

**BELLA VISTA WATER COMPANY, INC.**

**DOCKET NO. W-02465A-09-0411 ET AL.**

**SURREBUTTAL TESTIMONY**

**OF**

**RODNEY L. MOORE**

**ON BEHALF OF**

**THE**

**RESIDENTIAL UTILITY CONSUMER OFFICE**

**JUNE 18, 2010**

**SURREBUTTAL**  
**TABLE OF CONTENTS**

1

2

3 INTRODUCTION ..... 2

4 SUMMARY OF ADJUSTMENTS ..... 2

5

6 RATE BASE ..... 6

7     ADJUSTMENT NO. 2 – CUSTOMERS’ DEPOSITS ..... 6

8     ADJUSTMENT NO. 3 – ACCUMULATED DEFERRED INCOME TAX..... 6

9     ADJUSTMENT NO. 4 – PLANT RETIREMENTS AND ACC. DEP. .... 7

10     ADJUSTMENT NO. 5 – AFUDC ..... 8

11     ADJUSTMENT NO. 6 – ACQUISITION COSTS ..... 9

12     ADJUSTMENT NO. 7 – HOOK-UP FEE TARIFF..... 10

13

14 OPERATING INCOME ..... 10

15     ADJUSTMENT NO. 1 – TEST YEAR DEPRECIATION EXPENSE ..... 10

16     ADJUSTMENT NO. 2 – PROPERTY TAX COMPUTATION..... 10

17     ADJUSTMENT NO. 3 – MISCELLANEOUS EXPENSE ..... 11

18     ADJUSTMENT NO. 4 – WATER TESTING EXPENSE ..... 12

19     ADJUSTMENT NO. 5 – TRANSPORTATION EXPENSE ..... 12

20     ADJUSTMENTS NO. 6A, 6B & 6C – CENTRAL OFFICE COSTS..... 13

21     ADJUSTMENT NO. 7 – RATE CASE EXPENSE ..... 13

22     ADJUSTMENT NO. 8 – INCOME TAX ..... 14

23

24 COST OF CAPITAL ..... 15

25

26 RATE DESIGN AND PROOF OF RECOMMENDED REVENUE ..... 15

27     STAND ALONE RATE DESIGN..... 16

28     STAND ALONE PROOF OF RECOMMENDED REVENUE ..... 16

29     STAND ALONE COMPARISON OF A TYPICAL BILL..... 17

30     CONSOLIDATED RATE DESIGN..... 19

31     CONSOLIDATED PROOF OF RECOMMENDED REVENUE ..... 20

32     CONSOLIDATED COMPARISON OF A TYPICAL BILL..... 20

1 **INTRODUCTION**

2 Q. Please state your name for the record.

3 A. My name is Rodney Lane Moore.

4

5 Q. Have you previously filed testimony regarding this docket?

6 A. Yes, I have. I filed direct testimony in this docket on June 12, 2010 and  
7 supplemental direct testimony with my rate design testimony on June 23,  
8 2010.

9

10 Q. What is the purpose of your surrebuttal testimony?

11 A. My surrebuttal testimony will address Company's rebuttal comments  
12 pertaining to adjustments I sponsored in my direct testimony. I will also  
13 provide revised rate design testimony.

14

15 **SUMMARY OF ADJUSTMENTS**

16 Q. After analyzing the Company's rebuttal testimony, did RUCO find positions  
17 of agreement?

18 A. Yes. RUCO is now in substantial agreement with several of the  
19 Company's rebuttal adjustments identified by BVWC as:

20 **Rate Base**

- 21 1. Post Test Year Plant and Accumulated Depreciation (RUCO Direct  
22 Adjustment No. 1);  
23 2. Customers' Deposits (RUCO Surrebuttal Adjustment No. 2);

- 1           3. Allowance for Funds Used During Construction (RUCO Surrebuttal
- 2                   Adjustment No. 4);
- 3           4. Retired Plant (RUCO Surrebuttal Adjustment No. 5); and
- 4           5. Acquisition Costs Associated With Purchase of the Former McLain
- 5                   Systems (RUCO Surrebuttal Adjustment No. 6).

6           **Operating Income**

- 7           1. Test Year Depreciation (RUCO Surrebuttal Adjustment No. 1);
- 8           2. Property Tax - Method of Computation (RUCO Surrebuttal
- 9                   Adjustment No. 2);
- 10          3. Miscellaneous Expenses (RUCO Surrebuttal Adjustment No. 3);
- 11          4. Water Testing Expense (RUCO Surrebuttal Adjustment No. 4); and
- 12          5. Transportation Expense (RUCO Surrebuttal Adjustments No. 5).

13

14   Q.    What areas will you address in your surrebuttal testimony?

15   A.    My surrebuttal testimony will address the following RUCO proposed

16           adjustments:

17           **Rate Base**

18           Customers' Deposits - This is a revision to my direct testimony

19           adjustment, which reflects a misunderstanding of information provided by

20           the Company in its data response. RUCO is now in substantial agreement

21           with the Company.

22           Accumulated Deferred Income Taxes – RUCO witness Timothy Coley will

23           sponsor this adjustment.

24           Plant Retirements and Accumulated Depreciation – This is a revision to

25           my direct testimony adjustment, which reflects updated information

1 provided in the Company's rebuttal testimony. RUCO is now in substantial  
2 agreement with the Company.

3 Allowance for Funds Used During Construction ("AFUDC") - This is an  
4 additional adjustment, which reflects updated information provided in the  
5 Company's rebuttal testimony. RUCO is now in substantial agreement  
6 with the Company.

7 Acquisition Costs Associated With Purchase of the Former McLain  
8 Systems – This is an additional adjustment, which reflects updated  
9 information provided in the Company's rebuttal testimony. RUCO is now in  
10 substantial agreement with the Company.

11 Hook-Up Fee Tariff - RUCO witness Timothy Coley will sponsor this  
12 adjustment.

13 **Operating Income**

14 Test Year Depreciation Expense – This is a revision to my direct testimony  
15 adjustment, which reflects updated information provided in the Company's  
16 rebuttal testimony. RUCO is now in substantial agreement with the  
17 Company.

18 Property Tax Expense - This adjustment reflects property tax expense  
19 based on RUCO's calculation of adjusted and proposed operating  
20 revenues.

21

22

23

1           Miscellaneous Expenses – This is a revision to my direct testimony  
2           adjustment, which reflects updated information provided in the Company’s  
3           rebuttal testimony. RUCO is now in substantial agreement with the  
4           Company.

5           Water Testing Expenses – This is an additional adjustment, which reflects  
6           updated information provided in the Company’s rebuttal testimony. RUCO  
7           is now in substantial agreement with the Company.

8           Transportation Expenses – This is an additional adjustment, which reflects  
9           updated information provided in the Company’s rebuttal testimony. RUCO  
10          is now in substantial agreement with the Company.

11          Central Office Cost Allocations - RUCO witness Timothy Coley will  
12          sponsor this adjustment.

13          Rate Case Expense - RUCO will provide a final recommended level of  
14          rate case expense when it files final schedules after the evidentiary  
15          hearing on the instant case is concluded.

16          Income Tax Expense – This adjustment reflects income tax expenses  
17          calculated on RUCO’s recommended revenues and expenses.

18  
19          To support the adjustments in my surrebuttal testimony, I prepared sixteen  
20          separate Surrebuttal Schedules for each Company (BVWC, NSWC and  
21          SSWC), which are filed concurrently in my surrebuttal testimony.

22  
23

1 **RATE BASE**

2 Rate Base Adjustment No. 2 – Customers’ Deposits

3 Q. Please explain the basis for your adjustment to customers’ deposits.

4 A. RUCO and the Company are now in substantial agreement with the level  
5 of customers’ deposits as adjusted in my surrebuttal schedules.

6  
7 Originally, in my direct testimony, I interpreted the Company’s response to  
8 RUCO’s data request 2.01 incorrectly. I failed to aggregate the individual  
9 amounts into my adjustment. Consequently, after analyzing the  
10 Company’s rebuttal workpapers, RUCO will restore the customers’  
11 deposits to its original level as filed.

12  
13 Therefore, as shown on Schedule SURR RLM-3, column C, I revised my  
14 direct testimony to reflect the correct level of customers’ deposits, by  
15 removing my adjustment. The appropriate level of customers’ deposits is  
16 BVWC’s at \$556,325, NSWC’s at \$410 and SSWC’s at \$2,870.

17  
18 Rate Base Adjustment No. 3 – Accumulated Deferred Income Taxes

19 Q. Please explain how this adjustment to accumulated deferred income taxes  
20 was analyzed by RUCO.

21 A. This adjustment is sponsored by RUCO witness Timothy Coley; please  
22 refer to his testimony for clarification.

23

1 Based on Mr. Coley's testimony and as shown on Schedule SURR RLM-  
2 3, column D, and with supporting Schedules SURR RLM-5A and SURR  
3 RLM-5B this adjustment decreases BVWC's rate base by \$2,703,488,  
4 NSWC's rate base by \$57,525 and SSWC's rate base by \$84,614.

5

6 Rate Base Adjustment No. 4 – Plant Retirements and Accumulated  
7 Depreciation (BVWC Only)

8 Q. Please explain the basis for your adjustment for retired plant and the  
9 accumulated depreciation.

10 A. RUCO and the Company are now in substantial agreement with the level  
11 of gross plant-in-service and accumulated depreciation as adjusted in my  
12 surrebuttal schedules.

13

14 In its rebuttal testimony, the Company acknowledged it did not retire  
15 assets when replacements were placed in service in BVWC. Therefore,  
16 after analyzing the Company's rebuttal workpapers RUCO will remove  
17 \$1,333,328 of retired plant from gross plant in service and simultaneously  
18 \$1,333,328 was removed from accumulated depreciation to recognize the  
19 plant was fully depreciated; thus recording a zero effect on the rate base.

20

21 However, as shown on BVWC's Schedule SURR RLM-3, column E, the  
22 actual entry under accumulated depreciation is \$1,509,449 a difference of  
23 \$176,221. This anomaly was a reconciling computation in the Company's

1 accumulated depreciation schedules that required an additional  
2 adjustment to recognize a difference between the accrued booked  
3 accumulated depreciation balance and the computed level of accumulated  
4 depreciation since the previous rate case test year.

5

6 Therefore, as shown BVWC's Schedule SURR RLM-3, column E, RUCO  
7 and the Company recommend an aggregate increase to BVWC's rate  
8 base of \$176,221.

9

10 Rate Base Adjustment No. 5 – Allowance for Funds Used During  
11 Construction ("AFUDC")

12 Q. Please explain the basis for your adjustment for AFUDC.

13 A. RUCO and the Company are now in substantial agreement with the level  
14 of AFUDC as adjusted in my surrebuttal schedules.

15

16 In its rebuttal testimony and workpapers, the Company provided a revised  
17 computation of AFUDC based on a methodology established by NARUC.  
18 Consequently, after analyzing the Company's rebuttal documentation,  
19 RUCO will remove \$80,055 of AFUDC.

20

21

22

23

1           Therefore, as shown on Schedule SURR RLM-3, I revised my direct  
2           testimony to reflect the correct level of AFUDC, with an adjustment to  
3           decrease BVWC's rate base by \$40,887, NSWC's rate base by \$13,740  
4           and SSWC's rate base by \$25,428.

5

6           Rate Base Adjustment No. 6 – Acquisition Costs Associated with  
7           Purchase of the Former McLain Systems (NSWC and SSWC Only)

8           Q.    Please explain the basis for your adjustment for acquisition costs.

9           A.    RUCO and the Company are now in substantial agreement with the level  
10          of acquisition costs as adjusted in my surrebuttal schedules.

11

12          In its rebuttal testimony and workpapers, the Company provided the actual  
13          amount of acquisition costs.    Consequently, after analyzing the  
14          Company's rebuttal documentation, RUCO will set the acquisition costs at  
15          \$155,378 by removing \$144,623 from account 348 (Other Tangible Plant).

16

17          Therefore, as shown on Schedule SURR RLM-3 (NSWC and SSWC only),  
18          I revised my direct testimony to reflect the correct level of the acquisition  
19          costs, with an adjustment to decrease NSWC's rate base by \$15,636 and  
20          SSWC's rate base by \$128,987.

21

22

23

1           Rate Base Adjustment No. 7 – Hook-Up Fee Tariff

2    Q.    Please explain how this adjustment to the hook-up fee tariff was analyzed  
3           by RUCO.

4    A.    This adjustment is sponsored by RUCO witness Timothy Coley; please  
5           refer to his testimony for clarification.

6

7    **OPERATING INCOME**

8           Operating Income Adjustment No. 1 – Test Year Depreciation Expense

9    Q.    Please explain your adjustment to the test year depreciation expense.

10   A.    RUCO and the Company are now in substantial agreement with the level  
11           of test year depreciation expense. This adjustment of reflects RUCO's  
12           end of test year gross plant-in-service. The adjustment is driven by the  
13           revisions to plant retirements as explained previously in my testimony.

14

15           As shown on Schedule SURR RLM-7, column B and supporting Schedule  
16           SURR RLM-8, this adjustment decreases adjusted test-year operating  
17           expenses of BVWC by \$58,288, NSWC by \$2,225 and SSWC by \$13,933.

18

19           Operating Income Adjustment No. 2 – Property Tax Computation

20   Q.    Did RUCO and the Company use the same methodology to calculate  
21           property tax expenses?

22   A.    Yes. This adjustment varies from the Company's recommendation only to  
23           reflect RUCO's lower proposed annual revenue.

1 As shown on Schedule SURR RLM-7, column C and supporting Schedule  
2 SURR RLM-9, this adjustment decreases adjusted test-year operating  
3 expenses of BVWC by \$10,267, NSWC by \$1,266 and SSWC by \$4,177  
4 on a stand-alone basis.

5

6 Q. Does consolidation affect the total Company level of property tax  
7 expense?

8 A. Yes, because there is a difference between the individual tax rates of each  
9 separate Company and the composite tax rate used for the consolidation  
10 model, the stand-alone property tax expense level is aggregately \$1,456  
11 higher than the consolidated property tax expense.

12

13 Operating Income Adjustment No. 3 – Miscellaneous Expense

14 Q. Please explain your adjustment to the test year miscellaneous expenses.

15 A RUCO and the Company are now in substantial agreement with the level  
16 of test year miscellaneous expense. This adjustment removes an  
17 additional \$4,064 for an aggregate total of \$9,064 of unnecessary costs for  
18 meals, entertainment and contributions identified by the Company in its  
19 rebuttal testimony.

20

21 As shown on Schedule RLM-7, column D and supporting Schedule SURR  
22 RLM-10, this adjustment decreases test year expenses of BVWC by  
23 \$7,681, NSWC by \$610 and SSWC by \$773.

1           Operating Income Adjustment No. 4 – Water Testing Expense

2    Q.    Please explain your adjustment to the test year water testing expenses.

3    A    In its rebuttal testimony and workpapers, the Company acknowledged an  
4       oversight when originally computing the test year water testing expenses.  
5       The Company failed to recognize the projected three-year average water  
6       testing expense. The costs vary significantly over the three-year cycle  
7       because of different annual number of Compliance Sampling  
8       requirements. Consequently, after analyzing the Company's rebuttal  
9       documentation, RUCO will set the water testing expense at \$66,652,  
10      which is an increase \$38,457.

11  
12       Therefore, as shown on Schedule RLM-7, column E, this adjustment  
13      increases test year expenses of BVWC by \$39,722 and NSWC by \$570,  
14      but decreases SSWC by \$1,825.

15  
16           Operating Income Adjustment No. 5 – Transportation Expense

17    Q.    Please explain your adjustment to the test year transportation expenses.

18    A    In its rebuttal testimony and workpapers, the Company acknowledged a  
19       courtesy adjustment to reflect the removal transportation costs associated  
20       with private corporate air travel through an entity called Airlink.  
21       Consequently, after analyzing the Company's rebuttal documentation,  
22       RUCO will remove transportation expenses of \$8,703.

23

1           Therefore, as shown on Schedule RLM-7, column F, this adjustment  
2           decreased test year expenses of BVWC by \$7,023, NSWC by \$647 and  
3           SSWC by \$1,033.

4

5           Operating Income Adjustment No. 6A, 6B and 6C – Central Office Cost

6           Allocations

7           Q.    Please explain how this adjustment to the allocation of central office costs  
8           was analyzed by RUCO.

9           A.    This adjustment is sponsored by RUCO witness Timothy Coley; please  
10          refer to his testimony for clarification.

11

12          Based on Mr. Coley's testimony and as shown on Schedule SURR RLM-  
13          7, columns G, H and I and supporting Schedules SURR RLM-11A, SURR  
14          RLM-11B and SURR RLM-11C, this adjustment aggregately decreases  
15          adjusted test year rate base of BVWC by \$133,749, NSWC by \$5,536 and  
16          SSWC by \$13,185.

17

18          RUCO Operating Income Adjustment No. 7 – Rate Case Expense

19          Q.    Please explain RUCO's adjustment to rate case expenses.

20          A.    RUCO proposes a fair and reasonable level of rate case expenses based  
21          on a Company provided estimate. This estimate was originally offered by  
22          the Company to determine the present and future rate case expenditures  
23          to be incurred in the recent Black Mountain Sewer Company ("BMSC")

1 rate case proceedings. Moreover, I presented the Company with the  
2 BMSC estimate and requested an updated version to reflect suitable  
3 adjustments for any variations in the instant case. The Company refused  
4 to update the BMSC estimate.

5  
6 RUCO finds no compelling reason to adjust its recommended level of rate  
7 case expense at this time and believes its estimate remains fair and  
8 reasonable at \$200,000 (normalized over three years) for an annual  
9 expense \$66,666 and subsequently allocated to each Company.

10  
11 However, RUCO will continue to analyze any documentation made  
12 available and will provide a final recommended level of rate case expense  
13 when it files final schedules after the evidentiary hearing on the instant  
14 case is concluded.

15  
16 As shown on Schedule SURR RLM-7 column J, this adjustment  
17 decreases adjusted test-year operating expenses of BVWC by \$49,333,  
18 NSWC by \$8,693 and SSWC by \$8,640.

19  
20 RUCO Operating Income Adjustment No. 8 – Income Taxes

21 Q. Please explain RUCO's adjustment to the income tax expenses.

22 A. This adjustment reflects income tax expenses calculated on RUCO's  
23 recommended revenues and expenses.

1 As shown on Schedule SURR RLM-7 column K and supporting Schedule  
2 SURR RLM-13, this adjustment increases adjusted test-year operating  
3 expenses of BVWC by \$104,773, NSWC by \$12,419 and SSWC by  
4 \$1,725 on a stand-alone basis.

5

6 Q. Does consolidation affect the total Company level of income tax expense?

7 A. Yes, because there is a difference between the individual income tax rates  
8 of each separate Company and the composite tax rate used for the  
9 consolidation model, the stand-alone income tax expense level is  
10 aggregately \$65,604 lower than the consolidated income tax expense.

11

12 **COST OF CAPITAL**

13 Q. Is RUCO proposing any surrebuttal adjustments to the Company  
14 proposed cost of capital?

15 A. No. This adjustment is fully explained in the testimony of RUCO witness  
16 William A. Rigsby.

17

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

19 Q. Have you revised your Schedule presenting your recommended rate  
20 designs?

21 A. Yes, as shown on Schedule SURR RLM-RD1, I am recommending a rate  
22 design that is consistent with RUCO's recommended revenue allocations  
23 and requirement as revised in my surrebuttal testimony. I have also

1 modified the rate design to reflect the Company's revisions to its basic rate  
2 design to remove "cross-over points" where customers on small meters  
3 with high levels of usage pay more than larger metered customers.

4

5 **STAND-ALONE RATE DESIGNS**

6 Q. Please explain RUCO's stand-alone rate designs.

7 A. RUCO is recommending a stand-alone rate design that is generally  
8 consistent with the Company's proposed stand-alone rate design.  
9 However, my rate design reflects RUCO's recommended revenue  
10 requirements and provides proof that the design will produce the  
11 appropriate revenue requirements.

12

13 **STAND-ALONE PROOF OF RECOMMENDED REVENUES**

14 Q. Have you prepared a Schedule presenting proof of your recommended  
15 revenue?

16 A. Yes, I have. Proof that my recommended stand-alone rate designs will  
17 produce the recommended required revenue as illustrated, is presented  
18 also on Schedule SURR RLM-RD1.

19

20

21

22

23

1 **STAND-ALONE TYPICAL BILL ANALYSIS**

2 Q. Have you prepared a Schedule representing the financial impact of  
3 RUCO's recommended stand-alone rate design on the typical residential  
4 customer?

5 A. Yes. A typical bill analysis for residential customers with various levels of  
6 usage is presented on Schedule SURR RLM-RD2. The stand-alone rate  
7 designs will affect customers of BVWC, NSWC and SSWC differently.

8

9 Q. Please describe the financial impact of RUCO's rate design on the  
10 average BVWC residential customer.

11 A. RUCO's rate designs propose a basic service charge for residential  
12 customers of BVWC with a 5/8" X 3/4" meter of \$15.08 (versus \$18.46  
13 proposed by the Company) and commodity charges of \$1.2495 per  
14 thousand gallons for the first 4,000 gallons, \$1.8211 per thousand gallons  
15 for the next 6,000 gallons and \$2.1478 per thousand gallons for all usage  
16 above 10,000 gallons (versus \$1.5300, \$2.2300 and \$2.6300, proposed  
17 respectively by the Company).

18

19 Residential customers of BVWC with a 5/8" X 3/4" meter and average  
20 consumption of 6,612 gallons will see a monthly bill of \$24.83. RUCO's  
21 rate design provides for a \$1.93 or 8.44 percent increase over the present  
22 monthly bill of \$22.90 (at the same level of consumption). This is a

1 decrease of \$5.58 or 74.30 percent over the Company's requested  
2 increase of \$7.51 or 32.79 percent.

3

4 Q. Please describe the financial impact of RUCO's rate design on the  
5 average NSWC residential customer.

6 A. RUCO's rate designs propose a basic service charge for residential  
7 customers of NSWC with a 5/8" X 3/4" meter of \$59.33 (versus \$75.39  
8 proposed by the Company) and commodity charges of \$3.8247 per  
9 thousand gallons for the first 4,000 gallons, \$4.6117 per thousand gallons  
10 for the next 6,000 gallons and \$5.5168 per thousand gallons for all usage  
11 above 10,000 gallons (versus \$4.8600, \$5.8600 and \$7.0100, proposed  
12 respectively by the Company).

13

14 Residential customers of NSWC with a 5/8" X 3/4" meter and average  
15 consumption of 5,755 gallons will see a monthly bill of \$82.72. RUCO's  
16 rate design provides for a \$39.65 or 92.04 percent increase over the  
17 current monthly bill of \$43.08 (at the same level of consumption). This is a  
18 decrease of \$22.39 or 36.09 percent over the Company's requested  
19 \$62.04 or 144.02 percent increase.

20

21

22

23

1 Q. Please describe the financial impact of RUCO's rate design on the  
2 average SSWC residential customer.

3 A. RUCO's rate designs propose a basic service charge for residential  
4 customers of SSWC with a 5/8" X 3/4" meter of \$37.32 (versus \$54.37  
5 proposed by the Company) and commodity charges of \$2.4095 per  
6 thousand gallons for the first 4,000 gallons, \$2.9243 per thousand gallons  
7 for the next 6,000 gallons and \$3.7138 per thousand gallons for all usage  
8 above 10,000 gallons (versus \$3.5100, \$4.2600 and \$5.4100, proposed  
9 respectively by the Company).

10

11 Residential customers of SSWC with a 5/8" X 3/4" meter and average  
12 consumption of 5,581 gallons will see a monthly bill of \$51.58. RUCO's  
13 rate design provides for an \$8.99 or 21.10 percent increase over the  
14 current monthly charge of \$42.60 (at the same level of consumption). This  
15 is a decrease of \$23.56 or 72.38 percent over the Company's requested  
16 \$32.55 or 76.41 percent increase.

17

18 **CONSOLIDATED RATE DESIGN**

19 Q. Please explain RUCO's position on consolidated rate design.

20 A. RUCO will not oppose consolidated rates if the Commission finds that such  
21 rate design is in the public interest.

22

23

1           Therefore, RUCO is providing an alternative consolidated rate design that  
2           is generally consistent with the Company's proposed consolidated rate  
3           design, but reflects RUCO's recommended revenue requirements and  
4           provides proof that the design will produce the appropriate revenue  
5           requirements.

6

7           **CONSOLIDATED PROOF OF RECOMMENDED REVENUE**

8           Q.    Have you prepared a Schedule presenting proof of your recommended  
9           revenue?

10          A.    Yes, I have. Proof that my recommended consolidated rate design will  
11          produce the recommended required revenue as illustrated, is presented  
12          also on Schedule SURR RLM-RD1.

13

14          **CONSOLIDATED TYPICAL BILL ANALYSIS**

15          Q.    Have you prepared a Schedule representing the financial impact of  
16          RUCO's consolidated rate design on the typical residential customer?

17          A.    Yes. A typical bill analysis for residential customers with various levels of  
18          usage is presented on Schedule SURR RLM-RD2.

19

20          The consolidated rate design will affect customers of BVWC, NSWC and  
21          SSWC differently.

22

23

1 RUCO's consolidated rate design proposes a basic service charge for  
2 residential customers of BVWC with a 5/8" X 3/4" meter of \$14.69 (versus  
3 \$17.92 proposed by the Company) and commodity charges of \$1.6193  
4 per thousand gallons for the first 4,000 gallons, \$2.4389 per thousand  
5 gallons for the next 6,000 gallons and \$3.1766 per thousand gallons for all  
6 usage above 10,000 gallons (versus \$1.9756, \$2.9756 and \$3.8756  
7 proposed respectively by the Company).

8

9 Q. Please describe the financial impact of RUCO's rate design on the  
10 average BVWC residential customer.

11 A. Residential customers of BVWC with a 5/8" X 3/4" meter and average  
12 consumption of 6,612 gallons will see a monthly bill of \$27.53. RUCO's  
13 rate design provides for a \$4.64 or 20.26 percent increase over the  
14 present monthly bill of \$22.90 (at the same level of consumption). This is  
15 a decrease of \$6.06 or 56.64 percent over the Company's requested  
16 \$10.70 or 46.72 percent increase.

