

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 MIKE GLEASON  
CHAIRMAN

3 WILLIAM A. MUNDELL  
COMMISSIONER

4 JEFF HATCH-MILLER  
COMMISSIONER

5 KRISTIN K. MAYES  
COMMISSIONER

6 GARY PIERCE  
COMMISSIONER

7  
8 IN THE MATTER OF THE APPLICATION OF  
9 ARIZONA-AMERICAN WATER COMPANY,  
10 AN ARIZONA CORPORATION, FOR A  
11 DETERMINATION OF THE CURRENT FAIR  
12 VALUE OF ITS UTILITY PLANT AND  
PROPERTY AND FOR INCREASES IN ITS  
RATES AND CHARGES BASED THEREON  
FOR UTILITY SERVICE BY ITS ANTHEM  
WATER AND ANTHEM/AGUA FRIA  
WASTEWATER DISTRICTS.

Docket No. WS-01303A-06-0403

13  
14 **NOTICE OF FILING**

15  
16 The Residential Utility Consumer Office ("RUCO") hereby provides notice of filing its  
17 final position post hearing schedules, in the above-referenced matter.

18  
19 RESPECTFULLY SUBMITTED this 6<sup>th</sup> day of November 2007.

20  
21  
22 \_\_\_\_\_  
Daniel W. Pozefsky  
23 Attorney

1 AN ORIGINAL AND THIRTEEN COPIES  
of the foregoing filed this 6<sup>th</sup> day  
2 of November 2007 with:

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

5 COPIES of the foregoing hand delivered/  
6 mailed this 6<sup>th</sup> day of November 2007 to:

7 Teena Wolfe  
Administrative Law Judge  
8 Hearing Division  
Arizona Corporation Commission  
9 1200 West Washington  
Phoenix, Arizona 85007

By \_\_\_\_\_  
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24

**FINAL**  
**TABLE OF CONTENTS TO RLM SCHEDULES**

<u>SCH. NO.</u>	<u>PAGE NO.</u>	<u>TITLE</u>
FINAL-RLM-1	1	REVENUE REQUIREMENT AND GROSS REVENUE CONVERSION FACTOR
FINAL-RLM-2	1	SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS
FINAL-RLM-6	1	OPERATING INCOME
FINAL-RLM-7	1	SUMMARY OF OPERATING INCOME ADJUSTMENTS
FINAL-RLM-14	1	RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
FINAL-RLM-15	1	TYPICAL BILL ANALYSIS

**FINAL  
REVENUE REQUIREMENT**

LINE NO.	DESCRIPTION	(A) COMPANY OCRB/FVRB COST	(B) RUCO OCRB/FVRB COST
1	Fair Value Rate Base	\$ 36,721,140	\$ 32,579,264
2	Adjusted Operating Income (Loss)	\$ 803,352	\$ 965,789
3	Current Rate Of Return (L2 / L1)	2.19%	2.96%
4	Required Operating Income (L5 X L1)	\$ 2,963,396	\$ 2,353,526
5	Required Rate Of Return On Fair Value Rate Base	8.07%	7.22%
6	Operating Income Deficiency (L4 - L2)	\$ 2,160,044	\$ 1,387,737
7	Gross Revenue Conversion Factor (SURR-RLM-1, Page 2)	1.6286	1.6286
8	Increase In Gross Revenue Requirement (L7 X L6)	<b>\$ 3,517,923</b>	<b>\$ 2,260,117</b>
9	Adjusted Test Year Revenue	\$ 6,867,750	\$ 6,867,609
10	Proposed Annual Revenue (L8 + L9)	\$ 10,385,673	\$ 9,127,726
11	Required Percentage Increase In Revenue (L8 / L9)	51.22%	32.91%
12	Rate Of Return On Common Equity	11.75%	10.01%

References:

- Column (A): Company Schedules A-1 and C-1
- Column (B): RUCO Schedule RLM-1 Page 2, RLM-6, And RLM-16

