ORIGINAL

0000124225

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

2011 APR -1 A 10: 16

AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission
DOCKETED
APR - 1 2011
DOCKETED BY

W-01303A-09-0343

COMMISSIONERS

GARY PIERCE, Chairman
SANDRA D. KENNEDY
PAUL NEWMAN
BOB STUMP
BRENDA BURNS

IN THE MATTER OF THE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES BASED THEREON FOR UTILITY SERVICE BY ITS ANTHEM / AGUA FRIA WASTEWATER DISTRICT, SUN CITY WASTEWATER DISTRICT, AND SUN CITY WEST WASTEWATER DISTRICT

DOCKET NO. SW-01303A-09-0343

COMPLIANCE APPLICATION TO SUPPORT CONSIDERATION OF STAND-ALONE REVENUE REQUIREMENTS AND RATE DESIGNS FOR THE ANTHEM /AGUA FRIA WASTEWATER DISTRICT

1. On January 6, 2011, the Commission issued Decision No. 72047 in the above-captioned docket. Among other things, Decision No. 72047 required Arizona-American Water Company ("Arizona-American") to "file, no later than April 1, 2011, an application supporting consideration of stand-alone revenue requirements and rate designs as set forth in the Agreement reached during the Open Meeting for the Anthem Wastewater District and Agua Fria Wastewater district."

2. To comply with this requirement, Arizona-American is filing the attached Direct Testimony of Sandra L. Murrey. Ms. Murrey testifies concerning the separate revenue requirements and separate rate designs for possible new Anthem Wastewater and Agua Fria Wastewater Districts on a stand-alone basis using the combined authorizations in Decision No. 72047.

3. Decision No. 72047 approved an overall rate increase of 53.98% for customers in the Anthem/Agua Fria Wastewater District. Ms. Murrey concludes that if the Commission were to approve deconsolidation of the existing Anthem/Agua Fria Wastewater District, the

Craig A. Marks, PLC
10645 N. Tatum Blvd., Ste. 200-676
Phoenix, AZ 85028
(480)367-1956
Craig.Marks@azbar.org

standalone rate increase for the new Anthem Wastewater District would alternatively be 15.5%, and 139.7% for the new Agua Fria Wastewater District. Therefore, as compared to the rates approved in Decision No. 72047 and implemented January 1, 2011, customers in the separate Anthem Wastewater District would see a rate decrease and customers in the separate Agua Fria Wastewater District would see a rate increase.

4. Ms. Murrey also sponsors the following new schedules for the stand-alone districts:

• Schedule A-1	Computation of Increase in Gross Revenue Requirements
• Schedule B-1	Summary of Fair Value Rate Base
• Schedule B-2	Original Cost Rate Base Pro Forma Adjustments
• Schedule B-5	Computation of Working Capital
• Schedule B-6	Lead/Lag Study – Working Cash Requirement
• Schedule C-1	Adjusted Test Year Income Statement
• Schedule C-2	Income Statement Pro Forma Adjustments
• Schedule C-3	Computation of Gross Revenue Conversion Factor
• Schedule E-7	Operating Statistics
• Schedule H-1	Summary of Revenues by Customer
• Schedule H-2	Analysis of Revenues by Detailed Customer Class
• Schedule H-3	Changes in Representative Rate Schedules
• Schedule H-4	Typical Bill Analysis
• Schedule H-5	Bill Count

5. **Sun City Grand**. Decision No. 72047 also required Arizona-American to "serve a copy of the above-ordered application on the Sun City Grand Community Association at the time it is docketed." As shown on the attached service list, Arizona-American is complying with that requirement. However, for future reference, Arizona-American notes that the Sun City Grand community is **not** located in Arizona-American's Aqua Fria Wastewater District— its wastewater services are provided directly by the City of Surprise—and its wastewater rates will not be affected by the resolution of this case.[1]

---

[1] The Sun City Grand community is located in Arizona-American's Aqua Fria Water District. Arizona-American provides wastewater billing services for the City of Surprise, so the City's wastewater charges are included on Arizona-American's water bill; thus, the basis for possible customer confusion in this deconsolidation phase. Arizona-American's operations personnel have already met with representatives of the Sun City Grand HOA and informed them they are not affected by wastewater rate deconsolidation.

6. **Map**. Attached to Ms. Murrey's testimony as Exhibit SLM-1 is a map that shows the three service areas—Verrado, Russell Ranch, and Northeast Agua Fria—that would be included in a deconsolidated Agua Fria Wastewater CC&N District. (The Anthem service area is not shown on this map.) The map also shows that Sun City Grand residents would be outside a deconsolidated Agua Fria Wastewater CC&N District.

7. **Time Clock and Sufficiency**. Because this compliance filing does not propose any changes to the fair-value and revenue requirement determinations in Decision No. 72047 for the Anthem/Agua Fria Wastewater District, neither the Commission's rate-case time-clock nor sufficiency requirements apply to this filing. Arizona-American does ask that the Commission consider this filing as soon as its resources will allow.

8. **Notice**. Arizona-American proposes that it provide notice of this application by first-class mail to each customer in the existing Anthem/Agua Fria Wastewater District. Arizona-American asks that the initial procedural order **not** require it to publish additional newspaper notice. Given the large number of Arizona-American water and wastewater districts in the West Valley, newspaper notices could unduly confuse customers concerning whether the proposed deconsolidation could affect them. First-class mail will make it much more likely that all affected customers, and no others, will receive actual notice of this application.

9. **Future Service List**. Arizona-American is mailing a copy of this application to every party on the Commission's service list in Docket No. SW-01303A-09-0343. Many of the intervenors in this docket will have no interest in the outcome of this compliance application. To avoid confusion and to reduce copying, assembling, and postage costs, Arizona-American asks that the initial procedural order require each existing intervenor to affirmatively request that it continue to be included on the service list.

10. **Substitution of Counsel**. Arizona-American will be represented by undersigned counsel in this phase of Docket No. SW-01303A-09-0343.

11. **Arizona-American's Representatives**. Please serve copies of all pleadings, data requests, and other documents in this phase of Docket No. SW-01303A-09-0343 to:

Thomas M. Broderick
Arizona-American Water Company
2355 W. Pinnacle Peak Road
Suite 300
Phoenix, AZ 85027
Thomas.Broderick@amwater.com

Craig A. Marks
10645 N. Tatum Blvd.
Suite 200-676
Phoenix, AZ 85028
Craig.Marks@azbar.org
Attorney for Arizona-American Water Company

Respectfully submitted on April 1, 2011, by:

Craig A Marks

Craig A. Marks
Craig A. Marks, PLC
10645 N. Tatum Blvd.
Suite 200-676
Phoenix, AZ 85028
(480) 367-1956
Craig.Marks@azbar.org
Attorney for Arizona-American Water Company

Original and 13 copies **filed**
on April 1, 2011, with:

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

Copies of the foregoing **mailed**
On April 1, 2011, to:

Steve Olea
Utilities Division
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

Maureen Scott
Robin Mitchell
Legal Division
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

Judith M. Dworkin
Roxanne S. Gallagher
Sacks Tierney PA
4250 N. Drinkwater Blvd., Fourth Floor
Scottsdale, AZ 85251-3693

Lawrence V. Robertson, Jr.
P.O. Box 1448
Tubac, AZ 85646-1448

Daniel W. Pozefsky
Chief Counsel
Residential Utility Consumer Office
1110 West Washington Street
Suite 220
Phoenix, AZ 85007

Larry Woods
Property Owners and Residents Assoc.
13 8 15 E. Camino Del Sol
Sun City West, AZ 85375-4409

W.R. Hansen
12302 W. Swallow Drive
Sun City West, AZ 85375

Andrew M. Miller, Town Attorney
Town of Paradise Valley
6401 E. Lincoln Drive
Paradise Valley, AZ 85253

Norman D. James
Fennemore Craig, P.C.
3003 N. Central
Suite 2600
Phoenix. AZ 85012

Philip H. Cook
10122 W. Signal Butte Circle
Sun City AZ 85373

Marshall Magruder
P.O. Box 1267
Tubac, AZ 85646

Jeff Crockett
Robert Metli
SNELL & WILMER
One Arizona Center
400 E. Van Buren Street
Phoenix, AZ 85004-2202

Bradley J. Herrema
Robert J. Saperstein
Brownstein Hyatt Farber Schreck, LLP
21 E, Carrillo St
Santa Barbara, CA 83101

Greg Patterson
Water Utility Association of Arizona
916 W. Adams, Suite 3
Phoenix, AZ 85007

Desi Howe
Anthem Golf and Country Club
2708 W. Anthem Club Drive
Anthem, AZ 85086

Joan S. Burke
Law Office of Joan S. Burke
1650 N. First Avenue
Phoenix, AZ 85003

Larry D. Woods
15141 W. Horseman Lane
Sun City West, AZ 85375

Sun City Grand Community Association
Palm Center
19726 N. Remington Drive
Surprise, AZ 85374

By: ______________________

Craig A. Marks, PLC
10645 N. Tatum Blvd., Ste. 200-676
Phoenix, AZ 85028
(480)367-1956
Craig.Marks@azbar.org

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

GARY PIERCE, Chairman
SANDRA D. KENNEDY
PAUL NEWMAN
BOB STUMP
BRENDA BURNS

IN THE MATTER OF THE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES BASED THEREON FOR UTILITY SERVICE BY ITS ANTHEM/ AGUA FRIA WASTEWATER DISTRICT, SUN CITY WASTEWATER DISTRICT, AND SUN CITY WEST WASTEWATER DISTRICT

DOCKET NO. SW-01303A-09-0343

COMPLIANCE APPLICATION TO SUPPORT CONSIDERATION OF STAND-ALONE REVENUE REQUIREMENTS AND RATE DESIGNS FOR THE ANTHEM/AGUA FRIA WASTEWATER DISTRICT

DIRECT TESTIMONY
OF
SANDRA L. MURREY
ON BEHALF OF
ARIZONA AMERICAN WATER COMPANY
APRIL 1, 2011

DIRECT TESTIMONY
OF
SANDRA L. MURREY
ON BEHALF OF
ARIZONA-AMERICAN WATER COMPANY
APRIL 1, 2011

TABLE OF CONTENTS

I. INTRODUCTION AND QUALIFICATIONS

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND TELEPHONE NUMBER.

A. My name is Sandra L. Murrey. My business address is 2355 West Pinnacle Peak, Suite 300, Phoenix, AZ, and my business phone is 623-445-2490.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Arizona-American Water Company ("Arizona-American") as a Rate Analyst.

Q. WHAT ARE YOUR PRIMARY RESPONSIBILITIES FOR ARIZONA-AMERICAN?

A. My primary responsibilities are to prepare and help process rate applications and other regulatory and compliance filings for Arizona-American.

Q. PLEASE DESCRIBE YOUR PROFESSIONAL EXPERIENCE AND EDUCATION.

A. I joined Arizona-American in 2007 as a Capital Compliance Analyst and was promoted to my current position in December 2008. I have over 20 years of experience working in the public utility industry, most of that time being employed with Wisconsin Electric Power Company ("WEPCo"). The majority of my experience was as an accountant where my responsibilities included financial reporting, pension analysis, unbilled revenue calculation, accounts payable, and power marketing settlements. I progressed to Project Manager in the Federal Regulatory, Affairs and Policy Group where my responsibilities included monitoring WEPCo's tariffs to assure compliance with all federal/state decisions and rulings, tracking industry changes to determine company impact, as well as interactions with FERC, NERC, NAESB, and NARUC to assure WEPCo's position was fairly represented.

I have a Bachelor of Business Administration degree with a double major in Accounting and Real Estate from the University of Wisconsin – Milwaukee. I am a certified public accountant licensed in the states of Arizona and Wisconsin. I have also attended the NARUC Utility Rate School.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?

A. Yes. I testified in April 2010 on behalf of Arizona-American in Docket Nos. W-01303A-09-0343 and SW-01303A-09-0343. I also recently submitted written Direct Testimony in Docket No. W-01303A-10-0448.

II. SCOPE AND PURPOSE OF TESTIMONY

Q. WHAT IS THE SCOPE AND PURPOSE OF YOUR TESTIMONY?

A. Arizona-American has filed three previous rate cases for the Anthem Wastewater and Agua Fria Wastewater districts on a consolidated basis. However, on January 6, 2011, the Commission issued Decision No. 72047, which required (p. 121) that:

> Arizona-American Water Company shall file, no later than April 1, 2011, an application supporting consideration of stand-alone revenue requirements and rate designs as set forth in the Agreement reached during the Open Meeting for the Anthem Wastewater District and Agua Fria Wastewater District.

Arizona-American is filing today (April 1, 2011) an application to comply with Decision No. 70247. My testimony is provided in support of that application.

This application takes the amounts that were authorized in Decision No. 72047 on a consolidated basis for the Anthem /Agua Fria Wastewater district and separates them into two separate stand-alone districts. This separation is for the sole purpose of allowing the

Commission to consider "the resulting stand-alone revenue requirements and rate designs."

In Decision No. 72047 the Commission determined that the "fair value of Arizona-American's Anthem/Agua Fria Wastewater district rate base is $45,116,927" and it has authorized a revenue increase of $4,657,770 for the combined Anthem/Agua Fria Wastewater district. Deconsolidating these districts must therefore have a revenue-neutral impact on Arizona-American. Consequently, this is not a new rate case; rather, Arizona-American is simply offering for Commission consideration new rate designs for the two districts based on stand-alone revenue requirements. As a result of my evaluation, the $4,657,770 revenue increase has been allocated to each district based on the individual district's financial values such as rate base, revenues, and expenses. Arizona-American interprets Decision No. 72047 to require that review and rebuttal, if any, by the parties to my stand-alone revenue requirement evaluation will be limited to whether or not the authorized revenue increase is correct for each stand-alone district or whether revenue requirement should be moved from one stand-alone district to the other.

III. HISTORY OF THE ANTHEM/AGUA FRIA WASTEWATER DISTRICT

Q. HOW WAS THE ANTHEM/AGUA FRIA WASTEWATER DISTRICT CREATED?

A. Through my inquiries, I understand the Commission set initial rates for the Anthem Wastewater District on June 19, 1998, in Decision No. 60975. The Decision created two new Certificates of Convenience and Necessity ("CC&Ns"). A subsidiary of Citizens Utilities Company ("Citizens")—Citizens Water Services Company of Arizona ("Citizens Water Services")—was granted both the water and wastewater CC&Ns. At that time, Anthem was the only wastewater territory included in the Citizens Water Services CC&N.[1]

Q. HOW DID CITIZENS WATER SERVICES BECOME PART OF ARIZONA-AMERICAN?

A. In Decision No. 63584, dated April 24, 2001, the Commission approved the acquisition of Citizens' Arizona properties by Arizona-American, including Citizens Water Services. The acquisition closed on January 15, 2002. Arizona-American then began referring to the former Citizens Water Services Wastewater District as Arizona-American's "CW Service District." Anthem's wastewater rates were first changed by Decision No. 67093, which was issued on June 30, 2004. Throughout the conduct of that rate case, the "CW Service District" was referred to as the "Anthem/Agua Fria Wastewater District." The subsequent compliance tariffs for Anthem wastewater service then referred to the "Anthem/Aqua Fria Wastewater District," its present name.

Q. HOW DID THE VERRADO, RUSSELL RANCH, AND THE NORTHEAST AGUA FRIA SERVICE AREAS BECOME PART OF THE CURRENT ANTHEM/AGUA FRIA WASTEWATER CC&N?

A. In Decision No. 64307, dated December 28, 2001, the Commission approved extension of the Citizens Water Services' Wastewater CC&N to include the new Verrado service area. Citizens Water Services was authorized to charge the same rates charged for Anthem wastewater service, with the addition of a new hook-up fee that would be applicable only to Verrado customers. Arizona-American's acquisition of Citizens Water Services then closed two weeks later, on January 15, 2002. In its subsequent compliance tariff filing, Arizona-American referred to the former Citizens Water Services wastewater service territory as its "CW Services District."

---

[1] Other Citizens wastewater districts CC&Ns (e.g., Sun City) were held by other Citizens subsidiaries at that time.

On September 18, 2001, Citizens Water Services, applied to add the Russell Ranch service area to its wastewater CC&N. On April 17, 2002, the Commission issued Decision No. 64746, which approved the addition. The Commission noted the name change from Citizens Water Services to Arizona-American Water Company. The compliance tariffs again referred to Arizona-American's "CW Services District."

On August 20, 2002, Arizona-American applied to add the Northeast Agua Fria service area. For the first time, Arizona-American referred to the former Citizens Water Services wastewater district as the "Anthem/Agua Fria District." This district was also referred to as "Distco," the same term used for Citizens Water Services in the initial Anthem Decision (60975). The Northeast Aqua Fria service area was added to the Anthem/Agua Fria Wastewater CC&N by the Commission in Decision No. 65757, dated March 20, 2003.

Q. IF THE COMMISSION DECIDES TO DECONSOLIDATE THE ANTHEM/AGUA FRIA WASTEWATER DISTRICT, WHICH SERVICE AREAS WOULD BE AFFECTED?

A. If the Commission decides to deconsolidate the Anthem/Aqua Fria Wastewater District, three service areas would be part of a stand-alone Agua Fria Wastewater District: Verrado, Russell Ranch, and the Northeast Agua Fria service area. These territories are all currently part of the Anthem/Agua Fria Wastewater CC&N. Anthem would be the other stand-alone Wastewater District.

Q. ARE YOU CONVINCED THAT THE COMMISSION AUTHORIZED INCLUSION OF ALL FOUR SERVICE AREAS THAT NOW MAKE UP THE ANTHEM/AGUA FRIA WASTEWATER CC&N?

A. Yes. It is clear that in 1998 the Commission approved creation of what is now Arizona-American's Anthem/Agua Fria Wastewater CC&N. The Commission subsequently approved extending the initial CC&N to include the Verrado, Russell Ranch, and the Northeast Agua Fria communities. Over time, the Commission has further extended the Anthem/Agua Fria Wastewater CC&N to include new communities adjacent to Verrado (Decision 69671), Anthem (Decisions 63445, and 68854), and Northeast Agua Fria (Decision 67015).

Q. WHAT RATES ARE APPROVED FOR THE FOUR SERVICE AREAS THAT MAKE UP THE ANTHEM/AGUA FRIA WASTEWATER DISTRICT?

The Commission has authorized Arizona-American to charge the identical wastewater rates for all customers in the Anthem/Agua Fria Wastewater CC&N. Rates were first set for Anthem in Decision No. 60975, and then applied to other areas as they were added to the CC&N. The first rate changes for the Anthem/Agua Fria Wastewater CC&N were approved in Decision No. 67093, dated June 30, 2004. The second rate changes for the Anthem/Agua Fria Wastewater CC&N were approved in Decision 70372, dated June 13, 2008. The most recent rate changes were approved in Decision No. 72047, dated January 6, 2011.

Q. FOR THE BENEFIT OF YOUR CUSTOMERS, CAN YOU SHOW THE EXACT EXISTING SERVICE AREAS FOR AGUA FRIA WASTEWATER ON A MAP?

A. Yes. Exhibit SLM-1 is a map that shows each service area that would be included in a deconsolidated Agua Fria Wastewater CC&N District. Each service area—Verrado, Russell Ranch, and Northeast Agua Fria—is shown on the map in green. Only those customers located in these areas would be impacted by deconsolidation, plus Anthem's customers (not shown on this map).

IV. DECONSOLIDATION

Q. HOW DID YOU CALCULATE DECONSOLIDATED RATES?

A. The initial step in this process was to be sure that Arizona-American's schedules for the consolidated Anthem/Agua Fria Wastewater districts reconciled to the Staff's Final Schedules, which formed the basis for the authorized amounts in Decision No. 72047. Once I had a reconciled consolidated basis to work with, I then separated out items on an individual district level. Arizona-American maintains financial information regarding assets, liabilities, revenues, expenses, and other items on a stand-alone district level basis, so this information was readily available. In addition, I performed various checks of the data to ensure accurate location designations. As part of preparing this application, I also performed various checks on the district locations of select assets. Each authorized *pro-forma* adjustment was also made on district-specific data. Arizona-American also updated all other factors that had been revised as required by Decision No. 72047—such as depreciation rates, new Northwest Valley allocation percentages, and lead/lag days—and then applied the newly authorized factors to each district.

My first step involved preparing a Rate Base for each district, as shown on the Schedule Bs. All plant in service was classified by stand-alone district and re-validated by local operations personnel. The related accumulated depreciation was then separated out. The remaining Rate Base items were established based on district-level trial balances. All authorized Rate Base *pro formas* were analyzed individually. Then, based on the nature of the adjustment, they were either assigned directly to one district, or apportioned to the districts based on normal allocation factors.

Once Rate Base was established, I then focused on determining Operating Income, which is detailed in the Schedule Cs. Each district's test year revenues and expenses book values were retrieved from the district level Analysis of Income supporting work papers.

Similar to the Rate Base *pro formas*, I then analyzed all Income Statement *pro formas* and assigned them accordingly.

I was then able to calculate the increase in gross revenue requirement by applying the authorized cost of capital and gross-revenue conversion factor. The updated existing H Schedules[2] were then used to determine the stand-alone rates to support this increase.

Q. WHAT SCHEDULES ARE INCLUDED IN THIS FILING?

A. This is not a new rate case, but rather a compliance application to provide the Commission with sufficient information to evaluate whether to deconsolidate the existing Anthem/Agua Fria Wastewater district into two new standalone districts (using the revenue requirement was established by the Commission in Decision No. 72047). Therefore, I have only prepared and included new standard Schedules that are necessary to allocate the authorized revenue requirement on an individual district basis.

I am sponsoring the following new schedules for each of the two potential standalone districts:

Schedule A-1	Computation of Increase in Gross Revenue Requirements
Schedule B-1	Summary of Fair Value Rate Base
Schedule B-2	Original Cost Rate Base Pro Forma Adjustments
Schedule B-5	Computation of Working Capital
Schedule B-6	Lead/Lag Study – Working Cash Requirement
Schedule C-1	Adjusted Test Year Income Statement
Schedule C-2	Income Statement Pro Forma Adjustments
Schedule C-3	Computation of Gross Revenue Conversion Factor
Schedule E-7	Operating Statistics
Schedule H-1	Summary of Revenues by Customer
Schedule H-2	Analysis of Revenues by Detailed Customer Class

---

[2] Stand-alone H Schedules were earlier submitted in this docket.

- Schedule H-3 Changes in Representative Rate Schedules
- Schedule H-4 Typical Bill Analysis
- Schedule H-5 Bill Count

I have also included the parallel approved schedules on a consolidated basis for ease of comparison.

A. RATE BASE CALCULATIONS

Q. WHAT WAS THE AMOUNT AUTHORIZED FOR RATE BASE IN DECISION NO. 72047?

A. The Anthem /Agua Fria Wastewater District was authorized an original cost rate base of $45,116,327. If it were deconsolidated, the following table shows how rate base would be allocated to the two new districts:

Table 1 – Rate Base on District Level

Districts	Original Cost Rate Base
Anthem Wastewater	$ 25,969,396
Agua Fria Wastewater	$ 19,147,531
Consolidated Total	**$ 45,116,927**

Q. WHERE IS RATE BASE FORMULATED?

A. Rate Base is displayed on Schedule B-1 for each district and on a combined basis. Details can be found on Schedule B-2, which displays the December 31, 2008, test year-end balances for all components of Rate Base as well as all rate base *pro forma* adjustments. The *pro forma* adjustments were either district-specific or common adjustments based on district-specific values or allocation factors. All Rate Base adjustments share a similar numbering sequence among districts for ease in tracking.

Q. WHICH RATE BASE *PRO FORMA* ADJUSTMENTS ARE DISTRICT-SPECIFIC?

A. There were only a few district-specific rate base adjustments. Those adjustments assigned directly to Agua Fria Wastewater were items involving the Northwest Valley Regional Water Reclamation Facility ("Northwest Valley")[3] and Verrado; whereas Anthem was assigned the post-test year Anthem Headworks project as well as imputed regulatory CIAC.

Q. HOW WAS WORKING CASH DETERMINED?

A. Arizona-American was authorized a working cash requirement of $7,650 for the Anthem/Agua Fria Water district. Please see Schedule B-6 for a detailed calculation on a district level. When breaking down this value between the districts, I took the Revenue and Expense lag days that were authorized in Decision No. 72047 and applied those to the test-year adjusted operating expenses for each individual district. See Table 2 for breakdown.

Table 2 – Cash Working Capital on District Level

Districts	Cash Working Capital
Anthem Wastewater	$ (41,851)
Agua Fria Wastewater	$ 49,501
Consolidated Total	**$ 7,650**

B. INCOME STATEMENT CALCULATIONS

Q. WHERE ARE THE INCOME STATEMENT ADJUSTMENTS SHOWN?

A. Revenue and expenses are displayed on Schedule C-1 for each district and on a combined basis. Details can be found on Schedule C-2, which displays the December 31, 2008, test-year end balances for all items as well as all income statement pro forma adjustments. The *pro forma* adjustments were either district-specific, or common

---

[3] Northwest Valley treats wastewater flows from both the Sun City West Wastewater district and Agua Fria Wastewater districts. Decision No. 72047 authorized that the Northwest Valley Plant be allocated 28 percent to Anthem/Agua Fria Wastewater district and 72 percent to Sun City West Wastewater district. It is this 28 percent allocation that is assigned directly to the separate Agua Fria Wastewater district.

adjustments based on district-specific values or allocation factors. All Income Statement adjustments share the numbering sequence among districts for ease in tracking.

Q. WERE THERE ANY DISTRICT-SPECIFIC INCOME STATEMENT *PRO FORMA* ADJUSTMENTS?

A. There were only a few district-specific Income Statement adjustments. Those adjustments assigned directly to Agua Fria Wastewater were:

- ADJ SLM-4 Billing Error – Correction of customer billing for other districts booked in error to Agua Fria Wastewater. This district designation was corrected during the test year: and,
- ADJ SLM-12 Normalize Purchase Water - Adjustment for cost saving program at Northwest Valley RTF.

Anthem Wastewater was assigned the following:

- ADJ SLM-1 Unbilled Revenue – Accrual only made for Anthem district.

C. REVENUE REQUIREMENT CALCULATIONS

Q. WHAT WOULD BE THE INCREASE IN REVENUE REQUIREMENT FOR EACH DISTRICT?

A. Decision No. 72047 authorized an increase in Revenue Requirement of $4,657,770, or a 53.93 percent increase, for the combined Anthem/Agua Fria Wastewater districts. Upon completion of the various schedules based on each district's financial data, the authorized revenue increase is stated separately as shown in Table 3 below.

Table 3 – Increase in Revenue Requirement

Districts	Deconsolidated District Increase in Revenue Requirement	Deconsolidated Percent Increase in Rates
Anthem Wastewater	$ 921,279	15.5 %
Agua Fria Wastewater	$ 3,736,490	139.7 %
Consolidated Total	**$ 4,657,770**	**53.9 %**

Therefore, as compared to new rates implemented January 2011, Anthem Wastewater would experience a rate decrease and Agua Fria Wastewater would experience an additional rate increase if stand-alone rates are approved by the Commission.

Q. WHAT IS THE REVENUE INCREASE BY CUSTOMER CLASS FOR EACH STAND-ALONE DISTRICT?

A. Table 4 provides the authorized revenue increases by stand-alone district and customer class.

Table 4 – Increase in Revenue Requirement by Customer Class

	Agua Fria Wastewater		**Anthem Wastewater**	
	Deconsolidated Increase in Revenue Requirement	Deconsolidated Percent Increase in Rates	Deconsolidated Increase in Revenue Requirement	Deconsolidated Percent Increase in Rates
Residential	$ 3,485,057	134.7 %	$ 747,288	15.5 %
Commercial	$ 114,458	133.1 %	$ 70,900	17.9 %
OWU			($ 346,512)	(47.2 %)
Effluent	$ 136,975	N/A	$ 449,603	N/A
District Total	**$ 3,736,490**	**139.7 %**	**$ 921,279**	**15.5%**

1. ANTHEM WASTEWATER REVENUE REQUIREMENT DETAILS

Q. COULD YOU ALSO PROVIDE THE TOTAL REVENUE REQUIREMENT FOR A STAND-ALONE ANTHEM WASTEWATER DISTRICT BY CLASS?

A. Yes, Table 5 provides the adjusted total test year revenues by class and on a stand-alone basis.

Table 5 – Anthem Wastewater Revenue Requirement Increase

Anthem Wastewater	Test Year Adjusted Revenue	Deconsolidated Revenue	Increase in Revenue Requirement	Percent Increase in Rates
Residential	$ 4,828,681	$ 5,575,968	$ 747,288	15.5 %
Commercial	$ 395,117	$ 466,017	$ 70,900	17.9 %
OWU	$ 733,665	$ 387,153	($ 346,512)	(47.2 %)
Effluent	-	$ 449,603	$ 449,603	N/A
Anthem WW Total	**$ 5,957,463**	**$ 6,878,742**	**$ 921,279**	**15.5%**

Q. WHAT IS THE EFFLUENT CUSTOMER GROUP?

A. The Effluent category refers to those few customers that are on a non-potable effluent tariff. This category was previous labeled "Miscellaneous" in the H Schedules submitted in compliance with Decision No. 72047. Decision No. 72047 established a new non-potable effluent rate $0.77 per Kgal for the Anthem/Agua Fria Wastewater district in response to testimony from several parties receiving effluent. This rate was a significant reduction from its prior amount. Arizona-American concluded the Commission would want that rate unchanged in this deconsolidated rate design and we decided the label "Effluent" was more accurately descriptive in the H Schedules than is "Miscellaneous."

Q. WHAT IS OWU?

A. The Other Water Users ("OWU") category in the Anthem Wastewater district refers to wastewater from the City of Phoenix. Arizona-American Water is under contract with the City of Phoenix to provide water and wastewater services for an area of Phoenix west of I-17. Presently, billings for both services are based on actual water usage. I was recently informed by Company operations employees that the City of Phoenix prefers that their wastewater billings be based on their actual wastewater usage for reads at the wastewater flume. Although, Arizona-American Water is not recommending any change in the existing OWU rate of $5.576/kgal authorized in Decision No. 72047, I have adjusted the test year usage to reflect that flume wastewater reads will be approximately

30% of the existing water meter reads. The test year OWU water usage was 231,722 kgals and, therefore, the H Schedules in this case are updated to be based on 30% of that or 69,517 kgals.[4] Local operations employees have discussed this change with the City of Phoenix. As a result, the deconsolidated test year revenue for the City of Phoenix is $387,153 and the required revenues of the residential and commercial Anthem Wastewater classes have been increased accordingly.

2. AQUA FRIA WASTEWATER EVENUE REQUIREMENT DETAILS

Q. COULD YOU PROVIDE THE TOTAL ADJUSTED TEST YEAR AND STAND-ALOVE REVENUE REQUIREMENTS FOR THE AGUA FRIA WASTEWATER DISTRICT?

A. Yes. This is shown in Table 6.

Table 6 – Agua Fria Wastewater Revenue Requirement Increase

Agua Fria Wastewater	Test Year Adjusted Rates	Deconsolidated Rates	Increase in Revenue Requirement	Percent Increase in Rates
Residential	$ 2,588,018	$ 6,073,076	$ 3,485,057	134.7 %
Commercial	$ 85,979	$ 200,437	$ 114,458	133.1 %
Effluent	-	$ 136,975	$ 136,975	N/A
Agua Fria WW Total	**$ 2,673,997**	**$ 6,410,487**	**$ 3,736,490**	**139.7%**

D. RATE DESIGN

Q. HAVE YOU INCLUDED RATE DESIGN SCHEDULES?

A. Yes. Rate Design H Schedules are included for the combined Anthem/Agua Fria Wastewater District as well as the potential new standalone Anthem Wastewater and Agua Fria Wastewater Districts. Schedule H-1 is a summary of the revenue billed under annualized test year rates and the amount that would be generated by the deconsolidated

---

[4] If, alternatively, the Commission determines to continue to base the OWU test year revenue on actual water usage (231,722 kgals for the test year), then the deconsolidated rate would be $3.3249 per kgal.

rates. Schedule H-2 is an analysis of revenue at test year and deconsolidated rates by class and meter size in dollar amounts and percentages. Schedule H-3 presents a comparison of test year and deconsolidated rates and shows the changes by basic service charges and by tariff blocks. Schedule H-4 compares test year and deconsolidated rates and the percentage increase at various consumption levels. Schedule H-5 is the bill count of the bills during the test year.

Q. DO THE SEPARATE DISTRICT RATE DESIGNS WHEN APPLIED TO AUTHORIZED BILLING DETERMINANTS PRODUCE SEPARATE REVENUES WHICH WHEN SUMMED PRODUCE THE TOTAL REVENUE AUTHORIZED IN DECISION NO. 72047?

A. Yes.

V. OTHER CONSIDERATIONS

Q. DECISION NO. 72047 ORDERED A WINTER-AVERAGE RATE DESIGN FOR ANTHEM, EFFECTIVE JUNE 1, 2012 – HAS THAT BEEN INCLUDED?

A. Yes, Exhibit SLM-2 displays the winter-average rate designs for the stand-alone Anthem and Agua Fria wastewater districts, effective June 1, 2012. This is identical to the design that was approved for the combined Anthem/Agua Fria Wastewater District in Decision No. 72047. Obviously, Arizona-American will not implement stand-alone winter average rate designs unless a decision in this case is effective by June 1, 2012. As the Commission recalls, both the Company and the Anthem Community Council opposed establishing winter-average rate designs and the Company again requests the Commission to consider whether a winter-average rate design is appropriate for either or both districts in the event of rate deconsolidation or whether that additional rate design change would overly confuse customers in both districts. The Company would prefer to further postpone winter-average rate designs.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

Arizona American Water Company - Anthem / Agua Fria Wastewater
Test Year Ended December 31, 2008
Index of Standard Filing Schedules for Class A Water/Wastewater Utilities

Exhibit: Index
Page 1

Schedule No.	Title	Witness
Schedule A-1 Per Order	Computation of Increase in Gross Revenue Requirement	Witness: Murrey
Schedule B-1 Per Order	Summary of Fair Value Rate Base	Witness: Murrey
Schedule B-2 Per Order	Original Cost Rate Base Pro Forma Adjustments	Witness: Murrey
Schedule B-5 Per Order	Computation of Working Capital	Witness: Murrey
Schedule B-6 Per Order	Lead/Lag Study - Working Cash Requirement	Witness: Murrey
Schedule C-1 Per Order	Adjusted Test Year Income Statement	Witness: Murrey
Schedule C-2 Per Order	Income Statement Pro Forma Adjustments	Witness: Murrey
Schedule C-3 Per Order	Computation of Gross Revenue Conversion Factor	Witness: Murrey
Schedule E-7 Per Order	Operating Statistics	Witness: Murrey
Schedule H-1 Per Order	Summary of Revenues by Customer	Witness: Murrey
Schedule H-2 Per Order	Analysis of Revenues by Detailed Class	Witness: Murrey
Schedule H-3 Per Order	Changes In Representative Rate Schedules	Witness: Murrey
Schedule H-4 Per Order	Typical Bill Analysis	Witness: Murrey
Schedule H-5 Per Order	Bill Count	Witness: Murrey

\Schedules\2008 Anth AF WW Sch. A-F_Decon.xls\

Arizona American Water Company - Anthem / Agua Fria Wastewater
Test Year Ended December 31, 2008
Computation of Increase in Gross Revenue Requirement

Exhibit
Schedule A-1 Per Order
Page 1
Witness: Murrey

Line No.					
1	Original Cost Rate Base			$ 45,116,927	
2					
3	Adjusted Operating Income			$ 210,401	
4					
5	Current Rate of Return			0.47%	
6					
7	Required Operating Income			$ 3,022,834	
8					
9	Required Rate of Return			6.70%	
10					
11	Operating Income Deficiency			$ 2,812,433	
12					
13	Gross Revenue Conversion Factor			1.6561	
14					
15	Increase in Gross Revenue				
16	Requirement			$ 4,657,770	
17					
18	Customer	Present	Proposed	Dollar	Percent
19	Classification	Rates	Rates	Increase	Increase
20					
21	Residential	$ 7,416,699	$ 10,645,748.93	$ 3,229,050	43.54%
22	Commercial	481,096	$ 769,499.51	288,403	59.95%
23	OPA	-		0.00%	0.00%
24	Other Water Utilities	733,666	$ 1,290,510.74	556,845	75.90%
25	Misc		$ 586,578.15	586,578	0.00%
26	Total of Water Revenues	$ 8,631,461	$ 13,292,337	$ 4,660,877	54.00%
27					
28	Other Revenue	2,556	2,556	-	0.00%
29					
30	Total Revenue	$ 8,634,017	$ 13,294,893	$ 4,660,877	53.98%
31					
32	Schedule C-2 Adj TY Revenue	8,637,002	13,294,894	4,657,770	
33	Over / (Under)	(2,986)	(0)	3,106	
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46					
47					
48					
49					
50	\Schedules\2008 Anth AF WW Sch. A-F_Decon.xls\				

Arizona American Water Company - Anthem / Agua Fria Wastewater
Test Year Ended December 31, 2008
Summary of Fair Value Rate Base

Exhibit
Schedule B-1 Per Order
Page 1
Witness: Murrey

Line No.		Original Cost Rate Base
1		
2	Gross Utility Plant in Service	$ 128,482,726
3	Less: Accumulated Depreciation	22,207,122
4		
5	Net Utility Plant in Service	$ 106,275,603
6		
7	Less:	
8	Advances in Aid of	
9	Construction	$ 48,273,364
10	Contributions in Aid of	
11	Construction - Net of Amortization	13,894,641
12	Imputed Regulatory Advances	-
13	Imputed Regulatory Contributions	143,475
14	Customer Meter Deposits	-
15	Deferred Income Taxes & Credits	(1,022,537)
16	Investment Tax Credits	-
17	Plus:	
18	Unamortized Finance	
19	Charges	-
20	Deferred Tax Assets	-
21	Deferred Debits	75,382
22	Allowance for Working Capital	54,885
23	Utility Plant Acquisition Adjustment	-
24		
25	Total Rate Base	$ 45,116,927
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		
42		
43		
44		
45		
46		
47		
48		
49	Workpapers & Supporting Documents:	
50	\Schedules\2008 Anth AF WW Sch. A-F_Decon.xls\	

Arizona American Water Company - Anthem / Agua Fria Wastewater
Test Year Ended December 31, 2008
Original Cost Rate Base Pro Forma Adjustments

Exhibit
Schedule B-2 Per Order
Page 1
Witness: Murrey

Line No.		[A] Actual End of Test Year	[B] ADJ SLM-1 Adjust A/D for (Over) Under Depreciation	[C] ADJ SLM-2 Allocate Corp to Districts	[D] ADJ LJG-3 Add 32% NWVTP	[E] ADJ LJG-4 Leave Blank	[F] ADJ LJG-5 Anthem Post TY Plant Additions	[G] ADJ LJG-6 Reclass Verrado WRF Phase 1	[H] ADJ SLM-7 Deferred Debits	[I] ADJ SLM-8 Decrease CIAC for CWIP	[J] ADJ TMB-9 Impute Regulatory CIAC	[K] TMB-10 Remove Acquisition Adjustment	[L] Total Pro Forma Adjustments
1	Gross Utility												
2	Plant in Service	$ 122,116,340		$ 320,238	$ 8,318,584		$ 606,023						$ 9,244,845
3													
4	**Less:**												
5													
6	Accumulated Depreciation	16,727,876	67,019	358,484	5,072,522			611,466					6,109,491
7													
8	Net Utility Plant												
9	in Service	$ 105,388,465	$ (67,019)	$ (38,246)	$ 3,246,063	$ -	$ 606,023	$ (611,466)	$ -	$ -	$ -	$ -	$ 3,135,355
10													
11	**Less:**												
12	Advances in Aid of												
13	Construction	$ 48,273,364											-
14	Contributions in Aid of												-
15	Construction - Net	12,479,031					$1,415,610			(65,490)			1,350,120
16	Imputed Regulatory Advances	-							-				-
17	Imputed Regulatory Contributions	-									143,475		143,475
18	Customer Meter Deposits	-											-
19	Deferred Income Taxes	(1,049,621)											-
20	Investment Tax Credits	-											-
21	**Plus:**												-
22	Unamortized Finance												-
23	Charges	-											-
24	Deferred Debits	1,298,067							(1,222,685)				(1,222,685)
25	Deferred Tax Assets	-											-
26	Working Capital	332,901											-
27	Utility Plant Acquisition Adjustment	2,201,407										(2,201,407)	(2,201,407)
28													
29	Total	$ 49,518,065	$ (67,019)	$ (38,246)	$ 3,246,063	$ -	$ (809,587)	$ (611,466)	$(1,222,685)	$ 65,490	$ (143,475)	$ (2,201,407)	$ (1,782,333)
30													
31													
32													
33													
34													
35													
36													
37													
38													
39													
40													
41													
42													
43													
44													
45													
46													
47													
48													
49	Workpapers & Supporting Documents:												
50	\Schedules\2008 Anth AF WW Sch. A-F_Decon.xls\												

Arizona American Water Company - Anthem / Agua Fria Wast
Test Year Ended December 31, 2008
Original Cost Rate Base Pro Forma Adjustments

Exhibit
Schedule B-2 Per Order
Page 2
Witness: Murrey

			Company Rebuttal										
		[M]	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]
Line No.		Adjusted End of Test Year	Adjusted End of Test Year	LJG-1R Accept STAFF RB # 1 NWRTF ADJ	LJG-2R Revise Working Capital	LJG-3R Accept STAFF RB # 4 Deferred Income Tax	LJG-4R Accept STAFF RB # 6 Accum Dep	SLM-1R Accept STAFF RB #1 Verrado	SLM-2R Accept RUCO B-3 CIAC in CWIP	SLM-3R Accept STAFF RB # 7 Generator Transfer	SLM-4R Accept RUCO B-2 Plant Retirement	Total Rebuttal Pro Forma Adjustments	Rebuttal Adjusted End of Test Year
1	Gross Utility												
2	Plant in Service	$ 131,361,186	$ 131,361,186	$ (1,039,823)		$ -	$ -	$ (1,838,637)		$ -	$ (52,636)	$ (2,931,096)	$ 128,430,090
3			-									-	-
4	**Less:**												
5													
6	Accumulated Depreciation	22,837,366	22,837,366				(630,244)				(52,636)	(682,880)	22,154,486
7													
8	Net Utility Plant												
9	in Service	$ 108,523,819	$ 108,523,819	$ (1,039,823)	$ -	$ -	$ 630,244	$ (1,838,637)	$ -	$ -	$ -	$ (2,248,216)	$ 106,275,603
10													
11	**Less:**												
12	Advances in Aid of												
13	Construction	$ 48,273,364	48,273,364				-					-	48,273,364
14	Contributions in Aid of	-	-									-	-
15	Construction - Net	13,829,151	13,829,151						65,490			65,490	13,894,641
16	Imputed Regulatory Advances	-	-									-	-
17	Imputed Regulatory Contributions	143,475	143,475									-	143,475
18	Customer Meter Deposits	-	-									-	-
19	Deferred Income Taxes	(1,049,621)	(1,049,621)			27,084						27,084	(1,022,537)
20	Investment Tax Credits	-	-									-	-
21	**Plus:**	-	-									-	-
22	Unamortized Finance	-	-									-	-
23	Charges	-	-									-	-
24	Deferred Debits	75,382	75,382										75,382
25	Deferred Tax Assets	-	-									-	-
26	Working Capital	332,901	332,901		97,042							97,042	429,943
27	Utility Plant Acquisition Adjustment	-	-									-	-
28													
29	Total	$ 47,735,732	$ 47,735,732	$ (1,039,823)	$97,042	$ (27,084)	$ 630,244	$ (1,838,637)	$ (65,490)	$ -	$ -	$ (2,243,748)	$ 45,491,984
30													
31													
32													
33													
34													
35													
36													
37													
38													
39													
40													
41													
42													
43													
44													
45													
46													
47													
48													
49	Workpapers & Supporting Documents:												
50	\Schedules\2008 Anth AF WW Sch. A-F_Decon.xls\												

Arizona American Water Company - *Anthem / Agua Fria Wast*
Test Year Ended December 31, 2008
Original Cost Rate Base Pro Forma Adjustments

Exhibit
Schedule B-2 Per Order
Page 3
Witness: Murrey

		COMPANY PER ORDER				
		[A]	[B]	[C]	[D]	[E]
Line No.		Adjusted End of Test Year	Working Capital	RUCO B-2 Plant Retirement	Total Final Pro Forma Adjustments	Per Order Adjusted End of Test Year
1	Gross Utility					
2	Plant in Service	$ 128,430,090		$ 52,636	$ 52,636	$ 128,482,726
3		-			-	-
4	**Less:**					
5						
6	Accumulated Depreciation	22,154,486		52,636	52,636	22,207,122
7						
8	Net Utility Plant					
9	in Service	$ 106,275,603	$ -	$ -	$ -	$ 106,275,603
10						
11	**Less:**					
12	Advances in Aid of					
13	Construction	48,273,364			-	48,273,364
14	Contributions in Aid of	-			-	-
15	Construction - Net	13,894,641			-	13,894,641
16	Imputed Regulatory Advances	-			-	-
17	Imputed Regulatory Contributions	143,475			-	143,475
18	Customer Meter Deposits	-			-	-
19	Deferred Income Taxes	(1,022,537)			-	(1,022,537)
20	Investment Tax Credits	-			-	-
21	**Plus:**	-			-	-
22	Unamortized Finance	-			-	-
23	Charges	-			-	-
24	Deferred Debits	75,382				75,382
25	Deferred Tax Assets	-			-	-
26	Working Capital	429,943	(375,057)		(375,057)	54,885
27	Utility Plant Acquisition Adjustment	-			-	-
28						
29	Total	$ 45,491,984	$ (375,057)	$ -	$ (375,057)	$ 45,116,927
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45						
46						
47						
48						
49	Workpapers & Supporting Documents:					
50	\Schedules\2008 Anth AF WW Sch. A-F_Decon.xls\					

Arizona American Water Company - Anthem / Agua Fria Wastewater
Test Year Ended December 31, 2008
Rate Base Adjustment SLM-1 & LJG -6

Exhibit
Schedule B-2 Per Order
Page 4

Reconcile Anthem/Agua Fria Wastewater Plant & Accum. Depr.
to Amounts Previously Approved

Line No.	Object Account	Sub. Account	Description	Annual Depr. Rate	Monthly Depr. Rate	New Rate as of 7/08 Annual Depr. Rate	New Rate as of 7/08 Monthly Depr. Rate	Approved Dec. 70372 December 2005	Remove 32% NWWTP	Less Common Plant Allocations	Anthem/Agua Fria WW December 2005	Additions 2006	Retirements 2006	Adj 2006	Depr. Expense 2006	Ending Balance December 2006	Additions 2007	Retirements 2007	Adj 2007	Depr. Expense 2007	Ending Balance December 2007	Additions 2008
1	101000	304100	Struct & Imp SS	2.40%	0.20%	2.40%	0.20%	$ 19,262	$ (7,536)	$ -	$ 11,726	$ -	$ -	$-	$ 293	$ 11,726	$ -	$ -	$ -	$ 281	$ 11,726	$ -
2	101000	304200	Struct & Imp P	0.00%	0.00%	0.00%	0.00%	1,947	(1,947)	-	-	-	-	-	-	-	-	-	-	-		-
3	101000	304510	Struct & Imp AG Cap Lease	0.00%	0.00%	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	101000	304600	Struct & Imp Offices	0.00%	0.00%	0.00%	0.00%	6,369	(5,135)	(1,234)	(0)	-	-	-	-	(0)	-	-	-	-	(0)	-
5	101000	304620	Struct & Imp Leasehold	0.00%	0.00%	0.00%	0.00%	9,764	-	(9,764)	-	-	-	-	-	-	-	-	-	-	-	-
6	101000	304800	Struct & Imp Misc	0.00%	0.00%	0.00%	0.00%	6,039	(6,039)	-	-	-	-	-	-	-	-	-	-	-	-	-
7	101000	307000	Wells & Springs	0.00%	0.00%	0.00%	0.00%	1,320	(1,320)	-	-	-	-	-	-	-	-	-	-	-	-	-
8	101000	340100	Office Furniture & Equip	0.00%	0.00%	0.00%	0.00%	52,798	-	(52,798)	-	-	-	-	-	-	-	-	-	-	-	-
9	101000	340200	Computer & Periph Equip	15.89%	1.32%	15.89%	1.32%	28,319	-	(11,362)	16,957	2,633	-	-	2,787	19,590	(119)	-	-	3,094	19,471	6,866
10	101000	340300	Computer Software	0.00%	0.00%	0.00%	0.00%	84,103	-	(84,103)	-	-	-	-	-	-	-	-	-	-	-	-
11	101000	340330	Comp Software Other	0.00%	0.00%	0.00%	0.00%	1,817	-	(1,817)	-	-	-	-	-	-	-	-	-	-		-
12	101000	340500	Other Office Equipment	0.00%	0.00%	0.00%	0.00%	1,053	(1,053)	-	-	-	-	-	-	-	-	-	-	-	-	-
13	101000	341100	Trans Equip Lt Duty Trucks	0.00%	0.00%	0.00%	0.00%	29,836	-	(29,836)	-	-	-	-	-	-	-	-	-	-	-	-
14	101000	341200	Trans Equip Hvy Duty Trucks	25.00%	2.08%	25.00%	2.08%	60,471	-	-	60,471	-	-	-	15,118	60,471	-	-	-	15,118	60,471	-
15	101000	341400	Trans Equip Other	25.00%	2.08%	25.00%	2.08%	8,352	-	-	8,352	-	-	-	2,088	8,352	-	-	-	2,088	8,352	-
16	101000	343000	Tools, Shop, Garage Equip	4.02%	0.34%	4.47%	0.37%	31,846	-	(1,303)	30,542	(766)	-	-	1,192	29,776	(509)	-	-	1,177	29,267	-
17	101000	344000	Laboratory Equipment	0.00%	0.00%	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-		-
18	101000	346100	Comm Equip Non-Telephone	0.00%	0.00%	0.00%	0.00%	13,022	(1,093)	(11,929)	-	-	-	-	-	-	-	-	-	-	-	-
19	101000	346200	Comm Equip Telephone	0.00%	0.00%	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	101000	346300	Comm Equip Other	0.00%	0.00%	0.00%	0.00%	242	-	(242)	-	-	-	-	-	-	-	-	-	-	-	-
21	101000	347000	Misc Equipment	0.00%	0.00%	0.00%	0.00%	3,248	-	(3,248)	-	-	-	-	-	-	-	-	-	-	-	-
22	101000	352000	WW Franchises	0.00%	0.00%	0.00%	0.00%	495,475	(417)	-	495,058	-	-	-	-	495,058	-	-	-	-	495,058	-
23	101000	353200	WW Land & Ld Rights Coll	0.00%	0.00%	0.00%	0.00%	496,587	(144,900)	-	351,687	-	-	-	-	351,687	1,683	-	-	-	353,370	-
24	101000	353500	WW Land & Ld Rights Gen	0.00%	0.00%	0.00%	0.00%	133,735	-	-	133,735	483	-	-	-	134,218	71,146	-	-	-	205,364	1,757
25	101000	354200	WW Struct & Imp Coll	2.50%	0.21%	1.67%	0.14%	1,405,820	(651,602)	-	754,218	311,676	-	-	21,311	1,065,893	947,377	-	(148)	37,966	2,013,122	67
26	101000	354300	WW Struct & Imp SPP	0.00%	0.00%	0.00%	0.00%	305,764	(305,764)	-	-	-	-	-	-	-	-	-	-	-		-
27	101000	354400	WW Struct & Imp TDP	2.50%	0.21%	1.67%	0.14%	428,570	-	-	428,570	76,524	-	-	-	505,094	9,410	-	-	1,980	514,504	62,357
28	101000	354500	WW Struct & Imp Gen	2.00%	0.17%	1.68%	0.14%	10,148,989	-	-	10,148,989	496,564	-	-	198,272	10,645,553	3,115,171	-	-	222,027	13,760,723	252,349
29	101000	355500	WW Pwr Gen Equip RWTP									-	-	-	-		-	-	-	-		-
30	101000	360000	WW Collection Sewers Forced	2.07%	0.17%	2.07%	0.17%	2,610,305	-	-	2,610,305	(81,959)	-	-	53,468	2,528,347	171,600	-	-	54,024	2,699,947	21
31	101000	361100	WW Collecting Mains	2.04%	0.17%	2.04%	0.17%	28,790,648	(10,414)	-	28,780,234	7,767,290	-	-	658,709	36,547,523	7,468,375	-	-	832,593	44,015,898	2,965,123
32	101000	362000	WW Special Coll Structures	2.04%	0.17%	2.04%	0.17%	175,974	(35,926)	-	140,048	38,472	-	-	13,918	178,520	3,051	-	-	15,169	181,571	-
33	101000	363000	WW Services Sewer	3.31%	0.28%	2.04%	0.17%	3,685,809	(1,708)	-	3,684,101	796,860	-	-	84,759	4,480,962	936,160	-	-	111,582	5,417,121	619,806
34	101000	364000	WW Flow Measuring Devices	5.42%	0.45%	5.42%	0.45%	133,208	-	-	133,208	329,539	-	-	13,405	462,748	88,730	-	-	32,753	551,478	5,455
35	101000	370000	WW Receiving Wells	5.42%	0.45%	5.42%	0.45%	184,940	-	-	184,940	-	-	-	10,024	184,940	496,079	-	-	14,424	681,019	2,052,226
36	101000	371100	WW Pump Equip Elect	5.42%	0.45%	5.42%	0.45%	1,657,896	(14,304)	-	1,643,592	43,754	-	-	90,245	1,687,346	564,477	(3,355)	-	104,078	2,248,468	21,012
37	101000	371200	WW Pump Equip Other Power	5.40%	0.45%	5.40%	0.45%	3,463	-	-	3,463	-	-	-	188	3,463	2,753	-	-	200	6,216	-
38	101000	380000	WW TD Equipment	0.00%	0.00%	5.00%	0.42%	1,514,496	(632,073)	-	882,423	(15,964)	-	-	43,741	866,460	(1,127)	-	-	43,278	865,333	-
39	101000	380050	WW TD Equip Grit Removal	5.00%	0.42%	5.00%	0.42%	9,376,477	-	-	9,376,477	156,718	-	-	473,409	9,533,195	23,349	-	-	476,261	9,556,544	2,724
40	101000	380100	WW Equip Sed Tanks/Acc	5.00%	0.42%	5.00%	0.42%	2,069,952	(1,753)	-	2,068,199	-	-	-	103,410	2,068,199	8,944,253	-	-	103,410	11,012,451	(22,547)
41	101000	380200	WW TD Equip Sldge/Effl Rmv	5.00%	0.42%	5.00%	0.42%	9,794	(9,794)	-	-	-	-	-	-	-	-	-	-	-		-
42	101000	380250	WW TD Equip Sludge Dig Tank	5.00%	0.42%	5.00%	0.42%	2,067,162	(22,897)	-	2,044,265	(8,658)	-	-	102,041	2,035,607	4,467	-	-	101,951	2,040,073	-
43	101000	380300	WW TD Equip Sludge Dry/Filter	5.00%	0.42%	5.00%	0.42%	11,210,945	-	-	11,210,945	42,551	(10,000)	-	562,289	11,243,496	34,845	(10,928)	-	563,090	11,267,414	231,005
44	101000	380400	WW TD Equip Aux Effl Trmt	5.00%	0.42%	5.00%	0.42%	9,644	(9,644)	-	-	-	-	-	-	-	-	-	-	-		122,598
45	101000	380500	WW TD Equip Chem Trmt Plt	5.00%	0.42%	5.00%	0.42%	1,054,768	-	-	1,054,768	-	-	-	52,804	1,054,768	9,983	-	-	52,846	1,064,750	-
46	101000	380600	WW TD Equip Other Disp	5.00%	0.42%	8.40%	0.70%	821,525	-	-	821,525	-	-	-	41,076	821,525	17,786	-	-	41,076	839,311	2,263
47	101000	380625	WW TD Equip Gen Trmt	8.40%	0.70%	8.40%	0.70%	-	-	-	-	-	-	-	-	-	18,680	-	-	208	18,680	125,209
48	101000	380650	WW TD Equip Influent Lift S	8.40%	0.70%	8.40%	0.70%	-	-	-	-	-	-	-	-	-	18,743	-	-	262	18,743	-
49	101000	381000	WW Plant Sewers									-	-	-	-		-	-	-	-		-
50	101000	382000	WW Outfall Sewer Lines	5.00%	0.42%	5.00%	0.42%	5,908	(5,908)	-	-	462,603	-	-	11,703	462,603	211,471	-	-	23,508	674,074	14,385
51	101000	389100	WW Other Plant & Misc Equip I	5.00%	0.42%	4.98%	0.42%	1,004,278	(6,197)	-	998,081	25,891	-	-	-	1,023,972	52	-	-	67,453	1,024,024	-
52	101000	390000	WW Office Furniture & Equip	4.56%	0.38%	4.56%	0.38%	32,391	(709)	-	31,682	-	-	-	1,454	31,682	-	-	-	1,454	31,682	-
53	101000	391000	WW Trans Equipment	24.96%	2.08%	24.96%	2.08%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
54	101000	392000	WW Stores Equipment	3.96%	0.33%	3.96%	0.33%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
55	101000	393000	WW Tool Shop & Garage Equip	4.44%	0.37%	4.44%	0.37%	10,990	(5,369)	-	5,621	1,786	-	-	302	7,406	11,838	-	-	568	19,244	(3,221)
56	101000	394000	WW Laboratory Equipment	10.30%	0.86%	3.71%	0.31%	44,197	(3,226)	-	40,971	7,063	-	-	1,842	48,034	15	-	-	1,982	48,048	-
57	101000	395000	WW Power Operated Equip	5.02%	0.42%	5.02%	0.42%	1,017,136	-	-	1,017,136	-	-	-	51,089	1,017,136	11,784	-	-	51,110	1,028,920	-
58	101000	396000	WW Communication Equip	10.30%	0.86%	10.30%	0.86%	860,611	(2,965)	-	857,646	515	-	-	88,386	858,161	42,952	-	-	87,191	901,113	21,196
59	101000	397000	WW Misc Equipment					14,474	(14,474)	-	-	-	-	-	-	-	-	-	-	-	-	-
60	101000	398000	WW Other Tangible Plant		0.00%	0.00%	0.00%	2,354,057	-	-	2,354,057	-	-	-	-	2,354,057	24,088	-	-	-	2,378,146	301
61	101000		Not Classified			0.00%	0.00%								-					267	-	
62																						
63			Utility Plant					$ 84,495,795	$ (1,904,167)	$ (207,636)	$ 82,383,992	$ 10,453,574	$ (10,000)	$-		$ 92,827,566	$ 23,248,562	$ (14,283)	$(148)		$ 116,061,697	$ 6,480,951
64								-			-					-					-	
65			Total Plant					$ 84,495,795			$ 82,383,992					$ 92,827,566					$ 116,061,697	
66																						
67															$ 2,699,322					$ 3,064,466		
68			Retirements												(10,000)					(14,283)		
69			Accum. Depr. - Apprvd'/Calculated					$ 7,834,596	$ (658,021)	$ (87,353)	$ 7,089,222				$ 9,778,544					$ 12,843,010		
70			Accum Depr Transfers												-					-		
71			Total Salvage					-			-				-					-		
72			Total Approved/Calculated					$ 7,834,596			$ 7,089,222				$ 9,778,544					$ 12,843,010		
73			Total Acc Dep Per Books (\Trial Balance\Column DE\)					6,041,602			6,041,602				9,792,910					13,036,626		
74			Total Over/(Under) Depreciated								$ (1,047,620)				$ 14,365					$ 193,616		

Arizona American Water Company - Anthem / Agua Fria
Test Year Ended December 31, 2008
Rate Base Adjustment SLM-1 & LJG -6

Exhibit
Schedule B-2 Per Order
Page 5

Reconcile Anthem/Agua Fria Wastewater Plant & Acc to Amounts Previously Approved

Line No.	Object Account	Sub. Account	Description	Retirements 2008	Adjustments 2008	SC WW and NWWTP trsf Only Acc Dep Transfers 2008	Depr. Expense 2008	LJG-6 Reclass Verrado WRF from acct 398000	Ending Balance December 2008	Company Proposed Depreciation Rates	Annual Depreciation Expense times TYE UPIS Col [AE] * [AF]	Staff Ending Bal December 2008	Staff Proposed Deprec Rates	Staff Proposed Deprec Exp	Staff Adj Verrado & Generator Trsf	Company Final Ending Bal December 2008	Company Rebuttal / Final Proposed Deprec Rates	Company Rebuttal / Final Proposed Deprec Exp
1	101000	304100	Struct & Imp SS	$ -	$ -	$ -	$ 281		$ 11,726	$ 0	$ 281	$ 11,726	0%	$ -		11,726	0%	$ -
2	101000	304200	Struct & Imp P	-	-	-	-		-		-	-		-		-		-
3	101000	304510	Struct & Imp AG Cap Lease	-	-	-	-		-		-	-		-		-		-
4	101000	304600	Struct & Imp Offices	-	-	-	-		(0)		-	(0)		-		(0)		-
5	101000	304620	Struct & Imp Leasehold	-	-	-	-		-		-	-		-		-		-
6	101000	304800	Struct & Imp Misc	-	-	-	-		-		-	-		-		-		-
7	101000	307000	Wells & Springs	-	-	-	-		-		-	-		-		-		-
8	101000	340100	Office Furniture & Equip	-	-	-	-		-		-	-		-		-		-
9	101000	340200	Computer & Periph Equip	(810)	(103)	-	4,102		25,424	10.00%	2,542	25,424	10.00%	2,542		25,424	10.00%	2,542
10	101000	340300	Computer Software	-	-	-	-		-		-	-		-		-		-
11	101000	340330	Comp Software Other	-	-	-	-		-		-	-		-		-		-
12	101000	340500	Other Office Equipment	-	-	-	-		-		-	-		-		-		-
13	101000	341100	Trans Equip Lt Duty Trucks	-	-	-	-		-	20.00%	-	-	20.00%	-		-	20.00%	-
14	101000	341200	Trans Equip Hvy Duty Trucks	-	-	-	15,118		60,471	15.00%	9,071	60,471	15.00%	9,071		60,471	15.00%	9,071
15	101000	341400	Trans Equip Other	-	-	-	2,088		8,352	16.67%	1,392	8,352	16.67%	1,392		8,352	16.67%	1,392
16	101000	343000	Tools, Shop, Garage Equip	-	-	-	1,242		29,267	4.47%	1,308	29,267	4.47%	1,308		29,267	4.47%	1,308
17	101000	344000	Laboratory Equipment	-	-	-	-		-		-	-		-		-		-
18	101000	346100	Comm Equip Non-Telephone	-	-	-	-		-		-	-		-		-		-
19	101000	346200	Comm Equip Telephone	-	-	-	-		-		-	-		-		-		-
20	101000	346300	Comm Equip Other	-	-	-	-		-		-	-		-		-		-
21	101000	347000	Misc Equipment	-	-	-	-		-		-	-		-		-		-
22	101000	352000	WW Franchises	-	-	-	-		495,058	0.00%	-	495,058	0.00%	-		495,058	0.00%	-
23	101000	353200	WW Land & Ld Rights Coll	-	-	-	-		353,370	0.00%	-	353,370	0.00%	-		353,370	0.00%	-
24	101000	353500	WW Land & Ld Rights Gen	-	(64,085)	-	-		143,036	0.00%	-	143,036	0.00%	-		143,036	0.00%	-
25	101000	354200	WW Struct & Imp Coll	-	34,694	-	42,118		2,047,884	1.67%	34,200	2,047,884	1.67%	34,200		2,047,884	1.67%	34,200
26	101000	354300	WW Struct & Imp SPP	-	-	-	-		-		-	-		-		-		-
27	101000	354400	WW Struct & Imp TDP	-	5,414,029	-	50,359	616,146	6,607,035	1.67%	110,337	5,572,098	1.67%	93,054	(1,034,937)	5,572,098	1.67%	93,054
28	101000	354500	WW Struct & Imp Gen	-	(3,390,798)	-	226,393		10,622,274	1.68%	178,454	10,622,274	1.67%	177,392	-	10,622,274	1.67%	177,392
29	101000	355500	WW Pwr Gen Equip RWTP	-	-	-	-	136,851	136,851	5.00%	6,843	623,851	4.42%	27,574	487,000	623,851	4.42%	27,574
30	101000	360000	WW Collection Sewers Forced	-	29,286	-	56,001		2,729,254	2.07%	56,496	2,729,254	2.07%	56,496	-	2,729,254	2.07%	56,496
31	101000	361100	WW Collecting Mains	-	(339,748)	18,784	928,968		46,641,273	2.04%	951,482	46,641,273	2.04%	951,482	-	46,641,273	2.04%	951,482
32	101000	362000	WW Special Coll Structures	-	-	-	15,252		181,571	2.04%	3,704	181,571	2.04%	3,704	-	181,571	2.04%	3,704
33	101000	363000	WW Services Sewer	-	159,043	-	134,419		6,195,971	2.04%	126,398	6,195,971	2.04%	126,398	-	6,195,971	2.04%	126,398
34	101000	364000	WW Flow Measuring Devices	-	(66,435)	-	29,373		490,498	10.00%	49,050	490,498	10.00%	49,050	-	490,498	10.00%	49,050
35	101000	370000	WW Receiving Wells	-	328,809	-	56,406		3,062,054	5.00%	153,103	3,062,054	3.30%	101,048	-	3,062,054	3.33%	101,966
36	101000	371100	WW Pump Equip Elect	(6,208)	60,469	-	123,700		2,323,742	5.42%	125,947	2,165,606	5.42%	117,376	(158,136)	2,165,606	5.42%	117,376
37	101000	371200	WW Pump Equip Other Power	-	-	-	337		6,216	5.42%	337	6,216	5.42%	337	-	6,216	5.42%	337
38	101000	380000	WW TD Equipment	-	1,973,968	-	92,360		2,839,300	5.00%	141,965	1,706,736	5.00%	85,337	(1,132,564)	1,706,736	5.00%	85,337
39	101000	380050	WW TD Equip Grit Removal	(90)	527,792	-	491,096		10,086,969	5.00%	504,348	10,086,969	5.00%	504,348		10,086,969	5.00%	504,348
40	101000	380100	WW Equip Sed Tanks/Acc	-	(7,123,956)	-	445,802		3,865,949	5.00%	193,297	3,865,949	5.00%	193,297		3,865,949	5.00%	193,297
41	101000	380200	WW TD Equip Sldge/Effl Rmv	-	-	-	-	3,041	3,041	5.00%	152	3,041	5.00%	152		3,041	5.00%	152
42	101000	380250	WW TD Equip Sludge Dig Tank	-	532,857	-	115,325		2,572,930	5.00%	128,647	2,572,930	5.00%	128,647		2,572,930	5.00%	128,647
43	101000	380300	WW TD Equip Sludge Dry/Filter	(1,000)	350,642	-	578,837		11,848,060	5.00%	592,403	11,848,060	5.00%	592,403		11,848,060	5.00%	592,403
44	101000	380400	WW TD Equip Aux Effl Trmt	-	649,801	-	16,756		772,399	5.00%	38,620	772,399	5.00%	38,620		772,399	5.00%	38,620
45	101000	380500	WW TD Equip Chem Trmt Plt	-	48,465	-	54,450		1,113,216	5.00%	55,661	1,113,216	5.00%	55,661		1,113,216	5.00%	55,661
46	101000	380600	WW TD Equip Other Disp	-	4,225	-	62,855		845,799	5.00%	42,290	845,799	5.00%	42,290		845,799	5.00%	42,290
47	101000	380625	WW TD Equip Gen Trmt	-	(595)	-	2,665		143,294	8.40%	12,037	143,294	5.00%	7,165		143,294	5.00%	7,165
48	101000	380650	WW TD Equip Influent Lift S	-	-	-	1,574		18,743	8.40%	1,574	18,743	5.00%	937		18,743	5.00%	937
49	101000	381000	WW Plant Sewers	-	-	-	-	657,626	657,626	5.00%	32,881	657,626	5.00%	32,881		657,626	5.00%	32,881
50	101000	382000	WW Outfall Sewer Lines	-	21,328	-	35,979	14,844	724,631	5.00%	36,232	724,631	5.00%	36,232		724,631	5.00%	36,232
51	101000	389100	WW Other Plant & Misc Equip Ii	-	-	-	51,099		1,024,024	4.98%	50,996	1,024,024	4.98%	50,996		1,024,024	4.98%	50,996
52	101000	390000	WW Office Furniture & Equip	-	-	-	1,454		31,682	4.59%	1,454	31,682	4.59%	1,454		31,682	4.59%	1,454
53	101000	391000	WW Trans Equipment	-	-	-	-		-	20.00%	-	-	20.00%	-		-	20.00%	-
54	101000	392000	WW Stores Equipment	-	-	-	-		-	3.96%	-	-	3.96%	-		-	3.96%	-
55	101000	393000	WW Tool Shop & Garage Equip	-	430	-	816		16,453	4.47%	735	16,453	4.47%	735		16,453	4.47%	735
56	101000	394000	WW Laboratory Equipment	-	-	-	1,883		48,048	3.71%	1,783	48,048	3.71%	1,783		48,048	3.71%	1,783
57	101000	395000	WW Power Operated Equip	-	-	-	51,652		1,028,920	5.02%	51,652	1,028,920	5.02%	51,652		1,028,920	5.02%	51,652
58	101000	396000	WW Communication Equip	-	431,681	-	116,411	780,853	2,134,843	10.30%	219,889	2,134,843	10.30%	219,889		2,134,843	10.30%	219,889
59	101000	397000	WW Misc Equipment	-	-	-	-		-	5.10%	-	-	5.10%	-		-	5.10%	-
60	101000	398000	WW Other Tangible Plant	-	-	-	-	(2,209,361)	169,085	0.00%	-	169,085	10.30%	17,416		169,085	10.30%	17,416
61	101000		Not Classified						-			-				-		
62																		
63		Utility Plant		$ (8,108)	$ (418,199)	$ 18,784		$ (0)	$ 122,116,340			$ 120,277,703		$ 3,814,318	$ (1,838,638)	$120,277,703		$ 3,815,236
64									-			ACCEPT		Disallow 14.5% for Excess Capacity				
65		Total Plant							$ 122,116,340									
66																	Depreciable Plant	$ 119,219,076
67							$ 3,807,171				$ 3,917,561			$ 3,814,318			Composite Rate	3.20%
68		Retirements					(8,108)											
69		Accum. Depr. - Apprvd'/Calculated					$ 16,642,073			Depreciable Plant	121,057,714			119,219,076				
70		Accum Depr Transfers					18,784			Composite Rate	3.24%			3.20%				
71		Total Salvage					-											
72		Total Approved/Calculated					$ 16,660,856											
73		Total Acc Dep Per Books (\Trial Balance\Cc					16,727,876								#	497,507		
74		Total Over/(Under) Depreciated					$ 67,019	SLM-1							#	531,000		

Arizona American Water Company - Anthem / Agua Fria Wastewater
Test Year Ended December 31, 2008
Rate Base Adjustment SLM-2

Exhibit
Schedule B-2 Per Order
Workpaper SLM-2
Page 6
Witness: Murrey

Line No.	Object Account	Sub. Account	Description	Annual Depr. Rate	Monthly Depr. Rate	Audited W-01303A-07-0209 December 2006	Additions 2007	Retirements 2007	Adjustments 2007	Depr. Expense 2007	Ending Balance December 2007	Additions 2008	Retirements 2008
1	Reconcile AZCorp. Plant & Accumulated Depreciation												
2	to Amounts Previously Audited												
6	101000	303600	Land & Land Rights AG	0.00%	0.00%	$ 30,722	$ (30,722)	$ -	$ -	$ -	$ -	$ -	$ -
7	101000	304510	Struct & Imp AG Cap Lease	5.63%	0.47%	-	-	-	-	-	-	-	-
8	101000	304600	Struct & Imp Offices	4.63%	0.39%	18,209	(18,209)	-	-	(913)	-	-	-
9	101000	304800	Struct & Imp Misc	4.63%	0.39%	-	-	-	-	-	-	-	-
10	101000	304620	Struct & Imp Leasehold	14.20%	1.18%	197,755	-	-	-	28,081	197,755	-	-
11	101000	331001	Mains	1.53%	0.13%	-	783,397	-	-	999	783,397	-	-
12	101000	339600	Other P/E CPS	3.30%	0.28%	-	-	-	-	-		51,651	-
13	101000	340100	Office Furniture & Equip	4.04%	0.34%	1,090,182	34,725	-	-	44,115	1,124,906	32,218	(4,069)
14	101000	340200	Comp & Periph Equip	15.89%	1.32%	395,932	61,597	-	-	63,685	457,529	59,458	(555)
15	101000	340300	Computer Software	37.71%	3.14%	1,800,584	(233)	-	-	677,128	1,800,350	18,200	-
16	101000	340330	Comp Software Other	37.71%	3.14%	36,811	9,951	-	-	14,194	46,763	-	-
17	101000	340500	Other Office Equipment	7.13%	0.59%	-	-	-	-	-	-	-	-
18	101000	341100	Trans Equip Lt Duty Trks	28.05%	2.34%	469,000	(469,000)	-	-	(171,701)	-	-	-
19	101000	343000	Tools,Shop,Garage Equip	3.61%	0.30%	18,131	20,324	-	-	349	38,455	89	-
20	101000	344000	Laboratory Equipment	3.71%	0.31%	-	-	-	-	-	-	-	-
21	101000	345000	Power Operated Equipment	4.64%	0.39%	47,923	(47,923)	-	-	-	-	-	-
22	101000	346100	Comm Equip Non-Telephone	9.76%	0.81%	199,220	(13,140)	-	-	16,648	186,080	-	-
23	101000	346200	Comm Equip Telephone	9.76%	0.81%	49,678	(49,678)	-	-	-	-	14,346	-
24	101000	346300	Comm Equip Other	7.91%	0.66%	12,887	(7,985)	-	-	355	4,902	-	-
25	101000	347000	Misc Equipment	5.10%	0.43%	-	-	-	-	-	-	-	-
26	101000	380400	WW TD Equip Aux Effl Trmt	5.00%	0.42%	-	-	-	-	-	-	-	-
27	101000	393000	WW Tool Shop & Garage Equip	4.74%	0.40%	-	-	-	-	-	-	-	-
28													
29													
30													
31													
32													
33			Utility Plant			$ 4,367,033	$ 273,104	$ -	$ -	$ 672,941	$ 4,640,137	$ 175,962	$ (4,624)
34		Anthem /Agua Fria Wastewater Allocation Factor				7.9704%				8.1933%	8.1933%		
35	SLM-2	Anthem/Agua Fria Wastewater Allocation				$ 348,070				$ 55,136	$ 380,181		
36													
37		Monthly Depreciation Expense											
38		Retirements											
39		Accum. Deprec. - Apprvd'/Calculated				$ 2,813,109				$ 672,941	$ 3,486,050		
40		Total Removal Cost				(221,543)				576	(220,968)		
41		Total Salvage				100,000				-	100,000		
42		Total Approved/Calculated				$ 2,691,566				$ 673,516	$ 3,365,082		
43		Total Per Books (\Trial Balance\Column BU\)				(2,787,094)				(643,209)	(3,430,303)		
44		Total Over/(Under) Depreciated				$ 95,528				$ (30,307)	$ 65,221		
30		Anthem /Agua Fria Wastewater Allocation Factor				7.9704%					8.1933%		
31	SLM-2	Anthem/Agua Fria Wastewater Allocation				$ 214,528					275,711		
32											(281,055)		
33											5,344		
34											$ 275,711		

Note:
1. In 2006 we removed $703,156 from corporate books for Western Region.
2. In 2006 the Eastern Division was not allowed.

Arizona American Water Company - Anthem / Agua Fria Wast
Test Year Ended December 31, 2008
Rate Base Adjustment SLM-2

Exhibit
Schedule B-2 Per Order
Workpaper SLM-2
Page 7
Witness: Murrey

Line No.	Object Account	Sub. Account	Description	Adjustments 2008	Depr. Expense 2008	SLM-2 Ending Balance December 2008	Company Proposed Depreciation Rates	Annual Depreciation Expense times TYE UPIS Col [Q] * [R]	
1	Reconcile AZCorp. Plant & Accumulated Depreciation								
2	*to Amounts Previously Audited*								
3									
4									
5									
6	101000	303600	Land & Land Rights AG	$ -	$ -	$ -	$ -	$ -	
7	101000	304510	Struct & Imp AG Cap Lease	-	-	-		-	
8	101000	304600	Struct & Imp Offices	-	-	-		-	
9	101000	304800	Struct & Imp Misc	-	-	-		-	
10	101000	304620	Struct & Imp Leasehold	-	28,081	197,755	14.28%	28,239	
11	101000	331001	Mains	(783,397)	-	-		-	
12	101000	339600	Other P/E CPS	-	712	51,651	20.00%	10,330	
13	101000	340100	Office Furniture & Equip	-	42,478	1,153,056	3.87%	44,623	
14	101000	340200	Comp & Periph Equip	(15,598)	75,261	500,835	10.00%	50,083	
15	101000	340300	Computer Software	-	679,484	1,818,550	25.00%	454,638	
16	*101000*	*340330*	*Comp Software Other*	-	17,634	46,763	25.00%	11,691	
17	101000	340500	Other Office Equipment	-	-	-		-	
18	101000	341100	Trans Equip Lt Duty Trks	-	-	-		-	
19	101000	343000	Tools,Shop,Garage Equip	(38,545)	175	-	4.10%	-	
20	101000	344000	Laboratory Equipment	-	-	-		-	
21	101000	345000	Power Operated Equipment	-	-	-		-	
22	101000	346100	Comm Equip Non-Telephone	-	18,161	186,080	8.25%	15,352	
23	101000	346200	Comm Equip Telephone	-	117	14,346	8.25%	1,184	
24	101000	346300	Comm Equip Other	-	388	4,902	5.35%	262	
25	101000	347000	Misc Equipment	-	-	-		-	
26	101000	380400	WW TD Equip Aux Effl Trmt	-	-	-		-	
27	101000	393000	WW Tool Shop & Garage Equip	-	-	-		-	
28								-	
29									
30									
31									
32									
33			Utility Plant	$ (837,539)	$ 862,491	$ 3,973,936			
34		Anthem /Agua Fria Wastewater Allocation Fac			8.0585%	8.0585%			
35	SLM-2	Anthem/Agua Fria Wastewater Allocation			$ 69,503	$ 320,238			
36									
37		Monthly Depreciation Expense							
38		Retirements							
39		Accum. Deprec. - Apprvd'/Calculated			$ 862,491	$ 4,348,541		$ 616,402	Corporate
40		Total Removal Cost			220,968	0		8.0585%	Anthem /Agua Fria Wastewater Allocation Factor
41		Total Salvage			-	100,000			
42		Total Approved/Calculated			$ 1,083,459	$ 4,448,542		$ 49,672	Anthem/Agua Fria Wastewater Allocation
43		Total Per Books (\Trial Balance\Column BU\)			(1,088,528)	(4,518,831)			
44		Total Over/(Under) Depreciated			$ 5,069	$ 70,290			
30		Anthem /Agua Fria Wastewater Allocation Fac				8.0585%			
31	SLM-2	Anthem/Agua Fria Wastewater Allocation				358,484			
32						(364,148)			
33						$ 5,664			
34									

Note:
1. In 2006 we removed $703,156 from corporate books for Weste
2. In 2006 the Eastern Division was not allowed.