17

18 Q. Please describe the financial impact of RUCO's rate design on the  
19 average NSWC residential customer.

20 A. Residential customers of NSWC with a 5/8" X 3/4" meter and average  
21 consumption of 5,755 gallons will see a monthly bill of \$25.45. RUCO's  
22 rate design provides for a \$17.63 or 40.93 percent decrease over the  
23 present monthly bill of \$43.08 (at the same level of consumption). This is

1 an increase of \$5.60 or 46.55 percent over the Company's requested  
2 \$12.03 or 27.93 percent decrease.

3

4 Q. Please describe the financial impact of RUCO's rate design on the  
5 average SSWC residential customer.

6 A. Residential customers of SSWC with a 5/8" X 3/4" meter and average  
7 consumption of 5,581 gallons will see a monthly bill of \$25.02. RUCO's  
8 rate design provides for a \$17.58 or 41.26 percent decrease over the  
9 present monthly bill of \$42.60 (at the same level of consumption). This is  
10 an increase of \$5.51 or 45.65 percent over the Company's requested  
11 \$12.07 or 28.34 percent decrease.

12

13 Q. Does this conclude your surrebuttal testimony?

14 A. Yes, it does.

Bella Vista Water Company (Stand-Alone)  
Docket No. W-02453A-09-0411 et al.  
Test Year Ended March 31, 2009

**SURREBUTTAL  
TABLE OF CONTENTS TO RLM SCHEDULES**

SCHEDULE NO.	PAGE NO.	TITLE
SURR RLM-1	1	REVENUE REQUIREMENT
SURR RLM-2	1	RATE BASE
SURR RLM-3	1	SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS
RLM-4	1	RATE BASE ADJUSTMENT NO. 1 - POST TEST YEAR PLANT AND ACCUMULATED DEPRECIATION
DIRECT TESTIMONY		RATE BASE ADJUSTMENT NO. 2 - CUSTOMER DEPOSITS
SURR RLM-5A & 5B	1	RATE BASE ADJUSTMENT NO. 3 - ACCUMULATED DEFERRED INCOME TAXES
SURR TESTIMONY		RATE BASE ADJUSTMENT NO. 4 - PLANT RETIREMENT AND ACCUMULATED DEPRECIATION
SURR TESTIMONY		RATE BASE ADJUSTMENT NO. 5 - AFUDC
SURR RLM-6	1	OPERATING INCOME
SURR RLM-7	1	SUMMARY OF OPERATING INCOME ADJUSTMENTS
SURR RLM-8	1	OPERATING INCOME ADJUSTMENT NO. 1 - TEST YEAR DEPRECIATION EXPENSE
SURR RLM-9	1	OPERATING INCOME ADJUSTMENT NO. 2 - PROPERTY TAX COMPUTATION
SURR RLM-10	1	OPERATING INCOME ADJUSTMENT NO. 3 - MISCELLANEOUS EXPENSES
SURR TESTIMONY		OPERATING INCOME ADJUSTMENT NO. 4 - WATER TESTING EXPENSE
SURR TESTIMONY		OPERATING INCOME ADJUSTMENT NO. 5 - TRANSPORTATION EXPENSE
SURR RLM-11A	1	OPERATING INCOME ADJUSTMENT NO. 6A - CENTRAL OFFICE COST ALLOCATION
SURR RLM-11B	1	OPERATING INCOME ADJUSTMENT NO. 6B - CENTRAL OFFICE COST ALLOCATION
SURR RLM-11C	1	OPERATING INCOME ADJUSTMENT NO. 6C - CENTRAL OFFICE COST ALLOCATION
RLM-12	1	OPERATING INCOME ADJUSTMENT NO. 7 - RATE CASE EXPENSE
SURR RLM-13	1	OPERATING INCOME ADJUSTMENT NO. 8 - INCOME TAX EXPENSE
SURR RLM-RD1	1 TO 3	RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
SURR RLM-RD2	1 TO 2	TYPICAL RESIDENTIAL BILL ANALYSIS

**SURREBUTTAL  
REVENUE REQUIREMENT**

LINE NO.	DESCRIPTION	(A) COMPANY OCRB/FVRB COST	(B) RUCO OCRB/FVRB COST
1	Fair Value Rate Base	\$ 6,343,311	\$ 3,769,607
2	Adjusted Operating Income (Loss)	\$ 94,521	\$ 216,368
3	Current Rate Of Return (L2 / L1)	1.49%	5.74%
4	Required Operating Income (L5 X L1)	\$ 683,175	\$ 310,801
5	Required Rate Of Return On Fair Value Rate Base	10.77%	8.24%
6	Operating Income Deficiency (L4 - L2)	\$ 588,653	\$ 94,433
7	Gross Revenue Conversion Factor (RLM-1, Pg 2)	1.6286	1.6286
8	Increase In Gross Revenue Requirement (L7 X L6)	<b>\$ 958,701</b>	<b>\$ 153,798</b>
9	Adjusted Test Year Revenue	\$ 3,526,033	\$ 3,526,033
10	Proposed Annual Revenue (L8 + L9)	\$ 4,484,734	\$ 3,679,831
11	Required Percentage Increase In Revenue (L8 / L9)	27.19%	4.36%
12	Rate Of Return On Common Equity	12.50%	9.00%

References:

Column (A): Company Schedules A-1 and C-1  
Column (B): RUCO Schedule SURR RLM-2, SURR RLM-6, And RLM-14

**SURREBUTTAL  
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	\$ 25,625,206	\$ (1,376,055)	\$ 24,249,151
2	Accumulated Depreciation	(11,909,440)	1,505,839	(10,403,601)
3	Net Utility Plant In Service (L1 + L2)	<u>\$ 13,715,765</u>	<u>\$ 129,784</u>	<u>\$ 13,845,549</u>
4	Advances In Aid Of Const.	\$ (6,781,443)	\$ -	\$ (6,781,443)
5	Contribution In Aid Of Const.	\$ (496,445)	\$ -	\$ (496,445)
6	Accumulated Amortization Of CIAC	230,909	-	230,909
7	NET CIAC (L5 + L6)	<u>\$ (265,536)</u>	<u>\$ -</u>	<u>\$ (265,536)</u>
8	Customer Meter Deposits	\$ (556,325)	\$ -	\$ (556,325)
9	Customer Hydrant Meter Deposits	\$ -	\$ -	\$ -
10	Deferred Income Taxes & Credits	\$ 230,850	\$ (2,703,488)	\$ (2,472,638)
11	Unamortized Finance Charges	\$ -	\$ -	\$ -
12	Deferred Regulatory Assets	\$ -	\$ -	\$ -
13	Allowance For Working Capital	\$ -	\$ -	\$ -
14	TOTAL RATE BASE (Sum L's 3, 4, 7, 8 Thru 12)	<u>\$ 6,343,311</u>	<u>\$ (2,573,704)</u>	<u>\$ 3,769,607</u>

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)

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

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED OCRB/FVRB	(B) ADJ # 1 POST TY PLT & ACC DEP	(C) ADJ # 2 CUSTOMER DEPOSITS	(D) ADJ # 3 DEFERRED INCOME TAX	(E) ADJ # 4 PLANT RETIREMENTS	(F) ADJ # 5 AFUDC	(G) RUCO ADJ'TED OCRB/FVRB
1	Gross Utility Plant In Service	\$ 25,625,206	\$ (1,940)	\$ -	\$ -	\$ (1,333,228)	\$ (40,887)	\$ 24,249,151
2	Accumulated Depreciation	(11,909,440)	(3,610)	-	-	1,509,449	-	(10,403,601)
3	Net Utility Plant In Service (L1 + L2)	<u>\$ 13,715,765</u>	<u>\$ (5,550)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 176,221</u>	<u>\$ (40,887)</u>	<u>\$ 13,845,549</u>
4	Advances In Aid Of Const.	\$ (6,781,443)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (6,781,443)
5	Contribution In Aid Of Const.	\$ (496,445)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (496,445)
6	Accumulated Amortization Of CIAC	230,909	-	-	-	-	-	230,909
7	NET CIAC (L5 + L6)	<u>\$ (265,536)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (265,536)</u>
8	Customer Meter Deposits	\$ (556,325)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (556,325)
9	Customer Hydrant Meter Deposits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	Deferred Income Taxes & Credits	\$ 230,850	\$ -	\$ -	\$ (2,703,488)	\$ -	\$ -	\$ (2,472,638)
11	Unamortized Finance Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	Deferred Regulatory Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	Allowance For Working Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14	TOTAL RATE BASE (Sum L's 3, 4, 7, 8 Thru 12)	<u>\$ 6,343,311</u>	<u>\$ (5,550)</u>	<u>\$ -</u>	<u>\$ (2,703,488)</u>	<u>\$ 176,221</u>	<u>\$ (40,887)</u>	<u>\$ 3,769,607</u>

References:

- Column (A): Company Schedule B-2, Page 1 And Workpapers Schedule E-1
- Column (B): Adjustment No. 1 - RUCO Adjustment To Post Test-Year GPIS And Acc. Dep. (See Testimony and Schedule RLM-4)
- Column (C): Adjustment No. 2 - RUCO Adjustment To Customer Deposits (See Testimony)
- Column (D): Adjustment No. 3 - RUCO Adjustment To Deferred Income Taxes (See Surrebuttal Testimony Of RUCO Witness Tim Coley and Schedule SURR RLM-5A & 5B)
- Column (E): Adjustment No. 4 - RUCO Adjustment For Retired Plant (See Surrebuttal Testimony, RLM)
- Column (F): Adjustment No. 5 - RUCO Adjustment To AFUDC (See Surrebuttal Testimony, RLM)
- Column (G): Sum Of Columns (A), (B), (C), (D), (E) & (F)

**Original Cost Rate Base Proforma Adjustments  
ADIT Calculation Based on RUCO's Surrebuttal Schedules**

Line

No.			Probability of Realization of Future	Deductible TD (Taxable TD) Expected to be Realized	5 Tax Rate	Future Tax Asset		Future Tax Liability		
	<u>Adjusted Book Value<sup>1</sup></u>	<u>Tax Value</u>	<u>Tax Benefit</u>	<u>be Realized</u>		<u>Current</u>	<u>Non Current</u>	<u>Current</u>	<u>Non Current</u>	
1	<b>Deferred Income Tax as of March 31, 2009</b>									
2										
3										
4										
5										
6	Plant-in-Service	\$ 24,249,151 <sup>1</sup>								
7	Accum. Deprec.	(10,403,601) <sup>1</sup>								
8	CIAC (Net)	<u>(265,536) <sup>1</sup></u>								
9	Fixed Assets	\$ 13,580,013	\$ 6,730,491 <sup>2</sup>	100.0%	\$ (6,849,522)	38.60%			(2,643,839)	
10	AIAC		6,136,045 <sup>3</sup>	7.2% <sup>4</sup>	\$ 443,538	38.60%		\$ 171,201		
11	Tax Benefits from O.L. Carry Forward.			100.0%	\$ -	38.60%		\$ -		
12							<u>\$ -</u>	<u>\$ 171,201</u>	<u>\$ -</u>	
13									<u>\$ (2,643,839)</u>	
14	RUCO Net Asset (Liability)						\$ (2,472,638)			
15										
16	Company ADIT Asset (Liability) for BVWC Stand Alone Adjusted Test Year						\$ 230,850			
17										
18	RUCO BVWC (Stand Alone) Adjustment to ADIT						<u>\$ (2,703,488)</u>			
19										
20										
21										
22	<b>1 Adjusted per RUCO Surrebuttal Schedule RLM-2, page 1</b>									
23										
24	<b>2 Tax Basis per Company as of March 31, 2009</b>									
25										
26										
27	<b>3 AIAC (including impact of change in probability of realization)</b>									
28	AIAC per B-2						\$ 6,781,443			
29	Less: Pre-1996 AIAC included for book and tax purposes						<u>(645,398)</u>			
30	Net AIAC before unrealized portion						<u>\$ 6,136,045</u>			
31	<b>4 Effective AIAC Refund Rate Over a 30 Year AIAC/Refund Study (See Coley Work Papers)</b>									
32										
33	<b>5 Effective tax rates Per RLM-1, page 2</b>									
34										
35										
36										
37										
38										

**SURREBUTTAL  
ACCUMULATED DEFERRED INCOME TAXES**

LINE NO.	DESCRIPTION	(A) REFERENCE	(B) AMOUNT
Deferred Income Taxes:			
1	Algonquin Accumulated Deferred Income Tax Assets	2008 Algonquin Annual Report	\$ 23,032,000
2	Algonquin Accumulated Deferred Income Tax Liabilities	2008 Algonquin Annual Report	<u>(106,983,000)</u>
3	Net Accumulated Deferred Income Tax Assets (Liabilities)	Line 1 + Line 2	\$ (83,951,000)
4	Bella Vista Consolidated Allocation	Note (A)	<u>1.5438%</u>
5	Bella Vista Consolidated ADIT Liabilities Allocation	Line 3 X Line 4	\$ (1,296,004)
6	Convert to US Dollars	Note (B)	<u>0.9915</u>
7	Bella Vista Consolidated Allocated ADIT Liabilities Balance	Line 5 X Line 6	\$ (1,284,949)
8	Total Consolidated ADIT as Filed by Company	Company Schedule C-1	173,329
9	Decrease In Deferred Income Tax Assets	Line 7 - Line 8	<u>\$ (1,458,278)</u>
10	Total Bella Vista Customer Count Factor	Per Company	0.8772
11	RUCO Adjustment (See RLM-3, Column (D), Line 10)	Line 9 X Line 10	<u><u>(1,279,224)</u></u>

NOTES:

12	(A)	Purchase Price of BVWC, NSWC and SSWC	Annual Report	\$ 15,100,000
13		Algonquin Total Assets	Annual Report	\$ 978,130,000
14		Ratio Of BVWC, NSWC & SSWC To Algonquin Total /	Line 12 / Line 13	1.5438%
15	(B)	Currency Conversion	moneycentral.com on 04/1/2010	0.9915

**SURREBUTTAL  
OPERATING INCOME**

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(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	Flat Rate Revenues	\$ 3,400,892	\$ -	\$ 3,400,892	\$ 153,798	\$ 3,554,690
2	Misc. Service Revenues	-	-	-	-	-
3	Other WW Revenues	125,141	-	125,141	-	125,141
4	<b>TOTAL OPERATING REVENUE</b>	<b>\$ 3,526,033</b>	<b>\$ -</b>	<b>\$ 3,526,033</b>	<b>\$ 153,798</b>	<b>\$ 3,679,831</b>
Operating Expenses:						
5	Salaries and Wages	\$ -	\$ -	\$ -	\$ -	\$ -
6	Purchased Water	708	-	708	-	708
7	Purchased Power	561,094	-	561,094	-	561,094
8	Fuel for Power Production	-	-	-	-	-
9	Chemicals	4,273	-	4,273	-	4,273
10	Materials & Supplies	36,932	-	36,932	-	36,932
11	Outside Services	4,605	-	4,605	-	4,605
12	Outside Services- Legal	35,245	-	35,245	-	35,245
13	Outside Services- Other	1,258,045	(133,749)	1,124,297	-	1,124,297
14	Water Testing	18,805	39,722	58,527	-	58,527
15	Equipment Rental	-	-	-	-	-
16	Rents	60,600	-	60,600	-	60,600
17	Transportation Expenses	78,117	(7,023)	71,094	-	71,094
18	Insurance - General Liability	38,930	-	38,930	-	38,930
19	Insurance - Health and Life	7,290	-	7,290	-	7,290
20	Reg. Comm. Exp.	9,017	-	9,017	-	9,017
21	Reg. Comm. Exp. - Rate Case	83,333	(49,333)	34,000	-	34,000
22	Miscellaneous Expense	65,966	(7,681)	58,285	-	58,285
23	Bad Debt Expense	9,526	-	9,526	-	9,526
24	Depreciation Expense	1,009,435	(58,288)	951,146	-	951,146
25	Taxes Other Than Income	-	-	-	-	-
26	Property Taxes	159,659	(10,267)	149,392	-	149,392
27	Income Tax	(10,068)	104,773	94,705	59,364	154,069
28	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 3,431,512</b>	<b>\$ (121,847)</b>	<b>\$ 3,309,665</b>	<b>\$ 59,364</b>	<b>\$ 3,369,029</b>
29	<b>OPERATING INCOME (LOSS)</b>	<b>\$ 94,521</b>		<b>\$ 216,368</b>		<b>\$ 310,801</b>

References:

- Column (A): Company Schedule C-1
- Column (B): SURR RLM-7, Columns (B) Thru (H)
- 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)

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

LINE NO.	(A) COMPANY AS FILED	(B) ADJ # 1 DEP. EXPENSE	(C) ADJ # 2 PROPERTY TAX	(D) ADJ # 3 MISC. EXPENSES	(E) ADJ # 4 WATER TEST EXPENSES	(F) ADJ # 5 TRANSPORT EXPENSES	(G) ADJ # 6A CENTRAL OFFICE COST	(H) ADJ # 6B CENTRAL OFFICE COST	(I) ADJ # 6C CENTRAL OFFICE COST	(J) ADJ # 7 RATE CASE EXPENSES	(K) ADJ # 8 INCOME TAX	(L) RUCO AS ADJT'D
Revenues:												
1	Flat Rate Revenues	\$ 3,400,892	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,400,892
2	Misc. Service Revenues	-	-	-	-	-	-	-	-	-	-	-
3	Other WW Revenues	125,141	-	-	-	-	-	-	-	-	-	125,141
4	<b>TOTAL OPR'G REV.</b>	<b>\$ 3,526,033</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,526,033</b>
Operating Expenses:												
5	Salaries and Wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	Purchased Water	708	-	-	-	-	-	-	-	-	-	708
7	Purchased Power	561,094	-	-	-	-	-	-	-	-	-	561,094
8	Fuel for Power Production	-	-	-	-	-	-	-	-	-	-	-
9	Chemicals	4,273	-	-	-	-	-	-	-	-	-	4,273
10	Materials & Supplies	36,932	-	-	-	-	-	-	-	-	-	36,932
11	Outside Services	4,605	-	-	-	-	-	-	-	-	-	4,605
12	Outside Services- Legal	35,245	-	-	-	-	-	-	-	-	-	35,245
13	Outside Services- Other	1,258,045	-	-	-	-	(122,927)	(959)	(9,863)	-	-	1,124,297
14	Water Testing	18,805	-	-	-	39,722	-	-	-	-	-	58,527
15	Equipment Rental	-	-	-	-	-	-	-	-	-	-	-
16	Rents	60,600	-	-	-	-	-	-	-	-	-	60,600
17	Transportation Expenses	78,117	-	-	-	(7,023)	-	-	-	-	-	71,094
18	Insurance - General Liability	38,930	-	-	-	-	-	-	-	-	-	38,930
19	Insurance - Health and Life	7,290	-	-	-	-	-	-	-	-	-	7,290
20	Reg. Comm. Exp.	9,017	-	-	-	-	-	-	-	-	-	9,017
21	Reg. Comm. Exp. - Rate Case	83,333	-	-	-	-	-	-	-	(49,333)	-	34,000
22	Miscellaneous Expense	65,966	-	-	(7,681)	-	-	-	-	-	-	58,285
23	Bad Debt Expense	9,526	-	-	-	-	-	-	-	-	-	9,526
24	Depreciation Expense	1,009,435	(58,288)	-	-	-	-	-	-	-	-	951,146
25	Taxes Other Than Income	-	-	-	-	-	-	-	-	-	-	-
26	Property Taxes	159,659	-	(10,267)	-	-	-	-	-	-	-	149,392
27	Income Tax	(10,068)	-	-	-	-	-	-	-	-	104,773	94,705
29	<b>TOTAL OPR'G EXP.</b>	<b>\$ 3,431,512</b>	<b>\$ (58,288)</b>	<b>\$ (10,267)</b>	<b>\$ (7,681)</b>	<b>\$ 39,722</b>	<b>\$ (7,023)</b>	<b>\$ (122,927)</b>	<b>\$ (959)</b>	<b>\$ (9,863)</b>	<b>\$ (49,333)</b>	<b>\$ 3,309,665</b>
30	<b>OPR'G INC. (LOSS)</b>	<b>\$ 94,521</b>										<b>\$ 216,368</b>

References:

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

**SURREBUTTAL**  
**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 1**  
**TEST YEAR DEPRECIATION EXPENSE**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) TOTAL PLANT VALUE	(B) APPROVED DEPRECIATION RATE	(C) TEST YEAR DEPRECIATION EXPENSE
1	301	Organization Cost	\$ -	0.00%	\$ -
2	302	Franchise Cost	-	0.00%	-
3	303	Land and Land Rights	327,399	0.00%	-
4	304	Structures and Improvements	1,307,936	3.33%	43,554
5	305	Collecting and Impounding Res.	-	2.50%	-
6	306	Lake River and Other Intakes	-	2.50%	-
7	307	Wells and Springs	1,127,614	3.33%	37,550
8	308	Infiltration Galleries and Tunnels	-	6.67%	-
9	309	Supply Mains	-	2.00%	-
10	310	Power Generation Equipment	-	5.00%	-
11	311	Electric Pumping Equipment	2,044,322	12.50%	255,540
12	320	Water Treatment Equipment	83,385	3.33%	2,777
13	320.1	Water Treatment Equipment	-	3.33%	-
14	320.2	Chemical Solution Feeders	-	20.00%	-
15	330	Dist. Reservoirs & Standpipe	2,280,128	2.22%	50,619
16	330.1	Storage tanks	-	2.22%	-
17	330.2	Pressure Tanks	-	5.00%	-
18	331	Trans. and Dist. Mains	12,109,036	2.00%	242,181
19	333	Services	1,382,479	3.33%	46,037
20	334	Meters	1,358,176	8.33%	113,136
21	335	Hydrants	884,182	2.00%	17,684
22	336	Backflow Prevention Devices	-	6.67%	-
23	339	Other Plant and Misc. Equip.	69,551	6.67%	4,639
24	340	Office Furniture and Fixtures	177,672	6.67%	11,851
25	340.1	Computers and Software	160,920	20.00%	32,184
26	341	Transportation Equipment	268,464	20.00%	53,693
27	342	Stores Equipment	-	4.00%	-
28	343	Tools and Work Equipment	122,443	5.00%	6,122
29	344	Laboratory Equipment	-	10.00%	-
30	345	Power Operated Equipment	31,548	5.00%	1,577
31	346	Communications Equipment	411,484	10.00%	41,148
32	347	Miscellaneous Equipment	107,306	10.00%	10,731
33	348	Other Tangible Plant	-	10.00%	-
34		Rounding	-		-
35		<b>TOTAL WASTEWATER PLANT</b>	<b>\$ 24,254,044</b>		<b>\$ 971,022</b>
36		Less: Amortizations Of CIAC (SURR RLM-2, Col. (C), Line 5)	\$ (496,445)	4.0035%	(19,875)
37		<b>TOTAL DEPRECIATION EXPENSE (Line 35 + Line 36)</b>			<b>\$ 951,146</b>
38		Test Year Depreciation Expense As Filed (Co. Sch. C-1)			1,009,435
39		Increase In Depreciation Expense (Line 37 - Line 38)			<b>\$ (58,288)</b>
40		RUCO Adjustment (Line 39) (See SURR RLM-7, Column (B), Line 25)			<b>\$ (58,288)</b>

References:  
Columns (A) & (B): Company Rebuttal Schedule "C-2p1Depr"  
Column (C): Column (A) X Column (B)

**SURREBUTTAL**  
**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 2**  
**PROPERTY TAX COMPUTATION**

LINE NO.	DESCRIPTION	REFERENCE	(A) AMOUNT	(B) TOTAL
Calculation Of The Company's Full Cash Value:				
Annual Operating Revenues:				
1	Adjusted Revenues In Year Ended December 2007	Sch. SURR RLM-6, Col (C), Ln 4	\$ 3,526,033	
2	Adjusted Revenues In Year Ended December 2007	Sch. SURR RLM-6, Col (C), Ln 4	3,526,033	
3	Proposed Revenues	Sch. SURR RLM-6, Col (E), Ln 4	3,679,831	
4	Total Three Year Operating Revenues	Sum Of Lines 1, 2 & 3	<u>\$ 10,731,897</u>	
5	Average Annual Operating Revenues	Line 4 / 3	3,577,299	
6	Two Times Three Year Average Operating Revenues	Line 5 X 2		\$ 7,154,598
ADD:				
10% Of Construction Work In Progress ("CWIP"):				
7	Test Year CWIP	Co. Sch. E-1	\$ 379,887	
8	10% Of CWIP	Line 7 X 10%		\$ 37,989
SUBTRACT:				
Transportation At Book Value:				
9	Original Cost Of Transportation Equipment	RLM-4, Col. (E), Ln 26	\$ 295,224	
10	Acc. Dep. Of Transportation Equipment	RLM-4, Col. (F), Ln 26	<u>(291,918)</u>	
11	Book Value Of Transportation Equipment	Line 9 + Line 10		\$ (3,305)
12	Company's Full Cash Value ("FCV")	Sum Of Lines 6, 8 & 11		<u>\$ 7,189,281</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	\$ 1,509,749	
Property Tax Rates:				
15	Primary Tax Rate - 2009 Tax Notice	Co. Sch. C-2, Pg 3	9.8053%	
16	Secondary Tax Rate - 2009 Tax Notice	Co. Sch. C-2, Pg 3	<u>0.0000%</u>	
17	Estimated Tax Rate Liability	Line 15 + Line 16	9.81%	
18	Company's Tax Liability - Based On Full Cash Value	Line 14 X Line 17		\$ 148,035
19	Company's Tax on Parcels	Co. Sch. C-2, Pg 3		<u>\$ 1,357</u>
20	Company's Total Tax Liability	Line 18 + Line 19		\$ 149,392
21	Test Year Adjusted Property Tax Expense As Filing	Co. Sch. C-1, Line 26		<u>159,659</u>
22	Increase In Property Tax Expense	Line 20 - Line 21		<u>\$ (10,267)</u>
23	RUCO Adjustment (See SURR RLM-7, Column (C), Line 27)	Line 22		<u><u>\$ (10,267)</u></u>

**SURREBUTTAL**  
**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 3**  
**DISALLOWANCE OF MISCELLANEOUS EXPENSES**

