

**POST HEARING FINAL SCHEDULE
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**POST HEARING FINAL SCHEDULE
REVENUE REQUIREMENT**

LINE NO.	DESCRIPTION	(A) COMPANY OCRB/FVRB COST	(B) RUCO OCRB/FVRB COST
1	Fair Value Rate Base	\$ 3,723,245	\$ 3,682,905
2	Adjusted Operating Income (Loss)	\$ (84,485)	\$ (97,610)
3	Current Rate Of Return (L2 / L1)	-2.27%	-2.65%
4	Required Operating Income (L5 X L1)	\$ 476,575	\$ 273,640
5	Required Rate Of Return On Fair Value Rate Base	12.80%	7.43%
6	Operating Income Deficiency (L4 - L2)	\$ 561,060	\$ 371,249
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)	\$ 913,763	\$ 604,630
9	Adjusted Test Year Revenue	\$ 1,580,170	\$ 1,580,170
10	Proposed Annual Revenue (L8 + L9)	\$ 2,493,933	\$ 2,184,800
11	Required Percentage Increase In Revenue (L8 / L9)	57.83%	38.26%
12	Rate Of Return On Common Equity	12.80%	8.22%

References:

Column (A): Company Schedules A-1 and C-1

Column (B): RUCO Schedule SURR RLM-2, SURR RLM-6, And SURR RLM-15

**POST HEARING FINAL SCHEDULE
SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS**

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED OCRB/FVRB	(B) RUCO ADJUSTMENTS	(C) RUCO AS ADJUSTED OCRB/FVRB
1	Gross Utility Plant In Service	\$ 11,357,735	\$ 288,809	\$ 11,646,544
2	Accumulated Depreciation	(5,625,025)	(100,250)	(5,725,275)
3	Net Utility Plant In Service (L1 + L2)	<u>\$ 5,732,710</u>	<u>\$ 188,559</u>	<u>\$ 5,921,269</u>
4	Advances In Aid Of Const.	\$ (1,457,009)	\$ (254,251)	\$ (1,711,260)
5	Contribution In Aid Of Const.	\$ (5,232,139)	\$ -	\$ (5,232,139)
6	Accumulated Amortization Of CIAC	4,214,384	-	4,214,384
7	NET CIAC (L5 + L6)	<u>\$ (1,017,755)</u>	<u>\$ -</u>	<u>\$ (1,017,755)</u>
8	Customer Meter Deposits	\$ (94,290)	\$ -	\$ (94,290)
9	Deferred Income Taxes & Credits	\$ 170,554	\$ 25,351	\$ 195,905
10	Unamortized Finance Charges	\$ -	\$ -	\$ -
11	Deferred Regulatory Assets	\$ 389,035	\$ -	\$ 389,035
12	Allowance For Working Capital	\$ -	\$ -	\$ -
13	TOTAL RATE BASE (Sum L's 3, 4, 7, 8 Thru 12)	<u>\$ 3,723,245</u>	<u>\$ (40,341)</u>	<u>\$ 3,682,905</u>

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References:

- Column (A): Company Schedule B-2, Page 1 And Workpapers Schedule E-1
- Column (B): SURR RLM-3, Columns (B) Thru (G)
- Column (C): Column (A) + Column (B)

