DIV/0!
69	67,001 - 68,000				24	100.00%	-	#DIV/0!
70	68,001 - 69,000				24	100.00%	-	#DIV/0!
71	69,001 - 70,000				24	100.00%	-	#DIV/0!
72	70,001 - 71,000				24	100.00%	-	#DIV/0!
73	71,001 - 72,000				24	100.00%	-	#DIV/0!
74	72,001 - 73,000				24	100.00%	-	#DIV/0!
75	73,001 - 74,000				24	100.00%	-	#DIV/0!
76	74,001 - 75,000				24	100.00%	-	#DIV/0!
77	75,001 - 76,000				24	100.00%	-	#DIV/0!
78	76,001 - 77,000				24	100.00%	-	#DIV/0!
79	77,001 - 78,000				24	100.00%	-	#DIV/0!
80	78,001 - 79,000				24	100.00%	-	#DIV/0!
81	79,001 - 80,000				24	100.00%	-	#DIV/0!
82	80,001 - 81,000				24	100.00%	-	#DIV/0!
83	81,001 - 82,000				24	100.00%	-	#DIV/0!
84	82,001 - 83,000				24	100.00%	-	#DIV/0!
85	83,001 - 84,000				24	100.00%	-	#DIV/0!
86	84,001 - 85,000				24	100.00%	-	#DIV/0!
87	85,001 - 86,000				24	100.00%	-	#DIV/0!
88	86,001 - 87,000				24	100.00%	-	#DIV/0!
89	87,001 - 88,000				24	100.00%	-	#DIV/0!
90	88,001 - 89,000				24	100.00%	-	#DIV/0!
91	89,001 - 90,000				24	100.00%	-	#DIV/0!
92	90,001 - 91,000				24	100.00%	-	#DIV/0!
93	91,001 - 92,000				24	100.00%	-	#DIV/0!
94	92,001 - 93,000				24	100.00%	-	#DIV/0!
95	93,001 - 94,000				24	100.00%	-	#DIV/0!
96	94,001 - 95,000				24	100.00%	-	#DIV/0!
97	95,001 - 96,000				24	100.00%	-	#DIV/0!
98	96,001 - 97,000				24	100.00%	-	#DIV/0!
99	97,001 - 98,000				24	100.00%	-	#DIV/0!
100	98,001 - 99,000				24	100.00%	-	#DIV/0!
101	99,001 - 100,000				24	100.00%	-	#DIV/0!
102								
103	Totals	24		-	24		-	
104								
105	Total Bills	24						

	Current Rates Units	Current Rates Revenue	Proposed Rates Units	Proposed Rates Revenue
106				
107 Base Charge	24	$ 18,000	24	$ 33,600

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 8" (Hand Billed)
Rate Code: R9

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 750.00	$ 1,400.00
Tier One Rate:	$ 1.20	$ 1.10
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total	
108	Average Number of Customers		2						
109					Usage (gallons)				
110	Average Consumption (gallons)		-		Tier One	-	$ -	-	$ -
111					Tier Two	-	-	-	-
112	Median Consumption (gallons)		-		Tier Three	-	-	-	-
113					Usage Totals	-		-	
114					Revenue Totals		$ 18,000		$ 33,600
115									

EXHIBIT RLJ-DT3

New River Utility Company

Direct Testimony of Ray L. Jones

Exhibit RLJ-DT3

BROWN AND CALDWELL

Report Amendment

201 East Washington Street, Suite 500
Phoenix, Arizona 85004

Prepared for: New River Utility Company
Project Title: Asset Evaluation Update
Project No.: 138224

Registered Professional Engineer (Civil) CERTIFICATE NO. 35199 TRACY H. MORACA Date Signed 10/30/09 ARIZONA, U.S.A.
Expires 9/30/12

Date: October 29, 2009
Subject: Valuation
To: Mr. R.L. "Bob" Fletcher, New River Utility Company
From: Mr. AJ Oswood, Senior Operations Specialist, Brown and Caldwell
Mr. Ken Harlow, Director of Management Services, Brown and Caldwell
Copy to: Ms. Tracy Moraca, P.E., Brown and Caldwell

1.0 Introduction

Brown and Caldwell prepared a valuation of New River Utility Company water utility assets in 2005, including the condition and capacity of the assets, and their value and cost to the City of Peoria. This Report Amendment updates that prior valuation to 2009 values and new assets identified are adjusted to 2009 from the date of installation, using a replacement cost less depreciation methodology. The text of the report is largely unchanged except where subsequent events (i.e., new assets) call for additions.

The update consisted of:

1. Modifying the original inventory to account for new assets or assets taken out of service.
2. Adjusting the remaining useful lives of assets due to the passage of time.
3. Adjusting the reproduction costs of assets due to interim cost escalation. This adjustment was based on the Engineering News-Record 20-City Construction Cost Index series, comparing the 2005 index (average for the year) with the 2009 index (for September).

2.0 Inventory and Condition Assessment

The inventory of the New River Utility Company water utility assets was created using available records and field inspection. Distribution pipelines, hydrants, valves, and services were taken off of existing as-built drawings made available in the New River Utility Company office. Mechanical and electrical equipment was identified in the field and nameplate data captured where available. All aboveground facilities and equipment were also documented with photographs. See Figure 1 for a depiction of the New River Utility Company 2009 service area.

A visual assessment of the condition of aboveground assets was made based on a relative scale:

5: Excellent: Basically sound or new equipment. Needs no work.

4: **Good:** Acceptable condition. Minor wear. Requires little work.

3: **Fair:** Showing wear but functionally sound. Rehabilitation required within 5 years to avoid excessive degradation.

2: **Poor:** Functions but only with high degree of maintenance. Major work required.

1: **Failed:** Asset has failed or will fail soon.

3.0 Basis of Cost Estimates

Cost estimates for this valuation were reproduction ("repro" in the tabular column headings) costs as new—that is, the cost of the facilities if reproduced today to the same quality and standards as originally built. Reproduction costs are different than replacement costs, which are the total costs to replace the asset today in accordance with current standards and requirements.

Reproduction costs were depreciated, where specified, based on the percentage of total expected useful life passed since original installation. Straight line depreciation was used in all cases.

Reproduction costs for existing and new facilities were based on multiple sources, including judgment based on recent experience with actual construction projects in the Phoenix area and knowledge of the New River Utility Company service area. Unit costs were also normalized with cost estimates used by the City of Peoria and in association with other cost estimates developed by Malcolm Pirnie as part of the overall utility company evaluation by Raftelis Financial Consultants.

Well installation costs were based on actual local drilling/installation costs according to depth and diameter of the well, including casing cost but excluding equipment.

Recent bid costs for mechanical and electrical equipment for Brown and Caldwell projects in Arizona and California were used to estimate reproduction costs of water supply facilities. California costs were adjusted for differentials between California and Arizona. Means cost data were used to supplement the existing bid database.

4.0 Distribution System Valuation

Pipeline size, length and number of valves and hydrants in the distribution were determined by takeoffs from the as-built construction drawings of the system and are believed to be accurate. Number of meters and services was based on the number of customer accounts and an estimated average service length of 30 feet.

Table 1 lists the distribution pipeline values by pipe size and includes unit costs, expected life, remaining life, and Reproduction Cost New Less Depreciation (RCNLD).

Table 1. Pipelines Valuation

Size (in.)	Type & Specification	Total Feet	Repro cost/foot	Repro cost total	Appr. Year Installed	Expected Life, yrs	Current Age, yrs	Remaining Useful Life	RCNLD in 2009
1.5	Copper Fire Loop- Tuscany Ridge Apts.	2,260	$83	$187,580	2007	50	2	48	$180,077
2	Copper Fire Loop- Tuscany Ridge Apts.	297	$83	24,651	2007	50	2	48	23,665
2	CPVC Fire Loop- Tuscany Ridge Apts.	1,018	$83	84,494	2007	50	2	48	81,114
2	DIP Fire loop- Sonoma Ridge Apts.	2,980	$83	247,340	2007	50	2	48	237,446
4	DI, Class 350 Main and Fittings	287	$83	23,821	2007	50	2	48	22,868

Table 1. Pipelines Valuation

Size (in.)	Type & Specification	Total Feet	Repro cost/foot	Repro cost total	Appr. Year Installed	Expected Life, yrs	Current Age, yrs	Remaining Useful Life	RCNLD in 2009
4	PVC per AWWA C900, Class 150 Main and Fittings	120	$83	9,960	2007	50	2	48	9,562
6	DI, Class 350 Main and Fittings	368	$83	30,544	2007	50	2	48	29,322
6	PVC per AWWA C900	25,442	$83	2,111,686	1998	50	11	39	1,647,115
6	PVC per AWWA C900, Class 200 Main and Fittings	9,140	$83	758,620	2007	50	2	48	728,275
8	DI, Class 350	1,620	$93	150,660	2000	50	9	41	123,541
8	DI, Class 350 Main and Fittings	4,008	$93	372,744	2007	50	2	48	357,834
8	PVC per AWWA C900	74,675	$93	6,944,775	1998	50	11	39	5,416,925
8	PVC per AWWA C900, Class 150 Main and Fittings	33,574	$93	3,122,382	2007	50	2	48	2,997,487
8	PVC per AWWA C900, Class 200 Main and Fittings	10,632	$93	988,776	2007	50	2	48	949,225
10	DI, Class 350 Main and Fittings	54	$110	5,940	2007	50	2	48	5,702
10	PVC per AWWA C900	8,024	$110	882,640	1997	50	12	38	670,806
10	PVC per AWWA C900, Class 150 Main and Fittings	7,696	$110	846,560	2007	50	2	48	812,698
12	DI, Class 350	6,366	$133	846,678	2000	50	9	41	694,276
12	PVC per AWWA C900	9,487	$133	1,261,771	1996	50	13	37	933,711
12	PVC per AWWA C900, Class 150 Main and Fittings	1,523	$133	202,559	2007	50	2	48	194,457
12	PVC per AWWA C900, Class 200 Main and Fittings	240	$133	31,920	2007	50	2	48	30,643
16	C-905 DR 18 PVC	140	$152	21,280	1996	50	13	37	15,747
16	C-905 DR 18 PVC	52	$152	7,904	2000	50	9	41	6,481
	Totals	200,003		$19,165,285					$16,168,978

Table 2 lists the values of the distribution valves, hydrants, meters, and service lines.

Table 2. Valve, Hydrant and Meter Valuation

Size (in.)	Type and Specification	Total Count	Repro cost each	Repro cost total	Year Installed	Expected Life, yrs	Current Age, yrs	Remaining Useful Life	RCNLD in 2009
				Valves					
6	Gate - MAG STD. DTL. 391-1 Type A with valve box and cover	87	$1,384	120,408	1997	30	12	18	72,245
6		52	$1,384	71,968	2007	30	2	28	67,170
8		249	$2,018	502,482	1997	30	12	18	301,489
8		175	$2,018	353,150	2007	30	2	28	329,607
10		26	$2,767	71,942	1997	30	12	18	43,165
10		21	$2,767	58,107	2007	30	2	28	54,233
12		39	$3,229	125,931	1996	30	13	17	71,361
12		9	$3,229	29,061	2007	30	2	28	27,124
Totals		658		$1,333,049					$966,394
				Hydrants					
6	Peoria Std. Detail PS-360 with 6" gate valve, 6" DIP	243	$2,537	$616,491	1997	30	12	18	$369,895
6		143	$2,537	362,791	2007	30	2	28	338,605
Totals		386		$979,282					$708,500

Table 2. Valve, Hydrant and Meter Valuation

Size (in.)	Type and Specification	Total Count	Repro cost each	Repro cost total	Year Installed	Expected Life, yrs	Current Age, yrs	Remaining Useful Life	RCNLD in 2009
				Water Meters					
5/8"x3/4"	Varies	2,201	$259	$570,059	1999	15	10	5	$190,020
3/4"		3	$311	933	1999	15	10	5	311
1"		516	$415	214,140	1999	15	10	5	71,380
1.5"		11	$623	6,853	1999	15	10	5	2,284
2"		107	$830	88,810	1999	15	10	5	29,603
8"		14	$3,321	46,494	1999	15	10	5	15,498
Totals		2,852		$927,289					$309,096
				Service Lines					
All	Varies	85,560	$63	$5,390,280	1999	45	10	35	$4,192,440

5.0 Water Production Facilities Valuation

Identification of water production facilities was accomplished by visual inspection of each site and review of limited available records provided by New River Utility Company. Almost all the aboveground equipment and facilities are in generally good condition, with a few exceptions; and less than 10 years old.

Equipment records on the existing well pumps' age and condition were not readily available but were believed to be older than the associate aboveground equipment based on conversations with Mr. Bob Fletcher, Owner of New River Utility Company. Assumptions were made on age and remaining life to arrive at a value. Table 3 lists the values of major water production facilities.

Table 3. Water Production Facilities Valuation

Site	Asset	Repro Cost	Appr Yr Installed	Typical Expected Life, yrs	Condition	Life Based on Condition	Current Age, yrs	Remaining Useful Life	RCNLD in 2009
Well 1	Well 1 and Casing	$598,460	1947	50	2	50	62	0	$0
	Pump and Motor	61,114	2004	20	5	20	5	15	45,836
	Piping and Appurtenances	59,961	1996	30	4	30	13	17	33,978
	Electrical and Instrumentation	36,899	1996	15	3	10	13	0	0
Well 2	Well 2 and Casing	522,355	1952	50	2	50	57	0	0
	Pump and Motor	19,833	2004	20	5	20	5	15	14,875
	Piping and Appurtenances	175,272	1998	30	4	30	11	19	111,006
	Electrical and Instrumentation	25,368	1998	15	3	10	11	0	0
Well 4	Well 4 and Casing	598,460	1969	50	3	50	40	10	119,692
	Pump and Motor	18,219	2004	20	5	20	5	15	13,664
	Piping and Appurtenances	19,603	1998	30	4	30	11	19	12,415
	Electrical and Instrumentation	28,828	2004	15	4	15	5	10	19,219
Storage Tank 1 and Booster Pumps	Tank and Base	784,110	1996	50	5	50	13	37	580,241
	Pumps and Motors	114,272	1996	20	4	20	13	7	39,995
	25HP Centrifugal Pump	5,600	2006	20	2	20	3	17	4,760
	Chlorination	9,225	1996	15	5	15	13	2	1,230
	Piping , Valves and Appurtenances	63,305	1996	30	4	30	13	17	35,873
	Hydrotank and Appurtenances	8,648	1996	25	4	25	13	12	4,151
	Electrical and Instrumentation	61,691	1996	15	4	15	13	2	8,225

Table 3. Water Production Facilities Valuation

Site	Asset	Repro Cost	Appr Yr Installed	Typical Expected Life, yrs	Condition	Life Based on Condition	Current Age, yrs	Remaining Useful Life	RCNLD in 2009
Well 3	Well 3 and Casing	649,197	1958	50	3	50	51	0	0
	Pump and Motor	68,033	2004	20	5	20	5	15	51,025
	Piping and Appurtenances	23,062	2004	30	5	30	5	25	19,218
	Electrical and Instrumentation	4,036	2004	15	5	15	5	10	2,691
Storage Tank 2 and 3 and Booster Pumps	Tanks and Base	1,568,219	2000	50	5	50	9	41	1,285,940
	Booster Pumps and Motors	130,301	2000	20	5	20	9	11	71,666
	Arsenic Treatment System	550,000	2009	30	2	30	0	30	550,000
	Chlorination	5,189	2004	15	5	15	5	10	3,459
	Piping , Valves and Appurtenances	121,076	2000	30	5	30	9	21	84,753
	Hydrotank and Appurtenances	8,648	1999	25	3	20	10	10	4,324
	Electrical and Instrumentation	134,913	2000	15	5	15	9	6	53,965
Well 5	Well 5 and Casing	598,460	1970	50	3	50	39	11	131,661
	Pump and Motor	51,890	1996	20	2	10	13	0	0
	Electrical and Instrumentation	69,186	2002	15	3	10	7	3	20,756
Well 6	Well 6 and Casing	649,197	1975	50	3	50	34	16	207,743
	Pump and Motor	68,033	2001	20	4	20	8	12	40,820
	Chlorination	4,036	2001	3	2	3	8	0	0
	Piping and Appurtenances	64,574	2001	30	4	30	8	22	47,354
	Electrical and Instrumentation	7,495	2001	15	2	5	8	0	0
Well 7	Well 7 and Casing	649,197	1959	50	2	50	50	0	0
	Pump and Motor	1,730	2004	20	4	20	5	15	1,298
	Electrical and Instrumentation	21,909	1997	15	4	15	12	3	4,382
Totals		$8,659,604							$3,626,214

6.0 Summary of Valuation

Based on the information above, the total reproduction cost of New River Utility Company assets identified in this Report Amendment in 2009 value is about $36.5 million. RCNLD is in 2009 values and is about $26 million. These costs are detailed by asset group in Table 4.

Table 4. Summary of Valuation

Asset Group	Repro Cost	RCNLD in 2009
Pipelines	$19,165,285	$16,168,978
Valves	1,333,049	966,394
Hydrants	979,282	708,500
Water Meters	927,289	309,096
Service Lines	5,390,280	4,192,440
Water Production	8,659,604	3,626,214
Totals	$36,454,789	$25,971,621

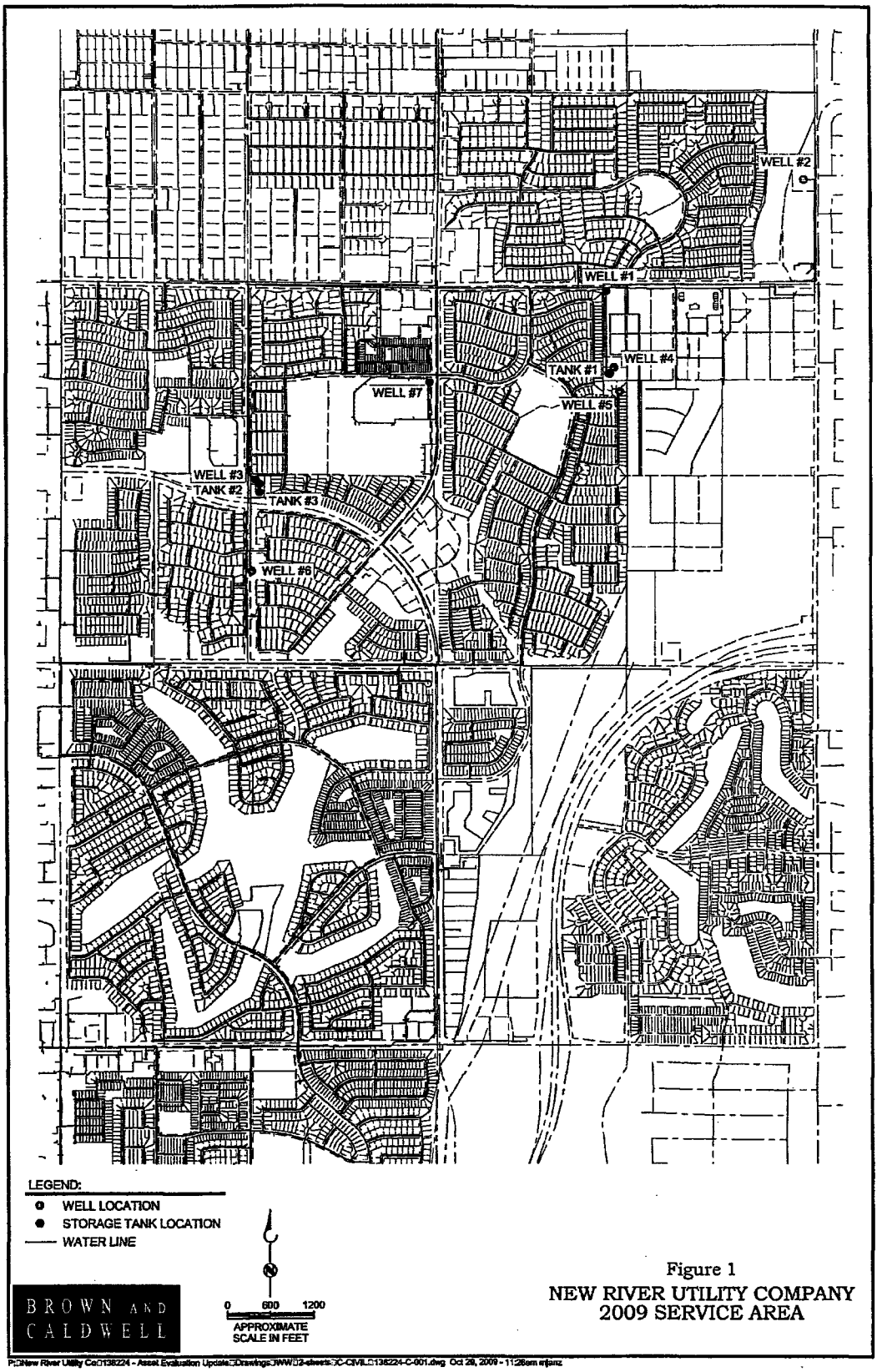

Figure 1
NEW RIVER UTILITY COMPANY
2009 SERVICE AREA

P:\New River Utility Co\138224 - Asset Evaluation Update\Drawings\NW\2-sheets\C-CIVIL\138224-C-001.dwg Oct 28, 2009 - 11:26am erjanz

EXHIBIT RLJ-DT4

New River Utility Company

Direct Testimony of Ray L. Jones

Exhibit RLJ-DT4

New River Utility Company
RCND Study
Summary

Description	Acct No.	Reproduction Cost New	Depletion Percent	Accumulated Depreciation	RCND		Source
Organization Cost	301						
Franchise Cost	302						
Land and Land Rights	303						
Structures & Improvements	304						
Collecting & Impounding Reservoirs	305						
Lake, River, Canal Intakes	306						
Wells & Springs	307	$ 2,368,472.00	88.8%	$ 2,103,419.81	$ 265,052.19		RCND Study Table 1
Infiltration Galleries	308						
Raw Water Supply Mains	309						
Power Generation Equipment	310						
Pumping Equipment	311	1,216,357.00	52.8%	$ 641,846.46	574,510.54		RCND Study Table 1
Water Treatment Equipment	320	568,450.00	7.4%	$ 41,837.20	526,612.80		RCND Study Table 1
Distribution Reservoirs & Standpipes	330	2,369,625.00	28.0%	$ 662,511.93	1,707,113.07		RCND Study Table 1
Transmission & Distribution Mains	331	8,170,084.00	23.7%	$ 1,938,046.76	6,232,037.24		RCND Study Table 2 & 3
Services	333	2,397,643.00	40.1%	$ 961,784.08	1,435,858.92		RCND Study Table 5
Meters	334	126,139.04		112,517	13,621.89		OCRB - Schedule B-2, Pg. 2
Hydrants	335	1,810,765.00	22.7%	$ 411,015.55	1,399,749.45		RCND Study Table 4
Backflow Prevention Devices	336						
Other Plant & Misc Equipment	339						
Office Furniture & Equipment	340	19,272.50	89.1%	17,177	2,095.13		OCRB - Schedule B-2, Pg. 2
Computers & Software	340.1						
Transportation Equipment	341	1,200.00	100.0%	1,200	-		OCRB - Schedule B-2, Pg. 2
Stores Equipment	342						
Tools, Shop & Garage Equipment	343						
Laboratory Equipment	344						
Power Operated Equipment	345	115,725.00	37.6%	43,556	72,169.37		OCRB - Schedule B-2, Pg. 2
Communication Equipment	346						
Miscellaneous Equipment	347						
Other Tangible Plant	348	26,238.91	10.0%	2,624	23,615.02		OCRB - Schedule B-2, Pg. 2
TOTALS		$ 19,189,971.46	36.2%	$ 6,937,535.82	$ 12,252,435.63		

New River Utility Company
RCND Study
Detail - Water Production Facilities

Table 13 Water Production Facilities								
Site	Year	Asset	NARUC Acct	Repro Cost	Expected Life	Age at TY End	Remaining Life	RCND at 12/31/2011
Well 1	1947	Well and Casing	307	$ 598,460.00	50.0	64.5	0.0	$ -
	2004	Pump and Motor	311	61,114.00	10.0	7.5	2.5	15,278.50
	1996	Piping and Appurtenances	311	59,961.00	30.0	15.5	14.5	28,981.15
	1996	Electrical and Instrumentation	311	36,899.00	30.0	15.5	14.5	17,834.52
Well 2	1952	Well and Casing	307	522,355.00	50.0	59.5	0.0	-
	2004	Pump and Motor	311	19,833.00	10.0	7.5	2.5	4,958.25
	1998	Piping and Appurtenances	311	175,272.00	30.0	13.5	16.5	96,399.60
	1998	Electrical and Instrumentation	311	25,368.00	30.0	13.5	16.5	13,952.40
Well 4	1969	Well and Casing	307	598,460.00	50.0	42.5	7.5	89,769.00
	2004	Pump and Motor	311	18,219.00	10.0	7.5	2.5	4,554.75
	1998	Piping and Appurtenances	311	19,603.00	30.0	13.5	16.5	10,781.65
	2004	Electrical and Instrumentation	311	28,828.00	30.0	7.5	22.5	21,621.00
Well 6	1975	Well and Casing	307	649,197.00	50.0	36.5	13.5	175,283.19
	2001	Pump and Motor	311	68,033.00	10.0	10.5	0.0	-
	2001	Chlorination	320	4,036.00	15.0	10.5	4.5	1,210.80
	2001	Piping and Appurtenances	311	64,574.00	30.0	10.5	19.5	41,973.10
	2001	Electrical and Instrumentation	311	7,495.00	30.0	10.5	19.5	4,871.75
Storage Tank 1 & Booster Pumps	1997	Tanks and Base	330	784,110.00	45.0	14.5	30.5	531,704.99
	1997	Pumps and Motors	311	114,272.00	20.0	14.5	5.5	31,424.80
	2006	25hp Centrifugal Pump	311	5,600.00	20.0	5.5	14.5	4,060.00
	1997	Chlorination	320	9,225.00	15.0	14.5	0.5	307.50
	1997	Piping and Appurtenances	311	63,305.00	30.0	14.5	15.5	32,707.58
	1997	Hydrotank and Appurtenances	330	8,648.00	25.0	14.5	10.5	3,632.16
	1997	Electrical and Instrumentation	311	61,691.00	30.0	14.5	15.5	31,873.68
Storage Tank 2&3 & Booster Pumps	2000	Tanks and Base	330	1,568,219.00	45.0	11.5	33.5	1,167,451.92
	2000	Pumps and Motors	311	130,301.00	20.0	11.5	8.5	55,377.93
	2010	Arsenic Treatment System	320	550,000.00	30.0	1.5	28.5	522,500.00
	2004	Chlorination	320	5,189.00	15.0	7.5	7.5	2,594.50
	2000	Piping and Appurtenances	311	121,076.00	30.0	11.5	18.5	74,663.53
	1999	Hydrotank and Appurtenances	330	8,648.00	25.0	12.5	12.5	4,324.00
	2000	Electrical and Instrumentation	311	134,913.00	30.0	11.5	18.5	83,196.35
		TOTALS		$ 6,522,904.00				$ 3,073,268.60

