ARIZONA CORPORATION COMMISSION

RATE APPLICATION
FOR WATER COMPANIES
WITH ANNUAL GROSS OPERATING REVENUES
(INCLUDING REQUESTED RATE RELIEF)
OF LESS THAN $1,000,000
PER ARIZONA ADMINISTRATIVE CODE R14-2-103

Details at website: www.azcc.gov

_____

UTILITY NAME

_____

TEST YEAR ENDED

Required invoices to be submitted are listed in the checklist on page 1.

You must complete ALL items in the application according to the instructions provided. If you have any questions regarding the application please call (602) 542-4251 for Staff assistance or see our website at: **www.azcc.gov**

IN ORDER TO PROCESS YOUR APPLICATION
PLEASE FORWARD THE ORIGINAL
AND THIRTEEN COPIES OF THE
APPLICATION PLUS
THREE PACKETS WITH COPIES OF
CHECKLIST ITEMS 5-11 (PAGE 1)

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL CENTER
1200 WEST WASHINGTON STREET
PHOENIX, ARIZONA 85007

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WATER RATE APPLICATION CHECKLIST

Please use the following checklist to ensure that all necessary attachments are included in the application. Provide an explanation for any omitted item. Please include 13 copies of this application in your application submission. Also, please include three packets with copies of checklist items 5-11.

ORIGINAL APPLICATION PACKAGE ITEMS

☐ 1. Please include 13 copies of this application in your submission. Also, please include three packets with copies of checklist items 5-11.

☐ 2. The Arizona Department of Revenue ("ADOR") certificate of compliance letter of good standing. Use the Tax Clearance Application (Form# 25-0002) found on the ADOR website at http://www.azdor.gov/Forms/Other.aspx. (Send in the certificate of compliance with your application.)

☐ 3. The utility's most recent Arizona Department of Environmental Quality ("ADEQ") annual sampling fee invoice for its Monitoring Assistance Program.

☐ 4. (Plant Additions) - Please provide a list of all plant additions **under** $500 by year and NARUC plant account number. For each plant addition **over** $500, please provide (1) a list showing the individual cost components of the plant addition and (2) invoices to support each cost component shown on the list. Each list should identify the year and NARUC plant account number of the plant addition. Please cross-reference the amounts on the list to the invoices.

Please provide 3 packets with copies of the following information to support entries on the Income Statement on page 19:

☐ 5. A breakdown by name, position, salary, and duties for the Salaries and Wages expense. (Acct. 601)

☐ 6. (Purchased Water) – Please provide (1) a list showing the individual cost components of the total purchased water expense and (2) invoices to support each cost component shown on the list.

☐ 7. (Purchased Power) – Please provide (1) a list showing the individual cost components of the total purchased power expense and (2) invoices to support each cost component shown on the list.

☐ 8. (Repairs and Maintenance) – Please provide (1) a list showing the individual cost components of the total purchased repairs and maintenance expense and (2) invoices to support each cost component shown on the list.

☐ 9. (Outside Services) – Please provide (1) a list showing the individual cost components of the total purchased outside services expense and (2) invoices to support each cost component shown on the list.

☐ 10. Invoices for Water Testing during the Test Year (Acct. 635)

☐ 11. Statements from the county for Property Tax expenses incurred during the Test Year. (Acct. 408.11)

GENERAL INSTRUCTIONS

Processing the request for a rate adjustment requires completion of ALL PARTS of this application. Complete the Narrative Description of the Application for Rate Adjustment on pages 3 and 4, as well as the statements on pages 5 and 6. Read the accompanying instructions and fill in the entries on pages 9 through 32. Dollar amounts should be rounded to the nearest dollar. NO ENTRY SHOULD BE LEFT BLANK. If an amount is zero, enter a zero. **Any application that is found to be insufficient will not be processed until the deficiencies are corrected per A.A.C. R14-2-103.B.7.**

A completed application also **requires** notification of customers of the rate request. The format of the customer notification letter is provided on page 33 of this application. Use the language and form of this letter in notifying customers. The customer notification **must** be provided to customers on the same date as the rate application is filed. A copy of this notice, together with a **notarized** cover letter stating the method of customer notification and the date the notification was sent to the customers, **must** accompany the application form.

Please provide any supplementary information the Company believes will assist in the evaluation of the rate request. For example, if expense items are substantially different from the latest annual report filed with the Commission, or if significant plant additions have been made since the prior rate increase, attach supporting explanations for those changes to the application. Clearly label any attachments and staple them to the application.

Selection of a Test Year for the utility is an important part of the application. A Test Year older than the year reflected in the most current Annual Report filed with the Utilities Division is usually considered outdated. Questions regarding the selection of a Test Year should be addressed to the Chief of Accounting and Rates at (602) 542-0743.

Please contact the Arizona Department of Revenue and request a certificate of compliance letter of good standing regarding taxes. Submit a copy of this compliance certificate.

After you have included all the required items from the checklist on the previous page, please submit the **original and thirteen copies** of the completed application with a cover sheet to:

Arizona Corporation Commission
Docket Control Center
1200 West Washington Street
Phoenix, Arizona 85007

Also, please include **three packets** with copies of checklist items 5-11 in your application filing.