**FINAL**  
**SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS**

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
		COMPANY FINAL POSITION OCR / FVRB	ADJ NO. 5 PHX CONNECT'N	ADJ NO. 7 WORKING CAPITAL	RUCO ADJ'TED OCR/FVRB
1	Gross Utility Plant In Service	\$ 77,172,976	\$ -	\$ -	\$ 77,172,976
2	Amortization Of Phoenix Interconnection	-	-	-	-
3	Accumulated Depreciation	(7,533,419)	-	-	(7,533,419)
4	Net Utility Plant In Service (Sum L1, L2 & L3)	<u>\$ 69,639,557</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,639,557</u>
5	Advances In Aid Of Const.	\$ (26,012,655)	\$ -	\$ -	\$ (26,012,655)
6	Contribution In Aid Of Const.	\$ (117,915)	\$ -	\$ -	\$ (117,915)
7	Accumulated Amortization Of CIAC	5,025	-	-	5,025
8	NET CIAC (L6 + L7)	<u>\$ (112,890)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (112,890)</u>
9	Regulatory Asset - Phoenix Interconnection	\$ 5,000,000	\$ (4,000,000)	\$ -	\$ 1,000,000
10	Amortization Of Regulatory Asset	(100,000)	72,603	-	(27,397)
11	Imputed Regulatory Advances	\$ (11,373,805)	\$ -	\$ -	\$ (11,373,805)
12	Imputed Regulatory Contributions	\$ (649,675)	\$ -	\$ -	\$ (649,675)
13	Customer Meter Deposits	\$ (2,880)	\$ -	\$ -	\$ (2,880)
14	Deferred Income Taxes And Credits	\$ 284,160	\$ -	\$ -	\$ 284,160
15	Investment Tax Credits	\$ (11,546)	\$ -	\$ -	\$ (11,546)
16	Allowance For Working Capital	<u>\$ 60,874</u>	<u>\$ -</u>	<u>\$ (241,877)</u>	<u>\$ (181,003)</u>
17	TOTAL RATE BASE (Sum L's 4, 5, & 8 Thru 16)	<u>\$ 36,721,140</u>	<u>\$ (3,927,397)</u>	<u>\$ (241,877)</u>	<u>\$ 32,579,264</u>

**FINAL  
OPERATING INCOME STATEMENT**

LINE NO.	DESCRIPTION	(A) COMPANY FINAL POSITION	(B) RUCO TEST YEAR ADJ'MTS	(C) RUCO TEST YEAR AS ADJ'TED	(D) RUCO PROP'D CHANGES	(E) RUCO AS RECOMM'D
Revenues:						
1	Metered Water Revenues	\$ 4,878,311	#REF!	\$ 4,878,311	\$ 2,260,117	\$ 7,138,428
2	Unmetered Water Revenues	63,022	#REF!	63,022	-	63,022
3	Other Water Revenues	1,926,276	#REF!	1,926,276	-	1,926,276
4	<b>TOTAL OPERATING REVENUE</b>	<b>\$ 6,867,609</b>	<b>#REF!</b>	<b>\$ 6,867,609</b>	<b>\$ 2,260,117</b>	<b>\$ 9,127,726</b>
Operating Expenses:						
5	Labor	\$ 543,415	\$ (21,785)	\$ 521,630	\$ -	\$ 649,372
6	Purchased Water	649,372	-	649,372	-	845,394
7	Fuel & Power	845,394	-	845,394	-	56,331
8	Chemicals	56,331	-	56,331	-	-
9	Waste Disposal	-	-	-	-	876,283
10	Management Fees	876,283	-	876,283	-	93,977
11	Group Insurance	93,867	110	93,977	-	35,066
12	Pensions	35,066	-	35,066	-	30,660
13	Regulatory Expense	50,000	(19,340)	30,660	-	105,108
14	Insurance Other Than Group	105,108	-	105,108	-	123,069
15	Customer Accounting	123,069	-	123,069	-	14,150
16	Rents	14,150	-	14,150	-	72,194
17	General Office Expense	72,634	(440)	72,194	-	221,628
18	Miscellaneous	298,548	(76,920)	221,628	-	184,699
19	Other Maintenance	184,699	-	184,699	-	1,756,286
20	Depreciation & Amortization	1,908,304	(152,018)	1,756,286	-	42,154
21	Taxes Other Than Income	43,820	(1,666)	42,154	-	326,572
22	Property Taxes	395,566	(68,994)	326,572	-	(52,752)
23	Income Tax	(231,370)	178,618	(52,752)	872,380	872,380
24	Rounding	2	-	-	-	-
25	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 6,064,258</b>	<b>\$ (162,436)</b>	<b>\$ 5,901,820</b>	<b>\$ 872,380</b>	<b>\$ 6,252,570</b>
26	<b>OPERATING INCOME (LOSS)</b>	<b>\$ 803,351</b>		<b>\$ 965,789</b>		<b>\$ 2,875,156</b>

References:

- Column (A): Company Schedule C-1
- Column (B): SURR-RLM-7, Columns (B) Thru (U)
- Column (C): Column (A) + Column (B)
- Column (D): SURR-RLM-1, Pages 1 & 2
- Column (E): Column (C) + Column (D)