**POST HEARING FINAL SCHEDULE
OPERATING INCOME**

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) RUCO TEST YEAR ADJMT'S	(C) RUCO TEST YEAR AS ADJ'TED	(D) RUCO PROP'D CHANGES	(E) RUCO AS RECOMM'D
Revenues:						
1	Flat Rate Revenues	\$ 1,557,337	\$ -	\$ 1,557,337	\$ 600,969	\$ 2,158,306
2	Misc. Service Revenues	15,917	-	15,917	3,661	19,578
3	Other WW Revenues	6,916	-	6,916	-	6,916
4	TOTAL OPERATING REVENUE	\$ 1,580,170	\$ -	\$ 1,580,170	\$ 604,630	\$ 2,184,800
Operating Expenses:						
5	Salaries And Wages	\$ -	-	\$ -	\$ -	\$ -
6	Purchased WW Treatment	335,255	1,258	336,513	-	336,513
7	Sludge Removal Expense	706	-	706	-	706
8	Purchased Power	54,690	-	54,690	-	54,690
9	Fuel For Power Production	928	-	928	-	928
10	Chemicals	37,489	3,324	40,813	-	40,813
11	Materials And Supplies	11,224	(526)	10,698	-	10,698
12	Contractual Services	9,362	(3,000)	6,362	-	6,362
13	Contractual Services - Testing	16,955	12,094	29,049	-	29,049
14	Contractual Services - Other	553,043	(13,992)	539,050	-	539,050
15	Equipment Rentals	1,863	-	1,863	-	1,863
16	Rents	19,830	18,432	38,262	-	38,262
17	Transportation Expenses	34,445	-	34,445	-	34,445
18	Insurance - General Liability	18,704	-	18,704	-	18,704
19	Insurance - Other	990	-	990	-	990
20	Regulatory Comm. Expense	60,000	-	60,000	-	60,000
21	Miscellaneous Expense	20,845	(52)	20,793	-	20,793
22	Bad Debt Expense	11,962	-	11,962	-	11,962
23	Scottsdale Cap. (Oper'g Lease)	164,522	-	164,522	-	164,522
24	Amort. Scottsdale Cap.	48,629	-	48,629	-	48,629
25	Depreciation Expense	224,818	19,169	243,987	-	243,987
26	Taxes Other Than Income	(1,780)	1,780	-	-	-
27	Property Taxes	32,414	(1,785)	30,630	-	30,630
28	Income Tax	7,760	(23,577)	(15,817)	169,877	154,060
29	TOTAL OPERATING EXPENSES	\$ 1,664,655	\$ 13,125	\$ 1,677,780	\$ 169,877	\$ 1,847,656
30	OPERATING INCOME (LOSS)	\$ (84,485)		\$ (97,610)		\$ 337,144

References:

- Column (A): Company Schedule C-1
- Column (B): SURR RLM-7, Columns (B) Thru (K)
- Column (C): Column (A) + Column (B)
- Column (D): Revenue From SURR RLM-1, Column (B), Line 8 And Income Tax From SURR RLM-1, Column (B), Line 8 - Line 6
- Column (E): Column (C) + Column (D)

