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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONER

Arizona Corporation Commission
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IN THE MATTER OF THE APPLICATION OF LITCHFIELD PARK SERVICE COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WASTEWATER RATES AND CHARGES BASED THEREON FOR UTILITY SERVICE.	Docket No. SW-01428A-13-0042
IN THE MATTER OF THE APPLICATION OF LITCHFIELD PARK SERVICE COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES BASED THEREON FOR UTILITY SERVICE.	Docket No. W-01427A-13-0043

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NOTICE OF FILING.

The RESIDENTIAL UTILITY CONSUMER OFFICE ("RUCO") hereby provides notice of filing the Surrebuttal Testimony of Robert B. Mease, in the above-referenced matter.

RESPECTFULLY SUBMITTED this 12th day of November, 2013.

Daniel W. Pozefsky
Chief Counsel

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LITCHFIELD PARK SERVICE COMPANY

DOCKET NO. SW-01428A-13-0042

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SURREBUTTAL TESTIMONY

OF

ROBERT B. MEASE

ON BEHALF OF

THE

RESIDENTIAL UTILITY CONSUMER OFFICE

NOVEMBER 12, 2013

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EXECUTIVE SUMMARY - SURREBUTTAL

The Residential Utility Consumer Office ("RUCO") has reviewed Litchfield Park Service Company's ("LPSCO" or "Company") rebuttal testimony and has made several adjustments based on additional information provided by the Company. RUCO will address the Company's rebuttal issues for both LPSCO's Water and Wastewater Divisions' rate base, operating income, revenue requirement, cost of capital, and rate design testimonies.

Following are LPSCO's and RUCO's proposed rate base and adjusted operating income positions as filed in its direct and rebuttal testimonies for both the Water and Wastewater Divisions.

Rate Base

Water Division

Company Direct	Company Rebuttal	RUCO Direct	RUCO Surrebuttal
$35,647,602	$33,227,792	$33,245,457	$33,093,677

Wastewater Division

Company Direct	Company Rebuttal	RUCO Direct	RUCO Surrebuttal
$23,877,697	$24,264,817	$23,988,000	$24,275,426

Adjusted Operating Income

Water Division

Company Direct	Company Rebuttal	RUCO Direct	RUCO Surrebuttal
$2,024,376	$2,035,629	$2,259,901	$2,246,156

Wastewater Division

Company Direct	Company Rebuttal	RUCO Direct	RUCO Surrebuttal
$1,871,616	$1,908,943	$2,095,839	$2,086,729

The following tables present the required gross revenue increase as filed by the Company and RUCO in their direct and rebuttal testimonies for both the Water and Wastewater Divisions:

Required Dollar Increase in Gross Revenues
Water Division

Company Direct	Company Rebuttal	RUCO Direct	RUCO Surrebuttal
$2,257,160	$1,668,790	$1,111,850	$1,072,637

Wastewater Division

Company Direct	Company Rebuttal	RUCO Direct	RUCO Surrebuttal
$659,088	$524,028	$36,254	$63,910

Required Percentage Increase in Gross Revenues
Water Division

Company Direct	Company Rebuttal	RUCO Direct	RUCO Surrebuttal
20.15%	14.90%	9.87%	9.53%

Wastewater Division

Company Direct	Company Rebuttal	RUCO Direct	RUCO Surrebuttal
6.36%	5.06%	0.35%	0.62%

The Company is requesting a rate of return of 9.18 percent in its rebuttal testimony on its fair value rate base ("FVRB") of $33,227,792 for its Water Division and $24,264,817 for its Wastewater Division. RUCO in proposing a rate of return of 8.76 percent on the FVRB of $33,093,677 for the Company's Water Division and $24,275,426 for the Wastewater Division.

Based on RUCO's analysis of the Company's rebuttal filing for its Water Division, RUCO is recommending an inverted four-tiered commodity charge for a ⅝ x ¾-inch metered customer with monthly minimums based on meter size. An average ⅝ x ¾-inch metered residential water customer that consumes 4,277 gallons per month will experience an

increase of $0.34 from $15.64 to $15.98. For a ⅝ x ¾-inch metered wastewater customer, RUCO recommends a flat monthly minimum charge of $39.21, an increase of $0.22 from its current monthly charge of $38.99.

INTRODUCTION

Q. Please state your name for the record.

A. My name is Robert B. Mease.

Q. Have you previously filed testimony regarding this docket?

A. Yes, I have. I filed direct testimony in this docket on September 27, 2013.

Q. What is the purpose of your surrebuttal testimony?

A. My surrebuttal testimony will address the Company's rebuttal proposals and comments pertaining to the adjustments RUCO recommended in its direct testimony.

Q. What areas will you address in your surrebuttal testimony?

A. My surrebuttal testimony will address RUCO's recommended rate base, operating income, revenue requirement, cost of capital, and rate design for both the Company's Water and Wastewater Divisions.

Q. How is your surrebuttal testimony organized?

A. My surrebuttal testimony is divided as follows: I) SURREBUTTAL RATE BASE ADJUSTMENTS; II) SURREBUTTAL OPERATING INCOME ADJUSTMENTS; III) COST OF CAPITAL; IV) OTHER ISSUES – LIBRTY'S POLICY PROPOSALS; V) RUCO's RATE DESIGN.

Q. Please identify the schedules that you are sponsoring in RUCO's surrebuttal testimony.

A. I am sponsoring RUCO's recommended overall revenue requirement, rate base, operating income, cost of capital, and rate design schedules for LPSCO's Water and Wastewater Divisions labeled as RBM-1 through RBM-32 and rate design schedules labeled RBM RD-1 through RBM RD-4 for both LPSCO's Water and Wastewater Divisions.

Q. Prior to beginning its discussion on rate base adjustments does RUCO continue to have concerns over the Company's Internal Controls?

A. Yes. RUCO will once again provide a general comment about the Company's Internal Controls as related to financial reporting and related testimony.

GENERAL STATEMENT

Q. In direct testimony did RUCO have a general concern about the Company's Internal Controls over the recording of transactions?

A. Yes. RUCO identified a number of inaccuracies in the reporting of test year results which led RUCO to question the Company's Internal Controls over financial reporting. If the Company had properly recorded those transactions when filing its original application the increase in gross

revenue requirements would have been $1,925,288 and not $2,257,160 as was originally requested for the Water Division alone.

Q. Did the Company address this deficiency in their rebuttal testimony?

A. No.

Q. Has RUCO identified additional errors in the Company's schedules and rebuttal testimony that leads RUCO to believe that the Company continues to have reporting deficiencies?

A. Yes. Following is a summary of errors noted in the Company's rebuttal testimony and/or supporting schedules.

1) The Company's Weighted Average Cost of Capital ("WACC") as presented in their rebuttal testimony is comprised of two elements cost of debt and cost of equity. The cost of equity component as identified on Schedule D-1 of the Company's schedules shows a 9.93 percent cost of equity and a final WACC of 9.37 percent. However, in the Company's WACC rebuttal testimony the capital structure shows a 9.70 percent as cost of equity and a WACC of 9.18 percent.[1] RUCO discussed this with the Company and it was determined that the written testimony was correct and the supporting Schedule D-1 was incorrect.

2) Beginning on page 42 of Mr. Bourassa's rebuttal testimony Line 25 is the following sentence, "Similarly, a 1-1/2 inch customer using XX gallons of water will pay $X.XX less under the RUCO

[1] Rebuttal Testimony of Mr. Thomas J. Bourassa, Cost of Capital, Page 3

rates than he/she currently pays." Obviously, numbers were to be inserted but were omitted when the rebuttal testimony was filed.

3) Deferred Income Taxes -- Accumulated Deferred Income Taxes

(a) On page 12 of Mr. Bourassa's rebuttal testimony the Company proposes to reduce accumulated deferred income taxes ("ADIT") by $631,432 for the Water Division. On Company Rebuttal Schedule B-2 the pro-forma adjustment for ADIT for the Water Division is a reduction of $590,078.

(b) On page 21 of Mr. Bourassa's rebuttal testimony the Company proposes to reduce ADIT by $631,432 for the Wastewater division. (The reduction is identical as the Water Division). On Company Rebuttal Schedule B-2 the pro-forma adjustment for the Wastewater Division is a reduction of $347,221.

4) On page 27 of Mr. Bourassa's testimony, Line 9 reads as follows: "Rebuttal adjustment 1 increases depreciation expense." Line 11 reads "This reduction is primarily due to impacts of the Company's proposed rebuttal adjustments to PIS and CIAC as discussed above.

Q. Does RUCO usually comment on Company's internal controls over reporting?

A. No. RUCO, in general, does not make such comments. However, in the situation of LPSCO, there were numerous errors made in the original schedules as filed as well as the rebuttal testimony and schedules. When errors of this magnitude and quantity are made in Company filings significant time is taken to identify the error as well as discussions with Company personnel in order to resolve the differences.

Q. Does RUCO have a recommendation regarding what they have identified as a reporting weakness?

A. Yes. Since the Company has hired Mr. Christopher Krygier as Utility Rates and Regulatory Manager, we would recommend that the Company consider preparing the required financial schedules and testimony in house. RUCO believes that there was a lack of review performed by the Company prior to filing both schedules and third party testimony and by preparing such information in house would help in preventing these types of deficiencies in future rate case filings.

I. SURREBUTTAL RATE BASE ADJUSTMENTS

Q. Can you please identify the rate base adjustments that RUCO is purposing?

A. Yes, please see the schedules as follows for a summary of RUCO's adjustments.

Rate Base Adjustments

Adjustment No / Description	Water Div.	Wastewater Div.
1 – Utility Plant In Service	($ 284,396)	$ 571,272
2 – Accumulated Depreciation	(2,413,512)	(319,489)
3 – Intentionally Left Blank	-- 0 --	-- 0 --
4 – CIAC and CIAC Amortization	(305,152)	(199,905)
5 – Customer Meter Deposits	(160,986)	14,231
6 – Customer Security Deposits	(7,785)	(8,553)
7 – Intentionally Left Blank	– 0 –	-- 0 --
8 – Intentionally Left Blank	-- 0 --	-- 0 --
9 –Accumulated Deferred Income Taxes	617,218	340,173
10-Regulatory Asset (TCE Plume)	688	-- 0 --
Total RUCO recommended Water and Wastewater Rate Base Adjustments	($2,553,925)	$397,729

See Schedules RBM-3 FOR both the Water and Wastewater Divisions.

Rate Base Adjustment No. 1 – Utility Plant in Service ("UPIS")

Q. Please identify RUCO's rate base adjustment No. 1 to UPIS.

Water Division

A. RUCO's adjustments are related to plant reclassifications of ($12,156), adjustments to remove duplicate invoices ($5,608); truck retirement ($17,555); plant true up accruals ($196,725); retirements not included in original filing and reclassifications ($40,196); and not used and useful plant ($12,156).

NOTE: The Company and RUCO are in agreement with all UPIS adjustments for the Water Division.

Wastewater Division

RUCO's adjustments to the UPIS for the Wastewater Division are related to final cost of post-test year plant $500,000; plant reclassifications $12,156; plant not used and useful ($124,546); remove duplicate invoices ($4,673); plant true up accruals $195,445; and retirements not included in original filing and reclassifications ($7,110).

NOTE: The Company and RUCO are in agreement with all UPIS adjustments for the Wastewater Division.

Rate Base Adjustment No. 2 – Accumulated Depreciation ("A/D")

Q. Can you please identify the adjustments RUCO is proposing to Accumulated Depreciation?

Water Division

A. RUCO's first adjustment for the Water Division relates to an error the Company made in its original filing of ($2,475,900). The Company failed to include depreciation expense for the period of October 1, 2008 through December 31, 2009. Consequently, the A/D balance was understated by this amount.

The remaining adjustments include A/D related to the plant reclassifications $26,572; non used and useful plant $308; removal of duplicate invoices $380; truck retirement $17,555; A/D on the Company's later recording of invoices ($91,841); adjustment to reverse non-depreciable plant $21,100; true up accruals $3,275; A/D related to reconciling adjustments $32,888; and retirements not included in original filing $52,152.

NOTE: RUCO and the Company are in agreement with all adjustments for the Water Division.

Q. Can you please explain how an error of $2,475,900 as mentioned above could be made?

A. First I would like to say that the Company did inform RUCO that the error was made prior to RUCO's beginning its analytical review. It appears to

RUCO to be a copy and paste error more than anything else. Maybe the Company can provide a better explanation as to how the error was made in its original filing.

Wastewater Division

RUCO's adjustments to A/D for the Wastewater Division consists of the removal of retirements from post-test year plant ($300,000), primarily related to post-test year plant; transportation equipment adjustment $3,646; plant reclassifications ($32,185); non used and useful plant $5,661; remove duplicate invoices $214; late recording of invoices ($7,711); true up accruals ($3,136); reconciling adjustments $3,508; and retirements not included in original filing $10,515.

NOTE: The Company and RUCO are in agreement with all adjustments except the transportation equipment of $3,646.

Rate Base Adjustment No. 3 – Intentionally Left Blank for Future Use

Rate Base Adjustment No. 4 – Contributions in Aid of Construction ("CIAC") and CIAC Amortizations

Q. Are RUCO and the Company in agreement with RUCO rate base adjustment No. 4 for CIAC and CIAC Amortizations for the Water and Wastewater Divisions?

A. Yes. The Company recognized it had erred when including CIAC true-ups in its CIAC balances as filed in its direct Application. The true-ups

authorized in the prior Decision No. 72026 were included in the Company's beginning balance carried forward from its prior rate case. LPSCO also recognized the fact that its CIAC amortizations included an additional nine-months of amortizations that were in error. The net adjustment for the CIAC and CIAC amortization was an increase in the beginning balance of ($305,152) for the Water Division and ($199,905) for the Wastewater Division.

Rate Base Adjustment No. 5 – Thirteen-Month Average of Customer Meter Deposits

Q. Are RUCO and the Company in agreement with RUCO rate base adjustment No. 5 that uses a thirteen-month average for Customer Meter Deposits in the Water and Wastewater Divisions?

A. No. In LPSCO's rebuttal testimony, it stated "The Company does not agree with this adjustment because it will result in a rate base mismatch between meter deposits and PIS. The PIS balance in rate base is a test year-end balance. The meter deposits balance must be stated on the basis as PIS balance otherwise a mismatch will occur."

Q. How does RUCO respond to the Company's argument?

A. Simply, RUCO has historically made the same argument against a number of companies' insistence of including post-test year plant. It creates a mismatch between what is included in test year end UPIS and

all the remaining rate base items. However, RUCO does allow for post-test year plant in certain circumstances and has allowed post-test year plant in this case.

Q. Why does RUCO believe that a thirteen month average is more representative of the Company's true balance?

A. When reviewing the Company's month end balance in customer deposits you see that the balance will change significantly from month to month. For example, the balance in October of 2012 for long term water deposits was $1,212,720 while the balance in December of 2012 was $914,859. Using the average will provide a more accurate representation of the actual balance rather than a specific point in time.

Q. What adjustment is RUCO recommending to account for its thirteen-month average of non-investor supplied capital related to meter deposits?

A. RUCO recommends a reduction in rate base for customer meter deposits of $160,986 for the Water Division and an increase in customer meter deposits of $14,231 for the Wastewater Division.

Rate Base Adjustment No. 6 – Customer Security Deposits

Q. Are RUCO and the Company in agreement with RUCO rate base adjustment No. 6 that uses the same thirteen-month average of Customer Security Deposits for the Water and Wastewater Divisions?

A. The Company accepted RUCO's thirteen-month average customer security deposit recommendation, but the calculations differ slightly. For the Water Division, RUCO recommends a rate base reduction of $7,785 while the Company recommends a reduction of $7,514. For the Wastewater Division, RUCO recommends a reduction to rate base of $8,553 while the Company's recommends a reduction of $8,334. RUCO was unable to determine the difference in the Company's calculations.

Rate Base Adjustment No. 7 – Intentionally Left Blank for Future Use

Rate Base Adjustment No. 8 – Intentionally Left Blank for Future Use

Rate Base Adjustment No. 9 – Accumulated Deferred Income Tax ("ADIT")

Q. Are RUCO and the Company in agreement with RUCO rate base adjustment No. 9 for the ADIT balances of the Water and Wastewater Divisions?

A. Yes. Both RUCO and the Company propose reductions to the ADIT balance as filed here and in LPSCO's rebuttal filings. The ADIT balances recommended by RUCO differ from the Company's but are due to the respective adjustments to UPIS, A/D, AIAC, CIAC balances and income tax calculations. The ADIT balances as recommended by RUCO are dependent on each party's recommendations regarding those rate base items. The Company corrected its errant and former State of Arizona statutory income tax rate, which was superseded by House Bill 2001.

<u>Rate Base Adjustment No. 10 – TCE Plume Regulatory Asset</u>

Q. Are RUCO and the Company in agreement with RUCO rate base adjustment No. 10 for the regulatory asset balances of the Water Division?

A. Yes. However, there is a very minor difference in RUCO and the Company's calculations. This could be a rounding issue since more than one number is used to derive the amount. This adjustment applies only to the Water Division, which increases the regulatory asset by $688 whereas the Company calculated $686.

II. SURREBUTTAL OPERATING INCOME ADJUSTMENTS

Operating Income Adjustments

Adjustment No / Description	Water Div.	Wastewater Div.
1 – Depreciation Expenses	$(11,713)	$ (27,613)
2 – Property Tax Expense	24,904	27,493
3 – Reverse Expense Animalization's	-- 0 --	2,686
4 – Regulatory Asset	(851)	-- 0 –
5 – Declining Usage Adjustment	58,744	-- 0 –
6 – Water Testing Expense	22,062	23,668
7 – Corporate Expense	8,420	7,420
8 – Employee Pension Benefits	62,199	76,431
9 – Intentionally Left Blank	-- 0 --	-- 0 –
10- Liberty Utilities Expense Reductions	1,829	2,521
11- Allocate Bad Debt Expense	(21,216)	23,924
12- Intentionally Left Blank	-- 0 --	-- 0 –
13- APUC Cost Allocations	83,768	84,319
14- Achievement / Incentive Pay	138,887	128,034
15- Miscellaneous Expense	16,108	342
16- Customer Interest Deposit	(4,848)	(5,467)
17- Income Tax Expense	(156,513)	(128,645)
Total RUCO Recommended Operating Income Adjustments. See Schedules RBM-14	$221,780	$215,113

Q. What are RUCO's surrebuttal operating income adjustments and briefly summarize each one?

A. For the Water Division, RUCO recommended twelve direct testimony operating income adjustments and in surrebuttal testimony, RUCO is now recommending fourteen operating income adjustments. For the Wastewater Division, RUCO recommended eleven direct testimony operating income adjustments and in surrebuttal testimony, RUCO is now recommending thirteen operating income adjustments. Most of RUCO's adjustments were recommended in RUCO's direct testimony and were fully discussed there.

Q. What two new operating income adjustments for the Water Division does RUCO recommend in surrebuttal testimony?

A. RUCO adopted a Staff recommended adjustment for US Liberty Water – Management Services for $8,420 that the Company accepted, which reflects a US Liberty Water corporate expense true-up during the test year. The second operating income expense adjustment that RUCO adopted was proposed by the Company, which was not recommended in RUCO's direct filing, was an $851 additional amortization expense related to the regulatory asset of the TCE plume

Q. What two new operating income adjustments for the Wastewater Division does RUCO recommend in surrebuttal testimony?

A. RUCO adopted a Staff recommended adjustment for US Liberty Water – Management Services for $7,420 that the Company accepted, which reflects a US Liberty Water corporate expense true-up during the test year. The second operating expense adjustment that RUCO adopted as proposed by the Company, increased the sludge removal expense by $3,410 and decreased the water testing expense by $27,078 for a net operating income adjustment of $23,668.

Operating Income Adjustment No. 1 – Depreciation Expense

Q. Are RUCO and the Company in agreement with RUCO operating income adjustment No. 1 for depreciation expense on a going forward basis for the Water and Wastewater Divisions?

A. Yes. Since RUCO is in agreement with the Company's UPIS and CIAC balances for both the Water and Wastewater Divisions, both parties agree on the depreciation expense going forward. The depreciation expense adjustments are $11,713 and $27,613 for the Water and Wastewater Divisions, respectively.

Operating Income Adjustment No. 2 – Property Tax Expense

Q. Please discuss RUCO's recommended property tax expense compared to the Company's and briefly explain the differences?

A. The property tax expense is primarily driven by the gross revenues recommended by RUCO and proposed by the Company. In that regard, there will always be a difference in this expense from the Company's proposed cost of capital ("COC") versus RUCO's recommended COC alone. Since the Company has adopted and applied the correct assessment ratio as prescribed in House Bill ("HB") 2001 in its rebuttal testimony, RUCO and the Company are relatively close in the level of the expense for both the Water and Wastewater Divisions.

Q. What property tax expense adjustments does RUCO recommend for the Water and Wastewater Divisions in its surrebuttal filing?

A. RUCO recommends property tax expense decrease of $24,904 and $27,493 for the Water and Wastewater Divisions, respectively. Whereas, the Company proposed adjustments are $27,701 and $28,753, respectively.

<u>Operating Income Adjustment No. 3 – Revenue and Expense Annualizations</u>

Q. Did the Company adopt RUCO's revenue and expense annualizations adjustment?

A. Yes. RUCO would like to note that this adjustment applies only to the Wastewater Division and is fully explained in RUCO's direct testimony. This adjustment increases revenues by $1,193 for 3 additional annualized customers, increases the sludge removal expense by $13, and decreases postage expense by $1,506 for a double-count of postage expense because the Company mails both the Water and Wastewater monthly-bills in one envelope or monthly-billing. There is no need to increase postage expense for both divisions when both bills are sent simultaneously in one monthly billing. The net operating income adjustment is $2,686, which increases the Company's test year operating income.

Operating Income Adjustment No. 4 – TCE Plume Regulatory Asset Amortization Expense

Q. Are RUCO and the Company in agreement with RUCO operating income adjustment No. 4 for the additional amortization expense proposed by the Company?

A. Yes. RUCO adopted the Company's $851 additional amortization expense associated with the TCE plume regulatory asset. This adjustment applies only to the Water Division.

Operating Income Adjustment No. 5 – Reverse Company's Declining Usage Adjustment

Q. Does RUCO continue to take exception to the Company's declining usage adjustment?

A. Yes. RUCO does not agree with the Company's test year adjustment for declining usage for several reasons. First, the adjustment is not known and measureable. Second, when applying the Company's methodology in calculating the adjustment this current year would produce an increase in gallons sold over the test year. Finally, RUCO doesn't agree with the 1.5 multiplier used by the Company in its calculation. The 1.5 multiplier was described as the midpoint of a three year period, between the expected date of rate increases in this rate filing and the expected date of rate increases in the next rate case filing. The use of a multiplier is a flawed

assumption since the Company has not applied for new rates every three years.

Q. What adjustments does RUCO continue to make related to declining usage?

A. The adjustment proposed by RUCO increases the Company's teat year operating income by $58,744, and applies only to the Water Division.

Operating Income Adjustment No. 6 – Water Testing Expense

Q. Did the Company adopt RUCO's water testing expense adjustments for the Water and Wastewater Divisions?

A. Yes. The Company adopted RUCO's Water Division's water testing expense of $22,062. However, RUCO did not recommend a Wastewater Division water testing expense adjustment but adopted Staff's proposed adjustments to increase the sludge removal expense for $3,410 and a decrease in water testing expense of $27,078. RUCO's proposed adjustments for the Wastewater Division increase operating income by $23,688.

Operating Income Adjustment No. 7 – US Liberty Water Corporate Expense True-ups

Q. Did RUCO adopt Staff's US Liberty Water Corporate expense true-ups for the Water and Wastewater Divisions?

A. Yes. RUCO adopted the Staff's US Liberty Water corporate expense true-ups of $8,420 and $7,420, respectively, for the Water and Wastewater Divisions. The Company was also in agreement with the adjustments recommended by Staff.

Operating Income Adjustment No. 8 – Employee Benefit Pension Plan

Q. Did RUCO take exception to the Company's test year adjustment for pension expense?

A. Yes. Included LPSCO's recently approved pension plan was the clause that the Company is under no obligation to make payments to the plan. This clause coupled with the lack of historical payments to the plan created doubt that an adjustment should be made to test year results.

Q. Has additional information been provided to RUCO that would support the pension contributions?

A. While RUCO has not reversed their test year adjustment, RUCO has agreed to allow the pension expense if the Company can provide evidence at the hearing (or with its final briefs) showing that the expense has been incurred and/or paid.

Operating Income Adjustment No. 9 – Intentionally Left Blank

Operating Income Adjustment No. 10 – US Liberty Water Additional Reductions

Q. Did the Company reflect the additional US Liberty Water Corporate expense reductions in its operating income adjustments that were proposed by LPSCO representative Mr. Krygier in response to a Staff DR labeled JMM 12-2 as RUCO recommended in its operating income adjustments?

A. Yes, the Company did reflect Mr. Krygier's proposed adjustments in response to the JMM 12-2 DR. The adjustments reduce LPSCO's expenses by $1,829 and $2,521 for the Water and Wastewater Divisions respectively.

Operating Income Adjustment No. 11 – Allocate Bad Debt Expense that was Entirely Booked to the Wastewater Division

Q. Are RUCO and the Company in agreement that an operating income adjustment was needed to allocate the bad debt expense across both the Water and Wastewater Divisions rather than have the entire expense reside on the Wastewater Division's books?

A. Yes. RUCO and the Company both agree that the corrected bad debt expense for the Water Division is $21,140. However, RUCO believes that the bad debt expense for the Wastewater Division is $21,291 while the

Company had agreed to an expense of $21,921. There appears to be a transposition error in the Wastewater Division.

Operating Income Adjustment No. 12 – Intentionally Left Blank

Operating Income Adjustment No. 13 – Corporate Cost Allocations

Q. Did RUCO make any new adjustments to its direct filing for Algonquin Power Utilities Corporation ("APUC") corporate cost allocations here in surrebuttal testimony?

A. Yes.

Q. Please explain the adjustments that RUCO recommends in its surrebuttal testimony for the APUC cost allocations.

A. RUCO made five updates to Schedule RBM-27 that increased the percentages allowed for the APUC cost allocations. The adjustments increased the itemized expenses for professional services from 0 to 50 percent, unit holder communications from 0 to 50 percent, trustee/director fees from 0 to 50 percent, employee stock purchase plan from 0 to 50 percent, and escrow and transfer agent fees from 0 to 50 percent. All of those percentage adjustments are reflected in column [J] on Schedule RBM-27.

Q. What impact do those adjustments make to RUCO's recommended APUC cost allocations allowance?

A. For the Water Division, the surrebuttal adjustments increase RUCO's recommended allowable APUC cost allocations by $31,595 from $147,230 to $178,825. For the Wastewater Division, the surrebuttal adjustments increase RUCO's recommended allowable APUC cost allocations by $31,388 from $146,266 to $177,654.

Q. Please explain RUCO's rationale for increasing the allowable APUC cost allocations shown above.

A. The adjustments recognize that there is more than one beneficiary of the parent Company, APUC, being a member of the Toronto Stock Exchange and thus a publicly traded Company. The owners/shareholders also benefit from APUC being a publicly traded Company on the Toronto Stock Exchange by having a market to openly buy and sell their shares of stock in APUC. The owners/shareholders also benefit from the growth in the value of each share of stock and regular quarterly dividends. The ratepayers in turn have a source in which the operating Company, LPSCO, can access the equity capital market as needed.

The actual awards provided in the stock option expense compensation plan may vary at management's discretion. For instance, the Company provided a response to RUCO DR 3.24 that clearly shows the volatility of

such pay programs. For instance, the response to DR 3.24 identified that the stock option expense levels have varied from $0 in 2009 to the TY 2012 amount of $1,376,013. In essence, if the Company's test year were 2009, there would be a zero amount allocated to LPSCO, but since the test year was 2012, LPSCO is being allocated $88,154 in this proceeding simply because of the test year utilized in this case. These are the type of volatile expenses RUCO believes should be shared on a 50/50 basis between shareholders and ratepayers. Stock option expense is normally reserved for the senior executives in Canada not the rank and file employees of Liberty Utilities or the meter readers that read the LPSCO ratepayers' water meter. To embed 100 percent of such a volatile expense into rates is one-sided when all, including shareholders, benefit from the expense. Ratemaking is not a one-way street. It requires a balancing of the issues and expenses to obtain a more fair, just, and reasonable outcome, which resembles a two-way or sided street.

<u>Operating Income Adjustment No. 14 – Achievement / Incentive / Bonus Pay</u>

Q. Please explain RUCO operating income adjustment No. 14 for achievement / incentive / bonus pay programs?

A. This adjustment provides for the allocation of 50 percent of the test year expense for the achievement / incentive / bonus pay compensation to shareholders. Test year expense for these types of compensation

expenses proposed by LPSCO is reduced by $138,887 for the Water Division and decreased by $128,034 for the Wastewater Division. RUCO is not recommending any related payroll tax expense in this adjustment, which certainly could be warranted also.

Q. Please explain why a 50 percent allocation to shareholders is appropriate for an achievement / incentive / bonus pay compensation programs.

A. In general, incentive compensation programs can provide benefits to both shareholders and ratepayers. The removal of 50 percent of the incentive compensation expense essentially provides for an equal sharing of such cost, and therefore provides an appropriate balance between the benefits attained by both shareholders and ratepayers. Both shareholders and ratepayers stand to benefit from the achievement of performance goals as they have been awarded to a number of Algonquin and Liberty Utilities' employees. However, there is no guarantee that the same award levels that have been included in the Company's proposed expenses in this test year case will be repeated in future years. The ratepayers are already providing cost recovery to the Company for all salaries, wages, including merit pay increases, through the current rates as charged, and through the new rates that the Commission will ultimately decide in this rate

proceeding because no intervening party in this case has made an adjustment to do otherwise.[2]

Staff Consultant, Mr. Ralph Smith, testified in a previous Uni-Source Gas rate case:

Q. Does UNSG recognize that its proposed treatment of incentive compensation expense in the current case represents a conscious deviation from principles and policies established in prior Commission Orders?

A. Yes. The response to data request UDR 1.66 stated: In Commission Decision No. 71623 (April 14, 2010), 50% of the incentive compensation expense was excluded from revenue requirements. UNS Gas is requesting full recovery of the normal and recurring level of incentive compensations expense.

Q. What reasoning does UNSG give for its request to recover 100% of its incentive compensation expense despite prior Commission Orders?

A. In her Direct Testimony at pages 4-5, Company witness Sabers stated that the Company's incentive compensation program is "a core piece of compensation based on the benchmarked cost needed to attract and retain qualified personnel." See Attachment RCS-3.

Q. What criteria has the Commission found important in deciding issues concerning utility incentive compensation in recent cases?

A. The criteria the Commission has found important in deciding this issue in recent cases are described in various orders, which have addressed the treatment of utility incentive compensation expense for ratemaking purposes. In Decision No. 68487 (February 23, 2006), the Commission adopted Staff's recommendation for an equal sharing of costs associated with the Southwest Gas Corporation's ("SWG') Management Incentive Plan ("MIP") expense. For example, in reaching its conclusion regarding SWG's MIP, the Commission stated in part on page 18 of Order 68487 that:

[2] RUCO has currently recommended disallowance for the pension plan proposed by the Company in this case because LPSCO has not actually spent anything towards that proposed expense.

> We believe that Staffs recommendation for an equal sharing of the costs associated with MIP compensation provides an appropriate balance between the benefits attained by both shareholders and ratepayers. Although achievement of the performance goals in the MIP, and the benefits attendant thereto, cannot be precisely quantified there is little doubt that both shareholders and ratepayers derive some benefit from incentive goals. Therefore, the costs of the program should be borne by both groups and we find Staffs equal sharing recommendations to be a reasonable resolution. (Emphasis Added)

Q. Do UNSG's shareholders and customers both benefit from the achievement of incentive compensation program?

A. Yes. Shareholders benefit from the achievement of financial goals. Additionally, shareholders benefit from the achievement of expense reduction and expense containment goals between rate cases. Shareholders and ratepayers can both benefit from the achievement of customer service goals.

<u>Operating Income Adjustment No. 15 – Miscellaneous Expense</u>

Q. Did the Company adopt RUCO's operating income adjustment No. 15 for miscellaneous expense?

A. Yes. The adjustment reduces the adjusted TY expense by $16,108 for the Water Division and decreases the same expense by $342 for the wastewater Division.

Operating Income Adjustment No. 16 – Customer Deposit Interest Expense

Q. Did the Company adopt RUCO's adjustment to include the customer deposit expense recorded above the line and thus in its recommended rates?

A. The Company did accept RUCO's suggestion to include the expense above the line and thus in rates. However, the Company's expense level for this expense is shown in the DR response provided to Staff DR JMM 13-4. The expense level recorded above the line by the Company as a miscellaneous expense in rebuttal testimony includes thirteen-months rather than a TY period of twelve-months. The Company's expense level is overstated by approximately $963 for the Company's TY. RUCO's recommended level for the expense ties to the twelve-month TY period of $10,315 rather than the Company's thirteen-months' worth of expenses of $11,277, which reflects the overstatement of $963 referenced above. RUCO maintains its adjustments that reflect a twelve-month period of $4,848 and $5,467 for the Water and Wastewater Divisions, respectively.

Operating Income Adjustment No. 17 – Income Tax Expense

Q. Have you calculated income tax expense based on RUCO's recommended adjusted operating income?

A. Yes. This adjustment is shown on Schedules RBM-1 on page 2 of 2 and RBM-31.

Q. Have you included an interest synchronization calculation in your computation of income tax expense?

A. Yes. The interest synchronization calculation, which computes an interest expense deduction for income taxes, can be viewed in the schedules noted above. The interest synchronization calculation is the adjusted rate base multiplied by the weighted cost of debt. The income tax gross up revenue conversion factor includes an element for the increase in property taxes due to RUCO's recommended level of increased revenues as discussed in the property tax expense adjustment No. 2.

III. COST OF CAPITAL

Q. Did RUCO perform a detailed cost of capital review in this case?

A. No. RUCO accepted the capital structure as filed by the Company, accepted the Company's cost of long term debt but did not accept the Company's cost of equity as filed.

Q. What did RUCO recommend for cost of equity?

A. RUCO recommended the same cost of equity, 9.20 percent, as agreed on in the recent Rio Rico Utility's Decision No. 73996. In the Rio Rico case the Company had requested a cost of equity of 9.50 percent, RUCO had recommended a cost of equity of 8.25 percent and Staff had recommended at cost of equity of 8.20 percent.