LINE NO.	DESCRIPTION	REFERENCE	(A) TOTAL
	Disallowed Miscellaneous Expenses	Co. Response To Staff D. R. CSB 1-32	
1	Bella Vista Water Company Christmas Party		\$ (2,000)
2	Special Olympics Pledge		(250)
3	Muscular Distrophy Association Donation		(250)
4	Additional Disallowance By Company		(5,181)
5	RUCO Adjustment To Unnecessary/Non-Recurring Expense	Sum Of Lines 1 Thru 17	<u>\$ (7,681)</u>
6	RUCO Adjustment (See SURR RLM-7, Column (D))	Line 18	<u>\$ (7,681)</u>

**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 6(A)  
CENTRAL OFFICE COST ALLOCATIONS**

LINE NO.	DESCRIPTION	(A) COMPANY ACTUAL COSTS (CAN \$)	(B) RUCO ALLOWED % OF COSTS	(C) RUCO ALLOWABLE COSTS	(D) RUCO UTILITIES % ALLOCATION	(E) RUCO ALLOCATED COSTS	(F) ALLOCATION % To BVWC	(G) RUCO ALLOCATED BVWC COSTS
1	Audit	\$ 778,285	25.00%	\$ 194,571	25.35%	\$ 49,328	12.74%	\$ 6,285
2	Tax Services	518,775	25.00%	129,694	25.35%	32,880	12.74%	4,189
3	Legal	159,053	25.00%	39,763	25.35%	10,081	12.74%	1,284
4	Other Professional Services	506,082	0.00%	-	25.35%	-	12.74%	-
5	Management Fee - Total	644,943	0.00%	-	25.35%	-	12.74%	-
6	Unit Holder Communications	156,766	0.00%	-	25.35%	-	12.74%	-
7	Trustee Fees	129,000	0.00%	-	25.35%	-	12.74%	-
8	Escrow & Transfer Agent Fees	96,138	0.00%	-	25.35%	-	12.74%	-
9	Rent	307,337	0.00%	-	25.35%	-	12.74%	-
10	Licenses/Fees & Permits	17,561	0.00%	-	25.35%	-	12.74%	-
11	Office Expenses	579,379	0.00%	-	25.35%	-	12.74%	-
12	Depreciation	211,653	25.00%	52,913	25.35%	13,415	12.74%	1,709
13	TOTAL	<u>\$ 4,104,971</u>		<u>\$ 416,941</u>		<u>\$ 105,703</u>		<u>\$ 13,467</u>
14	Company's APT Cost Allocation for Bella Vista in Canadian Dollars (Per RUCO DR 3.01)							\$ 141,127
15	Conversion Factor to Convert Canadian Dollars to US Dollars per <a href="http://moneycentral.msn.com">http://moneycentral.msn.com</a> on June 9, 2010							0.96293
16	Company's APT Cost Allocation for Bella Vista in US Dollars							\$ 135,896
17	RUCO's Allowed APT Cost Allocations in US Dollars							\$ 12,968
18	RUCO's APT Cost Allocation Adjustment for Bella Vista in US Dollars							<u>(122,927)</u>
19	RUCO Adjustment (See RLM-7, Column (E))							<u>(122,927)</u>

References:

- Columns (A) (D) (F): Company Response To RUCO Data Requestion 3.01
- Column (B): Testimony, RUCO Witness Tim Coley
- Column (C): Sum Of Columns (A) & (B)
- Column (E): Column (C) X Column (D)
- Column (G): Column (E) X Column (F)

**OPERATING INCOME ADJUSTMENT #6(B)  
APT CORPORATE COST ALLOCATIONS ADJUSTMENT**

Line No.	Description	Company Adjusted Costs	RUCO Other Disallowed Costs	RUCO Allowable Costs	RUCO 2009 Allocation Factor	RUCO Allowed Allocated Costs	Allocation % To BV	RUCO Amount Allocated To BV
1	Rent	273,965	(273,965)	-	25.35%	-	14.52%	-
2	Audit	680,812	(510,609)	170,203	25.35%	43,150	14.52%	6,267.11
3	Tax Services	469,804	(352,353)	117,451	25.35%	29,776	14.52%	4,324.71
4	Legal - General	138,531	(103,898)	34,633	25.35%	8,780	14.52%	1,275.22
5	Other Professional Services	452,202	(452,202)	-	25.35%	-	14.52%	-
6	Management Fee	563,803	(563,803)	-	25.35%	-	14.52%	-
7	Unit Holder Communications	145,658	(145,658)	-	25.35%	-	14.52%	-
8	Trustee Fees	127,116	(127,116)	-	25.35%	-	14.52%	-
9	Office Costs	425,755	(425,755)	-	25.35%	-	14.52%	-
10	Licenses/Fees and Permits	14,565	(14,565)	-	25.35%	-	14.52%	-
11	Escrow and Transfer Fees	85,354	(85,354)	-	25.35%	-	14.52%	-
12	Depreciation Expense	189,797	(142,348)	47,449	25.35%	12,029	14.52%	1,747.15
<b>Total</b>		<u>3,567,363</u>	<u>(3,197,626)</u>	<u>369,736</u>		<u>93,736</u>		<u>13,614</u>
RUCO Direct Testimony Amount of APT Costs Allowed								14,707
RUCO Surrebuttal Testimony Company Adjusted APT Costs Allowed								(1,093)
Bella Vista Customer Count Allocation Factor								87.72%
RUCO's Adjustment per Company's Rebuttal Adjustment								(959)

**OPERATING INCOME ADJUSTMENT #6(C)  
RUCO's APT CORPORATE COST ALLOCATIONS ADJUSTMENT**

Line No.	<u>Description</u>	<u>Company Test-Year Booked APT Amount</u>
1	Company's Total APT Test-Year Book Costs per RUCO Informal 2nd Set of Data Requests #5.0	\$ 156,149
2	Company's Total APT Test-Year End Costs per RUCO Formal Data Request #3.01	<u>144,906</u>
3	APT Costs Overstated in the Company's Direct Rate Application	\$ (11,243)
4	Bella Vista (Stand Alone) Customer Count Allocation Factor	87.72%
5	RUCO's Adjustment to Bella Vista (Stand Alone) APT Costs for Outside Services - Other Account	<u>\$ (9,863)</u>

**Notes:**

Line 1 - Company's Response to RUCO 2nd Set of Data Request #5.01 reconciles to the Company's Rate Application Test-Year Book Outside Services - Other Account in the Amount of \$156,149.21

Line 2 - Company Response to RUCO Formal Data Request 3.01 for APT Costs in the Amount of \$144,906

**SURREBUTTAL  
EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 8  
INCOME TAX EXPENSE**

LINE NO.	DESCRIPTION	(A) REFERENCE	(B) AMOUNT
<b>FEDERAL INCOME TAXES:</b>			
1	Operating Income Before Taxes	Sch. SURR RLM-6, Column (C), L29 + L27	\$ 311,073
LESS:			
2	Arizona State Tax	Line 11	(17,096)
3	Interest Expense	Note (A) Line 20	(65,717)
4	Federal Taxable Income	Sum Of Lines 1 Thru 3	<u>\$ 228,260</u>
5	Federal Tax Rate	Sch. RLM-1, Pg 2, Col. (D), L34	34.00%
6	Federal Income Tax Expense	Line 4 X line 5	<u>\$ 77,608</u>
<b>STATE INCOME TAXES:</b>			
7	Operating Income Before Taxes	Line 1	\$ 311,073
LESS:			
8	Interest Expense	Note (A) Line 20	(65,717)
9	State Taxable Income	Sum Of Lines 7 & 8	<u>\$ 245,356</u>
10	State Tax Rate	Tax Rate	6.97%
11	State Income Tax Expense	Line 9 X Line 10	<u>\$ 17,096</u>
<b>TOTAL INCOME TAX EXPENSE:</b>			
12	Federal Income Tax Expense	Line 6	\$ 77,608
13	State Income Tax Expense	Line 11	17,096
14	Total Income Tax Expense Per RUCO	Line 12 + Line 13	<u>\$ 94,705</u>
15	Total Income Tax Expense Per Company (Per Company Sch. C-1)		<u>(10,068)</u>
16	Total Income Tax Adjustment	Line 14 - Line 15	<u>\$ 104,773</u>
17	RUCO Adjustment (See Sch. SURR RLM-7, Column (K), L278)	Line 16	<u>\$ 104,773</u>

NOTE (A):

Interest Synchronization:

18	Adjusted Rate Base (Sch. SURR RLM-2, Col. (E), L15)	\$ 3,769,607
19	Weighted Cost Of Debt (Sch. RLM-14, Col. (F), L1)	1.74%
20	Interest Expense (L17 X L18)	<u>\$ 65,717</u>

**SURREBUTTAL**  
**RATE DESIGN AND PROOF OF RECOMMENDED REVENUE**  
**PROPOSED REVENUE**

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
<b>RESIDENTIAL CUSTOMERS</b>					
1	5/8" X 3/4" Meter	88,860	\$ 15.08	\$ 1,339,597	\$ 1,339,597
	Commodity Usage (In Thousands Of Gallons)				
2	First Tier -Breakover @ 4,000 Gals.	287,256	\$ 1.2495	\$ 358,918	
3	Second Tier - Breakover @ 10,000 Gals.	182,634	\$ 1.8211	\$ 332,600	
4	Third Tier - Over 10,000 Gals.	117,683	\$ 2.1478	\$ 252,758	
8	Total Commodity Usage And Revenue	587,573			\$ 944,277
9	3/4" Meter	396	\$ 22.61	\$ 8,955	\$ 8,955
	Commodity Usage (In Thousands Of Gallons)				
10	First Tier -Breakover @ 4,000 Gals.	1,224	\$ 1.2495	\$ 1,530	
11	Second Tier - Breakover @ 10,000 Gals.	534	\$ 1.8211	\$ 973	
12	Third Tier - Over 10,000 Gals.	39	\$ 2.1478	\$ 84	
16	Total Commodity Usage And Revenue	1,798			\$ 2,587
17	1" Meter	96	\$ 33.92	\$ 3,256	\$ 3,256
	Commodity Usage (In Thousands Of Gallons)				
18	First Tier -Breakover @ 10,000 Gals.	764	\$ 1.1841	\$ 904	
19	Second Tier - Over 10,000 Gals.	965	\$ 1.5516	\$ 1,497	
24	Total Commodity Usage And Revenue	1,728			\$ 2,401
33	2" Meter	12	\$ 84.42	\$ 1,013	\$ 1,013
	Commodity Usage (In Thousands Of Gallons)				
34	First Tier -Breakover @ 50,000 Gals.	129	\$ 1.1841	\$ 152	
35	Second Tier - Over 50,000 Gals.	-	\$ 1.5516	\$ -	
40	Total Commodity Usage And Revenue	129			\$ 152
41	Total Residential Customer Bills	89,364		1,352,821	
42	Total Residential Usage	591,227		949,417	
43	TOTAL RESIDENTIAL CUSTOMERS REVENUE				\$ 2,302,238
<b>COMMERCIAL CUSTOMERS</b>					
44	5/8" X 3/4" Meter	4,572	\$ 15.08	\$ 68,925	\$ 68,925
	Commodity Usage (In Thousands Of Gallons)				
45	First Tier -Breakover @ 4,000 Gals.	11,729	\$ 1.1841	\$ 13,889	
46	Second Tier - Over 4,000 Gals.	21,935	\$ 1.5516	\$ 34,034	
51	Total Commodity Usage And Revenue	33,663			\$ 47,923
52	3/4" Meter	72	\$ 22.61	\$ 1,628	\$ 1,628
	Commodity Usage (In Thousands Of Gallons)				
53	First Tier -Breakover @ 4,000 Gals.	237	\$ 1.1841	\$ 281	
54	Second Tier - Over 4,000 Gals.	732	\$ 1.5516	\$ 1,137	
59	Total Commodity Usage And Revenue	969			\$ 1,417
60	1" Meter	1,668	\$ 30.15	\$ 50,291	\$ 50,291
	Commodity Usage (In Thousands Of Gallons)				
61	First Tier -Breakover @ 10,000 Gals.	10,702	\$ 1.1841	\$ 12,673	
62	Second Tier - Over 10,000 Gals.	13,467	\$ 1.5516	\$ 20,896	
67	Total Commodity Usage And Revenue	24,170			\$ 33,569
68	1.5" Meter	1,020	\$ 67.84	\$ 69,196	\$ 69,196
	Commodity Usage (In Thousands Of Gallons)				
69	First Tier -Breakover @ 25,000 Gals.	17,687	\$ 1.1841	\$ 20,944	
70	Second Tier - Over 25,000 Gals.	28,480	\$ 1.5516	\$ 44,191	
75	Total Commodity Usage And Revenue	46,167			\$ 65,135

**SURREBUTTAL  
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE  
PROPOSED REVENUE**

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
		TEST YEAR ADJUSTED DETERMINANTS	PROPOSED CHARGES & USAGE FEES	PROPOSED REVENUES	TOTAL REVENUES
76	2" Meter Commodity Usage (In Thousands Of Gallons)	3,264	\$ 84.42	\$ 275,553	\$ 275,553
77	First Tier -Breakover @ 50,000 Gals.	101,196	\$ 1.1841	\$ 119,831	
78	Second Tier - Over 50,000 Gals.	178,887	\$ 1.5516	\$ 277,567	
83	Total Commodity Usage And Revenue	280,083			\$ 397,398
	3" Meter Commodity Usage (In Thousands Of Gallons)	312	\$ 168.84	\$ 52,679	\$ 52,679
	First Tier -Breakover @ 80,000 Gals.	20,136	\$ 1.1841	\$ 23,843	
	Second Tier - Over 80,000 Gals.	31,283	\$ 1.5516	\$ 48,540	
	Total Commodity Usage And Revenue	51,419			\$ 72,383
	4" Meter Commodity Usage (In Thousands Of Gallons)	36	\$ 282.66	\$ 10,176	\$ 10,176
	First Tier -Breakover @ 350,000 Gals.	7,922	\$ 1.1841	\$ 9,381	
	Second Tier - Over 350,000 Gals.	13,540	\$ 1.5516	\$ 21,009	
	Total Commodity Usage And Revenue	21,462			\$ 30,390
84	6" Meter Commodity Usage (In Thousands Of Gallons)	12	\$ 753.77	\$ 9,045	\$ 9,045
85	First Tier -Breakover @ 450,000 Gals.	468	\$ 1.1841	\$ 554	
86	Second Tier - Over 450,000 Gals.	-	\$ 1.5516	\$ -	
91	Total Commodity Usage And Revenue	468			\$ 554
92	8" Meter Commodity Usage (In Thousands Of Gallons)	12	\$ 1,206.03	\$ 14,472	\$ 14,472
93	First Tier -Breakover @ 720,000 Gals.	31	\$ 1.1841	\$ 36	
94	Second Tier - Over 720,000 Gals.	-	\$ 1.5516	\$ -	
99	Total Commodity Usage And Revenue	31			\$ 36
100	Total Commercial Customer Bills	10,968		\$ 551,966	
101	Total Commercial Usage	458,432		\$ 648,806	
102	TOTAL COMMERCIAL CUSTOMERS REVENUE				\$ 1,200,772
	<b>HYDRANT CUSTOMERS</b>				
103	3" Meter Commodity Usage (In Thousands Of Gallons)	168	\$ 120.60	\$ 20,261	\$ 20,261
104	All Usage	5,094	\$ 2.1478	\$ 10,941	
110	Total Commodity Usage And Revenue	5,094			\$ 10,941
159	Total Hydrant Customer Bills	168			
160	Total Hydrant Usage	5,094			
161	TOTAL HYDRANT CUSTOMERS REVENUE				\$ 31,202
	<b>FIRE SPRINKLER CUSTOMERS</b>				
194	4" Meter	1,188	\$ 12.25	\$ 14,553	\$ 14,553
202	6" Meter	252	\$ 13.57	\$ 3,419	\$ 3,419
210	8" Meter	12	\$ 21.71	\$ 261	\$ 261
68	Total Fire Sprinkler Customer Bills	1,452			

**SURREBUTTAL  
 RATE DESIGN AND PROOF OF RECOMMENDED REVENUE  
 PROPOSED REVENUE**

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
70	TOTAL FIRE SPRINKLER CUSTOMERS REVENUE				\$ 18,232
189	<b>RUCO TOTAL PROPOSED REVENUE PER BILL COUNT</b>				<b>\$ 3,552,444</b>
	Total Company Customer Bills	<u>101,952</u>			
	Total Company Usage	<u>1,054,753</u>			
190	TOTAL RESIDENTIAL REVENUE PER BILL COUNT				\$ 2,302,238
191	TOTAL COMMERCIAL REVENUE PER BILL COUNT				1,200,772
192	TOTAL HYDRANT REVENUE PER BILL COUNT				31,202
194	TOTAL FIRE SPRINKLER REVENUE PER BILL COUNT				18,232
197	<b>RUCO TOTAL PROPOSED REVENUE PER BILL COUNT</b>				<b>\$ 3,552,444</b>
198	Unreconciled Difference vs. Billed Revenues				2,245
200	Miscellaneous Revenues				125,141
200	<b>RUCO TOTAL REVENUE</b>				<b>\$ 3,679,831</b>
201	<b>PROPOSED REVENUE PER RUCO SCHEDULE RLM-1</b>				<b>\$ 3,679,831</b>
202	Difference				\$ (0)
203	Percentage Difference				0.00%

**SURREBUTTAL**

**TYPICAL RESIDENTIAL BILL ANALYSIS**

LINE NO.	DESCRIPTION	(A) PRESENT	(B)	(C) COMPANY PROPOSED	(D)	(E) RUCO PROPOSED	(F)
<b>REVENUE ALLOCATION</b>							
1	RESIDENTIAL	\$ 2,164,639	63.66%	\$ 2,819,405	64.70%	\$ 2,302,238	64.81%
2	OTHER	1,235,833	36.34%	1,537,943	35.30%	1,250,206	35.19%
3	TOTAL	<u>\$ 3,400,472</u>	<u>100.00%</u>	<u>\$ 4,357,348</u>	<u>100.00%</u>	<u>\$ 3,552,444</u>	<u>100.00%</u>
<b>ALLOCATION RATIOS</b>							
4	FIX REVENUE	\$ 1,723,095	50.67%	\$ 2,386,903	54.78%	\$ 1,943,281	54.70%
5	VARIABLE REVENUE	1,677,377	49.33%	1,970,445	45.22%	1,609,164	45.30%
6	TOTAL	<u>\$ 3,400,472</u>	<u>100.00%</u>	<u>\$ 4,357,348</u>	<u>100.00%</u>	<u>\$ 3,552,444</u>	<u>100.00%</u>
<b>RESIDENTIAL (5/8" X 3/4") RATE DESIGN</b>							
		<u>PRESENT</u>		<u>COMPANY PROPOSED</u>		<u>RUCO PROPOSED</u>	
		BVWC		STAND-ALONE		STAND-ALONE	
7	BASIC MONTHLY CHARGE	\$ 15.00		\$ 18.46		\$ 15.08	
<b>COMMODITY CHARGE</b>							
		<u>PRESENT</u>		<u>COMPANY PROPOSED</u>		<u>RUCO PROPOSED</u>	
		PROPOSED		STAND-ALONE		STAND-ALONE	
		BVWC		STAND-ALONE		STAND-ALONE	
8	1st Tier - Breakover 5,000	1st Tier - Breakover 4,000	\$ 0.9700	\$ 1.5300	\$ 1.2495	\$ 1.2495	
9	2nd Tier - Breakover 25,000	2nd Tier - Breakover 10,000	\$ 1.8900	\$ 2.2300	\$ 1.8211	\$ 1.8211	
10	3rd Tier - Over 25,000	3rd Tier - Over 10,000	\$ 2.4100	\$ 2.6300	\$ 2.1478	\$ 2.1478	

**SURREBUTTAL**

**TYPICAL RESIDENTIAL BILL ANALYSIS**

LINE NO.		(A) VARIABLE MONTHLY USAGE	(B) PERCENT AVERAGE USAGE OF 6,612	(C) PRESENT TOTAL MONTHLY COST	(D) RUCO MONTHLY COST	(E) RUCO MONTHLY INCREASE	(F) % MONTHLY INCREASE
	<b>BELLA VISTA RESIDENTIAL (5/8" X 3/4") METER</b>						
	AVERAGE RESIDENTIAL BILL COMPARISONS COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL						
1		1,653	25.00%	\$ 16.60	\$ 17.14	\$ 0.54	3.24%
2		3,306	50.00%	\$ 18.21	\$ 19.21	\$ 1.00	5.49%
3		6,612	100.00%	\$ 22.90	\$ 24.83	\$ 1.93	8.44%
4		9,918	150.00%	\$ 29.14	\$ 30.85	\$ 1.71	5.85%
5		13,223	200.00%	\$ 35.39	\$ 36.87	\$ 1.48	4.18%
	MEDIAN RESIDENTIAL BILL COMPARISONS COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL						
		VARIABLE MONTHLY USAGE	PERCENT MEDIAN USAGE OF 4,500	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
6		1,125	25.00%	\$ 16.09	\$ 16.48	\$ 0.39	2.42%
7		2,250	50.00%	\$ 17.18	\$ 17.89	\$ 0.70	4.10%
8		4,500	100.00%	\$ 19.37	\$ 20.98	\$ 1.62	8.36%
9		6,750	150.00%	\$ 21.55	\$ 25.08	\$ 3.53	16.40%
10		9,000	200.00%	\$ 23.73	\$ 29.18	\$ 5.45	22.96%

Northern Sunrise Water Company (Stand-Alone)  
Docket No. W-02453A-09-0411 et al.  
Test Year Ended March 31, 2009

**SURREBUTTAL  
TABLE OF CONTENTS TO RLM SCHEDULES**

SCH. NO.	PAGE NO.	TITLE
SURR RLM-1	1	REVENUE REQUIREMENT
SURR RLM-2	1	RATE BASE
SURR RLM-3	1	SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS
RLM-4	1	RATE BASE ADJUSTMENT NO. 1 - POST TEST YEAR PLANT AND ACCUMULATED DEPRECIATION
DIRECT TESTIMONY		RATE BASE ADJUSTMENT NO. 2 - CUSTOMER DEPOSITS
SURR RLM-5A & 5B	1	RATE BASE ADJUSTMENT NO. 3 - ACCUMULATED DEFERRED INCOME TAXES
SURR TESTIMONY		RATE BASE ADJUSTMENT NO. 5 - AFUDC
SURR TESTIMONY		RATE BASE ADJUSTMENT NO. 6 - ACQUISITION COSTS FROM PURCHASE OF MCCLAIN SYSTEMS
SURR RLM-6	1	OPERATING INCOME
SURR RLM-7	1	SUMMARY OF OPERATING INCOME ADJUSTMENTS
SURR RLM-8	1	OPERATING INCOME ADJUSTMENT NO. 1 - TEST YEAR DEPRECIATION EXPENSE
SURR RLM-9	1	OPERATING INCOME ADJUSTMENT NO. 2 - PROPERTY TAX COMPUTATION
SURR RLM-10	1	OPERATING INCOME ADJUSTMENT NO. 3 - MISCELLANEOUS EXPENSES
SURR TESTIMONY		OPERATING INCOME ADJUSTMENT NO. 4 - WATER TESTING EXPENSE
SURR TESTIMONY		OPERATING INCOME ADJUSTMENT NO. 5 - TRANSPORTATION EXPENSE
SURR RLM-11A	1	OPERATING INCOME ADJUSTMENT NO. 6A - CENTRAL OFFICE COST ALLOCATION
SURR RLM-11B	1	OPERATING INCOME ADJUSTMENT NO. 6B - CENTRAL OFFICE COST ALLOCATION
SURR RLM-11C	1	OPERATING INCOME ADJUSTMENT NO. 6C - CENTRAL OFFICE COST ALLOCATION
RLM-12	1	OPERATING INCOME ADJUSTMENT NO. 7 - RATE CASE EXPENSE
SURR RLM-13	1	OPERATING INCOME ADJUSTMENT NO. 8 - INCOME TAX EXPENSE
SURR RLM-RD1	1 TO 3	RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
SURR RLM-RD2	1 TO 2	TYPICAL RESIDENTIAL BILL ANALYSIS

**SURREBUTTAL  
REVENUE REQUIREMENT**

LINE NO.	DESCRIPTION	(A) COMPANY OCRB/FVRB COST	(B) RUCO OCRB/FVRB COST
1	Fair Value Rate Base	\$ 742,658	\$ 660,635
2	Adjusted Operating Income (Loss)	\$ (81,316)	\$ (75,328)
3	Current Rate Of Return (L2 / L1)	-10.95%	-11.40%
4	Required Operating Income (L5 X L1)	\$ 95,060	\$ 52,217
5	Required Rate Of Return On Fair Value Rate Base	12.80%	7.90%
6	Operating Income Deficiency (L4 - L2)	\$ 176,376	\$ 127,544
7	Gross Revenue Conversion Factor (RLM-1, Pg 2)	1.4517	1.2646
8	Increase In Gross Revenue Requirement (L7 X L6)	<b>\$ 256,044</b>	<b>\$ 161,291</b>
9	Adjusted Test Year Revenue	\$ 191,966	\$ 191,966
10	Proposed Annual Revenue (L8 + L9)	\$ 448,011	\$ 353,258
11	Required Percentage Increase In Revenue (L8 / L9)	133.38%	84.02%
12	Rate Of Return On Common Equity	12.50%	9.00%

References:

Column (A): Company Schedules A-1 and C-1  
Column (B): RUCO Schedule SURR RLM-2, SURR RLM-6, And RLM-14

