

**GOLD CANYON SEWER COMPANY**

**DOCKET NO. SW-02519A-06-0015**

**REHEARING TESTIMONY**

**OF**

**RODNEY L. MOORE**

**ON BEHALF OF**

**THE**

**RESIDENTIAL UTILITY CONSUMER OFFICE**

**SEPTEMBER 28, 2007**

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**REHEARING SCHEDULES**

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 16, 2006, and  
7 subsequently filed surrebuttal testimony on August 30, 2006.

8

9 Q. What is the purpose of your rehearing testimony?

10 A. My rehearing testimony will reaffirm RUCO's position to disallow an  
11 appropriate level of "excess capacity" in the Gold Canyon Sewer  
12 Company's ("GCSW") Water Reclamation Facility ("WRF") Phase 3  
13 Expansion.

14

15 For the reasons stated in my direct and surrebuttal testimonies, RUCO is  
16 maintaining the same recommendation that the existing ratepayers should  
17 not be burdened with 28.05 percent of the costs or \$1,867,723 of the  
18 treatment plant expansion.

19 Moreover, I will provide updated information to demonstrate that RUCO's  
20 recommended level of excess capacity exceeds projections at the time of  
21 this Rehearing.

22

23

1 **DISALLOWANCE OF EXCESS PLANT CAPACITY**

2 Q. Please provide a review of RUCO's adjustment to delay the Company's  
3 recovery of a portion of the costs associated with Gold Canyon Sewer  
4 Company's ("GCSW") Water Reclamation Facility ("WRF") Phase 3  
5 Expansion.

6 A. RUCO's adjustment consists of two elements. First, RUCO quantified the  
7 portion of the Water Reclamation Facility that was not being utilized during  
8 the test year; thus deemed unused capacity and fails to meet the used  
9 and useful ratemaking principle. Second, RUCO determined an adequate  
10 level of reserve margin to provide sufficient capacity and redundancy to  
11 protect the Company and ratepayers from unpredicted higher than  
12 projected wastewater flows.

13  
14 Q. Please explain how RUCO quantified the level of unused capacity in its  
15 direct testimony?

16 A. Please refer to the chart in Exhibit A attached to my rehearing testimony.  
17 This chart was compiled from information obtained from the Company.  
18 Columns A and B represents data filed in this application. Columns C and  
19 D represent projections as provided by the Company in response to  
20 RUCO's data request 2.06. Column E is the percentage of excess flow  
21 capacity available. Columns C, D and E are projections; while Columns F,  
22 G and H are actual figures gleaned from the Company's Annual Reports.

23

1 Line 4 under column D, indicates that at the end of 2005 the influent flow  
2 rate at the Gold Canyon Sewer Company's Water Reclamation Facility  
3 was 0.708 million gallons per day ("MGD") out of a maximum capacity of  
4 1.9 MGD (column B). This indicates that 62.74 percent (column E) of the  
5 total capacity in the new treatment plant is in excess of the test-year  
6 ratepayers' needs. However, to incorporate a "reserve margin"  
7 component I selected the projected flow rate at the end of 2008 of 1.367  
8 MGD (line 7, column D). By choosing the projected 2008 flow rate with its  
9 calculated excess capacity of 28.05 percent (column E), RUCO had  
10 selected a reasonable determinant to calculate the percentage of excess  
11 capacity at this wastewater treatment plant.

12  
13 Q. How much of a "reserve margin" would RUCO's adjustment allow?

14 A. RUCO's adjustment provides a reserve margin equal to three years of  
15 projected growth; based on the Company's projections.

16 RUCO maintains that the 2008 end of the year projected additional usage  
17 represented a sufficient reserve margin to cover any contingencies of  
18 unforeseen treatment requirements.

19 Thus, RUCO's second element to this adjustment incorporates a reserve  
20 margin of 26.19 percent:

21	Actual Test Year Unused Capacity	54.24 percent
22	Excess Capacity To Be Removed From Rate Base	<u>-28.05 percent</u>
23	Projected Reserve Margin	26.19 percent

1 Q. Please summarize RUCO's excess capacity adjustment.

2 A. RUCO recommends 28.05 percent of the net costs of the Water  
3 Reclamation Facility plant expansion be deemed excess capacity and  
4 removed from rate base.

5 RUCO based its recommended 28.05 percent excess capacity, very  
6 conservatively, on the year-end 2008 projected flow rate as estimated by  
7 the Company.

8 RUCO maintains that the Company's estimate of the 2008 year-end  
9 average monthly flow rate is a reasonable criteria in determining the 28.05  
10 percentage of excess capacity in Gold Canyon's wastewater treatment  
11 facility.

12

13 Q. Does the passage of time and/or the acquisition of updated known and  
14 measurable wastewater flow data reinforce RUCO's adjustment?

15 A. Yes. Since RUCO made its recommendation in testimony filed on June  
16 16, 2006, growth in the Company's service territory has slowed  
17 dramatically, making the Company's earlier projection of capacity  
18 necessary to serve customers in 2008 even more conservative.

19 For example, the Company's projected 2008 wastewater flow was based  
20 on 401 additional connections in 2006; whereas, the actual new number of  
21 customers in 2006 was only 31.

22

1           Furthermore, the Company projected 2008 wastewater flow was based on  
2           another 430 additional connections in 2007. But considering the current  
3           downturn in the real estate market it seems highly unlikely the Company  
4           will connect anywhere close to 430 customers during 2007 when it only  
5           connected 31 in 2006.

6           Additionally, the Company projected 2008 wastewater flow was based on  
7           yet another 461 connections in 2008; RUCO's very conservative  
8           calculation of a 28.05 percent excess capacity is still based on and  
9           quantified by the Company's unrealistic projection to connect 1,292 post  
10          test year customers by the end of 2008.

11          In it's Reply Brief prior to Decision No. 69664, the Company indicated it  
12          projected that it would utilize all the plant capacity within five years (by  
13          2010)<sup>1</sup>.

14          However, to meet that projection would require 2,490 new connections in  
15          the next four years, compared to the actual new connections over the  
16          previous four years of 1,490.

17          Thus, an argument could be made that use of the now-outdated projection  
18          of 2008 customer levels results in an overly generous reserve margin and  
19          a larger adjustment could be made than the one I am proposing.

20  
21          ...

22

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<sup>1</sup> Gold Canyon Sewer Company's Reply Brief page 24, line 21

1 Q. Have you prepared a Schedule to quantify RUCO's recommendation to  
2 remove excess capacity from test-year rate base?

3 A. Yes. As shown on Schedule REH'G RLM-2, column (C), this adjustment  
4 decreases authorized test-year rate base by:  
5 (\$1,867,723).

6

7 **TYPICAL BILL IMPACTS**

8 Q. Have you prepared a Schedule presenting a typical bill analysis for each  
9 of RUCO's recommendations in this Rehearing?

10 A. Yes, as shown on Schedule REH'G RLM-8, pages 1 through 3, I designed  
11 a typical bill analysis based on the rate design authorized for Gold Canyon  
12 by the Commission in Decision No. 69664 and showing the customer  
13 impact for different scenarios resulting from the acceptance or rejection of  
14 RUCO's recommendations in whole or in part.

15 As shown on Schedule REH'G RLM-1, column A, Decision No. 69664  
16 resulted in a revenue increase of approximately a 72 percent. This  
17 Decision authorized a rate increase from an original residential monthly bill  
18 of \$35.00 to \$60.55.

19 Page 1 of Schedule REH'G RLM-8 illustrates a revenue level and bill  
20 analysis for an adjustment that only accepts RUCO's adjustment to cost of  
21 capital, including both capital structure and cost of equity. Adoption of this  
22 adjustment would result in approximately a 53 percent rate increase from  
23 an original residential monthly bill of \$35.00 to \$53.84.

1           Page 2 of Schedule REH’G RLM-8 illustrates a revenue level and bill  
2           analysis for an adjustment that only accepts RUCO’s adjustment  
3           disallowing excess capacity. Adoption of this adjustment would result in  
4           approximately a 57 percent rate increase from an original residential  
5           monthly bill of \$35.00 to \$55.22.

6           Page 3 of Schedule REH’G RLM-8 illustrates a revenue level and bill  
7           analysis for an adjustment that accepts both of RUCO’s adjustments.  
8           Adoption of these adjustments would result in approximately a 40 percent  
9           rate increase from an original residential monthly bill of \$35.00 to \$48.91.

10

11   Q.     Does this conclude your rehearing testimony?

12   A.     Yes, it does.

## EXHIBIT A

Gold Canyon Sewer Company  
Docket No. SW-02519A-06-0015  
Test Year Ended October 31, 2005

Exhibit A

### PLANT CAPACITY, PROJECTIONS AND ACTUAL FLOWS

LINE NO.	(A)	(B)	(C)      (D)      (E)			(F)	(G)      (H)	
	YEAR	PLANT CAPACITY FLOW *	PROJECTIONS RUCO DATA REQUEST 2.06			ACTUALS PER ANNUAL REPORTS		
			CUST.	FLOW *	EXCESS	CUST.	FLOW *	EXCESS
1	2002	1.0	3,908	0.446	55.40%	3,908	0.569	43.08%
2	2003	1.0	4,463	0.536	46.40%	4,463	0.736	26.41%
3	2004	1.0	4,915	0.601	39.90%	4,915	0.899	10.10%
4	2005	1.9	5,508	0.708	62.74%	5,306	0.869	54.24%
5	2006	1.9	5,909	1.196	37.05%	5,337	0.824	56.63%
6	2007	1.9	6,339	1.283	32.47%	N/A	N/A	N/A
7	2008	1.9	6,801	1.367	28.05%	N/A	N/A	N/A
8	2009	1.9	7,296	1.467	22.79%	N/A	N/A	N/A
9	2010	1.9	7,827	1.574	17.16%	N/A	N/A	N/A
10	2011	1.9	8,397	1.688	11.16%	N/A	N/A	N/A
11	2012	1.9	9,008	1.811	4.68%	N/A	N/A	N/A

**NOTES:**

\* "FLOW" Rates In Columns (B), (D) And (G) Are Expressed In Million Gallons Per Day ("MGD").

Data Recorded In This Chart Are "End-Of-The-Calendar-Year" Values;  
While the Actual Test Year In This Case Is Recorded As 10/31/2005 (An Immaterial Difference).

**References:**

Column

(B): Gold Canyon Sewer Company Water Reclamation Facility ("GCSC WRF")  
Is Designed To Accommodate A Maximum-Month Average Day Flow ("ADF")  
Of 1.9 Million Gallons Per Day ("MGD"). ADF Is Calculated By Determining  
The Month Of The Year With The Greatest Total Flow And Dividing That Total By  
The Number Of Days In That Peak Month Expressed In Millions Of Gallons Per Day.

(C) & (D): Provided By The Company In Its Response To RUCO Date Request 2.06.

(E): The Percentage Of Excess Capacity Is The Difference Between the Projected ADF  
In Column (D) And The GCSC WRF's Maximum Capacity In Column (B).

(F) & (G): Provided By The Company In Its Yearly Filed Annual Reports.

(H): The Percentage Of Excess Capacity Is The Difference Between the Actual ADF  
In Column (G) And The GCSC WRF's Maximum Capacity In Column (B).

Gold Canyon Sewer Company  
Docket No. SW-02519A-06-0015  
Test Year Ended October 31, 2005

**REHEARING  
TABLE OF CONTENTS TO RLM SCHEDULES**

<u>SCHEDULE NO.</u>	<u>PAGE NO.</u>	<u>TITLE</u>
REH'G RLM-1	1	REVENUE REQUIREMENT
REH'G RLM-2	1	SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS
REH'G RLM-4	1	OPERATING INCOME
REH'G RLM-5	1	SUMMARY OF OPERATING INCOME ADJUSTMENTS
REH'G RLM-8	1 TO 3	RATE DESIGN AND PROOF OF RECOMMENDED REVENUE FOR THREE OPTIONS OF RUCO ADJUSTMENTS

		<b>REHEARING REVENUE REQUIREMENT</b>			
LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
		DEC. NO. 69664 OCRB/FVRB	RUCO ADJMT'S ONLY TO COST OF CAP.	RUCO ADJMT'S ONLY TO EXCESS CAP.	RUCO ADJMT'S EXCESS CAP. & COST OF CAP.
1	Fair Value Rate Base	\$ 15,725,787	\$ 15,725,787	\$ 13,858,064	\$ 13,858,064
2	Adjusted Operating Income (Loss)	\$ 342,167	\$ 527,542	\$ 400,186	\$ 580,984
3	Current Rate Of Return (L2 / L1)	2.18%	3.35%	2.89%	4.19%
4	Required Operating Income (L5 X L1)	\$ 1,446,772	\$ 1,342,982	\$ 1,274,942	\$ 1,183,479
5	Required ROR On FVRB	9.20%	8.54%	9.20%	8.54%
6	Operating Income Deficiency (L4 - L2)	\$ 1,104,605	\$ 815,440	\$ 874,756	\$ 602,495
7	Gross Rev. Conv. (REH'G RLM-1, Pg 2)	1.6286	1.6286	1.6286	1.6286
8	Increase In Gross Rev. Req'm't (L7 X L6)	<b>\$ 1,798,999</b>	<b>\$ 1,328,055</b>	<b>\$ 1,424,659</b>	<b>\$ 981,244</b>
9	Adjusted Test Year Revenue	\$ 2,496,380	\$ 2,496,380	\$ 2,496,380	\$ 2,496,380
10	Proposed Annual Revenue (L8 + L9)	\$ 4,295,379	\$ 3,824,435	\$ 3,921,039	\$ 3,477,624
11	Req'd Percentage Incr. In Rev. (L8 / L9)	72.06%	53.20%	57.07%	39.31%
12	Rate Of Return On Common Equity	9.20%	8.60%	9.20%	8.60%

References:

Column (A): Decision No. 69664, Pages 29 and 30

Columns (B) (C) (D): RUCO Workpapers, Schedule REH'G RLM-2 And REH'G RLM-4, And Rehearing Testimony Of William A. Rigsby

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

LINE NO.	DESCRIPTION	(A)	(B)	(C)
		DEC. NO. 69664 OCRB/FVRB	RUCO ADJUSTMENT EXCESS CAP.	RUCO REHEARING OCRB/FVRB
1	Gross Utility Plant In Service	\$ 21,033,564	\$ (2,901,605)	\$ 18,131,959
2	Accumulated Depreciation	(1,269,431)	36,270	(1,233,161)
3	Net Utility Plant In Service (L1 + L2)	<u>\$ 19,764,133</u>	<u>\$ (2,865,335)</u>	<u>\$ 16,898,798</u>
4	Advances In Aid Of Const.	\$ (2,064,125)	\$ -	\$ (2,064,125)
5	Contribution In Aid Of Const.	\$ (1,827,557)	\$ 77,285	\$ (1,750,272)
6	Accumulated Amortization Of CIAC	138,788	(966)	137,822
7	NET CIAC (L5 + L6)	<u>\$ (1,688,769)</u>	<u>\$ 76,319</u>	<u>\$ (1,612,450)</u>
8	Customer Meter Deposits	\$ (30,769)	\$ -	\$ (30,769)
9	Accumulated Deferred Income Tax	\$ (254,681)	\$ 921,293	\$ 666,612
	Working Capital:			
10	1/8 Oper. & Maint. Exp.	\$ -	\$ -	\$ -
11	1/24 Pumping Power	-	-	-
12	1/24 Purchased Treatment	-	-	-
13	Materials And Supplies Inventories	-	-	-
14	Prepayments	-	-	-
15	Working Capital (Sum L8 Thru L12)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
16	TOTAL RATE BASE (Sum L's 3, 4, 7, 8 & 14)	<u>\$ 15,725,787</u>	<u>\$ (1,867,723)</u>	<u>\$ 13,858,064</u>

References: Column (A): Decision No. 69664  
Column (B): Adjustment To Disallow Excess Capacity (RLM Workpapers REH'G RLM-3, Pages 1 & 2)  
Column (C): Sum Of Columns (A) And (B)

**REHEARING  
OPERATING INCOME**

LINE NO.	DESCRIPTION	(A) DEC. NO. 69664	(B) RUCO REHEARING ADJMTS	(C) RUCO REHEARING AS ADJUSTED	(D) RUCO PROPOSED CHANGES	(E) RUCO AS RECOMM'D
Revenues:						
1	Flat Rate Revenues	\$ 2,451,576	\$ -	\$ 2,451,576	\$ 981,244	\$ 3,432,820
2	Miscellaneous Service Revenues	-	-	-	-	-
3	Other Wastewater Revenues	44,804	-	44,804	-	44,804
4	<b>TOTAL OPERATING REVENUE</b>	<b>\$ 2,496,380</b>	<b>\$ -</b>	<b>\$ 2,496,380</b>	<b>\$ 981,244</b>	<b>\$ 3,477,624</b>
Operating Expenses:						
5	Salaries And Wages	\$ -	-	\$ -	\$ -	\$ -
6	Purchased Wastewater Treatment	6,159	-	6,159	-	6,159
7	Sludge Removal Expense	44,737	-	44,737	-	44,737
8	Purchased Power	107,040	-	107,040	-	107,040
9	Fuel For Power Production	-	-	-	-	-
10	Chemicals	63,590	-	63,590	-	63,590
11	Materials And Supplies	11,394	-	11,394	-	11,394
12	Contractual Services - Professional	22,068	-	22,068	-	22,068
13	Contractual Services - Testing	11,655	-	11,655	-	11,655
14	Contractual Services - Other	441,702	-	441,702	-	441,702
15	Repair And Maintenance	-	-	-	-	-
16	Rents	35,925	-	35,925	-	35,925
17	Transportation Expenses	6,293	-	6,293	-	6,293
18	Insurance	18,680	-	18,680	-	18,680
19	Regulatory Commission Expense	17,500	-	17,500	-	17,500
20	Miscellaneous Expense	35,325	-	35,325	-	35,325
21	Depreciation Expense	901,223	(126,723)	774,500	-	774,500
22	Taxes Other Than Income	-	-	-	-	-
23	Property Taxes	248,055	-	248,055	-	248,055
24	Income Tax	182,867	(112,095)	70,772	378,749	449,522
25	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 2,154,214</b>	<b>\$ (238,817)</b>	<b>\$ 1,915,396</b>	<b>\$ 378,749</b>	<b>\$ 2,294,146</b>
26	<b>OPERATING INCOME (LOSS)</b>	<b>\$ 342,166</b>		<b>\$ 580,984</b>		<b>\$ 1,183,479</b>

**EXPLANATION OF RUCO'S ADJUSTMENTS**

Adjustment To Depreciation Expense:

This adjustment is a companion to the disallowance of excess capacity in the wastewater treatment plant.

Adjustment To Income Taxes:

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

References:

- Column (A): Decision No. 69664
- Column (B): RLM Workpapers REH'G RLM-5, Columns (B) Thru (D)
- Column (C): Column (A) + Column (B)
- Column (D): RLM Workpapers REH'G RLM-1, Page 2
- Column (E): Column (C) + Column (D)

**REHEARING  
SUMMARY OF OPERATING INCOME ADJUSTMENTS  
COMPANY'S POST HEARING POSITION AND RUCO ADJUSTMENTS**

LINE NO.	DESCRIPTION	(A) DEC. NO. 69664	(B) ADJ #1	(C) ADJ #2	(D) ADJ #3	(E) ADJ #4	(F) ADJ #5	(G) RUCO AS ADJUSTED
Revenues:								
1	Flat Rate Revenues	\$ 2,451,576	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,451,576
2	Misc. Service Rev.	-	-	-	-	-	-	-
3	Other WW Rev.	44,804	-	-	-	-	-	44,804
4	<b>TOTAL OPR'G REV.</b>	<b>\$ 2,496,380</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,496,380</b>
Operating Expenses:								
5	Salaries And Wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	Purch'd WW Treat.	6,159	-	-	-	-	-	6,159
7	Sludge Removal Exp.	44,737	-	-	-	-	-	44,737
8	Purchased Power	107,040	-	-	-	-	-	107,040
9	Fuel - Power Prod.	-	-	-	-	-	-	-
10	Chemicals	63,590	-	-	-	-	-	63,590
11	Materials & Supplies	11,394	-	-	-	-	-	11,394
12	Cont. Ser. - Prof.	22,068	-	-	-	-	-	22,068
13	Cont. Ser. - Testing	11,655	-	-	-	-	-	11,655
14	Cont. Ser. - Other	441,702	-	-	-	-	-	441,702
15	Repair And Maint.	-	-	-	-	-	-	-
16	Rents	35,925	-	-	-	-	-	35,925
17	Transportation Exp.	6,293	-	-	-	-	-	6,293
18	Insurance	18,680	-	-	-	-	-	18,680
19	Reg. Comm. Exp.	17,500	-	-	-	-	-	17,500
20	Misc. Expense	35,325	-	-	-	-	-	35,325
21	Dep. Expense	901,223	-	-	(126,723)	-	-	774,500
22	Taxes Other Than Inc	-	-	-	-	-	-	-
23	Property Taxes	248,055	-	-	-	-	-	248,055
24	Income Tax	182,867	-	-	-	-	(112,095)	70,772
25	<b>TOTAL OPR'G EXP.</b>	<b>\$ 2,154,214</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (126,723)</b>	<b>\$ -</b>	<b>\$ (112,095)</b>	<b>\$ 1,915,396</b>
26	<b>OPR'G INC. (LOSS)</b>	<b>\$ 342,166</b>						<b>\$ 580,984</b>

ADJUSTMENTS:

- 1 - Intentionally Left Blank
- 2 - Intentionally Left Blank
- 3 - Test-Year Depreciation Expense
- 4 - Intentionally Left Blank
- 5 - Income Tax

REFERENCE:

- REH'G RLM-6
- REH'G RLM-7

**REHEARING  
RUCO RECOMMENDED REVENUE FOR ADJUSTMENT TO THE COST OF CAPITAL ONLY  
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE**

LINE NO.	DESCRIPTION	(A) ORIGINAL RATES	(B) DECISION NO. 69664	(C) RUCO PROPOSED	(D) RUCO PERCENTAGE INCREASE
<b>MONTHLY FLAT RATE CHARGE</b>					
CLASSES OF SERVICE					
1	Residential	\$ 35.00	\$ 60.55	\$ 53.84	53.84%
2	Residential (<700 SF) Per Dwelling	\$ 19.09	\$ 33.03	\$ 29.37	53.86%
3	Residential (HOA's)	\$ 31.82	\$ 55.05	\$ 48.95	53.85%
4	Commercial, Per ADEQ Bulletin 12	\$ 0.175	\$ 0.303	\$ 0.269	53.85%
5	Effluent Sales, Per 1,000 Gallons	\$ 0.391	\$ 0.786	\$ 0.699	78.76%

**PROOF OF RECOMMENDED REVENUE**

DESCRIPTION	(A) AVERAGE GALLONAGE	(B) ANNUALIZED CUSTOMER LEVEL	(C) RUCO PROPOSED MONTHLY RATES	(D) RUCO PROPOSED REVENUE
FLAT RATE CHARGES				
6 Residential		5,016	\$ 53.84	\$ 3,241,017
7 Residential (<700 SF) Per Dwelling		259	\$ 29.37	91,289
8 Residential (HOA's)		202	\$ 48.95	118,664
9 Commercial, Per ADEQ Bulletin 12	40,458	25	\$ 0.269	274,132
10 Effluent Sales, Per 1,000 Gallons	2,382,750	3	\$ 0.699	\$ 56,625
11 TOTAL ANNUALIZED WASTEWATER REVENUE			Sum Of Lines 6 Thru 10	<u>\$ 3,781,726</u>
MISCELLANEOUS REVENUES				
12 Miscellaneous Revenues			Company Workpapers	\$ 44,804
13 Other Wastewater Revenues				(2,095)
14 TOTAL MISCELLANEOUS REVENUE			Sum Of L's 12 & 13	<u>\$ 42,709</u>
15 TOTAL PROPOSED OPERATING REVENUE (See RLM WP's "Option 2")			Sum Of L's 11 & 14	<u>\$ 3,824,435</u>
16 Required Revenue	As Per RLM Workpapers "Option 2" REH'G RLM-1, Page 1, Column (B), Line 10			<u>3,824,435</u>
17 Difference			Line 15 - Line 16	<u>\$ 0</u>

**REHEARING**  
**RUCO RECOMMENDED REVENUE FOR ADJUSTMENT FOR EXCESS CAPACITY ONLY**  
**RATE DESIGN AND PROOF OF RECOMMENDED REVENUE**

LINE NO.	DESCRIPTION	(A) ORIGINAL RATES	(B) DECISION NO. 69664	(C) RUCO PROPOSED	(D) RUCO PERCENTAGE INCREASE
<b>MONTHLY FLAT RATE CHARGE</b>					
CLASSES OF SERVICE					
1	Residential	\$ 35.00	\$ 60.55	\$ 55.22	57.77%
2	Residential (<700 SF) Per Dwelling	\$ 19.09	\$ 33.03	\$ 30.12	57.79%
3	Residential (HOA's)	\$ 31.82	\$ 55.05	\$ 50.20	57.78%
4	Commercial, Per ADEQ Bulletin 12	\$ 0.175	\$ 0.303	\$ 0.276	57.78%
5	Effluent Sales, Per 1,000 Gallons	\$ 0.391	\$ 0.786	\$ 0.717	83.33%

**PROOF OF RECOMMENDED REVENUE**

DESCRIPTION	(A) AVERAGE GALLONAGE	(B) ANNUALIZED CUSTOMER LEVEL	(C) RUCO PROPOSED MONTHLY RATES	(D) RUCO PROPOSED REVENUE
FLAT RATE CHARGES				
6 Residential		5,016	\$ 55.22	\$ 3,323,809
7 Residential (<700 SF) Per Dwelling		259	\$ 30.12	93,621
8 Residential (HOA's)		202	\$ 50.20	121,695
9 Commercial, Per ADEQ Bulletin 12	40,458	25	\$ 0.276	281,135
10 Effluent Sales, Per 1,000 Gallons	2,382,750	3	\$ 0.717	\$ 58,071
11 TOTAL ANNUALIZED WASTEWATER REVENUE			Sum Of Lines 6 Thru 10	<u>\$ 3,878,331</u>
MISCELLANEOUS REVENUES				
12 Miscellaneous Revenues			Company Workpapers	\$ 44,804
13 Other Wastewater Revenues				(2,095)
14 TOTAL MISCELLANEOUS REVENUE			Sum Of L's 12 & 13	<u>\$ 42,709</u>
15 TOTAL PROPOSED OPERATING REVENUE (See RLM WP's "Option 3")			Sum Of L's 11 & 14	<u>\$ 3,921,039</u>
16 Required Revenue	As Per RLM Workpapers "Option 3" REH'G RLM-1, Page 1, Column (B), Line 10			<u>3,921,039</u>
17 Difference	Line 15 - Line 16			<u>\$ 0</u>

**REHEARING**  
**RUCO RECOMMENDED REVENUE FOR ADJUSTMENTS TO BOTH EXCESS CAPACITY AND COST OF CAPITAL**  
**RATE DESIGN AND PROOF OF RECOMMENDED REVENUE**

LINE NO.	DESCRIPTION	(A) ORIGINAL RATES	(B) DECISION NO. 69664	(C) RUCO PROPOSED	(D) RUCO PERCENTAGE INCREASE
<b>MONTHLY FLAT RATE CHARGE</b>					
CLASSES OF SERVICE					
1	Residential	\$ 35.00	\$ 60.55	\$ 48.91	39.73%
2	Residential (<700 SF) Per Dwelling	\$ 19.09	\$ 33.03	\$ 26.68	39.75%
3	Residential (HOA's)	\$ 31.82	\$ 55.05	\$ 44.46	39.74%
4	Commercial, Per ADEQ Bulletin 12	\$ 0.175	\$ 0.303	\$ 0.245	39.74%
5	Effluent Sales, Per 1,000 Gallons	\$ 0.391	\$ 0.786	\$ 0.635	62.37%

**PROOF OF RECOMMENDED REVENUE**

DESCRIPTION	(A) AVERAGE GALLONAGE	(B) ANNUALIZED CUSTOMER LEVEL	(C) RUCO PROPOSED MONTHLY RATES	(D) RUCO PROPOSED REVENUE
FLAT RATE CHARGES				
6 Residential		5,016	\$ 48.91	\$ 2,943,793
7 Residential (<700 SF) Per Dwelling		259	\$ 26.68	82,917
8 Residential (HOA's)		202	\$ 44.46	107,782
9 Commercial, Per ADEQ Bulletin 12	40,458	25	\$ 0.245	248,992
10 Effluent Sales, Per 1,000 Gallons	2,382,750	3	\$ 0.635	\$ 51,432
11 TOTAL ANNUALIZED WASTEWATER REVENUE			Sum Of Lines 6 Thru 10	<u>\$ 3,434,916</u>
MISCELLANEOUS REVENUES				
12 Miscellaneous Revenues			Company Workpapers	\$ 44,804
13 Other Wastewater Revenues				(2,095)
14 TOTAL MISCELLANEOUS REVENUE			Sum Of L's 12 & 13	<u>\$ 42,709</u>
15 TOTAL PROPOSED OPERATING REVENUE (See RLM WP's "As Filed")			Sum Of L's 11 & 14	<u>\$ 3,477,624</u>
16 Required Revenue			As Per REH'G RLM-1, Page 1, Column (B), Line 10	<u>3,477,624</u>
17 Difference			Line 15 - Line 16	<u>\$ 0</u>