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BEFORE THE ARIZONA CORPORATION COMI

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COMMISSIONERS

KRISTIN K. MAYES - Chairman
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Arizona Corporation Commission
DOCKETED

OCT 12 2010

DOCKETED BY

IN THE MATTER OF THE APPLICATION
OF ARIZONA WATER COMPANY, AN
ARIZONA CORPORATION, FOR
AUTHORITY TO IMPLEMENT AN
ARSENIC COST RECOVERY
MECHANISM SURCHARGE FOR ITS
VERDE VALLEY SYSTEM

Docket No. W01445A-08-0440

**ARIZONA WATER COMPANY'S
APPLICATION FOR AUTHORITY TO
IMPLEMENT ARSENIC COST
RECOVERY MECHANISM**

Arizona Water Company ("the Company") files this application for authority to implement certain surcharges for its consolidated Verde Valley system, which is part of its Northern Group, pursuant to the provisions of Decision No. 71845 (August 25, 2010).

BACKGROUND

On August 25, 2010, the Commission issued Decision No. 71845 (the "Decision") in a general rate proceeding for the Company's 18 water systems. In the Decision, the Commission authorized the Company to implement an Arsenic Cost Recovery Mechanism ("ACRM") for its Sedona system, which is now part of the Verde Valley system, in compliance with the conditions established in Decision No. 66400. The purpose of the ACRM is to permit the Company to recover costs incurred to comply with the new Maximum Contaminant Level for arsenic adopted by the U.S. Environmental Protection Agency under the Safe Drinking Water Act. In May 2010, the Company completed the Valley Vista Well #13 arsenic treatment plant and, in accordance with the Decision, filed copies of the Arizona Department of Environmental Quality's Approval of Construction in Docket No. W01445A-08-0440 on August 27, 2010.

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DETAILS OF THIS FILING

The Decision authorized the consolidation of the Company’s Sedona, Pinewood, and Rimrock systems (collectively, the “Verde Valley” system) for ratemaking and accounting purposes in a two-step process. Step one of this process includes the consolidation of accounting records and the adoption of a single monthly minimum charge for the Verde Valley system, as well as the adoption of consolidated commodity rates for customers located in Pinewood and Rimrock. Commodity rates for all customers in the Verde Valley system will be fully consolidated in the Company’s next Northern Group rate case.

The Company’s Step-1 ACRM filing supports a Step-1 ACRM surcharge of \$0.28 on the basic service charge for Verde Valley and \$0.0418 per 1,000 gallons on the commodity rate for customers located in Sedona. The Company has limited the ACRM commodity rate surcharge to Sedona customers in order to gradually bring the commodity rates for Sedona closer to those of Pinewood and Rimrock, consistent with the Company’s consolidation plan approved in the Decision. The Company estimates that the average monthly bill for residential customers located in Sedona will increase by \$0.67, or 1.7%, from \$39.75 to \$40.42 (based on 9,297 gallons used and a 5/8-inch meter). The Company estimates that the average monthly bill for residential customers located in Pinewood and Rimrock will increase by \$0.28, or 0.8%, from \$34.15 to \$34.43 (based on 3,208 gallons used and a 5/8-inch meter).

Pursuant to the guidelines in Decision No. 66400, the Step-1 ACRM surcharge includes only capital-related expenses associated with arsenic treatment facilities. As of December 31, 2009, the Company’s actual rate of return on OCLD rate base was -0.54% for the Verde Valley system.

SUPPORTING MATERIAL

In support of this Step-1 ACRM application for the Verde Valley system, the Company is including the schedules required by Decision No. 66400 as Attachment 1, hereto. All questions

1 regarding this Step-1 ACRM application should be directed to the Company's Manager of Rates,
2 Joel Reiker, at (602) 240-6860.

3 **CONCLUSION**

4 This Application for a Step-1 ACRM surcharge for the Company's Verde Valley system
5 complies with all of the requirements the Commission adopted in Decision No. 66400 and as
6 authorized in Decision No. 71845. As the Commission found, the ACRM mechanism "...
7 properly balances the need for the Company to remain financially sound with the avoidance of
8 significant rate shock to customers who are affected by the arsenic requirements." (Decision No.
9 66400, page 20, lines 21-22). For these reasons, the Company requests that the Step-1 ACRM
10 surcharge for the Verde Valley system be expedited and reviewed by the Staff and approved by
11 the Commission at the earliest possible time.

12
13 RESPECTFULLY SUBMITTED this 12TH day of October, 2010.

14 ARIZONA WATER COMPANY

15
16
17 By: Robert W. Geake
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1 An original and 13 copies of the foregoing were delivered this 12TH day of October, 2010, to:

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3 Docket Control
4 Arizona Corporation Commission
5 1200 West Washington
6 Phoenix, AZ 85007

