OPEN MEETING ITEM

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ORIGINAL

ARIZONA CORPORATION COMMISSION

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DATE: AUGUST 18, 2016

DOCKET NO.: W-01445A-15-0277

TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Sarah N. Harpring. The recommendation has been filed in the form of an Opinion and Order on:

ARIZONA WATER COMPANY
(WESTERN GROUP RATES)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and thirteen (13) copies of the exceptions with the Commission's Docket Control at the address listed below by **4:00** p.m. on or before:

AUGUST 29, 2016

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Open Meeting to be held on:

SEPTEMBER 7, 2016 AND SEPTEMBER 8, 2016

For more information, you may contact Docket Control at (602) 542-3477 or the Hearing Division at (602) 542-4250. For information about the Open Meeting, contact the Executive Director's Office at (602) 542-3931.

JODI A. JERICH
EXECUTIVE DIRECTOR

Arizona Corporation Commission
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Steven A. Hirsch
Coree E. Neumeyer
QUARLES & BRADY, LLP
Two North Central Avenue
One Renaissance Square
Phoenix, AZ 85004
Attorneys for Arizona Water Company

E. Robert Spear
General Counsel
Arizona Water Company
PO Box 29006
Phoenix, AZ 85038-9006

Mr. Joseph D. Harris, Vice President and Treasurer
Arizona Water Company
PO Box 29006
Phoenix, AZ 85038-9006

Daniel W. Pozefsky, Chief Counsel
1 Residential Utility Consumer Office
110 West Washington Street, Suite 220
Phoenix, AZ 85007

Michele L. Van Quathem
Law Office of Michele Van Quathem, PLLC
7600 N. 15th St., Suite 150-30
Phoenix, AZ 85020
Attorneys for Abbott Laboratories

Greg Patterson
MUNGER CHADWICK
916 West Adams, Suite 3
Phoenix, AZ 85007
Attorneys for Western Infrastructure Sustainability Effort

Janice Alward, Chief Counsel
Legal Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, AZ 85007

Thomas Broderick, Director
Utilities Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, AZ 85007

By: RTallman
Rebecca Tallman
Assistant to Sarah N. Harpring

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

DOUG LITTLE – Chairman
BOB STUMP
BOB BURNS
TOM FORESE
ANDY TOBIN

IN THE MATTER OF THE APPLICATION OF ARIZONA WATER COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY, AND FOR ADJUSTMENTS TO ITS RATES AND CHARGES FOR UTILITY SERVICE FURNISHED BY ITS WESTERN GROUP AND FOR CERTAIN RELATED APPROVALS.	DOCKET NO. W-01445A-15-0277 DECISION NO. _____ **OPINION AND ORDER**

DATE OF HEARING:	May 9, 2016 (Public Comment); May 12, 2016
PLACE OF HEARING:	Phoenix, Arizona
ADMINISTRATIVE LAW JUDGE:	Sarah N. Harpring
APPEARANCES:	Mr. Steven A. Hirsch, Quarles & Brady, LLP, and Mr. E. Robert Spear, General Counsel, Arizona Water Company, on behalf of Arizona Water Company; Mr. Daniel W. Pozefsky, Attorney, on behalf of the Residential Utility Consumer Office; Ms. Michele Van Quathem, Law Offices of Michele Van Quathem, P.L.L.C., on behalf of Abbott Laboratories; Mr. Greg Patterson, Munger Chadwick, P.L.C., on behalf of Western Infrastructure Sustainability Effort; and Mr. Wesley Van Cleve and Mr. Brian Smith, Staff Attorneys, Legal Division, on behalf of the Utilities Division of the Arizona Corporation Commission.

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BY THE COMMISSION:

This case concerns Arizona Water Company's ("AWC's") application for adjustment to its rates and charges for water utility service provided to its Western Group systems; for approval of an accounting order to allow AWC to record the cost of delivering Central Arizona Project ("CAP") water to its Western Group customers in 2015, net of grants and other credits, as a deferred asset on its balance sheet; and for approval of multiple means of recovering the costs associated with CAP water. AWC's application also requested approval of a System Improvement Benefits ("SIB") mechanism for the Western Group, continuation of an Arsenic Cost Recovery Mechanism ("ACRM") for the Western Group, and approval of a new Nitrate Cost Recovery Mechanism ("NCRM") for the Western Group. The parties to the case have entered into a Settlement Agreement intended to resolve all issues in the case.

DISCUSSION

I. Background

A. AWC and the Western Group

AWC is an Arizona corporation engaged in providing public water utility services in portions of eight Arizona counties pursuant to Certificates of Convenience and Necessity ("CC&Ns") granted by the Arizona Corporation Commission ("Commission"). (Ex. A-3 at 1.) Company-wide, AWC currently operates 19 separate public water systems and serves approximately 87,000 customer connections within approximately 240,000 acres of CC&N service area. (*Id.*; Ex. S-3 at ex. FMS at 1.) AWC's water utility service areas are organized into three groups: the Western Group, consisting of the Pinal Valley, White Tank, and Ajo service areas; the Eastern Group, consisting of the Superstition, Cochise, and Falcon Valley service areas; and the Northern Group, consisting of the Navajo and Verde Valley service areas. (Ex. S-1 at 2.)

The Western Group as a whole includes six separate public water systems (Tierra Grande, Pinal Valley, Coolidge Airport, Stanfield, White Tank, and Ajo) and provides water utility service in Pinal, Maricopa, and Pima Counties. (Ex. S-3 at ex. FMS at 1.) At the end of the 2014 test year ("TY"), those six public water systems served approximately the following numbers of service connections: Tierra Grande – 360, Pinal Valley – 28,250, Coolidge Airport – 9, Stanfield – 195, White Tank – 2,360,

and Ajo – 650. (Ex. S-3 at ex. FMS at 1, 4.) The White Tank system, in Maricopa County, and the Ajo system, in Pima County, are each recognized as a separate AWC service area, while the other four systems (Tierra Grande, Pinal Valley, Coolidge Airport, and Stanfield) combined form the Pinal Valley service area, in Pinal County. (*See id.*)

Except for the Ajo system, each Western Group system is located in an Arizona Department of Water Resources ("ADWR") Active Management Area ("AMA"), with Tierra Grande, Pinal Valley, Coolidge Airport, and Stanfield located within the Pinal AMA and White Tank located within the Phoenix AMA. (Ex. S-3 at ex. FMS at 41.)

Each Western Group public water system is in full compliance with Arizona Department of Environmental Quality ("ADEQ") or Maricopa County Environmental Services Department ("MCESD") requirements, as applicable, and with applicable ADWR requirements[1] and is meeting the water quality standards established by 40 CFR 141 and Title 18, Chapter 4 of the Arizona Administrative Code ("A.A.C."). (*See* Ex. S-3 at ex. FMS at 4, 39-41.)

Frank Smaila, Water/Wastewater Engineer for the Commission's Utilities Division ("Staff"), inspected each Western Group system in December 2015 and performed a follow-up inspection of the Pinal Valley system in February 2016 to inspect post-TY plant installations that had not yet been completed or placed in service during the December 2015 inspection. (Ex. S-3 at ex. FMS at 4-5.) Mr. Smaila determined that each Western Group system had adequate production capacity and storage capacity to serve its current customer base as well as reasonable growth and had water loss within the Commission's standard of 10 percent or less. (*See id.*)

Aside from the Coolidge Airport system,[2] the Western Group systems' customers are primarily served through 5/8" x 3/4" meters (approximately 97 percent in Tierra Grande, 94 percent in Pinal Valley, 95 percent in Stanfield, 78 percent in White Tank, and 95 percent in Ajo). (*See* Ex. S-3 at ex. FMS at 6, 12, 19, 25, 31, 35.)

The average monthly water usage for a 5/8" x 3/4" meter customer varies greatly between the

---

[1] The Coolidge Airport system is categorized as a non-transient non-community system and thus is not regulated by ADWR. (Ex. S-3 at ex. FMS at 41.)

[2] The Coolidge Airport system has no customers served by 5/8" x 3/4" meters. (Ex. S-3 at ex. FMS at 19.)

different service areas:[3]

Pinal Valley	White Tank	Ajo
7,781 gallons	11,733 gallons	3,991 gallons

AWC has nine approved Best Management Practices ("BMP") tariffs, concerning public education, new homeowner landscape information, residential audits, landscape consultations, high water use inquiry resolution, high water use notifications, water waste investigations, leak detection, and meter repair or replacement. (Ex. S-3 at ex. FMS at 44.)

AWC has an approved curtailment tariff with an effective date of July 23, 2004, and an approved backflow prevention tariff with an effective date of October 12, 2015. (Ex. S-3 at ex. FMS at 43.)

From January 1, 2013, through January 21, 2016, the Commission received a total of 96 customer complaints concerning AWC. (Ex. S-1 at 3.) Nearly half of the complaints concerned billing; nearly 20 percent concerned disconnections/terminations of service; and the rest concerned deposits, new service, quality of service, rates and tariffs, company policies/procedures, rules and regulations, repair, and construction. (Ex. S-1 at 3.) As of March 11, 2016, all but one of the complaints had been resolved and closed. (*Id.*) The Commission received a total of 37 comments concerning AWC's requests in this matter, all of which were in opposition.

B. Pertinent Prior Commission and Court Decisions

In Decision No. 68302 (November 14, 2005),[4] the Commission explained AWC's Central Arizona Water Conservation District ("CAWCD") subcontracts for delivery of CAP water, and the payments that must be made thereunder, as follows:

> Arizona Water has four subcontracts with the Central Arizona Water Conservation District ("CAWCD") for delivery of CAP water for municipal and industrial ("M&I") use. Three of the Company's CAWCD subcontracts are for delivery of its CAP allocations for the Company's Western Group systems of Casa Grande, 8,884 acre-feet; Coolidge, 2,000 acre-feet; and White Tank, 968 acre-feet; on an annual basis. Under the subcontracts, the Company is required to make two different types of payments for water

[3] Ex. A-3 at Sched. H-2. These average usages are lower than the average usages found by the Commission in the last Western Group rate case: Pinal Valley – 8,520 gallons, White Tank – 13,906 gallons, and Ajo – 4,764 gallons. (Decision No. 73144 (May 1, 2012) at 4.) Official notice is taken of this decision.

[4] Official notice is taken of this decision.

> delivery services: first, whether Arizona Water actually takes delivery of CAP water or not, it must pay, in equal semi-annual installments, a CAP M&I capital charge based on each system's total allotment multiplied by an amount per acre-foot established by the CAWCD; and second, Arizona Water must pay, based on actual CAP deliveries and estimated expenses for the upcoming year, an annual CAP operation, maintenance, and replacement ("OM&R") expense payment in equal monthly installments. The purpose of the CAP M&I capital charge is to repay the CAP construction costs to the United States. Arizona Water asserts that by making annual CAP M&I payments and thereby retaining the right to use CAP water, which is an alternative, renewable water source, that it has acted consistent with State water policy, in addition to ensuring the availability of water for its customers on a long-term basis.
>
> CAP water is surface water and therefore requires treatment for potable use in compliance with the United States Environmental Protection Agency ("EPA") and Arizona Department of Environmental Quality ("ADEQ") surface water treatment requirements.[5]

The Commission determined in Decision No. 68302 that AWC should be permitted to recover deferred and ongoing CAP M&I capital charges through a special hook-up fee and through inclusion in rate base of that portion of the CAP M&I capital charges associated with CAP water delivered during the test year, stating the following:

> Use of CAP water, which is a renewable resource, should be encouraged. The availability of CAP water comes at a cost, however, as the Company's deferred CAP M&I capital costs balance for its Casa Grande, Coolidge and White Tank systems shows.[4] The actual use of CAP water requires utilities to undertake substantial infrastructure investments. As Staff's witness testified, the balance of the payments the Company has made to retain the availability of its CAP water supply continues to increase, and if recovery is postponed until CAP water treatment infrastructure is built and the water is actually being served, ratepayers will be struck "twice as hard as they would have to be." This is because the water treatment plant would be placed in rate base at the same time that the Company would begin recovery of the deferred CAP M&I charges. We agree with Staff that in order to prevent this "double hit," that with the safeguard conditions recommended by Staff, it is in the public interest to allow recovery of the deferred and ongoing CAP M&I capital charges to begin now with the collection of a special hook-up fee from new customers who will have the use of the Company's CAP allocation.
>
> For all the above reasons, we therefore adopt, and approve herein, the CAP Hook-Up Fee tariffs attached hereto as Exhibits A, B, and C, subject to Arizona Water's compliance with the requirements set forth in Staff's recommended "Conditions for Approval of a CAP Hook-Up Fee" as set forth above. We also find reasonable, and therefore adopt, Staff's recommended requirements for the CAP Water Use Plan as set forth above. The CAP M&I charges recovery schedules attached to this Decision as Exhibits D, E, and F demonstrate the derivation of the CAP Hook-Up Fee

[5] Decision No. 68302 at 5-6 (citations and footnotes omitted).

> amounts. These are the recovery schedules proposed by Staff, except that the schedule for the Casa Grande system, Exhibit D, has been modified to adjust the test year end balance of CAP M&I capital charges in order to remove $142,896 associated with the 279 acre feet of the Company's Casa Grande system CAP allocation that was used and useful during the test year and will therefore be accorded rate base treatment in this proceeding over the same amortization period as the Hook-Up Fees, as discussed above. This change results in a reduction of the Hook-Up Fee for the Casa Grande system from $220 to $208 for 5/8 x 3/4-inch, 3/4-inch, and 1-inch meter sizes. In accordance with Staff's proposed seventh condition, if the CAP Hook-Up Fee is continued, the recovery schedules are subject to amendment in the Company's next rate case, when the projections can be trued-up to reflect actual figures and new projections of CAP M&I capital charges, NP-260 Tariff M&I charges, hook-up fees, and AFUDC. We will require the Company to provide, in its next rate filing, the data necessary to true-up the projections in these schedules for our review.
>
> [4] At December 31, 2003, the deferred CAP M&I capital charge balance for the Casa Grande system was $3,525,803; for Coolidge, $1,046,011; and for White Tank, $506,269.[6]

In Decision No. 68302, the Commission also approved AWC's request for authority to implement an ACRM for the Western Group to allow AWC to recover capital costs and certain recoverable operating and maintenance ("O&M") costs directly related to the construction and continued operation of arsenic treatment facilities necessary to comply with the EPA's reduced maximum contaminant level ("MCL") for arsenic in drinking water of 10 parts per billion ("ppb"), which was to take effect in January 2006. (Decision No. 68302 at 46.) Decision No. 68302 required AWC to implement the Western Group ACRM in accord with the ACRMs approved for AWC's Northern Group in Decision No. 66400 (October 14, 2003) and for AWC's Eastern Group in Decision No. 66849 (March 19, 2004).[7] (Decision No. 68302 at 54.)

AWC was subsequently authorized to implement ACRM tariffs in its Casa Grande, Stanfield, and White Tank systems through three separate Commission Decisions: Decision No. 70192 (March 10, 2008), which authorized implementation of Step One of the ACRM for the Casa Grande system; Decision No. 70702 (January 20, 2009), which authorized implementation of Step Two of the ACRM for the Casa Grande system and Step One of the ACRM for the Stanfield system; and Decision No. 70963 (April 7, 2009), which authorized implementation of Step One of the ACRM for the White Tank system.[8] (Decision No. 73144 at 5.)

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[6] Decision No. 68302 at 17-18 (citations and footnote 5 omitted).
[7] Official notice is taken of these decisions.
[8] Official notice is taken of these decisions.

AWC's next rate case application, which involved all of AWC's service areas in the Western Group, Eastern Group, and Northern Group, was filed in 2008 and resolved in Decision No. 71845 (August 25, 2010).[9] In Decision No. 71845, the Commission granted AWC authority to continue collecting CAP Hook-Up Fees for its Casa Grande, Coolidge, and White Tank systems until AWC's next Western Group rate case or December 31, 2012, whichever came first. (Decision No. 71845 at 79.) The Decision deferred evaluation of the CAP Hook-Up Fees until the next Western Group rate case in response to an AWC request based on a slowdown in the housing market, uncertainty regarding the future, and the short time the Hook-Up Fees had been in place. (*Id.* at 78-79, 92.) Additionally, although the Decision authorized a new ACRM for two systems outside the Western Group, the Decision did not authorize AWC to continue collecting ACRM surcharges in its Western Group systems. (*See id.* at 93; Decision No. 73144 at 5.)

AWC's next Western Group rate case, in which AWC's current Western Group rates were established, used a 2010 test year and was resolved in Decision No. 73144 (May 1, 2012),[10] in which the Commission approved a Settlement Agreement entered into by AWC, Abbott Laboratories ("Abbott"), the Water Utilities Association of Arizona ("WUAA"), the Residential Utility Consumer Office ("RUCO"), and Staff. In addition to setting rates, Decision No. 73144 did the following:

- Authorized AWC to continue its ACRM and required that its general service tariff exclude from applicability of the ACRM surcharge any industrial class customer not receiving water from AWC's potable water distribution system;
- Authorized full consolidation of the Stanfield system into the Pinal Valley service area;
- Authorized AWC to continue its CAP Hook Up Fees for the Casa Grande, Coolidge, and White Tank systems but renamed them as "CAP M&I Fees" to reflect the purpose of the fees—recovery of ongoing and deferred CAP M&I capital costs;
- Authorized AWC to collect an Off-Site Facility Fee ("OSFF") for each new service connection and approved an OSFF Tariff Schedule specific to the Pinal Valley and Stanfield systems;[11]

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[9] Official notice is taken of this decision.

[10] Although AWC's application was originally filed on December 29, 2010, using a 2009 test year, the case was resolved based on an amended application filed on May 9, 2011, using a 2010 test year. (Decision No. 73144 at 6-7.)

[11] AWC had asserted that the OSFFs were intended to equitably apportion the costs of constructing additional off-site facilities to provide water production, treatment, delivery, storage, and pressure among all new customers whose water

- Authorized AWC to defer its actual costs associated with implementing and performing BMPs in its Western Group systems for recovery in a future general rate case; and
- Authorized AWC to accrue allowance for funds used during construction ("AFUDC") on the land purchased for its Arizona City water storage tank and booster pump station.[12]

In Decision No. 73938 (June 27, 2013),[13] concerning the rates and charges for AWC's Eastern Group systems, the Commission approved a settlement agreement entered into by AWC, Global Water Utilities; EPCOR Water Arizona, Inc.; Arizona Investment Council; Rio Rico Utilities, Inc. dba Liberty Utilities; WUAA; and Staff and opposed by RUCO.[14] The settlement agreement included a SIB mechanism for AWC's Eastern Group systems, the first SIB mechanism approved by the Commission.[15]

In Decision No. 74081 (September 23, 2013), concerning the rates and charges for AWC's Northern Group systems, the Commission approved a settlement agreement entered into by AWC and Staff, but not RUCO, in which it was agreed that the terms and conditions of the SIB mechanism included in the settlement agreement for the Eastern Group would also apply to the Navajo and Verde Valley systems of the Northern Group.

RUCO appealed Decision No. 73938 and Decision No. 74081 based on its objection to SIB mechanisms. In a decision issued in August 2015, the Arizona Court of Appeals found that the SIB mechanisms approved in those decisions were unconstitutional and vacated the Commission's approval and adoption of the SIB mechanisms.[16] As a result of the Court of Appeals decision, the Commission stayed operation of the SIB mechanisms approved in Decision No. 73938 and Decision No. 74081. (*See* Decision No. 75304 (October 27, 2015; Decision No. 75305 (October 27, 2015).) The Commission appealed the Court of Appeals decision to the Arizona Supreme Court, and the Arizona

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supply requirements made the facilities necessary and, further, that the OSFFs would be used primarily to cover the costs of the Pinal Valley CAP Treatment Plant and the necessary transmission and distribution mains, water storage tanks, and booster stations needed to provide water service in the growing area. (Decision No. 73144 at 20-21, Exhibit 1.)

[12] Decision No. 73144 at 31-32, 40-41, 43-44.

[13] Official notice is taken of this decision.

[14] The City of Globe, also a party to the case, expressed a position of "neutrality" regarding the settlement agreement. (Decision No. 73938 at 3 n.3.)

[15] *See, e.g.,* Decision No. 73938 at 47-54.

[16] *See RUCO v. Arizona Corp. Comm'n*, 238 Ariz. 8, 355 P.3d 610 (Ariz. Ct. App. 2015). Official notice is taken of this decision.

Supreme Court's decision was pending at the time of the hearing in this matter.[17] On August 8, 2016, the Arizona Supreme Court issued an opinion upholding Commission Decision No. 73938 and Decision No. 74081, vacating the Court of Appeals decision, and holding that the SIB mechanism complied with the Arizona Constitution's mandate for the Commission to determine the fair value of a utility's property when setting rates.[18]

II. Procedural History in this Matter

On July 31, 2015, AWC filed a Notice of Intent to File General Rate Case and Request for Accounting Order for AWC's Western Group service areas. In the Notice, AWC requested authority for an accounting order allowing it to record the cost of delivering CAP water to its Western Group customers in 2015, net of grants and other credits, as a deferred asset on its balance sheet. AWC requested that the accounting order issue be resolved in the rate case.

On August 7, 2015, AWC filed 2015 CAP Water Use Plans for Pinal Valley and White Tank.

On August 21, 2015, AWC filed an Application for an order approving adjustments to its Western Group rates and charges and requesting other approvals ("Application"). In its Application, AWC requested an increase in annual revenues for the Western Group systems of $6,010,408, or 28.33 percent, to obtain an 8.93 percent rate of return on an original cost rate base of $67,417,785. AWC's Application included a number of additional requests.[19] With its Application, AWC included the Direct Testimonies of William M. Garfield, AWC President and Chief Operating Officer; Joseph D. Harris, AWC Vice President and Treasurer; Joel M. Reiker, AWC Vice President – Rates and Revenues; Fredrick K. Schneider, AWC Vice President of Engineering; and Pauline M. Ahern, CRRA, Partner with Sussex Economic Advisors, LLC.

On September 14, 2015, Staff filed a Letter of Sufficiency indicating that AWC's Application had met the sufficiency requirements of A.A.C. R14-2-103 and classifying AWC as a Class A water utility.

On September 15, 2015, RUCO filed an Application to Intervene.

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[17] Oral arguments before the Arizona Supreme Court occurred on March 22, 2016.

[18] See the opinion issued by the Arizona Supreme Court in *RUCO v. Arizona Corp. Comm'n*, Case No. CV 15-0281-PR (August 8, 2016).) Official notice is taken of this opinion.

[19] The additional requests are described below.

On September 28, 2015, AWC filed a Response to RUCO's Application to Intervene.

On September 28, 2015, a Procedural Order was issued granting RUCO intervention and establishing the procedural schedule for this matter.

On September 30, 2015, Abbott filed an Application to Intervene.

On October 13, 2015, a Procedural Order was issued granting Abbott intervention.

On November 17, 2015, AWC filed a Certificate of Mailing and Publication of Notice, showing that notice of its Application and the scheduled hearing in this matter had been sent to its Western Group customers as a bill insert with billing statements mailed between October 1 and 29, 2015, and that notice had been published in the *Casa Grande Dispatch* and the *Coolidge Examiner* on October 7, 2015, and in the *Ajo Copper News* and the *West Valley View* on October 13, 2015.[20]

On December 16, 2015, Western Infrastructure Sustainability Effort ("WISE") filed an Application for Leave to Intervene.

On December 22, 2015, a Procedural Order was issued granting WISE intervention.

On March 3, 2016, Staff filed a Request for Modification to the Procedural Schedule, stating that Staff needed additional time to file its direct testimony.

On March 4, 2016, a Procedural Order was issued granting Staff's Request for Modification to the Procedural Schedule.

On March 11, 2016, Abbott filed the direct testimony of Kevin Kemp, Manager of Manufacturing Engineering for Abbott's Casa Grande manufacturing plant; RUCO filed the direct testimony (cost of capital and revenue requirement) of John A. Cassidy, RUCO Public Utilities Analyst V; and Staff filed the direct testimony (revenue requirement) of Briton A. Baxter, Staff Public Utilities Analyst V; direct testimony (cost of capital) of David C. Parcell, President and Senior Economist of Technical Associates, Inc.; and direct testimony (engineering) of Mr. Smaila. WISE did not file testimony.

On March 18, 2016, Abbott filed the direct testimony (cost of service and rate design) of Dan Neidlinger, President of Neidlinger & Associates, Ltd.; RUCO filed the direct testimony (rate design)

[20] Official notice is taken of this filing, which was not offered as an exhibit in this matter.

of Mr. Cassidy; and Staff filed the direct testimony (rate design) of Mr. Baxter and the direct testimony (cost of service) of Mr. Smaila.

On March 21, 2016, Abbott filed a Notice of Errata including exhibits unintentionally omitted from Mr. Neidlinger's testimony filed on March 18, 2016.

On March 30, 2016, RUCO filed a Notice of Errata including revised rate design schedules.

On April 11, 2016, Staff filed a Notice of Settlement Discussions to occur on April 25, 2016.

On April 13, 2016, AWC filed the rebuttal testimony of Mr. Garfield; Mr. Harris;[21] Mr. Schneider; Mr. Reiker; Ms. Ahern; and Jamie R. Moe, AWC's new Manager of Rates and Regulatory Accounting.

On April 25, 2016, all of the parties participated in a settlement meeting, facilitated by Elijah O. Abinah, Staff's Assistant Director, and reached a settlement in principal. (Tr. at 18-20.)

On April 26, 2016, Staff filed a Notice of Settlement, stating that all parties had reached a tentative settlement that was being memorialized in a Settlement Agreement ("Agreement"). Staff requested that the procedural schedule be modified to allow the parties to file a fully executed Agreement by May 6, 2016, and testimony in support of the Agreement on May 11, 2016. Further, Staff requested that the hearing on the Agreement commence on May 12, 2016, and that all other procedural dates be vacated except for a public comment proceeding on May 9, 2016.

On April 27, 2016, a Procedural Order was issued vacating the requirements and deadlines for Staff/intervenor surrebuttal testimony, AWC rejoinder testimony, and the parties' summaries of testimony; vacating the pre-hearing conference scheduled for May 6, 2016; ordering that the May 9, 2016, hearing date would proceed only for the purpose of accepting public comment; vacating the hearing continuation dates of May 10, 11, and 13, 2016; requiring the parties to file a fully executed Agreement by May 6, 2016, and testimony regarding the Agreement by May 11, 2016; and scheduling the evidentiary hearing on the Agreement to proceed on May 12, 2016.

On May 6, 2016, Staff filed a copy of the executed Agreement, which had been signed on that date.

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[21] Mr. Harris's rebuttal testimony was not offered as an exhibit in this matter. This is believed to have been an inadvertent omission. (*See* Ex. A-14 at 6.) Because Mr. Harris's rebuttal testimony is needed to describe AWC's pre-settlement position as to the NARUC USOA and accumulated depreciation, official notice is taken of his pre-filed rebuttal testimony.

On May 9, 2016, the public comment proceeding convened as scheduled, with AWC, Abbott, WISE, RUCO, and Staff appearing through counsel and no members of the public appearing to provide comment.

On May 11, 2016, Abbott filed the testimony of Mr. Kemp; RUCO filed the testimony of David P. Tenney, RUCO's Director; AWC filed the testimony of Mr. Reiker; Staff filed the testimony of Mr. Abinah; and WISE filed a statement in support of the Agreement.

On May 12, 2016, a full evidentiary hearing in this matter was held before a duly authorized Administrative Law Judge of the Commission, at the Commission's offices in Phoenix, Arizona. AWC, Abbott, WISE, RUCO, and Staff all appeared through counsel. AWC presented documentary evidence and the testimony of Mr. Reiker, Abbott presented documentary evidence and the testimony of Mr. Kemp, RUCO presented documentary evidence and the testimony of Mr. Tenney, and Staff presented documentary evidence and the testimony of Mr. Abinah. WISE offered no documentary evidence or witness testimony. No members of the public attended to provide comment.

III. <u>The Intervenors</u>

A. Abbott

Abbott operates a manufacturing plant in Casa Grande, within AWC's Pinal Valley service area. (Ex. Abbott-1 at 2.) The plant manufactures infant formula and adult nutritional products that are distributed primarily in the western U.S. (*Id.*) The plant receives two different types of water service from AWC—non-potable water service through a dedicated 6" metered connection and potable water service through a 1" metered connection and a back-up 6" metered connection. (*Id.*) The non-potable water comes to the Abbott plant through a dedicated 7-mile line constructed and contributed to AWC by Abbott, is not treated by AWC except for the addition of chlorine, and is treated by Abbott at the Abbott plant using its own reverse osmosis system.[22] (*Id.*)

Abbott's plant operates at all times and uses a great deal of water—as an ingredient in some products, in its manufacturing processes, to clean manufacturing equipment, to produce steam, and in

[22] Abbott's reverse osmosis treatment removes arsenic, nitrates, and fluoride and otherwise treats the non-potable water such that it meets all applicable water quality standards. (Ex. Abbott-1 at 2.) ADEQ considers the Abbott reverse osmosis system to be the point of entry to AWC's system and tests the water for compliance just after the water has passed through Abbott's reverse osmosis plant. (*Id.*)

cooling towers. (Ex. Abbott-1 at 3.) In 2013, the TY, and 2015, respectively, Abbott purchased 324, 331, and 371 million gallons of water from AWC. (*Id.*) Abbott pays AWC the tariffed rates and charges for an industrial 6" meter customer, including the standard monthly minimum charge plus a commodity rate of $1.55 per thousand gallons for all of the non-potable water obtained through the dedicated 6" line. (*See id.*) For 2015, Abbott reported O&M costs for its reverse osmosis system, including power costs, of $6.44 per thousand gallons. (*Id.* at 5.) Abbott reports that it has prioritized reducing its water usage for both financial and environmental reasons; that it has a company-wide goal to reduce its water usage by 30-percent between 2010 and 2020, indexed to sales; that its Casa Grande plant has been identified as one of its high priority sites for water use reduction; and that Abbott has partnered with the University of Arizona and Project WET to promote its own and community water conservation. (Ex. Abbott-1 at 4.)

B. WISE

WISE identifies itself as "a corporation dedicated to working in various western regulatory arenas in order to incentivize private investment needed to meet critical infrastructure needs in the water, waste water and natural gas industries."[23]

C. RUCO

RUCO was created by the Arizona Legislature in A.R.S. § 40-462 to represent the interests of residential utility consumers in Commission regulatory proceedings involving public service corporations. (A.R.S. § 40-462(A).)

IV. AWC's Application

In the Application, AWC asserted that its current revenues are inadequate to allow recovery of its cost of service, including the cost of its capital used to provide such service. (Ex. A-3 at 2.) AWC attributed a significant portion of its increased cost of service in the Western Group to its need to make full beneficial use of its CAP water supplies through groundwater recharge and recovery. (*Id.* at 2, 4.) AWC also asserted that its rate base has increased substantially because it has designed, constructed, and placed into service significant plant additions since the 2010 test year used for its most recently

[23] Application of the Western Infrastructure Sustainability Effort for Leave to Intervene, filed in this docket on December 16, 2015. Official notice is taken of this document.

completed rate case. (*Id.* at 3.) AWC stipulated that its original cost rate base ("OCRB") may be used as its fair value rate base ("FVRB") for the limited purpose of setting rates in this matter. (*Id.*) For the Western Group as a whole, AWC requested an increase in revenues of $6,010,408, or 28.33 percent over adjusted TY operating revenues of $21,216,768, and proposed a FVRB of $67,417,785. (Ex. A-3 at 4.) AWC also requested the following:

- Continuation of currently authorized CAP M&I fees in Pinal Valley and White Tank, to recover ongoing and deferred CAP M&I capital charges from new customers;
- Rate base treatment of $4,398,823 in additional deferred CAP M&I capital charges in Pinal Valley that are now used and useful, amortized to expense over 20 years ($219,941 per year);
- Deferral and recovery over three years of $357,500, the net cost of delivering 5,000 acre feet ("AF") of CAP water to Pinal Valley general service customers in 2015;
- Annual recovery of $715,000 in net ongoing CAP M&I capital and delivery charges related to delivery of 5,000 AF of CAP water to Pinal Valley general service customers;
- Authorization of a new CAP surcharge to recover increases in net cost per acre foot of CAP water, increased costs related to quantity of CAP water delivered, and recovery of additional deferred CAP M&I capital charges as they become used and useful;
- Continuation of the OSFF Tariff for Pinal Valley, to fund a Pinal Valley Recharge and Recovery Facility;
- Authorization of a new OSFF Tariff for White Tank, to fund construction of a White Tank Recharge and Recovery Facility;
- Authorization to implement a SIB mechanism such as the SIB mechanisms authorized for the Eastern Group systems in Decision No. 73938 and for the Northern Group systems in Decision No. 74081;
- Continuation of the ACRM for the Western Group systems; and
- Authorization of an NCRM for the Western Group systems, to comply with federal Safe Drinking Water Act standards.[24]

[24] Ex. A-3 at 4-6.

V. Pre-Settlement Positions

A. 2015 CAP Water Use Plans

1. AWC

AWC's 2015 Pinal Valley CAP Water Use Plan states that AWC intends to deliver CAP water to its Pinal Valley customers through underground storage and recovery beginning in 2015, at an estimated cost of approximately $5.8 million rather than the much higher estimated cost ($34 million to $66 million in 2006 dollars[25]) of the surface water treatment plant and direct delivery system for CAP water that had been included in AWC's 2006 CAP Water Use Plan. (Ex. A-2 at PV-1.) AWC's plan is to construct the Pinal Valley Recharge and Recovery Facility in the eastern portion of its Pinal Valley service area and to have CAP water flow by gravity from a turnout or siphon constructed at the CAP aqueduct through a 24" water transmission main to the Pinal Valley Recharge and Recovery facility. (Ex. A-2 at PV-3, PV-6.) AWC will need to have two monitoring wells near the recharge basins at the facility and will initially recover stored CAP water from any of its 39 existing wells throughout the Pinal Valley service area pursuant to recovery well permits issued by ADWR. (Ex. A-2 at PV-6.) Ultimately, AWC will construct recovery wells at the recharge site and deliver the stored CAP water to the Pinal Valley service area's distribution system through a 36" water transmission main. (*Id.*) AWC intends to fund the construction of the Pinal Valley Recharge and Recovery Facility primarily through OSFFs, although it will also seek federal and state grants and will use company funds if necessary. (Ex. A-2 at PV-8.) AWC expects to construct all phases of the Pinal Valley Recharge and Recovery Facility by 2020. (*Id.*) Until the Pinal Valley R&R Facility is built, AWC will store and recover CAP water for delivery to customers by storing CAP water at groundwater savings facilities, specifically through contracts with the Central Arizona Irrigation and Drainage District, the Maricopa-Stanfield Irrigation and Drainage District, and the Hohokam Irrigation and Drainage District.[26] (Ex.

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[25] AWC determined in 2014 that the cost for the surface water treatment plant and direct delivery system had increased to $94 million. (Ex. A-2 at PV-1.)

[26] AWC arranges delivery of CAP water to the irrigation districts, saving that quantity of groundwater from being pumped, and receives an equivalent CAP water storage credit. (Ex. A-2 at PV-10.) AWC can then recover an equivalent amount of stored CAP water from its recovery wells and directly deliver the recovered CAP water to its Pinal Valley customers. (*Id.*) AWC also receives $36 per acre-foot from the irrigation districts to help offset AWC's cost to purchase the CAP water for groundwater storage. (*Id.*) In 2015, AWC stored 5,000 AF of groundwater in this manner. (*See id.*) AWC intends to increase the amount of groundwater stored each year by 1,000 AF. (*Id.* at PV-11.)

A-2 at PV-10.) AWC's 2015 CAP Water Use Plan is expected to reduce the amount of groundwater pumped in the Pinal AMA by nearly 80,000 AF over the next 10 years and to help protect against shortages when CAP water deliveries are cut back or curtailed in the future. (Ex. A-2 at PV-2.)

AWC's 2015 White Tank CAP Water Use Plan is substantially similar to the 2015 Pinal Valley CAP Water Use Plan—involving construction of a Recharge and Recovery Facility, CAP water pumped to the Recharge and Recovery Facility, a monitoring well, existing wells used as recovery wells, construction of new recovery wells, funding of the project primarily through OSFFs, and an interim approach involving delivery of CAP Water to the Maricopa Water District. (Ex. A-2 at WT-3 through WT-8.) The White Tank project has an estimated cost of approximately $2.6 million, as opposed to the estimated $11.2 million cost for a surface water treatment plant. (*Id.* at WT-7.)

2. Abbott

Abbott stated that AWC's recharge plan "seems like a good idea" because it promotes water supply sustainability and avoids the larger up-front costs that would have been incurred with construction of a new potable water treatment plant and direct delivery system. (Ex. Abbott-1 at 6.)

3. RUCO

RUCO did not directly address AWC's 2015 CAP Water Use Plans.

4. Staff

Staff determined that the primary difference between the 2006 CAP Water Use Plan and the 2015 CAP Water Use Plan is that AWC has determined that rather than building surface water treatment facilities, it would be more economical for AWC to build underground storage facilities to allow AWC to use its CAP allocations through groundwater recharge, storage, and recovery. (Ex. S-1 at 57.) Staff stated that AWC has estimated the use of underground storage facilities versus surface water treatment facilities to save Pinal Valley ratepayers $24 per month, or 89 percent, and White Tank ratepayers $33 per month, or 77 percent. (Ex. S-1 at 57.) Staff recommends that the Commission approve AWC's 2015 CAP Water Use Plan. (Ex. S-1 at 57.)

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B. CAP M&I Fees

1. AWC

AWC requested authority to continue collecting CAP M&I fees in the Pinal Valley and White Tank service areas to recover a portion of the cost of securing CAP water for future customers and alleviating the impact on current customers. (Ex. A-4 at 15; Ex. A-6 at 12-13.)

AWC provided true-up schedules for the CAP M&I fees effective for the Pinal Valley (Casa Grande and Coolidge systems only) and White Tank service areas, showing that at the end of the TY, Pinal Valley had a recorded balance of $6,687,970[27] in deferred CAP M&I capital charges, and White Tank had a recorded balance of $480,815. (Ex. A-6 at 11, ex. JMR-1, ex. JMR-4.) The true-up schedules show that CAP M&I fee collections in the Pinal Valley service area in 2006 and 2007 exceeded projections, but that collections dropped off abruptly in 2008 and have since dwindled to a small fraction of the projected amount. (Ex. A-6 at ex. JMR-1.) The true-up schedules show that White Tank has had a similar experience, although its CAP M&I fee collections dropped off in 2009 rather than 2008. (Ex. A-6 at ex. JMR-4.)

2. Abbott

Abbott did not specifically address continuation of AWC's CAP M&I fees in its testimony.

3. RUCO

RUCO did not specifically address continuation of AWC's CAP M&I fees in its testimony.

4. Staff

Staff did not specifically address continuation of AWC's CAP M&I fees in its testimony.

C. CAP Surcharge Mechanism

1. AWC

AWC requested authority to implement a new CAP Surcharge to result in "timely" recovery of increases in the net per-acre-foot cost of CAP water (including scheduled increases in CAP M&I capital

[27] As described below, AWC proposed to include $4,398,823 of this amount in rate base for Pinal Valley ($3,089,724 for Casa Grande and $1,309,098 for Coolidge), leaving a pro forma balance of $2,289,147 ($1,607,893 for Casa Grande and $681,255 for Coolidge). (*See* Ex. A-6 at 11, ex. JMR-1 through JMR-3.)

and delivery charges[28] and elimination of offsetting payments from groundwater savings facility operators); increased costs related to the quantity of CAP water recharged, recovered, and delivered to general service customers; and additional deferred CAP M&I capital charges related to increased CAP water deliveries. (Ex. A-4 at 15-16; Ex. A-5 at 13-14.) AWC stated that none of these additional CAP-related costs are included in its proposed revenue requirement, as they were not costs incurred during the adjusted TY. (Ex. A-5 at 16.) From 2015 to 2020, AWC anticipates increasing the amount of CAP water recharged, recovered, and delivered to customers in Pinal Valley from 5,000 AF to 8,956 AF, with a corresponding total purchased water cost increase of $1,809,454 and in White Tank from 0 AF to 968 AF, with a corresponding total purchased water cost increase of $352,005. (Ex. A-5 at ex. JDH-9.)

AWC proposed that it submit an annual report showing the amount of CAP Surcharge revenue collected compared to the amount authorized and identifying any under- or over-collected CAP Surcharge and that it be required to recover or refund any under- or over-collected CAP Surcharge revenues, without interest, over a 12-month period through a CAP Surcharge True-up Adjustment. (Ex. A-5 at 16-17.) AWC proposed that the CAP Surcharge be calculated using the purchased CAP water expense, adjusted for any under- or over-collection and for contractual payments from Groundwater Savings Facilities, minus the amount of purchased CAP water expense included in base rates in this decision, to reach the CAP Surcharge Revenue, which would then be divided by the number of thousand gallons sold to reach a CAP Surcharge monthly rate per thousand gallons sold. (Ex. A-5 at 16-17, ex. JDH-10.) AWC estimated that the CAP Surcharge for Pinal Valley would be approximately $0.57 per residential customer per month and that the CAP Surcharge for White Tank would be approximately $3.07 per residential customer per month. (Ex. A-5 at 17, ex. JDH-10.) AWC provided a proposed Plan of Administration for the CAP Surcharge. (Ex. A-5 at ex. JDH-11.) AWC asserted that the Commission has previously approved a similar surcharge mechanism for other utilities.[29] (Ex. A-5 at 17-18.)

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[28] A CAWCD pricing schedule for 2015 shows that from 2015 to 2020, the M&I capital charge is projected to increase from $22 per acre-foot to $25 per acre-foot, and the M&I delivery charge from $157 per acre-foot to $196 per acre-foot). (Ex. A-5 at 14-15, ex. JDH-8.)

[29] AWC referred to Docket No. W-02113A-13-0118 (Chaparral City Water Company) and Docket No. WS-02987A-08-0180 (Johnson Utilities Company). (Ex. A-5 at 18.)

2. Abbott

Abbott expressed general support for funding of AWC's CAP program as a "vital resource necessary to fulfill customers' needs now and into the future" but did not express an opinion regarding the level of the proposed surcharge. (Ex. Abbott-2 at 7.) Abbott stated that AWC's recharge plan "seems like a good idea" because it promotes water supply sustainability and avoids the larger up-front costs that would have been incurred with construction of a new potable water treatment plant and direct delivery system. (Ex. Abbott-1 at 6.)

3. RUCO

RUCO did not specifically address AWC's proposed CAP Surcharge in its testimony.

4. Staff

Staff recommended that the Commission approve a CAP Surcharge mechanism, but disagreed with AWC's proposal to use estimated payments and expenses and recommended that the actual CAP M&I delivery charges be used for the water AWC actually receives. (Ex. S-1 at 59.) Although Staff agreed that AWC's recovery of deferred CAP M&I capital charges should increase proportionally as the usage of its CAP allocation increases, Staff disagreed with AWC's proposed treatment of the amortization of additional deferred CAP M&I charges, which Staff stated would allow AWC to recover the full increased used and useful portion, including a return of investment plus income taxes, in the year the charges become used and useful. (Ex. S-1 at 59-60.) Staff stated that the Commission previously has required these charges to be amortized for recovery over a period of 20 years and recommended that any additional deferred CAP M&I capital charges that become used and useful between rate cases be amortized over 20 years. (Ex. S-1 at 60.) Staff recommended:

(a) Approval of a CAP Surcharge mechanism;

(b) That AWC be required to file in the docket for this matter, once CAP costs become known and measurable based on actual deliveries beyond what is included in base rates in this matter, a CAP Surcharge initiative request;

(c) That AWC be allowed to recover any increased portion of the used and useful deferred CAP M&I capital charges over a 20-year period; and

(d) That any continuation of CAP Surcharges be reviewed in AWC's next rate case.[30]

D. OSFF Tariffs

1. AWC

AWC requested that its OSFF Tariff for Pinal Valley be continued, but with modification to accommodate residential homes with fire sprinkler systems by charging the same OSFF for residential customers with 3/4" meters as are charged for residential customers with 5/8" x 3/4" meters. (Ex. A-5 at 13; ex. JDH-7.)

AWC also requested authority to implement a new OSFF Tariff in the White Tank service area to fund the White Tank underground recharge and recovery facility, which AWC intends to commence building in 2018 and which is intended to enable AWC to assure that CAP water is available for delivery to White Tank. (Ex. A-4 at 16; Ex. A-5 at 10-11, ex. JDH-4, ex. JDH-6; Ex. A-6 at 29.) AWC stated that the OSFF would be applied to all new service connections in the White Tank service area and would equitably apportion the costs of constructing the new facility among all White Tank customers whose water supply requirements make the facility necessary. (Ex. A-5 at 10.) AWC proposed a fee of $2,500 for each new service connection with a 5/8" x 3/4" meter and graduated fees for larger meter sizes. (Ex. A-5 at 10.) AWC determined the proposed fee by combining the estimated costs of the White Tank underground facility, recovery wells, and other off-site facilities not funded by developers ($2,641,000) and dividing that by the estimated number of new 5/8" x 3/4" meter equivalents (estimated at 985 from 2016 through 2022). (Ex. A-5 at 11, ex. JDH-4.) AWC also considered the impact fees charged by public service corporations and municipalities in the surrounding areas and concluded that the proposed OSFFs are below the median of similar fees charged in similarly located nearby communities. (Ex. A-5 at 10-11, 13, ex. JDH-5.)

AWC asserted that when the OSFFs are received from developers, they are recorded in an OSFF deferred liability account, where they remain until the off-site facilities are constructed and placed into service using the funds, at which time an equivalent amount is transferred from the deferred liability account to contributions in aid of construction ("CIAC"), resulting in no rate base increase. (Ex. A-5

[30] Ex. S-1 at 60.

at 12.) AWC asserts that it should not be required to offset rate base with any unexpended OSFFs because the OSFFs are unavailable to AWC except for the restricted purpose of constructing off-site facilities. (Ex. A-5 at 12.)

2. Abbott

Abbott did not specifically address the proposed OSFFs in its testimony.

3. RUCO

RUCO did not specifically address the proposed OSFFs in its testimony.

4. Staff

Staff determined that the proposed OSFFs were reasonable and recommended adoption of the specific tariff language contained in Exhibit A to Mr. Smaila's testimony, which included OSFF Tariffs for both Pinal Valley and White Tank. (Ex. S-1 at 60-61; Ex. S-3 at ex. FMS at ex. A, ex. B.)

E. Rate Base

1. AWC

In its proposed OCRB/FVRB for the Western Group as a whole, AWC included an upward adjustment to utility plant of $9,496,795 to reflect "revenue-neutral"[31] utility plant additions placed into service post-TY along with one half-year of accumulated depreciation; an upward adjustment in the form of a net regulatory asset of $354,981, representing amortization of previously deferred CAP M&I capital charges that were found used and useful in prior rate cases; and an upward adjustment in the form of a net regulatory asset of $4,398,823, representing the pro rata portion of the TY-end balance of deferred CAP M&I capital charges corresponding to the amount of AWC's (previously unused) CAP water allocation that had been put to beneficial use through delivery of 5,000 AF to Pinal Valley general service customers in 2015 and now used and useful.[32] (Ex. A-6 at 14-18; Ex. A-3 at sched. B-2.) AWC also proposed adjustments (a cumulative total of $1,869,882 in net plant in service and

[31] AWC stated that the plant was revenue-neutral because it included only items required to provide service to customers served during the TY. (Ex. A-6 at 15.)

[32] The CAP M&I capital charges are now asserted to be used and useful because in 2015, AWC delivered 5,000 AF of CAP water to general service customers in the Pinal Valley service area by storing 2,500 AF of CAP water at the Maricopa-Stanfield Irrigation and Drainage District's groundwater savings facility and 2,500 AF of CAP water at the Central Arizona Irrigation and Drainage District's groundwater savings facility, making 5,000 AF of water recoverable, through AWC's 39 ADWR-permitted recovery wells, for delivery to general service customers throughout the Pinal Valley service area. (Ex. A-6 at 17.) AWC proposes to amortize the regulatory asset over 20 years. (Ex. A-6 at 18.)

$14,084,977 in deferred income tax) to allocate rate base items related to the Phoenix Office and Meter Shop to each system using a three-factor formula based on number of customers, gross plant less intangibles, and payroll. (Ex. A-6 at 19; Ex. A-3 at sched. B-2.) Because delivery of CAP water to White Tank customers had not yet commenced, AWC did not propose to include any of the deferred CAP M&I capital charges in rate base for White Tank. (*See* Ex. A-6 at 11-12, ex. JMR-4.)

2. Abbott

Abbott did not make rate base recommendations.

3. RUCO

RUCO recommended reductions in post-TY plant for each Western Group service area ($5,167,279 for Pinal Valley, $352,391 for White Tank, and $4,326 for Ajo); reductions in accumulated depreciation to reflect the reductions in post-TY plant; and reductions in cash working capital to reflect both inclusion of interest expense in calculation of working capital requirements and recommended reductions in operating expenses. (Ex. RUCO-1 at 4, 11-15.) RUCO asserted that a test period is the proper basis for setting just and reasonable rates only if it includes matching costs and revenues and that, although Staff has more recently recommended allowance of post-TY plant additions even in the absence of a used and useful determination, the Commission's prior practice had been to allow post-TY plant in rate base as an exception in special and unusual circumstances rather than as the norm. (Ex. RUCO-1 at 8-9.) RUCO asserted that post-TY plant should be included in rate base only if it is completed within six months after the end of the TY or is part of a "major project."[33] (Ex. RUCO-1 at 10.) RUCO recommended exclusion from rate base of specific post-TY "small and/or recurring type projects" even though completed within six months after the end of the TY. (Ex. RUCO-1 at 10.) RUCO's "small and/or recurring type projects" exclusion resulted in a post-TY plant decrease of $47,000 for Pinal Valley, $329,250 for White Tank, and $450 for Ajo. (Ex. RUCO-1 at 10-11.)

RUCO also asserted that AWC had failed to recognize deferred income taxes related to the inclusion of post-TY plant adjustments, which should have resulted in reductions to rate base, although RUCO did not have all of the data necessary to calculate the deferred income tax effect and had

[33] RUCO stated that "major projects" would include transmission and distribution mains; wells and pumping equipment; services; and projects that typically improve infrastructure, as well as projects that improve water quality, reduce significant repair expenses, and ensure regulatory compliance. (Ex. RUCO-1 at 10.)

requested the calculation from AWC so that RUCO could make the adjustment in its subsequent testimony. (Ex. RUCO-1 at 12-13.)

RUCO recommended the following OCRB/FVRB for each Western Group system:[34]

Pinal Valley	White Tank	Ajo
$56,001,472	$4,737,182	$954,567

4. Staff

Staff recommended reductions in post-TY plant for each Western Group system ($3,208,287 for Pinal Valley, $72,481 for White Plant, and $12,585 for Ajo) to exclude post-TY plant additions that Staff determined not to be used and useful because they were not in service by December 31, 2015; to exclude "Blanket" projects; and to use the actual costs of completed projects rather than the estimate costs used by AWC. (Ex. S-1 at 6-7, 11-14, 16-19, 21-24.) Staff also recommended adjustments to cash working capital based on Staff's adjustments to revenue and expenses as well as Staff's inclusion of interest expense in its calculations of cash working capital for each system. (Ex. S-1 at 14-16, 19-21, 24-26.) Staff stated that it had requested additional information from AWC regarding the "Blanket" projects and that it intended to address the projects further in surrebuttal testimony, either to confirm that the projects were not used and useful or to make any necessary adjustments. (Ex. S-1 at 14, 19, 23-24.)

Staff recommended the following OCRB/FVRB for each Western Group system:[35]

Pinal Valley	White Tank	Ajo
$57,867,309	$5,058,486	$948,972

5. AWC Rebuttal

AWC disagreed with RUCO's recommended exclusions of post-TY plant, asserting that all of the post-TY projects AWC proposed to include in rate base meet RUCO's definition of "major

[34] Ex. RUCO-1 at iii, Pinal Valley System Direct Schedule JAC-1 (hereinafter referred to as "PV DS JAC-1"), PV DS JAC-2, PV DS JAC-3, White Tank System Direct Schedule JAC-1 (hereinafter referred to as "WT DS JAC-1"), WT DS JAC-2, WT DS JAC-3, Ajo System Direct Schedule JAC-1 (hereinafter referred to as "Ajo DS JAC-1"), Ajo DS JAC-2, Ajo DS JAC-3.

[35] Ex. S-1 at Pinal Valley Schedule BAB-1 (hereinafter "PV BAB-1"), PV BAB-3, PV BAB-4, White Tank Schedule BAB-1 (hereinafter "WT BAB-1"), WT BAB-3, WT BAB-4, Ajo Schedule BAB-1 (hereinafter "Ajo BAB-1"), Ajo BAB-3, Ajo BAB-4.

projects" and were undertaken to improve infrastructure, to improve quality of service, or to comply with water quality standards. (Ex. A-12 at 7.) AWC further asserted that RUCO had failed to demonstrate that the "small and/or recurring type projects," for which RUCO recommended exclusion, did not improve the quality of service to customers. (Ex. A-12 at 7.) AWC cited Commission decisions in which 12 months of post-TY plant were included in rate base based on Staff's determination that the plant was in service and used and useful. (Ex. A-12 at 8.) AWC also pointed out that RUCO had recommended exclusion from Pinal Valley's rate base of an arsenic treatment plant placed into service on July 8, 2015, although the plant would fall within RUCO's "major projects" definition. (Ex. A-12 at 9.) AWC also disputed RUCO's assertion that the post-TY plant created a matching problem, asserting that RUCO had failed to show that the revenues resulting from inclusion of the post-TY plant in rate base would result in a detriment to ratepayers and, further, that the post-TY plant was revenue neutral, financed by stockholders, and placed in service specifically to ensure safe and reliable service for the benefit of ratepayers. (Ex. A-12 at 10.)

AWC acknowledged that accumulated depreciation would need to be adjusted for any post-TY plant removed from rate base and also proposed a rebuttal rate base adjustment to reflect the deferred tax effect of bonus depreciation on the post-TY plant AWC proposed to include in rate base. (Ex. A-12 at 11.)

AWC disagreed with RUCO's recommendation to include interest expense in the calculation of working cash, reasoning that if the cost associated with the debt component of operating income is included in calculating required working cash, then the cost associated with the equity component must also be included in the calculation. (Ex. A-11 at 40.) AWC also asserted that there were errors in RUCO's calculation of working cash. (Ex. A-11 at 41.)

AWC stated that it agreed, for the most part, with Staff's adjustments to post-TY plant, but anticipated that Staff would be making additional adjustments to update project costs and include "Blanket" projects and project 0076 as used and useful upon further review of AWC's response to Staff's data requests. (Ex. A-12 at 18-19.) AWC asserted that the "Blanket" projects had all been completed and placed into service by December 31, 2015, and were all used and useful. (Ex. A-10 at 15.) AWC described the "Blanket" projects as smaller replacement projects necessary to provide safe

and reliable water service, with a cost less than $10,000, with short lead times, managed by division management, and reviewed by AWC's management and engineering department on an aggregate basis. (Ex. A-10 at 15-16.) AWC stated that it had provided Staff with copies of all invoices with a cost above $1,000 in response to a Staff data request. (Ex. A-10 at 16.)

AWC agreed to remove a total of $1,580,000 in post-TY plant from Pinal Valley and a total of $136,000 from the Phoenix office. (Ex. A-10 at 16.) AWC also asserted that Staff had not made corresponding adjustments to accumulated depreciation for the post-TY plant Staff had excluded from its recommended rate base, something that would need to be done. (Ex. A-12 at 19.) AWC also disagreed with Staff's recommendation to include interest expense in the calculation of working cash and with Staff's inclusion of rate case expense in Staff's adjustments to AWC's lead lag study, which AWC asserted resulted in understatement of operating expenses. (Ex. A-11 at 52.)

On rebuttal, AWC proposed the following FVRB for each Western Group system:[36]

Pinal Valley	White Tank	Ajo
$58,322,921	$5,078,719	$966,310

F. Cost of Capital

1. Summary

Abbott and WISE did not take positions on cost of capital.

AWC, RUCO, and Staff all used AWC's actual capital structure to establish their Western Group cost of capital (COC) recommendations and all disagreed on cost of equity ("COE"), while only RUCO disagreed with the others on cost of debt ("COD"). (Ex. A-7 at 6; Ex. A-13 at 75, ex. PMA-R32; Ex. S-5 at ex. DCP-1; *see* Ex. RUCO-3 at i, 54.) AWC, RUCO, and Staff proposed the following:[37]

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[36] Ex. A-12 at Schedule A-1 Rebuttal (hereinafter "Sched. A-1 Reb."), Sched. B-1 Reb., Sched. B-2 Reb.
[37] Ex. A-7 at 6; Ex. A-13 at 75, ex. PMA-R32; Ex. S-5 at ex. DCP-1; *see* Ex. RUCO-3 at i, 54.

	AWC			RUCO			Staff		
	Weight	Cost	Weighted Avg. Cost	Weight	Cost	Weighted Avg. Cost	Weight	Cost	Weighted Avg Cost
Common Equity	53.69%	11.45%[38]	6.15%	53.69%	8.95%	4.81%	53.69%	9.05%	4.86%
Debt	46.31%	6.82%	3.16%	46.31%	5.43%	2.51%	46.31%	6.82%	3.16%
Weighted Average Cost of Capital			**9.31%**			**7.32%**			**8.02%**

2. AWC

To determine AWC's proposed cost of equity, Ms. Ahern performed discounted cash flow ("DCF") model, risk premium model ("RPM"), and capital asset pricing model ("CAPM") analyses with a proxy group of eight publicly traded water companies.[39] (Ex. A-7 at 3, 7.) Ms. Ahern's DCF model, RPM, and CAPM analyses resulted in COEs of 8.64 percent,[40] 10.76 percent,[41] and 9.58 percent,[42] respectively, which Ms. Ahern averaged to reach a COE of 9.60 percent. (Ex. A-7 at 3, 7.)

Ms. Ahern opined that due to the federal government's influence on the market and the historically low interest rates resulting from the recent recession, traditional COE models (including the models she used) tend to understate the investor-required COE. (Ex. A-7 at 12.) Ms. Ahern concluded that AWC required a 0.50 percent business risk premium due to the unique risks it faces as a result of its smaller size compared to the proxy group utilities. (Ex. A-7 at 3, 13-14, 21-22, 44-45.) Ms. Ahern further concluded that AWC required a 0.63 percent financial risk premium due to its greater

[38] AWC originally proposed a cost of equity of 10.75 percent, but increased its proposed cost of equity to 11.45 percent on rebuttal. (*See* Ex. A-7 at 6; Ex. A-13 at 75.)

[39] The proxy group included American States Water Co.; American Water Works Co., Inc.; Aqua America, Inc.; California Water Service Group; Connecticut Water Service, Inc.; Middlesex Water Co.; SJW Corp.; and York Water Co. (Ex. A-7 at 24-25.) Ms. Ahern stated that for the five years ending in 2014, the proxy group utilities had average earnings on book common equity of 10.03 percent and average common equity based upon permanent capital (excluding short-term debt) of 51.24 percent. (Ex. A-7 at 25.)

[40] Ms. Ahern's single-stage DCF model analysis resulted in a range of DCF COEs for the proxy group from 7.35 percent to 12.92 percent, an average of 8.93 percent, and a median of 8.35 percent, which she averaged to reach 8.64 percent. (Ex. A-7 at 28, ex. PMA-5.)

[41] Ms. Ahern's Predictive Risk Premium Model ("PRPM") analysis resulted in an average of 11.94 percent and a median of 11.24 percent, which she averaged to reach 11.59 percent. (Ex. A-7 at 29-31.) Ms. Ahern's Adjusted Total Market Approach RPM analysis resulted in an adjusted prospective bond yield of 5.06 percent and an equity risk premium of 4.87 percent, which she added to reach 9.93 percent. (Ex. A-7 at 31-37, ex. PMA-7.) The two RPM analysis results were averaged to reach 10.76 percent. (Ex. A-7 at 37.)

[42] Ms. Ahern used a risk-free rate of 3.69 percent and performed both a traditional CAPM analysis and an empirical CAPM analysis, reaching average results of 9.31 and 9.76 and median results of 9.40 and 9.82, respectively, which were then averaged to reach a rate of 9.58 percent. (Ex. A-7 at 39-40.)

credit risk compared to the proxy group utilities.[43] (Ex. A-7 at 22-24.) In her direct testimony, Ms. Ahern calculated a COE of 10.73 percent, which she rounded up to recommend a COE of 10.75 percent, resulting in a recommended rate of return ("ROR") of 8.93 percent. (Ex. A-7 at 3, 5-6.)

In her rebuttal testimony, Ms. Ahern performed the same analyses, with the following results:[44]

DCF	8.16%
RPM	10.70%
CAPM	10.26%
Average	10.00%
Credit Risk Adjustment	0.93%[45]
Size Adjustment	0.50%
Indicated COE	11.43%
Recommended COE	11.45%
Recommended ROR	9.31%

Ms. Ahern criticized RUCO and Staff's recommended COEs as unreasonably low and inadequate for a relatively small water utility. (Ex. A-13 at 8.) Ms. Ahern asserted that RUCO and Staff's single-stage DCF results each significantly understated COE and that their CAPM and Comparable Earnings ("CE") model results were flawed. (Ex. A-13 at 5.) Specifically, Ms. Ahern stated that the CAPM analyses were flawed because they incorrectly relied on a historical risk-free rate although ratemaking and cost of capital are prospective, they incorrectly calculated the market equity risk premium by relying on the rate of return on book common equity for the S&P 500 rather than the market; and they did not include an empirical CAPM analysis although evidence indicates that low-beta securities such as utilities earn returns higher than the CAPM predicts. (Ex. A-13 at 27-41.) Ms. Ahern also took issue with Staff's use of a geometric mean historical market equity risk premium and failure to use a forward-looking equity risk premium. (Ex. A-13 at 27.) Ms. Ahern asserted that RUCO and Staff's CE analyses should be rejected and replaced with the results of market models applied to a

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[43] Ms. Ahern determined that the average Standard & Poor's ("S&P") long-term issuer rating for the proxy group utilities was A and the average Moody's long-term issuer rating for the proxy group utilities was A2/A3, while AWC bonds would be rated Baa2 by Moody's if AWC had rated bonds. (Ex. A-7 at 23, 42-43.) From this, based on the credit risk for Baa2 bonds, Ms. Ahern concluded that a 0.63 percent credit risk premium was warranted. (*See* Ex. A-7 at 3, 42-43.)

[44] Ex. A-13 at 75, ex. PMA-R32.

[45] Ms. Ahern's credit risk adjustment increased based on her calculation of the necessary adjustment using five-sixths of a recent three-month average spread between Moody's A and Baa2 rate public utility bond yields, which included a period of March through May 2015 on direct and a period of November 2015 through January 2016 on rebuttal, as the average bond spreads increased from 0.76 percent to 1.20 percent. (*See* Ex. A-7 at 43, ex. PMA-7 at 4; Ex. A-13 at 49, ex. PMA-R17.)

non-regulated group. (Ex. A-13 at 43-47.) Ms. Ahern "corrected" RUCO and Staff's CAPM and CE analyses, obtaining results of 10.07 percent with the CAPM and 11.57 percent with the CE. (Ex. A-13 at 48.) Including DCF results, Ms. Ahern concluded that the "corrected" COEs for RUCO and Staff would be 10.09 percent and 10.08 percent, respectively. (Ex. A-13 at 48.) Ms. Ahern further criticized RUCO and Staff's failure to include credit risk adjustments and size adjustments in their COE recommendations, asserting that inclusion of these adjustments, with the "corrected" COE results, resulted in a COE range of 11.58 to 11.59 percent for RUCO and Staff. (Ex. A-13 at 6, 69-75.)

Ms. Ahern criticized RUCO's use of a fictitious debt cost rate of 5.43 percent, asserting that it violated the economic principle of opportunity cost, as it implied an equity risk premium of only 138 basis points, which was particularly "egregious" in view of her having determined that the equity risk premium for the proxy group was 8.38 percent. (Ex. A-13 at 18.) Ms. Ahern further asserted that RUCO's cost of debt recommendation violated traditional cost of service principles. (Ex. A-13 at 19.)

3. Abbott

Abbott did not take a position on AWC's COC.

4. RUCO

To determine RUCO's recommended COE, Mr. Cassidy performed DCF model, CAPM, and CE model analyses using a proxy group of the nine publicly traded water utility companies followed by both the Standard Large-Cap and Small & Mid-Cap editions of *The Value Line Investment Survey*, which added Artesian Resources to the eight water utility companies used for AWC's proxy group. (Ex. RUCO-3 at 29.) Mr. Cassidy performed the Constant Growth DCF model using both historical and projected growth rates, which resulted in COEs ranging between 6.1 percent and 9.1 percent for the proxy group companies, and recommended a DCF COE of 8.63 percent. (*See* Ex. RUCO-3 at 29-32, sched. JAC-3.) Mr. Cassidy performed the CAPM analyses using a risk-free rate of 2.95 percent, the average yield on the 30-year long-term U.S. Treasury Bond, measured from November 2015 through January 2016, stating that use of a forecasted risk-free rate in the CAPM results in overstated COE results. (Ex. RUCO-3 at 34.) Mr. Cassidy estimated market risk premium by comparing annual ROEs for the S&P 500 with annual yields on 20-year long-term U.S. Treasury bonds for the period of 1978 to 2015, resulting in a market risk premium of 6.91 percent. (Ex. RUCO-3 at 35-36.) Mr. Cassidy

determined the CAPM COE to be 7.79 percent. (Ex. RUCO-3 at 36.) Mr. Cassidy performed a CE analysis using actual ROEs for the proxy group from 2005 through 2014 and from 2010 through 2014 and projected ROEs for 2015 through 2019, resulting in means of 8.83 percent, 9.18 percent, and 10.42 percent and medians of 8.63 percent, 8.74 percent, and 9.92 percent and a recommended COE estimate of 10.42 percent. (Ex. RUCO-3 at 36-37, sched. JAC-5.) RUCO averaged its DCF, CAPM, and CE analyses results to reach its recommended COE of 8.95 percent. (Ex. RUCO-3 at i, 54.)

Mr. Cassidy asserted that Ms. Ahern's DCF COE estimate was overstated by 28 basis points largely due to recent reductions made by *Value Line* and Yahoo! Finance to the earnings per share ("EPS") growth forecasts for companies in the proxy group. (Ex. RUCO-3 at 39-40.) Mr. Cassidy also took issue with Ms. Ahern's use of a PRPM analysis, and of metrics derived from the PRPM in her RP and CAPM analyses, stating that the PRPM and metrics derived therefrom result in overstated COEs and that no regulatory commission, including the Commission, has ever adopted a COE estimate derived from the PRPM. (Ex. RUCO-3 at 40-47.) Mr. Cassidy further criticized Ms. Ahern's failure to rely upon *Value Line* betas for her CAPM analysis, which he stated resulted in overstated COEs, and asserted that Ms. Ahern's use of the empirical CAPM was "unnecessary and redundant" and only served to overstate COE. (Ex. RUCO-3 at 48-50.) Mr. Cassidy further criticized Ms. Ahern for exclusively using arithmetic mean returns in her CAPM analyses, although the Commission has previously found that geometric returns should be considered. (Ex. RUCO-3 at 50.) Mr. Cassidy further asserted that Ms. Ahern's proposed upward credit risk adjustment had "no merit" based on a study finding that bond ratings fail to explain a large portion of total equity risk. (Ex. RUCO-3 at 51.) Finally, Mr. Cassidy asserted that empirical research has demonstrated that small company risk premium adjustments to COE are "unwarranted for regulated utilities" and that the Commission previously has rejected such adjustments for utilities such as AWC.[46] (Ex. RUCO-3 at 51-53.)

Mr. Cassidy asserted that in determining AWC's COC, the Commission should use a cost of debt of 5.43 percent, the weighted average cost of long-term debt used to fund the utility plant of RUCO's proxy group companies as of December 31, 2014, rather than allowing use of AWC's 6.82

[46] Mr. Cassidy cited Decision No. 75268 (September 8, 2015), which involved EPCOR Water Arizona, as well as earlier cases involving AWC and Black Mountain Gas. (*See* Ex. RUCO-3 at 52-53.)

percent embedded cost of debt. (Ex. RUCO-3 at 26-28.) Mr. Cassidy provided several "compelling reasons" that AWC's 6.82 percent cost of debt should not be used: (1) AWC chose to withdraw a finance application for $30 million in long-term debt that had been filed right after the prime rate fell to 3.25 percent, thereby eliminating the potential for AWC to reduce its weighted cost of debt through new lower cost debt and ensuring that plant additions and improvements made by AWC would be financed exclusively with higher cost equity in spite of the low prime rate; (2) AWC's California affiliate San Gabriel Valley Water Company ("San Gabriel") has taken steps to mitigate the high cost of its long-term debt through issuance of $30 million in 10-year bonds at an interest rate of 3.75 percent and obtained approval from the California Public Utility Commission ("CPUC") to issue an additional $80 million in low-cost debt in the form of bonds with a sinking fund requirement, while AWC has taken no such steps; (3) AWC has stated that it will not consider issuing bonds with a sinking fund requirement; and (4) from 2005 through 2014, AWC annually paid out an average of 93.99 percent of its earnings in the form of dividends, paying out more than its earnings in five of those years, from which RUCO concluded that the enhanced cash flows attributable to AWC's high cost non-sinking fund debt facilitate payment of dividends. (Ex. RUCO-3 at 17-26.)

5. Staff

To determine Staff's recommended COE, Mr. Parcell performed DCF model, CAPM, and CE model analyses using the same proxy group of publicly traded water utilities as used by Mr. Cassidy for RUCO. (*See* Ex. S-5 at 2, 18-19.) Mr. Parcell completed the Constant Growth DCF model using both historical and projected growth indicators and reached DCF COEs ranging from 6.2 percent to 9.1 percent for the proxy group, with a mean and median of 7.7 percent. (Ex. S-5 at 20-22, ex. DCP-7.) Mr. Parcell concluded that the current DCF-derived return on equity ("ROE") for the proxy group was 8.6 percent and recommended a COE of 8.6 percent. (Ex. S-5 at 22.) Mr. Parcell performed the CAPM analysis using a risk-free rate of 2.60 percent and the average yield for 20-year U.S. Treasury bonds from November 2015 through January 2016. (Ex. S-5 at 24.) To estimate the market risk premium, Mr. Parcell considered three alternative measures of returns of the S&P 500 and 20-year U.S. Treasury bonds, averaging the three results to reach the estimated risk premium of 5.75 percent. (Ex. S-5 at 24-25.) Mr. Parcell found a CAPM ROE of 6.6 percent for the proxy group and concluded that 6.6 percent

was an appropriate CAPM ROE estimate for AWC. (Ex. S-5 at 25-26.) Mr. Parcell also performed a CE method analysis using historic and projected ROEs for both the proxy group and the S&P 500, concluding that the ROE for the proxy group was no more than 9.0 percent to 10.0 percent and recommending the midpoint ROE of 9.50 percent. (Ex. S-5 at 26-30.) Mr. Parcell recommended a COE of 9.05 percent for AWC, determined by averaging his DCF and CE results, with the CAPM results excluded (because they were so low) but considered as one factor of determining AWC's COE. (Ex. S-5 at 30-31.)

Mr. Parcell disagreed with Ms. Ahern's RP analyses because the PRPM is "new and untried" and results in high COEs, and her Adjusted Total Market Approach analysis incorporated the PRPM, raising the outcome from that methodology as well. (Ex. S-5 at 32-33.) Mr. Parcell further criticized her comparison of total stock returns and bond yields from 1926 through 2014, questioning the value of the comparison to current investor expectations and the use of data from periods influenced by the Great Depression, World War II, and the inflation of the 1970s and 1980s. (Ex. S-5 at 34.) Mr. Parcell also questioned Ms. Ahern's use of such extensive historic data in her RP and CAPM analyses, while refusing to use historic data in her DCF analysis. (Ex. S-5 at 34.) Mr. Parcell further disagreed with Ms. Ahern's use of projected equity returns in her CAPM, which he described as "speculative," and with the use of the empirical CAPM, which he stated "arbitrarily ignores the actual betas of the proxy utilities." (Ex. S-5 at 34-36.) Mr. Parcell also asserted that the 0.63 percent financial risk adjustment proposed for AWC is not warranted because AWC's cost of debt can be fully recovered through its COC, and inflation of its ROE is not justified. (Ex. S-5 at 36.) Mr. Parcell added that AWC's proposed size-related adjustment is inappropriate and unjustified because the evidence indicates that smaller regulated utilities are not perceived as riskier than larger regulated utilities. (Ex. S-5 at 36-39.)

G. TY Results and Revenue Requirement

1. Summary

Abbott and WISE did not take positions regarding AWC's Western Group TY results or revenue requirement.

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Prior to reaching settlement, AWC, RUCO, and Staff took the following positions:[47]

PINAL VALLEY (CASA GRANDE, COOLIDGE, & STANFIELD)			
	AWC	RUCO	Staff
TY Adj. Operating Revenues:	$18,467,889	$18,591,737	$18,467,889
TY Adj. Operating Expenses:	$16,276,611	$16,211,235	$15,909,593
TY Adj. Operating Income:	$2,191,278	$2,380,502	$2,558,296
OCRB/FVRB:	$58,322,921	$56,001,472	$57,867,309
TY Rate of Return:	3.76%	4.25%	4.42%
Required Operating Income:	$5,428,798	$4,099,285	$4,640,958
Operating Income Deficiency:	$3,237,521	$1,718,784	$2,082,662
Gross Rev. Conversion Factor:	1.6403	1.6651	1.6319
Required Revenue Increase $:	$5,310,551	$2,862,004	$3,398,668
Required Revenue Increase %:	28.76%	15.39%	18.40%
Required Rate of Return:	9.31%	7.32%	8.02%
Revenue Requirement:	$23,778,440	$21,453,741	$21,866,557
WHITE TANK			
	AWC	RUCO	Staff
TY Adj. Operating Revenues:	$2,310,991	$2,345,382	$2,321,542
TY Adj. Operating Expenses:	$2,202,051	$2,172,461	$2,110,820
TY Adj. Operating Income:	$108,940	$172,921	$210,722
OCRB/FVRB:	$5,078,719	$4,737,182	$5,058,486
TY Rate of Return:	2.15%	3.65%	4.17%
Required Operating Income:	$472,736	$346,646	$405,691
Operating Income Deficiency:	$363,796	$173,725	$194,969
Gross Rev. Conversion Factor:	1.6377	1.7200	1.7169
Required Revenue Increase $:	$595,785	$298,814	$334,737
Required Revenue Increase %:	25.78%	12.74%	14.42%
Required Rate of Return:	9.31%	7.32%	8.02%
Revenue Requirement:	$2,906,776	$2,644,196	$2,656,279
AJO			
	AWC	RUCO	Staff
TY Adj. Operating Revenues:	$437,888	$445,441	$440,253
TY Adj. Operating Expenses:	$409,645	$397,531	$407,570
TY Adj. Operating Income:	$28,244	$47,910	$32,684
OCRB/FVRB:	$966,310	$954,567	$948,972
TY Rate of Return:	2.92%	5.02%	3.44%
Required Operating Income:	$89,946	$69,851	$76,108
Operating Income Deficiency:	$61,702	$21,941	$43,424
Gross Rev. Conversion Factor:	1.6369	1.3039	1.2783
Required Revenue Increase $:	$101,003	$28,608	$55,510
Required Revenue Increase %:	23.07%	6.42%	12.61%
Required Rate of Return:	9.31%	7.32%	8.02%
Revenue Requirement:	$538,891	$474,049	$495,763

[47] *See* Ex. A-12 at Sched. A-1 Reb., Sched. C-1 Reb.; Ex. RUCO-1 at PV DS JAC-1, PV DS JAC-6, WT DS JAC-1, WT DS JAC-6, Ajo DS JAC-1, Ajo DS JAC-6; Ex. S-1 at PV BAB-1, PV BAB-10, WT BAB-1, WT BAB-10, Ajo BAB-1, Ajo BAB-10.

2. AWC

In the Application, AWC's adjusted TY operating income for the Western Group included decreases of $2,388,393 in total water revenues and of $618,949 in miscellaneous revenues, an aggregate increase of $1,802,367 in total O&M expenses, an increase of $367,759 in depreciation and amortization expenses, and a decrease of $3,589,402 in total taxes. (Ex. A-3 at sched. C-1.) AWC's adjustments removed revenue-based taxes from operating revenues and expenses, to segregate revenues billed pursuant to tariffs that do not include sales taxes and regulatory assessments from total operating revenues that do; removed the effect of the year-end accounting requirement to accrue revenues earned but not yet billed;[48] removed MAP Surcharge revenues and MAP-associated TY expenses so that base revenues would be set without regard to the MAP, as AWC desired to retain a MAP Surcharge mechanism; removed TY revenues and purchased water expenses related to sales of non-potable CAP water pursuant to AWC's NP-274 Non-Potable CAP Tariff, which AWC characterized as a "pass-through" tariff, as AWC asserted that the Non-Potable CAP Tariff revenues and expenses would not be equal due to significant timing differences; adjusted booked revenues to reflect the actual amount of water dispensed from coin-operated water machines; reclassified miscellaneous revenues; and adjusted revenues and expenses to reflect end-of-TY customer counts. (Ex. A-6 at 20-24.) AWC also decreased revenues and expenses to reflect residential customer sales under "normal" weather conditions and usage patterns based on a multiple regression analysis of monthly residential usage per customer and weather conditions for the five years ending December 2014, from which AWC concluded that weather conditions in the Pinal Valley and White Tank service areas were slightly wetter and cooler than normal in the TY, resulting in lower than normal residential usage, and that weather conditions in the Ajo service area were drier and hotter than normal in the TY, resulting in higher than normal residential usage. (Ex. A-6 at 24-25.) AWC also concluded that there was a statistically significant annual decline in residential usage, while controlling for weather conditions, of 2.64 percent in Pinal Valley, 5.30 percent in White Tank, and 4.95 percent in Ajo and reduced residential revenue in each service area to reflect the same percentage reduction in the number

[48] AWC explained that ordinarily the adjustment recorded in December would be reversed in January. (Ex. A-3 at 21.)

of gallons sold to residential customers. (Ex. A-6 at 25-26.) AWC made corresponding adjustments to source of supply, pumping, and water treatment expenses. (*Id.*)

AWC did not revise its position as to adjusted TY revenue between its Application and rebuttal testimony. (*See* Ex. A-12 at Sched. C-1 Reb.)

In the Application, AWC's adjustments to operating expenses included an increase in payroll and related expenses to cover increases in payroll taxes and company-funded 401(k) plans and in payroll from hiring additional employees post-TY;[49] an increase in insurance expenses (medical, vision, dental, long-term disability, life, workers' compensation, and property and liability insurance expenses) to reflect increased premiums; an increase in Administrative and General ("A&G") expenses to reflect interest expense from customer deposits; an increase in purchased water expense to reflect one-third of the $357,500 net cost of delivering CAP water to general service customers in 2015;[50] an increase in purchased water expense to recover the amortization of additional deferred CAP M&I capital and delivery charges that are now used and useful as well as the ongoing CAP M&I capital and delivery charges for CAP water currently delivered to general service customers in the Pinal Valley service area;[51] an increase in purchased power expense to reflect increases in rates paid for electric power in the Western Group; an increase in A&G expenses to reflect recovery of an estimated $486,274 in rate case expense over a period of three years; an increase in customer accounting expense to write-off a normalized amount of uncollectible accounts (averaged over five years); an increase in several O&M expense items to reflect current costs related to AWC's fleet of service vehicles as well as the addition of six service vehicles for new positions; an increase in miscellaneous expense to reflect increased office rent and postage and removal of lobbying expenses; an increase in water treatment and pumping expenses to normalize the cost of operating AWC's Henness Road arsenic removal facility, which was shut down from January through May of the TY; an increase in transmission and distribution expenses to normalize the cost of tank maintenance under AWC's tank maintenance program, which

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[49] The overall increase was $594,622, with $523,953 attributed to payroll. (Ex. A-3 at sched. C-2 app.)

[50] AWC requested authority to defer and recover, over a three-year period, the net cost of delivering 5,000 AF of CAP water to Pinal Valley general service customers in 2015 (a total of $357,500, for an annual expense of $119,167). (Ex. A-4 at 15; Ex. A-6 at 27.) AWC explained that half of the annual delivery cost of $715,000 had been paid by a grant from ADWR's Water Management Assistance Program. (Ex. A-6 at 27.)

[51] AWC requested authority to recover $715,000 annually in purchased water expense as the net ongoing cost of annual delivery of 5,000 AF of CAP water to Pinal Valley general service customers. (Ex. A-4 at 15; Ex. A-6 at 28.)

involves routine inspection and cleaning of storage tanks, recoating of storage tank interiors every 14 years, and painting of storage tank exteriors every seven years; an increase in depreciation and amortization expenses to reflect annualized depreciation expense for end-of-TY plant balances and current depreciation rates as well as post-TY plant; an increase in TY property taxes to reflect AWC's proposed change in revenues; a decrease in income tax expense to conform to other adjustments; and below-the-line adjustments to synchronize interest expense with adjusted TY OCRB and to reflect the impact on net income of the other pro forma adjustments and the requested increase in gross revenues. (Ex. A-6 at 26-35; Ex. A-3 at sched. C-2.)