**SURREBUTTAL  
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	\$ 815,886	\$ (29,376)	\$ 786,510
2	Accumulated Depreciation	(42,739)	4,879	(37,860)
3	Net Utility Plant In Service (L1 + L2)	<u>\$ 773,147</u>	<u>\$ (24,497)</u>	<u>\$ 748,650</u>
4	Advances In Aid Of Const.	\$ -	\$ -	\$ -
5	Contribution In Aid Of Const.	\$ (26,000)	\$ -	\$ (26,000)
6	Accumulated Amortization Of CIAC	63	-	63
7	NET CIAC (L5 + L6)	<u>\$ (25,937)</u>	<u>\$ -</u>	<u>\$ (25,937)</u>
8	Customer Meter Deposits	\$ (410)	\$ -	\$ (410)
9	Customer Hydrant Meter Deposits	\$ -	\$ -	\$ -
10	Deferred Income Taxes & Credits	\$ (4,144)	\$ (57,525)	\$ (61,668)
11	Unamortized Finance Charges	\$ -	\$ -	\$ -
12	Deferred Regulatory Assets	\$ -	\$ -	\$ -
13	Allowance For Working Capital	\$ -	\$ -	\$ -
14	TOTAL RATE BASE (Sum L's 3, 4, 7, 8 Thru 12)	<u>\$ 742,657</u>	<u>\$ (82,022)</u>	<u>\$ 660,635</u>

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)

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

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED OCRB/FVRB	(B) ADJ # 1 POST TY PLT & ACC DEP	(C) ADJ # 2 CUSTOMER DEPOSITS	(D) ADJ # 3 DEFERRED INCOME TAX	(E) ADJ # 5 AFUDC	(F) ADJ # 6 McCLAIN ACQ. COSTS	(G) RUCO ADJ'TED OCRB/FVRB
1	Gross Utility Plant In Service	\$ 815,886	\$ -	\$ -	\$ -	\$ (13,740)	\$ (15,636)	\$ 786,510
2	Accumulated Depreciation	(42,739)	4,879	-	-	-	-	(37,860)
3	Net Utility Plant In Service (L1 + L2)	<u>\$ 773,147</u>	<u>\$ 4,879</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,740)</u>	<u>\$ (15,636)</u>	<u>\$ 748,650</u>
4	Advances In Aid Of Const.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	Contribution In Aid Of Const.	\$ (26,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (26,000)
6	Accumulated Amortization Of CIAC	63	-	-	-	-	-	63
7	NET CIAC (L5 + L6)	<u>\$ (25,937)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (25,937)</u>
8	Customer Meter Deposits	\$ (410)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (410)
9	Customer Hydrant Meter Deposits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	Deferred Income Taxes & Credits	\$ (4,144)	\$ -	\$ -	\$ (57,525)	\$ -	\$ -	\$ (61,668)
11	Unamortized Finance Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	Deferred Regulatory Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	Allowance For Working Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14	TOTAL RATE BASE (Sum L's 3, 4, 7, 8 Thru 12)	<u>\$ 742,657</u>	<u>\$ 4,879</u>	<u>\$ -</u>	<u>\$ (57,525)</u>	<u>\$ (13,740)</u>	<u>\$ (15,636)</u>	<u>\$ 660,635</u>

References:

- Column (A): Company Schedule B-2, Page 1 And Workpapers Schedule E-1
- Column (B): Adjustment No. 1 - RUCO Adjustment To Post Test-Year GPIS And Acc. Dep. (See Testimony and Schedule RLM-4)
- Column (C): Adjustment No. 2 - RUCO Adjustment To Customer Deposits (See Testimony)
- Column (D): Adjustment No. 3 - RUCO Adjustment To Deferred Income Taxes (See Testimony Of RUCO Witness Tim Coley and Schedule SURR RLM-5A & 5B)
- Column (E): Adjustment No. 5 - RUCO Adjustment To AFUDC (See Surrebuttal Testimony, RLM)
- Column (F): Adjustment No. 6 - RUCO Adjustment To Acquisition Costs (See Surrebuttal Testimony, RLM)
- Column (G): Sum Of Columns (A), (B), (C), (D), (E) & (F)



**SURREBUTTAL  
ACCUMULATED DEFERRED INCOME TAXES**

LINE NO.	DESCRIPTION	(A) REFERENCE	(B) AMOUNT
Deferred Income Taxes:			
1	Algonquin Accumulated Deferred Income Tax Assets	2008 Algonquin Annual Report	\$ 23,032,000
2	Algonquin Accumulated Deferred Income Tax Liabilities	2008 Algonquin Annual Report	<u>(106,983,000)</u>
3	Net Accumulated Deferred Income Tax Assets (Liabilities)	Line 1 + Line 2	\$ (83,951,000)
4	Bella Vista Consolidated Allocation	Note (A)	<u>1.5438%</u>
5	Bella Vista Consolidated ADIT Liabilities Allocation	Line 3 X Line 4	\$ (1,296,004)
6	Convert to US Dollars	Note (B)	<u>0.9915</u>
7	Bella Vista Consolidated Allocated ADIT Liabilities Balance	Line 5 X Line 6	\$ (1,284,949)
8	Total Consolidated ADIT as Filed by Company	Company Schedule C-1	173,329
9	Decrease In Deferred Income Tax Assets	Line 7 - Line 8	<u>\$ (1,458,278)</u>
10	Total Northern Sunrise Customer Count Factor	Per Company	0.0363
11	RUCO Adjustment (See SURR RLM-3, Column (D), Line 11)	Line 9 X Line 10	<u><u>(52,949)</u></u>

NOTES:

12	(A)	Purchase Price of NSWC	Annual Report	\$ 15,100,000
13		Algonquin Total Assets	Annual Report	\$ 978,130,000
14		Ratio Of NSWC To Algonquin Total Assets	Line 12 / Line 13	1.5438%
15	(B)	Currency Conversion	moneycentral.com on 04/1/2010	0.9915

**SURREBUTTAL  
OPERATING INCOME**

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(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	Flat Rate Revenues	\$ 188,672	\$ -	\$ 188,672	\$ 161,291	\$ 349,964
2	Misc. Service Revenues	-	-	-	-	-
3	Other WW Revenues	3,294	-	3,294	-	3,294
4	<b>TOTAL OPERATING REVENUE</b>	<b>\$ 191,966</b>	<b>\$ -</b>	<b>\$ 191,966</b>	<b>\$ 161,291</b>	<b>\$ 353,258</b>
Operating Expenses:						
5	Salaries and Wages	\$ -	\$ -	\$ -	\$ -	\$ -
6	Purchased Water	-	-	-	-	-
7	Purchased Power	16,012	-	16,012	-	16,012
8	Fuel for Power Production	-	-	-	-	-
9	Chemicals	178	-	178	-	178
10	Materials & Supplies	5,094	-	5,094	-	5,094
11	Outside Services	-	-	-	-	-
12	Outside Services- Legal	1,302	-	1,302	-	1,302
13	Outside Services- Other	161,902	(5,536)	156,366	-	156,366
14	Water Testing	3,787	570	4,357	-	4,357
15	Equipment Rental	140	-	140	-	140
16	Rents	-	-	-	-	-
17	Transportation Expenses	21,524	(647)	20,877	-	20,877
18	Insurance - General Liability	9,692	-	9,692	-	9,692
19	Insurance - Health and Life	-	-	-	-	-
20	Reg. Comm. Exp.	587	-	587	-	587
21	Reg. Comm. Exp. - Rate Case	25,000	(8,693)	16,307	-	16,307
22	Miscellaneous Expense	11,726	(610)	11,116	-	11,116
23	Bad Debt Expense	3,306	-	3,306	-	3,306
24	Depreciation Expense	36,631	(2,225)	34,406	-	34,406
25	Taxes Other Than Income	-	-	-	-	-
26	Property Taxes	13,128	(1,266)	11,862	-	11,862
27	Income Tax	(36,727)	12,419	(24,308)	33,747	9,439
28	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 273,282</b>	<b>\$ (5,988)</b>	<b>\$ 267,294</b>	<b>\$ 33,747</b>	<b>\$ 301,041</b>
29	<b>OPERATING INCOME (LOSS)</b>	<b>\$ (81,316)</b>		<b>\$ (75,328)</b>		<b>\$ 52,217</b>

References:

- Column (A): Company Schedule C-1
- Column (B): SURR RLM-7, Columns (B) Thru (H)
- 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)

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

LINE NO.	(A) COMPANY AS FILED	(B) ADJ # 1 DEP. EXPENSE	(C) ADJ # 2 PROPERTY TAX	(D) ADJ # 3 MISC. EXPENSES	(E) ADJ # 4 WATER TEST EXPENSES	(F) ADJ # 5 TRANSPORT EXPENSES	(G) ADJ # 6A CENTRAL OFFICE COST	(H) ADJ # 6B CENTRAL OFFICE COST	(I) ADJ # 6C CENTRAL OFFICE COST	(J) ADJ # 7 RATE CASE EXPENSES	(K) ADJ # 8 INCOME TAX	(L) RUCO AS ADJT'D
Revenues:												
1	Flat Rate Revenues	\$ 188,672	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 188,672
2	Misc. Service Revenues	-	-	-	-	-	-	-	-	-	-	-
3	Other WW Revenues	3,294	-	-	-	-	-	-	-	-	-	3,294
4	<b>TOTAL OPR'G REV.</b>	<b>\$ 191,966</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 191,966</b>
Operating Expenses:												
5	Salaries and Wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	Purchased Water	-	-	-	-	-	-	-	-	-	-	-
7	Purchased Power	16,012	-	-	-	-	-	-	-	-	-	16,012
8	Fuel for Power Production	-	-	-	-	-	-	-	-	-	-	-
9	Chemicals	178	-	-	-	-	-	-	-	-	-	178
10	Materials & Supplies	5,094	-	-	-	-	-	-	-	-	-	5,094
11	Outside Services	-	-	-	-	-	-	-	-	-	-	-
12	Outside Services- Legal	1,302	-	-	-	-	-	-	-	-	-	1,302
13	Outside Services- Other	161,902	-	-	-	-	(5,088)	(40)	(408)	-	-	156,366
14	Water Testing	3,787	-	-	-	570	-	-	-	-	-	4,357
15	Equipment Rental	140	-	-	-	-	-	-	-	-	-	140
16	Rents	-	-	-	-	-	-	-	-	-	-	-
17	Transportation Expenses	21,524	-	-	-	(647)	-	-	-	-	-	20,877
18	Insurance - General Liability	9,692	-	-	-	-	-	-	-	-	-	9,692
19	Insurance - Health and Life	-	-	-	-	-	-	-	-	-	-	-
20	Reg. Comm. Exp.	587	-	-	-	-	-	-	-	-	-	587
21	Reg. Comm. Exp. - Rate Case	25,000	-	-	-	-	-	-	-	(8,693)	-	16,307
22	Miscellaneous Expense	11,726	-	-	(610)	-	-	-	-	-	-	11,116
23	Bad Debt Expense	3,306	-	-	-	-	-	-	-	-	-	3,306
24	Depreciation Expense	36,631	(2,225)	-	-	-	-	-	-	-	-	34,406
25	Taxes Other Than Income	-	-	-	-	-	-	-	-	-	-	-
26	Property Taxes	13,128	-	(1,266)	-	-	-	-	-	-	-	11,862
27	Income Tax	(36,727)	-	-	-	-	-	-	-	-	12,419	(24,308)
29	<b>TOTAL OPR'G EXP.</b>	<b>\$ 273,282</b>	<b>\$ (2,225)</b>	<b>\$ (1,266)</b>	<b>\$ (610)</b>	<b>\$ 570</b>	<b>\$ (647)</b>	<b>\$ (5,088)</b>	<b>\$ (40)</b>	<b>\$ (408)</b>	<b>\$ (8,693)</b>	<b>\$ 267,294</b>
30	<b>OPR'G INC. (LOSS)</b>	<b>\$ (81,316)</b>										<b>\$ (75,328)</b>

References:

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

**SURREBUTTAL**  
**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 1**  
**TEST YEAR DEPRECIATION EXPENSE**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) TOTAL PLANT VALUE	(B) APPROVED DEPRECIATION RATE	(C) TEST YEAR DEPRECIATION EXPENSE
1	301	Organization Cost	\$ -	0.00%	\$ -
2	302	Franchise Cost	890	0.00%	-
3	303	Land and Land Rights	23,926	0.00%	-
4	304	Structures and Improvements	280,668	3.33%	9,346
5	305	Collecting and Impounding Res.	51,378	2.50%	1,284
6	306	Lake River and Other Intakes	-	2.50%	-
7	307	Wells and Springs	34,064	3.33%	1,134
8	308	Infiltration Galleries and Tunnels	-	6.67%	-
9	309	Supply Mains	-	2.00%	-
10	310	Power Generation Equipment	1,293	5.00%	65
11	311	Electric Pumping Equipment	91,019	12.50%	11,377
12	320	Water Treatment Equipment	-	3.33%	-
13	320.1	Water Treatment Equipment	-	3.33%	-
14	320.2	Chemical Solution Feeders	-	20.00%	-
15	330	Dist. Reservoirs & Standpipe	95,668	2.22%	2,124
16	330.1	Storage tanks	-	2.22%	-
17	330.2	Pressure Tanks	-	5.00%	-
18	331	Trans. and Dist. Mains	36,763	2.00%	735
19	333	Services	29,756	3.33%	991
20	334	Meters	3,449	8.33%	287
21	335	Hydrants	59,298	2.00%	1,186
22	336	Backflow Prevention Devices	-	6.67%	-
23	339	Other Plant and Misc. Equip.	23,472	6.67%	1,566
24	340	Office Furniture and Fixtures	-	6.67%	-
25	340.1	Computers and Software	-	20.00%	-
26	341	Transportation Equipment	-	20.00%	-
27	342	Stores Equipment	-	4.00%	-
28	343	Tools and Work Equipment	-	5.00%	-
29	344	Laboratory Equipment	-	10.00%	-
30	345	Power Operated Equipment	-	5.00%	-
31	346	Communications Equipment	5,881	10.00%	588
32	347	Miscellaneous Equipment	-	10.00%	-
33	348	Other Tangible Plant	48,984	10.00%	4,898
34		Rounding			
35		TOTAL WASTEWATER PLANT	<u>\$ 786,509</u>		<u>\$ 35,582</u>
36		Less: Amortizations Of CIAC (SURR RLM-2, Col. (C), Line 5)	\$ (26,000)	4.5241%	(1,176)
37		TOTAL DEPRECIATION EXPENSE (Line 35 + Line 36)			<u>\$ 34,406</u>
38		Test Year Depreciation Expense As Filed (Co. Sch. C-1)			36,631
39		Increase In Depreciation Expense (Line 37 - Line 37)			<u>\$ (2,225)</u>
40		RUCO Adjustment (Line 39) (See SURR RLM-7, Column (B), Line 25)			<u>\$ (2,225)</u>

References:  
Column (A) & (B): Company Rebuttal Schedule "C-2p1Depr"  
Column (C): Column (A) X Column (B)

**SURREBUTTAL**  
**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 2**  
**PROPERTY TAX COMPUTATION**

LINE NO.	DESCRIPTION	REFERENCE	(A) AMOUNT	(B) TOTAL
Calculation Of The Company's Full Cash Value:				
Annual Operating Revenues:				
1	Adjusted Revenues In Year Ended December 2007	Sch. RLM-6, Col (C), Ln 4	\$ 191,966	
2	Adjusted Revenues In Year Ended December 2007	Sch. RLM-6, Col (C), Ln 4	191,966	
3	Proposed Revenues	Sch. RLM-6, Col (E), Ln 4	353,258	
4	Total Three Year Operating Revenues	Sum Of Lines 1, 2 & 3	<u>\$ 737,191</u>	
5	Average Annual Operating Revenues	Line 4 / 3	<u>245,730</u>	
6	Two Times Three Year Average Operating Revenues	Line 5 X 2		\$ 491,460
ADD:				
10% Of Construction Work In Progress ("CWIP"):				
7	Test Year CWIP	Co. Sch. E-1	\$ 92,936	
8	10% Of CWIP	Line 7 X 10%		\$ 9,294
SUBTRACT:				
Transportation At Book Value:				
9	Original Cost Of Transportation Equipment	RLM-4, Col. (E), Ln 26	\$ -	
10	Acc. Dep. Of Transportation Equipment	RLM-4, Col. (F), Ln 26	<u>-</u>	
11	Book Value Of Transportation Equipment	Line 9 + Line 10		<u>\$ -</u>
12	Company's Full Cash Value ("FCV")	Sum Of Lines 6, 8 & 11		<u>\$ 500,754</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	\$ 105,158	
Property Tax Rates:				
15	Primary Tax Rate - 2009 Tax Notice	Co. Sch. C-2, Pg 3	11.1932%	
16	Secondary Tax Rate - 2009 Tax Notice	Co. Sch. C-2, Pg 3	<u>0.0000%</u>	
17	Estimated Tax Rate Liability	Line 15 + Line 16	11.19%	
18	Company's Tax Liability - Based On Full Cash Value	Line 14 X Line 17		\$ 11,771
19	Company's Tax on Parcels	Co. Sch. C-2, Pg 3		<u>\$ 91</u>
20	Company's Total Tax Liability	Line 18 + Line 19		<u>\$ 11,862</u>
21	Test Year Adjusted Property Tax Expense As Filing	Co. Sch. C-1, Line 26		<u>13,128</u>
22	Increase In Property Tax Expense	Line 20 - Line 21		<u>\$ (1,266)</u>
23	RUCO Adjustment (See SURR RLM-7, Column (C), Line 27)	Line 22		<u><u>\$ (1,266)</u></u>

**SURREBUTTAL**  
**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 3**  
**DISALLOWANCE OF MISCELLANEOUS EXPENSES**

LINE NO.	DESCRIPTION	REFERENCE	(A) TOTAL
	Disallowed Miscellaneous Expenses	Co. Response To Staff D. R. CSB 1-32	
1	Bella Vista Water Company Christmas Party		\$ -
2	Special Olympics Pledge		-
3	Muscular Distrophy Association Donation		-
4	Additional Disallowance By Company		(610)
5	RUCO Adjustment To Unnecessary/Non-Recurring Expense	Sum Of Lines 1 Thru 17	<u>\$ (610)</u>
6	RUCO Adjustment (See SURR RLM-7, Column (D))	Line 18	<u>\$ (610)</u>

**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 6(A)**  
**CENTRAL OFFICE COST ALLOCATIONS**

LINE NO.	DESCRIPTION	(A) COMPANY ACTUAL COSTS (CAN \$)	(B) RUCO ALLOWED % OF COSTS	(C) RUCO ALLOWABLE COSTS	(D) RUCO UTILITIES % ALLOCATION	(E) RUCO ALLOCATED COSTS	(F) ALLOCATION % To NSR	(G) RUCO ALLOCATED BVWC COSTS
1	Audit	\$ 778,285	25.00%	\$ 194,571	25.35%	\$ 49,328	0.53%	\$ 260
2	Tax Services	518,775	25.00%	129,694	25.35%	32,880	0.53%	173
3	Legal	159,053	25.00%	39,763	25.35%	10,081	0.53%	53
4	Other Professional Services	506,082	0.00%	-	25.35%	-	0.53%	-
5	Management Fee - Total	644,943	0.00%	-	25.35%	-	0.53%	-
6	Unit Holder Communications	156,766	0.00%	-	25.35%	-	0.53%	-
7	Trustee Fees	129,000	0.00%	-	25.35%	-	0.53%	-
8	Escrow & Transfer Agent Fees	96,138	0.00%	-	25.35%	-	0.53%	-
9	Rent	307,337	0.00%	-	25.35%	-	0.53%	-
10	Licenses/Fees & Permits	17,561	0.00%	-	25.35%	-	0.53%	-
11	Office Expenses	579,379	0.00%	-	25.35%	-	0.53%	-
12	Depreciation	211,653	25.00%	52,913	25.35%	13,415	0.53%	71
13	<b>TOTAL</b>	<u>\$ 4,104,971</u>		<u>\$ 416,941</u>		<u>\$ 105,703</u>		<u>\$ 557</u>
14	Company's APT Cost Allocation for Bella Vista in Canadian Dollars (Per RUCO DR 3.01)							\$ 5,841
15	Conversion Factor to Convert Canadian Dollars to US Dollars per <a href="http://moneycentral.msn.com">http://moneycentral.msn.com</a> on June 9, 2010							0.96293
16	Company's APT Cost Allocation for Bella Vista in US Dollars							\$ 5,625
17	RUCO's Allowed APT Cost Allocations in US Dollars							\$ 537
18	RUCO's APT Cost Allocation Adjustment for Bella Vista in US Dollars							<u>(5,088)</u>
19	RUCO Adjustment (See RLM-7, Column (E))							<u>(5,088)</u>

References:

- Columns (A) (D) (F): Company Response To RUCO Data Requestion 3.01
- Column (B): Testimony, RUCO Witness Tim Coley
- Column (C): Sum Of Columns (A) & (B)
- Column (E): Column (C) X Column (D)
- Column (G): Column (E) X Column (F)

**OPERATING INCOME ADJUSTMENT #6(B)  
APT CORPORATE COST ALLOCATIONS ADJUSTMENT**

Line No.	Description	Company Adjusted Costs	RUCO Other Disallowed Costs	RUCO Allowable Costs	RUCO 2009 Allocation Factor	RUCO Allowed Allocated Costs	Allocation % To BVWC	RUCO Amount Allocated To NSR
1	Rent	273,965	(273,965)	-	25.35%	-	14.52%	-
2	Audit	680,812	(510,609)	170,203	25.35%	43,150	14.52%	6,267.11
3	Tax Services	469,804	(352,353)	117,451	25.35%	29,776	14.52%	4,324.71
4	Legal - General	138,531	(103,898)	34,633	25.35%	8,780	14.52%	1,275.22
5	Other Professional Services	452,202	(452,202)	-	25.35%	-	14.52%	-
6	Management Fee	563,803	(563,803)	-	25.35%	-	14.52%	-
7	Unit Holder Communications	145,658	(145,658)	-	25.35%	-	14.52%	-
8	Trustee Fees	127,116	(127,116)	-	25.35%	-	14.52%	-
9	Office Costs	425,755	(425,755)	-	25.35%	-	14.52%	-
10	Licenses/Fees and Permits	14,565	(14,565)	-	25.35%	-	14.52%	-
11	Escrow and Transfer Fees	85,354	(85,354)	-	25.35%	-	14.52%	-
12	Depreciation Expense	189,797	(142,348)	47,449	25.35%	12,029	14.52%	1,747.15
<b>Total</b>		<u>3,567,363</u>	<u>(3,197,626)</u>	<u>369,736</u>		<u>93,736</u>		<u>13,614</u>
RUCO Direct Testimony Amount of APT Costs Allowed								14,707
RUCO Surrebuttal Testimony Company Adjusted APT Costs Allowed								(1,093)
Northern Sunrise Customer Count Allocation Factor								3.63%
RUCO's Adjustment per Company's Rebuttal Adjustment								(40)

**OPERATING INCOME ADJUSTMENT #6(C)**  
**RUCO's APT CORPORATE COST ALLOCATIONS ADJUSTMENT**

Line No.	<u>Description</u>	<b>Company Test-Year Booked APT Amount</b>
1	Company's Total APT Test-Year Book Costs per RUCO Informal 2nd Set of Data Requests #5.01	\$ 156,149
2	Company's Total APT Test-Year End Costs per RUCO Formal Data Request #3.01	<u>144,906</u>
3	APT Costs Overstated in the Company's Direct Rate Application	\$ (11,243)
4	Northern Sunrise (Stand Alone) Customer Count Allocation Factor	3.63%
5	RUCO's Adjustment to Northern Sunrise (Stand Alone) APT Costs	<b>\$ (408)</b>

**Notes:**

Line 1 - Company's Response to RUCO 2nd Set of Data Request #5.01 reconciles to the Company's Rate Application Test-Year Book Outside Services - Other Account in the Amount of \$156,149.21

Line 2 - Company Response to RUCO Formal Data Request 3.01 for APT Costs in the Amount of \$144,906

**SURREBUTTAL  
EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 8  
INCOME TAX EXPENSE**

LINE NO.	DESCRIPTION	(A) REFERENCE	(B) AMOUNT
<b>FEDERAL INCOME TAXES:</b>			
1	Operating Income Before Taxes	Sch. SURR RLM-6, Column (C), L29 + L27	\$ (99,636)
LESS:			
2	Arizona State Tax	Line 11	8,095
3	Interest Expense	Note (A) Line 20	(16,542)
4	Federal Taxable Income	Sum Of Lines 1 Thru 3	<u>\$ (108,083)</u>
5	Federal Tax Rate	Sch. RLM-1, Pg 2, Col. (D), L34	15.00%
6	Federal Income Tax Expense	Line 4 X line 5	<u>\$ (16,212)</u>
<b>STATE INCOME TAXES:</b>			
7	Operating Income Before Taxes	Line 1	\$ (99,636)
LESS:			
8	Interest Expense	Note (A) Line 20	(16,542)
9	State Taxable Income	Sum Of Lines 7 & 8	<u>\$ (116,178)</u>
10	State Tax Rate	Tax Rate	6.97%
11	State Income Tax Expense	Line 9 X Line 10	<u>\$ (8,095)</u>
<b>TOTAL INCOME TAX EXPENSE:</b>			
12	Federal Income Tax Expense	Line 6	\$ (16,212)
13	State Income Tax Expense	Line 11	(8,095)
14	Total Income Tax Expense Per RUCO	Line 12 + Line 13	<u>\$ (24,308)</u>
15	Total Income Tax Expense Per Company (Per Company Sch. C-1)		<u>(36,727)</u>
16	Total Income Tax Adjustment	Line 14 - Line 15	<u>\$ 12,419</u>
17	RUCO Adjustment (See Sch. SURR RLM-7, Column (J), L27)	Line 16	<u>\$ 12,419</u>

NOTE (A):

Interest Synchronization:

18	Adjusted Rate Base (Sch. SURR RLM-2, Col. (E), L15)	\$ 660,635
19	Weighted Cost Of Debt (Sch. RLM-14, Col. (F), L1)	2.50%
20	Interest Expense (L17 X L18)	<u>\$ 16,542</u>

