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JUN 15 2015

MEMORANDUM

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TO: Docket Control

FROM: *for* Steven M. Olea
Director
Utilities Division

2015 JUN 15 P 4: 10

AZ CORP COMMISSION
DOCKET CONTROL

DATE: June 15, 2015

RE: STAFF'S RESPONSE TO MAY 26, 2015 PROCEDURAL ORDER AND RESULTING REVISED STAFF REPORT REGARDING BACA FLOAT WATER COMPANY, INC'S APPLICATIONS FOR PERMANENT RATE INCREASES (DOCKET NOS. WS-01678A-14-0424 AND WS-01678A-14-0425)

Pursuant to the Procedural Order issued on May 26, 2015, to the Staff Report issued on May 1, 2015, Staff files this response and the resulting Revised Staff Report to address questions raised by the Administrative Law Judge in this Docket.

Staff recommends approval of its rates and charges as outlined on revised schedules CLP-4 W and CLP-4WW.

SMO:CLP:nr/BES

Originator: Christine Payne

Service List for: Baca Float Water Company, Inc.
Docket Nos. WS-01678A-14-0424 et al

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**REVISED STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION**

BACA FLOAT WATER COMPANY, INC.

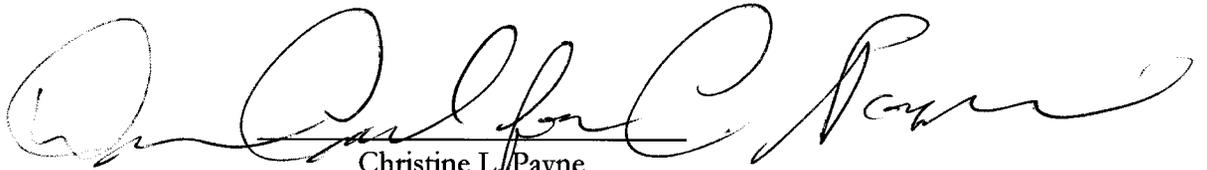
DOCKET NOS. WS-01678A-14-0424 ET AL

**STAFF'S RESPONSE TO MAY 26, 2015 PROCEDURAL ORDER AND RESULTING
REVISED STAFF REPORT REGARDING BACA FLOAT WATER COMPANY, INC'S
APPLICATIONS FOR PERMANENT RATE INCREASES (DOCKET NOS. WS-01678A-
14-0424 ET AL)**

JUNE 15, 2015

STAFF ACKNOWLEDGMENT

Staff's response to the directives contained in the May 26, 2015, Procedural Order and the resulting Revised Staff Report for Baca Float Water Company, Inc. ("Company"), Docket Nos. WS-01678A-14-0424 et al, is the responsibility of the Staff member listed below. Christine Payne is responsible for the review and analysis of the Company's application for a permanent rate increase, revenue requirement, rate base, and rate design.

A handwritten signature in black ink, appearing to read "Christine L. Payne", written in a cursive style.

Christine L. Payne
Public Utilities Analyst III

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WASTEWATER SCHEDULES

SUMMARY OF FILING.....REVISED SCHEDULE CLP-1-WW
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ATTACHMENT

Baca Floats' Revised Balance Sheet (Water Division).....A

INTRODUCTION

Baca Float Water Company, Inc. (“Baca Float” or “Company”) is an Arizona Class D utility in the business of providing water and wastewater service in portions of Santa Cruz County, Arizona. Baca Float provided water service to approximately 400 customers and wastewater service to approximately 378 customers during the test year. The current rates for Baca Float’s water division were approved in Decision No. 71907, dated September 28, 2010. The current rates for Baca Float’s wastewater division were approved in Decision No. 72637, dated October 14, 2011.

On December 30, 2014, Baca Float filed an application for a permanent rate increase with the Arizona Corporation Commission (“Commission”). On May 1, 2015, Staff filed a Staff Report recommending approval of the rate application using Staff’s recommended rates and charges. On May 13, 2015, the Company filed a response to the Staff Report. On May 26, 2015, a Procedural Order was issued by the Administrative Law Judge requiring Staff to clarify certain issues and to provide revised schedules with Staff’s responses.

STAFF’S RESPONSES TO THE QUESTIONS RAISED BY THE ADMINISTRATIVE LAW JUDGE IN THE MAY 26, 2015 PROCEDURAL ORDER.

Question: 1 (a)

Should the income tax calculations for each division be calculated separately, or should the calculations be combined?

Staff’s Response: 1 (a)

The income tax calculations should not be combined. Most states, including Arizona, use the traditional “stand-alone” methodology for calculating the amount of income taxes to be included in a regulated utility company’s rates. This methodology calculates taxes based on the revenues and operating costs of the utility itself, without regard to the utility’s parent and other divisions. The “stand-alone” calculation is used so that the taxes in utility rates are based on the costs of providing service to the ratepayers of that particular division. This is fair and in the public interest because customers will pay no more or no less than the taxes incurred by that division.

Furthermore, combining the tax calculations would also require the combining of the revenues and expenses of both divisions which may cause customers of one division to subsidize the cost of providing service to the other division.

Question: 1 (b)

Will using a stand-alone calculation for each division understate the Company's overall tax liability?

Staff's Response: 1 (b)

Staff does not know. The actual income taxes on the utility or what the parent pays each year to the Internal Revenue Service may be different than the ratemaking income tax calculations. It is the parent's management decision as to whether or not it should file its income taxes on a consolidated basis. Typically, it is done to take advantage of the tax losses suffered by certain regulated or unregulated entities/divisions owned by the parent. These decisions have no effect on the operating revenues or expenses of the regulated utility for ratemaking purposes.

Question: 2

Staff omitted accumulated depreciation in the water division's rate base. Staff should revise its schedules to reflect the accumulated depreciation or explain why it should not be included.

Staff's Response: 2

Staff inadvertently omitted accumulated depreciation of \$364,933 in the rate base from Schedule CLP-2-W (*Water division only*) in the original Staff Report and agrees that this omission overstated the rate base¹. Staff revised the rate base schedule to deduct accumulated depreciation in the amount of \$364,933 from rate base leaving a net utility plant of \$1,093,937. Staff recommends a rate base of \$218,596 (not reflective of further adjustment below) for the Water division (see Revised Schedule CLP-2-W, page 1 of 3).

Staff notes that this omission did not impact Staff's originally recommended rate increase due to the revenue requirement being determined on a cash flow basis rather than a rate of return basis.

Question: 3 (a)

Why did Staff omit cash working capital? Should an allowance be made? Are there Advances in Aid of Construction ("AIAC") or customer deposits to be considered?

¹ The accumulated depreciation schedule of \$364,933 (Schedule CLP-2-W, page 3 of 3) was included with Staff's original filing but was not carried over to the rate base Schedule, (Schedule CLP-2-W, page 1 of 3). Staff corrected this error on the revised schedules.

