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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

JIM O'CONNOR - Chairman
LEA MARQUEZ PETERSON
ANNA TOVAR
KEVIN THOMPSON
NICK MYERS

IN THE MATTER OF THE APPLICATION
OF BACA FLOAT WATER COMPANY,
INC. FOR A DETERMINATION OF THE
CURRENT FAIR VALUE OF ITS UTILITY
PLANT AND PROPERTY AND FOR
CHANGES IN ITS RATES AND CHARGES
THEREON FOR UTILITY SERVICE AND
FOR CERTAIN RELATED APPROVALS.

DOCKET NO. WS-01678A-24-____
APPLICATION



Baca Float Water Company, Inc. ("Baca Float") hereby submits this Application ("Application") for an order determining the fair value of the utility plant and property used for the provision of wastewater utility service and, based on such finding, approving permanent rates and charges for utility service designed to produce a fair return thereon. In support of this Application, Baca Float states as follows:

1. Baca Float is a Class D wastewater utility under current classifications. Baca Float provides wastewater services to approximately 424 customers in Santa Cruz County, Arizona. Baca Float is owned by Hearthstone Water, Inc. ("Hearthstone Water"), a public utility holding company that owns and operates 15 regulated water and wastewater subsidiaries in Arizona.

2. Baca Float's business address is 6808 N. Dysart Rd # 116, Glendale, AZ 85307. Baca Float's mailing address, phone number, and e-mail contact for Mr. Bryan Thomas, Baca Float's President and General Manager and primary management contact, is:

Baca Float Water Company, Inc.
Mr. Bryan Thomas
6808 N. Dysart Rd #116,
Glendale, AZ 85307

1 Telephone: (623-935-1100)
2 E-mail: bnthomas@hearthstonecompany.com

3 3. Mr. Thomas is the person responsible for overseeing and directing the
4 conduct of this Application, in conjunction with outside legal counsel, Meghan Grabel.
5 Ms. Grabel's contact information is as follows:

6 Ms. Meghan H. Grabel
7 Osborn Maledon, P.A.
8 2929 N. Central Avenue, 20th Floor
9 Phoenix, AZ 85012
Phone: 602-640-9399
E-mail: mgrabel@omlaw.com

10 All parties should please direct copies of all notices, filings, discovery, data
11 requests and similar requests, and other papers related to this Application to Mr.
12 Thomas and Ms. Grabel.

13 4. In this Application, Baca Float seeks adjustments to its rates and charges
14 for utility service for Baca Float's wastewater system, and consolidation into a larger
15 utility to be known as "Hearthstone Water South."

16 5. As shown in the testimony filed with this Application, the primary
17 driver of this rate case is Hearthstone Water's interest in consolidating the operations
18 and, for the water utilities, the rates for the following utilities: Clear Springs Utility
19 Company (water and wastewater), Baca Float Water Company (water and
20 wastewater), East Slope Water Company (water), Mescal Lakes Water Company
21 (water), and Naco Water Company (water) (collectively, the "Utilities" or
22 "Applicants"). Baca Float's consolidation request is further described in the Direct
23 Testimonies of Bryan Thomas and Ray Jones.

24 6. Baca Float served approximately 424 customers at the end of the 12-
25 month test year ending on August 31, 2023 ("Test Year") used in this Application.

26 7. Baca Float filed its last rate case in 2014, using a Test Year ending
27 December 31, 2013 (Docket No. WS-01678A-14-0424). Baca Float's current rates and
28

1 charges for wastewater service were set in Decision No. 75271 (Sept. 16, 2015), as
2 amended by Decision No. 75302 (Oct. 27, 2015).

3 8. Baca Float's adjusted rate base in this Application is \$549,385. Baca
4 Float proposes certain pro forma adjustments to account for known and measurable
5 changes to rate base, expenses and revenues, and to present a normalized and more
6 realistic relationship between revenues, expenses and rate base.

7 9. Accordingly, Baca Float respectfully requests that the Arizona
8 Corporation Commission ("Commission") approve adjustments to its rates and charges
9 for utility service and consolidation into a larger Hearthstone Water South utility as
10 discussed in the Direct Testimony of Mr. Ray Jones.

11 10. The Direct testimony of Baca Float's witnesses, Mr. Bryan Thomas and
12 Mr. Ray Jones, filed concurrently with and in support of this Application, are attached
13 as **Exhibit 1** and **Exhibit 2**, respectively.

14 11. Baca Float's capital structure is comprised of 100% equity. Baca Float
15 is proposing a cost of equity of 10% to determine the required rate of return.
16 Therefore, the required return on fair value rate base is 10% for the wastewater
17 system, as described in the Direct Testimony of Mr. Ray Jones.

18 12. Baca Float's other requests for relief are set forth in the direct testimony
19 of its witnesses.

20 13. If consolidation is approved, Hearthstone Water South would be a Class
21 C utility under the Commission's classifications. Accordingly, the schedules required
22 by A.A.C. R14-2-103 for Class C utility rate applications are attached to the Direct
23 Testimony of Mr. Ray Jones as Exhibit RLJ-DT3. To prepare its schedules, Baca
24 Float used a Test Year consisting of the 12-month period ending August 31, 2023.
25 Baca Float requests that the Commission use this Test Year in connection with this
26 Application.

27 WHEREFORE, Baca Float requests the following relief:
28

1 A. That the Commission, upon proper notice and at the earliest possible time,
2 approve Baca Float's requests herein and as set forth in the exhibits, schedules, and
3 testimony of its witnesses as they relate to Baca Float's service areas;

4 B. That the Commission authorize such other and further relief as may be
5 appropriate to ensure that Baca Float has an opportunity to recover its prudently
6 incurred cost of service, including the cost of its capital deployed in the provision of
7 such service; and

8 C. That the Commission authorize the operational and rate consolidation of
9 the Utilities into a larger "Hearthstone Water South" entity and such other and further
10 relief as may be necessary or appropriate.

11 RESPECTFULLY SUBMITTED this 12th day of January, 2024.

12 OSBORN MALEDON, P.A.

13
14 By 

15 Meghan H. Grabel
16 Elias J. Ancharski
17 Osborn Maledon, PA
18 2929 North Central Ave. 20th Floor
19 Phoenix, Arizona 85012
20 Attorneys for Baca Float Water Company, Inc.

21 Copy efiled this 12th day of January,
22 2024, with:

23 <https://efiling.azcc.gov>
24 ARIZONA CORPORATION COMMISSION
25 1200 West Washington Street
26 Phoenix, Arizona 85007

27 Copy of the foregoing e-mailed
28 This 12th day of January, 2024 to:

utildivservicebyemail@azcc.gov
Director Utilities Division
ARIZONA CORPORATION COMMISSION
1200 W. Washington
Phoenix, Arizona 85007

1 Robin Mitchell
2 legaldiv@azcc.gov
3 Legal Division Chief Counsel
4 ARIZONA CORPORATION COMMISSION
5 1200 W Washington
6 Phoenix, Arizona 85007

Patricia S. Palmer

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Exhibit 1

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

JIM O'CONNOR - Chairman
LEA MARQUEZ PETERSON
ANNA TOVAR
KEVIN THOMPSON
NICK MYERS

IN THE MATTER OF THE APPLICATION
OF CLEAR SPRINGS UTILITY COMPANY,
INC. FOR A DETERMINATION OF THE
CURRENT FAIR VALUE OF ITS UTILITY
PLANT AND PROPERTY AND FOR
CHANGES IN ITS RATES AND CHARGES
THEREON FOR UTILITY SERVICE AND
FOR CERTAIN RELATED APPROVALS.

DOCKET NO. W-01689A-24-___

IN THE MATTER OF THE APPLICATION
OF CLEAR SPRINGS UTILITY COMPANY,
INC. FOR A DETERMINATION OF THE
CURRENT FAIR VALUE OF ITS UTILITY
PLANT AND PROPERTY AND FOR
CHANGES IN ITS RATES AND CHARGES
THEREON FOR UTILITY SERVICE AND
FOR CERTAIN RELATED APPROVALS.

DOCKET NO. WS-01689A-24-___

IN THE MATTER OF THE APPLICATION
OF BACA FLOAT WATER COMPANY, INC.
FOR A DETERMINATION OF THE
CURRENT FAIR VALUE OF ITS UTILITY
PLANT AND PROPERTY AND FOR
CHANGES IN ITS RATES AND CHARGES
THEREON FOR UTILITY SERVICE AND
FOR CERTAIN RELATED APPROVALS.

DOCKET NO. W-01678A-24-___

IN THE MATTER OF THE APPLICATION
OF BACA FLOAT WATER COMPANY, INC.
FOR A DETERMINATION OF THE
CURRENT FAIR VALUE OF ITS UTILITY
PLANT AND PROPERTY AND FOR
CHANGES IN ITS RATES AND CHARGES
THEREON FOR UTILITY SERVICE AND
FOR CERTAIN RELATED APPROVALS.

DOCKET NO. WS-01678A-24-___

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IN THE MATTER OF THE APPLICATION OF EAST SLOPE WATER COMPANY, INC. FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR CHANGES IN ITS RATES AND CHARGES THEREON FOR UTILITY SERVICE AND FOR CERTAIN RELATED APPROVALS.

DOCKET NO. W-01906A-24-___

IN THE MATTER OF THE APPLICATION OF MESCAL LAKES WATER SYSTEMS, INC. FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR CHANGES IN ITS RATES AND CHARGES THEREON FOR UTILITY SERVICE AND FOR CERTAIN RELATED APPROVALS.

DOCKET NO. W-02472A-24-___

IN THE MATTER OF THE APPLICATION OF NACO WATER COMPANY, L.L.C. FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR CHANGES IN ITS RATES AND CHARGES THEREON FOR UTILITY SERVICE AND FOR CERTAIN RELATED APPROVALS.