**SURREBUTTAL**  
**RATE DESIGN AND PROOF OF RECOMMENDED REVENUE**  
**PROPOSED REVENUE**

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
<b>RESIDENTIAL CUSTOMERS</b>					
1	5/8" X 3/4" Meter	4,116	59.33072376	\$ 244,205	\$ 244,205
	Commodity Usage (In Thousands Of Gallons)				
2	First Tier -Breakover @ 4,000 Gals.	11,901	\$ 3.8247	\$ 45,519	
3	Second Tier - Breakover @ 10,000 Gals.	7,596	\$ 4.6117	\$ 35,030	
4	Third Tier - Over 10,000 Gals.	4,174	\$ 5.5168	\$ 23,028	
8	Total Commodity Usage And Revenue	<u>23,671</u>			\$ 103,576
9	3/4" Meter	12	\$ 89.00	\$ 1,068	\$ 1,068
	Commodity Usage (In Thousands Of Gallons)				
10	First Tier -Breakover @ 4,000 Gals.	46	\$ 3.8247	\$ 174	
11	Second Tier - Breakover @ 10,000 Gals.	62	\$ 4.6117	\$ 284	
12	Third Tier - Over 10,000 Gals.	137	\$ 5.5168	\$ 756	
16	Total Commodity Usage And Revenue	<u>244</u>			\$ 1,213
17	1" Meter	-	\$ 133.49	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
18	First Tier -Breakover @ 10,000 Gals.	-	\$ 3.8247	\$ -	
19	Second Tier - Over 10,000 Gals.	-	\$ 4.6117	\$ -	
24	Total Commodity Usage And Revenue	<u>-</u>			\$ -
33	2" Meter	-	\$ 332.25	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
34	First Tier -Breakover @ 50,000 Gals.	-	\$ 3.8247	\$ -	
35	Second Tier - Over 50,000 Gals.	-	\$ 4.6117	\$ -	
40	Total Commodity Usage And Revenue	<u>-</u>			\$ -
41	Total Residential Customer Bills	<u>4,128</u>		<u>\$ 245,273</u>	
42	Total Residential Usage	<u>23,915</u>		<u>\$ 104,790</u>	
43	TOTAL RESIDENTIAL CUSTOMERS REVENUE				<u>\$ 350,063</u>
<b>COMMERCIAL CUSTOMERS</b>					
44	5/8" X 3/4" Meter	-	\$ 59.33	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
45	First Tier -Breakover @ 4,000 Gals.	-	\$ 3.8247	\$ -	
46	Second Tier - Over 4,000 Gals.	-	\$ 4.6117	\$ -	
51	Total Commodity Usage And Revenue	<u>-</u>			\$ -
52	3/4" Meter	-	\$ 89.00	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
53	First Tier -Breakover @ 4,000 Gals.	-	\$ 3.8247	\$ -	
54	Second Tier - Over 4,000 Gals.	-	\$ 4.6117	\$ -	
59	Total Commodity Usage And Revenue	<u>-</u>			\$ -
60	1" Meter	-	\$ 133.49	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
61	First Tier -Breakover @ 10,000 Gals.	-	\$ 3.8247	\$ -	
62	Second Tier - Over 10,000 Gals.	-	\$ 4.6117	\$ -	
67	Total Commodity Usage And Revenue	<u>-</u>			\$ -
68	1.5" Meter	-	\$ 266.99	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
69	First Tier -Breakover @ 25,000 Gals.	-	\$ 3.8247	\$ -	
70	Second Tier - Over 25,000 Gals.	-	\$ 4.6117	\$ -	
75	Total Commodity Usage And Revenue	<u>-</u>			\$ -

**SURREBUTTAL  
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE  
PROPOSED REVENUE**

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
76	2" Meter Commodity Usage (In Thousands Of Gallons)	-	\$ 332.25	\$ -	\$ -
77	First Tier -Breakover @ 50,000 Gals.	-	\$ 3.8247	\$ -	
78	Second Tier - Over 50,000 Gals.	-	\$ 4.6117	\$ -	
83	Total Commodity Usage And Revenue	-			\$ -
	3" Meter Commodity Usage (In Thousands Of Gallons)	-	\$ 664.50	\$ -	\$ -
	First Tier -Breakover @ 80,000 Gals.	-	\$ 3.8247	\$ -	
	Second Tier - Over 80,000 Gals.	-	\$ 4.6117	\$ -	
	Total Commodity Usage And Revenue	-			\$ -
	4" Meter Commodity Usage (In Thousands Of Gallons)	-	\$ 1,112.45	\$ -	\$ -
	First Tier -Breakover @ 350,000 Gals.	-	\$ 3.8247	\$ -	
	Second Tier - Over 350,000 Gals.	-	\$ 4.6117	\$ -	
	Total Commodity Usage And Revenue	-			\$ -
84	6" Meter Commodity Usage (In Thousands Of Gallons)	-	\$ 2,966.54	\$ -	\$ -
85	First Tier -Breakover @ 450,000 Gals.	-	\$ 3.8247	\$ -	
86	Second Tier - Over 450,000 Gals.	-	\$ 4.6117	\$ -	
91	Total Commodity Usage And Revenue	-			\$ -
92	8" Meter Commodity Usage (In Thousands Of Gallons)	-	\$ 4,746.46	\$ -	\$ -
93	First Tier -Breakover @ 720,000 Gals.	-	\$ 3.8247	\$ -	
94	Second Tier - Over 720,000 Gals.	-	\$ 4.6117	\$ -	
99	Total Commodity Usage And Revenue	-			\$ -
100	Total Commercial Customer Bills	-		\$ -	
101	Total Commercial Usage	-		\$ -	
102	TOTAL COMMERCIAL CUSTOMERS REVENUE				\$ -
	<b>HYDRANT CUSTOMERS</b>				
103	3" Meter Commodity Usage (In Thousands Of Gallons)	-	\$ -	\$ -	\$ -
104	All Usage	-	\$ -	\$ -	
110	Total Commodity Usage And Revenue	-			\$ -
159	Total Hydrant Customer Bills	-			
160	Total Hydrant Usage	-			
161	TOTAL HYDRANT CUSTOMERS REVENUE				\$ -
	<b>FIRE SPRINKLER CUSTOMERS</b>				
194	4" Meter	-	\$ -	\$ -	\$ -
202	6" Meter	-	\$ -	\$ -	\$ -
210	8" Meter	-	\$ -	\$ -	\$ -
68	Total Fire Sprinkler Customer Bills	-			

**SURREBUTTAL  
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE  
PROPOSED REVENUE**

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
70	TOTAL FIRE SPRINKLER CUSTOMERS REVENUE				\$ -
189	<b>RUCO TOTAL PROPOSED REVENUE PER BILL COUNT</b>				<b>\$ 350,063</b>
	Total Company Customer Bills	<u>4,128</u>			
	Total Company Usage	<u>23,915</u>			
190	TOTAL RESIDENTIAL REVENUE PER BILL COUNT				\$ 350,063
191	TOTAL COMMERCIAL REVENUE PER BILL COUNT				-
192	TOTAL HYDRANT REVENUE PER BILL COUNT				-
194	TOTAL FIRE SPRINKLER REVENUE PER BILL COUNT				-
197	<b>RUCO TOTAL PROPOSED REVENUE PER BILL COUNT</b>				<b>\$ 350,063</b>
198	Unreconciled Difference vs. Billed Revenues				(99)
200	Miscellaneous Revenues				3,294
200	<b>RUCO TOTAL REVENUE</b>				<b>\$ 353,258</b>
201	<b>PROPOSED REVENUE PER RUCO SCHEDULE RLM-1</b>				<b>\$ 353,258</b>
202	Difference				\$ 0
203	Percentage Difference				0.00%

**SURREBUTTAL**

**TYPICAL RESIDENTIAL BILL ANALYSIS**

LINE NO.	DESCRIPTION	(A) PRESENT	(B)	(C) COMPANY PROPOSED	(D)	(E) RUCO PROPOSED	(F)
<b>REVENUE ALLOCATION</b>							
1	RESIDENTIAL	\$ 188,390	100.00%	\$ 444,816	100.00%	\$ 350,063	100.00%
2	OTHER	-	0.00%	-	0.00%	-	0.00%
3	TOTAL	<u>\$ 188,390</u>	<u>100.00%</u>	<u>\$ 444,816</u>	<u>100.00%</u>	<u>\$ 350,063</u>	<u>100.00%</u>
<b>ALLOCATION RATIOS</b>							
4	FIX REVENUE	\$ 129,890	68.95%	\$ 311,662	70.07%	\$ 245,273	70.07%
5	VARIABLE REVENUE	58,500	31.05%	133,154	29.93%	104,790	29.93%
6	TOTAL	<u>\$ 188,390</u>	<u>100.00%</u>	<u>\$ 444,816</u>	<u>100.00%</u>	<u>\$ 350,063</u>	<u>100.00%</u>
<b>RESIDENTIAL (5/8" X 3/4") RATE DESIGN</b>							
		<u>PRESENT</u>		<u>COMPANY PROPOSED</u>		<u>RUCO PROPOSED</u>	
7	BASIC MONTHLY CHARGE	NSWC		STAND-ALONE		STAND-ALONE	
		\$ 31.00		\$ 75.39		\$ 59.33	
<b>COMMODITY CHARGE</b>							
		<u>PRESENT</u>		<u>COMPANY PROPOSED</u>		<u>RUCO PROPOSED</u>	
		NSWC		STAND-ALONE		STAND-ALONE	
8	1st Tier - Breakover 5,000	1st Tier - Breakover 4,000	\$ 2.0000	\$ 4.8600	\$ 3.8247		
9	2nd Tier - Breakover 10,000	2nd Tier - Breakover 10,000	\$ 2.7500	\$ 5.8600	\$ 4.6117		
10	3rd Tier - Over 10,000	3rd Tier - Over 10,000	\$ 3.9000	\$ 7.0100	\$ 5.5168		

**SURREBUTTAL**

**TYPICAL RESIDENTIAL BILL ANALYSIS**

LINE NO.		(A) VARIABLE MONTHLY USAGE	(B) PERCENT AVERAGE USAGE OF 5,755	(C) PRESENT TOTAL MONTHLY COST	(D) RUCO MONTHLY COST	(E) RUCO MONTHLY INCREASE	(F) % MONTHLY INCREASE
	<b>NORTHERN SUNRISE RESIDENTIAL (5/8" X 3/4") METER</b>						
	AVERAGE RESIDENTIAL BILL COMPARISONS COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL						
1		1,439	25.00%	\$ 33.88	\$ 64.83	\$ 30.96	91.38%
2		2,878	50.00%	\$ 36.76	\$ 70.34	\$ 33.58	91.37%
3		5,755	100.00%	\$ 43.08	\$ 82.72	\$ 39.65	92.04%
4		8,633	150.00%	\$ 50.99	\$ 95.99	\$ 45.00	88.26%
5		11,510	200.00%	\$ 74.39	\$ 110.63	\$ 36.24	48.72%
	MEDIAN RESIDENTIAL BILL COMPARISONS COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL						
		VARIABLE MONTHLY USAGE	PERCENT MEDIAN USAGE OF 4,500	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
6		1,125	25.00%	\$ 33.25	\$ 63.63	\$ 30.38	91.38%
7		2,250	50.00%	\$ 35.50	\$ 67.94	\$ 32.44	91.37%
8		4,500	100.00%	\$ 40.00	\$ 76.94	\$ 36.94	92.34%
9		6,750	150.00%	\$ 32.06	\$ 87.31	\$ 55.25	172.32%
10		9,000	200.00%	\$ 52.00	\$ 97.69	\$ 45.69	87.86%

Southern Sunrise Water Company (Stand-Alone)  
Docket No. W-02453A-09-0411 et al.  
Test Year Ended March 31, 2009

**SURREBUTTAL  
TABLE OF CONTENTS TO RLM SCHEDULES**

SCH. NO.	PAGE NO.	TITLE
SURR RLM-1	1	REVENUE REQUIREMENT
SURR RLM-2	1	RATE BASE
SURR RLM-3	1	SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS
RLM-4	1	RATE BASE ADJUSTMENT NO. 1 - POST TEST YEAR PLANT AND ACCUMULATED DEPRECIATION
DIRECT TESTIMONY		RATE BASE ADJUSTMENT NO. 2 - CUSTOMER DEPOSITS
SURR RLM-5A & 5B	1	RATE BASE ADJUSTMENT NO. 3 - ACCUMULATED DEFERRED INCOME TAXES
SURR TESTIMONY		RATE BASE ADJUSTMENT NO. 5 - AFUDC
SURR TESTIMONY		RATE BASE ADJUSTMENT NO. 6 - ACQUISITION COSTS FROM PURCHASE OF MCCLAIN SYSTEMS
SURR RLM-6	1	OPERATING INCOME
SURR RLM-7	1	SUMMARY OF OPERATING INCOME ADJUSTMENTS
SURR RLM-8	1	OPERATING INCOME ADJUSTMENT NO. 1 - TEST YEAR DEPRECIATION EXPENSE
SURR RLM-9	1	OPERATING INCOME ADJUSTMENT NO. 2 - PROPERTY TAX COMPUTATION
SURR RLM-10	1	OPERATING INCOME ADJUSTMENT NO. 3 - MISCELLANEOUS EXPENSES
SURR TESTIMONY		OPERATING INCOME ADJUSTMENT NO. 4 - WATER TESTING EXPENSE
SURR TESTIMONY		OPERATING INCOME ADJUSTMENT NO. 5 - TRANSPORTATION EXPENSE
SURR RLM-11A	1	OPERATING INCOME ADJUSTMENT NO. 6A - CENTRAL OFFICE COST ALLOCATION
SURR RLM-11B	1	OPERATING INCOME ADJUSTMENT NO. 6B - CENTRAL OFFICE COST ALLOCATION
SURR RLM-11C	1	OPERATING INCOME ADJUSTMENT NO. 6C - CENTRAL OFFICE COST ALLOCATION
RLM-12	1	OPERATING INCOME ADJUSTMENT NO. 7 - RATE CASE EXPENSE
SURR RLM-13	1	OPERATING INCOME ADJUSTMENT NO. 8 - INCOME TAX EXPENSE
SURR RLM-RD1	1 TO 3	RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
SURR RLM-RD2	1 TO 2	TYPICAL RESIDENTIAL BILL ANALYSIS

**SURREBUTTAL  
REVENUE REQUIREMENT**

LINE NO.	DESCRIPTION	(A) COMPANY OCRB/FVRB COST	(B) RUCO OCRB/FVRB COST
1	Fair Value Rate Base	\$ 1,544,434	\$ 1,305,405
2	Adjusted Operating Income (Loss)	\$ 6,042	\$ 47,884
3	Current Rate Of Return (L2 / L1)	0.39%	3.67%
4	Required Operating Income (L5 X L1)	\$ 197,688	\$ 103,179
5	Required Rate Of Return On Fair Value Rate Base	12.80%	7.90%
6	Operating Income Deficiency (L4 - L2)	\$ 191,645	\$ 55,295
7	Gross Revenue Conversion Factor (RLM-1, Pg 2)	<u>1.6128</u>	<u>1.3572</u>
8	Increase In Gross Revenue Requirement (L7 X L6)	<b>\$ 309,090</b>	<b>\$ 75,045</b>
9	Adjusted Test Year Revenue	\$ 444,136	\$ 444,136
10	Proposed Annual Revenue (L8 + L9)	\$ 753,226	\$ 519,181
11	Required Percentage Increase In Revenue (L8 / L9)	69.59%	16.90%
12	Rate Of Return On Common Equity	12.50%	9.00%

References:

Column (A): Company Schedules A-1 and C-1  
Column (B): RUCO Schedule RLM-2, RLM-6, And RLM-14

**SURREBUTTAL  
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	\$ 1,724,610	\$ (154,415)	\$ 1,570,195
2	Accumulated Depreciation	(105,733)	-	(105,733)
3	Net Utility Plant In Service (L1 + L2)	<u>\$ 1,618,877</u>	<u>\$ (154,415)</u>	<u>\$ 1,464,462</u>
4	Advances In Aid Of Const.	\$ -	\$ -	\$ -
5	Contribution In Aid Of Const.	\$ (20,000)	\$ -	\$ (20,000)
6	Accumulated Amortization Of CIAC	15	-	15
7	NET CIAC (L5 + L6)	<u>\$ (19,985)</u>	<u>\$ -</u>	<u>\$ (19,985)</u>
8	Customer Meter Deposits	\$ (2,870)	\$ -	\$ (2,870)
9	Customer Hydrant Meter Deposits	\$ -	\$ -	\$ -
10	Deferred Income Taxes & Credits	\$ (51,588)	\$ (84,614)	\$ (136,202)
11	Unamortized Finance Charges	\$ -	\$ -	\$ -
12	Deferred Regulatory Assets	\$ -	\$ -	\$ -
13	Allowance For Working Capital	\$ -	\$ -	\$ -
14	TOTAL RATE BASE (Sum L's 3, 4, 7, 8 Thru 12)	<u>\$ 1,544,434</u>	<u>\$ (239,029)</u>	<u>\$ 1,305,405</u>

References:

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

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

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED OCR B/FVRB	(B) ADJ # 1 POST TY PLT & ACC DEP	(C) ADJ # 2 CUSTOMER DEPOSITS	(D) ADJ # 3 DEFERRED INCOME TAX	(E) ADJ # 5 AFUDC	(F) ADJ # 6 McCLAIN ACQ. COSTS	(G) RUCO ADJ'TED OCR B/FVRB
1	Gross Utility Plant In Service	\$ 1,724,610	\$ -	\$ -	\$ -	\$ (25,428)	\$ (128,987)	\$ 1,570,195
2	Accumulated Depreciation	(105,733)	-	-	-	-	-	(105,733)
3	Net Utility Plant In Service (L1 + L2)	<u>\$ 1,618,877</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (25,428)</u>	<u>\$ (128,987)</u>	<u>\$ 1,464,462</u>
4	Advances In Aid Of Const.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	Contribution In Aid Of Const.	\$ (20,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (20,000)
6	Accumulated Amortization Of CIAC	15	-	-	-	-	-	15
7	NET CIAC (L5 + L6)	<u>\$ (19,985)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (19,985)</u>
8	Customer Meter Deposits	\$ (2,870)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,870)
9	Customer Hydrant Meter Deposits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	Deferred Income Taxes & Credits	\$ (51,588)	\$ -	\$ -	\$ (84,614)	\$ -	\$ -	\$ (136,202)
11	Unamortized Finance Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	Deferred Regulatory Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	Allowance For Working Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14	TOTAL RATE BASE (Sum L's 3, 4, 7, 8 Thru 12)	<u>\$ 1,544,434</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (84,614)</u>	<u>\$ (25,428)</u>	<u>\$ (128,987)</u>	<u>\$ 1,305,405</u>

References:

- Column (A): Company Schedule B-2, Page 1 And Workpapers Schedule E-1
- Column (B): Adjustment No. 1 - RUCO Adjustment To Post Test-Year GPIS And Acc. Dep. (See Testimony and Schedule RLM-4)
- Column (C): Adjustment No. 2 - RUCO Adjustment To Customer Deposits (See Testimony)
- Column (D): Adjustment No. 3 - RUCO Adjustment To Deferred Income Taxes (See Testimony Of RUCO Witness Tim Coley and Schedule SURR RLM-5)
- Column (E): Adjustment No. 5 - RUCO Adjustment To AFUDC (See Surrebuttal Testimony, RLM)
- Column (F): Adjustment No. 6 - RUCO Adjustment To Acquisition Costs (See Surrebuttal Testimony, RLM)
- Column (G): Sum Of Columns (A), (B), (C), (D), (E) & (F)



**SURREBUTTAL  
ACCUMULATED DEFERRED INCOME TAXES**

LINE NO.	DESCRIPTION	(A) REFERENCE	(B) AMOUNT
Deferred Income Taxes:			
1	Algonquin Accumulated Deferred Income Tax Assets	2008 Algonquin Annual Report	\$ 23,032,000
2	Algonquin Accumulated Deferred Income Tax Liabilities	2008 Algonquin Annual Report	<u>(106,983,000)</u>
3	Net Accumulated Deferred Income Tax Assets (Liabilities)	Line 1 + Line 2	\$ (83,951,000)
4	Bella Vista Consolidated Allocation	Note (A)	<u>1.5438%</u>
5	Bella Vista Consolidated ADIT Liabilities Allocation	Line 3 X Line 4	\$ (1,296,004)
6	Convert to US Dollars	Note (B)	<u>0.9915</u>
7	Bella Vista Consolidated Allocated ADIT Liabilites Balance	Line 5 X Line 6	\$ (1,284,949)
8	Total Consolidated ADIT as Filed by Company	Company Schedule C-1	173,329
9	Decrease In Deferred Income Tax Assets	Line 7 - Line 8	<u>\$ (1,458,278)</u>
10	Total Southern Sunrise Customer Count Factor	Per Company	0.0865
11	RUCO Adjustment (See SURR RLM-3, Column (D), Lin	Line 9 X Line 10	<u><u>\$ (126,105)</u></u>

NOTES:

12	(A)	Purchase Price of BVWC, NSWC and SSWC	Annual Report	\$ 15,100,000
13		Algonquin Total Assets	Annual Report	\$ 978,130,000
14		Ratio BVWC, NSWC & SSWC To APIF Total Assets	Line 12 / Line 13	1.5438%
15	(B)	Currency Conversion	moneycentral.com on 04/1/2010	0.9915

SUPPORTING SCHEDULES

2008 Algonquin Power Income Fund Annual Report

**SURREBUTTAL  
OPERATING INCOME**

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(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	Flat Rate Revenues	\$ 433,457	\$ -	\$ 433,457	\$ 75,045	\$ 508,502
2	Misc. Service Revenues	-	-	-	-	-
3	Other WW Revenues	10,679	-	10,679	-	10,679
4	<b>TOTAL OPERATING REVENUE</b>	<b>\$ 444,136</b>	<b>\$ -</b>	<b>\$ 444,136</b>	<b>\$ 75,045</b>	<b>\$ 519,181</b>
Operating Expenses:						
5	Salaries and Wages	\$ -	\$ -	\$ -	\$ -	\$ -
6	Purchased Water	-	-	-	-	-
7	Purchased Power	32,354	-	32,354	-	32,354
8	Fuel for Power Production	-	-	-	-	-
9	Chemicals	1,265	-	1,265	-	1,265
10	Materials & Supplies	7,972	-	7,972	-	7,972
11	Outside Services	91	-	91	-	91
12	Outside Services- Legal	5,390	-	5,390	-	5,390
13	Outside Services- Other	179,427	(13,185)	166,242	-	166,242
14	Water Testing	5,592	(1,825)	3,767	-	3,767
15	Equipment Rental	-	-	-	-	-
16	Rents	-	-	-	-	-
17	Transportation Expenses	25,481	(1,033)	24,448	-	24,448
18	Insurance - General Liability	10,788	-	10,788	-	10,788
19	Insurance - Health and Life	-	-	-	-	-
20	Reg. Comm. Exp.	1,024	-	1,024	-	1,024
21	Reg. Comm. Exp. - Rate Case	41,667	(8,640)	33,026	-	33,026
22	Miscellaneous Expense	14,810	(773)	14,037	-	14,037
23	Bad Debt Expense	5,346	-	5,346	-	5,346
24	Depreciation Expense	76,419	(13,933)	62,486	-	62,486
25	Taxes Other Than Income	-	-	-	-	-
26	Property Taxes	26,765	(4,177)	22,589	-	22,589
27	Income Tax	3,703	1,725	5,428	19,749	25,177
28	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 438,094</b>	<b>\$ (41,842)</b>	<b>\$ 396,252</b>	<b>\$ 19,749</b>	<b>\$ 416,002</b>
29	<b>OPERATING INCOME (LOSS)</b>	<b>\$ 6,042</b>		<b>\$ 47,884</b>		<b>\$ 103,179</b>

References:

- Column (A): Company Schedule C-1
- Column (B): SURR RLM-7, Columns (B) Thru (H)
- 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)

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

LINE NO.	(A) COMPANY AS FILED	(B) ADJ # 1 DEP. EXPENSE	(C) ADJ # 2 PROPERTY TAX	(D) ADJ # 3 MISC. EXPENSES	(E) ADJ # 4 WATER TEST EXPENSES	(F) ADJ # 5 TRANSPORT EXPENSES	(G) ADJ # 6A CENTRAL OFFICE COST	(H) ADJ # 6B CENTRAL OFFICE COST	(I) ADJ # 6C CENTRAL OFFICE COST	(J) ADJ # 7 RATE CASE EXPENSES	(K) ADJ # 8 INCOME TAX	(L) RUCO AS ADJT'D
Revenues:												
1	Flat Rate Revenues	\$ 433,457	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 433,457
2	Misc. Service Revenues	-	-	-	-	-	-	-	-	-	-	-
3	Other WW Revenues	10,679	-	-	-	-	-	-	-	-	-	10,679
4	<b>TOTAL OPR'G REV.</b>	<b>\$ 444,136</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 444,136</b>
Operating Expenses:												
5	Salaries and Wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	Purchased Water	-	-	-	-	-	-	-	-	-	-	-
7	Purchased Power	32,354	-	-	-	-	-	-	-	-	-	32,354
8	Fuel for Power Production	-	-	-	-	-	-	-	-	-	-	-
9	Chemicals	1,265	-	-	-	-	-	-	-	-	-	1,265
10	Materials & Supplies	7,972	-	-	-	-	-	-	-	-	-	7,972
11	Outside Services	91	-	-	-	-	-	-	-	-	-	91
12	Outside Services- Legal	5,390	-	-	-	-	-	-	-	-	-	5,390
13	Outside Services- Other	179,427	-	-	-	-	(12,118)	(95)	(972)	-	-	166,242
14	Water Testing	5,592	-	-	-	(1,825)	-	-	-	-	-	3,767
15	Equipment Rental	-	-	-	-	-	-	-	-	-	-	-
16	Rents	-	-	-	-	-	-	-	-	-	-	-
17	Transportation Expenses	25,481	-	-	-	(1,033)	-	-	-	-	-	24,448
18	Insurance - General Liability	10,788	-	-	-	-	-	-	-	-	-	10,788
19	Insurance - Health and Life	-	-	-	-	-	-	-	-	-	-	-
20	Reg. Comm. Exp.	1,024	-	-	-	-	-	-	-	-	-	1,024
21	Reg. Comm. Exp. - Rate Case	41,667	-	-	-	-	-	-	-	(8,640)	-	33,026
22	Miscellaneous Expense	14,810	-	-	(773)	-	-	-	-	-	-	14,037
23	Bad Debt Expense	5,346	-	-	-	-	-	-	-	-	-	5,346
24	Depreciation Expense	76,419	(13,933)	-	-	-	-	-	-	-	-	62,486
25	Taxes Other Than Income	-	-	-	-	-	-	-	-	-	-	-
26	Property Taxes	26,765	-	(4,177)	-	-	-	-	-	-	-	22,589
27	Income Tax	3,703	-	-	-	-	-	-	-	-	1,725	5,428
29	<b>TOTAL OPR'G EXP.</b>	<b>\$ 438,094</b>	<b>\$ (13,933)</b>	<b>\$ (4,177)</b>	<b>\$ (773)</b>	<b>\$ (1,825)</b>	<b>\$ (1,033)</b>	<b>\$ (12,118)</b>	<b>\$ (95)</b>	<b>\$ (972)</b>	<b>\$ (8,640)</b>	<b>\$ 396,252</b>
30	<b>OPR'G INC. (LOSS)</b>	<b>\$ 6,042</b>										<b>\$ 47,884</b>