Staff's Response: 3 (a)

- Staff did not recommend a cash working capital allowance because the formula method approach advocated by the Company always results in a positive cash working capital allowance and thus a higher rate base. Also, Baca Float was a Class C utility at the time of the filing of this rate case. Staff believes that utilities with annual revenues in excess of \$250,000 should support the need for a cash working capital allowance through a lead-lag (or similar) study. Absent the development of such a lead-lag study, the Commission should assume that no cash working capital allowance is required. However, since Baca Float's new rates were not developed using the traditional rate of return on rate base approach, Staff would note that the Company's cash working capital allowance using the formula method would result in a cash working capital allowance of \$27,148 for the water division and \$29,575 for the sewer division. In this instance these can be added to rate base (as reflected on Revised Staff Schedules CLP-2-W, page 1 and CLP-2-WW, page 1), but taking such a step does not increase Staff's recommended revenue requirement for Baca Float.

Question: 3 (b)

Are there AIAC or customer deposits to be considered?

Staff's Response: 3 (b)

The customer deposits of \$750 at the beginning of the test year have been refunded. According to the Company there is no AIAC for either the water or wastewater divisions.

Question: 4

Should there be an allowance of \$2,631 for Contractual Services?

Staff's Response: 4

Yes, there should be an allowance of \$2,631 for contractual services-other. Baca Float did not add \$2,631 in the contractual services-other account to the operating expenses total. Staff and the Company revised the Statement of Operating Income to include \$2,631 in contractual services-other with the other operating expenses. (See Revised Schedule CLP-3-WW, page 1 of 4).

Question: 5

There seem to be anomalies in the water and sewer balance sheets that were filed with the Application. For the Water Division, the ending retained earnings (positive \$203,004) are \$960,264 higher than the beginning balance (negative \$757,260) while reporting net loss of \$81,165 for an unreconciled difference of \$1,041,429. For the Sewer Division, the ending retained earnings (positive \$128,810) are \$16,407 higher than the beginning balance (positive \$757,260) while reporting net loss of \$127,712 for an

unreconciled difference of \$144,119. The parties should address these apparent discrepancies.

Staff's Response: 5

For the Water division, Staff received a revised Balance Sheet (Attachment A) from the Company in response to data request CLP 1-22. On the revised balance sheet, the retained earnings are decreased by \$4,512 from the beginning of the test year's balance of \$207,516 to \$203,004, test year ending December 31, 2013.²

For the Wastewater division, Staff is unable to explain the increase of \$6,407 retained earnings on the Balance Sheet (page 19 of the Company's rate application) from \$122,403 to \$128,810 from the beginning of the test year to the end. The Company should be able to better explain this anomaly in its response to the Procedural Order.

Staff is unsure of where the Administrative Law Judge got the numbers that are listed above in Question 5. Staff responded to question 5 with the information obtained from the balance sheet pages listed above for both the water and wastewater divisions.

Question: 6

The parties should discuss whether it would be advisable to categorize the arsenic media as an item to be capitalized and depreciated, rather than a replacement cost under the repair and maintenance account.

Staff's Response: 6

Staff determines on a case by case basis whether to capitalize and depreciate arsenic media replacement or to expense it as a replacement cost in the repair and maintenance account. Staff recommends in this case that the arsenic media replacement cost of \$10,510 be normalized over four years and expensed as a repair and replacement cost. This recommendation is unchanged from Staff's original filing.

STAFF ANALYSIS, CONCLUSIONS AND RECOMMENDATIONS

RATE BASE (WATER AND WASTEWATER DIVISIONS)

Staff revised the rate base schedule (*Water division only*) for the omission of Accumulated Depreciation of \$364,933 from rate base in its original filing, (Revised Schedule CLP-2-W). There were no changes to the rate base for the Wastewater division.

² The Company indicated on the Revised Balance Sheet that the numbers on the 2013 Annual Report are different from the numbers on the Revised Balance Sheet.

Staff recommends a rate base of \$245,744 for the Water division with a rate of return of 9.50 percent in the revised Staff Report. Staff's recommended rate base of \$173,975 for the Wastewater division with a rate of return on rate base of 8.34 percent is recommended.

Cash Working Capital (Water and Wastewater Divisions)

Staff has included the cash working capital allowance utilizing the formula method in the revised rate bases. Since Staff utilized cash flow to determine the revenue requirement, the additional rate base made no change to revenue requirement.

WATER DIVISION

Operating Income and Operating Expenses

Staff's recommended operating income and operating expenses are unchanged from Staff's original report filed May 1, 2015.

Rate Design

Staff recommends approval of Staff's recommended rates and charges as shown on schedule CLP-4-W. This recommendation remains unchanged from Staff's original report.

WASTEWATER DIVISION

Operating Income and Operating Expenses

Staff's recommended total operating income of \$14,537 in Staff's original Report is increased by \$35 to \$14,501 in Staff's revised report due the inclusion of \$2,631 in contractual services – other.

Staff's recommended total operating expenses increased by \$2,667 from \$266,963 in Staff's original report to \$269,630 in the revised Staff Report due to changes in contractual services – other, property tax and income tax expenses (revised schedules CLP-3-WW, pages 1 of 4, CLP-3-WW, page 3 of 4 and CLP-3-WW, page 4 of 4).

Contractual Services- Other

Baca Float did not add \$2,631 in the contractual services - other account to the operating expenses total. The Company and Staff revised the Statement of Operating Income to include \$2,631 in contractual services – other to total operating expenses. This change is an increase of \$2,631 from \$0 in Staff's original report to \$2,631 in Staff's revised report.

Property Tax Expense

Staff increased property tax expense by \$46 from \$13,522 in the original Staff Report to \$13,568 as shown on the Revised Schedule CLP-3-WW, page 3 of 4. Staff calculated its property tax

amount using a modified version of the Arizona Department of Revenue's ("ADOR") property tax method.

Income Tax Expense

Staff decreased income tax expense by \$10 from \$3,658 in the original Staff Report to \$3,648 as shown on the Revised Schedule CLP-3-WW, page 4 of 4.

Revenue Requirement

Staff's operating expense adjustments resulted in a decrease in the cash flow revenue requirement. The recommended cash flow provides ample funds to cover expenses and contingencies.

Rate Design

Staff revised the rate design schedule CLP-4-WW as a result of the changes in operating income. Staff's revised recommended rates would increase the typical residential bill by \$.50 from \$61.00 in Staff's original Report to \$61.50 in the revised Report.

Staff Recommendation

Staff recommends approval of the Staff recommended rates and charges as shown on revised Staff Schedules CLP-4-W and CLP-4-WW.