New River Utility Company
RCND Study
Detail - Distribution Facilities

Table 2 - Pipeline Valuation

Year	Size	Type	Length	Repro Cost	Repro Total Cost	Authorized Depreciation Rate	Expected Life	Age at TY End	Remaining Life	RCNLD at 12/31/2011
1996	16	PVC	140	$ 61.00	$ 8,540.00	2.00%	50	15.5	34.5	$ 5,892.60
1996	12	PVC	5,450	$ 43.00	234,350.00	2.00%	50	15.5	34.5	161,701.50
1996	10	PVC	1,922	$ 38.00	73,036.00	2.00%	50	15.5	34.5	50,394.84
1996	8	PVC	248	$ 30.00	7,440.00	2.00%	50	15.5	34.5	5,133.60
1996	6	PVC	80	$ 27.00	2,160.00	2.00%	50	15.5	34.5	1,490.40
1997	12	PVC	1,408	$ 43.00	60,544.00	2.00%	50	14.5	35.5	42,986.24
1997	10	PVC	8,172	$ 38.00	310,536.00	2.00%	50	14.5	35.5	220,480.56
1997	8	PVC	29,103	$ 30.00	873,090.00	2.00%	50	14.5	35.5	619,893.90
1997	6	PVC	15,177	$ 27.00	409,779.00	2.00%	50	14.5	35.5	290,943.09
1997	12	DIP	5,043	$ 61.00	307,623.00	2.00%	50	14.5	35.5	218,412.33
1997	10	DIP	29	$ 55.00	1,595.00	2.00%	50	14.5	35.5	1,132.45
1997	8	DIP	2,026	$ 43.00	87,118.00	2.00%	50	14.5	35.5	61,853.78
1997	6	DIP	435	$ 40.00	17,400.00	2.00%	50	14.5	35.5	12,354.00
1998	8	PVC	21,555	$ 30.00	646,650.00	2.00%	50	13.5	36.5	472,054.50
1998	6	PVC	9,510	$ 27.00	256,770.00	2.00%	50	13.5	36.5	187,442.10
1998	12	DIP	3,488	$ 61.00	212,768.00	2.00%	50	13.5	36.5	155,320.64
1998	8	DIP	78	$ 43.00	3,354.00	2.00%	50	13.5	36.5	2,448.42
1999	8	PVC	3,778	$ 30.00	113,340.00	2.00%	50	12.5	37.5	85,005.00
1999	6	PVC	9,030	$ 27.00	243,810.00	2.00%	50	12.5	37.5	182,857.50
1999	12	DIP	1,732	$ 61.00	105,652.00	2.00%	50	12.5	37.5	79,239.00
1999	6	DIP	749	$ 40.00	29,960.00	2.00%	50	12.5	37.5	22,470.00
2000	8	PVC	8,614	$ 30.00	258,420.00	2.00%	50	11.5	38.5	198,983.40
2000	6	PVC	6,870	$ 27.00	185,490.00	2.00%	50	11.5	38.5	142,827.30
2000	16	DIP	52	$ 91.00	4,732.00	2.00%	50	11.5	38.5	3,643.64
2000	12	DIP	6,366	$ 61.00	388,326.00	2.00%	50	11.5	38.5	299,011.02
2000	8	DIP	1,620	$ 43.00	69,660.00	2.00%	50	11.5	38.5	53,638.20
2001	12	PVC	2,629	$ 43.00	113,047.00	2.00%	50	10.5	39.5	89,307.13
2001	8	PVC	10,169	$ 30.00	305,070.00	2.00%	50	10.5	39.5	241,005.30
2002	12	PVC	1,111	$ 43.00	47,773.00	2.00%	50	9.5	40.5	38,696.13
2002	8	PVC	28,774	$ 30.00	863,220.00	2.00%	50	9.5	40.5	699,208.20
2002	6	PVC	267	$ 27.00	7,209.00	2.00%	50	9.5	40.5	5,839.29
2002	8	DIP	260	$ 43.00	11,180.00	2.00%	50	9.5	40.5	9,055.80
2003	8	PVC	2,953	$ 30.00	88,590.00	2.00%	50	8.5	41.5	73,529.70
2003	8	DIP	540	$ 43.00	23,220.00	2.00%	50	8.5	41.5	19,272.60
2003	6	DIP	300	$ 40.00	12,000.00	2.00%	50	8.5	41.5	9,960.00
2004	8	PVC	145	$ 30.00	4,350.00	2.00%	50	7.5	42.5	3,697.50
2005	12	PVC	1,069	$ 43.00	45,967.00	2.00%	50	6.5	43.5	39,991.29
2005	10	PVC	855	$ 38.00	32,490.00	2.00%	50	6.5	43.5	28,266.30
2005	8	PVC	14,032	$ 30.00	420,960.00	2.00%	50	6.5	43.5	366,235.20
2005	6	PVC	202	$ 27.00	5,454.00	2.00%	50	6.5	43.5	4,744.98
2005	8	DIP	3,621	$ 43.00	155,703.00	2.00%	50	6.5	43.5	135,461.61
2005	6	DIP	427	$ 40.00	17,080.00	2.00%	50	6.5	43.5	14,859.60
2006	8	DIP	1,514	$ 43.00	65,102.00	2.00%	50	5.5	44.5	57,940.78
2006	6	DIP	108	$ 40.00	4,320.00	2.00%	50	5.5	44.5	3,844.80
2007	8	DIP	696	$ 43.00	29,928.00	2.00%	50	4.5	45.5	27,234.48
2009	8	DIP	1,626	$ 43.00	69,918.00	2.00%	50	2.5	47.5	66,422.10
2009	6	DIP	506	$ 40.00	20,240.00	2.00%	50	2.5	47.5	19,228.00
	TOTALS		214,479		$ 7,254,964.00					$ 5,531,410.80

New River Utility Company
RCND Study
Detail - Distribution Facilities

Table 3 - Valve Valuation

Year	Size	Descrip	Quantity	Repro Cost	Repro Total Cost	Authorized Depreciation Rate %	Expected Life	Current Age	Remaining Life	RCNLD at 12/31/2014
1996	12	VB&C	17	$ 2,434.00	41,378.00	2.00%	50	15.5	34.5	28,550.82
1996	10	VB&C	5	$ 1,886.00	9,430.00	2.00%	50	15.5	34.5	6,506.70
1996	8	VB&C	5	$ 1,278.00	6,390.00	2.00%	50	15.5	34.5	4,409.10
1997	12	VB&C	11	$ 2,434.00	26,774.00	2.00%	50	14.5	35.5	19,009.54
1997	10	VB&C	26	$ 1,886.00	49,036.00	2.00%	50	14.5	35.5	34,815.56
1997	8	VB&C	108	$ 1,278.00	138,024.00	2.00%	50	14.5	35.5	97,997.04
1997	6	VB&C	58	$ 882.00	51,156.00	2.00%	50	14.5	35.5	36,320.76
1998	12	VB&C	9	$ 2,434.00	21,906.00	2.00%	50	13.5	36.5	15,991.38
1998	8	VB&C	72	$ 1,278.00	92,016.00	2.00%	50	13.5	36.5	67,171.68
1998	6	VB&C	25	$ 882.00	22,050.00	2.00%	50	13.5	36.5	16,096.50
1999	12	VB&C	3	$ 2,434.00	7,302.00	2.00%	50	12.5	37.5	5,476.50
1999	8	VB&C	10	$ 1,278.00	12,780.00	2.00%	50	12.5	37.5	9,585.00
1999	6	VB&C	25	$ 882.00	22,050.00	2.00%	50	12.5	37.5	16,537.50
1999	4	VB&C	5	$ 730.00	3,650.00	2.00%	50	12.5	37.5	2,737.50
2000	12	VB&C	12	$ 2,434.00	29,208.00	2.00%	50	11.5	38.5	22,490.16
2000	8	VB&C	29	$ 1,278.00	37,062.00	2.00%	50	11.5	38.5	28,537.74
2000	6	VB&C	22	$ 882.00	19,404.00	2.00%	50	11.5	38.5	14,941.08
2001	8	VB&C	15	$ 1,278.00	19,170.00	2.00%	50	10.5	39.5	15,144.30
2002	12	VB&C	9	$ 2,434.00	21,906.00	2.00%	50	9.5	40.5	17,743.86
2002	8	VB&C	88	$ 1,278.00	112,464.00	2.00%	50	9.5	40.5	91,095.84
2002	6	VB&C	7	$ 882.00	6,174.00	2.00%	50	9.5	40.5	5,000.94
2003	8	VB&C	7	$ 1,278.00	8,946.00	2.00%	50	8.5	41.5	7,425.18
2003	6	VB&C	15	$ 882.00	13,230.00	2.00%	50	8.5	41.5	10,980.90
2003	4	VB&C	1	$ 730.00	730.00	2.00%	50	8.5	41.5	605.90
2004	6	VB&C	1	$ 882.00	882.00	2.00%	50	7.5	42.5	749.70
2005	12	VB&C	4	$ 2,434.00	9,736.00	2.00%	50	6.5	43.5	8,470.32
2005	8	VB&C	62	$ 1,278.00	79,236.00	2.00%	50	6.5	43.5	68,935.32
2005	6	VB&C	9	$ 882.00	7,938.00	2.00%	50	6.5	43.5	6,906.06
2005	4	VB&C	2	$ 730.00	1,460.00	2.00%	50	6.5	43.5	1,270.20
2006	8	VB&C	25	$ 1,278.00	31,950.00	2.00%	50	5.5	44.5	28,435.50
2006	6	VB&C	5	$ 882.00	4,410.00	2.00%	50	5.5	44.5	3,924.90
2007	8	VB&C	2	$ 1,278.00	2,556.00	2.00%	50	4.5	45.5	2,325.96
2008	8	VB&C	1	$ 1,278.00	1,278.00	2.00%	50	3.5	46.5	1,188.54
2008	6	VB&C	1	$ 882.00	882.00	2.00%	50	3.5	46.5	820.26
2009	8	VB&C	2	$ 1,278.00	2,556.00	2.00%	50	2.5	47.5	2,428.20
	TOTALS		698		$ 2,916,120.00					$ 700,626.44

Table 4 - Hydrant Valuation

Year	Size	Descrip	Quantity	Repro Cost	Repro Total Cost	Authorized Depreciation Rate %	Expected Life	Current Age	Remaining Life	RCNLD at 12/31/2014
1996	6	Hydrant	5	$ 4,015.00	$ 20,075.00	2.00%	50	15.5	34.5	$ 13,851.75
1997	6	Hydrant	103	$ 4,015.00	413,545.00	2.00%	50	14.5	35.5	293,616.95
1998	6	Hydrant	78	$ 4,015.00	313,170.00	2.00%	50	13.5	36.5	228,614.10
1999	6	Hydrant	31	$ 4,015.00	124,465.00	2.00%	50	12.5	37.5	93,348.75
2000	6	Hydrant	48	$ 4,015.00	192,720.00	2.00%	50	11.5	38.5	148,394.40
2001	6	Hydrant	23	$ 4,015.00	92,345.00	2.00%	50	10.5	39.5	72,952.55
2002	6	Hydrant	80	$ 4,015.00	321,200.00	2.00%	50	9.5	40.5	260,172.00
2003	6	Hydrant	22	$ 4,015.00	88,330.00	2.00%	50	8.5	41.5	73,313.90
2004	6	Hydrant	7	$ 4,015.00	28,105.00	2.00%	50	7.5	42.5	23,889.25
2005	6	Hydrant	40	$ 4,015.00	160,600.00	2.00%	50	6.5	43.5	139,722.00
2006	6	Hydrant	4	$ 4,015.00	16,060.00	2.00%	50	5.5	44.5	14,293.40
2007	6	Hydrant	3	$ 4,015.00	12,045.00	2.00%	50	4.5	45.5	10,960.95
2008	6	Hydrant	1	$ 4,015.00	4,015.00	2.00%	50	3.5	46.5	3,733.95
2009	6	Hydrant	6	$ 4,015.00	24,090.00	2.00%	50	2.5	47.5	22,885.50
	TOTALS		451		$ 1,810,765.00					$ 1,399,749.45

New River Utility Company
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Detail - Distribution Facilities

Year	Size	Descrip	Quantity	Repro Cost	Repro Total Cost	Authorized Depreciation Rate	Expected Life	Current Age	Remaining Life	RCNLD at 12/31/2011
1996	8	Service	2	$ 9,734.00	19,468.00	3.33%	30.0	15.5	14.5	9,409.53
1997	1	Service	950	$ 761.00	722,950.00	3.33%	30.0	14.5	15.5	373,524.17
1997	1.5	Service	4	$ 1,460.00	5,840.00	3.33%	30.0	14.5	15.5	3,017.33
1998	1	Service	612	$ 761.00	465,732.00	3.33%	30.0	13.5	16.5	256,152.60
1998	2	Service	1	$ 1,825.00	1,825.00	3.33%	30.0	13.5	16.5	1,003.75
1999	1	Service	162	$ 761.00	123,282.00	3.33%	30.0	12.5	17.5	71,914.50
2000	1	Service	443	$ 761.00	337,123.00	3.33%	30.0	11.5	18.5	207,892.52
2000	1.5	Service	5	$ 1,460.00	7,300.00	3.33%	30.0	11.5	18.5	4,501.67
2001	1	Service	125	$ 761.00	95,125.00	3.33%	30.0	10.5	19.5	61,831.25
2002	1	Service	326	$ 761.00	248,086.00	3.33%	30.0	9.5	20.5	169,525.43
2002	2	Service	52	$ 1,825.00	94,900.00	3.33%	30.0	9.5	20.5	64,848.33
2002	6	Service	2	$ 6,692.00	13,384.00	3.33%	30.0	9.5	20.5	9,145.73
2003	1	Service	2	$ 761.00	1,522.00	3.33%	30.0	8.5	21.5	1,090.77
2003	1.5	Service	2	$ 1,460.00	2,920.00	3.33%	30.0	8.5	21.5	2,092.67
2003	2	Service	24	$ 1,825.00	43,800.00	3.33%	30.0	8.5	21.5	31,390.00
2004	1	Service	1	$ 761.00	761.00	3.33%	30.0	7.5	22.5	570.75
2004	2	Service	14	$ 1,825.00	25,550.00	3.33%	30.0	7.5	22.5	19,162.50
2005	1	Service	168	$ 761.00	127,848.00	3.33%	30.0	6.5	23.5	100,147.60
2005	2	Service	17	$ 1,825.00	31,025.00	3.33%	30.0	6.5	23.5	24,302.92
2005	3	Service	6	$ 3,042.00	18,252.00	3.33%	30.0	6.5	23.5	14,297.40
2009	2	Service	6	$ 1,825.00	10,950.00	3.33%	30.0	2.5	27.5	10,037.50
	TOTALS		2,924		$ 2,397,643.00					$ 1,435,958.92
TOTAL Distribution Facilities					$ 12,378,492.00					$ 9,067,546.61

ATTACHMENT 2

COMPANY NAME	New River Utility Co.		
Name of System: New River Utility		ADEQ Public Water System Number:	07051

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-805437	300	960	1200	20"	8	1980
55-616944	150	300	1262	20"-16"	6	1952
55-616945	300	100	1650	16"	8	1958
55-616946	150	400	1300	16"	6	1969
55-616947	150	800	1515	16"	8	1982
55-616948	300	1000	1500	16"	8	1983

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

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

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
100	2	451	
25	6		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
1,000,000	3	5,000	2

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

COMPANY NAME	New River Utility Co.		
Name of System:	New River Utility	ADEQ Public Water System Number:	07051

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
16	PVC	140
12	PVC	11667
10	PVC	10949
8	PVC	119371
6	PVC	41136
16	DIP	52
12	DIP	16,629
10	DIP	29
8	DIP	11,981
0	DIP	2,525

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X ¾	2240
3/4	3
1	546
1 1/2	11
2	114
Comp. 3	6
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	2
Turbo 6	
8"	2

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

TREATMENT EQUIPMENT:

3 - Chlorine Gas Stations
4 - Arsenic treatment filters

STRUCTURES:

1,400 foot Block Wall

OTHER:

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

COMPANY NAME: New River Utility	
Name of System: New River Utility	ADEQ Public Water System Number: 07051

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2011

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD ~~(Thousands)~~	GALLONS PUMPED ~~(Thousands)~~	GALLONS PURCHASED (Thousands)
JANUARY	2921	30,479,700	42,066,000	
FEBRUARY	2921	34,820,800	33,860,000	
MARCH	2923	27,501,200	39,867,000	
APRIL	2924	43,190,000	51,120,000	
MAY	2926	48,139,600	67,451,000	
JUNE	2926	63,004,800	83,231,000	None
JULY	2924	64,180,210	63,851,000	
AUGUST	2924	63,980,600	58,873,000	
SEPTEMBER	2923	70,607,200	55,821,000	
OCTOBER	2923	51,622,700	50,102,000	
NOVEMBER	2923	45,813,700	54,703,000	
DECEMBER	2924	31,299,600	27,937,100	
	TOTALS →	574,635,110	628,882,000	

What is the level of arsenic for each well on your system? 6-8 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? 1500 GPM for 1 hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
(X) Yes ( ) No

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

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

If yes, provide the GPCPD amount:_____

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

ORIGINAL

BEFORE THE ARIZONA CORPORAT

RECEIVED
AZ CORP COMMISSION
DOCKET CONTROL

2012 DEC 21 PM 2 32

COMMISSIONERS

GARY PIERCE - Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

IN THE MATTER OF THE APPLICATION OF NEW RIVER UTILITY COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	**DOCKET NO. W-01737A-12-0478** **NOTICE OF FILING REVISED H-3, H-4 AND H-5 SCHEDULES**

On November 29, 2012, New River Utility Company ("New River") filed a rate application in the above-captioned docket. In its sufficiency review of the application, Utilities Division Staff identified some errors in H-3, H-4 and H-5 schedules filed with the application. Accordingly, New River is filing revised copies of Schedules H-3, H-4 and H-5 which supersede and replace the schedules filed with the application.

RESPECTFULLY submitted this 21st day of December, 2012.

BROWNSTEIN HYATT FARBER SCHRECK LLP

Jeffrey W. Crockett, Esq.
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ORIGINAL and fifteen (15) copies filed this 21st day of December, 2012, with:

Docket Control
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

EXHIBIT
A-2
ADMITTED

Arizona Corporation Commission
DOCKETED
DEC 21 2012
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COPY of the foregoing hand-delivered
this 21st day of December, 2012, to:

Steve Olea, Director
Utilities Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

Lyn Farmer, Chief Administrative Law Judge
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New River Utility Company
Test Year Ended December 31, 2011
Changes in Representative Rate Schedules

Exhibit: RLJ-DT2
Schedule H-3
Page 1
Witness: Jones

Line No.	General Water Service Rates		Present Rate Tiers (gallons)	Proposed Rate Tiers (gallons)	Base Charge Present Rate	Base Charge Proposed Rate	Base Charge Change	Volume Charge Present Rate	Volume Charge Proposed Rate	Volume Charge Change
1										
2										
3	Description									
4										
5	R1 - 5/8" x 3/4" Meter	Tier 1	12,000	4,000	$ 7.50	$ 14.00	$ 6.50	$ 1.20	$ 1.10	$ (0.10)
6		Tier 2	18,000	10,000				$ 1.40	$ 2.58	$ 1.18
7		Tier 3	999,999,000	999,999,000				$ 1.60	$ 3.20	$ 1.60
8	R2 - 3/4" Meter	Tier 1	12,000	4,000	$ 7.50	$ 14.00	$ 6.50	$ 1.20	$ 1.10	$ (0.10)
9		Tier 2	18,000	10,000				$ 1.40	$ 2.58	$ 1.18
10		Tier 3	999,999,000	999,999,000				$ 1.60	$ 3.20	$ 1.60
11	R3 - 1" Meter	Tier 1	12,000	-	$ 18.75	$ 35.00	$ 16.25	$ 1.20		Eliminated
12		Tier 2	18,000	25,000				$ 1.40	$ 2.58	$ 1.18
13		Tier 3	999,999,000	999,999,000				$ 1.60	$ 3.20	$ 1.60
14	R4 - 1.5" Meter	Tier 1	12,000	-	$ 37.50	$ 70.00	$ 32.50	$ 1.20		Eliminated
15		Tier 2	18,000	50,000				$ 1.40	$ 2.58	$ 1.18
16		Tier 3	999,999,000	999,999,000				$ 1.60	$ 3.20	$ 1.60
17	R5 - 2" Meter	Tier 1	12,000	-	$ 60.00	$ 112.00	$ 52.00	$ 1.20		Eliminated
18		Tier 2	18,000	50,000				$ 1.40	$ 2.58	$ 1.18
19		Tier 3	999,999,000	999,999,000				$ 1.60	$ 3.20	$ 1.60
20	R6 - 3" Meter	Tier 1	12,000	-	$ 120.00	$ 224.00	$ 104.00	$ 1.20		Eliminated
21		Tier 2	18,000	50,000				$ 1.40	$ 2.58	$ 1.18
22		Tier 3	999,999,000	999,999,000				$ 1.60	$ 3.20	$ 1.60
23	R7 - 4" Meter	Tier 1	12,000	-	$ 190.00	$ 350.00	$ 160.00	$ 1.20		Eliminated
24		Tier 2	18,000	50,000				$ 1.40	$ 2.58	$ 1.18
25		Tier 3	999,999,000	999,999,000				$ 1.60	$ 3.20	$ 1.60
26	R8 - 6" Meter	Tier 1	12,000	-	$ 375.00	$ 700.00	$ 325.00	$ 1.20		Eliminated
27		Tier 2	18,000	50,000				$ 1.40	$ 2.58	$ 1.18
28		Tier 3	999,999,000	999,999,000				$ 1.60	$ 3.20	$ 1.60
29	R9 - 8" Meter	Tier 1	12,000	-	$ 750.00	$ 1,400.00	$ 650.00	$ 1.20		Eliminated
30		Tier 2	18,000	50,000				$ 1.40	$ 2.58	$ 1.18
31		Tier 3	999,999,000	999,999,000				$ 1.60	$ 3.20	$ 1.60
32	Standpipe	Tier 3	999,999,000	999,999,000		By Meter Size		$ 1.60	$ 3.20	$ 1.60
33										
34	**Monthly Service Charge for Fire Sprinkler**									
35			Present	Proposed						
36			Rates	Rates						
37	All Meter Sizes		*	**						
38										
39	* Greater of $5.00 or 1 percent of the general service rate for a similar size meter									
40	** Greater of $10.00 or 2 percent of the general service rate for a similar size meter									
41										

New River Utility Company
Test Year Ended December 31, 2011
Changes in Representative Rate Schedules

Exhibit: RLJ-DT2
Schedule H-3
Page 2
Witness: Jones

Line No.	Other Service Charges	Present Rates	Proposed Rates
1			
2			
3	Establishment	$ 25.00	$ 30.00
4	Establishment (After Hours)	$ 35.00	n/t
5	Reconnection (Delinquent)	$ 35.00	$ 40.00
6	After Hours Charge	n/t	$ 25.00
7	Meter Test (If correct)	$ 40.00	$ 40.00
8	Deposit Requirement (Residential)	2 times the average bill	2 times the average bill
9	Deposit Requirement (None Residential Meter)	2-1/2 times the average bill	2-1/2 times the average bill
10	Deposit Interest	6.0%	6.0%
11	Re-Establishment (Within 12 Months)	Number of Months off system times the monthly minimum bill	Number of Months off system times the monthly minimum bill
12	NSF Check	$ 15.00	$ 30.00
13	Deferred Payment, Per Month	1.5%	1.5%
14	Meter Re-Read (If correct)	$ 20.00	$ 30.00
15	Moving Customer Meter at Customer Request	Cost	Cost
16	Late Charge per month	1.50%	1.50%
17			

18 In addition to the collection of regular rates, the utility will collect from its
19 customers a proportionate share of any privilege, sales, use, and franchise tax,
20 per Commission rule A.A.C. 14-2-409(D)(5).
21
22 All items billed at cost shall include labor, materials and parts, overheads and all applicable taxes.
23
24 n/t - no tariff
25

26	Service Line and Meter Installation Charges	Present Rates			Proposed Rates		
27		Srv. Line	Meter	Total	Srv. Line	Meter	Total
28	5/8" x 3/4" Meter			$ 410	$ 445	$ 155	$ 600
29	3/4" Meter			$ 410	$ 445	$ 255	$ 700
30	1" Meter			$ 520	$ 495	$ 315	$ 810
31	1 1/2" Meter			$ 660	$ 550	$ 525	$ 1,075
32	2" Meter			$ 1,155	$ 830	$ 1,045	$ 1,875
33	2" Compound Meter			$ 1,720	$ 830	$ 1,890	$ 2,720
34	3" Meter			$ 1,625	$ 1,045	$ 1,670	$ 2,715
35	3" Compound Meter			$ 2,260	$ 1,165	$ 2,545	$ 3,710
36	4" Meter			$ 2,500	$ 1,490	$ 2,670	$ 4,160
37	4" Compound Meter			$ 3,200	$ 1,670	$ 3,645	$ 5,315
38	6" Meter			$ 4,500	$ 2,210	$ 5,025	$ 7,235
39	6" Compound Meter			$ 6,300	$ 2,330	$ 6,920	$ 9,250
40	8" Meter			$ 8,200	n/t	n/t	n/t
41	8" or Larger Meter			n/t	Cost	Cost	Cost
42							

43 All advances and/or contributions are to include labor, materials and parts, overheads and all applicable taxes,
44 including gross-up taxes for Federal and State taxes, if applicable.
45
46 All items billed at cost shall include labor, materials and parts, overheads and all applicable taxes.
47
48 n/t - no tariff
49

New River Utility Company
Test Year Ended December 31, 2011
Typical Bill Analysis