Exhibit
Schedule B-2 Per Order
Workpaper LJG-3
Page 8
Witness: Murrey

Arizona American Water Company - Anthem / Agua Fria Wastewater
Test Year Ended December 31, 2008
Rate Base Adjustment LJG-3

Line No.	Object Account	Sub. Account	Description	Annual Depr. Rate	Monthly Depr. Rate	Plant North West Valley TP December 2005	Accum Deprec North West Valley TP December 2005	Plant Agua Fria WW December 2005 Allocated at 32%	Accum Deprec Agua Fria WW December 2005 Allocated at 32%	Additions 2006 32%	Retirements 2006 32%	Adjustment 2006 32%	Depr. Expense 2006 32%	Plant Balance December 2006 32%
1	Reconcile Agua Fria Wastewater Plant & Accum. Depr.													
2	to Amounts Previously Approved - add North West Valley Treatment Pl													
3														
4														
5														
6														
7														
8	101000	304100	Struct & Imp SS	2.50%	0.21%	$ -	$ -	$ -	$ -	$ -	$ -	$ 7,536	$ 2,921	$ 7,536
9	101000	304200	Struct & Imp P	1.67%	0.14%	-	-	-	-	-	-	1,947	919	1,947
10	101000	304600	Struct & Imp Offices	1.67%	0.14%	16,785	389	5,371	124	-	-	141	153	5,512
11	101000	304800	Struct & Imp Misc	4.63%	0.39%	20,297	1,552	6,495	497	-	-	-	301	6,495
12	101000	307000	Wells & Springs	2.52%	0.21%	-	-	-	-	-	-	1,320	624	1,320
13	101000	311200	Pump Equip Electric	2.52%	0.21%	-	-	-	-	49,458	-	-	679	49,458
14	101000	335000	Hydrants	2.00%	0.17%	-	-	-	-	-	-	-	-	-
15	101000	340200	Comp & Periph Equip	4.59%	0.38%	-	-	-	-	-	-	-	-	-
16	101000	340500	Other Office Equipment	7.13%	0.59%	3,540	191	1,133	61	-	-	-	81	1,133
17	101000	341200	Trans Equip Hvy Duty Trks	0.00%	0.00%	-	-	-	-	-	-	-	-	-
18	101000	341400	Trans Equip Other	0.93%	0.08%	-	-	-	-	-	-	-	-	-
19	101000	343000	Tools, Shop and Garage	3.61%	0.30%	-	-	-	-	-	-	-	-	-
20	101000	344000	Laboratory Equipment	3.71%	0.31%	10,841	294	3,469	94	-	-	-	129	3,469
21	101000	346100	Comm Equip Non-Telephone	9.88%	0.82%	-	-	-	-	4,572	-	15,566	4,872	20,139
22	101000	351000	WW Organization	0.00%	0.00%	-	-	-	-	-	-	-	-	-
23	101000	352000	WW Franchises	0.00%	0.00%	-	-	-	-	-	-	417	-	417
24	101000	353200	WW Land & Ld Rights Coll	0.00%	0.00%	-	-	-	-	-	-	144,900	-	144,900
25	101000	353500	WW Land & Ld Rights Gen	0.00%	0.00%	-	-	-	-	-	-	-	-	-
26	101000	354200	WW Struct & Imp Coll	5.00%	0.42%	-	-	-	-	12,684	-	651,602	598,765	664,286
27	101000	354300	WW Struct & Imp SPP	5.00%	0.42%	-	-	-	-	2,313	-	305,763	8,966	308,076
28	101000	354400	WW Struct & Imp TDP	0.00%	0.00%	-	-	-	-	-	-	-	-	-
29	101000	354500	WW Struct & Imp Gen	1.67%	0.14%	-	-	-	-	-	-	-	-	-
30	101000	355200	WW Pwr Gen Equip Coll	0.00%	0.00%	-	-	-	-	-	-	-	-	-
31	101000	355300	WW Pwr Gen Equip SPP	0.00%	0.00%	-	-	-	-	-	-	-	-	-
32	101000	360000	WW Collection Sewers Forced	2.07%	0.17%	-	-	-	-	-	-	-	-	-
33	101000	361100	WW Collecting Mains	2.04%	0.17%	-	-	-	-	15,531	-	10,413	596	25,944
34	101000	362000	WW Special Coll Struct	8.40%	0.70%	-	-	-	-	746	-	35,921	2,289	36,667
35	101000	363000	WW Services Sewer	2.04%	0.17%	-	-	-	-	3,144	-	1,708	109	4,853
36	101000	364000	WW Flow Measuring Devices	10.00%	0.83%	-	-	-	-	-	-	-	-	-
37	101000	370000	WW Receiving Wells	0.00%	0.00%	-	-	-	-	-	-	-	-	-
38	101000	371100	WW Pump Equip Elect	5.42%	0.45%	7,066	32	2,261	10	79	-	12,202	1,890	14,541
39	101000	371200	WW Pump Equip Oth Pwr	0.00%	0.00%	-	-	-	-	-	-	-	-	-
40	101000	380000	WW TD Equipment	5.00%	0.42%	-	-	-	-	33,890	-	632,072	82,985	665,962
41	101000	380050	WW TD Equip Grit Removal	5.00%	0.42%	-	-	-	-	-	-	-	-	-
42	101000	380100	WW TD Equip Sed Tanks/Acc	5.00%	0.42%	-	-	-	-	-	-	1,754	747	1,754
43	101000	380200	WW TD Equip Sldge/Effl Rmv	5.00%	0.42%	-	-	-	-	1,583	-	9,794	319	11,377
44	101000	380250	WW TD Equip Sldge Dig Tnk	5.00%	0.42%	-	-	-	-	-	-	22,897	3,051	22,897
45	101000	380300	WW TD Equip Sldge Dry/Filt	5.00%	0.42%	-	-	-	-	-	-	-	-	-
46	101000	380350	WW TD Equip Sec Trmt Filt	0.00%	0.00%	-	-	-	-	-	-	-	-	-
47	101000	380400	WW TD Equip Aux Effl Trmt	5.00%	0.42%	32,413	(998)	10,372	(319)	10,059	-	-	616	20,431
48	101000	380500	WW TD Equip Chem Trmt Plt	5.00%	0.42%	-	-	-	-	-	-	-	-	-
49	101000	380600	WW TD Equip Oth Disp	8.40%	0.70%	-	-	-	-	-	-	-	-	-
50	101000	380625	WW TD Equip Gen Trmt	5.00%	0.42%	-	-	-	-	-	-	-	-	-
51	101000	380650	WW TD Equip Influent Lift S	5.00%	0.42%	-	-	-	-	-	-	-	-	-
52	101000	381000	WW Plant Sewers	0.00%	0.00%	-	-	-	-	5,251	-	-	-	5,251
53	101000	382000	WW Outfall Sewer Lines	5.00%	0.42%	-	-	-	-	-	-	5,907	1,009	5,907
54	101000	389100	WW Oth Plt & Misc Equip Int	4.98%	0.42%	-	-	-	-	-	-	6,197	180	6,197
55	101000	389600	WW Oth Plt & Misc Equip	0.00%	0.00%	-	-	-	-	-	-	-	-	-
56	101000	390000	WW Office Furniture & Equip	4.59%	0.38%	-	-	-	-	-	-	708	41	708
57	101000	390200	WW Computers & Peripheral	0.00%	0.00%	-	-	-	-	3,404	-	-	-	3,404
58	101000	390300	WW Computer Software	0.00%	0.00%	-	-	-	-	-	-	-	-	-
59	101000	391000	WW Trans Equipment	25.00%	2.08%	-	-	-	-	1,957	-	-	305	1,957
60	101000	392000	WW Stores Equipment	3.91%	0.33%	-	-	-	-	-	-	-	-	-
61	101000	393000	WW Tool Shop & Garage Equip	4.47%	0.37%	16,303	283	5,217	91	-	-	518	318	5,735
62	101000	394000	WW Laboratory Equipment	3.71%	0.31%	-	-	-	-	-	-	-	-	-
63	101000	395000	WW Power Operated Equip	5.02%	0.42%	-	-	-	-	-	-	-	-	-
64	101000	396000	WW Communication Equip	10.30%	0.86%	-	-	-	-	-	-	2,965	654	2,965
65	101000	397000	WW Misc Equipment	5.10%	0.43%	-	-	-	-	-	-	-	-	-
66	101000	398000	WW Other Tangible Plant	0.00%	0.00%	-	-	-	-	-	-	-	-	-
67														
68			Utility Plant			$ 107,246		$ 34,319	$ 558	$ 144,670	$ -	$ 1,872,251		$ 2,051,239
69														
70			Total Plant Per Books			107,246								2,051,239
71			Diff in Plant			-								-
72														
73			Monthly Depreciation Expense										$ 713,519	
74			Retirements										-	
75			Accum. Deprec. - Apprvd'/Calculated				$ 1,743		558				$ 714,076	
76			Total Removal Cost				-						-	
77			Total Salvage				-						-	
78			Total Approved/Calculated				$ 1,743						$ 714,076	
79			Total Per Books (\Trial Balance\Column BU\)				1,416						734,325	
80			Total Over/(Under) Depreciated				$ 327						$ (20,248)	

Arizona American Water Company - Anthem / Agua Fria W
Test Year Ended December 31, 2008
Rate Base Adjustment LJG-3

Line No.	Object Account	Sub. Account	Description	Additions 2007 32%	Retirements 2007 32%	Adjustment 2007 32%	Depr. Expense 2007 32%	Plant Balance December 2007 32%	Additions 2008 32%	Retirements 2008 32%	Adjustment 2008 32%	Depr. Expense 2008 32%	Ending Plant Balance December 2008 32%	Company Proposed Depreciatior Rates	Annual Depreciation Expense times TYE UPIS Col [Y] * [AA]	Staff Ending Plant Bal December-08 28%		
1			Reconcile Agua Fria Wastewater Plant & Accum. Depr.															
2			to Amounts Previously Approved - add North West \															
6																		
7																		
8	101000	304100	Struct & Imp SS	$ -	$ -	$ -	$ 173	$ 7,536	$ -	$ -	$ (7,536)	$ 173	$ -	$ 0	$ -		0%	
9	101000	304200	Struct & Imp P	-	(185)	-	30	1,763	-	-	(1,763)	27	-	1.67%	-		1.67%	
10	101000	304600	Struct & Imp Offices	-	-	-	84	5,512	-	-	(5,512)	84	-	1.67%	-		1.67%	
11	101000	304800	Struct & Imp Misc	-	-	-	276	6,495	-	-	(6,495)	276	-	4.63%	-		4.63%	
12	101000	307000	Wells & Springs	-	-	-	30	1,320	-	-	(1,320)	30	-	2.52%	-		2.52%	
13	101000	311200	Pump Equip Electric	36	-	(159)	1,143	49,335	-	-	(49,335)	1,140	-	4.42%	-		4.42%	
14	101000	335000	Hydrants	-	-	-	-	-	-	-	-	-	-		-			
15	101000	340200	Comp & Periph Equip	-	-	-	-	-	1,905	-	(1,905)	86	-	10.00%	-		10.00%	
16	101000	340500	Other Office Equipment	-	-	-	74	1,133	-	-	(1,133)	74	-	7.13%	-		7.13%	
17	101000	341200	Trans Equip Hvy Duty Trks	-	-	-	-	-	-	-	-	-	-	15.00%	-		15.00%	
18	101000	341400	Trans Equip Other	-	-	-	-	-	-	-	-	-	-	16.67%	-		16.67%	
19	101000	343000	Tools, Shop and Garage	-	-	-	-	-	-	-	-	-	-	3.61%	-		3.61%	
20	101000	344000	Laboratory Equipment	-	-	-	118	3,469	-	-	(3,469)	118	-	3.71%	-		3.71%	
21	101000	346100	Comm Equip Non-Telephone	13	-	-	1,825	20,152	-	-	(20,152)	1,825	-	9.88%	-		9.88%	
22	101000	351000	WW Organization	-	-	-	-	-	-	-	-	-	-	0.00%	-		0.00%	
23	101000	352000	WW Franchises	-	-	-	-	417	-	-	-	-	417	0.00%	-	365	0.00%	-
24	101000	353200	WW Land & Ld Rights Coll	-	-	-	-	144,900	-	-	-	-	144,900	0.00%	-	126,788	0.00%	-
25	101000	353500	WW Land & Ld Rights Gen	-	-	6,639	-	6,639	-	-	-	-	6,639	0.00%	-	5,809	0.00%	-
26	101000	354200	WW Struct & Imp Coll	6,767	-	203,852	139,980	874,904	-	-	5,855	43,770	880,759	5.00%	44,038	770,664	1.67%	12,870
27	101000	354300	WW Struct & Imp SPP	5	-	-	14,120	308,081	-	-	1,763	15,411	309,844	5.00%	15,492	271,114	5.00%	13,556
28	101000	354400	WW Struct & Imp TDP	-	-	-	-	-	-	-	-	-	-		-	-	5.00%	-
29	101000	354500	WW Struct & Imp Gen	-	-	462,914	58,349	462,914	42,828	-	5,707	8,035	511,449	1.67%	8,541	447,518	1.67%	7,474
30	101000	355200	WW Pwr Gen Equip Coll	-	-	-	-	-	2,545	-	-	-	2,545	3.33%	85	2,227	3.30%	73
31	101000	355300	WW Pwr Gen Equip SPP	-	-	-	-	-	-	-	-	-	-		-	-		-
32	101000	360000	WW Collection Sewers Forced	-	-	-	-	-	-	-	-	-	-	2.07%	-	-	2.07%	-
33	101000	361100	WW Collecting Mains	239	-	29,922	6,722	56,106	3,219	(24,701)	511	755	35,134	2.04%	717	30,742	2.04%	627
34	101000	362000	WW Special Coll Struct	1	-	129,161	117,342	165,830	-	(121)	-	13,929	165,708	8.40%	13,920	144,995	2.04%	2,958
35	101000	363000	WW Services Sewer	3,430	-	-	105	8,283	2	-	-	169	8,285	2.04%	169	7,249	2.04%	148
36	101000	364000	WW Flow Measuring Devices	1,451	-	-	24	1,451	-	-	308	148	1,760	10.00%	176	1,540	10.00%	154
37	101000	370000	WW Receiving Wells	-	-	-	-	-	-	-	-	-	-		-	-	3.33%	-
38	101000	371100	WW Pump Equip Elect	15,367	-	128	877	30,036	55,450	-	43,985	1,884	129,472	5.42%	7,017	113,288	5.42%	6,140
39	101000	371200	WW Pump Equip Oth Pwr	118	-	-	-	118	-	-	-	-	118	5.42%	6	103	5.42%	6
40	101000	380000	WW TD Equipment	1	-	-	30,523	665,963	2,302	(794)	6,495	33,389	673,966	5.00%	33,698	589,720	5.00%	29,486
41	101000	380050	WW TD Equip Grit Removal	-	-	352,780	280,062	352,780	-	-	-	17,639	352,780	5.00%	17,639	308,683	5.00%	15,434
42	101000	380100	WW TD Equip Sed Tanks/Acc	3,535	(877)	1,713,501	1,262,148	1,717,913	-	-	-	85,896	1,717,913	5.00%	85,896	1,503,174	5.00%	75,159
43	101000	380200	WW TD Equip Sldge/Effl Rmv	3	-	-	522	11,380	-	-	5,350	770	16,730	5.00%	836	14,639	5.00%	732
44	101000	380250	WW TD Equip Sldge Dig Tnk	-	-	-	1,049	22,897	-	-	-	1,145	22,897	5.00%	1,145	20,035	5.00%	1,002
45	101000	380300	WW TD Equip Sldge Dry/Filt	-	-	1,952,382	1,067,037	1,952,382	-	(22,568)	-	97,055	1,929,814	5.00%	96,491	1,688,587	5.00%	84,429
46	101000	380350	WW TD Equip Sec Trmt Filt	3,563	-	-	-	3,563	6,058	-	(1,440)	-	8,181	5.00%	409	7,158	5.00%	358
47	101000	380400	WW TD Equip Aux Effl Trmt	54,949	-	335,447	261,760	410,827	22	-	-	20,542	410,850	5.00%	20,542	359,494	5.00%	17,975
48	101000	380500	WW TD Equip Chem Trmt Plt	-	-	649	68,849	649	-	-	-	32	649	5.00%	32	568	5.00%	28
49	101000	380600	WW TD Equip Oth Disp	-	-	332,677	294,744	332,677	-	-	-	27,945	332,677	5.00%	16,634	291,092	5.00%	14,555
50	101000	380625	WW TD Equip Gen Trmt	-	-	254,380	111,946	254,380	-	(956)	-	12,715	253,425	5.00%	12,671	221,747	5.00%	11,087
51	101000	380650	WW TD Equip Influent Lift S	-	-	23,045	15,199	23,045	-	-	-	1,152	23,045	5.00%	1,152	20,164	5.00%	1,008
52	101000	381000	WW Plant Sewers	-	-	-	-	5,251	-	-	-	-	5,251	5.00%	263	4,595	5.00%	230
53	101000	382000	WW Outfall Sewer Lines	2,222	-	30,298	31,053	38,427	(859)	-	-	1,918	37,568	5.00%	1,878	32,872	5.00%	1,644
54	101000	389100	WW Oth Plt & Misc Equip Int	-	-	-	283	6,197	-	-	-	309	6,197	4.98%	309	5,422	4.98%	270
55	101000	389600	WW Oth Plt & Misc Equip	-	-	-	-	-	-	-	-	-	-		-	-	4.98%	-
56	101000	390000	WW Office Furniture & Equip	-	(3,245)	56,570	14,173	54,034	-	(253)	-	2,476	53,781	6.67%	3,587	47,058	4.59%	2,160
57	101000	390200	WW Computers & Peripheral	7	-	-	-	3,411	-	-	3,038	-	6,449	10.00%	645	5,643	10.00%	564
58	101000	390300	WW Computer Software	-	-	-	-	-	-	-	20,152	-	20,152	25.00%	5,038	17,633	25.00%	4,408
59	101000	391000	WW Trans Equipment	4	-	75,120	133,989	77,081	3,320	(5,080)	1,320	20,046	76,641	15.00%	11,496	67,061	20.00%	13,412
60	101000	392000	WW Stores Equipment	-	-	3,606	756	3,606	-	-	-	141	3,606	3.91%	141	3,155	3.96%	125
61	101000	393000	WW Tool Shop & Garage Equip	-	-	33,157	11,839	38,892	1,386	(525)	-	1,768	39,753	4.47%	1,777	34,784	4.47%	1,555
62	101000	394000	WW Laboratory Equipment	9,146	(286)	18,050	8,103	26,910	19,109	(483)	(13,952)	1,185	31,584	10.00%	3,158	27,636	3.71%	1,025
63	101000	395000	WW Power Operated Equip	-	-	4,145	1,761	4,145	-	-	-	208	4,145	5.02%	208	3,627	5.02%	182
64	101000	396000	WW Communication Equip	-	(51,464)	116,697	95,561	68,198	2,906	-	-	7,076	71,104	10.30%	7,324	62,216	10.30%	6,408
65	101000	397000	WW Misc Equipment	-	-	22,480	14,951	22,480	-	(84)	-	1,145	22,396	5.10%	1,142	19,597	5.10%	999
66	101000	398000	WW Other Tangible Plant	-	-	-	-	-	-	-	-	-	-	0.00%	-	-	0.00%	-
67																		
68			Utility Plant	$ 100,859	$ (56,057)	$ 6,157,443		$ 8,253,484	$ 140,194	$ (55,564)	$ (19,530)		$ 8,318,584 LJG-3		$ 414,274	$ 7,278,762		$ 328,241
69																28% rather than 32%		
70			Total Plant Per Books					8,253,484					8,318,584					
71			Diff in Plant					-					-					
72																		
73			Monthly Depreciation Expense				$ 4,047,579					$ 422,487		Depreciable Plant	$ 8,166,628			
74			Retirements				(56,057)					(55,564)		Composite Rate	5.07%			
75			Accum. Deprec. - Apprvd'/Calculated				$ 4,705,599					$ 5,072,522 LGJ-3						
76			Total Removal Cost				-					-						
77			Total Salvage				-					-						
78			Total Approved/Calculated				$ 4,705,599					$ 5,072,522						
79			Total Per Books (\Trial Balance\Column BU\)				4,698,139					5,041,955						
80			Total Over/(Under) Depreciated				$ 7,460					$ 30,567						

Arizona American Water Company - Anthem / Agua Fria Wastewater
Test Year Ended December 31, 2008
Computation of Working Capital

Exhibit
Schedule B-5 Per Order
Page 1
Witness: Murrey

Company Per Order

Line No.			
1			
2	Working Cash Requirement	$ 7,650	
3	Material and Supplies Inventories	2,495	1
4	Prepayments	44,740	
5			
6			
7	Total Working Capital Allowance	$ 54,885	
8			
9	Total Adjusted Test Year Working Capital Allowance	$ 429,943	
10			
11	Increase (Decrease in Working Capital Allowance	$ (375,057)	
12			
13	Increase (Decrease in Working Capital Allowance	$ (375,057)	
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45			
46	[1] Thirteen-month average		
47			
48			
49	Workpapers & Supporting Documents:		
50	\Schedules\2008 Anth AF WW Sch. A-F_Decon.xls\		

Arizona American Water Company
Test Year Ended December 31, 2008
Lead/Lag Study - Working Cash Requirement

Exhibit B-6 Per Order
Schedule
Page 1
Witness: Murrey

ANTHEM / AGUA FRIA WASTEWATER

Line No.			Test Year Adjusted Results	Revenue Lag Days	Expense Lag Days	Net Lag Days	Lead/ Lag Factor	Cash Working Capital Required
1	OPERATING EXPENSES							
2	P08	Labor	$ 1,292,207	46.04007	12.000	34.0401	0.0933	$ 120,512
3	P09	Purchased Water	1,490	46.04007	52.523	(6.4825)	(0.0178)	(26)
4	P10	Fuel & Power	220,308	46.04007	23.460	22.5801	0.0619	13,629
5	P11	Chemicals	0	46.04007	14.634	31.4063	0.0860	0
6	P12	Waste disposal	199,095	46.04007	26.899	19.1415	0.0524	10,441
7	P13	Management Fees	0	46.04007	-	46.0401	0.1261	(0)
8	P14	Group Insurance	396,545	46.04007	(13.704)	59.7439	0.1637	64,907
9	P15	Pensions	240,306	46.04007	(2.368)	48.4085	0.1326	31,871
10	P17	Insurance Other Than Group	94,566	46.04007	83.684	(37.6443)	(0.1031)	(9,753)
11	P18	Customer Accounting	187,988	46.04007	20.310	25.7301	0.0705	13,252
12	P19	Rents	83,599	46.04007	84.161	(38.1207)	(0.1044)	(8,731)
13	P21	Miscellaneous	547,967	46.04007	16.838	29.2025	0.0800	43,841
14	P25	Maintenance Expense	240,061	46.04007	18.239	27.8013	0.0762	18,285
15		Other Operating Expenses[1]	166,636	46.04007	30.000	16.0401	0.0439	7,323
16	TAXES				-			
17	P29	Property Taxes	351,938	46.04007	191.371	(145.3312)	(0.3982)	(140,130)
18	P29	Taxes Other than Income	87,538	46.04007	13.346	32.6938	0.0896	7,841
19	P30	Income Tax[2]	1,322,865	46.04007	30.130	15.9101	0.0436	57,663
20	P56	Interest Sync	1,353,508	46.04007	106.250	(60.2099)	(0.1650)	(223,273)
21								
22	WORKING CASH REQUIREMENT		$ 6,786,619					$ 7,650
23								
24								
25	1)	All other Operating Expenses are assumed to be paid by the 15th of the month following the receipt of goods and services.						
26	2)	At proposed rates.						

Arizona American Water Company - Anthem / Agua Fria Wastewater
Test Year Ended December 31, 2008
Adjusted Test Year Income Statement

Exhibit
Schedule C-1 Per Order
Page 1
Witness: Murrey

Line No.		Test Year Book Results	[B] Total Pro Forma Adjustments	[C] Test Year Adjusted Results	[D] Proposed Rate Increase	[E] Adjusted with Rate Increase
1	**Revenues**					
2	Sewer Revenues	$ 8,634,446	$ 121	$ 8,634,567	$ 4,657,770	$ 13,292,338
3	Other Revenues	$ 2,556	$ -	$ 2,556	$ -	$ 2,556
4						
5		$ 8,637,002	$ 121	$ 8,637,123	$ 4,657,770	$ 13,294,894
6	**Operating Expenses**					
7	Labor	$ 1,304,794	$ (12,587)	$ 1,292,207	$ -	$ 1,292,207
8	Purchased Water	$ 3,368	$ (1,878)	$ 1,490	$ -	$ 1,490
9	Fuel & Power	$ 220,308	$ -	$ 220,308	$ -	$ 220,308
10	Chemicals	$ 303,374	$ (74,553)	$ 228,821	$ -	$ 228,821
11	Waste Disposal	$ 199,095	$ -	$ 199,095	$ -	$ 199,095
12	Management Fees	$ 1,461,723	$ (2,708)	$ 1,459,015	$ -	$ 1,459,015
13	Group Insurance	$ 396,599	$ (54)	$ 396,545	$ -	$ 396,545
14	Pensions	$ 240,306	$ -	$ 240,306	$ -	$ 240,306
15	Regulatory Expense	$ 68,439	$ -	$ 68,439	$ -	$ 68,439
16	Insurance Other Than Group	$ 94,566	$ -	$ 94,566	$ -	$ 94,566
17	Customer Accounting	$ 223,494	$ (35,506)	$ 187,988	$ 23,755	$ 211,742
18	Rents	$ 84,483	$ (883)	$ 83,599	$ -	$ 83,599
19	General Office Expense	$ 85,697	$ (393)	$ 85,304	$ -	$ 85,304
20	Miscellaneous	$ 555,967	$ (8,000)	$ 547,967	$ -	$ 547,967
21	Maintenance Expense	$ 246,204	$ (6,143)	$ 240,061	$ -	$ 240,061
22	Depreciation & Amortization	$ 3,579,558	$ (165,839)	$ 3,413,719	$ -	$ 3,413,719
23	General Taxes-Property Taxes	$ 181,910	$ 116,439	$ 298,349	$ 53,589	$ 351,938
24	General Taxes-Other	$ 87,538	$ -	$ 87,538	$ -	$ 87,538
25	Income Taxes	$ (796,264)	$ 77,667	$ (718,597)	$ 1,767,994	$ 1,049,397
26						
27						
28	**Total Operating Expenses**	$ 8,541,160	$ (114,438)	$ 8,426,722	$ 1,845,337	$ 10,272,059
29	**Utility Operating Income**	$ 95,842	$ 114,558	$ 210,401	$ 2,812,433	$ 3,022,834
30	**Other Income & Deductions**					
31	Other Income & Deductions	-	-	-		-
32	Interest Expense	1,362,498	(8,990)	1,353,508		1,353,508
33	Other Expense	18,575	-	18,575		18,575
34	Gain/Loss Sale of Fixed Assets	(4)	-	(4)		(4)
35	**Total Other Income & Deductions**	$ (1,381,077)	$ 8,990	$ (1,372,087)	$ -	$ (1,372,087)
36	**Net Profit (Loss)**	$ (1,285,235)	$ 123,549	$ (1,161,686)	$ 2,812,433	$ 1,650,748
37						
38						
39						
40						
41						
42						
43						
44						
45						
46						
47						
48						
49	Workpapers & Supporting Documents:					
50	\Schedules\2008 Anth AF WW Sch. A-F_Decon.xls\					

Arizona American Water Company - Anthem / Agua Fria Wastewater
Test Year Ended December 31, 2008
Income Statement Pro Forma Adjustments

Exhibit
Schedule C-2
Page 1
Witness: Murrey

Line No.			[A] Test Year Book Results	[B] ADJ LJG-1 Unbilled Revenue	[C] ADJ LJG-2 Annualize Rate Increase	[D] ADJ LJG-3 Annualize YE Customers	[E] ADJ LJG-4 Correct Billing Error	[F] ADJ LJG-5 Annualize Depreciation	[G] ADJ MHK-1 Annualize Power Exp	[H] ADJ MHK-2 Annualize Chemicals Exp	[I] ADJ MHK-3 Annualize Management Fees	[J] ADJ MHK-4 Adj Mgmt Fees for Other Expenses
1	**Revenues**											
2	**P03**	Sewer Revenues	$ 7,504,965	$ (14,154)	$ 1,035,441	$ 108,609	$ (294)					
3	**P04**	Other Revenues	$ 2,556									
4												
5			$ 7,507,521	$ (14,154)	$ 1,035,441	$ 108,609	$ (294)	$ -	$ -	$ -	$ -	$ -
6	**Operating Expenses**											
7	**P08**	Labor	$ 1,261,181									
8	**P09**	Purchased Water	$ 15,021									
9	**P10**	Fuel & Power	$ 347,600			3,965			(72,901)			
10	**P11**	Chemicals	$ 213,858			4,317				85,199		
11	**P12**	Waste Disposal	$ 196,263			2,833						
12	**P13**	Management Fees	$ 1,435,592								94,132	21,050
13	**P14**	Group Insurance	$ 245,220									
14	**P15**	Pensions	$ 214,294									
15	**P16**	Regulatory Expense	$ 99,732									
16	**P17**	Insurance Other Than Group	$ 94,566									
17	**P18**	Customer Accounting	$ 234,752			3,446						
18	**P19**	Rents	$ 84,483									
19	**P20**	General Office Expense	$ 85,697									
20	**P21**	Miscellaneous	$ 526,997									
21	**P25**	Maintenance Expense	$ 246,204									
22	**P27-28**	Depreciation & Amortization	$ 3,825,060					5,749				
23	**P29**	General Taxes-Property Taxes	$ 205,532									
24	**P29**	General Taxes-Other	$ 82,832									
25	**P30-31**	Income Taxes	$ (208,878)									
26												
27												
28	**Total Operating Expenses**		$ 9,206,004	$ -	$ -	$ 14,560	$ -	$ 5,749	$ (72,901)	$ 85,199	$ 94,132	$ 21,050
29	**Utility Operating Income**		$ (1,698,483)	$ (14,154)	$ 1,035,441	$ 94,049	$ (294)	$ (5,749)	$ 72,901	$ (85,199)	$ (94,132)	$ (21,050)
30	**Other Income & Deductions**											
31	**P39-42**	Other Income & Deductions	$ 94,125									
32	**P56-60**	Interest Expense	$ 1,425,830									
33	**P48-51**	Other Expense	$ 18,575									
34	**P43**	Gain/Loss Sale of Fixed Assets	$ (4)									
35	**Net Other Income & Deductions**		$ (1,350,283)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
36	**Net Profit (Loss)**		$ (3,048,767)	$ (14,154)	$ 1,035,441	$ 94,049	$ (294)	$ (5,749)	$ 72,901	$ (85,199)	$ (94,132)	$ (21,050)
37												
38												
39												
40												
41												
42												
43												
44												
45												
46												
47												
48	Workpapers & Supporting Documents:											
49	\Schedules\2008 Anth AF WW Sch. A-F_Decon.xls\											
50												

Arizona American Water Company - Anthem / Agua Fria W
Test Year Ended December 31, 2008
Income Statement Pro Forma Adjustments

Exhibit
Schedule C-2
Page 2
Witness: Murrey

Line No.			[K] ADJ MHK-5 One-Time SC Charges	[L] ADJ MHK-6 Annualize Postage Increase	[M] ADJ MHK-7 Normalize Purchase Water Cost Savings	[N] ADJ MHK-8 Amortize Rate Case Exp	[O] ADJ MHK-9 Line 21 Clean-up	[P] ADJ. SLH-1 Annualize Payroll Exp	[Q] ADJ SLH-2 Annualize Pensions Exp	[R] ADJ SLH-3 Annualize 401K Expense	[S] ADJ SLH-4 Annualize Insurance Exp	[W] ADJ SLH-8 Water Testing Expense
1	**Revenues**											
2	**P03**	Sewer Revenues										
3	**P04**	Other Revenues										
4												
5			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
6	**Operating Expenses**											
7	**P08**	Labor						74,097				
8	**P09**	Purchased Water			(11,653)							
9	**P10**	Fuel & Power										
10	**P11**	Chemicals										
11	**P12**	Waste Disposal										
12	**P13**	Management Fees	(22,769)									
13	**P14**	Group Insurance									149,255	
14	**P15**	Pensions							7,346			
15	**P16**	Regulatory Expense				(18,793)						
16	**P17**	Insurance Other Than Group										
17	**P18**	Customer Accounting		3,972								
18	**P19**	Rents										
19	**P20**	General Office Expense										
20	**P21**	Miscellaneous					(52,444)			13,184		46,751
21	**P25**	Maintenance Expense										
22	**P27-28**	Depreciation & Amortization										
23	**P29**	General Taxes-Property Taxes										
24	**P29**	General Taxes-Other						4,706				
25	**P30-31**	Income Taxes										
26												
27												
28	**Total Operating Expenses**		$ (22,769)	$ 3,972	$ (11,653)	$ (18,793)	$ (52,444)	$ 78,803	$ 7,346	$ 13,184	$ 149,255	$ 46,751
29	**Utility Operating Income**		$ 22,769	$ (3,972)	$ 11,653	$ 18,793	$ 52,444	$ (78,803)	$ (7,346)	$ (13,184)	$ (149,255)	$ (46,751)
30	**Other Income & Deductions**											
31	**P39-42**	Other Income & Deductions										
32	**P56-60**	Interest Expense										
33	**P48-51**	Other Expense										
34	**P43**	Gain/Loss Sale of Fixed Assets										
35	**Net Other Income & Deductions**		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
36	**Net Profit (Loss)**		$ 22,769	$ (3,972)	$ 11,653	$ 18,793	$ 52,444	$ (78,803)	$ (7,346)	$ (13,184)	$ (149,255)	$ (46,751)
37												
38												
39												
40												
41												
42												
43												
44												
45												
46												
47												
48	Workpapers & Supporting Documents:											
49	\Schedules\2008 Anth AF WW Sch. A-F_Decon.xls\											
50												

Arizona American Water Company - Anthem / Agua Fria W
Test Year Ended December 31, 2008
Income Statement Pro Forma Adjustments

Exhibit
Schedule C-2
Page 3
Witness: Murrey

Line No.			[AA] ADJ SLH-12 Annualize Property Taxes	[AB] ADJ SLH-13 Remove Other Income & Deductions	[AC] ADJ SLH-14 Annualize OPEBs	[AD] ADJ SLH-15 Interest Synchronization	[AE] ADJ SLH-16 Federal and State Income Taxes	[AF] Total Pro Forma Adjustments	[AG] Test Year Adjusted Results	[AH] Proposed Rate Increase	[AI] Adjusted with Rate Increase	
1	**Revenues**											
2	**P03**	Sewer Revenues						$ 1,129,602	$ 8,634,567	$ 7,060,837	$ 15,695,404	81.77%
3	**P04**	Other Revenues						-	2,556		2,556	
4								-	-		-	
5			$ -	$ -	$ -	$ -	$ -	$ 1,129,602	$ 8,637,123	$ 7,060,837	$ 15,697,960	
6	**Operating Expenses**											
7	**P08**	Labor						74,097	1,335,278		$ 1,335,278	
8	**P09**	Purchased Water						(11,653)	3,368		$ 3,368	
9	**P10**	Fuel & Power						(68,936)	278,664		$ 278,664	
10	**P11**	Chemicals						89,516	303,374		$ 303,374	
11	**P12**	Waste Disposal						2,833	199,095		$ 199,095	
12	**P13**	Management Fees						92,413	1,528,005		$ 1,528,005	
13	**P14**	Group Insurance			2,124			151,379	396,599		$ 396,599	
14	**P15**	Pensions						7,346	221,640		$ 221,640	
15	**P16**	Regulatory Expense						(18,793)	80,939		$ 80,939	
16	**P17**	Insurance Other Than Group						-	94,566		$ 94,566	
17	**P18**	Customer Accounting						7,418	242,170	35,684	$ 277,854	
18	**P19**	Rents						-	84,483		$ 84,483	
19	**P20**	General Office Expense						-	85,697		$ 85,697	
20	**P21**	Miscellaneous						7,491	534,489		$ 534,489	
21	**P25**	Maintenance Expense						-	246,204		$ 246,204	
22	**P27-28**	Depreciation & Amortization						5,749	3,830,808		$ 3,830,808	
23	**P29**	General Taxes-Property Taxes	91,272					91,272	296,804	81,237	$ 378,041	
24	**P29**	General Taxes-Other						4,706	87,538		$ 87,538	
25	**P30-31**	Income Taxes					(811,935)	(811,935)	(1,020,813)	2,680,274	$ 1,659,460	
26												
27												
28	**Total Operating Expenses**		$ 91,272	$ -	$ 2,124	$ -	$ (811,935)	$ (377,096)	$ 8,828,909	$ 2,797,195	$ 11,626,103	
29	**Utility Operating Income**		$ (91,272)	$ -	$ (2,124)	$ -	$ 811,935	$ 1,506,698	$ (191,785)	$ 4,263,642	$ 4,071,857	
30	**Other Income & Deductions**											
31	**P39-42**	Other Income & Deductions		(94,125)				(94,125)	-		-	
32	**P56-60**	Interest Expense				6,242		6,242	1,432,072		1,432,072	
33	**P48-51**	Other Expense						-	18,575		18,575	
34	**P43**	Gain/Loss Sale of Fixed Assets						-	(4)		(4)	
35	**Net Other Income & Deductions**		$ -	$ (94,125)	$ -	$ (6,242)	$ -	$ (100,367)	$(1,450,651)	$ -	$ (1,450,651)	
36	**Net Profit (Loss)**		$ (91,272)	$ (94,125)	$ (2,124)	$ (6,242)	$ 811,935	$ 1,406,330	$(1,642,436)	$ 4,263,642	$ 2,621,206	
37												
38												
39												
40												
41												
42												
43												
44												
45												
46												
47												
48	Workpapers & Supporting Documents:											
49	\Schedules\2008 Anth AF WW Sch. A-F_Decon.xls\											
50												

Arizona American Water Company - Anthem / Agua Fria W
Test Year Ended December 31, 2008
Income Statement Pro Forma Adjustments

Exhibit
Schedule C-2 Rebuttal
Page 4
Witness: Murrey

Line No.			[A] Test Year Adjusted Results	[B] ADJ LJG-1R Correct Billing Error	[C] ADJ LJG-2R Annualize Depreciation	[D] ADJ MHK-1R Accept RUCO's AIP Adjustment	[E] ADJ MHK-2R Accept RUCO's Stock Comp Adj	[F] ADJ MHK-3R Accept Staff's Power Adj	[G] ADJ MHK-5R Management Fees AIP Adj	[H] ADJ MHK-6R Accept RUCO's Other Exp Adj	[I] ADJ MHK-7R Accept RUCO's BD Expense Adj	[J] ADJ MHK-8R Accept RUCO's Dues & Donations
			COMPANY REBUTTAL									
1	**Revenues**											
2	**P03**	Sewer Revenues	$ 8,634,567	$ (121)								
3	**P04**	Other Revenues	$ 2,556									
4												
5			$ 8,637,123	$ (121)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
6	**Operating Expenses**											
7	**P08**	Labor	$ 1,335,278			$ (17,639)	$ (12,845)					
8	**P09**	Purchased Water	$ 3,368									
9	**P10**	Fuel & Power	$ 278,664					$ (58,356)				
10	**P11**	Chemicals	$ 303,374									
11	**P12**	Waste Disposal	$ 199,095									
12	**P13**	Management Fees	$ 1,528,005				$ (8,595)		$ (19,895)	$ (21,050)	$ (12,453)	$ (4,289)
13	**P14**	Group Insurance	$ 396,599									
14	**P15**	Pensions	$ 221,640									
15	**P16**	Regulatory Expense	$ 80,939									
16	**P17**	Insurance Other Than Group	$ 94,566									
17	**P18**	Customer Accounting	$ 242,170									
18	**P19**	Rents	$ 84,483									
19	**P20**	General Office Expense	$ 85,697									
20	**P21**	Miscellaneous	$ 534,489									
21	**P25**	Maintenance Expense	$ 246,204									
22	**P27-28**	Depreciation & Amortization	$ 3,830,808		$ (251,250)							
23	**P29**	General Taxes-Property Taxes	$ 296,804									
24	**P29**	General Taxes-Other	$ 87,538									
25	**P30-31**	Income Taxes	$ (1,020,813)									
26												
27												
28	**Total Operating Expenses**		$ 8,828,909	$ -	$ (251,250)	$ (17,639)	$ (21,441)	$ (58,356)	$ (19,895)	$ (21,050)	$ (12,453)	$ (4,289)
29	**Utility Operating Income**		$ (191,785)	$ (121)	$ 251,250	$ 17,639	$ 21,441	$ 58,356	$ 19,895	$ 21,050	$ 12,453	$ 4,289
30	**Other Income & Deductions**											
31	**P39-42**	Other Income & Deductions	$ -									
32	**P56-60**	Interest Expense	$ 1,432,072									
33	**P48-51**	Other Expense	$ 18,575									
34	**P43**	Gain/Loss Sale of Fixed Assets	$ (4)									
35	**Net Other Income & Deductions**		$ (1,450,651)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
36	**Net Profit (Loss)**		$ (1,642,436)	$ (121)	$ 251,250	$ 17,639	$ 21,441	$ 58,356	$ 19,895	$ 21,050	$ 12,453	$ 4,289
37												
38												
39												
40												
41												
42												
43												
44												
45												
46												
47												
48	Workpapers & Supporting Documents:											
49	\Schedules\2008 Anth AF WW Sch. A-F_Decon.xls\											
50												

Arizona American Water Company - Anthem / Agua Fria W
Test Year Ended December 31, 2008
Income Statement Pro Forma Adjustments

Exhibit
Schedule C-2 Rebuttal
Page 5
Witness: Murrey

Line No.			COMPANY REBUTTAL [K] ADJ MHK -9R Annualize Pensions Exp	[L] ADJ MHK-10R Accept Staff's Rate Case Exp	[M] ADJ LJG-3R Water Testing Expense	[N] ADJ LJG-4R Normalize Bad Debt Expense	COMPANY REBUTTAL [O] ADJ LJG-5R Annualize Property Taxes	[P] ADJ LJG-6R Interest Synchronization	[Q] ADJ LJG-7R Federal & State Income Taxes	[R] Total Pro Forma Adjustments	[S] Test Year Adjusted Results	[T] Proposed Rate Increase	[U] Adjusted with Rate Increase
1	**Revenues**												
2	**P03**	Sewer Revenues								$ (121)	$ 8,634,446	$ 5,308,386	$ 13,942,832
3	**P04**	Other Revenues								-	2,556		2,556
4										-	-		-
5			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (121)	$ 8,637,002	$ 5,308,386	$ 13,945,388
6	**Operating Expenses**												
7	**P08**	Labor								$ (30,484)	$ 1,304,794		$ 1,304,794
8	**P09**	Purchased Water								$ -	$ 3,368		$ 3,368
9	**P10**	Fuel & Power								$ (58,356)	$ 220,308		$ 220,308
10	**P11**	Chemicals								$ -	$ 303,374		$ 303,374
11	**P12**	Waste Disposal								$ -	$ 199,095		$ 199,095
12	**P13**	Management Fees								$ (66,282)	$ 1,461,723		$ 1,461,723
13	**P14**	Group Insurance								$ -	$ 396,599		$ 396,599
14	**P15**	Pensions	$ 18,666							$ 18,666	$ 240,306		$ 240,306
15	**P16**	Regulatory Expense		$ (12,500)						$ (12,500)	$ 68,439		$ 68,439
16	**P17**	Insurance Other Than Group								$ -	$ 94,566		$ 94,566
17	**P18**	Customer Accounting				$ (18,676)				$ (18,676)	$ 223,494	35,684	$ 259,178
18	**P19**	Rents								$ -	$ 84,483		$ 84,483
19	**P20**	General Office Expense								$ -	$ 85,697		$ 85,697
20	**P21**	Miscellaneous			$ 21,478					$ 21,478	$ 555,967		$ 555,967
21	**P25**	Maintenance Expense								$ -	$ 246,204		$ 246,204
22	**P27-28**	Depreciation & Amortization								$ (251,250)	$ 3,579,558		$ 3,579,558
23	**P29**	General Taxes-Property Taxes					$ (114,894)			$ (114,894)	$ 181,910	$ 99,366	$ 281,276
24	**P29**	General Taxes-Other								$ -	$ 87,538		$ 87,538
25	**P30-31**	Income Taxes							$ 224,550	$ 224,550	$ (796,264)	$ 1,996,850	$ 1,200,586
26													
27													
28	**Total Operating Expenses**		$ 18,666	$ (12,500)	$ 21,478	$ (18,676)	$ (114,894)	$ -	$ 224,550	$ (287,749)	$ 8,541,160	$ 2,131,900	$ 10,673,060
29	***Utility Operating Income***		$ (18,666)	$ 12,500	$ (21,478)	$ 18,676	$ 114,894	$ -	$ (224,550)	$ 287,628	$ 95,842	$ 3,176,486	$ 3,272,329
30	**Other Income & Deductions**												
31	**P39-42**	Other Income & Deductions								-	-		-
32	**P56-60**	Interest Expense						$ (69,574)		(69,574)	1,362,498		1,362,498
33	**P48-51**	Other Expense								-	18,575		18,575
34	**P43**	Gain/Loss Sale of Fixed Assets								-	(4)		(4)
35	**Net Other Income & Deductions**		$ -	$ -	$ -	$ -	$ -	$ 69,574	$ -	$ 69,574	$(1,381,077)	$ -	$ (1,381,077)
36	**Net Profit (Loss)**		$ (18,666)	$ 12,500	$ (21,478)	$ 18,676	$ 114,894	$ 69,574	$ (224,550)	$ 357,202	$(1,285,235)	$ 3,176,486	$ 1,891,251
37													
38													
39													
40													
41													
42													
43													
44													
45													
46													
47													
48	Workpapers & Supporting Documents:												
49	\Schedules\2008 Anth AF WW Sch. A-F_Decon.xls\												
50													

Arizona American Water Company - Anthem / Agua Fria W
Test Year Ended December 31, 2008
Income Statement Pro Forma Adjustments

Exhibit
Schedule C-2 Final
Page 6
Witness: Murrey

			COMPANY FINAL							
Line No.			[A] Rebuttal Test Year Adjusted Results	[B] MHK-1F Accept Staff's NWVTF Allocation	[C] ADJ LJG-2F Annualize Property Taxes	[D] ADJ LJG-3F Federal and State Income Taxes	[E] Total Pro Forma Adjustments	[F] Test Year Adjusted Results	[G] Proposed Rate Increase	[H] Final Adjusted with Rate Increase
1	**Revenues**									
2	**P03**	Sewer Revenues	$ 8,634,446				$ -	$ 8,634,446	$ 5,292,887	$ 13,927,333
3	**P04**	Other Revenues	$ 2,556				$ -	$ 2,556		$ 2,556
4										
5			$ 8,637,002	$ -	$ -	$ -	$ -	$ 8,637,002	$ 5,292,887	$ 13,929,889
6	**Operating Expenses**		$ -							
7	**P08**	Labor	$ 1,304,794	$ (17,587)			$ (17,587)	$ 1,287,207		$ 1,287,207
8	**P09**	Purchased Water	$ 3,368	$ (1,878)			$ (1,878)	$ 1,490		$ 1,490
9	**P10**	Fuel & Power	$ 220,308	$ (14,928)			$ (14,928)	$ 205,379		$ 205,379
10	**P11**	Chemicals	$ 303,374	$ (16,567)			$ (16,567)	$ 286,807		$ 286,807
11	**P12**	Waste Disposal	$ 199,095	$ (6,054)			$ (6,054)	$ 193,041		$ 193,041
12	**P13**	Management Fees	$ 1,461,723	$ -			$ -	$ 1,461,723		$ 1,461,723
13	**P14**	Group Insurance	$ 396,599	$ (54)			$ (54)	$ 396,545		$ 396,545
14	**P15**	Pensions	$ 240,306	$ -			$ -	$ 240,306		$ 240,306
15	**P16**	Regulatory Expense	$ 68,439	$ -			$ -	$ 68,439		$ 68,439
16	**P17**	Insurance Other Than Group	$ 94,566	$ -			$ -	$ 94,566		$ 94,566
17	**P18**	Customer Accounting	$ 223,494	$ -			$ -	$ 223,494	$ 35,684	$ 259,178
18	**P19**	Rents	$ 84,483	$ (883)			$ (883)	$ 83,599		$ 83,599
19	**P20**	General Office Expense	$ 85,697	$ (393)			$ (393)	$ 85,304		$ 85,304
20	**P21**	Miscellaneous	$ 555,967	$ (8,000)			$ (8,000)	$ 547,967		$ 547,967
21	**P25**	Maintenance Expense	$ 246,204	$ (6,143)			$ (6,143)	$ 240,061		$ 240,061
22	**P27-28**	Depreciation & Amortization	$ 3,579,558	$ -			$ -	$ 3,579,558		$ 3,583,865
23	**P29**	General Taxes-Property Taxes	$ 181,910	$ -	114,894		$ 114,894	$ 296,804	$ 60,896	$ 357,696
24	**P29**	General Taxes-Other	$ 87,538	$ -			$ -	$ 87,538		$ 87,538
25	**P30-31**	Income Taxes	$ (796,264)	$ -		(16,369)	$ (16,369)	$ (812,632)	$ 2,005,716	$ 1,191,423
26										
27										
28	**Total Operating Expenses**		$ 8,541,160	$ (72,487)	$ 114,894	$ (16,369)	$ 26,038	$ 8,567,198	$ 2,102,297	$ 10,672,137
29	**Utility Operating Income**		$ 95,842	$ 72,487	$ (114,894)	$ 16,369	$ (26,038)	$ 69,804	$ 3,190,590	$ 3,257,753
30	**Other Income & Deductions**									
31	**P39-42**	Other Income & Deductions	$ -				$ -	$ -		$ -
32	**P56-60**	Interest Expense	$ 1,362,498				$ -	$ 1,362,498		$ 1,362,498
33	**P48-51**	Other Expense	$ 18,575				$ -	$ 18,575		$ 18,575
34	**P43**	Gain/Loss Sale of Fixed Assets	$ (4)				$ -	$ (4)		$ (4)
35	**Net Other Income & Deductions**		$ (1,381,077)	$ -	$ -	$ -	$ -	$ (1,381,077)	$ -	$ (1,381,077)
36	**Net Profit (Loss)**		$ (1,285,235)	$ 72,487	$ (114,894)	$ 16,369	$ (26,038)	$ (1,311,273)	$ 3,190,590	$ 1,876,676
37										
38										
39										
40										
41										
42										
43										
44										
45										
46										
47										
48	Workpapers & Supporting Documents:									
49	\Schedules\2008 Anth AF WW Sch. A-F_Decon.xls\									
50										

Arizona American Water Company - Anthem / Agua Fria W
Test Year Ended December 31, 2008
Income Statement Pro Forma Adjustments

Exhibit
Schedule C-2 Per Order
Page 7
Witness: Murrey

			COMPANY PER ORDER									
Line No.			[A] Rebuttal Test Year Adjusted Result:	[B] ADJ SLM-1 Reverse ADJ LJG-1R Billing error adj	[C] ADJ SLM-2 Staff adj for NWVRTF alloc on wrong line	[D] ADJ SLM-3 Rev MHK-1F as full adj in Staff Power Adj	[E] ADJ SLM-4 Adj LJG -R4 for Customer Acctg per Staff Adj #3	[F] ADJ SLM-5 Adj MHK-2R for Stock Comp & AIP per Staff Adj #9	[D] ADJ SLM-6 Adj MHK 1F for Chemicl Expense per Staff Adj #1	[F] ADJ SLM-7 Adj LJG -2R for Dep Exp per Staff # 5	[G] ADJ SLM-8 Annualize Property Tax	[H] ADJ SLM-9 Adj for Interest Synchronization
1	**Revenues**											
2	**P03**	Sewer Revenues	$ 8,634,446	$ 121								
3	**P04**	Other Revenues	$ 2,556									
4			$ -									
5			$ 8,637,002	$ 121	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
6	**Operating Expenses**		$ -									
7	**P08**	Labor	$ 1,287,207					$ 5,000				
8	**P09**	Purchased Water	$ 1,490									
9	**P10**	Fuel & Power	$ 205,379			$ 14,928						
10	**P11**	Chemicals	$ 286,807						$ (57,986)			
11	**P12**	Waste Disposal	$ 193,041		$ 6,054							
12	**P13**	Management Fees	$ 1,461,723		$ (6,054)			$ 3,346				
13	**P14**	Group Insurance	$ 396,545									
14	**P15**	Pensions	$ 240,306									
15	**P16**	Regulatory Expense	$ 68,439									
16	**P17**	Insurance Other Than Group	$ 94,566									
17	**P18**	Customer Accounting	$ 223,494				$ (35,506)					
18	**P19**	Rents	$ 83,599									
19	**P20**	General Office Expense	$ 85,304									
20	**P21**	Miscellaneous	$ 547,967									
21	**P25**	Maintenance Expense	$ 240,061									
22	**P27-28**	Depreciation & Amortization	$ 3,579,558							$ (165,839)		
23	**P29**	General Taxes-Property Taxes	$ 296,804								$ 1,545	
24	**P29**	General Taxes-Other	$ 87,538									
25	**P30-31**	Income Taxes	$ (812,632)									
26												
27												
28	**Total Operating Expenses**		$ 8,567,198	$ -	$ -	$ 14,928	$ (35,506)	$ 8,347	$ (57,986)	$ (165,839)	$ 1,545	$ -
29	**Utility Operating Income**		$ 69,804									
30	**Other Income & Deductions**											
31	**P39-42**	Other Income & Deductions	$ -									
32	**P56-60**	Interest Expense	$ 1,362,498									$ (8,990)
33	**P48-51**	Other Expense	$ 18,575									
34	**P43**	Gain/Loss Sale of Fixed Assets	$ (4)									
35	**Net Other Income & Deductions**		$ (1,381,077)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 8,990
36	**Net Profit (Loss)**		$ (1,311,273)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 8,990
37												
38												
39												
40												
41												
42												
43												
44												
45												
46												
47												
48	Workpapers & Supporting Documents:											
49	\Schedules\2008 Anth AF WW Sch. A-F_Decon.xls\											
50												

Arizona American Water Company - Anthem / Agua Fria W
Test Year Ended December 31, 2008
Income Statement Pro Forma Adjustments

Exhibit
Schedule C-2 Per Order
Page 8
Witness: Murrey

Line No.			[I] ADJ SLM-10 Federal & State Income Tax	[J] Total Pro Forma Adjustments	[K] Final Test Year Adj Results	[L] Proposed Rate Increase	[M] Per Order Adjusted with Rate Increase
1	**Revenues**						
2	**P03**	Sewer Revenues		$ 121	$ 8,634,567	$ 4,657,770	$ 13,292,338
3	**P04**	Other Revenues		$ 7,668	$ 2,556		$ 2,556
4							
5			$ -	$ 7,789	$ 8,637,123	$ 4,657,770	$ 13,294,894
6	**Operating Expenses**						
7	**P08**	Labor		$ 5,000	$ 1,292,207		$ 1,292,207
8	**P09**	Purchased Water		$ -	$ 1,490		$ 1,490
9	**P10**	Fuel & Power		$ 14,928	$ 220,308		$ 220,308
10	**P11**	Chemicals		$ (57,986)	$ 228,821		$ 228,821
11	**P12**	Waste Disposal		$ 6,054	$ 199,095		$ 199,095
12	**P13**	Management Fees		$ (2,708)	$ 1,459,015		$ 1,459,015
13	**P14**	Group Insurance		$ -	$ 396,545		$ 396,545
14	**P15**	Pensions		$ -	$ 240,306		$ 240,306
15	**P16**	Regulatory Expense		$ -	$ 68,439		$ 68,439
16	**P17**	Insurance Other Than Group		$ -	$ 94,566		$ 94,566
17	**P18**	Customer Accounting		$ (35,506)	$ 187,988	23,755	$ 211,742
18	**P19**	Rents		$ -	$ 83,599		$ 83,599
19	**P20**	General Office Expense		$ -	$ 85,304		$ 85,304
20	**P21**	Miscellaneous		$ -	$ 547,967		$ 547,967
21	**P25**	Maintenance Expense		$ -	$ 240,061		$ 240,061
22	**P27-28**	Depreciation & Amortization		$ (165,839)	$ 3,413,719		$ 3,413,719
23	**P29**	General Taxes-Property Taxes		$ 1,545	$ 298,349	53,589	$ 351,938
24	**P29**	General Taxes-Other		$ -	$ 87,538		$ 87,538
25	**P30-31**	Income Taxes	$ 94,036	$ 94,036	$ (718,597)	1,767,994	$ 1,049,397
26				$ -			
27							
28	**Total Operating Expenses**		$ 94,036	$ (140,476)	$ 8,426,722	$ 1,845,337	$ 10,272,059
29	**Utility Operating Income**				$ 210,401	$ 2,812,433	$ 3,022,834
30	**Other Income & Deductions**						
31	**P39-42**	Other Income & Deductions		$ -	$ -		$ -
32	**P56-60**	Interest Expense		$ (8,990)	$ 1,353,508		$ 1,353,508
33	**P48-51**	Other Expense			$ 18,575		$ 18,575
34	**P43**	Gain/Loss Sale of Fixed Assets			$ (4)		$ (4)
35	**Net Other Income & Deductions**		$ -	$ 8,990	$ (1,372,087)	$ -	$ (1,372,087)
36	**Net Profit (Loss)**		$ -	$ 8,990	$ (1,161,686)	$ 2,812,433	$ 1,650,748
37							
38							
39							
40							
41							
42							
43							
44							
45							
46							
47							
48	Workpapers & Supporting Documents:						
49	\Schedules\2008 Anth AF WW Sch. A-F_Decon.xls\						
50							

Arizona American Water Company - Anthem / Agua Fria Wastewater
Test Year Ended December 31, 2008
Computation of Gross Revenue Conversion Factor

Exhibit
Schedule C-3 Per Order
Page 1
Witness: Murrey

Line No.	Description					Percentage of Incremental Gross Revenues
1	Federal Income Taxes					31.63%
2						
3	State Income Taxes					6.97%
4				Combined	38.60%	
5	Property Taxes	Effective Rate =	1.1505%	One Minus Combined	61.40%	0.71%
6						
7	Bad Debt Expense	Effective Rate =	0.51%	One Minus Combined	61.40%	0.31%
8						
9	Total Tax Percentage					39.62%
10						
11	Operating Income % = 100% - Tax Percentage					60.38%
12						
13						
14						
15	1	= Gross Revenue Conversion Factor				
16	Operating Income %					1.6561
17						
18						
19						1.6560571000
20						
21						1.656057547
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45						
46						
47						
48						
49	Workpapers & Supporting Documents:					
50	\Schedules\2008 Anth AF WW Sch. A-F_Decon.xls\					

Arizona American Water Company - Anthem / Agua Fria Wastewater
Test Year Ended December 31, 2008
Operating Statistics

Exhibit
Schedule E-7 Per Order
Page 1
Witness: Murrey

Line No.			Test Year Ended 12/31/2008		Prior Year Ended 12/31/2007		Prior Year Ended 12/31/2006
1	WASTEWATER STATISTICS:						
2							
3	Average No. of Customers						
4	Residential		12,480		12,177		10,545
5	Commercial		123		121		111
6	Industrial		-		-		-
7	Other Public Authority		-		-		-
8	Other		6		5		5
9	Total		12,609		12,303		10,661
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20	Annual Revenue per Average						
21	Residential Customer	$	515.39	$	420.71	$	436.84
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
32							
33							
34							
35							
36							
37							
38							
39							
40							
41							
42							
43							
44							
45							
46							
47							
48							
49							
50	\Schedules\2008 Anth AF WW Sch. A-F_Decon.xls\						

Exhibit
Schedule H-1
Page 1
Witness: Gutowski

Arizona American Water Company - Anthem / Agua Fria Wastewater
Test Year Ended December 31, 2008
Summary of Revenues by Customer Classification - Present & Proposed Rates

Line No.	Customer Classification	Revenues in Test Year Present Rates	Order Rates	Proposed Increase Amount	%	Adj TY Rev
						$ 8,637,123
1						
2	Residential	$ 7,416,699.13	$ 10,645,748.93	$ 3,229,049.80	43.5%	
3						
4	Commercial	$ 481,096.10	$ 769,499.51	$ 288,403.41	59.9%	
5						
6	Miscellaneous		$ 586,578.15	$ 586,578.15		
7						
8	OWU	$ 733,665.54	$ 1,290,510.74	$ 556,845.20	75.9%	
9						
10						
11	Total Revenues	$ 8,631,460.77	**$ 13,292,337.33**	$ 4,660,876.56	54.00%	
12			$ 13,292,337			
13			-			
14			Add Customer	Annualized		
15	Combined Anthem / Agua Fria	From Schedule	Annualization from	Current		
16	Wastewater	H-2	Schedule C-2	Rates		
17	Residential	$7,313,616.61	$ 103,082.52	$ 7,416,699.13		
18	Commercial	$475,569.26	$ 5,526.84	$ 481,096.10		
19	OWU	$733,665.54		$ 733,665.54		
20		$ 8,522,851.41	$ 108,609.36	$ 8,631,460.77		
21						
22						
23	Increase in Gross Revenue from Schedule A-1			$ 4,657,770.45		
24	Percent Increase Across the Board			36.7%		
25						
26						
27			Add Customer	Annualized		
28	Combined Anthem / Agua Fria	From Schedule	Annualization from	Current		
29	Wastewater	H-2	Schedule C-2	Rates		
30	Residential	$ 10,504,814.51	$ 140,934.42	$ 10,645,748.93		
31	Commercial	$ 761,943.21	$ 7,556.30	$ 769,499.51		
32	OWU	$ 1,290,510.74		$ 1,290,510.74		
33		$ 12,557,268.47	$ 148,490.72	$ 12,705,759.19		
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45						
46						
47						
48						
49						

Exhibit
Schedule H-2
Page 1
Witness: Gutowski

Arizona American Water Company - Anthem Sewer
Test Year Ended December 31, 2008
Analysis of Revenue by Detailed Class

Line No.	Rate Schedule	Description		Average Number of Customers	Average Consumption	Test Year Rates	Revenues Annualized Current Rates	ROO Rates	Proposed Increase Amount	Increase %	
1	E1MS1	Anthem Sewer Residential		8,328	5,814	$ 4,221,379.78	$ 4,796,296.77	$ 6,883,814.61	$ 2,087,517.84	43.52%	
2	E2MS1	Anthem Sewer Commercial 5/8"		4	5,925	$ 2,122.45	$ 2,465.79	$ 3,950.95	$ 1,485.15	60.23%	
3	E2MS3	Anthem Sewer Commercial 1"		18	8,824	$ 16,194.52	$ 18,344.41	$ 29,394.12	$ 11,049.71	60.23%	
4	E2MS4	Anthem Sewer Commercial LG		109	50,337	$ 332,227.15	$ 376,037.84	$ 602,528.34	$ 226,490.51	60.23%	
5	E5M2	Anthem Wholesale (Phoenix) OWU		2	9,655,083	$ 643,427.69	$ 734,558.74	$ 1,292,081.87	$ 557,523.13	75.90%	
6	D7M1	Anthem Non-Potable Irrig		48	840,540	$ 553,090.29	$ 687,648.39	$ 370,272.21	$ -	-	
7	D7M2	Anthem Non-Potable Irrig - Const		5	1,717,117	$ 115,225.15	$ 147,328.61	$ 79,330.79	$ -	-	
8	C8M2A	DMB @ Verrado Golf		1	13,683,831	$ 198,236.70	$ 220,583.35	$ 136,975.15	$ -	-	
9											
10											
11											
12		Total Anthem Sewer - Billed Revenues		8,515	25,967,471	$ 6,081,903.74	$ 6,983,263.90	$ 9,398,348.04	$ 2,884,066.35	41.30%	
13											
14		Total Residential		8,328	5,814	$4,221,379.78	$4,796,296.77	$6,883,814.61	2,087,518	43.52%	
15		Total Commercial		131	65,086	$350,544.13	$396,848.04	$635,873.41	239,025	60.23%	
16		Total OWU		2	9,655,083	$643,427.69	$734,558.74	$1,292,081.87	557,523	75.90%	
17											
18											
19											
20		Total Anthem Sewer - Billed Revenues		8,461	9,725,983	$ 5,215,351.60	$ 5,927,703.54	$ 8,811,769.89	$ 2,884,066.35	48.65%	
21		Less: Miscellaneous Adjustments				$ (6,114.04)					
22		Annualized Difference				$ 712,351.94					
23						Present		Proposed			
24						Rates		Rates	Annualization of		
25						Misc. Adjustments		Misc. Adjustments	6/4/08 Rate Incr		
26		E1MS1				$ (1,415.25)	$ (1,415.25)	(2,031.22)	$ 574,916.98		
27		E2MS4				$ (3,385.11)	$ (3,385.11)	(5,423.97)			
28											
29		Difference from General Ledger [a]	0.00%			$ 130.94	$ -	-			
30					Subtotal	$ (4,669.42)	$ (4,800.36)	$ (7,455.19)	$ 574,916.98		
31											PMT (Booked Revenue)
32		Residential Billed Revenues				**$4,216,710.36**	**$4,791,496.41**	**$6,876,359.42**			**$4,216,710.36**
33											
34											
35		E2MS1				$ -	$ -	-	$ 343.34		
36		E2MS3				$ -	$ -	-	$ 2,149.88		
37		E2MS4				$ (420.48)	$ (420.48)	(739.62)	$ 43,810.68		
38		Difference from General Ledger [a]	0.60%			$ 2,110.80	$ -	-			
39					Subtotal	$ 1,690.32	$ (420.48)	$ (739.62)	$ 46,303.91		PMT (Booked Revenue)
40											
41		Commercial Billed Revenues				**$352,234.45**	**$396,427.56**	**$ 635,133.79**			**$352,234.45**
42											
43		E5M2				$ (893.20)	$ (893.20)	(1,571.13)	$ 91,131.05		
44											
45											
46											
47											
48											
49											
50		Difference from General Ledger [a]	0.00%			$ -		-			
51					Subtotal	$ (893.20)	$ (893.20)	$ (1,571.13)	$91,131.05		PMT (Booked Revenue)
52											
53		OPA Billed Revenues				**$642,534.49**	**$733,665.54**	**$ 1,290,510.74**			**$642,534.49**
54											
55											
56											
57		Billed Revenues				$ 5,211,479.30	$ 5,921,589.50	$ 8,802,003.95	$ 712,351.94		
58							$ 710,110.20				
59		Total Booked Revenues Per G.L.- F.Y. 2008									**$5,211,479.30**
60											
61		Difference from General Ledger [a]	0.00%			$ 0.00					
62											

Exhibit
Schedule H-3
Page 1
Witness: Gutowski

Arizona American Water Company - Anthem Sewer
Test Year Ended December 31, 2008
Changes in Representative Rate Schedules

					Base Charge			Volume Charge		
Line No.	Rate Schedule	Description	Block		Present Rate	ROO Rate	Change	Present Rate	ROO Rate	Change
1	E1MS1	Anthem Sewer Residential	First 7,000 gals.		$ 27.76	$ 39.84	$ 12.08	$ 3.4800	$ 4.9946	$ 1.5146
2			Over 7,000 gals.							
3	E2MS1	Anthem Sewer Commercial 5/8"	First 10,000 gals.		$ 27.76	$ 44.48	$ 16.72	$ 3.4800	$ 5.5760	$ 2.0960
4			Over 10,000 gals.							
5	E2MS2	Anthem Sewer Commercial 3/4"	First 15,000 gals.		$ 41.64	$ 66.72	$ 25.08	$ 3.4800	$ 5.5760	$ 2.0960
6			Over 15,000 gals.							
7	E2MS3	Anthem Sewer Commercial 1"	First 20,000 gals.		$ 55.58	$ 89.06	$ 33.48	$ 3.4800	$ 5.5760	$ 2.0960
8			Over 20,000 gals.							
9	E2MS4	Anthem Sewer Commercial LG	All Usage		$ 111.12	$ 178.05	$ 66.93	$ 3.4800	$ 5.5760	$ 2.0960
10	E5M2	Anthem Wholesale (Phoenix) OWU	All Usage		$ -	$ -	$ -	$ 3.1700	$ 5.5760	$ 2.4060
11	D7M1	Anthem Non-Potable Irrig			$ -	$ -	$ -	$ 1.4300	$ 0.77	$ (0.66)
12	D7M2	Anthem Non-Potable Irrig - Const			$ -	$ -	$ -	$ 1.4300	$ 0.77	$ (0.66)
13	C8M2A	DMB @ Verrado Golf			$ -	$ -	$ -	$ 1.2400	$ 0.77	$ (0.47)
14										
15										
16										
17										
18		Annual Fee for Industrial Discharge Service								
19		<= 50,000 gals water per month			$ 500	$ 500	$ -			
20		> 50,000 gals water per month			$ 1,000	$ 1,000	$ -			
21										
22	SHU-1	Sewer Facilities Hook-Up Fee								
23		Fee per Equivalent Residential Unit			$ 765					
24		ERU Schedule:		# ERUs						
25		Single Family Home		1.00						
26		Apartment Units		0.50						
27		Commercial Units (per acre)		4.00						
28		Resorts (per room)		0.50						
29		Parks, Golf Courses and Rights of Way		-						
30										
31	MISC-1	Miscellaneous Fees								
32		Establishment during business hours			$ 30.00	$ 30.00	$ -			
33		Establishment after business hours			$ 45.00	$ 45.00	$ -			
34		Reconnection (delinquent)			$ 40.00	$ 40.00	$ -			

Exhibit
Schedule H-4
Page 1
Witness: Gutowski

Arizona American Water Company - Anthem Sewer
Test Year Ended December 31, 2008
Typical Bill Analysis

					Typical Bills			
Line	Rate				Present	Proposed	Proposed Increase	
No.	Schedule	Description		Consumption	Rates	Rates	Amount	%
1	E1MS1	Athtem/Agua Fria Sewer Residential		1,000	$31.24	$44.84	$ 13.60	43.52%
2	E1MS1	Athtem/Agua Fria Sewer Residential		2,000	$34.72	$49.83	$ 15.11	43.52%
3	E1MS1	Athtem/Agua Fria Sewer Residential		3,000	$38.20	$54.83	$ 16.63	43.52%
4	E1MS1	Athtem/Agua Fria Sewer Residential		4,000	$41.68	$59.82	$ 18.14	43.52%
5	E1MS1	Athtem/Agua Fria Sewer Residential		5,000	$45.16	$64.82	$ 19.66	43.52%
6	E1MS1	Athtem/Agua Fria Sewer Residential		6,000	$48.64	$69.81	$ 21.17	43.52%
7	E1MS1	Athtem/Agua Fria Sewer Residential		7,000	$52.12	$74.80	$ 22.68	43.52%
8	E1MS1	Athtem/Agua Fria Sewer Residential		8,000	$52.12	$74.80	$ 22.68	43.52%
9	E1MS1	Athtem/Agua Fria Sewer Residential		9,000	$52.12	$74.80	$ 22.68	43.52%
10	E1MS1	Athtem/Agua Fria Sewer Residential		10,000	$52.12	$74.80	$ 22.68	43.52%
11	E1MS1	Athtem/Agua Fria Sewer Residential		11,000	$52.12	$74.80	$ 22.68	43.52%
12	E1MS1	Athtem/Agua Fria Sewer Residential		12,000	$52.12	$74.80	$ 22.68	43.52%
13	E1MS1	Athtem/Agua Fria Sewer Residential		13,000	$52.12	$74.80	$ 22.68	43.52%
14	E1MS1	Athtem/Agua Fria Sewer Residential		14,000	$52.12	$74.80	$ 22.68	43.52%
15	E1MS1	Athtem/Agua Fria Sewer Residential		15,000	$52.12	$74.80	$ 22.68	43.52%
16	E1MS1	Athtem/Agua Fria Sewer Residential		16,000	$52.12	$74.80	$ 22.68	43.52%
17	E1MS1	Athtem/Agua Fria Sewer Residential		17,000	$52.12	$74.80	$ 22.68	43.52%
18	E1MS1	Athtem/Agua Fria Sewer Residential		18,000	$52.12	$74.80	$ 22.68	43.52%
19	E1MS1	Athtem/Agua Fria Sewer Residential		19,000	$52.12	$74.80	$ 22.68	43.52%
20	E1MS1	Athtem/Agua Fria Sewer Residential		20,000	$52.12	$74.80	$ 22.68	43.52%
21	E1MS1	Athtem/Agua Fria Sewer Residential		21,000	$52.12	$74.80	$ 22.68	43.52%
22	E1MS1	Athtem/Agua Fria Sewer Residential		22,000	$52.12	$74.80	$ 22.68	43.52%
23	E1MS1	Athtem/Agua Fria Sewer Residential		23,000	$52.12	$74.80	$ 22.68	43.52%
24	E1MS1	Athtem/Agua Fria Sewer Residential		24,000	$52.12	$74.80	$ 22.68	43.52%
25	E1MS1	Athtem/Agua Fria Sewer Residential		25,000	$52.12	$74.80	$ 22.68	43.52%
26	E1MS1	Athtem/Agua Fria Sewer Residential		26,000	$52.12	$74.80	$ 22.68	43.52%
27	E1MS1	Athtem/Agua Fria Sewer Residential		27,000	$52.12	$74.80	$ 22.68	43.52%
28	E1MS1	Athtem/Agua Fria Sewer Residential		28,000	$52.12	$74.80	$ 22.68	43.52%
29	E1MS1	Athtem/Agua Fria Sewer Residential		29,000	$52.12	$74.80	$ 22.68	43.52%
30	E1MS1	Athtem/Agua Fria Sewer Residential		30,000	$52.12	$74.80	$ 22.68	43.52%
31	E1MS1	Athtem/Agua Fria Sewer Residential		31,000	$52.12	$74.80	$ 22.68	43.52%
32	E1MS1	Athtem/Agua Fria Sewer Residential		32,000	$52.12	$74.80	$ 22.68	43.52%
33	E1MS1	Athtem/Agua Fria Sewer Residential		33,000	$52.12	$74.80	$ 22.68	43.52%
34	E1MS1	Athtem/Agua Fria Sewer Residential		34,000	$52.12	$74.80	$ 22.68	43.52%
35	E1MS1	Athtem/Agua Fria Sewer Residential		35,000	$52.12	$74.80	$ 22.68	43.52%
36	E1MS1	Athtem/Agua Fria Sewer Residential		36,000	$52.12	$74.80	$ 22.68	43.52%
37	E1MS1	Athtem/Agua Fria Sewer Residential		37,000	$52.12	$74.80	$ 22.68	43.52%
38	E1MS1	Athtem/Agua Fria Sewer Residential		38,000	$52.12	$74.80	$ 22.68	43.52%
39	E1MS1	Athtem/Agua Fria Sewer Residential		39,000	$52.12	$74.80	$ 22.68	43.52%
40	E1MS1	Athtem/Agua Fria Sewer Residential		40,000	$52.12	$74.80	$ 22.68	43.52%
41	E1MS1	Athtem/Agua Fria Sewer Residential		41,000	$52.12	$74.80	$ 22.68	43.52%
42	E1MS1	Athtem/Agua Fria Sewer Residential		42,000	$52.12	$74.80	$ 22.68	43.52%
43	E1MS1	Athtem/Agua Fria Sewer Residential		43,000	$52.12	$74.80	$ 22.68	43.52%
44	E1MS1	Athtem/Agua Fria Sewer Residential		44,000	$52.12	$74.80	$ 22.68	43.52%
45	E1MS1	Athtem/Agua Fria Sewer Residential		45,000	$52.12	$74.80	$ 22.68	43.52%
46	E1MS1	Athtem/Agua Fria Sewer Residential		46,000	$52.12	$74.80	$ 22.68	43.52%
47	E1MS1	Athtem/Agua Fria Sewer Residential		47,000	$52.12	$74.80	$ 22.68	43.52%
48	E1MS1	Athtem/Agua Fria Sewer Residential		48,000	$52.12	$74.80	$ 22.68	43.52%
49	E1MS1	Athtem/Agua Fria Sewer Residential		49,000	$52.12	$74.80	$ 22.68	43.52%
50	E1MS1	Athtem/Agua Fria Sewer Residential		50,000	$52.12	$74.80	$ 22.68	43.52%
51	E1MS1	Athtem/Agua Fria Sewer Residential		51,000	$52.12	$74.80	$ 22.68	43.52%
52	E1MS1	Athtem/Agua Fria Sewer Residential		52,000	$52.12	$74.80	$ 22.68	43.52%
53	E1MS1	Athtem/Agua Fria Sewer Residential		53,000	$52.12	$74.80	$ 22.68	43.52%
54	E1MS1	Athtem/Agua Fria Sewer Residential		54,000	$52.12	$74.80	$ 22.68	43.52%
55	E1MS1	Athtem/Agua Fria Sewer Residential		55,000	$52.12	$74.80	$ 22.68	43.52%
56								
57	E1MS1	Athtem/Agua Fria Sewer Residential	Average:	5,814	$47.99	$68.88	$ 20.89	43.52%
58								
59								
60								