DOCKET NO. W-02860A-24-___

**DIRECT TESTIMONY
OF
BRYAN THOMAS
ON BEHALF OF
CLEAR SPRINGS UTILITY COMPANY, ET. AL.
January 12, 2024**

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1 **I** **Introduction**

2
3 **Q. WHAT IS YOUR NAME AND BUSINESS ADDRESS?**

4 A. My name is Bryan Thomas. My business address is 6808 N Dysart Rd # 116
5 Glendale, AZ 85307.

6 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

7 A. I am the President and General Manager of Hearthstone Water, Inc. (“Hearthstone”).
8 Hearthstone is a public utility holding company that owns and operates 14 regulated
9 water and wastewater subsidiaries in Arizona, serving approximately 8,000
10 customers. Of relevance for the present application, the following utilities are
11 affiliates of Hearthstone:

- 12 • Baca Float Water Company (water and wastewater) (“Baca Float”)
- 13 • Clear Springs Utility Company (water and wastewater) (“Clear Springs”)
- 14 • East Slope Water Company (water) (“East Slope”)
- 15 • Mescal Lakes Water Systems (water) (“Mescal Lakes”)
- 16 • Naco Water Company (water) (“Naco Water”)

17 (collectively, the “Utilities” or “Applicants”).

18 **Q. WHAT IS YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND?**

19 A. I have a Bachelor’s degree in Accounting from DeVry University. I am a Certified
20 Public Accountant in the State of Arizona. I worked for an Arizona public
21 accounting firm specializing in water and wastewater utilities for 14 years.
22 Subsequently, I have been employed by Hearthstone (and its predecessors) for over
23 14 years, first as its Chief Financial Officer and now as President and General
24 Manager.

25 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE COMMISSION?**

26 A. Yes. I have previously provided pre-filed testimony in the Valley Utilities Water
27 Company and Tierra Buena Water Company consolidated rate case, which is
28

1 currently pending in Docket Nos. W-01412A-23-00700, W-02076A-23-0071, W-
2 01412A-23-0072 and W-02076A-23-0072.

3 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

4 A. I am testifying on behalf of the Applicants.

5 **Q. WHAT IS THE PURPOSE OF THIS TESTIMONY?**

6 A. I will explain and support the Applicants' rate related requests, generally, and the
7 request for consolidation.
8

9 **II Description of Requested Consolidation**

10 **Q. PLEASE EXPLAIN THE REQUESTED CONSOLIDATION.**

11 A. First, we will be requesting that the Arizona Corporation Commission
12 ("Commission") consolidate, as a procedural matter, each rate application filed by the
13 Utilities, respectively. The purpose of consolidating these related matters
14 procedurally is so the Commission can consider our request to consolidate the
15 operations of the Utilities and, in most cases, their rates in one proceeding. If the
16 Commission grants the requested operational consolidation in this docket, the
17 resulting consolidated water and wastewater district would be the "Hearthstone Water
18 South" utility.

19 **Q. HOW MANY CUSTOMERS WOULD THE "HEARTHSTONE WATER
20 SOUTH" UTILITY HAVE IF THIS CONSOLIDATION REQUEST WAS
21 GRANTED?**

22 A. Approximately 2,898 water customers and 785 wastewater customers.

23 **Q. ARE YOU ALSO REQUESTING CONSOLIDATED RATES?**

24 A. Yes. We are asking that the Commission approve one tariff of rates and charges for
25 water utility service for a consolidated Hearthstone Water South utility. Because of
26 the currently large rate disparity between the Clear Springs and Baca Float
27 wastewater utilities, we will not seek rate consolidation of these two systems at this
28

1 time. However, we anticipate having significant capital investment in the Clear
2 Springs wastewater system within the next few years as the existing wastewater
3 treatment system installed in the 1970s is beyond its estimated service life. When
4 that capital investment is included in rates, the rates for Clear Springs and Baca Float
5 will be much closer, making rate consolidation a more viable option to pursue as part
6 of a future rate case. Specific information regarding the impact of the proposed
7 consolidation is provided in the Direct Testimony of Ray Jones, filed concurrently
8 with this testimony.
9

10 **III The Requested Consolidation is in the Public Interest**

11 **Q. WHY SHOULD THE COMMISSION APPROVE THE REQUESTED**
12 **CONSOLIDATION?**

13 A. As discussed herein, rate consolidation can provide many benefits to water and
14 wastewater utilities and their customers. This consolidation request is supported by
15 both the Commission's Water Policy and the specific circumstances presented here.

16 **Q. HAVE YOU REVIEWED THE COMMISSION'S WATER POLICY IN**
17 **DECISION NO. 75626 (JULY 25, 2016)?**

18 A. Yes.

19 **Q. DOES THE COMMISSION'S WATER POLICY SUPPORT THE PRESENT**
20 **CONSOLIDATION REQUEST?**

21 A. Yes. The Commission's Water Policy, approved in Decision No. 75626 (July 25,
22 2016), acknowledges the financial and operational struggles that small water and
23 wastewater companies face in Arizona. The Commission's policy further recognized
24 that "consolidation can be an effective method of solving problems associated with
25 small systems" and proposed several policies to encourage such consolidation.¹
26

27 _____
28 ¹ Decision No. 75626 (July 25, 2016), Introduction at 1.

1 The Water Policy makes several references to the Commission’s preference to
2 consolidate small water and wastewater utilities to form larger utilities. Of relevance,
3 in Policy Statement No. 5, the Commission delineates its “Policy Regarding Rate
4 Consolidation for Small Jointly Owned Water Utilities.” According to the Water
5 Policy, the Commission “generally encourages and is in favor of allowing jointly
6 owned Class D and E water and wastewater utilities to adopt a single rate design
7 and/or merge into a single entity.”² This applies to both jointly owned Class D and E
8 water and wastewater utilities as well as Class D and E water and wastewater utilities
9 owned by larger classes of utilities.³ According to the Policy, the Commission will
10 generally favor proposals (brought forward in rate cases) to consolidate the rates of
11 cases involving Class D and E water and wastewater utilities.⁴

12 **Q. DO THE UTILITIES FIT WITHIN THE SCOPE OF THE COMMISSION’S**
13 **POLICY THAT YOU JUST DESCRIBED?**

14 A. Yes. The classification for each Utility is as follows:

- 15 • Baca Float (Water) – Class D
- 16 • Baca Float (Wastewater) – Class D
- 17 • Clear Springs (Water) – Class D
- 18 • Clear Springs (Wastewater) – Class E
- 19 • East Slope – Class D
- 20 • Mescal Lakes – Class E
- 21 • Naco Water – Class D

22 As class D and E utilities, the Utilities would benefit from consolidation for the
23 reasons set forth in the Commission’s Water Policy and as further set forth herein.

24
25
26 ² Decision No. 75626 (July 25, 2016), Policy No. 5 at 1.

27 ³ *See id.*

28 ⁴ *See id.*

1 **Q. WILL SOME CUSTOMERS PAY MORE IF THE REQUESTED**
2 **CONSOLIDATION IS GRANTED THAN THEY WOULD IF IT WAS NOT**
3 **GRANTED?**

4 A. Yes, Clear Spring (Water and Wastewater), Baca Float (Water), and Mescal Lakes
5 customers will pay slightly more if the requested consolidation is approved compared
6 to the proposed rates on a standalone basis. Baca Float (Wastewater), East Slope, and
7 Naco Water would pay less if the requested consolidation is approved compared to
8 the proposed rates on a standalone basis.

9 **Q. ON A STANDALONE BASIS, WOULD CUSTOMERS SEE AN INCREASE**
10 **AS A RESULT OF EACH RESPECTIVE RATE APPLICATION?**

11 A. Yes. With the exception of Clear Springs (Water) and Mescal, customers of the
12 Utilities would expect to see rate increases. Rate increases are a direct result of rising
13 operational costs. For several of the Utilities, it has been many years since the last
14 rate adjustment.

15 **Q. DO YOU BELIEVE THAT CUSTOMERS WILL SEE BENEFITS AS A**
16 **RESULT OF CONSOLIDATION?**

17 A. Yes. Granting the consolidation request will lead to regulatory and administrative
18 efficiencies. The Commission will be regulating one utility district with
19 approximately 2,898 water customers and 785 wastewater customers instead of seven
20 individual utilities. The Utilities will need one rate case in the future. As standalone
21 entities, the Utilities generally struggle to maintain a healthy financial position due to
22 high levels of capital expenditures across relatively small rate bases. If consolidated,
23 the Utilities' finances will be stabilized. Moreover, a consolidated entity would likely
24 not need a financing surcharge to support a debt issuance, again moderating customer
25 rate impacts.

26 Consolidated systems can also benefit through increased operational efficiencies.
27 Shared-services models are recognized as a factor in favor of consolidation, and
28 Hearthstone already has consolidated operations personnel working with these

1 entities. Through Hearthstone’s shared-services model, administrative and customer
2 service functions are performed by employees who serve a broad range of water and
3 sewer utilities throughout the State of Arizona, taking full advantage of economies of
4 scale to provide high quality service while saving costs. Consolidating the systems
5 under a single entity could reduce costs further by reducing record-keeping and the
6 costs for implementation of Best Management Practices and water sampling
7 programs, by way of example. In the event of further cost-savings, the customers of
8 the Utilities benefit because all customers are sharing the total cost of service in a fair
9 and equitable fashion.

