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BEFORE THE ARIZONA CORPORATION C

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IN THE MATTER OF THE APPLICATION OF SAHUARITA WATER COMPANY, LLC, FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PROPERTY AND FOR THE ESTABLISHMENT OF JUST AND REASONABLE RATES AND CHARGES.	Docket No. W- 03718A-15-0213 **NOTICE OF FILING REJOINDER TESTIMONY**

Sahuarita Water Company, LLC, submits the Rejoinder Testimony of Thomas J. Bourassa in two volumes: (1) Rate Base, Operating Income, Rate Design; and (2) Cost of Capital.

RESPECTFULLY SUBMITTED this 15th day of April, 2016.

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IN THE MATTER OF THE APPLICATION OF SAHUARITA WATER COMPANY, LLC FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PROPERTY AND FOR THE ESTABLISHMENT OF JUST AND REASONABLE RATES AND CHARGES.	DOCKET NO. W-03718A-15-0213

REJOINDER TESTIMONY OF

THOMAS J. BOURASSA

RATE BASE, INCOME STATEMENT & RATE DESIGN

APRIL 15, 2016

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I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND ADDRESS.

A. My name is Thomas J. Bourassa. My business address is 139 W. Wood Drive, Phoenix, Arizona 85029.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

A. I am testifying in this proceeding on behalf of the applicant, Sahuarita Water Company, LLC. ("SWC" or the "Company").

Q. ARE YOU THE SAME THOMAS J. BOURASSA THAT FILED DIRECT AND REBUTTAL TESTIMONY IN THIS DOCKET?

A. Yes, I prepared direct testimonies in two volumes; one volume on the rate base, income statement, revenue requirement and rate design and the second volume of cost of capital. I also prepared two volumes of rebuttal testimonies with the same division. My background information and qualifications are set forth in the rate base and revenue requirement volume of my direct testimony.

Q. DID YOU ALSO PREPARE REJOINDER TESTIMONY ON THOSE ISSUES IN THIS DOCKET?

A. Yes, in this volume, I present my rejoinder testimony on rate base, income statement, revenue requirement and rate design. I present my cost of capital rejoinder testimony in a separate volume.

Q. WHAT IS THE PURPOSE OF THIS REBUTTAL TESTIMONY?

A. I will provide rebuttal testimony in response to Staff's surrebuttal filing. More specifically, this first volume of my rebuttal testimony relates to rate base, income statement and rate design for SWC. In a second, separate volume of my rejoinder testimony, I will present an update to the Company's requested cost of capital, as well as respond to Staff's surrebuttal testimony on the cost of capital and rate of return applied to the fair value rate base, and the determination of operating income.

II. SUMMARY OF SWC'S REJOINDER POSITION

Q. WHAT IS THE REVENUE THE COMPANY IS PROPOSING IN THIS REJOINDER TESTIMONY?

A. The Company proposes a total revenue requirement of $3,173,385, which constitutes an increase in revenues of $276,638, or 9.55% over adjusted test year revenues.

Q. HOW DO THESE COMPARE WITH THE COMPANY'S REBUTTAL FILING?

A. They are the same.

Q. WHAT ARE THE PROPOSED REVENUE REQUIREMENTS AND RATE INCREASES FOR THE COMPANY AND STAFF AT THIS STAGE OF THE PROCEEDING?

A. The proposed revenue requirements and proposed rate increases are as follows:

	Revenue Requirement	Revenue Incr.	% Increase
Company-Rebuttal	$3,173,385	$ 276,638	9.55%
Staff-Surrebuttal	$3,063,165	$ 166,419	5.75%
Company-Rejoinder	$3,173,385	$ 276,638	9.55%

III. RATE BASE

Q. WOULD YOU PLEASE IDENTIFY THE PARTIES' RESPECTIVE RATE BASE RECOMMENDATIONS?

A. Yes, the rate bases proposed by the Company and Staff are as follows:

	OCRB	FVRB
Staff Surrebuttal	$ 9,359,714	$ 9,359,714
Company Rejoinder	$ 9,359,714	$ 9,359,714

Q. ARE THERE ANY REMAINING DISPUTES BETWEEN THE PARTIES WITH RESPECT TO THE RATE BASE?

A. No. Staff and the Company are in agreement after resolving the arsenic media treatment issue.[1] The Company's proposed adjustments to rate base for rejoinder are the same as discussed in my rebuttal testimony.[2] Staff and the Company have

[1] *See* Surrebuttal Testimony of Teresa B. Hunsaker ("Hunsaker Sb.") at 3.

[2] *See* Rebuttal Testimony of Thomas J. Bourassa ("Bourassa Rb.") at 3-9.

agreed on the balances for plant-in-service, advances-in-aid of construction, contributions-in-aid of construction, and accumulated deferred income taxes.[3]

IV. REVENUES AND EXPENSES.

Q. DOES THE COMPANY PROPOSE TO REVISE OR TO PROPOSE ADDITIONAL ADJUSTMENT TO REVENUES AND/OR EXPENSES?

A. No. The Company's proposed adjustments to revenues and/or expenses for rejoinder are the same as discussed in my rebuttal testimony.[4]

Q. WHAT ARE THE REMAINING ISSUES IN DISPUTE WITH RESPECT TO REVENUES AND/OR EXPENSES?

A. There are two issues in dispute, rate case expense and management fees expenses – bonuses.

Q. WHAT ARE THE COMPANY AND STAFF PROPOSING FOR RATE CASE EXPENSE?

A. The Company is proposing total rate case expense of $175,000 amortized over 5 years or $35,000 annually. Staff is proposing total rate case expense of $150,000 amortized over 5 years or $30,000 annually. The difference in annual cost between the parties is $5,000.

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[3] Hunsaker Sb. at 3-4.

[4] Bourassa Rb. at 9-15.

Q. DID STAFF PROVIDE ANY ADDITIONAL TESTIMONY ON RATE CASE EXPENSE?

A. No. The Company continues to believe its rate case expense recommendation is appropriate.

Q. DO YOU HAVE ANY RESPONSES TO THE STAFF TESTIMONY CONCERNING INCENTIVE PAY (BONUSES)?

A. Yes. First, regarding historical pay increases exceeding the national average, Staff admits that employees have changed responsibilities over the years which would explain at least some higher-than-normal pay increases.[5] Second, Staff did not consider that some pay increases were necessary to bring pay rates more in line with the market so as to provide employees with an incentive to stay with the Company. It is more costly to continually hire and train new employees than to retain employees. Third, at the end of the say, even with the pay increases over the years, Staff has not shown that the total allocated wages including incentive pay of both the non-dedicated and dedicated employees are unreasonable.

Q. HAVE YOU ANALYZED THE COMPANY'S WAGES AND WHAT DID YOU FIND?

A. Yes. I conducted a study comparing the average wage for each position based upon the American Water Works Association 2015 Compensation Survey for Small and Medium Sized Utilities ("AWWA Compensation Survey") and determined that even with the incentive pay, the total comparative wages (excluding incentive pay) on a stand-alone company basis exceeded the test year allocated wages (including incentive pay) by over $345,000. Assuming the same

[5] Hunsaker Sb. at 6.

affiliate relationship whereby some wages are from non-dedicated employees, the total allocated comparative wages (excluding incentive pay) exceeded the test year allocated wages (including incentive pay) by nearly $20,000. Considering the Company has recommended reducing the incentive pay requested in this case by nearly $13,000, the "savings" to rate payers is nearly $350,000 or over $30,000, depending on your viewpoint. I would note, using the average comparative wages ignores length of service so the average comparative base wages from the AWWA Compensation Survey used in my study likely understate the "savings" presented here.

Q. WOULD A SMALL STAND-ALONE UTILITY HAVE DEDICATED EMPLOYEES FOR SOME OF THE POSITIONS THAT ARE CURRENTLY NON-DEDICATED?

A. Arguably they should. This Commission is well aware of the operational and financial issues surrounding many small utilities in this state. I believe these issues could be significantly mitigated by more comprehensive management. Through SWC's affiliate relationship with its parent, SWC is able to capitalize on the skills and expertise of upper management that are not available to many small utilities, and, at a fraction of the cost of hiring these employees directly.

Q. DOES IT MATTER HOW THE INCENTIVE PAY WAS DISTRIBUTED AMONG DEDICATED AND NON-DEDICATED EMPLOYEES?

A. Not in my view. Incentive pay is typically higher for management because these employees have the ultimate responsibility for insuring the Company provides safe and reliable service to customers.

Q. DO YOU HAVE ANY FINAL THOUGHTS?

A. Yes. Considering the total compensation included in the test year is reasonable using an objective standard like the AWWA Compensation Survey, the Company has historically paid incentives annually, and they are an integral part of employee compensation, the Company recommended incentive pay should be adopted. The Commission should not discourage utilities from efforts to reasonably compensate employees, incentivize performance, as well as attract and retain the most qualified employees.

V. RATE DESIGN

Q. WHAT ARE SWC'S PROPOSED RATES FOR WATER SERVICE?

A. The Company's proposed rates are shown on Rebuttal Schedule H-3, pages 1 and 2.

Q. WHAT WILL BE THE AVERAGE 5/8 x 3/4-INCH METERED CUSTOMER AVERAGE MONTHLY BILL UNDER THE COMPANY'S REBUTTAL PROPOSED RATES?

A. As shown on Rejoinder Schedule H-2, page 1, the average monthly bill under proposed rates for a 5/8 x 3/4 inch metered customer, using an average of 4,677 gallons, is $34.21 – equivalent to a $3.24 increase over the present monthly bill of $30.94 or a 10.56 percent increase.

Q. ARE THE PARTIES PROPOSING ANY CHANGES TO THE RATE DESIGN?

A. No.

Q. DO THE STAFF PROPOSED RATES NOW PRODUCE STAFF'S PROPOSED REVENUE REQUIREMENT?

A. Yes.

Q. HOW DO THE REVENUE RECOVERY FROM THE MONTHLY MINIMUMS AND COMMODITY RATES COMPARE BETWEEN THE COMPANY PROPOSED RATES AND THE STAFF PROPOSED RATES?

A. Revenue recovery from the monthly minimums and the commodity rates are similar. For example, under the Company's proposed rates, recovery from the monthly minimums is 47.46% whereas under the Staff proposed rates revenue recovery from the monthly minimums is 47.88%. Revenue recovery from the first, second and third tier commodity rates are 23.91%, 25.19%, and 3.45%, respectively under the Company's proposed rates whereas the revenue recovery from the first, second and third tier commodity rates are 23.85%, 24.84%, 3.44%, respectively under Staff's proposed rates.

Q. IS THERE ANY DISAGREEMENT BETWEEN THE PARTIES WITH RESPECT TO THE MISCELLANEOUS SERVICE CHARGES?

A. No.

Q. IS THERE ANY DISAGREEMENT BETWEEN THE PARTIES WITH RESPECT TO THE METER AND SERVICE LINE CHARGES?

A. No.

Q. DOES THIS CONCLUDE YOUR REJOINDER TESTIMONY ON RATE BASE, INCOME STATEMENT AND RATE DESIGN?

A. Yes.

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REJOINDER TESTIMONY OF

THOMAS J. BOURASSA

COST OF CAPITAL

APRIL 15, 2016

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I. INTRODUCTION.

Q. PLEASE STATE YOUR NAME AND ADDRESS.

A. My name is Thomas J. Bourassa. My business address is 139 W. Wood Drive, Phoenix, Arizona 85029.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS CASE?

A. I am testifying on behalf of the applicant, Sahuarita Water Company, LLC. ("SWC" or the "Company").

Q. ARE YOU THE SAME THOMAS J. BOURASSA THAT FILED DIRECT AND REBUTTAL TESTIMONY IN THIS DOCKET?

A. Yes, I prepared direct testimonies in two volumes; one volume on the rate base, income statement, revenue requirement and rate design and the second volume of cost of capital. I also prepared two volumes of rebuttal testimonies with the same division. My background information and qualifications are set forth in the rate base and revenue requirement volume of my direct testimony.

Q. DID YOU ALSO PREPARE REJOINDER TESTIMONY ON THOSE ISSUES IN THIS DOCKET?

A. Yes, my rejoinder testimony on rate base, income statement, revenue requirement and rate design is being filed in a separate volume at the same time as this testimony. In this volume, I present my cost of capital rejoinder testimony.

II. SUMMARY OF REBUTTAL TESTIMONY AND THE PROPOSED COST OF CAPITAL FOR THE COMPANY.

A. Summary of Company's Rebuttal Recommendation.

Q. WHAT IS YOUR RECOMMENDED COST OF CAPITAL?

A. I continue to recommend a return on equity (ROE") of 10.5 percent, which is the same recommendation I made in my rebuttal testimony. My recommendation of 10.5 percent is above the mid-point of the range of my DCF, Risk Premium, and CAPM analyses of 9.9 percent for the publicly traded water utilities ("water proxy group"). My recommendation of 10.5 percent is also below the mid-point of the range of estimates for SWC of 11.1 percent, which takes into account a downward financial risk adjustment of 30 basis points, and which recognizes the Company's lower financial risk compared to the water proxy group, and an upward risk adjustment for SWC of 150 basis points to recognize the higher risk of an investment in SWC compared to the water proxy group.[1] I also recommend a capital structure consisting of 20.57 percent debt and 79.43 percent equity and a cost of debt of 4.2 percent. Based on these recommendations, the weighted average cost of capital ("WACC") is 9.2 percent.[2] Therefore, I recommend a return of at least 9.2 percent be applied to SWC's fair value rate base ("FVRB").

[1] *See* Rejoinder COC Schedule D-4.1.

[2] See Rejoinder COC Schedule D-1.

Q. HAVE YOU UPDATED YOUR COST OF CAPITAL ANALYSIS FOR REJOINDER?

A. Yes. The results of my updated analysis for the water proxy group are somewhat lower than those in my direct testimony. The range of my rejoinder DCF, Risk Premium, and CAPM analyses for the water proxy group is from 9.5 percent to 10.2 percent with a mid-point of 9.9 percent.[3] This compares to my recommendation in rebuttal, where the range for the water proxy group was from 9.6 percent to 10.4 percent, with a midpoint estimate of 10.0 percent.[4]

Moreover, the results of my updated analysis for SWC are similar to those in my rebuttal testimony. The range of my rejoinder DCF, Risk Premium, and CAPM analyses for SWC is 10.7 percent to 11.4 percent, with a mid-point of 11.1 percent.[5] By comparison, my DCF, Risk Premium, and CAPM analyses for SWC in rebuttal showed that the indicated cost of equity was in the range of 10.7 percent to 11.5 percent, with a midpoint of 11.1 percent.[6]

After considering the differences in business and financial risk between SWC and the publicly traded water utilities, the cost of equity for SWC falls in the range of 10.7 percent to 11.4 percent with a mid-point of 11.1 percent. However, despite a somewhat higher indicated cost of equity for SWC of 11.1 percent, I continue to recommend a ROE of 10.5 percent for SWC.

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[3] *See* Rejoinder COC Schedule D-4.1.

[4] *See* Rebuttal COC Schedule D-4.1.

[5] *See* Rejoinder COC Schedule D-4.1.

[6] *See* Rebuttal COC Schedule D-4.1.

B. Summary of the Staff Recommendations.

Q. PLEASE SUMMARIZE THE SURREBUTTAL RECOMMENDATIONS OF STAFF FOR THE COST OF EQUITY AND THE RATE OF RETURN ON FAIR VALUE RATE BASE.

A. Staff continues to recommend a capital structure consisting of 20.57 percent debt and 79.43 percent equity.[7] Staff's updated cost of capital analysis determined a cost of equity of 8.5 percent based on the average cost of equity produced by its DCF and CAPM models, but is recommending a 9.5 percent ROE.[8] Staff also continues to recommend a cost of debt of 4.2 percent.[9] Based on the foregoing capital structure, cost of equity and cost of debt, Staff continues to recommend a weighted cost of capital ("WACC") is 8.41 percent.[10]

C. Comments on the Staff Surrebuttal Testimony and ROE Recommendation.

Q. DO YOU HAVE ANY CRITICISMS OF THE STAFF'S SURREBUTTAL COST OF CAPITAL ANALYSES?

A. Yes. Ms. Brown asserts that Staff updated its cost of capital analysis.[11] But after a review of her work papers, I find that not all of the Staff's models have been updated. In particular, Ms. Brown did not update its current market risk premium

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[7] *See* Staff Surrebuttal Schedule CSB-1; *See also* Surrebuttal Testimony of Crystal S. Brown ("Brown Sb.") at 8.

[8] *See* Staff Surrebuttal Schedule CSB-4; *See also* Brown Sb at 8.

[9] *See* Staff Surrebuttal Schedule CSB-4.

[10] Brown Sb. at 8.

[11] Brown Sb. at 7.

CAPM shown on Staff Surrebuttal Schedule CSB-4, which is still based upon *Value Line's* median dividend yield and median price appreciation data from the *Value Line* Summary and Index dated November 6, 2015. Using more recent information, which would have been available to Ms. Brown when she updated the Staff models, the indicated cost of equity of Staff's current market risk premium CAPM would be 10.9 percent, not 9.5 percent.[12]

Based on Ms. Brown's assertion that any point in Staff's "range of the [cost of equity] is fair and reasonable"[13] and that Staff, then the 10.9 percent is also fair and reasonable. While I will leave it up to Ms. Brown to respond, based upon her previous testimony in this case where she asserted that Staff was using the upper limit of its range in this case[14], I would expect Ms. Brown to revise Staff's recommendation upward. That said, my 10.5 percent recommendation would fall well within the Staff range of reasonable ROEs.

Q. WHAT WAS SWC'S AUTHORIZED ROE FROM ITS LAST RATE CASE?

A. SWC came into this rate case with a 10.3 ROE from the last rate case.[15] Ironically, SWC filed the instant case in keeping with a schedule of every 3-to-5 years – so as to avoid too drastic a rate increase resulting from staying out for an extended period of time. Yet as a result of filing this case, Staff recommends reducing that ROE by 80 basis points. Staff's analysis suggests that risk of an investment in

[12] Staff used a spot price for the stock prices of its sample group using the stock prices on March 17, 2016 which provides a benchmark of the timeframe Staff prepared its analysis. Accordingly, I used the median dividend yield and median price appreciation from *Value Line* Summary and Index dated March 18, 2016.

[13] Brown Sb. at 4.

[14] Direct Testimony of Crystal S. Brown ("Brown Dt.") at 5.

[15] *See* Decision 72177, February 11, 2011

SWC has declined significantly since its last rate case, and a drastic drop of 80 basis points in the return is required. My analysis demonstrates otherwise.

Q. PLEASE RESPOND TO MS. BROWN'S TESTIMONY (ON PAGE 2) THAT UNDER STAFF'S PORTFOLIO APPROACH COMPANY-SPECIFIC RISKS ARE ADDRESSED BY DIVERSIFICATION AND THEREFORE INVESTORS SHOULD NOT BE COMPENSATED FOR THOSE RISKS.

A. Portfolio theory is one of the underpinnings of the CAPM and rests on the notion that a diversified investor is only exposed to market risk, and is therefore only rewarded with higher expected returns for bearing only market-related risk (systematic risk) and not unique or company-specific risks. The CAPM assumes that investors are fully diversified, which is a questionable assumption for most investors.[16] That said, the traditional CAPM only captures a single measure of systematic risk as measured by beta, but there are other forms of systematic risk priced by the market such as company size that are not captured by beta. Based on empirical evidence, betas are estimated with error. That is, high betas will tend to have a positive error (risk is overestimated) and low betas will have a negative error (risk is underestimated).[17] Simply put, the CAPM is incomplete and does not fully account for the higher returns that are needed on small company stocks. Stated another way, the higher risks associated with smaller firms are not fully accounted for by beta.[18] Therefore, Ms. Brown's portfolio theory argument is not a

[16] Pratt, Shannon P. and Grabowski, Roger J., *Cost of Capital: Applications and Examples, Fifth Edition.* John Wiley and Sons, 2014, p. 272.

[17] Eugene F. Fama and Kenneth R. French, "The Capital Asset Pricing Model: Theory and Evidence," *Journal of Economic Perspectives* (Summer 2004) 25-46.

[18] Morningstar, *Ibbotson SBBI 2013 Valuation Yearbook,* pp. 85-88. See also Pratt, p. 297.

valid justification for not recognizing the additional risk of an investment in SWC because of its size.

Q. COMPANY SIZE IS A SYSTEMATIC RISK (MARKET RISK)?

A. Yes. To repeat what I have stated in earlier rounds of testimony, the risk of smaller companies *is* a systematic risk and *not* a unique or company-specific risk.[19] Ms. Brown has not refuted this. Simply put, because it is a systematic risk, SWC's ROE should reflect the increased risk because of its smaller size. The risk due to small size is just as much a systematic risk as financial risk. The Commission has recognized financial risk adjustments to the cost of capital in the past based upon the differences between the leverage in the water proxy group and the leverage in the utility. Arguably, the financial risk adjustments are just as much company-specific as my recommended risk premium for SWC, but Staff has never made a portfolio argument against financial risk adjustments.

Q. IS YOUR RISK PREMIUM FOR SWC SIMPLY A NUMBER YOU PULLED OUT OF THIN AIR?

A. No. While I bracketed the small company risk premiums from the financial evidence,[20] I specifically quantified the range of the appropriate risk premium over the returns of the water proxy for SWC based upon market based portfolio data from *Duff & Phelps*, which provide a nexus between market betas and the metrics operating margin, the coefficient of variation in operating margin, and the

[19] Pratt, p. 78-79. *See also* Direct Testimony of Thomas J. Bourassa ("Bourassa COC Dt.") at 35-36; Rebuttal Testimony of Thomas J. Bourassa ("Bourassa COC Rb.") at 15.

[20] Bourassa COC Dt. at 45.

coefficient of variation in return on equity.[21] Using both specific data from the water proxy group and SWC, I have demonstrated that an investment in SWC is more risky than an investment in the water proxy group.[22] Further, I developed a range of appropriate risk premiums (130 to 170 basis points) to recognize the additional risk of SWC over the water proxy group.[23] Finally, my recommended risk premium of 150 basis points falls well within the range of small company risk premiums gleaned from the empirical finance evidence (99 to 373 basis points).[24]

Q. MS. BROWN (ON PAGE 5) RELIES ON A QUOTE FROM DR. MORIN'S BOOK, NEW REGULATORY FINANCE, TO JUSTIFY HER REJECTION ASSERTION OF A RISK PREMIUM. WOULD DR. MORIN AGREE THAT SMALL COMPANY RISK IS A MARKET RISK?

A. Yes. In his book, New Regulatory Finance, Dr. Morin states, "Investment risk increases as company size diminishes, all else remaining constant. Small companies have very different returns than large ones, and on average they have been higher. The greater risk of small stocks [as measured by beta] does not fully account for their higher returns over many historical periods. The size phenomenon is well documented in the finance literature."[25] He also states, "Given the evidence of a small firm premium, that is, small market-cap socks experience higher returns than large market cap stock with equivalent betas, the CAPM understates the risk of smaller utilities, and a cost of equity bases purely on a CAPM beta will therefore

[21] Bourassa COC Dt. at 22.

[22] Bourassa COC Dt. at 21.

[23] *See* Rejoinder Exhibit TJB-COC-RJ-1

[24] *See* Rejoinder Schedule D-4.15.

[25] Morin, Roger A., *New Regulatory Finance*, Public Utility Reports, Inc., 2006, p. 181.

produce too low an estimate for these small companies."[26] Finally, he concludes, "... size is a significant factor that increases both business risk and financial risk, and, therefore, the cost of capital."[27]

Q. PLEASE COMMENT ON MS. BROWN'S TESTIMONY (ON PAGE 4) THAT SINCE THE DCF AND CAPM MODELS PRODUCE RESULTS MEETING THE FAIRNESS STANDARDS OF HOPE AND BLUEFIELD, ANY POINT IN STAFF'S RANGE IF COST OF EQUITY ESTIMATES IS REASONABLE AND FAIR.

A. First, it is not axiomatic that the model results are fair and reasonable, particularly when the models are mechanically applied. There are conceptual, empirical, and computation issues surrounding each of the models which I have discussed extensively throughout my direct and rebuttal testimony. At the end of the day, the results must pass a reasonableness test.[28] I doubt any reasonable person would view a 7.6 percent ROE (the low end of Staff's range) or an 8.5 percent ROE (the mid-point of Staff's range) as being fair and reasonable, given all of the evidence presented in this matter. The average current and projected book returns for the water proxy group are 11.3 percent and 10.9 percent, respectively, significantly higher than even the high end of Staff's range of 9.5 percent.[29] Only the high end of Staff's range (9.5 percent) comes close to the average current authorized return for the water proxy group of 9.6 percent.[30]

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[26] Morin, p. 187.

[27] Morin, p 187.

[28] Bourassa COC Rb. at 9-10.

[29] Bourassa COC Rb. at 9.

[30] *See* Rejoinder COC Schedule D-4.2.

Q. SHOULD CURRENT ARIZONA AUTHORIZED RETURNS BE THE STANDARD FOR A FAIR AND REASONABLE RETURN AS SUGGESTED BY MS. BROWN?

A. It should not be the only standard, but I would agree with the caveat that one must use caution in simply accepting Arizona's authorized return, as a standard, because some of the current authorized returns may be based on settlements where the parties have agreed to a lower return in order to settle issues in a rate case. In other words, the currently authorized returns may understate the true fully litigated return regulators may have authorized.

Q. WHAT ADJUSTMENT IS NECESSARY TO SWC'S ROE TO PROPERLY REFLECT ITS RISK BY COMPARISON TO THE PROXY GROUP?.

A. Given the evidence in this case, SWC is more risky than the water proxy group. A risk premium of 130 to 170 basis points over the returns of the water proxy group is required to meet the *Hope* and *Bluefield* criteria of providing a return similar to investments of comparable risk. Even if one accepts Staff's mid-point estimate of 8.5 percent as fair and reasonable for the water proxy group, SWC's cost of equity should be in the in the range of 9.8 percent (8.5 + 1.3) to 10.2 percent (8.5 + 1.7) in order to meet the *Hope* and *Bluefield* criteria.

Q. PLEASE COMMENT ON MS. BROWN'S TESTIMONY (ON PAGE 6 AND 7) IN WHICH SHE ASSERTS THE COST OF CAPITAL FOR SWC SHOULD REFLECT THE VALUE OF THE INFLUENCE THE INVESTOR MAY HAVE ON THE COMPANY.