Q. What was RUCO's reasoning for recommending the 9.20 percent?

A. Decision No. 73996 was issued on July 30, 2013, which was less than two months prior to the testimony being filed in this case. RUCO believed that the final settlement cost of equity of 9.20 percent was fair and presented the Company with a sufficient Weighted Average Cost of Capital to earn their required rate of return. In addition, RUCO believes that LPSCO has a very similar capital structure to that of Rio Rico and shares a common parent. In other words, comparatively, Rio Rico and LPSCO are similar from a financial standpoint and it is appropriate for the Commission to award a 9.20 percent cost of equity. RUCO's approach in this case to cost of capital given the recent Rio Rico case did not involve the usual DCF and CAPM analysis. Rather RUCO approached it from a comparative analysis which is also an approach often used and accepted when ascertaining cost of capital.

Q. What did the Staff recommend as cost of equity?

A. The Staff recommended cost of equity of 8.40 percent.

Q. Based on Staff's recommendation do you believe that RUCO's recommended cost of equity is fair and reasonable in determining rates in this case?

A. Yes. RUCO believes that the 9.20 percent on cost of equity is very fair in this case.

IV. OTHER ISSUES - Liberty's Policy Proposals

Proposal Number - DSIC and CSIC / SIB

Q. Did RUCO accept and/or agree with the Company's request for a DSIC and a CSIC mechanism?

A. No. RUCO did not agree with the Company's request for a DSIC or CSIC.

Q. Has RUCO been provided with any new information that would affect their previous testimony regarding a DSIC or CSIC?

A. No. The Company did include the following statement, "However, after the approval of a SIB for Arizona Water Company in Decision No. 73938 (June 27, 2013) in which Liberty Utilities has participated, we modified our request and are now seeking approval of a water and wastewater SIB."[3]

Q. Has a CSIC, or SIB for a wastewater system, ever been approved by the Commission?

A. No. A CSIC or SIB for a wastewater system has never been approved.

Q. Was the SIB for the water and wastewater systems approved by the Staff in their testimony?

A. No. According to Staff testimony the SIB for the water and wastewater divisions were not approved. However, it went on to say that "LPSCO is finalizing the documentation to support its request for a SIB mechanism

[3] Rebuttal Testimony of Mr. Christopher D. Krygier, Page 21

which Staff expects will be docketed soon. Staff will review the documentation and file its recommendation with its rate design testimony."

Q. Did the Company file additional schedules in support of its request?

A. Yes. LPSCO docketed additional detailed schedules in support of their request on September 26, 2013, the day Direct Testimony was filed by RUCO and Staff.

Q. Was there any mention of a SIB mechanism in Staff's rate design testimony filed on October 4, 2013?

A. No, there was no mention of an approval by Staff related to the Company's SIB request. RUCO is assuming that as of filing surrebuttal testimony that Staff has not approved the SIB mechanism for either the water or wastewater divisions.

Q. **Did the Company agree with RUCO's assessment as filed in its direct testimony that the Engineering Study provided as support for a SIB was incomplete?**

A. No. The Company states in its rebuttal testimony that the information was sufficient and that the SIB as approved by the Commission in Decision No. 73938, did not set forth any requirements for "financial information."[4]

[4] Rebuttal Testimony of Mr. Christopher D. Krygier, Page 22

Q. Does RUCO agree with the Company's assessment that "financial information" was not required?

A. No. The documentation that the Staff requested in order to perform a satisfactory review of a SIB was the same information that RUCO indicated was missing from the Company's original filing. The information that was ultimately filed by the Company in support of a SIB was the same detailed schedules as included in Decision No. 73938 that the Commission stated could be used as a template for future filings by Companies requesting a SIB. In addition, at a minimum, an analysis should be performed, and filed with the filing of a SIB request, identifying the effect on ratepayers assuming a SIB is approved.

Q. Can you comment on Mr. Krygier's statement "this is why the proposed SIB includes a 100 basis point reduction in the ROE, the most significant customer benefit in the country?"[5]

A. RUCO finds this statement very confusing at best. There is no mention in any of the testimony filed by Company witnesses that indicate a 100 basis point reduction was made to ROE in this filing. Neither Mr. Kreiger, Mr. Sorensen nor Mr. Bourassa (Company Cost of Capital Witness) makes such a statement.

[5] Rebuttal Testimony of Mr. Christopher D. Krygier, Page 22

Q. Does RUCO have any other comments related to the SIB mechanism?

A. No. Between RUCO's Direct and surrebuttal testimonies all reasons have been identified for RUCO's disapproval of a DSIC and or SIB mechanism.

Policy Proposal – Purchased Power Adjuster Mechanism – ("PPAM")

Q. Did the Company request a PPAM in their original rate application?

A. Yes.

Q. **Does RUCO believe that a PPAM is justified in this case?**

A. No. RUCO continues to believe that a PPAM is not justifiable in this case.

Q. **Can you please explain RUCO's position on the Company's filing for a PPAM?**

A. Yes. I will briefly reiterate my direct testimony. First, by definition adjustor mechanisms are appropriate for certain narrowly defined expenses that routinely fluctuate widely. In LPSCO's case these expenses do not vary widely between years. When reviewing the actual purchase power costs for the past three years there has been less than a 4 percent change, in total, between the years 2010 through 2012. Second, contrary the Company's stating in its rebuttal testimony that the following argument is ridiculous, allowing adjustor mechanisms to collect increases in costs, could be a disincentive for companies to closely monitor and control costs.

While RUCO has not insinuated that LPSCO would be less than watchful over all costs, the possibility still exists. In reality, in RUCO's direct testimony, RUCO stated that LPSCO has done an outstanding job of controlling their purchased power costs. Finally, the Commission has disallowed a purchased power and fuel adjustor mechanism as recently as Decision No. 71856, by stating "adjustor mechanisms have a built-in potential of allowing a utility to increase rates based on certain isolated costs when its other costs are declining." This decision went on to say that "adjustor mechanisms should therefore be used only in extraordinary circumstances." Based on the facts as presented RUCO does not believe that LPSCO's purchase power costs fluctuation presents an extraordinary circumstance.

<u>Policy Proposal - Property Tax Deferral Order</u>

Q. Did the Company propose a Property Tax Accounting Deferral in its original rate filing?

A. Yes. In discussions with the Company, this request has been withdrawn.

Q. Does this conclude your testimony on revenue requirements.

A. Yes. I will now continue with RUCO's recommendations for rate design.

V. RUCO's RATE DESIGN

WATER DIVISION RATE DESIGN

Q. Did RUCO prepare a summary of the Company's present rates, proposed rates, and RUCO's recommended rates for both LPSCO's water and wastewater divisions?

A. Yes, see Schedules RBM W RD-1 and RBM WW RD-1 for the water and wastewater divisions respectively.

Q. Please summarize RUCO's recommended water rate design.

A. RUCO recommends a monthly minimum basic charge of $11.00 and an inverted four-tier rate design that consists of four-tiers for the ⅝ x ¾ and ¾-inch residential meter sizes. RUCO's recommended commodity rates are $0.85 per thousand gallons for 0 to 3,000 gallons, $1.90 per thousand gallons for 3,001 to 9,000 gallons, $3.08 per thousand gallons for 9,001 to 20,000 gallons, and $3.3830 per thousand gallons for any consumption over 20,000 gallons.

For the 1-inch residential and multi-family meter sizes, RUCO also recommends a monthly minimum basic charge of $27.75 and the same inverted four-tier rate design structure but with different break-over points that consists of four-tiers. RUCO's recommended commodity rates are $0.85 per thousand gallons for 0 to 5,000 gallons, $1.90 per thousand gallons for 5,001 to 11,000 gallons, $3.08 per thousand gallons for 11,001

to 35,000 gallons, and $3.383 per thousand gallons for any consumption over 35,000 gallons.

RUCO recommends a two-tier inverted block rate structure for all customers with meters larger than 1-inch meters. The recommended break-over point for the two-tier customers increases with meter size, as shown in Schedule RBM W RD-1. Under the recommended rate design, the monthly bill at any usage level is higher for a larger meter than for a smaller meter.

RUCO identified a billing crossover issue where a smaller meter size pays more than a larger meter size at the same consumption level in the Company's rate design for the ¾-inch commercial and 1-inch residential customer rate design. The Company's rate design testimony and schedules that support the testimony break-over points are inconsistent with one another. For instance, LPSCO's testimony supports the same break-over points for the residential ⅝ x ¾-inch and 1-inch metered customers while the supporting schedules do not reflect the same break points.

Q. Did RUCO prepare a typical bill analysis for a ⅝ x ¾ inch customer?

A. Yes. Please see Schedule RBM W RD-2.

Q. What is the rate impact on a ⅝ x ¾ inch meter residential customer using an average consumption of 4,277 gallons?

A. Under RUCO's recommended rates, a residential ⅝ x ¾ inch metered customer consuming the average usage of 4,277 gallons per month will pay $15.98, which is $0.34 more than the current $15.64 or a 2.16 percent increase. By comparison, a residential ⅝ x ¾ inch metered customer consuming the average usage of 4,277 gallons per month under the Company's proposed rates would be billed $19.37, which is $3.73 more than the current $15.64 or an increase of 23.86 percent.

WASTEWATER DIVISION RATE DESIGN

Q. Did RUCO prepare a summary of the Company's present rates, proposed rates, and RUCO's recommended rates for LPSCO's wastewater division?

A. Yes, please see Schedule RBM WW RD-2.

Q. What is the rate impact on a ⅝ x ¾ inch meter residential customer?

A. Under RUCO's recommended rates, a residential wastewater ⅝ x ¾ inch metered customer will pay $39.21, which is $0.22 more than the current $38.99 or an approximate .56 percent increase. By comparison, a residential ⅝ x ¾ inch meter customer under the Company's rebuttal proposed rates would be billed $41.08, which is $2.09 more than the current $38.99 or an increase of 5.36 percent.

OTHER RATE DESIGN ISSUES

Q. Are there any other issues that RUCO would want to clarify regarding rate design?

A. Yes. RUCO's wastewater rate design model is currently capable of designing rates up to a ten-inch meter. The Company has requested rates from a ⅝ x ¾ inch meter through a twelve-inch meter. To accommodate LPSCO's twelve-inch meter rate design request, RUCO advises the interested parties to multiply RUCO's recommended ⅝ x ¾ inch meter rate by the meter multiplier of 215 to obtain that specific customer classification customer rate for a twelve-inch meter in all such instances.

Q. Did RUCO examine Mr. Bourassa's claim that RUCO Wastewater Division's direct testimony rate design "revenues generated by the RUCO proposed rates are about $20,000 short of RUCO proposed revenue requirement"?

A. Yes. After RUCO's examination of Mr. Bourassa's claim, RUCO determined that Mr. Bourassa's assertion that RUCO's approximate $20,000 revenue shortfall was essentially caused by his own annualized billing determinate errors. He failed to recognize the additional revenues generated by the additional annualized bill counts for the residential low-income customers that consisted of 36 additional bills and the effluent 200-customer classification's additional bills that consisted of 7-additional

bills. Of course, he recognized the declining bill counts for the effluent 125-customer classification as RUCO did also. If the Company had recognized those additional annualized bills for the two customer classifications, RUCO's so-called shortfall would have been less than $1,000 rather than $20,000. RUCO was unable to determine the cause of the remaining $1,000 or less, but believes it was due to the effluent customers' revenue annualization for gallonage. RUCO believes that the Company's revenues generated by its rate design are approximately $19,000 over the Company's proposed revenue requirements when the annualization as discussed above are properly corrected.

Q. Does this conclude your testimony on rate design.

A. Yes.

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RUCO RECOMMENDED REVENUE REQUIREMENT

Line No.	Description	[A] Company OCRB/FVRB Cost	[B] RUCO OCRB/FVRB Cost
1	Fair Value Rate Base	$ 35,647,602	$ 33,093,677
2	Adjusted Test Year Operating Income (Loss)	$ 2,024,376	$ 2,246,156
3	Current Rate Of Return (L2 / L1)	5.68%	6.79%
4	Required Operating Income (L5 X L1)	$ 3,387,127	$ 2,897,567
5	Required Rate Of Return On Fair Value Rate Base	9.50%	8.76%
6	Operating Income Deficiency (L4 - L2)	$ 1,362,751	$ 651,411
7	Gross Revenue Conversion Factor (RLM-1, Pg 2)	1.6563	1.6466
8	Increase In Gross Revenue Requirement (L7 X L6)	$ 2,257,160	$ 1,072,637
9	Adjusted Test Year Revenues	$ 11,201,390	$ 11,260,093
10	Proposed Annual Revenue (L8 + L9)	$ 13,458,550	$ 12,332,730
11	Required Percentage Increase In Revenue (L8 / L9)	20.15%	9.53%
12	Rate Of Return On Common Equity	10.00%	9.20%

References:
Column [A]: Company Schedules A-1, B-1, C-1, and D-1
Column [B]: RUCO Schedule RBM-2, RBM-13 and RBM-32

RUCO GROSS REVENUE CONVERSION FACTOR ("GRCF")

LINE NO.	DESCRIPTION	[A]	[B]	[C]
	Calculation of Gross Revenue Conversion Factor:			
1	Revenue	100.0000%		
2	Uncollecible Factor	0.0000%		
3	Revenues (L1 - L2)	100.0000%		
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	39.2701%		
5	Subtotal (L3 - L4)	60.7299%		
6	**Revenue Conversion Factor (L1 / L5)**	1.6466		
	Calculation of Uncollecttible Factor:			
7	Unity	100.0000%		
8	Combined Federal and State Tax Rate (Line 17)	38.2900%		
9	One Minus Combined Income Tax Rate (L7 - L8)	61.7100%		
10	Uncollectible Rate	0.00000		
11	Uncollectible Factor (L9 * L10)	0.0000%		
	Calculation of Effective Tax Rate:			
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%		
13	Arizona State Income Tax Rate	6.5000%		
14	Federal Taxable Income (L12 - L13)	93.5000%		
15	Applicable Federal Income Tax Rate (Col. [C], L53)	34.0000%		
16	Effective Federal Income Tax Rate (L14 x L15)	31.7900%		
17	Combined Federal and State Income Tax Rate (L13 + L16)		38.2900%	
	Calculation of Effective Property Tax Factor			
18	Unity	100.0000%		
19	Combined Federal and State Income Tax Rate (Col. [B], L17)	38.2900%		
20	One Minus Combined Income Tax Rate (L18-L19)	61.7100%		
21	Property Tax Factor (Sch. RBM-9, Col. [B], L24)	1.5883%		
22	Effective Property Tax Factor (L20 x L21)		0.9801%	
23	Combined Federal and State Income Tax and Property Tax Rate (Col. [B], L17 + L22)			39.2701%
24	Required Operating Income (Sch. RBM-1, Col. [B] Line 4)	$ 2,897,567		
25	Adjusted Test Year Operating Income (Loss) (Sch. RBM-1, Col. [B], L2)	2,246,156		
26	Required Increase in Operating Income (L24 - L25)		$ 651,411	
27	Income Taxes on Recommended Revenue (Col. [C], L52)	$ 1,589,336		
28	Income Taxes on Test Year Revenue (Col. [A], L52)	1,185,147		
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		404,190	
30	Recommended Revenue Requirement (Sch. RBM-1, Col. [B], Line 10)	$ 12,332,730		
31	Uncollectible Rate (L10)	0.0000%		
32	Uncolllectible Expense on Recommended Revenue (L30 x L31)	$ -		
33	Adjusted Test Year Uncollectible Expense(Sch. RBM-6, Col. [C], L32)	$ -		
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32 - L33)		-	
35	Property Tax with Recommended Revenue (Sch. RBM-9, Col. [B], L19)	$ 551,260		
36	Property Tax on Test Year Revenue (Sch. RBM-9, Col. [B], L20)	534,224		
37	Increase in Property Tax Due to Increase in Revenue (L35 - 36)		17,036	
38	Total Required Increase in Revenue (Col. [B], L26 + L29 + L34 + L37)		$ 1,072,637	

	Calculation of Income Tax:	Test Year		RUCO Recommended
39	Revenue (Sch. RBM-1, Col. [B], Line 9 & Sch. RBM-1, Col. [B], L10)	$ 11,260,093	$ 1,072,637	$ 12,332,730
40	Operating Expenses Excluding Income Taxes	$ 7,828,790		$ 7,845,827
41	Synchronized Interest (Col. [C], L57)	$ 336,116		$ 336,116
42	Arizona Taxable Income (L39 - L40 - L41)	$ 3,095,186		$ 4,150,787
43	Arizona State Income Tax Rate	6.5000%		6.5000%
44	Arizona Income Tax (L42 x L43)	$ 201,187		$ 269,801
45	Federal Taxable Income (L42 - L44)	$ 2,893,999		$ 3,880,986
46	Federal Tax on First Income Bracket ($1 - $50,000) @ 15%	$ 7,500		$ 7,500
47	Federal Tax on Second Income Bracket ($51,001 - $75,000) @ 25%	$ 6,250		$ 6,250
48	Federal Tax on Third Income Bracket ($75,001 - $100,000) @ 34%	$ 8,500		$ 8,500
49	Federal Tax on Fourth Income Bracket ($100,001 - $335,000) @ 39%	$ 91,650		$ 91,650
50	Federal Tax on Fifth Income Bracket ($335,001 -$10,000,000) @ 34%	$ 870,060		$ 1,205,635
51	Total Federal Income Tax	$ 983,960		$ 1,319,535
52	Combined Federal and State Income Tax (L44 + L51)	$ 1,185,147		$ 1,589,336
53	Applicable Federal Income Tax Rate [Col. [C], L46 - Col. [A], L46] / [Col. [C], L40 - Col. [A], L40]			34.0000%
54	**Synchronized Interest Calculation:**			
55	Rate Base			$ 33,093,677
56	x Weighted Average Cost of Debt			1.0157%
57	Synchronized Interest			$ 336,116

Litchfield Park Service Company
Docket No's. SW-01428A-13-0042 and
W-01427A-13-0043
Test Year Ended December 31, 2012

Water Division
Surrebuttal Schedule RBM-2

RUCO RATE BASE SUMMARY

Line No.	Description	[A] Company As Filed OCRB/FVRB	[B] RUCO Adjustments	[C] RUCO As Adjusted OCRB/FVRB
1	Gross Utility Plant In Service	$ 91,151,411	$ (284,396)	$ 90,867,014
2	Accumulated Depreciation	(16,514,086)	(2,413,512)	(18,927,598)
3	Net Utility Plant In Service (L1 + L2)	$ 74,637,324	$ (2,697,908)	$ 71,939,417
	Less:			
4	Advances In Aid Of Construction ("AIAC")	$ (30,374,274)	$ -	$ (30,374,274)
5	Contribution In Aid Of Construction ("CIAC")	(7,324,578)	(101,234)	(7,425,812)
6	Accumulated Amortization of CIAC	1,489,772	(203,918)	1,285,854
7	NET CIAC (L5 + L6)	$ (5,834,806)	$ (305,152)	$ (6,139,957)
8	Customer Meter Deposits	$ (1,271,802)	$ (160,986)	$ (1,432,787)
9	Customer Security Deposits	(140,147)	(7,785)	(147,932)
10	Accumulated Deferred Income Taxes ("ADIT")	(1,459,075)	617,218	(841,857)
	Plus:			
11	Deferred Regulatory Assets - TCE Plume	90,381	688	91,069
12	Allowance For Working Capital	-	-	-
13	TOTAL RATE BASE (Sum L's 3, 4, 7, 8 Thru 12)	$ 35,647,602	$ (2,553,925)	$ 33,093,677

References:
Column [A]: Company Schedule B-1
Column [B]: RBM-3, Columns [B] Thru [K]
Column [C]: Column [A] + Column [B]

Litchfield Park Service Company
Docket No's. SW-01428A-13-0042 and
W-01427A-13-0043
Test Year Ended December 31, 2012

Water Division
Surrebuttal Schedule RBM-3
Page 1 of 1

RATE BASE ADJUSTMENTS

Line No.	Description	[A] Actual Test Year OCRB/FVRB	[B] Adjust No. 1 Utility Plant in Service Adjustments	[C] Adjust No. 2 Accumulated Depreciation	[D] Adjust No. 3 Intentionally Left Blank	[E] Adjust No. 4 CIAC & Amortization Adjustments	[F] Adjust No. 5 Customer Meter Deposits	[G] Adjust No. 6 Customer Security Deposits	[H] Adjust No. 7 Intentionally Left Blank	[I] Adjust No. 8 Intentionally Left Blank	[J] Adjust No. 9 ADIT Adjustment	[K] Adjust No. 10 TCE Plume Reg. Asset	[L] Total RUCO Adjustments	[M] RUCO Recommended OCRB/FVRB
1	Gross Utility Plant In Service	$ 91,151,411	$ (284,396)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (284,396)	$ 90,867,014
2	Accumulated Depreciation	(16,514,086)	-	(2,413,512)	-	-	-	-	-	-	-	-	(2,413,512)	(18,927,598)
3	Net Utility Plant In Service (L1 + L2)	$ 74,637,324	$ (284,396)	$ (2,413,512)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (2,697,908)	$ 71,939,417
	Less:													
4	Advances In Aid Of Construction ("AIAC")	$ (30,374,274)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (30,374,274)
5	Contribution In Aid Of Construction ("CIAC")	(7,324,578)	-	-	-	(101,234)	-	-	-	-	-	-	(101,234)	(7,425,812)
6	Accumulated Amortization of CIAC	1,489,772	-	-	-	(203,918)	-	-	-	-	-	-	(203,918)	1,285,854
7	NET CIAC (L5 + L6)	$ (5,834,806)	$ -	$ -	$ -	$ (305,152)	$ -	$ -	$ -	$ -	$ -	$ -	$ (305,152)	$ (6,139,957)
8	Customer Meter Deposits	$ (1,271,802)	$ -	$ -	$ -	$ -	$ (160,986)	$ -	$ -	$ -	$ -	$ -	$ (160,986)	$ (1,432,787)
9	Customer Security Deposits	(140,147)	-	-	-	-	-	(7,785)	-	-	-	-	(7,785)	(147,932)
10	Accumulated Deferred Income Taxes ("ADIT")	(1,459,075)	-	-	-	-	-	-	-	-	617,218	-	617,218	(841,857)
	Plus:													
11	Deferred Regulatory Assets - TCE Plume	90,381	-	-	-	-	-	-	-	-	-	688	688	91,069
12	Allowance For Working Capital	-	-	-	-	-	-	-	-	-	-	-	-	-
13	TOTAL RATE BASE (Sum L's 3, 4, 7, 8 Thru 12)	$ 35,647,602	$ (284,396)	$ (2,413,512)	$ -	$ (305,152)	$ (160,986)	$ (7,785)	$ -	$ -	$ 617,218	$ 688	$ (2,553,925)	$ 33,093,677

RUCO Adjustments:

Adjustment No. 1: Correct Utility Plant in Service ("UPIS") Balance as Filed by Company - See RUCO Rate Base Adjustment No. 1 on Schedule RBM-4(a) 2012 TY Plant Summary Schedule on page 1 of 2, Column [J] at line 35;
Adjustment No. 2: Correct UPIS Accumulated Depreciation ("A/D") Balance as Filed by Company - See RUCO Adjustment No. 2 on Schedule RBM-4(a) 2012 A/D Summary Schedule on page 2 of 2, Column [J] at line 35;
Adjustment No. 3: Intentionally Left Blank;
Adjustment No. 4: Correct Contributions in Aid of Construction ("CIAC") & CIAC Amortization Balances as Filed by Company - See RUCO Schedule RBM-6 CIAC Reconstruction Schedules on page 1 of 6 at lines 3 & 6 with Total Net Adjustment at line 7 and on page 6 of 6, Column [G] & [H], at line 24;
Adjustment No. 5: RUCO Recommended 13-Month Average Customer Meter Deposit Balance as Calculated - See RUCO Schedule RBM-7 Customer Meter Deposits on page 1 of 1 at line 3;
Adjustment No. 6: RUCO Recommended 13-Month Average Customer Security Deposit Balance as Calculated - See RUCO Schedule RBM-8 Customer Security Deposits on page 1 of 1 at line 3;
Adjustment No. 7: Intentionally Left Blank
Adjustment No. 8: Intentionally Left Blank
Adjustment No. 9: RUCO Recommended 2012 TY End Accumulated Deferred Income Tax ("ADIT") Balance After RUCO Recommended Rate Base Adjustments - See RUCO Schedule RBM-11 ADIT on page 1 of 2 at line 11;
Adjustment No. 10: RUCO Recommended TY Month-End Regulatory Asset Balance - TCE Plume - See RUCO Schedule RBM-12 at line 3;

References:

Column [A]: Company Schedule B-1
Column [B] Thru Column [K]: RUCO Recommended Rate Base Adjustments
Column [L]: Sum of RUCO Recommended Rate Base Adjustments of Columns [B] through [K]
Column [M]: Column [A] + Column [L]

RATE BASE ADJUSTMENTS NO. 1
SUMMARY OF UTILITY PLANT IN SERVICE ("UPIS") ADJUSTMENTS
TEST YEAR ENDED DECEMBER 31, 2012

Line No.	Acct No		[A] Company Plant in Service As Filed	[B] RUCO Adjustment #1 Utility Plant in Service	[C] RUCO Adjustment #2 Plant Reclassifications Per Staff DR DH 6.1 - 6.5	[D] RUCO Adjustment #3 UPIS Not Used & Useful	[E] RUCO Adjustment #4 Remove Duplicate Invoices	[F] RUCO Adjustment #5 Truck Retirement Per RUCO DR 3.02	[G] RUCO Adjustment #6 Intentionally Left Blank	[H] RUCO Adjustment #7 Used Only for Add'l. Late Recorded Inv. A/D	[I] RUCO Adjustment #8 Used Only for W Division A/D	[J] RUCO Adjustment #9 True-Up of Accruals	[K] RUCO Adjustment #10 Reconciling Adjustments	[L] RUCO Adjustment #11 Post-Direct Retires/Reclass	[M] Total UPIS Adjustments	[N] RUCO Recommended Plant in Service
1	301	Organization Cost	$ 21,100	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 21,100
2	302	Franchise Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	303	Land and Land Rights	1,456,278	-	-	(6,000)	-	-	-	-	-	-	-	-	(6,000)	1,450,278
4	304	Structures & Improvements	28,000,916	-	(2,776,772)	(6,156)	(3,000)	-	-	-	-	(178,617)	-	-	(2,964,545)	25,036,371
5	305	Collecting & Impounding Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	306	Lake, River, Canal Intakes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3,097,345	-	134,878	-	-	-	-	-	-	(18,108)	(0)	-	116,770	3,214,114
8	308	Infiltration Galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	309	Raw Water Supply Mains	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	310	Power Generation Equipment	207,020	-	18,111	-	-	-	-	-	-	-	-	-	18,111	225,130
11	311	Pumping Equipment	897,792	-	(23,502)	-	-	-	-	-	-	-	-	-	(23,502)	874,290
12	320	Water Treatment Equipment	1,696,759	-	-	-	-	-	-	-	-	-	-	-	-	1,696,759
13	320.1	Water Treatment Plants	-	-	1,728,635	-	-	-	-	-	-	-	-	-	1,728,635	1,728,635
14	320.2	Solution Chemical Feeders	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	330	Distribution Reservoirs & Standpipes	492,176	-	-	-	-	-	-	-	-	-	-	-	-	492,176
16	330.1	Storage Tanks	-	-	901,841	-	-	-	-	-	-	-	-	-	901,841	901,841
17	330.2	Pressure Tanks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	331	Transmission & Distribution Mains	40,259,045	-	-	-	-	-	-	-	-	-	0	(2,859)	(2,859)	40,256,187
19	333	Services	5,350,963	-	-	-	-	-	-	-	-	-	-	-	-	5,350,963
20	334	Meters	4,759,560	-	-	-	-	-	-	-	-	-	-	-	-	4,759,560
21	335	Hydrants	3,304,755	-	-	-	(2,608)	-	-	-	-	-	0	-	(2,607)	3,302,148
22	336	Backflow Prevention Devices	38,387	-	-	-	-	-	-	-	-	-	-	-	-	38,387
23	339	Other Plant & Misc Equipment	259,531	-	-	-	-	-	-	-	-	-	-	-	-	259,531
24	340	Office Furniture & Equipment	651,098	-	6,555	-	-	-	-	-	-	-	-	-	6,555	657,653
25	340.1	Computers & Software	-	-	7,995	-	-	-	-	-	-	-	-	-	7,995	7,995
26	341	Transportation Equipment	307,592	-	-	-	-	(17,555)	-	-	-	-	1	(55,341)	(72,895)	234,697
27	342	Stores Equipment	37,143	-	-	-	-	-	-	-	-	-	-	-	-	37,143
28	343	Tools, Shop & Garage Equipment	47,434	-	-	-	-	-	-	-	-	-	-	-	-	47,434
29	344	Laboratory Equipment	5,803	-	-	-	-	-	-	-	-	-	-	-	-	5,803
30	345	Power Operated Equipment	-	-	-	-	-	-	-	-	-	-	(0)	18,003	18,003	18,003
31	346	Communication Equipment	128,402	-	-	-	-	-	-	-	-	-	-	-	-	128,402
32	347	Miscellaneous Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	348	Other Tangible Plant	132,312	-	(9,897)	-	-	-	-	-	-	-	-	-	(9,897)	122,414
34		Rounding	-	-	-	-	-	-	-	-	-	-	(1)	-	(1)	(1)
35		RUCO UPIS Adjustments	$ 91,151,411	$ -	$ (12,156)	$ (12,156)	$ (5,608)	$ (17,555)	$ -	$ -	$ -	$ (196,725)	$ -	$ (40,196)	$ (284,396)	$ 90,867,014

RUCO Adjustments:

Adjustment No. 1: Correct Utility Plant in Service ("UPIS") Balance as Filed by Company - See RUCO Adjustment No. 1 on Schedule RBM-4(b) 2008 thru 2012 TY Plant Schedules on pages 1-5 at page 5 on line 37;
Adjustment No. 2: Plant Reclassifications - RUCO Adopted the Company's UPIS as Filed in Rebuttal Testimony;
Adjustment No. 3: Reclassify UPIS Invoices from Water to Wastewater Division - RUCO Adopted the Company's Adjustment as Filed in Rebuttal Testimony;
Adjustment No. 4: Remove Duplicate Invoices - RUCO Adopted the Company's Adjustment as Filed in Rebuttal Testimony;
Adjustment No. 5: Record Truck Retirement - See RUCO Schedule RBM-4(f) on page 1 of 1 at line 3;
Adjustment No. 6: Intentionally Left Blank;
Adjustment No. 7: Used Only for A/D of Late Recorded UPIS Invoices;
Adjustment No. 8: Used Only to Correct Company's A/D for Non-Depreciable Account 301 - Organization Cost;
Adjustment No. 9: RUCO Adopted True-up of Accruals Recommended by Staff (See Company Rebuttal Testimony);
Adjustment No. 10: Company's Reconciling Adjustment to Reconstruction of UPIS Schedules (See Company Rebuttal Testimony); and
Adjustment No. 11: Post-Direct Filing of Retirements & Reclassifications (See Company Rebuttal Testimony).

References:

Column [A]: Company Schedule B-2 on page 3 Adjusted Test Year UPIS Balances as Filed;
Columns [B] Thru [L]: RUCO Recommended UPIS Adjustments;
Column [M]: Sum of Columns [B] Through [L] - RUCO Sum of Total Recommended UPIS Adjustments;

RATE BASE ADJUSTMENT NO. 2
SUMMARY OF ACCUMULATED DEPRECIATION ADJUSTMENTS
TEST YEAR ENDED DECEMBER 31, 2012

Line No.	Acct No		[A] Company Accum. Depre. As Filed	[B] RUCO Adjustment #1 Accumulated Depreciation	[C] RUCO Adjustment #2 Plant Reclassifications Per Staff DR DH 6.1 - 6.5	[D] RUCO Adjustment #3 Remove A/D Booked for Non-Used & Useful UPIS	[E] RUCO Adjustment #4 Remove Duplicate Invoices	[F] RUCO Adjustment #5 Truck Retirement Per RUCO DR 3.02	[G] RUCO Adjustment #6 Intentionally Left Blank	[H] RUCO Adjustment #7 Additional A/D on Late Recorded UPIS	[I] RUCO Adjustment #8 To Correct A/D of Non-Depre. Plant	[J] RUCO Adjustment #9 True-Up of Accruals	[K] RUCO Adjustment #10 Reconciling Adjustments	[L] RUCO Adjustment #11 Post-Direct Retires/Reclass	[M] RUCO Total Accum. Depre. Adjustments	[N] RUCO Total Accum. Depre. Recommended
1	301	Organization Cost	$ (21,100)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 21,100	$ -	$ -	$ -	$ 21,100	$ -
2	302	Franchise Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	303	Land and Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	304	Structures & Improvements	(3,036,910)	(1,006,248)	249,236	308	250	-	-	(65,110)	-	2,974	-	-	(818,591)	(3,855,501)
5	305	Collecting & Impounding Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	306	Lake, River, Canal Intakes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	(915,114)	(107,969)	(11,127)	-	-	-	-	-	-	301	0	-	(118,795)	(1,033,909)
8	308	Infiltration Galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	309	Raw Water Supply Mains	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	310	Power Generation Equipment	(87,092)	(12,642)	(1,358)	-	-	-	-	-	-	-	-	-	(14,000)	(101,092)
11	311	Pumping Equipment	(759,242)	306,323	(9)	-	-	-	-	(14,698)	-	-	-	-	291,615	(467,627)
12	320	Water Treatment Equipment	(199,379)	(53,569)	-	-	-	-	-	-	-	-	-	-	(53,569)	(252,948)
13	320.1	Water Treatment Plants	-	-	(145,981)	-	-	-	-	-	-	-	-	-	(145,981)	(145,981)
14	320.2	Solution Chemical Feeders	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	330	Distribution Reservoirs & Standpipes	(205,453)	(12,204)	-	-	-	-	-	-	-	-	-	-	(12,204)	(217,657)
16	330.1	Storage Tanks	-	-	(59,973)	-	-	-	-	-	-	-	-	-	(59,973)	(59,973)
17	330.2	Pressure Tanks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	331	Transmission & Distribution Mains	(5,947,658)	(757,892)	-	-	-	-	-	(1,827)	-	-	(0)	525	(759,195)	(6,706,853)
19	333	Services	(1,409,855)	(208,613)	-	-	-	-	-	-	-	-	-	-	(208,613)	(1,618,468)
20	334	Meters	(2,960,806)	(433,042)	-	-	-	-	-	(7,444)	-	-	-	-	(440,486)	(3,401,292)
21	335	Hydrants	(335,259)	(56,539)	-	-	130	-	-	-	-	-	(0)	-	(56,409)	(391,667)
22	336	Backflow Prevention Devices	(15,227)	(3,201)	-	-	-	-	-	-	-	-	-	-	(3,201)	(18,428)
23	339	Other Plant & Misc Equipment	(85,429)	(21,638)	-	-	-	-	-	(568)	-	-	-	-	(22,207)	(107,636)
24	340	Office Furniture & Equipment	(239,369)	(46,003)	(1,093)	-	-	-	-	-	-	-	-	-	(47,096)	(286,464)
25	340.1	Computers & Software	-	-	(5,597)	-	-	-	-	-	-	-	-	-	(5,597)	(5,597)
26	341	Transportation Equipment	(200,543)	(43,604)	-	-	-	17,555	-	-	-	-	32,888	55,341	62,179	(138,363)
27	342	Stores Equipment	(5,839)	(1,586)	-	-	-	-	-	-	-	-	-	-	(1,586)	(7,425)
28	343	Tools, Shop & Garage Equipment	(11,341)	(1,459)	-	-	-	-	-	-	-	-	-	-	(1,459)	(12,800)
29	344	Laboratory Equipment	(290)	-	-	-	-	-	-	-	-	-	-	-	-	(290)
30	345	Power Operated Equipment	-	-	-	-	-	-	-	-	-	-	0	(3,713)	(3,713)	(3,713)
31	346	Communication Equipment	(58,472)	(14,964)	-	-	-	-	-	(498)	-	-	-	-	(15,462)	(73,934)
32	347	Miscellaneous Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	348	Other Tangible Plant	(19,709)	(1,049)	2,474	-	-	-	-	(1,695)	-	-	-	-	(271)	(19,980)
34		Rounding	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35		RUCO Accum. Depre. Adjustments	$ (16,514,086)	$ (2,475,900)	$ 26,572	$ 308	$ 380	$ 17,555	$ -	$ (91,841)	$ 21,100	$ 3,275	$ 32,888	$ 52,152	$ (2,413,512)	$ (18,927,598)

RUCO Adjustments:

Adjustment No. 1: Accumulated Depreciation ("A/D") Per RUCO - RUCO Adopted the Company's A/D as Filed in Rebuttal Testimony:
Adjustment No. 2: Plant Reclassifications A/D Per RUCO - RUCO Adopted the Company's A/D as Filed in Rebuttal Testimony:
Adjustment No. 3: Reclassify A/D of UPIS Invoices from Water to Wastewater Division - See RUCO Schedule RBM-4(d) on page 1 of 1 at line 14:
Adjustment No. 4: Remove Duplicate Invoices A/D - RUCO Adopted the Company's A/D as Filed in Rebuttal Testimony:
Adjustment No. 5: Correct A/D for Truck Retirement - See RUCO Schedule RBM-4(f) on page 1 of 1 at line 6:
Adjustment No. 6: Used Only for Wastewater Division:
Adjustment No. 7: Used Only for A/D of Late Recorded UPIS Invoices - See RUCO Schedule RBM-4(h) on page 1 of 1, Column [B], at line 35:
Adjustment No. 8: To Correct Company's A/D for Non-Depreciable Account 301 - Organization Cost:
Adjustment No. 9: RUCO Adopted True-up of Accruals Recommended by Staff (See Company Rebuttal Testimony):
Adjustment No. 10: Company's Reconciling Adjustment to Reconstruction of A/D Schedules (See Company Rebuttal Testimony): and
Adjustment No. 11: Post-Direct Filing of Retirements & Reclassifications (See Company Rebuttal Testimony).

