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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

August 26, 2014

Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

ORIGINAL

Re: **Tonto Basin Water Co., Inc.**
Docket No. W-03515A-14-0310

Tonto Basin Water Co., Inc. hereby supplements its rate application with the compliance status report from the Arizona Department of Environmental Quality (checklist item 1) (attached as **Exhibit 1**), and Supplemental Schedules S-1 through S-7 which were inadvertently omitted from the original filing (attached as **Exhibit 2**).

Regards,

Jason Williamson
President, Tonto Basin Water Co., Inc.

Arizona Corporation Commission

DOCKETED

AUG 26 2014

DOCKETED BY

EXHIBIT 1

Arizona Department of Environmental Quality
Drinking Water Monitoring and Protection Unit
 Mail Code 5415B-2
 1110 West Washington Street
 Phoenix, AZ 85007

Drinking Water Compliance Status Report

System Name TONTA BASIN WATER - CACTUS FOREST	System Type <input checked="" type="checkbox"/> Community	Is system consecutive? <input type="checkbox"/> Yes, to PWS #
System ID # 11052	<input type="checkbox"/> Non-transient Non-community <input type="checkbox"/> Transient Non-community	
		<input checked="" type="checkbox"/> No

Overall compliance status	<input checked="" type="checkbox"/> No major deficiencies	<input type="checkbox"/> Major deficiencies
Monitoring and Reporting status	<input checked="" type="checkbox"/> No major deficiencies	<input type="checkbox"/> Major deficiencies
Comments: The system has arsenic treatment and is required to sample for arsenic on a quarterly basis for the life of the treatment plant.		

Operation and Maintenance status	<input checked="" type="checkbox"/> No major deficiencies	<input type="checkbox"/> Major deficiencies
Date of last Sanitary Survey	3-25-14	Inspector
		Matthew Ritter, PHX
Major unresolved/ongoing operation and maintenance deficiencies:		
<input type="checkbox"/> unable to maintain 20psi	<input type="checkbox"/> inadequate storage	
<input type="checkbox"/> cross connection/backflow problems	<input type="checkbox"/> surface water treatment rule	
<input type="checkbox"/> treatment deficiencies	<input type="checkbox"/> ATC/AOC	
<input type="checkbox"/> certified operator	<input type="checkbox"/> other =	
Comments: Recommendations were assigned to Finished Storage Tank and Management and Operations.		

Is an ADEQ administrative order in effect?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Comments: None		

System Information	
Population Served	699
Service Connections	233
Number of Entry Points to the Distribution System	1
Number of Sources	2
Initial Monitoring Year	1993
Monitoring Assistance Program (MAP) System	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Evaluation completed by	Donna Calderon, Senior Drinking Water Technical Program Specialist Drinking Water Monitoring and Protection Unit		
Phone	602-771-4641	Date	August 21, 2014
<input checked="" type="checkbox"/>	Based upon data submitted by the water system, ADEQ has determined that this system is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4, and PWS is in compliance.		
<input type="checkbox"/>	Based upon the monitoring and reporting deficiencies noted above, ADEQ cannot determine if this system is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4, and/or PWS is not in compliance.		
<input type="checkbox"/>	Based upon the operation and maintenance deficiencies noted above, ADEQ cannot determine if this system is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4, and/or PWS is not in compliance.		

This compliance status report does not guarantee the water quality for this system in the future, and does not reflect the status of any other water system owned by this utility company.

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 Phoenix, AZ 85007

Drinking Water Compliance Status Report

System Name	System Type	Is system consecutive?
TONTO BASIN WATER ROOSEVELT LAKE ESTATE	<input checked="" type="checkbox"/> Community	<input type="checkbox"/> Yes, to PWS #
System ID #	<input type="checkbox"/> Non-transient Non-community	
04036	<input type="checkbox"/> Transient Non-community	<input checked="" type="checkbox"/> No

Overall compliance status	<input checked="" type="checkbox"/> No major deficiencies	<input type="checkbox"/> Major deficiencies
Monitoring and Reporting status	<input checked="" type="checkbox"/> No major deficiencies	<input type="checkbox"/> Major deficiencies
Comments: The PWS is required to submit a Stage 2 Disinfection Byproducts Rule Compliance Monitoring Plan, Summary Sheet and map, and sample annually during the month of JULY at two locations for the Stage 2 Disinfection Byproducts rule beginning in 2014.		