On rebuttal, AWC modified payroll expense to remove one-half of the salary related to AWC's Assistant Secretary, who retired in 2015, and to reflect Mr. Moe's salary rather than Mr. Reiker's salary; increased its insurance expenses to reflect both an increase in its property and liability insurance premium effective March 1, 2016, and the adjustments to payroll expense; decreased its depreciation expense and synchronized its interest expense to conform to its rebuttal plant balances and rate base; increased its property tax expense to coincide with the increase in its proposed revenues; and adjusted its income tax expenses to reflect its adjusted TY results and proposed revenues. (Ex. A-12 at 15-17, Sched. C-2 Reb. App.; Ex. A-11 at 60.)

3. RUCO

RUCO recommended reversal of AWC's weather normalization and declining usage adjustment, thereby increasing TY revenues for Pinal Valley, White Tank, and Ajo by $123,848, $34,391, and $7,552 respectively, asserting that customer usage fluctuations based on weather are not known and measurable and criticizing AWC for using a five-year period of data in its regression analysis rather than a 10-year period as RUCO stated is typically done by regulated natural gas and power companies that make such adjustments. (Ex. RUCO-1 at 5, 15-17, PV DS JAC-9, WT DS JAC-9, Ajo DS JAC-9.)

RUCO decreased depreciation expense as a result of RUCO's recommended exclusions from post-TY plant; increased expenses for source of supply, pumping, and water treatment as a result of RUCO's recommended reversal of AWC's weather normalization and declining usage adjustment; removed the proposed pro forma expense adjustments for AWC's tank maintenance program based on

RUCO's determination that AWC had not incurred tank maintenance expense every year for each system and was not expected to do so during the next 14-year period; reduced payroll expense by removing a pro forma 3.0 percent salary increase for 2016, decreasing by one-half the payroll costs for the salaries of two AWC executives who also work for San Gabriel, and by removing salary expense for Joel Reiker due to his recent move to California and employment with San Gabriel; decreased vehicle service costs based on known and measurable reductions in gasoline prices; reduced rate case expense based on the amount allowed by the Commission in Decision No. 68302, adjusted for inflation from January 1, 2004 through July 1, 2011; and adjusted property tax and income tax expenses to coincide with RUCO's revenue requirement recommendations. (Ex. RUCO-1 at 5-7, 15-26, PV DS JAC-9.)

4. Staff

Staff disagreed with AWC's weather normalization adjustments, asserting that weather normalization analysis results are not truly linear and that pro forma adjustments based on statistical analyses such as AWC's regression analysis are problematic, as such analyses are subject to significant variations based on the time periods and variables used. (Ex. S-1 at 27-28.) For Pinal Valley, Staff instead recommended adoption of a declining usage adjustment in recognition of continued declines in average usage post-TY, which Staff determined to represent a known and measurable change. (Ex. S-1 at 28.) Analyzing residential customer usage data including nine months post-TY, Staff calculated a declining usage rate of -2.11 percent for Pinal Valley and recommended that AWC's proposed adjustment of -2.05 percent be accepted because of the small difference. (Ex. S-1 at 28-29.) For White Tank and Ajo respectively, Staff calculated declining usage rates of -2.44 percent and -3.76 percent for residential customers, significantly lower than AWC's proposed -3.46 percent and -5.44 percent weather normalization and declining usage adjustments, and recommended that declining usage adjustments consistent with Staff's calculations be adopted for residential customer class revenues and related expenses (thereby increasing AWC's proposed revenues and expenses). (Ex. S-1 at 37, 46-47.) Staff did not find a downward trend in average usage for the other customer classes in White Tank or Ajo. (Ex. S-1 at 37-38, 46.)

. . .

Staff's expense adjustments decreased salaries and wages expense to recognize a 1.6 percent pay increase rather than the proposed 3.0 percent increase and to allow for only two employees actually hired to fill vacant positions by December 31, 2015, rather than for six vacant positions and one new position; decreased vehicle expenses to exclude expenses for the four vacant positions that went unfilled; decreased A&G expenses to exclude an increase in life insurance expenses, based on Staff's belief that AWC's calculation of the increase was erroneous; decreased rate case expenses by $151,157, to reflect Staff's determination of a reasonable rate case expense based on AWC's actual rate case expenses in this matter as of September 24, 2015, and the actual rate case expenses for AWC's Northern Group rate case;[52] decreased depreciation expense to reflect Staff's calculation using Staff's recommended depreciation rates, plant balances, and CIAC balances; increased income tax expense to reflect Staff's calculation based on Staff's recommended adjusted TY taxable income; and increased property tax expense to reflect Staff's calculations based on Staff's recommended adjusted TY revenues. (Ex. S-1 at 29-52.) Staff also recommended that the Commission approve an accounting order allowing AWC to defer the $357,500 in 2015 CAP charges over a three-year period, or at a rate of $119,167 per year. (Ex. S-1 at 58.)

H. Rate Design

1. Summary

AWC's current rates and charges, the rates and charges proposed by each party prior to settlement, and the rates and charges included in the Agreement are set forth in Exhibit A, which is attached hereto and incorporated herein.

2. AWC

AWC completed a cost of service study ("COSS") using the "commodity demand" method in order to establish target revenue requirements for its different customer classes. (Ex. A-6 at 36.) AWC asserted that its proposed rate design was created to generate the revenue requirement for each customer class while also taking into consideration gradualism, residential subsidies, affordability, conservation, and cost recovery. (Ex. A-6 at 36.) As an example, although AWC determined that the residential

[52] AWC's Northern Group rate case proceeded in Docket No. W-01445A-12-0348 and resulted in Decision No. 74081 (September 23, 2013), in which the Commission approved a Settlement Agreement entered into by AWC and Staff but not RUCO.

customer class generates significantly less than its cost of service, AWC proposed not to increase residential rate revenues to full cost of service in this matter, choosing instead to seek to bring residential rates closer to cost of service gradually over multiple rate cases. (Ex. A-6 at 37.) AWC's proposed rate design increased the monthly minimum charges for each customer class, added another tier to the existing commodity rate structure for all customer classes other than industrial, included a flat commodity rate for all industrial meter sizes, added a 3/4" meter size for all customer classes, and added the full range of meter sizes to the construction customer class. (*See* Ex. S-2 at 2.)

AWC's Western Group service areas recovered an average of approximately 43.36 percent of their revenues through base charges during the TY. (*See* Ex. S-2 at 7, 11, 15.) Although AWC asserted that recovery of 59 percent of revenues through base charges would be appropriate in the Western Group based on its COSS, AWC's originally proposed rates would have resulted in the Western Group service areas recovering an average of approximately 44.73 percent of revenues through base charges. (*See* Ex. A-6 at 44; Ex. S-2 at 7, 11, 15.)

3. Abbott

Abbott generally agreed with AWC's COSS cost allocations and rate design proposals, but disagreed with the cost allocations to the Pinal Valley service area's Large Industrial class, in which Abbott is included under AWC's current rates. (Ex. Abbott-2 at 3.) Abbott disagreed with the COSS's allocation of 65 percent of the Large Industrial customer class's costs to the commodity component because of the resulting large allocation of potable treatment and distribution system costs to Abbott. (Ex. Abbott-2 at 4.) Mr. Neidlinger pointed out that although Abbott uses approximately 78 percent of the water consumed by Pinal Valley's Large Industrial class, Abbott hardly uses AWC's water distribution system because 98 percent of Abbott's water is served through a dedicated 6" non-potable water main. (Ex. Abbott-2 at 3.) Abbott asserted that it has been paying for arsenic treatment and would continue to do so under AWC's proposed rates, even though 98 percent of the water Abbott buys from AWC is not treated for arsenic. (Ex. Abbott-2 at 4.) Mr. Neidlinger asserted that Abbott should receive either a bill credit or lower fixed rates in recognition of this improper cost assignment and calculated that the annual credit for arsenic treatment would amount to $78,125 at current rates and to $85,566 at proposed rates. (Ex. Abbott-2 at 4-5.)

At Abbott's request, AWC prepared a stand-alone cost of service analysis specific to Abbott, in which AWC concluded that the TY cost to serve Abbott was $365,700. (Ex. Abbott-2 at 5, app.) Abbott stated that this was $220,540 or 37.62 percent lower than its current annual billings, meaning that Abbott has been subsidizing other customers by that amount. (Ex. Abbott-2 at 5, ex. DLN-4.) Abbott proposed separate rates for Abbott, set at a level 15 percent lower than the current Large Industrial class rates and including more recovery through the monthly minimum charge to improve AWC's fixed cost recovery. (Ex. Abbott-2 at 6, ex. DLN-5.) Abbott asserted that under its proposed rates and charges, it would still subsidize other customers by more than $132,000 annually, while the rates and charges for the other Pinal Valley customer classes would incur minimal increases of 1.03 percent or less. (Ex. Abbott-2 at 6, ex. DLN-6.)

4. RUCO

RUCO proposed to retain AWC's current rate structure, including the current commodity tier break-over points for each of the Western Group systems, with only one exception.[53] (Ex. RUCO-2 at 4; Ex. RUCO-2 at Sched. JAC-2.1, Sched. JAC-3.1; Ex. RUCO-4 at Rev. Sched. JAC-1.1

5. Staff

Staff recommended adoption of AWC's proposed commodity tier break-over points and additional meter sizes. (Ex. S-2 at 3.) Staff also included in its recommended rate design Staff's normalization of billing determinants to reflect declining average usage per customer in the Western Group's residential classes. (*Id.*)

6. AWC Rebuttal

On rebuttal, AWC agreed with Abbott that AWC's COSS had over-allocated water treatment-related costs to Abbott because the COSS had failed to reflect that the vast majority of water provided to Abbott is virtually untreated non-potable water. (Ex. A-11 at 56-57.) AWC stated that its subsequent stand-alone cost of service analysis for Abbott constituted a reasonable estimate of its actual cost to serve Abbott and asserted that it did not oppose granting Abbott a 15-percent rate reduction, given the minimal impact on other customer classes and the fact that Abbott would still be providing a subsidy

[53] RUCO's rate design for the Ajo service area proposed a different tier break-over point for 6" meter residential customers. This may have been done inadvertently.

to residential customers with the discount in place, but also stated that it was up to the Commission to determine whether segregating Abbott for purposes of rate design was in the public interest. (Ex. A-11 at 57-58.) AWC also agreed with Abbott that Abbott's main 6" connection (non-potable) should be exempt from any future surcharges implemented under an ACRM or NCRM. (Ex. A-11 at 59.) AWC provided two sets of rebuttal rate design schedules, one with rates and charges incorporating Abbott's proposed rate design and one without a separate rate design for Abbott. (Ex. A-11 at att. 30 at sched. H-3 reb., att. 31 at sched. H-3 reb.)

AWC characterized RUCO's rate design as "inapplicable" because it was based on a revenue requirement that "severely understate[d] the actual cost of service." (Ex. A-11 at 51.) AWC further asserted that RUCO's recommended rate design would result in White Tank residential customers subsidizing the commercial, industrial, and private fire service customer classes. (Ex. A-11 at 51.)

AWC acknowledged that it and Staff agreed as to rate design, only disagreeing as to the level of proposed rates flowing from their different proposed revenue requirements. (Ex. A-11 at 56.)

On rebuttal, AWC asserted the following costs to serve 5/8" x 3/4" residential customers at average usage and lifeline usage levels:[54]

System	Cost of Service Average Usage	Cost of Service Lifeline Usage
Pinal Valley (without adj. for Abbott)	$ 44.58	$ 32.99
Pinal Valley (with adj. for Abbott)	$ 45.19	$ 33.07
White Tank	$ 76.41	$ 49.26
Ajo	$ 56.43	$ 44.19

I. Bill Impacts

1. AWC

The rates and charges proposed by AWC on rebuttal would have produced approximately the following monthly bill impacts on an average usage residential customer served by a 5/8" x 3/4" meter in Pinal Valley, White Tank, or Ajo:

. . .

[54] Ex. A-11 at att. 31 at Sched. H-4 Reb; att. 30 at Sched. H-4 Reb.; *see* Ex. A-3 at Sched. H-4.

System	Usage (Gallons)	Current Bill	Proposed Bill	Dollar Change	Percent Change
Pinal Valley (without adj. for Abbott)	7,781	$29.62	$38.16	$8.54	28.83%
Pinal Valley (with adj. for Abbott)[55]	7,781	$29.62	$38.39	$8.77	29.61%
White Tank	11,733	$52.20	$68.26	$16.06	30.77%
Ajo	3,991	$40.98	$49.90	$8.92	21.77%

2. RUCO

The rates and charges proposed by RUCO would have had approximately the following monthly bill impact on an average usage residential customer served by a 5/8" x 3/4" meter in Pinal Valley, White Tank, or Ajo:

System	Usage (Gallons)	Current Bill	Proposed Bill	Dollar Change	Percent Change
Pinal Valley	7,781	$29.62	$34.38	$4.76	16.07%
White Tank	11,733	$52.20	$58.99	$6.79	13.01%
Ajo	3,991	$40.98	$43.64	$2.66	6.49%

3. Staff

The rates and charges recommended by Staff would have had approximately the following monthly bill impact on an average usage residential customer served by a 5/8" x 3/4" meter in Pinal Valley, White Tank, or Ajo:

System	Usage (Gallons)	Current Bill	Proposed Bill	Dollar Change	Percent Change
Pinal Valley	7,781	$29.62	$34.69	$5.07	17.12%
White Tank	11,733	$52.20	$60.78	$8.58	16.44%
Ajo	3,991	$40.98	$46.54	$5.56	13.57%

Staff's recommended rates were designed for the Western Group service areas to recover an average of approximately 44.90 percent through base charges. (*See* Ex. S-2 at 7, 11, 15.)

Neither AWC nor any other party recommended changes to miscellaneous service charges. (*See* Ex. S-2 at 16.)

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. . .

[55] This proposed bill for Pinal Valley reflects Abbott's proposed rates.

J. SIB Mechanism

1. AWC

AWC requested authority to implement a SIB mechanism in the Western Group to help recover the costs of replacing aging infrastructure, which AWC stated is critical to its ability to maintain the integrity of its distribution system and provide safe, reliable, and adequate water service. (Ex. A-4 at 18; Ex. A-5 at 5.) AWC described the SIB mechanism as "a ratemaking tool that allows utilities to recover a limited portion of the capital costs (depreciation and return) of pre-approved non-revenue producing distribution system improvement projects completed between rate cases." (Ex. A-5 at 5.) AWC asserted that its Application included the documentation required by the Commission when approving SIB mechanisms in prior decisions; that the SIB mechanism would support rate gradualism; and that customers would benefit from a SIB mechanism because of improvements to system reliability, water quality, fire protection, water loss, and water pressure and flows. (Ex. A-5 at 7-8.)

AWC asserted that major portions of its water system infrastructure are reaching or have reached a point where AWC can no longer maintain them cost effectively and must instead replace them. (Ex. A-4 at 16.) AWC characterized the costs of replacing this infrastructure as "significant and extraordinary" and asserted that AWC cannot afford to replace the infrastructure unless it is able to recover the costs in a timely manner and to attract capital. (Ex. A-4 at 17.) According to AWC, the cost to replace infrastructure is much higher than the original cost to install it, with the installation cost to replace AWC's oldest water mains in Casa Grande and Coolidge estimated to be approximately 1,700 percent higher than the original installation cost. (*See* Ex. A-4 at 17.) AWC has identified 320,400 lineal feet of water main, 4,110 failing services, 4,110 failing water meters and meter boxes, and 182 failing hydrants as needing replacement. (Ex. A-5 at 6.) According to AWC, at its current rate of water main replacement in the Western Group (6,300 feet per year), it would take more than 50 years to replace the water main alone. (Ex. A-5 at 6.) AWC estimated the cost to replace the identified plant at $55.81 million and asserted that AWC needs to be able to raise capital to cover these costs. (Ex. A-4 at 18.) According to AWC, unless AWC is granted a SIB mechanism, AWC would not make these investments because they would severely weaken AWC's financial condition. (Ex. A-5 at 6.)

. . .

2. Abbott

Abbott did not address the SIB mechanism request in its testimony.

3. RUCO

RUCO opposed the SIB mechanism request, stating that the SIB was "unconstitutional and should be denied by the Commission." (Ex. RUCO-1 at 28.)

4. Staff

Mr. Smaila reviewed AWC's aging infrastructure replacement plan, which included 88 specific projects with estimated costs per project, and expressed Staff's concerns that AWC had not provided a project prioritization schedule or a proposed 3- or 5-year cost expenditure schedule and had indicated that it would not be able to complete the proposed projects within five years. (Ex. S-3 at ex. FMS at 48.) Staff recommended that the Commission deny AWC's SIB mechanism request due to a lack of project prioritization and cost schedules, AWC's inability to complete the proposed projects within a reasonable timeframe, each Western Group system's having water loss of less than 10 percent, and the "uncertainties accompanying the pending Supreme Court appeal." (Ex. S-1 at 62.)

5. AWC Rebuttal

On rebuttal, AWC stated that its detailed "Aging Infrastructure Replacement Plan," included as an exhibit to Mr. Schneider's testimony, was a comprehensive plan similar to those AWC had prepared and submitted in prior rate cases in which the Commission had approved a SIB mechanism. (Ex. A-10 at 11.) AWC also asserted that water loss in the Western Group systems is trending upward, with Pinal Valley experiencing water loss of 9.17 percent and Ajo experiencing water loss of 16.1 percent in calendar year 2015. (Ex. A-10 at 12.) To address Staff's concerns, AWC provided updated SIB tables that include scheduled completion dates and prioritizations. (Ex. A-10 at 17, ex. FKS-RB2.) AWC added that it is prudent to begin replacing aging infrastructure before a system's water loss reaches 10 percent and pointed out that one percent of water loss in Pinal Valley is 48 million gallons of water. (Ex. A-10 at 18.)[56]

. . .

[56] On rebuttal, AWC acknowledged that the Arizona Court of Appeals had found the SIB mechanism unconstitutional, but stated that because the issue was pending before the Arizona Supreme Court, the Commission should approve the SIB mechanism pending review and approval by the Arizona Supreme Court. (Ex. A-10 at 13.)

K. Arsenic Treatment Cost Recovery

1. AWC

AWC requested authority to continue the ACRM currently authorized for the Western Group. (Ex. A-4 at 31.) As of its Application, AWC had already started to design one new arsenic treatment plant to be constructed for Well No. 34 in the Pinal Valley water system.[57] (Ex. A-4 at 30-31; Ex. A-5 at 4.) The arsenic treatment plant is to treat the water from Well No. 34 to ensure that customers in the Arizona City portion of the Pinal Valley service area, who are currently served by only one well (No. 28), have an additional source of supply when Well No. 28 has a pump failure or Arizona City reaches its maximum day demand of 1.9 million gallons per day. (Ex. A-8 at 46.) AWC stated that the original arsenic removal facilities constructed for the Pinal Valley system do not treat the full capacity of arsenic-contaminated wells in the system and that Well No. 34 has arsenic levels of 40 parts per billion. (Ex. A-4 at 30-31; Ex. A-8 at 46.) AWC estimated the cost of the arsenic removal facilities for Well No. 34 at $3.4 million and projected that the project would be completed and placed in service by December 31, 2016. (Ex. A-4 at 19; Ex. A-8 at 47.) AWC estimated the revenue requirement for the capital costs of the new arsenic treatment plant at $577,000, not including O&M costs. (Ex. A-5 at 4.)

AWC further stated that continuation of the ACRM is necessary to allow AWC to recover the costs of removing arsenic from the treatment plants listed as post-TY plant additions (Valley Farms Well No. 2, Pinal Valley Well No. 13, and point of use ("POU") devices for the Coolidge Airport system), because 12 months of operating costs are needed prior to recovering those actual costs. (Ex. A-8 at 48.)

2. Abbott

Abbott noted that it has been exempt from ACRM surcharges. (*See* Ex. Abbott-2 at 7.)

3. RUCO

RUCO did not address the ACRM in its testimony.

. . .

[57] Because there is not sufficient space at the Well No. 34 site, AWC proposes to construct the arsenic removal facility at the Arizona City storage tank and booster pump station site, which will necessitate 3,400 linear feet of 12-inch transmission main to connect the two sites. (Ex. A-8 at 47.)

4. Staff

Staff agreed with AWC that the arsenic treatment plants for Valley Farms Well No. 2 and Pinal Valley Wells No. 13 and 34 and the POU devices for the Coolidge Airport system were needed from an engineering standpoint, but stated that the completed plant at Well No. 13 had been found not used and useful because it was not in service by December 31, 2015, and that the plant at Well No. 34 had not yet been completed. (Ex. S-1 at 64; Ex. S-3 at ex. FMS at 50.) Staff recommended that the Commission continue authorization for an ACRM to preserve eligibility for an ACRM surcharge limited to only the new arsenic treatment facilities at Wells No. 13 and 34 in the Pinal Valley service area. (Ex. S-1 at 65.) Because of the lengthy period since the EPA reduced the arsenic MCL to its current level, Staff further recommended that AWC be put on notice that any additional arsenic treatment facilities necessary at some unidentified point in the future will be evaluated for possible inclusion in rate base through the normal ratemaking process rather than in the context of an ACRM. (Ex. S-1 at 65.)

5. AWC Rebuttal

On rebuttal, AWC pointed out that although Mr. Smaila had agreed with AWC's planned construction of three arsenic removal facilities (Pinal Valley Wells No. 13 and 34 and the Coolidge Airport POUs), Staff had recommended ACRM approval only as to Pinal Valley Wells No. 13 and 34. (Ex. A-10 at 19.) AWC asserted that the issue had been discussed with Staff, who stated that it had been an oversight and now recommended inclusion of the Coolidge Airport POUs in the ACRM. (Ex. A-10 at 19.)

L. Nitrate Treatment Cost Recovery

1. AWC

AWC requested authorization to implement an NCRM that would work exactly like the ACRM as described in Decision No. 64400 (October 14, 2003). (Ex. A-5 at 9.) According to AWC, both the Pinal Valley and White Tank service areas have high levels of nitrates in their groundwater supplies, and the levels are increasing in the Pinal Valley service area. (Ex. A-4 at 23; Ex. A-8 at 97; Tr. at 24.) AWC stated that it needs to raise capital for and to construct four new nitrate removal facilities for Pinal Valley Wells No. 7, 27, 32, and 33, at an estimated cost of $18.9 million. (Ex. A-4 at 19; Ex. A-

5 at 8; Ex. A-8 at 97, 104, 107.) AWC stated that the water from Pinal Valley Well No. 27 already exceeds the MCL for nitrates and is currently blended with low-nitrate water from the Coolidge system to comply, but that water blending is not a long-term solution or available for the other wells. (Ex. A-8 at 99, 104.) Additionally, AWC already owns, operates, and maintains two nitrate removal facilities (one in Pinal Valley and one in White Tank) and one combination arsenic and nitrate removal facility (in Stanfield). (Ex. A-8 at 106.) AWC asserted that nitrates are more problematic than arsenic both because nitrates are an acute contaminant,[58] triggering immediate regulatory requirements when groundwater nitrate concentration exceeds the MCL of 10 mg/L (10 ppm),[59] and because the cost to design, construct, operate, and maintain nitrate removal plants far exceeds the costs for arsenic removal plants. (Ex. A-4 at 25-26; Ex. A-8 at 97-98.) AWC estimated the annual O&M cost for the Well No. 33 nitrate removal facility at $1.75 million and compared it to an ACRM with a similar production capacity, which has an annual O&M cost of approximately $45,000. (Ex. A-8 at 107.)

AWC stated that the NCRM, like an ACRM, would allow AWC to recover only specific and narrowly defined operating costs, including media replacement or regeneration costs, media replacement or regeneration service, and waste media or regeneration disposal. (Ex. A-5 at 9-10.) AWC also stated that it would provide notice, including the estimated increase for an average residential customer's bill, whenever it filed an application for an NCRM surcharge. (Ex. A-5 at 10.) AWC estimated that the Step-1 surcharge for the initial nitrate removal facility would be $2.20 per month for the average residential customer. (Ex. A-5 at 9.)

2. Abbott

Abbott noted that the NCRM would be used to allow AWC to meet federal water quality standards like the ACRM does and asserted that Abbot should be exempt from any NCRM because Abbot's non-potable water supply is not treated for nitrates. (Ex. Abbott-2 at 7.)

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[58] This contrasts with arsenic, which is a chronic contaminant. (Tr. at 23.) AWC explained that nitrates are an acute contaminant because they pose significant, immediate, and potentially life-threatening risks to some consumers even with only a short exposure. (Ex. A-4 at 26; Ex. A-8 at 98.) If an acute violation were to occur, AWC would be required to report the exposure to those who may be affected within 24 hours through media outlets, posted notice, or personally delivered notice. (Ex. A-8 at 98.) Water supplies with nitrate concentrations exceeding the EPA MCL cannot be used for drinking water. (Ex. A-4 at 29.) Nitrate cannot be detected without testing because it is colorless, odorless, and tasteless, and is the most common pollutant in Arizona's drinking water. (Ex. A-8 at 101.)

[59] Mr. Reiker testified that AWC's options with a well producing water exceeding the MCL are to shut down the well and build treatment or shut down the well permanently. (Tr. at 24.)

3. RUCO

RUCO opposed the NCRM, taking exception to it for the same reasons that RUCO opposed the SIB mechanism, arguing that the NCRM would allow AWC to increase ratepayers' rates without the benefit of a fair value determination. (Ex. RUCO-1 at 29.)

4. Staff

Staff agreed that the identified nitrate removal facilities are necessary from an engineering perspective, as AWC needs to treat for nitrates at Pinal Valley Wells No.7, 27, 32, and 33 in the near future, and added that Wells No. 10, 14, 19, and 24 are all being closely monitored for nitrates as well. (Ex. S-1 at 66, Ex. S-3 at ex. FMS at 49.) Staff pointed out, however, that the Commission has not previously approved an NCRM and that the EPA has not changed the nitrate standards for safe drinking water as it did for arsenic. (Ex. S-1 at 66.) Staff recommended that the Commission deny AWC's request for an NCRM, asserting that the treatment facilities to address excessive nitrate levels can be handled in the normal rate case process through consideration for inclusion in rate base once the facilities are placed into service. (Ex. S-1 at 67.)

5. AWC Rebuttal

On rebuttal, AWC asserted that a failure to authorize the NCRM would result in significant financial risk for AWC and rate shock for its customers, as the estimated cost to build the four nitrate removal facilities would represent a 33-percent increase in rate base for the Pinal Valley service area. (Ex. A-9 at 5.) AWC pointed out that the cost of the nitrate removal facilities is higher than the cost for the arsenic treatment facilities for which the ACRM was created. (Ex. A-9 at 5.)

M. Purchased Power Adjustment Mechanism ("PPAM")

1. AWC

AWC requested approval to reactivate its PPAM Tariff, No. AM-253, which was approved in Decision No. 68302 but deactivated in Decision No. 71845. (Ex. A-6 at 47-49, ex. JMR-7.) AWC asserted that electric power costs accounted for approximately 21 percent of total O&M expenses during the TY and that "the cost of electric power has become increasingly volatile in recent years, particularly as a result of a number of surcharges and adjuster mechanisms authorized for and used by

the Company's electric power providers." (Ex. A-6 at 48.) AWC provided a list of 14 electric power surcharges that it currently pays in the Western Group. (Ex. A-6 at 48.)

2. Abbott

Abbott did not address the PPAM in its testimony.

3. RUCO

RUCO opposed the PPAM, arguing that such an adjustor would allow an increase in rates without a determination of fair value. (Ex. RUCO-1 at 29.) RUCO further asserted that adjustment mechanisms traditionally have been established to mitigate regulatory lag for volatile and very large expense items that could negatively impact a utility's financial health and that automatic adjustment mechanisms should not be used as a substitute for a formal rate case. (Ex. RUCO-1 at 30.)

4. Staff

Staff reviewed the purchased power invoices/statements provided by AWC, as well as additional information provided by AWC in response to a data request, and concluded that AWC's purchased power costs have been and are likely to be volatile. (Ex. S-1 at 68.) Staff recommended approval of AWC's proposed PPAM Tariff, with the following conditions:

- AWC shall be allowed to pass through to its customers only the increase or decrease in purchased power costs resulting from a rate change from a regulated electric service provider supplying retail service to AWC;
- AWC shall, within 90 days after a decision in this matter, file a Plan of Administration for the PPAM for Commission approval; and
- AWC shall only recover increases or refund decreases that are due to changes in purchased power rates.[60]

N. NARUC Uniform System of Accounts ("USOA")

1. RUCO

AWC has for many years been using the 1976 version of the USOA rather than the current 1996 version of the USOA. (Ex. S-1 at 52.) RUCO asserted that AWC is not complying with A.A.C. R14-

[60] Ex. S-1 at 68.

2-411(D)(2)[61] because it is not keeping its accounts in conformity with the current 1996 USOA, although AWC does keep its books and records in conformity with the 1976 USOA. (Ex. RUCO-1 at 30-31.) RUCO noted that there are significant differences between the 1976 USOA account numbers and the 1996 USOA account numbers and that many of the account numbers used by AWC today are currently being used by wastewater utilities. (Ex. RUCO-1 at 31.) RUCO recommended that AWC be required, prior to filing its next rate case application, to comply with the Commission's rules by using the 1996 USOA. (*See* Ex. RUCO-1 at 33.)

2. Staff

Staff also expressed concern regarding AWC's use of the 1976 USOA because the 1976 USOA includes many more account numbers, as compared to the 1996 USOA, and many of those accounts include imbedded expenses that would be separated into other accounts under the 1996 USOA. (*See* Ex. S-1 at 52-53.) As a result, Staff stated, because expense categories such as salaries and wages are spread throughout multiple accounts in the 1976 USOA, Staff and other parties using the 1996 USOA must exert more effort to locate, differentiate, and analyze the prudency of such expenses. (*See* Ex. S-1 at 53.) Staff asserted that AWC is the only water company known to be using the 1976 USOA and that AWC has indicated it has no intention of converting to the 1996 USOA because the Commission has not expressly required it to do so. (Ex. S-1 at 54.) Staff asserted that because AWC uses the 1976 USOA, AWC must drastically modify the annual report template provided by the Commission to make it work with AWC's accounting records, and it is difficult for the Commission and investors to compare AWC's annual reports to those of other regulated utilities in Arizona. (Ex. S-1 at 54.) Staff acknowledged that AWC would incur costs if it were to transition to the 1996 USOA, but stated that AWC would also benefit from simplified recording and reporting of expenses and simplified case analysis and processing. (Ex. S-1 at 54-55.) Staff strongly recommended that AWC be required to start using the 1996 USOA within 180 days of the effective date of a decision in this matter and, further, that AWC be permitted to defer any reasonable costs associated with the transition for consideration

[61] A.A.C. R14-2-411(D)(2) states the following: "Each utility shall maintain its books and records in conformity with the NARUC Uniform Systems of Accounts for Class A, B, C and D Water Utilities."

of cost recovery in its next rate case, with the total cost of the conversion allocated across all of AWC's groups and service areas. (Ex. S-1 at 55.)

3. AWC Rebuttal

AWC indicated on rebuttal that it is amenable to converting to the 1996 USOA, but requested that it be allowed to defer the costs associated with the conversion for recovery in its next rate case filing for each of its operating groups. (Harris Reb. at 11.) AWC asserted that it will need to change its software, forms, and reports in order to make the change and, further, that "there is no practical way to modify the recorded historical transactions" to the 1996 USOA. (*Id.*) Mr. Harris stated that the earliest AWC could begin recording costs using the 1996 USOA would be January 2017 and that it would not be possible for AWC to file its next rate case using a 2017 test year, as AWC has already begun preparations for a rate case filing using a 2015 or fiscal 2015/2016 test year. (*Id.* at 11-12.) AWC asserted that requiring AWC to use the 1996 USOA for the test year of its next general rate case would effectively preclude AWC from filing a rate application for any of its operating groups until at least 2018. (*Id.* at 12.) AWC proposed to begin the conversion to the 1996 USOA in January 2017, to use the 1996 USOA for any rate case using a test year of 2017 or later, and to use the 1996 USOA in its 2017 and subsequent annual reports. (*Id.* at 13.) AWC disagreed that A.A.C. R14-2-411(D)(2) requires use of the most current USOA. (*Id.* at 12.)

O. Accumulated Depreciation Reserve Accounts

1. RUCO

RUCO asserted that AWC is not in compliance with A.A.C. R14-2-102(B)(2)[62] because it does not maintain its accumulated depreciation balances either by plant account or by function. (Ex. RUCO-1 at 32.) RUCO added that San Gabriel does maintain its depreciation reserves by plant account and that RUCO is aware of no other water or wastewater utility that does not. (Ex. RUCO-1 at 32-33.) RUCO recommended that AWC be required, prior to filing its next rate case application, to comply with the Commission's rules by maintaining its accumulated depreciation balances either by plant account or by function. (*See* Ex. RUCO-1 at 33.)

[62] A.A.C. R14-2-102(B)(2) states the following: "All public service corporations shall maintain adequate accounts and records related to depreciation practices, subject to the following: . . . A separate reserve for each account or functional account shall be maintained."

2. Staff

Staff also asserted that AWC is not keeping its accumulated depreciation reserve accounts in compliance with the A.A.C. R14-2-102(B) requirement to maintain a separate reserve for each account or functional account. (*See* Ex. S-1 at 55.) Staff asserted that AWC has acknowledged that it does not maintain its accumulated depreciation reserve balances by plant account and has asserted that it was granted a waiver from such requirement by Decision No. 64282 (December 28, 2001). (Ex. S-1 at 55.) Staff disagreed with AWC's interpretation of the waiver granted in Decision No. 64282 and recommended that AWC be ordered to start maintaining accumulated depreciation reserve balances by plant property group on a going-forward basis. (Ex. S-1 at 57.) Staff asserted that it is important for AWC to track its depreciation by component plant account for several reasons: (1) so that AWC can support that total depreciation for any specific property group stops when the investment is fully recovered; (2) so that AWC can periodically conduct a depreciation study to determine the actual useful life of each property group asset and use that information to adjust the depreciation rate for each property group, to ensure that AWC does not over or under recover its investments; and (3) so that Staff and other parties in rate cases can verify AWC's accumulated depreciation reserve balances and AWC's use of Commission-authorized depreciation rates. (Ex. S-1 at 56.)

3. AWC Rebuttal

On rebuttal, AWC stated that it was amenable to recording its accumulated depreciation balances by account going forward, but asserted that AWC can only accurately evaluate depreciation reserve, the useful lives of plant assets, and depreciation rates if it also allocates its existing accumulated depreciation reserve to individual plant accounts. (Harris Reb. at 14.) Mr. Harris stated that the depreciation reserve cannot simply be allocated by plant balance because it also includes retirement of assets, the cost of removing retired assets, and salvage value, making a simple allocation based on plant balances inaccurate and inappropriate. (*Id.* at 15.) Mr. Harris stated that the allocation can be done accurately only as part of a comprehensive depreciation study, through which AWC could also analyze its depreciation rates, and estimated that the study would cost $50,000 to $70,000. (*Id.*) AWC proposed to have a comprehensive company-wide depreciation study completed before AWC

files its next Western Group general rate case and proposed that AWC be permitted to defer the costs of the study for consideration of cost recovery in its next rate case for each operating group. (*Id.*)

VI. The Agreement

A. Generally

The Agreement, attached hereto and incorporated herein as Exhibit B,[63] was executed on May 6, 2016, by representatives for each party, specifically Mr. Garfield for AWC, Thomas Broderick (by proxy) for Staff, David Tenney for RUCO, Troy D. Rosenow for Abbott, and Greg Patterson for WISE. (Ex. S-6.) The Agreement states that the negotiation process in this matter was open, transparent, and inclusive of all parties; that each party had an equal opportunity to participate; and that each party attended and actively participated in all phases of the settlement discussions.[64] (*Id.* at 3, § 1.8.) The Agreement states that its purpose is to settle all issues in this matter in a manner that will promote the public interest, provide for prompt resolution of the issues, and allow expeditious implementation of the new rates as ordered by the Commission. (*Id.* at 3, § 1.9.) The Agreement provides:

> [T]he terms of this Agreement will serve the public interest by providing a just and reasonable resolution of the issues presented by the Rate Case, establishing just and reasonable rates for AWC's customers, and promoting the health, welfare and safety of AWC's customers. Commission approval of this Agreement will further serve the public interest by allowing the Signatory Parties to avoid the expense and delay associated with continued litigation.[65]

The parties desire for the Commission to find that the terms and conditions of the Agreement are just and reasonable and in the public interest, to approve the Agreement, and to make the Agreement and the rates contained therein effective at the earliest practicable date. (*Id.* at 3, § 1.11.)

The Agreement includes, as attachments, an OSFF Tariff for Pinal Valley; an OSFF Tariff for White Tank; a number of supporting schedules that include data for the whole Western Group and breakdown data for the Pinal Valley, White Tank, and Ajo service areas; and a Nitrate Removal Facilities Cap Schedule. (*See* Ex. S-6 at att.) The supporting schedules detail and support the parties' agreements related to revenue requirement, OCRB/FVRB, TY income and expenses, cost of capital,

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[63] The Settlement Agreement was admitted as Exhibit S-6.

[64] Mr. Tenney testified that he was present for the entire negotiation process and that it was a "great, great process" conducted "in the spirit of compromise and cooperation and trying to be part of the solution." (Tr. at 62, 65.)

[65] Ex. S-6 at 3, § 1.10.

rate design, and deferral of nitrate removal costs. (*See id.*)

B. CAP Water-Related Requests

1. CAP M&I Fees

The parties agree that AWC shall be allowed to continue using its CAP M&I Fee tariff schedules for Pinal Valley and White Tank as proposed. (Ex. S-6 at 7, § 6.11.)

2. CAP Surcharge Mechanism

The parties implicitly agreed that AWC shall be authorized to implement a new CAP Surcharge Mechanism by agreeing that AWC shall file a Plan of Administration for its CAP Surcharge, for review and approval by Staff, within 90 days of a decision in this matter. (Ex. S-6 at 6, § 6.5.) Although AWC included a proposed CAP Surcharge Tariff as an attachment to Mr. Harris's direct testimony, the proposed CAP Surcharge Tariff was not included as an attachment to the Agreement. (Tr. at 49; Ex. A-5 at ex. JDH-11.) AWC is amenable to having a Tariff for the CAP Surcharge if desired by the Commission. (*See* Tr. at 36-37, 49.)

C. Other Requests

1. OSFF Tariffs

The parties agree to have AWC continue its OSFF Tariff for Pinal Valley as proposed. (Ex. S-6 at 7, § 6.10.) The OSFF Tariff for Pinal Valley included as an attachment to the Agreement has been revised to include the 3/4" meter size and to expressly include groundwater recharge and recovery basins and wells as OSFFs. (Tr. at 41-42.)

The parties agree to have AWC implement a new OSFF Tariff for White Tank as proposed. (Ex. S-6 at 7, § 6.9.)

2. SIB Mechanism

The parties agree to the following:

> Given the current procedural standing of judicial review of the System Improvement Benefits (SIB) mechanism in the Arizona courts, the Signatory Parties have agreed not to include terms of a SIB mechanism in this Agreement. Should the Supreme Court uphold the Commission's authority to create the SIB by finding that the SIB is a legal ratemaking mechanism, any Signatory Party may use appropriate procedural mechanisms to seek to add a SIB mechanism and shall not be deemed to

have waived its right to do so by entering into this Agreement.[66]

3. Arsenic Treatment Cost Recovery

The parties agree to have AWC continue its ACRM as proposed and that AWC's General Service Tariff shall be amended to provide limited exceptions to the ACRM surcharge, specifically to exclude Abbott's dedicated 6" service connection from the calculation and application of the surcharge. (Ex. S-6 at 6, § 6.3)

4. Nitrate Treatment Cost Recovery

The parties agree to the following related to AWC's recovery for nitrate removal costs:

- AWC shall defer its incurred costs associated with the installation and operation of the nitrate treatment facilities set forth on the Nitrate Removal Facilities Cap Schedule;
- AWC shall maintain support for all elements of these deferred costs;
- These deferrals shall be subject to the following ratemaking treatment:
  - All costs should be recorded on AWC's books and records as incurred;
  - An allowance for funds used during construction ("AFUDC") should be recorded during construction in the ordinary and customary manner for such construction projects;
  - AWC shall depreciate the nitrate treatment plant additions at the current Commission-approved depreciation rates;
  - Once the nitrate treatment plant additions are placed in service, AWC shall defer, as a regulatory asset, the depreciation expense, cost of media replacement or regeneration, cost of chemicals, and cost of waste media disposal for these facilities;
  - Once the nitrate treatment plant additions are placed in service, AWC may record post-in service AFUDC for consideration of recovery in AWC's next Western Group rate case; and
- The total amount of deferred costs (including depreciation expense, media replacement or regeneration, chemicals, waste media disposal, and post-in service AFUDC) shall not

[66] Ex. S-6 at 7, § 6.12.

exceed $21,738,368.[67]

5. PPAM

The Agreement did not address AWC's request for a PPAM. Mr. Reiker testified that AWC agreed not to seek the PPAM under the terms of the Agreement. (Tr. at 41.)

D. Cost of Capital

1. Calculation

The parties agree on the following calculation of AWC's cost of capital for the Western Group:[68]

	Dollar Amount	Weight	Cost	Weighted Avg. Cost
Common Equity	$33,035,799	53.69%	10.00%	5.37%
Long-Term Debt	$28,492,500	46.31%	6.82%	3.16%
Weighted Average Cost of Capital				**8.53%**

2. Cost of Future Debt

In addition, in response to RUCO's concerns regarding AWC's relatively high cost of debt compared to publicly traded water utilities and current interest rates, "AWC agrees that going forward it will use its best good faith efforts to reduce its cost of debt, and that any future debt will be prudently incurred under the most reasonable terms and lowest cost reasonably available." (Ex. S-6 at 4, § 3.2.) Mr. Reiker testified that this means that "[a]ny future long-term bonds or debt [issued by AWC] will be at the absolute lowest cost and best terms available to [AWC]." (Tr. at 46.)

E. TY Results, Rate Base, and Revenue Requirement

The Signatories agree on the following adjusted TY results, OCRB/FVRB, and revenue requirements for the Western Group and its service areas:[69]

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[67] Ex. S-6 at 5-6, §§ 5.1 through 5.1.5. The Nitrate Removal Facilities Post in Service Costs Estimated Cap Schedule ("Nitrate Cap Schedule") included in the Agreement includes projected construction start and in-service dates as well as estimated construction costs, operating and depreciation expenses, and post-in service AFUDC. (*See* Ex. S-6 at att.) The Agreement does not require AWC to comply with the construction start and in-service dates or to meet the broken down monetary figures; it simply adopts the overall total as a cap for the amount that AWC may defer. (*See* Tr. at 38-40.) Mr. Reiker clarified that the construction costs shown on the Nitrate Cap Schedule are not included in the deferral cap amount. (Tr. at 49.)

[68] Ex. S-6 at 4, § 3.1; Sched.D-1.

[69] *See* Ex. S-6 at 3-4, §§ 2.2 through § 2.9; Sched. A-1 Settlement; Sched. B-1 Settlement; Sched. C-1 Settlement.

	Western Group	Pinal Valley Service Area	White Tank Service Area	Ajo Service Area
TY Adjusted Operating Revenues:	$21,216,768	$18,467,889	$2,310,991	$437,888
TY Adjusted Operating Expenses:	$18,595,345	$16,064,459	$2,134,626	$396,2621
TY Adjusted Operating Income:	$2,621,423	$2,403,430	$176,365	$41,628
Adjusted OCRB/FVRB:	$63,422,861	$57,511,994	$4,964,851	$946,016
TY Rate of Return:	4.13%	4.18%	3.55%	4.40%
Required Operating Income:	$5,409,741	$4,905,565	$423,484	$80,692
Operating Income Deficiency:	$2,788,318	$2,502,135	$247,119	$39,064
Gross Revenue Conversion Factor	1.6400	1.6403	1.6377	1.6369
Required Revenue Increase:	**$4,572,937**	**$4,104,288**	**$404,704**	**$63,945**
Required Revenue Increase %:	**21.55%**	**22.22%**	**17.51%**	**14.59%**
Required Operating Revenues:	$25,789,706	$22,572,177	$2,715,695	$501,834
Required Rate of Return:	**8.53%**	**8.53%**	**8.53%**	**8.53%**

The OCRB/FVRB figures agreed to by the Signatories reflect adjustments made to true-up post-TY plant to reflect actual expenditures for projects placed in service as of December 31, 2015, and to eliminate "Blanket" projects; to adjust deferred income tax to reflect bonus depreciation on post-TY plant; to adjust working capital to reflect all other settlement adjustments and include interest expense in the calculation of working cash; and to allocate the Phoenix office and meter shop settlement rate base adjustments to the Western Group service areas. (Ex. S-6 at Sched. B-2 Settlement App.)

The adjusted TY revenue and operating expense figures agreed to by the Signatories reflect adjustments made to payroll expenses to remove four unfilled positions, add Mr. Moe's position, and include a 1.6 percent wage increase; to adjust insurance expense to reflect the current property and liability insurance premium; to adjust rate case expense to reflect an allowed amount of $360,000 to be amortized over three years; to adopt RUCO's recommended adjustment to tank maintenance expense; to adopt Staff's recommended adjustment to vehicle expense; to decrease purchased water expense to reflect an increase in the amortization period for additional deferred CAP M&I capital charges that are now used and useful from 20 years to 25 years; to adjust depreciation expense to reflect settlement plant balances; to synchronize interest expense with rate base; to adjust property taxes to reflect settlement revenues; and to adjust income taxes to reflect adjusted TY results and proposed revenues. (Ex. S-6 at 6, § 6.1; Sched. C-2 Settlement App.)

. . .

F. Rate Design

The rate design for the Pinal Valley service area included in the Agreement features the structure proposed in the set of AWC's rebuttal schedules that included unique rates for Abbott; uses the same monthly minimum charges proposed by AWC in those rebuttal schedules; uses lower commodity rates than proposed by AWC on rebuttal at all tiers of usage for residential and commercial customers, for construction water, and for sales for resale; includes the same commodity rates as proposed by AWC on rebuttal for industrial customers; and increases the gallons received per quarter for coin operated machines. (*See* Exhibit A hereto.) The Agreement expressly provides that Abbott's 6" non-potable service connection shall be served under a special tariffed rate. (Ex. S-6 at 5, § 4.6.)

The rate design for the White Tank service area included in the Agreement features the structure proposed in AWC's rebuttal schedules; uses the same monthly minimum charges proposed by AWC in those rebuttal schedules except for residential customers, for whom lower monthly minimum charges are used; and uses lower commodity rates than proposed by AWC on rebuttal at all tiers of usage and for all customers other than industrial customers with 6" or larger meters, for whom the Agreement commodity rate is the same as proposed by AWC on rebuttal. (*See* Exhibit A hereto.)

The rate design for the Ajo service area included in the Agreement features the structure proposed in AWC's rebuttal schedules; uses the same monthly minimum charges proposed by AWC in those rebuttal schedules; uses lower commodity rates than proposed by AWC on rebuttal at all tiers of usage and for all customers other than industrial customers with 6" or larger meters, for whom the Agreement commodity rate is the same as proposed by AWC on rebuttal; and increase the gallons received per quarter for coin operated machines. (*See* Exhibit A hereto.)

The Agreement service line and meter installation charges and miscellaneous service charges are the same as proposed by AWC on rebuttal and recommended by Staff. (*See* Exhibit A hereto.)

Although AWC did not produce supporting schedules for the Agreement to show the breakdown of revenue generated by monthly minimum charges versus commodity rates, Mr. Reiker recalled that the monthly minimum charges produce 48 percent of the overall revenue requirement for the Western Group as a whole. (Tr. at 32.)

Mr. Reiker also testified that although AWC has a long-term goal of consolidating each

operating group within itself, that is "way off on the horizon," and there is nothing within the Agreement's rate design that he believes would make it more difficult to consolidate the Western Group. (Tr. at 44.)

G. Bill Impacts

The Agreement rates and charges would have approximately the following monthly bill impact on an average usage residential customer served by a 5/8" x 3/4" meter in each of the Western Group systems:

System	Usage (Gallons)	Current Bill	Settlement Bill	Dollar Change	Percent Change
Pinal Valley	7,781	$29.62	$36.76	$7.14	24.11%
White Tank	11,733	$52.20	$63.60	$11.40	21.84%
Ajo	3,991	$40.98	$47.05	$6.07	14.81%

H. Additional Agreement Provisions

1. USOA

The parties agree that AWC shall convert to the 1996 USOA, but will continue using the 1976 USOA until filing a rate case that uses a 2017 or later test year. (Ex. S-6 at 6, § 6.6.) Mr. Reiker testified that AWC will transition to the 1996 USOA in January 2017. (Tr. at 30.)

2. Next Rate Case Test Year

The parties agree that AWC shall, in its next rate case filed for the Western Group or any of the service areas in the Western Group, use a test year that includes at least 12 months of actual experience with the rates approved in this matter. (Ex. S-6 at § 6.7.)

3. Accumulated Depreciation Reserve Accounts

The parties agree that AWC shall begin recording its accumulated depreciation reserve by individual utility plant account;[70] that AWC shall, before filing its next rate case using a 2017 or later test year, conduct and complete a comprehensive depreciation study in order to develop a reasonable methodology for allocating its existing accumulated depreciation reserve account to the appropriate utility plant accounts for all service areas; and that AWC may defer the costs for the depreciation study

[70] Currently, AWC uses a single depreciation reserve. (Tr. at 30.)

for consideration of recovery in a future rate case. (Ex. S-6 at 6-7, § 6.8.) Mr. Reiker testified that AWC has already been in communication with a depreciation expert and that AWC intends to get the depreciation study started right after a decision approving the Agreement. (Tr. at 31.)

4. Tank Maintenance

The parties agree that AWC may defer tank maintenance costs for possible recovery in a future rate case, that AWC is authorized to record such deferral of costs, and that AWC shall keep and maintain adequate records to support the deferred costs. (Ex. S-6 at 6, § 6.2.) Mr. Reiker clarified at the hearing that these costs would be treated in the same manner as the deferred nitrate removal costs. (Tr. at 42-43.)

5. Commission Approval

The Agreement provides that if the Commission issues an order adopting all material terms of the Agreement, such action shall constitute Commission approval of the Agreement, and the parties shall thereafter abide by the terms as approved by the Commission. (Ex. S-6 at 7, § 7.4.) The Agreement further provides that the parties agree to waive their rights to appeal a Commission Decision approving the Agreement, provided that the Commission approves all material provisions of the Agreement. (*Id.* at 7, § 7.5.)

The Agreement also states that if the Commission fails to issue an order adopting all material terms of the Agreement, or adds new or different material terms to the Agreement, any party may withdraw from the Agreement and may pursue remedies at law. (*Id.* at 8, § 7.7.) The Agreement allows a party to exercise discretion in determining whether a term is material. (*Id.*) In addition, the Agreement provides that if a party files an application for rehearing before the Commission, "Staff shall not be obligated to file any document or take any position regarding the . . . application for rehearing." (*Id.*)

6. Compliance Tariffs

The Agreement provides that AWC shall file compliance tariffs consistent with any order of the Commission, for Staff review and approval, and that such compliance tariffs shall become effective on the effective date of the rate increase stated in the Commission's order. (Ex. S-6 at 8, § 7.6.)

. . .

7. Emergency Rate Case Filing

The Agreement also provides that nothing therein shall prevent AWC from requesting a change to its rates in the event of conditions or circumstances that constitute an emergency, which is "limited to an extraordinary event that, in the Commission's judgment, requires rate relief in order to protect the public interest." (Ex. S-6 at 9, § 8.10.)

VII. Parties' Support of Agreement

A. AWC

Mr. Reiker testified in support of the Agreement on behalf of AWC, stating that the parties genuinely desired and were committed to finding common ground on the issues in this matter, that the parties all executed the Agreement covering all issues in this matter, and that the commitment and compromises inherently involved in such a settlement effort produced results that are just and reasonable and in the public interest and that provide benefits for all parties and customers. (Ex. A-14 at 5; Tr. at 28.) Mr. Reiker further stated that the Agreement represents a compromise of the parties' competing positions and that the Agreement results in just and reasonable rates that reflect a reasonable estimate of AWC's costs of providing service and are supported by the evidence. (*See* Ex. A-14 at 9; Tr. at 28.)

B. Abbott

Mr. Kemp testified in support of the Agreement on behalf of Abbott, stating that the proposed unique settlement rate for Abbott is fair because the new rate is closer to AWC's cost of providing service to Abbott. (Ex. Abbott-3 at 2.) Mr. Kemp also stated that the Agreement does not require Abbott to pay an ACRM surcharge for its 6" non-potable service, because that water is not treated, while requiring Abbott to pay the ACRM for its limited potable water service through smaller meters. (*Id.*) Mr. Kempt testified that Abbott supports the final settlement numbers on which the parties agreed and believes that the Agreement's terms are in the public's best interests. (*Id.* at 3.)

C. RUCO

Mr. Tenney testified in support of the Agreement on behalf of RUCO, stating that the parties to the negotiations were all sophisticated and participated fully and that the Agreement was the result of several hours of negotiation and the parties' willingness to compromise. (Ex. RUCO-5 at 2-3.) Mr.

Tenney characterized the Agreement as fair to both consumers and AWC and stated that it is in the public interest because it provides favorable terms and protections for residential customers and also provides a fair and balanced approach to addressing the parties' various concerns on required costs and revenues. (*Id.* at 3, 5-6.) Mr. Tenney specifically identified the following provisions of the Agreement as beneficial to consumers:

- Deferral of tank maintenance expense and nitrate plant construction costs and operating expenses for consideration of recovery in a future rate case;
- A COE of 10.0 percent;
- An increase in the deferral period on CAP M&I charges from 20 years to 25 years;
- A requirement for AWC to comply with the Commission's rules for maintaining proper depreciation accounting records;
- A requirement for AWC to comply with the proper version of the USOA; and
- A requirement for AWC, going forward, to use its best efforts to reduce its cost of debt.[71]

D. Staff

Mr. Abinah testified in support of the Agreement on behalf of Staff, stating that the Agreement is in the public interest because:

- The terms of the Agreement produce a revenue requirement that will result in rates that are just and reasonable;
- Settling the contested issues will save time and the expense of a contested hearing; and
- The Agreement:
    - Allows AWC an opportunity to earn an overall return of 8.53 percent and a 10.0 percent ROE, providing AWC sufficient revenue to provide reliable service;
    - Requires AWC to update to the 1996 USOA beginning with the first rate case filed using a 2017 test year;
    - Requires AWC to conduct a depreciation study to find the most proper method

[71] Ex. RUCO-5 at 3-4.

to allocate the existing accumulated depreciation reserve to the appropriate individual utility plant accounts; and

- Requires AWC, on a going forward basis, to use its best good faith efforts to reduce its cost of debt.[72]

VIII. Resolution

As the parties acknowledge in the Agreement, the Commission is not bound by the terms of the Agreement and must independently consider and evaluate the terms of the Agreement to ensure that they are in the public interest. (*See* Ex. S-6 at 7-8, §§ 7.3, 7.8.)

By all accounts, the parties participated in good faith in an open, candid, and inclusive negotiation process in which compromises were made in order to reach an agreement that would resolve the numerous disputed issues in this matter. That no party to this matter refused to execute the Agreement supports the idea that reasonable compromises have been made by all parties to reach a mutually acceptable result.

As set forth in the supportive testimony of AWC, RUCO, and Staff, described above, the Agreement will benefit AWC and its customers. Additionally, as set forth in Abbott's supportive testimony, the Agreement will benefit Abbott by significantly reducing Abbott's subsidization of other customers through adoption of a unique rate design for Abbott that more closely coincides with the costs of providing service to Abbott. The Commission also stands to benefit from the Agreement, if approved, because of the increased efficiency of the hearing process in this matter and the resource savings resulting therefrom.

The rates and charges in the Agreement will generate monthly bills for customers in each Western Group service area lower than proposed by AWC in its Application, while still providing AWC with sufficient revenues to provide safe and reliable service and an opportunity to have specific post-TY costs considered for recovery in its next rate case. Additionally, as a result of the Agreement, AWC will update its accounting system both as to the USOA used and how accumulated depreciation is recorded, will perform a depreciation study, and will attempt to obtain future debt at a lower interest

[72] Ex. S-7 at 5; *see* also Tr. at 71.

rate. The Agreement also should facilitate AWC's implementation of its 2015 CAP water use plans, which will ultimately result in beneficial use of AWC's entire CAP water allotment amount and a reduction in the amount of groundwater used in the Western Group. Based on the complete evidentiary record in this proceeding, we determine that it is in the public interest for the Commission to approve the Agreement, and we will do so.

* * * * * * * * * *

Having considered the entire record herein and being fully advised in the premises, the Commission finds, concludes, and orders that:

FINDINGS OF FACT

1. AWC is an Arizona corporation and Class A water utility providing service as a public service corporation pursuant to authority granted by the Commission.

2. AWC's Western Group includes six separate public water systems (Tierra Grande, Pinal Valley, Coolidge Airport, Stanfield, White Tank, and Ajo), which, at the end of 2014, served approximately the following numbers of service connections: Tierra Grande – 360, Pinal Valley – 28,250, Coolidge Airport – 9, Stanfield – 195, White Tank – 2,360, and Ajo – 650. The White Tank system, in Maricopa County, and the Ajo system, in Pima County, are each recognized as a separate AWC service area, while the other four systems (Tierra Grande, Pinal Valley, Coolidge Airport, and Stanfield) combined form the Pinal Valley service area, in Pinal County.

3. Aside from the Coolidge Airport system, the Western Group systems' customers are primarily served through 5/8" x 3/4" meters (approximately 97 percent in Tierra Grande, 94 percent in Pinal Valley, 95 percent in Stanfield, 78 percent in White Tank, and 95 percent in Ajo).

4. The average monthly water usage for a 5/8" x 3/4" meter customer varies greatly between the different Western Group service areas:

Pinal Valley	White Tank	Ajo
7,781 gallons	11,733 gallons	3,991 gallons

5. AWC holds three subcontracts with CAWCD for delivery of CAP water for municipal and industrial ("M&I") use within the Western Group, with annual allocations of 8,884 AF to Casa

Grande, 2,000 AF to Coolidge, and 968 AF to White Tank. The subcontracts require AWC to pay semi-annual CAP M&I capital charges based on total allocations, regardless of whether AWC takes delivery of any CAP water, and to pay monthly CAP operation, maintenance, and replacement expense payments based on actual CAP deliveries and estimated expenses for the upcoming year.

6. In Decision No. 68302, the Commission authorized AWC to recover the Western Group's deferred and ongoing CAP M&I capital charges through a special hook-up fee and through inclusion in rate base of that portion of CAP M&I capital charges associated with CAP water actually delivered in the test year used in that matter. The Commission authorized AWC to continue collecting these special hook-up fees in Decision No. 71845 and again in Decision No. 73144, also renaming them CAP M&I Fees.

7. In Decision No. 68302, the Commission authorized AWC to implement an ACRM for the Western Group to allow AWC to recover capital costs and certain recoverable O&M costs directly related to the construction and operation of arsenic treatment facilities necessary to comply with the EPA's MCL for arsenic, requiring AWC to implement the Western Group ACRM in accord with the ACRMs approved for the Northern Group in Decision No. 66400 and for the Eastern Group in Decision No. 66849. In Decision No. 70192, Decision No. 70702, and Decision No. 70963, the Commission authorized implementation of ACRM tariffs for the Casa Grande, Stanfield, and White Tank systems and then, in Decision No. 71845, did not authorize AWC to continue collecting ACRM surcharges in the Western Group systems. In Decision No. 73144, the Commission again authorized AWC to implement an ACRM in the Western Group, with a new exception from applicability of the ACRM surcharges of any industrial class customer not receiving water from AWC's potable water distribution system.

8. In Decision No. 73144, the Commission authorized AWC to collect an OSFF for each new service connection according to an OSFF Tariff Schedule specific to the Pinal Valley and Stanfield systems. The Commission also fully consolidated the Stanfield system into the Pinal Valley service area.

9. In Decision No. 73938 and Decision No. 74081, respectively, the Commission authorized implementation of SIB mechanisms for AWC's Eastern Group systems and the Navajo and

Verde Valley systems in its Northern Group. RUCO appealed the SIB mechanisms as unconstitutional. In a decision issued in August 2015, the Arizona Court of Appeals agreed with RUCO that the SIB mechanisms were unconstitutional and vacated the Commission's approval and adoption of the SIB mechanisms. In October 2015, the Commission stayed operation of the SIB mechanisms. In an Opinion issued on August 8, 2016, the Arizona Supreme Court vacated the Court of Appeals decision, upholding Commission Decision No. 73938 and Decision No. 74081 and holding that the SIB mechanism complied with the Arizona Constitution's mandate for the Commission to determine the fair value of a utility's property when setting rates.

10. The procedural history in this matter is set forth accurately in Section II of the Discussion portion of this Decision and is incorporated by reference as though set forth in full here.

11. AWC's Application in this matter concerned its Western Group service areas; used a TY ending on December 31, 2014; and proposed rates and charges that would result in an overall revenue increase for the Western Group of $6,010,408, or 28.33 percent over adjusted TY operating revenues of $21,216,708, along with an OCRB/FVRB of $67,417,785.

12. The rates and charges proposed by AWC, RUCO, and Staff are accurately set forth in Exhibit A, which is incorporated by reference as though set forth in full here.

13. In addition to requesting an increase in revenues for each Western Group service area in its Application, AWC requested the following:

(a) Continuation of currently authorized CAP M&I fees in Pinal Valley and White Tank, to recover ongoing and deferred CAP M&I capital charges from new customers;

(b) Rate base treatment of $4,398,823 in additional deferred CAP M&I capital charges in Pinal Valley that are now used and useful, amortized to expense over 20 years ($219,941 per year);

(c) Deferral and recovery over three years of $357,500, the net cost of delivering 5,000 AF of CAP water to Pinal Valley general service customers in 2015;

(d) Annual recovery of $715,000 in net ongoing CAP M&I capital and delivery charges related to delivery of 5,000 AF of CAP water to Pinal Valley general service customers;

(e) Authorization of a new CAP surcharge to recover increases in net cost per AF of CAP water, increased costs related to quantity of CAP water delivered, and additional deferred CAP M&I capital charges as they become used and useful;

(f) Continuation of the OSFF Tariff for Pinal Valley, to fund a Pinal Valley Recharge and Recovery Facility;

(g) Authorization of a new OSFF Tariff for White Tank, to fund construction of a White Tank Recharge and Recovery Facility;

(h) Authorization to implement a SIB mechanism such as the SIB mechanisms authorized for the Eastern Group systems in Decision No. 73938 and for the Northern Group systems in Decision No. 74081;

(i) Continuation of the ACRM for the Western Group systems; and

(j) Authorization of an NCRM for the Western Group systems, to comply with federal Safe Drinking Water Act standards.

14. Abbott's participation in this matter focused on rate design for Abbott's plant in the Pinal Valley service area.

15. WISE's participation in this matter primarily involved cross-examination of other parties' witnesses.

16. AWC, RUCO, and Staff took the following pre-settlement positions:

PINAL VALLEY (CASA GRANDE, COOLIDGE, & STANFIELD)			
	AWC	**RUCO**	**Staff**
TY Adj. Operating Revenues:	$18,467,889	$18,591,737	$18,467,889
TY Adj. Operating Expenses:	$16,276,611	$16,211,235	$15,909,593
TY Adj. Operating Income:	$2,191,278	$2,380,502	$2,558,296
OCRB/FVRB:	$58,322,921	$56,001,472	$57,867,309
TY Rate of Return:	3.76%	4.25%	4.42%
Required Operating Income:	$5,428,798	$4,099,285	$4,640,958
Operating Income Deficiency:	$3,237,521	$1,718,784	$2,082,662
Gross Rev. Conversion Factor:	1.6403	1.6651	1.6319
Required Revenue Increase $:	$5,310,551	$2,862,004	$3,398,668
Required Revenue Increase %:	28.76%	15.39%	18.40%
Required Rate of Return:	9.31%	7.32%	8.02%
Revenue Requirement:	$23,778,440	$21,453,741	$21,866,557

WHITE TANK			
	AWC	RUCO	Staff
TY Adj. Operating Revenues:	$2,310,991	$2,345,382	$2,321,542
TY Adj. Operating Expenses:	$2,202,051	$2,172,461	$2,110,820
TY Adj. Operating Income:	$108,940	$172,921	$210,722
OCRB/FVRB:	$5,078,719	$4,737,182	$5,058,486
TY Rate of Return:	2.15%	3.65%	4.17%
Required Operating Income:	$472,736	$346,646	$405,691
Operating Income Deficiency:	$363,796	$173,725	$194,969
Gross Rev. Conversion Factor:	1.6377	1.7200	1.7169
Required Revenue Increase $:	$595,785	$298,814	$334,737
Required Revenue Increase %:	25.78%	12.74%	14.42%
Required Rate of Return:	9.31%	7.32%	8.02%
Revenue Requirement:	$2,906,776	$2,644,196	$2,656,279
AJO			
	AWC	RUCO	Staff
TY Adj. Operating Revenues:	$437,888	$445,441	$440,253
TY Adj. Operating Expenses:	$409,645	$397,531	$407,570
TY Adj. Operating Income:	$28,244	$47,910	$32,684
OCRB/FVRB:	$966,310	$954,567	$948,972
TY Rate of Return:	2.92%	5.02%	3.44%
Required Operating Income:	$89,946	$69,851	$76,108
Operating Income Deficiency:	$61,702	$21,941	$43,424
Gross Rev. Conversion Factor:	1.6369	1.3039	1.2783
Required Revenue Increase $:	$101,003	$28,608	$55,510
Required Revenue Increase %:	23.07%	6.42%	12.61%
Required Rate of Return:	9.31%	7.32%	8.02%
Revenue Requirement:	$538,891	$474,049	$495,763

17. From 2015 to 2020, AWC plans to increase the amount of CAP water recharged, recovered, and delivered to customers from 5,000 AF to 8,956 AF for Pinal Valley and from 0 AF to 968 AF for White Tank, with corresponding increases in purchased water costs of $1,809,454 and $352,005, respectively.

18. AWC has filed a 2015 Pinal Valley CAP Water Use Plan and a 2015 White Tank CAP Water Use Plan, each of which proposes to use AWC's CAP water allocation through groundwater recharge, storage, and recovery, with the Pinal Valley Recharge and Recovery Facility having an estimated cost of approximately $5.8 million and the White Tank Recharge and Recovery Facility having an estimated cost of approximately $2.6 million. These estimated costs are significantly lower than the estimated costs to implement the plans for surface water treatment and direct delivery included in AWC's 2006 CAP Water Use Plan.

19. AWC plans to commence building the White Tank Recharge and Recovery Facility in 2018 and proposed a new OSFF Tariff for White Tank to fund it, with a proposed fee of $2,500 for each new service connection with a 5/8" x 3/4" meter and graduated fees for service connections with larger meter sizes.

20. CAP M&I fee collections have been much lower than projections since 2008 for Pinal Valley and 2009 for White Tank. At the end of the TY, Pinal Valley had a balance of $6,687,970 in deferred CAP M&I charges, and White Tank had a balance of $480,815 in deferred CAP M&I charges.

21. AWC proposed a CAP Surcharge mechanism that would allow recovery of increases in the net per-AF cost of CAP water (including scheduled increases in CAP M&I capital and delivery charges and elimination of offsetting payments from groundwater savings facility operators); increases in costs related to the quantity of CAP water recharged, recovered, and delivered to general service customers; and additional deferred CAP M&I capital charges related to increases in CAP water deliveries. AWC filed a proposed Plan of Administration and tariff for the CAP Surcharge mechanism as an exhibit to Mr. Harris's direct testimony.

22. The Commission has previously authorized CAP Surcharge mechanisms for other water utilities.

23. AWC needs to construct four new nitrate removal facilities for Pinal Valley Wells No. 7, 27, 32, and 33, at an estimated cost of $18.9 million, because the water from Pinal Valley Well No. 27 already exceeds the MCL for nitrates, and the nitrate levels in AWC's Pinal Valley service area are increasing, jeopardizing the water supplies from Pinal Valley Wells No. 7, 32, and 33. AWC is also closely monitoring other Pinal Valley wells for nitrates.

24. AWC proposed an NCRM, which would work just like an ACRM, and would allow AWC to recover only specific and narrowly defined operating costs, including costs for media replacement or regeneration, media replacement or regeneration service, and waste media or regeneration disposal. The estimated annual O&M costs for the Well No. 33 nitrate removal facility alone are $1.75 million, which is significantly higher than the annual O&M costs for a like-sized arsenic treatment facility.

25. The Commission has not previously authorized an NCRM.

26. AWC proposed to reactivate its PPAM Tariff, No. AM-253, which was deactivated in Decision No. 71845, to allow AWC to recover for increases in its purchased power costs, which have been somewhat volatile in recent years.

27. AWC has for many years been using the 1976 version of the USOA rather than the current 1996 version of the USOA in its water utility accounting and is the only water utility known to Staff to still be doing so. The 1976 version of the USOA contains many more account numbers as compared to the 1996 USOA, and many of the 1976 USOA accounts include imbedded expenses that would be separated into other accounts under the 1996 USOA. AWC's use of the 1976 USOA complicates and prolongs the analysis of AWC's annual reports and rate case filings for Staff and other parties.

28. AWC currently is not maintaining its accumulated depreciation reserve accounts by plant account or functional account. AWC cannot accurately allocate its existing accumulated depreciation reserve to individual plant accounts without performing a comprehensive depreciation study, at an estimated cost of $50,000 to $70,000.

29. Abbott is currently classified as a Large Industrial customer within AWC's Pinal Valley service area, and Abbott's usage accounts for approximately 78 percent of the total usage within that customer class. The vast majority (98 percent) of the water Abbott is served by AWC is non-potable water delivered through a dedicated 6" non-potable water main. AWC chlorinates the water Abbott receives through the 6" non-potable water main, but does not otherwise treat the water.

30. Under the current rates and charges for Pinal Valley, Abbott has been paying AWC significantly more than AWC's cost to serve Abbott, thereby subsidizing other customers.

31. Abbott proposed to have the Pinal Valley rate design segregate and establish separate rates for Abbott, providing Abbott a 15 percent reduction in rates.

32. The parties to this matter engaged in an open, candid, and inclusive negotiation process, which culminated in the Agreement executed by representatives for each party on May 6, 2016. The Agreement, attached hereto as Exhibit B, is intended to resolve all disputed issues in this matter.

33. The provisions of the Agreement are accurately described in Section VI of the Discussion portion of this Decision, which is incorporated by reference as though set forth in full here

34. If approved by the Commission, the Agreement will have the following major impacts:

(a) AWC's Western Group residential customers served by 5/8" meters and with average water usage will see monthly bill increases between approximately $6 and $11, with the highest dollar increase seen in the White Tank service area and the lowest dollar increase seen in the Ajo service area;

(b) Abbott will see significantly reduced monthly bills as a result of a unique rate design for Abbott that more closely coincides with AWC's costs of providing service to Abbott;

(c) AWC will generate sufficient revenues to provide safe and reliable service and to attract capital, thereby benefiting its customers;

(d) AWC will begin accounting using the 1996 USOA;

(e) AWC will update how accumulated depreciation is recorded both for existing balances and going forward and will perform a comprehensive depreciation study to determine the appropriate allocation of its existing accumulated depreciation reserve account to utility plant accounts for all service areas;

(f) AWC will use its best good faith efforts to obtain future debt at a lower interest rate;

(g) AWC will continue to implement its ACRM Tariff, as revised by § 6.3 of the Agreement;

(h) AWC will continue to implement the Pinal Valley OSFF Tariff, as revised in the attachment to the Agreement;

(i) AWC will implement its White Tank OSFF Tariff, as set forth in the attachment to the Agreement;

(j) AWC will implement its new CAP Surcharge Mechanism after obtaining approval of its Plan of Administration for the CAP Surcharge Mechanism from Staff;

(k) AWC will continue to implement its CAP M&I Fee Tariff schedules for the Pinal Valley and White Tank service areas;

(l) AWC will file its next Western Group (or Western Group system or service area) rate case application no sooner than January 1, 2018; will ensure that the test year for the rate case

includes 12 full months of actual experience with the rates approved in this matter; and will ensure that the rate case application is prepared with and supported by records created using the 1996 USOA;

(m) AWC's implementation of its 2015 CAP Water Use Plans for Pinal Valley and White Tank will be facilitated, resulting in increased beneficial use of AWC's CAP water allocations; and

(n) AWC's transition to the 1996 USOA will make it easier for parties and other interested persons to review and analyze AWC's annual reports and rate case filings in the future.

35. We find that the following TY results and the following OCRB/FVRB, Required Operating Income, Required Revenue Increases, Required Operating Revenues, and Required Rate of Return, agreed upon by the parties in the Agreement, are just and reasonable and in the public interest, for purposes of setting rates for the Western Group as a whole and for its separate service areas:

Western Group	
TY Operating Revenues:	$21,216,768
TY Operating Expenses:	$18,595,345
TY Operating Income:	$2,621,423
OCRB/FVRB:	$63,422,861
TY Rate of Return:	4.13%
Required Operating Income:	$5,409,741
Operating Income Deficiency:	$2,788,318
Gross Revenue Conversion Factor	1.6400
Required Revenue Increase $:	**$4,572,937**
Required Revenue Increase %:	**21.55%**
Required Operating Revenues:	$25,789,706
Required Rate of Return:	**8.53%**

Pinal Valley Service Area	
TY Operating Revenues:	$18,467,889
TY Operating Expenses:	$16,064,459
TY Operating Income:	$2,403,430
OCRB/FVRB:	$57,511,994
TY Rate of Return:	4.18%
Required Operating Income:	$4,905,565
Operating Income Deficiency:	$2,502,135
Gross Revenue Conversion Factor	1.6403
Required Revenue Increase $:	**$4,104,288**

Required Revenue Increase %:	**22.22%**
Required Operating Revenues:	$22,572,177
Required Rate of Return:	**8.53%**

White Tank Service Area	
TY Operating Revenues:	$2,310,991
TY Operating Expenses:	$2,134,626
TY Operating Income:	$176,365
OCRB/FVRB:	$4,964,851
TY Rate of Return:	3.55%
Required Operating Income:	$423,484
Operating Income Deficiency:	$247,119
Gross Revenue Conversion Factor	1.6377
Required Revenue Increase $:	**$404,704**
Required Revenue Increase %:	**17.51%**
Required Operating Revenues:	$2,715,695
Required Rate of Return:	**8.53%**

Ajo Service Area	
TY Operating Revenues:	$437,888
TY Operating Expenses:	$396,2621
TY Operating Income:	$41,628
OCRB/FVRB:	$946,016
TY Rate of Return:	4.40%
Required Operating Income:	$80,692
Operating Income Deficiency:	$39,064
Gross Revenue Conversion Factor	1.6369
Required Revenue Increase $:	**$63,945**
Required Revenue Increase %:	**14.59%**
Required Operating Revenues:	$501,834
Required Rate of Return:	**8.53%**

36. We find that the rates and charges set forth in the Agreement for each Western Group service area, which are accurately set forth in Exhibit A hereto, are just and reasonable and in the public interest and should be approved.

37. We find, based on the complete evidentiary record in this proceeding, and for the reasons discussed in Section VIII of the Discussion portion of this Decision and set forth in the Findings

of Fact above, that it is just and reasonable and in the public interest to approve the Agreement attached hereto as Exhibit B.

CONCLUSIONS OF LAW

1. AWC is a public service corporation within the meaning of Article XV of the Arizona Constitution and A.R.S. §§ 40-250, 40-251, and 40-367.

2. The Commission has jurisdiction over AWC and the subject matter of its Application.

3. Notice of the Application was provided in accordance with the law.

4. Adoption of the Agreement, as discussed herein, is just and reasonable and in the public interest.

5. The fair value rate bases of AWC's Pinal Valley service area, White Tank service area, and Ajo service area are as set forth in Findings of Fact No. 35.

6. The rates, charges, and conditions of service established herein are just and reasonable and in the public interest.

ORDER

IT IS THEREFORE ORDERED that the Commission hereby approves the Settlement Agreement filed in this Docket on May 6, 2016, and attached to this Decision as Exhibit B.

IT IS FURTHER ORDERED that although many of the provisions in the Settlement Agreement are worded in terms of agreement rather than in terms of requirements imposed upon AWC or authorizations granted to AWC, the Commission considers the Agreement, as adopted, to impose requirements upon AWC and to grant authorizations to AWC, as appropriate within the context of each of its provisions.

IT IS FURTHER ORDERED that Arizona Water Company is hereby directed to file with the Commission, on or before September 30, 2016, revised schedules of its rates and charges consistent with Exhibit B and the findings herein.

IT IS FURTHER ORDERED that the rates and charges and conditions of service adopted herein shall be effective for all services rendered on and after October 1, 2016.

IT IS FURTHER ORDERED that Arizona Water Company shall notify its affected customers

of the revised schedules of rates and charges authorized herein by means of an insert in its next regularly scheduled billing, and by posting a notice on its website, in a form acceptable to the Commission's Utilities Division Staff.

IT IS FURTHER ORDERED that Arizona Water Company shall implement and comply with the terms of the Settlement Agreement as discussed herein and that any failure to comply with the Settlement Agreement adopted herein shall be deemed a failure to comply with this Decision.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

CHAIRMAN LITTLE COMMISSIONER STUMP

COMMISSIONER FORESE COMMISSIONER TOBIN COMMISSIONER BURNS

IN WITNESS WHEREOF, I, JODI A. JERICH, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this _____ day of _____ 2016.

JODI A. JERICH
EXECUTIVE DIRECTOR

DISSENT _____

DISSENT _____
SH:rt

SERVICE LIST FOR: ARIZONA WATER COMPANY

DOCKET NO.: W-01445A-15-0277

Steven A. Hirsch
Coree E. Neumeyer
QUARLES & BRADY, LLP
Two North Central Avenue
One Renaissance Square
Phoenix, AZ 85004
Attorneys for Arizona Water Company

E. Robert Spear
General Counsel
Arizona Water Company
PO Box 29006
Phoenix, AZ 85038-9006

Mr. Joseph D. Harris, Vice President and Treasurer
Arizona Water Company
PO Box 29006
Phoenix, AZ 85038-9006

Daniel W. Pozefsky, Chief Counsel
1 Residential Utility Consumer Office
110 West Washington Street, Suite 220
Phoenix, AZ 85007

Michele L. Van Quathem
Law Office of Michele Van Quathem, PLLC
7600 N. 15th St., Suite 150-30
Phoenix, AZ 85020
Attorneys for Abbott Laboratories

Greg Patterson
MUNGER CHADWICK
916 West Adams, Suite 3
Phoenix, AZ 85007
Attorneys for Western Infrastructure Sustainability Effort

Janice Alward, Chief Counsel
Legal Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, AZ 85007

Thomas Broderick, Director
Utilities Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, AZ 85007

See Ex. A-11 at att. 30 at Sched. H-3 Reb., att. 31 at Sched. H-3 Reb.; Ex. Abbott-2 at ex. DLN-5; RUCO-2 at sched. JAC-2.1, sched. JAC-3.1; RUCO-4 at sched. JAC-1.1; Ex. S-2 at Sched. PV BAB-1, WT BAB-1, Ajo BAB-1; Ex. S-6 at sched. H-3 Settlement.

	PINAL VALLEY SERVICE AREA (Casa Grande, Coolidge, Stanfield)					
	Current	**AWC Reb.**	**Abbott (-15%)**	**RUCO**	**Staff**	**Settlement Agreement**
Monthly Minimum Charges						
Residential						
5/8" x ¾" Meter	$ 16.00	$ 22.00	$ 22.00	$ 18.83	$ 20.00	$ 22.00
3/4" Meter	NT	33.00	33.00	28.25	30.00	33.00
1" Meter	40.00	55.00	55.00	47.08	50.00	55.00
1 ½" Meter	80.00	110.00	110.00	94.15	100.00	110.00
2" Meter	128.00	176.00	176.00	150.64	160.00	176.00
3" Meter	256.00	352.00	352.00	301.28	320.00	352.00
4" Meter	400.00	550.00	550.00	470.75	500.00	550.00
6" Meter	800.00	1,100.00	1,100.00	941.50	1,000.00	1,100.00
8" Meter	1,280.00	1,760.00	1,760.00	1,506.40	1,600.00	1,760.00
10" Meter	1,840.00	2,530.00	2,530.00	2,165.45	2,300.00	2,530.00
Commercial, Sales for Resale						
5/8" x ¾" Meter	$ 16.00	$ 25.00	$ 25.00	$ 18.83	$ 21.55	$ 25.00
3/4" Meter	NT	37.50	37.50	28.25	32.33	37.50
1" Meter	40.00	62.50	62.50	47.08	53.88	62.50
1 ½" Meter	80.00	125.00	125.00	94.15	107.75	125.00
2" Meter	128.00	200.00	200.00	150.64	172.40	200.00
3" Meter	256.00	400.00	400.00	301.28	344.80	400.00
4" Meter	400.00	625.00	625.00	470.75	538.75	625.00
6" Meter	800.00	1,250.00	1,250.00	941.50	1,077.50	1,250.00
8" Meter	1,280.00	2,000.00	2,000.00	1,506.40	1,724.00	2,000.00
10" Meter	1,840.00	2,875.00	2,875.00	2,165.45	2,478.25	2,875.00
Industrial						
5/8" x ¾" Meter	$ 16.00	$ 35.00	$ 35.00	$ 18.83	$ 31.82	$ 35.00
3/4" Meter	NT	52.50	52.50	28.25	47.73	52.50
1" Meter	40.00	87.50	87.50	47.08	79.55	87.50
1 ½" Meter	80.00	175.00	175.00	94.15	159.09	175.00
2" Meter	128.00	280.00	280.00	150.64	254.55	280.00
3" Meter	256.00	560.00	560.00	301.28	509.09	560.00
4" Meter	400.00	875.00	875.00	470.75	759.45	875.00
6" Meter	800.00	1,750.00	1,750.00	941.50	1,590.91	1,750.00
8" Meter	1,280.00	2,800.00	2,800.00	1,506.40	2,545.45	2,800.00
10" Meter	1,840.00	4,025.00	NT	2,165.45	3,659.09	4,025.00
Abbott[1] (dedicated nonpotable 6")	NT	NT	1,200.00	NT	NT	1,200.00
Construction						
5/8" x ¾" Meter	NT	$ 25.00	$ 25.00	$ 18.83	$ 21.55	$ 25.00
3/4" Meter	NT	37.50	37.50	28.25	32.33	37.50
1" Meter	NT	62.50	62.50	47.08	53.88	62.50
1 ½" Meter	NT	125.00	125.00	94.15	107.75	125.00
2" Meter	128.00	200.00	200.00	150.64	172.40	200.00
3" Meter	256.00	400.00	400.00	301.28	344.80	400.00
4" Meter	400.00	625.00	625.00	470.75	538.75	625.00

[1] Except as noted, Abbott is treated like any other industrial customer.