7 A copy of the foregoing was mailed this 12TH day of October, 2010, to:

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By: *Robert Seake*

ATTACHMENT 1

ARIZONA WATER COMPANY
DOCKET NO. W-01445A-08-0440
BALANCE SHEET
AS OF DECEMBER 31, 2009

Line No.	[A]	[B]
	TOTAL COMPANY	VERDE VALLEY ¹
1		
2	ASSETS	
3		
4	UTILITY PLANT	
5	Gross Utility Plant	\$ 389,742,363
6	Less Accumulated Depreciation	86,303,450
7	Net Utility Plant	<u>\$ 303,438,913</u>
8		
9	CURRENT ASSETS	
10	Cash on Hand and in Banks	1,612,976
11	Investments and Special Deposits	2,703
12	Accounts Receivable	3,142,008
13	Materials and Supplies	277,830
14	Other	414,410
15	Total Current Assets	<u>\$ 5,449,927</u>
16		
17	DEFERRED DEBITS	6,157,090
18		
19	TOTAL ASSETS	<u>\$ 315,045,930</u>
20		
21	LIABILITIES	
22		
23	CAPITALIZATION	
24	Common Stock	\$ 2,700,000
25	Capital Surplus	9,087,347
26	Retained Earnings	56,497,908
27	Common Stock Equity	<u>\$ 68,285,255</u>
28	Long-Term Debt	75,000,000
29	Total Capitalization	<u>\$ 143,285,255</u>
30		
31	CURRENT LIABILITIES	
32	Notes Payable	\$ 6,000,000
33	Accounts Payable	5,117,514
34	Accrued Expenses	2,094,884
35	Other	-
36	Total Current Liabilities	<u>\$ 13,212,398</u>
37		
38	DEFERRED CREDITS	
39	Advances for Construction	82,666,061
40	Contributions in Aid of Construction	47,509,171
41	Deferred Income Tax	23,622,910
42	Other	4,750,135
43	Total Deferred Credits	<u>\$ 158,548,277</u>
44		
45	TOTAL CAPITAL AND LIABILITIES	<u>\$ 315,045,930</u>
46		
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50		

¹Allocated based on the percentage of rate base to total company rate base.

ARIZONA WATER COMPANY
DOCKET NO. W-01445A-08-0440
INCOME STATEMENT
12 MONTHS ENDING DECEMBER 2009

Line No.	[A]	[B]
1	TOTAL	VERDE
2	COMPANY	VALLEY
3		
4		
5	\$ 51,429,832	\$ 6,125,966
6		
7	OPERATING EXPENSES	
8	\$ 26,569,679	\$ 3,557,947
9	8,473,317	938,492
10	6,668,744	803,397
11	2,060,289	175,144
12		
13	\$ 43,772,029	\$ 5,474,980
14		
15		
16	\$ 7,657,803	650,986
17		
18	OPERATING INCOME	
19	\$ (223,759)	(28,238)
20		
21	OTHER (INCOME) AND DEDUCTIONS	
22	5,115,500	755,089
23	(135,105)	(19,943)
24		
25	\$ 4,980,395	735,146
26		
27	\$ 4,756,636	706,908
28		
29		
30	\$ 2,901,167	\$ (55,922)
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ARIZONA WATER COMPANY
DOCKET NO. W-01445A-08-0440
EARNINGS TEST
12 MONTHS ENDING DECEMBER 2009

Line No.	[A]	VERDE VALLEY
1		
2		
3		
4	Revenue:	\$ 6,125,966
5	Total Operating Revenue	
6		
7		
8	Operating Expenses:	
9	Operation and Maintenance	\$ 3,557,947
10	Depreciation	938,492
11	Taxes Other than Income	803,397
12	Income Tax	175,144
13	Total Operating Expenses	5,474,980
14	(Ln. 9 + Ln. 10 + Ln. 11 + Ln. 12)	
15		
16	Operating Income/(Loss)	\$ 650,986
17	(Ln. 5 - Ln. 13)	
18		
19	Rate Base O.C.L.D. (includes arsenic plant)	\$ 22,399,832
20	(Sch. 7, Ln. 38)	
21		
22	Rate of Return - O.C.L.D.	2.91%
23	(Ln. 16 / Ln. 19)	
24		
25	Authorized Rate of Return (Dec. 71845)	7.87%
26		
27	Operating Margin	10.63%
28	(Ln. 16 / Ln. 5)	
29		
30	Interest Expense - Net	\$ 735,146
31		
32	Interest Coverage	1.1
33	(Ln. 16 + Ln. 12] / Ln. 30)	
34		
35	Other (Income) and Deductions	\$ (28,238)
36		
37	Allocated Equity	\$10,270,323
38		
39	Return on Equity	-0.54%
40	(Ln. 16 - Ln. 30 - Ln. 35] / Ln. 37)	
41		
42	Authorized Return on Equity (Dec. 71845)	9.50%
43		
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ARIZONA WATER COMPANY
DOCKET NO. W-01445A-08-0440
RATE REVIEW
12 MONTHS ENDING DECEMBER 2009

Line No.	[A] VERDE VALLEY	[B] VERDE VALLEY	[C] VERDE VALLEY	[D] VERDE VALLEY	[E] VERDE VALLEY	[F] VERDE VALLEY	[G] VERDE VALLEY
	Per Decision 71845	12 Months Ended 12/31/2009	REMOVE: 2009 ACRM Revenues ¹	ADD: Decision 71845 Rate Increase ²	Adjusted 12 Mos. 12/31/2009 [B + C + D]	ACRM Increase	Adjusted With ACRM [E + F]
7	\$ 6,937,463	\$ 6,125,966	\$ (539,669)	\$ 1,810,348	\$ 7,396,645	\$ 90,075	\$ 7,486,720
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¹The ACRM Surcharges approved in Decision Nos. 70834 and 70962 were eliminated when new base rates were approved in Decision No. 71845, effective July 1, 2010.
²Based on actual billing determinants for the 12 months ending 12/31/2009

ARIZONA WATER COMPANY
DOCKET NO. W-01445A-08-0440
REVENUE REQUIREMENT
AS OF DECEMBER 2009

Line No. [A] [B] [C] [D]