10 **Q. HAS THE COMMISSION APPROVED SIMILAR CONSOLIDATION**
11 **REQUESTS?**

12 A. Yes. The Commission approved significant consolidations of EPCOR Water Arizona
13 Inc. (“EPCOR”) and Global Water Utilities (“Global”) water and wastewater districts
14 on several occasions.⁵ In Decision No. 76162, the Commission found that: (1)
15 consolidating geographically distant districts did not violate cost causation principles,
16 (2) consolidation lessens the burden of projected capital expenditures, (3)
17 consolidation addresses rate disparities between districts that are otherwise receiving
18 the same service from the same company, (4) physical interconnection is not
19 necessary for consolidation, and (5) based on the record, consolidation would result in
20 cost savings to customers. These findings have been upheld by the Arizona Supreme
21 Court.⁶

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26 ⁵ See e.g. Decision No. 78644 (July 27, 2022) (consolidation of Global water and wastewater
27 districts); Decision No. 78439 (Feb. 1, 2022) (consolidation of EPCOR water districts);
28 Decision No. 76162 (June 28, 2017) (consolidation of EPCOR wastewater districts).

⁶ *Sun City Home Owners Ass'n v. Arizona Corp. Comm'n*, 252 Ariz. 1 (2021).

1 **Q. ARE THE FACTORS THAT YOU JUST DISCUSSED APPLICABLE TO THE**
2 **PRESENT CONSOLIDATION REQUEST?**

3 A. Yes. As a general matter, the same principles that supported consolidation requests
4 for various other utilities exist here. Although the Utilities are geographically distant,
5 the cost causation principle is not a valid basis for rejecting consolidation because the
6 Commission can consider economic, social, historical, and other factors, such as the
7 public interest, when determining revenue allocation and that such considerations
8 often result in rates that deviate from strict cost of service. The Commission's Water
9 Policy expressly recognizes that "the practical benefits from allowing rate
10 consolidation involving small water and wastewater utilities far outweigh the benefits
11 of a strict adherence to this theoretical principle"⁷ Second, consolidation mitigates
12 large rate impacts from significant capital expenditures on small groups of customers.
13 Third, the Utilities all receive similar service from a management and operational
14 perspective, and consolidation apportions those costs equally among a larger rate
15 base. Fourth, the consolidation principles recognize that physical interconnections
16 are not necessary for consolidation. Finally, Hearthstone recognizes that some
17 customers will see increases due to consolidation. While the rate impacts are
18 immediately evident, the short- and long-term benefits of consolidation will outweigh
19 those impacts.

20 **Q. DO YOU BELIEVE THAT CONSOLIDATION IS IN THE PUBLIC**
21 **INTEREST?**

22 A. Yes.

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28 ⁷ Decision No. 75626 (July 25, 2016), Policy No. 5 at 1.

Exhibit 2

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

JIM O'CONNOR - Chairman
LEA MARQUEZ PETERSON
ANNA TOVAR
KEVIN THOMPSON
NICK MYERS

IN THE MATTER OF THE APPLICATION
OF CLEAR SPRINGS UTILITY COMPANY,
INC. FOR A DETERMINATION OF THE
CURRENT FAIR VALUE OF ITS UTILITY
PLANT AND PROPERTY AND FOR
CHANGES IN ITS RATES AND CHARGES
THEREON FOR UTILITY SERVICE AND
FOR CERTAIN RELATED APPROVALS.

DOCKET NO. W-01689A-24-___

IN THE MATTER OF THE APPLICATION
OF CLEAR SPRINGS UTILITY COMPANY,
INC. FOR A DETERMINATION OF THE
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PLANT AND PROPERTY AND FOR
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DOCKET NO. WS-01689A-24-___

IN THE MATTER OF THE APPLICATION
OF BACA FLOAT WATER COMPANY, INC.
FOR A DETERMINATION OF THE
CURRENT FAIR VALUE OF ITS UTILITY
PLANT AND PROPERTY AND FOR
CHANGES IN ITS RATES AND CHARGES
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DOCKET NO. W-01678A-24-___

IN THE MATTER OF THE APPLICATION OF BACA FLOAT WATER COMPANY, INC. FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR CHANGES IN ITS RATES AND CHARGES THEREON FOR UTILITY SERVICE AND FOR CERTAIN RELATED APPROVALS.

DOCKET NO. WS-01678A-24-___

IN THE MATTER OF THE APPLICATION OF EAST SLOPE WATER COMPANY, INC. FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR CHANGES IN ITS RATES AND CHARGES THEREON FOR UTILITY SERVICE AND FOR CERTAIN RELATED APPROVALS.

DOCKET NO. W-01906A-24-___

IN THE MATTER OF THE APPLICATION OF MESCAL LAKES WATER SYSTEMS, INC. FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR CHANGES IN ITS RATES AND CHARGES THEREON FOR UTILITY SERVICE AND FOR CERTAIN RELATED APPROVALS.

DOCKET NO. W-02472A-24-___

IN THE MATTER OF THE APPLICATION OF NACO WATER COMPANY, L.L.C. FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR CHANGES IN ITS RATES AND CHARGES THEREON FOR UTILITY SERVICE AND FOR CERTAIN RELATED APPROVALS.

DOCKET NO. W-02860A-24-___

**DIRECT TESTIMONY
OF
RAY L. JONES
ON BEHALF OF
CLEAR SPRINGS UTILITY COMPANY, ET AL.
JANUARY 12, 2024**



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Clear Springs

- Exhibit RLJ-DT1 – Resume Ray L. Jones, P.E.
- Exhibit RLJ-DT2 – Clear Springs Water Schedules
- Exhibit RLJ-DT3 – Clear Springs Sewer Schedules
- Exhibit RLJ-DT4 – Consolidated Water Schedules
- Exhibit RLJ-DT5 – Consolidated Sewer Schedules
- Exhibit RLJ-DT6 – Consolidated Regulatory Expense Surcharge Calculation

Baca Float

- Exhibit RLJ-DT1 – Resume Ray L. Jones, P.E.
- Exhibit RLJ-DT2 – Baca Float Water Schedules
- Exhibit RLJ-DT3 – Baca Float Sewer Schedules

East Slope

- Exhibit RLJ-DT1 – Resume Ray L. Jones, P.E.
- Exhibit RLJ-DT2 – East Slope Schedules

Mescal Lakes

- Exhibit RLJ-DT1 – Resume Ray L. Jones, P.E.
- Exhibit RLJ-DT2 – Mescal Lakes Schedules

Naco Water

- Exhibit RLJ-DT1 – Resume Ray L. Jones, P.E.
- Exhibit RLJ-DT2 – Naco Water Schedules

1 **I** **INTRODUCTION**

2 **Q. WHAT IS YOUR NAME AND BUSINESS ADDRESS?**

3 A. My name is Ray L. Jones. My business address is 1630 Cougar Trl., Prescott, AZ 86303.

4 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

5 A. I am testifying on behalf of Clear Springs Utility Company (“Clear Springs”), Baca Float
6 Water Co., Inc. (“Baca Float”), East Slope Water Company (“East Slope”), Mescal Lakes
7 Water Systems, Inc. (“Mescal Lakes”) and Naco Water Company, L.L.C. (“Naco
8 Water”). Collectively I will refer to all of the applicants as “Hearthstone Water South” or
9 “Applicants.”

10 **Q. WHAT IS YOUR RELATIONSHIP WITH HEARTHSTONE WATER SOUTH?**

11 A. I have been retained by Hearthstone Water Inc. (“HWI”), the parent company of the
12 Applicants, to provide consulting services in support of the separate applications for rate
13 relief before the Arizona Corporation Commission (“Commission”) for Clear Springs
14 (water and wastewater divisions), Baca Float (water and wastewater divisions), East
15 Slope, Mescal Lakes and Naco Water. Additionally, I am supporting the Applicants’
16 request to consolidate each of the Applicants into a single entity with consolidated water
17 and wastewater rates.

18 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

19 A. I am the owner and principal of ARICOR Water Solutions LC (“ARICOR”), a consulting
20 firm providing services to the water and wastewater utility industry.

1 **Q. WHAT IS YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND?**

2 A. I began my working career with Citizens Utilities Company (“Citizens”) in 1985 as a
3 Staff Engineer for the Maricopa County water and wastewater division. I was employed
4 at Citizens for 17 years, ascending to Vice President and General Manager for the
5 Arizona water and wastewater operations. In 2002, American Water (“American”)
6 purchased the water and wastewater assets of Citizens, and I joined American as the
7 President of Arizona-American Water Company. I left American in 2004 to start
8 ARICOR.

9 I received a Bachelor of Science in Civil Engineering degree in 1985 from the University
10 of Kansas, and a Master of Business Administration degree in 1991 from Arizona State
11 University. I am a Registered Professional Engineer in Arizona and California and a
12 Grade 3 Certified Operator in Arizona for all four water and wastewater classifications. I
13 specialize in water resource issues, regulatory strategies, rate case filings, and water and
14 wastewater utility management and operations.

15 In addition to my consulting practice, I am the Executive Director of the Water Utilities
16 Association of Arizona (“WUAA”). Founded in 1961, WUAA is a non-profit association
17 representing Arizona’s private, regulated water and wastewater utilities.

18 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE COMMISSION?**

19 A. In my time with Citizens and American, I prepared or assisted in the preparation of
20 multiple filings before the Commission, including rate applications and certificate of
21 convenience and necessity (“CC&N”) filings. Since starting ARICOR, I have prepared
22 many filings and assisted in the preparation of several more filings before the

1 Commission, including rate applications, financing applications and CC&N filings. I
2 have also provided testimony in all these cases before the Commission. A summary of
3 my regulatory work experience is included in my resume attached hereto as **Exhibit**
4 **RLJ-DT1**.

5 **II PURPOSE OF TESTIMONY**

6 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS**
7 **DOCKET?**

8 A. My testimony supports Hearthstone Water South's applications for rate relief for the
9 Applicants in this proceeding ("Applications"). I am sponsoring Schedules "A" through
10 "H" (as required for a Class C utility), which are also being filed concurrently herewith in
11 support of each of the Applications. I was responsible for and/or supervised the
12 preparation of these schedules based on my investigation and review of each applicant's
13 relevant books and records. The Applicants' service areas consist overwhelmingly of
14 residential customers with only a small percentage of commercial customers.
15 Accordingly, Hearthstone Water South has not prepared a cost of service study (G
16 schedules), and the G Schedules are omitted from this filing.