6" Meter	NT	1,250.00	1,250.00	941.50	1,077.50	1,250.00
8" Meter	NT	2,000.00	2,000.00	1,506.40	1,724.00	2,000.00
10" Meter	NT	2,875.00	2,875.00	2,165.45	2,478.25	2,875.00
Coin Machine	NT	NT	NT	NT	NT	NT
Private Fire Service						
All Sizes	$ 25.00	$ 35.00	$ 35.00	$ 35.00	$ 31.82	$ 35.00
Public Fire Hydrant						
All Sizes	NT	NT	NT	NT	NT	NT
Commodity Rates						
Residential						
5/8" x ¾" Meter						
First 3,000 gallons	$ 1.1879			$ 1.3600		
3,001 to 10,000 gallons	2.1026			2.4000		
Over 10,000 gallons	3.2590			3.7083		
First 2,000 gallons		$ 1.5190	$ 1.5406		$ 1.4350	$ 1.3866
2,001 to 7,000 gallons		2.1811	2.2122		1.9390	1.9910
7,001 to 18,000 gallons		2.8432	2.8837		2.7223	2.5953
Over 18,000 gallons		4.1674	4.2268		3.9613	3.8041
3/4" Meter						
First 3,000 gallons				$ 1.3600		
3,001 to 10,000 gallons				2.4000		
Over 10,000 gallons				3.7083		
First 4,000 gallons	NT	$ 1.5190	$ 1.5406		$ 1.4350	$ 1.3866
4,001 to 10,000 gallons	NT	2.1811	2.2122		1.9390	1.9910
10,001 to 18,000 gallons	NT	2.8432	2.8837		2.7223	2.5953
Over 18,000 gallons	NT	4.1674	4.2268		3.9613	3.8041
1" Meter						
First 25,000 gallons	$ 2.1026			$ 2.4000		
Over 25,000 gallons	3.2590			3.7083		
First 5,000 gallons		$ 2.1811	$ 2.2122		$ 1.9390	$ 1.9910
5,001 to 18,000 gallons		2.8432	2.8837		2.7223	2.5953
Over 18,000 gallons		4.1674	4.2268		3.9613	3.8041
1 ½" Meter						
First 55,000 gallons	$ 2.1026			$ 2.4000		
Over 55,000 gallons	3.2590			3.7083		
First 10,000 gallons		$ 2.1811	$ 2.2122		$ 1.9390	$ 1.9910
10,001 to 35,000 gallons		2.8432	2.8837		2.7223	2.5953
Over 35,000 gallons		4.1674	4.2268		3.9613	3.8041
2" Meter						
First 95,000 gallons	$ 2.1026			$ 2.4000		
Over 95,000 gallons	3.2590			3.7083		
First 16,000 gallons		$ 2.1811	$ 2.2122		$ 1.9390	$ 1.9910
16,001 to 56,000 gallons		2.8432	2.8837		2.7223	2.5953
Over 56,000 gallons		4.1674	4.2268		3.9613	3.8041
3" Meter						
First 195,000 gallons	$ 2.1026			$ 2.4000		
Over 195,000 gallons	3.2590			3.7083		
First 32,000 gallons		$ 2.1811	$ 2.2122		$ 1.9390	$ 1.9910
32,001 to 112,000 gallons		2.8432	2.8837		2.7223	2.5953

Over 112,000 gallons		4.1674	4.2268		3.9613	3.8041
4" Meter						
First 315,000 gallons	$ 2.1026			$ 2.4000		
Over 315,000 gallons	3.2590			3.7083		
First 50,000 gallons		$ 2.1811	$ 2.2122		$ 1.9390	$ 1.9910
50,001 to 175,000 gallons		2.8432	2.8837		2.7223	2.5953
Over 175,000 gallons		4.1674	4.2268		3.9613	3.8041
6" Meter						
First 650,000 gallons	$ 2.1026			$ 2.4000		
Over 650,000 gallons	3.2590			3.7083		
First 100,000 gallons		$ 2.1811	$ 2.2122		$ 1.9390	$ 1.9910
100,001 to 350,000 gallons		2.8432	2.8837		2.7223	2.5953
Over 350,000 gallons		4.1674	4.2268		3.9613	3.8041
8" Meter						
First 1 million gallons	$ 2.1026			$ 2.4000		
Over 1 million gallons	3.2590			3.7083		
First 160,000 gallons		$ 2.1811	$ 2.2122		$ 1.9390	$ 1.9910
160,001 to 560,000 gallons		2.8432	2.8837		2.7223	2.5953
Over 560,000 gallons		4.1674	4.2268		3.9613	3.8041
10" Meter						
First 1,475,000 gallons	$ 2.1026			$ 2.4000		
Over 1,475,000 gallons	3.2590			3.7083		
First 230,000 gallons		$ 2.1811	$ 2.2122		$ 1.9390	$ 1.9910
230,001 to 805,000 gallons		2.8432	2.8837		2.7223	2.5953
Over 805,000 gallons		4.1674	4.2268		3.9613	3.8041
Commercial						
5/8" x ¾" Meter						
First 10,000 gallons	$ 2.1026			$ 2.4000		
Over 10,000 gallons	3.2590			3.7083		
First 3,000 gallons		$ 2.1811	$ 2.2122		$ 1.9390	$ 1.9910
3,001 to 15,000 gallons		2.8432	2.8837		2.7223	2.5953
Over 15,000 gallons		4.1674	4.2268		3.9613	3.8041
3/4" Meter						
First 10,000 gallons				$ 2.4000		
Over 10,000 gallons				3.7083		
First 5,000 gallons	NT	$ 2.1811	$ 2.2122		$ 1.9390	$ 1.9910
5,001 to 20,000 gallons	NT	2.8432	2.8837		2.7223	2.5953
Over 20,000 gallons	NT	4.1674	4.2268		3.9613	3.8041
1" Meter						
First 25,000 gallons	$ 2.1026			$ 2.4000		
Over 25,000 gallons	3.2590			3.7083		
First 8,000 gallons		$ 2.1811	$ 2.2122		$ 1.9390	$ 1.9910
8,001 to 38,000 gallons		2.8432	2.8837		2.7223	2.5953
Over 38,000 gallons		4.1674	4.2268		3.9613	3.8041
1 ½" Meter						
First 55,000 gallons	$ 2.1026			$ 2.4000		
Over 55,000 gallons	3.2590			3.7083		
First 15,000 gallons		$ 2.1811	$ 2.2122		$ 1.9390	$ 1.9910
15,001 to 75,000 gallons		2.8432	2.8837		2.7223	2.5953
Over 75,000 gallons		4.1674	4.2268		3.9613	3.8041
2" Meter						

First 95,000 gallons	$ 2.1026			$ 2.4000		
Over 95,000 gallons	3.2590			3.7083		
First 24,000 gallons		$ 2.1811	$ 2.2122		$ 1.9390	$ 1.9910
24,001 to 120,000 gallons		2.8432	2.8837		2.7223	2.5953
Over 120,000 gallons		4.1674	4.2268		3.9613	3.8041
3" Meter						
First 195,000 gallons	$ 2.1026			$ 2.4000		
Over 195,000 gallons	3.2590			3.7083		
First 48,000 gallons		$ 2.1811	$ 2.2122		$ 1.9390	$ 1.9910
48,001 to 240,000 gallons		2.8432	2.8837		2.7223	2.5953
Over 240,000 gallons		4.1674	4.2268		3.9613	3.8041
4" Meter						
First 315,000 gallons	$ 2.1026			$ 2.4000		
Over 315,000 gallons	3.2590			3.7083		
First 75,000 gallons		$ 2.1811	$ 2.2122		$ 1.9390	$ 1.9910
75,001 to 375,000 gallons		2.8432	2.8837		2.7223	2.5953
Over 375,000 gallons		4.1674	4.2268		3.9613	3.8041
6" Meter						
First 650,000 gallons	$ 2.1026			$ 2.4000		
Over 650,000 gallons	3.2590			3.7083		
First 150,000 gallons		$ 2.1811	$ 2.2122		$ 1.9390	$ 1.9910
150,001 to 750,000		2.8432	2.8837		2.7223	2.5953
Over 750,000 gallons		4.1674	4.2268		3.9613	3.8041
8" Meter						
First 1 million gallons	$ 2.1026			$ 2.4000		
Over 1 million gallons	3.2590			3.7083		
First 240,000 gallons		$ 2.1811	$ 2.2122		$ 1.9390	$ 1.9910
240,001 to 1,200,000 gallons		2.8432	2.8837		2.7223	2.5953
Over 1,200,000 gallons		4.1674	4.2268		3.9613	3.8041
10" Meter						
First 1,475,000 gallons	$ 2.1026			$ 2.4000		
Over 1,475,000 gallons	3.2590			3.7083		
First 345,000 gallons		$ 2.1811	$ 2.2122		$ 1.9390	$ 1.9910
345,001 to 1,725,000 gallons		2.8432	2.8837		2.7223	2.5953
Over 1,725,000 gallons		4.1674	4.2268		3.9613	3.8041
Industrial						
5/8" x ¾" Meter						
First 10,000 gallons	$ 1.5500			$ 2.4000		
Over 10,000 gallons	2.4800			3.7083		
All gallons		$ 2.5000	$ 2.5270		$ 2.4500	$ 2.5270
3/4" Meter						
First 10,000 gallons	NT			$ 2.4000		
Over 10,000 gallons	NT			3.7083		
All gallons		$ 2.5000	$ 2.5270		$ 2.4500	$ 2.5270
1" Meter						
First 25,000 gallons	$ 1.5500			$ 2.4000		
Over 25,000 gallons	2.4800			3.7083		
All gallons		$ 2.5000	$ 2.5270		$ 2.4500	$ 2.5270
1 ½" Meter						
First 55,000 gallons	$ 1.5500			$ 2.4000		
Over 55,000 gallons	2.4800			3.7083		

All gallons		$ 2.5000	$ 2.5270		$ 2.4500	$ 2.5270
2" Meter						
First 95,000 gallons	$ 1.5500			$ 2.4000		
Over 95,000 gallons	2.4800			3.7083		
All gallons		$ 2.5000	$ 2.5270		$ 2.4500	$ 2.5270
3" Meter						
First 195,000 gallons	$ 1.5500			$ 2.4000		
Over 195,000 gallons	2.4800			3.7083		
All gallons		$ 2.5000	$ 2.5270		$ 2.4500	$ 2.5270
4" Meter						
First 315,000 gallons	$ 1.5500			$ 2.4000		
Over 315,000 gallons	2.4800			3.7083		
All gallons		$ 2.5000	$ 2.5270		$ 2.4500	$ 2.5270
6" Meter & Larger						
All gallons	$ 1.5500	$ 1.7500		$ 1.7000	$ 1.7150	NT
6" Meter & Larger (exc. Abbott)						
All gallons			$ 1.7770			$ 1.7770
Abbott						
All gallons			$ 1.3000			$ 1.3000
Construction Water						
5/8" x ¾" Meter						
First 3,000 gallons	NT	$ 2.1811	$ 2.2122		$ 1.9390	$ 1.9910
3,001 to 15,000 gallons	NT	2.8432	2.8837		2.7223	2.5953
Over 15,000 gallons	NT	4.1674	4.2268		3.9613	3.8041
First 10,000 gallons				$ 2.4000		
Over 10,000 gallons				3.7083		
3/4" Meter						
First 5,000 gallons	NT	$ 2.1811	$ 2.2122		$ 1.9390	$ 1.9910
5,001 to 20,000 gallons	NT	2.8432	2.8837		2.7223	2.5953
Over 20,000 gallons	NT	4.1674	4.2268		3.9613	3.8041
First 10,000 gallons				$ 2.4000		
Over 10,000 gallons				3.7083		
1" Meter						
First 8,000 gallons	NT	$ 2.1811	$ 2.2122		$ 1.9390	$ 1.9910
8,001 to 38,000 gallons	NT	2.8432	2.8837		2.7223	2.5953
Over 38,000 gallons	NT	4.1674	4.2268		3.9613	3.8041
First 25,000 gallons				$ 2.4000		
Over 25,000 gallons				3.7083		
1 ½" Meter						
First 15,000 gallons	NT	$ 2.1811	$ 2.2122		$ 1.9390	$ 1.9910
15,001 to 75,000 gallons	NT	2.8432	2.8837		2.7223	2.5953
Over 75,000 gallons	NT	4.1674	4.2268		3.9613	3.8041
First 55,000 gallons				$ 2.4000		
Over 55,000 gallons				3.7083		
2" Meter						
First 95,000 gallons	$ 2.1026			$ 2.4000		
Over 95,000 gallons	3.2590			3.7083		
First 24,000 gallons		$ 2.1811	$ 2.2122		$ 1.9390	$ 1.9910
24,001 to 120,000 gallons		2.8432	2.8837		2.7223	2.5953
Over 120,000 gallons		4.1674	4.2268		3.9613	3.8041
3" Meter						

First 195,000 gallons	$ 2.1026			$ 2.4000		
Over 195,000 gallons	3.2590			3.7083		
First 48,000 gallons		$ 2.1811	$ 2.2122		$ 1.9390	$ 1.9910
48,001 to 240,000 gallons		2.8432	2.8837		2.7223	2.5953
Over 240,000 gallons		4.1674	4.2268		3.9613	3.8041
4" Meter						
First 315,000 gallons	$ 2.1026			$ 2.4000		
Over 315,000 gallons	3.2590			3.7083		
First 75,000 gallons		$ 2.1811	$ 2.2122		$ 1.9390	$ 1.9910
75,001 to 375,000 gallons		2.8432	2.8837		2.7223	2.5953
Over 375,000 gallons		4.1674	4.2268		3.9613	3.8041
6" Meter						
First 150,000 gallons	NT	$ 2.1811	$ 2.2122		$ 1.9390	$ 1.9910
150,001 to 750,000 gallons	NT	2.8432	2.8837		2.7223	2.5953
Over 750,000 gallons	NT	4.1674	4.2268		3.9613	3.8041
First 650,000 gallons				$ 2.4000		
Over 650,000 gallons				3.7083		
8" Meter						
First 240,000 gallons	NT	$ 2.1811	$ 2.2122		$ 1.9390	$ 1.9910
240,001 to 1,200,000 gallons	NT	2.8432	2.8837		2.7223	2.5953
Over 1,200,000 gallons	NT	4.1674	4.2268		3.9613	3.8041
First 1 million gallons				$ 2.4000		
Over 1 million gallons				3.7083		
10" Meter						
First 345,000 gallons	NT	$ 2.1811	$ 2.2122		$ 1.9390	$ 1.9910
345,001 to 1,725,000 gallons	NT	2.8432	2.8837		2.7223	2.5953
Over 1,725,000 gallons	NT	4.1674	4.2268		3.9613	3.8041
First 1,475,000 gallons				$ 2.4000		
Over 1,475,000 gallons				3.7083		
Coin Machine						
Gallons per $0.25	109	105	103	NT	105	115
Sales for Resale						
All gallons	$ 1.5500	$ 2.1811	$ 2.2122	$ 2.4000	$ 1.9175	$ 1.9910
Private Fire Service						
All gallons	NT	NT	NT	NT	NT	NT
Public Fire Hydrant						
All gallons	NT	NT	NT	NT	NT	NT

WHITE TANK SERVICE AREA	Current	AWC Reb.	RUCO Direct	Staff Direct	Settlement Agreement
Monthly Minimum Charges					
Residential					
5/8" x ¾" Meter	$ 23.00	$ 30.00	$ 26.00	$ 28.00	$ 29.00
3/4" Meter	NT	45.00	39.00	42.00	43.50
1" Meter	57.50	75.00	65.00	70.00	72.50
1 ½" Meter	115.00	150.00	130.00	140.00	145.00
2" Meter	184.00	240.00	208.00	224.00	232.00
3" Meter	368.00	480.00	416.00	448.00	464.00
4" Meter	575.00	750.00	650.00	700.00	725.00
6" Meter	1,150.00	1,500.00	1,300.00	1,400.00	1,450.00
8" Meter	1,840.00	2,400.00	2,080.00	2,240.00	2,320.00
10" Meter	2,645.00	3,450.00	2,990.00	3,220.00	3,335.00
Commercial, Industrial					
5/8" x ¾" Meter	$ 23.00	$ 35.00	$ 26.00	$ 31.36	$ 35.00
3/4" Meter	NT	52.50	39.00	47.04	52.50
1" Meter	57.50	87.50	65.00	78.40	87.50
1 ½" Meter	115.00	175.00	130.00	156.80	175.00
2" Meter	184.00	280.00	208.00	250.88	280.00
3" Meter	368.00	560.00	416.00	501.76	560.00
4" Meter	575.00	875.00	650.00	784.00	875.00
6" Meter	1,150.00	1,750.00	1,300.00	1,568.00	1,750.00
8" Meter	1,840.00	2,800.00	2,080.00	2,508.80	2,800.00
10" Meter	2,645.00	4,025.00	2,990.00	3,606.40	4,025.00
Construction Water					
5/8" x ¾" Meter	NT	$ 25.00	$ 26.00	$ 24.64	$ 25.00
3/4" Meter	NT	37.50	39.00	36.96	37.50
1" Meter	NT	62.50	65.00	61.60	62.50
1 ½" Meter	NT	125.00	130.00	123.20	125.00
2" Meter	184.00	200.00	208.00	197.12	200.00
3" Meter	368.00	400.00	416.00	394.24	400.00
4" Meter	575.00	625.00	650.00	616.00	625.00
6" Meter	NT	1,250.00	1,300.00	1,232.00	1,250.00
8" Meter	NT	2,000.00	2,080.00	1,971.20	2,000.00
10" Meter	NT	2,875.00	2,990.00	2,833.60	2,875.00
Sales for Resale					
5/8" x ¾" Meter	$ 23.00	$ 25.00	$ 26.00	$ 24.64	$ 25.00
3/4" Meter	NT	37.50	39.00	36.96	37.50
1" Meter	57.50	62.50	65.00	61.60	62.50
1 ½" Meter	115.00	125.00	130.00	123.20	125.00
2" Meter	184.00	200.00	208.00	197.12	200.00
3" Meter	368.00	400.00	416.00	394.24	400.00
4" Meter	575.00	625.00	650.00	616.00	625.00
6" Meter	1,150.00	1,250.00	1,300.00	1,232.00	1,250.00
8" Meter	1,840.00	2,000.00	2,080.00	1,971.20	2,000.00
10" Meter	2,645.00	2,875.00	2,990.00	2,833.60	2,875.00
Private Fire					
All Sizes	$ 25.00	$ 35.00	$35.00	$ 31.36	$ 35.00

Public Fires Hydrant					
All Sizes	NT	NT	NT	NT	NT
Commodity Rates					
Residential					
5/8" x ¾" Meter					
First 5,000 gallons	$ 1.8000		$ 2.0338		
5,001 to 15,000 gallons	3.0000		3.3896		
Over 15,000 gallons	5.1664		5.8374		
First 3,000 gallons		$ 2.3012		$ 1.9150	$ 2.0810
3,001 to 10,000 gallons		3.3771		2.7700	3.0541
10,001 to 30,000 gallons		4.4531		4.4090	4.0271
Over 30,000 gallons		6.6049		6.2400	5.9731
3/4" Meter					
First 5,000 gallons			$ 2.0338		
5,001 to 15,000 gallons			3.3896		
Over 15,000 gallons			5.8374		
First 5,000 gallons		$ 2.3012		$ 1.9150	$ 2.0810
5,001 to 15,000 gallons		3.3771		2.7700	3.0541
15,001 to 30,000 gallons		4.4531		4.4090	4.0271
Over 30,000 gallons		6.6049		6.2400	5.9731
1" Meter					
First 25,000 gallons	$ 3.0000		$ 3.3896		
Over 25,000 gallons	5.1664		5.8374		
First 8,000 gallons		$ 3.3771		$ 2.7700	$ 3.0541
8,001 to 20,000 gallons		4.4531		4.4090	4.0271
Over 20,000 gallons		6.6049		6.2400	5.9731
1 ½" Meter					
First 50,000 gallons	$ 3.0000		$ 3.3896		
Over 50,000 gallons	5.1664		5.8374		
First 15,000 gallons		$ 3.3771		$ 2.7700	$ 3.0541
15,001 to 35,000 gallons		4.4531		4.4090	4.0271
Over 35,000 gallons		6.6049		6.2400	5.9731
2" Meter					
First 80,000 gallons	$ 3.0000		$ 3.3896		
Over 80,000 gallons	5.1664		5.8374		
First 24,000 gallons		$ 3.3771		$ 2.7700	$ 3.0541
24,001 to 60,000 gallons		4.4531		4.4090	4.0271
Over 60,000 gallons		6.6049		6.2400	5.9731
3" Meter					
First 160,000 gallons	$ 3.0000		$ 3.3896		
Over 160,000 gallons	5.1664		5.8374		
First 48,000 gallons		$ 3.3771		$ 2.7700	$ 3.0541
48,001 to 120,000 gallons		4.4531		4.4090	4.0271
Over 120,000 gallons		6.6049		6.2400	5.9731
4" Meter					
First 250,000 gallons	$ 3.0000		$ 3.3896		
Over 250,000 gallons	5.1664		5.8374		
First 75,000 gallons		$ 3.3771		$ 2.7700	$ 3.0541
75,001 to 200,000 gallons		4.4531		4.4090	4.0271
Over 200,000 gallons		6.6049		6.2400	5.9731
6" Meter					

First 500,000 gallons	$ 3.0000		$ 3.3896		
Over 500,000 gallons	5.1664		5.8374		
First 150,000 gallons		$ 3.3771		$ 2.7700	$ 3.0541
150,001 to 425,000 gallons		4.4531		4.4090	4.0271
Over 425,000 gallons		6.6049		6.2400	5.9731
8" Meter					
First 800,000 gallons	$ 3.0000		$ 3.3896		
Over 800,000 gallons	5.1664		5.8374		
First 240,000 gallons		$ 3.3771		$ 2.7700	$ 3.0541
240,001 to 800,000 gallons		4.4531		4.4090	4.0271
Over 800,000 gallons		6.6049		6.2400	5.9731
10" Meter					
First 1,150,000 gallons	$ 3.0000		$ 3.3896		
Over 1,150,000 gallons	5.1664		5.8374		
First 345,000 gallons		$ 3.3771		$ 2.7700	$ 3.0541
345,001 to 1,150,000 gallons		4.4531		4.4090	4.0271
Over 1,150,000 gallons		6.6049		6.2400	5.9731
Commercial, Construction Water					
5/8" x ¾" Meter					
First 10,000 gallons	$ 3.0000		$ 3.3896		
Over 10,000 gallons	5.1664		5.8374		
First 5,000 gallons		$ 3.3771		$ 2.7700	$ 3.0541
5,001 to 20,000 gallons		4.4531		4.4090	4.0271
Over 20,000 gallons		6.6049		6.2400	5.9731
3/4" Meter					
First 10,000 gallons	NT		$ 3.3896		
Over 10,000 gallons	NT		5.8374		
First 8,000 gallons		$ 3.3771		$ 2.7700	$ 3.0541
8,001 to 25,000 gallons		4.4531		4.4090	4.0271
Over 25,000 gallons		6.6049		6.2400	5.9731
1" Meter					
First 20,000 gallons	$ 3.0000		$ 3.3896		
Over 20,000 gallons	5.1664		5.8374		
First 13,000 gallons		$ 3.3771		$ 2.7700	$ 3.0541
13,001 to 35,000 gallons		4.4531		4.4090	4.0271
Over 35,000 gallons		6.6049		6.2400	5.9731
1 ½" Meter					
First 45,000 gallons	$ 3.0000		$ 3.3896		
Over 45,000 gallons	5.1664		5.8374		
First 25,000 gallons		$ 3.3771		$ 2.7700	$ 3.0541
25,001 to 50,000 gallons		4.4531		4.4090	4.0271
Over 50,000 gallons		6.6049		6.2400	5.9731
2" Meter					
First 75,000 gallons	$ 3.0000		$ 3.3896		
Over 75,000 gallons	5.1664		5.8374		
First 40,000 gallons		$ 3.3771		$ 2.7700	$ 3.0541
40,001 to 75,000 gallons		4.4531		4.4090	4.0271
Over 75,000 gallons		6.6049		6.2400	5.9731
3" Meter					
First 155,000 gallons	$ 3.0000		$ 3.3896		
Over 155,000 gallons	5.1664		5.8374		

First 80,000 gallons		$ 3.3771		$ 2.7700	$ 3.0541
80,001 to 150,000 gallons		4.4531		4.4090	4.0271
Over 150,000 gallons		6.6049		6.2400	5.9731
4" Meter					
First 245,000 gallons	$ 3.0000		$ 3.3896		
Over 245,000 gallons	5.1664		5.8374		
First 125,000 gallons		$ 3.3771		$ 2.7700	$ 3.0541
125,001 to 240,000 gallons		4.4531		4.4090	4.0271
Over 240,000 gallons		6.6049		6.2400	5.9731
6" Meter					
First 500,000 gallons	$ 3.0000		$ 3.3896		
Over 500,000 gallons	5.1664		5.8374		
First 250,000 gallons		$ 3.3771		$ 2.7700	$ 3.0541
250,001 to 1 million gallons		4.4531		4.4090	4.0271
Over 1 million gallons		6.6049		6.2400	5.9731
8" Meter					
First 800,000 gallons	$ 3.0000		$ 3.3896		
Over 800,000 gallons	5.1664		5.8374		
First 400,000 gallons		$ 3.3771		$ 2.7700	$ 3.0541
400,001 to 1,600,000 gallons		4.4531		4.4090	4.0271
Over 1,600,000 gallons		6.6049		6.2400	5.9731
10" Meter					
First 1,150,000 gallons	$ 3.0000		$ 3.3896		
Over 1,150,000 gallons	5.1664		5.8374		
First 575,000 gallons		$ 3.3771		$ 2.7700	$ 3.0541
575,001 to 2,300,000 gallons		4.4531		4.4090	4.0271
Over 2,300,000 gallons		6.6049		6.2400	5.9731
Industrial					
5/8" x ¾" Meter					
First 10,000 gallons	$ 3.0000		$ 3.3896		
Over 10,000 gallons	5.1664		5.8374		
All gallons		$ 4.4531		$ 4.4090	$ 4.0271
3/4" Meter					
First 10,000 gallons	NT		$ 3.3896		
Over 10,000 gallons	NT		5.8374		
All gallons		$ 4.4531		$ 4.4090	$ 4.0271
1" Meter					
First 20,000 gallons	$ 3.0000		$ 3.3896		
Over 20,000 gallons	5.1664		5.8374		
All gallons		$ 4.4531		$ 4.4090	$ 4.0271
1 ½" Meter					
First 45,000 gallons	$ 3.0000		$ 3.3896		
Over 45,000 gallons	5.1664		5.8374		
All gallons		$ 4.4531		$ 4.4090	$ 4.0271
2" Meter					
First 75,000 gallons	$ 3.0000		$ 3.3896		
Over 75,000 gallons	5.1664		5.8374		
All gallons		$ 4.4531		$ 4.4090	$ 4.0271
3" Meter					
First 155,000 gallons	$ 3.0000		$ 3.3896		
Over 155,000 gallons	5.1664		5.8374		

All gallons		$ 4.4531		$ 4.4090	$ 4.0271
4" Meter					
First 245,000 gallons	$ 3.0000		$ 3.3896		
Over 245,000 gallons	5.1664		5.8374		
All gallons		$ 4.4531		$ 4.4090	$ 4.0271
6" Meter & Larger					
All gallons	$ 3.0000	$ 3.5000	$ 3.3896	$ 3.5394	$ 3.5000
Sales for Resale					
All meters & all gallons	$ 3.0000	$ 3.3771	$ 3.3896	$ 2.7700	$ 3.0541
Private Fire Service					
All gallons	NT	NT	NT	NT	NT
Public Fire Hydrant					
All gallons	NT	NT	NT	NT	NT

AJO SERVICE AREA	Current	AWC Reb.	RUCO Direct	Staff Direct	Settlement Agreement
Monthly Minimum Charges					
Residential					
5/8" x ¾" Meter	$ 25.00	$ 28.00	$ 26.62	$ 26.93	$ 28.00
3/4" Meter	NT	42.00	39.93	40.40	42.00
1" Meter	62.50	70.00	66.55	67.33	70.00
1 ½" Meter	125.00	140.00	133.10	134.65	140.00
2" Meter	200.00	224.00	212.96	215.44	224.00
3" Meter	400.00	448.00	425.92	430.88	448.00
4" Meter	625.00	700.00	665.50	673.25	700.00
6" Meter	1,250.00	1,400.00	1,331.00	1,346.50	1,400.00
8" Meter	2,000.00	2,240.00	2,129.60	2,154.40	2,240.00
10" Meter	2,875.00	3,220.00	3,061.30	3,096.95	3,220.00
Commercial, Sales for Resale					
5/8" x ¾" Meter	$ 25.00	$ 33.00	$ 26.62	$ 31.74	$ 33.00
3/4" Meter	NT	49.50	39.93	47.61	49.50
1" Meter	62.50	82.50	66.55	79.35	82.50
1 ½" Meter	125.00	165.00	133.10	158.69	165.00
2" Meter	200.00	264.00	212.96	253.91	264.00
3" Meter	400.00	528.00	425.92	507.82	528.00
4" Meter	625.00	825.00	665.50	793.47	825.00
6" Meter	1,250.00	1,650.00	1,331.00	1,586.95	1,650.00
8" Meter	2,000.00	2,640.00	2,129.60	2,539.11	2,640.00
10" Meter	2,875.00	3,795.00	3,061.30	3,649.98	3,795.00
Industrial					
5/8" x ¾" Meter	$ 25.00	$ 35.00	$ 26.62	$ 33.66	$ 35.00
3/4" Meter	NT	52.50	39.93	50.49	52.50
1" Meter	62.50	87.50	66.55	84.16	87.50
1 ½" Meter	125.00	175.00	133.10	168.31	175.00
2" Meter	200.00	280.00	212.96	269.30	280.00
3" Meter	400.00	560.00	425.92	538.60	560.00
4" Meter	625.00	875.00	665.50	841.56	875.00
6" Meter	1,250.00	1,750.00	1,331.00	1,683.13	1,750.00
8" Meter	2,000.00	2,800.00	2,129.60	2,693.00	2,800.00
10" Meter	2,875.00	4,025.00	3,061.30	3,871.19	4,025.00
Construction Water					
5/8" x ¾" Meter	NT	$ 33.00	$ 26.62	$ 31.74	$ 33.00
3/4" Meter	NT	49.50	39.93	47.61	49.50
1" Meter	NT	82.50	66.55	79.35	82.50
1 ½" Meter	NT	165.00	133.10	158.69	165.00
2" Meter	$ 200.00	264.00	212.96	253.91	264.00
3" Meter	400.00	528.00	425.92	507.82	528.00
4" Meter	625.00	825.00	665.50	793.47	825.00
6" Meter	NT	1,650.00	1,331.00	1,586.95	1,650.00
8" Meter	NT	2,640.00	2,129.60	2,539.11	2,640.00
10" Meter	NT	3,795.00	3,061.30	3,649.98	3,795.00
Private Fire					
All Sizes	$ 25.00	$ 35.00	$ 35.00	$ 33.66	$ 35.00

Public Fire Hydrant					
All Sizes	NT	NT	NT	NT	NT
Coin Machine	NT	NT	NT	NT	NT
Commodity Rates					
Residential					
5/8" x ¾" Meter					
First 3,000 gallons	$ 3.3617		$ 3.5796		
3,001 to 10,000 gallons	5.9502		6.3359		
Over 10,000 gallons	9.2228		9.8206		
First 2,000 gallons		$ 4.5063		$ 4.1650	$ 3.9210
2,001 to 5,000 gallons		6.4705		5.6650	5.6300
5,001 to 10,000 gallons		8.4347		7.3100	7.3391
Over 10,000 gallons		12.3630		10.5930	10.7572
3/4" Meter					
First 3,000 gallons	NT		$ 3.5796		
3,001 to 10,000 gallons	NT		6.3359		
Over 10,000 gallons	NT		9.8206		
First 3,000 gallons		$ 4.5063		$ 4.1650	$ 3.9210
3,001 to 7,000 gallons		6.4705		5.6650	5.6300
7,001 to 11,000 gallons		8.4347		7.3100	7.3391
Over 11,000 gallons		12.3630		10.5930	10.7572
1" Meter					
First 15,000 gallons	$ 5.9502		$ 6.3359		
Over 15,000 gallons	9.2228		9.8206		
First 5,000 gallons		$ 6.4705		$ 5.6650	$ 5.6300
5,001 to 13,000 gallons		8.4347		7.3100	7.3391
Over 13,000 gallons		12.3630		10.5930	10.7572
1 ½" Meter					
First 30,000 gallons	$ 5.9502		$ 6.3359		
Over 30,000 gallons	9.2228		9.8206		
First 10,000 gallons		$ 6.4705		$ 5.6650	$ 5.6300
10,001 to 25,000 gallons		8.4347		7.3100	7.3391
Over 25,000 gallons		12.3630		10.5930	10.7572
2" Meter					
First 50,000 gallons	$ 5.9502		$ 6.3359		
Over 50,000 gallons	9.2228		9.8206		
First 16,000 gallons		$ 6.4705		$ 5.6650	$ 5.6300
16,001 to 40,000 gallons		8.4347		7.3100	7.3391
Over 40,000 gallons		12.3630		10.5930	10.7572
3" Meter					
First 100,000 gallons	$ 5.9502		$ 6.3359		
Over 100,000 gallons	9.2228		9.8206		
First 32,000 gallons		$ 6.4705		$ 5.6650	$ 5.6300
32,001 to 80,000 gallons		8.4347		7.3100	7.3391
Over 80,000 gallons		12.3630		10.5930	10.7572
4" Meter					
First 150,000 gallons	$ 5.9502		$ 6.3359		
Over 150,000 gallons	9.2228		9.8206		
First 50,000 gallons		$ 6.4705		$ 5.6650	$ 5.6300
50,001 to 125,000 gallons		8.4347		7.3100	7.3391

Over 125,000 gallons		12.3630		10.5930	10.7572
6" Meter					
First 300,000 gallons			$ 6.3359		
Over 300,000 gallons			9.8206		
First 330,000 gallons	$ 5.9502				
Over 330,000 gallons	9.2228				
First 100,000 gallons		$ 6.4705		$ 5.6650	$ 5.6300
100,001 to 250,000 gallons		8.4347		7.3100	7.3391
Over 250,000 gallons		12.3630		10.5930	10.7572
8" Meter					
First 525,000 gallons	$ 5.9502		$ 6.3359		
Over 525,000 gallons	9.2228		9.8206		
First 160,000 gallons		$ 6.4705		$ 5.6650	$ 5.6300
160,001 to 400,000 gallons		8.4347		7.3100	7.3391
Over 400,000 gallons		12.3630		10.5930	10.7572
10" Meter					
First 775,000 gallons	$ 5.9502		$ 6.3359		
Over 775,000 gallons	9.2228		9.8206		
First 230,000 gallons		$ 6.4705		$ 5.6650	$ 5.6300
230,001 to 575,000 gallons		8.4347		7.3100	7.3391
Over 575,000 gallons		12.3630		10.5930	10.7572
Commercial					
5/8" x ¾" Meter					
First 10,000 gallons	$ 5.9502		$ 6.3359		
Over 10,000 gallons	9.2228		9.8206		
First 2,000 gallons		$ 6.4705		$ 5.6650	$ 5.6300
2,001 to 18,000 gallons		8.4347		7.3100	7.3391
Over 18,000 gallons		12.3630		10.5930	10.7572
3/4" Meter					
First 10,000 gallons	NT		$ 6.3359		
Over 10,000 gallons	NT		9.8206		
First 3,000 gallons		$ 6.4705		$ 5.6650	$ 5.6300
3,001 to 20,000 gallons		8.4347		7.3100	7.3391
Over 20,000 gallons		12.3630		10.5930	10.7572
1" Meter					
First 15,000 gallons	$ 5.9502		$ 6.3359		
Over 15,000 gallons	9.2228		9.8206		
First 5,000 gallons		$ 6.4705		$ 5.6650	$ 5.6300
5,001 to 25,000 gallons		8.4347		7.3100	7.3391
Over 25,000 gallons		12.3630		10.5930	10.7572
1 ½" Meter					
First 30,000 gallons	$ 5.9502		$ 6.3359		
Over 30,000 gallons	9.2228		9.8206		
First 10,000 gallons		$ 6.4705		$ 5.6650	$ 5.6300
10,001 to 40,000 gallons		8.4347		7.3100	7.3391
Over 40,000 gallons		12.3630		10.5930	10.7572
2" Meter					
First 50,000 gallons	$ 5.9502		$ 6.3359		
Over 50,000 gallons	9.2228		9.8206		
First 16,000 gallons		$ 6.4705		$ 5.6650	$ 5.6300
16,001 to 60,000 gallons		8.4347		7.3100	7.3391

Over 60,000 gallons		12.3630		10.5930	10.7572
3" Meter					
First 100,000 gallons	$ 5.9502		$ 6.3359		
Over 100,000 gallons	9.2228		9.8206		
First 32,000 gallons		$ 6.4705		$ 5.6650	$ 5.6300
32,001 to 120,000 gallons		8.4347		7.3100	7.3391
Over 120,000 gallons		12.3630		10.5930	10.7572
4" Meter					
First 150,000 gallons	$ 5.9502		$ 6.3359		
Over 150,000 gallons	9.2228		9.8206		
First 50,000 gallons		$ 6.4705		$ 5.6650	$ 5.6300
50,001 to 185,000 gallons		8.4347		7.3100	7.3391
Over 185,000 gallons		12.3630		10.5930	10.7572
6" Meter					
First 330,000 gallons	$ 5.9502		$ 6.3359		
Over 330,000 gallons	9.2228		9.8206		
First 100,000 gallons		$ 6.4705		$ 5.6650	$ 5.6300
100,001 to 300,000 gallons		8.4347		7.3100	7.3391
Over 300,000 gallons		12.3630		10.5930	10.7572
8" Meter					
First 525,000 gallons	$ 5.9502		$ 6.3359		
Over 525,000 gallons	9.2228		9.8206		
First 160,000 gallons		$ 6.4705		$ 5.6650	$ 5.6300
160,001 to 500,000 gallons		8.4347		7.3100	7.3391
Over 500,000 gallons		12.3630		10.5930	10.7572
10" Meter					
First 775,000 gallons	$ 5.9502		$ 6.3359		
Over 775,000 gallons	9.2228		9.8206		
First 230,000 gallons		$ 6.4705		$ 5.6650	$ 5.6300
230,001 to 750,000 gallons		8.4347		7.3100	7.3391
Over 750,000 gallons		12.3630		10.5930	10.7572
Industrial					
5/8" x ¾" Meter					
First 10,000 gallons	$ 5.9502		$ 6.3359		
Over 10,000 gallons	9.2228		9.8206		
All gallons		$ 8.4347		$ 7.3100	$ 7.3391
3/4" Meter					
First 10,000 gallons	NT		$ 6.3359		
Over 10,000 gallons	NT		9.8206		
All gallons		$ 8.4347		$ 7.3100	$ 7.3391
1" Meter					
First 15,000 gallons	$ 5.9502		$ 6.3359		
Over 15,000 gallons	9.2228		9.8206		
All gallons		$ 8.4347		$ 7.3100	$ 7.3391
1 ½" Meter					
First 30,000 gallons	$ 5.9502		$ 6.3359		
Over 30,000 gallons	9.2228		9.8206		
All gallons		$ 8.4347		$ 7.3100	$ 7.3391
2" Meter					
First 50,000 gallons	$ 5.9502		$ 6.3359		
Over 50,000 gallons	9.2228		9.8206		

All gallons		$ 8.4347		$ 7.3100	$ 7.3391
3" Meter					
First 100,000 gallons	$ 5.9502		$ 6.3359		
Over 100,000 gallons	9.2228		9.8206		
All gallons		$ 8.4347		$ 7.3100	$ 7.3391
4" Meter					
First 150,000 gallons	$ 5.9502		$ 6.3359		
Over 150,000 gallons	9.2228		9.8206		
All gallons		$ 8.4347		$ 7.3100	$ 7.3391
6" Meter & Larger					
All gallons	$ 5.9502	$ 2.2500	$ 6.3359	$ 1.9968	$ 2.2500
Construction Water					
5/8" x ¾" Meter					
First 10,000 gallons	NT		$ 6.3359		
Over 10,000 gallons	NT		9.8206		
First 2,000 gallons		$ 6.4705		$ 5.6650	$ 5.6300
2,001 to 18,000 gallons		8.4347		7.3100	7.3391
Over 18,000 gallons		12.3630		10.5930	10.7572
3/4" Meter					
First 10,000 gallons	NT		$ 6.3359		
Over 10,000 gallons	NT		9.8206		
First 3,000 gallons		$ 6.4705		$ 5.6650	$ 5.6300
3,001 to 20,000 gallons		8.4347		7.3100	7.3391
Over 20,000 gallons		12.3630		10.5930	10.7572
1" Meter					
First 30,000 gallons	NT		$ 6.3359		
Over 30,000 gallons	NT		9.8206		
First 5,000 gallons		$ 6.4705		$ 5.6650	$ 5.6300
5,001 to 25,000 gallons		8.4347		7.3100	7.3391
Over 25,000 gallons		12.3630		10.5930	10.7572
1 ½" Meter					
First 50,000 gallons	NT		$ 6.3359		
Over 50,000 gallons	NT		9.8206		
First 10,000 gallons		$ 6.4705		$ 5.6650	$ 5.6300
10,001 to 40,000 gallons		8.4347		7.3100	7.3391
Over 40,000 gallons		12.3630		10.5930	10.7572
2" Meter					
First 50,000 gallons	$ 5.9502		$ 6.3359		
Over 50,000 gallons	9.2228		9.8206		
First 16,000 gallons		$ 6.4705		$ 5.6650	$ 5.6300
16,001 to 60,000 gallons		8.4347		7.3100	7.3391
Over 60,000 gallons		12.3630		10.5930	10.7572
3" Meter					
First 100,000 gallons	$ 5.9502		$ 6.3359		
Over 100,000 gallons	9.2228		9.8206		
First 32,000 gallons		$ 6.4705		$ 5.6650	$ 5.6300
32,001 to 120,000 gallons		8.4347		7.3100	7.3391
Over 120,000 gallons		12.3630		10.5930	10.7572
4" Meter					
First 150,000 gallons	$ 5.9502		$ 6.3359		
Over 150,000 gallons	9.2228		9.8206		

First 50,000 gallons		$ 6.4705		$ 5.6650	$ 5.6300
50,001 to 185,000 gallons		8.4347		7.3100	7.3391
Over 185,000 gallons		12.3630		10.5930	10.7572
6" Meter					
First 330,000 gallons	NT		$ 6.3359		
Over 330,000 gallons	NT		9.8206		
First 100,000 gallons		$ 6.4705		$ 5.6650	$ 5.6300
100,001 to 300,000 gallons		8.4347		7.3100	7.3391
Over 300,000 gallons		12.3630		10.5930	10.7572
8" Meter					
First 525,000 gallons	NT		$ 6.3359		
Over 525,000 gallons	NT		9.8206		
First 160,000 gallons		$ 6.4705		$ 5.6650	$ 5.6300
160,001 to 500,000 gallons		8.4347		7.3100	7.3391
Over 500,000 gallons		12.3630		10.5930	10.7572
10" Meter					
First 775,000 gallons	NT		$ 6.3359		
Over 775,000 gallons	NT		9.8206		
First 230,000 gallons		$ 6.4705		$ 5.6650	$ 5.6300
230,001 to 750,000 gallons		8.4347		7.3100	7.3391
Over 750,000 gallons		12.3630		10.5930	10.7572
Sales for Resale					
All meters & all gallons	$ 5.9502	$ 6.4705	$ 6.3359	$ 5.6650	$ 5.6300
Private Fire Service					
All gallons	NT	NT	NT	NT	NT
Public Fire Hydrant					
All gallons	NT	NT	NT	NT	NT
Coin Machine					
Gallons per $0.25	38	35	NT	NT	41

ALL WESTERN GROUP SYSTEMS						
Service Line & Meter Installation Charges						
	Current			**AWC Rebuttal, Staff Recommended, & Settlement Agreement**		
Meter Size	Service Line*	Meter	Total	Service Line**	Meter	Total*
5/8" Meter	$ 445	$ 155	$ 600	$ 565	Actual Cost	Varies
3/4" Meter	NT	NT	NT	565	Actual Cost	Varies
1" Meter	495	315	810	629	Actual Cost	Varies
1 1/2" Meter	NT	NT	NT	699	Actual Cost	Varies
2" Turbine	830	1,045	1,875	1,054	Actual Cost	Varies
2" Compound	830	1,890	2,720	1,054	Actual Cost	Varies
3" Turbine	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost
3" Compound	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost
4" Turbine	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost
4" Compound	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost
6" Turbine	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost
6" Compound	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost
8" Turbine	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost
8" Compound	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost
10" Turbine	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost
10" Compound	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost

* Actual cost of service line if boring under roadway is required.
** Actual cost of service line if boring under, or cutting roadway/sidewalk is required.

ALL WESTERN GROUP SYSTEMS		
Miscellaneous Service Charges		
	AWC Reb. & Staff Recommended	**Settlement Agreement**
Service Charges		
Establishment	$32.00	$32.00
Guarantee Deposit	*	*
Reconnection for Delinquency (each time)	$32.00	$32.00
Re-Establishment	**	**
Returned Payment for Insufficient Funds (each time)	$25.00	$25.00
Meter Re-Read	$25.00	$25.00
Meter Test	***	***
Late Charge, after 15 days	1.5%	1.5%
After Hours Service Charge [A]	$35.00	$35.00

* Residential maximum: Two times average customer class bill
Non-residential maximum: Two and one-half times that customer's estimated maximum monthly bill

** Eight times the customer's monthly minimum charge, or payment of the minimums since disconnection, whichever is less.

*** No charge for the first test; for the second test for the same customer within any twelve (12) month period, $25.00, or actual time and material, whichever is greater

A After Hours means after regular working hours, on Saturday or Sunday, or on a holiday.

EXHIBIT B

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

2016 MAY -6 P 4: 11

AZ CORP COMMISSION
DOCKET CONTROL

COMMISSIONERS

DOUG LITTLE - CHAIRMAN
BOB STUMP
BOB BURNS
TOM FORESE
ANDY TOBIN

IN THE MATTER OF THE APPLICATION OF ARIZONA WATER COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY, AND FOR ADJUSTMENTS TO ITS RATES AND CHARGES FOR UTILITY SERVICE FURNISHED BY ITS WESTERN GROUP AND FOR CERTAIN RELATED APPROVALS.	DOCKET NO. W-01445A-15-0277 **NOTICE OF FILING OF SETTLEMENT AGREEMENT**

The Utilities Division ("Staff") of the Arizona Corporation Commission ("Commission"), on behalf of the Signatory Parties to the Settlement Agreement ("Agreement"), hereby files the Agreement in compliance with the filing deadline of May 6, 2016, set by the Administrative Law Judge.

RESPECTFULLY SUBMITTED this 6th day of May, 2016.

Wesley C. Van Cleve
Brian E. Smith
Attorneys, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007
(602) 542-3402

Original and thirteen (13) copies of the foregoing filed this 6th day of May, 2016, with:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Copy of the foregoing mailed and/or emailed
this 6th day of May, 2016, to:

Steven A. Hirsch
QUARLES BRADY
One Renaissance Square
Two North Central Avenue
Phoenix, Arizona 85004
Attorneys for Arizona Water Company

E. Robert Spear, General Counsel
ARIZONA WATER COMPANY
P.O. Box 29006
Phoenix, Arizona 85038-9006

Joseph D. Harris, Vice President and Treasurer
ARIZONA WATER COMPANY
P.O. Box 29006
Phoenix, Arizona 85038-9006

Daniel W. Pozefsky, Chief Counsel
RESIDENTIAL UTILITY CONSUMER
SERVICES
1110 West Washington Street, Suite 220
Phoenix, Arizona 85007

Michele L. Van Quathem
Law Office of Michele Van Quathem, PLLC
7600 North 15th Street, Suite 150-30
Phoenix, Arizona 85020
Attorneys for Abbott Laboratories

Greg Patterson
MUGER CHADWICK
916 West Adams Street, Suite 3
Phoenix, Arizona 85007
Attorneys for Western Infrastructure Sustainability Effort

Roseann Osorio

ARIZONA WATER COMPANY

WESTERN GROUP GENERAL RATE CASE

SETTLEMENT AGREEMENT

Docket No. W-01445A-15-0277

SETTLEMENT AGREEMENT

AND

LIST OF SIGNATORY PARTIES

The purpose of this Settlement Agreement ("Agreement") is to settle identified disputed issues related to Docket No. W-01445A-15-0277, Arizona Water Company's ("AWC" or "Company") application to increase rates for its Western Group of systems as identified in its August 21, 2015 application ("Rate Case"). This Agreement is entered into by the following entities, which together comprise the entirety of the parties to this proceeding, including all intervenors:

Arizona Water Company
Arizona Corporation Commission Utilities Division ("Staff")
Residential Utility Consumer Office ("RUCO")
Abbott Laboratories ("Abbott")
Western Infrastructure Sustainability Effort ("WISE")

These entities shall be referred to collectively as the "Signatory Parties."

TERMS AND CONDITIONS

In consideration of the promises and agreements contained in this Agreement, the Signatory Parties agree that the following numbered sections and subsections, including attached exhibits and schedules, comprise the Signatory Parties' Agreement.

1.0 RECITALS

1.1 Docket No. W-01445A-15-0277 was commenced by the filing of a notice of intent to file a general rate application by AWC on July 31, 2015. AWC subsequently filed its general rate application on August 21, 2015. AWC's general rate application ("Application") requested a total proposed revenue increase of $6,010,408, or approximately 28.33%, and a Fair Value Rate Base ("FVRB") of $67,417,785.

1.2 Following a sufficiency finding by Staff on September 14, 2015, RUCO filed an Application to Intervene on September 15, 2015. Abbott filed an Application to Intervene on September 30, 2015. WISE filed an Application to Intervene on December 16, 2015.

1.3 The Administrative Law Judge granted the applications to intervene filed by RUCO, Abbott and WISE ("Intervenors"). No other persons or entities have intervened in this proceeding.

1.4 The Administrative Law Judge scheduled an evidentiary hearing on the Application to commence on May 9, 2016.

1.5 The parties' litigation positions for hearing associated with the total proposed revenue increase and FVRB[1], together with the amount proposed in settlement,[2] are as follows:

	Revenue Increase	% Increase	FVRB
Company	$6,007,339	29.16%	$64,367,950
Staff	$3,788,915	17.85%	$63,874,767
RUCO	$3,189,426	14.92%	$61,693,221
Agreement	**$4,572,937**	**21.55%**	**$63,422,861**

1.6 The parties' litigation positions for hearing included varying rate design proposals. Abbott offered evidence that the revenue requirement for Abbott's 6-inch nonpotable service connection at the Company's proposed rates was 37.62% less than current annual billings to Abbott. Abbott requested that its 6-inch nonpotable service connection be recognized as a

[1] Reflects the Company's position as filed on 4/13/2016, in rebuttal, and Staff and RUCO's position as filed on 3/18/2016, in direct testimony.

[2] WISE and Abbott did not advocate for a particular amount of revenue increase or FVRB, but rather focused on issues specific to their interests, the resolution of which are set forth in other sections of this Agreement.

separate rate class due to the unique service characteristics and non-typical cost of service profile.

1.7 Staff filed a notice of settlement discussions on April 11, 2016. The Signatory Parties were notified of the settlement discussion process, were encouraged to participate in the negotiations, and were provided with an equal opportunity to participate. Pursuant to a notice, formal settlement discussions between the Signatory Parties were held on April 25, 2016, at the Commission's offices, with a settlement reached on all issues in the Rate Case by the Signatory Parties.

1.8 The Signatory Parties agree that the negotiation process undertaken in this matter was open, transparent and inclusive of all Signatory Parties, with each such party having an equal opportunity to participate. All Signatory Parties, including their counsel and principal witnesses and representatives, attended and actively participated in all phases of the settlement discussions. This Agreement is a result of those meetings and the Signatory Parties' good faith efforts to settle all of the issues presented in this Rate Case. A material consideration by AWC in compromising its positions is the ability to quickly move its Application to final determination by the Commission, so that the new rates as set forth in this Agreement and ordered by the Commission may be implemented at the earliest possible date. To this end, the Signatory Parties agree to expedite their efforts in advancing this matter before the Commission consistent with the Procedural Orders made in the Rate Case and Commission Rules.

1.9 The purpose of this Agreement is to settle all issues presented in the Rate Case in a manner that will promote the public interest, provide for a prompt resolution of the issues, and allow expeditious implementation of the new rates as ordered by the Commission.

1.10 The Signatory Parties agree that the terms of this Agreement will serve the public interest by providing a just and reasonable resolution of the issues presented by the Rate Case, establishing just and reasonable rates for AWC's customers, and promoting the health, welfare and safety of AWC's customers. Commission approval of this Agreement will further serve the public interest by allowing the Signatory Parties to avoid the expense and delay associated with continued litigation.

1.11 The Signatory Parties agree to ask the Commission to (1) find that the terms and conditions of this Agreement are just and reasonable and in the public interest, along with all other necessary findings, and (2) approve the Agreement and order that the Agreement and the rates contained therein shall become effective at the earliest practicable date.

2.0 REVENUE REQUIREMENT, RATE BASE, INCOME STATEMENTS AND ADJUSTMENTS TO SAME

2.1 For ratemaking purposes and for the purposes of this Agreement, the Signatory Parties agree that:

2.2 AWC will receive an annual increase in revenues of $4,572,937 for an annual revenue requirement of $25,789,706;

2.3 The FVRB, which is determined based on the Original Cost Less Depreciation Rate Base for purposes of this Rate Case, is $63,422,861.

2.4 The breakdown of test year revenues of the Western Group among the Pinal Valley (Casa Grande, Coolidge, Stanfield), White Tank and Ajo systems is set forth in Schedule A-1 attached and incorporated into the Agreement by this reference.

2.5 The breakdown of FVRB of the Western Group among the Pinal Valley (Casa Grande, Coolidge, Stanfield), White Tank and Ajo systems is set forth in Schedule B-1 attached and incorporated into the Agreement by this reference.

2.6 The Pro Forma Adjustments applicable to FVRB for the Western Group and the breakdown of such adjustments among the Pinal Valley (Casa Grande, Coolidge, Stanfield), White Tank and Ajo systems and the Phoenix Office and Meter Shop are set forth in Schedule B-2, including its appendix attached, which are incorporated into the Agreement by this reference.

2.7 The Adjusted Test Year Operating Income applicable to the Western Group and the breakdown of same among the Pinal Valley (Casa Grande, Coolidge, Stanfield), White Tank and Ajo systems are set forth in Schedule C-1 attached and incorporated into the Agreement by this reference.

2.8 The Income Statement Pro Forma Adjustments applicable to the Western Group and the breakdown of such adjustments among the Pinal Valley (Casa Grande, Coolidge, Stanfield), White Tank and Ajo systems are set forth in Schedule C-2, including its appendix attached, which are incorporated into the Agreement by this reference.

2.9 The computation of the Gross Revenue Conversion Factor applicable to the Western Group and the breakdown of such factor among the Pinal Valley (Casa Grande, Coolidge, Stanfield), White Tank and Ajo systems are set forth in Schedule C-3 attached and incorporated into the Agreement by this reference.

3.0 COST OF CAPITAL

3.1 For ratemaking purposes and for the purposes of this Agreement, the Signatory Parties agree that an appropriate return on common equity shall be 10.0%, an appropriate cost of long-term debt shall be 6.82%, and that a capital structure comprised of 46.31% long-term debt and 53.69% common equity shall be adopted, which equates to a weighted cost of debt of 3.16%, a weighted cost of common equity of 5.37%, and an overall Weighted Average Cost of Capital of 8.53%, as set forth in Schedule D-1 attached and incorporated into the Agreement by this reference.

3.2 RUCO raised a concern in prefiled testimony that AWC's cost of debt was high compared to that of publicly traded water utilities and current interest rates. For the purposes of settlement AWC agrees that going forward it will use its best good faith efforts to reduce its cost of debt, and that any future debt will be prudently incurred under the most reasonable terms and lowest cost reasonably available.

4.0 RATE DESIGN

4.1 For ratemaking purposes and for the purposes of this Agreement, the Signatory Parties agree that:

4.2 The summary of revenues by customer classification for the Western Group and the breakdown of such revenues by classification among the Pinal Valley (Casa Grande, Coolidge, Stanfield), White Tank and Ajo systems shall be as set forth in Schedule H-1 attached and incorporated into the Agreement by this reference.

4.3 The specific revenues by customer classification for the Western Group and the breakdown of such specific revenues by classification among the Pinal Valley (Casa Grande, Coolidge, Stanfield), White Tank and Ajo systems are set forth in Schedule H-2 attached and incorporated into the Agreement by this reference.

4.4 The summary of changes in representative rate schedules by customer classification for the Pinal Valley (Casa Grande, Coolidge, Stanfield), White Tank and Ajo systems is set forth in Schedule H-3 attached and incorporated into the Agreement by this reference.

4.5 The summary of a typical bill analysis, showing impact on bills from the settlement set forth in this Agreement for the Pinal Valley (Casa Grande, Coolidge, Stanfield), White Tank and Ajo systems is set forth in Schedule H-4 attached and incorporated into the Agreement by this reference.

4.6 Abbott Laboratories' 6-inch nonpotable service connection shall be served under a special tariffed rate, as set forth in Schedule H-3 attached and incorporated into the Agreement by this reference.

5.0 NITRATE DEFERRAL

5.1 The Signatory Parties agree that AWC is authorized to defer its incurred costs associated with the installation and operation of the nitrate treatment facilities set forth on the attached Schedule. Support for all elements of these deferred costs shall be maintained by the Company. These deferrals should be subject to the following ratemaking treatment:

5.1.1 All costs should be recorded on AWC's books and records as incurred.

5.1.2 An allowance for funds used during construction ("AFUDC") should be recorded during construction in the ordinary and customary manner for such construction projects.

5.1.3 AWC shall depreciate the nitrate treatment plant additions at the current Commission approved depreciation rates.

5.1.4 AWC shall defer the depreciation expense, cost of media replacement or regeneration, cost of chemicals, and waste media disposal for these facilities once they are placed

in service and operating, and may record post-in service AFUDC for consideration of recovery in AWC's next Western Group rate case. Such deferred cost shall be recorded as a regulatory asset.

5.1.5 The Signatory parties acknowledge that the cost of constructing and operating these nitrate treatment facilities can only be estimated at this time. The Signatory parties agree that the actual, total amount of deferred costs, including depreciation expense, the cost of media replacement or regeneration, cost of chemicals, waste media disposal, and post in-service AFUDC, shall not exceed $21,738,368.

6.0 OTHER SETTLEMENT ISSUES

6.1 The Signatory Parties agree to a rate case expense amount for AWC of $360,000 to be amortized over three (3) years as shown on Schedule C-2 Settlement Appendix, page 3 of 16.

6.2 The Signatory Parties agree that AWC may defer tank maintenance costs for possible recovery in a future rate case, and that AWC is authorized to record such deferral of costs. Further AWC shall keep and maintain adequate records to support the deferred costs.

6.3 The Signatory Parties agree on AWC's proposal to continue its Arsenic Cost Recovery Mechanism ("ACRM"). AWC's General Service Tariff shall be amended to provide limited exceptions to the ACRM surcharge to exclude Abbott Laboratories' dedicated 6-inch service connection from the calculation and application of the surcharge.

6.4 The Signatory Parties agree that the deferral period on the used and useful portion of the deferred M&I Central Arizona Project ("CAP") water charges is extended from twenty to twenty five years as shown on Schedule C-2 Settlement Appendix, page 6 of 16.

6.5 The Signatory Parties agree that AWC shall file a plan of administration for its CAP surcharge within 90 days of a decision in this matter for review and approval by Staff.

6.6 The Signatory Parties agree that AWC shall convert its Uniform System of Accounts ("USOA") to the 1996 version of the National Association of Regulatory Utility Commissioners' ("NARUC") USOA, but will continue using the current version until filing a rate case that uses a 2017 or later test year.

6.7 AWC's next Western Group general rate case filing, or rate case filed for any individual system of the Western Group, shall use a test year including at least twelve months of actual experience with the rates approved in this Rate Case.

6.8 AWC agrees to begin recording its accumulated depreciation reserve by individual utility plant account. In addition, AWC agrees to conduct a comprehensive depreciation study in order to develop a reasonable methodology for allocating its existing accumulated depreciation reserve account to the appropriate utility plant accounts for all service areas. The Company will have completed such depreciation study by the time of filing its next

rate case using a 2017 or later test year. The cost for this study will be deferred for consideration of recovery in a future rate case.

6.9 The Signatory Parties agree on AWC's Off-site Facilities Fee for the White Tank service area, as proposed in its Application.

6.10 The Signatory Parties agree on AWC's proposal to continue its Off-site Facilities Fee tariff schedule for the Pinal Valley (Casa Grande, Coolidge and Stanfield) service area.

6.11 The Signatory Parties agree on AWC's proposal to continue its CAP M&I Fee tariff schedules for the Pinal Valley (Casa Grande and Coolidge only) and White Tank service areas.

6.12 Given the current procedural standing of judicial review of the System Improvement Benefits (SIB) mechanism in the Arizona courts, the Signatory Parties have agreed not to include terms of a SIB mechanism in this Agreement. Should the Supreme Court uphold the Commission's authority to create the SIB by finding that the SIB is a legal ratemaking mechanism, any Signatory Party may use appropriate procedural mechanisms to seek to add a SIB mechanism and shall not be deemed to have waived its right to do so by entering into this Agreement.

7.0 COMMISSION EVALUATION OF PROPOSED SETTLEMENT

7.1 This Agreement shall serve as a procedural device by which the Signatory Parties will submit their proposed settlement of AWC's Rate Case Docket No. W-01445A-15-0277 to the Commission.

7.2 All currently-filed testimony and exhibits, as well as the testimony in support of this Agreement shall be offered into the Commission's record as evidence.

7.3 The Signatory Parties recognize that the Commission will independently consider and evaluate the terms of this Agreement.

7.4 If the Commission issues an order adopting all material terms of this Agreement, such action shall constitute Commission approval of the Agreement. Thereafter, the Signatory Parties shall abide by the terms as approved by the Commission.

7.5 The Signatory Parties agree to support and defend this Agreement, including filing testimony in support of the Agreement and presenting evidence in support of the Agreement at the hearing scheduled to begin on May 12, 2016, and will not oppose any provision of the Agreement in pre-filed or live testimony or otherwise. The parties agree to waive their rights to appeal a Commission Decision approving the same, provided that the Commission approves all material provisions of the Agreement. The Signatory Parties shall take reasonable steps to expedite consideration of the settlement, entry of a Decision adopting the settlement, and implementation of the rates anticipated in this Agreement and shall not seek any delay in the schedules set for consideration of the Agreement or for the Administrative Law Judge's or Commission's consideration of the settlement embodied in the Agreement. If the

Commission adopts an order approving all material terms of this Agreement, the Signatory Parties will support and defend the Commission's order before any court or regulatory agency in which it may be at issue, except that no Party will be required to hire an attorney or otherwise expend money in demonstrating such support.

7.6 Consistent with any order of the Commission, AWC shall file compliance tariffs for Staff review and approval. Such compliance tariffs, however, will become effective upon the effective date of the rate increase stated in the Commission's Order.

7.7 If the Commission fails to issue an order adopting all material terms of this Agreement or adds new or different material terms to this Agreement, any or all of the Signatory Parties may withdraw from this Agreement, and such Signatory Party or Parties may pursue without prejudice their respective remedies at law. For the purposes of this Agreement, whether a term is material shall be left to the discretion of the Signatory Party choosing to withdraw from the Agreement. If a Signatory Party files an application for rehearing before the Commission, Staff shall not be obligated to file any document or take any position regarding the withdrawing Signatory Party's application for rehearing.

7.8 The Signatory parties recognize that Staff does not have the power to bind the Commission. For purposes of proposing a settlement agreement, Staff acts in the same manner as any party to a Commission proceeding.

8.0 MISCELLANEOUS PROVISIONS

8.1 The provisions set forth in the Agreement are made for purposes of settlement only and shall not be construed as admissions against interest or waivers of litigation positions of the Signatory parties in this Rate Case or related to other or future rate cases.

8.2 This Agreement represents the Signatory Parties' mutual desire to settle disputed issues in a manner consistent with the public interest. None of the positions taken in this Agreement by any of the Signatory Parties may be referred to, cited, or relied upon as precedent in any proceeding before the Commission, any other regulatory agency, or any court for any purpose except in furtherance of this Agreement.

8.3 This case presents a unique set of circumstances and to achieve consensus for settlement, participants may be accepting positions that, in other circumstances, they would be unwilling to accept. They are doing so because the Agreement, as a whole, with its various provisions for settling the unique issues presented by this case, is consistent with their long-term interests and with the broad public interest. The acceptance by any Signatory Party of a specific element of this Agreement shall not be considered as precedent for acceptance of that element in any other context.

8.4 No Signatory Party is bound by any position asserted in negotiations, except as expressly stated otherwise in this Agreement. No Signatory Party shall offer evidence of conduct or statements made in the course of negotiating this Agreement before this Commission, or any other regulatory agency, or any court.

8.5 Each of the terms and conditions of the Agreement is in consideration and support of all other terms. Accordingly, the terms are not severable.

8.6 The Signatory Parties warrant and represent that each person whose signature appears below is fully authorized and empowered to execute this Agreement.

8.7 The Signatory Parties acknowledge that they are represented by competent legal counsel and that they understand all of the terms of this Agreement and have had an opportunity to participate in the drafting of this Agreement and to fully review it with their counsel before signing, and that they execute this Agreement with full knowledge of the terms of the Agreement.

8.8 This Agreement may be executed in any number of counterparts and by each individual Signatory Party on separate counterparts, each of which when so executed and delivered shall be deemed an original and all of which taken together shall constitute one and the same instrument. This Agreement may also be executed electronically or by facsimile.

8.9 To the extent any provision of this Agreement is inconsistent with any existing Commission order, rule or regulation, this Agreement shall control.

8.10 Nothing in this Agreement shall prevent AWC from requesting a change to its rates in the event of conditions or circumstances that constitute an emergency. For purposes of this Agreement, the term "emergency" is limited to an extraordinary event that, in the Commission's judgment, requires rate relief in order to protect the public interest. This provision is not intended to preclude Staff or any Intervenor from opposing an application for rate relief filed by AWC pursuant to this paragraph. Nothing in this Agreement is intended to limit the Commission's ability to change rates at any time pursuant to its lawful authority.

Executed this 6th day of May, 2016.

ARIZONA WATER COMPANY

By: William M Garfield
Name: William M. Garfield
Its: President and COO

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

for ~~By:~~ [illegible]
Name: Thomas Broderick
Its: Director Utilities Division

RESIDENTIAL UTILITY CONSUMER OFFICE

By: David Tenney
Name:
Its:

ABBOTT LABORATORIES

By: _____
Name: Troy D. Rosenow
Its: Site Director

WESTERN INFRASTRUCTURE
SUSTAINABILITY EFFORT

By: Greg Patterson
Name: Greg Patterson
Its:

ARIZONA WATER COMPANY

TARIFF SCHEDULE – OFF-SITE FACILITIES FEE (WATER)

Filed by: William M. Garfield
Title: President
Date of Original Filing: April 30, 2012
System(s): **PINAL VALLEY (CASA GRANDE, COOLIDGE, STANFIELD)**

A.C.C. No.
Cancelling A.C.C. No. 527
Tariff or Schedule No. FF-101
Filed:
Effective:

I. Purpose and Applicability

The purpose of the off-site facilities fees payable to Arizona Water Company ("the Company") pursuant to this tariff is to equitably apportion the costs of constructing additional off-site facilities necessary to provide water production, treatment, delivery, recharge, recovery, storage and pressure among all new service connections. These charges are applicable to all new service connections established after the effective date of this tariff undertaken via Main Extension Agreements or requests for service not requiring a Main Extension Agreement. The charges are one-time charges and are payable as a condition to Company's establishment of service, as more particularly provided below.

II. Definitions

Unless the context otherwise requires, the definitions set forth in R-14-2-401 of the Arizona Corporation Commission's ("Commission") rules and regulations governing water utilities shall apply in interpreting this tariff schedule.

"Applicant" means any party entering into an agreement with Company for the installation of water facilities to serve new service connections, including Developers and/or Builders of new residential subdivisions and/or commercial and industrial properties.

"CAP Water" means water from the Central Arizona Project provided directly or indirectly to the Company.

"Company" means Arizona Water Company.

"Main Extension Agreement" means any agreement whereby an Applicant agrees to advance the costs of the installation of water facilities necessary for the Company to serve new service connections within a development, or installs such water facilities necessary to serve new service connections and transfer ownership of such water facilities to the Company, which agreement shall require the approval of the Commission pursuant to A.A.C. R-14-2-406, and shall have the same meaning as "Water Facilities Agreement" or "Line Extension Agreement."

"Off-site Facilities" means water treatment facilities, including treatment of CAP Water and other available water supplies, recharge and recovery facilities, storage tanks and related appurtenances and equipment necessary for proper operation of such water treatment facilities, including engineering and design costs. Off-site facilities may also include booster pumps, wells for recovery of stored CAP water or other groundwater supplies, pressure tanks, transmission mains and related appurtenances and equipment necessary for proper operation of such facilities if these facilities are not for the exclusive use of the applicant and will benefit the entire water system.

"Service Connection" means and includes all service connections for single-family residential or commercial, industrial other uses, regardless of meter size.

III. Off-Site Water Facilities Fee

For each new service connection, the Company shall collect an off-site facilities fee derived from the following table:

OFF-SITE FACILITIES FEE TABLE			
		Total Fee	
Meter Size	**Size Factor**	**Residential**	**All Other Classes**
5/8" x 3/4 "	1	$3,500	$3,500
3/4"	1.5	$3,500	$5,250
1"	2.5	$8,750	$8,750
1-1/2 "	5	$17,500	$17,500
2"	8	$28,000	$28,000
3"	16	$56,000	$56,000
4"	25	$87,500	$87,500
6" or larger	50	$175,000	$175,000

IV. Terms and Conditions

(A) Assessment of One Time Off-Site Facilities Fee: The off-site facilities fee may be assessed only once per parcel, service connection, or lot within a subdivision (similar to meter and service line installation charge). These charges are not applicable to additional service connections that are established as back-up connections, under the condition that these service connections are not to be used at the same time.

(B) Use of Off-Site Facilities Fee: Off-site facilities fees may only be used to pay for capital items of off-site facilities or for repayment of loans obtained to fund the cost of installation of off-site facilities. Off-site facilities fees shall not be used to cover repairs, maintenance, or operational costs. The Company shall record amounts collected under tariff as Contributions in Aid of Construction ("CIAC"); however, such amounts shall not be deducted from rate base until such amounts have been expended for utility plant.

(C) Time of Payment:

1) For those requiring a Main Extension Agreement: In the event that the Applicant is required to enter into a Main Extension Agreement, whereby the Applicant agrees to advance the

costs of installing mains, valves, fittings, hydrants and other on-site improvements or construct such improvements in order to extend service in accordance with R-14-2-406(B), payment of the off-site facilities fees required hereunder shall be made by the Applicant no later than 15 calendar days after receipt of notification from the Company that the Utilities Division of the Arizona Corporation Commission has approved the Main Extension Agreement in accordance with R-14-2-406(M).

2) For those connecting to an existing main: In the event that the Applicant is not required to enter into a Main Extension Agreement, the off-site facilities fee charges hereunder shall be due and payable at the time the meter and service line installation fee is due and payable.

(D) Off-Site Facilities Construction By Developer: Company and Applicant may agree to construction of off-site facilities necessary to serve a particular development by Applicant, which facilities are then conveyed to Company. In that event, Company shall credit the total cost of such off-site facilities as an offset to off-site facilities fees due under this Tariff. If the total cost of the off-site facilities constructed by Applicant and conveyed to Company is less than the applicable off-site facilities fees under this Tariff, Applicant shall pay the remaining amount of off-site facilities fees owed hereunder. If the total cost of the off-site facilities contributed by Applicant and conveyed to Company is more than the applicable off-site facilities fees under this Tariff, Applicant shall be refunded the difference upon acceptance of the off-site facilities by the Company.

(E) Failure to Pay Charges; Delinquent Payments: The Company will not be obligated to make an advance commitment to provide or actually provide water service to any Applicant in the event that the Applicant has not paid in full all charges hereunder. Under no circumstances will the Company set a meter or otherwise allow service to be established if the entire amount of any payment due hereunder has not been paid.

(F) Large Subdivision and/or Development Projects: In the event that the Applicant is engaged in the development of a residential subdivision and/or development containing more than 150 lots, the Company may, in its discretion, agree to payment of off-site facilities fees in installments. Such installments may be based on the residential subdivision and/or development's phasing, and should attempt to equitably apportion the payment of charges hereunder based on the Applicant's construction schedule and water service requirements. In the alternative, the Applicant shall post an irrevocable letter of credit in favor of the Company in a commercially reasonable form, which may be drawn by the Company consistent with the actual or planned construction and hook up schedule for the subdivision and/or development.

(G) Off-Site Facilities Fees Non-refundable: The amounts collected by the Company as off-site facilities fees shall be non-refundable contributions in aid of construction.

(H) Use of Off-Site Facilities Fees Received: All funds collected by the Company as off-site facilities fees shall be deposited into a separate interest bearing bank account and used solely for the purposes of paying for the costs of installation of off-site facilities, including repayment of loans obtained for the installation of off-site facilities that will benefit the entire water system.

ARIZONA WATER COMPANY
OFF-SITE FACILITIES FEE (WATER) (continued)

(I) Off-Site Facilities Fee in Addition to On-site Facilities: The off-site facilities fee shall be in addition to any costs associated with the construction of on-site facilities under a Main Extension Agreement.

(J) Disposition of Excess Funds: After all necessary and desirable off-site facilities are constructed utilizing funds collected pursuant to this tariff, or if the off-site facilities fee tariff has been terminated by order of the Arizona Corporation Commission, any funds remaining in the bank account shall be refunded. The manner of the refund shall be determined by the Commission at the time a refund becomes necessary.

(K) Fire Flow Requirements: In the event the Applicant for service has fire flow requirements that require additional facilities not covered by this tariff, such additional facilities shall be constructed under a separate Main Extension Agreement as a non- refundable contribution and shall be in addition to the off-site facilities fees.

(L) Status Reporting Requirements to the Commission: The Company shall submit a calendar year off-site facilities fee status report each January 31st to Docket Control for the prior twelve (12) month period, beginning January 31, 2017, until the off-site facilities fee tariff is no longer in effect. This status report shall contain a list of all customers that have paid the off-site facilities fee, the amount each has paid, the physical location/address of the property in respect of which such fee was paid, the amount of money spent from the account, the amount of interest earned on the funds within the tariff account, and a list of all facilities that have been installed with the tariff funds during the 12 month period.

ARIZONA WATER COMPANY

TARIFF SCHEDULE – OFF-SITE FACILITIES FEE (WATER)

Filed by: William M. Garfield
Title: President
Date of Original Filing: August 7, 2015
System(s): **WHITE TANK**

A.C.C. No.
Cancelling A.C.C. No.
Tariff or Schedule No.
Filed: August 7, 2015
Effective:

I. Purpose and Applicability

The purpose of the off-site facilities fees payable to Arizona Water Company ("the Company") pursuant to this tariff is to equitably apportion the costs of constructing additional off-site facilities necessary to provide water production, treatment, delivery, recharge, recovery, storage and pressure among all new service connections. These charges are applicable to all new service connections established after the effective date of this tariff undertaken via Main Extension Agreements or requests for service not requiring a Main Extension Agreement. The charges are one-time charges and are payable as a condition to Company's establishment of service, as more particularly provided below.

II. Definitions

Unless the context otherwise requires, the definitions set forth in R-14-2-401 of the Arizona Corporation Commission's ("Commission") rules and regulations governing water utilities shall apply in interpreting this tariff schedule.

"Applicant" means any party entering into an agreement with Company for the installation of water facilities to serve new service connections, including Developers and/or Builders of new residential subdivisions and/or commercial and industrial properties.

"CAP Water" means water from the Central Arizona Project provided directly or indirectly to the Company.

"Company" means Arizona Water Company.

"Main Extension Agreement" means any agreement whereby an Applicant agrees to advance the costs of the installation of water facilities necessary for the Company to serve new service connections within a development, or installs such water facilities necessary to serve new service connections and transfer ownership of such water facilities to the Company, which agreement shall require the approval of the Commission pursuant to A.A.C. R-14-2-406, and shall have the same meaning as "Water Facilities Agreement" or "Line Extension Agreement."

"Off-site Facilities" means water treatment facilities, including treatment of CAP Water and other available water supplies, recharge and recovery facilities, storage tanks and related appurtenances and equipment necessary for proper operation of such water treatment facilities, including engineering and design costs. Off-site facilities may also include booster pumps, wells for recovery of stored CAP water or other groundwater supplies, pressure tanks, transmission mains and related appurtenances and equipment necessary for proper operation of such facilities if these facilities are not for the exclusive use of the applicant and will benefit the entire water system.

ARIZONA WATER COMPANY
OFF-SITE FACILITIES FEE (WATER) (continued)

"Service Connection" means and includes all service connections for single-family residential or commercial, industrial other uses, regardless of meter size.

III. Off-Site Water Facilities Fee

For each new service connection, the Company shall collect an off-site facilities fee derived from the following table:

OFF-SITE FACILITIES FEE TABLE			
		Total Fee	
Meter Size	Size Factor	Residential	All Other Classes
5/8" x 3/4 "	1	$2,500	$2,500
3/4"	1.5	$2,500	$3,750
1"	2.5	$6,250	$6,250
1-1/2 "	5	$12,500	$12,500
2"	8	$20,000	$20,000
3"	16	$40,000	$40,000
4"	25	$62,500	$62,500
6" or larger	50	$125,000	$125,000

IV. Terms and Conditions

(A) Assessment of One Time Off-Site Facilities Fee: The off-site facilities fee may be assessed only once per parcel, service connection, or lot within a subdivision (similar to meter and service line installation charge). These charges are not applicable to additional service connections that are established as back-up connections, under the condition that these service connections are not to be used at the same time.

(B) Use of Off-Site Facilities Fee: Off-site facilities fees may only be used to pay for capital items of off-site facilities or for repayment of loans obtained to fund the cost of installation of off-site facilities. Off-site facilities fees shall not be used to cover repairs, maintenance, or operational costs. The Company shall record amounts collected under tariff as Contributions in Aid of Construction ("CIAC"); however, such amounts shall not be deducted from rate base until such amounts have been expended for utility plant.

(C) Time of Payment:

1) For those requiring a Main Extension Agreement: In the event that the Applicant is required to enter into a Main Extension Agreement, whereby the Applicant agrees to advance the

costs of installing mains, valves, fittings, hydrants and other on-site improvements or construct such improvements in order to extend service in accordance with R-14-2-406(B), payment of the off-site facilities fees required hereunder shall be made by the Applicant no later than 15 calendar days after receipt of notification from the Company that the Utilities Division of the Arizona Corporation Commission has approved the Main Extension Agreement in accordance with R-14-2-406(M).

2) For those connecting to an existing main: In the event that the Applicant is not required to enter into a Main Extension Agreement, the off-site facilities fee charges hereunder shall be due and payable at the time the meter and service line installation fee is due and payable.

(D) Off-Site Facilities Construction By Developer: Company and Applicant may agree to construction of off-site facilities necessary to serve a particular development by Applicant, which facilities are then conveyed to Company. In that event, Company shall credit the total cost of such off-site facilities as an offset to off-site facilities fees due under this Tariff. If the total cost of the off-site facilities constructed by Applicant and conveyed to Company is less than the applicable off-site facilities fees under this Tariff, Applicant shall pay the remaining amount of off-site facilities fees owed hereunder. If the total cost of the off-site facilities contributed by Applicant and conveyed to Company is more than the applicable off-site facilities fees under this Tariff, Applicant shall be refunded the difference upon acceptance of the off-site facilities by the Company.

(E) Failure to Pay Charges; Delinquent Payments: The Company will not be obligated to make an advance commitment to provide or actually provide water service to any Applicant in the event that the Applicant has not paid in full all charges hereunder. Under no circumstances will the Company set a meter or otherwise allow service to be established if the entire amount of any payment due hereunder has not been paid.

