



#### ARIZONA CORPORATION COMMISSION

DATE:

APRIL 9, 2012

DOCKET NO.:

W-01445A-10-0517

TO ALL PARTIES:

Arizona Corporation Commission DOCKETED

APR - 9 2012

DOCKETED BY

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

## ARIZONA WATER COMPANY (WESTERN GROUP) (RATES)

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

APRIL 18, 2012

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

APRIL 24, 2012 and APRIL 25, 2012

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

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EXECUTIVE DIRECTOR

DOCKET CONTROL AZ CORP COMMISSION

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## BEFORE THE ARIZONA CORPORATION COMMISSION

1	BEFORE THE ARIZON	NA CURPURATION COMMISSION			
2	COMMISSIONERS				
3	GARY PIERCE - Chairman				
4	BOB STUMP SANDRA D. KENNEDY				
5	PAUL NEWMAN BRENDA BURNS				
6	A LOVE A CASTED OF THE ADDITION TO	NOE DOCKET NO W 01445 A 10 0517			
7	IN THE MATTER OF THE APPLICATION ARIZONA WATER COMPANY, AN ARI	ZONA			
8	CORPORATION, FOR A DETERMINATION THE FAIR VALUE OF ITS UTILITY PLANTS OF THE PROPERTY AND T	ANT AND DECISION NO.			
9	PROPERTY AND FOR ADJUSTMENTS TRATES AND CHARGES FOR UTILITY STATES AND CHARGES FOR UTILITY ST	SERVICE			
10	FURNISHED BY ITS WESTERN GROUP FOR CERTAIN RELATED APPROVALS	OPINION AND ORDER			
11	DATE OF HEARING:	March 24, 2011; January 27, 2012; February 13, 2012 (Procedural Conferences): February 21, 2012 (Public			
12		(Procedural Conferences); February 21, 2012 (Public Comment); March 1, 2012			
13	PLACE OF HEARING:	Phoenix, Arizona			
14	ADMINISTRATIVE LAW JUDGE: Sarah N. Harpring				
15	IN ATTENDANCE:	Sandra D. Kennedy, Commissioner Brenda Burns, Commissioner			
16	APPEARANCES: Mr. Steven A. Hirsch, BRYAN CAVE, LLP, and Mr				
17 18	Robert W. Geake, Vice President and General Counsel Arizona Water Company, on behalf of Applicant;				
19		Ms. Michele Van Quathem, RYLEY CARLOCK &			
20		APPLEWHITE, on behalf of Abbott Laboratories;			
21		Mr. Greg Patterson, Of Counsel, MUNGER CHADWICK, on behalf of the Water Utilities Association of Arizona;			
22		Ms. Michelle Wood, Counsel, on behalf of the			
23		Residential Utility Consumer Office; and			
24		Mr. Wesley C. Van Cleve, Mr. Scott Hesla, and Ms. Ayesha Vohra, Staff Attorneys, Legal Division, on			
25		behalf of the Utilities Division of the Arizona Corporation Commission.			
26	BY THE COMMISSION:				
27	This case involves an Amended A	application for a permanent rate increase, filed with the			
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Arizona Corporation Commission ("Commission") on May 9, 2011, by Arizona Water Company 1 2 ("AWC"), a Class A water utility, in which AWC requested adjustments to the rates and charges for utility service provided by AWC's Western Group, comprised of its water systems known as Pinal 3 Valley (Casa Grande, Coolidge, and Stanfield), Ajo, and White Tank. AWC's Amended Application 4 uses a test year ending December 31, 2010. In its Amended Application, AWC also requested 5 approval of an Arsenic Cost Recovery Mechanism, consolidation of its White Tank water system into 6 its Pinal Valley water system, continuation and consolidation of its Central Arizona Project Hook-Up 7 Fees for its Pinal Valley and White Tank water systems, approval of a Distribution System 8 Improvement Charge, and approval of an Off-Site Facilities Fee for each new service connection. The parties to this matter have entered into a Settlement Agreement resolving all of the disputed 10

issues in this matter.

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

FINDINGS OF FACT

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# I. Background

- 1. AWC is an Arizona corporation that provides water utility service, pursuant to Certificates of Convenience and Necessity granted by the Commission, to approximately 84,000 customers through 19 water systems located in Cochise, Coconino, Gila, Maricopa, Navajo, Pima, Pinal, and Yavapai Counties. (Ex. A-1at 1.) AWC's water systems are organized into three groups: the Northern Group, the Eastern Group, and the Western Group. (Decision No. 71845<sup>1</sup> (August 25, 2010).)
- 2. AWC's Western Group includes the Pinal Valley (Casa Grande, Coolidge, and Stanfield) system, the Ajo system, and the White Tank system. (Ex. A-1.) As of December 31, 2010, the Western Group systems were serving approximately 30,600 customers, with the following number of connections each: Pinal Valley—28,026; Ajo—681; and White Tank—1,937. (Ex. S-1,

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Official notice is taken of Decision No. 71845 (August 25, 2010).

Ex. KS, at 1, 4.)

- 3. From an engineering perspective, the Western Group includes six separate independent water systems, each with its own water production, water treatment, storage, and distribution facilities: Tierra Grande, Pinal Valley,<sup>2</sup> Coolidge Airport, Stanfield, White Tank, and Ajo. (Ex. S-1, Ex. KS, at 1.) The Tierra Grande, Pinal Valley, Coolidge Airport, and Stanfield systems (all included within AWC's Pinal Valley system for purposes of ratemaking) are located in Pinal County. (*Id.*) The White Tank system is located in Maricopa County. (*Id.*) The Ajo system is located in Pima County. (*Id.*)
- 4. The Coolidge Airport system was added at the end of 2007 pursuant to a Water System Lease and Operation Agreement with the City of Coolidge and has not previously been included in an AWC rate case.<sup>3</sup> (Ex. S-1, Ex. KS, at 1.) The Coolidge Airport system is small, with only approximately one dozen customers, and is remote from the rest of the Pinal Valley system and not yet interconnected with the Pinal Valley system. (Tr. at 36-37.) AWC does plan, in the long term, to interconnect the Coolidge Airport system with the Pinal Valley system. (Tr. at 37.) AWC does not intend for any off-site facilities fee to apply to the Coolidge Airport system. (Id.)
- 5. All of the systems within the Western Group are in full compliance with the requirements of the Arizona Department of Environmental Quality ("ADEQ") or the Maricopa County Environmental Services Division ("MCESD"), as applicable, and are delivering water that meets the water quality standards required by Title 18, Chapter 4 of the Arizona Administrative Code. (Ex. S-1, Ex. KS, at 26.)

The Pinal Valley system includes the interconnected Casa Grande and Coolidge systems, the only Western Group water systems that are currently interconnected. (Tr. at 52.)

William Garfield testified that the City of Coolidge had owned and operated the airport water system for decades, did not have any other water utility operations, and approached AWC to take over the management and operation of the system and supported AWC's extension of its CC&N to take the system into its CC&N. (Tr. at 45.) AWC took over the system effectively through a leasing agreement, and AWC has acquired facilities in the system as the City-owned old facilities are replaced with new AWC-owned facilities. (Tr. at 46.) Mr. Garfield testified that the airport water system was not included in AWC's last rate case because AWC did not begin operating it until either the end of its last test year or even post-test year, and AWC thus did not have data for operation of the system. (See Tr. at 46-47.) When AWC took it over, the system was in need of repairs and replacement of facilities, with greatly excessive water loss, and AWC has been improving it since and has brought its water loss under control. (See Tr. at 48.) Under the leasing arrangement, AWC will pay the City for use of its facilities until those facilities are all replaced, at which time AWC will own the system outright. (See Tr. at 49-50.) The airport water system came into AWC's service area as part of the Coolidge system for rate purposes, and it thus has been within the Pinal Valley system for billing purposes. (Tr. at 50-51.) The CC&N extension area including the Coolidge Airport system was granted in Decision No. 69386 (March 22, 2007).

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Average:

- 6. Except for the Ajo system, each Western Group system is located in an Arizona Department of Water Resources ("ADWR") Active Management Area ("AMA"), with White Tank located in the Phoenix AMA and the others located in the Pinal AMA. (Ex. S-1, Ex. KS, at 27.) ADWR has reported that all of the Western Group systems are in compliance with ADWR reporting requirements and have System Water Plans meeting ADWR requirements. (*Id.*)
- 7. All of the Western Group systems have water loss levels below 10 percent (ranging from 3.2 percent (White Tank) to 7.8 percent (Ajo)), and all have adequate production and storage capacities. (Ex. S-1, Ex. KS, at 4.)
- 8. Customers served by 5/8" x 3/4" meters comprise the vast majority of Western Group customers, representing the following percentage of overall customers for each system during the TY: Pinal Valley (Casa Grande, Coolidge)—94.05 percent; Pinal Valley (Stanfield)—95.61 percent; Ajo—95.41 percent; and White Tank—80.66 percent. (See Ex. S-1, Ex. KS, at 11, 17, 22, 24.) The average water usage of these customers differs significantly by system, as follows:<sup>4</sup>

Pinal Valley White Tank Ajo

8,520 gallons 13,906 gallons 4,764 gallons

9. AWC described the Ajo service area as a somewhat depressed area, as the major employer shut down the mine years ago, with a lot of retirees and small household sizes, and generally lower water usage than in AWC's other service areas. (Tr. at 56.) AWC described the White Tank service area as an area of primarily single family homes on relatively large lots, with higher water usage than in areas with more typically sized lots, and with some larger properties with livestock and horses. (See Tr. at 56-57.) AWC also explained that there are a handful of residential 5/8" x 3/4" customers in the White Tank service area who use extremely large amounts of water, far in excess of typical residential usage, in the neighborhood of 100,000 to 200,000 gallons per month, which increases the average for the area. (Tr. at 72-73.) AWC described Pinal Valley as having more typically sized lots. (See Tr. at 56-57.) AWC described the Casa Grande area as a little more urbanized, with homes and lots that are not as large as those in the White Tank area and that are more

These figures are taken from Ex. A-2, Sched. H-2.

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Stanfield shares the same monthly service charge, but has different commodity rates.

Official notice is taken of Decision No. 68302 (November 14, 2005), Decision No. 66400 (October 14, 2003), and Decision No. 66849 (March 19, 2004).

Official notice is taken of Decision No. 70192 (March 10, 2008), authorizing AWC to implement Step One of the ACRM for its Casa Grande system; Decision No. 70702 (January 20, 2009), authorizing AWC to implement Step Two of the ACRM for its Casa Grande system and Step One of the ACRM for its Stanfield system; and Decision No. 70963 (April 7, 2009), authorizing AWC to implement Step One of the ACRM for its White Tank system.

consistent with what would be found in the eastern or central areas of the Phoenix metropolitan area. (Tr. at 57.) The Coolidge Airport service area has no residential customers, only serving businesses related to aviation. (Id.)

- AWC's current rates were established in Decision No. 71845, which involved all three 10. groups and was determined using a 2007 test year. In Decision No. 71845, the Commission authorized AWC, for ratemaking purposes, fully to consolidate the rates for the Casa Grande and Coolidge systems and partially to consolidate (with Casa Grande and Coolidge) the rates for the Stanfield system.<sup>5</sup> The Commission also required AWC to undertake a study outlining consolidation proposals, including a full system-wide single-tariff consolidation option, and to file its consolidation report, as a compliance item, by June 30, 2011, and no later than three months before filing its next rate case application. The Commission further directed AWC to use the information in the consolidation report to inform its proposals in future rate cases. AWC filed its consolidation report on September 30, 2010, in the docket for Decision No. 71845. (Ex. A-1 at 4.)
- In Decision No. 68302 (November 14, 2005), the Commission authorized an Arsenic 11. Cost Recovery Mechanism ("ACRM") for AWC's Western Group, to be implemented in accordance with the ACRM approved for its Northern Group in Decision No. 66400 (October 14, 2003) and for its Eastern Group in Decision No. 66849 (March 19, 2004).6 AWC was subsequently authorized to implement ACRM tariffs in Casa Grande, Stanfield, and White Tank, through three separate Commission Decisions.<sup>7</sup>
- The ACRM surcharges were discontinued for the Western Group as a result of 12. Decision No. 71845, which adopted AWC's current rates. (Tr. at 52-53.)
- 13. Decision No. 68302 authorized AWC to implement Central Arizona Project ("CAP") Hook-Up Fee ("HUF") tariffs for its Western Group, which CAP HUF tariffs were to be reevaluated in AWC's next rate case to determine if they should be continued, eliminated, or modified based on

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27 28 AWC's CAP Water Use Plan and any other evidence introduced in that proceeding. Decision No. 68302 required AWC to refund the collected CAP HUF monies, with 6 percent interest, if its CAP Water Use Plan (required by the Decision) were disapproved, and restricted the use of the CAP HUF monies collected to paying ongoing and deferred CAP Municipal and Industrial capital charges incurred with regard to AWC's CAP allocations for each system.

- 14. Decision No. 71845 authorized AWC to continue charging the CAP HUFs for the Casa Grande, Coolidge, and White Tank systems until its next Western Group rate case or December 31, 2012, whichever came first.
- Decision No. 71845 required AWC to submit for Commission approval, within 120 15. days of the Decision, additional Best Management Practices ("BMPs") as follows for the Western Group systems: Casa Grande (10 BMPs), Coolidge (10 BMPs), White Tank (5 BMPs), Stanfield (3 BMPs), and Ajo (3 BMPs). The Decision further provided that where systems were consolidated, the higher BMP requirement would apply and that AWC could, in its next rate case, request cost recovery of actual costs associated with the BMPs implemented.
- AWC has an approved curtailment plan tariff and an approved backflow prevention 16. tariff for its Western Group. (Ex. S-1, Ex. KS, at 29.)

#### **Procedural History** II.

- On December 29, 2010, AWC filed with the Commission an application requesting 17. adjustments to its rates and charges for utility service provided by its Western Group and using a test year ending December 31, 2009.
- 18. On January 7, 2011, the Commission's Utilities Division ("Staff") filed a Letter of Deficiency based upon AWC's test year. Staff asserted that AWC should withdraw its application and submit a new application using a test year including at least 12 months of actual data under AWC's current rates, which had taken effect on July 1, 2010, pursuant to Decision No. 71845.
- A dispute between AWC and Staff as to the sufficiency of AWC's application 19. continued, with various filings made by each of them, until March 24, 2011.
- On March 24, 2011, a procedural conference was held at the Commission's offices in 20. Phoenix, with AWC and Staff appearing through counsel. Rather than immediately proceeding to

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All of the items of agreement are included in the transcript for the procedural conference. Staff's List of Deficiencies was not docketed.

oral argument, the parties were provided an opportunity to engage in discussions in an attempt to resolve their dispute. As a result of their discussions, the parties reached an agreement to resolve their dispute. The particular points of agreement were read into the record. As part of the agreement, AWC agreed to file a fully amended new application for its Western Group using a test year ending December 31, 2010.

- On March 25, 2011, a Procedural Order was issued setting forth the items of 21. agreement specifically pertaining to this docket, ordering that no action would be taken on a Motion and requests for relief that had been rendered moot by the agreement, and ordering that this docket would remain open for the filing of AWC's Amended Application. AWC subsequently filed a Motion for Clarification of the March 25, 2011, Procedural Order.
- 22. On May 9, 2011, AWC filed an Amended Application for its Western Group ("Amended Application"), using a test year ending December 31, 2010 ("TY").
- On June 8, 2011, AWC filed a Response to Staff's List of Deficiencies, including 23. revised schedules, revised plant data, and additional public water system compliance documentation.
- 24. Also on June 8, 2011, Staff issued a Letter of Sufficiency, stating that AWC's Amended Application had met the sufficiency requirements outlined in A.A.C. R14-2-103 and that AWC had been classified as a Class A utility.
- On June 13, 2011, AWC filed a Supplemental Response to Staff's List of 25. Deficiencies, providing additional data concerning water testing, the Coolidge Airport water system, and pre-TY system connections.
- On June 15, 2011, the Residential Utility Consumer Office ("RUCO") filed an 26. Application to Intervene. No objections to RUCO's intervention were filed.
- On June 28, 2011, a Procedural Order was issued denying AWC's Motion for 27. Clarification, granting RUCO's Application to Intervene, and establishing a procedural schedule for this matter that accommodated AWC's and Staff's desire to have two separate tracks—one to follow in the event that the parties were able to reach a settlement agreement (with hearing to commence on

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January 20, 2012) and one to follow in the event that the parties were not able to reach a settlement agreement (with hearing to commence on February 2, 2012).

- On July 8, 2011, Staff filed Staff's Request for a Modification to the Procedural 28. Schedule, to avoid a conflict with an unrelated docket. Staff and RUCO proposed an alternate dualtrack procedural schedule, with a hearing to start either on February 23, 2012, or March 22, 2012, depending on settlement. Staff also suggested a joint procedural conference for this docket and the unrelated docket, to allow input regarding the procedural schedules for both matters.
- 29. On July 13, 2011, AWC filed a Response and Objection to Staff's Request for Modification to the Procedural Schedule, asserting that Staff's request should be denied or, in the alternative, that a joint procedural conference should be held in this docket and the unrelated docket so that the impact of the requested delays in this docket could instead be balanced between this docket and the unrelated docket.
- On July 15, 2011, RUCO filed a Response in Support of Staff's Request for 30. Modification of the Procedural Schedule, in which RUCO asserted that the procedural schedule herein needed to be modified to resolve conflicts with the unrelated docket, but urged that no joint procedural conference be held.
- On July 15, 2011, a Procedural Order was issued vacating the prior dual-track 31. procedural schedule; establishing a new single-track procedural schedule with a hearing to commence on February 21, 2012; and establishing other procedural requirements and deadlines.
- 32. On July 19, 2011, AWC filed a Request for Amendment to Procedural Order Concerning Public Notice, in which it requested that AWC's deadline for providing public notice be extended by one week so that a special customer mailing, at additional expense, would not be necessary.
- On July 20, 2011, a Procedural Order was issued granting AWC's requested public 33. notice deadline extension.
- On July 25, 2011, AWC filed an Explanation of Public Notice, as required by a prior 34. Procedural Order.
  - On August 26, 2011, AWC filed a Certificate of Notice stating that public notice had 35.

been mailed to each of AWC's customers via a bill insert with the billing cycle beginning on July 22, 2011, and ending on August 18, 2011, and had been published in the *West Valley View* on July 26, 2011, and in the *Ajo Copper News*, the *Casa Grande Dispatch*, and the *Coolidge Examiner* on July 27, 2011. An affidavit of publication was included for each newspaper, all of which are considered to be newspapers of general circulation.

- 36. On September 13, 2011, Abbott Laboratories ("Abbott") filed an Application to Intervene, stating that its manufacturing plant in Casa Grande, which operates at all times, is the largest user in AWC's Casa Grande water system and that Abbott thus would be directly and substantially affected by rate changes in this matter.
- 37. On September 15, 2011, AWC filed a September 13, 2011, letter from the Mayor of Casa Grande to Chairman Pierce, in which the Mayor expressed support for the Distribution System Improvement Charge requested by AWC in its Amended Application. This letter was filed again on September 16, September 20, and October 5, 2011.
- 38. On September 26, 2011, a Procedural Order was issued granting, without objection, Abbott's Application to Intervene.
- 39. On October 3, 2011, Water Utilities Association of Arizona ("WUAA") filed an Application for Leave to Intervene, stating that WUAA is a non-profit corporation representing the investor-owned segment of Arizona's water industry; that WUAA has approximately 100 members, of which AWC is one; and that several of the policy issues in this matter have broad implications for the investor-owned water industry.
- 40. On October 11, 2011, a Procedural Order was issued granting, without objection, WUAA's Application to Intervene.
- 41. On December 2, 2011, Staff filed Staff's Motion for Extension of Time to File Rate Design Testimony, requesting a brief extension in the deadline for filing rate design testimony, which Staff asserted the other parties did not oppose provided that they were provided similar extensions.
- 42. On December 5, 2011, a Procedural Order was issued extending the deadlines for Staff and Intervenor direct testimony related to rate design and for AWC's rebuttal testimony related to rate design.

- 43. On December 5, 2011, Abbott filed the Direct Testimony of Stephen V. Chasse; Staff filed the Direct Testimony of Jeffrey M. Michlik and Katrin Stukov; and RUCO filed the Direct Testimony of William A. Rigsby and Timothy J. Coley.
- 44. On December 12, 2011, RUCO filed the Direct Testimony (Rate Design) of Rodney L. Moore, and Staff filed the Direct Testimony (Rate Design) of Bentley Erdwurm.
- 45. On December 15, 2011, RUCO filed a Notice of Errata providing revised schedules for the Direct Testimony (Rate Design) of Rodney L. Moore.
- 46. On January 6, 2012, AWC filed the Rebuttal Testimony of William M. Garfield, Fredrick K. Schneider, Joseph D. Harris, Joel M. Reiker, and Thomas M. Zepp.
- 47. On January 13, 2012, AWC filed the Rebuttal Testimony (Rate Design) of Joseph D. Harris and Joel M. Reiker.
- 48. On January 24, 2012, Staff filed a Notice of Settlement Discussions, stating that AWC had approached Staff with an interest in engaging in settlement discussions and that Staff believed that settlement might be possible and would like to engage in settlement discussions with all parties. Staff stated that Staff would be entering settlement discussions the week of January 30, 2012, with all parties invited and given the opportunity to attend all settlement discussions.
- 49. On January 24, 2012, Staff filed Staff's Request for a Procedural Conference, stating that Staff desired a procedural conference to be held as soon as possible to discuss modifying filing deadlines, including the surrebuttal testimony deadline of January 27, 2012. Staff asserted that AWC and RUCO supported Staff's request.
- 50. On January 25, 2012, AWC filed a Notice of Scheduling of Settlement Conference, providing each party notice that a settlement meeting was scheduled to be held from 9:00 a.m. until 4:00 p.m. at the Commission's office on January 31, 2012.
- Administrative Law Judge of the Commission at the Commission's offices in Phoenix, with AWC, Abbott, RUCO, and Staff appearing through counsel. WUAA did not appear, but counsel for AWC averred that WUAA had previously indicated its assent to the scheduling proposal to be made by the parties. The parties proposed that a dual-track schedule be established, to accommodate settlement

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27 28 discussions and the possibility of settlement, and provided proposed dates for each track.

- 52. On January 31, 2012, a Procedural Order was issued adopting a dual-track schedule including the dates proposed by the parties and extending the Commission's time frame in this matter.
- On February 10, 2012, AWC and Staff filed a Joint Request for a Procedural 53. Conference, stating that all of the parties had been able to reach settlement and that the parties desired a procedural conference to discuss whether additional notice was necessary because, although all of the rates that would be adopted pursuant to the settlement, if approved by the Commission, would fall within the percentage increase stated in the public notice provided by AWC, a single rate classification's rate increase percentage exceeded that proposed in the schedules included with AWC's Amended Application.
- On February 13, 2012, a Procedural Order was issued scheduling a telephonic 54. procedural conference to take place that afternoon to discuss the notice issue; vacating the prehearing conference scheduled for February 17, 2012; changing the first scheduled day of the evidentiary hearing, February 21, 2012, to a public comment proceeding; and scheduling the evidentiary hearing to commence on March 1, 2012, and to continue on March 2, 2012, and such other dates as might be scheduled.
- On February 13, 2012, the telephonic procedural conference proceeded as scheduled, 55. with AWC, Abbott, RUCO, WUAA, and Staff appearing through counsel. During the procedural conference. Staff raised an issue regarding whether additional notice should be provided to White Tank residential customers, and it was determined after discussion that no such notice was required because the approximately 12-percent increase to the White Tank residential customers under the parties' proposed settlement was consistent with what should have been anticipated by a customer receiving and reading the notice stating that AWC had requested a revenue increase of 24.45 percent and that the Commission could grant an increase higher or lower than that requested in the Amended Application. The parties agreed that the notice had been accurate when it was provided and that it was still accurate.
  - On February 15, 2012, Staff, on behalf of the parties, filed a Proposed Settlement 56.

Agreement ("Agreement") signed by all of the parties.

- 57. On February 21, 2012, a public comment proceeding convened before a duly authorized Administrative Law Judge of the Commission, with AWC, Abbott, and Staff appearing through counsel. No member of the public attended to provide comment, but discussion occurred regarding procedural matters related to the upcoming hearing.
- 58. Also on February 21, 2012, AWC filed the Testimony in Support of Settlement of William M. Garfield and Joel Reiker; RUCO filed the Settlement Testimony of William A. Rigsby and Jodi A. Jerich; Abbott filed the Testimony in Support of Settlement of Stephen V. Chasse; and Staff filed the Testimony in Support of the Proposed Settlement Agreement of Steven M. Olea.
- 59. On February 23, 2012, AWC, on behalf of the other parties, filed a Notice of Parties' Agreements Regarding Settlement Hearing Procedural Matters.
- 60. Also on February 23, 2012, RUCO filed the Testimony Summaries of William Rigsby, Rodney Moore, Timothy Coley, and Jodi Jerich.
- 61. On February 27, 2012, AWC filed Summaries of Testimony for William Garfield and Joel Reiker.
- 62. On February 28, 2012, Staff filed the Testimony Summary of Steven Olea, and Abbott filed the Summary of Testimony of Stephen Chasse.
- 63. On February 29, 2012, RUCO filed the Amended Direct Testimony of William Rigsby.
- 64. On March 1, 2012, an evidentiary hearing was held before a duly authorized Administrative Law Judge of the Commission at the Commission's offices in Phoenix, Arizona. AWC, Abbott, RUCO, WUAA, and Staff all appeared through counsel. AWC provided exhibits and the testimony of William Garfield, President of AWC, and of Joel Reiker, Vice-President of Rates and Revenues for AWC. Abbott provided exhibits and the testimony of Stephen Chasse, Manager of Facilities and Utilities for Abbott. RUCO provided exhibits and the testimony of William Rigsby, Chief of Accounting and Rates for RUCO, and of Jodi Jerich, Director of RUCO. WUAA did not provide exhibits or testimony. Staff provided exhibits and the testimony of Steven Olea, Director of the Commission's Utilities Division and Interim Director of the Commission's Safety Division. The

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27 28 parties stipulated as to the admissibility of the Amended Application with accompanying schedules, the parties' testimony that preceded the filing of the Settlement Agreement, and a joint issues matrix. No members of the public attended to provide public comment.

On August 8 and 25, 2011, two customer comments were filed in opposition to 65. AWC's requested rate increase, one from the Coolidge system and one from the Casa Grande system. On August 29 and September 13, 2011, two customer comments were filed in opposition to AWC's requested rate increase, one from the Casa Grande system and one from the Ajo system.

#### The Intervenors III.

#### Abbott

Abbott is one of the largest industrial customers in AWC's Pinal Valley system. (Ex. 66. Abbott-1 at 1.) Abbott operates a manufacturing facility on the west side of Casa Grande that employs approximately 500 employees, operates at all times, and manufactures a variety of infant formula and adult nutritional products for distribution primarily in the western United States. (Ex. Abbott-1 at 2, 3.) Abbott receives chlorinated groundwater from AWC through a dedicated 7-mile pipeline that was constructed by Abbott and contributed to AWC. (Id. at 2.) The water Abbott receives from AWC is not otherwise treated by AWC. (Id.) Abbott treats the water received from AWC with Abbott's own reverse osmosis treatment plant, to remove impurities including arsenic and fluoride. (Id.) AWC considers Abbott to be a non-potable customer. (Tr. at 57.) Abbott's cost to operate the reverse osmosis plant, not including capital costs, amounted to \$0.96 per thousand gallons in 2010-2011. (Ex. Abbott-1 at 5.) Abbott asserts that the water it receives from AWC is not treated for arsenic by AWC, even though Abbott has been paying for arsenic treatment through the arsenic surcharge in place before Decision No. 71845 (set at \$0.2147 per thousand gallons) and now included within the rates approved by the Commission in Decision No. 71845. (Id. at 3.) Abbott receives its water primarily through a 6" meter and pays \$1.5036 per thousand gallons, a tariffed rate, plus other tariffed fees and charges. (Ex. Abbott-1 at 4.) Abbott receives some water through a 1" meter. (Id.;

The only AWC tariff that would have a non-potable rate is its untreated CAP water tariff, which is used for surface water taken off the canals primarily for golf courses. (Tr. at 58.) AWC is not proposing any changes to that tariff in this matter. (See id.) Mr. Garfield testified that that tariff is effectively a pass through of the CAP water costs to the golf course users. (Id.)

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Tr. at 96.) Abbott reports that it has a strong incentive to reduce its water consumption, both for financial and environmental reasons, and has implemented ongoing water conservation efforts at its plant. (Ex. Abbott-1 at 4.) Abbott used approximately 387 million gallons of water in 2009, 379 million gallons of water in 2010, and 393 million gallons of water in 2011. (Id. at 5; Tr. at 93.) Although Abbott's 2011 water consumption was an increase from its 2010 water consumption, Mr. Chasse testified that this was due to an increase in production at the plant and actually represented either no change or a per-unit reduction in water consumption. (Tr. at 93.)

Abbott provided testimony in this matter, but did not provide a position as to rate base, 67. cost of capital, revenue requirement, rate design, or most of the other approvals requested by AWC in its Amended Application. Abbott's primary focus in this case was to ensure that Abbott and similarly situated customers would not be required to pay an arsenic treatment surcharge for purchased water that is not treated for arsenic. (See Tr. at 91-92.) Abbott also asserted that AWC's proposed Off-Site Facilities Fee tariff language should be modified to exclude new service connections intended only to provide alternate delivery locations for existing water service. (Ex. Abbott-1 at 6.)

#### B. WUAA

WUAA did not file any testimony or otherwise provide any evidence in this matter. 68.

#### **RUCO** C.

69. RUCO provided testimony and exhibits in this matter, which included RUCO's position as to rate base, cost of capital, revenue requirement, rate design, and the other approvals requested by AWC in its Amended Application.

#### **Pre-Settlement Positions** IV.

# The Amended Application

70. In the Amended Application, AWC asserted that the revenues from its utility operations are presently inadequate to allow AWC to recover its operating costs and provide a just and reasonable rate of return on the fair value of its utility plant and property used to provide service to its Western Group customers. (Ex. A-1 at 2-3.) AWC asserted that it had made significant additions to its plant in service since the test year used in its last rate case, both to assure safe and reliable service to its customers and to comply with the Commission's directive for AWC to reduce

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its water losses by July 1, 2011. (*Id.* at 3.) AWC also stipulated in the Amended Application that the Commission could use AWC's original cost rate base ("OCRB") as its fair value rate base ("FVRB") for the limited purpose of setting rates in this matter. (*Id.*) AWC's position in the Amended Application, 11 as to the Western Group's TY operations and revenue requirement, was as follows:

TY Adjusted Operating Revenues:	\$18,666,157
TY Adjusted Operating Expenses:	\$16,278,093
TY Adjusted Operating Income:	\$2,388,064
Adjusted OCRB:	\$54,072,795
TY Rate of Return:	4.42%
Required Operating Income:	\$5,144,329
Operating Income Deficiency:	\$2,756,265
Gross Revenue Conversion Factor	1.6559
Required Revenue Increase:	\$4,564,110
Required Revenue Increase %:	24.45%
Required Operating Revenues:	\$23,230,225
Required Rate of Return:	9.51%

- 71. In the Amended Application, AWC also requested the following:
- (a) That the Commission authorize AWC's Western Group to implement an ACRM consistent with the ACRM authorized for AWC's Sedona and Superstition systems in Decision No. 71845 because AWC must construct additional arsenic treatment plants in its Pinal Valley system;
- (b) That the Commission authorize consolidation of the White Tank system with the Pinal Valley system;
- (c) That the Commission authorize AWC to continue collecting the CAP HUF for the Pinal Valley (Casa Grande and Coolidge) and White Tank water systems, as authorized in Decision No. 68302 and continued in Decision No. 71845, and further to consolidate the CAP HUF into a single fee, so that AWC will continue to recover its on-going and deferred CAP Municipal and Industrial capital costs;
- (d) That the Commission authorize AWC to collect a Distribution System Improvement Charge ("DSIC") for AWC's Western Group systems so that AWC is able to restore

This data comes from Ex. A-2, Sched. A-1.

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and maintain its financial ability to provide an adequate level of water service to its Western Group customers by recovering the fixed costs (depreciation and rate of return) of non-revenue producing distribution system improvement projects completed between rate cases;

- That the Commission authorize AWC to collect an Off-Site Facilities Fee ("OSFF") so that AWC can equitably apportion the costs of constructing additional off-site facilities to provide water production, treatment, delivery, storage, and pressure facilities among all new customers whose water supply requirements make the facilities necessary, with the fee starting at \$3,500 for a 5/8" x 3/4" new service connection and graduated fees for larger meter sizes; and
- That the Commission authorize such other and further relief as may be (f) appropriate to ensure that AWC has an opportunity to earn a just and reasonable return on the fair value of its utility plant and property and as may otherwise be required under Arizona law.<sup>12</sup>

#### **ACRM** B.

- AWC asserted that it must construct additional arsenic treatment plants in the Pinal 72. Valley system and that planning and design for those plants was already underway as of May 2011. (Ex. A-1, Harris, at 7-8.) AWC requested that the ACRM authorization granted in Decision No. 71845, specifically allowing AWC to make new ACRM filings for arsenic treatment plants planned for the Sedona and Superstition water systems, be extended to its Western Group water systems. (Id. at 8.) AWC planned to expand its Henness Road arsenic treatment plant and to build new arsenic treatment facilities at Coolidge Well No. 13, at an estimated cost of \$2,650,000. (Id.) AWC asserted that it would need an additional \$493,000 of additional revenues just to recover the capital costs of this additional plant, without taking into account any of the additional operating costs resulting from arsenic treatment. (Id.)
- Staff recommended that the Commission continue authorization for an ACRM that 73. would preserve eligibility for an ACRM surcharge for each new arsenic treatment facility, but would require AWC to apply and obtain approval for each ACRM surcharge. (Ex. S-2 at 31.)

Ex. A-1 at 4-6. AWC also included a single reference to a MAP Surcharge in its Amended Application. (Ex. A-1 at 6.)

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the Western Group. (Ex. R-5 at 13.)

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<sup>13</sup> In the study, AWC did not propose to consolidate Ajo because Ajo does not share similarities in water resources with the other systems. (See Ex. A-1, Harris, at 8-10, Ex. JDH-2.)

# C. Consolidation of White Tank with Pinal Valley

75. AWC asserted that Decision No. 71845 approved consolidation of Casa Grande, Coolidge, and Stanfield into Pinal Valley and required AWC to complete a consolidation study with proposals for its remaining systems. (Ex. A-1, Garfield, at 23-24.) AWC filed its consolidation study on September 30, 2010, and consistent with the study, proposed to consolidate White Tank with Pinal Valley. 13 (Id. at 24.) AWC proposed to "operationally consolidate" White Tank into Pinal Valley, which would mean that their accounting, regulatory, operational, and ratemaking functions would be consolidated. (Ex. A-1, Harris, at 8-9.) AWC asserted that full consolidation of the rates of White Tank and Pinal Valley was not possible and proposed phased consolidation, with full consolidation for residential and commercial rates in this case and later consolidation for industrial general service rates. (Id. at 10-11.) AWC clarified that White Tank and Pinal Valley financial and operating data would be fully consolidated, but that tariffs and billing records would remain separate until the industrial rates were fully consolidated later. (Ex. A-1, Reiker, at 9-10.) AWC asserted that the key in consolidating rates is to ensure that residential customers do not pay more than their cost of service, and testified that AWC's proposal would not result in residents of one service area subsidizing the residents of another service area after rate consolidation. (Ex. A-3, Harris (RD), at 5.)

RUCO recommended approval of AWC's request for continuation of its ACRM for

RUCO expressed concern that cross subsidization and distorted price signals would result from such consolidation. (*Id.* at 13-14.) RUCO asserted that White Tank's rates should be more reflective of AWC's cost of service and questioned the wisdom of AWC's proposed shift of revenue from White Tank customers to Pinal Valley customers, as White Tank customers have average monthly consumption more than 5,500 gallons higher than that of Pinal Valley customers. (*Id.* at 14.) RUCO stated that the consolidation would send the wrong price signals to White Tank customers, whose bills would increase about \$0.16 at the average level and would decrease \$0.32 at 9,000 gallons,

while Pinal Valley customers with average and median usage would see increases of \$9.33 and \$8.31. (*Id.* at 14-15.) RUCO asserted that the Commission should approve rate consolidation only when there are public policy reasons that outweigh adherence to traditional cost of service principles. (*Id.* at 15.)

77. Staff recommended full consolidation of the Western Group in this case. (Ex. S-3 at 2, 4.) Staff asserted that consolidating the rate schedules would reduce administrative burden on both AWC and the Commission and promote equity by eliminating the substantial disparities in bills over geographic areas. (*Id.* at 2.) Staff determined that full consolidation would result in decreased bills for most Ajo and Stanfield customers and for White Tank customers using 20,000 gallons or less per month, and that Casa Grande and Coolidge customers would not be harmed by full consolidation, and reasoned that the lack of adverse impact provided an excellent opportunity for bill consolidation in this matter. (*Id.* at 4.) However, Staff provided an alternate set of schedules, with separate rates for White Tank and Ajo, for use if the Commission preferred a more gradual move toward consolidation. (*Id.* at 2.)

## D. Complete Consolidation of Stanfield into Pinal Valley

- 78. The rates for Stanfield were partially consolidated with those for Pinal Valley (Casa Grande and Coolidge) in Decision No. 71845. (Ex. A-1, Harris, at 11.) AWC now proposes to fully consolidate Stanfield's rates with Pinal Valley's rates. (*Id.*)
- 79. Staff's primary recommendation was to fully consolidate the Western Group as a whole. (Ex. S-3 at 2.) Staff's alternate recommendation included full consolidation of Stanfield into Pinal Valley. (*Id.*)
- 80. RUCO's schedules included full consolidation of Stanfield into Pinal Valley. (Ex. R-2 at Scheds. RD-1, RD-2; Ex. R-3 at Sched. RD-2.)

#### E. CAP HUFs

81. AWC requested that it be permitted to continue collecting the CAP HUFs for the Pinal Valley (Casa Grande and Coolidge) and White Tank systems, which had been approved in Decision No. 68302 to allow AWC to recover ongoing and deferred CAP Municipal and Industrial ("M&I")

capital costs<sup>14</sup> and continued in Decision No. 71845 until its next Western Group rate case, or December 31, 2012, whichever came first. (Ex. A-1, Reiker, at 6-7.) AWC requested that it be authorized to continue collecting the present CAP HUFs and that the CAP HUFs be consolidated into a single fee consistent with AWC's request to consolidate the water rates for the Pinal Valley and White Tank systems. (Id. at 7-8.) AWC prepared a true-up of the CAP HUFs for Casa Grande, Coolidge, and White Tank through the end of the TY. (Id. at JMR-1, JMR-2, JMR-3.) The true-up showed a balance of deferred CAP M&I capital charges of \$5,025,502 at the end of the TY. (Id. at 7.) AWC expected that balance to increase over the coming years because customer growth had been and was expected to continue to be far below the levels assumed when the CAP HUFs were set. (Id.) AWC requested that the CAP HUF authority continue, but that the CAP HUFs be consolidated into a single fee of \$204 for a 5/8" x 3/4" meter, higher for larger meters, in the Pinal Valley and White Tank systems. (Id. at 7-8.) AWC did not request to increase or decrease the CAP HUFs, only to consolidate them. (Id. at 8.) AWC asserted that it expected to file another Western Group rate case in 2013, using a 2012 TY. (*Id.* at 8-9.)

RUCO opposed consolidation of the CAP HUFs for Pinal Valley and White Tank 82. because RUCO opposed consolidation of Pinal Valley and White Tank. (Ex. R-5 at 16-17.) RUCO stated that it had supported the original adoption of the CAP HUFs in Decision No. 68302, and RUCO did not express opposition to continuation of the CAP HUFs herein. (Id.)

83. Staff recommended continuation of the CAP HUF tariff for Pinal Valley and White Tank, but recommended that the title of the tariff be changed to "CAP M&I Fees," which Staff asserted is a more accurate description of the fees. (Ex. S-2 at 31.) Staff also recommended that the appropriateness of the tariff be reviewed again in AWC's next rate case. (Id.) Staff did not oppose consolidation of the CAP HUFs. (See id.)

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Mr. Garfield testified that the CAP M&I costs are effectively for repayment of the cost of building the CAP canal and 26 that each subcontractor to the CAWCD must pay its share of the cost of the canal that delivers its subcontracted amount of water. (Tr. at 58-59.) AWC was unable to recover those costs for a number of years, so AWC deferred those costs for future recovery, and those deferred costs are being recovered under the CAP HUF. (Id. at 59.) AWC incurs ongoing costs as well. (Id.) The CAP HUFs apply only to Casa Grande, Coolidge, and White Tank because those are the areas that have subcontracts for CAP water. (Id.) Ajo is outside of the CAP delivery area. (Id.)

## F. DSIC

- 84. AWC requested authority to implement a DSIC, which it described as a ratemaking tool that would allow it to recover the fixed costs (depreciation and rate of return) of non-revenue-producing distribution system improvement projects completed between rate cases. (Ex. A-1, Harris, at 11.) AWC asserted that Decision No. 71845 had indicated that a DSIC may be a reasonable way to deal with the issue of replacing aging infrastructure and required AWC to complete a DSIC study, which AWC included as an exhibit to Mr. Harris's Direct Testimony accompanying the Amended Application. (*Id.* at 12-13, Ex. JDH-3.)
- 85. RUCO opposed the DSIC, stating that AWC was seeking recovery of routine plant improvements that would normally be recovered in a general rate case proceeding. (Ex. R-5 at 4.) RUCO asserted that a DSIC is a one-sided mechanism that fails to consider reduced operating and maintenance expenses attributable to new plant. (*Id.*) RUCO also asserted that because there is no federal or state requirement mandating the types of routine plant additions for which AWC seeks recovery through the DSIC (such as is present in the context of building an arsenic treatment plant), there is no need for the Commission to adopt a special surcharge to allow AWC recovery for the additions. (*Id.* at 4-5.)
- 86. Staff also recommended denial of the DSIC. (Ex. S-2 at 30.) Staff stated that the DSIC is a surcharge mechanism that would allow AWC to implement and/or change a surcharge to recover the cost of certain items of plant between rate cases and that the use of such adjustor mechanisms should only be permitted under extraordinary circumstances, which are absent in this case. (*Id.* at 29-30.) Staff also stated that a similar mechanism had been requested by Arizona-American in a rate case, although Arizona-American referred to it as an "infrastructure improvement surcharge," and that the Commission had denied the infrastructure improvement surcharge in Decision No. 72047 (January 6, 2011). (*Id.* at 30.)

#### G. OSFF

87. AWC requested authority to implement an OSFF tariff, which it stated would equitably apportion the costs of constructing additional off-site facilities to provide water production, treatment, delivery, storage, and pressure facilities among all new customers whose water supply

requirements make the facilities necessary. (Ex. A-1, Harris, at 20.) AWC proposed a \$3,500 OSFF for each new 5/8" x 3/4" service connection, with graduated OSFFs for larger meter sizes, and that the 3 OSFF be applicable to all new service connections in the service area. (Id.) AWC asserted that the OSFF would be in addition to an applicant's advances in aid of construction ("AIAC") or 4 contributions in aid of construction ("CIAC") and cited other dockets in which OSFFs have been 5 approved by the Commission for other utilities. (Ex. A-1, Harris, at 21.) AWC asserted that the 6 OSFF would primarily be used to cover the costs of the Pinal Valley CAP Treatment Plant and the 7 necessary transmission and distribution mains, water storage tanks, and booster stations needed to 8 provide water service in the growing area. (Id.) AWC asserted that it has a policy of not 9 commencing construction of a particular phase until sufficient OSFFs have been collected to offset 10 the costs associated with the phase, so as to ensure that AWC is not faced with large off-site 11 infrastructure investments that are not fully funded by contributions, as this could lead to large 12 increases in rate base and rates. (Id. at 21-22.) AWC further asserted that it is not appropriate to 13 14 offset rate base with any unexpended OSFFs because the OSFFs are not available to AWC except for the purpose of constructing off-site facilities. (Id. at 22.) 15

- 88. RUCO stated that it neither agreed nor disagreed with the OSFF tariff, which RUCO described as "delay[ing] the recognition of CIAC as a deduction to rate base until the plant funded by hook-up fees is placed into service," but asserted that delaying recognition of CIAC as a deduction to rate base is not in the best interest of ratepayers. (Ex. R-5 at 19.)
- 89. Abbott asserted that the proposed OSFF tariff language should be changed to exclude new service connections intended to provide alternate delivery locations for existing water service, as opposed to new water service. (Ex. Abbott-1 at 6.)
- 90. Staff determined that the proposed OSFFs were reasonable and recommended adoption of specific tariff language provided with the Direct Testimony of Katrin Stukov. (Ex. S-1, Ex. KS at 30.) Staff recommended that its OSFF tariff language be adopted; that the funds generated by the OSFF tariff be used only for plant items meeting the conditions of Staff's recommended OSFF tariff; and that AWC submit to Docket Control each January, beginning in January 2013 and until the

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OSFF tariff is no longer in effect, a calendar year OSFF status report containing specified data. (Ex. S-1, Ex. KS at ii.)

#### H. Deferral of Costs for BMPs

- 91. On December 22, 2010, AWC submitted, for the Commission's consideration, the additional BMPs required by Decision No. 71845. (Ex. A-1, Garfield, at 26.) As of the filing of AWC's Amended Application and of Staff's Direct Testimony, the Commission was still considering AWC's proposed BMPs. (*Id.*; Ex. S-1, Ex. KS, at 30.)
- 92. In this case, AWC proposed to increase its operating expenses by \$11,925 to include the costs of implementing the additional BMPs required by Decision No. 71845 for the Pinal Valley and White Tank systems. (Ex. A-1, Reiker, at 21.)
- 93. RUCO did not exclude AWC's pro forma adjustment for additional BMP costs. (See Ex. R-1 at 21-28, Sched. TJC-7.)
- 94. Staff disallowed AWC's pro forma adjustment for additional BMP expenses and recommended that AWC continue to defer its BMP costs for recovery in a future general rate case. (Ex. S-2 at 20.) Staff stated that it had not yet completed its review of AWC's BMP proposal, that Staff was awaiting AWC's response to a data request, and that Staff might change its recommendation after receiving the response to the data request. (*Id.*)
- 95. On rebuttal, AWC asserted that although it had, in another docket, <sup>15</sup> filed an application to allow deferral of costs associated with implementing the additional BMPs required by Decision No. 71845, no action had yet been taken on AWC's application in that docket, and AWC urged the Commission, if Staff's position were adopted, also to approve AWC's application to allow deferral of those costs. (Ex. A-3, Harris, at 9-10.)

# I. Accrual of Allowance for Funds Used During Construction ("AFUDC")

96. AWC included in plant-in-service for the Pinal Valley system \$258,409 for real property that does not currently have water plant serving customers. (Ex. S-2 at 7, 10-11.) AWC

AWC asserted that the application had been filed in Docket No. W-01445A-11-0092. (Ex. A-3, Harris, at 9.) Official notice is taken that AWC filed an application requesting an accounting order to record as miscellaneous deferred debits both BMP expenses and tank painting expenses in Docket No. W-01445A-11-0092 on February 28, 2011, and that no additional filings have been made in that docket as of April 4, 2012.

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intends to use the property to serve the Arizona City portion of its Pinal Valley system. (Ex. S-2 at 11.) Design and permitting were complete, water transmission lines had been constructed, and a booster station and storage tank materials had been ordered at the time of the Amended Application, but construction was to commence post-TY, in October 2011, and to be completed by May 31, 2012. (*Id.*)

- 97. RUCO did not make a deduction from plant-in-service for the property to be used for the Arizona City booster station and storage tank. (See Ex. R-1 at 9, Sched. TJC-2.)
- 98. Staff found that the real property to be used for the Arizona City booster station and storage tank was not yet used and useful, as it contained no plant that was providing service to customers, and recommended a \$258,409 deduction from plant-in-service to exclude the property. (Ex. S-2 at 7, 10-11.)

## J. Cost of Capital

99. AWC, RUCO, and Staff took the following positions on the Western Group's cost of capital, with the cost of equity as the area of dispute: 16

		AWC			RUCO			STAFF	
	Weight	Cost	Weighted Avg. Cost	Weight	Cost	Weighted Avg. Cost	Weight	Cost	Weighted Avg. Cost
Common Equity	50.97%	12.10%	6.17%	50.97%	9.50%	4.84%	51.1%	10.0%	5.1%
Debt	49.03%	6.82%	3.35%	49.03%	6.82%	3.35%	49.0%	6.8%	3.3%
Weighted Avg. Cost of Capital			9.51%			8.19%			8.4%

publicly traded water utilities with the discounted cash flow ("DCF") model, the capital asset pricing model ("CAPM"), and two versions of the risk premium ("RP") model. (Ex. A-1, Zepp, at 5.) AWC gave a 50-percent weight to DCF estimates and a 50-percent weight to CAPM estimates and concluded that the appropriate cost of equity for the sample group fell in the range of 10.9 percent to 12.3 percent. (Id.) Mr. Zepp further determined a risk premium for AWC based on specific additional business risks faced by AWC—specifically AWC's size because it is smaller than the

The sources for this data are Ex. A-2, Sched. D-1; Ex. A-3, Zepp, at 3; Ex. R-4 at Sched. WAR-1; Ex. S-2 at 29.

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sample utilities, the use of a historical test year, and risk relative to other companies as analyzed by the California Public Utilities Commission in a 2009 generic return on equity case. (*Id.* at 5-6.) Mr. Zepp concluded that because of Arizona's regulatory system, AWC's cost of equity is increased by no less than 50 basis points above the return on equity for the seven sample utilities. (*Id.* at 6.) Mr. Zepp concluded that the cost of equity for AWC is in the range of 11.4 to 12.8 and that the midpoint of 12.1 was a reasonable required rate of return on equity for AWC. (*Id.*) Mr. Zepp's recommendation regarding cost of equity did not change on rebuttal. (Ex. A-3, Zepp, at 3.)

To determine cost of equity, RUCO conducted a market-based DCF and CAPM 101. analyses using two separate proxy groups, a water company proxy group comprised of four publicly traded water companies and a natural gas proxy group consisting of nine natural gas local distribution companies with similar operating characteristics to water providers. (Ex. R-4 at 7, 17-21.) RUCO's proxy group for the analyses diverged from AWC's in that AWC used three water companies that RUCO excluded, and RUCO included a sample of natural gas local distribution companies, which AWC did not. (Id. at 22.) In addition, AWC and RUCO used different growth estimates in their DCF analyses, used different risk-free instruments for the risk-free rate of return component in their CAPM analyses, and used different market risk premiums in their CAPM analyses. (Id. at 54-58.) In addition, RUCO did not adopt the additional 50 basis point addition that AWC included in its cost of common equity. (Id. at 59.) RUCO's recommended cost of common equity figure of 9.50 fell just above the high end of its range of estimates (3.97 percent to 9.40 percent), which RUCO determined was appropriate after considering the current state of the national and Arizona economies, Arizona's rate of unemployment, and the U.S. Federal Reserve's recent decision not to raise interest rates for the next two years. (Id. at 34-35.)

Staff did not conduct its typical market-based DCF and CAPM analysis due to limited Staff resources and instead derived its recommended cost of equity by taking an average of the most recent Commission-authorized cost of equity (10.4 percent) and the most recent Staff market-based cost of equity estimate (9.6 percent) for non-publicly traded water utilities. (Ex. S-2 at 28-29.)

#### K. TY Results, Rate Base, and Revenue Requirement

103. RUCO and Staff adopted the following positions regarding the TY operations and

required revenue for the separate systems in the Western Group, which are shown in comparison to the figures included in the Amended Application:<sup>17</sup>

PINAL VALLEY (Casa Grande, Coolidge, & Stanfield)					
	AWC	RUCO	Sta		
TY Adjusted Operating Revenues:	\$16,572,288	\$16,572,049	\$16,657,54		
TY Adjusted Operating Expenses:	\$14,428,651	\$14,350,194	\$13,976,26		
TY Adjusted Operating Income:	\$2,143,637	\$2,221,855	\$2,681,27		
Adjusted OCRB:	\$47,398,030	\$46,846,040	\$46,898,53		
TY Rate of Return:	4.52%	4.74%	5.72		
Required Operating Income:	\$4,509,311	\$3,834,846	\$3,939,4		
Operating Income Deficiency:	\$2,365,674	\$1,612,991	\$1,258,20		
Gross Revenue Conversion Factor	1.6569	1.6569	1.650		
Required Revenue Increase:	\$3,919,673	\$2,672,556	\$2,083,84		
Required Revenue Increase %:	23.65%	16.13%	12.51		
Required Rate of Return:	9.51%	8.19%	8.40		
Proposed Revenue Increase:	\$4,509,782 <sup>18</sup>	\$2,672,556	\$2,083,84		
r which is the state of the sta	HITE TANK				
	AWC	RUCO	Sta		
TY Adjusted Operating Revenues:	\$1,584,389	\$1,584,472	\$1,582,50		
TY Adjusted Operating Expenses:	\$1,422,306	\$1,417,249	\$1,397,2		
TY Adjusted Operating Income:	\$162,083	\$167,223	\$185,3:		
Adjusted OCRB:	\$5,682,264	\$5,606,782	\$5,652,14		
TY Rate of Return:	2.85%	2.98%	3.28		
Required Operating Income:	\$540,594	\$458,975	\$474,78		
Operating Income Deficiency:	\$378,512	\$291,752	\$289,43		
Gross Revenue Conversion Factor	1.6497	1.6497	1.652		
Required Revenue Increase:	\$624,449	\$481,317	\$478,32		

The sources for this data are Ex. A-2 at Sched. A-1; Ex. R-1 at Sched. TJC-1 (Pinal Valley, White Tank, Ajo); Ex. S-1 at Sched. JMM-1 (Pinal Valley, White Tank, Ajo).

AWC included in its Amended Application a "Consolidated Payments A 1" and a 1"

AWC included in its Amended Application a "Consolidated Revenue Adjustment" affecting Pinal Valley and White Tank, which resulted in a \$590,109 increase in the proposed gross revenue increase for Pinal Valley and a corresponding decrease in the proposed gross revenue increase for White Tank. (Ex. A-2 at Sched. A-1.) The accompanying footnote stated: "Consolidated Revenue Adjustment represents the increase/(decrease) in revenue requirement resulting from proposed rate consolidation." (Id.)

		DOCK	EI NO. W-U
Required Revenue Increase %:	39.41%	30.38%	30.22%
Required Rate of Return:	9.51%	8.19%	8.40%
Proposed Revenue Increase:	\$34,340 <sup>19</sup>	\$481,317	\$478,324
	AJO		
	AWC	RUCO	Staff
TY Adjusted Operating Revenues:	\$509,480	\$509,594	\$515,694
TY Adjusted Operating Expenses:	\$427,136	\$425,291	\$406,232
TY Adjusted Operating Income:	\$82,344	\$84,303	\$109,463
Adjusted OCRB:	\$992,500	\$986,335	\$987,646
TY Rate of Return:	8.30%	8.55%	11.08%
Required Operating Income:	\$94,424	\$80,742	\$82,962
Operating Income Deficiency:	\$12,079	-\$3,561	-\$26,500
Gross Revenue Conversion Factor	1.6548	1.6548	1.5726
Required Revenue Increase:	\$19,988	-\$5,893	-\$41,676
Required Revenue Increase %:	3.92%	-1.16%	-8.08%
Required Rate of Return:	9.51%	8.19%	8.40%
Proposed Revenue Increase:	\$19,988	-\$5,893	-\$41,676
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28 See preceding note.

## L. Rate Design

104. AWC's current rates and charges and the rates and charges proposed by AWC in its Amended Application and on rebuttal are as shown in Exhibit A, attached hereto and incorporated herein.<sup>20</sup> AWC's rate design on rebuttal did not change significantly from that originally proposed in the Amended Application. (*See* Exhibit A hereto; Ex. A-3 at Sched. H-3.)

105. RUCO's proposed rate design for Pinal Valley residential and commercial customers differed from that proposed by AWC in that RUCO proposed lower basic service charges and lower commodity rates. (See Ex. R-2 at Sched. RD-1 (Pinal Valley).) For Pinal Valley industrial customers, RUCO's proposed rate design differed in that RUCO proposed higher basic service charges and a higher flat commodity rate. (See id.) RUCO also proposed a higher monthly charge for private fire service; a lower gallonage allowance per coin for coin machines; lower monthly minimum charges, commodity rates, and tier-break-over points for construction meters; and lower monthly minimum charges and flat commodity rates for meters used for sales for resale. (See id.)

106. RUCO's proposed rate design for White Tank residential customers differed from that proposed by AWC in that RUCO proposed higher basic service charges, higher commodity rates, a lower tier-break-over point for 1" meters, and a higher tier-break-over point for 2" meters. (See Ex. R-2 at Sched. RD-1 (White Tank).) For White Tank commercial customers, RUCO's proposed rate design differed in that RUCO proposed higher basic service charges, higher commodity rates, and higher tier-break-over points. (See id.) For White Tank industrial customers, RUCO's proposed rate design differed in that RUCO proposed higher basic service charges and a higher flat commodity rate. (See id.) For White Tank construction customers, RUCO's proposed rate design different in that RUCO proposed higher basic service charges, higher commodity rates, and lower tier-break-over points. (See id.) RUCO also proposed a higher basic service charge for private fire service. (See id.)

107. RUCO's proposed rate design for Ajo residential and commercial customers differed from that proposed by AWC in that RUCO proposed lower basic service charges and higher commodity rates. (See Ex. R-2 at Sched. RD-1 (Ajo).) RUCO also proposed no industrial rates or

The sources for the data in Exhibit A hereto are Ex. A-2 at Sched. H-3; Ex. A-3 at Sched. H-3.

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sales for resale rates; a lower private fire service charge; a lower gallonage allowance per coin for coin machines; and a higher basic service charge, lower tier-break-over point, and higher commodity rates for construction water. (See id.)

108. Staff's primary recommended rate design differed most significantly from that proposed by AWC in that Staff would have consolidated rates for the entire Western Group. (Ex. S-3 at 2-4, Sched. DBE-1A (Casa Grande-Coolidge, Stanfield, White Tank, Ajo).) Staff's recommended rate design used lower basic service charges for all classes except private fire service, used lower first- and second-tier commodity rates, used a higher third-tier commodity rate, and used lower tier-break-over points for all meter sizes larger than 5/8" x 3/4". (Id. at Sched. DBE-1A (Casa Grande-Coolidge, Stanfield, White Tank, Ajo).) Staff's rate design among systems was the same except as to the gallonage allowance for coin machines, for which Staff's recommendations were the same as AWC's proposals. (See id.)

AWC disagreed with Staff's method of allocating revenues to customer classes, 109. asserting that Staff's rate design, including full consolidation, would have resulted in a 38 percent increase in the level of revenues collected from industrial customers, a 24 percent increase in the level of revenues collected from commercial customers, and only a 10 percent increase in the level of revenues collected from residential customers. (Ex. A-3, Reiker, at 5.) AWC asserted that this was not consistent with AWC's cost of service study, which showed that the required increase in gross revenues for the industrial class was negative because the present revenues collected from the industrial class were, on average, greater than the cost of serving that class. (Id.) AWC further asserted that the industrial class is the most sensitive to price. (Ex. A-3, Reiker, at 5-6.) AWC also expressed concern that Staff's rate design would allocate only 40.5 percent of revenues over all classes to the fixed basic service charge, which AWC asserted would increase revenue volatility and uncertainty. (Ex. A-3, Reiker, at 6.) AWC asserted that the Commission should instead authorize rates that would collect 50 percent of AWC's revenue requirement through the fixed basic service charge. (See id.) AWC accepted Staff's proposed changes to AWC's service charges, including its service line and meter installation charges. (Ex. A-3, Reiker, at 7.)

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This data is taken from Ex. A-3, Sched. H-4. AWC used slightly rounded figures for average monthly usage, and those figures are repeated here.

The impacts for RUCO's proposed rates and charges are calculated from Ex. R-2, Sched. RD-2 for each system.

The impacts for Staff's proposed rates and charges are calculated from Ex. S-3, Sched. DBE-1A for each system.

AWC asserted that RUCO's rate design allocated the largest revenue increase to the industrial class, thereby unduly burdening the industrial customer class and not following cost of service principles. (Ex. A-3, Reiker, at 12.)

Abbott and WUAA did not make rate design proposals. 111.

#### M. Bill Impacts

The rates and charges proposed by AWC in its Rebuttal Testimony deviated only very 112. slightly from those proposed in the Amended Application and would have had approximately the following monthly bill impact on an average usage residential customer served by a 5/8" x 3/4" meter in each of the Western Group systems:<sup>21</sup>

System	Usage		Proposed	Dollar	Percent
	(Gallons)	Bill	Bill	<b>Change</b>	Change
Pinal Valley (Casa Grande & Coolidge)	8,500	\$29.36	\$38.57	+\$9.21	+31.38%
Pinal Valley (Stanfield)	8,300	\$39.17	\$38.03	-\$1.14	-2.91%
Ajo	4,800	\$50.24	\$53.33	+\$3.08	+6.13%
White Tank	13,900	\$52.16	\$52.18	+\$0.02	+0.03%

The rates and charges proposed by RUCO would have had approximately the 113. following monthly bill impact on an average usage residential customer served by a 5/8" x 3/4" meter in each of the Western Group systems:<sup>22</sup>

System	Usage (Gallons)	Current Bill	Proposed Bill	Dollar Change	Percent Change
Pinal Valley (Casa Grande & Coolidge)	8,500	\$29.36	\$34.34	+\$4.98	+16.96%
Pinal Valley (Stanfield)	8,300	\$39.17	\$33.94	-\$5.23	-13.35%
Ajo	4,800	\$50.24	\$49.87	-\$0.37	-0.74%
White Tank	13,900	\$52.16	\$68.17	+\$16.01	+30.69%

The rates and charges recommended by Staff, under its primary recommendation for 114. full consolidation, would have had approximately the following monthly bill impact on an average usage residential customer served by a 5/8" x 3/4" meter in each of the Western Group systems: 23

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Usage **System** Current Proposed Dollar Percent (Gallons) Bill Bill Change Change Pinal Valley (Casa Grande & Coolidge) 8,500 \$29.36 \$31.38 +\$2.02 +6.88% \$39.17 Pinal Valley (Stanfield) 8.300 \$30.98 -\$8.19 -20.91% 4,800 \$23.98 -52.27% \$50.24 -\$26.26 White Tank 13,900 \$52.16 \$46.66 -\$5.50 -10.54%

#### The Settlement

### The Settlement Agreement

The Settlement Agreement, attached hereto and incorporated herein as Exhibit B,<sup>24</sup> 115. was executed on February 15, 2012, by representatives for all of the parties to this matter, specifically William Garfield for AWC, Jeffrey Starling for Abbott, Greg Patterson for WUAA, Jodi Jerich for RUCO, and Steven Olea (by proxy) for Staff. (Ex. S-5.) The Settlement Agreement states that the negotiation process was open, transparent, and inclusive of all parties; that each party had an equal opportunity to participate; and that all parties attended and actively participated in all phases of the settlement discussions. (Id. at 3, § 1.7.) The stated purpose of the Settlement Agreement is to settle all issues in this matter in a manner that will promote the public interest, provide for prompt resolution, and allow expeditious implementation of new rates. (Id. at 3, § 1.8.) The Settlement Agreement asserts:

> [T]he terms of this Agreement will serve the public interest by providing a just and reasonable resolution of the issues presented by the Rate Case, establishing just and reasonable rates for AWC's customers, and promoting the health, welfare and safety of AWC's customers. Commission approval of this Agreement will further serve the public interest by allowing the Signatory Parties to avoid the expense and delay associated with continued litigation.2

The parties desire for the Commission to find the terms and conditions of the Settlement Agreement to be just and reasonable and in the public interest, along with all other necessary findings; to approve the Settlement Agreement; and to order the Settlement Agreement and the rates contained therein to become effective at the earliest practicable date. (*Id.* at 3, § 1.10.)

116. The Settlement Agreement includes, as Exhibit No. 1, both an Off-Site Facilities Fee (Water) Tariff Schedule and a number of supporting schedules that include data for the Western

The Settlement Agreement was admitted herein as Exhibit S-5.

Ex. S-5 at 3, § 1.9.

Group as a whole as well as breakdown data for Pinal Valley, Ajo, and White Tank. (See id. at Ex. 1 The supporting schedules detail and support the parties' agreements related to revenue 2 requirement, OCRB/FVRB, TY income and expenses, cost of capital, and rate design. (See id.) 3 4 **ACRM** B. The parties agree that AWC should be permitted to continue its ACRM as proposed 5 117. and that AWC's General Service Tariff should be amended to exclude from applicability of the 6 7 ACRM surcharge any industrial class customer that does not receive water from AWC's potable water distribution system. (Ex. S-5 at 5, § 7.2.) 8 Consolidation of White Tank with Pinal Valley 9 The parties agree that the White Tank and Ajo systems should remain separate and 118. 10 should not be consolidated with the Pinal Valley system at this time. (Ex. S-5 at 5, § 5.1.) 11 12 Complete Consolidation of Stanfield into Pinal Valley D. The parties agree that the Stanfield system should be fully consolidated with the Pinal 13 119. Valley system (Casa Grande and Coolidge) at this time. (Ex. S-5 at 5, § 5.1.) 14 15 CAP HUFs E. The parties agree that AWC's CAP HUFs for the Casa Grande, Coolidge, and White 16 120. Tank systems should be continued, without change, except that the name of the CAP HUFs should be 17 changed to CAP M&I Fees to more accurately describe the fees and avoid confusion with other hook-18 up fee tariffs. (Ex. S-5 at 5-6, § 7.3.) 19 20 F.\_\_ **DSIC** AWC withdrew its request for a DSIC in this matter. (Ex. S-5 at 5, § 6.1.) 21 121. **OSFF** 22 G. 23 122. The parties agree that AWC should be permitted to collect OSFFs as proposed in its Amended Application and agree on the language of the Off-Site Facilities Fee (Water) Tariff 24 Schedule as included in Exhibit No. 1 to the Settlement Agreement. (Ex. S-5 at 5, § 7.1.) 25 26 . . . 27 28

#### Deferral of Costs for BMPs H.

The parties agree that Decision No. 71845 authorized AWC to continue to defer its 123. costs associated with implementing and performing additional BMPs for recovery in a future general rate case, and that AWC should record such deferral of costs. (Ex. S-5 at 6, § 7.4.)