17 **III OVERVIEW OF HEARTHSTONE WATER SOUTH'S APPLICATIONS.**

18 **Q. PLEASE SUMMARIZE HEARTHSTONE WATER SOUTH'S APPLICATIONS.**

19 A. The test year for each of the applications is the 12-month period ending on August 31,
20 2023. The Applicants request rate base and revenue increases as follows:

Application Summary			
	Rate	Revenue	Percent
	Base	Increase	Increase
Water			
Clear Springs	\$ 832,239.90	(685.22)	-0.19%
Baca Float	650,746.23	52,227.45	16.58%
East Slope	2,604,729.45	413,975.10	72.06%
Mescal Lakes	49,996.78	(41,977.39)	-15.12%
Naco Water	1,409,297.64	295,491.09	109.50%
Water Total	\$ 5,547,010.00	\$ 719,031.04	40.14%
Sewer			
Clear Springs	\$ 223,844.79	89,720.95	98.51%
Baca Float	549,384.92	15,917.13	4.68%
Sewer Total	\$ 773,229.71	\$ 105,638.08	24.51%

The Applicants propose certain pro forma adjustments to account for known and measurable changes to rate base, expenses and revenues, and to present a normalized and more realistic relationship between revenues, expenses and rate base. The Applicants are not requesting inclusion of post-test year plant.

Q. WHAT IS THE IMPACT OF PROPOSED RATES ON TYPICAL RESIDENTIAL CUSTOMERS?

A. Hearthstone Water South’s residential customers primarily use the 5/8” x 3/4” meter size. The following table provides a summary of the impact of proposed rate increases on typical residential customers.

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Typical Residential Rate Impact					
	Meter	Percent of	Median		Percent
	Size	Res. Meters	Usage	Increase	Increase
Water					
Clear Springs	5/8 x 3/4	99.4%	2,482	\$ (1.72)	-4.39%
Baca Float	5/8 x 3/4	66.8%	3,508	4.96	11.67%
East Slope	5/8 x 3/4	99.7%	3,483	21.23	64.26%
Mescal Lakes	5/8 x 3/4	99.4%	2,478	(4.19)	-14.91%
Naco Water	5/8 x 3/4	99.6%	3,492	54.43	96.89%
	Class	Percent of	Median		Percent
		Res. Meters	Usage	Increase	Increase
Sewer					
Clear Springs	All Residential	100.0%	2,491	\$ 19.48	101.19%
Baca Float	All Residential	100.0%	n/a	2.80	4.24%

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2 **Q. PLEASE IDENTIFY THE RATE CASE SCHEDULES PROVIDED WITH YOUR**
3 **TESTIMONY.**

4 A. I have prepared the following schedules for each division of Clear Springs and Baca Float
5 and for East Slope, Mescal Lakes and Naco Water. The schedules of each of the water
6 applications are attached as **Exhibit RLJ-DT2** to my direct testimony for each applicant.
7 The schedules for the two wastewater divisions are attached as **Exhibit RLJ-DT3** to my
8 direct testimony for Clear Springs and Baca Float.

- 9 • Schedules A-1 through A-5 – Summary Information.
- 10 • Schedules B-1, B-2 and B-5 – Rate Base Information and Adjustments.
- 11 • Schedules C-1 through C-3 – Income Statements and Adjustments.
- 12 • Schedules D-1 and D-2 – Cost of Capital Information.
- 13 • Schedules E-1 through E-5, E-7 through E-9 – Financial Statements and
- 14 Statistical Data.
- 15 • Schedules F-1 through F-4 – Projections and Forecasts.
- 16 • Schedules H-1 through H-5 – Effect of Proposed Rate Schedules.

I prepared these schedules based on my investigation and review of the relevant books and records of the Applicants.

IV COST OF CAPITAL

Q. HAVE YOU PREPARED STANDARD COST OF CAPITAL SCHEDULES FOR THE APPLICANTS?

A. Yes. I have prepared all required cost of capital schedules and presented a capital structure for each applicant.

Q. WHAT ARE THE RESULTING CAPITAL STRUCTURES?

A. As shown on Schedule D-1 for each applicant, the capital structure used for ratemaking for the Applicants are as follows:

Capital Structure Summary				
	Long-Term		Percent	Percent
	Debt	Equity	Debt	Equity
Water				
Clear Springs	\$ 634,162.92	\$ 137,636.11	82.17%	17.83%
Baca Float	-	628,271.95	n/a	100.00%
East Slope	1,434,535.83	553,193.40	72.17%	27.83%
Mescal Lakes	-	44,359.83	n/a	100.00%
Naco Water	640,673.43	710,935.11	47.40%	52.60%
Water Total	\$ 2,709,372.18	\$ 2,074,396.39	56.64%	43.36%
Sewer				
Clear Springs	\$ 101,457.51	\$ 84,352.38	54.60%	45.40%
Baca Float	-	569,772.52	n/a	100.00%
Sewer Total	\$ 101,457.51	\$ 654,124.90	13.43%	86.57%

1 **Q. WHAT IS THE COST OF DEBT AND EQUITY USED IN YOUR**
2 **PRESENTATION?**

3 A. The cost of debt is determined for each applicant using the actual cost of debt for the
4 applicant. Based on review of recent filings by larger water and sewer providers,
5 Hearthstone Water South is proposing a cost of equity of 10.0% for the Applicants. The
6 table below summarizes the cost of capital for the Applicants.

Rate of Return Summary					
	Cost of Debt	Cost of	Weighted Cost		Return on
	Debt	Equity	Debt	Equity	FVRB
Water					
Clear Springs	4.53%	10.00%	3.72%	1.78%	5.50%
Baca Float	n/a	10.00%	n/a	10.00%	10.00%
East Slope	4.23%	10.00%	3.05%	2.78%	5.83%
Mescal Lakes	n/a	10.00%	n/a	10.00%	10.00%
Naco Water	4.83%	10.00%	2.29%	5.26%	7.55%
Sewer					
Clear Springs	4.54%	10.00%	2.48%	4.54%	7.02%
Baca Float	n/a	10.00%	n/a	10.00%	10.00%

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8 **V RATE BASE AND RATE BASE ADJUSTMENTS**

9 **A GENERAL**

10 **Q. HAVE YOU PREPARED STANDARD RATE BASE SCHEDULES FOR THE**
11 **APPLICANTS?**

12 A. Yes. I have prepared all required rate base schedules and established a rate base for each
13 applicant. The original cost rate base is shown on Schedule B-1, Line 22 of the schedules
14 for each applicant.

1 **Q. HOW DID HEARTHSTONE WATER SOUTH ARRIVE AT ITS TEST YEAR**
2 **ORIGINAL COST RATE BASE SHOWN ON SCHEDULE B-1, LINE 22?**

3 A. The original cost rate base was calculated by establishing the balance of utility plant in
4 service at the end of the test year. Deductions were made for accumulated depreciation,
5 advances in aid of construction, net contributions in aid of construction, and customer
6 security deposits. Deferred income taxes and regulatory assets/liabilities were additions
7 or subtractions to rate base, as appropriate. Working capital was determined as shown on
8 Schedule B-5. In arriving at the rate base for the Applicants, Hearthstone Water South
9 made various pro forma adjustments [OC-1 through OC-4] to the actual test-year-end
10 balances to arrive at the adjusted test-year-end original cost rate base for each applicant.

11 **B RATE BASE ADJUSTMENTS**

12 **Q. PLEASE EXPLAIN RATE BASE ADJUSTMENT OC-1.**

13 A. Rate Base Adjustment OC-1, detailed on page 2 of Schedule B-2, increases the plant in
14 service balance for the Applicants. This adjustment is made up of two separate
15 adjustments further detailed on subsequent pages of Schedule B-2 as plant in service
16 adjustments labeled [OC-1.1] and [OC-1.2].

17 Adjustment [OC-1.1] increases plant in service to allocate items of corporate plant
18 utilized at the Sierra Vista Operations Office serving the Applicants. Adjustment [OC-
19 1.2] increases plant in service to allocate items of corporate plant associated with the
20 Glendale, Arizona Corporate Office supporting the Applicants. Adjustments [OC-1.1]
21 and [OC-1.2] are detailed on Schedule B-2 and in the referenced workpapers and
22 summarized as follows:

	<u>OC-1.1</u>	<u>OC-1.2</u>
	Allocated	Allocated
	Plant	Plant
	<u>Sierra Vista</u>	<u>Glendale</u>
<u>Water</u>		
Clear Springs	\$ 43,120.82	\$ 13,179.82
Baca Float	25,780.29	13,367.87
East Slope	122,623.75	38,311.68
Mescal Lakes	38,451.55	12,420.16
Naco Water	57,091.07	18,815.19
<u>Sewer</u>		
Clear Springs	\$ 31,225.42	\$ 9,544.01
Baca Float	24,386.08	12,843.64

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Q. PLEASE EXPLAIN RATE BASE ADJUSTMENT OC-2.

A. Rate Base Adjustment OC-2, detailed on page 5 of Schedule B-2, adjusts the accumulated depreciation balances for the Applicants, considering three separate accumulated depreciation adjustments labeled [OC-2.1] through [OC-2.3].

Adjustment [OC-2.1] classifies accumulated depreciation to various plant accounts based in the detailed plant and depreciation schedule for each applicant. This adjustment is necessary because the Applicants do not maintain plant account level accumulated depreciation balances on their general ledgers. The adjustment also reconciles the respective balances to the calculated 8/31/2023 test year-end balance.