Exhibit: RLJ-DT2
Schedule H-4
Witness: Jones

Meter Size: 5/8" x 3/4"
Rate Code: R1

Line No.	Rate Schedules			Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	**Present Rates:**			-	$ 7.50	$ 14.00	$ 6.50	86.67%
2	Base Charge:	$	7.50	1,000	$ 8.70	$ 15.10	$ 6.40	73.56%
3				2,000	$ 9.90	$ 16.20	$ 6.30	63.64%
4				3,000	$ 11.10	$ 17.30	$ 6.20	55.86%
5	Tier One Rate:	$	1.20	4,000	$ 12.30	$ 18.40	$ 6.10	49.59%
6	Tier Two Rate:	$	1.40	5,000	$ 13.50	$ 20.98	$ 7.48	55.41%
7	Tier Three Rate:	$	1.60	6,000	$ 14.70	$ 23.56	$ 8.86	60.27%
8				7,000	$ 15.90	$ 26.14	$ 10.24	64.40%
9	Tier One Breakover (M gal):		12	8,000	$ 17.10	$ 28.72	$ 11.62	67.95%
10	Tier Two Breakover (M gal):		18	9,000	$ 18.30	$ 31.30	$ 13.00	71.04%
11	Tier Three Breakover (M gal):		999,999	10,000	$ 19.50	$ 33.88	$ 14.38	73.74%
12				12,000	$ 21.90	$ 40.28	$ 18.38	83.93%
13				14,000	$ 24.70	$ 46.68	$ 21.98	88.99%
14	**Proposed Rates:**			16,000	$ 27.50	$ 53.08	$ 25.58	93.02%
15	Base Charge:	$	14.00	18,000	$ 30.30	$ 59.48	$ 29.18	96.30%
16				20,000	$ 33.50	$ 65.88	$ 32.38	96.66%
17				25,000	$ 41.50	$ 81.88	$ 40.38	97.30%
18	Tier One Rate:	$	1.10	30,000	$ 49.50	$ 97.88	$ 48.38	97.74%
19	Tier Two Rate:	$	2.58	35,000	$ 57.50	$ 113.88	$ 56.38	98.05%
20	Tier Three Rate:	$	3.20	40,000	$ 65.50	$ 129.88	$ 64.38	98.29%
21				45,000	$ 73.50	$ 145.88	$ 72.38	98.48%
22	Tier One Breakover (M gal):		4	50,000	$ 81.50	$ 161.88	$ 80.38	98.63%
23	Tier Two Breakover (M gal):		10	60,000	$ 97.50	$ 193.88	$ 96.38	98.85%
24	Tier Three Breakover (M gal):		999,999	70,000	$ 113.50	$ 225.88	$ 112.38	99.01%
25				80,000	$ 129.50	$ 257.88	$ 128.38	99.14%
26				90,000	$ 145.50	$ 289.88	$ 144.38	99.23%
27				100,000	$ 161.50	$ 321.88	$ 160.38	99.31%
28								
29				Average Usage				
30				11,183	$ 20.92	$ 37.67	$ 16.75	80.07%
31				Median Usage				
32				8,762	$ 18.01	$ 30.69	$ 12.68	70.41%
33								
34								

New River Utility Company
Test Year Ended December 31, 2011
Typical Bill Analysis

Exhibit: RLJ-DT2
Schedule H-4
Witness: Jones

Meter Size: 3/4"
Rate Code: R2

Line No.	Rate Schedules			Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	**Present Rates:**			-	$ 7.50	$ 14.00	$ 6.50	86.67%
2	Base Charge:	$	7.50	1,000	$ 8.70	$ 15.10	$ 6.40	73.56%
3				2,000	$ 9.90	$ 16.20	$ 6.30	63.64%
4				3,000	$ 11.10	$ 17.30	$ 6.20	55.86%
5	Tier One Rate:	$	1.20	4,000	$ 12.30	$ 18.40	$ 6.10	49.59%
6	Tier Two Rate:	$	1.40	5,000	$ 13.50	$ 20.98	$ 7.48	55.41%
7	Tier Three Rate:	$	1.60	6,000	$ 14.70	$ 23.56	$ 8.86	60.27%
8				7,000	$ 15.90	$ 26.14	$ 10.24	64.40%
9	Tier One Breakover (M gal):		12	8,000	$ 17.10	$ 28.72	$ 11.62	67.95%
10	Tier Two Breakover (M gal):		18	9,000	$ 18.30	$ 31.30	$ 13.00	71.04%
11	Tier Three Breakover (M gal):		999,999	10,000	$ 19.50	$ 33.88	$ 14.38	73.74%
12				12,000	$ 21.90	$ 40.28	$ 18.38	83.93%
13				14,000	$ 24.70	$ 46.68	$ 21.98	88.99%
14	**Proposed Rates:**			16,000	$ 27.50	$ 53.08	$ 25.58	93.02%
15	Base Charge:	$	14.00	18,000	$ 30.30	$ 59.48	$ 29.18	96.30%
16				20,000	$ 33.50	$ 65.88	$ 32.38	96.66%
17				25,000	$ 41.50	$ 81.88	$ 40.38	97.30%
18	Tier One Rate:	$	1.10	30,000	$ 49.50	$ 97.88	$ 48.38	97.74%
19	Tier Two Rate:	$	2.58	35,000	$ 57.50	$ 113.88	$ 56.38	98.05%
20	Tier Three Rate:	$	3.20	40,000	$ 65.50	$ 129.88	$ 64.38	98.29%
21				45,000	$ 73.50	$ 145.88	$ 72.38	98.48%
22	Tier One Breakover (M gal):		4	50,000	$ 81.50	$ 161.88	$ 80.38	98.63%
23	Tier Two Breakover (M gal):		10	60,000	$ 97.50	$ 193.88	$ 96.38	98.85%
24	Tier Three Breakover (M gal):		999,999	70,000	$ 113.50	$ 225.88	$ 112.38	99.01%
25				80,000	$ 129.50	$ 257.88	$ 128.38	99.14%
26				90,000	$ 145.50	$ 289.88	$ 144.38	99.23%
27				100,000	$ 161.50	$ 321.88	$ 160.38	99.31%
28								
29				Average Usage				
30				41,194	$ 67.41	$ 133.70	$ 66.29	98.34%
31				Median Usage				
32				18,000	$ 30.30	$ 59.48	$ 29.18	96.30%
33								
34								

New River Utility Company
Test Year Ended December 31, 2011
Typical Bill Analysis

Exhibit: RLJ-DT2
Schedule H-4
Witness: Jones

Meter Size: 1"
Rate Code: R3

Line No.	Rate Schedules			Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	**Present Rates:**			-	$ 18.75	$ 35.00	$ 16.25	86.67%
2	Base Charge:	$	18.75	1,000	$ 19.95	$ 37.58	$ 17.63	88.37%
3				2,000	$ 21.15	$ 40.16	$ 19.01	89.88%
4				3,000	$ 22.35	$ 42.74	$ 20.39	91.23%
5	Tier One Rate:	$	1.20	4,000	$ 23.55	$ 45.32	$ 21.77	92.44%
6	Tier Two Rate:	$	1.40	5,000	$ 24.75	$ 47.90	$ 23.15	93.54%
7	Tier Three Rate:	$	1.60	6,000	$ 25.95	$ 50.48	$ 24.53	94.53%
8				7,000	$ 27.15	$ 53.06	$ 25.91	95.43%
9	Tier One Breakover (M gal):		12	8,000	$ 28.35	$ 55.64	$ 27.29	96.26%
10	Tier Two Breakover (M gal):		18	9,000	$ 29.55	$ 58.22	$ 28.67	97.02%
11	Tier Three Breakover (M gal):		999,999	10,000	$ 30.75	$ 60.80	$ 30.05	97.72%
12				12,000	$ 33.15	$ 65.96	$ 32.81	98.97%
13				14,000	$ 35.95	$ 71.12	$ 35.17	97.83%
14	**Proposed Rates:**			16,000	$ 38.75	$ 76.28	$ 37.53	96.85%
15	Base Charge:	$	35.00	18,000	$ 41.55	$ 81.44	$ 39.89	96.00%
16				20,000	$ 44.75	$ 86.60	$ 41.85	93.52%
17				25,000	$ 52.75	$ 99.50	$ 46.75	88.63%
18	Tier One Rate:	$	-	30,000	$ 60.75	$ 115.50	$ 54.75	90.12%
19	Tier Two Rate:	$	2.58	35,000	$ 68.75	$ 131.50	$ 62.75	91.27%
20	Tier Three Rate:	$	3.20	40,000	$ 76.75	$ 147.50	$ 70.75	92.18%
21				45,000	$ 84.75	$ 163.50	$ 78.75	92.92%
22	Tier One Breakover (M gal):		-	50,000	$ 92.75	$ 179.50	$ 86.75	93.53%
23	Tier Two Breakover (M gal):		25	60,000	$ 108.75	$ 211.50	$ 102.75	94.48%
24	Tier Three Breakover (M gal):		999,999	70,000	$ 124.75	$ 243.50	$ 118.75	95.19%
25				80,000	$ 140.75	$ 275.50	$ 134.75	95.74%
26				90,000	$ 156.75	$ 307.50	$ 150.75	96.17%
27				100,000	$ 172.75	$ 339.50	$ 166.75	96.53%
28								
29				Average Usage				
30				16,126	$ 38.93	$ 76.61	$ 37.68	96.79%
31				Median Usage				
32				10,505	$ 31.36	$ 62.10	$ 30.74	98.02%
33								
34								

New River Utility Company
Test Year Ended December 31, 2011
Typical Bill Analysis

Exhibit: RLJ-DT2
Schedule H-4
Witness: Jones

Meter Size: 1-1/2"
Rate Code: R4

Line No.	Rate Schedules			Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	**Present Rates:**			-	$ 37.50	$ 70.00	$ 32.50	86.67%
2	Base Charge:	$	37.50	1,000	$ 38.70	$ 72.58	$ 33.88	87.55%
3				2,000	$ 39.90	$ 75.16	$ 35.26	88.37%
4				3,000	$ 41.10	$ 77.74	$ 36.64	89.15%
5	Tier One Rate:	$	1.20	4,000	$ 42.30	$ 80.32	$ 38.02	89.88%
6	Tier Two Rate:	$	1.40	5,000	$ 43.50	$ 82.90	$ 39.40	90.57%
7	Tier Three Rate:	$	1.60	6,000	$ 44.70	$ 85.48	$ 40.78	91.23%
8				7,000	$ 45.90	$ 88.06	$ 42.16	91.85%
9	Tier One Breakover (M gal):		12	8,000	$ 47.10	$ 90.64	$ 43.54	92.44%
10	Tier Two Breakover (M gal):		18	9,000	$ 48.30	$ 93.22	$ 44.92	93.00%
11	Tier Three Breakover (M gal):		999,999	10,000	$ 49.50	$ 95.80	$ 46.30	93.54%
12				12,000	$ 51.90	$ 100.96	$ 49.06	94.53%
13				14,000	$ 54.70	$ 106.12	$ 51.42	94.00%
14	**Proposed Rates:**			16,000	$ 57.50	$ 111.28	$ 53.78	93.53%
15	Base Charge:	$	70.00	18,000	$ 60.30	$ 116.44	$ 56.14	93.10%
16				20,000	$ 63.50	$ 121.60	$ 58.10	91.50%
17				25,000	$ 71.50	$ 134.50	$ 63.00	88.11%
18	Tier One Rate:	$	-	30,000	$ 79.50	$ 147.40	$ 67.90	85.41%
19	Tier Two Rate:	$	2.58	35,000	$ 87.50	$ 160.30	$ 72.80	83.20%
20	Tier Three Rate:	$	3.20	40,000	$ 95.50	$ 173.20	$ 77.70	81.36%
21				45,000	$ 103.50	$ 186.10	$ 82.60	79.81%
22	Tier One Breakover (M gal):		-	50,000	$ 111.50	$ 199.00	$ 87.50	78.48%
23	Tier Two Breakover (M gal):		50	60,000	$ 127.50	$ 231.00	$ 103.50	81.18%
24	Tier Three Breakover (M gal):		999,999	70,000	$ 143.50	$ 263.00	$ 119.50	83.28%
25				80,000	$ 159.50	$ 295.00	$ 135.50	84.95%
26				90,000	$ 175.50	$ 327.00	$ 151.50	86.32%
27				100,000	$ 191.50	$ 359.00	$ 167.50	87.47%
28								
29				Average Usage				
30				43,727	$ 101.46	$ 182.82	$ 81.36	80.19%
31				Median Usage				
32				4,833	$ 43.30	$ 82.47	$ 39.17	90.46%
33								
34								

New River Utility Company
Test Year Ended December 31, 2011
Typical Bill Analysis

Exhibit: RLJ-DT2
Schedule H-4
Witness: Jones

Meter Size: 2"
Rate Code: R5

Line No.	Rate Schedules			Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	**Present Rates:**			-	$ 60.00	$ 112.00	$ 52.00	86.67%
2	Base Charge:	$	60.00	1,000	$ 61.20	$ 114.58	$ 53.38	87.22%
3				2,000	$ 62.40	$ 117.16	$ 54.76	87.76%
4				3,000	$ 63.60	$ 119.74	$ 56.14	88.27%
5	Tier One Rate:	$	1.20	4,000	$ 64.80	$ 122.32	$ 57.52	88.77%
6	Tier Two Rate:	$	1.40	5,000	$ 66.00	$ 124.90	$ 58.90	89.24%
7	Tier Three Rate:	$	1.60	6,000	$ 67.20	$ 127.48	$ 60.28	89.70%
8				7,000	$ 68.40	$ 130.06	$ 61.66	90.15%
9	Tier One Breakover (M gal):		12	8,000	$ 69.60	$ 132.64	$ 63.04	90.57%
10	Tier Two Breakover (M gal):		18	9,000	$ 70.80	$ 135.22	$ 64.42	90.99%
11	Tier Three Breakover (M gal):		999,999	10,000	$ 72.00	$ 137.80	$ 65.80	91.39%
12				12,000	$ 74.40	$ 142.96	$ 68.56	92.15%
13				14,000	$ 77.20	$ 148.12	$ 70.92	91.87%
14	**Proposed Rates:**			16,000	$ 80.00	$ 153.28	$ 73.28	91.60%
15	Base Charge:	$	112.00	18,000	$ 82.80	$ 158.44	$ 75.64	91.35%
16				20,000	$ 86.00	$ 163.60	$ 77.60	90.23%
17				25,000	$ 94.00	$ 176.50	$ 82.50	87.77%
18	Tier One Rate:	$	-	30,000	$ 102.00	$ 189.40	$ 87.40	85.69%
19	Tier Two Rate:	$	2.58	35,000	$ 110.00	$ 202.30	$ 92.30	83.91%
20	Tier Three Rate:	$	3.20	40,000	$ 118.00	$ 215.20	$ 97.20	82.37%
21				45,000	$ 126.00	$ 228.10	$ 102.10	81.03%
22	Tier One Breakover (M gal):		-	50,000	$ 134.00	$ 241.00	$ 107.00	79.85%
23	Tier Two Breakover (M gal):		50	60,000	$ 150.00	$ 273.00	$ 123.00	82.00%
24	Tier Three Breakover (M gal):		999,999	70,000	$ 166.00	$ 305.00	$ 139.00	83.73%
25				80,000	$ 182.00	$ 337.00	$ 155.00	85.16%
26				90,000	$ 198.00	$ 369.00	$ 171.00	86.36%
27				100,000	$ 214.00	$ 401.00	$ 187.00	87.38%
28								
29				Average Usage				
30				108,750	$ 228.00	$ 429.00	$ 201.00	88.16%
31				Median Usage				
32				28,556	$ 99.69	$ 185.67	$ 85.98	86.25%
33								
34								

New River Utility Company
Test Year Ended December 31, 2011
Typical Bill Analysis

Exhibit: RLJ-DT2
Schedule H-4
Witness: Jones

Meter Size: 2" (Hand Billed)
Rate Code: R5

Line No.	Rate Schedules			Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	**Present Rates:**			-	$ 60.00	$ 112.00	$ 52.00	86.67%
2	Base Charge:	$	60.00	1,000	$ 61.20	$ 114.58	$ 53.38	87.22%
3				2,000	$ 62.40	$ 117.16	$ 54.76	87.76%
4				3,000	$ 63.60	$ 119.74	$ 56.14	88.27%
5	Tier One Rate:	$	1.20	4,000	$ 64.80	$ 122.32	$ 57.52	88.77%
6	Tier Two Rate:	$	1.40	5,000	$ 66.00	$ 124.90	$ 58.90	89.24%
7	Tier Three Rate:	$	1.60	6,000	$ 67.20	$ 127.48	$ 60.28	89.70%
8				7,000	$ 68.40	$ 130.06	$ 61.66	90.15%
9	Tier One Breakover (M gal):		12	8,000	$ 69.60	$ 132.64	$ 63.04	90.57%
10	Tier Two Breakover (M gal):		18	9,000	$ 70.80	$ 135.22	$ 64.42	90.99%
11	Tier Three Breakover (M gal):		999,999	10,000	$ 72.00	$ 137.80	$ 65.80	91.39%
12				12,000	$ 74.40	$ 142.96	$ 68.56	92.15%
13				14,000	$ 77.20	$ 148.12	$ 70.92	91.87%
14	**Proposed Rates:**			16,000	$ 80.00	$ 153.28	$ 73.28	91.60%
15	Base Charge:	$	112.00	18,000	$ 82.80	$ 158.44	$ 75.64	91.35%
16				20,000	$ 86.00	$ 163.60	$ 77.60	90.23%
17				25,000	$ 94.00	$ 176.50	$ 82.50	87.77%
18	Tier One Rate:	$	-	30,000	$ 102.00	$ 189.40	$ 87.40	85.69%
19	Tier Two Rate:	$	2.58	35,000	$ 110.00	$ 202.30	$ 92.30	83.91%
20	Tier Three Rate:	$	3.20	40,000	$ 118.00	$ 215.20	$ 97.20	82.37%
21				45,000	$ 126.00	$ 228.10	$ 102.10	81.03%
22	Tier One Breakover (M gal):		-	50,000	$ 134.00	$ 241.00	$ 107.00	79.85%
23	Tier Two Breakover (M gal):		50	60,000	$ 150.00	$ 273.00	$ 123.00	82.00%
24	Tier Three Breakover (M gal):		999,999	70,000	$ 166.00	$ 305.00	$ 139.00	83.73%
25				80,000	$ 182.00	$ 337.00	$ 155.00	85.16%
26				90,000	$ 198.00	$ 369.00	$ 171.00	86.36%
27				100,000	$ 214.00	$ 401.00	$ 187.00	87.38%
28								
29				Average Usage				
30				102,900	$ 218.64	$ 410.28	$ 191.64	87.65%
31				Median Usage				
32				62,000	$ 153.20	$ 279.40	$ 126.20	82.38%
33								
34								

New River Utility Company
Test Year Ended December 31, 2011
Typical Bill Analysis

Exhibit: RLJ-DT2
Schedule H-4
Witness: Jones

Meter Size: 3"
Rate Code: R6

Line No.	Rate Schedules			Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	**Present Rates:**			-	$ 120.00	$ 224.00	$ 104.00	86.67%
2	Base Charge:	$	120.00	1,000	$ 121.20	$ 226.58	$ 105.38	86.95%
3				2,000	$ 122.40	$ 229.16	$ 106.76	87.22%
4				3,000	$ 123.60	$ 231.74	$ 108.14	87.49%
5	Tier One Rate:	$	1.20	4,000	$ 124.80	$ 234.32	$ 109.52	87.76%
6	Tier Two Rate:	$	1.40	5,000	$ 126.00	$ 236.90	$ 110.90	88.02%
7	Tier Three Rate:	$	1.60	6,000	$ 127.20	$ 239.48	$ 112.28	88.27%
8				7,000	$ 128.40	$ 242.06	$ 113.66	88.52%
9	Tier One Breakover (M gal):		12	8,000	$ 129.60	$ 244.64	$ 115.04	88.77%
10	Tier Two Breakover (M gal):		18	9,000	$ 130.80	$ 247.22	$ 116.42	89.01%
11	Tier Three Breakover (M gal):		999,999	10,000	$ 132.00	$ 249.80	$ 117.80	89.24%
12				12,000	$ 134.40	$ 254.96	$ 120.56	89.70%
13				14,000	$ 137.20	$ 260.12	$ 122.92	89.59%
14	**Proposed Rates:**			16,000	$ 140.00	$ 265.28	$ 125.28	89.49%
15	Base Charge:	$	224.00	18,000	$ 142.80	$ 270.44	$ 127.64	89.38%
16				20,000	$ 146.00	$ 275.60	$ 129.60	88.77%
17				25,000	$ 154.00	$ 288.50	$ 134.50	87.34%
18	Tier One Rate:	$	-	30,000	$ 162.00	$ 301.40	$ 139.40	86.05%
19	Tier Two Rate:	$	2.58	35,000	$ 170.00	$ 314.30	$ 144.30	84.88%
20	Tier Three Rate:	$	3.20	40,000	$ 178.00	$ 327.20	$ 149.20	83.82%
21				45,000	$ 186.00	$ 340.10	$ 154.10	82.85%
22	Tier One Breakover (M gal):		-	50,000	$ 194.00	$ 353.00	$ 159.00	81.96%
23	Tier Two Breakover (M gal):		50	60,000	$ 210.00	$ 385.00	$ 175.00	83.33%
24	Tier Three Breakover (M gal):		999,999	70,000	$ 226.00	$ 417.00	$ 191.00	84.51%
25				80,000	$ 242.00	$ 449.00	$ 207.00	85.54%
26				90,000	$ 258.00	$ 481.00	$ 223.00	86.43%
27				100,000	$ 274.00	$ 513.00	$ 239.00	87.23%

New River Utility Company
Test Year Ended December 31, 2011
Typical Bill Analysis

Exhibit: RLJ-DT2
Schedule H-4
Witness: Jones

Meter Size: 3" (Hand Billed)
Rate Code: R6

Line No.	Rate Schedules			Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	**Present Rates:**			-	$ 120.00	$ 224.00	$ 104.00	86.67%
2	Base Charge:	$	120.00	1,000	$ 121.20	$ 226.58	$ 105.38	86.95%
3				2,000	$ 122.40	$ 229.16	$ 106.76	87.22%
4				3,000	$ 123.60	$ 231.74	$ 108.14	87.49%
5	Tier One Rate:	$	1.20	4,000	$ 124.80	$ 234.32	$ 109.52	87.76%
6	Tier Two Rate:	$	1.40	5,000	$ 126.00	$ 236.90	$ 110.90	88.02%
7	Tier Three Rate:	$	1.60	6,000	$ 127.20	$ 239.48	$ 112.28	88.27%
8				7,000	$ 128.40	$ 242.06	$ 113.66	88.52%
9	Tier One Breakover (M gal):		12	8,000	$ 129.60	$ 244.64	$ 115.04	88.77%
10	Tier Two Breakover (M gal):		18	9,000	$ 130.80	$ 247.22	$ 116.42	89.01%
11	Tier Three Breakover (M gal):		999,999	10,000	$ 132.00	$ 249.80	$ 117.80	89.24%
12				12,000	$ 134.40	$ 254.96	$ 120.56	89.70%
13				14,000	$ 137.20	$ 260.12	$ 122.92	89.59%
14	**Proposed Rates:**			16,000	$ 140.00	$ 265.28	$ 125.28	89.49%
15	Base Charge:	$	224.00	18,000	$ 142.80	$ 270.44	$ 127.64	89.38%
16				20,000	$ 146.00	$ 275.60	$ 129.60	88.77%
17				25,000	$ 154.00	$ 288.50	$ 134.50	87.34%
18	Tier One Rate:	$	-	30,000	$ 162.00	$ 301.40	$ 139.40	86.05%
19	Tier Two Rate:	$	2.58	35,000	$ 170.00	$ 314.30	$ 144.30	84.88%
20	Tier Three Rate:	$	3.20	40,000	$ 178.00	$ 327.20	$ 149.20	83.82%
21				45,000	$ 186.00	$ 340.10	$ 154.10	82.85%
22	Tier One Breakover (M gal):		-	50,000	$ 194.00	$ 353.00	$ 159.00	81.96%
23	Tier Two Breakover (M gal):		50	60,000	$ 210.00	$ 385.00	$ 175.00	83.33%
24	Tier Three Breakover (M gal):		999,999	70,000	$ 226.00	$ 417.00	$ 191.00	84.51%
25				80,000	$ 242.00	$ 449.00	$ 207.00	85.54%
26				90,000	$ 258.00	$ 481.00	$ 223.00	86.43%
27				100,000	$ 274.00	$ 513.00	$ 239.00	87.23%
28								
29				Average Usage				
30				329,167	$ 640.67	$ 1,246.33	$ 605.66	94.54%
31				Median Usage				
32				206,000	$ 443.60	$ 852.20	$ 408.60	92.11%
33								
34								

New River Utility Company
Test Year Ended December 31, 2011
Typical Bill Analysis

Exhibit: RLJ-DT2
Schedule H-4
Witness: Jones

Meter Size: 6"
Rate Code: R8

Line No.	Rate Schedules			Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	**Present Rates:**			-	$ 375.00	$ 700.00	$ 325.00	86.67%
2	Base Charge:	$	375.00	1,000	$ 376.20	$ 702.58	$ 326.38	86.76%
3				2,000	$ 377.40	$ 705.16	$ 327.76	86.85%
4				3,000	$ 378.60	$ 707.74	$ 329.14	86.94%
5	Tier One Rate:	$	1.20	4,000	$ 379.80	$ 710.32	$ 330.52	87.02%
6	Tier Two Rate:	$	1.40	5,000	$ 381.00	$ 712.90	$ 331.90	87.11%
7	Tier Three Rate:	$	1.60	6,000	$ 382.20	$ 715.48	$ 333.28	87.20%
8				7,000	$ 383.40	$ 718.06	$ 334.66	87.29%
9	Tier One Breakover (M gal):		12	8,000	$ 384.60	$ 720.64	$ 336.04	87.37%
10	Tier Two Breakover (M gal):		18	9,000	$ 385.80	$ 723.22	$ 337.42	87.46%
11	Tier Three Breakover (M gal):		999,999	10,000	$ 387.00	$ 725.80	$ 338.80	87.55%
12				12,000	$ 389.40	$ 730.96	$ 341.56	87.71%
13				14,000	$ 392.20	$ 736.12	$ 343.92	87.69%
14	**Proposed Rates:**			16,000	$ 395.00	$ 741.28	$ 346.28	87.67%
15	Base Charge:	$	700.00	18,000	$ 397.80	$ 746.44	$ 348.64	87.64%
16				20,000	$ 401.00	$ 751.60	$ 350.60	87.43%
17				25,000	$ 409.00	$ 764.50	$ 355.50	86.92%
18	Tier One Rate:	$	-	30,000	$ 417.00	$ 777.40	$ 360.40	86.43%
19	Tier Two Rate:	$	2.58	35,000	$ 425.00	$ 790.30	$ 365.30	85.95%
20	Tier Three Rate:	$	3.20	40,000	$ 433.00	$ 803.20	$ 370.20	85.50%
21				45,000	$ 441.00	$ 816.10	$ 375.10	85.06%
22	Tier One Breakover (M gal):		-	50,000	$ 449.00	$ 829.00	$ 380.00	84.63%
23	Tier Two Breakover (M gal):		50	60,000	$ 465.00	$ 861.00	$ 396.00	85.16%
24	Tier Three Breakover (M gal):		999,999	70,000	$ 481.00	$ 893.00	$ 412.00	85.65%
25				80,000	$ 497.00	$ 925.00	$ 428.00	86.12%
26				90,000	$ 513.00	$ 957.00	$ 444.00	86.55%
27				100,000	$ 529.00	$ 989.00	$ 460.00	86.96%
28								
29				Average Usage				
30				146,875	$ 604.00	$ 1,139.00	$ 535.00	88.58%
31				Median Usage				
32				140,000	$ 593.00	$ 1,117.00	$ 524.00	88.36%
33								
34								