#### Accrual of AFUDC

The parties agree that AWC should be allowed to accrue AFUDC on the land 124. purchased for the Arizona City water storage tank and booster pump station. (Ex. S-5 at 6, § 7.5.)

#### Cost of Capital

The parties agree on the following calculation of AWC's cost of capital for the 125. Western Group:<sup>26</sup>

	Weight	Cost	Weighted Avg.
			Cost
Common Equity	50.97%	10.0%	5.10%
Debt	49.03%	6.82%	3.34%
Weighted Avg. Cost of Capital			8.44%

### TY Results, Rate Base, and Revenue Requirement

The parties agree on the following TY results, OCRB/FVRB, and revenue requirement 126. for the Western Group:<sup>27</sup>

TY Adjusted Operating Revenues:	\$18,638,195
TY Adjusted Operating Expenses:	\$16,088,735
TY Adjusted Operating Income:	\$2,549,460
Adjusted OCRB/FVRB:	\$53,234,209
TY Rate of Return:	4.79%
Required Operating Income:	\$4,494,718
Operating Income Deficiency:	\$1,945,258
Gross Revenue Conversion Factor	1.6576
Required Revenue Increase:	\$3,224,403
Required Revenue Increase %:	17.30%
Required Operating Revenues:	\$21,862,556
Required Rate of Return:	8.44%

Ex. S-5 at 4, § 3.1, Ex. 1 at Sched. D-1. This calculation differs from that in the Amended Application only as to the cost of common equity, which is reduced to 10.0 percent here from the 12.10 percent included in the Amended Application. (See Ex. S-5, Ex. 1 at Sched. D-1.)

The provisions of the Agreement come from Ex. S-5 at 3, § 2.0 and at Sched. A-1.

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DECISION NO

#### L. Rate Design

127. The parties agree on the following overall revenue percentage increases/decreases by customer class for the Western Group as a whole, and the Pinal Valley, White Tank, and Ajo systems separately, under the rates and charges agreed upon in the Settlement Agreement:<sup>28</sup>

Customer Class	Western Group	Pinal Valley	White Tank	Ajo
Residential	14.53%	13.63%	27.09%	-4.08%
Commercial	28.97%	27.88%	68.00%	10.87%
Industrial	13.27%	13.58%	2.27%	0%
Private Fire	9.24%	9.27%	10.18%	3.35%
Other Water	16.51%	7.96%	56.87%	-1.08%
Miscellaneous	0%	0%	0%	0%
Total Operating	17.30%	16.47%	31.65%	-0.43%
Revenues				

The agreed-upon rates will also result in the following revenue percentage increases/decreases for the residential 5/8" x 3/4" meter and 1" meter customer classes within the Western Group as a whole and within the separate systems:<sup>29</sup>

Residential Meter Size	Western Group	Pinal Valley	White Tank <sup>30</sup>	Ajo
5/8" x 3/4" Meter	13.28%	12.19%	29.76%	-4.19%
1" Meter	14.78%	15.94%	13.32%	-0.36%

## M. Bill Impacts

128. The agreed upon rates and charges would have approximately the following monthly bill impact on an average usage residential customer served by a 5/8" x 3/4" meter in each of the Western Group systems:<sup>31</sup>

System	Usage (Gallons)	Current Bill	Proposed Bill	Dollar Change	Percent Change
Pinal Valley (Casa Grande & Coolidge)	8,500	\$29.36	\$31.17	+\$1.82	+6.20%
Pinal Valley (Stanfield)	8,300	\$39.17	\$30.65	-\$8.52	-21.76%
Ajo	4,800	\$50.24	\$45.58	-4.66	-9.28%
White Tank	13,900	\$52.16	\$58.72	+\$6.55	+12.57%

<sup>&</sup>lt;sup>28</sup> These figures come from Ex. S-5, Ex. 1 at Sched. H-1.

This data is taken from Ex. S-5, Ex. 1 at Sched. H-2. These represent the majority of customers in each system. (See

The average consumption for a White Tank residential 5/8" x 3/4" customer is 13,906 gallons, while the average consumption for a White Tank residential 1" customer is 8,955 gallons. (Ex. S-5, Ex. 1 at Sched. H-2.)

This data is taken from Ex. S-5, Ex. 1 at Sched. H-4.

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## N. Additional Settlement Agreement Provisions

- 129. The parties agree that AWC's next Western Group general rate case filing, or rate case filed for any system within the Western Group, shall use a test year that includes at least 12 months of actual experience with the rates approved in this matter. (Ex. S-5 at 6, § 7.6.)
- 130. The Settlement Agreement provides that if the Commission issues an order adopting all material terms of the Settlement Agreement, such action shall constitute Commission approval of the Settlement Agreement, and the parties shall thereafter abide by the terms as approved by the Commission. (Ex. S-5 at 6, § 8.4.) The Settlement Agreement further provides that the parties agree to waive their rights to appeal a Commission Decision approving the Settlement Agreement, provided that the Commission approves all material provisions of the Settlement Agreement. (*Id.* at 6, § 8.5.)
- 131. The Settlement Agreement provides that AWC shall file compliance tariffs, consistent with any order of the Commission, for Staff review and approval and that such compliance tariffs shall become effective on the effective date of the rate increase stated in the Commission's order. (*Id.* at 7, § 8.6.)
- 132. The Settlement Agreement also states that if the Commission fails to issue an order adopting all material terms of the Settlement Agreement, or adds new or different material terms to the Settlement Agreement, any party may withdraw from the Settlement Agreement and may pursue remedies at law. (*Id.* at 7, § 8.7.) The Settlement Agreement allows a party to exercise reasonable discretion in determining whether a term is material. (*Id.*) In addition, the Settlement Agreement provides that if a party files an application for rehearing before the Commission, "Staff shall not be obligated to file any document or take any position regarding the . . . application for rehearing." (*Id.*)
- 133. The Settlement Agreement also provides that nothing therein shall prevent AWC from requesting a change to its rates in the event of conditions or circumstances that constitute an emergency, which is "limited to an extraordinary event that, in the Commission's judgment, requires rate relief in order to protect the public interest." (Ex. S-5 at 8, § 9.10.)

# VI. Parties' Support of Settlement Agreement

134. AWC requests that the Commission approve the Settlement Agreement as written.

(Ex. A-4, Garfield, at 8.) Mr. Garfield testified that AWC agreed to materially reduce its rate request

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Ex. A-4, Garfield, at 7.

because of the expense and uncertainty of protracted litigation, including potential appeals, and so that it could secure all parties' commitment to expedite the Settlement Agreement, bring it before the Commission for approval, and obtain implementation of the Settlement Agreement's provision, including new rates, at the earliest possible date. (Ex. A-4, Garfield, at 7.) Mr. Garfield stated that each month of delay in having the new rates implemented amounts to approximately \$250,000 of lost revenues, so AWC sees a great benefit in resolving the complexities of the case through agreement so as to expedite a Commission decision. (See Tr. at 61-62.) Mr. Garfield further testified that the Settlement Agreement provides the following benefits:

- It avoids protracted litigation and yields significant savings of rate case expenses, making lower customer rates possible.
- It establishes rate designs that promote water conservation and provides a financial incentive and savings for customers who use less water.
- It produces lower rates to customers by adopting Staff's proposed return on common equity of 10.0%, rather than the Company's requested return on common equity of 12.1%.
- It postpones any rate application for any water system in the Western Group until there is at least twelve months of recorded revenues with rates approved in this proceeding, effectively postponing any new rate increase for the Western Group for two years or longer.<sup>32</sup>

aggressive in terms of conservation than was AWC's proposed rate design because it provides significant monetary discounts to residential customers who lower their usage, even to customers who are already at the lifeline usage of 3,000 gallons or maybe right above it and who can reduce their usage just enough to get below the break-over point. (Tr. at 74.) Mr. Reiker testified that this was accomplished by increasing the first and second tier-break-over points for White Tank to make it easier for those customers to get their usage down under those break-over points and by increasing the differential between the three tier commodity rates for 5/8" x <sup>3</sup>/<sub>4</sub>" residential customers. (*Id.* at 75.) Mr. Reiker stated that the middle tier is the theoretical cost of water and that the Settlement Agreement rate design lowered the first tier charge and raised the third tier charge, which shifts more revenue recovery to the third tier and has the potential to increase revenue volatility, but provides a better tool to customers who can reduce their usage and thereby save money. (*Id.*) Mr. Reiker added

that having the greater tier differentials will be something of an experiment for AWC, as it has never had such large differentials. (Id. at 76.) Mr. Reiker testified that the rates under the Settlement Agreement would produce revenues from residential customers that are equal to or below the cost of service for those residential customers and that they provide those customers an even larger discount, on an aggregate basis, than would have existed under AWC's proposed rates. (Id. at 78-79.) Mr. Reiker also spoke to four policy considerations AWC applies in developing rates, which were still applied in the rates under the Settlement Agreement: (1) achieving gradualism, because the rates under the Settlement Agreement represent small steps toward moving different classes toward their cost of service; (2) achieving affordability, because revenues for residential customers are kept lower than the cost of service; (3) avoiding residential intersystem subsidies, because White Tank is not being consolidated with Pinal Valley and thus Pinal Valley customers will not pay any more to support White Tank customers; and (4) ensuring revenue recovery, because the basic service charge is designed to provide AWC with 41 percent of its overall revenue, which is a small increase from its last rate case. (See Tr. at 79-82.) Mr. Reiker also confirmed that the largest percentage revenue increase under the Settlement Agreement comes from the commercial customer class, which had increasing usage for the period from 2000 to 2010, at least in the Pinal Valley and White Tank areas. (Tr. at 82-83.)

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136. Mr. Chasse testified that Abbott intervened in this matter to assert that 6" industrial customers in the Pinal Valley system, such as itself, should not be required to pay tiered rates because rate tiers are not needed to encourage additional conservation by these customers; that customers should pay rates that reflect AWC's cost of providing service to the customers; and that AWC's OSFF tariff language should be changed to reflect that the OSFF is not payable for additional service connections established as back-up connections. (Ex. Abbott-2 at 1-2.) Mr. Chasse testified that the rate design in the Settlement Agreement includes a flat commodity rate for 6" industrial customers in the Pinal Valley system and more closely reflects the cost of service than did the other parties' initial rate design proposals. (Id. at 2.) Mr. Chasse also testified that the ACRM surcharge previously paid by non-potable industrial customers would be inapplicable under the Settlement Agreement and that the OSFF tariff will not apply to redundant connections because such connections do not require

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Ex. R-7 at 5-6.

AWC to increase its off-site facility capacity. (Id.) Mr. Chasse characterized these provisions as just and reasonable resolutions of disputed issues, designed to distribute the rate increase in a fair manner consistent with cost of service rate design, and expressed appreciation for the parties' willingness to engage in settlement discussions to seek a fair resolution that would save the parties the expense of preparing for and attending a lengthy hearing. (Id.)

- 137. WUAA did not provide any testimony in this matter.
- 138. Ms. Jerich testified that RUCO does not enter into settlements lightly and that the negotiations in this matter produced a well-balanced and fair result that benefits both ratepayers and AWC. (*Id.* at 2-3.) Ms. Jerich stated that the Settlement Agreement provides regulatory certainty and clarity, avoids the risk of protracted litigation and appeals, represents a middle ground that the parties can support, and has terms that are favorable to ratepayers and are in the public interest. (*Id.*) Ms. Jerich pointed out that the Settlement Agreement adopts RUCO's positions on rate consolidation and the DSIC, would provide a revenue increase only \$76,423 higher than that recommended by RUCO, and will result in a rate increase far less than what AWC proposed for Pinal Valley customers and far less than what RUCO originally proposed for White Tank customers. (*Id.* at 4, 7.) Ms. Jerich presented the benefits of the Settlement Agreement to ratepayers and intervenors as follows:
  - The overall revenue increase of approximately \$3.2 million is significantly less than the \$4.5 million increase Arizona Water requested and is very close to the \$3.1 million revenue increase RUCO recommended.
  - Ajo residents will enjoy a decrease in their rates instead of the rate increase proposed by Arizona Water.
  - Stanfield residents will enjoy a decrease in their rates.
  - Pinal Valley and White Tanks [sic] customers will pay fair rates for their own respective systems without one system subsidizing rates for the other through rate consolidation.
  - Arizona Water withdraws its request for a DSIC mechanism in this rate case.
  - The earliest that Arizona Water can file for new rates is twelve (12) months after the new rates go into effect.<sup>33</sup>
- 139. Mr. Olea testified that the Settlement Agreement represents compromise by the parties on their various litigation positions, in a manner that furthers the public interest. (Ex. S-4 at 5-6.) Mr. Olea pointed out that even though the total revenue that would be produced under the Settlement

Agreement is greater than that recommended by Staff, the Settlement Agreement would result in smaller rate increases than proposed by AWC or recommended by Staff for both average and median Pinal Valley (Casa Grande and Coolidge) system customers and would result in larger decreases for Stanfield customers than would have occurred under AWC's proposed rate design or Staff's recommended rate design, due to the Settlement Agreement's lower monthly minimum charges and greater rate spread for commodity charges between tiers, which also promote more efficient water usage. (Id. at 7-8.) Mr. Olea testified that Ajo residential customers with average and median use would also see a decrease in their monthly bills under the Settlement Agreement, although the decrease is less than would have occurred under Staff's recommended full consolidation rate design. (See id. at 8.) Staff felt that it was important to achieve a rate decrease for the majority of Ajo customers. (See id. at 9.) In addition, Mr. Olea testified that White Tank residential customers with average and median usage would see an increase in their monthly bills, of \$6.55 and \$3.96, respectively, and further testified that had the parties not reached settlement, Staff's surrebuttal testimony would have recommended that White Tank not be consolidated with the other Western Group systems because Staff determined after its direct testimony had been filed that consolidation of White Tank was not in the public interest at this time because the water consumption patterns of White Tank customers are so different from those of the other systems' customers, and the other systems' customers should not be required to subsidize White Tank. (Id. at 8-10; Tr. at 120.) Mr. Olea testified that the rates proposed for White Tank in the Settlement Agreement are the rates that are necessary to achieve the revenue requirement for the White Tank system without consolidation. (Ex. S-4 at 10.) Mr. Olea testified that in Staff's opinion, the Settlement Agreement is fair, balanced. and in the public interest because it addresses AWC's needs while balancing them with terms and conditions that provide customer benefits, such as the following:

- The Company cannot file its next rate case until the Company has at least twelve months of actual experience using the rates approved in this case;
- The Company will adopt the 10.0 percent cost of equity that Staff recommended in its direct testimony;
- Residential Customers for the Pinal Valley, Stanfield and Ajo systems with average usage or less will experience a rate decrease [compared to Staff's proposal];

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- The Company has withdrawn its request to implement a DSIC mechanism; [and]
- The Company has agreed to larger spreads for its charges between tiers, which gives customers more control over their bills.<sup>34</sup>

Mr. Olea emphasized that the rate design will have much of the revenue increase generated by the third tier, which in Staff's opinion allows customers much more control over their bills and allows them to save a lot of money by using even a little less water, possibly even enabling them to bring their bills lower than they were under existing rates. (Tr. at 126.) Mr. Olea added that the requirement for AWC to have at least 12 months of actual data under its existing rates before filing its next general rate case is important because having only six months of data, as in the Amended Application herein, makes reviewing a rate application unnecessarily difficult, especially with a large utility such as AWC, reduces burdensome pro forma adjustments, and reduces rate case expense. (See Ex. S-4 at 12.) Mr. Olea added that the OSFF tariff treatment of CIAC in regard to rate base is consistent with recent Commission decisions considering the subject. (Tr. at 122.)

# VII. Discussion and Resolution

- 140. The Settlement Agreement entered into by the parties was, by all accounts, the product of a robust, open, and inclusive negotiation process in which all of the parties actively participated in good faith and during which all of the parties made compromises as to their pre-settlement positions so as to reach an agreement that would resolve all of the disputed issues in this matter. The Commission appreciates the parties' efforts in this regard, particularly considering this case's rocky start.
- 141. As is acknowledged in the Settlement Agreement, the Commission is not bound by the terms of the Settlement Agreement and must independently consider and evaluate the terms of the Settlement Agreement to ensure that they are in the public interest. (See Ex. S-5 at 6-7, §§ 8.3, 8.8.)
- 142. Based on our consideration of the complete evidentiary record in this proceeding, including the level of cooperation and compromise exhibited by the parties and most significantly the benefits to be derived by AWC and its customers, we find that the Settlement Agreement is in the

Ex. S-4 at 11-12 (footnote omitted); Tr. at 121-22. Mr. Olea acknowledged at hearing that AWC has requested approval of a DSIC mechanism in its Eastern Group rate case filed in a different docket, and that its request therein is not a violation of the Settlement Agreement in this case. (Tr. at 117-18.)

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public interest and should be adopted, with one minor modification, described below.

In § 7.4 of the Settlement Agreement, the parties agree that Decision No. 71845 authorized AWC to continue to defer its costs associated with implementing and performing additional BMPs for recovery in a future general rate case and that AWC should record such deferral of costs. (Ex. S-5 at 6, § 7.4.) We disagree with the parties' interpretation of Decision No. 71845 in this regard, because Decision No. 71845 expressly authorized AWC to "request cost recovery of actual costs associated with the BMPs implemented in its next rate case." (Decision No. 71845 at 78, 94.) As this matter is the "next rate case" for AWC's Western Group, and we must give the language of Decision No. 71845 its plain meaning, we find that Decision No. 71845 authorized AWC to request cost recovery of actual costs associated with its additional BMPs for the Western Group in this case, not to continue deferring its costs associated with the additional BMPs for recovery in any other future rate case. Thus, we will not adopt § 7.4 of the Settlement Agreement. However, because we find that AWC should be granted the authority to defer its actual costs associated with implementing and performing additional BMPs for recovery in a future general rate case, and that AWC should record such deferral of costs, we will grant AWC such authority herein. We find this modification to be technically necessary and do not intend for it to be, or for any party to determine that it is, a substantive change to a material term of the Settlement Agreement as adopted by the Commission.

- 144. In determining that the Settlement Agreement is in the public interest, while we have considered all of the parties' testimony in support of the Settlement Agreement, we are particularly persuaded by the rate design that promotes water conservation and will allow customers more control over their own bills; the adoption of Staff's recommended cost of equity; the requirement for the test year for AWC's next Western Group (or Western Group system) rate case to include 12 months of actual data under existing rates; the reduced rates for the residential customers of the Ajo system, who use relatively little water; and the more appropriate rate design for the residential customers of the White Tank system, who use relatively more water.
- 145. Based on the totality of the circumstances presented in this case, we find that the Settlement Agreement, with the modification described in Findings of Fact No. 143, is just and

reasonable and that its adoption by the Commission is in the public interest. Thus, the Settlement Agreement as so modified, including all of its attachments, is approved.

146. We find the following to be just and reasonable and in the public interest, for purposes of setting rates for the Pinal Valley system (including the fully consolidated Casa Grande, Coolidge, and Stanfield systems):

#### Pinal Valley System

TY Operating Revenues:	\$16,544,087
TY Operating Expenses:	\$14,249,542
TY Operating Income:	\$2,294,545
OCRB/FVRB:	\$46,638,551
TY Rate of Return:	4.92%
Required Operating Income:	\$3,937,827
Operating Income Deficiency:	\$1,643,282
Gross Revenue Conversion Factor	1.6585
Required Revenue Increase:	\$2,725,357
Required Revenue Increase %:	16.47%
Required Operating Revenues:	\$19,269,444
Required Rate of Return:	8.44%

147. We find the following to be just and reasonable and in the public interest, for purposes of setting rates for the White Tank system:

# White Tank System

18	TY Operating Revenues:	\$1,584,472
	TY Operating Expenses:	\$1,414,248
19	TY Operating Income:	\$170,224
20	OCRB/FVRB:	\$5,609,221
20	TY Rate of Return:	3.03%
21	Required Operating Income:	\$473,603
22	Operating Income Deficiency:	\$303,379
22	Gross Revenue Conversion Factor	1.6526
23	Required Revenue Increase:	\$501,373
	Required Revenue Increase %:	31.65%
24	Required Operating Revenues:	\$2,085,845
25	Required Rate of Return:	8.44%

DECISION NO

148. We find the following to be just and reasonable and in the public interest, for purposes of setting rates for the Ajo system:

#### Ajo System

TY Operating Revenues:	\$509,594
TY Operating Expenses:	\$424,903
TY Operating Income:	\$84,691
OCRB/FVRB:	\$986,437
TY Rate of Return:	8.59%
Required Operating Income:	\$83,288
Operating Income Deficiency:	-\$1,404
Gross Revenue Conversion Factor	1.6573
Required Revenue Increase:	-\$2,326
Required Revenue Increase %:	-0.43%
Required Operating Revenues:	\$507,268
Required Rate of Return:	8.44%

149. AWC currently reports information such as water loss, water use, and plant data separately for each individual system, by public water system, in its annual reports and intends to continue doing so in the future. (Tr. at 86.) We find that Decision No. 71845 required AWC, in future annual reports and rate filings, to continue reporting information (including but not limited to water use and plant description data) separately for each of its public water systems, as defined by ADEQ, and that this requirement remains in effect. (Decision No. 71845 at 93.)

150. AWC testified that it has no objection to reporting on its BMPs by public water system. (Tr. at 86-87.) We find that it is reasonable and appropriate for it to do so.

# **CONCLUSIONS OF LAW**

- 1. AWC is a public service corporation within the meaning of Article XV of the Arizona Constitution and A.R.S. §§ 40-250, 40-251, and 40-367.
- 2. The Commission has jurisdiction over AWC and the subject matter of its Amended Application.
  - 3. Notice of the Amended Application was provided in accordance with the law.
- 4. Adoption of the Settlement Agreement, as discussed and modified herein, is just and reasonable and in the public interest.
  - 5. It is just and reasonable and in the public interest to modify the Settlement Agreement

as described in Findings of Fact No. 143 and to grant AWC the authority described therein. 1 The fair value rate bases of AWC's Pinal Valley system, White Tank system, and Ajo 2 6. system are as set forth in Findings of Fact Nos. 146 through 148. 3 The rates, charges, and conditions of service established herein are just and reasonable 7. 4 5 and in the public interest. **ORDER** 6 IT IS THEREFORE ORDERED that the Settlement Agreement filed in this Docket on 7 February 15, 2012, and attached to this Decision as Exhibit B, is hereby approved as discussed 8 9 herein. IT IS FURTHER ORDERED that Arizona Water Company is hereby directed to file with the 10 Commission, on or before April 30, 2012, revised schedules of its rates and charges consistent with 11 Exhibit B and the findings herein. 12 IT IS FURTHER ORDERED that the rates and charges and conditions of service adopted 13 herein shall be effective for all services rendered on and after May 1, 2012. 14 IT IS FURTHER ORDERED that Arizona Water Company shall notify its affected customers 15 of the revised schedules of rates and charges authorized herein by means of an insert in its next 16 regularly scheduled billing, and by posting a notice on its website, in a form acceptable to the 17 Commission's Utilities Division Staff. 18 IT IS FURTHER ORDERED that Arizona Water Company shall implement and comply with 19 the terms of the Settlement Agreement as discussed herein and that any failure to comply with the 20 Settlement Agreement adopted herein shall be deemed a failure to comply with this Decision. 21 22 23 24 25 26 27

1	IT IS FURTHER ORDERED that Arizona Water Company is authorized to defer its actual
2	costs associated with implementing and performing Best Management Practices in its Western Group
3	systems, for recovery in a future general rate case.
4	IT IS FURTHER ORDERED that this Decision shall become effective immediately.
5	BY ORDER OF THE ARIZONA CORPORATION COMMISSION.
6	
7	
8	CHAIRMAN COMMISSIONER
9	
10	COMMISSIONER COMMISSIONER COMMISSIONER
11	
12	IN WITNESS WHEREOF, I, ERNEST G. JOHNSON, Executive Director of the Arizona Corporation Commission,
13	have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix,
14	thisday of2012.
15	
16	ERNEST G. JOHNSON
17	EXECUTIVE DIRECTOR
18	DISSENT
19	
20	DISSENT
21	
22	
23	
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28	

1	SERVICE LIST FOR:	ARIZONA WATER COMPANY
2	DOCKET NO.:	W-O1445A-10-0517
<ul><li>3</li><li>4</li><li>5</li></ul>	Steven A. Hirsch Stanley B. Lutz BRYAN CAVE LLP Two North Central Avenue, Suite 2200 Phoenix, AZ 85004-4406	
7   8	Attorneys for Arizona Water Company Robert W. Geake, Vice President and General ARIZONA WATER COMPANY P.O. Box 29006 Phoenix, AZ 85038-9006	ral Counsel
9 10 11	Daniel W. Pozefsky, Chief Counsel Michelle Wood, Attorney RESIDENTIAL UTILITY CONSUMER O 1110 West Washington Street, Suite 220 Phoenix, AZ 85007	FFICE
12 13	Michele Van Quathem RYLEY CARLOCK & APPLEWHITE One North Central Avenue, Suite 1200 Phoenix, AZ 85004-4417 Attorneys for Abbott Laboratories	
15 16	Greg Patterson MUNGER CHADWICK, PLC 2398 East Camelback Road, Suite 240 Phoenix, AZ 85016 Attorneys for Water Utilities Association of	f Arizona
17 18   19	Janice Alward, Chief Counsel Legal Division ARIZONA CORPORATION COMMISSIC 1200 West Washington Street Phoenix, AZ 85007	DN
20 21 22	Steven M. Olea, Director Utilities Division ARIZONA CORPORATION COMMISSIC 1200 West Washington Street Phoenix, AZ 85007	DN
23		
25		

PINALCASA GRANDE & CO		Major Salas Sa	American de la companya de la compa
	Current	AWC	AWC
		App.	Rebuttal
Monthly Minimum Charges			
Residential, Commercial,			
Construction Water, Sales for			
Resale	0 15 70	ф <u>Э1.75</u>	\$ 21.61
5/8" x <sup>3</sup> / <sub>4</sub> " Meter	\$ 15.79 39.47	\$ 21.75 54.38	\$ 21.61 54.03
1" Meter	39.47 N/A	108.75	108.05
1½" Meter	126.29	174.00	172.88
2" Meter		348.00	345.76
3" Meter	252.59		540.25
4" Meter	394.67	543.75	
6" Meter	789.33	1,087.50	1,080.50
8" Meter	1,262.93	1,740.00 2,501.25	1,728.80
10" Meter	1,815.47	2,301.23	2,485.15
Industrial	0.50	¢ 10.00	\$ 10.00
5/8" x 3/4" Meter	\$ 9.59	\$ 10.00	
1" Meter	23.98	25.00	25.00
1 ½" Meter	N/A 76.73	50.00	50.00
2" Meter		80.00	80.00
3" Meter	153.46	160.00	160.00
4" Meter	239.77	250.00	250.00
6" Meter	479.55	500.00	500.00
8" Meter	767.28	800.00	800.00
10" Meter	1,102.96	1,150.00	1,150.00
Private Fire	622.00	\$25.00	\$25.00
All Sizes	\$22.88	\$25.00	\$23.00
Commodity Rates		<u></u>	
Residential			
5/8" x 3/4" Meter			
1 to 3,000 gallons	\$ 1.3700	\$ 1.7111	\$ 1.7123
3,001 to 10,000 gallons	1.7123	2.1389	2.1404
Over 10,000 gallons	2.1406	2.6736	2.6755
1" Meter			
1 to 10,000 gallons	1.7123		
Over 10,000 gallons	2.1406		
1 to 40,000 gallons		2.1389	2.1404
Over 40,000 gallons		2.6736	2.6755
1 ½" Meter			
1 to 75,000 gallons	N/A		2.1404
Over 75,000 gallons	N/A	2.6736	2.6755
2" Meter			
1 to 125,000 gallons	1.7123		
Over 125,000 gallons	2.1406	2.6736	2.6755
3" Meter			
1 to 299,000 gallons	1.7123		
Over 299,000 gallons	2.1406		
1 to 300,000 gallons		2.1389	2.1404

Over 300,000 gallons		2.6736	2.6755
4" Meter			
1 to 494,000 gallons	1.7123		
Over 494,000 gallons	2.1406		
1 to 500,000 gallons		2.1389	2.1404
Over 500,000 gallons		2.6736	2.6755
6" Meter			
1 to 925,000 gallons	1.7123		
Over 925,000 gallons	2.1406		
1 to 1,000,000 gallons		2.1389	2.1404
Over 1,000,000 gallons		2.6736	2.6755
8" Meter		2.0,00	2.0,00
1 to 1,500,000 gallons	1.7123	2.1389	2.1404
Over 1,500,000 gallons	2,1406	2.6736	2.6755
10" Meter	2.7.00	2.0750	2.0755
1 to 2,264,000 gallons	1.7123		
Over 2,264,000 gallons	2.1406		. ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
1 to 2,300,000 gallons	2.1100	2.1389	2.1404
Over 2,300,000 gallons		2.6736	2.6755
		2.0730	2.0733
Commercial			
5/8" x <sup>3</sup> /4" Meter	\$ 1.7123	\$ 2.1389	\$ 2.1404
1 to 10,000 gallons	2.1406	2.6736	2.6755
Over 10,000 gallons	2.1400	2.0730	2.0733
1" Meter	1.7123	2 1290	2 1 40 4
1 to 40,000 gallons	2.1406	2.1389	2.1404
Over 40,000 gallons	2.1400	2.6736	2.6755
1 ½" Meter	NT/A	2.1389	2 1 40 4
1 to 75,000 gallons	N/A N/A	2.1389	2.1404
Over 75,000 gallons	N/A	2.0/30	2.6755
2" Meter	1 7102	2 1200	2 1 40 4
1 to 125,000 gallons	1.7123 2.1406	2.1389	2.1404
Over 125,000 gallons	2.1406	2.6736	2.6755
3" Meter	1 7102		
1 to 299,000 gallons	1.7123		
Over 299,000 gallons	2.1406	2 1200	2 1 40 4
1 to 300,000 gallons		2.1389	2.1404
Over 300,000 gallons		2.6736	2.6755
4" Meter	1.7100		· · · · · · · · · · · · · · · · · · ·
1 to 494,000 gallons	1.7123		
Over 494,000 gallons	2.1406		
1 to 500,000 gallons		2.1389	2.1404
Over 500,000 gallons		2.6736	2.6755
6" Meter			
1 to 925,000 gallons	1.7123		
Over 925,000 gallons	2.1406		
1 to 1,000,000 gallons		2.1389	2.1404
Over 1,000,000 gallons		2.6736	2.6755
8" Meter			
1 to 1,500,000 gallons	1.7123	2.1389	2.1404
Over 1,500,000 gallons	2.1406	2.6736	2.6755
10" Meter			

1		
2.1406		
		2.1404
	2.6736	2.6755
\$1.5036	\$1.5500	\$1.5500
132.99	107	107
	<del>-</del>	\$ 2.1404
2.1406	2.6736	2.6755
		· · · · · · · · · · · · · · · · · · ·
		<u></u>
2.1406		
		2.1404
	2.6736	2.6755
2.1406		
		2.1404
	2.6736	2.6755
\$1.5036	\$2.1389	\$2.1404
	\$1.7123 2.1406 \$1.5036 132.99 \$ 1.7123 2.1406 1.7123 2.1406 \$1.5036	2.1406 2.1389 2.6736  \$1.5036 \$1.5500  132.99 107  \$1.7123 \$2.1406 2.6736  1.7123 2.1406 2.1389 2.6736  1.7123 2.1406 2.1389 2.6736

PINAL-STANFIELD		12 g 13 g				TO BUT
	Cur	rent		WC op.		WC ebuttal
Monthly Minimum Charges						
Residential, Commercial,						
Construction Water, Sales for						
Resale			_		_	
5/8" x 3/4" Meter	\$	15.79	\$	21.75	\$	21.61
1" Meter		39.47		54.38		54.03
1 ½" Meter		N/A		108.75		108.05
2" Meter		126.29		174.00		172.88
3" Meter		252.59		348.00	L.,	345.76
4" Meter		394.67		543.75		540.25
6" Meter		789.33		1,087.50		1,080.50
8" Meter		1,262.93		1,740.00		1,728.80
10" Meter		1,815.47		2,501.25		2,485.15
Industrial						
5/8" x <sup>3</sup> / <sub>4</sub> " Meter	\$	9.59	\$	10.00	\$	10.00
1" Meter		40.00		25.00		25.00
1 ½" Meter		N/A		50.00		50.00
2" Meter		200.00		80.00		80.00
3" Meter		153.46		160.00		160.00
4" Meter		239.77		250.00		250.00
6" Meter		479.55		500.00		500.00
8" Meter		767.28		800.00		800.00

10" Meter	1,102.96	1,150.00	1,150.00
Private Fire			
All Sizes	\$22.88	\$25.00	\$25.00
Commodity Rates			
Residential			
5/8" x 3/4" Meter			
1 to 3,000 gallons	\$ 2.4379	\$ 1.7111	\$ 1.7123
3,001 to 10,000 gallons	3.0476	2.1389	2.1404
Over 10,000 gallons	3.8097	2.6736	2.6755
1" Meter			
1 to 10,000 gallons	3.0476		
Over 10,000 gallons	3.8097		
1 to 40,000 gallons		2.1389	2.1404
Over 40,000 gallons		2.6736	2.6755
1 ½" Meter			
1 to 75,000 gallons	N/A	2.1389	2.1404
Over 75,000 gallons	N/A	2.6736	2.6755
2" Meter			
1 to 122,000 gallons	3.0476		
Over 122,000 gallons	3.8097		
1 to 125,000 gallons		2.1389	2.1404
Over 125,000 gallons		2.6736	2.6755
3" Meter			
1 to 286,000 gallons	3.0476		
Over 286,000 gallons	3.8097		
1 to 300,000 gallons		2.1389	2.1404
Over 300,000 gallons		2.6736	2.6755
4" Meter			
1 to 471,000 gallons	3.0476		
Over 471,000 gallons	3.8097		
1 to 500,000 gallons		2.1389	2.1404
Over 500,000 gallons		2.6736	2.6755
6" Meter			
1 to 925,000 gallons	3.0476		
Over 925,000 gallons	3.8097		
1 to 1,000,000 gallons		2.1389	2.1404
Over 1,000,000 gallons		2.6736	2.6755
8" Meter			
1 to 1,500,000 gallons	3.0476	2.1389	2.1404
Over 1,500,000 gallons	3.8097	2.6736	2.6755
10" Meter			
1 to 2,223,000 gallons	3.0476		
Over 2,223,000 gallons	3.8097		
1 to 2,300,000 gallons		2.1389	2.1404
Over 2,300,000 gallons		2.6736	2.6755
Commercial			
5/8" x <sup>3</sup> / <sub>4</sub> " Meter	0.0455		
1 to 10,000 gallons	\$ 3.0476	\$ 2.1389	\$ 2.1404
Over 10,000 gallons	3.8097	2.6736	2.6755
1" Meter			

1 to 40,000 gallons	3.0476	2.1389	2.1404
Over 40,000 gallons	3.8097	2.6736	2.6755
1 ½" Meter			
1 to 75,000 gallons	N/A	2.1389	2.1404
Over 75,000 gallons	N/A	2.6736	2.6755
2" Meter			
1 to 125,000 gallons	3.0476	2.1389	2.1404
Over 125,000 gallons	3.8097	2.6736	2.6755
3" Meter			
1 to 289,000 gallons	3.0476		
Over 289,000 gallons	3.8097		
1 to 300,000 gallons		2.1389	2.1404
Over 300,000 gallons		2.6736	2.6755
4" Meter			
1 to 474,000 gallons	3.0476		
Over 474,000 gallons	3.8097		
1 to 500,000 gallons		2.1389	2.1404
Over 500,000 gallons		2.6736	2.6755
6" Meter			
1 to 925,000 gallons	3.0476		
Over 925,000 gallons	3.8097		
1 to 1,000,000 gallons		2.1389	2.1404
Over 1,000,000 gallons		2.6736	2.6755
8" Meter			
1 to 1,500,000 gallons	3.0476	2.1389	2.1404
Over 1,500,000 gallons	3.8097	2.6736	2.6755
10" Meter			
1 to 2,223,000 gallons	3.0476		
Over 2,223,000 gallons	3.8097	2 2 2 2 2	
1 to 2,300,000 gallons		2.1389	2.1404
Over 2,300,000 gallons		2.6736	2.6755
Industrial	62.0476	01.5500	<b>01.5500</b>
All meters & all gallons	\$3.0476	\$1.5500	\$1.5500
Coin Machine	74.70	107	107
Gallons per Quarter (\$0.25)	74.72	107	107
Construction Water			- 10
2" Meter	0 2 0476	<b>6 3 1390</b>	e 21404
1 to 125,000 gallons	\$ 3.0476 3.8097	\$ 2.1389 2.6736	\$ 2.1404 2.6755
Over 125,000 gallons	3.8097	2.0730	2.0733
3" Meter	3.0476		
1 to 289,000 gallons	3.8097		
Over 289,000 gallons	3.8097	2.1389	2.1404
1 to 300,000 gallons		2.1389	2.6755
Over 300,000 gallons		2.0730	2.0733
4" Meter	3.0476		
1 to 474,000 gallons	3.8097		
Over 474,000 gallons	3.0071	2.1389	2.1404
1 to 500,000 gallons		2.6736	2.6755
Over 500,000 gallons		2.0730	2.0733
Sales for Resale	\$3.0476	\$2.1389	\$2.1404
All meters & all gallons	\$5.0470	Φ4.1309	φ <u>4.1404</u>

WHITE TANK	Current	AWC	AWC
	Currons	App.	Rebuttal
Monthly Minimum Charges			
Residential, Commercial,		<u> </u>	
Construction Water, Sales for			
Resale			
5/8" x 3/4" Meter	\$ 22.72	\$ 21.75	\$ 21.61
1" Meter	56.80	54.38	54.03
1 ½" Meter	N/A	108.75	108.05
2" Meter	181.76	174.00	172.88
3" Meter	363.51	348.00	345.76
4" Meter	567.99	543.75	540.25
6" Meter	1,135.98	1,087.50	1,080.50
8" Meter	1,817.56	1,740.00	1,728.80
10" Meter	2,612.75	2,501.25	2,485.13
Industrial			
5/8" x <sup>3</sup> / <sub>4</sub> " Meter	\$ 18.54	\$ 18.54	\$ 18.54
1" Meter	46.34	46.35	46.3
1 ½" Meter	N/A	92.70	92.70
2" Meter	148.28	148.32	148.32
3" Meter	296.56	296.64	296.64
4" Meter	463.38	463.50	463.50
6" Meter	926.75	927.00	927.00
8" Meter	1,482.81	1,483.20	1,483.20
10" Meter	2,131.54	2,132.10	2,132.10
Private Fire			
All Sizes	\$22.69	\$25.00	\$25.00
Commodity Rates		T	
Residential			
5/8" x <sup>3</sup> / <sub>4</sub> " Meter	0.1.6400	<b>—</b>	
1 to 3,000 gallons	\$ 1.6493	\$ 1.7111	\$ 1.7123
3,001 to 10,000 gallons	2.0614	2.1389	2.1404
Over 10,000 gallons	2.5769	2.6736	2.6755
1" Meter			·
1 to 10,000 gallons	2.0614		
Over 10,000 gallons	2.5769		
1 to 40,000 gallons		2.1389	2.1404
Over 40,000 gallons		2.6736	2.6755
1 ½" Meter			
1 to 75,000 gallons	N/A	2.1389	2.1404
Over 75,000 gallons	N/A	2.6736	2.6755
2" Meter			
1 to 185,000 gallons	2.0614		
Over 185,000 gallons	2.5769		
1 to 125,000 gallons		2.1389	2.1404
Over 125,000 gallons		2.6736	2.6755
3" Meter			

1 4- 400 000 collons	2.0614		
1 to 400,000 gallons	2.5769		
Over 400,000 gallons	2.3707	2.1389	2.1404
1 to 300,000 gallons		2.6736	2.6755
Over 300,000 gallons		2.0730	2.0733
4" Meter	2.0614		
1 to 795,000 gallons	2.5769		
Over 795,000 gallons	2.5709	2.1389	2.1404
1 to 500,000 gallons		2.6736	2.6755
Over 500,000 gallons		2.0730	2.0755
6" Meter	2.0614		
1 to 1,895,000 gallons	2.5769		
Over 1,895,000 gallons	2.3709	2.1389	2.1404
1 to 1,000,000 gallons		2.6736	2.6755
Over 1,000,000 gallons		2.0730	2.0755
8" Meter	2.0614		
1 to 2,500,000 gallons	2.5769		
Over 2,500,000 gallons	2.3709	2.1389	2.1404
1 to 1,500,000 gallons		2.1389	2.6755
Over 1,500,000 gallons		2.0730	2.0733
10" Meter	2.0614		· · · · · · · · · · · · · · · · · · ·
1 to 5,024,000 gallons	2.0614		
Over 5,024,000 gallons	2.5769	2.1200	2 1404
1 to 2,300,000 gallons		2.1389	2.1404 2.6755
Over 2,300,000 gallons		2.6736	2.0/33
Commercial			
5/8" x 3/4" Meter	0.0014	Ф 2 1200	0 1404
1 to 10,000 gallons	\$ 2.0614	\$ 2.1389	\$ 2.1404 2.6755
Over 10,000 gallons	2.5769	2.6736	2.0733
1" Meter	0.0(14		
1 to 75,000 gallons	2.0614		
Over 75,000 gallons	2.5769	2 1200	2 1404
1 to 40,000 gallons		2.1389	2.1404
Over 40,000 gallons		2.6736	2.6755
1 ½" Meter		2.1200	2 1 40 4
1 to 75,000 gallons	N/A	2.1389	2.1404
Over 75,000 gallons	N/A	2.6736	2.6755
2" Meter	20614		
1 to 316,000 gallons	2.0614		
Over 316,000 gallons	2.5769	0.1000	0.1404
1 to 125,000 gallons		2.1389	2.1404
Over 125,000 gallons		2.6736	2.6755
3" Meter			
1 to 667,000 gallons	2.0614		
Over 667,000 gallons	2.5769	5 4 5 5 5	21101
1 to 300,000 gallons		2.1389	2.1404
Over 300,000 gallons		2.6736	2.6755
4" Meter			
1 to 1,062,000 gallons	2.0614		
Over 1,062,000 gallons	2.5769		
1 to 500,000 gallons		2.1389	2.1404
Over 500,000 gallons		2.6736	2.6755

6" Meter			
1 to 2,162,000 gallons	2.0614		
Over 2,162,000 gallons	2.5769		
1 to 1,000,000 gallons		2.1389	2.1404
Over 1,000,000 gallons		2.6736	2.6755
8" Meter			
1 to 3,483,000 gallons	2.0614		
Over 3,483,000 gallons	2.5769		
1 to 1,500,000 gallons		2.1389	2.1404
Over 1,500,000 gallons		2.6736	2.6755
10" Meter			
1 to 5,024,000 gallons	2.0614		
Over 5,024,000 gallons	2.5769		
1 to 2,300,000 gallons		2.1389	2.1404
Over 2,300,000 gallons		2.6736	2.6755
Industrial			
All meters & all gallons	\$4.6274	\$4.6200	\$4.6200
Coin Machine			
Gallons per Quarter (\$0.25)	N/A	N/A	N/A
Construction Water			
2" Meter			
1 to 316,000 gallons	\$ 2.0614		
Over 316,000 gallons	2.5769		· · · · · · · · · · · · · · · · · · ·
1 to 125,000 gallons		\$ 2.1389	\$ 2.1404
Over 125,000 gallons		2.6736	2.6755
3" Meter			
1 to 667,000 gallons	2.0614		
Over 667,000 gallons	2.5769		
1 to 300,000 gallons		2.1389	2.1404
Over 300,000 gallons		2.6736	2.6755
4" Meter			
1 to 1,062,000 gallons	2.0614		
Over 1,062,000 gallons	2.5769		
1 to 500,000 gallons	1	2.1389	2.1404
Over 500,000 gallons		2.6736	2.6755
Sales for Resale			
All meters & all gallons	\$4.6274	\$2.1389	\$2.1404
Tanada of the Boston			7-12.0

	Cur	rent	AV Ap	VC p.	 VC buttal
Monthly Minimum Charges					
Residential, Commercial, Construction Water, Sales for Resale					
5/8" x <sup>3</sup> / <sub>4</sub> " Meter	\$	25.16	\$	29.20	\$ 29.20
1" Meter		62.90		73.00	73.00
1 ½" Meter		N/A		146.00	146.00

2" Meter	201.27	233.60	233.60
3" Meter	402.54	467.20	467.20
4" Meter	628.97	730.00	730.00
6" Meter	1,257.94	1,460.00	1,460.00
8" Meter	2,012.70	2,336.00	2,336.00
10" Meter	2,893.25	3,358.00	3,358.00
Industrial	2,093.23	3,336.00	2,336.00
5/8" x <sup>3</sup> / <sub>4</sub> " Meter	\$ 25.16	\$ 29.20	\$ 29.20
1" Meter	65.60	73.00	73.00
	N/A	146.00	146.00
1½" Meter	201.27	233.60	233.60
2" Meter	402.54	467.20	467.20
3" Meter	628.97	730.00	730.00
4" Meter	1,257.94	1,460.00	
6" Meter			1,460.00
8" Meter	2,012.70	2,336.00	2,336.00
10" Meter	2,893.25	3,358.00	3,358.00
Private Fire	00410	005.00	027.00
All Sizes	\$24.19	\$25.00	\$25.00
Commodity Rates			
Residential			
5/8" x <sup>3</sup> / <sub>4</sub> " Meter			
1 to 3,000 gallons	\$ 4.8189	\$ 4.6070	\$ 4.6348
3,001 to 10,000 gallons	6.0236	5.7588	5.7935
Over 10,000 gallons	7.5292	7.1984	7.2419
1" Meter	1.3272	7.1704	7.2717
1 to 10,000 gallons	6.0236		
Over 10,000 gallons	7.5292		
1 to 30,000 gallons	1.5272	5.7588	5.7935
Over 30,000 gallons		7.1984	7.2419
1 ½" Meter		7.1904	7.2717
1 to 75,000 gallons	N/A	5.7588	5.7935
	N/A	7.1984	7.2419
Over 75,000 gallons		7.1704	7.2419
2" Meter	6.0236		
1 to 90,000 gallons	7.5292		
Over 90,000 gallons	1.3292	5.7588	5.7935
1 to 125,000 gallons		7.1984	7.2419
Over 125,000 gallons		7.1904	7.2419
3" Meter	6.0226	<del> </del>	
1 to 200,000 gallons	6.0236 7.5292		
Over 200,000 gallons	1.3292	£ 7500	5 7025
1 to 275,000 gallons		5.7588	5.7935
Over 275,000 gallons		7.1984	7.2419
4" Meter	(0226		
1 to 325,000 gallons	6.0236		
Over 325,000 gallons	7.5292	F 7500	F 7025
1 to 450,000 gallons		5.7588	5.7935
Over 450,000 gallons		7.1984	7.2419
6" Meter			
1 to 725,000 gallons	6.0236		
Over 725,000 gallons	7.5292		

1 to 950,000 gallons		5.7588	5.7935
Over 950,000		7.1984	7.2419
8" Meter			,
1 to 1,200,000 gallons	6.0236		
Over 1,200,000 gallons	7.5292		
1 to 1,500,000 gallons		5.7588	5.7935
Over 1,500,000 gallons		7.1984	7.2419
10" Meter		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	, , ,
1 to 1,783,000 gallons	6.0236		
Over 1,783,000 gallons	7.5292		
1 to 2,200,000 gallons		5.7588	5.7935
Over 2,200,000 gallons		7.1984	7.2419
Commercial			
5/8" x <sup>3</sup> / <sub>4</sub> " Meter			
1 to 10,000 gallons	\$ 6.0236	\$ 5.7588	\$ 5.7935
Over 10,000 gallons	7.5292	7.1984	7.2419
1" Meter			
1 to 30,000 gallons	6.0236	5.7588	5.7935
Over 30,000 gallons	7.5292	7.1984	7.2419
1 ½" Meter			
1 to 75,000 gallons	N/A	5.7588	5.7935
Over 75,000 gallons	N/A	7.1984	7.2419
2" Meter			
1 to 100,000 gallons	6.0236		
Over 100,000 gallons	7.5292		
1 to 125,000 gallons		5.7588	5.7935
Over 125,000 gallons		7.1984	7.2419
3" Meter			
1 to 200,000 gallons	6.0236		
Over 200,000 gallons	7.5292		
1 to 275,000 gallons		5.7588	5.7935
Over 275,000 gallons		7.1984	7.2419
4" Meter			
1 to 325,000 gallons	6.0236		
Over 325,000 gallons	7.5292		
1 to 450,000 gallons		5.7588	5.7935
Over 450,000 gallons		7.1984	7.2419
6" Meter			
1 to 725,000 gallons	6.0236		
Over 725,000 gallons	7.5292		
1 to 950,000 gallons		5.7588	5.7935
Over 950,000 gallons		7.1984	7.2419
8" Meter			
1 to 1,200,000 gallons	6.0236		
Over 1,200,000 gallons	7.5292		
1 to 1,500,000 gallons		5.7588	5.7935
Over 1,500,000 gallons		7.1984	7.2419
10" Meter			
1 to 1,783,000 gallons	6.0236		· · · · · · · · · · · · · · · · · · ·
Over 1,783,000 gallons	7.5292		
1 to 2,200,000 gallons		5.7588	5.7935

Over 2,200,000 gallons		7.1984	7.2419
Industrial			
All meters & all gallons	\$6.0236	\$5.7588	\$5.7935
Coin Machine			
Gallons per Quarter (\$0.25)	37.81	40	39
Construction Water			
2" Meter			
1 to 100,000 gallons	6.0236		
Over 100,000 gallons	7.5292		
1 to 125,000 gallons		5.7588	5.7935
Over 125,000 gallons	<u> </u>	7.1984	7.2419
3" Meter			
1 to 200,000 gallons	6.0236		
Over 200,000 gallons	7.5292		
1 to 275,000 gallons		5.7588	5.7935
Over 275,000 gallons		7.1984	7.2419
4" Meter			
1 to 325,000 gallons	6.0236		
Over 325,000 gallons	7.5292		
1 to 450,000 gallons		5.7588	5.7935
Over 450,000 gallons		7.1984	7.2419
Sales for Resale			
All meters & all gallons	\$6.0236	\$5.7588	\$5.7935

ALL WESTERN	GROUP S	SYSTEM	<b>S</b>				
	Service Line and Meter Installation Charges						
	Current			Amended	Applicati		
Meter Size	Service	Meter	<u>Total</u>	<u>Service</u>	<u>Meter</u>	<u>Total</u>	
	Line			<u>Line*</u>			
5/8" Meter	\$ 445	\$ 155	\$ 600	\$ 445	\$ 155	\$ 600	
1" Meter	495	315	810	495	315	810	
2" Turbine	830	1,045	1,875	830	1,045	1,875	
2" Compound	830	1,890	2,720	830	1,890	2,720	
3" Turbine	1,045	1,670	2,715	Cost	Cost	Cost	
3" Compound	1,165	2,545	3,710	Cost	Cost	Cost	
4" Turbine	1,490	2,670	4,160	Cost	Cost	Cost	
4" Compound	1,670	3,645	5,315	Cost	Cost	Cost	
6" Turbine	2,210	5,025	7,235	Cost	Cost	Cost	
6" Compound	2,330	6,920	9,250	Cost	Cost	Cost	
8" Turbine	2,210	5,025	7,235	Cost	Cost	Cost	
8" Compound	2,330	6,920	9,250	Cost	Cost	Cost	
10" Turbine	2,210	5,025	7,235	Cost	Cost	Cost	
10" Compound	2,330	6,920	9,250	Cost	Cost	Cost	

<sup>\*</sup> Actual cost of service line if boring under roadway is required.

ALL WESTERN GROUP SY Miscellaneous Service Charge		¥ 1	
Wilderian Court of Co	Current	AWC App.	Staff Recommended &

			Accepted by AWC on Rebuttal
Service Charges			
Establishment	\$16.00	\$30.00	\$32.00
Guarantee Deposit	*	*	*
Reconnection for Delinquency	\$16.00	\$30.00	\$32.00
Re-Establishment	**	**	**
Service Call Out, Regular Hours	No Charge	\$30.00	No Charge
Service Call Out, After Hours <sup>A</sup>	\$35.00	\$45.00	N/A
Returned Check	\$25.00	N/A	N/A
Returned Payment for Insufficient	N/A	\$25.00	\$25.00
Funds			
Meter Re-Read, Regular Hours	No Charge	\$15.00	\$25.00
Meter Re-Read, After Hours <sup>A</sup>	\$35.00	\$45.00	\$25.00
Meter Test	***	***	****
Late Charge, after 15 days	1.5%	1.5%	1.5%
After Hours Service Charge A	N/A	N/A	\$35.00

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

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

\*\*\* No charge for the first test; for the second test for the same customer within a 12-month period, \$50.00 or actual time and material, whichever is greater

\*\*\*\* No charge for the first test; for the second test for the same customer within a 12-month period, \$25.00 or actual time and material, whichever is greater.

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

# **EXHIBIT B**

# ARIZONA WATER COMPANY

WESTERN GROUP GENERAL RATE CASE

PROPOSED SETTLEMENT AGREEMENT

Docket No. W-01445A-10-0517

706861.05

#### SETTLEMENT AGREEMENT

#### AND

#### LIST OF SIGNATORY PARTIES

The purpose of this Settlement Agreement ("Agreement") is to settle identified disputed issues related to Docket No. W-01445A-10-0517, Arizona Water Company's ("AWC" or "Company") application to increase rates for its Western Group of systems as identified in its December 29, 2010 application, as amended on May 9, 2011 ("Rate Case"). This Agreement is entered into by the following entities, which together comprise the entirety of the parties to this proceeding, including all intervenors:

Arizona Water Company
Arizona Corporation Commission Utilities Division ("Staff")
Residential Utility Consumer Office ("RUCO")
Abbott Laboratories ("Abbott")
The Water Utility Association of Arizona ("WUAA")

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

#### TERMS AND CONDITIONS

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

#### 1.0 RECITALS

- 1.1 Docket No. W-01445A-10-0517 was commenced by the filing of a rate application by AWC on December 29, 2010. AWC filed an amendment to its application on May 9, 2011. AWC's amended application ("Application") requested a total proposed revenue increase of \$4,564,110, or approximately 24.45%, and a Fair Value Rate Base ("FVRB") of \$54,072,795.
- 1.2 Following a sufficiency finding by Staff on June 8, 2011, RUCO filed an Application to Intervene on June 15, 2011. Abbott filed an Application to Intervene on September 13, 2011. WUAA filed an Application to Intervene on October 3, 2011.
- 1.3 The Administrative Law Judge granted the applications to intervene filed by RUCO, Abbott and WUAA ("Intervenors"). No other persons or entities have intervened in this proceeding.
- 1.4 The Administrative Law Judge scheduled an evidentiary hearing on the Application to commence on February 21, 2012.
- 1.5 The parties' litigation positions for hearing associated with the total proposed revenue increase and FVRB, together with the amount proposed in settlement<sup>1</sup>, are as follows:

Agreement	\$3,224,403	17.30%	\$53,234,209
RUCO	\$3,147,980	16.89%	\$53,439,157
Staff	\$2,520,496	13.52%	\$53,538,325
Company	\$4,535,587	24.34%	\$53,798,510
	Revenue Increase	% Increase	FVRB

1.6 Staff filed a notice of settlement discussions on January 24, 2012, noting that AWC had approached Staff concerning the possibility of settling some or all of the issues in the Rate Case, and that Staff believed settlement of the Rate Case might be possible. The Signatory Parties were notified of the settlement discussion process, were encouraged to participate in the negotiations, and were provided with an equal opportunity to participate. Pursuant to a notice of scheduling of settlement conference docketed by the Company on January 25, 2012, formal settlement discussions between the Signatory Parties began on January 31, 2012, at the

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<sup>&</sup>lt;sup>1</sup> WUAA and Abbott did not advocate for a particular amount of revenue increase or FVRB, but rather focused on issues specific to their interests, the resolution of which are set forth in other sections of this Agreement.

Commission's offices, and resumed on February 2, 2012, at which point they were concluded, with a settlement reached on all issues in the Rate Case by the Signatory Parties.

- 1.7 The Signatory Parties agree that the negotiation process undertaken in this matter was open, transparent and inclusive of all Signatory Parties, with each such party having an equal opportunity to participate. All Signatory Parties, including their counsel and principal witnesses and representatives, attended and actively participated in all phases of the settlement discussions. This Agreement is a result of those meetings and the Signatory Parties' good faith efforts to settle all of the issues presented in this Rate Case. A material consideration by AWC in compromising its positions is the ability to quickly move its Application to final determination by the Commission, so that the new rates as set forth in this Agreement and ordered by the Commission may be implemented at the earliest possible date. To this end, the Signatory Parties agree to expedite their efforts in advancing this matter before the Commission consistent with the Procedural Orders made in the Rate Case and Commission Rules.
- 1.8 The purpose of this Agreement is to settle all issues presented in the Rate Case in a manner that will promote the public interest, provide for a prompt resolution of the issues, and allow expeditious implementation of the new rates as ordered by the Commission.
- 1.9 The Signatory Parties agree that the terms of this Agreement will serve the public interest by providing a just and reasonable resolution of the issues presented by the Rate Case, establishing just and reasonable rates for AWC's customers, and promoting the health, welfare and safety of AWC's customers. Commission approval of this Agreement will further serve the public interest by allowing the Signatory Parties to avoid the expense and delay associated with continued litigation.
- 1.10 The Signatory Parties agree to ask the Commission to (1) find that the terms and conditions of this Agreement are just and reasonable and in the public interest, along with all other necessary findings, and (2) approve the Agreement and order that the Agreement and the rates contained therein shall become effective at the earliest practicable date.

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

- 2.1 For ratemaking purposes and for the purposes of this Agreement, the Signatory Parties agree that:
- 2.2 AWC will receive an annual increase in revenues of \$3,224,403 for an annual revenue requirement of \$21,862,556;
- 2.3 The FVRB, which is determined based on the Original Cost Less Depreciation Rate Base for purposes of this Rate Case, is \$53,234,209.
- 2.4 The breakdown of test year revenues of the Western Group among the Pinal Valley (Casa Grande, Coolidge, Stanfield), White Tank and Ajo systems is set forth in Schedule A-1 attached and incorporated into the Agreement by this reference.

- 2.5 The breakdown of FVRB of the Western Group among the Pinal Valley (Casa Grande, Coolidge, Stanfield), White Tank and Ajo systems is set forth in Schedule B-1 attached and incorporated into the Agreement by this reference.
- 2.6 The Pro Forma Adjustments applicable to FVRB for the Western Group and the breakdown of such adjustments among the Pinal Valley (Casa Grande, Coolidge, Stanfield), White Tank and Ajo systems and the Phoenix Office and Meter Shop are set forth in Schedule B-2, including its appendix attached, which are incorporated into the Agreement by this reference.
- 2.7 The Adjusted Test Year Operating Income applicable to the Western Group and the breakdown of same among the Pinal Valley (Casa Grande, Coolidge, Stanfield), White Tank and Ajo systems are set forth in Schedule C-1 attached and incorporated into the Agreement by this reference.
- 2.8 The Income Statement Pro Forma Adjustments applicable to the Western Group and the breakdown of such adjustments among the Pinal Valley (Casa Grande, Coolidge, Stanfield), White Tank and Ajo systems are set forth in Schedule C-2, including its appendix attached, which are incorporated into the Agreement by this reference.
- 2.9 The computation of the Gross Revenue Conversion Factor applicable to the Western Group and the breakdown of such factor among the Pinal Valley (Casa Grande, Coolidge, Stanfield), White Tank and Ajo systems are set forth in Schedule C-3 attached and incorporated into the Agreement by this reference.

#### 3.0 COST OF CAPITAL

3.1 For ratemaking purposes and for the purposes of this Agreement, the Signatory Parties agree that an appropriate return on common equity shall be 10.0%, an appropriate cost of long-term debt shall be 6.82%, and that a capital structure comprised of 49.03% long-term debt and 50.97% common equity shall be adopted, which equates to a weighted cost of debt of 3.34%, a weighted cost of common equity of 5.10%, and an overall Weighted Average Cost of Capital of 8.44%, as set forth in Schedule D-1 attached and incorporated into the Agreement by this reference.

#### 4.0 RATE DESIGN

- 4.1 For ratemaking purposes and for the purposes of this Agreement, the Signatory Parties agree that:
- 4.2 The summary of revenues by customer classification for the Western Group and the breakdown of such revenues by classification among the Pinal Valley (Casa Grande, Coolidge, Stanfield), White Tank and Ajo systems shall be as set forth in Schedule H-1 attached and incorporated into the Agreement by this reference.
- 4.3 The specific revenues by customer classification for the Western Group and the breakdown of such specific revenues by classification among the Pinal Valley (Casa Grande, Coolidge, Stanfield), White Tank and Ajo systems are set forth in Schedule H-2 attached and incorporated into the Agreement by this reference.

- 4.4 The summary of changes in representative rate schedules by customer classification for the Pinal Valley (Casa Grande/Coolidge), Pinal Valley (Stanfield), White Tank and Ajo systems is set forth in Schedule H-3 attached and incorporated into the Agreement by this reference.
- 4.5 The summary of a typical bill analysis, showing impact on bills from the settlement set forth in this Agreement for the Pinal Valley (Casa Grande/Coolidge), Pinal Valley (Stanfield), White Tank and Ajo systems is set forth in Schedule H-4 attached and incorporated into the Agreement by this reference.

#### 5.0 RATE CONSOLIDATION

the topic of rate consolidation of the Company's Western Group systems, specifically regarding AWC's, Staff's and RUCO's separate positions regarding system consolidation, the Commission's comments regarding consolidation in the last AWC rate case (Docket No. W-01445A-08-0440, Decision No. 71845, August 25, 2010), and the Company's consolidation study docketed in that case. Without waiving their respective positions regarding rate consolidation for future cases, the Signatory Parties agree that the Stanfield system should be fully consolidated with the Pinal Valley system. In Decision No. 71845, the Commission partially consolidated the Stanfield system with the other Pinal Valley (Casa Grande and Coolidge) systems by authorizing a common monthly service charge, but different commodity rates. Under this Agreement, the White Tank and Ajo systems will remain separate and unconsolidated.

# 6.0 DISTRIBUTION SYSTEM IMPROVEMENT CHARGE ("DSIC")

6.1 The Signatory Parties also spent significant time and effort in discussing the appropriateness of implementing a DSIC mechanism in this Rate Case. Both Staff and RUCO opposed a DSIC in their testimony. Without waiving its position for future cases that a DSIC is in the public interest, AWC withdraws its request for a DSIC in this Rate Case.

#### 7.0 OTHER SETTLEMENT ISSUES

- 7.1 The Signatory Parties agree on AWC's Off-site Facilities Fee as proposed in its Application and on the Company's Off-site Facilities Fee Tariff Schedule in the form set forth on Exhibit 1 attached and incorporated into the Agreement by this reference.
- 7.2 The Signatory Parties agree on AWC's proposal to continue its Arsenic Cost Recovery Mechanism ("ACRM"). AWC's General Service Tariff shall be amended to provide limited exceptions to the ACRM surcharge to exclude Industrial class customers that do not receive water from the potable water distribution system from the surcharge.
- 7.3 The Signatory Parties agree that AWC's Central Arizona Project ("CAP") hook-up fee for the Company's Casa Grande, Coolidge and White Tank systems should be continued, without change, but that the name of this fee should be changed to "CAP M&I Fees," as this

more accurately describes the charges being imposed and avoids confusion with other hook-up fee tariffs.

- 7.4 The Signatory Parties agree that Decision No. 71845 authorizes AWC to continue to defer its costs associated with implementing and performing additional Best Management Practices for recovery in a future general rate case, and that AWC should record such deferral of costs.
- 7.5 The Signatory Parties agree that AWC should be allowed to accrue Allowance for Funds Used During Construction on land purchased for the Arizona City water storage tank and booster pump station.
- 7.6 AWC's next Western Group general rate case filing, or rate case filed for any individual system of the Western Group, shall use a test year including at least twelve months of actual experience with the rates approved in this Rate Case.