Operation and Maintenance status	<input checked="" type="checkbox"/> No major deficiencies	<input type="checkbox"/> Major deficiencies
Date of last Sanitary Survey	5-21-13	Inspector
		Joe Reyes, PHX
Major unresolved/ongoing operation and maintenance deficiencies:		
<input type="checkbox"/> unable to maintain 20psi	<input type="checkbox"/> inadequate storage	
<input type="checkbox"/> cross connection/backflow problems	<input type="checkbox"/> surface water treatment rule	
<input type="checkbox"/> treatment deficiencies	<input type="checkbox"/> ATC/AOC	
<input type="checkbox"/> certified operator	<input type="checkbox"/> other =	
Comments: Minor violations were assigned to Finished Water Storage (overflow pipe is not extended down to the 12 - 24 inches above ground; Management and Operations (need ADWR and ADEQ emergency numbers on well house). NOC issued 6-17-2013 was closed 6-17-2013 with the inspection.		

Is an ADEQ administrative order in effect?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No
Comments: None				

System Information	
Population Served	591
Service Connections	197
Number of Entry Points to the Distribution System	1
Number of Sources	1
Initial Monitoring Year	1995
Monitoring Assistance Program (MAP) System	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Evaluation completed by	Donna Calderon, Senior Drinking Water Technical Program Specialist Drinking Water Monitoring and Protection Unit		
Phone	602-771-4641	Date	August 21, 2014
<input checked="" type="checkbox"/>	Based upon data submitted by the water system, ADEQ has determined that this system is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4, and PWS is in compliance.		
<input type="checkbox"/>	Based upon the monitoring and reporting deficiencies noted above, ADEQ cannot determine if this system is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4, and/or PWS is not in compliance.		
<input type="checkbox"/>	Based upon the operation and maintenance deficiencies noted above, ADEQ cannot determine if this system is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4, and/or PWS is not in compliance.		

This compliance status report does not guarantee the water quality for this system in the future, and does not reflect the status of any other water system owned by this utility company.

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 Phoenix, AZ 85007

Drinking Water Compliance Status Report

System Name	System Type	Is system consecutive?
TONTO BASIN WATER- NORTH BAY ESTATES	<input checked="" type="checkbox"/> Community	<input type="checkbox"/> Yes, to PWS #
System ID #	<input type="checkbox"/> Non-transient Non-community	<input checked="" type="checkbox"/> No
04049	<input type="checkbox"/> Transient Non-community	

Overall compliance status	<input checked="" type="checkbox"/> No major deficiencies	<input type="checkbox"/> Major deficiencies
Monitoring and Reporting status	<input checked="" type="checkbox"/> No major deficiencies	<input type="checkbox"/> Major deficiencies
Comments: The PWS is required to submit a Stage 2 Disinfection Byproducts Rule Summary Sheet and map, and sample annually during the month of SEPTEMBER at one location for the Stage 2 Disinfection Byproducts rule beginning in 2014.		

Operation and Maintenance status	<input checked="" type="checkbox"/> No major deficiencies	<input type="checkbox"/> Major deficiencies								
Date of last Sanitary Survey	5-22-13	Inspector Joe Reyes, PHX								
Major unresolved/ongoing operation and maintenance deficiencies: <table style="width:100%; border:none;"> <tr> <td><input type="checkbox"/> unable to maintain 20psi</td> <td><input type="checkbox"/> inadequate storage</td> </tr> <tr> <td><input type="checkbox"/> cross connection/backflow problems</td> <td><input type="checkbox"/> surface water treatment rule</td> </tr> <tr> <td><input type="checkbox"/> treatment deficiencies</td> <td><input type="checkbox"/> ATC/AOC</td> </tr> <tr> <td><input type="checkbox"/> certified operator</td> <td><input type="checkbox"/> other =</td> </tr> </table>			<input type="checkbox"/> unable to maintain 20psi	<input type="checkbox"/> inadequate storage	<input type="checkbox"/> cross connection/backflow problems	<input type="checkbox"/> surface water treatment rule	<input type="checkbox"/> treatment deficiencies	<input type="checkbox"/> ATC/AOC	<input type="checkbox"/> certified operator	<input type="checkbox"/> other =
<input type="checkbox"/> unable to maintain 20psi	<input type="checkbox"/> inadequate storage									
<input type="checkbox"/> cross connection/backflow problems	<input type="checkbox"/> surface water treatment rule									
<input type="checkbox"/> treatment deficiencies	<input type="checkbox"/> ATC/AOC									
<input type="checkbox"/> certified operator	<input type="checkbox"/> other =									
Comments: None										