Line No.	[A]	[B]	[C]	[D]
1	VERDE VALLEY			
2	VERDE VALLEY			
3				
4	\$ 574,585			
5	\$ 574,585			
6	7.87%			
7	\$ 45,220			
8	1,62860			
9	\$ 73,645			
10	\$ 16,430			
11	\$ 90,075			
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Arsenic Compliance Revenue Requirement:

Test Year Data:

Arsenic Plant in Service (Sch. 8, p. 1)				
Accumulated Depreciation				
Arsenic Rate Base				
Required Rate of Return (Dec. No. 71845)				
Required Operating Income				
Gross Revenue Conversion Factor (Dec. No. 71845)				
Revenue Required - Return on Arsenic Treatment Plant				
Depreciation on Arsenic Treatment Plant (Sch. 8, p. 1)				
Revenue Required - Capital Costs (Ln. 11 + Ln. 12 + Ln. 13)				

VERDE VALLEY (SEDONA)

Current Rates Dec No. 71845	Proposed ACRM		Total Proposed (A + B + C)
	Step-1 Surcharge Capital & Recurring	Step-2 Surcharge Deferred O&M	
\$ 23.10	\$ -	\$ -	\$ 23.10
\$ 1.5317	\$ -	\$ -	\$ 1.5317
\$ 1.9147	\$ -	\$ -	\$ 1.9147
\$ 2.3910	\$ -	\$ -	\$ 2.3910

VERDE VALLEY (PINEWOOD/RIMROCK)

Current Rates Dec No. 71845	Proposed ACRM		Total Proposed (A + B + C)
	Step-1 Surcharge Capital & Recurring	Step-2 Surcharge Deferred O&M	
\$ 23.10	\$ -	\$ -	\$ 23.10
\$ 3.3891	\$ -	\$ -	\$ 3.3891
\$ 4.2361	\$ -	\$ -	\$ 4.2361
\$ 5.2954	\$ -	\$ -	\$ 5.2954

Minimum 5/8" x 3/4"
Commodity (per M Gallon)
0-3,000 Gallons
3,001 - 10,000 Gallons
Over 10,000 Gallons

Minimum 5/8" x 3/4"
Commodity (per M Gallon)
0-3,000 Gallons
3,001 - 10,000 Gallons
Over 10,000 Gallons

ARIZONA WATER COMPANY
DOCKET NO. W-01445A-08-0440
SURCHARGE CALCULATION
AS OF DECEMBER 2009

Line No.	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]
1	VERDE VALLEY								
2									
3									
4	Growth	Customers ¹	M.Gallons Sold ¹	M Gallons Sold Per Customer					
5	12/31/2008 (Year 1)	10,453	1,081,426.5	103					
6	12/31/2009 (Year 2)	10,432	1,075,805.5	103					
7	Year 2 minus Year 1	(21.0)	(5,621.0)	(0.3)					
8	Percentage change	-0.20%	-0.52%	-0.32%					
9	Average Gallons		1,078,616.0						
10									
11									
12	Incremental Fixed Costs To Be Recovered Per Bill								
13	Customers By Meter Size	12/31/09	12/31/10						
14	Size			Est. Average Customers [A+B]/2	Monthly Minimum ²	Meter Multiple ²	Equivalent Meters C x E	Monthly F42 X E	Fixed Increment Annual Total [C x G] x 12
15	5/8"	9,490	9,471	9,481	**varies**	1.0	9,481	\$ 0.28	\$ 31,856.16
16	1"	741	740	741	**varies**	2.5	1,853	0.70	6,224.40
17	2"	178	178	178	**varies**	8.0	1,424	2.24	4,784.64
18	3"	10	10	10	**varies**	16.0	160	4.48	537.60
19	4"	9	9	9	**varies**	25.0	225	7.00	756.00
20	6"	2	2	2	**varies**	50.0	100	14.00	336.00
21	8"	2	2	2	**varies**	80.0	160	22.40	537.60
22	10"	-	-	-	**varies**	115.0	-	32.20	-
23	Total	10,432	10,412	10,423			13,403		\$ 45,032.40
24									
25									
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29									
30	Calculation of Surcharge:								
31	Total Revenue Requirement of Arsenic Treatment Capital Costs and Recurring Recoverable O&M			\$ 90,075					
32	50% of Total Revenue Requirement on Line 31 Recoverable through Meter Charge (Col E Ln 31 X 50%)								
33	50% of Total Revenue Requirement on Line 31 Recoverable through Commodity Charge (Col E Ln 31 X 50%)							\$ 45,038	
34	Total Revenue Requirement of Deferred Recoverable O&M								
35	50% of Total Revenue Requirement on Line 34 Recoverable through Meter Charge (Col E Ln 34 X 50%)								\$ -
36	50% of Total Revenue Requirement on Line 34 Recoverable through Commodity Charge (Col E Ln 34 X 50%)								\$ -
37									
38	Monthly Increment Per Equivalent Meter								
39	Equivalent Meters (Col F Ln 24 X 12 months)						160,836		160,836
40									
41	Increment Per Equivalent 5/8" Meter (Col F Ln 32 / Col F Ln 39)						\$ 0.28		\$ -
42									
43	Estimated Arsenic Treatment Cost Recovery Per Mgal							1,078,616.0	1,078,616.0
44	Average Gallons								
45									
46	Increment Per M gallon (Col G Ln 33/Col G Ln 44)							\$ 0.0418	\$ -
47									
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¹Because the Company is proposing that the monthly minimum surcharge apply to all Verde Valley customers and the commodity rate surcharge only apply to Sedona Customers, the number of customers reflects the entirety of Verde Valley (Sedona, Pinewood, & Rimrock), while the number of gallons sold reflects only Sedona.
²Although monthly minimums vary depending on customer classification, meter multiples are constant across all customer classes.