New River Utility Company
Test Year Ended December 31, 2011
Typical Bill Analysis

Exhibit: RLJ-DT2
Schedule H-4
Witness: Jones

Meter Size: 8" (Hand Billed)
Rate Code: R9

Line No.	Rate Schedules		Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	**Present Rates:**		-	$ 750.00	$ 1,400.00	$ 650.00	86.67%
2	Base Charge:	$ 750.00	1,000	$ 751.20	$ 1,402.58	$ 651.38	86.71%
3			2,000	$ 752.40	$ 1,405.16	$ 652.76	86.76%
4			3,000	$ 753.60	$ 1,407.74	$ 654.14	86.80%
5	Tier One Rate:	$ 1.20	4,000	$ 754.80	$ 1,410.32	$ 655.52	86.85%
6	Tier Two Rate:	$ 1.40	5,000	$ 756.00	$ 1,412.90	$ 656.90	86.89%
7	Tier Three Rate:	$ 1.60	6,000	$ 757.20	$ 1,415.48	$ 658.28	86.94%
8			7,000	$ 758.40	$ 1,418.06	$ 659.66	86.98%
9	Tier One Breakover (M gal):	12	8,000	$ 759.60	$ 1,420.64	$ 661.04	87.02%
10	Tier Two Breakover (M gal):	18	9,000	$ 760.80	$ 1,423.22	$ 662.42	87.07%
11	Tier Three Breakover (M gal):	999,999	10,000	$ 762.00	$ 1,425.80	$ 663.80	87.11%
12			12,000	$ 764.40	$ 1,430.96	$ 666.56	87.20%
13			14,000	$ 767.20	$ 1,436.12	$ 668.92	87.19%
14	**Proposed Rates:**		16,000	$ 770.00	$ 1,441.28	$ 671.28	87.18%
15	Base Charge:	$ 1,400.00	18,000	$ 772.80	$ 1,446.44	$ 673.64	87.17%
16			20,000	$ 776.00	$ 1,451.60	$ 675.60	87.06%
17			25,000	$ 784.00	$ 1,464.50	$ 680.50	86.80%
18	Tier One Rate:	$ -	30,000	$ 792.00	$ 1,477.40	$ 685.40	86.54%
19	Tier Two Rate:	$ 2.58	35,000	$ 800.00	$ 1,490.30	$ 690.30	86.29%
20	Tier Three Rate:	$ 3.20	40,000	$ 808.00	$ 1,503.20	$ 695.20	86.04%
21			45,000	$ 816.00	$ 1,516.10	$ 700.10	85.80%
22	Tier One Breakover (M gal):	-	50,000	$ 824.00	$ 1,529.00	$ 705.00	85.56%
23	Tier Two Breakover (M gal):	50	60,000	$ 840.00	$ 1,561.00	$ 721.00	85.83%
24	Tier Three Breakover (M gal):	999,999	70,000	$ 856.00	$ 1,593.00	$ 737.00	86.10%
25			80,000	$ 872.00	$ 1,625.00	$ 753.00	86.35%
26			90,000	$ 888.00	$ 1,657.00	$ 769.00	86.60%
27			100,000	$ 904.00	$ 1,689.00	$ 785.00	86.84%
28							
29			Average Usage				
30			-	$ 750.00	$ 1,400.00	$ 650.00	86.67%
31			Median Usage				
32			-	$ 750.00	$ 1,400.00	$ 650.00	86.67%
33							
34							

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 5/8" x 3/4"
Rate Code: R1

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	4
Tier Two Breakover (M gal):	18	10
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 7.50	$ 14.00
Tier One Rate:	$ 1.20	$ 1.10
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block			Number of Bills in Block	Average Consumption in Block	Consumption in Block	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
1	-	-	-	1,246	-	-	1,246	4.64%	-	0.00%
2	1	-	1,000	428	1,000	428,000	1,674	6.23%	428,000	0.14%
3	1,001	-	2,000	751	2,000	1,502,000	2,425	9.02%	1,930,000	0.64%
4	2,001	-	3,000	1,166	3,000	3,498,000	3,591	13.36%	5,428,000	1.81%
5	3,001	-	4,000	1,484	4,000	5,936,000	5,075	18.88%	11,364,000	3.78%
6	4,001	-	5,000	1,743	5,000	8,715,000	6,818	25.37%	20,079,000	6.68%
7	5,001	-	6,000	1,859	6,000	11,154,000	8,677	32.28%	31,233,000	10.39%
8	6,001	-	7,000	1,794	7,000	12,558,000	10,471	38.96%	43,791,000	14.57%
9	7,001	-	8,000	1,708	8,000	13,664,000	12,179	45.31%	57,455,000	19.12%
10	8,001	-	9,000	1,652	9,000	14,868,000	13,831	51.46%	72,323,000	24.06%
11	9,001	-	10,000	1,599	10,000	15,990,000	15,430	57.41%	88,313,000	29.38%
12	10,001	-	11,000	1,355	11,000	14,905,000	16,785	62.45%	103,218,000	34.34%
13	11,001	-	12,000	1,182	12,000	14,184,000	17,967	66.85%	117,402,000	39.06%
14	12,001	-	13,000	1,065	13,000	13,845,000	19,032	70.81%	131,247,000	43.67%
15	13,001	-	14,000	968	14,000	13,552,000	20,000	74.41%	144,799,000	48.17%
16	14,001	-	15,000	832	15,000	12,480,000	20,832	77.51%	157,279,000	52.33%
17	15,001	-	16,000	740	16,000	11,840,000	21,572	80.26%	169,119,000	56.27%
18	16,001	-	17,000	650	17,000	11,050,000	22,222	82.68%	180,169,000	59.94%
19	17,001	-	18,000	574	18,000	10,332,000	22,796	84.82%	190,501,000	63.38%
20	18,001	-	19,000	512	19,000	9,728,000	23,308	86.72%	200,229,000	66.62%
21	19,001	-	20,000	467	20,000	9,340,000	23,775	88.46%	209,569,000	69.72%
22	20,001	-	21,000	384	21,000	8,064,000	24,159	89.89%	217,633,000	72.41%
23	21,001	-	22,000	324	22,000	7,128,000	24,483	91.09%	224,761,000	74.78%
24	22,001	-	23,000	282	23,000	6,486,000	24,765	92.14%	231,247,000	76.94%
25	23,001	-	24,000	259	24,000	6,216,000	25,024	93.11%	237,463,000	79.00%
26	24,001	-	25,000	225	25,000	5,625,000	25,249	93.94%	243,088,000	80.87%
27	25,001	-	26,000	204	26,000	5,304,000	25,453	94.70%	248,392,000	82.64%
28	26,001	-	27,000	161	27,000	4,347,000	25,614	95.30%	252,739,000	84.09%
29	27,001	-	28,000	158	28,000	4,424,000	25,772	95.89%	257,163,000	85.56%
30	28,001	-	29,000	139	29,000	4,031,000	25,911	96.41%	261,194,000	86.90%
31	29,001	-	30,000	100	30,000	3,000,000	26,011	96.78%	264,194,000	87.90%
32	30,001	-	31,000	94	31,000	2,914,000	26,105	97.13%	267,108,000	88.87%
33	31,001	-	32,000	72	32,000	2,304,000	26,177	97.40%	269,412,000	89.63%
34	32,001	-	33,000	91	33,000	3,003,000	26,268	97.73%	272,415,000	90.63%
35	33,001	-	34,000	59	34,000	2,006,000	26,327	97.95%	274,421,000	91.30%
36	34,001	-	35,000	48	35,000	1,680,000	26,375	98.13%	276,101,000	91.86%
37	35,001	-	36,000	49	36,000	1,764,000	26,424	98.31%	277,865,000	92.44%
38	36,001	-	37,000	42	37,000	1,554,000	26,466	98.47%	279,419,000	92.96%
39	37,001	-	38,000	-		-	26,466	98.47%	279,419,000	92.96%
40	38,001	-	39,000	80	38,425	3,074,000	26,546	98.77%	282,493,000	93.98%
41	39,001	-	40,000	27	40,000	1,080,000	26,573	98.87%	283,573,000	94.34%
42	40,001	-	41,000	37	41,000	1,517,000	26,610	99.01%	285,090,000	94.85%
43	41,001	-	42,000	27	42,000	1,134,000	26,637	99.11%	286,224,000	95.23%
44	42,001	-	43,000	-		-	26,637	99.11%	286,224,000	95.23%
45	43,001	-	44,000	-		-	26,637	99.11%	286,224,000	95.23%
46	44,001	-	45,000	48	43,688	2,097,000	26,685	99.29%	288,321,000	95.92%
47	45,001	-	46,000	12	46,000	552,000	26,697	99.33%	288,873,000	96.11%
48	46,001	-	47,000	11	47,000	517,000	26,708	99.37%	289,390,000	96.28%
49	47,001	-	48,000	9	48,000	432,000	26,717	99.40%	289,822,000	96.42%
50	48,001	-	49,000	10	49,000	490,000	26,727	99.44%	290,312,000	96.59%
51	49,001	-	50,000	11	50,000	550,000	26,738	99.48%	290,862,000	96.77%
52	50,001	-	51,000	8	51,000	408,000	26,746	99.51%	291,270,000	96.90%
53	51,001	-	52,000	4	52,000	208,000	26,750	99.53%	291,478,000	96.97%
54	52,001	-	53,000	9	53,000	477,000	26,759	99.56%	291,955,000	97.13%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 5/8" x 3/4"
Rate Code: R1

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	4
Tier Two Breakover (M gal):	18	10
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 7.50	$ 14.00
Tier One Rate:	$ 1.20	$ 1.10
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills in Block	Average Consumption in Block	Consumption in Block	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
55	53,001 - 54,000	10	54,000	540,000	26,769	99.60%	292,495,000	97.31%
56	54,001 - 55,000	9	55,000	495,000	26,778	99.63%	292,990,000	97.48%
57	55,001 - 56,000	5	56,000	280,000	26,783	99.65%	293,270,000	97.57%
58	56,001 - 57,000	10	57,000	570,000	26,793	99.69%	293,840,000	97.76%
59	57,001 - 58,000	8	58,000	464,000	26,801	99.72%	294,304,000	97.91%
60	58,001 - 59,000	5	59,000	295,000	26,806	99.74%	294,599,000	98.01%
61	59,001 - 60,000	5	60,000	300,000	26,811	99.75%	294,899,000	98.11%
62	60,001 - 61,000	6	61,000	366,000	26,817	99.78%	295,265,000	98.23%
63	61,001 - 62,000	1	62,000	62,000	26,818	99.78%	295,327,000	98.25%
64	62,001 - 63,000	4	63,000	252,000	26,822	99.80%	295,579,000	98.34%
65	63,001 - 64,000	2	64,000	128,000	26,824	99.80%	295,707,000	98.38%
66	64,001 - 65,000	4	65,000	260,000	26,828	99.82%	295,967,000	98.47%
67	65,001 - 66,000	2	66,000	132,000	26,830	99.83%	296,099,000	98.51%
68	66,001 - 67,000	1	67,000	67,000	26,831	99.83%	296,166,000	98.53%
69	67,001 - 68,000	5	68,000	340,000	26,836	99.85%	296,506,000	98.65%
70	68,001 - 69,000	3	69,000	207,000	26,839	99.86%	296,713,000	98.72%
71	69,001 - 70,000	1	70,000	70,000	26,840	99.86%	296,783,000	98.74%
72	70,001 - 71,000	2	71,000	142,000	26,842	99.87%	296,925,000	98.79%
73	71,001 - 72,000	3	72,000	216,000	26,845	99.88%	297,141,000	98.86%
74	72,001 - 73,000	3	73,000	219,000	26,848	99.89%	297,360,000	98.93%
75	73,001 - 74,000	2	74,000	148,000	26,850	99.90%	297,508,000	98.98%
76	74,001 - 75,000	5	75,000	375,000	26,855	99.92%	297,883,000	99.10%
77	75,001 - 76,000	-		-	26,855	99.92%	297,883,000	99.10%
78	76,001 - 77,000	1	77,000	77,000	26,856	99.92%	297,960,000	99.13%
79	77,001 - 78,000	-		-	26,856	99.92%	297,960,000	99.13%
80	78,001 - 79,000	1	79,000	79,000	26,857	99.93%	298,039,000	99.16%
81	79,001 - 80,000	1	80,000	80,000	26,858	99.93%	298,119,000	99.18%
82	80,001 - 81,000	1	81,000	81,000	26,859	99.93%	298,200,000	99.21%
83	81,001 - 82,000	1	82,000	82,000	26,860	99.94%	298,282,000	99.24%
84	82,001 - 83,000	-		-	26,860	99.94%	298,282,000	99.24%
85	83,001 - 84,000	1	84,000	84,000	26,861	99.94%	298,366,000	99.27%
86	84,001 - 85,000	-		-	26,861	99.94%	298,366,000	99.27%
87	85,001 - 86,000	-		-	26,861	99.94%	298,366,000	99.27%
88	86,001 - 87,000	-		-	26,861	99.94%	298,366,000	99.27%
89	87,001 - 88,000	1	88,000	88,000	26,862	99.94%	298,454,000	99.29%
90	88,001 - 89,000	-		-	26,862	99.94%	298,454,000	99.29%
91	89,001 - 90,000	-		-	26,862	99.94%	298,454,000	99.29%
92	90,001 - 91,000	-		-	26,862	99.94%	298,454,000	99.29%
93	91,001 - 92,000	-		-	26,862	99.94%	298,454,000	99.29%
94	92,001 - 93,000	1	93,000	93,000	26,863	99.95%	298,547,000	99.33%
95	93,001 - 94,000	-		-	26,863	99.95%	298,547,000	99.33%
96	94,001 - 95,000	1	95,000	95,000	26,864	99.95%	298,642,000	99.36%
97	95,001 - 96,000	-		-	26,864	99.95%	298,642,000	99.36%
98	96,001 - 97,000	-		-	26,864	99.95%	298,642,000	99.36%
99	97,001 - 98,000	-		-	26,864	99.95%	298,642,000	99.36%
100	98,001 - 99,000	-		-	26,864	99.95%	298,642,000	99.36%
101	99,001 - 100,000	2	100,000	200,000	26,866	99.96%	298,842,000	99.42%
102	102,000 - 102,000	1	102,000	102,000	26,867	99.96%	298,944,000	99.46%
103	105,000 - 105,000	1	105,000	105,000	26,868	99.97%	299,049,000	99.49%
104	109,000 - 109,000	1	109,000	109,000	26,869	99.97%	299,158,000	99.53%
105	114,000 - 114,000	1	114,000	114,000	26,870	99.97%	299,272,000	99.57%
106	118,000 - 118,000	1	118,000	118,000	26,871	99.98%	299,390,000	99.61%
107	130,000 - 130,000	1	130,000	130,000	26,872	99.98%	299,520,000	99.65%
108	140,000 - 140,000	1	140,000	140,000	26,873	99.99%	299,660,000	99.70%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 5/8" x 3/4"
Rate Code: R1

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	4
Tier Two Breakover (M gal):	18	10
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 7.50	$ 14.00
Tier One Rate:	$ 1.20	$ 1.10
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills in Block	Average Consumption in Block	Consumption in Block	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
109	174,000 - 174,000	1	174,000	174,000	26,874	99.99%	299,834,000	99.75%
110	184,000 - 184,000	1	184,000	184,000	26,875	99.99%	300,018,000	99.82%
111	186,000 - 186,000	1	186,000	186,000	26,876	100.00%	300,204,000	99.88%
112	370,000 - 370,000	1	370,000	370,000	26,877	100.00%	300,574,000	100.00%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 5/8" x 3/4"
Rate Code: R1

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	4
Tier Two Breakover (M gal):	18	10
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 7.50	$ 14.00
Tier One Rate:	$ 1.20	$ 1.10
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills in Block	Average Consumption in Block	Consumption in Block	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
113								
114	Totals	26,877		300,574,000	26,877		300,574,000	
115								
116	Total Bills	26,877						
117								
118								
119	Average Number of Customers		2,240					
120								
121	Average Consumption (gallons)		11,183					
122								
123	Median Consumption (gallons)		8,762					
124								
125								
126								

	Current Rates Units	Current Rates Revenue	Proposed Rates Units	Proposed Rates Revenue
Base Charge	26,877	$ 201,578	26,877	$ 376,278
Usage (gallons)				
Tier One	224,322,000	$ 269,186	98,572,000	$ 108,429
Tier Two	39,637,000	55,492	104,211,000	268,864
Tier Three	36,615,000	58,584	97,791,000	312,931
Usage Totals	300,574,000		300,574,000	
Revenue Totals		$ 584,840		$ 1,066,503

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 3/4"
Rate Code: R2

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	4
Tier Two Breakover (M gal):	18	10
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 7.50	$ 14.00
Tier One Rate:	$ 1.20	$ 1.10
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block			Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
1	-	-	-	16	-	-	16	44.44%	-	0.00%
2	1	-	1,000	-		-	16	44.44%	-	0.00%
3	1,001	-	2,000	-		-	16	44.44%	-	0.00%
4	2,001	-	3,000	-		-	16	44.44%	-	0.00%
5	3,001	-	4,000	-		-	16	44.44%	-	0.00%
6	4,001	-	5,000	-		-	16	44.44%	-	0.00%
7	5,001	-	6,000	-		-	16	44.44%	-	0.00%
8	6,001	-	7,000	-		-	16	44.44%	-	0.00%
9	7,001	-	8,000	-		-	16	44.44%	-	0.00%
10	8,001	-	9,000	-		-	16	44.44%	-	0.00%
11	9,001	-	10,000	-		-	16	44.44%	-	0.00%
12	10,001	-	11,000	1	11,000	11,000	17	47.22%	11,000	0.74%
13	11,001	-	12,000	-		-	17	47.22%	11,000	0.74%
14	12,001	-	13,000	-		-	17	47.22%	11,000	0.74%
15	13,001	-	14,000	-		-	17	47.22%	11,000	0.74%
16	14,001	-	15,000	-		-	17	47.22%	11,000	0.74%
17	15,001	-	16,000	-		-	17	47.22%	11,000	0.74%
18	16,001	-	17,000	-		-	17	47.22%	11,000	0.74%
19	17,001	-	18,000	-		-	17	47.22%	11,000	0.74%
20	18,001	-	19,000	-		-	17	47.22%	11,000	0.74%
21	19,001	-	20,000	-		-	17	47.22%	11,000	0.74%
22	20,001	-	21,000	-		-	17	47.22%	11,000	0.74%
23	21,001	-	22,000	-		-	17	47.22%	11,000	0.74%
24	22,001	-	23,000	-		-	17	47.22%	11,000	0.74%
25	23,001	-	24,000	-		-	17	47.22%	11,000	0.74%
26	24,001	-	25,000	2	25,000	50,000	19	52.78%	61,000	4.11%
27	25,001	-	26,000	-		-	19	52.78%	61,000	4.11%
28	26,001	-	27,000	1	27,000	27,000	20	55.56%	88,000	5.93%
29	27,001	-	28,000	-		-	20	55.56%	88,000	5.93%
30	28,001	-	29,000	-		-	20	55.56%	88,000	5.93%
31	29,001	-	30,000	1	30,000	30,000	21	58.33%	118,000	7.96%
32	30,001	-	31,000	-		-	21	58.33%	118,000	7.96%
33	31,001	-	32,000	-		-	21	58.33%	118,000	7.96%
34	32,001	-	33,000	-		-	21	58.33%	118,000	7.96%
35	33,001	-	34,000	-		-	21	58.33%	118,000	7.96%
36	34,001	-	35,000	-		-	21	58.33%	118,000	7.96%
37	35,001	-	36,000	-		-	21	58.33%	118,000	7.96%
38	36,001	-	37,000	-		-	21	58.33%	118,000	7.96%
39	37,001	-	38,000	-		-	21	58.33%	118,000	7.96%
40	38,001	-	39,000	1	39,000	39,000	22	61.11%	157,000	10.59%
41	39,001	-	40,000	-		-	22	61.11%	157,000	10.59%
42	40,001	-	41,000	-		-	22	61.11%	157,000	10.59%
43	41,001	-	42,000	-		-	22	61.11%	157,000	10.59%
44	42,001	-	43,000	-		-	22	61.11%	157,000	10.59%
45	43,001	-	44,000	-		-	22	61.11%	157,000	10.59%
46	44,001	-	45,000	-		-	22	61.11%	157,000	10.59%
47	45,001	-	46,000	-		-	22	61.11%	157,000	10.59%
48	46,001	-	47,000	-		-	22	61.11%	157,000	10.59%
49	47,001	-	48,000	-		-	22	61.11%	157,000	10.59%
50	48,001	-	49,000	-		-	22	61.11%	157,000	10.59%
51	49,001	-	50,000	-		-	22	61.11%	157,000	10.59%
52	50,001	-	51,000	-		-	22	61.11%	157,000	10.59%
53	51,001	-	52,000	-		-	22	61.11%	157,000	10.59%
54	52,001	-	53,000	-		-	22	61.11%	157,000	10.59%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 3/4"
Rate Code: R2

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	4
Tier Two Breakover (M gal):	18	10
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 7.50	$ 14.00
Tier One Rate:	$ 1.20	$ 1.10
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
55	53,001 - 54,000	1	54,000	54,000	23	63.89%	211,000	14.23%
56	54,001 - 55,000	-		-	23	63.89%	211,000	14.23%
57	55,001 - 56,000	1	56,000	56,000	24	66.67%	267,000	18.00%
58	56,001 - 57,000	-		-	24	66.67%	267,000	18.00%
59	57,001 - 58,000	-		-	24	66.67%	267,000	18.00%
60	58,001 - 59,000	-		-	24	66.67%	267,000	18.00%
61	59,001 - 60,000	-		-	24	66.67%	267,000	18.00%
62	60,001 - 61,000	-		-	24	66.67%	267,000	18.00%
63	61,001 - 62,000	-		-	24	66.67%	267,000	18.00%
64	62,001 - 63,000	1	63,000	63,000	25	69.44%	330,000	22.25%
65	63,001 - 64,000	-		-	25	69.44%	330,000	22.25%
66	64,001 - 65,000	-		-	25	69.44%	330,000	22.25%
67	65,001 - 66,000	1	66,000	66,000	26	72.22%	396,000	26.70%
68	66,001 - 67,000	-		-	26	72.22%	396,000	26.70%
69	67,001 - 68,000	1	68,000	68,000	27	75.00%	464,000	31.29%
70	68,001 - 69,000	-		-	27	75.00%	464,000	31.29%
71	69,001 - 70,000	-		-	27	75.00%	464,000	31.29%
72	70,001 - 71,000	-		-	27	75.00%	464,000	31.29%
73	71,001 - 72,000	-		-	27	75.00%	464,000	31.29%
74	72,001 - 73,000	-		-	27	75.00%	464,000	31.29%
75	73,001 - 74,000	-		-	27	75.00%	464,000	31.29%
76	74,001 - 75,000	1	75,000	75,000	28	77.78%	539,000	36.35%
77	75,001 - 76,000	-		-	28	77.78%	539,000	36.35%
78	76,001 - 77,000	1	77,000	77,000	29	80.56%	616,000	41.54%
79	77,001 - 78,000	-		-	29	80.56%	616,000	41.54%
80	78,001 - 79,000	-		-	29	80.56%	616,000	41.54%
81	79,001 - 80,000	2	80,000	160,000	31	86.11%	776,000	52.33%
82	80,001 - 81,000	-		-	31	86.11%	776,000	52.33%
83	81,001 - 82,000	-		-	31	86.11%	776,000	52.33%
84	82,001 - 83,000	-		-	31	86.11%	776,000	52.33%
85	83,001 - 84,000	-		-	31	86.11%	776,000	52.33%
86	84,001 - 85,000	-		-	31	86.11%	776,000	52.33%
87	85,001 - 86,000	-		-	31	86.11%	776,000	52.33%
88	86,001 - 87,000	-		-	31	86.11%	776,000	52.33%
89	87,001 - 88,000	1	88,000	88,000	32	88.89%	864,000	58.26%
90	88,001 - 89,000	-		-	32	88.89%	864,000	58.26%
91	89,001 - 90,000	-		-	32	88.89%	864,000	58.26%
92	90,001 - 91,000	-		-	32	88.89%	864,000	58.26%
93	91,001 - 92,000	-		-	32	88.89%	864,000	58.26%
94	92,001 - 93,000	-		-	32	88.89%	864,000	58.26%
95	93,001 - 94,000	-		-	32	88.89%	864,000	58.26%
96	94,001 - 95,000	1	95,000	95,000	33	91.67%	959,000	64.67%
97	95,001 - 96,000	-		-	33	91.67%	959,000	64.67%
98	96,001 - 97,000	-		-	33	91.67%	959,000	64.67%
99	97,001 - 98,000	-		-	33	91.67%	959,000	64.67%
100	98,001 - 99,000	-		-	33	91.67%	959,000	64.67%
101	99,001 - 100,000	-		-	33	91.67%	959,000	64.67%
102	109,000 - 109,000	1	109,000	109,000	34	94.44%	1,068,000	72.02%
103	129,000 - 129,000	1	129,000	129,000	35	97.22%	1,197,000	80.71%
104	286,000 - 286,000	1	286,000	286,000	36	100.00%	1,483,000	100.00%
105								
106	Totals	36		1,483,000	36		1,483,000	
107								
108	Total Bills	36						