References:

Columns [A]: Company Schedule B-2 on page 4 Adjusted Test Year as Filed
Columns [B] Through [L]: RUCO Recommended A/D Adjustments
Columns [M]: Sum of Columns [B] Through [L] - RUCO Sum of Total Recommended UPIS Adjustments

UTILITY PLANT IN SERVICE ("UPIS") & UPIS ACCUMULATED DEPRECIATION ADJUSTMENT NO. 1
PLANT RECONSTRUCTION SCHEDULE
TEST YEAR ENDED DECEMBER 31, 2012

				Per Decision 72026			2008 (3 Months - October 1 through December 31, 2008)								
Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	Plant at 9/30/2008	Accum. Deprec. At 9/30/2008	Net Plant at 9/30/2008	Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.	Net Plant
1	301	Organization Cost	0.00%	$ 21,100	$ -	$ 21,100	$ -	$ -	$ -	$ -	$ -	$ -	$ 21,100	$ -	$ 21,100
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
3	303	Land and Land Rights	0.00%	1,284,595	-	1,284,595	(367,902)	-	(367,902)	-	-	-	916,693	-	916,693
4	304	Structures & Improvements	3.33%	24,649,251	(404,869)	24,244,382	(1,026,408)	(20,938)	(1,047,346)	-	-	200,845	23,601,905	(605,714)	22,996,191
5	305	Collecting & Impounding Reservoirs	2.50%	-	-	-	-	-	-	-	-	-	-	-	-
6	306	Lake, River, Canal Intakes	2.50%	-	-	-	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.33%	2,393,491	(631,793)	1,761,697	163	-	163	-	-	19,926	2,393,653	(651,720)	1,741,933
8	308	Infiltration Galleries	6.67%	-	-	-	-	-	-	-	-	-	-	-	-
9	309	Raw Water Supply Mains	2.00%	-	-	-	-	-	-	-	-	-	-	-	-
10	310	Power Generation Equipment	5.00%	202,269	(56,403)	145,866	-	-	-	-	-	2,528	202,269	(58,932)	143,337
11	311	Pumping Equipment	12.50%	917,055	(598,038)	319,017	11,723	-	11,723	(420,594)	-	22,269	508,184	(199,713)	308,471
12	320	Water Treatment Equipment	3.33%	1,337,824	(41,009)	1,296,816	(46,530)	-	(46,530)	-	-	10,944	1,291,294	(51,953)	1,239,342
13	320.1	Water Treatment Plants	3.33%	-	-	-	-	-	-	-	-	-	-	-	-
14	320.2	Solution Chemical Feeders	20.00%	-	-	-	-	-	-	-	-	-	-	-	-
15	330	Distribution Reservoirs & Standpipes	2.22%	439,244	(174,417)	264,827	600	-	600	-	-	2,439	439,844	(176,856)	262,987
16	330.1	Storage Tanks	2.22%	-	-	-	-	-	-	-	-	-	-	-	-
17	330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-	-	-	-	-	-
18	331	Transmission & Distribution Mains	2.00%	28,918,695	(3,844,739)	25,073,956	724,203	(10,868)	713,335	-	-	146,377	29,632,030	(3,991,116)	25,640,914
19	333	Services	3.33%	4,245,838	(900,699)	3,345,139	164,164	(15,625)	148,539	-	-	35,965	4,394,377	(936,664)	3,457,713
20	334	Meters	8.33%	4,133,092	(1,931,628)	2,201,463	5,723	-	5,723	-	-	86,131	4,138,815	(2,017,760)	2,121,055
21	335	Hydrants	2.00%	2,055,781	(163,913)	1,891,868	91,012	-	91,012	-	-	10,506	2,146,793	(174,420)	1,972,373
22	336	Backflow Prevention Devices	6.67%	38,387	(7,546)	30,842	-	-	-	-	-	640	38,387	(8,186)	30,202
23	339	Other Plant & Misc Equipment	6.67%	259,531	(33,497)	226,034	-	-	-	-	-	4,328	259,531	(37,825)	221,706
24	340	Office Furniture & Equipment	6.67%	551,757	(124,987)	426,770	-	-	-	-	-	9,201	551,757	(134,187)	417,570
25	340.1	Computers & Software	20.00%	-	-	-	-	-	-	-	-	-	-	-	-
26	341	Transportation Equipment	20.00%	174,415	(83,060)	91,356	-	-	-	-	-	8,721	174,415	(91,781)	82,635
27	342	Stores Equipment	4.00%	31,711	(1,586)	30,126	-	-	-	-	-	317	31,711	(1,903)	29,809
28	343	Tools, Shop & Garage Equipment	5.00%	23,350	(7,113)	16,237	-	-	-	-	-	292	23,350	(7,405)	15,945
29	344	Laboratory Equipment	10.00%	-	-	-	-	-	-	-	-	-	-	-	-
30	345	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-	-	-	-	-
31	346	Communication Equipment	10.00%	119,710	(21,730)	97,980	-	-	-	-	-	2,993	119,710	(24,723)	94,987
32	347	Miscellaneous Equipment	10.00%	-	-	-	-	-	-	-	-	-	-	-	-
33	348	Other Tangible Plant	10.00%	-	-	-	2,475	-	2,475	-	-	31	2,475	(31)	2,444
34		Plant Held for Future Use	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
35		RUCO Total UPIS & Accum. Depre.		$ 71,797,096	$ (9,027,027)	$ 62,770,069	$ (440,777)	$ (47,431)	$ (488,208)	$ (420,594)	$ -	$ 564,454	$ 70,888,294	$ (9,170,887)	$ 61,717,407

UTILITY PLANT IN SERVICE ("UPIS") & UPIS ACCUMULATED DEPRECIATION ADJUSTMENT NO. 1
PLANT RECONSTRUCTION SCHEDULE
TEST YEAR ENDED DECEMBER 31, 2012

				2009								
Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.	Net Plant
1	301	Organization Cost	0.00%	$ -	$ -	$ -	$ -	$ -	$ -	$ 21,100	$ -	$ 21,100
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	-	-	-
3	303	Land and Land Rights	0.00%	92,495	-	92,495	-	-	-	1,009,188	-	1,009,188
4	304	Structures & Improvements	3.33%	1,190,719	(21,984)	1,168,735	-	-	805,403	24,770,640	(1,411,117)	23,359,523
5	305	Collecting & Impounding Reservoirs	2.50%	-	-	-	-	-	-	-	-	-
6	306	Lake, River, Canal Intakes	2.50%	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.33%	501,310	(773)	500,537	-	-	88,043	2,894,190	(739,762)	2,154,428
8	308	Infiltration Galleries	6.67%	-	-	-	-	-	-	-	-	-
9	309	Raw Water Supply Mains	2.00%	-	-	-	-	-	-	-	-	-
10	310	Power Generation Equipment	5.00%	-	-	-	-	-	10,113	202,269	(69,045)	133,224
11	311	Pumping Equipment	12.50%	21,214	-	21,214	(35,008)	-	62,661	494,390	(227,366)	267,024
12	320	Water Treatment Equipment	3.33%	2,479	(24,987)	(22,508)	-	-	42,625	1,268,786	(94,578)	1,174,208
13	320.1	Water Treatment Plants	3.33%	-	-	-	-	-	-	-	-	-
14	320.2	Solution Chemical Feeders	20.00%	-	-	-	-	-	-	-	-	-
15	330	Distribution Reservoirs & Standpipes	2.22%	-	-	-	-	-	9,765	439,844	(186,621)	253,223
16	330.1	Storage Tanks	2.22%	-	-	-	-	-	-	-	-	-
17	330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-	-	-
18	331	Transmission & Distribution Mains	2.00%	1,906,160	(18,664)	1,887,496	-	-	611,516	31,519,527	(4,602,631)	26,916,895
19	333	Services	3.33%	1,580,515	-	1,580,515	-	-	172,648	5,974,892	(1,109,312)	4,865,580
20	334	Meters	8.33%	51,571	-	51,571	-	-	346,911	4,190,386	(2,364,671)	1,825,715
21	335	Hydrants	2.00%	309,661	-	309,661	-	-	46,032	2,456,454	(220,452)	2,236,002
22	336	Backflow Prevention Devices	6.67%	-	-	-	-	-	2,560	38,387	(10,746)	27,641
23	339	Other Plant & Misc Equipment	6.67%	-	-	-	-	-	17,311	259,531	(55,135)	204,395
24	340	Office Furniture & Equipment	6.67%	-	-	-	-	-	36,802	551,757	(170,990)	380,767
25	340.1	Computers & Software	20.00%	-	-	-	-	-	-	-	-	-
26	341	Transportation Equipment	20.00%	-	-	-	-	-	34,883	174,415	(126,664)	47,752
27	342	Stores Equipment	4.00%	-	-	-	-	-	1,268	31,711	(3,171)	28,540
28	343	Tools, Shop & Garage Equipment	5.00%	-	-	-	-	-	1,168	23,350	(8,573)	14,778
29	344	Laboratory Equipment	10.00%	-	-	-	-	-	-	-	-	-
30	345	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-	-
31	346	Communication Equipment	10.00%	-	-	-	-	-	11,971	119,710	(36,694)	83,016
32	347	Miscellaneous Equipment	10.00%	-	-	-	-	-	-	-	-	-
33	348	Other Tangible Plant	10.00%	15,420	-	15,420	-	-	1,019	17,895	(1,049)	16,845
34		Plant Held for Future Use	0.00%	-	-	-	-	-	-	-	-	-
35		RUCO Total UPIS & Accum. Depre.		$ 5,671,544	$ (66,408)	$ 5,605,136	$ (35,008)	$ -	$ 2,302,699	$ 76,458,422	$ (11,438,578)	$ 65,019,844

UTILITY PLANT IN SERVICE ("UPIS") & UPIS ACCUMULATED DEPRECIATION ADJUSTMENT NO. 1
PLANT RECONSTRUCTION SCHEDULE
TEST YEAR ENDED DECEMBER 31, 2012

				2010								
Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.	Net Plant
1	301	Organization Cost	0.00%	$ -	$ -	$ -	$ -	$ -	$ -	$ 21,100	$ -	$ 21,100
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	-	-	-
3	303	Land and Land Rights	0.00%	430,531	(53)	430,478	-	-	-	1,439,666	-	1,439,666
4	304	Structures & Improvements	3.33%	1,284,065	(776)	1,283,289	-	-	846,229	26,053,929	(2,257,346)	23,796,583
5	305	Collecting & Impounding Reservoirs	2.50%	-	-	-	-	-	-	-	-	-
6	306	Lake, River, Canal Intakes	2.50%	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.33%	56,518	-	56,518	-	-	97,318	2,950,708	(837,080)	2,113,628
8	308	Infiltration Galleries	6.67%	-	-	-	-	-	-	-	-	-
9	309	Raw Water Supply Mains	2.00%	-	-	-	-	-	-	-	-	-
10	310	Power Generation Equipment	5.00%	-	-	-	-	-	10,113	202,269	(79,159)	123,111
11	311	Pumping Equipment	12.50%	61,729	-	61,729	(20,920)	-	64,349	535,199	(270,795)	264,403
12	320	Water Treatment Equipment	3.33%	353,630	(34)	353,596	-	-	48,138	1,622,382	(142,716)	1,479,666
13	320.1	Water Treatment Plants	3.33%	-	-	-	-	-	-	-	-	-
14	320.2	Solution Chemical Feeders	20.00%	-	-	-	-	-	-	-	-	-
15	330	Distribution Reservoirs & Standpipes	2.22%	-	-	-	-	-	9,765	439,844	(196,385)	243,458
16	330.1	Storage Tanks	2.22%	-	-	-	-	-	-	-	-	-
17	330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-	-	-
18	331	Transmission & Distribution Mains	2.00%	1,611,724	(3,139)	1,608,585	-	-	646,476	33,128,111	(5,249,108)	27,879,004
19	333	Services	3.33%	307,502	(207)	307,294	-	-	204,080	6,282,186	(1,313,392)	4,968,794
20	334	Meters	8.33%	167,302	-	167,302	-	-	356,027	4,357,688	(2,720,698)	1,636,990
21	335	Hydrants	2.00%	221,507	-	221,507	-	-	51,344	2,677,961	(271,796)	2,406,164
22	336	Backflow Prevention Devices	6.67%	-	-	-	-	-	2,560	38,387	(13,307)	25,081
23	339	Other Plant & Misc Equipment	6.67%	-	-	-	-	-	17,311	259,531	(72,446)	187,085
24	340	Office Furniture & Equipment	6.67%	-	-	-	-	-	36,802	551,757	(207,792)	343,965
25	340.1	Computers & Software	20.00%	-	-	-	-	-	-	-	-	-
26	341	Transportation Equipment	20.00%	4,845	-	4,845	-	-	35,368	179,260	(162,031)	17,229
27	342	Stores Equipment	4.00%	3,688	-	3,688	-	-	1,342	35,399	(4,513)	30,886
28	343	Tools, Shop & Garage Equipment	5.00%	939	-	939	-	-	1,191	24,289	(9,764)	14,526
29	344	Laboratory Equipment	10.00%	-	-	-	-	-	-	-	-	-
30	345	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-	-
31	346	Communication Equipment	10.00%	-	-	-	-	-	11,971	119,710	(48,665)	71,045
32	347	Miscellaneous Equipment	10.00%	-	-	-	-	-	-	-	-	-
33	348	Other Tangible Plant	10.00%	20,924	-	20,924	-	-	2,836	38,819	(3,885)	34,934
34		Plant Held for Future Use	0.00%	-	-	-	-	-	-	-	-	-
35		RUCO Total UPIS & Accum. Depre.		$ 4,524,902	$ (4,209)	$ 4,520,693	$ (20,920)	$ -	$ 2,443,221	$ 80,958,195	$ (13,860,879)	$ 67,097,316

UTILITY PLANT IN SERVICE ("UPIS") & UPIS ACCUMULATED DEPRECIATION ADJUSTMENT NO. 1
PLANT RECONSTRUCTION SCHEDULE
TEST YEAR ENDED DECEMBER 31, 2012

				2011								
Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.	Net Plant
1	301	Organization Cost	0.00%	$ -	$ -	$ -	$ -	$ -	$ -	$ 21,100	$ -	$ 21,100
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	-	-	-
3	303	Land and Land Rights	0.00%	8,476	(188)	8,288	-	-	-	1,447,954	-	1,447,954
4	304	Structures & Improvements	3.33%	549,237	(2,601)	546,636	-	-	876,697	26,600,565	(3,134,043)	23,466,522
5	305	Collecting & Impounding Reservoirs	2.50%	-	-	-	-	-	-	-	-	-
6	306	Lake, River, Canal Intakes	2.50%	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.33%	19,010	(686)	18,324	-	-	98,564	2,969,032	(935,644)	2,033,389
8	308	Infiltration Galleries	6.67%	-	-	-	-	-	-	-	-	-
9	309	Raw Water Supply Mains	2.00%	-	-	-	-	-	-	-	-	-
10	310	Power Generation Equipment	5.00%	4,596	-	4,596	-	-	10,228	206,865	(89,387)	117,478
11	311	Pumping Equipment	12.50%	220,561	(3,315)	217,245	(1,327)	-	80,395	751,117	(349,863)	401,254
12	320	Water Treatment Equipment	3.33%	28,534	(223)	28,310	-	-	54,497	1,650,693	(197,213)	1,453,480
13	320.1	Water Treatment Plants	3.33%	-	-	-	-	-	-	-	-	-
14	320.2	Solution Chemical Feeders	20.00%	-	-	-	-	-	-	-	-	-
15	330	Distribution Reservoirs & Standpipes	2.22%	53,676	(1,344)	52,332	-	-	10,345	492,176	(206,731)	285,445
16	330.1	Storage Tanks	2.22%	-	-	-	-	-	-	-	-	-
17	330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-	-	-
18	331	Transmission & Distribution Mains	2.00%	5,388,147	(8,802)	5,379,345	-	-	716,356	38,507,456	(5,965,463)	32,541,993
19	333	Services	3.33%	382,109	(944)	381,165	-	-	215,543	6,663,351	(1,528,936)	5,134,416
20	334	Meters	8.33%	267,613	(4,811)	262,802	-	-	373,941	4,620,489	(3,094,639)	1,525,850
21	335	Hydrants	2.00%	512,885	(573)	512,312	-	-	58,682	3,190,273	(330,478)	2,859,794
22	336	Backflow Prevention Devices	6.67%	-	-	-	-	-	2,560	38,387	(15,867)	22,520
23	339	Other Plant & Misc Equipment	6.67%	-	-	-	-	-	17,311	259,531	(89,757)	169,774
24	340	Office Furniture & Equipment	6.67%	9,928	-	9,928	-	-	37,133	561,685	(244,925)	316,760
25	340.1	Computers & Software	20.00%	-	-	-	-	-	-	-	-	-
26	341	Transportation Equipment	20.00%	26,185	(636)	25,550	-	-	38,407	204,810	(200,438)	4,371
27	342	Stores Equipment	4.00%	1,116	-	1,116	-	-	1,438	36,515	(5,952)	30,564
28	343	Tools, Shop & Garage Equipment	5.00%	578	-	578	-	-	1,229	24,867	(10,993)	13,874
29	344	Laboratory Equipment	10.00%	-	-	-	-	-	-	-	-	-
30	345	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-	-
31	346	Communication Equipment	10.00%	3,986	(49)	3,937	-	-	12,168	123,647	(60,833)	62,814
32	347	Miscellaneous Equipment	10.00%	-	-	-	-	-	-	-	-	-
33	348	Other Tangible Plant	10.00%	44,349	-	44,349	-	-	6,099	83,168	(9,985)	73,184
34		Plant Held for Future Use	0.00%	-	-	-	-	-	-	-	-	-
35		RUCO Total UPIS & Accum. Depre.		$ 7,520,985	$ (24,172)	$ 7,496,813	$ (1,327)	$ -	$ 2,611,594	$ 88,453,681	$ (16,471,146)	$ 71,982,535

UTILITY PLANT IN SERVICE ("UPIS") & UPIS ACCUMULATED DEPRECIATION ADJUSTMENT NO. 1
PLANT RECONSTRUCTION SCHEDULE
TEST YEAR ENDED DECEMBER 31, 2012

				2012								
Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.	Net Plant
1	301	Organization Cost	0.00%	$ -	$ -	$ -	$ -	$ -	$ -	$ 21,100	$ -	$ 21,100
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	-	-	-
3	303	Land and Land Rights	0.00%	8,324	-	8,324	-	-	-	1,456,278	-	1,456,278
4	304	Structures & Improvements	3.33%	1,405,618	(5,268)	1,400,351	-	-	909,115	28,000,916	(4,043,158)	23,957,758
5	305	Collecting & Impounding Reservoirs	2.50%	-	-	-	-	-	-	-	-	-
6	306	Lake, River, Canal Intakes	2.50%	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.33%	142,604	(726)	141,878	(13,565)	-	101,005	3,097,345	(1,023,083)	2,074,261
8	308	Infiltration Galleries	6.67%	-	-	-	-	-	-	-	-	-
9	309	Raw Water Supply Mains	2.00%	-	-	-	-	-	-	-	-	-
10	310	Power Generation Equipment	5.00%	155	-	155	-	-	10,347	207,020	(99,734)	107,286
11	311	Pumping Equipment	12.50%	147,387	(712)	146,675	-	-	103,057	897,792	(452,920)	444,872
12	320	Water Treatment Equipment	3.33%	46,116	(50)	46,066	-	-	55,735	1,696,759	(252,948)	1,443,811
13	320.1	Water Treatment Plants	3.33%	-	-	-	-	-	-	-	-	-
14	320.2	Solution Chemical Feeders	20.00%	-	-	-	-	-	-	-	-	-
15	330	Distribution Reservoirs & Standpipes	2.22%	-	-	-	-	-	10,926	492,176	(217,657)	274,519
16	330.1	Storage Tanks	2.22%	-	-	-	-	-	-	-	-	-
17	330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-	-	-
18	331	Transmission & Distribution Mains	2.00%	1,808,114	(8,947)	1,799,167	(47,578)	-	787,665	40,259,045	(6,705,550)	33,553,495
19	333	Services	3.33%	(1,200,817)	(1,065)	(1,201,882)	(110,506)	-	200,038	5,350,963	(1,618,468)	3,732,496
20	334	Meters	8.33%	233,873	(3,333)	230,540	(91,470)	-	390,679	4,759,560	(3,393,848)	1,365,712
21	335	Hydrants	2.00%	120,585	(2,471)	118,114	(3,631)	-	64,950	3,304,755	(391,798)	2,912,958
22	336	Backflow Prevention Devices	6.67%	-	-	-	-	-	2,560	38,387	(18,428)	19,960
23	339	Other Plant & Misc Equipment	6.67%	-	-	-	-	-	17,311	259,531	(107,068)	152,463
24	340	Office Furniture & Equipment	6.67%	89,413	-	89,413	-	-	40,446	651,098	(285,371)	365,727
25	340.1	Computers & Software	20.00%	-	-	-	-	-	-	-	-	-
26	341	Transportation Equipment	20.00%	111,782	(1,468)	110,314	(7,532)	-	51,240	307,592	(244,147)	63,445
27	342	Stores Equipment	4.00%	628	-	628	-	-	1,473	37,143	(7,425)	29,718
28	343	Tools, Shop & Garage Equipment	5.00%	22,870	(303)	22,567	-	-	1,808	47,434	(12,800)	34,634
29	344	Laboratory Equipment	10.00%	5,803	-	5,803	-	-	290	5,803	(290)	5,513
30	345	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-	-
31	346	Communication Equipment	10.00%	4,827	(72)	4,755	-	-	12,602	128,402	(73,436)	54,967
32	347	Miscellaneous Equipment	10.00%	-	-	-	-	-	-	-	-	-
33	348	Other Tangible Plant	10.00%	49,143	-	49,143	-	-	10,774	132,312	(20,759)	111,553
34		Plant Held for Future Use	0.00%	-	-	-	-	-	-	-	-	-
35		RUCO Total UPIS & A/D		$ 2,996,426	$ (24,414)	$ 2,972,012	$ (274,282)	$ -	$ 2,772,023	$ 91,151,411	$ (18,968,887)	$ 72,182,524
36		UPIS Per Company As Filed								91,151,411		
37		RUCO's UPIS Adjustment								$ -		
38		A/D Per Company Plant Reconstruction Schedule									(16,492,986)	
39		RUCO's (Increase)/Decrease A/D Adjustment									$ (2,475,900)	

UTILITY PLANT IN SERVICE ("UPIS") ADJUSTMENT NO. 2
NOT USED IN RUCO SURREBUTTAL FILING - ADOPTED COMPANY'S PROPOSED REBUTTAL RECLASSIFICATIONS

Line No.	Acct. No.	Description	[A] Company UPIS As Filed	[B] RUCO UPIS Reclassification Adjustments	[C] RUCO Recommended UPIS Balances

References:
Per Company Responses to Staff DR 6.1 thru 6.5

UPIS ACCUMULATED DEPRECIATION ADJUSTMENT NO. 2
NOT USED IN RUCO SURREBUTTAL FILING - ADOPTED COMPANY'S PROPOSED REBUTTAL RECLASSIFICATIONS

Line No.	Acct. No.	Description	[A] Company Accum. Depre. As Filed	[B] RUCO Accum. Depre. Reclassification Adjustments	[C] RUCO Recommended Accum. Depre. Balances

References:
Per Company Responses to Staff DR 6.1 thru 6.5

UTILITY PLANT IN SERVICE ("UPIS") & UPIS ACCUMULATED DEPRECIATION ADJUSTMENTS NO. 3
NOT USED IN RUCO SURREBUTTAL FILING - ADOPTED COMPANY'S PROPOSED REBUTTAL RECLASSIFICATIONS

Line No.	Description	Amount

References:

1 LPSCO Response to Staff DR DH - 4.6
2 LPSCO Response to Staff DR DH - 4.7

UTILITY PLANT IN SERVICE ("UPIS") & UPIS ACCUMULATED DEPRECIATION ADJUSTMENTS NO. 4
REMOVE DUPLICATE INVOICES OF PLANT ADDITIONS
NOT USED IN RUCO SURREBUTTAL FILING - ADOPTED COMPANY'S PROPOSED REBUTTAL RECLASSIFICATIONS

Line No.	Description	Amount

References:

1 Per Company Response to Staff's Water DR 2.65

UTILITY PLANT IN SERVICE ("UPIS") & UPIS ACCUMULATED DEPRECIATION ADJUSTMENTS NO. 5
RETIREMENT OF TRUCK TRADED-IN ON PURCHASE OF NEW TRUCK

Line No.		Description	Amount
		Plant (Pickup Truck) Retirement:	
1	1	Company Traded-In a Truck during 2011 Plant (Truck) Addition As Filed By Company: Account 341 - Transportation Equipment	$ -
2		RUCO Recommended Plant Retirement Related to Trade-In on Purchase of New Truck	(17,555)
3		RUCO's Recommended Increase/(Decrease) Adjustment	$ (17,555)
		Adjust Accumulated Depreciation for Retirement Reflected Above:	
4		Company Proposed Retirement for Truck Traded-In As Filed	$ -
5		RUCO Recommended Accumulated Depreciation Adjustment for Cost of Traded-In Truck	17,555
6		RUCO's Recommended (Increase)/Decrease Adjustment	$ 17,555

References:

1 Per Company Response to RUCO DR 3.02

UTILITY PLANT IN SERVICE ("UPIS") & UPIS ACCUMULATED DEPRECIATION ADJUSTMENTS NO. 6
USED ONLY FOR WASTEWATER DIVISION

Line No.	Description	Amount

References:

UPIS ACCUMULATED DEPRECIATION ADJUSTMENTS NO. 7
ADDITIONAL ACCUMULATED DEPRECIATION ("A/D") FOR LATE RECORDED PLANT ADDITIONS

Line No.	Acct. No.	Description	[A] Company Accum. Depre. As Filed	[B] RUCO Additional Accum. Depre. for Late Recorded UPIS	[C] RUCO Recommended Accum. Depre. Balances
1	301	Organization Cost	$ (21,100)	$ -	$ (21,100)
2	302	Franchise Cost	-	-	-
3	303	Land and Land Rights	-	-	-
4	304	Structures & Improvements	(3,036,910)	(65,110)	(3,102,020)
5	305	Collecting & Impounding Reservoirs	-	-	-
6	306	Lake, River, Canal Intakes	-	-	-
7	307	Wells & Springs	(915,114)	-	(915,114)
8	308	Infiltration Galleries	-	-	-
9	309	Raw Water Supply Mains	-	-	-
10	310	Power Generation Equipment	(87,092)	-	(87,092)
11	311	Pumping Equipment	(759,242)	(14,698)	(773,941)
12	320	Water Treatment Equipment	(199,379)	-	(199,379)
13	320	Water Treatment Plants	-	-	-
14	320	Solution Chemical Feeders	-	-	-
15	330	Distribution Reservoirs & Standpipes	(205,453)	-	(205,453)
16	330	Storage Tanks	-	-	-
17	330	Pressure Tanks	-	-	-
18	331	Transmission & Distribution Mains	(5,947,658)	(1,827)	(5,949,485)
19	333	Services	(1,409,855)	-	(1,409,855)
20	334	Meters	(2,960,806)	(7,444)	(2,968,250)
21	335	Hydrants	(335,259)	-	(335,259)
22	336	Backflow Prevention Devices	(15,227)	-	(15,227)
23	339	Other Plant & Misc Equipment	(85,429)	(568)	(85,997)
24	340	Office Furniture & Equipment	(239,369)	-	(239,369)
25	340	Computers & Software	-	-	-
26	341	Transportation Equipment	(200,543)	-	(200,543)
27	342	Stores Equipment	(5,839)	-	(5,839)
28	343	Tools, Shop & Garage Equipment	(11,341)	-	(11,341)
29	344	Laboratory Equipment	(290)	-	(290)
30	345	Power Operated Equipment	-	-	-
31	346	Communication Equipment	(58,472)	(498)	(58,970)
32	347	Miscellaneous Equipment	-	-	-
33	348	Other Tangible Plant	(19,709)	(1,695)	(21,405)
34		Plant Held for Future Use	-	-	-
35		Totals	$ (16,514,086)	$ (91,841)	$ (16,605,927)

References:
Per Company Responses to Staff DR 16.1

UPIS ACCUMULATED DEPRECIATION ADJUSTMENTS NO. 8
TO CORRECT ACCUMULATED DEPRECIATION FOR A NON-DEPRECIABLE ACCOUNT

Line No.	Description	Amount
	To Correct Company's A/D for a Non-Depreciable Account 301 - Organization Cost Reflected on Company Schedule B-2, page 4:	
1	Accumulated Depreciation for Account 301 - Organization Cost As Filed by Company	$ 21,100
2	Accumulated Depreciation for Account 301 - Organization Cost Per RUCO	-
3	RUCO's Recommended (Increase)/Decrease Adjustment	$ 21,100

References:
See Company Schedule B-2, page 4

RATE BASE ADJUSTMENT NO. 3
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Line No.	Description	Amount
	Water Division:	
1		$ -
2		-
3		$ -
	Wastewater Division:	
4		$ -
5		-
6		$ -

References:

RATE BASE ADJUSTMENT NO. 4
CONTRIBUTIONS IN AID OF CONSTRUCTION ("CIAC") & AMORTIZATIONS RECONSTRUCTION SCHEDULE

Line No.	Description		Amount
	Gross CIAC:		
1	Company Gross CIAC as Filed	$	(7,324,578)
2	RUCO Recommended Gross CIAC		(7,425,812)
3	RUCO Recommended (Increase)/Decrease Adjustment	$	(101,234)
	Accumulated Amoritization of CIAC:		
4	Company Accumulated Amortization of CIAC as Filed		1,489,772
5	RUCO Recommended Accumulated Amortization of CIAC		1,285,854
6	RUCO Recommended Increase/(Decrease) Adjustment	$	(203,918)
7	RUCO Net Increase/Decrease Adjustment	$	(305,152)

References:
Company Response to Staff DR JMM 2-23
Company Schedule B-2, pages 5.1 - 5.3
See RBM Testimony

RATE BASE ADJUSTMENT NO. 4 (Continued)
CONTRIBUTIONS IN AID OF CONSTRUCTION ("CIAC") & AMORTIZATIONS RECONSTRUCTION SCHEDULE

				[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]
				Per Decision 72026			2008 (3 Months - October 1 through December 31, 2008)					
Line No.	NARUC Account No.	Description	Allowed Amort. Rate	Gross CIAC Balance at 9/30/2008	CIAC Amortization Balance 9/30/2008	CIAC Net Balance 9/30/2008	CIAC Activity	CIAC Adjustments	Adjusted CIAC Activity	RUCO Amortization (Calculated)	Gross CIAC Balance at 12/31/2008	Accum. Amortization 12/31/2008
1	303	Land & Land Rights Contributed	0.00%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2		Current Period Amortization								-		
3		Accumulated Amortization Balance			-							-
4	307	Wells Contributed	3.33%	-	-	-	-	-	-	-	-	-
5		Current Period Amortization								-		
6		Accumulated Amortization Balance			-							-
7	311	Pumping Equipment Contributed	12.50%	(15,219)	-	3,605	-	-	-	-	(15,219)	-
8		Current Period Amortization								476		
9		Accumulated Amortization Balance			18,824							19,300
10	331	Transmission/Distribution Mains Contributed	2.00%	(2,846,725)	-	(2,104,325)	-	-	-	-	(2,846,725)	-
11		Current Period Amortization								14,234		
12		Accumulated Amortization Balance			742,400							756,634
13	333	Services Contributed	3.33%	(151,402)	-	(114,679)	-	-	-	-	(151,402)	-
14		Current Period Amortization								1,260		
15		Accumulated Amortization Balance			36,723							37,983
16	334	Meters Contributed	8.33%	(29,899)	-	(191)	-	-	-	-	(29,899)	-
17		Current Period Amortization								**(191)**		
18		Accumulated Amortization Balance			29,708							29,899
19	335	Hydrants	2.00%	(52,935)	-	(19,884)	-	-	-	-	(52,935)	-
20		Current Period Amortization								265		
21		Accumulated Amortization Balance			33,051							33,316
22		RUCO Gross CIAC & Amortizations		$ (3,096,180)	$ 860,706	$ (2,235,474)	$ -	$ -	$ -	$ 16,044	$ (3,096,180)	$ 877,131
23		Company As Filed		$ 3,096,180	$ (860,706)	$ 2,235,474	$ -	$ -	$ -	$ (63,226)	$ 3,096,180	$ (923,932)
24		RUCO Gross CIAC & Total Accum. Amortization Increase/(Decrease) Adjustments		$ -	$ -	$ -	$ -	$ -	$ -	$ (47,182)	$ -	$ (46,801)