Exhibit
Schedule H-4
Page 2
Witness: Gutowski

Arizona American Water Company - Anthem Sewer
Test Year Ended December 31, 2008
Typical Bill Analysis

					Typical Bills				
Line	Rate				Present	Proposed	Proposed Increase		
No.	Schedule	Description		Consumption	Rates	Rates		Amount	%
1	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		1,000	$31.24	$50.06	$	18.82	60.23%
2	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		2,000	$34.72	$55.63	$	20.91	60.23%
3	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		3,000	$38.20	$61.21	$	23.01	60.23%
4	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		4,000	$41.68	$66.78	$	25.10	60.23%
5	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		5,000	$45.16	$72.36	$	27.20	60.23%
6	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		6,000	$48.64	$77.94	$	29.30	60.23%
7	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		7,000	$52.12	$83.51	$	31.39	60.23%
8	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		8,000	$55.60	$89.09	$	33.49	60.23%
9	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		9,000	$59.08	$94.66	$	35.58	60.23%
10	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		10,000	$62.56	$100.24	$	37.68	60.23%
11	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		11,000	$62.56	$100.24	$	37.68	60.23%
12	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		12,000	$62.56	$100.24	$	37.68	60.23%
13	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		13,000	$62.56	$100.24	$	37.68	60.23%
14	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		14,000	$62.56	$100.24	$	37.68	60.23%
15	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		15,000	$62.56	$100.24	$	37.68	60.23%
16	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		16,000	$62.56	$100.24	$	37.68	60.23%
17	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		17,000	$62.56	$100.24	$	37.68	60.23%
18	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		18,000	$62.56	$100.24	$	37.68	60.23%
19	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		19,000	$62.56	$100.24	$	37.68	60.23%
20	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		20,000	$62.56	$100.24	$	37.68	60.23%
21	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		21,000	$62.56	$100.24	$	37.68	60.23%
22	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		22,000	$62.56	$100.24	$	37.68	60.23%
23	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		23,000	$62.56	$100.24	$	37.68	60.23%
24	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		24,000	$62.56	$100.24	$	37.68	60.23%
25	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		25,000	$62.56	$100.24	$	37.68	60.23%
26	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		26,000	$62.56	$100.24	$	37.68	60.23%
27	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		27,000	$62.56	$100.24	$	37.68	60.23%
28	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		28,000	$62.56	$100.24	$	37.68	60.23%
29	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		29,000	$62.56	$100.24	$	37.68	60.23%
30	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		30,000	$62.56	$100.24	$	37.68	60.23%
31	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		31,000	$62.56	$100.24	$	37.68	60.23%
32	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		32,000	$62.56	$100.24	$	37.68	60.23%
33	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		33,000	$62.56	$100.24	$	37.68	60.23%
34	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		34,000	$62.56	$100.24	$	37.68	60.23%
35	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		35,000	$62.56	$100.24	$	37.68	60.23%
36	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		36,000	$62.56	$100.24	$	37.68	60.23%
37	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		37,000	$62.56	$100.24	$	37.68	60.23%
38	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		38,000	$62.56	$100.24	$	37.68	60.23%
39	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		39,000	$62.56	$100.24	$	37.68	60.23%
40	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		40,000	$62.56	$100.24	$	37.68	60.23%
41	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		41,000	$62.56	$100.24	$	37.68	60.23%
42	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		42,000	$62.56	$100.24	$	37.68	60.23%
43	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		43,000	$62.56	$100.24	$	37.68	60.23%
44	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		44,000	$62.56	$100.24	$	37.68	60.23%
45	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		45,000	$62.56	$100.24	$	37.68	60.23%
46	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		46,000	$62.56	$100.24	$	37.68	60.23%
47	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		47,000	$62.56	$100.24	$	37.68	60.23%
48	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		48,000	$62.56	$100.24	$	37.68	60.23%
49	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		49,000	$62.56	$100.24	$	37.68	60.23%
50	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		50,000	$62.56	$100.24	$	37.68	60.23%
51	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		51,000	$62.56	$100.24	$	37.68	60.23%
52	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		52,000	$62.56	$100.24	$	37.68	60.23%
53	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		53,000	$62.56	$100.24	$	37.68	60.23%
54	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		54,000	$62.56	$100.24	$	37.68	60.23%
55	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"		55,000	$62.56	$100.24	$	37.68	60.23%
56									
57	E2MS1	Athtem/Agua Fria Sewer Commerial 5/8"	Average:	5,925	$48.38	$77.52	$	29.14	60.23%
58									
59									
60									

Arizona American Water Company - Anthem Sewer
Test Year Ended December 31, 2008
Typical Bill Analysis

					Typical Bills				
Line	Rate				Present	Proposed	Proposed Increase		
No.	Schedule	Description		Consumption	Rates	Rates		Amount	%
1	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		5,000	$59.06	$94.64	$	35.58	60.24%
2	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		10,000	$62.54	$100.21	$	37.67	60.24%
3	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		15,000	$66.02	$105.79	$	39.77	60.24%
4	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		20,000	$69.50	$111.36	$	41.86	60.24%
5	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		25,000	$72.98	$116.94	$	43.96	60.24%
6	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		30,000	$76.46	$122.52	$	46.06	60.24%
7	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		35,000	$79.94	$128.09	$	48.15	60.24%
8	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		40,000	$83.42	$133.67	$	50.25	60.23%
9	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		45,000	$86.90	$139.24	$	52.34	60.23%
10	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		50,000	$90.38	$144.82	$	54.44	60.23%
11	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		55,000	$93.86	$150.40	$	56.54	60.23%
12	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		60,000	$97.34	$155.97	$	58.63	60.23%
13	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		65,000	$100.82	$161.55	$	60.73	60.23%
14	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		70,000	$104.30	$167.12	$	62.82	60.23%
15	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		75,000	$107.78	$172.70	$	64.92	60.23%
16	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		80,000	$111.26	$178.28	$	67.02	60.23%
17	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		85,000	$114.74	$183.85	$	69.11	60.23%
18	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		90,000	$118.22	$189.43	$	71.21	60.23%
19	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		95,000	$121.70	$195.00	$	73.30	60.23%
20	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		100,000	$125.18	$200.58	$	75.40	60.23%
21	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		105,000	$125.18	$200.58	$	75.40	60.23%
22	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		110,000	$125.18	$200.58	$	75.40	60.23%
23	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		115,000	$125.18	$200.58	$	75.40	60.23%
24	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		120,000	$125.18	$200.58	$	75.40	60.23%
25	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		125,000	$125.18	$200.58	$	75.40	60.23%
26	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		130,000	$125.18	$200.58	$	75.40	60.23%
27	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		135,000	$125.18	$200.58	$	75.40	60.23%
28	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		140,000	$125.18	$200.58	$	75.40	60.23%
29	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		145,000	$125.18	$200.58	$	75.40	60.23%
30	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		150,000	$125.18	$200.58	$	75.40	60.23%
31	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		155,000	$125.18	$200.58	$	75.40	60.23%
32	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		160,000	$125.18	$200.58	$	75.40	60.23%
33	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		165,000	$125.18	$200.58	$	75.40	60.23%
34	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		170,000	$125.18	$200.58	$	75.40	60.23%
35	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		175,000	$125.18	$200.58	$	75.40	60.23%
36	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		180,000	$125.18	$200.58	$	75.40	60.23%
37	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		185,000	$125.18	$200.58	$	75.40	60.23%
38	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		190,000	$125.18	$200.58	$	75.40	60.23%
39	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		195,000	$125.18	$200.58	$	75.40	60.23%
40	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		200,000	$125.18	$200.58	$	75.40	60.23%
41	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		205,000	$125.18	$200.58	$	75.40	60.23%
42	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		210,000	$125.18	$200.58	$	75.40	60.23%
43	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		215,000	$125.18	$200.58	$	75.40	60.23%
44	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		220,000	$125.18	$200.58	$	75.40	60.23%
45	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		225,000	$125.18	$200.58	$	75.40	60.23%
46	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		230,000	$125.18	$200.58	$	75.40	60.23%
47	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		235,000	$125.18	$200.58	$	75.40	60.23%
48	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		240,000	$125.18	$200.58	$	75.40	60.23%
49	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		245,000	$125.18	$200.58	$	75.40	60.23%
50	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		250,000	$125.18	$200.58	$	75.40	60.23%
51	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		255,000	$125.18	$200.58	$	75.40	60.23%
52	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		260,000	$125.18	$200.58	$	75.40	60.23%
53	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		265,000	$125.18	$200.58	$	75.40	60.23%
54	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		270,000	$125.18	$200.58	$	75.40	60.23%
55	E2MS3	Athtem/Agua Fria Sewer Commercial 1"		275,000	$125.18	$200.58	$	75.40	60.23%
56									
57	E2MS3	Athtem/Agua Fria Sewer Commercial 1"	Average:	8,824	$86.29	$138.26	$	51.98	60.23%
58									
59									
60									

Exhibit
Schedule H-4
Page 4
Witness: Gutowski

Arizona American Water Company - Anthem Sewer
Test Year Ended December 31, 2008
Typical Bill Analysis

					Typical Bills			
Line	Rate				Present	Proposed	Proposed Increase	
No.	Schedule	Description		Consumption	Rates	Rates	Amount	%
1	E2MS4	Anthem/Agua Fria Sewer Commercial LG		1,000	$114.60	$183.63	$ 69.03	60.23%
2	E2MS4	Anthem/Agua Fria Sewer Commercial LG		2,000	$118.08	$189.20	$ 71.12	60.23%
3	E2MS4	Anthem/Agua Fria Sewer Commercial LG		3,000	$121.56	$194.78	$ 73.22	60.23%
4	E2MS4	Anthem/Agua Fria Sewer Commercial LG		4,000	$125.04	$200.35	$ 75.31	60.23%
5	E2MS4	Anthem/Agua Fria Sewer Commercial LG		5,000	$128.52	$205.93	$ 77.41	60.23%
6	E2MS4	Anthem/Agua Fria Sewer Commercial LG		6,000	$132.00	$211.51	$ 79.51	60.23%
7	E2MS4	Anthem/Agua Fria Sewer Commercial LG		7,000	$135.48	$217.08	$ 81.60	60.23%
8	E2MS4	Anthem/Agua Fria Sewer Commercial LG		8,000	$138.96	$222.66	$ 83.70	60.23%
9	E2MS4	Anthem/Agua Fria Sewer Commercial LG		9,000	$142.44	$228.23	$ 85.79	60.23%
10	E2MS4	Anthem/Agua Fria Sewer Commercial LG		10,000	$145.92	$233.81	$ 87.89	60.23%
11	E2MS4	Anthem/Agua Fria Sewer Commercial LG		11,000	$149.40	$239.39	$ 89.99	60.23%
12	E2MS4	Anthem/Agua Fria Sewer Commercial LG		12,000	$152.88	$244.96	$ 92.08	60.23%
13	E2MS4	Anthem/Agua Fria Sewer Commercial LG		13,000	$156.36	$250.54	$ 94.18	60.23%
14	E2MS4	Anthem/Agua Fria Sewer Commercial LG		14,000	$159.84	$256.11	$ 96.27	60.23%
15	E2MS4	Anthem/Agua Fria Sewer Commercial LG		15,000	$163.32	$261.69	$ 98.37	60.23%
16	E2MS4	Anthem/Agua Fria Sewer Commercial LG		16,000	$166.80	$267.27	$ 100.47	60.23%
17	E2MS4	Anthem/Agua Fria Sewer Commercial LG		17,000	$170.28	$272.84	$ 102.56	60.23%
18	E2MS4	Anthem/Agua Fria Sewer Commercial LG		18,000	$173.76	$278.42	$ 104.66	60.23%
19	E2MS4	Anthem/Agua Fria Sewer Commercial LG		19,000	$177.24	$283.99	$ 106.75	60.23%
20	E2MS4	Anthem/Agua Fria Sewer Commercial LG		20,000	$180.72	$289.57	$ 108.85	60.23%
21	E2MS4	Anthem/Agua Fria Sewer Commercial LG		21,000	$184.20	$295.15	$ 110.95	60.23%
22	E2MS4	Anthem/Agua Fria Sewer Commercial LG		22,000	$187.68	$300.72	$ 113.04	60.23%
23	E2MS4	Anthem/Agua Fria Sewer Commercial LG		23,000	$191.16	$306.30	$ 115.14	60.23%
24	E2MS4	Anthem/Agua Fria Sewer Commercial LG		24,000	$194.64	$311.87	$ 117.23	60.23%
25	E2MS4	Anthem/Agua Fria Sewer Commercial LG		25,000	$198.12	$317.45	$ 119.33	60.23%
26	E2MS4	Anthem/Agua Fria Sewer Commercial LG		26,000	$201.60	$323.03	$ 121.43	60.23%
27	E2MS4	Anthem/Agua Fria Sewer Commercial LG		27,000	$205.08	$328.60	$ 123.52	60.23%
28	E2MS4	Anthem/Agua Fria Sewer Commercial LG		28,000	$208.56	$334.18	$ 125.62	60.23%
29	E2MS4	Anthem/Agua Fria Sewer Commercial LG		29,000	$212.04	$339.75	$ 127.71	60.23%
30	E2MS4	Anthem/Agua Fria Sewer Commercial LG		30,000	$215.52	$345.33	$ 129.81	60.23%
31	E2MS4	Anthem/Agua Fria Sewer Commercial LG		31,000	$219.00	$350.91	$ 131.91	60.23%
32	E2MS4	Anthem/Agua Fria Sewer Commercial LG		32,000	$222.48	$356.48	$ 134.00	60.23%
33	E2MS4	Anthem/Agua Fria Sewer Commercial LG		33,000	$225.96	$362.06	$ 136.10	60.23%
34	E2MS4	Anthem/Agua Fria Sewer Commercial LG		35,000	$232.92	$373.21	$ 140.29	60.23%
35	E2MS4	Anthem/Agua Fria Sewer Commercial LG		40,000	$250.32	$401.09	$ 150.77	60.23%
36	E2MS4	Anthem/Agua Fria Sewer Commercial LG		45,000	$267.72	$428.97	$ 161.25	60.23%
37	E2MS4	Anthem/Agua Fria Sewer Commercial LG		50,000	$285.12	$456.85	$ 171.73	60.23%
38	E2MS4	Anthem/Agua Fria Sewer Commercial LG		60,000	$319.92	$512.61	$ 192.69	60.23%
39	E2MS4	Anthem/Agua Fria Sewer Commercial LG		70,000	$354.72	$568.37	$ 213.65	60.23%
40	E2MS4	Anthem/Agua Fria Sewer Commercial LG		80,000	$389.52	$624.13	$ 234.61	60.23%
41	E2MS4	Anthem/Agua Fria Sewer Commercial LG		90,000	$424.32	$679.89	$ 255.57	60.23%
42	E2MS4	Anthem/Agua Fria Sewer Commercial LG		100,000	$459.12	$735.65	$ 276.53	60.23%
43	E2MS4	Anthem/Agua Fria Sewer Commercial LG		200,000	$807.12	$1,293.25	$ 486.13	60.23%
44	E2MS4	Anthem/Agua Fria Sewer Commercial LG		300,000	$1,155.12	$1,850.85	$ 695.73	60.23%
45	E2MS4	Anthem/Agua Fria Sewer Commercial LG		400,000	$1,503.12	$2,408.45	$ 905.33	60.23%
46	E2MS4	Anthem/Agua Fria Sewer Commercial LG		500,000	$1,851.12	$2,966.05	$ 1,114.93	60.23%
47	E2MS4	Anthem/Agua Fria Sewer Commercial LG		600,000	$2,199.12	$3,523.65	$ 1,324.53	60.23%
48	E2MS4	Anthem/Agua Fria Sewer Commercial LG		700,000	$2,547.12	$4,081.25	$ 1,534.13	60.23%
49	E2MS4	Anthem/Agua Fria Sewer Commercial LG		800,000	$2,895.12	$4,638.85	$ 1,743.73	60.23%
50	E2MS4	Anthem/Agua Fria Sewer Commercial LG		900,000	$3,243.12	$5,196.45	$ 1,953.33	60.23%
51	E2MS4	Anthem/Agua Fria Sewer Commercial LG		1,000,000	$3,591.12	$5,754.05	$ 2,162.93	60.23%
52	E2MS4	Anthem/Agua Fria Sewer Commercial LG		1,100,000	$3,939.12	$6,311.65	$ 2,372.53	60.23%
53	E2MS4	Anthem/Agua Fria Sewer Commercial LG		1,200,000	$4,287.12	$6,869.25	$ 2,582.13	60.23%
54	E2MS4	Anthem/Agua Fria Sewer Commercial LG		1,300,000	$4,635.12	$7,426.85	$ 2,791.73	60.23%
55	E2MS4	Anthem/Agua Fria Sewer Commercial LG		1,400,000	$4,983.12	$7,984.45	$ 3,001.33	60.23%
56								
57	E2MS4	Anthem/Agua Fria Sewer Commercial LG	Average:	50,337	$286.29	$458.73	$ 172.44	60.23%
58								
59								
60								

Arizona American Water Company - Anthem Sewer
Test Year Ended December 31, 2008
Typical Bill Analysis

					Typical Bills			
Line	Rate				Present	Proposed	Proposed Increase	
No.	Schedule	Description		Consumption	Rates	Rates	Amount	%
1	E5M2	Anthem Wholesale (Phoenix) OWU		1,000	$3.17	$5.58	$ 2.41	75.90%
2	E5M2	Anthem Wholesale (Phoenix) OWU		2,000	$6.34	$11.15	$ 4.81	75.90%
3	E5M2	Anthem Wholesale (Phoenix) OWU		3,000	$9.51	$16.73	$ 7.22	75.90%
4	E5M2	Anthem Wholesale (Phoenix) OWU		4,000	$12.68	$22.30	$ 9.62	75.90%
5	E5M2	Anthem Wholesale (Phoenix) OWU		5,000	$15.85	$27.88	$ 12.03	75.90%
6	E5M2	Anthem Wholesale (Phoenix) OWU		6,000	$19.02	$33.46	$ 14.44	75.90%
7	E5M2	Anthem Wholesale (Phoenix) OWU		7,000	$22.19	$39.03	$ 16.84	75.90%
8	E5M2	Anthem Wholesale (Phoenix) OWU		8,000	$25.36	$44.61	$ 19.25	75.90%
9	E5M2	Anthem Wholesale (Phoenix) OWU		9,000	$28.53	$50.18	$ 21.65	75.90%
10	E5M2	Anthem Wholesale (Phoenix) OWU		10,000	$31.70	$55.76	$ 24.06	75.90%
11	E5M2	Anthem Wholesale (Phoenix) OWU		11,000	$34.87	$61.34	$ 26.47	75.90%
12	E5M2	Anthem Wholesale (Phoenix) OWU		12,000	$38.04	$66.91	$ 28.87	75.90%
13	E5M2	Anthem Wholesale (Phoenix) OWU		13,000	$41.21	$72.49	$ 31.28	75.90%
14	E5M2	Anthem Wholesale (Phoenix) OWU		14,000	$44.38	$78.06	$ 33.68	75.90%
15	E5M2	Anthem Wholesale (Phoenix) OWU		15,000	$47.55	$83.64	$ 36.09	75.90%
16	E5M2	Anthem Wholesale (Phoenix) OWU		16,000	$50.72	$89.22	$ 38.50	75.90%
17	E5M2	Anthem Wholesale (Phoenix) OWU		17,000	$53.89	$94.79	$ 40.90	75.90%
18	E5M2	Anthem Wholesale (Phoenix) OWU		18,000	$57.06	$100.37	$ 43.31	75.90%
19	E5M2	Anthem Wholesale (Phoenix) OWU		19,000	$60.23	$105.94	$ 45.71	75.90%
20	E5M2	Anthem Wholesale (Phoenix) OWU		20,000	$63.40	$111.52	$ 48.12	75.90%
21	E5M2	Anthem Wholesale (Phoenix) OWU		21,000	$66.57	$117.10	$ 50.53	75.90%
22	E5M2	Anthem Wholesale (Phoenix) OWU		22,000	$69.74	$122.67	$ 52.93	75.90%
23	E5M2	Anthem Wholesale (Phoenix) OWU		23,000	$72.91	$128.25	$ 55.34	75.90%
24	E5M2	Anthem Wholesale (Phoenix) OWU		24,000	$76.08	$133.82	$ 57.74	75.90%
25	E5M2	Anthem Wholesale (Phoenix) OWU		25,000	$79.25	$139.40	$ 60.15	75.90%
26	E5M2	Anthem Wholesale (Phoenix) OWU		26,000	$82.42	$144.98	$ 62.56	75.90%
27	E5M2	Anthem Wholesale (Phoenix) OWU		27,000	$85.59	$150.55	$ 64.96	75.90%
28	E5M2	Anthem Wholesale (Phoenix) OWU		28,000	$88.76	$156.13	$ 67.37	75.90%
29	E5M2	Anthem Wholesale (Phoenix) OWU		29,000	$91.93	$161.70	$ 69.77	75.90%
30	E5M2	Anthem Wholesale (Phoenix) OWU		30,000	$95.10	$167.28	$ 72.18	75.90%
31	E5M2	Anthem Wholesale (Phoenix) OWU		31,000	$98.27	$172.86	$ 74.59	75.90%
32	E5M2	Anthem Wholesale (Phoenix) OWU		32,000	$101.44	$178.43	$ 76.99	75.90%
33	E5M2	Anthem Wholesale (Phoenix) OWU		33,000	$104.61	$184.01	$ 79.40	75.90%
34	E5M2	Anthem Wholesale (Phoenix) OWU		34,000	$107.78	$189.58	$ 81.80	75.90%
35	E5M2	Anthem Wholesale (Phoenix) OWU		35,000	$110.95	$195.16	$ 84.21	75.90%
36	E5M2	Anthem Wholesale (Phoenix) OWU		36,000	$114.12	$200.74	$ 86.62	75.90%
37	E5M2	Anthem Wholesale (Phoenix) OWU		37,000	$117.29	$206.31	$ 89.02	75.90%
38	E5M2	Anthem Wholesale (Phoenix) OWU		38,000	$120.46	$211.89	$ 91.43	75.90%
39	E5M2	Anthem Wholesale (Phoenix) OWU		39,000	$123.63	$217.46	$ 93.83	75.90%
40	E5M2	Anthem Wholesale (Phoenix) OWU		40,000	$126.80	$223.04	$ 96.24	75.90%
41	E5M2	Anthem Wholesale (Phoenix) OWU		41,000	$129.97	$228.62	$ 98.65	75.90%
42	E5M2	Anthem Wholesale (Phoenix) OWU		42,000	$133.14	$234.19	$ 101.05	75.90%
43	E5M2	Anthem Wholesale (Phoenix) OWU		43,000	$136.31	$239.77	$ 103.46	75.90%
44	E5M2	Anthem Wholesale (Phoenix) OWU		44,000	$139.48	$245.34	$ 105.86	75.90%
45	E5M2	Anthem Wholesale (Phoenix) OWU		45,000	$142.65	$250.92	$ 108.27	75.90%
46	E5M2	Anthem Wholesale (Phoenix) OWU		46,000	$145.82	$256.50	$ 110.68	75.90%
47	E5M2	Anthem Wholesale (Phoenix) OWU		47,000	$148.99	$262.07	$ 113.08	75.90%
48	E5M2	Anthem Wholesale (Phoenix) OWU		48,000	$152.16	$267.65	$ 115.49	75.90%
49	E5M2	Anthem Wholesale (Phoenix) OWU		49,000	$155.33	$273.22	$ 117.89	75.90%
50	E5M2	Anthem Wholesale (Phoenix) OWU		50,000	$158.50	$278.80	$ 120.30	75.90%
51	E5M2	Anthem Wholesale (Phoenix) OWU		51,000	$161.67	$284.38	$ 122.71	75.90%
52	E5M2	Anthem Wholesale (Phoenix) OWU		52,000	$164.84	$289.95	$ 125.11	75.90%
53	E5M2	Anthem Wholesale (Phoenix) OWU		53,000	$168.01	$295.53	$ 127.52	75.90%
54	E5M2	Anthem Wholesale (Phoenix) OWU		54,000	$171.18	$301.10	$ 129.92	75.90%
55	E5M2	Anthem Wholesale (Phoenix) OWU		55,000	$174.35	$306.68	$ 132.33	75.90%
56								
57	E5M2	Anthem Wholesale (Phoenix) OWU	Average:	9,655	$30,606.61	$53,836.74	$23,230.13	75.90%
58								
59								
60								

Exhibit
Schedule H-5
Page 1
Witness: Gutowski

Arizona American Water Company
Athem - E1MS1
Unit of Measure = 1000 Gals.

Rate Schedule:	E1MS1				
Description:	Anthem Sewer Residential				
Monthly Customer Charge:		$27.76			
Tier One	Break Over:	7,000	Gallons	Rate: $	3.4800
Tier Two	Break Over:	999,999,999		Rate:	

Year 2008

Usage	# of Bills	Total Usage	Cumulative # Bills	Cumulative Usage	Consolidated Factor
0	1,797	0	1,797	0	0
1	2,355	2,355	4,152	2,355	95,998
2	3,857	7,714	8,009	10,069	189,641
3	5,661	16,983	13,670	27,052	279,427
4	7,142	28,568	20,812	55,620	363,552
5	7,706	38,530	28,518	94,150	440,535
6	7,745	46,470	36,263	140,620	509,812
7	61,260	428,820	97,523	569,440	571,344
8	50	400	97,573	569,840	571,616
9	34	306	97,607	570,146	571,838
10	25	250	97,632	570,396	572,026
11	29	319	97,661	570,715	572,189
12	20	240	97,681	570,955	572,323
13	22	286	97,703	571,241	572,437
14	15	210	97,718	571,451	572,529
15	7	105	97,725	571,556	572,606
16	7	112	97,732	571,668	572,676
17	8	136	97,740	571,804	572,739
18	8	144	97,748	571,948	572,794
19	3	57	97,751	572,005	572,841
20	5	100	97,756	572,105	572,885
21	37	777	97,793	572,882	572,924
25	1	25	97,794	572,907	572,932
29	1	29	97,795	572,936	572,936

	Meter Count	Usage
Partial at Current Rates	2,139.57	8,131.01

	Meter Count	Tier 1 Usage
Full Bill	97,795.00	572,936
Partial Bill	2,139.57	8,131
	99,935	581,067

Total Res Consumption
870,371

				Total
Revenues	$2,774,183.57	$ 2,022,113.19	$ -	$4,796,296.77
Misc Adjustments				$ (1,415.25)
				$ 4,794,881.52

Actual Billed Revenues

	Meter Charge	Tier 1 Old Rates	Tier 1 New Rates	Total
Usage		274,725	306,347	
Rate		$ 2.5450	$ 3.4800	
	$2,456,116.80	$ 699,174.03	$ 1,066,088.95	$4,221,379.78

Revenues based on actual bill analys	$ 4,221,379.78	4,221,390.27	ECIS TY Revenue
Misc Adjustments	$ (1,415.25)		
	$ 4,219,964.53		

Annualized Difference
$ 574,916.98

Average Customers	8,328
Average Consumption	5,814
Median # of Bills	48,898
Median Consumption	7,000

Arizona American Water Company
Anthem - E2MS1
Unit of Measure = 1000 Gals.

Rate Schedule:	E2MS1				
Description:	Anthem Sewer Commercial 5/8"				
Monthly Customer Charge:		$27.76			
Tier One	Break Over:	10,000	Gallons	Rate:	$ 3.4800
Tier Two	Break Over:	999,999,999		Rate:	

Year 2008

Usage	# of Bills	Total Usage	Cumulative # Bills	Cumulative Usage	Consolidated Factor
1	7	7	7	7	7
2	9	18	16	25	93
3	5	15	21	40	127
4	1	4	22	44	156
5	1	5	23	49	184
6	2	12	25	61	211
7	2	14	27	75	236
8	3	24	30	99	259
9	1	9	31	108	279
10	19	190	50	298	298

	Meter Count	Usage
Partial at Current Rates	0.97	4

	Meter Count	Tier 1 Usage
Full Bill	50.00	298
Partial Bill	0.97	4
	51	302

				Total
Revenues	$1,414.83	$ 1,050.96	$ -	$2,465.79
Misc Adjustments				
				$ 2,465.79

Actual Billed Revenues

	Meter Charge	Tier 1 Old Rates	Tier 1 New Rates	Total
Usage		157	145	
Rate		$ 2.5450	$ 3.4800	
	$1,218.61	$ 400.53	$ 503.31	$2,122.45

Revenues based on actual bill analysis	$ 2,122.45	2,122.48	ECIS TY Revenue
Misc Adjustments	$ -		
	$ 2,122.45		

Annualized Difference
$ 343.34

Average Customers	4
Average Consumption	5,925
Median # of Bills	25
Median Consumption	6,000

Exhibit
Schedule H-5
Page 1
Witness: Gutowski

Arizona American Water Company
Agria Fria - E2MS3
Unit of Measure = 1000 Gals.

Rate Schedule:	E2MS3					
Description:	Anthem Sewer Commercial 1"					
Monthly Customer Charge:			$55.58			
Tier One		Break Over:	20,000	Gallons	Rate:	$ 3.4800
Tier Two		Break Over:	999,999,999		Rate:	

Year 2008

Usage	**# of Bills**	**Total Usage**	**Cumulative # Bills**	**Cumulative Usage**	**Consolidated Factor**
0	13	0	13	0	0
1	16	16	29	16	197
2	25	50	54	66	378
3	22	66	76	132	534
4	13	52	89	184	668
5	7	35	96	219	789
6	6	36	102	255	903
7	8	56	110	311	1,011
8	8	64	118	375	1,111
9	9	81	127	456	1,203
10	6	60	133	516	1,286
11	8	88	141	604	1,363
12	7	84	148	688	1,432
13	4	52	152	740	1,494
14	1	14	153	754	1,552
15	5	75	158	829	1,609
16	2	32	160	861	1,661
18	1	18	161	879	1,761
19	1	19	162	898	1,810
20	48	960	210	1,858	1,858

	Meter Count	Usage
Partial at Current Rates	2.6	17.89

	Meter Count	Tier 1 Usage
Full Bill	210.00	1,858
Partial Bill	2.60	18
	213	1,876

				Total
Revenues	$11,816.31	$ 6,528.10	$ -	$18,344.41
Misc Adjustments				
				$ 18,344.41

Actual Billed Revenues

	Meter Charge	Tier 1 Old Rates	Tier 1 New Rates	Total
Usage		829	1,048	1,876
Rate		$ 2.5450	$ 3.4800	
	$10,439.46	$ 2,108.79	$ 3,646.27	$16,194.52

Revenues based on actual bill analysis	$ 16,194.52	16,194.69	ECIS TY Revenue
Misc Adjustments	$ -		
	$ 16,194.52		

		Annualized Difference
Average Customers	18	$ 2,149.88
Average Consumption	8,824	
Median # of Bills	105	
Median Consumption	7,000	

Arizona American Water Company
Anthem - E2MS4
Unit of Measure = 1000 Gals.

Rate Schedule:	E2MS4	
Description:	Anthem Sewer Commercial LG	
Monthly Customer Charge:		$111.12

Tier Two Break Over: 999,999,999 Rate: $ 3.4800

Year 2008

		Total	**Cumulative**		**Consolidated**
Usage	**# of Bills**	**Usage**	***Units***	***Usage***	**Factor**
-	200	0	200	0	0
1	80	80	280	80	994
2	47	94	327	174	1,908
3	54	162	381	336	2,775
4	48	192	429	528	3,588
5	28	140	457	668	4,353
6	19	114	476	782	5,090
7	23	161	499	943	5,808
8	21	168	520	1,111	6,503
9	16	144	536	1,255	7,177
10	26	260	562	1,515	7,835
11	30	330	592	1,845	8,467
12	21	252	613	2,097	9,069
13	22	286	635	2,383	9,650
14	13	182	648	2,565	10,209
15	22	330	670	2,895	10,755
16	10	160	680	3,055	11,279
17	14	238	694	3,293	11,793
18	24	432	718	3,725	12,293
19	16	304	734	4,029	12,769
20	18	360	752	4,389	13,229
21	11	231	763	4,620	13,671
22	7	154	770	4,774	14,102
23	15	345	785	5,119	14,526
24	11	264	796	5,383	14,935
25	8	200	804	5,583	15,333
26	6	156	810	5,739	15,723
27	13	351	823	6,090	16,107
28	9	252	832	6,342	16,478
29	6	174	838	6,516	16,840
30	10	300	848	6,816	17,196
31	7	217	855	7,033	17,542
32	8	256	863	7,289	17,881
33	7	231	870	7,520	18,212
34	4	136	874	7,656	18,536
35	6	210	880	7,866	18,856
36	10	360	890	8,226	19,170
37	7	259	897	8,485	19,474
38	9	342	906	8,827	19,771
39	6	234	912	9,061	20,059
40	4	160	916	9,221	20,341
41	5	205	921	9,426	20,619
43	5	215	926	9,641	21,165
44	2	88	928	9,729	21,433
45	8	360	936	10,089	21,699
46	7	322	943	10,411	21,957
47	2	94	945	10,505	22,208
48	2	96	947	10,601	22,457
49	3	147	950	10,748	22,704
50	2	100	952	10,848	22,948
51	4	204	956	11,052	23,190
52	1	52	957	11,104	23,428
53	2	106	959	11,210	23,665
55	5	275	964	11,485	24,135
56	3	168	967	11,653	24,365
58	1	58	968	11,711	24,819
59	1	59	969	11,770	25,045
60	2	120	971	11,890	25,270
61	3	183	974	12,073	25,493
62	6	372	980	12,445	25,713
64	3	192	983	12,637	26,141
65	1	65	984	12,702	26,352
66	1	66	985	12,768	26,562
67	3	201	988	12,969	26,771
68	4	272	992	13,241	26,977
69	4	276	996	13,517	27,179

Exhibit
Schedule H-5
Page 2
Witness: Gutowski

Arizona American Water Company
Anthem - E2MS4
Unit of Measure = 1000 Gals.

Rate Schedule:	E2MS4
Description:	Anthem Sewer Commercial LG
Monthly Customer Charge:	$111.12

Tier Two Break Over: 999,999,999 Rate: $ 3.4800

Year 2008

Usage	# of Bills	Total Usage	Cumulative Units	Cumulative Usage	Consolidated Factor
70	2	140	998	13,657	27,377
71	3	213	1,001	13,870	27,573
72	2	144	1,003	14,014	27,766
74	1	74	1,004	14,088	28,148
76	3	228	1,007	14,316	28,528
77	3	231	1,010	14,547	28,715
78	4	312	1,014	14,859	28,899
79	3	237	1,017	15,096	29,079
80	2	160	1,019	15,256	29,256
81	5	405	1,024	15,661	29,431
82	3	246	1,027	15,907	29,601
83	1	83	1,028	15,990	29,768
84	1	84	1,029	16,074	29,934
85	1	85	1,030	16,159	30,099
87	1	87	1,031	16,246	30,427
88	2	176	1,033	16,422	30,590
89	1	89	1,034	16,511	30,751
91	2	182	1,036	16,693	31,071
92	2	184	1,038	16,877	31,229
93	3	279	1,041	17,156	31,385
94	5	470	1,046	17,626	31,538
95	2	190	1,048	17,816	31,686
96	1	96	1,049	17,912	31,832
98	1	98	1,050	18,010	32,122
100	1	100	1,051	18,110	32,410
102	1	102	1,052	18,212	32,696
103	4	412	1,056	18,624	32,838
104	2	208	1,058	18,832	32,976
105	2	210	1,060	19,042	33,112
106	1	106	1,061	19,148	33,246
107	2	214	1,063	19,362	33,379
108	3	324	1,066	19,686	33,510
109	2	218	1,068	19,904	33,638
110	2	220	1,070	20,124	33,764
111	2	222	1,072	20,346	33,888
112	1	112	1,073	20,458	34,010
113	3	339	1,076	20,797	34,131
114	1	114	1,077	20,911	34,249
115	2	230	1,079	21,141	34,366
116	3	348	1,082	21,489	34,481
117	2	234	1,084	21,723	34,593
119	1	119	1,085	21,842	34,813
120	1	120	1,086	21,962	34,922
121	4	484	1,090	22,446	35,030
122	1	122	1,091	22,568	35,134
123	2	246	1,093	22,814	35,237
124	1	124	1,094	22,938	35,338
125	1	125	1,095	23,063	35,438
126	4	504	1,099	23,567	35,537
128	2	256	1,101	23,823	35,727
129	1	129	1,102	23,952	35,820
131	1	131	1,103	24,083	36,004
132	1	132	1,104	24,215	36,095
135	2	270	1,106	24,485	36,365
137	1	137	1,107	24,622	36,541
138	1	138	1,108	24,760	36,628
139	1	139	1,109	24,899	36,714
141	1	141	1,110	25,040	36,884
142	4	568	1,114	25,608	36,968
144	1	144	1,115	25,752	37,128
146	1	146	1,116	25,898	37,286
147	2	294	1,118	26,192	37,364
150	1	150	1,119	26,342	37,592
159	2	318	1,121	26,660	38,267
164	1	164	1,122	26,824	38,632
166	1	166	1,123	26,990	38,776

Arizona American Water Company
Anthem - E2MS4
Unit of Measure = 1000 Gals.

Rate Schedule:	E2MS4		
Description:	Anthem Sewer Commercial LG		
Monthly Customer Charge:	$111.12		
Tier Two	Break Over: 999,999,999	Rate: $	3.4800

Year 2008

		Total	**Cumulative**		**Consolidated**
Usage	**# of Bills**	**Usage**	**Units**	**Usage**	**Factor**
167	2	334	1,125	27,324	38,847
168	1	168	1,126	27,492	38,916
176	1	176	1,127	27,668	39,460
178	1	178	1,128	27,846	39,594
181	2	362	1,130	28,208	39,792
183	1	183	1,131	28,391	39,920
184	1	184	1,132	28,575	39,983
188	1	188	1,133	28,763	40,231
189	1	189	1,134	28,952	40,292
192	1	192	1,135	29,144	40,472
195	1	195	1,136	29,339	40,649
197	1	197	1,137	29,536	40,765
199	1	199	1,138	29,735	40,879
203	1	203	1,139	29,938	41,103
204	1	204	1,140	30,142	41,158
208	1	208	1,141	30,350	41,374
211	1	211	1,142	30,561	41,533
215	1	215	1,143	30,776	41,741
216	1	216	1,144	30,992	41,792
217	1	217	1,145	31,209	41,842
220	1	220	1,146	31,429	41,989
222	1	222	1,147	31,651	42,085
226	1	226	1,148	31,877	42,273
232	2	464	1,150	32,341	42,549
236	1	236	1,151	32,577	42,725
239	1	239	1,152	32,816	42,854
249	1	249	1,153	33,065	43,274
253	1	253	1,154	33,318	43,438
258	1	258	1,155	33,576	43,638
262	1	262	1,156	33,838	43,794
263	1	263	1,157	34,101	43,832
277	1	277	1,158	34,378	44,350
279	2	558	1,160	34,936	44,422
283	1	283	1,161	35,219	44,558
284	1	284	1,162	35,503	44,591
285	1	285	1,163	35,788	44,623
288	1	288	1,164	36,076	44,716
294	1	294	1,165	36,370	44,896
296	1	296	1,166	36,666	44,954
312	1	312	1,167	36,978	45,402
317	1	317	1,168	37,295	45,537
318	1	318	1,169	37,613	45,563
322	1	322	1,170	37,935	45,663
323	1	323	1,171	38,258	45,687
329	1	329	1,172	38,587	45,825
331	1	331	1,173	38,918	45,869
341	1	341	1,174	39,259	46,079
351	1	351	1,175	39,610	46,279
356	1	356	1,176	39,966	46,374
390	1	390	1,177	40,356	46,986
397	1	397	1,178	40,753	47,105
429	2	858	1,180	41,611	47,617
462	1	462	1,181	42,073	48,079
470	1	470	1,182	42,543	48,183
476	1	476	1,183	43,019	48,255
479	1	479	1,184	43,498	48,288
503	1	503	1,185	44,001	48,528
524	1	524	1,186	44,525	48,717
539	1	539	1,187	45,064	48,837
612	1	612	1,188	45,676	49,348
759	1	759	1,189	46,435	50,230
995	1	995	1,190	47,430	51,410
1,103	1	1,103	1,191	48,533	51,842
1,104	1	1,104	1,192	49,637	51,845
1,322	1	1,322	1,193	50,959	52,281
1,387	1	1,387	1,194	52,346	52,346

Exhibit
Schedule H-5
Page 4
Witness: Gutowski

Arizona American Water Company
Anthem - E2MS4
Unit of Measure = 1000 Gals.

Rate Schedule:	E2MS4				
Description:	Anthem Sewer Commercial LG				
Monthly Customer Charge:		$111.12			
Tier Two	Break Over:	999,999,999	Rate:	$	3.4800

Year 2008

Usage	# of Bills	Total Usage	Cumulative Units	Cumulative Usage	Consolidated Factor

	Unit Count	Usage
Partial at Current Rates	119.47	13,771

	Meter Count	Tier 1 Usage
Full Bill	1,194.00	52,346
Partial Bill	119.47	13,771
	1,313	66,117

			Total
Revenues	$145,952.42	$ 230,085.42	$376,037.84
Misc Adjustments			$ (3,805.59)
			$ 372,232.25

Acct # 303432 The Greystone Group - IRRIG Meter
Credit back all Sewer Billing 12/07 thru 05/08

Actual Billed Revenues

	Meter Charge	Tier 1 Old Rates	Tier 1 New Rates	Total	BSC - Old Rate	Vol - Old Rate	
Units		26,810	39,307			(691)	
Rate		$ 2.5450	$ 3.4800		$ (666.25)	$ 2.5450	
	$127,207.23	$ 68,231.42	$ 136,788.50	$332,227.15	$ (666.25)	(1,758.60)	$ (2,424.85)

Revenues based on actual bill analysis	$ 332,227.15	333,917.28	ECIS TY Revenue
Misc Adjustments	$ (3,805.59)		
	$ 328,421.56		

Annualized Difference
$ 43,810.68

Average Customers	109
Average Consumption	50,337
Median # of Bills	597
Median Consumption	12,000

Exhibit
Schedule H-5
Page 1
Witness: Gutowski

Arizona American Water Company
Anthem - E5M2
Unit of Measure = 1000 Gals.

This is the one account that is on the regular rate.
There is also the COP at $0.30 per 1,000 gals. In Anthem Water on E7M2

Rate Schedule:	E5M2
Description:	Anthem Wholesale (Phoenix) OWU
Monthly Customer Charge:	

Tier Two Break Over: 999,999,999 Rate: $ 3.1700

Year 2008

		Total	Cumulative		Consolidated		
Usage	**# of Bills**	**Usage**	**# of Bills**	**Usage**	**Factor**	**@ $2.32**	**@ $3.17**
-	8	0	8	0	0	-	
3	1	3	9	3	48		9.51
33	1	33	10	36	498		104.61
200	1	200	11	236	2,836		634.00
385	1	385	12	621	5,241	893.20	
8,372	1	8,372	13	8,993	101,085	19,423.04	
13,265	1	13,265	14	22,258	154,908	30,774.80	
14,089	1	14,089	15	36,347	163,148	32,686.48	
14,658	1	14,658	16	51,005	168,269	34,006.56	
17,445	1	17,445	17	68,450	190,565		55,300.65
20,182	1	20,182	18	88,632	209,724		63,976.94
20,318	1	20,318	19	108,950	210,540		64,408.06
21,969	1	21,969	20	130,919	218,795		69,641.73
22,102	1	22,102	21	153,021	219,327		70,063.34
22,257	1	22,257	22	175,278	219,792		70,554.69
22,755	1	22,755	23	198,033	220,788	52,791.60	
33,689	1	33,689	24	231,722	231,722	78,158.48	
						248,734.16	394,693.53
							643,427.69

	Unit Count	Usage
Partial at Current Rates		
	Meter Count	**Tier 1 Usage**
Full Bill	24.00	231,722
Partial Bill	-	-
	24	231,722

			Total
Revenues	$0.00	$ 734,558.74	$734,558.74
Misc Adjustments			$ (893.20)
			$ 733,665.54

Actual Billed Revenues

	Meter Charge	Tier 1 Old Rates	Tier 1 New Rates	Total
Units		107,213	124,509	231722
Rate		$ 2.3200	$ 3.1700	
		$ 248,734.16	$ 394,693.53	$643,427.69

Revenues based on actual bill analysis	$ 643,427.69	$642,534.49	ECIS TY Revenue
Misc Adjustments	$ (893.20)		
	$ 642,534.49		

Annualized Difference
$ 91,131.05

Average Customers	2
Average Consumption	9,655,083
Median # of bills	12
Median consumption	8,372,000

Arizona American Water Company
Anthem Water - D7M1
Unit of Measure = 1000 Gals.

Exhibit
Schedule H-5 Rvsd
Page 1
Witness: Gutowski

Rate Schedule:	D7M1	
Description:	Anthem Non-Potable Irrig	
Monthly Customer Charge:		$0.00

Tier One	Break Over:	999,999,999	Rate:	$	1.4300

Year 2008

-	97	0	97	0	0
1	8	8	105	8	457
2	2	4	107	12	906
3	1	3	108	15	1,353
4	1	4	109	19	1,799
5	6	30	115	49	2,244
7	1	7	116	56	3,122
8	3	24	119	80	3,560
9	2	18	121	98	3,995
10	1	10	122	108	4,428
11	2	22	124	130	4,860
14	1	14	125	144	6,150
15	2	30	127	174	6,579
16	1	16	128	190	7,006
17	2	34	130	224	7,432
18	2	36	132	260	7,856
19	2	38	134	298	8,278
21	2	42	136	340	9,118
22	1	22	137	362	9,536
23	2	46	139	408	9,953
28	1	28	140	436	12,028
29	2	58	142	494	12,442
31	3	93	145	587	13,266
35	2	70	147	657	14,902
36	1	36	148	693	15,309
37	2	74	150	767	15,715
38	4	152	154	919	16,119
39	2	78	156	997	16,519
41	2	82	158	1,079	17,315
42	2	84	160	1,163	17,711
43	1	43	161	1,206	18,105
45	2	90	163	1,296	18,891
46	2	92	165	1,388	19,282
47	1	47	166	1,435	19,671
48	2	96	168	1,531	20,059
50	1	50	169	1,581	20,831
51	3	153	172	1,734	21,216
53	3	159	175	1,893	21,980
54	2	108	177	2,001	22,359
55	3	165	180	2,166	22,736
56	2	112	182	2,278	23,110
57	4	228	186	2,506	23,482
58	3	174	189	2,680	23,850
60	2	120	191	2,800	24,580
61	2	122	193	2,922	24,943
63	4	252	197	3,174	25,665
64	2	128	199	3,302	26,022
65	3	195	202	3,497	26,377
67	3	201	205	3,698	27,081
70	2	140	207	3,838	28,128
71	2	142	209	3,980	28,475
72	2	144	211	4,124	28,820
73	1	73	212	4,197	29,163
74	2	148	214	4,345	29,505
75	1	75	215	4,420	29,845
76	4	304	219	4,724	30,184
77	3	231	222	4,955	30,519
78	1	78	223	5,033	30,851
79	2	158	225	5,191	31,182
80	1	80	226	5,271	31,511
81	1	81	227	5,352	31,839
82	3	246	230	5,598	32,166
84	1	84	231	5,682	32,814
85	2	170	233	5,852	33,137
86	2	172	235	6,024	33,458
87	1	87	236	6,111	33,777
89	1	89	237	6,200	34,413
90	2	180	239	6,380	34,730
91	2	182	241	6,562	35,045
92	5	460	246	7,022	35,358
93	5	465	251	7,487	35,666

Rate Schedule:	D7M1
Description:	Anthem Non-Potable Irrig
Monthly Customer Charge:	$0.00

Tier One Break Over: 999,999,999 Rate: $ 1.4300

		Year 2008			
95	3	285	254	7,772	36,272
96	1	96	255	7,868	36,572
97	1	97	256	7,965	36,871
98	1	98	257	8,063	37,169
99	1	99	258	8,162	37,466
101	2	202	260	8,364	38,058
102	1	102	261	8,466	38,352
103	1	103	262	8,569	38,645
104	2	208	264	8,777	38,937
105	3	315	267	9,092	39,227
107	2	214	269	9,306	39,801
109	3	327	272	9,633	40,371
110	1	110	273	9,743	40,653
111	2	222	275	9,965	40,934
112	1	112	276	10,077	41,213
113	1	113	277	10,190	41,491
114	1	114	278	10,304	41,768
119	2	238	280	10,542	43,148
120	2	240	282	10,782	43,422
122	1	122	283	10,904	43,966
123	3	369	286	11,273	44,237
124	2	248	288	11,521	44,505
125	1	125	289	11,646	44,771
126	2	252	291	11,898	45,036
127	2	254	293	12,152	45,299
128	2	256	295	12,408	45,560
129	1	129	296	12,537	45,819
131	2	262	298	12,799	46,335
132	2	264	300	13,063	46,591
133	4	532	304	13,595	46,845
134	1	134	305	13,729	47,095
136	1	136	306	13,865	47,593
138	2	276	308	14,141	48,089
139	2	278	310	14,419	48,335
141	3	423	313	14,842	48,823
142	1	142	314	14,984	49,064
144	1	144	315	15,128	49,544
145	1	145	316	15,273	49,783
147	3	441	319	15,714	50,259
148	1	148	320	15,862	50,494
149	1	149	321	16,011	50,728
151	1	151	322	16,162	51,194
152	2	304	324	16,466	51,426
153	1	153	325	16,619	51,656
154	1	154	326	16,773	51,885
155	1	155	327	16,928	52,113
156	1	156	328	17,084	52,340
157	3	471	331	17,555	52,566
158	1	158	332	17,713	52,789
159	1	159	333	17,872	53,011
161	1	161	334	18,033	53,453
163	1	163	335	18,196	53,893
164	1	164	336	18,360	54,112
165	4	660	340	19,020	54,330
166	1	166	341	19,186	54,544
168	1	168	342	19,354	54,970
174	2	348	344	19,702	56,242
175	1	175	345	19,877	56,452
176	1	176	346	20,053	56,661
178	2	356	348	20,409	57,077
180	1	180	349	20,589	57,489
181	1	181	350	20,770	57,694
182	2	364	352	21,134	57,898
184	2	368	354	21,502	58,302
186	1	186	355	21,688	58,702
188	1	188	356	21,876	59,100
189	2	378	358	22,254	59,298
190	2	380	360	22,634	59,494
191	1	191	361	22,825	59,688
193	3	579	364	23,404	60,074
194	1	194	365	23,598	60,264

Arizona American Water Company
Anthem Water - D7M1
Unit of Measure = 1000 Gals.

Rate Schedule: D7M1
Description: Anthem Non-Potable Irrig
Monthly Customer Charge: $0.00

Tier One Break Over: 999,999,999 Rate: $ 1.4300

Year 2008

196	2	392	367	23,990	60,642
199	1	199	368	24,189	61,203
200	1	200	369	24,389	61,389
201	1	201	370	24,590	61,574
202	1	202	371	24,792	61,758
203	1	203	372	24,995	61,941
204	2	408	374	25,403	62,123
206	1	206	375	25,609	62,483
207	1	207	376	25,816	62,662
209	3	627	379	26,443	63,018
210	1	210	380	26,653	63,193
211	1	211	381	26,864	63,367
212	1	212	382	27,076	63,540
213	1	213	383	27,289	63,712
216	3	648	386	27,937	64,225
217	1	217	387	28,154	64,393
220	1	220	388	28,374	64,894
221	1	221	389	28,595	65,060
225	1	225	390	28,820	65,720
227	2	454	392	29,274	66,048
228	1	228	393	29,502	66,210
229	1	229	394	29,731	66,371
234	1	234	395	29,965	67,171
235	1	235	396	30,200	67,330
236	1	236	397	30,436	67,488
237	2	474	399	30,910	67,645
238	2	476	401	31,386	67,800
244	1	244	402	31,630	68,718
246	1	246	403	31,876	69,022
247	3	741	406	32,617	69,173
248	1	248	407	32,865	69,321
249	1	249	408	33,114	69,468
250	1	250	409	33,364	69,614
252	1	252	410	33,616	69,904
257	2	514	412	34,130	70,624
261	1	261	413	34,391	71,192
262	1	262	414	34,653	71,333
263	1	263	415	34,916	71,473
264	1	264	416	35,180	71,612
265	2	530	418	35,710	71,750
266	1	266	419	35,976	71,886
268	2	536	421	36,512	72,156
269	1	269	422	36,781	72,289
270	1	270	423	37,051	72,421
271	1	271	424	37,322	72,552
275	1	275	425	37,597	73,072
276	1	276	426	37,873	73,201
279	2	558	428	38,431	73,585
282	1	282	429	38,713	73,963
283	3	849	432	39,562	74,088
289	2	578	434	40,140	74,820
293	1	293	435	40,433	75,300
294	1	294	436	40,727	75,419
295	1	295	437	41,022	75,537
296	1	296	438	41,318	75,654
299	2	598	440	41,916	76,002
302	1	302	441	42,218	76,344
305	1	305	442	42,523	76,683
307	1	307	443	42,830	76,907
308	1	308	444	43,138	77,018
309	1	309	445	43,447	77,128
315	1	315	446	43,762	77,782
316	1	316	447	44,078	77,890
320	1	320	448	44,398	78,318
321	1	321	449	44,719	78,424
325	1	325	450	45,044	78,844
326	1	326	451	45,370	78,948
332	1	332	452	45,702	79,566
335	1	335	453	46,037	79,872
338	1	338	454	46,375	80,175
339	2	678	456	47,053	80,275

Arizona American Water Company
Anthem Water - D7M1
Unit of Measure = 1000 Gals.

Rate Schedule: D7M1
Description: Anthem Non-Potable Irrig
Monthly Customer Charge: $0.00

Tier One Break Over: 999,999,999 Rate: $ 1.4300

Year 2008

344	1	344	457	47,397	80,765
351	2	702	459	48,099	81,444
355	2	710	461	48,809	81,824
356	2	712	463	49,521	81,917
357	1	357	464	49,878	82,008
358	1	358	465	50,236	82,098
359	3	1,077	468	51,313	82,187
361	1	361	469	51,674	82,359
363	1	363	470	52,037	82,529
365	2	730	472	52,767	82,697
367	1	367	473	53,134	82,861
372	2	744	475	53,878	83,266
377	1	377	476	54,255	83,661
381	2	762	478	55,017	83,973
382	3	1,146	481	56,163	84,049
384	2	768	483	56,931	84,195
387	1	387	484	57,318	84,408
395	1	395	485	57,713	84,968
404	2	808	487	58,521	85,589
406	1	406	488	58,927	85,723
415	1	415	489	59,342	86,317
418	1	418	490	59,760	86,512
419	1	419	491	60,179	86,576
420	1	420	492	60,599	86,639
422	1	422	493	61,021	86,763
423	1	423	494	61,444	86,824
425	1	425	495	61,869	86,944
426	1	426	496	62,295	87,003
431	1	431	497	62,726	87,293
432	1	432	498	63,158	87,350
433	1	433	499	63,591	87,406
436	1	436	500	64,027	87,571
443	1	443	501	64,470	87,949
447	1	447	502	64,917	88,161
451	1	451	503	65,368	88,369
453	1	453	504	65,821	88,471
467	1	467	505	66,288	89,171
468	1	468	506	66,756	89,220
473	1	473	507	67,229	89,460
481	3	1,443	510	68,672	89,836
487	1	487	511	69,159	90,100
512	1	512	512	69,671	91,175
513	1	513	513	70,184	91,217
514	1	514	514	70,698	91,258
520	1	520	515	71,218	91,498
528	1	528	516	71,746	91,810
529	1	529	517	72,275	91,848
530	1	530	518	72,805	91,885
538	1	538	519	73,343	92,173
555	1	555	520	73,898	92,768
559	1	559	521	74,457	92,904
582	2	1,164	523	75,621	93,663
585	1	585	524	76,206	93,756
601	1	601	525	76,807	94,236
621	1	621	526	77,428	94,816
623	1	623	527	78,051	94,872
691	1	691	528	78,742	96,708
717	1	717	529	79,459	97,384
742	1	742	530	80,201	98,009
774	1	774	531	80,975	98,777
796	1	796	532	81,771	99,283
953	1	953	533	82,724	102,737
4,268	1	4,268	534	86,992	172,352
4,337	1	4,337	535	91,329	173,732
6,636	1	6,636	536	97,965	217,413
6,729	1	6,729	537	104,694	219,087
6,890	1	6,890	538	111,584	221,824
6,991	1	6,991	539	118,575	223,440
7,540	1	7,540	540	126,115	231,675
7,761	1	7,761	541	133,876	234,769
8,829	1	8,829	542	142,705	248,653

Arizona American Water Company
Anthem Water - D7M1
Unit of Measure = 1000 Gals.

Exhibit
Schedule H-5 Rvsd
Page 5
Witness: Gutowski

Rate Schedule:	D7M1	
Description:	Anthem Non-Potable Irrig	
Monthly Customer Charge:		$0.00

Tier One	Break Over:	999,999,999	Rate: $	1.4300

		Year 2008			
11,277	1	11,277	543	153,982	278,029
15,330	1	15,330	544	169,312	322,612
15,554	1	15,554	545	184,866	324,852
16,059	1	16,059	546	200,925	329,397
19,276	1	19,276	547	220,201	355,133
19,406	1	19,406	548	239,607	356,043
20,044	1	20,044	549	259,651	359,871
20,830	1	20,830	550	280,481	363,801
21,805	1	21,805	551	302,286	367,701
22,040	1	22,040	552	324,326	368,406
22,043	1	22,043	553	346,369	368,412
26,380	1	26,380	554	372,749	372,749

	Meter Count	Usage
Partial at Current Rates		

	Meter Count	Tier 1 Usage	
Full Bill	554	372,749	
Partial Bill	18	108,124	
	572	480,873	480,873

		Total
Revenues	$ 687,648.39	$687,648.39
Misc Adjustments		$ (291.72)
		$ 687,356.67

Actual Billed Revenues

	Tier 1 Old Rates	Tier 1 New Rates	Total
Usage	166,121	314,752	
Rate	$ 0.62	$ 1.43	
	$ 102,995.09	$ 450,095.20	$ 553,090.29

Revenues based on actual bill analysis	$ 553,090.29
Misc Adjustments	$ (291.72)
	$ 552,798.57

		Annualized Difference
Average Customers	48	$ 134,558.10
Average Consumption	840,540	
Median No. Bills	286	
Median Consumption	123,000	

Arizona American Water Company
Anthem Water - D7M2
Unit of Measure = 1000 Gals.

Exhibit
Schedule H-5 Rvsd
Page 1
Witness: Gutowski

Rate Schedule:	D7M2
Description:	Anthem Non-Potable Irrig - Const
Monthly Customer Charge:	$0.00

Tier One Break Over: 999,999,999 Rate: $ 1.4300

Year 2008

Usage	**# of Bills**	**Total Usage**	**Cumulative # Bills**	**Cumulative Usage**	**Consolidated Factor**
0	0	0	0	0	0
78	1	78	1	78	4,680
84	1	84	2	162	5,034
130	1	130	3	292	7,702
135	1	135	4	427	7,987
214	1	214	5	641	12,411
230	1	230	6	871	13,291
259	1	259	7	1,130	14,857
278	1	278	8	1,408	15,864
286	1	286	9	1,694	16,280
315	1	315	10	2,009	17,759
350	1	350	11	2,359	19,509
356	1	356	12	2,715	19,803
374	1	374	13	3,089	20,667
460	1	460	14	3,549	24,709
495	1	495	15	4,044	26,319
505	1	505	16	4,549	26,769
595	1	595	17	5,144	30,729
600	1	600	18	5,744	30,944
610	1	610	19	6,354	31,364
650	1	650	20	7,004	33,004
870	1	870	21	7,874	41,804
1045	1	1,045	22	8,919	48,629
1190	1	1,190	23	10,109	54,139
1305	1	1,305	24	11,414	58,394
1315	1	1,315	25	12,729	58,754
1370	1	1,370	26	14,099	60,679
1445	1	1,445	27	15,544	63,229
1480	1	1,480	28	17,024	64,384
1540	1	1,540	29	18,564	66,304
1670	1	1,670	30	20,234	70,334
1750	1	1,750	31	21,984	72,734
1820	1	1,820	32	23,804	74,764
1855	1	1,855	33	25,659	75,744
1955	1	1,955	34	27,614	78,444
1980	1	1,980	35	29,594	79,094
1985	1	1,985	36	31,579	79,219
2035	1	2,035	37	33,614	80,419
2040	1	2,040	38	35,654	80,534
2050	1	2,050	39	37,704	80,754
2115	1	2,115	40	39,819	82,119
2265	1	2,265	41	42,084	85,119
2275	1	2,275	42	44,359	85,309
2308	1	2,308	43	46,667	85,903
2310	1	2,310	44	48,977	85,937
2345	1	2,345	45	51,322	86,497
2495	1	2,495	46	53,817	88,747
2675	1	2,675	47	56,492	91,267
2715	1	2,715	48	59,207	91,787
2850	1	2,850	49	62,057	93,407
2925	1	2,925	50	64,982	94,232
3120	1	3,120	51	68,102	96,182
3245	1	3,245	52	71,347	97,307
3465	1	3,465	53	74,812	99,067
3485	1	3,485	54	78,297	99,207
3575	1	3,575	55	81,872	99,747
4015	1	4,015	56	85,887	101,947
4105	2	8,210	58	94,097	102,307
4150	1	4,150	59	98,247	102,397
4780	1	4,780	60	103,027	103,027

	Meter Count	Usage
Partial at Current Rates		

	Meter Count	Tier 1 Usage
Full Bill	60	103,027
Partial Bill	0	-

Exhibit
Schedule H-5 Rvsd
Page 2
Witness: Gutowski

	60	103,027	103,027

		Total
Revenues	$ 147,328.61	$147,328.61
Misc Adjustments		$ -
		$ 147,328.61

Actual Billed Revenues

Usage	Tier 1 Old Rates	Tier 1 New Rates	Total	
Rate	39,634	63,393		103,027
	$ 0.62	$ 1.43		
	$ 24,573.02	$ 90,652.13	$ 115,225.15	

Revenues based on actual bill analysis	$ 115,225.15
Misc Adjustments	$ -
	$ 115,225.15

Annualized Difference
$ 32,103.46

Average Customers	5
Average Consumption	1,717,117
Median No. Bills	30
Median Consumption	1,670,000

Exhibit
Schedule H-5 BBWS2
Page 1
Witness: Kiger

Arizona American Water Company
Agua Fria Water - BBWS2
Unit of Measure = 1000 Gals.
(Corte Bella Golf, 182205) + (DMB Verrado Golf, 351383)

Fee Tyoe BBWS2
Description: Misc Fee Commercial Water Sales

Tier One Break Over: 999,999,999 Gallons Rate: $ 1.2400

Twelve Months Ended 6/30/10

		Total	**Cumulative**		**Consolidated**	
Usage	**# of Bills**	**Usage**	**# Bills**	**Usage**	**Factor**	
0	0	0	0	0	0	0
1630	0	0	0	0	42,380	1630
1631	0	0	0	0	42,406	1631
1632	1	1,632	1	1,632	42,432	1632
1633	0	0	1	1,632	42,457	1633
1634	0	0	1	1,632	42,482	1634
1635	0	0	1	1,632	42,507	1635
2250	0	0	1	1,632	57,882	2250
2251	1	2,251	2	3,883	57,907	2251
2252	0	0	2	3,883	57,931	2252
2253	0	0	2	3,883	57,955	2253
2254	0	0	2	3,883	57,979	2254
2255	0	0	2	3,883	58,003	2255
3613	0	0	2	3,883	90,595	3613
3614	1	3,614	3	7,497	90,619	3614
3615	0	0	3	7,497	90,642	3615
4484	0	0	3	7,497	110,629	4484
4485	0	0	3	7,497	110,652	4485
4486	1	4,486	4	11,983	110,675	4486
4487	0	0	4	11,983	110,697	4487
4692	0	0	4	11,983	115,207	4692
4693	0	0	4	11,983	115,229	4693
4694	1	4,694	5	16,677	115,251	4694
4695	0	0	5	16,677	115,272	4695
4696	0	0	5	16,677	115,293	4696
4697	0	0	5	16,677	115,314	4697
4698	0	0	5	16,677	115,335	4698
4699	0	0	5	16,677	115,356	4699
4700	0	0	5	16,677	115,377	4700
4701	0	0	5	16,677	115,398	4701
4702	0	0	5	16,677	115,419	4702
4703	1	4,703	6	21,380	115,440	4703
4704	0	0	6	21,380	115,460	4704
4705	0	0	6	21,380	115,480	4705
4706	0	0	6	21,380	115,500	4706
4979	0	0	6	21,380	120,960	4979
4980	0	0	6	21,380	120,980	4980
4981	1	4,981	7	26,361	121,000	4981
4982	0	0	7	26,361	121,019	4982
5141	0	0	7	26,361	124,040	5141
5142	0	0	7	26,361	124,059	5142
5143	0	0	7	26,361	124,078	5143

Twelve Months Ended 6/30/10

			Cumulative			
Usage	# of Bills	Total Usage	# Bills	Usage	Consolidated Factor	
5144	1	5,144	8	31,505	124,097	5144
5145	0	0	8	31,505	124,115	5145
5162	0	0	8	31,505	124,421	5162
5163	0	0	8	31,505	124,439	5163
5164	1	5,164	9	36,669	124,457	5164
5165	0	0	9	36,669	124,474	5165
5290	0	0	9	36,669	126,599	5290
5291	1	5,291	10	41,960	126,616	5291
5292	0	0	10	41,960	126,632	5292
5476	0	0	10	41,960	129,576	5476
5477	0	0	10	41,960	129,592	5477
5478	1	5,478	11	47,438	129,608	5478
5479	0	0	11	47,438	129,623	5479
5480	0	0	11	47,438	129,638	5480
6001	0	0	11	47,438	137,453	6001
6002	0	0	11	47,438	137,468	6002
6003	1	6,003	12	53,441	137,483	6003
6004	0	0	12	53,441	137,497	6004
6524	0	0	12	53,441	144,777	6524
6525	1	6,525	13	59,966	144,791	6525
6526	0	0	13	59,966	144,804	6526
6527	0	0	13	59,966	144,817	6527
6767	0	0	13	59,966	147,937	6767
6768	1	6,768	14	66,734	147,950	6768
6769	0	0	14	66,734	147,962	6769
6829	0	0	14	66,734	148,682	6829
6830	1	6,830	15	73,564	148,694	6830
6831	0	0	15	73,564	148,705	6831
6832	0	0	15	73,564	148,716	6832
7130	0	0	15	73,564	151,994	7130
7131	1	7,131	16	80,695	152,005	7131
7132	0	0	16	80,695	152,015	7132
7133	0	0	16	80,695	152,025	7133
7134	0	0	16	80,695	152,035	7134
7525	0	0	16	80,695	155,945	7525
7526	1	7,526	17	88,221	155,955	7526
7527	0	0	17	88,221	155,964	7527
7528	0	0	17	88,221	155,973	7528
10121	0	0	17	88,221	179,310	10121
10122	0	0	17	88,221	179,319	10122
10123	1	10,123	18	98,344	179,328	10123
10124	0	0	18	98,344	179,336	10124
10125	0	0	18	98,344	179,344	10125
10126	0	0	18	98,344	179,352	10126
15946	0	0	18	98,344	225,912	15946
15947	1	15,947	19	114,291	225,920	15947
15948	0	0	19	114,291	225,927	15948
15949	0	0	19	114,291	225,934	15949
17178	0	0	19	114,291	234,537	17178
17179	1	17,179	20	131,470	234,544	17179
17180	0	0	20	131,470	234,550	17180
17181	0	0	20	131,470	234,556	17181
23100	0	0	21	149,117	264,617	23100
23101	1	23,101	22	172,218	264,622	23101
23102	0	0	22	172,218	264,626	23102
23103	0	0	22	172,218	264,630	23103
23104	0	0	22	172,218	264,634	23104
25192	0	0	22	172,218	272,986	25192

Twelve Months Ended 6/30/10

Usage	# of Bills	Total Usage	Cumulative # Bills	Cumulative Usage	Consolidated Factor	
25193	1	25,193	23	197,411	272,990	25193
25194	0	0	23	197,411	272,993	25194
25195	0	0	23	197,411	272,996	25195
25477	0	0	23	197,411	273,842	25477
25478	0	0	23	197,411	273,845	25478
25479	1	25,479	24	222,890	273,848	25479
25480	0	0	24	222,890	273,850	25480
26387	0	0	24	222,890	275,664	26387
26388	0	0	24	222,890	275,666	26388
26389	1	26,389	25	249,279	275,668	26389
26390	0	0	25	249,279	275,669	26390
26391	0	0	25	249,279	275,670	26391
26392	0	0	25	249,279	275,671	26392
26393	0	0	25	249,279	275,672	26393
131648	1	131,648	26	380,927	380,927	131648

	Meter Count	Usage
Partial at Current Rates		

	Meter Count	Tier 1 Usage
Full Bill	26.00	380,927
Partial Bill	-	-
	26.00	380,927

			Total
Revenues	$0.00	$ 472,349.48	$472,349.48
Misc Adjustments			
			$ 472,349.48

	TY Rev	TY Usage
Corte Bella Golf	$ 226,260.44	203,037
DMB @ Verrado Golf	$ 198,236.70	177,890
	$ 424,497.14	380,927

Actual Billed Revenues

	Meter Charge	Tier 1 Old Rates	Tier 1 New Rates	Total
Usage		291,590	89,337	
Rate		$ 0.6200	$ 2.7280	
	$0.00	$ 180,785.80	$ 243,711.34	$424,497.14

Revenues based on actual bill analysis	$ 424,497.14
Misc Adjustments	$ -
	$ 424,497.14

Annualized Difference
$ 47,852.34

Average Customers	2
Average Consumption	14,651,038
Median Consumption	25,192,000

Exhibit
Schedule H-5 BULK
Page 1
Witness: Kiger

Arizona American Water Company
Agua Fria Water - Bulk
Unit of Measure = 1000 Gals.
(DMB, Verrado CAP Usage, 259001)

Fee Tyoe	Bulk
Description:	Misc Fee Commercial Water Sales

Tier One Break Over: 999,999,999 Gallons Rate: $ 1.2400

Twelve Months Ended 6/30/10

		Total	**Cumulative**		**Consolidated**	
Usage	**# of Bills**	**Usage**	**# Bills**	**Usage**	**Factor**	
0	0	0	0	0	0	0
1	0	0	0	0	5	1
4234	0	0	0	0	21,170	4234
4235	0	0	0	0	21,175	4235
4236	1	4,236	1	4,236	21,180	4236
4237	0	0	1	4,236	21,184	4237
4238	0	0	1	4,236	21,188	4238
5631	0	0	1	4,236	26,760	5631
5632	1	5,632	2	9,868	26,764	5632
5633	0	0	2	9,868	26,767	5633
5634	0	0	2	9,868	26,770	5634
8144	0	0	2	9,868	34,300	8144
8145	0	0	2	9,868	34,303	8145
8146	1	8,146	3	18,014	34,306	8146
8147	0	0	3	18,014	34,308	8147
8148	0	0	3	18,014	34,310	8148
10752	0	0	3	18,014	39,518	10752
10753	1	10,753	4	28,767	39,520	10753
10754	0	0	4	28,767	39,521	10754
10755	0	0	4	28,767	39,522	10755
18654	0	0	4	28,767	47,421	18654
18655	1	18,655	5	47,422	47,422	18655

	Meter Count	Usage
Partial at Current Rates		

	Meter Count	Tier 1 Usage	
Full Bill	5.00	47,422	
Partial Bill	-	-	
	5.00	47,422	
			Total
Revenues	$0.00	$ 58,803.28	$58,803.28
Misc Adjustments			
			$ 58,803.28

DMB White Tank

Actual Billed Revenues

	Meter Charge	Tier 1 Old Rates	Tier 1 New Rates	Total
Usage		47,422		
Rate		$ 0.6200	$ 2.7280	
	$0.00	$ 29,401.64	$ -	$29,401.64

Revenues based on actual bill analysis	$ 29,401.64
Misc Adjustments	$ -
	$ 29,401.64

		Annualized Difference
Average Customers	0.42	$ 29,401.64
Average Consumption	9,484,400	
Median Consumption	10,752,000	

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008

Exhibit: Index
Page 1

\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Computation of Increase in Gross Revenue Requirement

Exhibit
Schedule A-1
Page 1
Witness: Murrey

Line No.					
1	Original Cost Rate Base			$ 25,969,396	
2					
3	Adjusted Operating Income			1,183,667	
4					
5	Current Rate of Return			4.56%	
6					
7	Required Operating Income			$ 1,739,950	
8					
9	Required Rate of Return			6.70%	
10					
11	Operating Income Deficiency			$ 556,282	
12					
13	Gross Revenue Conversion Factor			1.6561	
14					
15	Increase in Gross Revenue				
16	Requirement			$ 921,279	
17					
18	Customer	Test Year	Deconsolidated	Dollar	Percent
19	Classification	Rates	Rates	Increase	Increase
20					
21	Residential	$ 4,828,681	$ 5,575,968	$ 747,288	15.48%
22	Commercial	395,117	466,017	70,900	17.94%
23	OWU	733,666	387,153	(346,512)	-47.23%
24	Effleunt		449,603	449,603	0.00%
25					
26	Total of Water Revenues	$ 5,957,463	$ 6,878,742	$ 921,279	15.46%
27					
28	Other Revenue	1,197	1,197	-	0.00%
29					
30	Total Revenue	$ 5,958,660	$ 6,879,939	$ 921,279	15.46%
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46					
47					
48					
49					
50	\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\				

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Summary of Fair Value Rate Base

Exhibit
Schedule B-1
Page 1
Witness: Murrey

Line No.		Original Cost Rate Base
1		
2	Gross Utility Plant in Service	$ 55,101,209
3	Less: Accumulated Depreciation	13,870,749
4		
5	Net Utility Plant in Service	$ 41,230,460
6		
7	Less:	
8	Advances in Aid of	
9	Construction	14,917,544
10	Contributions in Aid of	
11	Construction - Net of amortization	883,122
12	Imputed Regulatory Advances	-
13	Imputed Regulatory Contributions	143,475
14	Customer Meter Deposits	-
15	Deferred Income Taxes & Credits	(648,330)
16	Investment tax Credits	-
17	Plus:	
18	Unamortized Finance	
19	Charges	-
20	Deferred Tax Assets	-
21	Deferred Debits	47,795
22	Allowance for Working Capital	(13,048)
23	Utility Plant Acquisition Adjustment	-
24		
25	Total Rate Base	$ 25,969,396
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		
42		
43		
44		
45		
46		
47		
48		
49		
50	\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\	

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Original Cost Rate Base Pro Forma Adjustments

Exhibit
Schedule B-2
Page 1
Witness: Murrey

Line No.		[A] Actual End of Test Year	[B] ADJ SLM-1 Adjust Accum Dep for Under Depreciation	[C] ADJ SLM-2 Allocate Corp to Districts	[D] ADJ SLM-3 All Agua Fria Add 32% NWVTP	[E] ADJ SLM-4 Leave Blank	[F] ADJ SLM-5 Anthem Headworks Post TY Plant Additions	[G] ADJ SLM-6 AF - Reclass Verrado WRF Phase 1	[H] ADJ SLM-7 Deferred Debits	[I] ADJ SLM-8 Decrease CIAC for CWIP	[J] ADJ SLM-9 Impute Regulatory CIAC	[K] ADJ SLM-10 Remove Acquisition Adjustment	[L] Total Pro Forma Adjustments	[M] Adjusted End of Test Year
1	Gross Utility													
2	Plant in Service	$ 54,577,234		$ 203,044			$ 606,023						$ 809,067	$ 55,386,301
3														
4	**Less:**													
5														
6	Accumulated Depreciation	12,332,029	1,340,424	227,293									1,567,717	13,899,746
7														
8	Net Utility Plant													
9	in Service	$ 42,245,205	$ (1,340,424)	$ (24,249)	$ -	$ -	$ 606,023	$ -	$ -	$ -	$ -	$ -	$ (758,650)	$ 41,486,555
10														
11	**Less:**													
12	Advances in Aid of													
13	Construction	14,917,544											-	14,917,544
14	Contributions in Aid of													
15	Construction - Net	883,122								(35,384)			(35,384)	847,738
16	Imputed Regulatory Advances	-											-	-
17	Imputed Regulatory Contributions	-									143,475		143,475	143,475
18	Customer Meter Deposits	-											-	-
19	Deferred Income Taxes	(665,502)											-	(665,502)
20	Investment Tax Credits	-											-	-
21	**Plus:**													
22	Unamortized Finance													-
23	Charges	-											-	-
24	Deferred Tax Assets	-											-	-
25	Deferred Debits	792,854							(745,059)				(745,059)	47,795
26	Working capital	(13,048)											-	(13,048)
27	Utility Plant Acquisition Adjustment	1,395,780										(1,395,780)	(1,395,780)	-
28														
29	Total	$ 29,285,626	$ (1,340,424)	$ (24,249)	$ -	$ -	$ 606,023	$ -	$ (745,059)	$ 35,384	$ (143,475)	$ (1,395,780)	$ (3,007,579)	$ 26,278,047
30														
31														
32														
33														
34														
35														
36														
37														
38														
39														
40														
41														
42														
43														
44														
45														
46														
47														
48														
49														
50	\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\													

**Arizona American Water Company - Anthem **
Test Year Ended December 31, 2008
Original Cost Rate Base Pro Forma Adjustments