Is an ADEQ administrative order in effect?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Comments: None		

System Information	
Population Served	168
Service Connections	55
Number of Entry Points to the Distribution System	1
Number of Sources	1
Initial Monitoring Year	1995
Monitoring Assistance Program (MAP) System	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Evaluation completed by	Donna Calderon, Senior Drinking Water Technical Program Specialist Drinking Water Monitoring and Protection Unit		
Phone	602-771-4641	Date	August 21, 2014
<input checked="" type="checkbox"/>	Based upon data submitted by the water system, ADEQ has determined that this system is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4, and PWS is in compliance.		
<input type="checkbox"/>	Based upon the monitoring and reporting deficiencies noted above, ADEQ cannot determine if this system is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4, and/or PWS is not in compliance.		
<input type="checkbox"/>	Based upon the operation and maintenance deficiencies noted above, ADEQ cannot determine if this system is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4, and/or PWS is not in compliance.		

This compliance status report does not guarantee the water quality for this system in the future, and does not reflect the status of any other water system owned by this utility company.

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 Phoenix, AZ 85007

Drinking Water Compliance Status Report

System Name	System Type	Is system consecutive?
TONTO BASIN WATER - LR GARDENS EAST	<input checked="" type="checkbox"/> Community	<input type="checkbox"/> Yes, to PWS #
System ID #	<input type="checkbox"/> Non-transient Non-community	
04022	<input type="checkbox"/> Transient Non-community	<input checked="" type="checkbox"/> No

Overall compliance status	<input checked="" type="checkbox"/> No major deficiencies	<input type="checkbox"/> Major deficiencies
Monitoring and Reporting status	<input checked="" type="checkbox"/> No major deficiencies	<input type="checkbox"/> Major deficiencies
Comments: The PWS is required to submit a Stage 2 Disinfection Byproducts Rule Summary Sheet and map, and sample annually during the month of JULY at one location for the Stage 2 Disinfection Byproducts rule beginning in 2014.		

Operation and Maintenance status	<input checked="" type="checkbox"/> No major deficiencies	<input type="checkbox"/> Major deficiencies								
Date of last Sanitary Survey	5-21-13	Inspector								
		Joe Reyes, PHX								
Major unresolved/ongoing operation and maintenance deficiencies: <table style="width:100%; border:none;"> <tr> <td><input type="checkbox"/> unable to maintain 20psi</td> <td><input type="checkbox"/> inadequate storage</td> </tr> <tr> <td><input type="checkbox"/> cross connection/backflow problems</td> <td><input type="checkbox"/> surface water treatment rule</td> </tr> <tr> <td><input type="checkbox"/> treatment deficiencies</td> <td><input type="checkbox"/> ATC/AOC</td> </tr> <tr> <td><input type="checkbox"/> certified operator</td> <td><input type="checkbox"/> other =</td> </tr> </table>			<input type="checkbox"/> unable to maintain 20psi	<input type="checkbox"/> inadequate storage	<input type="checkbox"/> cross connection/backflow problems	<input type="checkbox"/> surface water treatment rule	<input type="checkbox"/> treatment deficiencies	<input type="checkbox"/> ATC/AOC	<input type="checkbox"/> certified operator	<input type="checkbox"/> other =
<input type="checkbox"/> unable to maintain 20psi	<input type="checkbox"/> inadequate storage									
<input type="checkbox"/> cross connection/backflow problems	<input type="checkbox"/> surface water treatment rule									
<input type="checkbox"/> treatment deficiencies	<input type="checkbox"/> ATC/AOC									
<input type="checkbox"/> certified operator	<input type="checkbox"/> other =									
Comments: None										

Is an ADEQ administrative order in effect?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Comments: None		

System Information	
Population Served	144
Service Connections	48
Number of Entry Points to the Distribution System	1
Number of Sources	1
Initial Monitoring Year	1995
Monitoring Assistance Program (MAP) System	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Evaluation completed by	Donna Calderon, Senior Drinking Water Technical Program Specialist Drinking Water Monitoring and Protection Unit		
Phone	602-771-4641	Date	August 21, 2014
<input checked="" type="checkbox"/>	Based upon data submitted by the water system, ADEQ has determined that this system is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4, and PWS is in compliance.		
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 Phoenix, AZ 85007