Current Rates	Proposed Rates

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 3/4"
Rate Code: R2

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	4
Tier Two Breakover (M gal):	18	10
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 7.50	$ 14.00
Tier One Rate:	$ 1.20	$ 1.10
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks
109				
110				
111	Average Number of Customers		3	
112				
113	Average Consumption (gallons)		41,194	
114				
115	Median Consumption (gallons)		18,000	
116				
117				
118				

	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
	Units	Revenue	Units	Revenue
Base Charge	36	$ 270	36	$ 504
Usage (gallons)				
Tier One	239,000	$ 287	80,000	$ 88
Tier Two	114,000	160	120,000	310
Tier Three	1,130,000	1,808	1,283,000	4,106
Usage Totals	1,483,000		1,483,000	
Revenue Totals		$ 2,524		$ 5,007

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 1"
Rate Code: R3

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	25
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 18.75	$ 35.00
Tier One Rate:	$ 1.20	$ -
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block			Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
1	-	-	-	255	-	-	255	3.89%	-	0.00%
2	1	-	1,000	102	1,000	102,000	357	5.44%	102,000	0.10%
3	1,001	-	2,000	130	2,000	260,000	487	7.43%	362,000	0.34%
4	2,001	-	3,000	185	3,000	555,000	672	10.25%	917,000	0.87%
5	3,001	-	4,000	268	4,000	1,072,000	940	14.34%	1,989,000	1.88%
6	4,001	-	5,000	343	5,000	1,715,000	1,283	19.57%	3,704,000	3.50%
7	5,001	-	6,000	358	6,000	2,148,000	1,641	25.03%	5,852,000	5.53%
8	6,001	-	7,000	382	7,000	2,674,000	2,023	30.85%	8,526,000	8.06%
9	7,001	-	8,000	375	8,000	3,000,000	2,398	36.57%	11,526,000	10.90%
10	8,001	-	9,000	363	9,000	3,267,000	2,761	42.11%	14,793,000	13.99%
11	9,001	-	10,000	370	10,000	3,700,000	3,131	47.75%	18,493,000	17.49%
12	10,001	-	11,000	292	11,000	3,212,000	3,423	52.20%	21,705,000	20.53%
13	11,001	-	12,000	263	12,000	3,156,000	3,686	56.21%	24,861,000	23.51%
14	12,001	-	13,000	261	13,000	3,393,000	3,947	60.20%	28,254,000	26.72%
15	13,001	-	14,000	267	14,000	3,738,000	4,214	64.27%	31,992,000	30.26%
16	14,001	-	15,000	196	15,000	2,940,000	4,410	67.26%	34,932,000	33.04%
17	15,001	-	16,000	196	16,000	3,136,000	4,606	70.25%	38,068,000	36.00%
18	16,001	-	17,000	181	17,000	3,077,000	4,787	73.01%	41,145,000	38.91%
19	17,001	-	18,000	175	18,000	3,150,000	4,962	75.67%	44,295,000	41.89%
20	18,001	-	19,000	165	19,000	3,135,000	5,127	78.19%	47,430,000	44.86%
21	19,001	-	20,000	138	20,000	2,760,000	5,265	80.30%	50,190,000	47.47%
22	20,001	-	21,000	133	21,000	2,793,000	5,398	82.32%	52,983,000	50.11%
23	21,001	-	22,000	104	22,000	2,288,000	5,502	83.91%	55,271,000	52.27%
24	22,001	-	23,000	108	23,000	2,484,000	5,610	85.56%	57,755,000	54.62%
25	23,001	-	24,000	80	24,000	1,920,000	5,690	86.78%	59,675,000	56.44%
26	24,001	-	25,000	74	25,000	1,850,000	5,764	87.91%	61,525,000	58.19%
27	25,001	-	26,000	69	26,000	1,794,000	5,833	88.96%	63,319,000	59.88%
28	26,001	-	27,000	63	27,000	1,701,000	5,896	89.92%	65,020,000	61.49%
29	27,001	-	28,000	58	28,000	1,624,000	5,954	90.80%	66,644,000	63.03%
30	28,001	-	29,000	37	29,000	1,073,000	5,991	91.37%	67,717,000	64.04%
31	29,001	-	30,000	50	30,000	1,500,000	6,041	92.13%	69,217,000	65.46%
32	30,001	-	31,000	30	31,000	930,000	6,071	92.59%	70,147,000	66.34%
33	31,001	-	32,000	40	32,000	1,280,000	6,111	93.20%	71,427,000	67.55%
34	32,001	-	33,000	33	33,000	1,089,000	6,144	93.70%	72,516,000	68.58%
35	33,001	-	34,000	26	34,000	884,000	6,170	94.10%	73,400,000	69.42%
36	34,001	-	35,000	31	35,000	1,085,000	6,201	94.57%	74,485,000	70.44%
37	35,001	-	36,000	29	36,000	1,044,000	6,230	95.01%	75,529,000	71.43%
38	36,001	-	37,000	20	37,000	740,000	6,250	95.32%	76,269,000	72.13%
39	37,001	-	38,000	-		-	6,250	95.32%	76,269,000	72.13%
40	38,001	-	39,000	30	38,533	1,156,000	6,280	95.78%	77,425,000	73.22%
41	39,001	-	40,000	15	40,000	600,000	6,295	96.00%	78,025,000	73.79%
42	40,001	-	41,000	13	41,000	533,000	6,308	96.20%	78,558,000	74.30%
43	41,001	-	42,000	12	42,000	504,000	6,320	96.39%	79,062,000	74.77%
44	42,001	-	43,000	-		-	6,320	96.39%	79,062,000	74.77%
45	43,001	-	44,000	-		-	6,320	96.39%	79,062,000	74.77%
46	44,001	-	45,000	27	44,037	1,189,000	6,347	96.80%	80,251,000	75.90%
47	45,001	-	46,000	6	46,000	276,000	6,353	96.89%	80,527,000	76.16%
48	46,001	-	47,000	15	47,000	705,000	6,368	97.12%	81,232,000	76.83%
49	47,001	-	48,000	10	48,000	480,000	6,378	97.27%	81,712,000	77.28%
50	48,001	-	49,000	10	49,000	490,000	6,388	97.42%	82,202,000	77.74%
51	49,001	-	50,000	3	50,000	150,000	6,391	97.47%	82,352,000	77.88%
52	50,001	-	51,000	8	51,000	408,000	6,399	97.59%	82,760,000	78.27%
53	51,001	-	52,000	2	52,000	104,000	6,401	97.62%	82,864,000	78.37%
54	52,001	-	53,000	10	53,000	530,000	6,411	97.77%	83,394,000	78.87%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 1"
Rate Code: R3

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	25
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 18.75	$ 35.00
Tier One Rate:	$ 1.20	$ -
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
55	53,001 - 54,000	4	54,000	216,000	6,415	97.83%	83,610,000	79.07%
56	54,001 - 55,000	4	55,000	220,000	6,419	97.90%	83,830,000	79.28%
57	55,001 - 56,000	4	56,000	224,000	6,423	97.96%	84,054,000	79.49%
58	56,001 - 57,000	4	57,000	228,000	6,427	98.02%	84,282,000	79.71%
59	57,001 - 58,000	1	58,000	58,000	6,428	98.03%	84,340,000	79.76%
60	58,001 - 59,000	5	59,000	295,000	6,433	98.11%	84,635,000	80.04%
61	59,001 - 60,000	3	60,000	180,000	6,436	98.15%	84,815,000	80.21%
62	60,001 - 61,000	4	61,000	244,000	6,440	98.22%	85,059,000	80.44%
63	61,001 - 62,000	1	62,000	62,000	6,441	98.23%	85,121,000	80.50%
64	62,001 - 63,000	3	63,000	189,000	6,444	98.28%	85,310,000	80.68%
65	63,001 - 64,000	2	64,000	128,000	6,446	98.31%	85,438,000	80.80%
66	64,001 - 65,000	5	65,000	325,000	6,451	98.38%	85,763,000	81.11%
67	65,001 - 66,000	2	66,000	132,000	6,453	98.41%	85,895,000	81.24%
68	66,001 - 67,000	6	67,000	402,000	6,459	98.51%	86,297,000	81.62%
69	67,001 - 68,000	1	68,000	68,000	6,460	98.52%	86,365,000	81.68%
70	68,001 - 69,000	3	69,000	207,000	6,463	98.57%	86,572,000	81.88%
71	69,001 - 70,000	-		-	6,463	98.57%	86,572,000	81.88%
72	70,001 - 71,000	2	71,000	142,000	6,465	98.60%	86,714,000	82.01%
73	71,001 - 72,000	-		-	6,465	98.60%	86,714,000	82.01%
74	72,001 - 73,000	1	73,000	73,000	6,466	98.61%	86,787,000	82.08%
75	73,001 - 74,000	5	74,000	370,000	6,471	98.69%	87,157,000	82.43%
76	74,001 - 75,000	1	75,000	75,000	6,472	98.70%	87,232,000	82.50%
77	75,001 - 76,000	2	76,000	152,000	6,474	98.73%	87,384,000	82.64%
78	76,001 - 77,000	-		-	6,474	98.73%	87,384,000	82.64%
79	77,001 - 78,000	1	78,000	78,000	6,475	98.75%	87,462,000	82.72%
80	78,001 - 79,000	1	79,000	79,000	6,476	98.76%	87,541,000	82.79%
81	79,001 - 80,000	1	80,000	80,000	6,477	98.78%	87,621,000	82.87%
82	80,001 - 81,000	1	81,000	81,000	6,478	98.80%	87,702,000	82.94%
83	81,001 - 82,000	-		-	6,478	98.80%	87,702,000	82.94%
84	82,001 - 83,000	1	83,000	83,000	6,479	98.81%	87,785,000	83.02%
85	83,001 - 84,000	-		-	6,479	98.81%	87,785,000	83.02%
86	84,001 - 85,000	1	85,000	85,000	6,480	98.83%	87,870,000	83.10%
87	85,001 - 86,000	2	86,000	172,000	6,482	98.86%	88,042,000	83.27%
88	86,001 - 87,000	2	87,000	174,000	6,484	98.89%	88,216,000	83.43%
89	87,001 - 88,000	1	88,000	88,000	6,485	98.90%	88,304,000	83.51%
90	88,001 - 89,000	-		-	6,485	98.90%	88,304,000	83.51%
91	89,001 - 90,000	-		-	6,485	98.90%	88,304,000	83.51%
92	90,001 - 91,000	1	91,000	91,000	6,486	98.92%	88,395,000	83.60%
93	91,001 - 92,000	2	92,000	184,000	6,488	98.95%	88,579,000	83.77%
94	92,001 - 93,000	-		-	6,488	98.95%	88,579,000	83.77%
95	93,001 - 94,000	-		-	6,488	98.95%	88,579,000	83.77%
96	94,001 - 95,000	4	95,000	380,000	6,492	99.01%	88,959,000	84.13%
97	95,001 - 96,000	-		-	6,492	99.01%	88,959,000	84.13%
98	96,001 - 97,000	1	96,500	96,500	6,493	99.02%	89,055,500	84.22%
99	97,001 - 98,000	-		-	6,493	99.02%	89,055,500	84.22%
100	98,001 - 99,000	1	99,000	99,000	6,494	99.04%	89,154,500	84.32%
101	99,001 - 100,000	2	100,000	200,000	6,496	99.07%	89,354,500	84.51%
102	104,000 - 104,000	1	104,000	104,000	6,497	99.08%	89,458,500	84.61%
103	105,000 - 105,000	1	105,000	105,000	6,498	99.10%	89,563,500	84.70%
104	106,000 - 106,000	1	106,000	106,000	6,499	99.12%	89,669,500	84.81%
105	107,000 - 107,000	1	107,000	107,000	6,500	99.13%	89,776,500	84.91%
106	109,000 - 109,000	1	109,000	109,000	6,501	99.15%	89,885,500	85.01%
107	110,000 - 110,000	1	110,000	110,000	6,502	99.16%	89,995,500	85.11%
108	111,000 - 111,000	1	111,000	111,000	6,503	99.18%	90,106,500	85.22%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 1"
Rate Code: R3

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	25
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 18.75	$ 35.00
Tier One Rate:	$ 1.20	$ -
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
109	113,000 - 113,000	1	113,000	113,000	6,504	99.19%	90,219,500	85.33%
110	115,000 - 115,000	1	115,000	115,000	6,505	99.21%	90,334,500	85.43%
111	118,000 - 118,000	1	118,000	118,000	6,506	99.22%	90,452,500	85.55%
112	123,000 - 123,000	1	123,000	123,000	6,507	99.24%	90,575,500	85.66%
113	123,000 - 123,000	1	123,000	123,000	6,508	99.25%	90,698,500	85.78%
114	124,000 - 124,000	1	124,000	124,000	6,509	99.27%	90,822,500	85.90%
115	129,000 - 129,000	1	129,000	129,000	6,510	99.28%	90,951,500	86.02%
116	130,000 - 130,000	1	130,000	130,000	6,511	99.30%	91,081,500	86.14%
117	130,000 - 130,000	1	130,000	130,000	6,512	99.31%	91,211,500	86.26%
118	132,000 - 132,000	1	132,000	132,000	6,513	99.33%	91,343,500	86.39%
119	133,000 - 133,000	1	133,000	133,000	6,514	99.34%	91,476,500	86.51%
120	135,000 - 135,000	1	135,000	135,000	6,515	99.36%	91,611,500	86.64%
121	137,000 - 137,000	1	137,000	137,000	6,516	99.37%	91,748,500	86.77%
122	137,000 - 137,000	1	137,000	137,000	6,517	99.39%	91,885,500	86.90%
123	140,000 - 140,000	1	140,000	140,000	6,518	99.41%	92,025,500	87.03%
124	142,000 - 142,000	1	142,000	142,000	6,519	99.42%	92,167,500	87.17%
125	145,000 - 145,000	1	145,000	145,000	6,520	99.44%	92,312,500	87.30%
126	149,000 - 149,000	1	149,000	149,000	6,521	99.45%	92,461,500	87.45%
127	153,000 - 153,000	1	153,000	153,000	6,522	99.47%	92,614,500	87.59%
128	154,000 - 154,000	1	154,000	154,000	6,523	99.48%	92,768,500	87.74%
129	157,000 - 157,000	1	157,000	157,000	6,524	99.50%	92,925,500	87.88%
130	157,000 - 157,000	1	157,000	157,000	6,525	99.51%	93,082,500	88.03%
131	158,000 - 158,000	1	158,000	158,000	6,526	99.53%	93,240,500	88.18%
132	192,000 - 192,000	1	192,000	192,000	6,527	99.54%	93,432,500	88.36%
133	210,000 - 210,000	1	210,000	210,000	6,528	99.56%	93,642,500	88.56%
134	215,000 - 215,000	1	215,000	215,000	6,529	99.57%	93,857,500	88.77%
135	240,000 - 240,000	1	240,000	240,000	6,530	99.59%	94,097,500	88.99%
136	242,000 - 242,000	1	242,000	242,000	6,531	99.60%	94,339,500	89.22%
137	243,000 - 243,000	1	243,000	243,000	6,532	99.62%	94,582,500	89.45%
138	246,000 - 246,000	1	246,000	246,000	6,533	99.63%	94,828,500	89.68%
139	253,000 - 253,000	1	253,000	253,000	6,534	99.65%	95,081,500	89.92%
140	255,000 - 255,000	1	255,000	255,000	6,535	99.66%	95,336,500	90.16%
141	264,000 - 264,000	1	264,000	264,000	6,536	99.68%	95,600,500	90.41%
142	274,000 - 274,000	1	274,000	274,000	6,537	99.69%	95,874,500	90.67%
143	284,000 - 284,000	1	284,000	284,000	6,538	99.71%	96,158,500	90.94%
144	294,000 - 294,000	1	294,000	294,000	6,539	99.73%	96,452,500	91.22%
145	298,000 - 298,000	1	298,000	298,000	6,540	99.74%	96,750,500	91.50%
146	315,000 - 315,000	1	315,000	315,000	6,541	99.76%	97,065,500	91.80%
147	324,000 - 324,000	1	324,000	324,000	6,542	99.77%	97,389,500	92.11%
148	333,000 - 333,000	1	333,000	333,000	6,543	99.79%	97,722,500	92.42%
149	347,000 - 347,000	1	347,000	347,000	6,544	99.80%	98,069,500	92.75%
150	376,000 - 376,000	1	376,000	376,000	6,545	99.82%	98,445,500	93.10%
151	408,000 - 408,000	1	408,000	408,000	6,546	99.83%	98,853,500	93.49%
152	463,000 - 463,000	1	463,000	463,000	6,547	99.85%	99,316,500	93.93%
153	476,500 - 476,500	1	476,500	476,500	6,548	99.86%	99,793,000	94.38%
154	479,000 - 479,000	1	479,000	479,000	6,549	99.88%	100,272,000	94.83%
155	512,000 - 512,000	1	512,000	512,000	6,550	99.89%	100,784,000	95.32%
156	549,000 - 549,000	1	549,000	549,000	6,551	99.91%	101,333,000	95.84%
157	568,000 - 568,000	1	568,000	568,000	6,552	99.92%	101,901,000	96.37%
158	585,000 - 585,000	1	585,000	585,000	6,553	99.94%	102,486,000	96.93%
159	600,500 - 600,500	1	600,500	600,500	6,554	99.95%	103,086,500	97.49%
160	790,500 - 790,500	1	790,500	790,500	6,555	99.97%	103,877,000	98.24%
161	804,000 - 804,000	1	804,000	804,000	6,556	99.98%	104,681,000	99.00%
162	####### - #######	1	1,055,000	1,055,000	6,557	100.00%	105,736,000	100.00%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 1"
Rate Code: R3

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	25
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 18.75	$ 35.00
Tier One Rate:	$ 1.20	$ -
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
163								
164	Totals	6,557		105,736,000	6,557		105,736,000	
165								
166	Total Bills	6,557						

		Current Rates		Proposed Rates	
		Units	Revenue	Units	Revenue
167					
168	Base Charge	6,557	$ 122,944	6,557	$ 229,495
169	Average Number of Customers 546				
170	Usage (gallons)				
171	Average Consumption (gallons) 16,126	59,313,000	$ 71,176	-	$ -
172	Tier Two	13,692,000	19,169	81,350,000	209,883
173	Median Consumption (gallons) 10,505	32,731,000	52,370	24,386,000	78,035
174	Usage Totals	105,736,000		105,736,000	
175	Revenue Totals		$ 265,658		$ 517,413
176					

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 1-1/2"
Rate Code: R4

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 37.50	$ 70.00
Tier One Rate:	$ 1.20	$ -
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block			Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
1	-	-	-	11	-	-	11	8.33%	-	0.00%
2	1	-	1,000	5	1,000	5,000	16	12.12%	5,000	0.09%
3	1,001	-	2,000	7	2,000	14,000	23	17.42%	19,000	0.33%
4	2,001	-	3,000	15	3,000	45,000	38	28.79%	64,000	1.11%
5	3,001	-	4,000	23	4,000	92,000	61	46.21%	156,000	2.70%
6	4,001	-	5,000	6	5,000	30,000	67	50.76%	186,000	3.22%
7	5,001	-	6,000	6	6,000	36,000	73	55.30%	222,000	3.85%
8	6,001	-	7,000	8	7,000	56,000	81	61.36%	278,000	4.82%
9	7,001	-	8,000	4	8,000	32,000	85	64.39%	310,000	5.37%
10	8,001	-	9,000	2	9,000	18,000	87	65.91%	328,000	5.68%
11	9,001	-	10,000	5	10,000	50,000	92	69.70%	378,000	6.55%
12	10,001	-	11,000	1	11,000	11,000	93	70.45%	389,000	6.74%
13	11,001	-	12,000	1	12,000	12,000	94	71.21%	401,000	6.95%
14	12,001	-	13,000	3	13,000	39,000	97	73.48%	440,000	7.62%
15	13,001	-	14,000	-		-	97	73.48%	440,000	7.62%
16	14,001	-	15,000	1	15,000	15,000	98	74.24%	455,000	7.88%
17	15,001	-	16,000	1	16,000	16,000	99	75.00%	471,000	8.16%
18	16,001	-	17,000	-		-	99	75.00%	471,000	8.16%
19	17,001	-	18,000	1	18,000	18,000	100	75.76%	489,000	8.47%
20	18,001	-	19,000	-		-	100	75.76%	489,000	8.47%
21	19,001	-	20,000	-		-	100	75.76%	489,000	8.47%
22	20,001	-	21,000	1	21,000	21,000	101	76.52%	510,000	8.84%
23	21,001	-	22,000	-		-	101	76.52%	510,000	8.84%
24	22,001	-	23,000	-		-	101	76.52%	510,000	8.84%
25	23,001	-	24,000	2	24,000	48,000	103	78.03%	558,000	9.67%
26	24,001	-	25,000	2	25,000	50,000	105	79.55%	608,000	10.53%
27	25,001	-	26,000	-		-	105	79.55%	608,000	10.53%
28	26,001	-	27,000	1	27,000	27,000	106	80.30%	635,000	11.00%
29	27,001	-	28,000	-		-	106	80.30%	635,000	11.00%
30	28,001	-	29,000	-		-	106	80.30%	635,000	11.00%
31	29,001	-	30,000	-		-	106	80.30%	635,000	11.00%
32	30,001	-	31,000	-		-	106	80.30%	635,000	11.00%
33	31,001	-	32,000	-		-	106	80.30%	635,000	11.00%
34	32,001	-	33,000	1	33,000	33,000	107	81.06%	668,000	11.57%
35	33,001	-	34,000	-		-	107	81.06%	668,000	11.57%
36	34,001	-	35,000	-		-	107	81.06%	668,000	11.57%
37	35,001	-	36,000	-		-	107	81.06%	668,000	11.57%
38	36,001	-	37,000	-		-	107	81.06%	668,000	11.57%
39	37,001	-	38,000	-		-	107	81.06%	668,000	11.57%
40	38,001	-	39,000	1	39,000	39,000	108	81.82%	707,000	12.25%
41	39,001	-	40,000	-		-	108	81.82%	707,000	12.25%
42	40,001	-	41,000	-		-	108	81.82%	707,000	12.25%
43	41,001	-	42,000	1	42,000	42,000	109	82.58%	749,000	12.98%
44	42,001	-	43,000	-		-	109	82.58%	749,000	12.98%
45	43,001	-	44,000	-		-	109	82.58%	749,000	12.98%
46	44,001	-	45,000	-		-	109	82.58%	749,000	12.98%
47	45,001	-	46,000	-		-	109	82.58%	749,000	12.98%
48	46,001	-	47,000	1	47,000	47,000	110	83.33%	796,000	13.79%
49	47,001	-	48,000	-		-	110	83.33%	796,000	13.79%
50	48,001	-	49,000	-		-	110	83.33%	796,000	13.79%
51	49,001	-	50,000	1	50,000	50,000	111	84.09%	846,000	14.66%
52	50,001	-	51,000	-		-	111	84.09%	846,000	14.66%
53	51,001	-	52,000	1	52,000	52,000	112	84.85%	898,000	15.56%
54	52,001	-	53,000	-		-	112	84.85%	898,000	15.56%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 1-1/2"
Rate Code: R4

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 37.50	$ 70.00
Tier One Rate:	$ 1.20	$ -
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
55	53,001 - 54,000	-		-	112	84.85%	898,000	15.56%
56	54,001 - 55,000	1	55,000	55,000	113	85.61%	953,000	16.51%
57	55,001 - 56,000	-		-	113	85.61%	953,000	16.51%
58	56,001 - 57,000	-		-	113	85.61%	953,000	16.51%
59	57,001 - 58,000	-		-	113	85.61%	953,000	16.51%
60	58,001 - 59,000	-		-	113	85.61%	953,000	16.51%
61	59,001 - 60,000	1	60,000	60,000	114	86.36%	1,013,000	17.55%
62	60,001 - 61,000	-		-	114	86.36%	1,013,000	17.55%
63	61,001 - 62,000	-		-	114	86.36%	1,013,000	17.55%
64	62,001 - 63,000	1	63,000	63,000	115	87.12%	1,076,000	18.64%
65	63,001 - 64,000	-		-	115	87.12%	1,076,000	18.64%
66	64,001 - 65,000	-		-	115	87.12%	1,076,000	18.64%
67	65,001 - 66,000	-		-	115	87.12%	1,076,000	18.64%
68	66,001 - 67,000	-		-	115	87.12%	1,076,000	18.64%
69	67,001 - 68,000	-		-	115	87.12%	1,076,000	18.64%
70	68,001 - 69,000	-		-	115	87.12%	1,076,000	18.64%
71	69,001 - 70,000	-		-	115	87.12%	1,076,000	18.64%
72	70,001 - 71,000	1	71,000	71,000	116	87.88%	1,147,000	19.87%
73	71,001 - 72,000	2	72,000	144,000	118	89.39%	1,291,000	22.37%
74	72,001 - 73,000	-		-	118	89.39%	1,291,000	22.37%
75	73,001 - 74,000	-		-	118	89.39%	1,291,000	22.37%
76	74,001 - 75,000	-		-	118	89.39%	1,291,000	22.37%
77	75,001 - 76,000	1	76,000	76,000	119	90.15%	1,367,000	23.68%
78	76,001 - 77,000	-		-	119	90.15%	1,367,000	23.68%
79	77,001 - 78,000	-		-	119	90.15%	1,367,000	23.68%
80	78,001 - 79,000	-		-	119	90.15%	1,367,000	23.68%
81	79,001 - 80,000	-		-	119	90.15%	1,367,000	23.68%
82	80,001 - 81,000	-		-	119	90.15%	1,367,000	23.68%
83	81,001 - 82,000	-		-	119	90.15%	1,367,000	23.68%
84	82,001 - 83,000	-		-	119	90.15%	1,367,000	23.68%
85	83,001 - 84,000	-		-	119	90.15%	1,367,000	23.68%
86	84,001 - 85,000	1	85,000	85,000	120	90.91%	1,452,000	25.16%
87	85,001 - 86,000	-		-	120	90.91%	1,452,000	25.16%
88	86,001 - 87,000	-		-	120	90.91%	1,452,000	25.16%
89	87,001 - 88,000	-		-	120	90.91%	1,452,000	25.16%
90	88,001 - 89,000	1	89,000	89,000	121	91.67%	1,541,000	26.70%
91	89,001 - 90,000	-		-	121	91.67%	1,541,000	26.70%
92	90,001 - 91,000	-		-	121	91.67%	1,541,000	26.70%
93	91,001 - 92,000	-		-	121	91.67%	1,541,000	26.70%
94	92,001 - 93,000	-		-	121	91.67%	1,541,000	26.70%
95	93,001 - 94,000	1	94,000	94,000	122	92.42%	1,635,000	28.33%
96	94,001 - 95,000	-		-	122	92.42%	1,635,000	28.33%
97	95,001 - 96,000	-		-	122	92.42%	1,635,000	28.33%
98	96,001 - 97,000	-		-	122	92.42%	1,635,000	28.33%
99	97,001 - 98,000	-		-	122	92.42%	1,635,000	28.33%
100	98,001 - 99,000	-		-	122	92.42%	1,635,000	28.33%
101	99,001 - 100,000	-		-	122	92.42%	1,635,000	28.33%
102	130,000 - 130,000	1	130,000	130,000	123	93.18%	1,765,000	30.58%
103	175,000 - 175,000	1	175,000	175,000	124	93.94%	1,940,000	33.61%
104	185,000 - 185,000	1	185,000	185,000	125	94.70%	2,125,000	36.82%
105	247,000 - 247,000	1	247,000	247,000	126	95.45%	2,372,000	41.09%
106	334,000 - 334,000	1	334,000	334,000	127	96.21%	2,706,000	46.88%
107	361,000 - 361,000	1	361,000	361,000	128	96.97%	3,067,000	53.14%
108	404,000 - 404,000	1	404,000	404,000	129	97.73%	3,471,000	60.14%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 1-1/2"
Rate Code: R4