NARRATIVE DESCRIPTION OF APPLICATION FOR RATE ADJUSTMENT

Instructions:

Please provide the reasons for your requested rate adjustment by checking the appropriate box(es) below. If desired, the Company may also attach a written narrative regarding its reasons for the requested rate adjustment. Your narrative may also include efforts made by the utility to control costs/expenses and/or mitigate the amount of rate adjustment.

☐ Changes in current, compared to past operations, that necessitate the rate adjustment
Please explain:

_____
_____
_____
_____

☐ Descriptions and/or calculations of adjustments made to amounts that are included in this application that are different than amounts recorded in your books/ledgers (pro forma adjustments)
Please explain:

_____
_____
_____
_____

☐ Significant factors influencing your revenues, expenses and/or rate base
Please explain:

_____
_____
_____
_____

☐ Anticipated growth/decline in customers expected in the next two years, the amount of anticipated construction to serve those customers, and how financed; the type of customers served by the utility, e.g. residential, irrigation, small retail businesses, large commercial, etc.
Please explain:

_____
_____
_____
_____

☐ Anticipated construction
Please explain:

_____
_____
_____
_____

☐ Efforts made to encourage conservation of water through the proposed rate design or through other means
Please explain:

_____
_____
_____
_____

☐ Other factors
Please explain:

_____
_____
_____
_____

Attach additional pages as necessary.

Company Name:	Test Year Ended:

AFFILIATE RELATIONSHIP

Please indicate a **yes** or **no** answer to the questions below and provide an explanation where necessary.

A parent-subsidiary relationship, or affiliation, with another entity includes corporations, partnerships, sole proprietorship, limited liability corporations (LLCs), as well as common ownership of a water company and another entity, such as a development company or wastewater company.

Are any assets owned jointly with any affiliated or subsidiary entities?

☐ YES ☐ NO

If **Yes**, please provide a description of each jointly owned asset, its cost, and the percentage of the asset owned by the utility. (Please note the amounts reported on pages 13 and 15 should only include the percentage of plant owned by the utility.)

_____

_____

_____

_____

_____

Were any of the assets constructed or acquired from an affiliated or subsidiary entity?

☐ YES ☐ NO

If **Yes**, please identify the affiliated entity, the relationship with the utility, and a detailed listing of all transactions reflected in the Plant accounts. Also include detail for other balance sheet accounts, such as Advances, Contributions in Aid of Construction, inter-company payables and receivables, as well as affiliated revenues and expenses from the Company's Income Statement.

_____

_____

_____

_____

_____

STATEMENTS IN SUPPORT OF RATE REQUEST

Complete the following statements in support of your rate request.

_____(the "Company") requests an adjustment in the existing rates charged by the Company. The information contained in this application is based upon a twelve-month Test Year ending _____(mm/dd/yy). The Company had total operating revenues of $_____, served _____ metered and _____ un-metered
(from page 19)
customers, and **sold** _____ gallons of water during the Test Year.
(from page 18)

The Company is requesting a(n) increase/decrease in revenues in the amount of $_____.

Total annual operating revenues, if the Company is granted the rate adjustment, will be $_____.

The Company is current on all property taxes.	☐ YES	☐ NO
The Company is current on all sales taxes. (Please see checklist item 2 on page 1.)	☐ YES	☐ NO
The Company currently has a Curtailment Plan Tariff on file with the Commission	☐ YES	☐ NO
The Company currently has a Backflow Prevention Tariff on file with the Commission.	☐ YES	☐ NO

The Company notified its customers of its application for a rate adjustment on _____(mm/dd/yy). **A COPY OF THE NOTICE WITH A NOTARIZED COVER LETTER STATING THE METHOD OF CUSTOMER NOTIFICATION, AS WELL AS THE DATE OF THE NOTIFICATION, MUST BE ATTACHED. (See page 33)**

By completing this application in support of the Company's request for a rate adjustment, the Company realizes that Original Cost Less Depreciation ("OCLD") plant information will be used to determine the fair value rate base, i.e., the Company waives the right to Reconstruction Cost New.

The utility company ownership is one of the following:

- ☐ Sole Proprietorship
- ☐ Partnership
- ☐ "C" Corporation
- ☐ "S" Corporation
- ☐ Limited Liability Company (“LLC”)
- ☐ Association--Cooperative
- ☐ Other, please specify:_____

Note: If a corporation, please list stockholders and the respective number of shares owned below.

Stockholders	**Number of Shares Owned**

I have read and completed this application, and to the best of my knowledge all of the information contained herein, and attached to this application, is true and correct.

Name of Authorized Representative (print):	Company Name:
Title:	Address:
Signature:	
Date:	Phone Number:
E-mail Address:	Fax Number:
Website Address:	

CURRENT AND PROPOSED RATES AND CHARGES INSTRUCTIONS

Complete the schedule on page 9 showing rates and charges currently in effect, and those proposed by the Company. Specify the customer class or classes (i.e., residential, commercial, industrial, irrigation, all, or other classes) in the space provided.