A. With all due respect, Ms. Brown has turned financial theory on its head. Simply stated, financial theory clearly establishes that the cost of capital is an opportunity

cost which a function of the investment, not the investor. Whether investor control of a company results in efficiencies and/or differential shareholder benefits between firms, these are not a result of differences in the cost of capital between minority investors or controlling investors.[31] The value of two companies of comparable risk may be different because one has higher cash flows than the other, but the cost of capital is no different.

Further, Ms. Brown's argument leads to absurd results. Her argument implies that if an investor sold a company to a group of investors (none of whom had a controlling interest) or it became publicly traded with no discernable controlling interest, the company's cost of capital would increase simply by a change in ownership or control. Further, it implies two utilities that are identical in all respects but for their ownership would have two different sets of returns. This is not only inconsistent with financial theory, but it discriminates against certain forms of ownership.

Q. DIDN'T THE COMPANY DISTRIBUTE MORE TO SHAREHOLDERS THAN IT EARNED OVER THE PAST FEW YEARS AS MS. BROWN TESTIFIES?

A. Yes. But, Ms. Brown's testimony is specious and conceals the fact that any utility company in SWC's situation, whether publicly traded or privately-held, would have done the same.

[31] Pratt, p. 865.

Q. WHY?

A. Because the amount of capital in the SWC far exceeded the rate base. Further, SWC did not need the excess capital for capital improvements. An efficient allocation of resources demanded the Company return capital to its investors.

Q. PLEASE EXPLAIN.

A. The amount of investor capital not recognized in rate base does not contribute to the earnings of a utility company. When there is a discrepancy between the total capital investment and the rate base, the fair return on common equity will not be achieved.[32] For example, if the cost of equity is 10 percent and the book equity is $12 million, then the earnings necessary is $1.2 million (10% x $12 million). If the return is applied to an equity component of $9, then the result would be equity earnings of $900,000 (10% X $900,000), or $300,000 less than could be achieved by comparable risk investments.

While total capital and rate base are rarely exactly the same, significant differences lead to an inefficient use of capital. An inefficient use of capital would not be tolerated by prudent management (and investors) and they would take action to minimize the discrepancy whether the company was a publicly traded company or a privately-held company.

Q. PLEASE BE MORE SPECIFIC ON THE COMPANY'S EXCESS CAPITAL SITUATION.

A. In the prior rate case (test year ended 12/31/2008), the total capital in the Company

[32] Morin, p. 493.

was nearly $12.7 million.[33] But, the rate base approved in the prior rate case was only about $8.8 million.[34] So, $3.9 million of investor capital was not being recognized in its earnings base. The allowed earnings in the last case were $402,000 less than the earnings required to achieve the authorized return on its equity capital.[35] In the instant case, the total capital of the Company is over $11.3 million, and the proposed rate base is about $9.4 million. So, there remains a $1.9 million discrepancy. Had the Company not returned capital to its investors, the total capital would have ballooned to over $16 million and the discrepancy would have ballooned to over $4.7 million; a highly inefficient allocation of resources. Investors could invest this capital in other investments and had the opportunity to earn a return on this capital rather than no return at all. As I suggested, any utility company management would have taken steps to minimize the discrepancy between invested capital and rate base in this situation. If management did not, investors would have demanded they do so.

Q. DOES THAT CONCLUDE YOUR REJOINDER TESTIMONY ON COST OF CAPITAL?

A. Yes.

---

[33] *See* Docket No. W-03718A-09-0359, Company Schedule D-1

[34] *See* Decision 72177, February 11, 2011.

[35] $8.8 million X 10.3% minus 12.7 million x 10.3 percent.

Exhibit TJB-COC-RJ-1

Sahuarita Water Company, LLC
Comparative Risk Study
Computations of Operating Margin and Coefficient of Variation of Operating Margin

Operating Income EBIT ($ in millions)

Line No.	Company	Symbol	2014	2013	2012	2011	2010	Average	Std Dev.	Co-efficient of variation of Operating Income
5	American States Water	AWR	119	119	111	95	73	103.40	19.62	0.1897
6	Aqua America	WTR	314	305	322	286	272	299.80	20.52	0.0685
7	California Water	CWT	109	93	93	90	85	94.00	9.00	0.0957
8	Connecticut Water	CTWS	25	22	20	16	14	19.40	4.45	0.2294
9	Middlesex	MSEX	34	31	28	24	27	28.80	3.83	0.1331
10	SJW Corp.	SJW	93	53	55	54	38	58.60	20.45	0.3490
11	York Water Company	YORW	22	21	21	20	20	20.80	0.84	0.0402
13	Water Proxy Group									0.1579
15	Sahuarita Water Company, LLC		0.74	0.76	0.97	0.71	0.10	0.66	0.33	0.4959
17	**Risk relative to the average risk of the water utilities sample**									**3.14**

Sales ($ in millions)

Line No.	Company	Symbol	2014	2013	2012	2011	2010	Average
21	American States Water	AWR	466	472	467	419	399	445
22	Aqua America	WTR	780	769	758	712	726	749
23	California Water	CWT	598	584	560	502	460	541
24	Connecticut Water	CTWS	94	91	84	69	66	81
25	Middlesex	MSEX	117	115	110	102	103	109
26	SJW Corp.	SJW	320	277	262	239	216	263
27	York Water Company	YORW	46	42	41	41	39	42
29	Sahuarita Water Company, LLC		3.35	3.26	3.27	3.01	2.42	3.06

Operating Margin (%)

Line No.	Company	Symbol	2014	2013	2012	2011	2010	Average	Std Dev.	Co-efficient of variation of Operating Margin
33	Amercian Water Works	AWK	25.54%	25.21%	23.77%	22.67%	18.30%	23.10%	0.03	0.1264
34	Aqua America	WTR	40.26%	39.66%	42.48%	40.17%	37.47%	40.01%	0.02	0.0447
35	California Water	CWT	18.23%	15.92%	16.61%	17.93%	18.48%	17.43%	0.01	0.0637
36	Connecticut Water	CTWS	26.60%	24.18%	23.81%	23.19%	21.21%	23.80%	0.02	0.0815
37	Middlesex	MSEX	29.06%	26.96%	25.45%	23.53%	26.21%	26.24%	0.02	0.0772
38	SJW Corp.	SJW	29.06%	19.13%	20.99%	22.59%	17.59%	21.88%	0.04	0.2029
39	York Water Company	YORW	47.83%	50.00%	51.22%	48.78%	51.28%	49.82%	0.02	0.0304
41	Average Water Proxy Group							28.90%		0.0895
43	Sahuarita Water Company, LLC		22.05%	23.42%	29.82%	23.54%	4.34%	20.63%	0.10	0.4649
45	**Risk relative to the average risk of the water utilities sample**									**5.19**

Return on Equity (ROE)

Line No.	Company	Symbol	2014	2013	2012	2011	2010	Average	Std Dev.	Co-efficient of variation of ROE
51	American States Water	AWR	12.1%	12.7%	11.9%	10.3%	11.0%	11.6%	0.01	0.0818
52	Aqua America	WTR	12.9%	13.4%	11.0%	11.6%	10.6%	11.9%	0.01	0.1015
53	California Water	CWT	9.0%	9.0%	9.0%	8.0%	8.6%	8.7%	0.00	0.0502
54	Connecticut Water	CTWS	10.2%	9.3%	7.3%	8.3%	8.7%	8.8%	0.01	0.1239
55	Middlesex	MSEX	9.3%	8.7%	7.8%	7.5%	8.2%	8.3%	0.01	0.0865
56	SJW Corp.	SJW	14.4%	7.0%	8.1%	7.9%	6.2%	8.7%	0.03	0.3744
57	York Water Company	YORW	11.0%	9.4%	9.3%	9.5%	9.8%	9.8%	0.01	0.0711
59	Water Proxy Group		11.3%	9.9%	9.2%	9.0%	9.0%	9.7%		0.1271
61	Sahuarita Water Company, LLC		7.90%	7.26%	9.45%	6.67%	0.13%	6.28%	0.04	0.5719
63	**Risk relative to the average risk of the water utilities sample**									**4.50**

Sahuarita Water Company, LLC
Comparative Risk Study
Beta Estimate Using Duff and Phelps Risk Study Portfolio Information

A. Beta Estimates for Water Sample Group and Company`

Line No.		Portfolio	Operating Margin	Portfolio	CV (Operating Margin)[1]	Portfolio	CV (ROE)[1]
1	Company	4	20.63%	4	46.49%	9	57.19%
2	Water Proxy Group	2	28.90%	18	8.95%	22	12.71%

		Portfolio Beta[2]	Portfolio Beta[3]	Portfolio Beta[4]	Average
3	Company	0.95	1.33	1.24	
4	Water Proxy Group	0.84	1.02	0.91	
5	Percentage Difference	13.1%	30.4%	36.3%	**26.6%**

B. Assume percentage difference is the same for water utilities as companies in general

6	Water Sample Group[5]	0.71	0.71	0.71	
7	Implied Beta for Company[6]	0.80	0.93	0.97	**0.90**

Notes:
[1] See Risk Study. CV stands for Coefficient of Variation,
[2] Source is Duff & Phelps 2016 Valuation Handbook, Risk Study, Exhibit D-1, Companies Ranked by Operating Margin.
[3] Source is Duff & Phelps 2016 Valuation Handbook, Risk Study, Exhibit D-2, Companies Ranked by CV (Operating Margin).
[4] Source is Duff & Phelps 2016 Valuation Handbook, Risk Study, Exhibit D-3, Companies Ranked by CV (Operating Margin).
5 Source is Rejoinder Schedule D-4.3.
[6] Calculated by multiplying (1+ percentage difference in risk study betas) times average beta for the water sample group.

Sahuarita Water Company, LLC
Comparative Risk Study
Traditional Capital Asset Pricing Model (CAPM) Using Implied Beta
To Find Additional Risk Premium

Line No.		Rf[1]	+	Implied beta[2]	x	RP_M		=	k	CAPM Results From inder Schedule D	Indicated Company Risk Premium
1	Historical Market Risk Premium CAPM	4.3%	+	0.90	x	7.00%	[3]	=	10.6%	9.3%	1.3%
2	Currrent Market Risk Premium CAPM	4.3%	+	0.90	x	8.77%	[4]	=	12.2%	10.5%	1.7%

Notes:

[1] Forecasts of long-term treasury yields. See Scehdule D-4.9.

[2] Implied Beta computed from Duff and Phelps 2016 Valuation Handbook Risk Study information. See page 1 of exhibit.

[3] Historical Market Risk Premium Duff & Phelps 2016 Valuation Handbook, Appendix 3, Long-Horizon ERP.

4 See Rejoinder Schedule D-4.10

Schedules

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Computation of Increase in Gross Revenue
Requirements As Adjusted

Exhibit
Rejoinder Schedule A-1
Page 1
Witness: Bourassa

Line No.		
1	Fair Value Rate Base	$ 9,359,656
2		
3	Adjusted Operating Income	648,002
4		
5	Current Rate of Return	6.92%
6		
7	Required Operating Income	$ 861,088
8		
9	Required Rate of Return on Fair Value Rate Base	9.20%
10		
11	Operating Income Deficiency	$ 213,086
12		
13	Gross Revenue Conversion Factor	1.2982
14		
15	Increase in Gross Revenue Revenue Requirement	276,631
16		
17	Adjusted Test Year Revenues	$ 2,896,746
18	Increase in Gross Revenue Revenue Requirement	$ 276,631
19	Proposed Revenue Requirement	$ 3,173,378
20	% Increase	9.55%
21		

22	Customer		Present	Proposed	Dollar	Percent
23	Classification		Rates	Rates	Increase	Increase
24	5/8 Inch	Residential	$ 1,754,351	$ 1,933,850	$ 179,499	10.23%
25	3/4 Inch	Residential	374,310	402,626	28,317	7.57%
26	1 Inch	Residential	56,962	62,420	5,458	9.58%
27		**Subtotal**	$ 2,185,623	$ 2,398,896	$ 213,273	9.76%
28						
29	1 Inch	Commercial	$ 635	$ 694	$ 60	9.45%
30	1.5 Inch	Commercial	2,774	3,043	269	9.68%
31	2 Inch	Commercial	78,061	85,605	7,544	9.66%
32	3 Inch	Commercial	8,473	9,301	828	9.77%
33		**Subtotal**	$ 89,943	$ 98,644	$ 8,700	9.67%
34						
35	1 Inch	Public Authority	$ 10,908	$ 11,952	$ 1,044	9.57%
36	2 Inch	Public Authority	19,539	21,392	1,853	9.49%
37	4 Inch	Public Authority	35,006	38,411	3,405	9.73%
38		**Subtotal**	$ 65,453	$ 71,755	$ 6,302	9.63%
39						
40	5/8 Inch	Irrigation	$ 14,044	$ 15,388	$ 1,344	9.57%
41	3/4 Inch	Irrigation	5,122	5,570	448	8.75%
42	1 Inch	Irrigation	76,839	84,207	7,369	9.59%
43	1.5 Inch	Irrigation	40,234	44,107	3,873	9.63%
44	2 Inch	Irrigation	383,182	420,159	36,977	9.65%
45	3 Inch	Irrigation	-	-	-	0.00%
46		**Subtotal**	$ 519,420	$ 569,432	$ 50,012	9.63%
47						
48	3 Inch	Construction	$ 32,933	$ 36,038	$ 3,106	9.43%
49						
50	**Subtotal Revenues before Annualization**		$ 2,893,372	$ 3,174,765	$ 281,393	9.73%
51	**Usage Normalization**		(73,316)	(81,190)	(7,874)	10.74%
52	**Revenue Annualization**		24,165	26,426	2,262	9.36%
53	Other Water Revenues		53,528	53,528	-	0.00%
54	Reconciling Amount H-1 to C-1		(1,001)	(144)	857	-85.65%
55	**Total of Water Revenues**		$ 2,896,747	$ 3,173,385	$ 276,638	9.55%
56						

57 SUPPORTING SCHEDULES:
58 B-1
59 C-1
60 C-3
61 H-1

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Summary of Rate Base

Exhibit
Rejoinder Schedule B-1
Page 1
Witness: Bourassa

Line No.		Original Cost Rate base	Fair Value Rate Base
1			
2	Gross Utility Plant in Service	$ 27,429,576	$ 27,429,576
3	Less: Accumulated Depreciation	6,147,648	6,147,648
4			
5	Net Utility Plant in Service	$ 21,281,928	$ 21,281,928
6			
7	Less:		
8	Advances in Aid of		
9	Construction	5,189,497	5,189,497
10	Contributions in Aid of		
11	Construction	7,712,717	7,712,717
12			
13	Accumulated Amortization of CIAC	(1,354,681)	(1,354,681)
14			
15	Customer Security Deposits	52,876	52,876
16	Deferred Income Taxes & Credits	321,863	321,863
17			
18			
19			
20	Plus:		
21	Unamortized Debt Issuance		
22	Costs	-	-
23	Deferred Reg. Assets	-	-
24	Working capital	-	-
25			
26			
27			
28			
29	Total Rate Base	$ 9,359,656	$ 9,359,656
30			
31			
32			
33	SUPPORTING SCHEDULES:		RECAP SCHEDULES:
34	B-2		A-1
35	B-3		
36	B-5		
37			
38			

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments

Exhibit
Rejoinder Schedule B-2
Page 1
Witness: Bourassa

Line No.		Adjusted at End of Test Year	Rebuttal Proforma Adjustment Amount	Rejoinder Adjusted at end of Test Year
1	Gross Utility			
2	Plant in Service	$ 27,468,728	(39,153)	$ 27,429,576
3				
4	**Less:**			
5	Accumulated			
6	Depreciation	6,309,380	(161,733)	6,147,648
7				
8				
9	Net Utility Plant			
10	in Service	$ 21,159,348		$ 21,281,928
11				
12	**Less:**			
13	Advances in Aid of			
14	Construction	5,189,497	-	5,189,497
15				
16	Contributions in Aid of			
17	Construction	7,712,717	-	7,712,717
18				
19	Accumulated Amort of CIAC	(1,376,852)	22,171	(1,354,681)
20				
21	Customer Security Deposits	52,876		52,876
22	Deferred Income Taxes & Credits	283,078	38,785	321,863
23				
24				
25				
26	**Plus:**			
27	Unamortized Debt Issuance			
28	Costs	-		-
29	Deferred Reg. Assets	-	-	-
30	Working capital	-	-	-
31				
32				
33				
34				
35	Total	$ 9,298,032		$ 9,359,656
36				
37				
38				
39	SUPPORTING SCHEDULES:		RECAP SCHEDULES:	
40	B-2, pages 2		B-1	
41				
42				
43				
44				
45				
46				
47				
48				

Sahuarita Water Company, LLC
Test Year Ended September 30, 2008
Original Cost Rate Base Proforma Adjustments

Exhibit
Rejoinder Schedule B-2
Page 2
Witness: Bourassa

Line No.		Adjusted at End of Test Year	Proforma Adjustments 1 Plant	2 Accumulated Depr.	3 CIAC	4 ADIT	Rejoinder at end of Test Year
1	Gross Utility Plant in Service	$ 27,468,728					$ 27,429,576
2							
3							
4	**Less:**						
5	Accumulated Depreciation		(39,153)				
6							
7							
8							
9	Net Utility Plant in Service	6,309,380					
10							
11							
12	**Less:**						
13	Advances in Aid of Construction			(161,733)			
14							
15							
16	Contributions in Aid of Construction (CIAC)	$ 21,159,348	$ (39,153)	$ 161,733	$ -	$ -	$ 6,147,648
17							
18							
19	Accumulated Amort of CIAC	5,189,497					
20							
21	Customer Security Deposits	7,712,717					$ 21,281,928
22	Deferred Income Taxes & Credits	(1,376,852)					
23							
24							
25	**Plus:**						
26	Unamortized Finance Charges	52,876					5,189,497
27		283,078					
28				22,171			
29							7,712,717
30	Allowance for Working Capital						(1,354,681)
31	Total	-			38,785		
32							52,876
33		-					321,863
34							
35		$ 9,298,032	$ (39,153)	$ 161,733	$ (22,171)	$ (38,785)	$ 9,359,656
36	SUPPORTING SCHEDULES:						
37	B-2, pages 3-6						-
	E-1						-

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1

Exhibit
Rejoinder Schedule B-2
Page 3
Witness: Bourassa

Line No.	Acct. No.	Description	Adjusted Orginal Cost	A Arsenic Media Retirement Reversal	B Repclassify Arsenic Media	C Relcassify Arsenic Media	D Orginal Arsenic Media Retirement	E Reclassify Plant	F Arsenic Media Regen. PTY Plant	G Adjustmtents To Rconcile Plant to Reconstruction	Rejoinder Adjusted Original Cost
				Adjustments							
1	Plant-in-Service										
5	301	Organization Cost	7,541							-	7,541
6	302	Franchise Cost	352,403							-	352,403
7	303	Land and Land Rights	13,636							-	13,636
8	304	Structures and Improvements	401,832							-	401,832
9	305	Collecting and Impounding Res.	-							-	-
10	306	Lake River and Other Intakes	-							-	-
11	307	Wells and Springs	2,142,644							-	2,142,644
12	308	Infiltration Galleries and Tunnels	-							-	-
13	309	Supply Mains	-							-	-
14	310	Power Generation Equipment	549,708							-	549,708
15	311	Electric Pumping Equipment	195,407							-	195,407
16	320	Water Treatment Equipment	2,001,053		120,000	(575,005)		(1,546,048)		-	-
17	320.1	Water Treatment Plant	-					1,499,569		-	1,499,569
18	320.2	Chemical Solution Feeders	-					46,479		-	46,479
19	320.3	Arsenic Media	152,307	250,000	(250,000)			(152,307)		(0)	(0)
20	320.4	Original Arsenic Media	-		130,000	575,005	(287,503)	-		-	417,503
21	320.5	Arsenic Media Regneration	-					152,307	(1,650)	-	150,657
22	330	Dist. Reservoirs & Standpipe	1,848,872					(1,848,872)		-	-
23	330.1	Storage tanks	-					1,811,998		-	1,811,998
24	330.2	Pressure Tanks	-					36,874		-	36,874
25	331	Trans. and Dist. Mains	13,281,054							-	13,281,054
26	333	Services	2,256,719							-	2,256,719
27	334	Meters	1,489,172							-	1,489,172
28	335	Hydrants	732,251							-	732,251
29	336	Backflow Prevention Devices	1,660							-	1,660
30	339	Other Plant and Misc. Equip.	-							-	-
31	340	Office Furniture and Fixtures	160,855							-	160,855
32	340.1	Computers and Software	122,607							-	122,607
33	341	Transportation Equipment	139,706							-	139,706
34	342	Stores Equipment	-							-	-
35	343	Tools and Work Equipment	37,840							-	37,840
36	344	Laboratory Equipment	132							-	132
37	345	Power Operated Equipment	-							-	-
38	346	Communications Equipment	577,721							-	577,721
39	347	Miscellaneous Equipment	695							-	695
40	348	Other Tangible Plant	1,002,914							-	1,002,914
41			-								-
42		TOTALS	$ 27,468,728	$ 250,000			$ (287,503)	$ -	$ (1,650)	$ (0)	$ 27,429,576
43											
44	Plant-in-Service per Books										$ 27,468,728
45											
46	Increase (decrease) in Plant-in-Service										$ (39,153)
47											
48	Adjustment to Plant-in-Service										$ (39,153)
49											
50	SUPPORTING SCHEDULES										
51	B-2, pages 3.1-3.7										

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - A

Exhibit
Rejoinder Schedule B-2
Page 3.1
Witness: Bourassa

Line No.				
1	Reverse Retirement of Arsenic Media			
2				
3				
4	Acct.			Orginal
5	No.	Description		Cost
6	320.3	Arsenic Media	$	120,000
7	320.3	Arsenic Media		130,000
8				
9		TOTALS	$	250,000
10				
11				
12				
13				
14				
15				
16				
17				
18	SUPPORTING SCHEDULE			
19	Testimony			
20	Workpapers			

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - B

Exhibit
Rejoinder Schedule B-2
Page 3.3
Witness: Bourassa

Line No.				
1	Reclassify Arsenic Media			
2				
3				
4	Acct.			Orginal
5	No.	Description		Cost
6	320	Water Treatment Equipment	$	120,000
7	320.3	Arsenic Media		(250,000)
8	320.4	Original Arsenic Media - Batch 3		130,000
9				
10		TOTALS	$	-
11				
12				
13				
14				
15				
16				
17				
18	SUPPORTING SCHEDULE			
19	Testimony			
20	Workpapers			

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - C

Exhibit
Rejoinder Schedule B-2
Page 3.3
Witness: Bourassa

Line No.				
1	Reclass Arsenic Media Cost			
2				
3				
4	Acct.			Orginal
5	No.	Description		Cost
6	320	Water Treatment Equipment	$	(575,005)
7	320.4	Original Arsenic Media - Batch 1		287,503
8	320.4	Original Arsenic Media - Batch 2		287,503
9				
10		TOTALS	$	-
11				
12				
13				
14				
15				
16				
17				
18				
19	SUPPORTING SCHEDULE			
20	Testimony			
21	Workpapers			

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - D

Exhibit
Rejoinder Schedule B-2
Page 3.4
Witness: Bourassa

Line No.				
1	Retire Arsenic Media			
2				
3				
4	Acct.			Orginal
5	No.	Description		Cost
6	320.4	Original Arsenic Media - Batch 1	$	(287,503)
7				
8				
9				
10		TOTALS	$	(287,503)
11				
12				
13				
14				
15				
16				
17				
18				
19	SUPPORTING SCHEDULE			
20	Testimony			
21	Workpapers			

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - E

Exhibit
Rejoinder Schedule B-2
Page 3.5
Witness: Bourassa

Line No.				
1	Reclass Plant			
2				
3				
4	Acct.			Orginal
5	No.	Description		Cost
6	320	Water Treatment Equipment	$	(1,546,048)
7	320.1	Water Treatment Plant		1,499,569
8	320.2	Chemical Solution Feeders		46,479
9	320.3	Arsenic Media		(152,307)
10	320.4	Original Arsenic Media		-
11	320.5	Arsenic Media Regneration		152,307
12	330	Distribution Reservoirs and Standpipes	$	(1,848,872)
13	330.1	Storage Tanks		1,811,998
14	330.2	Pressure Tanks		36,874
15		TOTALS	$	-
16				
17				
18				
19				
20				
21				
22				
23	SUPPORTING SCHEDULE			
24	Testimony			
25	Workpapers			

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - F

Exhibit
Rejoinder Schedule B-2
Page 3.6
Witness: Bourassa

Line No.				
1	Revice Cost of Post-Test Year Plant - Arsenic Media			
2				
3				
4				
5				Amount
6	320.5	Arsenic Media Regneration	Revised Arsenic Media Regeneration Costs	$ 150,657
7	320.5	Arsenic Media Regneration	Proposed Arsenic Media Regeneration Costs per Direct	152,307
8				
9				
10	Increase (decrease) in Arseninc Media Regneration Cost (320.5)			$ (1,650)
11				
12				
13				
14				
15				
16				
17				
18	SUPPORTING SCHEDULE			
19	Testimony			
20	Workpapers			

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - G

Exhibit
Rejoinder Schedule B-2
Page 3.7
Witness: Bourassa

Line No.