ARIZONA WATER COMPANY
DOCKET NO. W-01445A-08-0440
RATE BASE
AS OF DECEMBER 2009

Line No.	[A]	[B]	[C]	[D]	[E]	[F]
	VERDE VALLEY	VERDE VALLEY	VERDE VALLEY	VERDE VALLEY	VERDE VALLEY	VERDE VALLEY
	Per Decision 71845	Arsenic Plant Increase	Decision Plus Arsenic Increase [A + B]	Actual Balance 12/31/2009	Arsenic Plant Increase	Actual Plus Arsenic Increase [D + E]
8	\$ -	\$ 574,585	\$ 574,585	\$ -	\$ 574,585	\$ 574,585
10						
11						
12	43,772,794 ¹	-	43,772,794	46,518,186	-	46,518,186
13	\$ 43,772,794	\$ 574,585	\$ 44,347,379	\$ 46,518,186	\$ 574,585	\$ 47,092,771
14						
15						
16	9,059,502	-	9,059,502	10,909,564	-	10,909,564
17	\$ 34,713,292	\$ 574,585	\$ 35,287,877	\$ 35,608,622	\$ 574,585	\$ 36,183,207
18						
19						
20						
21	4,981,323	-	4,981,323	3,961,163	-	3,961,163
22						
23	5,795,886	-	5,795,886	7,286,968	-	7,286,968
24						
25	2,468,452	-	2,468,452	3,467,843	-	3,467,843
26						
27	29,955	-	29,955	26,404	-	26,404
28						
29	129,518	-	129,518	129,518	-	129,518
30						
31	\$ 21,567,194	\$ 574,585	\$ 22,141,779	\$ 20,995,762	\$ 574,585	\$ 21,570,347
32						
33						
34	-	-	-	829,485 ²	-	829,485 ²
35						
36	-	-	-	-	-	-
37						
38	\$ 21,567,194	\$ 574,585	\$ 22,141,779	\$ 21,825,247	\$ 574,585	\$ 22,399,832
39						
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¹Includes Phoenix Office and Meter Shop Allocation

²Includes Meter Shop Allocation

Line No.	[A]	[B]	[C]	[D]	[E]	[F]	[G]
	Work Authorization (WA) No.	Total WA Adjusted Arsenic	Date In Service	Depr. Rate Per Dec. 7, 1845	Depr. Expense	Accumulated Depreciation	Arsenic Rate Base
1	1-4497	\$ 574,585	June, 2010	2.86%	\$ 16,430	\$ -	\$ 574,585
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		<u>\$ 574,585</u>			<u>\$ 16,430</u>	<u>\$ -</u>	<u>\$ 574,585</u>

ARIZONA WATER COMPANY
DOCKET NO. W-01445A-08-0440
CWIP LEDGER

Line No.	Month/Year	Date	Description	Vendor Name	Invoice No.	Acct. 31401	Acct. 33101	Acct. 33201	Total
1	Apr-08	4/30/2008	JV-1 PAYROLL			-	-	136.40	136.40
2		4/30/2008	JV-2 PAYROLL TAXES			-	-	12.68	12.68
3		4/30/2008	JV-9 TRANSPORTATION			-	-	(81.33)	(81.33)
4						\$ -	\$ -	67.75	67.75
5	May-08	5/28/2008	JV-1 PAYROLL			-	-	102.30	102.30
6		5/31/2008	JV-2 PAYROLL TAXES			-	-	8.92	8.92
7		5/31/2008	JV-9 TRANSPORTATION			-	-	18.34	18.34
8						\$ -	\$ -	129.56	129.56
9	Jun-08	6/30/2008	JV-1 PAYROLL			-	-	272.80	272.80
10		6/30/2008	JV-2 PAYROLL TAXES			-	-	24.96	24.96
11		6/30/2008	JV-9 TRANSPORTATION			-	-	75.78	75.78
12		6/30/2008	Payables Trx Entry	CAROLLO ENGINEERS	0100004	-	-	13,906.80	13,906.80
13						\$ -	\$ -	14,280	14,280
14	Jul-08	7/31/2008	Payables Trx Entry	LEGEND TECHNICAL SERVICES	VM080108_08	1,086.30	-	-	1,086.30
15		7/31/2008	Payables Trx Entry	JAMES WILSON	VM080108_01	-	-	44.75	44.75
16						\$ 1,086.30	\$ -	44.75	1,131.05
17	Aug-08	8/31/2008	JV-1 PAYROLL			-	-	136.40	136.40
18		8/31/2008	JV-11 AFUDC			8.73	-	-	8.73
19		8/31/2008	JV-11 AFUDC			-	-	0.55	0.55
20		8/31/2008	JV-11 AFUDC			-	-	116.66	116.66
21		8/31/2008	JV-11 AFUDC			-	-	116.30	116.30
22		8/31/2008	JV-2 PAYROLL TAXES			-	-	12.54	12.54
23		8/31/2008	JV-9 TRANSPORTATION			-	-	30.37	30.37
24		8/31/2008	Payables Trx Entry	CAROLLO ENGINEERS	0100500	-	-	24,830.58	24,830.58
25						\$ 8.73	\$ -	25,243.40	25,252.13
26	Sep-08	9/30/2008	JV-11 AFUDC			6.07	-	-	6.07
27		9/30/2008	JV-11 AFUDC			2.66	-	-	2.66
28		9/30/2008	JV-11 AFUDC			-	-	220.72	220.72
29		9/30/2008	JV-11 AFUDC			-	-	96.85	96.85
30		9/30/2008	Payables Trx Entry	CAROLLO ENGINEERS	0101010	-	-	18,678.38	18,678.38
31						\$ 8.73	\$ -	18,995.95	19,004.68
32	Oct-08	10/17/2008	Payables Trx Entry	CAROLLO ENGINEERS	0101686	-	-	2,965.72	2,965.72
33		10/31/2008	JV-1 PAYROLL			-	-	170.50	170.50
34		10/31/2008	JV-11 AFUDC			6.16	-	-	6.16
35		10/31/2008	JV-11 AFUDC			2.70	-	-	2.70
36		10/31/2008	JV-11 AFUDC			-	-	328.09	328.09
37		10/31/2008	JV-11 AFUDC			-	-	143.97	143.97
38		10/31/2008	JV-2 PAYROLL TAXES			-	-	14.23	14.23
39		10/31/2008	JV-9 TRANSPORTATION			-	-	34.07	34.07
40						\$ 8.86	\$ -	3,656.58	3,665.44
41	Nov-08	11/30/2008	JV-11 AFUDC			6.21	-	-	6.21
42		11/30/2008	JV-11 AFUDC			2.73	-	-	2.73
43		11/30/2008	JV-11 AFUDC			-	-	348.50	348.50
44						-	-	-	-