Adjustment [OC-2.2] adjusts accumulated depreciation to allocate accumulated depreciation recorded on items of corporate plant utilized at the Sierra Vista Operations Office serving the Applicants.

1 Adjustment [OC-2.3] increases accumulated depreciation to allocate accumulated
2 depreciation recorded on items of corporate plant associated with the Glendale, Arizona
3 Corporate Office supporting the Applicants.

4 Adjustments [OC-2.1] through [OC-2.3] are detailed on Schedule B-2 and in the
5 referenced workpapers and summarized as follows:

	<u>OC-2.1</u>	<u>OC-2.2</u>	<u>OC-2.3</u>
	Classify A/D	Allocated	Allocated
	To Plant	A/D	A/D
	<u>Accounts</u>	<u>Sierra Vista</u>	<u>Glendale</u>
<u>Water</u>			
Clear Springs	\$ (143.10)	\$ 10,377.74	\$ 1,260.27
Baca Float	(163.14)	(8,989.00)	1,278.24
East Slope	850.66	29,511.43	3,663.39
Mescal Lakes	977.25	9,254.00	1,187.62
Naco Water	299.26	13,739.91	1,799.12
<u>Sewer</u>			
Clear Springs	\$ (85.05)	\$ 7,514.91	\$ 912.60
Baca Float	5,885.38	(9,056.66)	1,228.11

6
7 **Q. PLEASE EXPLAIN RATE BASE ADJUSTMENT OC-3.**

8 A. Rate Base Adjustment OC-3 adjusts accumulated amortization of CIAC to conform with
9 the calculated 8/31/2023 test year-end balance. The reconstruction of the accumulated
10 amortization of CIAC is presented on the indicated workpaper for each applicant.

11 Adjustment [OC-3] is detailed on Schedule B-2 and in the referenced workpapers and
12 summarized as follows:

	<u>OC-3</u>
	<u>AA CIAC</u>
<u>Water</u>	
Clear Springs	\$ (2.24)
Baca Float	2.68
East Slope	3.14
Mescal Lakes	(975.49)
Naco Water	12.78
<u>Sewer</u>	
Clear Springs	\$ 2.54
Baca Float	169.10

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Q. PLEASE EXPLAIN RATE BASE ADJUSTMENT OC-4.

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A. Rate Base Adjustment OC-4 adjusts the regulatory liability balances for Clear Springs and East Slope. The adjustment is required by the Commission decisions authorizing financing for Clear Springs and East Slope. The purpose of the adjustment is to record a regulatory liability so that customer-provided funds related to the approved DSR Surcharge can be subtracted from rate base. Adjustment [OC-4] is detailed on Schedule B-2 and in the referenced workpapers and summarized as follows:

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	<u>OC-4</u>
	<u>Regulatory Liability</u>
<u>Water</u>	
Clear Springs	\$ 51,010.95
Baca Float	Not Used
East Slope	117,042.76
Mescal Lakes	Not Used
Naco Water	Not Used
<u>Sewer</u>	
Clear Springs	\$ 15,295.65
Baca Float	Not Used

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1 **VI INCOME STATEMENT AND INCOME STATEMENT ADJUSTMENTS**

2 **A GENERAL**

3 **Q. HAVE YOU PREPARED STANDARD INCOME STATEMENT SCHEDULES**
4 **FOR THE APPLICANTS?**

5 A. Yes. I have prepared Schedules C-1, C-2, and C-3. The schedules contain pro forma
6 adjustments to account for known and measurable changes to revenues and expenses in
7 order to present a normalized and more realistic adjusted operating income.

8 **B OPERATING INCOME ADJUSTMENTS**

9 **Q. WHAT IS THE PURPOSE OF INCOME STATEMENT ADJUSTMENT IS-1?**

10 A. This adjustment removes all management fees paid to Southwestern Utility Management
11 (“SUM”) during the test year. This adjustment is necessary because Hearthstone Water
12 South discontinued the use of SUM and is now providing the services formerly provided
13 by SUM via a new workforce employed by HWI or via shared services provided by HWI
14 and its affiliates. Income Statement Adjustment IS-1 is detailed on Schedule C-2 and in
15 the referenced workpapers and is summarized as follows:

	<u>IS-1</u>
	Eliminate
	SUM
	<u>Mgt. Fee</u>
<u>Water</u>	
Clear Springs	\$ (64,825.75)
Baca Float	(11,467.11)
East Slope	(93,565.75)
Mescal Lakes	(66,181.00)
Naco Water	(39,588.25)
<u>Sewer</u>	
Clear Springs	(8,744.00)
Baca Float	(10,152.00)

1 **Q. PLEASE DESCRIBE INCOME STATEMENT ADJUSTMENT IS-2.**

2 A. This adjustment allocates annualized costs for HWI personnel and operations incurred to
3 operate the Applicants' water systems. The costs are allocated based on a 3-Factor
4 allocation methodology between the five water and two sewer operations serviced by the
5 Sierra Vista Operations office. Income Statement Adjustment IS-2 is detailed on
6 Schedule C-2 and on the referenced workpapers and is summarized as follows:

	IS-2
	Allocate
	SV Workforce
	<u>Costs</u>
<u>Water</u>	
Clear Springs	\$ 90,129.36
Baca Float	8,681.28
East Slope	256,303.13
Mescal Lakes	80,369.85
Naco Water	119,329.41
<u>Sewer</u>	
Clear Springs	65,266.09
Baca Float	8,341.08

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8 **Q. PLEASE DESCRIBE INCOME STATEMENT ADJUSTMENT IS-3.**

9 A. This adjustment updates and allocates management fees to reflect the annualized actual
10 ongoing cost of shared services provided by HWI and its affiliates. Shared services costs
11 are allocated to all utilities owned by HWI based on a 3-Factor allocation methodology.
12 All management fees paid to HWI (f/k/a Triton) during the test year are removed as part
13 of this adjustment. Income Statement Adjustment IS-3 is detailed on Schedule C-2 and
14 on the indicated workpapers and is summarized as follows:

	<u>IS-3</u>
	Normalize
	Shared Serv.
	<u>Costs</u>
<u>Water</u>	
Clear Springs	\$ 6,929.53
Baca Float	6,701.57
East Slope	88,841.80
Mescal Lakes	6,602.65
Naco Water	46,860.05
<u>Sewer</u>	
Clear Springs	10,935.14
Baca Float	6,391.71

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Q. WHAT IS INCOME STATEMENT ADJUSTMENT IS-4?

A. Due to a delay in receiving monthly revenue reporting from SUM, Applicants book estimated revenue each month. During the following month the estimated revenue entry is reversed, and the actual revenue amount is booked. This procedure causes test year revenue booked on the general ledger to be inaccurate. This adjustment corrects the revenue to reflect the actual revenue for the test year. This adjustment also eliminates nonrecurring reconciling entries. Income Statement Adjustment IS-4 is detailed on Schedule C-2 and in the referenced workpaper and is summarized as follows:

	IS-4
	Adjust TY
	Revenue
	<u>to Actual</u>
<u>Water</u>	
Clear Springs	\$ 5,641.71
Baca Float	(133.23)
East Slope	(4,712.03)
Mescal Lakes	(834.27)
Naco Water	(5,259.72)
<u>Sewer</u>	
Clear Springs	1,360.72
Baca Float	(286.52)

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Q. WHAT IS INCOME STATEMENT ADJUSTMENT IS-5?

A. This adjustment adjusts revenue to reflect Commission authorized revenue. For Clear Springs and East Slope, Adjustment IS-5 removes billed DSR Surcharges from revenue. The adjustment is needed because the decisions authorizing financing for Clear Springs and East Slope require the DSR Surcharge receipts to be recorded on the balance sheet as a regulatory liability. In accordance with Decision No. 78742, Mescal Lakes implemented new rates on November 1, 2022. This adjustment increases revenue to include proforma revenue that would have been generated for the two month period from September 2022 through October 2022, assuming the rate increase had been in effect for the entire test year. Income Statement Adjustment IS-5 is detailed on Schedule C-2 and in the referenced workpapers and is summarized as follows:

	<u>IS-5</u>
	<u>Adjust</u>
	<u>Revenue</u>
<u>Water</u>	
Clear Springs	\$ (11,863.67)
Baca Float	Not Used
East Slope	(34,716.99)
Mescal Lakes	6,240.31
Naco Water	Not Used
<u>Sewer</u>	
Clear Springs	(3,421.25)
Baca Float	Not Used

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Q. PLEASE DESCRIBE INCOME STATEMENT ADJUSTMENT IS-6.

A. This adjustment applies only to Mescal Lakes. For Mescal Lakes, this adjustment removes recorded regulatory commission expense amortization to reflect Hearthstone Water South's request to collect rate case expense as a surcharge rather than in rates. Mescal Lakes' Income Statement IS-6 decreases regulatory commission expense by \$7,181 and is detailed on Schedule C-2.

Q. PLEASE EXPLAIN INCOME STATEMENT ADJUSTMENT IS-7.

A. Income statement adjustment IS-7 synchronizes interest expense with the test-year adjusted rate base and debt structure for the Applicants. Income statement adjustment IS-7 is detailed on Schedule C-2 and is summarized as follows:

	IS-7
	Synchro
	Interest
	<u>Expense</u>
<u>Water</u>	
Clear Springs	\$ (5,575.37)
Baca Float	Not Used
East Slope	(7,669.14)
Mescal Lakes	Not Used
Naco Water	(642.57)
<u>Sewer</u>	
Clear Springs	\$ (3,468.04)
Baca Float	Not Used

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Q. WHAT IS INCOME STATEMENT ADJUSTMENT IS-8?