#### 8.0 COMMISSION EVALUATION OF PROPOSED SETTLEMENT

- 8.1 This Agreement shall serve as a procedural device by which the Signatory Parties will submit their proposed settlement of AWC's Rate Case Docket No. W-01445A-10-0517 to the Commission.
- 8.2 All currently-filed testimony and exhibits, as well as the testimony in support of this Agreement anticipated by the Commission's January 31, 2012 Procedural Order, shall be offered into the Commission's record as evidence. All Signatory Parties waive the filing and submission of surrebuttal testimony and exhibits from Staff and Intervenors, and the filing and submission of rejoinder testimony and exhibits from AWC.
- 8.3 The Signatory Parties recognize that the Commission will independently consider and evaluate the terms of this Agreement.
- 8.4 If the Commission issues an order adopting all material terms of this Agreement, such action shall constitute Commission approval of the Agreement. Thereafter, the Signatory Parties shall abide by the terms as approved by the Commission.
- 8.5 The Signatory Parties agree to support and defend this Agreement, including filing testimony in support of the Agreement and presenting evidence in support of the Agreement at the hearing scheduled to begin on March 1, 2012, and will not oppose any provision of the Agreement in pre-filed or live testimony. The parties agree to waive their rights to appeal a Commission Decision approving the same, provided that the Commission approves all material provisions of the Agreement. The Signatory Parties shall take reasonable steps to expedite consideration of the settlement, entry of a Decision adopting the settlement, and implementation of the rates anticipated in this Agreement and shall not seek any delay in the schedules set for consideration of the Agreement or for the Administrative Law Judge's or Commission's consideration of the settlement embodied in the Agreement. If the Commission adopts an order approving all material terms of this Agreement, the Signatory Parties will

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support and defend the Commission's order before any court or regulatory agency in which it may be at issue.

- 8.6 Consistent with any order of the Commission, AWC shall file compliance tariffs for Staff review and approval. Such compliance tariffs, however, will become effective upon the effective date of the rate increase stated in the Commission's Order.
- 8.7 If the Commission fails to issue an order adopting all material terms of this Agreement or adds new or different material terms to this Agreement, any or all of the Signatory Parties may withdraw from this Agreement, and such Signatory Party or Parties may pursue without prejudice their respective remedies at law. For the purposes of this Agreement, whether a term is material shall be left to the discretion of the Signatory Party choosing to withdraw from the Agreement, so long as such discretion is reasonable. If a Signatory Party files an application for rehearing before the Commission, Staff shall not be obligated to file any document or take any position regarding the withdrawing Signatory Party's application for rehearing.
- 8.8 The Signatory parties recognize that Staff does not have the power to bind the Commission. For purposes of proposing a settlement agreement, Staff acts in the same manner as any party to a Commission proceeding.

#### 9.0 MISCELLANEOUS PROVISIONS

- 9.1 The provisions set forth in the Agreement are made for purposes of settlement only and shall not be construed as admissions against interest or waivers of litigation positions of the Signatory parties in this Rate Case or related to other or future rate cases.
- 9.2 This Agreement represents the Signatory Parties' mutual desire to settle disputed issues in a manner consistent with the public interest. None of the positions taken in this Agreement by any of the Signatory Parties may be referred to, cited, or relied upon as precedent in any proceeding before the Commission, any other regulatory agency, or any court for any purpose except in furtherance of this Agreement.
- 9.3 This case presents a unique set of circumstances and to achieve consensus for settlement, participants may be accepting positions that, in other circumstances, they would be unwilling to accept. They are doing so because the Agreement, as a whole, with its various provisions for settling the unique issues presented by this case, is consistent with their long-term interests and with the broad public interest. The acceptance by any Signatory Party of a specific element of this Agreement shall not be considered as precedent for acceptance of that element in any other context.
- 9.4 No Signatory Party is bound by any position asserted in negotiations, except as expressly stated otherwise in this Agreement. No Signatory Party shall offer evidence of conduct or statements made in the course of negotiating this Agreement before this Commission, or any other regulatory agency, or any court.
- 9.5 Each of the terms and conditions of the Agreement is in consideration and support of all other terms. Accordingly, the terms are not severable.

DECISION NO	

- 9.6 The Signatory Parties warrant and represent that each person whose signature appears below is fully authorized and empowered to execute this Agreement.
- 9.7 The Signatory Parties acknowledge that they are represented by competent legal counsel and that they understand all of the terms of this Agreement and have had an opportunity to participate in the drafting of this Agreement and to fully review it with their counsel before signing, and that they execute this Agreement with full knowledge of the terms of the Agreement.
- 9.8 This Agreement may be executed in any number of counterparts and by each individual Signatory Party on separate counterparts, each of which when so executed and delivered shall be deemed an original and all of which taken together shall constitute one and the same instrument. This Agreement may also be executed electronically or by facsimile.
- 9.9 To the extent any provision of this Agreement is inconsistent with any existing Commission order, rule or regulation, this Agreement shall control.
- 9.10 Nothing in this Agreement shall prevent AWC from requesting a change to its rates in the event of conditions or circumstances that constitute an emergency. For purposes of this Agreement, the term "emergency" is limited to an extraordinary event that, in the Commission's judgment, requires rate relief in order to protect the public interest. This provision is not intended to preclude Staff or any Intervenor from opposing an application for rate relief filed by AWC pursuant to this paragraph. Nothing in this Agreement is intended to limit the Commission's ability to change rates at any time pursuant to its lawful authority.

Executed this 15<sup>TM</sup> day of February, 2012.

ARIZONA WATER COMPANY

By: William M. Garfield

Name: William M. Garfield

Its: President and Chief Operating Officer

ARIZONA CORPORATION COMMISSION UTILITIES DIVISION

for By: Smo. Aneross.

Name: Steve M. Dlea.

Its: Arizong. Corp. Commission

Director Utilities Division

RESIDENTIAL UTILITY CONSUMER OFFICE

By:\_\_\_\_\_

Tte.

ABBOTT LABORATORIES

By: Iffry 7. Stul

Name: Jeffrey T. Starling

Its: Plant Engineering Manager

THE	WATER	UTILITY	ASSOCIATION	OF
ARIZ	ONA			

Ву:	J.		·
Name:	WUNG	Director	
Its:			

# EXHIBIT NO. 1

DECISION NO. \_\_\_\_\_

# TARIFF SCHEDULE

UTILITY: Arizona Water Company
(Pinal Valley & Stanfield systems)
DOCKET NO. W-01445 A-10-0517

DECISION NO	
EFFECTIVE DAT	E:

# **OFF-SITE FACILITIES FEE (WATER)**

#### I. Purpose and Applicability

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

## II. <u>Definitions</u>

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

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

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

"Company" means Arizona Water Company.

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

"Off-site Facilities" means water treatment facilities, including treatment of CAP Water and other available water supplies, storage tanks and related appurtenances and equipment necessary for proper operation of such water treatment facilities, including engineering and design costs. Off-site facilities may also include booster pumps, wells for recovery of stored CAP water or

DECISION NO.	

other groundwater supplies, pressure tanks, transmission mains and related appurtenances and equipment necessary for proper operation of such facilities if these facilities are not for the exclusive use of the applicant and will benefit the entire water system.

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

## III. Off-Site Water Facilities Fee

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

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

## IV. Terms and Conditions

- (A) <u>Assessment of One Time Off-Site Facilities Fee</u>: The off-site facilities fee may be assessed only once per parcel, service connection, or lot within a subdivision (similar to meter and service line installation charge). These charges are not applicable to additional service connections that are established as back-up connections, under the condition that these service connections are not to be used at the same time.
- (B) <u>Use of Off-Site Facilities Fee</u>: Off-site facilities fees may only be used to pay for capital items of off-site facilities or for repayment of loans obtained to fund the cost of installation of off-site facilities. Off-site facilities fees shall not be used to cover repairs, maintenance, or operational costs. The Company shall record amounts collected under tariff as Contributions in Aid of Construction ("CIAC"); however, such amounts shall not be deducted from rate base until such amounts have been expended for utility plant.

## (C) <u>Time of Payment:</u>

- 1) For those requiring a Main Extension Agreement: In the event that the Applicant is required to enter into a Main Extension Agreement, whereby the Applicant agrees to advance the costs of installing mains, valves, fittings, hydrants and other on-site improvements or construct such improvements in order to extend service in accordance with R-14-2-406(B), payment of the off-site facilities fees required hereunder shall be made by the Applicant no later than 15 calendar days after receipt of notification from the Company that the Utilities Division of the Arizona Corporation Commission has approved the Main Extension Agreement in accordance with R-14-2-406(M).
- 2) For those connecting to an existing main: In the event that the Applicant is not required to enter into a Main Extension Agreement, the off-site facilities fee charges hereunder shall be due and payable at the time the meter and service line installation fee is due and payable.
- (D) Off-Site Facilities Construction By Developer: Company and Applicant may agree to construction of off-site facilities necessary to serve a particular development by Applicant, which facilities are then conveyed to Company. In that event, Company shall credit the total cost of such off-site facilities as an offset to off-site facilities fees due under this Tariff. If the total cost of the off-site facilities constructed by Applicant and conveyed to Company is less than the applicable off-site facilities fees under this Tariff, Applicant shall pay the remaining amount of off-site facilities fees owed hereunder. If the total cost of the off-site facilities contributed by Applicant and conveyed to Company is more than the applicable off-site facilities fees under this Tariff, Applicant shall be refunded the difference upon acceptance of the off-site facilities by the Company.
- (E) <u>Failure to Pay Charges: Delinquent Payments</u>: The Company will not be obligated to make an advance commitment to provide or actually provide water service to any Applicant in the event that the Applicant has not paid in full all charges hereunder. Under no circumstances will the Company set a meter or otherwise allow service to be established if the entire amount of any payment due hereunder has not been paid.
- (F) <u>Large Subdivision and/or Development Projects</u>: In the event that the Applicant is engaged in the development of a residential subdivision and/or development containing more than 150 lots, the Company may, in its discretion, agree to payment of off-site facilities fees in installments. Such installments may be based on the residential subdivision and/or development's phasing, and should attempt to equitably apportion the payment of charges hereunder based on the Applicant's construction schedule and water service requirements. In the alternative, the Applicant shall post an irrevocable letter of credit in favor of the Company in a commercially reasonable form, which may be drawn by the Company consistent with the actual or planned construction and hook up schedule for the subdivision and/or development.
- (G) Off-Site Facilities Fees Non-refundable: The amounts collected by the Company as off-site facilities fees shall be non-refundable contributions in aid of construction.

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- (H) <u>Use of Off-Site Facilities Fees Received</u>: All funds collected by the Company as off-site facilities fees shall be deposited into a separate interest bearing bank account and used solely for the purposes of paying for the costs of installation of off-site facilities, including repayment of loans obtained for the installation of off-site facilities that will benefit the entire water system.
- (I) Off-Site Facilities Fee in Addition to On-site Facilities: The off-site facilities fee shall be in addition to any costs associated with the construction of on-site facilities under a Main Extension Agreement.
- (J) <u>Disposition of Excess Funds</u>: After all necessary and desirable off-site facilities are constructed utilizing funds collected pursuant to this tariff, or if the off-site facilities fee tariff has been terminated by order of the Arizona Corporation Commission, any funds remaining in the bank account shall be refunded. The manner of the refund shall be determined by the Commission at the time a refund becomes necessary.
- (K) <u>Fire Flow Requirements</u>: In the event the Applicant for service has fire flow requirements that require additional facilities not covered by this tariff, such additional facilities shall be constructed under a separate Main Extension Agreement as a non-refundable contribution and shall be in addition to the off-site facilities fees.
- (L) Status Reporting Requirements to the Commission: The Company shall submit a calendar year off-site facilities fee status report each January 31<sup>st</sup> to Docket Control for the prior twelve (12) month period, beginning January 31, 2013, until the off-site facilities fee tariff is no longer in effect. This status report shall contain a list of all customers that have paid the off-site facilities fee, the amount each has paid, the physical location/address of the property in respect of which such fee was paid, the amount of money spent from the account, the amount of interest earned on the funds within the tariff account, and a list of all facilities that have been installed with the tariff funds during the 12 month period.

ARIZONA W. . ER COMPANY Test Year Ended December 31, 2010 Computation of Increase in Gross Revenue Requirement

Description	[A]	vvestern Group [B]		[0]
	-	Settlement	=	
Adjusted Rate Base	\$ 53,234,209			
Adjusted Operating Income	\$ 2,549,460			
Current Rate of Return (Ln. 6 + Ln. 4)	4.79%			
Required Operating Income (Ln. 4 X Ln. 12)	\$ 4,494,718			
Required Rate of Return	8.44%			
Operating Income Deficiency (Ln. 10 - Ln. 6)	\$ 1,945,258			
Gross Revenue Conversion Factor	1.6576			
Required Increase in Gross Revenue (Ln. 14 X Ln. 16)	\$ 3,224,403			
Add: Consolidated Revenue Adjustment <sup>1</sup>	· •			
Proposed Increase in Gross Revenues	\$ 3,224,403			
	Revenue - Present	Revenue - Settlement	Dollar	Percent
Customer Classification	Rates	Rates	increase	ncrease
Residential Commercial	\$ 12,151,216 4,419,455	\$ 13,916,986 5,699,855	\$ 1,765,770 1,280,400	14.53% 28.97%
Industrial Private Fire Service	937,053	1,061,432	124,380 9,448	13.27% 9.24%
Other Water Revenues	268,754	313,117	44,363	16.51%
Total Water Revenues	\$ 17,878,729	\$ 21,103,091	\$ 3,224,361	18.03%
Miscellaneous Revenues	759,466	759,466		
Total Operating Revenues	\$ 18,638,195	\$ 21,862,556	\$ 3,224,361	17.30%
<sup>†</sup> Consolidated Revenue Adjustment represents the increase/(decrease) in revenue requirement resulting from proposed rate consolidation.				,
fesuling non proposed rate consolidation.				

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

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ARIZONA Wica ER COMPANY Test Year Ended December 31, 2010 Computation of Increase in Gross Revenue Requirement

Exhibit Schedule A-1 Settlement Page 2 of 3 Witness: Reiker

Pinel Valley (Case Grande, Coolidge, Stanfeld)   Pinel Valley (Case Revenue Conversion Fador (Ln. 4 x Ln. 12)   \$ 3,937,827	White Tank [G] [H]	Tiement S	200 000 1	\$ 5,009,627 \$ 170,224		\$ 473,603	8.44%	\$ 303,379	1.6526		\$ 501,373	\$ 501,373	Revenue - Present         Revenue - Present         Percent           Present         Settlement         Dollar         Percent           \$ 1,316,859         \$ 1,673,608         \$ 356,749         27.09%           \$ 1,316,859         \$ 1,673,608         \$ 356,749         27.09%           \$ 1,361         \$ 25,730         17         2.27%           \$ 1,361         \$ 1,500         139         10.18%           \$ 1,562,926         \$ 2,064,382         \$ 501,455         32.08%           \$ 1,584,389         \$ 2,085,845         \$ 501,455         31.65%
Adjusted Rate Base Adjusted Operating Income Current Rate of Return (Ln. 6 + Ln. 4) Required Operating Income (Ln. 4 X Required Operating Income (Ln. 4 X Required Rate of Return Operating Income Deficiency (Ln. 10 Gross Revenue Conversion Factor Required Increase in Gross Revenu (Ln. 14 X Ln. 16) Add: Consolidated Revenue Adjust Proposed Increase in Gross Reven Proposed Increase in Gross Revenue Commercial Industrial Fire Service Ommercial Industrial Residential Commercial Industrial Residential Commercial Industrial Residential Commercial Industrial Residential Residential Commercial Industrial Residential Residential Commercial Industrial Residential Residential Residential Commercial Industrial Residential Residential Residential Residential Residential Residential Residential Residential	Pinal Valley (Casa Grande, Coolidge, Stanfield)	<u>.</u>	Settlement			4.92%		8.44%		1,6585			Revenue - Dollar Pe Settlement Increase
D 66 22222222222222222222222222222222222			Jescripilori	Adjusted Rate Base	Adjusted Operating Income	Current Rate of Return (Ln. 6 + Ln. 4)	Required Operating Income (Ln. 4 X Ln. 12)	Required Rate of Return	ency (Ln. 10	Gross Revenue Conversion Factor	Required Increase in Gross Revenue (Ln. 14 X Ln. 16)		ठ

<sup>1</sup>Consolidated Revenue Adjustment represents the increase/(decrease) in revenue requirement resulting from proposed rate consolidation.

DECISION NO.

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

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ARIZONA Was ER COMPANY
Test Year Ended December 31, 2010
Computation of increase in Gross Revenue Requirement

		₹	[8]	[5]	[0]
		·	**************************************		
			Semenie		
Adjusted Rate Base	69	986,437			
Adjusted Operating Income	49	84,691			
Current Rate of Retum (Ln. 6 + Ln. 4)		8.59%			
Required Operating Income (Ln. 4 X Ln. 12)	69	83,288			
Required Rate of Return		8.44%			
Operating Income Deficiency (Ln. 10 - Ln. 6)	₩	(1,404)			
Gross Revenue Conversion Factor		1.6573			
Required Increase in Gross Revenue (Ln. 14 X Ln. 16)	€9	(2,326)			
Add: Consolidated Revenue Adjustment <sup>1</sup>	₩	1			
Proposed Increase in Gross Revenues	φ .	(2,326)			
	о <u>с</u> п	Revenue - Present	Revenue - Settlement	Dollar	Percent
Customer Classification	_,	Rates	Rates	Increase	Increase
Residential	69	379,953	\$ 364,445	(15,509)	
Commercial Industrial		122,434	135,739	13,305	10.87%
Private Fire Service Other Water Revenues		653 2,671	675 2,642	22 (29)	•
Total Water Revenues	69	505,711	\$ 503,500	\$ (2,211)	
Miscellaneous Revenues		3,768	3,768		
Total Operating Deviances	6	500 480	e 607 250	6 00	
Operating Neverties	»	04	j		%5.h- -1.45.%
Consolidated Revenue Adjustment represents the increase/(decrease) in revenue requirement resulting from proposed rate consolidation.					

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

DECISION NO.

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

DECISION NO.

ARIZONA Wixa ER COMPANY Test Year Ended December 31, 2010 Summary Original Cost Rate Base
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		Pinal Valley	(Cass	Pinal Valley (Casa Grande, Coolidge, Stanfield)	nfield)			White Tank		٠.
		E.	ļ	[8]	[0]		[4]	[8]	<u>ত</u>	
	0 0	O.C. Rate Base - Company - As Filed		Settlement <u>Adjustments</u>	O.C. Rate Base Settlement	Comp	O.C. Rate Base - Company - As Filed	Settlement Adjustments	O.C. Rate Base Settlement	Base ent
Gross Plant in Service	4	145,686,165	€9	(201,996) \$	145,484,169	€9-	18,693,007 \$	5,876	. 18	18,698,883
Less: Accumulated Depreciation		29.456.880		290.128	29.747.008		2,856,989	44,245	· ·	2,901,234
Net Plant in Service	4	1	69	(492,124) \$	115,737,160	ω	15,836,018 \$	(98,369)	<del>&amp;</del>	,797,649
Less: Advances in Aid of Construction		45,465,736			45,465,736		7,891,919	•		7,891,919
Contributions in Aid of Construction: Gross		19,589,664			19,589,664		1,831,118	•	•	1,831,118
Accumulated Amortization Net Contributions in Aid of Construction	60	(3,428,365)	49		(3,428,365)	69	1,580,502 \$		65	1,580,502
Deferred Income Tax Customer Deposits		8,683,491 327,277		, 1	8,683,491 327,277		771,189 22,494	, ,		771,189 22,494
Add: Voorking Capital Net Regulatory Asset / (Liability)		1,333,549 473,000		(267,355)	1,066,194 473,000		112,351	(34,674)		77,677
Total Rate Base	69	47,398,030	65	(759,479)	46,638,551	69	5,682,264 \$	(73,043)	99	5,609,221

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

		Ā	Ajo [B]		[2]
	O.C. I	O.C. Rate Base - Company - As Filed	Settlement Adjustments		O.C. Rate Base Settlement
Gross Plant in Service	€	2,314,881 \$		30 \$	2,314,911
Less: Accumulated Depreciation		l		- 1	966,683
Net Plant in Service	<b>9</b> 7	1,348,293 \$		(CO)	077'046'1
Less: Advances in Aid of Construction		106,162		,	106,162
Contributions in Aid of Construction: Gross		88,150		1	88,150
Accumulated Amortization		(20,177)			(20,177)
Net Contributions in Aid of Construction	æ	67,973 \$		69	67,973
Deferred Income Tax		190,261			190,261
Customer Deposits		7,929		1	7,929
Add: Working Capital Net Regulatory Asset / (Llability)		16,531	9)	(5,998)	10,533
Total Rate Base	မာ	\$ 992,500 \$	-	\$ (6,063)	986,437

DECISION NO.

ARIZONA Wizzard COMPANY
Test Year Ended December 31, 2010
Original Cost Rate Base Pro Forma Adjustments

Recap Schedules: B-1 Settlement

Adjusted   Scaliformerit Scaliformerity S	Test		[A]	[8]	[0]	[0]	[E]	[F]	[6]	Ξ	Ξ	Ξ	조	[1]
Table   Tabl	Testing   Test		Actual	Total	Adjusted			Settlement	t Rate Base Ad	ustments		Settlement	Sattlement	Adjusted Test Year -
Transferrence of Sappage Permit Reviews 1, 1922,288 3, 2477 8, 1953,048 3, 28, 28, 28, 28, 28, 28, 28, 28, 28, 28	The control of the co		End of Test Year	Pro Forma Adjustments	As Filed	BLANK	Settlement Adj. RB-1	Adj. RB-2	Adj. RB-3	Adj. RB-4	BLANK	Adj. RB-5	Adjustments	Settlement
Control   Cont	The decidence of the control of the	ant Classification	4 670	9 720			· ·			69	,	, so	, 6	
### 102541   154624	Figure 1 (1985) 1 (19	Intangible Plant	8 633 560	30		, 1	· ,		,	,		r	•	8,633,691
The decident of the first of th	Training Days and Construction at Construction	Pumping Plant	10,822,941	154,865	10,977,806	1	•	9,532	•		•	•	9,532	10,987,338
Train diverse to the barriers at the barriers	Trais dones part in Service (1952)77 1 1,123,54 1 17,145/17 1 1,123,54 1 17,145/17 1 1,124,54 1 17,145/17 1 1,124,54 1 17,145/17 1 1,145/59 1 1	Water Treatment Plant	10,814,267	971	10,815,047		(63)		•	, ,	Ì	•	(60)	10,614,964
Trais Florid Trais Charles Service	The final force place in Service and Service short in Ser	Transmission & Distribution Plant	126,807,423	1,138,354	127,945,777	•	•	50,506		(258,409)		2 343		6.768.031
May Depreciation         22,64,331         64,01,76         35,3,04,18         35,3,04,18         35,3,4,69         35,4,68         35,	Machine Depreciation         22.24(17)         1913         32.24(49)         3.24(49) <td>General Plant Total Gross Plant in Service</td> <td>4,083,217 \$ 162,714,076</td> <td>3,979,977</td> <td></td> <td></td> <td></td> <td></td> <td>· ·</td> <td> </td> <td>\$</td> <td>\$ 2,343</td> <td>69</td> <td></td>	General Plant Total Gross Plant in Service	4,083,217 \$ 162,714,076	3,979,977					· ·		\$	\$ 2,343	69	
And Plant in Service (1997)	State   Stat													
Net Plant in Service         \$ 130,072,744 \$ 3,339,851 \$ 133,413,595 \$ . \$ (233,310) \$ 50,025 \$ . \$ (238,403)	National Institution         153,463,817         \$ 3,354,15,856         \$ 1,505,872         \$ 1,505,87	Accumulated Depreciation	32,640,331	640.126	33,280,458	•	333,247	1,013	-	١				33,614,926
Accomplishers in Aid of Construction:  21,506,922  21,506,922  Accommission in Aid of Construction:  (3,596,124)  (3,596,124)  (3,596,124)  (3,596,124)  (3,596,124)  (3,596,124)  (3,596,124)  (3,596,124)  (3,596,124)  (3,596,124)  (3,596,127)  (3,596,1	State   Constitution   State	Net Plant in Service	\$ 130,073,744	3,339,851	\$ 133,413,595 \$		(333,310)		· 69		, 6		<b>/</b>	cn'coo'zcı *
Authorition in Aid of Construction 21, 550, 527 2, 150, 927 2, 150	Another in Audio Constitutions 1 Audio Const	ess:	770 637 63		E2 463 947	,		1		,	•	•		53,463,81
Accumulation at the construction at Constructi	Construction at Constru	Advances in Aid of Construction Contributions in Aid of Construction:	53,463,617		33,463,61	•								21 508 93
Accumidation of Construction   \$ (5.095 13-9)   \$ (1.009911345   \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	# Continuing Annormation	Gross	21,508,932	•	21,508,932	•	•			, ,			1 1	(3,699,15
Institute Deposits 357,699 9644,941 9644,941 - 357,699 9644,941 - 357,699 9644,941 9644,941 - 357,699 9644,941 - 357,699 9644,941 964,941 - 357,699 9644,941 - 357,699 9644,941 - 357,699 9644,941 - 357,699 964,9	### Base ### 9.644.941 9.649.941 9.6	Accumulated Amortization  Net Contributions in Aid of Construction	69	. -	ı		65			69	٠ •	ea	, so	
367 699 357 699 357 699 357 699 357 699 357 699 6927)  **Tragulatory Asset / (Liability)	357,699 357,699 357,699 357,699 (308,027) (308	Deferred Income Tax	ı	9.644.941	9.644.941	,		1	•	•	•		r	9,644,94
orking Capital  1,462,431  473,000  473,000  473,000  8 59,004,886 \$ (5,632,000) \$ 54,072,786 \$ . \$ (333,310) \$ (358,409) \$ . \$ 2,135 \$ (838,589) \$ .  Rate Base	S 59 904,885 \$ (5.832.090) \$ 54,072,795 \$ . \$ (333.310) \$ 59.025 \$ (308.027) \$ (288.409) \$ . \$ 2,135 \$ (838.585) \$ .	Customer Deposits	357,699	•	357,699	•	•	•	ř		1	•	•	8,
\$ 59.904,885 \$ (5.832,090) \$ 54,072,785 \$ . \$ (333,310) \$ 59,025 \$ (308,027) \$ (258,409) \$ . \$ 2,135 \$ (638,585) \$ .	\$ 59.904,885 \$ (5832,090) \$ 54,072,795 \$ (333,310) \$ 59,025 \$ (308,027) \$ (258,409) \$ . \$ 2,135 \$ (838,585) \$ \$	kdd; Working Canital	1 462 431	,	1 462 431			ı	(308,027)	٠	•	•	(308,027)	1,154,40
\$ 59.904,865 \$ (5,832,090) \$ 54,072,795 \$ . \$ (333,310) \$ 59,025 \$ (306,027) \$ (256,409) \$ . \$ 2,135 \$ (836,555) \$	\$ 59,904,885 \$ (5,832,090) \$ 54,072,795 \$ . \$ (333,310) \$ 59,025 \$ (308,027) \$ (258,409) \$ . \$ 2,135 \$ (638,585) \$	Net Regulatory Asset / (Liability)		473,000	473,000	٠	٠	•	•	•	•	•	•	473,00
		ital Rate Base		(5,832,090)	54,072					6	5	\$ 2,135	es.	
							-							
													-	
			-											

ARIZONA Ware COMPANY Test Year Ended December 31, 2010 Original Cost Rate Base Pro Forma Adjustments

Actual Formation			Ē	3		Pinal Valk	Pinal Valley (Casa Grande, Coolidge, Stanfield)	, Coolidge, Star	nfield)	Ε	5	[X]	2
Figure   Figure   Forms   Test Year   Settlement   Sett		[A] Actual	Total	[C] Adjusted	<u>:</u>	<u>.</u>	Settlement	Rate Base Adj	ustments	:	:	Total	Adjusted
y Plant         \$ 1,533,974 \$ 3,131 \$ 1,537,106         \$ 2         \$ 5,232         \$ 5,532         \$ 5,100           Plant         7,110,689         27         7,107,106         27         7,110,106         2,107         2,110         2,110           Distribution Plant         9,10,376         10,200         2,100         2,100         2,110         2,110         2,110         2,110         2,110         2,110         2,110         2,110         2,110         3,110 <t< th=""><th></th><th>End of Test Year</th><th>Pro Forma Adjustments</th><th>Test Year - As Filed</th><th>BLANK</th><th>Settlement Adj. RB-1</th><th>Settlement Adj. RB-2</th><th>Settlement Adj. RB-3</th><th>Settlement Adi. RB-4</th><th>BLANK</th><th>Settlement Adj. RB-5</th><th>Settlement Adjustments</th><th>Test Year - Settlement</th></t<>		End of Test Year	Pro Forma Adjustments	Test Year - As Filed	BLANK	Settlement Adj. RB-1	Settlement Adj. RB-2	Settlement Adj. RB-3	Settlement Adi. RB-4	BLANK	Settlement Adj. RB-5	Settlement Adjustments	Test Year - Settlement
Part Plant Britishulion Plant 19,119,739 120,007 1702 9,120,007 1702 9,120,007 1702 9,120,007 1702 9,120,007 1702 9,120,007 1702 9,120,007 1702 9,120,007 1703 173,1843 26 1,125,007 1703 173,1843 26 1,125,007 1704 1704 1704 1704 1704 1704 1704 1	Plant Classification Intangible Plant Source of Supply Plant		\$ 3,131	7,11		, , , ,	es 1		, , , , , , , , , , , , , , , , , , ,		: I (	\$ .	\$ 1,537,106 7,110,716 9,275,193
3731,834   2,415,071   6,146,905   5   5,4303   5   5,4303   5   5,409  5   5   5,110   5   5   5   5   5   5   5   5   5	Pumping Plant Water Treatment Plant Transmission & Distribution Plant	9,110,796 9,119,376 111,483,305	134,863 702 1,022,395	9,263,661 9,120,077 112,505,699		, ,	44,771		(258,409)		6	(213,638)	9,120,077 112,292,061 6,149,015
cumulated Depreciation         28,890,112         576,768         29,456,880         288,979         961         187           Net Plant in Service         \$ 113,209,862         \$ 3,019,422         \$ 116,229,285         \$ 53,341         \$ 5,341         \$ 5,341         \$ 1,923 <td>General Plant Total Gross Plant in Service</td> <td>3,731,834</td> <td>3,596,191</td> <td>1</td> <td>,</td> <td>· ·</td> <td>1</td> <td>1 99</td> <td>(</td> <td>·</td> <td>\$ 2,110</td> <td>\$ (20</td> <td><b>69</b></td>	General Plant Total Gross Plant in Service	3,731,834	3,596,191	1	,	· ·	1	1 99	(	·	\$ 2,110	\$ (20	<b>69</b>
Net Plant in Service \$ 113,209,862 \$ 3,019,422 \$ 116,229,285 \$ -	Less: Accumulated Depreciation	28,880,112	576,768	- 1		288,979	ļ	e e	- (258 409)			290,128 29,747,008 \$ (492,124) \$ 115,737,160	29,747,008
Jurances in Aid of Construction       45,465,736       - 45,465,736       - 45,465,736         Ontributions in Aid of Construction: Accumulated Amortization at Construction in Aid of Construc	Net Plant in Service Less:	\$ 113,209,862	\$ 3,019,422		) <del>(A</del>	(616,002)		•					45,465,736
Accumulated Amortization (3,429,365) (3,428,365) (4,61,299 \$ - \$ 16,161,299 \$ 16,161,299 \$ - \$ 16,161,299 \$ - \$ 16,161,299 \$ 16,161,2	Advances in Aid of Construction Contributions in Aid of Construction:	45,465,736		45,465,736								•	19,589,664
eferred Income Tax 327,277 327,277 ustomer Deposits  1,333,549 1,3	Gross Accumulated Amortization Net Contributions in Aid of Construction	49		(3,428,365)	69	· •	- -	<del>69</del>		٠ چ	69	· · · · · · · · · · · · · · · · · · ·	\$ 16,161,299
orking Capital 1,333,549 - 1,333,549 (267,355) et Regulatory Asset / (Liability) - 473,000 473,000 Pale Race 8 (288,979) \$ 53,341 \$ (267,355) \$ (258,409) \$ - \$ 1,923 \$	Deferred Income Tax Customer Deposits		8,683,491	8,683,491 327,277							.•	1 1	8,683,491 327,277
\$ 52.589,100 \$ (5.191,069) \$ 47,398,030 \$ - \$ (288,979) \$ 53,341 \$ (287,355) \$ (258,409) \$ - \$ 1,923 \$	Add: Working Capital Net Regulatory Asset / (Liability)	1,333,549		1,333,549 473,000				(267,355)				(267,355)	
	Total Rate Base	\$ 52,589,100	1	47,398,030	69	\$ (288,979)			69	\$		1 1L	\$ 46,638,551

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Recap Schedules: B-1 Settlement

Supporting

UZONA WATER COMPANY	est Year Ended December 31, 2010	Original Cost Rate Base Pro Forma Adjustments
ARIZONA	Test Year En	Original Cost

Part								White Tank						
Figure   F		[A] Actu	<u></u>	[B] Total	[C] Adjusted	[0]	<u> </u>	[F] Settleme	[G] int Rate Base Ad	[H] ijustments	E	Ξ	Total	[L] Adjusted
1,10,100   1,10,100		End Test Y		Pro Forma Adjustments	Test Year - As Filed	BLANK	Settlement Adj. RB-1	Settlement Adi. RB-2	Settlement Adj. RB-3	Settlement Adj. RB-4	BLANK	Settlement Adj. RB-5	Settlement Adjustments	Test Year - Settlement
1511500   1511	Plant Classification			9				6					•	\$ 14.360
1,522,514   1,522,514   1,522,514   1,522,514   1,522,514   1,522,514   1,522,514   1,522,514   1,522,514   1,522,514   1,522,512   1,52	Intangible Plant Source of Supply Plant	4		2/8	14,360	, , ,	, , A	, , <del>,</del>				,	,	1,511,950
150,000   150,	Pumping Plant	. 40	22,914		1,622,914	•	,	1				•		1,622,914
1,3,4,4,6   1,15,21   1,4,0,3,9   1,5,1,1   1,4,0,3,9   1,5,1,1   1,4,0,3,9   1,5,1,1   1,4,0,3,9   1,5,1,1   1,4,0,3,9   1,5,1,1   1,4,0,3,9   1,5,1,1   1,4,0,3,9   1,5,1,1   1,4,0,3,9   1,5,1,1   1,4,0,3,9   1,5,1,1   1,4,0,3,9   1,5,1,1   1,4,0,3,9   1,5,1,1   1,4,0,3,9   1,5,1,1   1,4,0,3,9   1,5,1,1   1,4,0,3,9   1,5,1,1   1,4,0,3,9   1,5,1,1   1,4,	Water Treatment Plant	1,6	90,602	62	1,690,664	•	(47					ı	(47)	1,690,617
Total Concess Parket Services  2 806.5246 5 20.71 1 5 10.855, 200 5 1 17 18 18 18 18 18 18 18 18 18 18 18 18 18	Transmission & Distribution Plant	13,3	04,456	115,913	13,420,369	•	•	5,735				187	5,735	13,426,104
Activities   Continue   Continu	General Plant Total Gross Plant in Service	8	1	330,741	432,750 18,693,007			69	1					ŧ
Modification         \$ 1,005         2,005,004         \$ 1,005         2,005,004         \$ 1,005	·ss											7	342.44	2 901 234
Tables in Add Construction Tables in Tables in Add Construction Tables in Tables in Tables Tables in Tables in Tables Tables in Tables Tables in Add Construction Tables in Tables Tables in Tables Tables in Tables Tables in Add Construction Tables in Tables Tables Tables in Tables T	Accumulated Depreciation Net Plant in Service	1	- 1	51,025 279,716	2,856,989		1		- 1		65			1
Accompliance in the discontrolled of Construction         7891,919         7891,9							•							
1,831,118	Advances in Aid of Construction	7,8	91,919	•	7,891,919								•	7,891,919
Gross	Contributions in Aid of Construction:	•	0,7		1 0024								•	1,831,118
eferred from Tax 22,494 777,189 1,580,502 \$ . \$ 7,507,189	Gross Accumulated Amortization	2. C)			(250							6		Į
## (34,674)	Net Contributions in Aid of Construction	မာ		•	1,580	•	69	· &>		· •	1 #	•		
Noting Capital 112.351 112.351 (34.674) (71.577 17.5777 17.577 17.577 17.577 17.577 17.577 17.577 17.577 17.577 17.5777 17.577 17.577 17.577 17.577 17.577 17.577 17.577 17.577 17.5777 17.577	Deferred Income Tax		22,494	771,189	771,189							t		771,189 22,494
# (12,351					•									
77 Asset (Libbilly)  \$ 6.173,739 \$ (491,473) \$ 5.682,284 \$ (34,224) \$ 5.684 \$ (34,674) \$ - \$ - \$ 171 \$ (73,043) \$ 5.609,221	d: Working Capital	~	12,351	•	112,351				(34,674				(34,674)	
\$ 6.173.738 \$ (491.473) \$ 5.682.264 \$ . \$ (44.224) \$ 5.684 \$ (34.674) \$ - \$ - \$ 171 \$ (73.043) \$ 5.609.221	Net Regulatory Asset / (Liability)		•	•	•								'	•
DOCKET NO. W-01445A-10-0517	tal Rate Base		1 18	(491,473)	5,682	· •		60	69	1 11	•	\$ 171		
KEI NO. W-01445A-10-0317														DOC
ET NO. W-01445A-10-0517														JK.
NO. W-01445A-10-0317														E I
J. W-01445A-10-0317														INC
W-01445A-10-031/														J.
-01443A-10-0317														vv -
443A-10-0317														-01
3A-10-0317														<del>44</del> .
-10-0317	ž													3A
-031 /														-10
1 /														-05
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ARIZONA WATER COMPANY Test Year Ended December 31, 2010 Original Cost Rate Base Pro Forma Adjustments

OCKET NO.	337 A1 AAE	A 10 0517	,
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	77 01112	1 10 0017	

DOCKETT NO. 01444459							Ajo						
Fight   Figh		[A] Actual	[B] Total	[C] Adiusted	<u> </u>	<u>u</u>	[F] Settlement	[G] Rate Base Adji	[H]	€	<b>Ξ</b>	Total	[L] Adjusted
The control of the		End of Test Year	Pro Forma Adjustments	Test Year - As Filed	BLANK	Settlement Adj. RB-1	Settlement Adj. RB-2	Settlement Adj. RB-3	Settlement Adj. RB-4	BLANK	Settlement Adj. RB-5	Settlement Adjustments	Test Year - Settlement
19   19   19   19   19   19   19   19	lant Classification		ď	4 580	1						,		
March   Marc	Intelligible Flath	Ī	·	11.024	•	J	•					1	11,024
and the first of t	Pumping Plant	89,231	•	89,231	•	•	,				•	•	89,231
8 Controlled Plant   2.00 6.83   45 2.00 17.03   10.00 17.	Water Treatment Plant	4,290		4,305	,	(16)	,				1	(16)	4,289
Fluid in Survices 5 2251538 5 55,046 5 2216,051 5 1,0517	Transmission & Distribution Plant	2,019,663		2,019,708	•	•	ı				, ;	, \$	2,019,708
Figure 1 Service \$ 2.214.881 \$ 5.514.85 \$ 5.	General Plant	133,117	52,916	186,032	-		1				46		
Detectable 16 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Total Gross Plant in Service	2	\$ 53,046	2,314,881	,	(16)		·			40		
In Service information in Service in the Service in the Service in the Service information in Service in the Service in S	888.			!		3					4	ជ	966 683
Ad of Construction 106, 162 - 100	Accumulated Depreciation Net Plant in Service	Ì	12,333	1,348,293		(107)	,	8			42		ı
As of Construction         68 (50)         105 (82) <td></td>													
Fig. 15   Fig.	ess: Advances in Aid of Construction	106,162	•	106,162								,	106,162
to the Americanicon (20.177) (	Contributions in Aid of Construction:											,	88.150
For the following the followin	Gross	88,150	-	88,150								-	
190,261   190,	Accumulated Amortization Net Contributions in Aid of Construction		9	67,973					69		,	•	
Typesis 7,929 7,929 (1,931 (6,930) (5,	You Tamoud Love	,	190.261	190.261								•	190,261
16,531	Customer Deposits	7,929		7,929								•	376'/
s 1,142,048 \$ (149,548) \$ 992,500 \$ - \$ (107) \$ - \$ (5,998) \$ - \$ 42 \$ (6,63) \$ 996,457	dd: Morking Canital	18 531	,	16.531				(5,998)				(5,998)	10,533
\$ 1,142,048 \$ (149,548) \$ 992,500 \$ - \$ (107) \$ - \$ (5,998) \$ - \$ 0.550 \$ 980,457	Net Regulatory Asset / (Liability)	•		•								•	•
	otal Rate Base	1 1	\$ (149,548)	992,500	ı	(107)			, 65		42		
									·				

Recap Schedules: B-1 Settlement

DECISION NO.

Recap Schedules: B-1 Settlement

ARIZONA WALER COMPANY Test Year Ended December 31, 2010 Original Cost Rate Base Pro Forma Adjustments

ARIZONA WAJER COMPANY Test Year Ended December 31, 2010 Original Cost Rate Base Pro Forma Adjustments

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Recap Schedules: B-1 Settlement

Scallement   Sca	Plant   Section   Plant   Pl		<u>\</u>	[8]	[5]	[0]	<u>[E]</u>	(F)	[5]	Ξ·	Ξ	2	Σļ	[-]
Teach Name   Section   Part	Plant   S		Actual	Total	Adjusted		Cottlement	Settleme	Int Rate Base Ad	ustments Settlement		Settlement	Settlement	Adjusted Test Year -
Pent	Pearl   Second   Se		End of Test Year	Pro Forma Adjustments	As Filed	BLANK	Adj. RB-1	Adj. RB-2	Adj. RB-3	Adj. RB-4	BLANK	Adj. RB-5	Adjustments	Settlement
The part   First   F	The property   The	Plant Classification						69					, &	
Triangle Part	Figure Description And of Construction  Figure Description And of Construction  Figure Description  Figure	Intangible Plant		(80)									•	•
origination of the part of the	americal between back of Deckeldor Plant and Service (146,809)	Primoing Plant	١,		•	,	•	•					1	1
Control Cont	1   1   1   1   1   1   1   1   1   1	Water Treatment Plant	2,050	(2,050)		•		•					•	,
Trail Plant is Service   \$15,000   \$	Total Care Plant in Service To	Transmission & Distribution Plant	990'9		<b>F</b> *	ı	ı	•					. •	
Not Place in Act of Construction         5 - 5 - 5 - 5 - 5 - 5 - 5 - 5 - 5 - 5 -	Nat Plant in Service     \$ 50.04       Nat Plant in Service     \$ 50.05       Nat Plant in Service     \$ 50.00       Nat Plant in Service     \$ 50.00       National Advancement     \$ 50.00       Construction     \$ 50.00       Accommended Amortization     \$ 50.00       Accommend Amortization	General Plant Total Gross Plant in Service		(155,005)		6			· &			6	<del>69</del>	<del>су</del>
As Plant in Service  As Elevance  As Elevanc	And Deposition													•
Not Plant in Sankos  S 98 801 S (98 801) S 3 5 5 6 6 7 6 7 6 8 8 9 1 5 7 6 7 6 7 6 9 9 9 9 9 9 9 9 9 9 9 9 9 9	Not Plant in Service S 99 601 \$ (98 901) \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$	Accumulated Depreciation		(56,404)	1		6	e		er.	69	6	9	•
in Aid of Construction  Thin blacks in Aid of Construction	werces in Aid of Construction mithodina in Aid of Construction Accompleted Amortization Accompleted Amortization Accompleted Amortization Accompleted Amortization Accompleted Amortization Accompleted Amortization I regulation Asset I (Liability) Rate Base Rate Base	Net Plant in Service		(98,601)	1	·	·	•	÷	•	•	•		
Influence And Construction  The Base is Add Construction  Gross Accordance Accordance in Accordance	refreheriors in Aid of Construction  refreheriors in Aid of Construction  Accumulated Americation  f. Contributions in Aid of Construction  f. Exequation (J. stablity)  f. Regulatory Asset (J. Labbity)  Rate Base  F. S.	: : :												
Figure Capital State (Liability)  State Capital State (Liability)	Gross Accumulated Amortization  Gross Accumulated Amortization  \$ 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	Advances in Aid of Construction		ì	•									
Activation of the Commission of the Constitution of the Constituti	Accompleted Anortization  **Controllation  **Controllatio	Contributions in Aid of Construction:	•	1	•								•	•
At Contributions in Aid of Construction \$ . \$ . \$ . \$ . \$ . \$ . \$ . \$ . \$ . \$	# Contributions in Aid of Construction \$ . \$ . \$ . \$ . \$ . \$ . \$ . \$ . \$ . \$	Gross Accumulated Amortization		•	•									· ·
Later Base S 98 601 \$ (48 601) \$ . \$ . \$ . \$ . \$ . \$ . \$ . \$ . \$ . \$	Internet Deposits  Interpolation of Asset ( (Lability)  Interpolation of Asset ( (Lab	Net Contributions in Aid of Construction	es	•		, <del>60</del>	' <del>'</del>		·	·	· <del>?</del>	<b>&gt;</b>	•	
Table Base \$ 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	Asing Capposis  at Regulatory Asset ( (Liability)  Rate Base  \$ 98,601 \$ (98,601) \$ . \$ . \$ . \$ . \$ . \$ . \$ . \$ . \$ . \$	Oxformed Income Tax			•								1 1	• •
oring Capital  It Regulation Asset (Lability)  S 96:601 \$ (98:601) \$ 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	Oktory Capital  It Regulatory Asset / (Lability)  S 99,601 S 198,601) S 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	Customer Deposits	•	1	•								,	
ording Capital  1 (Regulator Asset (Liability)  2 (Regulator Asset (Liability)  3 (Regulator Asset (Liability)  3 (Regulator Asset (Liability)  4 (Regulator Asset (Liability)  4 (Regulator Asset (Liability)  5 (Regulator Asset (Liability)  5 (Regulator Asset (Liability)  6 (Regulator Asset (Liability)  7 (Regulator Asset (Liability)  8 (Regulator Asset (Liability)  8 (Regulator Asset (Liability)  8 (Regulator Asset (Liability)  9 (Regulator A	orking Capital  ## Rate Base  ### Rate Base  #### Sase	77												
7 Asset (Liability)	\$ 98,601 \$ (98,601) \$ - \$ - \$ - \$ - \$ - \$ - \$	Morking Capital	•	,										•
\$ . \$ . \$ . \$ . \$ . \$ . \$ . \$ . \$ . \$ .	\$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ -	Net Regulatory Asset / (Liability)	•	•	•								•	•
		rotal Rate Base		\$ (98,601)		69	٠ <del>9</del>	<del>.</del>	\$	\$	9	69	\$	S
								•						

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ARIZONA WATER COMPANY
Test Year Ended December 31, 2010
Settlement Rate Base Adjustment RB-1 (Continued)
Accept RUCO Rate Base Adjustment No. 1

White Tank

Schedule B-2 Settlement Appendix Page 2 of 17 Witness: Reiker

Exhibit

<u>e</u>	Adjstmt to Depreciation <u>Expense</u>	•	: ·			•	ı	•	•		· \$			•	,	S		,			£					•	•		•	,	. 1	1	,	•		i		·	<del>6</del>		(1)	\$ 44,177	(44 224)						
[A]	Increase / (Decrease)		ı <del>\$</del>	ı			•	•	•		9		1	•	<b>i</b> 1		•	,	1	(47)	\$ (47)		•	•	•	• •	•	•	-		ı	• '		•	1	ı	•	•		•	\$ (47)								
																			-																														
	Depreciation Rate		0.00%	n/a	n/a		1000	0.00%	6,00.0	3 13%	0.10		0.00%	2.86%	5.88%	4.00%		76000	2.50%	2.36%			%00'0	2.00%	1.79%	2.00%	2.38%	1.55%			0.00%	2.50%	n/a	5.00%	4.00%	2.00%	9.67%	6.67%	3.33%										
		Dlant	Organization	Franchises	Other Intangibles	Subtotal Intangible Plant	Source of Supply Plant	310.1 Water Rights	310.3 Other Source of Supply Land		Жe	Subtotal Source of Sup. Plant	Pumping Plant	Pumping Plant Struct. & Improv.			Subtotal Pumping Plant	Water Treatment Plant			Water Treatment Equipment	Subtotal Water Trush. Frank	Trans and Dist Land	- 0		۳.			Hydrants Cultistal Trans & Diet	General Plant	General Plant Land		_	٠.	Warehouse Equipment				Mis	Subtotal General Plant	Total Utility Plant	acitaisasaa Datahimina	Accumulated Depression	Net Plant					
	<b>a</b> :		30.	302	303	,	ŭ	310.1	310.3	310.4	314	•	č								332		246						348		386		390.		393				2 398	8	44 45	46	47	49	50	52	53	54	n
	Line		- 0	4 6	•	r 40	9	7	80	6	10	7	12	2 7	7 5	9	17	18	19	20	7	22	5, 5	24	2 2	27	28	59	8	32	3 %	34	35	98		, c			<i>2</i> 7	•	VI ()	•	47	4	υ 2	, ru	2	us u	מ

DECISION NO.

Supporting Schedules:

ARIZONA WATER COMPANY
Test Year Ended December 31, 2010
Settlement Rate Base Adjustment RB-1 (Continued)
Accept RUCO Rate Base Adjustment No. 1

Schedule B-2 Settlement Appendix Page 3 of 17 Witness: Reiker

## Ajo    Increase / (Decrease)	& (16)
Intangible Plant   Depreciation	nent quip. sent nnt nt n

NY	, 2010	ant RB-2	o Reflect Actual Costs
ARIZONA WATER COMPANY	Test Year Ended December 31, 2010	Settlement Rate Base Adjustment RB-2	True-up Post-Test Year Plant to Reflect Actual Costs

	[Q]	Adjstmt' to	Depreciation Expense		•	; •	· ·	· •	•	•	•	,	€		,	,	. 3		•	,	1	•	6		•	•	. 63	•	œ	,	6	4	,	•	•	•	•	•	•	•	•		• <del>•</del>	\$ 74	\$ 37		955 C
Pinal Valley		1-4768	Increase /	(Decrease)	۱ <del>ده</del>	•	-	₩	•	•		•	-		•	•	•		· •••		•				•	•	120 248 3.494		13,882 353			847 \$ 4,033			•	•	1		•	•		,	·	,847 \$ 4,033			
	[A] [B] Work Authorization	1-4768 1-4768		Filed				<b>6</b>					65	•					69				8	<del>9</del>			116 754 120		13.529 13.			137,814 \$ 141,847											<del>69</del>	137,814 \$ 141			
			tion	Rate	0.00%	n/a	n/a	€₽		%00.0	0.00%	n/a	5.15% 8.00	•	%000	2.86%	5.88%	4.00%	49		%00.0	2.50%	2.86%	A	,000 0	0.00%	2.00%	2000	2.38%	4.55%	1.82%	€>		%00.0	6,0C.2	%19 9	2.00%	4.00%	2.00%	%29	8.67%	3.33%	<b>67</b>	69	r Convention)	, , , , , , , , , , , , , , , , , , ,	
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Recap Schedules:

ARIZONA WATER COMPANY
Test Year Ended December 31, 2010
Settlement Rate Base Adjustment RB-2 (Continued)
True-up Post-Test Year Plant to Reflect Actual Costs

Intercept   Inte	<u>[</u>	Adjstmt' to Depreciation	Expense		· •	•		і <del>УЭ</del>		•	r	t I	60		•	•	ı	6	) }		I.		- es				/48	(405)	· • • • • • • • • • • • • • • • • • • •		\$ 341	,	,	,			1 1		•		·		341	\$ 170	i	\$ 24,479		
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ARIZONA WA. COMPANY
Test Year Ended December 31, 2010
Settlement Rate Base Adjustment RB-2 (Continued)
True-up Post-Test Year Plant to Reflect Actual Costs

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	Accumulated Depreciation (1/2-Year Convention)

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ARIZONA WAx. COMPANY
Test Year Ended December 31, 2010
Settlement Rate Base Adjustment RB-2 (Continued)
True-up Post-Test Year Plant to Reflect Actual Costs

· [ <u>6</u> ]	Adjstmt' to Depreciation	CAperise	ı G	1	•	<i>G</i>		•	,	•	,	Ф	,		653	•	\$ 653		•	1	'	·	•		198	• •	ı	ı			•	ı	•	ı	ı	• 1		ı		٠ چ	\$ 852		\$ 426	\$ 21,761					
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DECISION NO.

Supporting Schedules:

Recap Schedules:

[D] Adjstm* to Depreciation Expense	; 1 t		1 )	6	·	, ,	(112)	\$ (112)	'		 , <del>,</del>	•	•		1 1	•	•	r Ar	•		1 t	•	•	1 1		•	, <del>«</del> »	\$ (112)	\$ (56)	\$ (1,853)
Pinal Valley (Continued)   Pinal Valley (Conti	%00.0 %00.0	- <del> </del>	. %00.0		,	, %00.0 , %00.0	5.88% 80,720 78,811 (1,909)	4.00% \$ 80,720 \$ 78,811 \$ (1,909)		0.00% 2.50%	· · · · · · · · · · · · · · · · · · ·	- %00.0	2.00%	1.79%	2.00%	4.55%		· · · · · · · · · · · · · · · · · · ·	0.00%	2.50%	n/a e e 7 0	5.00%	4.00%	5.00%	. %29. . 657%	3.33%		\$ 80,720 \$ 78,811 \$ (1,909)	ntion)	
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Exhibit
Schedule B-2 Settlement Appendix
Page 9 of 17
Witness: Reiker

	•	**		es				•		' 99	•	•	(121)	(121)		•	•		69	•	•	• •	•	6)	•				•	•	•	•		•		'	65	\$ (129)	\$ (65)		\$ (2,350)		
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Work Authorization 1-4803 Actual Ir	٠ ،	<b>69</b>								<b>49</b>			32,984	- 1	32,984 \$												,										4	32,984 \$					
1-4803 As				69	٠					<del>67</del>			35,039		35,039 \$				5					359	}		\$ 329 \$										\$	\$ 35,398 \$					
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(1,368)

(1,381) (1,381)(1,381) (Decrease) Increase / 1-4807 Pina [B] Work Authorization 1-4807 31,958 \$ 31,958 Actual 33,339 33,339 33,339 1-4807 ₹ 0.00% 4.00% 5.00% 6.67% 6.67% 3.33% 0.00% 2.50% 2.86% 0.00% 2.00% 6.67% 5.00% 2.86% 5.88% %00 38% .55% 0.00% 0.00% 4.00% 1.82% 0.00% <u>\_</u>/a n/a n/a 3.13% Depreciation Accumulated Depreciation (1/2-Year Convention) Subtotal Source of Sup. Plant Pumping Plant Land Pumping Plant Struct. & Improv. Subtotal Water Trtmt. Plant Transmission & Distribution Plant Water Trtmt. Struct. & Improv. Office Furniture & Equipment ools, Shop & Garage Equip. 310.3 Other Source of Supply Land Electiric Pumping Equipment Water Treatment Plant Land Water Treatment Equipment Power Operated Equipment Communication Equipment Subtotal Intangible Plant Subtotal Pumping Plant Subtotal General Plant Subtotal Trans, & Dist. Leasehold Improvements Miscellaneous Equipment General Plant Land General Plant Structures Warehouse Equipment Laboratory Equipment Gas Engine Equipment Trans, and Dist. Land Trans. & Dist. Mains Source of Supply Plant Water Treatment Plant Fire Sprinkler Taps Total Utility Plant Other Intangibles Storage Tanks 310,4 Wells - Other 310.1 Water Rights Organization Intangible Plant Pumping Plant Franchises General Plant Services Wells

320 321 325 328

330 331 332

ARIZONA WA. COMPANY
Test Year Ended December 31, 2010
Settlement Rate Base Adjustment RB-2 (Continued)
True-up Post-Test Year Plant to Reflect Actual Costs

301 303

Exhibit

Schedule B-2 Settlement Appendix

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Adjstmť to Depreciation Expense

Pinal Valley (Continued)

Net Plant

Recap Schedules:

Exhibit Schedule B-2 Settlement Appendix Page 11 of 17 Witness: Reiker

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Processing Date: 2/14/2012 4:19 PM

Supporting Schedules:

48 449 52 53 54 55 55

140 140 Depreciation Adjstmť to Expense Pinal Valley (Continued) 2,384 2,384 2,384 (Decrease) Increase / 1-4763 <u>ල</u> 17,519 \$ (B)
Work Authorization
1-4763
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Cost 17,519 17,519 15,135 \$ 15,135 15,135 1-4763 As ₹ 0.00% 2.50% 2.86% 2.00% 1.79% 2.00% 2.38% 4.55% 1.82% 5.00% 6.67% 6.67% 2.86% 5.88% 0.00% 4.00% 0.00% 2.50% n/a 6.67% 5.00% 3.33% 0.00% n/a n/a ď 0.00% 0.00% 0.00% 3.13% 4.00% Depreciation Rate Accumulated Depreciation (1/2-Year Convention) Subtotal Source of Sup. Plant Pumping Plant Struct. & Improv. Subtotal Water Trtmt. Plant Water Trtmt. Struct. & Improv. Transmission & Distribution Plant 310.1 Water Rights 310.3 Other Source of Supply Land Electtric Pumping Equipment Office Furniture & Equipment ools, Shop & Garage Equip. Water Treatment Plant Land Water Treatment Equipment Power Operated Equipment Subtotal Intangible Plant Subtotal Pumping Plant Communication Equipment Subtotal General Plant Subtotal Trans. & Dist. Leasehold Improvements Miscellaneous Equipment General Plant Structures Gas Engine Equipment Warehouse Equipment Laboratory Equipment Trans, and Dist. Land Pumping Plant Land Frans. & Dist. Mains General Plant Land Source of Supply Plant Water Treatment Plant Fire Sprinkler Taps Total Utility Plant Other Intangibles Storage Tanks 310.4 Wells - Other Organization Intangible Plant **Pumping Plant** Franchises **General Plant** Net Plant Hydrants Services Meters 314 340 345 346 348 320 330 389 395 302 303 33 331 394

True-up Post-Test Year Plant to Reflect Actual Costs Settlement Rate Base Adjustment RB-2 (Continued) Test Year Ended December 31, 2010 ARIZONA WAL COMPANY

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Supporting Schedules:

ARIZONA WAY .... COMPANY
Test Year Ended December 31, 2010
Settlement Rate Base Adjustment RB-2 (Continued)
True-up Post-Test Year Plant to Reflect Actual Costs

Exhibit
Schedule B-2 Settlement Appendix
Page 12 of 17
Witness: Reiker

Total	Adjstmt to Depreciation	Expense		, <del>(S</del>	1		1 <del>10</del>		, ,	r			•	•	1 99	000	\$ 560		ı	•	1	·	•	(28)	(1,097)	t (	2,260	227	\$ 1,362		•		1	•	,	ı	•	1 :	4	•	\$ 1,923	961		\$ 53,341				
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[8] Work Authorization	Total	Actual Cost		,	•		•		•		,	,	<del>,</del>	,	,	164,397	107 307		•					21.058	858,800		154,343	, 00	1 065 089		•	•		t	•	•	•			•	1,229,486							
	Total	As Filed		•	•	•	4		•	•			<i>₽</i>		•	154,865	454 005	134,663	•	,	•	\$		, 66	920.063	,	59,385	, ,	1,020 318		ı	,	• (		•	1	1	,	,	<b>(</b> 9)	1,175,183							
		Depreciation Rate	Daid	\$ %00.0	n/a	n/a	65		%00.0	0.00%	n/a	3.13%	€	%00.0	2.86%	5.88%	4.00%		%00 0	2.50%	2.86%	<b>₩</b>	;	0.00%	2.00%	2.00%	2.38%	4.55%	1.82%		0.00%	2.50%	n/a	6.01%	4.00%	2.00%	6.67%	6.67%	3.33%	<b>69</b>	65		Convention)	÷				
				Intangible Platit	Franchises	Other Intamphes	Subtotal Intancible Plant	Source of Sunnly Plant	310 1 Water Rights	310 3 Other Source of Supply Land	310 4 Wells - Other	Wells	Subtotal Source of Sup. Plant	Pumping Plant	Pumping Flam Cand	Electric Pumping Equipment	Gas Engine Equipment	Subtotal Pumping Plant	Water Treatment Plant	Water Treatment Plant Land	Water I rimt, Struct. & Improv.	Water Heautent Equipment Subtotal Water Trtmt, Plant	Transmission & Distribution Plant	Trans. and Dist. Land	Storage Tanks	Irans, & Uist, Maints Eira Sprinkler Tans	Services	Meters	Hydrants	Subtotal Itans, & Dist.	General Plant Land	General Plant Structures	_	Office Furniture & Equipment	Warehouse Equipment	Laboratory Fourinment	Power Operated Equipment	Communication Equipment	Miscellaneous Equipment	Subtotal General Plant	Total Utility Plant		Accumulated Depreciation (1/2-Year Convention)	Net Plant				
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ARIZONA WA. .. COMPANY
Test Year Ended December 31, 2010
Settlement Rate Base Adjustment RB-2 (Continued)
True-up Post-Test Year Plant to Reflect Actual Costs

[D] Adjstmf to Depreciation Expense	es es			103	60 00	\$ 103 \$ 51
White Tank [C] In 1-4810 Increase / (Degrease)				5,735	\$ 2,735	5,735
Work Authorization 1-4810 Actual Cost	69	, 49	65	121,464	\$ 121,464	121,464
[A] v 14810 As As	69				118	\$ 115,729
Depreciation Rate	0.00% n/a n/a	0.00% 0.00% 1/18 3.13% 0.00% 5.86%	4.00% 0.00% 2.50% 2.86%	0.00% 2.00% 1.79% 2.38% 4.55% 1.82%	0.00% 2.50% 1.08 6.67% 5.00% 5.00% 6.67% 3.33%	"
ritangible Plant	Organization Franchises Other Intangibles Subtotal Intangible Plant		\$ 5	Trans. and Dist. Land Storage Tanks Firans. & Dist. Mains Fire Sprinkler Taps Services Meters Hydrants Cultural Tans	Subtotal Irans. & Dist.  General Plant Land General Plant Land General Plant Structures 1. Leasehold Improvements Office Furniture & Equipment Warehouse Equipment Tools, Shop & Garage Equip. Laboratory Equipment Power Operated Equipment Communication Equipment Miscellaneous Equipment Subtotal General Plant Total Littiny Plant	Accumulated Depreciation (1/2-Year Convention) Net Plant
Line No.	2 301 3 302 4 303 5 S	310 314 320 320 320	33 33 38	24 340 25 342 26 343 27 344 28 345 29 346 30 348	389 390 391 393 394 396 396 398	46 47 49 50 52 53 54 55

Exhibit
Schedule B-2 Settlement Appendix
Page 14 of 17
Witness: Reiker

N:2011\_Rate\_Case\Settlement\Western Group\2011 AV\C Rate Case Model Settlement-WG v4 FINAL\B2.1 Processing Date: 2/14/2012 4:19 PM

ARIZONA WAT.\_\_. COMPANY
Test Year Ended December 31, 2010
Settlement Rate Base Adjustment RB-2 (Continued)
True-up Post-Test Year Plant to Reflect Actual Costs

[d]	Adjstmt' to Depreciation Excense			•	· ·	•		ŀ	ı		1 <del>19</del>	•	1		,	- -	1			- -		•			•	r	. ,			•	ı			(1 023)	(2701)	ı	2,116		\$ 1,094	760	460.1	\$ 547	5.617				
Phoenix Office [A] [B] [C] Work Authorization	1-4823 1-4823 1-4823 As Actual Increase /	202	, 49		6	•	,	,			· · · · · · · ·	•		,	9	· • • • • • • • • • • • • • • • • • • •		·	· • • • • • • • • • • • • • • • • • • •	%	1	*			, ,	%	- %	9 9	• •	***************************************		, eg		(	49°,554	•	31,727 31,727		\$ 25,564 \$ 31,727 \$ 6,163		\$ 25,564 \$ 31,727 \$ 6,163						
	Depreciation	Kate	Intangible Plant 301 Organization 0.00%	Franchises	₽	Subtotal Intangible Plant	Source of Supply Plant	of Supply I and		3.1	Subtotal Source of Sup. Plant	umping Plant	320 Pumping Plant Land	Pumping Plant Struct. & Improv.		Subtotal Pumping Plant		ant Land	Water Trtmt. Struct. & Improv.	332 Water Treatment Equipment 2.85%	Subtotal Water Trimt. Plant	ġ,	340 Trans. and Dist, Land	Trans & Dist. Mains	Fire Sprinkler Taps	Services	Meters	348 Hydrants 1.82%	Subtotal Irans, & Dist.	Seneral Plant I and 0.00%	General Plant Structures	1 Leasehold Improvements	Office Furniture & Equipment	Warehouse Equipment	<b>-</b> -	Laboratory Equipment	396 Fower Operation Equipment 6.67% 6.67%	Miscellaneous Equipment	Subtotal General Plant		Total Utility Plant	Accumulated Depreciation (1/2-Year Convention)		Net Plant			

Recap Schedules:

N:2011\_Rate\_Case\Cetitement\Western Group\2011 AWC Rate Case Model Settlement-WG v4 FINAL\B2.1 PM Processing Date: 2/14/2012 4:19 PM

Supporting Schedules:

ARIZONA WAY, LAC COMPANY

Test Year Ended December 31, 2010

Settlement Rate Base Adjustment RB-3

Update Working Cash to reflect Settlement Operating Expenses and Remove Cost of Equity Component (Accept Staff Rate Base Adjustment No. 2 & RUCO Rate Base Adjustment No. 6)

69	\$ (308,027)
\$ 1,066,194 77,677 10,533	,462,431 \$ 1,154,404
1,333,549 112,351 16,531	1,462,431
⇔`	8
al Valley ite Tank	
	69

Exhibit Schedule B-2 Settlement Appendix
Page 16 of 17
Witness: Reiker

N:2011\_Rate\_Case\Settlement\Western Group\2011 AWC Rate Case Model Settlement-WG v4 FINAL\B2.1 PM Processing Date: 2/14/2012 4:19 PM

Supporting Schedules:

ARIZONA WAS... COMPANY
Test Year Ended December 31, 2010
Settlement Rate Base Adjustment RB-4
Accept Staff Rate Base Adjustment No. 1 - Remove Arizona City Water Campus land site from Rate Base

[D] Total Adjstmt to Depreclation Expense	· · ·	65	(A)	69	\$
[C] Total Increase / (Decrease)	. , , , , , , , , , , , , , , , , , , ,	· · · · · · ·	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	(258,409)	\$ (258,409)
[A] [B]  Total  Depreciation As  Rate Filed	00% \$ n/a n/a	0.00% 0.00% - n/a 3.13%	0.00% 2.88% 5.88% 4.00% \$	0.00% 258,409 2.00% - 1.79% - 2.00% - 2.38% - 4.55% - 1.82% - 0.00% - 2.50% -	6.67% - 6.67%
	Intangible Plant Organization Creanchises Other Intangibles Subtotal Intangible Plant	Source of Supply Plant 310.1 Water Rights 310.3 Other Source of Supply Land 310.4 Wells - Other 314 Wells Subtotal Source of Sup. Plant	Pumping Plant Land Pumping Plant Land Pumping Plant Struct. & Improv. Electric Pumping Equipment Subtotal Pumping Plant Water Treatment Plant O Water Treatment Plant Land Water Treatment Plant Land Water Treatment Equipment Subtotal Water Tritmt. Struct. & Improv. Water Treatment Equipment	E E	0.1 Leasehold Improvements 1 Office Furniture & Equipment 3 Werehouse Equipment 4 Tools, Shop & Garage Equip. 5 Laboratory Equipment 6 Power Operated Equipment 7 Communication Equipment 7 Accumulation Equipment 8 Subtotal General Plant Total Utility Plant Accumulated Depreciation (1/2-Year Convention) Net Plant
Line No	302	5 Sol 7 310.1 8 310.3 9 310.4 10 314	12 320 14 321 14 321 15 325 16 328 17 V 17 V 18 S 20 331 22 332 22 332	23 3 1 2 2 4 340 2 2 5 342 2 5 342 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	35 390. 386 391. 393. 393. 395. 396. 396. 396. 396. 396. 396. 396. 396

hedules:

---- rate Base Adjustments

Western Group

鱼

Rebuttal -Adjusted

3-Factor Allocation Ratio

3

Pinal Valley

Schedule B-2 Settlement Appendi:
Page 17 of 17
Witness: Reiker

Recap Schedules: B-1 Settlement

ARIZONA Waxa BR COMPANY Test Year Ended December 31, 2010 Computation of Working Capital

Schedule B-5 Settlement Page 1 of 4 Witness: Reiker

Exhibit

	[C] Working Capital - <u>Settlement</u>	(53,466)	128,714	826,817	252,338	1,154,404
Western Group	[B] Settlement Wo Adjustments	(308,027) \$	r	•	ì	(308,027) \$
Νę	υ αι	€9				€9
	[A] Company - As Filed <u>Working Capital</u>	254,562	128,714	826,817	252,338	1,462,431 \$
	Compa	છ				န

Material and Supplies Inventories1

Required Bank Balances<sup>1</sup>

Working Cash Requirement (Sch. B-5 Appendix)

Prepayments & Special Deposits1 Total Working Capital Allowance 13-month average balances

N:2011\_Rate\_Case\Settlement\Western Group\Z011 AWC Rate Case Model Settlement-WG v4 FINAL\R5 N:2011\_4:19 PM

Supporting Schedules: B-5 Settlement Appendix

Exhib Schedule B-5 Settlemer Page 2 of Witness: Reike

		I lial valley	r man valley (Casa Grande, Coolidge, Stanfield)	ge, Stanfield)
	Compan Workir	[A] Company - As Filed <u>Working Capital</u>	[B] Settlement Adjustments	[C] Working Capital - Settlement
Working Cash Requirement (Sch. B-5 Appendix)	es.	235,550	\$ (267,355)	69
Material and Supplies Inventories1		126,149	,	126,149
Required Bank Balances'		744,601	•	744 601
Prepayments & Special Deposits1		227,249	•	227,249
Total Working Capital Allowance	es.	1,333,549 \$	\$ (267,355)	1,066,194

13-month average balances

Supporting Schedules: B-5 Settlement Appendio

DECISION NO.