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 37.50	$ 70.00
Tier One Rate:	$ 1.20	$ -
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
109	614,000 - 614,000	1	614,000	614,000	130	98.48%	4,085,000	70.77%
110	795,000 - 795,000	1	795,000	795,000	131	99.24%	4,880,000	84.55%
111	892,000 - 892,000	1	892,000	892,000	132	100.00%	5,772,000	100.00%
112								
113	Totals	132		5,772,000	132		5,772,000	
114								
115	Total Bills	132						

		Current Rates Units	Current Rates Revenue	Proposed Rates Units	Proposed Rates Revenue
116					
117	Base Charge	132	$ 4,950	132	$ 9,240
118	Average Number of Customers 11				
119	Usage (gallons)				
120	Average Consumption (gallons) 43,727	857,000	$ 1,028	-	$ -
121	Tier Two	208,000	291	1,896,000	4,892
122	Median Consumption (gallons) 4,833	4,707,000	7,531	3,876,000	12,403
123	Usage Totals	5,772,000		5,772,000	
124	Revenue Totals		$ 13,801		$ 26,535
125					

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 2"
Rate Code: R5

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 60.00	$ 112.00
Tier One Rate:	$ 1.20	$ -
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block			Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
1	-	-	-	195	-	-	195	14.38%	-	0.00%
2	1	-	1,000	24	1,000	24,000	219	16.15%	24,000	0.02%
3	1,001	-	2,000	27	2,000	54,000	246	18.14%	78,000	0.05%
4	2,001	-	3,000	40	3,000	120,000	286	21.09%	198,000	0.13%
5	3,001	-	4,000	43	4,000	172,000	329	24.26%	370,000	0.25%
6	4,001	-	5,000	38	5,000	190,000	367	27.06%	560,000	0.38%
7	5,001	-	6,000	34	6,000	204,000	401	29.57%	764,000	0.52%
8	6,001	-	7,000	23	7,000	161,000	424	31.27%	925,000	0.63%
9	7,001	-	8,000	12	8,000	96,000	436	32.15%	1,021,000	0.69%
10	8,001	-	9,000	14	9,000	126,000	450	33.19%	1,147,000	0.78%
11	9,001	-	10,000	16	10,000	160,000	466	34.37%	1,307,000	0.89%
12	10,001	-	11,000	16	11,000	176,000	482	35.55%	1,483,000	1.01%
13	11,001	-	12,000	5	12,000	60,000	487	35.91%	1,543,000	1.05%
14	12,001	-	13,000	12	13,000	156,000	499	36.80%	1,699,000	1.15%
15	13,001	-	14,000	9	14,000	126,000	508	37.46%	1,825,000	1.24%
16	14,001	-	15,000	14	15,000	210,000	522	38.50%	2,035,000	1.38%
17	15,001	-	16,000	13	16,000	208,000	535	39.45%	2,243,000	1.52%
18	16,001	-	17,000	7	17,000	119,000	542	39.97%	2,362,000	1.60%
19	17,001	-	18,000	13	18,000	234,000	555	40.93%	2,596,000	1.76%
20	18,001	-	19,000	13	19,000	247,000	568	41.89%	2,843,000	1.93%
21	19,001	-	20,000	18	20,000	360,000	586	43.22%	3,203,000	2.17%
22	20,001	-	21,000	9	21,000	189,000	595	43.88%	3,392,000	2.30%
23	21,001	-	22,000	10	22,000	220,000	605	44.62%	3,612,000	2.45%
24	22,001	-	23,000	12	23,000	276,000	617	45.50%	3,888,000	2.64%
25	23,001	-	24,000	14	24,000	336,000	631	46.53%	4,224,000	2.86%
26	24,001	-	25,000	9	25,000	225,000	640	47.20%	4,449,000	3.02%
27	25,001	-	26,000	9	26,000	234,000	649	47.86%	4,683,000	3.18%
28	26,001	-	27,000	9	27,000	243,000	658	48.53%	4,926,000	3.34%
29	27,001	-	28,000	10	28,000	280,000	668	49.26%	5,206,000	3.53%
30	28,001	-	29,000	18	29,000	522,000	686	50.59%	5,728,000	3.88%
31	29,001	-	30,000	2	30,000	60,000	688	50.74%	5,788,000	3.92%
32	30,001	-	31,000	9	31,000	279,000	697	51.40%	6,067,000	4.11%
33	31,001	-	32,000	7	32,000	224,000	704	51.92%	6,291,000	4.27%
34	32,001	-	33,000	7	33,000	231,000	711	52.43%	6,522,000	4.42%
35	33,001	-	34,000	10	34,000	340,000	721	53.17%	6,862,000	4.65%
36	34,001	-	35,000	6	35,000	210,000	727	53.61%	7,072,000	4.80%
37	35,001	-	36,000	6	36,000	216,000	733	54.06%	7,288,000	4.94%
38	36,001	-	37,000	6	37,000	222,000	739	54.50%	7,510,000	5.09%
39	37,001	-	38,000	-		-	739	54.50%	7,510,000	5.09%
40	38,001	-	39,000	23	38,391	883,000	762	56.19%	8,393,000	5.69%
41	39,001	-	40,000	6	40,000	240,000	768	56.64%	8,633,000	5.85%
42	40,001	-	41,000	6	40,917	245,500	774	57.08%	8,878,500	6.02%
43	41,001	-	42,000	4	42,000	168,000	778	57.37%	9,046,500	6.13%
44	42,001	-	43,000	-		-	778	57.37%	9,046,500	6.13%
45	43,001	-	44,000	-		-	778	57.37%	9,046,500	6.13%
46	44,001	-	45,000	20	43,950	879,000	798	58.85%	9,925,500	6.73%
47	45,001	-	46,000	7	46,000	322,000	805	59.37%	10,247,500	6.95%
48	46,001	-	47,000	5	47,000	235,000	810	59.73%	10,482,500	7.11%
49	47,001	-	48,000	3	48,000	144,000	813	59.96%	10,626,500	7.21%
50	48,001	-	49,000	5	49,000	245,000	818	60.32%	10,871,500	7.37%
51	49,001	-	50,000	4	50,000	200,000	822	60.62%	11,071,500	7.51%
52	50,001	-	51,000	4	51,000	204,000	826	60.91%	11,275,500	7.65%
53	51,001	-	52,000	2	52,000	104,000	828	61.06%	11,379,500	7.72%
54	52,001	-	53,000	1	53,000	53,000	829	61.14%	11,432,500	7.75%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 2"
Rate Code: R5

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 60.00	$ 112.00
Tier One Rate:	$ 1.20	$ -
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
55	53,001 - 54,000	3	54,000	162,000	832	61.36%	11,594,500	7.86%
56	54,001 - 55,000	2	55,000	110,000	834	61.50%	11,704,500	7.94%
57	55,001 - 56,000	2	56,000	112,000	836	61.65%	11,816,500	8.01%
58	56,001 - 57,000	4	57,000	228,000	840	61.95%	12,044,500	8.17%
59	57,001 - 58,000	1	58,000	58,000	841	62.02%	12,102,500	8.21%
60	58,001 - 59,000	1	59,000	59,000	842	62.09%	12,161,500	8.25%
61	59,001 - 60,000	2	60,000	120,000	844	62.24%	12,281,500	8.33%
62	60,001 - 61,000	7	61,000	427,000	851	62.76%	12,708,500	8.62%
63	61,001 - 62,000	4	62,000	248,000	855	63.05%	12,956,500	8.79%
64	62,001 - 63,000	6	63,000	378,000	861	63.50%	13,334,500	9.04%
65	63,001 - 64,000	4	64,000	256,000	865	63.79%	13,590,500	9.22%
66	64,001 - 65,000	1	65,000	65,000	866	63.86%	13,655,500	9.26%
67	65,001 - 66,000	3	66,000	198,000	869	64.09%	13,853,500	9.39%
68	66,001 - 67,000	7	67,000	469,000	876	64.60%	14,322,500	9.71%
69	67,001 - 68,000	-		-	876	64.60%	14,322,500	9.71%
70	68,001 - 69,000	3	69,000	207,000	879	64.82%	14,529,500	9.85%
71	69,001 - 70,000	6	70,000	420,000	885	65.27%	14,949,500	10.14%
72	70,001 - 71,000	2	71,000	142,000	887	65.41%	15,091,500	10.23%
73	71,001 - 72,000	4	72,000	288,000	891	65.71%	15,379,500	10.43%
74	72,001 - 73,000	5	73,000	365,000	896	66.08%	15,744,500	10.68%
75	73,001 - 74,000	3	74,000	222,000	899	66.30%	15,966,500	10.83%
76	74,001 - 75,000	5	74,900	374,500	904	66.67%	16,341,000	11.08%
77	75,001 - 76,000	3	76,000	228,000	907	66.89%	16,569,000	11.24%
78	76,001 - 77,000	5	77,000	385,000	912	67.26%	16,954,000	11.50%
79	77,001 - 78,000	3	78,000	234,000	915	67.48%	17,188,000	11.66%
80	78,001 - 79,000	-		-	915	67.48%	17,188,000	11.66%
81	79,001 - 80,000	5	80,000	400,000	920	67.85%	17,588,000	11.93%
82	80,001 - 81,000	4	81,000	324,000	924	68.14%	17,912,000	12.15%
83	81,001 - 82,000	6	82,000	492,000	930	68.58%	18,404,000	12.48%
84	82,001 - 83,000	1	83,000	83,000	931	68.66%	18,487,000	12.54%
85	83,001 - 84,000	2	84,000	168,000	933	68.81%	18,655,000	12.65%
86	84,001 - 85,000	5	85,000	425,000	938	69.17%	19,080,000	12.94%
87	85,001 - 86,000	1	86,000	86,000	939	69.25%	19,166,000	13.00%
88	86,001 - 87,000	2	87,000	174,000	941	69.40%	19,340,000	13.11%
89	87,001 - 88,000	2	88,000	176,000	943	69.54%	19,516,000	13.23%
90	88,001 - 89,000	1	89,000	89,000	944	69.62%	19,605,000	13.29%
91	89,001 - 90,000	1	90,000	90,000	945	69.69%	19,695,000	13.36%
92	90,001 - 91,000	2	91,000	182,000	947	69.84%	19,877,000	13.48%
93	91,001 - 92,000	1	92,000	92,000	948	69.91%	19,969,000	13.54%
94	92,001 - 93,000	2	93,000	186,000	950	70.06%	20,155,000	13.67%
95	93,001 - 94,000	1	94,000	94,000	951	70.13%	20,249,000	13.73%
96	94,001 - 95,000	1	95,000	95,000	952	70.21%	20,344,000	13.80%
97	95,001 - 96,000	1	96,000	96,000	953	70.28%	20,440,000	13.86%
98	96,001 - 97,000	2	97,000	194,000	955	70.43%	20,634,000	13.99%
99	97,001 - 98,000	1	98,000	98,000	956	70.50%	20,732,000	14.06%
100	98,001 - 99,000	1	99,000	99,000	957	70.58%	20,831,000	14.13%
101	99,001 - 100,000	3	100,000	300,000	960	70.80%	21,131,000	14.33%
102	101,000 - 101,000	2	101,000	202,000	962	70.94%	21,333,000	14.47%
103	102,000 - 102,000	2	102,000	204,000	964	71.09%	21,537,000	14.60%
104	103,000 - 103,000	3	103,000	309,000	967	71.31%	21,846,000	14.81%
105	104,000 - 104,000	2	104,000	208,000	969	71.46%	22,054,000	14.96%
106	105,000 - 105,000	3	105,000	315,000	972	71.68%	22,369,000	15.17%
107	106,000 - 106,000	2	106,000	212,000	974	71.83%	22,581,000	15.31%
108	108,000 - 108,000	1	108,000	108,000	975	71.90%	22,689,000	15.39%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 2"
Rate Code: R5

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 60.00	$ 112.00
Tier One Rate:	$ 1.20	$ -
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
109	109,000 - 109,000	1	109,000	109,000	976	71.98%	22,798,000	15.46%
110	110,000 - 110,000	3	110,000	330,000	979	72.20%	23,128,000	15.68%
111	111,000 - 111,000	3	111,000	333,000	982	72.42%	23,461,000	15.91%
112	112,000 - 112,000	2	112,000	224,000	984	72.57%	23,685,000	16.06%
113	113,000 - 113,000	4	113,000	452,000	988	72.86%	24,137,000	16.37%
114	114,000 - 114,000	2	114,000	228,000	990	73.01%	24,365,000	16.52%
115	115,000 - 115,000	1	115,000	115,000	991	73.08%	24,480,000	16.60%
116	116,000 - 116,000	2	116,000	232,000	993	73.23%	24,712,000	16.76%
117	117,000 - 117,000	2	117,000	234,000	995	73.38%	24,946,000	16.92%
118	118,000 - 118,000	2	118,000	236,000	997	73.53%	25,182,000	17.08%
119	119,000 - 119,000	2	119,000	238,000	999	73.67%	25,420,000	17.24%
120	120,000 - 120,000	1	120,000	120,000	1,000	73.75%	25,540,000	17.32%
121	121,000 - 121,000	2	121,000	242,000	1,002	73.89%	25,782,000	17.48%
122	122,000 - 122,000	2	122,000	244,000	1,004	74.04%	26,026,000	17.65%
123	123,000 - 123,000	2	123,000	246,000	1,006	74.19%	26,272,000	17.82%
124	124,000 - 124,000	2	124,000	248,000	1,008	74.34%	26,520,000	17.98%
125	125,000 - 125,000	2	125,000	250,000	1,010	74.48%	26,770,000	18.15%
126	129,000 - 129,000	2	129,000	258,000	1,012	74.63%	27,028,000	18.33%
127	131,000 - 131,000	2	131,000	262,000	1,014	74.78%	27,290,000	18.51%
128	134,000 - 134,000	1	134,000	134,000	1,015	74.85%	27,424,000	18.60%
129	135,000 - 135,000	7	135,000	945,000	1,022	75.37%	28,369,000	19.24%
130	136,000 - 136,000	2	136,000	272,000	1,024	75.52%	28,641,000	19.42%
131	137,000 - 137,000	2	137,000	274,000	1,026	75.66%	28,915,000	19.61%
132	138,000 - 138,000	1	138,000	138,000	1,027	75.74%	29,053,000	19.70%
133	139,000 - 139,000	3	139,000	417,000	1,030	75.96%	29,470,000	19.98%
134	140,000 - 140,000	2	140,000	280,000	1,032	76.11%	29,750,000	20.17%
135	141,000 - 141,000	1	141,000	141,000	1,033	76.18%	29,891,000	20.27%
136	142,000 - 142,000	3	142,000	426,000	1,036	76.40%	30,317,000	20.56%
137	143,000 - 143,000	1	143,000	143,000	1,037	76.47%	30,460,000	20.66%
138	144,000 - 144,000	1	144,000	144,000	1,038	76.55%	30,604,000	20.75%
139	145,000 - 145,000	2	145,000	290,000	1,040	76.70%	30,894,000	20.95%
140	147,000 - 147,000	3	147,000	441,000	1,043	76.92%	31,335,000	21.25%
141	148,000 - 148,000	3	148,000	444,000	1,046	77.14%	31,779,000	21.55%
142	149,000 - 149,000	2	149,000	298,000	1,048	77.29%	32,077,000	21.75%
143	150,000 - 150,000	3	150,000	450,000	1,051	77.51%	32,527,000	22.06%
144	151,000 - 151,000	3	151,000	453,000	1,054	77.73%	32,980,000	22.36%
145	152,000 - 152,000	4	152,000	608,000	1,058	78.02%	33,588,000	22.78%
146	153,000 - 153,000	1	153,000	153,000	1,059	78.10%	33,741,000	22.88%
147	154,000 - 154,000	2	154,000	308,000	1,061	78.24%	34,049,000	23.09%
148	155,000 - 155,000	4	155,000	620,000	1,065	78.54%	34,669,000	23.51%
149	156,000 - 156,000	1	156,000	156,000	1,066	78.61%	34,825,000	23.62%
150	158,000 - 158,000	2	158,000	316,000	1,068	78.76%	35,141,000	23.83%
151	159,000 - 159,000	2	159,000	318,000	1,070	78.91%	35,459,000	24.05%
152	160,000 - 160,000	1	160,000	160,000	1,071	78.98%	35,619,000	24.15%
153	161,000 - 161,000	3	161,000	483,000	1,074	79.20%	36,102,000	24.48%
154	162,000 - 162,000	2	162,000	324,000	1,076	79.35%	36,426,000	24.70%
155	163,000 - 163,000	2	163,000	326,000	1,078	79.50%	36,752,000	24.92%
156	165,000 - 165,000	1	165,000	165,000	1,079	79.57%	36,917,000	25.03%
157	166,000 - 166,000	4	166,000	664,000	1,083	79.87%	37,581,000	25.48%
158	167,000 - 167,000	2	167,000	334,000	1,085	80.01%	37,915,000	25.71%
159	168,000 - 168,000	2	168,000	336,000	1,087	80.16%	38,251,000	25.94%
160	169,000 - 169,000	2	169,000	338,000	1,089	80.31%	38,589,000	26.17%
161	170,000 - 170,000	2	170,000	340,000	1,091	80.46%	38,929,000	26.40%
162	171,000 - 171,000	1	171,000	171,000	1,092	80.53%	39,100,000	26.51%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 2"
Rate Code: RS

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 60.00	$ 112.00
Tier One Rate:	$ 1.20	$ -
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
163	172,000 - 172,000	2	172,000	344,000	1,094	80.68%	39,444,000	26.75%
164	173,000 - 173,000	2	173,000	346,000	1,096	80.83%	39,790,000	26.98%
165	174,000 - 174,000	1	174,000	174,000	1,097	80.90%	39,964,000	27.10%
166	175,000 - 175,000	1	175,000	175,000	1,098	80.97%	40,139,000	27.22%
167	177,000 - 177,000	2	177,000	354,000	1,100	81.12%	40,493,000	27.46%
168	178,000 - 178,000	1	178,000	178,000	1,101	81.19%	40,671,000	27.58%
169	179,000 - 179,000	1	179,000	179,000	1,102	81.27%	40,850,000	27.70%
170	180,000 - 180,000	2	180,000	360,000	1,104	81.42%	41,210,000	27.95%
171	181,000 - 181,000	4	181,000	724,000	1,108	81.71%	41,934,000	28.44%
172	182,000 - 182,000	5	182,000	910,000	1,113	82.08%	42,844,000	29.05%
173	183,000 - 183,000	2	183,000	366,000	1,115	82.23%	43,210,000	29.30%
174	184,000 - 184,000	1	184,000	184,000	1,116	82.30%	43,394,000	29.43%
175	186,000 - 186,000	2	186,000	372,000	1,118	82.45%	43,766,000	29.68%
176	189,000 - 189,000	1	189,000	189,000	1,119	82.52%	43,955,000	29.81%
177	190,000 - 190,000	2	190,000	380,000	1,121	82.67%	44,335,000	30.06%
178	191,000 - 191,000	5	191,000	955,000	1,126	83.04%	45,290,000	30.71%
179	192,000 - 192,000	1	192,000	192,000	1,127	83.11%	45,482,000	30.84%
180	194,000 - 194,000	3	194,000	582,000	1,130	83.33%	46,064,000	31.24%
181	195,000 - 195,000	1	195,000	195,000	1,131	83.41%	46,259,000	31.37%
182	197,000 - 197,000	2	197,000	394,000	1,133	83.55%	46,653,000	31.64%
183	200,000 - 200,000	1	200,000	200,000	1,134	83.63%	46,853,000	31.77%
184	201,000 - 201,000	1	201,000	201,000	1,135	83.70%	47,054,000	31.91%
185	202,000 - 202,000	4	202,000	808,000	1,139	84.00%	47,862,000	32.46%
186	204,000 - 204,000	1	204,000	204,000	1,140	84.07%	48,066,000	32.59%
187	205,000 - 205,000	3	205,000	615,000	1,143	84.29%	48,681,000	33.01%
188	208,000 - 208,000	1	208,000	208,000	1,144	84.37%	48,889,000	33.15%
189	211,000 - 211,000	1	211,000	211,000	1,145	84.44%	49,100,000	33.30%
190	212,000 - 212,000	2	212,000	424,000	1,147	84.59%	49,524,000	33.58%
191	213,000 - 213,000	3	213,000	639,000	1,150	84.81%	50,163,000	34.02%
192	215,000 - 215,000	1	215,000	215,000	1,151	84.88%	50,378,000	34.16%
193	218,000 - 218,000	2	218,000	436,000	1,153	85.03%	50,814,000	34.46%
194	220,000 - 220,000	1	220,000	220,000	1,154	85.10%	51,034,000	34.61%
195	221,000 - 221,000	1	221,000	221,000	1,155	85.18%	51,255,000	34.76%
196	225,000 - 225,000	1	225,000	225,000	1,156	85.25%	51,480,000	34.91%
197	226,000 - 226,000	1	226,000	226,000	1,157	85.32%	51,706,000	35.06%
198	227,000 - 227,000	1	227,000	227,000	1,158	85.40%	51,933,000	35.22%
199	228,000 - 228,000	3	228,000	684,000	1,161	85.62%	52,617,000	35.68%
200	229,000 - 229,000	2	229,000	458,000	1,163	85.77%	53,075,000	35.99%
201	230,000 - 230,000	1	230,000	230,000	1,164	85.84%	53,305,000	36.15%
202	231,000 - 231,000	1	231,000	231,000	1,165	85.91%	53,536,000	36.30%
203	232,000 - 232,000	1	232,000	232,000	1,166	85.99%	53,768,000	36.46%
204	233,000 - 233,000	1	233,000	233,000	1,167	86.06%	54,001,000	36.62%
205	234,000 - 234,000	1	234,000	234,000	1,168	86.14%	54,235,000	36.78%
206	235,000 - 235,000	1	235,000	235,000	1,169	86.21%	54,470,000	36.94%
207	236,000 - 236,000	2	236,000	472,000	1,171	86.36%	54,942,000	37.26%
208	237,000 - 237,000	1	237,000	237,000	1,172	86.43%	55,179,000	37.42%
209	239,000 - 239,000	1	239,000	239,000	1,173	86.50%	55,418,000	37.58%
210	240,000 - 240,000	1	240,000	240,000	1,174	86.58%	55,658,000	37.74%
211	243,000 - 243,000	1	243,000	243,000	1,175	86.65%	55,901,000	37.91%
212	245,000 - 245,000	1	245,000	245,000	1,176	86.73%	56,146,000	38.07%
213	250,000 - 250,000	4	250,000	1,000,000	1,180	87.02%	57,146,000	38.75%
214	251,000 - 251,000	1	251,000	251,000	1,181	87.09%	57,397,000	38.92%
215	252,000 - 252,000	3	252,000	756,000	1,184	87.32%	58,153,000	39.44%
216	253,000 - 253,000	1	253,000	253,000	1,185	87.39%	58,406,000	39.61%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 2"
Rate Code: R5