References:
Company Response to Staff DR JMM 2-23
Company Schedule B-2, pages 5.1 - 5.3
See RBM Testimony

RATE BASE ADJUSTMENT NO. 4 (Continued)
CONTRIBUTIONS IN AID OF CONSTRUCTION ("CIAC") & AMORTIZATIONS RECONSTRUCTION SCHEDULE

Line No.	NARUC Account No.	Description	Allowed Amort. Rate	[A] Beginning Gross CIAC 1/1/2009	[B] Beginning Amortization Balance 1/1/2009	[C] CIAC Activity	[D] CIAC Adjustments	[E] Adjusted CIAC Activity	[F] RUCO Amortization (Calculated)	[G] Gross CIAC Balance at 12/31/2009	[H] Accum. Amortization 12/31/2009
							2009				
1	303	Land & Land Rights Contributed	0.00%	$ -	$ -	$ (92,495)	$ -	$ (92,495)	$ -	$ (92,495)	$ -
2		Current Period Amortization							-		
3		Accumulated Amortization Balance			-						-
4	307	Wells Contributed	3.33%	-	-	(499,000)	-	(499,000)	-	$ (499,000)	-
5		Current Period Amortization							8,308		
6		Accumulated Amortization Balance			-						8,308
7	311	Pumping Equipment Contributed	12.50%	(15,219)	-	-	-	-	-	(15,219)	-
8		Current Period Amortization							1,902		
9		Accumulated Amortization Balance			19,300						21,202
10	331	Transmission/Distribution Mains Contributed	2.00%	(2,846,725)	-	-	-	-	-	(2,846,725)	-
11		Current Period Amortization							56,935		
12		Accumulated Amortization Balance			756,634						813,568
13	333	Services Contributed	3.33%	(151,402)	-	(448,505)	-	(448,505)	-	(599,907)	-
14		Current Period Amortization							12,509		
15		Accumulated Amortization Balance			37,983						50,492
16	334	Meters Contributed	8.33%	(29,899)	-	-	-	-	-	(29,899)	-
17		Current Period Amortization							-		
18		Accumulated Amortization Balance			29,899						29,899
19	335	Hydrants	2.00%	(52,935)	-	-	-	-	-	(52,935)	-
20		Current Period Amortization							1,059		
21		Accumulated Amortization Balance			33,316						34,375
22		RUCO Gross CIAC & Amortizations		$ (3,096,180)	$ 877,131	$ (1,040,000)	$ -	$ (1,040,000)	$ 80,713	$ (4,136,180)	$ 957,844
23		Company As Filed		$ 3,096,180	$ (923,932)	$ 1,040,000	$ -	$ 1,040,000	$ (103,592)	$ 4,136,180	$ (1,027,524)
24		RUCO Gross CIAC & Total Accum. Amortization Increase/(Decrease) Adjustments		$ -	$ 1,801,063	$ -	$ -	$ -	$ (22,879)	$ -	$ (69,680)

References:
Company Response to Staff DR JMM 2-23
Company Schedule B-2, pages 5.1 - 5.3
See RBM Testimony

RATE BASE ADJUSTMENT NO. 4 (Continued)
CONTRIBUTIONS IN AID OF CONSTRUCTION ("CIAC") & AMORTIZATIONS RECONSTRUCTION SCHEDULE

Line No.	NARUC Account No.	Description	Allowed Amort. Rate	[A] Beginning Gross CIAC 1/1/2010	[B] Beginning Amortization Balance 1/1/2010	[C] CIAC Activity	[D] CIAC Adjustments	[E] Adjusted CIAC Activity	[F] RUCO Amortization (Calculated)	[G] Gross CIAC Balance at 12/31/2010	[H] Accum. Amortization 12/31/2010
				2010							
1	303	Land & Land Rights Contributed	0.00%	$ (92,495)	$ -	$ -	$ -	$ -	$ -	$ (92,495)	$ -
2		Current Period Amortization							-		
3		Accumulated Amortization Balance			-						-
4	307	Wells Contributed	3.33%	(499,000)	-	-	-	-	-	$ (499,000)	-
5		Current Period Amortization							16,617		
6		Accumulated Amortization Balance			8,308						24,925
7	311	Pumping Equipment Contributed	12.50%	(15,219)	-	-	-	-	-	(15,219)	-
8		Current Period Amortization							1,902		
9		Accumulated Amortization Balance			21,202						23,104
10	331	Transmission/Distribution Mains Contributed	2.00%	(2,846,725)	-	-	-	-	-	(2,846,725)	-
11		Current Period Amortization							56,935		
12		Accumulated Amortization Balance			813,568						870,503
13	333	Services Contributed	3.33%	(599,907)	-	-	-	-	-	(599,907)	-
14		Current Period Amortization							19,977		
15		Accumulated Amortization Balance			50,492						70,469
16	334	Meters Contributed	8.33%	(29,899)	-	-	-	-	-	(29,899)	-
17		Current Period Amortization							-		
18		Accumulated Amortization Balance			29,899						29,899
19	335	Hydrants	2.00%	(52,935)	-	-	-	-	-	(52,935)	-
20		Current Period Amortization							1,059		
21		Accumulated Amortization Balance			34,375						35,433
22		RUCO Gross CIAC & Amortizations		$ (4,136,180)	$ 957,844	$ -	$ -	$ -	$ 96,489	$ (4,136,180)	$ 1,054,334
23		Company As Filed		$ 4,136,180	$ (1,027,524)	$ -	$ -	$ -	$ (142,247)	$ 4,136,180	$ (1,169,772)
24		RUCO Gross CIAC & Total Accum. Amortization Increase/(Decrease) Adjustments		$ -	$ 1,985,369	$ -	$ -	$ -	$ (45,758)	$ -	$ (115,438)

References:
Company Response to Staff DR JMM 2-23
Company Schedule B-2, pages 5.1 - 5.3
See RBM Testimony

RATE BASE ADJUSTMENT NO. 4 (Continued)
CONTRIBUTIONS IN AID OF CONSTRUCTION ("CIAC") & AMORTIZATIONS RECONSTRUCTION SCHEDULE

Line No.	NARUC Account No.	Description	Allowed Amort. Rate	2011 Beginning Gross CIAC 1/1/2011	Beginning Amortization Balance 1/1/2011	CIAC Activity	CIAC Adjustments	Adjusted CIAC Activity	RUCO Amortization (Calculated)	Gross CIAC Balance at 12/31/2011	Accum. Amortization 12/31/2011
1	303	Land & Land Rights Contributed	0.00%	$ (92,495)	$ -	$ -	$ -	$ -	$ -	$ (92,495)	$ -
2		Current Period Amortization							-		
3		Accumulated Amortization Balance			-						-
4	307	Wells Contributed	3.33%	(499,000)	-	-	-	-	-	$ (499,000)	-
5		Current Period Amortization							16,617		
6		Accumulated Amortization Balance			24,925						41,542
7	311	Pumping Equipment Contributed	12.50%	(15,219)	-	(25,353)	-	(25,353)	-	(40,572)	-
8		Current Period Amortization							3,487		
9		Accumulated Amortization Balance			23,104						26,591
10	331	Transmission/Distribution Mains Contributed	2.00%	(2,846,725)	-	-	-	-	-	(2,846,725)	-
11		Current Period Amortization							56,935		
12		Accumulated Amortization Balance			870,503						927,437
13	333	Services Contributed	3.33%	(599,907)	-	-	-	-	-	(599,907)	-
14		Current Period Amortization							19,977		
15		Accumulated Amortization Balance			70,469						90,446
16	334	Meters Contributed	8.33%	(29,899)	-	-	-	-	-	(29,899)	-
17		Current Period Amortization							-		
18		Accumulated Amortization Balance			29,899						29,899
19	335	Hydrants	2.00%	(52,935)	-	-	-	-	-	(52,935)	-
20		Current Period Amortization							1,059		
21		Accumulated Amortization Balance			35,433						36,492
22		RUCO Gross CIAC & Amortizations		$ (4,136,180)	$ 1,054,334	$ (25,353)	$ -	$ (25,353)	$ 98,074	$ (4,161,533)	$ 1,152,407
23		Company As Filed		$ 4,136,180	$ (1,169,772)	$ (75,881)	$ -	$ (75,881)	$ (142,820)	$ 4,060,299	$ (1,312,591)
24		RUCO Gross CIAC (Increase)/Decrease & Total Accum. Amortization Increase/(Decrease) Adjustments		$ -	$ 2,224,105	$ (101,234)	$ -	$ (101,234)	$ (44,746)	$ (101,234)	$ (160,184)

References:
Company Response to Staff DR JMM 2-23
Company Schedule B-2, pages 5.1 - 5.3
See RBM Testimony

RATE BASE ADJUSTMENT NO. 4 (Continued)
CONTRIBUTIONS IN AID OF CONSTRUCTION ("CIAC") & AMORTIZATIONS RECONSTRUCTION SCHEDULE

Line No.	NARUC Account No.	Description	Allowed Amort. Rate	[A] 2012 Beginning Gross CIAC 1/1/2012	[B] Beginning Amortization Balance 1/1/2012	[C] CIAC Activity	[D] CIAC Adjustments	[E] Adjusted CIAC Activity	[F] RUCO Amortization (Calculated)	[G] Gross CIAC Balance at 12/31/2012	[H] Accum. Amortization 12/31/2012
1	303	Land & Land Rights Contributed	0.00%	$ (92,495)	$ -	$ -	$ -	$ -	$ -	$ (92,495)	$ -
2		Current Period Amortization							-		
3		Accumulated Amortization Balance			-						-
4	307	Wells Contributed	3.33%	(499,000)	-	-	-	-	-	$ (499,000)	-
5		Current Period Amortization							16,617		
6		Accumulated Amortization Balance			41,542						58,158
7	311	Pumping Equipment Contributed	12.50%	(40,572)	-	-	-	-	-	(40,572)	-
8		Current Period Amortization							5,071		
9		Accumulated Amortization Balance			26,591						31,663
10	331	Transmission/Distribution Mains Contributed	2.00%	(2,846,725)	-	(3,046,493)	-	(3,046,493)	-	(5,893,218)	-
11		Current Period Amortization							87,399		
12		Accumulated Amortization Balance			927,437						1,014,837
13	333	Services Contributed	3.33%	(599,907)	-	(172,302)	-	(172,302)	-	(772,209)	-
14		Current Period Amortization							22,846		
15		Accumulated Amortization Balance			90,446						113,292
16	334	Meters Contributed	8.33%	(29,899)	-	-	-	-	-	(29,899)	-
17		Current Period Amortization							-		
18		Accumulated Amortization Balance			29,899						29,899
19	335	Hydrants	2.00%	(52,935)	-	(45,484)	-	(45,484)	-	(98,419)	-
20		Current Period Amortization							1,514		
21		Accumulated Amortization Balance			36,492						38,006
22		RUCO Gross CIAC & Amortizations		$ (4,161,533)	$ 1,152,407	$ (3,264,279)	$ -	$ (3,264,279)	$ 133,447	$ (7,425,812)	$ 1,285,854
23		Company As Filed		$ 4,060,299	$ (1,312,591)	$ 3,264,279	$ -	$ 3,264,279	$ (177,180)	$ 7,324,578	$ (1,489,772)
24		RUCO Gross CIAC & Total Accum. Amortization Increase/(Decrease) Adjustments		$ 101,234	$ 2,464,999	$ -	$ -	$ -	$ (43,734)	$ (101,234)	$ (203,918)

References:
Company Response to Staff DR JMM 2-23
Company Schedule B-2, pages 5.1 - 5.3
See TJC Testimony

RATE BASE ADJUSTMENT NO. 5
CUSTOMER METER DEPOSITS

Line No.		Description	Amount
		Water Division:	
1	**1 & 2**	Customer Meter Deposits As Filed by Company	$ (1,271,802)
2		RUCO Recommended 13-Month Average - Meter Deposits	(1,432,787)
3		RUCO's Recommended (Increase)/Decrease Adjustment	$ (160,986)
		Wastewater Division:	
4	**1 & 2**	Customer Meter Deposits As Filed by Company	$ (95,892)
5		RUCO Recommended 13-Month Average - Meter Deposits	(81,661)
6		RUCO's Recommended (Increase)/Decrease Adjustment	$ 14,231

References:

1 & 2 Per Company Response to RUCO DRs' 3.06 through 3.10
1 & 2 Per Company Response to Staff's DR 2.68

RATE BASE ADJUSTMENT NO. 6
CUSTOMER SECURITY DEPOSITS

Line No.		Description	Amount
		Water Division:	
1	**1 & 2**	Customer Security Deposits As Filed by Company	$ (140,147)
2		RUCO Recommended 13-Month Average - Customer Security Deposits	(147,932)
3		RUCO's Recommended (Increase)/Decrease Adjustment	$ (7,785)
		Wastewater Division:	
4	**1 & 2**	Customer Security Deposits As Filed by Company	$ (155,440)
5		RUCO Recommended 13-Month Average - Customer Security Deposits	(163,504)
6		RUCO's Recommended (Increase)/Decrease Adjustment	$ (8,063)

References:

1 & 2 Per Company Response to RUCO DRs' 3.06 through 3.10
1 & 2 Per Company Response to Staff's DR 2.68

RATE BASE ADJUSTMENT NO. 7
INTENTIONALLY LEFT BLANK

Line No.	Description	Amount
	Water Division:	
1		$ -
2		-
3		$ -
	Wastewater Division:	
4		$ -
5		-
6		$ -

References:

RATE BASE ADJUSTMENT NO. 8
INTENTIONALLY LEFT BLANK

Line No.	Description	Amount
	Water Division:	
1		$ -
2		-
3		$ -
	Wastewater Division:	
4		$ -
5		-
6		$ -

References:

RATE BASE ADJUSTMENT NO. 9
ACCUMULATED DEFERRED INCOME TAX ("ADIT")

Line No.		Deferred Income Tax as of December 31, 2012	Water & Sewer Adjusted Book Value	Water & Sewer Tax Value	Probability of Realization of Future Tax Benefit	Deductible TD (Taxable TD) Expected to be Realized	Effective Tax Rate	Future Tax Asset Current	Future Tax Asset Non Current	Future Tax Liability Current	Future Tax Liability Non Current
1		Plant-in-Service	$ 162,176,584 [1]								
2		Accum. Deprec.	(32,491,273) [1]								
3		CIAC	(59,777,267) [3]								
4	Federal	Fixed Assets	$ 69,908,045	$ 47,469,626 [2]	100.0%	$ (22,438,419)	31.79%		-		(7,133,173)
5	State	Fixed Assets	$ 69,908,045	$ 74,127,914 [2]	100.0%	$ 4,219,869	6.50%		274,292		-
6	Fed & State	AIAC		14,120,318 [4]	100.0%	$ 14,120,318 [4]	38.29%		$ 5,406,670		
								$ -	$ 5,680,961	$ -	$ (7,133,173)
7		Net Asset (Liability)						$ (1,452,212)			
8		Allocation Factor - Water-Division (based on rate base before ADIT)						0.5797			
9		Net Asset (Liability) Water Division						$ (841,857)			
10		Adjusted Test Year DIT Asset (Liability) as Filed						$ (1,459,075)			
11		Adjustment to DIT						$ 617,218			

Footnotes - See Next Page

RATE BASE ADJUSTMENT NO. 9 (Continued)
ACCUMULATED DEFERRED INCOME TAX ("ADIT")

Line No.		FEDERAL		STATE	
	[1] **Per adjusted book balances**				
	2 Computation of Net Tax Value December 31, 2012				
	Based on 2012 Tax Depreciation report (December 31, 2012)				
1	Unadjusted Cost at December 31, 2012 per federal and state tax depr. report	$ 85,943,311		$ 84,887,919	
2	Reconciling Items not on tax report:				
3	Land on Tax and not on included in adjusted plant balance	(1,055,392)		-	
4	FA Accrual on not on tax report	6,391,333		6,391,333	
5	Proposed Plant retirements	(1,712,539)		(1,712,539)	
6	Post Test Year plant	1,200,000		1,200,000	
7	Post Test Year Plant Retirement	-		-	
8	Net Unadjusted Cost tax Basis at December 31, 2012		$ 90,766,713		$ 90,766,713
	Reductions				
9	Basis Reduction 2012 and Prior Years per federal and state tax depr. report	$ (25,331,094)		$ -	
10	Accumulated Depreciation 2012 and prior per federal and state tax depr. report	(19,678,532)		(18,351,338)	
11	Proposed Plant Retirements	1,712,539		1,712,539	
12	Post Test Year retirement	-		-	
13	Net Reductions through December 31, 2012		(43,297,087)		(16,638,799)
14	Net tax value of plant-in-service at December 31. 2012		$ 47,469,626		$ 74,127,914

Line No.				
	[3] **CIAC (including impact of change to probability of realization)**			
15	Gross CIAC per adjusted book balances		$ 35,802,727	
	CIAC reductions/addtions			
16	A.A per adjusted book balances	$ (5,439,154)		
17		-		
			(5,439,154)	
18	Net CIAC before unrealized AIAC			$ 30,363,572
	Unrealized AIAC Component			
19	Adjusted Net AIAC (see footnote 4 below)		$ 42,019,564	
20	Unrealized AIAC Component % (1-Realized AIAC Component)		70.0%	
21				$ 29,413,695
22	Total realizable CIAC			$ 59,777,267

Line No.			
	[4] **AIAC (including impact of change in probability of realization)**		
23	AIAC per adjusted book balances	$ 42,019,564	
24	AIAC reductions/additions		
25	Net AIAC before unrealized portion		$ 42,019,564
26	Less: Unrealized AIAC (from Note 3, above)		$ (29,413,695)
27	Net realizable AIAC		$ 12,605,869
28	Meter and Service Line Installation Charges per adjusted book balances		1,514,449
29	Total Realizable AIAC		$ 14,120,318

RATE BASE ADJUSTMENT NO. 10
REGULATORY ASSET - TCE PLUME

Line No.	Description		Amount
	Water Division:		
1	TCE Plume Balance Per Company		$ 90,381
2	TCE Plume Balance Per RUCO (See Amortization Note 1 Below for RUCO's Calculations)	1	91,069
3	RUCO Adjustment		$ 688

Amortization Note 1: RUCO's Amortization Calaculations

Regulatory Asset - TCE Plume Authorized in Decision No. 72026 (Amortized Over 10-Years)		$ 82,561
Amortization for December 2010 (No Approval by Commission for Further Additional Amortization)		(688)
Amortization for Year 2011 (No Approval by Commission for Further Additional Amortization)		(8,256)
Amortization for Year 2012 (No Approval by Commission for Further Additional Amortization)		(8,256)
Balance at Test-Year End (Amortized as Authorized in Decision No. 72026)		$ 65,361
Company Proposed Cost Additions Incurred (See Response to Staff DR 13-2) Since Decision No. 72026		25,708
Regulatory Asset - TCE Plume Balance at Test-Year End and Allowing the Add'l. Costs Going-Forward	1	$ 91,069

References:
Company Responses to Staff DR 13.1 and 13.2

OPERATING INCOME SUMMARY

Line No.	Description	[A] Company Adjusted Test Year As Filed	[B] RUCO Recommended Adjustments	[C] RUCO Recommended Adjusted Test Year Amounts	[D] RUCO Recommended Changes	[E] RUCO Recommended Amounts
	Revenues:					
1	Metered Water Revenues	$ 10,965,667	$ 58,703	$ 11,024,370	$ 1,072,637	$ 12,097,008
2	Unmetered Water Revenues	-	-	-	-	-
3	Other Water Revenues	235,723	-	235,723	-	235,723
4	**Total Revenues**	$ 11,201,390	$ 58,703	$ 11,260,093	$ 1,072,637	$ 12,332,730
	Operating Expenses:					
5	Salaries and Wages	$ 1,069,839	$ (62,199)	$ 1,007,640	$ -	$ 1,007,640
6	Purchased Water	2,615	-	2,615	-	2,615
7	Purchased Power	903,527	(41)	903,486	-	903,486
8	Fuel For Power Production	-	-	-	-	-
9	Chemicals	208,080	-	208,080	-	208,080
10	Materials and Supplies	91,139	-	91,139	-	91,139
11	Management Services - US Liberty Water	1,260,835	(131,969)	1,128,866	-	1,128,866
12	Management Services - Corporate	781,023	(100,935)	680,088	-	680,088
13	Management Services - Other	-	-	-	-	-
14	Outside Services - Accounting	9,271	-	9,271	-	9,271
15	Outside Services - Engineering	-	-	-	-	-
16	Outside Services- Other	103,412	-	103,412	-	103,412
17	Outside Services- Legal	19,865	-	19,865	-	19,865
18	Water Testing	66,942	(22,062)	44,880	-	44,880
19	Rents - Building	-	-	-	-	-
20	Rents - Equipment	7,229	-	7,229	-	7,229
21	Transportation Expenses	103,726	-	103,726	-	103,726
22	Insurance - General Liability	88,374	-	88,374	-	88,374
23	Insurance - Vehicle	20,825	-	20,825	-	20,825
24	Reg. Comm. Exp. - Other	19,721	851	20,572	-	20,572
25	Reg. Comm. Exp. - Rate Case	65,800	-	65,800	-	65,800
26	Miscellaneous Expense	151,237	(11,260)	139,977	-	139,977
27	Bad Debt Expense	(76)	21,216	21,140	-	21,140
28	Depreciation and Amortization Expense	2,615,868	11,713	2,627,581	-	2,627,581
29	Taxes Other Than Income	-	-	-	-	-
30	Property Taxes	559,128	(24,904)	534,224	17,036	551,260
31	Income Tax	1,028,634	156,513	1,185,147	404,190	1,589,336
32	**Total Operating Expenses**	$ 9,177,014	$ (163,077)	$ 9,013,937	$ 421,226	$ 9,435,163
33	**Operating Income (Loss)**	$ 2,024,376	$ 221,780	$ 2,246,156	$ 651,411	$ 2,897,567

References:

Column [A]: Company Schedule C-1;
Column [B]: RUCO Recommended Total Adjustments Per Schedule RBM-14 on pages 1-2 at page 2 in Column [S] at line 33;
Column [C]: Column [A] + [B] - RUCO Recommended Adjusted Test Year Amounts Per Schedule RBM-14 on page 2 of 2 in Column [T];
Column [D]: RUCO Recommended Increase/(Decrease) to Revenue Requirement;
Column [E]: Column [C] + [D] - RUCO Recommended Increase/(Decrease) Amounts for Revenue Requirement.

Litchfield Park Service Company
Docket No's. SW-01428A-13-0042 and
W-01427A-13-0043
Test Year Ended December 31, 2012

RUCO OPERATING INCOME ADJUSTMENTS

Line No.	Description	[A] Company Adjusted Test Year As Filed	[B] Adj. No. 1 Depreciation Expense	[C] Adj. No. 2 Property Taxes	[D] Adj. No. 3 Used for Wastewater Only	[E] Adj. No. 4 Regulatory Asset Amort. Exp.	[F] Adj. No. 5 Reverse Declining Usage	[G] Adj. No. 6 Water Testing	[H] Adj. No. 7 Corporate Expense True-Up	[I] Adj. No. 8 Employee Pension Benefits	[J] Adj. No. 9 Intentionally Left Blank
	Revenues:										
1	Metered Water Revenues	$ 10,965,667	$ -	$ -	$ -	$ -	$ 58,703	$ -	$ -	$ -	$ -
2	Unmetered Water Revenues	-	-	-	-	-	-	-	-	-	-
3	Other Water Revenues	235,723	-	-	-	-	-	-	-	-	-
4	**Total Revenues**	$ 11,201,390	$ -	$ -	$ -	$ -	$ 58,703	$ -	$ -	$ -	$ -
	Operating Expenses										
5	Salaries and Wages	$ 1,069,839	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (62,199)	$ -
6	Purchased Water	2,615	-	-	-	-	-	-	-	-	-
7	Purchased Power	903,527	-	-	-	-	(41)	-	-	-	-
8	Fuel For Power Production	-	-	-	-	-	-	-	-	-	-
9	Chemicals	208,080	-	-	-	-	-	-	-	-	-
10	Materials and Supplies	91,139	-	-	-	-	-	-	-	-	-
11	Management Services - US Liberty Water	1,260,835	-	-	-	-	-	-	(8,420)	-	-
12	Management Services - Corporate	781,023	-	-	-	-	-	-	-	-	-
13	Management Services - Other	-	-	-	-	-	-	-	-	-	-
14	Outside Services - Accounting	9,271	-	-	-	-	-	-	-	-	-
15	Outside Services - Engineering	-	-	-	-	-	-	-	-	-	-
16	Outside Services- Other	103,412	-	-	-	-	-	-	-	-	-
17	Outside Services- Legal	19,865	-	-	-	-	-	(22,062)	-	-	-
18	Water Testing	66,942	-	-	-	-	-	-	-	-	-
19	Rents - Building	-	-	-	-	-	-	-	-	-	-
20	Rents - Equipment	7,229	-	-	-	-	-	-	-	-	-
21	Transportation Expenses	103,726	-	-	-	-	-	-	-	-	-
22	Insurance - General Liability	88,374	-	-	-	-	-	-	-	-	-
23	Insurance - Vehicle	20,825	-	-	-	851	-	-	-	-	-
24	Reg. Comm. Exp. - Other	19,721	-	-	-	-	-	-	-	-	-
25	Reg. Comm. Exp. - Rate Case	65,800	-	-	-	-	-	-	-	-	-
26	Miscellaneous Expense	151,237	-	-	-	-	-	-	-	-	-
27	Bad Debt Expense	(76)	-	-	-	-	-	-	-	-	-
28	Depreciation and Amortization Expense	2,615,868	11,713	-	-	-	-	-	-	-	-
29	Taxes Other Than Income	-	-	-	-	-	-	-	-	-	-
30	Property Taxes	559,128	-	(24,904)	-	-	-	-	-	-	-
31	Income Tax	1,028,634	-	-	-	-	-	-	-	-	-
32	**Total Operating Expenses**	$ 9,177,014	$ 11,713	$ (24,904)	$ -	$ 851	$ (41)	$ (22,062)	$ (8,420)	$ (62,199)	$ -
33	**Operating Income**	$ 2,024,376	$ (11,713)	$ 24,904	$ -	$ (851)	$ 58,744	$ 22,062	$ 8,420	$ 62,199	$ -

Adjustments:

Adjustment No. 1: Depreciation Expense - See RUCO Schedule RBM-15 in Column [C] at line 43;
Adjustment No. 2: Property Taxes - See RUCO Schedule RBM-16 in Column [A] at line 18;
Adjustment No. 3: Used for Wastewater Division Only;
Adjustment No. 4: Revenue Accrual Fix - See RUCO Schedule RBM-18;
Adjustment No. 5: Reverse Company's Declining Usage Adjustment Components - See RUCO Schedule RBM-19;
Adjustment No. 6: Water Testing Expense - See RUCO Schedule RBM-20 at line 3;
Adjustment No. 7: Adopted Company's Calculations of Staff's Recommedation;
Adjustment No. 8: Employee Pension Benefit Plan - See RUCO Schedule RBM-22 at line 3;
Adjustment No. 9: Intentionally Left Blank

References:

Column [A]: Company Schedule C-1 Adjusted Test Year as Filed;
Column [B] through [J]: RUCO Recommended Adjusted Test Year Adjustments;

RUCO OPERATING INCOME ADJUSTMENTS

Line No.	Description	[K] Adj. No. 10 US Liberty Utilities Add'l. Reductions	[L] Adj. No. 11 Allocate Bad Debt Expense	[M] Adj. No. 12 Intentionally Left Blank	[N] Adj. No. 13 Corporate Cost Allocations	[O] Adj. No. 14 Achievement Incentive/Bonus Pay Allocations	[P] Adj. No. 15 Miscellaneous Expense	[Q] Adj. No. 16 Customer Deposit Interest Expense	[R] Adj. No. 17 Income Taxes	[S] Total RUCO Adjustments Recommended	[T] RUCO Adjusted Test Year Recommended
	Revenues:										
1	Metered Water Revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 58,703	$ 11,024,370
2	Unmetered Water Revenues	-	-	-	-	-	-	-	-	-	-
3	Other Water Revenues	-	-	-	-	-	-	-	-	-	235,723
4	**Total Revenues**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 58,703	$ 11,260,093
	Operating Expenses										
5	Salaries and Wages	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (62,199)	$ 1,007,640
6	Purchased Water	-	-	-	-	-	-	-	-	-	2,615
7	Purchased Power	-	-	-	-	-	-	-	-	(41)	903,486
8	Fuel For Power Production	-	-	-	-	-	-	-	-	-	-
9	Chemicals	-	-	-	-	-	-	-	-	-	208,080
10	Materials and Supplies	-	-	-	-	-	-	-	-	-	91,139
11	Management Services - US Liberty Water	(1,829)	-	-	-	(121,720)	-	-	-	(131,969)	1,128,866
12	Management Services - Corporate	-	-	-	(83,768)	(17,167)	-	-	-	(100,935)	680,088
13	Management Services - Other	-	-	-	-	-	-	-	-	-	-
14	Outside Services - Accounting	-	-	-	-	-	-	-	-	-	9,271
15	Outside Services - Engineering	-	-	-	-	-	-	-	-	-	-
16	Outside Services- Other	-	-	-	-	-	-	-	-	-	103,412
17	Outside Services- Legal	-	-	-	-	-	-	-	-	-	19,865
18	Water Testing	-	-	-	-	-	-	-	-	(22,062)	44,880
19	Rents - Building	-	-	-	-	-	-	-	-	-	-
20	Rents - Equipment	-	-	-	-	-	-	-	-	-	7,229
21	Transportation Expenses	-	-	-	-	-	-	-	-	-	103,726
22	Insurance - General Liability	-	-	-	-	-	-	-	-	-	88,374
23	Insurance - Vehicle	-	-	-	-	-	-	-	-	-	20,825
24	Reg. Comm. Exp. - Other	-	-	-	-	-	-	-	-	851	20,572
25	Reg. Comm. Exp. - Rate Case	-	-	-	-	-	-	-	-	-	65,800
26	Miscellaneous Expense	-	-	-	-	-	(16,108)	4,848	-	(11,260)	139,977
27	Bad Debt Expense	-	21,216	-	-	-	-	-	-	21,216	21,140
28	Depreciation and Amortization Expense	-	-	-	-	-	-	-	-	11,713	2,627,581
29	Taxes Other Than Income	-	-	-	-	-	-	-	-	-	-
30	Property Taxes	-	-	-	-	-	-	-	-	(24,904)	534,224
31	Income Tax	-	-	-	-	-	-	-	156,513	156,513	1,185,147
32	**Total Operating Expenses**	$ (1,829)	$ 21,216	$ -	$ (83,768)	$ (138,887)	$ (16,108)	$ 4,848	$ 156,513	$ (163,077)	$ 9,013,937
33	**Operating Income**	$ 1,829	$ (21,216)	$ -	$ 83,768	$ 138,887	$ 16,108	$ (4,848)	$ (156,513)	$ 221,780	$ 2,246,156

Adjustments:

Adjustment No. 10: Additional Adjustments to US Liberty Utilities - See RUCO Schedule RBM-24 at line 3;
Adjustment No. 11: Allocate Bad Debt Expense - See RUCO Schedule RBM-25 at line 5;
Adjustment No. 12: Intentionally Left Blank;
Adjustment No. 13: APUC Corporate Cost Allocations - See RUCO Schedule RBM-27 in Col. [K] at line 25;
Adjustment No. 14: Achievement/Incentive/Bonus Pay Adjustments - See RUCO Schedule RBM-28 at lines 6 + 9;
Adjustment No. 15: Miscellaneous Expense Adjustments - See RUCO Schedule RBM-29;
Adjustment No. 16: Customer Security Deposit Interest Expense - See RUCO Schedule RBM-30 at line 3;
Adjustment No. 17: Income Taxes - See RUCO Schedule RBM-31 in Column [A] at line 3.

References:

Column [K] thru [R]: RUCO Recommended Adjusted Test Year Adjustments;
Column [S]: RUCO Total Adjusted Test Year Adjustments on Schedule JLK-14 page 1 of 2 in Columns [B] thru Schedule JLK-14 page 2 of 2 in Columns [K] thru [R];
Column [T]: Column [A] on Schedule JLK-14 at page 1 of 2 + Column [S] on Schedule JLK-14 page 2 of 2 - RUCO Recommended Adjusted Test Year Balances.