Staff recommends approval of all of Staff's recommendations in its original Staff Report except for the rates as noted in the revised first recommendation.

BACA FLOAT WATER COMPANY (Water Division)

Revised Schedule CLP-1-W

Docket No. WS-01678A-14-0424 et al

Test Year Ended December 31, 2013

SUMMARY OF FILING

	-- Present Rates --		Proposed		Recommended	
	Company as Filed	Staff as Adjusted	Company as Filed	Staff as Recommended	Company as Filed	Staff as Recommended
Revenues:						
Metered Water Revenue	\$ 205,512	\$ 205,512	\$ 280,512	\$ 276,201	\$ 280,512	\$ 276,201
Unmetered Water Revenue	-	-	-	-	-	-
Other Water Revenues	2,375	2,375	2,375	2,375	2,375	2,375
Total Operating Revenue	\$ 207,887	\$ 207,887	\$ 282,887	\$ 278,576	\$ 282,887	\$ 278,576
Operating Expenses:						
Operation and Maintenance	\$ 222,166	\$ 223,351	\$ 222,166	\$ 223,351	\$ 222,166	\$ 223,351
Depreciation	8,962	8,962	8,962	8,962	8,962	8,962
Property & Other Taxes	16,410	15,826	20,519	17,051	20,519	17,051
Income Tax	(9,125)	(8,091)	6,536	5,872	6,536	5,872
Total Operating Expense	\$ 238,413	\$ 240,048	\$ 258,183	\$ 255,236	\$ 258,183	\$ 255,236
Operating Income/(Loss)	\$ (30,526)	\$ (32,161)	\$ 24,704	\$ 23,340	\$ 24,704	\$ 23,340
Rate Base O.C.L.D.	\$ 218,596	\$ 245,744	\$ 218,596	\$ 245,744	\$ 218,596	\$ 245,744
Rate of Return - O.C.L.D.	N/M	N/M	11.30%	9.50%	11.30%	9.50%

RATE BASE

	----- Original Cost -----		
	Company	Adjustment	Staff
Plant in Service	\$ 1,458,870	\$ -	\$ 1,458,870
Less:			
Accum. Depreciation	364,933	-	364,933
Net Plant	\$ 1,093,937	\$ -	\$ 1,093,937
Less:			
Plant Advances	-	-	-
Accumulated Deferred Income Taxes	-	-	-
Total Advances	-	-	-
Contributions Gross	1,171,089	-	1,171,089
Less:			
Amortization of CIAC	(295,748)	-	(295,748)
Net CIAC	875,341	-	875,341
Total Deductions	\$ 875,341	\$ -	\$ 875,341
Plus:			
1/24 Power	-	386	386
1/8 Operation & Maint.	-	26,762	26,762
Inventory	-	-	-
Prepayments	-	-	-
Total Additions	\$ -	\$ 27,148	\$ 27,148
Rate Base	\$ 218,596	\$ 27,148	\$ 245,744

PLANT IN SERVICE

	Company Exhibit	Adjustment	Staff Adjusted
301 Organization	\$ -	\$ -	\$ -
303 Land and Land Rights	1,084	-	1,084
304 Structures and Improvements	61,479	-	61,479
307 Wells and Springs	117,415	-	117,415
309 Supply Mains	-	-	-
310 Power Generation Equipment	68,107	-	68,107
311 Pumping Equipment	36,830	-	36,830
320 Water Treatment Equipment	-	-	-
320.1 Water Treatment Plants	148,706	-	148,706
320.2 Solution Chemical Feeder	2,147	-	2,147
330 Distribution Reservoirs and Standpipes	-	-	-
330.1 Storage Tanks	261,551	-	261,551
330.2 Pressure Tanks	3,005	-	3,005
331 Transmission and Distribution Mains	523,374	-	523,374
333 Services	76,400	-	76,400
334 Meters and Meter Installations	49,944	-	49,944
335 Hydrants	81,000	-	81,000
336 Backflow Prevention Devices	-	-	-
339 Other Plant and Misc. Equipment	24,594	-	24,594
340 Office Furniture and Equipment	1,913	-	1,913
340.1 Computers and Software	-	-	-
341 Transportation Equipment	-	-	-
343 Tools, Shop, and Garage Equipment	1,321	-	1,321
345 Power Operated Equipment	-	-	-
347 Miscellaneous Equipment	-	-	-
348 Other Tangible Equipment	-	-	-
347 Miscellaneous Equipment	-	-	-
348 Other Intangibles	-	-	-
TOTALS	\$ 1,458,870	\$ -	\$ 1,458,870

Explanation of Adjustment:

No adjustment to Accumulated Depreciation

ACCT. NO.	DESCRIPTION	PLANT BALANCE	Staff	Company
		TY end 12/31/13 BALANCE	Accum. Dep. TY end 12/31/13	Accum. Dep. TY end 12/31/13
301	Organization	\$ -	\$ -	\$ -
303	Land and Land Rights	1,084	-	-
304	Structures and Improvements	61,479	20,891	20,891
307	Wells and Springs	117,415	46,642	46,642
309	Supply Mains	-	-	-
310	Power Generation Equipment	68,107	22,135	22,135
311	Pumping Equipment	36,830	29,509	29,509
320	Water Treatment Equipment	-	-	-
320.1	Water Treatment Plants	148,706	36,506	36,506
320.2	Solution Chemical Feeder	2,147	2,147	2,147
330	Distribution Reservoirs and Standpipes	-	-	-
330.1	Storage Tanks	261,551	44,604	44,604
330.2	Pressure Tanks	3,005	376	376
331	Transmission and Distribution Mains	523,374	88,396	88,396
333	Services	76,400	16,541	16,541
334	Meters and Meter Installations	49,944	35,756	35,756
335	Hydrants	81,000	10,530	10,530
336	Backflow Prevention Devices	-	-	-
339	Other Plant and Misc. Equipment	24,594	9,022	9,022
340	Office Furniture and Equipment	1,913	1,277	1,277
340.1	Computers and Software	-	-	-
341	Transportation Equipment	-	-	-
343	Tools, Shop, and Garage Equipment	1,321	602	602
345	Power Operated Equipment	-	-	-
347	Miscellaneous Equipment	-	-	-
348	Other Tangible Equipment	-	-	-
	TOTAL	\$ 1,458,870	\$364,933	\$ 364,933