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Line No.	Month/Year	Date	Description	Vendor Name	Invoice No.	Acct. 31401	Acct. 33101	Acct. 33201	Total
1		11/30/2008	JV-11 AFUDC			\$ 8.94	\$ -	\$ 152.92	\$ 152.92
2								\$ 501.42	\$ 510.36
3									
4	Dec-08	12/31/2008	JV-11 AFUDC			6.26	-	-	6.26
5		12/31/2008	JV-11 AFUDC			2.75	-	-	2.75
6		12/31/2008	JV-11 AFUDC			-	-	361.30	361.30
7		12/31/2008	JV-11 AFUDC			-	-	158.54	158.54
8		12/31/2008	JV-32 OVERHEAD SPREAD			90.32	-	-	90.32
9		12/31/2008	JV-32 OVERHEAD SPREAD			-	-	5,210.99	5,210.99
10		12/31/2008	Payables Trx Entry			-	-	1,790.44	1,790.44
11				CAROLLO ENGINEERS	0103296	\$ 99.33	\$ -	\$ 7,521.27	\$ 7,620.60
12									
13	Jan-09	1/31/2009	JV-11 AFUDC			6.82	-	-	6.82
14		1/31/2009	JV-11 AFUDC			2.99	-	-	2.99
15		1/31/2009	JV-11 AFUDC			-	-	393.30	393.30
16		1/31/2009	JV-11 AFUDC			-	-	172.58	172.58
17		2/28/2009	JV-11 AFUDC			6.87	-	-	6.87
18		2/28/2009	JV-11 AFUDC			3.02	-	-	3.02
19						\$ 19.70	\$ -	\$ 565.88	\$ 585.58
20									
21	Feb-09	2/28/2009	JV-11 AFUDC			-	-	396.46	396.46
22		2/28/2009	JV-11 AFUDC			-	-	173.97	173.97
23						\$ -	\$ -	\$ 570.43	\$ 570.43
24									
25	Mar-09	3/31/2009	JV-1 PAYROLL			-	-	151.26	151.26
26		3/31/2009	JV-11 AFUDC			6.93	-	-	6.93
27		3/31/2009	JV-11 AFUDC			3.04	-	-	3.04
28		3/31/2009	JV-11 AFUDC			-	-	399.64	399.64
29		3/31/2009	JV-11 AFUDC			-	-	175.36	175.36
30		3/31/2009	JV-2 PAYROLL TAXES			-	-	14.55	14.55
31						\$ 9.97	\$ -	\$ 740.81	\$ 750.78
32									
33	Apr-09	4/30/2009	JV-1 PAYROLL			-	-	201.68	201.68
34		4/30/2009	JV-1 PAYROLL			-	-	352.94	352.94
35		4/30/2009	JV-11 AFUDC			6.98	-	-	6.98
36		4/30/2009	JV-11 AFUDC			3.06	-	-	3.06
37		4/30/2009	JV-11 AFUDC			-	-	403.78	403.78
38		4/30/2009	JV-11 AFUDC			-	-	177.18	177.18
39		4/30/2009	JV-2 PAYROLL TAXES			-	-	53.44	53.44
40						\$ 10.04	\$ -	\$ 1,189.02	\$ 1,199.06
41									
42	May-09	5/20/2009	Payables Trx Entry			-	-	3,463.20	3,463.20
43		5/31/2009	JV-1 PAYROLL		0104625	-	-	75.63	75.63
44		5/31/2009	JV-1 PAYROLL			-	-	52.92	52.92
45		5/31/2009	JV-1 PAYROLL			-	-	67.18	67.18
46		5/31/2009	JV-11 AFUDC			7.04	-	-	7.04
47		5/31/2009	JV-11 AFUDC			3.09	-	-	3.09
48		5/31/2009	JV-11 AFUDC			-	-	410.41	410.41
49		5/31/2009	JV-11 AFUDC			-	-	180.09	180.09
50		5/31/2009	JV-2 PAYROLL TAXES			-	-	17.55	17.55