OPERATING INCOME ADJUSTMENT NO. 1
DEPRECIATION EXPENSE

Line No.	NARUC Account	Description	[A] RUCO UPIS Recommended	[B] Authorized Depreciation Rate	[C] RUCO Depreciation Expense Going Forward
1	301	Organization Cost	$ 21,100	0.00%	$ -
2	302	Franchise Cost	-	0.00%	-
3	303	Land and Land Rights	1,450,278	0.00%	-
4	304	Structures & Improvements	25,036,371	3.33%	833,711
5	305	Collecting & Impounding Reservoirs	-	2.50%	-
6	306	Lake, River, Canal Intakes	-	2.50%	-
7	307	Wells & Springs	3,214,114	3.33%	107,030
8	308	Infiltration Galleries	-	6.67%	-
9	309	Raw Water Supply Mains	-	2.00%	-
10	310	Power Generation Equipment	225,130	5.00%	11,257
11	311	Pumping Equipment	874,290	12.50%	109,286
12	320	Water Treatment Equipment	1,696,759	3.33%	56,502
13	320.1	Water Treatment Plants	1,728,635	3.33%	57,564
14	320.2	Solution Chemical Feeders	-	20.00%	-
15	330	Distribution Reservoirs & Standpipes	492,176	2.22%	10,926
16	330.1	Storage Tanks	901,841	2.22%	20,021
17	330.2	Pressure Tanks	-	5.00%	-
18	331	Transmission & Distribution Mains	40,256,187	2.00%	805,124
19	333	Services	5,350,963	3.33%	178,187
20	334	Meters	4,759,560	8.33%	396,471
21	335	Hydrants	3,302,148	2.00%	66,043
22	336	Backflow Prevention Devices	38,387	6.67%	2,560
23	339	Other Plant & Misc Equipment	259,531	6.67%	17,311
24	340	Office Furniture & Equipment	657,653	6.67%	43,865
25	340.1	Computers & Software	7,995	20.00%	1,599
26	341	Transportation Equipment	234,697	20.00%	46,939
27	342	Stores Equipment	37,143	4.00%	1,486
28	343	Tools, Shop & Garage Equipment	47,434	5.00%	2,372
29	344	Laboratory Equipment	5,803	10.00%	580
30	345	Power Operated Equipment	18,003	5.00%	900
31	346	Communication Equipment	128,402	10.00%	12,840
32	347	Miscellaneous Equipment	-	10.00%	-
33	348	Other Tangible Plant	122,414	10.00%	12,241
			$ 90,867,015		$ 2,794,816

Less: Amortization of Contributions ("CIAC")

	Account No.	Description	Gross CIAC	CIAC Account Specific Amortization Rate	
34	303	Land and Land Rights	$ (92,495)	0.00%	$ -
35	307	Wells	(499,000)	3.33%	(16,617)
36	311	Pumping Equipment	(40,572)	12.50%	(5,071)
37	331	Transmission & Distribution Mains	(5,893,218)	2.00%	(117,864)
38	333	Services	(772,209)	3.33%	(25,715)
39	334	Meters	(29,899)	8.33%	- *
40	335	Hydrants	(98,419)	2.00%	(1,968)
41		Total Gross CIAC Balance (See RUCO RBM-2)	$ (7,425,812)		$ (167,235)
42		RUCO Total Depreciation Expense			2,627,581
43		Company Adjusted Depreciation Expense As Filed			2,615,868
44		RUCO Increase/(Decrease) Expense Adjustment			$ 11,713

* Fully Depreciated Per Company Schedule C-2, page 2

OPERATING INCOME ADJUSTMENT NO. 2
PROPERTY TAXES

Line No.	Property Tax Calculation	[A] RUCO AS ADJUSTED	[B] RUCO RECOMMENDED
1	RUCO Adjusted Test Year Gross Revenues Per RUCO Schedule RBM-13	$ 11,260,093	$ 11,260,093
2	Multiplied by 2	2	2
3	Subtotal (Line 1 • Line 2)	$ 22,520,186	$ 22,520,186
4a	RUCO Adjusted Test Year Gross Revenues Per RUCO Schedule RBM-13	11,260,093	
4b	RUCO Recommended Revenue Per RUCO Schedule RBM-13		12,332,730
5	Subtotal (Line 3 + Line 4a)	$ 33,780,279	$ 34,852,916
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	$ 11,260,093	$ 11,617,639
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 • Line 8)	$ 22,520,186	$ 23,235,278
10	Plus: 10% of CWIP Per Company Schedule E-1 As Filed	-	-
11	Less: Net Book Value of Licensed Vehicles	96,334	96,334
12	Full Cash Value (Line 9 + Line 10 - Line 11)	$ 22,423,853	$ 23,138,944
13	Assessment Ratio	19.0%	19.0%
14	Assessed Value (Line 12 • Line 13)	$ 4,260,532	$ 4,396,399
15	Composite Property Tax Rate (Per RUCO Effective Property Tax Calculation)	12.5389%	12.5389%
16	RUCO Adjusted Test Year Property Tax Expense (Line 14 • Line 15)	$ 534,224	
17	Company Adjusted Test Year Property Tax Expense (Per Company Schedule C-1)	559,128	
18	RUCO Test Year Adjustment (Line 16-Line 17)	$ (24,904)	
19	Property Tax - RUCO Recommended Revenue (Line 14 * Line 15)		$ 551,260
20	RUCO Test Year Adjusted Property Tax Expense (Line 16)		534,224
21	Increase/(Decrease) to Property Tax Expense		$ 17,036
22	Increase/(Decrease) to Property Tax Expense		$ 17,036
23	Increase in Revenue Requirement		1,072,637
24	Increase /(Decrease) to Property Tax per Dollar Increase in Revenue (Line 22 / Line 23)		1.5883%

References:
RUCO Schedule RBM-13
RUCO Schedule RBM-4(a) page 1 of 2

OPERATING INCOME ADJUSTMENT NO. 3
USED ONLY FOR WASTEWATER DIVISION

Line No.	Description	Amount

References:

OPERATING INCOME ADJUSTMENT NO. 4
REVENUE ACCRUAL FIX

Line No.	Description	Amount

References:

OPERATING INCOME ADJUSTMENT NO. 5
REVERSE COMPANY'S DECLINING USE ADJUSTMENT & REMOVE DECLINING USAGE COMPONENT FROM PURCHASED POWER ANNUALIZATION

Line No.	Description	Amount
1	Company Revenue Adjustment for Declining Usage	$ (58,703)
2	RUCO Recommended Reversal Adjustment for Declining Usage	-
3	RUCO Recommended Increase/(Decrease) Adjustment	$ 58,703
4	Company Test Year Booked Purchased Power Expense	$ 891,103
5	Test Year Gallons Sold (in thousands)	3,298,378
6	Cost Per 1,000 gallons (Line 4 / Line 5)	0.27
7	RUCO Additional Gallons from Purchased Power Expense Annualization	45,832
8	Increase in Purchased Power per Company	$ 12,423
9	RUCO Purchase Power Annualization, Less Declining Usage	12,382
10	Adjustment to Revenue and/or Expense (L10 - L8)	$ (41)
11	RUCO's Total Recommended Adjustment	$ 58,744

References:
Company Schedule C-2, page 7
Company Response to Staff DR JMM 2-2 (See RBM Direct Testimony for RUCO Rationale)
See RBM Testimony

OPERATING INCOME ADJUSTMENT NO. 6
WATER TESTING EXPENSE

Line No.	Description	Amount
1	Water Testing Proforma Adjustment Per Company as Filed	$ 33,093
2	Water Testing Proforma Adjustment Per RUCO	11,031
3	RUCO Recommended Adjustment	$ (22,062)

References:
Company Response to RUCO DR 3.32

OPERATING INCOME ADJUSTMENT NO. 7
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Line No.	Description	Amount

References:

OPERATING INCOME ADJUSTMENT NO. 8
EMPLOYEE PENSION BENEFIT PLAN

Line No.	Description	Amount
1	Employee Pension Benefit Plan Proforma Adjustment Per Company as Filed	$ 62,199
2	Employee Pension Benefit Plan Proforma Adjustment Per RUCO Recommendation	-
3	RUCO Recommended Adjustment	$ (62,199)

References:
Company Response to RUCO DR 3.01
See Testimony of RBM

OPERATING INCOME ADJUSTMENT NO. 9
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Line No.	Description	Amount

References:

OPERATING INCOME ADJUSTMENT NO. 10
ADDITIONAL REDUCTIONS TO US LIBERTY UTILITIES MANAGEMENT SERVICES

Line No.	Description	Amount
	Water Division:	
1	Company's Proforma Adjustment for Management Services - US Liberty Water as Filed	$ (16,840)
2	RUCO Recommended Adjustment for Management Services - US Liberty Water	(18,669)
3	RUCO Recommended Adjustment	(1,829)
	Wastewater Division:	
4	Company's Proforma Adjustment for Management Services - US Liberty Water as Filed	$ (21,457)
5	RUCO Recommended Adjustment for Management Services - US Liberty Water	(23,978)
6	RUCO Recommended Adjustment	(2,521)

References:
Company Response to Staff DR JMM 12-2

OPERATING INCOME ADJUSTMENT NO. 11
ALLOCATE BAD DEBT EXPENSE

Line No.	Description		Amount
	Water & Wastewater Divisions Combined Adjusted Test Year Bad Debt Expense as Filed:		
1	Water Division Adjusted Test Year Bad Debt Expense as Filed	$	(76)
2	Wastewater Division Adjusted Test Year Bad Debt Expense as Filed		45,215
3	Total Water & Wastewater Divisions Combined Adjusted Test Year Bad Debt Expense as Filed by Company	$	45,140
	Water Division:		
4	Allocation Factor Recommended by RUCO to Allocate Bad Debt Expense to Water Division		47%
5	RUCO Recommended Bad Debt Expense Adjustment Allocated to Water Division	$	21,216
	Wastewater Division:		
6	Allocation Factor Recommended by RUCO to Allocate Bad Debt Expense to Wastewater Division		53%
7	RUCO Recommended Bad Debt Adjustment Allocated to Wastewater Division	$	(23,924)

References:
Company Response to Staff DR JMM 12-2

OPERATING INCOME ADJUSTMENT NO. 12
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Line No.	Description	Amount

References:

Litchfield Park Service Company
Docket No's. SW-01428A-13-0042 and
W-01427A-13-0043
Test Year Ended December 31, 2012

OPERATING INCOME ADJUSTMENT NO. 13
APUC COST ALLOCATIONS

Line No.	Description	[A] Company Requested Total APUC Cost Pool	[B] Allocation Factor From APUC To Liberty Utilities	[C] APUC Allocation To Liberty Utilities	[D] Allocation Factor From Liberty Utilites To Liberty Utilities South	[E] Liberty Utilities Allocation To Liberty Utilities South	[F] Allocation Factor From Liberty Utilities South To LPSCO Water	[G] Allocation Factor From Liberty Utilities South To LPSCO Wastewater	[H] Libery Utilities South Allocation To LPSCO Water	[I] Libery Utilities South Allocation To LPSCO Wastewater	[J] RUCO Recommended Allocations Factors Per Decision 72059	[K] RUCO Recommended Allocations LPSCO Water	[L] RUCO Recommended Allocations LPSCO Sewer
1	Audit	$ 1,561,911	51.8%	$ 808,566	22.26%	$ 179,960	28.74%	26.87%	$ 51,712	$ 48,352	100%	$ 51,712	$ 48,352
2	Tax	1,169,300	51.8%	605,321	22.26%	134,724	28.74%	26.87%	38,713	36,198	100%	38,713	36,198
3	Legal	635,190	51.8%	328,824	22.26%	73,185	28.74%	26.87%	21,030	19,664	100%	21,030	19,664
4	Professional Services	680,395	51.8%	352,225	22.26%	78,394	28.74%	26.87%	22,527	21,063	50%	11,263	10,531
5	Unitholder Communications	700,793	51.8%	362,785	22.26%	80,744	28.74%	26.87%	23,202	21,694	50%	11,601	10,847
6	Trustee / Director Fees	378,154	51.8%	195,762	22.26%	43,570	28.74%	26.87%	12,520	11,706	50%	6,260	5,853
7	Computer Supplies /Repairs	51,761	51.8%	26,796	22.26%	5,964	28.74%	26.87%	1,714	1,602	100%	1,714	1,602
8	Office Expenses	98,210	51.8%	50,841	22.26%	11,316	28.74%	26.87%	3,252	3,040	100%	3,252	3,040
9	Employee Stock Purchase Plan	4,270	51.8%	2,210	22.26%	492	28.74%	26.87%	141	132	50%	71	66
10	Board of Director's Insurance	145,728	51.8%	75,440	22.26%	16,790	28.74%	26.87%	4,825	4,511	50%	2,412	2,256
11	Escrow & Transfer Agent Fees	75,000	51.8%	38,826	22.26%	8,641	28.74%	26.87%	2,483	2,322	50%	1,242	1,161
12	Training	76,343	51.8%	39,521	22.26%	8,796	28.74%	26.87%	2,528	2,363	100%	2,528	2,363
13	Stock Option expense	1,376,013	51.8%	712,331	22.26%	158,542	28.74%	26.87%	45,557	42,597	0%	-	-
14	Recruiting	54,095	51.8%	28,004	22.26%	6,233	28.74%	26.87%	1,791	1,675	100%	1,791	1,675
15	Meals and Entertainment	2,315	51.8%	1,198	22.26%	267	28.74%	26.87%	77	72	50%	38	36
16	Rent	84,861	51.8%	43,931	22.26%	9,778	28.74%	26.87%	2,810	2,627	100%	2,810	2,627
17	Communication	78,982	51.8%	40,887	22.26%	9,100	28.74%	26.87%	2,615	2,445	100%	2,615	2,445
18	Dues and Memberships	47,155	51.8%	24,411	22.26%	5,433	28.74%	26.87%	1,561	1,460	0%	-	-
19	Licenses/Fees & Permits	384,904	51.8%	199,256	22.26%	44,348	28.74%	26.87%	12,743	11,915	100%	12,743	11,915
20	Net Other Admin Costs	14,274	51.8%	7,389	22.26%	1,645	28.74%	26.87%	473	442	100%	473	442
21	Variance Due to Company's Monthly Allocation Factoring								10,321	26,092	64%	1 6,559	16,580
												-	-
												-	-
												-	-
22	Total APUC Allocations Per RUCO	$ 7,619,653		$ 3,944,525		$ 877,921			$ 262,593	$ 261,973		$ 178,825	$ 177,654
23	Company Water Division's APUC Cost Allocation Requested											262,593	
24	Company Wastewater Division's APUC Cost Allocation Requested												261,973
25	RUCO Recommended Water and Wastewater Division's APUC Cost Allocation Adjustment											$ (83,768)	$ (84,319)

Note 1:

	Water & Wastewater
Variances by Company Per Responses to RUCO DR 1.08 and Staff 5.2	$ 36,413
RUCO Allowance Factor for the Variances Identifieed by Company	64%

References:
Column [A] - Company response to Staff DR JMM - 10.1(a) confirmed the accruals in that Column were trued-up to Actual Expenses for this rate case.

OPERATING INCOME ADJUSTMENT NO. 14
ACHIEVEMENT / INCENTIVE / BONUS PAY PROGRAMS

Line No.		Description	Water Division Amount	Wastewater Division Amount
		Algonquin Power Utilities Corporation ("APUC") Allocation:		
1	1	Per Company APUC Achievement / Incentive / Bonus Pay Program Allocations Included in Test Year	$ 45,557	$ 42,597
2	2	RUCO Recommended APUC Achievement / Incentive / Bonus Pay Program Allocations Included in Test Year	0%	0%
3	2	RUCO's Recommended Adjustment to Company's Test Year End APUC Achievement / Incentive / Bonus Pay to Include in TY	$ -	$ -
		Liberty Utilities - Local Incentive Pay		
4	1	Per Company Liberty Utilities - Local Achievement / Incentive / Bonus Pay Program Included in Test Year	$ 243,440	$ 227,622
5		RUCO Recommended Achievement / Incentive / Bonus Pay Program Allocations Included in Test Year	50%	50%
6		RUCO's Recommended Adjustment to Company's Test Year End APUC Achievement / Incentive / Bonus Pay to Include in TY	$ (121,720)	$ (113,811)
		Liberty Utilities - Allocated Incentive Pay		
7	1	Per Company Liberty Utilities - Local Achievement / Incentive / Bonus Pay Program Included in Test Year	$ 34,334	28,446
8		RUCO Recommended Achievement / Incentive / Bonus Pay Program Allocations Included in Test Year	50%	50%
9		RUCO's Recommended Adjustment to Company's Test Year End APUC Achievement / Incentive / Bonus Pay to Include in TY	$ (17,167)	$ (14,223)
10		RUCO's Recommended Total Adjustments	$ (138,887)	$ (128,034)

References:

1 Per Company Supplemental Response to RUCO 1.15(e)
2 RUCO disallowed 100% of the APUC Achievement / Incentive / Pay Program - Stock Option Expense (See RUCO Schedule RBM-27 at line 13)

OPERATING INCOME ADJUSTMENT NO. 15
MISCELLANEOUS EXPENSE

Line No.	Description	Account No.	[A] Company As Filed	[B] RUCO Allowance Factor	[C] RUCO Recommended Adjustment
1	Company Adjusted Miscellaneous Expense as Filed		$ 151,237		
	RUCO Adjustments:				
2	Public Relations	8600-2-0200-69-5390	$ 830	100%	$ (830)
3	Meals and Entertainment	8600-2-0200-69-5300	4,675	50%	(2,338)
4	Charitable Donations	8600-2-0200-69-5450	12,940	100%	(12,940)
5	Total				$ (16,108)
6	RUCO Adjustment to Miscellaneous Expense				$ (16,108)

References:
Column [A]: Company Adjusted Test Year Schedule C-1 Balance on page 1 at line 28 and Company Response to Staff DR JMM 2-45;
Column [B]: RUCO Allowance Factor;
Column [C]: RUCO Recommended Adjustment.

RATE BASE ADJUSTMENT NO. 16
CUSTOMER SECURITY DEPOSIT INTEREST EXPENSE

Line No.		Description	Amount
		Water Division:	
1	1	Customer Security Deposit Interest Expense As Filed by Company Below-the-Line for Both Divisons Per Response to Staff DR 13-4	$ 10,314
2		RUCO Recommended Allocation for Water Division Net of Interest Earned (See Note 1 Below for Allocation Percentages)	4,848
3		RUCO's Recommended Adjustment (Net of Interest Earned on Unexpended CIAC Bank Account Per Response to Staff DR 1.13)	$ 4,848
		Wastewater Division:	
4	1	Customer Security Deposit Interest Expense As Filed by Company Below-the-Line for Both Divisons Per Response to Staff DR 13-4	$ 10,314
5		RUCO Recommended Allocation for Water Division Net of Interest Earned (See Note 1 Below for Allocation Percentages)	5,467
6		RUCO's Recommended Adjustment (Net of Interest Earned on Unexpended CIAC Bank Account Per Response to Staff DR 1.13)	$ 5,467

Note 1: Allocation Percentage Factors
Water = 47%
Wastewater = 53%

References:
1 Per Company Response and Excel workbook Attachment to Staff's DR 13-4

OPERATING INCOME ADJUSTMENT NO. 17
INCOME TAXES

Line No.	Description	[A] RUCO Adjusted Test Year Recommended	[B] RUCO Test Year Recommended
1	RUCO Computed Adjusted Test Year Income Tax	$ 1,185,147	$ 1,589,336
2	Company Income Tax As Filed	1,028,634	1,885,306
3	RUCO Adjustment to Income Tax Expense	$ 156,513	$ (295,970)

References:
See RUCO Schedule RBM-1 at page 2 of 2;
Company Schedule C-1 Adjusted Test Year as Filed

COST OF CAPITAL

Line No.		[A] DOLLAR AMOUNT	[B] CAPITAL RATIO	[C] COST RATE	[D] WEIGHTED COST RATE
1	Long-Term Debt	$ 10,420,000	15.87%	6.40%	1.02%
2	Common Equity	55,240,319	84.13%	9.20% *	7.74%
3	Total Capitalization	$ 65,660,319	100.00%		
4	WEIGHTED AVERAGE COST OF CAPITAL ("WACC")				8.76%

* The Return on Equity Recommended by RUCO was authorized in Decision No. 73996 dated July 30, 2013.

References:
Columns [A] Thru [D]: RBM & RBM Testimony

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RBM-21	1	INTENTIONALLY LEFT BLANK
RBM-22	1	EMPLOYEE PENSION PLAN
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RBM-24	1	ADDITIONAL REDUCTIONS TO US LIBERTY UTILITIES CORPORATE EXPENSE
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RBM-27	1	ALGONQUIN POWER UTILITIES CORPORATION ("APUC") COST ALLOCATIONS EXPENSE
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RBM-30	1	CUSTOMER DEPOSIT INTEREST EXPENSE
RBM-31	1	ADJUSTED TEST YEAR ("TY") INCOME TAX EXPENSE
RBM-32	1	COST OF CAPITAL

RUCO RECOMMENDED REVENUE REQUIREMENT

Line No.	Description	[A] Company OCRB/FVRB Cost	[B] RUCO OCRB/FVRB Cost
1	Fair Value Rate Base	$ 23,877,697	$ 24,275,426
2	Adjusted Test Year Operating Income (Loss)	$ 1,871,616	$ 2,086,729
3	Current Rate Of Return (L2 / L1)	7.84%	8.60%
4	Required Operating Income (L5 X L1)	$ 2,268,786	$ 2,125,472
5	Required Rate Of Return On Fair Value Rate Base	9.50%	8.76%
6	Operating Income Deficiency (L4 - L2)	$ 397,170	$ 38,743
7	Gross Revenue Conversion Factor (RLM-1, Pg 2)	1.6595	1.6496
8	Increase In Gross Revenue Requirement (L7 X L6)	$ 659,088	$ 63,910
9	Adjusted Test Year Revenue	$ 10,361,603	$ 10,362,797
10	Proposed Annual Revenue (L8 + L9)	$ 11,020,691	$ 10,426,706
11	Required Percentage Increase In Revenue (L8 / L9)	6.36%	0.62%
12	Rate Of Return On Common Equity	10.00%	9.20%

References:
Column [A]: Company Schedules A-1, B-1, C-1, and D-1
Column [B]: RUCO Schedule RBM-2, RBM-13 and RBM-32

RUCO GROSS REVENUE CONVERSION FACTOR ("GRCF")

LINE NO.	DESCRIPTION	[A]	[B]	[C]
	Calculation of Gross Revenue Conversion Factor:			
1	Revenue	100.0000%		
2	Uncollecible Factor	0.0000%		
3	Revenues (L1 - L2)	100.0000%		
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	39.3790%		
5	Subtotal (L3 - L4)	60.6210%		
6	**Revenue Conversion Factor (L1 / L5)**	1.649594		
	Calculation of Uncollecttible Factor:			
7	Unity	100.0000%		
8	Combined Federal and State Tax Rate (Line 17)	38.2900%		
9	One Minus Combined Income Tax Rate (L7 - L8)	61.7100%		
10	Uncollectible Rate	0.00000		
11	Uncollectible Factor (L9 * L10)	0.0000%		
	Calculation of Effective Tax Rate:			
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%		
13	Arizona State Income Tax Rate	6.5000%		
14	Federal Taxable Income (L12 - L13)	93.5000%		
15	Applicable Federal Income Tax Rate (Col. [C], L53)	34.0000%		
16	Effective Federal Income Tax Rate (L14 x L15)	31.7900%		
17	Combined Federal and State Income Tax Rate (L13 + L16)		38.2900%	
	Calculation of Effective Property Tax Factor			
18	Unity	100.0000%		
19	Combined Federal and State Income Tax Rate (Col. [B], L17)	38.2900%		
20	One Minus Combined Income Tax Rate (L18-L19)	61.7100%		
21	Property Tax Factor (Sch. RBM-9, Col. [B], L24)	1.7647%		
22	Effective Property Tax Factor (L20 x L21)		1.0890%	
23	Combined Federal and State Income Tax and Property Tax Rate (Col. [B], L17 + L22)			39.3790%
24	Required Operating Income (Sch. RBM-1, Col. [B] Line 4)	$ 2,125,472		
25	Adjusted Test Year Operating Income (Loss) (Sch. RBM-1, Col. [B], L2)	2,086,729		
26	Required Increase in Operating Income (L24 - L25)		$ 38,743	
27	Income Taxes on Recommended Revenue (Col. [C], L52)	$ 1,165,837		
28	Income Taxes on Test Year Revenue (Col. [A], L52)	1,141,797		
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		24,039	
30	Recommended Revenue Requirement (Sch. RBM-1, Col. [B], Line 10)	$ 10,426,706		
31	Uncollectible Rate (L10)	0.0000%		
32	Uncolllectible Expense on Recommended Revenue (L30 x L31)	$ -		
33	Adjusted Test Year Uncollectible Expense(Sch. RBM-6, Col. [C], L32)	$ -		
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32 - L33)		-	
35	Property Tax with Recommended Revenue (Sch. RBM-9, Col. [B], L19)	$ 549,661		
36	Property Tax on Test Year Revenue (Sch. RBM-9, Col. [B], L20)	548,533		
37	Increase in Property Tax Due to Increase in Revenue (L35 - 36)		1,128	
38	Total Required Increase in Revenue (Col. [B], L26 + L29 + L34 + L37)		$ 63,910	

	Calculation of Income Tax:	Test Year		RUCO Recommended
39	Revenue (Sch. RBM-1, Col. [B], Line 9 & Sch. RBM-1, Col. [B], L10)	$ 10,362,797	$ 63,910	$ 10,426,706
40	Operating Expenses Excluding Income Taxes	$ 7,134,270		$ 7,135,398
41	Synchronized Interest (Col. [C], L57)	$ 246,554		$ 246,554
42	Arizona Taxable Income (L39 - L40 - L41)	$ 2,981,973		$ 3,044,755
43	Arizona State Income Tax Rate	6.5000%		6.5000%
44	Arizona Income Tax (L42 x L43)	$ 193,828		$ 197,909
45	Federal Taxable Income (L42 - L44)	$ 2,788,145		$ 2,846,846
46	Federal Tax on First Income Bracket ($1 - $50,000) @ 15%	$ 7,500		$ 7,500
47	Federal Tax on Second Income Bracket ($51,001 - $75,000) @ 25%	$ 6,250		$ 6,250
48	Federal Tax on Third Income Bracket ($75,001 - $100,000) @ 34%	$ 8,500		$ 8,500
49	Federal Tax on Fourth Income Bracket ($100,001 - $335,000) @ 39%	$ 91,650		$ 91,650
50	Federal Tax on Fifth Income Bracket ($335,001 -$10,000,000) @ 34%	$ 834,069		$ 854,028
51	Total Federal Income Tax	$ 947,969		$ 967,928
52	Combined Federal and State Income Tax (L44 + L51)	$ 1,141,797		$ 1,165,837
53	Applicable Federal Income Tax Rate [Col. [C], L46 - Col. [A], L46] / [Col. [C], L40 - Col. [A], L40]			34.0000%
54	**Synchronized Interest Calculation:**			
55	Rate Base			$ 24,275,426
56	x Weighted Average Cost of Debt			1.02%
57	Synchronized Interest			$ 246,554

RUCO RATE BASE SUMMARY

Line No.	Description	[A] Company As Filed OCRB/FVRB	[B] RUCO Total Adjustments	[C] RUCO Recommended OCRB/FVRB
1	Gross Utility Plant In Service	$ 74,024,532	$ 571,272	$ 74,595,804
2	Accumulated Depreciation	(13,244,186)	(319,489)	(13,563,675)
3	Net Utility Plant in Service (L1 + L2)	$ 60,780,346	$ 251,784	$ 61,032,130
	Less:			
4	Advances In Aid of Construction ("AIAC")	(11,645,290)	-	(11,645,290)
5	Contributions In Aid of Construction ("CIAC")	(28,470,485)	93,570	(28,376,915)
6	Accumulated Amortization of CIAC	4,446,775	(293,475)	4,153,300
7	Net CIAC (L5 + L6)	$ (24,023,709)	$ (199,905)	$ (24,223,615)
8	Customer Meter Deposits	(95,892)	14,231	(81,661)
9	Customer Security Deposits	(155,440)	(8,553)	(163,993)
10	Accumulated Deferred IncomeTaxes ("ADIT")	(982,318)	340,173	(642,145)
	Plus:			
11	Unamortized Finance Charges	-	-	-
12	Allowance For Working Capital	-	-	-
13	Total Rate Base (Sum L's 3, 4, 7, 8 Thru 12)	$ 23,877,697	$ 397,729	$ 24,275,426

References:
Column [A]: Company Schedule B-1
Column [B]: RBM-3, Columns [B] Thru [K]
Column [C]: Column [A] + Column [B]

Litchfield Park Service Company
Docket No's. SW-01428A-13-0042 and
W-01427A-13-0043
Test Year Ended December 31, 2012

Wastewater Division
Surrebuttal Schedule RBM-3
Page 1 of 1

RATE BASE ADJUSTMENTS

LINE NO.	Description	[A] Company As Filed OCRB/FVRB	[B] Adjust No. 1 Utility Plant in Service Adjustments	[C] Adjust No. 2 Accumulated Depreciation	[D] Adjust No. 3 Intentionally Left Blank	[E] Adjust No. 4 CIAC & Amortization Adjustments	[F] Adjust No. 5 Customer Meter Deposits	[G] Adjust No. 6 Customer Security Deposits	[H] Adjust No. 7 Intentionally Left Blank	[I] Adjust No. 8 Intentionally Left Blank	[J] Adjust No. 9 ADIT Adjustment	[K] Adjust No. 10 Used For Water Div. Only	[L] Total RUCO Adjustments	[M] RUCO Recommended OCRB/FVRB
1	Gross Utility Plant In Service	$ 74,024,532	$ 571,272	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 571,272	$ 74,595,804
2	Accumulated Depreciation	(13,244,186)	-	(319,489)	-	-	-	-	-	-	-	-	(319,489)	(13,563,675)
3	Net Utility Plant in Service (L1 + L2)	$ 60,780,346	$ 571,272	$ (319,489)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 251,784	$ 61,032,130
	Less:													
4	Advances In Aid of Construction ("AIAC")	$ (11,645,290)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (11,645,290)
5	Contributions In Aid of Construction ("CIAC")	(28,470,485)	-	-	-	93,570	-	-	-	-	-	-	93,570	(28,376,915)
6	Accumulated Amortization of CIAC	4,446,775	-	-	-	(293,475)	-	-	-	-	-	-	(293,475)	4,153,300
7	Net CIAC (L5 + L6)	$ (24,023,709)	$ -	$ -	$ -	$ (199,905)	$ -	$ -	$ -	$ -	$ -	$ -	$ (199,905)	$ (24,223,615)
8	Customer Meter Deposits	$ (95,892)	$ -	$ -	$ -	$ -	$ 14,231	$ -	$ -	$ -	$ -	$ -	$ 14,231	$ (81,661)
9	Customer Security Deposits	(155,440)	-	-	-	-	-	(8,553)	-	-	-	-	(8,553)	(163,993)
10	Accumulated Deferred IncomeTaxes ("ADIT")	(982,318)	-	-	-	-	-	-	-	-	340,173	-	340,173	(642,145)
	Plus:													
11	Unamortized Finance Charges	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Allowance For Working Capital	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Total Rate Base (Sum L's 3, 4, 7, 8 Thru 12)	$ 23,877,697	$ 571,272	$ (319,489)	$ -	$ (199,905)	$ 14,231	$ (8,553)	$ -	$ -	$ 340,173	$ -	$ 397,729	$ 24,275,426

RUCO Adjustments:

Adjustment No. 1: Correct Utility Plant in Service ("UPIS") Balance as Filed by Company - See RUCO Adjustment No. 1 on Schedule RBM-4(a) 2012 TY Plant Summary Schedule on page 1 of 2, Column [J] at line 30;
Adjustment No. 2: Correct UPIS Accumulated Depreciation ("A/D") Balance as Filed by Company - See RUCO Adjustment No. 2 on Schedule RBM-4(a) 2012 A/D Summary Schedule on page 2 of 2, Column [J] at line 30;
Adjustment No. 3: Intentionally Left Blank;
Adjustment No. 4: Correct Contributions in Aid of Construction ("CIAC") & CIAC Amortization Balances as Filed by Company - See RUCO Schedule RBM-6 CIAC Reconstruction Schedules on page 1 of 6 at lines 3 & 6 with Total Net Adjustment at line 7 and on page 6 of 6, Column [G] & [H], at line 9;
Adjustment No. 5: RUCO Recommended 13-Month Average Customer Meter Deposit Balance as Calculated - See RUCO Schedule RBM-7 Customer Meter Deposits on page 1 of 1 at line 6;
Adjustment No. 6: RUCO Recommended 13-Month Average Customer Security Deposit Balance as Calculated - See RUCO Schedule RBM-8 Customer Security Deposits on page 1 of 1 at line 6;
Adjustment No. 7: Intentionally Left Blank
Adjustment No. 8: Intentionally Left Blank
Adjustment No. 9: RUCO Recommended 2012 TY End Accumulated Deferred Income Tax ("ADIT") Balance After RUCO Recommended Rate Base Adjustments - See RUCO Schedule RBM-11 ADIT on page 1 of 2 at line 11;
Adjustment No. 10: Used Only for Water Division

References:

Column [A]: Company Schedule B-1
Column [B] Thru Column [K]: RUCO Recommended Rate Base Adjustments
Column [L]: Sum of RUCO Recommended Rate Base Adjustments of Columns [B] through [K]
Column [M]: Column [A] + Column [L]

RATE BASE ADJUSTMENT NO. 1
SUMMARY OF UTILITY PLANT IN SERVICE ("UPIS") ADJUSTMENTS
TEST YEAR ENDED DECEMBER 31, 2012

Line No.	Acct No	Description	[A] Company Plant in Service As Filed	[B] RUCO Adjustment #1 Plant Reconstruction	[C] RUCO Adjustment #2 Plant Reclassifications Per Staff DR DH 11.2	[D] RUCO Adjustment #3 UPIS Not Used & Useful	[E] RUCO Adjustment #4 Remove Duplicate Invoices	[F] RUCO Adjustment #5 Used Only for Water Division	[G] RUCO Adjustment #6 Intentionally Left Blank	[H] RUCO Adjustment #7 Used Only for Add'l. Late Recorded Inv. A/D	[I] RUCO Adjustment #8 Used Only for W Division A/D	[J] RUCO Adjustment #9 True-Up of Accruals	[K] RUCO Adjustment #10 Reconciling Adjustments	[L] RUCO Adjustment #11 Post-Direct Retires/Reclass	[M] RUCO Total UPIS Adjustments	[N] Total Plant in Service Recommended
1	351	Organization	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	352	Franchise	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	353	Land	1,850,582	-	-	(11,217)	(3,409)	-	-	-	-	-	-	-	(14,626)	1,835,957
4	354	Structures & Improvements	24,208,314	1,200,000	(525,110)	(113,329)	-	-	-	-	-	199,000	-	-	760,561	24,968,875
5	355	Power Generation	603,332	-	-	-	(400)	-	-	-	-	-	-	-	(400)	602,932
6	360	Collection Sewer Forced	1,162,597	-	-	-	-	-	-	-	-	-	-	-	-	1,162,597
7	361	Collection Sewers Gravity	31,886,680	-	41,564	-	-	-	-	-	-	-	-	-	41,564	31,928,245
8	362	Special Collecting Structures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	363	Customer Services	76,190	-	-	-	-	-	-	-	-	-	-	-	-	76,190
10	364	Flow Measuring Devices	46,210	-	36,618	-	-	-	-	-	-	-	-	-	36,618	82,828
11	366	Reuse Services	4,057,660	-	-	-	-	-	-	-	-	-	-	-	-	4,057,660
12	367	Reuse Meters And Installation	44,753	-	-	-	-	-	-	-	-	-	-	-	-	44,753
13	370	Receiving Wells	860,393	-	-	-	-	-	-	-	-	-	-	-	-	860,393
14	371	Pumping Equipment	799,481	-	61,670	-	-	-	-	-	-	-	-	-	61,670	861,150
15	374	Reuse Distribution Reservoirs	62,286	-	-	-	-	-	-	-	-	-	-	-	-	62,286
16	375	Reuse Trans. and Dist. System	420,334	-	-	-	-	-	-	-	-	-	-	-	-	420,334
17	380	Treatment & Disposal Equipment	5,585,470	(700,000)	476,749	-	-	-	-	-	-	-	-	-	(223,251)	5,362,219
18	381	Plant Sewers	47,802	-	-	-	-	-	-	-	-	-	-	-	-	47,802
19	382	Outfall Sewer Lines	343,681	-	-	-	-	-	-	-	-	-	-	-	-	343,681
20	389	Other Sewer Plant & Equipment	871,498	-	(43,005)	-	(864)	-	-	-	-	-	-	6,193	(37,675)	833,823
21	390	Office Furniture & Equipment	275,740	-	-	-	-	-	-	-	-	-	-	-	-	275,740
22	390.1	Computers and Software	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	391	Transportation Equipment	33,497	-	-	-	-	-	-	-	-	-	-	(13,303)	(13,303)	20,194
24	392	Stores Equipment	8,968	-	-	-	-	-	-	-	-	-	-	-	-	8,968
25	393	Tools, Shop And Garage Equip	145,631	-	(15,681)	-	-	-	-	-	-	-	-	-	(15,681)	129,950
26	394	Laboratory Equip	186,348	-	836	-	-	-	-	-	-	-	-	-	836	187,184
26	395	Power Operated Equipment	28,090	-	(21,485)	-	-	-	-	-	-	-	-	-	(21,485)	6,605
26	396	Communication Equip	418,996	-	-	-	-	-	-	-	-	(3,555)	-	-	(3,555)	415,441
28	398	Other Tangible Plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-
															-	
29		Rounding	-	-	-	-	(1)	-	-	-	-	-	-	-	(1)	(1)
30		RUCO UPIS Adjustments	$ 74,024,532	$ 500,000	$ 12,156	$ (124,546)	$ (4,673)	$ -	$ -	$ -	$ -	$ 195,445	$ -	$ (7,110)	$ 571,272	$ 74,595,805

RUCO Adjustments:

Adjustment No. 1: Correct Utility Plant in Service ("UPIS") Balance as Filed by Company - See RUCO Adjustment No. 1 on Schedule RBM-4(b) 2008 thru 2012 TY Plant Schedules on pages 1-6 at page 6 on line 32;
Adjustment No. 2: Plant Reclassifications - RUCO Adopted the Company's UPIS Reclassifications as Filed in Rebuttal Testimony;
Adjustment No. 3: Reclassify UPIS Invoices from Water to Wastewater Division - RUCO Adopted the Company's UPIS Adjustments as Filed in Rebuttal Testimony;
Adjustment No. 4: Remove Duplicate Invoices - See RUCO Schedule RBM-4(e) on page 1 of 1 at lines 3, 9, 15, and 21;
Adjustment No. 5: Used Only for Water Division;
Adjustment No. 6: Intentionally Left Blank;
Adjustment No. 7: Used Only for A/D of Late Recorded UPIS Invoices;
Adjustment No. 8: Used Only for Water Division;
Adjustment No. 9: RUCO Adopted True-up of Accruals Recommended by Staff (See Company Rebuttal Testimony);
Adjustment No. 10: Company's Reconciling Adjustment to Reconstruction of UPIS Schedules (See Company Rebuttal Testimony); and
Adjustment No. 11: Post-Direct Filing of Retirements & Reclassifications (See Company Rebuttal Testimony).