Exhibit
Schedule B-2
Page 2
Witness: Murrey

		Company Per Order									
		[N]	[O]	[P]	[Q]	[R]	[S]	[T]	[U]	[V]	[W]
Line No.		Adjusted End of Test Year	(See Agua Fria) SLM-11 Accept STAFF RB ADJ # 1 NWVRTF	(See Agua Fria) SLM-12 Accept STAFF RB ADJ # 2 Verrado	ADJ SLM-13 Accept Staff RB ADJ # 3 Cash Working Capital	ADJ SLM-14 Accept Staff RB ADJ # 4 Def Income Tax	ADJ SLM-15 Accept Staff RB ADJ #5 CIAC in CWIP	(See Agua Fria) SLM-16 Accept STAFF RB # 6 Accum Depr	ADJ SLM-17 Asset Transfer Anthem WW to Agua Fria WW	Total Per Order Pro Forma Adjustments	Deconsolidated Adjusted End of Test Year
1	Gross Utility										
2	Plant in Service	$ 55,386,301							$ (285,092)	$ (285,092)	$ 55,101,209
3		-								-	-
4	**Less:**										
5											
6	Accumulated Depreciation	13,899,746							(28,997)	(28,997)	13,870,749
7											
8	Net Utility Plant										
9	in Service	$ 41,486,555	$ -	$ -	$ -	$ -	$ -	$ -	$ (256,095)	$ (256,095)	$ 41,230,460
10											
11	**Less:**										
12	Advances in Aid of								-		
13	Construction	14,917,544								-	14,917,544
14	Contributions in Aid of	-								-	-
15	Construction - Net	847,738					35,384		-	35,384	883,122
16	Imputed Regulatory Advances	-								-	-
17	Imputed Regulatory Contributions	143,475								-	143,475
18	Customer Meter Deposits	-								-	-
19	Deferred Income Taxes	(665,502)				17,172				17,172	(648,330)
20	Investment Tax Credits	-								-	-
21	**Plus:**	-								-	-
22	Unamortized Finance	-								-	-
23	Charges	-								-	-
24	Deferred Tax Assets	-								-	-
25	Deferred Debits	47,795								-	47,795
26	Working capital	(13,048)								-	(13,048)
27	Utility Plant Acquisition Adjustment	-								-	-
28											
29	Total	$ 26,278,047	$ -	$ -	$ -	$ (17,172)	$ (35,384)	$ -	$ (256,095)	$ (308,651)	$ 25,969,396
30											
31											
32											
33											
34											
35											
36											
37											
38											
39											
40											
41											
42											
43											
44											
45											
46											
47											
48											
49											
50	\Schedules\2008 Anthem WW Sch. A-F_										

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Rate Base Adjustment SLM-1

Exhibit
Schedule B-2
Page 3
Witness: Murrey

Reconcile Anthem Wastewater Plant & Accum. Depr.
to Amounts Previously Approved

Line No.	Object Account	Sub. Account	Description	Annual Depr. Rate	Monthly Depr. Rate	New Rate as of 7/08 Annual Depr. Rate	New Rate as of 7/08 Monthly Depr. Rate	Approved Dec. 70372 December 2005	Remove 32% NWWTP	Less Common Plant Allocations	Less Agua Fria WW Stand Alone December 2005	Anthem WW Stand Alone December 2005	Additions, 2006	Retirements 2006	Adjustments 2006	Depr. Expense 2006	Ending Balance December 2006	Additions, 2007	Retirements 2007
1	101000	304100	Struct & Imp SS	2.50%	0.21%	2.50%	0.21%	19,262	(7,536)	-	(11,726)	-	-	-	-	-	-	-	-
2	101000	304200	Struct & Imp P	0.00%	0.00%	0.00%	0.00%	1,947	(1,947)	-	-	-	-	-	-	-	-	-	-
3	101000	304510	Struct & Imp AG Cap Lease	0.00%	0.00%	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
4	101000	304600	Struct & Imp Offices	0.00%	0.00%	0.00%	0.00%	6,369	(5,135)	(1,234)	-	(0)	-	-	-	-	(0)	-	-
5	101000	304620	Struct & Imp Leasehold	0.00%	0.00%	0.00%	0.00%	9,764	-	(9,764)	-	-	-	-	-	-	-	-	-
6	101000	304800	Struct & Imp Misc	0.00%	0.00%	0.00%	0.00%	6,039	(6,039)	-	-	-	-	-	-	-	-	-	-
7	101000	307000	Wells & Springs	0.00%	0.00%	0.00%	0.00%	1,320	(1,320)	-	-	-	-	-	-	-	-	-	-
8	101000	340100	Office Furniture & Equip	0.00%	0.00%	0.00%	0.00%	52,798	-	(52,798)	-	-	-	-	-	-	-	-	-
9	101000	340200	Computer & Periph Equip	0.00%	0.00%	0.00%	0.00%	28,319	-	(11,362)	(16,957)	-	-	-	-	-	-	-	-
10	101000	340300	Computer Software	0.00%	0.00%	0.00%	0.00%	84,103	-	(84,103)	-	-	-	-	-	-	-	-	-
11	101000	340330	Comp Software Other	0.00%	0.00%	0.00%	0.00%	1,817	-	(1,817)	-	-	-	-	-	-	-	-	-
12	101000	340500	Other Office Equipment	0.00%	0.00%	0.00%	0.00%	1,053	(1,053)	-	-	-	-	-	-	-	-	-	-
13	101000	341100	Trans Equip Lt Duty Trucks	0.00%	0.00%	0.00%	0.00%	29,836	-	(29,836)	-	-	-	-	-	-	-	-	-
14	101000	341200	Trans Equip Hvy Duty Trucks	25.00%	2.08%	25.00%	2.08%	60,471	-	-	(60,471)	-	-	-	-	-	-	-	-
15	101000	341400	Trans Equip Other	25.00%	2.08%	25.00%	2.08%	8,352	-	-	(8,352)	-	-	-	-	-	-	-	-
16	101000	343000	Tools, Shop, Garage Equip	4.44%	0.37%	4.44%	0.37%	31,846	-	(1,303)	(30,542)	-	-	-	-	-	-	-	-
17	101000	344000	Laboratory Equipment	0.00%	0.00%	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
18	101000	346100	Comm Equip Non-Telephone	0.00%	0.00%	0.00%	0.00%	13,022	(1,093)	(11,929)	-	-	-	-	-	-	-	-	-
19	101000	346200	Comm Equip Telephone	0.00%	0.00%	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
20	101000	346300	Comm Equip Other	0.00%	0.00%	0.00%	0.00%	242	-	(242)	-	-	-	-	-	-	-	-	-
21	101000	347000	Misc Equipment	0.00%	0.00%	0.00%	0.00%	3,248	-	(3,248)	-	-	-	-	-	-	-	-	-
22	101000	352000	WW Franchises	0.00%	0.00%	0.00%	0.00%	495,475	(417)	-	-	495,058	-	-	-	-	495,058	(218,285)	-
23	101000	353200	WW Land & Ld Rights Coll	0.00%	0.00%	0.00%	0.00%	496,587	(144,900)	-	(15,127)	336,560	-	-	-	-	336,560	-	-
24	101000	353500	WW Land & Ld Rights Gen	0.00%	0.00%	0.00%	0.00%	133,735	-	-	-	133,735	483	-	-	-	134,218	(134,218)	-
25	101000	354200	WW Struct & Imp Coll	2.50%	0.21%	1.67%	0.14%	1,405,820	(651,602)	-	(381,819)	372,399	254,179	-	-	11,645	626,577	801,611	-
26	101000	354300	WW Struct & Imp SPP	0.00%	0.00%	5.04%	0.42%	305,764	(305,764)	-	-	-	-	-	-	-	-	-	-
27	101000	354400	WW Struct & Imp TDP	0.00%	0.00%	1.67%	0.14%	428,570	-	-	-	428,570	60,579	-	-	-	489,149	9,378	-
28	101000	354500	WW Struct & Imp Gen	1.68%	0.14%	1.68%	0.14%	10,148,989	-	-	(59,016)	10,089,973	318,277	-	-	195,012	10,408,250	(2,634,267)	-
29	101000	355500	WW Pwr Gen Equip RWTP	0.00%	0.00%	0.00%	0.00%	-				-					-		
30	101000	360000	WW Collection Sewers Forced	2.07%	0.17%	2.07%	0.17%	2,610,305	-	-	(102,620)	2,507,685	18,041	-	-	52,033	2,525,726	(2,324,765)	-
31	101000	361100	WW Collecting Mains	2.04%	0.17%	2.04%	0.17%	28,790,648	(10,414)	-	(2,260,101)	26,520,133	7,541,939	-	-	611,391	34,062,072	3,447,997	-
32	101000	362000	WW Special Coll Structures	8.40%	0.70%	8.40%	0.70%	175,974	(35,926)	-	-	140,048	38,472	-	-	13,918	178,520	3,051	-
33	101000	363000	WW Services Sewer	2.04%	0.17%	2.04%	0.17%	3,685,809	(1,708)	-	(269,459)	3,414,643	749,337	-	-	78,815	4,163,980	176,945	-
34	101000	364000	WW Flow Measuring Devices	5.42%	0.45%	5.42%	0.45%	133,208	-	-	(20,302)	112,907	329,539	-	-	12,305	442,446	22,119	-
35	101000	370000	WW Receiving Wells	0.00%	0.00%	5.42%	0.45%	184,940	-	-	(184,940)	-	-	-	-	-	-	-	-
36	101000	371100	WW Pump Equip Elect	5.42%	0.45%	5.42%	0.45%	1,657,896	(14,304)	-	(77,529)	1,566,063	43,754	-	-	86,043	1,609,817	(387,010)	(3,355)
37	101000	371200	WW Pump Equip Other Power	5.42%	0.45%	5.42%	0.45%	3,463	-	-	-	3,463	-	-	-	188	3,463	2,753	-
38	101000	380000	WW TD Equipment	5.00%	0.42%	5.00%	0.42%	1,514,496	(632,073)	-	-	882,423	(15,964)	-	-	43,741	866,460	(557,200)	-
39	101000	380050	WW TD Equip Grit Removal	5.00%	0.42%	5.00%	0.42%	9,376,477	-	-	-	9,376,477	156,718	-	-	473,409	9,533,195	(3,796,645)	-
40	101000	380100	WW Equip Sed Tanks/Acc	5.00%	0.42%	5.00%	0.42%	2,069,952	(1,753)	-	-	2,068,199	-	-	-	103,410	2,068,199	-	-
41	101000	380200	WW TD Equip Sldge/Effl Rmv	5.00%	0.42%	5.00%	0.42%	9,794	(9,794)	-	-	-	-	-	-	-	-	-	-
42	101000	380250	WW TD Equip Sludge Dig Tank	5.00%	0.42%	5.00%	0.42%	2,067,162	(22,897)	-	-	2,044,265	(8,658)	-	-	102,041	2,035,607	4,467	-
43	101000	380300	WW TD Equip Sludge Dry/Filter	5.00%	0.42%	5.00%	0.42%	11,210,945	-	-	-	11,210,945	42,551	(10,000)	-	562,289	11,243,496	34,845	(10,928)
44	101000	380400	WW TD Equip Aux Effl Trmt	5.00%	0.42%	5.00%	0.42%	9,644	(9,644)	-	-	-	-	-	-	-	-	-	-
45	101000	380500	WW TD Equip Chem Trmt Plt	5.00%	0.42%	5.00%	0.42%	1,054,768	-	-	-	1,054,768	-	-	-	52,804	1,054,768	9,983	-
46	101000	380600	WW TD Equip Other Disp	8.40%	0.70%	8.40%	0.70%	821,525	-	-	-	821,525	-	-	-	41,076	821,525	-	-
47	101000	380625	WW TD Equip Gen Trmt	8.40%	0.70%	8.40%	0.70%	-	-	-	-	-	-	-	-	-	-	18,680	-
48	101000	380650	WW TD Equip Influent Lift S	8.40%	0.70%	8.40%	0.70%	-	-	-	-	-	-	-	-	-	-	18,743	-
49	101000	382000	WW Outfall Sewer Lines	5.00%	0.42%	5.00%	0.42%	5,908	(5,908)	-	-	-	462,603	-	-	11,703	462,603	92,896	-
50	101000	389100	WW Other Plant & Misc Equip Int	0.00%	0.00%	4.98%	0.42%	1,004,278	(6,197)	-	-	998,081	25,891	-	-	-	1,023,972	(155,266)	-
51	101000	390000	WW Office Furniture & Equip	4.59%	0.38%	4.59%	0.38%	32,391	(709)	-	-	31,682	-	-	-	1,454	31,682	-	-
52	101000	391000	WW Trans Equipment	24.96%	2.08%	24.96%	2.08%	-	-	-	-	-	-	-	-	-	-	-	-
53	101000	392000	WW Stores Equipment	3.96%	0.33%	3.96%	0.33%	-	-	-	-	-	-	-	-	-	-	-	-
54	101000	393000	WW Tool Shop & Garage Equip	4.47%	0.37%	4.47%	0.37%	10,990	(5,369)	-	-	5,621	1,786	-	-	302	7,406	11,838	-
55	101000	394000	WW Laboratory Equipment	3.71%	0.31%	3.71%	0.31%	44,197	(3,226)	-	-	40,971	4,036	-	-	1,620	45,007	8	-
56	101000	395000	WW Power Operated Equip	5.02%	0.42%	5.02%	0.42%	1,017,136	-	-	(146,209)	870,927	-	-	-	43,721	870,927	-	-
57	101000	396000	WW Communication Equip	10.30%	0.86%	10.30%	0.86%	860,611	(2,965)	-	(86,609)	771,038	515	-	-	79,448	771,552	(70,614)	-
58	101000	397000	WW Misc Equipment	0.00%	0.00%	0.00%	0.00%	14,474	(14,474)	-	-	-	-	-	-	-	-	-	-
59	101000	398000	WW Other Tangible Plant	0.00%	0.00%	0.00%	0.00%	2,354,057	-	-	-	2,354,057	-	-	-	-	2,354,057	(2,314,278)	-
60		na														-			
61																			
62		Utility Plant						84,495,795	(1,904,167)	(207,636)	(3,731,778)	78,652,215	10,024,078	(10,000)	-		88,666,293	(7,937,237)	(14,283)
63																			
64		Total Plant						84,495,795				78,652,215					88,666,293		
65																			
66		Monthly Depreciation Expense														2,578,367			
67		Retirements											-		-	(10,000)	-		
68		Depreciation Expense adjustments																	
69		Accum. Depr Transfers														-			
70		Accum. Depr. - Apprvd'/Calculated						7,834,596	(658,021)	(87,353)	(21,038)	7,068,184				9,636,551	121,203		
71		Total Salvage						-			-	-				-			
72		Total Approved/Calculated						7,834,596			(21,038)	7,068,184				9,636,551			
73		Total Acc Dep Per Books (\Trial Balance\Column DE\)						6,041,602			(20,047)	6,021,556				9,650,635			
74		Total Over/(Under) Depreciated									991	(1,046,629)				14,084			
75																			
76																			

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Rate Base Adjustment SLM-1

Exhibit
Schedule B-2
Page 4
Witness: Murrey

Reconcile Anthem Wastewater Plant & Accum. Depr.
to Amounts Previously Approved

Line No.	Object Account	Sub. Account	Description	Adjustments 2007	Acc Dep Transfers 2007	Depr. Expense 2007	Ending Balance December 2007	Additions, 2008	Retirements 2008	Adjustments 2008	Depr. Expense 2008	Ending Balance December 2008	Rate Base Adj per Order Staff Adj #7 Transfer Generator	SLM-17 Asset Transfers Anthem WW to Agua Fria	Company Adjusted Balance December 2008	Staff Approved Depreciation Rates	Annual Depreciation Expense times TYE UPIS Col [AF] * [AG]
1	101000	304100	Struct & Imp SS	-		-	-	-	-	-	-	-			-		-
2	101000	304200	Struct & Imp P	-		-	-	-	-	-	-	-			-		-
3	101000	304510	Struct & Imp AG Cap Lease	-		-	-	-	-	-	-	-			-		-
4	101000	304600	Struct & Imp Offices	-		-	(0)	-	-	-	-	(0)			(0)		-
5	101000	304620	Struct & Imp Leasehold	-		-	-	-	-	-	-	-			-		-
6	101000	304800	Struct & Imp Misc	-		-	-	-	-	-	-	-			-		-
7	101000	307000	Wells & Springs	-		-	-	-	-	-	-	-			-		-
8	101000	340100	Office Furniture & Equip	-		-	-	-	-	-	-	-			-		-
9	101000	340200	Computer & Periph Equip	-		-	-	-	-	-	-	-			-		-
10	101000	340300	Computer Software	-		-	-	-	-	-	-	-			-		-
11	101000	340330	Comp Software Other	-		-	-	-	-	-	-	-			-		-
12	101000	340500	Other Office Equipment	-		-	-	-	-	-	-	-			-		-
13	101000	341100	Trans Equip Lt Duty Trucks	-		-	-	-	-	-	-	-			-		-
14	101000	341200	Trans Equip Hvy Duty Trucks	-		-	-	-	-	-	-	-			-		-
15	101000	341400	Trans Equip Other	-		-	-	-	-	-	-	-			-		-
16	101000	343000	Tools, Shop, Garage Equip	-		-	-	-	-	-	-	-			-		-
17	101000	344000	Laboratory Equipment	-		-	-	-	-	-	-	-			-		-
18	101000	346100	Comm Equip Non-Telephone	-		-	-	-	-	-	-	-			-		-
19	101000	346200	Comm Equip Telephone	-		-	-	-	-	-	-	-			-		-
20	101000	346300	Comm Equip Other	-		-	-	-	-	-	-	-			-		-
21	101000	347000	Misc Equipment	-		-	-	-	-	-	-	-			-		-
22	101000	352000	WW Franchises	-		-	276,772	-	-	-	-	276,772			276,772	0.00%	-
23	101000	353200	WW Land & Ld Rights Coll	-		-	336,560	-	-	-	-	336,560			336,560	0.00%	-
24	101000	353500	WW Land & Ld Rights Gen	-		-	-	-	-	-	-	-			-	0.00%	-
25	101000	354200	WW Struct & Imp Coll	(148)		26,578	1,428,040	67	-	-	29,775	1,428,107			1,428,107	1.67%	23,849
26	101000	354300	WW Struct & Imp SPP	-		-	-	-	-	-	-	-			-		-
27	101000	354400	WW Struct & Imp TDP	-		1,341	498,527	60,129	-	-	4,592	558,656	(487,000)		71,656	1.67%	1,197
28	101000	354500	WW Struct & Imp Gen	-		150,113	7,773,983	-	-	579	140,167	7,774,562			7,774,562	1.67%	129,835
29	101000	355500	WW Pwr Gen Equip RWTP				-					-	487,000		487,000	4.42%	21,525
30	101000	360000	WW Collection Sewers Forced	(1,918)		2,654	199,044	21	-	(2,574)	4,067	196,490			196,490	2.07%	4,067
31	101000	361100	WW Collecting Mains	-		742,791	37,510,068	411,084	-	(25,473,168)	364,417	12,447,985		(211,006)	12,236,979	2.04%	249,634
32	101000	362000	WW Special Coll Structures	-		15,169	181,571	-	-	-	15,252	181,571			181,571	2.04%	3,704
33	101000	363000	WW Services Sewer	-		87,462	4,340,924	14,730	-	(2,882,923)	39,690	1,472,732		(74,086)	1,398,646	2.04%	28,532
34	101000	364000	WW Flow Measuring Devices	(47,692)		29,279	416,872	-	-	78	22,598	416,950			416,950	10.00%	41,695
35	101000	370000	WW Receiving Wells	-		-	-	2,006,012	-	-	9,060	2,006,012			2,006,012	3.33%	66,800
36	101000	371100	WW Pump Equip Elect	-		67,304	1,219,452	12,013	(6,208)	(106,952)	61,482	1,118,305			1,118,305	5.42%	60,612
37	101000	371200	WW Pump Equip Other Power	-		200	6,216	-	-	-	337	6,216			6,216	5.42%	337
38	101000	380000	WW TD Equipment	556,073		43,278	865,333	-	-	-	43,112	865,333			865,333	5.00%	43,267
39	101000	380050	WW TD Equip Grit Removal	-		287,200	5,736,549	90	(90)	(906,018)	249,071	4,830,531			4,830,531	5.00%	241,527
40	101000	380100	WW Equip Sed Tanks/Acc	-		103,410	2,068,199	-	-	-	103,410	2,068,199			2,068,199	5.00%	103,410
41	101000	380200	WW TD Equip Sldge/Effl Rmv	-		-	-	-	-	-	-	-			-	5.00%	-
42	101000	380250	WW TD Equip Sludge Dig Tank	-		101,951	2,040,073	-	-	-	102,004	2,040,073			2,040,073	5.00%	102,004
43	101000	380300	WW TD Equip Sludge Dry/Filter	-		563,090	11,267,414	231,005	(1,000)	(231,005)	564,296	11,266,414			11,266,414	5.00%	563,321
44	101000	380400	WW TD Equip Aux Effl Trmt	-		-	-	122,598	-	-	511	122,598			122,598	5.00%	6,130
45	101000	380500	WW TD Equip Chem Trmt Plt	-		52,846	1,064,750	-	-	-	53,238	1,064,750			1,064,750	5.00%	53,238
46	101000	380600	WW TD Equip Other Disp	-		41,076	821,525	-	-	-	61,179	821,525			821,525	5.00%	41,076
47	101000	380625	WW TD Equip Gen Trmt	-		208	18,680	125,209	-	(595)	2,665	143,294			143,294	5.00%	7,165
48	101000	380650	WW TD Equip Influent Lift S	-		262	18,743	-	-	-	1,574	18,743			18,743	5.00%	937
49	101000	382000	WW Outfall Sewer Lines	-		23,508	555,499	-	-	-	27,812	555,499			555,499	5.00%	27,775
50	101000	389100	WW Other Plant & Misc Equip Int	-		43,435	868,706	-	-	-	43,348	868,706			868,706	4.98%	43,262
51	101000	390000	WW Office Furniture & Equip	-		1,454	31,682	-	-	-	1,454	31,682			31,682	4.59%	1,454
52	101000	391000	WW Trans Equipment	-		-	-	-	-	-	-	-			-	20.00%	-
53	101000	392000	WW Stores Equipment	-		-	-	-	-	-	-	-			-	3.96%	-
54	101000	393000	WW Tool Shop & Garage Equip	-		568	19,244	(3,221)	-	430	816	16,453			16,453	4.47%	735
55	101000	394000	WW Laboratory Equipment	-		1,670	45,015	-	-	-	1,670	45,015			45,015	3.71%	1,670
56	101000	395000	WW Power Operated Equip	-		43,721	870,927	-	-	-	43,721	870,927			870,927	5.02%	43,721
57	101000	396000	WW Communication Equip	(16,908)		69,374	684,030	2,708	-	54	70,483	686,793			686,793	10.30%	70,740
58	101000	397000	WW Misc Equipment	-		-	-	-	-	-	-	-			-	5.10%	-
59	101000	398000	WW Other Tangible Plant	-		-	39,780	-	-	-	-	39,780			39,780	10.30%	4,097
60		na															
61																	
62		Utility Plant		489,407			81,204,179	2,982,446	(7,298)	(29,602,093)		54,577,234	-	(285,092)	54,292,142		
63																	
64		Total Plant					81,204,179					54,577,234					
65																	
66		Monthly Depreciation Expense				2,499,942					2,061,802						1,987,316
67		Retirements				(14,283)					(7,298)						
68		Depreciation Expense adjustments				-					-					Depreciable Plan	53,924,122
69		Accum. Depr Transfers				(585,564)										Composite Rate	3.69%
70		Accum. Depr. - Apprvd'/Calculated				11,550,930					13,605,434						
71		Total Salvage				-					-						
72		Total Approved/Calculated				11,550,930					13,605,434					Composite Rate	3.31%
73		Total Acc Dep Per Books (\Trial Balance\Column D				11,718,682					12,332,029					Per Order	
74		Total Over/(Under) Depreciated				167,752					(1,273,405)						
75											(67,019)	Adj to tie back to Order					
76											(1,340,424)	SLM-1					

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Rate Base Adjustment SLM-2

Exhibit
Schedule B-2
Page 5
Witness: Murre

Line No.	Object Account	Sub. Account	Description	Annual Depr. Rate	Monthly Depr. Rate	Audited W-01303A-07-0209 December 2006	Additions 2007	Retirements 2007	Adjustments 2007	Depr. Expense 2007	Ending Balance December 2007	Additions 2008	Retirements 2008	Adjustments 2008	Depr. Expense 2008	SLM-2 Ending Balance December 2008	Company Proposed Depreciation Rates	Annual Depreciation Expense times TYE UPIS Col [Q] * [R]
1	Reconcile AZCorp. Plant & Accumulated Depreciation																	
2	to Amounts Previously Audited																	
3																		
4																		
5																		
6	101000	303600	Land & Land Rights AG	0.00%	0.00%	30,722	(30,722)	-	-	-	-	-	-	-	-	-		-
7	101000	304510	Struct & Imp AG Cap Lease	5.63%	0.47%	-	-	-	-	-	-	-	-	-	-	-		-
8	101000	304600	Struct & Imp Offices	4.63%	0.39%	18,209	(18,209)	-	-	(913)	-	-	-	-	-	-		-
9	101000	304800	Struct & Imp Misc	4.63%	0.39%	-	-	-	-	-	-	-	-	-	-	-		-
10	101000	304620	Struct & Imp Leasehold	14.20%	1.18%	197,755	-	-	-	28,081	197,755	-	-	-	28,081	197,755	14.28%	28,239
11	101000	331001	Mains	1.53%	0.13%	-	783,397	-	-	999	783,397	-	-	(783,397)	-	-		-
12	101000	339600	Other P/E CPS	3.30%	0.28%	-	-	-	-	-		51,651	-	-	712	51,651	3.30%	1,704
13	101000	340100	Office Furniture & Equip	4.04%	0.34%	1,090,182	34,725	-	-	44,115	1,124,906	32,218	(4,069)	-	42,478	1,153,056	4.04%	46,583
14	101000	340200	Comp & Periph Equip	15.89%	1.32%	395,932	61,597	-	-	63,685	457,529	59,458	(555)	(15,598)	75,261	500,835	10.00%	50,083
15	101000	340300	Computer Software	37.71%	3.14%	1,800,584	(233)	-	-	677,128	1,800,350	18,200	-	-	679,484	1,818,550	25.00%	454,638
16	101000	340330	Comp Software Other	37.71%	3.14%	36,811	9,951	-	-	14,194	46,763	-	-	-	17,634	46,763	25.00%	11,691
17	101000	340500	Other Office Equipment	7.13%	0.59%	-	-	-	-	-	-	-	-	-	-	-		-
18	101000	341100	Trans Equip Lt Duty Trks	28.05%	2.34%	469,000	(469,000)	-	-	(171,701)	-	-	-	-	-	-		-
19	101000	343000	Tools,Shop,Garage Equip	3.61%	0.30%	18,131	20,324	-	-	349	38,455	89	-	(38,545)	175	-		-
20	101000	344000	Laboratory Equipment	3.71%	0.31%	-	-	-	-	-	-	-	-	-	-	-		-
21	101000	345000	Power Operated Equipment	4.64%	0.39%	47,923	(47,923)	-	-	-	-	-	-	-	-	-		-
22	101000	346100	Comm Equip Non-Telephone	9.76%	0.81%	199,220	(13,140)	-	-	16,648	186,080	-	-	-	18,161	186,080	8.25%	15,352
23	101000	346200	Comm Equip Telephone	9.76%	0.81%	49,678	(49,678)	-	-	-	-	14,346	-	-	117	14,346	8.25%	1,184
24	101000	346300	Comm Equip Other	7.91%	0.66%	12,887	(7,985)	-	-	355	4,902	-	-	-	388	4,902	5.35%	262
25	101000	347000	Misc Equipment	5.10%	0.43%	-	-	-	-	-	-	-	-	-	-	-		-
26	101000	380400	WW TD Equip Aux Effl Trmt	5.00%	0.42%	-	-	-	-	-	-	-	-	-	-	-		-
27	101000	393000	WW Tool Shop & Garage Equip	4.74%	0.40%	-	-	-	-	-	-	-	-	-	-	-		-
28																		
29																		
30																		
31																		
32																		
33																		
34																		
35																		
36																		
37																		
38																		
39																		
40																		
41																		
42																		
43																		
44																		
45																		
46																		
47																		
48																		
49			Utility Plant			4,367,033	273,104	-	-	672,941	4,640,137	175,962	(4,624)	(837,539)	862,491	3,973,936		609,736
50			Anthem Wastewater Allocation Factor			5.3540%				5.2599%	5.2599%				5.1094%	5.1094%		5.1094%
51	SLM-2		Anthem Wastewater Allocation			233,812				35,396	244,065				44,068	203,044	SLM-2	31,154
52																		
53			Monthly Depreciation Expense															
54			Retirements															
55			Accum. Deprec. - Apprvd'/Calculated			2,813,109				672,941	3,486,050				862,491	4,348,541		
56			Total Removal Cost			(221,543)				576	(220,968)				220,968	0		
57			Total Salvage			100,000					100,000					100,000		
58			Total Approved/Calculated			2,691,566				673,516	3,365,082				1,083,459	4,448,542		
59			Total Per Books (\Trial Balance\Column BU\)			(2,787,094)				(643,209)	(3,430,303)				(1,088,528)	(4,518,831)		
60			Total Over/(Under) Depreciated			95,528				(30,307)	65,221				5,069	70,290		
61			Anthem Wastewater Allocation Factor			5.3540%					5.2599%					5.1094%		
62	SLM-2		Anthem Wastewater Allocation			144,107					176,999					227,293	SLM-2	
											(180,429)					(230,885)		
											3,430					3,592		

Note:
1. In 2006 we removed $703,156 from corporate books for Western Region.
2. In 2006 the Eastern Division was not allowed.

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Rate Base Adjustment SLM-5

Exhibit
Schedule B-2
Page 6
Witness: Murrey

Post Test Year Additions to Plant:

The Anthem Headworks Modification Project was in service in December 2008. Total estimated cost of this project is $2,524,948, of which $1,918,925 was in plant as of December 31, 2008. The remaining $606,023 costs hit plant in early 2009.

	Project Costs	Annual Deprec Rate [a]	Post TY Annual Depreciation Expense
Cost at December 31, 2008			
354400 WW Struct & Imp TDP	$58,634	1.67%	$979
370000 WW Receiving Wells	1,737,693	3.33%	57,865
380350 WW TD Equip Sec Trmt Filter	122,598	5.00%	6,130
	$1,918,925		$64,974
Revised costs at May 15, 2009			
354400 WW Struct & Imp TDP	$77,260	1.67%	$1,290
370000 WW Receiving Wells	2,286,234	3.33%	$76,132
371100 WW Pump Equip Elect	15	5.42%	$1
380000 WW TD Equipment	150	5.00%	$8
380350 WW TD Equip Sec Trmt Filter	161,289	5.00%	$8,064
397000 WW Misc Equipment	0	0.00%	$0
	$2,524,948		$85,495
Increase in Utility Plant in Service	$606,023		
Increase in Annual Depreciation Expense			$20,521

\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Rate Base Adjustment SLM-7

Exhibit
Schedule B-2
Page 7
Witness: Murrey

Line No.			
1	Deferred Debits		
2			
3			
4	Pro Forma Deferred Debit as Adjusted	$	47,795
5			
6	Test Year Deferred Debits Balance		792,854
7			
8	Increase/(Decrease) in Deferred Debit Adjustment	$	(745,059)
9			
10	Adjustment to Rate Base	$	(745,059)
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45			
46			
47			
48			
49			
50	\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\		

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Rate Base Adjustment SLM-8

Exhibit
Schedule B-2
Page 8
Witness: Murrey

Remove Contributions for Plant Not in Service

An adjustment is being made to Contributions in Aid of Construction for the amounts associated with projects that are in CWIP as of the end of the test year. Since these project amounts had not been transferred to Utility Plant in Service as of 12/31/08 and, therefore, are not part of Rate Base, the reduction for Contributions should also not be a part of Rate Base.

Contributions in Aid of Construction at 12/31/08	$	1,077,324
Less: Amortization of CIAC		(194,201)
Net Contributions		883,122
Amount of Contributions in CWIP	$	(35,384)
Pro forma Net Contributions in Aid of Contributions	$	847,738
Increase / (Decrease) to Contributions	$	(35,384)

\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Rate Base Adjustment SLM-9

Exhibit
Schedule B-2
Page 9
Witness: Murrey

Line No.			
1	Impute Regulatory Contributions Per Dec. 63584		
2			
3	Regulatory Contributions	$	472,196
4			
5	Amortization 1/15/02 to 12/31/02		(45,403)
6			
7	Amortization 1/01/03 to 12/31/03		(47,220)
8			
9	Amortization 1/01/04 to 12/31/04		(47,220)
10			
11	Amortization 1/01/05 to 12/31/05		(47,220)
12			
13	Amortization 1/01/06 to 12/31/06		(47,220)
14			
15	Amortization 1/01/07 to 12/31/07		(47,220)
16			
17	Amortization 1/01/08 to 12/31/08		(47,220)
18			
19	Balance 12/31/08	$	143,475
20			
21	Increase (decrease) in Regulatory CIAC	$	143,475
22			
23	Adjustment to Rate Base	$	143,475
24			
25			
26			
27			
28	Agua Fria Wastewater had no plant in service when Arizona-American bought the		
29	assets from Citizen's Utilities.		
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45			
46			
47			
48			
49			
50	\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\		

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Rate Base Adjustment SLM-10

Exhibit
Schedule B-2
Page 10
Witness: Murrey

Line No.		
1	Remove Utility Plant Acquisition Adjustment	
2		
3	Pro Forma Utility Plant Acquisition Adjustment	$ -
4		
5	Test Year Utility Plant Acquisition Adjustment Balance	1,395,780
6		
7	Increase (decrease) in Utility Plant Acquisition Adjustment	$ (1,395,780)
8		
9	Adjustment to Rate Base	$ (1,395,780)
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		
42		
43		
44		
45		
46		
47		
48		
49		
50	\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\	

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Rate Base Adjustment SLM-14

Exhibit
Schedule B-2
Page11
Witness: Murrey

Line No.				
1	Adjust Deferred Income Taxes			
2				
3	Deferred Income Tax Adjustment for Company		$	336,093
4				
5	Allocation Factor (combined)			8.06%
6				
7	Staff adjustment to Deferred Income Tax		$	27,084
8	(per Staff RB adj #4 per Revised Final Schedule GTM-8)			
9				
10				
11				
12				
13	Breakout based on individual district allocation			
14			$	336,093
15				
16	Anthem Wastewater Allocation	5.11%		17,172
17				
18	Agua Fria Wastewater Allocation	2.95%		9,912
19			$	27,084
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43				
44				
45				
46				
47				
48				
49				
50	\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\			

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Computation of Working Capital

Exhibit
Schedule B-5
Page 1
Witness: Murrey

Line No.			
1			
2	Working Cash Requirement	$	(41,852)
3	Material and Supplies Inventories		437 [1]
4	Prepayments		28,367
5			
6			
7	Total Working Capital Allowance	$	(13,048)
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45			
46	[1] Thirteen-month average		
47			
48			
49			
50	\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\		

Arizona American Water Company
Test Year Ended December 31, 2008
Lead/Lag Study - Working Cash Requirement

Exhibit
Schedule B-6
Page 1
Witness: Murery

ANTHEM WASTEWATER

Line No.		Test Year Adjusted Results	Revenue Lag Days	Expense Lag Days	Net Lag Days	Lead/ Lag Factor	Cash Working Capital Required
1	OPERATING EXPENSES						
2	P08 Labor	580,777	46.04007	12.0000	34.0401	0.0933	$ 54,164
4	P09 Purchased Water	0	46.04007	52.5225			
5	P10 Fuel & Power	10,285	46.04007	23.4600	22.5801	0.0619	636
6	P11 Chemicals	0	46.04007	14.6338	31.4063	0.0860	0
7	P12 Waste disposal	133,194	46.04007	26.8986	19.1415	0.0524	6,985
8	P13 Management Fees	0	46.04007	-	46.0401	0.1261	0
9	P14 Group Insurance	154,030	46.04007	(13.7038)	59.7439	0.1637	25,212
10	P15 Pensions	115,506	46.04007	(2.3684)	48.4085	0.1326	15,319
11	P17 Insurance Other Than Group	44,380	46.04007	83.6844	(37.6443)	(0.1031)	(4,577)
12	P18 Customer Accounting	87,701	46.04007	20.3100	25.7301	0.0705	6,182
13	P19 Rents	20,906	46.04007	84.1608	(38.1207)	(0.1044)	(2,183)
14	P21 Miscellaneous	264,448	46.04007	16.8375	29.2025	0.0800	21,158
15	P25 Maintenance Expense	131,838	46.04007	18.2388	27.8013	0.0762	10,042
16	Other Operating Expenses[1]	74,490	46.04007	30.0000	16.0401	0.0439	3,274
17	TAXES						
18	P29 Property Taxes	215,344	46.04007	191.3713	(145.3312)	(0.3982)	(85,743)
19	P29 Taxes Other than Income	33,563	46.04007	13.3462	32.6938	0.0896	3,006
20	P30 Income Tax[2]	761,446	46.04007	30.1300	15.9101	0.0436	33,191
21	P56 Interest Sync	779,082	46.04007	106.2500	(60.2099)	(0.1650)	(128,516)
22							
23	WORKING CASH REQUIREMENT	3,406,990					$ (41,852)
24							
25							

26 1) All other Operating Expenses are assumed to be paid by the 15th of the month following the receipt of goods and services.

2) At deconsolidated rates.

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Adjusted Test Year Income Statement

Exhibit
Schedule C-1
Page 1
Witness: Murrey

Line No.		[A] Test Year Book Results	[B] Total Pro Forma Adjustments	[C] Test Year Adjusted Results	[D] Deconsolidated Rate Increase	[E] Adjusted with Rate Increase
1	**Revenues**					
2	Sewer Revenues	$ 5,225,634	$734,071	$ 5,959,705	921,279	$ 6,880,984
3	Other Revenues	1,197	-	1,197		1,197
4						
5		$ 5,226,831	$ 734,071	$ 5,960,902	$ 921,279	$ 6,882,181
6	**Operating Expenses**					
7	Labor	$ 573,788	$ 6,989	$ 580,777		$ 580,777
8	Fuel & Power	101,015	(90,730)	10,285		10,285
9	Chemicals	64,676	26,042	90,718		90,718
10	Waste Disposal	132,198	996	133,194		133,194
11	Management Fees	672,463	13,808	686,271		686,271
12	Group Insurance	116,714	37,316	154,030		154,030
13	Pensions	100,380	15,126	115,506		115,506
14	Regulatory Expense	49,584	(17,788)	31,796		31,796
15	Insurance Other Than Group	44,380	-	44,380		44,380
16	Customer Accounting	109,906	(22,205)	87,701	4,699	92,399
17	Rents	20,906	-	20,906		20,906
18	General Office Expense	36,930	-	36,930		36,930
19	Miscellaneous	238,766	25,682	264,448		264,448
20	Maintenance Expense	131,838	-	131,838		131,838
21	Depreciation & Amortization	2,060,337	(164,529)	1,895,808		1,895,808
22	General Taxes-Property Taxes	110,364	94,383	204,747	10,597	215,344
23	General Taxes-Other	37,896	(4,334)	33,563		33,563
24	Income Taxes	(97,843)	352,179	254,336	349,699	604,036
25						
26						
27	**Total Operating Expenses**	$ 4,504,300	$ 272,935	$ 4,777,235	$ 364,995	$ 5,142,230
28	**Utility Operating Income**	$ 722,531	$ 461,136	$ 1,183,667	$ 556,284	$ 1,739,951
29	**Other Income & Deductions**					
30	Other Income & Deductions	56,192	(56,192)	-		-
31	Interest Expense	656,714	122,368	779,082		779,082
32	Other Expense	8,701	-	8,701		8,701
33	Gain/Loss Sale of Fixed Assets	(2)	-	(2)		(2)
34	**Total Other Income & Deductions**	$ (609,224)	$ (178,561)	$ (787,785)	$ -	$ (787,785)
35	**Net Profit (Loss)**	$ 113,307	$ 282,575	$ 395,882	$ 556,284	$ 952,166
36						
37						
38						
39						
40						
41						
42						
43						
44						
45						
46						
47						
48						
49						
50	\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\					

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Income Statement Pro Forma Adjustments

Exhibit
Schedule C-2
Page 1
Witness: Murrey

Line No.			[A] Test Year Book Results	[B] ADJ SLM-1 Unbilled Revenue	[C] ADJ SLM-2 Annualize Rate Increase	[D] ADJ SLM-3 Annualize YE Customers	[E] ADJ SLM-4 Remove Other District Billings	[F] ADJ SLM-5 Annualize Depreciation	[G] ADJ SLM-6 Annualize Power Exp	[H] ADJ SLM-7 Annualize Chemicals Exp	[I] ADJ SLM-8 Annualize Management Fees	[J] ADJ SLM-9 Adj Mgmt Fees for Other Expenses
1	**Revenues**											
2	**P03**	Sewer Revenues	$ 5,225,634	$ (14,154)	$ 712,352	$ 35,874	$ -	$ -				
3	**P04**	Other Revenues	$ 1,197									
4												
5			$ 5,226,831	$ (14,154)	$ 712,352	$ 35,874	$ -	$ -	$ -	$ -	$ -	$ -
6	**Operating Expenses**											
7	**P08**	Labor	$ 573,788									
8	**P09**	Purchased Water	$ -									
9	**P10**	Fuel & Power	$ 101,015			1,394			(92,146)			
10	**P11**	Chemicals	$ 64,676			1,518				24,524		
11	**P12**	Waste Disposal	$ 132,198			996						
12	**P13**	Management Fees	$ 672,463								44,094	9,860
13	**P14**	Group Insurance	$ 116,714									
14	**P15**	Pensions	$ 100,380									
15	**P16**	Regulatory Expense	$ 49,584									
16	**P17**	Insurance Other Than Group	$ 44,380									
17	**P18**	Customer Accounting	$ 109,906			1,212						
18	**P19**	Rents	$ 20,906									
19	**P20**	General Office Expense	$ 36,930									
20	**P21**	Miscellaneous	$ 238,766									
21	**P25**	Maintenance Expense	$ 131,838									
22	**P27-2**	Depreciation & Amortization	$ 2,060,337					2,995				
23	**P29**	General Taxes-Property Taxes	$ 110,364									
24	**P29**	General Taxes-Other	$ 37,896									
25	**P30-3**	Income Taxes	$ (97,843)									
26												
27												
28	**Total Operating Expenses**		$ 4,504,300	$ -	$ -	$ 5,120	$ -	$ 2,995	$ (92,146)	$ 24,524	$ 44,094	$ 9,860
29	**Utility Operating Income**		$ 722,531	$ (14,154)	$ 712,352	$ 30,754	$ -	$ (2,995)	$ 92,146	$ (24,524)	$ (44,094)	$ (9,860)
30	**Other Income & Deductions**											
31	**P39-4**	Other Income & Deductions	$ 56,192									
32	**P56-6**	Interest Expense	$ 656,714									
33	**P48-5**	Other Expense	$ 8,701									
34	**P43**	Gain/Loss Sale of Fixed Assets	$ (2)									
35	**Net Other Income & Deductions**		$ (609,224)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
36	**Net Profit (Loss)**		$ 113,307	$ (14,154)	$ 712,352	$ 30,754	$ -	$ (2,995)	$ 92,146	$ (24,524)	$ (44,094)	$ (9,860)
37												
38												
39												
40												
41												
42												
43												
44												
45												
46												
47												
48												
49												

Arizona American Water Company - Anthem Wastev
Test Year Ended December 31, 2008
Income Statement Pro Forma Adjustments

Exhibit
Schedule C-2
Page 2
Witness: Murre

Line No.			[K] ADJ SLM-10 One-Time SC Charges	[L] ADJ SLM-11 Annualize Postage Increase	[M] ADJ SLM-12 Normalize Purchase Water Cost Savings	[N] ADJ SLM-13 Amortize Rate Case Exp	[O] ADJ SLM-14 Line 21 Clean-up	[P] ADJ SLM-15 Annualize Payroll Exp	[Q] ADJ SLM-16 Annualize Pensions Exp	[R] ADJ SLM-17 Annualize 401K Expense	[S] ADJ SLM-18 Annualize Group Insurance Exp	[T] ADJ SLM-19 Water Testing Expense
1	**Revenues**											
2	**P03**	Sewer Revenues										
3	**P04**	Other Revenues										
4												
5			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
6	**Operating Expenses**											
7	**P08**	Labor						$ 18,926				
8	**P09**	Purchased Water										
9	**P10**	Fuel & Power										
10	**P11**	Chemicals										
11	**P12**	Waste Disposal										
12	**P13**	Management Fees	(10,666)									
13	**P14**	Group Insurance									36,321	
14	**P15**	Pensions							6,382			
15	**P16**	Regulatory Expense				(9,863)						
16	**P17**	Insurance Other Than Group										
17	**P18**	Customer Accounting		1,861								
18	**P19**	Rents										
19	**P20**	General Office Expense										
20	**P21**	Miscellaneous					(25,418)			1,429		35,097
21	**P25**	Maintenance Expense										
22	**P27-2**	Depreciation & Amortization										
23	**P29**	General Taxes-Property Taxes										
24	**P29**	General Taxes-Other						(4,334)				
25	**P30-3**	Income Taxes										
26												
27												
28	**Total Operating Expenses**		$ (10,666)	$ 1,861	$ -	$ (9,863)	$ (25,418)	$ 14,592	$ 6,382	$ 1,429	$ 36,321	$ 35,097
29	**Utility Operating Income**		$ 10,666	$ (1,861)	$ -	$ 9,863	$ 25,418	$ (14,592)	$ (6,382)	$ (1,429)	$ (36,321)	$ (35,097)
30	**Other Income & Deductions**											
31	**P39-4**	Other Income & Deductions										
32	**P56-6**	Interest Expense										
33	**P48-5**	Other Expense										
34	**P43**	Gain/Loss Sale of Fixed Assets										
35	**Net Other Income & *Deductions***		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
36	**Net Profit (Loss)**		$ 10,666	$ (1,861)	$ -	$ 9,863	$ 25,418	$ (14,592)	$ (6,382)	$ (1,429)	$ (36,321)	$ (35,097)
37												
38												
39												
40												
41												
42												
43												
44												
45												
46												
47												
48												
49												

Arizona American Water Company - Anthem Wastev
Test Year Ended December 31, 2008
Income Statement Pro Forma Adjustments

Exhibit
Schedule C-2
Page 3
Witness: Murrey

Line No.			[U] ADJ SLM-20 Annualize Property Taxes	[V] ADJ SLM-21 Remove Other Income & Deductions	[W] ADJ SLM-22 Annualize OPEBs	[X] ADJ SLM-23 Interest Synchronization	[Y] ADJ SLM-24 Federal and State Income Taxes	[Z] Total Pro Forma Adjustments	[AA] Test Year As Filed Results
1	**Revenues**								
2	**P03**	Sewer Revenues						$ 734,071	$ 5,959,705
3	**P04**	Other Revenues						-	1,197
4									
5			$ -	$ -	$ -	$ -	$ -	$ 734,071	$ 5,960,902
6	**Operating Expenses**								
7	**P08**	Labor						$ 18,926	$ 592,714
8	**P09**	Purchased Water						-	-
9	**P10**	Fuel & Power						(90,751)	10,263
10	**P11**	Chemicals						26,042	90,718
11	**P12**	Waste Disposal						996	133,194
12	**P13**	Management Fees						43,288	715,751
13	**P14**	Group Insurance			995			37,316	154,030
14	**P15**	Pensions						6,382	106,762
15	**P16**	Regulatory Expense						(9,863)	39,722
16	**P17**	Insurance Other Than Group						-	44,380
17	**P18**	Customer Accounting						3,073	112,979
18	**P19**	Rents						-	20,906
19	**P20**	General Office Expense						-	36,930
20	**P21**	Miscellaneous						11,108	249,874
21	**P25**	Maintenance Expense						-	131,838
22	**P27-2**	Depreciation & Amortization						2,995	2,063,331
23	**P29**	General Taxes-Property Taxes	93,323					93,323	203,686
24	**P29**	General Taxes-Other						(4,334)	33,563
25	**P30-3**	Income Taxes					352,179	352,179	254,336
26								-	-
27									
28	**Total Operating Expenses**		$ 93,323	$ -	$ 995	$ -	$ 352,179	$ 490,679	$ 4,994,979
29	**Utility Operating Income**		$ (93,323)	$ -	$ (995)	$ -	$ (352,179)	$ 243,392	$ 965,923
30	**Other Income & Deductions**								
31	**P39-4**	Other Income & Deductions		(56,192)				(56,192)	-
32	**P56-6**	Interest Expense				122,368		122,368	779,082
33	**P48-5**	Other Expense						-	8,701
34	**P43**	Gain/Loss Sale of Fixed Assets						-	(2)
35	**Net Other Income & Deductions**		$ -	$ (56,192)	$ -	$ (122,368)	$ -	$ (178,561)	$ (787,785)
36	**Net Profit (Loss)**		$ (93,323)	$ (56,192)	$ (995)	$ (122,368)	$ (352,179)	$ 64,831	$ 178,138
37									
38									
39									
40									
41									
42									
43									
44									
45									
46									
47									
48									
49									

Arizona American Water Company - Anthem Wastev
Test Year Ended December 31, 2008
Income Statement Pro Forma Adjustments

Exhibit
Schedule C-2
Page 4
Witness: Murrey

Line No.		[AB] ADJ SLM-1F Accept Staff Adj for NWVRTF Oper Exp	[AC] ADJ SLM-2F Accept Staff Adj for Fuel & Power	[AD] ADJ SLM-3F Accept Staff Adj for Cust Acctg	[AE] ADJ SLM-4F Accept Staff Adj for Water Testing	[AF] ADJ SLM-5F Accept Staff Adj for Depreciation Exp	[AG] ADJ SLM-6F Accept Staff Adj for Property Tax	[AH] ADJ SLM-7F Accept Staff Adj for Income Tax	[AI] ADJ SLM-8F Accept Staff Adj for Regulatory Exp	[AJ] ADJ SLM-9Fa Accept Staff Adj for Labor
1	**Revenues**									
2	**P03** Sewer Revenues									
3	**P04** Other Revenues									
4										
5		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
6	**Operating Expenses**									
7	**P08** Labor									(11,937)
8	**P09** Purchased Water									
9	**P10** Fuel & Power		21							
10	**P11** Chemicals									
11	**P12** Waste Disposal									
12	**P13** Management Fees									
13	**P14** Group Insurance									
14	**P15** Pensions									
15	**P16** Regulatory Expense								(7,926)	
16	**P17** Insurance Other Than Group									
17	**P18** Customer Accounting			(25,278)						
18	**P19** Rents									
19	**P20** General Office Expense									
20	**P21** Miscellaneous				14,574					
21	**P25** Maintenance Expense									
22	**P27-2** Depreciation & Amortization					(167,523)				
23	**P29** General Taxes-Property Taxes						1,060			
24	**P29** General Taxes-Other									
25	**P30-3** Income Taxes									
26										
27										
28	**Total Operating Expenses**	$ -	$ 21	$ (25,278)	$ 14,574	$ (167,523)	$ 1,060	$ -	$ (7,926)	$ (11,937)
29	**Utility Operating Income**	$ -	$ (21)	$ 25,278	$ (14,574)	$ 167,523	$ (1,060)	$ -	$ 7,926	$ 11,937
30	**Other Income & Deductions**									
31	**P39-4** Other Income & Deductions									
32	**P56-6** Interest Expense									
33	**P48-5** Other Expense									
34	**P43** Gain/Loss Sale of Fixed Assets									
35	**Net Other Income & Deductions**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
36	**Net Profit (Loss)**	$ -	$ (21)	$ 25,278	$ (14,574)	$ 167,523	$ (1,060)	$ -	$ 7,926	$ 11,937
37										
38		*(See AF)*								
39										
40										
41										
42										
43										
44										
45										
46										
47										
48										
49										

Arizona American Water Company - Anthem Wastev
Test Year Ended December 31, 2008
Income Statement Pro Forma Adjustments

Exhibit
Schedule C-2
Page 5
Witness: Murrey

Line No.			[AK] ADJ SLM-9Fb Accept Staff Adj for Mgmt Fees	[AL] ADJ SLM-9Fc Accept Staff Adj for Pension Exp	[AM]	[AN] Total Pro Forma Adjustments	[AO] Test Year Adjusted Results	[AP] Deconsolidated Rate Increase	[AQ] Adjusted with Rate Increase
1	**Revenues**								
2	**P03**	Sewer Revenues				$0	$ 5,959,705	$ 921,279	$ 6,880,984
3	**P04**	Other Revenues				-	1,197		1,197
4						-	-		-
5			$ -	$ -		$ -	$ 5,960,902	$ 921,279	$ 6,882,181
6	**Operating Expenses**								
7	**P08**	Labor				(11,937)	580,777		$ 580,777
8	**P09**	Purchased Water				-	-		$ -
9	**P10**	Fuel & Power				21	10,285		$ 10,285
10	**P11**	Chemicals				-	90,718		$ 90,718
11	**P12**	Waste Disposal				-	133,194		$ 133,194
12	**P13**	Management Fees	(29,480)			(29,480)	686,271		$ 686,271
13	**P14**	Group Insurance				-	154,030		$ 154,030
14	**P15**	Pensions		8,744		8,744	115,506		$ 115,506
15	**P16**	Regulatory Expense				(7,926)	31,796		$ 31,796
16	**P17**	Insurance Other Than Group				-	44,380		$ 44,380
17	**P18**	Customer Accounting				(25,278)	87,701	4,699	$ 92,399
18	**P19**	Rents				-	20,906		$ 20,906
19	**P20**	General Office Expense				-	36,930		$ 36,930
20	**P21**	Miscellaneous				14,574	264,448		$ 264,448
21	**P25**	Maintenance Expense				-	131,838		$ 131,838
22	**P27-2**	Depreciation & Amortization				(167,523)	1,895,808		$ 1,895,808
23	**P29**	General Taxes-Property Taxes				1,060	204,747	10,597	$ 215,344
24	**P29**	General Taxes-Other				-	33,563		$ 33,563
25	**P30-3**	Income Taxes				-	254,336	349,699	$ 604,036
26						-			
27									
28	**Total Operating Expenses**		$ (29,480)	$ 8,744	$ -	$ (217,744)	$ 4,777,235	$ 364,995	$ 5,142,230
29	**Utility Operating Income**		$ 29,480	$ (8,744)	$ -	$ 217,744	$ 1,183,667	$ 556,284	$ 1,739,951
30	**Other Income & Deductions**								
31	**P39-4**	Other Income & Deductions				-	-		-
32	**P56-6**	Interest Expense				-	779,082		779,082
33	**P48-5**	Other Expense				-	8,701		8,701
34	**P43**	Gain/Loss Sale of Fixed Assets				-	(2)		(2)
35	**Net Other Income & Deductions**		$ -	$ -	$ -	$ -	$ (787,785)	$ -	$ (787,785)
36	**Net Profit (Loss)**		$ 29,480	$ (8,744)	$ -	$ 217,744	$ 395,882	$ 556,284	$ 952,166
37									
38									
39									
40									
41									
42									
43									
44									
45									
46									
47									
48									
49									

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-1

Exhibit
Schedule C-2
Page 6
Witness: Murrey

Line No.			Residential	Commercial		
1	Remove Net Unbilled Revenue Accrual					
2			Residential	Commercial		
3						
4						
5						
6		January	$59,521.44	$3,499.24		
7		February	($29,346.04)	$4,578.57		
8		March	$42,786.37	($540.93)		
9		April	($22,627.14)	$7,163.65		
10		May	$20,251.61	($7,183.76)		
11		June	$38,002.93	$30,167.70		
12		July	($83,944.00)	$1,907.00		
13		August	$81,497.76	$6,969.34		
14		September	$15,273.50	$9,750.42		
15		October	($34,220.24)	($24,757.58)		
16		November	$67,596.55	($875.41)		
17		December	($149,350.80)	($21,965.70)		
18						
19			$ 5,442	$ 8,713		
20						
21						
22	Subtotal (A positive number means an addition to revenue.)				$ 14,154	(Net Debit)
23						
24	Test Year Adjusted Balance				-	
25						
26	Increase/(Decrease) in Unbilled Revenues				$ (14,154)	
27						
28	Adjustment to Revenues and/or Expense				$ (14,154)	
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45	Workpapers & Supporting Documents:					
46	\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\					
47	\Workpapers\Revenue\Anthem WW Unbilled.xls					
48						
49						
50						

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-2

Exhibit
Schedule C-2
Page 7
Witness: Murrey

1 Adjust Booked Revenues to Reflect Annualized Rate Increase Adjustments

Line No.	Rate Schedule	Description			$ due to Revenue Increase
5	E1MS1	Anthem Sewer Residential		$ 574,916.98	
7			Total Residential		$ 574,917
10	E2MS1	Anthem Sewer Commercial 5/8"		$ 343.34	
11	E2MS3	Anthem Sewer Commercial 1"		$ 2,149.88	
12	E2MS4	Anthem Sewer Commercial LG		$ 43,810.68	
13			Total Commercial		$ 46,304
16	E5M2	Anthem Wholesale (Phoenix) OWU		$ 91,131.05	
18			Total Resale		$ 91,131
22			Total Revenue Adjustment		$ 712,352

45 Workpapers & Supporting Documents:
46 \Schedules\2008 Anthem WW Sch. A-F_Decon.xls\
47 \09 Anthem WW\Schedules\2008 Anthem WW Sch H.xls

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-3

Exhibit
Schedule C-2
Page 8
Witness: Murrey

Line No.								
1	Customer Growth Annualization of Test Year Revenue:							
2		Residential		Commercial				
3				5/8"	3/4"	1"	Large	
4	*Customer Growth Statistics:*							
5	From the H-2's							
6	Average Customers	8,328		4	-	18	109	
7	Average Monthly Gallons	5,814		5,925	-	8,824	50,337	
8								
9	Actual TYE Bills	8,391		4	-	20	108	
10	Mo Cust Growth Bills	63		-	-	2	(1)	
11	(Line 11- Line 8)							
12								
13	Mo Cust Growth Volumes (1,000 gals)							
14	(Line 12 x Line 9 / 1,000)	366.28		-	-	17.65	(50.34)	
15								
16	*Customer Growth Revenue:*							
17	Meter Charge	$27.76		$27.76	$41.64	$55.58	$111.12	
18	Volumetric - 1st block limit	7,000		10,000	15,000	20,000	9,999,999	
19	1st block rate	$3.48		$3.48	$3.48	$3.48	$3.48	
20	Annual Revenue per additional dwelling unit	$575.88		$580.56	$499.68	$1,035.48	$3,435.48	
21	times Cust Growth Bills (Line 12)	$36,280		$0.00	$0.00	$2,071	($3,435)	
22	Total Residential	**$36,280**	**Anthem WW**		Total Commercial		**($1,365)**	**Anthem WW**
23		$64,296	Agua Fria WW				$7,120	Agua Fria WW
24	Total by District	$ 100,577			Total by District		$ 5,755	
25	Total Per Order	$ 103,083			Total Per Order		$ 5,527	
26	Diff to be allocated to districts	$ 2,506			Diff to be allocated to districts		$ (228)	
27								
28	Additional allocation split	**$ 904**	**Anthem WW**		Additional allocation split		**$ 54**	**Anthem WW**
29		$ 1,602	Agua Fria WW				$ (282)	Agua Fria WW
30								

31	*Increase / (Decrease) in Operating Expenses:*		AMOUNTS PER ORDER					
32		Fuel &		Waste		Other Cust		
33		Power	Chemicals	Disposal	Postage	Accounting	Total	
34	Test Year Adjusted Expense from Sch C-2	$ 274,699	$ 299,058	$ 196,263	$ 71,288	$ 167,436	$ 1,008,743	
35	Avg Customers times 12	151,308	151,308	151,308	151,308	151,308		
36	Cost per Bill	$1.8155	$1.9765	$1.2971	$0.4711	$1.1066		
37	Sum of Cust Growth Bills (Line 12) x 12	2,184	2,184	2,184	2,184	2,184		
38	Additional Expense	$ 3,965	$ 4,317	$ 2,833	$ 1,029	$ 2,417	$ 14,560	Anthem/Agua Fri
39								Per Order
40	Allocation to Anthem WW Based on Customer Growth Bills							
41	Sum of Cust Growth Bills (Line 12) x 12	768	768	768	768	768		
42	Additional Expense for Anthem WW	$1,394	$1,518	$996	$362	$850	**$5,120**	**Anthem WW**
43								Allocation
44	Allocation to Agua Fria WW Based on Customer Growth Bills							
45	Sum of Cust Growth Bills (Line 12) x 12	1,416	1,416	1,416	1,416	1,416		
46	Additional Expense for Anthem WW	$2,571	$2,799	$1,837	$667	$1,567	$9,440	Agua Fria WW
47								Allocation
48								
49	Workpapers & Supporting Documents:		\Workpapers\Revenue\Anthem_Sewer 1.xls					
50	\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\		\09 Anthem WW\Schedules\2008 Anthem WW Sch H.xls					

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-4

Exhibit
Schedule C-2
Page 9
Witness: Murrey

Line No.

Remove Other Districts Billings

There were no billing errors found in Anthem Wastewater. The amount listed on the Anthem/Agua Fria Wastewater filing was all attributable to Agua Fria Wastewater district.

Workpapers & Supporting Documents:
\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-5

Exhibit
Schedule C-2
Page 10
Witness: Murrey

Line No.					
1	Adjust Depreciation Expense to Reflect Test Year Adjusted Plant:				
2					
3					
4	Company Adjustment to Depreciation				$ 5,749
5					
6					
7					
8	Prorated to districts based on depreciation expense				
9		Anthem Wastewater			$ 2,995
10		Agua Fria Wastewater			$ 2,754
11					$ 5,749
12					
13	Depreciation Expense by District				
14	Anthem Wastewater		$ 1,987,316	52.09%	
15	Agua Fria Wastewater		$ 1,827,921	47.91%	
16			$ 3,815,236		
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45	Workpapers & Supporting Documents:				
46	\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\				
47	\09 Anthem WW\Workpapers\Anthem WW AI 2008.xls				
48	\Common\Workpapers\Imputed AIAC and CIAC.xls				
49	\Common\Workpapers\2008 Reg Asset-Amort Wrkpaper.xls				
50					

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-6

Exhibit
Schedule C-2
Page 11
Witness: Murrey

Line No.		
1	Normalize Fuel & Power	
2		
3	Test Year Power Expense - Anthem Wastewater District	$ 101,015
4		
5	2008 Pro Forma Fuel & Power Expense	$ 8,869
6		
7	Total Adjusted Test Year Fuel & Power Expense	$ 8,869
8		
9		
10		
11	Increase/(Decrease) in Fuel & Power Expense	$ (92,146)
12		
13	Adjustment to Revenue and/or Expense	$ (92,146)
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		
42		
43		
44		
45	Workpapers & Supporting Documents:	
46	\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\	
47	\Common\Power\2008 Fuel & Power Pro Forma	
48		
49		
50		

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-7

Exhibit
Schedule C-2
Page 12
Witness: Murrey

Line No.			
1	Normalize & Adjust Chemicals Expense		
2			
3	Pro Forma Chemicals Expense (work paper) - Anthem Wastewater	$	89,200
4			
5	TY 2008 Chemicals Expense - Anthem Wastewater	$	64,676
6			
7	Increase/(Decrease) in Chemicals Expense	$	24,524
8			
9	Adjustment to Revenue and/or Expense	$	24,524
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45	Workpapers & Supporting Documents:		
46	\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\		
47	\Common\Chemicals\2008 Chemical Pro Forma.xls		
48			
49			
50			

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-8

Exhibit
Schedule C-2
Page 13
Witness: Murrey

Line No.			
1	Adjust Management Fees for Labor Increases		
2			
3	Test Year Management Fees		$ 672,463
4			
5			
6	Adjusted Test Year Management Fees		$ 672,463
7			
8	Increase in Labor Expense	$ 761,938	
9	4 Factor Allocation to Anthem Wastewater	5.7870%	
10			
11	Pro forma Adjustment to Management Fees		$ 44,094
12			
13	Pro forma adjusted test year Management Fees		$ 716,557
14			
15			
16	Increase/(Decrease) in Management Fees		$ 44,094
17			
18	Adjustment to Revenue and/or Expense		$ 44,094
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45	Workpapers & Supporting Documents:		
46	\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\		
47	\Common\Service Company\2008 Labor Adj-Mgmt Fees.xls		
48	\Common\Workpapers\2008 4 Factor.xls		
49			
50			

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-9

Exhibit
Schedule C-2
Page 14
Witness: Murrey

Line No.			
1	Adjust Management Fees for Other Expense Increases		
2			
3	Test Year Management Fees		$ 672,463
4			
5			
6	Adjusted Test Year Management Fees		$ 672,463
7			
8	Increase in Other Expense	$ 170,388	
9	4 Factor Allocation to Anthem Wastewater	5.7870%	
10			
11	Pro forma Adjustment to Management Fees		$ 9,860
12			
13	Pro forma adjusted test year Management Fees		$ 682,323
14			
15			
16	Increase/(Decrease) in Management Fees		$ 9,860
17			
18	Adjustment to Revenue and/or Expense		$ 9,860
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45	Workpapers & Supporting Documents:		
46	\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\		
47	\Common\Service Company\2008 Other Expense Adj-Mgmt Fees.xls		
48	\Common\Workpapers\2008 4 Factor.xls		
49			
50			

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-10

Exhibit
Schedule C-2
Page 15
Witness: Murrey

Line No.			
1	Remove One-Time Service Company Charges		
2			
3			
4	Test Year Management Fees-Anthem Wastewater		$ 672,463
5			
6			
7	Adjusted Test Year Management Fees		$ 672,463
8			
9	Write-off One-Time Service Company Charges	$ 184,301	
10	4 Factor Allocation to Anthem Wastewater	5.7870%	
11			
12	Adjustment to Write-off One-Time Service Company Charges		$ (10,666)
13			
14			
15			
16	Increase/(Decrease) in Management Fees		$ (10,666)
17			
18	Adjustment to Revenue and/or Expense		$ (10,666)
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45	Workpapers & Supporting Documents:		
46	\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\		
47	\Common\Service Company\2008 One-Time Adj-Mgmt Fees.xls		
48	\Common\Workpapers\2008 4 Factor.xls		
49			
50			

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-11

Exhibit
Schedule C-2
Page 16
Witness: Murrey

Line No.			
1	Adjust Postage Expense for 2008 and 2009 Postage Increases		
2			
3	2008 Total Corporate Postage Expense		$ 544,875
4			
5	2008 Postage Increase (5/12/08)	1.09%	
6			
7	Annualize 2008 Postage Increase	$ 5,926	
8			
9	Estimated 2008 Total Corporate Postage Expense Annualized		$ 550,801
10			
11	2009 Postage Increase (5/11/09)	4.76%	
12			
13	Annualize 2009 Postage Increase	$ 26,229	
14			
15	Test Year 2008 Pro Forma Total Company Postage Expense		$ 577,030
16			
17	4 Factor - Anthem Wastewater		5.787%
18			
19	Test Year 2008 Pro Forma Postage Expense-Anthem Wastewater		$ 33,393
20			
21	2008 Test year Postage Expense (CA - 575660.15 & 16)		$ 31,532
22			
23	Increase/(Decrease) in Postage Expense		$ 1,861
24			
25	Adjustment to Revenue and/or Expense		$ 1,861
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45	Workpapers & Supporting Documents:		
46	\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\		
47	\09 Anthem WW\Workpapers\Anthem WW AI 2008.xls		
48	\Common\Workpapers\2008 4 Factor.xls		
49			
50			

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-12

Exhibit
Schedule C-2
Page 17
Witness: Murrey

Adjust Purchased Water for Cost Saving Program at Northwest Valley RTF

This adjustment has no impact on Anthem Wastewater.

Workpapers & Supporting Documents:
\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-13

Exhibit
Schedule C-2
Page 18
Witness: Murrey

Line No.			
1	Adjust Rate Case Expense		
2			
3	Estimated Rate Case Expense (Workpaper)		$ 678,425
4			
5	Estimated Amortization Period in Years		3
6			
7	Annual Rate Case Expense		$ 226,142
8			
9	09 Group 4 Factor - Anthem Wastewater		12.223%
10			
11	Allocated Rate Case Expense		$ 27,641
12			
13	Expected Unamortized Balance as of 9/2010	$ 23,777	
14	Estimated Amortization Period in Years	3	
15	Annual Amortization of Expected Unamortized Balance		$ 7,926
16			
17	Pro Forma Rate Case Expense		$ 35,567
18			
19	Test Year Rate Case Expense		$ 45,429
20			
21	Increase/(Decrease) Rate Case Expense		$ (9,863)
22			
23	Adjustment to Revenue and/or Expense		$ (9,863)
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45	Workpapers & Supporting Documents:		
46	\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\		
47	\Common\Workpapers\2008 Reg Asset-Amort Wrkpaper.xls		
48			
49			
50			

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-14

Exhibit
Schedule C-2
Page 19
Witness: Murrey

Adjust for Line21 Miscellaneous Expense Clean Up

The Company went through the Corporate Miscellaneous General Expense account and removed those items which it anticipated the Commission would likely disallow for ratemaking purposes, such as Community Relations expense and membership dues. The Company performed the same study of the Anthem Wastewater account.

Pro forma adjustment to Line 21 Miscellaneous Expense:		
Anthem Wastewater		$ (508)
Corporate Office amount	$ (430,447)	
	$ (430,447)	
4 Factor Allocation to Anthem Wastewater	5.7870%	
Total Corporate disallowance		$ (24,910)
Pro forma disallowance to Miscellaneous Expense		$ (25,418)
Adjustment to Revenue and/or Expense		$ (25,418)

Workpapers & Supporting Documents:
\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\
\Common\Workpapers\Line21.xls
\Common\Workpapers\2007 4 Factor.xls

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-15, Page 1 of 2

Exhibit
Schedule C-2
Page 20
Witness: Murrey

Line No.		
1	Normalize Test Year Labor Expense	
2		
3	Total normalized Labor expense (Workpaper) - Anthem Wastewater	$ 559,156
4		
5	Test Year Incentive Plan - Anthem Wastewater	$ 33,558
6		
7	Total Pro Forma Labor expense - Anthem Wastewater	$ 592,714
8		
9	Test Year Labor Expense	$ 573,788
10		
11	Increase/(decrease) in Labor Expense	$ 18,926
12		
13	Adjustment to Revenue and/or Expense	$ 18,926
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		
42		
43		
44		
45	Workpapers & Supporting Documents:	
46	\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\	
47	\Common\Labor\AZ 2008 Labor.xls	
48	\09 Anthem WW\Workpapers\Anthem WW AI 2008.xls	
49		
50		

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-15, Page 2 of 2

Exhibit
Schedule C-2
Page 21
Witness: Murrey

Line No.			
1	Adjust Payroll Taxes to Reflect Adjusted Labor Expense		
2			
3	Adjusted FICA Expense (work paper) - Anthem Wastewater	$ 32,133	
4			
5	Adjusted FUTA Expense (work paper) - Anthem Wastewater	$ 955	
6			
7	Adjusted SUTA Expense (work paper) - Anthem Wastewater	$ 1,361	
8			
9	Total Adjusted Payroll Taxes		$ 34,449
10			
11			
12	Test year FICA Expense (General Taxes) - Anthem Wastewater	$ 38,989	
13			
14	Test year FUTA Expense (General Taxes) - Anthem Wastewater	$ 508	
15			
16	Test year SUTA Expense (General Taxes) - Anthem Wastewater	$ 855	
17			
18	Total Test Year Payroll Taxes		$ 40,352
19			
20			
21	Increase/(Decrease) in Payroll Taxes (General Taxes)		$ (5,903)
22			
23	Adjustment to Revenue and/or Expense for Anthem Wastewater		$ (5,903)
24	Adjustment to Revenue and/or Expense for Agua Fria Wastewater		$ 12,314
25	Total Adjustment		$ 6,411
26			
27	Adjustment Approved Per Order		$ 4,706
28	Difference to be allocated to district based on adjustment amount		$ (1,705)
29			
30	Additional adj for Anthem Wastewater		$ 1,570
31	Additional adj for Agua Fria Wastewater		$ (3,274)
32			$ (1,705)
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45			
46			
47	Workpapers & Supporting Documents:		
48	\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\		
49	\Common\Labor\AZ 2008 Labor.xls		
50	\09 Anthem WW\Workpapers\Anthem WW AI 2008.xls		

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-16

Exhibit
Schedule C-2
Page 22
Witness: Murrey

Line No.		
1	Adjust Pension Expense to Reflect Labor Expense at District Level	
2		
3	Total Pro Forma Pension expense (work paper) - Anthem Wastewater	$ 106,762
4		
5	Test Year Pension Expense - Anthem Wastewater	$ 100,380
6		
7	Increase/(Decrease) in Pension Expense	$ 6,382
8		
9	Adjustment to Revenue and/or Expense	$ 6,382
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		
42		
43		
44		
45	Workpapers & Supporting Documents:	
46	\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\	
47	\Common\Labor\AZ 2008 Labor.xls	
48		
49		
50		

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-17

Exhibit
Schedule C-2
Page 23
Witness: Murrey

Line No.		
1	Adjust 401k Expense to Reflect Adjusted Labor Expense	
2		
3	Adjusted 401k Expense (work paper) - Anthem Wastewater	$ 12,616
4		
5	Test year 401k Expense (Miscellaneous Expense)	$ 11,187
6		
7	Increase/(Decrease) in 401k Expense (Miscellaneous Expense)	$ 1,429
8		
9	Adjustment to Revenue and/or Expense	$ 1,429
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		
42		
43		
44		
45	Workpapers & Supporting Documents:	
46	\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\	
47	\Common\Labor\AZ 2008 Labor.xls	
48		
49		
50		

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-18

Exhibit
Schedule C-2

Witness: Murrey

Line No.			
1	Normalize Group Insurance		
2			
3	Total normalized Group Insurance Expense (workpaper) - Anthem Wastewater	$	149,502
4			
5	Test Year Group Insurance Expense - Anthem Wastewater	$	113,181
6			
7	Increase/(Decrease) in Group Insurance Expense	$	36,321
8			
9	Adjustment to Revenue and/or Expense	$	36,321
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45	Workpapers & Supporting Documents:		
46	\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\		
47	\Common\Labor\AZ 2008 Labor.xls		
48			
49			
50			

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-19

Exhibit
Schedule C-2
Page 25
Witness: Murrey

Line No.					
1	Adjust Miscellaneous Expense for Water Testing Expenses				
2					
3	Adjusted Test Year Water Testing Expense (workpaper) - Anthem Wastewater			$	42,621
4					
5					
6	Corporate Water Testing Expense				
7	Contract Service-Lab Testing SS (A/C 536000.11)	$	122,990		
8	Misc Operating Expense WT(A/C 575000.13)		7,018		
9	Total Included in Test Year Misc Operating Expense	$	130,008		
10					
11	4 Factor Allocation		5.7870%		
12					
13	2008 Test Year Water Testing Expense - Anthem Wastewater			$	7,524
14					
15	Increase/(Decrease) in Water Testing Expense			$	35,097
16					
17	Adjustment to Revenue and/or Expense			$	35,097
18					
19					
20					
21					
22					
23					
24					
25	[1] Water Testing Expense is part of Miscellaneous Operating Expenses				
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45	Workpapers & Supporting Documents:				
46	\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\				
47	\Common\Water Testing\[Water Testing Expense Pro Forma.xls				
48					
49					
50					

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-20 & SLM-6F

Exhibit
Schedule C-2
Page 26
Witness: Murrey

Line No.					[A] Property Tax Expense		[B] Property Tax Expense For Conversion Factor
1	Adjust Property Taxes to Reflect Deconsolidated Revenues:						
2							
3	Adjusted Revenues in year ended Dec. 2007				$ 5,960,902		$ 5,960,902
4	Adjusted Revenues in year ended Dec. 2007				5,960,902		5,960,902
5	Deconsolidated Revenues				$ 5,960,902		$ 6,882,181
6	Average of three year's of revenue				$ 5,960,902		$ 6,267,995
7	Average of three year's of revenue, times 2				$11,921,804		$12,535,990
8	Add:						
9	Construction Work in Progress at 10%				(119,287)		(119,431)
10	Deduct:						
11	Net Book Value of Transportation Equipment				$ -		$ -
12							
13	Full Cash Value				$ 11,802,518		$ 12,416,560
14	Assessment Ratio				22%		22%
15	Assessed Value				2,596,554		2,731,643
16	Property Tax Rate				7.844489%		7.844489%
17							
18	Property Tax				203,686		214,283
19	Tax on Parcels				-		-
20							
21	Total Property Tax at Deconsolidated Rates				$ 203,686		$ 214,283
22	Property Taxes in the test year				110,364		203,686
23	Adjustment to Revenues and/or Expenses				$ 93,323		$ 10,597
24							
25	Adjustment per Order	$ 1,545					
26	Prorated based on Property Tax per District						
27	Anthem	$ 203,686	68.63%	$ 1,060	$ 1,060	ADJ SLM-6F	
28	Agua Fria	$ 93,118	31.37%	$ 485			
29		$ 296,804	100.00%	$ 1,545			
30							
31					$ 94,383		
32							
33							
34							
35							
36	Increase in Property Tax Due to Increase in Revenue Requirement (Line 32 Col [B])						$ 10,597
37							
38	Increase in Revenue Requirement (From Sch. A1)						$ 921,279
39							
40	Increase in Property Tax Per Dollar Increase in Revenue (Line 32/Line 34)						1.15%
41							
42							
43	Workpapers & Supporting Documents:						
44	\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\						
45	\Common\Property Taxes\2008 pd in 08-09 AZ Tax Payment.xls						
46							
47							
48							

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-21

Exhibit
Schedule C-2
Page 27
Witness: Murrey

Line No.			
1	Remove Other Income & Deductions		
2			
3	Test Year Other Income & Deductions, Adjusted	$ -	
4			
5	Test year Other Income & Deductions, Per Books	$ 56,192	
6	Increase in Other Income	$ (56,192)	
7			
8	Adjustment to Revenues and/or Expense	$ (56,192)	(Below the line)
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45	Workpapers & Supporting Documents:		
46	\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\		
47			
48			
49			
50			

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-22

Exhibit
Schedule C-2
Page 28
Witness: Murrey

Line No.				
1	Annualize OPEB Expense			
2				
3	Annualized OPEB Expense (worksheet) - Anthem Wastewater			$ 95,763
4	Less: Capitalized Portion			
5	Normalized Capital Labor	$2,374,756		
6	Normalized Total Labor	$12,999,945		
7	Capitalization Percentage	18.3%		
8	Capitalized Portion of Normalized OPEB			$ (17,525)
9				
10				
11				
12	Total Normalized Expense (line 1 + line 6)		$ 78,238	
13	4 Factor Allocation to Anthem Wastewater		5.7870%	
14	Adjusted Test Year OPEB - Anthem Wastewater			$ 4,528
15				
16	Recorded Expense (A/C 505100)			$ 3,533
17				
18	Increase/(Decrease) in Group Insurance			$ 995
19				
20	Adjustment to *Revenue and/or* Expense			$ 995
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43				
44				
45	Workpapers & Supporting Documents:			
46	\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\			
47				
48				
49				
50				

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-23

Exhibit
Schedule C-2
Page 29
Witness: Murrey

Line No.		
1	Interest Synchronization with Rate Base	
2		
3	Original Cost Rate Base (Sch. B-1, Ln. 24)	$ 25,969,396
4	Weighted Cost of Debt from Schedule D-1	3.00%
5	Synchronized Interest Expense	$ 779,082
6	Test Year Interest Expense	$ 656,714
7	Increase (decrease) in Interest Expense	$ 122,368
8		
9	Adjustment to Revenues and/or Expense	$ 122,368
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		
42		
43		
44		
45	Workpapers & Supporting Documents:	
46	\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\	
47		
48		
49		
50		

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-24

Exhibit
Schedule C-2
Page 30
Witness: Murrey

Line No.			[A] Test Year Adjusted Results	[B] Adjusted with Rate Increase
1	Calculation of Income Taxes at Deconsolidated Rates			
2				
3				
4	Operating Income Before Inc. Taxes		$ 1,438,004	$ 2,343,987
5	Interest Expense		$ 779,082	$ 779,082
6	Arizona Taxable Income		658,922	1,564,905
7				
8	Less Arizona Income Tax		$ 45,914	$ 109,043
9	Arizona Income Tax Rate =	6.968%		
10				
11	Federal Income Before Taxes		$ 658,922	$ 1,564,905
12	Less Arizona Income Taxes		45,914	109,043
13	Federal Taxable Income		$ 613,008	$ 1,455,862
14				
15	Federal Income Taxes:	34.000%	$ 208,423	$ 494,993
16				
17				
18	Total Income Tax		$ 254,336	$ 604,036
19				
20	Tax Rate		38.60%	38.60%
21				
22	Effective Income Tax Rates			
23	State		6.968%	6.968%
24	Federal		31.63%	31.63%
25				
26				
27	Test Year Income Taxes, Per Books		$ (97,843)	
28	Increase in Income Taxes		$ 352,179	
29				
30	Adjustment to Revenues and/or Expense		$ 352,179	
31				
32	Test Year Income Taxes, Adjusted			$ 254,336
33	Increase in Income Taxes			$ 349,699
34				
35	Adjustment to Revenues and/or Expense			$ 349,699
36				
37				
38				
39				
40				
41				
42				
43				
44				
45	Workpapers & Supporting Documents:			
46	\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\			
47				
48				
49				
50				

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-2F

Exhibit
Schedule C-2

Witness: Murrey

Line No.					
1	Staff Test Year Adjustment to Fuel and Power				
5	Staff Adjustment for Fuel and Power		$ 580		
6	(RB Adj# 2 per Revised Final Schedule GTM-13)				
11	Prorated between districts based on Test Year Adjusted Fuel and Power Costs				
13		TY Adjusted Values		Allocation	
14	Anthem Wastewater	$ 10,263		3.68%	$ 21
15	Agua Fria Wastewater	$ 268,401		96.32%	$ 559
16	Total	$ 278,664		100.00%	$ 580
45	Workpapers & Supporting Documents:				
46	\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\				

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-3F

Exhibit
Schedule C-2

Witness: Murrey

Line No.						
1	Staff Test Year Adjustment to Customer Accounting					
5	Staff Adjustment to Customer Accounting		$ (54,183)			
6	(RB Adj# 3 per Revised Final Schedule GTM-14)					
11	Prorated between districts based on Test Year Adjusted Customer Accounting					
13		TY Adjusted Values		Allocation		
14	Anthem Wastewater	$ 112,979		46.65%	$	(25,278)
15	Agua Fria Wastewater	$ 129,191		53.35%	$	(28,905)
16	Total	$ 242,170		100.00%	$	(54,183)
45	Workpapers & Supporting Documents:					
46	\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\					

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-4F

Exhibit
Schedule C-2
Page 33
Witness: Murrey

Line
No.