ARIZONA Wass ER COMPANY Test Year Ended December 31, 2010 Computation of Working Capital

Exhibit Schedule B-5 Settlement Page 3 of 4 Witness: Reiker

pital -	(10,451)	2,057	65,947	20,124	77,677
[C] Working Capital - Settlement	74) \$				(34,674) \$
White Tank [B] Settlement Adjustments	(34,674)	ı	1	•	(34,6
[A] Company - As Filed Working Capital	24,222 \$	2,057	65,947	20,124	112,351
S SI	<b>↔</b>				69
	Working Cash Requirement (Sch. B-5 Appendix)	Material and Supplies Inventories <sup>1</sup>	Required Bank Balances¹	Prepayments & Special Deposits1	Total Working Capital Allowance

13-month average balances

Supporting Schedules: B-5 Settlement Appendix

N:2011\_Rate\_Case\Settlement\Western Group/2011 AWC Rate Case Model Settlement-WG v4 FINAL\B5 Processing Date: 2/14/2012 4:19 PM

13-month average balances

Supporting Schedules: B-5 Settlement Appendix

Material and Supplies Inventories1 Prepayments & Special Deposits<sup>1</sup> Total Working Capital Allowance Required Bank Balances<sup>1</sup> 

	[C] Working Capital -	Settlement	(11,209)	202	16,270	4,965	10,533
		Adjustments	\$ (866'5)	ı	ı	ı	(5,998) \$
	S	¥)	\$	~		цņ	\$
	[A] Company - As Filed	Working Capital	(5,211) \$	507	16,270	4,965	16,531 \$
			↔				ss

Working Cash Requirement (Sch. B-5 Appendix)

1 30/11	And Case Model Settlement-WG v4 FINAL to 2.1	Section of the Standard Control of the Section of t	N:2011_Rate_CaselSatuenton

VIIIIESS			[	(77) (0.0021) \$		0.1069 0.1079 (0.0189)	0.0447 (0.1452) (0.4984) (4.0.3532 (0.0127)	\$ 229,635	(61.15) (0.16753) (261,440) 30.10 0.08247 \$ (261,440)	\$ (31,805)					
		EI H	Samente Expense La	Rebuttal	(45.31) (18.11) (45.27)	30.10 (46.50) 30.10 (8.92) 30.10 (9.27) 30.10 37.00	14.00 83.10 212.00 (98.83) 34.72	\$ 11,990,184	1,560,544 30.10 91.25	\$ 1,560,544 13,550,728				A 2011	ement-WG v4 FINALIB5.1
				Net   Lead / Lay   Required   Reprint   Revenue   Expense   Lag Days	30.10 30.87 (0.77) (0.0021) \$ 1 30.10 14.00 16.10 0.0441 0.0340 16.534	30.10 (18.11) 48.21 0.2065 30.10 (45.27) 75.37 0.2099 30.10 (46.50) 76.60 0.1069 30.10 (8.92) 39.02 0.1069	30.10 (3.27) (6.90) (0.0189) (7.27) (6.90) (0.0189) (7.27) (6.90) (0.0189) (7.27) (6.90) (0.0189) (7.27) (7	30.10 (98.83) (4.62) 30.10 34.72 (4.62)	91.25 (61.15) (0.16753)	30.10	17,023,638				N.2011_Rate_Case\Settlement\Niestern Group\2011 AWC Rate Case Model Settlement-WG v4 FINAL\B5.1 Processing Date: 2/14/2012 4:19 PM
	ARIZONA War ER COMPANY Test Year Ended December 31, 2010 Test Year Ended December 31, 2010	Corributation	1	Line	Operating Expenses Purchased Power		9 Working Source 10 Health Insurance 10 Other O&M (Excluding Rate Case Expense) 11 Federal Income Taxes 12 State Income Taxes 13 FICA Taxes 14 FICA Taxes 14	15 FUTA & SULA Laxes 16 Property Taxes 16 Registration, Svc. Contracts, & Misc. Fees 17 Contracted Annutiles (401k)	18 Ketitenisti Zuriani 19 20 Subtotal 22 22	23 Interest Expense 24 Cost of Equity . 25 Subtotal 27	28 29 Total 30	25.8 25.8 26.8 26.8 26.8 26.8 26.8 26.8 26.8 26	8 4 4 4 8	40 12010 Actual lag days per AWC billing system. 50 2010 Actual lag days per AWC billing system. 51 200. No. 64282 as amended by Dec. Nos. 66849 52 & 68302. Purchased power and purchased 53 water lag days per Dec. No. 71845.	

N:Q011\_Rate\_Case\Settlement\Western Group\2011 A\WC Rate Case Model Settlement-WG v4 FINAL\B5.1 Processing Date: 2/14/2012 4:19 PM

Page 2 of 3 ess: Reiker							
Page 2 of 3 Witness: Reiker	2	Working Cash Requirement IG X K	13,961 (1,868) 2,483 3,537 822	5,933 31,223 (2,271) (500) 1,053 (108)	5,792	20,338	(30,789)
	区	1	0.0476 (0.0288) 0.1356 0.2100 0.2134	0.1114 (0.0154) (0.0154) 0.0476 (0.1417)	0.3567	\$ (0.16405)	G8888
	Ξ	Settlement Net nse Lag Days ays [H-I] 0.50	17.37 (10.51) 49.48 76.64 77.87	40.64 (5.63) (5.63) 17.37 (51.73) (180.63)	(3.35)	(59.88)	
	=	Expense Lag Days <sup>2</sup> 30.87	(18.11) (18.11) (45.27) (46.50) (8.92)	(9.27) 37.00 37.00 14.00 83.10 212.00	34.72	91.25	
	王	Revenue Lag Days 31.37	31.37 31.37 31.37 31.37	31.37 31.37 31.37 31.37 31.37	31.37	31.37 31.37	
	(G)	Adjusted Results - Rebuttal \$ 146,135	64,894 18,312 16,843 3,852 35,631	147,290 32,447 22,133 76,289 16,238	18,265	187,687	\$ 187,687 1,360,490
	White Tank	Working Cash Requirement [AXE] \$ 203	(1,868) 2,483 3,537 822 3,933 33,106	(2,783) (613) 1,053 (108) (34,060) 5,792	(167)	(31,190)	(1,067)
	巨	Factor     D + 365	0.1356 0.2100 0.2134 0.1104 0.1114	(0.0154) (0.0154) 0.0476 (0.1417) (0.4949) 0.3567	1	(0.16405) 0.08595	φ φ
	[D] As Filed	Lag Days [BC] 0.50 17.37	49.48 76.64 77.87 40.29 40.64	(5.63) (5.63) 17.37 (51.73) (180.63) 130.20 (3.35)		(59.88)	
i	[C] [D] Company - As Filed	Expense Lag Days <sup>2</sup> 30.87 14.00 41.88	(18.11) (45.27) (46.50) (8.92) (9.27)	37.00 14.00 83.10 212.00 (98.83) 34.72		91.25	
		Revenue Lag Days 1 31.37 31.37 31.37	31.37 31.37 31.37 31.37 31.37	31.37 31.37 31.37 31.37 31.37		31.37	
3	Adjusted	\$ 147,338 293,306 64,894	16,43 3,852 35,631 297,309 180,542	39,772 22,133 764 68,827 16,238 18,265	\$ 1,224,026	190,131 350,463 \$ 540,594	1,764,620
		Operating Expenses Purchased Power Payroll Purchased Water Chemicals Property 2 154.19.	Workman's Compensation Insurance Health Insurance Other O&M (Excluding Rate Case Expense) Federal Income Taxes	FUTA & SUTA Taxes FUTA & SUTA Taxes Property Taxes Registration, Svc. Contracts, & Misc. Fees Retirement Annuities (401k)	Subtotal	Interest Expense Cost of Equity Subtotal	Total

ARIZONA WALER COMPANY
Test Year Ended December 31, 2010
Computation of Working Cash Requirement

Exhibit

Schedule B-5 Settlement Appendix

'2010 Actual lag days per AWC billing system.
<sup>2</sup>Dec. No. 64282 as amended by Dec. Nos. 66849
& 68302. Purchased power and purchased
water lag days per Dec. No. 71845. 

Supporting Schedules:

ARIZONA IV. AER COMPANY Test Year Ended December 31, 2010 Computation of Working Cash Requirement

							I
Ξ		Working Cash Requirement [G X K]	(16) 3,113 (4,043) 1,448 8,45 1,458 5,147 (572) (126) 2,33 (13,222) 1,402 (114)	\$ (5,575)	(5,634)	\$ (5,634)	\$ (11,209)
<u>Y</u>	- 1	Lead / Lag W Factor F [J+365]	(0.0053) \$ (0.0053) \$ (0.0215) \$ (0.0215) \$ (0.0215) \$ (0.0221) \$ (0.0221) \$ (0.0221) \$ (0.021) \$ (0.0484) \$ (0.0186) \$ (0.0158) \$ (		(0.1707)		
2	nent	Net Lag Days [H - I]	(1.93) (1.03) (10.03) 47.06 74.25 75.45 37.87 38.22 (8.06) (14.95 (18.36)		(62.31) 28.95		
E	Settlement	Expense <u>Lag Days²</u>	30.87 14.00 38.97 (18.11) (45.21) (46.50) (8.92) (8.92) (9.27) 37.00 37.		91.25		
Ξ		Revenue Lag Days <sup>1</sup>	28.95 28.95		28.95 28.95		
<u>[9]</u>		Adjusted Results - Rebuttal	\$ 3,083 76,021 147,188 1,148 4,55 950 14,052 49,160 22,902 5,702 5,695 5,695 167 26,95 4,006 7,203	\$ 370,799	33,007	\$ 33,007	403,806
[1]		Working Cash Requirement [A X E]	\$ (16) 3,113 (4,043) 148 845 196 1,458 5,523 (896) (153) 233 (12,288) 1,402 (114)	\$ (4,396)	(5,669)	\$ (814)	\$ (5,211)
<u>[ii]</u>		Lead / Lag Factor [D + 365]	(0.0053) 0.0409 0.0275) 0.1289 0.2033 0.2067 0.1037 0.1047 (0.0221) 0.0409 0.1484) 0.0409 0.3501 0.0158)		(0.1707) 0.0793		
[0]	As Filed	Net Lag Days [B - C]	(1.93) 14.95 (10.03) 47.06 77.22 77.42 77.42 77.42 37.87 38.22 (8.06) (8.06) (8.06) (14.95 (54.16) (143.06) (153.78		(62.31) 28.95		
[0]	Palia As Filed	Expense Lag Days <sup>2</sup>	30.87 14.00 38.97 (18.11) (45.27) (46.50) (8.92) 37.00 37.00 14.00 14.00 14.00 183.10 183.10 183.10 183.10 183.10		91.25		
[8]		Revenue Lag Days¹	28.95 28.95		28.95 28.95		
¥.		Adjusted Results -	\$ 3,083 76,021 147,188 1,146 4,155 950 14,052 52,754 31,535 6,947 5,695 5,695 7,203	\$ 379,364	33,209 61,214	\$ 94,424	473,788
			Operating Expenses Purchased Power Payroll Purchased Water Chemicals Property & Liability Insurance Workman's Compensation Insurance Health Insurance Other O&M (Excluding Rate Case Expense) Federal Income Taxes State Income Taxes FICA Taxes FICA Taxes FUTA & SUTA Taxes Property Taxes Registration, Svc. Contracts, & Misc. Fees Retirement Annuities (401k)	Subtotal	Interest Expense Cost of Fruity	Subtotal	Total

1,781,238

1,781,238

(28,059)

1,809,297

(47,426) (42,802) 14,557 24,329

1,856,723 42,802

1,781,238

1,781,238

(28,059)

1,809,297

1,784,968

1,781,238

1,781,238

\$ (58,059) 189,455 \$

98,810 \$ 1,809,297

74,481

(74,481)

578,767 \$

(458,013) \$

\$ 1,036,780 \$

1,710,487

768,222 \$ 1,945,258 \$ 2,713,480

Source of Supply Expenses: Other Water Revenues ARIZONA WALER COMPANY Private Fire Service Total Water Revenues Test Year Ended December 31, 2010 Adjusted Test Year Income Statement Purchased Power Purchased Water Pumping Expenses: **Total Operating Revenues** Purchased Gas Miscellaneous Operating Expenses Operating Revenues Commercial Residential Industrial Other

Transmission & Distribution Expenses Administrative & General Expenses Customer Accounting Expenses Water Treatment Expenses Sales Expense

Total Operations & Maintenance Expense

1,214,061 2,210,893 1,343,867

1,214,061 2,210,893 1,343,867

(2,484) (115,312)

1,216,545 2,326,205 1,360,309

108,937 596,996 59,488

159,766

643,730 1,107,608 1,729,209

1,300,821

(16,442)

772,405

927

1,920,391

(13,632)(31,091)

1,934,023 803,496

32,913

,901,110

927

927

2,442,119

2,442,119 10,630,068 3,773,390

740.188)

337,140) (27,066)

10.967.208

1,352,442

9,614,766 3,586,696

2.230.487

3,800,457

213,761

2.582.308

351.821

3,773,390 10,630,068

640,055 85,350

640,055 85,350

(17,399) (591)

657,454 85,941

3,162

618,095 82,779

759,466 (27,962) \$ 18,638,153 \$ 3,224,403 \$ 21,862,557

(72,708) 759,466 (902,517) \$ 18,666,115 \$

832,174 \$ 19,568,633

937,053 102,252 268,786 17,878,688

(27,962)

\$ 17,906,650

(829,809)

18,736,459

69

11.271

4,419,514

(27,962)

\$ 12,151,084

\$ 12,151,084 965,015 102,252

(540,880)(100,784) (244,923) 45,506

\$ 12,691,964

12/31/2010 Fest Year Ended

4,520,297 1,209,938 56.746 257,514

4,419,514

Settlement Adjstd' w/ Increase

Settlement Required ncrease

Fest Year -Settlement Adjusted Ⅲ

> Adjustments Settlement

est Year -As Filed Adjusted <u>ु</u>

> Adjustments -Pro Forma As Filed

<u>ত</u>

[F]

Western Group

,920,391 927 772,405 2,964,380

1,279,146

174,848

213,622 298,153 65,680 932,931

3,619,904

(395,280) (12,655) 209,821 (1,911,404) (2,109,517) \$

693,433 78,335 723,110 1,279,146

(189,358) \$ 16,088,693 161,396 \$ 2,549,460

(543,315) \$ 16,278,051 \$ (359,203) \$ 2,388,064 \$

16,821,366 2,747,267

1,397,853

1,002,102 220,754 56,289

395,751 87,180 988,681 213,622 1,685,235

97,598 21,500 55,750

1,044,970

Federal Income Taxes State Income Taxes Property Taxes Other

Supporting Schedules: C-2 Settlement

Depreciation & Amortization Expenses Total Other (Income) & Deductions Other Income & Deductions: **Total Operating Expenses** Other (Income) - Net Long-Term Debt Short-Term Debt Operating Income **Total Interest** Total Taxes Interest: Net Income DECICIONI NIO

1,560,544

1,560,544

1,560,544

Exhibit Page 2 of 4 Witness: Reiker Schedule C-1 Settlement

Pinal Valley (Casa Grande, Coolidge, Stanfield)

ARIZONA WATER COMPANY

Test Year Ended December 31, 2010 Adjusted Test Year Income Statement

3,937,827 734,001 \$ 1,643,282 \$ 2,377,283 734,234 (27,962) \$ 16,544,087 \$ 2,725,357 \$ 19,269,444 Settlement Adjstd' w/ ncrease -(178,870) \$ 14,249,542 \$ 1,082,075 \$ 150,908 \$ 2,294,545 \$ 1,643,282 \$ 846,539 186,485 49,050 1,082,075 Increase -Settlement Required Œ 1,560,544 1,103,150 1,216,090 378,122 83,297 893,268 1,544,261 1,560,544 2,220,079 189,574 1,560,544 4,124,997 218,638 427,973 69,497 618,101 9,419,089 3,286,192 100,237 1,771,173 927 10,454,087 Settlement Adjusted Test Year -回 (25,412) (25,412)(2,526) (104,251) (15,130) (25,412) 176,321 (17,399) (541) (27,209)(27,962) (12,429)(28, 234)127,310) 90,832 20,009 45,317 156,159 (27,962) Adjustments Settlement 646,335 1,105,676 2,096,350 1,231,220 14,428,412 2,143,637 557,680 2,347,389 9,726,909 287,290 63,287 847,951 189,574 1,388,102 \$ 10,454,087 4,124,997 939,855 100,237 (70,907) 734,234 (786,452) \$ 16,572,049 445,372 70,038 1,585,957 1,585,957 1,585,957 1,783,602 11,087 218,638 (715,545) \$ 15,837,815 3,313,401 218,638 Adjusted Test Year -As Filed (367,549) \$ (324,838) (5,863) 191,833 (1,764,741) (1,903,609) (44,017) (37,575) 100,567 (504,934) (281,517) 86,032 18,975 110,334 534,339 53,664 318,979 67,057 (84,136) (245,277) 44,606 ,190,157 208,518 24,737 145,411 Adjustments Pro Forma As Filed 囼 925,230 \$ 14,933,346 2,425,155 1,954,315 2,028,410 37,575 (100,567) 1,562,011 612,128 69,150 656,118 (67,057) 1,499,925 445,372 67,345 1,629,974 207,551 805,141 17,358,501 3,104,883 1,758,865 500,924 995,342 10,895,910 927 55,631 4,209,134 1,185,133 12/31/2010 Test Year Ended Transmission & Distribution Expenses Administrative & General Expenses Total Operations & Maintenance Expense Customer Accounting Expenses Depreciation & Amortization Expenses otal Other (Income) & Deductions Source of Supply Expenses: Water Treatment Expenses Other Water Revenues Federal Income Taxes Private Fire Service Other Income & Deductions: **Fotal Water Revenues** Purchased Power State Income Taxes Purchased Water Pumping Expenses: Total Operating Expenses Total Operating Revenues Purchased Gas Long-Term Debt Short-Term Debt Other (Income) - Net Miscellaneous Operating Expenses Operating Revenues Property Taxes Sales Expense Commercial Residential Industrial Operating Income Total Interest Other Other

618,101 1,103,150 1,992,099 1,216,090

427,973 69,497

1,771,173 927 2,220,079 9,419,089 3,286,192 1,224,661 269,782 942,318 189,574 2,626,335

N:2011\_Rate\_Case\SettlementWestern Group\2011 AWC Rate Case Model Settlement-WG v4 FINAL\C1 PM Processing Date: 2/14/2012 4:19 PM

Supporting Schedules: C-2 Settlement

Net Income

44 445 446 448 448 449 55 55 55 55 55 56 56 57

Interest:

Other Total Taxes

Exhibit Schedule C-1 Settlement Page 3 of 4 Witness: Reiker

ARIZONA WAIER COMPANY Test Year Ended December 31, 2010 Adjusted Test Year Income Statement N:2011\_Rate\_Case\SettlementWvsstem Group\2011 AWC Rate Case Model Settlement-WG v4 FINAL\C1 Processing Date: 21412012 4:19 PM

	Test	Test Year	Pro Forma		Adjusted	:	•	Adjusted	Required	Adj	Adjstď w/
	T 12/31	Ended 12/31/2010	Adjustments As Filed	<b>-</b>	Test Year - As Filed	Settlement Adjustments	nent ients	Settlement	Settlement	Set	Settlement
Operating Kevenues Residential	<b>€</b>		÷	(92,533) \$	1,316,944	69	69	Ψ.			
Commercial		188,379	_	16,318)	172,061			172,061			
Industrial Drivate Fire Service		24,805		354 659	1361		. ,	1,361			
Other Water Revenues		47,244		238	47,483		•	47,483			
Total Water Revenues	69	1,670,608	\$	\$ (665,701)	1,563,009	es-	•	1,563,009			
Miscellaneous		23,016		(1,553)	21,463		•			-	
fotal Operating Revenues	89	ŀ	\$	(109,152) \$	1,584,472	69	\$	1,584,472	\$ 501,373	€9	2,085,845
Operating Expenses											
Source of Supply Expenses: Purchased Water		25,535		39,359	64,894		1	64,894	į		64,894
Other		15,158		278	15,436		(38)	15,397	1		15,397
Pumping Expenses:		139.162		8,176	147,338		(1,203)	146,135	•		146,135
Purchased Gas		· •		. '	. •				•		- 442 447
Other		133,987		11,875	145,862		(2,445)	143,417	. (		102 614
Water Treatment Expenses		104,242		(1,528)	102,714		(001)	161 902	•		161,902
Transmission & Distribution Expenses		93,431		4,703	98,134		(1,165)	696'96	•		696'96
Sales Expense		•							•		170 601
Administrative & General Expenses		155,077		25,418	180,495		- 1	ı	- 1		1000/1
Total Operations & Maintenance Expense	69	789,817	<b>69</b>	135,297 \$	925,114	( <u>)</u>	(23,105) \$	902,009	· ••	<b>6</b> 9	902,009
Depreciation & Amortization Expenses		430,907		3,848	434,755		135	434,890	ı		434,890
Taxes		!		í	;		į	600		e	147 200
Federal Income Taxes		57,907		(72,356)	(14,449)		5,453	(8,995)	34 428	o œ	32 447
State income Taxes		45.778		(9,723) 15,057	60,835	_	1,201 8,175	69,010			76,289
Other		133,257	Ξ	113,940)	19,317			19,317			19,317
Total Taxes	47	243,484	S	(180,964) \$	62,520	49	14,829 \$		\$ 197,994	\$	275,343
Total Operating Expenses	\$	1,464,208	69	(41,819) \$	1,422,389	မာ	(8,141) \$	1,	171	1 1	1,612,242
Operating Income		229,416	49	(67,334) \$	162,083	es.	8,141	170,224	\$ 303,379	e G	473,603
Other Income & Deductions:											
Long-Term Debt		191,352		(1,221)	190,131		(2,444)	187,687	•		187,687
Short-Term Debt		4,411		(4,411)	. •		1	•	•		•
Orner Total Interest	€9	183,957	69	6,174 \$	190,131	69	(2,444) \$	187,687	65	69	187,687
Other (Income) - Net		(5,955)		5,955	•			٠	1		•
Total Other (Income) & Deductions	G	178 DO2	e	12 120 €	100 134		\$ (444)	187 687	65	69	187.687
tal Cuite ("Incarity) & Coddenois	•	700	•		20,02	•					
										•	010

Exhibit Schedule C-1 Settlement Page 4 of 4 Witness: Reiker

ARIZONA War TER COMPANY Test Year Ended December 31, 2010 Adjusted Test Year Income Statement

	[8] [9]	Test Year Pro Forma Ended Adjustments -	• • • • • • • • • • • • • • • • • • •	122,784	ndustrial	Private Fire Service	2	\$	Miscellaneous 4.016	\$ 2.	Operating Expenses: Source of Supply Expenses: Purchased Water Other
	[0]	rma Adjusted ents - Test Year	524) \$	(329) 122,455	,	241 653	(54) 2,665	(6,666) \$ 505,826	(248) 3,768	(6,914) \$ 509,594	- 147,188 191 467
Ajo	[0]	Settlement Adjustments	' <del>4</del>	•	•	•	•	' <del>ده</del>	•	<u>-</u>	(11)
	<u>(ii)</u>	Adjusted Test Year - Settlement	\$ 380,053	122,455		653	2,665	\$ 505,826	3,768	\$ 509,594 \$	147,188
	E	Required Increase - Settlement								\$ (2,326) \$	
	[6]	Adjstď w/ Increase - Settlement								\$ 507,268	147,188

33	78	/e	91	80	ရွှ	20	80	72	90	53	131	25	34	ا <sub>88</sub>		70		ļ	20		70	<del> </del>
3,083	10,887	8,2	56,8	8 0 8	51,360	308,970	52,308	25,90	5,7	26,363	4,7	62,7	423,981	83,288		33,007	•	•	33,007	•	33,007	50,281
,				•		<del>69</del>		(723)	(159)	(40)	-	(922) \$	(922) \$	(1,404) \$		,	•		<b>69</b>		69	(1,404) \$
3,083	10,887	8,297	56,891	30,808	51,360	308,970 \$	52,308	26,625	5,865	26,403	4,731	63,625 \$	424,903 \$	84,691 \$		33,007	•	- 1	33,007 \$		33,007 \$	51,685 \$
,	(412)	142	(2,723)	(147)	(3,064)	(6,215) \$	80	1.313	289	2,258	•	3,860 \$	(2,347) \$	2,347 \$		(203)	. '	- 1	(503) \$	,	(203) \$	2,550 \$
3,083	11,299	8,155	59.614	30,955	54,423	315,185 \$	52,300	25.312	5,576	24,146	4,731	\$ 49,764	427,250 \$	82,344 \$		33.209	'	1	33,209 \$	•	33,209 \$	49,135 \$
•	2,480	131	15.641	1,121	7.423	26,988 \$	1,394	1 914	2.933	2,932	(32,723)	(24,945) \$	3.438 \$	(10,352) \$		(2.188)	(816)	2,184	(820) \$	1,469	649 \$	(11,001) \$
3,083	8.819	8 024	43 973	29,834	47.000	288,197 \$	906'09	23.308	2 643	21.214	37,454	84,709 \$	423.812 \$	92,696 \$		35.397	816	(2,184)	34,029 \$	(1,469)	32,560 \$	60,136 \$
						69						67	69	69					€9		€	69
Pumping Expenses: Purchased Power	Purchased Gas	Control transfer F and the	Water Treatment Expenses	Transmission & Distribution Expenses Customer Accounting Expenses	Sales Expense	Total Operations & Maintenance Expense	Depreciation & Amortization Expenses	Taxes Endorel Income Town	Ctata Income Taxes	Droperty Taxes	Other	Total Taxes	Total Operating Expenses	Operating Income	Other Income & Deductions:	Interest.	Short-Term Debt	Other	Total Interest	Other (Income) - Net	Total Other (Income) & Deductions	Net income

ARIZONA Wis I'ER COMPANY Test Year Ended December 31, 2010 Income Statement Pro Forma Adjustments

N:2011_Rate_Case\Settlement\Western Group\2011 AWC Rate Case Model Settlement-WG v4 FINAL\C2	
e Case Mo	4-19 PM
AWC Rate	114/2012
Group\2011	Procession Date: 2/14/2012 4:19 PM
Case\Settlemenf\Western (	Proces
11_Rate	
N:\20	

Operating Revenues Residential Commercial Industrial Private Fire Service Other Water Revenues Total Water Revenues Total Operating Expenses Source of Supply Expenses: Purchased Water Other Pumping Expenses:	End of Test Year 12,691,964 4,520,297 1,209,938	Adjustments -	Test Year -	JAN I	Settlement Adi IS-1	Settlement	ot Settlement Settlement S	Settlement	Settlement	Settlement	Settlement
nnes	12,691,964 4,520,297 1,209,938	As Filed		27.0		Adi IS-2	Adj. IS-3	Adi IS-4	AG: 13-5	Adj. IS-6	Adj. IS-7
ce ss ss penses:	12,691,964 4,520,297 1,209,938										
ce sunes ss: penses:	4,520,297 1,209,938	(540,880) \$	12,151,084 \$	•		, <del>69</del>	•	•	, <del>6</del> 9	т <del>со</del>	· •
annes	1,209,938	(100,784)	4,419,514	•	•	•		•	, , , , , , , , , , , , , , , , , , , ,	•	•
ss same		(244,923)	965,015		•		•	•	(706,12)	•	
ss sees:	56,746	45,506	102,252	ı	•	• .	•	•	• •		•
. benses:	25/,514					•			(020 70)	6	6
benses:	18,736,459 \$	\$ (829,809)	17,906,650 \$	•	1 69-	·	· ·	, <del>8</del>		•	•
penses:	832 174	(72,708)	759 466	•	,	1	•	1	,	,	'
Operating Expenses Source of Supply Expenses: Purchased Water Other Pumping Expenses:	19,568,633 \$	(902,517) \$	18		69	ر ج		69	\$ (27,962)	·	· •
Operating Expenses Source of Supply Expenses: Purchased Water Other Pumping Expenses:											
Source of Supply Expenses: Purchased Water Other Pumping Expenses:											
Purchased water Other Pumping Expenses:	9 6 7 9	000	707 707		(47 300)	•	•		•	,	•
Omer Pumping Expenses:	018,095	29,539	95,434	4	(eec'11)	(415)	•	•	ı	•	(176)
Fullipling Expenses.	67,179	3,102	200	,							
Durchased Dower	1 901 110	32.913	1.934.023	ı	•	,	•	•	•	•	(13,632)
Durchased Gas	266	· ·	927	ı	•	٠	•	•	,	ı	
Other	643 730	159 766	803.496	•	•	(4,197)	•	•	•	•	(8)
Vototes Treatment Cynenese	1 107 608	108 937	1 216 545	,	•	(1,303)	•	•	•	•	E
Valet Healtheit Lypenses Transmission & Distribution Expenses	1 729 209	596 996	2 326 205	٠		(13,703)	•	•	•	•	(23,600)
Customer Accounting Expenses	1.300.821	59,488	1,360,309	•	•	(3,694)	ı	•	•	•	(12,.
Sales Expense	•	. '	. <b>,</b>	1	. 1	•		i '			
Administrative & General Expenses	2,230,487	351,821	2,582,308	•	٠	(1,340)	•	(10,664	(b	(11,925)	
Total Operations & Maintenance Expense	1	1,352,442 \$	10,967,208 \$		\$ (17,399)	\$ (24,652)	- •Э	\$ (10,664	£) &	\$ (11,925)	(69,127)
	000	707	474				(30 506)	•	ī	•	
Depreciation & Amortzation Expenses	3,366,696	10/,612	3,800,437	•	ı	•	(000,62)				
Taxes											
Federal Income Taxes	693,433	(395,280)	298,153	•	•	•	•	•	•	•	
State Income Taxes	78,335	(12,655)	65,680	,	•	ı		l	•	•	
Property Taxes	723,110	209,821	932,931	•	•	•	•	•	•	•	
	2,125,026	- 1	- 1	,	-				-	-	
Total Taxes	3,619,904 \$	(2,109,517) \$	1,510,387 \$		, <del>69</del>	<del>65</del>	•	i	· ·	, **	Ð
Total Creating Expenses	16 921 366	(E43 21E)	12 270 064		(47 200)		(29 508)	(10 664)	1	\$ (11925)	69
Operating Income	2,747,267 \$	(359,203) \$	2,388,064 \$		\$ 17,399	\$ 24,652	*	69	4 \$ (27,962)	\$ 11	1 11
									i		
Other Income & Deductions:											
Interest:	000	1									
Short-Term Debt	1,856,723	(47,426)	1,809,1	•	•				•		•
Other Control	(114 557)	114 557		•	1			•	٠	•	•
Total Interest	1,784,968 \$		1,809,297 \$		69	\$	s	9		65	8
Other (Income) - Net	(74,481)	74,481	1	•	•	•	•	•	r		
Total Other (Income) & Deductions	1.710.487 \$	98.810 \$	1 809 297 \$		69	67	69	•	5	5	69
					•						
Net Income	1,036,780 \$	(458,013) \$	578,767 \$		\$ 17,399	\$ 24,652	\$ 29,506	\$ 10,664	4 \$ (27,962)	\$ 11,925	\$ 69,127
				,							

Exhibit
Schedule C-2 Settlement
Page 2 of 8
Witness: Reiker

ARIZONA WHIER COMPANY	Test Year Ended December 31, 2010	Income Statement Pro Forma Adjustments

ant Test Year Increase Increas		卫	[M]	Z	<u>o</u>	[ <u>d</u> ]	<u></u>	Y	( <u>v</u>	L' j Adireted	loj Recuired	[V] Adistď w/
persections (107,000) \$ 108,000 \$ 1,701,00		Settlement Adi IS-8	Settlement Adi. IS-9	Settlement	Settlement Settlement Adl. IS-10	Adjustments Settlement Adj. 1S-11	Settlement Adj. 1S-12	Settlement Adj. IS-13	Settlement Adjustments	Test Year - Settlement	Increase -	Increase -
Colored State   Colored Stat	Operating Revenues							· &		<del>~-</del>		
1,2,2,2,2,2,2,2,2,2,2,2,2,2,2,2,2,2,2,2	Commercial	, ,					•		(27.962)	4,419,514 937,053		
Personal Computers (10,000)	Industrial	ı	i"	• •						102,252		
Figures 5	Private Fire Service	, ,		, ,	•	•	1	1				
Forevers:  (18,303) (	Total Water Revenues	•	· ·				· •	' <del>69</del>				
\$ 5 5 750 1502 15 1502	e i Conciloros M	ı	,	,		•	,	,				- 1
Perses:  (18,303) (18,303) (18,303) (18,303) (18,303) (18,303) (18,412) (18,303) (18,412) (18,303) (18,412) (18,303) (18,412) (18,303) (18,412) (18,303) (18,412) (18,303) (18,412) (18,303) (18,412) (18,303) (18,412) (18,303) (18,412) (18,303) (18,412) (18,303) (18,412) (18,303) (18,412) (18,303) (18,412) (18,303) (18,303) (18,412) (18,303) (18,412) (18,303) (18,412) (18,303) (18,412) (18,303) (18,412) (18,303) (18,412) (18	Miscella lecus Fotal Operating Revenues	ب	8		€5	, € <del>7</del>	•	, es		<b>69</b>	3,224,403	
Expenses   Company   Com												
Company   Comp	Operating Expenses								1			840.055
The protest control of the protest control	Purchased Water	•	1	1	•	•	ŀ	•	(17,399)			85,350
Interest         (15,52)         (15,02)         (12,14,02)         (12,14,02	Other	• .	ı		•	•	•	•	(199)			
Treatment Expenses (18,000) (1	Pumping Expenses:	•					•	•	(13.632)			1,920,391
Treatment Expenses	Purchased Power		•	•	•	•	. 1		-			927
Treatment Expenses   (16,312)   (16,312)   (16,312)   (16,312)   (16,312)   (16,312)   (16,312)   (16,312)   (16,312)   (16,312)   (16,312)   (16,312)   (16,312)   (16,312)   (16,312)   (16,312)   (16,312)   (16,312)   (16,4	Purchased Gas	•	, ,		•	•			(31,091)	772,405		772,405
Common According Expenses   (19,009)   (19	Other		(18,303)		•	• '	. 1	•	(2,484)			1,214,061
Term Delta   Control of the contro	Water Treatment Expenses	•	• ;		•		•	•	(115.312)			2,210,893
more Accounting Expenses         (140,168)         2,442,119         2,442,119           instrative & General Expenses         \$ (107,060)         (107,060)	Transmission & Distribution Expenses	•	(78,009)		•'			•	(16,442)			1,343,867
Expenses   (107,060)   (96,313)   S   S   S   S   S   S   S   S   S	Customer Accounting Expenses	•	•	•		•	'	•				. :
A Amoritzation Expenses  \$ (107,060) \$ (96,313) \$ . \$ . \$ . \$ . \$ . \$ (337,140) \$ 10,630,068 \$ . \$ 8 . \$ 8 . \$ (337,140) \$ 10,630,068 \$ . \$ 8 . \$ 8 . \$ (107,060) \$ (96,313) \$ . \$ . \$ . \$ . \$ (37,06) \$ (37,140) \$ 10,630,068 \$ . \$ . \$ 8 . \$ (107,060) \$ (96,313) \$ . \$ . \$ . \$ . \$ (37,140) \$ (19,109)	Sales Expense	(407 060)			•	•	•	•	(140,188)			2,442,119
## Amortization Expenses   Income   Amortization Expenses   Capability	Administrative & General Expenses Total Operations & Maintenance Expense			s	\$	-	₩				e <del>s</del>	\$ 10,630,068
A Amortization Expenses 14.40 - 2.440 - 6.5750   7,598   97,598   97,598   97,598   97,599   97,791									(990 E0)			3 773 300
Income Taxes   1,596   97,59	Depreciation & Amortization Expenses	•	•	•	2,44(	,	4	1	(21,000)			200
Second   S	Taxes										4 000	4 207 953
Income Tarkes  Income Tarkes  Income Tarkes  Income A Deductions  Income A Deduction A Deduct	Federal Income Taxes	•	•	•	•	1	•	97,598		395,751	1,002,102	307.025
## Takes  ### Expenses  #### Expense	State Income Taxes	•	•	,	•	ŀ	1			67,180	56,027	100,100
\$ (107,050) \$ (96,319) \$ . \$ . \$ . \$ . \$ 55,750 \$ 119,098 \$ 174,848 \$ 1,685,235 \$ 1,279,146 \$ \$ 1,000 \$ \$ 1,000 \$ \$ 1,000 \$ \$ 1,000 \$	Property Taxes	•	. 1	•	•	1	55,7	96	00/'cc "	988,881	207'00	213,622
tting Expenses \$ (107.080) \$ (36.313) \$ . \$ 2,440 \$ . \$ 55,750 \$ 119,088 \$ (189.356) \$ 16,088,693 \$ 1,279,146 \$ s.	Other	'   '			· .	5		8	69		1	
string Expenses         \$ (107.060) \$ (96.313) \$ . \$ 2.440 \$ . \$ 5.750 \$ (119.088) \$ (108.358) \$ 16.086.683 \$ 1,279.146 \$ 1.945.288 \$ 1.945.28	lotal laxes	, <del>9</del>	•		•	•					- 1	- 1
Term Debt	Total Operating Expenses Operating Income			es es	(2	es es		es es	မ မ	60 es	1 1	-
Term Debt 5	Other Income & Deductions:											
Term Debt (28,059) \$ - \$ (28,059) \$ - \$ (28,059) \$ 1,781,238 \$ - \$ (10,000) \$ (119,098) \$ 1,781,238 \$ - \$ (10,000) \$ (119,098) \$ 1,89,455 \$ 768,222 \$ 1,945,258 \$ - \$ (28,059) \$ (119,098) \$ 189,455 \$ 768,222 \$ 1,945,258 \$ - \$ (24,40) \$ 28,059 \$ (55,750) \$ (119,098) \$ 189,455 \$ 768,222 \$ 1,945,258 \$ = \$ (24,40) \$ 28,059 \$ (55,750) \$ (119,098) \$ 189,455 \$ 768,222 \$ 1,945,258 \$ = \$ (24,40) \$ (24,4	Interest:					•	;		(030.90)			1 781 238
terest \$ . \$ . \$ . \$ . \$ . \$ . \$ . \$ . \$ . \$	Long-Term Debt	•	•	•	, ,	(28,05)			(60,02)			2
terest \$ \$ (28,059) \$ - \$ - \$ - \$ - \$ (28,059) \$ - \$ - \$ (28,059) \$ 1,781,238 \$ - \$ 100 me) - Net \$ - \$ (28,059) \$ 1,781,238 \$ - \$ (19,059) \$ 1,781,238 \$ - \$ (100 me) & Deductions \$ - \$ - \$ (28,059) \$ - \$ - \$ (28,059) \$ 1,781,238 \$ - \$ (100 me) & Deductions \$ - \$ - \$ (2,440) \$ 28,059 \$ (55,750) \$ (119,098) \$ 189,455 \$ 768,222 \$ 1,945,258 \$	Short-Term Debt	•	1	•		•	ļ	•	•	1		•
noame) - Net \$ (28,059) \$ - \$ (28,059) \$ - \$ (28,059) \$ - \$ (38,059) \$ 1,781,238 \$ - \$ (income) & Deductions \$ 107,060 \$ 96,313 \$ - \$ (2.440) \$ 28,059 \$ (55,750) \$ (119,098) \$ 189,455 \$ 768,222 \$ 1,945,258 \$	Other Total Interest		69		\$		69			မာ	€9	\$ 1,781,238
(Income) & Deductions \$ - \$ - \$ (28,059) \$ - \$ (28,059) \$ 1,781,238 \$ - \$ (28,059) \$ 1,781,238 \$ - \$ (3,45,258 \$ - \$ (19,059) \$ (119,058)	Other (Income) - Net	•	•		1	1	•	•	1	•		•
(Income) & Deductions \$ - \$ - \$ (28,059) \$ - \$ - \$ (28,059) \$ 1,761,235 \$ - \$ \$ (28,059) \$ 1,761,235 \$ - \$ \$ (119,088) \$ 189,455 \$ 766,222 \$ 1,945,258 \$						1	- 1			,		Ì
\$ 107,060 \$ 96,313 \$ . \$ (2,440) \$ 28,059 \$ (55,750) \$ (119,098) \$ 189,455 \$ 768,222 \$ 1,945,258 \$	Total Other (Income) & Deductions							· 69		<del>9</del>		
	Net Income			- 1		\$	69	s	မ	49	1 11	\$ 2,713,480
				i								

	[A] Actual	[B] Pro Forma	[C] Adjusted	[0]	皿	[F] Settler	[G] [H] Settlement Income Statement Adjustments	[H] ement Adjustme	ints	3	Z
Line No	End of Test Year		Test Year -	BLANK	Settlement Adj. IS-1	Settlement Adj. IS-2	Settlement Adj. 1S-3	Settlement Adj. IS-4	Settlement Adi. IS-5	Settlement Adj. IS-6	Settlement Adj. IS-7
Operating Revenues	6 10 895 910	\$ (441824) \$									
Comprise		(84,136)							(27.962)		
Hidusulal Private Fire Service	55,631	44,606	100,237								
Other Water Revenues Total Water Revenues	\$ 16,553,359	\$ (715,545) \$	15,837,815 \$	-	69		\$	,	\$ (27,962)	es	
Miscellaneous	805,141	(70,907)	734,234								
Total Operating Revenues	\$ 17,358,501	\$ (786,452)	\$ 16,572,049 \$		<b>6</b> 9		1		(27,962)	·	ı 1
Operating Expenses											
Purchased Water	445,372	, 6	445,372		(17,399)	(676)					(168)
Other	67,345	2,693	70,038			(6/6)					
Fumping Expenses: Purchased Power	1,758,865	24,737	1,783,602								(12,429)
Purchased Gas	927		927			ć.					360.77
Other	500,924	145,411	646,335			(3,778)					(1,35
Water Treatment Expenses	995,342	110,334	1,105,676 2,096,350			(12,337)					(22,009)
Customer Accounting Expenses	1,177,556	53,664	1,231,220			(3,326)					(11,80
Sales Expense		• !	. !			(4 po		(737.0)		(301.05)	(07/8/
Administrative & General Expenses	- 1	318,979	2,347,389		l	(1,20/1)					6
Total Operations & Maintenance Expense	\$ 8,536,752	\$ 1,190,157	\$ 9,726,909 \$	•	(17,399)	\$ (22,194)		(16,75)	' A	(8,425)	e ·
Depreciation & Amortization Expenses	3,104,883	208,518	3,313,401				(29,506)				
Taxes											
Federal Income Taxes	612,128	(324,838)	287,290								
State Income Taxes	69,150	(5,863)	63,287								
Property Taxes	656,118	191,833	847,951								
Total Taxon	1,934,313	(1,704,741)	1 200 107 6						5	5	9
l otal Taxes		(ena'cne'l)	701,000,1	•	·	ı			•	1	.
Total Operating Expenses	\$ 14,933,346	\$ (504,934)	\$ 14,428,412 \$	1	\$ (17,399)	\$ (22,194)	\$ (29,506) \$	(9,757)		\$ (8,425)	- 1
Operating Income	\$ 2,425,155	(281,517)	2,143,637		1	- 11		9,757	\$ (27,962)	\$ 8,425	\$ 63,281
Other Income & Deductions:											
Interest:		1									
Long-Term Debt Short-Term Debt	1,629,974	(44,017)	1,585,957								
Other	(100,567)	100,567	, ,								
Total interest	\$ 1,566,982	\$ 18,975	\$ 1,585,957 \$		, ss	- 67		1	· ·	- 69	· •>
Other (Income) - Net	(67,057)	67,057	ŧ								
Total Other (Income) & Deductions	1 400 025	96 030	e 1 505 057 e						45		65
foral Other (income) & Deductions		750'00	/08'090'1	•	·		1				
Net Income	\$ 925,230	\$ (367,549)	\$ 557,680 \$		\$ 17,399	\$ 22,194	\$ 29,506 \$	9,757	\$ (27,962)	\$ 8,425	\$ 63,281

Exhibit
Schedule C-2 Settlement
Page 4 of 8
Witness: Reiker

ARIZONA W. A. IER COMPANY Test Year Ended December 31, 2010 Income Statement Pro Forma Adjustments

	E	[W]	[N] Settlement Inc	[N] [O] Settlement Income Statement	[P] Adjustme	(Q) [R]	[R]	(S) Total	[T] Adjusted	[U] Required	[V] Adjstď w/
	Settlement Adi. IS-8	Settlement Adj. IS-9	BLANK	Settlement Adj. IS-10	Settlement Adj. IS-11	Settlement Adj. IS-12	Settlement Adj. IS-13	Settlement Adjustments	Test Year - Settlement	Increase - Settlement	Increase - Settlement
Operating Revenues Residential Commercial Industrial Private Fire Service								(27,962)	\$ 10,454,087 4,124,997 911,893 100,237 218,638		
Other Water Revenues Total Water Revenues	, sp	υ υ	<b>.</b> .	, \$	, G	·		\$ (27,962)	\$ 15,809,853		
Miscellaneous Total Operating Revenues	·	69		φ.	69	·	· •	\$ (27,962)	\$ 16,544,087	\$ 2,725,357	\$ 19,269,444
Operating Expenses Source of Supply Expenses:								(17,399) (541)	427,973 69,497		427,973 69,497
Other Pumping Expenses: Purchased Power								(12,429)	<del></del> .		1,771,173
Purchased Gas Other Water Treatment Expenses		(17,417)						(28,234) (2,526) (104,251)			618,101 1,103,150 1,992,099
Transmission & Distribution Expenses Customer Accounting Expenses		(906'69)						(15,130)			1,216,090
Sales Expense Administrative & General Expenses Total Operations & Maintenance Expense	(99,442)	(87,322)	•	69	es	69	€5	(127,310) \$ (307,820)	\$ 9,419,089	69	\$ 9,419,089
Depreciation & Amortization Expenses				2,297				(27,209)	3,286,192		3,286,192
Taxes Federal Income Taxes State Income Taxes Property Taxes						45,317	90,832 20,009	90,832 20,009 45,317	378,122 83,297 893,268 189,574	846,539 186,485 49,050	1,224,661 269,782 942,318 189,574
Other Total Taxes	·	es	- -	5	65	\$ 45,317	\$ 110,841	\$ 156,159	69	€9	\$ 2,626,335
Total Operating Expenses Operating Income	\$ (99,442) \$ 99,442	2) \$ (87,322) 2 \$ 87,322		\$ 2,297 \$ (2,297)	s &	\$ 45,317 \$ (45,317)	\$ 110,841 \$ (110,841)	\$ (178,870) \$ 150,908	\$ 14,249,542 \$ 2,294,545	\$ 1,082,075 \$ 1,643,282	\$ 15,331,616 \$ 3,937,827
Other Income & Deductions: Interest: Long-Term Debt Short-Term Debt					(25,412)			(25,412)	1,560,544		1,560,544
Other Total Interest	↔	€ <del>0</del>	69	, •	\$ (25,412)	69	· ·	\$ (25,412)	\$ 1,560,544	<del>65</del>	\$ 1,560,544
Other (income) - Net											1
Total Other (Income) & Deductions	69		es	·	\$ (25,412)	69	· ·	\$ (25,412)	\$ 1,560,544	· •>	
		000 10				17.0	440.044)	175 224	734 001	\$ 1 643 282	\$ 2,377,283

Recap Schedules: C-1 Settlement

	IAI	ā	2	2	12	White I ank	10	Ξ			103	2
	Pol Actual	Pro Forma	Adjusted	<u></u>	<u> </u>	r. J Sett	Settlement Income Statement Adjustments	tatement Ad	ustments		2	Ξ
	End of Test Year	Adjustments - As Filed	Test Year - As Filed	BLANK	Settlement Adj. IS-1	Settlement Adj. IS-2	Settlement Adj. IS-3	Settlemer Adj. IS-4	nt Settlemen		Settlement Adj. IS-6	Settlement Adj. IS-7
Operating Revenues Residential Commercial	\$ 1,409,477 188,379		\$ 1,316,944 172,061			÷						
Industrial Private Fire Service	24,805	354 659	25,159 1,361									
Uner water Revenues Total Water Revenues	\$ 1,670,608	\$ (107,599)	\$ 1,563,009 \$			· •	69	\$	65			-
Miscellaneous Total Operating Revenues	23,016 \$ 1,693,624	(1,553) \$ (109,152)	\$ 1,584,472 \$		·		49	€9	es-	φ,		
Operating Expenses Source of Supply Expenses: Purchased Water Other	25,535 15,158	39,359 278	64,894 15,436		•	(33)						(9)
Pumping Expenses: Purchased Power	139,162	8,176	147,338									(1,203)
Purchased Gas Other	133,987	11,875	145,862			(336)						(1,535)
Water Treatment Expenses Transmission & Distribution Expenses	104,242 123,225 93,431	(1,528) 47,016 4 703	102,714 170,241 98,134			(104) (1,096) (295)						(1,246) (870)
Sales Expense Administrative & General Expenses	155,077	25,418	t t		6	(107)		u	(671)		(3,500)	(5 396)
Depreciation & Amortization Expenses					•					•		
Taxes Federal Income Taxes State Income Taxes Property Taxes	57,907 6,542 45,778		(14,449) (3,183) 60,835									
Total Taxes	\$ 243,484	\$ (180,964)	\$ 62,520	· •	69	69	69	ss.	\$			1
Total Operating Expenses Operating Income	\$ 1,464,208 \$ 229,416	\$ (41,819) \$ (67,334)	\$ 1,422,389 \$ \$ 162,083 \$	, . ю ю	မ မ	\$ (1,971) \$ 1,971	 	89 89	(671) \$ 671 \$	<del>မာ</del> မာ	3,500) \$	(5,396)
Other Income & Deductions: Interest: Long-Term Debt Short-Term Debt. Other	191,352 4,411 (11,806)	(1,221) (4,411) 11 806	190,131									
Total Interest Other (Income) - Net	\$ 183,957	69	\$ 190,131 \$		· ·	· •	, es	<del>69</del>	<i>в</i> э	es	\$	,
Total Other (Income) & Deductions	\$ 178,002	\$ 12,129	\$ 190,131 \$	,	·	69	· •	<del>69</del>	65	<del>69</del>		•
Net Income	\$ 51,414	\$ (79,463) \$	\$ (28,048) \$		69	\$ 1,971	- د	9	671 \$	6	3,500 \$	5,396
			·			-						

ARIZONA WALTER COMPANY	Test Year Ended December 31, 2010	Income Statement Pro Politia Aujustriterus

1	φ φ	Settlement Income Statement Adjustments BLANK Adj. IS-10 Adj. IS-11  Settlement Settleme	Settlement Adi. IS-12 Adi. IS-12 &	Settlement Adj. IS-13	Settlement Adjustments Adjustments (1,203) (1,203) (2,445) (1,659) (1,165)	Adjusted Test Year - Settlement 1,316,944 172,061 25,159 1,361 47,483 1,584,472 146,135 146,135 146,135	Required Increase - Settlement \$ 501,373 \$	Adjstď w/ Increase - Settlement
Settlement Settlen Adi. IS-8 Adi. IS-8 Se Adi. IS-8 Se Adi. IS-8 Se Adi. IS-8 Settlement Settlen Adi. IS-8 Se Adi. IS-8 Settlement Settlen Settlement Sett	φ φ	iement Settlement IS-10 Adi IS-11	Settlement Adi. 15-12	Adj. 18-13	6 (2) (3) (6) (7)	Settle	Settlement 5601,373	ncrease -
Adi. IS-8 Adi. IS-8 Adi. IS-8 ss.  ss. ss. penses: inbution Expenses neral Expenses nance Expenses nance Expenses snance Expen	BINANK September 1				6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6		501,373	
penses:  penses:  penses:  penses:  penses:  penses  penses:  penses	69 69 69	es es			••		501,373	
penses:  spenses:  spenses	69 69	es es					501,373	
penses:  penses:  penses:  penses:  penses:  penses  ribution Expenses  nance Expenses  nance Expenses  nance Expenses  nance Expenses  shade (4,997) \$  \$  \$  \$  \$  \$  \$  \$  \$  \$  \$  \$  \$	49 49 49	w, w,					501,373	
penses:  penses:  penses:  penses:  ribution Expenses  nance Expenses  nance Expenses  nance Expenses  nance Expenses  s	w w	w, w,					501,373	
penses:  penses:  penses:  penses:  penses:  penses  p	w w	49 49					501,373	
penses:  ribution Expenses ribution Expenses and Expenses	· · · · · · · · · · · · · · · · · · ·	<del>69</del>				<del>-</del>	501,373	
penses:  ribution Expenses ribution Expenses nance	· · · · · · · · · · · · · · · · · · ·	<del>vs</del>				<del>-</del>	501,373	
penses: ribution Expenses ribution Expenses nance E					(39) (1,203) (2,445) (1,00) (1,165)	64,894 15,397 146,135 143,417 102,614		2,085,845
\$ (4,997) \$ \$ (4,997) \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	99				(39) (1,203) (2,445) (1,00) (8,339) (1,165)	64,894 15,397 146,135 143,417 102,614		
\$ (4,997) \$ (4,997) \$ \$ - \$ \$ 4,997) \$	69				(39) (1,203) - (2,445) (100) (8,339) (1,165)	64,894 15,397 146,135 143,417 102,614		0.00
\$ (4,997) \$ (4,997) \$ \$ - \$ \$ 4,997) \$	69				(39) (1,203) (2,445) (100) (8,339) (1,165)	146,135 143,417 102,614		15,397
\$ (4,997) \$ (4,997) \$ \$ - \$ \$ (4,997) \$	€9				(1,203) (2,445) (1,165) (1,165)	146,135 - 143,417 102,614		!
\$ (4,997) \$ (4,997) \$ \$ - \$ \$ 4,997 \$	69				(2,445) (100) (8,339) (1,165)	- 143,417 102,614		146,135
\$ (4,997) \$ \$ (4,997) \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	69				(2,445) (100) (8,339) (1,165)	143,417		,
\$ (4,997) \$ (4,997) \$ \$ (4,997) \$ \$ \$ \$ 4,997 \$ \$	€5				(8,339) (8,339) (1,165)	102,614		143,417
\$ (4,997) \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	45				(8,339) (1,165) -			161902
\$ (4.997) \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	· ·				(1,165)	161,902		96.96
(4,997) \$ \$ (4,997) \$ \$ 4,997 \$						696'96 6		ה'. ה'
\$ (4,997) \$ \$ (4,997) \$ \$ (4,997) \$	•				(4 X 14)	170.681		170,681
6 (4.997) 6 6 7 9 9 7 9 9 7 9 9 7 9 9 7 9 9 7 9 9 7 9 9 7 9 9 9 7 9 9 9 7 9	ı			<del>ده</del>		\$ 902,009		902,009
\$ - \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$								424 000
\$ (4,997) \$ \$ 4,997 \$ \$		135			135	434,890		434,0
\$ (4.997) \$ \$ 4.997 \$ \$								,
\$ (4.997) \$ \$ 4.997 \$				5,453	5,453	(8,996)	156,286 34,428	32.447
\$ (4.997) \$ \$ (4.997) \$			8,175	102'1	8,175	69,010	7,279	76,289
\$ (4.997) \$ \$ (4.997) \$					- 1			19,317
\$ (4,997) \$ \$ 4,997 \$	· ·	· ·	\$ 8,175 \$	6,654 \$	14,829	\$ 77,349	\$ 197,994 \$	2/5/2
\$ (4,39) \$ \$ (4,99) \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	6	125 \$	8.175	6,654	(8,141)	\$ 1,414,248	\$ 197,994 \$	1,612,242
Other Income & Deductions: Interest: Long-Term Debt Short-Term Debt	<del>8</del>		\$ (8,175) \$	(6,654) \$	8,141		303,379	473,6
Interest: Long-Term Debt Short-Term Debt								
Long-Term Debt Short-Term Debt		(888.0)			(2 444)	187.687		187,687
Short-Lerm Debt		(4444)			î Î	•		. •
1000		ı			1			, ,
Total Interest \$ - \$	· ·	. \$ (2,444)	· ·	•	(2,444)	187,687	A	180,181
Other (Income) - Net						•		•
		İ			(2 444)	187 687	69	187,687
Total Other (Income) & Deductions \$ - \$	€ <del>5</del>	\$ (2,444)	es.	•	(5,444)		•	Ì
Net Income \$ 4,997 \$ 6,571	1 &	(135) \$ 2,444	\$ (8,175) \$	(6,654) \$	10,585	\$ (17,463)	\$ 303,379 \$	285,916

N:2011\_Rate\_Case\Settlement\Western Group\2011 A\WC Rate Case Model Settlement-WG v4 FINAL\C2 PM Processing Date: 2/14/2012 4:19 PM

ARIZONA W. JER COMPANY Test Year Ended December 31, 2010 Income Statement Pro Forma Adjustments Recap Schedules: C-1 Settlement

	[A] Actual		[B] Pro Forma	[C] Adjusted	Ē	<u>u</u>	正	Settlement	[G] t Income Si	[H] tatement A	[G] [H] Settlement Income Statement Adjustments		<u>-</u>	<b>-</b>	[K]
	End of Test Year			Test Year - As Filed	BLANK	Settlement Adj. IS-1	Settlement Adj. IS-2	A A	Adj. 1S-3	Adj. IS-4	4	Adj. 1S-5	Settlement Adj. IS-6	Settle Adi.	Settlement Adj. IS-7
Operating Revenues		F	9						!						
residential Commercial	*	386,577 <b>\$</b> 122,784	(5,524) \$ (329)	380,053 122,455											
Industrial Private Fire Service		412	241	- 653											
Other Water Revenues		2,719	(24)	2,665											
Total Water Revenues	\$	512,492 \$	(6,	35	,	•	es.	€9	•	€9	<b>↔</b>	•	, 69	€	•
Miscellaneous		4,016	(248)	3,768											
Total Operating Revenues	cú e <del>s</del>	516,508 \$	(6,914) \$	\$ 69,594	,	ج	<del>()</del>	<del>69</del>	•	<b>69</b>	<del>()</del>	•	, <del>so</del>	₩	1
Operating Expenses Source of Supply Expenses:															
Purchased Water	~	147,188	, 3	147,188		•		é							
Orner Pumping Expenses:		9/7	<u> </u>	, 0				Đ							
Purchased Power		3,083	•	3,083											
Purchased Gas		8 8 19	2 480	11 299				(83)							(17)
Water Treatment Expenses		8,024	131	8,155				( <b>5</b> 6)							•
Transmission & Distribution Expenses		43,973	15,641	59,614			_	(270)							(345)
Customer Accounting Expenses		29,834	۲,۲۲ -	30,955 -				(6)							
Administrative & General Expenses		47,000	7,423	54,423				(56)			(236)		•		(180)
Total Operations & Maintenance Expense	\$	288,197 \$	26,988 \$	315,185		· •	·)	(487) \$		€	(236) \$	•	- - -	69	)
Depreciation & Amortization Expenses		906'09	1,394	52,300									•		
Taxes															
Federal Income Taxes		23,398	1,914	25,312											
State incurrer laxes Property Taxes		21,214	2,933 2,932	5,576 24,146											
Other		- 1	(32,723)	4,731							•				
lotal taxes		84,/09		59,764	, 69	·	<b>69</b>	<b>19</b>	•	<b>9</b>	<del>s9</del>	•	·	÷	
Total Operating Expenses Operating Income	<del>⊗</del> <del>⊗</del>	423,812 \$ 92,696 \$	3,438 \$ (10,352) \$	427,250 82,344		 	\$ \$	(487) \$ 487 \$	1	φ <del>φ</del>	(236) \$		1 I	en en	(450) 450
Other Income & Deductions:															
interest: Long-Term Debt		35,397	(2,188)	33,209											
Short-Term Debt Other		816 (2.184)	(816)												
Total interest	\$	34,029 \$		33,209 \$	,	· ·	69	<b>69</b>		65	69		69	65	ľ
Other (Income) - Net		(1,469)	1,469	r											
Total Other (Income) & Deductions	69	32,560 \$	649 \$	33,209 \$	-	\$	s,	<b>69</b>	,	69	69		69	\$	
															750

ARIZONA 1. AER COMPANY Test Year Ended December 31, 2010 Income Statement Pro Forma Adjustments

					3	0	Ajo		<u>iš</u>	ISI	E	2	Σ
			<u>∑</u>	[N] Settlement Inc	[N] [N] [N] [N] [N] Settlement Adjustments	t Adjustments	Ì		1		Adjusted	Required	Adjstd' w/
Line No.	Settlement Adi. IS-8		Settlement Adj. IS-9	BLANK	Settlement Adj. IS-10	Settlement Adj. IS-11	Settlement Adj. IS-12		Settlement Se Adi. IS-13 Adi	Settlement Adjustments	Settlement	Settlement	Settlement
Opera									69	<b>€9</b> • •	380,053 122,455		
3 Commercial 4 Industrial 5 Private Fire Service										1 1 1	653		
7	es.	<del>s</del>			es-	65	₩.	<b>.</b>	65		505,826		
8 9 Miscellaneous	es.	•			₩	65	69	\$	<del>(</del>		3,768 509,594	\$ (2,326)	\$ 507,268
Ö											147 188		147,188
တိ										(11)	456		456
Pu											3,083		3,083
			(312)							- (412)	10,887		10,887 8,297
19 Uther 20 Water Treatment Expenses 21 Transmission & Distribution Expenses	Expenses		(2,108)							(2,723)	56,891 30,808		56,891 30,808
	ses									(3,064)	51,360		51,360
Teto F	penses	(2,621)	(2,420)	-	69	€9	69	\$		(6,215) \$		ا چ	\$ 308,970
26 26 27 Degraciation & Amortization Expenses	l				-	80				80	52,308		52,308
												(200)	600 30
<u></u>								2,258	1,313 289	1,313 289 2,258	26,625 5,865 26,403	(129) (159) (40)	25,902 5,706 26,363
	e	65	,	-	8	69	<del>65</del>	2,258 \$	1,603 \$	3,860 \$	63,625	\$ (922)	\$ 62,702
34 Total Taxes		- 1	- 1				69	2,258 \$		(2,347) \$		\$ (922)	\$ 423,981
36 Total Operating Expenses 37 Operating Income	မာမြာ	2,621 \$	2,420		9 69	· 65	69	(2,258) \$	(1,603) \$	1 U	84,691	\$ (1,404)	\$ 83,288
38 39 Other Income & Deductions: 40 Interest:						,				(203)	33 007		33,007
							(203) -			( <del>)</del>			. ' '
1	6	,	1		s,	\$	(203) \$	<b>6</b> 5		(203)	\$ 33,007	ъ	\$ 33,007
45 46 Other (Income) - Net					,								
47 48 Total Other (Income) & Deductions	φ.	'		-	- <del>69</del>	\$	(203) \$	₩	<b>6</b>	_	\$ 33,007	ss es	<del>67</del>
49 50 Net Income	69	2,621 \$	2,420		s	\$ (8)	203 \$	(2,258) \$	(1,603) \$	2,550	\$ 51,685	\$ (1,404)	\$ 50,281
53 54													
55													

Supporting Schedules:

 $\begin{array}{c} 110 \\ 111 \\$ 

ARIZONA Win, ar company
Test Year Ended December 31, 2010
Settlement Income Statement Adjustment IS-1
Accept Staff Income Statement Adjustment No. 2 - Reduce Over-Amortization of CAP M&I Charges

Increase /	(Decrease)	\$ (17,399)	•			\$ (17,399)	
91	ď	Pinal Valley	White Tank	Ajo		Total Western Group	
Line	일 _	~	က	4	S,	9	٢

Supporting Schedules:

ARIZONA WA. \_\_A COMPANY
Test Year Ended December 31, 2010
Settlement Income Statement Adjustment IS-2
Accept Staff Income Statement Adjustment No. 3 - Fleet Fuel Expense

Total Increase / Decrease)	(22,194) (1,971) (487)	(24,652)
- 9	<b>\$</b>	<b>\$</b>
& General Expenses - Increase /	(1,207) (107) (26)	(1,340)
	(§) (§) (§) (§)	(3,694) \$
Customer Accounting Expenses - Increase /	(3,326) (295) (73)	(3,6)
	<b>6</b>	69
ransmission & Distribution Expenses - Increase /	(12,337) (1,096) (270)	(13,703)
5 - 2 m - ea	€9	€9
Water Treatment Expenses - Increase /	(1,173) (104) (26)	(1,303)
- 111 - 13	•	₩
Pumping Expenses - Increase / (Decrease)	(3,778) (336) (83)	(4,197) \$
-	<b>6</b>	€
Source of Supply Expenses - Increase /	(373) (33) (9)	(415)
Sou Sr Expr Incr	<b>↔</b>	\$
	Pinal Valley White Tank Ajo	Total Western Group
	P. A. Š.	