References:

Column [A]: Company Schedule B-2 on page 3 Adjusted Test Year UPIS Balances as Filed;
Columns [B] Thru [I]: RUCO Recommended UPIS Adjustments;
Column [J]: Sum of Columns [B] Through [I] - RUCO Sum of Total Recommended UPIS Adjustments;
Column [K]: Column [A] + [J]

RATE BASE ADJUSTMENT NO. 2
SUMMARY OF ACCUMULATED DEPRECIATION ADJUSTMENTS
TEST YEAR ENDED DECEMBER 31, 2012

Line No.	Acct No	Description	[A] Company Accum. Depre. As Filed	[B] RUCO Adjustment #1 Plant Reconstruction	[C] RUCO Adjustment #2 Plant Reclassifications Per Staff DR DH 11.2	[D] RUCO Adjustment #3 Remove A/D Booked for Non-Used & Useful UPIS	[E] RUCO Adjustment #4 Remove Duplicate Invoices	[F] RUCO Adjustment #5 Used Only for Water Division	[G] RUCO Adjustment #6 Intentionally Left Blank	[H] RUCO Adjustment #7 Additional A/D on Late Recorded UPIS	[I] RUCO Adjustment #8 Used Only for W Division A/D	[J] RUCO Adjustment #9 True-Up of Accruals	[K] RUCO Adjustment #10 Reconciling Adjustments	[L] RUCO Adjustment #11 Post-Direct Retires/Reclass	[M] RUCO Total Plant in Service Adjustments	[N] RUCO Accum. Depre. Recommended
1	351	Organization	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	352	Franchise	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	353	Land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	354	Structures & Improvements	(3,773,984)	-	55,232	5,661	-	-	-	(6,478)	-	(3,313)	-	-	51,101	(3,722,884)
5	355	Power Generation	(222,393)	-	-	-	70	-	-	-	-	-	(0)	-	70	(222,323)
6	360	Collection Sewer Forced	109,004	-	-	-	-	-	-	-	-	-	-	-	-	109,004
7	361	Collection Sewers Gravity	(5,222,855)	-	(2,910)	-	-	-	-	(407)	-	-	-	-	(3,317)	(5,226,172)
8	362	Special Collecting Structures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	363	Customer Services	(2,092)	-	-	-	-	-	-	-	-	-	-	-	-	(2,092)
10	364	Flow Measuring Devices	(38,453)	-	(12,816)	-	-	-	-	-	-	-	-	-	(12,816)	(51,269)
11	366	Reuse Services	(825,859)	-	-	-	-	-	-	(23)	-	-	-	-	(23)	(825,882)
12	367	Reuse Meters And Installation	(21,945)	-	-	-	-	-	-	-	-	-	-	-	-	(21,945)
13	370	Receiving Wells	(297,089)	-	-	-	-	-	-	-	-	-	-	-	-	(297,089)
14	371	Pumping Equipment	(276,747)	-	(6,497)	-	-	-	-	-	-	-	-	-	(6,497)	(283,244)
15	374	Reuse Distribution Reservoirs	(8,088)	-	-	-	-	-	-	-	-	-	-	-	-	(8,088)
16	375	Reuse Trans. and Dist. System	(48,106)	-	-	-	-	-	-	(803)	-	-	-	-	(803)	(48,908)
17	380	Treatment & Disposal Equipment	(1,551,533)	(300,000)	(75,870)	-	-	-	-	-	-	-	-	-	(375,870)	(1,927,403)
18	381	Plant Sewers	(16,686)	-	-	-	-	-	-	-	-	-	-	-	-	(16,686)
19	382	Outfall Sewer Lines	(118,892)	-	-	-	-	-	-	-	-	-	-	-	-	(118,892)
20	389	Other Sewer Plant & Equipment	(234,145)	-	10,039	-	144	-	-	-	-	-	-	(1,704)	8,480	(225,666)
21	390	Office Furniture & Equipment	(122,510)	-	-	-	-	-	-	-	-	-	-	-	-	(122,510)
22	390.1	Computers and Software	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	391	Transportation Equipment	(33,497)	3,646	-	-	-	-	-	-	-	-	3,508	12,219	19,373	(14,124)
24	392	Stores Equipment	(3,681)	-	-	-	-	-	-	-	-	-	-	-	-	(3,681)
25	393	Tools, Shop And Garage Equip	(25,027)	-	392	-	-	-	-	-	-	-	-	-	392	(24,635)
26	394	Laboratory Equip	(135,667)	-	(293)	-	-	-	-	-	-	-	-	-	(293)	(135,959)
26	395	Power Operated Equipment	(702)	-	537	-	-	-	-	-	-	-	-	-	537	(165)
26	396	Communication Equip	(373,237)	-	-	-	-	-	-	-	-	178	-	-	178	(373,059)
28	398	Other Tangible Plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29		Plant Held for Future Use	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30		Totals	$ (13,244,186)	$ (296,354)	$ (32,185)	$ 5,661	$ 214	$ -	$ -	$ (7,711)	$ -	$ (3,136)	$ 3,508	$ 10,515	$ (319,489)	$ (13,563,675)

RUCO Adjustments:

Adjustment No. 1: Accumulated Depreciation ("A/D") Per RUCO - See RUCO Schedule RBM-4(b) 2012 Plant Reconstruction Schedule on pages 1-6 at page 6 on line 34;
Adjustment No. 2: Plant Reclassifications A/D Per RUCO - RUCO Adopted the Company's A/D Reclassifications as Filed in Rebuttal Testimony;
Adjustment No. 3: Reclassify A/D of UPIS Invoices from Water to Wastewater Division - RUCO Adopted the Company's A/D as Filed in Rebuttal Testimony;
Adjustment No. 4: Remove Duplicate Invoices A/D - RUCO Adopted the Company's A/D as Filed in Rebuttal Testimony;
Adjustment No. 5: Used Only for Water Division;
Adjustment No. 6: Intentionally Left Blank;
Adjustment No. 7: Used Only for A/D of Late Recorded UPIS Invoices - See RUCO Schedule RBM-4(h) on page 1 of 1, Column [B], at line 35;
Adjustment No. 8: Used Only for Water Division.
Adjustment No. 9: RUCO Adopted True-up of Accruals Recommended by Staff (See Company Rebuttal Testimony);
Adjustment No. 10: Company's Reconciling Adjustment to Reconstruction of A/D Schedules (See Company Rebuttal Testimony); and
Adjustment No. 11: Post-Direct Filing of Retirements & Reclassifications (See Company Rebuttal Testimony).

References:

Columns [A]: Company Schedule B-2 on page 4 Adjusted Test Year as Filed
Columns [B] Through [L]: RUCO Recommended A/D Adjustments
Columns [M]: Sum of Columns [B] Through [L] - RUCO Sum of Total Recommended UPIS Adjustments
Column [N]: Column [A] + [M]

Litchfield Park Service Company
Docket No's. SW-01428A-13-0042 and
W-01427A-13-0043
Test Year Ended December 31, 2012

UTILITY PLANT IN SERVICE ("UPIS") & UPIS ACCUMULATED DEPRECIATION ADJUSTMENT NO. 1
PLANT RECONSTRUCTION SCHEDULE
TEST YEAR ENDED DECEMBER 31, 2012

				Per Decision 72026			2008 (3 Months - October 1 through December 31, 2008)								
Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	Plant at 9/30/2008	Accum. Deprec. At 9/30/2008	Net Plant at 9/30/2008	Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.	Net Plant
1	351	Organization	0.00%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	352	Franchise	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
3	353	Land	0.00%	1,783,426	-	1,783,426	-	-	-	-	-	-	1,783,426	-	1,783,426
4	354	Structures & Improvements	3.33%	18,720,541	(1,470,581)	17,249,960	(233,680)	(20,663)	(254,342)	-	-	154,790	18,466,199	(1,625,370)	16,840,828
5	355	Power Generation	5.00%	548,674	(107,121)	441,552	-	-	-	-	-	6,858	548,674	(113,980)	434,694
6	360	Collection Sewer Forced	2.00%	1,161,105	207,785	1,368,889	-	-	-	-	-	5,806	1,161,105	201,979	1,363,084
7	361	Collection Sewers Gravity	2.00%	23,094,661	(2,850,025)	20,244,636	681,674	(7,514)	674,161	-	-	117,159	23,768,822	(2,967,184)	20,801,638
8	362	Special Collecting Structures	2.00%	-	-	-	-	-	-	-	-	-	-	-	-
9	363	Customer Services	2.00%	-	-	-	-	-	-	-	-	-	-	-	-
10	364	Flow Measuring Devices	10.00%	47,019	(19,320)	27,699	-	-	-	-	-	1,175	47,019	(20,495)	26,524
11	366	Reuse Services	2.00%	3,789,468	(482,984)	3,306,484	160,400	(59)	160,341	-	-	19,348	3,949,808	(502,332)	3,447,476
12	367	Reuse Meters And Installation	8.33%	52,331	(7,610)	44,721	1,535	-	1,535	-	-	1,106	53,866	(8,716)	45,150
13	370	Receiving Wells	3.33%	860,393	(175,322)	685,072	-	-	-	-	-	7,163	860,393	(182,484)	677,909
14	371	Pumping Equipment	12.50%	1,759,801	(959,964)	799,837	7,696	-	7,696	-	-	55,114	1,767,496	(1,015,078)	752,418
15	374	Reuse Distribution Reservoirs	2.50%	62,825	(1,959)	60,866	-	-	-	-	-	393	62,825	(2,352)	60,474
16	375	Reuse Trans. and Dist. System	2.50%	414,315	(3,884)	410,431	-	-	-	-	-	2,589	414,315	(6,474)	407,842
17	380	Treatment & Disposal Equipment	5.00%	5,431,228	(1,365,496)	4,065,731	(36,423)	-	(36,423)	-	-	67,663	5,394,805	(1,433,159)	3,961,646
18	381	Plant Sewers	5.00%	47,788	(6,531)	41,257	-	-	-	-	-	597	47,788	(7,128)	40,660
19	382	Outfall Sewer Lines	3.33%	343,681	(70,253)	273,428	-	-	-	-	-	2,861	343,681	(73,114)	270,567
20	389	Other Sewer Plant & Equipment	6.67%	605,548	(41,241)	564,307	(11,446)	-	(11,446)	-	-	10,002	594,101	(51,243)	542,859
21	390	Office Furniture & Equipment	6.67%	198,772	(58,516)	140,256	12,496	-	12,496	-	-	3,419	211,268	(61,935)	149,334
22	390.1	Computers and Software	20.00%	-	-	-	-	-	-	-	-	-	-	-	-
23	391	Transportation Equipment	20.00%	26,078	(10,505)	15,573	3,368	-	3,368	-	-	1,388	29,446	(11,893)	17,553
24	392	Stores Equipment	4.00%	8,968	(2,156)	6,811	-	-	-	-	-	90	8,968	(2,246)	6,721
25	393	Tools, Shop And Garage Equip	5.00%	56,167	(8,241)	47,927	4,879	-	4,879	-	-	733	61,046	(8,973)	52,073
26	394	Laboratory Equip	10.00%	173,948	(60,590)	113,358	-	-	-	-	-	4,349	173,948	(64,939)	109,010
27	395	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-	-	-	-	-
28	396	Communication Equip	10.00%	418,996	(195,163)	223,833	-	-	-	-	-	10,475	418,996	(205,638)	213,358
29	398	Other Tangible Plant	10.00%	-	-	-	-	-	-	-	-	-	-	-	-
30		Plant Held for Future Use	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
31		RUCO Total UPIS & A/D		$ 59,605,733	$ (7,689,676)	$ 51,916,057	$ 590,500	$ (28,236)	$ 562,264	$ -	$ -	$ 473,077	$ 60,167,997	$ (8,162,753)	$ 52,005,243

UTILITY PLANT IN SERVICE ("UPIS") & UPIS ACCUMULATED DEPRECIATION ADJUSTMENT NO. 1
PLANT RECONSTRUCTION SCHEDULE
TEST YEAR ENDED DECEMBER 31, 2012

				2009								
Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.	Net Plant
1	351	Organization	0.00%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	352	Franchise	0.00%	-	-	-	-	-	-	-	-	-
3	353	Land	0.00%	68,263	-	68,263	-	-	-	1,851,690	-	1,851,690
4	354	Structures & Improvements	3.33%	643,865	(6,430)	637,435	-	-	625,538	19,103,634	(2,250,908)	16,852,725
5	355	Power Generation	5.00%	7,457	-	7,457	-	-	27,620	556,131	(141,600)	414,531
6	360	Collection Sewer Forced	2.00%	1,200	-	1,200	-	-	23,234	1,162,305	178,745	1,341,050
7	361	Collection Sewers Gravity	2.00%	3,132,384	(18,762)	3,113,622	-	-	506,513	26,882,443	(3,473,696)	23,408,747
8	362	Special Collecting Structures	2.00%	-	-	-	-	-	-	-	-	-
9	363	Customer Services	2.00%	-	-	-	-	-	-	-	-	-
10	364	Flow Measuring Devices	10.00%	-	-	-	-	-	4,702	47,019	(25,197)	21,822
11	366	Reuse Services	2.00%	107,733	-	107,733	-	-	80,073	4,057,541	(582,405)	3,475,136
12	367	Reuse Meters And Installation	8.33%	-	-	-	-	-	4,487	53,866	(13,203)	40,663
13	370	Receiving Wells	3.33%	-	-	-	-	-	28,651	860,393	(211,136)	649,258
14	371	Pumping Equipment	12.50%	59,896	-	59,896	-	-	224,681	1,827,393	(1,239,759)	587,634
15	374	Reuse Distribution Reservoirs	2.50%	-	-	-	-	-	1,571	62,825	(3,922)	58,903
16	375	Reuse Trans. and Dist. System	2.50%	-	-	-	-	-	10,358	414,315	(16,832)	397,484
17	380	Treatment & Disposal Equipment	5.00%	38,942	-	38,942	-	-	270,714	5,433,746	(1,703,873)	3,729,874
18	381	Plant Sewers	5.00%	-	-	-	-	-	2,389	47,788	(9,518)	38,270
19	382	Outfall Sewer Lines	3.33%	-	-	-	-	-	11,445	343,681	(84,558)	259,123
20	389	Other Sewer Plant & Equipment	6.67%	78,761	-	78,761	-	-	42,253	672,862	(93,496)	579,367
21	390	Office Furniture & Equipment	6.67%	-	-	-	-	-	14,092	211,268	(76,026)	135,242
22	390.1	Computers and Software	20.00%	-	-	-	-	-	-	-	-	-
23	391	Transportation Equipment	20.00%	-	-	-	-	-	5,889	29,446	(17,782)	11,664
24	392	Stores Equipment	4.00%	-	-	-	-	-	359	8,968	(2,605)	6,363
25	393	Tools, Shop And Garage Equip	5.00%	-	-	-	-	-	3,052	61,046	(12,026)	49,021
26	394	Laboratory Equip	10.00%	-	-	-	-	-	17,395	173,948	(82,333)	91,615
27	395	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-	-
28	396	Communication Equip	10.00%	-	-	-	-	-	41,900	418,996	(247,538)	171,458
29	398	Other Tangible Plant	10.00%	-	-	-	-	-	-	-	-	-
30		Rounding	0.00%	-	-	-	-	-	-	-	-	-
31		RUCO Total UPIS & A/D		$ 4,138,501	$ (25,192)	$ 4,113,310	$ -	$ -	$ 1,946,915	$ 64,281,306	$ (10,109,668)	$ 54,171,639

Litchfield Park Service Company
Docket No's. SW-01428A-13-0042 and
W-01427A-13-0043
Test Year Ended December 31, 2012

UTILITY PLANT IN SERVICE ("UPIS") & UPIS ACCUMULATED DEPRECIATION ADJUSTMENT NO. 1
PLANT RECONSTRUCTION SCHEDULE
TEST YEAR ENDED DECEMBER 31, 2012

				2010								
Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.	Net Plant
1	351	Organization	0.00%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	352	Franchise	0.00%	-	-	-	-	-	-	1,853,302	-	1,853,302
3	353	Land	0.00%	1,613	-	1,613	-	-	636,151	19,103,634	(2,887,059)	16,216,574
4	354	Structures & Improvements	3.33%	-	-	-	-	-	27,827	556,931	(169,427)	387,505
5	355	Power Generation	5.00%	800	-	800	-	-	23,246	1,162,305	155,499	1,317,804
6	360	Collection Sewer Forced	2.00%	-	-	-	-	-	550,816	28,199,148	(4,024,512)	24,174,636
7	361	Collection Sewers Gravity	2.00%	1,324,126	(7,422)	1,316,704	-	-	-	-	-	-
8	362	Special Collecting Structures	2.00%	-	-	-	-	-	156	15,630	(156)	15,474
9	363	Customer Services	2.00%	15,630	-	15,630	-	-	4,702	47,019	(29,899)	17,120
10	364	Flow Measuring Devices	10.00%	-	-	-	-	-	81,151	4,057,541	(663,556)	3,393,985
11	366	Reuse Services	2.00%	-	-	-	-	-	4,487	53,866	(17,690)	36,176
12	367	Reuse Meters And Installation	8.33%	-	-	-	-	-	28,651	860,393	(239,787)	620,607
13	370	Receiving Wells	3.33%	-	-	-	-	-	172,261	928,776	(476,719)	452,057
14	371	Pumping Equipment	12.50%	36,683	-	36,683	(935,300)	-	1,571	62,825	(5,493)	57,332
15	374	Reuse Distribution Reservoirs	2.50%	-	-	-	-	-	10,358	414,315	(27,189)	387,126
16	375	Reuse Trans. and Dist. System	2.50%	-	-	-	-	-	272,571	5,469,092	(1,976,444)	3,492,648
17	380	Treatment & Disposal Equipment	5.00%	35,345	-	35,345	-	-	2,389	47,788	(11,907)	35,881
18	381	Plant Sewers	5.00%	-	-	-	-	-	11,445	343,681	(96,003)	247,678
19	382	Outfall Sewer Lines	3.33%	-	-	-	-	-	45,999	706,410	(139,495)	566,915
20	389	Other Sewer Plant & Equipment	6.67%	33,548	-	33,548	-	-	14,451	222,046	(90,477)	131,568
21	390	Office Furniture & Equipment	6.67%	10,777	-	10,777	-	-	-	-	-	-
22	390.1	Computers and Software	20.00%	-	-	-	-	-	5,889	29,446	(23,672)	5,775
23	391	Transportation Equipment	20.00%	-	-	-	-	-	359	8,968	(2,964)	6,004
24	392	Stores Equipment	4.00%	-	-	-	-	-	3,126	63,982	(15,151)	48,831
25	393	Tools, Shop And Garage Equip	5.00%	2,936	-	2,936	-	-	17,395	173,948	(99,728)	74,220
26	394	Laboratory Equip	10.00%	-	-	-	-	-	-	-	-	-
27	395	Power Operated Equipment	5.00%	-	-	-	-	-	41,900	418,996	(289,438)	129,559
28	396	Communication Equip	10.00%	-	-	-	-	-	-	-	-	-
29	398	Other Tangible Plant	10.00%	-	-	-	-	-	-	-	-	-
30		Plant Held for Future Use	0.00%	-	-	-	-	-	-	-	-	-
31		RUCO Total UPIS & A/D		$ 1,461,458	$ (7,422)	$ 1,454,036	$ (935,300)	$ -	$ 1,956,899	$ 64,800,042	$ (11,131,266)	$ 53,668,776

UTILITY PLANT IN SERVICE ("UPIS") & UPIS ACCUMULATED DEPRECIATION ADJUSTMENT NO. 1
PLANT RECONSTRUCTION SCHEDULE
TEST YEAR ENDED DECEMBER 31, 2012

				2011								
Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.	Net Plant
1	351	Organization	0.00%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	352	Franchise	0.00%	-	-	-	-	-	-	-	-	-
3	353	Land	0.00%	-	-	-	-	-	-	1,853,302	-	1,853,302
4	354	Structures & Improvements	3.33%	455,088	(13,362)	441,725	-	-	643,506	19,545,359	(3,530,565)	16,014,794
5	355	Power Generation	5.00%	48,087	-	48,087	-	-	29,049	605,018	(198,475)	406,543
6	360	Collection Sewer Forced	2.00%	-	-	-	-	-	23,246	1,162,305	132,253	1,294,557
7	361	Collection Sewers Gravity	2.00%	3,563,023	(2,268)	3,560,755	-	-	599,591	31,759,903	(4,624,103)	27,135,800
8	362	Special Collecting Structures	2.00%	-	-	-	-	-	-	-	-	-
9	363	Customer Services	2.00%	35,240	-	35,240	-	-	665	50,870	(821)	50,049
10	364	Flow Measuring Devices	10.00%	-	-	-	-	-	4,702	47,019	(34,601)	12,418
11	366	Reuse Services	2.00%	-	-	-	-	-	81,151	4,057,541	(744,707)	3,312,834
12	367	Reuse Meters And Installation	8.33%	-	-	-	-	-	4,487	53,866	(22,177)	31,689
13	370	Receiving Wells	3.33%	-	-	-	-	-	28,651	860,393	(268,438)	591,955
14	371	Pumping Equipment	12.50%	44,147	(782)	43,364	(4,702)	-	118,513	967,439	(590,531)	376,908
15	374	Reuse Distribution Reservoirs	2.50%	-	-	-	-	-	1,571	62,825	(7,063)	55,762
16	375	Reuse Trans. and Dist. System	2.50%	5,005	-	5,005	-	-	10,420	419,320	(37,610)	381,710
17	380	Treatment & Disposal Equipment	5.00%	69,624	(1,025)	68,600	-	-	275,170	5,537,692	(2,251,613)	3,286,078
18	381	Plant Sewers	5.00%	-	-	-	-	-	2,389	47,788	(14,296)	33,492
19	382	Outfall Sewer Lines	3.33%	-	-	-	-	-	11,445	343,681	(107,448)	236,233
20	389	Other Sewer Plant & Equipment	6.67%	36,091	-	36,091	-	-	48,321	742,502	(187,816)	554,686
21	390	Office Furniture & Equipment	6.67%	9,304	-	9,304	-	-	15,121	231,350	(105,598)	125,752
22	390.1	Computers and Software	20.00%	-	-	-	-	-	-	-	-	-
23	391	Transportation Equipment	20.00%	-	-	-	-	-	5,775	29,446	(29,446)	-
24	392	Stores Equipment	4.00%	-	-	-	-	-	359	8,968	(3,322)	5,645
25	393	Tools, Shop And Garage Equip	5.00%	29,211	(485)	28,726	-	-	3,917	92,709	(19,069)	73,640
26	394	Laboratory Equip	10.00%	5,476	(187)	5,289	-	-	17,659	179,237	(117,388)	61,850
27	395	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-	-
28	396	Communication Equip	10.00%	-	-	-	-	-	41,900	418,996	(331,337)	87,659
29	398	Other Tangible Plant	10.00%	-	-	-	-	-	-	-	-	-
30		Plant Held for Future Use	0.00%	-	-	-	-	-	-	-	-	-
31		RUCO Total UPIS & A/D		$ 4,300,296	$ (18,109)	$ 4,282,187	$ (4,702)	$ -	$ 1,967,607	$ 69,077,528	$ (13,094,171)	$ 55,983,357

UTILITY PLANT IN SERVICE ("UPIS") & UPIS ACCUMULATED DEPRECIATION ADJUSTMENT NO. 1
PLANT RECONSTRUCTION SCHEDULE
TEST YEAR ENDED DECEMBER 31, 2012

				2012								
Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.	Net Plant
1	351	Organization	0.00%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	352	Franchise	0.00%	-	-	-	-	-	-	-	-	-
3	353	Land	0.00%	(2,541)	(179)	(2,720)	-	-	-	1,850,582	-	1,850,582
4	354	Structures & Improvements	3.33%	5,164,696	(16,661)	5,148,034	(485,079)	-	728,499	24,208,314	(3,773,984)	20,434,330
5	355	Power Generation	5.00%	4,604	-	4,604	(6,291)	-	30,209	603,332	(222,393)	380,938
6	360	Collection Sewer Forced	2.00%	292	-	292	-	-	23,249	1,162,597	109,004	1,271,601
7	361	Collection Sewers Gravity	2.00%	165,891	(1,400)	164,491	(37,713)	-	636,466	31,886,680	(5,222,855)	26,663,825
8	362	Special Collecting Structures	2.00%	-	-	-	-	-	-	-	-	-
9	363	Customer Services	2.00%	25,356	(37)	25,320	-	-	1,271	76,190	(2,092)	74,098
10	364	Flow Measuring Devices	10.00%	-	-	-	(809)	-	4,661	46,210	(38,453)	7,757
11	366	Reuse Services	2.00%	118	-	118	-	-	81,152	4,057,660	(825,859)	3,231,801
12	367	Reuse Meters And Installation	8.33%	(4,774)	-	(4,774)	(4,339)	-	4,107	44,753	(21,945)	22,808
13	370	Receiving Wells	3.33%	-	-	-	-	-	28,651	860,393	(297,089)	563,304
14	371	Pumping Equipment	12.50%	257,054	(796)	256,258	(424,216)	-	110,432	799,481	(276,747)	522,733
15	374	Reuse Distribution Reservoirs	2.50%	-	-	-	(539)	-	1,564	62,286	(8,088)	54,198
16	375	Reuse Trans. and Dist. System	2.50%	1,013	-	1,013	-	-	10,496	420,334	(48,106)	372,228
17	380	Treatment & Disposal Equipment	5.00%	8,503	(66)	8,437	(660,659)	-	260,579	4,885,470	(1,851,533)	3,033,936
18	381	Plant Sewers	5.00%	14	-	14	-	-	2,390	47,802	(16,686)	31,116
19	382	Outfall Sewer Lines	3.33%	-	-	-	-	-	11,445	343,681	(118,892)	224,789
20	389	Other Sewer Plant & Equipment	6.67%	136,494	-	136,494	(7,497)	-	53,827	871,498	(234,145)	637,353
21	390	Office Furniture & Equipment	6.67%	44,390	-	44,390	-	-	16,911	275,740	(122,510)	153,230
22	390.1	Computers and Software	20.00%	-	-	-	-	-	-	-	-	-
23	391	Transportation Equipment	20.00%	4,051	-	4,051	-	-	405	33,497	(29,852)	3,646
24	392	Stores Equipment	4.00%	-	-	-	-	-	359	8,968	(3,681)	5,287
25	393	Tools, Shop And Garage Equip	5.00%	53,206	(284)	52,922	-	-	5,958	145,631	(25,027)	120,604
26	394	Laboratory Equip	10.00%	7,144	(34)	7,111	-	-	18,279	186,348	(135,667)	50,681
27	395	Power Operated Equipment	5.00%	28,090	-	28,090	-	-	702	28,090	(702)	27,388
28	396	Communication Equip	10.00%	-	-	-	-	-	41,900	418,996	(373,237)	45,759
29	398	Other Tangible Plant	10.00%	-	-	-	-	-	-	-	-	-
30		Plant Held for Future Use	0.00%	-	-	-	-	-	-	-	-	-
31		RUCO Total UPIS & A/D		$ 5,893,603	$ (19,456)	$ 5,874,147	$ (1,627,142)	$ -	$ 2,073,512	$ 73,324,532	$ (13,540,541)	$ 59,783,991
31		Company As Filed Excluding PTY Plant		$ 5,893,603	$ (19,456)	$ 5,874,147	$ 1,627,142	$ -	$ 2,077,158	$ 73,324,532	$ 13,544,186	$ 59,780,346
32		RUCO Adjustments Excluding PTY Plant		$ -	$ -	$ -	$ -	$ -	$ (3,646) [1]	$ -	$ 3,646	$ 3,646

Notes:

LPSCO 2012 Depre. Exp. - Acct. 391 - Transportation Equipment (Company Fully Depreciated 2012 Plant Addition of $4,051).....	$ 4,051
RUCO 2012 Depre. Exp. - Acct. 391 - Transportation Equipment (HY Convention for 2012 $4,051 Plant Addition).....	405
Difference Between LPSCO and RUCO A/D Calculations.....	$ (3,646) [1]

UTILITY PLANT IN SERVICE ("UPIS") & UPIS ACCUMULATED DEPRECIATION ADJUSTMENT NO. 1
PLANT RECONSTRUCTION SCHEDULE
TEST YEAR ENDED DECEMBER 31, 2012

				2012 - Post-Test Year Plant Additions								
Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	Plant Additions Estimated	Plant Adjustments	Adjusted Plant Additions	Plant Retirements Estimated	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.	Net Plant
1	351	Organization	0.00%	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	352	Franchise	0.00%	-	-	-	-	-	-	-	-	-
3	353	Land	0.00%	-	-	-	-	-	-	1,850,582	-	1,850,582
4	354	Structures & Improvements	3.33%	1,200,000	-	1,200,000	-	-	19,980	25,408,314	(3,793,964)	21,614,350
5	355	Power Generation	5.00%	-	-	-	-	-	-	603,332	(222,393)	380,938
6	360	Collection Sewer Forced	2.00%	-	-	-	-	-	-	1,162,597	109,004	1,271,601
7	361	Collection Sewers Gravity	2.00%	-	-	-	-	-	-	31,886,680	(5,222,855)	26,663,825
8	362	Special Collecting Structures	2.00%	-	-	-	-	-	-	-	-	-
9	363	Customer Services	2.00%	-	-	-	-	-	-	76,190	(2,092)	74,098
10	364	Flow Measuring Devices	10.00%	-	-	-	-	-	-	46,210	(38,453)	7,757
11	366	Reuse Services	2.00%	-	-	-	-	-	-	4,057,660	(825,859)	3,231,801
12	367	Reuse Meters And Installation	8.33%	-	-	-	-	-	-	44,753	(21,945)	22,808
13	370	Receiving Wells	3.33%	-	-	-	-	-	-	860,393	(297,089)	563,304
14	371	Pumping Equipment	12.50%	-	-	-	-	-	-	799,481	(276,747)	522,733
15	374	Reuse Distribution Reservoirs	2.50%	-	-	-	-	-	-	62,286	(8,088)	54,198
16	375	Reuse Trans. and Dist. System	2.50%	-	-	-	-	-	-	420,334	(48,106)	372,228
17	380	Treatment & Disposal Equipment	5.00%	-	-	-	-	-	-	4,885,470	(1,851,533)	3,033,936
18	381	Plant Sewers	5.00%	-	-	-	-	-	-	47,802	(16,686)	31,116
19	382	Outfall Sewer Lines	3.33%	-	-	-	-	-	-	343,681	(118,892)	224,789
20	389	Other Sewer Plant & Equipment	6.67%	-	-	-	-	-	-	871,498	(234,145)	637,353
21	390	Office Furniture & Equipment	6.67%	-	-	-	-	-	-	275,740	(122,510)	153,230
22	390.1	Computers and Software	20.00%	-	-	-	-	-	-	-	-	-
23	391	Transportation Equipment	20.00%	-	-	-	-	-	-	33,497	(29,852)	3,646
24	392	Stores Equipment	4.00%	-	-	-	-	-	-	8,968	(3,681)	5,287
25	393	Tools, Shop And Garage Equip	5.00%	-	-	-	-	-	-	145,631	(25,027)	120,604
26	394	Laboratory Equip	10.00%	-	-	-	-	-	-	186,348	(135,667)	50,681
27	395	Power Operated Equipment	5.00%	-	-	-	-	-	-	28,090	(702)	27,388
28	396	Communication Equip	10.00%	-	-	-	-	-	-	418,996	(373,237)	45,759
29	398	Other Tangible Plant	10.00%	-	-	-	-	-	-	-	-	-
30		Plant Held for Future Use	0.00%	-	-	-	-	-	-	-	-	-
31		RUCO Total UPIS & A/D		$ 1,200,000	$ -	$ 1,200,000	$ -	$ -	$ 19,980	$ 74,524,532	$ (13,560,521)	$ 60,964,011
31		UPIS Per Company As Filed - Including Post-Test Year Plant								74,024,532		
32		RUCO's UPIS Adjustment								$ 500,000		
33		A/D Per Company As Filed									(13,244,186)	
34		RUCO's (Increase)/Decrease A/D Adjustment									$ (316,334)	