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 60.00	$ 112.00
Tier One Rate:	$ 1.20	$ -
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
217	255,000 - 255,000	1	255,000	255,000	1,186	87.46%	58,661,000	39.78%
218	256,000 - 256,000	2	256,000	512,000	1,188	87.61%	59,173,000	40.13%
219	257,000 - 257,000	1	257,000	257,000	1,189	87.68%	59,430,000	40.30%
220	258,000 - 258,000	1	258,000	258,000	1,190	87.76%	59,688,000	40.48%
221	260,000 - 260,000	1	260,000	260,000	1,191	87.83%	59,948,000	40.65%
222	261,000 - 261,000	2	261,000	522,000	1,193	87.98%	60,470,000	41.01%
223	262,000 - 262,000	2	262,000	524,000	1,195	88.13%	60,994,000	41.36%
224	264,000 - 264,000	1	264,000	264,000	1,196	88.20%	61,258,000	41.54%
225	265,000 - 265,000	1	265,000	265,000	1,197	88.27%	61,523,000	41.72%
226	269,000 - 269,000	1	269,000	269,000	1,198	88.35%	61,792,000	41.90%
227	272,000 - 272,000	1	272,000	272,000	1,199	88.42%	62,064,000	42.09%
228	273,000 - 273,000	1	273,000	273,000	1,200	88.50%	62,337,000	42.27%
229	275,000 - 275,000	1	275,000	275,000	1,201	88.57%	62,612,000	42.46%
230	277,000 - 277,000	1	277,000	277,000	1,202	88.64%	62,889,000	42.65%
231	279,000 - 279,000	1	279,000	279,000	1,203	88.72%	63,168,000	42.84%
232	283,000 - 283,000	2	283,000	566,000	1,205	88.86%	63,734,000	43.22%
233	285,000 - 285,000	2	285,000	570,000	1,207	89.01%	64,304,000	43.61%
234	287,000 - 287,000	1	287,000	287,000	1,208	89.09%	64,591,000	43.80%
235	291,000 - 291,000	1	291,000	291,000	1,209	89.16%	64,882,000	44.00%
236	292,000 - 292,000	2	292,000	584,000	1,211	89.31%	65,466,000	44.39%
237	294,000 - 294,000	2	294,000	588,000	1,213	89.45%	66,054,000	44.79%
238	295,000 - 295,000	1	295,000	295,000	1,214	89.53%	66,349,000	44.99%
239	301,000 - 301,000	2	301,000	602,000	1,216	89.68%	66,951,000	45.40%
240	302,000 - 302,000	1	302,000	302,000	1,217	89.75%	67,253,000	45.61%
241	303,000 - 303,000	1	303,000	303,000	1,218	89.82%	67,556,000	45.81%
242	304,000 - 304,000	1	304,000	304,000	1,219	89.90%	67,860,000	46.02%
243	307,000 - 307,000	1	307,000	307,000	1,220	89.97%	68,167,000	46.23%
244	308,000 - 308,000	1	308,000	308,000	1,221	90.04%	68,475,000	46.43%
245	310,000 - 310,000	1	310,000	310,000	1,222	90.12%	68,785,000	46.64%
246	315,000 - 315,000	1	315,000	315,000	1,223	90.19%	69,100,000	46.86%
247	316,000 - 316,000	1	316,000	316,000	1,224	90.27%	69,416,000	47.07%
248	317,000 - 317,000	1	317,000	317,000	1,225	90.34%	69,733,000	47.29%
249	320,000 - 320,000	2	320,000	640,000	1,227	90.49%	70,373,000	47.72%
250	322,000 - 322,000	1	322,000	322,000	1,228	90.56%	70,695,000	47.94%
251	323,000 - 323,000	2	323,000	646,000	1,230	90.71%	71,341,000	48.38%
252	323,500 - 323,500	1	323,500	323,500	1,231	90.78%	71,664,500	48.60%
253	325,000 - 325,000	1	325,000	325,000	1,232	90.86%	71,989,500	48.82%
254	331,000 - 331,000	1	331,000	331,000	1,233	90.93%	72,320,500	49.04%
255	343,000 - 343,000	1	343,000	343,000	1,234	91.00%	72,663,500	49.28%
256	344,000 - 344,000	1	344,000	344,000	1,235	91.08%	73,007,500	49.51%
257	345,000 - 345,000	1	345,000	345,000	1,236	91.15%	73,352,500	49.74%
258	349,000 - 349,000	2	349,000	698,000	1,238	91.30%	74,050,500	50.22%
259	352,000 - 352,000	1	352,000	352,000	1,239	91.37%	74,402,500	50.45%
260	353,000 - 353,000	1	353,000	353,000	1,240	91.45%	74,755,500	50.69%
261	360,000 - 360,000	1	360,000	360,000	1,241	91.52%	75,115,500	50.94%
262	361,000 - 361,000	1	361,000	361,000	1,242	91.59%	75,476,500	51.18%
263	362,000 - 362,000	1	362,000	362,000	1,243	91.67%	75,838,500	51.43%
264	364,000 - 364,000	1	364,000	364,000	1,244	91.74%	76,202,500	51.67%
265	365,000 - 365,000	1	365,000	365,000	1,245	91.81%	76,567,500	51.92%
266	371,000 - 371,000	1	371,000	371,000	1,246	91.89%	76,938,500	52.17%
267	375,000 - 375,000	1	375,000	375,000	1,247	91.96%	77,313,500	52.43%
268	377,000 - 377,000	1	377,000	377,000	1,248	92.04%	77,690,500	52.68%
269	381,000 - 381,000	1	381,000	381,000	1,249	92.11%	78,071,500	52.94%
270	383,000 - 383,000	1	383,000	383,000	1,250	92.18%	78,454,500	53.20%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 2"
Rate Code: R5

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 60.00	$ 112.00
Tier One Rate:	$ 1.20	$ -
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
271	384,000 - 384,000	1	384,000	384,000	1,251	92.26%	78,838,500	53.46%
272	385,000 - 385,000	1	385,000	385,000	1,252	92.33%	79,223,500	53.72%
273	389,000 - 389,000	1	389,000	389,000	1,253	92.40%	79,612,500	53.99%
274	396,000 - 396,000	1	396,000	396,000	1,254	92.48%	80,008,500	54.26%
275	399,000 - 399,000	2	399,000	798,000	1,256	92.63%	80,806,500	54.80%
276	400,000 - 400,000	1	400,000	400,000	1,257	92.70%	81,206,500	55.07%
277	401,000 - 401,000	2	401,000	802,000	1,259	92.85%	82,008,500	55.61%
278	402,000 - 402,000	2	402,000	804,000	1,261	92.99%	82,812,500	56.16%
279	404,000 - 404,000	2	404,000	808,000	1,263	93.14%	83,620,500	56.71%
280	406,000 - 406,000	1	406,000	406,000	1,264	93.22%	84,026,500	56.98%
281	408,000 - 408,000	1	408,000	408,000	1,265	93.29%	84,434,500	57.26%
282	411,000 - 411,000	1	411,000	411,000	1,266	93.36%	84,845,500	57.54%
283	412,000 - 412,000	2	412,000	824,000	1,268	93.51%	85,669,500	58.09%
284	413,000 - 413,000	3	413,000	1,239,000	1,271	93.73%	86,908,500	58.94%
285	415,000 - 415,000	2	415,000	830,000	1,273	93.88%	87,738,500	59.50%
286	416,000 - 416,000	2	416,000	832,000	1,275	94.03%	88,570,500	60.06%
287	420,000 - 420,000	1	420,000	420,000	1,276	94.10%	88,990,500	60.35%
288	421,000 - 421,000	2	421,000	842,000	1,278	94.25%	89,832,500	60.92%
289	422,000 - 422,000	1	422,000	422,000	1,279	94.32%	90,254,500	61.20%
290	423,000 - 423,000	1	423,000	423,000	1,280	94.40%	90,677,500	61.49%
291	427,000 - 427,000	1	427,000	427,000	1,281	94.47%	91,104,500	61.78%
292	430,000 - 430,000	2	430,000	860,000	1,283	94.62%	91,964,500	62.36%
293	438,000 - 438,000	1	438,000	438,000	1,284	94.69%	92,402,500	62.66%
294	440,000 - 440,000	1	440,000	440,000	1,285	94.76%	92,842,500	62.96%
295	452,000 - 452,000	1	452,000	452,000	1,286	94.84%	93,294,500	63.27%
296	463,000 - 463,000	1	463,000	463,000	1,287	94.91%	93,757,500	63.58%
297	472,500 - 472,500	1	472,500	472,500	1,288	94.99%	94,230,000	63.90%
298	480,000 - 480,000	1	480,000	480,000	1,289	95.06%	94,710,000	64.23%
299	481,000 - 481,000	1	481,000	481,000	1,290	95.13%	95,191,000	64.55%
300	487,000 - 487,000	1	487,000	487,000	1,291	95.21%	95,678,000	64.88%
301	488,000 - 488,000	1	488,000	488,000	1,292	95.28%	96,166,000	65.21%
302	490,000 - 490,000	1	490,000	490,000	1,293	95.35%	96,656,000	65.55%
303	491,000 - 491,000	1	491,000	491,000	1,294	95.43%	97,147,000	65.88%
304	497,000 - 497,000	1	497,000	497,000	1,295	95.50%	97,644,000	66.22%
305	500,000 - 500,000	1	500,000	500,000	1,296	95.58%	98,144,000	66.55%
306	507,000 - 507,000	1	507,000	507,000	1,297	95.65%	98,651,000	66.90%
307	508,000 - 508,000	1	508,000	508,000	1,298	95.72%	99,159,000	67.24%
308	509,000 - 509,000	1	509,000	509,000	1,299	95.80%	99,668,000	67.59%
309	509,000 - 509,000	1	509,000	509,000	1,300	95.87%	100,177,000	67.93%
310	513,000 - 513,000	1	513,000	513,000	1,301	95.94%	100,690,000	68.28%
311	513,000 - 513,000	1	513,000	513,000	1,302	96.02%	101,203,000	68.63%
312	514,000 - 514,000	1	514,000	514,000	1,303	96.09%	101,717,000	68.98%
313	516,000 - 516,000	1	516,000	516,000	1,304	96.17%	102,233,000	69.33%
314	522,000 - 522,000	1	522,000	522,000	1,305	96.24%	102,755,000	69.68%
315	523,000 - 523,000	1	523,000	523,000	1,306	96.31%	103,278,000	70.04%
316	527,000 - 527,000	1	527,000	527,000	1,307	96.39%	103,805,000	70.39%
317	531,000 - 531,000	1	531,000	531,000	1,308	96.46%	104,336,000	70.75%
318	537,000 - 537,000	1	537,000	537,000	1,309	96.53%	104,873,000	71.12%
319	540,000 - 540,000	1	540,000	540,000	1,310	96.61%	105,413,000	71.48%
320	543,000 - 543,000	1	543,000	543,000	1,311	96.68%	105,956,000	71.85%
321	544,000 - 544,000	1	544,000	544,000	1,312	96.76%	106,500,000	72.22%
322	557,000 - 557,000	1	557,000	557,000	1,313	96.83%	107,057,000	72.60%
323	563,000 - 563,000	1	563,000	563,000	1,314	96.90%	107,620,000	72.98%
324	569,000 - 569,000	1	569,000	569,000	1,315	96.98%	108,189,000	73.37%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 2"
Rate Code: R5

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 60.00	$ 112.00
Tier One Rate:	$ 1.20	$ -
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block			Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
325	575,000	-	575,000	1	575,000	575,000	1,316	97.05%	108,764,000	73.76%
326	591,000	-	591,000	1	591,000	591,000	1,317	97.12%	109,355,000	74.16%
327	592,000	-	592,000	1	592,000	592,000	1,318	97.20%	109,947,000	74.56%
328	592,000	-	592,000	1	592,000	592,000	1,319	97.27%	110,539,000	74.96%
329	597,000	-	597,000	1	597,000	597,000	1,320	97.35%	111,136,000	75.36%
330	606,000	-	606,000	1	606,000	606,000	1,321	97.42%	111,742,000	75.78%
331	623,000	-	623,000	1	623,000	623,000	1,322	97.49%	112,365,000	76.20%
332	640,000	-	640,000	1	640,000	640,000	1,323	97.57%	113,005,000	76.63%
333	663,000	-	663,000	1	663,000	663,000	1,324	97.64%	113,668,000	77.08%
334	675,000	-	675,000	1	675,000	675,000	1,325	97.71%	114,343,000	77.54%
335	686,000	-	686,000	1	686,000	686,000	1,326	97.79%	115,029,000	78.00%
336	687,000	-	687,000	1	687,000	687,000	1,327	97.86%	115,716,000	78.47%
337	690,000	-	690,000	1	690,000	690,000	1,328	97.94%	116,406,000	78.94%
338	694,000	-	694,000	1	694,000	694,000	1,329	98.01%	117,100,000	79.41%
339	705,000	-	705,000	1	705,000	705,000	1,330	98.08%	117,805,000	79.89%
340	715,000	-	715,000	1	715,000	715,000	1,331	98.16%	118,520,000	80.37%
341	725,000	-	725,000	1	725,000	725,000	1,332	98.23%	119,245,000	80.86%
342	728,000	-	728,000	1	728,000	728,000	1,333	98.30%	119,973,000	81.36%
343	732,000	-	732,000	1	732,000	732,000	1,334	98.38%	120,705,000	81.85%
344	732,000	-	732,000	1	732,000	732,000	1,335	98.45%	121,437,000	82.35%
345	744,000	-	744,000	1	744,000	744,000	1,336	98.53%	122,181,000	82.85%
346	823,000	-	823,000	1	823,000	823,000	1,337	98.60%	123,004,000	83.41%
347	842,000	-	842,000	1	842,000	842,000	1,338	98.67%	123,846,000	83.98%
348	846,000	-	846,000	1	846,000	846,000	1,339	98.75%	124,692,000	84.56%
349	847,000	-	847,000	1	847,000	847,000	1,340	98.82%	125,539,000	85.13%
350	865,000	-	865,000	1	865,000	865,000	1,341	98.89%	126,404,000	85.72%
351	891,000	-	891,000	1	891,000	891,000	1,342	98.97%	127,295,000	86.32%
352	900,000	-	900,000	1	900,000	900,000	1,343	99.04%	128,195,000	86.93%
353	927,000	-	927,000	1	927,000	927,000	1,344	99.12%	129,122,000	87.56%
354	935,000	-	935,000	1	935,000	935,000	1,345	99.19%	130,057,000	88.20%
355	946,000	-	946,000	1	946,000	946,000	1,346	99.26%	131,003,000	88.84%
356	########	-	#######	1	1,017,000	1,017,000	1,347	99.34%	132,020,000	89.53%
357	########	-	#######	1	1,065,000	1,065,000	1,348	99.41%	133,085,000	90.25%
358	########	-	#######	1	1,074,000	1,074,000	1,349	99.48%	134,159,000	90.98%
359	########	-	#######	1	1,200,000	1,200,000	1,350	99.56%	135,359,000	91.79%
360	########	-	#######	1	1,280,000	1,280,000	1,351	99.63%	136,639,000	92.66%
361	########	-	#######	1	1,504,000	1,504,000	1,352	99.71%	138,143,000	93.68%
362	########	-	#######	1	1,686,000	1,686,000	1,353	99.78%	139,829,000	94.82%
363	########	-	#######	1	2,329,000	2,329,000	1,354	99.85%	142,158,000	96.40%
364	########	-	#######	1	2,487,000	2,487,000	1,355	99.93%	144,645,000	98.09%
365	########	-	#######	1	2,820,000	2,820,000	1,356	100.00%	147,465,000	100.00%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 2"
Rate Code: R5

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 60.00	$ 112.00
Tier One Rate:	$ 1.20	$ -
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
366								
367	Totals	1,356		147,465,000	1,356		147,465,000	
368								
369	Total Bills	1,356						
370								
371								
372	Average Number of Customers		113					
373								
374	Average Consumption (gallons)		108,750					
375								
376	Median Consumption (gallons)		28,556					
377								
378								
379								

	Current Rates Units	Current Rates Revenue	Proposed Rates Units	Proposed Rates Revenue
Base Charge	1,356	$ 81,360	1,356	$ 151,872
Usage (gallons)				
Tier One	11,971,000	$ 14,365	-	$ -
Tier Two	5,043,000	7,060	37,771,500	97,450
Tier Three	130,451,000	208,722	109,693,500	351,019
Usage Totals	147,465,000		147,465,000	
Revenue Totals		$ 311,507		$ 600,342

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 2" (Hand Billed)
Rate Code: R5

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 60.00	$ 112.00
Tier One Rate:	$ 1.20	$ -
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block			Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
1	-	-	-				-	0.00%	-	0.00%
2	1	-	1,000				-	0.00%	-	0.00%
3	1,001	-	2,000				-	0.00%	-	0.00%
4	2,001	-	3,000				-	0.00%	-	0.00%
5	3,001	-	4,000				-	0.00%	-	0.00%
6	4,001	-	5,000	1	4,700	4,700	1	11.11%	4,700	0.51%
7	5,001	-	6,000				1	11.11%	4,700	0.51%
8	6,001	-	7,000				1	11.11%	4,700	0.51%
9	7,001	-	8,000				1	11.11%	4,700	0.51%
10	8,001	-	9,000				1	11.11%	4,700	0.51%
11	9,001	-	10,000				1	11.11%	4,700	0.51%
12	10,001	-	11,000				1	11.11%	4,700	0.51%
13	11,001	-	12,000				1	11.11%	4,700	0.51%
14	12,001	-	13,000				1	11.11%	4,700	0.51%
15	13,001	-	14,000				1	11.11%	4,700	0.51%
16	14,001	-	15,000				1	11.11%	4,700	0.51%
17	15,001	-	16,000				1	11.11%	4,700	0.51%
18	16,001	-	17,000				1	11.11%	4,700	0.51%
19	17,001	-	18,000	2	17,500	35,000	3	33.33%	39,700	4.29%
20	18,001	-	19,000				3	33.33%	39,700	4.29%
21	19,001	-	20,000				3	33.33%	39,700	4.29%
22	20,001	-	21,000				3	33.33%	39,700	4.29%
23	21,001	-	22,000				3	33.33%	39,700	4.29%
24	22,001	-	23,000				3	33.33%	39,700	4.29%
25	23,001	-	24,000				3	33.33%	39,700	4.29%
26	24,001	-	25,000	1	25,000	25,000	4	44.44%	64,700	6.99%
27	25,001	-	26,000				4	44.44%	64,700	6.99%
28	26,001	-	27,000				4	44.44%	64,700	6.99%
29	27,001	-	28,000				4	44.44%	64,700	6.99%
30	28,001	-	29,000				4	44.44%	64,700	6.99%
31	29,001	-	30,000				4	44.44%	64,700	6.99%
32	30,001	-	31,000				4	44.44%	64,700	6.99%
33	31,001	-	32,000				4	44.44%	64,700	6.99%
34	32,001	-	33,000				4	44.44%	64,700	6.99%
35	33,001	-	34,000				4	44.44%	64,700	6.99%
36	34,001	-	35,000				4	44.44%	64,700	6.99%
37	35,001	-	36,000				4	44.44%	64,700	6.99%
38	36,001	-	37,000				4	44.44%	64,700	6.99%
39	37,001	-	38,000				4	44.44%	64,700	6.99%
40	38,001	-	39,000				4	44.44%	64,700	6.99%
41	39,001	-	40,000				4	44.44%	64,700	6.99%
42	40,001	-	41,000				4	44.44%	64,700	6.99%
43	41,001	-	42,000				4	44.44%	64,700	6.99%
44	42,001	-	43,000				4	44.44%	64,700	6.99%
45	43,001	-	44,000				4	44.44%	64,700	6.99%
46	44,001	-	45,000				4	44.44%	64,700	6.99%
47	45,001	-	46,000				4	44.44%	64,700	6.99%
48	46,001	-	47,000				4	44.44%	64,700	6.99%
49	47,001	-	48,000				4	44.44%	64,700	6.99%
50	48,001	-	49,000				4	44.44%	64,700	6.99%
51	49,001	-	50,000				4	44.44%	64,700	6.99%
52	50,001	-	51,000				4	44.44%	64,700	6.99%
53	51,001	-	52,000				4	44.44%	64,700	6.99%
54	52,001	-	53,000				4	44.44%	64,700	6.99%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 2" (Hand Billed)
Rate Code: R5

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 60.00	$ 112.00
Tier One Rate:	$ 1.20	$ -
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
55	53,001 - 54,000				4	44.44%	64,700	6.99%
56	54,001 - 55,000				4	44.44%	64,700	6.99%
57	55,001 - 56,000				4	44.44%	64,700	6.99%
58	56,001 - 57,000				4	44.44%	64,700	6.99%
59	57,001 - 58,000				4	44.44%	64,700	6.99%
60	58,001 - 59,000				4	44.44%	64,700	6.99%
61	59,001 - 60,000				4	44.44%	64,700	6.99%
62	60,001 - 61,000				4	44.44%	64,700	6.99%
63	61,001 - 62,000				4	44.44%	64,700	6.99%
64	62,001 - 63,000				4	44.44%	64,700	6.99%
65	63,001 - 64,000				4	44.44%	64,700	6.99%
66	64,001 - 65,000				4	44.44%	64,700	6.99%
67	65,001 - 66,000				4	44.44%	64,700	6.99%
68	66,001 - 67,000				4	44.44%	64,700	6.99%
69	67,001 - 68,000				4	44.44%	64,700	6.99%
70	68,001 - 69,000				4	44.44%	64,700	6.99%
71	69,001 - 70,000				4	44.44%	64,700	6.99%
72	70,001 - 71,000				4	44.44%	64,700	6.99%
73	71,001 - 72,000				4	44.44%	64,700	6.99%
74	72,001 - 73,000				4	44.44%	64,700	6.99%
75	73,001 - 74,000				4	44.44%	64,700	6.99%
76	74,001 - 75,000				4	44.44%	64,700	6.99%
77	75,001 - 76,000				4	44.44%	64,700	6.99%
78	76,001 - 77,000				4	44.44%	64,700	6.99%
79	77,001 - 78,000				4	44.44%	64,700	6.99%
80	78,001 - 79,000				4	44.44%	64,700	6.99%
81	79,001 - 80,000				4	44.44%	64,700	6.99%
82	80,001 - 81,000				4	44.44%	64,700	6.99%
83	81,001 - 82,000				4	44.44%	64,700	6.99%
84	82,001 - 83,000				4	44.44%	64,700	6.99%
85	83,001 - 84,000				4	44.44%	64,700	6.99%
86	84,001 - 85,000				4	44.44%	64,700	6.99%
87	85,001 - 86,000				4	44.44%	64,700	6.99%
88	86,001 - 87,000				4	44.44%	64,700	6.99%
89	87,001 - 88,000				4	44.44%	64,700	6.99%
90	88,001 - 89,000				4	44.44%	64,700	6.99%
91	89,001 - 90,000				4	44.44%	64,700	6.99%
92	90,001 - 91,000				4	44.44%	64,700	6.99%
93	91,001 - 92,000				4	44.44%	64,700	6.99%
94	92,001 - 93,000				4	44.44%	64,700	6.99%
95	93,001 - 94,000				4	44.44%	64,700	6.99%
96	94,001 - 95,000				4	44.44%	64,700	6.99%
97	95,001 - 96,000				4	44.44%	64,700	6.99%
98	96,001 - 97,000				4	44.44%	64,700	6.99%
99	97,001 - 98,000				4	44.44%	64,700	6.99%
100	98,001 - 99,000	1	99,000	99,000	5	55.56%	163,700	17.68%
101	99,001 - 100,000				5	55.56%	163,700	17.68%
102	127,000 - 127,000	1	127,000	127,000	6	66.67%	290,700	31.39%
103	170,000 - 170,000	1	170,000	170,000	7	77.78%	460,700	49.75%
104	190,000 - 190,000	1	190,000	190,000	8	88.89%	650,700	70.26%
105	275,400 - 275,400	1	275,400	275,400	9	100.00%	926,100	100.00%
106								
107	Totals	9		926,100	9		926,100	
108								

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 2" (Hand Billed)
Rate Code: R5

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 60.00	$ 112.00
Tier One Rate:	$ 1.20	$ -
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks
109	Total Bills	9		
110				
111				
112	Average Number of Customers		1	
113				
114	Average Consumption (gallons)		102,900	
115				
116	Median Consumption (gallons)		62,000	
117				
118				
119				

	Cumulative Bills		Cumulative Consumption	
	No.	% of Total	Amount	% of Total

	Current Rates		Proposed Rates	
	Units	Revenue	Units	Revenue
Base Charge	9	$ 540	9	$ 1,008
Usage (gallons)				
Tier One	100,700	$ 121	-	$ -
Tier Two	47,000	66	314,700	812
Tier Three	778,400	1,245	611,400	1,956
Usage Totals	926,100		926,100	
Revenue Totals		$ 1,972		$ 3,776

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 3"
Rate Code: R6

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 120.00	$ 224.00
Tier One Rate:	$ 1.20	$ -
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block			Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
1	-	-	-	17	-	-	17	34.69%	-	0.00%
2	1	-	1,000	2	1,000	2,000	19	38.78%	2,000	0.59%
3	1,001	-	2,000	7	2,000	14,000	26	53.06%	16,000	4.71%
4	2,001	-	3,000	3	3,000	9,000	29	59.18%	25,000	7.35%
5	3,001	-	4,000	-		-	29	59.18%	25,000	7.35%
6	4,001	-	5,000	-		-	29	59.18%	25,000	7.35%
7	5,001	-	6,000	-		-	29	59.18%	25,000	7.35%
8	6,001	-	7,000	1	7,000	7,000	30	61.22%	32,000	9.41%
9	7,001	-	8,000	-		-	30	61.22%	32,000	9.41%
10	8,001	-	9,000	-		-	30	61.22%	32,000	9.41%
11	9,001	-	10,000	1	10,000	10,000	31	63.27%	42,000	12.35%
12	10,001	-	11,000	1	11,000	11,000	32	65.31%	53,000	15.59%
13	11,001	-	12,000	-		-	32	65.31%	53,000	15.59%
14	12,001	-	13,000	3	13,000	39,000	35	71.43%	92,000	27.06%
15	13,001	-	14,000	-		-	35	71.43%	92,000	27.06%
16	14,001	-	15,000	2	15,000	30,000	37	75.51%	122,000	35.88%
17	15,001	-	16,000	2	16,000	32,000	39	79.59%	154,000	45.29%
18	16,001	-	17,000	4	17,000	68,000	43	87.76%	222,000	65.29%
19	17,001	-	18,000	2	18,000	36,000	45	91.84%	258,000	75.88%
20	18,001	-	19,000	1	19,000	19,000	46	93.88%	277,000	81.47%
21	19,001	-	20,000	1	20,000	20,000	47	95.92%	297,000	87.35%
22	20,001	-	21,000	1	21,000	21,000	48	97.96%	318,000	93.53%
23	21,001	-	22,000	1	22,000	22,000	49	100.00%	340,000	100.00%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 3"
Rate Code: R6

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 120.00	$ 224.00
Tier One Rate:	$ 1.20	$ -
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
24								
25	Totals	49		340,000	49		340,000	
26								
27	Total Bills	49						
28								
29								
30	Average Number of Customers		4					
31								
32	Average Consumption (gallons)		6,939					
33								
34	Median Consumption (gallons)		1,786					
35								
36								
37								

	Current Rates Units	Current Rates Revenue	Proposed Rates Units	Proposed Rates Revenue
Base Charge	49	$ 5,880	49	$ 10,976
Usage (gallons)				
Tier One	257,000	$ 308	-	$ -
Tier Two	73,000	102	340,000	877
Tier Three	10,000	16	-	-
Usage Totals	340,000		340,000	
Revenue Totals		$ 6,307		$ 11,853

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 3" (Hand Billed)
Rate Code: R6