References:

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

**SURREBUTTAL**  
**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 1**  
**TEST YEAR DEPRECIATION EXPENSE**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) TOTAL PLANT VALUE	(B) APPROVED DEPRECIATION RATE	(C) TEST YEAR DEPRECIATION EXPENSE
1	301	Organization Cost	\$ -	0.00%	\$ -
2	302	Franchise Cost	71	0.00%	-
3	303	Land and Land Rights	336,686	0.00%	-
4	304	Structures and Improvements	326,168	3.33%	10,861
5	305	Collecting and Impounding Res.	-	2.50%	-
6	306	Lake River and Other Intakes	-	2.50%	-
7	307	Wells and Springs	132,029	3.33%	4,397
8	308	Infiltration Galleries and Tunnels	-	6.67%	-
9	309	Supply Mains	3,256	2.00%	65
10	310	Power Generation Equipment	-	5.00%	-
11	311	Electric Pumping Equipment	192,066	12.50%	24,008
12	320	Water Treatment Equipment	-	3.33%	-
13	320.1	Water Treatment Equipment	-	3.33%	-
14	320.2	Chemical Solution Feeders	-	20.00%	-
15	330	Dist. Reservoirs & Standpipe	261,921	2.22%	5,815
16	330.1	Storage tanks	-	2.22%	-
17	330.2	Pressure Tanks	-	5.00%	-
18	331	Trans. and Dist. Mains	81,090	2.00%	1,622
19	333	Services	70,227	3.33%	2,339
20	334	Meters	16,708	8.33%	1,392
21	335	Hydrants	18,416	2.00%	368
22	336	Backflow Prevention Devices	-	6.67%	-
23	339	Other Plant and Misc. Equip.	21,516	6.67%	1,435
24	340	Office Furniture and Fixtures	-	6.67%	-
25	340.1	Computers and Software	-	20.00%	-
26	341	Transportation Equipment	-	20.00%	-
27	342	Stores Equipment	-	4.00%	-
28	343	Tools and Work Equipment	270	5.00%	13
29	344	Laboratory Equipment	-	10.00%	-
30	345	Power Operated Equipment	-	5.00%	-
31	346	Communications Equipment	3,379	10.00%	338
32	347	Miscellaneous Equipment	-	10.00%	-
33	348	Other Tangible Plant	106,394	10.00%	10,639
34		Rounding	485		-
35		<b>TOTAL WASTEWATER PLANT</b>	<b>\$ 1,570,681</b>		<b>\$ 63,292</b>
36		Less: Amortizations Of CIAC (SURR RLM-2, Col. (C), Line 5)	\$ (20,000)	4.03%	(806)
37		<b>TOTAL DEPRECIATION EXPENSE (Line 35 + Line 36)</b>			<b>\$ 62,486</b>
38		Test Year Depreciation Expense As Filed (Co. Sch. C-1)			76,419
39		Increase In Depreciation Expense (Line 37 - Line 37)			<b>\$ (13,933)</b>
40		RUCO Adjustment (Line 39) (See SURR RLM-7, Column (B), Line 25)			<b>\$ (13,933)</b>

References:  
Columns (A) & (B): Company Rebuttal Schedule "C-2p1Depr"  
Column (C): Column (A) X Column (B)

**SURREBUTTAL**  
**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 2**  
**PROPERTY TAX COMPUTATION**

LINE NO.	DESCRIPTION	REFERENCE	(A) AMOUNT	(B) TOTAL
Calculation Of The Company's Full Cash Value:				
Annual Operating Revenues:				
1	Adjusted Revenues In Year Ended December 2007	Sch. SURR RLM-6, Col (C), Ln 4	\$ 444,136	
2	Adjusted Revenues In Year Ended December 2007	Sch. SURR RLM-6, Col (C), Ln 4	444,136	
3	Proposed Revenues	Sch. SURR RLM-6, Col (E), Ln 4	519,181	
4	Total Three Year Operating Revenues	Sum Of Lines 1, 2 & 3	<u>\$ 1,407,453</u>	
5	Average Annual Operating Revenues	Line 4 / 3	<u>469,151</u>	
6	Two Times Three Year Average Operating Revenues	Line 5 X 2		\$ 938,302
ADD:				
10% Of Construction Work In Progress ("CWIP"):				
7	Test Year CWIP	Co. Sch. E-1	\$ 526,003	
8	10% Of CWIP	Line 7 X 10%		\$ 52,600
SUBTRACT:				
Transportation At Book Value:				
9	Original Cost Of Transportation Equipment	RLM-4, Col. (E), Ln 26	\$ -	
10	Acc. Dep. Of Transportation Equipment	RLM-4, Col. (F), Ln 26	<u>-</u>	
11	Book Value Of Transportation Equipment	Line 9 + Line 10		<u>\$ -</u>
12	Company's Full Cash Value ("FCV")	Sum Of Lines 6, 8 & 11		<u>\$ 990,903</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	\$ 208,090	
Property Tax Rates:				
15	Primary Tax Rate - 2009 Tax Notice	Co. Sch. C-2, Pg 3	9.8984%	
16	Secondary Tax Rate - 2009 Tax Notice	Co. Sch. C-2, Pg 3	<u>0.0000%</u>	
17	Estimated Tax Rate Liability	Line 15 + Line 16	9.90%	
18	Company's Tax Liability - Based On Full Cash Value	Line 14 X Line 17		\$ 20,597
19	Company's Tax on Parcels	Co. Sch. C-2, Pg 3		\$ 1,991
20	Company's Total Tax Liability	Line 18 + Line 19		<u>\$ 22,589</u>
21	Test Year Adjusted Property Tax Expense As Filing	Co. Sch. C-1, Line 25		<u>26,765</u>
22	Increase In Property Tax Expense	Line 20 - Line 21		<u>\$ (4,177)</u>
23	RUCO Adjustment (See SURR RLM-7, Column (C), Line 27)	Line 22		<u><u>\$ (4,177)</u></u>

**SURREBUTTAL**  
**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 3**  
**DISALLOWANCE OF MISCELLANEOUS EXPENSES**

LINE NO.	DESCRIPTION	REFERENCE	(A) TOTAL
	Disallowed Miscellaneous Expenses	Co. Response To Staff D. R. CSB 1-32	
1	Bella Vista Water Company Christmas Party		\$ -
2	Special Olympics Pledge		-
3	Muscular Distrophy Association Donation		-
4	Additional Disallowance By Company		(773)
5	RUCO Adjustment To Unnecessary/Non-Recurring Expense	Sum Of Lines 1 Thru 17	<u>\$ (773)</u>
6	RUCO Adjustment (See SURR RLM-7, Column (D))	Line 18	<u>\$ (773)</u>

**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 6(A)**  
**CENTRAL OFFICE COST ALLOCATIONS**

LINE NO.	DESCRIPTION	(A) COMPANY ACTUAL COSTS (CAN \$)	(B) RUCO ALLOWED % OF COSTS	(C) RUCO ALLOWABLE COSTS	(D) RUCO UTILITIES % ALLOCATION	(E) RUCO ALLOCATED COSTS	(F) ALLOCATION % To SSR	(G) RUCO ALLOCATED BVWC COSTS
1	Audit	\$ 778,285	25.00%	\$ 194,571	25.35%	\$ 49,328	1.26%	\$ 620
2	Tax Services	518,775	25.00%	129,694	25.35%	32,880	1.26%	413
3	Legal	159,053	25.00%	39,763	25.35%	10,081	1.26%	127
4	Other Professional Services	506,082	0.00%	-	25.35%	-	1.26%	-
5	Management Fee - Total	644,943	0.00%	-	25.35%	-	1.26%	-
6	Unit Holder Communications	156,766	0.00%	-	25.35%	-	1.26%	-
7	Trustee Fees	129,000	0.00%	-	25.35%	-	1.26%	-
8	Escrow & Transfer Agent Fees	96,138	0.00%	-	25.35%	-	1.26%	-
9	Rent	307,337	0.00%	-	25.35%	-	1.26%	-
10	Licenses/Fees & Permits	17,561	0.00%	-	25.35%	-	1.26%	-
11	Office Expenses	579,379	0.00%	-	25.35%	-	1.26%	-
12	Depreciation	211,653	25.00%	52,913	25.35%	13,415	1.26%	168
13	<b>TOTAL</b>	<u>\$ 4,104,971</u>		<u>\$ 416,941</u>		<u>\$ 105,703</u>		<u>\$ 1,328</u>
14	Company's APT Cost Allocation for Bella Vista in Canadian Dollars (Per RUCO DR 3.01)							\$ 13,912
15	Conversion Factor to Convert Canadian Dollars to US Dollars per <a href="http://moneycentral.msn.com">http://moneycentral.msn.com</a> on June 9, 2010							0.96293
16	Company's APT Cost Allocation for Bella Vista in US Dollars							\$ 13,397
17	RUCO's Allowed APT Cost Allocations in US Dollars							\$ 1,278
18	RUCO's APT Cost Allocation Adjustment for Bella Vista in US Dollars							<u>(12,118)</u>
19	RUCO Adjustment (See RLM-7, Column (E))							<u>(12,118)</u>

References:

- Columns (A) (D) (F): Company Response To RUCO Data Requestion 3.01
- Column (B): Testimony, RUCO Witness Tim Coley
- Column (C): Sum Of Columns (A) & (B)
- Column (E): Column (C) X Column (D)
- Column (G): Column (E) X Column (F)

**OPERATING INCOME ADJUSTMENT #6(B) - APT CORPORATE COST ALLOCATIONS ADJUSTMENT**

Line No.	Description	Company Adjusted Costs	RUCO Other Disallowed Costs	RUCO Allowable Costs	RUCO 2009 Allocation Factor	RUCO Allowed Allocated Costs	Allocation % To BVWC	RUCO Amount Allocated To SSR
1	Rent	273,965	(273,965)	-	25.35%	-	14.52%	-
2	Audit	680,812	(510,609)	170,203	25.35%	43,150	14.52%	6,265.39
3	Tax Services	469,804	(352,353)	117,451	25.35%	29,776	14.52%	4,323.52
4	Legal - General	138,531	(103,898)	34,633	25.35%	8,780	14.52%	1,274.88
5	Other Professional Services	452,202	(452,202)	-	25.35%	-	14.52%	-
6	Management Fee	563,803	(563,803)	-	25.35%	-	14.52%	-
7	Unit Holder Communications	145,658	(145,658)	-	25.35%	-	14.52%	-
8	Trustee Fees	127,116	(127,116)	-	25.35%	-	14.52%	-
9	Office Costs	425,755	(425,755)	-	25.35%	-	14.52%	-
10	Licenses/Fees and Permits	14,565	(14,565)	-	25.35%	-	14.52%	-
11	Escrow and Transfer Fees	85,354	(85,354)	-	25.35%	-	14.52%	-
12	Depreciation Expense	189,797	(142,348)	47,449	25.35%	12,029	14.52%	1,746.67
<b>Total</b>		<u>3,567,363</u>	<u>(3,197,626)</u>	<u>369,736</u>		<u>93,736</u>		<u>13,610</u>
RUCO Direct Testimony Amount of APT Costs Allowed								14,707
RUCO Surrebuttal Testimony Company Adjusted APT Costs Allowed								(1,097)
Southern Sunrise Customer Count Allocation Factor								8.65%
RUCO's Adjustment per Company's Rebuttal Adjustment								(95)

**OPERATING INCOME ADJUSTMENT #6(C) - RUCO's APT CORPORATE COST ALLOCATIONS ADJUSTMENT**

Line No.	Description	Company Adjusted Costs	RUCO Other Disallowed Costs	RUCO Allowable Costs	RUCO 2009 Allocation Factor	RUCO Allowed Allocated Costs	Allocation % To BVWC	Company Test-Year Booked APT Amount
1	Company's Total APT Test-Year Book Costs per RUCO Informal 2nd Set of Data Requests #5.01							\$ 156,149
2	Company's Total APT Test-Year End Costs per RUCO Formal Data Request #3.01							144,906
3	APT Costs Overstated in the Company's Direct Rate Application							\$ (11,243)
4	Southern Sunrise (Stand Alone) Customer Count Allocation Factor							8.65%
5	RUCO's Adjustment to Southern Sunrise (Stand Alone) APT Costs							\$ (972)

**Notes:**

Line 1 - Company's Response to RUCO 2nd Set of Data Request #5.01 reconciles to the Company's Rate Application Test-Year Book Outside Services - Other Account in the Amount of \$156,149.21

Line 2 - Company Response to RUCO Formal Data Request 3.01 for APT Costs in the Amount of \$144,906

**SURREBUTTAL  
EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 8  
INCOME TAX EXPENSE**

LINE NO.	DESCRIPTION	(A) REFERENCE	(B) AMOUNT
<b>FEDERAL INCOME TAXES:</b>			
1	Operating Income Before Taxes	Sch. RLM-6, Column (C), L29 + L27	\$ 53,312
LESS:			
2	Arizona State Tax	Line 11	(1,437)
3	Interest Expense	Note (A) Line 20	(32,687)
4	Federal Taxable Income	Sum Of Lines 1 Thru 3	<u>\$ 19,187</u>
5	Federal Tax Rate	Sch. RLM-1, Pg 2, Col. (D), L34	20.80%
6	Federal Income Tax Expense	Line 4 X line 5	<u>\$ 3,991</u>
<b>STATE INCOME TAXES:</b>			
7	Operating Income Before Taxes	Line 1	\$ 53,312
LESS:			
8	Interest Expense	Note (A) Line 20	(32,687)
9	State Taxable Income	Sum Of Lines 7 & 8	<u>\$ 20,624</u>
10	State Tax Rate	Tax Rate	6.97%
11	State Income Tax Expense	Line 9 X Line 10	<u>\$ 1,437</u>
<b>TOTAL INCOME TAX EXPENSE:</b>			
12	Federal Income Tax Expense	Line 6	\$ 3,991
13	State Income Tax Expense	Line 11	1,437
14	Total Income Tax Expense Per RUCO	Line 12 + Line 13	<u>\$ 5,428</u>
15	Total Income Tax Expense Per Company (Per Company Sch. C-1)		<u>3,703</u>
16	Total Income Tax Adjustment	Line 14 - Line 15	<u>\$ 1,725</u>
17	RUCO Adjustment (See Sch. SURR RLM-7, Column (K), L278)	Line 16	<u>\$ 1,725</u>

NOTE (A):

Interest Synchronization:

18	Adjusted Rate Base (Sch. SURR RLM-2, Col. (E), L15)	\$ 1,305,405
19	Weighted Cost Of Debt (Sch. RLM-14, Col. (F), L1)	2.50%
20	Interest Expense (L17 X L18)	<u>\$ 32,687</u>

**SURREBUTTAL**  
**RATE DESIGN AND PROOF OF RECOMMENDED REVENUE**  
**PROPOSED REVENUE**

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
<b>RESIDENTIAL CUSTOMERS</b>					
1	5/8" X 3/4" Meter	9,504	37.32293894	\$ 354,717	\$ 354,717
	Commodity Usage (In Thousands Of Gallons)				
2	First Tier -Breakover @ 4,000 Gals.	28,400	\$ 2.4095	\$ 68,430	
3	Second Tier - Breakover @ 10,000 Gals.	15,487	\$ 2.9243	\$ 45,290	
4	Third Tier - Over 10,000 Gals.	9,144	\$ 3.7138	\$ 33,958	
8	Total Commodity Usage And Revenue	<u>53,032</u>			\$ 147,678
9	3/4" Meter	-	\$ 55.98	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
10	First Tier -Breakover @ 4,000 Gals.	-	\$ 2.4095	\$ -	
11	Second Tier - Breakover @ 10,000 Gals.	-	\$ 2.9243	\$ -	
12	Third Tier - Over 10,000 Gals.	-	\$ 3.7138	\$ -	
16	Total Commodity Usage And Revenue	<u>-</u>			\$ -
17	1" Meter	-	\$ 83.98	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
18	First Tier -Breakover @ 10,000 Gals.	-	\$ 2.4095	\$ -	
19	Second Tier - Over 10,000 Gals.	-	\$ 2.9243	\$ -	
24	Total Commodity Usage And Revenue	<u>-</u>			\$ -
33	2" Meter	-	\$ 209.01	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
34	First Tier -Breakover @ 50,000 Gals.	-	\$ 2.4095	\$ -	
35	Second Tier - Over 50,000 Gals.	-	\$ 2.9243	\$ -	
40	Total Commodity Usage And Revenue	<u>-</u>			\$ -
41	Total Residential Customer Bills	<u>9,504</u>		<u>\$ 354,717</u>	
42	Total Residential Usage	<u>53,032</u>		<u>\$ 147,678</u>	
43	TOTAL RESIDENTIAL CUSTOMERS REVENUE				<u>\$ 502,396</u>
<b>COMMERCIAL CUSTOMERS</b>					
44	5/8" X 3/4" Meter	-	\$ 37.32	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
45	First Tier -Breakover @ 4,000 Gals.	-	\$ 2.4095	\$ -	
46	Second Tier - Over 4,000 Gals.	-	\$ 2.9243	\$ -	
51	Total Commodity Usage And Revenue	<u>-</u>			\$ -
52	3/4" Meter	-	\$ 55.98	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
53	First Tier -Breakover @ 4,000 Gals.	-	\$ 2.4095	\$ -	
54	Second Tier - Over 4,000 Gals.	-	\$ 2.9243	\$ -	
59	Total Commodity Usage And Revenue	<u>-</u>			\$ -
60	1" Meter	24	\$ 83.98	\$ 2,015	\$ 2,015
	Commodity Usage (In Thousands Of Gallons)				
61	First Tier -Breakover @ 10,000 Gals.	119	\$ 2.4095	\$ 287	
62	Second Tier - Over 10,000 Gals.	-	\$ 2.9243	\$ -	
67	Total Commodity Usage And Revenue	<u>119</u>			\$ 287
68	1.5" Meter	-	\$ 167.95	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
69	First Tier -Breakover @ 25,000 Gals.	-	\$ 2.4095	\$ -	
70	Second Tier - Over 25,000 Gals.	-	\$ 2.9243	\$ -	
75	Total Commodity Usage And Revenue	<u>-</u>			\$ -

**SURREBUTTAL  
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE  
PROPOSED REVENUE**

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
		TEST YEAR ADJUSTED DETERMINANTS	PROPOSED CHARGES & USAGE FEES	PROPOSED REVENUES	TOTAL REVENUES
76	2" Meter Commodity Usage (In Thousands Of Gallons)	12	\$ 209.01	\$ 2,508	\$ 2,508
77	First Tier -Breakover @ 50,000 Gals.	279	\$ 2.4095	\$ 671	
78	Second Tier - Over 50,000 Gals.	137	\$ 2.9243	\$ 401	
83	Total Commodity Usage And Revenue	415			\$ 1,072
	3" Meter Commodity Usage (In Thousands Of Gallons)	-	\$ 418.02	\$ -	\$ -
	First Tier -Breakover @ 80,000 Gals.	-	\$ 2.4095	\$ -	
	Second Tier - Over 80,000 Gals.	-	\$ 2.9243	\$ -	
	Total Commodity Usage And Revenue	-			\$ -
	4" Meter Commodity Usage (In Thousands Of Gallons)	-	\$ 699.81	\$ -	\$ -
	First Tier -Breakover @ 350,000 Gals.	-	\$ 2.4095	\$ -	
	Second Tier - Over 350,000 Gals.	-	\$ 2.9243	\$ -	
	Total Commodity Usage And Revenue	-			\$ -
84	6" Meter Commodity Usage (In Thousands Of Gallons)	-	\$ 1,866.15	\$ -	\$ -
85	First Tier -Breakover @ 450,000 Gals.	-	\$ 2.4095	\$ -	
86	Second Tier - Over 450,000 Gals.	-	\$ 2.9243	\$ -	
91	Total Commodity Usage And Revenue	-			\$ -
92	8" Meter Commodity Usage (In Thousands Of Gallons)	-	\$ 2,985.84	\$ -	\$ -
93	First Tier -Breakover @ 720,000 Gals.	-	\$ 2.4095	\$ -	
94	Second Tier - Over 720,000 Gals.	-	\$ 2.9243	\$ -	
99	Total Commodity Usage And Revenue	-			\$ -
100	Total Commercial Customer Bills	<u>36</u>		<u>\$ 4,524</u>	
101	Total Commercial Usage	<u>534</u>		<u>\$ 1,358</u>	
102	TOTAL COMMERCIAL CUSTOMERS REVENUE				<u>\$ 5,882</u>
	<b>HYDRANT CUSTOMERS</b>				
103	3" Meter Commodity Usage (In Thousands Of Gallons)	-	\$ -	\$ -	\$ -
104	All Usage	-	\$ -	\$ -	
110	Total Commodity Usage And Revenue	-			\$ -
159	Total Hydrant Customer Bills	<u>-</u>			
160	Total Hydrant Usage	<u>-</u>			
161	TOTAL HYDRANT CUSTOMERS REVENUE				<u>\$ -</u>
	<b>FIRE SPRINKLER CUSTOMERS</b>				
194	4" Meter	-	\$ -	\$ -	\$ -
202	6" Meter	-	\$ -	\$ -	\$ -
210	8" Meter	-	\$ -	\$ -	\$ -
68	Total Fire Sprinkler Customer Bills	<u>-</u>			

**SURREBUTTAL  
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE  
PROPOSED REVENUE**

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
70	TOTAL FIRE SPRINKLER CUSTOMERS REVENUE				\$ -
189	<b>RUCO TOTAL PROPOSED REVENUE PER BILL COUNT</b>				<u>\$ 508,278</u>
	Total Company Customer Bills	<u>9,540</u>			
	Total Company Usage	<u>53,566</u>			
190	TOTAL RESIDENTIAL REVENUE PER BILL COUNT				\$ 502,396
191	TOTAL COMMERCIAL REVENUE PER BILL COUNT				5,882
192	TOTAL HYDRANT REVENUE PER BILL COUNT				-
194	TOTAL FIRE SPRINKLER REVENUE PER BILL COUNT				-
197	<b>RUCO TOTAL PROPOSED REVENUE PER BILL COUNT</b>				<u>\$ 508,278</u>
198	Unreconciled Difference vs. Billed Revenues				224
200	Miscellaneous Revenues				10,679
200	<b>RUCO TOTAL REVENUE</b>				<u>\$ 519,181</u>
201	<b>PROPOSED REVENUE PER RUCO SCHEDULE RLM-1</b>				<u>\$ 519,181</u>
202	Difference				\$ (0)
203	Percentage Difference				0.00%

**SURREBUTTAL**

**TYPICAL RESIDENTIAL BILL ANALYSIS**

LINE NO.	DESCRIPTION	(A) PRESENT	(B)	(C) COMPANY PROPOSED	(D)	(E) RUCO PROPOSED	(F)
<b>REVENUE ALLOCATION</b>							
1	RESIDENTIAL	\$ 426,488	98.49%	\$ 731,862	98.59%	\$ 502,396	98.84%
2	OTHER	6,543	1.51%	10,461	1.41%	5,882	1.16%
3	TOTAL	<u>\$ 433,031</u>	<u>100.00%</u>	<u>\$ 742,323</u>	<u>100.00%</u>	<u>\$ 508,278</u>	<u>100.00%</u>
<b>ALLOCATION RATIOS</b>							
4	FIX REVENUE	\$ 296,965	68.58%	\$ 525,214	70.75%	\$ 359,241	70.68%
5	VARIABLE REVENUE	136,066	31.42%	217,109	29.25%	149,037	29.32%
6	TOTAL	<u>\$ 433,031</u>	<u>100.00%</u>	<u>\$ 742,323</u>	<u>100.00%</u>	<u>\$ 508,278</u>	<u>100.00%</u>
<b>RESIDENTIAL (5/8" X 3/4") RATE DESIGN</b>							
		<u>PRESENT</u>		<u>COMPANY PROPOSED</u>		<u>RUCO PROPOSED</u>	
		SSWC		STAND-ALONE		STAND-ALONE	
7	BASIC MONTHLY CHARGE	\$ 31.00		\$ 54.37		\$ 37.32	
<b>COMMODITY CHARGE</b>							
		<u>PRESENT</u>		<u>COMPANY PROPOSED</u>		<u>RUCO PROPOSED</u>	
		SSWC		STAND-ALONE		STAND-ALONE	
8	1st Tier - Breakover 5,000	1st Tier - Breakover 4,000	\$ 2.0000	\$ 3.5100	\$ 2.4095	\$ 2.4095	
9	2nd Tier - Breakover 10,000	2nd Tier - Breakover 10,000	\$ 2.7500	\$ 4.2600	\$ 2.9243	\$ 2.9243	
10	3rd Tier - Over 10,000	3rd Tier - Over 10,000	\$ 3.9000	\$ 5.4100	\$ 3.7138	\$ 3.7138	