MONTHLY CHARGE:

Enter the monthly minimum (or service) charge and gallons included in the minimum for each meter size. For example, enter "$12.00 for zero gallons." Propose a monthly minimum (or service) charge for every meter size listed on page 9. Also, enter the commodity (or excess) charge for the gallonage the customer will be charged for gallons used over those included in the minimum charge. For example, enter "$1.25 per 1,000 gallons." If excess charges vary with gallonage used, enter the rates and gallons covered in each tier of consumption in the space provided. For example:

First Tier	Up to 3,000 gallons	$1.00 per 1,000 gallons
Second Tier	3,001 to 10,000 gallons	$1.50 per 1,000 gallons
Third Tier	Over 10,000 gallons	$2.50 per 1,000 gallons

If a flat rate, rather than a metered rate, is currently approved or proposed, enter the monthly rate in the space provided. A "flat rate" is a charge that is not based on gallons used. (For example, $10.00 for all the water you can use.) If the Company currently has a flat rate and wishes to continue this rate, please contact the Chief of Accounting and Rates at 602-542-0743. It is likely that Staff will **not** recommend the continuation of such a rate.

Company Name:	Test Year Ended:

CURRENT AND PROPOSED RATES AND CHARGES

CUSTOMER CLASS: ☐ Residential ☐ Commercial ☐ Industrial

☐ Irrigation ☐ All ☐ Other, specify _____

	CURRENT RATES	PROPOSED RATES
MINIMUM OR SERVICE CHARGES	$ GALLONS	$ GALLONS
5/8" x 3/4" Meter	for	for
3/4"Meter	for	for
1" Meter	for	for
1-1/2" Meter	for	for
2" Meter	for	for
3" Meter	for	for
4" Meter	for	for
6" Meter	for	for

GALLONS IN EXCESS OF MINIMUM	Current Rates		Proposed Rates	
Commodity Charge in Excess of Minimum (Charge Per 1,000 Gallons)	Rate	Gallons	Rate	Gallons
First Tier	$	Up to _____	$	Up to _____
Second Tier	$	_____ to _____	$	_____ to _____
Third Tier	$	Over _____	$	Over _____
FLAT RATE	$	Per Month	$	Per Month

Note: If rates and charges vary across customer classes, duplicate the form and complete one for each rate class. (e.g., residential, commercial) unless "All" is checked.

SERVICE CHARGES INSTRUCTIONS

Listed below are current and proposed service charges as appropriate. Commission Rules should be consulted in proposing new service charges. Please list current and proposed rates on Page 11, as well as any service charges not listed below that the Company proposes to charge.

Service Charge (Commission Rule)	**Description**
Service Line and Meter Installation Charge (R14-2-405.B)	A refundable Advance in Aid of Construction paid by a new customer to cover the cost of installing all customer piping up to the meter, as well as the cost of installing the meter. Propose a charge for every meter size listed on page 11.
Establishment (R14-2-403.D.1)	A charge covering the cost to establish a new account for a person requesting service when the utility needs only to install a meter for initial establishment, reestablishment, or reconnection.
After Hours Service Charge (R14-2-403.D.2)	A charge covering the cost of establishment, re-establishment and reconnection-delinquent after normal hours at the customer's request or for the customer's convenience. After Hours Service Charge will be in addition to the charge for any utility service provided.
Meter Test (R14-2-408.F)	A charge for testing the accuracy of a meter upon a customer's request. No charge will be levied if the meter is found to be in error by more than +/- three (3) percent.
Deposit (R14-2-403.B)	A refundable security deposit not exceeding two times the average residential class bill for residential customers, and not exceeding two and one-half times a non-residential customer's estimated maximum monthly bill.
Deposit Interest (R14-2-403.B.3)	Annual percentage interest rate applied to customer deposits. A six percent rate shall be applied if the company does not specify an interest rate with the Commission.
Re-establishment (R14-2-403.D.1)	A charge for service at the same location where the same customer had ordered a service disconnection within the preceding twelve-month period.
NSF Check (R14-2-409.F.1)	A fee for each instance where a customer tenders payment for utility service with an insufficient funds check.
Deferred Payment (R14-2-409.G.6)	Applicable monthly finance charges (interest rate) applied in a deferred payment agreement between the company and a customer.
Meter Re-read (R14-2-408.C.2)	Charge for a customer requested re-read of meter applicable when the original reading was found not to be in error.

Company Name:	Test Year Ended:

CURRENT AND PROPOSED SERVICE CHARGES

CUSTOMER CLASS: ☐ Residential ☐ Commercial ☐ Industrial

☐ Irrigation ☐ All ☐ Other, specify _____

SERVICE LINE AND METER INSTALLATION CHARGES	CURRENT CHARGES	PROPOSED CHARGES
5/8" X 3/4" Meter	$	$
3/4" Meter	$	$
1" Meter	$	$
1-1/2" Meter	$	$
2" Meter	$	$
3" Meter	$	$
4" Meter	$	$
6" Meter	$	$
Establishment	$	$
Reconnection (delinquent)	$	$
After Hours Service Charge	$	$
Meter Test	$	$
Deposit	$	$
Deposit Interest	%	%
Re-establishment (within 12 months)	$	$
NSF Check	$	$
Deferred Payment	%	%
Meter Re-read	$	$
Late Fee	$	$

Note: If rates and charges vary across customer classes, duplicate the form and complete one for each rate class. (e.g., residential, commercial) unless "All" is checked.