**FINAL  
SUMMARY OF OPERATING INCOME ADJUSTMENTS  
TEST YEAR AS FILED AND ADJUSTMENTS**

LINE NO.	DESCRIPTION	(A) COMPANY FINAL POSITION	(B) ADJ NO. 3 PHX CONNECTN	(C) ADJ NO. 4 DEPRECN EXPENSE	(D) ADJ NO. 6 DIRECT PAYROLL	(E) ADJ NO. 7 CORP. PAYROLL	(F) ADJ NO. 8 RATE CASE EXP.	(G) ADJ NO. 9 INAPPROP. MISC. EXP.	(H) ADJ NO. 11 CONSERV. BUDGET	(I) ADJ NO. 12 PROPERTY TAX	(J) ADJ NO. 13 INCOME TAX	(K) RUCCO AS ADJT'D
Revenues:												
1	Metered Water Revenues	\$ 4,878,311	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,878,311
2	Unmetered Water Revenues	63,022	-	-	-	-	-	-	-	-	-	63,022
3	Other Water Revenues	1,926,276	-	-	-	-	-	-	-	-	-	1,926,276
4	TOTAL OPERATING REV.	<u>\$ 6,867,609</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,867,609</u>
Operating Expenses:												
5	Labor	\$ 543,415	\$ -	\$ -	\$ (17,065)	\$ (4,720)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 521,630
6	Purchased Water	649,372	-	-	-	-	-	-	-	-	-	649,372
7	Fuel & Power	845,394	-	-	-	-	-	-	-	-	-	845,394
8	Chemicals	56,331	-	-	-	-	-	-	-	-	-	56,331
9	Waste Disposal	-	-	-	-	-	-	-	-	-	-	-
10	Management Fees	876,283	-	-	-	-	-	-	-	-	-	876,283
11	Group Insurance	93,867	-	-	98	12	-	-	-	-	-	93,977
12	Pensions	35,066	-	-	-	-	-	-	-	-	-	35,066
13	Regulatory Expense	50,000	-	-	-	-	(19,340)	-	-	-	-	30,660
14	Insurance Other Than Group	105,108	-	-	-	-	-	-	-	-	-	105,108
15	Customer Accounting	123,069	-	-	-	-	-	-	-	-	-	123,069
16	Rents	14,150	-	-	-	-	-	-	-	-	-	14,150
17	General Office Expense	72,634	-	-	(418)	(22)	-	-	-	-	-	72,194
18	Miscellaneous	298,548	-	-	-	-	-	(69,420)	(7,500)	-	-	221,628
19	Other Maintenance	184,699	-	-	-	-	-	-	-	-	-	184,699
20	Depreciation & Amortization	1,908,304	(145,205)	(6,813)	-	-	-	-	-	-	-	1,756,286
21	Taxes Other Than Income	43,820	-	-	(1,589)	(78)	-	-	-	-	-	42,154
22	Property Taxes	395,566	-	-	-	-	-	-	(68,994)	-	-	326,572
23	Income Tax	(231,370)	-	-	-	-	-	-	-	178,618	-	(52,752)
24	Rounding	2	-	-	-	-	-	-	-	-	-	2
25	TOTAL OPERATING EXP.	<u>\$ 6,064,258</u>	<u>\$ (145,205)</u>	<u>\$ (6,813)</u>	<u>\$ (18,973)</u>	<u>\$ (4,808)</u>	<u>\$ (19,340)</u>	<u>\$ (69,420)</u>	<u>\$ (7,500)</u>	<u>\$ (68,994)</u>	<u>\$ 178,618</u>	<u>\$ 5,901,822</u>