(F) Large Subdivision and/or Development Projects: In the event that the Applicant is engaged in the development of a residential subdivision and/or development containing more than 150 lots, the Company may, in its discretion, agree to payment of off-site facilities fees in installments. Such installments may be based on the residential subdivision and/or development's phasing, and should attempt to equitably apportion the payment of charges hereunder based on the Applicant's construction schedule and water service requirements. In the alternative, the Applicant shall post an irrevocable letter of credit in favor of the Company in a commercially reasonable form, which may be drawn by the Company consistent with the actual or planned construction and hook up schedule for the subdivision and/or development.

(G) Off-Site Facilities Fees Non-refundable: The amounts collected by the Company as off-site facilities fees shall be non-refundable contributions in aid of construction.

(H) Use of Off-Site Facilities Fees Received: All funds collected by the Company as off-site facilities fees shall be deposited into a separate interest bearing bank account and used solely for the purposes of paying for the costs of installation of off-site facilities, including repayment of loans obtained for the installation of off-site facilities that will benefit the entire water system.

ARIZONA WATER COMPANY
OFF-SITE FACILITIES FEE (WATER) (continued)

(I) Off-Site Facilities Fee in Addition to On-site Facilities: The off-site facilities fee shall be in addition to any costs associated with the construction of on-site facilities under a Main Extension Agreement.

(J) Disposition of Excess Funds: After all necessary and desirable off-site facilities are constructed utilizing funds collected pursuant to this tariff, or if the off-site facilities fee tariff has been terminated by order of the Arizona Corporation Commission, any funds remaining in the bank account shall be refunded. The manner of the refund shall be determined by the Commission at the time a refund becomes necessary.

(K) Fire Flow Requirements: In the event the Applicant for service has fire flow requirements that require additional facilities not covered by this tariff, such additional facilities shall be constructed under a separate Main Extension Agreement as a non- refundable contribution and shall be in addition to the off-site facilities fees.

(L) Status Reporting Requirements to the Commission: The Company shall submit a calendar year off-site facilities fee status report each January 31st to Docket Control for the prior twelve (12) month period, beginning January 31, 2017, until the off-site facilities fee tariff is no longer in effect. This status report shall contain a list of all customers that have paid the off-site facilities fee, the amount each has paid, the physical location/address of the property in respect of which such fee was paid, the amount of money spent from the account, the amount of interest earned on the funds within the tariff account, and a list of all facilities that have been installed with the tariff funds during the 12 month period.

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Computation of Increase in Gross Revenue Requirement

Line No.	Description	Western Group [A] Company - As Filed	[E] Settlement
4	Adjusted Rate Base	$ 67,417,785	$ 63,422,861
6	Adjusted Operating Income	$ 2,357,130	$ 2,621,423
8	Current Rate of Return (Ln. 6 ÷ Ln. 4)	3.50%	4.13%
10	Required Operating Income (Ln. 4 X Ln. 12)	$ 6,021,978	$ 5,409,741
12	Required Rate of Return	8.93%	8.53%
14	Operating Income Deficiency (Ln. 10 - Ln. 6)	$ 3,664,848	$ 2,788,318
16	Gross Revenue Conversion Factor	1.6400	1.6400
18	Required Increase in Gross Revenue (Ln. 14 X Ln. 16)	$ 6,010,408	$ 4,572,937

Line No.	Customer Classification	[B] Revenue - Present Rates	[C] Revenue - Proposed Rates	[D] Dollar Increase	[D] Percent Increase	[F] Revenue - Present Rates	[G] Revenue - Proposed Rates	[G] Dollar Increase	[H] Percent Increase
31	Residential	$ 13,396,945	$ 17,069,179	$ 3,672,234	27.41%	$ 13,396,945	$ 16,286,196	$ 2,889,251	21.57%
32	Commercial	5,959,602	7,935,581	1,975,979	33.16%	5,959,602	7,465,458	1,505,857	25.27%
33	Industrial	161,824	217,366	55,542	34.32%	161,824	218,971	57,147	35.31%
34	Large Industrial	225,896	306,103	80,206	35.51%	225,896	309,009	83,113	36.79%
35	Abbott Laboratories	586,240	672,045	85,805	14.64%	586,240	498,034	(88,207)	-15.05%
36	Private Fire Service	124,650	174,510	49,860	40.00%	124,650	174,510	49,860	40.00%
37	Other Water Revenues	251,834	342,551	90,717	36.02%	251,834	327,686	75,852	30.12%
39	Total Water Revenues	$ 20,706,991	$ 26,717,335	$ 6,010,343	29.03%	$ 20,706,991	$ 25,279,864	$ 4,572,873	22.08%
41	Miscellaneous Revenues	509,842	509,842	-	0.00%	509,842	509,842	-	0.00%
43	Total Operating Revenues	$ 21,216,833	$ 27,227,177	6,010,343	28.33%	$ 21,216,833	$ 25,789,706	$ 4,572,873	21.55%

Supporting Schedules:
B-1 Settlement, C-1 Settlement, C-3 Settlement, H-1 Settlement

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Recap Schedules:

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Computation of Increase in Gross Revenue Requirement

Line No.	Description	Pinal Valley [A] Company - As Filed	[B]	[C]	[D]	[E] Settlement	[F]	[G]	[H]
4	Adjusted Rate Base	$ 61,344,294				$ 57,511,994			
6	Adjusted Operating Income	$ 2,215,360				$ 2,403,430			
8	Current Rate of Return (Ln. 6 + Ln. 4)	3.61%				4.18%			
10	Required Operating Income (Ln. 4 X Ln. 12)	$ 5,479,474				$ 4,905,565			
12	Required Rate of Return	8.93%				8.53%			
14	Operating Income Deficiency (Ln. 10 - Ln. 6)	$ 3,264,114				$ 2,502,135			
16	Gross Revenue Conversion Factor	1.6403				1.6403			
18	Required Increase in Gross Revenue								
19	(Ln. 14 X Ln. 16)	$ 5,354,172				$ 4,104,288			

Line No.	Customer Classification	Revenue - Present Rates	Revenue - Proposed Rates	Dollar Increase	Percent Increase	Revenue - Present Rates	Revenue - Proposed Rates	Dollar Increase	Percent Increase
31	Residential	$ 11,298,423	$ 14,478,782	$ 3,180,359	28.15%	$ 11,298,423	$ 13,837,510	$ 2,539,087	22.47%
32	Commercial	5,412,847	7,237,593	1,824,746	33.71%	5,412,847	6,812,239	1,399,392	25.85%
33	Industrial	161,824	217,366	55,542	34.32%	161,824	218,971	57,147	35.31%
34	Large Industrial	209,904	282,545	72,641	34.61%	209,904	285,452	75,548	35.99%
35	Abbott Laboratories	586,240	672,045	85,805	14.64%	586,240	498,034	(88,207)	-15.05%
36	Private Fire Service	121,650	170,310	48,660	40.00%	121,650	170,310	48,660	40.00%
37	Other Water Revenues	215,938	302,299	86,361	39.99%	215,938	288,542	72,604	33.62%
39	Total Water Revenues	$ 18,006,827	$ 23,360,941	$ 5,354,114	29.73%	$ 18,006,827	$ 22,111,057	$ 4,104,231	22.79%
41	Miscellaneous Revenues	461,120	461,120	-	0.00%	461,120	461,120	-	0.00%
43	Total Operating Revenues	$ 18,467,946	$ 23,822,061	$ 5,354,114	28.99%	$ 18,467,946	$ 22,572,177	$ 4,104,231	22.22%

Supporting Schedules:
B-1 Settlement, C-1 Settlement, C-3 Settlement, H-1 Settlement

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DECISION NO. _____

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Computation of Increase in Gross Revenue Requirement

White Tank

Line No.	Description	[A] Company - As Filed	[B]	[C]	[D]	[E] Settlement	[F]	[G]	[H]
4	Adjusted Rate Base	$ 5,107,756				$ 4,964,851			
6	Adjusted Operating Income	$ 113,125				$ 176,365			
8	Current Rate of Return (Ln. 6 ÷ Ln. 4)	2.21%				3.55%			
10	Required Operating Income (Ln. 4 X Ln. 12)	$ 456,242				$ 423,484			
12	Required Rate of Return	8.93%				8.53%			
14	Operating Income Deficiency (Ln. 10 - Ln. 6)	$ 343,116				$ 247,119			
16	Gross Revenue Conversion Factor	1.6377				1.6377			
18	Required Increase in Gross Revenue								
19	(Ln. 14 X Ln. 16)	$ 561,919				$ 404,704			

Customer Classification	Revenue - Present Rates	Revenue - Proposed Rates	Dollar Increase	Percent Increase	Revenue - Present Rates	Revenue - Proposed Rates	Dollar Increase	Percent Increase
Residential	$ 1,791,595	$ 2,220,136	$ 428,541	23.92%	$ 1,791,595	$ 2,097,342	$ 305,747	17.07%
Commercial	421,627	542,416	120,789	28.65%	421,627	509,038	87,411	20.73%
Industrial	-	-	7,565	0.00%	-	-	-	0.00%
Large Industrial	15,992	23,557		0.00%	15,992	23,557	7,565	47.31%
Abbott Laboratories	-	-		0.00%	-	-	-	0.00%
Private Fire Service	1,800	2,520	720	40.00%	1,800	2,520	720	40.00%
Other Water Revenues	35,331	39,659	4,328	12.25%	35,331	38,616	3,285	9.30%
Total Water Revenues	$ 2,266,346	$ 2,828,289	$ 561,944	24.80%	$ 2,266,346	$ 2,671,074	$ 404,729	17.86%
Miscellaneous Revenues	44,621	44,621	-	0.00%	44,621	44,621	-	0.00%
Total Operating Revenues	$ 2,310,966	$ 2,872,910	$ 561,944	24.32%	$ 2,310,966	$ 2,715,695	$ 404,729	17.51%

Supporting Schedules:
B-1 Settlement, C-1 Settlement, C-3 Settlement, H-1 Settlement

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Recap Schedules:

DECISION NO. _____

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Computation of Increase in Gross Revenue Requirement

Ajo

Line No.	Description	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]
1									
2		Company - As Filed				Settlement			
3									
4	Adjusted Rate Base	$ 965,735				$ 946,016			
5									
6	Adjusted Operating Income	$ 28,644				$ 41,628			
7									
8	Current Rate of Return (Ln. 6 ÷ Ln. 4)	2.97%				4.40%			
9									
10	Required Operating Income (Ln. 4 X Ln. 12)	$ 86,263				$ 80,692			
11									
12	Required Rate of Return	8.93%				8.53%			
13									
14	Operating Income Deficiency (Ln. 10 - Ln. 6)	$ 57,618				$ 39,064			
15									
16	Gross Revenue Conversion Factor	1.6369				1.6369			
17									
18	Required Increase in Gross Revenue								
19	(Ln. 14 X Ln. 16)	$ 94,318				$ 63,945			
20									
21									
22									
23									
24									
25									
26									
27		Revenue -	Revenue -			Revenue -	Revenue -		
28		Present	Proposed	Dollar	Percent	Present	Proposed	Dollar	Percent
29	Customer Classification	Rates	Rates	Increase	Increase	Rates	Rates	Increase	Increase
30									
31	Residential	$ 306,927	$ 370,261	$ 63,334	20.63%	$ 306,927	$ 351,344	$ 44,417	14.47%
32	Commercial	125,128	155,572	30,444	24.33%	125,128	144,181	19,054	15.23%
33	Industrial	-	-	-	0.00%	-	-	-	0.00%
34	Large Industrial	-	-	-	0.00%	-	-	-	0.00%
35	Abbott Laboratories	-	-	-	0.00%	-	-	-	0.00%
36	Private Fire Service	1,200	1,680	480	40.00%	1,200	1,680	480	40.00%
37	Other Water Revenues	564	592	28	4.94%	564	528	(37)	-6.50%
38									
39	Total Water Revenues	$ 433,819	$ 528,105	$ 94,286	21.73%	$ 433,819	$ 497,733	$ 63,914	14.73%
40									
41	Miscellaneous Revenues	4,101	4,101	-	0.00%	4,101	4,101	-	0.00%
42									
43	Total Operating Revenues	$ 437,921	$ 532,206	$ 94,286	21.53%	$ 437,921	$ 501,834	$ 63,914	14.59%
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Supporting Schedules:
B-1 Settlement, C-1 Settlement, C-3 Settlement, H-1 Settlement

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Recap Schedules:

DECISION NO. _____

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Summary Original Cost Rate Base

Line No.		Western Group [A] Original Cost Rate Base - As Filed	[B] Settlement Adjustments	[C] Original Cost Rate Base - Settlement
1				
2	Gross Plant in Service	$ 207,103,607	$ (2,548,869)	$ 204,554,738
3				
4	Less:			
5	Accumulated Depreciation	50,872,499	(41,671)	50,830,828
6	Net Plant in Service	$ 156,231,108	$ (2,507,198)	$ 153,723,910
7				
8	Less:			
9	Advances in Aid of Construction	52,761,243	-	52,761,243
10	Contributions in Aid of Construction:			
11	Gross	33,654,716	-	33,654,716
12	Accumulated Amortization	(5,667,819)	-	(5,667,819)
13	Net Contributions in Aid of Construction	$ 27,986,897	$ -	$ 27,986,897
14				
15	Deferred Income Tax	14,084,977	1,217,361	15,302,338
16	Customer Deposits	466,238	-	466,238
17				
18	Add:			
19	Working Capital	1,732,229	(270,365)	1,461,863
20	Net Regulatory Asset / (Liability)	4,753,804	-	4,753,804
21				
22				
23	Total Rate Base	$ 67,417,785	$ (3,994,924)	$ 63,422,861
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Supporting Schedules:
B-2 Settlement, B-3 Settlement, B-5 Settlement

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Recap Schedules:
A-1 Settlement

DECISION NO. _____

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Summary Original Cost Rate Base

Line No.		Pinal Valley [A] Original Cost Rate Base - As Filed	Pinal Valley [B] Settlement Adjustments	Pinal Valley [C] Original Cost Rate Base - Settlement	White Tank [A] Original Cost Rate Base - As Filed	White Tank [B] Settlement Adjustments	White Tank [C] Original Cost Rate Base - Settlement	Ajo [A] Original Cost Rate Base - As Filed	Ajo [B] Settlement Adjustments	Ajo [C] Original Cost Rate Base - Settlement
1										
2	Gross Plant in Service	$ 172,895,726	$ (2,462,705)	$ 170,433,021	$ 31,633,216	$ (73,230)	$ 31,559,986	$ 2,574,664	$ (12,934)	$ 2,561,731
3										
4	Less:									
5	Accumulated Depreciation	44,260,678	(40,196)	44,220,482	5,425,556	(1,257)	5,424,298	1,186,265	(217)	1,186,048
6	Net Plant in Service	$ 128,635,048	$ (2,422,509)	$ 126,212,539	$ 26,207,660	$ (71,973)	$ 26,135,687	$ 1,388,399	$ (12,716)	$ 1,375,683
7										
8	Less:									
9	Advances in Aid of Construction	36,540,428	-	36,540,428	16,185,732	-	16,185,732	35,084	-	35,084
10	Contributions in Aid of Construction:									
11	Gross	29,481,326	-	29,481,326	4,006,138	-	4,006,138	167,252	-	167,252
12	Accumulated Amortization	(5,181,305)	-	(5,181,305)	(458,417)	-	(458,417)	(28,097)	-	(28,097)
13	Net Contributions in Aid of Construction	$ 24,300,021	$ -	$ 24,300,021	$ 3,547,721	$ -	$ 3,547,721	$ 139,155	$ -	$ 139,155
14										
15	Deferred Income Tax	12,343,427	1,133,789	13,477,215	1,473,620	83,540	1,557,159	267,931	32	267,963
16	Customer Deposits	422,585	-	422,585	34,152	-	34,152	9,501	-	9,501
17										
18	Add:									
19	Working Capital	1,561,902	(276,002)	1,285,900	141,320	12,608	153,927	29,007	(6,971)	22,036
20	Net Regulatory Asset / (Liability)	4,753,804	-	4,753,804	-	-	-	-	-	-
21										
22										
23	Total Rate Base	$ 61,344,294	$ (3,832,300)	$ 57,511,994	$ 5,107,756	$ (142,905)	$ 4,964,851	$ 965,735	$ (19,719)	$ 946,016
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Supporting Schedules:
B-2 Settlement, B-3 Settlement, B-5 Settlement

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Recap Schedules:
A-1 Settlement

DECISION NO. _____

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Summary Original Cost Rate Base

Line No.		Phoenix Office [A] Original Cost Rate Base - As Filed	Phoenix Office [B] Settlement Adjustments	Phoenix Office [C] Original Cost Rate Base - Settlement	Meter Shop [A] Original Cost Rate Base - As Filed	Meter Shop [B] Settlement Adjustments	Meter Shop [C] Original Cost Rate Base - Settlement
1							
2	Gross Plant in Service	$ -	$ -	$ -	$ -	$ -	$ -
3							
4	Less:						
5	Accumulated Depreciation	-	-	-	-	-	-
6	Net Plant in Service	$ -	$ -	$ -	$ -	$ -	$ -
7							
8	Less:						
9	Advances in Aid of Construction	-	-	-	-	-	-
10	Contributions in Aid of Construction:						
11	Gross	-	-	-	-	-	-
12	Accumulated Amortization	-	-	-	-	-	-
13	Net Contributions in Aid of Construction	$ -	$ -	$ -	$ -	$ -	$ -
14							
15	Deferred Income Tax	-	-	-	-	-	-
16	Customer Deposits	-	-	-	-	-	-
17							
18	Add:						
19	Working Capital	-	-	-	-	-	-
20	Net Regulatory Asset / (Liability)	-	-	-	-	-	-
21							
22							
23	Total Rate Base	$ -	$ -	$ -	$ -	$ -	$ -

Supporting Schedules:
B-2 Settlement, B-3 Settlement, B-5 Settlement

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Recap Schedules:
A-1 Settlement

DOCKET NO. W-01445A-15-0277

DECISION NO. _____

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Original Cost Rate Base Pro Forma Adjustments

Western Group

Line No.		[A] Test Year Ended 12/31/2014	[B] Pro Forma Adjustments - As Filed	[C] Adjusted Test Year - As Filed	[D] Settlement No. 1	[E] Settlement No. 2	[F] Settlement No. 3	[G] BLANK	[H] BLANK	[I] BLANK	[J] Settlement No. 4	[K] Total Settlement Adjustments	[L] Adjusted Test Year - Settlement
					Settlement Rate Base Adjustments								
1													
2	Plant Classification												
3	Intangible Plant	$ 2,004,857	$ 3,462	$ 2,008,319	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,008,319
4	Source of Supply Plant	9,203,159	387,593	9,590,752	16,383	-	-	-	-	-	-	16,383	9,607,135
5	Pumping Plant	17,282,691	2,753,500	20,036,191	(138,876)	-	-	-	-	-	-	(138,876)	19,897,314
6	Water Treatment Plant	19,755,246	3,123,776	22,879,022	(1,551,070)	-	-	-	-	-	-	(1,551,070)	21,327,952
7	Transmission & Distribution Plant	141,048,101	3,036,870	144,084,971	(792,878)	-	-	-	-	-	-	(792,878)	143,292,093
8	General Plant	5,116,182	3,388,170	8,504,352	(14,940)	-	-	-	-	-	(67,489)	(82,429)	8,421,923
9	Total Gross Plant in Service	$ 194,410,236	$ 12,693,371	$ 207,103,607	$ (2,481,380)	$ -	$ -	$ -	$ -	$ -	$ (67,489)	$ (2,548,869)	$ 204,554,738
10													
11	Less:												
12	Accumulated Depreciation	49,545,804	1,326,694	50,872,499	(39,943)	-	-	-	-	-	(1,728)	(41,671)	50,830,828
13	Net Plant in Service	$ 144,864,432	$ 11,366,676	$ 156,231,108	$ (2,441,437)	$ -	$ -	$ -	$ -	$ -	$ (65,761)	$ (2,507,198)	$ 153,723,910
14													
15	Less:												
16	Advances in Aid of Construction	52,761,243	-	52,761,243	-	-	-	-	-	-	-	-	52,761,243
17	Contributions in Aid of Construction:												
18	Gross	33,654,716	-	33,654,716	-	-	-	-	-	-	-	-	33,654,716
19	Accumulated Amortization	(5,667,819)	-	(5,667,819)	-	-	-	-	-	-	-	-	(5,667,819)
20	Net Contributions in Aid of Construction	$ 27,986,897	$ -	$ 27,986,897	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 27,986,897
21													
22	Deferred Income Tax	-	14,084,977	14,084,977	-	1,215,659	-	-	-	-	1,701	1,217,361	15,302,338
23	Customer Deposits	466,238	-	466,238	-	-	-	-	-	-	-	-	466,238
24													
25	Add:												
26	Working Capital	1,732,229	-	1,732,229	-	-	(270,365)	-	-		-	(270,365)	1,461,863
27	Net Regulatory Asset / (Liability)	-	4,753,804	4,753,804	-	-	-	-	-	-	-	-	4,753,804
28													
29													
30	Total Rate Base	$ 65,382,282	$ 2,035,503	$ 67,417,785	$ (2,441,437)	$ (1,215,659)	$ (270,365)	$ -	$ -	$ -	$ (67,462)	$ (3,994,924)	$ 63,422,861
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DECISION NO. _____
DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments

Line No.		[A] Test Year Ended 12/31/2014	[B] Pro Forma Adjustments - As Filed	[C] Adjusted Test Year - As Filed	Pinal Valley Settlement Rate Base Adjustments [D] Settlement No. 1	[E] Settlement No. 2	[F] Settlement No. 3	[G] BLANK	[H] BLANK	[I] BLANK	[J] Settlement No. 4	[K] Total Settlement Adjustments	[L] Adjusted Test Year - Settlement
1													
2	Plant Classification										$ -	$ -	$ 1,989,297
3	Intangible Plant	$ 1,986,263	$ 3,034	$ 1,989,297	$ -						-	16,383	7,663,457
4	Source of Supply Plant	7,259,484	387,590	7,647,074	16,383						-	(135,731)	16,512,844
5	Pumping Plant	13,907,075	2,741,500	16,648,575	(135,731)						-	(1,551,257)	12,510,719
6	Water Treatment Plant	10,992,296	3,069,680	14,061,976	(1,551,257)						-	(711,406)	124,607,938
7	Transmission & Distribution Plant	122,439,758	2,879,586	125,319,344	(711,406)						(59,144)	(80,694)	7,148,766
8	General Plant	4,543,347	2,686,113	7,229,460	(21,550)								
9	Total Gross Plant in Service	$ 161,128,223	$ 11,767,503	$ 172,895,726	$ (2,403,561)	$ -	$ -	$ -	$ -	$ -	$ (59,144)	$ (2,462,705)	$ 170,433,021
10													
11	Less:												
12	Accumulated Depreciation	43,090,136	1,170,542	44,260,678	(38,682)						(1,514)	(40,196)	44,220,482
13	Net Plant in Service	$ 118,038,087	$ 10,596,961	$ 128,635,048	$ (2,364,879)	$ -	$ -	$ -	$ -	$ -	$ (57,630)	$ (2,422,509)	$ 126,212,539
14													
15	Less:												
16	Advances in Aid of Construction	36,540,428	-	36,540,428								-	36,540,428
17	Contributions in Aid of Construction:												
18	Gross	29,481,326	-	29,481,326								-	29,481,326
19	Accumulated Amortization	(5,181,305)	-	(5,181,305)								-	(5,181,305)
20	Net Contributions in Aid of Construction	$ 24,300,021	$ -	$ 24,300,021	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 24,300,021
21													
22	Deferred Income Tax	-	12,343,427	12,343,427		1,132,298					1,491	1,133,789	13,477,215
23	Customer Deposits	422,585	-	422,585								-	422,585
24													
25	Add:												
26	Working Capital	1,561,902	-	1,561,902			(276,002)					(276,002)	1,285,900
27	Net Regulatory Asset / (Liability)	-	4,753,804	4,753,804								-	4,753,804
28													
29													
30	Total Rate Base	$ 58,336,956	$ 3,007,338	$ 61,344,294	$ (2,364,879)	$ (1,132,298)	$ (276,002)	$ -	$ -	$ -	$ (59,121)	$ (3,832,300)	$ 57,511,994
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Supporting Schedules:

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Recap Schedules:
B-1 Settlement

DECISION NO. _____

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Original Cost Rate Base Proforma Adjustments

White Tank

Line No.		[A] Test Year Ended 12/31/2014	[B] Pro Forma Adjustments - As Filed	[C] Adjusted Test Year - As Filed	[D] Settlement No. 1	[E] Settlement No. 2	[F] Settlement No. 3	[G] BLANK	[H] BLANK	[I] BLANK	[J] Settlement No. 4	[K] Total Settlement Adjustments	[L] Adjusted Test Year - Settlement
					Settlement Rate Base Adjustments								
1													
2	Plant Classification												
3	Intangible Plant	$ 14,082	$ 362	$ 14,444	$ -						$ -	$ -	$ 14,444
4	Source of Supply Plant	1,932,439	3	1,932,442	-						-	-	1,932,442
5	Pumping Plant	3,272,147	12,000	3,284,147	(3,145)						-	(3,145)	3,281,002
6	Water Treatment Plant	8,758,660	54,081	8,812,741	187						-	187	8,812,928
7	Transmission & Distribution Plant	16,561,673	146,040	16,707,713	(70,271)						-	(70,271)	16,637,442
8	General Plant	237,407	644,321	881,728	7,060						(7,061)	(1)	881,727
9	Total Gross Plant in Service	$ 30,776,409	$ 856,807	$ 31,633,216	$ (66,170)	$ -	$ -	$ -	$ -	$ -	$ (7,061)	$ (73,230)	$ 31,559,986
10													
11	Less:												
12	Accumulated Depreciation	5,291,428	134,127	5,425,556	(1,077)						(181)	(1,257)	5,424,298
13	Net Plant in Service	$ 25,484,981	$ 722,680	$ 26,207,660	$ (65,093)	$ -	$ -	$ -	$ -	$ -	$ (6,880)	$ (71,973)	$ 26,135,687
14													
15	Less:												
16	Advances in Aid of Construction	16,185,732	-	16,185,732								-	16,185,732
17	Contributions in Aid of Construction:												
18	Gross	4,006,138	-	4,006,138								-	4,006,138
19	Accumulated Amortization	(458,417)	-	(458,417)								-	(458,417)
20	Net Contributions in Aid of Construction	$ 3,547,721	$ -	$ 3,547,721	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,547,721
21													
22	Deferred Income Tax	-	1,473,620	1,473,620		83,362					178	83,540	1,557,159
23	Customer Deposits	34,152	-	34,152								-	34,152
24													
25	Add:												
26	Working Capital	141,320	-	141,320			12,608					12,608	153,927
27	Net Regulatory Asset / (Liability)	-	-	-								-	-
28													
29													
30	Total Rate Base	$ 5,858,696	$ (750,940)	$ 5,107,756	$ (65,093)	$ (83,362)	$ 12,608	$ -	$ -	$ -	$ (7,058)	$ (142,905)	$ 4,964,851
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DECISION NO. _____
DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Original Cost Rate Base Pro Forma Adjustments

Ajo

Line No.		[A] Test Year Ended 12/31/2014	[B] Pro Forma Adjustments - As Filed	[C] Adjusted Test Year - As Filed	[D] Settlement No. 1	[E] Settlement No. 2	[F] Settlement No. 3	[G] BLANK	[H] BLANK	[I] BLANK	[J] Settlement No. 4	[K] Total Settlement Adjustments	[L] Adjusted Test Year - Settlement
					Settlement Rate Base Adjustments								
1													
2	Plant Classification												
3	Intangible Plant	$ 4,512	$ 66	$ 4,578	$ -						$ -	$ -	$ 4,578
4	Source of Supply Plant	11,236	1	11,236	-						-	-	11,236
5	Pumping Plant	103,468	-	103,468	-						-	-	103,468
6	Water Treatment Plant	4,290	15	4,305	-						-	-	4,305
7	Transmission & Distribution Plant	2,046,670	11,244	2,057,913	(11,200)						-	(11,200)	2,046,713
8	General Plant	335,429	57,736	393,164	(450)						(1,284)	(1,734)	391,430
9	Total Gross Plant in Service	$ 2,505,604	$ 69,060	$ 2,574,664	$ (11,650)	$ -	$ -	$ -	$ -	$ -	$ (1,284)	$ (12,934)	$ 2,561,731
10													
11	Less:												
12	Accumulated Depreciation	1,164,240	22,025	1,186,265	(185)						(33)	(217)	1,186,048
13	Net Plant in Service	$ 1,341,364	$ 47,035	$ 1,388,399	$ (11,465)	$ -	$ -	$ -	$ -	$ -	$ (1,251)	$ (12,716)	$ 1,375,683
14													
15	Less:												
16	Advances in Aid of Construction	35,084	-	35,084								-	35,084
17	Contributions in Aid of Construction:												
18	Gross	167,252	-	167,252								-	167,252
19	Accumulated Amortization	(28,097)	-	(28,097)								-	(28,097)
20	Net Contributions in Aid of Construction	$ 139,155	$ -	$ 139,155	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 139,155
21													
22	Deferred Income Tax	-	267,931	267,931		-					32	32	267,963
23	Customer Deposits	9,501	-	9,501								-	9,501
24													
25	Add:												
26	Working Capital	29,007	-	29,007			(6,971)					(6,971)	22,036
27	Net Regulatory Asset / (Liability)	-	-	-								-	-
28													
29													
30	Total Rate Base	$ 1,186,631	$ (220,896)	$ 965,735	$ (11,465)	$ -	$ (6,971)	$ -	$ -	$ -	$ (1,283)	$ (19,719)	$ 946,016
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Supporting Schedules:

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Recap Schedules:
B-1 Settlement

DECISION NO. _____

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Original Cost Rate Base Pro Forma Adjustments

Line No.		[A] Test Year Ended 12/31/2014	[B] Pro Forma Adjustments - As Filed	[C] Adjusted Test Year - As Filed	Phoenix Office [D] Settlement No. 1	[E] Settlement No. 2	[F] Settlement No. 3	[G] BLANK	[H] BLANK	[I] BLANK	[J] Settlement No. 4	[K] Total Settlement Adjustments	[L] Adjusted Test Year - Settlement
					Settlement Rate Base Adjustments								
1													
2	Plant Classification												
3	Intangible Plant	$ 9,147	$ (9,147)	$ -	$ -						$ -	$ -	$ -
4	Source of Supply Plant	-	-	-	-						-	-	-
5	Pumping Plant	-	-	-	-						-	-	-
6	Water Treatment Plant	-	-	-	-						-	-	-
7	Transmission & Distribution Plant	-	-	-	-						-	-	-
8	General Plant	7,607,446	(7,607,446)	-	(176,556)						176,556	-	-
9	Total Gross Plant in Service	$ 7,616,593	$ (7,616,593)	$ -	$ (176,556)	$ -	$ -	$ -	$ -	$ -	$ 176,556	$ -	$ -
10													
11	Less:												
12	Accumulated Depreciation	2,954,856	(2,954,856)	-	(4,520)						4,520	-	-
13	Net Plant in Service	$ 4,661,737	$ (4,661,737)	$ -	$ (172,036)	$ -	$ -	$ -	$ -	$ -	$ 172,036	$ -	$ -
14													
15	Less:												
16	Advances in Aid of Construction	-	-	-								-	-
17	Contributions in Aid of Construction:												
18	Gross	-	-	-								-	-
19	Accumulated Amortization	-	-	-								-	-
20	Net Contributions in Aid of Construction	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
21													
22	Deferred Income Tax	37,212,622	(37,212,622)	-		4,495					(4,495)	-	-
23	Customer Deposits	-	-	-								-	-
24													
25	Add:												
26	Working Capital	-	-	-			-					-	-
27	Net Regulatory Asset / (Liability)	-	-	-								-	-
28													
29													
30	Total Rate Base	$ (32,550,885)	$ 32,550,885	$ -	$ (172,036)	$ (4,495)	$ -	$ -	$ -	$ -	$ 176,531	$ -	$ -
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DECISION NO. _____
DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Original Cost Rate Base Pro Forma Adjustments

Line No.		[A] Test Year Ended 12/31/2014	[B] Pro Forma Adjustments - As Filed	[C] Adjusted Test Year - As Filed	Meter Shop [D] Settlement No. 1	[E] Settlement No. 2	[F] Settlement No. 3	[G] BLANK	[H] BLANK	[I] BLANK	[J] Settlement No. 4	[K] Total Settlement Adjustments	[L] Adjusted Test Year - Settlement
					Settlement Rate Base Adjustments								
1													
2	Plant Classification												
3	Intangible Plant	$ -	$ -	$ -	$ -						$ -	$ -	$ -
4	Source of Supply Plant	80	(80)	-	-						-	-	-
5	Pumping Plant	-	-	-	-						-	-	-
6	Water Treatment Plant	2,050	(2,050)	-	-						-	-	-
7	Transmission & Distribution Plant	6,066	(6,066)	-	-						1,750	-	-
8	General Plant	145,131	(145,131)	-	(1,750)								
9	Total Gross Plant in Service	$ 153,327	$ (153,327)	$ -	$ (1,750)	$ -	$ -	$ -	$ -	$ -	$ 1,750	$ -	$ -
10													
11	Less:												
12	Accumulated Depreciation	73,158	(73,158)	-	(45)						45	-	-
13	Net Plant in Service	$ 80,169	$ (80,169)	$ -	$ (1,705)	$ -	$ -	$ -	$ -	$ -	$ 1,705	$ -	$ -
14													
15	Less:												
16	Advances in Aid of Construction	-	-	-								-	-
17	Contributions in Aid of Construction:												
18	Gross	-	-	-								-	-
19	Accumulated Amortization	-	-	-								-	-
20	Net Contributions in Aid of Construction	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
21													
22	Deferred Income Tax	-	-	-		-					-	-	-
23	Customer Deposits	-	-	-								-	-
24													
25	Add:												
26	Working Capital	-	-	-			-					-	-
27	Net Regulatory Asset / (Liability)	-	-	-								-	-
28													
29													
30	Total Rate Base	$ 80,169	$ (80,169)	$ -	$ (1,705)	$ -	$ -	$ -	$ -	$ -	$ 1,705	$ -	$ -
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Supporting Schedules:

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Recap Schedules:
B-1 Settlement

DECISION NO. _____

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

Line No.			Depreciation Rate	Pinal Valley [A] As Filed	[B] Blankets Settlement	[C] Increase / (Decrease)	[D] Adjstmt' to Depreciation Expense
1		Intangible Plant					
2	301	Organization	0.00%	$ -		$ -	$ -
3	302	Franchises	n/a	-		-	-
4	303	Other Intangibles	n/a	-		-	-
5		Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6		Source of Supply Plant					
7	310.1	Water Rights	0.00%	-		-	-
8	310.3	Other Source of Supply Land	0.00%	-		-	-
9	310.4	Wells - Other	n/a	-		-	-
10	314	Wells	3.13%	-		-	-
11		Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12		Pumping Plant					
13	320	Pumping Plant Land	0.00%	-		-	-
14	321	Pumping Plant Struct. & Improv.	2.86%	-		-	-
15	325	Electtric Pumping Equipment	5.88%	60,000	-	(60,000)	(3,528)
16	328	Gas Engine Equipment	4.00%	-		-	-
17		Subtotal Pumping Plant		$ 60,000	$ -	$ (60,000)	$ (3,528)
18		Water Treatment Plant					
19	330	Water Treatment Plant Land	0.00%	-		-	-
20	331	Water Trtmt. Struct. & Improv.	2.50%	-		-	-
21	332	Water Treatment Equipment	2.86%	-	-	-	-
22		Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23		Transmission & Distribution Plant					
24	340	Trans. and Dist. Land	0.00%	-		-	-
25	341	Transmission and Distribution Structur	3.33%	-		-	-
26	342	Storage Tanks	2.00%	-	-	-	-
27	343	Trans. & Dist. Mains	1.79%	170,000	-	(170,000)	(3,043)
28	344	Fire Sprinkler Taps	2.00%	-	-	-	-
29	345	Services	2.38%	175,000	-	(175,000)	(4,165)
30	346	Meters	4.55%	410,000	-	(410,000)	(18,655)
31	348	Hydrants	1.82%	20,000	-	(20,000)	(364)
32		Subtotal Trans. & Dist.		$ 775,000	$ -	$ (775,000)	$ (26,227)
33		General Plant					
34	389	General Plant Land	0.00%	-		-	-
35	390	General Plant Structures	2.50%	-	-	-	-
36	390.1	Leasehold Improvements	n/a	-	-	-	-
37	391	Office Furniture & Equipment	6.67%	8,000	-	(8,000)	(534)
38	393	Warehouse Equipment	5.00%	-	-	-	-
39	394	Tools, Shop & Garage Equip.	4.00%	12,000	-	(12,000)	(480)
40	395	Laboratory Equipment	5.00%	-	-	-	-
41	396	Power Operated Equipment	6.67%	-	-	-	-
42	397	Communication Equipment	6.67%	-	-	-	-
43	398	Miscellaneous Equipment	3.33%	-	-	-	-
44		Subtotal General Plant		$ 20,000	$ -	$ (20,000)	$ (1,014)
45							
46		Total Utility Plant		$ 855,000	$ -	$ (855,000)	$ (30,769)
47							
48		Accumulated Depreciation (1/2-Year Convention)					$ (15,384)
49							
50		Net Plant					$ (839,616)
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Supporting Schedules:

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DECISION NO. _____

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

			Pinal Valley (Continued)			
			[A]	[B]	[C]	[D]
			Work Authorization 1-5167			
Line No.		Depreciation Rate	As Filed	Settlement[1]	Increase / (Decrease)	Adjstmt' to Depreciation Expense
1	Intangible Plant					
2	301 Organization	0.00%	$ -		$ -	$ -
3	302 Franchises	n/a	-		-	-
4	303 Other Intangibles	n/a	-		-	-
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%	-		-	-
8	310.3 Other Source of Supply Land	0.00%	-		-	-
9	310.4 Wells - Other	n/a	-		-	-
10	314 Wells	3.13%	-		-	-
11	Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%	-		-	-
14	321 Pumping Plant Struct. & Improv.	2.86%	-		-	-
15	325 Electtric Pumping Equipment	5.88%	-	44,550	44,550	2,620
16	328 Gas Engine Equipment	4.00%	-		-	-
17	Subtotal Pumping Plant		$ -	$ 44,550	$ 44,550	$ 2,620
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%	-		-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%	-		-	-
21	332 Water Treatment Equipment	2.86%	1,250,000	1,281,823	31,823	910
22	Subtotal Water Trtmt. Plant		$ 1,250,000	$ 1,281,823	$ 31,823	$ 910
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%	-		-	-
25	341 Transmission and Distribution Structure	3.33%	-		-	-
26	342 Storage Tanks	2.00%	-		-	-
27	343 Trans. & Dist. Mains	1.79%	-		-	-
28	344 Fire Sprinkler Taps	2.00%	-		-	-
29	345 Services	2.38%	-		-	-
30	346 Meters	4.55%	-		-	-
31	348 Hydrants	1.82%	-		-	-
32	Subtotal Trans. & Dist.		$ -	$ -	$ -	$ -
33	General Plant					
34	389 General Plant Land	0.00%	-		-	-
35	390 General Plant Structures	2.50%	-	6,073	6,073	152
36	390.1 Leasehold Improvements	n/a	-		-	-
37	391 Office Furniture & Equipment	6.67%	-		-	-
38	393 Warehouse Equipment	5.00%	-		-	-
39	394 Tools, Shop & Garage Equip.	4.00%	-		-	-
40	395 Laboratory Equipment	5.00%	-		-	-
41	396 Power Operated Equipment	6.67%	-		-	-
42	397 Communication Equipment	6.67%	-		-	-
43	398 Miscellaneous Equipment	3.33%	-		-	-
44	Subtotal General Plant		$ -	$ 6,073	$ 6,073	$ 152
45						
46	Total Utility Plant		$ 1,250,000	$ 1,332,447	$ 82,447	$ 3,682
47						
48	Accumulated Depreciation (1/2-Year Convention)					$ 1,841
49						
50	Net Plant					$ 80,606
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request BAB 8.1/RUCO data request 6.01.					

Supporting Schedules:

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Recap Schedules:

DECISION NO. _____

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

			Pinal Valley (Continued)			
			[A]	[B]	[C]	[D]
			Work Authorization 1-5169			
Line No.		Depreciation Rate	As Filed	Settlement[1]	Increase / (Decrease)	Adjstmt' to Depreciation Expense
1	Intangible Plant					
2	301 Organization	0.00%	$ -		$ -	$ -
3	302 Franchises	n/a	-		-	-
4	303 Other Intangibles	n/a	-		-	-
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%	-		-	-
8	310.3 Other Source of Supply Land	0.00%	-		-	-
9	310.4 Wells - Other	n/a	-		-	-
10	314 Wells	3.13%	-		-	-
11	Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%	-		-	-
14	321 Pumping Plant Struct. & Improv.	2.86%	-		-	-
15	325 Electtric Pumping Equipment	5.88%	-		-	-
16	328 Gas Engine Equipment	4.00%	-		-	-
17	Subtotal Pumping Plant		$ -	$ -	$ -	$ -
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%	-		-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%	-		-	-
21	332 Water Treatment Equipment	2.86%	-		-	-
22	Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%	-		-	-
25	341 Transmission and Distribution Structur	3.33%	-		-	-
26	342 Storage Tanks	2.00%	-		-	-
27	343 Trans. & Dist. Mains	1.79%	392,000	383,855	(8,145)	(146)
28	344 Fire Sprinkler Taps	2.00%	-		-	-
29	345 Services	2.38%	-	18,776	18,776	447
30	346 Meters	4.55%	-		-	-
31	348 Hydrants	1.82%	-	5,783	5,783	105
32	Subtotal Trans. & Dist.		$ 392,000	$ 408,414	$ 16,414	$ 406
33	General Plant					
34	389 General Plant Land	0.00%	-		-	-
35	390 General Plant Structures	2.50%	-		-	-
36	390.1 Leasehold Improvements	n/a	-		-	-
37	391 Office Furniture & Equipment	6.67%	-		-	-
38	393 Warehouse Equipment	5.00%	-		-	-
39	394 Tools, Shop & Garage Equip.	4.00%	-		-	-
40	395 Laboratory Equipment	5.00%	-		-	-
41	396 Power Operated Equipment	6.67%	-		-	-
42	397 Communication Equipment	6.67%	-		-	-
43	398 Miscellaneous Equipment	3.33%	-		-	-
44	Subtotal General Plant		$ -	$ -	$ -	$ -
45						
46	Total Utility Plant		$ 392,000	$ 408,414	$ 16,414	$ 406
47						
48	Accumulated Depreciation (1/2-Year Convention)					$ 203
49						
50	Net Plant					$ 16,211
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request BAB 8.1/RUCO data request 6.01.					

Supporting Schedules:

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Recap Schedules:

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

			Pinal Valley (Continued)			
			[A]	[B]	[C]	[D]
			Work Authorization 1-5171			
Line No.		Depreciation Rate	As Filed	Settlement[1]	Increase / (Decrease)	Adjstmt' to Depreciation Expense
1	Intangible Plant					
2	301 Organization	0.00%	$ -		$ -	$ -
3	302 Franchises	n/a	-		-	-
4	303 Other Intangibles	n/a	-		-	-
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%	-		-	-
8	310.3 Other Source of Supply Land	0.00%	-		-	-
9	310.4 Wells - Other	n/a	-		-	-
10	314 Wells	3.13%	-		-	-
11	Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%	-		-	-
14	321 Pumping Plant Struct. & Improv.	2.86%	-		-	-
15	325 Electtric Pumping Equipment	5.88%	-		-	-
16	328 Gas Engine Equipment	4.00%	-		-	-
17	Subtotal Pumping Plant		$ -	$ -	$ -	$ -
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%	-		-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%	-		-	-
21	332 Water Treatment Equipment	2.86%	-		-	-
22	Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%	-		-	-
25	341 Transmission and Distribution Structure	3.33%	-		-	-
26	342 Storage Tanks	2.00%	-		-	-
27	343 Trans. & Dist. Mains	1.79%	517,000	551,402	34,402	616
28	344 Fire Sprinkler Taps	2.00%	-		-	-
29	345 Services	2.38%	-		-	-
30	346 Meters	4.55%	-		-	-
31	348 Hydrants	1.82%	-		-	-
32	Subtotal Trans. & Dist.		$ 517,000	$ 551,402	$ 34,402	$ 616
33	General Plant					
34	389 General Plant Land	0.00%	-		-	-
35	390 General Plant Structures	2.50%	-		-	-
36	390.1 Leasehold Improvements	n/a	-		-	-
37	391 Office Furniture & Equipment	6.67%	-		-	-
38	393 Warehouse Equipment	5.00%	-		-	-
39	394 Tools, Shop & Garage Equip.	4.00%	-		-	-
40	395 Laboratory Equipment	5.00%	-		-	-
41	396 Power Operated Equipment	6.67%	-		-	-
42	397 Communication Equipment	6.67%	-		-	-
43	398 Miscellaneous Equipment	3.33%	-		-	-
44	Subtotal General Plant		$ -	$ -	$ -	$ -
45						
46	Total Utility Plant		$ 517,000	$ 551,402	$ 34,402	$ 616
47						
48	Accumulated Depreciation (1/2-Year Convention)					$ 308
49						
50	Net Plant					$ 34,094
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request BAB 8.1/RUCO data request 6.01.					

Supporting Schedules:

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Recap Schedules:

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

			Pinal Valley (Continued)			
			[A]	[B]	[C]	[D]
			Work Authorization 1-5164			
Line No.		Depreciation Rate	As Filed	Settlement[1]	Increase / (Decrease)	Adjstmt' to Depreciation Expense
1	Intangible Plant					
2	301 Organization	0.00%	$ -		$ -	$ -
3	302 Franchises	n/a	-		-	-
4	303 Other Intangibles	n/a	-		-	-
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%	-		-	-
8	310.3 Other Source of Supply Land	0.00%	-		-	-
9	310.4 Wells - Other	n/a	-		-	-
10	314 Wells	3.13%	-		-	-
11	Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%	-		-	-
14	321 Pumping Plant Struct. & Improv.	2.86%	-		-	-
15	325 Electtric Pumping Equipment	5.88%	175,000	126,887	(48,113)	(2,829)
16	328 Gas Engine Equipment	4.00%	-		-	-
17	Subtotal Pumping Plant		$ 175,000	$ 126,887	$ (48,113)	$ (2,829)
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%	-		-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%	-		-	-
21	332 Water Treatment Equipment	2.86%	-		-	-
22	Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%	-		-	-
25	341 Transmission and Distribution Structure	3.33%	-		-	-
26	342 Storage Tanks	2.00%	-		-	-
27	343 Trans. & Dist. Mains	1.79%	-		-	-
28	344 Fire Sprinkler Taps	2.00%	-		-	-
29	345 Services	2.38%	-		-	-
30	346 Meters	4.55%	-		-	-
31	348 Hydrants	1.82%	-		-	-
32	Subtotal Trans. & Dist.		$ -	$ -	$ -	$ -
33	General Plant					
34	389 General Plant Land	0.00%	-		-	-
35	390 General Plant Structures	2.50%	-		-	-
36	390.1 Leasehold Improvements	n/a	-		-	-
37	391 Office Furniture & Equipment	6.67%	-		-	-
38	393 Warehouse Equipment	5.00%	-		-	-
39	394 Tools, Shop & Garage Equip.	4.00%	-		-	-
40	395 Laboratory Equipment	5.00%	-		-	-
41	396 Power Operated Equipment	6.67%	-		-	-
42	397 Communication Equipment	6.67%	-		-	-
43	398 Miscellaneous Equipment	3.33%	-		-	-
44	Subtotal General Plant		$ -	$ -	$ -	$ -
45						
46	Total Utility Plant		$ 175,000	$ 126,887	$ (48,113)	$ (2,829)
47						
48	Accumulated Depreciation (1/2-Year Convention)					$ (1,415)
49						
50	Net Plant					$ (46,699)
51						
52						
53						
54						

55 [1]Updated costs provided in response to Staff data request BAB 8.1/RUCO data request 6.01.

DECISION NO. _____
DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

			Pinal Valley (Continued)			
			[A]	[B]	[C]	[D]
			Work Authorization 1-5170			
Line No.		Depreciation Rate	As Filed	Settlement[1]	Increase / (Decrease)	Adjstmt' to Depreciation Expense
1	Intangible Plant					
2	301 Organization	0.00%	$ -		$ -	$ -
3	302 Franchises	n/a	-		-	-
4	303 Other Intangibles	n/a	-		-	-
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%	-		-	-
8	310.3 Other Source of Supply Land	0.00%	-		-	-
9	310.4 Wells - Other	n/a	-		-	-
10	314 Wells	3.13%	-		-	-
11	Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%	-		-	-
14	321 Pumping Plant Struct. & Improv.	2.86%	-		-	-
15	325 Electtric Pumping Equipment	5.88%	1,200,000	1,270,570	70,570	4,150
16	328 Gas Engine Equipment	4.00%	-		-	-
17	Subtotal Pumping Plant		$ 1,200,000	$ 1,270,570	$ 70,570	$ 4,150
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%	-		-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%	-		-	-
21	332 Water Treatment Equipment	2.86%	-		-	-
22	Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%	-		-	-
25	341 Transmission and Distribution Structur	3.33%	-		-	-
26	342 Storage Tanks	2.00%	-		-	-
27	343 Trans. & Dist. Mains	1.79%	-		-	-
28	344 Fire Sprinkler Taps	2.00%	-		-	-
29	345 Services	2.38%	-		-	-
30	346 Meters	4.55%	-		-	-
31	348 Hydrants	1.82%	-		-	-
32	Subtotal Trans. & Dist.		$ -	$ -	$ -	$ -
33	General Plant					
34	389 General Plant Land	0.00%	-		-	-
35	390 General Plant Structures	2.50%	-		-	-
36	390.1 Leasehold Improvements	n/a	-		-	-
37	391 Office Furniture & Equipment	6.67%	-		-	-
38	393 Warehouse Equipment	5.00%	-		-	-
39	394 Tools, Shop & Garage Equip.	4.00%	-		-	-
40	395 Laboratory Equipment	5.00%	-		-	-
41	396 Power Operated Equipment	6.67%	-		-	-
42	397 Communication Equipment	6.67%	-		-	-
43	398 Miscellaneous Equipment	3.33%	-		-	-
44	Subtotal General Plant		$ -	$ -	$ -	$ -
45						
46	Total Utility Plant		$ 1,200,000	$ 1,270,570	$ 70,570	$ 4,150
47						
48	Accumulated Depreciation (1/2-Year Convention)					$ 2,075
49						
50	Net Plant					$ 68,496
51						
52						
53						
54						

55 [1]Updated costs provided in response to Staff data request BAB 8.1/RUCO data request 6.01.

DECISION NO. _____
DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

			Pinal Valley (Continued)			
			[A]	[B]	[C]	[D]
			Work Authorization 1-5296			
Line No.		Depreciation Rate	As Filed	Settlement[1]	Increase / (Decrease)	Adjstmt' to Depreciation Expense
1	Intangible Plant					
2	301 Organization	0.00%	$ -		$ -	$ -
3	302 Franchises	n/a	-		-	-
4	303 Other Intangibles	n/a	-		-	-
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%	-		-	-
8	310.3 Other Source of Supply Land	0.00%	-		-	-
9	310.4 Wells - Other	n/a	-		-	-
10	314 Wells	3.13%	-		-	-
11	Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%	-		-	-
14	321 Pumping Plant Struct. & Improv.	2.86%	-		-	-
15	325 Electtric Pumping Equipment	5.88%	175,000	242,450	67,450	3,966
16	328 Gas Engine Equipment	4.00%	-		-	-
17	Subtotal Pumping Plant		$ 175,000	$ 242,450	$ 67,450	$ 3,966
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%	-		-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%	-		-	-
21	332 Water Treatment Equipment	2.86%	-		-	-
22	Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%	-		-	-
25	341 Transmission and Distribution Structur	3.33%	-		-	-
26	342 Storage Tanks	2.00%	-		-	-
27	343 Trans. & Dist. Mains	1.79%	-		-	-
28	344 Fire Sprinkler Taps	2.00%	-		-	-
29	345 Services	2.38%	-		-	-
30	346 Meters	4.55%	-		-	-
31	348 Hydrants	1.82%	-		-	-
32	Subtotal Trans. & Dist.		$ -	$ -	$ -	$ -
33	General Plant					
34	389 General Plant Land	0.00%	-		-	-
35	390 General Plant Structures	2.50%	-		-	-
36	390.1 Leasehold Improvements	n/a	-		-	-
37	391 Office Furniture & Equipment	6.67%	-		-	-
38	393 Warehouse Equipment	5.00%	-		-	-
39	394 Tools, Shop & Garage Equip.	4.00%	-		-	-
40	395 Laboratory Equipment	5.00%	-		-	-
41	396 Power Operated Equipment	6.67%	-		-	-
42	397 Communication Equipment	6.67%	-		-	-
43	398 Miscellaneous Equipment	3.33%	-		-	-
44	Subtotal General Plant		$ -	$ -	$ -	$ -
45						
46	Total Utility Plant		$ 175,000	$ 242,450	$ 67,450	$ 3,966
47						
48	Accumulated Depreciation (1/2-Year Convention)					$ 1,983
49						
50	Net Plant					$ 65,467
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request BAB 8.1/RUCO data request 6.01.					

DECISION NO. _____
DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

			Pinal Valley (Continued)			
			[A]	[B]	[C]	[D]
			Work Authorization 1-5299			
Line No.		Depreciation Rate	As Filed	Settlement[1]	Increase / (Decrease)	Adjstmt' to Depreciation Expense
1	Intangible Plant					
2	301 Organization	0.00%	$ -		$ -	$ -
3	302 Franchises	n/a	-		-	-
4	303 Other Intangibles	n/a	-		-	-
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%	-		-	-
8	310.3 Other Source of Supply Land	0.00%	-		-	-
9	310.4 Wells - Other	n/a	-		-	-
10	314 Wells	3.13%	-		-	-
11	Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%	-		-	-
14	321 Pumping Plant Struct. & Improv.	2.86%	100,000	76,569	(23,431)	(670)
15	325 Electtric Pumping Equipment	5.88%	-		-	-
16	328 Gas Engine Equipment	4.00%	-		-	-
17	Subtotal Pumping Plant		$ 100,000	$ 76,569	$ (23,431)	$ (670)
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%	-		-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%	-		-	-
21	332 Water Treatment Equipment	2.86%	-		-	-
22	Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%	-		-	-
25	341 Transmission and Distribution Structur	3.33%	-		-	-
26	342 Storage Tanks	2.00%	-		-	-
27	343 Trans. & Dist. Mains	1.79%	-		-	-
28	344 Fire Sprinkler Taps	2.00%	-		-	-
29	345 Services	2.38%	-		-	-
30	346 Meters	4.55%	-		-	-
31	348 Hydrants	1.82%	-		-	-
32	Subtotal Trans. & Dist.		$ -	$ -	$ -	$ -
33	General Plant					
34	389 General Plant Land	0.00%	-		-	-
35	390 General Plant Structures	2.50%	-		-	-
36	390.1 Leasehold Improvements	n/a	-		-	-
37	391 Office Furniture & Equipment	6.67%	-		-	-
38	393 Warehouse Equipment	5.00%	-		-	-
39	394 Tools, Shop & Garage Equip.	4.00%	-		-	-
40	395 Laboratory Equipment	5.00%	-		-	-
41	396 Power Operated Equipment	6.67%	-		-	-
42	397 Communication Equipment	6.67%	-		-	-
43	398 Miscellaneous Equipment	3.33%	-		-	-
44	Subtotal General Plant		$ -	$ -	$ -	$ -
45						
46	Total Utility Plant		$ 100,000	$ 76,569	$ (23,431)	$ (670)
47						
48	Accumulated Depreciation (1/2-Year Convention)					$ (335)
49						
50	Net Plant					$ (23,096)
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request BAB 8.1/RUCO data request 6.01.					

Supporting Schedules:

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DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

Line No.		Depreciation Rate	Pinal Valley (Continued) [A] Work Authorization 1-5301 As Filed	[B] Settlement[1]	[C] Increase / (Decrease)	[D] Adjstmt' to Depreciation Expense
1	Intangible Plant					
2	301 Organization	0.00%	$ -		$ -	$ -
3	302 Franchises	n/a	-		-	-
4	303 Other Intangibles	n/a	-		-	-
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%	-		-	-
8	310.3 Other Source of Supply Land	0.00%	-		-	-
9	310.4 Wells - Other	n/a	-		-	-
10	314 Wells	3.13%	-		-	-
11	Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%	-		-	-
14	321 Pumping Plant Struct. & Improv.	2.86%	-		-	-
15	325 Electtric Pumping Equipment	5.88%	-		-	-
16	328 Gas Engine Equipment	4.00%	-		-	-
17	Subtotal Pumping Plant		$ -	$ -	$ -	$ -
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%	-		-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%	-		-	-
21	332 Water Treatment Equipment	2.86%	-		-	-
22	Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%	-		-	-
25	341 Transmission and Distribution Structur	3.33%	-		-	-
26	342 Storage Tanks	2.00%	-		-	-
27	343 Trans. & Dist. Mains	1.79%	180,000	194,840	14,840	266
28	344 Fire Sprinkler Taps	2.00%	-		-	-
29	345 Services	2.38%	-		-	-
30	346 Meters	4.55%	-		-	-
31	348 Hydrants	1.82%	-		-	-
32	Subtotal Trans. & Dist.		$ 180,000	$ 194,840	$ 14,840	$ 266
33	General Plant					
34	389 General Plant Land	0.00%	-		-	-
35	390 General Plant Structures	2.50%	-		-	-
36	390.1 Leasehold Improvements	n/a	-		-	-
37	391 Office Furniture & Equipment	6.67%	-		-	-
38	393 Warehouse Equipment	5.00%	-		-	-
39	394 Tools, Shop & Garage Equip.	4.00%	-		-	-
40	395 Laboratory Equipment	5.00%	-		-	-
41	396 Power Operated Equipment	6.67%	-		-	-
42	397 Communication Equipment	6.67%	-		-	-
43	398 Miscellaneous Equipment	3.33%	-		-	-
44	Subtotal General Plant		$ -	$ -	$ -	$ -
45						
46	Total Utility Plant		$ 180,000	$ 194,840	$ 14,840	$ 266
47						
48	Accumulated Depreciation (1/2-Year Convention)					$ 133
49						
50	Net Plant					$ 14,707
51						
52						
53						
54						

55 [1]Updated costs provided in response to Staff data request BAB 8.1/RUCO data request 6.01.

Supporting Schedules:

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Recap Schedules:

DECISION NO. _____

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

			Pinal Valley (Continued)			
			[A]	[B]	[C]	[D]
			Work Authorization 1-4806			
Line No.		Depreciation Rate	As Filed	Settlement[1]	Increase / (Decrease)	Adjstmt' to Depreciation Expense
1	Intangible Plant					
2	301 Organization	0.00%	$ -		$ -	$ -
3	302 Franchises	n/a	-		-	-
4	303 Other Intangibles	n/a	-		-	-
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%	-		-	-
8	310.3 Other Source of Supply Land	0.00%	-		-	-
9	310.4 Wells - Other	n/a	-		-	-
10	314 Wells	3.13%	-		-	-
11	Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%	-		-	-
14	321 Pumping Plant Struct. & Improv.	2.86%	-		-	-
15	325 Electtric Pumping Equipment	5.88%	-	-	-	-
16	328 Gas Engine Equipment	4.00%	-		-	-
17	Subtotal Pumping Plant		$ -	$ -	$ -	$ -
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%	-		-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%	-		-	-
21	332 Water Treatment Equipment	2.86%	1,500,000	-	(1,500,000)	(42,900)
22	Subtotal Water Trtmt. Plant		$ 1,500,000	$ -	$ (1,500,000)	$ (42,900)
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%	-		-	-
25	341 Transmission and Distribution Structur	3.33%	-		-	-
26	342 Storage Tanks	2.00%	-		-	-
27	343 Trans. & Dist. Mains	1.79%	-		-	-
28	344 Fire Sprinkler Taps	2.00%	-		-	-
29	345 Services	2.38%	-		-	-
30	346 Meters	4.55%	-		-	-
31	348 Hydrants	1.82%	-		-	-
32	Subtotal Trans. & Dist.		$ -	$ -	$ -	$ -
33	General Plant					
34	389 General Plant Land	0.00%	-		-	-
35	390 General Plant Structures	2.50%	-		-	-
36	390.1 Leasehold Improvements	n/a	-		-	-
37	391 Office Furniture & Equipment	6.67%	-		-	-
38	393 Warehouse Equipment	5.00%	-		-	-
39	394 Tools, Shop & Garage Equip.	4.00%	-		-	-
40	395 Laboratory Equipment	5.00%	-		-	-
41	396 Power Operated Equipment	6.67%	-		-	-
42	397 Communication Equipment	6.67%	-		-	-
43	398 Miscellaneous Equipment	3.33%	-		-	-
44	Subtotal General Plant		$ -	$ -	$ -	$ -
45						
46	Total Utility Plant		$ 1,500,000	$ -	$ (1,500,000)	$ (42,900)
47						
48	Accumulated Depreciation (1/2-Year Convention)					$ (21,450)
49						
50	Net Plant					$ (1,478,550)
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request BAB 8.1/RUCO data request 6.01.					

Supporting Schedules:

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DECISION NO. _____

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

			Pinal Valley (Continued)			
			[A]	[B]	[C]	[D]
			Work Authorization 1-5303			
Line No.		Depreciation Rate	As Filed	Settlement[1]	Increase / (Decrease)	Adjstmt' to Depreciation Expense
1	Intangible Plant					
2	301 Organization	0.00%	$ -		$ -	$ -
3	302 Franchises	n/a	-		-	-
4	303 Other Intangibles	n/a	-		-	-
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%	-		-	-
8	310.3 Other Source of Supply Land	0.00%	-		-	-
9	310.4 Wells - Other	n/a	-		-	-
10	314 Wells	3.13%	-		-	-
11	Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%	-		-	-
14	321 Pumping Plant Struct. & Improv.	2.86%	-		-	-
15	325 Electtric Pumping Equipment	5.88%	-		-	-
16	328 Gas Engine Equipment	4.00%	-		-	-
17	Subtotal Pumping Plant		$ -	$ -	$ -	$ -
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%	-		-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%	-		-	-
21	332 Water Treatment Equipment	2.86%	174,000	173,112	(888)	(25)
22	Subtotal Water Trtmt. Plant		$ 174,000	$ 173,112	$ (888)	$ (25)
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%	-		-	-
25	341 Transmission and Distribution Structure	3.33%	-		-	-
26	342 Storage Tanks	2.00%	-		-	-
27	343 Trans. & Dist. Mains	1.79%	-		-	-
28	344 Fire Sprinkler Taps	2.00%	-		-	-
29	345 Services	2.38%	-		-	-
30	346 Meters	4.55%	-		-	-
31	348 Hydrants	1.82%	-		-	-
32	Subtotal Trans. & Dist.		$ -	$ -	$ -	$ -
33	General Plant					
34	389 General Plant Land	0.00%	-		-	-
35	390 General Plant Structures	2.50%	-		-	-
36	390.1 Leasehold Improvements	n/a	-		-	-
37	391 Office Furniture & Equipment	6.67%	-		-	-
38	393 Warehouse Equipment	5.00%	-		-	-
39	394 Tools, Shop & Garage Equip.	4.00%	-		-	-
40	395 Laboratory Equipment	5.00%	-		-	-
41	396 Power Operated Equipment	6.67%	-		-	-
42	397 Communication Equipment	6.67%	-		-	-
43	398 Miscellaneous Equipment	3.33%	-		-	-
44	Subtotal General Plant		$ -	$ -	$ -	$ -
45						
46	Total Utility Plant		$ 174,000	$ 173,112	$ (888)	$ (25)
47						
48	Accumulated Depreciation (1/2-Year Convention)					$ (13)
49						
50	Net Plant					$ (875)
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request BAB 8.1/RUCO data request 6.01.					

DECISION NO. _____
DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

Line No.		Depreciation Rate	Pinal Valley (Continued) [A] Work Authorization 1-5166 As Filed	[B] Settlement[1]	[C] Increase / (Decrease)	[D] Adjstmt' to Depreciation Expense
1	Intangible Plant					
2	301 Organization	0.00%	$ -		$ -	$ -
3	302 Franchises	n/a	-		-	-
4	303 Other Intangibles	n/a	-		-	-
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%	-		-	-
8	310.3 Other Source of Supply Land	0.00%	-		-	-
9	310.4 Wells - Other	n/a	-		-	-
10	314 Wells	3.13%	-		-	-
11	Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%	-		-	-
14	321 Pumping Plant Struct. & Improv.	2.86%	-		-	-
15	325 Electtric Pumping Equipment	5.88%	-		-	-
16	328 Gas Engine Equipment	4.00%	-		-	-
17	Subtotal Pumping Plant		$ -	$ -	$ -	$ -
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%	-		-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%	-		-	-
21	332 Water Treatment Equipment	2.86%	80,000	-	(80,000)	(2,288) x
22	Subtotal Water Trtmt. Plant		$ 80,000	$ -	$ (80,000)	$ (2,288)
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%	-		-	-
25	341 Transmission and Distribution Structur	3.33%	-		-	-
26	342 Storage Tanks	2.00%	-		-	-
27	343 Trans. & Dist. Mains	1.79%	-		-	-
28	344 Fire Sprinkler Taps	2.00%	-		-	-
29	345 Services	2.38%	-		-	-
30	346 Meters	4.55%	-		-	-
31	348 Hydrants	1.82%	-		-	-
32	Subtotal Trans. & Dist.		$ -	$ -	$ -	$ -
33	General Plant					
34	389 General Plant Land	0.00%	-		-	-
35	390 General Plant Structures	2.50%	-		-	-
36	390.1 Leasehold Improvements	n/a	-		-	-
37	391 Office Furniture & Equipment	6.67%	-		-	-
38	393 Warehouse Equipment	5.00%	-		-	-
39	394 Tools, Shop & Garage Equip.	4.00%	-		-	-
40	395 Laboratory Equipment	5.00%	-		-	-
41	396 Power Operated Equipment	6.67%	-		-	-
42	397 Communication Equipment	6.67%	-		-	-
43	398 Miscellaneous Equipment	3.33%	-		-	-
44	Subtotal General Plant		$ -	$ -	$ -	$ -
45						
46	Total Utility Plant		$ 80,000	$ -	$ (80,000)	$ (2,288)
47						
48	Accumulated Depreciation (1/2-Year Convention)					$ (1,144)
49						
50	Net Plant					$ (78,856)
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request BAB 8.1/RUCO data request 6.01.					

DECISION NO. _____
DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

			Pinal Valley (Continued)			
			[A]	[B]	[C]	[D]
			Work Authorization 1-5304			
Line No.		Depreciation Rate	As Filed	Settlement[1]	Increase / (Decrease)	Adjstmt' to Depreciation Expense
1	Intangible Plant					
2	301 Organization	0.00%	$ -		$ -	$ -
3	302 Franchises	n/a	-		-	-
4	303 Other Intangibles	n/a	-		-	-
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%	-		-	-
8	310.3 Other Source of Supply Land	0.00%	-		-	-
9	310.4 Wells - Other	n/a	-		-	-
10	314 Wells	3.13%	-		-	-
11	Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%	-		-	-
14	321 Pumping Plant Struct. & Improv.	2.86%	-		-	-
15	325 Electtric Pumping Equipment	5.88%	175,000	107,751	(67,249)	(3,954)
16	328 Gas Engine Equipment	4.00%	-		-	-
17	Subtotal Pumping Plant		$ 175,000	$ 107,751	$ (67,249)	$ (3,954)
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%	-		-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%	-		-	-
21	332 Water Treatment Equipment	2.86%	-		-	-
22	Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%	-		-	-
25	341 Transmission and Distribution Structure	3.33%	-		-	-
26	342 Storage Tanks	2.00%	-		-	-
27	343 Trans. & Dist. Mains	1.79%	-		-	-
28	344 Fire Sprinkler Taps	2.00%	-		-	-
29	345 Services	2.38%	-		-	-
30	346 Meters	4.55%	-		-	-
31	348 Hydrants	1.82%	-		-	-
32	Subtotal Trans. & Dist.		$ -	$ -	$ -	$ -
33	General Plant					
34	389 General Plant Land	0.00%	-		-	-
35	390 General Plant Structures	2.50%	-		-	-
36	390.1 Leasehold Improvements	n/a	-		-	-
37	391 Office Furniture & Equipment	6.67%	-		-	-
38	393 Warehouse Equipment	5.00%	-		-	-
39	394 Tools, Shop & Garage Equip.	4.00%	-		-	-
40	395 Laboratory Equipment	5.00%	-		-	-
41	396 Power Operated Equipment	6.67%	-		-	-
42	397 Communication Equipment	6.67%	-		-	-
43	398 Miscellaneous Equipment	3.33%	-		-	-
44	Subtotal General Plant		$ -	$ -	$ -	$ -
45						
46	Total Utility Plant		$ 175,000	$ 107,751	$ (67,249)	$ (3,954)
47						
48	Accumulated Depreciation (1/2-Year Convention)					$ (1,977)
49						
50	Net Plant					$ (65,272)
51						
52						
53						
54						

55 [1]Updated costs provided in response to Staff data request BAB 8.1/RUCO data request 6.01.

Supporting Schedules:

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Recap Schedules:

DECISION NO. _____

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

			Pinal Valley (Continued)			
			[A]	[B]	[C]	[D]
			Work Authorization 1-5306			
Line No.		Depreciation Rate	As Filed	Settlement[1]	Increase / (Decrease)	Adjstmt' to Depreciation Expense
1	Intangible Plant					
2	301 Organization	0.00%	$ -		$ -	$ -
3	302 Franchises	n/a	-		-	-
4	303 Other Intangibles	n/a	-		-	-
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%	-		-	-
8	310.3 Other Source of Supply Land	0.00%	-		-	-
9	310.4 Wells - Other	n/a	-		-	-
10	314 Wells	3.13%	-		-	-
11	Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%	-		-	-
14	321 Pumping Plant Struct. & Improv.	2.86%	-		-	-
15	325 Electtric Pumping Equipment	5.88%	43,000	40,760	(2,240)	(132)
16	328 Gas Engine Equipment	4.00%	-		-	-
17	Subtotal Pumping Plant		$ 43,000	$ 40,760	$ (2,240)	$ (132)
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%	-		-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%	-		-	-
21	332 Water Treatment Equipment	2.86%	-		-	-
22	Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%	-		-	-
25	341 Transmission and Distribution Structure	3.33%	-		-	-
26	342 Storage Tanks	2.00%	-		-	-
27	343 Trans. & Dist. Mains	1.79%	-		-	-
28	344 Fire Sprinkler Taps	2.00%	-		-	-
29	345 Services	2.38%	-		-	-
30	346 Meters	4.55%	-		-	-
31	348 Hydrants	1.82%	-		-	-
32	Subtotal Trans. & Dist.		$ -	$ -	$ -	$ -
33	General Plant					
34	389 General Plant Land	0.00%	-		-	-
35	390 General Plant Structures	2.50%	-		-	-
36	390.1 Leasehold Improvements	n/a	-		-	-
37	391 Office Furniture & Equipment	6.67%	-		-	-
38	393 Warehouse Equipment	5.00%	-		-	-
39	394 Tools, Shop & Garage Equip.	4.00%	-		-	-
40	395 Laboratory Equipment	5.00%	-		-	-
41	396 Power Operated Equipment	6.67%	-		-	-
42	397 Communication Equipment	6.67%	-		-	-
43	398 Miscellaneous Equipment	3.33%	-		-	-
44	Subtotal General Plant		$ -	$ -	$ -	$ -
45						
46	Total Utility Plant		$ 43,000	$ 40,760	$ (2,240)	$ (132)
47						
48	Accumulated Depreciation (1/2-Year Convention)					$ (66)
49						
50	Net Plant					$ (2,174)
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request BAB 8.1/RUCO data request 6.01.					

Supporting Schedules:

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DECISION NO. _____

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

Line No.		Depreciation Rate	Pinal Valley (Continued) [A] Work Authorization 1-5307 As Filed	[B] Settlement[1]	[C] Increase / (Decrease)	[D] Adjstmt' to Depreciation Expense
1	Intangible Plant					
2	301 Organization	0.00%	$ -		$ -	$ -
3	302 Franchises	n/a	-		-	-
4	303 Other Intangibles	n/a	-		-	-
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%	-		-	-
8	310.3 Other Source of Supply Land	0.00%	-		-	-
9	310.4 Wells - Other	n/a	-		-	-
10	314 Wells	3.13%	-		-	-
11	Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%	-		-	-
14	321 Pumping Plant Struct. & Improv.	2.86%	-		-	-
15	325 Electtric Pumping Equipment	5.88%	-		-	-
16	328 Gas Engine Equipment	4.00%	-		-	-
17	Subtotal Pumping Plant		$ -	$ -	$ -	$ -
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%	-		-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%	-		-	-
21	332 Water Treatment Equipment	2.86%	40,000	42,163	2,163	62
22	Subtotal Water Trtmt. Plant		$ 40,000	$ 42,163	$ 2,163	$ 62
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%	-		-	-
25	341 Transmission and Distribution Structur	3.33%	-		-	-
26	342 Storage Tanks	2.00%	-		-	-
27	343 Trans. & Dist. Mains	1.79%	-		-	-
28	344 Fire Sprinkler Taps	2.00%	-		-	-
29	345 Services	2.38%	-		-	-
30	346 Meters	4.55%	-		-	-
31	348 Hydrants	1.82%	-		-	-
32	Subtotal Trans. & Dist.		$ -	$ -	$ -	$ -
33	General Plant					
34	389 General Plant Land	0.00%	-		-	-
35	390 General Plant Structures	2.50%	-		-	-
36	390.1 Leasehold Improvements	n/a	-		-	-
37	391 Office Furniture & Equipment	6.67%	-		-	-
38	393 Warehouse Equipment	5.00%	-		-	-
39	394 Tools, Shop & Garage Equip.	4.00%	-		-	-
40	395 Laboratory Equipment	5.00%	-		-	-
41	396 Power Operated Equipment	6.67%	-		-	-
42	397 Communication Equipment	6.67%	-		-	-
43	398 Miscellaneous Equipment	3.33%	-		-	-
44	Subtotal General Plant		$ -	$ -	$ -	$ -
45						
46	Total Utility Plant		$ 40,000	$ 42,163	$ 2,163	$ 62
47						
48	Accumulated Depreciation (1/2-Year Convention)					$ 31
49						
50	Net Plant					$ 2,132
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request BAB 8.1/RUCO data request 6.01.					

DECISION NO. _____
DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

			Pinal Valley (Continued)			
			[A]	[B]	[C]	[D]
			Work Authorization 1-5168			
Line No.		Depreciation Rate	As Filed	Settlement[1]	Increase / (Decrease)	Adjstmt' to Depreciation Expense
1	Intangible Plant					
2	301 Organization	0.00%	$ -		$ -	$ -
3	302 Franchises	n/a	-		-	-
4	303 Other Intangibles	n/a	-		-	-
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%	-		-	-
8	310.3 Other Source of Supply Land	0.00%	-		-	-
9	310.4 Wells - Other	n/a	-		-	-
10	314 Wells	3.13%	-		-	-
11	Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%	-		-	-
14	321 Pumping Plant Struct. & Improv.	2.86%	-		-	-
15	325 Electtric Pumping Equipment	5.88%	-		-	-
16	328 Gas Engine Equipment	4.00%	-		-	-
17	Subtotal Pumping Plant		$ -	$ -	$ -	$ -
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%	-		-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%	-		-	-
21	332 Water Treatment Equipment	2.86%	-		-	-
22	Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%	-		-	-
25	341 Transmission and Distribution Structur	3.33%	-		-	-
26	342 Storage Tanks	2.00%	-		-	-
27	343 Trans. & Dist. Mains	1.79%	110,000	115,552	5,552	99
28	344 Fire Sprinkler Taps	2.00%	-		-	-
29	345 Services	2.38%	-		-	-
30	346 Meters	4.55%	-		-	-
31	348 Hydrants	1.82%	-		-	-
32	Subtotal Trans. & Dist.		$ 110,000	$ 115,552	$ 5,552	$ 99
33	General Plant					
34	389 General Plant Land	0.00%	-		-	-
35	390 General Plant Structures	2.50%	-		-	-
36	390.1 Leasehold Improvements	n/a	-		-	-
37	391 Office Furniture & Equipment	6.67%	-		-	-
38	393 Warehouse Equipment	5.00%	-		-	-
39	394 Tools, Shop & Garage Equip.	4.00%	-		-	-
40	395 Laboratory Equipment	5.00%	-		-	-
41	396 Power Operated Equipment	6.67%	-		-	-
42	397 Communication Equipment	6.67%	-		-	-
43	398 Miscellaneous Equipment	3.33%	-		-	-
44	Subtotal General Plant		$ -	$ -	$ -	$ -
45						
46	Total Utility Plant		$ 110,000	$ 115,552	$ 5,552	$ 99
47						
48	Accumulated Depreciation (1/2-Year Convention)					$ 50
49						
50	Net Plant					$ 5,502
51						
52						
53						
54						

55 [1]Updated costs provided in response to Staff data request BAB 8.1/RUCO data request 6.01.

DECISION NO. ____
DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

			Pinal Valley (Continued)			
			[A]	[B]	[C]	[D]
			Work Authorization 1-5345			
Line No.		Depreciation Rate	As Filed	Settlement[1]	Increase / (Decrease)	Adjstmt' to Depreciation Expense
1	Intangible Plant					
2	301 Organization	0.00%	$ -		$ -	$ -
3	302 Franchises	n/a	-		-	-
4	303 Other Intangibles	n/a	-		-	-
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%	-		-	-
8	310.3 Other Source of Supply Land	0.00%	-		-	-
9	310.4 Wells - Other	n/a	-		-	-
10	314 Wells	3.13%	-		-	-
11	Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%	-		-	-
14	321 Pumping Plant Struct. & Improv.	2.86%	-		-	-
15	325 Electtric Pumping Equipment	5.88%	-		-	-
16	328 Gas Engine Equipment	4.00%	-		-	-
17	Subtotal Pumping Plant		$ -	$ -	$ -	$ -
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%	-		-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%	-		-	-
21	332 Water Treatment Equipment	2.86%	-		-	-
22	Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%	-		-	-
25	341 Transmission and Distribution Structur	3.33%	-		-	-
26	342 Storage Tanks	2.00%	-		-	-
27	343 Trans. & Dist. Mains	1.79%	62,000	56,452	(5,548)	(99)
28	344 Fire Sprinkler Taps	2.00%	-		-	-
29	345 Services	2.38%	-		-	-
30	346 Meters	4.55%	-		-	-
31	348 Hydrants	1.82%	-		-	-
32	Subtotal Trans. & Dist.		$ 62,000	$ 56,452	$ (5,548)	$ (99)
33	General Plant					
34	389 General Plant Land	0.00%	-		-	-
35	390 General Plant Structures	2.50%	-		-	-
36	390.1 Leasehold Improvements	n/a	-		-	-
37	391 Office Furniture & Equipment	6.67%	-		-	-
38	393 Warehouse Equipment	5.00%	-		-	-
39	394 Tools, Shop & Garage Equip.	4.00%	-		-	-
40	395 Laboratory Equipment	5.00%	-		-	-
41	396 Power Operated Equipment	6.67%	-		-	-
42	397 Communication Equipment	6.67%	-		-	-
43	398 Miscellaneous Equipment	3.33%	-		-	-
44	Subtotal General Plant		$ -	$ -	$ -	$ -
45						
46	Total Utility Plant		$ 62,000	$ 56,452	$ (5,548)	$ (99)
47						
48	Accumulated Depreciation (1/2-Year Convention)					$ (50)
49						
50	Net Plant					$ (5,498)
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request BAB 8.1/RUCO data request 6.01.					

DECISION NO. _____
DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

			Pinal Valley (Continued)			
			[A]	[B]	[C]	[D]
			Work Authorization 1-5329			
Line No.		Depreciation Rate	As Filed	Settlement[1]	Increase / (Decrease)	Adjstmt' to Depreciation Expense
1	Intangible Plant					
2	301 Organization	0.00%	$ -		$ -	$ -
3	302 Franchises	n/a	-		-	-
4	303 Other Intangibles	n/a	-		-	-
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%	-		-	-
8	310.3 Other Source of Supply Land	0.00%	-		-	-
9	310.4 Wells - Other	n/a	-		-	-
10	314 Wells	3.13%	-		-	-
11	Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%	-		-	-
14	321 Pumping Plant Struct. & Improv.	2.86%	-		-	-
15	325 Electtric Pumping Equipment	5.88%	-		-	-
16	328 Gas Engine Equipment	4.00%	-		-	-
17	Subtotal Pumping Plant		$ -	$ -	$ -	$ -
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%	-		-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%	-		-	-
21	332 Water Treatment Equipment	2.86%	-		-	-
22	Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%	-		-	-
25	341 Transmission and Distribution Structur	3.33%	-		-	-
26	342 Storage Tanks	2.00%	-		-	-
27	343 Trans. & Dist. Mains	1.79%	24,000	20,780	(3,220)	(58)
28	344 Fire Sprinkler Taps	2.00%	-		-	-
29	345 Services	2.38%	-		-	-
30	346 Meters	4.55%	-		-	-
31	348 Hydrants	1.82%	-		-	-
32	Subtotal Trans. & Dist.		$ 24,000	$ 20,780	$ (3,220)	$ (58)
33	General Plant					
34	389 General Plant Land	0.00%	-		-	-
35	390 General Plant Structures	2.50%	-		-	-
36	390.1 Leasehold Improvements	n/a	-		-	-
37	391 Office Furniture & Equipment	6.67%	-		-	-
38	393 Warehouse Equipment	5.00%	-		-	-
39	394 Tools, Shop & Garage Equip.	4.00%	-		-	-
40	395 Laboratory Equipment	5.00%	-		-	-
41	396 Power Operated Equipment	6.67%	-		-	-
42	397 Communication Equipment	6.67%	-		-	-
43	398 Miscellaneous Equipment	3.33%	-		-	-
44	Subtotal General Plant		$ -	$ -	$ -	$ -
45						
46	Total Utility Plant		$ 24,000	$ 20,780	$ (3,220)	$ (58)
47						
48	Accumulated Depreciation (1/2-Year Convention)					$ (29)
49						
50	Net Plant					$ (3,191)
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request BAB 8.1/RUCO data request 6.01.					