UTILITY PLANT IN SERVICE INSTRUCTIONS

Instructions for Page 13

Begin the computation of utility plant in service by completing the worksheet on page 13 labeled Plant Additions and Retirements by Year. On this worksheet insert the dollar amount of plant additions and retirements for each account by year. Provide all additions and retirements for all years beginning with the Test Year in the prior rate case and ending with the test year used in this application. If there are more than two intervening years, make copies of page 13 to report all intervening years.

Instructions for Page 14

Upon completion of the above task, please add all additions on page 13 per plant account and enter the total on page 14 (Plant Summary), column B (Total Additions). Similarly, add all retirements by plant account and enter the total on page 14, column C (Total Retirements).

To assist you in the completion of page 14, please refer to the Commission Decision issued in the Company's prior rate case. That Decision established the value for the Original Cost of the plant and accumulated depreciation at the end of the prior test year. It may be necessary to refer to the associated Staff Report for individual account detail relating to the totals listed in the Decision.

Place the original cost of the plant in service per the prior decision in column A (Plant in Service Per Prior Decision).

Complete column D (Test Year End Total), of page 14, for each plant account by adding column A and B and subtracting column C.

The totals calculated by plant must then be copied to page 15 (Utility Plant in Service), in the column titled Original Cost.

Instructions for Page 15

The Test Year End Totals by plant account on page 14 must be recorded to the Utility Plant in Service worksheet on page 15, in the column titled Original Cost. The second column (Accumulated Depreciation) will include the accumulated depreciation as stated in the Commission's prior Decision plus each year's depreciation expense since the prior Test Year. The third column, Original Cost Less Depreciation is calculated by subtracting Accumulated Depreciation from Original Cost for each account.

Note: For assistance with any of the above, please contact the Chief of Accounting and Rates at 602-542-0743.

Company Name:	Test Year Ended:

Plant Additions and Retirements by Year

Acct. No.	Description	Year ____		Year ____	
		Additions	Retirements	Additions	Retirements
301	Organization				
302	Franchises				
303	Land & Land Rights				
304	Structures & Improvements				
307	Wells & Springs				
311	Pumping Equipment				
320	Water Treatment Equipment	N/A	N/A	N/A	N/A
320.1	Water Treatment Plants				
320.2	Solution Chemical Feeders				
330	Distribution Reservoirs & Standpipes	N/A	N/A	N/A	N/A
330.1	Storage Tanks				
330.2	Pressure Tanks				
331	Transmission & Distrib. Mains				
333	Services				
334	Meters & Meter Installations				
335	Hydrants				
336	Backflow Prevention Devices				
339	Other Plant & Misc. Equipment				
340	Office Furniture & Equipment				
340.1	Computers & Software				
341	Transportation Equipment				
343	Tools, Shop & Garage Equip.				
344	Laboratory Equipment				
345	Power Operated Equipment				
346	Communication Equipment				
347	Miscellaneous Equipment				
348	Other Tangible Plant				
	TOTAL WATER PLANT				

Note: Enter all additions and retirements, by year, from the prior test year through the end of the current test year. Enter the totals for the additions and retirements for all intervening years on page 14, Columns B and C, respectively.

Company Name:	Test Year Ended:

Plant Summary

Acct. No.	Description	Plant in Service Per Prior Decision	Total Additions	Total Retirements	Test Year End Total
		Column A	*Column B*	*Column C*	*Column D**
301	Organization				
302	Franchises				
303	Land & Land Rights				
304	Structures & Improvements				
307	Wells & Springs				
311	Pumping Equipment				
320	Water Treatment Equipment	N/A	N/A	N/A	N/A
320.1	Water Treatment Plants				
320.2	Solution Chemical Feeders				
330	Distribution Reservoirs & Standpipes	N/A	N/A	N/A	N/A
330.1	Storage Tanks				
330.2	Pressure Tanks				
331	Transmission & Distrib. Mains				
333	Services				
334	Meters & Meter Installations				
335	Hydrants				
336	Backflow Prevention Devices				
339	Other Plant & Misc. Equipment				
340	Office Furniture & Equipment				
340.1	Computers & Software				
341	Transportation Equipment				
343	Tools, Shop & Garage Equip.				
344	Laboratory Equipment				
345	Power Operated Equipment				
346	Communication Equipment				
347	Miscellaneous Equipment				
348	Other Tangible Plant				
	TOTAL WATER PLANT				

Note: Please refer to the checklist on page 1 for the required attachments related to this schedule

**** Column D = Column A + Column B - Column C***

Company Name:	Test Year Ended:

UTILITY PLANT IN SERVICE

Acct No.	Description	Original Cost	Accumulated Depreciation	OCLD
		Column A	*Column B*	*Column C***
301	Organization			
302	Franchises			
303	Land & Land Rights		N/A	
304	Structures & Improvements			
307	Wells & Springs			
311	Pumping Equipment			
320	Water Treatment Equipment	N/A	N/A	N/A
320.1	Water Treatment Plants			
320.2	Solution Chemical Feeders			
330	Distribution Reservoirs & Standpipes	N/A	N/A	N/A
330.1	Storage Tanks			
330.2	Pressure Tanks			
331	Transmission & Distrib. Mains			
333	Services			
334	Meters & Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant & Misc. Equipment			
340	Office Furniture & Equipment			
340.1	Computers & Software			
341	Transportation Equipment			
343	Tools, Shop & Garage Equip.			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTAL WATER PLANT	*		

**** Must be the same as the amount reported on page 21***

*****Column C = Column A - Column B***

Company Name:	Test Year Ended:

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (feet)	Casing Diameter (inches)	Meter Size (inches)	Year Drilled

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS	
Horsepower	Quantity

FIRE HYDRANTS	
Quantity Standard	Quantity Other

STORAGE TANKS	
Capacity	Quantity

PRESSURE TANKS	
Capacity	Quantity

Company Name:	Test Year Ended:

WATER COMPANY PLANT DESCRIPTION CONTINUED

MAINS

Size (in inches)	Material	Length (in feet)
2		
3		
4		
5		
6		
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 x ¾	
¾	
1	
1 ½	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, please list the utility owned assets in each category.

TREATMENT EQUIPMENT:

_____
_____
_____
_____
_____
_____

STRUCTURES:

_____
_____
_____
_____
_____

OTHER:

_____
_____
_____
_____
_____
_____

WATER USE DATA SHEET

NAME OF COMPANY	
ADEQ Public Water System Number:	

MONTH/YEAR (12 Months of Test Year)	**NUMBER OF CUSTOMERS**	**GALLONS SOLD (Thousands)**	**GALLONS PUMPED (Thousands)**
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
11.			
12.			
TOTAL	**N/A**	*	**

Is the water utility located in an ADWR Active Management Area ("AMA")?

☐ YES ☐ NO

Does the Company have an ADWR gallons per capita day ("GPCD") requirement?

☐ YES ☐ NO

If <u>Yes</u>, please provide the GPCD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system. For explanation of any of the above, please contact the Engineering Supervisor at 602-542-7277.

**** This number must be equal to the number entered on Page 6, "sold gallons."***
***** Gallons pumped cannot equal or be less than the gallons sold.***

Company Name:	Test Year Ended:

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	TEST YEAR
461	Metered Water Revenue	$	$
460	Unmetered Water Revenue		
474	Other Water Revenues		
	TOTAL OPERATING REVENUES	$	$ *
	OPERATING EXPENSES		
601	Salaries and Wages (See page 1, item 4)	$	$
610	Purchased Water (See page 1, item 5)		
615	Purchased Power (See page 1, item 6)		
618	Chemicals		
620	Repairs and Maintenance (See page 1, item 7)		
621	Office Supplies and Expense		
630	Outside Services (See page 1, item 8)		
635	Water Testing (See page 1, item 9)		
641	Rents		
650	Transportation Expenses		
657	Insurance – General Liability		
659	Insurance – Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense		
403	Depreciation Expense (From page 20)		
408	Taxes Other Than Income		
408.11	Property Taxes (See page 1, item 10)		
409	Income Tax		
	TOTAL OPERATING EXPENSES	$	$
	OPERATING INCOME/(LOSS)	**$**	**$**
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	$	$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	$	$
	NET INCOME/(LOSS)	**$**	**$**

Note: Do not include sales tax in revenue or expense. Please refer to the checklist on page 1 for the required attachments related to this schedule.

**** This number must be identical to the number entered on page 6 "total operating revenues."***

INCOME TAX

The Commission allows federal and state income tax expense for taxable "type-C" corporations calculated by Staff at authorized tax rates. See Decision No. 73739.

For other entities such as Sole-Proprietorships, Partnerships, S-Corporations, Limited Liability Companies ("LLCs"), Trusts, and other taxable or pass-through entities the Commission has determined that an income tax allowance can be included in the utilities' expenses. The allowance will be based on the lower of the taxes computed using the Type-C corporate tax rates or the combined effective personal tax rates of the entities' owners.

In order for Staff to be able to calculate the effective personal tax rates of the entities' owners, the following information must be included in this application:

1. Names of all the owners.
2. The percentage of profit/(loss) assigned to each owner.
3. The owners' personal federal and state income tax filing status (i.e. single, married filing jointly, etc.).
4. If any of the owners are a pass-through or potential pass-through entity such as an S-Corporation or a Trust, then the ownership breakdown of the entity/trust will also be required including all the information listed above.

If the utility fails to provide all of the necessary information required, the Commission has determined that no income tax allowance will be recognized.