Staff Test Year Adjustment to Water Testing

Staff Adjustment to Water Testing (RB Adj# 4 per Revised Final Schedule GTM-15)	$ 21,478

Prorated between districts based on Test Year Adjusted Water Testing Costs

	TY Adjusted Values	Allocation	
Anthem Wastewater	$ 42,621	67.85%	$ 14,574
Agua Fria Wastewater	$ 20,192	32.15%	$ 6,904
Total	$ 62,813	100.00%	$ 21,478

Workpapers & Supporting Documents:
\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-5F

Exhibit
Schedule C-2
Page 34
Witness: Murrey

Line No.		CIAC Balances		Anthem	Agua Fria	Per Order Combined
1	Staff Test Year Adjustment to Depreciation Expense					
2						
3						
4						
5	Staff Adjustment to Depreciation Expense				$ (417,089)	
6	(RB Adj# 5 per Revised Final Schedule GTM-16)					
7						
8						
9						
10						
11						
12						
13						
14						
15	District			$ 1,987,316	$ 1,827,921	
16	Corporate Allocation			31,154	17,982	
17	Northwest Valley			-	328,241	
18	Post Test Year			20,521	-	
19	Depreciation Amounts			$ 2,038,991	$ 2,174,144	$ 4,213,134
20						
21	Amortization of Regulatory CIAC			(107,543)	(197,344)	(304,886)
22						
23	Amortization of CIAC at Composite F		3.31%			
24						
25	Anthem	1,077,324				
26	Agua Fria	13,871,707				
27		14,949,031	494,528	(35,639)	(458,889)	(494,528)
28						
29	Per Order Breakdown			$ 1,895,809	$ 1,517,911	$ 3,413,720
30						
31						
32	Company Deconsolidated			$ 2,063,331	$ 1,767,477	$ 3,830,808
33	Rounding			1		1
34						
35	Adjustment per District			$ (167,523)	$ (249,566)	$ (417,089)
36						
37						
38						
39						
40						
41						
42						
43						
44						
45	Workpapers & Supporting Documents:					
46	\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\					
47						
48						
49						
50						

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-8F

Exhibit
Schedule C-2

Witness: Murrey

Line No.			Unamortized Balance			Allocation		
1	*Staff Test Year Adjustment to Regulatory Expense*							
2								
3								
4								
5	Staff Adjustment to Regulatory Expense				$ (12,500)			
6	(RB Adj# 8 per Revised Final Schedule GTM-19							
7								
8								
9								
10								
11	Prorated between districts based on unrecovered rate case expense from prior proceedings							
12								
13			Unamortized Balance			Allocation		
14	Anthem Wastewater		$	23,777		63.40%	$	(7,926)
15	Agua Fria Wastewater		$	13,724		36.60%	$	(4,574)
16	Total		$	37,500		100.00%	$	(12,500)
17								
18		Recovery Period		3				
19								
20			$	12,500				
21								
22								
23								
24								
25								
26								
27								
28								
29								
30								
31								
32								
33								
34								
35								
36								
37								
38								
39								
40								
41								
42								
43								
44								
45	Workpapers & Supporting Documents:							
46	\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\							
47								
48								
49								
50								

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-9Fa

Exhibit
Schedule C-2
Page 36
Witness: Murrey

Line No.				
1	Staff Test Year Adjustment to Labor			
2		Total	Anthem WW	Agua Fria WW
3	Labor - AIP Adjustment	$ (17,639)	$ (8,262)	(9,376)
4	Labor - Stock Compensation Adjustment	$ (7,845)	$ (3,675)	$ (4,170)
5	Staff Adjustment to Labor	$ (25,484)	$ (11,937)	$ (13,547)
6	(RB Adj# 9 per Revised Final Schedule GTM-20)			
7				
8				
9				
10	Labor - AIP Adjustment - Remove 30%	Per Order		
11		Total	Anthem WW	Agua Fria WW
12				
13	Arizona Corporate Achievement Incentive Pay	$ 475,900	$ 475,900	$ 475,900
14				
15	*4 Factor Allocation to Anthem / Agua Fria Wastewater*	12.3543%	5.7870%	6.5673%
16	District's Water Portion of AZ Corporate AIP	$ (58,793)	$ (27,541)	$ (31,254)
17				
18	Accept RUCO Adj C-3 Disallowance Percentage	30%	30%	30%
19				
20	Adjustment to Achievement Incentive Pay	$ (17,638)	$ (8,262)	$ (9,376)
21				
22				
23				
24	Labor - Stock Compensation Adjustment	Per Order		
25		Total	Anthem WW	Agua Fria WW
26				
27	Arizona Portion of Test Year Stock Based Compensation	$ 103,974	$ 103,974	$ 103,974
28				
29	4 Factor Allocation to Anthem / Agua Fria Wastewater	12.3543%	5.7870%	6.5673%
30	District's Portion of Arizona Stock Based Compensation	$ (12,845)	$ (6,017)	$ (6,828)
31				
32	Difference (split proportionately based on district portion)	$ 5,000	$ 2,342	$ 2,658
33				
34	Adjustment to Stock Compensation	$ (7,845)	$ (3,675)	$ (4,170)
35				
36				
37				
38				
39				
40				
41				
42				
43				
44				
45				
46				
47				
48				
49	Workpapers & Supporting Documents:			
50	\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\			

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-9Fb

Exhibit
Schedule C-2
Page 37
Witness: Murrey

Line No.				
1	Staff Test Year Adjustment to Mgmt Fees	Total	Anthem WW	Agua Fria WW
2	Mgmt Fees - AIP Adj	$ (5,249)	$ (2,459)	$ (2,790)
3	Mgmt Fees - Stock Comp Adj	(19,895)	(9,319)	(10,576)
4	Mgmt Fees - Other Expense Adj	(21,050)	(9,860)	(11,190)
5	Mgmt Fees - BD Expenses	(12,453)	(5,833)	(6,620)
6	Mgmt Fees - Dues & Donations	(4,289)	(2,009)	(2,280)
7	Staff Adjustment to Mgmt Fees	$ (62,936)	$ (29,480)	$ (33,456)
8	(RB Adj# 9 per Revised Final Schedule GTM-20)			
9				
10				
11				
12	Mgmt Fees - AIP Adj	Per Order Total	Anthem WW	Agua Fria WW
13	Service Company Portion of Test Year Stock Based Compensation	$ 69,573	$ 69,573	$ 69,573
14	4 Factor Allocation to Anthem / Agua Fria Wastewater	12.3543%	5.7870%	6.5673%
15	District's Water Portion of AZ Corporate AIP	$ (8,595)	$ (4,026)	$ (4,569)
16				
17	Difference (split proportionately based on district portion)	$ 3,346	$ 1,567	$ 1,779
18				
19	Adjustment to Mgmt Fees - AIP	$ (5,249)	$ (2,459)	$ (2,790)
20				
21				
22	Mgmt Fees - Stock Comp Adj - Remove 30%	Per Order Total	Anthem WW	Agua Fria WW
23	Adjusted Test Year Service Co. Achievement Incentive Pay	$ 536,787	$ 536,787	$ 536,787
24				
25	4 Factor Allocation to Anthem / Agua Fria Wastewater	12.3543%	5.7870%	6.5673%
26	District's Water Portion of AZ Corporate AIP	$ (66,317)	$ (31,064)	$ (35,252)
27				
28	Disallowance Percentage	30%	30%	30%
29	Adjustment to Management Fees AIP	$ (19,895)	$ (9,319)	$ (10,576)
30				
31				
32	Mgmt Fees - Other Expense Adj - Reverse ADJ MHK-4)	Per Order Total	Anthem WW	Agua Fria WW
33	Increase in Other Expenses	$ 170,388	$ 170,388	$ 170,388
34	4 Factor Allocation to Anthem / Agua Fria Wastewater	12.3543%	5.7870%	6.5673%
35	Adjustment to Other Expenses	$ (21,050)	$ (9,860)	$ (11,190)
36				
37				
38	Mgmt Fees - BD Expenses - Remove all	Per Order Total	Anthem WW	Agua Fria WW
39	Company adjusted BD Expenses	$ 100,799	$ 100,799	$ 100,799
40	4 Factor Allocation to Anthem / Agua Fria Wastewater	12.3543%	5.7870%	6.5673%
41	Adjustment to BD Expenses	$ (12,453)	$ (5,833)	$ (6,620)
42				
43				
44	Mgmt Fees - Dues & Donations - Remove all	Per Order Total	Anthem WW	Agua Fria WW
45	Adjusted Test Year Dues & Donations in Mgmt Fees	$ 34,716	$ 34,716	$ 34,716
46	4 Factor Allocation to Anthem / Agua Fria Wastewater	12.3543%	5.7870%	6.5673%
47	Adjustment to Due & Donations	$ (4,289)	$ (2,009)	$ (2,280)
48				
49	Workpapers & Supporting Documents:			
50	\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\			

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-9Fc

Exhibit
Schedule C-2
Page 38
Witness: Murrey

Line No.		Per Order Total	Anthem WW	Agua Fria WW
1	Staff Test Year Adjustment to Pension Expense			
2				
3				
4				
5	Staff Adjustment to Pension Exp	$ 18,666		
6	(RB Adj# 9 per Revised Final Schedule GTM-20)			
7				
8				
9				
10				
11	Adjust Pension Expense to Reflect Pension Expense at District Level			
12				
13		Per Order Total	Anthem WW	Agua Fria WW
14				
15	Deferred Service Company Amortization of Pension Expense	$ 151,088	$ 151,088	$ 151,088
16	4 Factor Allocation to Anthem / Agua Fria Wastewater	12.3543%	5.7870%	6.5673%
17	District's Portion of Deferred Svc. Co. Amtz	$ 18,666	$ 8,744	$ 9,922
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43				
44				
45	Workpapers & Supporting Documents:			
46	\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\			
47				
48				
49				
50				

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Computation of Gross Revenue Conversion Factor

Exhibit
Schedule C-3
Page 1
Witness: Murrey

Line No.	Description					Percentage of Incremental Gross Revenues
1	Federal Income Taxes					31.63%
2						
3	State Income Taxes					6.97%
4				Combined	38.60%	
5	Property Taxes	Effective Rate =	1.15%	One Minus Combined	61.40%	0.71%
6						
7	Bad Debt Expense	Effective Rate =	0.51%	One Minus Combined	61.40%	0.31%
8						
9	Total Tax Percentage					39.62%
10						
11	Operating Income % = 100% - Tax Percentage					60.38%
12						
13						
14						
15	1	= Gross Revenue Conversion Factor				
16	Operating Income %					1.6561
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45						
46						
47						
48						
49						
50	\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\					

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Operating Statistics

Exhibit
Schedule E-7
Page 1
Witness: Murrey

Line No.		Test Year Ended 12/31/2008	Prior Year Ended 12/31/2007	Prior Year Ended 12/31/2006
1	WASTEWATER STATISTICS:			
2				
3	Average No. of Customers			
4	Residential	7,950	7,981	7,602
5	Commercial	90	91	85
6	Industrial	0	0	0
7	Other Public Authority	-	-	-
8	Other	6	5	5
9	Total	8,046	8,077	7,692
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20	Annual Revenue per Average			
21	Residential Customer	$531.09	$437.80	$473.21
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43				
44				
45				
46				
47				
48				
49				
50	\Schedules\2008 Anthem WW Sch. A-F_Decon.xls\			

Exhibit
Schedule H-1
Page 1
Witness: Murrey

Arizona American Water Company - Anthem Wastewater
Test Year Ended December 31, 2008
Summary of Revenues by Customer Classification - Test Year & Deconsolidated Rates

Line		Revenues in Test Year		Deconsolidated Increase	
No.	Customer Classification	Test Year Rates	Deconsolidated Rates	Amount	%
1					
2	Residential	$ 4,828,680.67	$ 5,575,968.37	$ 747,287.69	15.5%
3					
4	Commercial	$ 395,117.15	$ 466,017.30	$ 70,900.15	17.9%
5					
6	Effluent		$ 449,603.00	$ 449,603.00	
7					
8	OWU	$ 733,665.54	$ 387,153.22	$ (346,512.32)	-47.2%
9					
10					
11	Total Revenues	$ 5,957,463.37	**$ 6,878,741.89**	$ 921,278.52	15.46%
12					
13					
14			Add Customer	Annualized	
15	Anthem WW	From Schedule	Annualization from	Current	
16	Wastewater	H-2	Schedule C-2	Rates	
17	Residential	$ 4,791,496.41	$ 37,184.27	$ 4,828,680.67	
18	Commercial	$ 396,427.56	$ (1,310.40)	$ 395,117.15	
19	OWU	$ 733,665.54		$ 733,665.54	
20		$ 5,921,589.50	$ 35,873.86	$ 5,957,463.37	
21					
22					
23	Increase in Gross Revenue from Schedule A-1			$ 921,278.92	
24	Percent Increase Across the Board			15.46%	
25					
26					
27			Add Customer	Annualized	
28	Anthem WW	From Schedule	Annualization from	Current	
29	Wastewater	H-2	Schedule C-2	Rates	
30	Residential	$5,533,035.98	$ 42,932.39	$ 5,575,968.37	
31	Commercial	$ 467,530.27	$ (1,512.97)	$ 466,017.30	
32	OWU	$ 387,153.22		$ 387,153.22	
33		$ 6,387,719.47	$ 41,419.42	$ 6,429,138.89	
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46					
47					
48					
49					

Exhibit
Schedule H-2
Page 1
Witness: Murrey

Arizona American Water Company - Anthem Sewer
Test Year Ended December 31, 2008
Analysis of Revenue by Detailed Class

Line No.	Rate Schedule	Description	Average Number of Customers	Average Consumption	Test Year Rates	Revenues Annualized Current Rates	Deconsolidated Rates	Deconsolidated Increase Amount	Increase %
1	E1MS1	Anthem Sewer Residential	8,328	5,814	$ 4,221,379.78	$ 4,796,296.77	$ 5,538,581.36	$ 742,284.59	15.48%
2	E2MS1	Anthem Sewer Commercial 5/8"	4	5,925	$ 2,122.45	$ 2,465.79	$ 2,848.94	$ 383.15	15.54%
3	E2MS3	Anthem Sewer Commercial 1"	18	8,824	$ 16,194.52	$ 18,344.41	$ 21,020.81	$ 2,676.41	14.59%
4	E2MS4	Anthem Sewer Commercial LG	109	50,337	$ 332,227.15	$ 376,037.84	$ 443,882.40	$ 67,844.57	18.04%
5	E5M2	Anthem Wholesale (Phoenix) OWU	2	9,655,083	$ 643,427.69	$ 734,558.74	$ 387,624.56	$ (346,934.18)	-47.23%
6	D7M1	Anthem Effluent	48	840,540	$ 553,090.29	$ 687,648.39	$ 370,272.21	$ -	-
7	D7M2	Anthem Effluent - Const	5	1,717,117	$ 115,225.15	$ 147,328.61	$ 79,330.79	$ -	-
8									
9									
10									
11									
12		Total Anthem Sewer - Billed Revenues	8,514	12,283,640	$ 5,883,667.04	$ 6,762,680.54	$ 6,843,561.07	$ 466,254.53	6.89%
13									
14		Total Residential	8,328	5,814	$4,221,379.78	$4,796,296.77	$5,538,581.36	742,285	15.48%
15		Total Commercial	131	65,086	$350,544.13	$396,848.04	$467,752.15	70,904	17.87%
16		Total OWU	2	9,655,083	$643,427.69	$734,558.74	$387,624.56	(346,934)	-47.23%
17									
18									
19									
20		Total Anthem Sewer - *Billed Revenues*	8,461	9,725,983	$ 5,215,351.60	$ 5,927,703.54	$ 6,393,958.07	$ 466,254.53	7.87%
21		Less: Miscellaneous Adjustments			$ (6,114.04)				
22		Annualized Difference			$ 712,351.94				
23					Test Year		Deconsoldiated		
24					Rates		Rates	Annualization of	
25					Misc. Adjustments		Misc. Adjustments	6/4/08 Rate Incr	
26		E1MS1			$ (1,415.25)	$ (1,415.25)	(1,634.28)	$ 574,916.98	
27		E2MS4			$ (3,385.11)	$ (3,385.11)	(3,911.10)		
28									
29		Difference from General Ledger [a] 0.00%			$ 130.94	$ -	-		
30				Subtotal	$ (4,669.42)	$ (4,800.36)	$ (5,545.38)	$ 574,916.98	
31									PMT (Booked Revenue)
32		Residential Billed Revenues			**$4,216,710.36**	**$4,791,496.41**	**$5,533,035.98**		**$4,216,710.36**
33									
34									
35		E2MS1			$ -	$ -	-	$ 343.34	
36		E2MS3			$ -	$ -	-	$ 2,149.88	
37		E2MS4			$ (420.48)	$ (420.48)	(221.89)	$ 43,810.68	
38		Difference from General Ledger [a] 0.60%			$ 2,110.80	$ -	-		
39				Subtotal	$ 1,690.32	$ (420.48)	$ (221.89)	$ 46,303.91	PMT (Booked Revenue)
40									
41		Commercial Billed Revenues			**$352,234.45**	**$396,427.56**	**$ 467,530.27**		**$352,234.45**
42									
43		E5M2			$ (893.20)	$ (893.20)	(471.34)	$ 91,131.05	
44									
45									
46									
47									
48									
49									
50		Difference from General Ledger [a] 0.00%			$ -		-		
51				Subtotal	$ (893.20)	$ (893.20)	$ (471.34)	$91,131.05	PMT (Booked Revenue)
52									
53		OPA Billed Revenues			**$642,534.49**	**$733,665.54**	**$ 387,153.22**		**$642,534.49**
54									
55									
56									
57		Billed Revenues			$ 5,211,479.30	$ 5,921,589.50	$ 6,387,719.47	$ 712,351.94	
58						$ 710,110.20			
59		Total Booked Revenues Per G.L.- F.Y. 2008							**$5,211,479.30**
60									
61		Difference from General Ledger [a] 0.00%			$ 0.00				
62									

Exhibit
Schedule H-3
Page 1
Witness: Murrey

Arizona American Water Company - Anthem Sewer
Test Year Ended December 31, 2008
Changes in Representative Rate Schedules

Line	Rate				Base Charge			Volume Charge		
No.	Schedule	Description	Block		Test Year Rate	Deconsolidated Rate	Change	Test Year Rate	Deconsolidated Rate	Change
1	E1MS1	Anthem Sewer Residential	First 7,000 gals.		$ 27.76	$ 30.48	$ 2.72	$ 3.4800	$ 4.2900	$ 0.8100
2			Over 7,000 gals.							
3	E2MS1	Anthem Sewer Commercial 5/8"	First 10,000 gals.		$ 27.76	$ 30.48	$ 2.72	$ 3.4800	$ 4.2900	$ 0.8100
4			Over 10,000 gals.							
5	E2MS2	Anthem Sewer Commercial 3/4"	First 15,000 gals.		$ 41.64	$ 45.72	$ 4.08	$ 3.4800	$ 4.2900	$ 0.8100
6			Over 15,000 gals.							
7	E2MS3	Anthem Sewer Commercial 1"	First 20,000 gals.		$ 55.58	$ 61.02	$ 5.44	$ 3.4800	$ 4.2900	$ 0.8100
8			Over 20,000 gals.							
9	E2MS4	Anthem Sewer Commercial LG	All Usage		$ 111.12	$ 122.00	$ 10.88	$ 3.4800	$ 4.2900	$ 0.8100
10	E5M2	Anthem Wholesale (Phoenix) OWU	All Usage		$ -	$ -	$ -	$ 3.1700	$ 5.5760	$ 2.4060
11	D7M1	Anthem Effluent			$ -	$ -	$ -	$ 1.4300	$ 0.77	$ (0.66)
12	D7M2	Anthem Effluent - Const			$ -	$ -	$ -	$ 1.4300	$ 0.77	$ (0.66)
13										
14										
15										
16										
17										
18		Annual Fee for Industrial Discharge Service								
19		<= 50,000 gals water per month			$ 500	$ 500	$ -			
20		> 50,000 gals water per month			$ 1,000	$ 1,000	$ -			
21										
22	SHU-1	Sewer Facilities Hook-Up Fee								
23		Fee per Equivalent Residential Unit			$ 765					
24		ERU Schedule:		# ERUs						
25		Single Family Home		1.00						
26		Apartment Units		0.50						
27		Commercial Units (per acre)		4.00						
28		Resorts (per room)		0.50						
29		Parks, Golf Courses and Rights of Way		-						
30										
31	MISC-1	Miscellaneous Fees								
32		Establishment during business hours			$ 30.00	$ 30.00	$ -			
33		Establishment after business hours			$ 45.00	$ 45.00	$ -			
34		Reconnection (delinquent)			$ 40.00	$ 40.00	$ -			

Exhibit
Schedule H-4
Page 1
Witness: Murrey

Arizona American Water Company - Anthem Sewer
Test Year Ended December 31, 2008
Typical Bill Analysis

					Typical Bills				
Line No.	Rate Schedule	Description		Consumption	Test Year Rates	Deconsolidated Rates		Deconsolidated Increase Amount	%
1	E1MS1	Anthem Sewer Residential		1,000	$31.24	$33.41	$	2.17	6.95%
2	E1MS1	Anthem Sewer Residential		2,000	$34.72	$37.26	$	2.54	7.32%
3	E1MS1	Anthem Sewer Residential		3,000	$38.20	$41.11	$	2.91	7.62%
4	E1MS1	Anthem Sewer Residential		4,000	$41.68	$44.96	$	3.28	7.87%
5	E1MS1	Anthem Sewer Residential		5,000	$45.16	$48.81	$	3.65	8.09%
6	E1MS1	Anthem Sewer Residential		6,000	$48.64	$52.66	$	4.02	8.27%
7	E1MS1	Anthem Sewer Residential		7,000	$52.12	$56.51	$	4.39	8.43%
8	E1MS1	Anthem Sewer Residential		8,000	$52.12	$56.51	$	4.39	8.43%
9	E1MS1	Anthem Sewer Residential		9,000	$52.12	$56.51	$	4.39	8.43%
10	E1MS1	Anthem Sewer Residential		10,000	$52.12	$56.51	$	4.39	8.43%
11	E1MS1	Anthem Sewer Residential		11,000	$52.12	$56.51	$	4.39	8.43%
12	E1MS1	Anthem Sewer Residential		12,000	$52.12	$56.51	$	4.39	8.43%
13	E1MS1	Anthem Sewer Residential		13,000	$52.12	$56.51	$	4.39	8.43%
14	E1MS1	Anthem Sewer Residential		14,000	$52.12	$56.51	$	4.39	8.43%
15	E1MS1	Anthem Sewer Residential		15,000	$52.12	$56.51	$	4.39	8.43%
16	E1MS1	Anthem Sewer Residential		16,000	$52.12	$56.51	$	4.39	8.43%
17	E1MS1	Anthem Sewer Residential		17,000	$52.12	$56.51	$	4.39	8.43%
18	E1MS1	Anthem Sewer Residential		18,000	$52.12	$56.51	$	4.39	8.43%
19	E1MS1	Anthem Sewer Residential		19,000	$52.12	$56.51	$	4.39	8.43%
20	E1MS1	Anthem Sewer Residential		20,000	$52.12	$56.51	$	4.39	8.43%
21	E1MS1	Anthem Sewer Residential		21,000	$52.12	$56.51	$	4.39	8.43%
22	E1MS1	Anthem Sewer Residential		22,000	$52.12	$56.51	$	4.39	8.43%
23	E1MS1	Anthem Sewer Residential		23,000	$52.12	$56.51	$	4.39	8.43%
24	E1MS1	Anthem Sewer Residential		24,000	$52.12	$56.51	$	4.39	8.43%
25	E1MS1	Anthem Sewer Residential		25,000	$52.12	$56.51	$	4.39	8.43%
26	E1MS1	Anthem Sewer Residential		26,000	$52.12	$56.51	$	4.39	8.43%
27	E1MS1	Anthem Sewer Residential		27,000	$52.12	$56.51	$	4.39	8.43%
28	E1MS1	Anthem Sewer Residential		28,000	$52.12	$56.51	$	4.39	8.43%
29	E1MS1	Anthem Sewer Residential		29,000	$52.12	$56.51	$	4.39	8.43%
30	E1MS1	Anthem Sewer Residential		30,000	$52.12	$56.51	$	4.39	8.43%
31	E1MS1	Anthem Sewer Residential		31,000	$52.12	$56.51	$	4.39	8.43%
32	E1MS1	Anthem Sewer Residential		32,000	$52.12	$56.51	$	4.39	8.43%
33	E1MS1	Anthem Sewer Residential		33,000	$52.12	$56.51	$	4.39	8.43%
34	E1MS1	Anthem Sewer Residential		34,000	$52.12	$56.51	$	4.39	8.43%
35	E1MS1	Anthem Sewer Residential		35,000	$52.12	$56.51	$	4.39	8.43%
36	E1MS1	Anthem Sewer Residential		36,000	$52.12	$56.51	$	4.39	8.43%
37	E1MS1	Anthem Sewer Residential		37,000	$52.12	$56.51	$	4.39	8.43%
38	E1MS1	Anthem Sewer Residential		38,000	$52.12	$56.51	$	4.39	8.43%
39	E1MS1	Anthem Sewer Residential		39,000	$52.12	$56.51	$	4.39	8.43%
40	E1MS1	Anthem Sewer Residential		40,000	$52.12	$56.51	$	4.39	8.43%
41	E1MS1	Anthem Sewer Residential		41,000	$52.12	$56.51	$	4.39	8.43%
42	E1MS1	Anthem Sewer Residential		42,000	$52.12	$56.51	$	4.39	8.43%
43	E1MS1	Anthem Sewer Residential		43,000	$52.12	$56.51	$	4.39	8.43%
44	E1MS1	Anthem Sewer Residential		44,000	$52.12	$56.51	$	4.39	8.43%
45	E1MS1	Anthem Sewer Residential		45,000	$52.12	$56.51	$	4.39	8.43%
46	E1MS1	Anthem Sewer Residential		46,000	$52.12	$56.51	$	4.39	8.43%
47	E1MS1	Anthem Sewer Residential		47,000	$52.12	$56.51	$	4.39	8.43%
48	E1MS1	Anthem Sewer Residential		48,000	$52.12	$56.51	$	4.39	8.43%
49	E1MS1	Anthem Sewer Residential		49,000	$52.12	$56.51	$	4.39	8.43%
50	E1MS1	Anthem Sewer Residential		50,000	$52.12	$56.51	$	4.39	8.43%
51	E1MS1	Anthem Sewer Residential		51,000	$52.12	$56.51	$	4.39	8.43%
52	E1MS1	Anthem Sewer Residential		52,000	$52.12	$56.51	$	4.39	8.43%
53	E1MS1	Anthem Sewer Residential		53,000	$52.12	$56.51	$	4.39	8.43%
54	E1MS1	Anthem Sewer Residential		54,000	$52.12	$56.51	$	4.39	8.43%
55	E1MS1	Anthem Sewer Residential		55,000	$52.12	$56.51	$	4.39	8.43%
56									
57	E1MS1	Anthem Sewer Residential	Average:	5,814	$47.99	$51.95	$	3.95	8.24%
58									
59									
60									

Exhibit
Schedule H-4
Page 2
Witness: Murrey

Arizona American Water Company - Anthem Sewer
Test Year Ended December 31, 2008
Typical Bill Analysis

					Typical Bills			
Line	Rate				Test Year	Deconsolidated	Deconsolidated Increase	
No.	Schedule	Description		Consumption	Rates	Rates	Amount	%
1	E2MS1	Anthem Sewer Commerial 5/8"		1,000	$31.24	$33.41	$ 2.17	6.95%
2	E2MS1	Anthem Sewer Commerial 5/8"		2,000	$34.72	$37.26	$ 2.54	7.32%
3	E2MS1	Anthem Sewer Commerial 5/8"		3,000	$38.20	$41.11	$ 2.91	7.62%
4	E2MS1	Anthem Sewer Commerial 5/8"		4,000	$41.68	$44.96	$ 3.28	7.87%
5	E2MS1	Anthem Sewer Commerial 5/8"		5,000	$45.16	$48.81	$ 3.65	8.09%
6	E2MS1	Anthem Sewer Commerial 5/8"		6,000	$48.64	$52.66	$ 4.02	8.27%
7	E2MS1	Anthem Sewer Commerial 5/8"		7,000	$52.12	$56.51	$ 4.39	8.43%
8	E2MS1	Anthem Sewer Commerial 5/8"		8,000	$55.60	$60.36	$ 4.76	8.57%
9	E2MS1	Anthem Sewer Commerial 5/8"		9,000	$59.08	$64.21	$ 5.13	8.69%
10	E2MS1	Anthem Sewer Commerial 5/8"		10,000	$62.56	$68.06	$ 5.50	8.80%
11	E2MS1	Anthem Sewer Commerial 5/8"		11,000	$62.56	$68.06	$ 5.50	8.80%
12	E2MS1	Anthem Sewer Commerial 5/8"		12,000	$62.56	$68.06	$ 5.50	8.80%
13	E2MS1	Anthem Sewer Commerial 5/8"		13,000	$62.56	$68.06	$ 5.50	8.80%
14	E2MS1	Anthem Sewer Commerial 5/8"		14,000	$62.56	$68.06	$ 5.50	8.80%
15	E2MS1	Anthem Sewer Commerial 5/8"		15,000	$62.56	$68.06	$ 5.50	8.80%
16	E2MS1	Anthem Sewer Commerial 5/8"		16,000	$62.56	$68.06	$ 5.50	8.80%
17	E2MS1	Anthem Sewer Commerial 5/8"		17,000	$62.56	$68.06	$ 5.50	8.80%
18	E2MS1	Anthem Sewer Commerial 5/8"		18,000	$62.56	$68.06	$ 5.50	8.80%
19	E2MS1	Anthem Sewer Commerial 5/8"		19,000	$62.56	$68.06	$ 5.50	8.80%
20	E2MS1	Anthem Sewer Commerial 5/8"		20,000	$62.56	$68.06	$ 5.50	8.80%
21	E2MS1	Anthem Sewer Commerial 5/8"		21,000	$62.56	$68.06	$ 5.50	8.80%
22	E2MS1	Anthem Sewer Commerial 5/8"		22,000	$62.56	$68.06	$ 5.50	8.80%
23	E2MS1	Anthem Sewer Commerial 5/8"		23,000	$62.56	$68.06	$ 5.50	8.80%
24	E2MS1	Anthem Sewer Commerial 5/8"		24,000	$62.56	$68.06	$ 5.50	8.80%
25	E2MS1	Anthem Sewer Commerial 5/8"		25,000	$62.56	$68.06	$ 5.50	8.80%
26	E2MS1	Anthem Sewer Commerial 5/8"		26,000	$62.56	$68.06	$ 5.50	8.80%
27	E2MS1	Anthem Sewer Commerial 5/8"		27,000	$62.56	$68.06	$ 5.50	8.80%
28	E2MS1	Anthem Sewer Commerial 5/8"		28,000	$62.56	$68.06	$ 5.50	8.80%
29	E2MS1	Anthem Sewer Commerial 5/8"		29,000	$62.56	$68.06	$ 5.50	8.80%
30	E2MS1	Anthem Sewer Commerial 5/8"		30,000	$62.56	$68.06	$ 5.50	8.80%
31	E2MS1	Anthem Sewer Commerial 5/8"		31,000	$62.56	$68.06	$ 5.50	8.80%
32	E2MS1	Anthem Sewer Commerial 5/8"		32,000	$62.56	$68.06	$ 5.50	8.80%
33	E2MS1	Anthem Sewer Commerial 5/8"		33,000	$62.56	$68.06	$ 5.50	8.80%
34	E2MS1	Anthem Sewer Commerial 5/8"		34,000	$62.56	$68.06	$ 5.50	8.80%
35	E2MS1	Anthem Sewer Commerial 5/8"		35,000	$62.56	$68.06	$ 5.50	8.80%
36	E2MS1	Anthem Sewer Commerial 5/8"		36,000	$62.56	$68.06	$ 5.50	8.80%
37	E2MS1	Anthem Sewer Commerial 5/8"		37,000	$62.56	$68.06	$ 5.50	8.80%
38	E2MS1	Anthem Sewer Commerial 5/8"		38,000	$62.56	$68.06	$ 5.50	8.80%
39	E2MS1	Anthem Sewer Commerial 5/8"		39,000	$62.56	$68.06	$ 5.50	8.80%
40	E2MS1	Anthem Sewer Commerial 5/8"		40,000	$62.56	$68.06	$ 5.50	8.80%
41	E2MS1	Anthem Sewer Commerial 5/8"		41,000	$62.56	$68.06	$ 5.50	8.80%
42	E2MS1	Anthem Sewer Commerial 5/8"		42,000	$62.56	$68.06	$ 5.50	8.80%
43	E2MS1	Anthem Sewer Commerial 5/8"		43,000	$62.56	$68.06	$ 5.50	8.80%
44	E2MS1	Anthem Sewer Commerial 5/8"		44,000	$62.56	$68.06	$ 5.50	8.80%
45	E2MS1	Anthem Sewer Commerial 5/8"		45,000	$62.56	$68.06	$ 5.50	8.80%
46	E2MS1	Anthem Sewer Commerial 5/8"		46,000	$62.56	$68.06	$ 5.50	8.80%
47	E2MS1	Anthem Sewer Commerial 5/8"		47,000	$62.56	$68.06	$ 5.50	8.80%
48	E2MS1	Anthem Sewer Commerial 5/8"		48,000	$62.56	$68.06	$ 5.50	8.80%
49	E2MS1	Anthem Sewer Commerial 5/8"		49,000	$62.56	$68.06	$ 5.50	8.80%
50	E2MS1	Anthem Sewer Commerial 5/8"		50,000	$62.56	$68.06	$ 5.50	8.80%
51	E2MS1	Anthem Sewer Commerial 5/8"		51,000	$62.56	$68.06	$ 5.50	8.80%
52	E2MS1	Anthem Sewer Commerial 5/8"		52,000	$62.56	$68.06	$ 5.50	8.80%
53	E2MS1	Anthem Sewer Commerial 5/8"		53,000	$62.56	$68.06	$ 5.50	8.80%
54	E2MS1	Anthem Sewer Commerial 5/8"		54,000	$62.56	$68.06	$ 5.50	8.80%
55	E2MS1	Anthem Sewer Commerial 5/8"		55,000	$62.56	$68.06	$ 5.50	8.80%
56								
57	E2MS1	Anthem Sewer Commerial 5/8"	Average:	5,925	$48.38	$52.37	$ 3.99	8.26%
58								
59								
60								

Arizona American Water Company - Anthem Sewer
Test Year Ended December 31, 2008
Typical Bill Analysis

Line No.	Rate Schedule	Description		Consumption	Typical Bills Test Year Rates	Typical Bills Deconsolidated Rates	Deconsolidated Increase Amount	Deconsolidated Increase %
1	E2MS3	Anthem Sewer Commercial 1"		5,000	$59.06	$63.04	$ 3.98	6.74%
2	E2MS3	Anthem Sewer Commercial 1"		10,000	$62.54	$66.89	$ 4.35	6.95%
3	E2MS3	Anthem Sewer Commercial 1"		15,000	$66.02	$70.74	$ 4.72	7.15%
4	E2MS3	Anthem Sewer Commercial 1"		20,000	$69.50	$74.59	$ 5.09	7.32%
5	E2MS3	Anthem Sewer Commercial 1"		25,000	$72.98	$78.44	$ 5.46	7.48%
6	E2MS3	Anthem Sewer Commercial 1"		30,000	$76.46	$82.29	$ 5.83	7.62%
7	E2MS3	Anthem Sewer Commercial 1"		35,000	$79.94	$86.14	$ 6.20	7.75%
8	E2MS3	Anthem Sewer Commercial 1"		40,000	$83.42	$89.99	$ 6.57	7.87%
9	E2MS3	Anthem Sewer Commercial 1"		45,000	$86.90	$93.84	$ 6.94	7.98%
10	E2MS3	Anthem Sewer Commercial 1"		50,000	$90.38	$97.69	$ 7.31	8.09%
11	E2MS3	Anthem Sewer Commercial 1"		55,000	$93.86	$101.54	$ 7.68	8.18%
12	E2MS3	Anthem Sewer Commercial 1"		60,000	$97.34	$105.39	$ 8.05	8.27%
13	E2MS3	Anthem Sewer Commercial 1"		65,000	$100.82	$109.24	$ 8.42	8.35%
14	E2MS3	Anthem Sewer Commercial 1"		70,000	$104.30	$113.09	$ 8.79	8.43%
15	E2MS3	Anthem Sewer Commercial 1"		75,000	$107.78	$116.94	$ 9.16	8.50%
16	E2MS3	Anthem Sewer Commercial 1"		80,000	$111.26	$120.79	$ 9.53	8.56%
17	E2MS3	Anthem Sewer Commercial 1"		85,000	$114.74	$124.64	$ 9.90	8.63%
18	E2MS3	Anthem Sewer Commercial 1"		90,000	$118.22	$128.49	$ 10.27	8.69%
19	E2MS3	Anthem Sewer Commercial 1"		95,000	$121.70	$132.34	$ 10.64	8.74%
20	E2MS3	Anthem Sewer Commercial 1"		100,000	$125.18	$136.19	$ 11.01	8.79%
21	E2MS3	Anthem Sewer Commercial 1"		105,000	$125.18	$136.19	$ 11.01	8.79%
22	E2MS3	Anthem Sewer Commercial 1"		110,000	$125.18	$136.19	$ 11.01	8.79%
23	E2MS3	Anthem Sewer Commercial 1"		115,000	$125.18	$136.19	$ 11.01	8.79%
24	E2MS3	Anthem Sewer Commercial 1"		120,000	$125.18	$136.19	$ 11.01	8.79%
25	E2MS3	Anthem Sewer Commercial 1"		125,000	$125.18	$136.19	$ 11.01	8.79%
26	E2MS3	Anthem Sewer Commercial 1"		130,000	$125.18	$136.19	$ 11.01	8.79%
27	E2MS3	Anthem Sewer Commercial 1"		135,000	$125.18	$136.19	$ 11.01	8.79%
28	E2MS3	Anthem Sewer Commercial 1"		140,000	$125.18	$136.19	$ 11.01	8.79%
29	E2MS3	Anthem Sewer Commercial 1"		145,000	$125.18	$136.19	$ 11.01	8.79%
30	E2MS3	Anthem Sewer Commercial 1"		150,000	$125.18	$136.19	$ 11.01	8.79%
31	E2MS3	Anthem Sewer Commercial 1"		155,000	$125.18	$136.19	$ 11.01	8.79%
32	E2MS3	Anthem Sewer Commercial 1"		160,000	$125.18	$136.19	$ 11.01	8.79%
33	E2MS3	Anthem Sewer Commercial 1"		165,000	$125.18	$136.19	$ 11.01	8.79%
34	E2MS3	Anthem Sewer Commercial 1"		170,000	$125.18	$136.19	$ 11.01	8.79%
35	E2MS3	Anthem Sewer Commercial 1"		175,000	$125.18	$136.19	$ 11.01	8.79%
36	E2MS3	Anthem Sewer Commercial 1"		180,000	$125.18	$136.19	$ 11.01	8.79%
37	E2MS3	Anthem Sewer Commercial 1"		185,000	$125.18	$136.19	$ 11.01	8.79%
38	E2MS3	Anthem Sewer Commercial 1"		190,000	$125.18	$136.19	$ 11.01	8.79%
39	E2MS3	Anthem Sewer Commercial 1"		195,000	$125.18	$136.19	$ 11.01	8.79%
40	E2MS3	Anthem Sewer Commercial 1"		200,000	$125.18	$136.19	$ 11.01	8.79%
41	E2MS3	Anthem Sewer Commercial 1"		205,000	$125.18	$136.19	$ 11.01	8.79%
42	E2MS3	Anthem Sewer Commercial 1"		210,000	$125.18	$136.19	$ 11.01	8.79%
43	E2MS3	Anthem Sewer Commercial 1"		215,000	$125.18	$136.19	$ 11.01	8.79%
44	E2MS3	Anthem Sewer Commercial 1"		220,000	$125.18	$136.19	$ 11.01	8.79%
45	E2MS3	Anthem Sewer Commercial 1"		225,000	$125.18	$136.19	$ 11.01	8.79%
46	E2MS3	Anthem Sewer Commercial 1"		230,000	$125.18	$136.19	$ 11.01	8.79%
47	E2MS3	Anthem Sewer Commercial 1"		235,000	$125.18	$136.19	$ 11.01	8.79%
48	E2MS3	Anthem Sewer Commercial 1"		240,000	$125.18	$136.19	$ 11.01	8.79%
49	E2MS3	Anthem Sewer Commercial 1"		245,000	$125.18	$136.19	$ 11.01	8.79%
50	E2MS3	Anthem Sewer Commercial 1"		250,000	$125.18	$136.19	$ 11.01	8.79%
51	E2MS3	Anthem Sewer Commercial 1"		255,000	$125.18	$136.19	$ 11.01	8.79%
52	E2MS3	Anthem Sewer Commercial 1"		260,000	$125.18	$136.19	$ 11.01	8.79%
53	E2MS3	Anthem Sewer Commercial 1"		265,000	$125.18	$136.19	$ 11.01	8.79%
54	E2MS3	Anthem Sewer Commercial 1"		270,000	$125.18	$136.19	$ 11.01	8.79%
55	E2MS3	Anthem Sewer Commercial 1"		275,000	$125.18	$136.19	$ 11.01	8.79%
56								
57	E2MS3	Anthem Sewer Commercial 1"	Average:	8,824	$86.29	$93.16	$ 6.87	7.97%
58								
59								
60								

Exhibit
Schedule H-4
Page 4
Witness: Murrey

Arizona American Water Company - Anthem Sewer
Test Year Ended December 31, 2008
Typical Bill Analysis

					Typical Bills			
Line	Rate				Test Year	Deconsolidated	Deconsolidated Increase	
No.	Schedule	Description		Consumption	Rates	Rates	Amount	%
1	E2MS4	Anthem Sewer Commercial LG		1,000	$114.60	$122.18	$ 7.58	6.62%
2	E2MS4	Anthem Sewer Commercial LG		2,000	$118.08	$126.03	$ 7.95	6.74%
3	E2MS4	Anthem Sewer Commercial LG		3,000	$121.56	$129.88	$ 8.32	6.85%
4	E2MS4	Anthem Sewer Commercial LG		4,000	$125.04	$133.73	$ 8.69	6.95%
5	E2MS4	Anthem Sewer Commercial LG		5,000	$128.52	$137.58	$ 9.06	7.05%
6	E2MS4	Anthem Sewer Commercial LG		6,000	$132.00	$141.43	$ 9.43	7.15%
7	E2MS4	Anthem Sewer Commercial LG		7,000	$135.48	$145.28	$ 9.80	7.24%
8	E2MS4	Anthem Sewer Commercial LG		8,000	$138.96	$149.13	$ 10.17	7.32%
9	E2MS4	Anthem Sewer Commercial LG		9,000	$142.44	$152.98	$ 10.54	7.40%
10	E2MS4	Anthem Sewer Commercial LG		10,000	$145.92	$156.83	$ 10.91	7.48%
11	E2MS4	Anthem Sewer Commercial LG		11,000	$149.40	$160.68	$ 11.28	7.55%
12	E2MS4	Anthem Sewer Commercial LG		12,000	$152.88	$164.53	$ 11.65	7.62%
13	E2MS4	Anthem Sewer Commercial LG		13,000	$156.36	$168.38	$ 12.02	7.69%
14	E2MS4	Anthem Sewer Commercial LG		14,000	$159.84	$172.23	$ 12.39	7.75%
15	E2MS4	Anthem Sewer Commercial LG		15,000	$163.32	$176.08	$ 12.76	7.82%
16	E2MS4	Anthem Sewer Commercial LG		16,000	$166.80	$179.93	$ 13.13	7.87%
17	E2MS4	Anthem Sewer Commercial LG		17,000	$170.28	$183.78	$ 13.50	7.93%
18	E2MS4	Anthem Sewer Commercial LG		18,000	$173.76	$187.63	$ 13.87	7.98%
19	E2MS4	Anthem Sewer Commercial LG		19,000	$177.24	$191.48	$ 14.24	8.04%
20	E2MS4	Anthem Sewer Commercial LG		20,000	$180.72	$195.33	$ 14.61	8.09%
21	E2MS4	Anthem Sewer Commercial LG		21,000	$184.20	$199.18	$ 14.98	8.13%
22	E2MS4	Anthem Sewer Commercial LG		22,000	$187.68	$203.03	$ 15.35	8.18%
23	E2MS4	Anthem Sewer Commercial LG		23,000	$191.16	$206.88	$ 15.72	8.23%
24	E2MS4	Anthem Sewer Commercial LG		24,000	$194.64	$210.73	$ 16.09	8.27%
25	E2MS4	Anthem Sewer Commercial LG		25,000	$198.12	$214.58	$ 16.46	8.31%
26	E2MS4	Anthem Sewer Commercial LG		26,000	$201.60	$218.43	$ 16.83	8.35%
27	E2MS4	Anthem Sewer Commercial LG		27,000	$205.08	$222.28	$ 17.20	8.39%
28	E2MS4	Anthem Sewer Commercial LG		28,000	$208.56	$226.13	$ 17.57	8.43%
29	E2MS4	Anthem Sewer Commercial LG		29,000	$212.04	$229.98	$ 17.94	8.46%
30	E2MS4	Anthem Sewer Commercial LG		30,000	$215.52	$233.83	$ 18.31	8.50%
31	E2MS4	Anthem Sewer Commercial LG		31,000	$219.00	$237.68	$ 18.68	8.53%
32	E2MS4	Anthem Sewer Commercial LG		32,000	$222.48	$241.53	$ 19.05	8.56%
33	E2MS4	Anthem Sewer Commercial LG		33,000	$225.96	$245.38	$ 19.42	8.60%
34	E2MS4	Anthem Sewer Commercial LG		35,000	$232.92	$253.08	$ 20.16	8.66%
35	E2MS4	Anthem Sewer Commercial LG		40,000	$250.32	$272.33	$ 22.01	8.79%
36	E2MS4	Anthem Sewer Commercial LG		45,000	$267.72	$291.58	$ 23.86	8.91%
37	E2MS4	Anthem Sewer Commercial LG		50,000	$285.12	$310.83	$ 25.71	9.02%
38	E2MS4	Anthem Sewer Commercial LG		60,000	$319.92	$349.33	$ 29.41	9.19%
39	E2MS4	Anthem Sewer Commercial LG		70,000	$354.72	$387.83	$ 33.11	9.34%
40	E2MS4	Anthem Sewer Commercial LG		80,000	$389.52	$426.33	$ 36.81	9.45%
41	E2MS4	Anthem Sewer Commercial LG		90,000	$424.32	$464.83	$ 40.51	9.55%
42	E2MS4	Anthem Sewer Commercial LG		100,000	$459.12	$503.33	$ 44.21	9.63%
43	E2MS4	Anthem Sewer Commercial LG		200,000	$807.12	$888.33	$ 81.21	10.06%
44	E2MS4	Anthem Sewer Commercial LG		300,000	$1,155.12	$1,273.33	$ 118.21	10.23%
45	E2MS4	Anthem Sewer Commercial LG		400,000	$1,503.12	$1,658.33	$ 155.21	10.33%
46	E2MS4	Anthem Sewer Commercial LG		500,000	$1,851.12	$2,043.33	$ 192.21	10.38%
47	E2MS4	Anthem Sewer Commercial LG		600,000	$2,199.12	$2,428.33	$ 229.21	10.42%
48	E2MS4	Anthem Sewer Commercial LG		700,000	$2,547.12	$2,813.33	$ 266.21	10.45%
49	E2MS4	Anthem Sewer Commercial LG		800,000	$2,895.12	$3,198.33	$ 303.21	10.47%
50	E2MS4	Anthem Sewer Commercial LG		900,000	$3,243.12	$3,583.33	$ 340.21	10.49%
51	E2MS4	Anthem Sewer Commercial LG		1,000,000	$3,591.12	$3,968.33	$ 377.21	10.50%
52	E2MS4	Anthem Sewer Commercial LG		1,100,000	$3,939.12	$4,353.33	$ 414.21	10.52%
53	E2MS4	Anthem Sewer Commercial LG		1,200,000	$4,287.12	$4,738.33	$ 451.21	10.52%
54	E2MS4	Anthem Sewer Commercial LG		1,300,000	$4,635.12	$5,123.33	$ 488.21	10.53%
55	E2MS4	Anthem Sewer Commercial LG		1,400,000	$4,983.12	$5,508.33	$ 525.21	10.54%
56								
57	E2MS4	Anthem Sewer Commercial LG	Average:	50,337	$286.29	$312.13	$ 25.84	9.03%
58								
59								
60								

Arizona American Water Company - Anthem Sewer
Test Year Ended December 31, 2008
Typical Bill Analysis

					Typical Bills			
Line	Rate				Test Year	Deconsolidated	Deconsolidated Increase	
No.	Schedule	Description		Consumption	Rates	Rates	Amount	%
1	E5M2	Anthem Wholesale (Phoenix) OWU		1,000	$3.17	$3.32	$ 0.15	4.89%
2	E5M2	Anthem Wholesale (Phoenix) OWU		2,000	$6.34	$6.65	$ 0.31	4.89%
3	E5M2	Anthem Wholesale (Phoenix) OWU		3,000	$9.51	$9.97	$ 0.46	4.89%
4	E5M2	Anthem Wholesale (Phoenix) OWU		4,000	$12.68	$13.30	$ 0.62	4.89%
5	E5M2	Anthem Wholesale (Phoenix) OWU		5,000	$15.85	$16.62	$ 0.77	4.89%
6	E5M2	Anthem Wholesale (Phoenix) OWU		6,000	$19.02	$19.95	$ 0.93	4.89%
7	E5M2	Anthem Wholesale (Phoenix) OWU		7,000	$22.19	$23.27	$ 1.08	4.89%
8	E5M2	Anthem Wholesale (Phoenix) OWU		8,000	$25.36	$26.60	$ 1.24	4.89%
9	E5M2	Anthem Wholesale (Phoenix) OWU		9,000	$28.53	$29.92	$ 1.39	4.89%
10	E5M2	Anthem Wholesale (Phoenix) OWU		10,000	$31.70	$33.25	$ 1.55	4.89%
11	E5M2	Anthem Wholesale (Phoenix) OWU		11,000	$34.87	$36.57	$ 1.70	4.89%
12	E5M2	Anthem Wholesale (Phoenix) OWU		12,000	$38.04	$39.90	$ 1.86	4.89%
13	E5M2	Anthem Wholesale (Phoenix) OWU		13,000	$41.21	$43.22	$ 2.01	4.89%
14	E5M2	Anthem Wholesale (Phoenix) OWU		14,000	$44.38	$46.55	$ 2.17	4.89%
15	E5M2	Anthem Wholesale (Phoenix) OWU		15,000	$47.55	$49.87	$ 2.32	4.89%
16	E5M2	Anthem Wholesale (Phoenix) OWU		16,000	$50.72	$53.20	$ 2.48	4.89%
17	E5M2	Anthem Wholesale (Phoenix) OWU		17,000	$53.89	$56.52	$ 2.63	4.89%
18	E5M2	Anthem Wholesale (Phoenix) OWU		18,000	$57.06	$59.85	$ 2.79	4.89%
19	E5M2	Anthem Wholesale (Phoenix) OWU		19,000	$60.23	$63.17	$ 2.94	4.89%
20	E5M2	Anthem Wholesale (Phoenix) OWU		20,000	$63.40	$66.50	$ 3.10	4.89%
21	E5M2	Anthem Wholesale (Phoenix) OWU		21,000	$66.57	$69.82	$ 3.25	4.89%
22	E5M2	Anthem Wholesale (Phoenix) OWU		22,000	$69.74	$73.15	$ 3.41	4.89%
23	E5M2	Anthem Wholesale (Phoenix) OWU		23,000	$72.91	$76.47	$ 3.56	4.89%
24	E5M2	Anthem Wholesale (Phoenix) OWU		24,000	$76.08	$79.80	$ 3.72	4.89%
25	E5M2	Anthem Wholesale (Phoenix) OWU		25,000	$79.25	$83.12	$ 3.87	4.89%
26	E5M2	Anthem Wholesale (Phoenix) OWU		26,000	$82.42	$86.45	$ 4.03	4.89%
27	E5M2	Anthem Wholesale (Phoenix) OWU		27,000	$85.59	$89.77	$ 4.18	4.89%
28	E5M2	Anthem Wholesale (Phoenix) OWU		28,000	$88.76	$93.10	$ 4.34	4.89%
29	E5M2	Anthem Wholesale (Phoenix) OWU		29,000	$91.93	$96.42	$ 4.49	4.89%
30	E5M2	Anthem Wholesale (Phoenix) OWU		30,000	$95.10	$99.75	$ 4.65	4.89%
31	E5M2	Anthem Wholesale (Phoenix) OWU		31,000	$98.27	$103.07	$ 4.80	4.89%
32	E5M2	Anthem Wholesale (Phoenix) OWU		32,000	$101.44	$106.40	$ 4.96	4.89%
33	E5M2	Anthem Wholesale (Phoenix) OWU		33,000	$104.61	$109.72	$ 5.11	4.89%
34	E5M2	Anthem Wholesale (Phoenix) OWU		34,000	$107.78	$113.05	$ 5.27	4.89%
35	E5M2	Anthem Wholesale (Phoenix) OWU		35,000	$110.95	$116.37	$ 5.42	4.89%
36	E5M2	Anthem Wholesale (Phoenix) OWU		36,000	$114.12	$119.70	$ 5.58	4.89%
37	E5M2	Anthem Wholesale (Phoenix) OWU		37,000	$117.29	$123.02	$ 5.73	4.89%
38	E5M2	Anthem Wholesale (Phoenix) OWU		38,000	$120.46	$126.35	$ 5.89	4.89%
39	E5M2	Anthem Wholesale (Phoenix) OWU		39,000	$123.63	$129.67	$ 6.04	4.89%
40	E5M2	Anthem Wholesale (Phoenix) OWU		40,000	$126.80	$133.00	$ 6.20	4.89%
41	E5M2	Anthem Wholesale (Phoenix) OWU		41,000	$129.97	$136.32	$ 6.35	4.89%
42	E5M2	Anthem Wholesale (Phoenix) OWU		42,000	$133.14	$139.65	$ 6.51	4.89%
43	E5M2	Anthem Wholesale (Phoenix) OWU		43,000	$136.31	$142.97	$ 6.66	4.89%
44	E5M2	Anthem Wholesale (Phoenix) OWU		44,000	$139.48	$146.30	$ 6.82	4.89%
45	E5M2	Anthem Wholesale (Phoenix) OWU		45,000	$142.65	$149.62	$ 6.97	4.89%
46	E5M2	Anthem Wholesale (Phoenix) OWU		46,000	$145.82	$152.95	$ 7.13	4.89%
47	E5M2	Anthem Wholesale (Phoenix) OWU		47,000	$148.99	$156.27	$ 7.28	4.89%
48	E5M2	Anthem Wholesale (Phoenix) OWU		48,000	$152.16	$159.60	$ 7.44	4.89%
49	E5M2	Anthem Wholesale (Phoenix) OWU		49,000	$155.33	$162.92	$ 7.59	4.89%
50	E5M2	Anthem Wholesale (Phoenix) OWU		50,000	$158.50	$166.25	$ 7.75	4.89%
51	E5M2	Anthem Wholesale (Phoenix) OWU		51,000	$161.67	$169.57	$ 7.90	4.89%
52	E5M2	Anthem Wholesale (Phoenix) OWU		52,000	$164.84	$172.89	$ 8.05	4.89%
53	E5M2	Anthem Wholesale (Phoenix) OWU		53,000	$168.01	$176.22	$ 8.21	4.89%
54	E5M2	Anthem Wholesale (Phoenix) OWU		54,000	$171.18	$179.54	$ 8.36	4.89%
55	E5M2	Anthem Wholesale (Phoenix) OWU		55,000	$174.35	$182.87	$ 8.52	4.89%
56								
57	E5M2	Anthem Wholesale (Phoenix) OWU	Average:	9,655	$30,606.61	$32,102.19	$ 1,495.57	4.89%
58								
59								
60								

Arizona American Water Company
Athem - E1MS1
Unit of Measure = 1000 Gals.

Rate Schedule:	E1MS1					
Description:	Anthem Sewer Residential					
Monthly Customer Charge:		$27.76				
Tier One	Break Over:	7,000	Gallons	Rate:	$	3.4800
Tier Two	Break Over:	999,999,999		Rate:		

		Year 2008			
		Total	Cumulative		Consolidated
Usage	**# of Bills**	**Usage**	**# Bills**	**Usage**	**Factor**
0	1,797	0	1,797	0	0
1	2,355	2,355	4,152	2,355	95,998
2	3,857	7,714	8,009	10,069	189,641
3	5,661	16,983	13,670	27,052	279,427
4	7,142	28,568	20,812	55,620	363,552
5	7,706	38,530	28,518	94,150	440,535
6	7,745	46,470	36,263	140,620	509,812
7	61,260	428,820	97,523	569,440	571,344
8	50	400	97,573	569,840	571,616
9	34	306	97,607	570,146	571,838
10	25	250	97,632	570,396	572,026
11	29	319	97,661	570,715	572,189
12	20	240	97,681	570,955	572,323
13	22	286	97,703	571,241	572,437
14	15	210	97,718	571,451	572,529
15	7	105	97,725	571,556	572,606
16	7	112	97,732	571,668	572,676
17	8	136	97,740	571,804	572,739
18	8	144	97,748	571,948	572,794
19	3	57	97,751	572,005	572,841
20	5	100	97,756	572,105	572,885
21	37	777	97,793	572,882	572,924
25	1	25	97,794	572,907	572,932
29	1	29	97,795	572,936	572,936

	Meter Count	Usage
Partial at Current Rates	2,139.57	8,131.01

	Meter Count	Tier 1 Usage		
Full Bill	97,795.00	572,936		
Partial Bill	2,139.57	8,131		Total Res Consumption
	99,935	581,067		870,371

				Total
Revenues	$2,774,183.57	$ 2,022,113.19	$ -	$4,796,296.77
Misc Adjustments				$ (1,415.25)
				$ 4,794,881.52

Actual Billed Revenues

	Meter Charge	Tier 1 Old Rates	Tier 1 New Rates	Total
Usage		274,725	306,347	
Rate		$ 2.5450	$ 3.4800	
	$2,456,116.80	$ 699,174.03	$ 1,066,088.95	$4,221,379.78

Revenues based on actual bill analys	$ 4,221,379.78	4,221,390.27	ECIS TY Revenue
Misc Adjustments	$ (1,415.25)		
	$ 4,219,964.53		

Annualized Difference
$ 574,916.98

Average Customers	8,328
Average Consumption	5,814
Median # of Bills	48,898
Median Consumption	7,000

Exhibit
Schedule H-5 BULK
Page 1
Witness: Murrey

Arizona American Water Company
Anthem - E2MS1
Unit of Measure = 1000 Gals.

Rate Schedule:	E2MS1				
Description:	Anthem Sewer Commercial 5/8"				
Monthly Customer Charge:		$27.76			
Tier One	Break Over:	10,000	Gallons	Rate: $	3.4800
Tier Two	Break Over:	999,999,999		Rate:	

Year 2008

Usage	# of Bills	Total Usage	Cumulative # Bills	Cumulative Usage	Consolidated Factor
1	7	7	7	7	7
2	9	18	16	25	93
3	5	15	21	40	127
4	1	4	22	44	156
5	1	5	23	49	184
6	2	12	25	61	211
7	2	14	27	75	236
8	3	24	30	99	259
9	1	9	31	108	279
10	19	190	50	298	298

	Meter Count	Usage
Partial at Current Rates	0.97	4

	Meter Count	Tier 1 Usage
Full Bill	50.00	298
Partial Bill	0.97	4
	51	302

				Total
Revenues	$1,414.83	$ 1,050.96	$ -	$2,465.79
Misc Adjustments				
				$ 2,465.79

Actual Billed Revenues

	Meter Charge	Tier 1 Old Rates	Tier 1 New Rates	Total
Usage		157	145	
Rate		$ 2.5450	$ 3.4800	
	$1,218.61	$ 400.53	$ 503.31	$2,122.45

Revenues based on actual bill analysis	$ 2,122.45	2,122.48	ECIS TY Revenue
Misc Adjustments	$ -		
	$ 2,122.45		

Annualized Difference
$ 343.34

Average Customers	4
Average Consumption	5,925
Median # of Bills	25
Median Consumption	6,000

Arizona American Water Company
Agria Fria - E2MS3
Unit of Measure = 1000 Gals.

Rate Schedule:	E2MS3				
Description:	Anthem Sewer Commercial 1"				
Monthly Customer Charge:		$55.58			
Tier One	Break Over:	20,000	Gallons	Rate: $	3.4800
Tier Two	Break Over:	999,999,999		Rate:	

Year 2008

Usage	# of Bills	Total Usage	Cumulative # Bills	Cumulative Usage	Consolidated Factor
0	13	0	13	0	0
1	16	16	29	16	197
2	25	50	54	66	378
3	22	66	76	132	534
4	13	52	89	184	668
5	7	35	96	219	789
6	6	36	102	255	903
7	8	56	110	311	1,011
8	8	64	118	375	1,111
9	9	81	127	456	1,203
10	6	60	133	516	1,286
11	8	88	141	604	1,363
12	7	84	148	688	1,432
13	4	52	152	740	1,494
14	1	14	153	754	1,552
15	5	75	158	829	1,609
16	2	32	160	861	1,661
18	1	18	161	879	1,761
19	1	19	162	898	1,810
20	48	960	210	1,858	1,858

	Meter Count	Usage
Partial at Current Rates	2.6	17.89

	Meter Count	Tier 1 Usage
Full Bill	210.00	1,858
Partial Bill	2.60	18
	213	1,876

				Total
Revenues	$11,816.31	$ 6,528.10	$ -	$18,344.41
Misc Adjustments				
				$ 18,344.41

Actual Billed Revenues

	Meter Charge	Tier 1 Old Rates	Tier 1 New Rates	Total
Usage		829	1,048	1,876
Rate		$ 2.5450	$ 3.4800	
	$10,439.46	$ 2,108.79	$ 3,646.27	$16,194.52

Revenues based on actual bill analysis	$ 16,194.52	16,194.69	ECIS TY Revenue
Misc Adjustments	$ -		
	$ 16,194.52		

Annualized Difference
$ 2,149.88

Average Customers	18
Average Consumption	8,824
Median # of Bills	105
Median Consumption	7,000

Exhibit
Schedule H-5 BULK
Page 1
Witness: Murrey

Arizona American Water Company
Anthem - E2MS4
Unit of Measure = 1000 Gals.

Rate Schedule:	E2MS4
Description:	Anthem Sewer Commercial LG
Monthly Customer Charge:	$111.12

Tier Two Break Over: 999,999,999 Rate: $ 3.4800

Year 2008

		Total	**Cumulative**		**Consolidated**
Usage	**# of Bills**	**Usage**	**Units**	**Usage**	**Factor**
-	200	0	200	0	0
1	80	80	280	80	994
2	47	94	327	174	1,908
3	54	162	381	336	2,775
4	48	192	429	528	3,588
5	28	140	457	668	4,353
6	19	114	476	782	5,090
7	23	161	499	943	5,808
8	21	168	520	1,111	6,503
9	16	144	536	1,255	7,177
10	26	260	562	1,515	7,835
11	30	330	592	1,845	8,467
12	21	252	613	2,097	9,069
13	22	286	635	2,383	9,650
14	13	182	648	2,565	10,209
15	22	330	670	2,895	10,755
16	10	160	680	3,055	11,279
17	14	238	694	3,293	11,793
18	24	432	718	3,725	12,293
19	16	304	734	4,029	12,769
20	18	360	752	4,389	13,229
21	11	231	763	4,620	13,671
22	7	154	770	4,774	14,102
23	15	345	785	5,119	14,526
24	11	264	796	5,383	14,935
25	8	200	804	5,583	15,333
26	6	156	810	5,739	15,723
27	13	351	823	6,090	16,107
28	9	252	832	6,342	16,478
29	6	174	838	6,516	16,840
30	10	300	848	6,816	17,196
31	7	217	855	7,033	17,542
32	8	256	863	7,289	17,881
33	7	231	870	7,520	18,212
34	4	136	874	7,656	18,536
35	6	210	880	7,866	18,856
36	10	360	890	8,226	19,170
37	7	259	897	8,485	19,474
38	9	342	906	8,827	19,771
39	6	234	912	9,061	20,059
40	4	160	916	9,221	20,341
41	5	205	921	9,426	20,619
43	5	215	926	9,641	21,165
44	2	88	928	9,729	21,433
45	8	360	936	10,089	21,699
46	7	322	943	10,411	21,957
47	2	94	945	10,505	22,208
48	2	96	947	10,601	22,457
49	3	147	950	10,748	22,704
50	2	100	952	10,848	22,948
51	4	204	956	11,052	23,190
52	1	52	957	11,104	23,428
53	2	106	959	11,210	23,665
55	5	275	964	11,485	24,135
56	3	168	967	11,653	24,365
58	1	58	968	11,711	24,819
59	1	59	969	11,770	25,045
60	2	120	971	11,890	25,270
61	3	183	974	12,073	25,493
62	6	372	980	12,445	25,713
64	3	192	983	12,637	26,141
65	1	65	984	12,702	26,352

Arizona American Water Company
Anthem - E2MS4
Unit of Measure = 1000 Gals.

Rate Schedule:	E2MS4
Description:	Anthem Sewer Commercial LG
Monthly Customer Charge:	$111.12

Tier Two Break Over: 999,999,999 Rate: $ 3.4800

Year 2008

		Total	Cumulative		Consolidated
Usage	**# of Bills**	**Usage**	**Units**	**Usage**	**Factor**
66	1	66	985	12,768	26,562
67	3	201	988	12,969	26,771
68	4	272	992	13,241	26,977
69	4	276	996	13,517	27,179
70	2	140	998	13,657	27,377
71	3	213	1,001	13,870	27,573
72	2	144	1,003	14,014	27,766
74	1	74	1,004	14,088	28,148
76	3	228	1,007	14,316	28,528
77	3	231	1,010	14,547	28,715
78	4	312	1,014	14,859	28,899
79	3	237	1,017	15,096	29,079
80	2	160	1,019	15,256	29,256
81	5	405	1,024	15,661	29,431
82	3	246	1,027	15,907	29,601
83	1	83	1,028	15,990	29,768
84	1	84	1,029	16,074	29,934
85	1	85	1,030	16,159	30,099
87	1	87	1,031	16,246	30,427
88	2	176	1,033	16,422	30,590
89	1	89	1,034	16,511	30,751
91	2	182	1,036	16,693	31,071
92	2	184	1,038	16,877	31,229
93	3	279	1,041	17,156	31,385
94	5	470	1,046	17,626	31,538
95	2	190	1,048	17,816	31,686
96	1	96	1,049	17,912	31,832
98	1	98	1,050	18,010	32,122
100	1	100	1,051	18,110	32,410
102	1	102	1,052	18,212	32,696
103	4	412	1,056	18,624	32,838
104	2	208	1,058	18,832	32,976
105	2	210	1,060	19,042	33,112
106	1	106	1,061	19,148	33,246
107	2	214	1,063	19,362	33,379
108	3	324	1,066	19,686	33,510
109	2	218	1,068	19,904	33,638
110	2	220	1,070	20,124	33,764
111	2	222	1,072	20,346	33,888
112	1	112	1,073	20,458	34,010
113	3	339	1,076	20,797	34,131
114	1	114	1,077	20,911	34,249
115	2	230	1,079	21,141	34,366
116	3	348	1,082	21,489	34,481
117	2	234	1,084	21,723	34,593
119	1	119	1,085	21,842	34,813
120	1	120	1,086	21,962	34,922
121	4	484	1,090	22,446	35,030
122	1	122	1,091	22,568	35,134
123	2	246	1,093	22,814	35,237
124	1	124	1,094	22,938	35,338
125	1	125	1,095	23,063	35,438
126	4	504	1,099	23,567	35,537
128	2	256	1,101	23,823	35,727
129	1	129	1,102	23,952	35,820
131	1	131	1,103	24,083	36,004
132	1	132	1,104	24,215	36,095
135	2	270	1,106	24,485	36,365
137	1	137	1,107	24,622	36,541
138	1	138	1,108	24,760	36,628
139	1	139	1,109	24,899	36,714
141	1	141	1,110	25,040	36,884

Arizona American Water Company
Anthem - E2MS4
Unit of Measure = 1000 Gals.

Rate Schedule:	E2MS4
Description:	Anthem Sewer Commercial LG
Monthly Customer Charge:	$111.12

Tier Two Break Over: 999,999,999 Rate: $ 3.4800

		Year 2008			
		Total	Cumulative		Consolidated
Usage	# of Bills	Usage	Units	Usage	Factor
142	4	568	1,114	25,608	36,968
144	1	144	1,115	25,752	37,128
146	1	146	1,116	25,898	37,286
147	2	294	1,118	26,192	37,364
150	1	150	1,119	26,342	37,592
159	2	318	1,121	26,660	38,267
164	1	164	1,122	26,824	38,632
166	1	166	1,123	26,990	38,776
167	2	334	1,125	27,324	38,847
168	1	168	1,126	27,492	38,916
176	1	176	1,127	27,668	39,460
178	1	178	1,128	27,846	39,594
181	2	362	1,130	28,208	39,792
183	1	183	1,131	28,391	39,920
184	1	184	1,132	28,575	39,983
188	1	188	1,133	28,763	40,231
189	1	189	1,134	28,952	40,292
192	1	192	1,135	29,144	40,472
195	1	195	1,136	29,339	40,649
197	1	197	1,137	29,536	40,765
199	1	199	1,138	29,735	40,879
203	1	203	1,139	29,938	41,103
204	1	204	1,140	30,142	41,158
208	1	208	1,141	30,350	41,374
211	1	211	1,142	30,561	41,533
215	1	215	1,143	30,776	41,741
216	1	216	1,144	30,992	41,792
217	1	217	1,145	31,209	41,842
220	1	220	1,146	31,429	41,989
222	1	222	1,147	31,651	42,085
226	1	226	1,148	31,877	42,273
232	2	464	1,150	32,341	42,549
236	1	236	1,151	32,577	42,725
239	1	239	1,152	32,816	42,854
249	1	249	1,153	33,065	43,274
253	1	253	1,154	33,318	43,438
258	1	258	1,155	33,576	43,638
262	1	262	1,156	33,838	43,794
263	1	263	1,157	34,101	43,832
277	1	277	1,158	34,378	44,350
279	2	558	1,160	34,936	44,422
283	1	283	1,161	35,219	44,558
284	1	284	1,162	35,503	44,591
285	1	285	1,163	35,788	44,623
288	1	288	1,164	36,076	44,716
294	1	294	1,165	36,370	44,896
296	1	296	1,166	36,666	44,954
312	1	312	1,167	36,978	45,402
317	1	317	1,168	37,295	45,537
318	1	318	1,169	37,613	45,563
322	1	322	1,170	37,935	45,663
323	1	323	1,171	38,258	45,687
329	1	329	1,172	38,587	45,825
331	1	331	1,173	38,918	45,869
341	1	341	1,174	39,259	46,079
351	1	351	1,175	39,610	46,279
356	1	356	1,176	39,966	46,374
390	1	390	1,177	40,356	46,986
397	1	397	1,178	40,753	47,105
429	2	858	1,180	41,611	47,617
462	1	462	1,181	42,073	48,079
470	1	470	1,182	42,543	48,183

Arizona American Water Company
Anthem - E2MS4
Unit of Measure = 1000 Gals.

Rate Schedule:	E2MS4
Description:	Anthem Sewer Commercial LG
Monthly Customer Charge:	$111.12

Tier Two Break Over: 999,999,999 Rate: $ 3.4800

Year 2008

Usage	**# of Bills**	**Total Usage**	**Cumulative Units**	**Cumulative Usage**	**Consolidated Factor**
476	1	476	1,183	43,019	48,255
479	1	479	1,184	43,498	48,288
503	1	503	1,185	44,001	48,528
524	1	524	1,186	44,525	48,717
539	1	539	1,187	45,064	48,837
612	1	612	1,188	45,676	49,348
759	1	759	1,189	46,435	50,230
995	1	995	1,190	47,430	51,410
1,103	1	1,103	1,191	48,533	51,842
1,104	1	1,104	1,192	49,637	51,845
1,322	1	1,322	1,193	50,959	52,281
1,387	1	1,387	1,194	52,346	52,346

	Unit Count	Usage
Partial at Current Rates	119.47	13,771

	Meter Count	Tier 1 Usage
Full Bill	1,194.00	52,346
Partial Bill	119.47	13,771
	1,313	66,117

			Total
Revenues	$145,952.42	$ 230,085.42	$376,037.84
Misc Adjustments			$ (3,805.59)
			$ 372,232.25

Actual Billed Revenues

	Meter Charge	Tier 1 Old Rates	Tier 1 New Rates	Total
Units		26,810	39,307	
Rate		$ 2.5450	$ 3.4800	
	$127,207.23	$ 68,231.42	$ 136,788.50	$332,227.15

Acct # 303432 The Greystone Group - IRRIG Meter
Credit back all Sewer Billing 12/07 thru 05/08

BSC - Old Rate	Vol - Old Rate	
	(691)	
$ (666.25)	$ 2.5450	
$ (666.25)	(1,758.60)	$ (2,424.85)

Revenues based on actual bill analysis	$ 332,227.15
Misc Adjustments	$ (3,805.59)
	$ 328,421.56

333,917.28 ECIS TY Revenue

Annualized Difference
$ 43,810.68

Average Customers	109
Average Consumption	50,337
Median # of Bills	597
Median Consumption	12,000

Exhibit
Schedule H-5 BULK

Witness: Murrey

Arizona American Water Company
Anthem - E5M2
Unit of Measure = 1000 Gals.