POST HEARING FINAL SCHEDULE
SUMMARY OF OPERATING INCOME ADJUSTMENTS
TEST YEAR AS FILED AND ADJUSTMENTS

LINE NO.	(A) DESCRIPTION	(B) ADJ # 1 COMPANY DEP. AS FILED	(C) ADJ # 2 PROPERTY TAX	(D) ADJ # 3 & 4 SC'SDALE TREATMT	(E) ADJ # 5 UNNES'RY EXPENSES	(F) ADJ # 6 NORM'LIZE RENT	(G) ADJ # 7 NORM'LIZE OTH'R TAX	(H) ADJ # 8 NORM'LIZE CHEMICAL	(I) ADJ # 9 CAPITAL'D PLANT	(J) ADJ # 10 ANN'LIZE CHEMICAL	(K) ADJ # 11 TESTING EXPENSES	(L) ADJ # 12 CONTRACT SERVICES	(M) ADJ # 13 RATE CASE EXPENSE	(N) ADJ # 14 INCOME TAX	(O) RUCO AS ADJT'D
Revenues:															
1	Flat Rate Revenues	\$ 1,557,337	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,557,337
2	Misc. Service Revenues	15,917	-	-	-	-	-	-	-	-	-	-	-	-	15,917
3	Other WW Revenues	6,916	-	-	-	-	-	-	-	-	-	-	-	-	6,916
4	TOTAL OPR'G REV.	\$ 1,580,170	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,580,170
Operating Expenses:															
5	Salaries And Wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	Purchased WW Treatment	335,255	-	-	1,258	-	-	-	-	-	-	-	-	-	336,513
7	Sludge Removal Expense	706	-	-	-	-	-	-	-	-	-	-	-	-	706
8	Purchased Power	54,690	-	-	-	-	-	-	-	-	-	-	-	-	54,690
9	Fuel For Power Production	928	-	-	-	-	-	-	-	-	-	-	-	-	928
10	Chemicals	37,489	-	-	-	-	-	3,191	-	133	-	-	-	-	40,813
11	Materials And Supplies	11,224	-	-	-	(526)	-	-	-	-	-	-	-	-	10,698
12	Contractual Services	9,362	-	-	-	(1,500)	-	-	(1,500)	-	-	-	-	-	6,362
13	Contractual Services - Testing	16,955	-	-	-	-	-	-	-	-	12,094	-	-	-	29,049
14	Contractual Services - Other	553,043	-	-	-	(67)	-	-	(7,641)	-	-	(6,284)	-	-	539,050
15	Equipment Rentals	1,863	-	-	-	-	-	-	-	-	-	-	-	-	1,863
16	Rents	19,830	-	-	-	-	-	-	-	-	-	-	-	-	38,262
17	Transportation Expenses	34,445	-	-	-	-	-	-	-	-	-	-	-	-	34,445
18	Insurance - General Liability	18,704	-	-	-	-	-	-	-	-	-	-	-	-	18,704
19	Insurance - Other	990	-	-	-	-	-	-	-	-	-	-	-	-	990
20	Regulatory Comm. Expense	60,000	-	-	-	-	-	-	-	-	-	-	-	-	60,000
21	Miscellaneous Expense	20,845	-	-	-	(52)	-	-	-	-	-	-	-	-	20,793
22	Bad Debt Expense	11,962	-	-	-	-	-	-	-	-	-	-	-	-	11,962
23	Scottsdale Cap. (Oper'g Lease)	164,522	-	-	-	-	-	-	-	-	-	-	-	-	164,522
24	Amort. Scottsdale Cap.	48,629	-	-	-	-	-	-	-	-	-	-	-	-	48,629
25	Depreciation Expense	224,818	19,169	-	-	-	-	-	-	-	-	-	-	-	243,987
26	Taxes Other Than Income	(1,780)	-	-	-	-	-	1,780	-	-	-	-	-	-	-
27	Property Taxes	32,414	-	(1,785)	-	-	-	-	-	-	-	-	-	-	30,630
28	Income Tax	7,760	-	-	-	-	-	-	-	-	-	-	-	(23,577)	(15,817)
29	TOTAL OPR'G EXP.	\$ 1,664,655	\$ 19,169	\$ (1,785)	\$ 1,258	\$ (2,146)	\$ 18,432	\$ 1,780	\$ 3,191	\$ (9,141)	\$ 133	\$ 12,094	\$ (6,284)	\$ -	\$ (23,577)
30	OPR'G INC. (LOSS)	\$ (84,485)													\$ (97,610)

References:

- Column (A): Company Schedule C-1
- Column (B): SURR Testimony, RLM And Schedule SURR RLM-8
- Column (C): SURR Testimony, RLM And Schedule SURR RLM-9
- Column (D): SURR Testimony, RLM And Schedules SURR RLM-10 & SURR RLM-11
- Column (E): SURR Testimony, RLM And Schedule SURR RLM-12
- Column (F): SURR Testimony, RLM
- Column (G): SURR Testimony, RLM
- Column (H): SURR Testimony, RLM
- Column (I): SURR Testimony, RLM And Schedule SURR RLM-13
- Column (J): Intentionally Left Blank
- Column (K): SURR Testimony, RLM And Schedule SURR RLM-14
- Column (L): Sum Of Columns (A) Thru (K)