1 Reconciliation of Plant to Plant Reconstruction

Acct. No.	Description	Adjusted Orginal Cost	Rebuttal B-2 Adjustments	Rebuttal Adjusted Orginal Cost	Rebuttal Plant Per Reconstruction	Difference
301	Organization Cost	7,541	-	7,541	7,541	-
302	Franchise Cost	352,403	-	352,403	352,403	-
303	Land and Land Rights	13,636	-	13,636	13,636	-
304	Structures and Improvements	401,832	-	401,832	401,832	-
305	Collecting and Impounding Res.	-	-	-	-	-
306	Lake River and Other Intakes	-	-	-	-	-
307	Wells and Springs	2,142,644	-	2,142,644	2,142,644	-
308	Infiltration Galleries and Tunnels	-	-	-		-
309	Supply Mains	-	-	-		-
310	Power Generation Equipment	549,708	-	549,708	549,708	-
311	Electric Pumping Equipment	195,407	-	195,407	195,407	-
320	Water Treatment Equipment	2,001,053	(2,001,053)	-	-	-
320.1	Water Treatment Plant	-	1,499,569	1,499,569	1,499,569	-
320.2	Chemical Solution Feeders	-	46,479	46,479	46,479	-
320.3	Arsenic Media Regneration	152,307	(152,307)	(0)	(0)	(0)
320.4	Originial Arsenic Media	-	417,503	417,503	417,503	-
320.5	Arsenic Media Regneration	-	150,657	150,657	150,657	
330	Dist. Reservoirs & Standpipe	1,848,872	(1,848,872)	-	-	-
330.1	Storage tanks	-	1,811,998	1,811,998	1,811,998	-
330.2	Pressure Tanks	-	36,874	36,874	36,874	-
331	Trans. and Dist. Mains	13,281,054	-	13,281,054	13,281,054	-
333	Services	2,256,719	-	2,256,719	2,256,719	-
334	Meters	1,489,172	-	1,489,172	1,489,172	-
335	Hydrants	732,251	-	732,251	732,251	-
336	Backflow Prevention Devices	1,660	-	1,660	1,660	-
339	Other Plant and Misc. Equip.	-	-	-		-
340	Office Furniture and Fixtures	160,855	-	160,855	160,855	-
340.1	Computers and Software	122,607	-	122,607	122,607	-
341	Transportation Equipment	139,706	-	139,706	139,706	-
342	Stores Equipment	-	-	-		-
343	Tools and Work Equipment	37,840	-	37,840	37,840	-
344	Laboratory Equipment	132	-	132	132	-
345	Power Operated Equipment	-	-	-		-
346	Communications Equipment	577,721	-	577,721	577,721	-
347	Miscellaneous Equipment	695	-	695	695	-
348	Other Tangible Plant	1,002,914	-	1,002,914	1,002,914	-
	Rounding			-	-	-
	TOTALS	$ 27,468,728	$ (39,153)	$ 27,429,576	$ 27,429,576	$ (0)

SUPPORTING SCHEDULE
B-2, pages 3.1 through 3.6
B-2, pages 3.8 through 3.14

Sahuarita Water Company, LLC
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.8
Witness: Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	Company Plant at 12/31/2008	Order Adopted Adjustments	Order Plant at 12/31/2008	Accum. Deprec. At 12/31/2008	Order Adopted Adjustments	Order A/D at 12/31/2008	Net Plant 12/31/2008	Plant at 12/31/2008	Accum. Deprec. At 12/31/2008
1	301	Organization Cost	0.00%	7,541	-	7,541	-		-	7,541	7,541	-
2	302	Franchise Cost	0.00%	350,861	-	350,861	-		-	350,861	350,861	-
3	303	Land and Land Rights	0.00%	13,636	-	13,636	-		-	13,636	13,636	-
4	304.1	Structures & Improvements	3.33%	171,671	-	171,671	7,678	-	7,678	163,993	171,671	7,678
6	304.2	Structures and Improv - Water Trmnt	3.33%	-	-	-	-	-	-	-	-	-
7	305	Collecting & Impounding Reservoirs	2.50%	-	-	-	-	-	-	-	-	-
8	306	Lake, River, Canal Intakes	2.50%	-	-	-	-	-	-	-	-	-
9	307	Wells & Springs	3.33%	800,396	(251,483)	548,913	126,795	(251,483)	(124,688)	673,601	548,913	(124,688)
10	308	Infiltration Galleries	6.67%	-	-	-			-	-	-	-
11	309	Raw Water Supply Mains	2.00%	-	-	-			-	-	-	-
12	310	Power Generation Equipment	5.00%	335,668	-	335,668	16,317	-	16,317	319,351	335,668	16,317
13	311	Pumping Equipment	12.50%	43,912	-	43,912	9,696	-	9,696	34,216	43,912	9,696
14	311.1	Pumping Equipment - Gas	12.50%	-	-	-	-	-	-	-	-	-
15	320	Water Treatment Equipment	3.33%	-	-	-	-	-	-	-	-	-
16	320.1	Water Treatment Plants	3.33%	18,694	-	18,694	1,552	-	1,552	17,142	18,694	1,552
17	320.2	Solution Chemical Feeders	20.00%	-	-	-	-	-	-	-	-	-
1	320.3	Arsenic Media	67.00%	-	-	-	-	-	-	-	-	-
2	320.4	Original Arsenic Media	6.67%	-	-	-	-	-	-	-	-	-
3	320.5	Arsenic Media Regneration	40.00%	-	-	-	-	-	-	-	-	-
4	330	Distribution Reservoirs & Standpipes	2.22%	-	-	-	-	-	-	-	-	-
5	330.1	Storage Tanks	2.22%	1,811,998	-	1,811,998	132,080	-	132,080	1,679,918	1,811,998	132,080
6	330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-	-	-
7	331	Transmission & Distribution Mains	2.00%	10,162,557	(30,250)	10,132,307	587,243	(30,250)	556,993	9,575,314	10,132,307	556,993
8	333	Services	3.33%	2,081,553	(30,159)	2,051,394	151,782	(30,159)	121,623	1,929,771	2,051,394	121,623
9	333.1	Fire Taps	3.33%	-	-	-	-	-	-	-	-	-
10	334	Meters	8.33%	1,238,008	(15,673)	1,222,335	422,202	-	422,202	800,133	1,222,335	422,202
11	335	Hydrants	2.00%	656,364	-	656,364	27,628	(15,673)	11,955	644,409	656,364	11,955
12	336	Backflow Prevention Devices	6.67%	816	-	816	102	-	102	714	816	102
13	339	Other Plant & Misc Equipment	6.67%	0	-	0	-	-	-	0	0	-
14	340	Office Furniture & Equipment	6.67%	283,991	-	283,991	40,362	-	40,362	243,629	283,991	40,362
15	340.1	Computers & Software	20.00%	-	-	-	-	-	-	-	-	-
16	341	Transportation Equipment	20.00%	146,129	-	146,129	97,477	-	97,477	48,652	146,129	97,477
18	343	Tools, Shop & Garage Equipment	5.00%	13,856	-	13,856	3,133	-	3,133	10,723	13,856	3,133
19	344	Laboratory Equipment	10.00%	132	-	132	20	-	20	112	132	20
20	345	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-	-
21	345.1	Power Operated Equipment - Backhoe	5.00%	-	-	-	-	-	-	-	-	-
22	346	Communication Equipment	10.00%	11,818	-	11,818	2,077	-	2,077	9,741	11,818	2,077
23	347	Miscellaneous Equipment	10.00%	695	-	695	104	-	104	591	695	104
24	348	Other Tangible Plant	10.00%	962,974	-	962,974	54,602	-	54,602	908,372	962,974	54,602
25		Rounding			-	-			-	-	-	-
		PTY Plant	0%	1,844,270	2,850,253	4,694,523			-	4,694,523	4,694,523	-
26		CWIP			-	-			-	-	-	-
27		TOTALS		20,957,540	2,522,688	23,480,228	1,680,847	(327,565)	1,353,282	22,126,946	23,480,228	1,353,282

Sahuarita Water Company, LLC
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.9
Witness: Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	2009 Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%			-			-		-	7,541	-
2	302	Franchise Cost	0.00%	1,542		1,542			-		-	352,403	-
3	303	Land and Land Rights	0.00%			-			-		-	13,636	-
4	304.1	Structures & Improvements	3.33%	225,636	-	225,636	-	-	-	-	9,473	397,307	17,152
6	304.2	Structures and Improv - Water Trmnt	3.33%	-	-	-	-	-	-	-	-	-	-
7	305	Collecting & Impounding Reservoirs	2.50%			-			-		-	-	-
8	306	Lake, River, Canal Intakes	2.50%			-			-		-	-	-
9	307	Wells & Springs	3.33%	1,463,988	-	1,463,988	-	-	-	-	42,654	2,012,901	(82,034)
10	308	Infiltration Galleries	6.67%			-			-		-	-	-
11	309	Raw Water Supply Mains	2.00%			-			-		-	-	-
12	310	Power Generation Equipment	5.00%	-	-	-	-	-	-	-	16,783	335,668	33,100
13	311	Pumping Equipment	12.50%	102,189	-	102,189	-	-	-	-	11,876	146,101	21,571
14	311.1	Pumping Equipment - Gas	12.50%	-	-	-	-	-	-	-	-	-	-
15	320	Water Treatment Equipment	3.33%	-	-	-	-	-	-	-	-	-	-
16	320.1	Water Treatment Plants	3.33%	1,842,469	(621,484)	1,220,985	-	-	-	-	20,952	1,239,679	22,504
17	320.2	Solution Chemical Feeders	20.00%	-	46,479	46,479	-	-	-	-	4,648	46,479	4,648
1	320.3	Arsenic Media	67.00%	-	-	-	-	-	-	-	-	-	-
2	320.4	Original Arsenic Media	6.67%	-	575,005	575,005	-	-	-	-	19,176	575,005	19,176
3	320.5	Arsenic Media Regneration	40.00%	-	-	-	-	-	-	-	-	-	-
4	330	Distribution Reservoirs & Standpipes	2.22%	36,874	(36,874)	-	-	-	-	-	-	-	-
5	330.1	Storage Tanks	2.22%	-	-	-	-	-	-	-	40,226	1,811,998	172,306
6	330.2	Pressure Tanks	5.00%	-	36,874	36,874	-	-	-	-	922	36,874	922
7	331	Transmission & Distribution Mains	2.00%	2,381,014	-	2,381,014	-	-	-	-	226,456	12,513,321	783,449
8	333	Services	3.33%	-	-	-	-	-	-	-	68,311	2,051,394	189,934
9	333.1	Fire Taps	3.33%	-	-	-	-	-	-	-	-	-	-
10	334	Meters	8.33%	94,085	-	94,085	-	-	-	-	105,739	1,316,420	527,941
11	335	Hydrants	2.00%	3,050	-	3,050	-	-	-	-	13,158	659,414	25,112
12	336	Backflow Prevention Devices	6.67%	-	-	-	-	-	-	-	54	816	156
13	339	Other Plant & Misc Equipment	6.67%	-	-	-	-	-	-	-	0	0	0
14	340	Office Furniture & Equipment	6.67%	-	-	-	127,131	-	127,131	-	14,702	156,860	(72,067)
15	340.1	Computers & Software	20.00%	75,672	-	75,672	-	-	-	-	7,567	75,672	7,567
16	341	Transportation Equipment	20.00%	-	-	-	-	-	-	-	29,226	146,129	126,702
18	343	Tools, Shop & Garage Equipment	5.00%	6,574	-	6,574	-	-	-	-	857	20,430	3,990
19	344	Laboratory Equipment	10.00%	-	-	-	-	-	-	-	13	132	33
20	345	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-	-	-
21	345.1	Power Operated Equipment - Backhoe	5.00%	-	-	-	-	-	-	-	-	-	-
22	346	Communication Equipment	10.00%	489,268	-	489,268	-	-	-	-	25,645	501,086	27,722
23	347	Miscellaneous Equipment	10.00%	-	-	-	-	-	-	-	70	695	174
24	348	Other Tangible Plant	10.00%	28	-	28	-	-	-	-	96,299	963,002	150,900
25		Rounding				-			-		-	-	-
		PTY Plant	0%	(4,694,523)		(4,694,523)			-		-	-	-
26		CWIP				-			-		-	-	-
27		TOTALS		2,027,864	-	2,027,864	127,131	-	127,131	-	754,810	25,380,961	1,980,961

Sahuarita Water Company, LLC
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.10
Witness: Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	2010 Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%			-			-		-	7,541	-
2	302	Franchise Cost	0.00%			-			-		-	352,403	-
3	303	Land and Land Rights	0.00%			-			-		-	13,636	-
4	304.1	Structures & Improvements	3.33%	2,207	-	2,207	-	-	-	-	13,267	399,514	30,419
6	304.2	Structures and Improv - Water Trmnt	3.33%	-	-	-	-	-	-	-	-	-	-
7	305	Collecting & Impounding Reservoirs	2.50%			-			-		-	-	-
8	306	Lake, River, Canal Intakes	2.50%			-			-		-	-	-
9	307	Wells & Springs	3.33%	90,391	-	90,391	440	-	440	-	68,527	2,102,852	(13,947)
10	308	Infiltration Galleries	6.67%			-			-		-	-	-
11	309	Raw Water Supply Mains	2.00%			-			-		-	-	-
12	310	Power Generation Equipment	5.00%	-	-	-	-	-	-	-	16,783	335,668	49,883
13	311	Pumping Equipment	12.50%	719	-	719	-	-	-	-	18,308	146,820	39,879
14	311.1	Pumping Equipment - Gas	12.50%	-	-	-	-	-	-	-	-	-	-
15	320	Water Treatment Equipment	3.33%	-	-	-	-	-	-	-	-	-	-
16	320.1	Water Treatment Plants	3.33%	198,380	-	198,380	-	-	-	-	44,584	1,438,059	67,088
17	320.2	Solution Chemical Feeders	20.00%	-	-	-	-	-	-	-	9,296	46,479	13,944
1	320.3	Arsenic Media	67.00%	-	-	-	-	-	-	-	-	-	-
2	320.4	Original Arsenic Media	6.67%	-	-	-	-	-	-	-	38,353	575,005	57,529
3	320.5	Arsenic Media Regneration	40.00%	-	-	-	-	-	-	-	-	-	-
4	330	Distribution Reservoirs & Standpipes	2.22%	-	-	-	-	-	-	-	-	-	-
5	330.1	Storage Tanks	2.22%	-	-	-	-	-	-	-	40,226	1,811,998	212,533
6	330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-	1,844	36,874	2,766
7	331	Transmission & Distribution Mains	2.00%	166,451	-	166,451	-	-	-	-	251,931	12,679,772	1,035,380
8	333	Services	3.33%	69,053	-	69,053	-	-	-	-	69,461	2,120,447	259,396
9	333.1	Fire Taps	3.33%	-	-	-	-	-	-	-	-	-	-
10	334	Meters	8.33%	32,986	-	32,986	-	-	-	-	111,032	1,349,406	638,973
11	335	Hydrants	2.00%	18,031	-	18,031	-	-	-	-	13,369	677,445	38,481
12	336	Backflow Prevention Devices	6.67%	-	-	-	-	-	-	-	54	816	211
13	339	Other Plant & Misc Equipment	6.67%	-	-	-	-	-	-	-	0	0	0
14	340	Office Furniture & Equipment	6.67%	-	-	-	-	-	-	-	10,463	156,860	(61,604)
15	340.1	Computers & Software	20.00%	11,844	-	11,844	-	-	-	-	16,319	87,516	23,886
16	341	Transportation Equipment	20.00%	-	-	-	-	-	-	-	19,427	146,129	146,129
18	343	Tools, Shop & Garage Equipment	5.00%	2,232	-	2,232	-	-	-	-	1,077	22,662	5,067
19	344	Laboratory Equipment	10.00%	-	-	-	-	-	-	-	13	132	46
20	345	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-	-	-
21	345.1	Power Operated Equipment - Backhoe	5.00%	-	-	-	-	-	-	-	-	-	-
22	346	Communication Equipment	10.00%	77,885	-	77,885	-	-	-	-	54,003	578,971	81,725
23	347	Miscellaneous Equipment	10.00%	-	-	-	-	-	-	-	70	695	243
24	348	Other Tangible Plant	10.00%	-	-	-	-	-	-	-	96,300	963,002	247,201
25		Rounding				-			-		-	-	-
		PTY Plant	0%			-			-		-	-	-
26		CWIP				-			-		-	-	-
27		TOTALS		670,179	-	670,179	440	-	440	-	894,706	26,050,701	2,875,227

Sahuarita Water Company, LLC
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.11
Witness: Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	2011 Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1.	301	Organization Cost	0.00%			-			-		-	7,541	-
2	302	Franchise Cost	0.00%			-			-		-	352,403	-
3	303	Land and Land Rights	0.00%			-			-		-	13,636	-
4	304.1	Structures & Improvements	3.33%	-	-	-	-	-	-	-	13,304	399,514	43,723
6	304.2	Structures and Improv - Water Trmnt	3.33%	-	-	-	-	-	-	-	-	-	-
7	305	Collecting & Impounding Reservoirs	2.50%			-			-		-	-	-
8	306	Lake, River, Canal Intakes	2.50%			-			-		-	-	-
9	307	Wells & Springs	3.33%	39,792	-	39,792	-	-	-	-	70,687	2,142,644	56,741
10	308	Infiltration Galleries	6.67%			-			-		-	-	-
11	309	Raw Water Supply Mains	2.00%			-			-		-	-	-
12	310	Power Generation Equipment	5.00%	-	-	-	-	-	-	-	16,783	335,668	66,667
13	311	Pumping Equipment	12.50%	-	-	-	-	-	-	-	18,353	146,820	58,232
14	311.1	Pumping Equipment - Gas	12.50%	-	-	-	-	-	-	-	-	-	-
15	320	Water Treatment Equipment	3.33%	-	-	-	-	-	-	-	-	-	-
16	320.1	Water Treatment Plants	3.33%	891	-	891	-	-	-	-	47,902	1,438,950	114,990
17	320.2	Solution Chemical Feeders	20.00%	-	-	-	-	-	-	-	9,296	46,479	23,240
1	320.3	Arsenic Media	67.00%	-	-	-	-	-	-	-	-	-	-
2	320.4	Original Arsenic Media	6.67%	-	-	-	287,503	-	287,503	-	28,765	287,503	(201,209)
3	320.5	Arsenic Media Regneration	40.00%	-	-	-	-	-	-	-	-	-	-
4	330	Distribution Reservoirs & Standpipes	2.22%	-	-	-	-	-	-	-	-	-	-
5	330.1	Storage Tanks	2.22%	-	-	-	-	-	-	-	40,226	1,811,998	252,759
6	330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-	1,844	36,874	4,609
7	331	Transmission & Distribution Mains	2.00%	134,849	-	134,849	-	-	-	-	254,944	12,814,621	1,290,324
8	333	Services	3.33%	2,300	-	2,300	-	-	-	-	70,649	2,122,747	330,045
9	333.1	Fire Taps	3.33%	-	-	-	-	-	-	-	-	-	-
10	334	Meters	8.33%	26,655	-	26,655	-	-	-	-	113,516	1,376,061	752,488
11	335	Hydrants	2.00%	2,600	-	2,600	-	-	-	-	13,575	680,045	52,056
12	336	Backflow Prevention Devices	6.67%	-	-	-	-	-	-	-	54	816	265
13	339	Other Plant & Misc Equipment	6.67%	-	-	-	-	-	-	-	0	0	0
14	340	Office Furniture & Equipment	6.67%	546	-	546	-	-	-	-	10,481	157,406	(51,124)
15	340.1	Computers & Software	20.00%	2,231	-	2,231	-	-	-	-	17,726	89,747	41,612
16	341	Transportation Equipment	20.00%	-	-	-	-	-	-	-	-	146,129	146,129
18	343	Tools, Shop & Garage Equipment	5.00%	2,208	-	2,208	-	-	-	-	1,188	24,869	6,256
19	344	Laboratory Equipment	10.00%	-	-	-	-	-	-	-	13	132	59
20	345	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-	-	-
21	345.1	Power Operated Equipment - Backhoe	5.00%	-	-	-	-	-	-	-	-	-	-
22	346	Communication Equipment	10.00%	-	-	-	7,382	-	7,382	-	57,528	571,589	131,871
23	347	Miscellaneous Equipment	10.00%	-	-	-	-	-	-	-	70	695	313
24	348	Other Tangible Plant	10.00%	19,693	-	19,693	-	-	-	-	97,285	982,695	344,485
25		Rounding				-			-		-	-	-
		PTY Plant	0%			-			-		-	-	-
26		CWIP				-			-		-	-	-
27		TOTALS		231,766	-	231,766	294,885	-	294,885	-	884,189	25,987,582	3,464,532

Sahuarita Water Company, LLC
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.12
Witness: Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	2012 Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%			-			-		-	7,541	-
2	302	Franchise Cost	0.00%			-			-		-	352,403	-
3	303	Land and Land Rights	0.00%			-			-		-	13,636	-
4	304.1	Structures & Improvements	3.33%	-	-	-	-	-	-	-	13,304	399,514	57,027
6	304.2	Structures and Improv - Water Trmnt	3.33%	-	-	-	-	-	-	-	-	-	-
7	305	Collecting & Impounding Reservoirs	2.50%			-			-		-	-	-
8	306	Lake, River, Canal Intakes	2.50%			-			-		-	-	-
9	307	Wells & Springs	3.33%	-	-	-	-	-	-	-	71,350	2,142,644	128,091
10	308	Infiltration Galleries	6.67%			-			-		-	-	-
11	309	Raw Water Supply Mains	2.00%			-			-		-	-	-
12	310	Power Generation Equipment	5.00%	-	-	-	-	-	-	-	16,783	335,668	83,450
13	311	Pumping Equipment	12.50%	-	-	-	-	-	-	-	18,353	146,820	76,584
14	311.1	Pumping Equipment - Gas	12.50%	-	-	-	-	-	-	-	-	-	-
15	320	Water Treatment Equipment	3.33%	-	-	-	-	-	-	-	-	-	-
16	320.1	Water Treatment Plants	3.33%	895	-	895	-	-	-	-	47,932	1,439,845	162,922
17	320.2	Solution Chemical Feeders	20.00%	-	-	-	-	-	-	-	9,296	46,479	32,535
1	320.3	Arsenic Media	67.00%	-	-	-	-	-	-	-	-	-	-
2	320.4	Original Arsenic Media	6.67%	130,000	-	130,000	-	-	-	-	23,512	417,503	(177,697)
3	320.5	Arsenic Media Regneration	40.00%	-	-	-	-	-	-	-	-	-	-
4	330	Distribution Reservoirs & Standpipes	2.22%	-	-	-	-	-	-	-	-	-	-
5	330.1	Storage Tanks	2.22%	-	-	-	-	-	-	-	40,226	1,811,998	292,985
6	330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-	1,844	36,874	6,453
7	331	Transmission & Distribution Mains	2.00%	229,944	-	229,944	-	-	-	-	258,592	13,044,564	1,548,916
8	333	Services	3.33%	30,159	-	30,159	-	-	-	-	71,190	2,152,906	401,234
9	333.1	Fire Taps	3.33%	-	-	-	-	-	-	-	-	-	-
10	334	Meters	8.33%	64,989	-	64,989	-	-	-	-	117,333	1,441,050	869,821
11	335	Hydrants	2.00%	15,673	-	15,673	-	-	-	-	13,758	695,718	65,814
12	336	Backflow Prevention Devices	6.67%	-	-	-	-	-	-	-	54	816	319
13	339	Other Plant & Misc Equipment	6.67%	-	-	-	-	-	-	-	0	0	0
14	340	Office Furniture & Equipment	6.67%	-	-	-	-	-	-	-	10,499	157,406	(40,625)
15	340.1	Computers & Software	20.00%	5,465	-	5,465	2,991	-	2,991	-	18,197	92,221	56,818
16	341	Transportation Equipment	20.00%	-	-	-	-	-	-	-	-	146,129	146,129
18	343	Tools, Shop & Garage Equipment	5.00%	1,679	-	1,679	-	-	-	-	1,285	26,548	7,541
19	344	Laboratory Equipment	10.00%	-	-	-	-	-	-	-	13	132	73
20	345	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-	-	-
21	345.1	Power Operated Equipment - Backhoe	5.00%	-	-	-	-	-	-	-	-	-	-
22	346	Communication Equipment	10.00%	-	-	-	-	-	-	-	57,159	571,589	189,030
23	347	Miscellaneous Equipment	10.00%	-	-	-	-	-	-	-	70	695	382
24	348	Other Tangible Plant	10.00%	13,920	-	13,920	-	-	-	-	98,965	996,614	443,451
25		Rounding				-			-		-	-	-
		PTY Plant	0%			-			-		-	-	-
26		CWIP				-			-		-	-	-
27		TOTALS		492,723	-	492,723	2,991	-	2,991	-	889,714	26,477,314	4,351,255

Sahuarita Water Company, LLC
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.13
Witness: Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	2013 Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%			-			-		-	7,541	-
2	302	Franchise Cost	0.00%			-			-		-	352,403	-
3	303	Land and Land Rights	0.00%			-			-		-	13,636	-
4	304.1	Structures & Improvements	3.33%	2,318	-	2,318	-	-	-	-	13,342	401,832	70,369
6	304.2	Structures and Improv - Water Trmnt	3.33%	-	-	-	-	-	-	-	-	-	-
7	305	Collecting & Impounding Reservoirs	2.50%			-			-		-	-	-
8	306	Lake, River, Canal Intakes	2.50%			-			-		-	-	-
9	307	Wells & Springs	3.33%	-	-	-	-	-	-	-	71,350	2,142,644	199,441
10	308	Infiltration Galleries	6.67%			-			-		-	-	-
11	309	Raw Water Supply Mains	2.00%			-			-		-	-	-
12	310	Power Generation Equipment	5.00%	3,116	-	3,116	-	-	-	-	16,861	338,784	100,312
13	311	Pumping Equipment	12.50%	18,589	-	18,589	-	-	-	-	19,514	165,409	96,098
14	311.1	Pumping Equipment - Gas	12.50%	-	-	-	-	-	-	-	-	-	-
15	320	Water Treatment Equipment	3.33%	-	-	-	-	-	-	-	-	-	-
16	320.1	Water Treatment Plants	3.33%	-	-	-	-	-	-	-	47,947	1,439,845	210,869
17	320.2	Solution Chemical Feeders	20.00%	-	-	-	-	-	-	-	9,296	46,479	41,831
1	320.3	Arsenic Media	67.00%	115,917	-	115,917	-	-	-	-	38,832	115,917	38,832
2	320.4	Original Arsenic Media	6.67%	-	-	-	-	-	-	-	27,847	417,503	(149,849)
3	320.5	Arsenic Media Regneration	40.00%	-	-	-	-	-	-	-	-	-	-
4	330	Distribution Reservoirs & Standpipes	2.22%	-	-	-	-	-	-	-	-	-	-
5	330.1	Storage Tanks	2.22%	-	-	-	-	-	-	-	40,226	1,811,998	333,212
6	330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-	1,844	36,874	8,297
7	331	Transmission & Distribution Mains	2.00%	139,030	-	139,030	-	-	-	-	262,282	13,183,594	1,811,197
8	333	Services	3.33%	60,501	-	60,501	-	-	-	-	72,699	2,213,407	473,933
9	333.1	Fire Taps	3.33%	-	-	-	-	-	-	-	-	-	-
10	334	Meters	8.33%	30,190	-	30,190	-	-	-	-	121,297	1,471,240	991,118
11	335	Hydrants	2.00%	22,517	-	22,517	-	-	-	-	14,140	718,235	79,953
12	336	Backflow Prevention Devices	6.67%	-	-	-	-	-	-	-	54	816	374
13	339	Other Plant & Misc Equipment	6.67%	-	-	-	-	-	-	-	0	0	0
14	340	Office Furniture & Equipment	6.67%	1,126	-	1,126	-	-	-	-	10,537	158,533	(30,088)
15	340.1	Computers & Software	20.00%	6,101	-	6,101	4,798	-	4,798	-	18,575	93,524	70,594
16	341	Transportation Equipment	20.00%	16,307	-	16,307	22,730	-	22,730	-	1,631	139,706	125,030
18	343	Tools, Shop & Garage Equipment	5.00%	7,777	-	7,777	-	-	-	-	1,522	34,325	9,063
19	344	Laboratory Equipment	10.00%	-	-	-	-	-	-	-	13	132	86
20	345	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-	-	-
21	345.1	Power Operated Equipment - Backhoe	5.00%	-	-	-	-	-	-	-	-	-	-
22	346	Communication Equipment	10.00%	6,132	-	6,132	-	-	-	-	57,465	577,721	246,496
23	347	Miscellaneous Equipment	10.00%	-	-	-	-	-	-	-	70	695	452
24	348	Other Tangible Plant	10.00%	5,272	-	5,272	-	-	-	-	99,925	1,001,887	543,376
25		Rounding				-			-		-	-	-
		PTY Plant	0%			-			-		-	-	-
26		CWIP				-			-		-	-	-
27		TOTALS		434,893	-	434,893	27,528	-	27,528	-	947,269	26,884,678	5,270,995