**FINAL**  
**RATE DESIGN AND PROOF OF RECOMMENDED REVENUE**

LINE NO.	DESCRIPTION	(A) TEST YEAR DETERMIN'TS	(B) ANN'ZED ADJUSTM'TS	(C) TEST YEAR ADJUSTED DETERMIN'TS	(D) PROPOSED CHARGES & USAGE FEES	(E) RUCO PROPOSED REVENUES	(F) TOTAL REVENUES
<b>RESIDENTIAL CUSTOMERS</b>							
1	G-1 - 5/8" & 3/4"	51,069	2,742	53,811	\$ 19.29	\$ 1,037,828	
2	G-1 - 1"	36,408	1,133	37,541	\$ 33.94	1,274,303	
3	G-1 - 1.5"	709	104	813	\$ 78.11	63,505	
4	G-1 - 2"	218	-	218	\$ 102.03	22,194	
5	G-1 - 3"	9	3	12	\$ 195.37	2,344	
6	Total Customers	<u>88,412</u>	<u>3,982</u>	<u>92,395</u>			\$ 2,400,175
Commodity Usage							
7	First Tier	309,833,000	15,500,471	325,333,471	\$ 1.44	\$ 469,069	
8	Second Tier	516,628,000	20,821,422	537,449,422	\$ 2.11	1,135,177	
9	Third Tier	75,909,000	1,542,000	77,451,000	\$ 3.18	246,543	
10	Total Usage	<u>902,370,000</u>	<u>37,863,893</u>	<u>940,233,893</u>			\$ 1,850,789
11	TOTAL RESIDENTIAL CUSTOMERS REVENUE						<u>\$ 4,250,963</u>
<b>COMMERCIAL CUSTOMERS</b>							
12	G-1 - 5/8" & 3/4"	51	3	54	\$ 32.77	\$ 1,769	
13	G-1 - 5/8" & 3/4"	184	9	193	\$ 32.77	6,324	
14	G-1 - 1"	71	3	74	\$ 57.67	4,268	
15	G-1 - 1"	209	10	219	\$ 57.67	12,630	
16	G-1 - 1.5"	26	1	27	\$ 132.71	3,583	
17	G-1 - 1.5"	264	13	277	\$ 132.71	36,762	
18	G-1 - 2"	92	4	96	\$ 173.35	16,641	
19	G-1 - 2"	810	39	849	\$ 173.35	147,171	
20	G-1 - 3"	115	6	121	\$ 331.95	40,165	
21	G-1 - 3"	307	15	322	\$ 331.95	106,886	
22	Total Customers	<u>2,130</u>	<u>102</u>	<u>2,232</u>			\$ 376,201
Commodity Usage							
23	First Tier	120,878,000	11,935,387	132,813,387	\$ 2.11	\$ 280,523	
24	Second Tier	106,626,905	7,894,614	114,521,519	\$ 3.18	364,546	
25	Total Usage	<u>227,504,905</u>	<u>19,830,001</u>	<u>247,334,906</u>			\$ 645,069
26	TOTAL COMMERCIAL CUSTOMERS REVENUE						<u>\$ 1,021,270</u>
<b>IRRIGATION CUSTOMERS</b>							
27	Total Customers	<u>395</u>	<u>28</u>	<u>423</u>	No Charge		
Commodity Usage							
28	All Usage	688,712,000	32,163,000	720,875,000	\$ 1.43	\$ 1,030,851	
29	Total Usage	<u>688,712,000</u>	<u>32,163,000</u>	<u>720,875,000</u>			\$ 1,030,851
30	TOTAL IRRIGATION CUSTOMERS REVENUE						<u>\$ 1,030,851</u>
<b>WHOLESALE CUSTOMERS</b>							
31	PI-1 OWU - All	37	(3)	34	No Charge		
Commodity Usage							
32	All Usage	124,738,000	110,095,370	234,833,370	\$ 3.36	\$ 787,979	
33	Total Usage	<u>124,738,000</u>	<u>110,095,370</u>	<u>234,833,370</u>			\$ 787,979
34	TOTAL WHOLESALE CUSTOMERS REVENUE						<u>\$787,979</u>
<b>PRIVATE FIRE PROTECTION CUSTOMERS</b>							
35	FP-1 All - 4"	126	-	126	\$ 63.21	\$ 7,980	
36	FP-1 All - 6"	340	-	340	\$ 94.82	32,233	
37	FP-1 All - 8"	73	-	73	\$ 95.66	6,991	
38	Total Customers	<u>539</u>	<u>-</u>	<u>539</u>			\$ 47,203
39	Commodity Usage	124,738,000		124,738,000	No Charge		
40	TOTAL PRIVATE FIRE PROTECTION CUSTOMERS REVENUE						<u>\$ 47,203</u>
41	<b>TOTAL RUCO PROPOSED REVENUE PER BILL COUNT</b>						<u>\$ 7,138,267</u>
42	Unmetered Water Revenues						63,022
43	Other Water Revenues						1,926,437
44	<b>ADJUSTED RUCO PORPOSED REVENUE PER BILL COUNT</b>						<u>9,127,726</u>
45	<b>RUCO PROPOSED ANNUAL REVENUE (SURR-RLM-1, Column (B), Line10</b>						<u>\$ 9,127,726</u>
46	Difference						<u>\$ 0</u>