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Line No.	Month/Year	Date	Description	Vendor Name	Invoice No.	Acct. 31401	Acct. 33101	Acct. 33201	Total
1		5/31/2009	JV-9 TRANSPORTATION			\$ 10.13	-	10.39	10.39
2								4,277.37	4,287.50
3									
4	Jun-09	6/30/2009	JV-1 PAYROLL			-	272.80	-	272.80
5		6/30/2009	JV-1 PAYROLL			-	264.60	-	264.60
6		6/30/2009	JV-1 PAYROLL			-	-	21.67	21.67
7		6/30/2009	JV-11 AFUDC			7.09	-	-	7.09
8		6/30/2009	JV-11 AFUDC			3.11	-	-	3.11
9		6/30/2009	JV-11 AFUDC			-	-	434.30	434.30
10		6/30/2009	JV-11 AFUDC			-	-	190.57	190.57
11		6/30/2009	JV-2 PAYROLL TAXES			-	51.48	-	51.48
12		6/30/2009	JV-2 PAYROLL TAXES			-	-	2.08	2.08
13		6/30/2009	JV-32 OVERHEAD SPREAD			4.39	-	-	4.39
14		6/30/2009	JV-32 OVERHEAD SPREAD			-	48.30	-	48.30
15		6/30/2009	JV-32 OVERHEAD SPREAD			-	-	-	-
16		6/30/2009	JV-9 TRANSPORTATION			-	-	587.83	587.83
17		6/30/2009	Payables Trx Entry	SEDONA MMF	401541	-	-	38.38	38.38
18		6/30/2009	Payables Trx Entry	LEE HETRICK	401541	-	-	38.38	38.38
19		6/30/2009	Void Open Trx	SEDONA MMF	401541	-	-	(38.38)	(38.38)
20						\$ 14.59	\$ 708.20	\$ 1,274.83	\$ 1,997.62
21									
22	Jul-09	7/27/2009	Payables Trx Entry	WOODRUFF BWC CONSTRUCTION	09-098	-	345.18	-	345.18
23		7/31/2009	JV-1 PAYROLL			-	136.40	-	136.40
24		7/31/2009	JV-1 PAYROLL			-	158.76	-	158.76
25		7/31/2009	JV-1 PAYROLL			-	-	65.01	65.01
26		7/31/2009	JV-1 PAYROLL			-	-	68.20	68.20
27		7/31/2009	JV-1 PAYROLL			-	-	86.68	86.68
28		7/31/2009	JV-1 PAYROLL			-	-	67.18	67.18
29		7/31/2009	JV-11 AFUDC			7.18	-	-	7.18
30		7/31/2009	JV-11 AFUDC			3.15	-	-	3.15
31		7/31/2009	JV-11 AFUDC			-	3.95	-	3.95
32		7/31/2009	JV-11 AFUDC			-	1.74	-	1.74
33		7/31/2009	JV-11 AFUDC			-	-	441.41	441.41
34		7/31/2009	JV-11 AFUDC			-	-	193.70	193.70
35		7/31/2009	JV-2 PAYROLL TAXES			-	-	28.05	28.05
36		7/31/2009	JV-2 PAYROLL TAXES			-	28.05	-	28.05
37		7/31/2009	JV-9 TRANSPORTATION			-	-	27.28	27.28
38		7/31/2009	JV-9 TRANSPORTATION			-	34.42	-	34.42
39		7/31/2009	JV-9 TRANSPORTATION			-	-	12.65	12.65
40						\$ 10.33	\$ 708.50	\$ 979.32	\$ 1,698.15
41								17.21	17.21
42	Sep-09	9/30/2009	JV-11 AFUDC			7.23	-	-	7.23
43		9/30/2009	JV-11 AFUDC			3.17	-	-	3.17
44		9/30/2009	JV-11 AFUDC			-	7.91	-	7.91
45		9/30/2009	JV-11 AFUDC			-	3.47	-	3.47
46		9/30/2009	JV-11 AFUDC			-	-	446.88	446.88
47		9/30/2009	JV-11 AFUDC			-	-	196.09	196.09
48						\$ 10.40	\$ 11.38	\$ 642.97	\$ 664.75
49									
50	Dec-09	12/31/2009	JV-11 AFUDC			7.29	-	-	7.29