Sahuarita Water Company, LLC
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.14
Witness: Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	2014 Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	PTY Plant	PTY Retirements	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%			-			-		-			7,541	-
2	302	Franchise Cost	0.00%			-			-		-			352,403	-
3	303	Land and Land Rights	0.00%			-			-		-			13,636	-
4	304.1	Structures & Improvements	3.33%	-	-	-	-	-	-	-	13,381			401,832	83,750
6	304.2	Structures and Improv - Water Trmnt	3.33%	-	-	-	-	-	-	-	-			-	-
7	305	Collecting & Impounding Reservoirs	2.50%			-			-		-			-	-
8	306	Lake, River, Canal Intakes	2.50%			-			-		-			-	-
9	307	Wells & Springs	3.33%	-	-	-	-	-	-	-	71,350			2,142,644	270,791
10	308	Infiltration Galleries	6.67%			-			-		-			-	-
11	309	Raw Water Supply Mains	2.00%			-			-		-			-	-
12	310	Power Generation Equipment	5.00%	-	-	-	-	-	-	-	16,939	210,924	-	549,708	117,251
13	311	Pumping Equipment	12.50%	29,998	-	29,998	-	-	-	-	22,551			195,407	118,649
14	311.1	Pumping Equipment - Gas	12.50%	-	-	-	-	-	-	-	-			-	-
15	320	Water Treatment Equipment	3.33%	-	-	-	-	-	-	-	-			-	-
16	320.1	Water Treatment Plants	3.33%	59,724	-	59,724	-	-	-	-	48,941			1,499,569	259,810
17	320.2	Solution Chemical Feeders	20.00%	-	-	-	-	-	-	-	4,648			46,479	46,479
1	320.3	Arsenic Media	67.00%	-	-	-	-	-	-	-	77,085	-	(115,917)	(0)	0
2	320.4	Original Arsenic Media	6.67%	-	-	-	-	-	-	-	27,847	-	-	417,503	(122,002)
3	320.5	Arsenic Media Regneration	40.00%	-	-	-	-	-	-	-	-	150,657	-	150,657	-
4	330	Distribution Reservoirs & Standpipes	2.22%	-	-	-	-	-	-	-	-	-	-	-	-
5	330.1	Storage Tanks	2.22%	-	-	-	-	-	-	-	40,226	-	-	1,811,998	373,438
6	330.2	Pressure Tanks	5.00%	-	-	-	-	-	-	-	1,844	-	-	36,874	10,140
7	331	Transmission & Distribution Mains	2.00%	97,460	-	97,460	-	-	-	-	264,646			13,281,054	2,075,844
8	333	Services	3.33%	43,312	-	43,312	-	-	-	-	74,428			2,256,719	548,361
9	333.1	Fire Taps	3.33%	-	-	-	-	-	-	-	-			-	-
10	334	Meters	8.33%	17,932	-	17,932	-	-	-	-	123,301			1,489,172	1,114,419
11	335	Hydrants	2.00%	14,016	-	14,016	-	-	-	-	14,505			732,251	94,458
12	336	Backflow Prevention Devices	6.67%	844	-	844	-	-	-	-	83			1,660	456
13	339	Other Plant & Misc Equipment	6.67%	-	-	-	-	-	-	-	0			0	0
14	340	Office Furniture & Equipment	6.67%	2,323	-	2,323	-	-	-	-	10,652			160,855	(19,436)
15	340.1	Computers & Software	20.00%	29,083	-	29,083	-	-	-	-	16,982			122,607	87,576
16	341	Transportation Equipment	20.00%	-	-	-	-	-	-	-	3,261			139,706	128,291
18	343	Tools, Shop & Garage Equipment	5.00%	3,515	-	3,515	-	-	-	-	1,804			37,840	10,867
19	344	Laboratory Equipment	10.00%	-	-	-	-	-	-	-	13			132	99
20	345	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-			-	-
21	345.1	Power Operated Equipment - Backhoe	5.00%	-	-	-	-	-	-	-	-			-	-
22	346	Communication Equipment	10.00%	-	-	-	-	-	-	-	57,772			577,721	304,268
23	347	Miscellaneous Equipment	10.00%	-	-	-	-	-	-	-	70			695	521
24	348	Other Tangible Plant	10.00%	1,028	-	1,028	-	-	-	-	100,240			1,002,914	643,616
25		Rounding				-			-		-			-	-
		PTY Plant	0%			-			-		-			-	-
26		CWIP				-			-		-			-	-
27		TOTALS		299,234	-	299,234	-	-	-	-	992,569	361,581	(115,917)	27,429,576	6,147,648

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2

Exhibit
Rejoinder Schedule B-2
Page 4
Witness: Bourassa

Line No.	Acct. No.	Description	Adjusted Accum. Depr.	A Arsenic Media Retirement Reversal	B Arsenic Media Reclass	C Arsenic Media Reclass	D Arsenic Media Batch #1 Retirement	E Plant Reclass	F Adjustments to Reconcile A/D to Reconstruction	Rejoinder Adjusted Accum. Depr.
1	Plant-in-Service									
5	301	Organization Cost	-						-	-
6	302	Franchise Cost	-						-	-
7	303	Land and Land Rights	-						-	-
8	304	Structures and Improvements	83,750						-	83,750
9	305	Collecting and Impounding Res.	-						-	-
10	306	Lake River and Other Intakes	-						-	-
11	307	Wells and Springs	270,791						-	270,791
12	308	Infiltration Galleries and Tunnels	-						-	-
13	309	Supply Mains	-						-	-
14	310	Power Generation Equipment	117,251						-	117,251
15	311	Electric Pumping Equipment	118,649						-	118,649
16	320	Water Treatment Equipment	351,657		21,978	(105,312)		(268,323)	-	-
17	320.1	Water Treatment Plant	-					259,810	-	259,810
18	320.2	Chemical Solution Feeders	-					46,479	0	46,479
19	320.3	Arsenic Media	-	250,000	(250,000)				-	-
20	320.4	Original Arsenic Media	-		21,678	143,823	(287,503)		-	(122,002)
	320.5	Arsenic Media Regneration	-						-	-
21	330	Dist. Reservoirs & Standpipe	377,940					(377,940)	-	0
22	330.1	Storage tanks	-					373,438	-	373,438
23	330.2	Pressure Tanks	-					10,140	-	10,140
24	331	Trans. and Dist. Mains	2,075,844						-	2,075,844
25	333	Services	548,361						-	548,361
26	334	Meters	1,114,419						-	1,114,419
27	335	Hydrants	94,458						-	94,458
28	336	Backflow Prevention Devices	456						-	456
29	339	Other Plant and Misc. Equip.	-						-	-
30	340	Office Furniture and Fixtures	(19,436)						-	(19,436)
31	340.1	Computers and Software	87,576						-	87,576
32	341	Transportation Equipment	128,291						-	128,291
33	342	Stores Equipment	-						-	-
34	343	Tools and Work Equipment	10,867						-	10,867
35	344	Laboratory Equipment	99						-	99
36	345	Power Operated Equipment	-						-	-
37	346	Communications Equipment	304,268						-	304,268
38	347	Miscellaneous Equipment	521						-	521
39	348	Other Tangible Plant	643,616						-	643,616
40		Rounding	1						(1)	-
41		TOTALS	$ 6,309,380	$ 250,000	$ (206,345)	$ 38,511	$ (287,503)	$ 43,604	$ (1)	$ 6,147,647
42										
43	Accumulated Depreciation per Books									$ 6,309,380
44										
45	Increase (decrease) in Plant-in-Service									$ (161,733)
46										
47	Adjustment to Plant-in-Service									$ (161,733)
48										
49	SUPPORTING SCHEDULES									
50	B-2, pages 4.1 to 4.6									
51										

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 - A

Exhibit
Rejoinder Schedule B-2
Page 4.1
Witness: Bourassa

Line No.			
1	Reverse Retirement of Arsenic Media A/D		
2			
3			
4	Acct.		Orginal
5	No.	Description	Cost
6	320.3	Arsenic Media	$ 120,000
7	320.3	Arsenic Media	130,000
8			
9		TOTALS	$ 250,000
10			
11			
12			
13			
14			
15			
16			
17			
18			
19	SUPPORTING SCHEDULE		
20	Schedule B-2, page 3.1		
21	Testimony		
22	Workpapers		

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 - B

Exhibit
Rejoinder Schedule B-2
Page 4.2
Witness: Bourassa

Line No.

1 Reclass Arsenic Media A/D

Acct. No.	Description	Original Cost	Year Installed	Years of Depreciation to 2011	Years of Depreciation to 2014	Rate	Accumulated Depreciation (A/D)
320.3	Arsenic Media	(250,000)					(250,000)
320.0	Water Treatment Equipment	$ 120,000	2009		5.5	3.33%	$ 21,978
320.4	Original Arsenic Media - Batch 3	130,000	2012		2.5	6.67%	21,678
	TOTALS						$ (206,345)

SUPPORTING SCHEDULE
Schedule B-2, page 3.1
Testimony
Workpapers

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 - C

Exhibit
Rejoinder Schedule B-2
Page 4.3
Witness: Bourassa

Line No.

1 Reclassify Arsenic Media A/D

Acct. No.	Description	Original Cost	Year Installed	Years of Depreciation to 2011	Years of Depreciation to 2014	Rate	Accumulated Depreciation (A/D)
320.0	Water Treatment Equipment	$ (575,005)	2009		5.5	3.33%	$ (105,312)
320.4	Original Arsenic Media Batch 1	287,503	2009	2.0		6.67%	38,353
320.4	Original Arsenic Media Batch 2	287,503	2009		5.5	6.67%	105,470
	TOTALS						$ 38,511

SUPPORTING SCHEDULE
Schedule B-2, page 3.2
Testimony
Workpapers

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 - D

Exhibit
Rejoinder Schedule B-2
Page 4.4
Witness: Bourassa

Line No.				
1	Retire Arsenic Media			
2				
3				
4	Acct.			Orginal
5	No.	Description		Cost
6	320.4	Original Arsenic Media - Batch 1	$	(287,503)
7				
8				
9				
10		TOTALS	$	(287,503)
11				
12				
13				
14				
15				
16				
17				
18				
19	SUPPORTING SCHEDULE			
20	Testimony			
21	Workpapers			

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 - E

Exhibit
Rejoinder Schedule B-2
Page 4.5
Witness: Bourassa

Line No.

1 Relcass Plant A/D

Acct. No.	Description	Original Cost	Year Installed	Prior A/D	Years to 2014	Rate	Accumulated Depreciation (A/D) 2009 to 2014	Reclass Accumulated Depreciation (A/D)
320	Water Treatment Equipment	$ (18,694)	<=2008	$ (1,552)	6	3.33%	$ (3,735)	$ (5,287)
320	Water Treatment Equipment	(1,267,464)	2009		5.5	3.33%	(232,136)	(232,136)
320	Water Treatment Equipment	(198,380)	2010		4.5	3.33%	(29,727)	(29,727)
320	Water Treatment Equipment	(891)	2011		3.5	3.33%	(104)	(104)
320	Water Treatment Equipment	(895)	2012		2.5	3.33%	(75)	(75)
320	Water Treatment Equipment	(59,724)	2014		0.5	3.33%	(994)	(994)
Subtotal		$ (1,546,048)					$ (266,771)	$ (268,323)
320.1	Water Treatment Plant	$ 18,694	<=2008	$ 1,552	6	3.33%	$ 3,735	$ 5,287
320.1	Water Treatment Equipment	1,220,985	2009		5.5	3.33%	223,623	223,623
320.1	Water Treatment Equipment	198,380	2010		4.5	3.33%	29,727	29,727
320.1	Water Treatment Equipment	891	2011		3.5	3.33%	104	104
320.1	Water Treatment Equipment	895	2012		2.5	3.33%	75	75
320.1	Water Treatment Equipment	59,724	2014		0.5	3.33%	994	994
Subtotal		$ 1,499,569					$ 258,258	$ 259,810
320.2	Chemical Solution Feeders	$ 46,479	2009		5.5	20.00%	$ 46,479	$ 46,479
330	Distribution Reservoirs and Standp	$ (1,811,998)	<=2008	$ (132,080)	6.0	2.22%	$ (241,358)	$ (373,438)
330	Distribution Reservoirs and Standp	(36,874)	2009		5.5	2.22%	(4,502)	(4,502)
Subtotal		$ (1,848,872)					$ (245,860)	$ (377,940)
330.1	Storage Tanks	1,811,998	<=2008	$ 132,080	6.0	2.22%	241,358	373,438
330.2	Pressure Tanks	36,874	2009		5.5	5.00%	10,140	10,140
Total							$ 43,604	$ 43,604

40 SUPPORTING SCHEDULE
41 Schedule B-2, page 3.2
42 Testimony
43 Workpapers

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 - F

Exhibit
Rejoinder Schedule B-2
Page 4.6
Witness: Bourassa

Line No.

1 Reconciliation of A/D to A/D Reconstruction

Acct. No.	Description	Rebuttal Orginal Cost	Rebuttal B-2 Adjustments	Rebuttal Adjusted Orginal Cost	Rebuttal Plant Per Reconstruction	Difference
301	Organization Cost	-	-	-	-	-
302	Franchise Cost	-	-	-	-	-
303	Land and Land Rights	-	-	-	-	-
304	Structures and Improvements	83,750	-	83,750	83,750	-
305	Collecting and Impounding Res.	-	-	-	-	-
306	Lake River and Other Intakes	-	-	-	-	-
307	Wells and Springs	270,791	-	270,791	270,791	-
308	Infiltration Galleries and Tunnels	-	-	-		-
309	Supply Mains	-	-	-		-
310	Power Generation Equipment	117,251	-	117,251	117,251	-
311	Electric Pumping Equipment	118,649	-	118,649	118,649	-
320	Water Treatment Equipment	351,657	(351,657)	-	-	-
320.1	Water Treatment Plant	-	259,810	259,810	259,810	-
320.2	Chemical Solution Feeders	-	46,479	46,479	46,479	0
320.3	Arsenic Media	-	-	-		-
320.4	Original Arsenic Media	-	(122,002)	(122,002)	(122,002)	-
320.5	Arsenic Media Regneration	-	-	-	-	-
330	Dist. Reservoirs & Standpipe	377,940	(377,940)	-	-	-
330.1	Storage tanks	-	373,438	373,438	373,438	-
330.2	Pressure Tanks	-	10,140	10,140	10,140	-
331	Trans. and Dist. Mains	2,075,844	-	2,075,844	2,075,844	-
333	Services	548,361	-	548,361	548,361	-
334	Meters	1,114,419	-	1,114,419	1,114,419	-
335	Hydrants	94,458	-	94,458	94,458	-
336	Backflow Prevention Devices	456	-	456	456	-
339	Other Plant and Misc. Equip.	-	-	-		-
340	Office Furniture and Fixtures	(19,436)	-	(19,436)	(19,436)	-
340.1	Computers and Software	87,576	-	87,576	87,576	-
341	Transportation Equipment	128,291	-	128,291	128,291	-
342	Stores Equipment	-	-	-		-
343	Tools and Work Equipment	10,867	-	10,867	10,867	-
344	Laboratory Equipment	99	-	99	99	-
345	Power Operated Equipment	-	-	-		-
346	Communications Equipment	304,268	-	304,268	304,268	-
347	Miscellaneous Equipment	521	-	521	521	-
348	Other Tangible Plant	643,616	-	643,616	643,616	-
	Rounding	1	-	1	-	(1)
	TOTALS	$ 6,309,380	$ (161,732)	$ 6,147,648	$ 6,147,647	$ (1)

SUPPORTING SCHEDULE
B-2, page 4.1 to 4.6
B-2, pages 3.8 through 3.14

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Adjustment 4

Exhibit
Rejoinder Schedule B-2
Page 5
Witness: Bourassa

Line No.			
1	CIAC and Accumulated Amortization		
2			
3			
4			
5	Computed balance at end of TY	$ 7,712,719	$ 1,354,681
6			
7	Adjusted balance at end of TY	$ 7,712,717	$ 1,376,852
8			
9	Increase (decrease)	$ 2	$ (22,171)
10			
11			
12	Adjustment to CIAC	$ 2	$ 22,171
13	Label	4a	4b
14			
15			
16			
17			
18			
19	SUPPORTING SCHEDULES		
20	B-2, page 6.1 to 6.5		
21			
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Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Contributions-in-aid of Construction and Amortization
Adjustment 3

Exhibit
Rejoinder Schedule B-2
Page 5.1
Witness: Bourassa

Line No.	Description	Vintage	Per Decision 12/31/2008	2009 Activity	Balance at 12/31/2009	2010 Activity	Balance at 12/31/2010	2011 Activity	Balance at 12/31/2011
1	Contributions-in-Aid (CIAC)	<=Sep 2008	4,314,264	-	4,314,264		4,314,264		4,314,264
2	Contributions-in-Aid (CIAC)	>=Oct 2008			-		-		-
3	Contributions-in-Aid (CIAC)	2009		103,954	103,954		103,954		103,954
4	Contributions-in-Aid (CIAC)	2010			-	160,671	160,671		160,671
5	Contributions-in-Aid (CIAC)	2011			-		-	22,679	22,679
6	Contributions-in-Aid (CIAC)	2012			-		-		-
7	Contributions-in-Aid (CIAC)	2013			-		-		-
8	Contributions-in-Aid (CIAC)	2014			-		-		-
9	Total Contributions-in-Aid (CIAC)		4,314,264	103,954	4,418,218	160,671	4,578,889	22,679	4,601,569
10									
11	Amortization Rate			3.06%		3.48%		3.47%	
12									
13	Amortization	<=Sep 2008	251,796	132,194	383,991	150,328	534,319	149,782	684,101
14	Amortization	>=Oct 2008							
15	Amortization	2009		3,185	3,185	3,622	6,808	3,609	10,417
16	Amortization	2010			-	5,599	5,599	5,578	11,177
17	Amortization	2011			-		-	787	787
18	Amortization	2012			-		-		-
19	Amortization	2013			-		-		-
20	Amortization	2014			-		-		-
21	Total Accum Amort.		251,796	135,380	387,176	159,549	546,725	159,756	706,482
22									
23									
24	Net CIAC	<=Sep 2008			3,930,273		3,779,945		3,630,163
25	Net CIAC	>=Oct 2008	-		-		-		-
26	Net CIAC	2009	-		100,769		97,146		93,537
27	Net CIAC	2010	-		-		155,073		149,495
28	Net CIAC	2011	-		-		-		21,892
29	Net CIAC	2012	-		-		-		-
30	Net CIAC	2013	-		-		-		-
31	Net CIAC	2014	-		-		-		-
32									
33	**Total Net CIAC**		-	-	4,031,042	-	4,032,164	-	3,895,087
34									
35									
36									
37									
38									
39									
40									

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Contributions-in-aid of Construction and Amortization
Adjustment 3

Exhibit
Rejoinder Schedule B-2
Page 5.2
Witness: Bourassa

Line No.	Description	Vintage	2012 Activity	Balance at 12/31/2012	2013 Activity	Balance at 12/31/2013	2014 Activity	Balance at 12/31/2014
1	Contributions-in-Aid (CIAC)	<=Sep 2008		4,314,264		4,314,264		4,314,264
2	Contributions-in-Aid (CIAC)	>=Oct 2008		-		-		-
3	Contributions-in-Aid (CIAC)	2009		103,954		103,954		103,954
4	Contributions-in-Aid (CIAC)	2010		160,671		160,671		160,671
5	Contributions-in-Aid (CIAC)	2011		22,679		22,679		22,679
6	Contributions-in-Aid (CIAC)	2012	900,622	900,622		900,622		900,622
7	Contributions-in-Aid (CIAC)	2013		-	353,213	353,213		353,213
8	Contributions-in-Aid (CIAC)	2014		-		-	1,857,315	1,857,315
9	Total Contributions-in-Aid (CIAC)		900,622	5,502,191	353,213	5,855,404	1,857,315	7,712,719
10								
11	Amortization Rate		3.43%		3.59%		3.70%	
12								
13	Amortization	<=Sep 2008	147,874	831,975	154,874	986,849	123,557	1,110,406
14	Amortization	>=Oct 2008						
15	Amortization	2009	3,563	13,980	3,732	17,711	3,850	21,561
16	Amortization	2010	5,507	16,684	5,768	22,452	5,950	28,402
17	Amortization	2011	777	1,565	814	2,379	840	3,219
18	Amortization	2012	30,869	30,869	32,331	63,200	33,352	96,552
19	Amortization	2013		-	12,680	12,680	13,080	25,760
20	Amortization	2014		-		-	68,781	68,781
21	Total Accum Amort.		188,591	895,073	210,198	1,105,271	249,411	1,354,681
22								
23								
24	Net CIAC	<=Sep 2008		3,482,289		3,327,415		3,203,858
25	Net CIAC	>=Oct 2008		-		-		-
26	Net CIAC	2009		89,974		86,243		82,393
27	Net CIAC	2010		143,987		138,220		132,270
28	Net CIAC	2011		21,114		20,300		19,460
29	Net CIAC	2012		869,753		837,422		804,070
30	Net CIAC	2013		-		340,534		327,453
31	Net CIAC	2014		-		-		1,788,534
32								
33	**Total Net CIAC**		-	4,607,118	-	4,750,134	-	6,358,038
34								
35								
36								
37								
38								
39								
40								

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Adjustment 3

Exhibit
Rejoinder Schedule B-2
Page 6.0
Witness: Bourassa

Deferred Income Tax as of December 31, 2014

Line No.			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
6		Plant-in-Service	$ 27,415,940 [1]								
7		Accum. Deprec.	(6,147,648) [1]								
8		CIAC	(9,990,684) [3]								
9	Fed.	Fixed Assets	$ 11,277,608	$ 7,737,970 [2]	100.0%	$ (3,539,638)	18.47%		-		(653,806)
11	State	Fixed Assets	$ 11,277,608	$ 11,151,197 [2]	100.0%	$ (126,411)	3.102%		-		(3,922)
13	Fed &State	AIAC		1,556,849 [4]	100.0%	$ 1,556,849 [4]	21.57%		$ 335,865		
15								$ -	$ 335,865	$ -	$ (657,727)
17		Net Asset (Liability)						$ (321,863)			
19		Allocation Factor						1.0000			
21		Net Asset (Liability)						$ (321,863)			
23		DIT Asset (Liability) per Direct						$ (283,078)			
25		Adjustment to DIT						$ 38,785			

Footnotes - See page 6.1

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments
Adjustment 3

Exhibit
Schedule B-2
Page 6.1
Witness: Bourassa

Line No.		FEDERAL			STATE		
1	[1] **Per adjusted book balances, land not included**						
2							
3	[2] **Computation of Net Tax Value December 31, 2014**						
4							
5	Based on 2014 Tax Depreciation report (December 31, 2014).						
6	Unadjusted Cost at December 31, 2014 per federal and state tax depr. report	$ 15,034,019			$ 15,034,019		
7	Reconciling Items not on tax report:						
8	Retirements not Recorded	(115,917)			(115,917)		
9		-			-		
10		-			-		
11					-		
12					-		
13		-			-		
14					-		
15	Net Unadjusted Cost tax Basis at December 31, 2014			$ 14,918,102			$ 14,918,102
16							
17	Reductions						
18	Basis Reduction 2014 and Prior Years per federal and state tax depr. report	$ (3,413,227)			$ -		
19	Accumulated Depreciation 2014 and prior per federal and state tax depr. report	(3,882,822)			(3,882,822)		
20	Retirements not Recorded	115,917			115,917		
21		-			-		
22		-			-		
23							
24							
25				(7,180,132)			(3,766,905)
26	Net Reductions through December 31, 2014			$ 7,737,970			$ 11,151,197
27	Net tax value of plant-in-service at December 31. 2014						
28							
29	[3] **CIAC (including impact of change to probability of realization)**						
30	Gross CIAC per adjusted book balances		$ 7,712,717				
31	CIAC reductions/addtions						
32	A.A per adjusted book balances	$ (1,354,681)					
33		-					
34			(1,354,681)				
35	Net CIAC before unrealized AIAC			$ 6,358,036			
36							
37	Unrealized AIAC Component						
38	AIAC per adjusted book balances		$ 5,189,497				
39	Adjusted Net AIAC (see footnote 5 below)		70.0%				
40	Unrealized AIAC Component % (1-Realized AIAC Component)			$ 3,632,648			
41	Total realizable CIAC			$ 9,990,684			
42							
43							
44	[4] **AIAC (including impact of change in probability of realization)**						
45	AIAC per adjusted book balances			$ 5,189,497			
46	Less: Unrealized AIAC (from Note 3, above)			$ (3,632,648)			
47							
48	Subtotal			$ 1,556,849			
49	Meter and Service Line Installation Charges as Adjusted			-			
50	Total realizable AIAC			$ 1,556,849			
51							

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Computation of Working Capital