Drinking Water Compliance Status Report

System Name	System Type	Is system consecutive?
TONTO BASIN WATER - LR GARDENS WEST	<input checked="" type="checkbox"/> Community	<input type="checkbox"/> Yes, to PWS #
System ID #	<input type="checkbox"/> Non-transient Non-community	<input checked="" type="checkbox"/> No
04047	<input type="checkbox"/> Transient Non-community	

Overall compliance status	<input checked="" type="checkbox"/> No major deficiencies	<input type="checkbox"/> Major deficiencies
Monitoring and Reporting status	<input checked="" type="checkbox"/> No major deficiencies	<input type="checkbox"/> Major deficiencies
Comments: The PWS is required to submit a Stage 2 Disinfection Byproducts Rule Compliance Monitoring Plan, Summary Sheet and map, and sample annually during the month of JULY at two locations for the Stage 2 Disinfection Byproducts rule beginning in 2014.		

Operation and Maintenance status	<input checked="" type="checkbox"/> No major deficiencies	<input type="checkbox"/> Major deficiencies
Date of last Sanitary Survey	5-22-13	Inspector
		Joe Reyes, PHX
Major unresolved/ongoing operation and maintenance deficiencies:		
<input type="checkbox"/> unable to maintain 20psi	<input type="checkbox"/> inadequate storage	
<input type="checkbox"/> cross connection/backflow problems	<input type="checkbox"/> surface water treatment rule	
<input type="checkbox"/> treatment deficiencies	<input type="checkbox"/> ATC/AOC	
<input type="checkbox"/> certified operator	<input type="checkbox"/> other =	
Comments: Significant violations were assigned to Source (cracked well slab needs repair); Management and Operations (MCL for Toluene reported). Case 141177 was closed 9-18-2013.		

Is an ADEQ administrative order in effect?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Comments: None		

System Information	
Population Served	1089
Service Connections	363
Number of Entry Points to the Distribution System	3
Number of Sources	3
Initial Monitoring Year	1995
Monitoring Assistance Program (MAP) System	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Evaluation completed by	Donna Calderon, Senior Drinking Water Technical Program Specialist Drinking Water Monitoring and Protection Unit		
Phone	602-771-4641	Date	August 22, 2014
<input checked="" type="checkbox"/>	Based upon data submitted by the water system, ADEQ has determined that this system is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4, and PWS is in compliance.		
<input type="checkbox"/>	Based upon the monitoring and reporting deficiencies noted above, ADEQ cannot determine if this system is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4, and/or PWS is not in compliance.		
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This compliance status report does not guarantee the water quality for this system in the future, and does not reflect the status of any other water system owned by this utility company.

EXHIBIT 2

Company Name: Tonto Basin Water Co.	Test Year Ended: June 30, 2014
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Computation of Increase in Gross Revenue
Requirements As Adjusted

Line <u>No.</u>			
1	Adjusted Rate Base	\$	586,024
2			
3	Adjusted Operating Income		(87,412)
4			
5	Current Rate of Return		-14.92%
6			
7	Required Operating Income	\$	70,323
8			
9	Required Rate of Return		12.00%
10			
11	Operating Income Deficiency	\$	157,735
12			
13	Gross Revenue Conversion Factor		1.4003
14			
15	Increase in Gross Revenue		
16	Requirement	\$	220,872
17			
18	Adjusted Test Year Revenues	\$	307,175
19	Increase in Gross Revenue Revenue Requirement	\$	220,872
20	Proposed Revenue Requirement	\$	528,047
21	% Increase		71.90%
22			
23			
24	<u>SUPPORTING SCHEDULES</u>		
25	Supplemental S-2. S-3. S-4, S-6		
26	Page 19		
27			

Company Name: Tonto Basin Water Co.	Test Year Ended: June 30, 2014
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Rate Base Calculation