**POST HEARING FINAL SCHEDULE
EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 1
TEST YEAR DEPRECIATION EXPENSE**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) TOTAL PLANT VALUE	(B) APR'D DEP. RATE	(C) TEST YEAR DEPREC'N EXPENSE
1	351	Organization	\$ -	0.00%	\$ -
2	352	Franchises	-	0.00%	-
3	353	Land and Land Rights	461,300	0.00%	-
4	354	Structures And Improvements	2,560,220	3.33%	85,255
5	355	Power Generation Equipment	-	5.00%	-
6	360	Collection Sewers - Force	707,891	2.00%	14,158
7	361	Collection Sewers - Gravity	4,284,949	2.00%	85,699
8	362	Special Collecting Structures	-	2.00%	-
9	363	Services To Customers	198,723	2.00%	3,974
10	364	Flow Measuring Devices	31,512	10.00%	3,151
11	365	Flow Measuring Installations	179,622	10.00%	17,962
12	370	Receiving Wells	932,871	3.33%	31,065
13	371	Effluent Pumping Equipment	657,648	12.50%	82,206
14	380	Treatment And Disposal Equip	182,203	5.00%	9,110
15	381	Plant Sewers	124,527	5.00%	6,226
16	382	Outfall Sewer Lines	-	3.33%	-
17	389	Other Plant And Misc Equip	939,433	6.67%	62,660
18	390	Office Furniture And Equipment	224,588	6.67%	14,980
19	391	Transportation Equipment	107,367	20.00%	21,473
20	393	Tools, Shop And Garage Equip	5,755	5.00%	288
21	394	Laboratory Equipment	7,488	10.00%	749
22	395	Power Operated Equipment	-	5.00%	-
23	396	Communication Equipment	40,451	10.00%	4,045
24	398	Other Tangible Plant	-	10.00%	-
25		TOTALS	<u>\$ 11,646,548</u>		<u>\$ 443,001</u> (1)
26		Less: Amortize Of CIAC (SURR RLM-2, Col. (C), Ln 5)	\$ (5,232,139)	3.8037%	(199,015)
27		TOTAL DEPRECIATION EXPENSE (Line 25 + Line 26)			<u>\$ 243,986</u>
28		Test Year Depreciation Expense As Filed (Co. Sch. C-1)			224,818
29		Decrease Of Depreciation Expense (Line 27 - Line 28)			<u>\$ 19,169</u>
30		RUCO Adjustment (Line 29) (See FINAL RLM-7, Column (B), Line 25)			<u>\$ 19,169</u>

References:

- Column (A): SURR RLM-4, Column (E)
- Column (B): Company Schedule C-2, Page 2
- Column (C): Column (A) X Column (B)

POST HEARING FINAL SCHEDULE
EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 2
PROPERTY TAX COMPUTATION

LINE NO.	DESCRIPTION	REFERENCE	(A)	(B)
Calculation Of The Company's Full Cash Value:				
Annual Operating Revenues:				
1	Adjusted Revenues In Year Ended December 2007	SURR RLM-6, Col (C), Ln 4	\$ 1,580,170	
2	Adjusted Revenues In Year Ended December 2007	SURR RLM-6, Col (C), Ln 4	1,580,170	
3	Proposed Revenues	SUR RLM-6, Col (E), Ln 4	2,184,800	
4	Total Three Year Operating Revenues	Sum Of Lines 1, 2 & 3	\$ 5,345,140	
5	Average Annual Operating Revenues	Line 4 / 3	<u>1,781,713</u>	
6	Two Times Three Year Average Operating Revenues	Line 5 X 2		\$ 3,563,427
ADD:				
10% Of Construction Work In Progress ("CWIP"):				
7	Test Year CWIP	Co. Sch. E-1	\$ 142,018	
8	10% Of CWIP	Line 7 X 10%		\$ 14,202
SUBTRACT:				
Transportation At Book Value:				
9	Original Cost Of Transportation Equipment	SURR RLM-4, Col. (B), Ln 19	\$ 107,367	
10	Acc. Dep. Of Transportation Equipment	SURR RLM-4, Col. (C), Ln 19	<u>(47,775)</u>	
11	Book Value Of Transportation Equipment	Line 9 + Line 10		\$ (59,592)
12	Company's Full Cash Value ("FCV")	Sum Of Lines 6, 8 & 11		<u>\$ 3,518,037</u>
Calculation Of The Company's Tax Liability:				
MULTIPLY:				
FCV X Valuation Assessment Ratio X Property Tax Rates:				
13	Assessment Ratio	House Bill 2779	21.0%	
14	Assessed Value	Line 12 X Line 13	\$ 738,788	
Property Tax Rates:				
15	Primary Tax Rate - 2005 Tax Notice	RUCO Data Req. 1.12	4.1459%	
16	Secondary Tax Rate - 2005 Tax Notice	RUCO Data Req. 1.12	<u>0.0000%</u>	
17	Estimated Tax Rate Liability	Line 15 + Line 16	4.15%	
18	Company's Total Tax Liability - Based On Full Cash Value	Line 14 X Line 17		<u>\$ 30,629</u>
19	Test Year Adjusted Property Tax Expense As Filing	Co. Sch. C-1, Line 25		<u>32,414</u>
20	Decrease In Property Tax Expense	Line 18 - Line 19		<u>\$ (1,785)</u>
21	RUCO Adjustment (See FINAL RLM-7, Column (C), Line 27)	Line 20		<u><u>\$ (1,785)</u></u>