STATEMENT OF TEST YEAR OPERATING INCOME

	Company Adjusted TY	Staff Adjustments	Staff Adj. Test Year	Staff Adjustments	Staff Adjusted
Revenues:					
461 Metered Water Revenue	\$ 205,512	\$ -	\$ 205,512	\$ 70,689	\$ 276,201
460 Unmetered Water Revenue	-	-	-	-	-
474 Other Water Revenues	2,375	-	2,375	-	2,375
Total Operating Revenue	\$ 207,887	\$ -	\$ 207,887	\$ 70,689	\$ 278,576
Operating Expenses:					
601 Salaries and Wages	67,665	-	67,665	-	67,665
610 Purchased Water	-	-	-	-	-
615 Purchased Power	9,254	-	9,254	-	9,254
618 Chemicals	8,385	-	8,385	-	8,385
620 Repairs and Maintenance	42,239	-	42,239	-	42,239
621 Office Supplies & Expense	6,607	-	6,607	-	6,607
630 Outside Services	65,242	-	65,242	-	65,242
635 Water Testing	1,078	1,185 a	2,263	-	2,263
641 Rents	4,351	-	4,351	-	4,351
650 Transportation Expenses	904	-	904	-	904
657 Insurance - General Liability	2,216	-	2,216	-	2,216
659 Insurance - Health and Life	5,892	-	5,892	-	5,892
666 Regulatory Commission Exp.	8,333	-	8,333	-	8,333
675 Miscellaneous Expense	-	-	-	-	-
403 Depreciation Expense	8,962	-	8,962	-	8,962
408 Taxes Other Than Income	5,021	-	5,021	-	5,021
408.11 Property Taxes	11,389	(584) b	10,805	1,225	12,030
409 Income Tax	(9,125)	1,034 c	(8,091)	13,963	5,872
Customer Security Deposit Interest	-	-	-	-	-
Total Operating Expenses	\$ 238,413	\$ 1,635	\$ 240,048	\$ 15,188	\$ 255,236
OPERATING INCOME/(LOSS)	\$ (30,526)	\$ (1,635)	\$ (32,161)	\$ 55,501	\$ 23,341

STAFF ADJUSTMENTS

A	WATER TESTING - Per Company	\$	1,078	
	Per Staff		<u>2,263</u>	\$ <u>1,185</u>
	As recommended by Staff's Engineering report.			

OPERATING INCOME ADJUSTMENT No. xx - DEPRECIATION EXPENSE

LINE NO.	ACCT NO.	DESCRIPTION	UTILITY PLANT IN SERVICE BALANCES	FULLY/NON-DEPRECIABLE PLANT BALANCES	DEPRECIABLE PLANT IN SERVICE	DEPREC. RATE	DEPRECIATION EXPENSE
Plant In Service							
1	301	Organization	\$ -			0.00%	\$ -
2	303	Land and Land Rights	1,084	1,084	-	0.00%	-
3	304	Structures and Improvements	61,479		61,479	3.33%	2,047
4	307	Wells and Springs	117,415		117,415	3.33%	3,910
5	309	Supply Mains	-		-	0.00%	-
6	310	Power Generation Equipment	68,107		68,107	5.00%	3,405
7	311	Pumping Equipment	36,830		36,830	12.50%	4,604
8	320	Water Treatment Equipment	-		-	3.30%	-
9	320.1	Water Treatment Plants	148,706		148,706	3.33%	4,952
10	320.2	Solution Chemical Feeder	2,147	2,147	-	20.00%	-
11	330	Distribution Reservoirs and Standpipes	-		-	2.22%	-
12	330.1	Storage Tanks	261,551		261,551	2.22%	5,806
13	330.2	Pressure Tanks	3,005		3,005	5.00%	150
14	331	Transmission and Distribution Mains	523,374		523,374	2.00%	10,467
15	333	Services	76,400		76,400	3.33%	2,544
16	334	Meters and Meter Installations	49,944		49,944	8.33%	4,160
17	335	Hydrants	81,000		81,000	2.00%	1,620
18	336	Backflow Prevention Devices	-		-	6.67%	-
19	339	Other Plant and Misc. Equipment	24,594		24,594	6.67%	1,640
20	340	Office Furniture and Equipment	1,913		1,913	6.67%	128
21	340.1	Computers and Software	-		-	20.00%	-
22	341	Transportation Equipment	-		-	20.00%	-
23	343	Tools, Shop, and Garage Equipment	1,321		1,321	5.00%	66
24	345	Power Operated Equipment	-		-	5.00%	-
25	347	Miscellaneous Equipment	-		-	10.00%	-
26	348	Other Tangible Equipment	-		-	0.00%	-
27	345	Communications Equipment	\$ 1,458,870	\$ 3,231	\$ 1,455,639		\$ 45,501
28	347	Miscellaneous Equipment					
29	348	Other Intangibles			\$ 1,455,639	3.13%	\$ 45,501
30							\$ 36,606
31		Staff Recommended Depreciation Expense					\$ 8,895
32		Company Proposed Depreciation Expense					8,962
33		Increase/(Decrease) to Depreciation Expense					<u>(67)</u>

STAFF ADJUSTMENTS, contd

c	-	PROPERTY TAXES - Per Company	11,389	
		Per Staff	10,805	
		Property tax adjustment based on ADOR's methodology.		<u>(584)</u>

OPERATING INCOME ADJUSTMENT B - PROPERTY TAXES

LINE NO.	DESCRIPTION	[A]	[B]
		STAFF AS ADJUSTED	STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues	\$ 207,887	\$ 207,887
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	\$ 415,774	\$ 415,774
4	Staff Recommended Revenue	\$207,887	\$ 278,576
5	Subtotal (Line 4 + Line 5)	\$ 623,661	\$ 694,350
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	\$ 207,887	\$ 231,450
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	\$ 415,774	\$ 462,900
10	Plus: 10% of CWIP	-	-
11	Less: Net Book Value of Licensed Vehicles	-	-
12	Full Cash Value (Line 9 + Line 10 - Line 11)	\$ 415,774	\$ 462,900
13	Assessment Ratio	18.50%	18.50%
14	Assessment Value (Line 12 * Line 13)	\$ 76,918	\$ 85,636
15	Composite Property Tax Rate - Obtained from ADOR	14.04720%	14.04720%
16	Staff Test Year Adjusted Property Tax Expense (Line 14 * Line 15)	\$ 10,805	
17	Company Proposed Property Tax	11,389	
18	Staff Test Year Adjustment (Line 16 - Line 17)	\$ (584)	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		\$ 12,030
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		10,805
21	Increase in Property Tax Due to Increase in Revenue Requirement		<u>\$ 1,225</u>
22	Increase in Property Tax Due to Increase in Revenue Requirement (Line 21)		\$ 1,225
23	Increase in Revenue Requirement		\$ 70,689
24	Increase in Property Tax Per Dollar Increase in Revenue (Line 22 / Line 23)		1.732488%