Recap Schedules:

ARIZONA W.k., =R COMPANY
Test Year Ended December 31, 2010
Settlement Income Statement Adjustment IS-3
Accept Staff Income Statement Adjustment No. 7 - Depreciation Expense (Amortization of Regulatory Asset - Double Counted)

Copperation & Amortization Expense - Increase / (Decrease)	(29,506)	\$ (29,506)
	Pinal Valley White Tank Ajo	Total Western Group

Recap Schedules:

Schedule C-2 Settlement Appendix Page 4 of 19 Witness: Reiker

N:2011\_Rate\_Case\Settlement\Western Group2011 AWC Rate Case Model Settlement-WG v4 FINAL\C2.1 PPM Processing Date: 2/14/2012 4:19 PM

ARIZONA W.b. \_r.R COMPANY
Test Year Ended December 31, 2010
Settlement Income Statement Adjustment IS-4
Adjust and Partially Accept RUCO Income Statement Adjustment No. 5 (Miscellaneous Expense)

Ajo	Amount	\$ 4,907	\$2,717.38 50%	1,359	\$375.36	\$4,022.57	\$ 10,664	2320	
White Tank	Amount	\$ 4,907	\$2,717.36 50%	1,359	\$375.36	\$4,022.57	\$ 10,664	0.0629	(6/1)
Pinal Valley	Amount	\$ 4,907	<b>\$</b> 2,717.36 50%	1,359	\$375.36	\$4,022.57	\$ 10,664	0.9149	\$ (9,757)
	Description	Civic/Sevice Club Fees, Donations, and Dues	Water Association Dues and Fees		Flowers	Service Awards and Banquets	Total Miscellaneous Expenses Disallowed	Pinal Valley Allocation Factor by Customer Count	RUCO Miscellaneous Expense Adjustment

Supporting Schedules:

ARIZONA WA, LR COMPANY Test Year Ended December 31, 2010 Settlement Income Statement Adjustment IS-5 Adjust Pinal Valley Industrial Revenues to Reflect Known & Measurable Post-Test Year Reduction in Usage

Increase / (Decrease) <u>in Revenues</u>		(488)	3,742	•	1,648	,	3,815	(33,971)	(2,708)	
Dag In Re		€	<b>6</b> 3	·	<b>69</b>	₩	4	69	<b>69</b>	<b>69</b>
T.Y. Rate Per 1,000 Gais		1,5036	1.5036	1.5036	1.5036	1.5036	1.5036	1.5036	1.5036	1.5036
Pe		69	69	€9	<b>69</b>	٠	69	<b>↔</b>	69	69
Increase / (Decrease) <u>in Usage</u>		(324.7)	2,488.8	,	1,096.1	,	2,537.0	(22,592.9)	(1,801.0)	1
Total Industrial Usage - (M Gals)		398.0	11,378.2	,	11,586.6		42,327.0	486,411.0	26,006.4	1
Total Industrial Usage - (M Gals)		722.7	8,889.4	1	10,490.5		39,790.0	509,003.9	27,807.4	
Description	Pinal Valley	Industrial 5/8 x 3/4 -inch	Industrial 1-inch	Industrial 1.5-inch	Industrial 2-inch	Industrial 3-inch	Industrial 4-inch	Industrial 6-inch	Industrial 8-inch	Industrial 10-inch

Line 1 1 2 2 3

(27,962)

596,703.9

Supporting Schedules:

ARIZONA With LR COMPANY
Test Year Ended December 31, 2010
Settlement Income Statement Adjustment IS-6
Remove Company pro forma adjustment related to additional BMPs

Increase / (Decrease) <u>Settlement</u>	\$ (8,425) (3,500)	\$ (11,925)
Company Proposed BMP Expense - <u>As Filed</u>	\$ 8,425 3,500	\$ 11,925
Description	Pinal Valley White Tank Ajo	

ARIZONA W: \_\_.R COMPANY
Test Year Ended December 31, 2010
Settlement Income Statement Adjustment IS-7
Accept portion of Staff Income Statement Adjustment No. 1 related to unbilled operating expenses

Purchased

No.

Description		Source of Supply - As Filed			Power Pumping - <u>As Filed</u>	_	Other Pumping - <u>As Filed</u>	Treat As	Water Freatment - As Filed	A R Di A	Transmission & Distribution - <u>As Filed</u>	ပ မွ ျ	Customer Accounting - <u>As Filed</u>	Adn & (	Administrative & General - <u>As Filed</u>	П	Totals
Pinal Valley White Tank Ajo	<b>↔</b>		168 6 2	€9	12,429 1,203	69	7,039 1,535 17	€÷	1,353 (4) (168)	€9	22,009 ( 1,246 345	49	11,804 870 74	•	8,479 \$ 540 180	6	63,281 5,396 450
Total - As Filed	es.		176	\$	13,632	69	8,591	69	1,181 \$	69	23,600 \$	<b>69</b>	12,748	es.	9,199	65	69,127
Increase/(Decrease)	69		(176)	€9	(13,632)	G	(8,591) \$	<sub>69</sub>	(1,181) \$	69	(23,600)	69	(12,748)	69	(9,199)	€9	(69,127)

 $\begin{smallmatrix} 0 & 1 & 1 & 1 & 1 & 1 \\ 0 & 1 & 1 & 1 & 1 \\ 0 & 1 & 1 & 1$ 

Exhibit

ARIZONA W.-. - R COMPANY

Test Year Ended December 31, 2010

Settlement Income Statement Adjustment IS-8

Rate Case Expense Settlement - Adopt RUCO recommended rate case expense of \$304,975 recovered over 3-years

Increase / Decrease	(99,442) (4,997) (2,621)	(107,060)
<u> </u>	69	<del>⇔</del>
Normalization in <u>Years</u>	ппп	
<u>Difference</u>	(298,327) (14,990) (7,864)	(321,181)
	4 ñ o ea	es So
Agreed Upon Rate Case Expense - Settlement	274,574 24,385 6,016	304,975
9	₩	\$
Company Proposed Rate Case Expense - As Filed	572,901 39,375 13,880	626,156 \$
O T S III	↔	<b>↔</b>
Allocation %	90.03% 8.00% 1.97%	100%
3-Factor Ratio	0.3423 0.0304 0.0075	0.3802
scription	Pinal Valley White Tank Ajo	Total
<u>a</u>	בֿ ≶ בֿ	

ARIZONA WA, cR COMPANY
Test Year Ended December 31, 2010
Settlement Income Statement Adjustment IS-9
Adjust Pumping & T&D Maintenance Expense/Partially accept Staff Income Statement Adjustment No. 4

Total Increase / <u>Decrease</u>	(87,322) (6,571) (2,420)	\$ (96,313)
	•	ŀ
increase / <u>Decrease</u>	(17,417) (574) (312)	(18,303)
	69	\$
Normalized Pumping Maintenance Expense -	195,428 14,807 3,596	213,831
∑	. 😘	65
Normalized Pumping Aaintenance Expense -	212,845 15,381 3,908	232,134 \$
S & B m	₩	49
Increase / Decrease	\$ (69,905) (5,997) (2,108)	\$ (78,009)
Normalized T&D Aaintenance Expense -	1,145,359 83,160 31,523	1,260,043
-	4 / *	8,052 \$
Normalized T&D Maintenance Expense - As Filed	1,215,264 89,157 33,631	1,338,05
Z Ž "	<del>69</del>	<del>s,</del>
Description	Pinal Valley White Tank Ajo	Total

Schedule C-2 Settlement Appendix Page 10 of 19 Witness: Reiker Exhibit

ARIZONA WA. - R COMPANY

Test Year Ended December 31, 2010
Settlement Income Statement Adjustment IS-10
Adjust Depreciation Expense to Reflect Settlement Plant Adjustments

Color   Colo	Main	A	Act	Act	Act   Comparison	Main   Part	(Decrease) Phoenix Office (3-factor Alloc.) 0.3423 \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Total Increase (Decrease (C+D++E
Part	Statement   Stat	Comparison   Com	Sequence   Control   Con	Section of the Content of the Content of Section of S	Section of the control of the cont	Comparization   Comparizatio	(Decrease) Phoenix Office (3-factor Alloc.) 0.3423 \$ \$ \$ \$	Total Increase (Decrease (Poerrease (Poerrea
		Column   C	Page	Participation   Participatio	Participation   Participatio	Accordance   Acc	\$ 13.423	Increase (Decrease (Decrea
	Description	Depocation   Dep	December   Department   Depar	Decrease   Department   Depar	Decrease   Department   Depar	Packer   P	(3-factor Alloc.) 0.3423 8	(Declaration of the part of th
Part	Communication   Communicatio	Part	Part	Note   Part	Part	National Politics   Nati	8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8	# # # # # # # # # # # # # # # # # # #
Communication   Communicatio	Occasion   Comparison   Compa	Organization   Plant	10   Organization of Part	10   Opposition of the companies between the companies to the co	11   Organization   Committee   Committe	Introspible plant		
10   Charles	200   Comparison	State   Comparison   Comparis	State   Communication   Comm	2017   Characteristics   Cha	2017   Comparison   Compariso	Occasionate and a control of the second of		
200   Charles Charles   Charles	200	Source of Supply Part   Control Cont	200   Chief (Chaptiles)   201   Chief (Chaptiles)   202   Chief (Chief	Source   State   Sta	Source   State   Sta	Franchises   Fra	69 69 69 69 69 69 69 69 69 69 69 69 69 6	
10.0   Other interactions   Other	10.00   Charles   Charle	Source of Capacity Plant   Note   Secretary   Source	Source of Supply Paint	Subsidial interplace	Subsidiar letterplate	Source of Supply Land   Source of Supply Plant Land   Source of Supply Plant Land Land Land Land Land Land Land Land	w w w w	
Source of Stopy Plant   Sour	Success of Stoppy Plant         St.	Sample and the control of the contro	Standard Standard   Standard	Secret of Stoppy Pearly   Secret of Stoppy	Standard Engine Plant   Standard   Standar	Source of Supply Plant   Source of Source of Supply Plant   Source of Source of Source of Plant   Source of Sourc	y w w w w	
State   Stat	10.11   Week Graft	10.1   Water Fights	11.1   Week Fights	11.1   Webs Fights	10.1   Webs Fights	Source of Supply Plant   200%   100	w <sub>2</sub> w <sub>3</sub> w <sub>4</sub> w <sub>5</sub>	
10.00%   200	Control Cont	10.00%   1	10.00   10.0	10.00 Med. Collect of Supply Land	10.00 Med. Other of Supply Land	10.00%   1	w w w	
100	10.00%   Committee   Committ	10.0   Water Green of Supply Land   0.00%   5.00%	10. Water of Supply Land	10.1 Market Colored Supply Land   0.0076   1.315   1.515   1	10.1 Maint Carbon Car	10.00%   1.0	w w w	
1974   Works - Chem	100   100	14   Wells Collect Societies (Supply Plant)   1,199   5   5   5   5   5   5   5   5   5	1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1,	1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1,	14   Wells, Collect of Supply Latiful Control Control Collect of Supply Latiful Collect of Supply Latiful Collect of Supply Plant 1   2,005   5,005	210.3   Whele Source of Supply Plant   Plant Source of Supply Plant   Plant Source of Supply Plant	w. w. w.	
1.14   Wells   Other	Mail	1.00	1784   Wells   Cheer	1784   Wells   Other	154   Wells   Chief	Subtotal Source of Supply Plant	w w w	
14   Wells   Paul Land   2,00%   2,85%   2,85%   3,50%   3,5	14   Welds Source of Supply Plant   2009   2.59	Subtain Source of Supply Plant	14   Walter   Subtract of Supply Plant   2,00%   5,65%   6,50%   6,5	Wells   Wells   Wells   Subtoted Source of Supply Plant   Chromosome	Wells   Wells   Wells   Subtotal Source of Supply Plant   Clonds	2.1578   Wellstand Source of Supply Plant	w w w	
Purplicity State of Supply Plant   2009%   252   2690   252   2520   2	Purplicity State of Supply Plant   200%   2.52   2.560   2.550   2.5	Subtribute State of Supply Plant	Subtrail Source of Supply Plant   0.0094   2257   2457	Subtrail Source of Supply Plant   Control	Subtraction State of Supply Plant   2,28%   2,522   560   5   5   5   5   5   5   5   5   5	Subridual Source of Supply Plant   Co00%   Co00%   Section	w w w	
Pumping Plant Land   2000%   2.89%	Pumping plant Land   2,00%   3,522   5,500   5   5   5   5   5   5   5   5   5	Pumping plant Land   2,89%   9,522   560   5   5   5   5   5   5   5   5   5	Pumping Plant Land   2,89%   9,522   560   5   5   5	Pumping plant and plant and plant and and accordance of the plant and accordance and accordanc	Purplicy plant (above plant and plant (above plant and plant (above plant and plant (above plant and plant (above plant	Pumping Plant Ending Plant Ending Plant Ending Plant Ending Plant Structures & Improvements   2.86%	v, , , , , , , , , , , , , , , , , , ,	
221 Pumping Part Land   222 Pumping Part Land   223 Pumping Part Land   224 Pumping Part Land   225 Pumping Part Land   226	2.25   Pumping Plant Land   2.27   Pumping Plant Land   2.28   Pumping Plant Land   2.28   Pumping Plant Land   2.29   Pumping Plant Land   2.20   Pumping Plant Land	2.25	2.9. Pumping plant Studeness & Improvements         0.0%         5.22         5.60         5.8         5.8           2.9. Equation Plant Studeness & Improvements         0.0%         \$ 5.85         \$ 5.60         \$ 5.8         \$ 5.8           2.9. Equipper Equipment Studeness & Improvements         0.0%         \$ 6.85         \$ 6.85         \$ 5.60         \$ 5.8         \$ 5.8           3.9. Water Treatment Plant Lead         0.0%         \$ 6.85         \$ 5.85         \$ 5.60         \$ 5.8	2.9. Pumping plant Studentes & Improvements         0.075h         9.522         560         5         5           2.9. Fumping plant Studentes & Improvements         2.895h         9.522         560         \$         \$           2.9. Schools All Pumping Plant Teachines (Plant Plant Plant Plant Plant Plant Teachines (Plant Studentes & Improvements)         0.009h         \$	237         Pumping Plant Studumed & Light Manage of Light Man	Pumping Plant Land   2,000%   5,89%   5,532   5,500	( , , , , , , , , , , , , , , , , , , ,	
2.2.1 Pumping Plant Structures & Improvements         2.68%         9.522         560         \$           2.2.2 Gas Equipment         4.00%         \$         \$         \$         \$         \$           2.2.3 Subtices Equipment of the plant Land         4.00%         \$<	Pumping Part Students & Improvements   2,89%   9,502   560   5   5   5   5   5   5   5   5   5	225   Pumping Part Students & Improvements   2,89%   9,532   560   5   5   5   5   5   5   5   5   5	232         State of Particular Manual Plant Land         2.85%         9.522         560         6         6         6         5         8         9 <th< td=""><td>232         Eventific Parally (Parall Authorises &amp; Improvements)         2.85% bits</td><td>232         Station of the minior plant students at improvements and providents and providents and providents and providents are students and providents and providents are students and providents are students and providents are students and providents are students are students are students and providents are students are s</td><td>  Pumping Plant Structures &amp; Improvements   5.88%   5.</td><td>w w w</td><td></td></th<>	232         Eventific Parally (Parall Authorises & Improvements)         2.85% bits	232         Station of the minior plant students at improvements and providents and providents and providents and providents are students and providents and providents are students and providents are students and providents are students and providents are students are students are students and providents are students are s	Pumping Plant Structures & Improvements   5.88%   5.	w w w	
200   Electric Fundament Challement   5,88%   5,302   5,603   5, 5   5   5   5   5   5   5   5   5	2.6. Experience to the control of Experiment 2.88 (1.28 of 1.28	Secretary Control of Equipment   S. 88%   S. 2005   S.	State   Electric Purple   Equipment   S. 1984   P. 19.25   S. 19	235         Explainment of Explain	237         Explained Pumping Part Activation (Part Activat	328         Electritic Pumping Equipment         4,00%         5,88%         5,532         5,60           328         Gas Engine Equipment         0,00%         \$         \$         5,60         \$           330         Valeta Treatment Plant         0,00%         \$         \$         \$         560         \$           331         Valeta Treatment Plant         2,00%         \$	w w w	
State   Stat	2.00   2.00	Case	Case   Case Explained Explainment   A.0074   S.	Case Transmission and Desire Lightoners   A 0,00%   S   S   S   S   S   S   S   S   S	Case Explained Plant   Accordance   Accord	Subtotal Pumping Plant   Authority   Authorit	(s)	
Votes   Teachers   Panel   Panel   S   5,024   S   S   5,024   S   S   S   S   S   S   S   S   S	Subjoid Purpling Plant   Subjoid P	Subjoint Purpling Plant   State	Subjoint Purply Plant   State   Stat	State   Participation   Participation   State   Participation   State   Participation   State   Participation   State   Participation   State   Participation   State   Stat	State   Particular   Particular   State   Particu	Water Treatment Plant		
Water Treatment Plant   250%	Walter Treatment Plant and   2.50%   \$   \$   \$   \$   \$   \$   \$   \$   \$	Waler Treatment Plant   200%   250%	Walter Treatment Floring   Floring     Walter Treatment Floring   Floring     Walter Treatment Floring     Walter Treatment Standards & Landard Equipment Cappaign     Authorise Walter Treatment Standard Treatment Standards & Landard Equipment Cappaign     Authorise Walter Treatment Standards & Landard Walter Walter & Landard Equipment Cappaign     Authorise Walter Walter & Landard & Lan	Walter Treatment Flaint   State   St	Walker Transmission & Chrominant Plant I and Walker Transmission & Chrominant Expirement I and Walker Chrominant Expirement I and Walker Chrominant Expirement I and of Chrominated Nover Chrominated Nover Chrominated Nover Chrominated Nover Styles & Act 303 - Other intamples amortized over \$2 years. Act 303 - Other intamples amortized over \$2 years. Act 303 - Other intamples amortized over \$2 years. Act 303 - Other intamples amortized over \$2 years. Act 303 - Other intamples amortized over \$2 years. Act 303 - Other intamples amortized over \$2 years. Act 303 - Other intamples amortized over \$2 years. Act 303 - Other intamples amortized over \$2 years. Act 303 - Other intamples amortized over \$2 years. Act 303 - Other intamples amortized over \$2 years. Act 303 - Other intamples amortized over \$2 years. Act 303 - Other intamples amortized over \$2 years. Act 303 - Other intamples amortized over \$2 years. Act 303 - Other intamples amortized over \$2 years. Act 303 - Other intamples amortized over \$2 years. Act 303 - Other intamples amortized over \$2 years. Act 303 - Other intamples amortized over \$2 years. Act 303 - Other intamples amortized over \$2 years. Act 303 - Other intampl	Water Treatment Plant         0.00%         \$           330         Water Treatment Plant Land         2.50%         \$           331         Water Treatment Plant Land         2.50%         \$           332         Water Treatment Equipment         \$         \$           323         Water Treatment Equipment         \$         \$           324         Subtotal Water Treatment Plant         0.00%         (258,409)         (38)           340         Transmission and Distribution Land         0.00%         (258,409)         (4,263)         (1,097)           342         Storage Tanks         1.79%         1.79%         (61,263)         (1,097)           343         Transmission & Distribution Mains         2.00%         2.38%         9,458         2,260           345         Services         1.79%         4.4,771         1.362         1.38%         1.263         1.097           345         Fire Sprinkler Taps         2.38%         2.38%         9,44,771         \$         1.362           346         Holaries         Holaries         1.82%         \$         1.2647         2.27           346         Holaries         Faultorial Frankmission & Distribution Plant         6.00%         2.56%	w w	*
Auge   Permant Panel Land   200%   260%	According to the continuent of the continuent	Accordance   Acc	200%   200%	200%   200%	200%   200%	Water Treatment Plant Land   2.50%	us	
2.50%   Valet   Teatment Structures & Improvements   2.50%   Structures & Improvements & Improvement	330   Waler   Teatment Structures & Improvements   2.50%   5.50%   Structures & Improvements   2.50%   Structures   2.50%   Str	330 Weller Treatment Equipment 250% 331 Water Treatment Equipment Part Learner Part	330	330 Whate Treatment Nuclaries & Information 250% 340 Whate Treatment Equipment Pant Land 341 Whate Treatment Equipment Pant Land 342 Subtable Valent Treatment Pant Land 343 Treatments of building Mains 344 Shape False 345 Shape False 346 Meles 347 Shape False 348 Myate Treatment Pant Land 349 Shape False 349 Shape False 340 Shape False 340 Shape False 341 False Shape False 342 Shape False 343 Shape False 344 False Shape False 345 Shape False 346 Meles 347 Shape False 348 Shape False 349 Shape False 340 Sh	250	Waler Treatment Fund Latin   Waler Treatment Fund Latin   Waler Treatment Fund Latin   Waler Treatment Equipment	(s)	
1.25   Walter Treatment Structures & Improvements   2.86%   5.5	Water Teachment Equipment   2,89%   5,8   5   5   5   5   5   5   5   5   5	Water Teachment Equipment Equipmen	331   Violate Treatment Equipment   2,89%   5,89%   5,89%   5,89%   5,89%   5,89%   5,89%   5,89%   5,89%   5,89%   5,89%   5,89%   5,99%	31	331   Violet Teatherist Equipment Subject Teatherist Equipment Plant Transmission & Distribution Land	331         Water Treatment Structures & Improvements         2.96%         \$	w	
1932   Water Teachment Equipment   2,000%   5   5   5   5   5   5   5   5   5	1922   Water Treatment Equipment Figure   1920	202   Water Treatment Plant   2,00%   5   5   5   5   5   5   5   5	322   Water Treatment Plant   2,00%   5   5   5   5   5   5   5   5	State   Water Treatment Plant   Cook   State	Subtract Pathent Plant   Activities   Acti	332         Water Treatment Equipment         2,00%         \$         \$         \$           Subtotal Water Treatment Plant           340         Transmission and Distribution Plant         2,00%         (258,409)         (1,381)         (28)           342         Transmission and Distribution Mains         2,00%         (61,263)         (1,097)           343         Transmission & Distribution Mains         2,00%         2,00%         2,260           344         Fire Sprinkler Taps         4,55%         2,260         2,260           345         Services         4,55%         1,82%         4,4771         4,1771         1,362           346         Microsal Transmission & Distribution Plant         0,00%         5,258,409         4,4771         1,362           346         Microsal Plant Land         0,00%         5,00%         4,4771         1,362           350         General Plant Cander         6,00%         2,50%         4,00%         2,50%           390         General Plant Structures         6,00%         2,50%         2,50%         2,50%           390         General Plant Structures         10,00%         2,50%         2,50%         2,50%           391         Office Requipment	w	
Transmission and Distribution Plant   Transmission and Distribution Mains   Transmission and Distribution Mains   2,00%   (1,581)   (1,681)   (1	Transmission & Distribution Plant   1784	Transmission & Distribution Plant   2,00%	Transmission & Distribution Plant   Statement Plant I Statement Plant I Statement Plant I Statement   Stat	Transmission & Distribution Plant   Transmission & Distribution Plant   Transmission & Distribution Plant   2.00%   (258,409)   (1,381)   (28)   (2	Transmission & Distribution Plant   Transmission & Distribution Plant   Transmission & Distribution Plant   1,29%   1,284   1,381   1,281   1,381	Transmission & Distribution Plant   2,00%   1,381   1,087   1,097		
Transmission & Duktibution Plant   1,00%   1,381   1,081   1,081   1,981   1	Transmission & Ousthousion Plant   Transmission & Ousthousion Plant   2,00%   (1,81)   (1,8	Transmission of Distribution Plant   200% (1259,409) (1381) (13	Transmission of Distribution Plant   200% (259,409) (1,381) (28) (1,381) (28) (28) (28) (28) (28) (28) (28) (28	Transmission at Distribution Plant   1,29%   1,289   1,381   1,381   1,381   1,381   1,381   1,381   1,381   1,381   1,381   1,381   1,381   1,381   1,381   1,381   1,381   1,381   1,382   1,381   1,382	Transmission & Distribution Plant   Cook   C258 409   C1263	Transmission & Distribution Plant         0.00%         (258,409)         - </td <td></td> <td></td>		
3.40         Transmission and Distribution Land         0.00%         (2504409)         (1381)         (28)           3.42         Transmission and Distribution Mains         2.00%         (1.253)         (1.067)            3.42         Transmission and Distribution Mains         2.00%         94.958         2.260            3.43         Fire Sprinkler Taps         4.55%         \$         1.2457          \$           3.44         Fire Sprinkler Taps         1.82%         \$         2.260          \$           3.45         Meters         1.82%         \$         \$         \$         \$           3.46         Meters         1.82%         \$         \$         \$         \$           3.46         Meters          1.367         \$         \$         \$           3.50         General Plant Land             \$         \$           3.50         General Plant Land             \$         \$         \$           3.51         General Plant Land	340         Transmission and Distribution Land         0.00%         (259409)         (1381)         (28)         4	Transmission and Distribution Land   2,00%   (1,881)   (28)   (1,697)   (1,881)   (28)   (1,697)   (1,69	340         Transmission and Distribution Land         0,00%         (259,40.9)         (1,881)         (26)           342         Stronge Tanke         2,00%         (205,40.9)         (1,697)         (1,697)         (1,697)           343         Transmission & Distribution Mains         2,00%         4,55%         2,260         .           344         Fire Spinified Taps         4,55%         4,55%         2,280         .         .           346         Midels         Aldels         4,55%         4,55%         2,280         .         .           346         Midels         Subtotal Transmission & Distribution Plant         1,82%         4,771         \$         1,362         \$         \$           350         General Plant Land         0,00%         4,771         \$         1,362         \$         \$         \$           350         General Plant Land         0,00%         2,50%         .         2,50%         .         \$	Transmission and Distribution Land   2,00%   (2054,405)   (1,381)   (28)   (1,381)   (28)   (1,381)   (28)   (1,381)   (28)   (1,381)   (28)   (1,381)   (28)   (1,381)   (28)   (1,381)   (28)   (1,381)   (28)   (1,381)   (28)   (1,381)   (28)   (1,381)   (28)   (1,381)   (28)   (1,381)   (28)	Transmission and Distribution Land   0.00% (209, 409)   (1,381)   (28)   (289, 200)   (289, 20	340         Transmission and Distribution Land         0.00%         (228,409)         (1,381)         (28)           342         Storage Tanks         1.79%         (1,097)         (1,097)         (1,097)           343         Fransmission & Distribution Mains         2.00%         2.00%         2,280         2,260           345         Services         3.89%         4,55%         4,55%         2,260         2,260           346         Meters         Hydrants         1,82%         4,4771         4,1362         2,27           348         Hydrants         1,82%         4,4771         4,1362         2,260           349         General Plant         0,00%         2,50%         4,4771         4,1362           390         Leasehold improvements         6,67%         6,67%         6,50%         6,50%           391         Office Funiture & Equipment         4,00%         6,50%         6,50%         6,50%           392         Varehouse Equipment         6,67%         6,67%         6,67%         6,67%         6,67%           393         Miscellaneous Equipment         3,33%         6,60%         6,60%         6,60%         6,60%         6,60%         6,60%         6,60%         6,60%<		. , , , , ,
State   Storage Tanks   170%	Storage Tanks   1,79%   1,501   1,50	Storage Tank   Communication A Distribution Mains   1799%   1,367   1,670	Stronge Tank   Stro	Storage Tank   Stor	Storage Tanks   Storage Tank	342         Storage Tanks         (1,381)         (1,697)           343         Transmission & Distribution Mains         2,00%         (41,263)         (1,097)           344         Fire Sprinkler Taps         2,38%         4,55%         4,55%         2,260           345         Survices         2,38%         4,55%         4,577         2,27           348         Hydrants         1,82%         4,577         4,771         1,362           348         Hydrants         2,50%         4,771         1,362           348         Hydrants         2,50%         4,771         1,362           350         General Plant Land         0,00%         4,771         1,362           390         General Plant Structures         note 2         2,50%           390         Leasehold improvements         6,67%         6,67%           391         Office Furniture & Equipment         5,00%         6,67%           392         Laboratory Equipment         6,67%         6,67%           393         Laboratory Equipment         3,33%         6,7%           394         Miscellaneous Equipment         3,33%         6,7%           395         Miscellaneous Equipment         3,33%	69	
179%   179%	1794   Transmission & Distribution Mains   2,00%   4,956   2,260   2,396   2	Transmission & Distribution Maines   179%	1794   Fire Sprinkler Tabs   1794   1795   1706	17.95%   1	17.95   Transmission & Distribution Maine   17.95   (10.81)   (10.91)   1.79   (10.81)   (10.91)   1.79   (10.81)   (10.91)   1.79   (10.81)   (10.91)   1.79   (10.81)   (10.91)   1.79   (10.81)   (10.91)   1.79   (10.81)   (10.91)   1.79   (10.91)   1.79   (10.91)   1.79   (10.91)   1.79   (10.91)   1.79   (10.91)   1.79   (10.91)   1.79   (10.91)   1.79   (10.91)   1.79   (10.91)   1.79   (10.91)   1.79   (10.91)   1.79   (10.91)   1.79   (10.91)   1.79   (10.91)   1.79   (10.91)   1.79   (10.91)   1.79   (10.91)   1.79   (10.91)   1.70   1.70   (10.91)   1.70   (10.91)   1.70   (10.91)   1.70   (10.91)   1.70   (10.91)   1.70   (10.91)   1.70   (10.91)   1.70   (10.91)   1.70   (10.91)   1.70   (10.91)   1.70   (10.91)   1.70   (10.91)   1.70   (10.91)   1.70   (10.91)   1.70   (10.91)   1	1.79%   1.79%   1.79%   1.79%   1.007	. , , , , , , , , , , , , , , , , , , ,	
34         Fire Sprinker Taps         2,00%         94,958         2,260         3           345         Services         4,55%         4,55%         5         727         5         5           345         Services         34,55%         4,55%         5         727         5         5         5           346         Hydrans         Subtoted Transmission & Distribution Plant         0,00%         4,4771         5         7         5         7         5         7         5         7         5         7         5         8         7         5         8         7         8	3.44         Fire Sprinkler Taps         2,00%         94,958         2,280         3.88         3.89         4,55%         3.88         3.89         2,280         3.88         3.89         4,55%         3.89         3.89         2,280         3.89         3.89         3.89         3.89         3.89         3.89         3.89         3.89         4,55%         3.89         <	244   Fire Sprinkler Table   2,00%   2,39%   2,39%   2,39%   3,4956   2,260   3,44   4,477   4,55%   3,46   4,55%   3,46   4,55%   3,46   4,4477   4,150   3,46   4,4477   4,150   3,46   4,4477   4,150   3,46   4,4477   4,150   3,46   4,4477   4,150   3,46   4,4477   4,150   3,46   4,4477   4,150   3,46   4,4477   4,150   3,46   4,4477   4,150   3,46   4,4477   4,150   3,46   4,4477   4,150   3,46   4,4477   4,150   3,46   4,4477   4,150   3,46   4,4477   4,150   3,46   4,4477   4,150   3,46   4,4477   4,177   4	2,00%   2,260   2,260   3,44   5,54	Fire Sprinkler Taps	1	2.00%   2.00	, , , , , , , , , , , , , , , , , , ,	
Activities   Act	1.82%   94,958   2.260   2.38%   2.38%   2.38%   3.45%   2.280   2.280   2.280   2.280   2.280   3.45%   3.45%   3.45%   3.45%   3.45%   3.44%   3.4	Services   2,280   2,280   2,280   2,280   2,280   2,280   3,46   2,280   3,46   2,280   3,46   2,280   3,46   3	2384   Street Control of Contro	Strict   S	Serio participation   1992   1998	Accordance   Acc	<b>6</b>	
182%   Meters   182%   12457   227	346         Hydrands         1,87%         2,27         \$           346         Hydrands         1,87%         2,27         \$         \$           346         Hydrands         5,000         \$<	A	Acc.	A	1874   12.457   227   227   237	346         Methods         4.55%         4.55%           348         Hydrants         1.82%         12.457         2.7           348         Hydrants         Subtotal Transmission & Distribution Plant         0.00%         44,771         \$ (258,409)         44,771         \$ 1,362           390         General Plant         Connect Plant Land         2.50%         2.50%         2.50%           390.1         Leasehold Improvements         6.67%         4.00%         4.00%         4.00%           391         Office Furniture & Equipment         5.00%         6.67%         6.67%         6.67%           392         Laboratory Equipment         6.67%         6.67%         6.67%         6.67%           393         Naver Operated Equipment         6.67%         6.67%         6.67%         6.67%           394         Power Operated Equipment         6.67%         6.67%         6.67%         6.67%           395         Miscellaneous Equipment         3.33%         8         8         6.7%         6.67%         6.67%         6.67%         6.67%         6.67%         6.67%         6.67%         6.67%         6.67%         6.67%         6.67%         6.67%         6.67%         6.67%         6.67%	, i	, ,
Moleters   1,82%   Subtotal Transmission & Distribution Plant   1,82%   5,258,409  \$ 44,771 \$ 1,392 \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	12,457   227   2	Metans   M	1,82%   Melets   1,82%   1,8	Hotelands   1,82%   1,2457   2,27   2,27   2,28	Holdrand   Meless   1,82%   1,2457   2,27   2,27   2,28   346   Holdrand   1,82%   1,82%   1,362 \$   5   5   5   5   5   5   5   5   5	346 Meters         Meters         12,457         227           348 Hydrants         Hydrants         1,382%         44,771         \$ 1,362           Subtotal Transmission & Distribution Plant         0,000%         44,771         \$ 1,362           389 General Plant Land         2,50%         1,362         1,362           390.1 Leasehold Improvements         6,67%         1,362         1,362           391 Office Furniture & Equipment         6,67%         1,400%         1,400%           393 Warehouse Equipment         4,00%         1,00%         1,00%           394 Tools, Shop & Garage Equipment         6,50%         1,00%         1,00%           395 Laboratory Equipment         8,67%         1,00%         1,00%         1,00%           396 Power Operated Equipment         8,67%         1,00%         1,00%         1,00%         1,00%           397 Communication Equipment         3,33%         8,67%         1,00%         1,00%         1,00%         1,00%           398 Miscellaneous Equipment         3,33%         8,67%         1,00%         1,00%         1,00%         1,00%         1,00%	69	•
Additional Plant   Plant   Subtoal Transmission & Distribution Plant   Cook   Subtoal Transmission & Distribution Plant   Cook   Subtoal Plant   Cook   Co	Hydrants	Hydrania   Hart Endersor   Hydrania   Hy	1948   Hydranis   1942   1942   1942   1943   1944   1945   194	Hydratias   Hydratias   Hydratias   Hydratias   Hydratias   Subclatias   Hydratias   Subclatias   Hydratias   Subclatias   Hydratias   Subclatias   Hydratias   Subclatias   Hydratias	Hydratials   Hydratials   Hydratials   Hydratials   Hydratials   Hydratials   Hydratials   Subtolated   Hydratials   Subtolation Plant   Language   Language   Hydratials   Language   Language   Hydratials   Language   Hydratials   Language   Hydratials   Hydratia	Hydrants	69	
General Plant Land         Condition (Control Plant Land State (Control Plant State (Control Pl	Care and Destination & Distribution Flant   Care and Subtorial Transmission & Distribution Flant     389   General Plant Land     390   General Plant Subtorial Subtorial Plant Land     390   General Plant Subtorial	Subtotal Transmission & Distribution Plant   General Plant Land     389   General Plant Land     390   General Plant Land     390   General Plant Land     391   General Plant Land     392   General Plant Land     393   Office Furthure & Equipment     394   Tools, Shop & Garage Equipment     395   Laboratory Equipment     396   Communication Equipment     397   Communication Equipment     398   Miscelareous Equipment     399   Communication Equipment     390   Grammunication Equipment     390   Grammunication Equipment     390   Grammunication Equipment     391   Grammunication Equipment     392   Grammunication Equipment     393   Grammunication Equipment     394   Miscelareous Equipment     395   Grammunication Equipment     396   Grammunication Expense - Unlink Plant     397   Grammunication Expense - Unlink Plant     398   Miscelareous Equipment     399   Grammunication Expense - Unlink Plant     390   Grammunication Expense - Settlement     390   Grammunication Expense     391   Grammunication Expense     391   Grammunication Expense     392   Grammunication Expense     393   Grammunication Expense     394   Grammunication Expense     395   Grammunication Expense     396   Grammunication Expense     397   Grammunication Expense     398   Grammunication Expense     399   Grammunication Expense     390   Grammunication Expense	Subtotal Transmission & Distribution Plant	Subtotal Transmission & Distribution Plant     Subtotal Transmission & Distribution Plant     Subtotal Transmission & Distribution Plant     Subtotal Plant Land     Subtotal Plant Land     Subtotal Plant Shuctures     Subtotal Plant Shuctures     Subtotal Plant Shuctures     Subtotal Plant Shuctures     Subtotal Subtotal Plant     Subtotal Subtotal Plant     Subtotal Subtotal State     Subtotal Subtotal Subtotal Plant     Subtotal Subtotal Subtotal Plant     Subtotal Subtotal Subtotal Subtotal Subtotal Plant     Subtotal Subtotal Subtotal Subtotal Plant     Subtotal Subtotal Subtotal Subtotal Plant     Subtotal Subtoa	Subtotal Transmission & Distribution Plant   Control Plant   Control Plant     389   General Plant Land   Control Plant     390   General Plant Structures   Control Plant     391   Office Furniture & Equipment     392   Control Plant     393   Control Plant     394   Tools, Shop & Gaage Equipment     395   Laboratory Equipment     396   Power Operated Equipment     397   Communication Equipment     398   According Equipment     399   Communication Equipment     390   Communication Equipment     390   Less: Contributions in Aid of Construction     301   Control Plant     302   Control Plant     303   Control Plant     303   Control Plant     304   Control Plant     305   Control Plant     306   Construction     307   Control Plant     308   Control Plant     309   Control Plant     300   Control Plant     300   Control Plant     301   Construction     302   Control Plant     303   Control Plant     303   Control Plant     304   Construction     305   Control Plant     306   Construction     307   Control Plant     308   Control Plant     309   Control Plant     309   Control Plant     300   Control Plant     300   Control Plant     301   Control Plant     302   Control Plant     303   Control Plant     305   Control Plant     306   Control Plant     307   Control Plant     308   Control Plant     309   Control Plant     300   C	Subtotal Transmission & Distribution Plant		· •
Centeral Plant	General Plant	General Plant Land   250%	General Plant Land   Control Plant Land Land   Control Plant Land Land Land Land Land Land Land Land	General Plant Land   2.50%	Centeral Plant Land	General Plant     389   General Plant Land     390   General Plant Structures     390   Leasehold improvements     391   Office Furniture & Equipment     392   Tools, Shop & Garage Equipment     393   Warehouse Equipment     394   Tools, Shop & Garage Equipment     395   Laboratory Equipment     396   Power Operated Equipment     397   Communication Equipment     398   Miscellaneous Equipment     399   Miscellaneous Equipment     390   Subtotal General Plant     300%     300%     400%     500%     667%     667%     700%     70		
389         General Plant Land         0.00%           390         General Plant Structures         2.50%           390.1         Leasefuld Improvements         note_2           390.1         Confice Furniture & Equipment         6.67%           391         Office Furniture & Equipment         4.00%           392         Varietouse Equipment         4.00%           393         Varietouse Equipment         6.67%           394         Tools. Shrop & Garage Equipment         7.24           395         Laboratory Equipment         6.67%           396         Power Operated Equipment         7.24           397         Miscellaneous Equipment         3.33%           \$ Subtotal General Plant         \$ \$ 374 \$ \$ \$ \$ \$           \$ Subtotal General Plant         \$ (258,409) \$ 54,303 \$ 1,923 \$ 374 \$ \$ \$ \$ \$ \$           Alet Regulatory Assets/(Liabilities) (Sch. B-2 Rebuttal Appndx.)         2.00%           Less: Contributions in Aid of Construction         Amortization Expense - Settlement           Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement         \$ 54,303 \$ 1,923 \$ 374 \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	389         General Plant Land         0.00%           380         General Plant Land         0.00%           390         Ceneral Plant Structures         note_2           390         I classhold improvements         6.67%           391         Office Furniture & Equipment         6.67%           393         Variations Equipment         4.00%           394         Tool Communication Equipment         6.67%           395         Laboratory Equipment         6.67%           396         Laboratory Equipment         7.24           397         Communication Equipment         7.33%           398         Miscellaneous Equipment         7.34           399         Subtotal General Plant         7.24           390         Communication Expense - Utility Plant         \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	389         General Plant Land         2.50%           390.1         Leaveral Plant Structures         0.00%           390.1         Leaveral Plant Structures           390.1         Leaveral Plant Structures           391.1         Communication Equipment         6.67%           392.1         Office Furniture & Equipment         6.67%           393.2         Laboratory Equipment         4.00%           394.1         Tools, Shop & Garage Equipment         7.24           395.2         Laboratory Equipment         6.67%           396.3         Miscellaneous Equipment         7.24           398.4         Miscellaneous Equipment         7.24           398.4         Miscellaneous Equipment         3.33%           5         \$ (258.409) \$ 54,303 \$ 1,923 \$ 374 \$ \$           5         \$ (258.409) \$ 54,303 \$ 1,923 \$ 374 \$ \$           1 Leas: Contributions in Ald of Construction         Amortization Expense - Settlement           Total Increase/(Decrease) in Depreciation & Amortization & Amortizatio	25094   September   Plant Land   2.5094   September   September   Plant Land   2.5094   September   Plant Land   2.5094   September   Se	See General Plant Land   2,500%   2,5	See General Plant Land   2,500%   2,5	389 General Plant Land         0.00%           390 General Plant Structures         2.50%           390.1 Leasehold Improvements         note           391 Office Funiture & Equipment         6.67%           392 Warehouse Equipment         6.67%           393 Warehouse Equipment         4.00%           394 Tools, Shop & Garage Equipment         6.67%           395 Power Operated Equipment         6.67%           396 Power Operated Equipment         6.67%           397 Communication Equipment         3.33%           398 Miscellaneous Equipment         3.33%           Subtotal General Plant         6.67%	t	•
390 General Plant Structures         2.50%           390.1 Leasehold Improvements         note_2           390.1 Leasehold Improvements         6.77%           393.1 Variebouse Equipment         6.07%           394 Tools, Shop & Garage Equipment         4.00%           395 Laboratory Equipment         6.67%           396 Power Operated Equipment         6.67%           397 Communication Equipment         6.67%           397 Communication Equipment         3.33%           398 Miscellaneous Equipment         3.33%           399 Miscellaneous Equipment         3.33%           300 Miscellaneous Equipment         3.30%           300 Miscellaneous Equipment         3.44 \$           300 Miscellan	390 General Plant Structures         2.50%           391 Leasehold Improvements         note_2           392 Office Funditures         note_2           393 Variety and Equipment         6.67%           394 Tools, Shop & Garage Equipment         4.00%           395 Laboration Equipment         4.00%           396 Power Operated Equipment         6.67%           397 Communication Equipment         6.67%           398 Miscellaneous Equipment         3.33%           399 All Scellaneous Equipment         3.33%           390 All Scellaneous Equipment         3.33%           391 All Scellaneous Equipment         3.33%           392 All Scellaneous Equipment         3.33%           393 All Scellaneous Equipment         3.33%           394 All Scellaneous Equipment         3.33%           395 All Scellaneous Equipment         3.33%           396 All Scellaneous Equipment         3.34 \$           397 All Scellaneous Equipment         3.34 \$           398 All Scellaneous Equipment         3.34 \$           399 All Scellaneous Equipment         3.34 \$           399 All Scellaneous Equipment         3.34 \$           308 All Scellaneous Equipment         3.44 \$           309 All Scellaneous Equipment         3.74 \$	390         General Plant Structures         2.50%           390         General Plant Structures         0.046_2         2.50%           391         Underested Pulpment         6.67%         3.00%           393         Waterhouse Equipment         4.00%         2.00%           394         Tools. Shop & Garage Equipment         4.00%         2.00%           395         Laboratory Equipment         6.67%         2.00%           396         Power Operated Equipment         724         \$           397         Communication Equipment         3.33%         \$         \$         724           398         Miscellaneous Equipment         3.33%         \$         \$         \$         \$           399         Miscellaneous Equipment         3.33%         \$         \$         \$         \$           390         Miscellaneous Equipment         3.33%         \$         \$         \$         \$           390         Miscellaneous Equipment         3.33%         \$         \$         \$         \$           Action Depreciation Expense - Utility Plant         \$         \$         \$         \$         \$           Action Depreciation & Amortization Expense - Settlement         \$         \$	390         General Plant Structures           391         Leasehold Improvements         node_2           391         Office Furniture & Equipment         6.67%           393         Warehouse Equipment         5.00%           394         Tools, Stop & Garage Equipment         4.00%           395         Power Operated Equipment         5.00%           396         Power Operated Equipment         6.67%           397         Communication Equipment         7.24           398         Miscellaneous Equipment         3.33%         \$         \$         374         \$           399         Miscellaneous Equipment         3.33%         \$         \$         374         \$         \$           391         Communication Equipment         3.33%         \$         \$         \$         374         \$         \$           Also foliolal General Plant         Scholal General Plant         \$ <td>  2509   General Plant Structures   1509%   1509%   1509%   1509%   1500%   15</td> <td>  2500   General Plant Structures   15.50%   10.50</td> <td>390         General Plant Structures         2.50%           390.1 Leasehold Improvements         note_2           391. Use Furniture &amp; Equipment         6.67%           393 Warehouse Equipment         4.00%           394 Tools, Shop &amp; Garage Equipment         6.67%           395 Laboratory Equipment         6.67%           396 Power Operated Equipment         6.67%           397 Communication Equipment         6.67%           398 Miscellaneous Equipment         3.33%           Subtotal General Plant         \$ . \$</td> <td></td> <td></td>	2509   General Plant Structures   1509%   1509%   1509%   1509%   1500%   15	2500   General Plant Structures   15.50%   10.50	390         General Plant Structures         2.50%           390.1 Leasehold Improvements         note_2           391. Use Furniture & Equipment         6.67%           393 Warehouse Equipment         4.00%           394 Tools, Shop & Garage Equipment         6.67%           395 Laboratory Equipment         6.67%           396 Power Operated Equipment         6.67%           397 Communication Equipment         6.67%           398 Miscellaneous Equipment         3.33%           Subtotal General Plant         \$ . \$		
10   1   1   1   1   1   1   1   1   1	10   10   10   10   10   10   10   10	1990   Leasehold improvements   1992   1990   199	100   2   2   2   2   2   2   2   2   2	10   Lessehold Improvements   10   10   10   10   10   10   10   1	1	390. Leasehold improvements         note_2           391 Office Furniture & Equipment         6.67%           393 Warehouse Equipment         5.00%           394 Tools, Shop & Garage Equipment         4.00%           395 Laboratory Equipment         6.67%           396 Power Operated Equipment         6.67%           397 Communication Equipment         6.67%           398 Miscellaneous Equipment         3.33%           Subtotal General Plant         \$	•	
10   Crease to a minimal state of the Funding State of the State of the Funding State of th	1930   Leasetime in the Continue & Equipment   1930   19	1990   Leastern Inforcements   1991   Leastern Inforcements   1992   Leastern Inforcements   1993   Warehouse Equipment   1909	39.0. Instance Equipment 3.90.1 Instance Instance Instance Increase In Increase In Increase In Increase In Depreciation Expense - Utility Plant         6.67% 5.00% 5.	290.1   Office Fundium Annotization Expense   6.67%     391   Office Fundium Annotization Expense - Utility Plant     392   Verachouse Equipment   5.00%     393   Verachouse Equipment   4.00%     394   Tools, Shop & Garage Equipment   5.00%     395   Laboratory Equipment   5.00%     396   Power Operated Equipment   6.67%     397   Communication Equipment   3.33%   \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	1990   Lease Houling Regulations   6.67%     393   Warehouse Equipment   5.00%     394   Voltace Furniture & Equipment   5.00%     395   Varehouse Equipment   4.00%     396   Fouch Communication Equipment   5.00%     396   Power Operated Equipment   6.67%     397   Communication Equipment   6.67%     398   Power Operated Equipment   6.67%     399   Communication Equipment   6.67%     390   Subtola General Plant   7724     391   Alicellaneous Equipment   7724     392   Communication Equipment   7724     393   Alicellaneous Equipment   7724     394   Alicellaneous Equipment   7724     395   Subtola General Plant   7724     396   Power Operated Equipment   7724     397   Subtola General Plant   7724     398   Alicellaneous Equipment   7724     399   Alicellaneous Equipment   7724     390   Subtola General Plant   7724     390	39.1 Leasend improvements 6.67% 39.3 Varietiouse Equipment 5.00% 39.4 Tools, Shop & Garage Equipment 5.00% 39.5 Laboratory Equipment 6.67% 39.6 Power Operated Equipment 6.67% 39.7 Communication Equipment 6.67% 39.8 Miscellaneous Equipment 3.33% \$		•
391         Office Furniture & Equipment         5.00%         4	391 Office Furniture & Equipment 5.00% 4.00% 5.0	Office Funniture & Equipment   5.00%   1.50%	Office Furnitive & Equipment   5.00%     Solution	391 Office Furniture & Equipment 5.00% (350) (35	391 Office Furniture & Equipment 5.00% 4.00% 4.00% 5.0	391 Office Furniture & Equipment         5,00%           393 Warehouse Equipment         5,00%           394 Tools, Shop & Garage Equipment         5,00%           395 Laboratory Equipment         6,67%           396 Power Operated Equipment         6,67%           397 Communication Equipment         6,67%           398 Miscellaneous Equipment         3,33%           Subtotal General Plant         \$	•	,
393 Warehouse Equipment 4.00% (350)	393 Warehouse Equipment 5.00%	393 Warehouse Equipment 2.00% 394 Tools, Shop & Garage Equipment 5.00% 395 Laboratory Equipment 5.00% 396 Power Operated Equipment 6.67% 397 Communication Equipment 3.33% 398 Miscellaneous Equipment 3.33% 399 Subtotal General Plant 3.33% 390 Subtotal General Plant 3.33% 391 Communication Expense - Utility Plant 3.33% 392 Laboratory Assets/(Liabilities) (Sch. B-2 Rebuttal Appndx.) 393 Less: Contributions in Aid of Construction 2.00% 394 Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement 5.00% 395 Laboratory Assets/(Liabilities) (Sch. B-2 Rebuttal Appndx.) 396 Less: Contributions in Aid of Construction 2.00% 397 Communication Expense - Settlement 5.00% 398 Less: Contributions in Aid of Construction 2.00% 399 Less: Contributions in Aid of Construction 3.00%	393         Warehouse Equipment         4,00%         (350)           394         Laboratory & Garage Equipment         5,00%         724           395         Laboratory Equipment         6,67%         724           396         Power Operated Equipment         724         724           397         Communication Equipment         3,33%         \$ 7         \$ 374 \$         \$ 7           398         Miscellaneous Equipment         3,33%         \$ 1,923 \$         \$ 374 \$         \$ 5           399         Miscellaneous Equipment         \$ 2,00%         \$ 1,923 \$         \$ 374 \$         \$ 5           1 chal Depreciation Expense - Utility Plant         2,00%         \$ 2,00%         \$ 54,303 \$         1,923 \$         \$ 74 \$         \$ 5           1 chal Increase/(Decrease) in Depreciation & Amortization Expense - Settlement         2,00%         \$ 52,00 Years.         \$ 52,00 Yea	393 Warehouse Equipment 5.00% 394 Tools Shop & Garage Equipment 4.00% 395 Tools Shop & Garage Equipment 5.00% 396 Power Operated Equipment 6.67% 397 Communication Equipment 6.67% 398 Miscellaneous Equipment 3.33% 399 Tools Depreciation Expense - Utility Plant 5.00% 390 Total Depreciation Expense - Utility Plant 7.0tal Depreciation Expense - Settlement 5.00% 390 Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement 5.00% 390 Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement 5.00% 390 Total Increase/(Decrease) in Depreciation & Amortization booked to Acct. 111 - Amort. Of Ltd. Term Investments.	393 Warehouse Equipment 394 Tools (350) 395 Tools (350) 396 Tools (350) 397 Communication Equipment 398 Miscellaneous Equipment 398 Miscellaneous Equipment 399 Tools (350) 397 Communication Equipment 398 Miscellaneous Equipment 398 Miscellaneous Equipment 399 Tools (350) 397 Communication Equipment 398 Miscellaneous Equipment 398 Miscellaneous Equipment 398 Miscellaneous Equipment 399 Tools (350) 397 Communication Expense - Utility Plant  Total Depreciation Expense - Utility Plant  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement  Total Increase/(Decrease) in Operaciation & Amortization Expense - Settlement  Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other Intangibles amortized over 15 & 20 Years.  Acct. 310.4 - Wells - Other amortized over 24 years. Accumulated Amortization booked to Acct. 111 - Amort. Of Ltd. Term Investments.	393         Warehouse Equipment           394         Tools, Shop & Garage Equipment           395         Laboratory Equipment           396         Power Operated Equipment           397         Communication Equipment           398         Miscellaneous Equipment           398         Subtotal General Plant	•	•
394         Tools, Shop & Garage Equipment         4,00%         -	394         Tools, Shop & Garage Equipment         4,00%           395         Laboratory Equipment         6,67%           397         Communication Equipment         6,67%           398         Miscellaneous Equipment         3,33%           Subtotal General Plant         3,33%           Subtotal General Plant         \$ (258,409) \$ 54,303 \$ 1,923 \$ 374 \$ - \$           Total Depreciation Expense - Utility Plant         \$ (258,409) \$ 54,303 \$ 1,923 \$ 374 \$ - \$           Net Regulatory Assets/(Liabilities) (Sch. B-2 Rebuttal Appndx.)         2.00%           Less: Contributions in Aid of Construction         2.00%           Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement         \$ (258,409)	394 Tools, Shop & Garage Equipment 5.00% 395 Laboratory Equipment 6.67% 396 Power Operated Equipment 6.67% 397 Communication Equipment 6.67% 398 Miscellaneous Equipment 6.67% 399 Miscellaneous Equipment 6.67% 390 Miscellaneous Equipment 3.33% 390 Subtotal General Plant 3.33% 390 Subtotal General Plant 5.00% 391 Miscellaneous Equipment 6.67% 392 Subtotal General Plant 5.00% 393 Subtotal General Plant 5.00% 398 Miscellaneous Equipment 6.67% 399 Total Depreciation Expense - Utility Plant 7.00% 399 Subtotal General Plant 7.00% 390 Subtotal General Plant 7.00%	394         Tools, Shop & Garage Equipment         4.00%           395         Laboratory Equipment         6.67%           396         Power Operated Equipment         6.67%           397         Communicoperated Equipment         7.24           398         Miscellaneous Equipment         3.33%           399         Miscellaneous Equipment         3.33%           300         \$         \$         7.24           300         \$         \$         \$         3.74 \$         \$           300         Subtotal General Plant         \$	394   Tools, Shop & Garage Equipment	1394 Tools, Shop & Garage Equipment 5,00% 1395 Laboratory Equipment 6,67% 1396 Fower Operated Equipment 6,67% 1397 Communication Equipment 3,33% 1398 Miscellaneous Equipment 3,33% 1399 Miscel	394         Tools, Shop & Garage Equipment         4.00%           395         Laboratory Equipment         5.00%           396         Power Operated Equipment         6.67%           397         Communication Equipment         3.33%           398         Miscellaneous Equipment         \$           Subtotal General Plant         \$	(350)	
395         Laboratory Equipment         5,00%         -         724           396         Power Operated Equipment         6,67%         -         724           397         Communication Equipment         3.33%         -         \$         774         -         \$           398         Miscellaneous Equipment         3.33%         \$         -         \$         374         \$         -         \$           Subtotal General Plant         Subtotal General Plant         \$         -         \$         -         \$         374         \$         -         \$           Total Depreciation Expense - Utility Plant         Setup.         \$         -         \$         -         \$         -         \$         -         \$           Net Regulatory Assets/(Liabilities) (Sch. B-2 Rebuttal Appndx.)         2.00%         \$         -         \$         -         \$         -         \$         -         \$           Less: Contributions in Aid of Construction         Amortization Expense - Settlement         -         -         \$         -         \$         -         \$         -         \$	395 Laboratory Equipment       5,00%       -       724       -         396 Power Operated Equipment       6,67%       -       724       -         397 Communication Equipment       3.33%       \$       -       \$       374 \$       \$         398 Miscellaneous Equipment       Subtotal Equipment       3.33%       \$       -       \$       374 \$       -       \$         Subtotal General Plant       Subtotal General Plant       \$       (258,409) \$       54,303 \$       1,923 \$       374 \$       -       \$         Net Regulatory Assets/(Liabilities) (Sch. B-2 Rebuttal Appndx.)       2.00%       2.00%       54,303 \$       1,923 \$       374 \$       -       \$         Less: Contributions in Aid of Construction       Amortization Expense - Settlement       5       -       \$       -       \$       -       \$       -       \$         Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement	395 Laboratory Equipment       5,00%       -       -       724       -       -       724       -	395         Laboratory Equipment         5,00%         724           396         Power Operated Equipment         6,67%         724           397         Communication Equipment         3,33%         \$         7,54           398         Miscellament         3,33%         \$         \$         3,74         \$           Subtotal General Plant         Subtotal General Plant         \$         (258,409)         \$         54,303         \$         74         \$           Net Regulatory Assets/(Liabitities) (Sch. B-2 Rebuttal Appndx.)         2.00%         \$         54,303         \$         1,923         \$         5           Less: Contributions in Aid of Construction         Amortization Expense - Settlement         2.00%         \$         \$         5         54,303         \$         1,923         \$         \$         \$           Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement         Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement         \$	395         Laboratory Equipment         5,00%         -         724         -         724         -         724         -         724         -         724         -         724         -         724         -         724         -         724         -         5         7         -         5         7         -         5 <td>395       Laboratory Equipment       5,00%       -       724       -         396       Power Operated Equipment       6,67%       -       724       -         397       Communication Equipment       3.33%       \$       \$       74       -       \$         398       Miscellaneous Equipment       3.33%       \$       \$       74       -       \$         Subtotal General Plant       Subtotal General Plant       -       \$       74       -       \$         Total Depreciation Expense - Utility Plant       Net Regulatory Assets/(Liabitities) (Sch. B-2 Rebuttal Appndx.)       2.00%       \$       54,303       \$       1,923       \$       374       \$       -       \$         Net Regulatory Assets/(Liabitities) (Sch. B-2 Rebuttal Appndx.)       2.00%       \$       5,4,303       \$       1,923       \$       374       \$       -       \$         Less: Contributions in Aid of Construction       Annotization Expense - Settlement       2.00%       \$       -       \$       -       \$         Total Increase/(Decrease) in Depreciation &amp; Amortization Expense - Settlement       Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangited Amortization boxied to Acct. 111 - Amort. Of Ltd. Term Investments.</td> <td>395         Laboratory Equipment         5.00%           396         Power Operated Equipment         6.67%           397         Communication Equipment         6.67%           398         Miscellaneous Equipment         3.33%           Subtotal General Plant         \$</td> <td>(11)</td> <td>,</td>	395       Laboratory Equipment       5,00%       -       724       -         396       Power Operated Equipment       6,67%       -       724       -         397       Communication Equipment       3.33%       \$       \$       74       -       \$         398       Miscellaneous Equipment       3.33%       \$       \$       74       -       \$         Subtotal General Plant       Subtotal General Plant       -       \$       74       -       \$         Total Depreciation Expense - Utility Plant       Net Regulatory Assets/(Liabitities) (Sch. B-2 Rebuttal Appndx.)       2.00%       \$       54,303       \$       1,923       \$       374       \$       -       \$         Net Regulatory Assets/(Liabitities) (Sch. B-2 Rebuttal Appndx.)       2.00%       \$       5,4,303       \$       1,923       \$       374       \$       -       \$         Less: Contributions in Aid of Construction       Annotization Expense - Settlement       2.00%       \$       -       \$       -       \$         Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement       Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangited Amortization boxied to Acct. 111 - Amort. Of Ltd. Term Investments.	395         Laboratory Equipment         5.00%           396         Power Operated Equipment         6.67%           397         Communication Equipment         6.67%           398         Miscellaneous Equipment         3.33%           Subtotal General Plant         \$	(11)	,
396         Power Operated Equipment         6.67%         724           397         Communication Equipment         3.33%         6.67%         724           398         Miscellaneous Equipment         3.33%         \$         \$         \$         374 \$         \$           Subtotal General Plant         Total Depreciation Expense - Utility Plant         \$         (258,409) \$         54,303 \$         1,923 \$         374 \$         \$           Net Regulatory Assets/(Liabilities) (Sch. B-2 Rebuttal Appndx.)         2.00%         2.00%         \$         54,303 \$         1,923 \$         374 \$         \$         \$           Less: Contributions in Aid of Construction         Amortization Expense - Settlement         2.00%         \$	200	396         Power Operated Equipment         6.67%         724         724           397         Communication Equipment         3.33%         5.33%         7.44 \$         \$           398         Miscellaneous Equipment         3.33%         \$         \$         \$         74 \$         \$           Subtotal General Plant         Subtotal General Plant         \$ <td< td=""><td>396         Power Operated Equipment         6.67%         724         724           397         Communication Equipment         3.33%         \$         \$         74         \$         \$           398         Miscellaneous Equipment         3.33%         \$         \$         \$         74         \$         \$         \$           Subtotal General Plant         Subtotal General Plant         \$         (258,409) \$         54,303 \$         1,923 \$         374 \$         \$         \$           Net Regulatory Assets/(Liabitities) (Sch. B-2 Rebuttal Appndx.)         2.00%         \$         2.00%         \$         \$         \$         \$         \$         \$           Less: Contributions in Aid of Construction         Amortization Expense - Settlement         2.00%         \$</td><td>396         Power Operated Equipment         6.67%         724<!--</td--><td>  256   Power Operated Equipment   6.67%   724   1.397</td><td>396 Power Operated Equipment 6.67% 397 Communication Equipment 3.33% 38 Miscellaneous Equipment 3.33% Subtotal General Plant \$</td><td></td><td></td></td></td<>	396         Power Operated Equipment         6.67%         724         724           397         Communication Equipment         3.33%         \$         \$         74         \$         \$           398         Miscellaneous Equipment         3.33%         \$         \$         \$         74         \$         \$         \$           Subtotal General Plant         Subtotal General Plant         \$         (258,409) \$         54,303 \$         1,923 \$         374 \$         \$         \$           Net Regulatory Assets/(Liabitities) (Sch. B-2 Rebuttal Appndx.)         2.00%         \$         2.00%         \$         \$         \$         \$         \$         \$           Less: Contributions in Aid of Construction         Amortization Expense - Settlement         2.00%         \$	396         Power Operated Equipment         6.67%         724 </td <td>  256   Power Operated Equipment   6.67%   724   1.397</td> <td>396 Power Operated Equipment 6.67% 397 Communication Equipment 3.33% 38 Miscellaneous Equipment 3.33% Subtotal General Plant \$</td> <td></td> <td></td>	256   Power Operated Equipment   6.67%   724   1.397	396 Power Operated Equipment 6.67% 397 Communication Equipment 3.33% 38 Miscellaneous Equipment 3.33% Subtotal General Plant \$		
Second Part	Second that the control of the con	997 Communication Equipment 3.33% \$ . \$ . \$ . \$ . \$ . \$ . \$ . \$ . \$ . \$	997 Communication Equipment 3.33% \$ . \$ . \$ . \$ . \$ . \$ . \$ . \$ . \$ . \$	Subtotal General Plant   3.33%   5.4,303 \$   1,923 \$   374 \$   5.4	997 Communication Equipment 398 Miscellaneous Equipment 398 Miscellaneous Equipment 398 Miscellaneous Equipment 398 Subtotal General Plant Subtotal General Plant  Total Depreciation Expense - Utility Plant  Total Depreciation Expense - Utility Plant  Net Regulatory Assets/(Liabilities) (Sch. B-2 Rebuttal Appndx.)  Less: Contributions in Aid of Construction  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement  Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangibles amortized over 15 & 20 Years.  Acct. 3104 - Wells - Other amortized over 24 years. Accumulated Amortization brooked to Acct. 111 - Amort. Of Ltd. Term Investments.	397 Communication Equipment 3.33% \$ . \$ . \$ . 1933	, ,	
Subtotal General Plant   Subtotal General Pl	398 Miscellaneous Equipment 3.33% \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$	398 Miscellandeau Chapping 1	Miscellander Expense Expension Expense Contributions in Aid of Construction  Total Depreciation Expense - Utility Plant  Total Depreciation Expense - Utility Plant  Net Regulatory Assets/(Liabitities) (Sch. B-2 Rebuttal Appndx.)  Less: Contributions in Aid of Construction  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement  Total Construction  Total Construct	Sept	298 Miscellaneous Englaphens 3.33% \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$	398 Miscellaneous Equipment 3.33% \$ \$ \$ \$ 1003	724	•
Subtotal General Plant	Subtotal General Plant  Subtotal General Plant  Total Depreciation Ryberses - Utility Plant  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement	Subtotal General Plant Subtotal General Plant Subtotal General Plant  Total Depreciation Expense - Utility Plant  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement	Subtotal General Plant  Total Depreciation Expense - Utility Plant  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement	Subtotal General Plant Subtotal General Plant Total Depreciation Expense - Utility Plant  Total Depreciation Expense - Utility Plant  Net Regulatory Assets/(Liabilities) (Sch. B-2 Rebuttal Appndx.)  Less: Contributions in Aid of Construction  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement  Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangibles amortized over 15 & 20 Years.  Acct. 310,4 - Wells: Other amortized over 24 years. Accumulated Amortization booked to Acct. 111 - Amort. Of Ltd. Term Investments.	Subtotal General Plant  Subtotal General Plant  Total Depreciation Expense - Utility Plant  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement  Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangibles amortized over 15 & 20 Years.  Acct. 310.4 - Wells - Other amortized over 24 years. Acct. 304 - Other intangibles amortized over 24 years.	System Miscellaneous Edupment Subtotal General Plant Subtotal General Plant	•	
Subtotal General Plant  Total Depreciation Expense - Utility Plant  Total Depreciation Expense - Utility Plant  Net Regulatory Assets/(Liabilities) (Sch. B-2 Rebuttal Appndx.)  Less: Contributions in Aid of Construction  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement	Subtotal General Plant  Total Depreciation Expense - Utility Plant  Total Depreciation Expense - Utility Plant  Net Regulatory Assets/(Liabilities) (Sch. B-2 Rebuttal Appndx.)  Less: Contributions in Aid of Construction  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement	Subtotal General Plant  Total Depreciation Expense - Utility Plant  Net Regulatory Assets/(Liabilities) (Sch. B-2 Rebuttal Appndx.)  Less: Contributions in Aid of Construction  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement  \$ (258,409) \$ 54,303 \$ 1,923 \$ 374 \$ - \$   \$ Less: Contributions in Aid of Construction  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement	Subtotal General Plant  Total Depreciation Expense - Utility Plant  Net Regulatory Assets/(Liabilities) (Sch. B-2 Rebuttal Appndx.)  Less: Contributions in Aid of Construction  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement  note_1 Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangibles amortized over 15 & 20 Years.	Subtotal General Plant  Total Depreciation Expense - Utility Plant  Net Regulatory Assets/(Liabitiles) (Sch. B-2 Rebuttal Appndx.)  Less: Contributions in Aid of Construction  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement  Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangibles amortized over 15 & 20 Years.  Acct. 310, 4 - Wells. Other amortized over 24 years. Accumulated Amortization booked to Acct. 111 - Amort. Of Ltd. Term Investments.	Subtotal General Plant  Total Depreciation Expense - Utility Plant  Net Regulatory Assets/(Liabilities) (Sch. B-2 Rebuttal Appndx.)  Less: Contributions in Aid of Construction  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement  Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangibles amortized over 15 & 20 Years.  Acct. 3104 - Wells - Other amortized over 24 years. Accumulated Amortization brooked to Acct. 111 - Amort. Of Ltd. Term Investments.	Subtotal General Plant	374	€9
Total Depreciation Expense - Utility Plant  Net Regulatory Assets/(Liabilities) (Sch. B-2 Rebuttal Appndx.)  Less: Contributions in Aid of Construction  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement	Total Depreciation Expense - Utility Plant  Net Regulatory Assets/(Liabilities) (Sch. B-2 Rebuttal Appndx.)  Less: Contributions in Aid of Construction  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement	Total Depreciation Expense - Utility Plant  Net Regulatory Assets/(Liabilities) (Sch. B-2 Rebuttal Appndx.)  Less: Contributions in Aid of Construction  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement	Total Depreciation Expense - Utility Plant  Net Regulatory Assets/(Liabitities) (Sch. B-2 Rebuttal Appndx.)  Less: Contributions in Aid of Construction  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement  Total Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangibles amortized over 15 & 20 Years.	Total Depreciation Expense - Utility Plant  Net Regulatory Assets/(Liabitities) (Sch. B-2 Rebuttal Appndx.)  Less: Contributions in Aid of Construction  Total Increase/(Decrease) in Depreciation Expense - Settlement  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement  note_1 Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangibles amortized over 15 & 20 Years.  Acct. 310.4 - Wells - Other amortized over 24 years. Accumulated Amortization booked to Acct. 111 - Amort. Of Ltd. Term Investments.	Total Depreciation Expense - Utility Plant  Net Regulatory Assets/(Liabitities) (Sch. B-2 Rebuttal Appndx.)  Less: Contributions in Aid of Construction  Less: Contributions in Aid of Construction  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement  note_1 Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangibles amortized over 15 & 20 Years.  Acct. 310.4 - Wells - Other amortized over 24 years. Accumulated Amortization brooked to Acct. 111 - Amort. Of Ltd. Term Investments.	1003		
Total Depreciation Expense - Utility Plant  Net Regulatory Assets/(Liabilities) (Sch. B-2 Rebuttal Appndx.)  Less: Contributions in Aid of Construction  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement	Total Depreciation Expense - Utility Plant  Net Regulatory Assets/(Liabilities) (Sch. B-2 Rebuttal Appndx.)  Less: Contributions in Aid of Construction  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement	Total Depreciation Expense - Utility Plant  Net Regulatory Assets/(Liabilities) (Sch. B-2 Rebuttal Appndx.)  Less: Contributions in Aid of Construction  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement	Total Depreciation Expense - Utility Plant  Net Regulatory Assets/(Liabilities) (Sch. B-2 Rebuttal Appndx.)  Less: Contributions in Aid of Construction  Total Increases/(Decrease) in Depreciation & Amortization Expense - Settlement  note_1 Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangibles amortized over 15 & 20 Years.	Total Depreciation Expense - Utility Plant  Net Regulatory Assets/(Liabilities) (Sch. B-2 Rebuttal Appndx.)  Less: Contributions in Aid of Construction  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement  note_1 Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangibles amortized over 15 & 20 Years.  Acct. 310, 4 - Wells - Other amortized over 24 years. Accumulated Amortization booked to Acct. 111 - Amort. Of Ltd. Term Investments.	Total Depreciation Expense - Utility Plant  Net Regulatory Assets/(Liabilities) (Sch. B-2 Rebuttal Appndx.)  Less: Contributions in Aid of Construction  Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement  note_1 Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangibles amortized over 15 & 20 Years.  Acct. 310.4 - Wells - Other amortized over 24 years. Accumulated Amortization brooked to Acct. 111 - Amort. Of Ltd. Term Investments.		210	
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Supporting Schedules;