Exhibit
Rejoinder Schedule B-5
Page 1
Witness: Bourassa

Line No.			
1	Cash Working Capital (1/8 of Allowance		
2	Operation and Maintenance Expense)	$	141,999
3	Pumping Power (1/24 of Pumping Power)		5,789
4	Purchased Water (1/24 of Purchased Water)		219
5	Prepaid Expenses		3,106
6	Meterials and Supplies		53,450
7			
8			
9	Total Working Capital Allowance	$	204,564
10			
11			
12	Working Capital Requested	$	-
13			
14			
15	SUPPORTING SCHEDULES:	RECAP SCHEDULES:	
16	C-1	B-1	
17			

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Income Statement

Exhibit
Schedule C-1
Page 1
Witness: Bourassa

Line No.		Adjusted Results	Adjustment	Rejoinder Test Year Adjusted Results	Proposed Rate Increase	Rejoinder Adjusted with Rate Increase
1	**Revenues**					
2	Metered Water Revenues	$ 2,843,219	$ -	$ 2,843,219	$ 276,638	$ 3,119,857
3	Unmetered Water Revenues	-	-	-	-	-
4	Other Water Revenues	53,528	-	53,528	-	53,528
5		$ 2,896,746	$ -	$ 2,896,746	$ 276,638	$ 3,173,385
6	**Operating Expenses**					
7	Salaries and Wages	$ -	-	$ -	-	$ -
8	Purchased Water	5,265	-	5,265	-	5,265
9	Purchased Power	138,932	-	138,932	-	138,932
10	Fuel For Power Production	-	-	-	-	-
11	Chemicals	14,734	-	14,734	-	14,734
12	Repairs and Maintenance	102,989	(6,584)	96,405	-	96,405
13	Office Supplies and Expense	-	-	-	-	-
14	Contract Services - Accounting	13,497	-	13,497	-	13,497
15	Contract Services - Legal	10,603	-	10,603	-	10,603
16	Contract Services - Eng	7,968	-	7,968	-	7,968
17	Contract Services - Other	126,034	(11,003)	115,031	-	115,031
18	Management Fees	765,161	(16,227)	748,934	-	748,934
19	Contract Services - Water Testing	5,341	8,634	13,975	-	13,975
20	Rents	1,666	-	1,666	-	1,666
21	Transportation Expenses	20,650	-	20,650	-	20,650
22	Insurance - General Liability	17,137	-	17,137	-	17,137
23	Insurance - Health and Life	-	-	-	-	-
24	Reg. Comm. Exp. - Other	-	-	-	-	-
25	Reg. Comm. Exp. - Rate Case	50,000	(15,000)	35,000	-	35,000
26	Miscellaneous Expense	29,504	-	29,504	-	29,504
27	Bad Debt Expense	541	-	541	-	541
28	Depreciation Expense	721,109	(22,049)	699,060	-	699,060
29	Taxes Other Than Income	10,350	-	10,350	-	10,350
30	Property Taxes	154,562	-	154,562	4,930	159,492
31	Income Tax	102,700	12,232	114,932	58,617	173,549
32	**Total Operating Expenses**	$ 2,298,742	$ (49,997)	$ 2,248,744	$ 63,547	$ 2,312,291
33	**Operating Income**	$ 598,005	$ 49,997	$ 648,002	$ 213,091	$ 861,093
34	**Other Income (Expense)**					
35	Interest Income	8,066	-	8,066	-	8,066
36	Other income (loss)	79,344	-	79,344	-	79,344
37	Interest Expense	(80,324)	(532)	(80,856)	-	(80,856)
38	Other Expense	(17,406)	-	(17,406)	-	(17,406)
39		-	-	-		-
40	**Total Other Income (Expense)**	$ (10,320)	$ (532)	$ (10,852)	$ -	$ (10,852)
41	**Net Profit (Loss)**	$ 587,685	$ 49,465	$ 637,150	$ 213,091	$ 850,241
42						
43	SUPPORTING SCHEDULES:				RECAP SCHEDULES:	
44	C-1, page 2.1 and 2.2					
45						

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Income Statement

Exhibit
Rejoinder Schedule C-1
Page 2.1
Witness: Bourassa

Line No.		Adjusted Results	1 Depreciation	2 Property Taxes	3 Rate Case Exp.	4 Expense Reclass	5 Expense Reclass	ADJUSTMENT 6 Management Fees	7 Bonuses
		Label>>>>>>							
1	**Revenues**								
2	Metered Water Revenues	$ 2,843,219							
3	Unmetered Water Revenues	-							
4	Other Water Revenues	53,528							
5		$ 2,896,746	$ -	$ -	$ -	$ -	$ -	$ -	$ -
6	**Operating Expenses**								
7	Salaries and Wages	$ -							
8	Purchased Water	5,265							
9	Purchased Power	138,932							
10	Fuel For Power Production	-							
11	Chemicals	14,734							
12	Repairs and Maintenance	102,989				(6,584)			
13	Office Supplies and Expense	-							
14	Contract Services - Accounting	13,497							
15	Contract Services - Legal	10,603							
16	Contract Services - Eng	7,968							
17	Contract Services - Other	126,034				(1,020)	(9,983)		
18	Management Fees	765,161					9,983	(17,407)	(8,803)
19	Contract Services - Water Testing	5,341				7,604			
20	Rents	1,666							
21	Transportation Expenses	20,650							
22	Insurance - General Liability	17,137							
23	Insurance - Health and Life	-							
24	Reg. Comm. Exp. - Other	-							
25	Reg. Comm. Exp. - Rate Case	50,000			(15,000)				
26	Miscellaneous Expense	29,504							
27	Bad Debt Expense	541							
28	Depreciation Expense	721,109	(22,049)						
29	Taxes Other Than Income	10,350							
30	Property Taxes	154,562		-					
31	Income Tax	102,700							
32	**Total Operating Expenses**	$ 2,298,742	$ (22,049)	$ -	$ (15,000)	$ -	$ -	$ (17,407)	$ (8,803)
33	**Operating Income**	$ 598,005	$ 22,049	$ -	$ 15,000	$ -	$ -	$ 17,407	$ 8,803
34	**Other Income (Expense)**								
35	Interest Income	8,066							
36	Other income (loss)	79,344							
37	Interest Expense	(80,324)							
38	Other Expense	(17,406)							
39		-							
40	**Total Other Income (Expense)**	$ (10,320)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
41	**Net Profit (Loss)**	$ 587,685	$ 22,049	$ -	$ 15,000	$ -	$ -	$ 17,407	$ 8,803
42									
43	SUPPORTING SCHEDULES:								
44	C-2								
45									

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Income Statement

Exhibit
Rejoinder Schedule C-1
Page 2.2
Witness: Bourassa

Line No.		8 Water Testing Expense	9 Intentionally Left Blank	10 Interest Synch.	11 Income Tax	Rejoinder Test Year Adjusted Results	Proposed Rate Increase	Rejoinder Adjusted with Rate Increase
1	**Revenues**							
2	Metered Water Revenues					$ 2,843,219	$ 276,638	$ 3,119,857
3	Unmetered Water Revenues					-		-
4	Other Water Revenues					53,528		53,528
5		$ -	$ -	$ -	$ -	$ 2,896,746	$ 276,638	$ 3,173,385
6	**Operating Expenses**							
7	Salaries and Wages					$ -		$ -
8	Purchased Water					5,265		5,265
9	Purchased Power					138,932		138,932
10	Fuel For Power Production					-		-
11	Chemicals					14,734		14,734
12	Repairs and Maintenance					96,405		96,405
13	Office Supplies and Expense					-		-
14	Contract Services - Accounting					13,497		13,497
15	Contract Services - Legal					10,603		10,603
16	Contract Services - Eng					7,968		7,968
17	Contract Services - Other					115,031		115,031
18	Management Fees					748,934		748,934
19	Contract Services - Water Testing	1,030				13,975		13,975
20	Rents				-	1,666		1,666
21	Transportation Expenses					20,650		20,650
22	Insurance - General Liability					17,137		17,137
23	Insurance - Health and Life					-		-
24	Reg. Comm. Exp. - Other					-		-
25	Reg. Comm. Exp. - Rate Case					35,000		35,000
26	Miscellaneous Expense					29,504		29,504
27	Bad Debt Expense					541		541
28	Depreciation Expense					699,060		699,060
29	Taxes Other Than Income					10,350		10,350
30	Property Taxes					154,562	4,930	159,492
31	Income Tax				12,232	114,932	58,617	173,549
32	**Total Operating Expenses**	$ 1,030	$ -	$ -	$ 12,232	$ 2,248,744	$ 63,547	$ 2,312,291
33	**Operating Income**	$ (1,030)	$ -	$ -	$ (12,232)	$ 648,002	$ 213,091	$ 861,093
34	**Other Income (Expense)**							
35	Interest Income					8,066		8,066
36	Other income (loss)					79,344		79,344
37	Interest Expense			(532)		(80,856)		(80,856)
38	Other Expense					(17,406)		(17,406)
39						-		-
40	**Total Other Income (Expense)**	$ -	$ -	$ (532)	$ -	$ (10,852)	$ -	$ (10,852)
41	**Net Profit (Loss)**	$ (1,030)	$ -	$ (532)	$ (12,232)	$ 637,150	$ 213,091	$ 850,241
42								
43	SUPPORTING SCHEDULES:						RECAP SCHEDULES:	
44	C-2						A-1	
45								

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Adjustments to Revenues and/or Expenses

Exhibit
Rejoinder Schedule C-2
Page 1
Witness: Bourassa

Line No.		Adjustments to Revenues and Expenses						
		1	2	3	4	5	6	Subtotal
		Depreciation	Property Taxes	Rate Case Exp.	Revenue Annualization	Usage Normalization	Remove CAGRD Rev./Exp.	
4	Revenues	-	-	-	-	-	-	-
6	Expenses	(22,049)	-	(15,000)	-	-	(17,407)	(54,456)
8	Operating							
9	Income	22,049	-	15,000	-	-	17,407	54,456
11	Interest							
12	Expense							-
13	Other							
14	Income /							-
15	Expense							
17	Net Income	22,049	-	15,000	-	-	17,407	54,456

Line No.		Adjustments to Revenues and Expenses						
		7	8	9	10	11	12	Subtotal
		Electric Well Sharing	Over-billing Adjustment	Management Fees	Interest Synch.	Income Tax	Intentionally Left Blank	
24	Revenues	-	-	-	-	-		-
26	Expenses	(8,803)	1,030	-	-	12,232		(49,997)
28	Operating							
29	Income	8,803	(1,030)	-	-	(12,232)	-	49,997
31	Interest							
32	Expense				(532)			(532)
33	Other							
34	Income /							-
35	Expense							
37	Net Income	8,803	(1,030)	-	(532)	(12,232)	-	49,465

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Adjustments to Revenues and Expenses
Adjustment Number 1

Exhibit
Rejoinder Schedule C-2
Page 2
Witness: Bourassa

Line No.

1 Depreciation Expense

Line	Acct. No.	Description	Original Cost	Non-Depr or Fully Depr Plant	Adjusted Original Cost	Proposed Rates	Depreciation Expense
5	301	Organization Cost	7,541	(7,541)	-	0.00%	-
6	302	Franchise Cost	352,403	(352,403)	-	0.00%	-
7	303	Land and Land Rights	13,636	(13,636)	-	0.00%	-
8	304	Structures and Improvements	401,832	-	401,832	3.33%	13,381
9	305	Collecting and Impounding Res.	-	-	-	2.50%	-
10	306	Lake River and Other Intakes	-	-	-	2.50%	-
11	307	Wells and Springs	2,142,644	-	2,142,644	3.33%	71,350
12	308	Infiltration Galleries and Tunnels	-	-	-	6.67%	-
13	309	Supply Mains	-	-	-	2.00%	-
14	310	Power Generation Equipment	549,708	-	549,708	5.00%	27,485
15	311	Electric Pumping Equipment	195,407	-	195,407	12.50%	24,426
16	320	Water Treatment Equipment	-	-	-	3.33%	-
17	320.1	Water Treatment Plant	1,499,569	-	1,499,569	3.33%	49,936
18	320.2	Chemical Solution Feeders	46,479	(46,479)	-	20.00%	-
19	320.3	Arsenic Media Regeneration	(0)	0	-	67.00%	-
20	320.4	Original Arsenic Media	417,503	0	417,503	6.66%	27,806
21	320.5	Arsenic Media Regneration	150,657		150,657	40.00%	60,263
22	330	Dist. Reservoirs & Standpipe	-	-	-	2.22%	-
23	330.1	Storage tanks	1,811,998	-	1,811,998	2.22%	40,226
24	330.2	Pressure Tanks	36,874	-	36,874	5.00%	1,844
25	331	Trans. and Dist. Mains	13,281,054	-	13,281,054	2.00%	265,621
26	333	Services	2,256,719	-	2,256,719	3.33%	75,149
27	334	Meters	1,489,172	-	1,489,172	8.33%	124,048
28	335	Hydrants	732,251	-	732,251	2.00%	14,645
29	336	Backflow Prevention Devices	1,660	-	1,660	6.67%	111
30	339	Other Plant and Misc. Equip.	-	-	-	6.67%	-
31	340	Office Furniture and Fixtures	160,855	-	160,855	6.67%	10,729
32	340.1	Computers and Software	122,607	(67,883)	54,724	20.00%	10,945
33	341	Transportation Equipment	139,706	(123,399)	16,307	20.00%	3,261
34	342	Stores Equipment	-	-	-	4.00%	-
35	343	Tools and Work Equipment	37,840	-	37,840	5.00%	1,892
36	344	Laboratory Equipment	132	-	132	10.00%	13
37	345	Power Operated Equipment	-	-	-	5.00%	-
38	346	Communications Equipment	577,721	-	577,721	10.00%	57,772
39	347	Miscellaneous Equipment	695	-	695	10.00%	70
40	348	Other Tangible Plant	1,002,914	-	1,002,914	10.00%	100,291
42		TOTALS	$ 27,429,576	$ (611,340)	$ 26,818,236		$ 981,264
44					Gross CIAC	Rate	
45		Less: Amortization of Contributions			$ 7,712,717	3.6589%	$ (282,204)
49		Total Depreciation Expense					$ 699,060
51		Test Year Depreciation Expense					721,109
53		Increase (decrease) in Depreciation Expense					(22,049)
55		Adjustment to Revenues and/or Expenses					$ (22,049)

57 SUPPORTING SCHEDULE
58 B-2, page 3
59 B-2, page 4

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Adjustment to Revenues and Expenses
Adjustment Number 2

Exhibit
Rejoinder Schedule C-2
Page 3
Witness: Bourassa

Property Taxes

Line No.	DESCRIPTION	Test Year as adjusted	Company Recommended
1	Company Adjusted Test Year Revenues	$ 2,896,746	$ 2,896,746
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	5,793,493	5,793,493
4	Company Recommended Revenue	2,896,746	3,173,385
5	Subtotal (Line 4 + Line 5)	8,690,239	8,966,878
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	2,896,746	2,988,959
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	5,793,493	5,977,918
10	Plus: 10% of CWIP (intentionally excluded)	-	-
11	Less: Net Book Value of Licensed Vehicles	11,415	11,415
12	Full Cash Value (Line 9 + Line 10 - Line 11)	5,782,078	5,966,504
13	Assessment Ratio	18.0%	18.0%
14	Assessment Value (Line 12 * Line 13)	1,040,774	1,073,971
15	Composite Property Tax Rate	14.8507%	14.8507%
16	Test Year Adjusted Property Tax Expense (Line 14 * Line 15)	$ 154,562	$ 159,492
17	Tax on Parcels	-	-
18	Total Property Taxes (Line 16 + Line 17)	$ 154,562	
19	Adjusted Test Year Property Taxes	$ 154,562	
20	Adjustment to Test Year Property Taxes (Line 18 - Line 19)	$ -	
21			
22	Property Tax on Company Recommended Revenue (Line 16 + Line 17)		$ 159,492
23	Company Test Year Adjusted Property Tax Expense (Line 18)		$ 154,562
24	Increase in Property Tax Due to Increase in Revenue Requirement		**$ 4,930**
25			
26	Increase in Property Tax Due to Increase in Revenue Requirement (Line 24)		$ 4,930
27	Increase in Revenue Requirement		$ 276,638
28	Increase in Property Tax Per Dollar Increase in Revenue (Line 26 / Line 27)		1.78208%
29			
30			
31			
32			
33			
34			
35			
36			
37			
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39			
40			

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Adjustment to Revenues and/or Expenses
Adjustment Number 3

Exhibit
Rejoinder Schedule C-2
Page 4
Witness: Bourassa

RATE CASE EXPENSE

Line No.			
1	Rate Case Expense		
2			
3	Estimated Rate Case Expense	$	175,000
4			
5	Rate Case Expense	$	175,000
6			
7	Estimated Amortization Period (in Years)		5.0
8			
9	Annual Rate Case Expense	$	35,000
10			
11	Test Year Rate Case Expense	$	50,000
12			
13	Increase(decrease) Rate Case Expense	$	(15,000)
14			
15	Adjustment to Revenue and/or Expense	$	(15,000)
16			
17			
18			
19			
20	SUPPORTING SCHEDULES		
21	Testimony		
22			
23			
24			

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Adjustment to Revenues and/or Expenses
Adjustment Number 4

Exhibit
Rejoinder Schedule C-2
Page 5
Witness: Bourassa

EXPENSE RECLASSIFICATION

Line No.			
1	Repairs and Maintenance	$	(6,584)
2	Contract Services - Other		(1,020)
3	Contract Services - Water Testing		7,604
4			
5			
6	Increase(decrease) Operating Expenses	$	-
7			
8			
9			
10	Adjustment to Revenue and/or Expense	$	-
11			
12			
13			
14			
15			
16			
17	SUPPORTING SCHEDULES		
18	Staff Adjustment No. 1		
19			
20			

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Adjustment to Revenues and/or Expenses
Adjustment Number 5

Exhibit
Rejoinder Schedule C-2
Page 6
Witness: Bourassa

EXPENSE RECLASSIFICATION

Line No.			
1	Contract Services - Other	$	(9,983)
2	Management Fees		9,983
3			
4	Increase(decrease) Operating Expenses	$	-
5			
6			
7			
8	Adjustment to Revenue and/or Expense	$	-
9			
10			
11			
12			
13	SUPPORTING SCHEDULES		
14	Staff Adjustment No. 2		
15			
16			
17			
18			
19			
20			

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Adjustment to Revenues and/or Expenses
Adjustment Number 6

Exhibit
Rejoinder Schedule C-2
Page 7
Witness: Bourassa

MANAGEMENT FEES

Line No.			
1	Management Fees	$	(17,407)
2			
3			
4	Increase(decrease) Management Fees	$	(17,407)
5			
6			
7			
8	Adjustment to Revenue and/or Expense	$	(17,407)
9			
10			
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12			
13			
14	SUPPORTING SCHEDULES		
15	Testimony		
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19			
20			

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Adjustment to Revenues and/or Expenses
Adjustment Number 7

Exhibit
Rejoinder Schedule C-2
Page 8
Witness: Bourassa

MANAGEMENT FEES - BONUSES

Line No.			
1	5-Year Average of Bonuses Paid	$	12,967
2	Test Year Bonuses Paid		21,770
3			
4	Increase(decrease) Management Fees	$	(8,803)
5			
6			
7			
8	Adjustment to Revenue and/or Expense	$	(8,803)
9			
10			
11			
12			
13			
14	SUPPORTING SCHEDULES		
15	Testimony		
16			
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21			
22			

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Adjustment to Revenues and/or Expenses
Adjustment Number 8

Exhibit
Rejoinder Schedule C-2
Page 9
Witness: Bourassa

WATER TESTING

Line No.			
1	Staff Recommended Testing Expense	$	6,371
2	Adjusted Test Year Water Testing Expense		5,341
3			
4	Increase(decrease) Management Fees	$	1,030
5			
6			
7			
8	Adjustment to Revenue and/or Expense	$	1,030
9			
10			
11			
12			
13			
14	SUPPORTING SCHEDULES		
15	Staff Adjustment No. 4		
16			
17			
18			
19			
20			

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Adjustment to Revenues and/or Expenses
Adjustment Number 9

Exhibit
Rejoinder Schedule C-2
Page 10
Witness: Bourassa

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Line No.
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Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Adjustment to Revenues and Expenses
Adjustment Number 10

Exhibit
Rejoinder Schedule C-2
Page 11
Witness: Bourassa

Line No.			
1	Interest Synchronization		
2			
3			
4	Fair Value Rate Base	$ 9,359,656	
5	Weighted Cost of Debt	0.86%	
6	Interest Expense		$ 80,856
7			
8	Test Year Interest Expense		$ 80,324
9			
10	Increase (decrease) in Interest Expense		532
11			
12			
13			
14	Adjustment to Revenue and/or Expense		$ (532)
15			
16			
17	Weighted Cost of Debt Computation		

18						Weighted
19			Amount	Percent	Cost	Cost
20	Debt	$	2,326,035	20.57%	4.20%	0.86%
21	Equity	$	8,982,660	79.43%	10.50%	8.34%
22	Total	$	11,308,695	100.00%		9.20%
23						
24						

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Adjustment to Revenues and/or Expenses
Adjustment Number 11

Exhibit
Rejoinder Schedule C-2
Page 12
Witness: Bourassa

Line No.	Income Taxes	Adjusted Test Year at Present Rates	Test Year at Proposed Rates
1			
2			
3			
4	Computed Income Tax	$ 114,932	$ 173,549
5	Adjusted TY Income Taxes	102,700	114,932
6	Adjustment to Income Tax Expense	$ 12,232	$ 58,617
7			
8			
9			
10			
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16			
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18			
19			
20			
21	SUPPORTING SCHEDULE		
22	C-3, page 2		
23			
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30			

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Computation of Gross Revenue Conversion Factor

Exhibit
Rejoinder Schedule C-3
Page 1
Witness: Bourassa

Line No.	Description	Percentage of Incremental Gross Revenues
1	Federal Income Taxes	18.47%
2		
3	State Income Taxes	3.10%
4		
5	Uncollectibles	0%
6		
7	Property Taxes	1.40%
8		
9		
10	Total Tax Percentage	22.97%
11		
12	Operating Income % = 100% - Tax Percentage	77.03%
13		
14		
15		
16		
17	1 = Gross Revenue Conversion Factor	
18	Operating Income %	1.2982
19		
20	SUPPORTING SCHEDULES:	RECAP SCHEDULES:
21		A-1
22		

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014

Exhibit
Rejoinder Schedule C-3
Page 2

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)
	Calculation of Gross Revenue Conversion Factor:			
1	Revenue	100.0000%		
2	Uncollecible Factor (Line 11)	0.0000%		
3	Revenues (L1 - L2)	100.0000%		
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	22.9710%		
5	Subtotal (L3 - L4)	77.0290%		
6	**Revenue Conversion Factor (L1 / L5)**	1.298212		
	Calculation of Uncollectible Factor:			
7	Unity	100.0000%		
8	Combined Federal and State Tax Rate (Line 17)	21.5734%		
9	One Minus Combined Income Tax Rate (L7 - L8)	78.4266%		
10	Uncollectible Rate	0.0000%		
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 (L55 Col [E])	3.1024%		
14	Federal Taxable Income (L12 - L13)	96.8976%		
15	Applicable Federal Income Tax Rate (Line 44)	19.0624%		
16	Effective Federal Income Tax Rate (L14 x L15)	18.4710%		
17	Combined Federal and State Income Tax Rate (L13 +L16)		21.5734%	
	Calculation of Effective Property Tax Factor			
18	Unity	100.0000%		
19	Combined Federal and State Income Tax Rate (L17)	21.5734%		
20	One Minus Combined Income Tax Rate (L18-L19)	78.4266%		
21	Property Tax Factor	1.7821%		
22	Effective Property Tax Factor (L20*L21)		1.3976%	
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			22.9710%
24	Required Operating Income	$ 861,088		
25	AdjustedTest Year Operating Income (Loss)	$ 648,002		
26	Required Increase in Operating Income (L24 - L25)		$ 213,086	
27	Income Taxes on Recommended Revenue (Col. (F), L52)	$ 173,549		
28	Income Taxes on Test Year Revenue (Col. (C), L52)	$ 114,932		
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		$ 58,617	
30	Recommended Revenue Requirement	$ 2,797,809		
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	$ 159,492		
36	Property Tax on Test Year Revenue	$ 154,562		
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		$ 4,930	
38	Total Required Increase in Revenue (L26 + L29 + L34+L37)		$ 276,633	

		(A)	(B)	(C)	(D)	(E)	(F)
		Test Year			At Proposed Rates		
		Total	Water		Total	Water	
	Calculation of Income Tax:						
39	Revenue	$ 2,896,746	$ 2,896,746		$ 3,173,385	$ 3,173,385	
40	Operating Expenses Excluding Income Taxes	$ 2,133,813	$ 2,133,813		$ 2,138,743	$ 2,138,743	
41	Synchronized Interest (L47)	$ 80,856	$ 80,856		$ 80,856	$ 80,856	
42	Arizona Taxable Income (L39 - L40 - L31)	$ 682,078	$ 682,078		$ 953,787	$ 953,787	
43	Arizona State Income Tax Rate (see Scehdule C-3, page 3 and 4)	2.7661%	2.7661%		2.8619%	2.8619%	
44	Arizona Income Tax (L42 x L43)	$ 18,867	$ 18,867		$ 27,296	$ 27,296	
45	Federal Taxable Income (L42 - L44)	$ 663,211	$ 663,211		$ 926,490	$ 926,490	
46	Federal Tax Rate (see Schedule C-3, page 3 and 4)	14.4848%	14.4848%		15.7856%	15.7856%	
47	Federal Income Taxes (L45xL46)	$ 96,065	$ 96,065		$ 146,252	$ 146,252	
48							
49							
50							
51	Total Federal Income Tax (L47)	$ 96,065	$ 96,065		$ 146,252	$ 146,252	
52	Combined Federal and State Income Tax (L44 + L47)	$ 114,932	$ 114,932	$ -	$ 173,549	$ 173,549	$ -

53	COMBINED Applicable Federal Income Tax Rate [Col. [D], L51 - Col. [A], L51] / [Col. [D], L45 - Col. [A], L45]	19.0624%	
54	Applicable Federal Income Tax Rate [Col. [E], L51 - Col. [B], L51] / [Col. [E], L45 - Col. [B], L45]		19.0624%
55	Applicable State Income Tax Rate [Col. [E], L44 - Col. [B], L44] / [Col. [E], L42 - Col. [B], L42]		3.1024%

		Water	
	Calculation of Interest Synchronization:		
56	Rate Base	$ 9,359,656	
57	Weighted Average Cost of Debt	0.8639%	
58	Synchronized Interest (L56 X L57)	$ 80,856	