This is the one account that is on the regular rate.
There is also the COP at $0.30 per 1,000 gals. In Anthem Water on E7M2

Rate Schedule:	E5M2
Description:	Anthem Wholesale (Phoenix) OWU
Monthly Customer Charge:	

Tier Two Break Over: 999,999,999 Rate: $ 3.1700

Year 2008

Usage	# of Bills	Total Usage	Cumulative # of Bills	Cumulative Usage	Consolidated Factor	@ $2.32	@ $3.17
-	8	0	8	0	0	-	
3	1	3	9	3	48		9.51
33	1	33	10	36	498		104.61
200	1	200	11	236	2,836		634.00
385	1	385	12	621	5,241	893.20	
8,372	1	8,372	13	8,993	101,085	19,423.04	
13,265	1	13,265	14	22,258	154,908	30,774.80	
14,089	1	14,089	15	36,347	163,148	32,686.48	
14,658	1	14,658	16	51,005	168,269	34,006.56	
17,445	1	17,445	17	68,450	190,565		55,300.65
20,182	1	20,182	18	88,632	209,724		63,976.94
20,318	1	20,318	19	108,950	210,540		64,408.06
21,969	1	21,969	20	130,919	218,795		69,641.73
22,102	1	22,102	21	153,021	219,327		70,063.34
22,257	1	22,257	22	175,278	219,792		70,554.69
22,755	1	22,755	23	198,033	220,788	52,791.60	
33,689	1	33,689	24	231,722	231,722	78,158.48	
						248,734.16	394,693.53
							643,427.69

	Unit Count	Usage
Partial at Current Rates		

	Meter Count	Tier 1 Usage	
Full Bill	24.00	231,722	
Partial Bill	-	-	
	24	231,722	For test year

	Usage	
Estimated Flume	69,516.60	Calc at 30% of test year usage

			Total
Revenues	$0.00	$ 734,558.74	$734,558.74
Misc Adjustments			$ (893.20)
			$ 733,665.54

Actual Billed Revenues

	Meter Charge	Tier 1 Old Rates	Tier 1 New Rates	Total
Units		107,213	124,509	231722
Rate		$ 2.3200	$ 3.1700	
		$ 248,734.16	$ 394,693.53	$643,427.69

Revenues based on actual bill analysis	$ 643,427.69	$642,534.49 ECIS TY Revenue
Misc Adjustments	$ (893.20)	
	$ 642,534.49	

Annualized Difference
$ 91,131.05

Average Customers	2
Average Consumption	9,655,083
Median # of bills	12
Median consumption	8,372,000

Exhibit
Schedule H-5 BULK
Page 1
Witness: Murrey

Arizona American Water Company
Anthem Water - D7M1
Unit of Measure = 1000 Gals.

Rate Schedule:	D7M1	
Description:	Anthem Effluent	
Monthly Customer Charge:		$0.00

Tier One — Break Over: 999,999,999 — Rate: $ 1.4300

Year 2008

-	97	0	97	0	0
1	8	8	105	8	457
2	2	4	107	12	906
3	1	3	108	15	1,353
4	1	4	109	19	1,799
5	6	30	115	49	2,244
7	1	7	116	56	3,122
8	3	24	119	80	3,560
9	2	18	121	98	3,995
10	1	10	122	108	4,428
11	2	22	124	130	4,860
14	1	14	125	144	6,150
15	2	30	127	174	6,579
16	1	16	128	190	7,006
17	2	34	130	224	7,432
18	2	36	132	260	7,856
19	2	38	134	298	8,278
21	2	42	136	340	9,118
22	1	22	137	362	9,536
23	2	46	139	408	9,953
28	1	28	140	436	12,028
29	2	58	142	494	12,442
31	3	93	145	587	13,266
35	2	70	147	657	14,902
36	1	36	148	693	15,309
37	2	74	150	767	15,715
38	4	152	154	919	16,119
39	2	78	156	997	16,519
41	2	82	158	1,079	17,315
42	2	84	160	1,163	17,711
43	1	43	161	1,206	18,105
45	2	90	163	1,296	18,891
46	2	92	165	1,388	19,282
47	1	47	166	1,435	19,671
48	2	96	168	1,531	20,059
50	1	50	169	1,581	20,831
51	3	153	172	1,734	21,216
53	3	159	175	1,893	21,980
54	2	108	177	2,001	22,359
55	3	165	180	2,166	22,736
56	2	112	182	2,278	23,110
57	4	228	186	2,506	23,482
58	3	174	189	2,680	23,850
60	2	120	191	2,800	24,580
61	2	122	193	2,922	24,943
63	4	252	197	3,174	25,665
64	2	128	199	3,302	26,022
65	3	195	202	3,497	26,377
67	3	201	205	3,698	27,081
70	2	140	207	3,838	28,128
71	2	142	209	3,980	28,475
72	2	144	211	4,124	28,820
73	1	73	212	4,197	29,163
74	2	148	214	4,345	29,505
75	1	75	215	4,420	29,845
76	4	304	219	4,724	30,184
77	3	231	222	4,955	30,519
78	1	78	223	5,033	30,851
79	2	158	225	5,191	31,182
80	1	80	226	5,271	31,511
81	1	81	227	5,352	31,839
82	3	246	230	5,598	32,166
84	1	84	231	5,682	32,814

Arizona American Water Company
Anthem Water - D7M1
Unit of Measure = 1000 Gals.

Rate Schedule:	D7M1	
Description:	Anthem Effluent	
Monthly Customer Charge:		$0.00

Tier One		Break Over:	999,999,999	Rate: $	1.4300

Year 2008

85	2	170	233	5,852	33,137
86	2	172	235	6,024	33,458
87	1	87	236	6,111	33,777
89	1	89	237	6,200	34,413
90	2	180	239	6,380	34,730
91	2	182	241	6,562	35,045
92	5	460	246	7,022	35,358
93	5	465	251	7,487	35,666
95	3	285	254	7,772	36,272
96	1	96	255	7,868	36,572
97	1	97	256	7,965	36,871
98	1	98	257	8,063	37,169
99	1	99	258	8,162	37,466
101	2	202	260	8,364	38,058
102	1	102	261	8,466	38,352
103	1	103	262	8,569	38,645
104	2	208	264	8,777	38,937
105	3	315	267	9,092	39,227
107	2	214	269	9,306	39,801
109	3	327	272	9,633	40,371
110	1	110	273	9,743	40,653
111	2	222	275	9,965	40,934
112	1	112	276	10,077	41,213
113	1	113	277	10,190	41,491
114	1	114	278	10,304	41,768
119	2	238	280	10,542	43,148
120	2	240	282	10,782	43,422
122	1	122	283	10,904	43,966
123	3	369	286	11,273	44,237
124	2	248	288	11,521	44,505
125	1	125	289	11,646	44,771
126	2	252	291	11,898	45,036
127	2	254	293	12,152	45,299
128	2	256	295	12,408	45,560
129	1	129	296	12,537	45,819
131	2	262	298	12,799	46,335
132	2	264	300	13,063	46,591
133	4	532	304	13,595	46,845
134	1	134	305	13,729	47,095
136	1	136	306	13,865	47,593
138	2	276	308	14,141	48,089
139	2	278	310	14,419	48,335
141	3	423	313	14,842	48,823
142	1	142	314	14,984	49,064
144	1	144	315	15,128	49,544
145	1	145	316	15,273	49,783
147	3	441	319	15,714	50,259
148	1	148	320	15,862	50,494
149	1	149	321	16,011	50,728
151	1	151	322	16,162	51,194
152	2	304	324	16,466	51,426
153	1	153	325	16,619	51,656
154	1	154	326	16,773	51,885
155	1	155	327	16,928	52,113
156	1	156	328	17,084	52,340
157	3	471	331	17,555	52,566
158	1	158	332	17,713	52,789
159	1	159	333	17,872	53,011
161	1	161	334	18,033	53,453
163	1	163	335	18,196	53,893
164	1	164	336	18,360	54,112
165	4	660	340	19,020	54,330
166	1	166	341	19,186	54,544

Arizona American Water Company
Anthem Water - D7M1
Unit of Measure = 1000 Gals.

Rate Schedule:	D7M1		
Description:	Anthem Effluent		
Monthly Customer Charge:		$0.00	
Tier One	Break Over:	999,999,999	Rate: $ 1.4300

Year 2008

168	1	168	342	19,354	54,970
174	2	348	344	19,702	56,242
175	1	175	345	19,877	56,452
176	1	176	346	20,053	56,661
178	2	356	348	20,409	57,077
180	1	180	349	20,589	57,489
181	1	181	350	20,770	57,694
182	2	364	352	21,134	57,898
184	2	368	354	21,502	58,302
186	1	186	355	21,688	58,702
188	1	188	356	21,876	59,100
189	2	378	358	22,254	59,298
190	2	380	360	22,634	59,494
191	1	191	361	22,825	59,688
193	3	579	364	23,404	60,074
194	1	194	365	23,598	60,264
196	2	392	367	23,990	60,642
199	1	199	368	24,189	61,203
200	1	200	369	24,389	61,389
201	1	201	370	24,590	61,574
202	1	202	371	24,792	61,758
203	1	203	372	24,995	61,941
204	2	408	374	25,403	62,123
206	1	206	375	25,609	62,483
207	1	207	376	25,816	62,662
209	3	627	379	26,443	63,018
210	1	210	380	26,653	63,193
211	1	211	381	26,864	63,367
212	1	212	382	27,076	63,540
213	1	213	383	27,289	63,712
216	3	648	386	27,937	64,225
217	1	217	387	28,154	64,393
220	1	220	388	28,374	64,894
221	1	221	389	28,595	65,060
225	1	225	390	28,820	65,720
227	2	454	392	29,274	66,048
228	1	228	393	29,502	66,210
229	1	229	394	29,731	66,371
234	1	234	395	29,965	67,171
235	1	235	396	30,200	67,330
236	1	236	397	30,436	67,488
237	2	474	399	30,910	67,645
238	2	476	401	31,386	67,800
244	1	244	402	31,630	68,718
246	1	246	403	31,876	69,022
247	3	741	406	32,617	69,173
248	1	248	407	32,865	69,321
249	1	249	408	33,114	69,468
250	1	250	409	33,364	69,614
252	1	252	410	33,616	69,904
257	2	514	412	34,130	70,624
261	1	261	413	34,391	71,192
262	1	262	414	34,653	71,333
263	1	263	415	34,916	71,473
264	1	264	416	35,180	71,612
265	2	530	418	35,710	71,750
266	1	266	419	35,976	71,886
268	2	536	421	36,512	72,156
269	1	269	422	36,781	72,289
270	1	270	423	37,051	72,421
271	1	271	424	37,322	72,552
275	1	275	425	37,597	73,072
276	1	276	426	37,873	73,201

Arizona American Water Company
Anthem Water - D7M1
Unit of Measure = 1000 Gals.

Rate Schedule:	D7M1
Description:	Anthem Effluent
Monthly Customer Charge:	$0.00

Tier One Break Over: 999,999,999 Rate: $ 1.4300

Year 2008

279	2	558	428	38,431	73,585
282	1	282	429	38,713	73,963
283	3	849	432	39,562	74,088
289	2	578	434	40,140	74,820
293	1	293	435	40,433	75,300
294	1	294	436	40,727	75,419
295	1	295	437	41,022	75,537
296	1	296	438	41,318	75,654
299	2	598	440	41,916	76,002
302	1	302	441	42,218	76,344
305	1	305	442	42,523	76,683
307	1	307	443	42,830	76,907
308	1	308	444	43,138	77,018
309	1	309	445	43,447	77,128
315	1	315	446	43,762	77,782
316	1	316	447	44,078	77,890
320	1	320	448	44,398	78,318
321	1	321	449	44,719	78,424
325	1	325	450	45,044	78,844
326	1	326	451	45,370	78,948
332	1	332	452	45,702	79,566
335	1	335	453	46,037	79,872
338	1	338	454	46,375	80,175
339	2	678	456	47,053	80,275
344	1	344	457	47,397	80,765
351	2	702	459	48,099	81,444
355	2	710	461	48,809	81,824
356	2	712	463	49,521	81,917
357	1	357	464	49,878	82,008
358	1	358	465	50,236	82,098
359	3	1,077	468	51,313	82,187
361	1	361	469	51,674	82,359
363	1	363	470	52,037	82,529
365	2	730	472	52,767	82,697
367	1	367	473	53,134	82,861
372	2	744	475	53,878	83,266
377	1	377	476	54,255	83,661
381	2	762	478	55,017	83,973
382	3	1,146	481	56,163	84,049
384	2	768	483	56,931	84,195
387	1	387	484	57,318	84,408
395	1	395	485	57,713	84,968
404	2	808	487	58,521	85,589
406	1	406	488	58,927	85,723
415	1	415	489	59,342	86,317
418	1	418	490	59,760	86,512
419	1	419	491	60,179	86,576
420	1	420	492	60,599	86,639
422	1	422	493	61,021	86,763
423	1	423	494	61,444	86,824
425	1	425	495	61,869	86,944
426	1	426	496	62,295	87,003
431	1	431	497	62,726	87,293
432	1	432	498	63,158	87,350
433	1	433	499	63,591	87,406
436	1	436	500	64,027	87,571
443	1	443	501	64,470	87,949
447	1	447	502	64,917	88,161
451	1	451	503	65,368	88,369
453	1	453	504	65,821	88,471
467	1	467	505	66,288	89,171
468	1	468	506	66,756	89,220
473	1	473	507	67,229	89,460

Arizona American Water Company
Anthem Water - D7M1
Unit of Measure = 1000 Gals.

Rate Schedule:	D7M1	
Description:	Anthem Effluent	
Monthly Customer Charge:		$0.00

Tier One	Break Over:	999,999,999	Rate:	$	1.4300

		Year 2008			
481	3	1,443	510	68,672	89,836
487	1	487	511	69,159	90,100
512	1	512	512	69,671	91,175
513	1	513	513	70,184	91,217
514	1	514	514	70,698	91,258
520	1	520	515	71,218	91,498
528	1	528	516	71,746	91,810
529	1	529	517	72,275	91,848
530	1	530	518	72,805	91,885
538	1	538	519	73,343	92,173
555	1	555	520	73,898	92,768
559	1	559	521	74,457	92,904
582	2	1,164	523	75,621	93,663
585	1	585	524	76,206	93,756
601	1	601	525	76,807	94,236
621	1	621	526	77,428	94,816
623	1	623	527	78,051	94,872
691	1	691	528	78,742	96,708
717	1	717	529	79,459	97,384
742	1	742	530	80,201	98,009
774	1	774	531	80,975	98,777
796	1	796	532	81,771	99,283
953	1	953	533	82,724	102,737
4,268	1	4,268	534	86,992	172,352
4,337	1	4,337	535	91,329	173,732
6,636	1	6,636	536	97,965	217,413
6,729	1	6,729	537	104,694	219,087
6,890	1	6,890	538	111,584	221,824
6,991	1	6,991	539	118,575	223,440
7,540	1	7,540	540	126,115	231,675
7,761	1	7,761	541	133,876	234,769
8,829	1	8,829	542	142,705	248,653
11,277	1	11,277	543	153,982	278,029
15,330	1	15,330	544	169,312	322,612
15,554	1	15,554	545	184,866	324,852
16,059	1	16,059	546	200,925	329,397
19,276	1	19,276	547	220,201	355,133
19,406	1	19,406	548	239,607	356,043
20,044	1	20,044	549	259,651	359,871
20,830	1	20,830	550	280,481	363,801
21,805	1	21,805	551	302,286	367,701
22,040	1	22,040	552	324,326	368,406
22,043	1	22,043	553	346,369	368,412
26,380	1	26,380	554	372,749	372,749

	Meter Count	Usage
Partial at Current Rates		

	Meter Count	Tier 1 Usage	
Full Bill	554	372,749	
Partial Bill	18	108,124	
	572	480,873	480,873

		Total
Revenues	$ 687,648.39	$687,648.39
Misc Adjustments		$ (291.72)
		$ 687,356.67

Exhibit
Schedule H-5 BULK

Witness: Murrey

Arizona American Water Company
Anthem Water - D7M1
Unit of Measure = 1000 Gals.

Rate Schedule:	D7M1			
Description:	Anthem Effluent			
Monthly Customer Charge:		$0.00		
Tier One	Break Over:	999,999,999	Rate: $	1.4300

Year 2008

Actual Billed Revenues

	Tier 1 Old Rates	Tier 1 New Rates	Total
Usage	166,121	314,752	
Rate	$ 0.62	$ 1.43	
	$ 102,995.09	$ 450,095.20	$ 553,090.29

Revenues based on actual bill analysis	$ 553,090.29
Misc Adjustments	$ (291.72)
	$ 552,798.57

Annualized Difference
$ 134,558.10

Average Customers	48
Average Consumption	840,540
Median No. Bills	286
Median Consumption	123,000

Exhibit
Schedule H-5 BULK

Witness: Murrey

Arizona American Water Company
Anthem Water - D7M2
Unit of Measure = 1000 Gals.

Rate Schedule:	D7M2	
Description:	Anthem Effluent - Const	
Monthly Customer Charge:		$0.00

Tier One   Break Over: 999,999,999   Rate: $ 1.4300

Year 2008

Usage	# of Bills	Total Usage	Cumulative # Bills	Cumulative Usage	Consolidated Factor
0	0	0	0	0	0
78	1	78	1	78	4,680
84	1	84	2	162	5,034
130	1	130	3	292	7,702
135	1	135	4	427	7,987
214	1	214	5	641	12,411
230	1	230	6	871	13,291
259	1	259	7	1,130	14,857
278	1	278	8	1,408	15,864
286	1	286	9	1,694	16,280
315	1	315	10	2,009	17,759
350	1	350	11	2,359	19,509
356	1	356	12	2,715	19,803
374	1	374	13	3,089	20,667
460	1	460	14	3,549	24,709
495	1	495	15	4,044	26,319
505	1	505	16	4,549	26,769
595	1	595	17	5,144	30,729
600	1	600	18	5,744	30,944
610	1	610	19	6,354	31,364
650	1	650	20	7,004	33,004
870	1	870	21	7,874	41,804
1045	1	1,045	22	8,919	48,629
1190	1	1,190	23	10,109	54,139
1305	1	1,305	24	11,414	58,394
1315	1	1,315	25	12,729	58,754
1370	1	1,370	26	14,099	60,679
1445	1	1,445	27	15,544	63,229
1480	1	1,480	28	17,024	64,384
1540	1	1,540	29	18,564	66,304
1670	1	1,670	30	20,234	70,334
1750	1	1,750	31	21,984	72,734
1820	1	1,820	32	23,804	74,764
1855	1	1,855	33	25,659	75,744
1955	1	1,955	34	27,614	78,444
1980	1	1,980	35	29,594	79,094
1985	1	1,985	36	31,579	79,219
2035	1	2,035	37	33,614	80,419
2040	1	2,040	38	35,654	80,534
2050	1	2,050	39	37,704	80,754
2115	1	2,115	40	39,819	82,119
2265	1	2,265	41	42,084	85,119
2275	1	2,275	42	44,359	85,309
2308	1	2,308	43	46,667	85,903
2310	1	2,310	44	48,977	85,937
2345	1	2,345	45	51,322	86,497
2495	1	2,495	46	53,817	88,747
2675	1	2,675	47	56,492	91,267
2715	1	2,715	48	59,207	91,787
2850	1	2,850	49	62,057	93,407
2925	1	2,925	50	64,982	94,232
3120	1	3,120	51	68,102	96,182
3245	1	3,245	52	71,347	97,307
3465	1	3,465	53	74,812	99,067
3485	1	3,485	54	78,297	99,207
3575	1	3,575	55	81,872	99,747
4015	1	4,015	56	85,887	101,947
4105	2	8,210	58	94,097	102,307
4150	1	4,150	59	98,247	102,397
4780	1	4,780	60	103,027	103,027

Partial at Current Rates	Meter Count	Usage	
	Meter Count	Tier 1 Usage	
Full Bill	60	103,027	
Partial Bill	0	-	
	60	103,027	103,027

		Total
Revenues	$ 147,328.61	$147,328.61
Misc Adjustments		$ -
		$ 147,328.61

Actual Billed Revenues

Usage	Tier 1 Old Rates	Tier 1 New Rates	Total	
Rate	39,634	63,393		103,027
	$ 0.62	$ 1.43		
	$ 24,573.02	$ 90,652.13	$ 115,225.15	

Revenues based on actual bill analysis	$ 115,225.15
Misc Adjustments	$ -
	$ 115,225.15

Annualized Difference
$ 32,103.46

Average Customers	5
Average Consumption	1,717,117
Median No. Bills	30
Median Consumption	1,670,000

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008

Exhibit: Index
Page 1

\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Computation of Increase in Gross Revenue Requirement

Exhibit
Schedule A-1
Page 1
Witness: Murrey

Line No.					
1	Original Cost Rate Base			$ 19,147,531	
2					
3	Adjusted Operating Income			(973,265)	
4					
5	Current Rate of Return			-5.08%	
6					
7	Required Operating Income			$ 1,282,885	
8					
9	Required Rate of Return			6.70%	
10					
11	Operating Income Deficiency			$ 2,256,150	
12					
13	Gross Revenue Conversion Factor			1.6561	
14					
15	Increase in Gross Revenue				
16	Requirement			$ 3,736,490	
17					
18	Customer	Test Year	Deconsolidated	Dollar	Percent
19	Classification	Rates	Rates	Increase	Increase
20					
21	Residential	$ 2,588,018	$ 6,073,076	$ 3,485,057	134.66%
22	Commercial	85,979	200,437	114,458	133.12%
23	Effluent	-	136,975	136,975	0.00%
24					
25	Total of Water Revenues	$ 2,673,997	$ 6,410,487	$ 3,736,490	139.73%
26					
27	Other Revenue	1,359	1,359	-	0.00%
28					
29	Total Revenue	$ 2,675,356	$ 6,411,846	$ 3,736,490	139.66%

49 \Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Summary of Fair Value Rate Base

Exhibit
Schedule B-1
Page 1
Witness: Murrey

Line No.		Original Cost Rate Base
1		
2	Gross Utility Plant in Service	$ 73,381,516
3	Less: Accumulated Depreciation	8,336,373
4		
5	Net Utility Plant in Service	$ 65,045,143
6		
7	Less:	
8	Advances in Aid of	
9	Construction	33,355,820
10	Contributions in Aid of	
11	Construction - Net of amortization	13,011,518
12	Imputed Regulatory Advances	-
13	Imputed Regulatory Contributions	-
14	Customer Meter Deposits	-
15	Deferred Income Taxes & Credits	(374,207)
16	Investment tax Credits	-
17	Plus:	
18	Unamortized Finance	
19	Charges	-
20	Deferred Tax Assets	-
21	Deferred Debits	27,587
22	Allowance for Working Capital	67,932
23	Utility Plant Acquisition Adjustment	-
24		
25	Total Rate Base	$ 19,147,531
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		
42		
43		
44		
45		
46		
47		
48		
49		
50		
51	\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\	

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Original Cost Rate Base Pro Forma Adjustments

Exhibit
Schedule B-2
Page 1
Witness: Murrey

Line No.		[A] Actual End of Test Year	[B] ADJ SLM-1 Adjust Accum Dep for Under Depreciation	[C] ADJ SLM-2 Allocate Corp to Districts	[D] ADJ SLM-3 All Agua Fria Add 32% NWVTP	[E] ADJ SLM-4 Leave Blank	[F] ADJ SLM-5 Adjustment to Rate Base for Contribution	[G] ADJ SLM-6 Reclass Verrado WRF Phase 1	[H] ADJ SLM-7 Deferred Debits	[I] ADJ SLM-8 Decrease CIAC for CWIP	[J] ADJ SLM-9 Impute Regulatory CIAC	[K] ADJ SLM-10 Remove Acquisition Adjustment	[L] Total Pro Forma Adjustments	[M] Adjusted End of Test Year
1	Gross Utility													
2	Plant in Service	$67,539,106		$117,194	$ 8,318,584								$ 8,435,778	$ 75,974,885
3														
4	**Less:**													
5														
6	Accumulated Depreciation	4,395,846	(1,273,405)	131,191	5,072,522			611,466					4,541,773	8,937,620
7														
8	Net Utility Plant													
9	in Service	$63,143,260	$ 1,273,405	$ (13,997)	$ 3,246,063	$ -	$ -	$ (611,466)	$ -	$ -	$ -	$ -	$ 3,894,005	$ 67,037,265
10														
11	**Less:**													
12	Advances in Aid of													
13	Construction	33,355,820											-	33,355,820
14	Contributions in Aid of													-
15	Construction - Net	11,595,908					1,415,610			(30,106)			1,385,504	12,981,413
16	Imputed Regulatory Advances	-									-		-	-
17	Imputed Regulatory Contributions	-											-	-
18	Customer Meter Deposits	-											-	-
19	Deferred Income Taxes	(384,119)											-	(384,119)
20	Investment Tax Credits	-											-	-
21	**Plus:**													-
22	Unamortized Finance													-
23	Charges	-											-	-
24	Deferred Debits	505,213							(477,627)				(477,627)	27,587
25	Deferred Tax Assets	-											-	-
26	Working capital	67,932											-	67,932
27	Utility Plant Acquisition Adjustment	805,627										(805,627)	(805,627)	-
28														
29	Total	$19,954,423	$ 1,273,405	$ (13,997)	$ 3,246,063	$ -	$ (1,415,610)	$ (611,466)	$ (477,627)	$30,106	$ -	$ (805,627)	$ 1,225,247	$ 21,179,669
30														
31														
32														
33														
34														
35														
36														
37														
38														
39														
40														
41														
42														
43														
44														
45														
46														
47														
48														
49														
50	\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\													

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Original Cost Rate Base Pro Forma Adjustments

Exhibit
Schedule B-2
Page 2
Witness: Murrey

		Company Per Order									
		[N]	[O]	[P]	[Q]	[R]	[S]	[T]	[U]	[V]	[W]
Line No.		Adjusted End of Test Year	ADJ SLM-11 Accept STAFF RB ADJ # 1 NWVRTF	ADJ SLM-12 Accept STAFF RB ADJ # 2 Verrado	ADJ SLM-13 Accept Staff RB ADJ # 3 Cash Working Capital	ADJ SLM-14 Accept Staff RB ADJ # 4 Deferred Income Tax	ADJ SLM-15 Accept Staff RB ADJ #5 CIAC in CWIP	ADJ SLM-16 Accept STAFF RB # 6 Accum Depr	ADJ SLM-17 Asset Transfer Anthem WW to Agua Fria WW	Total Per Order Pro Forma Adjustments	Deconsolidated Adjusted End of Test Year
1	Gross Utility										
2	Plant in Service	$ 75,974,885	$ (1,039,823)	$ (1,838,637)					$ 285,092	(2,593,368)	$ 73,381,516
3		-								-	-
4	**Less:**										
5											
6	Accumulated Depreciation	8,937,620						(630,244)	28,997	(601,247)	8,336,373
7											
8	Net Utility Plant										
9	in Service	$ 67,037,265	$ (1,039,823)	$ (1,838,637)	$ -	$ -	$ -	$ 630,244	$ 256,095	$ (1,992,121)	$ 65,045,143
10											
11	**Less:**										
12	Advances in Aid of										
13	Construction	33,355,820							-	-	33,355,820
14	Contributions in Aid of	-								-	-
15	Construction - Net	12,981,413					30,106		-	30,106	13,011,518
16	Imputed Regulatory Advances	-								-	-
17	Imputed Regulatory Contributions	-								-	-
18	Customer Meter Deposits	-								-	-
19	Deferred Income Taxes	(384,119)				9,912				9,912	(374,207)
20	Investment Tax Credits	-								-	-
21	**Plus:**	-								-	-
22	Unamortized Finance	-								-	-
23	Charges	-								-	-
24	Deferred Debits	27,587								-	27,587
25	Deferred Tax Assets	-								-	-
26	Working capital	67,932								-	67,932
27	Utility Plant Acquisition Adjustment	-								-	-
28											
29	Total	$ 21,179,669	$ (1,039,823)	$ (1,838,637)	$ -	$ (9,912)	$ (30,106)	$ 630,244	$ 256,095	$ (2,032,139)	$ 19,147,531
30											
31											
32											
33											
34											
35											
36											
37											
38											
39											
40											
41											
42											
43											
44											
45											
46											
47											
48											
49											
50	\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xl										

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Rate Base Adjustment SLM-1

Exhibit
Schedule B-2
Page 3
Witness: Murrey

Reconcile Agua Fria Wastewater Plant & Accum. Depr.
to Amounts Previously Approved

Line No.	Object Account	Sub. Account	Description	Annual Depr. Rate	Monthly Depr. Rate	New Rate as of 7/08 Annual Depr. Rate	New Rate as of 7/08 Monthly Depr. Rate	Approved Dec. 70372 December 2005	Remove 32% NWWTP	Less Common Plant Allocations	Less Anthem WW Stand Alone December 2005	Agua Fria WW Stand Alone December 2005	Additions 2006	Retirements 2006	Adjustments 2006	Depr. Expense 2006	Ending Balance December 2006	Additions 2007	Retirements 2007
1	101000	304100	Struct & Imp SS	2.40%	0.20%	2.40%	0.20%	19,262	(7,536)	-	-	11,726	-	-	-	293	11,726	-	-
2	101000	304200	Struct & Imp P	0.00%	0.00%	0.00%	0.00%	1,947	(1,947)	-	-	-	-	-	-	-	-	-	-
3	101000	304510	Struct & Imp AG Cap Lease	0.00%	0.00%	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
4	101000	304600	Struct & Imp Offices	0.00%	0.00%	0.00%	0.00%	6,369	(5,135)	(1,234)	-	(0)	-	-	-	-	(0)	-	-
5	101000	304620	Struct & Imp Leasehold	0.00%	0.00%	0.00%	0.00%	9,764	-	(9,764)	-	-	-	-	-	-	-	-	-
6	101000	304800	Struct & Imp Misc	0.00%	0.00%	0.00%	0.00%	6,039	(6,039)	-	-	-	-	-	-	-	-	-	-
7	101000	307000	Wells & Springs	0.00%	0.00%	0.00%	0.00%	1,320	(1,320)	-	-	-	-	-	-	-	-	-	-
8	101000	340100	Office Furniture & Equip	0.00%	0.00%	0.00%	0.00%	52,798	-	(52,798)	-	-	-	-	-	-	-	-	-
9	101000	340200	Computer & Periph Equip	15.89%	1.32%	15.89%	1.32%	28,319	-	(11,362)	-	16,957	2,633	-	-	2,787	19,590	(119)	-
10	101000	340300	Computer Software	0.00%	0.00%	0.00%	0.00%	84,103	-	(84,103)	-	-	-	-	-	-	-	-	-
11	101000	340330	Comp Software Other	0.00%	0.00%	0.00%	0.00%	1,817	-	(1,817)	-	-	-	-	-	-	-	-	-
12	101000	340500	Other Office Equipment	0.00%	0.00%	0.00%	0.00%	1,053	(1,053)	-	-	-	-	-	-	-	-	-	-
13	101000	341100	Trans Equip Lt Duty Trucks	0.00%	0.00%	0.00%	0.00%	29,836	-	(29,836)	-	-	-	-	-	-	-	-	-
14	101000	341200	Trans Equip Hvy Duty Trucks	25.00%	2.08%	25.00%	2.08%	60,471	-	-	-	60,471	-	-	-	15,118	60,471	-	-
15	101000	341400	Trans Equip Other	25.00%	2.08%	25.00%	2.08%	8,352	-	-	-	8,352	-	-	-	2,088	8,352	-	-
16	101000	343000	Tools, Shop, Garage Equip	4.02%	0.34%	4.47%	0.37%	31,846	-	(1,303)	-	30,542	(766)	-	-	1,192	29,776	(509)	-
17	101000	344000	Laboratory Equipment	0.00%	0.00%	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
18	101000	346100	Comm Equip Non-Telephone	0.00%	0.00%	0.00%	0.00%	13,022	(1,093)	(11,929)	-	-	-	-	-	-	-	-	-
19	101000	346200	Comm Equip Telephone	0.00%	0.00%	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
20	101000	346300	Comm Equip Other	0.00%	0.00%	0.00%	0.00%	242	-	(242)	-	-	-	-	-	-	-	-	-
21	101000	347000	Misc Equipment	0.00%	0.00%	0.00%	0.00%	3,248	-	(3,248)	-	-	-	-	-	-	-	-	-
22	101000	352000	WW Franchises	0.00%	0.00%	0.00%	0.00%	495,475	(417)	-	(495,058)	-	-	-	-	-	-	218,285	-
23	101000	353200	WW Land & Ld Rights Coll	0.00%	0.00%	0.00%	0.00%	496,587	(144,900)	-	(336,560)	15,127	-	-	-	-	15,127	1,683	-
24	101000	353500	WW Land & Ld Rights Gen	0.00%	0.00%	0.00%	0.00%	133,735	-	-	(133,735)	-	-	-	-	-	-	205,364	-
25	101000	354200	WW Struct & Imp Coll	2.50%	0.21%	1.67%	0.14%	1,405,820	(651,602)	-	(372,399)	381,819	57,497	-	-	9,665	439,316	145,767	-
26	101000	354300	WW Struct & Imp SPP	0.00%	0.00%	0.00%	0.00%	305,764	(305,764)	-	-	-	-	-	-	-	-	-	-
27	101000	354400	WW Struct & Imp TDP	2.50%	0.21%	1.67%	0.14%	428,570	-	-	(428,570)	-	15,945	-	-	-	15,945	32	-
28	101000	354500	WW Struct & Imp Gen	2.00%	0.17%	1.68%	0.14%	10,148,989	-	-	(10,089,973)	59,016	178,286	-	-	3,260	237,303	5,749,437	-
29	101000	355500	WW Pwr Gen Equip RWTP																
30	101000	360000	WW Collection Sewers Forced	2.07%	0.17%	2.07%	0.17%	2,610,305	-	-	(2,507,685)	102,620	(100,000)	-	-	1,434	2,620	2,498,283	-
31	101000	361100	WW Collecting Mains	2.04%	0.17%	2.04%	0.17%	28,790,648	(10,414)	-	(26,520,133)	2,260,101	225,350	-	-	47,318	2,485,451	4,020,378	-
32	101000	362000	WW Special Coll Structures	2.04%	0.17%	2.04%	0.17%	175,974	(35,926)	-	(140,048)	-	-	-	-	-	-	-	-
33	101000	363000	WW Services Sewer	3.31%	0.28%	2.04%	0.17%	3,685,809	(1,708)	-	(3,414,643)	269,459	47,523	-	-	5,944	316,982	759,215	-
34	101000	364000	WW Flow Measuring Devices	5.42%	0.45%	5.42%	0.45%	133,208	-	-	(112,907)	20,302	-	-	-	1,100	20,302	114,304	-
35	101000	370000	WW Receiving Wells	5.42%	0.45%	5.42%	0.45%	184,940	-	-	-	184,940	-	-	-	10,024	184,940	496,079	-
36	101000	371100	WW Pump Equip Elect	5.42%	0.45%	5.42%	0.45%	1,657,896	(14,304)	-	(1,566,063)	77,529	-	-	-	4,202	77,529	489,624	-
37	101000	371200	WW Pump Equip Other Power	5.40%	0.45%	5.40%	0.45%	3,463	-	-	(3,463)	-	-	-	-	-	-	-	-
38	101000	380000	WW TD Equipment	0.00%	0.00%	5.00%	0.42%	1,514,496	(632,073)	-	(882,423)	-	-	-	-	-	-	-	-
39	101000	380050	WW TD Equip Grit Removal	5.00%	0.42%	5.00%	0.42%	9,376,477	-	-	(9,376,477)	-	-	-	-	-	-	3,819,994	-
40	101000	380100	WW Equip Sed Tanks/Acc	5.00%	0.42%	5.00%	0.42%	2,069,952	(1,753)	-	(2,068,199)	-	-	-	-	-	-	8,944,253	-
41	101000	380200	WW TD Equip Sldge/Effl Rmv	5.00%	0.42%	5.00%	0.42%	9,794	(9,794)	-	-	-	-	-	-	-	-	-	-
42	101000	380250	WW TD Equip Sludge Dig Tank	5.00%	0.42%	5.00%	0.42%	2,067,162	(22,897)	-	(2,044,265)	-	-	-	-	-	-	-	-
43	101000	380300	WW TD Equip Sludge Dry/Filter	5.00%	0.42%	5.00%	0.42%	11,210,945	-	-	(11,210,945)	-	-	-	-	-	-	-	-
44	101000	380400	WW TD Equip Aux Effl Trmt	5.00%	0.42%	5.00%	0.42%	9,644	(9,644)	-	-	-	-	-	-	-	-	-	-
45	101000	380500	WW TD Equip Chem Trmt Plt	5.00%	0.42%	5.00%	0.42%	1,054,768	-	-	(1,054,768)	-	-	-	-	-	-	-	-
46	101000	380600	WW TD Equip Other Disp	5.00%	0.42%	8.40%	0.70%	821,525	-	-	(821,525)	-	-	-	-	-	-	17,786	-
47	101000	380625	WW TD Equip Gen Trmt	8.40%	0.70%	8.40%	0.70%	-	-	-	-	-	-	-	-	-	-	-	-
48	101000	380650	WW TD Equip Influent Lift S	8.40%	0.70%	8.40%	0.70%	-	-	-	-	-	-	-	-	-	-	-	-
49	101000	381000	WW Plant Sewers																
50	101000	382000	WW Outfall Sewer Lines	5.00%	0.42%	5.00%	0.42%	5,908	(5,908)	-	-	-	-	-	-	-	-	118,575	-
51	101000	389100	WW Other Plant & Misc Equip Int	5.00%	0.42%	4.98%	0.42%	1,004,278	(6,197)	-	(998,081)	-	-	-	-	-	-	155,318	-
52	101000	390000	WW Office Furniture & Equip	4.56%	0.38%	4.56%	0.38%	32,391	(709)	-	(31,682)	-	-	-	-	-	-	-	-
53	101000	391000	WW Trans Equipment	24.96%	2.08%	24.96%	2.08%	-	-	-	-	-	-	-	-	-	-	-	-
54	101000	392000	WW Stores Equipment	3.96%	0.33%	3.96%	0.33%	-	-	-	-	-	-	-	-	-	-	-	-
55	101000	393000	WW Tool Shop & Garage Equip	4.44%	0.37%	4.44%	0.37%	10,990	(5,369)	-	(5,621)	-	-	-	-	-	-	-	-
56	101000	394000	WW Laboratory Equipment	10.30%	0.86%	3.71%	0.31%	44,197	(3,226)	-	(40,971)	-	3,027	-	-	223	3,027	6	-
57	101000	395000	WW Power Operated Equip	5.02%	0.42%	5.02%	0.42%	1,017,136	-	-	(870,927)	146,209	-	-	-	7,369	146,209	11,784	-
58	101000	396000	WW Communication Equip	10.30%	0.86%	10.30%	0.86%	860,611	(2,965)	-	(771,038)	86,609	-	-	-	8,938	86,609	62,381	-
59	101000	397000	WW Misc Equipment					14,474	(14,474)	-	-	-					-		
60	101000	398000	WW Other Tangible Plant		0.00%	0.00%	0.00%	2,354,057	-	-	(2,354,057)	-	-	-	-	-	-	2,338,366	-
61	101000	na	Not Classified			0.00%	0.00%									-			
62																			
63		Utility Plant						84,495,795	(1,904,167)	(207,636)	(78,652,215)	3,731,778	429,496	-	-		4,161,273	30,166,287	-
64																			
65		Total Plant						84,495,795			(78,652,215)	3,731,778					4,161,273	30,166,287	-
66																			
67		Monthly Depreciation Expense														120,955			
68		Retirements														-			
69		Accum. Depr. - Apprvd'/Calculated						7,834,596	(658,021)	(87,353)	(7,068,184)	21,038				141,993			
70		Accum Depr Transfers														-			
71		Total Salvage						-			-	-				-			
72		Total Approved/Calculated						7,834,596			(7,068,184)	21,038				141,993			
73		Total Acc Dep Per Books (\Trial Balance\Column DE\)						6,041,602			(6,021,556)	20,047				142,275			
74		Total Over/(Under) Depreciated									1,046,629	(991)				282			
75																			
76																			
77																			
78																			
79																			

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Rate Base Adjustment SLM-1

Exhibit
Schedule B-2
Page 4
Witness: Murrey

Reconcile Agua Fria Wastewater Plant & Accum. Depr.
to Amounts Previously Approved

Line No.	Object Account	Sub. Account	Description	Annual Depr. Rate	Monthly Depr. Rate	New Rate as of 7/08 Annual Depr. Rate	New Rate as of 7/08 Monthly Depr. Rate	Adjustments 2007	Acc Dep Transfers 2007	Depr. Expense 2007	Ending Balance December 2007	Additions 2008	Retirements 2008	Adjustments 2008	SC WW and NWVTP trsf Only Acc Dep Transfers 2008	Depr. Expense 2008	LJG-2 Reclass Verrado WRF from acct 398000	Ending Balance December 2008
1	101000	304100	Struct & Imp SS	2.40%	0.20%	2.40%	0.20%	-	-	281	11,726	-	-	-	-	281		11,726
2	101000	304200	Struct & Imp P	0.00%	0.00%	0.00%	0.00%	-	-	-		-	-	-	-	-		-
3	101000	304510	Struct & Imp AG Cap Lease	0.00%	0.00%	0.00%	0.00%	-	-	-	-	-	-	-	-	-		-
4	101000	304600	Struct & Imp Offices	0.00%	0.00%	0.00%	0.00%	-	-	-	(0)	-	-	-	-	-		(0)
5	101000	304620	Struct & Imp Leasehold	0.00%	0.00%	0.00%	0.00%	-	-	-	-	-	-	-	-	-		-
6	101000	304800	Struct & Imp Misc	0.00%	0.00%	0.00%	0.00%	-	-	-	-	-	-	-	-	-		-
7	101000	307000	Wells & Springs	0.00%	0.00%	0.00%	0.00%	-	-	-	-	-	-	-	-	-		-
8	101000	340100	Office Furniture & Equip	0.00%	0.00%	0.00%	0.00%	-	-	-	-	-	-	-	-	-		-
9	101000	340200	Computer & Periph Equip	15.89%	1.32%	15.89%	1.32%	-	-	3,094	19,471	6,866	(810)	(103)	-	4,102		25,424
10	101000	340300	Computer Software	0.00%	0.00%	0.00%	0.00%	-	-	-	-	-	-	-	-	-		-
11	101000	340330	Comp Software Other	0.00%	0.00%	0.00%	0.00%	-	-	-	-	-	-	-	-	-		-
12	101000	340500	Other Office Equipment	0.00%	0.00%	0.00%	0.00%	-	-	-	-	-	-	-	-	-		-
13	101000	341100	Trans Equip Lt Duty Trucks	0.00%	0.00%	0.00%	0.00%	-	-	-	-	-	-	-	-	-		-
14	101000	341200	Trans Equip Hvy Duty Trucks	25.00%	2.08%	25.00%	2.08%	-	-	15,118	60,471	-	-	-	-	15,118		60,471
15	101000	341400	Trans Equip Other	25.00%	2.08%	25.00%	2.08%	-	-	2,088	8,352	-	-	-	-	2,088		8,352
16	101000	343000	Tools, Shop, Garage Equip	4.02%	0.34%	4.47%	0.37%	-	-	1,177	29,267	-	-	-	-	1,242		29,267
17	101000	344000	Laboratory Equipment	0.00%	0.00%	0.00%	0.00%	-	-	-		-	-	-	-	-		-
18	101000	346100	Comm Equip Non-Telephone	0.00%	0.00%	0.00%	0.00%	-	-	-	-	-	-	-	-	-		-
19	101000	346200	Comm Equip Telephone	0.00%	0.00%	0.00%	0.00%	-	-	-	-	-	-	-	-	-		-
20	101000	346300	Comm Equip Other	0.00%	0.00%	0.00%	0.00%	-	-	-	-	-	-	-	-	-		-
21	101000	347000	Misc Equipment	0.00%	0.00%	0.00%	0.00%	-	-	-	-	-	-	-	-	-		-
22	101000	352000	WW Franchises	0.00%	0.00%	0.00%	0.00%	-	-	-	218,285	-	-	-	-	-		218,285
23	101000	353200	WW Land & Ld Rights Coll	0.00%	0.00%	0.00%	0.00%	-	-	-	16,810	-	-	-	-	-		16,810
24	101000	353500	WW Land & Ld Rights Gen	0.00%	0.00%	0.00%	0.00%	-	-	-	205,364	1,757	-	(64,085)	-	-		143,036
25	101000	354200	WW Struct & Imp Coll	2.50%	0.21%	1.67%	0.14%	-	-	11,387	585,082	-	-	34,694	-	12,344		619,777
26	101000	354300	WW Struct & Imp SPP	0.00%	0.00%	0.00%	0.00%	-	-	-		-	-	-	-	-		-
27	101000	354400	WW Struct & Imp TDP	2.50%	0.21%	1.67%	0.14%	-	-	639	15,977	2,228	-	5,414,029	-	45,767	616,146	6,048,379
28	101000	354500	WW Struct & Imp Gen	2.00%	0.17%	1.68%	0.14%	-	50,805	71,914	5,986,740	252,349	-	(3,391,377)	-	86,225		2,847,712
29	101000	355500	WW Pwr Gen Equip RWTP														136,851	136,851
30	101000	360000	WW Collection Sewers Forced	2.07%	0.17%	2.07%	0.17%	-	24,261	51,370	2,500,903	-	-	31,860	-	51,934		2,532,763
31	101000	361100	WW Collecting Mains	2.04%	0.17%	2.04%	0.17%	-	-	89,802	6,505,830	2,554,039	-	25,133,420	18,784	564,551		34,193,289
32	101000	362000	WW Special Coll Structures	2.04%	0.17%	2.04%	0.17%	-	-	-	-	-	-	-	-	-		-
33	101000	363000	WW Services Sewer	3.31%	0.28%	2.04%	0.17%	-	-	24,120	1,076,197	605,076	-	3,041,966	-	94,728		4,723,239
34	101000	364000	WW Flow Measuring Devices	5.42%	0.45%	5.42%	0.45%	-	597	3,474	134,605	5,455	-	(66,512)	-	6,775		73,548
35	101000	370000	WW Receiving Wells	5.42%	0.45%	5.42%	0.45%	-	-	14,424	681,019	46,214	-	328,809	-	47,345		1,056,042
36	101000	371100	WW Pump Equip Elect	5.42%	0.45%	5.42%	0.45%	461,863	74,620	36,773	1,029,016	9,000	-	167,421	-	62,218		1,205,437
37	101000	371200	WW Pump Equip Other Power	5.40%	0.45%	5.40%	0.45%	-	-	-	-	-	-	-	-	-		-
38	101000	380000	WW TD Equipment	0.00%	0.00%	5.00%	0.42%	-	-	-	-	-	-	1,973,968	-	49,247		1,973,968
39	101000	380050	WW TD Equip Grit Removal	5.00%	0.42%	5.00%	0.42%	-	204,581	189,061	3,819,994	2,634	-	1,433,810	-	242,024		5,256,438
40	101000	380100	WW Equip Sed Tanks/Acc	5.00%	0.42%	5.00%	0.42%	-	-	-	8,944,253	(22,547)	-	(7,123,956)	-	342,392		1,797,750
41	101000	380200	WW TD Equip Sldge/Effl Rmv	5.00%	0.42%	5.00%	0.42%	-	-	-		-	-	-	-	-	3,041	3,041
42	101000	380250	WW TD Equip Sludge Dig Tank	5.00%	0.42%	5.00%	0.42%	-	-	-	-	-	-	532,857	-	13,321		532,857
43	101000	380300	WW TD Equip Sludge Dry/Filter	5.00%	0.42%	5.00%	0.42%	-	-	-	-	-	-	581,647	-	14,541		581,647
44	101000	380400	WW TD Equip Aux Effl Trmt	5.00%	0.42%	5.00%	0.42%	-	-	-		-	-	649,801	-	16,245		649,801
45	101000	380500	WW TD Equip Chem Trmt Plt	5.00%	0.42%	5.00%	0.42%	-	-	-	-	-	-	48,465	-	1,213		48,465
46	101000	380600	WW TD Equip Other Disp	5.00%	0.42%	8.40%	0.70%	-	-	-	17,786	2,263	-	4,225	-	1,676		24,274
47	101000	380625	WW TD Equip Gen Trmt	8.40%	0.70%	8.40%	0.70%	-	-	-	-	-	-	-	-	-		-
48	101000	380650	WW TD Equip Influent Lift S	8.40%	0.70%	8.40%	0.70%	-	-	-	-	-	-	-	-	-		-
49	101000	381000	WW Plant Sewers														657,626	657,626
50	101000	382000	WW Outfall Sewer Lines	5.00%	0.42%	5.00%	0.42%	-	-	-	118,575	14,385	-	21,328	-	8,167	14,844	169,131
51	101000	389100	WW Other Plant & Misc Equip Int	5.00%	0.42%	4.98%	0.42%	-	-	24,017	155,318	-	-	-	-	7,750		155,318
52	101000	390000	WW Office Furniture & Equip	4.56%	0.38%	4.56%	0.38%	-	-	-	-	-	-	-	-	-		-
53	101000	391000	WW Trans Equipment	24.96%	2.08%	24.96%	2.08%	-	-	-	-	-	-	-	-	-		-
54	101000	392000	WW Stores Equipment	3.96%	0.33%	3.96%	0.33%	-	-	-	-	-	-	-	-	-		-
55	101000	393000	WW Tool Shop & Garage Equip	4.44%	0.37%	4.44%	0.37%	-	-	-	-	-	-	-	-	-		-
56	101000	394000	WW Laboratory Equipment	10.30%	0.86%	3.71%	0.31%	-	-	312	3,033	-	-	-	-	212		3,033
57	101000	395000	WW Power Operated Equip	5.02%	0.42%	5.02%	0.42%	-	-	7,389	157,993	-	-	-	-	7,931		157,993
58	101000	396000	WW Communication Equip	10.30%	0.86%	10.30%	0.86%	68,094	91,736	17,817	217,083	18,488	-	431,627	-	45,929	780,853	1,448,050
59	101000	397000	WW Misc Equipment						-		-	-	-	-	-	-		-
60	101000	398000	WW Other Tangible Plant		0.00%	0.00%	0.00%	-	138,964	-	2,338,366	301	-	-	-	-	(2,209,361)	129,306
61	101000	na	Not Classified			0.00%	0.00%			267	-							-
62																		
63		Utility Plant						529,957	585,564		34,857,517	3,498,505	(810)	29,183,894	18,784		(0)	67,539,106
64																		
65		Total Plant						529,957			34,857,517							
66																		
67		Monthly Depreciation Expense								564,523						1,745,369		
68		Retirements								-						(810)		
69		Accum. Depr. - Apprvd'/Calculated								706,516						3,036,639		
70		Accum Depr Transfers								585,564						18,784		
71		Total Salvage								-						-		
72		Total Approved/Calculated								1,292,080						3,055,422		
73		Total Acc Dep Per Books (\Trial Balance\Column DE\)								1,317,943						4,395,846		
74		Total Over/(Under) Depreciated								25,863						1,340,424		
75															Adj to tie back to Order	(67,019)		
76															SLM-1	1,273,405		
77																		
78																		
79																		

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Rate Base Adjustment SLM-1

Exhibit
Schedule B-2
Page 5
Witness: Murrey

Reconcile Agua Fria Wastewater Plant & Accum. Depr.
to Amounts Previously Approved

Line No.	Object Account	Sub. Account	Description	Annual Depr. Rate	Monthly Depr. Rate	New Rate as of 7/08 Annual Depr. Rate	New Rate as of 7/08 Monthly Depr. Rate	Rate Base Adj per Order Staff Adj #2 Less: Disallowed Plant Verrado	SLM-17 Asset Transfers Anthem WW to Agua Fria WW	Company Adjusted Balance December 2008	Staff Approved Depreciation Rates	Annual Depreciation Expense times TYE UPIS Col [AH] * [AJ]
1	101000	304100	Struct & Imp SS	2.40%	0.20%	2.40%	0.20%			11,726	0.00%	-
2	101000	304200	Struct & Imp P	0.00%	0.00%	0.00%	0.00%			-		-
3	101000	304510	Struct & Imp AG Cap Lease	0.00%	0.00%	0.00%	0.00%			-		-
4	101000	304600	Struct & Imp Offices	0.00%	0.00%	0.00%	0.00%			(0)		-
5	101000	304620	Struct & Imp Leasehold	0.00%	0.00%	0.00%	0.00%			-		-
6	101000	304800	Struct & Imp Misc	0.00%	0.00%	0.00%	0.00%			-		-
7	101000	307000	Wells & Springs	0.00%	0.00%	0.00%	0.00%			-		-
8	101000	340100	Office Furniture & Equip	0.00%	0.00%	0.00%	0.00%			-		-
9	101000	340200	Computer & Periph Equip	15.89%	1.32%	15.89%	1.32%			25,424	10.00%	2,542
10	101000	340300	Computer Software	0.00%	0.00%	0.00%	0.00%			-		-
11	101000	340330	Comp Software Other	0.00%	0.00%	0.00%	0.00%			-		-
12	101000	340500	Other Office Equipment	0.00%	0.00%	0.00%	0.00%			-		-
13	101000	341100	Trans Equip Lt Duty Trucks	0.00%	0.00%	0.00%	0.00%			-	20.00%	-
14	101000	341200	Trans Equip Hvy Duty Trucks	25.00%	2.08%	25.00%	2.08%			60,471	15.00%	9,071
15	101000	341400	Trans Equip Other	25.00%	2.08%	25.00%	2.08%			8,352	16.67%	1,392
16	101000	343000	Tools, Shop, Garage Equip	4.02%	0.34%	4.47%	0.37%			29,267	4.47%	1,308
17	101000	344000	Laboratory Equipment	0.00%	0.00%	0.00%	0.00%			-		-
18	101000	346100	Comm Equip Non-Telephone	0.00%	0.00%	0.00%	0.00%			-		-
19	101000	346200	Comm Equip Telephone	0.00%	0.00%	0.00%	0.00%			-		-
20	101000	346300	Comm Equip Other	0.00%	0.00%	0.00%	0.00%			-		-
21	101000	347000	Misc Equipment	0.00%	0.00%	0.00%	0.00%			-		-
22	101000	352000	WW Franchises	0.00%	0.00%	0.00%	0.00%			218,285	0.00%	-
23	101000	353200	WW Land & Ld Rights Coll	0.00%	0.00%	0.00%	0.00%			16,810	0.00%	-
24	101000	353500	WW Land & Ld Rights Gen	0.00%	0.00%	0.00%	0.00%			143,036	0.00%	-
25	101000	354200	WW Struct & Imp Coll	2.50%	0.21%	1.67%	0.14%			619,777	1.67%	10,350
26	101000	354300	WW Struct & Imp SPP	0.00%	0.00%	0.00%	0.00%			-		-
27	101000	354400	WW Struct & Imp TDP	2.50%	0.21%	1.67%	0.14%	(547,937)		5,500,442	1.67%	91,857
28	101000	354500	WW Struct & Imp Gen	2.00%	0.17%	1.68%	0.14%			2,847,712	1.67%	47,557
29	101000	355500	WW Pwr Gen Equip RWTP							136,851	4.42%	6,049
30	101000	360000	WW Collection Sewers Forced	2.07%	0.17%	2.07%	0.17%			2,532,763	2.07%	52,428
31	101000	361100	WW Collecting Mains	2.04%	0.17%	2.04%	0.17%		211,006	34,404,294	2.04%	701,848
32	101000	362000	WW Special Coll Structures	2.04%	0.17%	2.04%	0.17%			-	2.04%	-
33	101000	363000	WW Services Sewer	3.31%	0.28%	2.04%	0.17%		74,086	4,797,325	2.04%	97,865
34	101000	364000	WW Flow Measuring Devices	5.42%	0.45%	5.42%	0.45%			73,548	10.00%	7,355
35	101000	370000	WW Receiving Wells	5.42%	0.45%	5.42%	0.45%			1,056,042	3.33%	35,166
36	101000	371100	WW Pump Equip Elect	5.42%	0.45%	5.42%	0.45%	(158,136)		1,047,301	5.42%	56,764
37	101000	371200	WW Pump Equip Other Power	5.40%	0.45%	5.40%	0.45%			-	5.42%	-
38	101000	380000	WW TD Equipment	0.00%	0.00%	5.00%	0.42%	(1,132,564)		841,404	5.00%	42,070
39	101000	380050	WW TD Equip Grit Removal	5.00%	0.42%	5.00%	0.42%			5,256,438	5.00%	262,822
40	101000	380100	WW Equip Sed Tanks/Acc	5.00%	0.42%	5.00%	0.42%			1,797,750	5.00%	89,888
41	101000	380200	WW TD Equip Sldge/Effl Rmv	5.00%	0.42%	5.00%	0.42%			3,041	5.00%	152
42	101000	380250	WW TD Equip Sludge Dig Tank	5.00%	0.42%	5.00%	0.42%			532,857	5.00%	26,643
43	101000	380300	WW TD Equip Sludge Dry/Filter	5.00%	0.42%	5.00%	0.42%			581,647	5.00%	29,082
44	101000	380400	WW TD Equip Aux Effl Trmt	5.00%	0.42%	5.00%	0.42%			649,801	5.00%	32,490
45	101000	380500	WW TD Equip Chem Trmt Plt	5.00%	0.42%	5.00%	0.42%			48,465	5.00%	2,423
46	101000	380600	WW TD Equip Other Disp	5.00%	0.42%	8.40%	0.70%			24,274	5.00%	1,214
47	101000	380625	WW TD Equip Gen Trmt	8.40%	0.70%	8.40%	0.70%			-	5.00%	-
48	101000	380650	WW TD Equip Influent Lift S	8.40%	0.70%	8.40%	0.70%			-	5.00%	-
49	101000	381000	WW Plant Sewers							657,626	5.00%	32,881
50	101000	382000	WW Outfall Sewer Lines	5.00%	0.42%	5.00%	0.42%			169,131	5.00%	8,457
51	101000	389100	WW Other Plant & Misc Equip Int	5.00%	0.42%	4.98%	0.42%			155,318	4.98%	7,735
52	101000	390000	WW Office Furniture & Equip	4.56%	0.38%	4.56%	0.38%			-	4.59%	-
53	101000	391000	WW Trans Equipment	24.96%	2.08%	24.96%	2.08%			-	20.00%	-
54	101000	392000	WW Stores Equipment	3.96%	0.33%	3.96%	0.33%			-	3.96%	-
55	101000	393000	WW Tool Shop & Garage Equip	4.44%	0.37%	4.44%	0.37%			-	4.47%	-
56	101000	394000	WW Laboratory Equipment	10.30%	0.86%	3.71%	0.31%			3,033	3.71%	113
57	101000	395000	WW Power Operated Equip	5.02%	0.42%	5.02%	0.42%			157,993	5.02%	7,931
58	101000	396000	WW Communication Equip	10.30%	0.86%	10.30%	0.86%			1,448,050	10.30%	149,149
59	101000	397000	WW Misc Equipment							-	5.10%	-
60	101000	398000	WW Other Tangible Plant		0.00%	0.00%	0.00%			129,306	10.30%	13,318
61	101000	na	Not Classified			0.00%	0.00%			-		
62												
63			Utility Plant					(1,838,637)	285,092	65,985,561		1,827,921
64												
65			Total Plant								Depreciable Plant	66,878,439
66											Composite Rate	2.73%
67			Monthly Depreciation Expense									
68			Retirements									
69			Accum. Depr. - Apprvd'/Calculated									
70			Accum Depr Transfers									
71			Total Salvage									
72			Total Approved/Calculated									
73			Total Acc Dep Per Books (\Trial Balance\Column DE\)									
74			Total Over/(Under) Depreciated									
75												
76												
77												
78												
79												

Additional Accum Deprec on Verrado WRF Reclass

6/30/04 to 07/01/08 = 48 mos depreciation	
7/1/08 to 12/31/08 = 6 mos depreciation	
6/30/04 to 12/31/08 = 54 mos depreciation	
Acct 354400 = 616,146 x 2.50% / 12 x 48 mos	61,615
Acct 354400 = 616,146 x 1.67% / 12 x 6 mos	5,145
Acct 355500 = 136,851 x 5% / 12 x 54 mos	30,791
Acct 380200 = 3,041 x 5% / 12 x 54 mos	684
Acct 381000 = 657,626 x 5% / 12 x 54 mos	147,966
Acct 382000 = 14,844 x 5% / 12 x 54 mos	3,340
Acct 396000 = 780,234.21 x 10.30% / 12 x 54 mos	361,925
Additional Accum Deprec on Verrado WRF Reclass	611,466

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Rate Base Adjustment SLM-2

Exhibit
Schedule B-2
Page 6
Witness: Murrey

Line No.	Object Account	Sub. Account	Description	Annual Depr. Rate	Monthly Depr. Rate	Audited W-01303A-07-0209 December 2006	Additions 2007	Retirements 2007	Adjustments 2007	Depr. Expense 2007	Ending Balance December 2007	Additions 2008	Retirements 2008	Adjustments 2008	Depr. Expense 2008	SLM-2 Ending Balance December 2008	Company Proposed Depreciation Rates	Annual Depreciation Expense times TYE UPIS Col [Q] * [R]
1	Reconcile AZCorp. Plant & Accumulated Depreciation																	
2	to Amounts Previously Audited																	
6	101000	303600	Land & Land Rights AG	0.00%	0.00%	30,722	(30,722)	-	-	-	-	-	-	-	-	-	-	-
7	101000	304510	Struct & Imp AG Cap Lease	5.63%	0.47%	-	-	-	-	-	-	-	-	-	-	-		-
8	101000	304600	Struct & Imp Offices	4.63%	0.39%	18,209	(18,209)	-	-	(913)	-	-	-	-	-	-		-
9	101000	304800	Struct & Imp Misc	4.63%	0.39%	-	-	-	-	-	-	-	-	-	-	-		-
10	101000	304620	Struct & Imp Leasehold	14.20%	1.18%	197,755	-	-	-	28,081	197,755	-	-	-	28,081	197,755	14.28%	28,239
11	101000	331001	Mains	1.53%	0.13%	-	783,397	-	-	999	783,397	-	-	(783,397)	-	-		-
12	101000	339600	Other P/E CPS	3.30%	0.28%	-	-	-	-	-		51,651	-	-	712	51,651	3.30%	1,704
13	101000	340100	Office Furniture & Equip	4.04%	0.34%	1,090,182	34,725	-	-	44,115	1,124,906	32,218	(4,069)	-	42,478	1,153,056	4.04%	46,583
14	101000	340200	Comp & Periph Equip	15.89%	1.32%	395,932	61,597	-	-	63,685	457,529	59,458	(555)	(15,598)	75,261	500,835	10.00%	50,083
15	101000	340300	Computer Software	37.71%	3.14%	1,800,584	(233)	-	-	677,128	1,800,350	18,200	-	-	679,484	1,818,550	25.00%	454,638
16	101000	340330	Comp Software Other	37.71%	3.14%	36,811	9,951	-	-	14,194	46,763	-	-	-	17,634	46,763	25.00%	11,691
17	101000	340500	Other Office Equipment	7.13%	0.59%	-	-	-	-	-	-	-	-	-	-	-		-
18	101000	341100	Trans Equip Lt Duty Trks	28.05%	2.34%	469,000	(469,000)	-	-	(171,701)	-	-	-	-	-	-		-
19	101000	343000	Tools,Shop,Garage Equip	3.61%	0.30%	18,131	20,324	-	-	349	38,455	89	-	(38,545)	175	-		-
20	101000	344000	Laboratory Equipment	3.71%	0.31%	-	-	-	-	-	-	-	-	-	-	-		-
21	101000	345000	Power Operated Equipment	4.64%	0.39%	47,923	(47,923)	-	-	-	-	-	-	-	-	-		-
22	101000	346100	Comm Equip Non-Telephone	9.76%	0.81%	199,220	(13,140)	-	-	16,648	186,080	-	-	-	18,161	186,080	8.25%	15,352
23	101000	346200	Comm Equip Telephone	9.76%	0.81%	49,678	(49,678)	-	-	-	-	14,346	-	-	117	14,346	8.25%	1,184
24	101000	346300	Comm Equip Other	7.91%	0.66%	12,887	(7,985)	-	-	355	4,902	-	-	-	388	4,902	5.35%	262
25	101000	347000	Misc Equipment	5.10%	0.43%	-	-	-	-	-	-	-	-	-	-	-		-
26	101000	380400	WW TD Equip Aux Effl Trmt	5.00%	0.42%	-	-	-	-	-	-	-	-	-	-	-		-
27	101000	393000	WW Tool Shop & Garage Equip	4.74%	0.40%	-	-	-	-	-	-	-	-	-	-	-		-
28																		-
29																		
30																		
31																		
32																		
33																		
34																		
35																		
36																		
37																		
38																		
39																		
40			Utility Plant			4,367,033	273,104	-	-	672,941	4,640,137	175,962	(4,624)	(837,539)	862,491	3,973,936		609,736
41			Agua Fria WW Allocation Factor			2.6164%				2.9334%	2.9334%				2.9491%	2.9491%		2.9491%
42	SLM-2		Agua Fria WW Allocation			114,258				19,740	136,116				25,435	117,194	SLM-2	17,982
43																		
44			Monthly Depreciation Expense															
45			Retirements															
46			Accum. Deprec. - Apprvd'/Calculated			2,813,109				672,941	3,486,050				862,491	4,348,541		
47			Total Removal Cost			(221,543)				576	(220,968)				220,968	0		
48			Total Salvage			100,000					100,000					100,000		
49			Total Approved/Calculated			2,691,566				673,516	3,365,082				1,083,459	4,448,542		
50			Total Per Books (\Trial Balance\Column BU\)			(2,787,094)				(643,209)	(3,430,303)				(1,088,528)	(4,518,831)		
51			Total Over/(Under) Depreciated			95,528				(30,307)	65,221				5,069	70,290		
52			Agua Fria WW Allocation Factor			2.6164%					2.9334%					2.9491%		
53	SLM-2		Agua Fria WW Allocation			70,421					98,713					131,191	SLM-2	
54											(100,626)					(133,264)		
55											1,913					2,073		
											98,713							

Note:
1. In 2006 we removed $703,156 from corporate books for Western Region.
2. In 2006 the Eastern Division was not allowed.

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Rate Base Adjustment SLM-3

Exhibit
Schedule B-2
Page 7
Witness: Murrey

Line																		
No.						Plant	Accum Deprec	Plant	Accum Deprec									
1	Reconcile Agua Fria Wastewater Plant & Accum. Depr.					North West Valley TP	North West Valley TP	Agua Fria WW	Agua Fria WW					Plant				
2	to Amounts Previously Approved - add North West Valley Treatment Plant					December	December	December	December				Depr.	Balance				Depr.
3				Annual	Monthly	2005	2005	2005	2005	Additions	Retirements	Adjustment	Expense	December	Additions	Retirements	Adjustment	Expense
4	Object	Sub.		Depr.	Depr.			Allocated at	Allocated at	2006	2006	2006	2006	2006	2007	2007	2007	2007
5	Account	Account	Description	Rate	Rate			32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%
6																		
7																		
8	101000	304100	Struct & Imp SS	2.50%	0.21%	-	-	-	-	-	-	7,536	2,921	7,536	-	-	-	173
9	101000	304200	Struct & Imp P	1.67%	0.14%	-	-	-	-	-	-	1,947	919	1,947	-	(185)	-	30
10	101000	304600	Struct & Imp Offices	1.67%	0.14%	16,785	389	5,371	124	-	-	141	153	5,512	-	-	-	84
11	101000	304800	Struct & Imp Misc	4.63%	0.39%	20,297	1,552	6,495	497	-	-	-	301	6,495	-	-	-	276
12	101000	307000	Wells & Springs	2.52%	0.21%	-	-	-	-	-	-	1,320	624	1,320	-	-	-	30
13	101000	311200	Pump Equip Electric	2.52%	0.21%	-	-	-	-	49,458	-	-	679	49,458	36	-	(159)	1,143
14	101000	335000	Hydrants	2.00%	0.17%	-	-	-	-	-	-	-	-	-	-	-	-	-
15	101000	340200	Comp & Periph Equip	4.59%	0.38%	-	-	-	-	-	-	-	-	-	-	-	-	-
16	101000	340500	Other Office Equipment	7.13%	0.59%	3,540	191	1,133	61	-	-	-	81	1,133	-	-	-	74
17	101000	341200	Trans Equip Hvy Duty Trks	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
18	101000	341400	Trans Equip Other	0.93%	0.08%	-	-	-	-	-	-	-	-	-	-	-	-	-
19	101000	343000	Tools, Shop and Garage	3.61%	0.30%	-	-	-	-	-	-	-	-	-	-	-	-	-
20	101000	344000	Laboratory Equipment	3.71%	0.31%	10,841	294	3,469	94	-	-	-	129	3,469	-	-	-	118
21	101000	346100	Comm Equip Non-Telephone	9.88%	0.82%	-	-	-	-	4,572	-	15,566	4,872	20,139	13	-	-	1,825
22	101000	351000	WW Organization	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
23	101000	352000	WW Franchises	0.00%	0.00%	-	-	-	-	-	-	417	-	417	-	-	-	-
24	101000	353200	WW Land & Ld Rights Coll	0.00%	0.00%	-	-	-	-	-	-	144,900	-	144,900	-	-	-	-
25	101000	353500	WW Land & Ld Rights Gen	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-	6,639	-
26	101000	354200	WW Struct & Imp Coll	5.00%	0.42%	-	-	-	-	12,684	-	651,602	598,765	664,286	6,767	-	203,852	139,980
27	101000	354300	WW Struct & Imp SPP	5.00%	0.42%	-	-	-	-	2,313	-	305,763	8,966	308,076	5	-	-	14,120
28	101000	354400	WW Struct & Imp TDP	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
29	101000	354500	WW Struct & Imp Gen	1.67%	0.14%	-	-	-	-	-	-	-	-	-	-	-	462,914	58,349
30	101000	355200	WW Pwr Gen Equip Coll	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
31	101000	355300	WW Pwr Gen Equip SPP	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
32	101000	360000	WW Collection Sewers Forced	2.07%	0.17%	-	-	-	-	-	-	-	-	-	-	-	-	-
33	101000	361100	WW Collecting Mains	2.04%	0.17%	-	-	-	-	15,531	-	10,413	596	25,944	239	-	29,922	6,722
34	101000	362000	WW Special Coll Struct	8.40%	0.70%	-	-	-	-	746	-	35,921	2,289	36,667	1	-	129,161	117,342
35	101000	363000	WW Services Sewer	2.04%	0.17%	-	-	-	-	3,144	-	1,708	109	4,853	3,430	-	-	105
36	101000	364000	WW Flow Measuring Devices	10.00%	0.83%	-	-	-	-	-	-	-	-	-	1,451	-	-	24
37	101000	370000	WW Receiving Wells	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
38	101000	371100	WW Pump Equip Elect	5.42%	0.45%	7,066	32	2,261	10	79	-	12,202	1,890	14,541	15,367	-	128	877
39	101000	371200	WW Pump Equip Oth Pwr	0.00%	0.00%	-	-	-	-	-	-	-	-	-	118	-	-	-
40	101000	380000	WW TD Equipment	5.00%	0.42%	-	-	-	-	33,890	-	632,072	82,985	665,962	1	-	-	30,523
41	101000	380050	WW TD Equip Grit Removal	5.00%	0.42%	-	-	-	-	-	-	-	-	-	-	-	352,780	280,062
42	101000	380100	WW TD Equip Sed Tanks/Acc	5.00%	0.42%	-	-	-	-	-	-	1,754	747	1,754	3,535	(877)	1,713,501	1,262,148
43	101000	380200	WW TD Equip Sldge/Effl Rmv	5.00%	0.42%	-	-	-	-	1,583	-	9,794	319	11,377	3	-	-	522
44	101000	380250	WW TD Equip Sldge Dig Tnk	5.00%	0.42%	-	-	-	-	-	-	22,897	3,051	22,897	-	-	-	1,049
45	101000	380300	WW TD Equip Sldge Dry/Filt	5.00%	0.42%	-	-	-	-	-	-	-	-	-	-	-	1,952,382	1,067,037
46	101000	380350	WW TD Equip Sec Trmt Filt	0.00%	0.00%	-	-	-	-	-	-	-	-	-	3,563	-	-	-
47	101000	380400	WW TD Equip Aux Effl Trmt	5.00%	0.42%	32,413	(998)	10,372	(319)	10,059	-	-	616	20,431	54,949	-	335,447	261,760
48	101000	380500	WW TD Equip Chem Trmt Plt	5.00%	0.42%	-	-	-	-	-	-	-	-	-	-	-	649	68,849
49	101000	380600	WW TD Equip Oth Disp	8.40%	0.70%	-	-	-	-	-	-	-	-	-	-	-	332,677	294,744
50	101000	380625	WW TD Equip Gen Trmt	5.00%	0.42%	-	-	-	-	-	-	-	-	-	-	-	254,380	111,946
51	101000	380650	WW TD Equip Influent Lift S	5.00%	0.42%	-	-	-	-	-	-	-	-	-	-	-	23,045	15,199
52	101000	381000	WW Plant Sewers	0.00%	0.00%	-	-	-	-	5,251	-	-	-	5,251	-	-	-	-
53	101000	382000	WW Outfall Sewer Lines	5.00%	0.42%	-	-	-	-	-	-	5,907	1,009	5,907	2,222	-	30,298	31,053
54	101000	389100	WW Oth Plt & Misc Equip Int	4.98%	0.42%	-	-	-	-	-	-	6,197	180	6,197	-	-	-	283
55	101000	389600	WW Oth Plt & Misc Equip	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
56	101000	390000	WW Office Furniture & Equip	4.59%	0.38%	-	-	-	-	-	-	708	41	708	-	(3,245)	56,570	14,173
57	101000	390200	WW Computers & Peripheral	0.00%	0.00%	-	-	-	-	3,404	-	-	-	3,404	7	-	-	-
58	101000	390300	WW Computer Software	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
59	101000	391000	WW Trans Equipment	25.00%	2.08%	-	-	-	-	1,957	-	-	305	1,957	4	-	75,120	133,989
60	101000	392000	WW Stores Equipment	3.91%	0.33%	-	-	-	-	-	-	-	-	-	-	-	3,606	756
61	101000	393000	WW Tool Shop & Garage Equip	4.47%	0.37%	16,303	283	5,217	91	-	-	518	318	5,735	-	-	33,157	11,839
62	101000	394000	WW Laboratory Equipment	3.71%	0.31%	-	-	-	-	-	-	-	-	-	9,146	(286)	18,050	8,103
63	101000	395000	WW Power Operated Equip	5.02%	0.42%	-	-	-	-	-	-	-	-	-	-	-	4,145	1,761
64	101000	396000	WW Communication Equip	10.30%	0.86%	-	-	-	-	-	-	2,965	654	2,965	-	(51,464)	116,697	95,561
65	101000	397000	WW Misc Equipment	5.10%	0.43%	-	-	-	-	-	-	-	-	-	-	-	22,480	14,951
66	101000	398000	WW Other Tangible Plant	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
67																		
68																		
69																		
70			Utility Plant			107,246		34,319	558	144,670	-	1,872,251		2,051,239	100,859	(56,057)	6,157,443	
71																		
72			Total Plant Per Books			107,246								2,051,239				
73			Diff in Plant			-								-				
74																		
75																		
76			Monthly Depreciation Expense										713,519					4,047,579
77			Retirements										-					(56,057)
78			Accum. Deprec. - Apprvd'/Calculated				1,743		558				714,076					4,705,599
79			Total Removal Cost				-						-					-
80			Total Salvage				-						-					-
81			Total Approved/Calculated				1,743						714,076					4,705,599
82			Total Per Books (\Trial Balance\Column BU\)				1,416						734,325					4,698,139
83			Total Over/(Under) Depreciated				327						(20,248)					7,460

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Rate Base Adjustment SLM-3

Exhibit
Schedule B-2
Page 8
Witness: Murrey

1 Reconcile Agua Fria Wastewater Plant & Accum. Depr.
2 to Amounts Previously Approved - add North West Valley Treatment Plant

Line No.	Object Account	Sub. Account	Description	Annual Depr. Rate	Monthly Depr. Rate	Plant Balance December 2007 32%	Additions 2008 32%	Retirements 2008 32%	Adjustment 2008 32%	Depr. Expense 2008 32%	Ending Plant Balance December 2008 32%		Per Order Company Adj Plant Balance December 2008 28%	Staff Approved Depreciation Rates	Annual Depreciation Expense times TYE UPIS Col [AA] * [AB]
6															
7															
8	101000	304100	Struct & Imp SS	2.50%	0.21%	7,536	-	-	(7,536)	173	-		-	0.00%	-
9	101000	304200	Struct & Imp P	1.67%	0.14%	1,763	-	-	(1,763)	27	-		-	0.00%	-
10	101000	304600	Struct & Imp Offices	1.67%	0.14%	5,512	-	-	(5,512)	84	-		-	0.00%	-
11	101000	304800	Struct & Imp Misc	4.63%	0.39%	6,495	-	-	(6,495)	276	-		-	0.00%	-
12	101000	307000	Wells & Springs	2.52%	0.21%	1,320	-	-	(1,320)	30	-		-	0.00%	-
13	101000	311200	Pump Equip Electric	2.52%	0.21%	49,335	-	-	(49,335)	1,140	-		-	0.00%	-
14	101000	335000	Hydrants	2.00%	0.17%	-	-	-	-	-	-		-	0.00%	-
15	101000	340200	Comp & Periph Equip	4.59%	0.38%	-	1,905	-	(1,905)	86	-		-	0.00%	-
16	101000	340500	Other Office Equipment	7.13%	0.59%	1,133	-	-	(1,133)	74	-		-	0.00%	-
17	101000	341200	Trans Equip Hvy Duty Trks	0.00%	0.00%	-	-	-	-	-	-		-	0.00%	-
18	101000	341400	Trans Equip Other	0.93%	0.08%	-	-	-	-	-	-		-	0.00%	-
19	101000	343000	Tools, Shop and Garage	3.61%	0.30%	-	-	-	-	-	-		-	0.00%	-
20	101000	344000	Laboratory Equipment	3.71%	0.31%	3,469	-	-	(3,469)	118	-		-	0.00%	-
21	101000	346100	Comm Equip Non-Telephone	9.88%	0.82%	20,152	-	-	(20,152)	1,825	-		-	0.00%	-
22	101000	351000	WW Organization	0.00%	0.00%	-	-	-	-	-	-		-	0.00%	-
23	101000	352000	WW Franchises	0.00%	0.00%	417	-	-	-	-	417		365	0.00%	-
24	101000	353200	WW Land & Ld Rights Coll	0.00%	0.00%	144,900	-	-	-	-	144,900		126,788	0.00%	-
25	101000	353500	WW Land & Ld Rights Gen	0.00%	0.00%	6,639	-	-	-	-	6,639		5,809	0.00%	-
26	101000	354200	WW Struct & Imp Coll	5.00%	0.42%	874,904	-	-	5,855	43,770	880,759		770,665	1.67%	12,870
27	101000	354300	WW Struct & Imp SPP	5.00%	0.42%	308,081	-	-	1,763	15,411	309,844		271,113	5.00%	13,556
28	101000	354400	WW Struct & Imp TDP	0.00%	0.00%	-	-	-	-	-	-		-		-
29	101000	354500	WW Struct & Imp Gen	1.67%	0.14%	462,914	42,828	-	5,707	8,035	511,449		447,518	1.67%	7,474
30	101000	355200	WW Pwr Gen Equip Coll	0.00%	0.00%	-	2,545	-	-	-	2,545		2,226	3.30%	73
31	101000	355300	WW Pwr Gen Equip SPP	0.00%	0.00%	-	-	-	-	-	-		-		-
32	101000	360000	WW Collection Sewers Forced	2.07%	0.17%	-	-	-	-	-	-		-	2.07%	-
33	101000	361100	WW Collecting Mains	2.04%	0.17%	56,106	3,219	(24,701)	511	755	35,134		30,742	2.04%	627
34	101000	362000	WW Special Coll Struct	8.40%	0.70%	165,830	-	(121)	-	13,929	165,708		144,995	2.04%	2,958
35	101000	363000	WW Services Sewer	2.04%	0.17%	8,283	2	-	-	169	8,285		7,249	2.04%	148
36	101000	364000	WW Flow Measuring Devices	10.00%	0.83%	1,451	-	-	308	148	1,760		1,540	10.00%	154
37	101000	370000	WW Receiving Wells	0.00%	0.00%	-	-	-	-	-	-		-		-
38	101000	371100	WW Pump Equip Elect	5.42%	0.45%	30,036	55,450	-	43,985	1,884	129,472		113,288	5.42%	6,140
39	101000	371200	WW Pump Equip Oth Pwr	0.00%	0.00%	118	-	-	-	-	118		104	5.42%	6
40	101000	380000	WW TD Equipment	5.00%	0.42%	665,963	2,302	(794)	6,495	33,389	673,966		589,720	5.00%	29,486
41	101000	380050	WW TD Equip Grit Removal	5.00%	0.42%	352,780	-	-	-	17,639	352,780		308,683	5.00%	15,434
42	101000	380100	WW TD Equip Sed Tanks/Acc	5.00%	0.42%	1,717,913	-	-	-	85,896	1,717,913		1,503,174	5.00%	75,159
43	101000	380200	WW TD Equip Sldge/Effl Rmv	5.00%	0.42%	11,380	-	-	5,350	770	16,730		14,639	5.00%	732
44	101000	380250	WW TD Equip Sldge Dig Tnk	5.00%	0.42%	22,897	-	-	-	1,145	22,897		20,035	5.00%	1,002
45	101000	380300	WW TD Equip Sldge Dry/Filt	5.00%	0.42%	1,952,382	-	(22,568)	-	97,055	1,929,814		1,688,588	5.00%	84,429
46	101000	380350	WW TD Equip Sec Trmt Filt	0.00%	0.00%	3,563	6,058	-	(1,440)	-	8,181		7,158	5.00%	358
47	101000	380400	WW TD Equip Aux Effl Trmt	5.00%	0.42%	410,827	22	-	-	20,542	410,850		359,493	5.00%	17,975
48	101000	380500	WW TD Equip Chem Trmt Plt	5.00%	0.42%	649	-	-	-	32	649		568	5.00%	28
49	101000	380600	WW TD Equip Oth Disp	8.40%	0.70%	332,677	-	-	-	27,945	332,677		291,092	5.00%	14,555
50	101000	380625	WW TD Equip Gen Trmt	5.00%	0.42%	254,380	-	(956)	-	12,715	253,425		221,747	5.00%	11,087
51	101000	380650	WW TD Equip Influent Lift S	5.00%	0.42%	23,045	-	-	-	1,152	23,045		20,164	5.00%	1,008
52	101000	381000	WW Plant Sewers	0.00%	0.00%	5,251	-	-	-	-	5,251		4,595	5.00%	230
53	101000	382000	WW Outfall Sewer Lines	5.00%	0.42%	38,427	(859)	-	-	1,918	37,568		32,872	5.00%	1,644
54	101000	389100	WW Oth Plt & Misc Equip Int	4.98%	0.42%	6,197	-	-	-	309	6,197		5,422	4.98%	270
55	101000	389600	WW Oth Plt & Misc Equip	0.00%	0.00%	-	-	-	-	-	-		-		-
56	101000	390000	WW Office Furniture & Equip	4.59%	0.38%	54,034	-	(253)	-	2,476	53,781		47,058	4.59%	2,160
57	101000	390200	WW Computers & Peripheral	0.00%	0.00%	3,411	-	-	3,038	-	6,449		5,643	10.00%	564
58	101000	390300	WW Computer Software	0.00%	0.00%	-	-	-	20,152	-	20,152		17,633	25.00%	4,408
59	101000	391000	WW Trans Equipment	25.00%	2.08%	77,081	3,320	(5,080)	1,320	20,046	76,641		67,061	20.00%	13,412
60	101000	392000	WW Stores Equipment	3.91%	0.33%	3,606	-	-	-	141	3,606		3,156	3.96%	125
61	101000	393000	WW Tool Shop & Garage Equip	4.47%	0.37%	38,892	1,386	(525)	-	1,768	39,753		34,784	4.47%	1,555
62	101000	394000	WW Laboratory Equipment	3.71%	0.31%	26,910	19,109	(483)	(13,952)	1,185	31,584		27,636	3.71%	1,025
63	101000	395000	WW Power Operated Equip	5.02%	0.42%	4,145	-	-	-	208	4,145		3,627	5.02%	182
64	101000	396000	WW Communication Equip	10.30%	0.86%	68,198	2,906	-	-	7,076	71,104		62,216	10.30%	6,408
65	101000	397000	WW Misc Equipment	5.10%	0.43%	22,480	-	(84)	-	1,145	22,396		19,596	5.10%	999
66	101000	398000	WW Other Tangible Plant	0.00%	0.00%	-	-	-	-	-	-		-	0.00%	-
67															
68															
69															
70			Utility Plant			8,253,484	140,194	(55,564)	(19,530)		8,318,584	SLM-3	7,278,762		328,241
71															
72			Total Plant Per Books			8,253,484					8,318,584				
73			Diff in Plant			-					-				
74														Depreciable Plant	8,166,628
75														Composite Rate	4.02%
76			Monthly Depreciation Expense							422,487					
77			Retirements							(55,564)					
78			Accum. Deprec. - Apprvd'/Calculated							5,072,522	SLM-3				
79			Total Removal Cost							-					
80			Total Salvage							-					
81			Total Approved/Calculated							5,072,522					
82			Total Per Books (\Trial Balance\Column BU\)							5,041,955					
83			Total Over/(Under) Depreciated							30,567					

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Rate Base Adjustment SLM-5

Exhibit
Schedule B-2
Page 9
Witness: Murrey

Line
No.