Settlement Income Statement Adjustment IS-10 (Continued)	Adjust Depreciation Expense to Reflect Settlement Plant Adjustments	

						Ĭ.	White Tank				
			<u>K</u>	[8]	<u>o</u>		[0]	[E] Increase /	[F] Increase /	<u></u>	
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:				Rate Base	Rate Base			Phoenix Office	Meter Shop		ise/
Line	-		Depreciation	Adjustments -	Adjustments -			(3-factor Alloc.)	(3-factor Alloc.)	(Decrease)	ase) E+E1
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- 4		Water Treatment Plant		•	•						
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47		Net Regulatory Assets/(Liabilities) (Sch. B-2 Rebuttal Appndx.)									
48		Less: Contributions in Aid of Construction	2.00%								•
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3 2		i otal increase/(Decrease) in Depreciation & Amortization Expense - Settlement	Settlement							A	22
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53		note_1 Acct 302 - Franchises amortized over 25 years. Acct 303 - Other intangibles amortized over 15 & 20 Years.	Other intangibles amort	zed over 15 & 20 )	ears						
54		Acct. 310.4 - Wells - Other amortized over 24 years. Accumulated Amortization booked to Acct. 111 - Amort. Of Ltd. Term Investments.	ated Amortization book	ced to Acct. 111 - A	mort. Of Ltd.	Term Investmen	ž.				
22		note_2 Acct. 390.1 - Leasehold Improvements amortized over the remaining life of the associated lease.	naining life of the assoc	dated lease.							

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Supporting Schedules:

Recap Schedules:

ARIZONA WA I ER COMPANY
Test Year Ended December 31, 2010
Settlement Income Statement Adjustment IS-10 (Continued)
Adjustment Plant Adjustments
Adjustment Plant Adjustments

Adjr	st Depi	Adjust Depreciation Expense to Reflect Settlement Plant Adjustments				Ajo				
			A	[8]	[0]	<u>[0]</u>	[E] Increase /	[F] Increase /	<u>5</u>	
					Cofficment		(Decrease)	(Decrease)	Total	
				Settlement Rate Base	Rate Base	Increase /	Phoenix Office	Meter Shop	Increase /	
Line	e Acct.		Depreciation	Adjustments -	Adjustments -	(Decrease) Depr. Exp.	(3-ractor Alloc.) 0.0075	0.0075	C+D+E+F1	
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ř		390.1 Leasehold improvements	note_2	•		•	•	İ	•	
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	9 395	5 Laboratory Equipment	2.00%	•		,	•	•	•	
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41	1 397		6.67%	•			•		•	1
	2 398	Misc	5.55%			S	8	- 8	\$	80
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		Total Depreciation Expense - Utility Plant		<del>.</del>	. (16)				•	
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47		Net Regulatory Assets/Liabilities) (Sch. 6-2 Rebutal Applias.) Less: Contributions in Aid of Construction	2.00%						•	٠ ا
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53		note_1 Acct. 302 - Franchises amortized over 25 years. Acct. 303 - (	Acct, 303 - Other intangibles amontzed over 13 × 20 Teals.	lized over 15 ox zu	reals. Amort Of Ltd. Term	Investments.				
54		Acct; 310.4 - Versis - Uniter amondated over 44 years. Accuminated with vision of the accordand lease.	ated Allionization box	risted lease						
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Recap Schedules

Year Ended December 31, 2010	ement Income Statement Adjustment IS-10 (Continued)	Adjust Depreciation Expense to Reflect Settlement Plant Adjustments
Test Year Er	Settlement Ir	Adjust Depre
	Test Year Ended December 31, 2010	Test Year Ended December 31, 2010 Settlement Income Statement Adjustment IS-10 (Continued)

Schedule C-2 Settlement Appendix Page 13 of 19 Witness: Reiker

[0]		Increase /	(Decrease)	Depr. Exp.	•	,	•	5		•	,	,		'		•	. ,	. 1	9	· •	1	, ,	• •		, <del>,</del>	•	•	•	•	,	ŧ.		·		•	٠	•		•	(1,023)	1	ı	2,116		\$ 1,094		,		\$ 1,094	
Phoenix Office [C]	:	Settlement Rate Base	Adjustments -	P.T.Y.P.	,	. ,	•	,	•	,	•	•		,		•	•	•		·		•	•	,			•	•	•	•	•	•	65		•	•	•	•	1	(25,564)	•	•	31,727	•	\$ 6,163		6,163			
[8]		Settlement Rate Rase	⋖	Direct Plant				φ,						•					6	·					, 69								9	•											,		r A			
[A]			Depreciation	Rate	%OU O	note 1	note 1	1		0.00%	0.00%	note_1	3.13%		2000	0.00%	7.86%	0.00%	4.00%		200	0.00%	2.50%	7.86%		1000	0.00%	2.00%	1.79%	2.00%	7.38%	4.33%	240:1		0.00%	2.50%	note_2	8.67%	2.00%	4.00%	5.00%	8.67%	6.67%	3.33%					- Settlement	
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it Depreciation Expense to Kenect Setuement Flant Adjustments				4 - 17 - 17 - 17	ngible Plant Organization	Franchises	Other Intangibles	Subtotal Intangible Plant	Source of Supply Plant	Water Rights	Other Source of Supply Land	Wells - Other	Wells	Subtotal Source of Supply Plant	Pumping Plant	Pumping Plant Land	Pumping Plant Structures & Improvements	Electuric Furnishing Equipment	Gas Engine Equipment	Subtotal Pumping Plant	Water Treatment Plant	Water Treatment Plant Land	Water Treatment Structures & Improvements	Water Treatment Equipment	Subtotal Water Treatment Plant	Transmission & Distribution Plant	Transmission and Distribution Land	Storage Tanks	Transmission & Distribution Mains	Fire Sprinkter Laps	Services	Weters	Subtotal Transmission & Distribution Plant	General Plant	General Plant Land	General Plant Structures	Leasehold Improvements	Office Furniture & Equipment	Warehouse Equipment	Tools, Shop & Garage Equipment	Laboratory Equipment	Power Operated Equipment	Communication Equipment	Miscellaneous Equipment	Subtotal General Plant		Total Depression Expense - Offiny Plant Net Regulatory Assets/(Liabilities) (Sch. B-2 Rebuttal Appndx.)		Increase/(Decrease) in Depre	
t Depreca			Acct.	oN N	30.1 30.1	302	303	}	So	310.1	310.3	310.4	314	1		320	321	372	378			330	331	332			340	342	343	344 1	343	340	}	ගී	389	390	390.1	391	393	394	395	396	397	398		1	Net Reg	ŀ	i otai	

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note\_1 Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangibles amortized over 15 & 20 Years.
Acct. 310.4 - Wells - Other amortized over 24 years. Accumulated Amortization booked to Acct. 111 - Amort. Of Ltd. Term Investments. note\_2 Acct. 390.1 - Leasehold Improvements amortized over the remaining life of the associated lease.

Supporting Schedules:

ARIZONA WA 1. = R COMPANY
Test Year Ended December 31, 2010
Settlement Income Statement Adjustment IS-10 (Continued)
Adjust Depredation Expense to Reflect Settlement Plant Adjus

iment income Statement Agreement Plant Adjustments to Depreciation Expense to Reflect Settlement Plant Adjustments			Meter Shop	101
	[A]	[8]	[5]	<u>.</u>
Acct.	Depreciation <u>Rate</u>	Settlement Rate Base Adjustments - <u>Direct Plant</u>	Settlement Rate Base Adjustments -	Increase (Decrease <u>Depr. E</u>
No. Intangible Plant	0.00%			ss.

Supporting Schedules:

ARIZONA Wix. \_-R COMPANY

Test Year Ended December 31, 2010
Settlement Income Statement Adjustment IS-11
Adjust Synchronized Interest to Reflect Settlement Rate Base Adjustments

				İ	Western Gr	Western Group - Synchronized Interest	Interest				
	[A]	[8]	[5]	[0]	[8]	[F]	<u>[5]</u>	Ξ	Ξ	5	图
	Settlement	Weighted	Synchronized	Adjusted T.Y.	Increase /	Weighted	Synchronized	Adjusted T.Y.	Increase /		Increase /
	Orig. Cost	Cost of Long-	Interest -	Long-Term	(Decrease)	Cost of Short-	Interest -	Short-Term	(Decrease)	Test Year	(Decrease)
	Rate Base	Term Debt	L-T Debt -	Interest -	Long-Term	Term Debt	S-T Debt	Interest -	Short-Term	Other Interest -	Other
System	Sch. B-1 Ln. 23	Sch. D-1	Settlement	As Filed	Interest Exp.	Sch. D-1	Settlement	As Filed	Interest Exp.	As Filed	Interest Exp.
Western Group											
Pinal Valley	\$ 46,638,551	3.3%	\$ 1,560,544	\$ 1,585,957	\$ (25,412)	0.0%	•	•	•	, •	· 69
White Tank	5,609,221	3.3%	187,687	190,131	(2,444)	%0:0		•	•		•.
Ajo	986,437			33,209	(203)	%0.0	1	1		1	
Subtotal	\$ 53,234,209		\$ 1,781,238	\$ 1,809,297	\$ (28,059)	•	- &	· •	·	·	ı •
Total	\$ 53,234,209	11	\$ 1,781,238	\$ 1,809,297	\$ (28,059)		\$		\$		-
							*				4
12 Increase/(Decrease) in Expenses	Ø										\$ (28,039)

Exhibit
Schedule C-2 Settlement Appendix
Page 16 of 19
Witness: Reiker

ARIZONA WA LER COMPANY Test Year Ended December 31, 2010 Settlement Income Statement Adjustment IS-12 Adjust Property Taxes

N:2011\_Ratie\_Case\Setilement\Western Group\2011 AWC Rate Case Model Setilement-WG v4 FINAL\C2.1 PM Processing Date: 2/14/2012 4:19 PM

	welley lede	White Tank	Ajo	
	[A] [B]	[C] [D]	[E] [F] Adjusted -	- pa
		T.Y. Adjstd' - Settlement Settlement W Increase	T.Y. Adjstd' - Settlement Settlement	nent ease
	Osingiliali Williamso			
Adjusted Revenues - Settlement	\$ 16,544,087 \$ 16,544,087	\$ 1,584,472 \$ 1,584,472 1,584,472 1,584,472	€	509,594
Adjusted Revenues - Settlement Adjusted Revenues - Settlement / Proposed Revenues				507,268
Average Revenue	\$ 16,544,087 \$ 17,452,539	\$ 1,584,472 \$ 1,751,596	\$ 509,594 \$ 50	508,819
Average Revenue Multiplied by 2	\$ 33,088,174 \$ 34,905,079	\$ 3,168,944 \$ 3,503,192	\$ 1,019,189 \$ 1,0	1,017,638
Deduct: Net Book Value of Transportation Equipment	· · · · · · · · · · · · · · · · · · ·		₩.	·
r. ii Cast Valina	\$ 33,088,174 \$ 34,905,079	\$ 3,168,944 \$ 3,503,192	\$ 1,019,189 \$ 1,0	1,017,638
Full Cash Value		21.0% 21.0%	21.0%	21.0%
Assessment Ratio		865 478 735.670	214,030	213,704
Assessed Value	6,948,517 7,330,067			9
Property Tax Rate 1	12.86% 12.86%	10.37% 10.37%	12.34%	12.34%
Property Tax	893,268 942,318	69,010 76,289	26,403	26,363
Tax on Parcels	•	,	-	
Total Property Taxes - Calculated	\$ 893,268 \$ 942,318	\$ 69,010 \$ 76,289	\$ 26,403 \$	26,363
Adjusted Property Taxes - As filed	847,951	60,835	24,146	
Increase / (Decrease) in Property Taxes - Settlement	\$ 45,317	\$ 8,175	\$ 2,258	
Adjusted Property Taxes - Settlement	893,268	69,010		26,403
Inc. / (Dec.) in Property Taxes at Proposed Rates - Settlement	\$ 49,050	\$ 7,279	89	(40)
As % of Change in Revenue Requirement	1.80%	1.45%		1.73%

<sup>1</sup>Property Tax rates updated to reflect current known & measurable rates.

Supporting Schedules:

Exhibit

Schedule C-2 Settlement Appendix Page 17 of 19 Witness: Reiker

ARIZONA WA : ER COMPANY
Test Year Ended December 31, 2010
Settlement Income Statement Adjustment IS-12 (Continued)
Adjust Property Taxes

	Western Group
	[A] [B]
	I Y Adjstd - Settlement Settlement w/ Increase
Adjusted Revenues - Settlement	\$ 18,638,153 \$ 18,638,153
Adjusted Revenues - Settlement	
Adjusted Revenues - Settlement / Proposed Revenues	18,638,153 21,862,557
Average Revenue	\$ 18,638,153 \$ 19,712,955
Average Revenue Multiplied by 2	\$ 37,276,307 \$ 39,425,909
Deduct: Net Book Value of Transportation Equipment	
Full Cash Value	\$ 37,276,307 \$ 39,425,909
Assessment Ratio	21.0% 21.0%
Assessed Value	7,828,024 8,279,441
Property Tax Rate 1	12.63% 12.63%
Property Tax	988,681 1,044,970
Tax on Parcels	
Total Property Taxes - Calculated	\$ 988,681 \$ 1,044,970
Adjusted Property Taxes - As filed	932,931
Increase / (Decrease) in Property Taxes - Settlement	\$ 55,750
Adjusted Property Taxes - Settlement	988,681
Inc. / (Dec.) in Property Taxes at Proposed Rates - Settlement	\$ 56,289
As % of Change in Revenue Requirement	1.75%

Schedule C-2 Settlement Appendix Page 18 of 19 Witness: Reiker

N:2011\_Rate\_Case\Settlement\Western Group\2011 AWC Rate Case Model Settlement-WG v4 FINAL\C2.1 PM Processing Date: 2/14/2012 4:19 PM

ARIZONA WA I ER COMPANY
Test Year Ended December 31, 2010
Settlement Income Statement Adjustment IS-13
Adjust Income Taxes to Reflect Adjusted Test Year Results & Proposed Revenues

Ajo [F] [E] Adjusted - Adjusted - T.Y. Adjusted - Settlement Settlement w/ Increase	\$ 117,182 \$ 114,896       187,687     33,007     33,007       465,653     \$ 84,175 \$ 81,890       32,447     \$ 5,865 \$ 5,706	\$ 84,175 \$ 5,865 \$ 78,310 \$	147,290     \$ 26,625 \$ 25,902       147,290     \$ 26,625 \$ 25,902       179,737     \$ 32,491 \$ 31,608       38,60%     38,60%		\$ 5.576 \$ 289 [56.286] \$ 28,625 \$ (723) 34,428 \$ 5,865
White Tank [C] [D] [d] Adjusted - Adjusted - Settlement W. Increase	5,432,270     \$ 159,246     \$ 653.       1,560,544     \$ 187,687     187,       3,871,726     \$ (28,441)     \$ 465,       269,782     \$ (1,982)     \$ 32.	es es	1,224,661 (8,996) 147 1,224,661 \$ (8,996) \$ 147 1,494,443 \$ (10,978) \$ 178 38.60% 38	6.97% 6.97% 31.63% 31.6	\$ (3.183) \$ 1.201 \$ 446.539 \$ 846.539 \$ 83.297 \$ 186,485 \$ 34
Pinal Valley  [A] [B] Adjusted - Adjusted - Settlement Settlement w/ Increase	\$ 2,755,964 \$ 5,45 1,560,544 1,56 \$ 1,195,419 \$ 3,8 \$ 83,297 \$ 2	\$ 1,195,419 \$ 83,297 \$ 1,112,123 \$	\$ 378,122 \$ 378,122 \$ \$ 461,418 \$ 38,60%	8	C-2, Ln. 31) \$ 63.287 Ln. 11 - Ln. 36) \$ 20,009 \$ (Ln. 21 - Ln. 39) \$ \$ Ln. 11 - Ln. 42) \$
Line No.	Operating Income Before Inc. Taxes Interest Expense Arizona Taxable Income (Ln. 3 + Ln. Less Arizona Income Tax (Ln. 5 X Lr.	Arizon Fedel Less Fedel Fedel	18 39% Bracket from \$ 100,001 to \$535,000 19 34% Bracket over \$335,000 21 Federal Income Taxes: 22 23 23 Total Income Tax (Ln. 11 + Ln. 21) 24 Total Lincome Tax (Ln. 15) 25 Tax Rate (Ln. 24 + Ln. 5)		1 Test Year State Income Taxes - As filed (Sch. C-2, Ln. 31) 137 Increase / (Decrease) in State Income Taxes (Ln. 11 - Ln. 36) 138 140 Increase / (Decrease) in Federal Income Taxes - Settlement 141 Test Year State Income Taxes - Settlement 142 Increase / (Decrease) in State Income Taxes (Ln. 21 - Ln. 39) 143 Increase / (Decrease) in State Income Taxes (Ln. 11 - Ln. 42)

DECISION NO.

ARIZONA WA I ER COMPANY
Test Year Ended December 31, 2010
Settlement Income Statement Adjustment IS-13 (Continued)
Adjust Income Taxes to Reflect Adjusted Test Year Results & Proposed Revenues

T.Y. Adjusted - Self		Western Group
Triglised   Selfem		
Comment   Comm	Line <u>No.</u>	,
Pederal Income Before Inc. Taxes   \$ 302.331 \$ \$ 9.00		
Arizona Toxoble Income (Ln. 3 + Ln. 4)  Less Arizona Income Tax (Ln. 5 X Ln. 7)  Arizona Income Tax Rate = 6.988%  Federal Income Before Taxes (Ln. 5)  Federal Income Taxes (Ln. 7)  Federal Income Taxes (Ln. 11)  Federal Income Taxes (Ln. 11)  Federal Income Taxes (Ln. 11)  Federal Income Taxes (Ln. 12)  Federal Income Taxes (Ln. 11 - Ln. 3)  Federal Income Taxes (Ln. 11 - Ln. 3)  Federal Income Taxes - As filed (Sch. C.2, Ln. 30)  Federal Income Taxes - Settlement taxes (Ln. 21 - Ln. 35)  Test Year Federal Income Taxes - Settlement taxes (Ln. 21 - Ln. 36)  Test Year Federal Income Taxes - Settlement taxes (Ln. 21 - Ln. 36)  Test Year Federal Income Taxes - Settlement taxes (Ln. 11 - Ln. 36)  Test Year Faderal Income Taxes - Settlement taxes (Ln. 11 - Ln. 36)  Test Year Faderal Income Taxes - Settlement taxes (Ln. 11 - Ln. 42)  Federal Income Taxes - Settlement taxes (Ln. 11 - Ln. 42)  Federal Income Taxes - Settlement taxes (Ln. 11 - Ln. 42)	Operating Income Before Inc. Taxes	3,032,391 \$
Less Arizona Income Tax (Ln. 5 X Ln. 7)  Arizona Income Tax (a. 5 X Ln. 7)  Arizona Income Tax (a. 5 X Ln. 7)  Federal Income Before Taxes (Ln. 5)  Less Arizona Income Taxes (Ln. 7)  Federal Income Before Taxes (Ln. 7)  Federal Income Taxes (Ln. 7)  Federal Income Taxes (Ln. 7)  Federal Income Taxes (Ln. 7)  Federal Income Taxes (Ln. 7)  Federal Income Taxes (Ln. 7)  Tax Rate (Ln. 24 + Ln. 5)  Federal Income Taxes - As Filed (Sch. C.2, Ln. 30)  Federal Income Taxes - As Filed (Sch. C.2, Ln. 30)  Federal Income Taxes - As filed (Sch. C.2, Ln. 31)  Federal Income Taxes - As filed (Sch. C.2, Ln. 33)  Federal Income Taxes - As filed (Sch. C.2, Ln. 33)  Federal Income Taxes - As filed (Sch. C.2, Ln. 35)  Federal Income Taxes - Settlement  Tax Year Federal Income Taxes - Settlement  State (Ln. 7 + Ln. 5)  Federal Income Taxes - Settlement  State (Ln. 24 - Ln. 5)  Federal Income Taxes - Settlement  State (Ln. 24 - Ln. 30)  Federal Income Taxes - Settlement  State (Ln. 24 - Ln. 30)  Federal Income Taxes - Settlement  State (Ln. 24 - Ln. 30)  Federal Income Taxes - Settlement  State (Ln. 24 - Ln. 30)  Federal Income Taxes - Settlement  Federal Income Taxes - Set		1,251,154 \$
Arizona Income Tax Rate = 6.968% Federal Income Before Taxes (Ln. 5) Less Arzona Income Before Taxes (Ln. 7) Federal Income Before Taxes (Ln. 7) Federal Income Taxes 15% Bracket from \$10.000 15% Bracket from \$5.001 to \$15.000 15% Bracket from \$5.001 to \$15.000 16% Bracket from \$5.001 to \$15.000 16% Bracket from \$5.001 to \$15.000 17% Bracket from \$5.001 to \$100.000 18% Bracket from \$5.001 to \$100.000 18% Bracket from \$5.001 to \$100.000 19% Bracket from \$5.001 to \$100.000 19% Bracket from \$5.001 to \$100.000 10% Bracket from \$100.000 10% Bracket from \$1	6 7 Less Arizona Income Tax (Ln. 5 X Ln. 7)	87,180 \$
Federal Income Before Taxes (Ln. 5) Federal Income Before Taxes (Ln. 7) Federal Income Taxes (Ln. 7) Federal Income Taxes 15% Bracket from \$1 to \$50,000 25% Bracket from \$10,001 to \$100,000 39% Bracket from \$10,001 to \$10,000 39% Bracket from \$10,001 to \$100,000 39% Bra		
Less Artzona income   Taxes   (In. 7)   Federal income   Taxes   (In. 7)   Federal income   Taxes   (In. 7)   Federal income   Taxes   (In. 10 - In. 11)   Federal income   Taxes   (In. 10 - In. 11)   Federal income   Taxes   (In. 11 + In. 21)   Federal income   Taxes   (In. 11 + In. 21)   State   (In. 24 + In. 5)   State   (In. 24 + In. 5)   State   (In. 24 + In. 5)   Federal income   Taxes - As Filed (Sch. C-2, In. 30)   Federal income   Taxes - As Filed (Sch. C-2, In. 31)   Federal income   Taxes - Settlement   State   (In. 21 + In. 5)   State   (In. 21 + In. 39)	0	1,251,154 \$
Federal lazable income (Ln. 10 - Ln. 11)  Federal income Taxes:  15		87,180
Federal Income Taxes:  15% Bracket from \$10 \$50,000  25% Bracket from \$10 \$5,000  25% Bracket from \$15,001 to \$35,000  39% Bracket from \$100,001 to \$335,000  13% Bracket from \$100,001 to \$335,000  13% Bracket from \$100,001 to \$335,000  12% Bracket from \$100,001 to \$335,000  12% Bracket from \$100,001 to \$335,000  12% Bracket from \$100,001 to \$335,000  12% Bracket from \$100,001 to \$335,000  12% Bracket from \$100,001 to \$335,000  12% Bracket from \$100,001 to \$100,001  12% Bracket from \$100,001 to \$100,001  138 60%  138 60%  140 74		1,163,973 \$
15% Bracket from \$10 \$50,000  24% Bracket from \$50,001 to \$75,000  34% Bracket from \$50,001 to \$75,000  34% Bracket from \$100.001 to \$335,000  34% Bracket from \$100.001 to \$335,000  54% Bracket from \$1100.001 to \$335,000  Federal Income Taxes:  Total Income Tax (Ln. 11 + Ln. 21)  Tax Raie (Ln. 24 + Ln. 5)  Effective Income Tax Raies  State (Ln. 24 + Ln. 5)  Federal (Ln. 24 + Ln. 5)  Federal (Ln. 24 + Ln. 5)  Federal Income Taxes - As Filed (Sch. C.2, Ln. 30)  Federal (Ln. 24 + Ln. 5)  Federal Income Taxes - As filed (Sch. C.2, Ln. 30)  Federal Income Taxes - As filed (Sch. C.2, Ln. 31)  Federal Income Taxes - As filed (Sch. C.2, Ln. 35)  Federal Income Taxes - Settlement  forcease / (Decrease) in Federal Income Taxes (Ln. 21 - Ln. 36)  Federal Income Taxes - Settlement  forcease / (Decrease) in State Income Taxes (Ln. 11 - Ln. 36)  Federal Income Taxes - Settlement  forcease / (Decrease) in State Income Taxes (Ln. 11 - Ln. 42)  Federal Income Taxes - Settlement  fincrease / (Decrease) in State Income Taxes (Ln. 11 - Ln. 42)		
25% Bracket from \$50.00 to \$150.000 34% Bracket from \$75.001 to \$150.000 34% Bracket mor \$75.001 to \$150.000 34% Bracket mor \$75.001 to \$100.000 34% Bracket mor \$75.001 to \$100.000 34% Bracket over \$335.000 34% Bracket more \$735.000 34% Bracket more \$735.000 34% Bracket more \$75.001 to \$100.000 34% Bracket more \$75.001 to \$10.001 38.60% 38.60% 38.60% 38.60% 38.60% 38.60% 38.60% 38.60% 38.60% 39.516 (In. 24 + In. 5) 59.526 59.521 \$ 1,70 59.528 59.531 \$ 1,70 59.528 59.531 \$ 1,70 59.528 59.531 \$ 1,70 59.528 59.531 \$ 1,70 59.528 59.531 \$ 1,70 59.532 59.5333 59.5333 59.5		
39% Bracket from \$75,001 to \$700,000 39% Bracket from \$75,001 to \$335,000 34% Bracket from \$75,001 to \$335,000 34% Bracket from \$75,000 to \$335,000 34% Bracket from \$75,000 to \$335,000 34% Bracket from \$75,000 to \$35,000 34% Bracket from \$75,000 to \$35,000 34% Bracket from \$75,000 to \$35,000 38,		•
34% Bracket over \$335,000  34,8 Bracket over \$355,000  Federal Income Taxes:  Tax Rate (Ln. 24 + Ln. 5)  Effective Income Tax (Ln. 11 + Ln. 21)  Tax Rate (Ln. 24 + Ln. 5)  Effective Income Tax Rates State (Ln. 21 + Ln. 5)  Federal (Ln. 21 + Ln. 5)  Federal Income Taxes - As Filed (Sch. C.2, Ln. 30)  Test Year Federal Income Taxes - As filed (Sch. C.2, Ln. 31)  Test Year Federal Income Taxes - As filed (Sch. C.2, Ln. 33)  Test Year Federal Income Taxes - Settlement Income Taxes (Ln. 21 - Ln. 39)  Test Year Federal Income Taxes - Settlement Income Taxes (Ln. 21 - Ln. 39)  Test Year Federal Income Taxes - Settlement Income Taxes - Settlement Increase / (Decrease) in State Income Taxes (Ln. 11 - Ln. 39)  Test Year State Income Taxes - Settlement Increase / (Decrease) in State Income Taxes (Ln. 11 - Ln. 42)  Test Year State Income Taxes - Settlement Increase / (Decrease) in State Income Taxes (Ln. 11 - Ln. 42)		•
Federal Income Taxes:  Total Income Tax (Ln. 11 + Ln. 21)  Tax Rate (Ln. 24 + Ln. 5)  Effective Income Tax Rates State (Ln. 24 + Ln. 5)  Effective Income Tax Rates State (Ln. 24 + Ln. 5)  Federal (Ln. 24 + Ln. 5)  Federal (Ln. 24 + Ln. 5)  Test Year Federal Income Taxes - As Filed (Sch. C.2, Ln. 30)  Test Year Federal Income Taxes - As Filed (Sch. C.2, Ln. 30)  Test Year Federal Income Taxes - As filed (Sch. C.2, Ln. 31)  Test Year Federal Income Taxes - Settlement Increase / (Decrease) in Federal Income Taxes (Ln. 11 - Ln. 36)  Test Year State Income Taxes - Settlement Increase / (Decrease) in Federal Income Taxes (Ln. 11 - Ln. 39)  Test Year State Income Taxes - Settlement Increase / (Decrease) in State Income Taxes (Ln. 11 - Ln. 39)  Test Year State Income Taxes - Settlement Increase / (Decrease) in State Income Taxes (Ln. 11 - Ln. 42)  S		
Federal Income Taxes:  10tal Income Tax (Ln. 11 + Ln. 21)  12x Rate (Ln. 24 + Ln. 5)  12x Rate (Ln. 24 + Ln. 5)  13x 60%  13x 60%  13x 60%  13x 60%  13x 60%  13x 60%  13x 60%  13x 60%  13x 60x 60x 60x 60x 60x 60x 60x 60x 60x 60		
Tax Rate (Ln. 24 - Ln. 5)  Tax Rate (Ln. 24 - Ln. 5)  Effective income Tax Rates State (Ln. 7 + Ln. 5)  Test Year Federal Income Taxes - As Filed (Sch. C.2, Ln. 30)  Test Year Federal Income Taxes - As filed (Sch. C.2, Ln. 31)  Increase / (Decrease) in State Income Taxes (Ln. 11 - Ln. 36)  Test Year Federal Income Taxes - Settlement Increase / (Decrease) in State Income Taxes (Ln. 11 - Ln. 36)  Test Year Federal Income Taxes - Settlement Increase / (Decrease) in State Income Taxes (Ln. 11 - Ln. 39)  Test Year State Income Taxes - Settlement Increase / (Decrease) in State Income Taxes (Ln. 11 - Ln. 39)  Test Year State Income Taxes - Settlement Increase / (Decrease) in State Income Taxes (Ln. 11 - Ln. 39)  Test Year State Income Taxes - Settlement Increase / (Decrease) in State Income Taxes (Ln. 11 - Ln. 42)		395,751 \$
Total income Tax (Ln. 11 + Ln. 21)  Tax Rate (Ln. 24 + Ln. 5)  Effective Income Tax Rates State (Ln. 24 + Ln. 5)  Effective Income Tax Rates State (Ln. 24 + Ln. 5)  Federal (Ln. 21 + Ln. 5)  Test Year Federal Income Taxes - As Filed (Sch. C-2, Ln. 30)  Test Year Federal Income Taxes - As filed (Sch. C-2, Ln. 31)  Test Year Federal Income Taxes - As filed (Sch. C-2, Ln. 31)  Test Year Federal Income Taxes - Settlement Increase / (Decrease) in State Income Taxes - Settlement Test Year Federal Income Taxes - Settlement Increase / (Decrease) in State Income Taxes (Ln. 21 - Ln. 39)  Test Year State Income Taxes - Settlement Increase / (Decrease) in State Income Taxes (Ln. 11 - Ln. 39)  Test Year State Income Taxes - Settlement Increase / (Decrease) in State Income Taxes (Ln. 11 - Ln. 42)	2	
Tax Rate (Ln. 24 + Ln. 5)       38.60%       3         Effective Income Tax Rates       6.97%       3         State (Ln. 7 + Ln. 5)       31.63%       3         Federal (Ln. 21 + Ln. 5)       31.63%       3         Test Year Federal Income Taxes - As Filed (Sch. C-2, Ln. 30)       \$ 288,153         Increase / (Decrease) in Federal Income Taxes (Ln. 21 - Ln. 35)       \$ 65,680         Test Year State Income Taxes - As filed (Sch. C-2, Ln. 31)       \$ 65,680         Increase / (Decrease) in State Income Taxes (Ln. 11 - Ln. 36)       \$ 1,00         Test Year State Income Taxes - Settlement Increase / (Decrease) in State Income Taxes (Ln. 21 - Ln. 39)       \$ 5 1,00         Test Year State Income Taxes - Settlement Increase / (Decrease) in State Income Taxes (Ln. 11 - Ln. 42)       \$ 5 22		482,931 \$
Fax Rate (Ln. 24 + Ln. 5)   38.60%   38.60%   38.60%   38.60%   39.60%		
Effective income Tax Rates State (Ln. 7 + Ln. 5) Federal (Ln. 21 + Ln. 5)  Test Year Federal Income Taxes - As Filed (Sch. C-2, Ln. 30) Test Year Federal Income Taxes (Ln. 21 - Ln. 33) Test Year Federal Income Taxes (Ln. 11 - Ln. 36) Test Year Federal Income Taxes (Ln. 11 - Ln. 36) Test Year Federal Income Taxes - Settlement Increase / (Decrease) in State Income Taxes (Ln. 21 - Ln. 36) Test Year Federal Income Taxes - Settlement Increase / (Decrease) in State Income Taxes (Ln. 21 - Ln. 39) Test Year State Income Taxes - Settlement Increase / (Decrease) in State Income Taxes (Ln. 11 - Ln. 42)  Test Year State Income Taxes - Settlement Increase / (Decrease) in State Income Taxes (Ln. 11 - Ln. 42)		
State (Ln. 7 + Ln. 5)  Federal (Ln. 21 + Ln. 5)  Federal (Ln. 21 + Ln. 5)  Federal (Ln. 21 + Ln. 5)  Test Year Federal Income Taxes - As Filed (Sch. C-2, Ln. 30)  Test Year State Income Taxes - As filed (Sch. C-2, Ln. 31)  Test Year Federal Income Taxes - As filed (Sch. C-2, Ln. 31)  Test Year Federal Income Taxes - Settlement Increase / (Decrease) in State Income Taxes (Ln. 21 - Ln. 36)  Test Year Federal Income Taxes - Settlement Increase / (Decrease) in State Income Taxes (Ln. 21 - Ln. 39)  Test Year State Income Taxes - Settlement Increase / (Decrease) in State Income Taxes (Ln. 11 - Ln. 42)  State Increase / (Decrease) in State Income Taxes (Ln. 11 - Ln. 42)		
Federal (Ln. 21 + Ln. 5)   31,63%   31   31,63%   31,63%   31,63%   31,63%   31,63%   31,63%   31,63%   31,63%   31,63%   31,63%   31,63%   32,63%   32,63%   33,63		
Test Year Federal Income Taxes - As Filed (Sch. C-2, Ln. 30) \$ 288.153 Increase / (Decrease) in Federal Income Taxes (Ln. 21 - Ln. 33)  Test Year State Income Taxes - As filed (Sch. C-2, Ln. 31) \$ 65,680 Increase / (Decrease) in State Income Taxes (Ln. 11 - Ln. 36)  Test Year Federal Income Taxes - Settlement Increase / (Decrease) in Federal Income Taxes (Ln. 21 - Ln. 39)  Test Year State Income Taxes - Settlement Increase / (Decrease) in State Income Taxes (Ln. 11 - Ln. 42)  \$ \$ 71,500  \$ 71,500  \$ 7		6,
Test Year Federal Income Taxes - As Filed (Sch. C-2, Ln. 30) \$ 298,153   Increase / (Decrease) in Federal Income Taxes (Ln. 21 - Ln. 33) \$ 65,680   Test Year State Income Taxes - As filed (Sch. C-2, Ln. 31) \$ 65,680   Increase / (Decrease) in State Income Taxes (Ln. 11 - Ln. 36) \$ 1500   Test Year Federal Income Taxes - Settlement Increase / (Decrease) in Federal Income Taxes (Ln. 21 - Ln. 39) \$ \$ 1500   Test Year State Income Taxes - Settlement Increase / (Decrease) in State Income Taxes (Ln. 11 - Ln. 42) \$ \$ 1500   Test Year State Income Taxes - Settlement Increase / (Decrease) in State Income Taxes (Ln. 11 - Ln. 42)	- 0	
Increase / (Decrease) in Federal Income Taxes (Ln. 21 - Ln. 33) \$ \$ 97,598  Test Year State Income Taxes - As filed (Sch. C.2, Ln. 31) \$ 65,680  Increase / (Decrease) in State Income Taxes (Ln. 11 - Ln. 36) \$ 21,500  Test Year Federal Income Taxes - Settlement Increase / (Decrease) in Federal Income Taxes (Ln. 21 - Ln. 39) \$ \$ 1 increase / (Decrease) in State Income Taxes (Ln. 11 - Ln. 42) \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$		
Test Year State Income Taxes - As filed (Sch. C-2, Ln. 31)  1	_	
Increase / (Decrease) in State Income Taxes (Ln. 11 - Ln. 36) \$\frac{\\$5  \\$1,500}{\\$5  \\$6  \\$7	·	
Test Year Federal Income Taxes - Settlement Increase / (Decrease) in Federal Income Taxes (Ln. 21 - Ln. 39)  Test Year State Income Taxes - Settlement Increase / (Decrease) in State Income Taxes (Ln. 11 - Ln. 42)  \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$		
Increase / (Decrease) in Federal Income Taxes (Ln. 21 - Ln. 39) \$ 1  Test Year State Income Taxes - Settlement Increase / (Decrease) in State Income Taxes (Ln. 11 - Ln. 42) \$ \$ 1		e 11
Test Year State Income Taxes - Settlement shortease / (Decrease) in State Income Taxes (Ln. 11 - Ln. 42)		-
Test Year State Income Taxes - Settlement Increase / (Decrease) in State Income Taxes (Ln. 11 - Ln. 42)		

Supporting Schedules:

ARIZONA WAIER COMPANY
Test Year Ended December 31, 2010
Computation of Gross Revenue Conversion Factor

Western Group [A]	Percentage of Incremental Gross Revenues	31.63%	6.97%	38.60%	61.40%	1.75%	1.07%	39.67%	60.33%	
	Description	Federal Income Taxes	State Income Taxes	Total Federal & State Income Tax Percentage	Operating Income % = 100% - Tax Percentage	Property Tax Factor (Sch. C-2 Appdx.)	Effective Property Tax Factor (Ln. 8 x Ln. 10)	Combined Federal & State Income & Property Tax Rate	Operating Income % = 100% - Tax Percentage	

1.6576

1 = Gross Revenue Conversion Factor Operating Income %

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ARIZONA Wa.IER COMPANY
Test Year Ended December 31, 2010
Computation of Gross Revenue Conversi

Exhibit Schedule C-3 Settlement Page 2 of 2 Witness: Reiker

.c	[0]	Percentage of Incremental Gross Revenues	7629/
	vvnne rank [B]	Percentage of Incremental Gross Revenues	
Pinal Valley (Casa Grande,	Coolidge, Stanfield) [A]	Percentage of Incremental Gross Revenues	
Gross Revenue Conversion Factor			

Ajo [C]	Percentage of Incremental <u>Gross Revenues</u>	31.63%	6.97%	38.60%	61.40%	1.73%	1.06%	39.66%	60.34%		1.6573
White Tank [B]	Percentage of Incremental Gross Revenues	31.63%	%26.9	38.60%	61.40%	1.45%	%68'0	39.49%	60.51%		1.6526
(Casa Grande, Coolidge, Stanfield) [A]	Percentage of Incremental Gross Revenues	31.63%	%26.9	38.60%	61.40%	1.80%	1.11%	39.70%	%06'09		1.6585
	Description	Federal Income Taxes	State Income Taxes	Total Federal & State Income Tax Percentage	Operating Income % = 100% - Tax Percentage	Property Tax Factor (Sch. C-2 Appdx.)	Effective Property Tax Factor (Ln. 8 x Ln. 10)	Combined Federal & State Income & Property Tax Rate	Operating Income % = 100% - Tax Percentage		1 = Gross Revenue Conversion Factor Operating Income %

46 47 47 49 49 50 51 52 53 53

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ARIZONA WaraTER COMPANY Test Year Ended December 31, 2010 Summary Cost of Capital

ioup [C] [D]	ar - Actual nnt Rate of Weighted ial Return Return	%00.0 %00.0 %00.0	3% 6.82% 3.35%	7% 3.21% 1.64%	4.98%	roposed - As Filed ent Cost Weighted Mal Rate Cost	%00.0 %00.0 %00.0	49.03% 6.82% 3.35%	50.97% 12.10% 6.17%	9.51%		ent Cost Weighted otal <u>Rate</u> Cost	0.00% 0.00% 0.00%	49.03% 6.82% 3.34%	50.97% 10.00% 5.10%	8.44%
Western Group [A] [B]	End of Test Year - Actual  Dollar Percent Rate c  Amount of Total Retur	\$	28,515,000 49.03%	29,646,222 50.97%	\$ 58,161,222 100.00%	End of Test Year - Proposed - As Filed Dollar Percent Cost Wei Amount of Total Rate C	. 0.0	28,515,000 49.0	29,646,222 50.9	\$ 58,161,222 100.00%	d of Test	Dollar Percent Amount of Total	9.00	28,515,000 49.0	29,646,222 50.9	\$ 58,161,222 100.00%
	Description	Short-Term Debt	Long-Term Debt	Common Equity	Totals		Short-Term Debt	Long-Term Debt	Common Equity	Totals			Short-Term Debt	Long-Term Debt	Common Equity	Totals

ARIZONA Warier Company
Test Year Ended December 31, 2010
Summary of Revenues by Customer
Classification - Present & Proposed Rates

		Western Group			
	[A]	[8]	[0]	<u>[a]</u>	
			Settlement		
	Test Year Rates	Proposed Rates	Proposed Increase		
Customer Classification	Sch H-2 Col. E	Sch. H-2 Col. I	Amount	%	
Residential	\$ 12,151,216	\$ 13,916,986	\$ 1,765,770	14.53%	
Commercial	4,419,455	5,699,855	1,280,400	28.97%	
Industrial	937,053	1,061,432	124,380	13.27%	
Private Fire Service	102,252	111,700	9,448	9.24%	
Other Water Revenues	268,754	313,117	44,363	16.51%	
Total Water Revenues	\$ 17,878,729	\$ 21,103,091	\$ 3,224,361	18.03%	
Miscellaneous Revenues	759,466	759,466			
Total Operating Revenues	\$ 18,638,195	\$ 21,862,556	\$ 3,224,361	17.30%	
Tarnet Revenue Requirement (Sch. G-1, Lo. 10)		21.862.557			
Difference (Ln. 14 - Ln. 17)		(0)			
Less: Consolidated Revenue Adjustment1		,			
Over/(Short)		(O) (O) (O) (O) (O) (O) (O) (O) (O) (O)			
***		800.0			

Supporting Schedules H-2 Settlement

ARIZONA Was ER COMPANY
Test Year Ended December 31, 2010
Summary of Revenues by Customer
Classification - Present & Proposed Rates

Schedule H-1 Settlement Page 2 of 4 Witness: Reiker

Exhibit

		1		~ ~ ~ ~ ~	%	. %	
	巨		%	13.63% 27.88% 13.58% 9.27% 7.96%	17.24%	16.47%	
anfield)	[0]	ent	Proposed Increase <u>Amount</u>	1,424,530 1,150,101 123,809 9,288 17,390	2,725,117	2,725,117	
olidge, Sta		Settlement	Pro	₩	တ	•	
Pinal Valley (Casa Grande, Coolidge, Stanfield)	[8]		Proposed Rates Sch. H-2 Col. I	11,878,933 5,275,058 1,035,703 109,525 235,990	18,535,209	734,234 19,269,443	19,269,444 (0) (0) (0) 0.00%
Valley (C.	<b>!</b>		S	₩	8	ь	မာ
Pinal	[A]		Test Year Rates Sch. H-2 Col. E	\$ 10,454,403 4,124,957 911,893 100,237 218,600	\$ 15,810,092	734,234 \$ 16,544,326	
			Customer Classification	Residential Commercial Industrial Private Fire Service Other Water Revenues	Total Water Revenues	Miscellaneous Revenues Total Operating Revenues	Target Revenue Requirement (Sch. C-1, Ln. 10) Difference (Ln. 14 - Ln. 17) Less: Consolidated Revenue Adjustment' Over(Short) %

'Consolidated Revenue Adjustment represents the increase/(decrease) in revenue requirement resulting from proposed rate consolidation.

N:2011\_Rate\_Case\Settlement\Western Group\2011 A\WC Rate Case Model Settlement-WG v4 FINAL\H1 Processing Date: 2/14/2012 4:19 PM

ARIZONA Wrad ER COMPANY Test Year Ended December 31, 2010 Summary of Revenues by Customer Classification - Present & Proposed Rates

	<u>5</u>			প্ল	27.09%	2.27%	10.18%	56.87%	32.08%			31.65%	
	[0]	ıt	Proposed Increase	Amount	356,749	116,995	139	27,002	501,455			501,455	
		Settlement	Prop		€				69			es l	
White Tank	[8]		Proposed Rates	Sch. H-2 Col. I	1,673,608	289,058	1,500	74,486	2,064,382		71,403	2,085,845	2,085,845 (0) (0) 0.00%
				S	<b>↔</b>				es l			↔	· •
	[A]		Test Year Rates	Sch. H-2 Col. E	\$ 1,316,859	172,063 25,159	1,361	47,484	\$ 1,562,926	3	21,463	\$ 1,584,389	
				Customer Classification	Residential	Commercial	Industrial Private Fire Service	Other Water Revenues	Total Water Revenues		Miscellaneous Revenues	Total Operating Revenues	Target Revenue Requirement (Sch. C-1, Ln. 10) Difference (Ln. 14 - Ln. 17) Less: Consolidated Revenue Adjustment <sup>1</sup> Over/(Short)

Supporting Schedules: H-2 Settlement

N:2011\_Rate\_Case\Settlement\Western Group2011 AWC Rate Case Model Settlement-WG v4 FiNAL\H1 Processing Date: 2/14/2012 4:19 PM

ARIZONA WATER COMPANY Test Year Ended December 31, 2010 Summary of Revenues by Customer Classification - Present & Proposed Rates

Exhibit
Schedule H-1 Settlement
Page 4 of 4
Witness: Reiker

[0]	%	-4.08% 10.87% 0.00% 3.35% -1.08%	-0.44%	-0.43%	
<u>5</u>	tlement Proposed Increase Amount	(15,509) 13,305 - 22 (29)	(2,211)	(2,211)	
	Settlement Propose	₩	es.	es	
Ajo	roposed Rates . H-2 Col. I	364,445 135,739 - 675 2,642	503,500	3,768	507,268 0 0 0.00%
[8]	Proposed Rates Sch. H-2 Col.	<del>67</del>	S	49	69 69
[A]	Test Year Rates Sch. H-2 Col. E	379,953 122,434 - 653 2,671	505,711	3,768 509,480	
	Sch.	<b>49</b>	မာ	φ.	
	Customer Classification	Residential Commercial Industrial Private Fire Service Other Water Revenues	Total Water Revenues	Miscellaneous Revenues Total Operating Revenues	Target Revenue Requirement (Sch. C-1, Ln. 10) Difference (Ln. 14 - Ln. 17) Less. Consolidated Revenue Adjustment Over/(Short) %

\*Consolidated Revenue Adjustment represents the increase/(decrease) in revenue requirement resulting from proposed rate consolidation.

Exhibit Schedule H-2 Settlement Page 1 of 8 Witness: Reiker

					Wester	Western Group			
		¥	[8]	<u>5</u>	[0]	旦	[4]	<u>[6]</u>	I
						Bill Count Water Revenues	er Revenues		
		Average			Reconciling/	Adjusted		Settlement	
<u> </u>	Detail Class of Service	Number of Customers	Average Consumption	Test Year Rates	Revenue Adjustments	T.Y. Rates [C + D]	Proposed Rates	Increase [F - E]	প্ল
<b>←</b> c	docidation of the state of the	27 23R	8 745	\$ 10 582 674	\$ (4.835)	\$ 10 577 840	\$ 11,982,853	\$ 1,405,014	13.28%
v m	Residential 1-inch	812			1,475		918,391		14.78%
4	Residential 1.5-inch	d	•	•	•		. :		0.00%
2	Residential 2-inch	11	163,172	413,673	(304)	413,369	553,097	139,728	35.50%
ဖ	Residential 3-inch	7	406,313	84,981	(117)	84,863	114,786	29,923	33.25%
7	Residential 4-inch	4	885,251	94,678	(131)	94,547	132,720	20,173	40.37%
œ	Residential 6-inch	00	628,570	180,709	(252)	180,457	515,139	24,002	0.00%
ග	Residential 8-inch	•	•	,	•	,	•	•	%00.0 00.0
9	Residential 10-inch	•	•	. !	. ;		- 12	01 070	20.00%
7	Commercial 5/8 x 3/4 -inch	940	8,449	391,393	2,594	393,986	705,410	167 294	26.63%
12	Commercial 1-inch	517	27,930	622,833	5,283	978,110	014,087	101	0.00%
3	Commercial 1.5-inch		, 777	470 649	47 963	2 188 A75	2 843 894	655.419	29.95%
4	Commercial 2-inch	216	103 051	270,001	700'/1	272 387	348 820	76,433	28.06%
ភ	Commercial 3-inch	g ;	193,031	166.001	7,360	461 587	630 653	169,066	36.63%
9 !	Commercial 4-inch	62 54	746,105	381.524	4,000	385,528	492,710	107,181	27.80%
≥ :	Commercial 6-inch	2 "	908 677	88 403	4,024	89.375	112,504	23,129	25.88%
2 2	Confinencial 9-inch	•	1			,		•	%00:0
2 6		, ,	20.075	1.432	(488)	944	2,105	1,162	123.12%
3 2	Industrial 3/0 X 3/4 -#	~	113,967	15,237	3,742	18,979	24,189	5,210	27.45%
- £		. ,	,	•	•	. •	•	. !	%00.0 %17.13
3 2		12	82,355	34,014	1,648	35,662	44,638	c/6'8	%/1.67
24		•	•	•	•	•	•	•	0.00%
25		က	1,105,278	68,460	3,815	72,275	104,641	32,367	44.78%
56		<b>ო</b>	13,428,539	794,853	(33,971)	760,883	827,398	66,515	8.74%
27	_	~	2,317,283	51,019	(2,708)	48,311	58,461	10,151	21.01%
78		•	•			•	, ;	1 4	0.00%
53		372		102,252	•	102,252	111,700	9,448	9.24%
စ္က	ŧ								2000
3		•	•	1 1		• !			0.00%
32		•	•	19,746	•	19,746	14,811	(4,933)	%000
ee :	Construction Water Z-Inch		, 20	103 569	•	103 604	241 358	47 790	24.69%
4 4		<u> </u>	8 133	4377	• 1	4377	4 470		2.13%
3 %			} '	) f		, ,	•	•	%00.0
3,5		•	•	•	•	•	•	•	0.00%
38			1	•	1			•	%00.0
39	N	က	390,317	25,674	•	25,674	26,388	714	2.78%
4	Sales for Resale 3-Inch	•	,	*	1	•		•	00.0
4	Sales for Resale 4-Inch	•	1,144,667	25,389	•	25,389	26,091	701	2.76%
45		•	•	•	•	•	•	•	%00.0
<b>₽</b> :				•		•	į	•	0.00%
4 4	Sales for Resale 10-inch	•		1	•	•	•	•	2000
46	Totals	30,636	14,594	\$ 17.873.094	\$ 5.635	\$ 17.878.729	\$ 21,103,091	\$ 3,224,361	18.03%
? ?		2001		1	200,0	Ш	1		
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Supporting Schedules:

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ARIZONA Wixx ER COMPANY Test Year Ended December 31, 2010 Summary Analysis of Revenue by Class

Schedule H-2 Settlement Page 2 of 8 Witness: Reiker

Exhibit

	E .			%	14.53% 28.97% 13.27% 9.24% 16.51% 18.03%	
	<u></u>		Settlement	Increase [F - E]	1,765,770 1,280,400 124,380 9,448 44,363 3,224,361	
	[-]	ter Revenues		Proposed Rates	\$ 13,916,986 \$ 5,699,855 1,061,432 111,700 313,117 \$ 21,103,091 \$ 21,862,656 \$	\$ (0)
Western Group	[3]	Bill Count Water Revenues	Adjusted	T.Y. Rates [C + D]	\$ 12.151,216 4,419,455 937,053 102,252 268,754 \$ 17,878,729 759,466 \$ 18,638,195	
Wester	[0]		Reconcilina/	Revenue Adjustments	(4,164) 37,762 (27,962) - - 5,635	
	[0]			Test Year <u>Rates</u>	\$ 12,155,380 \$ 4,381,693 965,015 102,252 268,754 \$ 17,873,094 \$	
	[8]			Average Consumption	9,808 \$ 56,482 1,742,306 131,291	
	M			Average Number of Customers	28,146 2,047 29 372 42 30,636	
				e Summary Class of Service	Total Residential Total Commercial Total Industrial Total Private Fire Total Other Water Revenues Totals Miscellaneous Revenues Total Revenues	Target Rev. Rgmt. (Sch. C-1) Difference

(0)

Less: Consolidated Revenue Adj. Over/(Short) %

Supporting Schedules:

ARIZONA West ER COMPANY Test Year Ended December 31, 2010 Detail Analysis of Revenue by Class

		[¥]	[8]	[0]	[a] [d]	匣	(F)	[6]	三
			•			Bill Count Water Revenues	ter Revenues		
:		Average	,	:	Reconciling/	Adjusted		Settlement	
를 넭.	Detail Class of Service	Number of Customers	Average	Test Year Rates	Revenue Adjustments	T.Y. Rates [C + D]	Proposed Rates	Increase [F - E]	%
- ເ	Cosidential 5/8 × 3// -inch	25 100	8 520	0 215 285	(41 457)	A 0 202 034	e 10 375 /01	1 121 557	12 19%
4 60	Residential 1-inch	492			(668)				15.94%
4	Residential 1.5-inch			•	,	•	•	•	0.00%
ß	Residential 2-inch	75	158,940	390,495	(474)	390,021	510,431	120,411	30.87%
ဖ	Residential 3-inch	7	406,313	84,981	(117)	84,863	114,786	29,923	35.26%
7	Residential 4-inch	4	885,251	94,678	(131)	94,547	132,720	38,173	40.37%
8	Residential 6-inch	œ	628,570	180,709	(252)	180,457	215,139	34,682	19.22%
0	Residential 8-inch		•	•	•	•	.•	1	0.00%
2	Residential 10-inch	,	•				,		0.00%
=	Commercial 5/8 x 3/4 -inch	867	8,203	331,608	2,608	334,216	399,534	65,318	19.54%
12	Commercial 1-inch	480	27,502	530,038	5,152	535,190	675,834	140,643	26.28%
13	Commercial 1.5-inch			ì	•	•			00.0
14	Commercial 2-inch	493	112,714	2,046,015	19,638	2,065,654	2,644,908	5/9,254	28.04%
12	Commercial 3-inch	34	191,776	250,649	2,758	253,407	318,916	62,509	25.85%
16	Commercial 4-inch	22	599,542	456,927	4,660	461,587	630,653	169,066	36.63%
17	Commercial 6-inch	15	746,105	381,524	4,004	385,528	492,710	107,181	27.80%
9	Commercial 8-inch	က	908,677	88,403	973	89,375	112,504	23,129	25.88%
6	Commercial 10-inch		•	•	•	,			%00.0
2	Industrial 5/8 x 3/4 -inch	3	20,075	1,432	(488)	944	2,105	1,162	123.12%
21	Industrial 1-inch	7	113,967	15,237	3,742	18,979	24,189	5,210	27.45%
22	Industrial 1.5-inch	,		•	,		•	. ;	0.00%
23	Industrial 2-inch	Ξ	79,473	25,902	1,648	27,550	36,550	000'6	32.67%
24	Industrial 3-inch	•		•	•	•	•	•	0.00%
52	Industrial 4-inch	က	1,105,278	68,460	3,815	72,275	104,641	32,367	44.78%
56	Industrial 6-inch	2	19,577,073	777,807	(33,971)	743,836	809,756	65,920	8.86%
27	Industrial 8-inch	-	2,317,283	51,019	(2,708)	48,311	58,461	10,151	21.01%
8 8	Industrial 10-inch	, 6	•		•		, .	, ;	0.00%
2 5	Other Woter Benedit	303	1	100,237		100,237	109,525	8,288	9.77%
3 %	Public Fire Hydrant	•		ı					%UU U
32	Coin Machine	•	•	18 977		18 977	14 054	(4 923)	-25.94%
33	Nater	•	•	•		1	'		0,00%
34	Construction Water 3-Inch	32	68,799	146,492		146.492	167,341	20,849	14.23%
32	Construction Water 4-Inch	0	11,000	2,068		2,068	2,116	48	2.33%
36	Sales for Resale 5/8 x 3/4-Inch	•		. •			. '		0.00%
37	Sales for Resale 1-Inch	•	•	•		•	•		0.00%
38	Sales for Resale 1.5-Inch	٠		ì			•		0.00%
33	Sales for Resale 2-Inch	က	390,317	25,674		25,674	26,388	714	2.78%
9	Sales for Resale 3-Inch	•	•	•		•	. '	٠	0.00%
4	Sales for Resale 4-Inch	-	1,144,667	25,389		25,389	26,091	701	2.76%
42	Sales for Resale 6-inch	•	•	Ū		•			0.00%
43	Sales for Resale 8-inch	•	•	ı		•	•	•	0.00%
44	Sales for Resale 10-Inch	1		•		ŧ,	ı	•	0.00%
٠ د و		000	- 1	- 1			- 1	ļ	!
5 i	lotals	28,030	14,726	\$ 15,811,355	\$ (1,263)	\$ 15,810,092	\$ 18,535,209	\$ 2,725,117	17.24%
4					:				
\$									