DECISION NO. _____
DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

			Pinal Valley (Continued)			
			[A]	[B]	[C]	[D]
			Work Authorization 1-5332			
Line No.		Depreciation Rate	As Filed	Settlement[1]	Increase / (Decrease)	Adjstmt' to Depreciation Expense
1	Intangible Plant					
2	301 Organization	0.00%	$ -		$ -	$ -
3	302 Franchises	n/a	-		-	-
4	303 Other Intangibles	n/a	-		-	-
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%	-		-	-
8	310.3 Other Source of Supply Land	0.00%	-		-	-
9	310.4 Wells - Other	n/a	-		-	-
10	314 Wells	3.13%	-		-	-
11	Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%	-		-	-
14	321 Pumping Plant Struct. & Improv.	2.86%	-		-	-
15	325 Electtric Pumping Equipment	5.88%	-		-	-
16	328 Gas Engine Equipment	4.00%	-		-	-
17	Subtotal Pumping Plant		$ -	$ -	$ -	$ -
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%	-		-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%	-		-	-
21	332 Water Treatment Equipment	2.86%	-		-	-
22	Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%	-		-	-
25	341 Transmission and Distribution Structure	3.33%	-		-	-
26	342 Storage Tanks	2.00%	-		-	-
27	343 Trans. & Dist. Mains	1.79%	300,000	299,926	(74)	(1)
28	344 Fire Sprinkler Taps	2.00%	-		-	-
29	345 Services	2.38%	-		-	-
30	346 Meters	4.55%	-		-	-
31	348 Hydrants	1.82%	-		-	-
32	Subtotal Trans. & Dist.		$ 300,000	$ 299,926	$ (74)	$ (1)
33	General Plant					
34	389 General Plant Land	0.00%	-		-	-
35	390 General Plant Structures	2.50%	-		-	-
36	390.1 Leasehold Improvements	n/a	-		-	-
37	391 Office Furniture & Equipment	6.67%	-		-	-
38	393 Warehouse Equipment	5.00%	-		-	-
39	394 Tools, Shop & Garage Equip.	4.00%	-		-	-
40	395 Laboratory Equipment	5.00%	-		-	-
41	396 Power Operated Equipment	6.67%	-		-	-
42	397 Communication Equipment	6.67%	-		-	-
43	398 Miscellaneous Equipment	3.33%	-		-	-
44	Subtotal General Plant		$ -	$ -	$ -	$ -
45						
46	Total Utility Plant		$ 300,000	$ 299,926	$ (74)	$ (1)
47						
48	Accumulated Depreciation (1/2-Year Convention)					$ (1)
49						
50	Net Plant					$ (73)
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request BAB 8.1/RUCO data request 6.01.					

DECISION NO. _____
DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

Line No.		Depreciation Rate	Pinal Valley (Continued) [A] Work Authorization 1-5339 As Filed	[B] Settlement[1]	[C] Increase / (Decrease)	[D] Adjstmt' to Depreciation Expense
1	Intangible Plant					
2	301 Organization	0.00%	$ -		$ -	$ -
3	302 Franchises	n/a	-		-	-
4	303 Other Intangibles	n/a	-		-	-
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%	-		-	-
8	310.3 Other Source of Supply Land	0.00%	-		-	-
9	310.4 Wells - Other	n/a	-		-	-
10	314 Wells	3.13%	-		-	-
11	Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%	-		-	-
14	321 Pumping Plant Struct. & Improv.	2.86%	-		-	-
15	325 Electric Pumping Equipment	5.88%	-		-	-
16	328 Gas Engine Equipment	4.00%	-		-	-
17	Subtotal Pumping Plant		$ -	$ -	$ -	$ -
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%	-		-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%	-		-	-
21	332 Water Treatment Equipment	2.86%	-		-	-
22	Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%	-		-	-
25	341 Transmission and Distribution Structur	3.33%	-		-	-
26	342 Storage Tanks	2.00%	-		-	-
27	343 Trans. & Dist. Mains	1.79%	-		-	-
28	344 Fire Sprinkler Taps	2.00%	-		-	-
29	345 Services	2.38%	62,000	57,381	(4,619)	(110)
30	346 Meters	4.55%	-		-	-
31	348 Hydrants	1.82%	-		-	-
32	Subtotal Trans. & Dist.		$ 62,000	$ 57,381	$ (4,619)	$ (110)
33	General Plant					
34	389 General Plant Land	0.00%	-		-	-
35	390 General Plant Structures	2.50%	-		-	-
36	390.1 Leasehold Improvements	n/a	-		-	-
37	391 Office Furniture & Equipment	6.67%	-		-	-
38	393 Warehouse Equipment	5.00%	-		-	-
39	394 Tools, Shop & Garage Equip.	4.00%	-		-	-
40	395 Laboratory Equipment	5.00%	-		-	-
41	396 Power Operated Equipment	6.67%	-		-	-
42	397 Communication Equipment	6.67%	-		-	-
43	398 Miscellaneous Equipment	3.33%	-		-	-
44	Subtotal General Plant		$ -	$ -	$ -	$ -
45						
46	Total Utility Plant		$ 62,000	$ 57,381	$ (4,619)	$ (110)
47						
48	Accumulated Depreciation (1/2-Year Convention)					$ (55)
49						
50	Net Plant					$ (4,564)
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request BAB 8.1/RUCO data request 6.01.					

Supporting Schedules:

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Recap Schedules:

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

			Pinal Valley (Continued)			
			[A]	[B]	[C]	[D]
			Work Authorization 1-5341			
Line No.		Depreciation Rate	As Filed	Settlement[1]	Increase / (Decrease)	Adjstmt' to Depreciation Expense
1	Intangible Plant					
2	301 Organization	0.00%	$ -		$ -	$ -
3	302 Franchises	n/a	-		-	-
4	303 Other Intangibles	n/a	-		-	-
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%	-		-	-
8	310.3 Other Source of Supply Land	0.00%	-		-	-
9	310.4 Wells - Other	n/a	-		-	-
10	314 Wells	3.13%	-		-	-
11	Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%	-		-	-
14	321 Pumping Plant Struct. & Improv.	2.86%	-		-	-
15	325 Electtric Pumping Equipment	5.88%	-		-	-
16	328 Gas Engine Equipment	4.00%	-		-	-
17	Subtotal Pumping Plant		$ -	$ -	$ -	$ -
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%	-		-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%	-		-	-
21	332 Water Treatment Equipment	2.86%	-		-	-
22	Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%	-		-	-
25	341 Transmission and Distribution Structur	3.33%	-		-	-
26	342 Storage Tanks	2.00%	-		-	-
27	343 Trans. & Dist. Mains	1.79%	-		-	-
28	344 Fire Sprinkler Taps	2.00%	-		-	-
29	345 Services	2.38%	43,000	34,918	(8,082)	(192)
30	346 Meters	4.55%	-	247.04	247	11
31	348 Hydrants	1.82%	-		-	-
32	Subtotal Trans. & Dist.		$ 43,000	$ 35,165	$ (7,835)	$ (181)
33	General Plant					
34	389 General Plant Land	0.00%	-		-	-
35	390 General Plant Structures	2.50%	-		-	-
36	390.1 Leasehold Improvements	n/a	-		-	-
37	391 Office Furniture & Equipment	6.67%	-		-	-
38	393 Warehouse Equipment	5.00%	-		-	-
39	394 Tools, Shop & Garage Equip.	4.00%	-		-	-
40	395 Laboratory Equipment	5.00%	-		-	-
41	396 Power Operated Equipment	6.67%	-		-	-
42	397 Communication Equipment	6.67%	-		-	-
43	398 Miscellaneous Equipment	3.33%	-		-	-
44	Subtotal General Plant		$ -	$ -	$ -	$ -
45						
46	Total Utility Plant		$ 43,000	$ 35,165	$ (7,835)	$ (181)
47						
48	Accumulated Depreciation (1/2-Year Convention)					$ (91)
49						
50	Net Plant					$ (7,745)
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request BAB 8.1/RUCO data request 6.01.					

Supporting Schedules:

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Recap Schedules:

DECISION NO. _____

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

			Pinal Valley (Continued)			
			[A]	[B]	[C]	[D]
			Work Authorization 1-0076			
Line No.		Depreciation Rate	As Filed	Settlement[1]	Increase / (Decrease)	Adjstmt' to Depreciation Expense
1	Intangible Plant					
2	301 Organization	0.00%	$ -		$ -	$ -
3	302 Franchises	n/a	-		-	-
4	303 Other Intangibles	n/a	-		-	-
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%	-		-	-
8	310.3 Other Source of Supply Land	0.00%	-		-	-
9	310.4 Wells - Other	n/a	-		-	-
10	314 Wells	3.13%	-		-	-
11	Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%	-		-	-
14	321 Pumping Plant Struct. & Improv.	2.86%	-		-	-
15	325 Electtric Pumping Equipment	5.88%	-		-	-
16	328 Gas Engine Equipment	4.00%	-		-	-
17	Subtotal Pumping Plant		$ -	$ -	$ -	$ -
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%	-		-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%	-		-	-
21	332 Water Treatment Equipment	2.86%	-		-	-
22	Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%	-		-	-
25	341 Transmission and Distribution Structure	3.33%	-		-	-
26	342 Storage Tanks	2.00%	-		-	-
27	343 Trans. & Dist. Mains	1.79%	-		-	-
28	344 Fire Sprinkler Taps	2.00%	-		-	-
29	345 Services	2.38%	-		-	-
30	346 Meters	4.55%	120,000	125,690	5,690	259
31	348 Hydrants	1.82%	-		-	-
32	Subtotal Trans. & Dist.		$ 120,000	$ 125,690	$ 5,690	$ 259
33	General Plant					
34	389 General Plant Land	0.00%	-		-	-
35	390 General Plant Structures	2.50%	-		-	-
36	390.1 Leasehold Improvements	n/a	-		-	-
37	391 Office Furniture & Equipment	6.67%	-		-	-
38	393 Warehouse Equipment	5.00%	-		-	-
39	394 Tools, Shop & Garage Equip.	4.00%	-		-	-
40	395 Laboratory Equipment	5.00%	-		-	-
41	396 Power Operated Equipment	6.67%	-		-	-
42	397 Communication Equipment	6.67%	-		-	-
43	398 Miscellaneous Equipment	3.33%	-		-	-
44	Subtotal General Plant		$ -	$ -	$ -	$ -
45						
46	Total Utility Plant		$ 120,000	$ 125,690	$ 5,690	$ 259
47						
48	Accumulated Depreciation (1/2-Year Convention)					$ 129
49						
50	Net Plant					$ 5,561
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request BAB 8.1/RUCO data request 6.01.					

Supporting Schedules:

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Recap Schedules:

DECISION NO. _____

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

			Pinal Valley (Continued)			
			[A]	[B]	[C]	[D]
			Work Authorization 1-5344			
Line No.		Depreciation Rate	As Filed	Settlement[1]	Increase / (Decrease)	Adjstmt' to Depreciation Expense
1	Intangible Plant					
2	301 Organization	0.00%	$ -		$ -	$ -
3	302 Franchises	n/a	-		-	-
4	303 Other Intangibles	n/a	-		-	-
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%	-		-	-
8	310.3 Other Source of Supply Land	0.00%	-		-	-
9	310.4 Wells - Other	n/a	-		-	-
10	314 Wells	3.13%	-		-	-
11	Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%	-		-	-
14	321 Pumping Plant Struct. & Improv.	2.86%	-		-	-
15	325 Electtric Pumping Equipment	5.88%	-		-	-
16	328 Gas Engine Equipment	4.00%	-		-	-
17	Subtotal Pumping Plant		$ -	$ -	$ -	$ -
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%	-		-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%	-		-	-
21	332 Water Treatment Equipment	2.86%	-		-	-
22	Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%	-		-	-
25	341 Transmission and Distribution Structur	3.33%	-		-	-
26	342 Storage Tanks	2.00%	-		-	-
27	343 Trans. & Dist. Mains	1.79%	27,000	25,368	(1,632)	(29)
28	344 Fire Sprinkler Taps	2.00%	-		-	-
29	345 Services	2.38%	-		-	-
30	346 Meters	4.55%	-		-	-
31	348 Hydrants	1.82%	-		-	-
32	Subtotal Trans. & Dist.		$ 27,000	$ 25,368	$ (1,632)	$ (29)
33	General Plant					
34	389 General Plant Land	0.00%	-		-	-
35	390 General Plant Structures	2.50%	-		-	-
36	390.1 Leasehold Improvements	n/a	-		-	-
37	391 Office Furniture & Equipment	6.67%	-		-	-
38	393 Warehouse Equipment	5.00%	-		-	-
39	394 Tools, Shop & Garage Equip.	4.00%	-		-	-
40	395 Laboratory Equipment	5.00%	-		-	-
41	396 Power Operated Equipment	6.67%	-		-	-
42	397 Communication Equipment	6.67%	-		-	-
43	398 Miscellaneous Equipment	3.33%	-		-	-
44	Subtotal General Plant		$ -	$ -	$ -	$ -
45						
46	Total Utility Plant		$ 27,000	$ 25,368	$ (1,632)	$ (29)
47						
48	Accumulated Depreciation (1/2-Year Convention)					$ (15)
49						
50	Net Plant					$ (1,618)
51						
52						
53						
54						

55 [1]Updated costs provided in response to Staff data request BAB 8.1/RUCO data request 6.01.

Supporting Schedules:

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DECISION NO. _____

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

			Pinal Valley (Continued)			
			[A]	[B]	[C]	[D]
			Work Authorization 1-5260			
Line No.		Depreciation Rate	As Filed	Settlement[1]	Increase / (Decrease)	Adjstmt' to Depreciation Expense
1	Intangible Plant					
2	301 Organization	0.00%	$ -		$ -	$ -
3	302 Franchises	n/a	-		-	-
4	303 Other Intangibles	n/a	-		-	-
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%	-		-	-
8	310.3 Other Source of Supply Land	0.00%	-		-	-
9	310.4 Wells - Other	n/a	-		-	-
10	314 Wells	3.13%	-		-	-
11	Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%	-		-	-
14	321 Pumping Plant Struct. & Improv.	2.86%	-		-	-
15	325 Electtric Pumping Equipment	5.88%	-		-	-
16	328 Gas Engine Equipment	4.00%	-		-	-
17	Subtotal Pumping Plant		$ -	$ -	$ -	$ -
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%	-		-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%	-		-	-
21	332 Water Treatment Equipment	2.86%	25,000	20,645	(4,355)	(125)
22	Subtotal Water Trtmt. Plant		$ 25,000	$ 20,645	$ (4,355)	$ (125)
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%	-		-	-
25	341 Transmission and Distribution Structur	3.33%	-		-	-
26	342 Storage Tanks	2.00%	-		-	-
27	343 Trans. & Dist. Mains	1.79%	-		-	-
28	344 Fire Sprinkler Taps	2.00%	-		-	-
29	345 Services	2.38%	-		-	-
30	346 Meters	4.55%	-		-	-
31	348 Hydrants	1.82%	-		-	-
32	Subtotal Trans. & Dist.		$ -	$ -	$ -	$ -
33	General Plant					
34	389 General Plant Land	0.00%	-		-	-
35	390 General Plant Structures	2.50%	-		-	-
36	390.1 Leasehold Improvements	n/a	-		-	-
37	391 Office Furniture & Equipment	6.67%	-		-	-
38	393 Warehouse Equipment	5.00%	-		-	-
39	394 Tools, Shop & Garage Equip.	4.00%	-		-	-
40	395 Laboratory Equipment	5.00%	-		-	-
41	396 Power Operated Equipment	6.67%	-		-	-
42	397 Communication Equipment	6.67%	-		-	-
43	398 Miscellaneous Equipment	3.33%	-		-	-
44	Subtotal General Plant		$ -	$ -	$ -	$ -
45						
46	Total Utility Plant		$ 25,000	$ 20,645	$ (4,355)	$ (125)
47						
48	Accumulated Depreciation (1/2-Year Convention)					$ (62)
49						
50	Net Plant					$ (4,293)
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request BAB 8.1/RUCO data request 6.01.					

Supporting Schedules:

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DECISION NO. _____

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

			Pinal Valley (Continued)			
			[A]	[B]	[C]	[D]
			Work Authorization 1-5348			
Line No.		Depreciation Rate	As Filed	Settlement[1]	Increase / (Decrease)	Adjstmt' to Depreciation Expense
1	Intangible Plant					
2	301 Organization	0.00%	$ -		$ -	$ -
3	302 Franchises	n/a	-		-	-
4	303 Other Intangibles	n/a	-		-	-
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%	-		-	-
8	310.3 Other Source of Supply Land	0.00%	-		-	-
9	310.4 Wells - Other	n/a	-		-	-
10	314 Wells	3.13%	-		-	-
11	Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%	-		-	-
14	321 Pumping Plant Struct. & Improv.	2.86%	-		-	-
15	325 Electtric Pumping Equipment	5.88%	-		-	-
16	328 Gas Engine Equipment	4.00%	-		-	-
17	Subtotal Pumping Plant		$ -	$ -	$ -	$ -
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%	-		-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%	-		-	-
21	332 Water Treatment Equipment	2.86%	-		-	-
22	Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%	-		-	-
25	341 Transmission and Distribution Structure	3.33%	-		-	-
26	342 Storage Tanks	2.00%	-		-	-
27	343 Trans. & Dist. Mains	1.79%	-		-	-
28	344 Fire Sprinkler Taps	2.00%	-		-	-
29	345 Services	2.38%	-		-	-
30	346 Meters	4.55%	-		-	-
31	348 Hydrants	1.82%	-		-	-
32	Subtotal Trans. & Dist.		$ -	$ -	$ -	$ -
33	General Plant					
34	389 General Plant Land	0.00%	-		-	-
35	390 General Plant Structures	2.50%	-		-	-
36	390.1 Leasehold Improvements	n/a	-		-	-
37	391 Office Furniture & Equipment	6.67%	-		-	-
38	393 Warehouse Equipment	5.00%	-		-	-
39	394 Tools, Shop & Garage Equip.	4.00%	-		-	-
40	395 Laboratory Equipment	5.00%	-		-	-
41	396 Power Operated Equipment	6.67%	-		-	-
42	397 Communication Equipment	6.67%	27,000	19,377	(7,623)	(508)
43	398 Miscellaneous Equipment	3.33%	-		-	-
44	Subtotal General Plant		$ 27,000	$ 19,377	$ (7,623)	$ (508)
45						
46	Total Utility Plant		$ 27,000	$ 19,377	$ (7,623)	$ (508)
47						
48	Accumulated Depreciation (1/2-Year Convention)					$ (254)
49						
50	Net Plant					$ (7,369)
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request BAB 8.1/RUCO data request 6.01.					

DECISION NO. _____
DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

			Pinal Valley (Continued)			
			[A]	[B]	[C]	[D]
			Work Authorization 1-5358			
Line No.		Depreciation Rate	As Filed	Settlement[1]	Increase / (Decrease)	Adjstmt' to Depreciation Expense
1	Intangible Plant					
2	301 Organization	0.00%	$ -		$ -	$ -
3	302 Franchises	n/a	-		-	-
4	303 Other Intangibles	n/a	-		-	-
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%	-		-	-
8	310.3 Other Source of Supply Land	0.00%	-		-	-
9	310.4 Wells - Other	n/a	-		-	-
10	314 Wells	3.13%	-		-	-
11	Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%	-		-	-
14	321 Pumping Plant Struct. & Improv.	2.86%	-		-	-
15	325 Electtric Pumping Equipment	5.88%	115,000	124,002	9,002	529
16	328 Gas Engine Equipment	4.00%	-		-	-
17	Subtotal Pumping Plant		$ 115,000	$ 124,002	$ 9,002	$ 529
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%	-		-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%	-		-	-
21	332 Water Treatment Equipment	2.86%	-		-	-
22	Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%	-		-	-
25	341 Transmission and Distribution Structur	3.33%	-		-	-
26	342 Storage Tanks	2.00%	-		-	-
27	343 Trans. & Dist. Mains	1.79%	-		-	-
28	344 Fire Sprinkler Taps	2.00%	-		-	-
29	345 Services	2.38%	-		-	-
30	346 Meters	4.55%	-		-	-
31	348 Hydrants	1.82%	-		-	-
32	Subtotal Trans. & Dist.		$ -	$ -	$ -	$ -
33	General Plant					
34	389 General Plant Land	0.00%	-		-	-
35	390 General Plant Structures	2.50%	-		-	-
36	390.1 Leasehold Improvements	n/a	-		-	-
37	391 Office Furniture & Equipment	6.67%	-		-	-
38	393 Warehouse Equipment	5.00%	-		-	-
39	394 Tools, Shop & Garage Equip.	4.00%	-		-	-
40	395 Laboratory Equipment	5.00%	-		-	-
41	396 Power Operated Equipment	6.67%	-		-	-
42	397 Communication Equipment	6.67%	-		-	-
43	398 Miscellaneous Equipment	3.33%	-		-	-
44	Subtotal General Plant		$ -	$ -	$ -	$ -
45						
46	Total Utility Plant		$ 115,000	$ 124,002	$ 9,002	$ 529
47						
48	Accumulated Depreciation (1/2-Year Convention)					$ 265
49						
50	Net Plant					$ 8,737
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request BAB 8.1/RUCO data request 6.01.					

DECISION NO. _____
DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

Line No.		Depreciation Rate	Pinal Valley (Continued) [A] Work Authorization 1-5362 As Filed	[B] Settlement[1]	[C] Increase / (Decrease)	[D] Adjstmt' to Depreciation Expense
1	Intangible Plant					
2	301 Organization	0.00%	$ -		$ -	$ -
3	302 Franchises	n/a	-		-	-
4	303 Other Intangibles	n/a	-		-	-
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%	-		-	-
8	310.3 Other Source of Supply Land	0.00%	-		-	-
9	310.4 Wells - Other	n/a	-		-	-
10	314 Wells	3.13%	-		-	-
11	Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%	-		-	-
14	321 Pumping Plant Struct. & Improv.	2.86%	-		-	-
15	325 Electtric Pumping Equipment	5.88%	117,000	74,910	(42,090)	(2,475)
16	328 Gas Engine Equipment	4.00%	-		-	-
17	Subtotal Pumping Plant		$ 117,000	$ 74,910	$ (42,090)	$ (2,475)
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%	-		-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%	-		-	-
21	332 Water Treatment Equipment	2.86%	-		-	-
22	Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%	-		-	-
25	341 Transmission and Distribution Structur	3.33%	-		-	-
26	342 Storage Tanks	2.00%	-		-	-
27	343 Trans. & Dist. Mains	1.79%	-		-	-
28	344 Fire Sprinkler Taps	2.00%	-		-	-
29	345 Services	2.38%	-		-	-
30	346 Meters	4.55%	-		-	-
31	348 Hydrants	1.82%	-		-	-
32	Subtotal Trans. & Dist.		$ -	$ -	$ -	$ -
33	General Plant					
34	389 General Plant Land	0.00%	-		-	-
35	390 General Plant Structures	2.50%	-		-	-
36	390.1 Leasehold Improvements	n/a	-		-	-
37	391 Office Furniture & Equipment	6.67%	-		-	-
38	393 Warehouse Equipment	5.00%	-		-	-
39	394 Tools, Shop & Garage Equip.	4.00%	-		-	-
40	395 Laboratory Equipment	5.00%	-		-	-
41	396 Power Operated Equipment	6.67%	-		-	-
42	397 Communication Equipment	6.67%	-		-	-
43	398 Miscellaneous Equipment	3.33%	-		-	-
44	Subtotal General Plant		$ -	$ -	$ -	$ -
45						
46	Total Utility Plant		$ 117,000	$ 74,910	$ (42,090)	$ (2,475)
47						
48	Accumulated Depreciation (1/2-Year Convention)					$ (1,237)
49						
50	Net Plant					$ (40,852)
51						
52						
53						
54						

55 [1]Updated costs provided in response to Staff data request BAB 8.1/RUCO data request 6.01.

DECISION NO. _____
DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

Line No.		Depreciation Rate	Pinal Valley (Continued) [A] Work Authorization 1-5359 As Filed	[B] Settlement[1]	[C] Increase / (Decrease)	[D] Adjstmt' to Depreciation Expense
1	Intangible Plant					
2	301 Organization	0.00%	$ -		$ -	$ -
3	302 Franchises	n/a	-		-	-
4	303 Other Intangibles	n/a	-		-	-
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%	-		-	-
8	310.3 Other Source of Supply Land	0.00%	-		-	-
9	310.4 Wells - Other	n/a	-		-	-
10	314 Wells	3.13%	-	16,383	16,383	513
11	Subtotal Source of Sup. Plant		$ -	$ 16,383	$ 16,383	$ 513
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%	-		-	-
14	321 Pumping Plant Struct. & Improv.	2.86%	-		-	-
15	325 Electtric Pumping Equipment	5.88%	200,000	117,871	(82,129)	(4,829)
16	328 Gas Engine Equipment	4.00%	-		-	-
17	Subtotal Pumping Plant		$ 200,000	$ 117,871	$ (82,129)	$ (4,829)
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%	-		-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%	-		-	-
21	332 Water Treatment Equipment	2.86%	-		-	-
22	Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%	-		-	-
25	341 Transmission and Distribution Structur	3.33%	-		-	-
26	342 Storage Tanks	2.00%	-		-	-
27	343 Trans. & Dist. Mains	1.79%	-		-	-
28	344 Fire Sprinkler Taps	2.00%	-		-	-
29	345 Services	2.38%	-		-	-
30	346 Meters	4.55%	-		-	-
31	348 Hydrants	1.82%	-		-	-
32	Subtotal Trans. & Dist.		$ -	$ -	$ -	$ -
33	General Plant					
34	389 General Plant Land	0.00%	-		-	-
35	390 General Plant Structures	2.50%	-		-	-
36	390.1 Leasehold Improvements	n/a	-		-	-
37	391 Office Furniture & Equipment	6.67%	-		-	-
38	393 Warehouse Equipment	5.00%	-		-	-
39	394 Tools, Shop & Garage Equip.	4.00%	-		-	-
40	395 Laboratory Equipment	5.00%	-		-	-
41	396 Power Operated Equipment	6.67%	-		-	-
42	397 Communication Equipment	6.67%	-		-	-
43	398 Miscellaneous Equipment	3.33%	-		-	-
44	Subtotal General Plant		$ -	$ -	$ -	$ -
45						
46	Total Utility Plant		$ 200,000	$ 134,254	$ (65,746)	$ (4,316)
47						
48	Accumulated Depreciation (1/2-Year Convention)					$ (2,158)
49						
50	Net Plant					$ (63,588)
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request BAB 8.1/RUCO data request 6.01.					

Supporting Schedules:

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ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

			Pinal Valley (Continued)			
			[A]	[B]	[C]	[D]
			Work Authorization 1-5361			
Line No.		Depreciation Rate	As Filed	Settlement[1]	Increase / (Decrease)	Adjstmt' to Depreciation Expense
1	Intangible Plant					
2	301 Organization	0.00%	$ -		$ -	$ -
3	302 Franchises	n/a	-		-	-
4	303 Other Intangibles	n/a	-		-	-
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%	-		-	-
8	310.3 Other Source of Supply Land	0.00%	-		-	-
9	310.4 Wells - Other	n/a	-		-	-
10	314 Wells	3.13%	-		-	-
11	Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%	-		-	-
14	321 Pumping Plant Struct. & Improv.	2.86%	-		-	-
15	325 Electtric Pumping Equipment	5.88%	-		-	-
16	328 Gas Engine Equipment	4.00%	-		-	-
17	Subtotal Pumping Plant		$ -	$ -	$ -	$ -
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%	-		-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%	-		-	-
21	332 Water Treatment Equipment	2.86%	-		-	-
22	Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%	-		-	-
25	341 Transmission and Distribution Structure	3.33%	-		-	-
26	342 Storage Tanks	2.00%	70,000	79,622	9,622	192
27	343 Trans. & Dist. Mains	1.79%	-		-	-
28	344 Fire Sprinkler Taps	2.00%	-		-	-
29	345 Services	2.38%	-		-	-
30	346 Meters	4.55%	-		-	-
31	348 Hydrants	1.82%	-		-	-
32	Subtotal Trans. & Dist.		$ 70,000	$ 79,622	$ 9,622	$ 192
33	General Plant					
34	389 General Plant Land	0.00%	-		-	-
35	390 General Plant Structures	2.50%	-		-	-
36	390.1 Leasehold Improvements	n/a	-		-	-
37	391 Office Furniture & Equipment	6.67%	-		-	-
38	393 Warehouse Equipment	5.00%	-		-	-
39	394 Tools, Shop & Garage Equip.	4.00%	-		-	-
40	395 Laboratory Equipment	5.00%	-		-	-
41	396 Power Operated Equipment	6.67%	-		-	-
42	397 Communication Equipment	6.67%	-		-	-
43	398 Miscellaneous Equipment	3.33%	-		-	-
44	Subtotal General Plant		$ -	$ -	$ -	$ -
45						
46	Total Utility Plant		$ 70,000	$ 79,622	$ 9,622	$ 192
47						
48	Accumulated Depreciation (1/2-Year Convention)					$ 96
49						
50	Net Plant					$ 9,526
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request BAB 8.1/RUCO data request 6.01.					

DECISION NO. _____
DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

			Pinal Valley (Continued)			
			[A]	[B]	[C]	[D]
			Work Authorization 1-5076			
Line No.		Depreciation Rate	As Filed	Settlement[1]	Increase / (Decrease)	Adjstmt' to Depreciation Expense
1	Intangible Plant					
2	301 Organization	0.00%	$ -		$ -	$ -
3	302 Franchises	n/a	-		-	-
4	303 Other Intangibles	n/a	-		-	-
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%	-		-	-
8	310.3 Other Source of Supply Land	0.00%	-		-	-
9	310.4 Wells - Other	n/a	-		-	-
10	314 Wells	3.13%	-		-	-
11	Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%	-		-	-
14	321 Pumping Plant Struct. & Improv.	2.86%	-		-	-
15	325 Electtric Pumping Equipment	5.88%	-		-	-
16	328 Gas Engine Equipment	4.00%	-		-	-
17	Subtotal Pumping Plant		$ -	$ -	$ -	$ -
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%	-		-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%	-		-	-
21	332 Water Treatment Equipment	2.86%	-		-	-
22	Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%	-		-	-
25	341 Transmission and Distribution Structur	3.33%	-		-	-
26	342 Storage Tanks	2.00%	-		-	-
27	343 Trans. & Dist. Mains	1.79%	195,574	195,574	0	0
28	344 Fire Sprinkler Taps	2.00%	-		-	-
29	345 Services	2.38%	-		-	-
30	346 Meters	4.55%	-		-	-
31	348 Hydrants	1.82%	-		-	-
32	Subtotal Trans. & Dist.		$ 195,574	$ 195,574	$ 0	$ 0
33	General Plant					
34	389 General Plant Land	0.00%	-		-	-
35	390 General Plant Structures	2.50%	-		-	-
36	390.1 Leasehold Improvements	n/a	-		-	-
37	391 Office Furniture & Equipment	6.67%	-		-	-
38	393 Warehouse Equipment	5.00%	-		-	-
39	394 Tools, Shop & Garage Equip.	4.00%	-		-	-
40	395 Laboratory Equipment	5.00%	-		-	-
41	396 Power Operated Equipment	6.67%	-		-	-
42	397 Communication Equipment	6.67%	-		-	-
43	398 Miscellaneous Equipment	3.33%	-		-	-
44	Subtotal General Plant		$ -	$ -	$ -	$ -
45						
46	Total Utility Plant		$ 195,574	$ 195,574	$ 0	$ 0
47						
48	Accumulated Depreciation (1/2-Year Convention)					$ 0
49						
50	Net Plant					$ 0
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request BAB 8.1/RUCO data request 6.01.					

Supporting Schedules:

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DECISION NO. _____

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

			Pinal Valley (Continued)			
			[A]	[B]	[C]	[D]
			Work Authorization 1-5173			
Line No.		Depreciation Rate	As Filed	Settlement[1]	Increase / (Decrease)	Adjstmt' to Depreciation Expense
1	Intangible Plant					
2	301 Organization	0.00%	$ -		$ -	$ -
3	302 Franchises	n/a	-		-	-
4	303 Other Intangibles	n/a	-		-	-
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%	-		-	-
8	310.3 Other Source of Supply Land	0.00%	-		-	-
9	310.4 Wells - Other	n/a	-		-	-
10	314 Wells	3.13%	-		-	-
11	Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%	-		-	-
14	321 Pumping Plant Struct. & Improv.	2.86%	-		-	-
15	325 Electtric Pumping Equipment	5.88%	106,065	103,598	(2,467)	(145)
16	328 Gas Engine Equipment	4.00%	-		-	-
17	Subtotal Pumping Plant		$ 106,065	$ 103,598	$ (2,467)	$ (145)
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%	-		-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%	-		-	-
21	332 Water Treatment Equipment	2.86%	-		-	-
22	Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%	-		-	-
25	341 Transmission and Distribution Structur	3.33%	-		-	-
26	342 Storage Tanks	2.00%	-		-	-
27	343 Trans. & Dist. Mains	1.79%	-		-	-
28	344 Fire Sprinkler Taps	2.00%	-		-	-
29	345 Services	2.38%	-		-	-
30	346 Meters	4.55%	-		-	-
31	348 Hydrants	1.82%	-		-	-
32	Subtotal Trans. & Dist.		$ -	$ -	$ -	$ -
33	General Plant					
34	389 General Plant Land	0.00%	-		-	-
35	390 General Plant Structures	2.50%	-		-	-
36	390.1 Leasehold Improvements	n/a	-		-	-
37	391 Office Furniture & Equipment	6.67%	-		-	-
38	393 Warehouse Equipment	5.00%	-		-	-
39	394 Tools, Shop & Garage Equip.	4.00%	-		-	-
40	395 Laboratory Equipment	5.00%	-		-	-
41	396 Power Operated Equipment	6.67%	-		-	-
42	397 Communication Equipment	6.67%	-		-	-
43	398 Miscellaneous Equipment	3.33%	-		-	-
44	Subtotal General Plant		$ -	$ -	$ -	$ -
45						
46	Total Utility Plant		$ 106,065	$ 103,598	$ (2,467)	$ (145)
47						
48	Accumulated Depreciation (1/2-Year Convention)					$ (73)
49						
50	Net Plant					$ (2,395)
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request BAB 8.1/RUCO data request 6.01.					

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DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

			Pinal Valley (Continued)			
			[A]	[B]	[C]	[D]
			Work Authorization 1-5165			
Line No.		Depreciation Rate	As Filed	Settlement[1]	Increase / (Decrease)	Adjstmt' to Depreciation Expense
1	Intangible Plant					
2	301 Organization	0.00%	$ -		$ -	$ -
3	302 Franchises	n/a	-		-	-
4	303 Other Intangibles	n/a	-		-	-
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%	-		-	-
8	310.3 Other Source of Supply Land	0.00%	-		-	-
9	310.4 Wells - Other	n/a	-		-	-
10	314 Wells	3.13%	387,563	387,563	0	0
11	Subtotal Source of Sup. Plant		$ 387,563	$ 387,563	$ 0	$ 0
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%	-		-	-
14	321 Pumping Plant Struct. & Improv.	2.86%	4,397	4,397	(0)	(0)
15	325 Electtric Pumping Equipment	5.88%	25,486	25,486	(0)	(0)
16	328 Gas Engine Equipment	4.00%	-		-	-
17	Subtotal Pumping Plant		$ 29,883	$ 29,882	$ (1)	$ (0)
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%	-		-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%	-		-	-
21	332 Water Treatment Equipment	2.86%	-		-	-
22	Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%	-		-	-
25	341 Transmission and Distribution Structure	3.33%	-		-	-
26	342 Storage Tanks	2.00%	-		-	-
27	343 Trans. & Dist. Mains	1.79%	-		-	-
28	344 Fire Sprinkler Taps	2.00%	-		-	-
29	345 Services	2.38%	-		-	-
30	346 Meters	4.55%	-		-	-
31	348 Hydrants	1.82%	-		-	-
32	Subtotal Trans. & Dist.		$ -	$ -	$ -	$ -
33	General Plant					
34	389 General Plant Land	0.00%	-		-	-
35	390 General Plant Structures	2.50%	-		-	-
36	390.1 Leasehold Improvements	n/a	-		-	-
37	391 Office Furniture & Equipment	6.67%	-		-	-
38	393 Warehouse Equipment	5.00%	-		-	-
39	394 Tools, Shop & Garage Equip.	4.00%	-		-	-
40	395 Laboratory Equipment	5.00%	-		-	-
41	396 Power Operated Equipment	6.67%	-		-	-
42	397 Communication Equipment	6.67%	-		-	-
43	398 Miscellaneous Equipment	3.33%	-		-	-
44	Subtotal General Plant		$ -	$ -	$ -	$ -
45						
46	Total Utility Plant		$ 417,446	$ 417,446	$ (0)	$ (0)
47						
48	Accumulated Depreciation (1/2-Year Convention)					$ (0)
49						
50	Net Plant					$ (0)
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request BAB 8.1/RUCO data request 6.01.					

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ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

			Pinal Valley (Continued)			
			[A]	[B]	[C]	[D]
			Work Authorization 1-5251			
Line No.		Depreciation Rate	As Filed	Settlement[1]	Increase / (Decrease)	Adjstmt' to Depreciation Expense
1	Intangible Plant					
2	301 Organization	0.00%	$ -		$ -	$ -
3	302 Franchises	n/a	-		-	-
4	303 Other Intangibles	n/a	-		-	-
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%	-		-	-
8	310.3 Other Source of Supply Land	0.00%	-		-	-
9	310.4 Wells - Other	n/a	-		-	-
10	314 Wells	3.13%	-		-	-
11	Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%	-		-	-
14	321 Pumping Plant Struct. & Improv.	2.86%	-		-	-
15	325 Electtric Pumping Equipment	5.88%	245,552	245,968	416	24
16	328 Gas Engine Equipment	4.00%	-		-	-
17	Subtotal Pumping Plant		$ 245,552	$ 245,968	$ 416	$ 24
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%	-		-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%	-		-	-
21	332 Water Treatment Equipment	2.86%	-		-	-
22	Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%	-		-	-
25	341 Transmission and Distribution Structur	3.33%	-		-	-
26	342 Storage Tanks	2.00%	-		-	-
27	343 Trans. & Dist. Mains	1.79%	-		-	-
28	344 Fire Sprinkler Taps	2.00%	-		-	-
29	345 Services	2.38%	-		-	-
30	346 Meters	4.55%	-		-	-
31	348 Hydrants	1.82%	-		-	-
32	Subtotal Trans. & Dist.		$ -	$ -	$ -	$ -
33	General Plant					
34	389 General Plant Land	0.00%	-		-	-
35	390 General Plant Structures	2.50%	-		-	-
36	390.1 Leasehold Improvements	n/a	-		-	-
37	391 Office Furniture & Equipment	6.67%	-		-	-
38	393 Warehouse Equipment	5.00%	-		-	-
39	394 Tools, Shop & Garage Equip.	4.00%	-		-	-
40	395 Laboratory Equipment	5.00%	-		-	-
41	396 Power Operated Equipment	6.67%	-		-	-
42	397 Communication Equipment	6.67%	-		-	-
43	398 Miscellaneous Equipment	3.33%	-		-	-
44	Subtotal General Plant		$ -	$ -	$ -	$ -
45						
46	Total Utility Plant		$ 245,552	$ 245,968	$ 416	$ 24
47						
48	Accumulated Depreciation (1/2-Year Convention)					$ 12
49						
50	Net Plant					$ 404
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request BAB 8.1/RUCO data request 6.01.					

Supporting Schedules:

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ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

Line No.			Depreciation Rate	Pinal Valley - Total [A] Total - All Post-T.Y. Plant As Filed	[B] Settlement	[C] Increase / (Decrease)	[D] Adjstmt' to Depreciation Expense
1		Intangible Plant					
2	301	Organization	0.00%	$ -	$ -	$ -	$ -
3	302	Franchises	n/a	-	-	-	-
4	303	Other Intangibles	n/a	-	-	-	-
5		Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6		Source of Supply Plant					
7	310.1	Water Rights	0.00%	-	-	-	-
8	310.3	Other Source of Supply Land	0.00%	-	-	-	-
9	310.4	Wells - Other	n/a	-	-	-	-
10	314	Wells	3.13%	387,563	403,946	16,383	513
11		Subtotal Source of Sup. Plant		$ 387,563	$ 403,946	$ 16,383	$ 513
12		Pumping Plant					
13	320	Pumping Plant Land	0.00%	-	-	-	-
14	321	Pumping Plant Struct. & Improv.	2.86%	104,397	80,966	(23,431)	(670)
15	325	Electtric Pumping Equipment	5.88%	2,637,103	2,524,803	(112,300)	(6,603)
16	328	Gas Engine Equipment	4.00%	-	-	-	-
17		Subtotal Pumping Plant		$ 2,741,500	$ 2,605,769	$ (135,731)	$ (7,273)
18		Water Treatment Plant					
19	330	Water Treatment Plant Land	0.00%	-	-	-	-
20	331	Water Trtmt. Struct. & Improv.	2.50%	-	-	-	-
21	332	Water Treatment Equipment	2.86%	3,069,000	1,517,743	(1,551,257)	(44,366)
22		Subtotal Water Trtmt. Plant		$ 3,069,000	$ 1,517,743	$ (1,551,257)	$ (44,366)
23		Transmission & Distribution Plant					
24	340	Trans. and Dist. Land	0.00%	-	-	-	-
25	341	Transmission and Distribution Structure	3.33%	-	-	-	-
26	342	Storage Tanks	2.00%	70,000	79,622	9,622	192
27	343	Trans. & Dist. Mains	1.79%	1,977,574	1,843,750	(133,824)	(2,395)
28	344	Fire Sprinkler Taps	2.00%	-	-	-	-
29	345	Services	2.38%	280,000	111,075	(168,925)	(4,020)
30	346	Meters	4.55%	530,000	125,937	(404,063)	(18,385)
31	348	Hydrants	1.82%	20,000	5,783	(14,217)	(259)
32		Subtotal Trans. & Dist.		$ 2,877,574	$ 2,166,168	$ (711,406)	$ (24,867)
33		General Plant					
34	389	General Plant Land	0.00%	-	-	-	-
35	390	General Plant Structures	2.50%	-	6,073	6,073	152
36	390.1	Leasehold Improvements	n/a	-	-	-	-
37	391	Office Furniture & Equipment	6.67%	8,000	-	(8,000)	(534)
38	393	Warehouse Equipment	5.00%	-	-	-	-
39	394	Tools, Shop & Garage Equip.	4.00%	12,000	-	(12,000)	(480)
40	395	Laboratory Equipment	5.00%	-	-	-	-
41	396	Power Operated Equipment	6.67%	-	-	-	-
42	397	Communication Equipment	6.67%	27,000	19,377	(7,623)	(508)
43	398	Miscellaneous Equipment	3.33%	-	-	-	-
44		Subtotal General Plant		$ 47,000	$ 25,450	$ (21,550)	$ (1,370)
45							
46		Total Utility Plant		$ 9,122,637	$ 6,719,076	$ (2,403,561)	$ (77,364)
47							
48		Accumulated Depreciation (1/2-Year Convention)					$ (38,682)
49							
50		Net Plant					$ (2,364,879)
51							
52							
53							
54							
55							

Supporting Schedules:

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DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

Line No.			Depreciation Rate	White Tank [A] As Filed	Blankets [B] Settlement	[C] Increase / (Decrease)	[D] Adjstmt' to Depreciation Expense
1		Intangible Plant					
2	301	Organization	0.00%	$ -		$ -	$ -
3	302	Franchises	n/a	-		-	-
4	303	Other Intangibles	n/a	-		-	-
5		Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6		Source of Supply Plant					
7	310.1	Water Rights	0.00%	-		-	-
8	310.3	Other Source of Supply Land	0.00%	-		-	-
9	310.4	Wells - Other	n/a	-		-	-
10	314	Wells	3.13%	-		-	-
11		Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12		Pumping Plant					
13	320	Pumping Plant Land	0.00%	-		-	-
14	321	Pumping Plant Struct. & Improv.	2.86%	-		-	-
15	325	Electtric Pumping Equipment	5.88%	12,000	-	(12,000)	(706)
16	328	Gas Engine Equipment	4.00%	-		-	-
17		Subtotal Pumping Plant		$ 12,000	$ -	$ (12,000)	$ (706)
18		Water Treatment Plant					
19	330	Water Treatment Plant Land	0.00%	-		-	-
20	331	Water Trtmt. Struct. & Improv.	2.50%	-		-	-
21	332	Water Treatment Equipment	2.86%	-	-	-	-
22		Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23		Transmission & Distribution Plant					
24	340	Trans. and Dist. Land	0.00%	-		-	-
25	341	Transmission and Distribution Structur	3.33%	-		-	-
26	342	Storage Tanks	2.00%	-		-	-
27	343	Trans. & Dist. Mains	1.79%	5,000	-	(5,000)	(90)
28	344	Fire Sprinkler Taps	2.00%	-		-	-
29	345	Services	2.38%	25,000	-	(25,000)	(595)
30	346	Meters	4.55%	38,800	-	(38,800)	(1,765)
31	348	Hydrants	1.82%	5,000	-	(5,000)	(91)
32		Subtotal Trans. & Dist.		$ 73,800	$ -	$ (73,800)	$ (2,541)
33		General Plant					
34	389	General Plant Land	0.00%	-		-	-
35	390	General Plant Structures	2.50%	-		-	-
36	390.1	Leasehold Improvements	n/a	-		-	-
37	391	Office Furniture & Equipment	6.67%	1,000		(1,000)	(67)
38	393	Warehouse Equipment	5.00%	-		-	-
39	394	Tools, Shop & Garage Equip.	4.00%	1,250	-	(1,250)	(50)
40	395	Laboratory Equipment	5.00%	-		-	-
41	396	Power Operated Equipment	6.67%	-		-	-
42	397	Communication Equipment	6.67%	-	-	-	-
43	398	Miscellaneous Equipment	3.33%	-	-	-	-
44		Subtotal General Plant		$ 2,250	$ -	$ (2,250)	$ (117)
45							
46		Total Utility Plant		$ 88,050	$ -	$ (88,050)	$ (3,363)
47.							
48		Accumulated Depreciation (1/2-Year Convention)					$ (1,682)
49							
50		Net Plant					$ (86,368)
51							
52							
53							
54							
55							

Supporting Schedules:

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Recap Schedules:

DECISION NO. _____

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

Line No.		Depreciation Rate	White Tank (Continued) [A] Work Authorization 1-5032 As Filed	[B] Settlement[1]	[C] Increase / (Decrease)	[D] Adjstmt' to Depreciation Expense
1	Intangible Plant					
2	301 Organization	0.00%	$ -			
3	302 Franchises	n/a	-			
4	303 Other Intangibles	n/a	-			
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%	-			
8	310.3 Other Source of Supply Land	0.00%	-			
9	310.4 Wells - Other	n/a	-			
10	314 Wells	3.13%	-			
11	Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%	-			
14	321 Pumping Plant Struct. & Improv.	2.86%	-			
15	325 Electtric Pumping Equipment	5.88%	-			
16	328 Gas Engine Equipment	4.00%	-	8,855	8,855	
17	Subtotal Pumping Plant		$ -	$ 8,855	$ 8,855	$ -
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%	-			
20	331 Water Trtmt. Struct. & Improv.	2.50%	-			
21	332 Water Treatment Equipment	2.86%	-			521
22	Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ 521
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%	-			
25	341 Transmission and Distribution Structur	3.33%	-			
26	342 Storage Tanks	2.00%	-			
27	343 Trans. & Dist. Mains	1.79%	-			
28	344 Fire Sprinkler Taps	2.00%	-			
29	345 Services	2.38%	-			
30	346 Meters	4.55%	-			
31	348 Hydrants	1.82%	-			
32	Subtotal Trans. & Dist.		$ -	$ -	$ -	$ -
33	General Plant					
34	389 General Plant Land	0.00%	-			
35	390 General Plant Structures	2.50%	-			
36	390.1 Leasehold Improvements	n/a	-			
37	391 Office Furniture & Equipment	6.67%	-			
38	393 Warehouse Equipment	5.00%	-			
39	394 Tools, Shop & Garage Equip.	4.00%	-			
40	395 Laboratory Equipment	5.00%	-			
41	396 Power Operated Equipment	6.67%	-			
42	397 Communication Equipment	6.67%	-			
43	398 Miscellaneous Equipment	3.33%	-			
44	Subtotal General Plant		$ -	$ -	$ -	$ -
45	Total Utility Plant		327,000	336,310	9,310	621
46			$ 327,000	$ 336,310	$ 9,310	$ 621
47	Accumulated Depreciation (1/2-Year Convention)					$ 1,142
48						$ 571
49	Net Plant		$ 327,000	$ 345,165	$ 18,165	$ 17,594

[1]Updated costs provided in response to Staff data request BAB 8.1/RUCO data request 6.01.

Supporting Schedules:

Recap Schedules:

DECISION NO. _____

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

			White Tank (Continued)			
			[A]	[B]	[C]	[D]
			Work Authorization 1-5309			
Line No.		Depreciation Rate	As Filed	Settlement[1]	Increase / (Decrease)	Adjstmt[1] to Depreciation Expense
1	Intangible Plant					
2	301 Organization	0.00%	$ -		$ -	$ -
3	302 Franchises	n/a	-		-	-
4	303 Other Intangibles	n/a	-		-	-
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%	-		-	-
8	310.3 Other Source of Supply Land	0.00%	-		-	-
9	310.4 Wells - Other	n/a	-		-	-
10	314 Wells	3.13%	-		-	-
11	Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%	-		-	-
14	321 Pumping Plant Struct. & Improv.	2.86%	-		-	-
15	325 Electric Pumping Equipment	5.88%	-		-	-
16	328 Gas Engine Equipment	4.00%	-		-	-
17	Subtotal Pumping Plant		$ -	$ -	$ -	$ -
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%	-		-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%	-		-	-
21	332 Water Treatment Equipment	2.86%	54,000	54,187	187	5
22	Subtotal Water Trtmt. Plant		$ 54,000	$ 54,187	$ 187	$ 5
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%	-		-	-
25	341 Transmission and Distribution Structur	3.33%	-		-	-
26	342 Storage Tanks	2.00%	-		-	-
27	343 Trans. & Dist. Mains	1.79%	-		-	-
28	344 Fire Sprinkler Taps	2.00%	-		-	-
29	345 Services	2.38%	-		-	-
30	346 Meters	4.55%	-		-	-
31	348 Hydrants	1.82%	-		-	-
32	Subtotal Trans. & Dist.		$ -	$ -	$ -	$ -
33	General Plant					
34	389 General Plant Land	0.00%	-		-	-
35	390 General Plant Structures	2.50%	-		-	-
36	390.1 Leasehold Improvements	n/a	-		-	-
37	391 Office Furniture & Equipment	6.67%	-		-	-
38	393 Warehouse Equipment	5.00%	-		-	-
39	394 Tools, Shop & Garage Equip.	4.00%	-		-	-
40	395 Laboratory Equipment	5.00%	-		-	-
41	396 Power Operated Equipment	6.67%	-		-	-
42	397 Communication Equipment	6.67%	-		-	-
43	398 Miscellaneous Equipment	3.33%	-		-	-
44	Subtotal General Plant		$ -	$ -	$ -	$ -
45						
46	Total Utility Plant		$ 54,000	$ 54,187	$ 187	$ 5
47						
48	Accumulated Depreciation (1/2-Year Convention)					$ 3
49						
50	Net Plant					$ 184
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request BAB 8.1/RUCO data request 6.01.					

DECISION NO. _____
DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

Line No.			Depreciation Rate	White Tank (Continued) [A] Work Authorization 1-5263 As Filed	[B] Settlement[1]	[C] Increase / (Decrease)	[D] Adjstmt' to Depreciation Expense
1		Intangible Plant					
2	301	Organization	0.00%	$ -		$ -	$ -
3	302	Franchises	n/a	-		-	-
4	303	Other Intangibles	n/a	-		-	-
5		Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6		Source of Supply Plant					
7	310.1	Water Rights	0.00%	-		-	-
8	310.3	Other Source of Supply Land	0.00%	-		-	-
9	310.4	Wells - Other	n/a	-		-	-
10	314	Wells	3.13%	-		-	-
11		Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12		Pumping Plant					
13	320	Pumping Plant Land	0.00%	-		-	-
14	321	Pumping Plant Struct. & Improv.	2.86%	-		-	-
15	325	Electtric Pumping Equipment	5.88%	-		-	-
16	328	Gas Engine Equipment	4.00%	-		-	-
17		Subtotal Pumping Plant		$ -	$ -	$ -	$ -
18		Water Treatment Plant					
19	330	Water Treatment Plant Land	0.00%	-		-	-
20	331	Water Trtmt. Struct. & Improv.	2.50%	-		-	-
21	332	Water Treatment Equipment	2.86%	-		-	-
22		Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23		Transmission & Distribution Plant					
24	340	Trans. and Dist. Land	0.00%	-		-	-
25	341	Transmission and Distribution Structur	3.33%	-		-	-
26	342	Storage Tanks	2.00%	-		-	-
27	343	Trans. & Dist. Mains	1.79%	52,000	57,524	5,524	99
28	344	Fire Sprinkler Taps	2.00%	-		-	-
29	345	Services	2.38%	-		-	-
30	346	Meters	4.55%	-		-	-
31	348	Hydrants	1.82%	-		-	-
32		Subtotal Trans. & Dist.		$ 52,000	$ 57,524	$ 5,524	$ 99
33		General Plant					
34	389	General Plant Land	0.00%	-		-	-
35	390	General Plant Structures	2.50%	-		-	-
36	390.1	Leasehold Improvements	n/a	-		-	-
37	391	Office Furniture & Equipment	6.67%	-		-	-
38	393	Warehouse Equipment	5.00%	-		-	-
39	394	Tools, Shop & Garage Equip.	4.00%	-		-	-
40	395	Laboratory Equipment	5.00%	-		-	-
41	396	Power Operated Equipment	6.67%	-		-	-
42	397	Communication Equipment	6.67%	-		-	-
43	398	Miscellaneous Equipment	3.33%	-		-	-
44		Subtotal General Plant		$ -	$ -	$ -	$ -
45							
46		Total Utility Plant		$ 52,000	$ 57,524	$ 5,524	$ 99
47							
48		Accumulated Depreciation (1/2-Year Convention)					$ 49
49							
50		Net Plant					$ 5,475
51							
52							
53							
54							

55 [1]Updated costs provided in response to Staff data request BAB 8.1/RUCO data request 6.01.

Supporting Schedules:

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ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

			White Tank (Continued)			
			[A]	[B]	[C]	[D]
			Work Authorization 1-5360			
Line No.		Depreciation Rate	As Filed	Settlement[1]	Increase / (Decrease)	Adjstmt' to Depreciation Expense
1	Intangible Plant					
2	301 Organization	0.00%	$ -		$ -	$ -
3	302 Franchises	n/a	-		-	-
4	303 Other Intangibles	n/a	-		-	-
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%	-		-	-
8	310.3 Other Source of Supply Land	0.00%	-		-	-
9	310.4 Wells - Other	n/a	-		-	-
10	314 Wells	3.13%	-		-	-
11	Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%	-		-	-
14	321 Pumping Plant Struct. & Improv.	2.86%	-		-	-
15	325 Electtric Pumping Equipment	5.88%	-		-	-
16	328 Gas Engine Equipment	4.00%	-		-	-
17	Subtotal Pumping Plant		$ -	$ -	$ -	$ -
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%	-		-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%	-		-	-
21	332 Water Treatment Equipment	2.86%	-		-	-
22	Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%	-		-	-
25	341 Transmission and Distribution Structur	3.33%	-		-	-
26	342 Storage Tanks	2.00%	-		-	-
27	343 Trans. & Dist. Mains	1.79%	20,000	18,004	(1,996)	(36)
28	344 Fire Sprinkler Taps	2.00%	-		-	-
29	345 Services	2.38%	-		-	-
30	346 Meters	4.55%	-		-	-
31	348 Hydrants	1.82%	-		-	-
32	Subtotal Trans. & Dist.		$ 20,000	$ 18,004	$ (1,996)	$ (36)
33	General Plant					
34	389 General Plant Land	0.00%	-		-	-
35	390 General Plant Structures	2.50%	-		-	-
36	390.1 Leasehold Improvements	n/a	-		-	-
37	391 Office Furniture & Equipment	6.67%	-		-	-
38	393 Warehouse Equipment	5.00%	-		-	-
39	394 Tools, Shop & Garage Equip.	4.00%	-		-	-
40	395 Laboratory Equipment	5.00%	-		-	-
41	396 Power Operated Equipment	6.67%	-		-	-
42	397 Communication Equipment	6.67%	-		-	-
43	398 Miscellaneous Equipment	3.33%	-		-	-
44	Subtotal General Plant		$ -	$ -	$ -	$ -
45						
46	Total Utility Plant		$ 20,000	$ 18,004	$ (1,996)	$ (36)
47						
48	Accumulated Depreciation (1/2-Year Convention)					$ (18)
49						
50	Net Plant					$ (1,978)
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request BAB 8.1/RUCO data request 6.01.					

Supporting Schedules:

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ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

Line No.			Depreciation Rate	White Tank - Total [A] Total - All Post-T.Y. Plant As Filed	[B] Settlement	[C] Increase / (Decrease)	[D] Adjstmt' to Depreciation Expense
1		Intangible Plant					
2	301	Organization	0.00%	$ -	$ -	$ -	$ -
3	302	Franchises	n/a	-	-	-	-
4	303	Other Intangibles	n/a	-	-	-	-
5		Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6		Source of Supply Plant					
7	310.1	Water Rights	0.00%	-	-	-	-
8	310.3	Other Source of Supply Land	0.00%	-	-	-	-
9	310.4	Wells - Other	n/a	-	-	-	-
10	314	Wells	3.13%	-	-	-	-
11		Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12		Pumping Plant					
13	320	Pumping Plant Land	0.00%	-	-	-	-
14	321	Pumping Plant Struct. & Improv.	2.86%	-	-	-	-
15	325	Electtric Pumping Equipment	5.88%	12,000	8,855	(3,145)	(185)
16	328	Gas Engine Equipment	4.00%	-	-	-	-
17		Subtotal Pumping Plant		$ 12,000	$ 8,855	$ (3,145)	$ (185)
18		Water Treatment Plant					
19	330	Water Treatment Plant Land	0.00%	-	-	-	-
20	331	Water Trtmt. Struct. & Improv.	2.50%	-	-	-	-
21	332	Water Treatment Equipment	2.86%	54,000	54,187	187	5
22		Subtotal Water Trtmt. Plant		$ 54,000	$ 54,187	$ 187	$ 5
23		Transmission & Distribution Plant					
24	340	Trans. and Dist. Land	0.00%	-	-	-	-
25	341	Transmission and Distribution Structur	3.33%	-	-	-	-
26	342	Storage Tanks	2.00%	-	-	-	-
27	343	Trans. & Dist. Mains	1.79%	77,000	75,529	(1,471)	(26)
28	344	Fire Sprinkler Taps	2.00%	-	-	-	-
29	345	Services	2.38%	25,000	-	(25,000)	(595)
30	346	Meters	4.55%	38,800	-	(38,800)	(1,765)
31	348	Hydrants	1.82%	5,000	-	(5,000)	(91)
32		Subtotal Trans. & Dist.		$ 145,800	$ 75,529	$ (70,271)	$ (2,478)
33		General Plant					
34	389	General Plant Land	0.00%	-	-	-	-
35	390	General Plant Structures	2.50%	-	-	-	-
36	390.1	Leasehold Improvements	n/a	-	-	-	-
37	391	Office Furniture & Equipment	6.67%	1,000	-	(1,000)	(67)
38	393	Warehouse Equipment	5.00%	-	-	-	-
39	394	Tools, Shop & Garage Equip.	4.00%	1,250	-	(1,250)	(50)
40	395	Laboratory Equipment	5.00%	-	-	-	-
41	396	Power Operated Equipment	6.67%	-	-	-	-
42	397	Communication Equipment	6.67%	327,000	336,310	9,310	621
43	398	Miscellaneous Equipment	3.33%	-	-	-	-
44		Subtotal General Plant		$ 329,250	$ 336,310	$ 7,060	$ 504
45							
46		Total Utility Plant		$ 541,050	$ 474,880	$ (66,170)	$ (2,153)
47							
48		Accumulated Depreciation (1/2-Year Convention)					$ (1,077)
49							
50		Net Plant					$ (65,093)
51							
52							
53							
54							
55							

Supporting Schedules:

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ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

Line No.			Depreciation Rate	Ajo [A] Blankets As Filed	[B] Blankets Settlement	[C] Blankets Increase / (Decrease)	[D] Adjstmt' to Depreciation Expense
1		Intangible Plant					
2	301	Organization	0.00%	$ -	$ -	$ -	$ -
3	302	Franchises	n/a	-	-	-	-
4	303	Other Intangibles	n/a	-	-	-	-
5		Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6		Source of Supply Plant					
7	310.1	Water Rights	0.00%	-	-	-	-
8	310.3	Other Source of Supply Land	0.00%	-	-	-	-
9	310.4	Wells - Other	n/a	-	-	-	-
10	314	Wells	3.13%	-	-	-	-
11		Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12		Pumping Plant					
13	320	Pumping Plant Land	0.00%	-	-	-	-
14	321	Pumping Plant Struct. & Improv.	2.86%	-	-	-	-
15	325	Electtric Pumping Equipment	5.88%	-	-	-	-
16	328	Gas Engine Equipment	4.00%	-	-	-	-
17		Subtotal Pumping Plant		$ -	$ -	$ -	$ -
18		Water Treatment Plant					
19	330	Water Treatment Plant Land	0.00%	-	-	-	-
20	331	Water Trtmt. Struct. & Improv.	2.50%	-	$ -	-	-
21	332	Water Treatment Equipment	2.86%	-	-	-	-
22		Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23		Transmission & Distribution Plant					
24	340	Trans. and Dist. Land	0.00%	-	-	-	-
25	341	Transmission and Distribution Structur	3.33%	-	-	-	-
26	342	Storage Tanks	2.00%	-	-	-	-
27	343	Trans. & Dist. Mains	1.79%	2,000	-	(2,000)	(36)
28	344	Fire Sprinkler Taps	2.00%	-	-	-	-
29	345	Services	2.38%	5,000	-	(5,000)	(119)
30	346	Meters	4.55%	4,200	-	(4,200)	(191)
31	348	Hydrants	1.82%	-	-	-	-
32		Subtotal Trans. & Dist.		$ 11,200	$ -	$ (11,200)	$ (346)
33		General Plant					
34	389	General Plant Land	0.00%	-	-	-	-
35	390	General Plant Structures	2.50%	-	-	-	-
36	390.1	Leasehold Improvements	n/a	-	-	-	-
37	391	Office Furniture & Equipment	6.67%	200	-	(200)	(13)
38	393	Warehouse Equipment	5.00%	-	-	-	-
39	394	Tools, Shop & Garage Equip.	4.00%	250	-	(250)	(10)
40	395	Laboratory Equipment	5.00%	-	-	-	-
41	396	Power Operated Equipment	6.67%	-	-	-	-
42	397	Communication Equipment	6.67%	-	-	-	-
43	398	Miscellaneous Equipment	3.33%	-	-	-	-
44		Subtotal General Plant		$ 450	$ -	$ (450)	$ (23)
45							
46		Total Utility Plant		$ 11,650	$ -	$ (11,650)	$ (369)
47							
48		Accumulated Depreciation (1/2-Year Convention)					$ (185)
49							
50		Net Plant					$ (11,465)
51							
52							
53							
54							
55							

Supporting Schedules:

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ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

Line No.			Depreciation Rate	Phoenix Office [A] As Filed	[B] Blankets Settlement	[C] Increase / (Decrease)	[D] Adjstmt' to Depreciation Expense
1		Intangible Plant					
2	301	Organization	0.00%	$ -	$ -	$ -	$ -
3	302	Franchises	n/a	-	-	-	-
4	303	Other Intangibles	n/a	-	-	-	-
5		Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6		Source of Supply Plant					
7	310.1	Water Rights	0.00%	-	-	-	-
8	310.3	Other Source of Supply Land	0.00%	-	-	-	-
9	310.4	Wells - Other	n/a	-	-	-	-
10	314	Wells	3.13%	-	-	-	-
11		Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12		Pumping Plant					
13	320	Pumping Plant Land	0.00%	-	-	-	-
14	321	Pumping Plant Struct. & Improv.	2.86%	-	-	-	-
15	325	Electtric Pumping Equipment	5.88%	-	-	-	-
16	328	Gas Engine Equipment	4.00%	-	-	-	-
17		Subtotal Pumping Plant		$ -	$ -	$ -	$ -
18		Water Treatment Plant					
19	330	Water Treatment Plant Land	0.00%	-	-	-	-
20	331	Water Trtmt. Struct. & Improv.	2.50%	-	$ -	-	-
21	332	Water Treatment Equipment	2.86%	-	-	-	-
22		Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23		Transmission & Distribution Plant					
24	340	Trans. and Dist. Land	0.00%	-	-	-	-
25	341	Transmission and Distribution Structur	3.33%	-	-	-	-
26	342	Storage Tanks	2.00%	-	-	-	-
27	343	Trans. & Dist. Mains	1.79%	-	-	-	-
28	344	Fire Sprinkler Taps	2.00%	-	-	-	-
29	345	Services	2.38%	-	-	-	-
30	346	Meters	4.55%	-	-	-	-
31	348	Hydrants	1.82%	-	-	-	-
32		Subtotal Trans. & Dist.		$ -	$ -	$ -	$ -
33		General Plant					
34	389	General Plant Land	0.00%	-	-	-	-
35	390	General Plant Structures	2.50%	-	-	-	-
36	390.1	Leasehold Improvements	n/a	-	-	-	-
37	391	Office Furniture & Equipment	6.67%	52,000	-	(52,000)	(3,468)
38	393	Warehouse Equipment	5.00%	-	-	-	-
39	394	Tools, Shop & Garage Equip.	4.00%	-	-	-	-
40	395	Laboratory Equipment	5.00%	-	-	-	-
41	396	Power Operated Equipment	6.67%	-	-	-	-
42	397	Communication Equipment	6.67%	-	-	-	-
43	398	Miscellaneous Equipment	3.33%	-	-	-	-
44		Subtotal General Plant		$ 52,000	$ -	$ (52,000)	$ (3,468)
45							
46		Total Utility Plant		$ 52,000	$ -	$ (52,000)	$ (3,468)
47							
48		Accumulated Depreciation (1/2-Year Convention)					$ (1,734)
49							
50		Net Plant					$ (50,266)
51							
52							
53							
54							
55							

DECISION NO. _____
DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

				Phoenix Office (Continued)			
				[A]	[B]	[C]	[D]
				Work Authorization 1-5324			
Line No.			Depreciation Rate	As Filed	Settlement[1]	Increase / (Decrease)	Adjstmt' to Depreciation Expense
1		Intangible Plant					
2	301	Organization	0.00%	$ -		$ -	$ -
3	302	Franchises	n/a	-		-	-
4	303	Other Intangibles	n/a	-		-	-
5		Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6		Source of Supply Plant					
7	310.1	Water Rights	0.00%	-		-	-
8	310.3	Other Source of Supply Land	0.00%	-		-	-
9	310.4	Wells - Other	n/a	-		-	-
10	314	Wells	3.13%	-		-	-
11		Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12		Pumping Plant					
13	320	Pumping Plant Land	0.00%	-		-	-
14	321	Pumping Plant Struct. & Improv.	2.86%	-		-	-
15	325	Electtric Pumping Equipment	5.88%	-		-	-
16	328	Gas Engine Equipment	4.00%	-		-	-
17		Subtotal Pumping Plant		$ -	$ -	$ -	$ -
18		Water Treatment Plant					
19	330	Water Treatment Plant Land	0.00%	-		-	-
20	331	Water Trtmt. Struct. & Improv.	2.50%	-		-	-
21	332	Water Treatment Equipment	2.86%	-		-	-
22		Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23		Transmission & Distribution Plant					
24	340	Trans. and Dist. Land	0.00%	-		-	-
25	341	Transmission and Distribution Structur	3.33%	-		-	-
26	342	Storage Tanks	2.00%	-		-	-
27	343	Trans. & Dist. Mains	1.79%	-		-	-
28	344	Fire Sprinkler Taps	2.00%	-		-	-
29	345	Services	2.38%	-		-	-
30	346	Meters	4.55%	-		-	-
31	348	Hydrants	1.82%	-		-	-
32		Subtotal Trans. & Dist.		$ -	$ -	$ -	$ -
33		General Plant					
34	389	General Plant Land	0.00%	-		-	-
35	390	General Plant Structures	2.50%	-		-	-
36	390.1	Leasehold Improvements	n/a	-		-	-
37	391	Office Furniture & Equipment	6.67%	-		-	-
38	393	Warehouse Equipment	5.00%	-		-	-
39	394	Tools, Shop & Garage Equip.	4.00%	-		-	-
40	395	Laboratory Equipment	5.00%	-		-	-
41	396	Power Operated Equipment	6.67%	-		-	-
42	397	Communication Equipment	6.67%	85,000	-	(85,000)	(5,670)
43	398	Miscellaneous Equipment	3.33%	-		-	-
44		Subtotal General Plant		$ 85,000	$ -	$ (85,000)	$ (5,670)
45							
46		Total Utility Plant		$ 85,000	$ -	$ (85,000)	$ (5,670)
47							
48		Accumulated Depreciation (1/2-Year Convention)					$ (2,835)
49							
50		Net Plant					$ (82,165)
51							
52							
53							
54							
55		[1]Updated costs provided in response to Staff data request BAB 8.1/RUCO data request 6.01.					

DECISION NO.
DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

			Phoenix Office (Continued)			
			[A]	[B]	[C]	[D]
			Work Authorization 1-5325			
Line No.		Depreciation Rate	As Filed	Settlement[1]	Increase / (Decrease)	Adjstmt' to Depreciation Expense
1	Intangible Plant					
2	301 Organization	0.00%	$ -		$ -	$ -
3	302 Franchises	n/a	-		-	-
4	303 Other Intangibles	n/a	-		-	-
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%	-		-	-
8	310.3 Other Source of Supply Land	0.00%	-		-	-
9	310.4 Wells - Other	n/a	-		-	-
10	314 Wells	3.13%	-		-	-
11	Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%	-		-	-
14	321 Pumping Plant Struct. & Improv.	2.86%	-		-	-
15	325 Electtric Pumping Equipment	5.88%	-		-	-
16	328 Gas Engine Equipment	4.00%	-		-	-
17	Subtotal Pumping Plant		$ -	$ -	$ -	$ -
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%	-		-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%	-		-	-
21	332 Water Treatment Equipment	2.86%	-		-	-
22	Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%	-		-	-
25	341 Transmission and Distribution Structur	3.33%	-		-	-
26	342 Storage Tanks	2.00%	-		-	-
27	343 Trans. & Dist. Mains	1.79%	-		-	-
28	344 Fire Sprinkler Taps	2.00%	-		-	-
29	345 Services	2.38%	-		-	-
30	346 Meters	4.55%	-		-	-
31	348 Hydrants	1.82%	-		-	-
32	Subtotal Trans. & Dist.		$ -	$ -	$ -	$ -
33	General Plant					
34	389 General Plant Land	0.00%	-		-	-
35	390 General Plant Structures	2.50%	-		-	-
36	390.1 Leasehold Improvements	n/a	31,000	-	(31,000)	-
37	391 Office Furniture & Equipment	6.67%	-		-	-
38	393 Warehouse Equipment	5.00%	-		-	-
39	394 Tools, Shop & Garage Equip.	4.00%	-		-	-
40	395 Laboratory Equipment	5.00%	-		-	-
41	396 Power Operated Equipment	6.67%	-		-	-
42	397 Communication Equipment	6.67%	-		-	-
43	398 Miscellaneous Equipment	3.33%	-		-	-
44	Subtotal General Plant		$ 31,000	$ -	$ (31,000)	$ -
45						
46	Total Utility Plant		$ 31,000	$ -	$ (31,000)	$ -
47						
48	Accumulated Depreciation (1/2-Year Convention)					$ -
49						
50	Net Plant					$ (31,000)
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request BAB 8.1/RUCO data request 6.01.					

Supporting Schedules:

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DECISION NO. _____

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

			Phoenix Office (Continued)			
			[A]	[B]	[C]	[D]
			Work Authorization 1-5326			
Line No.		Depreciation Rate	As Filed	Settlement[1]	Increase / (Decrease)	Adjstmt' to Depreciation Expense
1	Intangible Plant					
2	301 Organization	0.00%	$ -		$ -	$ -
3	302 Franchises	n/a	-		-	-
4	303 Other Intangibles	n/a	-		-	-
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%	-		-	-
8	310.3 Other Source of Supply Land	0.00%	-		-	-
9	310.4 Wells - Other	n/a	-		-	-
10	314 Wells	3.13%	-		-	-
11	Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%	-		-	-
14	321 Pumping Plant Struct. & Improv.	2.86%	-		-	-
15	325 Electtric Pumping Equipment	5.88%	-		-	-
16	328 Gas Engine Equipment	4.00%	-		-	-
17	Subtotal Pumping Plant		$ -	$ -	$ -	$ -
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%	-		-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%	-		-	-
21	332 Water Treatment Equipment	2.86%	-		-	-
22	Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%	-		-	-
25	341 Transmission and Distribution Structur	3.33%	-		-	-
26	342 Storage Tanks	2.00%	-		-	-
27	343 Trans. & Dist. Mains	1.79%	-		-	-
28	344 Fire Sprinkler Taps	2.00%	-		-	-
29	345 Services	2.38%	-		-	-
30	346 Meters	4.55%	-		-	-
31	348 Hydrants	1.82%	-		-	-
32	Subtotal Trans. & Dist.		$ -	$ -	$ -	$ -
33	General Plant					
34	389 General Plant Land	0.00%	-		-	-
35	390 General Plant Structures	2.50%	-		-	-
36	390.1 Leasehold Improvements	n/a	-		-	-
37	391 Office Furniture & Equipment	6.67%	14,000	25,444	11,444	763
38	393 Warehouse Equipment	5.00%	-		-	-
39	394 Tools, Shop & Garage Equip.	4.00%	-		-	-
40	395 Laboratory Equipment	5.00%	-		-	-
41	396 Power Operated Equipment	6.67%	-		-	-
42	397 Communication Equipment	6.67%	-		-	-
43	398 Miscellaneous Equipment	3.33%	-		-	-
44	Subtotal General Plant		$ 14,000	$ 25,444	$ 11,444	$ 763
45						
46	Total Utility Plant		$ 14,000	$ 25,444	$ 11,444	$ 763
47						
48	Accumulated Depreciation (1/2-Year Convention)					$ 382
49						
50	Net Plant					$ 11,062
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request BAB 8.1/RUCO data request 6.01.					

Supporting Schedules:

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DECISION NO. _____

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

			Phoenix Office (Continued)			
			[A]	[B]	[C]	[D]
			Work Authorization 1-5327			
Line No.		Depreciation Rate	As Filed	Settlement[1]	Increase / (Decrease)	Adjstmt' to Depreciation Expense
1	Intangible Plant					
2	301 Organization	0.00%	$ -		$ -	$ -
3	302 Franchises	n/a	-		-	-
4	303 Other Intangibles	n/a	-		-	-
5	Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%	-		-	-
8	310.3 Other Source of Supply Land	0.00%	-		-	-
9	310.4 Wells - Other	n/a	-		-	-
10	314 Wells	3.13%	-		-	-
11	Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%	-		-	-
14	321 Pumping Plant Struct. & Improv.	2.86%	-		-	-
15	325 Electtric Pumping Equipment	5.88%	-		-	-
16	328 Gas Engine Equipment	4.00%	-		-	-
17	Subtotal Pumping Plant		$ -	$ -	$ -	$ -
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%	-		-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%	-		-	-
21	332 Water Treatment Equipment	2.86%	-		-	-
22	Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%	-		-	-
25	341 Transmission and Distribution Structur	3.33%	-		-	-
26	342 Storage Tanks	2.00%	-		-	-
27	343 Trans. & Dist. Mains	1.79%	-		-	-
28	344 Fire Sprinkler Taps	2.00%	-		-	-
29	345 Services	2.38%	-		-	-
30	346 Meters	4.55%	-		-	-
31	348 Hydrants	1.82%	-		-	-
32	Subtotal Trans. & Dist.		$ -	$ -	$ -	$ -
33	General Plant					
34	389 General Plant Land	0.00%	-		-	-
35	390 General Plant Structures	2.50%	-		-	-
36	390.1 Leasehold Improvements	n/a	-		-	-
37	391 Office Furniture & Equipment	6.67%	-		-	-
38	393 Warehouse Equipment	5.00%	-		-	-
39	394 Tools, Shop & Garage Equip.	4.00%	-		-	-
40	395 Laboratory Equipment	5.00%	-		-	-
41	396 Power Operated Equipment	6.67%	-		-	-
42	397 Communication Equipment	6.67%	-		-	-
43	398 Miscellaneous Equipment	3.33%	20,000	-	(20,000)	(666)
44	Subtotal General Plant		$ 20,000	$ -	$ (20,000)	$ (666)
45						
46	Total Utility Plant		$ 20,000	$ -	$ (20,000)	$ (666)
47						
48	Accumulated Depreciation (1/2-Year Convention)					$ (333)
49						
50	Net Plant					$ (19,667)
51						
52						
53						
54						
55	[1]Updated costs provided in response to Staff data request BAB 8.1/RUCO data request 6.01.					