**FINAL  
TYPICAL RESIDENTIAL BILL ANALYSIS**

LINE NO.	DESCRIPTION	(A) PRESENT	(B)	(C) COMPANY PROPOSED	(D)	(E) RUCO PROPOSED	(F)
<b>REVENUE ALLOCATION</b>							
1	RESIDENTIAL	\$ 3,172,855	70.20%	\$ 5,670,354	59.75%	\$ 4,250,963	59.55%
2	OTHER	\$ 1,346,746	29.80%	\$ 3,819,254	40.25%	\$ 2,887,304	40.45%
3	TOTAL	\$ 4,519,601	100.00%	\$ 9,489,608	100.00%	\$ 7,138,267	100.00%
<b>ALLOCATION RATIOS</b>							
4	FIX REVENUE	2,016,921	44.63%	\$ 3,331,634	35.11%	\$ 2,823,579	39.56%
5	VARIABLE REVENUE	2,502,680	55.37%	\$ 6,157,973	64.89%	\$ 4,314,688	60.44%
6	TOTAL	4,519,601	100.00%	\$ 9,489,608	100.00%	\$ 7,138,267	100.00%
<b>RES. G-1 (5/8" X 3/4") RATE DESIGN</b>							
7	BASIC MONTHLY CHARGE	\$ 15.00		\$ 25.75		\$ 19.29	
9	COMMODITY CHARGE						
	First 4,000 Gallons	\$ 1.1300		\$ 1.9250		\$ 1.4418	
	Next 10,000 Gallons	\$ 1.7000		\$ 2.8200		\$ 2.1122	
	Over 14,000 Gallons	\$ 2.0400		\$ 4.2500		\$ 3.1832	
<b>RESIDENTIAL BILL COMPARISONS</b>							
	COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL		% OF AVERAGE MONTH USAGE OF 9,022 Gal.	PRESENT MONTHLY WATER COST	RUCO PROP'D MONTHLY WATER COST	RUCO PROP'D MONTHLY INCREASE	RUCO PROP'D MONTHLY % INCREASE
10			25.00%	\$ 17.55	\$ 22.54	\$ 4.99	28.43%
11			50.00%	\$ 20.39	\$ 26.13	\$ 5.74	28.17%
12			100.00%	\$ 28.06	\$ 35.66	\$ 7.60	27.10%
13			150.00%	\$ 35.73	\$ 45.19	\$ 9.46	26.49%
14			200.00%	\$ 44.77	\$ 59.05	\$ 14.28	31.89%

**FINAL**  
**TABLE OF CONTENTS TO RLM SCHEDULES**

<u>SCH. NO.</u>	<u>PAGE NO.</u>	<u>TITLE</u>
FINAL-RLM-1	1	REVENUE REQUIREMENT AND GROSS REVENUE CONVERSION FACTOR
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**FINAL  
REVENUE REQUIREMENT**

LINE NO.	DESCRIPTION	(A) COMPANY FINAL POSITION OCRB / FVRB	(B) RUCO FINAL POSITION OCRB / FVRB
1	Fair Value Rate Base	\$ 20,234,880	\$ 18,895,465
2	Adjusted Operating Income (Loss)	\$ 282,080	\$ 636,138
3	Current Rate Of Return (L2 / L1)	1.39%	3.37%
4	Required Operating Income (L5 X L1)	\$ 1,632,118	\$ 1,365,008
5	Required Rate Of Return On Fair Value Rate Base	8.07%	7.22%
6	Operating Income Deficiency (L4 - L2)	\$ 1,350,038	\$ 728,870
7	Gross Revenue Conversion Factor (RLM-1, Pg 2)	<u>1.6286</u>	<u>1.6286</u>
8	Increase In Gross Revenue Requirement (L7 X L6)	<b>\$ 2,198,719</b>	<b>\$ 1,187,064</b>
9	Adjusted Test Year Revenue	\$ 6,135,801	\$ 6,135,801
10	Proposed Annual Revenue (L8 + L9)	\$ 8,334,520	\$ 7,322,865
11	Required Percentage Increase In Revenue (L8 / L9)	35.83%	19.35%
12	Rate Of Return On Common Equity	11.75%	10.01%

References:

Column (A): Company Final Schedules

Column (B): RUCO Schedule FINAL-RLM-2, FINAL-RLM-6, And SURR-RLM-16

**FINAL  
SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS**

LINE NO.	DESCRIPTION	(A) COMPANY FINAL POSITION OCRB / FVRB	(B) ADJ NO. 6 NWVTP PLANT	(C) ADJ NO. 7 WORKING CAPITAL	(D) RUCO ADJ'TED OCRB/FVRB
1	Gross Utility Plant In Service	\$ 84,498,197	\$ (1,906,569)	\$ -	\$ 82,591,628
2	Accumulated Depreciation	(7,834,596)	658,021	-	(7,176,575)
3	Net Utility Plant In Service (L1 +	<u>\$ 76,663,601</u>	<u>\$ (1,248,548)</u>	<u>\$ -</u>	<u>\$ 75,415,053</u>
4	Advances In Aid Of Const.	\$ (42,884,958)	\$ -	\$ -	\$ (42,884,958)
5	Contribution In Aid Of Const.	\$ (6,305,605)	\$ -	\$ -	\$ (6,305,605)
6	Accumulated Amortization Of C	82,882	-	-	82,882
7	NET CIAC (L5 + L6)	<u>\$ (6,222,723)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,222,723)</u>
8	Imputed Regulatory Advances	\$ (7,445,449)	\$ -	\$ -	\$ (7,445,449)
9	Imputed Regulatory Contributions	\$ (285,258)	\$ -	\$ -	\$ (285,258)
10	Customer Meter Deposits	\$ -	\$ -	\$ -	\$ -
11	Deferred Income Taxes And Cred	\$ 403,083	\$ -	\$ -	\$ 403,083
12	Investment Tax Credits	\$ (16,377)	\$ -	\$ -	\$ (16,377)
13	Allowance For Working Capital	\$ 22,961	\$ -	\$ (90,867)	\$ (67,906)
14	TOTAL RATE BASE (Sum L's 3, 4,	<u>\$ 20,234,880</u>	<u>\$ (1,248,548)</u>	<u>\$ (90,867)</u>	<u>\$ 18,895,465</u>

**FINAL  
OPERATING INCOME STATEMENT**

LINE NO.	DESCRIPTION	(A) COMPANY FINAL POSITION	(B) RUCO TEST YEAR ADJMTS	(C) RUCO TEST YEAR AS ADJ'TED	(D) RUCO PROP'D CHANGES	(E) RUCO AS RECOMM'D
	Revenues:					
1	Sewer Revenues	\$ 4,483,353	\$ -	\$ 4,483,353	\$ 1,187,064	\$ 5,670,417
2	Other Revenues	1,652,448	-	1,652,448	-	1,652,448
3	TOTAL OPERATING REVENUE	<u>\$ 6,135,801</u>	<u>\$ -</u>	<u>\$ 6,135,801</u>	<u>\$ 1,187,064</u>	<u>\$ 7,322,865</u>
	Operating Expenses:					
4	Labor	\$ 568,560	\$ (117,222)	\$ 451,338	\$ -	\$ 451,338
5	Purchased Water	-	-	-	-	-
6	Fuel & Power	540,515	(87,497)	453,018	-	453,018
7	Chemicals	174,775	(76,103)	98,672	-	98,672
8	Waste Disposal	202,836	(11,060)	191,776	-	191,776
9	Management Fees	697,674	-	697,674	-	697,674
10	Group Insurance	89,503	(733)	88,770	-	88,770
11	Pensions	27,724	-	27,724	-	27,724
12	Regulatory Expense	50,000	(19,340)	30,660	-	30,660
13	Insurance Other Than Group	83,055	-	83,055	-	83,055
14	Customer Accounting	101,712	-	101,712	-	101,712
15	Rents	66,248	(14,497)	51,751	-	51,751
16	General Office Expense	55,255	847	56,102	-	56,102
17	Miscellaneous	309,722	(51,283)	258,439	-	258,439
18	Maintenance Expense	177,424	(20,138)	157,286	-	157,286
19	Depreciation & Amortization	2,546,060	(104,953)	2,441,107	-	2,441,107
20	Taxes Other Than Income	47,434	(9,374)	38,060	-	38,060
21	Property Taxes	343,627	(88,287)	255,340	-	255,340
22	Income Tax	(228,405)	245,583	17,178	458,193	475,371
23			(2)			
24	TOTAL OPERATING EXPENSES	<u>\$ 5,853,719</u>	<u>\$ (354,058)</u>	<u>\$ 5,499,663</u>	<u>\$ 458,193</u>	<u>\$ 5,957,856</u>
25	OPERATING INCOME (LOSS)	<u>\$ 282,083</u>		<u>\$ 636,138</u>		<u>\$ 1,365,009</u>

References:

- Column (A): Company Schedule C-1
- Column (B): SURR-RLM-7, Columns (B) Thru (U)
- Column (C): Column (A) + Column (B)
- Column (D): SURR-RLM-1, Pages 1 & 2
- Column (E): Column (C) + Column (D)