OPERATING INCOME ADJUSTMENT NO. C - CALCULATION OF TEST YEAR AND STAFF RECOMMENDED INCOME TAXES

LINE NO.	DESCRIPTION	Test Year	
		Test Year	Staff Recommended
C	INCOME TAX EXPENSE - Per Company	\$ (9,125)	
	Per Staff	(8,091)	
	Staff's test year adjustment	\$ 1,034	
<u>Calculation of Income Tax:</u>			
1	Revenue (Schedule CLP-1)	\$ 207,887	\$278,576
2	Operating Expenses Excluding Income Taxes	248,139	249,363
3	*Actual Interest Expense	0	0
4	Arizona Taxable Income (L1-L2-L3)	(40,252)	29,213
5	Arizona State Income Tax Rate	6.000%	6.00%
6	Arizona Income Tax (L4 x L6)	(2,415)	1,753
7	Federal Taxable Income	(37,837)	27,460
8	Federal Income Tax (Line 7*15%)	(5,675)	4,119
9	Combined Federal and State Income Tax (L6 + L8)	\$ (8,091)	\$5,872

Rate Design

Monthly Usage Charge	Present	Company Proposed Rates	Staff Recommended Rates
<u>Meter Size (All Classes):</u>			
5/8 x 3/4 Inch	\$ 15.00	\$ 26.50	\$ 22.50
3/4 Inch	22.50	26.50	22.50 (a)
1 Inch	37.50	66.25	50.00
2 Inch	75.00	132.50	125.50
3 Inch	120.00	212.00	375.00
4 Inch	240.00	424.00	550.50
6 Inch	375.00	662.50	1,225.00
Commodity Charge - Per 1,000 Gallons			
<u>5/8" x 3/4" Meter (Residential)</u>			
0 to 3,000 gallons	3.2500	3.6500	\$ 5.1500
3,001 to 10,000 gallons	4.9000	5.5700	7.0000
Over 10,000 gallons	5.8500	6.7200	8.5000
<u>3/4" Meter (Residential)</u>			
0 to 3,000 gallons	3.2500	3.6500	\$ 5.1500
3,001 to 10,000 gallons	4.9000	5.5700	7.0000
Over 10,000 gallons	5.8500	6.7200	8.5000
<u>5/8" X 3/4 " Meter (Non-Residential)</u>			
0 to 10,000 gallons	4.9000	5.5700	7.0000
Over 10,000 gallons	5.8500	6.7200	8.5000
<u>3/4" Meter (Non-Residential)</u>			
0 to 10,000 gallons	4.9000	5.5700	7.0000
Over 10,000 gallons	5.8500	6.7200	8.5000
<u>1" Meter (All Classes)</u>			
0 to 16,000 gallons	4.9000	5.5700	7.0000
Over 16,000 gallons	5.8500	6.7200	8.5000
<u>1 1/2" Meter</u>			
0 to 48,000 gallons	4.9000	5.5700	7.0000
Over 48,000 gallons	5.8500	6.7200	8.5000
<u>2" Meter</u>			
0 to 90,000 gallons	4.9000	5.5700	7.0000
Over 90,000 gallons	5.8500	6.7200	8.5000
<u>3" Meter</u>			
0 to 160,000 gallons	4.9000	5.5700	7.0000
Over 160,000 gallons	5.8500	6.7200	8.5000
<u>4" Meter</u>			
0 to 285,000 gallons	4.9000	5.5700	7.0000
Over 285,000 gallons	5.8500	6.7200	8.5000
<u>6" Meter</u>			
0 to 640,000 gallons	4.9000	5.5700	7.0000
Over 640,000 gallons	5.8500	6.7200	8.5000
Bulk Water			
Per 1000 gallons	5.8500	6.7200	8.5000

Rate Design

	Present	Company Proposed Rates	Staff Recommended Rates
Service Line and Meter Installation Charges			
Establishment Charge	\$ 20.00	\$ 30.00	\$ 25.00
Establishment (After Hours)	\$ 30.00	N/A	N/A
Reconnection (Delinquent)	\$ 30.00	\$ 40.00	\$ 35.00
Reconnection Delinquent (After Hours)	\$ 50.00	N/A	N/A
After Hour Service Charge (at customers request)	N/A	\$ 35.00	\$ 35.00
Meter Test (if correct)	\$ 30.00	\$ 40.00	\$ 30.00
Deposit and Deposit Interest	*	*	*
Re-establishment (within 12 months)	**	**	**
NSF Check	\$ 25.00	\$ 30.00	\$ 25.00 (a)
Deferred Payment (per month)	1.50%	1.50%	1.50%
Late Fee Penalty	1.50%	1.50%	1.50%
Meter Re-Read (if correct)	\$ 10.00	\$ 20.00	\$ 15.00

Monthly Service Charge for Fire Sprinklers

4" or Smaller	***
6"	***
8"	***
10"	***
Larger than 10"	***

(a) Baca Float may only charge one NSF fee when customers are billed for water and wastewater services on one bill.

* Per Commission Rules A.A.C. (R14-2-403.B)

** Months off system times the minimum (R14-2-403.D)

*** 2.00% of monthly minimum for a comparable sized meter connection, but no less than \$10.00 per month. The service charge for fire sprinklers is only applicable for service lines separate and distinct from the primary water service line.

Service Line and Meter Installation Charges

METER SIZE	Company's	Company's	Company and Staff	Company and Staff
	Current Meter Installation Charges	Current Total Charges	Proposed Meter Installation Charges	Proposed Total Charges
5/8 x 3/4-inch	\$90	\$450	\$155	\$600
3/4-inch	\$140	\$500	\$255	\$700
1-inch	\$205	\$575	\$315	\$810
1-1/2-inch	\$335	\$845	\$525	\$1,075
2-inch	\$575	\$1,375	\$1,890	\$2,720
3-inch	\$925	\$1,940	\$2,545	\$3,710
4-inch	\$1,635	\$3,065	\$3,645	\$5,315
6-inch	\$3,725	\$5,875	\$6,920	\$9,250
Over 6-inch	N/A	N/A	Cost	Cost

BACA FLOAT WATER COMPANY (Water Division)
Docket No. WS-01678A-14-0424 et al
Test Year Ended December 31, 2012

Typical Bill Analysis
Residential 5/8 Inch Meter

Revised Schedule CLP-5-W

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	4,000	\$ 29.65	\$ 43.02	\$ 13.37	45.09%
Median Usage	3,000	\$ 24.75	\$ 37.45	\$ 12.70	51.31%
Staff Recommended					
Average Usage	4,000	\$ 29.65	\$ 44.95	\$ 15.30	51.60%
Median Usage	3,000	\$ 24.75	\$ 37.95	\$ 13.20	53.33%