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Summary of Cost of Capital

Exhibit
Rejoinder Schedule D-1
Page 1
Witness: Bourassa

Line No.	Item of Capital	End of Test Year Dollar Amount	End of Test Year Percent of Total	End of Test Year Cost Rate	End of Test Year Weighted Cost	End of Projected Year Dollar Amount	End of Projected Year Percent of Total	End of Projected Year Cost Rate	End of Projected Year Weighted Cost
1	Long-Term Debt	2,326,035	20.57%	4.20%	0.86%	$ 2,209,677	18.68%	4.20%	0.78%
2									
3	Member Equity	8,982,660	79.43%	10.50%	8.34%	9,619,810	81.32%	10.50%	8.54%
4									
5	Totals	$ 11,308,695	100.00%		9.20%	$ 11,829,487	100.00%		9.32%
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16	SUPPORTING SCHEDULES:								
17	D-1								
18	D-3								
19	D-4								
20									
21									
22									
23									
24									
25									
26									
27									
28									
29									
30									
31									
32									
33									

RECAP SCHEDULES:
A-1

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Cost of Long Term Debt

Exhibit
Rejoinder Schedule D-2
Page 1
Witness: Bourassa

Line No.	Description of Debt	End of Test Year Amount Outstanding	End of Test Year Annual Interest	End of Test Year Interest Rate	End of Test Year Weighted Cost	End of Projected Year Amount Outstanding	End of Projected Year Annual Interest	End of Projected Year Interest Rate	End of Projected Year Weighted Cost
1	WIFA Loan	2,326,035	97,693	4.20%	4.20%	2,209,677	92,806	4.20%	4.20%
2			-	0.00%	0.00%	-	-	0.00%	0.00%
3			-	0.00%	0.00%	-	-	0.00%	0.00%
4			-	0.00%	0.00%	-	-	0.00%	0.00%
5			-	0.00%	0.00%	-	-	0.00%	0.00%
6			-	0.00%	0.00%	-	-	0.00%	0.00%
7			-	0.00%	0.00%	-	-	0.00%	0.00%
8			-	0.00%	0.00%	-	-	0.00%	0.00%
9			-	0.00%	0.00%	-	-	0.00%	0.00%
10			-	0.00%	0.00%	-	-	0.00%	0.00%
11			-	0.00%	0.00%	-	-	0.00%	0.00%
12									
13	Totals	$ 2,326,035	$ 97,693		4.20%	$ 2,209,677	92,806		4.20%
14									
15	SUPPORTING SCHEDULES:								
16	E-1								
17									
18									
19									
20									

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Cost of Preferred Stock

Exhibit
Rejoinder Schedule D-3
Page 1
Witness: Bourassa

Line No.	Description of Issue	End of Test Year Shares Outstanding	End of Test Year Amount	End of Test Year Dividend Requirement	End of Projected Year Shares Outstanding	End of Projected Year Amount	End of Projected Year Dividend Requirement
1							
2							
3	NOT APPLICABLE, NO PREFERRED STOCK ISSUED OR OUTSTANDING						
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17	SUPPORTING SCHEDULES:			RECAP SCHEDULES:			
18	E-1			D-1			
19							
20							

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Cost of Common Equity

Exhibit
Rejoinder Schedule D-4
Page 1
Witness: Bourassa

Line No.		
1		
2	The Company is proposing a cost of common equity of	10.50% .
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17	SUPPORTING SCHEDULES:	RECAP SCHEDULES:
18	D-4.1 to D-4.15	D-1
19		
20		

Sahuarita Water Company, LLC
Summary of Results

Exhibit
Rejoinder Schedule D-4.1
Witness: Bourassa

Line No.		Indicated Cost of Equity for Water Sample Group			Indicated Cost of Equity for Sahuarita Water Company, LLC [1]		
1	DCF Constant Growth - Rejoinder Schedule D-4-7	8.9%	to	9.8%	10.4%	to	11.3%
2	Risk Premium Model - Rejoinder Schedule D-4.9		10.3%			11.8%	
3	CAPM - Rejoinder Schedule D-4.11	9.3%	to	10.5%	10.8%	to	12.0%
4	Range of Cost of Equity Estimates	9.5%	to	10.2%	11.0%	to	11.7%
5	Financial Risk Adjustment - Rejoinder Schedule D-4.14		0.0%			-0.30%	
6	Adjusted Range of Cost of Equity Estimates	9.5%	to	10.2%	10.7%	to	11.4%
7	Mid-point		9.9%			11.1%	
8	Cost of Equity Recommendation			10.5%			

Notes:
[1]Estimates include an equity risk premium of 150 basis points based on comparative risk study. See Testimony.

Sahuarita Water Company, LLC
Selected Characteristics of Sample Group of Water Utilities

Exhibit
Rejoinder Schedule D-4.2
Witness: Bourassa

Line No.	Company	Symbol	% Water Revenues[1]	Operating Revenues (millions)[1]	Net Plant (millions)[1]	S&P Bond Rating[1]	Moody's Bond Rating[1]	Allowed ROE (%)[1]	Value Line Beta[2]	Market Capitalization[2]	Size Category[3]
1	American States Water	AWR	72%	$ 458.6	$ 1,049.8	A+	A2	9.43	0.75	$ 1,431.3	Low-Cap
2	Aqua America	WTR	96%	$ 814.2	$ 4,688.9	AA-	NR	9.79	0.75	$ 5,552.8	Mid cap
3	California Water	CWT	100%	$ 588.4	$ 1,680.5	AA-	NR	9.43	0.75	$ 1,255.3	Low-Cap
4	Connecticut Water	CTWS	100%	$ 97.9	$ 529.0	A/A-	NR	9.63	0.60	$ 486.3	Micro-cap
5	Middlesex	MSEX	86%	$ 126.0	$ 481.9	A	NR	9.75	0.70	$ 501.9	Micro-cap
6	SJW Corp.	SJW	96%	$ 305.1	$ 1,014.1	A	NR	9.43	0.75	$ 729.1	Micro-cap
7	York Water Company	YORW	100%	$ 47.1	$ 261.4	A-	NR	NM	0.70	$ 379.4	Micro-cap
8	Average		93%	$ 348.2	$ 1,386.5			9.58	0.71	$ 1,476.6	Low-Cap
9	Sahuarita Water Company, LLC		100%	$ 3.4	$ 21.2	NR	NR	-			

Notes:
[1]AUS Utility Reports (April 2016).
[2] Value Line Analyzer Data (Weekly as of March 24, 2016)
[3] See Schdule D-4.15 for definitions of size category

Sahuarita Water Company, LLC
Capital Structures

Exhibit
Rejoinder Schedule D-4.3
Witness: Bourassa

Line No.	Company	Symbol	Book Value[1] Long-Term Debt	Book Value[1] Common Equity	Market Value[1] Long-Term Debt	Market Value[1] Common Equity
1	American States Water	AWR	39.1%	60.9%	18.5%	81.5%
2	Aqua America	WTR	50.3%	49.7%	23.9%	76.1%
3	California Water	CWT	40.1%	59.9%	25.0%	75.0%
4	Connecticut Water	CTWS	45.8%	54.2%	26.6%	73.4%
5	Middlesex	MSEX	40.8%	59.2%	21.3%	78.7%
6	SJW Corp.	SJW	51.6%	48.4%	34.5%	65.5%
7	York Water Company	YORW	44.8%	55.2%	18.3%	81.7%
8	Average		44.6%	55.4%	24.0%	76.0%
9	Sahuarita Water Company, LLC	Proforma	20.6%	79.4%	N/A	N/A

[1] Value Line Analyzer Data (Weekly as of March 24, 2016)

Sahuarita Water Company, LLC
Comparisons of Past and Future Estimates of Growth

Exhibit
Rejoinder Schedule D-4.4
Witness: Bourassa

Line No.	Company	[1] Price[1]	[2] Book Value[2]	[3] EPS[2]	[4] DPS[2]	[5] Average Historical Growth	[6] Value Line Projected Growth[2]	[7] Average of Historical and Proj. Grwth
		Five-year historical average annual changes						
1	American States Water	22.89%	6.50%	14.00%	8.50%	12.97%	6.00%	9.49%
2	Aqua America	13.56%	7.00%	13.00%	7.50%	10.27%	7.50%	8.88%
3	California Water	7.86%	5.00%	4.00%	2.00%	4.71%	6.50%	5.61%
4	Connecticut Water	13.39%	9.50%	9.00%	2.00%	8.47%	4.50%	6.49%
5	Middlesex	13.63%	3.00%	4.50%	1.50%	5.66%	5.00%	5.33%
6	SJW Corp.	9.20%	3.50%	NMF	3.00%	5.23%	1.50%	3.37%
7	York Water Company	15.43%	4.50%	6.00%	2.50%	7.11%	6.50%	6.80%
8	GROUP AVERAGE	13.71%	5.57%	8.42%	3.86%	7.77%	5.36%	6.57%

Notes:
[1] Average of changes in annual stock prices ending on December 31 through 2015. Data from Yahoo Finance website.
[2] Value Line Analyzer, weekly as of March 24, 2016.

Sahuarita Water Company, LLC
Comparisons of Past and Future Estimates of Growth

Exhibit
Rejoinder Schedule D-4.5
Witness: Bourassa

Line No.	Company	[1] Price[1]	[2] Book Value[2]	[3] EPS[2]	[4] DPS[2]	[5] Average Col 1-4	[6] Value Line Growth[2]	[7] Average of Historical and Proj. Grwth
		Ten-year historical average annual changes						
1	American States Water	15.97%	6.00%	11.00%	5.50%	9.62%	6.00%	7.81%
2	Aqua America	10.33%	7.00%	8.50%	8.00%	8.46%	7.50%	7.98%
3	California Water	5.70%	5.50%	5.00%	1.50%	4.43%	6.50%	5.46%
4	Connecticut Water	7.72%	6.50%	4.00%	2.00%	5.05%	4.50%	4.78%
5	Middlesex	7.80%	4.50%	4.00%	1.50%	4.45%	5.00%	4.73%
6	SJW Corp.	8.02%	6.00%	6.50%	4.00%	6.13%	1.50%	3.82%
7	York Water Company	10.37%	6.50%	5.50%	4.00%	6.59%	6.50%	6.55%
8	GROUP AVERAGE	9.41%	6.00%	6.36%	3.79%	6.39%	5.36%	5.87%

Notes:
[1] Average of changes in annual stock prices ending December 31, 2015. Data from Yahoo Finance website.
[2] Value Line Analyzer Data, weekly as of March 24, 2016.

Sahuarita Water Company, LLC
Current Dividend Yields for Water Utility Sample Group

Exhibit
Rejoinder Schedule D-4.6
Witness: Bourassa

Line No.	Company	[1] Stock Price (P_0)[1]	[2] Current Dividend (D_0)[1]	[3] Current Dividend Yield (D_0/P_0)	[4] Average Annual Dividend Yield (D_0/P_0)[1,2]
1	1. American States Water	$ 41.37	$ 0.92	2.22%	2.63%
2	2. Aqua America	$ 31.40	$ 0.74	2.36%	2.58%
3	3. California Water	$ 26.11	$ 0.69	2.64%	2.77%
4	4. Connecticut Water	$ 41.98	$ 1.09	2.60%	3.00%
5	5. Middlesex	$ 27.38	$ 0.80	2.92%	3.65%
6	6. SJW Corp.	$ 36.97	$ 0.81	2.19%	2.64%
7	7. York Water Company	$ 27.55	$ 0.63	2.29%	2.79%
8	GROUP AVERAGE			2.46%	2.87%

Notes:
[1] Stock prices as of April 1, 2016. Indicated Dividend from Value Line Analyzer weekly as of March 24, 2016.
[2] Average Annual Dividend is dividends declared per share for a year divided by the average annual price of the stock in the same year, expressed as a percentage. As report by Value Line Analyzer software. For comparison purposes only.

Sahuarita Water Company, LLC
Discounted Cash Flow Analysis
DCF Constant Growth

Exhibit
Rejoinder Schedule D-4.7 (page 1)
Witness: Bourassa

Line No.		[1] Dividend Yield (D_0/P_0)[1]	[2] Expected Dividend Yield (D_1/P_0)[2]		[3] Value Line Projected Growth (g)[3]		[4] Indicated Cost of Equity (COE) k=Div Yld + g (Cols 2+3)
1	1. American States Water	2.22%	2.36%	+	6.00%	=	8.36%
2	2. Aqua America	2.36%	2.53%	+	7.50%	=	10.03%
3	3. California Water	2.64%	2.81%	+	6.50%	=	9.31%
4	4. Connecticut Water	2.60%	2.71%	+	4.50%	=	7.21%
5	5. Middlesex	2.92%	3.07%	+	5.00%	=	8.07%
6	6. SJW Corp.	2.19%	2.22%	+	1.50%	=	3.72%
7	7. York Water Company	2.29%	2.44%	+	6.50%	=	8.94%
8	Average	2.46%	2.59%		5.36%		7.95%
9	Adjusted Average[4]						8.94%

Notes:
[1] Spot Dividend Yield = D0/P0. See Schedule D-4.6.
[2] Expected Dividend Yield = $D_1/P_0 = D_0/P_0 * (1+g)$.
[3] Value Line Growth rate (g). See Schedule D-4.5, Col. 6.
[4] Remove indicated COE less than the projected Baa bond yield plus 100 basis points or 7.4%

Sahuarita Water Company, LLC
Discounted Cash Flow Analysis
DCF Constant Growth

Exhibit
Rejoinder Schedule D-4.7 (page 2)
Witness: Bourassa

Line No.		[1] Dividend Yield (D_0/P_0)[1]	[2] Expected Dividend Yield (D_1/P_0)[2]		[3] Average of Historical and Proj. Grwth[3]		[4] Indicated Cost of Equity (COE) k=Div Yld + g (Cols 2+3)
1	1. American States Water	2.22%	2.43%	+	9.49%	=	11.92%
2	2. Aqua America	2.36%	2.57%	+	8.88%	=	11.45%
3	3. California Water	2.64%	2.79%	+	5.61%	=	8.40%
4	4. Connecticut Water	2.60%	2.76%	+	6.49%	=	9.25%
5	5. Middlesex	2.92%	3.08%	+	5.33%	=	8.41%
6	6. SJW Corp.	2.19%	2.26%	+	3.37%	=	5.63%
7	7. York Water Company	2.29%	2.44%	+	6.80%	=	9.25%
8	Average						9.19%
9	Adjusted Average[4]						9.78%

Notes:

[1] Spot Dividend Yield = D_0/P_0. See Schedule 4.7.

[2] Expected Dividend Yield = $D_1/P_0 = D_0/P_0 * (1+g)$.

[3] Historical Growth rate (g). See Schedule D-4.5 Col. 7.

[4] Remove indicated COE less than the projected Baa bond yield plus 100 basis points or 7.4%

Sahuarita Water Company, LLC
Forecasts of Long-Term Interest Rates

Exhibit
Rejoinder Schedule D-4.8
Witness: Bourassa

Line No.		2017	2018	2019	Average
1	Long-term Treasury Rates				
2	Blue Chip Consensus Forecasts[1]	4.00%	4.40%	4.60%	
3	Value Line[2]	4.10%	4.20%	4.50%	
4	Average				4.3%
5	Aaa Corporate Bonds				
6	Blue Chip Consensus Forecasts[1]	5.10%	5.50%	5.70%	
7	Value Line[2]	5.10%	5.50%	5.60%	
8	Average				5.4%
9	Baa Corporate Bonds				
10	Blue Chip Consensus Forecasts[1]	6.00%	6.50%	6.70%	
11	Value Line[2]				
12	Average				6.4%

Notes:
[1] Blue Chip consensus forecasts (December 2015).
[2] Value Line Quarterly Forecasts dated March 4, 2016.

Sahuarita Water Company, LLC
Risk Premium Analysis Based on Total Returns

Exhibit
Rejoinder Schedule D-4.9
Witness: Bourassa

Line No.		Annual Total Return[1]	Treasury Bond Yields[2]	Annual Risk Premiums
1	1996	21.41%	6.71%	14.70%
2	1997	30.02%	6.61%	23.41%
3	1998	18.32%	5.58%	12.74%
4	1999	30.66%	5.87%	24.79%
5	2000	3.15%	5.94%	-2.79%
6	2001	16.00%	5.49%	10.51%
7	2002	-4.16%	5.43%	-9.59%
8	2003	23.72%	4.96%	18.76%
9	2004	13.78%	5.04%	8.74%
10	2005	19.02%	4.64%	14.38%
11	2006	15.86%	4.91%	10.95%
12	2007	-2.71%	4.84%	-7.55%
13	2008	-1.87%	4.28%	-6.15%
14	2009	-0.20%	4.08%	-4.28%
15	2010	15.26%	4.25%	11.01%
16	2011	1.52%	3.91%	-2.39%
17	2012	15.08%	2.92%	12.16%
18	2013	20.34%	3.45%	16.89%
19	2014	14.98%	3.34%	11.64%
20	2015	8.22%	2.84%	5.38%
21		15-Year Average	4.3%	6.0%
22		Expected Long-term Treasury Bond Rate[3]		4.3%
23		Projected Returns on Equity for Sample		10.3%

Notes:
[1] Composite of average total returns for water utilities. Data from Value Line Analyzer software.
[2] As reported by the Federal Reserve.
[3] Source isSchedule D-4.8.

Sahuarita Water Company, LLC
Estimation of Current Market Risk Premium
Using DCF Analysis

Exhibit
Rejoinder Schedule D-4.10
Witness: Bourassa

Line No.	Month	Dividend Yield (D_0/P_0)[1]	Expected Dividend Yield (D_1/P_0)[2]	+	Expected Growth (g)[3]	=	Expected Market Return (k)	-	Monthly Average 30 Year Treasury Rate[4]	=	Expected Market Risk Premium (MRP)
1	May 2014	2.37%	2.59%	+	9.42%	=	12.01%	-	3.39%	=	8.62%
2	June	2.34%	2.56%	+	9.33%	=	11.89%	-	3.42%	=	8.47%
3	July	2.42%	2.65%	+	9.50%	=	12.15%	-	3.33%	=	8.82%
4	Aug	2.38%	2.61%	+	9.50%	=	12.11%	-	3.20%	=	8.91%
5	Sept	2.82%	3.10%	+	9.83%	=	12.93%	-	3.26%	=	9.67%
6	Oct	2.45%	2.68%	+	9.50%	=	12.18%	-	3.04%	=	9.14%
7	Nov	2.38%	2.61%	+	9.67%	=	12.27%	-	3.04%	=	9.23%
8	Dec	2.44%	2.67%	+	9.67%	=	12.34%	-	2.83%	=	9.51%
9	Jan 2015	2.45%	2.68%	+	9.50%	=	12.18%	-	2.46%	=	9.72%
10	Feb	2.38%	2.61%	+	9.50%	=	12.11%	-	2.57%	=	9.54%
11	Mar	2.42%	2.64%	+	9.17%	=	11.81%	-	2.63%	=	9.18%
12	Apr	2.40%	2.61%	+	9.00%	=	11.61%	-	2.59%	=	9.02%
13	May	2.41%	2.63%	+	9.00%	=	11.63%	-	2.96%	=	8.67%
14	June	2.50%	2.72%	+	8.83%	=	11.56%	-	3.11%	=	8.45%
15	July	2.56%	2.78%	+	8.83%	=	11.62%	-	3.07%	=	8.55%
16	Aug	2.70%	2.95%	+	9.00%	=	11.95%	-	2.86%	=	9.09%
17	Sept	2.84%	3.10%	+	9.00%	=	12.10%	-	2.95%	=	9.15%
18	Oct	2.67%	2.91%	+	9.00%	=	11.91%	-	2.89%	=	9.02%
19	Nov.	2.70%	2.94%	+	8.83%	=	11.77%	-	3.03%	=	8.74%
20	Dec.	2.80%	3.04%	+	8.67%	=	11.71%	-	2.97%	=	8.74%
21	Jan 2016	3.07%	3.33%	+	8.50%	=	11.83%	-	2.86%	=	8.97%
22	Feb	2.91%	3.16%	+	8.50%	=	11.66%	-	2.62%	=	9.04%
23	Mar	2.75%	2.97%	+	8.00%	=	10.97%	-	2.68%	=	8.29%
24	Recommended	2.91%	3.15%	+	8.33%	=	11.49%	-	2.72%	=	8.77%
25	Short-term Trends										
26	Recent Twelve Months Avg	2.69%	2.93%	+	8.76%	=	11.69%	-	2.88%	=	8.81%
27	Recent Nine Months Avg	2.78%	3.02%	+	8.70%	=	11.72%	-	2.88%	=	8.84%
28	Recent Six Months Avg	2.81%	3.06%	+	8.58%	=	11.64%	-	2.84%	=	8.80%
29	Recent Three Months Avg	2.91%	3.15%	+	8.33%	=	11.49%	-	2.72%	=	8.77%

Notes:
[1] Average Dividend Yield (D_0/P_0) of dividend paying stocks. Data from Value Line Investment Analyzer Software Data - Value Line 1700 Stocks
[2] Expected Dividend Yield (D_1/P_0) equals current average dividend yield (D_0/P_0) times one plus growth rate(g).
[3] Median of Projected EPS, Projected DPS Growth and Projected BV Growth for VL 1700 stocks. Data from Value Line Investment Analyzer Software.
[4] Monthly average 30 year U.S. Treasury. Federal Reserve.

Sahuarita Water Company, LLC
Traditional Capital Asset Pricing Model (CAPM)

Exhibit
Rejoinder Schedule D-4.11
Witness: Bourassa

Line No.		Rf[1]	+	beta[2]	x	RP_M		=	k
1	Historical Market Risk Premium CAPM	4.3%	+	0.71	x	7.00%	[3]	=	9.3%
2	Currrent Market Risk Premium CAPM	4.3%	+	0.71	x	8.77%	[4]	=	10.5%
3	Average								9.9%

Notes:
[1] Forecasts of long-term treasury yields. See Schedule D-4.8.
[2] Value Line Investment Analyzer data. See Schedule D-4.3
[3] Historical Market Risk Premium Duff & Phelps 2016 Valuation Handbook, Appendix 3, Long-Horizon ERP.
[4] See Schedule D-4.10.

Sahuarita Water Company, LLC
Financial Risk Computation
Unlevered Beta

Exhibit
Rejoinder Schedule D-4.12
Witness: Bourassa

Line No.		Company	VL Beta β_L[1]	Raw Beta Raw β_L[2]	Tax Rate t[3]	MV Debt D[4]	MV Equity E[4]		Unlevered Raw Beta β_U[5]
5	1.	American Water Worl	0.75	0.63	38.4%	18.5%	81.5%		0.55
6	2.	Aqua America	0.75	0.63	6.9%	23.9%	76.1%		0.49
7	3.	California Water	0.75	0.63	33.0%	25.0%	75.0%		0.51
8	4.	Connecticut Water	0.60	0.40	14.4%	26.6%	73.4%		0.31
9	5.	Middlesex	0.70	0.55	35.0%	21.3%	78.7%		0.47
10	6.	SJW Corp.	0.75	0.63	32.5%	34.5%	65.5%		0.46
11	7.	York Water	0.70	0.55	29.8%	18.3%	81.7%		0.48
13		Sample Water Utilitie:	0.71	0.57	27.2%	24.0%	76.0%	#	0.47

[1] Value Line Investment Analyzer data. See Schedule D-4.1.
Value Line uses the historical data of the stock, but assumes that a security's beta moves toward the market average over time. The formula is as follows:
Adjusted beta = .33 + (.67) * Raw beta
[2] Raw Beta = (VL beta - .33)/(.67)
[3] Current effective tax rates as reported by Value Line (weekly as of March 24, 2016).
4 See Rejoinder Schedule D-4.2.
[5] Raw B_u = Raw B_L/ (1+ (1-t)*D/E)

Sahuarita Water Company, LLC
Financial Risk Computation
Relevered Beta

Exhibit
Rejoinder Schedule D-4.13
Witness: Bourassa

Line No.		Unlevered Raw Beta β_U[1]	MV Book Debt BD[2]	MV Equity Capital EC[2]	Tax Rate t[3]	Relevered Raw Beta $\beta_{RL}=\beta_U(1+(1-t)BD/EC))$ β_{RL}	VL Adjusted Relevered Beta .33 + .67(Raw Beta) β_{RL}
5	Sahuarita Water Company, LLC	0.47	9.0%	91.0%	21.23%	0.50	0.67

[1] Unlevered Beta fron Unlevered Beta tab in WP.
[2] Proforma Capital Structure of Company per D-1

	(in Thousands)			MV (in Thousands)	MV %
Long-term Debt	$ 2,326	1.00		$ 2,326	9.00%
Preferred Stock	$ -	1.00		-	0.0%
Common Stock	$ 8,983	2.61	(a)	23,427	91.0%
Total Capital	$ 11,309			$ 25,753	100.0%

(a) Current market-to-book ratio of sample water utilities. See work papers.

[3] Current effective tax rate based on test year. SeeSchedule C-5.