**POST HEARING FINAL SCHEDULE
EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 3
PURCHASED WASTEWATER TREATMENT FROM THE CITY OF SCOTTSDALE**

LINE NO.	DESCRIPTION	(A) SEWAGE FLOW (Gallon)	(B) COST PER 1,000 GAL.	(C) RAW BILLING	(D) ENVIRO TAX 18.953%	(E) SUBJECT TO SALES TAX	(F) SALES TAX 1.65%	(G) SCOTTSDALE BILLING
COMPANY CALCULATION								
1	Co.'s Computation Of Test-Year Billings (Co. Sch C-2, Pg 7)	103,757,173		\$ 240,741	\$ 45,628	\$ 286,368	\$ 4,725	\$ 291,093
2	Company's Computation Under New Rate (Co. Sch C-2, Pg 7)	103,757,173	\$ 2.59	\$ 268,731	\$ 50,933	\$ 319,664	\$ 5,274	\$ 324,938
3	Company's Adjustment Number 6 (Line 2 - Line 1)							<u>\$ 33,845</u>
RUCO CALCULATION								
4	RUCO's Computation Under Actual New Rate Per Co. WP's	103,757,173	\$ 2.60	\$ 269,769	\$ 51,129	\$ 320,898	\$ 5,295	\$ 326,193
5	Actual Increase In Purchased Wastewater Treatment (Line 4 - Line 1)							<u>\$ 35,099</u>
6	Difference Between Calculations Using Actual new Rate (Line 5 - Line 3)							<u>\$ 1,255</u>
7	RUCO Adjustment (Line 6) (See FINAL RLM-7, Column (D), Line 6)							<u>\$ 1,255</u>

References:

- Column (A): Company Workpapers
- Column (B): Correction To New Rate (Company filed Rate Incorrect As \$2.59 / Actual Rate Is \$2.60 Per Company's Rebuttal Response)
- Column (C): Column (A) X Column (B)
- Column (D): Column (C) X 18.953% Environment Tax
- Column (E): Column (C) + Column (D)
- Column (F): Column (E) X 1.65% Sales Tax
- Column (G): Column (E) + Column (F)

**POST HEARING FINAL SCHEDULE
EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 4
ANNUALIZATION PURCHASED WASTEWATER TREATMENT**

LINE NO.	DESCRIPTION	REFERENCE	(A) AMOUNT
1	Adjusted Year Purchased Wastewater Treatment (Scottsdale)	SURR RLM-10, Column (G), Line 4	\$ 326,193
2	Gallons Treated By Scottsdale (In 1000's)	SURR RLM-10, Column (A), Line 1	103,757
3	Cost Per 1,000 gallons (Per Co. Response To Staff DR MEM 5.2)	Line 1 / Line 2	\$ 3.14
4	Additional Wasterwater Gallons (In 1,000's) From Rev. Annualization	Company's Workpapers	451
5	Percent Diverted To Scottsdale	Company's Workpapers	70.94%
6	Additonal Gallons Treated By Scottsdale (In 1,000's)	Line 4 X Line 5	320
7	Increase (Decrease) In Purchased Wastewater Treatmer	Line 3 X Line 6	<u>\$ 1,006</u>
8	Company's Calculation Of Annualized Purchased WW Treatmen	Company Schedule C-2, Page 8	<u>\$ 1,002</u>
9	Difference	Line 8 - Line 7	<u>\$ 3</u>
10	RUCO Adjustment (See FINAL RLM-7, Column (D), Line 6)	Line 9	<u>\$ 3</u>