**SURREBUTTAL**

**TYPICAL RESIDENTIAL BILL ANALYSIS**

LINE NO.	(A) VARIABLE MONTHLY USAGE	(B) PERCENT AVERAGE USAGE OF 5,581	(C) PRESENT TOTAL MONTHLY COST	(D) RUCO MONTHLY COST	(E) RUCO MONTHLY INCREASE	(F) % MONTHLY INCREASE
<b>SOUTHERN SUNRISE RESIDENTIAL (5/8" X 3/4") METER</b>						
AVERAGE RESIDENTIAL BILL COMPARISONS COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL						
1	1,395	25.00%	\$ 33.79	\$ 40.68	\$ 6.89	20.40%
2	2,791	50.00%	\$ 36.58	\$ 44.05	\$ 7.47	20.41%
3	5,581	100.00%	\$ 42.60	\$ 51.58	\$ 8.99	21.10%
4	8,372	150.00%	\$ 50.27	\$ 59.74	\$ 9.47	18.84%
5	11,162	200.00%	\$ 57.95	\$ 67.90	\$ 9.96	17.19%
MEDIAN RESIDENTIAL BILL COMPARISONS COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL						
6	1,125	25.00%	\$ 33.25	\$ 40.03	\$ 6.78	20.40%
7	2,250	50.00%	\$ 35.50	\$ 42.74	\$ 7.24	20.41%
8	4,500	100.00%	\$ 40.00	\$ 48.42	\$ 8.42	21.06%
9	6,750	150.00%	\$ 44.50	\$ 55.00	\$ 10.50	23.60%
10	9,000	200.00%	\$ 49.00	\$ 61.58	\$ 12.58	25.68%

**SURREBUTTAL  
TABLE OF CONTENTS TO RLM SCHEDULES**

SCH. NO.	PAGE NO.	TITLE
SURR RLM-1	1	REVENUE REQUIREMENT
SURR RLM-2	1	RATE BASE
SURR RLM-3	1	SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS
RLM-4	1	RATE BASE ADJUSTMENT NO. 1 - POST TEST YEAR PLANT AND ACCUMULATED DEPRECIATION
DIRECT TESTIMONY		RATE BASE ADJUSTMENT NO. 2 - CUSTOMER DEPOSITS
SURR RLM-5A & 5B	1	RATE BASE ADJUSTMENT NO. 3 - ACCUMULATED DEFERRED INCOME TAXES
SURR TESTIMONY		RATE BASE ADJUSTMENT NO. 4 - PLANT RETIREMENT AND ACCUMULATED DEPRECIATION
SURR TESTIMONY		RATE BASE ADJUSTMENT NO. 5 - AFUDC
SURR TESTIMONY		RATE BASE ADJUSTMENT NO. 6 - ACQUISITION COSTS FROM PURCHASE OF MCCLAIN SYSTEMS
SURR RLM-6	1	OPERATING INCOME
SURR RLM-7	1	SUMMARY OF OPERATING INCOME ADJUSTMENTS
SURR RLM-8	1	OPERATING INCOME ADJUSTMENT NO. 1 - TEST YEAR DEPRECIATION EXPENSE
SURR RLM-9	1	OPERATING INCOME ADJUSTMENT NO. 2 - PROPERTY TAX COMPUTATION
SURR RLM-10	1	OPERATING INCOME ADJUSTMENT NO. 3 - MISCELLANEOUS EXPENSES
SURR TESTIMONY		OPERATING INCOME ADJUSTMENT NO. 4 - WATER TESTING EXPENSE
SURR TESTIMONY		OPERATING INCOME ADJUSTMENT NO. 5 - TRANSPORTATION EXPENSE
SURR RLM-11A	1	OPERATING INCOME ADJUSTMENT NO. 6A - CENTRAL OFFICE COST ALLOCATION
SURR RLM-11B	1	OPERATING INCOME ADJUSTMENT NO. 6E - CENTRAL OFFICE COST ALLOCATION
SURR RLM-11C	1	OPERATING INCOME ADJUSTMENT NO. 6C - CENTRAL OFFICE COST ALLOCATION
RLM-12	1	OPERATING INCOME ADJUSTMENT NO. 7 - RATE CASE EXPENSE
SURR RLM-13	1	OPERATING INCOME ADJUSTMENT NO. 8 - INCOME TAX EXPENSE
SURR RLM-RD1	1 TO 3	RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
SURR RLM-RD2	1 TO 4	TYPICAL RESIDENTIAL BILL ANALYSIS

**SURREBUTTAL  
REVENUE REQUIREMENT**

LINE NO.	DESCRIPTION	(A) COMPANY OCRB/FVRB COST	(B) RUCO OCRB/FVRB COST
1	Fair Value Rate Base	\$ 8,628,612	\$ 5,695,062
2	Adjusted Operating Income (Loss)	\$ 38,170	\$ 198,934
3	Current Rate Of Return (L2 / L1)	0.44%	3.49%
4	Required Operating Income (L5 X L1)	\$ 965,542	\$ 479,728
5	Required Rate Of Return On Fair Value Rate Base	11.19%	8.42%
6	Operating Income Deficiency (L4 - L2)	\$ 927,371	\$ 280,794
7	Gross Revenue Conversion Factor (RLM-1, Pg 2)	1.6286	1.6286
8	Increase In Gross Revenue Requirement (L7 X L6)	<b>\$ 1,510,349</b>	<b>\$ 457,311</b>
9	Adjusted Test Year Revenue	\$ 4,162,136	\$ 4,162,136
10	Proposed Annual Revenue (L8 + L9)	\$ 5,672,485	\$ 4,619,447
11	Required Percentage Increase In Revenue (L8 / L9)	36.29%	10.99%
12	Rate Of Return On Common Equity	12.50%	9.00%

References:

Column (A): Company Schedules A-1 and C-1  
Column (B): RUCO Schedule SURR RLM-2, SURR RLM-6, And RLM-14

**SURREBUTTAL  
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	\$ 28,165,701	\$ (1,559,846)	\$ 26,605,855
2	Accumulated Depreciation	(12,057,912)	1,505,839	(10,552,073)
3	Net Utility Plant In Service (L1 + L2)	<u>\$ 16,107,789</u>	<u>\$ (54,007)</u>	<u>\$ 16,053,782</u>
4	Advances In Aid Of Const.	\$ (6,781,443)	\$ -	\$ (6,781,443)
5	Contribution In Aid Of Const.	\$ (542,445)	\$ -	\$ (542,445)
6	Accumulated Amortization Of CIAC	230,987	-	230,987
7	NET CIAC (L5 + L6)	<u>\$ (311,458)</u>	<u>\$ -</u>	<u>\$ (311,458)</u>
8	Customer Meter Deposits	\$ (559,605)	\$ -	\$ (559,605)
9	Customer Hydrant Meter Deposits	\$ -	\$ -	\$ -
10	Deferred Income Taxes & Credits	\$ 173,329	\$ (2,879,543)	\$ (2,706,214)
11	Unamortized Finance Charges	\$ -	\$ -	\$ -
12	Deferred Regulatory Assets	\$ -	\$ -	\$ -
13	Allowance For Working Capital	\$ -	\$ -	\$ -
14	TOTAL RATE BASE (Sum L's 3, 4, 7, 8 Thru 12)	<u>\$ 8,628,612</u>	<u>\$ (2,933,550)</u>	<u>\$ 5,695,062</u>

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)

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

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED OCRB/FVRB	(B) ADJ # 1 POST TY PLT & ACC DEP	(C) ADJ # 2 CUSTOMER DEPOSITS	(D) ADJ # 3 DEFERRED INCOME TAX	(E) ADJ # 4 PLANT RETIREMENTS	(F) ADJ # 5 AFUDC	(G) ADJ # 6 McCLAIN ACQ. COSTS	(H) RUCO ADJTED OCRB/FVRB
1	Gross Utility Plant In Service	\$ 28,165,701	\$ (1,940)	\$ -	\$ -	\$ (1,333,228)	\$ (80,055)	\$ (144,623)	\$ 26,605,855
2	Accumulated Depreciation	(12,057,912)	(3,610)	-	-	1,509,449	-	-	(10,552,073)
3	Net Utility Plant In Service (L1 + L2)	<u>\$ 16,107,789</u>	<u>\$ (5,550)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 176,221</u>	<u>\$ (80,055)</u>	<u>\$ (144,623)</u>	<u>\$ 16,053,782</u>
4	Advances In Aid Of Const.	\$ (6,781,443)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (6,781,443)
5	Contribution In Aid Of Const.	\$ (542,445)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (542,445)
6	Accumulated Amortization Of CIAC	230,987	-	-	-	-	-	-	230,987
7	NET CIAC (L5 + L6)	<u>\$ (311,458)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (311,458)</u>
8	Customer Meter Deposits	\$ (559,605)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (559,605)
9	Customer Hydrant Meter Deposits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	Deferred Income Taxes & Credits	\$ 173,329	\$ -	\$ -	\$ (2,879,543)	\$ -	\$ -	\$ -	\$ (2,706,214)
11	Unamortized Finance Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	Deferred Regulatory Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	Allowance For Working Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14	TOTAL RATE BASE (Sum L's 3, 4, 7, 8 Thru 12)	<u>\$ 8,628,612</u>	<u>\$ (5,550)</u>	<u>\$ -</u>	<u>\$ (2,879,543)</u>	<u>\$ 176,221</u>	<u>\$ (80,055)</u>	<u>\$ (144,623)</u>	<u>\$ 5,695,062</u>

References:

- Column (A): Company Schedule B-2, Page 1 And Workpapers Schedule E-1
- Column (B): Adjustment No. 1 - RUCO Adjustment To Post Test-Year GPIS And Acc. Dep. (See Testimony and Schedule RLM-4)
- Column (C): Adjustment No. 2 - RUCO Adjustment To Customer Deposits (See Testimony)
- Column (D): Adjustment No. 3 - RUCO Adjustment To Deferred Income Taxes (See Surrebuttal Testimony Of RUCO Witness Tim Coley and Schedule SURR RLM-5A & 5B)
- Column (E): Adjustment No. 4 - RUCO Adjustment For Retired Plant (See Surrebuttal Testimony, RLM)
- Column (F): Adjustment No. 5 - RUCO Adjustment To AFUDC (See Surrebuttal Testimony, RLM)
- Column (G): Adjustment No. 6 - RUCO Adjustment To Acquisition Costs (See Surrebuttal Testimony, RLM)
- Column (H): Sum Of Columns (A), (B), (C), (D), (E), (F) & (G)

**Original Cost Rate Base Proforma Adjustments  
ADIT Calculation Based on RUCO's Surrebuttal Schedules**

Line No.							Future Tax Asset		Future Tax Liability		
							Current	Non Current	Current	Non Current	
	Adjusted Book Value <sup>1</sup>	Tax Value	Probability of Realization of Future Tax Benefit	Deductible TD (Taxable TD) Expected to be Realized	Tax Rate <sup>5</sup>						
1	<b>Deferred Income Tax as of March 31, 2009</b>										
2											
3											
4											
5											
6	Plant-in-Service	\$ 26,605,855 <sup>1</sup>									
7	Accum. Deprec.	(10,552,073) <sup>1</sup>									
8	CIAC (Net)	(311,458) <sup>1</sup>									
9	Fixed Assets	\$ 15,742,324	\$ 8,287,666 <sup>2</sup>	100.0%	\$ (7,454,658)	38.60%				(2,877,415)	
10	AIAC		6,136,045 <sup>3</sup>	7.2% <sup>4</sup>	\$ 443,538	38.60%		\$ 171,201			
11	Tax Benefits from O.L. Carry Forward.			100.0%	\$ -	38.60%		\$ -			
12							\$ -	\$ 171,201	\$ -	\$ (2,877,415)	
13											
14	Net Asset (Liability)						\$ (2,706,214)				
15											
16	DIT Asset (Liability) per Adjusted Test Year						\$ 173,329				
17											
18	Adjustment to DIT						\$ (2,879,543)				
19											
20	<b>1 Adjusted per RUCO Surrebuttal Schedule RLM-2, page 1</b>										
21											
22	<b>2 Tax Basis as of March 31, 2009</b>										
23											
24	Unadjusted Cost Basis per 2008 Tax Return (Fiscal Year Ended 12/31/2008)						\$ 18,314,641				
25	Adjustments:										
26	Land not on tax return depreciation report						656,307				
27	Tax accumulated depreciation through 12/31/2008						(9,166,130)				
28	Tax depreciation from 1/1/2009 to 3/31/2009 for assets added before 12/31/2008.						(254,979)				
29	Bonus Depreciation/Section 179 deductions through 12/31/2008						(1,490,506)				
30	Assets added after 12/31/2008 (net of affiliate profit, AIAC, CIAC)						947,275				
31	Tax depreciation for assets added after 12/31/2008 thru 3/31/2009 (Estimated 25 yr S.L. half-year convention)						(4,736)				
32	Bonus depreciation for assets added after 12/31/2008 thru 3/31/2009 (Estimated)						(118,409)				
33	B-2 Adjustments to plant-in-service (PTY Plant of \$110,057 and plant retirement of \$12,000)						101,011				
34	Tax accumulated depreciation from B-2 adjustments to plant-in-service						(3,496)				
35	Affiliate profit removed through 2008						(229,194)				
36	Tax accumulated depreciation related to affiliate profit through 2008						17,533				
37	Proposed retirements per B-2						(1,333,228)				
38	Estimated tax depreciation on B- 2 proposed retirements						1,162,419				
39	Proposed B-2 adjustments (AFUDC)						(80,055)				
40	Estimated Tax depreciation on B- 2 proposed adjustments (AFUDC)						4,214				
41	Proposed B-2 adjustments (McClain acquisition costs)						(144,623)				
42	Estimated Tax depreciation on B- 2 proposed adjustments (McClain acquisition costs)						9,943				
43	Timing difference through 2008						(100,321)				
44	Net tax value as of March 31, 2009										
45	Net tax value as of March 31, 2009							\$ 8,287,666			
46											
47	<b>3 AIAC (including impact of change in probability of realization)</b>										
48	AIAC per B-2						\$ 6,781,443				
49	Less: Pre-1996 AIAC included for book and tax purposes						(645,398)				
50	Net AIAC before unrealized portion							\$ 6,136,045			

**4 Effective AIAC Refund Rate Over a 30 Year AIAC/Refund Study (See Coley Work Papers)**

**5 Effective tax rates Per RLM-1, page 2**

**SURREBUTTAL  
ACCUMULATED DEFERRED INCOME TAXES**

LINE NO.	DESCRIPTION	(A) REFERENCE	(B) AMOUNT
Deferred Income Taxes:			
1	Algonquin Accumulated Deferred Income Tax Assets	2008 Algonquin Annual Report	\$ 23,032,000
2	Algonquin Accumulated Deferred Income Tax Liabilities	2008 Algonquin Annual Report	<u>(106,983,000)</u>
3	Net Accumulated Deferred Income Tax Assets (Liabilities)	Line 1 + Line 2	\$ (83,951,000)
4	Bella Vista Allocation	Note (A)	<u>1.5438%</u>
5	Bella Vista ADIT Liabilities Allocation	Line 3 X Line 4	\$ (1,296,004)
6	Convert to US Dollars	Note (B)	<u>0.9915</u>
7	Bella Vista Allocated ADIT Liabilites Balance	Line 5 X Line 6	\$ (1,284,949)
8	Test Year Deferred Income Taxes & Credits As Filed	Company Schedule C-1	173,329
9	Decrease In Deferred Income Taxes & Credits	Line 7 - Line 8	<u>\$ (1,458,278)</u>
10	RUCO Adjustment (See SURR RLM-3, Column (D), Lir	Line 9	<u>\$ (1,458,278)</u>

NOTES:

11	(A)	Purchase Price of BVWC, NSWC and SSWC	Annual Report	\$ 15,100,000
12		Algonquin Total Assets	Annual Report	\$ 978,130,000
13		Ratio Of BVWC, NSWC & SSWC To Algonquin Total	Line 11 / Line 12	1.5438%
14	(B)	Currency Conversion	moneycentral.com on 04/1/2010	0.9915

**SURREBUTTAL  
OPERATING INCOME**

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(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	Flat Rate Revenues	\$ 4,023,022	\$ -	\$ 4,023,022	\$ 457,311	\$ 4,480,333
2	Misc. Service Revenues	-	-	-	-	-
3	Other WW Revenues	139,114	-	139,114	-	139,114
4	<b>TOTAL OPERATING REVENUE</b>	<b>\$ 4,162,136</b>	<b>\$ -</b>	<b>\$ 4,162,136</b>	<b>\$ 457,311</b>	<b>\$ 4,619,447</b>
Operating Expenses:						
5	Salaries and Wages	\$ -	\$ -	\$ -	\$ -	\$ -
6	Purchased Water	708	-	708	-	708
7	Purchased Power	609,481	-	609,481	-	609,481
8	Fuel for Power Production	-	-	-	-	-
9	Chemicals	5,709	-	5,709	-	5,709
10	Materials & Supplies	49,998	-	49,998	-	49,998
11	Outside Services	4,696	-	4,696	-	4,696
12	Outside Services- Legal	41,937	-	41,937	-	41,937
13	Outside Services- Other	1,599,375	(152,470)	1,446,905	-	1,446,905
14	Water Testing	28,184	38,467	66,651	-	66,651
15	Equipment Rental	6,205	-	6,205	-	6,205
16	Rents	60,600	-	60,600	-	60,600
17	Transportation Expenses	125,122	(8,703)	116,419	-	116,419
18	Insurance - General Liability	59,410	-	59,410	-	59,410
19	Insurance - Health and Life	7,290	-	7,290	-	7,290
20	Reg. Comm. Exp.	10,628	-	10,628	-	10,628
21	Reg. Comm. Exp. - Rate Case	133,333	(66,667)	66,667	-	66,667
22	Miscellaneous Expense	92,502	(9,064)	83,438	-	83,438
23	Bad Debt Expense	18,178	-	18,178	-	18,178
24	Depreciation Expense	1,122,442	(74,318)	1,048,124	-	1,048,124
25	Taxes Other Than Income	-	-	-	-	-
26	Property Taxes	195,954	(13,568)	182,386	-	182,386
27	Income Tax	(47,787)	125,559	77,772	176,517	254,289
28	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 4,123,965</b>	<b>\$ (160,763)</b>	<b>\$ 3,963,202</b>	<b>\$ 176,517</b>	<b>\$ 4,139,719</b>
29	<b>OPERATING INCOME (LOSS)</b>	<b>\$ 38,170</b>		<b>\$ 198,934</b>		<b>\$ 479,728</b>

References:

- Column (A): Company Schedule C-1
- Column (B): SURR RLM-7, Columns (B) Thru (H)
- 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)

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

LINE NO.	(A) COMPANY AS FILED	(B) ADJ # 1 DEP. EXPENSE	(C) ADJ # 2 PROPERTY TAX	(D) ADJ # 3 MISC. EXPENSES	(E) ADJ # 4 WATER TEST EXPENSES	(F) ADJ # 5 TRANSPORT EXPENSES	(G) ADJ # 6A CENTRAL OFFICE COST	(H) ADJ # 6B CENTRAL OFFICE COST	(I) ADJ # 6C CENTRAL OFFICE COST	(J) ADJ # 7 RATE CASE EXPENSES	(K) ADJ # 8 INCOME TAX	(L) RUCO AS ADJT'D
Revenues:												
1	Flat Rate Revenues	\$ 4,023,022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,023,022
2	Misc. Service Revenues	-	-	-	-	-	-	-	-	-	-	-
3	Other WW Revenues	139,114	-	-	-	-	-	-	-	-	-	139,114
4	<b>TOTAL OPR'G REV.</b>	<b>\$ 4,162,136</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,162,136</b>
Operating Expenses:												
5	Salaries and Wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	Purchased Water	708	-	-	-	-	-	-	-	-	-	708
7	Purchased Power	609,481	-	-	-	-	-	-	-	-	-	609,481
8	Fuel for Power Production	-	-	-	-	-	-	-	-	-	-	-
9	Chemicals	5,709	-	-	-	-	-	-	-	-	-	5,709
10	Materials & Supplies	49,998	-	-	-	-	-	-	-	-	-	49,998
11	Outside Services	4,696	-	-	-	-	-	-	-	-	-	4,696
12	Outside Services- Legal	41,937	-	-	-	-	-	-	-	-	-	41,937
13	Outside Services- Other	1,599,375	-	-	-	-	(140,134)	(1,093)	(11,243)	-	-	1,446,905
14	Water Testing	28,184	-	-	-	38,467	-	-	-	-	-	66,651
15	Equipment Rental	6,205	-	-	-	-	-	-	-	-	-	6,205
16	Rents	60,600	-	-	-	-	-	-	-	-	-	60,600
17	Transportation Expenses	125,122	-	-	-	(8,703)	-	-	-	-	-	116,419
18	Insurance - General Liability	59,410	-	-	-	-	-	-	-	-	-	59,410
19	Insurance - Health and Life	7,290	-	-	-	-	-	-	-	-	-	7,290
20	Reg. Comm. Exp.	10,628	-	-	-	-	-	-	-	-	-	10,628
21	Reg. Comm. Exp. - Rate Case	133,333	-	-	-	-	-	-	-	(66,667)	-	66,667
22	Miscellaneous Expense	92,502	-	-	(9,064)	-	-	-	-	-	-	83,438
23	Bad Debt Expense	18,178	-	-	-	-	-	-	-	-	-	18,178
24	Depreciation Expense	1,122,442	(74,318)	-	-	-	-	-	-	-	-	1,048,124
25	Taxes Other Than Income	-	-	-	-	-	-	-	-	-	-	-
26	Property Taxes	195,954	-	(13,568)	-	-	-	-	-	-	-	182,386
27	Income Tax	(47,787)	-	-	-	-	-	-	-	-	125,559	77,772
29	<b>TOTAL OPR'G EXP.</b>	<b>\$ 4,123,965</b>	<b>\$ (74,318)</b>	<b>\$ (13,568)</b>	<b>\$ (9,064)</b>	<b>\$ 38,467</b>	<b>\$ (8,703)</b>	<b>\$ (140,134)</b>	<b>\$ (1,093)</b>	<b>\$ (11,243)</b>	<b>\$ (66,667)</b>	<b>\$ 3,963,202</b>
30	<b>OPR'G INC. (LOSS)</b>	<b>\$ 38,170</b>										<b>\$ 198,934</b>

References:

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

**SURREBUTTAL**  
**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 1**  
**TEST YEAR DEPRECIATION EXPENSE**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) TOTAL PLANT VALUE	(B) APPROVED DEPRECIATION RATE	(C) TEST YEAR DEPRECIATION EXPENSE
1	301	Organization Cost	\$ -	0.00%	\$ -
2	302	Franchise Cost	961	0.00%	-
3	303	Land and Land Rights	688,011	0.00%	-
4	304	Structures and Improvements	1,914,771	3.33%	63,762
5	305	Collecting and Impounding Res.	46,813	2.50%	1,170
6	306	Lake River and Other Intakes	-	2.50%	-
7	307	Wells and Springs	1,298,272	3.33%	43,232
8	308	Infiltration Galleries and Tunnels	-	6.67%	-
9	309	Supply Mains	3,256	2.00%	65
10	310	Power Generation Equipment	1,293	5.00%	65
11	311	Electric Pumping Equipment	2,327,407	12.50%	290,926
12	320	Water Treatment Equipment	83,385	3.33%	2,777
13	320.1	Water Treatment Equipment	-	3.33%	-
14	320.2	Chemical Solution Feeders	-	20.00%	-
15	330	Dist. Reservoirs & Standpipe	2,637,716	2.22%	58,557
16	330.1	Storage tanks	-	2.22%	-
17	330.2	Pressure Tanks	-	5.00%	-
18	331	Trans. and Dist. Mains	12,226,889	2.00%	244,538
19	333	Services	1,482,462	3.33%	49,366
20	334	Meters	1,378,333	8.33%	114,815
21	335	Hydrants	961,896	2.00%	19,238
22	336	Backflow Prevention Devices	-	6.67%	-
23	339	Other Plant and Misc. Equip.	114,539	6.67%	7,640
24	340	Office Furniture and Fixtures	177,672	6.67%	11,851
25	340.1	Computers and Software	160,920	20.00%	32,184
26	341	Transportation Equipment	268,464	20.00%	53,693
27	342	Stores Equipment	-	4.00%	-
28	343	Tools and Work Equipment	122,712	5.00%	6,136
29	344	Laboratory Equipment	-	10.00%	-
30	345	Power Operated Equipment	31,548	5.00%	1,577
31	346	Communications Equipment	420,744	10.00%	42,074
32	347	Miscellaneous Equipment	107,306	10.00%	10,731
33	348	Other Tangible Plant	155,378	10.00%	15,538
34		Rounding	485		-
35		<b>TOTAL WASTEWATER PLANT</b>	<b>\$ 26,611,234</b>		<b>\$ 1,069,934</b>
36		Less: Amortizations Of CIAC (RLM-2, Col. (C), Line 5)	\$ (542,445)	4.0207%	(21,810)
37		<b>TOTAL DEPRECIATION EXPENSE (Line 35 + Line 36)</b>			<b>\$ 1,048,124</b>
38		Test Year Depreciation Expense As Filed (Co. Sch. C-1)			1,122,442
39		Increase In Depreciation Expense (Line 37 - Line 38)			<b>\$ (74,318)</b>
40		RUCO Adjustment (Line 39) (See SURR RLM-7, Column (B), Line 25)			<b>\$ (74,318)</b>

References:  
Columns (A) & (B): Company Rebuttal Schedule "C-2p1Depr"  
Column (C): Column (A) X Column (B)

**SURREBUTTAL**  
**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 2**  
**PROPERTY TAX COMPUTATION**

LINE NO.	DESCRIPTION	REFERENCE	(A) AMOUNT	(B) TOTAL
Calculation Of The Company's Full Cash Value:				
Annual Operating Revenues:				
1	Adjusted Revenues In Year Ended December 2007	Sch. SURR RLM-6, Col (C), Ln 4	\$ 4,162,136	
2	Adjusted Revenues In Year Ended December 2007	Sch. SURR RLM-6, Col (C), Ln 4	4,162,136	
3	Proposed Revenues	Sch. SURR RLM-6, Col (E), Ln 4	4,619,447	
4	Total Three Year Operating Revenues	Sum Of Lines 1, 2 & 3	<u>\$ 12,943,718</u>	
5	Average Annual Operating Revenues	Line 4 / 3	<u>4,314,573</u>	
6	Two Times Three Year Average Operating Revenues	Line 5 X 2		\$ 8,629,145
ADD:				
10% Of Construction Work In Progress ("CWIP"):				
7	Test Year CWIP	Co. Sch. E-1	\$ 526,003	
8	10% Of CWIP	Line 7 X 10%		\$ 52,600
SUBTRACT:				
Transportation At Book Value:				
9	Original Cost Of Transportation Equipment	RLM-4, Col. (E), Ln 26	\$ 295,224	
10	Acc. Dep. Of Transportation Equipment	RLM-4, Col. (F), Ln 26	<u>(291,918)</u>	
11	Book Value Of Transportation Equipment	Line 9 + Line 10		\$ (3,305)
12	Company's Full Cash Value ("FCV")	Sum Of Lines 6, 8 & 11		<u>\$ 8,678,441</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	\$ 1,822,473	
Property Tax Rates:				
15	Primary Tax Rate - 2009 Tax Notice	Co. Sch. C-2, Pg 3	9.8984%	
16	Secondary Tax Rate - 2009 Tax Notice	Co. Sch. C-2, Pg 3	<u>0.0000%</u>	
17	Estimated Tax Rate Liability	Line 15 + Line 16	9.90%	
18	Company's Tax Liability - Based On Full Cash Value	Line 14 X Line 17		\$ 180,395
19	Company's Tax on Parcels	Co. Sch. C-2, Pg 3		\$ 1,991
20	Company's Total Tax Liability	Line 18 + Line 19		<u>\$ 182,386</u>
21	Test Year Adjusted Property Tax Expense As Filing	Co. Sch. C-1, Line 25		195,954
22	Increase In Property Tax Expense	Line 20 - Line 21		<u>\$ (13,568)</u>
23	RUCO Adjustment (See SURR RLM-7, Column (C), Line 27)	Line 22		<u><u>\$ (13,568)</u></u>

**SURREBUTTAL**  
**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 3**  
**DISALLOWANCE OF MISCELLANEOUS EXPENSES**

LINE NO.	DESCRIPTION	REFERENCE	(A) TOTAL
	Disallowed Miscellaneous Expenses	Co. Response To Staff D. R. CSB 1-32	
1	Bella Vista Water Company Christmas Party		\$ (2,000)
2	Special Olympics Pledge		(250)
3	Muscular Distrophy Association Donation		(250)
4	Additional Disallowance By Company		(6,564)
5	RUCO Adjustment To Unnecessary/Non-Recurring Expense	Sum Of Lines 1 Thru 17	<u>\$ (9,064)</u>
6	RUCO Adjustment (See SURR RLM-7, Column (D))	Line 18	<u>\$ (9,064)</u>

**SURREBUTTAL**  
**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 6A**  
**CENTRAL OFFICE COST ALLOCATIONS**

LINE NO.	DESCRIPTION	(A) COMPANY ACTUAL COSTS (CAN \$)	(B) RUCO ALLOWED % OF COSTS	(C) RUCO ALLOWABLE COSTS	(D) RUCO UTILITIES % ALLOCATION	(E) RUCO ALLOCATED COSTS	(F) ALLOCATION % To BVWC	(G) RUCO ALLOCATED BVWC COSTS
1	Audit	\$ 778,285	25.00%	\$ 194,571	25.35%	\$ 49,328	14.52%	\$ 7,164
2	Tax Services	518,775	25.00%	129,694	25.35%	32,880	14.52%	4,776
3	Legal	159,053	25.00%	39,763	25.35%	10,081	14.52%	1,464
4	Other Professional Services	506,082	0.00%	-	25.35%	-	14.52%	-
5	Management Fee - Total	644,943	0.00%	-	25.35%	-	14.52%	-
6	Unit Holder Communications	156,766	0.00%	-	25.35%	-	14.52%	-
7	Trustee Fees	129,000	0.00%	-	25.35%	-	14.52%	-
8	Escrow & Transfer Agent Fees	96,138	0.00%	-	25.35%	-	14.52%	-
9	Rent	307,337	0.00%	-	25.35%	-	14.52%	-
10	Licenses/Fees & Permits	17,561	0.00%	-	25.35%	-	14.52%	-
11	Office Expenses	579,379	0.00%	-	25.35%	-	14.52%	-
12	Depreciation	211,653	25.00%	52,913	25.35%	13,415	14.52%	1,948
13	<b>TOTAL</b>	<u>\$ 4,104,971</u>		<u>\$ 416,941</u>		<u>\$ 105,703</u>		<u>\$ 15,352</u>
14	Company's APT Cost Allocation for Bella Vista in Canadian Dollars (Per RUCO DR 3.01)							\$ 160,881
15	Conversion Factor to Convert Canadian Dollars to US Dollars per <a href="http://moneycentral.msn.com">http://moneycentral.msn.com</a> on June 9, 2010							0.96293
16	Company's APT Cost Allocation for Bella Vista in US Dollars							\$ 154,917
17	RUCO's Allowed APT Cost Allocations in US Dollars							\$ 14,783
18	RUCO's APT Cost Allocation Adjustment for Bella Vista in US Dollars							<u>(140,134)</u>
19	RUCO Adjustment (See SURR RLM-7, Column (E))							<u>(140,134)</u>

References:

- Columns (A) (D) (F): Company Response To RUCO Data Requestion 3.01
- Column (B): Testimony, RUCO Witness Tim Coley
- Column (C): Sum Of Columns (A) & (B)
- Column (E): Column (C) X Column (D)
- Column (G): Column (E) X Column (F)

**OPERATING INCOME ADJUSTMENT #6(B)**  
**APT CORPORATE COST ALLOCATIONS ADJUSTMENT**

Line No.	Description	Company Adjusted Costs	RUCO Other Disallowed Costs	RUCO Allowable Costs	RUCO 2009 Allocation Factor	RUCO Allowed Allocated Costs	Allocation % To BVWC	RUCO Amount Allocated To BVWC
1	Rent	273,965	(273,965)	-	25.35%	-	14.52%	-
2	Audit	680,812	(510,609)	170,203	25.35%	43,150	14.52%	6,267.11
3	Tax Services	469,804	(352,353)	117,451	25.35%	29,776	14.52%	4,324.71
4	Legal - General	138,531	(103,898)	34,633	25.35%	8,780	14.52%	1,275.22
5	Other Professional Services	452,202	(452,202)	-	25.35%	-	14.52%	-
6	Management Fee	563,803	(563,803)	-	25.35%	-	14.52%	-
7	Unit Holder Communications	145,658	(145,658)	-	25.35%	-	14.52%	-
8	Trustee Fees	127,116	(127,116)	-	25.35%	-	14.52%	-
9	Office Costs	425,755	(425,755)	-	25.35%	-	14.52%	-
10	Licenses/Fees and Permits	14,565	(14,565)	-	25.35%	-	14.52%	-
11	Escrow and Transfer Fees	85,354	(85,354)	-	25.35%	-	14.52%	-
12	Depreciation Expense	189,797	(142,348)	47,449	25.35%	12,029	14.52%	1,747.15
<b>Total</b>		<b>3,567,363</b>	<b>(3,197,626)</b>	<b>369,736</b>		<b>93,736</b>		<b>13,614</b>
RUCO Direct Testimony Amount of APT Costs Allowed								14,707
RUCO's Adjustment per Company's Rebuttal Adjustment								(1,093)

**OPERATING INCOME ADJUSTMENT #6(C)**  
**RUCO's APT CORPORATE COST ALLOCATIONS ADJUSTMENT**

Line No.	<u>Description</u>	<b>Company Test-Year Booked APT Amount</b>
1	Company's Total APT Test-Year Book Costs per RUCO Informal 2nd Set of Data Requests #5.01	\$ 156,149
2	Company's Total APT Test-Year End Costs per RUCO Formal Data Request #3.01	<u>144,906</u>
3	APT Costs Overstated in the Company's Direct Rate Application	\$ (11,243)
4	RUCO's Adjustment to Bella Vista (Consolidated) APT Costs	<b>\$ (11,243)</b>

**Notes:**

Line 1 - Company's Response to RUCO 2nd Set of Data Request #5.01 reconciles to the Company's Rate Application Test-Year Book Outside Services - Other Account in the Amount of \$156,149.21

Line 2 - Company Response to RUCO Formal Data Request 3.01 for APT Costs in the Amount of \$144,906

**SURREBUTTAL  
EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 6  
INCOME TAX EXPENSE**

LINE NO.	DESCRIPTION	(A) REFERENCE	(B) AMOUNT
<b>FEDERAL INCOME TAXES:</b>			
1	Operating Income Before Taxes	Sch. RLM-6, Column (C), L29 + L27	\$ 276,706
LESS:			
2	Arizona State Tax	Line 11	(14,040)
3	Interest Expense	Note (A) Line 20	(75,218)
4	Federal Taxable Income	Sum Of Lines 1 Thru 3	<u>\$ 187,448</u>
5	Federal Tax Rate	Sch. RLM-1, Pg 2, Col. (D), L34	34.00%
6	Federal Income Tax Expense	Line 4 X line 5	<u>\$ 63,732</u>
<b>STATE INCOME TAXES:</b>			
7	Operating Income Before Taxes	Line 1	\$ 276,706
LESS:			
8	Interest Expense	Note (A) Line 20	(75,218)
9	State Taxable Income	Sum Of Lines 7 & 8	<u>\$ 201,488</u>
10	State Tax Rate	Tax Rate	6.97%
11	State Income Tax Expense	Line 9 X Line 10	<u>\$ 14,040</u>
<b>TOTAL INCOME TAX EXPENSE:</b>			
12	Federal Income Tax Expense	Line 6	\$ 63,732
13	State Income Tax Expense	Line 11	14,040
14	Total Income Tax Expense Per RUCO	Line 12 + Line 13	<u>\$ 77,772</u>
15	Total Income Tax Expense Per Company (Per Company Sch. C-1)		<u>(47,787)</u>
16	Total Income Tax Adjustment	Line 14 - Line 15	<u>\$ 125,559</u>
17	RUCO Adjustment (See Sch. SURR RLM-7, Column (K), L278)	Line 16	<u>\$ 125,559</u>

NOTE (A):

Interest Synchronization:

18	Adjusted Rate Base (Sch. SURR RLM-2, Col. (E), L15)	\$ 5,695,062
19	Weighted Cost Of Debt (Sch. RLM-14, Col. (F), L1)	1.32%
20	Interest Expense (L17 X L18)	<u>\$ 75,218</u>

**SURREBUTTAL  
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE  
PROPOSED REVENUE**

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
<b>RESIDENTIAL CUSTOMERS</b>					
1	5/8" X 3/4" Meter	102,480	\$ 14.69	\$ 1,505,196	\$ 1,505,196
	Commodity Usage (In Thousands Of Gallons)				
2	First Tier -Breakover @ 4,000 Gals.	327,557	\$ 1.6193	\$ 530,406	
3	Second Tier - Breakover @ 10,000 Gals.	205,717	\$ 2.4389	\$ 501,724	
4	Third Tier - Over 10,000 Gals.	131,001	\$ 3.1766	\$ 416,134	
8	Total Commodity Usage And Revenue	<u>664,275</u>			\$ 1,448,264
9	3/4" Meter	408	\$ 22.03	\$ 8,989	\$ 8,989
	Commodity Usage (In Thousands Of Gallons)				
10	First Tier -Breakover @ 4,000 Gals.	1,270	\$ 1.6193	\$ 2,056	
11	Second Tier - Breakover @ 10,000 Gals.	596	\$ 2.4389	\$ 1,453	
12	Third Tier - Over 10,000 Gals.	176	\$ 3.1766	\$ 560	
16	Total Commodity Usage And Revenue	<u>2,042</u>			\$ 4,069
17	1" Meter	96	\$ 33.05	\$ 3,173	\$ 3,173
	Commodity Usage (In Thousands Of Gallons)				
18	First Tier -Breakover @ 10,000 Gals.	764	\$ 1.4472	\$ 1,105	
19	Second Tier - Over 10,000 Gals.	965	\$ 2.2668	\$ 2,187	
24	Total Commodity Usage And Revenue	<u>1,728</u>			\$ 3,292
33	2" Meter	12	\$ 82.25	\$ 987	\$ 987
	Commodity Usage (In Thousands Of Gallons)				
34	First Tier -Breakover @ 50,000 Gals.	129	\$ 1.4472	\$ 186	
35	Second Tier - Over 50,000 Gals.	-	\$ 2.2668	\$ -	
40	Total Commodity Usage And Revenue	<u>129</u>			\$ 186
41	Total Residential Customer Bills	<u>102,996</u>		<u>\$ 1,518,344</u>	
42	Total Residential Usage	<u>668,174</u>		<u>\$ 1,455,811</u>	
43	TOTAL RESIDENTIAL CUSTOMERS REVENUE				<u>\$ 2,974,156</u>
<b>COMMERCIAL CUSTOMERS</b>					
44	5/8" X 3/4" Meter	4,572	\$ 14.69	\$ 67,152	\$ 67,152
	Commodity Usage (In Thousands Of Gallons)				
45	First Tier -Breakover @ 4,000 Gals.	11,729	\$ 1.4472	\$ 16,973	
46	Second Tier - Over 4,000 Gals.	21,935	\$ 2.2668	\$ 49,721	
51	Total Commodity Usage And Revenue	<u>33,663</u>			\$ 66,694
52	3/4" Meter	72	\$ 22.03	\$ 1,586	\$ 1,586
	Commodity Usage (In Thousands Of Gallons)				
53	First Tier -Breakover @ 4,000 Gals.	237	\$ 1.4472	\$ 343	
54	Second Tier - Over 4,000 Gals.	732	\$ 2.2668	\$ 1,660	
59	Total Commodity Usage And Revenue	<u>969</u>			\$ 2,003
60	1" Meter	1,692	\$ 33.05	\$ 55,916	\$ 55,916
	Commodity Usage (In Thousands Of Gallons)				
61	First Tier -Breakover @ 10,000 Gals.	10,821	\$ 1.4472	\$ 15,660	
62	Second Tier - Over 10,000 Gals.	13,467	\$ 2.2668	\$ 30,527	
67	Total Commodity Usage And Revenue	<u>24,289</u>			\$ 46,188
68	1.5" Meter	1,020	\$ 66.09	\$ 67,417	\$ 67,417
	Commodity Usage (In Thousands Of Gallons)				
69	First Tier -Breakover @ 25,000 Gals.	17,687	\$ 1.4472	\$ 25,596	
70	Second Tier - Over 25,000 Gals.	28,480	\$ 2.2668	\$ 64,558	
75	Total Commodity Usage And Revenue	<u>46,167</u>			\$ 90,155

**SURREBUTTAL  
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE  
PROPOSED REVENUE**

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
		TEST YEAR ADJUSTED DETERMINANTS	PROPOSED CHARGES & USAGE FEES	PROPOSED REVENUES	TOTAL REVENUES
76	2" Meter Commodity Usage (In Thousands Of Gallons)	3,276	\$ 82.25	\$ 269,455	\$ 269,455
77	First Tier -Breakover @ 50,000 Gals.	101,475	\$ 1.4472	\$ 146,850	
78	Second Tier - Over 50,000 Gals.	179,023	\$ 2.2668	\$ 405,807	
83	Total Commodity Usage And Revenue	280,498			\$ 552,657
	3" Meter	312	\$ 164.50	\$ 51,325	\$ 51,325
	Commodity Usage (In Thousands Of Gallons)				
	First Tier -Breakover @ 80,000 Gals.	20,136	\$ 1.4472	\$ 29,139	
	Second Tier - Over 80,000 Gals.	31,283	\$ 2.2668	\$ 70,912	
	Total Commodity Usage And Revenue	51,419			\$ 100,051
	4" Meter	36	\$ 275.39	\$ 9,914	\$ 9,914
	Commodity Usage (In Thousands Of Gallons)				
	First Tier -Breakover @ 350,000 Gals.	7,922	\$ 1.4472	\$ 11,465	
	Second Tier - Over 350,000 Gals.	13,540	\$ 2.2668	\$ 30,692	
	Total Commodity Usage And Revenue	21,462			\$ 42,157
84	6" Meter	12	\$ 734.39	\$ 8,813	\$ 8,813
	Commodity Usage (In Thousands Of Gallons)				
85	First Tier -Breakover @ 450,000 Gals.	468	\$ 1.4472	\$ 677	
86	Second Tier - Over 450,000 Gals.	-	\$ 2.2668	\$ -	
91	Total Commodity Usage And Revenue	468			\$ 677
92	8" Meter	12	\$ 1,175.02	\$ 14,100	\$ 14,100
	Commodity Usage (In Thousands Of Gallons)				
93	First Tier -Breakover @ 720,000 Gals.	31	\$ 1.4472	\$ 44	
94	Second Tier - Over 720,000 Gals.	-	\$ 2.2668	\$ -	
99	Total Commodity Usage And Revenue	31			\$ 44
100	Total Commercial Customer Bills	11,004		\$ 545,678	
101	Total Commercial Usage	458,966		\$ 900,626	
102	TOTAL COMMERCIAL CUSTOMERS REVENUE				\$ 1,446,304
	<b>HYDRANT CUSTOMERS</b>				
103	3" Meter	168	\$ 117.50	\$ 19,740	\$ 19,740
	Commodity Usage (In Thousands Of Gallons)				
104	All Usage	5,094	\$ 3.1766	\$ 16,181	
110	Total Commodity Usage And Revenue	5,094			\$ 16,181
159	Total Hydrant Customer Bills	168			
160	Total Hydrant Usage	5,094			
161	TOTAL HYDRANT CUSTOMERS REVENUE				\$ 35,922
	<b>FIRE SPRINKLER CUSTOMERS</b>				
194	4" Meter	1,188	15.00	\$ 17,820	\$ 17,820
202	6" Meter	252	14.69	\$ 3,701	\$ 3,701
210	8" Meter	12	23.50	\$ 282	\$ 282
68	Total Fire Sprinkler Customer Bills	1,452			

**SURREBUTTAL  
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE  
PROPOSED REVENUE**

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
70	TOTAL FIRE SPRINKLER CUSTOMERS REVENUE				\$ 21,803
189	<b>RUCO TOTAL PROPOSED REVENUE PER BILL COUNT</b>				<b>\$ 4,478,184</b>
	Total Company Customer Bills	<u>115,620</u>			
	Total Company Usage	<u>1,132,234</u>			
190	TOTAL RESIDENTIAL REVENUE PER BILL COUNT				\$ 2,974,156
191	TOTAL COMMERCIAL REVENUE PER BILL COUNT				1,446,304
192	TOTAL HYDRANT REVENUE PER BILL COUNT				35,922
194	TOTAL FIRE SPRINKLER REVENUE PER BILL COUNT				21,803
197	<b>RUCO TOTAL PROPOSED REVENUE PER BILL COUNT</b>				<b>\$ 4,478,184</b>
198	Unreconciled Difference vs. Billed Revenues				2,148
200	Miscellaneous Revenues				139,114
200	<b>RUCO TOTAL REVENUE</b>				<b>\$ 4,619,446</b>
201	<b>PROPOSED REVENUE PER RUCO SCHEDULE RLM-1</b>				<b>\$ 4,619,447</b>
202	Difference				\$ (0)
203	Percentage Difference				0.00%

**SURREBUTTAL**

**TYPICAL RESIDENTIAL BILL ANALYSIS**

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)	(E)	(F)				
		PRESENT	COMPANY PROPOSED	RUCO PROPOSED							
<b>REVENUE ALLOCATION</b>											
1	RESIDENTIAL	\$ 2,771,302	69.02%	\$ 3,631,427	65.73%	\$ 2,974,156	66.41%				
2	OTHER	1,243,988	30.98%	1,893,459	34.27%	1,504,029	33.59%				
3	TOTAL	<u>\$ 4,015,290</u>	<u>100.00%</u>	<u>\$ 5,524,886</u>	<u>100.00%</u>	<u>\$ 4,478,184</u>	<u>100.00%</u>				
<b>ALLOCATION RATIOS</b>											
4	FIX REVENUE	\$ 2,158,470	53.76%	\$ 2,634,057	47.68%	\$ 2,105,565	47.02%				
5	VARIABLE REVENUE	1,856,821	46.24%	2,890,829	52.32%	2,372,619	52.98%				
6	TOTAL	<u>\$ 4,015,290</u>	<u>100.00%</u>	<u>\$ 5,524,886</u>	<u>100.00%</u>	<u>\$ 4,478,184</u>	<u>100.00%</u>				
<b>RESIDENTIAL (5/8" X 3/4") RATE DESIGN</b>											
7	BASIC MONTHLY CHARGE	PRESENT		COMPANY PROPOSED		RUCO PROPOSED					
		BVWC	NS & SS	CONSOL'D	CONSOL'D						
		\$ 15.00	\$ 31.00	\$ 17.92	\$ 14.69						
<b>COMMODITY CHARGE</b>											
8	1st Tier - Breakover	PRESENT		PROPOSED		PRESENT		COMPANY PROPOSED		RUCO PROPOSED	
		BVWC	NS & SS	CONSOL'D	BVWC	NS & SS	CONSOL'D	CONSOL'D			
		5,000	5,000	4,000	\$ 0.9700	\$ 2.0000	\$ 1.9756	\$ 1.6193			
9	2nd Tier - Breakove	25,000	10,000	10,000	\$ 1.8900	\$ 2.7500	\$ 2.9756	\$ 2.4389			
10	3rd Tier - Over	25,000	10,000	10,000	\$ 2.4100	\$ 3.9000	\$ 3.8756	\$ 3.1766			

**SURREBUTTAL**

**TYPICAL RESIDENTIAL BILL ANALYSIS**

LINE NO.		(A) VARIABLE MONTHLY USAGE	(B) PERCENT AVERAGE USAGE OF 6,612	(C) PRESENT TOTAL MONTHLY COST	(D) RUCO MONTHLY COST	(E) RUCO MONTHLY INCREASE	(F) % MONTHLY INCREASE
	<b>BELLA VISTA RESIDENTIAL (5/8" X 3/4") METER</b>						
	AVERAGE RESIDENTIAL BILL COMPARISONS COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL						
1		1,653	25.00%	\$ 16.60	\$ 17.36	\$ 0.76	4.58%
2		3,306	50.00%	\$ 18.21	\$ 20.04	\$ 1.83	10.07%
3		6,612	100.00%	\$ 22.90	\$ 27.53	\$ 4.64	20.26%
4		9,918	150.00%	\$ 29.14	\$ 35.60	\$ 6.45	22.14%
5		13,223	200.00%	\$ 35.39	\$ 43.66	\$ 8.27	23.36%
	MEDIAN RESIDENTIAL BILL COMPARISONS COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL						
		VARIABLE MONTHLY USAGE	PERCENT MEDIAN USAGE OF 4,500	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
6		1,125	25.00%	\$ 16.09	\$ 16.51	\$ 0.42	2.60%
7		2,250	50.00%	\$ 17.18	\$ 18.33	\$ 1.15	6.68%
8		4,500	100.00%	\$ 19.37	\$ 22.38	\$ 3.02	15.59%
9		6,750	150.00%	\$ 21.55	\$ 27.87	\$ 6.32	29.35%
10		9,000	200.00%	\$ 23.73	\$ 33.36	\$ 9.63	40.58%

**SURREBUTTAL**

**TYPICAL RESIDENTIAL BILL ANALYSIS**

LINE NO.		(A) VARIABLE MONTHLY USAGE	(B) PERCENT AVERAGE USAGE OF 5,755	(C) PRESENT TOTAL MONTHLY COST	(D) RUCO MONTHLY COST	(E) RUCO MONTHLY INCREASE	(F) % MONTHLY INCREASE
	<b>NORTHERN SUNRISE RESIDENTIAL (5/8" X 3/4") METER</b>						
	AVERAGE RESIDENTIAL BILL COMPARISONS COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL						
1		1,439	25.00%	\$ 33.88	\$ 17.02	\$ (16.86)	-49.77%
2		2,878	50.00%	\$ 17.79	\$ 19.35	\$ 1.56	8.75%
3		5,755	100.00%	\$ 43.08	\$ 25.45	\$ (17.63)	-40.93%
4		8,633	150.00%	\$ 50.99	\$ 32.46	\$ (18.53)	-36.33%
5		11,511	200.00%	\$ 74.39	\$ 40.60	\$ (33.79)	-45.43%
	MEDIAN RESIDENTIAL BILL COMPARISONS COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL						
		VARIABLE MONTHLY USAGE	PERCENT MEDIAN USAGE OF 4,500	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
6		1,125	25.00%	\$ 33.25	\$ 16.51	\$ (16.74)	-50.35%
7		2,250	50.00%	\$ 35.50	\$ 18.33	\$ (17.17)	-48.36%
8		4,500	100.00%	\$ 40.00	\$ 22.38	\$ (17.62)	-44.04%
9		6,750	150.00%	\$ 32.06	\$ 27.87	\$ (4.19)	-13.07%
10		9,000	200.00%	\$ 52.00	\$ 33.36	\$ (18.64)	-35.85%

**SURREBUTTAL**

**TYPICAL RESIDENTIAL BILL ANALYSIS**

LINE NO.		(A) VARIABLE MONTHLY USAGE	(B) PERCENT AVERAGE USAGE OF 5,581	(C) PRESENT TOTAL MONTHLY COST	(D) RUCO MONTHLY COST	(E) RUCO MONTHLY INCREASE	(F) % MONTHLY INCREASE
	<b>SOUTHERN SUNRISE RESIDENTIAL (5/8" X 3/4") METER</b>						
	AVERAGE RESIDENTIAL BILL COMPARISONS COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL						
1		1,395	25.00%	\$ 33.79	\$ 16.95	\$ (16.84)	-49.85%
2		2,791	50.00%	\$ 17.71	\$ 19.21	\$ 1.50	8.47%
3		5,581	100.00%	\$ 42.60	\$ 25.02	\$ (17.58)	-41.26%
4		8,372	150.00%	\$ 50.27	\$ 31.83	\$ (18.45)	-36.69%
5		11,162	200.00%	\$ 73.03	\$ 39.49	\$ (33.54)	-45.93%
	MEDIAN RESIDENTIAL BILL COMPARISONS COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL						
		VARIABLE MONTHLY USAGE	PERCENT MEDIAN USAGE OF 3,500	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
6		875	25.00%	\$ 32.75	\$ 16.10	\$ (16.65)	-50.83%
7		1,750	50.00%	\$ 34.50	\$ 17.52	\$ (16.98)	-49.21%
8		3,500	100.00%	\$ 38.00	\$ 20.36	\$ (17.64)	-46.43%
9		5,250	150.00%	\$ 27.94	\$ 23.19	\$ (4.75)	-17.00%
10		7,000	200.00%	\$ 46.50	\$ 26.02	\$ (20.48)	-44.04%