Present & Proposed Rates (Without Taxes)
Residential 5/8 Inch Meter

Gallons	Present Rates	Company Proposed Rates	Increase %	Staff Recommended Rates	Increase %
Consumption	Rates	Rates	Increase	Rates	Increase
-	\$ 15.00	\$ 26.50	76.67%	\$ 22.50	50.00%
1,000	18.25	30.15	65.21%	27.65	51.51%
2,000	21.50	33.80	57.21%	32.80	52.56%
3,000	24.75	37.45	51.31%	37.95	53.33%
4,000	29.65	43.02	45.09%	44.95	51.60%
5,000	34.55	48.59	40.64%	51.95	50.36%
5,109	35.08	49.20	40.23%	52.71	50.25%
6,000	39.45	54.16	37.29%	58.95	49.43%
6,435	41.58	56.58	36.08%	62.00	49.09%
7,000	44.35	59.73	34.68%	65.95	48.70%
8,000	49.25	65.30	32.59%	72.95	48.12%
9,000	54.15	70.87	30.88%	79.95	47.65%
10,000	59.05	76.44	29.45%	86.95	47.25%
11,000	64.90	83.16	28.14%	95.45	47.07%
12,000	70.75	89.88	27.04%	103.95	46.93%
13,000	76.60	96.60	26.11%	112.45	46.80%
14,000	82.45	103.32	25.31%	120.95	46.69%
15,000	88.30	110.04	24.62%	129.45	46.60%
16,000	94.15	116.76	24.01%	137.95	46.52%
17,000	100.00	123.48	23.48%	146.45	46.45%
18,000	105.85	130.20	23.00%	154.95	46.39%
19,000	111.70	136.92	22.58%	163.45	46.33%
20,000	117.55	143.64	22.19%	171.95	46.28%
25,000	146.80	177.24	20.74%	214.45	46.08%
30,000	176.05	210.84	19.76%	256.95	45.95%
35,000	205.30	244.44	19.06%	299.45	45.86%
40,000	234.55	278.04	18.54%	341.95	45.79%
45,000	263.80	311.64	18.13%	384.45	45.74%
50,000	293.05	345.24	17.81%	426.95	45.69%
75,000	439.30	513.24	16.83%	639.45	45.56%
100,000	585.55	681.24	16.34%	851.95	45.50%

Baca Float Water Company (Sewer Division)
 Docket No. Docket No. WS-01678A-14-0424 et al
 Test Year Ended December 31, 2013

Revised Schedule CLP-1-WW

SUMMARY OF FILING

	-- Present Rates --		Proposed	Recommended
	Company as Filed	Staff as Adjusted	Company as Filed	Saff as Recommended
Revenues:				
Wastewater Revenues	\$ 248,222	\$ 248,222	\$ 290,222	\$ 282,362
Surcharge Revenue	\$ -	\$ -	\$ -	\$ -
Other Wastewater Revenues	\$ 1,769	\$ 1,769	\$ 1,769	\$ 1,769
Total Operating Revenue	\$ 249,991	\$ 249,991	\$ 291,991	\$ 284,131
Operating Expenses:				
Operation and Maintenance	\$ 241,461	\$ 244,092	\$ 241,461	\$ 244,092
Depreciation	\$ 8,636	\$ 8,166	\$ 8,636	\$ 8,166
Property Taxes	\$ 12,977	\$ 12,977	\$ 15,157	\$ 13,568
Taxes Other Than Income	\$ 156	\$ 156	\$ 156	\$ 156
Income Taxes	\$ (3,047)	\$ (3,095)	\$ 5,562	\$ 3,648
Total Operating Expense	\$ 260,183	\$ 262,296	\$ 270,972	\$ 269,630
Operating Income/(Loss)	\$ (10,192)	\$ (12,305)	\$ 21,019	\$ 14,501
Rate Base O.C.L.D.	\$ 144,400	\$ 173,975	\$ 144,400	\$ 173,975
Rate of Return - O.C.L.D.	N/M	N/M	14.56%	8.34%

RATE BASE			
	----- Original Cost -----		
	Company	Adjustment*	Reference Staff
Plant in Service	\$ 2,438,720	\$ -	\$ 2,438,720
Less:			
Accum. Depreciation	1,613,325	-	1,613,325
Net Plant	\$ 825,395	\$ -	\$ 825,395
Less:			
Line Extension Advances	\$ -	\$ -	\$ -
Service Line and Meter Advances			
Meter Deposits	-	-	-
Total Advances	-	-	-
Contributions Gross	2,140,912	-	2,140,912
Less:			
Accumulated Amortization of CIAC	(1,459,917)	-	(1,459,917)
Net CIAC	680,995	\$ -	680,995
Total Deductions	\$ 680,995	\$ -	\$ 680,995
Plus:			
1/24 Purchased Power & Water	\$ -	\$ 468	\$ 468
1/8 Operation & Maint.	-	29,107	29,107
Inventory	-	-	-
Prepayments	-	-	-
Total Additions	\$ -	\$ 29,575	\$ 29,575
Rate Base	\$ 144,400	\$ 29,575	\$ 173,975

ACCUMULATED DEPRECIATION

No adjustment to accumulated depreciation

	PLANT BALANCE	STAFF	COMPANY
	ACCUMM. DEPR.	ACCUMM. DEPR.	ACCUMM. DEPR.
	TY end 12/31/13	TY end 12/31/13	TY end 12/31/13
	\$	\$	
351 Organization	-	-	-
352 Franchises	-	-	-
353 Land & Land Rights	1,084	-	-
354 Structures & Improvements	53,356	27,223	27,223
355 Power Generation Equipment	1,935	145	145
360 Collection Sewers - Force	-	-	-
361 Collection Sewers - Gravity	1,807,390	1,183,840	1,183,840
362 Special Collecting Structures	-	-	-
363 Services to Customers	5,913	177	177
364 Flow Measuring Devices	293	139	139
365 Flow Measuring Installations	-	-	-
366 Reuse Services	-	-	-
367 Reuse Meters & Meter Installations	-	-	-
370 Receiving Wells	-	-	-
371 Pumping Equipment	-	-	-
374 Reuse Distribution Reservoirs	-	-	-
375 Reuse Transmission & Distribution Sys	-	-	-
380 Treatment & Disposal Equipment	436,702	339,637	339,637
381 Plant Sewers	103,147	52,311	52,311
382 Outfall Sewer Lines	-	-	-
389 Other Plant & Miscellaneous Equipme	27,595	9,117	9,117
390 Office Furniture & Equipment	981	581	581
390.1 Computers & Software	-	-	-
391 Transportation Equipment	-	-	-
392 Stores Equipment	-	-	-
393 Tools, Shop & Garage Equipment	324	154	154
394 Laboratory Equipment	-	-	-
395 Power Operated Equipment	-	-	-
396 Communications Equipment	-	-	-
397 Miscellaneous Equipment	-	-	-
398 Other Tangible Plant	-	-	-
	<u>\$ 2,438,720</u>	<u>\$ 1,613,325</u>	<u>\$ 1,613,325</u>