Sahuarita Water Company, LLC
Financial Risk Computation

Exhibit
Rejoinder Schedule D-4.14
Witness: Bourassa

Line No.											
1	**CAPM**										
2		**Rf**		+	**β**		x	**(Rp)**			**k**
3	Historical Market Risk Premium	4.3%	1	+	0.71	2	x	7.00%	3	=	9.3%
4	Current Market Risk Premium	4.3%	1	+	0.71	2	x	8.77%	4	=	10.5%
5											
6	Average										9.9%
7											
8											
9	**CAPM Relevered Beta**										
10		**Rf**		+	**β**		x	**(Rp)**			**k**
11	Historical Market Risk Premium	4.3%	1	+	0.67	5	x	7.00%	3	=	9.0%
12	Current Market Risk Premium	4.3%	1	+	0.67	5	x	8.77%	4	=	10.2%
13											
14	Average										9.6%
15											
16	Indicated Financial Risk Adjustment										**-0.3%**
17											
18											
19	[1] Forecast of long-term treasury yields. See Schedule D-4.8.										
20	[2] Value Line Investment Analyzer data. See Schedule D-4.1.										
21	[3] Historical Market Risk Premium from (Rp) Duff & Phelps 2015 Valuation Handbook Appendix3 Long-Horizon ERP 1926-2013.										
22	[4] Computed using DCF constant growth method to determine current market return on Value Line 1700 stocks										
23	and CAPM with beta of 1.0 to compute Current Market Risk Premium (Rp). See Schedule D-4.10.										
24	[5] Relevered beta found on Relevered Beta. See Schedule D-4.15.										
25											

Sahuarita Water Company, LLC
Risk Premium[1]

Exhibit
Rejoinder Schedule D-4.15
Witness: Bourassa

Line No.		Beta(ß)	Size Premium	Risk Premium for Small Water Utilities[7]
1	Mid-Cap Companies[2]	1.12	1.00%	
2	Low-Cap Companies[3]	1.22	1.70%	
3	Micro-Cap Companies[4]	1.35	3.58%	
4	Decile 10[5]	1.39	5.60%	3.73%

		Risk Premium for Small Water Utilities
5	Estimated Risk Premium for small utilities[6]	0.99%
6	Estimated Risk Premium for Company[8]	1.30% to 1.70%

[1] Data from Table 4-7 of Duff & Phelps, 2015 Valuation Handbook Guide to Cost of Capital.
[2] Mid-Cap companies includes companies with market capitalization between $2,091 million and $9,611 million.
[3] Low-Cap companies includes companies with market capitalization between $449 million and $2,084 million.
[4] Micro-Cap companies includes companies with market capitalization less than $448 million.
[5] Decile 10 includes companies with market capitalization less than $209 million.
[6] From Table 2, Thomas M. Zepp, "Utility Stocks and the Size Effect Revisited," *The Quarterly Review of Economics and Finance*, 43 (2003), 578-582.
[7] Computed as the weighted differences between the Micro-Cap risk premium and the inidicated risk premiums for the sample water utlities as shown below. Excludes risk due to differences in beta.

		Market Cap. (Millions)	Class	Size Premium	Difference to Decile 10	Weight	Weighted Size Premium
1.	American States	$ 1,431	Low-Cap	1.70%	3.90%	0.14285714	0.56%
2.	Aqua America	$ 5,553	Mid-Cap	1.00%	4.60%	0.14285714	0.66%
3.	California Water	$ 1,255	Low-Cap	1.70%	3.90%	0.14285714	0.56%
4.	Connecticut Water	$ 486	Low-Cap	1.70%	3.90%	0.14285714	0.56%
5.	Middlesex	$ 502	Low-Cap	1.70%	3.90%	0.14285714	0.56%
6.	SJW Corp.	$ 729	Low-Cap	1.70%	3.90%	0.14285714	0.56%
7.	York Water Company	$ 379	Micro-Cap	3.58%	2.02%	0.14285714	0.29%
			Average	1.87%	Wghtd Size Prem. for Small Utilities		3.73%

[8] Results of Comparative Risk Study. See work papers.

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Rejoinder Schedule H-1
Page 1
Witness: Bourassa

Line No.	Meter Size	Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1	5/8x3/4 Inch	Residential	$ 1,754,351	$ 1,933,850	$ 179,499	10.23%	60.56%	60.94%
2	3/4 Inch	Residential	374,310	402,626	28,317	7.57%	12.92%	12.69%
3	1 Inch	Residential	56,962	62,420	5,458	9.58%	1.97%	1.97%
4								
5		Subtotal	2,185,623	2,398,896	213,273	9.76%	75.45%	75.59%
6								
7	1 Inch	Commercial	635	694	60	9.45%	0.02%	0.02%
8	1 1/2 Inch	Commercial	2,774	3,043	269	9.68%	0.10%	0.10%
9	2 Inch	Commercial	78,061	85,605	7,544	9.66%	2.69%	2.70%
10	3 Inch	Commercial	8,473	9,301	828	9.77%	0.29%	0.29%
11								
12		Subtotal	$ 89,943	$ 98,644	$ 8,700	9.67%	3.10%	3.11%
13								
14	1 1/2 Inch	Public Authority	$ 10,908	$ 11,952	$ 1,044	9.57%	0.38%	0.38%
15	2 Inch	Public Authority	19,539	21,392	1,853	9.49%	0.67%	0.67%
16	4 Inch	Public Authority	35,006	38,411	3,405	9.73%	1.21%	1.21%
17		Subtotal	65,453	71,755	6,302	9.63%	2.26%	2.26%
18								
19	5/8x3/4 Inch	Irrigation	$ 14,044	$ 15,388	$ 1,344	9.57%	0.48%	0.48%
20	3/4 Inch	Irrigation	5,122	5,570	448	8.75%	0.18%	0.18%
21	1 Inch	Irrigation	76,839	84,207	7,369	9.59%	2.65%	2.65%
22	1 1/2 Inch	Irrigation	40,234	44,107	3,873	9.63%	1.39%	1.39%
23	2 Inch	Irrigation	383,182	420,159	36,977	9.65%	13.23%	13.24%
24	3 Inch	Irrigation	-	-	-	0.00%	0.00%	0.00%
25								
26		Subtotal	519,420	569,432	50,012	9.63%	17.93%	17.94%
27								
28								
29	3 Inch	Construction	32,933	36,038	3,106	9.43%	1.14%	1.14%
30								
31		Subtotal	32,933	36,038	3,106	9.43%	1.14%	1.14%
32								
33	Total Revenues Before Annualization		$ 2,893,372	$ 3,174,765	$ 281,393	9.73%	99.88%	100.04%
34								
35								

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Rejoinder Schedule H-1
Page 2
Witness: Bourassa

Line No.	Meter Size	Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Additional Bills	Additional Gallons to be Pumped (In 1,000's)
			Revenue Annualization					
1	5/8x3/4 Inch	Residential	$ 8,339	$ 9,204	865	10.37%	267	1,270
2	3/4 Inch	Residential	6,717	7,229	511	7.61%	143	912
3	1 Inch	Residential	2,190	2,400	210	9.59%	32	218
4								
5		Subtotal	$ 17,246	$ 18,833	$ 1,586	9.20%	442	2,400
6								
7	1 Inch	Commercial	-	-	-	0.00%	-	-
8	1 1/2 Inch	Commercial	1,627	1,785	158	9.73%	8	249
9	2 Inch	Commercial	4,302	4,722	420	9.77%	12	708
10	3 Inch	Commercial	-	-	-	0.00%	-	-
11								
12		Subtotal	$ 5,929	$ 6,507	$ 3,751	63.28%	20	957
13								
14	1 1/2 Inch	Public Authority	-	-	-	0.00%	-	-
15	2 Inch	Public Authority	-	-	-	0.00%	-	-
16	4 Inch	Public Authority	-	-	-	0.00%	-	-
17		Subtotal	$ -	$ -	$ -	0.00%	-	-
18								
19	5/8x3/4 Inch	Irrigation	$ 73	$ 80	7	9.72%	1	-
20	3/4 Inch	Irrigation	-	-	-	0.00%	-	-
21	1 Inch	Irrigation	917	1,006	89	9.76%	8	151
22	1 1/2 Inch	Irrigation	-	-	-	0.00%	-	-
23	2 Inch	Irrigation	-	-	-	0.00%	-	-
24	3 Inch	Irrigation	-	-	-	0.00%	-	-
25								
26		Subtotal	990	1,086	97	9.75%	9	151
27								
28								
29	3 Inch	Construction	-	-	-	0.00%	-	-
30								
31		Subtotal	-	-	-	0.00%	-	-
32								
33								
34	Total Revenue Annualization		$ 24,165	$ 26,426	$ 5,434	22.49%	$ 471	3,509
35								

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Schedule H-1
Page 3
Witness: Bourassa

Line No.		Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1	Subtotal Metered Revenues	$ 2,893,372	$ 3,174,765	$ 281,393	9.73%	99.88%	100.04%
2	Revenue Normalization	(73,316)	(81,190)	(7,874)	10.74%	-2.53%	-2.56%
3	Subtotal Revenue Annualization	24,165	26,426	2,262	9.36%	0.83%	0.83%
4	Total Metered Revenues	$ 2,844,220	$ 3,120,001	$ 275,780	9.70%	98.19%	98.32%
5							
6	Misc. Revenues	$ 53,528	$ 53,528	-	0.00%	1.85%	1.69%
7	Reconciling Amount to GL/C-1	(1,001)	(144)	857	-85.65%	-0.03%	0.00%
8	Total Water Revenues	$ 2,896,747	$ 3,173,385	$ 276,638	9.55%	100.00%	100.00%

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Customer Summary

Exhibit
Rejoinder Schedule H-2
Page 1
Witness: Bourassa

Line No.	Meter Size, Class		(a) Average Number of Customers at 12/31/2014	Average Consumption	Average Bill Present Rates	Average Bill Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount
1	5/8x3/4 Inch	Residential	4,604	4,677	$ 30.94	$ 34.15	3.21	10.38%
2	3/4 Inch	Residential	655	6,316	46.73	50.29	3.55	7.60%
3	1 Inch	Residential	69	6,796	68.36	74.91	6.55	9.59%
4								
5		Subtotal	5,328					
6								
7	1 Inch	Commercial	1	2,667	52.88	57.87	4.99	9.45%
8	1 1/2 Inch	Commercial	1	23,251	172.94	189.69	16.75	9.69%
9	2 Inch	Commercial	18	56,638	349.59	383.73	34.14	9.77%
10	3 Inch	Commercial	1	115,126	706.12	775.10	68.98	9.77%
11								
12		Subtotal	21					
13								
14	1 1/2 Inch	Public Authority	5	23,727	174.73	191.66	16.93	9.69%
15	2 Inch	Public Authority	9	11,658	180.92	198.08	17.16	9.49%
16	4 Inch	Public Authority	1	611,322	2,917.20	3,200.91	283.71	9.73%
17		Subtotal	15					
18								
19	5/8x3/4 Inch	Irrigation	13	17,095	$ 87.33	$ 95.78	8.45	9.68%
20	3/4 Inch	Irrigation	3	26,972	141.42	153.82	12.40	8.77%
21	1 Inch	Irrigation	50	20,313	119.28	130.95	11.67	9.78%
22	1 1/2 Inch	Irrigation	12	47,160	262.60	288.38	25.78	9.82%
23	2 Inch	Irrigation	48	127,321	642.64	705.33	62.69	9.75%
24	3 Inch	Irrigation	-					
25								
26		Subtotal	126					
27								
28								
29	3 Inch	Construction	4	113,269	784.11	858.05	73.94	9.43%
30								
31		Subtotal	4					
32								
33		Total	5,494					
34								

35 **(a)** Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Customer Summary

Exhibit
Rejoinder Schedule H-2
Page 2
Witness: Bourassa

Line No.	Meter Size, Class		(a) Average Number of Customers at 12/31/2014	Median Consumption	Median Bill Present Rates	Median Bill Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount
1	5/8x3/4 Inch	Residential	4,604	4,500	$ 30.28	$ 33.42	3.14	10.38%
2	3/4 Inch	Residential	655	5,500	43.68	46.92	3.24	7.43%
3	1 Inch	Residential	69	5,500	63.50	69.56	6.06	9.55%
4								
5								
6		Subtotal	5,328					
7								
8	1 Inch	Commercial	1	2,500	52.25	57.18	4.93	9.44%
9	1 1/2 Inch	Commercial	1	17,000	149.50	163.89	14.39	9.63%
10	2 Inch	Commercial	18	32,500	259.08	284.10	25.03	9.66%
11	3 Inch	Commercial	1	106,890	675.24	741.11	65.87	9.76%
12								
13		Subtotal	21					
14								
15	1 1/2 Inch	Public Authority	5	25,370	110.13	120.55	10.43	9.47%
16	2 Inch	Public Authority	9	10,501	170.95	187.11	16.16	9.45%
17	4 Inch	Public Authority	1	493,780	2,768.96	3,038.59	269.63	9.74%
18		Subtotal	15					
19								
20	5/8x3/4 Inch	Irrigation	13	4,500	$ 34.03	$ 37.32	3.29	9.68%
21	3/4 Inch	Irrigation	3	9,500	62.80	67.73	4.93	7.85%
22	1 Inch	Irrigation	50	7,500	71.00	77.82	6.82	9.60%
23	1 1/2 Inch	Irrigation	12	20,500	162.63	178.34	15.71	9.66%
24	2 Inch	Irrigation	48	87,000	463.45	509.05	45.60	9.84%
25	3 Inch	Irrigation	-					
26								
27		Subtotal	126					
28								
29								
30	3 Inch	Construction	4	6,000	301.40	329.48	28.08	9.32%
31								
32		Subtotal	4					
33								
34		Total	5,494					
35								
36	(a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.							
37								

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Present and Proposed Rates
Typical Rate Design

Exhibit
Rejoinder Schedule H-3
Page 1
Witness: Bourassa

Line No.	Monthly Usage Charge for:	Present Rates	Proposed Rates	Change	Percent Change
1	Meter Size (All Classes):				
2	5/8x3/4Inch	$ 17.15	$ 18.74	$ 1.59	9.30%
2	3/4 Inch	26.80	28.12	1.32	4.92%
3	1 Inch	42.88	46.86	3.99	9.30%
4	1 1/2 Inch	85.75	93.72	7.97	9.30%
5	2 Inch	137.20	149.96	12.76	9.30%
6	3 Inch	274.40	299.92	25.52	9.30%
7	4 Inch	428.75	468.62	39.87	9.30%
8	6 Inch	857.50	937.25	79.75	9.30%
9					
10					
11					
12	Gallons In Minimum (All Classes)	-	-		
13					
14			(Per 1,000 gallons)		
15			Present	Proposed	
16	**Commodity Rates**	**Block**	**Rate**	**Rate**	
17	5/8x3/4 Inch - Residential	0 gallons to 3,000 gallons	$ 2.500	$ 2.828	
18		3,001 to 9,000 gallons	$ 3.750	$ 4.128	
19		over 9,000 gallons	$ 4.500	$ 4.928	
20					
21	5/8x3/4 Inch - Non-residential	0 gallons to 9,000 gallons	$ 3.750	$ 4.128	
22		Over 9,000 gallons	$ 4.500	$ 4.928	
23					
24	3/4 Inch Meter Residential	0 gallons to 3,000 gallons	$ 2.500	$ 2.828	
		3,001 to 9,000 gallons	$ 3.750	$ 4.128	
25		over 9,000 gallons	$ 4.500	$ 4.928	
26					
27	3/4 Inch Meter - Non-residential	0 gallons to 9,000 gallons	$ 3.750	$ 4.128	
28		Over 9,000 gallons	$ 4.500	$ 4.928	
29					
30					
31	1 Inch - All classes	0 gallons to 20,000 gallons	$ 3.750	$ 4.128	
32		Over 20,000 gallons	$ 4.500	$ 4.928	
33					
34	1 1/2 Inch - All classes	0 gallons to 55,000 gallons	$ 3.750	$ 4.128	
35		Over 55,000 gallons	$ 4.500	$ 4.928	
36					
37	2 Inch - All classes	0 gallons to 90,000 gallons	$ 3.750	$ 4.128	
38		Over 90,000 gallons	$ 4.500	$ 4.928	
39					
40	3 Inch - All classes	0 gallons to 200,000 gallons	$ 3.750	$ 4.128	
41		Over 200,000 gallons	$ 4.500	$ 4.928	
42					
43	4 Inch - All classes	0 gallons to 350,000 gallons	$ 3.750	$ 4.128	
44		Over 350,000 gallons	$ 4.500	$ 4.928	
45					

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Present and Proposed Rates
Typical Rate Design

Exhibit
Rejoinder Schedule H-3
Page 2
Witness: Bourassa

Line No.		Block	(Per 1,000 gallons) Present Rate	Proposed Rate
1	**Commodity Rates**			
2	6 Inch - All classes			
3				
4				
5				
6				
7				
8				
9				
10	Construction/Bulk			
11				
12				
13				
14				
15				
16				
17				
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45				

Sahuarita Water Company, LLC
Changes in Representative Rate Schedules
Test Year Ended December 31, 2014

Exhibit
Rejoinder Schedule H-3
Page 3
Witness: Bourassa

Meter and Service Line Charges[1]

Line No.		Present Service Line Charge	Present Meter Install-ation Charge	Total Present Charge	Proposed Service Line Charge	Proposed Meter Install-ation Charge	Total Proposed Charge
7	5/8 x 3/4 Inch	$ 445	$ 155	$ 600.00	$ 445	$ 155	$ 600.00
8	3/4 Inch	445	255	700.00	445	255	700.00
9	1 Inch	495	315	810.00	495	315	810.00
10	1 1/2 Inch	550	525	1,075.00	550	525	1,075.00
11	2 Inch Turbo	830	1,045	1,875.00	830	1,045	1,875.00
12	2 Inch, Compound	830	1,890	2,720.00	830	1,890	2,720.00
13	3 Inch Turbo	1,045	1,670	2,715.00	1,045	1,670	2,715.00
14	3 Inch, compound	1,165	2,545	3,710.00	1,165	2,545	3,710.00
15	4 Inch Turbo	1,490	2,670	4,160.00	1,490	2,670	4,160.00
16	4 Inch, compound	1,670	3,645	5,315.00	1,670	3,645	5,315.00
17	6 Inch Turbo	2,210	5,025	7,235.00	2,210	5,025	7,235.00
18	6 Inch, compound	2,330	6,920	9,250.00	2,330	6,920	9,250.00
19	Over 6"	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost

[1] Based on ACC Staff Engineering Memo dated Feburary 21, 2008
NT = No Tariff

Other Charges:

	Present	Proposed
Establishment	$ 25.00	$ 25.00
Establishment (After Hours)	$ 40.00	Remove
Reestablishment (within 12 months)	*	*
Reconnection (Deliquent)	$ 25.00	$ 25.00
Reconnection (Deliquent and After Hours)	$ 40.00	Remove
Meter Test (if correct)	$ 25.00	$ 25.00
Meter Re-read (if correct)	NT	$ 25.00
Deposit	**	**
Deposit Interest**	6%	6%
NSF Check	$ 15.00	$ 15.00
Deferred Payment, per month	1.5%	1.5%
Late Payment Fee (per month)	Min. $ 5.00 or 1.5% per month	Min. $ 5.00 or 1.5% per month
Moving Meter at Customer Request	At Cost	At Cost
After hours service charge	NT	$ 50.00
Main Extension and Additional Facilities	At Cost	At Cost

* Per Commissin Rule A.A.C. R-14-2-403(D). Number of months off the system times the monthly minimum.
** Per Commission Rule Rule R14-2-403(B)

NT = No Tariff

Sahuarita Water Company, LLC
Test Year Ended December 31, 2014
Hook-Up Fees

Exhibit
Rejoinder Schedule H-3
Page 4
Witness: Bourassa

Line No.			
1			
2	**Off-site Facilities Hook-up Fee**		
3			
4		Present	Proposed
5		Charge	Charge
6	5/8 x 3/4 Inch	$ 350	$ 350
7	3/4 Inch	420	420
8	1 Inch	700	700
9	1 1/2 Inch	1,400	1,400
10	2 Inch	2,240	2,240
11	3 Inch	4,200	4,200
12	4 Inch	7,000	7,000
13	6 Inch or larger	14,000	14,000
14			
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Sahuarita Water Company, LLC
Bill Comparison Present and Proposed Rates
Meter Size: 5/8 Inch Residential

Exhibit
Rejoinder Schedule H-4
Page 1
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 17.15	$ 18.74	$ 1.59	9.30%
1,000	19.65	21.57	1.92	9.78%
2,000	22.15	24.40	2.25	10.16%
3,000	24.65	27.23	2.58	10.46%
4,000	28.40	31.35	2.95	10.40%
5,000	32.15	35.48	3.33	10.37%
6,000	35.90	39.61	3.71	10.33%
7,000	39.65	43.74	4.09	10.31%
8,000	43.40	47.86	4.46	10.29%
9,000	47.15	51.99	4.84	10.27%
10,000	51.65	56.92	5.27	10.20%
12,000	60.65	66.77	6.12	10.10%
14,000	69.65	76.63	6.98	10.02%
16,000	78.65	86.48	7.83	9.96%
18,000	87.65	96.34	8.69	9.91%
20,000	96.65	106.19	9.54	9.88%
25,000	119.15	130.83	11.68	9.80%
30,000	141.65	155.47	13.82	9.76%
35,000	164.15	180.11	15.96	9.72%
40,000	186.65	204.74	18.09	9.69%
45,000	209.15	229.38	20.23	9.67%
50,000	231.65	254.02	22.37	9.66%
60,000	276.65	303.29	26.64	9.63%
70,000	321.65	352.57	30.92	9.61%
80,000	366.65	401.84	35.19	9.60%
90,000	411.65	451.12	39.47	9.59%
100,000	456.65	500.39	43.74	9.58%
Average Usage				
4,677	$ 30.94	$ 34.15	$ 3.21	10.38%
Median Usage				
4,500	$ 30.28	$ 33.42	$ 3.14	10.38%

Present Rates:			
Monthly Minimum:		$	17.15
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	3,000	$	2.500
Up to	9,000	$	3.750
Over	9,000	$	4.500
Proposed Rates:			
Monthly Minimum:		$	18.74
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	3,000	$	2.828
Up to	9,000	$	4.128
Over	9,000	$	4.928

Sahuarita Water Company, LLC
Bill Comparison Present and Proposed Rates
Meter Size: 3/4 Inch Residential

Exhibit
Rejoinder Schedule H-4
Page 2
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 26.80	$ 28.12	$ 1.32	4.92%
1,000	29.30	30.94	1.64	5.61%
2,000	31.80	33.77	1.97	6.20%
3,000	34.30	36.60	2.30	6.71%
4,000	38.05	40.73	2.68	7.04%
5,000	41.80	44.85	3.05	7.31%
6,000	45.55	48.98	3.43	7.54%
7,000	49.30	53.11	3.81	7.73%
8,000	53.05	57.24	4.19	7.89%
9,000	56.80	61.36	4.56	8.04%
10,000	61.30	66.29	4.99	8.14%
12,000	70.30	76.15	5.85	8.32%
14,000	79.30	86.00	6.70	8.45%
16,000	88.30	95.86	7.56	8.56%
18,000	97.30	105.71	8.41	8.65%
20,000	106.30	115.57	9.27	8.72%
25,000	128.80	140.20	11.40	8.85%
30,000	151.30	164.84	13.54	8.95%
35,000	173.80	189.48	15.68	9.02%
40,000	196.30	214.12	17.82	9.08%
45,000	218.80	238.75	19.95	9.12%
50,000	241.30	263.39	22.09	9.16%
60,000	286.30	312.67	26.37	9.21%
70,000	331.30	361.94	30.64	9.25%
80,000	376.30	411.22	34.92	9.28%
90,000	421.30	460.49	39.19	9.30%
100,000	466.30	509.77	43.47	9.32%
Average Usage				
6,316	$ 46.73	$ 50.29	$ 3.55	7.60%
Median Usage				
5,500	$ 43.68	$ 46.92	$ 3.24	7.43%

Present Rates:			
Monthly Minimum:		$	26.80
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	3,000	$	2.500
Up to	9,000	$	3.750
Over	9,000		
Proposed Rates:			
Monthly Minimum:		$	28.12
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	3,000	$	2.828
Up to	9,000	$	4.128
Over	9,000	$	4.928

Sahuarita Water Company, LLC
Bill Comparison Present and Proposed Rates
Meter Size: 1 Inch Residential

Exhibit
Rejoinder Schedule H-4
Page 3
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 42.88	$ 46.86	$ 3.99	9.30%
1,000	46.63	50.99	4.36	9.36%
2,000	50.38	55.12	4.74	9.41%
3,000	54.13	59.24	5.12	9.46%
4,000	57.88	63.37	5.50	9.50%
5,000	61.63	67.50	5.87	9.53%
6,000	65.38	71.63	6.25	9.56%
7,000	69.13	75.75	6.63	9.59%
8,000	72.88	79.88	7.01	9.62%
9,000	76.63	84.01	7.38	9.64%
10,000	80.38	88.14	7.76	9.66%
12,000	87.88	96.39	8.52	9.69%
14,000	95.38	104.65	9.27	9.72%
16,000	102.88	112.90	10.03	9.75%
18,000	110.38	121.16	10.78	9.77%
20,000	117.88	129.41	11.54	9.79%
25,000	140.38	154.05	13.67	9.74%
30,000	162.88	178.69	15.81	9.71%
35,000	185.38	203.32	17.95	9.68%
40,000	207.88	227.96	20.09	9.66%
45,000	230.38	252.60	22.22	9.65%
50,000	252.88	277.24	24.36	9.63%
60,000	297.88	326.51	28.64	9.61%
70,000	342.88	375.79	32.91	9.60%
80,000	387.88	425.06	37.19	9.59%
90,000	432.88	474.34	41.46	9.58%
100,000	477.88	523.61	45.74	9.57%
Average Usage				
6,796	$ 68.36	$ 74.91	$ 6.55	9.59%
Median Usage				
5,500	$ 63.50	$ 69.56	$ 6.06	9.55%

Present Rates:			
Monthly Minimum:		$	42.88
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	20,000	$	3.750
Over	20,000	$	4.500
Proposed Rates:			
Monthly Minimum:		$	46.86
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	20,000	$	4.128
Over	20,000	$	4.928

Sahuarita Water Company, LLC
Bill Comparison Present and Proposed Rates
Meter Size: 1 Inch Commercial

Exhibit
Rejoinder Schedule H-4
Page 4
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 42.88	$ 46.86	$ 3.99	9.30%
1,000	46.63	50.99	4.36	9.36%
2,000	50.38	55.12	4.74	9.41%
3,000	54.13	59.24	5.12	9.46%
4,000	57.88	63.37	5.50	9.50%
5,000	61.63	67.50	5.87	9.53%
6,000	65.38	71.63	6.25	9.56%
7,000	69.13	75.75	6.63	9.59%
8,000	72.88	79.88	7.01	9.62%
9,000	76.63	84.01	7.38	9.64%
10,000	80.38	88.14	7.76	9.66%
12,000	87.88	96.39	8.52	9.69%
14,000	95.38	104.65	9.27	9.72%
16,000	102.88	112.90	10.03	9.75%
18,000	110.38	121.16	10.78	9.77%
20,000	117.88	129.41	11.54	9.79%
25,000	140.38	154.05	13.67	9.74%
30,000	162.88	178.69	15.81	9.71%
35,000	185.38	203.32	17.95	9.68%
40,000	207.88	227.96	20.09	9.66%
45,000	230.38	252.60	22.22	9.65%
50,000	252.88	277.24	24.36	9.63%
60,000	297.88	326.51	28.64	9.61%
70,000	342.88	375.79	32.91	9.60%
80,000	387.88	425.06	37.19	9.59%
90,000	432.88	474.34	41.46	9.58%
100,000	477.88	523.61	45.74	9.57%
Average Usage 2,667	$ 52.88	$ 57.87	$ 4.99	9.45%
Median Usage 2,500	$ 52.25	$ 57.18	$ 4.93	9.44%