Company Name:	Test Year Ended:

CALCULATION OF DEPRECIATION EXPENSE

		Column A	*Column B*	*Column C*	*Column D*	*Column E*
Acct. No.	**Plant Description**	**Plant Original Cost***	**Fully Depreciated Plant**	**Depreciable Plant (Col A - Col B)**	**Depreciation Percentage***	**Depreciation Expense (Col C x Col D)**
301	Organization		N/A	N/A	N/A	N/A
302	Franchises		N/A	N/A	N/A	N/A
303	Land & Land Rights		N/A	N/A	N/A	N/A
304	Structures & Improvements					
307	Wells & Springs					
311	Pumping Equipment					
320	Water Treatment Equipment	N/A	N/A	N/A	N/A	N/A
320.1	Water Treatment Plants					
320.2	Solution Chemical Feeders					
330	Distrib. Reservoirs & Standpipes	N/A	N/A	N/A	N/A	N/A
330.1	Storage Tanks					
330.2	Pressure Tanks					
331	Transmission & Distrib. Mains					
333	Services					
334	Meters & Meter Installations					
335	Hydrants					
336	Backflow Prevention Devices					
339	Other Plant & Misc. Equipment					
340	Office Furniture & Equipment					
340.1	Computers & Software					
341	Transportation Equipment					
343	Tools, Shop & Garage Equip.					
344	Laboratory Equipment					
345	Power Operated Equipment					
346	Communication Equipment					
347	Miscellaneous Equipment					
348	Other Tangible Plant					
	TOTAL					
	Less: Amortization of CIAC					
	DEPRECIATION EXPENSE					

Note: Use Test Year ending balances for Column A and Commission approved depreciation rates from the prior rate case in Column D.

Company Name:	Test Year Ended:

BALANCE SHEET

Acct. No.	ASSETS	BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF TEST YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	$	$
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	$	$
	FIXED ASSETS		
101	Utility Plant in Service	$	$ *
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant ("AD-UP")		($)**
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility ("AD-NU")		($)
	TOTAL FIXED ASSETS	**$**	**$**
	TOTAL ASSETS	**$**	**$**

Note: Total Assets on this page should equal the sum of Total Liabilities and Total Capital on page 23. Also, numbers in parentheses should be subtracted. For example, Accounts 108 and 122 should be subtracted from Total Fixed Assets.

**** Must equal page 15, original cost***

***** Must equal page 15, accumulated depreciation***

Company Name:	Test Year Ended:

BALANCE SHEET (CONTINUED)

	LIABILITIES	BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF TEST YEAR
	CURRENT LIABILITES		
231	Accounts Payable	$	$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits		
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	$	$
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	$	$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	$	$
252	Advances in Aid of Construction		$ *
255	Accumulated Deferred Investment Tax Credits		
271	Gross Contributions in Aid of Construction		$ **
272	Less: Amortization of Contributions		($)
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	**$**	**$**
	TOTAL LIABILITIES	**$**	**$**
	CAPITAL ACCOUNTS		
201	Common Stock Issued	$	$
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings		
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	**$**	**$**
	TOTAL LIABILITIES AND CAPITAL	**$**	**$**

Note: Account 272 should be subtracted from Total Deferred Credits.
**** Must equal page 25, Total Advances in Aid of Constructions***
***** Must equal page 26, Total Advances***

Company Name:	Test Year Ended:

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt[1]

	LOAN #1*	LOAN #2*	LOAN #3*	LOAN #4*
Date Issued				
Source of Loan				
Reason for Loan				
Dollar Amount Issued	$	$	$	$
Net Proceeds	$	$	$	$
Amount Outstanding	$	$	$	$
Date of Maturity				
Interest Rate				
Current Year Interest	$	$	$	$
Current Year Principal	$	$	$	$
Authority Granted By ACC Decision No.				

A.R.S. 40-301 requires ACC approval of long-term debt. If the Commission has not approved any of the above loans, then please submit an application requesting approval of the above loans.

Service Line & Meter Advances ("Meter Deposits") Balance – Test Year $ _____

Service Line & Meter Advance Refunded During the Test Year $ _____

[1] ***List all bonds, notes, loans, and other types of indebtedness in which the proceeds were used in the provision of public utility service. Indebtedness incurred for personal uses by the owner of the utility should <u>not</u> be listed.***

Company Name:	Test Year Ended:

ADVANCES IN AID OF CONSTRUCTION (Acct. 252)[2]

	Additions During Year	Refunds During Year	
Balance Per Prior Decision	N/A	N/A	$
Year_____	$	$	
Year_____	$	$	
Year_____	$	$	
Year_____	$	$	
Year_____	$	$	
Year_____	$	$	
Year_____	$	$	
Year_____	$	$	
Year_____	$	$	
Year_____	$	$	
Year_____	$	$	
Year_____	$	$	
Year_____	$	$	
Year_____	$	$	
Total of Additions	$	N/A	
Total of Refunds	N/A	$	
Total Advances in Aid of Construction	N/A	N/A	$ *

Note: Prior Decision refers to the balances per the prior Staff Report as adjusted per the final Commission Decision.
**** Total Advances in Aid of Construction = Balance Per Prior Decision + Total Additions - Total Refunds (cross reference this to the Balance Sheet on page 23)***

[2] ***Advances in Aid of Construction refers to the following:***

(1) Refundable amounts received from a new customer to cover the cost of a meter and piping from the building to the meter and the associated installation.