STATEMENT OF OPERATING INCOME

	COMPANY	Staff	STAFF	Staff	Staff
	Adjusted TY	Adjustments	Adj. Test Year	Adjustments	Recommended
521 Flat Rate Revenues	\$ 248,222	\$ -	\$ 248,222	\$ 34,140	\$282,362
522 Measured Revenues	-	-	-	-	-
536 Other Wastewater Revenues	1,769	-	1,769	-	1,769
Total Revenues	\$ 249,991	\$ -	\$ 249,991	\$ 34,140	\$ 284,131
Operating Expenses:					
701 Salaries and Wages	\$ 73,092	\$ -	\$ 73,092	\$ -	\$ 73,092
710 Purchased Wastewater Treatment	-	-	-	-	-
711 Sludge Removal Expense	1,075	-	1,075	-	1,075
715 Purchased Power	11,239	-	11,239	-	11,239
716 Fuel for Power Production	-	-	-	-	-
718 Chemicals	19,235	-	19,235	-	19,235
720 Materials and Supplies	33,075	-	33,075	-	33,075
721 Office Supplies	-	-	-	-	-
731 Contractual Services - Professional	66,755	-	66,755	-	66,755
735 Contractual Services - Testing	11,289	-	11,289	-	11,289
736 Contractual Services - Other	-	2,631	2,631	-	2,631
740 Rents	4,856	-	4,856	-	4,856
750 Transportation Expenses	784	-	784	-	784
755 Insurance Expense	11,728	-	11,728	-	11,728
765 Regulatory Commission Expense	8,333	-	8,333	-	8,333
775 Miscellaneous Expense	-	-	-	-	-
403 Depreciation Expense	8,636	(470) a	8,166	-	8,166
408 Taxes Other Than Income	156	-	156	-	156
408.11 Property Taxes	12,977	-	12,977	591	13,568
409 Income Taxes	(3,047)	(48) b	(3,095)	6,743	3,648
TOTAL OPERATING EXPENSES	\$ 260,183	\$ 2,112	\$ 262,295	\$ 7,335	\$ 269,630
OPERATING INCOME/(LOSS)	\$ (10,192)	\$ (2,112)	\$ (12,304)	\$ 26,805	\$ 14,501

OPERATING INCOME ADJUSTMENT No. A - DEPRECIATION EXPENSE

A	-	DEPRECIATION EXPENSE- Per Company	8,636
		Per Staff	8,166
			(470)

LINE NO.	ACCT NO.	DESCRIPTION	UTILITY PLANT IN SERVICE BALANCES	FULLY/NON-DEPRECIABLE PLANT BALANCES	DEPRECIABLE PLANT IN SERVICE	DEPREC. RATE	DEPRECIATION EXPENSE
Plant In Service							
1	351	Organization	\$ -	\$ -	\$ -	0.00%	\$ -
2	352	Franchises	-	-	-	0.00%	-
3	353	Land & Land Rights	1,084	1,084	-	0.00%	-
4	354	Structures & Improvements	53,356	-	53,356	3.33%	1,777
5	355	Power Generation Equipment	1,935	-	1,935	5.00%	97
6	360	Collection Sewers - Force	-	-	-	2.00%	-
7	361	Collection Sewers - Gravity	1,807,390	-	1,807,390	2.00%	36,148
8	362	Special Collecting Structures	-	-	-	2.00%	-
9	363	Services to Customers	5,913	-	5,913	2.00%	118
10	364	Flow Measuring Devices	293	-	293	10.00%	29
11	365	Flow Measuring Installations	-	-	-	-	-
12	370	Receiving Wells	-	-	-	2.00%	-
13	371	Pumping Equipment	-	-	-	8.33%	-
14	380	Treatment and Disposal Equipment	436,702	-	436,702	5.00%	21,835
15	381	Plant Sewers	103,147	-	103,147	5.00%	5,157
16	382	Outfall Sewer Lines	-	-	-	3.33%	-
17	389	Other Plant & Misc. Equip.	27,595	-	27,595	6.67%	1,841
18	390	Office Furniture & Equipment	981	-	981	6.67%	65
19	391	Transportation Equipment	-	-	-	20.00%	-
20	393	Tools, Shop & Garage Equip.	324	-	324	5.00%	16
21	394	Laboratory Equipment	-	-	-	10.00%	-
22	395	Power Operated Equipment	-	-	-	5.00%	-
23	398	Other Tangible Plant	-	-	-	10.00%	-
24		Subtotal General	\$ 2,438,720	-	\$ 2,437,636	-	\$ 67,084
25		Less: Amortization of Contributions	-	-	-	-	\$ -
26			-	-	-	-	-
27		Composite Depr. Rate (Depr Exp / Depr. Plant)	2.75%	-	-	-	\$ 67,084
28		CIAC	\$ 2,140,912	-	-	-	8,636
29		Amortization of CIAC (Line	\$ 58,918	-	-	-	\$ 58,448
30			-	-	-	-	-
31		Depr. Exp before Ammortization of CIAC	\$ 67,084	-	-	-	-
32		Less Amortization of CIAC	\$ 58,918	-	-	-	-
33		Test Year Depr. Expense (Staff)	\$ 8,166	-	-	-	-
34		Test Year Depr. Expense (Company)	8,636	-	-	-	-
35		Staff's Total Test Year Adjustment	\$ (470)	-	-	-	-

OPERATING INCOME ADJUSTMENT NO. B - PROPERTY TAX EXPENSE

B	- PROPERTY TAX EXPENSE - Per Company	13,568			
	Per Staff	12,977			
	To reflect Staff's recommended property tax expense on recommended revenues			(591)	

LINE NO.	Property Tax Calculation	[A] STAFF AS ADJUSTED	[B] STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues	\$ 249,991	\$ 249,991
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	499,982	499,982
4	Staff Recommended Revenue, Per Schedule CLP-1	249,991	284,131
5	Subtotal (Line 4 + Line 5)	749,973	784,113
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	249,991	261,371
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	499,982	522,742
10	Plus: 10% of CWIP -	-	-
11	Less: Net Book Value of Licensed Vehicles	-	-
12	Full Cash Value (Line 9 + Line 10 - Line 11)	499,982	522,742
13	Assessment Ratio	18.50%	0
14	Assessment Value (Line 12 * Line 13)	92,497	96,707
15	*Composite Property Tax Rate	14.02950%	14.02950%
			\$
16	Staff Test Year Adjusted Property Tax (Line 14 * Line 15)	\$ 12,977	
17	Company Proposed Property Tax	12,977	
18	Staff Test Year Adjustment (Line 16-Line 17)	\$ (0)	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		\$ 13,568
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		12,977
21	Increase in Property Tax Expense Due to Increase in Revenue Requirement		\$ 591
22	Increase to Property Tax Expense		\$ 591
23	Increase in Revenue Requirement		34,140
24	Increase to Property Tax per Dollar Increase in Revenue (Line 19/Line 20)		1.730305%