**POST HEARING FINAL SCHEDULE
EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 5
DISALLOWANCE OF UNNECESSARY AND/OR NON-RECURRING OPERATING EXPENSES**

LINE NO.	DESCRIPTION	REFERENCE	(B) TOTAL
1	Disallowed Contractual Services Expenses Legal & Survey Costs To Clarify BMSC Easement Dispute	Co. Response To Staff D. R. MEM 1.55	\$ (1,500)
2	Disallowed Contractual Services Expenses - Other Clean-Up Costs For A Sewer Spill	Co. Response To Staff D. R. MEM 1.55	(39,870)
3	Sparkletts (13 Journal Entries) (Bottled Water)	Bourassa Rebuttal Schedule C-2, Page 13	(908)
4	Increased Contractual Services Expenses - Other Transfer Costs From LPSCO - Aerotek Environmental	Bourassa Rebuttal Schedule C-2, Page 14	42,200
5	Disallowed Miscellaneous Expenses Charitable Donations Allocated To BMSC	Bourassa Rebuttal Schedule C-2, Page 13	(52)
SURREBUTTAL ADJUSTMENTS			
6	Company's Rebuttal Testimony To Remove Additional Meal Costs	Bourassa Rebuttal Schedule C-2, Page 13	(526)
7	Company's Rebuttal Testimony To Remove Additional Central Office Costs	Bourassa Rebuttal Schedule C-2, Page 16	\$ (1,490)
8	RUCO Adjustment To Unnecessary/Non-Recurring Expense	Sum Of Lines 1 Thru 17	<u>\$ (2,146)</u>
9	RUCO Adjustment (See FINAL RLM-7, Column (E))	Line 18	<u>\$ (2,146)</u>

**POST HEARING FINAL SCHEDULE
EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 8
NORMALIZATION OF CHEMICAL EXPENSES**

LINE NO.	DESCRIPTION	REFERENCE	(A) AMOUNT	(B)
CALCULATION OF TEST-YEAR CHEMICAL EXPENSES				
1	Thoigard Used From July To November 2007	Company Worpapers	\$	8,169
2	Sodium Hydroxide (Ordor Control Chemical)			
3	Gallons Used During Test Year (7 Months)	Company Response To RUCO DR 2.03	6,997	
4	Cost Per Gallons	Company Response To RUCO DR 2.03	\$ 1.65	
5	Sub-Total Of Sodium Hydroxide	Line 2 X Line 3	\$ 11,545.05	
6	Delivery costs (14 deliveries at \$45 per)	Company Response To RUCO DR 2.03	630.00	
7	Sales Tax Of 8.5%	Sum Of Lines 5 & 6 X 8.5%	1,034.88	
8	Total Cost Of Sodium Hydroxide	Sum Of Lines 5, 6 & 7		13,210
9	Total Cost Of Test-Year Chemical Expense:	Sum Of Lines 1 & 8	\$	<u>21,379</u>
NORMALIZATION OF TEST-YEAR CHEMICAL EXPENSES				
10	Sodium Hydroxide Projected Gallons Used During A Full Test Yea	Line 3 / 7 Months X 12 Months	11,995	
11	Cost Per Gallons Effective January 2009	Company Response To RUCO DR 2.03	\$ 2.05	
12	Sub-Total Of Sodium Hydroxide		\$ 24,589.46	
13	Delivery costs (24 deliveries at \$32 per)	Company Response To RUCO DR 2.03	768.00	
14	Sales Tax Of 8.5%	Sum Of Lines 12 & 13 X 8.5%	2,155.38	
15	Total Normalization Of Test-Year Chemical Exp	Sum Of Lines 12,13 & 14		<u>\$ 27,513</u>
16	Calculated Additional Costs To Chemcial Exp	Line 15 - Line 9	\$	<u>6,134</u>
17	Company Adjustment	Schedule C-2, Adjusmtent 8	\$	2,943
18	Difference	Line 16 - Line 17	\$	<u>3,191</u>
19	RUCO Adj'm't (See FINAL RLM-7, Column (H))	Line 18	\$	<u>3,191</u>