DECISION NO. _____
DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

Line No.			Depreciation Rate	Phoenix Office - Total [A] Total - All Post-T.Y. Plant As Filed	[B] Settlement	[C] Increase / (Decrease)	[D] Adjstmt' to Depreciation Expense
1		Intangible Plant					
2	301	Organization	0.00%	$ -	$ -	$ -	$ -
3	302	Franchises	n/a	-	-	-	-
4	303	Other Intangibles	n/a	-	-	-	-
5		Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6		Source of Supply Plant					
7	310.1	Water Rights	0.00%	-	-	-	-
8	310.3	Other Source of Supply Land	0.00%	-	-	-	-
9	310.4	Wells - Other	n/a	-	-	-	-
10	314	Wells	3.13%	-	-	-	-
11		Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12		Pumping Plant					
13	320	Pumping Plant Land	0.00%	-	-	-	-
14	321	Pumping Plant Struct. & Improv.	2.86%	-	-	-	-
15	325	Electtric Pumping Equipment	5.88%	-	-	-	-
16	328	Gas Engine Equipment	4.00%	-	-	-	-
17		Subtotal Pumping Plant		$ -	$ -	$ -	$ -
18		Water Treatment Plant					
19	330	Water Treatment Plant Land	0.00%	-	-	-	-
20	331	Water Trtmt. Struct. & Improv.	2.50%	-	-	-	-
21	332	Water Treatment Equipment	2.86%	-	-	-	-
22		Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23		Transmission & Distribution Plant					
24	340	Trans. and Dist. Land	0.00%	-	-	-	-
25	341	Transmission and Distribution Structur	3.33%	-	-	-	-
26	342	Storage Tanks	2.00%	-	-	-	-
27	343	Trans. & Dist. Mains	1.79%	-	-	-	-
28	344	Fire Sprinkler Taps	2.00%	-	-	-	-
29	345	Services	2.38%	-	-	-	-
30	346	Meters	4.55%	-	-	-	-
31	348	Hydrants	1.82%	-	-	-	-
32		Subtotal Trans. & Dist.		$ -	$ -	$ -	$ -
33		General Plant					
34	389	General Plant Land	0.00%	-	-	-	-
35	390	General Plant Structures	2.50%	-	-	-	-
36	390.1	Leasehold Improvements	n/a	31,000	-	(31,000)	-
37	391	Office Furniture & Equipment	6.67%	66,000	25,444	(40,556)	(2,705)
38	393	Warehouse Equipment	5.00%	-	-	-	-
39	394	Tools, Shop & Garage Equip.	4.00%	-	-	-	-
40	395	Laboratory Equipment	5.00%	-	-	-	-
41	396	Power Operated Equipment	6.67%	-	-	-	-
42	397	Communication Equipment	6.67%	85,000	-	(85,000)	(5,670)
43	398	Miscellaneous Equipment	3.33%	20,000	-	(20,000)	(666)
44		Subtotal General Plant		$ 202,000	$ 25,444	$ (176,556)	$ (9,041)
45							
46		Total Utility Plant		$ 202,000	$ 25,444	$ (176,556)	$ (9,041)
47							
48		Accumulated Depreciation (1/2-Year Convention)					$ (4,520)
49							
50		Net Plant					$ (172,036)
51							
52							
53							
54							
55							

Supporting Schedules:

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DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 1 (continued)
True-Up Post-Test Year Plant to Reflect Actual Expenditures for Projects
Placed in Service as of Dec. 31, 2015, and Eliminate Blanket Projects

Line No.			Depreciation Rate	Meter Shop [A] Blankets As Filed	[B] Blankets Settlement	[C] Blankets Increase / (Decrease)	[D] Adjstmt' to Depreciation Expense
1		Intangible Plant					
2	301	Organization	0.00%	$ -		$ -	$ -
3	302	Franchises	n/a	-		-	-
4	303	Other Intangibles	n/a	-		-	-
5		Subtotal Intangible Plant		$ -	$ -	$ -	$ -
6		Source of Supply Plant					
7	310.1	Water Rights	0.00%	-		-	-
8	310.3	Other Source of Supply Land	0.00%	-		-	-
9	310.4	Wells - Other	n/a	-		-	-
10	314	Wells	3.13%	-		-	-
11		Subtotal Source of Sup. Plant		$ -	$ -	$ -	$ -
12		Pumping Plant					
13	320	Pumping Plant Land	0.00%	-		-	-
14	321	Pumping Plant Struct. & Improv.	2.86%	-		-	-
15	325	Electtric Pumping Equipment	5.88%	-		-	-
16	328	Gas Engine Equipment	4.00%	-		-	-
17		Subtotal Pumping Plant		$ -	$ -	$ -	$ -
18		Water Treatment Plant					
19	330	Water Treatment Plant Land	0.00%	-		-	-
20	331	Water Trtmt. Struct. & Improv.	2.50%	-		-	-
21	332	Water Treatment Equipment	2.86%	-		-	-
22		Subtotal Water Trtmt. Plant		$ -	$ -	$ -	$ -
23		Transmission & Distribution Plant					
24	340	Trans. and Dist. Land	0.00%	-		-	-
25	341	Transmission and Distribution Structur	3.33%	-		-	-
26	342	Storage Tanks	2.00%	-		-	-
27	343	Trans. & Dist. Mains	1.79%	-		-	-
28	344	Fire Sprinkler Taps	2.00%	-		-	-
29	345	Services	2.38%	-		-	-
30	346	Meters	4.55%	-		-	-
31	348	Hydrants	1.82%	-		-	-
32		Subtotal Trans. & Dist.		$ -	$ -	$ -	$ -
33		General Plant					
34	389	General Plant Land	0.00%	-		-	-
35	390	General Plant Structures	2.50%	-	-	-	-
36	390.1	Leasehold Improvements	n/a	-		-	-
37	391	Office Furniture & Equipment	6.67%	750	-	(750)	(50)
38	393	Warehouse Equipment	5.00%	-		-	-
39	394	Tools, Shop & Garage Equip.	4.00%	1,000		(1,000)	(40)
40	395	Laboratory Equipment	5.00%	-		-	-
41	396	Power Operated Equipment	6.67%	-		-	-
42	397	Communication Equipment	6.67%	-		-	-
43	398	Miscellaneous Equipment	3.33%	-		-	-
44		Subtotal General Plant		$ 1,750	$ -	$ (1,750)	$ (90)
45							
46		Total Utility Plant		$ 1,750	$ -	$ (1,750)	$ (90)
47							
48		Accumulated Depreciation (1/2-Year Convention)					$ (45)
49							
50		Net Plant					$ (1,705)
51							
52							
53							
54							
55							

Supporting Schedules:

C:\Users\jreiker\Desktop\2015 WG Rate Case Settlement Schedules\B2.1
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Recap Schedules:

DOCKET NO. W-01445A-15-0277

DECISION NO. _____

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 2
Adjust Deferred Income Tax to Reflect Bonus Depreciation on Post-Test Year Plant

Line No.	System	Increase / (Decrease)
1		
2	Western Group	
3	Pinal Valley	$ 1,132,298
4	White Tank	83,362
5	Ajo	-
6		
7	Subtotal	$ 1,215,659
8		
9	Phoenix	$ 4,495
10	Meter Shop	-
11		
12	Subtotal	4,495
13		
14	Total Increase to Deferred Tax	$ 1,220,154
15		
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55	[1]See Rebuttal Testimony of Joseph D. Harris	

DECISION NO. _____
DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 3
Adjust Working Capital to Reflect All Other Settlement Adjustments
and Add Interest Expense to Calculation of Working Cash

Line No.	System	Western Group - Working Capital [A] As Filed	[B] Rebuttal	[C] Increase / (Decrease)
1				
2	Western Group			
3	Pinal Valley	$ 1,561,902	$ 1,285,900	$ (276,002)
4	White Tank	141,320	153,927	12,608
5	Ajo	29,007	22,036	(6,971)
6				
7	Subtotal	$ 1,732,229	$ 1,461,863	$ (270,365)
8				
9	Total	$ 1,732,229	$ 1,461,863	$ (270,365)
10				
11				
12	Increase/(Decrease) in Working Capital			$ (270,365)
13				
14				
15				
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DECISION NO. _____
DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY

Test Year Ended December 31, 2014
Settlement Rate Base Adjustment No. 4
Allocate Phoenix Office & Meter Shop Settlement Rate Base Adjustments

Line No.		[A] Test Year - Settlement	Western Group [B] Pinal Valley	[C] Allocated White Tank	[D] Aio
1					
2	3-Factor Allocation Ratio		0.3317	0.0396	0.0072
3					
4	Phoenix Office				
5	Plant Classification				
6	Intangible Plant	$ -	$ -	$ -	$ -
7	Source of Supply Plant	-	-	-	-
8	Pumping Plant	-	-	-	-
9	Water Treatment Plant	-	-	-	-
10	Transmission & Distribution Plant	-	-	-	-
11	General Plant	(176,556)	(58,564)	(6,992)	(1,271)
12	Total Gross Plant in Service	$ (176,556)	$ (58,564)	$ (6,992)	$ (1,271)
13	Less:				
14	Accumulated Depreciation	(4,520)	(1,499)	(179)	(33)
15	Net Plant in Service	$ (172,036)	$ (57,064)	$ (6,813)	$ (1,239)
16	Less:				
17	Deferred Income Tax	4,495	1,491	178	32
18	Total Rate Base	$ (176,531)	$ (58,555)	$ (6,991)	$ (1,271)
19					
20	Meter Shop				
21	Plant Classification				
22	Intangible Plant	$ -	$ -	$ -	$ -
23	Source of Supply Plant	-	-	-	-
24	Pumping Plant	-	-	-	-
25	Water Treatment Plant	-	-	-	-
26	Transmission & Distribution Plant	-	-	-	-
27	General Plant	(1,750)	(580)	(69)	(13)
28	Total Gross Plant in Service	$ (1,750)	$ (580)	$ (69)	$ (13)
29	Less:				
30	Accumulated Depreciation	(45)	(15)	(2)	(0)
31	Net Plant in Service	$ (1,705)	$ (566)	$ (68)	$ (12)
32	Less:				
33	Deferred Income Tax	-	-	-	-
34	Total Rate Base	$ (1,705)	$ (566)	$ (68)	$ (12)
35					
36					
37					
38	Total Phoenix Office & Meter Shop				
39	Plant Classification				
40	Intangible Plant	$ -	$ -	$ -	$ -
41	Source of Supply Plant	-	-	-	-
42	Pumping Plant	-	-	-	-
43	Water Treatment Plant	-	-	-	-
44	Transmission & Distribution Plant	-	-	-	-
45	General Plant	(178,306)	(59,144)	(7,061)	(1,284)
46	Total Gross Plant in Service	$ (178,306)	$ (59,144)	$ (7,061)	$ (1,284)
47	Less:				
48	Accumulated Depreciation	$ (4,565)	(1,514)	(181)	(33)
49		$ (173,741)	$ (57,630)	$ (6,880)	$ (1,251)
50	Less:				
51	Deferred Income Tax	4,495	1,491	178	32
52	Total Rate Base	$ (178,236)	$ (59,121)	$ (7,058)	$ (1,283)
53					
54					
55					

DECISION NO. _____

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Computation of Working Capital

Line No.		Western Group [A] Working Capital - As Filed	[B] Settlement Adjustments	[C] Working Capital - Settlement
1				
2	Working Cash Requirement			
3	(Sch. B-5 Appendix)	$ 180,385	$ (270,365)	$ (89,980)
4				
5	Material and Supplies Inventories[1]	136,425	-	136,425
6				
7	Required Bank Balances[1]	911,860	-	911,860
8				
9	Prepayments & Special Deposits[1]	503,558	-	503,558
10				
11	Total Working Capital Allowance	$ 1,732,229	$ (270,365)	$ 1,461,863

[1] 13-month average balances

DECISION NO. _____

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Computation of Working Capital

Line No.		Pinal Valley [A] Working Capital - As Filed	Pinal Valley [B] Settlement Adjustments	Pinal Valley [C] Working Capital - Settlement	White Tank [D] Working Capital - As Filed	White Tank [E] Settlement Adjustments	White Tank [F] Working Capital - Settlement	Ajo [G] Working Capital - As Filed	Ajo [H] Settlement Adjustments	Ajo [I] Working Capital - Settlement
1										
2	Working Cash Requirement									
3	(Sch. B-5 Appendix)	$ 201,938	$ (276,002)	$ (74,064)	$ (21,040)	$ 12,608	$ (8,432)	$ (513)	$ (6,971)	$ (7,483)
4										
5	Material and Supplies Inventories[1]	119,556	-	119,556	14,273	-	14,273	2,595	-	2,595
6										
7	Required Bank Balances[1]	799,112	-	799,112	95,402	-	95,402	17,346	-	17,346
8										
9	Prepayments & Special Deposits[1]	441,295	-	441,295	52,684	-	52,684	9,579	-	9,579
10										
11	Total Working Capital Allowance	$ 1,561,902	$ (276,002)	$ 1,285,900	$ 141,320	$ 12,608	$ 153,927	$ 29,007	$ (6,971)	$ 22,036
12										
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55	[1]13-month average balances									

Supporting Schedules:
B-5 Settlement Appendix

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Recap Schedules:
B-1 Settlement

DECISION NO. _____

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Computation of Working Cash Requirement

Exhibit
Schedule B-5 Settlement Appendix
Page 1 of 3
Witness: Reiker

Pinal Valley

Line No.		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]
		Company - As Filed						Settlement					
1		Adjusted Results - As Filed	Revenue Lag Days[1]	Expense Lag Days[2]	Net Lag Days [B - C]	Lead / Lag Factor [D ÷ 365]	Working Cash Requirement [A X E]	Adjusted Results - Rebuttal	Revenue Lag Days[1]	Expense Lag Days[2]	Net Lag Days [H - I]	Lead / Lag Factor [J ÷ 365]	Working Cash Requirement [G X K]
2													
3	Operating Expenses												
4	Purchased Power	$ 2,071,310	29.50	30.87	(1.37)	(0.0038)	$ (7,775)	$ 2,071,310	29.50	30.87	(1.37)	(0.0038)	$ (7,775)
5	Payroll	3,869,443	29.50	14.00	15.50	0.0425	164,319	3,869,443	29.50	14.00	15.50	0.0425	164,319
6	Purchased Water	715,000	29.50	(57.84)	87.34	0.2393	171,091	715,000	29.50	(57.84)	87.34	0.2393	171,091
7	Chemicals	407,363	29.50	(18.11)	47.61	0.1304	53,136	407,363	29.50	(18.11)	47.61	0.1304	53,136
8	Property & Liability Insurance	215,569	29.50	(45.27)	74.77	0.2048	44,159	215,569	29.50	(45.27)	74.77	0.2048	44,159
9	Worker's Compensation Insurance	56,136	29.50	(46.50)	76.00	0.2082	11,689	56,136	29.50	(46.50)	76.00	0.2082	11,689
10	Medical, Vision, Dental, LTD & Life Insurance	868,512	29.50	(8.92)	38.42	0.1053	91,420	868,512	29.50	(8.92)	38.42	0.1053	91,420
11	Other O&M (Excluding Rate Case Expense)	1,999,287	29.50	(9.27)	38.77	0.1062	212,363	2,139,661	29.50	(9.27)	38.77	0.1062	227,273
12	Federal Income Taxes	1,839,977	29.50	37.00	(7.50)	(0.0205)	(37,808)	1,604,679	29.50	37.00	(7.50)	(0.0205)	(32,973)
13	State Income Taxes	313,163	29.50	37.00	(7.50)	(0.0205)	(6,435)	273,115	29.50	37.00	(7.50)	(0.0205)	(5,612)
14	FICA Taxes	267,606	29.50	14.00	15.50	0.0425	11,364	267,606	29.50	14.00	15.50	0.0425	11,364
15	FUTA & SUTA Taxes	3,202	29.50	83.10	(53.60)	(0.1468)	(470)	3,202	29.50	83.10	(53.60)	(0.1468)	(470)
16	Property Taxes	1,062,879	29.50	212.00	(182.50)	(0.5000)	(531,439)	1,041,014	29.50	212.00	(182.50)	(0.5000)	(520,507)
17	Registration, Svc. Contracts, & Misc. Fees	86,918	29.50	(98.83)	128.33	0.3516	30,559	86,918	29.50	(98.83)	128.33	0.3516	30,559
18	Retirement Annuities (401k)	296,049	29.50	34.72	(5.22)	(0.0143)	(4,234)	296,049	29.50	34.72	(5.22)	(0.0143)	(4,234)
19	Interest on Long-Term Debt							1,817,629	29.50	91.25	(61.75)	(0.1692)	(307,503)
20													
21	Total	$ 14,072,414					$ 201,938	$ 15,733,205					$ (74,064)
22													
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47 [1]2014 Actual lag days per AWC billing system.
48 Revenue lag days for White Tank updated in response
49 Staff data request BAB 1.16.
50 [2]Dec. No. 64282 as amended by Dec. Nos. 66849
51 & 68302. Purchased power lag days per
52 Dec. No. 71845. Purchased water lag days
53 are actual 2014.
54 -Purchased Water expense exludes amortization
55 of deferred CAP M&I Capital charges.

DECISION NO. _____
DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Computation of Working Cash Requirement

White Tank

Line No.		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]
		Company - As Filed						Settlement					
		Adjusted Results - As Filed	Revenue Lag Days[1]	Expense Lag Days[2]	Net Lag Days [B - C]	Lead / Lag Factor [D ÷ 365]	Working Cash Requirement [A X E]	Adjusted Results - Rebuttal	Revenue Lag Days[1]	Expense Lag Days[2]	Net Lag Days [H - I]	Lead / Lag Factor [J ÷ 365]	Working Cash Requirement [G X K]
3	Operating Expenses												
4	Purchased Power	$ 286,661	20.77	30.87	(10.10)	(0.0277)	$ (7,932)	$ 286,661	31.50	30.87	0.63	0.0017	$ 495
5	Payroll	476,932	20.77	14.00	6.77	0.0185	8,846	476,932	31.50	14.00	17.50	0.0479	22,867
6	Purchased Water	-	20.77	41.88	(21.11)	(0.0578)	-	-	31.50	41.88	(10.38)	(0.0284)	-
7	Chemicals	47,058	20.77	(18.11)	38.88	0.1065	5,013	47,058	31.50	(18.11)	49.61	0.1359	6,396
8	Property & Liability Insurance	25,736	20.77	(45.27)	66.04	0.1809	4,656	25,736	31.50	(45.27)	76.77	0.2103	5,413
9	Worker's Compensation Insurance	4,335	20.77	(46.50)	67.27	0.1843	799	4,335	31.50	(46.50)	78.00	0.2137	926
10	Medical, Vision, Dental, LTD & Life Insurance	67,130	20.77	(8.92)	29.69	0.0813	5,460	67,130	31.50	(8.92)	40.42	0.1107	7,434
11	Other O&M (Excluding Rate Case Expense)	354,699	20.77	(9.27)	30.04	0.0823	29,192	257,176	31.50	(9.27)	40.77	0.1117	28,726
12	Federal Income Taxes	153,203	20.77	37.00	(16.23)	(0.0445)	(6,812)	138,528	31.50	37.00	(5.50)	(0.0151)	(2,087)
13	State Income Taxes	26,075	20.77	37.00	(16.23)	(0.0445)	(1,159)	23,577	31.50	37.00	(5.50)	(0.0151)	(355)
14	FICA Taxes	28,684	20.77	14.00	6.77	0.0185	532	28,684	31.50	14.00	17.50	0.0479	1,375
15	FUTA & SUTA Taxes	319	20.77	83.10	(62.33)	(0.1708)	(54)	319	31.50	83.10	(51.60)	(0.1414)	(45)
16	Property Taxes	118,521	20.77	212.00	(191.23)	(0.5239)	(62,095)	116,035	31.50	212.00	(180.50)	(0.4945)	(57,382)
17	Registration, Svc. Contracts, & Misc. Fees	10,342	20.77	(98.83)	119.60	0.3277	3,389	10,342	31.50	(98.83)	130.33	0.3571	3,693
18	Retirement Annuities (401k)	22,863	20.77	34.72	(13.95)	(0.0382)	(874)	22,863	31.50	34.72	(3.22)	(0.0088)	(202)
19	Interest on Long-Term Debt							156,911	31.50	91.25	(59.75)	(0.1637)	(25,686)
21	Total	$ 1,622,559					$ (21,040)	$ 1,662,287					$ (8,432)

[1]2014 Actual lag days per AWC billing system.
Revenue lag days for White Tank updated in response
Staff data request BAB 1.16.
[2]Dec. No. 64282 as amended by Dec. Nos. 66849
& 68302. Purchased power lag days per
Dec. No. 71845. Purchased water lag days
are actual 2014.
-Purchased Water expense exludes amortization
of deferred CAP M&I Capital charges.

DECISION NO. _____
DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Computation of Working Cash Requirement

Ajo

Line No.		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]
		Company - As Filed						Settlement					
		Adjusted Results - As Filed	Revenue Lag Days[1]	Expense Lag Days[2]	Net Lag Days [B - C]	Lead / Lag Factor [D ÷ 365]	Working Cash Requirement [A X E]	Adjusted Results - Rebuttal	Revenue Lag Days[1]	Expense Lag Days[2]	Net Lag Days [H - I]	Lead / Lag Factor [J ÷ 365]	Working Cash Requirement [G X K]
3	Operating Expenses												
4	Purchased Power	$ 4,903	28.91	30.87	(1.96)	(0.0054)	$ (26)	$ 4,903	28.91	30.87	(1.96)	(0.0054)	$ (26)
5	Payroll	118,010	28.91	14.00	14.91	0.0408	4,821	118,010	28.91	14.00	14.91	0.0408	4,821
6	Purchased Water	117,312	28.91	35.95	(7.04)	(0.0193)	(2,263)	117,312	28.91	35.95	(7.04)	(0.0193)	(2,263)
7	Chemicals	502	28.91	(18.11)	47.02	0.1288	65	502	28.91	(18.11)	47.02	0.1288	65
8	Property & Liability Insurance	4,679	28.91	(45.27)	74.18	0.2032	951	4,679	28.91	(45.27)	74.18	0.2032	951
9	Worker's Compensation Insurance	1,568	28.91	(46.50)	75.41	0.2066	324	1,568	28.91	(46.50)	75.41	0.2066	324
10	Medical, Vision, Dental, LTD & Life Insurance	24,173	28.91	(8.92)	37.83	0.1036	2,505	24,173	28.91	(8.92)	37.83	0.1036	2,505
11	Other O&M (Excluding Rate Case Expense)	36,170	28.91	(9.27)	38.18	0.1046	3,784	15,484	28.91	(9.27)	38.18	0.1046	1,620
12	Federal Income Taxes	28,967	28.91	37.00	(8.09)	(0.0222)	(642)	26,395	28.91	37.00	(8.09)	(0.0222)	(585)
13	State Income Taxes	4,930	28.91	37.00	(8.09)	(0.0222)	(109)	4,492	28.91	37.00	(8.09)	(0.0222)	(100)
14	FICA Taxes	8,841	28.91	14.00	14.91	0.0408	361	8,841	28.91	14.00	14.91	0.0408	361
15	FUTA & SUTA Taxes	99	28.91	83.10	(54.19)	(0.1485)	(15)	99	28.91	83.10	(54.19)	(0.1485)	(15)
16	Property Taxes	21,529	28.91	212.00	(183.09)	(0.5016)	(10,799)	21,064	28.91	212.00	(183.09)	(0.5016)	(10,566)
17	Registration, Svc. Contracts, & Misc. Fees	1,893	28.91	(98.83)	127.74	0.3500	663	1,893	28.91	(98.83)	127.74	0.3500	663
18	Retirement Annuities (401k)	8,270	28.91	34.72	(5.81)	(0.0159)	(132)	8,270	28.91	34.72	(5.81)	(0.0159)	(132)
19	Interest on Long-Term Debt							29,898	28.91	91.25	(62.34)	(0.1708)	(5,106)
20													
21	Total	$ 381,845					$ (513)	$ 387,583					$ (7,483)

[1]2014 Actual lag days per AWC billing system.
Revenue lag days for White Tank updated in response
Staff data request BAB 1.16.
[2]Dec. No. 64282 as amended by Dec. Nos. 66849
& 68302. Purchased power lag days per
Dec. No. 71845. Purchased water lag days
are actual 2014.
-Purchased Water expense exludes amortization
of deferred CAP M&I Capital charges.

DECISION NO. _____
DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Adjusted Test Year Income Statement

Line No.		Western Group [A] Test Year Ended 12/31/2014	[B] Company - As Filed Pro Forma Adjustments - As Filed	[C] Adjusted Test Year - As Filed	[D] Settlement Adjustments	[E] Adjusted Test Year - Settlement	[F] Settlement Required Increase - Settlement	[G] Adjstd' w/ Increase - Settlement
1	Operating Revenues							
2	Residential	$ 14,933,743	$ (1,536,843)	$ 13,396,900	$ -	$ 13,396,900		
3	Commercial	6,649,318	(689,780)	5,959,538	-	5,959,538		
4	Industrial	1,099,890	(125,928)	973,961	-	973,961		
5	Private Fire Service	138,940	(14,290)	124,650	-	124,650		
6	Other Water Revenues	273,425	(21,552)	251,873	-	251,873		
7	Total Water Revenues	$ 23,095,315	$ (2,388,393)	$ 20,706,922	$ -	$ 20,706,922		
8								
9	Miscellaneous	1,128,795	(618,949)	509,846	-	509,846		
10	Total Operating Revenues	$ 24,224,110	$ (3,007,342)	$ 21,216,768	$ -	$ 21,216,768	$ 4,572,937	$ 25,789,706
11								
12	Operating Expenses							
13	Source of Supply Expenses:							
14	Purchased Water	627,277	575,578	1,202,855	(43,988)	1,158,867	-	1,158,867
15	Other	87,192	10,555	97,747	(19,700)	78,047	-	78,047
16	Pumping Expenses:							
17	Purchased Power	2,290,426	72,448	2,362,874	-	2,362,874	-	2,362,874
18	Purchased Gas	878	-	878	-	878	-	878
19	Other	914,922	174,672	1,089,594	(30,907)	1,058,687	-	1,058,687
20	Water Treatment Expenses	1,552,922	107,688	1,660,610	(22,473)	1,638,137	-	1,638,137
21	Transmission & Distribution Expenses	1,550,665	341,279	1,891,944	(209,720)	1,682,224	-	1,682,224
22	Customer Accounting Expenses	1,359,159	74,032	1,433,191	(11,865)	1,421,326	9,848	1,431,175
23	Customer Service & Sales Expense	2,362	2,413	4,775	-	4,775	-	4,775
24	Administrative & General Expenses	2,419,106	443,701	2,862,807	(76,367)	2,786,440	-	2,786,440
25	Total Operations & Maintenance Expense	$ 10,804,910	$ 1,802,367	$ 12,607,277	$ (415,021)	$ 12,192,256	$ 9,848	$ 12,202,104
26								
27	Depreciation & Amortization Expenses	4,450,676	367,759	4,818,436	(83,342)	4,735,094	-	4,735,094
28								
29	Taxes							
30	Federal Income Taxes	1,392,854	(1,275,185)	117,669	202,953	320,623	1,448,979	1,769,602
31	State Income Taxes	147,755	(127,728)	20,027	34,543	54,570	246,615	301,185
32	Property Taxes	1,048,313	50,623	1,098,936	-	1,098,936	79,177	1,178,113
33	Other	2,434,405	(2,237,112)	197,293	(3,426)	193,867	-	193,867
34	Total Taxes	$ 5,023,327	$ (3,589,402)	$ 1,433,926	$ 234,070	$ 1,667,995	$ 1,774,771	$ 3,442,767
35								
36	Total Operating Expenses	$ 20,278,914	$ (1,419,276)	$ 18,859,638	$ (264,293)	$ 18,595,345	$ 1,784,620	$ 20,379,965
37	Operating Income	$ 3,945,196	$ (1,588,067)	$ 2,357,130	$ 264,293	$ 2,621,423	$ 2,788,318	$ 5,409,741
38								
39	Other Income & Deductions:							
40	Interest:							
41	Long-Term Debt	1,868,679	262,015	2,130,695	(126,257)	2,004,438	-	2,004,438
42	Short-Term Debt	-	-	-	-	-	-	-
43	Other	(185,620)	185,620	-	-	-	-	-
44	Total Interest	$ 1,683,059	$ 447,636	$ 2,130,695	$ (126,257)	$ 2,004,438	$ -	$ 2,004,438
45								
46	Other (Income) - Net	(189,231)	189,231	-	-	-	-	-
47								
48	Total Other (Income) & Deductions	$ 1,493,827	$ 636,867	$ 2,130,695	$ (126,257)	$ 2,004,438	$ -	$ 2,004,438
49								
50	Net Income	$ 2,451,369	$ (2,224,934)	$ 226,435	$ 390,550	$ 616,985	$ 2,788,318	$ 3,405,303
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Supporting Schedules:
C-2 Settlement

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A-1 Settlement

DECISION NO. _____

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Adjusted Test Year Income Statement

Pinal Valley

Line No.		[A] Test Year Ended 12/31/2014	[B] Company - As Filed: Pro Forma Adjustments - As Filed	[C] Adjusted Test Year - As Filed	[D] Settlement Adjustments	[E] Adjusted Test Year - Settlement	[F] Settlement: Required Increase - Settlement	[G] Adjstd' w/ Increase - Settlement
1	Operating Revenues							
2	Residential	$ 12,680,567	$ (1,382,206)	$ 11,298,361	$ -	$ 11,298,361		
3	Commercial	6,057,907	(645,125)	5,412,782	-	5,412,782		
4	Industrial	1,083,041	(125,072)	957,969	-	957,969		
5	Private Fire Service	135,733	(14,083)	121,650	-	121,650		
6	Other Water Revenues	235,041	(19,039)	216,003	-	216,003		
7	Total Water Revenues	$ 20,192,290	$ (2,185,525)	$ 18,006,765	$ -	$ 18,006,765		
8								
9	Miscellaneous	1,076,452	(615,328)	461,124	-	461,124		
10	Total Operating Revenues	$ 21,268,742	$ (2,800,853)	$ 18,467,889	$ -	$ 18,467,889	$ 4,104,288	$ 22,572,177
11								
12	Operating Expenses							
13	Source of Supply Expenses:							
14	Purchased Water	509,966	575,578	1,085,544	(43,988)	1,041,556	-	1,041,556
15	Other	70,295	5,129	75,424	(10,091)	65,333	-	65,333
16	Pumping Expenses:							
17	Purchased Power	2,008,337	62,974	2,071,310	-	2,071,310	-	2,071,310
18	Purchased Gas	878	-	878	-	878	-	878
19	Other	753,918	138,929	892,848	(18,213)	874,635	-	874,635
20	Water Treatment Expenses	1,322,049	82,694	1,404,743	(12,486)	1,392,257	-	1,392,257
21	Transmission & Distribution Expenses	1,410,908	250,563	1,661,471	(123,767)	1,537,704	-	1,537,704
22	Customer Accounting Expenses	1,175,477	64,082	1,239,559	(9,656)	1,229,903	8,788	1,238,692
23	Customer Service & Sales Expense	2,093	-	2,093	-	2,093	-	2,093
24	Administrative & General Expenses	2,145,599	397,613	2,543,213	(74,206)	2,469,006	-	2,469,006
25	Total Operations & Maintenance Expense	$ 9,399,520	$ 1,577,563	$ 10,977,082	$ (292,408)	$ 10,684,675	$ 8,788	$ 10,693,463
26								
27	Depreciation & Amortization Expenses	3,620,630	342,946	3,963,576	(80,392)	3,883,183	-	3,883,183
28								
29	Taxes							
30	Federal Income Taxes	1,293,556	(1,149,811)	143,745	160,672	304,418	1,300,262	1,604,679
31	State Income Taxes	137,221	(112,756)	24,465	27,346	51,812	221,304	273,115
32	Property Taxes	934,218	34,996	969,214	-	969,214	71,799	1,041,014
33	Other	2,219,660	(2,045,215)	174,445	(3,288)	171,157	-	171,157
34	Total Taxes	$ 4,584,655	$ (3,272,785)	$ 1,311,870	$ 184,730	$ 1,496,601	$ 1,593,364	$ 3,089,965
35								
36	Total Operating Expenses	$ 17,604,804	$ (1,352,276)	$ 16,252,529	$ (188,070)	$ 16,064,459	$ 1,602,153	$ 17,666,612
37	Operating Income	$ 3,663,938	$ (1,448,578)	$ 2,215,360	$ 188,070	$ 2,403,430	$ 2,502,135	$ 4,905,565
38								
39	Other Income & Deductions:							
40	Interest:							
41	Long-Term Debt	1,667,318	271,428	1,938,746	(121,117)	1,817,629	-	1,817,629
42	Short-Term Debt	-	-	-	-	-	-	-
43	Other	(165,619)	165,619	-	-	-	-	-
44	Total Interest	$ 1,501,699	$ 437,047	$ 1,938,746	$ (121,117)	$ 1,817,629	$ -	$ 1,817,629
45								
46	Other (Income) - Net	(165,834)	165,834	-	-	-	-	-
47								
48	Total Other (Income) & Deductions	$ 1,335,866	$ 602,880	$ 1,938,746	$ (121,117)	$ 1,817,629	$ -	$ 1,817,629
49								
50	Net Income	$ 2,328,072	$ (2,051,458)	$ 276,614	$ 309,187	$ 585,801	$ 2,502,135	$ 3,087,936
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Supporting Schedules:
C-2 Settlement

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A-1 Settlement

DECISION NO. _____

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Adjusted Test Year Income Statement

White Tank

Line No.		[A] Test Year Ended 12/31/2014	[B] Company - As Filed Pro Forma Adjustments - As Filed	[C] Adjusted Test Year - As Filed	[D] Settlement Adjustments	[E] Adjusted Test Year - Settlement	[F] Settlement Required Increase - Settlement	[G] Adjstd' w/ Increase - Settlement
1	Operating Revenues							
2	Residential	$ 1,916,678	$ (125,034)	$ 1,791,645	$ -	$ 1,791,645		
3	Commercial	457,425	(35,797)	421,627	-	421,627		
4	Industrial	16,848	(856)	15,992	-	15,992		
5	Private Fire Service	1,930	(130)	1,800	-	1,800		
6	Other Water Revenues	37,917	(2,610)	35,306	-	35,306		
7	Total Water Revenues	$ 2,430,798	$ (164,428)	$ 2,266,370	$ -	$ 2,266,370		
8								
9	Miscellaneous	47,983	(3,362)	44,621	-	44,621		
10	Total Operating Revenues	$ 2,478,781	$ (167,790)	$ 2,310,991	$ -	$ 2,310,991	$ 404,704	$ 2,715,695
11								
12	Operating Expenses							
13	Source of Supply Expenses:							
14	Purchased Water	-	-	-	-	-	-	-
15	Other	16,474	9,742	26,216	(9,605)	16,611	-	16,611
16	Pumping Expenses:							
17	Purchased Power	279,222	7,439	286,661	-	286,661	-	286,661
18	Purchased Gas	-	-	-	-	-	-	-
19	Other	142,677	36,031	178,709	(12,584)	166,125	-	166,125
20	Water Treatment Expenses	206,953	25,044	231,997	(9,785)	222,212	-	222,212
21	Transmission & Distribution Expenses	101,410	70,306	171,716	(66,697)	105,019	-	105,019
22	Customer Accounting Expenses	146,766	7,885	154,650	(1,932)	152,719	911	153,630
23	Customer Service & Sales Expense	223	2,413	2,636	-	2,636	-	2,636
24	Administrative & General Expenses	222,981	37,148	260,129	(1,324)	258,806	-	258,806
25	Total Operations & Maintenance Expense	$ 1,116,705	$ 196,009	$ 1,312,714	$ (101,927)	$ 1,210,788	$ 911	$ 1,211,699
26								
27	Depreciation & Amortization Expenses	770,228	18,295	788,523	(2,515)	786,008	-	786,008
28								
29	Taxes							
30	Federal Income Taxes	80,995	(106,096)	(25,101)	35,210	10,110	128,418	138,528
31	State Income Taxes	8,592	(12,864)	(4,272)	5,993	1,721	21,857	23,577
32	Property Taxes	90,735	18,901	109,635	-	109,635	6,400	116,035
33	Other	182,109	(165,743)	16,366	(2)	16,364	-	16,364
34	Total Taxes	$ 362,430	$ (265,802)	$ 96,628	$ 41,201	$ 137,829	$ 156,674	$ 294,504
35								
36	Total Operating Expenses	$ 2,249,363	$ (51,497)	$ 2,197,866	$ (63,240)	$ 2,134,626	$ 157,585	$ 2,292,211
37	Operating Income	$ 229,418	$ (116,293)	$ 113,125	$ 63,240	$ 176,365	$ 247,119	$ 423,484
38								
39	Other Income & Deductions:							
40	Interest:							
41	Long-Term Debt	167,446	(6,019)	161,427	(4,516)	156,911	-	156,911
42	Short-Term Debt	-	-	-	-	-	-	-
43	Other	(16,633)	16,633	-	-	-	-	-
44	Total Interest	$ 150,813	$ 10,614	$ 161,427	$ (4,516)	$ 156,911	$ -	$ 156,911
45								
46	Other (Income) - Net	(19,798)	19,798	-	-	-	-	-
47								
48	Total Other (Income) & Deductions	$ 131,015	$ 30,412	$ 161,427	$ (4,516)	$ 156,911	$ -	$ 156,911
49								
50	Net Income	$ 98,403	$ (146,705)	$ (48,302)	$ 67,757	$ 19,454	$ 247,119	$ 266,573
51								
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DECISION NO. _____

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Adjusted Test Year Income Statement

Ajo

Line No.		[A] Test Year Ended 12/31/2014	[B] Company - As Filed: Pro Forma Adjustments - As Filed	[C] Adjusted Test Year - As Filed	[D] Settlement Adjustments	[E] Adjusted Test Year - Settlement	[F] Settlement: Required Increase - Settlement	[G] Adjstd' w/ Increase - Settlement
1	Operating Revenues							
2	Residential	$ 336,497	$ (29,602)	$ 306,895	$ -	$ 306,895		
3	Commercial	133,986	(8,858)	125,128	-	125,128		
4	Industrial	-	-	-	-	-		
5	Private Fire Service	1,276	(76)	1,200	-	1,200		
6	Other Water Revenues	467	97	564	-	564		
7	Total Water Revenues	$ 472,227	$ (38,439)	$ 433,787	$ -	$ 433,787		
8								
9	Miscellaneous	4,360	(259)	4,101	-	4,101		
10	Total Operating Revenues	$ 476,587	$ (38,698)	$ 437,888	$ -	$ 437,888	$ 63,945	$ 501,834
11								
12	Operating Expenses							
13	Source of Supply Expenses:							
14	Purchased Water	117,312	-	117,312	-	117,312	-	117,312
15	Other	423	(4,317)	(3,893)	(4)	(3,898)	-	(3,898)
16	Pumping Expenses:							
17	Purchased Power	2,868	2,035	4,903	-	4,903	-	4,903
18	Purchased Gas	-	-	-	-	-	-	-
19	Other	18,327	(288)	18,038	(111)	17,927	-	17,927
20	Water Treatment Expenses	23,920	(50)	23,870	(201)	23,668	-	23,668
21	Transmission & Distribution Expenses	38,348	20,410	58,757	(19,256)	39,502	-	39,502
22	Customer Accounting Expenses	36,916	2,065	38,982	(277)	38,705	149	38,853
23	Customer Service & Sales Expense	46	-	46	-	46	-	46
24	Administrative & General Expenses	50,526	8,939	59,465	(837)	58,628	-	58,628
25	Total Operations & Maintenance Expense	$ 288,686	$ 28,794	$ 317,480	$ (20,687)	$ 296,793	$ 149	$ 296,942
26								
27	Depreciation & Amortization Expenses	59,819	6,518	66,337	(435)	65,902	-	65,902
28								
29	Taxes							
30	Federal Income Taxes	18,303	(19,278)	(975)	7,071	6,095	20,300	26,395
31	State Income Taxes	1,942	(2,108)	(166)	1,203	1,037	3,455	4,492
32	Property Taxes	23,360	(3,274)	20,086	-	20,086	978	21,064
33	Other	32,637	(26,155)	6,482	(136)	6,346	-	6,346
34	Total Taxes	$ 76,242	$ (50,815)	$ 25,427	$ 8,138	$ 33,565	$ 24,733	$ 58,298
35								
36	Total Operating Expenses	$ 424,747	$ (15,503)	$ 409,244	$ (12,983)	$ 396,261	$ 24,881	$ 421,142
37	Operating Income	$ 51,840	$ (23,196)	$ 28,644	$ 12,983	$ 41,628	$ 39,064	$ 80,692
38								
39	Other Income & Deductions:							
40	Interest:							
41	Long-Term Debt	33,915	(3,393)	30,521	(623)	29,898	-	29,898
42	Short-Term Debt	-	-	-	-	-	-	-
43	Other	(3,369)	3,369	-	-	-	-	-
44	Total Interest	$ 30,546	$ (25)	$ 30,521	$ (623)	$ 29,898	$ -	$ 29,898
45								
46	Other (Income) - Net	(3,600)	3,600	-	-	-	-	-
47								
48	Total Other (Income) & Deductions	$ 26,946	$ 3,575	$ 30,521	$ (623)	$ 29,898	$ -	$ 29,898
49								
50	Net Income	$ 24,894	$ (26,771)	$ (1,877)	$ 13,607	$ 11,730	$ 39,064	$ 50,794
51								
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Supporting Schedules:
C-2 Settlement

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A-1 Settlement

DECISION NO.

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Income Statement Pro Forma Adjustments

Line No.		Western Group										
		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]
		Test Year Ended 12/31/2014	Pro Forma Adjustments - As Filed	Adjusted Test Year - As Filed	Settlement Income Statement Adjustments							
					Settlement No. 1	Settlement No. 2	Settlement No. 3	Settlement No. 4	Settlement No. 5	Settlement No. 6	Settlement No. 7	BLANK
1	Operating Revenues											
2	Residential	$ 14,933,743	$ (1,536,843)	$ 13,396,900	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
3	Commercial	6,649,318	(689,780)	5,959,538	-	-	-	-	-	-	-	-
4	Industrial	1,099,890	(125,928)	973,961	-	-	-	-	-	-	-	-
5	Private Fire Service	138,940	(14,290)	124,650	-	-	-	-	-	-	-	-
6	Other Water Revenues	273,425	(21,552)	251,873	-	-	-	-	-	-	-	-
7	Total Water Revenues	$ 23,095,315	$ (2,388,393)	$ 20,706,922	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
8												
9	Miscellaneous	1,128,795	(618,949)	509,846	-	-	-	-	-	-	-	-
10	Total Operating Revenues	$ 24,224,110	$ (3,007,342)	$ 21,216,768	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11												
12	Operating Expenses											
13	Source of Supply Expenses:											
14	Purchased Water	627,277	575,578	1,202,855	-	-	-	-	-	(43,988)	-	-
15	Other	87,192	10,555	97,747	(19,534)	81	-	-	(247)	-	-	-
16	Pumping Expenses:											
17	Purchased Power	2,290,426	72,448	2,362,874	-	-	-	-	-	-	-	-
18	Purchased Gas	878	-	878	-	-	-	-	-	-	-	-
19	Other	914,922	174,672	1,089,594	(27,012)	3,262	-	-	(7,157)	-	-	-
20	Water Treatment Expenses	1,552,922	107,688	1,660,610	(21,677)	834	-	-	(1,630)	-	-	-
21	Transmission & Distribution Expenses	1,550,665	341,279	1,891,944	(31,717)	6,753	-	(174,048)	(10,708)	-	-	-
22	Customer Accounting Expenses	1,359,159	74,032	1,433,191	(9,641)	1,819	-	-	(4,042)	-	-	-
23	Customer Service & Sales Expense	2,362	2,413	4,775	-	-	-	-	-	-	-	-
24	Administrative & General Expenses	2,419,106	443,701	2,862,807	(95,450)	61,443	(42,091)	-	(269)	-	-	-
25	Total Operations & Maintenance Expense	$ 10,804,910	$ 1,802,367	$ 12,607,277	$ (205,031)	$ 74,191	$ (42,091)	$ (174,048)	$ (24,053)	$ (43,988)	$ -	$ -
26												
27	Depreciation & Amortization Expenses	4,450,676	367,759	4,818,436	-	-	-	-	-	-	(83,342)	-
28												
29	Taxes											
30	Federal Income Taxes	1,392,854	(1,275,185)	117,669	-	-	-	-	-	-	-	-
31	State Income Taxes	147,755	(127,728)	20,027	-	-	-	-	-	-	-	-
32	Property Taxes	1,048,313	50,623	1,098,936	-	-	-	-	-	-	-	-
33	Other	2,434,405	(2,237,112)	197,293	(3,426)	-	-	-	-	-	-	-
34	Total Taxes	$ 5,023,327	$ (3,589,402)	$ 1,433,926	$ (3,426)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
35												
36	Total Operating Expenses	$ 20,278,914	$ (1,419,276)	$ 18,859,638	$ (208,457)	$ 74,191	$ (42,091)	$ (174,048)	$ (24,053)	$ (43,988)	$ (83,342)	$ -
37	Operating Income	$ 3,945,196	$ (1,588,067)	$ 2,357,130	$ 208,457	$ (74,191)	$ 42,091	$ 174,048	$ 24,053	$ 43,988	$ 83,342	$ -
38												
39	Other Income & Deductions:											
40	Interest:											
41	Long-Term Debt	1,868,679	262,015	2,130,695	-	-	-	-	-	-	-	-
42	Short-Term Debt	-	-	-	-	-	-	-	-	-	-	-
43	Other	(185,620)	185,620	-	-	-	-	-	-	-	-	-
44	Total Interest	$ 1,683,059	$ 447,636	$ 2,130,695	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
45												
46	Other (Income) - Net	(189,231)	189,231	-	-	-	-	-	-	-	-	-
47												
48	Total Other (Income) & Deductions	$ 1,493,827	$ 636,867	$ 2,130,695	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
49												
50	Net Income	$ 2,451,369	$ (2,224,934)	$ 226,435	$ 208,457	$ (74,191)	$ 42,091	$ 174,048	$ 24,053	$ 43,988	$ 83,342	$ -
51												
52												
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Supporting Schedules:

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Recap Schedules:
C-1 Settlement

DECISION NO. _____

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Income Statement Pro Forma Adjustments

Line No.		Western Group [L] BLANK	[M] BLANK	[N] BLANK	[O] BLANK	[P] Settlement No. 8	[Q] Settlement No. 9	[R] Settlement No. 10	[S] Total Settlement Adjustments	[T] Adjusted Test Year - Settlement	[U] Required Increase - Settlement	[V] Adjstd' w/ Increase - Settlement
		Settlement Income Statement Adjustments										
1	Operating Revenues											
2	Residential	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 13,396,900		
3	Commercial	-	-	-	-	-	-	-	-	5,959,538		
4	Industrial	-	-	-	-	-	-	-	-	973,961		
5	Private Fire Service	-	-	-	-	-	-	-	-	124,650		
6	Other Water Revenues	-	-	-	-	-	-	-	-	251,873		
7	Total Water Revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 20,706,922		
8												
9	Miscellaneous	-	-	-	-	-	-	-	-	509,846		
10	Total Operating Revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 21,216,768	$ 4,572,937	$ 25,789,706
11												
12	Operating Expenses											
13	Source of Supply Expenses:											
14	Purchased Water	-	-	-	-	-	-	-	(43,988)	1,158,867		1,158,867
15	Other	-	-	-	-	-	-	-	(19,700)	78,047		78,047
16	Pumping Expenses:											
17	Purchased Power	-	-	-	-	-	-	-	-	2,362,874		2,362,874
18	Purchased Gas	-	-	-	-	-	-	-	-	878		878
19	Other	-	-	-	-	-	-	-	(30,907)	1,058,687		1,058,687
20	Water Treatment Expenses	-	-	-	-	-	-	-	(22,473)	1,638,137		1,638,137
21	Transmission & Distribution Expenses	-	-	-	-	-	-	-	(209,720)	1,682,224		1,682,224
22	Customer Accounting Expenses	-	-	-	-	-	-	-	(11,865)	1,421,326	9,848	1,431,175
23	Customer Service & Sales Expense	-	-	-	-	-	-	-	-	4,775		4,775
24	Administrative & General Expenses	-	-	-	-	-	-	-	(76,367)	2,786,440		2,786,440
25	Total Operations & Maintenance Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (415,021)	$ 12,192,256	$ 9,848	$ 12,202,104
26												
27	Depreciation & Amortization Expenses	-	-	-	-	-	-	-	(83,342)	4,735,094		4,735,094
28												
29	Taxes											
30	Federal Income Taxes	-	-	-	-	-	-	202,953	202,953	320,623	1,448,979	1,769,602
31	State Income Taxes	-	-	-	-	-	-	34,543	34,543	54,570	246,615	301,185
32	Property Taxes	-	-	-	-	-	-	-	-	1,098,936	79,177	1,178,113
33	Other	-	-	-	-	-	-	-	(3,426)	193,867	-	193,867
34	Total Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ 237,496	$ 234,070	$ 1,667,995	$ 1,774,771	$ 3,442,767
35												
36	Total Operating Expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ 237,496	$ (264,293)	$ 18,595,345	$ 1,784,620	$ 20,379,965
37	Operating Income	$ -	$ -	$ -	$ -	$ -	$ -	$ (237,496)	$ 264,293	$ 2,621,423	$ 2,788,318	$ 5,409,741
38												
39	Other Income & Deductions:											
40	Interest:											
41	Long-Term Debt	-	-	-	-	(126,257)	-	-	(126,257)	2,004,438		2,004,438
42	Short-Term Debt	-	-	-	-	-	-	-	-	-		-
43	Other	-	-	-	-	-	-	-	-	-		-
44	Total Interest	$ -	$ -	$ -	$ -	$ (126,257)	$ -	$ -	$ (126,257)	$ 2,004,438	$ -	$ 2,004,438
45												
46	Other (Income) - Net	-	-	-	-	-	-	-	-	-		-
47												
48	Total Other (Income) & Deductions	$ -	$ -	$ -	$ -	$ (126,257)	$ -	$ -	$ (126,257)	$ 2,004,438	$ -	$ 2,004,438
49												
50	Net Income	$ -	$ -	$ -	$ -	$ 126,257	$ -	$ (237,496)	$ 390,550	$ 616,985	$ 2,788,318	$ 3,405,303
51												
52												
53												
54												
55												

DECISION NO. _____
DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Income Statement Pro Forma Adjustments

Line No.		[A] Test Year Ended 12/31/2014	[B] Pro Forma Adjustments - As Filed	[C] Adjusted Test Year - As Filed	Pinal Valley [D] Settlement No. 1	[E] Settlement No. 2	[F] Settlement No. 3	[G] Settlement No. 4	[H] Settlement No. 5	[I] Settlement No. 6	[J] Settlement No. 7	[K] BLANK
					Settlement Income Statement Adjustments							
1	Operating Revenues											
2	Residential	$ 12,680,567	$ (1,382,206)	$ 11,298,361								
3	Commercial	6,057,907	(645,125)	5,412,782								
4	Industrial	1,083,041	(125,072)	957,969								
5	Private Fire Service	135,733	(14,083)	121,650								
6	Other Water Revenues	235,041	(19,039)	216,003								
7	Total Water Revenues	$ 20,192,290	$ (2,185,525)	$ 18,006,765	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
8												
9	Miscellaneous	1,076,452	(615,328)	461,124								
10	Total Operating Revenues	$ 21,268,742	$ (2,800,853)	$ 18,467,889	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11												
12	Operating Expenses											
13	Source of Supply Expenses:											
14	Purchased Water	509,966	575,578	1,085,544						(43,988)		
15	Other	70,295	5,129	75,424	(10,050)	49			(90)			
16	Pumping Expenses:											
17	Purchased Power	2,008,337	62,974	2,071,310								
18	Purchased Gas	878	-	878								
19	Other	753,918	138,929	892,848	(16,220)	2,720			(4,713)			
20	Water Treatment Expenses	1,322,049	82,694	1,404,743	(11,878)	722			(1,330)			
21	Transmission & Distribution Expenses	1,410,908	250,563	1,661,471	(21,027)	6,083		(99,896)	(8,927)			
22	Customer Accounting Expenses	1,175,477	64,082	1,239,559	(8,356)	1,543			(2,843)			
23	Customer Service & Sales Expense	2,093	-	2,093								
24	Administrative & General Expenses	2,145,599	397,613	2,543,213	(90,920)	53,852	(36,887)		(251)			
25	Total Operations & Maintenance Expense	$ 9,399,520	$ 1,577,563	$ 10,977,082	$ (158,452)	$ 64,970	$ (36,887)	$ (99,896)	$ (18,154)	$ (43,988)	$ -	$ -
26												
27	Depreciation & Amortization Expenses	3,620,630	342,946	3,963,576							(80,392)	
28												
29	Taxes											
30	Federal Income Taxes	1,293,556	(1,149,811)	143,745								
31	State Income Taxes	137,221	(112,756)	24,465								
32	Property Taxes	934,218	34,996	969,214								
33	Other	2,219,660	(2,045,215)	174,445	(3,288)							
34	Total Taxes	$ 4,584,655	$ (3,272,785)	$ 1,311,870	$ (3,288)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
35												
36	Total Operating Expenses	$ 17,604,804	$ (1,352,276)	$ 16,252,529	$ (161,741)	$ 64,970	$ (36,887)	$ (99,896)	$ (18,154)	$ (43,988)	$ (80,392)	$ -
37	Operating Income	$ 3,663,938	$ (1,448,578)	$ 2,215,360	$ 161,741	$ (64,970)	$ 36,887	$ 99,896	$ 18,154	$ 43,988	$ 80,392	$ -
38												
39	Other Income & Deductions:											
40	Interest:											
41	Long-Term Debt	1,667,318	271,428	1,938,746								
42	Short-Term Debt	-	-	-								
43	Other	(165,619)	165,619	-								
44	Total Interest	$ 1,501,699	$ 437,047	$ 1,938,746	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
45												
46	Other (Income) - Net	(165,834)	165,834	-								
47												
48	Total Other (Income) & Deductions	$ 1,335,866	$ 602,880	$ 1,938,746	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
49												
50	Net Income	$ 2,328,072	$ (2,051,458)	$ 276,614	$ 161,741	$ (64,970)	$ 36,887	$ 99,896	$ 18,154	$ 43,988	$ 80,392	$ -
51												
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Supporting Schedules:

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C-1 Settlement

DECISION NO. _____

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Income Statement Pro Forma Adjustments

Pinal Valley

Line No.		[L] BLANK	[M] BLANK	[N] BLANK	[O] BLANK	[P] Settlement No. 8	[Q] Settlement No. 9	[R] Settlement No. 10	[S] Total Settlement Adjustments	[T] Adjusted Test Year - Settlement	[U] Required Increase - Settlement	[V] Adjstd' w/ Increase - Settlement
		Settlement Income Statement Adjustments										
1	Operating Revenues											
2	Residential								$ -	$ 11,298,361		
3	Commercial								-	5,412,782		
4	Industrial								-	957,969		
5	Private Fire Service								-	121,650		
6	Other Water Revenues								-	216,003		
7	Total Water Revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 18,006,765		
8												
9	Miscellaneous								-	461,124		
10	Total Operating Revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 18,467,889	$ 4,104,288	$ 22,572,177
11												
12	Operating Expenses											
13	Source of Supply Expenses:											
14	Purchased Water								(43,988)	1,041,556		1,041,556
15	Other								(10,091)	65,333		65,333
16	Pumping Expenses:											
17	Purchased Power								-	2,071,310		2,071,310
18	Purchased Gas								-	878		878
19	Other								(18,213)	874,635		874,635
20	Water Treatment Expenses								(12,486)	1,392,257		1,392,257
21	Transmission & Distribution Expenses								(123,767)	1,537,704		1,537,704
22	Customer Accounting Expenses								(9,656)	1,229,903	8,788	1,238,692
23	Customer Service & Sales Expense								-	2,093		2,093
24	Administrative & General Expenses								(74,206)	2,469,006		2,469,006
25	Total Operations & Maintenance Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (292,408)	$ 10,684,675	$ 8,788	$ 10,693,463
26												
27	Depreciation & Amortization Expenses								(80,392)	3,883,183		3,883,183
28												
29	Taxes											
30	Federal Income Taxes							160,672	160,672	304,418	1,300,262	1,604,679
31	State Income Taxes							27,346	27,346	51,812	221,304	273,115
32	Property Taxes						-		-	969,214	71,799	1,041,014
33	Other								(3,288)	171,157		171,157
34	Total Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ 188,019	$ 184,730	$ 1,496,601	$ 1,593,364	$ 3,089,965
35												
36	Total Operating Expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ 188,019	$ (188,070)	$ 16,064,459	$ 1,602,153	$ 17,666,612
37	Operating Income	$ -	$ -	$ -	$ -	$ -	$ -	$ (188,019)	$ 188,070	$ 2,403,430	$ 2,502,135	$ 4,905,565
38												
39	Other Income & Deductions:											
40	Interest:											
41	Long-Term Debt					(121,117)			(121,117)	1,817,629		1,817,629
42	Short-Term Debt								-	-		-
43	Other								-	-		-
44	Total Interest	$ -	$ -	$ -	$ -	$ (121,117)	$ -	$ -	$ (121,117)	$ 1,817,629	$ -	$ 1,817,629
45												
46	Other (Income) - Net								-	-		-
47												
48	Total Other (Income) & Deductions	$ -	$ -	$ -	$ -	$ (121,117)	$ -	$ -	$ (121,117)	$ 1,817,629	$ -	$ 1,817,629
49												
50	Net Income	$ -	$ -	$ -	$ -	$ 121,117	$ -	$ (188,019)	$ 309,187	$ 585,801	$ 2,502,135	$ 3,087,936
51												
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DECISION NO. _____

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Income Statement Pro Forma Adjustments

White Tank

Line No.		[A] Test Year Ended 12/31/2014	[B] Pro Forma Adjustments - As Filed	[C] Adjusted Test Year - As Filed	[D] Settlement No. 1	[E] Settlement No. 2	[F] Settlement No. 3	[G] Settlement No. 4	[H] Settlement No. 5	[I] Settlement No. 6	[J] Settlement No. 7	[K] BLANK
					Settlement Income Statement Adjustments							
1	Operating Revenues											
2	Residential	$ 1,916,678	$ (125,034)	$ 1,791,645								
3	Commercial	457,425	(35,797)	421,627								
4	Industrial	16,848	(856)	15,992								
5	Private Fire Service	1,930	(130)	1,800								
6	Other Water Revenues	37,917	(2,610)	35,306								
7	Total Water Revenues	$ 2,430,798	$ (164,428)	$ 2,266,370	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
8												
9	Miscellaneous	47,983	(3,362)	44,621								
10	Total Operating Revenues	$ 2,478,781	$ (167,790)	$ 2,310,991	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11												
12	Operating Expenses											
13	Source of Supply Expenses:											
14	Purchased Water	-	-	-								
15	Other	16,474	9,742	26,216	(9,479)	31			(157)			
16	Pumping Expenses:											
17	Purchased Power	279,222	7,439	286,661								
18	Purchased Gas	-	-	-								
19	Other	142,677	36,031	178,709	(10,642)	502			(2,444)			
20	Water Treatment Expenses	206,953	25,044	231,997	(9,544)	58			(300)			
21	Transmission & Distribution Expenses	101,410	70,306	171,716	(10,267)	550		(55,199)	(1,781)			
22	Customer Accounting Expenses	146,766	7,885	154,650	(966)	233			(1,199)			
23	Customer Service & Sales Expense	223	2,413	2,636								
24	Administrative & General Expenses	222,981	37,148	260,129	(3,327)	6,425	(4,404)		(18)			
25	Total Operations & Maintenance Expense	$ 1,116,705	$ 196,009	$ 1,312,714	$ (44,224)	$ 7,800	$ (4,404)	$ (55,199)	$ (5,899)	$ -	$ -	$ -
26												
27	Depreciation & Amortization Expenses	770,228	18,295	788,523							(2,515)	
28												
29	Taxes											
30	Federal Income Taxes	80,995	(106,096)	(25,101)								
31	State Income Taxes	8,592	(12,864)	(4,272)								
32	Property Taxes	90,735	18,901	109,635								
33	Other	182,109	(165,743)	16,366	(2)							
34	Total Taxes	$ 362,430	$ (265,802)	$ 96,628	$ (2)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
35												
36	Total Operating Expenses	$ 2,249,363	$ (51,497)	$ 2,197,866	$ (44,226)	$ 7,800	$ (4,404)	$ (55,199)	$ (5,899)	$ -	$ (2,515)	$ -
37	Operating Income	$ 229,418	$ (116,293)	$ 113,125	$ 44,226	$ (7,800)	$ 4,404	$ 55,199	$ 5,899	$ -	$ 2,515	$ -
38												
39	Other Income & Deductions:											
40	Interest:											
41	Long-Term Debt	167,446	(6,019)	161,427								
42	Short-Term Debt	-	-	-								
43	Other	(16,633)	16,633	-								
44	Total Interest	$ 150,813	$ 10,614	$ 161,427	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
45												
46	Other (Income) - Net	(19,798)	19,798	-								
47												
48	Total Other (Income) & Deductions	$ 131,015	$ 30,412	$ 161,427	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
49												
50	Net Income	$ 98,403	$ (146,705)	$ (48,302)	$ 44,226	$ (7,800)	$ 4,404	$ 55,199	$ 5,899	$ -	$ 2,515	$ -
51												
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Supporting Schedules:

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Recap Schedules:
C-1 Settlement

DECISION NO. _____

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Income Statement Pro Forma Adjustments

Line No.		White Tank [L] BLANK	[M] BLANK	[N] BLANK	[O] BLANK	[P] Settlement No. 8	[Q] Settlement No. 9	[R] Settlement No. 10	[S] Total Settlement Adjustments	[T] Adjusted Test Year - Settlement	[U] Required Increase - Settlement	[V] Adjstd' w/ Increase - Settlement
		Settlement Income Statement Adjustments										
1	Operating Revenues								$ -	$ 1,791,645		
2	Residential								-	421,627		
3	Commercial								-	15,992		
4	Industrial								-	1,800		
5	Private Fire Service								-	35,306		
6	Other Water Revenues											
7	Total Water Revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,266,370		
8									-	44,621		
9	Miscellaneous											
10	Total Operating Revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,310,991	$ 404,704	$ 2,715,695
11												
12	Operating Expenses											
13	Source of Supply Expenses:								-	-		-
14	Purchased Water								(9,605)	16,611		16,611
15	Other											
16	Pumping Expenses:								-	286,661		286,661
17	Purchased Power								-	-		-
18	Purchased Gas								(12,584)	166,125		166,125
19	Other								(9,785)	222,212		222,212
20	Water Treatment Expenses								(66,697)	105,019		105,019
21	Transmission & Distribution Expenses								(1,932)	152,719	911	153,630
22	Customer Accounting Expenses								-	2,636		2,636
23	Customer Service & Sales Expense								(1,324)	258,806		258,806
24	Administrative & General Expenses											
25	Total Operations & Maintenance Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (101,927)	$ 1,210,788	$ 911	$ 1,211,699
26									(2,515)	786,008		786,008
27	Depreciation & Amortization Expenses											
28												
29	Taxes							35,210	35,210	10,110	128,418	138,528
30	Federal Income Taxes							5,993	5,993	1,721	21,857	23,577
31	State Income Taxes								-	109,635	6,400	116,035
32	Property Taxes								(2)	16,364		16,364
33	Other											
34	Total Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ 41,203	$ 41,201	$ 137,829	$ 156,674	$ 294,504
35												
36	Total Operating Expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ 41,203	$ (63,240)	$ 2,134,626	$ 157,585	$ 2,292,211
37	Operating Income	$ -	$ -	$ -	$ -	$ -	$ -	$ (41,203)	$ 63,240	$ 176,365	$ 247,119	$ 423,484
38												
39	Other Income & Deductions:											
40	Interest:											
41	Long-Term Debt					(4,516)			(4,516)	156,911		156,911
42	Short-Term Debt								-	-		-
43	Other								-	-		-
44	Total Interest	$ -	$ -	$ -	$ -	$ (4,516)	$ -	$ -	$ (4,516)	$ 156,911	$ -	$ 156,911
45												
46	Other (Income) - Net								-	-		-
47												
48	Total Other (Income) & Deductions	$ -	$ -	$ -	$ -	$ (4,516)	$ -	$ -	$ (4,516)	$ 156,911	$ -	$ 156,911
49												
50	Net Income	$ -	$ -	$ -	$ -	$ 4,516	$ -	$ (41,203)	$ 67,757	$ 19,454	$ 247,119	$ 266,573
51												
52												
53												
54												
55												

Supporting Schedules:

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Recap Schedules:
C-1 Settlement

DECISION NO. _____

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Income Statement Pro Forma Adjustments

Line No.		[A] Test Year Ended 12/31/2014	[B] Pro Forma Adjustments - As Filed	[C] Adjusted Test Year - As Filed	[D] Settlement No. 1	[E] Settlement No. 2	[F] Settlement No. 3	[G] Settlement No. 4	[H] Settlement No. 5	[I] Settlement No. 6	[J] Settlement No. 7	[K] BLANK
					Ajo Settlement Income Statement Adjustments							
1	Operating Revenues											
2	Residential	$ 336,497	$ (29,602)	$ 306,895								
3	Commercial	133,986	(8,858)	125,128								
4	Industrial	-	-	-								
5	Private Fire Service	1,276	(76)	1,200								
6	Other Water Revenues	467	97	564								
7	Total Water Revenues	$ 472,227	$ (38,439)	$ 433,787	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
8												
9	Miscellaneous	4,360	(259)	4,101								
10	Total Operating Revenues	$ 476,587	$ (38,698)	$ 437,888	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11												
12	Operating Expenses											
13	Source of Supply Expenses:											
14	Purchased Water	117,312	-	117,312								
15	Other	423	(4,317)	(3,893)	(5)	1			-			
16	Pumping Expenses:											
17	Purchased Power	2,868	2,035	4,903								
18	Purchased Gas	-	-	-								
19	Other	18,327	(288)	18,038	(150)	39			-			
20	Water Treatment Expenses	23,920	(50)	23,870	(256)	54			-			
21	Transmission & Distribution Expenses	38,348	20,410	58,757	(422)	120		(18,953)	-			
22	Customer Accounting Expenses	36,916	2,065	38,982	(319)	42			-			
23	Customer Service & Sales Expense	46	-	46								
24	Administrative & General Expenses	50,526	8,939	59,465	(1,202)	1,166	(801)		-			
25	Total Operations & Maintenance Expense	$ 288,686	$ 28,794	$ 317,480	$ (2,355)	$ 1,422	$ (801)	$ (18,953)	$ -	$ -	$ -	$ -
26												
27	Depreciation & Amortization Expenses	59,819	6,518	66,337							(435)	
28												
29	Taxes											
30	Federal Income Taxes	18,303	(19,278)	(975)								
31	State Income Taxes	1,942	(2,108)	(166)								
32	Property Taxes	23,360	(3,274)	20,086								
33	Other	32,637	(26,155)	6,482	(136)							
34	Total Taxes	$ 76,242	$ (50,815)	$ 25,427	$ (136)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
35												
36	Total Operating Expenses	$ 424,747	$ (15,503)	$ 409,244	$ (2,490)	$ 1,422	$ (801)	$ (18,953)	$ -	$ -	$ (435)	$ -
37	Operating Income	$ 51,840	$ (23,196)	$ 28,644	$ 2,490	$ (1,422)	$ 801	$ 18,953	$ -	$ -	$ 435	$ -
38												
39	Other Income & Deductions:											
40	Interest:											
41	Long-Term Debt	33,915	(3,393)	30,521								
42	Short-Term Debt	-	-	-								
43	Other	(3,369)	3,369	-								
44	Total Interest	$ 30,546	$ (25)	$ 30,521	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
45												
46	Other (Income) - Net	(3,600)	3,600	-								
47												
48	Total Other (Income) & Deductions	$ 26,946	$ 3,575	$ 30,521	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
49												
50	Net Income	$ 24,894	$ (26,771)	$ (1,877)	$ 2,490	$ (1,422)	$ 801	$ 18,953	$ -	$ -	$ 435	$ -
51												
52												
53												
54												
55												

DECISION NO. _____
DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Income Statement Pro Forma Adjustments

Line No.		[L] BLANK	[M] BLANK	[N] BLANK	[O] BLANK	[P] Settlement No. 8	[Q] Settlement No. 9	[R] Settlement No. 10	[S] Total Settlement Adjustments	[T] Adjusted Test Year - Settlement	[U] Required Increase - Settlement	[V] Adjstd' w/ Increase - Settlement
		Settlement Income Statement Adjustments					Ajo					
1	Operating Revenues								$ -	$ 306,895		
2	Residential								-	125,128		
3	Commercial								-	-		
4	Industrial								-	1,200		
5	Private Fire Service								-	564		
6	Other Water Revenues											
7	Total Water Revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 433,787		
8									-	4,101		
9	Miscellaneous											
10	Total Operating Revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 437,888	$ 63,945	$ 501,834
11												
12	Operating Expenses											
13	Source of Supply Expenses:								-	117,312		117,312
14	Purchased Water								(4)	(3,898)		(3,898)
15	Other											
16	Pumping Expenses:								-	4,903		4,903
17	Purchased Power								-	-		-
18	Purchased Gas								(111)	17,927		17,927
19	Other								(201)	23,668		23,668
20	Water Treatment Expenses								(19,256)	39,502		39,502
21	Transmission & Distribution Expenses								(277)	38,705	149	38,853
22	Customer Accounting Expenses								-	46		46
23	Customer Service & Sales Expense								(837)	58,628		58,628
24	Administrative & General Expenses											
25	Total Operations & Maintenance Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (20,687)	$ 296,793	$ 149	$ 296,942
26									(435)	65,902		65,902
27	Depreciation & Amortization Expenses											
28												
29	Taxes							7,071	7,071	6,095	20,300	26,395
30	Federal Income Taxes							1,203	1,203	1,037	3,455	4,492
31	State Income Taxes								-	20,086	978	21,064
32	Property Taxes								(136)	6,346		6,346
33	Other											
34	Total Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ 8,274	$ 8,138	$ 33,565	$ 24,733	$ 58,298
35												
36	Total Operating Expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ 8,274	$ (12,983)	$ 396,261	$ 24,881	$ 421,142
37	Operating Income	$ -	$ -	$ -	$ -	$ -	$ -	$ (8,274)	$ 12,983	$ 41,628	$ 39,064	$ 80,692
38												
39	Other Income & Deductions:											
40	Interest:											
41	Long-Term Debt					(623)			(623)	29,898		29,898
42	Short-Term Debt								-	-		-
43	Other								-	-		-
44	Total Interest	$ -	$ -	$ -	$ -	$ (623)	$ -	$ -	$ (623)	$ 29,898	$ -	$ 29,898
45												
46	Other (Income) - Net								-	-		-
47												
48	Total Other (Income) & Deductions	$ -	$ -	$ -	$ -	$ (623)	$ -	$ -	$ (623)	$ 29,898	$ -	$ 29,898
49												
50	Net Income	$ -	$ -	$ -	$ -	$ 623	$ -	$ (8,274)	$ 13,607	$ 11,730	$ 39,064	$ 50,794
51												
52												
53												
54												
55												

Supporting Schedules:

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Recap Schedules:
C-1 Settlement

DECISION NO. _____

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY

Test Year Ended December 31, 2014
Settlement Income Statement Adjustment No. 1 (Payroll)
- Remove: Asst. Secretary, V.P. Rates, Operations Superintendent (unfilled) & Serviceman (unfilled)
- Add: Mgr. of Rates
- Apply 1.6% Wage Increase

Western Group - Payroll

Line No.	System	[A] Source of Supply Increase / (Decrease)	[B] Pumping Increase / (Decrease)	[C] Water Treatment Increase / (Decrease)	[D] Transmission & Distribution Increase / (Decrease)	[E] Customer Accounting Increase / (Decrease)	[F] Administrative & General Increase / (Decrease)	[G] Taxes - Other Increase / (Decrease)	[H] Total Increase / (Decrease)
1									
2	Western Group								
3	Pinal Valley	$ (10,050)	$ (16,220)	$ (11,878)	$ (21,027)	$ (8,356)	$ (80,457)	$ -	$ (147,989)
4	White Tank	(9,479)	(10,642)	(9,544)	(10,267)	(966)	(2,519)	-	(43,416)
5	Ajo	(5)	(150)	(256)	(422)	(319)	(910)	-	(2,062)
6	Subtotal	$ (19,534)	$ (27,012)	$ (21,677)	$ (31,717)	$ (9,641)	$ (83,886)	$ -	$ (193,467)
7									
8									

Western Group - Payroll Tax

Line No.	System	[A] Source of Supply Increase / (Decrease)	[B] Pumping Increase / (Decrease)	[C] Water Treatment Increase / (Decrease)	[D] Transmission & Distribution Increase / (Decrease)	[E] Customer Accounting Increase / (Decrease)	[F] Administrative & General Increase / (Decrease)	[G] Taxes - Other Increase / (Decrease)	[H] Total Increase / (Decrease)
9									
10									
11									
12									
13									
14									
15									
16									
17									
18	Pinal Valley	$ -	$ -	$ -	$ -	$ -	$ -	$ (3,288)	$ (3,288)
19	White Tank	-	-	-	-	-	-	(2)	(2)
20	Ajo	-	-	-	-	-	-	(136)	(136)
21	Subtotal	$ -	$ -	$ -	$ -	$ -	$ -	$ (3,426)	$ (3,426)
22									
23									

Western Group - 401k

Line No.	System	[A] Source of Supply Increase / (Decrease)	[B] Pumping Increase / (Decrease)	[C] Water Treatment Increase / (Decrease)	[D] Transmission & Distribution Increase / (Decrease)	[E] Customer Accounting Increase / (Decrease)	[F] Administrative & General Increase / (Decrease)	[G] Taxes - Other Increase / (Decrease)	[H] Total Increase / (Decrease)
24									
25									
26									
27									
28									
29									
30									
31									
32									
33	Pinal Valley	$ -	$ -	$ -	$ -	$ -	$ (10,464)	$ -	$ (10,464)
34	White Tank	-	-	-	-	-	(808)	-	(808)
35	Ajo	-	-	-	-	-	(292)	-	(292)
36	Subtotal	$ -	$ -	$ -	$ -	$ -	$ (11,564)	$ -	$ (11,564)
37									
38									

Western Group - Total Payroll & Related

Line No.	System	[A] Source of Supply Increase / (Decrease)	[B] Pumping Increase / (Decrease)	[C] Water Treatment Increase / (Decrease)	[D] Transmission & Distribution Increase / (Decrease)	[E] Customer Accounting Increase / (Decrease)	[F] Administrative & General Increase / (Decrease)	[G] Taxes - Other Increase / (Decrease)	[H] Total Increase / (Decrease)
39									
40									
41									
42									
43									
44									
45									
46									
47									
48	Pinal Valley	$ (10,050)	$ (16,220)	$ (11,878)	$ (21,027)	$ (8,356)	$ (90,920)	$ (3,288)	$ (161,741)
49	White Tank	(9,479)	(10,642)	(9,544)	(10,267)	(966)	(3,327)	(2)	(44,226)
50	Ajo	(5)	(150)	(256)	(422)	(319)	(1,202)	(136)	(2,490)
51	Subtotal	$ (19,534)	$ (27,012)	$ (21,677)	$ (31,717)	$ (9,641)	$ (95,450)	$ (3,426)	$ (208,457)
52									
53									
54	Total	$ (19,534)	$ (27,012)	$ (21,677)	$ (31,717)	$ (9,641)	$ (95,450)	$ (3,426)	$ (208,457)
55									

Supporting Schedules:

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Recap Schedules:

DECISION NO. _____

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY

Test Year Ended December 31, 2014
Settlement Income Statement Adjustment No. 2 (Insurance)
- Adjust Insurance Expense to Reflect Current Property & Liability Insurance Premium

Western Group - Insurance Expense

Line No.	System	[A] Source of Supply Increase / (Decrease)	[B] Pumping Increase / (Decrease)	[C] Water Treatment Increase / (Decrease)	[D] Transmission & Distribution Increase / (Decrease)	[E] Customer Accounting Increase / (Decrease)	[F] Administrative & General Increase / (Decrease)	[G] Total Increase / (Decrease)
1								
2	Western Group							
3	Pinal Valley	$ 49	$ 2,720	$ 722	$ 6,083	$ 1,543	$ 53,852	$ 64,970
4	White Tank	31	502	58	550	233	6,425	7,800
5	Ajo	1	39	54	120	42	1,166	1,422
6								
7	Subtotal	$ 81	$ 3,262	$ 834	$ 6,753	$ 1,819	$ 61,443	$ 74,191
8								
9	Total	$ 81	$ 3,262	$ 834	$ 6,753	$ 1,819	$ 61,443	$ 74,191
10								
11								
12	Increase/(Decrease) in Expenses							$ 74,191

DECISION NO. _____
DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY

Test Year Ended December 31, 2014
Settlement Income Statement Adjustment No. 3 (Rate Case Expense)
- Adjust Rate Case Expense to Reflect Settlement Amount

Line No.	System	[A] Total Rate Case Expense - As Filed	[B] Allocated Rate Case Expense - As Filed	[C] Normalization Period in Years	[D] Annual Expense - As Filed	[E] Total Rate Case Expense - Per Settlement	[F] Allocated Rate Case Expense - Per Settlement	[G] Annual Expense - Per Settlement	[H] Increase / (Decrease)
			Western Group - Rate Case Expense						
1									
2	Western Group								
3	Pinal Valley		$ 426,148	3	$ 142,049		$ 315,487	$ 105,162	$ (36,887)
4	White Tank		50,876	3	16,959		37,665	12,555	(4,404)
5	Ajo		9,250	3	3,083		6,848	2,283	(801)
6									
7	Subtotal		$ 486,274		$ 162,091		$ 360,000	$ 120,000	$ (42,091)
8									
9	Phoenix Office	$ 486,274				$ 360,000			
10									$ (42,091)
11	Increase/(Decrease) in Rate Case Expense								
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DECISION NO. _____
DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY

Test Year Ended December 31, 2014
Settlement Income Statement Adjustment No. 4 (Tank Maintenance)
- Adopt RUCO's Recommended Adjustment to Tank Maintenance Expense[1]

Line No.	System	Western Group - Tank Maintenance [A] Increase / (Decrease) - T&D
1	System	
2		
3	Western Group	
4	Pinal Valley	$ (99,896)
5	White Tank	(55,199)
6	Ajo	(18,953)
7		
8	Subtotal	$ (174,048)
9		
10	Total	$ (174,048)
11		
12		
13	Increase/(Decrease) in Expenses	$ (174,048)
14		
15		
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55	[1]See Cassidy Direct Testimony, Schedule JAC-10	

DECISION NO. _____
DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY

Test Year Ended December 31, 2014
Settlement Income Statement Adjustment No. 5 (Vehicles)
- Adopt Staff's Recommended Adjustment to Vehicle Expense[1]

Line No.	System	Western Group - Vehicle Expense [A] Source of Supply Increase / (Decrease)	[B] Pumping Increase / (Decrease)	[C] Water Treatment Increase / (Decrease)	[D] Transmission & Distribution Increase / (Decrease)	[E] Customer Accounting Increase / (Decrease)	[F] Administrative & General Increase / (Decrease)	[G] Total Increase / (Decrease)
1	System							
2								
3	Western Group							
4	Pinal Valley	$ (90)	$ (4,713)	$ (1,330)	$ (8,927)	$ (2,843)	$ (251)	$ (18,154)
5	White Tank	(157)	(2,444)	(300)	(1,781)	(1,199)	(18)	(5,899)
6	Ajo	-	-	-	-	-	-	-
7								
8	Subtotal	$ (247)	$ (7,157)	$ (1,630)	$ (10,708)	$ (4,042)	$ (269)	$ (24,053)
9								
10	Total	$ (247)	$ (7,157)	$ (1,630)	$ (10,708)	$ (4,042)	$ (269)	$ (24,053)
11								
12								
13	Increase/(Decrease) in Expenses							$ (24,053)

[1]See Baxter Direct Testimony, Schedule BAB-14a.

Supporting Schedules:

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Recap Schedules:

DECISION NO.

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY

Test Year Ended December 31, 2014
Settlement Income Statement Adjustment No. 6 (Deferred CAP Amortization)
- Increase Amortization Period for Additional Deferred CAP M&I Capital Charges from 20 Years to 25 Years

Line No.		Pinal Valley - Purchased Water Expense [A]	[B]
1	Additional deferred CAP M&I charges now Used & Useful	$ 4,398,823	
2	[See Appendix to Schedule B-2, page 10 of Original Application]		
3			
4	Originally Proposed Amortization Period (Years)	20	
5			
6	Annual Amortization - As Filed		$ 219,941
7			
8	Amortization Period Per Settlement (Years)	25	
9			
10	Annual Amortization - Per Settlement		$ 175,953
11			
12	Increase/(Decrease) in Purchased Water Expense		$ (43,988)
13			
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DECISION NO. _____
DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Income Statement Adjustment No. 7 (Depreciation)
- Adjust Depreciation Expense to Reflect Settlement Plant Balances

Pinal Valley

Line No.	Acct. No.		[A] Depreciation Rate	[B] Settlement Rate Base Adjustments - Direct Plant	[C] Settlement Rate Base Adjustments - P.T.Y.P.	[D] Increase / (Decrease) Depr. Exp.	[E] Increase / (Decrease) Phoenix Office (3-factor Alloc.) 0.3317	[F] Increase / (Decrease) Meter Shop (3-factor Alloc.) 0.3317	[G] Total Increase / (Decrease) [D + E + F]
1		Intangible Plant							
2	301	Organization	0.00%		$ -	$ -	$ -	$ -	$ -
3	302	Franchises	note_1		-	-	-	-	-
4	303	Other Intangibles	note_1		-	-	-	-	-
5		Subtotal Intangible Plant		$ -	$ -	$ -	$ -	$ -	$ -
6		Source of Supply Plant							
7	310.1	Water Rights	0.00%		-	-	-	-	-
8	310.3	Other Source of Supply Land	0.00%		-	-	-	-	-
9	310.4	Wells - Other	note_1		-	-	-	-	-
10	314	Wells	3.13%		16,383	513	-	-	513
11		Subtotal Source of Supply Plant		$ -	$ 16,383	$ 513	$ -	$ -	$ 513
12		Pumping Plant							
13	320	Pumping Plant Land	0.00%		-	-	-	-	-
14	321	Pumping Plant Structures & Improvements	2.86%		(23,431)	(670)	-	-	(670)
15	325	Electtric Pumping Equipment	5.88%		(112,300)	(6,603)	-	-	(6,603)
16	328	Gas Engine Equipment	4.00%		-	-	-	-	-
17		Subtotal Pumping Plant		$ -	$ (135,731)	$ (7,273)	$ -	$ -	$ (7,273)
18		Water Treatment Plant							
19	330	Water Treatment Plant Land	0.00%		-	-	-	-	-
20	331	Water Treatment Structures & Improvements	2.50%		-	-	-	-	-
21	332	Water Treatment Equipment	2.86%		(1,551,257)	(44,366)	-	-	(44,366)
22		Subtotal Water Treatment Plant		$ -	$ (1,551,257)	$ (44,366)	$ -	$ -	$ (44,366)
23		Transmission & Distribution Plant							
24	340	Transmission and Distribution Land	0.00%		-	-	-	-	-
25	341	Transmission and Distribution Structures	3.33%		-	-	-	-	-
26	342	Storage Tanks	2.00%		9,622	192	-	-	192
27	343	Transmission & Distribution Mains	1.79%		(133,824)	(2,395)	-	-	(2,395)
28	344	Fire Sprinkler Taps	2.00%		-	-	-	-	-
29	345	Services	2.38%		(168,925)	(4,020)	-	-	(4,020)
30	346	Meters	4.55%		(404,063)	(18,385)	-	-	(18,385)
31	348	Hydrants	1.82%		(14,217)	(259)	-	-	(259)
32		Subtotal Transmission & Distribution Plant		$ -	$ (711,406)	$ (24,867)	$ -	$ -	$ (24,867)
33		General Plant							
34	389	General Plant Land	0.00%		-	-	-	-	-
35	390	General Plant Structures	2.50%		6,073	152	-	-	152
36	390.1	Leasehold Improvements	note_2		-	-	-	-	-
37	391	Office Furniture & Equipment	6.67%		(8,000)	(534)	(897)	(17)	(1,447)
38	393	Warehouse Equipment	5.00%		-	-	-	-	-
39	394	Tools, Shop & Garage Equipment	4.00%		(12,000)	(480)	-	(13)	(493)
40	395	Laboratory Equipment	5.00%		-	-	-	-	-
41	396	Power Operated Equipment	6.67%		-	-	-	-	-
42	397	Communication Equipment	6.67%		(7,623)	(508)	(1,881)	-	(2,389)
43	398	Miscellaneous Equipment	3.33%		-	-	(221)	-	(221)
44		Subtotal General Plant		$ -	$ (21,550)	$ (1,370)	$ (2,999)	$ (30)	$ (4,399)
45									
46		Totals		$ -	$ (2,403,561)	$ (77,364)	$ (2,999)	$ (30)	$ (80,392)
47		Amortization of Regulatory Assets/(Liabilities) (Sch. B-2 Rebuttal Appndx.)							note_3
48		Less: Contribution Depreciation	2.00%						-
49									
50		Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement							$ (80,392)
51									

52 note_1 Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangibles amortized over 15 & 20 Years.
53 Acct. 310.4 - Wells - Other amortized over 24 years. Accumulated Amortization booked to Acct. 111 - Amort. Of Ltd. Term Investments.
54 note_2 Acct. 390.1 - Leasehold Improvements amortized over the remaining life of the associated lease.
55 note_3 Amortization of deferred CAP M&I Capital charges included in rate base is charged to account 60220 - Purchased CAP water.