OPERATING INCOME ADJUSTMENT NO. B - CALCULATION OF TEST YEAR AND STAFF RECOMMENDED INCOME TAXES

		Test Year	
C	INCOME TAX EXPENSE - Per Company	(3,047)	
	Per Staff	(2,566)	
	Staff's test year adjustment	481	
		481	
<u>LINE</u>	<u>DESCRIPTION</u>	<u>Test</u>	<u>STAFF</u>
<u>NO.</u>		<u>Year</u>	<u>Recommended</u>
	<u>Calculation of Income Tax:</u>		
1	Revenue (Schedule CLP-1)	\$ 249,991	\$ 284,131
2	Operating Expenses Excluding Income Taxes	\$ 265,391	\$ 265,982
3	*Actual Interest Expense	\$ -	\$ -
4	Arizona Taxable Income (L1-L2-L3)	\$ (15,400)	\$ 18,149
5	Arizona State Income Tax Rate	6.000%	6.000%
6	Arizona Income Tax (L4 x L6)	\$ (924)	\$ 1,089
7	Federal Taxable Income	\$ (14,476)	\$ 17,060
8	Federal Income Tax (Line 7*15%)	\$ (2,171)	\$ 2,559
9	Combined Federal and State Income Tax (L6 + L8)	\$ (3,095)	\$ 3,648

Baca Float Water Company (Sewer Division)
 Docket No. WS-01678A-14-0424 et al
 December 31, 2013

Revised Schedule CLP-5-WW

Typical Bill Analysis
 RESIDENTIAL

	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Company Proposed	\$ 54.00	\$ 63.16	\$ 9.16	16.96%
Staff Recommended	\$ 54.00	\$ 61.50	\$ 7.50	13.89%

Present & Proposed Rates
 RESIDENTIAL

Present	Company Proposed	Staff Recommended
Minimum Charge \$ 54.00	Minimum Charge \$ 63.16	Minimum Charge \$ 61.50
Rates	Rates Increase	Rates Increase
\$ 54.00	\$ 63.16 16.96%	\$ 61.50 13.89%

RATE DESIGN

RATES	Present	Company	Staff
Monthly Customer Charge:	Rates	Proposed	Recommended
Residential	\$ 54.00	\$ 63.16	\$ 61.50
Commercial	\$ 90.00	\$ 105.29	\$ 100.00
 Effluent Sales (per 1,000 gallons) All gallons of usage	 \$ 3.27	 \$ 3.27	 \$ 3.27

SERVICE LATERAL INSTALLATION CHARGES:

	Present	Company	Staff
	Rates	Proposed	Recommended
4-inch	\$ 800	\$ 900	\$ 900
6-inch	\$ 1,000	\$ 1,150	\$ 1,150
8-inch	\$ 1,200	\$ 1,400	\$ 1,400
10-inch	\$ 1,400	\$ 1,650	\$ 1,650
12-inch	\$ 1,600	\$ 2,000	\$ 2,000

MISCELLANEOUS SERVICE CHARGES

	Present	Company	Staff
	Rates	Proposed	Recommended
Establishment	\$ 20.00	\$ 25.00	\$ 25.00
Reconnection (Delinquent Charge)	\$ 30.00	\$ 35.00	\$ 35.00
After Hours Service Charge	\$ 50.00	\$ 50.00	\$ 50.00
Deposit	*	*	*
Deposit Interest	*	*	*
Re-establishment (within 12 months)	**	**	**
NSF Check	\$ 25.00	\$ 30.00	\$ 25.00 (a)
Deferred Payment	1.50%	1.50%	1.50%
Late Payment Penalty	1.50%	1.50%	1.50%

(a) Baca Float may only charge one NSF fee when customers are billed for water and wastewater services on one bill.

* Per Commission A.A.C. Rule R14-2-603.B

** Months off systems times the monthly minimum (A.A. C. R14-2-603.B)

REVISED

BALANCE SHEET (CONTINUED)

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF TEST YEAR
	CURRENT LIABILITIES		
231	Accounts Payable***	\$ 6,689	\$ -
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits***	750	-
236	Accrued Taxes***	2,507	2,618
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 9,946	\$ 2,618
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ -	\$ -
	DEFERRED CREDITS		
251	Unamortized Premium on Debt		
252	Advances in Aid of Construction *		
255	Accumulated Deferred Investment Tax Credits		
271	Gross Contributions in Aid of Construction **	\$ 1,171,089	\$ 1,171,089
272	Less: Amortization of Contributions	(259,210)	(295,748)
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 911,879	\$ 875,341
	TOTAL LIABILITIES	\$ 921,825	\$ 877,959
	CAPITAL ACCOUNTS		
201	Common Stock Issued***	\$ 15,120	\$ 15,120
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings***	207,516	203,004
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 222,636	\$ 218,124
	TOTAL LIABILITIES AND CAPITAL	\$ 1,144,461	\$ 1,096,083

Note: Account 272 should be subtracted from Total Deferred Credits.

* Must equal page 24, Total Advances in Aid of Construction

** Must equal page 25, Total Contributions in Aid of Construction

***Water and Sewer Divisions Combined

Note: These numbers are different from what was reported on the 2013 annual report due to recalculation of the plant additions based on balances approved in the previous rate case.

**REVISED
 BALANCE SHEET**

Acct. No.	ASSETS	BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF TEST YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash***	\$ 2,717	\$ 240
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable***	\$ 399	\$ -
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets***	\$ 1,907	\$ 1,907
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 5,023	\$ 2,147
	FIXED ASSETS		
101	Utility Plant in Service *	\$ 1,458,870	\$ 1,458,870
103	Property Held for Future Use		
105	Construction Work In Progress		
108	Accumulated Depr - Utility Plant ("AD-UP") **	\$ (319,432)	\$ (364,934)
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility ("AD-NU")		
	TOTAL FIXED ASSETS	\$ 1,139,438	\$ 1,093,936
	TOTAL ASSETS	\$ 1,144,461	\$ 1,096,083

Note: Total Assets on this page should equal the sum of Total Liabilities and Total Capital on page 22. Also, numbers in parentheses should be subtracted. For example, Accounts 108 and 122 should be subtracted from Total Fixed Assets.

** Must equal page 15, original cost*

*** Must equal page 15, accumulated depreciation*

****Water and Sewer Divisions Combined*

Note: These numbers are different from what was reported on the 2013 annual report due to recalculation of the plant additions based on balances approved in the previous rate case.