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1		12/31/2009	JV-11 AFUDC			3.20	-	-	3.20
2		12/31/2009	JV-11 AFUDC			-	7.97	-	7.97
3		12/31/2009	JV-11 AFUDC			-	3.50	-	3.50
4		12/31/2009	JV-11 AFUDC			-	-	450.47	450.47
5		12/31/2009	JV-11 AFUDC			-	-	197.67	197.67
6		12/31/2009	JV-32 OVERHEAD SPREAD			24.05	-	-	24.05
7		12/31/2009	JV-32 OVERHEAD SPREAD			-	385.26	-	385.26
8		12/31/2009	JV-32 OVERHEAD SPREAD			-	-	2,622.27	2,622.27
9						\$ 34.54	\$ 396.73	\$ 3,270.41	\$ 3,701.68
10									
11	Jan-10	1/31/2010	JV-1 PAYROLL			-	-	83.16	83.16
12		1/31/2010	JV-11 AFUDC			7.48	-	-	7.48
13		1/31/2010	JV-11 AFUDC			3.28	-	-	3.28
14		1/31/2010	JV-11 AFUDC			-	10.19	-	10.19
15		1/31/2010	JV-11 AFUDC			-	4.47	-	4.47
16		1/31/2010	JV-11 AFUDC			-	-	468.73	468.73
17		1/31/2010	JV-11 AFUDC			-	-	205.68	205.68
18		1/31/2010	JV-2 PAYROLL TAXES			-	-	9.22	9.22
19						\$ 10.76	\$ 14.66	\$ 766.79	\$ 792.21
20									
21	Feb-10	2/5/2010	Payables Trx Entry	STATE OF ARIZONA DWR	402450	-	-	150.00	150.00
22		2/28/2010	JV-1 PAYROLL			-	-	252.88	252.88
23		2/28/2010	JV-11 AFUDC			7.55	-	-	7.55
24		2/28/2010	JV-11 AFUDC			3.31	-	-	3.31
25		2/28/2010	JV-11 AFUDC			-	10.27	-	10.27
26		2/28/2010	JV-11 AFUDC			-	4.51	-	4.51
27		2/28/2010	JV-2 PAYROLL TAXES			-	-	26.45	26.45
28		2/28/2010	JV-9 TRANSPORTATION			-	-	55.84	55.84
29		2/28/2010	Payables Trx Entry	LEGEND TECHNICAL SERVICES	402567	-	-	1,150.50	1,150.50
30		2/28/2010	Payables Trx Entry	HENNESY MECHANICAL SALES	8402	-	-	72,674.00	72,674.00
31						\$ 10.86	\$ 14.78	\$ 74,309.67	\$ 74,335.31
32									
33	Mar-10	3/1/2010	Payables Trx Entry	JOHN KNOBBE	402571	-	-	25.00	25.00
34		3/23/2010	Payables Trx Entry	JOHN KNOBBE	402668	-	-	342.71	342.71
35		3/31/2010	JV-1 PAYROLL			-	-	1,775.78	1,775.78
36		3/31/2010	JV-11 AFUDC			7.61	-	-	7.61
37		3/31/2010	JV-11 AFUDC			3.34	-	-	3.34
38		3/31/2010	JV-11 AFUDC			-	10.35	-	10.35
39		3/31/2010	JV-11 AFUDC			-	4.54	-	4.54
40		3/31/2010	JV-11 AFUDC			-	-	887.91	887.91
41		3/31/2010	JV-11 AFUDC			-	-	389.62	389.62
42		3/31/2010	JV-2 PAYROLL TAXES			-	-	166.59	166.59
43		3/31/2010	JV-9 TRANSPORTATION			-	-	210.62	210.62
44		3/31/2010	Payables Trx Entry	HENNESY MECHANICAL SALES	8447	-	-	217,880.51	217,880.51
45		3/31/2010	Payables Trx Entry	ANDREW HAAS	402690	-	-	41.00	41.00
46						\$ 10.95	\$ 14.89	\$ 221,719.74	\$ 221,745.58
47									
48	Apr-10	4/30/2010	JV-1 PAYROLL			-	-	1,288.65	1,288.65
49		4/30/2010	JV-11 AFUDC			7.67	-	-	7.67
50		4/30/2010	JV-11 AFUDC			3.36	-	-	3.36