(2) Refundable amounts received from a customer or a developer for mains, valves, fittings, and additional facilities required to provide pressure, storage, or water supply pursuant to a main extension agreement.

Company Name:	Test Year Ended:

GROSS CONTRIBUTIONS IN AID OF CONSTRUCTION (Acct. 271)[3]

Balance Per Prior Decision	N/A	$
Additions Year_____	$	
Additions Year_____	$	
Additions Year_____	$	
Additions Year_____	$	
Additions Year_____	$	
Additions Year_____	$	
Additions Year_____	$	
Additions Year_____	$	
Additions Year_____	$	
Additions Year_____	$	
Additions Year_____	$	
Additions Year_____	$	
Additions Year_____	$	
Additions Year_____	$	
Total Additions	N/A	$
Balance at Test Year End	N/A	$ *

Note: Prior Decision refers to the balances per the prior Staff Report as adjusted per the final Commission Decision.
**** Balance at Test Year End = Balance Per Prior Decision + Total Additions (cross reference this to the Balance Sheet on page 23)***

[3] ***Contributions in Aid of Construction refers to the following:***
(1) Non-refundable money, services, or property received for use in the provision of utility service from any source that is provided at no cost and interest free.
(2) Unrefunded balances of expired advance contracts reclassified from Advances in Aid of Construction.

BILL COUNT INSTRUCTIONS

A quarterly Bill Count must be provided for each of the meter sizes the Company had in service during the Test Year. If you had more than one meter size in service, reproduce the forms on pages 28 through 32, inclusive, so that you will submit one set of Bill Count forms (i.e. one Bill Count for each quarter and a Bill Count Summary), for each meter size. An item such as a metered standpipe would be considered to be a different size meter, since it may have a different tariff rate than the other size meters.

A Bill Count Summary sheet is provided on page 32. Please note that each bill over 100,000 gallons should be shown separately. The number of bills in each line will be added to produce a total of all bills at the bottom of the page.

The first step in producing the Bill Count is to collect all monthly bills rendered for metered water sales during the 12 months of the Test Year. The collection of bills must include bills to part-time customers and to customers who are no longer on the system, but who were on the system for any part of the Test Year.

Only include bills for water sold during the Test Year. For example, assume that the Test Year runs from January 1st to December 31st (calendar year) and you normally bill on January 5th. The bill sent out at that time would cover December 1st through 31st usage of the prior year and should not be included. The first billing to be used for the year would be the February 5th billing and the last billing to be used would be the billing of January 5th of the succeeding year.

Sort the bills by each quarter, by meter size, so that a separate bill count is produced for each three-month period by meter size. On each quarterly Bill Count sheet, place a tally for each bill in the appropriate gallonage range. After tallying each bill, add the tallies in each gallonage range and report the tally totals in the column provided.

Note: For explanation of any of the above, please contact the Chief of Accounting and Rates at 602-542-0743.

Company Name:	Test Year Ended:
Meter Size:	1st Quarter Ended:

BILL COUNT WORKSHEET 1ST QUARTER

GALLONAGE RANGE	NUMBER OF BILLS	TOTAL BILLS FOR 1st QUARTER
- 0 -		
1 to 1,000		
1,001 to 2,000		
2,001 to 3,000		
3,001 to 4,000		
4,001 to 5,000		
5,001 to 6,000		
6,001 to 7,000		
7,001 to 8,000		
8,001 to 9,000		
9,001 to 10,000		
10,001 to 12,000		
12,001 to 14,000		
14,001 to 16,000		
16,001 to 18,000		
18,001 to 20,000		
20,001 to 25,000		
25,001 to 30,000		
30,001 to 35,000		
35,001 to 40,000		
40,001 to 50,000		
50,001 to 60,000		
60,001 to 70,000		
70,001 to 80,000		
80,001 to 90,000		
90,001 to 100,000		
Over 100,000 (List actual gallons, e.g., 120,000)		
Total Bills		

Company Name:	Test Year Ended:
Meter Size:	2nd Quarter Ended:

BILL COUNT WORKSHEET 2ND QUARTER

GALLONAGE RANGE	NUMBER OF BILLS	TOTAL BILLS FOR 2nd QUARTER
- 0 -		
1 to 1,000		
1,001 to 2,000		
2,001 to 3,000		
3,001 to 4,000		
4,001 to 5,000		
5,001 to 6,000		
6,001 to 7,000		
7,001 to 8,000		
8,001 to 9,000		
9,001 to 10,000		
10,001 to 12,000		
12,001 to 14,000		
14,001 to 16,000		
16,001 to 18,000		
18,001 to 20,000		
20,001 to 25,000		
25,001 to 30,000		
30,001 to 35,000		
35,001 to 40,000		
40,001 to 50,000		
50,001 to 60,000		
60,001 to 70,000		
70,001 to 80,000		
80,001 to 90,000		
90,001 to 100,000		
Over 100,000 (List actual gallons, e.g., 120,000)		
Total Bills		