UTILITY PLANT IN SERVICE ("UPIS") ADJUSTMENT NO. 2
NOT USED IN RUCO SURREBUTTAL FILING - ADOPTED COMPANY'S PROPOSED REBUTTAL RECLASSIFICATIONS

Line No.	Acct. No.	Description	[A] Company UPIS As Filed	[B] RUCO UPIS Reclassification Adjustments	[C] RUCO Recommended UPIS Balances

References:
Per Company Responses to Staff DR 11.2

UPIS ACCUMULATED DEPRECIATION ADJUSTMENT NO. 2
NOT USED IN RUCO SURREBUTTAL FILING - ADOPTED COMPANY'S PROPOSED REBUTTAL RECLASSIFICATIONS

Line No.	Acct. No.	Description	[A] Company Accum. Depre. As Filed	[B] RUCO Accum. Depre. Reclassification Adjustments	[C] RUCO Recommended Accum. Depre. Balances

References:
Per Company Responses to Staff DR DH 11-2

UTILITY PLANT IN SERVICE ("UPIS") & UPIS ACCUMULATED DEPRECIATION ADJUSTMENTS NO. 3
NOT USED IN RUCO SURREBUTTAL FILING - ADOPTED COMPANY'S PROPOSED REBUTTAL RECLASSIFICATIONS

Line No.	Description	Amount

References:

1 LPSCO Response to Staff DR DH - 4.6
2 LPSCO Response to Staff DR DH - 4.7

UTILITY PLANT IN SERVICE ("UPIS") & UPIS ACCUMULATED DEPRECIATION ADJUSTMENTS NO. 4
REMOVE DUPLICATE INVOICES OF PLANT ADDITIONS
NOT USED IN RUCO SURREBUTTAL FILING - ADOPTED COMPANY'S PROPOSED REBUTTAL RECLASSIFICATIONS

Line No.	Description	Amount

References:

1 Per Company Response to Staff's Wastewater DR 1.12
2 Per Company Response to Staff's Wastewater DR 2.65
3 Per Company Response to DR 3.16

UTILITY PLANT IN SERVICE ("UPIS") & UPIS ACCUMULATED DEPRECIATION ADJUSTMENTS NO. 5
USED ONLY FOR WATER DIVISION

Line No.	Asset Index No.	Description	Amount

References:

UTILITY PLANT IN SERVICE ("UPIS") & UPIS ACCUMULATED DEPRECIATION ADJUSTMENTS NO. 6
REMOVE NON-USED & USEFUL PLANT INVOICES
NOT USED IN RUCO SURREBUTTAL FILING - ADOPTED COMPANY'S NOT USED & USEFUL ADJUSTMENTS

Line No.	Asset Index No.	Description	Amount

References:
Per Company Response to Staff's DR DH 11-5

UPIS ACCUMULATED DEPRECIATION ADJUSTMENTS NO. 7
ADDITIONAL ACCUMULATED DEPRECIATION ("A/D") FOR LATE RECORDED PLANT ADDITIONS

Line No.	Acct. No.	Description	[A] Company Accum. Depre. As Filed	[B] RUCO Additional Accum. Depre. for Late Recorded UPIS	[C] RUCO Recommended Accum. Depre. Balances
1	351	Organization Cost	$ -	$ -	$ -
2	352	Franchise Cost	-	-	-
3	353	Land and Land Rights	-	-	-
4	354	Structures & Improvements	(3,773,984)	(6,478)	(3,780,463)
5	355	Collecting & Impounding Reservoirs	(222,393)	-	(222,393)
6	360	Lake, River, Canal Intakes	109,004	-	109,004
7	361	Wells & Springs	(5,222,855)	(407)	(5,223,263)
8	362	Infiltration Galleries	-	-	-
9	363	Raw Water Supply Mains	(2,092)	-	(2,092)
10	364	Power Generation Equipment	(38,453)	-	(38,453)
11	366	Pumping Equipment	(825,859)	(23)	(825,882)
12	367	Water Treatment Equipment	(21,945)	-	(21,945)
13	370	Water Treatment Plants	(297,089)	-	(297,089)
14	371	Solution Chemical Feeders	(276,747)	-	(276,747)
15	374	Distribution Reservoirs & Standpipes	(8,088)	-	(8,088)
16	375	Storage Tanks	(48,106)	(803)	(48,908)
17	380	Pressure Tanks	(1,551,533)	-	(1,551,533)
18	381	Transmission & Distribution Mains	(16,686)	-	(16,686)
19	382	Services	(118,892)	-	(118,892)
20	389	Meters	(234,145)	-	(234,145)
21	390	Hydrants	(122,510)	-	(122,510)
22	390.1	Backflow Prevention Devices	-	-	-
23	391	Other Plant & Misc Equipment	(33,497)	-	(33,497)
24	392	Office Furniture & Equipment	(3,681)	-	(3,681)
25	393	Computers & Software	(25,027)	-	(25,027)
26	394	Transportation Equipment	(135,667)	-	(135,667)
27	395	Stores Equipment	(702)	-	(702)
28	396	Tools, Shop & Garage Equipment	(373,237)	-	(373,237)
29	398	Laboratory Equipment	-	-	-
34		Plant Held for Future Use	-	-	-
35		Totals	$ (13,244,186)	$ (7,711)	$ (13,251,897)

References:
Per Company Responses to Staff DR 16.1

UPIS ACCUMULATED DEPRECIATION ADJUSTMENTS NO. 8
USED ONLY FOR WATER DIVISION

Line No.	Description	Amount
1		$ -
2		-
3		$ -

References:

RATE BASE ADJUSTMENT NO. 3
INTENTIONALLY LEFT BLANK

Line No.	Description	Amount
	Water Division:	
1		$ -
2		-
3		$ -
	Wastewater Division:	
4		$ -
5		-
6		$ -

References:

RATE BASE ADJUSTMENT NO. 4
CONTRIBUTIONS IN AID OF CONSTRUCTION ("CIAC") & AMORTIZATIONS RECONSTRUCTION SCHEDULE

Line No.	Description	Amount
	Gross CIAC:	
1	Company Gross CIAC as Filed	$ (28,470,485)
2	RUCO Recommended Gross CIAC	(28,376,915)
3	RUCO Recommended Increase/(Decrease) Adjustment	$ 93,570
	Accumulated Amoritization of CIAC:	
4	Company Accumulated Amortization of CIAC as Filed	4,446,775
5	RUCO Recommended Accumulated Amortization of CIAC	4,153,300
6	RUCO Recommended Increase/(Decrease) Adjustment	$ (293,475)
7	RUCO Net Increase/Decrease Adjustment	$ (199,905)

References:
Company Response to Staff DR JMM 2-23
Company Schedule B-2, pages 5.1 - 5.3
See TJC Testimony

RATE BASE ADJUSTMENT NO. 4
CONTRIBUTIONS IN AID OF CONSTRUCTION ("CIAC") & AMORTIZATIONS RECONSTRUCTION SCHEDULE

				[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]
				Per Decision 72026			2008 (3 Months - October 1 through December 31, 2008)					
Line No.	NARUC Account No.	Description	Allowed Amort. Rate	Gross CIAC Balance at 9/30/2008	CIAC Amortization Balance 9/30/2008	CIAC Net Balance 9/30/2008	CIAC Activity	CIAC Adjustments	Adjusted CIAC Activity	RUCO Amortization (Calculated)	Gross CIAC Balance at 12/31/2008	Accum. Amortization 12/31/2008
1	361	Collection Sewers Gravity Contributed	2.00%	$ (17,134,023)	$ -	$ (15,557,435)	$ (706,018)	$ -	$ (706,018)	$ -	$ (17,840,041)	$ -
2		Current Period Amortization								87,435		
3		Accumulated Amortization Balance			1,576,589							1,664,024
4	363	Customer Services Contributed	2.00%	(1,509,762)	-	(1,014,234)	(140,400)	-	(140,400)	-	(1,650,162)	-
5		Current Period Amortization								7,900		
6		Accumulated Amortization Balance			495,529							503,428
7		RUCO Gross CIAC & Amortizations		$ (18,643,786)	$ 2,072,117	$ (16,571,669)	$ (846,418)	$ -	$ (846,418)	$ 95,335	$ (19,490,203)	$ 2,167,452
8		Company As Filed		$ 18,643,786	$ (2,072,117)	$ 16,571,669	$ 846,418	$ -	$ 846,418	$ (381,340)	$ 19,583,549	$ (2,453,457)
9		RUCO Gross CIAC & Total Accum. Amortization Increase/(Decrease) Adjustments		$ -	$ -	$ -	$ -	$ -	$ -	$ (286,005)	$ 93,346	$ (286,005)

References:
Company Response to Staff DR JMM 2-23
Company Schedule B-2, pages 5.1 - 5.3
See TJC Testimony

Litchfield Park Service Company
Docket No's. SW-01428A-13-0042 and
W-01427A-13-0043
Test Year Ended December 31, 2012

RATE BASE ADJUSTMENT NO. 4
CONTRIBUTIONS IN AID OF CONSTRUCTION ("CIAC") & AMORTIZATIONS RECONSTRUCTION SCHEDULE

Line No.	NARUC Account No.	Description	Allowed Amort. Rate	[A] Beginning Gross CIAC 1/1/2009	[B] Beginning Amortization Balance 1/1/2009	[C] CIAC Activity	[D] CIAC Adjustments	[E] Adjusted CIAC Activity	[F] RUCO Amortization (Calculated)	[G] Gross CIAC Balance at 12/31/2009	[H] Accum. Amortization 12/31/2009
				2009							
1	361	Collection Sewers Gravity Contributed	2.00%	$ (17,840,041)	$ -	$ (2,870,602)	$ -	$ (2,870,602)	$ -	$ (20,710,643)	$ -
2		Current Period Amortization							385,507		
3		Accumulated Amortization Balance			1,664,024						2,049,531
4	363	Customer Services Contributed	2.00%	(1,650,162)	-	(698,724)	-	(698,724)		(2,348,887)	
5		Current Period Amortization							39,990		
6		Accumulated Amortization Balance			503,428						543,419
7		RUCO Gross CIAC & Amortizations		$ (19,490,203)	$ 2,167,452	$ (3,569,326)	$ -	$ (3,569,326)	$ 425,497	$ (23,059,530)	$ 2,592,949
8		Company As Filed		$ 19,583,549	$ (2,453,457)	$ 3,569,326	$ -	$ 3,569,326	$ (427,364)	$ 23,152,876	$ (2,880,822)
9		RUCO Gross CIAC & Total Accum. Amortization Increase/(Decrease) Adjustments		$ (93,346)	$ 4,620,909	$ -	$ -	$ -	$ (1,867)	$ 93,346	$ (287,872)

References:
Company Response to Staff DR JMM 2-23
Company Schedule B-2, pages 5.1 - 5.3
See TJC Testimony

RATE BASE ADJUSTMENT NO. 4
CONTRIBUTIONS IN AID OF CONSTRUCTION ("CIAC") & AMORTIZATIONS RECONSTRUCTION SCHEDULE

Line No.	NARUC Account No.	Description	Allowed Amort. Rate	[A] Beginning Gross CIAC 1/1/2010	[B] Beginning Amortization Balance 1/1/2010	[C] CIAC Activity	[D] CIAC Adjustments	[E] Adjusted CIAC Activity	[F] RUCO Amortization (Calculated)	[G] Gross CIAC Balance at 12/31/2010	[H] Accum. Amortization 12/31/2010
				2010							
1	361	Collection Sewers Gravity Contributed	2.00%	$ (20,710,643)	$ -	$ (1,079,042)	$ -	$ (1,079,042)	$ -	$ (21,789,685)	$ -
2		Current Period Amortization							425,003		
3		Accumulated Amortization Balance			2,049,531						2,474,534
4	363	Customer Services Contributed	2.00%	(2,348,887)	-	(15,630)	-	(15,630)		(2,364,517)	
5		Current Period Amortization							47,134		
6		Accumulated Amortization Balance			543,419						590,553
7		RUCO Gross CIAC & Amortizations		$ (23,059,530)	$ 2,592,949	$ (1,094,672)	$ -	$ (1,094,672)	$ 472,137	$ (24,154,202)	$ 3,065,087
8		Company As Filed		$ 23,152,876	$ (2,880,822)	$ 1,094,672	$ -	$ 1,094,672	$ (474,004)	$ 24,247,548	$ (3,354,826)
9		RUCO Gross CIAC & Total Accum. Amortization Increase/(Decrease) Adjustments		$ (93,346)	$ 5,473,771	$ -	$ -	$ -	$ (1,867)	$ 93,346	$ (289,739)

References:
Company Response to Staff DR JMM 2-23
Company Schedule B-2, pages 5.1 - 5.3
See TJC Testimony

RATE BASE ADJUSTMENT NO. 4
CONTRIBUTIONS IN AID OF CONSTRUCTION ("CIAC") & AMORTIZATIONS RECONSTRUCTION SCHEDULE

				[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]
				2011							
Line No.	NARUC Account No.	Description	Allowed Amort. Rate	Beginning Gross CIAC 1/1/2011	Beginning Amortization Balance 1/1/2011	CIAC Activity	CIAC Adjustments	Adjusted CIAC Activity	RUCO Amortization (Calculated)	Gross CIAC Balance at 12/31/2011	Accum. Amortization 12/31/2011
1	361	Collection Sewers Gravity Contributed	2.00%	$ (21,789,685)	$ -	$ (4,063,446)	$ 107,523	$ (3,955,923)	$ -	$ (25,745,608)	$ -
2		Current Period Amortization							475,353		
3		Accumulated Amortization Balance			2,474,534						2,949,887
4	363	Customer Services Contributed	2.00%	(2,364,517)	-	(34,990)	-	(34,990)		(2,399,507)	
5		Current Period Amortization							47,640		
6		Accumulated Amortization Balance			590,553						638,193
7		RUCO Gross CIAC & Amortizations		$ (24,154,202)	$ 3,065,087	$ (4,098,436)	$ 107,523	$ (3,990,913)	$ 522,993	$ (28,145,114)	$ 3,588,080
8		Company As Filed		$ 24,247,548	$ (3,354,826)	$ 4,098,436	$ (107,523)	$ 3,990,913	$ (524,860)	$ 28,238,460	$ (3,879,686)
9		RUCO Gross CIAC & Total Accum. Amortization Increase/(Decrease) Adjustments		$ (93,346)	$ 6,419,913	$ -	$ -	$ -	$ (1,867)	$ 93,346	$ (291,606)

References:
Company Response to Staff DR JMM 2-23
Company Schedule B-2, pages 5.1 - 5.3
See RBM Testimony

RATE BASE ADJUSTMENT NO. 4
CONTRIBUTIONS IN AID OF CONSTRUCTION ("CIAC") & AMORTIZATIONS RECONSTRUCTION SCHEDULE

				[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]
				2012							
Line No.	NARUC Account No.	Description	Allowed Amort. Rate	Beginning Gross CIAC 1/1/2012	Beginning Amortization Balance 1/1/2012	CIAC Activity	CIAC Adjustments	Adjusted CIAC Activity	RUCO Amortization (Calculated)	Gross CIAC Balance at 12/31/2012	Accum. Amortization 12/31/2012
1	361	Collection Sewers Gravity Contributed	2.00%	$ (25,745,608)	$ -	$ -	$ -	$ -	$ -	$ (25,745,608)	$ -
2		Current Period Amortization							514,912		
3		Accumulated Amortization Balance			2,949,887						3,464,799
4	363	Customer Services Contributed	2.00%	(2,399,507)	-	(231,801)	-	(231,801)		(2,631,307)	
5		Current Period Amortization							50,308		
6		Accumulated Amortization Balance			638,193						688,501
7		RUCO Gross CIAC & Amortizations		$ (28,145,114)	$ 3,588,080	$ (231,801)	$ -	$ (231,801)	$ 565,220	$ (28,376,915)	$ 4,153,300
8		Company As Filed		$ 28,238,460	$ (3,879,686)	$ 232,025	$ -	$ 232,025	$ (567,089)	$ 28,470,485	$ (4,446,775)
9		RUCO Gross CIAC & Total Accum. Amortization Increase/(Decrease) Adjustments		$ (93,346)	$ (291,606)	$ 224	$ -	$ 224	$ (1,869)	$ 93,570	$ (293,475)

References:
Company Response to Staff DR JMM 2-23
Company Schedule B-2, pages 5.1 - 5.3
See RBM Testimony

RATE BASE ADJUSTMENT NO. 5
CUSTOMER METER DEPOSITS

Line No.		Description	Amount
		Water Division:	
1	1	Customer Meter Deposits As Filed by Company	$ (1,271,802)
2		RUCO Recommended 13-Month Average - Meter Deposits	(1,432,787)
3		RUCO's Recommended (Increase)/Decrease Adjustment	$ (160,986)
		Wastewater Division:	
4	1	Customer Meter Deposits As Filed by Company	$ (95,892)
5		RUCO Recommended 13-Month Average - Meter Deposits	(81,661)
6		RUCO's Recommended (Increase)/Decrease Adjustment	$ 14,231

References:
1 Per Company Response to Staff's DR 2.68

RATE BASE ADJUSTMENT NO. 6
CUSTOMER SECURITY DEPOSITS

Line No.		Description	Amount
		Water Division:	
1	**1 & 2**	Customer Security Deposits As Filed by Company	$ (140,147)
2		RUCO Recommended 13-Month Average - Customer Security Deposits	(145,428)
3		RUCO's Recommended (Increase)/Decrease Adjustment	$ (5,281)
		Wastewater Division:	
4	**1 & 2**	Customer Security Deposits As Filed by Company	$ 155,440
5		RUCO Recommended 13-Month Average - Customer Security Deposits	163,993
6		RUCO's Recommended (Increase)/Decrease Adjustment	$ (8,553)

References:
1 Per Company Response to Staff's DR 2.68
2 Per Company Response to DR 3.07

RATE BASE ADJUSTMENT NO. 7
INTENTIONALLY LEFT BLANK

Line No.	Description	Amount
	Water Division:	
1		$ -
2		-
3		$ -
	Wastewater Division:	
4		$ -
5		-
6		$ -

References:

RATE BASE ADJUSTMENT NO. 8
INTENTIONALLY LEFT BLANK

Line No.	Description	Amount
	Water Division:	
1		$ -
2		-
3		$ -
	Wastewater Division:	
4		$ -
5		-
6		$ -

References:

RATE BASE ADJUSTMENT NO. 9
ACCUMULATED DEFERRED INCOME TAX ("ADIT")

Line No.		Deferred Income Tax as of December 31, 2012	Water & Sewer Adjusted Book Value	Water & Sewer Tax Value	Probability of Realization of Future Tax Benefit	Deductible TD (Taxable TD) Expected to be Realized	Effective Tax Rate	Future Tax Asset Current	Future Tax Asset Non Current	Future Tax Liability Current	Future Tax Liability Non Current
1		Plant-in-Service	$ 162,155,959 [1]								
2		Accum. Deprec.	(32,491,273) [1]								
3		CIAC	(59,777,267) [3]								
4	Federal	Fixed Assets	$ 69,887,419	$ 47,269,626 [2]	100.0%	$ (22,617,793)	31.79%		-		(7,190,196)
5	State	Fixed Assets	$ 69,887,419	$ 73,927,914 [2]	100.0%	$ 4,040,495	6.50%		262,632		-
6	Fed & State	AIAC		14,120,318 [4]	100.0%	$ 14,120,318 [4]	38.29%		$ 5,406,670		
								$ -	$ 5,669,302	$ -	$ (7,190,196)
7		Net Asset (Liability)						$ (1,520,895)			
8		Allocation Factor - Wastewater-Division (based on rate base before ADIT)						0.4222			
9		Net Asset (Liability) Wastewater Division						$ (642,145)			
10		Adjusted Test Year DIT Asset (Liability) as Filed						$ (982,318)			
11		Adjustment to DIT						$ 340,173			

Footnotes - See Next Page

RATE BASE ADJUSTMENT NO. 9 (Continued)
ACCUMULATED DEFERRED INCOME TAX ("ADIT")

Line No.		FEDERAL		STATE	
	[1] **Per adjusted book balances**				
	2 Computation of Net Tax Value December 31, 2012				
	Based on 2012 Tax Depreciation report (December 31, 2012)				
1	Unadjusted Cost at December 31, 2012 per federal and state tax depr. report	$ 85,943,311		$ 84,887,919	
2	Reconciling Items not on tax report:				
3	Land on Tax and not on included in adjusted plant balance	(1,055,392)		-	
4	FA Accrual on not on tax report	6,391,333		6,391,333	
5	Proposed Plant retirements	(1,712,539)		(1,712,539)	
6	Post Test Year plant	1,000,000		1,000,000	
7	Post Test Year Plant Retirement	(300,000)		(300,000)	
8	Net Unadjusted Cost tax Basis at December 31, 2012		$ 90,266,713		$ 90,266,713
	Reductions				
9	Basis Reduction 2012 and Prior Years per federal and state tax depr. report	$ (25,331,094)		$ -	
10	Accumulated Depreciation 2012 and prior per federal and state tax depr. report	(19,678,532)		(18,351,338)	
11	Proposed Plant Retirements	1,712,539		1,712,539	
12	Post Test Year retirement	300,000		300,000	
13	Net Reductions through December 31, 2012		(42,997,087)		(16,338,799)
14	Net tax value of plant-in-service at December 31. 2012		$ 47,269,626		$ 73,927,914

	[3] **CIAC (including impact of change to probability of realization)**			
15	Gross CIAC per adjusted book balances		$ 35,802,727	
	CIAC reductions/addtions			
16	A.A per adjusted book balances	$ (5,439,154)		
17		-		
			(5,439,154)	
18	Net CIAC before unrealized AIAC			$ 30,363,572
	Unrealized AIAC Component			
19	Adjusted Net AIAC (see footnote 4 below)		$ 42,019,564	
20	Unrealized AIAC Component % (1-Realized AIAC Component)		70.0%	
21				$ 29,413,695
22	Total realizable CIAC			$ 59,777,267

	[4] **AIAC (including impact of change in probability of realization)**	
23	AIAC per adjusted book balances	$ 42,019,564
24	AIAC reductions/additions	
25	Net AIAC before unrealized portion	$ 42,019,564
26	Less: Unrealized AIAC (from Note 3, above)	$ (29,413,695)
27	Net realizable AIAC	$ 12,605,869
28	Meter and Service Line Installation Charges per adjusted book balances	1,514,449
29	Total Realizable AIAC	$ 14,120,318

RATE BASE ADJUSTMENT NO. 10
USED FOR WATER DIVISION ONLY

Line No.	Description	Amount
	Water Division:	
1		$ -
2		-
3		$ -
	Wastewater Division:	
4		$ -
5		-
6		$ -

References:

RUCO OPERATING INCOME SUMMARY

Line No.		[A] Company Adjusted Test Year As Filed	[B] RUCO Test Year Adjustments	[C] RUCO Test Year As Adjusted	[D] RUCO Recommended Changes	[E] RUCO Recommended Amounts
	Revenues:					
1	Metered Water Revenues	$ 9,853,383	$ 1,194	$ 9,854,577	$ 63,910	$ 9,918,486
2	Unmetered Water Revenues	-	-	-	-	-
3	Other Water Revenues	508,220	-	508,220	-	508,220
4	**Total Revenues**	$ 10,361,603	$ 1,194	$ 10,362,797	$ 63,910	$ 10,426,706
	Operating Expenses:					
5	Salaries and Wages	$ 1,168,151	$ (76,431)	$ 1,091,720	$ -	$ 1,091,720
6	Purchased Water	26,656	-	26,656	-	26,656
7	Purchased Power	601,635	-	601,635	-	601,635
8	Sludge Removal Expense	234,893	3,423	238,317	-	238,317
9	Fuel for Power Production	-	-	-	-	-
10	Chemicals	357,986	-	357,986	-	357,986
11	Materials and Supplies	86,994	-	86,994	-	86,994
12	Management Services - US Liberty Water	1,469,058	(123,752)	1,345,306	-	1,345,306
13	Management Services - Corporate	698,951	(98,542)	600,409	-	600,409
14	Management Services - Other	-	-	-	-	-
15	Outside Services - Accounting	2,161	-	2,161	-	2,161
16	Outside Services - Engineering	-	-	-	-	-
17	Outside Services- Other	222,303	-	222,303	-	222,303
18	Outside Services- Legal	25,746	-	25,746	-	25,746
19	Water Testing	57,735	(27,078)	30,657	-	30,657
20	Rents - Office	40,007	-	40,007	-	40,007
21	Equipment Rental	3,076	-	3,076	-	3,076
22	Transportation Expenses	26,465	-	26,465	-	26,465
23	Insurance - General Liability	57,823	-	57,823	-	57,823
24	Insurance - Vehicle	11,506	-	11,506	-	11,506
25	Reg. Comm. Exp. - Other	14,189	-	14,189	-	14,189
26	Reg. Comm. Exp. - Rate Case	74,200	-	74,200	-	74,200
27	Miscellaneous Expense	77,293	3,619	80,913	-	80,913
28	Bad Debt Expense	45,215	(23,924)	21,291	-	21,291
29	Depreciation and Amortization Expense	1,598,765	27,613	1,626,378	-	1,626,378
30	Taxes Other Than Income	-	-	-	-	-
31	Property Taxes	576,026	(27,493)	548,533	1,128	549,661
32	Income Tax	1,013,153	128,645	1,141,797	24,039	1,165,837
33	**Total Operating Expenses**	$ 8,489,987	$ (213,919)	$ 8,276,068	$ 25,167	$ 8,301,235
34	**Operating Income (Loss)**	$ 1,871,616	$ 215,113	$ 2,086,729	$ 38,743	$ 2,125,472

References:

Column [A]: Company Schedule C-1;
Column [B]: RUCO Recommended Total Adjustments Per Schedule RBM-14 on pages 1-2 at page 2 in Column [S] at line 33;
Column [C]: Column [A] + [B] - RUCO Recommended Adjusted Test Year Amounts Per Schedule RBM-14 on page 2 of 2 in Column [T];
Column [D]: RUCO Recommended Increase/(Decrease) to Revenue Requirement;
Column [E]: Column [C] + [D] - RUCO Recommended Increase/(Decrease) Amounts for Revenue Requirement.

Litchfield Park Service Company
Docket No's. SW-01428A-13-0042 and
W-01427A-13-0043
Test Year Ended December 31, 2012

RUCO OPERATING INCOME ADJUSTMENTS

Line No.	Description	[A] Company Adjusted Test Year As Filed	[B] Adj. No. 1 Depreciation Expense	[C] Adj. No. 2 Property Taxes	[D] Adj. No. 3 Revenue & Expense Annualizations	[E] Adj. No. 4 Used Only for Water Division	[F] Adj. No. 5 Used for Water Div. Only	[G] Adj. No. 6 Water Testing	[H] Adj. No. 7 Corporate Expense True-Up	[I] Adj. No. 8 Employee Pension Benefits	[J] Adj. No. 9 Intentionally Left Blank
	Revenues:										
1	Metered Water Revenues	$ 9,853,383	$ -	$ -	$ 1,194	$ -	$ -	$ -	$ -	$ -	$ -
2	Unmetered Water Revenues	-	-	-	-	-	-	-	-	-	-
3	Other Water Revenues	508,220	-	-	-	-	-	-	-	-	-
4	**Total Revenues**	$ 10,361,603	$ -	$ -	$ 1,194	$ -	$ -	$ -	$ -	$ -	$ -
	Operating Expenses:										
5	Salaries and Wages	$ 1,168,151	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (76,431)	$ -
6	Purchased Water	26,656	-	-	-	-	-	-	-	-	-
7	Purchased Power	601,635	-	-	-	-	-	-	-	-	-
8	Sludge Removal Expense	234,893	-	-	13	-	-	3,410	-	-	-
9	Fuel for Power Production	-	-	-	-	-	-	-	-	-	-
10	Chemicals	357,986	-	-	-	-	-	-	-	-	-
11	Materials and Supplies	86,994	-	-	-	-	-	-	-	-	-
12	Management Services - US Liberty Water	1,469,058	-	-	-	-	-	-	(7,420)	-	-
13	Management Services - Corporate	698,951	-	-	-	-	-	-	-	-	-
14	Management Services - Other	-	-	-	-	-	-	-	-	-	-
15	Outside Services - Accounting	2,161	-	-	-	-	-	-	-	-	-
16	Outside Services - Engineering	-	-	-	-	-	-	-	-	-	-
17	Outside Services- Other	222,303	-	-	-	-	-	-	-	-	-
18	Outside Services- Legal	25,746	-	-	-	-	-	-	-	-	-
19	Water Testing	57,735	-	-	-	-	-	(27,078)	-	-	-
20	Rents - Office	40,007	-	-	-	-	-	-	-	-	-
21	Equipment Rental	3,076	-	-	-	-	-	-	-	-	-
22	Transportation Expenses	26,465	-	-	-	-	-	-	-	-	-
23	Insurance - General Liability	57,823	-	-	-	-	-	-	-	-	-
24	Insurance - Vehicle	11,506	-	-	-	-	-	-	-	-	-
25	Reg. Comm. Exp. - Other	14,189	-	-	-	-	-	-	-	-	-
26	Reg. Comm. Exp. - Rate Case	74,200	-	-	-	-	-	-	-	-	-
27	Miscellaneous Expense	77,293	-	-	(1,506)	-	-	-	-	-	-
28	Bad Debt Expense	45,215	-	-	-	-	-	-	-	-	-
29	Depreciation and Amortization Expense	1,598,765	27,613	-	-	-	-	-	-	-	-
30	Taxes Other Than Income	-	-	-	-	-	-	-	-	-	-
31	Property Taxes	576,026	-	(27,493)	-	-	-	-	-	-	-
32	Income Tax	1,013,153	-	-	-	-	-	-	-	-	-
33	**Total Operating Expenses**	$ 8,489,987	$ 27,613	$ (27,493)	$ (1,492)	$ -	$ -	$ (23,668)	$ (7,420)	$ (76,431)	$ -
34	**Operating Income**	$ 1,871,616	$ (27,613)	$ 27,493	$ 2,686	$ -	$ -	$ 23,668	$ 7,420	$ 76,431	$ -

Adjustments:

Adjustment No. 1: Depreciation Expense - See RUCO Schedule RBM-15 in Column [C] at line 36;
Adjustment No. 2: Property Taxes - See RUCO Schedule RBM-16 in Column [A] at line 18;
Adjustment No. 3: Revenue & Expense Annualizations - See RUCO Schedule RBM-17 on page 2 of 2 at line 22;
Adjustment No. 4: Revenue Accrual Fix - See RUCO Schedule RBM-18;
Adjustment No. 5: Used for Water Division Only;
Adjustment No. 6: Water Testing - Adopted Company's Calculations of Staff's Recommendation
Adjustment No. 7: Adopted Company's Calculations of Staff's Recommedation;
Adjustment No. 8: Employee Pension Benefit Plan - See RUCO Schedule RBM-22 at line 3;
Adjustment No. 9: Intentionally Left Blank

References:

Column [A]: Company Schedule C-1 Adjusted Test Year as Filed;
Column [B] through [J]: RUCO Recommended Adjusted Test Year Adjustments;

RUCO OPERATING INCOME ADJUSTMENTS

Line No.	Description	[K] Adj. No. 10 US Liberty Utilities Add'l. Reductions	[L] Adj. No. 11 Allocate Bad Debt Expense	[M] Adj. No. 12 Intentionally Left Blank	[N] Adj. No. 13 Corporate Cost Allocations	[O] Adj. No. 14 Achievement Incentive/Bonus Pay Allocations	[P] Adj. No. 15 Miscellaneous Expense	[Q] Adj. No. 16 Customer Deposit Interest Expense	[R] Adj. No. 17 Income Taxes	[S] Total RUCO Adjustments Recommended	[T] RUCO Adjusted Test Year Recommended
	Revenues:										
1	Metered Water Revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,194	$ 9,854,577
2	Unmetered Water Revenues	-	-	-	-	-	-	-	-	-	-
3	Other Water Revenues	-	-	-	-	-	-	-	-	-	508,220
4	**Total Revenues**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,194	$ 10,362,797
	Operating Expenses:										
5	Salaries and Wages	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (76,431)	$ 1,091,720
6	Purchased Water	-	-	-	-	-	-	-	-	-	26,656
7	Purchased Power	-	-	-	-	-	-	-	-	-	601,635
8	Sludge Removal Expense	-	-	-	-	-	-	-	-	3,423	238,317
9	Fuel for Power Production	-	-	-	-	-	-	-	-	-	-
10	Chemicals	-	-	-	-	-	-	-	-	-	357,986
11	Materials and Supplies	-	-	-	-	-	-	-	-	-	86,994
12	Management Services - US Liberty Water	(2,521)	-	-	-	(113,811)	-	-	-	(123,752)	1,345,306
13	Management Services - Corporate	-	-	-	(84,319)	(14,223)	-	-	-	(98,542)	600,409
14	Management Services - Other	-	-	-	-	-	-	-	-	-	-
15	Outside Services - Accounting	-	-	-	-	-	-	-	-	-	2,161
16	Outside Services - Engineering	-	-	-	-	-	-	-	-	-	-
17	Outside Services- Other	-	-	-	-	-	-	-	-	-	222,303
18	Outside Services- Legal	-	-	-	-	-	-	-	-	-	25,746
19	Water Testing	-	-	-	-	-	-	-	-	(27,078)	30,657
20	Rents - Office	-	-	-	-	-	-	-	-	-	40,007
21	Equipment Rental	-	-	-	-	-	-	-	-	-	3,076
22	Transportation Expenses	-	-	-	-	-	-	-	-	-	26,465
23	Insurance - General Liability	-	-	-	-	-	-	-	-	-	57,823
24	Insurance - Vehicle	-	-	-	-	-	-	-	-	-	11,506
25	Reg. Comm. Exp. - Other	-	-	-	-	-	-	-	-	-	14,189
26	Reg. Comm. Exp. - Rate Case	-	-	-	-	-	-	-	-	-	74,200
27	Miscellaneous Expense	-	-	-	-	-	(342)	5,467	-	3,619	80,913
28	Bad Debt Expense	-	(23,924)	-	-	-	-	-	-	(23,924)	21,291
29	Depreciation and Amortization Expense	-	-	-	-	-	-	-	-	27,613	1,626,378
30	Taxes Other Than Income	-	-	-	-	-	-	-	-	-	-
31	Property Taxes	-	-	-	-	-	-	-	-	(27,493)	548,533
32	Income Tax	-	-	-	-	-	-	-	128,645	128,645	1,141,797
33	**Total Operating Expenses**	$ (2,521)	$ (23,924)	$ -	$ (84,319)	$ (128,034)	$ (342)	$ 5,467	$ 128,645	$ (213,919)	$ 8,276,068
34	**Operating Income**	$ 2,521	$ 23,924	$ -	$ 84,319	$ 128,034	$ 342	$ (5,467)	$ (128,645)	$ 215,113	$ 2,086,729

Adjustments:

Adjustment No. 10: Additional Adjustments to US Liberty Utilities - See RUCO Schedule TJC-24 at line 6;
Adjustment No. 11: Allocate Bad Debt Expense - See RUCO Schedule TJC-25 at line 7;
Adjustment No. 12: Intentionally Left Blank;
Adjustment No. 13: APUC Corporate Cost Allocations - See RUCO Schedule TJC-27 in Column [L] at line 32;
Adjustment No. 14: Achievement/Incentive/Bonus Pay Adjustments - See RUCO Schedule TJC-28 at line 10;
Adjustment No. 15: Miscellaneous Expense Adjustments - See RUCO Schedule TJC-29;
Adjustment No. 16: Customer Security Deposit Interest Expense - See RUCO Schedule TJC-30 at line 6;
Adjustment No. 17: Income Taxes - See RUCO Schedule TJC-31 at line 3.