**POST HEARING FINAL SCHEDULE
RATE CASE EXPENSES**

LINE NO.	(A) DESCRIPTION	(B) REFERENCE	(C) AMOUNT	(D) TOTALS
ACTUALS				
1	Actual Invoices (Ending November 30, 2009)	Company Workpapers	\$ 157,693.48	
2	Disallowance Of Expenses Not Directly Associated With Rate Case	RUCO Workpapers (See NOTE)	<u>(19,418.50)</u>	
3	RUCO Adjusted Rate Case Expense As Of 11/30/09	Line 1 + Line 2	\$ 138,274.98	\$ 138,275
ESTIMATES				
4	Estimating Post-Hearing Rate Case Expense			
5	Briefing Expenses	Co. Revised Estimate	\$ 42,000.00	\$ 42,000
5	RUCO Estimated Adjustment	RUCO Analysis		\$ (275)
6	TOTAL ESTIMATED RATE CASE EXPENSE	Sum Of Column (D)		<u>\$ 180,000</u>
7	Company Requested Rate Case Expense As Filed	Co. Schedule C-1		\$ 180,000
8	Difference	Line 6 - Line 7		<u>\$ -</u>
9	Normalization Period	Company Testimony	3 Years	
10	Test Year Rate Case Expense Reduction	Line 8 / 3 Years		\$ -
11	RUCO Adjustment (See FINAL RLM-7, Column (M))	Line 10		<u>\$ -</u>

NOTE:

Fennemore Craig asserts description of services is confidential. While RUCO may not agree, RUCO does not wish to incur additional rate case expense to litigate the issue. Therefore, RUCO has generalized the description of services where possible, and will submit these workpapers as confidential documents to Judge Nodes, and will not be docketed.

**POST HEARING FINAL SCHEDULE
EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 9
INCOME TAX EXPENSE**

LINE NO.	DESCRIPTION	(A) REFERENCE	(B) AMOUNT
FEDERAL INCOME TAXES:			
1	Operating Income Before Taxes	SURR RLM-5, Column (C), L26 + L24	\$ 51,096
LESS:			
2	Arizona State Tax	Line 11	2,855
3	Interest Expense	Note (A) Line 20	(92,073)
4	Federal Taxable Income	Line 1 - Line 2 - Line 3	<u>\$ (38,122)</u>
5	Federal Tax Rate	SURR RLM-1, Pg 2, Col. (D), L34	34.00%
6	Federal Income Tax Expense	Line 4 X line 5	<u>\$ (12,961)</u>
STATE INCOME TAXES:			
7	Operating Income Before Taxes	Line 1	\$ 51,096
LESS:			
8	Interest Expense	Note (A) Line 20	(92,073)
9	State Taxable Income	Line 7 - Line 8	<u>\$ (40,977)</u>
10	State Tax Rate	Tax Rate	6.97%
11	State Income Tax Expense	Line 9 X Line 10	<u>\$ (2,855)</u>
TOTAL INCOME TAX EXPENSE:			
12	Federal Income Tax Expense	Line 6	\$ (12,961)
13	State Income Tax Expense	Line 11	(2,855)
14	Total Income Tax Expense Per RUCO	Line 12 + Line 13	<u>\$ (15,817)</u>
15	Total Income Tax Expense Per Company (Per Company Sch. C-1)		<u>7,760</u>
16	Total Income Tax Adjustmen	Line 14 - Line 15	<u>\$ (23,577)</u>
17	RUCO Adjustment (See FINAL RLM-7, Column (N), L28)	Line 16	<u>\$ (23,577)</u>

NOTE (A):

Interest Synchronization:

18	Adjusted Rate Base (Sch. RLM-2, Col. (E), L15)	\$ 3,682,905
19	Weighted Cost Of Debt (Sch. RLM-15, Col. (F), L1)	2.50%
20	Interest Expense (L17 X L18)	<u>\$ 92,073</u>