**FINAL**  
**SUMMARY OF OPERATING INCOME ADJUSTMENTS**  
**TEST YEAR AS FILED AND ADJUSTMENTS**

LINE NO.	DESCRIPTION	(A) COMPANY FINAL POSITION	(B) ADJ NO. 4 DEP. EXP.	(C) ADJ NO. 6 DIRECT PAYROLL	(D) ADJ NO. 7 CORP. PAYROLL	(E) ADJ NO. 8 RATE CASE EXP.	(F) ADJ NO. 9 INAPPROP. MISC. EXP	(G) ADJ NO. 10 NWWTP O & M EXP.	(H) ADJ NO. 12 PROPERTY TAX	(I) ADJ NO. 13 INCOME TAX	(J) RUCO AS ADJTD
Revenues:											
1	Sewer Revenues	\$ 4,483,353	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,483,353
2	Other Revenues	1,652,448	-	-	-	-	-	-	-	-	1,652,448
3	TOTAL OPR'G REV.	<u>\$ 6,135,801</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,135,801</u>
Operating Expenses:											
4	Labor	\$ 568,560	\$ -	\$ (21,227)	\$ (4,310)	\$ -	\$ -	\$ (91,685)	\$ -	\$ -	\$ 451,338
5	Purchased Water	-	-	-	-	-	-	-	-	-	-
6	Fuel & Power	540,515	-	-	-	-	-	(87,497)	-	-	453,018
7	Chemicals	174,775	-	-	-	-	-	(76,103)	-	-	98,672
8	Waste Disposal	202,836	-	-	-	-	-	(11,060)	-	-	191,776
9	Management Fees	697,674	-	-	-	-	-	-	-	-	697,674
10	Group Insurance	89,503	-	-	-	-	-	(733)	-	-	88,770
11	Pensions	27,724	-	-	-	-	-	-	-	-	27,724
12	Regulatory Expense	50,000	-	-	-	(19,340)	-	-	-	-	30,660
13	Insurance Other Than Group	83,055	-	-	-	-	-	-	-	-	83,055
14	Customer Accounting	101,712	-	-	-	-	-	-	-	-	101,712
15	Rents	66,248	-	-	-	-	-	(14,497)	-	-	51,751
16	General Office Expense	55,255	-	-	-	-	-	(229)	-	-	56,102
17	Miscellaneous	309,722	-	-	-	-	(11,705)	(39,578)	-	-	258,439
18	Maintenance Expense	177,424	-	(517)	-	-	-	(18,546)	-	-	157,286
19	Depreciation & Amortization	2,546,060	(21,204)	-	-	-	-	(83,749)	-	-	2,441,107
20	Taxes Other Than Income	47,434	-	(1,934)	(96)	-	-	(7,345)	-	-	38,060
21	Property Taxes	343,627	-	-	-	-	-	-	(88,287)	-	255,340
22	Income Tax	(228,405)	-	-	-	-	-	-	-	245,583	17,178
		2									-
23	TOTAL OPR'G EXP.	<u>\$ 5,853,721</u>	<u>\$ (21,204)</u>	<u>\$ (23,678)</u>	<u>\$ (4,406)</u>	<u>\$ (19,340)</u>	<u>\$ (11,705)</u>	<u>\$ (431,022)</u>	<u>\$ (88,287)</u>	<u>\$ 245,583</u>	<u>\$ 5,499,663</u>