ARIZONA W. A. ER COMPANY Test Year Ended December 31, 2010 Summary Analysis of Revenue by Class

Exhibit
Schedule H-2 Settlement
Page 5 of 8
Witness: Reiker

Deal Class of Services         Average Number of Average Trent Veat Reconciling         Trent Veat Reconciling         Additished Adjusted Trent Veat Revenue Trent Septembl	Average Average Test Year Reconciling Aglated Test Age Test Agraer Reconciling Aglated Test Aglatent Test Agraer Reconciling Aglated Test Aglatent Test Aglatent Test Aglatent Test Aglatent Test Aglatent Test Aglatent Test Aglatent Test Aglatent Test Aglatent Test Aglatent Test Aglatent Test Aglatent Test Aglatent Test Aglatent Test Agraer Aglatent Test Agraer Aglatent Test Agraer Aglatent Test Agraer Aglatent Test Agraer Aglatent Test Agraer Aglatent Test Agraer Aglatent Test Agraer Aglatent Test Agraer Aglatent Test Agraer Aglatent Test Agraer Aglatent Test Agraer Aglatent Test Agraer Agraer Agraer Aglatent Test Agraer Agra		<u>R</u>	[8]	ত্র	<u>[0]</u>		Ē	-	<u>[0]</u>	Ē
Particle   Particle	Number of Communication   Average   Test   Var   Reconciling   Average   Test   Var   Reconciling   Average   Test   Var   Reconciling   Test   Tes						Bill Count	Water Revenues			
Detail Class of Service	Detail Clear of Service		Average		7	Reconciling/	Adjusted		Settle	ement	
Residential Sign 3 - 34 - inch life         1,549         13.908         \$ 698.97         3 7,400         \$ 1004,378         \$ 1,003,305         \$ 298.28           Residential 1 - inch life         21         2 86.56         2 86.57         2 86.57         3 80.64         3 80.64           Residential 2 - inch life         2 32,764         2 31,79         170         2 23,348         4 26.566         19,317           Residential 3 - inch life         1 3 36.104         2 32,764         2 31,79         170         2 23,348         4 26.566         19,317           Residential 4 - inch life         1 3 36.104         2 2 1,244         (402)         2 20,44         4 2,126         19,317           Residential 5 - inch         1 7         3 5,104         2 7,924         (510)         2 7,414         4 3,771         16,318           Commercial 1 - inch         1 7         3 6,104         2 7,924         (510)         2 7,414         4 3,771         16,318           Commercial 1 - inch         1 7         3 6,104         2 7,924         (510)         2 7,414         4 3,771         16,318           Commercial 3 - inch         1 1,405         8 1,112         8 1,12         8 1,12         8 1,12         1 3,514         1 3,514         1 3,514	Residential Size         1,546         1,586         9 89 97 3         7,400         1,00,376         2,00,326         2,665         1,931 7         2,865 4         2,865 4         2,865 4         2,865 4         2,865 4         2,865 4         2,865 4         2,865 4         3,850 4         3,850 4         3,850 4         2,865 4         1,931 7         8,850 4         4,266 6         19,317 8         8,850 4         4,266 6         19,317 8         8,850 4         4,266 6         19,317 8         8,850 4         4,266 6         19,317 8         8,850 4         19,317 8         8,850 4         4,266 6         19,317 8         8,850 4         19,317 8         8,850 4         19,317 8         8,850 4         19,317 8         1,850 8         19,317 8         1,850 8         19,317 8         1,850 8		Customers	Average Consumption	Rates	Adjustments	I.T. Kates [C + D]	Rates		- E	প্ল
Presidential T-shift	Presidential Turbin   312    8,955    286,966    2,167    209,133    327,537    38,504    Residential Turbin   312    327,754    21,79    170    23,346    42,565    19,377    18,884    19,377    14,876    19,874    17,875    19,377	5/8 x 3/4	1,549	13,906				\$ 1,303,30	& &	298,928	29.76%
Residential Carloth  Residenti	Residential E-Andh         2         322/154         23/179         170         23,348         42,666         19317         Residential Z-Inch           Residential S-Inch         1         23,154         23,179         170         22,348         42,666         19317         Residential Z-Inch         17         32,539         21,244         (402)         20,643         35,718         14,876         14,876         14,876         14,876         14,876         14,876         14,876         14,876         14,876         14,876         14,876         17,813         14,876         17,813         14,876         17,813         14,876         17,813         14,876         17,813 <td></td> <td>312</td> <td>8,955</td> <td></td> <td>2,167</td> <td></td> <td>327,63</td> <td>7</td> <td>38,504</td> <td>13.32%</td>		312	8,955		2,167		327,63	7	38,504	13.32%
Presidential Starth   2 327/94 121/19 170 25348 4,2000 1731   Presidential Starth   2 327/94 121/19 170 25348 4,2000 1731   Presidential Starth   2 327/94 121/94 170 25348 4,2000 1731   Presidential Starth   17 32,539 2,1244 (402) 20,843 35,714 4,4379 16,383   Commercial Starth   17 36,104 27/924 (510) 27/414 4,4779 16,383   Commercial Starth   17 36,104 27/924 (510) 27/414 4,4779 16,383   Commercial Starth   17 36,104 27/924 (510) 27/414 4,4779 16,383   Commercial Starth   17 36,104 27/924 (510) 27/414 4,4779 16,383   Commercial Starth   17 36,104 27/924 (510) 27/414 4,4779 16,383   Commercial Starth   17 36,104 27/924 (510) 27/414 4,4779   17/642   18/69 27/69   17/69 27/69 27/69   17/69 27/69 27/69   17/69 27/69 27/69   17/69 27/69 27/69   17/69 27/69 27/69   17/69 27/69 27/69 27/69   17/69 27/69 27/69   17/69 27/69 27/69   17/69 27/69 27/69 27/69   17/69 27/	Residential Starth	Residential 1.5-inch	•	. !	, !	. !		, 5, 6,	•	10 217	82 74%
Residential 4-bit   Residential 4-bit   Residential 4-bit   Residential 4-bit   Residential 4-bit   Residential 4-bit   Residential 4-bit   Residential 4-bit   Residential 4-bit   Residential 4-bit   Residential 4-bit   Residential 4-bit   Residential 4-bit   Residential 4-bit   Residential 4-bit   Residential 4-bit   Commercial 5-bit   Residential 4-bit   Residen	Residential 4-bit Headenthal 4-bit Heade	Residential 2-inch	2	322,754	23,179	170	23,348	42,55	٥	19,01	05.74
Residential E-hard         Residen	Residential E-that Residential E-that Residential E-that Residential E-that Residential E-that Residential E-that Residential E-that Residential E-that Residential E-that Residential I-that Commercial I-that Commercial I-that Commercial I-that Commercial I-that Commercial E-that Commercial E-that Commercial E-that Commercial E-that Commercial E-that Commercial E-that Industrial I-that In	Residential 3-inch	•	•	•	ı	1	•			000
Residential 8-hord Residential 8-hord Residential 8-hord Residential 8-hord Residential 8-hord Residential 8-hord Residential 8-hord Commercial 1-hord 17 22,539 21,244 (402) 27,444 43,797 16,883 Commercial 1-hord 17 22,524 (510) 27,444 43,797 16,883 Commercial 1-hord 2 24,4825 19,592 (572) 16,890 29,904 10,824 Commercial 4-hord 2-hord 2	Residential 8-hard Residential 8-hard Residential 8-hard Residential 8-hard Residential 8-hard Residential 8-hard Residential 8-hard Residential 8-hard Residential 8-hard Residential 8-hard Residential 8-hard Residential 1-hard Commercial 1-hard 17 32,539 21,244 (407) 27,444 43,797 16,883 Commercial 1-hard 27,924 (515) 27,444 43,797 16,883 Commercial 1-hard 27,724 (515) 27,444 43,797 16,883 Commercial 1-hard 27,744 43,797 16,883 Commercial 1-hard 27,744 43,797 16,883 Commercial 1-hard 27,744 14,797 18,890 170,874	Residential 4-inch	•	•	Ų	•	•	•			00.0
34-inch 17 32,559 21,244 (402) 20,843 35,716 14,876 (402) 20,843 35,716 14,876 (402) 20,843 35,716 15,875 (402) 20,843 35,716 15,875 (402) 20,843 35,716 16,875 (402) 20,843 35,716 16,875 (402) 20,843 21,414 43,737 15,825 14,87	34 -inch 17 32,839 21,244 (402) 20,843 35,718 14,875 15,859 14,876 16,876 16,876 17,824 (402) 20,843 35,718 14,876 16,876 17,876	Residential 6-inch	•		ŧ	,	•				000
17 32,539 21,244 (402) 20,843 35,718 14,876 15,835 17 16,385 17 17,944 (510) 27,414 (43,797) 16,385 17 16,385 17 17,947 1	17 32,539 21,244 (402) 20,843 35,718 14,876 16,383 17,414 35,504 16,383 17,414 17,924 16,383 17,414 17,924 16,383 17,414 17,925 17,414 17,924	Residential 8-inch	•	•	•	•	•	•		. ,	000
17 36,539 2,1,544 (101) 20,544 (15,10) 20,544 (15,1	17 35,539 27,544 (410) 27,444 45,797 16,383 16,383 16,383 17,444 45,797 16,383 17,444 45,797 16,383 17,444 45,797 16,383 17,444 45,797 16,383 17,444 45,797 17,047	Residential 10-inch	. !	, ,	, 70	, ,		7 36	œ	14 876	71 37
noth the 189,266 106,766 (1,560) 104,266 179,539 74,813 to 19,826 19,832 (372) 18,980 29,904 10,524 to 19,826 19,832 (372) 18,980 29,904 10,524 to 19,826 19,832 (372) 18,980 29,904 10,524 to 19,826 19,832 19,832 10,524 to 19,826 19,832 10,524 to 19,826 19,832 19,832 19,832 19,832 19,833 19,133 19,133 19,133 19,133 19,133 19,133 1	rich 19826 (1987) 10,000 29,004 10,924 20,000 104,828 119,822 (372) 119,890 29,904 10,924 2 2 24,4825 119,822 (372) 119,990 29,904 10,924 2 3 3,000 20,904 10,924 2 3 1,920 20,904 10,924 2 3 2,004 20,000 10,924 2 3 2,004 20,000 10,924 2 3 2,004 20,000 10,924 2 3 2,004 20,004 20,004 2 3,009 2,004 2 3,00	Commercial 5/8 x 3/4 -inch	17	32,539	21,244	(402		43.75	o <u>L</u>	16.383	59.76
16 193.26 106.786 (1,360) 104.828 174.813 74.813  Inch	16 193.26 106,786 (1,360) 104,828 74,813  not)  1 114,060 8,112 8,112 8,088 (24)  1 106,717 17,047 17,047 17,047 17,047 17,047 19,39  at 3.inch 5 205,804 45,114 45,114 45,114 17,047 17,111 26,957  at 4.inch 1.5.inch 1.5	Commercial 1-inch	1	30,104	476,12	n(c)		ř		)	0.00%
1 114,050 8,112 8,112 8,088 (24)  1 114,050 8,112 8,112 8,088 (24)  1 106,77 17,047 17,047 17,047 17,042 565  1 1 106,77 17,047 17,047 17,047 17,042 565  1 205,804 45,174 45,174 72,131 26,987  1 36,805 3,136 1,366,373 \$ 6,554 \$ 1,552,926 \$ \$ 2,064,382 \$ \$ 501,455	1	Commercial 1.5-inch	, 4	460 206	108 786			1796	g	74.813	71.37
h the third of the third of the third of third o	he that the control of the control o	Commercial 2-inch	ō.	714 825	100,700			29.90	<b>4</b>	10,924	57.55%
h-inch  1 114,650 8,112 8,112 8,088 (24)  1 116,717 17,047 17,047 17,642 595  1 136 1,361 1,361 1,361 1,361 1,361 1,361 1,500 139  1 138 1,361 1	h - Inch  1 114,060 8 112 8,182 8,088 (24)  1 106,717 17,047 17,047 17,047 17,042 585  1 1 106,717 17,047 17,047 17,042 585  1 1 106,717 17,047 17,047 17,042 585  1 1 106,717 17,047 17,047 17,042 585  1 1 106,717 17,047 17,047 17,042 585  1 1 106,717 17,047 17,047 17,042 585  1 1 106,717 17,047 17,047 17,042 585  1 1 1 106,717 17,047 17,047 17,042 585  1 1 1 106,717 17,047 17,047 17,042 585  1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Commercial 3-inch	7	70,412	300°E			'		. •	0.00%
ndt high high high high high high high hig	nrdt 114,060 8,112 8,112 8,088 (24)  1 116,717 17,047 17,047 17,047 17,642 595  int interpretation 5 205,804 45,174 45,174 772,131 26,987  less 3-inch 5 205,804 45,174 45,174 772,131 26,987  less 3-inch 6 205,804 2,309 2,309 2,309 2,305 45  Sold 34,4nch 15,504 8,1,356,373 \$ 6,534 \$ 1,562,926 \$ \$ 2,004,392 \$ 501,455  1,927 15,786 \$ 1,356,373 \$ 6,534 \$ 1,562,926 \$ \$ 2,004,392 \$ 501,455	Commercial 4-inch	•	•	•	•		•		,	0.00%
noth  1 114,050 8,112 8,112 8,088 (24)  1 116,717 17,047 17,047 17,047 17,042 585  int  int  int  int  int  int  int  in	not hot in the control of the contro	Commercial 6-inch	•	•	ı			•			00.00
Inch	noth  1 114,050 8,112 8,112 8,088 (24)  1 106,717 17,047 17,047 17,642 595  Inter 2-linch  1 205,804 45,174 45,174 72,131 26,957  Est Authorh  1-linch  1-li	Commercial 8-inch		•	•					•	0.00
2-Inch 2-Inch 5 205,804 45,174 45,174 72,131 28,957 4-Inch 6 4,550 2,309 2,309 2,305 45 Finch 7,341 72,131 28,957 A34-Inch 6 4,550 2,309 2,309 2,305 6,554 \$ 1,562,926 8 501,455	1 114,050 8,112 8,112 8,088 (24)  1 106,717 17,047 17,047 17,047 17,642 595  2-inch 5 205,804 45,174 45,174 72,131 26,957  4-inch noth noth noth noth noth noth noth not	Commercial 10-inch	•	•		•	. •	•		•	0.0
2-Inch	2-Inch 5	Industrial 5/8 x 3/4 -inch	•	•			•	•		•	0.0
2-Inch	2-Inch 5 205 804 45,174 17,047 17,047 17,042 595 3.304 45,174 45,174 72,131 26,957 45 17,047 15,795 \$1,556,373 \$ 6,554 \$ 1,562,926 \$ 501,455	Industrial 1-inch	•	•			•	•		,	0.0
2-Inch 5 205,804 45,174 45,174 72,131 26,957 41,804 1,305 1,	2-Inch 5 205 804 45,174 45,174 77,1361 1,500 139  2-Inch 6 205 804 45,174 45,174 77,131 28,957  44-Inch 6 4,550 2,309 2,309 2,355 45  Inch 6 6,554 \$ 1,562,926 \$ 501,455  Inch 7,927 15,795 \$ 1,556,373 \$ 6,554 \$ 1,562,926 \$ 501,455	Industrial 1.5-inch		114 050	8 112		8 112	8.0	88	(24)	9
2-Inch 3-inch 5 2005,804 45,174 45,174 72,131 26,957 4-inch 1,927 15,795 \$ 1,556,373 \$ 6,554 \$ 1,562,926 \$ 5004,382 \$ 501,455	2-inch 5 205 804 45,174 45,174 72,131 26,957 45,104 15,20 139  3. Inch 6 4,550 2,309 2,309 2,309 2,355 45  Inch nch nch nch nch nch nch nch nch nch	Industrial 2-inch	-	000'+11	1 '		· ·	•			0.00
2-Inch 3-inch 5 205,804 45,174 45,174 17,047 17,642 595 2-inch 5 205,804 45,174 45,174 17,047 17,047 17,047 17,042 139 2-inch 6 2,309 2,309 2,309 2,305 45 7,34-inch 8 1,927 15,56,373 \$ 6,554 \$ 1,562,926 \$ 501,455	2-Inch 5 205,804 45,174 45,174 72,131 26,957 3.34-Inch 0 4,550 2,309 2,309 2,309 2,309 2,305 45 1,100 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,100 1 1 1,10	Industrial 3-inch	•	•						,	000
2-inch 5 205,804 45,174 45,174 72,131 26,957 4-inch 0 4,550 2,309 2,309 2,309 2,305 45inch 1,927 15,795 \$ 1,556,373 \$ 6,554 \$ 1,562,926 \$ \$ 2,084,382 \$ 501,455	2-Inch 5 205,804 45,174 45,174 72,131 26,957 44,1nch 0 4,550 2,309 2,309 2,309 2,309 2,309 2,309 2,309 1,300	Industrial 4-mon	,	106 717	17 047		17 047	17.6	2	595	3.49
2-Inch 5 205 804 45,174 45,174 72,131 26,957 4-inch 0 4,550 2,309 2,309 2,309 2,355 45 45 inch nch nch nch nch nch nch nch nch nch	2-inch 5 205,804 45,174 45,174 72,131 26,957 4-inch 0 4,550 2,309 2,309 2,309 2,305 45 1,5100 139 1,314-inch 1,5100 1,314-inch 1,5100 1,314-inch 1,5100 1,314-inch 1,5100 1,314-inch 1,5100 1,314-inch 1,514-inch	industrial officer	-	11 1 1			t .	2 '	ļ.		0.00
2-Inch	2-Inch	Industrial 10-inch	•	r	ı		•	•		•	0.00
2-inch 5 205,804 45,174 45,174 72,131 26,957 4-inch 0 4,550 2,309 2,309 2,355 45 45 inch nch nch nch nch nch nch nch nch nch	2-Inch 5 205,804 45,174 45,174 72,131 26,957 4.5   4-Inch 0 4,550 2,309 2,309 2,309 2,305 45    5 x34-Inch 0 4,550 2,309 2,309 2,305 45    7 x34-Inch 0 1,30	Debut Cire Service	,	•	1361		1361	1.5	2	139	10.18
2-Inch 5 205,804 45,174 45,174 72,131 26,957 4-Inch 0 4,550 2,309 2,309 2,355 45 45 1,514 10 10 10 10 10 10 10 10 10 10 10 10 10	2-linch 5 205,804 45,174 45,174 72,131 26,957 4-linch 0 4,550 2,309 2,309 2,309 2,309 2,309 45 72,131 26,957 45 72,304 1,562,926 2,309 2,3	Other Water Revenues	,				2	<u> </u>	:		
2-Inch	2-Inch 5 205,804 45,174 45,174 72,131 26,957 4-Inch 0 4,550 2,309 2,309 2,355 45 Inch 1	Dublic Fire Hydrant	•	•	•		•	•		•	0.00%
ier 2-Inch ier 3-Inch ier 4-Inch ier 4-Inch ier 4-Inch ier 4-Inch ier 4-Inch if 45,174 if 72,131 if 26,957 if 4550 if 2309 if 2,309 if 2,309 if 2,309 if 45 if 56,373 if 45,174 if 72,131 if 26,957 if 6,554 if 6,555 if 6,554 if 6,554 if 6,554 if 6,555 if 6,	Fig. 2-Inch Fig. 3-Inch Fig. 3-Inch Fig. 1.5-Inch Fig. 1.5	Coin Machine		•	•		•	•			00.0
15. Inch 15. Inch 15. Inch 16. Inch 16. Inch 16. Inch 17. 131 26,957 2,309 2,355 45 2,309 2,355 45 15. Inch 2- Inch 15. Inch 15. Inch 16. Inch	198 x 3/4-linch	Ş		, ,				1			0.0
First 15-inch 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1,	5/8 x 3/4-lnch 1-lnch 1-lnch 1-lnch 1-shich 1-str 1-		י	205 804	45 174		45 174	72.13	31	26,957	59.67
58 x 34-Inch 1-Inch 1-Inch 2-Inch 2-Inch 3-Inch 4-Inch 6-Inch 6-Inch 1,927 1556,373 \$ 6,554 \$ 1,562,926 \$ 2,064,382 \$ 501,455	58 x 34-Inch 1-Inch 1-I	<u> </u>	·c	4.550	2 309		2 309	2.3	100	45	1.95
for Resale 1-Inch	for Resale 1-Inch for Resale 2-Inch for Resale 2-Inch for Resale 3-Inch for Resale 3-Inch for Resale 6-Inch for Resale 6-Inch for Resale 6-Inch for Resale 6-Inch for Resale 10-Inch for		٠ ،		; ;			•		•	0.0
for Resale 1.5 inch	for Resale 2-Inch			,	,		•	•			0.0
for Resale 3-Inch  Tor Resale 4-Inch  Tor Resale 4-Inch  Tor Resale 6-Inch  Tor Resale 10-Inch  Tor Resale 2-Inch  Tor Resale 10-Inch  Tor Resale	ror Resale 3-Inch	-	•	•	•		•	•			0.0
for Resale 4-inch	ror Resale 4-Inch	-	•	,	•		•	•	,	•	0.00
for Resale 6-Inch	or Resale 4-inch	Sales for Resale 3-Inch	•	•	•		•	•			0.00
or Resale 8-Inch	or Resale 8-Inch	Sales for Resale 4-Inch	•	•			•	•		•	0.00
for Resale 10-Inch	for Resale 10-Inch	Resale	•	•	1		•	•			0.00
for Resale 10-Inch 1,927 15,795 \$ 1,556,373 \$ 6,554 \$ 1,562,926 \$ 2,064,382 \$ 501,455	for Resale 10-Inch 1927 15,795 \$ 1,556,373 \$ 6,554 \$ 1,562,926 \$ 2,064,382 \$ 501,455	Sales for Resale 8-Inch	•	•	•		•	٠		•	0.00
1,927 15,795 \$ 1,556,373 \$ 6,554 \$ 1,562,926 \$ 2,064,382 \$ 501,455	1,927 15,795 <b>\$</b> 1,556,373 <b>\$</b> 6,554 <b>\$</b> 1,562,926 <b>\$</b> 2,064,382 <b>\$</b> 501,455	for Resale	,	,	,		•	1			0.0
1,927 15,785 \$ 1,556,373 \$ 6,554 \$ 1,562,926 \$ 2,064,382 \$ 501,455	1,927 15,795 \$ 1,556,373 \$ 6,554 \$ 1,562,926 \$ 2,064,382 \$ 501,455				- 1			1			
		Totals	1,927	15,795	1 11	9	ı		82 \$	501,455	32.08

Y		SS
ARIZONA WALER COMPANY	Test Year Ended December 31, 2010	Summary Analysis of Revenue by Class

[C]   [D]   [E]   [F]   [G]					>	White Tank		-		
Average Reconciling/ Adjusted Settlement Settlement Number of Average Test Year Revenue T.Y. Rates Customers Consumption Rates Adjustments [C + D] Rates   Proposed Increase   1,863   13,409 \$ 1,307,062 \$ 9,797 \$ 1,316,859 \$ 1,673,608 \$ 356,749   1,510,383   175,307   1,361   1,500   1,500   1,391   1,500   1,391   1,500   1,391   1,500   1,391   1,500   1,391   1,500   1,391   1,500   1,391   1,500   1,391   1,500   1,391   1,500   1,391   1,500   1,391   1,500   1,391   1,500   1,391   1,500   1,391   1,500   1,391   1,500   1,391   1,591   1,		₹	[8]	ច្	<u>[</u>	Ξ		E	[6]	Ξ
Average			·			Bill Count	Water Re	ivenues		
Number of Average         Average Test Year         Revenue T.Y. Rates         T.Y. Rates         Proposed Increase           Customers         Consumption         Rates         Adjustments         [C+D]         Rates         IF-EI         2           52         82,783         1,75,307         (3,243)         172,063         25,159         16,995           5         110,383         25,159         25,159         25,730         571           5         191,924         47,484         74,486         27,002           1,927         15,795         1,556,373         6,554         1,562,926         \$ 2,064,382         501,455           4dj.         20,085,845         501,455         2,085,845         501,455         3,000		Average			Reconciling/	Adjusted			Settlement	
1,863 13,409 \$ 1,307,062 \$ 9,797 \$ 1,316,859 \$ 1,673,608 \$ 356,749 5 2 82,783 175,307 (3,243) 172,063 289,058 116,995 2 110,383 25,159 - 25,159 25,730 571 5 191,924 47,484 - 47,484 74,486 27,002 1,927 15,795 \$ 1,556,373 \$ 6,554 \$ 1,562,926 \$ 2,085,845 \$ 501,455 2 10,383 21,463 21,463 21,463 21,463 2 1,684,389 \$ 2,085,845 \$ 501,455 3 1,684,389 \$ 2,085,845 \$ 501,455 4 (0)	ummary Class of Service	Number of Customers	Average Consumption	Test Year Rates	Revenue Adjustments	T.Y. Rates [C + D]	F 5		hcrease [F - E]	<b>%</b> 1
52 82,783 175,307 (3,243) 172,063 289,058 116,995 25,159 25,159 25,159 25,159 25,730 571 139 1,361 1,361 1,560 139 1,560 139 1,560 1,361 1,560 1,361 1,560 1,361 1,560 1,361 1,560 1,361 1,560 1,361 1,560 1,361 1,560 1,463 1,565,373 \$ 6,554 \$ 1,562,926 \$ 2,064,382 \$ 501,455 1,564,389 \$ 2,085,845 \$ 501,455 1,564,389 1	Total Residential	1.863	13.409	69	262 6	69	69	1.673.608 \$	356 749	%60 22
2 110,383 25,159	Total Commercial	52	82,783		(3.243)			289,058	116,995	88.00%
s 1,361 1,560 139 5 191,924 47,484 74,486 27,002 1,927 15,795 \$ 1,556,373 \$ 6,554 \$ 1,562,926 \$ 2,064,382 \$ 501,455 21,463 \$ 2,085,845 \$ 501,455 1,584,389 \$ 2,085,845 \$ 501,455 3 0,000%	Total Industrial	2	110,383	25,159	•			25,730	571	2.27%
5 191,924 47,484 - 47,484 74,486 27,002 1,927 15,795 \$ 1,556,373 \$ 6,554 \$ 1,562,926 \$ 2,064,382 \$ 501,455 21,463 - 21,463	Total Private Fire	3	,	1,361	•	1,361		1,500	139	10.18%
1,927 15,795 \$ 1,556,373 \$ 6,554 \$ 1,562,926 \$ 2,064,382 \$ 501,455	Total Other Water Revenues	ហ	191,924	47,484	1	47,484		74,486	27,002	56.87%
(dj. 1463 21,463 21,463 21,463 21,463 501,455 \$ (dj. 1463 2,085,845 \$ 501,455 \$ (dj. 1463 2,085,845 \$ (dj. 1463 2,085) \$ (dj. 1463 2,085,845 \$ (dj. 1463 2,085) \$ (dj. 1463 2,085) \$ (dj. 1463 2,085) \$ (dj. 1463 2,085) \$ (dj. 1463 2,085) \$ (dj. 1463 2,085) \$ (dj. 1463 2,085) \$ (dj. 1463 2,085) \$ (dj. 1463 2,085) \$ (dj. 1463 2,085) \$ (dj. 1463 2,085) \$ (dj. 1463 2,085) \$ (dj	Totals	1,927	15,795	\$ 1,556,373		\$ 1,562,926	60	2,064,382 \$	501,455	32.08%
2,085,845 \$ (0) \$ (0) 0,00%	iscellaneous Revenues stal Revenue Generated	,	,	21,463		21,463	69	21,463	501.455	31.65%
kdj.	irget Rev. Rqmt. (Sch. C-1)						69	2,085,845		
	sss: Consolidated Revenue Adj. Over/(Short) %						69	(0)		

Exhibit Schedule H-2 Settlement Page 7 of 8 Witness: Reiker

					- tailo	Bill Count Water Revenues		
	Ανουσι	ı		Peroncilion/	Adineted	Vale Cevelles	Settlement	
ine In Potal Class of Section	Number of	Average	Test Year	Revenue	T.Y. Rates	Proposed	Increase IF - El	%
								Į
Residential 5/8 x 3/4 -inch	589		\$ 370,371	\$ (843)	\$ 369,528	\$ 354,057 \$	(15,471)	-4.19%
Residential 1-inch	<b>60</b>	7,107	10,450	(24)	10,426	10,388	(38)	-0.36%
Residential 1.5-inch		•		t	•	•	1	0.00%
Residential 2-inch	•			•	1	1	•	0.00%
Residential 3-inch	•			·		•	•	8000
Residential 4-inch	•			•	,		•	2000
Residential 6-inch	•	,	•	ı	•	•	•	200.0
Residential 8-inch	•	•	•		•	•		0.00
		, ;	1 6	, ;		. 67	1 400	7 33%
Commercial 5/8 x 3/4 -inch	29	4,888	38,540	387	38,928	40,613	1,000	4.55.7%
Commercial 1-inch	70	31,342	64,8/1	641	65,512	75,780	10,200	%CO.C
Commercial 1.5-inch	,	16034	17 811	107	17 005	19 347	1.352	7.51%
Commercial 2-Inch	o	100,04	0,'2	<u>3</u>	066	5 '	1	%00.0
Commercial 3-Inch	•	•	1 1	• '		•		0.00%
Commercial 4-mon		•		•	•	•		0.00%
	. '		٠	•	•	•	•	0.00%
Commercial of the			•	•		1	•	0.00%
Confine clar 10-mon		•	•		1	•	•	0.00%
Industrial 200 X OT III.		•	•		1	•		0.00%
Industrial 15-inch	•	1	•		•	Ū		00.0
Industrial 2-inch	•		•		•	•	•	0.00%
Industrial 3-inch	4	•	•		•	•	•	0.00%
Industrial 4-inch	ı	•				•		00.00
Industrial 6-inch	•	•	•		•	r	1	0.00%
Industrial 8-inch	•		•		•		•	0.00%
Industrial 10-inch	1	•	. }			. !	, 8	0.00
Private Fire Serivce	2	•	653		653	675	77	3,35%
Other Water Revenues								%OO O
Public Fire Hydrani	•	•	750		- 750	758	(13)	-167%
Coln Machine	•	r	607		60)	8		%00 U
Construction Water 2-men	,	- 00V 88	1 003		1 003	1 885	181	-0.85%
Construction Water 4-Inch	,	004,00	, 30e, 1		70e'ı	200,1	· .	%00 0
Color for Decale 5/8 v 3/4-Inch					, ,	•	•	%00.0
Sales for Resale 1Inch	. ,						•	00.0
Sales for Resale 1.5-Inch	•	1	1		٠			0.00%
Sales for Resale 2-Inch	•	٠	•		•	٠	ı	0.00%
Sales for Resale 3-Inch	•	•	•		•		•	0.00%
Sales for Resale 4-Inch	,	•	•			à		0.00%
Sales for Resale 6-Inch	•	•	•		•	•	•	0.00%
Sales for Resale 8-Inch	•	•	•		1	•	r	00.00
Sales for Resale 10-inch	1	•	1		•	•	r	%00.0
1-4-1-	010	907.3	900 303	.,,	4	200 500	(9 944)	.0 44%
otals	2	× ×	2 4 4 2 2					Ì

pporting Schedules:

4.08% 10.87% 0.00% 3.35% -1.08% -0.44% -0.43% 王 (2,211) 23 (23) (15,509) 13,305 0 0,00,0 3,768 507,269 503,500 507,268 364,445 135,739 675 2,642 Bill Count Water Revenues Proposed E 3,768 509,480 653 2,671 505,711 Adjusted T.Y. Rates [C + D] (867) **\$** 379,953 1,212 122,434 Ajo [E] 345 \$ Reconciling/ Revenue Adjustments 巨 380,820 121,223 653 2,671 505,366 3,768 Test Year Rates 0 5.768 4,796 13,164 38,400 Average Consumption 画 597 79 7 0 Average Number of Customers 679 ₹ Total Residential
Total Commercial
Total Industrial
Total Private Fire
Total Other Water Revenues ARIZONA With GR COMPANY Test Year Ended December 31, 2010 Summary Analysis of Revenue by Class Target Rev. Rqmt. (Sch. C-1) Total Revenue Generated Summary Class of Service Miscellaneous Revenues

Less: Consolidated Revenue Adj. Over/(Short)

Difference

Totals

DECISION NO.

Supporting Schedules:

Recap Schedules:

Exhibit Schedule H-3 Settlement Page 1 of 17 Witness: Reiker

(Continued)

N:2011\_Rate\_Case\Settlement\Western Group\2011 AWC Rate Case Model Settlement-WG v4 FINAL\H3 PM Processing Date: 2/14/2012 4:19 PM

				Pinal Va	lley (Casa G	Pinai Valley (Casa Grande/Coolidge)	dge)							
	Z	[8]	[0]		[0]	(E)		E		<u></u>	_	Ξ	Ξ	_
	Rate Block	<i>ي</i> د			Bas	Basic Service Charge	narge			Volum	etric C	Volumetric Charge (/M Gal)	jal)	
Class of Service		Present	Proposed - Settlement	ā'	Present Rate	Proposed Settlement		Change	Δ.	Present Rate	Sett	Proposed Settlement	임	Change
Residential 5/8 x 3/4 -inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	3 10 99,999	3 10 99,999	↔	15.79	\$ 16.00	<b>%</b> 00	0.21	<del>\$</del>	1.3700 1.7123 2.1406	<del>\$</del>	1.1879 2.1026 3.2590	<b>&amp;</b>	(0.1821) 0.3903 1.1184
Residential 1-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	10 99,999 99,999	25 99,999 99,999	<b>↔</b>	39.47	\$ 40.00	8	0.53	₩	1.7123 2.1406 2.1406	•	2.1026 3.2590 3.2590	€9-	0.3903 1.1184 1.1184
Residential 1.5-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	n/a n/a n/a	55 99,999 99,999		n/a	80.00	8	n/a		n/a n/a n/a	€	2.1026 3.2590 3.2590		n/a n/a n/a
Residential 2-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	125 99,999 99,999	95 99,999 99,999	49	126.29	\$ 128.00	<del>\$</del>	1.71	49	1.7123 2.1406 2.1406	69	2.1026 3.2590 3.2590	€9	0.3903 1.1184 1.1184
Residential 3-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	299 99,999 99,999	195 99,999 99,999	<b>↔</b>	252.59	\$ 256.00	<b>\$</b>	3.41	<b>\$</b>	1.7123 2.1406 2.1406	မာ	2.1026 3.2590 3.2590	69	0.3903 1.1184 1.1184
Residential 4-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	494 99,999 99,999	315 99,999 99,999	မာ	394.67	\$ 400.00	<b>\$</b> 00:	5.33	€>	1.7123 2.1406 2.1406	€	2.1026 3.2590 3.2590	€	0.3903 1.1184 1.1184
Residential 6-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	925 99,999 99,999	650 99,999 99,999	சு	789.33	\$ 800.00	<b>9</b> 00:	10.67	op.	1.7123 2.1406 2.1406	<b>⇔</b>	2.1026 3.2590 3.2590	49	0.3903 1.1184 1.1184
Residential 8-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	1,500 99,999 99,999	1,000 99,999 99,999	<b>↔</b>	1,262.93	\$ 1,280.00	<b>\$</b>	17.07	69	1.7123 2.1406 2.1406	€9	2.1026 3.2590 3.2590	<b>↔</b>	0.3903 1.1184 1.1184
Residential 10-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	2,264 99,999 99,999	1,475 99,999 99,999	<b>4</b>	1,815.47	\$ 1,840.00	<b></b> 00:	24.53	49	1.7123 2.1406 2.1406	69	2.1026 3.2590 3.2590	₩	0.3903 1.1184 1.1184

\*\*For Service Charges See Company-wide Service Charge Tariff at the end of this schedule\*\*

DECISION NO.

ARIZONA W<sub>1</sub>. JR COMPANY Test Year Ended December 31, 2010 Changes in Representative Rate Schedules

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ARIZONA Wine SR COMPANY Test Year Ended December 31, 2010 Changes in Representative Rate Schedules (Continued)

	[A]	[8]	[0]		[0]	[a] [d]	1	E		<u>[5]</u>	囯		Ξ
	Rate Block	ž			Bas	Basic Service Charge	large			Volum	Volumetric Charge (/M Gal)	rge (/M G	(g)
Class of Service		Present	Proposed - Settlement	-	Present Rate	Proposed Settlement		Change	<u>v</u>	Present Rate	Proposed Settlement	sed lent	Change
Commercial 5/8 x 3/4 -inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	99,999 99,999 99,999	10 99,999 99,999	<b>↔</b>	15.79	\$ 16.00	<b>\$</b>	0.21	<b>⇔</b> .	1.7123 2.1406 2.1406	e4 ⊘. ເຄ. ເຄ.	2.1026 \$ 3.2590 3.2590	0.3903 1.1184 1.1184
Commercial 1-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	40 99,999 99,999	25 99,999 99,999	<b>€</b> ?	39.47	\$ 40.00	<del>پ</del> 0	0.53	6	1.7123 2.1406 2.1406	e <del>s</del>	2.1026 \$ 3.2590 3.2590	0.3903 1.1184 1.1184
Commercial 1.5-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	n/a n/a n/a	99,999 99,999		n/a	\$ 80.00	8.	n/a		n/a n/a n/a	e <del>s</del>	2.1026 3.2590 3.2590	n/a n/a n/a
Commercial 2-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	125 99,999 99,999	666 <sup>°</sup> 66 666 <sup>°</sup> 66	€>	126.29	\$ 128.00	<b>\$</b> 00	1.7	<del>69</del>	1.7123 2.1406 2.1406	es 0 0 0	2.1026 3.2590 3.2590	\$ 0.3903 1.1184 1.1184
Commercial 3-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	299 99,999 99,999	195 99,999 99,999	<b>6</b>	252.59	\$ 256.00	<b>%</b> 00	3.41	€9	1.7123 2.1406 2.1406	₩	2.1026 3.2590 3.2590	\$ 0.3903 1.1184 1.1184
Commercial 4-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	494 99,999 99,999	315 99,999 99,999	<b>↔</b>	394.67	\$ 400.00	<b>\$</b>	5.33	<del>69</del>	1.7123 2.1406 2.1406	. ~ ~ ~ ~ · ·	2.1026 3.2590 3.2590	\$ 0.3903 1.1184 1.1184
Commercial 6-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	925 99,999 99,999	650 99,999 99,999	€	789.33	\$ 800.00	<b>↔</b> 8	10.67	€	1.7123 2.1406 2.1406	es 60.00	2.1026 3.2590 3.2590	\$ 0.3903 1.1184 1.1184
Commercial 8-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	1,500 99,999 99,999	1,000 99,999 99,999	€>	1,262.93	\$ 1,280.00	<b>\$</b>	17.07	•	1.7123 2.1406 2.1406	es 5000	2.1026 3.2590 3.2590	\$ 0.3903 1.1184 1.1184
Commercial 10-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	2,264 99,999 99,999	1,475 99,999 99,999	<b>↔</b>	1,815.47	\$ 1,840.00	<b>\$</b>	24.53	₩.	1.7123 2.1406 2.1406	<b>*</b>	2.1026 3.2590 3.2590	\$ 0.3903 1.1184 1.1184

\*\*For Service Charges See Company-wide Service Charge Tariff at the end of this schedule\*\*

DECISION NO. \_\_\_\_\_\_

ARIZONA WALE GR COMPANY Test Year Ended December 31, 2010 Changes in Representative Rate Schedules

	700 G a to G	Ļ			D Sec.	Basin Service Charae	o Cur			Volume	Volumetric Charge (/M Gal)		(IM Gal
Class of Service	Nate bio	Present	Proposed - Settlement	١	Present Rate	Proposed Settlement	1	Change	2 2	Present Rate	Proposed Settlement	<u></u>	Change
Industrial 5/8 x 3/4 -inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	10 99,999 99,999	69	9.59 8	16.00	<b>↔</b>	6.41	69	1.5036 <b>\$</b> 1.5036 1.5036	1.5500 2.4800 2.4800	<b>⇔</b> 888	
Industrial 1-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	25 99,999 99,999	€9	23.98 \$	40.00	<del>69</del>	16.02	<del>69</del>	1.5036 <b>\$</b> 1.5036 1.5036	1,5500 2,4800 2,4800	<b>∞</b> 000	
Industrial 1.5-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	n/a n/a n/a	55 99,999 99,999		n/a \$	80.00		n/a		n/a \$ n/a n/a	1.5500 2.4800 2.4800	8 8 8	
Industrial 2-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	95 99,999 99,999	₩	76.73 \$	128.00	<b>↔</b>	51.27	44	1.5036 <b>\$</b> 1.5036 1.5036	1.5500 2.4800 2.4800	* 000 000	
Industrial 3-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	195 99,999 99,999	<b>6</b>	153.46 \$	256.00	<b>#</b>	102.54	<b>6</b> 7	1.5036 <b>\$</b> 1.5036 1.5036	1.5500 2.4800 2.4800	\$ 000 000 000	
Industrial 4-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	315 99,999 99,999	<b>69</b>	239.77 \$	400.00	<b>⊬</b>	160.23	<del>69</del>	1.5036 1 1.5036 1.5036	\$ 1.5500 2.4800 2.4800	\$ 88 88 88 88	
Industrial 6-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	650 99,999 99,999	φ.	479.55 \$	800.00	<b>6</b>	320.45	<b>69</b>	1.5036 \$ 1.5036 1.5036	1.5500 1.5500 1.5500	<b>\$</b> 000000000000000000000000000000000000	
Industrial 8-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	1,000 99,999 99,999	ss.	767.28 \$	1,280.00	<b>\$</b>	512.72	69	1.5036 1 1.5036 1.5036	\$ 1.5500 1.5500 1.5500	.5500 <b>\$</b> .5500 .5500	
Industrial 10-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	1,475 99,999 99,999	<b>6</b> 7	1,102.96 \$	1,840.00	<b>₩</b>	737.04	<b>↔</b>	1.5036 \$ 1.5036 1.5036		.5500 \$ .5500 .5500	
Private Fire Service	All meter connection sizes:			₩.	22.88 \$	25.00	<b>↔</b>	2.12		n/a	_	n/a	
		,											
			Ŭ	(Continued)	_								

Particle   Particle		[ <b>y</b> ]	<u>.</u>	<u></u>		[3]	π		Ξ		<u>5</u>		Ē	Ξ	
System         Calcination         Trace of Calcination		Rate Bloc		Proposed -		i	Propose	Charge	9000		Vol Present	Pro Pro	harge (/M C	Sal) Chan	9
Chinch   Title One Breakover (M Cali)   Chinch   Chinch   Chinch   Title One Breakover (M Cali)   Chinch   Ch	Class of Service		II Descri					n/a	n/a				n/a		}
The One Breakover (M Gai): 99,599 9999 99999 1576 0 5 341 5 1771 5 1750 5 1750 5 1770 1 1770 1 1750 1 1750 5 1750 1 1770	Coin Machine	No. Gallons / \$ .25 (quarter)				n/a		n/a	n/a		132.96	•	109	0	=
Tier One Breaktover (M Gal):         99,999         9,145.9         1,170.9         1,1	Construction Water (2-Inch)	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	125 99,999 99,999	666'66 666'66	€		128		1.71	₩.	1.7123 2.1406 2.1406				6, ← ←
Titler One Breaktover (M Gai); 9999 99399 99399 99399 993999 993999 9939999 993999 993999 993999 993999 993999 993999 993999 993999 9939999 993999 993999 993999 993999 993999 993999 993999 993999 9939999 993999 993999 993999 993999 993999 993999 993999 993999 9939999 993999 993999 993999 993999 993999 993999 993999 993999 9939999 993999 993999 993999 993999 993999 993999 993999 993999 9939999 993999 993999 993999 993999 9939999 993999 993999 9939999 993999 993999 993999 99399 99399 99399 993999 99399 99399 993999 99	Construction Water (3-Inch)	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	299 99,999 99,999	195 99,999 99,999	€9		256		3.41	<del>(/)</del>	2.1406 2.1406 2.1406		2.1026 3.2590 3.2590		65
Tier Chne Breaktover (M Gai): 99,999 99,999 15,1579 5,1600 5,1600 5,177 5,1500 5,1500 5,15500 1,15000	Construction Water (4-Inch)	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	494 99,999 99,999	315 99,999 99,999	49		4		5.33		2.140 2.140 2.140		2.1026 3.2590 3.2590		ώ ← ←
Ther Turb Breaktover (M Gal);   99,999   99,999   1,5600   1,560	Sales for Resale (5/8-Inch)	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	666'66 666'66	€				0.21	<b>↔</b>	1.503 1.503 1.503		1.5500 1.5500 1.5500		999
Tier One Breakover (M Gal):         n/a         99,999         N/a         99,999         Resonant (M Gal):         n/a         1,5500 </td <td>Sales for Resale (1-Inch)</td> <td>Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):</td> <td>666'66 666'66</td> <td>666'66 666'66</td> <td>€9</td> <td></td> <td></td> <td></td> <td>0.53</td> <td></td> <td>1.503 1.503 1.503</td> <td></td> <td>1.5500 1.5500 1.5500</td> <td></td> <td>000</td>	Sales for Resale (1-Inch)	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	666'66 666'66	€9				0.53		1.503 1.503 1.503		1.5500 1.5500 1.5500		000
Tier One Breakover (M Gal): 199,999 190,999 19	Sales for Resale (1.5-Inch)	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	n/a n/a n/a					0.00	n/a		2 2 2		1.5500 1.5500 1.5500		
Tier One Breakover (M Gal): 99,999 99,999 99,999 \$ 252.59 \$ 256.00 \$ 3.41 \$ 1,5036 \$ 1,5500 \$ 1,5000 \$	Sales for Resale (2-Inch)	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	666'66 666'66	₩.				1.71	49	1.503 1.503 1.503		1.5500 1.5500 1.5500		200
Tier One Breakover (M Gal): 99,999 99,999 \$ 194.67 \$ 400.00 \$ 5.33 \$ 1.5036 \$ 1.5500 \$ 1.5036 Tier Two Breakover (M Gal): 99,999 99,999 99,999 \$ 789.33 \$ 800.00 \$ 10.67 \$ 1.5036 \$ 1.5500 \$ 1.5500 Tier Three Breakover (M Gal): 99,999 99,999 99,999 \$ 1,262.93 \$ 1,280.00 \$ 17.07 \$ 1.5036 \$ 1.5500 \$ 1.5500 Tier Three Breakover (M Gal): 99,999 99,9	Sales for Resale (3-Inch)	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	666'66 666'66	€9				3.41	↔	1.503 1.503 1.503		1.5500 1.5500 1.5500		999
Tier One Breakover (M Gal): 99,999 99,999 \$ 789.33 \$ 800.00 \$ 10.67 \$ 1.5036 \$ 1.5500 \$ 1.550	Sales for Resale (4-Inch)	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	666'66 666'66	49				5.33		1,503 1,503 1,503		1.5500 1.5500 1.5500		0.00
Tier One Breakover (M Gal): 99,999 99,999 \$ 1,262.93 \$ 1,280.00 \$ 17.07 \$ 1.5036 \$ 1.5500 \$ 1	Sales for Resale (6-Inch)	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	666'66 666'66	69				10.67		1.503 1.503 1.503		1.5500 1.5500 1.5500		0.0.0
Tier One Breakover (M Gal): 99,999 99,999 \$ 1,815.47 \$ 1,840.00 \$ 24.53 \$ 1.5036 \$ 1.5500 \$ Tier Two Breakover (M Gal): 99,999 99,999 Tier Three Breakover (M Gal): 99,999 99,999	Sales for Resale (8-Inch)	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	666'66 666'66	<del>()</del>				17.07		1.503 1.503 1.503		1.5500 1.5500 1.5500		999
	Sales for Resale (10-Inch)	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66 666'66	666 666 666 66	69				24.53		1.503( 1.503( 1.503)		1.5500 1.5500 1.5500		999

\*\*For Service Charges See Company-wide Service Charge Tariff at the end of this schedule\*\*

N:2011\_Rate\_Case\Settlement\Westlern Group\2011 AWC Rate Case Model Settlement-WG v4 FINAL\H3 Processing Date: 21/4/2012 4:19 PM

Supporting Schedules:

N:2011\_Rate\_Case\Settlement\Western Group\2011 AWC Rate Case Model Settlement-WG v4 FINAL\H3 PM Processing Date: 2/14/2012 4:19 PM

Supporting Schedules:

ARIZONA WAAR COMPANY
Test Year Ended December 31, 2010
Changes in Representative Rate Schedules

	=		Change	(1.2500) (0.9450) (0.5507)	(0.9450) (0.5507) (0.5507)	n/a n/a n/a	(0.9450) (0.5507) (0.5507)	(0.9450) (0.5507) (0.5507)	(0.5507) (0.5507)	(0.9450) (0.5507) (0.5507)	(0.9450) (0.5507) (0.5507)	(0.9450) (0.5507) (0.5507)
		(ga)	OI	₩	•		€9	49	69	69	€9	69
	Ξ	Volumetric Charge (/M Gal)	Proposed Settlement	1.1879 2.1026 3.2590	2.1026 3.2590 3.2590							
		etric	፫ %	₩	69	<b>↔</b>	€	69	4	69	€	69
	<u></u>	Volun	Present Rate	2.4379 3.0476 3.8097	3.0476 3.8097 3.8097	n/a n/a n/a	3.0476 3.8097 3.8097	3.0476 3.8097 3.8097	3.0476 3.8097 3.8097	3.0476 3.8097 3.8097	3.0476 3.8097 3.8097	3.0476 3.8097 3.8097
			₾.	€9	<del>69</del>		69	. ↔	↔	₩	<b>↔</b>	<b>↔</b>
		ľ										
	F		Change	0.21	0.53	n/a	1.71	3.41	5.33	10.67	17.07	24.53
		<u>a</u>	이	<del>69</del>	<b>↔</b>		<b>↔</b>	<del>69</del>	€	69	₩	<b>€</b> >
nfield)	(E)	Basic Service Charge	Proposed Settlement	16.00	40.00	80.00	128.00	256.00	400.00	800.00	1,280.00	1,840.00
Star		isic S	ፈ %	69	<del>69</del>	<b>↔</b>	69	69	€7	↔	<del>↔</del>	<b>⇔</b>
Pinal Valley (Stanfield)	<u>e</u>	ä	Present Rate	15.79	39.47	n/a	126.29	252.59	394.67	789.33	1,262.93	1,815.47
о.				€9	€9		<b>↔</b>	49	↔	69	<b>↔</b>	€
							*					
	[0]		Proposed - Settlement	3 10 99,999	25 99,999 99,999	55 99,999 99,999	666'66 666'66	195 99,999 99,999	315 99,999 99,999	666'66 66'66 66'66	1,000 99,999 99,999	1,475 99,999 99,999
	[8]		Present	3 10 99,999	99,999 99,999	n/a n/a n/a	122 99,999 99,999	286 99,999 99,999	471 99,999 99,999	925 99,999 99,999	1,500 99,999 99,999	2,223 99,999 99,999
		Block										
	[4]	Rate B		Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):
				Breako Breako e Break	Breako Breako e Break	Breako Breako ee Break	Breako Breako ee Break	e Breako Breako ee Breal	e Breako o Breako ee Breal	e Breako o Breako ee Breal	e Breakc o Breakc ee Breal	e Breako o Breako ee Breal
				Tier One Tier Two Tier Thre	Tier One Tier Two Tier Thre	Tier One Tier Two Tier Thre	Tier One Tier Two Tier Thr	Tier One Tier Two Tier Thr	Tier On Tier Twr Tier Thr	Tier One Tier Two Tier Thr	Tier One Tier Twe Tier Thr	Tier On Tier Twe
				inch								
			,,,	Residential 5/8 x 3/4 -inch	등	-inch	둳	듈	둳	늄	JG.	inch
			ervice	al 5/8	aal 1⊸ir	ial 1.5	ial 2-ir	iai 3-i	ial 4-i	ial 6-i	ial 8-i	tial 10
			Class of Service	identi	Residential 1-inch	Residential 1.5-inch	Residential 2-inch	Residential 3-inch	Residential 4-inch	Residential 6-inch	Residential 8-inch	Residential 10-inch
			Clas	Res	Ϋ́ ĕ	α. gi	S.	S.	쫎	å	æ	ď

Exhibit Schedule H-3 Settlement Page 6 of 17 Witness: Reiker

	Rate Block					Basic Service Charge	narge		٥	Volumetr	Volumetric Charge (/M Gal)	Gal)
Class of Service		Present	Proposed - Settlement	<u>.</u>	Present Rate	Proposed Settlement		Change	L 22-1		Settlement	Change
Commercial 5/8 x 3/4 -inch	Tier One Breakover (M Gat): Tier Two Breakover (M Gat): Tier Three Breakover (M Gat):	10 99,999 99,999	10 99,999 99,999	₩	15.79 \$	16.00	<b>⇔</b> 8	0.21	₩.	3.0476 \$ 3.8097 3.8097	2.1026 3.2590 3.2590	\$ (0.9450) (0.5507) (0.5507)
Commercial 1-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	40 99,999 99,999	25 99,999 99,999	. <del>(/</del>	39.47 \$	40.00	<b>₩</b>	0.53	₩	3.0476 \$ 3.8097 3.8097	2.1026 3.2590 3.2590	\$ (0.9450) (0.5507) (0.5507)
Commercial 1.5-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	n/a n/a n/a	55 99,999 99,999		n/a \$	80.00	8	n/a		n/a \$ n/a n/a	2.1026 3.2590 3.2590	
Commercial 2-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	125 99,999 99,999	95,999 99,999	€>	126.29 \$	128.00	<b>\$</b>	1.71	₩.	3.0476 \$ 3.8097 3.8097	2.1026 3.2590 3.2590	49
Commercial 3-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	289 99,999 99,999	195 99,999 99,999	ss.	252.59 \$	256.00	<b>\$</b>	3.41	₩ '	3.0476 \$ 3.8097 3.8097	2.1026 3.2590 3.2590	€>
Commercial 4-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	474 99,999 99,999	315 99,999 99,999	69	394.67	\$ 400.00	<b>\$</b>	5.33	<b>6</b>	3.0476 \$ 3.8097 3.8097	2.1026 3.2590 3.2590	\$ (0.9450) (0.5507) (0.5507)
Commercial 6-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	925 99,999 99,999	650 69,999 99,999	<del>ss</del>	789.33 \$	800.00	<b>₩</b> 00.	10.67	. <del>69</del>	3.0476 \$ 3.8097 3.8097	2.1026 3.2590 3.2590	\$ (0.9450) (0.5507) (0.5507)
Commercial 8-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	1,500 99,999 99,999	1,000 99,999 99,999	6	1,262.93	\$ 1,280.00	<b>\$</b>	17.07	49	3.0476 \$ 3.8097 3.8097	2.1026 3.2590 3.2590	\$ (0.9450) (0.5507) (0.5507)
Commercial 10-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	2,223 99,999 99,999	1,475 99,999 99,999	↔	1,815.47	\$ 1,840.00	<b>\$</b> 00:	24.53	€	3.0476 \$ 3.8097 3.8097	2.1026 3.2590 3.2590	\$ (0.9450) (0.5507) (0.5507)
		,										
				(Continued)								

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Volumetric Charge (/M Gal)

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Class of Service Industrial 5/8 x 3/4 -inch Tier Two Tier Two Tier Two Tier Two Tier Two Tier Two Tier Two Tier Two Tier Two Tier Two Tier Two Tier Two Tier Two Tier Two	Rate Block		<u>ට</u>		( <u>o</u> )	Ξ	[D] [E]	
of Service trial 5/8 x 3/4 -inch trial 1-inch trial 1.5-inch					Ba	Basic Service Charge	e Charg	6)
		Present	Proposed - Settlement	<u> </u>	Present Rate	Proposed Settlement	sed nent	Change
	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	10 99,999 99,999	<b>↔</b>	9.59	€9	16.00	4
•	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	25 99,999 99,999	<del>6</del>	40.00	<b>6</b> 7	40.00	49
	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	n/a n/a n/a	55 99,999 99,999		n/a	<b>↔</b>	80.00	
Industrial 2-inch Tier Two Tier Thre	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	666'66 666'66	69	200.00	€	128.00	€9
Industrial 3-inch Tier One Tier Two	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	195 99,999 99,999	49	153.46	69	256.00	₩
Industrial 4-inch Tier One Tier Two	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	315 99,999 99,999	€>	239.77	<del>6</del>	400.00	↔
Industrial 6-inch Tier One Tier Two	Ther One Breakover (M Gal); Tier Two Breakover (M Gal); Tier Three Breakover (M Gal);	666'66 666'66	666'66 666'66	<b>↔</b>	479.55	<del></del>	800.00	€9
Industrial 8-inch Tier Two Tier Thre	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	1,000 99,999 99,999	<del>()</del>	767.28	<b>↔</b>	1,280.00	₩.
Industrial 10-inch Tier One Tier Two	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	1,475 99,999 99,999	€	1,102.96	<b>↔</b>	1,840.00	69
Private Fire Service All meter	All meter connection sizes:			↔	22.88	<b>⇔</b>	25.00	↔
			•	:				

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ARIZONA WALER COMPANY Test Year Ended December 31, 2010 Changes in Representative Rate Schedules

Exhibit

Page 8 of 17 Witness: Reiker Schedule H-3 Settlement

[0]	Volumet	Present <u>Rate</u>	n/a	74.72	3.0476 \$ 3.8097 3.8097	3.0476 \$ 3.8097 3.8097	3.0476 \$ 3.8097 3.8097	3.0476 \$ 3.0476 3.0476	3.0476 \$ 3.0476 3.0476	n/a \$ n/a n/a	3.0476 \$ 3.0476 3.0476					
					€7	₩	<del>69</del>	<b>↔</b>	₩.		₩	↔	<b>69</b>	€	<b>⇔</b>	<del>67</del>
FI		Change	n/a	n/a	1.71	3.41	5.33	0.21	0.53	n/a	1.71	3.41	5.33	10.67	17.07	24.53
	9	히			€9	<b>↔</b>	€>	€	<del>⇔</del>		€ .	<del>69</del>	<del>69</del>	<del>69</del>	69	•
(E)	Basic Service Charge	Proposed Settlement	n/a	n/a	128.00	256.00	400.00	16.00	40.00	80.00	128.00	256.00	400.00	800.00	1,280.00	1,840.00
Old	isic Se	g %			€	69	<b>↔</b>	€	49	€9	€	€9	69	69	€9	69
[D]	- 1	Present Rate	n/a	n/a	126.29	252.59	394.67	15.79	39.47	n/a	126.29	252.59	394.67	789.33	1,262.93	1,815.47
		<u>.</u>			<b>↔</b>	<b>↔</b>	€	45	<b>↔</b>		₩	<b>↔</b>	49	69	<del>⇔</del>	<b>↔</b>
[0]		Proposed - Settlement			666'66 666'66	195 99,999 99,999	315 99,999 99,999	666'66 666'66								
[8]		Present			125 99,999 99,999	289 99,999 99,999	474 99,999 99,999	666'66 666'66	666'66 666'66	n/a n/a n/a	666'66 666'66	666 66 666 66	666'66 666'66	666'66 666'66	666,66 666,66	666'66 666'66
[A]	 Rate Block			No. Galions / \$ .25 (quarter)	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):
		Class of Service	Public Fire Hydrant	Coin Machine	Construction Water (2-Inch)	Construction Water (3-Inch)	Construction Water (4-Inch)	Sales for Resale (5/8-Inch)	Sales for Resale (1-Inch)	Sales for Resale (1.5-Inch)	Sales for Resale (2-Inch)	Sales for Resale (3-Inch)	Sales for Resale (4-inch)	Sales for Resale (6-Inch)	Sales for Resale (8-Inch)	Sales for Resale (10-Inch)

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Change

Settlement

<u>/</u>а 109

/olumetric Charge (/M Gal)

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Pinal Valley (Stanfield)

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\*\*For Service Charges See Company-wide Service Charge Tariff at the end of this schedule\*\*

N:2011\_Rate\_Case\Settlement\Western Group\2011 A\WC Rate Case Model Settlement-WG v4 FINAL\H3 PM Processing Date: 2/14/2012 4:19 PM

Supporting Schedules:

DECISION NO.

(Continued)

N:2011\_Rate\_Case\SetilementWestern Group\2011 AWC Rate Case Model Setilement-WG v4 FINALVH3 N: Processing Date: 2/4/2012 4:19 PM

\*\* For Service Charges See Company-wide Service Charge Tariff at the end of this schedule\*\*

Supporting Schedules

400 99,999 89,999 795 99,999 99,999 666,66 1,895 99,999 99,998 666'66 2,500 Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal): Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal): Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal): Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal): Fier Three Breakover (M Gal); Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal): Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal): Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Residential 10-inch

Residential 8-Inch

Residential 6-inch

567.99 181.76 363.51 2,812.75 22.72 56.80 1,135.98 1,817.56 25 99,999 99,999 99,999 160 99,999 99,999 99,999 99,999 966,989 99,999 1,150 99,999 99,999 5 15 99,999 666,666 99,999 250 666'66 66,66 9 8

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666'66

Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):

Residential 1.5-Inch

Residential 1-inch

666'66

Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):

Residential 5/8 x 3/4 -inch

Class of Service

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0.28 Change

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Change

Settlement

Rate

Volumetric Charge (/M Gal)

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White Tank

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Rate Block

Basic Service Charge

Present

Proposed -Settlement

Present

Settlement

0.9386 2.5895 2.5895

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368.00

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2.5769 2.5769 2.5769

7.01

575.00

Residential 4-inch

Residential 3-inch

Residential 2-inch

0.9386 2.5895 2.5895

3.0000 5.1664 5.1664

2.0814 2.5769 2.5769

14.02

1.150.00

0.9386 2.5895 2.5895

3,0000

5.1664 5.1664

2.0614 2.5769 2.5769

22.44

1,840.00

0.9386 2.5895 2.5895

3.0000 5.1664 5.1664

32.25

\*

2,645.00

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Test Year Ended December 31, 2010 Changes in Representative Rate Schedules ARIZONA WATER COMPANY

Exhibit

Schedule H-3 Settlement Page 9 of 17 Witness: Relker

DECISION NO.

0.9386 2.5895 2.5895

3.0000 5.1664 5.1664

2.0614 2.5769 2.5769

22.44

1,840.00

1,817.56 \$

666'66 666'66

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Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):

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0.9386 2.5895 2.5895

3.0000 5.1664 5,1664

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567.99

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1,062 99,999 99,999

Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):

155 99,999 99,999

667 99,999 99,999

Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):

Tier Three Breakover (M Gal).

Tier One Breakover (M Gal): Tier Two Breakover (M Gal):

0.9386 2.5895 2.5895

3.0000 5.1664 5.1664

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666'66 666'66

316 99,999 99,999

75

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3.0000 5.1664 5.1664

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n/a

115.00

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Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):

Tier Three Breakover (M Gal):

Tier One Breakover (M Gal): Tier Two Breakover (M Gal):

0.9386 2.5895 2.5895

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23.00

22.72

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10 99,999 99,999

Tier Three Breakover (M Gal):

Tier One Breakover (M Gal): Tier Two Breakover (M Gal):

Change

Settlement

Present

Basic Service Charge Proposed Settlement

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Proposed -Settlement

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Rate Block

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Volumetric Charge (/M Gal)

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White Tank

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0.9386 2.5895 2.5895

3.0000 5.1664 5.1664

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49

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5,024 99,999 99,999

Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):

Tier Three Breakover (M Gal):

Tier One Breakover (M Gal): Tier Two Breakover (M Gal):

Supporting Schedules

ARIZONA WATER COMPANY Test Year Ended December 31, 2010 Changes in Representative Rate Schedules

Commercial 5/8 x 3/4 -inch Commercial 10-inch Commercial 8-inch Commercial 6-inch Commercial 1.5-inch Commercial 4-inch Commercial 3-inch Commercial 2-inch Commercial 1-inch Class of Service 41 43 44 45 46 46 47 48 50 50 50 51 53 DECISION NO.