**POST HEARING FINAL SCHEDULE
COST OF CAPITAL**

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D) CAPITAL RATIO	(E) COST	(F) WEIGHTED COST RATE
1	Long-Term Debt				40.00%	6.26%	2.50%
2	Stockholder's Equity				60.00%	8.22%	4.93%
3	TOTAL CAPITAL				<u>100.00%</u>		
4	COST OF CAPITAL						<u>7.43%</u>

References:

- Column (A): Intentionally Left Blank
- Column (B): Intentionally Left Blank
- Column (C): Intentionally Left Blank
- Column (D): Hypothetical Capital Structure
- Column (E): Testimony, WAR
- Column (F): Column (D) X Column (E)

**POST HEARING FINAL SCHEDULE
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE**

LINE NO.	CUSTOMER CLASSIFICATION	(A) BILL DETERMINENTS	(B) MONTHLY RATES & CHARGES	(C) REVENUE
1	Residential Customers	1,972	\$ 62.19	\$ 1,471,630
2	Commercial (Standard Rate) Customers	125	\$ -	\$ -
3	Commodity Usage (Per Thousand Gallons)	2,069,505	\$ 0.24934	\$ 516,011
4	Sub-Total			<u>\$ 516,011</u>
5	Commercial (Special Rate) Boulders Resort	1	\$ 7,316.89	\$ 87,802.74
6	Desert Forest	1	\$ 1,745.38	\$ 20,944.60
7	El Pedegral	1	\$ 3,936.34	\$ 47,236.05
8	Boulders Club	1	\$ 299.21	\$ 3,590.50
9	Spanish Village	1	\$ 1,242.96	\$ 14,915.54
10	Sub-Total			<u>\$ 174,489.43</u>
11	Effluent Sales (Per Thousand Gallons)	42,513	\$ 0.46051	\$ 19,578
12	TOTAL REVENUE PER BILL DETERMINENTS			<u>\$ 2,181,708</u>
13	Flat Rate Revenues			\$ 2,162,131
14	Miscellaneous Service Revenues			19,578
15	Other Wastewater Revenues			6,916
16	Reconciliation With Book Value			(3,824)
17	TOTAL PROPOSED REVENUE			<u>\$ 2,184,800</u>
18	RUCO RECOMMENDED REVENUE REQUIREMENT			\$ 2,184,800
19	DIFFERENCE			<u>\$ 0</u>

**POST HEARING FINAL SCHEDULE
COMPARISON OF TYPICAL BILLS**

.LINE NO.	CUSTOMER CLASSIFICATION	(A) PRESENT RATES	(B) COMPANY ORIGINAL RATES	(C) COMPANY REBUTTAL RATES	(D) RUCO DIRECT RATES	(E) RUCO SURREBUTTAL RATES
1	Residential Customers	\$ 45.64	\$ 71.08	\$ 72.45	\$ 58.88	\$ 62.19
2	Commercial (Standard Rate) Customers				\$ -	
3	Commodity Usage (Per 1000 Gallons)	\$ 0.18298	\$ 0.28499	\$ 0.29048	\$ 0.23608	\$ 0.24934
4	Commercial (Special Rate) Boulders Resort	\$ 4,173.74	\$ 8,363.03	\$ 8,524.14	\$ 6,927.63	\$ 7,316.89
5	Desert Forest	\$ 1,144.08	\$ 1,994.93	\$ 2,033.36	\$ 1,652.53	\$ 1,745.38
6	El Pedegral	\$ 2,215.55	\$ 4,499.14	\$ 4,584.81	\$ 3,726.92	\$ 3,936.34
7	Boulders Club	\$ 168.41	\$ 341.99	\$ 348.58	\$ 283.29	\$ 299.21
8	Spanish Village	\$ 699.59	\$ 1,420.68	\$ 1,448.04	\$ 1,176.84	\$ 1,242.96
9	Effluent Sales (Per Thousand Gallons)	\$ 0.37440	\$ 0.46051	\$ 0.46051	\$ 0.46051	\$ 0.46051