Line			
<u>No.</u>			
1			
2	Plant In Service	\$	1,716,214
3	Accumulated Depreciation		(742,617)
4	Net Plant	\$	<u>973,597</u>
5	LESS:		
6	Advances in Aid of Construction	\$	126,057
7	Meter Deposits		39,770
8	Contributions - Net of Amortization		221,746
9			<u>-</u>
10	TOTAL DEDUCTIONS	\$	387,573
11	PLUS:		
12	Working Capital	\$	-
13	Pumping Power		-
14	Materials & Supplies		-
15	Total Working Capital	\$	<u>-</u>
16	Original Cost Rate Base	\$	<u><u>586,024</u></u>
17			
18			
19			
20	<u>SUPPORTING SCHEDULES</u>		<u>RECAP SCHEDULES</u>
21	Pages 15, 24, 25		Supplemental S-1
22	Supplemental S-3		

Company Name: Tonto Basin Water Co.	Test Year Ended: June 30, 2014
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Working Capital

Line No.			
1	Total Operating Expense (from page 15)	\$	457,724
2	Less:		
3	Income Tax	\$	24,089
4	Property Tax		9,432
5	Depreciation		69,076
6	Pumping Power		47,471
7			<u>150,068</u>
8	Allowable Expenses	\$	<u>307,656</u>
9			
10	1/8 of allowable expenses (Working Capital)	\$	38,457
11	1/24 of pumping power	\$	<u>1,978</u>
12			
13	Total Working Capital	\$	40,435
14			
15	Requested Working Capital	\$	-
16			
17	<u>SUPPORTING SCHEDULES</u>	<u>RECAP SCHEDULES</u>	
18	Page 19	Supplemental S-1	

Company Name: Tonto Basin Water Co.	Test Year Ended: June 30, 2014
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Computation of Gross Revenue Conversion Factor

Line No.	Description	Percentage of Incremental Gross Revenues
1	State and Federal Income Taxes	27.526%
2		
3		
4		
5	Property taxes	<u>1.0592%</u>
6		
7		
8	Total Tax Percentage	28.586%
9		
10	Operating Income % = 100% - Tax Percentage	71.414%
11		
12		
13		
14		
15	<u>1</u> = Gross Revenue Conversion Factor	
16	Operating Income %	1.4003
17		
18		
19	<u>SUPPORTING SCHEDULES</u>	<u>RECAP SCHEDULES</u>
20	Supplemental S-5	Supplemental S-1
21		
22		

Company Name: Tonto Basin Water Co.	Test Year Ended: June 30, 2014
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GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)	(E)	(F)
<u>Calculation of Gross Revenue Conversion Factor:</u>							
1	Revenue	100.0000%					
2	Uncollectible Factor (Line 11)	0.0000%					
3	Revenues (L1 - L2)	100.0000%					
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	28.5857%					
5	Subtotal (L3 - L4)	71.4143%					
6	Revenue Conversion Factor (L1 / L5)	1.400279					
<u>Calculation of Uncollectible Factor:</u>							
7	Unity	100.0000%					
8	Combined Federal and State Tax Rate (Line 17)	27.5265%					
9	One Minus Combined Income Tax Rate (L7 - L8)	72.4735%					
10	Uncollectible Rate	0.0000%					
11	Uncollectible Factor (L9 * L10)		0.0000%				
<u>Calculation of Effective Tax Rate:</u>							
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%					
13	Arizona State Income Tax Rate	8.0000%					
14	Federal Taxable Income (L12 - L13)	94.0000%					
15	Applicable Federal Income Tax Rate (Line 44)	22.9005%					
16	Effective Federal Income Tax Rate (L14 x L15)	21.5265%					
17	Combined Federal and State Income Tax Rate (L13 + L16)		27.5265%				
<u>Calculation of Effective Property Tax Factor:</u>							
18	Unity	100.0000%					
19	Combined Federal and State Income Tax Rate (L17)	27.5265%					
20	One Minus Combined Income Tax Rate (L18-L19)	72.4735%					
21	Property Tax Factor	1.4815%					
22	Effective Property Tax Factor (L20*L21)		1.0592%				
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)				28.5857%		
24	Required Operating Income	\$ 70,323					
25	Adjusted Test Year Operating Income (Loss)	\$ (87,412)					
26	Required Increase in Operating Income (L24 - L25)		\$ 157,735				
27	Income Taxes on Recommended Revenue (Col. (E), L52)	\$ 24,089					
28	Income Taxes on Test Year Revenue (Col. (B), L52)	\$ (35,821)					
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		\$ 59,910				
30	Recommended Revenue Requirement	\$ 528,047					
31	Uncollectible Rate (Line 10)	0.0000%					
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	\$ -					
33	Adjusted Test Year Uncollectible Expense	\$ -					
34	Required Increase in Revenue to Provide for Uncollectible Exp.		\$ -				
35	Property Tax with Recommended Revenue	\$ 16,896					
36	Property Tax on Test Year Revenue	\$ 13,488					
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		\$ 3,228				
38	Total Required Increase in Revenue (L28 + L29 + L37)		\$ 220,873				