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A. Income statement adjustment IS-8 normalizes depreciation expense using adjusted test-year-end plant balances and proposed depreciation rates. Hearthstone Water South has used Staff's standard recommended depreciation rates for all accounts. Income Statement Adjustment IS-8 also normalizes amortization expense related to the regulatory liability for Clear Springs and East Slope. Income statement adjustment IS-8 is detailed on Schedule C-2 and is summarized as follows:

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	IS-8	IS-8
	Depreciation	Amortization
	<u>Expense</u>	<u>Expense</u>
<u>Water</u>		
Clear Springs	\$ 7,592.85	\$ (3,400.73)
Baca Float	5,805.76	Not Used
East Slope	7,572.52	(7,802.85)
Mescal Lakes	(2,698.36)	Not Used
Naco Water	7,156.94	Not Used
<u>Sewer</u>		
Clear Springs	\$ 789.72	\$ (1,019.71)
Baca Float	(16,209.13)	Not Used

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1 **Q. WHAT IS INCOME STATEMENT ADJUSTMENT IS-9?**

2 A. Income statement adjustment IS-9 restates property taxes consistent with the method
3 supported by Commission Staff and approved in numerous Commission decisions.
4 Specifically, following the Arizona Department of Revenue - Centrally Valued Properties
5 method, full cash value was determined by using twice the average of three years of
6 revenue, plus an addition for CWIP and a deduction for the book value of transportation
7 equipment. Consistent with Commission practice, three times the adjusted revenues for
8 the test year was used to determine the average revenue. The assessed value (16.5% of
9 full cash value) was then multiplied by the tax year 2023 property tax rate to determine
10 adjusted property tax expense. Income statement adjustment IS-9 adjusts test year
11 property tax expense, and after considering the effect of the proposed rate increase,
12 adjusts the test year adjusted amount to the final proposed property tax amount. Income
13 statement adjustment IS-9 is detailed on Schedule C-2 and is summarized as follows:

	<u>IS-9</u>	<u>IS-9</u>
	Property	Property
	Tax	Tax
	<u>Test Year</u>	<u>Proposed</u>
<u>Water</u>		
Clear Springs	\$ (1,923.17)	\$ (13.32)
Baca Float	(449.80)	761.42
East Slope	(3,235.06)	6,217.36
Mescal Lakes	2,307.75	(660.27)
Naco Water	4,446.90	5,813.95
<u>Sewer</u>		
Clear Springs	\$ (937.90)	\$ 1,736.99
Baca Float	(196.21)	231.83

Q. WHAT IS INCOME STATEMENT ADJUSTMENT IS-10?

A. Income statement adjustment IS-10 calculates the test year income tax expense for the Applicants, considering all other adjustments. The income tax expense is calculated in accordance with currently effective federal and State corporate income tax rates. Income statement adjustment IS-10 adjusts the test year income tax expense, and after considering the effect of the proposed rate increase, adjusts the test year adjusted amount to the final proposed income tax amount. Income Statement IS-10 is detailed on Schedule C-2 and is summarized as follows:

	<u>IS-10</u>	<u>IS-10</u>
	Income	Income
	Tax	Tax
	<u>Test Year</u>	<u>Proposed</u>
<u>Water</u>		
Clear Springs	\$ (10,226.47)	\$ (165.36)
Baca Float	(20,064.21)	12,793.77
East Slope	(76,092.82)	101,413.43
Mescal Lakes	(2,267.42)	(10,139.46)
Naco Water	(35,553.30)	71,767.90
<u>Sewer</u>		
Clear Springs	\$ (16,231.99)	\$ 21,724.03
Baca Float	(14,856.73)	3,896.78

VII RATE DESIGN AND REVENUE PROOF

A GENERAL

Q. PLEASE DESCRIBE THE H SCHEDULES.

A. Schedule H-1 summarizes the revenue by billing class as billed under present rates and the amount that would be generated by the proposed increase in water rates. Schedule H-2 analyzes revenue at present and proposed rates by billing class, and meter size in dollar amount and percentage. The average number of customers derived from the bill count is

1 also shown by meter size and in total. Lastly, Schedule H-2 for water service contains
2 supplemental schedules that provide a breakdown of revenue at the existing and proposed
3 rates by the components of the proposed rate design. Schedule H-3 compares present and
4 proposed rates and shows the changes in each rate. Schedule H-4 compares present and
5 proposed rates and shows the amount of present and proposed bills and the percentage
6 increase at various consumption levels for each meter size. Schedule H-5 is the bill count
7 of the bills issued during the test year.

8 **B RATE DESIGN**

9 **1 Water Service**

10 **Q. PLEASE DESCRIBE HEARTHSTONE WATER SOUTH'S CURRENT WATER**
11 **RATE DESIGNS.**

12 A. Hearthstone Water South currently uses a three-tier rate design for small residential
13 meters and a two-tier rate design for most commercial meters and residential meters 1”
14 and larger. The rate designs are generally consistent with Policy Statement No. 2 in
15 Decision No. 75626.

16 **Q. PLEASE DESCRIBE HEARTHSTONE WATER SOUTH'S PROPOSED RATE**
17 **DESIGN.**

18 A. Hearthstone Water South proposes to continue using an increasing block three-tier rate
19 design for the Applicants. The Applicants will maintain unique base charges and
20 commodity rates while adopting a single consistent tier structure for all classes and meter
21 sizes. The 1st tier will include usage up to 3,000 gallons and is applicable only to small
22 residential meters. The 2nd tier will include usage up to 8,000 gallons for small

1 residential and commercial meters, with the allowed usage being increased for meters 1”
2 in size and larger. In each case, the Applicants propose to increase base charges and
3 commodity charges by approximately the same percentage, thereby maintaining their
4 current distribution of revenue among base charges and commodity tiers. Detailed
5 information on revenue distribution is provided for the Applicants in the supplemental
6 schedules provided with the H-2 schedules and summarized as follows:

Metered Water Revenue by Rate Component				
	Base Charge	1st Tier	2nd Tier	3rd Tier
Water				
Clear Springs	60.2%	13.8%	12.8%	13.2%
Baca Float	47.2%	16.0%	17.0%	19.8%
East Slope	53.8%	11.2%	14.3%	20.8%
Mescal Lakes	47.3%	18.6%	16.8%	17.3%
Naco Water	55.9%	16.2%	19.2%	8.8%

7
8 **Q. DOES HEARTHSTONE WATER SOUTH PROPOSE TO CREATE ANY NEW**
9 **RATES OR ELIMINATE ANY EXISTING RATES?**

10 A. Yes. In order to have consistent rate structures across all Applicants, the Applicants
11 propose to establish a fire sprinkler rate for the entities that currently do not have a fire
12 sprinkler rate.

13 Because there are no customers with 8” or 10” meters, Hearthstone Water South is
14 proposing to eliminate rates for the 8” and 10” meter sizes where they exist. Hearthstone
15 Water South also notes that the relatively small water systems operated by the Applicants
16 are not able to support 8” and 10” meter sizes without significant capital upgrades.

1 Hearthstone Water South proposes to eliminate the WIFA and CoBank loan surcharges
2 for Clear Springs and East Slope.

3 **Q. IS HEARTHSTONE WATER SOUTH PROPOSING A CHANGE TO ITS FIRE**
4 **SPRINKLER RATE?**

5 A. Yes. Applicants propose to increase the fire sprinkler rate to \$12.00 per month.

6 **Q. IS HEARTHSTONE WATER SOUTH PROPOSING ANY CHANGES TO**
7 **MISCELLANEOUS SERVICE CHARGES?**

8 A. As detailed in Schedule H-3, Applicants are proposing adjustments to their miscellaneous
9 charges to better reflect the costs of providing the services and to make the charges
10 consistent for all Applicants.

11 **Q. ARE THERE ANY CHANGES TO METER AND SERVICE LINE**
12 **INSTALLATION CHARGES?**

13 A. Yes. As detailed in Schedule H-3, Hearthstone Water South is proposing to increase
14 service line costs to better reflect costs.

15 **2 Sewer Service**

16 **Q. PLEASE DESCRIBE HEARTHSTONE WATER SOUTH'S CURRENT SEWER**
17 **RATE DESIGNS.**

18 A. Clear Springs currently uses a base charge that varies by customer class combined with a
19 usage based rate component. For residential customers, a \$0.75 per 1,000 gallons usage
20 charge is applied to water usage up to 7,000 gallons. For commercial customers a \$1.00

1 per 1,000 gallons usage charge is applied to all water usage. Baca Float currently uses a
2 flat rate billing consisting of a base charge that varies by customer class.

3 **Q. PLEASE DESCRIBE HEARTHSTONE WATER SOUTH'S PROPOSED RATE**
4 **DESIGN.**

5 A. Hearthstone Water South proposes to eliminate the usage-based charge for Clear Springs
6 and use a flat rate billing consisting of a base charge that varies by customer class for
7 both Clear Springs and Baca Float.

8 **Q. DOES HEARTHSTONE WATER SOUTH PROPOSE TO CREATE ANY NEW**
9 **RATES OR ELIMINATE ANY EXISTING RATES?**

10 A. Yes. Hearthstone Water South proposed to eliminate Service Lateral Installation Charges
11 for the 10-inch and 12-inch sizes because the small sewer systems are not capable of
12 accepting flows from large laterals.

13 Hearthstone Water South proposes to eliminate the CoBank loan surcharges for Clear
14 Springs.

15 **Q. IS HEARTHSTONE WATER SOUTH PROPOSING ANY CHANGES TO**
16 **MISCELLANEOUS SERVICE CHARGES?**

17 A. As detailed in Schedule H-3, Applicants are proposing adjustments to their miscellaneous
18 charges to better reflect the costs of providing the services and to make the charges
19 consistent for all Applicants.

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C REVENUE PROOF

Q DID HEARTHSTONE WATER SOUTH VERIFY AND PROVE THE TEST YEAR REVENUES?