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ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Income Statement Adjustment No. 7 (Depreciation) (continued)
- Adjust Depreciation Expense to Reflect Settlement Plant Balances

White Tank

Line No.	Acct. No.		[A] Depreciation Rate	[B] Settlement Rate Base Adjustments - Direct Plant	[C] Settlement Rate Base Adjustments - P.T.Y.P.	[D] Increase / (Decrease) Depr. Exp.	[E] Increase / (Decrease) Phoenix Office (3-factor Alloc.) 0.0396	[F] Increase / (Decrease) Meter Shop (3-factor Alloc.) 0.0396	[G] Total Increase / (Decrease) [D + E + F]
1		Intangible Plant							
2	301	Organization	0.00%		$ -	$ -	$ -	$ -	$ -
3	302	Franchises	note_1		-	-	-	-	-
4	303	Other Intangibles	note_1		-	-	-	-	-
5		Subtotal Intangible Plant		$ -	$ -	$ -	$ -	$ -	$ -
6		Source of Supply Plant							
7	310.1	Water Rights	0.00%		-	$ -	-	-	-
8	310.3	Other Source of Supply Land	0.00%		-	-	-	-	-
9	310.4	Wells - Other	note_1		-	-	-	-	-
10	314	Wells	3.13%		-	-	-	-	-
11		Subtotal Source of Supply Plant		$ -	$ -	$ -	$ -	$ -	$ -
12		Pumping Plant							
13	320	Pumping Plant Land	0.00%		-	-	-	-	-
14	321	Pumping Plant Structures & Improvements	2.86%		-	-	-	-	-
15	325	Electtric Pumping Equipment	5.88%		(3,145)	(185)	-	-	(185)
16	328	Gas Engine Equipment	4.00%		-	-	-	-	-
17		Subtotal Pumping Plant		$ -	$ (3,145)	$ (185)	$ -	$ -	$ (185)
18		Water Treatment Plant							
19	330	Water Treatment Plant Land	0.00%		-	-	-	-	-
20	331	Water Treatment Structures & Improvements	2.50%		-	-	-	-	-
21	332	Water Treatment Equipment	2.86%		187	5	-	-	5
22		Subtotal Water Treatment Plant		$ -	$ 187	$ 5	$ -	$ -	$ 5
23		Transmission & Distribution Plant							
24	340	Transmission and Distribution Land	0.00%		-	-	-	-	-
25	341	Transmission and Distribution Structures	3.33%		-	-	-	-	-
26	342	Storage Tanks	2.00%		-	-	-	-	-
27	343	Transmission & Distribution Mains	1.79%		(1,471)	(26)	-	-	(26)
28	344	Fire Sprinkler Taps	2.00%		-	-	-	-	-
29	345	Services	2.38%		(25,000)	(595)	-	-	(595)
30	346	Meters	4.55%		(38,800)	(1,765)	-	-	(1,765)
31	348	Hydrants	1.82%		(5,000)	(91)	-	-	(91)
32		Subtotal Transmission & Distribution Plant		$ -	$ (70,271)	$ (2,478)	$ -	$ -	$ (2,478)
33		General Plant							
34	389	General Plant Land	0.00%		-	-	-	-	-
35	390	General Plant Structures	2.50%		-	-	-	-	-
36	390.1	Leasehold Improvements	note_2		-	-	-	-	-
37	391	Office Furniture & Equipment	6.67%		(1,000)	(67)	(107)	(2)	(176)
38	393	Warehouse Equipment	5.00%		-	-	-	-	-
39	394	Tools, Shop & Garage Equipment	4.00%		(1,250)	(50)	-	(2)	(52)
40	395	Laboratory Equipment	5.00%		-	-	-	-	-
41	396	Power Operated Equipment	6.67%		-	-	-	-	-
42	397	Communication Equipment	6.67%		9,310	621	(225)	-	396
43	398	Miscellaneous Equipment	3.33%		-	-	(26)	-	(26)
44		Subtotal General Plant		$ -	$ 7,060	$ 504	$ (358)	$ (4)	$ 143
45									
46		Totals		$ -	$ (66,170)	$ (2,153)	$ (358)	$ (4)	$ (2,515)
47		Amortization of Regulatory Assets/(Liabilities) (Sch. B-2 Rebuttal Appndx.)							-
48		Less: Contribution Depreciation	2.00%						-
49									
50		Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement							$ (2,515)
51									
52									

53 note_1 Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangibles amortized over 15 & 20 Years.
54 Acct. 310.4 - Wells - Other amortized over 24 years. Accumulated Amortization booked to Acct. 111 - Amort. Of Ltd. Term Investments.
55 note_2 Acct. 390.1 - Leasehold Improvements amortized over the remaining life of the associated lease.

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ARIZONA WATER COMPANY

Test Year Ended December 31, 2014
Settlement Income Statement Adjustment No. 7 (Depreciation) (continued)
- Adjust Depreciation Expense to Reflect Settlement Plant Balances

Ajo

Line No.	Acct. No.		[A] Depreciation Rate	[B] Settlement Rate Base Adjustments - Direct Plant	[C] Settlement Rate Base Adjustments - P.T.Y.P.	[D] Increase / (Decrease) Depr. Exp.	[E] Increase / (Decrease) Phoenix Office (3-factor Alloc.) 0.0072	[F] Increase / (Decrease) Meter Shop (3-factor Alloc.) 0.0072	[G] Total Increase / (Decrease) [D + E + F]
1		Intangible Plant							
2	301	Organization	0.00%		$ -	$ -	$ -	$ -	$ -
3	302	Franchises	note_1		-	-	-	-	-
4	303	Other Intangibles	note_1		-	-	-	-	-
5		Subtotal Intangible Plant		$ -	$ -	$ -	$ -	$ -	$ -
6		Source of Supply Plant							
7	310.1	Water Rights	0.00%		-	-	-	-	-
8	310.3	Other Source of Supply Land	0.00%		-	-	-	-	-
9	310.4	Wells - Other	note_1		-	-	-	-	-
10	314	Wells	3.13%		-	-	-	-	-
11		Subtotal Source of Supply Plant		$ -	$ -	$ -	$ -	$ -	$ -
12		Pumping Plant							
13	320	Pumping Plant Land	0.00%		-	-	-	-	-
14	321	Pumping Plant Structures & Improvements	2.86%		-	-	-	-	-
15	325	Electtric Pumping Equipment	5.88%		-	-	-	-	-
16	328	Gas Engine Equipment	4.00%		-	-	-	-	-
17		Subtotal Pumping Plant		$ -	$ -	$ -	$ -	$ -	$ -
18		Water Treatment Plant							
19	330	Water Treatment Plant Land	0.00%		-	-	-	-	-
20	331	Water Treatment Structures & Improvements	2.50%		-	-	-	-	-
21	332	Water Treatment Equipment	2.86%		-	-	-	-	-
22		Subtotal Water Treatment Plant		$ -	$ -	$ -	$ -	$ -	$ -
23		Transmission & Distribution Plant							
24	340	Transmission and Distribution Land	0.00%		-	-	-	-	-
25	341	Transmission and Distribution Structures	3.33%		-	-	-	-	-
26	342	Storage Tanks	2.00%		-	-	-	-	-
27	343	Transmission & Distribution Mains	1.79%		(2,000)	(36)	-	-	(36)
28	344	Fire Sprinkler Taps	2.00%		-	-	-	-	-
29	345	Services	2.38%		(5,000)	(119)	-	-	(119)
30	346	Meters	4.55%		(4,200)	(191)	-	-	(191)
31	348	Hydrants	1.82%		-	-	-	-	-
32		Subtotal Transmission & Distribution Plant		$ -	$ (11,200)	$ (346)	$ -	$ -	$ (346)
33		General Plant							
34	389	General Plant Land	0.00%		-	-	-	-	-
35	390	General Plant Structures	2.50%		-	-	-	-	-
36	390.1	Leasehold Improvements	note_2		-	-	-	-	-
37	391	Office Furniture & Equipment	6.67%		(200)	(13)	(19)	(0)	(33)
38	393	Warehouse Equipment	5.00%		-	-	-	-	-
39	394	Tools, Shop & Garage Equipment	4.00%		(250)	(10)	-	(0)	(10)
40	395	Laboratory Equipment	5.00%		-	-	-	-	-
41	396	Power Operated Equipment	6.67%		-	-	-	-	-
42	397	Communication Equipment	6.67%		-	-	(41)	-	(41)
43	398	Miscellaneous Equipment	3.33%		-	-	(5)	-	(5)
44		Subtotal General Plant		$ -	$ (450)	$ (23)	$ (65)	$ (1)	$ (89)
45									
46		Totals		$ -	$ (11,650)	$ (369)	$ (65)	$ (1)	$ (435)
47		Amortization of Regulatory Assets/(Liabilities) (Sch. B-2 Rebuttal Appndx.)							-
48		Less: Contribution Depreciation	2.00%						-
49									
50		Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement							$ (435)
51									
52									

53 note_1 Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangibles amortized over 15 & 20 Years.
54 Acct. 310.4 - Wells - Other amortized over 24 years. Accumulated Amortization booked to Acct. 111 - Amort. Of Ltd. Term Investments.
55 note_2 Acct. 390.1 - Leasehold Improvements amortized over the remaining life of the associated lease.

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ARIZONA WATER COMPANY

Test Year Ended December 31, 2014
Settlement Income Statement Adjustment No. 7 (Depreciation) (continued)
- Adjust Depreciation Expense to Reflect Settlement Plant Balances

Line No.	Acct. No.		Phoenix Office [A] Depreciation Rate	[B] Settlement Rate Base Adjustments - Direct Plant	[C] Settlement Rate Base Adjustments - P.T.Y.P.	[D] Increase / (Decrease) Depr. Exp.
1		Intangible Plant				
2	301	Organization	0.00%		$ -	$ -
3	302	Franchises	note_1		-	-
4	303	Other Intangibles	note_1		-	-
5		Subtotal Intangible Plant		$ -	$ -	$ -
6		Source of Supply Plant				
7	310.1	Water Rights	0.00%		-	-
8	310.3	Other Source of Supply Land	0.00%		-	-
9	310.4	Wells - Other	note_1		-	-
10	314	Wells	3.13%		-	-
11		Subtotal Source of Supply Plant		$ -	$ -	$ -
12		Pumping Plant				
13	320	Pumping Plant Land	0.00%		-	-
14	321	Pumping Plant Structures & Improvements	2.86%		-	-
15	325	Electtric Pumping Equipment	5.88%		-	-
16	328	Gas Engine Equipment	4.00%		-	-
17		Subtotal Pumping Plant		$ -	$ -	$ -
18		Water Treatment Plant				
19	330	Water Treatment Plant Land	0.00%		-	-
20	331	Water Treatment Structures & Improvements	2.50%		-	-
21	332	Water Treatment Equipment	2.86%		-	-
22		Subtotal Water Treatment Plant		$ -	$ -	$ -
23		Transmission & Distribution Plant				
24	340	Transmission and Distribution Land	0.00%		-	-
25	341	Transmission and Distribution Structures	3.33%		-	-
26	342	Storage Tanks	2.00%		-	-
27	343	Transmission & Distribution Mains	1.79%		-	-
28	344	Fire Sprinkler Taps	2.00%		-	-
29	345	Services	2.38%		-	-
30	346	Meters	4.55%		-	-
31	348	Hydrants	1.82%		-	-
32		Subtotal Transmission & Distribution Plant		$ -	$ -	$ -
33		General Plant				
34	389	General Plant Land	0.00%		-	-
35	390	General Plant Structures	2.50%		-	-
36	390.1	Leasehold Improvements	note_2		(31,000)	-
37	391	Office Furniture & Equipment	6.67%		(40,556)	(2,705)
38	393	Warehouse Equipment	5.00%		-	-
39	394	Tools, Shop & Garage Equipment	4.00%		-	-
40	395	Laboratory Equipment	5.00%		-	-
41	396	Power Operated Equipment	6.67%		-	-
42	397	Communication Equipment	6.67%		(85,000)	(5,670)
43	398	Miscellaneous Equipment	3.33%		(20,000)	(666)
44		Subtotal General Plant		$ -	$ (176,556)	$ (9,041)
45						
46		Totals		$ -	$ (176,556)	$ (9,041)
47		Amortization of Regulatory Assets/(Liabilities) (Sch. B-2 Rebuttal Appndx.)				-
48		Less: Contribution Depreciation	2.00%			-
49						
50		Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement				$ (9,041)
51						
52						

53 note_1 Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangibles amortized over 15 & 20 Years.
54 Acct. 310.4 - Wells - Other amortized over 24 years. Accumulated Amortization booked to Acct. 111 - Amort. Of Ltd. Term Investments.
55 note_2 Acct. 390.1 - Leasehold Improvements amortized over the remaining life of the associated lease.

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ARIZONA WATER COMPANY

Test Year Ended December 31, 2014
Settlement Income Statement Adjustment No. 7 (Depreciation) (continued)
- Adjust Depreciation Expense to Reflect Settlement Plant Balances

Line No.	Acct. No.		Meter Shop [A] Depreciation Rate	[B] Settlement Rate Base Adjustments - Direct Plant	[C] Settlement Rate Base Adjustments - P.T.Y.P.	[D] Increase / (Decrease) Depr. Exp.
1		Intangible Plant	0.00%		$ -	$ -
2	301	Organization	note_1		-	-
3	302	Franchises	note_1		-	-
4	303	Other Intangibles		$ -	$ -	$ -
5		Subtotal Intangible Plant				
6		Source of Supply Plant	0.00%		-	-
7	310.1	Water Rights	0.00%		-	-
8	310.3	Other Source of Supply Land	note_1		-	-
9	310.4	Wells - Other	3.13%		-	-
10	314	Wells		$ -	$ -	$ -
11		Subtotal Source of Supply Plant				
12		Pumping Plant	0.00%		-	-
13	320	Pumping Plant Land	2.86%		-	-
14	321	Pumping Plant Structures & Improvements	5.88%		-	-
15	325	Electtric Pumping Equipment	4.00%		-	-
16	328	Gas Engine Equipment		$ -	$ -	$ -
17		Subtotal Pumping Plant				
18		Water Treatment Plant	0.00%		-	-
19	330	Water Treatment Plant Land	2.50%		-	-
20	331	Water Treatment Structures & Improvements	2.86%		-	-
21	332	Water Treatment Equipment		$ -	$ -	$ -
22		Subtotal Water Treatment Plant				
23		Transmission & Distribution Plant	0.00%		-	-
24	340	Transmission and Distribution Land	3.33%		-	-
25	341	Transmission and Distribution Structures	2.00%		-	-
26	342	Storage Tanks	1.79%		-	-
27	343	Transmission & Distribution Mains	2.00%		-	-
28	344	Fire Sprinkler Taps	2.38%		-	-
29	345	Services	4.55%		-	-
30	346	Meters	1.82%		-	-
31	348	Hydrants		$ -	$ -	$ -
32		Subtotal Transmission & Distribution Plant				
33		General Plant	0.00%		-	-
34	389	General Plant Land	2.50%		-	-
35	390	General Plant Structures	note_2		-	-
36	390.1	Leasehold Improvements	6.67%		(750)	(50)
37	391	Office Furniture & Equipment	5.00%		-	-
38	393	Warehouse Equipment	4.00%		(1,000)	(40)
39	394	Tools, Shop & Garage Equipment	5.00%		-	-
40	395	Laboratory Equipment	6.67%		-	-
41	396	Power Operated Equipment	6.67%		-	-
42	397	Communication Equipment	3.33%		-	-
43	398	Miscellaneous Equipment		$ -	$ (1,750)	$ (90)
44		Subtotal General Plant				
45				$ -	$ (1,750)	$ (90)
46		Totals				-
47		Amortization of Regulatory Assets/(Liabilities) (Sch. B-2 Rebuttal Appndx.)				-
48		Less: Contribution Depreciation	2.00%			
49						$ (90)
50		Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement				
51						
52						
53		note_1 Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangibles amortized over 15 & 20 Years.				
54		Acct. 310.4 - Wells - Other amortized over 24 years. Accumulated Amortization booked to Acct. 111 - Amort. Of Ltd. Term Investments.				
55		note_2 Acct. 390.1 - Leasehold Improvements amortized over the remaining life of the associated lease.				

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DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Income Statement Adjustment No. 8 (Synchronized Interest)
- Synchronize Interest Expense with Rate Base

Western Group - Synchronized Interest

Line No.	System	[A] Settlement - Orig. Cost Rate Base Sch. B-1 Ln. 23	[B] Weighted Cost of Long-Term Debt Sch. D-1	[C] Synchronized Interest - Long-Term Debt	[D] Adjusted T.Y. Long-Term Interest - As Filed	[E] Increase / (Decrease) Long-Term Interest Exp.	[F] Weighted Cost of Short-Term Debt Sch. D-1	[G] Synchronized Interest - Short-Term Debt	[H] Adjusted T.Y. Short-Term Interest - As Filed	[I] Increase / (Decrease) Short-Term Interest Exp.	[J] Test Year Other Interest - As Filed	[K] Increase / (Decrease) Other Interest Exp.
1	System											
2												
3	Western Group											
4	Pinal Valley	$ 57,511,994	3.16%	$ 1,817,629	$ 1,938,746	$ (121,117)	0.00%	$ -	$ -	$ -	$ -	$ -
5	White Tank	4,964,851	3.16%	156,911	161,427	(4,516)	0.00%	-	-	-	-	-
6	Ajo	946,016	3.16%	29,898	30,521	(623)	0.00%	-	-	-	-	-
7	Subtotal	$ 63,422,861		$ 2,004,438	$ 2,130,695	$ (126,257)		$ -	$ -	$ -	$ -	$ -
8												
9	Total	$ 63,422,861		$ 2,004,438	$ 2,130,695	$ (126,257)		$ -	$ -	$ -	$ -	$ -
10												
11												
12	Increase/(Decrease) in Expenses											$ (126,257)

Supporting Schedules:

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ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Income Statement Adjustment No. 9 (Property Taxes)
- Adjust Property Taxes

Line No.		Pinal Valley [A] T.Y. Adjstd' - Settlement	Pinal Valley [B] Adjusted - Settlement w/ Increase	White Tank [C] T.Y. Adjstd' - Settlement	White Tank [D] Adjusted - Settlement w/ Increase	Ajo [E] T.Y. Adjstd' - Settlement	Ajo [F] Adjusted - Settlement w/ Increase
1							
2	Adjusted Revenues - Settlement	$ 18,467,889	$ 18,467,889	$ 2,310,991	$ 2,310,991	$ 437,888	$ 437,888
3	Adjusted Revenues - Settlement	18,467,889	18,467,889	2,310,991	2,310,991	437,888	437,888
4	Adjusted Revenues - Settlement / Proposed Revenues	18,467,889	22,572,177	2,310,991	2,715,695	437,888	501,834
5							
6	Average Revenue	$ 18,467,889	$ 19,835,985	$ 2,310,991	$ 2,445,892	$ 437,888	$ 459,204
7							
8	Average Revenue Multiplied by 2	$ 36,935,778	$ 39,671,970	$ 4,621,982	$ 4,891,784	$ 875,777	$ 918,407
9							
10							
11							
12							
13							
14							
15	Deduct:						
16	Net Book Value of Transportation Equipment	$ -	$ -	$ -	$ -	$ -	$ -
17							
18							
19	Full Cash Value	$ 36,935,778	$ 39,671,970	$ 4,621,982	$ 4,891,784	$ 875,777	$ 918,407
20							
21	Assessment Ratio	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%
22							
23	Assessed Value	6,648,440	7,140,955	831,957	880,521	157,640	165,313
24							
25	Property Tax Rate	14.58%	14.58%	13.18%	13.18%	12.74%	12.74%
26							
27	Property Tax	969,214	1,041,014	109,635	116,035	20,086	21,064
28							
29	Tax on Parcels	-	-	-	-	-	-
30							
31	Total Property Taxes - Calculated	$ 969,214	$ 1,041,014	$ 109,635	$ 116,035	$ 20,086	$ 21,064
32							
33	Adjusted Property Taxes - As filed	969,214		109,635		20,086	
34							
35	Increase / (Decrease) in Property Taxes - Settlement	$ -		$ -		$ -	
36							
37	Adjusted Property Taxes - Settlement		969,214		109,635		20,086
38							
39	Inc. / (Dec.) in Property Taxes at Proposed Rates - Settlement		$ 71,799		$ 6,400		$ 978
40							
41	As % of Change in Revenue Requirement		1.75%		1.58%		1.53%
42							
43							
44							
45							
46							
47							
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49							
50							
51							
52							
53							
54							
55							

Supporting Schedules:

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ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Income Statement Adjustment No. 9 (Property Taxes) (continued)
- Adjust Property Taxes

Line No.		Western Group [A] T.Y. Adjstd' - Settlement	Western Group [B] Adjusted - Settlement w/ Increase
1			
2	Adjusted Revenues - Settlement	$ 21,216,768	$ 21,216,768
3	Adjusted Revenues - Settlement	21,216,768	21,216,768
4	Adjusted Revenues - Settlement / Proposed Revenues	21,216,768	25,789,706
5			
6	Average Revenue	$ 21,216,768	$ 22,741,081
7			
8	Average Revenue Multiplied by 2	$ 42,433,536	$ 45,482,161
9			
10			
11			
12			
13			
14			
15	Deduct:		
16	Net Book Value of Transportation Equipment	$ -	$ -
17			
18			
19	Full Cash Value	$ 42,433,536	$ 45,482,161
20			
21	Assessment Ratio	18.0%	18.0%
22			
23	Assessed Value	7,638,037	8,186,789
24			
25	Property Tax Rate	14.39%	14.39%
26			
27	Property Tax	1,098,936	1,178,113
28			
29	Tax on Parcels	-	-
30			
31	Total Property Taxes - Calculated	$ 1,098,936	$ 1,178,113
32			
33	Adjusted Property Taxes - As filed	1,098,936	
34			
35	Increase / (Decrease) in Property Taxes - Settlement	$ -	
36			
37	Adjusted Property Taxes - Settlement		1,098,936
38			
39	Inc. / (Dec.) in Property Taxes at Proposed Rates - Settlement		$ 79,177
40			
41	As % of Change in Revenue Requirement		1.73%
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DECISION NO. _____
DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Settlement Income Statement Adjustment No. 10 (Income Taxes)
- Adjust Income Taxes to Reflect Adjusted Test Year Results & Proposed Revenues

Line No.		Pinal Valley [A] T.Y. Adjusted - Settlement	Pinal Valley [B] Adjusted - Settlement w/ Increase	White Tank [C] T.Y. Adjusted - Settlement	White Tank [D] Adjusted - Settlement w/ Increase	Ajo [E] T.Y. Adjusted - Settlement	Ajo [F] Adjusted - Settlement w/ Increase
1							
2							
3	Operating Income Before Inc. Taxes	$ 2,759,659	$ 6,783,360	$ 188,196	$ 585,589	$ 48,761	$ 111,580
4	Interest Expense	1,817,629	1,817,629	156,911	156,911	29,898	29,898
5	Arizona Taxable Income (Ln. 3 - Ln. 4)	$ 942,030	$ 4,965,731	$ 31,285	$ 428,678	$ 18,862	$ 81,681
6							
7	Less Arizona Income Tax (Ln. 5 X Ln. 8)	$ 51,812	$ 273,115	$ 1,721	$ 23,577	$ 1,037	$ 4,492
8	Arizona Income Tax Rate: 5.500%						
9							
10	Federal Income Before Taxes (Ln. 5)	$ 942,030	$ 4,965,731	$ 31,285	$ 428,678	$ 18,862	$ 81,681
11	Less Arizona Income Taxes (Ln. 7)	51,812	273,115	1,721	23,577	1,037	4,492
12	Federal Taxable Income (Ln. 10 - Ln. 11)	$ 890,219	$ 4,692,616	$ 29,564	$ 405,100	$ 17,825	$ 77,189
13							
14	Federal Income Taxes:						
15							
16	Applicable Federal Income Tax Rate: 34.20%	304,418	1,604,679	10,110	138,528	6,095	26,395
17							
18							
19							
20							
21	Federal Income Taxes:	$ 304,418	$ 1,604,679	$ 10,110	$ 138,528	$ 6,095	$ 26,395
22							
23							
24	Total Income Tax (Ln. 11 + Ln. 21)	$ 356,229	$ 1,877,795	$ 11,830	$ 162,105	$ 7,133	$ 30,888
25							
26	Tax Rate (Ln. 24 ÷ Ln. 5)	37.82%	37.82%	37.82%	37.82%	37.82%	37.82%
27							
28	Effective Income Tax Rates						
29	State (Ln. 7 ÷ Ln. 5)	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
30	Federal (Ln. 21 ÷ Ln. 5)	32.32%	32.32%	32.32%	32.32%	32.32%	32.32%
31							
32							
33	Adjusted Federal Income Taxes - As Filed (Sch. C-2, Ln. 30)	$ 143,745		$ (25,101)		$ (975)	
34	Increase / (Decrease) in Federal Income Taxes (Ln. 21 - Ln. 33)	160,672		35,210		7,071	
35							
36	Adjusted State Income Taxes - As filed (Sch. C-2, Ln. 31)	$ 24,465		$ (4,272)		$ (166)	
37	Increase / (Decrease) in State Income Taxes (Ln. 11 - Ln. 36)	27,346		5,993		1,203	
38							
39	Adjusted Federal Income Taxes - Settlement		$ 304,418		$ 10,110		$ 6,095
40	Increase / (Decrease) in Federal Income Taxes (Ln. 21 - Ln. 39)		1,300,262		128,418		20,300
41							
42	Adjusted State Income Taxes - Settlement		51,812		1,721		1,037
43	Increase / (Decrease) in State Income Taxes (Ln. 11 - Ln. 42)		221,304		21,857		3,455
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DECISION NO.
DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY

Test Year Ended December 31, 2014
Settlement Income Statement Adjustment IS-10 (Income Taxes) (continued)
- Adjust Income Taxes to Reflect Adjusted Test Year Results & Proposed Revenues

Line No.			Western Group [A] T.Y. Adjusted - Settlement	Western Group [B] Adjusted - Settlement w/ Increase
1				
2				
3	Operating Income Before Inc. Taxes		$ 2,996,615	$ 7,480,528
4	Interest Expense		2,004,438	2,004,438
5	Arizona Taxable Income (Ln. 3 - Ln. 4)		$ 992,178	$ 5,476,090
6				
7	Less Arizona Income Tax (Ln. 5 X Ln. 8)		$ 54,570	$ 301,185
8	Arizona Income Tax Rate:	5.500%		
9				
10	Federal Income Before Taxes (Ln. 5)		$ 992,178	$ 5,476,090
11	Less Arizona Income Taxes (Ln. 7)		54,570	301,185
12	Federal Taxable Income (Ln. 10 - Ln. 11)		$ 937,608	$ 5,174,905
13				
14	Federal Income Taxes:			
15				
16	Applicable Federal Income Tax Rate:	34.20%	320,623	1,769,602
17				
18				
19				
20				
21	Federal Income Taxes:		$ 320,623	$ 1,769,602
22				
23				
24	Total Income Tax (Ln. 11 + Ln. 21)		$ 375,193	$ 2,070,787
25				
26	Tax Rate (Ln. 24 + Ln. 5)		37.82%	37.82%
27				
28	Effective Income Tax Rates			
29	State (Ln. 7 + Ln. 5)		5.50%	5.50%
30	Federal (Ln. 21 + Ln. 5)		32.32%	32.32%
31				
32				
33	Adjusted Federal Income Taxes - As Filed (Sch. C-2, Ln. 30)		$ 117,669	
34	Increase / (Decrease) in Federal Income Taxes (Ln. 21 - Ln. 33)		202,953	
35				
36	Adjusted State Income Taxes - As filed (Sch. C-2, Ln. 31)		$ 20,027	
37	Increase / (Decrease) in State Income Taxes (Ln. 11 - Ln. 36)		34,543	
38				
39	Adjusted Federal Income Taxes - Settlement			$ 320,623
40	Increase / (Decrease) in Federal Income Taxes (Ln. 21 - Ln. 39)			1,448,979
41				
42	Adjusted State Income Taxes - Settlement			54,570
43	Increase / (Decrease) in State Income Taxes (Ln. 11 - Ln. 42)			246,615
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DECISION NO. ___
DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Computation of Gross Revenue Conversion Factor

Line No.	Description	Western Group [A]
1		
2	Effective Federal Income Tax Rate	32.32%
3	(Sch. C-2 Appdx.)	
4		
5	Effective State Income Tax Rate	5.50%
6	(Sch. C-2 Appdx.)	
7		
8	Combined Federal & State Income Tax Rate	37.82%
9	(Ln. 2 + Ln. 5)	
10		
11	100% Minus Combined Federal & State IncomeTax Rate	62.18%
12		
13	Uncollectible Rate	0.22%
14		
15	Effective Uncollectible Factor	0.13%
16	(Ln. 11 x Ln. 13)	
17		
18	100% Minus Effective Uncollectible Factor	99.87%
19		
20	Property Tax Factor	1.73%
21	(Sch. C-2 Appdx.)	
22		
23	Effective Property Tax Factor	1.08%
24	(Ln. 11 x Ln. 20)	
25		
26	Combined Federal & State Income & Property Tax Rate	38.89%
27	(Ln. 8 + Ln. 23)	
28		
29	Operating Income %	60.97%
30	(Ln. 18 - Ln. 26)	
31		
32	Revenue Conversion Factor	1.6400
33	(100% ÷ Ln. 29)	
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Supporting Schedules:

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Recap Schedules:
A-1 Settlement

DOCKET NO. W-01445A-15-0277

DECISION NO. _____

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Computation of Gross Revenue Conversion Factor

Line No.	Description	Pinal Valley [A]	White Tank [B]	Ajo [C]
1				
2	Effective Federal Income Tax Rate	32.32%	32.32%	32.32%
3	(Sch. C-2 Appdx.)			
4				
5	Effective State Income Tax Rate	5.50%	5.50%	5.50%
6	(Sch. C-2 Appdx.)			
7				
8	Combined Federal & State Income Tax Rate	37.82%	37.82%	37.82%
9	(Ln. 2 + Ln. 5)			
10				
11	100% Minus Combined Federal & State IncomeTax Rate	62.18%	62.18%	62.18%
12				
13	Uncollectible Rate	0.21%	0.23%	0.23%
14				
15	Effective Uncollectible Factor	0.13%	0.14%	0.14%
16	(Ln. 11 x Ln. 13)			
17				
18	100% Minus Effective Uncollectible Factor	99.87%	99.86%	99.86%
19				
20	Property Tax Factor	1.75%	1.58%	1.53%
21	(Sch. C-2 Appdx.)			
22				
23	Effective Property Tax Factor	1.09%	0.98%	0.95%
24	(Ln. 11 x Ln. 20)			
25				
26	Combined Federal & State Income & Property Tax Rate	38.90%	38.80%	38.77%
27	(Ln. 8 + Ln. 23)			
28				
29	Operating Income %	60.96%	61.06%	61.09%
30	(Ln. 18 - Ln. 26)			
31				
32	Revenue Conversion Factor	1.6403	1.6377	1.6369
33	(100% ÷ Ln. 29)			
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DECISION NO.
DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Summary Cost of Capital

		Western Group			
		[A]	[B]	[C]	[D]
		End of Test Year - Actual			
Line No.	Description	Dollar Amount[1]	Percent of Total	Rate of Return	Weighted Return
2	Short-Term Debt	$ -	0.00%	0.00%	0.00%
4	Long-Term Debt	28,387,500	46.31%	6.82%	3.16%
6	Common Equity	32,914,056	53.69%	7.45%	4.00%
8	Totals	$ 61,301,556	100.00%		7.16%

		Proposed - As Filed			
		Dollar Amount[1]	Percent of Total	Cost Rate	Weighted Cost
20	Short-Term Debt	$ -	0.00%	0.00%	0.00%
22	Long-Term Debt	28,492,500	46.31%	6.82%	3.16%
24	Common Equity	33,035,799	53.69%	10.75%	5.77%
26	Totals	$ 61,528,299	100.00%		8.93%

		Settlement			
		Dollar Amount[1]	Percent of Total	Cost Rate	Weighted Cost
38	Short-Term Debt	$ -	0.00%	0.00%	0.00%
40	Long-Term Debt	28,492,500	46.31%	6.82%	3.16%
42	Common Equity	33,035,799	53.69%	10.00%	5.37%
44	Totals	$ 61,528,299	100.00%		8.53%

[1]Allocated based on 3-factor methodology

Supporting Schedules:

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Recap Schedules:

DOCKET NO. W-01445A-15-0277

DECISION NO. _____

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Summary of Revenues by Customer Classification
Present & Proposed Rates

Line No.	Customer Classification	Western Group [A] Test Year Rates Sch. H-2 Col. E	[B] Company - As Filed Proposed Rates Sch. H-2 Col. F	[C] Proposed Increase Amount	[D] %	[E] Settlement Proposed Rates Sch. H-2 Col. I	[F] Proposed Increase Amount	[G] %
1	Customer Classification							
2								
3	Residential	$ 13,396,945	$ 17,069,179	$ 3,672,234	27.41%	$ 16,286,196	$ 2,889,251	21.57%
4	Commercial	5,959,602	7,935,581	1,975,979	33.16%	7,465,458	1,505,857	25.27%
5	Industrial	161,824	217,366	55,542	34.32%	218,971	57,147	35.31%
6	Large Industrial	225,896	306,103	80,206	35.51%	309,009	83,113	36.79%
7	Abbott Laboratories	586,240	672,045	85,805	14.64%	498,034	(88,207)	-15.05%
8	Private Fire Service	124,650	174,510	49,860	40.00%	174,510	49,860	40.00%
9	Other Water Revenues	251,834	342,551	90,717	36.02%	327,686	75,852	30.12%
10								
11	Total Water Revenues	$ 20,706,991	$ 26,717,335	$ 6,010,343	29.03%	$ 25,279,864	$ 4,572,873	22.08%
12								
13								
14	Miscellaneous Revenues	509,842	509,842	-	0.00%	509,842	-	0.00%
15								
16	Total Operating Revenues	$ 21,216,833	$ 27,227,177	$ 6,010,344	28.33%	$ 25,789,706	$ 4,572,873	21.55%
17								
18								
19	Target Revenue Requirement (Sch. C-1, Ln. 10)		$ 27,227,177			$ 25,789,706		
20	Difference (Ln. 16 - Ln. 19)		$ 0			$ 0		
21	%		0.00%			0.00%		
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Supporting Schedules:
H-2 Settlement

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Recap Schedules:
A-1 Settlement

DECISION NO. _____

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY

Test Year Ended December 31, 2014
Summary of Revenues by Customer Classification
Present & Proposed Rates

Pinal Valley

Line No.	Customer Classification	[A] Test Year Rates Sch. H-2 Col. E	[B] Company - As Filed Proposed Rates Sch. H-2 Col. F	[C] Company - As Filed Proposed Increase Amount	[D] Company - As Filed %	[E] Settlement Proposed Rates Sch. H-2 Col. I	[F] Settlement Proposed Increase Amount	[G] Settlement %
1	Customer Classification							
2								
3	Residential	$ 11,298,423	$ 14,478,782	$ 3,180,359	28.15%	$ 13,837,510	$ 2,539,087	22.47%
4	Commercial	5,412,847	7,237,593	1,824,746	33.71%	6,812,239	1,399,392	25.85%
5	Industrial	161,824	217,366	55,542	34.32%	218,971	57,147	35.31%
6	Large Industrial	209,904	282,545	72,641	34.61%	285,452	75,548	35.99%
7	Abbott Laboratories	586,240	672,045	85,805	14.64%	498,034	(88,207)	-15.05%
8	Private Fire Service	121,650	170,310	48,660	40.00%	170,310	48,660	40.00%
9	Other Water Revenues	215,938	302,299	86,361	39.99%	288,542	72,604	33.62%
10								
11	Total Water Revenues	$ 18,006,827	$ 23,360,941	$ 5,354,114	29.73%	$ 22,111,057	$ 4,104,231	22.79%
12								
13								
14	Miscellaneous Revenues	461,120	461,120	-	0.00%	461,120	-	0.00%
15								
16	Total Operating Revenues	$ 18,467,946	$ 23,822,061	$ 5,354,114	28.99%	$ 22,572,177	$ 4,104,231	22.22%
17								
18								
19	Target Revenue Requirement (Sch. C-1, Ln. 10)		$ 23,822,061			$ 22,572,177		
20	Difference (Ln. 16 - Ln. 19)		$ 0			$ 0		
21	%		0.00%			0.00%		
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Supporting Schedules:
H-2 Settlement

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Recap Schedules:
A-1 Settlement

DECISION NO.
DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Summary of Revenues by Customer Classification
Present & Proposed Rates

White Tank

Line No.	Customer Classification	[A] Test Year Rates Sch. H-2 Col. E	[B] Company - As Filed Proposed Rates Sch. H-2 Col. F	[C] Company - As Filed Proposed Increase Amount	[D] Company - As Filed %	[E] Settlement Proposed Rates Sch. H-2 Col. I	[F] Settlement Proposed Increase Amount	[G] Settlement %
1	Customer Classification	Sch. H-2 Col. E	Sch. H-2 Col. F	Amount	%	Sch. H-2 Col. I	Amount	%
2								
3	Residential	$ 1,791,595	$ 2,220,136	$ 428,541	23.92%	$ 2,097,342	$ 305,747	17.07%
4	Commercial	421,627	542,416	120,789	28.65%	509,038	87,411	20.73%
5	Industrial	-	-	-	0.00%	-	-	0.00%
6	Large Industrial	15,992	23,557	7,565	47.31%	23,557	7,565	47.31%
7	Abbott Laboratories	-	-	-	0.00%	-	-	0.00%
8	Private Fire Service	1,800	2,520	720	40.00%	2,520	720	40.00%
9	Other Water Revenues	35,331	39,659	4,328	12.25%	38,616	3,285	9.30%
10								
11	Total Water Revenues	$ 2,266,346	$ 2,828,289	$ 561,944	24.80%	$ 2,671,074	$ 404,729	17.86%
12								
13								
14	Miscellaneous Revenues	44,621	44,621	-	0.00%	44,621	-	0.00%
15								
16	Total Operating Revenues	$ 2,310,966	$ 2,872,910	$ 561,944	24.32%	$ 2,715,695	$ 404,729	17.51%
17								
18								
19	Target Revenue Requirement (Sch. C-1, Ln. 10)		$ 2,872,910			$ 2,715,695		
20	Difference (Ln. 16 - Ln. 19)		$ 0			$ 0		
21	%		0.00%			0.00%		

Supporting Schedules:
H-2 Settlement

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A-1 Settlement

DOCKET NO. W-01445A-15-0277

DECISION NO.

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Summary of Revenues by Customer Classification
Present & Proposed Rates

Ajo

Line No.	Customer Classification	[A] Test Year Rates Sch. H-2 Col. E	[B] Company - As Filed Proposed Rates Sch. H-2 Col. F	[C] Company - As Filed Proposed Increase Amount	[D] Company - As Filed %	[E] Settlement Proposed Rates Sch. H-2 Col. I	[F] Settlement Proposed Increase Amount	[G] Settlement %
1	Customer Classification							
2								
3	Residential	$ 306,927	$ 370,261	$ 63,334	20.63%	$ 351,344	$ 44,417	14.47%
4	Commercial	125,128	155,572	30,444	24.33%	144,181	19,054	15.23%
5	Industrial	-	-	-	0.00%	-	-	0.00%
6	Large Industrial	-	-	-	0.00%	-	-	0.00%
7	Abbott Laboratories	-	-	-	0.00%	-	-	0.00%
8	Private Fire Service	1,200	1,680	480	40.00%	1,680	480	40.00%
9	Other Water Revenues	564	592	28	4.94%	528	(37)	-6.50%
10								
11	Total Water Revenues	$ 433,819	$ 528,105	$ 94,286	21.73%	$ 497,733	$ 63,914	14.73%
12								
13								
14	Miscellaneous Revenues	4,101	4,101	-	0.00%	4,101	-	0.00%
15								
16	Total Operating Revenues	$ 437,921	$ 532,206	$ 94,286	21.53%	$ 501,834	$ 63,914	14.59%
17								
18								
19	Target Revenue Requirement (Sch. C-1, Ln. 10)		$ 532,206			$ 501,834		
20	Difference (Ln. 16 - Ln. 19)		$ 0			$ 0		
21	%		0.00%			0.00%		
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Supporting Schedules:
H-2 Settlement

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Recap Schedules:
A-1 Settlement

DOCKET NO. W-01445A-15-0277

DECISION NO.

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Detail Analysis of Revenue by Class

				Western Group								
		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]
				Water Revenues Per Bill Count								
							Company - As Filed			Settlement		
Line No.	Detail Class of Service	Average Number of Customers	Average Monthly Usage	Test Year Rates	Normalizing Adjustments (IS-4, 6 & 7)	Adjusted T.Y. Rates [C + D]	Proposed Rates	Increase [F - E]	%	Proposed Rates	Amount [I - E]	%
1												
2	Residential 5/8 x 3/4 -inch	28,065	7,956	$ 11,518,790	$ (94,383)	$ 11,424,407	$ 14,416,795	$ 2,992,388	26.19%	$ 13,792,252	$ 2,367,846	20.73%
3	Residential 1-inch	914	14,468	974,198	(715)	973,483	1,275,196	301,714	30.99%	1,213,810	240,327	24.69%
4	Residential 1 ½ -inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
5	Residential 2-inch	55	179,925	424,390	(7,945)	416,445	566,999	150,554	36.15%	526,691	110,246	26.47%
6	Residential 3-inch	9	547,345	196,224	(3,454)	192,770	262,626	69,856	36.24%	242,297	49,527	25.69%
7	Residential 4-inch	6	730,636	174,978	(2,995)	171,983	236,846	64,863	37.71%	218,994	47,011	27.33%
8	Residential 6-inch	8	646,961	220,807	(2,950)	217,857	310,717	92,859	42.62%	292,152	74,295	34.10%
9	Residential 8-inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
10	Residential 10-inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
11	Commercial 5/8 x 3/4 -inch	963	6,976	422,262	101	422,363	571,893	149,530	35.40%	546,603	124,240	29.42%
12	Commercial 1-inch	554	25,187	787,743	(2,611)	785,132	1,038,600	253,468	32.28%	982,686	197,553	25.16%
13	Commercial 1 ½ -inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
14	Commercial 2-inch	560	108,268	3,007,434	(2,489)	3,004,945	4,013,646	1,008,701	33.57%	3,778,318	773,373	25.74%
15	Commercial 3-inch	37	196,898	351,065	3,351	354,416	476,767	122,351	34.52%	450,403	95,987	27.08%
16	Commercial 4-inch	24	733,268	730,234	2,425	732,660	959,281	226,621	30.93%	888,750	156,090	21.30%
17	Commercial 6-inch	15	827,973	542,261	-	542,261	723,012	180,751	33.33%	677,937	135,676	25.02%
18	Commercial 8-inch	1	2,974,873	108,006	9,819	117,825	152,382	34,557	29.33%	140,762	22,938	19.47%
19	Commercial 10-inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
20	Industrial 5/8 x 3/4 -inch	3	21,125	2,187	-	2,187	3,161	974	44.54%	3,182	995	45.48%
21	Industrial 1-inch	5	106,372	17,560	-	17,560	21,206	3,646	20.76%	21,378	3,818	21.74%
22	Industrial 1 ½ -inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
23	Industrial 2-inch	7	139,819	34,648	-	34,648	53,512	18,864	54.44%	53,832	19,185	55.37%
24	Industrial 3-inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
25	Industrial 4-inch	4	918,070	107,429	-	107,429	139,488	32,058	29.84%	140,578	33,149	30.86%
26	Industrial 6-inch	4	1,784,984	165,762	-	165,762	220,596	54,834	33.08%	222,745	56,983	34.38%
27	Industrial 8-inch	1	2,158,523	60,134	-	60,134	85,506	25,372	42.19%	86,264	26,130	43.45%
28	Abbott Laboratories	1	31,002,167	586,240	-	586,240	672,045	85,805	14.64%	498,034	(88,207)	-15.05%
29	Private Fire Serivce	416	-	124,650	-	124,650	174,510	49,860	40.00%	174,510	49,860	40.00%
30	Other Water Revenues											
31	Public Fire Hydrant	-	-	-	-	-	-	-	0.00%	-	-	0.00%
32	Coin Machine	2	41	13,968	-	13,968	14,570	602	4.31%	13,240	(728)	-5.21%
33	Construction 5/8 x 3/4 -inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
34	Construction 1-inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
35	Construction 1 ½ -inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
36	Construction 2-Inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
37	Construction 3-Inch	34	71,380	189,121	-	189,121	257,724	68,604	36.27%	249,218	60,097	31.78%
38	Construction 4-Inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
39	Construction 6-Inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
40	Construction 8-Inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
41	Construction 10-Inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
42	Sales for Resale 5/8 x 3/4-Inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
43	Sales for Resale 1-Inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
44	Sales for Resale ½ -Inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
45	Sales for Resale 2-Inch	3	379,606	25,790	-	25,790	37,116	11,326	43.92%	34,408	8,618	33.42%
46	Sales for Resale 3-Inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
47	Sales for Resale 4-Inch	1	976,083	22,955	-	22,955	33,141	10,186	44.37%	30,820	7,865	34.26%
48	Sales for Resale 6-Inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
49	Sales for Resale 8-Inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
50	Sales for Resale 10-Inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
51												
52	Totals	31,691	13,634	$ 20,808,837	$ (101,846)	$ 20,706,991	$ 26,717,335	$ 6,010,344	29.03%	$ 25,279,864	$ 4,572,873	22.08%
53												
54												
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Supporting Schedules:

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Recap Schedules:
H-1 Settlement

DECISION NO.

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Summary Analysis of Revenue by Class

				Western Group								
		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]
				Water Revenues Per Bill Count								
							Company - As Filed			Settlement		
Line No.	Summary Class of Service	Average Number of Customers	Average Monthly Usage	Test Year Rates	Normalizing Adjustments (IS-4, 6 & 7)	Adjusted T.Y. Rates [C + D]	Proposed Rates	Increase [F - E]	%	Proposed Rates	Amount [I - E]	%
1												
2	Total Residential	29,058	8,980	$ 13,509,387	$ (112,442)	$ 13,396,945	$ 17,069,179	$ 3,672,234	27.41%	$ 16,286,196	$ 2,889,251	21.57%
3	Total Commercial	2,153	56,264	5,949,006	10,596	5,959,602	7,935,581	1,975,979	33.16%	7,465,458	1,505,857	25.27%
4	Total Industrial	19	264,100	161,824	-	161,824	217,366	55,542	34.32%	218,971	57,147	35.31%
5	Total Large Industrial	5	1,868,709	225,896	-	225,896	306,103	80,206	35.51%	309,009	83,113	36.79%
6	Abbott Laboratories	1	31,002,167	586,240	-	586,240	672,045	85,805	14.64%	498,034	(88,207)	-15.05%
7	Total Private Fire	416	-	124,650	-	124,650	174,510	49,860	40.00%	174,510	49,860	40.00%
8	Total Other Water Revenues	40	18,195,489	251,834	-	251,834	342,551	90,717	36.02%	327,686	75,852	30.12%
9												
10	Totals	31,691	13,634	$ 20,808,837	$ (101,846)	$ 20,706,991	$ 26,717,335	$ 6,010,343	29.03%	$ 25,279,864	$ 4,572,873	22.08%
11												
12	Miscellaneous Revenues			1,032,757	(522,915)	509,842	509,842	-	0.00%	509,842	-	0.00%
13	Total Revenue Generated						$ 27,227,177			$ 25,789,706		
14												
15	Target Rev. Rqmt. (Sch. C-1)						27,227,177			25,789,706		
16	Difference						$ 0			$ 0		
17	%						0%			0%		

Supporting Schedules:

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Recap Schedules:
H-1 Settlement

DECISION NO.

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Detail Analysis of Revenue by Class

Pinal Valley

Line No.	Detail Class of Service	[A] Average Number of Customers	[B] Average Monthly Usage	[C] Water Revenues Per Bill Count: Test Year Rates	[D] Normalizing Adjustments (IS-4, 6 & 7)	[E] Adjusted T.Y. Rates [C + D]	[F] Company - As Filed: Proposed Rates	[G] Increase [F - E]	[H] %	[I] Settlement: Proposed Rates	[J] Amount [I - E]	[K] %
1												
2	Residential 5/8 x 3/4 -inch	25,719	7,781	$ 9,927,216	$ (80,652)	$ 9,846,563	$ 12,491,248	$ 2,644,684	26.86%	$ 11,976,676	$ 2,130,113	21.63%
3	Residential 1-inch	439	20,927	488,330	(4,443)	483,886	650,173	166,286	34.36%	617,610	133,724	27.64%
4	Residential 1 ½-inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
5	Residential 2-inch	54	173,712	392,272	(6,910)	385,363	527,172	141,809	36.80%	489,781	104,418	27.10%
6	Residential 3-inch	9	547,345	196,224	(3,454)	192,770	262,626	69,856	36.24%	242,297	49,527	25.69%
7	Residential 4-inch	6	730,636	174,978	(2,995)	171,983	236,846	64,863	37.71%	218,994	47,011	27.33%
8	Residential 6-inch	8	646,961	220,807	(2,950)	217,857	310,717	92,859	42.62%	292,152	74,295	34.10%
9	Residential 8-inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
10	Residential 10-inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
11	Commercial 5/8 x 3/4 -inch	902	6,950	374,025	(61)	373,964	511,451	137,488	36.76%	489,652	115,688	30.94%
12	Commercial 1-inch	513	24,434	655,888	(640)	655,248	876,238	220,990	33.73%	831,686	176,438	26.93%
13	Commercial 1 ½-inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
14	Commercial 2-inch	537	103,546	2,668,415	(2,489)	2,665,926	3,577,684	911,758	34.20%	3,370,303	704,377	26.42%
15	Commercial 3-inch	35	196,297	321,612	3,351	324,964	437,544	112,581	34.64%	413,148	88,185	27.14%
16	Commercial 4-inch	24	733,268	730,234	2,425	732,660	959,281	226,621	30.93%	888,750	156,090	21.30%
17	Commercial 6-inch	15	827,973	542,261	-	542,261	723,012	180,751	33.33%	677,937	135,676	25.02%
18	Commercial 8-inch	1	2,974,873	108,006	9,819	117,825	152,382	34,557	29.33%	140,762	22,938	19.47%
19	Commercial 10-inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
20	Industrial 5/8 x 3/4 -inch	3	21,125	2,187		2,187	3,161	974	44.54%	3,182	995	45.48%
21	Industrial 1-inch	5	106,372	17,560		17,560	21,206	3,646	20.76%	21,378	3,818	21.74%
22	Industrial 1 ½-inch	-	-	-		-	-	-	0.00%	-	-	0.00%
23	Industrial 2-inch	7	139,819	34,648		34,648	53,512	18,864	54.44%	53,832	19,185	55.37%
24	Industrial 3-inch	-	-	-		-	-	-	0.00%	-	-	0.00%
25	Industrial 4-inch	4	918,070	107,429		107,429	139,488	32,058	29.84%	140,578	33,149	30.86%
26	Industrial 6-inch	3	2,411,927	149,770		149,770	197,039	47,269	31.56%	199,188	49,418	33.00%
27	Industrial 8-inch	1	2,158,523	60,134		60,134	85,506	25,372	42.19%	86,264	26,130	43.45%
28	Abbott Laboratories	1	31,002,167	586,240		586,240	672,045	85,805	14.64%	498,034	(88,207)	-15.05%
29	Private Fire Serivce	406	-	121,650		121,650	170,310	48,660	40.00%	170,310	48,660	40.00%
30	Other Water Revenues											
31	Public Fire Hydrant	-	-	-		-	-	-	0.00%	-	-	0.00%
32	Coin Machine	1	41	13,403		13,403	13,978	574	4.28%	12,713	(691)	-5.15%
33	Construction 5/8 x 3/4 -inch	-	-	-		-	-	-	0.00%	-	-	0.00%
34	Construction 1-inch	-	-	-		-	-	-	0.00%	-	-	0.00%
35	Construction 1 ½-inch	-	-	-		-	-	-	0.00%	-	-	0.00%
36	Construction 2-Inch	-	-	-		-	-	-	0.00%	-	-	0.00%
37	Construction 3-Inch	28	74,983	153,790		153,790	218,065	64,275	41.79%	210,601	56,812	36.94%
38	Construction 4-Inch	-	-	-		-	-	-	0.00%	-	-	0.00%
39	Construction 6-Inch	-	-	-		-	-	-	0.00%	-	-	0.00%
40	Construction 8-Inch	-	-	-		-	-	-	0.00%	-	-	0.00%
41	Construction 10-Inch	-	-	-		-	-	-	0.00%	-	-	0.00%
42	Sales for Resale 5/8 x 3/4-Inch	-	-	-		-	-	-	0.00%	-	-	0.00%
43	Sales for Resale 1-Inch	-	-	-		-	-	-	0.00%	-	-	0.00%
44	Sales for Resale ½-Inch	-	-	-		-	-	-	0.00%	-	-	0.00%
45	Sales for Resale 2-Inch	3	379,606	25,790		25,790	37,116	11,326	43.92%	34,408	8,618	33.42%
46	Sales for Resale 3-Inch	-	-	-		-	-	-	0.00%	-	-	0.00%
47	Sales for Resale 4-Inch	1	976,083	22,955		22,955	33,141	10,186	44.37%	30,820	7,865	34.26%
48	Sales for Resale 6-Inch	-	-	-		-	-	-	0.00%	-	-	0.00%
49	Sales for Resale 8-Inch	-	-	-		-	-	-	0.00%	-	-	0.00%
50	Sales for Resale 10-Inch	-	-	-		-	-	-	0.00%	-	-	0.00%
51												
52	Totals	28,723	13,810	$ 18,095,825	$ (88,999)	$ 18,006,827	$ 23,360,941	$ 5,354,114	29.73%	$ 22,111,057	$ 4,104,231	22.79%
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Supporting Schedules:

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Recap Schedules:
H-1 Settlement

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Summary Analysis of Revenue by Class

Pinal Valley

Line No.	Summary Class of Service	[A] Average Number of Customers	[B] Average Monthly Usage	[C] Water Revenues Per Bill Count: Test Year Rates	[D] Normalizing Adjustments (IS-4, 6 & 7)	[E] Adjusted T.Y. Rates [C + D]	[F] Company - As Filed: Proposed Rates	[G] Increase [F - E]	[H] %	[I] Settlement: Proposed Rates	[J] Amount [I - E]	[K] %
1												
2	Total Residential	26,235	8,888	$ 11,399,827	$ (101,404)	$ 11,298,423	$ 14,478,782	$ 3,180,359	28.15%	$ 13,837,510	$ 2,539,087	22.47%
3	Total Commercial	2,026	56,190	5,400,441	12,405	5,412,847	7,237,593	1,824,746	33.71%	6,812,239	1,399,392	25.85%
4	Total Industrial	19	264,100	161,824	-	161,824	217,366	55,542	34.32%	218,971	57,147	35.31%
5	Total Large Industrial	4	2,340,313	209,904	-	209,904	282,545	72,641	34.61%	285,452	75,548	35.99%
6	Abbott Laboratories	1	31,002,167	586,240	-	586,240	672,045	85,805	14.64%	498,034	(88,207)	-15.05%
7	Total Private Fire	406	-	121,650	-	121,650	170,310	48,660	40.00%	170,310	48,660	40.00%
8	Total Other Water Revenues	33	141,960	215,938	-	215,938	302,299	86,361	39.99%	288,542	72,604	33.62%
9												
10	Totals	28,723	13,810	$ 18,095,825	$ (88,999)	$ 18,006,827	$ 23,360,941	$ 5,354,114	29.73%	$ 22,111,057	$ 4,104,231	22.79%
11												
12	Miscellaneous Revenues			984,035	(522,915)	461,120	461,120	-	0.00%	461,120	-	0.00%
13	Total Revenue Generated						$ 23,822,061			$ 22,572,177		
14												
15	Target Rev. Rqmt. (Sch. C-1)						23,822,061			22,572,177		
16	Difference						$ 0			$ 0		
17	%						0%			0%		
18												
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H-1 Settlement

DOCKET NO. W-01445A-15-0277

DECISION NO.

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Detail Analysis of Revenue by Class

White Tank

Line No.	Detail Class of Service	[A] Average Number of Customers	[B] Average Monthly Usage	[C] Water Revenues Per Bill Count: Test Year Rates	[D] Normalizing Adjustments (IS-4, 6 & 7)	[E] Adjusted T.Y. Rates [C + D]	[F] Company - As Filed: Proposed Rates	[G] Increase [F - E]	[H] %	[I] Settlement: Proposed Rates	[J] Amount [I - E]	[K] %
1												
2	Residential 5/8 x 3/4 -inch	1,784	11,733	$ 1,287,322	$ (6,833)	$ 1,280,490	$ 1,566,212	$ 285,723	22.31%	$ 1,474,792	$ 194,302	15.17%
3	Residential 1-inch	467	8,588	476,133	3,891	480,023	614,097	134,074	27.93%	585,641	105,617	22.00%
4	Residential 1 ½ -inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
5	Residential 2-inch	1	515,983	32,118	(1,035)	31,082	39,826	8,744	28.13%	36,910	5,828	18.75%
6	Residential 3-inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
7	Residential 4-inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
8	Residential 6-inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
9	Residential 8-inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
10	Residential 10-inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
11	Commercial 5/8 x 3/4 -inch	14	15,673	15,249	-	15,249	18,982	3,733	24.48%	17,982	2,733	17.92%
12	Commercial 1-inch	22	39,650	62,072	(1,971)	60,100	76,378	16,277	27.08%	72,230	12,130	20.18%
13	Commercial 1 ½ -inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
14	Commercial 2-inch	19	256,775	316,825	-	316,825	407,834	91,009	28.73%	381,572	64,747	20.44%
15	Commercial 3-inch	2	207,288	29,452	-	29,452	39,223	9,770	33.17%	37,254	7,802	26.49%
16	Commercial 4-inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
17	Commercial 6-inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
18	Commercial 8-inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
19	Commercial 10-inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
20	Industrial 5/8 x 3/4 -inch	-	-	-		-	-	-	0.00%	-	-	0.00%
21	Industrial 1-inch	-	-	-		-	-	-	0.00%	-	-	0.00%
22	Industrial 1 ½ -inch	-	-	-		-	-	-	0.00%	-	-	0.00%
23	Industrial 2-inch	-	-	-		-	-	-	0.00%	-	-	0.00%
24	Industrial 3-inch	-	-	-		-	-	-	0.00%	-	-	0.00%
25	Industrial 4-inch	-	-	-		-	-	-	0.00%	-	-	0.00%
26	Industrial 6-inch	1	60,892	15,992		15,992	23,557	7,565	47.31%	23,557	7,565	47.31%
27	Industrial 8-inch	-	-	-		-	-	-	0.00%	-	-	0.00%
28	Abbott Laboratories	-	-	-		-	-	-	0.00%	-	-	0.00%
29	Private Fire Serivce	6	-	1,800		1,800	2,520	720	40.00%	2,520	720	40.00%
30	Other Water Revenues											
31	Public Fire Hydrant	-	-	-		-	-	-	0.00%	-	-	0.00%
32	Coin Machine	-	-	-		-	-	-	0.00%	-	-	0.00%
33	Construction 5/8 x 3/4 -inch	-	-	-		-	-	-	0.00%	-	-	0.00%
34	Construction 1-inch	-	-	-		-	-	-	0.00%	-	-	0.00%
35	Construction 1 ½ -inch	-	-	-		-	-	-	0.00%	-	-	0.00%
36	Construction 2-Inch	-	-	-		-	-	-	0.00%	-	-	0.00%
37	Construction 3-Inch	5	52,591	35,331		35,331	39,659	4,328	12.25%	38,616	3,285	9.30%
38	Construction 4-Inch	-	-	-		-	-	-	0.00%	-	-	0.00%
39	Construction 6-Inch	-	-	-		-	-	-	0.00%	-	-	0.00%
40	Construction 8-Inch	-	-	-		-	-	-	0.00%	-	-	0.00%
41	Construction 10-Inch	-	-	-		-	-	-	0.00%	-	-	0.00%
42	Sales for Resale 5/8 x 3/4-Inch	-	-	-		-	-	-	0.00%	-	-	0.00%
43	Sales for Resale 1-Inch	-	-	-		-	-	-	0.00%	-	-	0.00%
44	Sales for Resale ½ -Inch	-	-	-		-	-	-	0.00%	-	-	0.00%
45	Sales for Resale 2-Inch	-	-	-		-	-	-	0.00%	-	-	0.00%
46	Sales for Resale 3-Inch	-	-	-		-	-	-	0.00%	-	-	0.00%
47	Sales for Resale 4-Inch	-	-	-		-	-	-	0.00%	-	-	0.00%
48	Sales for Resale 6-Inch	-	-	-		-	-	-	0.00%	-	-	0.00%
49	Sales for Resale 8-Inch	-	-	-		-	-	-	0.00%	-	-	0.00%
50	Sales for Resale 10-Inch	-	-	-		-	-	-	0.00%	-	-	0.00%
51												
52	Totals	2,321	13,864	$ 2,272,294	$ (5,949)	$ 2,266,346	$ 2,828,289	$ 561,944	24.80%	$ 2,671,074	$ 404,729	17.86%
53												
54												
55												

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Summary Analysis of Revenue by Class

White Tank

Line No.	Summary Class of Service	[A] Average Number of Customers	[B] Average Monthly Usage	[C] Water Revenues Per Bill Count: Test Year Rates	[D] Normalizing Adjustments (IS-4, 6 & 7)	[E] Adjusted T.Y. Rates [C + D]	[F] Company - As Filed: Proposed Rates	[G] Company - As Filed: Increase [F - E]	[H] %	[I] Settlement: Proposed Rates	[J] Settlement: Amount [I - E]	[K] %
1												
2	Total Residential	2,252	11,305	$ 1,795,573	$ (3,977)	$ 1,791,595	$ 2,220,136	$ 428,541	23.92%	$ 2,097,342	$ 305,747	17.07%
3	Total Commercial	57	112,337	423,599	(1,971)	421,627	542,416	120,789	28.65%	509,038	87,411	20.73%
4	Total Industrial	-	-	-	-	-	-	-	0.00%	-	-	0.00%
5	Total Large Industrial	1	60,892	15,992	-	15,992	23,557	7,565	47.31%	23,557	7,565	47.31%
6	Abbott Laboratories	-	-	-	-	-	-	-	0.00%	-	-	0.00%
7	Total Private Fire	6	-	1,800	-	1,800	2,520	720	40.00%	2,520	720	40.00%
8	Total Other Water Revenues	5	52,591	35,331	-	35,331	39,659	4,328	12.25%	38,616	3,285	9.30%
9												
10	Totals	2,321	13,864	$ 2,272,294	$ (5,949)	$ 2,266,346	$ 2,828,289	$ 561,944	24.80%	$ 2,671,074	$ 404,729	17.86%
11												
12	Miscellaneous Revenues			44,621	-	44,621	44,621	-	0.00%	44,621	-	0.00%
13	Total Revenue Generated						$ 2,872,910			$ 2,715,695		
14												
15	Target Rev. Rqmt. (Sch. C-1)						2,872,910			2,715,695		
16	Difference						$ 0			$ 0		
17	%						0%			0%		

Supporting Schedules:

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Recap Schedules:
H-1 Settlement

DOCKET NO. W-01445A-15-0277

DECISION NO.

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Detail Analysis of Revenue by Class

Ajo

Line No.	Detail Class of Service	[A] Average Number of Customers	[B] Average Monthly Usage	[C] Water Revenues Per Bill Count: Test Year Rates	[D] Normalizing Adjustments (IS-4, 6 & 7)	[E] Adjusted T.Y. Rates [C + D]	[F] Company - As Filed: Proposed Rates	[G] Increase [F - E]	[H] %	[I] Settlement: Proposed Rates	[J] Amount [I - E]	[K] %
1												
2	Residential 5/8 x 3/4 -inch	562	3,991	$ 304,252	$ (6,898)	$ 297,354	$ 359,334	$ 61,981	20.84%	$ 340,784	$ 43,431	14.61%
3	Residential 1-inch	9	4,493	9,736	(162)	9,573	10,926	1,353	14.13%	10,559	986	10.30%
4	Residential 1 ½ -inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
5	Residential 2-inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
6	Residential 3-inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
7	Residential 4-inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
8	Residential 6-inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
9	Residential 8-inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
10	Residential 10-inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
11	Commercial 5/8 x 3/4 -inch	47	4,878	32,988	162	33,150	41,460	8,309	25.07%	38,969	5,819	17.55%
12	Commercial 1-inch	20	28,759	69,784	-	69,784	85,984	16,200	23.22%	78,769	8,985	12.88%
13	Commercial 1 ½ -inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
14	Commercial 2-inch	4	36,363	22,194	-	22,194	28,128	5,934	26.74%	26,443	4,249	19.15%
15	Commercial 3-inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
16	Commercial 4-inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
17	Commercial 6-inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
18	Commercial 8-inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
19	Commercial 10-inch	-	-	-	-	-	-	-	0.00%	-	-	0.00%
20	Industrial 5/8 x 3/4 -inch	-	-	-		-	-	-	0.00%	-	-	0.00%
21	Industrial 1-inch	-	-	-		-	-	-	0.00%	-	-	0.00%
22	Industrial 1 ½ -inch	-	-	-		-	-	-	0.00%	-	-	0.00%
23	Industrial 2-inch	-	-	-		-	-	-	0.00%	-	-	0.00%
24	Industrial 3-inch	-	-	-		-	-	-	0.00%	-	-	0.00%
25	Industrial 4-inch	-	-	-		-	-	-	0.00%	-	-	0.00%
26	Industrial 6-inch	-	-	-		-	-	-	0.00%	-	-	0.00%
27	Industrial 8-inch	-	-	-		-	-	-	0.00%	-	-	0.00%
28	Abbott Laboratories	-	-	-		-	-	-	0.00%	-	-	0.00%
29	Private Fire Serivce	4	-	1,200		1,200	1,680	480	40.00%	1,680	480	40.00%
30	Other Water Revenues											
31	Public Fire Hydrant	-	-	-		-	-	-	0.00%	-	-	0.00%
32	Coin Machine	1	1	564		564	592	28	4.94%	528	(37)	-6.50%
33	Construction 5/8 x 3/4 -inch	-	-	-		-	-	-	0.00%	-	-	0.00%
34	Construction 1-inch	-	-	-		-	-	-	0.00%	-	-	0.00%
35	Construction 1 ½ -inch	-	-	-		-	-	-	0.00%	-	-	0.00%
36	Construction 2-Inch	-	-	-		-	-	-	0.00%	-	-	0.00%
37	Construction 3-Inch	-	-	-		-	-	-	0.00%	-	-	0.00%
38	Construction 4-Inch	-	-	-		-	-	-	0.00%	-	-	0.00%
39	Construction 6-Inch	-	-	-		-	-	-	0.00%	-	-	0.00%
40	Construction 8-Inch	-	-	-		-	-	-	0.00%	-	-	0.00%
41	Construction 10-Inch	-	-	-		-	-	-	0.00%	-	-	0.00%
42	Sales for Resale 5/8 x 3/4-Inch	-	-	-		-	-	-	0.00%	-	-	0.00%
43	Sales for Resale 1-Inch	-	-	-		-	-	-	0.00%	-	-	0.00%
44	Sales for Resale ½ -Inch	-	-	-		-	-	-	0.00%	-	-	0.00%
45	Sales for Resale 2-Inch	-	-	-		-	-	-	0.00%	-	-	0.00%
46	Sales for Resale 3-Inch	-	-	-		-	-	-	0.00%	-	-	0.00%
47	Sales for Resale 4-Inch	-	-	-		-	-	-	0.00%	-	-	0.00%
48	Sales for Resale 6-Inch	-	-	-		-	-	-	0.00%	-	-	0.00%
49	Sales for Resale 8-Inch	-	-	-		-	-	-	0.00%	-	-	0.00%
50	Sales for Resale 10-Inch	-	-	-		-	-	-	0.00%	-	-	0.00%
51												
52	Totals	647	5,009	$ 440,718	$ (6,898)	$ 433,819	$ 528,105	$ 94,286	21.73%	$ 497,733	$ 63,914	14.73%
53												
54												
55												

Supporting Schedules:

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Recap Schedules:
H-1 Settlement

DECISION NO.

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Summary Analysis of Revenue by Class

Ajo

Line No.	Summary Class of Service	[A] Average Number of Customers	[B] Average Monthly Usage	[C] Water Revenues Per Bill Count: Test Year Rates	[D] Normalizing Adjustments (IS-4, 6 & 7)	[E] Adjusted T.Y. Rates [C + D]	[F] Company - As Filed: Proposed Rates	[G] Company - As Filed: Increase [F - E]	[H] %	[I] Settlement: Proposed Rates	[J] Settlement: Amount [I - E]	[K] %
1												
2	Total Residential	571	3,999	$ 313,987	$ (7,060)	$ 306,927	$ 370,261	$ 63,334	20.63%	$ 351,344	$ 44,417	14.47%
3	Total Commercial	71	13,408	124,966	162	125,128	155,572	30,444	24.33%	144,181	19,054	15.23%
4	Total Industrial	-	-	-	-	-	-	-	0.00%	-	-	0.00%
5	Total Large Industrial	-	-	-	-	-	-	-	0.00%	-	-	0.00%
6	Abbott Laboratories	-	-	-	-	-	-	-	0.00%	-	-	0.00%
7	Total Private Fire	4	-	1,200	-	1,200	1,680	480	40.00%	1,680	480	40.00%
8	Total Other Water Revenues	1	7,150	564	-	564	592	28	4.94%	528	(37)	-6.50%
9												
10	Totals	647	5,009	$ 440,718	$ (6,898)	$ 433,819	$ 528,105	$ 94,286	21.73%	$ 497,733	$ 63,914	14.73%
11												
12	Miscellaneous Revenues			4,101	-	4,101	4,101	-	0.00%	4,101	-	0.00%
13	Total Revenue Generated						$ 532,206			$ 501,834		
14												
15	Target Rev. Rqmt. (Sch. C-1)						532,206			501,834		
16	Difference						$ 0			$ 0		
17	%						0%			0%		

Supporting Schedules:

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Recap Schedules:
H-1 Settlement

DECISION NO

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Changes in Representative Rate Schedules

Pinal Valley

Line No.	Class of Service	[A] Basic Service Charge: Present Rate	[B] Basic Service Charge: Proposed Rate - Settlement	[C] Basic Service Charge: Change	[D] Tier Breakover (M Gals)	[E] Tier Breakover: Present	[F] Tier Breakover: Proposed - Settlement	[G] Volumetric Charge (/M Gal): Present Rate	[H] Volumetric Charge: Proposed Rate - Settlement	[I] Volumetric Charge: Change
1										
2	Residential 5/8 x 3/4 -inch	$ 16.00	$ 22.00	$ 6.00	Tier One	3	2	$ 1.1879	$ 1.3866	$ 0.1987
3					Tier Two	10	7	2.1026	1.9910	(0.1116)
4					Tier Three	99,999	18	3.2590	2.5953	(0.6637)
5					Tier Four	99,999	99,999	3.2590	3.8041	0.5451
6										
7	Residential 3/4-inch	n/a	$ 33.00	n/a	Tier One	n/a	4	n/a	$ 1.3866	n/a
8					Tier Two	n/a	10	n/a	1.9910	n/a
9					Tier Three	n/a	18	n/a	2.5953	n/a
10					Tier Four	n/a	99,999	n/a	3.8041	n/a
11										
12	Residential 1-inch	$ 40.00	$ 55.00	$ 15.00	Tier One	25	5	$ 2.1026	$ 1.9910	$ (0.1116)
13					Tier Two	99,999	18	3.2590	2.5953	(0.6637)
14					Tier Three	99,999	99,999	3.2590	3.8041	0.5451
15					Tier Four	99,999	99,999	3.2590	3.8041	0.5451
16										
17	Residential 1½-inch	$ 80.00	$ 110.00	$ 30.00	Tier One	55	10	$ 2.1026	$ 1.9910	$ (0.1116)
18					Tier Two	99,999	35	3.2590	2.5953	(0.6637)
19					Tier Three	99,999	99,999	3.2590	3.8041	0.5451
20					Tier Four	99,999	99,999	3.2590	3.8041	0.5451
21										
22	Residential 2-inch	$ 128.00	$ 176.00	$ 48.00	Tier One	95	16	$ 2.1026	$ 1.9910	$ (0.1116)
23					Tier Two	99,999	56	3.2590	2.5953	(0.6637)
24					Tier Three	99,999	99,999	3.2590	3.8041	0.5451
25					Tier Four	99,999	99,999	3.2590	3.8041	0.5451
26										
27	Residential 3-inch	$ 256.00	$ 352.00	$ 96.00	Tier One	195	32	$ 2.1026	$ 1.9910	$ (0.1116)
28					Tier Two	99,999	112	3.2590	2.5953	(0.6637)
29					Tier Three	99,999	99,999	3.2590	3.8041	0.5451
30					Tier Four	99,999	99,999	3.2590	3.8041	0.5451
31										
32	Residential 4-inch	$ 400.00	$ 550.00	$ 150.00	Tier One	315	50	$ 2.1026	$ 1.9910	$ (0.1116)
33					Tier Two	99,999	175	3.2590	2.5953	(0.6637)
34					Tier Three	99,999	99,999	3.2590	3.8041	0.5451
35					Tier Four	99,999	99,999	3.2590	3.8041	0.5451
36										
37	Residential 6-inch	$ 800.00	$ 1,100.00	$ 300.00	Tier One	650	100	$ 2.1026	$ 1.9910	$ (0.1116)
38					Tier Two	99,999	350	3.2590	2.5953	(0.6637)
39					Tier Three	99,999	99,999	3.2590	3.8041	0.5451
40					Tier Four	99,999	99,999	3.2590	3.8041	0.5451
41										
42	Residential 8-inch	$ 1,280.00	$ 1,760.00	$ 480.00	Tier One	1,000	160	$ 2.1026	$ 1.9910	$ (0.1116)
43					Tier Two	99,999	560	3.2590	2.5953	(0.6637)
44					Tier Three	99,999	99,999	3.2590	3.8041	0.5451
45					Tier Four	99,999	99,999	3.2590	3.8041	0.5451
46										
47	Residential 10-inch	$ 1,840.00	$ 2,530.00	$ 690.00	Tier One	1,475	230	$ 2.1026	$ 1.9910	$ (0.1116)
48					Tier Two	99,999	805	3.2590	2.5953	(0.6637)
49					Tier Three	99,999	99,999	3.2590	3.8041	0.5451
50					Tier Four	99,999	99,999	3.2590	3.8041	0.5451
51										
52										
53					(Continued)					
54										
55	**For Service Charges See Western Group Service Charge Tariff at the end of this schedule**									

DOCKET NO. W-01445A-15-0277
DECISION NO.

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Changes in Representative Rate Schedules

Pinal Valley

Line No.	Class of Service	[A] Basic Service Charge: Present Rate	[B] Basic Service Charge: Proposed Rate - Settlement	[C] Basic Service Charge: Change	[D] Tier Breakover (M Gals)	[E] Tier Breakover (M Gals): Present	[F] Tier Breakover (M Gals): Proposed - Settlement	[G] Volumetric Charge (/M Gal): Present Rate	[H] Volumetric Charge (/M Gal): Proposed Rate - Settlement	[I] Volumetric Charge (/M Gal): Change
2	Commercial 5/8 x 3/4 -inch	$ 16.00	$ 25.00	$ 9.00	Tier One	10	3	$ 2.1026	$ 1.9910	$ (0.1116)
					Tier Two	99,999	15	3.2590	2.5953	(0.6637)
					Tier Three	99,999	99,999	3.2590	3.8041	0.5451
					Tier Four	99,999	99,999	3.2590	3.8041	0.5451
7	Commercial 3/4-inch	n/a	$ 37.50	n/a	Tier One	n/a	5	n/a	$ 1.9910	n/a
					Tier Two	n/a	20	n/a	2.5953	n/a
					Tier Three	n/a	99,999	n/a	3.8041	n/a
					Tier Four	n/a	99,999	n/a	3.8041	n/a
12	Commercial 1-inch	$ 40.00	$ 62.50	$ 22.50	Tier One	25	8	$ 2.1026	$ 1.9910	$ (0.1116)
					Tier Two	99,999	38	3.2590	2.5953	(0.6637)
					Tier Three	99,999	99,999	3.2590	3.8041	0.5451
					Tier Four	99,999	99,999	3.2590	3.8041	0.5451
17	Commercial 1½-inch	$ 80.00	$ 125.00	$ 45.00	Tier One	55	15	$ 2.1026	$ 1.9910	$ (0.1116)
					Tier Two	99,999	75	3.2590	2.5953	(0.6637)
					Tier Three	99,999	99,999	3.2590	3.8041	0.5451
					Tier Four	99,999	99,999	3.2590	3.8041	0.5451
22	Commercial 2-inch	$ 128.00	$ 200.00	$ 72.00	Tier One	95	24	$ 2.1026	$ 1.9910	$ (0.1116)
					Tier Two	99,999	120	3.2590	2.5953	(0.6637)
					Tier Three	99,999	99,999	3.2590	3.8041	0.5451
					Tier Four	99,999	99,999	3.2590	3.8041	0.5451
27	Commercial 3-inch	$ 256.00	$ 400.00	$ 144.00	Tier One	195	48	$ 2.1026	$ 1.9910	$ (0.1116)
					Tier Two	99,999	240	3.2590	2.5953	(0.6637)
					Tier Three	99,999	99,999	3.2590	3.8041	0.5451
					Tier Four	99,999	99,999	3.2590	3.8041	0.5451
32	Commercial 4-inch	$ 400.00	$ 625.00	$ 225.00	Tier One	315	75	$ 2.1026	$ 1.9910	$ (0.1116)
					Tier Two	99,999	375	3.2590	2.5953	(0.6637)
					Tier Three	99,999	99,999	3.2590	3.8041	0.5451
					Tier Four	99,999	99,999	3.2590	3.8041	0.5451
37	Commercial 6-inch	$ 800.00	$ 1,250.00	$ 450.00	Tier One	650	150	$ 2.1026	$ 1.9910	$ (0.1116)
					Tier Two	99,999	750	3.2590	2.5953	(0.6637)
					Tier Three	99,999	99,999	3.2590	3.8041	0.5451
					Tier Four	99,999	99,999	3.2590	3.8041	0.5451
42	Commercial 8-inch	$ 1,280.00	$ 2,000.00	$ 720.00	Tier One	1,000	240	$ 2.1026	$ 1.9910	$ (0.1116)
					Tier Two	99,999	1,200	3.2590	2.5953	(0.6637)
					Tier Three	99,999	99,999	3.2590	3.8041	0.5451
					Tier Four	99,999	99,999	3.2590	3.8041	0.5451
47	Commercial 10-inch	$ 1,840.00	$ 2,875.00	$ 1,035.00	Tier One	1,475	345	$ 2.1026	$ 1.9910	$ (0.1116)
					Tier Two	99,999	1,725	3.2590	2.5953	(0.6637)
					Tier Three	99,999	99,999	3.2590	3.8041	0.5451
					Tier Four	99,999	99,999	3.2590	3.8041	0.5451

(Continued)

For Service Charges See Western Group Service Charge Tariff at the end of this schedule

DOCKET NO. W-01445A-15-0277
DECISION NO.