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 120.00	$ 224.00
Tier One Rate:	$ 1.20	$ -
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block			Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
1	-	-	-				-	0.00%	-	0.00%
2	1	-	1,000				-	0.00%	-	0.00%
3	1,001	-	2,000				-	0.00%	-	0.00%
4	2,001	-	3,000				-	0.00%	-	0.00%
5	3,001	-	4,000				-	0.00%	-	0.00%
6	4,001	-	5,000				-	0.00%	-	0.00%
7	5,001	-	6,000				-	0.00%	-	0.00%
8	6,001	-	7,000				-	0.00%	-	0.00%
9	7,001	-	8,000				-	0.00%	-	0.00%
10	8,001	-	9,000				-	0.00%	-	0.00%
11	9,001	-	10,000				-	0.00%	-	0.00%
12	10,001	-	11,000				-	0.00%	-	0.00%
13	11,001	-	12,000				-	0.00%	-	0.00%
14	12,001	-	13,000				-	0.00%	-	0.00%
15	13,001	-	14,000				-	0.00%	-	0.00%
16	14,001	-	15,000				-	0.00%	-	0.00%
17	15,001	-	16,000				-	0.00%	-	0.00%
18	16,001	-	17,000				-	0.00%	-	0.00%
19	17,001	-	18,000				-	0.00%	-	0.00%
20	18,001	-	19,000				-	0.00%	-	0.00%
21	19,001	-	20,000				-	0.00%	-	0.00%
22	20,001	-	21,000				-	0.00%	-	0.00%
23	21,001	-	22,000				-	0.00%	-	0.00%
24	22,001	-	23,000				-	0.00%	-	0.00%
25	23,001	-	24,000				-	0.00%	-	0.00%
26	24,001	-	25,000				-	0.00%	-	0.00%
27	25,001	-	26,000				-	0.00%	-	0.00%
28	26,001	-	27,000				-	0.00%	-	0.00%
29	27,001	-	28,000				-	0.00%	-	0.00%
30	28,001	-	29,000				-	0.00%	-	0.00%
31	29,001	-	30,000				-	0.00%	-	0.00%
32	30,001	-	31,000				-	0.00%	-	0.00%
33	31,001	-	32,000				-	0.00%	-	0.00%
34	32,001	-	33,000				-	0.00%	-	0.00%
35	33,001	-	34,000				-	0.00%	-	0.00%
36	34,001	-	35,000				-	0.00%	-	0.00%
37	35,001	-	36,000				-	0.00%	-	0.00%
38	36,001	-	37,000				-	0.00%	-	0.00%
39	37,001	-	38,000				-	0.00%	-	0.00%
40	38,001	-	39,000				-	0.00%	-	0.00%
41	39,001	-	40,000				-	0.00%	-	0.00%
42	40,001	-	41,000				-	0.00%	-	0.00%
43	41,001	-	42,000				-	0.00%	-	0.00%
44	42,001	-	43,000				-	0.00%	-	0.00%
45	43,001	-	44,000				-	0.00%	-	0.00%
46	44,001	-	45,000				-	0.00%	-	0.00%
47	45,001	-	46,000				-	0.00%	-	0.00%
48	46,001	-	47,000				-	0.00%	-	0.00%
49	47,001	-	48,000				-	0.00%	-	0.00%
50	48,001	-	49,000				-	0.00%	-	0.00%
51	49,001	-	50,000				-	0.00%	-	0.00%
52	50,001	-	51,000				-	0.00%	-	0.00%
53	51,001	-	52,000				-	0.00%	-	0.00%
54	52,001	-	53,000				-	0.00%	-	0.00%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 3" (Hand Billed)
Rate Code: R6

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 120.00	$ 224.00
Tier One Rate:	$ 1.20	$ -
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
55	53,001 - 54,000				-	0.00%	-	0.00%
56	54,001 - 55,000				-	0.00%	-	0.00%
57	55,001 - 56,000				-	0.00%	-	0.00%
58	56,001 - 57,000				-	0.00%	-	0.00%
59	57,001 - 58,000				-	0.00%	-	0.00%
60	58,001 - 59,000				-	0.00%	-	0.00%
61	59,001 - 60,000				-	0.00%	-	0.00%
62	60,001 - 61,000				-	0.00%	-	0.00%
63	61,001 - 62,000				-	0.00%	-	0.00%
64	62,001 - 63,000				-	0.00%	-	0.00%
65	63,001 - 64,000				-	0.00%	-	0.00%
66	64,001 - 65,000				-	0.00%	-	0.00%
67	65,001 - 66,000				-	0.00%	-	0.00%
68	66,001 - 67,000				-	0.00%	-	0.00%
69	67,001 - 68,000				-	0.00%	-	0.00%
70	68,001 - 69,000				-	0.00%	-	0.00%
71	69,001 - 70,000				-	0.00%	-	0.00%
72	70,001 - 71,000				-	0.00%	-	0.00%
73	71,001 - 72,000				-	0.00%	-	0.00%
74	72,001 - 73,000				-	0.00%	-	0.00%
75	73,001 - 74,000				-	0.00%	-	0.00%
76	74,001 - 75,000				-	0.00%	-	0.00%
77	75,001 - 76,000				-	0.00%	-	0.00%
78	76,001 - 77,000				-	0.00%	-	0.00%
79	77,001 - 78,000				-	0.00%	-	0.00%
80	78,001 - 79,000				-	0.00%	-	0.00%
81	79,001 - 80,000				-	0.00%	-	0.00%
82	80,001 - 81,000				-	0.00%	-	0.00%
83	81,001 - 82,000				-	0.00%	-	0.00%
84	82,001 - 83,000				-	0.00%	-	0.00%
85	83,001 - 84,000				-	0.00%	-	0.00%
86	84,001 - 85,000				-	0.00%	-	0.00%
87	85,001 - 86,000				-	0.00%	-	0.00%
88	86,001 - 87,000				-	0.00%	-	0.00%
89	87,001 - 88,000				-	0.00%	-	0.00%
90	88,001 - 89,000				-	0.00%	-	0.00%
91	89,001 - 90,000				-	0.00%	-	0.00%
92	90,001 - 91,000				-	0.00%	-	0.00%
93	91,001 - 92,000				-	0.00%	-	0.00%
94	92,001 - 93,000				-	0.00%	-	0.00%
95	93,001 - 94,000				-	0.00%	-	0.00%
96	94,001 - 95,000				-	0.00%	-	0.00%
97	95,001 - 96,000				-	0.00%	-	0.00%
98	96,001 - 97,000				-	0.00%	-	0.00%
99	97,001 - 98,000				-	0.00%	-	0.00%
100	98,001 - 99,000				-	0.00%	-	0.00%
101	99,001 - 100,000				-	0.00%	-	0.00%
102	102,800 - 102,800	2	102,800	205,600	2	8.33%	-	0.00%
103	131,100 - 131,100	2	131,100	262,200	4	16.67%	-	0.00%
104	141,400 - 141,400	2	141,400	282,800	6	25.00%	-	0.00%
105	154,600 - 154,600	2	154,600	309,200	8	33.33%	-	0.00%
106	175,600 - 175,600	2	175,600	351,200	10	41.67%	-	0.00%
107	206,000 - 206,000	2	206,000	412,000	12	50.00%	-	0.00%
108	248,350 - 248,350	2	248,350	496,700	14	58.33%	-	0.00%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 3" (Hand Billed)
Rate Code: R6

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 120.00	$ 224.00
Tier One Rate:	$ 1.20	$ -
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
109	336,600 - 336,600	2	336,600	673,200	16	66.67%	-	0.00%
110	464,300 - 464,300	2	464,300	928,600	18	75.00%	-	0.00%
111	475,800 - 475,800	2	475,800	951,600	20	83.33%	-	0.00%
112	580,550 - 580,550	2	580,550	1,161,100	22	91.67%	-	0.00%
113	932,905 - 932,905	2	932,905	1,865,810	24	100.00%	7,900,010	100.00%
114								
115	Totals	24		7,900,010	24		7,900,010	
116								
117	Total Bills	24						

		Current Rates Units	Current Rates Revenue	Proposed Rates Units	Proposed Rates Revenue
118					
119	Base Charge	24	$ 2,880	24	$ 5,376
120	Average Number of Customers 2				
121	Usage (gallons)				
122	Average Consumption (gallons) 329,167	Tier One 288,000	$ 346	-	$ -
123		Tier Two 144,000	202	1,200,000	3,096
124	Median Consumption (gallons) 206,000	Tier Three 7,468,010	11,949	6,700,010	21,440
125		Usage Totals 7,900,010		7,900,010	
126		Revenue Totals	$ 15,376		$ 29,912
127					

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 6"
Rate Code: R8

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 375.00	$ 700.00
Tier One Rate:	$ 1.20	$ -
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block			Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
1	-	-	-	-		-	-	0.00%	-	0.00%
2	1	-	1,000	-		-	-	0.00%	-	0.00%
3	1,001	-	2,000	-		-	-	0.00%	-	0.00%
4	2,001	-	3,000	-		-	-	0.00%	-	0.00%
5	3,001	-	4,000	-		-	-	0.00%	-	0.00%
6	4,001	-	5,000	-		-	-	0.00%	-	0.00%
7	5,001	-	6,000	-		-	-	0.00%	-	0.00%
8	6,001	-	7,000	-		-	-	0.00%	-	0.00%
9	7,001	-	8,000	-		-	-	0.00%	-	0.00%
10	8,001	-	9,000	-		-	-	0.00%	-	0.00%
11	9,001	-	10,000	-		-	-	0.00%	-	0.00%
12	10,001	-	11,000	-		-	-	0.00%	-	0.00%
13	11,001	-	12,000	-		-	-	0.00%	-	0.00%
14	12,001	-	13,000	-		-	-	0.00%	-	0.00%
15	13,001	-	14,000	-		-	-	0.00%	-	0.00%
16	14,001	-	15,000	-		-	-	0.00%	-	0.00%
17	15,001	-	16,000	-		-	-	0.00%	-	0.00%
18	16,001	-	17,000	-		-	-	0.00%	-	0.00%
19	17,001	-	18,000	-		-	-	0.00%	-	0.00%
20	18,001	-	19,000	-		-	-	0.00%	-	0.00%
21	19,001	-	20,000	-		-	-	0.00%	-	0.00%
22	20,001	-	21,000	-		-	-	0.00%	-	0.00%
23	21,001	-	22,000	-		-	-	0.00%	-	0.00%
24	22,001	-	23,000	-		-	-	0.00%	-	0.00%
25	23,001	-	24,000	-		-	-	0.00%	-	0.00%
26	24,001	-	25,000	-		-	-	0.00%	-	0.00%
27	25,001	-	26,000	-		-	-	0.00%	-	0.00%
28	26,001	-	27,000	-		-	-	0.00%	-	0.00%
29	27,001	-	28,000	-		-	-	0.00%	-	0.00%
30	28,001	-	29,000	-		-	-	0.00%	-	0.00%
31	29,001	-	30,000	-		-	-	0.00%	-	0.00%
32	30,001	-	31,000	-		-	-	0.00%	-	0.00%
33	31,001	-	32,000	-		-	-	0.00%	-	0.00%
34	32,001	-	33,000	-		-	-	0.00%	-	0.00%
35	33,001	-	34,000	-		-	-	0.00%	-	0.00%
36	34,001	-	35,000	-		-	-	0.00%	-	0.00%
37	35,001	-	36,000	-		-	-	0.00%	-	0.00%
38	36,001	-	37,000	-		-	-	0.00%	-	0.00%
39	37,001	-	38,000	-		-	-	0.00%	-	0.00%
40	38,001	-	39,000	-		-	-	0.00%	-	0.00%
41	39,001	-	40,000	-		-	-	0.00%	-	0.00%
42	40,001	-	41,000	-		-	-	0.00%	-	0.00%
43	41,001	-	42,000	-		-	-	0.00%	-	0.00%
44	42,001	-	43,000	-		-	-	0.00%	-	0.00%
45	43,001	-	44,000	-		-	-	0.00%	-	0.00%
46	44,001	-	45,000	-		-	-	0.00%	-	0.00%
47	45,001	-	46,000	-		-	-	0.00%	-	0.00%
48	46,001	-	47,000	-		-	-	0.00%	-	0.00%
49	47,001	-	48,000	-		-	-	0.00%	-	0.00%
50	48,001	-	49,000	-		-	-	0.00%	-	0.00%
51	49,001	-	50,000	-		-	-	0.00%	-	0.00%
52	50,001	-	51,000	-		-	-	0.00%	-	0.00%
53	51,001	-	52,000	-		-	-	0.00%	-	0.00%
54	52,001	-	53,000	-		-	-	0.00%	-	0.00%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 6"
Rate Code: R8

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 375.00	$ 700.00
Tier One Rate:	$ 1.20	$ -
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
55	53,001 - 54,000	-		-	-	0.00%	-	0.00%
56	54,001 - 55,000	-		-	-	0.00%	-	0.00%
57	55,001 - 56,000	-		-	-	0.00%	-	0.00%
58	56,001 - 57,000	-		-	-	0.00%	-	0.00%
59	57,001 - 58,000	-		-	-	0.00%	-	0.00%
60	58,001 - 59,000	-		-	-	0.00%	-	0.00%
61	59,001 - 60,000	-		-	-	0.00%	-	0.00%
62	60,001 - 61,000	-		-	-	0.00%	-	0.00%
63	61,001 - 62,000	-		-	-	0.00%	-	0.00%
64	62,001 - 63,000	-		-	-	0.00%	-	0.00%
65	63,001 - 64,000	-		-	-	0.00%	-	0.00%
66	64,001 - 65,000	-		-	-	0.00%	-	0.00%
67	65,001 - 66,000	-		-	-	0.00%	-	0.00%
68	66,001 - 67,000	-		-	-	0.00%	-	0.00%
69	67,001 - 68,000	-		-	-	0.00%	-	0.00%
70	68,001 - 69,000	-		-	-	0.00%	-	0.00%
71	69,001 - 70,000	-		-	-	0.00%	-	0.00%
72	70,001 - 71,000	-		-	-	0.00%	-	0.00%
73	71,001 - 72,000	-		-	-	0.00%	-	0.00%
74	72,001 - 73,000	-		-	-	0.00%	-	0.00%
75	73,001 - 74,000	-		-	-	0.00%	-	0.00%
76	74,001 - 75,000	-		-	-	0.00%	-	0.00%
77	75,001 - 76,000	-		-	-	0.00%	-	0.00%
78	76,001 - 77,000	-		-	-	0.00%	-	0.00%
79	77,001 - 78,000	-		-	-	0.00%	-	0.00%
80	78,001 - 79,000	-		-	-	0.00%	-	0.00%
81	79,001 - 80,000	-		-	-	0.00%	-	0.00%
82	80,001 - 81,000	-		-	-	0.00%	-	0.00%
83	81,001 - 82,000	-		-	-	0.00%	-	0.00%
84	82,001 - 83,000	-		-	-	0.00%	-	0.00%
85	83,001 - 84,000	-		-	-	0.00%	-	0.00%
86	84,001 - 85,000	-		-	-	0.00%	-	0.00%
87	85,001 - 86,000	-		-	-	0.00%	-	0.00%
88	86,001 - 87,000	-		-	-	0.00%	-	0.00%
89	87,001 - 88,000	-		-	-	0.00%	-	0.00%
90	88,001 - 89,000	-		-	-	0.00%	-	0.00%
91	89,001 - 90,000	-		-	-	0.00%	-	0.00%
92	90,001 - 91,000	-		-	-	0.00%	-	0.00%
93	91,001 - 92,000	-		-	-	0.00%	-	0.00%
94	92,001 - 93,000	-		-	-	0.00%	-	0.00%
95	93,001 - 94,000	-		-	-	0.00%	-	0.00%
96	94,001 - 95,000	-		-	-	0.00%	-	0.00%
97	95,001 - 96,000	-		-	-	0.00%	-	0.00%
98	96,001 - 97,000	-		-	-	0.00%	-	0.00%
99	97,001 - 98,000	-		-	-	0.00%	-	0.00%
100	98,001 - 99,000	-		-	-	0.00%	-	0.00%
101	99,001 - 100,000	-		-	-	0.00%	-	0.00%
102	115,000 - 115,000	1	115,000	115,000	1	4.17%	115,000	3.26%
103	115,000 - 115,000	1	115,000	115,000	2	8.33%	230,000	6.52%
104	115,000 - 115,000	1	115,000	115,000	3	12.50%	345,000	9.79%
105	125,000 - 125,000	1	125,000	125,000	4	16.67%	470,000	13.33%
106	125,000 - 125,000	1	125,000	125,000	5	20.83%	595,000	16.88%
107	125,000 - 125,000	1	125,000	125,000	6	25.00%	720,000	20.43%
108	130,000 - 130,000	1	130,000	130,000	7	29.17%	850,000	24.11%

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 6"
Rate Code: R8

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 375.00	$ 700.00
Tier One Rate:	$ 1.20	$ -
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
109	130,000 - 130,000	1	130,000	130,000	8	33.33%	980,000	27.80%
110	130,000 - 130,000	1	130,000	130,000	9	37.50%	1,110,000	31.49%
111	130,000 - 130,000	1	130,000	130,000	10	41.67%	1,240,000	35.18%
112	135,000 - 135,000	1	135,000	135,000	11	45.83%	1,375,000	39.01%
113	140,000 - 140,000	1	140,000	140,000	12	50.00%	1,515,000	42.98%
114	140,000 - 140,000	1	140,000	140,000	13	54.17%	1,655,000	46.95%
115	145,000 - 145,000	1	145,000	145,000	14	58.33%	1,800,000	51.06%
116	145,000 - 145,000	1	145,000	145,000	15	62.50%	1,945,000	55.18%
117	155,000 - 155,000	1	155,000	155,000	16	66.67%	2,100,000	59.57%
118	160,000 - 160,000	1	160,000	160,000	17	70.83%	2,260,000	64.11%
119	170,000 - 170,000	1	170,000	170,000	18	75.00%	2,430,000	68.94%
120	170,000 - 170,000	1	170,000	170,000	19	79.17%	2,600,000	73.76%
121	175,000 - 175,000	1	175,000	175,000	20	83.33%	2,775,000	78.72%
122	180,000 - 180,000	1	180,000	180,000	21	87.50%	2,955,000	83.83%
123	185,000 - 185,000	1	185,000	185,000	22	91.67%	3,140,000	89.08%
124	185,000 - 185,000	1	185,000	185,000	23	95.83%	3,325,000	94.33%
125	200,000 - 200,000	1	200,000	200,000	24	100.00%	3,525,000	100.00%
126								
127	Totals	24		3,525,000	24		3,525,000	
128								
129	Total Bills	24						

		Current Rates Units	Current Rates Revenue	Proposed Rates Units	Proposed Rates Revenue
130					
131	Base Charge	24	$ 9,000	24	$ 16,800
132	Average Number of Customers 2				
133	Usage (gallons)				
134	Average Consumption (gallons) 146,875	Tier One 288,000	$ 346	-	$ -
135		Tier Two 144,000	202	1,200,000	3,096
136	Median Consumption (gallons) 140,000	Tier Three 3,093,000	4,949	2,325,000	7,440
137		Usage Totals 3,525,000		3,525,000	
138		Revenue Totals	$ 14,496		$ 27,336
139					

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 8" (Hand Billed)
Rate Code: R9

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 750.00	$ 1,400.00
Tier One Rate:	$ 1.20	$ -
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
1	- - -	24	-		24	100.00%	-	#DIV/0!
2	1 - 1,000				24	100.00%	-	#DIV/0!
3	1,001 - 2,000				24	100.00%	-	#DIV/0!
4	2,001 - 3,000				24	100.00%	-	#DIV/0!
5	3,001 - 4,000				24	100.00%	-	#DIV/0!
6	4,001 - 5,000				24	100.00%	-	#DIV/0!
7	5,001 - 6,000				24	100.00%	-	#DIV/0!
8	6,001 - 7,000				24	100.00%	-	#DIV/0!
9	7,001 - 8,000				24	100.00%	-	#DIV/0!
10	8,001 - 9,000				24	100.00%	-	#DIV/0!
11	9,001 - 10,000				24	100.00%	-	#DIV/0!
12	10,001 - 11,000				24	100.00%	-	#DIV/0!
13	11,001 - 12,000				24	100.00%	-	#DIV/0!
14	12,001 - 13,000				24	100.00%	-	#DIV/0!
15	13,001 - 14,000				24	100.00%	-	#DIV/0!
16	14,001 - 15,000				24	100.00%	-	#DIV/0!
17	15,001 - 16,000				24	100.00%	-	#DIV/0!
18	16,001 - 17,000				24	100.00%	-	#DIV/0!
19	17,001 - 18,000				24	100.00%	-	#DIV/0!
20	18,001 - 19,000				24	100.00%	-	#DIV/0!
21	19,001 - 20,000				24	100.00%	-	#DIV/0!
22	20,001 - 21,000				24	100.00%	-	#DIV/0!
23	21,001 - 22,000				24	100.00%	-	#DIV/0!
24	22,001 - 23,000				24	100.00%	-	#DIV/0!
25	23,001 - 24,000				24	100.00%	-	#DIV/0!
26	24,001 - 25,000				24	100.00%	-	#DIV/0!
27	25,001 - 26,000				24	100.00%	-	#DIV/0!
28	26,001 - 27,000				24	100.00%	-	#DIV/0!
29	27,001 - 28,000				24	100.00%	-	#DIV/0!
30	28,001 - 29,000				24	100.00%	-	#DIV/0!
31	29,001 - 30,000				24	100.00%	-	#DIV/0!
32	30,001 - 31,000				24	100.00%	-	#DIV/0!
33	31,001 - 32,000				24	100.00%	-	#DIV/0!
34	32,001 - 33,000				24	100.00%	-	#DIV/0!
35	33,001 - 34,000				24	100.00%	-	#DIV/0!
36	34,001 - 35,000				24	100.00%	-	#DIV/0!
37	35,001 - 36,000				24	100.00%	-	#DIV/0!
38	36,001 - 37,000				24	100.00%	-	#DIV/0!
39	37,001 - 38,000				24	100.00%	-	#DIV/0!
40	38,001 - 39,000				24	100.00%	-	#DIV/0!
41	39,001 - 40,000				24	100.00%	-	#DIV/0!
42	40,001 - 41,000				24	100.00%	-	#DIV/0!
43	41,001 - 42,000				24	100.00%	-	#DIV/0!
44	42,001 - 43,000				24	100.00%	-	#DIV/0!
45	43,001 - 44,000				24	100.00%	-	#DIV/0!
46	44,001 - 45,000				24	100.00%	-	#DIV/0!
47	45,001 - 46,000				24	100.00%	-	#DIV/0!
48	46,001 - 47,000				24	100.00%	-	#DIV/0!
49	47,001 - 48,000				24	100.00%	-	#DIV/0!
50	48,001 - 49,000				24	100.00%	-	#DIV/0!
51	49,001 - 50,000				24	100.00%	-	#DIV/0!
52	50,001 - 51,000				24	100.00%	-	#DIV/0!
53	51,001 - 52,000				24	100.00%	-	#DIV/0!
54	52,001 - 53,000				24	100.00%	-	#DIV/0!

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 8" (Hand Billed)
Rate Code: R9

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 750.00	$ 1,400.00
Tier One Rate:	$ 1.20	$ -
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
55	53,001 - 54,000				24	100.00%	-	#DIV/0!
56	54,001 - 55,000				24	100.00%	-	#DIV/0!
57	55,001 - 56,000				24	100.00%	-	#DIV/0!
58	56,001 - 57,000				24	100.00%	-	#DIV/0!
59	57,001 - 58,000				24	100.00%	-	#DIV/0!
60	58,001 - 59,000				24	100.00%	-	#DIV/0!
61	59,001 - 60,000				24	100.00%	-	#DIV/0!
62	60,001 - 61,000				24	100.00%	-	#DIV/0!
63	61,001 - 62,000				24	100.00%	-	#DIV/0!
64	62,001 - 63,000				24	100.00%	-	#DIV/0!
65	63,001 - 64,000				24	100.00%	-	#DIV/0!
66	64,001 - 65,000				24	100.00%	-	#DIV/0!
67	65,001 - 66,000				24	100.00%	-	#DIV/0!
68	66,001 - 67,000				24	100.00%	-	#DIV/0!
69	67,001 - 68,000				24	100.00%	-	#DIV/0!
70	68,001 - 69,000				24	100.00%	-	#DIV/0!
71	69,001 - 70,000				24	100.00%	-	#DIV/0!
72	70,001 - 71,000				24	100.00%	-	#DIV/0!
73	71,001 - 72,000				24	100.00%	-	#DIV/0!
74	72,001 - 73,000				24	100.00%	-	#DIV/0!
75	73,001 - 74,000				24	100.00%	-	#DIV/0!
76	74,001 - 75,000				24	100.00%	-	#DIV/0!
77	75,001 - 76,000				24	100.00%	-	#DIV/0!
78	76,001 - 77,000				24	100.00%	-	#DIV/0!
79	77,001 - 78,000				24	100.00%	-	#DIV/0!
80	78,001 - 79,000				24	100.00%	-	#DIV/0!
81	79,001 - 80,000				24	100.00%	-	#DIV/0!
82	80,001 - 81,000				24	100.00%	-	#DIV/0!
83	81,001 - 82,000				24	100.00%	-	#DIV/0!
84	82,001 - 83,000				24	100.00%	-	#DIV/0!
85	83,001 - 84,000				24	100.00%	-	#DIV/0!
86	84,001 - 85,000				24	100.00%	-	#DIV/0!
87	85,001 - 86,000				24	100.00%	-	#DIV/0!
88	86,001 - 87,000				24	100.00%	-	#DIV/0!
89	87,001 - 88,000				24	100.00%	-	#DIV/0!
90	88,001 - 89,000				24	100.00%	-	#DIV/0!
91	89,001 - 90,000				24	100.00%	-	#DIV/0!
92	90,001 - 91,000				24	100.00%	-	#DIV/0!
93	91,001 - 92,000				24	100.00%	-	#DIV/0!
94	92,001 - 93,000				24	100.00%	-	#DIV/0!
95	93,001 - 94,000				24	100.00%	-	#DIV/0!
96	94,001 - 95,000				24	100.00%	-	#DIV/0!
97	95,001 - 96,000				24	100.00%	-	#DIV/0!
98	96,001 - 97,000				24	100.00%	-	#DIV/0!
99	97,001 - 98,000				24	100.00%	-	#DIV/0!
100	98,001 - 99,000				24	100.00%	-	#DIV/0!
101	99,001 - 100,000				24	100.00%	-	#DIV/0!
102								
103	Totals	24		-	24		-	
104								
105	Total Bills	24						

	Current Rates Units	Current Rates Revenue	Proposed Rates Units	Proposed Rates Revenue
106				
107 Base Charge	24	$ 18,000	24	$ 33,600

New River Utility Company
Test Year Ended December 31, 2011
Bill Count

Exhibit: RLJ-DT2
Schedule H-5
Witness: Jones

Meter Size: 8" (Hand Billed)
Rate Code: R9

Rate Tiers	Present Rates	Proposed Rates
Tier One Breakover (M gal):	12	-
Tier Two Breakover (M gal):	18	50
Tier Three Breakover (M gal):	999,999	999,999

Charges	Present Rates	Proposed Rates
Base Charge:	$ 750.00	$ 1,400.00
Tier One Rate:	$ 1.20	$ -
Tier Two Rate:	$ 1.40	$ 2.58
Tier Three Rate:	$ 1.60	$ 3.20

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total
108	Average Number of Customers		2					
109					Usage (gallons)			
110	Average Consumption (gallons)		-		Tier One	-	$ -	- $ -
111					Tier Two	-	-	- -
112	Median Consumption (gallons)		-		Tier Three	-	-	- -
113					Usage Totals	-		-
114					Revenue Totals		$ 18,000	$ 33,600
115								