	(A)	(B)	(C)	(D)	(E)	(F)
<u>Calculation of Income Tax:</u>						
Total Tonto Basin Water Co.						
39	Revenue	\$ 307,175	\$ 307,175	\$ 528,047	\$ 528,047	\$ -
40	Operating Expenses Excluding Income Taxes	\$ 430,407	\$ 430,407	\$ 433,635	\$ 433,635	\$ -
41	Synchronized Interest (L56)	\$ -	\$ -	\$ -	\$ -	\$ -
42	Arizona Taxable Income (L39 - L40 - L41)	\$ (123,233)	\$ (123,233)	\$ 94,413	\$ 94,413	\$ -
43	Arizona State Income Tax Rate		8.0000%		6.0000%	
44	Arizona Income Tax (L42 x L43)	\$ (7,394)	\$ (7,394)	\$ 5,665	\$ 5,665	\$ -
45	Federal Taxable Income (L42 - L44)	\$ (115,839)	\$ (115,839)	\$ 88,748	\$ 88,748	\$ -
46	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%	\$ (7,500)	\$ (7,500)	\$ 7,500	\$ 7,500	\$ -
47	Federal Tax on Second Income Bracket (\$50,001 - \$75,000) @ 25%	\$ (6,250)	\$ (6,250)	\$ 6,250	\$ 6,250	\$ -
48	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%	\$ (8,500)	\$ (8,500)	\$ 4,674	\$ 4,674	\$ -
49	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%	\$ (6,177)	\$ (6,177)	\$ -	\$ -	\$ -
50	Federal Tax on Fifth Income Bracket (\$335,001 - \$1,000,000) @ 34%	\$ -	\$ -	\$ -	\$ -	\$ -
51	Total Federal Income Tax	\$ (28,427)	\$ (28,427)	\$ 18,424	\$ 18,424	\$ -
52	Combined Federal and State Income Tax (L44 + L51)	\$ (35,821)	\$ (35,821)	\$ 24,089	\$ 24,089	\$ -

53 COMBINED Applicable Federal Income Tax Rate [Col. (D), L51 - Col. (A), L51] / [Col. (D), L45 - Col. (A), L45] 29.07%

54 WATER Applicable Federal Income Tax Rate [Col. (E), L51 - Col. (B), L51] / [Col. (E), L45 - Col. (B), L45] 22.9005%

55 22.9005%

<u>Calculation of Interest Synchronization:</u>		
56	Rate Base	\$ 586,024
57	Weighted Average Cost of Debt	0.00%
58	Synchronized Interest (L45 X L46)	\$ -

Company Name: Tonto Basin Water Co.	Test Year Ended: June 30, 2014
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Cost of Capital

Line No.	<u>Item of Capital</u>	Dollar Amount	of Total	Cost Rate	Weighted Cost
1	Long-Term Debt	\$ -	0.00%	0.00%	0.00%
2					
3	Stockholder's Equity	\$ 587,947	100.00%	12.00%	12.00%
4					
5	Totals	\$ 587,947	100.00%		12.00%
6					
7					
8					
9					
10					
11					
12					
13	<u>SUPPORTING SCHEDULES</u>			<u>RECAP SCHEDULES</u>	
14	Page 22			Supplemental S-1	
15	Supplemental S-7				
16					
17					
18					
19					
20					

Company Name: Tonto Basin Water Co.	Test Year Ended: June 30, 2014
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Long-Term Debt

Line No.	Description of Debt	Amount Outstanding	Annual Interest	Interest Rate	Weighted Cost
1					
2					
3					
4					
5	Totals	\$ -			0.00%
6					
7					
8					
9					
10					
11					
12					
13	<u>SUPPORTING SCHEDULES</u>			<u>RECAP SCHEDULES</u>	
14					
15					
16					
17					
18					
19					
20					