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Line No.	Month/Year	Date	Description	Vendor Name	Invoice No.	Acct. 31401	Acct. 33101	Acct. 33201	Total
1		4/30/2010	JV-11 AFUDC			-	10.44	-	10.44
2		4/30/2010	JV-11 AFUDC			-	4.58	-	4.58
3		4/30/2010	JV-11 AFUDC			-	-	2,125.84	2,125.84
4		4/30/2010	JV-11 AFUDC			-	-	932.83	932.83
5		4/30/2010	JV-2 PAYROLL TAXES			-	-	120.14	120.14
6		4/30/2010	JV-9 TRANSPORTATION			-	-	146.70	146.70
7						\$ 11.03	\$ 15.02	\$ 4,614.16	\$ 4,640.21
8	May-10	5/31/2010	JV-1 PAYROLL			-	-	1,408.06	1,408.06
9		5/31/2010	JV-2 PAYROLL TAXES			-	-	123.30	123.30
10		5/31/2010	JV-11 AFUDC			7.73	-	-	7.73
11		5/31/2010	JV-11 AFUDC			3.39	-	-	3.39
12		5/31/2010	JV-11 AFUDC			-	-	2,151.61	2,151.61
13		5/31/2010	JV-11 AFUDC			-	-	944.14	944.14
14		5/31/2010	JV-11 AFUDC			-	10.52	-	10.52
15		5/31/2010	JV-11 AFUDC			-	4.62	-	4.62
16		5/31/2010	Payables Trx Entry	HENNESSY MECHANICAL SALES	8506	-	-	10,660.54	10,660.54
17		5/31/2010	Payables Trx Entry	KP VENTURES	1454	-	-	500.00	500.00
18		5/31/2010	Payables Trx Entry	KEITH SELF	129379	-	-	95.22	95.22
19		5/31/2010	Payables Trx Entry	HENNESSY MECHANICAL SALES	8539	-	-	154,770.01	154,770.01
20		5/31/2010	Payables Trx Entry			-	-	116.65	116.65
21		5/31/2010	JV-9 TRANSPORTATION			\$ 11.12	\$ 15.14	\$ 170,769.53	\$ 170,795.79
22									
23									
24	Jun-10	6/14/2010	Payables Trx Entry	HENNESSY MECHANICAL SALES	8554	-	-	1,145.97	1,145.97
25		6/30/2010	JV-1 PAYROLL			-	-	529.97	529.97
26		6/30/2010	JV-2 PAYROLL TAXES			-	-	48.94	48.94
27		6/30/2010	JV-11 AFUDC			7.79	-	-	7.79
28		6/30/2010	JV-11 AFUDC			3.42	-	-	3.42
29		6/30/2010	JV-11 AFUDC			-	-	3,105.07	3,105.07
30		6/30/2010	JV-11 AFUDC			-	-	1,362.52	1,362.52
31		6/30/2010	JV-11 AFUDC			-	10.60	-	10.60
32		6/30/2010	JV-11 AFUDC			-	4.65	-	4.65
33		6/30/2010	JV-9 TRANSPORTATION			-	-	56.53	56.53
34						\$ 11.21	\$ 15.25	\$ 6,249.00	\$ 6,275.46
35	Jul-10	7/31/2010	JV-1 PAYROLL			-	-	476.43	476.43
36		7/31/2010	JV-2 PAYROLL TAXES			-	-	43.76	43.76
37		7/31/2010	JV-11 AFUDC			7.85	-	-	7.85
38		7/31/2010	JV-11 AFUDC			3.45	-	-	3.45
39		7/31/2010	JV-11 AFUDC			-	-	3,139.96	3,139.96
40		7/31/2010	JV-11 AFUDC			-	-	1,377.83	1,377.83
41		7/31/2010	JV-11 AFUDC			-	-	-	-
42		7/31/2010	JV-11 AFUDC			-	10.69	-	10.69
43		7/31/2010	JV-11 AFUDC			-	4.69	-	4.69
44		7/31/2010	JV-9 TRANSPORTATION			-	-	74.95	74.95
45						\$ 11.30	\$ 15.38	\$ 5,112.93	\$ 5,139.61
46	Aug-10	8/31/2010	JV-11 AFUDC			5.15	-	-	5.15
47		8/31/2010	JV-11 AFUDC			4.15	-	-	4.15
48		8/31/2010	JV-11 AFUDC			-	-	2,061.89	2,061.89
49		8/31/2010	JV-11 AFUDC			-	-	1,659.92	1,659.92
50		8/31/2010	JV-11 AFUDC			-	-	-	-

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TYPICAL BILL ANALYSIS

Line No.	[A] VERDE VALLEY (Sedona)	[B] VERDE VALLEY (Sedona)	[C] VERDE VALLEY (Sedona)
	Present Rates	Proposed Rates	Percent Increase
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
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44			
45			
46			
47			
48			
49			
50			
	Gallons Consumption		
	0	\$23.38	1.2%
	1,000	24.95	1.3%
	2,000	26.53	1.4%
	3,000	28.10	1.5%
	4,000	30.06	1.5%
	5,000	32.01	1.6%
	6,000	33.97	1.6%
	7,000	35.93	1.6%
	8,000	37.88	1.6%
	9,000	39.84	1.7%
	10,000	41.80	1.7%
	11,000	43.49	1.7%
	12,000	45.88	1.7%
	13,000	48.27	1.7%
	14,000	50.66	1.7%
	15,000	53.05	1.7%
	20,000	66.12	1.7%
	25,000	78.29	1.7%
	Average Residential Consumption	9,297	
	Average Residential Bill	\$40.42	1.7%
	Minimum Rate	\$ 23.10	
	Commodity (per M Gallon)		
	0-3,000 Gallons	\$ 1.5317	
	3,001 - 10,000 Gallons	\$ 1.9147	
	Over 10,000 Gallons	\$ 2.3910	

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TYPICAL BILL ANALYSIS

Line No.	[A] VERDE VALLEY (Pinewood/Rimrock)	[B] VERDE VALLEY (Pinewood/Rimrock)	[C] VERDE VALLEY (Pinewood/Rimrock)
	Present Rates	Proposed Rates	Percent Increase
1			
2			
3			
4			
5			
6	\$23.10	\$23.38	1.2%
7	26.49	26.77	1.1%
8	29.88	30.16	0.9%
9	33.27	33.55	0.8%
10	37.50	37.78	0.7%
11	41.74	42.02	0.7%
12	45.98	46.26	0.6%
13	50.21	50.49	0.6%
14	54.45	54.73	0.5%
15	58.68	58.96	0.5%
16	62.92	63.20	0.4%
17	68.22	68.50	0.4%
18	73.51	73.79	0.4%
19	78.81	79.09	0.4%
20	84.10	84.38	0.3%
21	89.40	89.68	0.3%
22	115.87	116.15	0.2%
23	142.35	142.63	0.2%
24			
25			
26			
27			
28			
29	Average Residential Consumption	3,208	
30	Average Residential Bill	\$34.43	0.8%
31			
32			
33			
34			
35			
36	Minimum Rate	\$ 23.10	
37			
38			
39			
40	Commodity (per M Gallon)		
41	0-3,000 Gallons	\$ 3.3891	
42	3,001 - 10,000 Gallons	\$ 4.2361	
43	Over 10,000 Gallons	\$ 5.2954	
44			
45			
46			
47			
48			
49			
50			