References:

Column [K] thru [R]: RUCO Recommended Adjusted Test Year Adjustments;
Column [S]: RUCO Total Adjusted Test Year Adjustments on Schedule TJC-14 page 1 of 2 in Columns [B] thru Schedule TJC-14 page 2 of 2 in Columns [K] thru [R];
Column [T]: Column [A] on Schedule TJC-14 at page 1 of 2 + Column [S] on Schedule TJC-14 page 2 of 2 - RUCO Recommended Adjusted Test Year Balances.

OPERATING INCOME ADJUSTMENT NO. 1
DEPRECIATION EXPENSE

Line No.	NARUC Account	Description	[A] RUCO UPIS Recommended	[B] Authorized Depreciation Rate	[C] RUCO Depreciation Expense Going Forward
1	351	Organization	$ -	0.00%	$ -
2	352	Franchise	-	0.00%	-
3	353	Land	1,835,957	0.00%	-
4	354	Structures & Improvements	24,968,875	3.33%	831,464
5	355	Power Generation	602,932	5.00%	30,147
6	360	Collection Sewer Forced	1,162,597	2.00%	23,252
7	361	Collection Sewers Gravity	31,928,245	2.00%	638,565
8	362	Special Collecting Structures	-	2.00%	-
9	363	Customer Services	76,190	2.00%	1,524
10	364	Flow Measuring Devices	82,828	10.00%	8,283
11	366	Reuse Services	4,057,660	2.00%	81,153
12	367	Reuse Meters And Installation	44,753	8.33%	3,728
13	370	Receiving Wells	860,393	3.33%	28,651
14	371	Pumping Equipment	861,150	12.50%	107,644
15	374	Reuse Distribution Reservoirs	62,286	2.50%	1,557
16	375	Reuse Trans. and Dist. System	420,334	2.50%	10,508
17	380	Treatment & Disposal Equipment	5,362,219	5.00%	268,111
18	381	Plant Sewers	47,802	5.00%	2,390
19	382	Outfall Sewer Lines	343,681	3.33%	11,445
20	389	Other Sewer Plant & Equipment	833,823	6.67%	55,616
21	390	Office Furniture & Equipment	275,740	6.67%	18,392
22	390.1	Computers and Software	-	20.00%	-
23	391	Transportation Equipment	20,194	20.00%	4,039 •
24	392	Stores Equipment	8,968	4.00%	359
25	393	Tools, Shop And Garage Equip	129,950	5.00%	6,497
26	394	Laboratory Equip	187,184	10.00%	18,718
27	395	Power Operated Equipment	6,605	5.00%	330
28	396	Communication Equip	415,441	10.00%	41,544
29	398	Other Tangible Plant	-	10.00%	-
30		Totals	$ 74,595,805		$ 2,193,916

Less: Amortization of Contributions ("CIAC")

	Account No.	Description	Gross CIAC	CIAC Account Specific Amortization Rate	
31	361	Collection Sewers Gravity	$ (25,745,608)	2.00%	$ (514,912)
32	363	Customer Services	(2,631,307)	2.00%	(52,626)
33		Total Gross CIAC Balance (See RUCO RBM-2)	$ (28,376,915)		$ (567,538)
34		RUCO Total Depreciation Expense			1,626,378
35		Company Adjusted Depreciation Expense As Filed			1,598,765
36		RUCO Increase/(Decrease) Expense Adjustment			$ 27,613

• Fully Depreciated Per Company Schedule C-2, page 2

References:
Company B-2 and C-1 Schedules, and RUCO Schedule RBM-2.

OPERATING INCOME ADJUSTMENT NO. 2
PROPERTY TAXES

LINE NO.	Property Tax Calculation	[A] RUCO AS ADJUSTED	[B] RUCO RECOMMENDED
1	RUCO Adjusted Test Year Gross Revenues Per RUCO Schedule JLK-13	$ 10,362,797	$ 10,362,797
2	Multiplied by 2	2	2
3	Subtotal (Line 1 * Line 2)	$ 20,725,593	$ 20,725,593
4a	RUCO Adjusted Test Year Gross Revenues Per RUCO Schedule JLK-13	10,362,797	
4b	RUCO Recommended Revenue Per RUCO Schedule JLK-13		10,426,706
5	Subtotal (Line 3 + Line 4a)	$ 31,088,390	$ 31,152,300
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	$ 10,362,797	$ 10,384,100
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	$ 20,725,593	$ 20,768,200
10	Plus: 10% of CWIP Per Company Schedule E-1 As Filed	-	-
11	Less: Net Book Value of Licensed Vehicles	3,646	3,646
12	Full Cash Value (Line 9 + Line 10 - Line 11)	$ 20,721,948	$ 20,764,554
13	Assessment Ratio	19.0%	19.0%
14	Assessed Value (Line 12 * Line 13)	$ 3,937,170	$ 3,945,265
15	Composite Property Tax Rate (Per RUCO Effective Property Tax Calculation)	13.9322%	13.9322%
16	RUCO Adjusted Test Year Property Tax Expense (Line 14 * Line 15)	$ 548,533	
17	Company Adjusted Test Year Property Tax Expense (Per Company Schedule C-1)	576,026	
18	RUCO Test Year Adjustment (Line 16-Line 17)	$ (27,493)	
19	Property Tax - RUCO Recommended Revenue (Line 14 * Line 15)		$ 549,661
20	RUCO Test Year Adjusted Property Tax Expense (Line 16)		548,533
21	Increase/(Decrease) to Property Tax Expense		$ 1,128
22	Increase/(Decrease) to Property Tax Expense		$ 1,128
23	Increase in Revenue Requirement		63,910
24	Increase /(Decrease) to Property Tax per Dollar Increase in Revenue (Line 22 / Line 23)		1.7647%

References:
RUCO Schedule RBM-13
RUCO Schedule RBM-4(a) page 1 of 2

OPERATING INCOME ADJUSTMENT NO. 3
REVENUE & EXPENSE ANNUALIZATIONS

Line No.	Meter Size	Class	[A] Company Annualization Present Revenues	[B] RUCO Annualization Adjustments	[C] RUCO Annualization Present Revenues	[D] Additional Bills	[E] Additional Gallons to be Pumped (In 1,000's)
1	N/A	Residential	$ 127,341	$ -	$ 127,341	3,266	9,798
2	N/A	Residential (Low Income)	-	1,193	1,193	36	108
3		Subtotal	$ 127,341	$ 1,193	$ 128,534	3,302	9,906
4							
5	145, 172, 560	HOA	$ -	-	$ -	-	-
6							
7	3, 4, 5, 7, 8, 13, 15, 16,	Multi-Unit	-	-	-	-	-
8	17, 22, 43, 78, 84, 123, 282	Multi-Family	-	-	-	-	-
9		Subtotal	$ -	$ -	$ -	$ -	$ -
10							
11	Small	Commercial	$ 66	$ -	$ 66	1	2
12	Measured Service	Commercial	(1,644)	-	(1,644)	(8)	(24)
13	Measured Svc. Other	Commercial	3,014	-	3,014	8	36
14		Subtotal	$ 1,436	$ -	$ 1,436	1	14
15							
16	Room and Main	Wigwam	$ -	$ -	$ -	-	-
17							
18	Elem, Mid & College	Schools	$ -	$ -	$ -	-	-
19							
20	100	Effluent	$ 93	$ -	$ 93	2	-
21	125	Effluent	(3,380)		(3,380)	(3)	-
22	200	Effluent	$ -	$ -	$ -	7	-
23		Subtotal	$ (3,287)	$ -	$ (3,287)	6	-
24							
25	Total Revenue Annualization		$ 125,490	$ 1,193	$ 126,683	$ 3,309	
26							
27	RUCO Total Revenue Annualization						$ 126,683
28							
29	Company Revenue Annualization						125,490
30							
31							
32	RUCO Increase/(Decrease) Adjustment to Revenue and/or Expense						$ 1,193
33							
34							
35							
36	Total Increase/(Decrease) Gallons to be Produced						9,920

References:
RUCO RBM Workpapers
Company H-5 Schedules

OPERATING INCOME ADJUSTMENT NO. 3 (Continued)
REVENUE & EXPENSE ANNUALIZATIONS

Line No.	Description	Amount
	Annualize Revenues:	
1	Per RUCO Annualized Revenues	$ 126,683
2	Per Company Annualized Revenues	125,490
3	RUCO Adjustment to Revenue and/or Expense (L1 - L2)	$ 1,193
	Annualize Sludge Removal Expense:	
11	Test Year Sludge Removal Expense	$ 230,913
12	Gallons Treated (in 1,000's)	1,223,828
13	Cost per 1,000 gallons (L11 / L12)	$ 0.19
14	Number of bills during Test Year	191,338
15	Average flow per bill per month (in 1,000's) - (L12 / L14)	6.4
16	Increase (decrease) in number of bills (See Column [D] at line 25 on RUCO Schedule JLK-17 at page 1 of 2)	3,309
17	Increase (decrease) in flows (in 1,000's) - (L15 X L16)	21,165
18	Per RUCO Increase (decrease) in Sludge Removal (L13 X L17)	$ 3,993
19	Per Company Increase (decrease) in Sludge Removal (Company Schedule C-1)	3,980
20	RUCO Adjustment to Revenue and/or Expense (L18 - L19)	$ 13
	Annualize Postage Expense:	
21	RUCO's Reversal of Company's Double-Count for Wastewater Division's Annualized Postage Expense	$ (1,506)
22	RUCO Total Net Annualized Revenue & Expense Adjustments	$ 2,686

References:
See RUCO Schedule RBM-17 on page 1 of 2
Company C-2 & H Schedules

OPERATING INCOME ADJUSTMENT NO. 4
REVENUE ACCRUAL FIX

Line No.	Description	Amount

References:

OPERATING INCOME ADJUSTMENT NO. 5
USED ONLY FOR WATER DIVISION

Line No.	Description	Amount

References:

OPERATING INCOME ADJUSTMENT NO. 6
USED ONLY FOR WATER DIVISION

Line No.	Description	Amount

References:

OPERATING INCOME ADJUSTMENT NO. 7
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Line No.	Description	Amount

References:

OPERATING INCOME ADJUSTMENT NO. 8
EMPLOYEE PENSION BENEFIT PLAN

Line No.	Description		Amount
1	Employee Pension Benefit Plan Proforma Adjustment Per Company as Filed	$	76,431
2	Employee Pension Benefit Plan Proforma Adjustment Per RUCO Recommendation		-
3	RUCO Recommended Adjustment	$	(76,431)

References:
Company Response to RUCO DR 3.01
See Testimony of RBM

OPERATING INCOME ADJUSTMENT NO. 9
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Line No.	Description	Amount

References:

OPERATING INCOME ADJUSTMENT NO. 10
ADDITIONAL REDUCTIONS TO US LIBERTY UTILITIES MANAGEMENT SERVICES

Line No.	Description	Amount
	Water Division:	
1	Company's Proforma Adjustment for Management Services - US Liberty Water as Filed	$ (16,840)
2	RUCO Recommended Adjustment for Management Services - US Liberty Water	(18,669)
3	RUCO Recommended Adjustment	(1,829)
	Wastewater Division:	
4	Company's Proforma Adjustment for Management Services - US Liberty Water as Filed	$ (21,457)
5	RUCO Recommended Adjustment for Management Services - US Liberty Water	(23,978)
6	RUCO Recommended Adjustment	(2,521)

References:
Company Response to Staff DR JMM 12-2

OPERATING INCOME ADJUSTMENT NO. 11
ALLOCATE BAD DEBT EXPENSE

Line No.	Description		Amount
	Water & Wastewater Divisions Combined Adjusted Test Year Bad Debt Expense as Filed:		
1	Water Division Adjusted Test Year Bad Debt Expense as Filed	$	(76)
2	Wastewater Division Adjusted Test Year Bad Debt Expense as Filed		45,215
3	Total Water & Wastewater Divisions Combined Adjusted Test Year Bad Debt Expense as Filed by Company	$	45,140
	Water Division:		
4	Allocation Factor Recommended by RUCO to Allocate Bad Debt Expense to Water Division		47%
5	RUCO Recommended Bad Debt Expense Adjustment Allocated to Water Division	$	21,216
	Wastewater Division:		
6	Allocation Factor Recommended by RUCO to Allocate Bad Debt Expense to Wastewater Division		53%
7	RUCO Recommended Bad Debt Adjustment Allocated to Wastewater Division	$	(23,924)

References:
Company Response to Staff DR JMM 12-2

OPERATING INCOME ADJUSTMENT NO. 12
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Line No.	Description	Amount

References:

OPERATING INCOME ADJUSTMENT NO. 13
APUC COST ALLOCATIONS

Line No.	Description	[A] Company Requested Total APUC Cost Pool	[B] Allocation Factor From APUC To Liberty Utilities	[C] APUC Allocation To Liberty Utilities	[D] Allocation Factor From Liberty Utilites To Liberty Utilities South	[E] Liberty Utilities Allocation To Liberty Utilities South	[F] Allocation Factor From Liberty Utilities South To LPSCO Water	[G] Allocation Factor From Liberty Utilities South To LPSCO Wastewater	[H] Libery Utilities South Allocation To LPSCO Water	[I] Libery Utilities South Allocation To LPSCO Wastewater	[J] RUCO Recommended Allocations Factors Per Decision 72059	[K] RUCO Recommended Allocations LPSCO Water	[L] RUCO Recommended Allocations LPSCO Sewer
1	Audit	$ 1,561,911	51.8%	$ 808,566	22.26%	$ 179,960	28.74%	26.87%	$ 51,712	$ 48,352	100%	$ 51,712	$ 48,352
2	Tax	1,169,300	51.8%	605,321	22.26%	134,724	28.74%	26.87%	38,713	36,198	100%	38,713	36,198
3	Legal	635,190	51.8%	328,824	22.26%	73,185	28.74%	26.87%	21,030	19,664	100%	21,030	19,664
4	Professional Services	680,395	51.8%	352,225	22.26%	78,394	28.74%	26.87%	22,527	21,063	50%	11,263	10,531
5	Unitholder Communications	700,793	51.8%	362,785	22.26%	80,744	28.74%	26.87%	23,202	21,694	50%	11,601	10,847
6	Trustee / Director Fees	378,154	51.8%	195,762	22.26%	43,570	28.74%	26.87%	12,520	11,706	50%	6,260	5,853
7	Computer Supplies /Repairs	51,761	51.8%	26,796	22.26%	5,964	28.74%	26.87%	1,714	1,602	100%	1,714	1,602
8	Office Expenses	98,210	51.8%	50,841	22.26%	11,316	28.74%	26.87%	3,252	3,040	100%	3,252	3,040
9	Employee Stock Purchase Plan	4,270	51.8%	2,210	22.26%	492	28.74%	26.87%	141	132	50%	71	66
10	Board of Director's Insurance	145,728	51.8%	75,440	22.26%	16,790	28.74%	26.87%	4,825	4,511	50%	2,412	2,256
11	Escrow & Transfer Agent Fees	75,000	51.8%	38,826	22.26%	8,641	28.74%	26.87%	2,483	2,322	50%	1,242	1,161
12	Training	76,343	51.8%	39,521	22.26%	8,796	28.74%	26.87%	2,528	2,363	100%	2,528	2,363
13	Stock Option expense	1,376,013	51.8%	712,331	22.26%	158,542	28.74%	26.87%	45,557	42,597	0%	-	-
14	Recruiting	54,095	51.8%	28,004	22.26%	6,233	28.74%	26.87%	1,791	1,675	100%	1,791	1,675
15	Meals and Entertainment	2,315	51.8%	1,198	22.26%	267	28.74%	26.87%	77	72	50%	38	36
16	Rent	84,861	51.8%	43,931	22.26%	9,778	28.74%	26.87%	2,810	2,627	100%	2,810	2,627
17	Communication	78,982	51.8%	40,887	22.26%	9,100	28.74%	26.87%	2,615	2,445	100%	2,615	2,445
18	Dues and Memberships	47,155	51.8%	24,411	22.26%	5,433	28.74%	26.87%	1,561	1,460	0%	-	-
19	Licenses/Fees & Permits	384,904	51.8%	199,256	22.26%	44,348	28.74%	26.87%	12,743	11,915	100%	12,743	11,915
20	Net Other Admin Costs	14,274	51.8%	7,389	22.26%	1,645	28.74%	26.87%	473	442	100%	473	442
21	Variance Due to Company's Monthly Allocation Factoring								10,321	26,092	64%	1 6,559	16,580
22												-	-
23												-	-
24												-	-
25													
26	Total APUC Allocations Per RUCO	$ 7,619,653		$ 3,944,525		$ 877,921			$ 262,593	$ 261,973		$ 178,825	$ 177,654
27													
28	Company Water Division's APUC Cost Allocation Requested											262,593	
29													261,973
30	Company Wastewater Division's APUC Cost Allocation Requested												
31													
32	RUCO Recommended Water and Wastewater Division's APUC Cost Allocation Adjustment											$ (83,768)	$ (84,319)

Note 1:

	Water & Wastewater
Variances by Company Per Responses to RUCO DR 1.08 and Staff 5.2	$ 36,413
RUCO Allowance Factor for the Variances Identified by Company	64%

References:
Column [A] - Company response to Staff DR JMM - 10.1(a) confirmed the accruals in that Column were trued-up to Actual Expenses for this rate case.

OPERATING INCOME ADJUSTMENT NO. 14
ACHIEVEMENT / INCENTIVE / BONUS PAY PROGRAMS

Line No.		Description	Water Division Amount	Wastewater Division Amount
		Algonquin Power Utilities Corporation ("APUC") Allocation:		
1	1	Per Company APUC Achievement / Incentive / Bonus Pay Program Allocations Included in Test Year	$ 45,557	$ 42,597
2	2	RUCO Recommended APUC Achievement / Incentive / Bonus Pay Program Allocations Included in Test Year	0%	0%
3	2	RUCO's Recommended Adjustment to Company's Test Year End APUC Achievement / Incentive / Bonus Pay to Include in TY	$ -	$ -
		Liberty Utilities - Local Incentive Pay		
4	1	Per Company Liberty Utilities - Local Achievement / Incentive / Bonus Pay Program Included in Test Year	$ 243,440	$ 227,622
5		RUCO Recommended Achievement / Incentive / Bonus Pay Program Allocations Included in Test Year	50%	50%
6		RUCO's Recommended Adjustment to Company's Test Year End APUC Achievement / Incentive / Bonus Pay to Include in TY	$ (121,720)	$ (113,811)
		Liberty Utilities - Allocated Incentive Pay		
7	1	Per Company Liberty Utilities - Local Achievement / Incentive / Bonus Pay Program Included in Test Year	$ 34,334	28,446
8		RUCO Recommended Achievement / Incentive / Bonus Pay Program Allocations Included in Test Year	50%	50%
9		RUCO's Recommended Adjustment to Company's Test Year End APUC Achievement / Incentive / Bonus Pay to Include in TY	$ (17,167)	$ (14,223)
10		RUCO's Recommended Total Adjustments	$ (138,887)	$ (128,034)

References:
1 Per Company Supplemental Response to RUCO 1.15(e)
2 RUCO disallowed 100% of the APUC Achievement / Incentive / Pay Program - Stock Option Expense (See RUCO Schedule RBM-27 at line 13)

OPERATING INCOME ADJUSTMENT NO. 15
MISCELLANEOUS EXPENSE

Line No.	Description	Account No.	[A] Company As Filed	[B] RUCO Allowance Factor	[C] RUCO Recommended Adjustment
1	Company Adjusted Miscellaneous Expense as Filed		$ 77,293		
	RUCO Adjustments:				
2	Public Relations	8600-2-0200-69-5390	$ 231	100%	$ (231)
3	Meals and Entertainment	8600-2-0200-69-5300	221	50%	(111)
4	Total				$ (342)
5	RUCO Recommended Adjustment				$ (342)

References:
Column [A]: Company Adjusted Test Year Schedule C-1 Balance on page 1 at line 29;
Column [B]: RUCO Allowance Factor;
Column [C]: Company Response to Staff DR JMM 2-63.

RATE BASE ADJUSTMENT NO. 16
CUSTOMER SECURITY DEPOSIT INTEREST EXPENSE

Line No.		Description	Amount
		Water Division:	
1	1	Customer Security Deposit Interest Expense As Filed by Company Below-the-Line for Both Divisons Per Response to Staff DR 13-4	$ 10,314
2		RUCO Recommended Allocation for Water Division Net of Interest Earned (See Note 1 Below for Allocation Percentages)	4,848
3		RUCO's Recommended Adjustment (Net of Interest Earned on Unexpended CIAC Bank Account Per Response to Staff DR 1.13)	$ 4,848
		Wastewater Division:	
4	1	Customer Security Deposit Interest Expense As Filed by Company Below-the-Line for Both Divisons Per Response to Staff DR 13-4	$ 10,314
5		RUCO Recommended Allocation for Water Division Net of Interest Earned (See Note 1 Below for Allocation Percentages)	5,467
6		RUCO's Recommended Adjustment (Net of Interest Earned on Unexpended CIAC Bank Account Per Response to Staff DR 1.13)	$ 5,467

Note 1: Allocation Percentage Factors
Water = 47%
Wastewater = 53%

References:
1 Per Company Response and Excel workbook Attachment to Staff's DR 13-4

OPERATING INCOME ADJUSTMENT NO. 17
INCOME TAXES

Line No.	Description	RUCO Adjusted Test Year Recommended	RUCO Test Year Recommended
1	RUCO Computed Adjusted Test Year Income Tax	$ 1,141,797	$ 1,165,837
2	Company Income Tax As Filed	1,013,153	1,262,828
3	RUCO Adjustment to Income Tax Expense	$ 128,645	$ (96,991)

References:
See RUCO Schedule RBM-1 at page 2 of 2;
Company Schedule C-1 Adjusted Test Year as Filed

COST OF CAPITAL

LINE NO.		[A] DOLLAR AMOUNT	[B] CAPITAL RATIO	[C] COST RATE	[D] WEIGHTED COST RATE
1	Long-Term Debt	$ 10,420,000	15.87%	6.40%	1.02%
2	Common Equity	55,240,319	84.13%	9.20% [1]	7.74%
3	Total Capitalization	$ 65,660,319	100.00%		
4	WEIGHTED AVERAGE COST OF CAPITAL ("WACC")				8.76%

[1] The Return on Equity Recommended by RUCO was authorized in Decision No. 73996 dated July 30, 2013.

References:
Columns [A] Thru [D]: RBM and RBM Testimony

TABLE OF CONTENTS

SCHEDULES
LITCHFIELD PARK SERVICE COMPANY
WATER DIVISION

Rate Design.....RBM W RD-1

Typical Bill Analysis.....RBM W RD-2

WASTEWATER DIVISION

Rate Design.....RBM WW RD-1

Typical Bill Analysis.....RBM WW RD-2

Monthly Usage Charge	Present	Company Proposed Rates	RUCO Recommended Rates
Meter Size (All Classes):			
5/8 x 3/4 Inch	$ 10.20	$ 14.50	$ 11.00
3/4 Inch - Residential	10.20	14.50	11.00
3/4 Inch	10.20	14.50	11.00
1 Inch - Residential	22.95	32.75	27.75
1 Inch	25.50	36.25	30.72
1 1/2 Inch	51.00	72.50	55.00
2 Inch	81.60	116.00	88.00
3 Inch	163.20	232.00	176.00
4 Inch	255.00	362.50	275.00
6 Inch	510.00	725.00	550.00
8 Inch - Bulk Water Only	501.00	575.00	510.00
8 Inch	841.50	1,160.00	880.00
10 Inch	1,173.00	1,667.50	1,265.00
12 Inch	2,193.00	3,117.50	2,365.00
The low income monthly meter charge is 85% of the Residential 3/4 inch and 1 inch meter charge.			
Commodity Charge - Per 1,000 Gallons			
5/8" x 3/4" Meter and 3/4" (Residential)			
First 3,000 gallons	$ 1.0000	N/A	N/A
3,001 to 9,000 gallons	1.9100	N/A	N/A
Over 9,000 gallons	3.0300	N/A	N/A
First 3,000 gallons	N/A	$ 1.0000	N/A
3,001 to 11,000 gallons	N/A	2.0000	N/A
11,001 to 30,000 gallons	N/A	3.0500	N/A
Over 30,000 gallons	N/A	3.6600	N/A
First 3,000 gallons	N/A	N/A	$ 0.8500
3,001 to 9,000 gallons	N/A	N/A	1.9000
9,001 to 20,000 gallons	N/A	N/A	3.0800
Over 20,000 gallons	N/A	N/A	3.3830
5/8" x 3/4" and 3/4" Meter (Commercial & Irrigations)			
First 9,000 gallons	1.9100	2.0000	N/A
Over 9,000 gallons	3.0300	3.6600	N/A
First 9,000 gallons	N/A	N/A	1.9000
Over 9,000 gallons	N/A	N/A	3.3830
1" Meter (Residential & Multi-family)			
First 5,000 gallons	1.0000	N/A	N/A
5,001 to 20,000 gallons	1.9100	N/A	N/A
Over 20,000 gallons	3.0300	N/A	N/A
First 5,000 gallons	N/A	1.0000	N/A
5,001 to 20,000 gallons	N/A	2.0000	N/A
20,001 to 40,000 gallons	N/A	3.0500	N/A
Over 40,000 gallons	N/A	3.6600	N/A
First 5,000 gallons	N/A	N/A	0.8500
5,001 to 11,000 gallons	N/A	N/A	1.9000
11,001 to 35,000 gallons	N/A	N/A	3.0800
Over 35,000 gallons	N/A	N/A	3.3830
1" Meter (Commercial & Irrigations)			
First 20,000 gallons	1.9100	2.0000	N/A
Over 20,000 gallons	3.0300	3.6600	N/A
First 17,000 gallons	N/A	N/A	1.9000
Over 17,000 gallons	N/A	N/A	3.3830
1 1/2" Meter (All Classes)			
First 40,000 gallons	1.9100	2.0000	N/A
Over 40,000 gallons	3.0300	3.6600	N/A

First 33,000 gallons	N/A	N/A	1.9000
Over 33,000 gallons	N/A	N/A	3.3830
2" Meter (All Classes)			
First 60,000 gallons	1.9100	2.0000	N/A
Over 60,000 gallons	3.0300	3.6600	N/A
First 53,000 gallons	N/A	N/A	1.9000
Over 53,000 gallons	N/A	N/A	3.3830
3" Meter (All Classes)			
First 120,000 gallons	1.9100	2.0000	N/A
Over 120,000 gallons	3.0300	3.6600	N/A
First 110,000 gallons	N/A	N/A	1.9000
Over 110,000 gallons	N/A	N/A	3.3830
4" Meter (All Classes)			
First 180,000 gallons	1.9100	2.0000	N/A
Over 180,000 gallons	3.0300	3.6600	N/A
First 175,000 gallons	N/A	N/A	1.9000
Over 175,000 gallons	N/A	N/A	3.3830
6" Meter (All Classes)			
First 360,000 gallons	1.9100	2.0000	N/A
Over 360,000 gallons	3.0300	3.6600	N/A
First 355,000 gallons	N/A	N/A	1.9000
Over 355,000 gallons	N/A	N/A	3.3830
8" Meter (Bulk Resale)			
All Classes	1.5000	1.6500	1.6500
8" Meter (All Classes)			
First 650,000 gallons	1.9100	2.0000	N/A
Over 650,000 gallons	3.0300	3.6600	N/A
First 573,000 gallons	N/A	N/A	1.9000
Over 573,000 gallons	N/A	N/A	3.3830
10" Meter (All Classes)			
First 940,000 gallons	1.9100	2.0000	N/A
Over 940,000 gallons	3.0300	3.6600	N/A
First 800,000 gallons	N/A	N/A	1.9000
Over 800,000 gallons	N/A	N/A	3.3830
12" Meter (All Classes)			
First 1,248,000 gallons	2.9200	N/A	N/A
Over 1,248,000 gallons	3.6400	N/A	N/A
First 1,500,000 gallons	N/A	N/A	1.9000
Over 1,500,000 gallons	N/A	N/A	3.3830
Construction Hydrants			
All Gallons	3.0300	3.6600	3.3830

Litchfield Park Service Company - Water Division
Docket No. SW-01428A-13-0042 ET AL.
Test Year Ended: December 31, 2013

Surrebuttal Schedule RBM W RD-2

Typical Bill Analysis
Residential 5/8 x 3/4-Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	4,277	$ 15.64	$ 19.37	$ 3.73	23.86%
Median Usage	4,000	22.75	26.63	$ 3.88	17.05%
RUCO Recommended					
Average Usage	4,277	$ 15.64	$ 15.98	$ 0.34	2.16%
Median Usage	4,000	22.75	23.05	$ 0.30	1.32%

Present & Proposed Rates (Without Taxes)
Residential 5/8 x 3/4-Inch Meters

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	RUCO Recommended Rates	% Increase
-	$ 10.20	$ 13.88	36.08%	$ 11.00	7.84%
1,000	11.20	$ 14.88	32.86%	$ 11.85	5.80%
2,000	12.20	$ 15.88	30.16%	$ 12.70	4.10%
3,000	13.20	$ 16.88	27.88%	$ 13.55	2.65%
4,000	15.11	$ 18.83	24.62%	$ 15.45	2.25%
5,000	17.02	$ 20.78	22.09%	$ 17.35	1.94%
6,000	18.93	$ 22.73	20.07%	$ 19.25	1.69%
7,000	20.84	$ 24.68	18.43%	$ 21.15	1.49%
8,000	22.75	$ 26.63	17.05%	$ 23.05	1.32%
9,000	24.66	$ 28.58	15.90%	$ 24.95	1.18%
10,000	27.69	$ 30.53	10.26%	$ 28.03	1.23%
11,000	30.72	$ 32.48	5.73%	$ 31.11	1.27%
12,000	33.75	$ 35.42	4.95%	$ 34.19	1.30%
13,000	36.78	$ 38.36	4.30%	$ 37.27	1.33%
14,000	39.81	$ 41.30	3.74%	$ 40.35	1.36%
15,000	42.84	$ 44.24	3.27%	$ 43.43	1.38%
16,000	45.87	$ 47.18	2.86%	$ 46.51	1.40%
17,000	48.90	$ 50.12	2.49%	$ 49.59	1.41%
18,000	51.93	$ 53.06	2.18%	$ 52.67	1.42%
19,000	54.96	$ 56.00	1.89%	$ 55.75	1.44%
20,000	57.99	$ 58.94	1.64%	$ 58.83	1.45%
25,000	73.14	$ 75.74	3.55%	$ 75.75	3.56%
30,000	88.29	$ 92.54	4.81%	$ 92.66	4.95%
35,000	103.44	$ 109.34	5.70%	$ 109.58	5.93%
40,000	118.59	$ 126.14	6.37%	$ 126.49	6.66%
45,000	133.74	$ 142.94	6.88%	$ 143.41	7.23%
50,000	148.89	$ 159.74	7.29%	$ 160.32	7.68%
75,000	224.64	$ 243.74	8.50%	$ 244.90	9.02%
100,000	300.39	$ 327.74	9.10%	$ 329.47	9.68%

Monthly Charge for:	Present	Company Rebuttal Proposed Rates	RUCO Surrebuttal Recommended Rates
Monthly Residential Service	$ 38.99	$ 41.08	$ 39.21
Low Income Residential Service	33.14	34.92	33.33
Multi-Unit Housing - Monthly per Unit	36.19	38.13	36.36
Commercial:			
Small Commercial - Monthly Service	65.93	69.46	66.50
Measured Service:			
Regular Domestic:	36.91	38.88	37.25
Monthly Service Charge	3.22	3.39	3.25
Commodity Charge per 1,000 gallons			
Restaurant, Motels, Grocery Stores & Dry Cleaning Estab.1			
Monthly Service Charge	36.91	38.88	37.25
Commodity Charge per 1,000 gallons	4.30	4.52	4.40
Wigwam Resort:			
Monthly Rate - Per Room	36.19	38.13	36.35
Main Hotel Facilities - Per Month	1,433.30	1,509.88	1,450.00
Schools - Monthly Service Rates:			
Elementary Schools	974.64	1,026.78	981.00
Middile Schools	1,146.64	1,207.99	1,155.00
High Schools	1,146.64	1,207.99	1,155.00
Community College	1,777.29	1,872.38	1,790.00
Effluent2:			

1 Motels without restuarants charged multi-unit monthly rate.
2 Market Rate - Maximum effluent rate shall not exceed $430 per acre foot based on a potable water rate of $1.32 per thousand gallons.
Late Payment Penalty

Litchfield Park Service Company - Wastewater Division
Docket No. SW-01428A-13-0042 ET AL.
Test Year Ended: December 31, 2013

Schedule RBM WW RD-2

Typical Bill Analysis
Residential

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	-	$ 38.99	$ 41.62	$ 2.63	6.75%
Median Usage	-	38.99	41.62	$ 2.63	6.75%
RUCO Recommended					
Average Usage	-	$ 38.99	$ 39.21	$ 0.22	0.56%
Median Usage	-	38.99	39.21	$ 0.22	0.56%