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Changes in Representative Rate Schedules

Pinal Valley

Line No.	Class of Service	[A] Basic Service Charge: Present Rate	[B] Basic Service Charge: Proposed Rate - Settlement	[C] Basic Service Charge: Change	[D] Tier Breakover (M Gals)	[E] Tier Breakover (M Gals): Present	[F] Tier Breakover (M Gals): Proposed - Settlement	[G] Volumetric Charge (/M Gal): Present Rate	[H] Volumetric Charge (/M Gal): Proposed Rate - Settlement	[I] Volumetric Charge (/M Gal): Change
1										
2	Industrial 5/8 x 3/4 -inch	$ 16.00	$ 35.00	$ 19.00	Tier One	10	99,999	$ 1.5500	$ 2.5270	$ 0.9770
3					Tier Two	99,999	99,999	2.4800	2.5270	0.0470
4					Tier Three	99,999	99,999	2.4800	2.5270	0.0470
5					Tier Four	99,999	99,999	2.4800	2.5270	0.0470
6										
7	Industrial 3/4-inch	n/a	$ 52.50	n/a	Tier One	n/a	99,999	n/a	$ 2.5270	n/a
8					Tier Two	n/a	99,999	n/a	2.5270	n/a
9					Tier Three	n/a	99,999	n/a	2.5270	n/a
10					Tier Four	n/a	99,999	n/a	2.5270	n/a
11										
12	Industrial 1-inch	$ 40.00	$ 87.50	$ 47.50	Tier One	25	99,999	$ 1.5500	$ 2.5270	$ 0.9770
13					Tier Two	99,999	99,999	2.4800	2.5270	0.0470
14					Tier Three	99,999	99,999	2.4800	2.5270	0.0470
15					Tier Four	99,999	99,999	2.4800	2.5270	0.0470
16										
17	Industrial 1½-inch	$ 80.00	$ 175.00	$ 95.00	Tier One	55	99,999	$ 1.5500	$ 2.5270	$ 0.9770
18					Tier Two	99,999	99,999	2.4800	2.5270	0.0470
19					Tier Three	99,999	99,999	2.4800	2.5270	0.0470
20					Tier Four	99,999	99,999	2.4800	2.5270	0.0470
21										
22	Industrial 2-inch	$ 128.00	$ 280.00	$ 152.00	Tier One	95	99,999	$ 1.5500	$ 2.5270	$ 0.9770
23					Tier Two	99,999	99,999	2.4800	2.5270	0.0470
24					Tier Three	99,999	99,999	2.4800	2.5270	0.0470
25					Tier Four	99,999	99,999	2.4800	2.5270	0.0470
26										
27	Industrial 3-inch	$ 256.00	$ 560.00	$ 304.00	Tier One	195	99,999	$ 1.5500	$ 2.5270	$ 0.9770
28					Tier Two	99,999	99,999	2.4800	2.5270	0.0470
29					Tier Three	99,999	99,999	2.4800	2.5270	0.0470
30					Tier Four	99,999	99,999	2.4800	2.5270	0.0470
31										
32	Industrial 4-inch	$ 400.00	$ 875.00	$ 475.00	Tier One	315	99,999	$ 1.5500	$ 2.5270	$ 0.9770
33					Tier Two	99,999	99,999	2.4800	2.5270	0.0470
34					Tier Three	99,999	99,999	2.4800	2.5270	0.0470
35					Tier Four	99,999	99,999	2.4800	2.5270	0.0470
36										
37	Industrial 6-inch	$ 800.00	$ 1,750.00	$ 950.00	Tier One	99,999	99,999	$ 1.5500	$ 1.7770	$ 0.2270
38					Tier Two	99,999	99,999	1.5500	1.7770	0.2270
39					Tier Three	99,999	99,999	1.5500	1.7770	0.2270
40					Tier Four	99,999	99,999	1.5500	1.7770	0.2270
41										
42	Industrial 8-inch	$ 1,280.00	$ 2,800.00	$ 1,520.00	Tier One	99,999	99,999	$ 1.5500	$ 1.7770	$ 0.2270
43					Tier Two	99,999	99,999	1.5500	1.7770	0.2270
44					Tier Three	99,999	99,999	1.5500	1.7770	0.2270
45					Tier Four	99,999	99,999	1.5500	1.7770	0.2270
46										
47	Industrial 10-inch	$ 1,840.00	$ 4,025.00	$ 2,185.00	Tier One	99,999	99,999	$ 1.5500	$ 1.7770	$ 0.2270
48					Tier Two	99,999	99,999	1.5500	1.7770	0.2270
49					Tier Three	99,999	99,999	1.5500	1.7770	0.2270
50					Tier Four	99,999	99,999	1.5500	1.7770	0.2270
51										
52										
53										
54					(Continued)					
55	**For Service Charges See Western Group Service Charge Tariff at the end of this schedule**									

DOCKET NO. W-01445A-15-0277
DECISION NO.

Pinal Valley

Line No.	Class of Service	[A] Basic Service Charge: Present Rate	[B] Basic Service Charge: Proposed Rate - Settlement	[C] Basic Service Charge: Change	[D] Tier Breakover (M Gals)	[E] Tier Breakover (M Gals): Present	[F] Tier Breakover (M Gals): Proposed - Settlement	[G] Volumetric Charge (/M Gal): Present Rate	[H] Volumetric Charge (/M Gal): Proposed Rate - Settlement	[I] Volumetric Charge (/M Gal): Change
3	Abbott Laboratories	$ 800.00	$ 1,200.00	$ 400.00	Tier One	99,999	99,999	$ 1.5500	$ 1.3000	$ (0.2500)
4	(Nonpotable Dedicated 6-inch Service)				Tier Two	99,999	99,999	1.5500	1.3000	(0.2500)
5					Tier Three	99,999	99,999	1.5500	1.3000	(0.2500)
6					Tier Four	99,999	99,999	1.5500	1.3000	(0.2500)
8	Private Fire Service (all connection sizes)	$ 25.00	$ 35.00	$ 10.00	n/a	n/a	n/a	n/a	n/a	n/a
10	Public Fire Hydrant	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
12	Coin Machine (No. of Gallons / $0.25)	n/a	n/a	n/a	n/a	n/a	n/a	109	115	-5.44%

(Continued)

DOCKET NO. W-01445A-15-0277

DECISION NO.

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Changes in Representative Rate Schedules

Pinal Valley

Line No.	Class of Service	[A] Basic Service Charge: Present Rate	[B] Basic Service Charge: Proposed Rate - Settlement	[C] Basic Service Charge: Change	[D] Tier Breakover (M Gals)	[E] Tier Breakover (M Gals): Present	[F] Tier Breakover (M Gals): Proposed - Settlement	[G] Volumetric Charge (/M Gal): Present Rate	[H] Volumetric Charge (/M Gal): Proposed Rate - Settlement	[I] Volumetric Charge (/M Gal): Change
1										
2	Construction 5/8 x 3/4-inch	n/a	$ 25.00	n/a	Tier One	n/a	3	n/a	$ 1.9910	n/a
3					Tier Two	n/a	15	n/a	2.5953	n/a
4					Tier Three	n/a	99,999	n/a	3.8041	n/a
5					Tier Four	n/a	99,999	n/a	3.8041	n/a
6										
7	Construction 3/4-inch	n/a	$ 37.50	n/a	Tier One	n/a	5	n/a	$ 1.9910	n/a
8					Tier Two	n/a	20	n/a	2.5953	n/a
9					Tier Three	n/a	99,999	n/a	3.8041	n/a
10					Tier Four	n/a	99,999	n/a	3.8041	n/a
11										
12	Construction 1-inch	n/a	$ 62.50	n/a	Tier One	n/a	8	n/a	$ 1.9910	n/a
13					Tier Two	n/a	38	n/a	2.5953	n/a
14					Tier Three	n/a	99,999	n/a	3.8041	n/a
15					Tier Four	n/a	99,999	n/a	3.8041	n/a
16										
17	Construction ½-inch	n/a	$ 125.00	n/a	Tier One	n/a	15	n/a	$ 1.9910	n/a
18					Tier Two	n/a	75	n/a	2.5953	n/a
19					Tier Three	n/a	99,999	n/a	3.8041	n/a
20					Tier Four	n/a	99,999	n/a	3.8041	n/a
21										
22	Construction 2-Inch	$ 128.00	$ 200.00	$ 72.00	Tier One	95	24	$ 2.1026	$ 1.9910	$ (0.1116)
23					Tier Two	99,999	120	3.2590	2.5953	(0.6637)
24					Tier Three	99,999	99,999	3.2590	3.8041	0.5451
25					Tier Four	99,999	99,999	3.2590	3.8041	0.5451
26										
27	Construction 3-Inch	$ 256.00	$ 400.00	$ 144.00	Tier One	195	48	$ 2.1026	$ 1.9910	$ (0.1116)
28					Tier Two	99,999	240	3.2590	2.5953	(0.6637)
29					Tier Three	99,999	99,999	3.2590	3.8041	0.5451
30					Tier Four	99,999	99,999	3.2590	3.8041	0.5451
31										
32	Construction 4-Inch	$ 400.00	$ 625.00	$ 225.00	Tier One	315	75	$ 2.1026	$ 1.9910	$ (0.1116)
33					Tier Two	99,999	375	3.2590	2.5953	(0.6637)
34					Tier Three	99,999	99,999	3.2590	3.8041	0.5451
35					Tier Four	99,999	99,999	3.2590	3.8041	0.5451
36										
37	Construction 6-Inch	n/a	$ 1,250.00	n/a	Tier One	n/a	150	n/a	$ 1.9910	n/a
38					Tier Two	n/a	750	n/a	2.5953	n/a
39					Tier Three	n/a	99,999	n/a	3.8041	n/a
40					Tier Four	n/a	99,999	n/a	3.8041	n/a
41										
42	Construction 8-Inch	n/a	$ 2,000.00	n/a	Tier One	n/a	240	n/a	$ 1.9910	n/a
43					Tier Two	n/a	1,200	n/a	2.5953	n/a
44					Tier Three	n/a	99,999	n/a	3.8041	n/a
45					Tier Four	n/a	99,999	n/a	3.8041	n/a
46										
47	Construction 10-Inch	n/a	$ 2,875.00	n/a	Tier One	n/a	345	n/a	$ 1.9910	n/a
48					Tier Two	n/a	1,725	n/a	2.5953	n/a
49					Tier Three	n/a	99,999	n/a	3.8041	n/a
50					Tier Four	n/a	99,999	n/a	3.8041	n/a
51					(Continued)					
52										
53					(Continued)					
54										
55	**For Service Charges See Western Group Service Charge Tariff at the end of this schedule**									

DECISION NO.
DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Changes in Representative Rate Schedules

Pinal Valley

Line No.	Class of Service	[A] Basic Service Charge: Present Rate	[B] Basic Service Charge: Proposed Rate - Settlement	[C] Basic Service Charge: Change	[D] Tier Breakover (M Gals)	[E] Tier Breakover (M Gals): Present	[F] Tier Breakover (M Gals): Proposed - Settlement	[G] Volumetric Charge (/M Gal): Present Rate	[H] Volumetric Charge (/M Gal): Proposed Rate - Settlement	[I] Volumetric Charge (/M Gal): Change
1										
2										
3	Sales for Resale 5/8-Inch	$ 16.00	$ 25.00	$ 9.00	Tier One	99,999	99,999	$ 1.5500	$ 1.9910	$ 0.4410
4					Tier Two	99,999	99,999	1.5500	1.9910	0.4410
5					Tier Three	99,999	99,999	1.5500	1.9910	0.4410
6					Tier Four	99,999	99,999	1.5500	1.9910	0.4410
7										
8	Sales for Resale 3/4-Inch	n/a	$ 37.50	n/a	Tier One	n/a	99,999	n/a	$ 1.9910	n/a
9					Tier Two	n/a	99,999	n/a	1.9910	n/a
10					Tier Three	n/a	99,999	n/a	1.9910	n/a
11					Tier Four	n/a	99,999	n/a	1.9910	n/a
12										
13	Sales for Resale 1-Inch	$ 40.00	$ 62.50	$ 22.50	Tier One	99,999	99,999	$ 1.5500	$ 1.9910	$ 0.4410
14					Tier Two	99,999	99,999	1.5500	1.9910	0.4410
15					Tier Three	99,999	99,999	1.5500	1.9910	0.4410
16					Tier Four	99,999	99,999	1.5500	1.9910	0.4410
17										
18	Sales for Resale ½-Inch	$ 80.00	$ 125.00	$ 45.00	Tier One	99,999	99,999	$ 1.5500	$ 1.9910	$ 0.4410
19					Tier Two	99,999	99,999	1.5500	1.9910	0.4410
20					Tier Three	99,999	99,999	1.5500	1.9910	0.4410
21					Tier Four	99,999	99,999	1.5500	1.9910	0.4410
22										
23	Sales for Resale 2-Inch	$ 128.00	$ 200.00	$ 72.00	Tier One	99,999	99,999	$ 1.5500	$ 1.9910	$ 0.4410
24					Tier Two	99,999	99,999	1.5500	1.9910	0.4410
25					Tier Three	99,999	99,999	1.5500	1.9910	0.4410
26					Tier Four	99,999	99,999	1.5500	1.9910	0.4410
27										
28	Sales for Resale 3-Inch	$ 256.00	$ 400.00	$ 144.00	Tier One	99,999	99,999	$ 1.5500	$ 1.9910	$ 0.4410
29					Tier Two	99,999	99,999	1.5500	1.9910	0.4410
30					Tier Three	99,999	99,999	1.5500	1.9910	0.4410
31					Tier Four	99,999	99,999	1.5500	1.9910	0.4410
32										
33	Sales for Resale 4-Inch	$ 400.00	$ 625.00	$ 225.00	Tier One	99,999	99,999	$ 1.5500	$ 1.9910	$ 0.4410
34					Tier Two	99,999	99,999	1.5500	1.9910	0.4410
35					Tier Three	99,999	99,999	1.5500	1.9910	0.4410
36					Tier Four	99,999	99,999	1.5500	1.9910	0.4410
37										
38	Sales for Resale 6-Inch	$ 800.00	$ 1,250.00	$ 450.00	Tier One	99,999	99,999	$ 1.5500	$ 1.9910	$ 0.4410
39					Tier Two	99,999	99,999	1.5500	1.9910	0.4410
40					Tier Three	99,999	99,999	1.5500	1.9910	0.4410
41					Tier Four	99,999	99,999	1.5500	1.9910	0.4410
42										
43	Sales for Resale 8-Inch	$ 1,280.00	$ 2,000.00	$ 720.00	Tier One	99,999	99,999	$ 1.5500	$ 1.9910	$ 0.4410
44					Tier Two	99,999	99,999	1.5500	1.9910	0.4410
45					Tier Three	99,999	99,999	1.5500	1.9910	0.4410
46					Tier Four	99,999	99,999	1.5500	1.9910	0.4410
47										
48	Sales for Resale 10-Inch	$ 1,840.00	$ 2,875.00	$ 1,035.00	Tier One	99,999	99,999	$ 1.5500	$ 1.9910	$ 0.4410
49					Tier Two	99,999	99,999	1.5500	1.9910	0.4410
50					Tier Three	99,999	99,999	1.5500	1.9910	0.4410
51					Tier Four	99,999	99,999	1.5500	1.9910	0.4410
52										
53										
54										
55	**For Service Charges See Western Group Service Charge Tariff at the end of this schedule**									

DOCKET NO. W-01445A-15-0277
DECISION NO.

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Changes in Representative Rate Schedules

White Tank

Line No.	Class of Service	[A] Basic Service Charge Present Rate	[B] Basic Service Charge Proposed Rate - Settlement	[C] Basic Service Charge Change	[D] Tier Breakover (M Gals)	[E] Tier Breakover (M Gals) Present	[F] Tier Breakover (M Gals) Proposed - Settlement	[G] Volumetric Charge (/M Gal) Present Rate	[H] Volumetric Charge (/M Gal) Proposed Rate - Settlement	[I] Volumetric Charge (/M Gal) Change
1										
2	Residential 5/8 x 3/4 -inch	$ 23.00	$ 29.00	$ 6.00	Tier One	5	3	$ 1.8000	$ 2.0810	$ 0.2810
3					Tier Two	15	10	3.0000	3.0541	0.0541
4					Tier Three	99,999	30	5.1664	4.0271	(1.1393)
5					Tier Four	99,999	99,999	5.1664	5.9731	0.8067
6										
7	Residential 3/4-inch	n/a	$ 43.50	n/a	Tier One	n/a	5	n/a	$ 2.0810	n/a
8					Tier Two	n/a	15	n/a	3.0541	n/a
9					Tier Three	n/a	30	n/a	4.0271	n/a
10					Tier Four	n/a	99,999	n/a	5.9731	n/a
11										
12	Residential 1-inch	$ 57.50	$ 72.50	$ 15.00	Tier One	25	8	$ 3.0000	$ 3.0541	$ 0.0541
13					Tier Two	99,999	20	5.1664	4.0271	(1.1393)
14					Tier Three	99,999	99,999	5.1664	5.9731	0.8067
15					Tier Four	99,999	99,999	5.1664	5.9731	0.8067
16										
17	Residential 1½-inch	$ 115.00	$ 145.00	$ 30.00	Tier One	50	15	$ 3.0000	$ 3.0541	$ 0.0541
18					Tier Two	99,999	35	5.1664	4.0271	(1.1393)
19					Tier Three	99,999	99,999	5.1664	5.9731	0.8067
20					Tier Four	99,999	99,999	5.1664	5.9731	0.8067
21										
22	Residential 2-inch	$ 184.00	$ 232.00	$ 48.00	Tier One	80	24	$ 3.0000	$ 3.0541	$ 0.0541
23					Tier Two	99,999	60	5.1664	4.0271	(1.1393)
24					Tier Three	99,999	99,999	5.1664	5.9731	0.8067
25					Tier Four	99,999	99,999	5.1664	5.9731	0.8067
26										
27	Residential 3-inch	$ 368.00	$ 464.00	$ 96.00	Tier One	160	48	$ 3.0000	$ 3.0541	$ 0.0541
28					Tier Two	99,999	120	5.1664	4.0271	(1.1393)
29					Tier Three	99,999	99,999	5.1664	5.9731	0.8067
30					Tier Four	99,999	99,999	5.1664	5.9731	0.8067
31										
32	Residential 4-inch	$ 575.00	$ 725.00	$ 150.00	Tier One	250	75	$ 3.0000	$ 3.0541	$ 0.0541
33					Tier Two	99,999	200	5.1664	4.0271	(1.1393)
34					Tier Three	99,999	99,999	5.1664	5.9731	0.8067
35					Tier Four	99,999	99,999	5.1664	5.9731	0.8067
36										
37	Residential 6-inch	$ 1,150.00	$ 1,450.00	$ 300.00	Tier One	500	150	$ 3.0000	$ 3.0541	$ 0.0541
38					Tier Two	99,999	425	5.1664	4.0271	(1.1393)
39					Tier Three	99,999	99,999	5.1664	5.9731	0.8067
40					Tier Four	99,999	99,999	5.1664	5.9731	0.8067
41										
42	Residential 8-inch	$ 1,840.00	$ 2,320.00	$ 480.00	Tier One	800	240	$ 3.0000	$ 3.0541	$ 0.0541
43					Tier Two	99,999	800	5.1664	4.0271	(1.1393)
44					Tier Three	99,999	99,999	5.1664	5.9731	0.8067
45					Tier Four	99,999	99,999	5.1664	5.9731	0.8067
46										
47	Residential 10-inch	$ 2,645.00	$ 3,335.00	$ 690.00	Tier One	1,150	345	$ 3.0000	$ 3.0541	$ 0.0541
48					Tier Two	99,999	1,150	5.1664	4.0271	(1.1393)
49					Tier Three	99,999	99,999	5.1664	5.9731	0.8067
50					Tier Four	99,999	99,999	5.1664	5.9731	0.8067
51										
52										
53					(Continued)					
54										
55	**For Service Charges See Western Group Service Charge Tariff at the end of this schedule**									

DOCKET NO. W-01445A-15-0277
DECISION NO.

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Changes in Representative Rate Schedules

White Tank

Line No.	Class of Service	[A] Basic Service Charge: Present Rate	[B] Basic Service Charge: Proposed Rate - Settlement	[C] Basic Service Charge: Change	[D]	[E] Tier Breakover (M Gals): Present	[F] Tier Breakover (M Gals): Proposed - Settlement	[G] Volumetric Charge (/M Gal): Present Rate	[H] Volumetric Charge (/M Gal): Proposed Rate - Settlement	[I] Volumetric Charge (/M Gal): Change
1										
2	Commercial 5/8 x 3/4 -inch	$ 23.00	$ 35.00	$ 12.00	Tier One	10	5	$ 3.0000	$ 3.0541	$ 0.0541
3					Tier Two	99,999	20	5.1664	4.0271	(1.1393)
4					Tier Three	99,999	99,999	5.1664	5.9731	0.8067
5					Tier Four	99,999	99,999	5.1664	5.9731	0.8067
6										
7	Commercial 3/4-inch	n/a	$ 52.50	n/a	Tier One	n/a	8	n/a	$ 3.0541	n/a
8					Tier Two	n/a	25	n/a	4.0271	n/a
9					Tier Three	n/a	99,999	n/a	5.9731	n/a
10					Tier Four	n/a	99,999	n/a	5.9731	n/a
11										
12	Commercial 1-inch	$ 57.50	$ 87.50	$ 30.00	Tier One	20	13	$ 3.0000	$ 3.0541	$ 0.0541
13					Tier Two	99,999	35	5.1664	4.0271	(1.1393)
14					Tier Three	99,999	99,999	5.1664	5.9731	0.8067
15					Tier Four	99,999	99,999	5.1664	5.9731	0.8067
16										
17	Commercial 1½-inch	$ 115.00	$ 175.00	$ 60.00	Tier One	45	25	$ 3.0000	$ 3.0541	$ 0.0541
18					Tier Two	99,999	50	5.1664	4.0271	(1.1393)
19					Tier Three	99,999	99,999	5.1664	5.9731	0.8067
20					Tier Four	99,999	99,999	5.1664	5.9731	0.8067
21										
22	Commercial 2-inch	$ 184.00	$ 280.00	$ 96.00	Tier One	75	40	$ 3.0000	$ 3.0541	$ 0.0541
23					Tier Two	99,999	75	5.1664	4.0271	(1.1393)
24					Tier Three	99,999	99,999	5.1664	5.9731	0.8067
25					Tier Four	99,999	99,999	5.1664	5.9731	0.8067
26										
27	Commercial 3-inch	$ 368.00	$ 560.00	$ 192.00	Tier One	155	80	$ 3.0000	$ 3.0541	$ 0.0541
28					Tier Two	99,999	150	5.1664	4.0271	(1.1393)
29					Tier Three	99,999	99,999	5.1664	5.9731	0.8067
30					Tier Four	99,999	99,999	5.1664	5.9731	0.8067
31										
32	Commercial 4-inch	$ 575.00	$ 875.00	$ 300.00	Tier One	245	125	$ 3.0000	$ 3.0541	$ 0.0541
33					Tier Two	99,999	240	5.1664	4.0271	(1.1393)
34					Tier Three	99,999	99,999	5.1664	5.9731	0.8067
35					Tier Four	99,999	99,999	5.1664	5.9731	0.8067
36										
37	Commercial 6-inch	$ 1,150.00	$ 1,750.00	$ 600.00	Tier One	500	250	$ 3.0000	$ 3.0541	$ 0.0541
38					Tier Two	99,999	1,000	5.1664	4.0271	(1.1393)
39					Tier Three	99,999	99,999	5.1664	5.9731	0.8067
40					Tier Four	99,999	99,999	5.1664	5.9731	0.8067
41										
42	Commercial 8-inch	$ 1,840.00	$ 2,800.00	$ 960.00	Tier One	800	400	$ 3.0000	$ 3.0541	$ 0.0541
43					Tier Two	99,999	1,600	5.1664	4.0271	(1.1393)
44					Tier Three	99,999	99,999	5.1664	5.9731	0.8067
45					Tier Four	99,999	99,999	5.1664	5.9731	0.8067
46										
47	Commercial 10-inch	$ 2,645.00	$ 4,025.00	$ 1,380.00	Tier One	1,150	575	$ 3.0000	$ 3.0541	$ 0.0541
48					Tier Two	99,999	2,300	5.1664	4.0271	(1.1393)
49					Tier Three	99,999	99,999	5.1664	5.9731	0.8067
50					Tier Four	99,999	99,999	5.1664	5.9731	0.8067
51										
52										
53					(Continued)					
54										
55	**For Service Charges See Western Group Service Charge Tariff at the end of this schedule**									

DECISION NO.
DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Changes in Representative Rate Schedules

White Tank

Line No.	Class of Service	[A] Basic Service Charge Present Rate	[B] Basic Service Charge Proposed Rate - Settlement	[C] Basic Service Charge Change	[D] Tier Breakover (M Gals)	[E] Tier Breakover (M Gals) Present	[F] Tier Breakover (M Gals) Proposed - Settlement	[G] Volumetric Charge (/M Gal) Present Rate	[H] Volumetric Charge (/M Gal) Proposed Rate - Settlement	[I] Volumetric Charge (/M Gal) Change
2	Industrial 5/8 x 3/4 -inch	$ 23.00	$ 35.00	$ 12.00	Tier One	10	99,999	$ 3.0000	$ 4.0271	$ 1.0271
3					Tier Two	99,999	99,999	5.1664	4.0271	(1.1393)
4					Tier Three	99,999	99,999	5.1664	4.0271	(1.1393)
5					Tier Four	99,999	99,999	5.1664	4.0271	(1.1393)
7	Industrial 3/4-inch	n/a	$ 52.50	n/a	Tier One	n/a	99,999	n/a	$ 4.0271	n/a
8					Tier Two	n/a	99,999	n/a	4.0271	n/a
9					Tier Three	n/a	99,999	n/a	4.0271	n/a
10					Tier Four	n/a	99,999	n/a	4.0271	n/a
12	Industrial 1-inch	$ 57.50	$ 87.50	$ 30.00	Tier One	20	99,999	$ 3.0000	$ 4.0271	$ 1.0271
13					Tier Two	99,999	99,999	5.1664	4.0271	(1.1393)
14					Tier Three	99,999	99,999	5.1664	4.0271	(1.1393)
15					Tier Four	99,999	99,999	5.1664	4.0271	(1.1393)
17	Industrial 1½-inch	$ 115.00	$ 175.00	$ 60.00	Tier One	45	99,999	$ 3.0000	$ 4.0271	$ 1.0271
18					Tier Two	99,999	99,999	5.1664	4.0271	(1.1393)
19					Tier Three	99,999	99,999	5.1664	4.0271	(1.1393)
20					Tier Four	99,999	99,999	5.1664	4.0271	(1.1393)
22	Industrial 2-inch	$ 184.00	$ 280.00	$ 96.00	Tier One	75	99,999	$ 3.0000	$ 4.0271	$ 1.0271
23					Tier Two	99,999	99,999	5.1664	4.0271	(1.1393)
24					Tier Three	99,999	99,999	5.1664	4.0271	(1.1393)
25					Tier Four	99,999	99,999	5.1664	4.0271	(1.1393)
27	Industrial 3-inch	$ 368.00	$ 560.00	$ 192.00	Tier One	155	99,999	$ 3.0000	$ 4.0271	$ 1.0271
28					Tier Two	99,999	99,999	5.1664	4.0271	(1.1393)
29					Tier Three	99,999	99,999	5.1664	4.0271	(1.1393)
30					Tier Four	99,999	99,999	5.1664	4.0271	(1.1393)
32	Industrial 4-inch	$ 575.00	$ 875.00	$ 300.00	Tier One	245	99,999	$ 3.0000	$ 4.0271	$ 1.0271
33					Tier Two	99,999	99,999	5.1664	4.0271	(1.1393)
34					Tier Three	99,999	99,999	5.1664	4.0271	(1.1393)
35					Tier Four	99,999	99,999	5.1664	4.0271	(1.1393)
37	Industrial 6-inch	$ 1,150.00	$ 1,750.00	$ 600.00	Tier One	99,999	99,999	$ 3.0000	$ 3.5000	$ 0.5000
38					Tier Two	99,999	99,999	3.0000	3.5000	0.5000
39					Tier Three	99,999	99,999	3.0000	3.5000	0.5000
40					Tier Four	99,999	99,999	3.0000	3.5000	0.5000
42	Industrial 8-inch	$ 1,840.00	$ 2,800.00	$ 960.00	Tier One	99,999	99,999	$ 3.0000	$ 3.5000	$ 0.5000
43					Tier Two	99,999	99,999	3.0000	3.5000	0.5000
44					Tier Three	99,999	99,999	3.0000	3.5000	0.5000
45					Tier Four	99,999	99,999	3.0000	3.5000	0.5000
47	Industrial 10-inch	$ 2,645.00	$ 4,025.00	$ 1,380.00	Tier One	99,999	99,999	$ 3.0000	$ 3.5000	$ 0.5000
48					Tier Two	99,999	99,999	3.0000	3.5000	0.5000
49					Tier Three	99,999	99,999	3.0000	3.5000	0.5000
50					Tier Four	99,999	99,999	3.0000	3.5000	0.5000

(Continued)

55 **For Service Charges See Western Group Service Charge Tariff at the end of this schedule**

DOCKET NO. W-01445A-15-0277
DECISION NO.

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Changes in Representative Rate Schedules

Exhibit
Schedule H-3 Settlement
Page 10 of 19
Witness: Reiker

Line No.	Class of Service	[A] Basic Service Charge Present Rate	[B] Basic Service Charge Proposed Rate - Settlement	[C] Basic Service Charge Change	[D] White Tank Tier Breakover (M Gals) Present	[E] White Tank Tier Breakover (M Gals) Proposed - Settlement	[F] White Tank Volumetric Charge (/M Gal) Present Rate	[G] White Tank Volumetric Charge (/M Gal) Proposed Rate - Settlement	[H] White Tank Volumetric Charge (/M Gal) Change
1									
2									
3									
4									
5									
6									
7									
8									
9	Private Fire Service (all connection sizes)	$ 25.00	$ 35.00	$ 10.00					
10									
11	Public Fire Hydrant	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
12									
13	Coin Machine (No. of Gallons / $0.25)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
14									
15									
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17									
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Supporting Schedules:

Recap Schedules:

(Continued)

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DOCKET NO. W-01445A-15-0277

DECISION NO.

White Tank

Line No.	Class of Service	[A] Basic Service Charge Present Rate	[B] Basic Service Charge Proposed Rate - Settlement	[C] Basic Service Charge Change	[D] Tier Breakover (M Gals)	[E] Tier Breakover (M Gals) Present	[F] Tier Breakover (M Gals) Proposed - Settlement	[G] Volumetric Charge (/M Gal) Present Rate	[H] Volumetric Charge (/M Gal) Proposed Rate - Settlement	[I] Volumetric Charge (/M Gal) Change
1										
2										
3	Construction 5/8 x 3/4-inch	n/a	$ 25.00	n/a	Tier One	n/a	5	n/a	$ 3.0541	n/a
4					Tier Two	n/a	20	n/a	4.0271	n/a
5					Tier Three	n/a	99,999	n/a	5.9731	n/a
6					Tier Four	n/a	99,999	n/a	5.9731	n/a
7										
8	Construction 3/4-inch	n/a	$ 37.50	n/a	Tier One	n/a	8	n/a	$ 3.0541	n/a
9					Tier Two	n/a	25	n/a	4.0271	n/a
10					Tier Three	n/a	99,999	n/a	5.9731	n/a
11					Tier Four	n/a	99,999	n/a	5.9731	n/a
12										
13	Construction 1-inch	n/a	$ 62.50	n/a	Tier One	n/a	13	n/a	$ 3.0541	n/a
14					Tier Two	n/a	35	n/a	4.0271	n/a
15					Tier Three	n/a	99,999	n/a	5.9731	n/a
16					Tier Four	n/a	99,999	n/a	5.9731	n/a
17										
18	Construction ½-inch	n/a	$ 125.00	n/a	Tier One	n/a	25	n/a	$ 3.0541	n/a
19					Tier Two	n/a	50	n/a	4.0271	n/a
20					Tier Three	n/a	99,999	n/a	5.9731	n/a
21					Tier Four	n/a	99,999	n/a	5.9731	n/a
22										
23	Construction 2-Inch	$ 184.00	$ 200.00	$ 16.00	Tier One	75	40	$ 3.0000	$ 3.0541	$ 0.0541
24					Tier Two	99,999	75	5.1664	4.0271	(1.1393)
25					Tier Three	99,999	99,999	5.1664	5.9731	0.8067
26					Tier Four	99,999	99,999	5.1664	5.9731	0.8067
27										
28	Construction 3-Inch	$ 368.00	$ 400.00	$ 32.00	Tier One	155	80	$ 3.0000	$ 3.0541	$ 0.0541
29					Tier Two	99,999	150	5.1664	4.0271	(1.1393)
30					Tier Three	99,999	99,999	5.1664	5.9731	0.8067
31					Tier Four	99,999	99,999	5.1664	5.9731	0.8067
32										
33	Construction 4-Inch	$ 575.00	$ 625.00	$ 50.00	Tier One	245	125	$ 3.0000	$ 3.0541	$ 0.0541
34					Tier Two	99,999	240	5.1664	4.0271	(1.1393)
35					Tier Three	99,999	99,999	5.1664	5.9731	0.8067
36					Tier Four	99,999	99,999	5.1664	5.9731	0.8067
37										
38	Construction 6-Inch	n/a	$ 1,250.00	n/a	Tier One	n/a	250	n/a	$ 3.0541	n/a
39					Tier Two	n/a	1,000	n/a	4.0271	n/a
40					Tier Three	n/a	99,999	n/a	5.9731	n/a
41					Tier Four	n/a	99,999	n/a	5.9731	n/a
42										
43	Construction 8-Inch	n/a	$ 2,000.00	n/a	Tier One	n/a	400	n/a	$ 3.0541	n/a
44					Tier Two	n/a	1,600	n/a	4.0271	n/a
45					Tier Three	n/a	99,999	n/a	5.9731	n/a
46					Tier Four	n/a	99,999	n/a	5.9731	n/a
47										
48	Construction 10-Inch	n/a	$ 2,875.00	n/a	Tier One	n/a	575	n/a	$ 3.0541	n/a
49					Tier Two	n/a	2,300	n/a	4.0271	n/a
50					Tier Three	n/a	99,999	n/a	5.9731	n/a
51					Tier Four	n/a	99,999	n/a	5.9731	n/a
52					(Continued)					
53										
54					(Continued)					
55	**For Service Charges See Western Group Service Charge Tariff at the end of this schedule**									

DOCKET NO. W-01445A-15-0277

DECISION NO.

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Changes in Representative Rate Schedules

White Tank

Line No.	Class of Service	[A] Basic Service Charge Present Rate	[B] Basic Service Charge Proposed Rate - Settlement	[C] Basic Service Charge Change	[D] Tier Breakover (M Gals)	[E] Tier Breakover (M Gals) Present	[F] Tier Breakover (M Gals) Proposed - Settlement	[G] Volumetric Charge (/M Gal) Present Rate	[H] Volumetric Charge (/M Gal) Proposed Rate - Settlement	[I] Volumetric Charge (/M Gal) Change
1										
2										
3	Sales for Resale 5/8-Inch	$ 23.00	$ 25.00	$ 2.00	Tier One	99,999	99,999	$ 3.0000	$ 3.0541	$ 0.0541
4					Tier Two	99,999	99,999	3.0000	3.0541	0.0541
5					Tier Three	99,999	99,999	3.0000	3.0541	0.0541
6					Tier Four	99,999	99,999	3.0000	3.0541	0.0541
7										
8	Sales for Resale 3/4-Inch	n/a	$ 37.50	n/a	Tier One	n/a	99,999	n/a	$ 3.0541	n/a
9					Tier Two	n/a	99,999	n/a	3.0541	n/a
10					Tier Three	n/a	99,999	n/a	3.0541	n/a
11					Tier Four	n/a	99,999	n/a	3.0541	n/a
12										
13	Sales for Resale 1-Inch	$ 57.50	$ 62.50	$ 5.00	Tier One	99,999	99,999	$ 3.0000	$ 3.0541	$ 0.0541
14					Tier Two	99,999	99,999	3.0000	3.0541	0.0541
15					Tier Three	99,999	99,999	3.0000	3.0541	0.0541
16					Tier Four	99,999	99,999	3.0000	3.0541	0.0541
17										
18	Sales for Resale ¼-Inch	$ 115.00	$ 125.00	$ 10.00	Tier One	99,999	99,999	$ 3.0000	$ 3.0541	$ 0.0541
19					Tier Two	99,999	99,999	3.0000	3.0541	0.0541
20					Tier Three	99,999	99,999	3.0000	3.0541	0.0541
21					Tier Four	99,999	99,999	3.0000	3.0541	0.0541
22										
23	Sales for Resale 2-Inch	$ 184.00	$ 200.00	$ 16.00	Tier One	99,999	99,999	$ 3.0000	$ 3.0541	$ 0.0541
24					Tier Two	99,999	99,999	3.0000	3.0541	0.0541
25					Tier Three	99,999	99,999	3.0000	3.0541	0.0541
26					Tier Four	99,999	99,999	3.0000	3.0541	0.0541
27										
28	Sales for Resale 3-Inch	$ 368.00	$ 400.00	$ 32.00	Tier One	99,999	99,999	$ 3.0000	$ 3.0541	$ 0.0541
29					Tier Two	99,999	99,999	3.0000	3.0541	0.0541
30					Tier Three	99,999	99,999	3.0000	3.0541	0.0541
31					Tier Four	99,999	99,999	3.0000	3.0541	0.0541
32										
33	Sales for Resale 4-Inch	$ 575.00	$ 625.00	$ 50.00	Tier One	99,999	99,999	$ 3.0000	$ 3.0541	$ 0.0541
34					Tier Two	99,999	99,999	3.0000	3.0541	0.0541
35					Tier Three	99,999	99,999	3.0000	3.0541	0.0541
36					Tier Four	99,999	99,999	3.0000	3.0541	0.0541
37										
38	Sales for Resale 6-Inch	$ 1,150.00	$ 1,250.00	$ 100.00	Tier One	99,999	99,999	$ 3.0000	$ 3.0541	$ 0.0541
39					Tier Two	99,999	99,999	3.0000	3.0541	0.0541
40					Tier Three	99,999	99,999	3.0000	3.0541	0.0541
41					Tier Four	99,999	99,999	3.0000	3.0541	0.0541
42										
43	Sales for Resale 8-Inch	$ 1,840.00	$ 2,000.00	$ 160.00	Tier One	99,999	99,999	$ 3.0000	$ 3.0541	$ 0.0541
44					Tier Two	99,999	99,999	3.0000	3.0541	0.0541
45					Tier Three	99,999	99,999	3.0000	3.0541	0.0541
46					Tier Four	99,999	99,999	3.0000	3.0541	0.0541
47										
48	Sales for Resale 10-Inch	$ 2,645.00	$ 2,875.00	$ 230.00	Tier One	99,999	99,999	$ 3.0000	$ 3.0541	$ 0.0541
49					Tier Two	99,999	99,999	3.0000	3.0541	0.0541
50					Tier Three	99,999	99,999	3.0000	3.0541	0.0541
51					Tier Four	99,999	99,999	3.0000	3.0541	0.0541
52										
53										
54										
55	**For Service Charges See Western Group Service Charge Tariff at the end of this schedule**									

Supporting Schedules:

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DOCKET NO. W-01445A-15-0277

DECISION NO.

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Changes in Representative Rate Schedules

Ajo

Line No.	Class of Service	[A] Basic Service Charge: Present Rate	[B] Basic Service Charge: Proposed Rate - Settlement	[C] Basic Service Charge: Change	[D] Tier Breakover (M Gals)	[E] Tier Breakover (M Gals): Present	[F] Tier Breakover (M Gals): Proposed - Settlement	[G] Volumetric Charge (/M Gal): Present Rate	[H] Volumetric Charge (/M Gal): Proposed Rate - Settlement	[I] Volumetric Charge (/M Gal): Change
1										
2	Residential 5/8 x 3/4 -inch	$ 25.00	$ 28.00	$ 3.00	Tier One	3	2	$ 3.3617	$ 3.9210	$ 0.5593
3					Tier Two	10	5	5.9502	5.6300	(0.3202)
4					Tier Three	99,999	10	9.2228	7.3391	(1.8837)
5					Tier Four	99,999	99,999	9.2228	10.7572	1.5344
6										
7	Residential 3/4-inch	n/a	$ 42.00	n/a	Tier One	n/a	3	n/a	$ 3.9210	n/a
8					Tier Two	n/a	7	n/a	5.6300	n/a
9					Tier Three	n/a	11	n/a	7.3391	n/a
10					Tier Four	n/a	99,999	n/a	10.7572	n/a
11										
12	Residential 1-inch	$ 62.50	$ 70.00	$ 7.50	Tier One	15	5	$ 5.9502	$ 5.6300	$ (0.3202)
13					Tier Two	99,999	13	9.2228	7.3391	(1.8837)
14					Tier Three	99,999	99,999	9.2228	10.7572	1.5344
15					Tier Four	99,999	99,999	9.2228	10.7572	1.5344
16										
17	Residential 1½-inch	$ 125.00	$ 140.00	$ 15.00	Tier One	30	10	$ 5.9502	$ 5.6300	$ (0.3202)
18					Tier Two	99,999	25	9.2228	7.3391	(1.8837)
19					Tier Three	99,999	99,999	9.2228	10.7572	1.5344
20					Tier Four	99,999	99,999	9.2228	10.7572	1.5344
21										
22	Residential 2-inch	$ 200.00	$ 224.00	$ 24.00	Tier One	50	16	$ 5.9502	$ 5.6300	$ (0.3202)
23					Tier Two	99,999	40	9.2228	7.3391	(1.8837)
24					Tier Three	99,999	99,999	9.2228	10.7572	1.5344
25					Tier Four	99,999	99,999	9.2228	10.7572	1.5344
26										
27	Residential 3-inch	$ 400.00	$ 448.00	$ 48.00	Tier One	100	32	$ 5.9502	$ 5.6300	$ (0.3202)
28					Tier Two	99,999	80	9.2228	7.3391	(1.8837)
29					Tier Three	99,999	99,999	9.2228	10.7572	1.5344
30					Tier Four	99,999	99,999	9.2228	10.7572	1.5344
31										
32	Residential 4-inch	$ 625.00	$ 700.00	$ 75.00	Tier One	150	50	$ 5.9502	$ 5.6300	$ (0.3202)
33					Tier Two	99,999	125	9.2228	7.3391	(1.8837)
34					Tier Three	99,999	99,999	9.2228	10.7572	1.5344
35					Tier Four	99,999	99,999	9.2228	10.7572	1.5344
36										
37	Residential 6-inch	$ 1,250.00	$ 1,400.00	$ 150.00	Tier One	330	100	$ 5.9502	$ 5.6300	$ (0.3202)
38					Tier Two	99,999	250	9.2228	7.3391	(1.8837)
39					Tier Three	99,999	99,999	9.2228	10.7572	1.5344
40					Tier Four	99,999	99,999	9.2228	10.7572	1.5344
41										
42	Residential 8-inch	$ 2,000.00	$ 2,240.00	$ 240.00	Tier One	525	160	$ 5.9502	$ 5.6300	$ (0.3202)
43					Tier Two	99,999	400	9.2228	7.3391	(1.8837)
44					Tier Three	99,999	99,999	9.2228	10.7572	1.5344
45					Tier Four	99,999	99,999	9.2228	10.7572	1.5344
46										
47	Residential 10-inch	$ 2,875.00	$ 3,220.00	$ 345.00	Tier One	775	230	$ 5.9502	$ 5.6300	$ (0.3202)
48					Tier Two	99,999	575	9.2228	7.3391	(1.8837)
49					Tier Three	99,999	99,999	9.2228	10.7572	1.5344
50					Tier Four	99,999	99,999	9.2228	10.7572	1.5344
51										
52										
53					(Continued)					
54										
55	**For Service Charges See Western Group Service Charge Tariff at the end of this schedule**									

Supporting Schedules:

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Recap Schedules

DOCKET NO. W-01445A-15-0277

DECISION NO.

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Changes in Representative Rate Schedules

Ajo

Line No.	Class of Service	[A] Basic Service Charge: Present Rate	[B] Basic Service Charge: Proposed Rate - Settlement	[C] Basic Service Charge: Change	[D] Tier Breakover (M Gals)	[E] Tier Breakover (M Gals): Present	[F] Tier Breakover (M Gals): Proposed - Settlement	[G] Volumetric Charge (/M Gal): Present Rate	[H] Volumetric Charge (/M Gal): Proposed Rate - Settlement	[I] Volumetric Charge (/M Gal): Change
1										
2	Commercial 5/8 x 3/4 -inch	$ 25.00	$ 33.00	$ 8.00	Tier One	10	2	$ 5.9502	$ 5.6300	$ (0.3202)
3					Tier Two	99,999	18	9.2228	7.3391	(1.8837)
4					Tier Three	99,999	99,999	9.2228	10.7572	1.5344
5					Tier Four	99,999	99,999	9.2228	10.7572	1.5344
6										
7	Commercial 3/4-inch	n/a	$ 49.50	n/a	Tier One	n/a	3	n/a	$ 5.6300	n/a
8					Tier Two	n/a	20	n/a	7.3391	n/a
9					Tier Three	n/a	99,999	n/a	10.7572	n/a
10					Tier Four	n/a	99,999	n/a	10.7572	n/a
11										
12	Commercial 1-inch	$ 62.50	$ 82.50	$ 20.00	Tier One	15	5	$ 5.9502	$ 5.6300	$ (0.3202)
13					Tier Two	99,999	25	9.2228	7.3391	(1.8837)
14					Tier Three	99,999	99,999	9.2228	10.7572	1.5344
15					Tier Four	99,999	99,999	9.2228	10.7572	1.5344
16										
17	Commercial 1½-inch	$ 125.00	$ 165.00	$ 40.00	Tier One	30	10	$ 5.9502	$ 5.6300	$ (0.3202)
18					Tier Two	99,999	40	9.2228	7.3391	(1.8837)
19					Tier Three	99,999	99,999	9.2228	10.7572	1.5344
20					Tier Four	99,999	99,999	9.2228	10.7572	1.5344
21										
22	Commercial 2-inch	$ 200.00	$ 264.00	$ 64.00	Tier One	50	16	$ 5.9502	$ 5.6300	$ (0.3202)
23					Tier Two	99,999	60	9.2228	7.3391	(1.8837)
24					Tier Three	99,999	99,999	9.2228	10.7572	1.5344
25					Tier Four	99,999	99,999	9.2228	10.7572	1.5344
26										
27	Commercial 3-inch	$ 400.00	$ 528.00	$ 128.00	Tier One	100	32	$ 5.9502	$ 5.6300	$ (0.3202)
28					Tier Two	99,999	120	9.2228	7.3391	(1.8837)
29					Tier Three	99,999	99,999	9.2228	10.7572	1.5344
30					Tier Four	99,999	99,999	9.2228	10.7572	1.5344
31										
32	Commercial 4-inch	$ 625.00	$ 825.00	$ 200.00	Tier One	150	50	$ 5.9502	$ 5.6300	$ (0.3202)
33					Tier Two	99,999	185	9.2228	7.3391	(1.8837)
34					Tier Three	99,999	99,999	9.2228	10.7572	1.5344
35					Tier Four	99,999	99,999	9.2228	10.7572	1.5344
36										
37	Commercial 6-inch	$ 1,250.00	$ 1,650.00	$ 400.00	Tier One	330	100	$ 5.9502	$ 5.6300	$ (0.3202)
38					Tier Two	99,999	300	9.2228	7.3391	(1.8837)
39					Tier Three	99,999	99,999	9.2228	10.7572	1.5344
40					Tier Four	99,999	99,999	9.2228	10.7572	1.5344
41										
42	Commercial 8-inch	$ 2,000.00	$ 2,640.00	$ 640.00	Tier One	525	160	$ 5.9502	$ 5.6300	$ (0.3202)
43					Tier Two	99,999	500	9.2228	7.3391	(1.8837)
44					Tier Three	99,999	99,999	9.2228	10.7572	1.5344
45					Tier Four	99,999	99,999	9.2228	10.7572	1.5344
46										
47	Commercial 10-inch	$ 2,875.00	$ 3,795.00	$ 920.00	Tier One	775	230	$ 5.9502	$ 5.6300	$ (0.3202)
48					Tier Two	99,999	750	9.2228	7.3391	(1.8837)
49					Tier Three	99,999	99,999	9.2228	10.7572	1.5344
50					Tier Four	99,999	99,999	9.2228	10.7572	1.5344
51										
52					(Continued)					
53										
54										
55	**For Service Charges See Western Group Service Charge Tariff at the end of this schedule**									

Supporting Schedules:

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Processing Date: 5/4/2016 8:14 AM

Recap Schedules:

DECISION NO.

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Changes in Representative Rate Schedules

Ajo

Line No.	Class of Service	[A] Basic Service Charge: Present Rate	[B] Basic Service Charge: Proposed Rate - Settlement	[C] Basic Service Charge: Change	[D] Tier Breakover (M Gals)	[E] Tier Breakover (M Gals): Present	[F] Tier Breakover (M Gals): Proposed - Settlement	[G] Volumetric Charge (/M Gal): Present Rate	[H] Volumetric Charge (/M Gal): Proposed Rate - Settlement	[I] Volumetric Charge (/M Gal): Change
1										
2	Industrial 5/8 x 3/4 -inch	$ 25.00	$ 35.00	$ 10.00	Tier One	10	99,999	$ 5.9502	$ 7.3391	$ 1.3889
3					Tier Two	99,999	99,999	9.2228	7.3391	(1.8837)
4					Tier Three	99,999	99,999	9.2228	7.3391	(1.8837)
5					Tier Four	99,999	99,999	9.2228	7.3391	(1.8837)
6										
7	Industrial 3/4-inch	n/a	$ 52.50	n/a	Tier One	n/a	99,999	n/a	$ 7.3391	n/a
8					Tier Two	n/a	99,999	n/a	7.3391	n/a
9					Tier Three	n/a	99,999	n/a	7.3391	n/a
10					Tier Four	n/a	99,999	n/a	7.3391	n/a
11										
12	Industrial 1-inch	$ 62.50	$ 87.50	$ 25.00	Tier One	15	99,999	$ 5.9502	$ 7.3391	$ 1.3889
13					Tier Two	99,999	99,999	9.2228	7.3391	(1.8837)
14					Tier Three	99,999	99,999	9.2228	7.3391	(1.8837)
15					Tier Four	99,999	99,999	9.2228	7.3391	(1.8837)
16										
17	Industrial 1½-inch	$ 125.00	$ 175.00	$ 50.00	Tier One	30	99,999	$ 5.9502	$ 7.3391	$ 1.3889
18					Tier Two	99,999	99,999	9.2228	7.3391	(1.8837)
19					Tier Three	99,999	99,999	9.2228	7.3391	(1.8837)
20					Tier Four	99,999	99,999	9.2228	7.3391	(1.8837)
21										
22	Industrial 2-inch	$ 200.00	$ 280.00	$ 80.00	Tier One	50	99,999	$ 5.9502	$ 7.3391	$ 1.3889
23					Tier Two	99,999	99,999	9.2228	7.3391	(1.8837)
24					Tier Three	99,999	99,999	9.2228	7.3391	(1.8837)
25					Tier Four	99,999	99,999	9.2228	7.3391	(1.8837)
26										
27	Industrial 3-inch	$ 400.00	$ 560.00	$ 160.00	Tier One	100	99,999	$ 5.9502	$ 7.3391	$ 1.3889
28					Tier Two	99,999	99,999	9.2228	7.3391	(1.8837)
29					Tier Three	99,999	99,999	9.2228	7.3391	(1.8837)
30					Tier Four	99,999	99,999	9.2228	7.3391	(1.8837)
31										
32	Industrial 4-inch	$ 625.00	$ 875.00	$ 250.00	Tier One	150	99,999	$ 5.9502	$ 7.3391	$ 1.3889
33					Tier Two	99,999	99,999	9.2228	7.3391	(1.8837)
34					Tier Three	99,999	99,999	9.2228	7.3391	(1.8837)
35					Tier Four	99,999	99,999	9.2228	7.3391	(1.8837)
36										
37	Industrial 6-inch	$ 1,250.00	$ 1,750.00	$ 500.00	Tier One	99,999	99,999	$ 5.9502	$ 2.2500	$ (3.7002)
38					Tier Two	99,999	99,999	5.9502	2.2500	(3.7002)
39					Tier Three	99,999	99,999	5.9502	2.2500	(3.7002)
40					Tier Four	99,999	99,999	5.9502	2.2500	(3.7002)
41										
42	Industrial 8-inch	$ 2,000.00	$ 2,800.00	$ 800.00	Tier One	99,999	99,999	$ 5.9502	$ 2.2500	$ (3.7002)
43					Tier Two	99,999	99,999	5.9502	2.2500	(3.7002)
44					Tier Three	99,999	99,999	5.9502	2.2500	(3.7002)
45					Tier Four	99,999	99,999	5.9502	2.2500	(3.7002)
46										
47	Industrial 10-inch	$ 2,875.00	$ 4,025.00	$ 1,150.00	Tier One	99,999	99,999	$ 5.9502	$ 2.2500	$ (3.7002)
48					Tier Two	99,999	99,999	5.9502	2.2500	(3.7002)
49					Tier Three	99,999	99,999	5.9502	2.2500	(3.7002)
50					Tier Four	99,999	99,999	5.9502	2.2500	(3.7002)
51										
52										
53										
54					(Continued)					
55	**For Service Charges See Western Group Service Charge Tariff at the end of this schedule**									

DOCKET NO. W-01445A-15-0277
DECISION NO.

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Changes in Representative Rate Schedules

Ajo

Line No.	Class of Service	[A] Basic Service Charge: Present Rate	[B] Basic Service Charge: Proposed Rate - Settlement	[C] Basic Service Charge: Change	[D] Tier Breakover (M Gals): Present	[E] Tier Breakover (M Gals): Proposed - Settlement	[F]	[G] Volumetric Charge (/M Gal): Present Rate	[H] Volumetric Charge (/M Gal): Proposed Rate - Settlement	[I] Volumetric Charge (/M Gal): Change
8	Private Fire Service (all connection sizes)	$ 25.00	$ 35.00	$ 10.00	n/a	n/a	n/a	n/a	n/a	n/a
10	Public Fire Hydrant	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
12	Coin Machine (No. of Gallons / $0.25)	n/a	n/a	n/a	n/a	n/a	n/a	38	41	-6.95%

(Continued)

DOCKET NO. W-01445A-15-0277
DECISION NO

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Changes in Representative Rate Schedules

Line No.	Class of Service	[A] Basic Service Charge: Present Rate	[B] Basic Service Charge: Proposed Rate - Settlement	[C] Basic Service Charge: Change	[D] Tier Breakover (M Gals)	[E] Tier Breakover (M Gals): Present	[F] Tier Breakover (M Gals): Proposed - Settlement	[G] Volumetric Charge (/M Gal): Present Rate	[H] Volumetric Charge (/M Gal): Proposed Rate - Settlement	[I] Volumetric Charge (/M Gal): Change
1										
2										
3	Construction 5/8 x 3/4-inch	n/a	$ 33.00	n/a	Tier One	n/a	2	n/a	$ 5.6300	n/a
4					Tier Two	n/a	18	n/a	7.3391	n/a
5					Tier Three	n/a	99,999	n/a	10.7572	n/a
6					Tier Four	n/a	99,999	n/a	10.7572	n/a
7										
8	Construction 3/4-inch	n/a	$ 49.50	n/a	Tier One	n/a	3	n/a	$ 5.6300	n/a
9					Tier Two	n/a	20	n/a	7.3391	n/a
10					Tier Three	n/a	99,999	n/a	10.7572	n/a
11					Tier Four	n/a	99,999	n/a	10.7572	n/a
12										
13	Construction 1-inch	n/a	$ 82.50	n/a	Tier One	n/a	5	n/a	$ 5.6300	n/a
14					Tier Two	n/a	25	n/a	7.3391	n/a
15					Tier Three	n/a	99,999	n/a	10.7572	n/a
16					Tier Four	n/a	99,999	n/a	10.7572	n/a
17										
18	Construction ½-inch	n/a	$ 165.00	n/a	Tier One	n/a	10	n/a	$ 5.6300	n/a
19					Tier Two	n/a	40	n/a	7.3391	n/a
20					Tier Three	n/a	99,999	n/a	10.7572	n/a
21					Tier Four	n/a	99,999	n/a	10.7572	n/a
22										
23	Construction 2-Inch	$ 200.00	$ 264.00	$ 64.00	Tier One	50	16	$ 5.9502	$ 5.6300	$ (0.3202)
24					Tier Two	99,999	60	9.2228	7.3391	(1.8837)
25					Tier Three	99,999	99,999	9.2228	10.7572	1.5344
26					Tier Four	99,999	99,999	9.2228	10.7572	1.5344
27										
28	Construction 3-Inch	$ 400.00	$ 528.00	$ 128.00	Tier One	100	32	$ 5.9502	$ 5.6300	$ (0.3202)
29					Tier Two	99,999	120	9.2228	7.3391	(1.8837)
30					Tier Three	99,999	99,999	9.2228	10.7572	1.5344
31					Tier Four	99,999	99,999	9.2228	10.7572	1.5344
32										
33	Construction 4-Inch	$ 625.00	$ 825.00	$ 200.00	Tier One	150	50	$ 5.9502	$ 5.6300	$ (0.3202)
34					Tier Two	99,999	185	9.2228	7.3391	(1.8837)
35					Tier Three	99,999	99,999	9.2228	10.7572	1.5344
36					Tier Four	99,999	99,999	9.2228	10.7572	1.5344
37										
38	Construction 6-Inch	n/a	$ 1,650.00	n/a	Tier One	n/a	100	n/a	$ 5.6300	n/a
39					Tier Two	n/a	300	n/a	7.3391	n/a
40					Tier Three	n/a	99,999	n/a	10.7572	n/a
41					Tier Four	n/a	99,999	n/a	10.7572	n/a
42										
43	Construction 8-Inch	n/a	$ 2,640.00	n/a	Tier One	n/a	160	n/a	$ 5.6300	n/a
44					Tier Two	n/a	500	n/a	7.3391	n/a
45					Tier Three	n/a	99,999	n/a	10.7572	n/a
46					Tier Four	n/a	99,999	n/a	10.7572	n/a
47										
48	Construction 10-Inch	n/a	$ 3,795.00	n/a	Tier One	n/a	230	n/a	$ 5.6300	n/a
49					Tier Two	n/a	750	n/a	7.3391	n/a
50					Tier Three	n/a	99,999	n/a	10.7572	n/a
51					Tier Four	n/a	99,999	n/a	10.7572	n/a
52					(Continued)					
53										
54					(Continued)					
55	**For Service Charges See Western Group Service Charge Tariff at the end of this schedule**									

DOCKET NO. W-01445A-15-0277
DECISION NO.

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Changes in Representative Rate Schedules

Ajo

Line No.	Class of Service	[A] Basic Service Charge: Present Rate	[B] Basic Service Charge: Proposed Rate - Settlement	[C] Basic Service Charge: Change	[D] Tier Breakover (M Gals)	[E] Tier Breakover (M Gals): Present	[F] Tier Breakover (M Gals): Proposed - Settlement	[G] Volumetric Charge (/M Gal): Present Rate	[H] Volumetric Charge (/M Gal): Proposed Rate - Settlement	[I] Volumetric Charge (/M Gal): Change
3	Sales for Resale 5/8-Inch	$ 25.00	$ 33.00	$ 8.00	Tier One	99,999	99,999	$ 5.9502	$ 5.6300	$ (0.3202)
4					Tier Two	99,999	99,999	5.9502	5.6300	(0.3202)
5					Tier Three	99,999	99,999	5.9502	5.6300	(0.3202)
6					Tier Four	99,999	99,999	5.9502	5.6300	(0.3202)
8	Sales for Resale 3/4-Inch	n/a	$ 49.50	n/a	Tier One	n/a	99,999	n/a	$ 5.6300	n/a
9					Tier Two	n/a	99,999	n/a	5.6300	n/a
10					Tier Three	n/a	99,999	n/a	5.6300	n/a
11					Tier Four	n/a	99,999	n/a	5.6300	n/a
13	Sales for Resale 1-Inch	$ 62.50	$ 82.50	$ 20.00	Tier One	99,999	99,999	$ 5.9502	$ 5.6300	$ (0.3202)
14					Tier Two	99,999	99,999	5.9502	5.6300	(0.3202)
15					Tier Three	99,999	99,999	5.9502	5.6300	(0.3202)
16					Tier Four	99,999	99,999	5.9502	5.6300	(0.3202)
18	Sales for Resale ½-Inch	$ 125.00	$ 165.00	$ 40.00	Tier One	99,999	99,999	$ 5.9502	$ 5.6300	$ (0.3202)
19					Tier Two	99,999	99,999	5.9502	5.6300	(0.3202)
20					Tier Three	99,999	99,999	5.9502	5.6300	(0.3202)
21					Tier Four	99,999	99,999	5.9502	5.6300	(0.3202)
23	Sales for Resale 2-Inch	$ 200.00	$ 264.00	$ 64.00	Tier One	99,999	99,999	$ 5.9502	$ 5.6300	$ (0.3202)
24					Tier Two	99,999	99,999	5.9502	5.6300	(0.3202)
25					Tier Three	99,999	99,999	5.9502	5.6300	(0.3202)
26					Tier Four	99,999	99,999	5.9502	5.6300	(0.3202)
28	Sales for Resale 3-Inch	$ 400.00	$ 528.00	$ 128.00	Tier One	99,999	99,999	$ 5.9502	$ 5.6300	$ (0.3202)
29					Tier Two	99,999	99,999	5.9502	5.6300	(0.3202)
30					Tier Three	99,999	99,999	5.9502	5.6300	(0.3202)
31					Tier Four	99,999	99,999	5.9502	5.6300	(0.3202)
33	Sales for Resale 4-Inch	$ 625.00	$ 825.00	$ 200.00	Tier One	99,999	99,999	$ 5.9502	$ 5.6300	$ (0.3202)
34					Tier Two	99,999	99,999	5.9502	5.6300	(0.3202)
35					Tier Three	99,999	99,999	5.9502	5.6300	(0.3202)
36					Tier Four	99,999	99,999	5.9502	5.6300	(0.3202)
38	Sales for Resale 6-Inch	$ 1,250.00	$ 1,650.00	$ 400.00	Tier One	99,999	99,999	$ 5.9502	$ 5.6300	$ (0.3202)
39					Tier Two	99,999	99,999	5.9502	5.6300	(0.3202)
40					Tier Three	99,999	99,999	5.9502	5.6300	(0.3202)
41					Tier Four	99,999	99,999	5.9502	5.6300	(0.3202)
43	Sales for Resale 8-Inch	$ 2,000.00	$ 2,640.00	$ 640.00	Tier One	99,999	99,999	$ 5.9502	$ 5.6300	$ (0.3202)
44					Tier Two	99,999	99,999	5.9502	5.6300	(0.3202)
45					Tier Three	99,999	99,999	5.9502	5.6300	(0.3202)
46					Tier Four	99,999	99,999	5.9502	5.6300	(0.3202)
48	Sales for Resale 10-Inch	$ 2,875.00	$ 3,795.00	$ 920.00	Tier One	99,999	99,999	$ 5.9502	$ 5.6300	$ (0.3202)
49					Tier Two	99,999	99,999	5.9502	5.6300	(0.3202)
50					Tier Three	99,999	99,999	5.9502	5.6300	(0.3202)
51					Tier Four	99,999	99,999	5.9502	5.6300	(0.3202)

55 **For Service Charges See Western Group Service Charge Tariff at the end of this schedule**

DOCKET NO. W-01445A-15-0277
DECISION NO.

Western Group

Line No.	Service Charges	[A] Current Rate	[B] Proposed Rate - Settlement
2	Establishment	$32.00	$32.00
4–6	Guarantee Deposit	Residential - maximum: Two(2) times average customer class bill. Non-Residential-maximum: Two and one-half (21/2) times that customers estimated maximum monthly bill.	Residential - maximum: Two(2) times average customer class bill. Non-Residential-maximum: Two and one-half (21/2) times that customers estimated maximum monthly bill.
8	Reconnection for Delinquency	$32.00, each time customer is disconnected.	$32.00, each time customer is disconnected.
13–14	Re-Establishment	Eight (8) times the customer's monthly minimum charge, or payment of the minimums since disconnection, whichever is less.	Eight (8) times the customer's monthly minimum charge, or payment of the minimums since disconnection, whichever is less.
16–17	After Hours Service Charge	$35.00, each service call-out after regular working hours, on Saturdays, Sundays or holidays.	$35.00, each service call-out after regular working hours, on Saturdays, Sundays or holidays.
20	Returned Payment	$25.00, each returned payment for insufficient funds.	$25.00, each returned payment for insufficient funds.
24	Meter Re-read	All Meter Re-Reads - $25.00	All Meter Re-Reads - $25.00
27–29	Meter Test	No charge for the first test; for the second test for the same customer within any twelve (12) month period, $25.00, or actual time and material whichever is greater.	No charge for the first test; for the second test for the same customer within any twelve (12) month period, $25.00, or actual time and material whichever is greater.

Service Line and Meter Installation

Meter Size	Service Line[1]	Meter	Total[1]	Service Line[1]	Meter	Total[1]
5/8 x 3/4-inch	$ 445.00	$ 155.00	$ 600.00	$ 565.00	Actual Cost	Varies
3/4-inch	n/a	n/a	n/a	565.00	Actual Cost	Varies
1-inch	495.00	315.00	810.00	629.00	Actual Cost	Varies
1 ½ -inch	n/a	n/a	n/a	699.00	Actual Cost	Varies
2-inch turbine	830.00	1,045.00	1,875.00	1,054.00	Actual Cost	Varies
2-inch compound	830.00	1,890.00	2,720.00	1,054.00	Actual Cost	Varies
3-inch turbine	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost
3-inch compound	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost
4-inch turbine	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost
4-inch compound	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost
6-inch turbine	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost
6-inch compound	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost
8-inch turbine	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost
8-inch compound	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost
10-inch turbine	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost
10-inch compound	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost

[1]Actual cost of service line if boring under roadway is required.

[1]Actual cost of service line if boring under, or cutting roadway/sidewalk is required.

53	Late Charge	1.5 percent after 15 days.

DOCKET NO. W-01445A-15-0277

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Typical Bill Analysis -

Pinal Valley

Line No.		[A] Base Rates	[B] Adjusters & Surcharges	[C] Monthly Usage (M Gal)	[D] Typical Bill Present Rates Base Rates	[E] Typical Bill Present Rates Adjusters & Surcharges	[F] Typical Bill Present Rates Total	[G] Typical Bill Proposed Rates - Settlement	[H] Increase - Settlement Amount	[I] Increase - Settlement Percent
1	Residential 5/8 x 3/4 -inch			-	$ 16.00	$ -	$ 16.00	$ 22.00	$ 6.00	37.50%
2				5	23.77	-	23.77	30.75	6.98	29.35%
3				15	50.58	-	50.58	55.49	4.91	9.72%
4				20	66.87	-	66.87	70.88	4.01	6.00%
5	Present Rates			25	83.17	-	83.17	89.91	6.74	8.10%
6				30	99.46	-	99.46	108.93	9.46	9.51%
7				35	115.76	-	115.76	127.95	12.19	10.53%
8	Basic Service Charge:	$ 16.00	$ -	40	132.05	-	132.05	146.97	14.91	11.29%
9				45	148.35	-	148.35	165.99	17.64	11.89%
10	Tier One Breakover (M Gal):	3		50	164.64	-	164.64	185.01	20.37	12.37%
11	Tier Two Breakover (M Gal):	10		55	180.94	-	180.94	204.03	23.09	12.76%
12	Tier Three Breakover (M Gal):	99,999		60	197.23	-	197.23	223.05	25.82	13.09%
13	Tier Four Breakover (M Gal):	99,999		65	213.53	-	213.53	242.07	28.54	13.37%
14				70	229.82	-	229.82	261.09	31.27	13.60%
15	Tier One Rate:	$ 1.1879	$ -	75	246.12	-	246.12	280.11	33.99	13.81%
16	Tier Two Rate:	2.1026	-	100	327.59	-	327.59	375.21	47.62	14.54%
17	Tier Three Rate:	3.2590	-	150	490.54	-	490.54	565.42	74.87	15.26%
18	Tier Four Rate:	3.2590	-	200	653.49	-	653.49	755.62	102.13	15.63%
19				250	816.44	-	816.44	945.82	129.38	15.85%
20				300	979.39	-	979.39	1,136.03	156.64	15.99%
21	Proposed Rates - Settlement			350	1,142.34	-	1,142.34	1,326.23	183.89	16.10%
22				400	1,305.29	-	1,305.29	1,516.44	211.15	16.18%
23				450	1,468.24	-	1,468.24	1,706.64	238.40	16.24%
24	Basic Service Charge:	$ 22.00	$ -	500	1,631.19	-	1,631.19	1,896.85	265.65	16.29%
25				550	1,794.14	-	1,794.14	2,087.05	292.91	16.33%
26	Tier One Breakover (M Gal):	2		600	1,957.09	-	1,957.09	2,277.25	320.16	16.36%
27	Tier Two Breakover (M Gal):	7		650	2,120.04	-	2,120.04	2,467.46	347.42	16.39%
28	Tier Three Breakover (M Gal):	18		700	2,282.99	-	2,282.99	2,657.66	374.67	16.41%
29	Tier Four Breakover (M Gal):	99,999		750	2,445.94	-	2,445.94	2,847.87	401.93	16.43%
30				800	2,608.89	-	2,608.89	3,038.07	429.18	16.45%
31	Tier One Rate:	$ 1.3866	$ -	850	2,771.84	-	2,771.84	3,228.28	456.43	16.47%
32	Tier Two Rate:	1.9910	-	900	2,934.79	-	2,934.79	3,418.48	483.69	16.48%
33	Tier Three Rate:	2.5953	-	1,000	3,260.69	-	3,260.69	3,798.89	538.20	16.51%
34	Tier Four Rate:	3.8041	-	1,500	4,890.19	-	4,890.19	5,700.93	810.74	16.58%
35				2,000	6,519.69	-	6,519.69	7,602.97	1,083.28	16.62%
36				2,500	8,149.19	-	8,149.19	9,505.02	1,355.82	16.64%
37				3,000	9,778.69	-	9,778.69	11,407.06	1,628.37	16.65%
38										
39										
40			Average Usage:	7.8	$ 29.62	$ -	$ 29.62	$ 36.76	$ 7.14	24.10%
41			Median Usage:	5.7	$ 25.24	$ -	$ 25.24	$ 32.14	$ 6.90	27.33%
42			Standardized Usage:	7.5	$ 29.03	$ -	$ 29.03	$ 36.03	$ 7.00	24.12%
43										
44					Proposed Bill at Lifeline Usage:			$ 24.77		
45					Cost of Service at Lifeline Usage:			$ 31.41		
46					% Cost Discount at Lifeline Usage:			21.12%		
47										
48					Cost of Service at Average Usage:			$ 43.00		
49					% Cost Discount at Average Usage:			14.53%		
50										
51										
52										
53										
54										
55										

Supporting Schedules:

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Processing Date: 5/4/2016 8:24 AM

Recap Schedules:

DOCKET NO. W-01445A-15-0277

DECISION NO.

White Tank

Line No.		[A] Base Rates	[B] Adjusters & Surcharges	[C] Monthly Usage (M Gal)	[D] Typical Bill Present Rates Base Rates	[E] Typical Bill Present Rates Adjusters & Surcharges	[F] Typical Bill Present Rates Total	[G] Typical Bill Proposed Rates - Settlement	[H] Increase - Settlement Amount	[I] Increase - Settlement Percent
1	Residential 5/8 x 3/4 -inch									
2				-	$ 23.00	$ -	$ 23.00	$ 29.00	$ 6.00	26.09%
3				5	32.00	-	32.00	41.35	9.35	29.22%
4				15	62.00	-	62.00	76.76	14.76	23.80%
5	Present Rates			20	87.83	-	87.83	96.89	9.06	10.32%
6				25	113.66	-	113.66	117.03	3.36	2.96%
7				30	139.50	-	139.50	137.16	(2.33)	-1.67%
8	Basic Service Charge:	$ 23.00	$ -	35	165.33	-	165.33	167.03	1.70	1.03%
9				40	191.16	-	191.16	196.89	5.73	3.00%
10	Tier One Breakover (M Gal):	5		45	216.99	-	216.99	226.76	9.77	4.50%
11	Tier Two Breakover (M Gal):	15		50	242.82	-	242.82	256.62	13.80	5.68%
12	Tier Three Breakover (M Gal):	99,999		55	268.66	-	268.66	286.49	17.83	6.64%
13	Tier Four Breakover (M Gal):	99,999		60	294.49	-	294.49	316.35	21.87	7.43%
14				65	320.32	-	320.32	346.22	25.90	8.09%
15	Tier One Rate:	$ 1.8000	$ -	70	346.15	-	346.15	376.09	29.93	8.65%
16	Tier Two Rate:	3.0000	-	75	371.98	-	371.98	405.95	33.97	9.13%
17	Tier Three Rate:	5.1664	-	100	501.14	-	501.14	555.28	54.13	10.80%
18	Tier Four Rate:	5.1664	-	150	759.46	-	759.46	853.93	94.47	12.44%
19				200	1,017.78	-	1,017.78	1,152.58	134.80	13.24%
20				250	1,276.10	-	1,276.10	1,451.24	175.13	13.72%
21	Proposed Rates - Settlement			300	1,534.42	-	1,534.42	1,749.89	215.47	14.04%
22				350	1,792.74	-	1,792.74	2,048.54	255.80	14.27%
23				400	2,051.06	-	2,051.06	2,347.20	296.13	14.44%
24	Basic Service Charge:	$ 29.00	$ -	450	2,309.38	-	2,309.38	2,645.85	336.47	14.57%
25				500	2,567.70	-	2,567.70	2,944.50	376.80	14.67%
26	Tier One Breakover (M Gal):	3		550	2,826.02	-	2,826.02	3,243.16	417.13	14.76%
27	Tier Two Breakover (M Gal):	10		600	3,084.34	-	3,084.34	3,541.81	457.47	14.83%
28	Tier Three Breakover (M Gal):	30		650	3,342.66	-	3,342.66	3,840.46	497.80	14.89%
29	Tier Four Breakover (M Gal):	99,999		700	3,600.98	-	3,600.98	4,139.12	538.13	14.94%
30				750	3,859.30	-	3,859.30	4,437.77	578.47	14.99%
31	Tier One Rate:	$ 2.0810	$ -	800	4,117.62	-	4,117.62	4,736.42	618.80	15.03%
32	Tier Two Rate:	3.0541	-	850	4,375.94	-	4,375.94	5,035.08	659.13	15.06%
33	Tier Three Rate:	4.0271	-	900	4,634.26	-	4,634.26	5,333.73	699.47	15.09%
34	Tier Four Rate:	5.9731	-	1,000	5,150.90	-	5,150.90	5,931.04	780.13	15.15%
35				1,500	7,734.10	-	7,734.10	8,917.57	1,183.47	15.30%
36				2,000	10,317.30	-	10,317.30	11,904.10	1,586.80	15.38%
37				2,500	12,900.50	-	12,900.50	14,890.64	1,990.13	15.43%
38				3,000	15,483.70	-	15,483.70	17,877.17	2,393.47	15.46%
39										
40										
41			Average Usage:	11.7	$ 52.20	$ -	$ 52.20	$ 63.60	$ 11.40	21.84%
42			Median Usage:	7.7	$ 40.04	$ -	$ 40.04	$ 49.54	$ 9.50	23.71%
43			Standardized Usage:	7.5	$ 39.50	$ -	$ 39.50	$ 48.99	$ 9.49	24.02%
44										
45							Proposed Bill at Lifeline Usage:	$ 35.24		
46							Cost of Service at Lifeline Usage:	$ 46.12		
47							% Cost Discount at Lifeline Usage:	23.58%		
48										
49							Cost of Service at Average Usage:	$ 71.69		
50							% Cost Discount at Average Usage:	11.29%		
51										
52										
53										
54										
55										

DOCKET NO. W-01445A-15-0277

DECISION NO

ARIZONA WATER COMPANY
Test Year Ended December 31, 2014
Typical Bill Analysis -

Ajo

Line No.		[A] Base Rates	[B] Adjusters & Surcharges	[C] Monthly Usage (M Gal)	[D] Typical Bill Present Rates Base Rates	[E] Typical Bill Present Rates Adjusters & Surcharges	[F] Typical Bill Present Rates Total	[G] Typical Bill Proposed Rates - Settlement	[H] Increase - Settlement Amount	[I] Increase - Settlement Percent
1	Residential 5/8 x 3/4 -inch			-	$ 25.00	$ -	$ 25.00	$ 28.00	$ 3.00	12.00%
2				5	46.99	-	46.99	52.73	5.75	12.23%
3				15	122.85	-	122.85	143.21	20.36	16.58%
4				20	168.96	-	168.96	197.00	28.03	16.59%
5	Present Rates			25	215.08	-	215.08	250.78	35.71	16.60%
6				30	261.19	-	261.19	304.57	43.38	16.61%
7				35	307.31	-	307.31	358.36	51.05	16.61%
8	Basic Service Charge:	$ 25.00	$ -	40	353.42	-	353.42	412.14	58.72	16.62%
9				45	399.53	-	399.53	465.93	66.39	16.62%
10	Tier One Breakover (M Gal):	3		50	445.65	-	445.65	519.71	74.07	16.62%
11	Tier Two Breakover (M Gal):	10		55	491.76	-	491.76	573.50	81.74	16.62%
12	Tier Three Breakover (M Gal):	99,999		60	537.88	-	537.88	627.29	89.41	16.62%
13	Tier Four Breakover (M Gal):	99,999		65	583.99	-	583.99	681.07	97.08	16.62%
14				70	630.10	-	630.10	734.86	104.75	16.62%
15	Tier One Rate:	$ 3.3617	$ -	75	676.22	-	676.22	788.64	112.42	16.63%
16	Tier Two Rate:	5.9502	-	100	906.79	-	906.79	1,057.57	150.78	16.63%
17	Tier Three Rate:	9.2228	-	150	1,367.93	-	1,367.93	1,595.43	227.50	16.63%
18	Tier Four Rate:	9.2228	-	200	1,829.07	-	1,829.07	2,133.29	304.22	16.63%
19				250	2,290.21	-	2,290.21	2,671.15	380.94	16.63%
20				300	2,751.35	-	2,751.35	3,209.01	457.66	16.63%
21	Proposed Rates - Settlement			350	3,212.49	-	3,212.49	3,746.86	534.38	16.63%
22				400	3,673.63	-	3,673.63	4,284.72	611.09	16.63%
23				450	4,134.77	-	4,134.77	4,822.58	687.81	16.63%
24	Basic Service Charge:	$ 28.00	$ -	500	4,595.91	-	4,595.91	5,360.44	764.53	16.64%
25				550	5,057.05	-	5,057.05	5,898.30	841.25	16.64%
26	Tier One Breakover (M Gal):	2		600	5,518.19	-	5,518.19	6,436.16	917.97	16.64%
27	Tier Two Breakover (M Gal):	5		650	5,979.33	-	5,979.33	6,974.01	994.69	16.64%
28	Tier Three Breakover (M Gal):	10		700	6,440.47	-	6,440.47	7,511.87	1,071.40	16.64%
29	Tier Four Breakover (M Gal):	99,999		750	6,901.61	-	6,901.61	8,049.73	1,148.12	16.64%
30				800	7,362.75	-	7,362.75	8,587.59	1,224.84	16.64%
31	Tier One Rate:	$ 3.9210	$ -	850	7,823.89	-	7,823.89	9,125.45	1,301.56	16.64%
32	Tier Two Rate:	5.6300	-	900	8,285.03	-	8,285.03	9,663.31	1,378.28	16.64%
33	Tier Three Rate:	7.3391	-	1,000	9,207.31	-	9,207.31	10,739.02	1,531.71	16.64%
34	Tier Four Rate:	10.7572	-	1,500	13,818.71	-	13,818.71	16,117.61	2,298.90	16.64%
35				2,000	18,430.11	-	18,430.11	21,496.19	3,066.08	16.64%
36				2,500	23,041.51	-	23,041.51	26,874.77	3,833.26	16.64%
37				3,000	27,652.91	-	27,652.91	32,253.36	4,600.45	16.64%
38										
39										
40			Average Usage:	4.0	$ 40.98	$ -	$ 40.98	$ 47.05	$ 6.07	14.81%
41			Median Usage:	2.7	$ 34.01	$ -	$ 34.01	$ 39.67	$ 5.66	16.64%
42			Standardized Usage:	7.5	$ 61.86	$ -	$ 61.86	$ 71.08	$ 9.22	14.90%
43										
44							Proposed Bill at Lifeline Usage:	$ 35.84		
45							Cost of Service at Lifeline Usage:	$ 41.11		
46							% Cost Discount at Lifeline Usage:	12.81%		
47										
48							Cost of Service at Average Usage:	$ 52.78		
49							% Cost Discount at Average Usage:	10.85%		
50										
51										
52										
53										
54										
55										

Supporting Schedules:

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Recap Schedules:

DOCKET NO. W-01445A-15-0277

DECISION NO.

Arizona Water Company
Pinal Valley
Nitrate Removal Facilities Post in Service Costs Estimated Cap

Line No.		Well No. 33	Well No. 32	Well No. 27	Well No. 7	Total
1.						
2.	Construction Start	6/1/2016	8/1/2016	8/1/2017	8/1/2018	
3.	In-Service	12/1/2017	3/31/2018	3/31/2019	3/31/2020	
4.						
5.	Costs Deferred Until	12/31/2020	12/31/2020	12/31/2020	12/31/2020	
6.						
7.	Plant Construction Cost	6,905,000	6,914,000	2,531,000	3,691,000	20,041,000
8.						
9.	Operating Expenses	4,461,570	6,199,580	2,227,488	2,007,240	14,895,878
10.						
11.	Depreciation Expenses	782,714	561,150	108,574	52,780	1,505,218
12.						
13.	Post in Service AFUDC	1,517,555	1,450,746	131,296	261,460	3,361,057
14.						
15.	Total Estimated	6,761,839	8,211,476	2,467,358	2,321,480	19,762,153
16.						
17.	Add 10%	676,184	821,148	246,736	232,148	1,976,215
18.						
19.	CAP	7,438,023	9,032,624	2,714,094	2,553,628	21,738,368
20.						