A. Yes. Schedule H-5 for the Applicants lists the number of bills by thousand-gallon block and the cumulative consumption by rate block for each class of customer and meter size. As shown on Schedule H-1, total calculated revenues, using bill counts, at present rates for the test year is compared to the per-book adjusted revenues. As shown in the following summary, the combined unreconciled difference of \$ (4,419.95) for the water systems amounts to -0.25% of per-book adjusted revenues and the unreconciled difference of \$ (1,260.19) for the sewer systems amounts to -0.29% of per-book adjusted revenues.

Revenue Reconciliation				
	Bill Count	Adjusted	Unreconciled	Percentage
	Revenue	GL Revenue	Difference	Difference
<u>Water</u>				
Clear Springs	\$ 355,287.61	\$ 354,471.67	\$ (815.94)	-0.23%
Baca Float	317,566.53	314,940.30	(2,626.23)	-0.83%
East Slope	578,491.75	574,469.79	(4,021.96)	-0.70%
Mescal Lakes	276,006.30	277,699.78	1,693.48	0.61%
Naco Water	268,506.45	269,857.15	1,350.70	0.50%
	\$ 1,795,858.64	\$ 1,791,438.69	\$ (4,419.95)	-0.25%
<u>Sewer</u>				
Clear Springs	\$ 90,098.12	\$ 91,082.08	\$ 983.96	1.08%
Baca Float	342,127.37	339,883.22	(2,244.15)	-0.66%
	\$ 432,225.49	\$ 430,965.30	\$ (1,260.19)	-0.29%

13

1 **VIII CONSOLIDATION**

2 **A CONSOLIDATION REQUEST**

3 **Q. IS HEARTHSTONE WATER SOUTH PROPOSING TO CONSOLIDATE THE**
4 **VARIOUS RATE APPLICATIONS THIS TESTIMONY ADDRESSES?**

5 A. Yes. As discussed in more detail in the Direct Testimony of Bryan Thomas, Hearthstone
6 Water South will be requesting that the Commission consolidate, as a procedural matter,
7 the individual rate applications filed by the Applicants.

8 **Q. WHAT IS HEARTHSTONE WATER SOUTH'S CONSOLIDATION REQUEST?**

9 A. The Applicants are requesting that all of the Applicants be operationally consolidated into
10 a single water division and a single sewer division. The Applicants further request that
11 rates be consolidated as discussed herein. Additional detail is provided in the Direct
12 Testimony of Mr. Bryan Thomas.

13 **Q. HAVE YOU PREPARED SCHEDULES FOR THE CONSOLIDATED**
14 **HEARTHSTONE WATER SOUTH?**

15 A. Yes. I have prepared the following schedules, which are attached (to the direct testimony
16 for Clear Springs only) as **Exhibit RLJ-DT4** for the water division and as **Exhibit RLJ-**
17 **DT5** for the sewer division:

- 18 • Schedule A-1 – Gross Revenue Requirements.
- 19 • Schedules B-1 and B-2 – Rate Base Information and Adjustments.
- 20 • Schedules C-1 through C-3 – Income Statements and Adjustments.
- 21 • Schedules D-1 and D-2 – Cost of Capital Information.
- 22 • Schedules H-1 through H-5 – Effect of Proposed Rate Schedules.

1 **Q. PLEASE SUMMARIZE THE CONSOLIDATED SCHEDULES.**

2 A. The consolidated schedules use the same test year as the individual rate filings, a 12-
3 month period ending on August 31, 2023. The Applicants request consolidated rate base
4 and revenue increases as follows:

Consolidated Application Summary			
	Rate	Revenue	Percent
	Base	Increase	Increase
Water Division	\$ 5,369,414.41	\$ 715,705.68	39.95%
Sewer Division	773,229.71	106,717.39	24.76%

5
6 For the water division, the required increase is \$3,325.37 less than the combined water
7 increases of the Applicants on a standalone basis. For the sewer division, the required
8 increase is \$1,079.31 more than the combined sewer increases of the Applicants on a
9 standalone basis. For the water division, the combined rate base is \$177,595.60 less than
10 the combined rate base on a standalone basis. For the sewer division, the rate base is the
11 same on a consolidated and standalone basis.

12 **Q. WHAT CAUSES THE COMBINED REVENUE INCREASES TO BE**
13 **DIFFERENT ON A CONSOLIDATED BASIS?**

14 A. For the water division, the primary cause is the difference in rate base. On a consolidated
15 basis, the Applicants' water divisions would be classified as a Class "C" utility. Because
16 the consolidated entity is a Class "C" utility, the Applicants have not used the formula
17 method to establish cash working capital as is done for the standalone Class "D" and
18 Class "E" entities. Instead the Applicants are requesting \$0.00 in cash working capital

1 for the consolidated water entity, lowering rate base by \$177,595.60. Additional
2 differences for both the water and sewer divisions are due to minor differences in
3 calculations of bad debt expense, interest expense, property taxes and income taxes on a
4 consolidated basis as compared to on a standalone basis.

5 **B CONSOLIDATED RATE BASE**

6 **Q. HOW DID HEARTHSTONE WATER SOUTH ARRIVE AT THE**
7 **CONSOLIDATED TEST YEAR ORIGINAL COST RATE BASE SHOWN ON**
8 **SCHEDULE B-1, LINE 24?**

9 A. As shown and Schedule B-2 - Consolidated, the combined rate base is the sum of the
10 standalone rate bases for the Applicants, with the adjustment to cash working capital for
11 the water division as discussed above.

12 **C CONSOLIDATED INCOME STATEMENT**

13 **Q. HOW DID HEARTHSTONE WATER SOUTH DETERMINE THE**
14 **CONSOLIDATED ADJUSTED TEST YEAR INCOME STATEMENT?**

15 A. As shown on Schedule C1 – Consolidated, for the Applicants, for all revenue and
16 expense categories, except property taxes, income taxes and interest expense, the Test
17 Year Adjusted Income Statement from the standalone filings is the starting point.
18 Because the adjustments for property taxes, income taxes and interest expense on a
19 consolidated basis will not equal the sum of the standalone adjustments, the actual test
20 year expenses were used as the starting point for these categories. New consolidated
21 adjustments were calculated for property taxes, income taxes and interest expense using
22 the consolidated results of the Applicants. These adjustments are presented as Income

1 Statement Adjustment IS-1, IS-2 and IS-3 on Schedule C-2 – Consolidated. Also
2 provided is an updated Schedule C-3 – Consolidated.

3 **D CONSOLIDATED COST OF CAPITAL**

4 **Q. WHAT IS THE APPLICANTS’ CONSOLIDATED CAPITAL STRUCTURE?**

5 A. As shown on Schedule D-1 – Consolidated, the projected capital structure for the
6 Applicants is as follows:

Consolidated Capital Structure				
	Long-Term		Percent	Percent
	Debt	Equity	Debt	Equity
Water Division	\$ 2,709,372.18	\$ 2,074,396.39	56.64%	43.36%
Sewer Division	101,457.51	654,124.90	13.43%	86.57%

8 **Q. WHAT IS THE RESULTING REQUIRED RATE OF RETURN?**

9 A. The table below summarizes the cost of capital for the Applicants on a consolidated
10 basis.

Consolidated Rate of Return					
	Cost of Debt	Cost of	Weighted Cost		Return on
	Debt	Equity	Debt	Equity	FVRB
Water Division	4.44%	10.00%	2.51%	4.34%	6.85%
Sewer Division	4.54%	10.00%	0.61%	8.66%	9.27%

E RATE DESIGN

1 Water Division

Q. WHAT IMPACT DOES THE CONSOLIDATION HAVE ON THE APPLICANTS' PROPOSED RATE DESIGNS?

A. The consolidated rate design establishes a single base charge for all of the water division Applicants and a common set of commodity charges for the tiered rates. Tier to Tier break-over points are unchanged from the standalone case for all water division Applicants. Details of the proposed consolidated rate design are provided on Schedule H-3 – Consolidated.

Q. WHAT ARE THE RELATIVE RATE IMPACTS ON THE WATER DIVISION APPLICANTS' RESIDENTIAL CUSTOMERS?

A. The table below summarizes the relative rate impacts for the Applicants' water division average and median usage customers.

	Clear Springs	Baca Float	East Slope	Mescal Lakes	Naco Water
Consolidated Rate Impact					
Proposed Median Residential Bill	\$ 45.31	\$ 51.01	\$ 50.85	\$ 45.30	\$ 50.90
Change from Current	\$ 6.15	\$ 8.50	\$ 17.81	\$ 17.20	\$ (5.28)
Change from Proposed Standalone	\$ 7.87	\$ 3.54	\$ (3.42)	\$ 21.39	\$ (59.71)
Proposed Average Residential Bill	\$ 51.63	\$ 55.55	\$ 69.85	\$ 58.82	\$ 56.21
Change from Current	\$ 8.15	\$ 8.04	\$ 29.45	\$ 20.44	\$ (6.90)
Change from Proposed Standalone	\$ 8.97	\$ 2.53	\$ (0.31)	\$ 26.26	\$ (67.67)

Q. ARE THERE ANY ADDITIONAL FACTORS THAT SHOULD BE CONSIDERED WHEN COMPARING RELATIVE RATE IMPACTS?

1 A. Yes. Mescal Lakes is projected to receive the largest increase due to consolidation, but
2 there is a benefit to Mescal Lakes that is not reflected in the above table. Decision No.
3 78742 for Mescal Lakes authorized financing surcharges for Mescal Lakes' pending
4 financing. Per the decision, Staff estimated the surcharges at \$18.60 per month for a
5 typical residential customer. If rate consolidation is approved, any financing surcharges
6 implemented for Mescal Lakes customers while this case is pending can be discontinued,
7 and Mescal Lakes customers will pay only the newly approved consolidated rate without
8 any surcharges¹. After consideration of Staff's estimate of the pending surcharge that
9 may be implemented on a standalone basis, the actual rate impact of consolidation on
10 Mescal Lakes could be as much as \$18.60 per month less than reflected in the table, or
11 \$2.79 for a median use customer and \$7.66 for an average use customer.