Adjustment to Rate Base

Reduce Rate Base for the Contribution from Pulte for the Tesota Hills True-Up for the Verrado WRF Phase 2 Expansion

$ 1,415,610

\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Rate Base Adjustment SLM-7

Exhibit
Schedule B-2
Page 10
Witness: Murrey

Line No.			
1	Deferred Debits		
2			
3			
4	Pro Forma Deferred Debit as Adjusted	$	27,587
5			
6	Test Year Deferred Debits Balance		505,213
7			
8	Increase/(Decrease) in Deferred Debit Adjustment	$	(477,627)
9			
10	Adjustment to Rate Base	$	(477,627)
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45			
46			
47			
48			
49			
50	\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\		

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Rate Base Adjustment SLM-8

Exhibit
Schedule B-2
Page 11
Witness: Murrey

Remove Contributions for Plant Not in Service

An adjustment is being made to Contributions in Aid of Construction for the amounts associated with projects that are in CWIP as of the end of the test year. Since these project amounts had not been transferred to Utility Plant in Service as of 12/31/08 and, therefore, are not part of Rate Base, the reduction for Contributions should also not be a part of Rate Base.

Contributions in Aid of Construction at 12/31/08	$ 12,456,097
Less: Amortization of CIAC	(860,189)
Net Contributions	11,595,908
Amount of Contributions in CWIP	$ (30,106)
Pro forma Net Contributions in Aid of Contributions	$ 11,565,803
Increase / (Decrease) to Contributions	$ (30,106)

\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Rate Base Adjustment SLM-9

Exhibit
Schedule B-2
Page 12
Witness: Murrey

Line No.		
1	Impute Regulatory Contributions Per Dec. 63584	
2		
3	Regulatory Contributions	
4		
5	Amortization 1/15/02 to 12/31/02	
6		
7	Amortization 1/01/03 to 12/31/03	
8		
9	Amortization 1/01/04 to 12/31/04	
10		
11	Amortization 1/01/05 to 12/31/05	
12		
13	Amortization 1/01/06 to 12/31/06	
14		
15	Amortization 1/01/07 to 12/31/07	
16		
17	Amortization 1/01/07 to 12/31/07	
18		
19	Amortization 1/01/08 to 12/31/08	
20		
21	Balance 12/31/08	$ -
22		
23	Increase (decrease) in Regulatory CIAC	$ -
24		
25	Adjustment to Rate Base	$ -
26		
27		
28		
29		
30	Agua Fria Wastewater had no plant in service when Arizona-American bought the	
31	assets from Citizen's Utilities. All Imputed Regulatory Contributions are allocated to Anthem Wastewater.	
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		
42		
43		
44		
45		
46		
47		
48		
49		
50	\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\	

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Rate Base Adjustment SLM-10

Exhibit
Schedule B-2
Page 13
Witness: Murrey

Line No.			
1	Remove Utility Plant Acquisition Adjustment		
2			
3	Pro Forma Utility Plant Acquisition Adjustment	$	-
4			
5	Test Year Utility Plant Acquisition Adjustment Balance		805,627
6			
7	Increase (decrease) in Utility Plant Acquisition Adjustment	$	(805,627)
8			
9	Adjustment to Rate Base	$	(805,627)
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45			
46			
47			
48			
49			
50	\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\		

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Rate Base Adjustment SLM-14

Exhibit
Schedule B-2
Page 14
Witness: Murrey

Line No.				
1	Adjust Deferred Income Taxes			
2				
3	Deferred Income Tax Adjustment for Company		$	336,093
4				
5	Allocation Factor (combined)			8.06%
6				
7	Staff adjustment to Deferred Income Tax		$	27,084
8	(per Staff RB adj #4 per Revised Final Schedule GTM-8)			
9				
10				
11				
12				
13	Breakout based on individual district allocation			
14			$	336,093
15				
16	Anthem Wastewater Allocation	5.11%		17,172
17				
18	Agua Fria Wastewater Allocation	2.95%		9,912
19			$	27,084
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43				
44				
45				
46				
47				
48				
49				
50	\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\			

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Computation of Working Capital

Exhibit
Schedule B-5
Page 1
Witness: Murrey

Line No.			
1			
2	Working Cash Requirement	$	49,501
3	Material and Supplies Inventories		2,058[1]
4	Prepayments		16,373
5			
6			
7	Total Working Capital Allowance	$	67,932
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45			
46			
47			
48			
49			
50	\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\		

Arizona American Water Company
Test Year Ended December 31, 2008
Lead/Lag Study - Working Cash Requirement

Exhibit B-6
Schedule
Page 1
Witness: Murrey

AGUA FRIA WASTEWATER

Line No.			Test Year Adjusted Results	Revenue Lag Days	Expense Lag Days	Net Lag Days	Lead/ Lag Factor	Cash Working Capital Required
1	OPERATING EXPENSES							
2	P08	Labor	711,430	46.04007	12.0000	34.0401	0.0933	$ 66,348
3	P09	Purchased Water	1,490	46.04007	52.5225	(6.4825)	(0.0178)	(26)
4	P10	Fuel & Power	210,023	46.04007	23.4600	22.5801	0.0619	12,993
5	P11	Chemicals	0	46.04007	14.6338	31.4063	0.0860	0
6	P12	Waste disposal	65,901	46.04007	26.8986	19.1415	0.0524	3,456
7	P13	Management Fees	0	46.04007	-	46.0401	0.1261	(0)
8	P14	Group Insurance	242,515	46.04007	(13.7038)	59.7439	0.1637	39,695
9	P15	Pensions	124,800	46.04007	(2.3684)	48.4085	0.1326	16,552
10	P17	Insurance Other Than Group	50,186	46.04007	83.6844	(37.6443)	(0.1031)	(5,176)
11	P18	Customer Accounting	100,286	46.04007	20.3100	25.7301	0.0705	7,069
12	P19	Rents	62,694	46.04007	84.1608	(38.1207)	(0.1044)	(6,548)
13	P21	Miscellaneous	283,519	46.04007	16.8375	29.2025	0.0800	22,683
14	P25	Maintenance Expense	108,223	46.04007	18.2388	27.8013	0.0762	8,243
15		Other Operating Expenses[1]	92,146	46.04007	30.0000	16.0401	0.0439	4,049
16	TAXES							
17	P29	Property Taxes	136,597	46.04007	191.3713	(145.3312)	(0.3982)	(54,389)
18	P29	Taxes Other than Income	53,976	46.04007	13.3462	32.6938	0.0896	4,835
19	P30	Income Tax[2]	561,419	46.04007	30.1300	15.9101	0.0436	24,472
20	P56	Interest Sync	574,426	46.04007	106.2500	(60.2099)	(0.1650)	(94,757)
21								
22	WORKING CASH REQUIREMENT		3,379,631					$ 49,500.74
23								
24								
25								

1) All other Operating Expenses are assumed to be paid by the 15th of the month following the receipt of goods and services.

2) At deconsolidated rates.

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Adjusted Test Year Income Statement

Exhibit
Schedule C-1
Page 1
Witness: Murrey

Line No.		[A] Test Year Book Results	[B] Total Pro Forma Adjustments	[C] Test Year Adjusted Results	[D] Deconsolidated Rate Increase	[E] Adjusted with Rate Increase
1	**Revenues**					
2	Sewer Revenues	$ 2,279,332	$ 395,530	$ 2,674,862	3,736,490	$ 6,411,352
3	Other Revenues	1,359	-	1,359		1,359
4						
5		$ 2,280,691	$ 395,530	$ 2,676,221	$ 3,736,490	$ 6,412,711
6	**Operating Expenses**					
7	Labor	$ 687,393	$ 24,038	$ 711,430		$ 711,430
8	Purchased Water	15,021	(13,531)	1,490		1,490
9	Fuel & Power	246,585	(36,562)	210,023		210,023
10	Chemicals	149,182	(11,079)	138,103		138,103
11	Waste Disposal	64,064	1,837	65,901		65,901
12	Management Fees	763,129	9,615	772,744		772,744
13	Group Insurance	128,506	114,009	242,515		242,515
14	Pensions	113,914	10,886	124,800		124,800
15	Regulatory Expense	50,148	(13,504)	36,643		36,643
16	Insurance Other Than Group	50,186	-	50,186		50,186
17	Customer Accounting	124,846	(24,560)	100,286	19,056	119,342
18	Rents	63,577	(883)	62,694		62,694
19	General Office Expense	48,766	(393)	48,373		48,373
20	Miscellaneous	288,231	(4,712)	283,519		283,519
21	Maintenance Expense	114,366	(6,143)	108,223		108,223
22	Depreciation & Amortization	1,764,723	(246,812)	1,517,911		1,517,911
23	General Taxes-Property Taxes	95,168	(1,566)	93,602	42,995	136,597
24	General Taxes-Other	44,936	9,040	53,976		53,976
25	Income Taxes	(111,035)	(861,898)	(972,933)	1,418,292	445,360
26						
27						
28	**Total Operating Expenses**	$ 4,701,705	$ (1,052,218)	$ 3,649,486	$ 1,480,343	$ 5,129,830
29	**Utility Operating Income**	$ (2,421,014)	$ 1,447,749	$ (973,265)	$ 2,256,147	$ 1,282,881
30	**Other Income & Deductions**					
31	Other Income & Deductions	37,933	(37,933)	-		-
32	Interest Expense	769,116	(194,690)	574,426		574,426
33	Other Expense	9,874	-	9,874		9,874
34	Gain/Loss Sale of Fixed Assets	(2)	-	(2)		(2)
35	**Total Other Income & Deductions**	$ (741,059)	$ 156,757	$ (584,302)	$ -	$ (584,302)
36	**Net Profit (Loss)**	$ (3,162,073)	$ 1,604,506	$ (1,557,567)	$ 2,256,147	$ 698,579
37						
38						
39						
40						
41						
42						
43						
44						
45						
46						
47						
48						
49						
50	\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\					

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Income Statement Pro Forma Adjustments

Exhibit
Schedule C-2
Page 1
Witness: Murrey

Line No.			[A] Test Year Book Results	[B] ADJ SLM-1 Unbilled Revenue	[C] ADJ SLM-2 Annualize Rate Increase	[D] ADJ SLM-3 Annualize YE Customers	[E] ADJ SLM-4 Remove Other District Billings	[F] ADJ SLM-5 Annualize Depreciation	[G] ADJ SLM-6 Annualize Power Exp	[H] ADJ SLM-7 Annualize Chemicals Exp	[I] ADJ SLM-8 Annualize Management Fees	[J] ADJ SLM-9 Adj Mgmt Fees for Other Expenses Increase
1	**Revenues**											
2	**P03**	Sewer Revenues	$ 2,279,332	$ -	$ 323,089	$ 72,735	$ (294)					
3	**P04**	Other Revenues	$ 1,359									
4												
5			$ 2,280,691	$ -	$ 323,089	$ 72,735			$ -	$ -	$ -	$ -
6	**Operating Expenses**											
7	**P08**	Labor	$ 687,393									
8	**P09**	Purchased Water	$ 15,021									
9	**P10**	Fuel & Power	$ 246,585			2,571			19,245			
10	**P11**	Chemicals	$ 149,182			2,799				60,675		
11	**P12**	Waste Disposal	$ 64,064			1,837						
12	**P13**	Management Fees	$ 763,129								50,039	11,190
13	**P14**	Group Insurance	$ 128,506									
14	**P15**	Pensions	$ 113,914									
15	**P16**	Regulatory Expense	$ 50,148									
16	**P17**	Insurance Other Than Group	$ 50,186									
17	**P18**	Customer Accounting	$ 124,846			2,234						
18	**P19**	Rents	$ 63,577									
19	**P20**	General Office Expense	$ 48,766									
20	**P21**	Miscellaneous	$ 288,231									
21	**P25**	Maintenance Expense	$ 114,366									
22	**P27-2**	Depreciation & Amortization	$ 1,764,723					$ 2,754				
23	**P29**	General Taxes-Property Taxes	$ 95,168									
24	**P29**	General Taxes-Other	$ 44,936									
25	**P30-3**	Income Taxes	$ (111,035)									
26												
27												
28	**Total Operating Expenses**		$ 4,701,705	$ -	$ -	$ 9,440	$ -	$ 2,754	$ 19,245	$ 60,675	$ 50,039	$ 11,190
29	**Utility Operating Income**		$ (2,421,014)	$ -	$ 323,089	$ 63,295	$ -	$ (2,754)	$ (19,245)	$ (60,675)	$ (50,039)	$ (11,190)
30	**Other Income & Deductions**											
31	**P39-4**	Other Income & Deductions	$ 37,933									
32	**P56-6**	Interest Expense	$ 769,116									
33	**P48-5**	Other Expense	$ 9,874									
34	**P43**	Gain/Loss Sale of Fixed Assets	$ (2)									
35	**Net Other Income & Deductions**		$ (741,059)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
36	**Net Profit (Loss)**		$ (3,162,073)	$ -	$ 323,089	$ 63,295	$ -	$ (2,754)	$ (19,245)	$ (60,675)	$ (50,039)	$ (11,190)
37												
38												
39												
40												
41												
42												
43												
44												
45												
46												
47												
48												
49												
50												

Arizona American Water Company - Agua Fria Wast
Test Year Ended December 31, 2008
Income Statement Pro Forma Adjustments

Exhibit
Schedule C-2
Page 2
Witness: Murrey

Line No.			[K] ADJ SLM-10 One-Time SC Charges	[L] ADJ SLM-11 Annualize Postage Increase	[M] ADJ SLM-12 Normalize Purchased Water	[N] ADJ SLM-13 Amortize Rate Case Exp	[O] ADJ SLM-14 Line 21 Clean-up	[P] ADJ SLM-15 Annualize Payroll Exp	[Q] ADJ SLM-16 Annualize Pensions Exp	[R] ADJ SLM-17 Annualize 401K Expense	[S] ADJ SLM-18 Annualize Group Insurance Exp	[T] ADJ SLM-19 Water Testing Expense
1	**Revenues**											
2	**P03**	Sewer Revenues								-		
3	**P04**	Other Revenues										
4												
5			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
6	**Operating Expenses**											
7	**P08**	Labor						$ 55,171				
8	**P09**	Purchased Water			(11,653)							
9	**P10**	Fuel & Power										
10	**P11**	Chemicals										
11	**P12**	Waste Disposal										
12	**P13**	Management Fees	(12,104)									
13	**P14**	Group Insurance									112,934	
14	**P15**	Pensions							964			
15	**P16**	Regulatory Expense				(8,930)						
16	**P17**	Insurance Other Than Group										
17	**P18**	Customer Accounting		2,111								
18	**P19**	Rents										
19	**P20**	General Office Expense										
20	**P21**	Miscellaneous					(27,026)			11,755		11,654
21	**P25**	Maintenance Expense										
22	**P27-2I**	Depreciation & Amortization										
23	**P29**	General Taxes-Property Taxes										
24	**P29**	General Taxes-Other						9,040				
25	**P30-3'**	Income Taxes										
26												
27												
28	**Total Operating Expenses**		$ (12,104)	$ 2,111	$ (11,653)	$ (8,930)	$ (27,026)	$ 64,211	$ 964	$ 11,755	$ 112,934	$ 11,654
29	**Utility Operating Income**		$ 12,104	$ (2,111)	$ 11,653	$ 8,930	$ 27,026	$ (64,211)	$ (964)	$ (11,755)	$ (112,934)	$ (11,654)
30	**Other Income & Deductions**											
31	**P39-4:**	Other Income & Deductions										
32	**P56-6I**	Interest Expense										
33	**P48-5'**	Other Expense										
34	**P43**	Gain/Loss Sale of Fixed Assets										
35	**Net Other Income & Deductions**		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
36	**Net Profit (Loss)**		$ 12,104	$ (2,111)	$ 11,653	$ 8,930	$ 27,026	$ (64,211)	$ (964)	$ (11,755)	$ (112,934)	$ (11,654)
37												
38												
39												
40												
41												
42												
43												
44												
45												
46												
47												
48												
49												
50												

Arizona American Water Company - Agua Fria Wast
Test Year Ended December 31, 2008
Income Statement Pro Forma Adjustments

Exhibit
Schedule C-2
Page 3
Witness: Murrey

Line No.			[U] ADJ SLM-20 Annualize Property Taxes	[V] ADJ SLM-21 Remove Other Income & Deductions	[W] ADJ SLM-22 Annualize OPEBs	[X] ADJ SLM-23 Interest Synchronization	[Y] ADJ SLM-24 Federal and State Income Taxes	[Z] Total Pro Forma Adjustments	[AA] Test Year As Filed Results
1	**Revenues**								
2	**P03**	Sewer Revenues						$ 395,530	$ 2,674,862
3	**P04**	Other Revenues			-			-	1,359
4								-	-
5			$ -	$ -	$ -	$ -	$ -	$ 395,530	$ 2,676,221
6	**Operating Expenses**								
7	**P08**	Labor						55,171	742,564
8	**P09**	Purchased Water						(11,653)	3,368
9	**P10**	Fuel & Power						21,816	268,401
10	**P11**	Chemicals						63,474	212,656
11	**P12**	Waste Disposal						1,837	65,901
12	**P13**	Management Fees						49,125	812,254
13	**P14**	Group Insurance			1,129			114,063	242,569
14	**P15**	Pensions						964	114,878
15	**P16**	Regulatory Expense						(8,930)	41,218
16	**P17**	Insurance Other Than Group						-	50,186
17	**P18**	Customer Accounting						4,345	129,191
18	**P19**	Rents						-	63,577
19	**P20**	General Office Expense						-	48,766
20	**P21**	Miscellaneous						(3,617)	284,614
21	**P25**	Maintenance Expense						-	114,366
22	**P27-2**	Depreciation & Amortization						2,754	1,767,477
23	**P29**	General Taxes-Property Taxes	(2,050)					(2,050)	93,118
24	**P29**	General Taxes-Other						9,040	53,976
25	**P30-3**	Income Taxes					(861,898)	(861,898)	(972,933)
26								-	-
27								-	-
28	**Total Operating Expenses**		$ (2,050)	$ -	$ 1,129	$ -	$ (861,898)	$ (565,558)	$ 4,136,146
29	**Utility Operating Income**		$ 2,050	$ -	$ (1,129)	$ -	$ 861,898	$ 961,089	$ (1,459,925)
30	**Other Income & Deductions**								
31	**P39-4**	Other Income & Deductions		(37,933)				(37,933)	-
32	**P56-6**	Interest Expense				(194,690)		(194,690)	574,426
33	**P48-5**	Other Expense						-	9,874
34	**P43**	Gain/Loss Sale of Fixed Assets						-	(2)
35	**Net Other Income & Deductions**		$ -	$ (37,933)	$ -	$ 194,690	$ -	$ 156,757	$ (584,302)
36	**Net Profit (Loss)**		$ 2,050	$ (37,933)	$ (1,129)	$ 194,690	$ 861,898	$ 1,117,846	$ (2,044,227)
37									
38									
39									
40									
41									
42									
43									
44									
45									
46									
47									
48									
49									
50									

Arizona American Water Company - Agua Fria Wast
Test Year Ended December 31, 2008
Income Statement Pro Forma Adjustments

Exhibit
Schedule C-2
Page 4
Witness: Murrey

Line No.			[AB] ADJ SLM-1F Accept Staff Adj for NWVRTF Oper Exp	[AC] ADJ SLM-2F Accept Staff Adj for Fuel & Power	[AD] ADJ SLM-3F Accept Staff Adj for Cust Acctg	[AE] ADJ SLM-4F Accept Staff Adj for Water Testing	[AF] ADJ SLM-5F Accept Staff Adj for Depreciation Exp	[AG] ADJ SLM-6F Accept Staff Adj for Property Tax	[AH] ADJ SLM-7F Accept Staff Adj for Income Tax	[AI] ADJ SLM-8F Accept Staff Adj for Regulatory Exp	[AJ] ADJ SLM-9Fa Accept Staff Adj for Labor Exp
1	**Revenues**										
2	**P03**	Sewer Revenues									
3	**P04**	Other Revenues									
4											
5			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
6	**Operating Expenses**										
7	**P08**	Labor	(17,587)								(13,547)
8	**P09**	Purchased Water	(1,878)								
9	**P10**	Fuel & Power	(58,936)	559							
10	**P11**	Chemicals	(74,553)								
11	**P12**	Waste Disposal	-								
12	**P13**	Management Fees	(6,054)								
13	**P14**	Group Insurance	(54)								
14	**P15**	Pensions									
15	**P16**	Regulatory Expense								(4,574)	
16	**P17**	Insurance Other Than Group									
17	**P18**	Customer Accounting			(28,905)						
18	**P19**	Rents	(883)								
19	**P20**	General Office Expense	(393)								
20	**P21**	Miscellaneous	(8,000)			6,904					
21	**P25**	Maintenance Expense	(6,143)								
22	**P27-2**	Depreciation & Amortization					(249,566)				
23	**P29**	General Taxes-Property Taxes						485			
24	**P29**	General Taxes-Other									
25	**P30-3**	Income Taxes									
26											
27											
28	**Total Operating Expenses**		$ (174,481)	$ 559	$ (28,905)	$ 6,904	$ (249,566)	$ 485	$ -	$ (4,574)	$ (13,547)
29	**Utility Operating Income**		$ 174,481	$ (559)	$ 28,905	$ (6,904)	$ 249,566	$ (485)	$ -	$ 4,574	$ 13,547
30	***Other Income & Deductions***										
31	**P39-4**	Other Income & Deductions									
32	**P56-6**	Interest Expense									
33	**P48-5**	Other Expense									
34	**P43**	Gain/Loss Sale of Fixed Assets									
35	**Net Other Income & Deductions**		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
36	**Net Profit (Loss)**		$ 174,481	$ (559)	$ 28,905	$ (6,904)	$ 249,566	$ (485)	$ -	$ 4,574	$ 13,547
37											
38											
39											
40											
41											
42											
43											
44											
45											
46											
47											
48											
49											
50											

Arizona American Water Company - Agua Fria Wast
Test Year Ended December 31, 2008
Income Statement Pro Forma Adjustments

Exhibit
Schedule C-2
Page 5
Witness: Murrey

Line No.			[AK] ADJ SLM-9Fb Accept Staff Adj for Mgmt Fees	[AL] ADJ SLM-9Fc Accept Staff Adj for Pension Exp	[AM]	[AN] Total Pro Forma Adjustments	[AO] Test Year Adjusted Results	[AP] Deconsolidated Rate Increase	[AQ] Adjusted with Rate Increase
1	**Revenues**								
2	**P03**	Sewer Revenues				$ -	$ 2,674,862	$ 3,736,490	$ 6,411,352
3	**P04**	Other Revenues				-	1,359		1,359
4						-	-		-
5			$ -	$ -	$ -	$ -	$ 2,676,221	$ 3,736,490	$ 6,412,711
6	**Operating Expenses**								
7	**P08**	Labor				(31,134)	711,430		$ 711,430
8	**P09**	Purchased Water				(1,878)	1,490		$ 1,490
9	**P10**	Fuel & Power				(58,377)	210,023		$ 210,023
10	**P11**	Chemicals				(74,553)	138,103		$ 138,103
11	**P12**	Waste Disposal				-	65,901		$ 65,901
12	**P13**	Management Fees	(33,456)			(39,510)	772,744		$ 772,744
13	**P14**	Group Insurance				(54)	242,515		$ 242,515
14	**P15**	Pensions		9,922		9,922	124,800		$ 124,800
15	**P16**	Regulatory Expense				(4,574)	36,643		$ 36,643
16	**P17**	Insurance Other Than Group				-	50,186		$ 50,186
17	**P18**	Customer Accounting				(28,905)	100,286	19,056	$ 119,342
18	**P19**	Rents				(883)	62,694		$ 62,694
19	**P20**	General Office Expense				(393)	48,373		$ 48,373
20	**P21**	Miscellaneous				(1,096)	283,519		$ 283,519
21	**P25**	Maintenance Expense				(6,143)	108,223		$ 108,223
22	**P27-2**	Depreciation & Amortization				(249,566)	1,517,911		$ 1,517,911
23	**P29**	General Taxes-Property Taxes				485	93,602	42,995	$ 136,597
24	**P29**	General Taxes-Other				-	53,976		$ 53,976
25	**P30-3**	Income Taxes				-	(972,933)	1,418,292	$ 445,360
26									
27									
28	**Total Operating Expenses**		$ (33,456)	$ 9,922	$ -	$ (486,660)	$ 3,649,486	$ 1,480,343	$ 5,129,830
29	**Utility Operating Income**		$ 33,456	$ (9,922)	$ -	$ 486,660	$ (973,265)	$ 2,256,147	$ 1,282,881
30	**Other Income & Deductions**								
31	**P39-4**	Other Income & Deductions				-	-		-
32	**P56-6**	Interest Expense				-	574,426		574,426
33	**P48-5**	Other Expense				-	9,874		9,874
34	**P43**	Gain/Loss Sale of Fixed Assets				-	(2)		(2)
35	**Net Other Income & Deductions**		$ -	$ -	$ -	$ -	$ (584,302)	$ -	$ (584,302)
36	**Net Profit (Loss)**		$ 33,456	$ (9,922)	$ -	$ 486,660	$(1,557,567)	$ 2,256,147	$ 698,579
37									
38									
39									
40									
41									
42									
43									
44									
45									
46									
47									
48									
49									
50									

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-1

Exhibit
Schedule C-2
Page 6
Witness: Murrey

Line No.

Remove Net Unbilled Revenue Accrual

The Unbilled Revenue for the Anthem / Agua Fria Wastewater tariff is recorded in Anthem Wastewater District only. There is nothing to remove from the books of Agua Fria Wastewater for Unbilled Revenue.

Workpapers & Supporting Documents:
\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-2

Exhibit
Schedule C-2
Page 7
Witness: Murrey

Adjust Booked Revenues to Reflect Annualized Rate Increase Adjustments

The rates were increased for Agua Fria Wastewater effective June 4, 2008. The below represents the billing determinants during the test year billed at the new rates versus the actual billing during the test year. This adjustment annualizes the rate increase.

Line No.	Rate Schedule	Description			$ due to Revenue Increase
10	E1MS1	Agua Fria Sewer Residential		$ 312,473.48	
12			Total Residential		$ 312,473
15	E2MS2	Agua Fria Sewer Commercial 3/4"		$ 58.11	
16	E2MS3	Agua Fria Sewer Commercial 1"		$ 251.94	
17	E2MS4	Agua Fria Sewer Commercial Large		$ 10,305.55	
18			Total Commercial		$ 10,616
21			Total Revenue Adjustment		$ 323,089

Workpapers & Supporting Documents:
\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\
\09 Agua Fria WW\Schedules\2008 Agua Fria WW Sch H.xls

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-3

Exhibit
Schedule C-2
Page 8
Witness: Murrey

Line No.								
1	Customer Growth Annualization of Test Year Revenue:							
2		Residential		Commercial				
3				5/8"	3/4"	1"	Large	
4	*Customer Growth Statistics:*							
5	From the H-2's							
6	Average Customers	4,551		-	1	2	21	
7	Average Monthly Gallons	5,297		-	-	9,500	53,313	
8								
9	Actual TYE Bills	4,667		-	1	2	23	
10	Cust Growth Bills	116		-	-	-	2	
11	(Line 11- Line 8)							
12								
13	Cust Growth Volumes (1,000 gals)							
14	(Line 12 x Line 9 / 1,000)	614.45		-	-	-	106.63	
15								
16	*Customer Growth Revenue:*							
17	Meter Charge	$27.76		$27.76	$41.64	$55.58	$111.12	
18	Volumetric - 1st block limit	7,000		10,000	15,000	20,000	9,999,999	
19	1st block rate	$3.48		$3.48	$3.48	$3.48	$3.48	
20	Revenue per additional dwelling unit	$554.28		$333.12	$499.68	$1,063.68	$3,559.80	
21	times Cust Growth Bills (Line 12)	$64,296		$0.00	$0.00	$0.00	$7,120	
22	Total Residential	**$64,296**	**Agua Fria WW**		Total Commercial		**$7,120**	**Agua Fria WW**
23		$36,280	Anthem WW				($1,365)	Anthem WW
24	Total by District	$ 100,577			Total by District		$ 5,755	
25	Total Per Order	$ 103,083			Total Per Order		$ 5,527	
26	Diff to be allocated to districts	$ 2,506			Diff to be allocated to districts		$ (228)	
27								
28	Additional allocation	**$ 1,602**	**Agua Fria WW**		Additional allocation		**$ (282)**	**Agua Fria WW**
29		$ 904	Anthem WW				$ 54	Anthem WW
30								

Line No.								
31	*Increase / (Decrease) in Operating Expenses:*		AMOUNTS PER ORDER					
32		Fuel &		Waste		Other Cust		
33		Power	Chemicals	Disposal	Postage	Accounting	Total	
34	Test Year Adjusted Expense from Sch C-2	$ 274,699	$ 299,058	$ 196,263	$ 71,288	$ 167,436	$ 1,008,743	
35	Avg Customers times 12	151,308	151,308	151,308	151,308	151,308		
36	Cost per Bill	$1.8155	$1.9765	$1.2971	$0.4711	$1.1066		
37	Sum of Cust Growth Bills (Line 12) x 12	2,184	2,184	2,184	2,184	2,184		
38	Additional Expense	$ 3,965	$ 4,317	$ 2,833	$ 1,029	$ 2,417	$ 14,560	Anthem/Agua Fria tota
39								Per Order
40	Allocation to Agua Fria WW Based on Customer Growth Bills							
41	Sum of Cust Growth Bills (Line 12) x 12	1,416	1,416	1,416	1,416	1,416		
42	Additional Expense	$2,571	$2,799	$1,837	$667	$1,567	**$9,440**	**Agua Fria WW**
43								Allocation
44	Allocation to Anthem WW Based on Customer Growth Bills							
45	Sum of Cust Growth Bills (Line 12) x 12	768	768	768	768	768		
46	Additional Expense	$1,394	$1,518	$996	$362	$850	$5,120	Agua Fria WW
47								Allocation
48								
49	Workpapers & Supporting Documents:			\09 Agua Fria WW\Workpapers\Revenue\Agua Fria WW 12_2008.xls				
50	\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\			\09 Agua Fria WW\Schedules\2008 Agua Fria WW Sch H.xls				

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-4

Exhibit
Schedule C-2
Page 9
Witness: Murrey

Remove Billings for Other Districts:

There were a few customers on rates in Sun City and Sun City West Wastewater whose revenue was booked in error to Agua Fria Wastewater. The district designation was corrected during the test year. This adjustment removes the revenue recorded in error to Agua Fria Wastewater.

Customers billing for other districts showing in AF

A1MS1	Sun City Sewer Residential	$32.94
A1S1A	Sun City Sewer Residential S Unit 5/8"& 3/4"	$13.69
B1MS1	Sun City West Sewer Residential	$185.04
B1S1B	Sun City West Sewer Residential S-Unit 1"	$62.53
Revenue to be removed		$294.20

Workpapers & Supporting Documents:
\09 Agua Fria WW\Schedules\2008 Agua Fria WW Sch H.xls

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-5

Exhibit
Schedule C-2
Page 10
Witness: Murrey

Line No.					
1	Adjust Depreciation Expense to Reflect Test Year Adjusted Plant:				
2					
3	Company Adjustment to Depreciation				$ 5,749
4					
5					
6					
7	Prorated to districts based on depreciation expense				
8		Anthem Wastewater			$ 2,995
9		Agua Fria Wastewater			$ 2,754
10					$ 5,749
11					
12	Depreciation Expense by District				
13	Anthem Wastewater		$ 1,987,316	52.09%	
14	Agua Fria Wastewater		$ 1,827,921	47.91%	
15			$ 3,815,236		
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45	Workpapers & Supporting Documents:				
46	\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\				
47	\09 Agua Fria WW\Workpapers\Agua Fria WW AI 2008.xls				
48	\Common\Workpapers\Imputed AIAC and CIAC.xls				
49	\Common\Workpapers\2008 Reg Asset-Amort Wrkpaper.xls				
50					

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-6

Exhibit
Schedule C-2
Page 11
Witness: Murrey

Line No.		
1	Normalize Fuel & Power	
2		
3	Test Year Power Expense - Agua Fria Wastewater District	$ 246,585
4		
5	2008 Pro Forma Fuel & Power Expense	$ 265,830
6		
7	Total Adjusted Test Year Fuel & Power Expense	$ 265,830
8		
9		
10		
11	Increase/(Decrease) in Fuel & Power Expense	$ 19,245
12		
13	Adjustment to Revenue and/or Expense	$ 19,245
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		
42		
43		
44		
45	Workpapers & Supporting Documents:	
46	\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\	
47	\Common\Power\2008 Fuel & Power Pro Forma	
48		
49		
50		

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-7

Exhibit
Schedule C-2
Page 12
Witness: Murrey

Line No.			
1	Normalize & Adjust Chemicals Expense		
2			
3	Pro Forma Chemicals Expense (work paper) - Agua Fria Wastewater	$	209,858
4			
5	TY 2008 Chemicals Expense - Agua Fria Wastewater	$	149,182
6			
7	Increase/(Decrease) in Chemicals Expense	$	60,675
8			
9	Adjustment to Revenue and/or Expense	$	60,675
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45	Workpapers & Supporting Documents:		
46	\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\		
47	\Common\Chemicals\2008 Chemical Pro Forma.xls		
48			
49			
50			

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-8

Exhibit
Schedule C-2
Page 13
Witness: Murrey

Line No.			
1	Adjust Management Fees for Labor Increases		
2			
3	Test Year Management Fees		$ 763,129
4			
5			
6	Adjusted Test Year Management Fees		$ 763,129
7			
8	Increase in Labor Expense	$761,938	
9	4 Factor Allocation to Agua Fria Wastewater	6.5673%	
10			
11	Pro forma Adjustment to Management Fees		50,039
12			
13	Pro forma adjusted test year Management Fees		$ 813,168
14			
15			
16	Increase/(Decrease) in Management Fees		$ 50,039
17			
18	Adjustment to Revenue and/or Expense		$ 50,039
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45	Workpapers & Supporting Documents:		
46	\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\		
47	\Common\Service Company\2008 Labor Adj-Mgmt Fees.xls		
48	\Common\Workpapers\2008 4 Factor.xls		
49			
50			

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-9

Exhibit
Schedule C-2
Page 14
Witness: Murrey

Line No.			
1	Adjust Management Fees for Other Expense Increases		
2			
3	Test Year Management Fees		$ 763,129
4			
5			
6	Adjusted Test Year Management Fees		$ 763,129
7			
8	Increase in Other Expenses	$170,388	
9	4 Factor Allocation to Agua Fria Wastewater	6.5673%	
10			
11	Pro forma Adjustment to Management Fees		11,190
12			
13	Pro forma adjusted test year Management Fees		$ 774,319
14			
15			
16	Increase/(Decrease) in Management Fees		$ 11,190
17			
18	Adjustment to Revenue and/or Expense		$ 11,190
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45	Workpapers & Supporting Documents:		
46	\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\		
47	\Common\Service Company\2008 Other Expense Adj-Mgmt Fees.xls		
48	\Common\Workpapers\2008 4 Factor.xls		
49			
50			

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-10

Exhibit
Schedule C-2
Page 15
Witness: Murrey

Line No.			
1	Remove One-Time Service Company Charges		
2			
3			
4	Test Year Management Fees-Agua Fria Wastewater		$ 763,129
5			
6			
7	Adjusted Test Year Management Fees		$ 763,129
8			
9	Write-off One-Time Service Company Charges	$184,301	
10	4 Factor Allocation to Agua Fria Wastewater	6.5673%	
11			
12	Adjustment to Write-off One-Time Service Company Charges		(12,104)
13			
14			
15			
16	Increase/(Decrease) in Management Fees		$ (12,104)
17			
18	Adjustment to Revenue and/or Expense		$ (12,104)
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45	Workpapers & Supporting Documents:		
46	\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\		
47	\Common\Service Company\2008 One-Time Adj-Mgmt Fees.xls		
48	\Common\Workpapers\2008 4 Factor.xls		
49			
50			

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-11

Exhibit
Schedule C-2
Page 16
Witness: Murrey

Line No.			
1	Adjust Postage Expense for 2008 and 2009 Postage Increases		
2			
3	2008 Total Corporate Postage Expense		$ 544,875
4			
5	2008 Postage Increase (5/12/08)	1.09%	
6			
7	Annualize 2008 Postage Increase	$ 5,926	
8			
9	Estimated 2008 Total Corporate Postage Expense Annualized		$ 550,801
10			
11	2009 Postage Increase (5/11/09)	4.76%	
12			
13	Annualize 2009 Postage Increase	$ 26,229	
14			
15	Test Year 2008 Pro Forma Total Company Postage Expense		$ 577,030
16			
17	4 Factor - Agua Fria Wastewater		6.5673%
18			
19	Test Year 2008 Pro Forma Postage Expense-Agua Fria Wastewater		$ 37,895
20			
21	2008 Test year Postage Expense (CA - 575660.15 & 16)		$ 35,784
22			
23	Increase/(Decrease) in Postage Expense		$ 2,111
24			
25	Adjustment to Revenue and/or Expense		$ 2,111
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45	Workpapers & Supporting Documents:		
46	\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\		
47	\Common\Workpapers\2008 4 Factor.xls		
48			
49			
50			

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-12

Exhibit
Schedule C-2
Page 17
Witness: Murrey

Line No.					
1	Adjust Purchased Water for Cost Saving Program at Northwest Valley RTF				
2					
3	Test Year Purchased Water Expense - Agua Fria Wastewater			$	15,021
4					
5	Adjusted NWVTP Purchased Water Expense (workpaper)	$	10,524		
6					
7	Agua Fria Allocation of NWVTP		32.0%		
8					
9	Agua Fria Wastewater Adjusted TY Purchased Water Expense			$	3,368
10					
11	Increase/(Decrease) in Purchased Water Expense			$	(11,653)
12					
13	Adjustment to Revenue and/or Expense			$	(11,653)
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45	Workpapers & Supporting Documents:				
46	\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\				
47	\Common\Purchased Water\2008 NWVTP Purch Water Pro Forma				
48					
49					
50					

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-13

Exhibit
Schedule C-2
Page 18
Witness: Murrey

Line No.			
1	Adjust Rate Case Expense		
2			
3	Estimated Rate Case Expense (Workpaper)		$ 678,425
4			
5	Estimated Amortization Period in Years		3
6			
7	Annual Rate Case Expense		$ 226,142
8			
9	09 Group 4 Factor - Agua Fria Wastewater		14.12%
10			
11	Allocated Rate Case Expense		$ 31,928
12			
13	Expected Unamortized Balance as of 9/2010	$ 13,724	
14	Estimated Amortization Period in Years	3	
15	Annual Amortization of Expected Unamortized Balance		$ 4,575
16			
17	Pro Forma Rate Case Expense		$ 36,503
18			
19	Test Year Rate Case Expense		$ 45,433
20			
21	Increase/(Decrease) Rate Case Expense		$ (8,930)
22			
23	Adjustment to Revenue and/or Expense		$ (8,930)
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45	Workpapers & Supporting Documents:		
46	\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\		
47	\Common\Workpapers\2008 Reg Asset-Amort Wrkpaper.xls		
48			
49			
50			

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-14

Exhibit
Schedule C-2
Page 19
Witness: Murrey

Adjust for Line21 Miscellaneous Expense Clean Up

The Company went through the Corporate Miscellaneous General Expense account and removed those items which it anticipated the Commission would likely disallow for ratemaking purposes, such as Community Relations expense and membership dues. The Company performed the same study of the Agua Fria Wastewater account.

Pro forma adjustment to Line 21 Miscellaneous Expense: Agua Fria Wastewater		$1,243
Corporate Office amount	$ (430,447)	
	$ (430,447)	
4 Factor Allocation to Agua Fria Wastewater	6.5673%	
Total Corporate disallowance		$ (28,269)
Pro forma disallowance to Miscellaneous Expense		($27,026)
Adjustment to Revenue and/or Expense		$ (27,026)

Workpapers & Supporting Documents:
\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\
\Common\Workpapers\Line21.xls
\Common\Workpapers\2008 4 Factor.xls

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-15, Page 1 of 2

Line No.			
1	Normalize Test Year Labor Expense		
2			
3	Total normalized Labor expense (Workpaper)		
4	Agua Fria Wastewater	$ 557,315	
5	Northwest Valley Regional Treatment Facility @ 32%	147,167	
6	Total Adjusted Test Year Labor Expense		$ 704,482
7			
8	Test Year Incentive Plan		
9	Agua Fria Wastewater	$ 38,082	
10	Northwest Valley Regional Treatment Facility @ 32%	-	
11	Total Adjusted Test Year Labor Expense		$ 38,082
12			
13	Total Adjusted Test Year Labor expense - Agua Fria Wastewater		$ 742,564
14			
15	Test Year Labor Expense		$ 687,393
16			
17	Increase/(decrease) in Labor Expense		$ 55,171
18			
19	Adjustment to Revenue and/or Expense		$ 55,171
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45	Workpapers & Supporting Documents:		
46	\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\		
47	\Common\Labor\AZ 2008 Labor.xls		
48	\09 Agua Fria WW\Workpapers\Agua Fria WW AI 2008.xls		
49			
50			

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-15, Page 2 of 2

Exhibit
Schedule C-2
Page 21
Witness: Murrey

Line No.				
1	Adjust Payroll Taxes to Reflect Adjusted Labor Expense			
2	Adjusted Test Year FICA Expense (work paper)			
3	Agua Fria Wastewater	$ 42,635		
4	Northwest Valley Regional Treatment Facility @ 32%	11,258		
5	Total Adjusted Test Year FICA Expense		$ 53,893	
6				
7	Adjusted Test Year FUTA Expense (work paper)			
8	Agua Fria Wastewater	2,311		
9	Northwest Valley Regional Treatment Facility @ 32%	223		
10	Total Adjusted Test Year FUTA Expense		2,534	
11				
12	Adjusted SUTA Expense (work paper)			
13	Agua Fria Wastewater	3,294		
14	Northwest Valley Regional Treatment Facility @ 32%	318		
15	Total Adjusted Test Year SUTA Expense		3,612	
16				
17	Total Adjusted Test Year Payroll Taxes			$ 60,039
18				
19	Test year FICA Expense (General Taxes)			
20	Agua Fria Wastewater	35,849		
21	Northwest Valley Regional Treatment Facility @ 32%	10,171		
22	Total Adjusted Test Year FICA Expense		46,020	
23				
24	Test year FUTA Expense (General Taxes)			
25	Agua Fria Wastewater	525		
26	Northwest Valley Regional Treatment Facility @ 32%	116		
27	Total Adjusted Test Year FUTA Expense		641	
28				
29	Test year SUTA Expense (General Taxes)			
30	Agua Fria Wastewater	865		
31	Northwest Valley Regional Treatment Facility @ 32%	199		
32	Total Adjusted Test Year SUTA Expense		1,064	
33				
34	Total Test Year Payroll Taxes			$ 47,725
35	Increase/(Decrease) in Payroll Taxes (General Taxes)			$ 12,314
36				
37	Adjustment to Revenue and/or Expense for Agua Fria Wastewater			$ 12,314
38	Adjustment to Revenue and/or Expense for Anthem Wastewater			$ (5,903)
39	Total Adjustment			$ 6,411
40				
41	Adjustment Approved Per Order			$ 4,706
42	Difference to be allocated to district based on adjustment amount			$ (1,705)
43				
44	Additional adj for Agua Fria			$ (3,274)
45	Additional adj for Anthem			$ 1,570
46				$ (1,705)
47	Workpapers & Supporting Documents:			
48	\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\			
49	\Common\Labor\AZ 2008 Labor.xls			
50	\09 Agua Fria WW\Workpapers\Agua Fria WW AI 2008.xls			

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-16

Exhibit
Schedule C-2
Page 22
Witness: Murrey

Line No.			
1	<u>Adjust Pension Expense to Reflect Labor Expense at District Level</u>		
2			
3	Total Pro Forma Pension expense (work paper) - Agua Fria Wastewater	$	81,711
4			
5	Add: Normalized Pension Expense (workpaper) - NWVRTF		
6	Northwest Valley Regional Treatment Facility @ 32%		33,167
7			
8	Total Adjusted Test Year Pension Expense - Agua Fria Wastewater	$	114,878
9			
10	Test Year Pension Expense - Agua Fria Wastewater		113,914
11			
12	Increase/(Decrease) in Pension Expense	$	964
13			
14	Adjustment to Revenue and/or Expense	$	964
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45	Workpapers & Supporting Documents:		
46	\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\		
47	\Common\Labor\AZ 2008 Labor.xls		
48			
49			
50			

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-17

Exhibit
Schedule C-2
Page 23
Witness: Murrey

Line No.			
1	Adjust 401k Expense to Reflect Adjusted Labor Expense		
3	Adjusted 401k Expense (work paper) - Agua Fria Wastewater		$ 17,427
5	Add: Normalized 401K Expense (workpaper) - NWVRTF		
6	Northwest Valley Regional Treatment Facility @ 32%		3,972
8	Total Adjusted Test Year 401K Expense - Agua Fria Wastewater		$ 21,399
10	Test year 401k Expense (Miscellaneous Expense)		
11	Agua Fria Wastewater	$ 7,000	
12	Northwest Valley Regional Treatment Facility @ 32%	2,644	
13	Total Test Year 401K Expense		9,644
15	Increase/(Decrease) in 401k Expense (Miscellaneous Expense)		$ 11,755
17	Adjustment to Revenue and/or Expense		$ 11,755

Workpapers & Supporting Documents:
\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\
\Common\Labor\AZ 2008 Labor.xls
\09 Agua Fria WW\Workpapers\Agua Fria WW AI 2008.xls

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-18

Exhibit
Schedule C-2
Page 24
Witness: Murrey

Line No.			
1	Normalize Group Insurance		
2			
3	Total normalized Group Insurance Expense (workpaper) - Agua Fria Wastewater	$	203,452
4			
5	Add: Normalized Group Insurance Expense (workpaper) - NWVRTF		
6	Northwest Valley Regional Treatment Facility @ 32%		33,978
7			
8	Total Adjusted Test Year Group Insurance - Agua Fria Wastewater	$	237,430
9			
10	Test Year Group Insurance Expense - Agua Fria Wastewater		124,496
11			
12	Increase/(Decrease) in Group Insurance Expense	$	112,934
13			
14	Adjustment to Revenue and/or Expense	$	112,934
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45	Workpapers & Supporting Documents:		
46	\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\		
47	\Common\Labor\AZ 2008 Labor.xls		
48			
49			
50			

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-19

Exhibit
Schedule C-2
Page 25
Witness: Murrey

Line No.					
1	Adjust Miscellaneous Expense for Water Testing Expenses[1]				
2					
3	Adjusted Test Year Water Testing Expense - Agua Fria Wastewater			$	15,382
4	Northwest Valley Regional Treatment Facility @ 32%				4,810
5	Adjusted Test Year Water Testing Expense - Agua Fria Wastewater			$	20,192
6					
7	Corporate Water Testing Expense				
8	Contract Service-Lab Testing SS (A/C 536000.11)	$	122,990		
9	Misc Operating Expense WT(A/C 575000.13)		7,018		
10	Total Included in Test Year Misc Operating Expense	$	130,008		
11					
12	4 Factor Allocation		6.5673%		
13					
14	2008 Test Year Water Testing Expense			$	8,538
15					
16	Increase/(Decrease) in Water Testing Expense			$	11,654
17					
18	Adjustment to Revenue and/or Expense			$	11,654
19					
20					
21					
22					
23					
24					
25	[1] Water Testing Expense is part of Miscellaneous Operating Expenses				
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45	Workpapers & Supporting Documents:				
46	\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\				
47					
48					
49					
50					

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-20 & SLM-6F

Exhibit
Schedule C-2
Page 26
Witness: Murrey

Line No.					[A] Property Tax Expense		[B] Property Tax Expense For Conversion Factor
1	Adjust Property Taxes to Reflect Deconsolidated Revenues:						
2							
3	Adjusted Revenues in year ended Dec. 2007				$ 2,676,221		$ 2,676,221
4	Adjusted Revenues in year ended Dec. 2007				2,676,221		2,676,221
5	Deconsolidated Revenues				$ 2,676,221		$ 6,412,711
6	Average of three year's of revenue				$ 2,676,221		$ 3,921,718
7	Average of three year's of revenue, times 2				$5,352,442		$7,843,435
8	Add:						
9	Construction Work in Progress at 10%				43,226		43,082
10	Deduct:						
11	Net Book Value of Transportation Equipment				$ -		$ -
12							
13	Full Cash Value				$ 5,395,668		$ 7,886,517
14	Assessment Ratio				22%		22%
15	Assessed Value				1,187,047		1,735,034
16	Property Tax Rate				7.844489%		7.844489%
17							
18	Property Tax				93,118		136,105
19	Tax on Parcels				-		-
20							
21	Total Property Tax at Deconsolidated Rates				$ 93,118		$ 136,105
22	Property Taxes in the test year				95,168		93,118
23	Adjustment to Revenues and/or Expenses				$ (2,050)		$ 42,987
24							
25	Adjustment per Order	$ 1,545					
26	Prorated based on Property Tax per District						
27	Anthem	$ 203,686	68.63%	$ 1,060			
28	Agua Fria	$ 93,118	31.37%	$ 485	$ 485	Adj SLM-6F	
29		$ 296,804	100.00%	$ 1,545			
30							
31					$ (2,050)		
32							
33							
34						Rounding	8
35							
36	Increase in Property Tax Due to Increase in Revenue Requirement (Line 32 Col [B])						$ 42,995
37							
38	Increase in Revenue Requirement (From Sch. A1)						$ 3,736,490
39							
40	Increase in Property Tax Per Dollar Increase in Revenue (Line 32/Line 34)						1.15%
41							
42							
43	Workpapers & Supporting Documents:						
44	\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\						
45							
46							
47							
48							

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-21

Exhibit
Schedule C-2
Page 27
Witness: Murrey

Line No.			
1	Remove Other Income & Deductions		
2			
3	Test Year Other Income & Deductions, Adjusted	$ -	
4			
5	Test year Other Income & Deductions, Per Books	37,933	
6	Increase in Other Income	$ (37,933)	
7			
8	Adjustment to Revenues and/or Expense	(37,933)	(Below the line)
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45	Workpapers & Supporting Documents:		
46	\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\		
47			
48			
49			
50			

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-22

Exhibit
Schedule C-2
Page 28
Witness: Murrey

Line No.				
1	Annualize OPEB Expense			
2				
3	Annualized OPEB Expense (worksheet) - Agua Fria Wastewater			$ 95,763
4	Less: Capitalized Portion			
5	Normalized Capital Labor	$2,374,756		
6	Normalized Total Labor	$12,999,945		
7	Capitalization Percentage	18.3%		
8	Capitalized Portion of Normalized OPEB			$ (17,525)
9				
10				
11				
12	Total Normalized Expense (line 1 + line 6)		$ 78,238	
13	4 Factor Allocation to Agua Fria Wastewater		6.5673%	
14	Adjusted Test Year OPEB - Agua Fria Wastewater			$ 5,138
15				
16	Recorded Expense (A/C 505100)			$ 4,009
17				
18	Increase/(Decrease) in Group Insurance			$ 1,129
19				
20	Adjustment to Revenue and/or Expense			$ 1,129
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43				
44				
45	Workpapers & Supporting Documents:			
46	\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\			
47				
48				
49				
50				

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-23

Exhibit
Schedule C-2
Page 29
Witness: Murrey

Line No.		
1	Interest Synchronization with Rate Base	
2		
3	Original Cost Rate Base (Sch. B-1, Ln. 24)	$ 19,147,531
4	Weighted Cost of Debt from Schedule D-1	3.00%
5	Synchronized Interest Expense	$ 574,426
6	Test Year Interest Expense	$ 769,116
7	Increase (decrease) in Interest Expense	$ (194,690)
8		
9	Adjustment to Revenues and/or Expense	$ (194,690)
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		
42		
43		
44		
45	Workpapers & Supporting Documents:	
46	\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\	
47		
48		
49		
50		

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-24

Exhibit
Schedule C-2
Page 30
Witness: Murrey

Line No.			[A] Test Year Adjusted Results	[B] Adjusted with Rate Increase
1	Calculation of Income Taxes at Deconsolidated Rates			
2				
3				
4	Operating Income Before Inc. Taxes		$ (1,946,198)	$ 1,728,241
5	Interest Expense		$ 574,426	$ 574,426
6	Arizona Taxable Income		(2,520,624)	1,153,815
7				
8	Less Arizona Income Tax		$ (175,637)	$ 80,398
9	Arizona Income Tax Rate =	6.968%		
10				
11	Federal Income Before Taxes		$ (2,520,624)	$ 1,153,815
12	Less Arizona Income Taxes		(175,637)	80,398
13	Federal Taxable Income		$ (2,344,987)	$ 1,073,417
14				
15	Federal Income Taxes:	34.000%	$ (797,296)	$ 364,962
16				
17				
18	Total Income Tax		$ (972,933)	$ 445,360
19				
20	Tax Rate		38.60%	38.60%
21				
22	Effective Income Tax Rates			
23	State		6.968%	6.968%
24	Federal		31.63%	31.63%
25				
26				
27	Test Year Income Taxes, Per Books		$ (111,035)	
28	Increase in Income Taxes		(861,898)	
29				
30	Adjustment to Revenues and/or Expense		$ (861,898)	
31				
32	Test Year Income Taxes, Adjusted			$ (972,933)
33	Increase in Income Taxes			1,418,292
34				
35	Adjustment to Revenues and/or Expense			1,418,292
36				
37				
38				
39				
40				
41				
42				
43				
44				
45	Workpapers & Supporting Documents:			
46	\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\			
47				
48				
49				
50				

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-2F

Exhibit
Schedule C-2
Page 31
Witness: Murrey

Staff Test Year Adjustment to Fuel and Power Expense

Staff Adjustment for Fuel and Power Expense	$	580
(RB Adj# 2 per Revised Final Schedule GTM-13)		

Prorated between districts based on Test Year Adjusted Fuel and Power Expense

	TY Adjusted Values		Allocation		
Anthem Wastewater	$	10,263	3.68%	$	21
Agua Fria Wastewater	$	268,401	96.32%	$	559
Total	$	278,664	100.00%	$	580

Workpapers & Supporting Documents:
\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-3F

Exhibit
Schedule C-2
Page 32
Witness: Murrey

Line No.							
1	Staff Test Year Adjustment to Customer Accounting						
2							
3							
4							
5	Staff Adjustment to Customer Accounting			$ (54,183)			
6	(RB Adj# 3 per Revised Final Schedule GTM-14)						
7							
8							
9							
10							
11	Prorated between districts based on Test Year Adjusted Customer Accounting Costs						
12							
13			TY Adjusted Values		Allocation		
14	Anthem Wastewater	$	112,979		46.65%	$	(25,278)
15	Agua Fria Wastewater	$	129,191		53.35%	$	(28,905)
16	Total	$	242,170		100.00%	$	(54,183)
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
32							
33							
34							
35							
36							
37							
38							
39							
40							
41							
42							
43							
44							
45	Workpapers & Supporting Documents:						
46	\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\						
47							
48							
49							
50							

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-4F

Exhibit
Schedule C-2
Page 33
Witness: Murrey

Staff Test Year Adjustment to Water Testing

Staff Adjustment to Water Testing	$	21,478
(RB Adj# 4 per Revised Final Schedule GTM-15)		

Prorated between districts based on Test Year Adjusted Water Testing Costs

	TY Adjusted Values		Allocation		
Anthem Wastewater	$	42,621	67.85%	$	14,574
Agua Fria Wastewater	$	20,192	32.15%	$	6,904
Total	$	62,813	100.00%	$	21,478

Workpapers & Supporting Documents:
\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-5F

Exhibit
Schedule C-2
Page 34
Witness: Murrey

Line No.					Anthem	Agua Fria	Per Order Combined
1	Staff Test Year Adjustment to Depreciation Expense						
2							
3							
4							
5	Staff Adjustment to Depreciation Expense					$ (417,089)	
6	(RB Adj# 5 per Revised Final Schedule GTM-16)						
7							
8							
9							
10							
11							
12							
13							Per Order
14					Anthem	Agua Fria	Combined
15	District				$ 1,987,316	$ 1,827,921	
16	Corporate Allocation				31,154	17,982	
17	Northwest Valley				-	328,241	
18	Post Test Year				20,521	-	
19	Depreciation Amounts				$ 2,038,991	$ 2,174,144	$ 4,213,134
20							
21	Amortization of Regulatory CIAC				(107,543)	(197,344)	(304,886)
22							
23	Amortization of CIAC at Composite Rate			3.31%			
24			CIAC Balances				
25		Anthem	1,077,324				
26		Agua Fria	13,871,707				
27			14,949,031	494,528	(35,639)	(458,889)	(494,528)
28							
29	Per Order Breakdown				$ 1,895,809	$ 1,517,911	$ 3,413,720
30							
31							
32	Company Deconsolidated				$ 2,063,331	$ 1,767,477	$ 3,830,808
33			Rounding		1		1
34							
35		Adjustment per District			$ (167,523)	$ (249,566)	$ (417,089)
36							
37							
38							
39							
40							
41							
42							
43							
44							
45	Workpapers & Supporting Documents:						
46	\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\						
47							
48							
49							
50							

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-8F

Exhibit
Schedule C-2
Page 35
Witness: Murrey

Line No.

Staff Test Year Adjustment to Regulatory Expense

Staff Adjustment to Regulatory Expense	$ (12,500)
(RB Adj# 8 per Revised Final Schedule GTM-19	

Prorated between districts based on unrecovered rate case expense from prior proceedings

	Unamortized Balance	Allocation	
Anthem Wastewater	$ 23,777	63.40%	$ (7,926)
Agua Fria Wastewater	$ 13,724	36.60%	$ (4,574)
Total	$ 37,500	100.00%	$ (12,500)
Recovery Period	3		
	$ 12,500.0		

Workpapers & Supporting Documents:
\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-9Fa

Exhibit
Schedule C-2

Witness: Murrey

Line No.					
1	Staff Test Year Adjustment to Labor				
2			Total	Anthem WW	Agua Fria WW
3	Labor - AIP Adjustment		$ (17,639)	$ (8,262)	(9,376)
4	Labor - Stock Compensation Adjustment		$ (7,845)	$ (3,675)	$ (4,170)
5	Staff Adjustment to Labor		$ (25,484)	$ (11,937)	$ (13,547)
6	(RB Adj# 9 per Revised Final Schedule GTM-20)				
10	Labor - AIP Adjustment - Remove 30%		Per Order		
11			Total	Anthem WW	Agua Fria WW
13	Arizona Corporate Achievement Incentive Pay		$ 475,900	$ 475,900	$ 475,900
15	4 Factor Allocation to Anthem / Agua Fria Wastewater		12.3543%	5.7870%	6.5673%
16	District's Water Portion of AZ Corporate AIP		$ (58,793)	$ (27,541)	$ (31,254)
18	Accept RUCO Adj C-3 Disallowance Percentage		30%	30%	30%
20		Adjustment to Achievement Incentive Pay	$ (17,638)	$ (8,262)	$ (9,376)
24	Labor - Stock Adjustment		Per Order		
25			Total	Anthem WW	Agua Fria WW
27	Arizona Portion of Test Year Stock Based Compensation		$ 103,974	$ 103,974	$ 103,974
29	4 Factor Allocation to Anthem / Agua Fria Wastewater		12.3543%	5.7870%	6.5673%
30	District's Portion of Arizona Stock Based Compensation		$ (12,845)	$ (6,017)	$ (6,828)
32	Difference(split proportionately based on district)		$ 5,000	$ 2,342	$ 2,658
34		Adjustment to Stock Adjustment	$ (7,845)	$ (3,675)	$ (4,170)

45 Workpapers & Supporting Documents:
46 \Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-9Fb

Exhibit
Schedule C-2
Page 37
Witness: Murrey

Line No.				
1	Staff Test Year Adjustment to Mgmt Fees	Total	Anthem WW	Agua Fria WW
2	Mgmt Fees - AIP Adj	$ (5,249)	$ (2,459)	$ (2,790)
3	Mgmt Fees - Stock Comp Adj	(19,895)	(9,319)	(10,576)
4	Mgmt Fees - Other Expense Adj	(21,050)	(9,860)	(11,190)
5	Mgmt Fees - BD Expenses	(12,453)	(5,833)	(6,620)
6	Mgmt Fees - Dues & Donations	(4,289)	(2,009)	(2,280)
7	Staff Adjustment to Mgmt Fees	$ (62,936)	$ (29,480)	$ (33,456)
8	(RB Adj# 9 per Revised Final Schedule GTM-20)			
9				
10				
11				
12	Mgmt Fees - AIP Adj	Per Order Total	Anthem WW	Agua Fria WW
13	Service Company Portion of Test Year Stock Based Compensation	$ 69,573	$ 69,573	$ 69,573
14	4 Factor Allocation to Anthem / Agua Fria Wastewater	12.3543%	5.7870%	6.5673%
15	District's Water Portion of AZ Corporate AIP	$ (8,595)	$ (4,026)	$ (4,569)
16				
17	Difference (split proportionately based on district portion)	$ 3,346	$ 1,567	$ 1,779
18				
19	Adjustment to Mgmt Fees - AIP	$ (5,249)	$ (2,459)	$ (2,790)
20				
21				
22	Mgmt Fees - Stock Comp Adj - Remove 30%	Per Order Total	Anthem WW	Agua Fria WW
23	Adjusted Test Year Service Co. Achievement Incentive Pay	$ 536,787	$ 536,787	$ 536,787
24				
25	4 Factor Allocation to Anthem / Agua Fria Wastewater	12.3543%	5.7870%	6.5673%
26	District's Water Portion of AZ Corporate AIP	$ (66,317)	$ (31,064)	$ (35,252)
27				
28	Disallowance Percentage	30%	30%	30%
29	Adjustment to Management Fees AIP	$ (19,895)	$ (9,319)	$ (10,576)
30				
31				
32	Mgmt Fees - Other Expense Adj - Reverse ADJ MHK-4)	Per Order Total	Anthem WW	Agua Fria WW
33	Increase in Other Expenses	$ 170,388	$ 170,388	$ 170,388
34	4 Factor Allocation to Anthem / Agua Fria Wastewater	12.3543%	5.7870%	6.5673%
35	Adjustment to Other Expenses	$ (21,050)	$ (9,860)	$ (11,190)
36				
37				
38	Mgmt Fees - BD Expenses - Remove all	Per Order Total	Anthem WW	Agua Fria WW
39	Company adjusted BD Expenses	$ 100,799	$ 100,799	$ 100,799
40	4 Factor Allocation to Anthem / Agua Fria Wastewater	12.3543%	5.7870%	6.5673%
41	Adjustment to BD Expenses	$ (12,453)	$ (5,833)	$ (6,620)
42				
43				
44	Mgmt Fees - Dues & Donations - Remove all	Per Order Total	Anthem WW	Agua Fria WW
45	Adjusted Test Year Dues & Donations in Mgmt Fees	$ 34,716	$ 34,716	$ 34,716
46	4 Factor Allocation to Anthem / Agua Fria Wastewater	12.3543%	5.7870%	6.5673%
47	Adjustment to Due & Donations	$ (4,289)	$ (2,009)	$ (2,280)
48				
49	Workpapers & Supporting Documents:			
50	\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\			

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Income Statement Adjustment SLM-9Fc

Exhibit
Schedule C-2
Page 38
Witness: Murrey

Line No.				
1	Staff Test Year Adjustment to Pension Expense			
2				
3				
4				
5	Staff Adjustment to Pension Exp	$ 18,666		
6	(RB Adj# 9 per Revised Final Schedule GTM-20)			
7				
8				
9				
10				
11	Adjust Pension Expense to Reflect Pension Expense at District Level			
12				
13		Per Order Total	Anthem WW	Agua Fria WW
14				
15	Deferred Service Company Amortization of Pension Expense	$ 151,088	$ 151,088	$ 151,088
16	4 Factor Allocation to Anthem / Agua Fria Wastewater	12.3543%	5.7870%	6.5673%
17	District's Portion of Deferred Svc. Co. Amtz	$ 18,666	$ 8,744	$ 9,922
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43				
44				
45	Workpapers & Supporting Documents:			
46	\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\			
47				
48				
49				
50				

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Computation of Gross Revenue Conversion Factor

Exhibit
Schedule C-3
Page 1
Witness: Murrey

Line No.	Description					Percentage of Incremental Gross Revenues
1	Federal Income Taxes					31.63%
2						
3	State Income Taxes					6.97%
4				Combined	38.60%	
5	Property Taxes	Effective Rate =	1.1507%	One Minus Combined	61.40%	0.71%
6						
7	Bad Debt Expense	Effective Rate =	0.51%	One Minus Combined	61.40%	0.31%
8						
9	Total Tax Percentage					39.62%
10						
11	Operating Income % = 100% - Tax Percentage					60.38%
12						
13						
14						
15	1	= Gross Revenue Conversion Factor				
16	Operating Income %					1.6561
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45						
46						
47						
48						
49						
50	\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\					

Arizona American Water Company - Agua Fria Wastewater
Test Year Ended December 31, 2008
Operating Statistics

Exhibit
Schedule E-7
Page 1
Witness: Murrey

Line No.		Test Year Ended 12/31/2008	Prior Year Ended 12/31/2007	Prior Year Ended 12/31/2006
1	WASTEWATER STATISTICS:			
2				
3	Average No. of Customers			
4	Residential	4,530	4,196	2,943
5	Commerical	33	30	26
6	Industrial	-	-	-
7	Other Public Authority	-	-	-
8	Other	-	-	-
9	Total	4,563	4,226	2,969
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20	Annual Revenue per Average			
21	Residential Customer	$ 487.84	$ 388.21	$ 342.89
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43				
44				
45				
46				
47				
48				
49				
50	\Schedules\2008 Agua Fria Wastewater Sch. A-F_Decon.xls\			

Exhibit
Schedule H-1
Page 1
Witness:Murrey

Arizona American Water Company - Agua Fria Sewer
Test Year Ended December 31, 2008
Summary of Revenues by Customer Classification - Test Year & Deconsolidated Rates

		Revenues in Test Year			
Line		Test Year	Deconsolidated	Deconsolidated Increase	
No.	Customer Classification	Rates	Rates	Amount	%
1					
2	Residential	$ 2,588,018.46	$ 6,073,075.57	$ 3,485,057.11	134.7%
3					
4	Commercial	$ 85,978.95	$ 200,436.65	$ 114,457.70	133.1%
5					
6	Effluent	$ -	$ 136,975.15	$ 136,975.15	
7					
8					
9					
10					
11	Total Revenues	$ 2,673,997.41	**$ 6,410,487.36**	$ 3,736,489.96	139.73%
12					
13					
14			Add Customer	Annualized	
15	Agua Fria WW	From Schedule	Annualization from	Current	
16	Wastewater	H-2	Schedule C-2	Rates	
17	Residential	$ 2,522,120.21	$ 65,898.25	$ 2,588,018.46	
18	Commercial	$ 79,141.70	$ 6,837.24	$ 85,978.95	
19	Effluent	$ -		$ -	
20					
21		$ 2,601,261.91	$ 72,735.50	$ 2,673,997.41	
22					
23					
24	Increase in Gross Revenue from Schedule A-1			$ 3,736,489.97	
25	Percent Increase Across the Board			139.69%	
26					
27					
28			Add Customer	Annualized	
29	Agua Fria WW	From Schedule	Annualization from	Current	
30	Wastewater	H-2	Schedule C-2	Rates	
31	Residential	$ 5,915,124.66	$ 157,950.91	$ 6,073,075.57	
32	Commercial	$ 184,048.52	$ 16,388.13	$ 200,436.65	
33	Effluent	$ -	$ -	$ -	
34					
35		$ 6,099,173.18	$ 174,339.04	$ 6,273,512.22	
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46					
47					
48					
49					
50					
51					

Exhibit
Schedule H-2
Page 1
Witness: Murrey

Arizona American Water Company - Agua Fria Sewer
Test Year Ended December 31, 2008
Analysis of Revenue by Detailed Class
(Median Usage is on each individual Rate Schedule Tab)

Line No.	Rate Schedule	Description		Average Number of Customers	Average Consumption	Test Year Rates	Revenues Annualized Current Rates	Deconsolidated Rates	Deconsolidated Increase Amount	Deconsolidated Increase %
1	E1MS1	Agua Fria Sewer Residential		4,551	5,297	$ 2,210,457.65	$ 2,522,931.13	$ 5,917,096.40	$ 3,394,165.27	134.53%
2	E2MS1	Agua Fria Sewer Commercial 5/8"		-	-	-		-	$ -	0.00%
3	E2MS2	Agua Fria Sewer Commercial 3/4"		1	-	$ 441.57	$ 499.68	$ 1,190.19	$ 690.51	138.19%
4	E2MS3	Agua Fria Sewer Commercial 1"		2	9,500	$ 1,875.42	$ 2,127.36	$ 4,994.44	$ 2,867.08	134.77%
5	E2MS4	Agua Fria Sewer Commercial Large		21	53,313	$ 66,209.12	$ 76,514.66	$ 177,863.88	$ 101,349.22	132.46%
6										
7	C8M2A	DMB @ Verrado Golf		1	13,683,831	$ 198,236.70	$ 220,583.35	$ 136,975.15	$ -	0.00%
8	Customers billing for other districts showing in AF		# of Bills							
9	A1MS1	Sun City Sewer Residential	3.00	0.25	-	$32.94		$ -	$ -	0.00%
10	A1S1A	Sun City Sewer Residential S Unit 5/8"& 3/4"	1.00	0.08	-	$13.69		$ -	$ -	0.00%
11	B1MS1	Sun City West Sewer Residential	9.00	1	-	$185.04		$ -	$ -	0.00%
12	B1S1B	Sun City West Sewer Residential S-Unit 1"	1.00	0.08	-	$62.53		$ -	$ -	0.00%
13	B2MS1	Sun City West Sewer Commercial	4.13	0.34	-	$120.80		$ -	$ -	0.00%
14										
15										
16										
17		Total Agua Fria Sewer - Billed Revenues		4,578	-	$2,477,635.46	$2,822,656.18	$6,238,120.06	$ 3,415,463.88	121.00%
18										
19		Total Residential		4,552	-	$2,210,751.85	$2,522,931.13	$5,917,096.40	$ 3,394,165.27	134.53%
20		Total Commercial		24	-	$68,646.91	$79,141.70	$184,048.52	$ 104,906.81	132.56%
21										
22		Total Agua Fria Sewer - Billed Revenues		4,577	-	$ 2,279,398.76		$ 6,101,144.91	$ 3,499,072.09	153.51%
23		Less: Miscellaneous Adjustments				$ (810.92)				
24		Annualized Difference				$ 323,118.86				
25						Test Year		Deconsolidated		
26						Rates		Rates	Annualization of	
27						Misc. Adjustments		Misc. Adjustments	7/01/08 Rate Incr	
28		A1MS1				$ -		-	$ -	
29		A1S1A				$ -		-	$ 2.09	
30		B1MS1				$ -		-	$ -	
31		B1S1B				$ -		-	$ 27.70	
32		E1MS1				$ (810.92)	$ (810.92)	(1,901.87)	$ 312,473.48	
33		Difference from General Ledger [a]	0.00%			$ (29.79)		(69.87)		
34					Subtotal	$ (840.71)	$ (810.92)	$ (1,971.74)	$ 312,503.26	
35										PMT (Booked Revenue)
36		Residential Billed Revenues				**$2,209,911.14**	**$2,522,120.21**	**$ 5,915,124.66**		**$2,209,911.14**
37										
38										
39		B2MS1				$ -		-	$ -	
40		E2MS2				$ -		-	$ 58.11	
41		E2MS3				$ -		-	$ 251.94	
42		E2MS4				$ -		-	$ 10,305.55	
43		Difference from General Ledger [a]	0.06%			$41.39		-		
44					Subtotal	$ 41.39		$ -	$ 10,615.60	PMT (Booked Revenue)
45										
46		Commercial Billed Revenues				**$68,688.30**	**$79,141.70**	**$ 184,048.52**		**$68,688.30**
47										
48										
49		Billed Revenues				$ 2,278,599.44	$ 2,601,261.91	$ 6,099,173.18	$ 323,118.86	
50										
51		Total Booked Revenues Per G.L.- F.Y. 2008								**$2,278,599.44**
52										
53		Difference from General Ledger [a]	0.00%			$ (0.00)				
54										
55										
56	Note [a]	This is the amount of difference from the General Ledger, booked revenue to the amount derived by								
57		using TY billing determinants, times rates, less Misc Adjustments. We also removed the effect								
58		of annualizing the July 1,2008 rate increase to match the General Ledger.								