ARIZONA WA IER COMPANY
Test Year Ended December 31, 2010
Changes in Representative Rate Schedules

	[A]	[8]	[0]		White Tank [D]	Tank [E]		E		[ <u>5</u> ]		王		
	Rate Block		Proposed -		=	Sic Service C Proposed	Basic Service Charge Proposed	L		P. c	Volumetr Present	Volumetric Charge (/M Gal)	(Sal)	
Class of Service Industrial 5/8 x 3/4 -inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal):	99,999 99,999	Settlement 10 99,999	€9	<u>Kate</u> 18.54	\$ 23.0	23.00	S 4.4	4.46	<u>چ</u> م	4.6274 \$	3.0000	\$ (1.62 0.53	(1.6274) 0.5390
Industrial 1-inch	Tier One Breakover (M Gal):  Tier One Breakover (M Gal):  Tier Twe Breakover (M Gal):	666'66 666'66 666'66	99,999 99,999 99,999	↔	46.34	₩	57.50	€>	11.16	49	4.6274 <b>\$</b> 4.6274 4.6274	3.0000 5.1664 5.1664	. <del>.</del>	(1.6274) 0.5390 0.5390
Industrial 1.5-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	n/a n/a n/a	45 99,999 99,999		n/a	<b>↔</b>	115.00		n/a		n/a \$ n/a n/a	3.0000 5.1664 5.1664		n/a n/a n/a
Industrial 2-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	75 99,999 99,999	<b>↔</b>	148.28	<b>↔</b>	184.00	ø.	35.72	49	4.6274 \$ 4.6274 4.6274	3.0000 5.1664 5.1664	69	(1.6274) 0.5390 0.5390
Industrial 3-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	155 99,999 99,999	₩	296.56	<b>↔</b>	368.00	69	71.44	G	4.6274 \$ 4.6274 4.6274	3.0000 5.1664 5.1664	<b>↔</b>	(1.6274) 0.5390 0.5390
Industrial 4-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Thiree Breakover (M Gal);	666'66 666'66	245 99,999 99,999	₩	463.38	€9	575.00	€9	111.62	4	4.6274 \$ 4.6274 4.6274	3.0000 5.1664 5.1664	69	(1.6274) 0.5390 0.5390
Industrial 6-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	666'66 66'66	₩	926.75	₩-	1,150.00	69	223.25	45	4.6274 \$ 4.6274 4.6274	3.0000 3.0000 3.0000	₩	(1.6274) (1.6274) (1.6274)
Industrial 8-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	666 66 666 66	<del>()</del>	1,482.81	& _	1,840.00	<b>6</b>	357.19	₩	4.6274 \$ 4.6274 4.6274	3.0000 3.0000 3.0000	69	(1.6274) (1.6274) (1.6274)
Industrial 10-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	1,150 99,999 99,999	er e	2,131.54	\$	2,645.00	<b>↔</b>	513.46	₩	4.6274 \$ 4.6274 4.6274	3.0000 3.0000 3.0000	₩	(1.6274) (1.6274) (1.6274)
Private Fire Service	All meter connection sizes:			₩	22.69	€	25.00	₩	2.31		n/a	n/a		n/a
			\$	(Continued)	<del>-</del>									
or Service Charges See Com	**For Service Charges See Company-wide Service Charge Tariff at the end of this schedule**	of this schedule	<b>‡</b>											

\*\*For Service Charges See Company-wide Service Charge Tariff at the end of this schedule\*\*

	[4]	<u> </u>	0		White Tank	투 교				<u>[0]</u>	Ξ		E
			Σ								Č	6	
Class of Service	Rate Block	Present	Proposed - Settlement	P. T.	Basic Present Rate	Basic Service Charge Proposed Settlement	Change	nge	5 6	Volume Present Rate	Volumetric Charge (//vi Gal)  It Proposed Settlement (	IN Gai	Change
Public Fire Hydrant					e/u	n/a		n/a		n/a	n/a	æ	п/а
Coin Machine	No. Gallons / \$ .25 (quarter)				n/a	n/a		n/a		•	n/a	æ	n/a
Construction Water (2-Inch)	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	316 99,999 99,999	75 99,999 99,999	₩	181.76 \$	184.00	49	2.24	49	2.0614 \$ 2.5769 2.5769	3.0000 5.1664 5.1664	0 4 4 &	0.9386 2.5895 2.5895
Construction Water (3-Inch)	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	799 666,66 66,66	155 99,999 99,999	€	363.51 \$	368.00	<del>69</del>	4.49	<b>↔</b>	2.0614 \$ 2.5769 2.5769	\$ 3.0000 5.1664 5.1664	0 4 4 &	0.9386 2.5895 2.5895
Construction Water (4-Inch)	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	1,062 99,999 99,999	245 99,999 99,999	↔	\$ 667.98	575.00	<b>ы</b>	7.01	49	2.0614 1 2.5769 2.5769	\$ 3.0000 5.1664 5.1664	644 ∾	0.9386 2.5895 2.5895
Sales for Resale (5/8-Inch)	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	666'66 666'66	49	22.72 \$	23.00	<b>&amp;</b>	0.28	<b>↔</b>	4.6274 9 4.6274 4.6274	3.0000	& &	(1.6274) (1.6274) (1.6274)
Sales for Resale (1-Inch)	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	666'66 666'66	₩	56.80 \$	57.50	6 <del>9</del>	0.70	€9	4.6274 4.6274 4.6274	\$ 3.0000 3.0000	<b>\$</b>	(1.6274) (1.6274) (1.6274)
Sales for Resale (1.5-Inch)	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	n/a n/a n/a	666'66 666'66		n/a \$	115.00		n/a		n/a n/a n/a	\$ 3.0000 3.0000 3.0000	222	n/a n/a n/a
Sales for Resale (2-Inch)	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	666'66 666'66	€>	181.76 \$	184.00		2.24	₩.	4.6274 4.6274 4.6274	\$ 3.0000 3.0000	<b>\$</b>	(1.6274) (1.6274) (1.6274)
Sales for Resale (3-Inch)	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	666'66 666'66	49	363.51 \$	368.00	<i>ф</i>	4.49	₩	4.6274 4.6274 4.6274	\$ 3.0000 3.0000 3.0000	<b>\$</b>	(1.6274) (1.6274) (1.6274)
Sales for Resale (4-Inch)	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	666'66 666'66	€>	\$ 667.99	575.00	<i>4</i>	7.01	<del>60</del>	4.6274 \$ 4.6274 4.6274	\$ 3.0000 3.0000 3.0000	<b>\$</b>	(1.6274) (1.6274) (1.6274)
Sales for Resale (6-Inch)	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	666'66 666'66	€	1,135.98 \$	1,150.00	es	14.02	49	4.6274 4.6274 4.6274	\$ 3.0000 3.0000 3.0000	<b>*</b>	(1.6274) (1.6274) (1.6274)
Sales for Resale (8-Inch)	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	666'66 666'66	€9	1,817.56 \$	1,840.00	<b>6</b>	22.44	<b>↔</b>	4.6274 4.6274 4.6274	\$ 3.0000 3.0000 3.0000	<del>#</del>	(1.6274) (1.6274) (1.6274)
Sales for Resale (10-Inch)	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	666'66 666'66	<del>69</del>	2,612.75 \$	2,645.00	<del>4</del>	32.25	€	4.6274 4.6274 4.6274	3.0000	<b>%</b>	(1.6274) (1.6274) (1.6274)

| No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No. | No.

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ARIZONA W. ... c.R COMPANY Test Year Ended December 31, 2010 Changes in Representative Rate Schedules

Schedule H-3 Settlement Page 13 of 17 Witness: Reiker

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	Rate Block	×			Basic	Basic Service Charge	ec			Volumetric	Volumetric Charge (/M Gal)	al)
Class of Service		Present	Proposed - Settlement	<u>a</u>	Present Rate	Proposed Settlement	Change	jge B	g 5 g)	Present Rate	Proposed Settlement	Change
Residential 5/8 x 3/4 -inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	3 10 99,999	3 10 99,999	<del>()</del>	25.16 \$	25.00	<del>6</del>	(0.16)	€	4.8189 \$ 6.0236 7.5292	3.3617 5.9502 9.2228	\$ (1.4572) (0.0734) 1.6936
Residential 1-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	10 99,999 99,999	15 99,999 99,999	₩	62.90 \$	62.50	<b>₩</b>	(0.40)	69	6.0236 <b>\$</b> 7.5292 7.5292	5.9502 9.2228 9.2228	\$ (0.0734) 1.6936 1.6936
Residential 1.5-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	n/a n/a n/a	966,86 969,86 969,86		n/a \$	125.00		n/a		n/a \$ n/a n/a	5.9502 9.2228 9.2228	n/a n/a n/a
Residential 2-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	50 99,999 99,999	<b>↔</b>	201.27 \$	200.00	•>	(1.27)	€9	6.0236 \$ 7.5292 7.5292	5.9502 9.2228 9.2228	\$ (0.0734) 1.6936 1.6936
Residential 3-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	200 99,999 99,999	100 99,999 99,999	<b>6</b>	402.54 \$	400.00	<b>↔</b>	(2.54)	€	6.0236 <b>\$</b> 7.5292 7.5292	5.9502 9.2228 9.2228	\$ (0.0734) 1.6936 1.6936
Residential 4-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	325 99,999 99,999	150 99,999 99,999	<b>⇔</b>	628.97 \$	625.00	<del>69</del>	(3.97)	€	6.0236 \$ 7.5292 7.5292	5.9502 9.2228 9.2228	\$ (0.0734) 1.6936 1.6936
Residential 6-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	725 99,999 99,999	330 99,999 99,999	€	1,257.94 \$	1,250.00	69	(7.94)	69	6.0236 \$ 7.5292 7.5292	5.9502 9.2228 9.2228	\$ (0.0734) 1.6936 1.6936
Residential 8-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	1,200 99,999 99,999	525 99,999 99,999	69	2,012.70 \$	2,000.00	49	(12.70)	₩	6.0236 \$ 7.5292 7.5292	5.9502 9.2228 9.2228	\$ (0.0734) 1.6936 1.6938
Residential 10-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	1,783 99,999 99,999	775 99,999 99,999	<b>↔</b>	2,893.25 \$	2,875.00	<b>6</b> 9	(18.25)	₩	6.0236 \$ 7.5292 7.5292	5.9502 9.2228 9.2228	\$ (0.0734) 1.6936 1.6936

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\*\*For Service Charges See Company-wide Service Charge Tariff at the end of this schedule\*\*

ARIZONA W. ER COMPANY Test Year Ended December 31, 2010 Changes in Representative Rate Schedules

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The One Breakover (M Gal): 99.999   11er The Breakover (M Gal): 99.999   99.999   99.999   99.999   11er The Breakover (M Gal): 99.999   99.999   99.999   99.999   11er The Breakover (M Gal): 99.999   99.999   99.999   99.999   11er The Breakover (M Gal): 99.999   99.999   99.999   99.999   11er The Breakover (M Gal): 99.999   99.999   99.999   99.999   11er The Breakover (M Gal): 99.999   99.999   99.999   99.999   11er The Breakover (M Gal): 99.999   99.999   99.999   99.999   11er The Breakover (M Gal): 99.999   99.999   99.999   99.999   11er The Breakover (M Gal): 99.999   99.999   99.999   99.999   11er The Breakover (M Gal): 99.999   99.999   99.999   99.999   11er The Breakover (M Gal): 99.999   99.999   99.999   99.999   11er The Breakover (M Gal): 99.999   99.999		Rate Blo	¥			Ba	sic Serv	ce Charge				Volume	tric Cha	rge (/M Ga	0
Ther One Breakover (M Gai):  Ther Three Breakover (M Gai):  Ther Three Breakover (M Gai):  Ther Three Breakover (M Gai):  Ther Three Breakover (M Gai):  Ther Three Breakover (M Gai):  Ther Three Breakover (M Gai):  Ther Three Breakover (M Gai):  Ther Three Breakover (M Gai):  Ther Three Breakover (M Gai):  Ther Three Breakover (M Gai):  Ther Three Breakover (M Gai):  Ther Three Breakover (M Gai):  Ther Three Breakover (M Gai):  Ther Three Breakover (M Gai):  Ther Three Breakover (M Gai):  There One Breakover (M Gai):  There One Breakover (M Gai):  There One Breakover (M Gai):  There One Breakover (M Gai):  There One Breakover (M Gai):  There One Breakover (M Gai):  There One Breakover (M Gai):  There One Breakover (M Gai):  There One Breakover (M Gai):  There	Class of Service			Proposed - Settlement		resent <u>Rate</u>	Prop Settle	osed ment	Chan	밁	<u>F</u>	esent <u>kate</u>	Prop	osed ment	Change
Tier One Breakover (M Gal): 159 9999 99999 11 Tier One Breakover (M Gal): 159 9999 99999 11 Tier One Breakover (M Gal): 159 9999 99999 1250 1250 1250 1250 1250 1250 1250 1250	Commercial 5/8 x 3/4 -inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	99,999 99,999	10 99,999 99,999	<del>65</del>	25.16	↔		40	(0.16)	6 <del>9</del>	6.0236 7.5292 7.5292	<del>67</del>		_
Ther One Breakover (M Gal):	Commercial 1-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 686'66	15 99,999 99,999	69	62.90	↔		49	(0.40)	€9	6.0236 7.5292 7.5292	<del>€</del>		
Tier One Breakover (M Gal): 100 599 999 99,9	Commercial 1.5-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	n/a n/a n/a	666'66 666'66 00		n/a	<del>⇔</del>	125.00		n/a		n/a n/a n/a	s <del>s</del>	5.9502 9.2228 9.2228	n/a n/a
Tier One Breakover (M Gal): 100	Commercial 2-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	100 99,999 99,999	666'66 66'66	<b>↔</b>	201.27	es.		€	(1.27)	69	6.0236 7.5292 7.5292	<del>69</del>		
Tier One Breakover (M Gal): 99,999 99	Commercial 3-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	200 99,999 99,999	100 99,999 99,999	<del>()</del>	402.54	<del>\$</del>		ь	(2.54)	₩	6.0236 7.5292 7.5292	<b>↔</b>		
Tier One Breakover (M Gal): 1,200 5,999 99,9	Commercial 4-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	325 99,999 99,999	150 99,999 99,999	₩.	628.97	<del>()</del>	625.00	€9-	(3.97)	•	6.0236 7.5292 7.5292	69		
Tier One Breakover (M Gal): 1,200 525 \$ 2,012.70 \$ 2,000.00 \$ (12.70) \$ 6.0236 \$ 5.9502 \$ 7.5292	Commercial 6-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	725 99,999 99,999	330 666'66 66'66	<del>⇔</del>	1,257.94			ss.	(7.94)	€	6.0236 7.5292 7.5292	€9		
Tier One Breakover (M Gal): 1,783 775 \$ 2,893.25 \$ 2,875.00 \$ (18.25) \$ 6.0236 \$ 5.9502 \$ 175.29 \$ 99,999 99,999 99,999 99,999 99,999 99,999 99,999 99,999	Commercial 8-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	1,200 99,999 99,999	525 99,999 99,999	<b>↔</b>	2,012.70				12.70)	₩	6.0236 7.5292 7.5292	<del>⇔</del>		
	Commercial 10-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	1,783 99,999 99,999	277 99,999 99,999	<b>↔</b>	2,893.25				18.25)	<del>69</del>	6.0236 7.5292 7.5292	<del>G</del>		(0.0734) 1.6936 1.6936

(Continued)

\*\*For Service Charges See Company-wide Service Charge Tariff at the end of this schedule\*\*

ARIZONA W. A. ER COMPANY Test Year Ended December 31, 2010 Changes in Representative Rate Schedules (Continued)

	[4]	[8]	<u>[5</u>		Ajo [D]				E		[ <u>o</u> ]	Ξ	- 1 3	
	Rate Block	اح				Sic Sen	Basic Service Charge			100	Volumet	Volumetric Charge (/M Gal)	খ্য	⊠ Ga
Class of Service		Present	Proposed - Settlement		Present Rate	Set	Proposed Settlement	5	Change	L.	Rate	Settlement	ᇎ	
Industrial 5/8 x 3/4 -inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	10 99,999 99,999	₩	25.16	€>	25.00	<b>⇔</b> .	(0.16)	69	6.0236 6.0236 6.0236	6.00.00 6.00.00	5.9502 9.2228 9.2228	2 \$ (0.0734) 8 3.1992 8 3.1992
Industrial 1-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	99,999 99,999	<del>69</del>	65.60	69	62.50	••	(3.10)	69	6.0236 6.0236 6.0236	ம் வி சு	5.9502 9.2228 9.2228	× × × × × × × × × × × × × × × × × × ×
Industrial 1.5-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	n/a n/a n/a	666'66 666'66 08		n/a	<del>69</del>	125.00		n/a		n/a n/a n/a	ம் விவி சு	5.9502 9.2228 9.2228	~ ~ ~
Industrial 2-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666 66 666 66	666,66 69,999 69,999	€9	201.27	€	200.00	€9	(1.27)	69	6.0236 6.0236 6.0236	ம் <b>ஞ்</b> சு	5.9502 9.2228 9.2228	•
Industrial 3-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	100 99,999 99,999	49	402.54	<del>69</del>	400.00	€>	(2.54)	↔	6.0236 6.0236 6.0236	ம் ஏ் ஏ் ⊌ை	5.9502 9.2228 9.2228	<del>69</del>
Industrial 4-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	150 99,999 99,999	<b>6</b>	628.97	4	625.00	€	(3.97)	•	6.0236 6.0236 6.0236	ம் எ ் சு	5.9502 9.2228 9.2228	69
Industrial 6-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	330 666'66 66'66	<b>↔</b>	1,257.94	€	1,250.00	69	(7.94)	•	6.0236 6.0236 6.0236	in in in	5.9502 5.9502 5.9502	€>
Industrial 8-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	525 99,999 99,999	<b>4</b>	2,012.70	69	2,000.00	<b>↔</b>	(12.70)	<b>↔</b>	6.0236 6.0236 6.0236	மிமிமி சூ	5.9502 5.9502 5.9502	€9
Industrial 10-inch	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	775 99,999 99,999	↔	2,893.25	••	2,875.00	€	(18.25)	•	6.0236 6.0236 6.0236	ີນ ດີນ ດີນ ອ	5.9502 5.9502 5.9502	€>
Private Fire Service	All meter connection sizes:			69	24.19	€	25.00	69	0.81		n/a		n/a	

\*\*For Service Charges See Company-wide Service Charge Tariff at the end of this schedule\*\*

DECISION NO. \_\_\_\_\_\_\_

	<u>.</u>	Ξ	Σ									
	Rate Block	×	Drange -		Basi	Basic Service Charge Proposed	Charge			Volumetr Present	Volumetric Charge (/M Gal)	(Sal)
Class of Service		Present	Settlement	•	Rate	Settlement		Change		Rate	Settlement	Change
Public Fire Hydrant					n/a		n/a	n/a		n/a	n/a	n/a
Coin Machine	No. Gallons / \$ .25 (quarter)				n/a		n/a	n/a		37.81	38	(0.0170)
Construction Water (2-Inch)	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	100 99,999 99,999	666'66 666'66 06'866	G	201.27 \$		\$ 200.00	(1.27)	€9	6.0236 \$ 7.5292 7.5292	5.9502 9.2228 9.2228	\$ (0.0734) 1.6936 1.6936
Construction Water (3-Inch)	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	200 99,999 99,999	100 99,999 99,999	€>	402.54 \$		400.00 \$	(2.54)	↔	6.0236 \$ 7.5292 7.5292	5.9502 9.2228 9.2228	\$ (0.0734) 1.6936 1.6936
Construction Water (4-Inch)	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	325 99,999 99,999	150 99,999 99,999	<b>6</b>	628.97 \$		625.00 \$	(3.97)	€	6.0236 \$ 7.5292 7.5292	5.9502 9.2228 9.2228	\$ (0.0734) 1.6936 1.6936
Sales for Resale (5/8-Inch)	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	666'66 666'66	<del>69</del>	25.16 \$		25.00 \$	(0.16)	↔	6.0236 \$ 6.0236 6.0236	5.9502 5.9502 5.9502	\$ (0.0734) (0.0734) (0.0734)
Sales for Resale (1-Inch)	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	666'66 666'66	₩.	62.90	<del></del>	62.50 \$	(0.40)	₩	6.0236 6.0236 6.0236	\$ 5.9502 5.9502 5.9502	\$ (0.0734) (0.0734) (0.0734)
Sales for Resale (1.5-Inch)	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	n/a n/a n/a	666'66		n/a 6	· ••	125.00	n/a		n/a n/a n/a	\$ 5.9502 5.9502 5.9502	n/a n/a
Sales for Resale (2-Inch)	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	666'66 666'66	€	201.27 \$		\$ 200.002	(1.27)	₩	6.0236 6.0236 6.0236	\$ 5.9502 5.9502 5.9502	\$ (0.0734) (0.0734) (0.0734)
Sales for Resale (3-Inch)	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	666'66 666'66	↔	402.54	æ }4	400.00 \$	(2.54)	69	6.0236 6.0236 6.0236	\$ 5.9502 5.9502 5.9502	\$ (0.0734) (0.0734) (0.0734)
Sales for Resale (4-Inch)	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	666'66 666'66	69	628.97	% •	625.00 \$	(3.97)	49	6.0236 6.0236 6.0236	\$ 5.9502 5.9502 5.9502	\$ (0.0734) (0.0734) (0.0734)
Sales for Resale (6-Inch)	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	666'66 666'66	<del>↔</del>	1,257.94	\$ 1,2	1,250.00 \$	(7.94)	<del>69</del>	6.0236 6.0236 6.0236	\$ 5.9502 5.9502 5.9502	\$ (0.0734) (0.0734) (0.0734)
Sales for Resale (8-Inch)	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66	666'66 666'66	€	2,012.70	\$ 2,00	2,000.00 \$	(12.70)	<del>ሪን</del>	6.0236 6.0236 6.0236	\$ 5.9502 5.9502 5.9502	↔
Sales for Resale (10-inch)	Tier One Breakover (M Gal): Tier Two Breakover (M Gal): Tier Three Breakover (M Gal):	666'66 666'66 666'66	666'66 666'66	<b>↔</b>	2,893.25	2,8	2,875.00 \$	(18.25)	<b>Ө</b>	6.0236 6.0236 6.0236	\$ 5.9502 5.9502 5.9502	\$ (0.0734) (0.0734) (0.0734)

\*\*For Service Charges See Company-wide Service Charge Tariff at the end of this schedule\*\*

N:X011\_Rate\_Case\SettlementWestern Group\Z011 AWC Rate Case Model Settlement-WG v4 FINAL\H3 PM Processing Date: 2/14/2012 4:19 PM

Supporting Schedules:

ARIZONA W. .. ER COMPANY
Test Year Ended December 31, 2010
Changes in Representative Rate Schedules

i/Settlement/Western Group/2011 AWC Rate Case Model Settlement-WG v4 FINAL\H3	Description Date: 2/44/2012 4:40 Dit
\2011_Rate_Case\Settlement\Western	9
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Page   Page									
Still Stil	40			<b></b>			[8]		
Percentage   Per	Service Charges	Current Rate				Settlement Rate*			
Not-Designed interface   Not-Designed chast bits   Not-Designed interface   Not-Designed inter	Establishment	\$16.00				\$32.00			
Eight (e) times the customer's monthly minimum change, or payment of the minimum change, so relating the customer's monthly minimum change, companied to the minimum change, so relating to the minimum change, so relating to the minimum change, so relating to the minimum change, so relating to the minimum change, so relating to the minimum change, so relating to the minimum change, so relating to the companied working fours. No change for the relating to the change working to the change working to the change working to the change and the change of the change of the change and the change working to the change	Guarantee Deposit	Residential - maximum: Tw Non-Residential-maximum: estimated maximum mon	o(2) times average cu Two and one-half (2) ithly bill.	istomer class bill. /2) times that custome	ফ	No Change			
Part   Eight (8) times the customer's monthly minimum change, or payment of the minimums since disconnecies, whichever is less.   During regular working frouts - No change - After regular working frouts - Souther Souther Change I regular working frouts, cherwise, a \$55.00   The current Sevice of Change In rate. Change I language to read "Refurned payment for high regular working hours, or hordings - \$55.00   The current Sevice of Change In rate. Change Insequence or Change Insequence or Change Insequence or Change Insequence or Change Insequence or Change Insequence or Change Insequence or Change Insequence or Change Insequence or Change Insequence or Change Insequence or Change Insequence or Change Insequence or Change Insequence or Change Insequence or Change Insequence or Change Insequence or Change Insequenc	Reconnection for Delinquency	\$16.00				\$32.00			
1	Re-Establishment	Eight (8) tímes the customer the minimums since disα	's monthly minimum onnection, whichever	charge, or payment of is less.		No Change			
No charge, if done during regular working hours, otherwise, a \$35.00   No charge in rate. Change language to rate. Change language to rate. The second test for the	Service Call Out	During regular working hour on Saturdays, Sundays, (	s - No charge. After or holidays - \$35.00	egular working hours,		During regular working on Saturdays, Sund: The current Service	hours - no charge. After rays, or holidays - a \$35.00 call Out After Hours Cha	egular working hours ) After Hours Service rge is eliminated.	Charge.
All Meter Re-Reads - \$25.00  service call out  No charge of the first test for the service usioner within any weeke (12) month period, \$50.00, or actual time and material  Within any weeke (12) month period, \$50.00, or actual time and material within any weeke (12) month period, \$50.00, or actual time and material within any weeke (12) month period, \$50.00, or actual time and material within any weeke (12) month period, \$50.00, or actual time and material within any weeke (12) month period, \$50.00, or actual time and material within any weeke (12) month period, \$50.00, or actual time and material within any weeke (12) month period, \$50.00, or actual time and material  Bell in the first test for the second test for the same customer is greater.  Jeff 100 100 100 100 100 100 100 100 100 1	Returned Check	\$25.00				No Change in rate. Chinsufficient funds."	ange language to read "Re	eturned payment for	
No charge for the first test; for the second test for the same customer within any welve (12) month period, \$20.00, or actual time and material withleaver is greater.         No charge for the first test; for the same customer within any welve (12) month period, \$25.00, or actual time and material withleaver is greater.         Idea         Meter Size         Service Line (12) month period, \$25.00, or actual time and material withleaver is greater.         Idea         Meter Size         Service Line (12) month period, \$25.00, or actual time and material withleaver is greater.         Idea         Meter Size         Service Line (12) month period, \$25.00, or actual time and material withleaver (12) month period, \$25.00, or actual time and material withleaver (12) month period, \$25.00, or actual time and material withleaver (12) month period, \$25.00, or actual time and material withleaver (12) month period, \$25.00, or actual time and material withleaver (12) month period, \$25.00, or actual time and material withleaver (12) month period, \$25.00, or actual time and material withleaver (12) month period, \$25.00, or actual time and material withleaver (12) month period, \$25.00, or actual time and material withleaver (12) month period, \$25.00, or actual time and material withleaver (12) month period, \$25.00, or actual time and material withleaver (12) month period, \$25.00, or actual time and material withleaver (13) month period, \$25.00, or actual time and material withleaver (13) month period, \$25.00, or actual time and material material withleaver (13) month period, \$25.00, or actual time and material withleaver (13) month period, \$25.00, or actual time and material material material withleaver (13) month period, \$25.00, or actual time and material material material material material material material material material material material material material material material material material material mater	Meter Re-read	No charge, if done during re service call out.	gular working hours,	otherwise, a \$35.00		All Meter Re-Reads - \$.	25.00		
Service Line   Meter Size   Meter Size   Service Line   Meter Size Line   Meter Size   Meter Size Line   Meter Size   Meter Size Line   ze Line   Meter Size Line	Meter Test	No charge for the first test, for within any twelve (12) mc whichever is greater.	or the second test for onth period, \$50.00, o	the same customer r actual time and mate	rial	No charge for the first to any twelve (12) mon is greater.	ast; for the second test for t period, \$25.00, or actual	the same customer v time and material, wi	vithin nichever
1-inch	Service Line and Meter Installation	Meter Size	Service Line	Meter	Total	Meter Size	Service Line1	Meter	Total
1-inch   495.00   315.00   1-inch   495.00   155.00   1565.00		5/8-inch		155.00		5/8-inch		\$ 155.00	
2" compound         830,00         1,045,00         2" turbine         830,00         1,045,00         2" turbine         830,00         1,045,00         2" turbine         830,00         1,045,00         2,720,00         2" turbine         830,00         1,045,00         2,720,00         2,720,00         2" compound         Actual Cost		1-inch	495.00		810.00	1-inch	495.00	•	810.00
1,045.00		2" turbine 2" compared	830.00		1,875.00	2" turbine	830.00		1,875.00
3° compound 1,650 2,545.00 3,710.00 3° compound Actual Cost Actual		2" tuchine	330.00		2,720.00	2" compound	oso.oo	Š	2,720.00
4" turbine         1,490.00         2,670.00         4,160.00         4" turbine         Actual Cost         Actual Cost           4" compound         1,670.00         3,645.00         5,315.00         4" turbine         Actual Cost         Actual Cost           6" turbine         2,210.00         5,025.00         7,235.00         6" turbine         Actual Cost         Actual Cost           8" turbine         2,210.00         5,025.00         7,235.00         8" turbine         Actual Cost         Actual Cost           8" compound         2,210.00         6,920.00         9,250.00         8" compound         Actual Cost         Actual Cost           10" turbine         2,210.00         6,920.00         9,250.00         10" turbine         Actual Cost         Actual Cost           10" compound         2,330.00         6,920.00         9,250.00         10" compound         Actual Cost         Actual Cost           10" compound         2,330.00         6,920.00         9,250.00         10" compound         Actual Cost         Actual Cost           10" compound         2,330.00         6,920.00         9,250.00         10" compound         Actual Cost         Actual Cost           10" compound         2,330.00         6,920.00         9,250.00 <td< td=""><td></td><td>3" compound</td><td>1,045.00</td><td></td><td>3,710,00</td><td>3" Compound</td><td>Actual Cost</td><td>Actual Cost</td><td>Actual Cost</td></td<>		3" compound	1,045.00		3,710,00	3" Compound	Actual Cost	Actual Cost	Actual Cost
4" compound         1,670.00         3,645.00         5,315.00         4" compound         Actual Cost         Actual Cost           6" turbine         2,210.00         5,025.00         7,235.00         6" turbine         Actual Cost         Actual Cost           6" compound         2,330.00         6,920.00         9,250.00         6" compound         Actual Cost         Actual Cost           8" turbine         2,210.00         5,025.00         7,235.00         8" turbine         Actual Cost         Actual Cost           10" turbine         2,330.00         6,920.00         9,250.00         10" turbine         Actual Cost         Actual Cost           10" compound         2,330.00         6,920.00         9,250.00         10" turbine         Actual Cost         Actual Cost           10" compound         2,330.00         6,920.00         9,250.00         10" compound         Actual Cost         Actual Cost           10" compound         2,330.00         6,920.00         9,250.00         10" compound         Actual Cost         Actual Cost           2,330.00         6,920.00         9,250.00         9,250.00         10" compound         Actual Cost         Actual Cost           10" compound         2,330.00         6,920.00         9,250.00 <td< td=""><td></td><td>4" turbine</td><td>1.490.00</td><td></td><td>4.160.00</td><td>4" turbine</td><td>Actual Cost</td><td>Actual Cost</td><td>Actual Cost</td></td<>		4" turbine	1.490.00		4.160.00	4" turbine	Actual Cost	Actual Cost	Actual Cost
6" turbine 2,210,00 5,025,00 7,235,00 6" turbine Actual Cost Actual Cost Actual Cost 6,920,00 9,250,00 6,000,000 9,250,00 8" turbine 2,330,00 6,920,00 9,250,00 8" compound Actual Cost Actual Cost Actual Cost Actual Cost Actual Cost Actual Cost Actual Cost 10" turbine 2,330,00 6,920,00 9,250,00 10" turbine Actual Cost		4" compound	1,670,00		5 3 1 5 0 0	4" compound	Actual Cost	Actual Cost	Actual Cost
6" compound 2,330.00 6,920.00 9,250.00 6" compound Actual Cost Actual Cost Actual Cost 8" turbine 2,210.00 5,025.00 7,235.00 8" compound 2,330.00 6,920.00 9,250.00 8" compound Actual Cost Actual Cost Actual Cost 10" turbine Actual Cost Actual Cost Actual Cost 10" turbine 2,210.00 6,920.00 9,250.00 10" compound Actual Cost Actual Cost Actual Cost 10" compound Actual Cost Actual Cost Actual Cost Actual Cost 10" compound Actual Cost Actual Cost Actual Cost Actual Cost Actual Cost 10" compound Actual Cost Actual Cost Actual Cost Actual Cost 10" compound Actual Cost Ac		6" turbine	2,210.00		7,235.00	6" turbine	Actual Cost	Actual Cost	Actual Cost
8" turbine 2,210.00 5,025.00 7,235.00 8" turbine Actual Cost Actual Cost Actual Cost Actual Cost Actual Cost 10" turbine 2,330.00 6,920.00 9,250.00 8" compound Actual Cost Actual Cost 10" turbine 2,210.00 5,025.00 7,235.00 10" compound Actual Cost Actual Cost Actual Cost 10" compound Actual Cost Actual Cost Actual Cost Actual Cost 10" compound Actual Cost Actual Cost Actual Cost Actual Cost 10" compound Actual Cost Actual Cost Actual Cost Actual Cost 10" compound Actual Cost Actual Cost Actual Cost 10" compound Actual Cost Actua		6" compound	2.330.00	6 920.00	9.250.00	e" compound	Actual Cost	Actual Cost	Actual Cost
8" compound 2,330.00 6,920.00 9,250.00 8" compound Actual Cost Actual Cost 10" turbine 10" compound 2,330.00 6,920.00 7,235.00 10" turbine Actual Cost Actual Cost Actual Cost 10" compound 2,330.00 6,920.00 9,250.00 10" compound Actual Cost Actual Cost Actual Cost 10" compound Actual Cost Actual Cost 10" compound Actual Cost Actual Cost 10" compound Actual Cost Actual Cost 10" compound Actual Cost Actual Cost 10" compound Actual Cost Actual Cost Actual Cost 10" compound Actual Cost Actual Cost Actual Cost Actual Cost Actual Cost 10" compound Actual Cost		8" turbine	2,210.00	5,025.00	7,235.00	8" turbine	Actual Cost	Actual Cost	Actual Cost
10" turbine       2,210.00       5,025.00       7,235.00       10" turbine       Actual Cost         10" compound       2,330.00       6,920.00       9,250.00       10" compound       Actual Cost     Actual cost of service line if boring under roadway is required.  1.5 percent after 15 days.  No Change		8" compound	2,330.00		9,250.00	8" compound	Actual Cost	Actual Cost	Actual Cost
10 compound Actual Cost Actual Cost Actual Cost of Service line if boring under roadway is required.  1.5 percent after 15 days.  No Change		10" turbine	2,210.00		7,235.00	10" turbine	Actual Cost	Actual Cost	Actual Cost
1.5 percent after 15 days.		10" compound	2,330.00		9,250.00	10" compound	Actual Cost	Actual Cost	Actual Cost
1.5 percent after 15 days.						'Actual cost of service li	ne if boring under roadway	y is required.	
	Late Charge	1.5 percent after 15 days.			•	No Change			

\*Adopts Staff's recommended service charges.

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Witness: Reiker	,			Percent	1.33%	18.76%	25.48%	29.96%	33.15%	37.41%	38.89%	41.12%	41.98%	42.72%	43.91%	45.90%	47.95%	49.63%	20.06%	50.37%	50.60%	50.78%	50.93%	51.15%	51.23%	51.30%	51.42%	51.47%	51.51%	51.81%	51.92%	51.98% 52.03%	200	6.20%	3.4 <i>f</i> % 5.1 <b>4</b> %	2					
Ξ		Increase		Amount	\$ 0.21	0.44				35.95					74.09	103.06	158.98	270.82	326.74	382.67	438.59	494.51	550.43	662.28	718.20	774.12	830.04	941.89	997.81	1,109.65	2,228.09	2,787.31	55.5 <del>4</del> 5.5		\$ 0.88						
3	<u>5</u>		Rates -	Settlement	16.00	23.77	50.56 66.87	83.17	99.46	115.76	148.35	164.64	197.23	213.53	229.82	327.60	490.55	653.50	816.45	1 142.36	1,305.31	1,468.26	1,631.21	1,794.16	2,120.07	2,283.02	2,445.97 2 eng 92	2,771.88	2,934.83	3,260.73	6,519.77	8,149.29	9,778.81	31.17	26.09	29.03	19.56	32.47%	40.76	2000	
(BB)	Ē			Total			42.59	64.00	74.70	85.40 96.10	106.81	117.51	128.21	149.62	160.32	171.03	331.57	438.60	545.63	652.66	866.72	973.75	1,080.78	1,187.81	1,401.87	1,508.90	1,615.93	1,722.95	1,937.02	2,151.08	3,221.30	5,361.98	6,432.28		\$ 25.22 \$		(3.0 M Gal): \$	ifeline Usage:	verage Usage: \$	легауе Озауе.	
Pinal Valley (Casa Grande, Coolidge)	Œ)	Typical Bill	Present Rates	Surcharge	÷	•	,		•	•		,			•	,	. 1	•					,			-	,	1 1					,	69			Proposed Bill at Lifeline Usage (3.0 M Gal):	vice at Lifeline Osage (5.5 m Gay). % Cost Discount at Lifeline Usage:	Cost of Service at Average Usage:	osi Discount at Av	
Pinal Valley (Ca	<u>[a]</u>			Base	\$ 15.79		42.59	53.29 64.00	74.70	85.40	106.81	117.51	128.21	136.92	160.32	171.03	331 57	438.60	545.63	652.66	759,69	973.75	1,080.78	1,187.81	1,294.84	1,508.90	1,615.93	1,722.96	1,937.02	2,151.08	3,221.38	5,361.98	6,432.28		\$ 25.22	\$ 27.6	Proposed Bil	Cost of Service	8	S 8	
	<u>[5]</u>		Monthly	(M Gal)	,	, r	15	20	R 6	32	40	20	25	9	3 2	75	100	061	250	300	350	450	200	550	009	700	750	800	006	1,000	1,500	2,900	3,000		 6.1						
																																			Average Usage: Median Usage:	Standardized Usage,					
	[8]		ACRM /	Surcharge						, 49		ۍ <i>د</i>	o @								- \$ 00		ო ნ	2 66	,	\$ 62										Š					
	\A		ı	Base Rates						\$ 15.79		*	666'66		\$ 1.3700	2.1406	<b>i</b>				\$ 16.00		•	666'66		\$ 1.1879	3.2590														
Test Year Ended December 5 i, 20 to Typical Bill Analysis					Residential 5/8 x 3/4 -inch			Present Rates		Dasir Service Charge:		Tier One Breakover (M Gal):	Tier Two Breakover (M Gal):	ופן ווופס הופשטמט (או ספוי	Tier One Rate:	Tier Two Rate:	Her tillee Kale.		Proposed Rates - Settlement		Danie Conice Charge.		Tier One Breakover (M Gal):	Tier Two Breakover (M Gal):		Tier One Rate:	Tier Two Rate:														

EXIIIDII tule H-4 Settlement Page 2 of 4 Witness: Reiker
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11_Rate_Case\Settlement\Western Group\2011 AWC Rate Case Model Settlement-WG v4 F\NAL\	Dononacion Date: 2/14/2012 4:19 PM

Fig.   Fig.	ARIZONA Ware Ended December 31, 2010 Typical Bill Analysis				N.								Schedul
March   Part				5	F G	al Valley (St	anfield)	E	<u>9</u>		Ξ	-	
Part				5		1		Bii		1			
Present Rules   Part				nthly		Drace	r Rafes		Propo Rate	sed s -		rease	
Persent Rates   24 - 471   2	_			Gal)	Bas		harge	Total	Settle	ment	Amount	Per	cent
Present Rates				,			,		€	16.00			1.33%
Protein Flatis   15.78   2.53   2.5				ιc		9.20		29.20		23.77	(5.4°)		18.00%
Present Railer  Banic Service Charges: \$ 15.79 \$ 16.79 \$ 10.58 \$ 10.10 \$ 10.58 \$ 10.10 \$ 10.50 \$ 10.10 \$ 10.50 \$ 10.10 \$ 10.50 \$ 10.10 \$ 10.50				. 21	ш	3.49		63.49		50.58	(12.9		18 98%
The Chief Bestlew (Middle)				20	₩.	2.53		82.53		56.87	(15.00		18 13%
Passe Service Charge.   \$ 15.79 \$ . 9.0   120.65   120.05   120.				52	5	1.58	•	101.58		83.1/	(10.4		17.55%
Pacie Service Charge:				30	12	0.63		120.63		99.46 16.76	(23.9		17.13%
Ther One Breatkover (M Gai): 3 46 195 19 195		15.79		32	2 :	89.68		159.00		32.05	(26.6		.16.81%
The Crob Benefacioner (M Gall): 93 95 95 95 95 95 95 95 95 95 95 95 95 95				<b>4</b> 0	<u> </u>	8.73		177.78		48.35	(29.4		-16.55%
Tier Three Bleakcover (M Gal);   9,999   9,999   9,999   1,994   1,9		က <u>;</u>		<b>5</b>	= #	07.70 28.20		196.82		64.64	(32.1		-16,35%
Time Diseasoner (M Gai)		10		ر د د	- `	5.87		215.87		80.94	(34.9		-16.18%
The One Rate:		666'66			1 74	14.92		234.92		97.23	(37.6		-15.04% 15.02%
The Trime Rate;		2 4379	1	99	73	53.97	,	253.97		113.53	40.4		-15.92%
Time Plate:   3,8097   175   25207   24207   277   2		3.0476	•	2	2	73.02	,	273.02		29.82	(45.9		-15.73%
Proposed Rates - Settlement		3.8097	,	75	20 6	32.07		292.07		127 60	(59.7		-15.42%
Proposed Rates - Settlement   200   766.28   655.50   (14.73)				9	es u	37.31		577.73		190.55	(87.2		-15.10%
Proposed falses - Seatherment				06L		28.28	,	768.2		353.50	(114.7		-14.94%
1446.25   150.0 \$   1446.25   1446				250	- 00	58.76	•	958.7		316.45	(142.3		-14.84% 14 78%
Basic Sarvice Charge:	Q. :			300	1,1	49.25	,	1,149.2		379.40	(197		-14.73%
Tier One Brankover (M Gai): 1, 170 M (Gai): 1,		16.00		350	E, .	39.73		1,339.7		142.30	(224.9		-14.70%
Tier One Braktover (M Gal): 10 1/10/10 1/10/10 1/10/10 1/10/10 1/10/10 1/10/10 1/10/10 1/10/10 1/10/10 1/10/10 1/10/10 1/10/10/10 1/10				400	r. +	30.22		1 720 7		468.26	(252.4		-14.67%
Tier Two Breakover (M Gai): 10 10 2,202.16 1,202.17 1,202.16 1,202.17 1,202		က		450 150		77.7		1 011 1	•	331.21	(279.9	(96	-14.65%
Tier Three Breakover (M Gai): 99,999 600 2,292 16 1,957 12 (335 G4)  Tier One Rate: 2,482 64 2,482 64 2,100 07 (395 14)  2,1026 - 750 2,863 61 2,485 97 (395 14)  Tier Three Rate: 2,282 16 1,282 16 1,283 17 (395 14)  Tier Three Rate: 2,282 16 1,283 17 (395 14)  Tier Three Rate: 2,282 16 1,283 17 (395 14)  Tier Three Rate: 2,282 16 1,283 17 (395 14)  Tier Three Rate: 2,282 16 1,283 17 (395 14)  Tier Three Rate: 2,282 16 1,283 17 (395 14)  Tier Three Rate: 2,282 16 1,283 17 (395 14)  Tier Three Rate: 2,282 16 1,283 17 (395 14)  Tier Three Rate: 2,282 16 1,283 17 (395 14)  Tier Three Rate: 2,283 17 (395 14)  Tier Three Rate: 2,282 16 1,283 17 (395 14)  Tier Three Rate: 2,283 17 (395 14)  Tier Three Rate: 1,116 11 (395 14)  Tier Three Rate: 1,116 11 (395 14)  Tier Three Rate: 1,116 11 (395 14)  Tier Three Rate: 1,116 11 (395 14)  Tier Three Rate: 1,116 11 (395 14)  Tier Three Rate: 1,116 11 (395 14)  Tier Three Rate: 1,116 11 (395 14)  Tier Three Rate: 1,116 11 (395 14)  Tier Three Three Three Three Three Three Three Three Thre	•	10		200	, c	01.13	•	2.101.6		794.16	(307.5	51)	-14.63%
Tier One Ratie: \$ 1.1879 \$ - 650	•	666'66		920 800	2,2	92.16	•	2,292.1	•	957.12	(335.0	<u>\$</u>	-14.62%
Tier Two Rate: 2:1026 - 700 2.673.13 - 2.673.13 2.283.02 (390.11)  Tier Twee Rate: 3.2590 - 700 3.68.16 - 3.064.10 2.608.32 (445.10)  Tier Three Rate: 3.2590 - 3.2590 - 3.2458 - 3.244.89 7 (445.10)  850 3.68.16 - 3.064.10 2.608.32 (472.11)  870 3.816.04 - 3.264.72 2.948.3 (472.11)  870 3.816.04 - 3.264.72 2.948.3 (472.11)  870 3.816.04 - 3.260.73 (472.11)  870 3.816.04 - 3.260.73 (472.11)  870 3.816.04 - 3.260.73 (472.11)  870 3.816.04 - 3.260.73 (472.11)  870 3.816.04 - 3.260.73 (472.11)  870 3.816.04 - 3.260.73 (472.11)  870 3.816.04 - 3.260.73 (472.11)  870 3.816.04 - 3.260.73 (472.11)  870 1.435.44 - 11.435.44 9.778.81 (1.156.59.3)  870 1.435.44 - 11.435.44 9.778.81 (1.156.59.3)  870 1.435.44 - 11.435.44 9.778.81 (1.156.59.3)  870 1.435.47 - \$ 33.88 \$ 77.00 \$ \$ (8.52)  870 1.435.47 - \$ 33.88 \$ 77.00 \$ \$ (8.52)  870 1.435.40 - \$ 3.260.73 \$ (8.52)  870 1.435.40 - \$ 3.260.73 \$ (8.52)  870 1.435.44 - \$ 3.260.73 \$ (8.52)  870 1.435.44 - \$ 3.260.73 \$ (8.52)  870 1.435.44 - \$ 3.260.73 \$ (8.52)  870 1.435.44 - \$ 3.260.73 \$ (8.52)  870 1.435.44 - \$ 3.260.73 \$ (8.52)  870 1.435.44 - \$ 3.260.73 \$ (8.52)  870 1.435.44 - \$ 3.260.73 \$ (8.52)  870 1.435.44 - \$ 3.260.73 \$ (8.52)  870 1.435.44 - \$ 3.260.73 \$ (8.52)  870 1.435.44 - \$ 3.260.73 \$ (8.52)  870 1.435.40 - \$ 3.260.73 \$ (8.52)  870 1.435.40 - \$ 3.260.73 \$ (7.79)  870 1.435.40 - \$ 3.260.73 \$ (7.		1 1879	1	650	2,4	82.64	•	2,482.6		120.07	(362.	( <del>8</del> )	-14.60%
Ther Three Rate: 3.2590 - 750 2.883.61 - 2.883.61 2.445.97 (471.71)  800 3.044.10 - 3.044.89 2.7771.88 (472.71)  800 3.044.6 - 3.244.89 2.7771.89 (472.71)  800 3.445.07 - 3.445.89 2.7771.89 (472.71)  800 3.445.07 - 3.445.89 2.7771.89 (472.71)  8100 3.445.07 - 3.445.89 2.7771.89 (472.71)  8100 3.445.07 - 3.445.89 2.7771.89 (472.71)  8100 3.445.07 - 3.445.97 (472.71)  8100 3.445.07 - 3.445.97 (472.71)  8100 3.445.07 - 3.445.97 (472.71)  8100 3.445.07 - 3.445.97 (472.71)  8100 3.445.07 - 3.445.97 (472.71)  8100 3.445.07 - 3.445.97 (472.71)  8100 3.445.07 - 3.445.97 (472.71)  8100 3.445.07 - 3.445.97 (472.71)  8100 3.445.07 - 3.445.97 (472.71)  8100 3.445.07 - 3.445.97 (472.71)  8100 3.445.07 - 3.445.97 (472.71)  8100 4.455.74 - 14.452.9 (472.71)  8100 4.455.74 - 14.452.9 (1.105.97)  8100 4.455.74 - 14.452.9 (1.105.97)  8100 6.55.74 - 14.452.9 (1.105.97)  8100 7.625.74 - 14.452.9 (1.105.97)  8100 7.625.74 - 14.452.9 (1.105.97)  8100 7.625.74 - 14.422.9 (1.105.97)  8100 8.445.97 (1.105.97)  8100		2.1026	,	00,	2,6	73.13		2,673.1		283.02	(390.	£ 3	-14.337
800 3,044,10 - 3,1044,10 - 5,700,522 (472.71) 800 3,244,58 - 3,244,58 2,771,88 8 (472.71) 800 3,445,07 2,934,83 (500.24) 1,000 3,456,07 - 3,456,07 2,934,83 (500.24) 1,000 3,466,04 - 3,486,07 2,934,83 (500.24) 1,000 7,665,4 - 7,625,74 6,519,77 (1105.97) 2,000 7,665,4 - 7,625,74 6,519,77 (1105.97) 2,000 7,665,4 - 7,625,74 6,519,77 (1105.97) 2,000 1,435,4 - 11,435,44 9,778,81 (1,656.53) 3,000 11,435,44 - 11,435,44 9,778,81 (1,656.53) 8,300 11,435,44 9,778,81 (1,656.53) 8,300 11,435,44 9,778,81 (1,656.53) 8,000 11,435,44 9,778,81 (1		3.2590	,	750	2,8	63.61		2,863.6		445.97	(417)		-14.58%
860 3,454,58 - 3,445,07 2,944 83 (500.24) 900 3,816.04 3,456.07 2,944 83 (555.31) 1,000 3,816.04 - 3,816.04 3,260.73 (556.31) 1,500 7,525,74 6,518,77 (1,105.97) 2,500 7,525,74 - 1,1435,44 9,778.81 (1,105.97) 3,000 11,435,44 9,778.81 (1,105.97) 1,1435,44 9,778.81 (1,105.97) 3,000 11,435,44 9,778.81 (1,105.97) 3,000 11				800	0,0	54.10		3,034.1		500.32 771 88	(472)		-14.57%
1,000 3,4550 - 5,720.89 4,890.25 (1,05.31) 1,500 7,625.74 - 5,720.89 4,890.25 (1,05.97) 2,000 7,625.74 - 7,625.74 - 7,625.74 (1,05.97) 2,000 7,625.74 - 7,625.74 - 7,625.74 (1,05.97) 2,000 1,435.44 - 11,435.44 9,778.81 (1,381.30) 3,000 1,435.44 - 11,435.44 9,778.81 (1,381.30) 8,338.8 \$ - \$ 39.17 \$ 30.65 \$ (8.52)    Median Usage: 6.5 \$ 33.88 \$ 27.00 \$ \$ (6.89)   Standardized Usage: 7.5 Service at Lifeline Usage (3.0 M Gal): \$ 28.97	32			820	ω.	44.58	•	3,244.0		771.00	(500)	. <del>(</del> 4	-14.56%
1,000 5,70.89 - 5,70.89 4,890.25 (830.64) 1,500 7,625.74 - 7,625.74 6,519.77 (1,105.97) 2,000 7,625.74 - 7,625.74 6,519.77 (1,105.97) 2,500 7,625.74 - 7,625.74 6,519.77 (1,105.97) 2,500 11,435.44 - 11,435.44 9,778.81 (1,105.97) 3,000 11,435.44 - 11,435.44 9,778.81 (1,105.63) 3,000 11,435.45 - 11,435.44 9,778.81 (1,105.63) 3,000 11,435.45 - 11,435.47 (1,105.63) 3,000 11,435.45 - 11,435.44 1,136.81 (1,105.63) 3,47% 3,28% 3,2	33			006	3,4	35.07	•	0,450.0		260.73	(555)	31)	-14.55%
1,500 7,525.74 6,519.77 (1,105.97) 2,000 9,530.59 - 9,530.59 8,149.29 (1,381.30) 2,500 11,435.44 - 11,435.44 9,778.81 (1,656.63) 3,000 11,435.44 - 11,435.44 9,778.81 (1,656.63) 3,000 11,435.44 - 11,435.44 9,778.81 (1,656.63) 3,000 11,435.44 9,778.81 (1,799.63) 3,000 11,435.44 9,778.81 (1,799.63) 3,000 11,435.44 9,778.81 (1,799.63) 3,000 11,435.44 9,778.81 (1,799.63) 3,000 11,435.44 9,778.81 (1,799.63) 3,000 11,435.44 9,778.81 (1,799.63) 3,000 11,435.44 9,778.81 (1,799.63) 3,000 11,435.44 9,778.81 (1,799.63) 3,000 11,435.44 9,778.81 (1,799.63) 3,000 11,435.44 9,778.81 (1,799.63) 3,000 11,435.44 9,778.81 (1,799.63) 3,000 11,435.44 9,778.81 (1,799.63) 3,000 11,435.44 9,778.81 (1,799.63) 3,000 11,435.44 9,778.81 (1,799.63) 3,000 11,435.44 9,778	34			1,000	יט נע מ'ינע	10.04		5,720.8		890.25	(830.	_	-14.52%
2,500 9,530.59 - 9,530.59 8,149.29 (1,331.30) 3,000 11,435,44 - 11,435,44 9,778.81 (1,656.63) 3,000 11,435,44 - 11,435,44 9,778.81 (1,656.63)  Average Usage: 8.3 \$ 39.17 \$ - \$ 30.65 \$ \$ (8.52)  Median Usage: 6.5 \$ 33.88 \$ 27.00 \$ \$ (6.88)  Standardized Usage: 7.5 \$ 36.82 \$ 29.03 \$ (7.79)  Proposed Bill at Lifeline Usage (3.0 M Gal): \$ 19.56  Cost of Service at Lifeline Usage: 32.47%  Cost of Service at Average 1.500.85 \$ 40.23  Cost of Service at Average 1.500.85 \$ 40.23	35			006,		25.74		7,625.7		519.77	(1,105.		-14.50%
Average Usage: 8.3 \$ 39.17 \$ - \$ 39.17 \$ 30.65  Average Usage: 8.3 \$ 39.17 \$ - \$ 30.65  Median Usage: 6.5 \$ 33.88 \$ - \$ 33.88 \$ 27.00  Standardized Usage: 7.5 \$ 36.82 \$ 29.03  Proposed Bill at Lifetine Usage (3.0 M Gal): \$ 19.56  Cost of Service at Lifetine Usage: \$ 32.47%  Cost of Service at Average (3.0 M Sal): \$ 28.97  Cost of Service at Average (3.0 M Sal): \$ 28.97  Cost of Service at Average (3.0 M Sal): \$ 28.97  Cost of Service at Average (3.0 M Sal): \$ 28.97  Average Usage: \$ 20.03  Standardized Usage: \$ 20.05  Standardized U	36			2,000	· σ	30.59	•	9,530.5		149.29	(1,381)	30)	-14.49%
Average Usage: 8.3 \$ 39.17 \$ - \$ 30.17 \$ 30.65 \$ (8.52)  Median Usage: 6.5 \$ 33.88 \$ 27.00 \$ (6.88)  Standardized Usage: 7.5 \$ 36.82 \$ - \$ 36.82 \$ 29.03 \$ (7.79)  Proposed Bill at Lifeline Usage (3.0 M Gal): \$ 19.56  Cost of Service at Lifeline Usage: 3.2.47%  Cost of Service at Average Usage: \$ 40.23	37			3,000	1,1	35.44	•	11,435.4	_	778.81	(1,656.	63)	-14.49%
Average Usage: 8.3 \$ 39.17 \$ - \$ 39.17 \$ 30.65 \$ \$ (8.52)  Median Usage: 6.5 \$ 33.88 \$ - \$ 33.88 \$ 27.00 \$ \$ (6.88)  Standardized Usage: 7.5 \$ 36.82 \$ 29.03 \$ (7.79)  Proposed Bill at Lifeline Usage (3.0 M Gal): \$ 19.56  Cost of Service at Lifeline Usage: 3.2 47%  Cost of Service at Average Usage: \$ 40.23	39												
Median Usage: 6.5 \$ 33.88 \$ 27.00 \$ (7.79)	40		Average Usage:	8.3	ø		•			30.65		52)	-21.76%
Standardized Usage: 7.5 \$ 36.82 \$ 29.03 \$ (7.79)  Proposed Bill at Lifeline Usage (3.0 M Gal): \$ 19.56  Cost of Service at Lifeline Usage: \$ 28.97  Cost of Service at Average Usage: \$ 40.23	42		Median Usage:	6.5	69					27.00		9 9	24 468
Proposed Bill at Lifeline Usage (3.0 M Gal): \$ Cost of Service at Lifeline Usage (3.0 M Gal): \$ % Cost Discount at Lifeline Usage: Cost of Service at Average Usage: \$	43		Standardized Usage:	7.5	κs					29.03		(6)	-21.12-
Cost of Service at Lifeline Usage (3.0 M Gal): \$ % Cost Discount at Lifeline Usage: \$ Cost of Service at Average Usage: \$	44				Propose	d Bill at Life	ine Usage	(3.0 M Gal		19.56			
Cost of Service at Average Usage: \$	45 1.				Cost of Se	rvice at Life	ine Usage	(3.0 M Gal ifeline Usac	₩.	28.97 32.47%			
Cost of Service at Average Usage: \$	40												
	49					Cost of Se	rvice at Av	erage Usag	₩	40.23			

Exhibit
Schedule H-4 Settlement
Page 3 of 4
Witness: Reiker

l Bill Analysis						White Tank					Ξ		
	[A] [A]	3	[5]		[0]	<u>u</u>		E	<u>5</u>		2	:	
					,		Typical Bill	=			5	Increase	
	ACRM/	/ Wi	Monthly	thly			1		Proposed	D .			
	Base PPA	PPA	Consu	Consumption (M Gal)	Base		Surcharge	Total	Settlement	vent	Amount	Percent	tu:
470i- 4/8 × 8/8 Interesting of		AR III		-	6	20 77 CC	65	22.72	. Z	23.00	\$ 0.28		1.23%
Kesidelika yoʻyoʻ				, "			•	31.79	es	32.00	0.21		0.00%
				. 12	a un	54.98	•	54.98	ω (	62.00	19 97		29.42%
				50	w	67.87		67.87	» ;	87.83	32.91		40.76%
Present Rates				25	۵.	80.75		80.75	= ;	13.00	45.86		48.98%
				30	<b>u</b> , ;	93.64	,	93.54	2 4	165.33	58.81		55.21%
	\$ 22.72 \$			35	7	106.52		119 40	2 12	191.16	71.76		%60.09%
Basic Service Criarge.				40	- +	132.29	, ,	132.29	2	216.99	84.70		64.03% 67.26%
Tier One Breakover (M Gal):	3			5 E	-	145.17		145.17	7	242.82	110 60		%26.69
Tier Two Breakover (M Gal):	10			22	₹:	158.06	,	158.06	× ×	268.66 294.49	123.55		72.27%
Tier Three Breakover (M Gal):	000,00			90		170.94	• 1	183.83	iờ	320.32	136.49		74.25%
Tier One Rate:	\$ 1.6493 \$	1		65		183.63	, ,	196.71		346.15	149.44		77.48%
Tier Two Rate:	2.0614			75	. 2	209.60	,	209.60		371.98	227.13		82.89%
Tier Three Rate:	2.5769			100	2	274.02		274.02	• •	501.14 759.46	356.60		88.52%
				150	4 (	402.86	,	531 71	-	1.017.78	486.08		91.42%
themelia Settlement				200	n w	531.71		660.55		1,276.10	615.55		93.19%
Floposed Nates - Conformation				300	, 1~	789.40	,	789.40		1,534.42	874.50		95.24%
	9			350	u,	918.24		918.24		1,192.14	1,003.98		95.88%
Basic Service Charge:	\$ 23.00	,		400	<u>-</u> - ;	,047.09		1 175 03		2 309 38	1,133.45		96,39%
(10 M)	LC:			450		,1/5.93		20.071,1		2 567 70	1,262.93		%62.96
Tier One Breakover (M Gal):	. 15			200		,304.78		1,304.70		2,826.02	1,392.40		97.12%
Tier Three Breakover (M Gal):	666'66			220		562.47		1,562.47		3,084.34	1,521.88		97.40%
				650		691.31		1,691.31		3,342.66	1,651.35		97.04%
Tier One Rate:	\$ 1.8000 \$			200	~	,820.16		1,820.16		3,600.98	1 910.30		98.01%
Tier Two Rate:	5.0000			750	÷.	,949.00		1,949.00		3,859.30	2,039.78		98.17%
Tier Inree Kate:	500			800	, 20	2,077.85		2,077.03		4,375.94	2,169.25		98.30%
				850	vi c	2,200.03		2 335 54		4,634.26	2,298.73	1.73	98.42%
				900	, c	2,555.54	,	2,593.23		5,150.90	2,557.68	89.	98.53%
				500,1	in	3,881.68		3,881.68		7,734.10	3,852.43	5 t 2	99.53%
				2,000	'n	5,170.13		5,170.13		10,317.30	6 441 93	69	99.74%
				2,500	o,	6,458.58		6,458.58		12,900.50	7,736,68	99.08	86.87%
				3,000	7,	7,747.03	,	7,747.03		07.504	<del>.</del>		
										27		6.55	12.57%
			Average Usage:	13.9	<del>(s)</del>	52.16 \$				58.72	. ea	3.96	9.89%
			Median Usage:	9.0	<del>65</del> 6	40.02 \$		\$ 40.02 \$ 36.94	9 49 N #	39.50		2.56	6.92%
		Standa	dardized Usage:	c.	•								
					Proposi Cost of S	Proposed Bill at Lifeline Usage (3.0 M Gal): Cost of Service at Lifeline Usage (3.0 M Gal): % Cost Discount at Lifeline Usage	ine Usage ine Usage count at L	I Bill at Lifeline Usage (3.0 M Gal): vice at Lifeline Usage (3.0 M Gal): % Cost Discount at Lifeline Usage:		28.40 40.91 30.58%			
						Cost of Service at Average Usage:   Cost Discount at Average Usage:	vice at Av	Cost of Service at Average Usage:	₩	75.02 21.73%			
						1							

Supporting Schedules:

I.A. W ER COMPANY Ended December 31, 2010 Analysis				)						Schedule	Schedule H-4 Settlement Page 4 of 4 Witness: Reiker
	[A]	<u>6</u>		[0]	[D]	国	[4]	[9]	H	Ξ	
				- - -		Typic	Typical Bill	Proposed	Increase	ase	
	Base	PPA PPA	Cons	Consumption	a a a	Present Rates Surcharde	Total	Rates - Settlement	Amount	Percent	
Residential 5/8 x 3/4 -inch	Kales	on crange		Car	3		Ì		6 (0.18)	-0 64%	
					\$ 25.16	· &>	\$ 25.16	\$ 25.00 46.99		%90°6-	
				ល ស៊ី	119.43	. ,	119.43	122.85	3.42	2.87%	
Present Rates				50	157.07		157.07	168.96	11.89	10.46%	
				322	194.72 232.37	. ,	232.37	261.19	28.83	12.41%	
Basic Service Charge:	\$ 25.16	· ·		32	270.01	•	270.01	307.31	37.30	13.81%	
5				40	307.66		307.66	353.42	54.23	15.71%	
Tier One Breakover (M Gal):	w E			ზ <u>გ</u>	382.95	•	382.95	445.65	62.70	16.37%	
Tier Three Breakover (M Gal):	666'66			55	420.60	•	420.60	491.76	71.17	17.38%	
				<b>8</b> 8	458.24	• •	456.24	583.99	88.10	17.77%	
Tier One Rate:	\$ 4.8189	, ,		2 62	493.69 533.53		533.53	630.11	96.57	18.10%	
Tier I wo Kate: Tier Three Rate:	7.5292	•		75	571.18	•	571.18	676.22	105.04	19.41%	
				100	759.41		1 135 87	1.367.93	232.06	20.43%	
				150	1,135.87		1,512.33	1,829.07	316.74	20.94%	
Proposed Rates - Settlement				250 250	1,888.79	•	1,888.79	2,290.21	401.42	21.25%	
				300	2,265.25	•	2,265.25	2,751.36	570 79	21.61%	
Basic Service Charge:	\$ 25.00	· 69-		350	2,641.71	•	2,641./1	3,212.50	655.47	21.72%	
	c			450 450	3,018.17	•	3,394,63	4,134.78	740.15	21.80%	
Tier One Breakover (M Gal): Tier Two Breakover (M Gal):	, t			200	3,771.09	1	3,771.09	4,595.92	824,83	21.87%	
Tier Three Breakover (M Gal):	666'66			550	4,147.55	1	4,147.55	5,057.06	909,51	21.93%	
				000	4,524.01		4,924.01	5,979.34	1,078.87	22.02%	
Lier One Kate:	5.3517			202	5.276.93	•	5,276.93	6,440.49	1,163.56	22.05%	
Tier Three Rate:	9.2228	•		750	5,653.39	1	5,653.39	6,901.63	1,248.24	22.08%	
				800	6,029.85	ţ	6,029.85	7,362.77	1,332.92	22 13%	I
				850	6,406.31	•	6,406.31	7,823.91 8.285.05	1,502.28	22.15%	OC
				900	7,795,60		7 535.69	9,207,33	1,671.64	22.18%	OC
				500,1	11,300.29	1	11,300.29	13,818.74	2,518.45	22.29%	CK
				2,000	15,064.89	•	15,064.89	18,430.16	3,365.27	22.34%	Ε
				2,500	18,829.49	•	18,829.49	23,041.57	4,212,08 6,058,80	22.31%	Τ
				3,000	22,594.09		22,594.09	21,052.30			NC
			Average Usage:	8.		• <del>•</del>	\$ 50.24		\$ (4.56)		). V
			Median Usage:	3.2	\$ 40.83					1	V-
			Standardized Usage:	7.5				\$ 61.86		-7.29%	-01
					Proposed Bill a	t Lifeline Usa	ge (3.0 M Gal):	\$ 35.09			44
					Cost of Service at Lifeline Usage (3.0 M Gal): % Cost Discount at Lifeline Usage	t Lifeline Usa st Discount af	vice at Lifeline Usage (3.0 M Gal): % Cost Discount at Lifeline Usage:	\$ 42.27 17.00%			5A-
					Cost	of Service at	Cost of Service at Average Usage:	₩			10
					% Cost	Discount at	% Cost Discount at Average Usage:	15.14%			-0: