

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 KRISTIN K. MAYES
CHAIRMAN

3 GARY PIERCE
COMMISSIONER

4 SANDRA D. KENNEDY
COMMISSIONER

5 PAUL NEWMAN
COMMISSIONER

6 BOB STUMP
COMMISSIONER

7
8 IN THE MATTER OF THE APPLICATION OF
9 JOHNSON UTILITIES, LLC FOR AN
10 INCREASE IN ITS WATER AND
WASTEWATER RATES FOR CUSTOMERS
WITHIN PINAL COUNTY, ARIZONA.

Docket No. WS-02987A-08-0180

11 **NOTICE OF FILING**
12 **FINAL POST-HEARING SCHEDULES**

13 The Residential Utility Consumer Office ("RUCO") hereby files its Final Post-hearing
14 Schedules in the above-referenced matter. A disk with electronic versions of the schedules
15 is being provided to the Administrative Law Judge.

16
17 RESPECTFULLY SUBMITTED this 30th day of October, 2009.

18
19
20 _____
Daniel W. Pozefsky
Chief Counsel

1 AN ORIGINAL AND THIRTEEN COPIES
of the foregoing filed this 30th day
2 of October, 2009 with:

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

5 COPIES of the foregoing hand delivered/
6 mailed this 30th day of October, 2009 to:

7 Teena Wolfe
Administrative Law Judge
8 Hearing Division
Arizona Corporation Commission
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Phoenix, Arizona 85007

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JOHNSON UTILITIES, LLC
DOCKET NO. WS-02987A-08-0180

RUCO'S FINAL POST-HEARING SCHEDULES

**POST-HEARING
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**POST-HEARING
SURREBUTTAL REVENUE REQUIREMENT**

| LINE NO. | DESCRIPTION | (A) COMPANY OCRB/FVRB COST | (B) RUCO OCRB/FVRB COST |
|----------|---|-------------------------------------|----------------------------------|
| 1 | Original Cost Rate Base | \$ 6,607,841 | \$ (5,556,766) |
| 2 | Adjusted Operating Income (Loss) | \$ 2,118,161 | \$ 1,145,231 |
| 3 | Recommended Operating Income (8.18% Operating Margin) (L11 X 10%) | N/A | \$ 1,071,513 |
| 4 | Current Rate Of Return (L2 / L1) | 32.06% | N/A |
| 5 | Required Operating Income (L5 X L1) | \$ 689,198 | N/A |
| 6 | Required Rate Of Return On Fair Value Rate Base | 10.43% | N/A |
| 7 | Operating Income Deficiency (L4 - L2) | \$ (1,428,963) | N/A |
| 8 | Gross Revenue Conversion Factor | <u>1.5630</u> | N/A |
| 9 | Increase In Gross Revenue Requirement (L7 X L6) | \$ (2,233,480) | \$ (73,718) |
| 10 | Adjusted Test Year Revenue | \$ 13,172,899 | \$ 13,172,899 |
| 11 | Proposed Annual Revenue (L8 + L9) | \$ 10,939,419 | \$ 13,099,181 |
| 12 | Required Percentage Increase In Revenue (L8 / L9) | -16.96% | -0.56% |
| 13 | Rate Of Return On Common Equity | 10.50% | N/A |
| 14 | Required Operating Margin | N/A | 8.18% |

References:

Column (A): Company Schedules A-1 and C-1
Column (B): RUCO Schedule SURR RLM-2, SURR RLM-7 And RLM-13

**POST-HEARING
SURREBUTTAL RATE BASE - ORIGINAL COST**

| LINE NO. | DESCRIPTION | (A) COMPANY AS FILED OCRB/FVRB | (B) RUCO OCRB/FVRB ADJUSTMENTS | (C) RUCO ADJ'TED OCRB/FVRB |
|----------|--|---|---|-------------------------------------|
| 1 | Gross Utility Plant In Service | \$ 79,591,151 | \$ (5,254,084) | \$ 74,337,067 |
| 2 | Accumulated Depreciation | (6,199,124) | 436,975 | (5,762,149) |
| 3 | Net Utility Plant In Service (Sum L1 & L2) | <u>\$ 73,392,027</u> | <u>\$ (4,817,109)</u> | <u>\$ 68,574,918</u> |
| 4 | Advances In Aid Of Const. | \$ (37,840,520) | \$ - | \$ (37,840,520) |
| 5 | Service Line And Meter Advances | \$ - | \$ (6,779,771) | \$ (6,779,771) |
| 6 | Contribution In Aid Of Const. | \$ (25,004,821) | \$ (6,931,078) | \$ (31,935,899) |
| 7 | Accumulated Amortization Of CIAC | 1,858,537 | \$ 310,570 | 2,169,107 |
| 8 | NET CIAC (L6 + L7) | <u>\$ (23,146,284)</u> | <u>\$ (6,620,508)</u> | <u>\$ (29,766,792)</u> |
| 9 | Customer Meter Deposits | \$ (6,779,771) | \$ 6,401,633 | \$ (378,138) |
| 10 | Deferred Income Taxes And Credits | \$ - | \$ - | \$ - |
| 11 | Investment Tax Credits | \$ - | \$ - | \$ - |
| 12 | Shared Gain On Well | \$ - | \$ - | \$ - |
| 13 | Prepayments | \$ - | \$ - | \$ - |
| 14 | Materials And Supplies | \$ 348,852 | \$ (348,852) | \$ - |
| 15 | Deferred Assets | \$ 633,537 | \$ - | \$ 633,537 |
| 16 | Allowance For Working Capital | \$ - | \$ - | \$ - |
| 17 | TOTAL RATE BASE (Sum L's 3, 4, 5, & 8 Thru 16) | <u>\$ 6,607,841</u> | <u>\$ (12,164,607)</u> | <u>\$ (5,556,766)</u> |

References:

- Column (A): Company Schedule B-1
- Column (B): Schedule SURR RLM-3
- Column (C): Column (A) + Column (B)

**POST-HEARING
SURREBUTTAL SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS**

| LINE NO. | DESCRIPTION | (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | (I) |
|----------|--|------------------------------|---|---|---|--|---|--|--|-----------------------------|
| | | COMPANY AS FILED OCR/FVRB | SURR'BTAL ADJMT NO. 1 GROSS PLANT | SURR'BTAL ADJMT NO. 2 ACCUMULT'D DEPRECT'N | ADJMT NO. 3 ACC AMORT ON (HUF) CIAC | ADJMT NO. 4 REINSTATE (HUF) CIAC | SURR'BTAL ADJMT NO. 5 MATERIALS & SUPPLIES | SURR'BTAL ADJMT NO. 6 RECLASSIFY SERVICE LINE | SURR'BTAL ADJMT NO. 7 RECLASSIFY CUST DEPOSIT | RUCO ADJ'TED OCR/FVRB |
| 1 | Gross Utility Plant In Service | \$ 79,591,151 | \$ (5,254,084) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (5,254,084) |
| 2 | Accumulated Depreciation | (6,199,124) | - | 436,975 | - | - | - | - | - | 436,975 |
| 3 | Net Utility Plant In Service (Sum L1 & L2) | <u>\$ 73,392,027</u> | <u>\$ (5,254,084)</u> | <u>\$ 436,975</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (4,817,109)</u> |
| 4 | Advances In Aid Of Const. | \$ (37,840,520) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 5 | Service Line And Meter Advances | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (6,779,771) | \$ - | \$ (6,779,771) |
| 6 | Contribution In Aid Of Const. | \$ (25,004,821) | \$ - | \$ - | \$ - | \$ (6,931,078) | \$ - | \$ - | \$ - | (6,931,078) |
| 7 | Accumulated Amortization Of CIAC | 1,858,537 | - | - | 310,570 | - | - | - | - | 310,570 |
| 8 | NET CIAC (L6 + L7) | <u>\$ (23,146,284)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 310,570</u> | <u>\$ (6,931,078)</u> | <u>\$ -</u> | <u>\$ (6,779,771)</u> | <u>\$ -</u> | <u>\$ (6,620,508)</u> |
| 9 | Customer Meter Deposits | \$ (6,779,771) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 6,401,633 | \$ 6,401,633 |
| 10 | Deferred Income Taxes And Credits | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 11 | Investment Tax Credits | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 12 | Shared Gain On Well | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 13 | Prepayments | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 14 | Materials And Supplies | \$ 348,852 | \$ - | \$ - | \$ - | \$ - | \$ (348,852) | \$ - | \$ - | \$ (348,852) |
| 15 | Deferred Assets | \$ 633,537 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 16 | Allowance For Working Capital | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 17 | TOTAL RATE BASE (Sum Ls 3, 4, 5 & 7 Thru 16) | <u>\$ 6,607,841</u> | <u>\$ (5,254,084)</u> | <u>\$ 436,975</u> | <u>\$ 310,570</u> | <u>\$ (6,931,078)</u> | <u>\$ (348,852)</u> | <u>\$ (13,559,542)</u> | <u>\$ 6,401,633</u> | <u>\$ (12,164,607)</u> |

References:

- Column (A): Company Schedule B-2
- Column (B): Adjustment No. 1 - Surrebuttal Adjustment To Gross Plant In Service (See SURR RLM-6 And Surrebuttal Testimony, RLM)
- Column (C): Adjustment No. 2 - Surrebuttal Adjustment To Accumulated Depreciation (See Surrebuttal Testimony, RLM)
- Column (D): Adjustment No. 3 - Direct Testimony To Reverse Company's Adjustment To Remove The CIAC's Accumulated Amortization (See Direct Testimony, RLM)
- Column (E): Adjustment No. 4 - Direct Testimony To Reverse Company's Adjustment To Remove The CIAC Associated With Unexpended Hook-Up Fees (See Direct Testimony, RLM)
- Column (F): Adjustment No. 5 - Surrebuttal Adjustment To Deferred Assets (See Surrebuttal Testimony, RLM)
- Column (G): Adjustment No. 6 - Surrebuttal Adjustment To Material And Supplies (See Surrebuttal Testimony, RLM)
- Column (H): Adjustment No. 7 - Surrebuttal Adjustment To Reclassify Cutomer Deposits (See Surrebuttal Testimony, RLM)
- Column (I): Sum Of Columns (A)Thru (H)

**POST-HEARING
SURREBUTTAL GROSS PLANT ADJUSTMENT:**

| LINE NO. | ACCT NO. | ACCOUNT NAME | (A) DIRECT TEST-YEAR TY PLANT | (B) ADJMT NO. 1 NOT USED AND USEFUL PLANT | (C) ADJMT NO. 2 EXCESS CAPACITY | (D) ADJMT NO. 3 RECLASSIFIED PLANT | (E) LEFT BLANK | (F) LEFT BLANK | (G) LEFT BLANK | (H) ADJUSTED TEST-YEAR PLANT |
|----------|----------|--|--|--|--|---|----------------------|----------------------|----------------------|---------------------------------------|
| 1 | 301 | Organization Costs | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2 | 302 | Franchises | - | - | - | - | - | - | - | - |
| 3 | 303 | Land and Land Rights | 272,438 | - | - | - | - | - | - | 272,438 |
| 4 | 304 | Structures And Improvements | 9,482,165 | - | - | (6,657,837) | - | - | - | 2,824,328 |
| 5 | 305 | Collecting And Impounding Reservoirs | - | - | - | - | - | - | - | - |
| 6 | 306 | Lake, River And Other Intakes | - | - | - | - | - | - | - | - |
| 7 | 307 | Wells And Springs | 5,226,030 | (2,052,564) | (433,238) | - | - | - | - | 2,740,228 |
| 8 | 308 | Infiltration Galleries And Tunnels | - | - | - | - | - | - | - | - |
| 9 | 309 | Supply Mains | - | - | - | - | - | - | - | - |
| 10 | 310 | Power Generation Equipment | - | - | - | - | - | - | - | - |
| 11 | 311 | Electric Pumping Equipment | 764,112 | - | - | - | - | - | - | 764,112 |
| 12 | 320 | Water Treatment Plant | 21,856 | - | - | - | - | - | - | 21,856 |
| 13 | 330 | Distribution Reservoirs And Standpipes | 248,272 | - | - | - | - | - | - | 248,272 |
| 14 | 331 | Transmission And Distribution Lines | 53,432,585 | (2,074,455) | (693,827) | 7,529,449 | - | - | - | 58,193,752 |
| 15 | 333 | Services | 527,473 | - | - | (871,612) | - | - | - | (344,139) |
| 16 | 334 | Meters And Meter Installations | 6,068,504 | - | - | - | - | - | - | 6,068,504 |
| 17 | 335 | Hydrants | 3,547,718 | - | - | - | - | - | - | 3,547,718 |
| 18 | 336 | Backflow Prevention Devices | - | - | - | - | - | - | - | - |
| 19 | 339 | Other Plant And Miscellaneous Equipment | - | - | - | - | - | - | - | - |
| 20 | 340 | Office Furniture And Equipment | - | - | - | - | - | - | - | - |
| 21 | 341 | Transportation Equipment | - | - | - | - | - | - | - | - |
| 22 | 342 | Stores Equipment | - | - | - | - | - | - | - | - |
| 23 | 343 | Tools And Equipment | - | - | - | - | - | - | - | - |
| 24 | 344 | Laboratory Equipment | - | - | - | - | - | - | - | - |
| 25 | 345 | Power Operated Equipment | - | - | - | - | - | - | - | - |
| 26 | 346 | Communication Equipment | - | - | - | - | - | - | - | - |
| 27 | 347 | Miscellaneous Equipment | - | - | - | - | - | - | - | - |
| 28 | 348 | Other Tangible Plant | - | - | - | - | - | - | - | - |
| 29 | | TOTAL WATER PLANT | <u>\$ 79,591,153</u> | <u>\$ (4,127,019)</u> | <u>\$ (1,127,065)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 74,337,069</u> |
| 30 | | Company As Filed (Column (A), Line 29) | | | | | | | | \$ 79,591,153 |
| 31 | | Difference (Line 29 - Line 30) | | | | | | | | <u>\$ (5,254,084)</u> |
| 32 | | RUCO Adjustment (Line 31) (See SURR RLM-3, Page 1, Column (F)) | | | | | | | | <u>\$ (5,254,084)</u> |

References:
Column (A): Company Schedules B-2
Columns (B) Thru (D): Staff Schedule JMM-WW3
Column (E): Intentionally Left Blank
Column (F): Intentionally Left Blank
Column (G): Intentionally Left Blank
Column (H): Sum Of Columns (A) Thru (G)

**POST-HEARING
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 | Metered Water Revenues | \$ 12,843,604 | \$ - | \$ 12,843,604 | \$ (73,718) | \$ 12,769,886 |
| 2 | Unmetered Water Revenues | - | - | - | - | - |
| 3 | Other Water Revenues | 329,295 | - | 329,295 | - | 329,295 |
| 4 | TOTAL OPERATING REVENUE | \$ 13,172,899 | \$ - | \$ 13,172,899 | \$ (73,718) | \$ 13,099,181 |
| Operating Expenses: | | | | | | |
| 5 | Salaries And Wages | \$ - | \$ - | \$ - | \$ - | \$ - |
| 6 | Purchased Water | 334,948 | 2,558,930 | 2,893,878 | - | 2,893,878 |
| 7 | Purchased Power | 828,900 | 2,631 | 831,531 | - | 831,531 |
| 8 | Chemicals | 16,189 | - | 16,189 | - | 16,189 |
| 9 | Repairs And Maintenance | 14,333 | - | 14,333 | - | 14,333 |
| 10 | Office Supplies And Expenses | 1,119 | - | 1,119 | - | 1,119 |
| 11 | Outside Services | 5,877,591 | (5,799) | 5,871,792 | - | 5,871,792 |
| 12 | Water Testing | 55,007 | - | 55,007 | - | 55,007 |
| 13 | Rents | 53,444 | - | 53,444 | - | 53,444 |
| 14 | Transportation Expenses | - | - | - | - | - |
| 15 | Insurance - General Liability | 21,565 | - | 21,565 | - | 21,565 |
| 16 | Insurance - Health And Life | - | - | - | - | - |
| 17 | Regulatory Comm. Exp. - Rate Case | 33,333 | (13,333) | 20,000 | - | 20,000 |
| 18 | Miscellaneous Expense | 286,747 | (31,192) | 255,555 | - | 255,555 |
| 19 | Depreciation Expense | 1,548,515 | (398,648) | 1,149,867 | - | 1,149,867 |
| 20 | Taxes Other Than Income | - | - | - | - | - |
| 21 | Property Taxes | 797,368 | 46,019 | 843,387 | - | 843,387 |
| 22 | Income Tax | 1,185,679 | (1,185,679) | - | - | - |
| 23 | Rounding | - | - | - | - | - |
| 24 | TOTAL OPERATING EXPENSES | \$ 11,054,738 | \$ 972,929 | \$ 12,027,668 | \$ - | \$ 12,027,668 |
| 25 | OPERATING INCOME (LOSS) | \$ 2,118,161 | \$ (972,929) | \$ 1,145,231 | \$ (73,718) | \$ 1,071,513 |

References:

- Column (A): Company Schedule C-1
- Column (B): SURR RLM-8, Columns (B) Thru (I)
- Column (C): Column (A) + Column (B)
- Column (D): SURR RLM-1
- Column (E): Column (C) + Column (D)

| POST-HEARING TEST YEAR AS FILED AND ADJUSTMENTS | | | | | | | | | | | |
|--|-----------------------------------|---|--|--|--|--|---|--|-------------------------------------|--------------------------|----------------------|
| LINE NO. | (A) DESCRIPTION | (B) REVISED ADJMT NO. 1 DEPRECIAT'N & AMORTIZ'N | (C) REVISED ADJMT NO. 2 PROPERTY TAX | (D) SURR'BTAL ADJMT NO. 3 OUTSIDE SERVICES | (E) ADJMT NO. 4 RATE CASE EXPENSE | (F) ADJMT NO. 5 CAGRD TAX EXPENSE | (G) REVISED ADJMT NO. 6 UNNECESS'Y EXPENSES | (H) REVISED ADJMT NO. 7 ANNUAL'ZD POWER EXP. | (I) ADJMT NO. 8 INCOME TAX | (J) RUCO AS ADJT'D | |
| Revenues: | | | | | | | | | | | |
| 1 | Metered Water Revenues | \$ 12,843,604 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 12,843,604 | |
| 2 | Unmetered Water Revenues | - | - | - | - | - | - | - | - | - | |
| 3 | Other Water Revenues | 329,295 | - | - | - | - | - | - | - | 329,295 | |
| 4 | TOTAL OPERATING REV. | <u>\$ 13,172,899</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 13,172,899</u> | |
| Operating Expenses: | | | | | | | | | | | |
| 5 | Salaries And Wages | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 6 | Purchased Water | 334,948 | - | - | - | 2,558,930 | - | - | - | 2,893,878 | |
| 7 | Purchased Power | 828,900 | - | - | - | - | 2,631 | - | - | 831,531 | |
| 8 | Chemicals | 16,189 | - | - | - | - | - | - | - | 16,189 | |
| 9 | Repairs And Maintenance | 14,333 | - | - | - | - | - | - | - | 14,333 | |
| 10 | Office Supplies And Expenses | 1,119 | - | - | - | - | - | - | - | 1,119 | |
| 11 | Outside Services | 5,877,591 | - | (5,799) | - | - | - | - | - | 5,871,792 | |
| 12 | Water Testing | 55,007 | - | - | - | - | - | - | - | 55,007 | |
| 13 | Rents | 53,444 | - | - | - | - | - | - | - | 53,444 | |
| 14 | Transportation Expenses | - | - | - | - | - | - | - | - | - | |
| 15 | Insurance - General Liability | 21,565 | - | - | - | - | - | - | - | 21,565 | |
| 16 | Insurance - Health And Life | - | - | - | - | - | - | - | - | - | |
| 17 | Regulatory Comm. Exp. - Rate Case | 33,333 | - | - | (13,333) | - | - | - | - | 20,000 | |
| 18 | Miscellaneous Expense | 286,747 | - | - | - | - | (31,192) | - | - | 255,555 | |
| 19 | Depreciation Expense | 1,548,515 | (398,648) | - | - | - | - | - | - | 1,149,867 | |
| 20 | Taxes Other Than Income | - | - | - | - | - | - | - | - | - | |
| 21 | Property Taxes | 797,368 | - | 46,019 | - | - | - | - | - | 843,387 | |
| 22 | Income Tax | 1,185,679 | - | - | - | - | - | (1,185,679) | - | - | |
| 23 | Rounding | - | - | - | - | - | - | - | - | - | |
| 24 | TOTAL OPERATING EXP. | <u>\$ 11,054,738</u> | <u>\$ (398,648)</u> | <u>\$ 46,019</u> | <u>\$ (5,799)</u> | <u>\$ (13,333)</u> | <u>\$ 2,558,930</u> | <u>\$ (31,192)</u> | <u>\$ 2,631</u> | <u>\$ (1,185,679)</u> | <u>\$ 12,027,668</u> |
| 25 | OPERATING INC. (LOSS) | <u>\$ 2,118,161</u> | | | | | 1,243,663 | | | <u>\$ 1,145,231</u> | |

ADJUSTMENTS:

- 1 Depreciation And Amortization Expense
- 2 Property Tax Computation
- 3 Contractual Outside Services
- 4 Rate Case Expense
- 5 CAGRD Tax Expense
- 6 Unnecessary Expenses
- 7 Annualize Power Expenses
- 8 Income Tax

REFERENCE:

- Surrebuttal Testimony, RLM And Schedule SURR RLM-9
- Surrebuttal Testimony, RLM And Schedule SURR RLM-10
- Surrebuttal Testimony, RLM
- Testimony, RLM And Schedule RLM-11
- Surrebuttal Testimony, RLM And Schedule SURR RLM-16
- Testimony, RLM And Schedule RLM-12
- Testimony, RLM
- Testimony, RLM

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

| LINE NO. | ACCOUNT NO. | ACCOUNT NAME | (A) TOTAL PLANT VALUE | (B) COMPANY PROPOSED DEP. RATES | (C) TEST YEAR DEPRECIATION EXPENSE |
|----------|-------------|--|--------------------------|------------------------------------|---------------------------------------|
| 1 | 301 | Organization Costs | \$ - | 0.00% | \$ - |
| 2 | 302 | Franchises | - | 0.00% | - |
| 3 | 303 | Land and Land Rights | 272,438 | 0.00% | - |
| 4 | 304 | Structures And Improvements | 2,824,328 | 3.33% | 94,050 |
| 5 | 305 | Collecting And Impounding Reservoirs | - | 2.50% | - |
| 6 | 306 | Lake, River And Other Intakes | - | 2.50% | - |
| 7 | 307 | Wells And Springs | 2,740,228 | 3.33% | 91,250 |
| 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 | 764,112 | 12.50% | 95,514 |
| 12 | 320 | Water Treatment Plant | 21,856 | 3.33% | 728 |
| 13 | 330 | Distribution Reservoirs And Standpipes | 248,272 | 2.22% | 5,512 |
| 14 | 331 | Transmission And Distribution Lines | 58,193,752 | 2.00% | 1,163,875 |
| 15 | 333 | Services | (344,139) | 3.33% | (11,460) |
| 16 | 334 | Meters And Meter Installations | 6,068,504 | 8.33% | 505,506 |
| 17 | 335 | Hydrants | 3,547,718 | 2.00% | 70,954 |
| 18 | 336 | Backflow Prevention Devices | - | 6.67% | - |
| 19 | 339 | Other Plant And Miscellaneous Equipment | - | 6.67% | - |
| 20 | 340 | Office Furniture And Equipment | - | 6.67% | - |
| 21 | 341 | Transportation Equipment | - | 20.00% | - |
| 22 | 342 | Stores Equipment | - | 4.00% | - |
| 23 | 343 | Tools And Equipment | - | 5.00% | - |
| 24 | 344 | Laboratory Equipment | - | 10.00% | - |
| 25 | 345 | Power Operated Equipment | - | 5.00% | - |
| 26 | 346 | Communication Equipment | - | 10.00% | - |
| 27 | 347 | Miscellaneous Equipment | - | 10.00% | - |
| 28 | 348 | Other Tangible Plant | - | 10.00% | - |
| 29 | | TEST YEAR GROSS PLANT AND DEPRECIATION EXPENSE | <u>\$ 74,337,069</u> | | <u>\$ 2,015,929</u> |
| 48 | | AMORTIZATION OF CONTRIBUTIONS | (31,935,899) | 2.7119% | (866,062) |
| 50 | | Rounding | | | - |
| 51 | | TOTAL DEPRECIATION EXPENSE | | | <u>\$ 1,149,867</u> |
| 52 | | Company As Filed | | | 1,548,515 |
| 53 | | Difference | | | <u>\$ (398,648)</u> |
| 54 | | RUCO Adjustment (See SURR RLM-8, Column (B)) | | | <u>\$ (398,648)</u> |

References:

- Column (A): SURR RLM-4, Page 11, Column (E)
- Column (B): Company Workpapers
- Column (C): Column (A) X Column (B)

POST-HEARING
SURREBUTTAL EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 2
PROPERTY TAX COMPUTATION

| LINE NO. | DESCRIPTION | REFERENCE | (A) | (B) |
|--|--|---------------------------|----------------------|-------------------------|
| Calculation Of The Company's Full Cash Value: | | | | |
| Annual Operating Revenues: | | | | |
| 1 | Adjusted Revenues In Year Ended December 2007 | SURR RLM-6, Col (C), Ln 4 | \$ 13,172,899 | |
| 2 | Adjusted Revenues In Year Ended December 2007 | SURR RLM-6, Col (C), Ln 4 | 13,172,899 | |
| 3 | Proposed Revenues | SURR RLM-6, Col (D), Ln 4 | 13,099,181 | |
| 4 | Total Three Year Operating Revenues | Sum Of Lines 1, 2 & 3 | <u>\$ 39,444,978</u> | |
| 5 | Average Annual Operating Revenues | Line 4 / 3 | <u>13,148,326</u> | |
| 6 | Two Times Three Year Average Operating Revenues | Line 5 X 2 | | \$ 26,296,652 |
| ADD: | | | | |
| 10% Of Construction Work In Progress ("CWIP"): | | | | |
| 7 | Test Year CWIP | Company Workpapers | \$ - | |
| 8 | 10% Of CWIP | Line 7 X 10% | | \$ - |
| SUBTRACT: | | | | |
| Transportation At Book Value: | | | | |
| 9 | Original Cost Of Transportation Equipment | Company Workpapers | \$ - | |
| 10 | Acc. Dep. Of Transportation Equipment | Company Workpapers | - | |
| 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>\$ 26,296,652</u> |
| Calculation Of The Company's Tax Liability: | | | | |
| MULTIPLY: | | | | |
| FCV X Valuation Assessment Ratio X Property Tax Rates: | | | | |
| 13 | Assessment Ratio | House Bill 2779 | 23.0% | |
| 14 | Assessed Value | Line 12 X Line 13 | \$ 6,048,230 | |
| Property Tax Rates: | | | | |
| 15 | Primary Tax Rate | Company Workpapers | 13.93% | |
| 16 | Secondary Tax Rate | Company Workpapers | <u>0.00%</u> | |
| 17 | Estimated Tax Rate Liability | Line 15 + Line 16 | 13.93% | |
| | Property Tax | | | \$ 842,301 |
| | Tax On Parcel | | | 1,184 |
| 18 | Company's Total Tax Liability - Based On Full Cash Value | Line 14 X Line 17 | | <u>\$ 843,485</u> |
| 19 | Test Year Adjusted Property Tax Expense As Filed | Co. Sch. C-1 | | 797,466 |
| 20 | Decrease In Property Tax Expense | Line 18 - Line 19 | | \$ 46,019 |
| 21 | RUCO Adjustment (See SURR RLM-8, Column (C)) | Line 20 | | <u><u>\$ 46,019</u></u> |

**POST-HEARING
SURREBUTTAL RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE**

| LINE NO. | DESCRIPTION | (A) | (B) | (C) | (D) | (E) | (F) |
|------------------------------|-------------------------------------|--|-------------------|---------------------------------|------------------------------|-----------------------------|---------------------|
| | | TEST YEAR DETERMINANTS Gallons In Thousands | ANNZED ADJUSTM'TS | TEST YEAR ADJUSTED DETERMINANTS | PRESENT CHARGES & USAGE FEES | TEST YEAR ADJUSTED REVENUES | TOTAL REVENUES |
| RESIDENTIAL CUSTOMERS | | | | | | | |
| 1 | 3/4" Meter | 15,212 | 1,132 | 16,344 | \$ 27.05 | \$ 5,305,708 | \$ 5,305,708 |
| | Commodity Usage | | | | | | |
| 2 | First Tier - First 4,000 Gals. | 157,703 | 54,312 | 212,015 | \$ 1,7879 | \$ 379,054 | |
| 3 | Second Tier - Next 6,000 Gals. | 575,393 | 35,724 | 611,117 | \$ 2,3296 | \$ 1,423,684 | |
| 4 | Third Tier - Over 10,000 Gals. | 668,195 | - | 668,195 | \$ 2,9918 | \$ 1,999,118 | |
| 5 | 1" Meter | 260 | 5 | 265 | \$ 45.09 | \$ 143,565 | \$ 3,801,857 |
| | Commodity Usage | | | | | | \$ 143,565 |
| 6 | First Tier - First 25,000 Gals. | 20,673 | 667 | 21,340 | \$ 2,3296 | \$ 49,714 | |
| 7 | Second Tier - Over 25,000 Gals. | 22,591 | - | 22,591 | \$ 2,9918 | \$ 67,588 | |
| 8 | 2" Meter | 1 | (0) | 1 | \$ 144.28 | \$ 1,202 | \$ 117,302 |
| | Commodity Usage | | | | | | \$ 1,202 |
| 9 | First Tier - First 80,000 Gals. | 79 | - | 79 | \$ 2,3296 | \$ 184 | |
| 10 | Second Tier - Over 80,000 Gals. | 3,762 | (406) | 3,356 | \$ 2,9918 | \$ 10,041 | |
| 11 | 3" Meter | 0 | (0) | - | \$ 288.56 | \$ - | \$ 10,225 |
| | Commodity Usage | | | | | | \$ - |
| 12 | First Tier - First 160,000 Gals. | - | - | - | \$ 2,3296 | \$ - | |
| 13 | Second Tier - Over 160,000 Gals. | - | - | - | \$ 2,9918 | \$ - | |
| 14 | Total Residential Customers | <u>15,473</u> | <u>1,137</u> | <u>16,610</u> | | | \$ - |
| 15 | Total Residential Usage | <u>1,448,397</u> | <u>90,296</u> | <u>1,538,693</u> | | | |
| 16 | TOTAL RESIDENTIAL CUSTOMERS REVENUE | | | | | | <u>\$ 9,379,858</u> |
| COMMERCIAL CUSTOMERS | | | | | | | |
| 17 | 3/4" Meter | 4 | 0 | 5 | \$ 27.05 | \$ 1,518 | \$ 1,518 |
| | Commodity Usage | | | | | | |
| 18 | First Tier - First 10,000 Gals. | 86 | (74) | 12 | \$ 2,3296 | \$ 28 | |
| 19 | Second Tier - Over 10,000 Gals. | 607 | - | 607 | \$ 2,9918 | \$ 1,816 | |
| 20 | 1" Meter | 6 | 1 | 7 | \$ 45.09 | \$ 3,548 | \$ 1,844 |
| | Commodity Usage | | | | | | \$ 3,548 |
| 21 | First Tier - First 25,000 Gals. | 409 | 63 | 472 | \$ 2,3296 | \$ 1,100 | |
| 22 | Second Tier - Over 25,000 Gals. | 2,192 | 213 | 2,405 | \$ 2,9918 | \$ 7,197 | |
| 23 | 1-1/2" Meter | 18 | (2) | 17 | \$ 90.18 | \$ 17,900 | \$ 8,296 |
| | Commodity Usage | | | | | | \$ 17,900 |
| 24 | First Tier - First 50,000 Gals. | 1,605 | (63) | 1,542 | \$ 2,3296 | \$ 3,592 | |
| 25 | Second Tier - Over 50,000 Gals. | 5,515 | (429) | 5,086 | \$ 2,9918 | \$ 15,216 | |
| 26 | 2" Meter | 26 | 5 | 31 | \$ 144.28 | \$ 54,118 | \$ 18,809 |
| | Commodity Usage | | | | | | \$ 54,118 |
| 27 | First Tier - First 80,000 Gals. | 3,499 | 420 | 3,919 | \$ 2,3296 | \$ 9,130 | |
| 28 | Second Tier - Over 80,000 Gals. | 43,206 | 6,673 | 49,879 | \$ 2,9918 | \$ 149,228 | \$ 158,358 |
| 29 | 3" Meter | 2 | - | 2 | \$ 288.56 | \$ 6,949 | \$ 6,949 |
| | Commodity Usage | | | | | | |
| 30 | First Tier - First 160,000 Gals. | - | - | - | \$ 2,3296 | \$ - | |
| 31 | Second Tier - Over 160,000 Gals. | 6,359 | - | 6,359 | \$ 2,9918 | \$ 19,024 | \$ 19,024 |
| 32 | 4" Meter | 2 | - | 2 | \$ 450.88 | \$ 10,159 | \$ 10,159 |
| | Commodity Usage | | | | | | |
| 33 | First Tier - First 250,000 Gals. | 360 | - | 360 | \$ 2,3296 | \$ 838 | |
| 34 | Second Tier - Over 250,000 Gals. | 2,649 | - | 2,649 | \$ 2,9918 | \$ 7,925 | |
| 35 | Total Commercial Customers | <u>59</u> | <u>4</u> | <u>63</u> | | | \$ 8,763 |
| 36 | Total Commercial Usage | <u>66,486</u> | <u>6,804</u> | <u>73,290</u> | | | |
| 37 | TOTAL COMMERCIAL CUSTOMERS REVENUE | | | | | | <u>\$ 309,286</u> |

**POST-HEARING
SURREBUTTAL RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE**

| LINE NO. | DESCRIPTION | (A) | (B) | (C) | (D) | (E) | (F) |
|-----------------------------------|--|--|-------------------|--------------------------------|------------------------------|-----------------------------|------------------|
| | | TEST YEAR DETERMIN'TS Gallons In Thousands | ANNZED ADJUSTM'TS | TEST YEAR ADJUSTED DETERMIN'TS | PRESENT CHARGES & USAGE FEES | TEST YEAR ADJUSTED REVENUES | TOTAL REVENUES |
| PUBLIC AUTHORITY CUSTOMERS | | | | | | | |
| 38 | 3/4" Meter | - | - | - | \$ 27.05 | \$ - | \$ - |
| | Commodity Usage | | | | | | |
| 39 | First Tier - First 10,000 Gals. | - | - | - | \$ 2,3296 | \$ - | |
| 40 | Second Tier - Over 10,000 Gals. | - | - | - | \$ 2,9918 | \$ - | |
| 41 | 1" Meter | - | - | - | \$ 45.09 | \$ - | \$ - |
| | Commodity Usage | | | | | | |
| 42 | First Tier - First 10,000 Gals. | - | - | - | \$ 2,3296 | \$ - | |
| 43 | Second Tier - Over 10,000 Gals. | - | - | - | \$ 2,9918 | \$ - | |
| 44 | 1-1/2" Meter | - | - | - | \$ 90.18 | \$ - | \$ - |
| | Commodity Usage | | | | | | |
| 45 | First Tier - First 50,000 Gals. | - | - | - | \$ 2,3296 | \$ - | |
| 46 | Second Tier - Over 50,000 Gals. | - | - | - | \$ 2,9918 | \$ - | |
| 47 | 2" Meter | 8 | 1 | 9 | \$ 144.28 | \$ 15,131 | \$ 15,131 |
| | Commodity Usage | | | | | | |
| 48 | First Tier - First 80,000 Gals. | 1,869 | - | 1,869 | \$ 2,3296 | \$ 4,354 | |
| 49 | Second Tier - Over 80,000 Gals. | 1,636 | 201 | 1,837 | \$ 2,9918 | \$ 5,495 | \$ 9,849 |
| 50 | 3" Meter | 1 | - | 1 | \$ 288.56 | \$ 3,357 | \$ 3,357 |
| | Commodity Usage | | | | | | |
| 51 | First Tier - First 160,000 Gals. | 265 | - | 265 | \$ 2,3296 | \$ 617 | |
| 52 | Second Tier - Over 160,000 Gals. | 922 | - | 922 | \$ 2,9918 | \$ 2,758 | \$ 3,376 |
| 53 | 4" Meter | 1 | - | 1 | \$ 450.88 | \$ 4,970 | \$ 4,970 |
| | Commodity Usage | | | | | | |
| 54 | First Tier - First 250,000 Gals. | 1,110 | - | 1,110 | \$ 2,3296 | \$ 2,586 | |
| 55 | Second Tier - Over 250,000 Gals. | 1,420 | - | 1,420 | \$ 2,9918 | \$ 4,248 | \$ 6,834 |
| 56 | Total Public Authority Customers: | <u>10</u> | <u>1</u> | <u>11</u> | | | |
| 57 | Total Public Authority Usage: | <u>7,222</u> | <u>201</u> | <u>7,423</u> | | | |
| 58 | TOTAL PUBLIC AUTHORITY CUSTOMERS REVENUE | | | | | \$ | <u>43,517</u> |
| IRRIGATION CUSTOMERS | | | | | | | |
| 59 | 3/4" Meter | 41 | 1 | 42 | \$ 27.05 | \$ 13,548 | \$ 13,548 |
| | Commodity Usage | | | | | | |
| 60 | First Tier - First 10,000 Gals. | 940 | (96) | 844 | \$ 2,3296 | \$ 1,967 | |
| 61 | Second Tier - Over 10,000 Gals. | 9,595 | - | 9,595 | \$ 2,9918 | \$ 28,706 | \$ 30,673 |
| 62 | 1" Meter | 50 | 4 | 55 | \$ 45.09 | \$ 29,566 | \$ 29,566 |
| | Commodity Usage | | | | | | |
| 63 | First Tier - First 25,000 Gals. | 3,087 | 266 | 3,353 | \$ 2,3296 | \$ 7,811 | |
| 64 | Second Tier - Over 25,000 Gals. | 36,814 | 696 | 37,510 | \$ 2,9918 | \$ 112,222 | \$ 120,033 |
| 65 | 1-1/2" Meter | 83 | 9 | 92 | \$ 90.18 | \$ 99,576 | \$ 99,576 |
| | Commodity Usage | | | | | | |
| 66 | First Tier - First 50,000 Gals. | 8,071 | 784 | 8,855 | \$ 2,3296 | \$ 20,629 | |
| 67 | Second Tier - Over 50,000 Gals. | 151,856 | 8,871 | 160,727 | \$ 2,9918 | \$ 480,865 | \$ 501,494 |
| 68 | 2" Meter | 77 | 8 | 85 | \$ 144.28 | \$ 146,638 | \$ 146,638 |
| | Commodity Usage | | | | | | |
| 69 | First Tier - First 80,000 Gals. | 8,681 | 658 | 9,339 | \$ 2,3296 | \$ 21,757 | |
| 70 | Second Tier - Over 80,000 Gals. | 381,324 | 24,772 | 406,096 | \$ 2,9918 | \$ 1,214,965 | \$ 1,236,721 |
| 71 | 3" Meter | 0 | 1 | 2 | \$ 288.56 | \$ 5,412 | \$ 5,412 |
| | Commodity Usage | | | | | | |
| 72 | First Tier - First 160,000 Gals. | - | - | - | \$ 2,3296 | \$ - | |
| 73 | Second Tier - Over 160,000 Gals. | - | - | - | \$ 2,9918 | \$ - | |
| 74 | 4" Meter | 2 | - | 2 | \$ 450.88 | \$ 9,495 | \$ 9,495 |
| | Commodity Usage | | | | | | |
| 75 | First Tier - First 250,000 Gals. | 2,113 | - | 2,113 | \$ 2,3296 | \$ 4,923 | |
| 76 | Second Tier - Over 250,000 Gals. | 7,919 | - | 7,919 | \$ 2,9918 | \$ 23,692 | \$ 28,615 |
| 77 | 6" Meter | 1 | - | 1 | \$ 901.76 | \$ 10,822 | \$ 10,822 |
| | Commodity Usage | | | | | | |
| 78 | First Tier - First 500,000 Gals. | 1,653 | - | 1,653 | \$ 2,3296 | \$ 3,851 | |
| 79 | Second Tier - Over 500,000 Gals. | - | - | - | \$ 2,9918 | \$ - | |
| 80 | Total Irrigation Customers: | <u>254</u> | <u>24</u> | <u>277</u> | | | \$ 3,851 |
| 81 | Total Irrigation Usage: | <u>612,053</u> | <u>35,951</u> | <u>648,003</u> | | | |
| 82 | TOTAL IRRIGATION CUSTOMERS REVENUE | | | | | \$ | <u>2,236,444</u> |

**POST-HEARING
SURREBUTTAL RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE**

| LINE NO. | DESCRIPTION | (A) | (B) | (C) | (D) | (E) | (F) |
|-------------------------------|---|--|-------------------|---------------------------------|------------------------------|-----------------------------|----------------|
| | | TEST YEAR DETERMINANTS Gallons In Thousands | ANNZED ADJUSTM'TS | TEST YEAR ADJUSTED DETERMINANTS | PRESENT CHARGES & USAGE FEES | TEST YEAR ADJUSTED REVENUES | TOTAL REVENUES |
| CONSTRUCTION CUSTOMERS | | | | | | | |
| 83 | 3/4" Meter | - | - | - | \$ 27.05 | \$ - | \$ - |
| 84 | Commodity Usage | - | - | - | \$ 2,9918 | \$ - | \$ - |
| 86 | 1" Meter | - | - | - | \$ 45.09 | \$ - | \$ - |
| 87 | Commodity Usage | - | - | - | \$ 2,9918 | \$ - | \$ - |
| 89 | 1-1/2" Meter | - | - | - | \$ 90.18 | \$ - | \$ - |
| 90 | Commodity Usage | - | - | - | \$ 2,9918 | \$ - | \$ - |
| 92 | 2" Meter | - | - | - | \$ 144.28 | \$ - | \$ - |
| 93 | Commodity Usage | - | - | - | \$ 2,9918 | \$ - | \$ - |
| 95 | 3" Meter | 13 | - | 13 | \$ 288.56 | \$ 46,169 | \$ 46,169 |
| 96 | Commodity Usage | 39,930 | - | 39,930 | \$ 2,9918 | \$ 119,463 | \$ 119,463 |
| 98 | 4" Meter | - | - | - | \$ 450.88 | \$ - | \$ - |
| 99 | Commodity Usage | - | - | - | \$ 2,9918 | \$ - | \$ - |
| 101 | 6" Meter | 12 | - | 12 | \$ 901.76 | \$ 135,263 | \$ 135,263 |
| 102 | Commodity Usage | 154,448 | - | 154,448 | \$ 2,9918 | \$ 462,080 | \$ 462,080 |
| 104 | Total Construction Customers | <u>26</u> | <u>-</u> | <u>26</u> | | | |
| 105 | Total Construction Usage | <u>194,378</u> | <u>-</u> | <u>194,378</u> | | | |
| 106 | TOTALCONSTRUCTION CUSTOMERS REVENU | | | | | <u>\$ 762,976</u> | |
| CAP CUSTOMERS | | | | | | | |
| 107 | 6" Meter | 1 | - | 1 | \$ 1,083.56 | \$ 8,116 | \$ 8,116 |
| 108 | Commodity Usage | 32,016 | - | 32,016 | \$ 0.83 | \$ 26,503 | \$ 26,503 |
| 109 | Total CAP Customers | <u>1</u> | <u>-</u> | <u>1</u> | | | |
| 110 | Total CAP Usage | <u>32,016</u> | <u>-</u> | <u>32,016</u> | | | |
| 111 | TOTAL CAP CUSTOMERS REVENUE | | | | | <u>\$ 34,619</u> | |
| 112 | TOTAL COMPANY CUSTOMER COUNT | <u>15,796</u> | <u>1,165</u> | <u>16,961</u> | | | |
| 113 | TOTAL COMPANY COMMODITY USAGE | <u>1,748,499</u> | <u>97,300</u> | <u>1,845,799</u> | | | |
| 114 | TOTAL RUCO PROPOSED REVENUE PER BILL COUNT | | | | | <u>\$ 12,766,700</u> | |
| 115 | Unreconciled Difference vs. Billed Revenues | | | | | <u>3,186</u> | |
| 116 | Other Revenues | | | | | <u>329,295</u> | |
| 117 | TOTAL REVENUE | | | | | <u>\$ 13,099,181</u> | |
| 118 | PROPOSED REVENUE PER RUCO | | | | | <u>\$ 13,099,181</u> | |
| 119 | Difference | | | | | <u>\$ 0</u> | |
| 120 | Percentage Difference | | | | | | <u>0.00%</u> |

POST-HEARING

SURREBUTTAL TYPICAL RESIDENTIAL BILL ANALYSIS

| LINE NO. | DESCRIPTION | (A) | (B) | (C) | (D) | (E) | (F) |
|--|---|--------------------------------|--|----------------------------|--------------------------------|------------------------------|--------------------------------|
| | | PRESENT | | COMPANY PROPOSED | | RUCO PROPOSED | |
| REVENUE ALLOCATION | | | | | | | |
| 1 | RESIDENTIAL | \$ 8,986,698 | 74.13% | \$ 7,790,904 | 73.44% | \$ 9,379,858 | 73.47% |
| 2 | OTHER | \$ 3,135,896 | 25.87% | \$ 2,817,595 | 26.56% | \$ 3,386,841 | 26.53% |
| 3 | TOTAL | <u>\$ 12,122,594</u> | <u>100.00%</u> | <u>\$ 10,608,499</u> | <u>100.00%</u> | <u>\$ 12,766,700</u> | <u>100.00%</u> |
| ALLOCATION RATIOS | | | | | | | |
| 4 | FIX REVENUE | 6,438,743 | 53.11% | \$ 5,044,004 | 47.55% | \$ 6,072,729 | 47.57% |
| 5 | VARIABLE REVENUE | 5,683,851 | 46.89% | \$ 5,564,495 | 52.45% | \$ 6,693,970 | 52.43% |
| 6 | TOTAL | <u>12,122,594</u> | <u>100.00%</u> | <u>\$ 10,608,499</u> | <u>100.00%</u> | <u>\$ 12,766,700</u> | <u>100.00%</u> |
| RESIDENTIAL (5/8" X 3/4") RATE DESIGN | | | | | | | |
| | | PRESENT | | COMPANY PROPOSED | | RUCO PROPOSED | |
| 7 | BASIC MONTHLY CHARGE | \$ 27.00 | | \$ 22.47 | | \$ 27.05 | |
| 8 | CAGR SURCHARGE (Average Customer Using 6,931 Gallons) | - | | 6.74 | | - | |
| 9 | TOTAL BASIC MONTHLY CHARGE | <u>\$ 27.00</u> | | <u>\$ 29.21</u> | | <u>\$ 27.05</u> | |
| COMMODITY CHARGE | | | | | | | |
| | | PRESENT | | PROPOSED | | | |
| 10 | First Tier - First 7,000 Gals. | First Tier - First 4,000 Gals. | \$ 2,2500 | \$ 1,4850 | | \$ 1,7879 | |
| 11 | Second Tier - Over 7,000 Gals. | Second Tier - Next 6,000 Gals. | \$ 2,5000 | \$ 1,9350 | | \$ 2,3296 | |
| 12 | | Third Tier - Over 10,000 Gals. | N/A | \$ 2,4850 | | \$ 2,9918 | |
| RESIDENTIAL BILL COMPARISONS | | | | | | | |
| | COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL | | % OF AVERAGE MONTH USAGE OF 6,931 Gal. | PRESENT MONTHLY WATER COST | RUCO PROP'D MONTHLY WATER COST | RUCO PROP'D MONTHLY INCREASE | RUCO PROP'D MONTHLY % INCREASE |
| 13 | | 1,733 | 25.00% | \$ 30.90 | \$ 30.15 | \$ (0.75) | -2.42% |
| 14 | | 3,466 | 50.00% | \$ 34.80 | \$ 33.25 | \$ (1.55) | -4.45% |
| 15 | | 6,931 | 100.00% | \$ 42.59 | \$ 41.03 | \$ (1.56) | -3.67% |
| 16 | | 10,397 | 150.00% | \$ 51.24 | \$ 49.37 | \$ (1.87) | -3.65% |
| 17 | | 13,862 | 200.00% | \$ 59.91 | \$ 59.74 | \$ (0.17) | -0.28% |

**POST-HEARING
SURREBUTTAL EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 5
CAGRD EXPENSE**

| LINE NO. | DESCRIPTION | REFERENCE | (A) VALUES | (B) PERCENTAGES | (C) WEIGHTED ALLOCATION FACTOR | (D) COMPOSITE FEES |
|--|--|-----------------------|---------------------|--------------------|-----------------------------------|-----------------------|
| 1 | TEST-YEAR CAGRD FEES - PHOENIX AMA | G/L | \$ 858,000 | 97.08% | | |
| 2 | TEST-YEAR CAGRD FEES - PINAL AMA | G/L | 25,842 | 2.92% | | |
| 3 | TOTALS | Sum Lines 1 & 2 | <u>\$ 883,842</u> | <u>100.00%</u> | | |
| 2009/2010 CAGRD FEES (Per Thousand Gallons) | | | | | | |
| 4 | CAGRD - PHOENIX AMA | CAGRD Web Site | \$ 0.976 | 53.28% | | |
| 5 | CAGRD - PINAL AMA | CAGRD Web Site | \$ 0.856 | 46.72% | | |
| 6 | TOTALS | Sum Lines 4 & 5 | <u>\$ 1.832</u> | <u>100.00%</u> | | |
| CALCULATION OF THE COMPOSITE 2009/2010 CAGRD FEE | | | | | | |
| 7 | CAGRD - PHOENIX AMA | Lines 1 & 4 | 97.08% | 53.28% | 0.5172 | \$ 0.947 |
| 8 | CAGRD - PINAL AMA | Lines 2 & 5 | 2.92% | 46.72% | 0.0137 | \$ 0.025 |
| 9 | TOTALS | Sum Lines 7 & 8 | <u>100.00%</u> | <u>100.00%</u> | | <u>\$ 0.972</u> |
| 10 | TEST-YEAR GALLONS SOLD (In Thousands Of Gallons) | Co. Application Pg 16 | 2,631,314 | | | |
| 11 | COMPOSITE 2009/2010 CAGRD FEE | Line 9 | \$ 0.972 | | | |
| 12 | ADJUSTED CAGRD FEES | Line 10 X Line 11 | <u>\$ 2,558,930</u> | | | |
| 13 | RUCO ADJUSTED CAGRD FEES (See RLM-8, Col. (F)) | Line 12 | <u>\$ 2,558,930</u> | | | |

**POST-HEARING
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| SURR RLM-5 | 1 | RATE BASE ADJUSTMENT NO. 2 - REVISED DIRECT REINSTATEMENT OF ACC. AMORT. ON CIAC |
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| | | OPERATING INCOME ADJUSTMENT NO. 6 - SURREBUTTAL ADJUSTED MISCELLANEOUS EXPENSES |
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**POST-HEARING
SURREBUTTAL REVENUE REQUIREMENT**

| LINE NO. | DESCRIPTION | (A) COMPANY OCRB/FVRB COST | (B) RUCO OCRB/FVRB COST |
|----------|---|-------------------------------------|----------------------------------|
| 1 | Original Cost Rate Base | \$ 19,149,173 | \$ 11,252,776 |
| 2 | Adjusted Operating Income (Loss) | \$ 592,491 | \$ 1,401,995 |
| 3 | Recommended Operating Income (8.18% Operating Margin) (L11 X 10%) | N/A | \$ 886,599 |
| 4 | Current Rate Of Return (L2 / L1) | 3.09% | N/A |
| 5 | Required Operating Income (L5 X L1) | \$ 1,997,259 | N/A |
| 6 | Required Rate Of Return On Fair Value Rate Base | 10.43% | N/A |
| 7 | Operating Income Deficiency (L4 - L2) | \$ 1,404,768 | N/A |
| 8 | Gross Revenue Conversion Factor | 1.5944 | 1.0000 |
| 9 | Increase In Gross Revenue Requirement (L7 X L6) | \$ 2,239,804 | \$ (515,397) |
| 10 | Adjusted Test Year Revenue | \$ 11,288,663 | \$ 11,354,014 |
| 11 | Proposed Annual Revenue (L8 + L9) | \$ 13,528,467 | \$ 10,838,617 |
| 12 | Required Percentage Increase In Revenue (L8 / L9) | 19.84% | -4.54% |
| 13 | Rate Of Return On Common Equity | 10.50% | N/A |
| 14 | Current Operating Margin (L2 / L10) | 5.25% | 12.35% |
| 15 | Required Operating Margin | N/A | 8.18% |

References:

Column (A): Company Schedules A-1 and C-1
Column (B): RUCO Schedule SURR RLM-2, SURR RLM-7 And RLM-13

**POST-HEARING
SURREBUTTAL RATE BASE - ORIGINAL COST**

| LINE NO. | DESCRIPTION | (A) COMPANY AS FILED OCRB/FVRB | (B) RUCO OCRB/FVRB ADJUSTMENTS | (C) RUCO ADJ'TED OCRB/FVRB |
|----------|---|---|---|-------------------------------------|
| 1 | Gross Utility Plant In Service | \$ 126,534,592 | \$ (9,547,463) | \$ 116,987,129 |
| 2 | Accumulated Depreciation | (7,923,684) | 609,288 | (7,314,396) |
| 3 | Net Utility Plant In Service (Sum L1 & L2) | <u>\$ 118,610,908</u> | <u>\$ (8,938,175)</u> | <u>\$ 109,672,733</u> |
| 4 | Advances In Aid Of Const. | \$ (54,440,657) | \$ - | \$ (54,440,657) |
| 5 | Contribution In Aid Of Const. | \$ (46,007,904) | \$ (16,505) | \$ (46,024,409) |
| 6 | Accumulated Amortization Of CIAC | - | 1,058,281 | 1,058,281 |
| 7 | NET CIAC (L5 + L6) | <u>\$ (46,007,904)</u> | <u>\$ 1,041,776</u> | <u>\$ (44,966,128)</u> |
| 8 | Customer Meter Deposits | \$ - | \$ - | \$ - |
| 9 | Deferred Income Taxes And Credits | \$ - | \$ - | \$ - |
| 10 | Investment Tax Credits | \$ - | \$ - | \$ - |
| 11 | Shared Gain On Well | \$ - | \$ - | \$ - |
| 12 | Prepayments | \$ - | \$ - | \$ - |
| 13 | Materials And Supplies | \$ - | \$ - | \$ - |
| 14 | Deferred Assets | \$ 986,826 | \$ - | \$ 986,826 |
| 15 | Allowance For Working Capital | \$ - | \$ - | \$ - |
| 16 | Rounding | \$ - | \$ 2 | \$ 2 |
| 17 | TOTAL RATE BASE (Sum L's 3, 4, & 7 Thru 16) | <u>\$ 19,149,173</u> | <u>\$ (7,896,397)</u> | <u>\$ 11,252,776</u> |

References:

- Column (A): Company Schedule B-1
- Column (B): Schedule SURR RLM-3
- Column (C): Column (A) + Column (B)

**POST-HEARING
SURREBUTTAL SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS**

| LINE NO. | DESCRIPTION | (A) COMPANY AS FILED OCRB | (B) REVISED ADJMT NO. 1 POST TEST YEAR PLANT | (C) REVISED ADJMT NO. 2 ACC AMORT ON (HUF) CIAC | (D) ADJMT NO. 3 REINSTATE (HUF) CIAC | (E) SURREBTAL ADJMT NO. 4 GROSS PLANT | (F) SURREBTAL ADJMT NO. 5 ACCUMULT'D DEPRECT'N | (G) LEFT BLANK | (H) LEFT BLANK | (I) RUCO ADJ'TED OCRB/FVRB |
|----------|---|---------------------------------|--|---|---|---|--|----------------------|----------------------|-------------------------------------|
| 1 | Gross Utility Plant In Service | \$ 126,534,592 | \$ 490,896 | \$ - | \$ - | \$ (10,038,359) | \$ - | \$ - | \$ - | \$ 116,987,129 |
| 2 | Accumulated Depreciation | (7,923,684) | - | - | - | - | 609,288 | - | - | (7,314,396) |
| 3 | Net Utility Plant In Service (Sum L1 & L3) | <u>\$ 118,610,908</u> | <u>\$ 490,896</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (10,038,359)</u> | <u>\$ 609,288</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 109,672,733</u> |
| 4 | Advances In Aid Of Const. | \$ (54,440,657) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (54,440,657) |
| 5 | Contribution In Aid Of Const. | \$ (48,915,085) | \$ - | \$ - | \$ (16,505) | \$ - | \$ - | \$ - | \$ - | \$ (48,931,590) |
| 6 | Accumulated Amortization Of CIAC | 2,907,181 | - | 1,058,281 | - | - | - | - | - | 3,965,462 |
| 7 | NET CIAC (L5 + L6) | <u>\$ (46,007,903)</u> | <u>\$ -</u> | <u>\$ 1,058,281</u> | <u>\$ (16,505)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (44,966,128)</u> |
| 8 | Customer Meter Deposits | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 9 | Deferred Income Taxes And Credits | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 10 | Investment Tax Credits | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 11 | Shared Gain On Well | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 12 | Prepayments | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 13 | Materials And Supplies | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 14 | Deferred Assets | \$ 986,826 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 986,826 |
| 15 | Allowance For Working Capital | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 16 | Rounding | \$ (1) | - | - | - | - | - | - | - | 2 |
| 17 | TOTAL RATE BASE (Sum L's 3, 4, & 7 Thru 16) | <u>\$ 19,149,173</u> | <u>\$ 490,896</u> | <u>\$ 1,058,281</u> | <u>\$ (16,505)</u> | <u>\$ (10,038,359)</u> | <u>\$ 609,288</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 11,252,776</u> |

References:

- Column (A): Company Schedule B-2
- Column (B): Adjustment No. 1 - Revised Direct Adjustment To Post Test-Year Plant (See Surrebittal Testimony, RLM)
- Column (C): Adjustment No. 2 - Revised Direct Adjustment To Reverse Company's Adjustment To Remove The CIAC's Accumulated Amortization (See SURR RLM-5 And Surrebittal Testimony, RLM)
- Column (D): Adjustment No. 3 - Reverse Company's Adjustment To Remove The CIAC Associated With Unexpended Hook-Up Fees (See Direct Testimony, RLM)
- Column (E): Adjustment No. 4 - Surrebittal Adjusted Gross Plant In Service Plant (See SURR RLM-6 And Surrebittal Testimony, RLM)
- Column (F): Adjustment No. 5 - Surrebittal Adjusted Accumulated Depreciation (See Surrebittal Testimony, RLM)
- Column (G): Intentionally Left Blank
- Column (H): Intentionally Left Blank
- Column (I): Sum Of Columns (A), (B), (C), (D), (E), (F), (G) & (H)

**POST-HEARING
EXPLANATION OF RATE BASE ADJUSTMENT NO. 2
COMPUTATION OF ACCUMULATED AMORTIZATION ON CIAC BALANCES**

| LINE NO. | DESCRIPTION | (A) AMOUNT RECORDED | (B) UNEXP'D CASH | (C) AMORT BALANCE | (D) AMORT RATE | (E) AMORTIZ'N | (F) YEAR | (G) TOTAL AMORTIZ'N | (H) ACC AMORTIZ'N |
|----------|--|---------------------------|------------------------|-------------------------|----------------------|------------------|-------------|---------------------------|-------------------------|
| 1 | Balance at 12/31/1997 | \$ - | | - | 0.00% | \$ - | | \$ - | \$ - |
| 2 | Additions 1998 | 35,000 | | | | | | | |
| 3 | Balance at 12/31/1998 | 35,000 | | 35,000 | 2.50% | 875 | 1998 | 875 | 875 |
| 4 | Additions 1999 | 303,000 | | | | | | | |
| 5 | Balance at 12/31/1999 | 338,000 | | 338,000 | 2.50% | 8,450 | 1999 | 8,450 | 9,325 |
| 6 | Additions 2000 | 1,067,352 | | | | | | | |
| 7 | Balance at 12/31/2000 | 1,405,352 | | 1,405,352 | 2.50% | 35,134 | 2000 | 35,134 | 44,459 |
| 8 | Additions 2001 | 893,800 | | | | | | | |
| 9 | Balance at 12/31/2001 | 2,299,152 | | 2,299,152 | 2.50% | 57,479 | 2001 | 57,479 | 101,938 |
| 10 | Additions 2002 | 2,909,170 | | | | | | | |
| 11 | Balance at 12/31/2002 | 5,208,322 | | 5,208,322 | 2.50% | 130,208 | 2002 | 130,208 | 232,146 |
| 12 | Additions 2003 | 6,455,300 | | | | | | | |
| 13 | Balance at 12/31/2003 | ##### | | ##### | 2.50% | 291,591 | 2003 | 291,591 | 523,736 |
| 14 | Additions 2004 | 8,679,970 | | | | | | | |
| 15 | Balance at 12/31/2004 | ##### | | ##### | 2.50% | 508,590 | 2004 | 508,590 | 1,032,326 |
| 16 | Additions 2005 | 8,119,350 | | | | | | | |
| 17 | Balance at 12/31/2005 | ##### | | ##### | 2.50% | 711,574 | 2005 | 711,574 | 1,743,900 |
| 18 | Additions 2006 | ##### | | | | | | | |
| 19 | Balance at 12/31/2006 | ##### | | ##### | 2.50% | 998,272 | 2006 | 998,272 | 2,742,172 |
| 20 | Additions 2007 | 9,000,699 | | | | | | | |
| 21 | Balance at 12/31/2007 | ##### | | ##### | 2.50% | 1,223,290 | 2007 | 1,223,290 | 3,965,462 |
| 22 | RUCO As Calculated | | | | | | | | ##### |
| 23 | Company As Filed | | | | | | | | <u>2,907,181</u> |
| 24 | Difference | | | | | | | | <u>#####</u> |
| 25 | RUCO Adjustment (See SURR RLM-3, Column (C)) | | | | | | | | <u>#####</u> |

References:

**POST-HEARING
SURREBUTTAL PRO FORMA PLANT ADJUSTMENTS**

| LINE NO. | ACCT NO. | ACCOUNT NAME | (A) COMPANY ADJUSTED TY PLANT | (B) ADJMT NO. 1 POST TEST YEAR PLANT | (C) ADJMT NO. 2 NOT USED AND USEFUL PLANT | (D) ADJMT NO. 3 EXCESS CAPACITY | (E) LEFT BLANK | (F) LEFT BLANK | (G) LEFT BLANK | (H) ADJUSTED TEST-YEAR PLANT |
|----------|----------|--|--|---|--|--|----------------------|----------------------|----------------------|---------------------------------------|
| 1 | 351 | Organization | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2 | 352 | Franchises | - | - | - | - | - | - | - | - |
| 3 | 353 | Land and Land Rights | 4,122,800 | - | - | - | - | - | - | 4,122,800 |
| 4 | 354 | Structures And Improvements | 453,663 | - | (14,491) | - | - | - | - | 439,172 |
| 5 | 355 | Power Generation Equipment | - | - | - | - | - | - | - | - |
| 6 | 360 | Collection Sewers - Force | 22,821,129 | - | (1,579,593) | - | - | - | - | 21,241,536 |
| 7 | 361 | Collection Sewers - Gravity | 24,287,592 | - | - | - | - | - | - | 24,287,592 |
| 8 | 362 | Special Collecting Structures | - | - | - | - | - | - | - | - |
| 9 | 363 | Services To Customers | - | - | - | - | - | - | - | - |
| 10 | 364 | Flow Measuring Devices | - | - | - | - | - | - | - | - |
| 11 | 365 | Flow Measuring Installations | - | - | - | - | - | - | - | - |
| 12 | 370 | Receiving Wells | - | - | - | - | - | - | - | - |
| 13 | 371 | Pumping Equipment | 7,613,724 | - | - | - | - | - | - | 7,613,724 |
| 14 | 375 | Reuse T & D | 958,645 | - | - | - | - | - | - | 958,645 |
| 15 | 380 | Treatment And Disposal Equipment | - | - | - | - | - | - | - | - |
| 16 | 381 | Plant Sewers | 66,277,037 | - | (3,001,214) | (5,443,062) | - | - | - | 57,832,761 |
| 17 | 382 | Outfall Sewer Lines | - | - | - | - | - | - | - | - |
| 18 | 389 | Other Plant And Miscellaneous Equipment | - | - | - | - | - | - | - | - |
| 19 | 390 | Office Furniture And Equipment | - | - | - | - | - | - | - | - |
| 20 | 391 | Transportation Equipment | - | - | - | - | - | - | - | - |
| 21 | 393 | Tools, Shop And Garage Equipment | - | - | - | - | - | - | - | - |
| 22 | 394 | Laboratory Equipment | - | - | - | - | - | - | - | - |
| 23 | 395 | Power Operated Equipment | - | - | - | - | - | - | - | - |
| 24 | 398 | Other Tangible Plant | - | - | - | - | - | - | - | - |
| | | Rounding | ¹ | | | | | | | ² |
| 29 | | TOTAL WATER PLANT | <u>\$ 126,534,591</u> | <u>\$ -</u> | <u>\$ (4,595,298)</u> | <u>\$ (5,443,062)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 116,496,232</u> |
| 30 | | Company As Filed (Column (A), Line 29) | | | | | | | | \$ 126,534,591 |
| 31 | | Difference (Line 29 - Line 30) | | | | | | | | <u>\$ (10,038,359)</u> |
| 32 | | RUCO Adjustment (Line 31) (See SURR RLM-3, Page 1, Column (F)) | | | | | | | | <u>\$ (10,038,359)</u> |

References:

- Column (A): Company Schedules B-2
- Column (B): Intentionally Left Blank
- Columns (C) & (D): Staff Schedule JMM-WW3
- Column (E): Intentionally Left Blank
- Column (F): Intentionally Left Blank
- Column (G): Intentionally Left Blank
- Column (H): Sum Of Columns (A) Thru (G)

**POST-HEARING
SURREBUTTAL OPERATING INCOME**

| LINE NO. | DESCRIPTION | (A) COMPANY AS FILED | (B) RUCO TEST YEAR ADJMTS | (C) RUCO TEST YEAR AS ADJ'TED | (D) RUCO PROP'D CHANGES | (E) RUCO AS RECOMM'D |
|---------------------|-----------------------------------|-------------------------------|------------------------------------|--|----------------------------------|-------------------------------|
| Revenues: | | | | | | |
| 1 | Flate Rate Revenues | \$ 10,786,457 | \$ 65,351 | \$ 10,851,808 | \$ (515,397) | \$ 10,336,411 |
| 2 | Misc. Service Revenues | - | - | - | - | - |
| 3 | Other Wastewater Revenues | 502,206 | - | 502,206 | - | 502,206 |
| 4 | TOTAL OPERATING REVENUE | \$ 11,288,663 | \$ 65,351 | \$ 11,354,014 | \$ (515,397) | \$ 10,838,617 |
| Operating Expenses: | | | | | | |
| 5 | Salaries And Wages | \$ - | \$ - | \$ - | \$ - | \$ - |
| 6 | Purchased Wastewater Treatment | - | - | - | - | - |
| 7 | Sludge Removal Expense | 286,429 | (7,688) | 278,741 | - | 278,741 |
| 8 | Purchased Power | 688,557 | 26,003 | 714,560 | - | 714,560 |
| 9 | Fuel For Power Production | - | - | - | - | - |
| 10 | Chemicals | 147,196 | - | 147,196 | - | 147,196 |
| 11 | Materials And Supplies | 32,762 | - | 32,762 | - | 32,762 |
| 12 | Contractual Services | 4,826,240 | - | 4,826,240 | - | 4,826,240 |
| 13 | Repairs And Maintenance | 116,474 | - | 116,474 | - | 116,474 |
| 14 | Rents | 48,151 | - | 48,151 | - | 48,151 |
| 15 | Transportation Expenses | - | - | - | - | - |
| 16 | Insurance | 21,039 | - | 21,039 | - | 21,039 |
| 18 | Regulatory Comm. Exp. - Rate Case | 33,333 | (13,333) | 20,000 | - | 20,000 |
| 19 | Miscellaneous Expense | 231,593 | (993) | 230,600 | - | 230,600 |
| 20 | Depreciation Expense | 3,142,068 | (362,533) | 2,779,535 | - | 2,779,535 |
| 21 | Taxes Other Than Income | 6,525 | - | 6,525 | - | 6,525 |
| 22 | Property Taxes | 785,281 | (55,085) | 730,196 | - | 730,196 |
| 23 | Income Tax | 330,522 | (330,522) | - | - | - |
| 24 | Rounding | 2 | - | - | - | - |
| 25 | TOTAL OPERATING EXPENSES | \$ 10,696,172 | \$ (744,151) | \$ 9,952,019 | \$ - | \$ 9,952,019 |
| 26 | OPERATING INCOME (LOSS) | \$ 592,491 | \$ 809,502 | \$ 1,401,995 | \$ (515,397) | \$ 886,599 |

References:

- Column (A): Company Schedule C-1
- Column (B): SURR RLM-8, Columns (B) Thru (I)
- Column (C): Column (A) + Column (B)
- Column (D): SURR RLM-1
- Column (E): Column (C) + Column (D)

| POST-HEARING TEST YEAR AS FILED AND ADJUSTMENTS | | | | | | | | | | | |
|--|-----------------------------------|---|--|---|--|--|--|---|----------------------|-------------------------------------|--------------------------|
| LINE NO. | (A) COMPANY AS FILED | (B) REVISED ADJMT NO. 1 DEPRECIAT'N & AMORTIZ'N | (C) REVISED ADJMT NO. 2 PROPERTY TAX | (D) ADJMT NO. 3 REVENUE ADJUSTMENT | (E) ADJMT NO. 4 RATE CASE EXPENSE | (F) SURR'BTAL ADJMT NO. 5 SLUDGE REMOVAL | (G) REVISED ADJMT NO. 6 UNNECESS'Y EXPENSE | (H) SURR'BTAL ADJMT NO. 7 PURCHASED POWER | (I) LEFT BLANK | (J) ADJMT NO. 9 INCOME TAX | (K) RUCO AS ADJT'D |
| Revenues: | | | | | | | | | | | |
| 1 | Flate Rate Revenues | \$ 10,786,457 | \$ - | \$ - | \$ 65,351 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 10,851,808 |
| 2 | Misc. Service Revenues | - | - | - | - | - | - | - | - | - | - |
| 3 | Other Wastewater Revenues | 502,206 | - | - | - | - | - | - | - | - | 502,206 |
| 4 | TOTAL OPERATING REV | \$ 11,288,663 | \$ - | \$ - | \$ 65,351 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 11,354,014 |
| Operating Expenses: | | | | | | | | | | | |
| 5 | Salaries And Wages | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 6 | Purchased Wastewater Treatment | - | - | - | - | - | - | - | - | - | - |
| 7 | Sludge Removal Expense | 286,429 | - | - | - | (7,688) | - | - | - | - | 278,741 |
| 8 | Purchased Power | 688,557 | - | - | - | - | - | 26,003 | - | - | 714,560 |
| 9 | Fuel For Power Production | - | - | - | - | - | - | - | - | - | - |
| 10 | Chemicals | 147,196 | - | - | - | - | - | - | - | - | 147,196 |
| 11 | Materials And Supplies | 32,762 | - | - | - | - | - | - | - | - | 32,762 |
| 12 | Contractual Services | 4,826,240 | - | - | - | - | - | - | - | - | 4,826,240 |
| 13 | Repairs And Maintenance | 116,474 | - | - | - | - | - | - | - | - | 116,474 |
| 14 | Rents | 48,151 | - | - | - | - | - | - | - | - | 48,151 |
| 15 | Transportation Expenses | - | - | - | - | - | - | - | - | - | - |
| 16 | Insurance | 21,039 | - | - | - | - | - | - | - | - | 21,039 |
| 18 | Regulatory Comm. Exp. - Rate Case | 33,333 | - | - | (13,333) | - | - | - | - | - | 20,000 |
| 19 | Miscellaneous Expense | 231,593 | - | - | - | - | (993) | - | - | - | 230,600 |
| 20 | Depreciation Expense | 3,142,068 | (362,533) | - | - | - | - | - | - | - | 2,779,535 |
| 21 | Taxes Other Than Income | 6,525 | - | - | - | - | - | - | - | - | 6,525 |
| 22 | Property Taxes | 785,281 | - | (55,085) | - | - | - | - | - | - | 730,196 |
| 23 | Income Tax | 330,522 | - | - | - | - | - | - | - | (330,522) | - |
| 24 | Rounding | 2 | - | - | - | - | - | - | - | - | - |
| 25 | TOTAL OPERATING EXP | \$ 10,696,172 | \$ (362,533) | \$ (55,085) | \$ - | \$ (13,333) | \$ (7,688) | \$ (993) | \$ 26,003 | \$ (330,522) | \$ 9,952,019 |
| 26 | OPERATING INC. (LOSS) | \$ 592,491 | | | | | | | | | \$ 1,401,995 |

ADJUSTMENTS:
1 Depreciation And Amortization Expense
2 Property Tax Computation
3 Revenue Adjustment
4 Rate Case Expense
5 Sludge Removal
6 Unnecessary Expenses
7 Purchased Power
8 Intentionally Left Blank
9 Income Tax

REFERENCE:
Surrebuttal Testimony, RLM And Schedule SURR RLM-9
Surrebuttal Testimony, RLM And Schedule SURR RLM-10
Direct Testimony, RLM
Direct Testimony, RLM And Schedule RLM-11
Surrebuttal Testimony, RLM
Direct Testimony, RLM And Schedule RLM-12
Surrebuttal Testimony, RLM
Testimony, RLM And Schedule RLM-13

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

| LINE NO. | ACCOUNT NO. | ACCOUNT NAME | (A) TOTAL PLANT VALUE | (B) COMPANY PROPOSED DEP. RATES | (C) TEST YEAR DEPRECIATION EXPENSE |
|----------|-------------|---|--------------------------|------------------------------------|---------------------------------------|
| 1 | 351 | Organization | \$ - | 0.00% | \$ - |
| 2 | 352 | Franchises | - | 0.00% | - |
| 3 | 353 | Land and Land Rights | 4,122,800 | 0.00% | - |
| 4 | 354 | Structures And Improvements | 439,172 | 3.33% | 14,624 |
| 5 | 355 | Power Generation Equipment | - | 5.00% | - |
| 6 | 360 | Collection Sewers - Force | 21,241,536 | 2.00% | 424,831 |
| 7 | 361 | Collection Sewers - Gravity | 24,287,592 | 2.00% | 485,752 |
| 8 | 362 | Special Collecting Structures | - | 2.00% | - |
| 9 | 363 | Services To Customers | - | 2.00% | - |
| 10 | 364 | Flow Measuring Devices | - | 10.00% | - |
| 11 | 365 | Flow Measuring Installations | - | 10.00% | - |
| 12 | 370 | Receiving Wells | - | 3.33% | - |
| 13 | 371 | Pumping Equipment | 7,613,724 | 12.50% | 951,716 |
| 14 | 375 | Reuse T & D | 958,645 | 2.50% | 23,966 |
| 15 | 380 | Treatment And Disposal Equipment | - | 5.00% | - |
| 16 | 381 | Plant Sewers | 57,832,761 | 5.00% | 2,891,638 |
| 17 | 382 | Outfall Sewer Lines | - | 3.33% | - |
| 18 | 389 | Other Plant And Miscellaneous Equipment | - | 6.67% | - |
| 19 | 390 | Office Furniture And Equipment | - | 20.00% | - |
| 20 | 391 | Transportation Equipment | - | 20.00% | - |
| 21 | 393 | Tools, Shop And Garage Equipment | - | 5.00% | - |
| 22 | 394 | Laboratory Equipment | - | 10.00% | - |
| 23 | 395 | Power Operated Equipment | - | 5.00% | - |
| 24 | 398 | Other Tangible Plant | - | 10.00% | - |
| 25 | | TOTAL TEST-YEAR GROSS PLANT AND DEPRECIATION EXPENSE | \$ 116,496,230 | | \$ 4,792,527 |
| 26 | | AMORTIZATION OF CONTRIBUTIONS | (48,931,590) | 4.11% | (2,012,992) |
| 27 | | Rounding | | | - |
| 28 | | TOTAL DEPRECIATION EXPENSE | | | \$ 2,779,535 |
| 29 | | Company As Filed | | | 3,142,068 |
| 30 | | Difference | | | \$ (362,533) |
| 31 | | RUCO Adjustment (See SURR RLM-8, Column (B)) | | | \$ (362,533) |

References:

- Column (A): SURR RLM-6, Column (H)
- Column (B): Company Workpapers
- Column (C): Column (A) X Column (B)

POST-HEARING
SURREBUTTAL EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 2
PROPERTY TAX COMPUTATION

| LINE NO. | DESCRIPTION | REFERENCE | (A) | (B) |
|--|--|---------------------------|-------------------|---------------------------|
| Calculation Of The Company's Full Cash Value: | | | | |
| Annual Operating Revenues: | | | | |
| 1 | Adjusted Revenues In Year Ended December 2007 | Sch. RLM-6, Col (C), Ln 4 | \$ 11,354,014 | |
| 2 | Adjusted Revenues In Year Ended December 2007 | Sch. RLM-6, Col (C), Ln 4 | 11,354,014 | |
| 3 | Proposed Revenues | Sch. RLM-6, Col (D), Ln 4 | 10,838,617 | |
| 4 | Total Three Year Operating Revenues | Sum Of Lines 1, 2 & 3 | \$ 33,546,645 | |
| 5 | Average Annual Operating Revenues | Line 4 / 3 | <u>11,182,215</u> | |
| 6 | Two Times Three Year Average Operating Revenues | Line 5 X 2 | | \$ 22,364,430 |
| ADD: | | | | |
| 10% Of Construction Work In Progress ("CWIP"): | | | | |
| 7 | Test Year CWIP | Company Workpapers | \$ - | |
| 8 | 10% Of CWIP | Line 7 X 10% | | \$ - |
| SUBTRACT: | | | | |
| Transportation At Book Value: | | | | |
| 9 | Original Cost Of Transportation Equipment | Company Workpapers | \$ - | |
| 10 | Acc. Dep. Of Transportation Equipment | Company Workpapers | - | |
| 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>\$ 22,364,430</u> |
| Calculation Of The Company's Tax Liability: | | | | |
| MULTIPLY: | | | | |
| FCV X Valuation Assessment Ratio X Property Tax Rates: | | | | |
| 13 | Assessment Ratio | House Bill 2779 | 23.0% | |
| 14 | Assessed Value | Line 12 X Line 13 | \$ 5,143,819 | |
| Property Tax Rates: | | | | |
| 15 | Primary Tax Rate | Company Workpapers | 14.04% | |
| 16 | Secondary Tax Rate | Company Workpapers | <u>0.00%</u> | |
| 17 | Estimated Tax Rate Liability | Line 15 + Line 16 | 14.04% | |
| | Property Tax | | | \$ 722,088 |
| | Tax On Parcel | | | 8,108 |
| 18 | Company's Total Tax Liability - Based On Full Cash Value | Line 14 X Line 17 | | <u>\$ 730,196</u> |
| 19 | Test Year Adjusted Property Tax Expense As Filed | Co. Sch. C-1 | | 785,281 |
| 20 | Decrease In Property Tax Expense | Line 18 - Line 19 | | \$ (55,085) |
| 21 | RUCO Adjustment (See SURR RLM-8, Column (C)) | Line 20 | | <u><u>\$ (55,085)</u></u> |

**POST-HEARING
SURREBUTTAL RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE**

| LINE NO. | DESCRIPTION | (A) TEST YEAR DETERMINTS | (B) ANNZED ADJUSTMTS | (C) TEST YEAR ADJUSTED DETERMINTS | PRESENT CHARGES & USAGE FEES | (E) TEST YEAR ADJUSTED REVENUES | (F) TOTAL REVENUES |
|-----------------------------------|---|--------------------------------|----------------------------|--|------------------------------------|--|--------------------------|
| RESIDENTIAL CUSTOMERS | | | | | | | |
| 1 | 3/4" Meter | 21,448 | 1,476 | 22,924 | \$ 36.90 | \$ 10,150,167 | \$ 10,150,167 |
| 2 | 1" Meter | 77 | 6 | 83 | \$ 46.97 | \$ 46,781 | \$ 46,781 |
| 3 | 2" Meter | 0 | 0 | 0 | \$ 97.28 | \$ - | \$ - |
| 4 | 3" Meter | 0 | 1 | 1 | \$ 369.02 | \$ 4,428 | \$ 4,428 |
| 5 | Total Residential Customers | <u>21,525</u> | <u>1,483</u> | <u>23,008</u> | | | |
| 6 | TOTAL RESIDENTIAL CUSTOMERS REVENUE | | | | | | <u>\$ 10,201,377</u> |
| COMMERCIAL CUSTOMERS | | | | | | | |
| 7 | 3/4" Meter | 5 | 1 | 5 | \$ 36.90 | \$ 2,214 | \$ 2,214 |
| 8 | 1" Meter | 5 | 1 | 6 | \$ 46.97 | \$ 3,382 | \$ 3,382 |
| 9 | 1-1/2" Meter | 30 | -4 | 26 | \$ 60.39 | \$ 18,841 | \$ 18,841 |
| 10 | 2" Meter | 25 | 5 | 30 | \$ 97.28 | \$ 35,022 | \$ 35,022 |
| 11 | 3" Meter | 1 | 0 | 1 | \$ 369.02 | \$ 4,428 | \$ 4,428 |
| 12 | 4" Meter | 2 | 0 | 2 | \$ 704.49 | \$ 16,908 | \$ 16,908 |
| 13 | Total Commercial Customers | <u>68</u> | <u>2</u> | <u>70</u> | | | |
| 14 | TOTAL COMMERCIAL CUSTOMERS REVENUE | | | | | | <u>\$ 80,794</u> |
| PUBLIC AUTHORITY CUSTOMERS | | | | | | | |
| 15 | 3/4" Meter | 1 | 0 | 1 | \$ 36.90 | \$ 443 | \$ 443 |
| 16 | 1" Meter | 0 | 0 | 0 | \$ 46.97 | \$ - | \$ - |
| 17 | 1-1/2" Meter | 0 | 0 | 0 | \$ 60.39 | \$ - | \$ - |
| 18 | 2" Meter | 7 | 0 | 7 | \$ 97.28 | \$ 8,561 | \$ 8,561 |
| 19 | 3" Meter | 1 | 0 | 1 | \$ 369.02 | \$ 4,428 | \$ 4,428 |
| 20 | 4" Meter | 1 | 0 | 1 | \$ 704.49 | \$ 8,454 | \$ 8,454 |
| 21 | Total Public Authority Customers | <u>10</u> | <u>0</u> | <u>10</u> | | | |
| 22 | TOTAL PUBLIC AUTHORITY CUSTOMERS REVENUE | | | | | | <u>\$ 21,886</u> |
| EFFLUENT CUSTOMERS | | | | | | | |
| 23 | 6" Meter | 0 | 0 | 0 | \$ - | \$ - | \$ - |
| 24 | Commodity Usage | 53,489 | 0 | 53,489 | \$ 0.62 | \$ 33,163 | \$ 33,163 |
| 25 | Total Effluent Customers | <u>0</u> | <u>0</u> | <u>0</u> | | | |
| 26 | Total Effluent Usage | <u>53,489</u> | <u>0</u> | <u>53,489</u> | | | |
| 27 | TOTAL COMPANY CUSTOMER COUNT | <u>21,603</u> | <u>1,485</u> | <u>23,088</u> | | | |
| 28 | TOTAL COMPANY EFFLUENT SALES | <u>53,489</u> | <u>0</u> | <u>53,489</u> | | | |
| 29 | TOTAL EFFLUENT CUSTOMERS REVENUE | | | | | | <u>\$ 33,163</u> |
| 30 | TOTAL RUCO PROPOSED REVENUE PER BILL COUNT | | | | | | <u>\$ 10,337,220</u> |
| 31 | Unreconciled Difference vs. Billed Revenues | | | | | | (809) |
| 32 | Other Revenues | | | | | | 502,206 |
| 33 | TOTAL REVENUE | | | | | | <u>\$ 10,838,617</u> |
| 34 | PROPOSED REVENUE PER RUCO | | | | | | <u>\$ 10,838,617</u> |
| 35 | Difference | | | | | | (0) |
| 36 | Percentage Difference | | | | | | 0.00% |

POST-HEARING

SURREBUTTAL TYPICAL RESIDENTIAL BILL ANALYSIS

| LINE NO. | DESCRIPTION | (A) PRESENT | (B) PRESENT | (C) COMPANY PROPOSED | (D) COMPANY PROPOSED | (E) RUCO PROPOSED | (F) RUCO PROPOSED |
|--|-----------------------------|-----------------------------|----------------|----------------------------|--------------------------------|------------------------------|--------------------------------|
| REVENUE ALLOCATION | | | | | | | |
| 1 | RESIDENTIAL | \$ 9,955,813 | 98.65% | \$ 12,864,422 | 98.75% | \$ 10,201,377 | 98.69% |
| 2 | OTHER | 136,707 | 1.35% | 162,648 | 1.25% | 135,843 | 1.31% |
| 3 | TOTAL | <u>\$ 10,092,520</u> | <u>100.00%</u> | <u>\$ 13,027,070</u> | <u>100.00%</u> | <u>\$ 10,337,220</u> | <u>100.00%</u> |
| ALLOCATION RATIOS | | | | | | | |
| 4 | FIX REVENUE | \$ 10,059,357 | 99.67% | \$ 12,993,907 | 99.75% | \$ 10,304,057 | 99.68% |
| 5 | VARIABLE REVENUE | 33,163 | 0.33% | 33,163 | 0.25% | 33,163 | 0.32% |
| 6 | TOTAL | <u>\$ 10,092,520</u> | <u>100.00%</u> | <u>\$ 13,027,070</u> | <u>100.00%</u> | <u>\$ 10,337,220</u> | <u>100.00%</u> |
| RESIDENTIAL (5/8" X 3/4") RATE DESIGN | | | | | | | |
| 7 | BASIC MONTHLY CHARGE | \$ 38.50 | | \$ 46.53 | | \$ 36.90 | |
| COMMODITY CHARGE | | | | | | | |
| | | PRESENT | | RUCO PROP'D | | RUCO PROP'D | |
| 8 | Flat Rate | Flat Rate | | Flat Rate | | | |
| 9 | Effluent - Per 1,00 Gallons | Effluent - Per 1,00 Gallons | \$ 0.62 | \$ 0.62 | | \$ 0.62 | |
| RESIDENTIAL BILL COMPARISONS | | | | | | | |
| | | MONTHLY CONSUMPTION | | PRESENT MONTHLY WATER COST | RUCO PROP'D MONTHLY WATER COST | RUCO PROP'D MONTHLY INCREASE | RUCO PROP'D MONTHLY % INCREASE |
| 10 | Flat Rate | | | \$ 38.50 | \$ 36.90 | \$ (1.60) | -4.16% |