Exhibit
Schedule H-3
Page 1
Witness: Murrey

Arizona American Water Company - Agua Fria Sewer
Test Year Ended December 31, 2008
Changes in Representative Rate Schedules

					Base Charge			Volume Charge		
Line No.	Rate Schedule	Description	Block	# of Bills	Test Year Rate	Deconsolidated Rate	Change	Test Year Rate	Deconsolidated Rate	Change
1	E1MS1	Agua Fria Sewer Residential	First 7,000 gals.	54,616	$27.76	$ 66.12	$ 38.36	$ 3.4800	$ 7.9700	$ 4.4900
2			Over 7,000 gals.					$ -		$ -
3	E2MS1	Agua Fria Sewer Commercial 5/8"	First 10,000 gals.	-	$ 27.76	$ 66.12	$ 38.36	$ 3.4800	$ 7.9700	$ 4.4900
4			Over 10,000 gals.					$ -		$ -
5	E2MS2	Agua Fria Sewer Commercial 3/4"	First 15,000 gals.	12	$41.64	$ 99.18	$ 57.54	$ 3.4800	$ 7.9700	$ 4.4900
6			Over 15,000 gals.					$ -		$ -
7	E2MS3	Agua Fria Sewer Commercial 1"	First 20,000 gals.	24	$55.58	$ 132.39	$ 76.81	$ 3.4800	$ 7.9700	$ 4.4900
8			Over 20,000 gals.					$ -		$ -
9	E2MS4	Agua Fria Sewer Commercial LG	All Usage	258	$111.12	$ 264.68	$ 153.56	$ 3.4800	$ 7.9700	$ 4.4900
10	C8M2A	DMB @ Verrado Golf			$ -	$ -	$ -	$ 1.2400	$ 0.77	$ (0.47)
11										
12	Errors on the Books, corrected during the test year to move to the correct District and out of Agua Fria Sewer									
13	A1MS1	Sun City Sewer Residential	Per Unit	3	$0.00			$ 10.980000		
14	A1S1A	Sun City Sewer Residential S Unit 5/8"& 3/4"	Per Unit	1	$0.00			$ 13.690000		
15	B1MS1	Sun City West Sewer Residential	Per Unit	9	$0.00			$ 20.560000		
16	B1S1B	Sun City West Sewer Residential S-Unit 1"	Per Unit	1	$0.00			$ 62.530000		
17	B2MS1	Sun City West Sewer Commercial	Per Unit	4	$0.00			$ 29.250000		
18										
19										
20		Annual Fee for Industrial Discharge Service - Annual Charge								
21		<= 50,000 gals water per month			$ 500					
22		> 50,000 gals water per month			$ 1,000					
23										
24	SHU-1	Sewer Facilities Hook-Up Fee (Contribution in Aid of Construction)								
25		Fee per Equivalent Residential Unit			$ 765					
26		ERU Schedule:		# ERUs						
27		Single Family Home		1.00						
28		Apartment Units		0.50						
29		Commercial Units (per acre)		4.00						
30		Resorts (per room)		0.50						
31		Parks, Golf Courses and Rights of Way		-						
32										
33	MISC-1	Miscellaneous Fees								
34		Establishment during business hours			$ 30.00					
35		Establishment after business hours			$ 45.00					
36		Reconnection (delinquent)			$ 40.00					
37		Reconnection after hours			$ 55.00					
38		NSF Check			$ 15.00	$ 25.00	$ 10.00			
39		Late Fee and/or Deferred Payment			1.5%					

Exhibit
Schedule H-4
Page 1
Witness: Murrey

Arizona American Water Company - Agua Fria Sewer
Test Year Ended December 31, 2008
Typical Bill Analysis

Line No.	Rate Schedule	Description		Consumption	Typical Bills Test Year Rates	Typical Bills Deconsolidated Rates	Deconsolidated Increase Amount	Deconsolidated Increase %
1	E1MS1	Agua Fria Sewer Residential		1,000	$31.24	$74.09	$ 42.85	137.17%
2	E1MS1	Agua Fria Sewer Residential		2,000	$34.72	$82.06	$ 47.34	136.35%
3	E1MS1	Agua Fria Sewer Residential		3,000	$38.20	$90.03	$ 51.83	135.69%
4	E1MS1	Agua Fria Sewer Residential		4,000	$41.68	$98.00	$ 56.32	135.13%
5	E1MS1	Agua Fria Sewer Residential		5,000	$45.16	$105.97	$ 60.81	134.66%
6	E1MS1	Agua Fria Sewer Residential		6,000	$48.64	$113.94	$ 65.30	134.26%
7	E1MS1	Agua Fria Sewer Residential		7,000	$52.12	$121.91	$ 69.79	133.91%
8	E1MS1	Agua Fria Sewer Residential		8,000	$52.12	$121.91	$ 69.79	133.91%
9	E1MS1	Agua Fria Sewer Residential		9,000	$52.12	$121.91	$ 69.79	133.91%
10	E1MS1	Agua Fria Sewer Residential		10,000	$52.12	$121.91	$ 69.79	133.91%
11	E1MS1	Agua Fria Sewer Residential		11,000	$52.12	$121.91	$ 69.79	133.91%
12	E1MS1	Agua Fria Sewer Residential		12,000	$52.12	$121.91	$ 69.79	133.91%
13	E1MS1	Agua Fria Sewer Residential		13,000	$52.12	$121.91	$ 69.79	133.91%
14	E1MS1	Agua Fria Sewer Residential		14,000	$52.12	$121.91	$ 69.79	133.91%
15	E1MS1	Agua Fria Sewer Residential		15,000	$52.12	$121.91	$ 69.79	133.91%
16	E1MS1	Agua Fria Sewer Residential		16,000	$52.12	$121.91	$ 69.79	133.91%
17	E1MS1	Agua Fria Sewer Residential		17,000	$52.12	$121.91	$ 69.79	133.91%
18	E1MS1	Agua Fria Sewer Residential		18,000	$52.12	$121.91	$ 69.79	133.91%
19	E1MS1	Agua Fria Sewer Residential		19,000	$52.12	$121.91	$ 69.79	133.91%
20	E1MS1	Agua Fria Sewer Residential		20,000	$52.12	$121.91	$ 69.79	133.91%
21	E1MS1	Agua Fria Sewer Residential		21,000	$52.12	$121.91	$ 69.79	133.91%
22	E1MS1	Agua Fria Sewer Residential		22,000	$52.12	$121.91	$ 69.79	133.91%
23	E1MS1	Agua Fria Sewer Residential		23,000	$52.12	$121.91	$ 69.79	133.91%
24	E1MS1	Agua Fria Sewer Residential		24,000	$52.12	$121.91	$ 69.79	133.91%
25	E1MS1	Agua Fria Sewer Residential		25,000	$52.12	$121.91	$ 69.79	133.91%
26	E1MS1	Agua Fria Sewer Residential		26,000	$52.12	$121.91	$ 69.79	133.91%
27	E1MS1	Agua Fria Sewer Residential		27,000	$52.12	$121.91	$ 69.79	133.91%
28	E1MS1	Agua Fria Sewer Residential		28,000	$52.12	$121.91	$ 69.79	133.91%
29	E1MS1	Agua Fria Sewer Residential		29,000	$52.12	$121.91	$ 69.79	133.91%
30	E1MS1	Agua Fria Sewer Residential		30,000	$52.12	$121.91	$ 69.79	133.91%
31	E1MS1	Agua Fria Sewer Residential		31,000	$52.12	$121.91	$ 69.79	133.91%
32	E1MS1	Agua Fria Sewer Residential		32,000	$52.12	$121.91	$ 69.79	133.91%
33	E1MS1	Agua Fria Sewer Residential		33,000	$52.12	$121.91	$ 69.79	133.91%
34	E1MS1	Agua Fria Sewer Residential		34,000	$52.12	$121.91	$ 69.79	133.91%
35	E1MS1	Agua Fria Sewer Residential		35,000	$52.12	$121.91	$ 69.79	133.91%
36	E1MS1	Agua Fria Sewer Residential		36,000	$52.12	$121.91	$ 69.79	133.91%
37	E1MS1	Agua Fria Sewer Residential		37,000	$52.12	$121.91	$ 69.79	133.91%
38	E1MS1	Agua Fria Sewer Residential		38,000	$52.12	$121.91	$ 69.79	133.91%
39	E1MS1	Agua Fria Sewer Residential		39,000	$52.12	$121.91	$ 69.79	133.91%
40	E1MS1	Agua Fria Sewer Residential		40,000	$52.12	$121.91	$ 69.79	133.91%
41	E1MS1	Agua Fria Sewer Residential		41,000	$52.12	$121.91	$ 69.79	133.91%
42	E1MS1	Agua Fria Sewer Residential		42,000	$52.12	$121.91	$ 69.79	133.91%
43	E1MS1	Agua Fria Sewer Residential		43,000	$52.12	$121.91	$ 69.79	133.91%
44	E1MS1	Agua Fria Sewer Residential		44,000	$52.12	$121.91	$ 69.79	133.91%
45	E1MS1	Agua Fria Sewer Residential		45,000	$52.12	$121.91	$ 69.79	133.91%
46	E1MS1	Agua Fria Sewer Residential		46,000	$52.12	$121.91	$ 69.79	133.91%
47	E1MS1	Agua Fria Sewer Residential		47,000	$52.12	$121.91	$ 69.79	133.91%
48	E1MS1	Agua Fria Sewer Residential		48,000	$52.12	$121.91	$ 69.79	133.91%
49	E1MS1	Agua Fria Sewer Residential		49,000	$52.12	$121.91	$ 69.79	133.91%
50	E1MS1	Agua Fria Sewer Residential		50,000	$52.12	$121.91	$ 69.79	133.91%
51	E1MS1	Agua Fria Sewer Residential		51,000	$52.12	$121.91	$ 69.79	133.91%
52	E1MS1	Agua Fria Sewer Residential		52,000	$52.12	$121.91	$ 69.79	133.91%
53	E1MS1	Agua Fria Sewer Residential		53,000	$52.12	$121.91	$ 69.79	133.91%
54	E1MS1	Agua Fria Sewer Residential		54,000	$52.12	$121.91	$ 69.79	133.91%
55	E1MS1	Agua Fria Sewer Residential		55,000	$52.12	$121.91	$ 69.79	133.91%
56								
57	E1MS1	Agua Fria Sewer Residential	Average:	5,297	$46.19	$108.34	$ 62.15	134.53%

Exhibit
Schedule H-4
Page 2
Witness: Murrey

Arizona American Water Company - Agua Fria Sewer
Test Year Ended December 31, 2008
Typical Bill Analysis

					Typical Bills			
Line	Rate				Test Year	Deconsolidated	Deconsolidated	Increase
No.	Schedule	Description		Consumption	Rates	Rates	Amount	%
1	E2MS2	Agua Fria Sewer Commerial 3/4"		1,000	$45.12	$107.15	$ 62.03	137.48%
2	E2MS2	Agua Fria Sewer Commerial 3/4"		2,000	$48.60	$115.12	$ 66.52	136.88%
3	E2MS2	Agua Fria Sewer Commerial 3/4"		3,000	$52.08	$123.09	$ 71.01	136.35%
4	E2MS2	Agua Fria Sewer Commerial 3/4"		4,000	$55.56	$131.06	$ 75.50	135.89%
5	E2MS2	Agua Fria Sewer Commerial 3/4"		5,000	$59.04	$139.03	$ 79.99	135.49%
6	E2MS2	Agua Fria Sewer Commerial 3/4"		6,000	$62.52	$147.00	$ 84.48	135.13%
7	E2MS2	Agua Fria Sewer Commerial 3/4"		7,000	$66.00	$154.97	$ 88.97	134.81%
8	E2MS2	Agua Fria Sewer Commerial 3/4"		8,000	$69.48	$162.94	$ 93.46	134.52%
9	E2MS2	Agua Fria Sewer Commerial 3/4"		9,000	$72.96	$170.91	$ 97.95	134.26%
10	E2MS2	Agua Fria Sewer Commerial 3/4"		10,000	$76.44	$178.88	$ 102.44	134.02%
11	E2MS2	Agua Fria Sewer Commerial 3/4"		11,000	$79.92	$186.85	$ 106.93	133.80%
12	E2MS2	Agua Fria Sewer Commerial 3/4"		12,000	$83.40	$194.82	$ 111.42	133.60%
13	E2MS2	Agua Fria Sewer Commerial 3/4"		13,000	$86.88	$202.79	$ 115.91	133.42%
14	E2MS2	Agua Fria Sewer Commerial 3/4"		14,000	$90.36	$210.76	$ 120.40	133.25%
15	E2MS2	Agua Fria Sewer Commerial 3/4"		15,000	$93.84	$218.73	$ 124.89	133.09%
16	E2MS2	Agua Fria Sewer Commerial 3/4"		16,000	$93.84	$218.73	$ 124.89	133.09%
17	E2MS2	Agua Fria Sewer Commerial 3/4"		17,000	$93.84	$218.73	$ 124.89	133.09%
18	E2MS2	Agua Fria Sewer Commerial 3/4"		18,000	$93.84	$218.73	$ 124.89	133.09%
19	E2MS2	Agua Fria Sewer Commerial 3/4"		19,000	$93.84	$218.73	$ 124.89	133.09%
20	E2MS2	Agua Fria Sewer Commerial 3/4"		20,000	$93.84	$218.73	$ 124.89	133.09%
21	E2MS2	Agua Fria Sewer Commerial 3/4"		21,000	$93.84	$218.73	$ 124.89	133.09%
22	E2MS2	Agua Fria Sewer Commerial 3/4"		22,000	$93.84	$218.73	$ 124.89	133.09%
23	E2MS2	Agua Fria Sewer Commerial 3/4"		23,000	$93.84	$218.73	$ 124.89	133.09%
24	E2MS2	Agua Fria Sewer Commerial 3/4"		24,000	$93.84	$218.73	$ 124.89	133.09%
25	E2MS2	Agua Fria Sewer Commerial 3/4"		25,000	$93.84	$218.73	$ 124.89	133.09%
26	E2MS2	Agua Fria Sewer Commerial 3/4"		26,000	$93.84	$218.73	$ 124.89	133.09%
27	E2MS2	Agua Fria Sewer Commerial 3/4"		27,000	$93.84	$218.73	$ 124.89	133.09%
28	E2MS2	Agua Fria Sewer Commerial 3/4"		28,000	$93.84	$218.73	$ 124.89	133.09%
29	E2MS2	Agua Fria Sewer Commerial 3/4"		29,000	$93.84	$218.73	$ 124.89	133.09%
30	E2MS2	Agua Fria Sewer Commerial 3/4"		30,000	$93.84	$218.73	$ 124.89	133.09%
31	E2MS2	Agua Fria Sewer Commerial 3/4"		31,000	$93.84	$218.73	$ 124.89	133.09%
32	E2MS2	Agua Fria Sewer Commerial 3/4"		32,000	$93.84	$218.73	$ 124.89	133.09%
33	E2MS2	Agua Fria Sewer Commerial 3/4"		33,000	$93.84	$218.73	$ 124.89	133.09%
34	E2MS2	Agua Fria Sewer Commerial 3/4"		34,000	$93.84	$218.73	$ 124.89	133.09%
35	E2MS2	Agua Fria Sewer Commerial 3/4"		35,000	$93.84	$218.73	$ 124.89	133.09%
36	E2MS2	Agua Fria Sewer Commerial 3/4"		36,000	$93.84	$218.73	$ 124.89	133.09%
37	E2MS2	Agua Fria Sewer Commerial 3/4"		37,000	$93.84	$218.73	$ 124.89	133.09%
38	E2MS2	Agua Fria Sewer Commerial 3/4"		38,000	$93.84	$218.73	$ 124.89	133.09%
39	E2MS2	Agua Fria Sewer Commerial 3/4"		39,000	$93.84	$218.73	$ 124.89	133.09%
40	E2MS2	Agua Fria Sewer Commerial 3/4"		40,000	$93.84	$218.73	$ 124.89	133.09%
41	E2MS2	Agua Fria Sewer Commerial 3/4"		41,000	$93.84	$218.73	$ 124.89	133.09%
42	E2MS2	Agua Fria Sewer Commerial 3/4"		42,000	$93.84	$218.73	$ 124.89	133.09%
43	E2MS2	Agua Fria Sewer Commerial 3/4"		43,000	$93.84	$218.73	$ 124.89	133.09%
44	E2MS2	Agua Fria Sewer Commerial 3/4"		44,000	$93.84	$218.73	$ 124.89	133.09%
45	E2MS2	Agua Fria Sewer Commerial 3/4"		45,000	$93.84	$218.73	$ 124.89	133.09%
46	E2MS2	Agua Fria Sewer Commerial 3/4"		46,000	$93.84	$218.73	$ 124.89	133.09%
47	E2MS2	Agua Fria Sewer Commerial 3/4"		47,000	$93.84	$218.73	$ 124.89	133.09%
48	E2MS2	Agua Fria Sewer Commerial 3/4"		48,000	$93.84	$218.73	$ 124.89	133.09%
49	E2MS2	Agua Fria Sewer Commerial 3/4"		49,000	$93.84	$218.73	$ 124.89	133.09%
50	E2MS2	Agua Fria Sewer Commerial 3/4"		50,000	$93.84	$218.73	$ 124.89	133.09%
51	E2MS2	Agua Fria Sewer Commerial 3/4"		51,000	$93.84	$218.73	$ 124.89	133.09%
52	E2MS2	Agua Fria Sewer Commerial 3/4"		52,000	$93.84	$218.73	$ 124.89	133.09%
53	E2MS2	Agua Fria Sewer Commerial 3/4"		53,000	$93.84	$218.73	$ 124.89	133.09%
54	E2MS2	Agua Fria Sewer Commerial 3/4"		54,000	$93.84	$218.73	$ 124.89	133.09%
55	E2MS2	Agua Fria Sewer Commerial 3/4"		55,000	$93.84	$218.73	$ 124.89	133.09%
56								
57	E2MS2	Agua Fria Sewer Commerial 3/4"	Average:	-	$41.64	$99.18	$ 57.54	138.19%

Exhibit
Schedule H-4
Page 3
Witness: Murrey

Arizona American Water Company - Agua Fria Sewer
Test Year Ended December 31, 2008
Typical Bill Analysis

					Typical Bills			
Line No.	Rate Schedule	Description		Consumption	Test Year Rates	Deconsolidated Rates	Deconsolidated Amount	Increase %
1	E2MS3	Agua Fria Sewer Commercial 1"		1,000	$59.06	$140.36	$ 81.30	137.65%
2	E2MS3	Agua Fria Sewer Commercial 1"		2,000	$62.54	$148.33	$ 85.79	137.17%
3	E2MS3	Agua Fria Sewer Commercial 1"		3,000	$66.02	$156.30	$ 90.28	136.74%
4	E2MS3	Agua Fria Sewer Commercial 1"		4,000	$69.50	$164.27	$ 94.77	136.35%
5	E2MS3	Agua Fria Sewer Commercial 1"		5,000	$72.98	$172.24	$ 99.26	136.01%
6	E2MS3	Agua Fria Sewer Commercial 1"		6,000	$76.46	$180.21	$ 103.75	135.69%
7	E2MS3	Agua Fria Sewer Commercial 1"		7,000	$79.94	$188.18	$ 108.24	135.40%
8	E2MS3	Agua Fria Sewer Commercial 1"		8,000	$83.42	$196.15	$ 112.73	135.13%
9	E2MS3	Agua Fria Sewer Commercial 1"		9,000	$86.90	$204.12	$ 117.22	134.89%
10	E2MS3	Agua Fria Sewer Commercial 1"		10,000	$90.38	$212.09	$ 121.71	134.66%
11	E2MS3	Agua Fria Sewer Commercial 1"		11,000	$93.86	$220.06	$ 126.20	134.45%
12	E2MS3	Agua Fria Sewer Commercial 1"		12,000	$97.34	$228.03	$ 130.69	134.26%
13	E2MS3	Agua Fria Sewer Commercial 1"		13,000	$100.82	$236.00	$ 135.18	134.08%
14	E2MS3	Agua Fria Sewer Commercial 1"		14,000	$104.30	$243.97	$ 139.67	133.91%
15	E2MS3	Agua Fria Sewer Commercial 1"		15,000	$107.78	$251.94	$ 144.16	133.75%
16	E2MS3	Agua Fria Sewer Commercial 1"		16,000	$111.26	$259.91	$ 148.65	133.60%
17	E2MS3	Agua Fria Sewer Commercial 1"		17,000	$114.74	$267.88	$ 153.14	133.46%
18	E2MS3	Agua Fria Sewer Commercial 1"		18,000	$118.22	$275.85	$ 157.63	133.33%
19	E2MS3	Agua Fria Sewer Commercial 1"		19,000	$121.70	$283.82	$ 162.12	133.21%
20	E2MS3	Agua Fria Sewer Commercial 1"		20,000	$125.18	$291.79	$ 166.61	133.09%
21	E2MS3	Agua Fria Sewer Commercial 1"		21,000	$125.18	$291.79	$ 166.61	133.09%
22	E2MS3	Agua Fria Sewer Commercial 1"		22,000	$125.18	$291.79	$ 166.61	133.09%
23	E2MS3	Agua Fria Sewer Commercial 1"		23,000	$125.18	$291.79	$ 166.61	133.09%
24	E2MS3	Agua Fria Sewer Commercial 1"		24,000	$125.18	$291.79	$ 166.61	133.09%
25	E2MS3	Agua Fria Sewer Commercial 1"		25,000	$125.18	$291.79	$ 166.61	133.09%
26	E2MS3	Agua Fria Sewer Commercial 1"		26,000	$125.18	$291.79	$ 166.61	133.09%
27	E2MS3	Agua Fria Sewer Commercial 1"		27,000	$125.18	$291.79	$ 166.61	133.09%
28	E2MS3	Agua Fria Sewer Commercial 1"		28,000	$125.18	$291.79	$ 166.61	133.09%
29	E2MS3	Agua Fria Sewer Commercial 1"		29,000	$125.18	$291.79	$ 166.61	133.09%
30	E2MS3	Agua Fria Sewer Commercial 1"		30,000	$125.18	$291.79	$ 166.61	133.09%
31	E2MS3	Agua Fria Sewer Commercial 1"		31,000	$125.18	$291.79	$ 166.61	133.09%
32	E2MS3	Agua Fria Sewer Commercial 1"		32,000	$125.18	$291.79	$ 166.61	133.09%
33	E2MS3	Agua Fria Sewer Commercial 1"		33,000	$125.18	$291.79	$ 166.61	133.09%
34	E2MS3	Agua Fria Sewer Commercial 1"		34,000	$125.18	$291.79	$ 166.61	133.09%
35	E2MS3	Agua Fria Sewer Commercial 1"		35,000	$125.18	$291.79	$ 166.61	133.09%
36	E2MS3	Agua Fria Sewer Commercial 1"		36,000	$125.18	$291.79	$ 166.61	133.09%
37	E2MS3	Agua Fria Sewer Commercial 1"		37,000	$125.18	$291.79	$ 166.61	133.09%
38	E2MS3	Agua Fria Sewer Commercial 1"		38,000	$125.18	$291.79	$ 166.61	133.09%
39	E2MS3	Agua Fria Sewer Commercial 1"		39,000	$125.18	$291.79	$ 166.61	133.09%
40	E2MS3	Agua Fria Sewer Commercial 1"		40,000	$125.18	$291.79	$ 166.61	133.09%
41	E2MS3	Agua Fria Sewer Commercial 1"		41,000	$125.18	$291.79	$ 166.61	133.09%
42	E2MS3	Agua Fria Sewer Commercial 1"		42,000	$125.18	$291.79	$ 166.61	133.09%
43	E2MS3	Agua Fria Sewer Commercial 1"		43,000	$125.18	$291.79	$ 166.61	133.09%
44	E2MS3	Agua Fria Sewer Commercial 1"		44,000	$125.18	$291.79	$ 166.61	133.09%
45	E2MS3	Agua Fria Sewer Commercial 1"		45,000	$125.18	$291.79	$ 166.61	133.09%
46	E2MS3	Agua Fria Sewer Commercial 1"		46,000	$125.18	$291.79	$ 166.61	133.09%
47	E2MS3	Agua Fria Sewer Commercial 1"		47,000	$125.18	$291.79	$ 166.61	133.09%
48	E2MS3	Agua Fria Sewer Commercial 1"		48,000	$125.18	$291.79	$ 166.61	133.09%
49	E2MS3	Agua Fria Sewer Commercial 1"		49,000	$125.18	$291.79	$ 166.61	133.09%
50	E2MS3	Agua Fria Sewer Commercial 1"		50,000	$125.18	$291.79	$ 166.61	133.09%
51	E2MS3	Agua Fria Sewer Commercial 1"		51,000	$125.18	$291.79	$ 166.61	133.09%
52	E2MS3	Agua Fria Sewer Commercial 1"		52,000	$125.18	$291.79	$ 166.61	133.09%
53	E2MS3	Agua Fria Sewer Commercial 1"		53,000	$125.18	$291.79	$ 166.61	133.09%
54	E2MS3	Agua Fria Sewer Commercial 1"		54,000	$125.18	$291.79	$ 166.61	133.09%
55	E2MS3	Agua Fria Sewer Commercial 1"		55,000	$125.18	$291.79	$ 166.61	133.09%
56								
57	E2MS3	Agua Fria Sewer Commercial 1"	Average:	9,500	$88.64	$208.10	$ 119.46	134.77%

Exhibit
Schedule H-4
Page 4
Witness: Murrey

Arizona American Water Company - Agua Fria Sewer
Test Year Ended December 31, 2008
Typical Bill Analysis

					Typical Bills			
Line No.	Rate Schedule	Description		Consumption	Test Year Rates	Deconsolidated Rates	Deconsolidated Increase Amount	%
1	E2MS4	Agua Fria Sewer Commercial LG		2,000	$118.08	$280.62	$ 162.54	137.65%
2	E2MS4	Agua Fria Sewer Commercial LG		4,000	$125.04	$296.56	$ 171.52	137.17%
3	E2MS4	Agua Fria Sewer Commercial LG		6,000	$132.00	$312.50	$ 180.50	136.74%
4	E2MS4	Agua Fria Sewer Commercial LG		8,000	$138.96	$328.44	$ 189.48	136.35%
5	E2MS4	Agua Fria Sewer Commercial LG		10,000	$145.92	$344.38	$ 198.46	136.00%
6	E2MS4	Agua Fria Sewer Commercial LG		12,000	$152.88	$360.32	$ 207.44	135.69%
7	E2MS4	Agua Fria Sewer Commercial LG		14,000	$159.84	$376.26	$ 216.42	135.40%
8	E2MS4	Agua Fria Sewer Commercial LG		16,000	$166.80	$392.20	$ 225.40	135.13%
9	E2MS4	Agua Fria Sewer Commercial LG		18,000	$173.76	$408.14	$ 234.38	134.89%
10	E2MS4	Agua Fria Sewer Commercial LG		20,000	$180.72	$424.08	$ 243.36	134.66%
11	E2MS4	Agua Fria Sewer Commercial LG		22,000	$187.68	$440.02	$ 252.34	134.45%
12	E2MS4	Agua Fria Sewer Commercial LG		24,000	$194.64	$455.96	$ 261.32	134.26%
13	E2MS4	Agua Fria Sewer Commercial LG		26,000	$201.60	$471.90	$ 270.30	134.08%
14	E2MS4	Agua Fria Sewer Commercial LG		28,000	$208.56	$487.84	$ 279.28	133.91%
15	E2MS4	Agua Fria Sewer Commercial LG		30,000	$215.52	$503.78	$ 288.26	133.75%
16	E2MS4	Agua Fria Sewer Commercial LG		32,000	$222.48	$519.72	$ 297.24	133.60%
17	E2MS4	Agua Fria Sewer Commercial LG		34,000	$229.44	$535.66	$ 306.22	133.46%
18	E2MS4	Agua Fria Sewer Commercial LG		36,000	$236.40	$551.60	$ 315.20	133.33%
19	E2MS4	Agua Fria Sewer Commercial LG		38,000	$243.36	$567.54	$ 324.18	133.21%
20	E2MS4	Agua Fria Sewer Commercial LG		40,000	$250.32	$583.48	$ 333.16	133.09%
21	E2MS4	Agua Fria Sewer Commercial LG		42,000	$257.28	$599.42	$ 342.14	132.98%
22	E2MS4	Agua Fria Sewer Commercial LG		44,000	$264.24	$615.36	$ 351.12	132.88%
23	E2MS4	Agua Fria Sewer Commercial LG		46,000	$271.20	$631.30	$ 360.10	132.78%
24	E2MS4	Agua Fria Sewer Commercial LG		48,000	$278.16	$647.24	$ 369.08	132.69%
25	E2MS4	Agua Fria Sewer Commercial LG		50,000	$285.12	$663.18	$ 378.06	132.60%
26	E2MS4	Agua Fria Sewer Commercial LG		52,000	$292.08	$679.12	$ 387.04	132.51%
27	E2MS4	Agua Fria Sewer Commercial LG		54,000	$299.04	$695.06	$ 396.02	132.43%
28	E2MS4	Agua Fria Sewer Commercial LG		56,000	$306.00	$711.00	$ 405.00	132.35%
29	E2MS4	Agua Fria Sewer Commercial LG		58,000	$312.96	$726.94	$ 413.98	132.28%
30	E2MS4	Agua Fria Sewer Commercial LG		60,000	$319.92	$742.88	$ 422.96	132.21%
31	E2MS4	Agua Fria Sewer Commercial LG		62,000	$326.88	$758.82	$ 431.94	132.14%
32	E2MS4	Agua Fria Sewer Commercial LG		64,000	$333.84	$774.76	$ 440.92	132.07%
33	E2MS4	Agua Fria Sewer Commercial LG		66,000	$340.80	$790.70	$ 449.90	132.01%
34	E2MS4	Agua Fria Sewer Commercial LG		68,000	$347.76	$806.64	$ 458.88	131.95%
35	E2MS4	Agua Fria Sewer Commercial LG		70,000	$354.72	$822.58	$ 467.86	131.90%
36	E2MS4	Agua Fria Sewer Commercial LG		72,000	$361.68	$838.52	$ 476.84	131.84%
37	E2MS4	Agua Fria Sewer Commercial LG		74,000	$368.64	$854.46	$ 485.82	131.79%
38	E2MS4	Agua Fria Sewer Commercial LG		76,000	$375.60	$870.40	$ 494.80	131.74%
39	E2MS4	Agua Fria Sewer Commercial LG		78,000	$382.56	$886.34	$ 503.78	131.69%
40	E2MS4	Agua Fria Sewer Commercial LG		80,000	$389.52	$902.28	$ 512.76	131.64%
41	E2MS4	Agua Fria Sewer Commercial LG		82,000	$396.48	$918.22	$ 521.74	131.59%
42	E2MS4	Agua Fria Sewer Commercial LG		84,000	$403.44	$934.16	$ 530.72	131.55%
43	E2MS4	Agua Fria Sewer Commercial LG		86,000	$410.40	$950.10	$ 539.70	131.51%
44	E2MS4	Agua Fria Sewer Commercial LG		88,000	$417.36	$966.04	$ 548.68	131.46%
45	E2MS4	Agua Fria Sewer Commercial LG		90,000	$424.32	$981.98	$ 557.66	131.42%
46	E2MS4	Agua Fria Sewer Commercial LG		92,000	$431.28	$997.92	$ 566.64	131.39%
47	E2MS4	Agua Fria Sewer Commercial LG		94,000	$438.24	$1,013.86	$ 575.62	131.35%
48	E2MS4	Agua Fria Sewer Commercial LG		96,000	$445.20	$1,029.80	$ 584.60	131.31%
49	E2MS4	Agua Fria Sewer Commercial LG		98,000	$452.16	$1,045.74	$ 593.58	131.28%
50	E2MS4	Agua Fria Sewer Commercial LG		100,000	$459.12	$1,061.68	$ 602.56	131.24%
51	E2MS4	Agua Fria Sewer Commercial LG		102,000	$466.08	$1,077.62	$ 611.54	131.21%
52	E2MS4	Agua Fria Sewer Commercial LG		104,000	$473.04	$1,093.56	$ 620.52	131.18%
53	E2MS4	Agua Fria Sewer Commercial LG		106,000	$480.00	$1,109.50	$ 629.50	131.15%
54	E2MS4	Agua Fria Sewer Commercial LG		108,000	$486.96	$1,125.44	$ 638.48	131.12%
55	E2MS4	Agua Fria Sewer Commercial LG		110,000	$493.92	$1,141.38	$ 647.46	131.09%
56								
57	E2MS4	Agua Fria Sewer Commercial LG	Average:	53,313	$296.65	$689.58	$ 392.93	132.46%

Exhibit
Schedule H-5
Page 1
Witness: Murrey

Arizona American Water Company
Agua Fria - A1MS1
Unit of Measure = 1000 Gals.

Rate Schedule:	A1MS1
Description:	Sun City Sewer Residential
Monthly Customer Charge:	

Tier Two Break Over: 999,999,999 Rate: $ 10.9800

Year 2008

Usage	**# of Bills**	**Total Usage**	**Cumulative Units**	**Cumulative Usage**	**Consolidated Factor**
0	3	0	3	0	0

	Unit Count	Usage
Partial at Current Rates		

	Unit Count
Full Bill	3.00
Partial Bill	-
	3.00

		Total
Revenues	$32.94	$32.94
Misc Adjustments		
		$ 32.94

Actual Billed Revenues

	Meter Charge	Tier 1 Old Rates	Tier 1 New Rates	Total
Units		3	-	
Rate		$ 10.9800	$ 10.9800	
		$ 32.94	$ -	$32.94

Revenues based on actual bill analysis	$ 32.94	This account was corrected before the end of the test year and moved to Sun City Sewer Business Unit.
Misc Adjustments	$ -	
	$ 32.94	

Annualized Difference
$ -

Average Customers	0.25
Average Consumption	-
Median Customers	1.5
Median Consumption	0

Arizona American Water Company
Agua Fria - A1S1A
Unit of Measure = 1000 Gals.

Rate Schedule:	A1S1A
Description:	Sun City Sewer Residential S Unit 5/8"& 3/4"
Monthly Customer Charge:	

Tier Two Break Over: 999,999,999 Rate: $ 13.6900

Year 2008

			Cumulative		
Usage	**# of Bills**	**Total Usage**	**Units**	**Usage**	**Consolidated Factor**
0	1	0	1	0	0

	Unit Count	Usage
Partial at Current Rates		

	Unit Count
Full Bill	1.00
Partial Bill	-
	1.00

		Total
Revenues	$13.69	$13.69
Misc Adjustments		
		$ 13.69

Actual Billed Revenues

	Meter Charge	Tier 1 Old Rates	Tier 1 New Rates	Total
Units		0.77	0.23	
Rate		$ 10.9800	$ 13.6900	
		$ 8.45	$ 3.15	$11.60

Revenues based on actual bill analysis	$ 11.60	This acct was corrected before the end of the ty
Misc Adjustments	$ -	and moved to Sun City Sewer business unit
	$ 11.60	

Annualized Difference
$ 2.09

Average Customers	0.08
Average Consumption	-
Median Customers	0.50
Median Consumption	0

Exhibit
Schedule H-5
Page 3
Witness: Murrey

Arizona American Water Company
Agua Fria - B1MS1
Unit of Measure = 1000 Gals.

Rate Schedule:	B1MS1
Description:	Sun City West Sewer Residential
Monthly Customer Charge:	

Tier Two Break Over: 999,999,999 Rate: $ 20.5600

		Year 2008			
		Total	**Cumulative**		**Consolidated**
Usage	**# of Bills**	**Usage**	**Units**	**Usage**	**Factor**
0	9	0	9	0	0

	Unit Count	Usage
Partial at Current Rates		

	Unit Count
Full Bill	9.00
Partial Bill	-
	9.00

		Total
Revenues	$185.04	$185.04
Misc Adjustments		
		$ 185.04

Actual Billed Revenues

	Meter Charge	Tier 1 Old Rates	Tier 1 New Rates	Total
Units		9	-	
Rate		$ 20.5600	$ 20.5600	
		$ 185.04	$ -	$185.04

Revenues based on actual bill analysis	$ 185.04	$61.68 ECIS TY Revenue - 3 mos at $20.56
Misc Adjustments	$ -	This account was corrected by the end of the ty
	$ 185.04	and moved to Sun City West

		Annualized Difference
Average Customers	1	$ -
Average Consumption	-	
Median Customers	4.5	
Median Consumption	0	

Arizona American Water Company
Agua Fria - B1S1B
Unit of Measure = 1000 Gals.

Rate Schedule:	B1S1B
Description:	Sun City West Sewer Residential S-Unit 1"
Monthly Customer Charge:	

Tier Two   Break Over: 999,999,999   Rate: $ 62.5300

Year 2008

Usage	**# of Bills**	**Total Usage**	**Cumulative Units**	**Cumulative Usage**	**Consolidated Factor**
0	1	0	1	0	0

	Unit Count	Usage
Partial at Current Rates		

	Unit Count
Full Bill	1.00
Partial Bill	-
	1.00

		Total
Revenues	$62.53	$62.53
Misc Adjustments		
		$ 62.53

Actual Billed Revenues

	Meter Charge	Tier 1 Old Rates	Tier 1 New Rates	Total
Units		0.66	0.34	
Rate		$ 20.5600	$ 62.5300	
		$ 13.57	$ 21.26	$34.83

Revenues based on actual bill analysis	$ 34.83	This account was corrected before the end of the ty
Misc Adjustments	$ -	and moved to Sun City West sewer business unit
	$ 34.83	

Annualized Difference
$ 27.70

Average Customers	0.08
Average Consumption	-
Median Customers	0.5
Median Consumption	0

Exhibit
Schedule H-5
Page 5
Witness: Murrey

Arizona American Water Company
Agua Fria - E1MS1
Unit of Measure = 1000 Gals.

Rate Schedule:	E1MS1					
Description:	Agua Fria Sewer Residential					
Monthly Customer Charge:			$27.76			
Tier One	Break Over:		7,000	Gallons	Rate: $	3.4800
Tier Two	Break Over:		999,999,999		Rate: $	-

Year 2008

Usage	# of Bills	Total Usage	Cumulative # Bills	Cumulative Usage	Consolidated Factor
-	3,175	0	3,175	0	0
1.00	1,966	1,966	5,141	1,966	50,031
2.00	2,736	5,472	7,877	7,438	98,096
3.00	3,545	10,635	11,422	18,073	143,425
4.00	4,292	17,168	15,714	35,241	185,209
5.00	4,580	22,900	20,294	58,141	222,701
6.00	4,354	26,124	24,648	84,265	255,613
7.00	28,558	199,906	53,206	284,171	284,171

	Meter Count	Usage
Partial at Current Rates	1,410.47	5,133.00

	Meter Count	Tier 1 Usage	Tier 2 Usage
Full Bill	53,206.00	284,171	-
Partial Bill	1,410.47	5,133	-
	54,616	289,304	-

					Total
Revenues	New Rates	$1,516,153.21	$ 1,006,777.92	$ -	$2,522,931.13
Misc Adjustments					$ (810.92)
					$ 2,522,120.21

Actual Billed Revenues - from Pivot Table of entire bill analysis

	Meter Charge	Tier 1 Old Rates	Tier 1 New Rates	Total
Usage		132,338	157,091	289,429
Rate		$ 2.5450	$ 3.4800	
	$1,326,981.33	$ 336,800.27	$ 546,676.05	$2,210,457.65

Revenues based on actual bill analysis	$ 2,210,457.65	$2,210,218.02	ECIS TY Rev
Misc Adjustments	$ (810.92)		
	$ 2,209,646.73		

Annualized Difference
$ 312,473.48

Average Customers	4,551
Average Consumption	5,297
Median # of Bills	27,308
Median Consumption	7 k gals

Exhibit
Schedule H-5
Page 6
Witness: Murrey

Arizona American Water Company
Agua Fria - B2MS1
Unit of Measure = 1000 Gals.

Rate Schedule:	B2MS1
Description:	Sun City West Sewer Commercial
Monthly Customer Charge:	

Tier Two   Break Over: 999,999,999   Rate: $ 29.2500

Year 2008

Usage	**# of Bills**	**Total Usage**	**Cumulative Units**	**Cumulative Usage**	**Consolidated Factor**
0	3	0	3	0	0

	Unit Count	Usage
Partial at Current Rates	1.13	

	Unit Count
Full Bill	3.00
Partial Bill	1.13
	4.13

		Total
Revenues	$120.80	$120.80
Misc Adjustments		
		$ 120.80

Actual Billed Revenues

	Meter Charge	Tier 1 Old Rates	Tier 1 New Rates	Total
Units		4	-	
Rate		$ 29.2500	$ 29.2500	
		$ 120.80	$ -	$120.80

Revenues based on actual bill analysis	$ 120.80	This account was corrected before the end of the ty
Misc Adjustments	$ -	and moved to Sun City West Sewer business unit.
	$ 120.80	

Annualized Difference
$ -

Average Customers	0.34
Average Consumption	-
Median # of Bills	1.5
Median Consumption	0

Exhibit
Schedule H-5
Page 7
Witness: Murrey

Arizona American Water Company
Agua Fria - E2MS2
Unit of Measure = 1000 Gals.

Rate Schedule:	E2MS2				
Description:	Agua Fria Sewer Commercial 3/4"				
Monthly Customer Charge:		$41.64			
Tier One	Break Over:	15,000	Gallons	Rate: $	3.4800
Tier Two	Break Over:	999,999,999		Rate:	

Year 2008

Usage	# of Bills	Total Usage	Cumulative # Bills	Cumulative Usage	Consolidated Factor
-	12	0	12	0	0

	Meter Count	Usage
Partial at Current Rates		

	Meter Count	Tier 1 Usage	Tier 2 Usage	Total
Full Bill	12.00	-	-	
Partial Bill	-	-	-	
	12	-	-	
Revenues	$499.68	$ -	$ -	$499.68
Misc Adjustments				
				$ 499.68

Actual Billed Revenues

	Meter Charge	Tier 1 Old Rates	Tier 1 New Rates	Total
Usage				
Rate		$ 2.5450	$ 3.4800	
	$441.57	$ -	$ -	$441.57

Revenues based on actual bill analysis	$ 441.57
Misc Adjustments	$ -
	$ 441.57

		Annualized Difference
Average Customers	1	$ 58.11
Average Consumption	-	
Median # of Bills	6	
Median Consumption	0	

Arizona American Water Company
Agua Fria - E2MS3
Unit of Measure = 1000 Gals.

Rate Schedule:	E2MS3					
Description:	Agua Fria Sewer Commercial 1"					
Monthly Customer Charge:			$55.58			
Tier One		Break Over:	20,000	Gallons	Rate:	$ 3.4800
Tier Two		Break Over:	999,999,999		Rate:	

Year 2008

Usage	# of Bills	Total Usage	Cumulative # Bills	Cumulative Usage	Consolidated Factor
1	9	9	9	9	9
2	2	4	11	13	39
8	1	8	12	21	117
9	2	18	14	39	129
13	1	13	15	52	169
16	1	16	16	68	196
20	8	160	24	228	228

	Meter Count	Usage
Partial at Current Rates		

	Meter Count	Tier 1 Usage	Tier 2 Usage	
Full Bill	24.00	228	-	
Partial Bill	-	-	-	
	24	228	-	
				Total
Revenues	$1,333.92	$ 793.44	$ -	$2,127.36
Misc Adjustments				
				$ 2,127.36

Actual Billed Revenues

	Meter Charge	Tier 1 Old Rates	Tier 1 New Rates	Total
Usage		90	138	
Rate		$ 2.5450	$ 3.4800	
	$1,165.97	$ 228.62	$ 480.83	$1,875.42

Revenues based on actual bill analysis	$ 1,875.42
Misc Adjustments	$ -
	$ 1,875.42

Annualized Difference
$ 251.94

Average Customers	2
Average Consumption	9,500
Median # of Bills	12
Median Consumption	8

Arizona American Water Company
Agua Fria - E2MS4
Unit of Measure = 1000 Gals.

Rate Schedule:	E2MS4
Description:	Agua Fria Sewer Commercial LG
Monthly Customer Charge:	$111.12

Tier One Break Over: 999,999,999 Rate: $ 3.4800

Year 2008

Usage	# of Bills	Total Usage	Cumulative Units	Cumulative Usage	Consolidated Factor
0	9	0	9	0	0
1	11	11	20	11	247
2	6	12	26	23	483
3	16	48	42	71	713
4	14	56	56	127	927
5	9	45	65	172	1,127
6	12	72	77	244	1,318
7	11	77	88	321	1,497
8	4	32	92	353	1,665
9	8	72	100	425	1,829
10	9	90	109	515	1,985
11	5	55	114	570	2,132
12	4	48	118	618	2,274
13	3	39	121	657	2,412
14	8	112	129	769	2,547
15	3	45	132	814	2,674
16	4	64	136	878	2,798
17	11	187	147	1,065	2,918
18	6	108	153	1,173	3,027
19	6	114	159	1,287	3,130
20	5	100	164	1,387	3,227
21	4	84	168	1,471	3,319
22	1	22	169	1,493	3,407
23	4	92	173	1,585	3,494
25	2	50	175	1,635	3,660
27	1	27	176	1,662	3,822
32	1	32	177	1,694	4,222
33	1	33	178	1,727	4,301
34	1	34	179	1,761	4,379
35	1	35	180	1,796	4,456
38	2	76	182	1,872	4,684
40	1	40	183	1,912	4,832
41	2	82	185	1,994	4,905
43	1	43	186	2,037	5,047
45	1	45	187	2,082	5,187
46	1	46	188	2,128	5,256
51	1	51	189	2,179	5,596
54	3	162	192	2,341	5,797
55	1	55	193	2,396	5,861
57	1	57	194	2,453	5,987
61	2	122	196	2,575	6,235
62	1	62	197	2,637	6,295
65	1	65	198	2,702	6,472
68	3	204	201	2,906	6,646
69	1	69	202	2,975	6,701
72	1	72	203	3,047	6,863
75	1	75	204	3,122	7,022
81	1	81	205	3,203	7,334
85	1	85	206	3,288	7,538
86	1	86	207	3,374	7,588
88	1	88	208	3,462	7,686
89	1	89	209	3,551	7,734
93	1	93	210	3,644	7,922
94	1	94	211	3,738	7,968
95	1	95	212	3,833	8,013
106	2	212	214	4,045	8,497
110	2	220	216	4,265	8,665
111	1	111	217	4,376	8,705
113	1	113	218	4,489	8,783
114	1	114	219	4,603	8,821

Arizona American Water Company
Agua Fria - E2MS4
Unit of Measure = 1000 Gals.

Rate Schedule:	E2MS4
Description:	Agua Fria Sewer Commercial LG
Monthly Customer Charge:	$111.12

Tier One Break Over: 999,999,999 Rate: $ 3.4800

Year 2008

		Total	**Cumulative**		**Consolidated**
Usage	**# of Bills**	**Usage**	**Units**	**Usage**	**Factor**
117	1	117	220	4,720	8,932
118	2	236	222	4,956	8,968
120	3	360	225	5,316	9,036
121	1	121	226	5,437	9,067
125	1	125	227	5,562	9,187
126	1	126	228	5,688	9,216
128	1	128	229	5,816	9,272
129	1	129	230	5,945	9,299
130	1	130	231	6,075	9,325
132	1	132	232	6,207	9,375
134	1	134	233	6,341	9,423
136	1	136	234	6,477	9,469
139	1	139	235	6,616	9,535
143	1	143	236	6,759	9,619
147	1	147	237	6,906	9,699
153	1	153	238	7,059	9,813
154	1	154	239	7,213	9,831
195	1	195	240	7,408	10,528
233	1	233	241	7,641	11,136
235	1	235	242	7,876	11,166
244	1	244	243	8,120	11,292
276	1	276	244	8,396	11,708
294	1	294	245	8,690	11,924
323	1	323	246	9,013	12,243
397	1	397	247	9,410	12,983
402	1	402	248	9,812	13,028
404	1	404	249	10,216	13,044
408	1	408	250	10,624	13,072
414	1	414	251	11,038	13,108
427	1	427	252	11,465	13,173
531	1	531	253	11,996	13,589
535	1	535	254	12,531	13,601
547	1	547	255	13,078	13,625
566	1	566	256	13,644	13,644

	Unit Count	Usage
Partial at Current Rates	1.93	107

	Meter Count	Tier 1 Usage
Full Bill	256.00	13,644
Partial Bill	1.93	107
	258	13,751

			Total
Revenues	$28,661.18	$ 47,853.48	$76,514.66
Misc Adjustments			
			$ 76,514.66

Actual Billed Revenues

	Meter Charge	Tier 1 Old Rates	Tier 1 New Rates	Total
Units		7,564	6,188	13,751
Rate		$ 2.5450	$ 3.4800	
	$25,427.28	$ 19,249.34	$ 21,532.50	$66,209.12

Revenues based on actual bill analysis	$ 66,209.12
Misc Adjustments	$ -
	$ 66,209.12

Annualized Difference

Exhibit
Schedule H-5

Witness: Murrey

Arizona American Water Company
Agua Fria - E2MS4
Unit of Measure = 1000 Gals.

Rate Schedule:	E2MS4	
Description:	Agua Fria Sewer Commercial LG	
Monthly Customer Charge:		$111.12

Tier One Break Over: 999,999,999 Rate: $ 3.4800

Year 2008

Usage	**# of Bills**	**Total Usage**	**Cumulative Units**	**Cumulative Usage**	**Consolidated Factor**
Average Customers		21		$ 10,305.55	
Average Consumption		53,313			
Median # of Bills		128			
Median Consumption		14			

Arizona American Water Company
Agua Fria Water - BBWS2
Unit of Measure = 1000 Gals.
(Corte Bella Golf, 182205) + (DMB Verrado Golf, 351383)

Fee Tyoe BBWS2
Description: Misc Fee Commercial Water Sales

Tier One Break Over: 999,999,999 Gallons Rate: $ 1.2400

Twelve Months Ended 6/30/10

		Total	**Cumulative**		**Consolidated**	
Usage	**# of Bills**	**Usage**	**# Bills**	**Usage**	**Factor**	
0	0	0	0	0	0	0
1630	0	0	0	0	42,380	1630
1631	0	0	0	0	42,406	1631
1632	1	1,632	1	1,632	42,432	1632
1633	0	0	1	1,632	42,457	1633
1634	0	0	1	1,632	42,482	1634
1635	0	0	1	1,632	42,507	1635
2250	0	0	1	1,632	57,882	2250
2251	1	2,251	2	3,883	57,907	2251
2252	0	0	2	3,883	57,931	2252
2253	0	0	2	3,883	57,955	2253
2254	0	0	2	3,883	57,979	2254
2255	0	0	2	3,883	58,003	2255
3613	0	0	2	3,883	90,595	3613
3614	1	3,614	3	7,497	90,619	3614
3615	0	0	3	7,497	90,642	3615
4484	0	0	3	7,497	110,629	4484
4485	0	0	3	7,497	110,652	4485
4486	1	4,486	4	11,983	110,675	4486
4487	0	0	4	11,983	110,697	4487
4692	0	0	4	11,983	115,207	4692
4693	0	0	4	11,983	115,229	4693
4694	1	4,694	5	16,677	115,251	4694
4695	0	0	5	16,677	115,272	4695
4696	0	0	5	16,677	115,293	4696
4697	0	0	5	16,677	115,314	4697
4698	0	0	5	16,677	115,335	4698
4699	0	0	5	16,677	115,356	4699
4700	0	0	5	16,677	115,377	4700
4701	0	0	5	16,677	115,398	4701
4702	0	0	5	16,677	115,419	4702
4703	1	4,703	6	21,380	115,440	4703
4704	0	0	6	21,380	115,460	4704
4705	0	0	6	21,380	115,480	4705
4706	0	0	6	21,380	115,500	4706
4979	0	0	6	21,380	120,960	4979
4980	0	0	6	21,380	120,980	4980
4981	1	4,981	7	26,361	121,000	4981
4982	0	0	7	26,361	121,019	4982
5141	0	0	7	26,361	124,040	5141
5142	0	0	7	26,361	124,059	5142
5143	0	0	7	26,361	124,078	5143
5144	1	5,144	8	31,505	124,097	5144
5145	0	0	8	31,505	124,115	5145
5162	0	0	8	31,505	124,421	5162
5163	0	0	8	31,505	124,439	5163
5164	1	5,164	9	36,669	124,457	5164
5165	0	0	9	36,669	124,474	5165
5290	0	0	9	36,669	126,599	5290
5291	1	5,291	10	41,960	126,616	5291
5292	0	0	10	41,960	126,632	5292
5476	0	0	10	41,960	129,576	5476
5477	0	0	10	41,960	129,592	5477
5478	1	5,478	11	47,438	129,608	5478
5479	0	0	11	47,438	129,623	5479
5480	0	0	11	47,438	129,638	5480

Twelve Months Ended 6/30/10

		Total	Cumulative		Consolidated	
Usage	# of Bills	Usage	# Bills	Usage	Factor	
6001	0	0	11	47,438	137,453	6001
6002	0	0	11	47,438	137,468	6002
6003	1	6,003	12	53,441	137,483	6003
6004	0	0	12	53,441	137,497	6004
6524	0	0	12	53,441	144,777	6524
6525	1	6,525	13	59,966	144,791	6525
6526	0	0	13	59,966	144,804	6526
6527	0	0	13	59,966	144,817	6527
6767	0	0	13	59,966	147,937	6767
6768	1	6,768	14	66,734	147,950	6768
6769	0	0	14	66,734	147,962	6769
6829	0	0	14	66,734	148,682	6829
6830	1	6,830	15	73,564	148,694	6830
6831	0	0	15	73,564	148,705	6831
6832	0	0	15	73,564	148,716	6832
7130	0	0	15	73,564	151,994	7130
7131	1	7,131	16	80,695	152,005	7131
7132	0	0	16	80,695	152,015	7132
7133	0	0	16	80,695	152,025	7133
7134	0	0	16	80,695	152,035	7134
7525	0	0	16	80,695	155,945	7525
7526	1	7,526	17	88,221	155,955	7526
7527	0	0	17	88,221	155,964	7527
7528	0	0	17	88,221	155,973	7528
10121	0	0	17	88,221	179,310	10121
10122	0	0	17	88,221	179,319	10122
10123	1	10,123	18	98,344	179,328	10123
10124	0	0	18	98,344	179,336	10124
10125	0	0	18	98,344	179,344	10125
10126	0	0	18	98,344	179,352	10126
15946	0	0	18	98,344	225,912	15946
15947	1	15,947	19	114,291	225,920	15947
15948	0	0	19	114,291	225,927	15948
15949	0	0	19	114,291	225,934	15949
17178	0	0	19	114,291	234,537	17178
17179	1	17,179	20	131,470	234,544	17179
17180	0	0	20	131,470	234,550	17180
17181	0	0	20	131,470	234,556	17181
23100	0	0	21	149,117	264,617	23100
23101	1	23,101	22	172,218	264,622	23101
23102	0	0	22	172,218	264,626	23102
23103	0	0	22	172,218	264,630	23103
23104	0	0	22	172,218	264,634	23104
25192	0	0	22	172,218	272,986	25192
25193	1	25,193	23	197,411	272,990	25193
25194	0	0	23	197,411	272,993	25194
25195	0	0	23	197,411	272,996	25195
25477	0	0	23	197,411	273,842	25477
25478	0	0	23	197,411	273,845	25478
25479	1	25,479	24	222,890	273,848	25479
25480	0	0	24	222,890	273,850	25480
26387	0	0	24	222,890	275,664	26387
26388	0	0	24	222,890	275,666	26388
26389	1	26,389	25	249,279	275,668	26389
26390	0	0	25	249,279	275,669	26390
26391	0	0	25	249,279	275,670	26391
26392	0	0	25	249,279	275,671	26392
26393	0	0	25	249,279	275,672	26393
131648	1	131,648	26	380,927	380,927	131648

	Meter Count	Usage
Partial at Current Rates		

	Meter Count	Tier 1 Usage
Full Bill	26.00	380,927
Partial Bill	-	-
	26.00	380,927

			Total
Revenues	$0.00	$ 472,349.48	$472,349.48
Misc Adjustments			

Twelve Months Ended 6/30/10

Usage	# of Bills	Total Usage	Cumulative # Bills	Cumulative Usage	Consolidated Factor
		TY Rev	TY Usage		$ 472,349.48
Corte Bella Golf		$ 226,260.44	203,037		
DMB @ Verrado Golf		$ 198,236.70	177,890		
		$ 424,497.14	380,927		

Actual Billed Revenues

	Meter Charge	Tier 1 Old Rates	Tier 1 New Rates	Total
Usage		291,590	89,337	
Rate		$ 0.6200	$ 2.7280	
	$0.00	$ 180,785.80	$ 243,711.34	$424,497.14

Revenues based on actual bill analysis	$ 424,497.14
Misc Adjustments	$ -
	$ 424,497.14

Annualized Difference
$ 47,852.34

Average Customers	2
Average *Consumption*	14,651,038
Median Consumption	25,192,000

Arizona American Water Company
Agua Fria Water - Bulk
Unit of Measure = 1000 Gals.
(DMB, Verrado CAP Usage, 259001)

Fee Tyoe	Bulk
Description:	Misc Fee Commercial Water Sales

Tier One Break Over: 999,999,999 Gallons Rate: $ 1.2400

Twelve Months Ended 6/30/10

Usage	**# of Bills**	**Total Usage**	**Cumulative**		**Consolidated Factor**	
			# Bills	**Usage**		
0	0	0	0	0	0	0
1	0	0	0	0	5	1
4234	0	0	0	0	21,170	4234
4235	0	0	0	0	21,175	4235
4236	1	4,236	1	4,236	21,180	4236
4237	0	0	1	4,236	21,184	4237
4238	0	0	1	4,236	21,188	4238
5631	0	0	1	4,236	26,760	5631
5632	1	5,632	2	9,868	26,764	5632
5633	0	0	2	9,868	26,767	5633
5634	0	0	2	9,868	26,770	5634
8144	0	0	2	9,868	34,300	8144
8145	0	0	2	9,868	34,303	8145
8146	1	8,146	3	18,014	34,306	8146
8147	0	0	3	18,014	34,308	8147
8148	0	0	3	18,014	34,310	8148
10752	0	0	3	18,014	39,518	10752
10753	1	10,753	4	28,767	39,520	10753
10754	0	0	4	28,767	39,521	10754
10755	0	0	4	28,767	39,522	10755
18654	0	0	4	28,767	47,421	18654
18655	1	18,655	5	47,422	47,422	18655

	Meter Count	Usage
Partial at Current Rates		

	Meter Count	Tier 1 Usage
Full Bill	5.00	47,422
Partial Bill	-	-
	5.00	47,422

			Total
Revenues	$0.00	$ 58,803.28	$58,803.28
Misc Adjustments			
			$ 58,803.28

DMB White Tank

Actual Billed Revenues

	Meter Charge	Tier 1 Old Rates	Tier 1 New Rates	Total
Usage		47,422		
Rate		$ 0.6200	$ 2.7280	
	$0.00	$ 29,401.64	$ -	$29,401.64

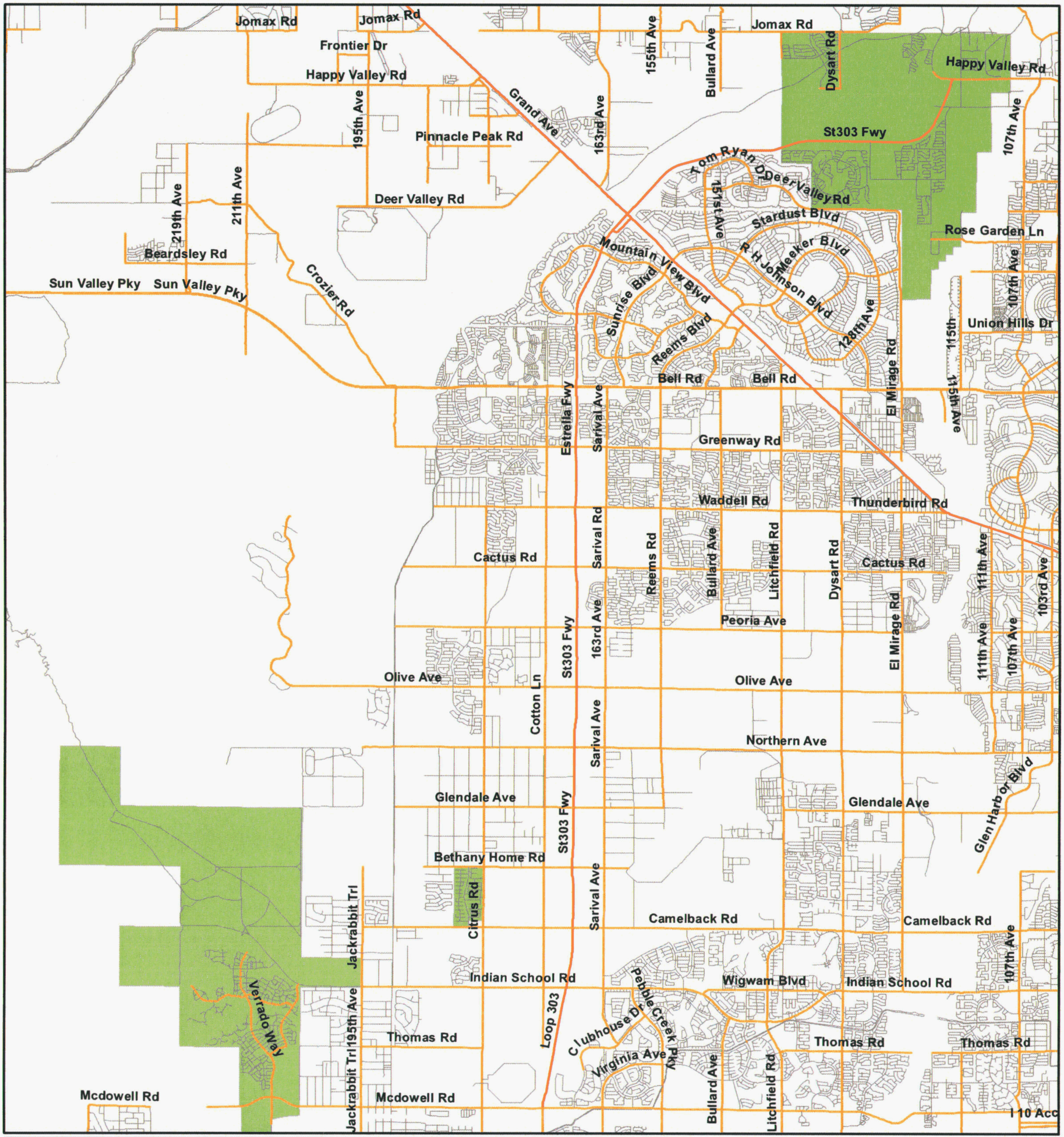
Revenues based on actual bill analysis	$ 29,401.64
Misc Adjustments	$ -
	$ 29,401.64

Annualized Difference
$ 29,401.64

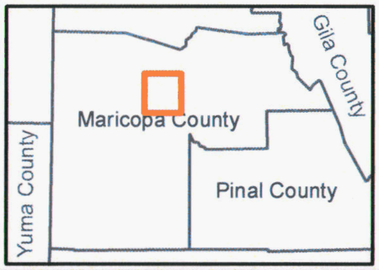
Average Customers	0.42
Average Consumption	9,484,400
Median Consumption	10,752,000

Exhibit SLM-1

Map
Agua Fria Wastewater CC&N Areas



Location Map:



Notes:

Date: March 30, 2011

Legend: 1" = 11,650'

— Highway
— Major Road
— Local Road
🟩 Agua Fria Wastewater Service Area

Agua Fria Wastewater Service Area

N

ARIZONA AMERICAN WATER

Arizona American Water
15626 N. Del Webb Blvd.
Sun City, AZ 85351

File name: G:\GIS\MXDs\Agua Fria\AF_wastewater_8.5x11.mxd

Exhibit SLM-2
Page 1 of 4
Witness: Murrey

Arizona American Water Company
Anthem District - WW
Winter-Average Rate Design

We bill and read in 1,000 gallons. Anything with a decimal point means it was a partial days billing.

Three months ending 3/31/08

Usage	# of Bills	Total Usage	Cumulative		Factor
			# Bills	Usage	
0	714	-	714	-	-
0.4	1	0	715	0	9,768
1	810	810	1,525	810	24,419
2	1,257	2,514	2,782	3,324	48,028
2.75	1	3	2,783	3,327	64,792
3	1,843	5,529	4,626	8,856	70,380
3.6	1	4	4,627	8,860	82,685
4	2,327	9,308	6,954	18,168	90,888
4.57	1	5	6,955	18,172	101,250
5	2,534	12,670	9,489	30,842	109,067
6	2,512	15,072	12,001	45,914	124,712
7	2,337	16,359	14,338	62,273	137,845
8	2,018	16,144	16,356	78,417	148,641
9	1,620	14,580	17,976	92,997	157,419
10	1,370	13,700	19,346	106,697	164,577
10.9	1	11	19,347	106,708	169,787
11	1,112	12,232	20,459	118,940	170,365
11.43	1	11	20,460	118,952	172,375
12	861	10,332	21,321	129,284	175,040
13	685	8,905	22,006	138,189	178,853
14	545	7,630	22,551	145,819	181,981
15	432	6,480	22,983	152,299	184,564
16	352	5,632	23,335	157,931	186,715
17	271	4,607	23,606	162,538	188,514
18	250	4,500	23,856	167,038	190,042
18.44	1	18	23,857	167,056	190,604
19	179	3,401	24,036	170,457	191,319
20	149	2,980	24,185	173,437	192,417
21	122	2,562	24,307	175,999	193,366
22	119	2,618	24,426	178,617	194,193
23	81	1,863	24,507	180,480	194,901
24	73	1,752	24,580	182,232	195,528
25	56	1,400	24,636	183,632	196,082
26	46	1,196	24,682	184,828	196,580
26.56	1	27	24,683	184,855	196,833
27	55	1,485	24,738	186,340	197,032
28	46	1,288	24,784	187,628	197,428
29	36	1,044	24,820	188,672	197,778
30	38	1,140	24,858	189,812	198,092
31	21	651	24,879	190,463	198,368
32	17	544	24,896	191,007	198,623
33	21	693	24,917	191,700	198,861
34	21	714	24,938	192,414	199,078
35	20	700	24,958	193,114	199,274
36	10	360	24,968	193,474	199,450
37	13	481	24,981	193,955	199,616
38	7	266	24,988	194,221	199,769
39	11	429	24,999	194,650	199,915
40	11	440	25,010	195,090	200,050
41	6	246	25,016	195,336	200,174
42	8	336	25,024	195,672	200,292
43	13	559	25,037	196,231	200,402
44	6	264	25,043	196,495	200,499
45	10	450	25,053	196,945	200,590
46	6	276	25,059	197,221	200,671
47	1	47	25,060	197,268	200,746
48	1	48	25,061	197,316	200,820
49	1	49	25,062	197,365	200,893
50	3	150	25,065	197,515	200,965
51	1	51	25,066	197,566	201,034
52	2	104	25,068	197,670	201,102
53	3	159	25,071	197,829	201,168
54	4	216	25,075	198,045	201,231
55	3	165	25,078	198,210	201,290

Arizona American Water Company
Anthem District - WW
Winter-Average Rate Design

We bill and read in 1,000 gallons. Anything with a decimal point means it was a partial days billing.

Three months ending 3/31/08

Usage	# of Bills	Total Usage	Cumulative # Bills	Cumulative Usage	Factor
56	5	280	25,083	198,490	201,346
57	1	57	25,084	198,547	201,397
58	4	232	25,088	198,779	201,447
59	2	118	25,090	198,897	201,493
61	1	61	25,091	198,958	201,581
62	1	62	25,092	199,020	201,624
63	2	126	25,094	199,146	201,666
64	1	64	25,095	199,210	201,706
65	1	65	25,096	199,275	201,745
67	1	67	25,097	199,342	201,821
68	2	136	25,099	199,478	201,858
69	2	138	25,101	199,616	201,893
70	1	70	25,102	199,686	201,926
72	3	216	25,105	199,902	201,990
73	1	73	25,106	199,975	202,019
75	2	150	25,108	200,125	202,075
77	1	77	25,109	200,202	202,127
78	1	78	25,110	200,280	202,152
79	1	79	25,111	200,359	202,176
81	1	81	25,112	200,440	202,222
88	2	176	25,114	200,616	202,376
89	1	89	25,115	200,705	202,396
91	1	91	25,116	200,796	202,434
94	1	94	25,117	200,890	202,488
96	1	96	25,118	200,986	202,522
100	1	100	25,119	201,086	202,586
104	2	208	25,121	201,294	202,646
106	1	106	25,122	201,400	202,672
109	1	109	25,123	201,509	202,708
120	1	120	25,124	201,629	202,829
121	1	121	25,125	201,750	202,839
128	1	128	25,126	201,878	202,902
133	1	133	25,127	202,011	202,942
156	1	156	25,128	202,167	203,103
157	1	157	25,129	202,324	203,109
168	1	168	25,130	202,492	203,164
315	1	315	25,131	202,807	203,752
534	1	534	25,132	203,341	204,409
552	1	552	25,133	203,893	204,445
619	1	619	25,134	204,512	204,512

Average Usage	8.14
Median Usage	9.68
Average No. of Customers per Month (Full Bills)	8,378
Estimated Partial Bills	535
Total Bills	8,913

Anthem WW Usage	
3 month	204,512
Annual	818,048
Partial Consump	8,131
Annual Consump	826,179

Deconsolidated Revenue for Anthem WW	$5,229,128
Anthem WW Consumption	826,179
Imputed Commodity Rate	$ 6.33

Exhibit SLM-2
Page 3 of 4
Witness: Murrey

Arizona American Water Company
Agua Fria District - WW
Winter-Average Rate Design

We bill and read in 1,000 gallons. Anything with a decimal point means it was a partial days billing.

Three months ending 3/31/08

		Total	Cumulative		
Usage	**# of Bills**	**Usage**	**# Bills**	**Usage**	**Factor**
0	1106	0	1,106	0	0
0.75	1	1	1,107	1	8,833
1	621	621	1,728	622	11,777
1.03	1	1	1,729	623	12,111
1.1	1	1	1,730	624	12,892
1.8	1	2	1,731	626	20,699
2	762	1,524	2,493	2,150	22,930
2.18	1	2	2,494	2,152	24,800
2.72	1	3	2,495	2,155	30,410
3	1039	3,117	3,534	5,272	33,319
3.09	1	3	3,535	5,275	34,160
3.52	1	4	3,536	5,278	38,180
3.62	1	4	3,537	5,282	39,114
4	1253	5,012	4,790	10,294	42,666
4.38	2	9	4,792	10,303	45,741
4.73	1	5	4,793	10,307	48,573
5	1357	6,785	6,150	17,092	50,757
6	1246	7,476	7,396	24,568	57,490
6.8	1	7	7,397	24,575	61,880
6.96	1	7	7,398	24,582	62,758
7	1066	7,462	8,464	32,044	62,977
7.2	1	7	8,465	32,051	63,861
7.97	1	8	8,466	32,059	67,263
8	859	6,872	9,325	38,931	67,395
8.97	1	9	9,326	38,940	70,846
9	607	5,463	9,933	44,403	70,953
9.53	1	10	9,934	44,413	72,517
9.9	1	10	9,935	44,423	73,608
10	443	4,430	10,378	48,853	73,903
10.8	1	11	10,379	48,863	75,907
10.94	1	11	10,380	48,874	76,257
11	352	3,872	10,732	52,746	76,407
12	276	3,312	11,008	56,058	78,558
12.1	1	12	11,009	56,070	78,746
13	215	2,795	11,224	58,865	80,432
13.13	1	13	11,225	58,879	80,648
14	206	2,884	11,431	61,763	82,091
15	169	2,535	11,600	64,298	83,543
16	141	2,256	11,741	66,554	84,826
17	114	1,938	11,855	68,492	85,968
18	114	2,052	11,969	70,544	86,996
18.06	1	18	11,970	70,562	87,050
18.33	1	18	11,971	70,580	87,297
19	97	1,843	12,068	72,423	87,908
20	79	1,580	12,147	74,003	88,723
21	72	1,512	12,219	75,515	89,459
22	69	1,518	12,288	77,033	90,123
23	71	1,633	12,359	78,666	90,718
24	59	1,416	12,418	80,082	91,242
25	42	1,050	12,460	81,132	91,707
25.24	1	25	12,461	81,157	91,809
25.73	1	26	12,462	81,183	92,015
26	36	936	12,498	82,119	92,129
27	34	918	12,532	83,037	92,514
28	35	980	12,567	84,017	92,865
29	41	1,189	12,608	85,206	93,181
30	29	870	12,637	86,076	93,456
31	21	651	12,658	86,727	93,702
32	27	864	12,685	87,591	93,927
33	27	891	12,712	88,482	94,125
34	16	544	12,728	89,026	94,296
35	9	315	12,737	89,341	94,451
36	11	396	12,748	89,737	94,597
37	11	407	12,759	90,144	94,732

Exhibit SLM-2
Page 4 of 4
Witness: Murrey

Arizona American Water Company
Agua Fria District - WW
Winter-Average Rate Design

We bill and read in 1,000 gallons. Anything with a decimal point means it was a partial days billing.

Three months ending 3/31/08

Usage	# of Bills	Total Usage	Cumulative		Factor
			# Bills	Usage	
38	10	380	12,769	90,524	94,856
39	9	351	12,778	90,875	94,970
40	4	160	12,782	91,035	95,075
41	8	328	12,790	91,363	95,176
42	8	336	12,798	91,699	95,269
43	4	172	12,802	91,871	95,354
44	4	176	12,806	92,047	95,435
45	6	270	12,812	92,317	95,512
46	4	184	12,816	92,501	95,583
47	6	282	12,822	92,783	95,650
48	1	48	12,823	92,831	95,711
49	3	147	12,826	92,978	95,771
50	4	200	12,830	93,178	95,828
51	2	102	12,832	93,280	95,881
52	4	208	12,836	93,488	95,932
53	6	318	12,842	93,806	95,979
54	2	108	12,844	93,914	96,020
55	2	110	12,846	94,024	96,059
56	1	56	12,847	94,080	96,096
57	4	228	12,851	94,308	96,132
59	2	118	12,853	94,426	96,196
60	1	60	12,854	94,486	96,226
61	5	305	12,859	94,791	96,255
62	1	62	12,860	94,853	96,279
63	1	63	12,861	94,916	96,302
64	1	64	12,862	94,980	96,324
65	1	65	12,863	95,045	96,345
66	1	66	12,864	95,111	96,365
67	1	67	12,865	95,178	96,384
71	2	142	12,867	95,320	96,456
72	1	72	12,868	95,392	96,472
73	1	73	12,869	95,465	96,487
76	1	76	12,870	95,541	96,529
79	1	79	12,871	95,620	96,568
86	1	86	12,872	95,706	96,652
91	2	182	12,874	95,888	96,707
93	1	93	12,875	95,981	96,725
101	1	101	12,876	96,082	96,789
103	1	103	12,877	96,185	96,803
116	1	116	12,878	96,301	96,881
149	1	149	12,879	96,450	97,046
164	1	164	12,880	96,614	97,106
228	1	228	12,881	96,842	97,298
340	1	340	12,882	97,182	97,522
505	1	505	12,883	97,687	97,687

Average Usage	51,532
Median Usage	10.0

Average No. of Customers per Month (Full Bills)	4,294
Estimated Partial Bills	353
Total Bills	4,647

Agua Fria WW Usage	
3 month	97,687
Annual	390,748
Partial Consump	5,133
Annual Consump	395,881

Deconsolidated Revenue for Agua Fria WW	$6,073,076
Agua Fria WW Consumption	395,881
Imputed Commodity Rate	**$ 15.34**