Company Name:	Test Year Ended:
Meter Size:	3rd Quarter Ended:

BILL COUNT WORKSHEET 3RD QUARTER

GALLONAGE RANGE	NUMBER OF BILLS	TOTAL BILLS FOR 3rd QUARTER
- 0 -		
1 to 1,000		
1,001 to 2,000		
2,001 to 3,000		
3,001 to 4,000		
4,001 to 5,000		
5,001 to 6,000		
6,001 to 7,000		
7,001 to 8,000		
8,001 to 9,000		
9,001 to 10,000		
10,001 to 12,000		
12,001 to 14,000		
14,001 to 16,000		
16,001 to 18,000		
18,001 to 20,000		
20,001 to 25,000		
25,001 to 30,000		
30,001 to 35,000		
35,001 to 40,000		
40,001 to 50,000		
50,001 to 60,000		
60,001 to 70,000		
70,001 to 80,000		
80,001 to 90,000		
90,001 to 100,000		
Over 100,000 (List actual gallons, e.g., 120,000)		
Total Bills		

Company Name:	Test Year Ended:
Meter Size:	4th Quarter Ended:

BILL COUNT WORKSHEET 4TH QUARTER

GALLONAGE RANGE	NUMBER OF BILLS	TOTAL BILLS FOR 4th QUARTER
- 0 -		
1 to 1,000		
1,001 to 2,000		
2,001 to 3,000		
3,001 to 4,000		
4,001 to 5,000		
5,001 to 6,000		
6,001 to 7,000		
7,001 to 8,000		
8,001 to 9,000		
9,001 to 10,000		
10,001 to 12,000		
12,001 to 14,000		
14,001 to 16,000		
16,001 to 18,000		
18,001 to 20,000		
20,001 to 25,000		
25,001 to 30,000		
30,001 to 35,000		
35,001 to 40,000		
40,001 to 50,000		
50,001 to 60,000		
60,001 to 70,000		
70,001 to 80,000		
80,001 to 90,000		
90,001 to 100,000		
Over 100,000 (List actual gallons, e.g., 120,000)		
Total Bills		

Company Name:	Test Year Ended:
Meter Size:	

BILL COUNT SUMMARY

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
- 0 -					
1 to 1,000					
1,001 to 2,000					
2,001 to 3,000					
3,001 to 4,000					
4,001 to 5,000					
5,001 to 6,000					
6,001 to 7,000					
7,001 to 8,000					
8,001 to 9,000					
9,001 to 10,000					
10,001 to 12,000					
12,001 to 14,000					
14,001 to 16,000					
16,001 to 18,000					
18,001 to 20,000					
20,001 to 25,000					
25,001 to 30,000					
30,001 to 35,000					
35,001 to 40,000					
40,001 to 50,000					
50,001 to 60,000					
60,001 to 70,000					
70,001 to 80,000					
80,001 to 90,000					
90,001 to 100,000					
Over 100,000 (List actual gallons, e.g., 120,000)					
Total Bills					

CUSTOMER NOTIFICATION

_____(Company Name) has applied to the Arizona Corporation Commission for an adjustment in rates. The current rates have been in effect since _____(mm/yy). A(n) increase/decrease in rates is necessary at this time due to _____(reason for the Company's request for a rate adjustment as summarized from pages 3 and 4). Based on the Company's un-audited Test Year results, (Company Name) realized an operating income/loss of $_____. The Company is requesting a revenue increase/decrease of $_____ or _____% of total revenues. Please see the attached pages 9 and 11 of the Company's application for the current and proposed rates.

The Application is available for inspection during regular business hours at the offices of the Commission in Phoenix at 1200 West Washington Street (for Tucson, call 800-535-0148 if located outside the Tucson local calling area or 520-628-6555 if inside the Tucson local calling area) and at *[name of Company and address]*. <u>Please be advised that the rates and charges ultimately approved by the Commission may be higher or lower than the rates and charges requested in the Application.</u>

Customer input is an important part of the Commission's analysis of the requested adjustment and is a factor in determining whether a hearing will be conducted. Customers should bring to the Commission's attention any questions or concerns related to the Company's Application, including service, billing procedures or other factors important in determining the reasonableness of charges. Customers may have the right to intervene in this matter. Customers wishing to communicate with the Commission, or request information on intervention in the proceeding, should contact the Commission's Consumer Services Section at 800-222-7000 (if located outside the Phoenix local calling area) or 602-542-4251 in the Phoenix local calling area. Customers may also contact the Tucson Commission office by calling 800-535-0148 (if located outside the Tucson local calling area) or 520-628-6555 in the Tucson local calling area.

Customers are advised that the Commission may act upon the Application without a hearing. Regardless of whether a formal hearing is held, customer comments submitted in writing will be placed in the office file, which the Commission reviews prior to making its final decision on the Application. It is important that customers contact the Commission within 15 days of the receipt of this notice so that the Commission's Staff can consider customer comments and concerns in developing its recommendations to the Commission.