Present Rates:			
Monthly Minimum:		$	42.88
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	20,000	$	3.750
Over	20,000	$	4.500
Proposed Rates:			
Monthly Minimum:		$	46.86
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	20,000	$	4.128
Over	20,000	$	4.928

Sahuarita Water Company, LLC
Bill Comparison Present and Proposed Rates
Meter Size: 1 1/2 Inch Commercial

Exhibit
Rejoinder Schedule H-4
Page 5
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 85.75	$ 93.72	$ 7.97	9.30%
1,000	89.50	97.85	8.35	9.33%
2,000	93.25	101.98	8.73	9.36%
3,000	97.00	106.11	9.11	9.39%
4,000	100.75	110.23	9.48	9.41%
5,000	104.50	114.36	9.86	9.44%
6,000	108.25	118.49	10.24	9.46%
7,000	112.00	122.62	10.62	9.48%
8,000	115.75	126.74	10.99	9.50%
9,000	119.50	130.87	11.37	9.52%
10,000	123.25	135.00	11.75	9.53%
12,000	130.75	143.25	12.50	9.56%
14,000	138.25	151.51	13.26	9.59%
16,000	145.75	159.76	14.01	9.62%
18,000	153.25	168.02	14.77	9.64%
20,000	160.75	176.27	15.52	9.66%
25,000	179.50	196.91	17.41	9.70%
30,000	198.25	217.55	19.30	9.74%
35,000	217.00	238.19	21.19	9.76%
40,000	235.75	258.82	23.07	9.79%
45,000	254.50	279.46	24.96	9.81%
50,000	273.25	300.10	26.85	9.83%
60,000	314.50	345.37	30.87	9.82%
70,000	359.50	394.65	35.15	9.78%
80,000	404.50	443.92	39.42	9.75%
90,000	449.50	493.20	43.70	9.72%
100,000	494.50	542.47	47.97	9.70%
Average Usage				
23,251	$ 172.94	$ 189.69	$ 16.75	9.69%
Median Usage				
17,000	$ 149.50	$ 163.89	$ 14.39	9.63%

Present Rates:			
Monthly Minimum:		$	85.75
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	55,000	$	3.750
Over	55,000	$	4.500
Proposed Rates:			
Monthly Minimum:		$	93.72
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	55,000	$	4.128
Over	55,000	$	4.928

Sahuarita Water Company, LLC
Bill Comparison Present and Proposed Rates
Meter Size: 2 Inch Commercial

Exhibit
Rejoinder Schedule H-4
Page 6
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 137.20	$ 149.96	$ 12.76	9.30%
1,000	140.95	154.09	13.14	9.32%
2,000	144.70	158.21	13.51	9.34%
3,000	148.45	162.34	13.89	9.36%
4,000	152.20	166.47	14.27	9.38%
5,000	155.95	170.60	14.65	9.39%
6,000	159.70	174.72	15.02	9.41%
7,000	163.45	178.85	15.40	9.42%
8,000	167.20	182.98	15.78	9.44%
9,000	170.95	187.11	16.16	9.45%
10,000	174.70	191.23	16.53	9.46%
12,000	182.20	199.49	17.29	9.49%
14,000	189.70	207.74	18.04	9.51%
16,000	197.20	216.00	18.80	9.53%
18,000	204.70	224.25	19.55	9.55%
20,000	212.20	232.51	20.31	9.57%
25,000	230.95	253.15	22.20	9.61%
30,000	249.70	273.78	24.08	9.65%
35,000	268.45	294.42	25.97	9.67%
40,000	287.20	315.06	27.86	9.70%
45,000	305.95	335.70	29.75	9.72%
50,000	324.70	356.33	31.63	9.74%
60,000	362.20	397.61	35.41	9.78%
70,000	399.70	438.88	39.18	9.80%
80,000	437.20	480.16	42.96	9.83%
90,000	474.70	521.43	46.73	9.85%
100,000	519.70	570.71	51.01	9.82%
Average Usage				
56,638	$ 349.59	$ 383.73	$ 34.14	9.77%
Median Usage				
32,500	$ 259.08	$ 284.10	$ 25.03	9.66%

Present Rates:			
Monthly Minimum:		$	137.20
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	90,000	$	3.750
Over	90,000	$	4.500
Proposed Rates:			
Monthly Minimum:		$	149.96
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	90,000	$	4.128
Over	90,000	$	4.928

Sahuarita Water Company, LLC
Bill Comparison Present and Proposed Rates
Meter Size: 3 Inch Commercial

Exhibit
Rejoinder Schedule H-4
Page 7
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 274.40	$ 299.92	$ 25.52	9.30%
1,000	278.15	304.05	25.90	9.31%
2,000	281.90	308.17	26.27	9.32%
3,000	285.65	312.30	26.65	9.33%
4,000	289.40	316.43	27.03	9.34%
5,000	293.15	320.56	27.41	9.35%
6,000	296.90	324.68	27.78	9.36%
7,000	300.65	328.81	28.16	9.37%
8,000	304.40	332.94	28.54	9.38%
9,000	308.15	337.07	28.92	9.38%
10,000	311.90	341.19	29.29	9.39%
12,000	319.40	349.45	30.05	9.41%
14,000	326.90	357.70	30.80	9.42%
16,000	334.40	365.96	31.56	9.44%
18,000	341.90	374.21	32.31	9.45%
20,000	349.40	382.47	33.07	9.46%
25,000	368.15	403.11	34.96	9.50%
30,000	386.90	423.74	36.84	9.52%
35,000	405.65	444.38	38.73	9.55%
40,000	424.40	465.02	40.62	9.57%
45,000	443.15	485.66	42.51	9.59%
50,000	461.90	506.29	44.39	9.61%
60,000	499.40	547.57	48.17	9.65%
70,000	536.90	588.84	51.94	9.67%
80,000	574.40	630.12	55.72	9.70%
90,000	611.90	671.39	59.49	9.72%
100,000	649.40	712.67	63.27	9.74%
Average Usage				
115,126	$ 706.12	$ 775.10	$ 68.98	9.77%
Median Usage				
106,890	$ 675.24	$ 741.11	$ 65.87	9.76%

Present Rates:			
Monthly Minimum:		$	274.40
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	200,000	$	3.750
Over	200,000	$	4.500
Proposed Rates:			
Monthly Minimum:		$	299.92
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	200,000	$	4.128
Over	200,000	$	4.928

Sahuarita Water Company, LLC
Bill Comparison Present and Proposed Rates
Meter Size: 1 1/2 Inch Public Authority

Exhibit
Rejoinder Schedule H-4
Page 8
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 85.75	$ 93.72	$ 7.97	9.30%
1,000	89.50	97.85	8.35	9.33%
2,000	93.25	101.98	8.73	9.36%
3,000	97.00	106.11	9.11	9.39%
4,000	100.75	110.23	9.48	9.41%
5,000	104.50	114.36	9.86	9.44%
6,000	108.25	118.49	10.24	9.46%
7,000	112.00	122.62	10.62	9.48%
8,000	115.75	126.74	10.99	9.50%
9,000	119.50	130.87	11.37	9.52%
10,000	123.25	135.00	11.75	9.53%
12,000	130.75	143.25	12.50	9.56%
14,000	138.25	151.51	13.26	9.59%
16,000	145.75	159.76	14.01	9.62%
18,000	153.25	168.02	14.77	9.64%
20,000	160.75	176.27	15.52	9.66%
25,000	179.50	196.91	17.41	9.70%
30,000	198.25	217.55	19.30	9.74%
35,000	217.00	238.19	21.19	9.76%
40,000	235.75	258.82	23.07	9.79%
45,000	254.50	279.46	24.96	9.81%
50,000	273.25	300.10	26.85	9.83%
60,000	314.50	345.37	30.87	9.82%
70,000	359.50	394.65	35.15	9.78%
80,000	404.50	443.92	39.42	9.75%
90,000	449.50	493.20	43.70	9.72%
100,000	494.50	542.47	47.97	9.70%
Average Usage				
23,727	$ 174.73	$ 191.66	$ 16.93	9.69%
Median Usage				
6,500	$ 110.13	$ 120.55	$ 10.43	9.47%

Present Rates:			
Monthly Minimum:		$	85.75
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	55,000	$	3.750
Over	55,000	$	4.500
Proposed Rates:			
Monthly Minimum:		$	93.72
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	55,000	$	4.128
Over	55,000	$	4.928

Sahuarita Water Company, LLC
Bill Comparison Present and Proposed Rates
Meter Size: 2 Inch Public Authority

Exhibit
Rejoinder Schedule H-4
Page 9
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 137.20	$ 149.96	$ 12.76	9.30%
1,000	140.95	154.09	13.14	9.32%
2,000	144.70	158.21	13.51	9.34%
3,000	148.45	162.34	13.89	9.36%
4,000	152.20	166.47	14.27	9.38%
5,000	155.95	170.60	14.65	9.39%
6,000	159.70	174.72	15.02	9.41%
7,000	163.45	178.85	15.40	9.42%
8,000	167.20	182.98	15.78	9.44%
9,000	170.95	187.11	16.16	9.45%
10,000	174.70	191.23	16.53	9.46%
12,000	182.20	199.49	17.29	9.49%
14,000	189.70	207.74	18.04	9.51%
16,000	197.20	216.00	18.80	9.53%
18,000	204.70	224.25	19.55	9.55%
20,000	212.20	232.51	20.31	9.57%
25,000	230.95	253.15	22.20	9.61%
30,000	249.70	273.78	24.08	9.65%
35,000	268.45	294.42	25.97	9.67%
40,000	287.20	315.06	27.86	9.70%
45,000	305.95	335.70	29.75	9.72%
50,000	324.70	356.33	31.63	9.74%
60,000	362.20	397.61	35.41	9.78%
70,000	399.70	438.88	39.18	9.80%
80,000	437.20	480.16	42.96	9.83%
90,000	474.70	521.43	46.73	9.85%
100,000	519.70	570.71	51.01	9.82%
Average Usage				
11,658	$ 180.92	$ 198.08	$ 17.16	9.49%
Median Usage				
9,000	$ 170.95	$ 187.11	$ 16.16	9.45%

Present Rates:			
Monthly Minimum:		$	137.20
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	90,000	$	3.750
Over	90,000	$	4.500
Proposed Rates:			
Monthly Minimum:		$	149.96
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	90,000	$	4.128
Over	90,000	$	4.928

Sahuarita Water Company, LLC
Bill Comparison Present and Proposed Rates
Meter Size: 4 Inch Commercial

Exhibit
Rejoinder Schedule H-4
Page 10
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 428.75	$ 468.62	$ 39.87	9.30%
1,000	432.50	472.75	40.25	9.31%
2,000	436.25	476.88	40.63	9.31%
3,000	440.00	481.01	41.01	9.32%
4,000	443.75	485.13	41.38	9.33%
5,000	447.50	489.26	41.76	9.33%
6,000	451.25	493.39	42.14	9.34%
7,000	455.00	497.52	42.52	9.34%
8,000	458.75	501.64	42.89	9.35%
9,000	462.50	505.77	43.27	9.36%
10,000	466.25	509.90	43.65	9.36%
12,000	473.75	518.15	44.40	9.37%
14,000	481.25	526.41	45.16	9.38%
16,000	488.75	534.66	45.91	9.39%
18,000	496.25	542.92	46.67	9.40%
20,000	503.75	551.17	47.42	9.41%
25,000	522.50	571.81	49.31	9.44%
30,000	541.25	592.45	51.20	9.46%
35,000	560.00	613.09	53.09	9.48%
40,000	578.75	633.72	54.97	9.50%
45,000	597.50	654.36	56.86	9.52%
50,000	616.25	675.00	58.75	9.53%
60,000	653.75	716.27	62.52	9.56%
70,000	691.25	757.55	66.30	9.59%
80,000	728.75	798.82	70.07	9.62%
90,000	766.25	840.10	73.85	9.64%
100,000	803.75	881.37	77.62	9.66%
Average Usage 611,322	$ 2,917.20	$ 3,200.91	$ 283.71	9.73%
Median Usage 578,380	$ 2,768.96	$ 3,038.59	$ 269.63	9.74%

Present Rates:			
Monthly Minimum:		$	428.75
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	350,000	$	3.750
Over	350,000	$	4.500

Proposed Rates:			
Monthly Minimum:		$	468.62
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	350,000	$	4.128
Over	350,000	$	4.928

Sahuarita Water Company, LLC
Bill Comparison Present and Proposed Rates
Meter Size: 5/8 Inch Irrigation

Exhibit
Rejoinder Schedule H-4
Page 11
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 17.15	$ 18.74	$ 1.59	9.30%
1,000	20.90	22.87	1.97	9.44%
2,000	24.65	27.00	2.35	9.53%
3,000	28.40	31.13	2.73	9.60%
4,000	32.15	35.25	3.10	9.66%
5,000	35.90	39.38	3.48	9.70%
6,000	39.65	43.51	3.86	9.74%
7,000	43.40	47.64	4.24	9.76%
8,000	47.15	51.76	4.61	9.79%
9,000	50.90	55.89	4.99	9.81%
10,000	55.40	60.82	5.42	9.78%
12,000	64.40	70.67	6.27	9.74%
14,000	73.40	80.53	7.13	9.71%
16,000	82.40	90.38	7.98	9.69%
18,000	91.40	100.24	8.84	9.67%
20,000	100.40	110.09	9.69	9.66%
25,000	122.90	134.73	11.83	9.63%
30,000	145.40	159.37	13.97	9.61%
35,000	167.90	184.01	16.11	9.59%
40,000	190.40	208.64	18.24	9.58%
45,000	212.90	233.28	20.38	9.57%
50,000	235.40	257.92	22.52	9.57%
60,000	280.40	307.19	26.79	9.56%
70,000	325.40	356.47	31.07	9.55%
80,000	370.40	405.74	35.34	9.54%
90,000	415.40	455.02	39.62	9.54%
100,000	460.40	504.29	43.89	9.53%
Average Usage				
17,095	$ 87.33	$ 95.78	$ 8.45	9.68%
Median Usage				
4,500	$ 34.03	$ 37.32	$ 3.29	9.68%

Present Rates:			
Monthly Minimum:		$	17.15
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	9,000	$	3.750
Over	9,000	$	4.500
Proposed Rates:			
Monthly Minimum:		$	18.74
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	9,000	$	4.128
Over	9,000	$	4.928

Sahuarita Water Company, LLC
Bill Comparison Present and Proposed Rates
Meter Size: 3/4 Inch Irrigation

Exhibit
RejoinderSchedule H-4
Page 12
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 26.80	$ 28.12	$ 1.32	4.92%
1,000	30.55	32.24	1.69	5.55%
2,000	34.30	36.37	2.07	6.04%
3,000	38.05	40.50	2.45	6.44%
4,000	41.80	44.63	2.83	6.76%
5,000	45.55	48.75	3.20	7.04%
6,000	49.30	52.88	3.58	7.27%
7,000	53.05	57.01	3.96	7.46%
8,000	56.80	61.14	4.34	7.64%
9,000	60.55	65.26	4.71	7.79%
10,000	65.05	70.19	5.14	7.91%
12,000	74.05	80.05	6.00	8.10%
14,000	83.05	89.90	6.85	8.25%
16,000	92.05	99.76	7.71	8.37%
18,000	101.05	109.61	8.56	8.47%
20,000	110.05	119.47	9.42	8.56%
25,000	132.55	144.10	11.55	8.72%
30,000	155.05	168.74	13.69	8.83%
35,000	177.55	193.38	15.83	8.92%
40,000	200.05	218.02	17.97	8.98%
45,000	222.55	242.65	20.10	9.03%
50,000	245.05	267.29	22.24	9.08%
60,000	290.05	316.57	26.52	9.14%
70,000	335.05	365.84	30.79	9.19%
80,000	380.05	415.12	35.07	9.23%
90,000	425.05	464.39	39.34	9.26%
100,000	470.05	513.67	43.62	9.28%
Average Usage				
26,972	$ 141.42	$ 153.82	$ 12.40	8.77%
Median Usage				
9,500	$ 62.80	$ 67.73	$ 4.93	7.85%

Present Rates:			
Monthly Minimum:		$	26.80
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	9,000	$	3.75
Over	9,000	$	4.50
Proposed Rates:			
Monthly Minimum:		$	28.12
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	9,000	$	4.13
Over	9,000	$	4.93

Sahuarita Water Company, LLC
Bill Comparison Present and Proposed Rates
Meter Size: 1 Inch Commercial

Exhibit
RejoinderSchedule H-4
Page 13
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 42.88	$ 46.86	$ 3.99	9.30%
1,000	46.63	50.99	4.36	9.36%
2,000	50.38	55.12	4.74	9.41%
3,000	54.13	59.24	5.12	9.46%
4,000	57.88	63.37	5.50	9.50%
5,000	61.63	67.50	5.87	9.53%
6,000	65.38	71.63	6.25	9.56%
7,000	69.13	75.75	6.63	9.59%
8,000	72.88	79.88	7.01	9.62%
9,000	76.63	84.01	7.38	9.64%
10,000	80.38	88.14	7.76	9.66%
12,000	87.88	96.39	8.52	9.69%
14,000	95.38	104.65	9.27	9.72%
16,000	102.88	112.90	10.03	9.75%
18,000	110.38	121.16	10.78	9.77%
20,000	117.88	129.41	11.54	9.79%
25,000	140.38	154.05	13.67	9.74%
30,000	162.88	178.69	15.81	9.71%
35,000	185.38	203.32	17.95	9.68%
40,000	207.88	227.96	20.09	9.66%
45,000	230.38	252.60	22.22	9.65%
50,000	252.88	277.24	24.36	9.63%
60,000	297.88	326.51	28.64	9.61%
70,000	342.88	375.79	32.91	9.60%
80,000	387.88	425.06	37.19	9.59%
90,000	432.88	474.34	41.46	9.58%
100,000	477.88	523.61	45.74	9.57%
Average Usage				
20,313	$ 119.28	$ 130.95	$ 11.67	9.78%
Median Usage				
7,500	$ 71.00	$ 77.82	$ 6.82	9.60%

Present Rates:			
Monthly Minimum:		$	42.88
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	20,000	$	3.750
Over	20,000	$	4.500
Proposed Rates:			
Monthly Minimum:		$	46.86
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	20,000	$	4.128
Over	20,000	$	4.928

Sahuarita Water Company, LLC
Bill Comparison Present and Proposed Rates
Meter Size: 1 1/2 Inch Irrigation

Exhibit
RejoinderSchedule H-4
Page 14
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 85.75	$ 93.72	$ 7.97	9.30%
1,000	89.50	97.85	8.35	9.33%
2,000	93.25	101.98	8.73	9.36%
3,000	97.00	106.11	9.11	9.39%
4,000	100.75	110.23	9.48	9.41%
5,000	104.50	114.36	9.86	9.44%
6,000	108.25	118.49	10.24	9.46%
7,000	112.00	122.62	10.62	9.48%
8,000	115.75	126.74	10.99	9.50%
9,000	119.50	130.87	11.37	9.52%
10,000	123.25	135.00	11.75	9.53%
12,000	130.75	143.25	12.50	9.56%
14,000	138.25	151.51	13.26	9.59%
16,000	145.75	159.76	14.01	9.62%
18,000	153.25	168.02	14.77	9.64%
20,000	160.75	176.27	15.52	9.66%
25,000	179.50	196.91	17.41	9.70%
30,000	198.25	217.55	19.30	9.74%
35,000	217.00	238.19	21.19	9.76%
40,000	235.75	258.82	23.07	9.79%
45,000	254.50	279.46	24.96	9.81%
50,000	273.25	300.10	26.85	9.83%
60,000	314.50	345.37	30.87	9.82%
70,000	359.50	394.65	35.15	9.78%
80,000	404.50	443.92	39.42	9.75%
90,000	449.50	493.20	43.70	9.72%
100,000	494.50	542.47	47.97	9.70%
Average Usage				
47,160	$ 262.60	$ 288.38	$ 25.78	9.82%
Median Usage				
20,500	$ 162.63	$ 178.34	$ 15.71	9.66%

Present Rates:			
Monthly Minimum:		$	85.75
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	55,000	$	3.750
Over	55,000	$	4.500
Proposed Rates:			
Monthly Minimum:		$	93.72
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	55,000	$	4.128
Over	55,000	$	4.928

Sahuarita Water Company, LLC
Bill Comparison Present and Proposed Rates
Meter Size: 2 Inch Irrigation

Exhibit
RejoinderSchedule H-4
Page 15
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 137.20	$ 149.96	$ 12.76	9.30%
1,000	140.95	154.09	13.14	9.32%
2,000	144.70	158.21	13.51	9.34%
3,000	148.45	162.34	13.89	9.36%
4,000	152.20	166.47	14.27	9.38%
5,000	155.95	170.60	14.65	9.39%
6,000	159.70	174.72	15.02	9.41%
7,000	163.45	178.85	15.40	9.42%
8,000	167.20	182.98	15.78	9.44%
9,000	170.95	187.11	16.16	9.45%
10,000	174.70	191.23	16.53	9.46%
12,000	182.20	199.49	17.29	9.49%
14,000	189.70	207.74	18.04	9.51%
16,000	197.20	216.00	18.80	9.53%
18,000	204.70	224.25	19.55	9.55%
20,000	212.20	232.51	20.31	9.57%
25,000	230.95	253.15	22.20	9.61%
30,000	249.70	273.78	24.08	9.65%
35,000	268.45	294.42	25.97	9.67%
40,000	287.20	315.06	27.86	9.70%
45,000	305.95	335.70	29.75	9.72%
50,000	324.70	356.33	31.63	9.74%
60,000	362.20	397.61	35.41	9.78%
70,000	399.70	438.88	39.18	9.80%
80,000	437.20	480.16	42.96	9.83%
90,000	474.70	521.43	46.73	9.85%
100,000	519.70	570.71	51.01	9.82%
Average Usage				
127,321	$ 642.64	$ 705.33	$ 62.69	9.75%
Median Usage				
87,000	$ 463.45	$ 509.05	$ 45.60	9.84%

Present Rates:			
Monthly Minimum:		$	137.20
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	90,000	$	3.750
Over	90,000	$	4.500
Proposed Rates:			
Monthly Minimum:		$	149.96
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	90,000	$	4.128
Over	90,000	$	4.928

Sahuarita Water Company, LLC
Bill Comparison Present and Proposed Rates
Meter Size: 3 Inch Irrigation

Exhibit
RejoinderSchedule H-4
Page 16
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 274.40	$ 299.92	$ 25.52	9.30%
1,000	278.15	304.05	25.90	9.31%
2,000	281.90	308.17	26.27	9.32%
3,000	285.65	312.30	26.65	9.33%
4,000	289.40	316.43	27.03	9.34%
5,000	293.15	320.56	27.41	9.35%
6,000	296.90	324.68	27.78	9.36%
7,000	300.65	328.81	28.16	9.37%
8,000	304.40	332.94	28.54	9.38%
9,000	308.15	337.07	28.92	9.38%
10,000	311.90	341.19	29.29	9.39%
12,000	319.40	349.45	30.05	9.41%
14,000	326.90	357.70	30.80	9.42%
16,000	334.40	365.96	31.56	9.44%
18,000	341.90	374.21	32.31	9.45%
20,000	349.40	382.47	33.07	9.46%
25,000	368.15	403.11	34.96	9.50%
30,000	386.90	423.74	36.84	9.52%
35,000	405.65	444.38	38.73	9.55%
40,000	424.40	465.02	40.62	9.57%
45,000	443.15	485.66	42.51	9.59%
50,000	461.90	506.29	44.39	9.61%
60,000	499.40	547.57	48.17	9.65%
70,000	536.90	588.84	51.94	9.67%
80,000	574.40	630.12	55.72	9.70%
90,000	611.90	671.39	59.49	9.72%
100,000	649.40	712.67	63.27	9.74%
Average Usage				
-	$ 274.40	$ 299.92	$ 25.52	9.30%
Median Usage				
-	$ 274.40	$ 299.92	$ 25.52	9.30%

Present Rates:			
Monthly Minimum:		$	274.40
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	200,000	$	3.750
Over	200,000	$	4.500
Proposed Rates:			
Monthly Minimum:		$	299.92
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	200,000	$	4.128
Over	200,000	$	4.928

Sahuarita Water Company, LLC
Bill Comparison Present and Proposed Rates
Meter Size: 3 Inch Construction

Exhibit
RejoinderSchedule H-4
Page 17
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 274.40	$ 299.92	$ 25.52	9.30%
1,000	278.90	304.85	25.95	9.30%
2,000	283.40	309.77	26.37	9.31%
3,000	287.90	314.70	26.80	9.31%
4,000	292.40	319.63	27.23	9.31%
5,000	296.90	324.56	27.66	9.32%
6,000	301.40	329.48	28.08	9.32%
7,000	305.90	334.41	28.51	9.32%
8,000	310.40	339.34	28.94	9.32%
9,000	314.90	344.27	29.37	9.33%
10,000	319.40	349.19	29.79	9.33%
12,000	328.40	359.05	30.65	9.33%
14,000	337.40	368.90	31.50	9.34%
16,000	346.40	378.76	32.36	9.34%
18,000	355.40	388.61	33.21	9.35%
20,000	364.40	398.47	34.07	9.35%
25,000	386.90	423.11	36.21	9.36%
30,000	409.40	447.74	38.34	9.37%
35,000	431.90	472.38	40.48	9.37%
40,000	454.40	497.02	42.62	9.38%
45,000	476.90	521.66	44.76	9.38%
50,000	499.40	546.29	46.89	9.39%
60,000	544.40	595.57	51.17	9.40%
70,000	589.40	644.84	55.44	9.41%
80,000	634.40	694.12	59.72	9.41%
90,000	679.40	743.39	63.99	9.42%
100,000	724.40	792.67	68.27	9.42%
Average Usage				
113,269	$ 784.11	$ 858.05	$ 73.94	9.43%
Median Usage				
6,000	$ 301.40	$ 329.48	$ 28.08	9.32%

Present Rates:		
Monthly Minimum:	$	274.40
Gallons in Minimum		-
Charge Per 1,000 Gallons		
All gallons	$	4.500
Proposed Rates:		
Monthly Minimum:	$	299.92
Gallons in Minimum		-
Charge Per 1,000 Gallons		
All Gallons	$	4.928