**FINAL  
RATE DESIGN AND PROOF OF RUCO RECOMMENDED REVENUE**

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMIN"TS	(B) PROPOSED CHARGES & USAGE FEES	(C) RUCO PROPOSED REVENUES	(D) TOTAL REVENUES
<b>RESIDENTIAL CUSTOMERS</b>					
1	All	110,592	\$ 23.85	\$ 2,637,819	
2	Total Customers	<u>110,592</u>			\$ 2,637,819
Commodity Usage					
3	First Tier	587,698,470	\$ 3.29	\$ 1,935,410	
4	Second Tier	459,256,000	No Charge	-	
5	Total Usage	<u>1,046,954,470</u>			\$ 1,935,410
6	TOTAL RESIDENTIAL CUSTOMERS REVENUE				<u>\$ 4,573,229</u>
<b>COMMERCIAL CUSTOMERS</b>					
7	Commercial - 5/8"	53	\$ 23.85	\$ 1,264	
8	Commercial - 3/4"	12	\$ 35.81	430	
9	Commercial - 1"	142	\$ 47.75	6,781	
10	Commercial - Large	811	\$ 95.48	77,434	
11	Total Customers	<u>1,018</u>			\$ 85,909
Commodity Usage					
12	First Tier	65,038,940	\$ 3.29	\$ 214,186	
13	Second Tier	8,938,000	No Charge	-	
14	Total Usage	<u>73,976,940</u>			\$ 214,186
15	TOTAL COMMERCIAL CUSTOMERS REVENUE				<u>\$ 300,096</u>
<b>WHOLESALE CUSTOMERS</b>					
16	Treatco - All	50	No Charge		
Commodity Usage					
17	All Usage	219,458,000	\$ 3.63	\$ 797,091	
18	Total Usage	<u>219,458,000</u>			\$ 797,091
19	TOTAL WHOLESALE CUSTOMERS REVENUE				<u>\$797,091</u>
20	<b>TOTAL RUCO PROPOSED REVENUE PER BILL COUNT</b>				<u>\$ 5,670,416</u>
21	Other Wastewater Revenues				\$ 1,652,448
22	<b>ADJUSTED RUCO PROPOSED REVENUE PER BILL COUNT</b>				<u>\$ 7,322,864</u>
23	<b>TOTAL RUCO RECOMMENDED REVENUE (Per SURR-RLM-6, Col. (E), L 3)</b>				<u>\$ 7,322,865</u>
24	Difference				\$ (0)

**FINAL  
TYPICAL RESIDENTIAL BILL ANALYSIS**

LINE NO.	DESCRIPTION	(A) PRESENT	(B)	(C) COMPANY PROPOSED	(D)	(E) RUCO PROPOSED	(F)
<b>REVENUE ALLOCATION</b>							
1	RESIDENTIAL	\$ 3,443,270	88.08%	\$ 5,638,913	80.75%	\$ 4,573,229	80.65%
2	OTHER	\$ 466,091	11.92%	\$ 1,344,594	19.25%	\$ 1,097,187	19.35%
3	TOTAL	<u>\$ 3,909,361</u>	<u>100.00%</u>	<u>\$ 6,983,507</u>	<u>100.00%</u>	<u>\$ 5,670,416</u>	<u>100.00%</u>
<b>ALLOCATION RATIOS</b>							
4	FIX REVENUE	2,133,219	54.57%	\$ 3,359,184	48.10%	\$ 2,723,728	48.03%
5	VARIABLE REVENUE	1,776,142	45.43%	\$ 3,624,323	51.90%	\$ 2,946,688	51.97%
6	TOTAL	<u>3,909,361</u>	<u>100.00%</u>	<u>\$ 6,983,507</u>	<u>100.00%</u>	<u>\$ 5,670,416</u>	<u>100.00%</u>
<b>E2MS1 ALL RESIDENTIAL RATE DESIGN</b>							
		<u>PRESENT</u>		<u>COMPANY PROPOSED</u>		<u>RUCO PROPOSED</u>	
7	BASIC MONTHLY CHARGE	\$ 20.30		\$ 29.42		\$ 23.85	
8	COMMODITY CHARGE						
9	All Residential - First 7,000 Gallons	\$ 2.5450		\$ 4.0620		\$ 3.2932	
10	All Residential - Over 7,000 Gallons	\$ -		\$ -		\$ -	
<b>RESIDENTIAL BILL COMPARISONS</b>							
	<u>COST OF WASTEWATER SERVICE</u>		<u>% OF AVERAGE</u>	<u>PRESENT</u>	<u>RUCO PROP'D</u>	<u>RUCO PROP'D</u>	<u>RUCO PROP'D</u>
	<u>AT DIFFERENT LEVELS OF USAGE</u>		<u>MONTH USAGE</u>	<u>MONTHLY</u>	<u>MONTHLY</u>	<u>MONTHLY</u>	<u>MONTHLY</u>
	<u>WITH PERCENTAGE INCREASE IN BILL</u>		<u>OF 9,682 Gal.</u>	<u>WATER COST</u>	<u>WATER COST</u>	<u>INCREASE</u>	<u>% INCREASE</u>
11			25.00%	\$ 26.46	\$ 31.82	\$ 5.36	20.27%
12			50.00%	\$ 32.62	\$ 39.79	\$ 7.17	21.99%
13			100.00%	\$ 38.12	\$ 46.90	\$ 8.79	23.06%
14			150.00%	\$ 38.12	\$ 46.90	\$ 8.79	23.06%
15			200.00%	\$ 38.12	\$ 46.90	\$ 8.79	23.06%