12 **2 Sewer Division**

13 **Q. WHAT IMPACT DOES THE CONSOLIDATION HAVE ON THE APPLICANTS'**
14 **PROPOSED RATE DESIGNS?**

15 A. Because Clear Springs' and Baca Float's current rate base per customer and customer
16 rates are significantly different, with Clear Springs being relatively low and Baca Float
17 being relatively high, the Applicants are proposing to keep a rate differential between the
18 two service areas. More specifically, Applicants propose to keep the Baca Float rate at
19 its current rate while increasing the Clear Springs rate by a small amount as compared to

¹ Mescal Lakes expects that financing surcharges will be required in order to meet WIFA's debt coverage requirements for Mescal Lakes on a standalone basis.

1 the Clear Springs proposed standalone rate. Full details of the proposed consolidated rate
2 design are provided on Schedule H-3 – Consolidated.

3 **Q. WHAT ARE THE RELATIVE RATE IMPACTS ON THE SEWER DIVISION**
4 **APPLICANTS' RESIDENTIAL CUSTOMERS?**

5 A. The table below summarizes the relative rate impacts for the sewer division customers.

Sewer	Clear Springs	Baca Float
Consolidated Rate Impact		
Proposed Residential Sewer	\$ 42.16	\$ 65.97
Change from Current (7,000 gallons)	\$ 19.53	\$ -
Change from Standalone	\$ 3.43	\$ (2.80)

6
7 **Q. WERE THERE ANY ADDITIONAL FACTORS THAT WERE CONSIDERED**
8 **WHEN SELECTING THE CONSOLIDATED RATE DESIGN?**

9 A. Yes. As discussed in more detail in the Direct Testimony of Bryan Thomas, Clear
10 Springs is facing potential significant capital investment related to its sewer treatment
11 system. In comparison, significant investment in the Baca Float system is not
12 anticipated. When the anticipated investment in Clear Springs sewer treatment is
13 included in a future rate case, the revenue requirement will increase and provide the
14 opportunity to move the Clear Springs and Baca Float rates closer together (or possibly to
15 the same rate) while likely having a lower rate impact on Clear Springs customers as
16 compared to Clear Springs continuing as a standalone rate entity.

1 **F PUBLIC INTEREST**

2 **Q. DO YOU BELIEVE IT IS IN THE PUBLIC INTEREST TO CONSOLIDATE**
3 **RATES FOR THE APPLICANTS?**

4 A. Yes. As explained in the Direct Testimony of Bryan Thomas, granting the consolidation
5 of the Applicants' water divisions and the Applicants' sewer divisions will lead to
6 regulatory and administrative efficiencies. The need for financing surcharges will be
7 eliminated. The Commission will be regulating one utility with two divisions instead of
8 five utilities with seven rate making entities. Each division will need one rate case in the
9 future, instead of five for water and two for sewer. As discussed by Mr. Thomas, there
10 are also operational advantages resulting from the consolidation of the Applicants.
11 Overall, I believe that the public interest is clearly served by consolidating the
12 Applicants' water divisions and the Applicants' sewer divisions.

13 **IX REGULATORY EXPENSE SURCHARGE**

14 **Q. HOW IS HEARTHSTONE WATER SOUTH REQUESTING RECOVERY OF**
15 **RATE CASE EXPENSE?**

16 A. Hearthstone Water South is requesting recovery of rate case expense through a regulatory
17 expense surcharge.

18 **Q. WHY ARE APPLICANTS REQUESTING APPROVAL OF A REGULATORY**
19 **EXPENSE SURCHARGE?**

20 A. It is my understanding that, in recent cases, Commission Staff has indicated a preference
21 for recovering rate case expense in a surcharge rather than in rates as a normalized
22 expense. Further, the surcharge method is fair to both Hearthstone Water South and its

1 customers because it avoids potential over or under recovery of rate case expense that can
2 happen when rate case expense is treated as a normalized expense. Rate case expense is
3 incurred for a special purpose, outside of the test year and recurs at an uncertain interval.
4 If treated as a normalized expense, if the utility is authorized new rates before the end of
5 the amortization period, any unrecovered rate case expense is stranded. Conversely, if
6 the utility stays out longer than the amortization period, the utility over recovers.

7 A surcharge avoids both possible outcomes, provided the order authorizing the surcharge
8 allows it to be collected throughout the adopted amortization period irrespective of
9 whether new rates are set before the amortization period expires. For that reason,
10 Hearthstone Water South proposes that it be allowed to collect the surcharge until it
11 recovers the authorized level of rate case expense and then the surcharge will be
12 terminated, regardless of when subsequent new rates are authorized. Under this
13 surcharge approach, Hearthstone Water South will recover the amount authorized, no
14 more, and no less.

15 **Q. WHAT IS THE TOTAL RATE CASE EXPENSE REQUESTED FOR**
16 **RECOVERY?**

17 A. Hearthstone Water South is requesting recovery of \$120,000 in total, with \$90,000
18 allocated to the water division and \$30,000 allocated to the sewer division. Hearthstone
19 Water South used estimated amounts from external consultants and outside counsel for its
20 regulatory expense. The total rate case costs also include the costs of public noticing,
21 printing, hearings, and other rate case expenses during the rate case proceeding.

1 **Q. BASED ON TEST YEAR END CUSTOMER COUNTS, WHAT IS THE**
2 **PROJECTED MONTHLY REGULATORY EXPENSE SURCHARGE?**

3 A. The resulting monthly regulatory expense surcharge to a typical residential customer
4 would be \$0.76 for water and \$0.79 and \$1.24 for Clear Springs sewer and Baca Float
5 sewer, respectively. **Exhibit RLJ-DT6** (attached to the direct testimony for Clear
6 Springs only) provides details for the surcharge calculation and charges for other classes
7 of customers.

8 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

9 A. Yes.

BACA FLOAT
EXHIBIT RLJ-DT1

Resume



Water Solutions

Ray L. Jones P.E.

Principal

**1630 Cougar Trail
Prescott, Arizona 86303**

EXPERTISE

Mr. Jones founded ARICOR Water Solutions in 2004. Through ARICOR Water Solutions, Mr. Jones offers a wide range of engineering and financial analysis services to the private and public sectors. Projects include development of regulatory strategies and preparing rate cases, including preparation of rate studies, cost of service studies, financial schedules and testimony for filings before the Arizona Corporation Commission. Services also include consultation on water and wastewater utility formation, management and operations, and valuation, including due diligence analysis, water resources strategy development and water rights valuation. ARICOR Water Solutions provides water, wastewater and water resource master planning, water and wastewater facilities design, and owner representation; including value engineering, program management and construction oversight. Lastly, ARICOR Water Solutions supports water solutions with contract operations and expert witness testimony and litigation support.

EMPLOYMENT HISTORY

2002 to 2004

Arizona-American Water Company

President

Responsible for leadership of the Arizona business activities of Arizona-American Water Company. Key responsibilities include developing and evaluation new business opportunities, developing strategic plans, establishing effective government and community relations, insuring compliance with all regulatory requirements, and providing management and guidance to key operations and support personnel.

1998 to 2002

Citizens Water Resources, Arizona Operations

Vice President and General Manager

Responsible for leadership of the Arizona regulated and unregulated business activities of Citizens Water Resources. Key responsibilities included developing and evaluation new business opportunities, developing strategic plans, establishing effective government and community relations, insuring compliance with all regulatory requirements, and providing management and guidance to key operations and support personnel.

1990 to 1998

Citizens Water Resources, Arizona Operations

Engineering and Development Services Manager

Responsible for management of a diverse group of business growth related activities. Responsibilities include: marketing of operation and maintenance services (unregulated business growth), management of new development activity (regulated business growth), management of engineering functions (infrastructure planning and construction), management of water resources planning and compliance, management of growth-related regulatory functions (CC&N's and Franchises), and management of capital budgeting functions and capital accounting functions.

1985 to 1990

Citizens Water Resources, Arizona Operations

Civil Engineer

Responsible for the planning, coordination and supervision of capital expansion and major maintenance and rehabilitation projects as assigned. Responsible for development of capital program for Maricopa County Operations.

EDUCATION

Arizona State University – Master of Business Administration (1991)

University of Kansas – Bachelor of Science in Civil Engineering (1985)

PROFESSIONAL CERTIFICATION

Registered Professional Engineer – Civil Engineering – Arizona
 Registered Professional Engineer – Civil Engineering – California
 Certified Operator – Wastewater Treatment, Wastewater Collection, Water Treatment, Water Distribution – Arizona

PROFESSIONAL AFFILIATIONS

- Executive Director – Water Utilities Association of Arizona
- Member - American Society of Professional Engineers
- Member – American Society of Civil Engineers
- Member - American Water Works Association
- Member - Arizona Water Association
- Member - Water Environment Federation

CIVIC AND COMMUNITY INVOLVEMENT

- Member – Arizona Water Banking Authority (2015-2021)
- Board of Directors – Greater Maricopa Foreign Trade Zone (2009 – 2018)
- Advisory Member - Water Resources Development Commission (2010 – 2012)
- Chairman WESTMARC (2008)
- Director and Member of the Executive Committee- WESTMARC (1998 – 2010)
- Co-Chairman, WESTMARC Water Committee (2006 – 2007)
- Chairman-Elect WESTMARC (2007)
- Member – Corporate Contributions Committee, West Valley Fine Arts Council Diamond Ball (Chairman 2005)
- Member – Technical Advisory Committee – Governor’s Water Management Commission (2001)
- Board Member, Manager & Past Chairman – North Valley Little League Softball

REGULATORY EXPERIENCE

Testimony and/or filing schedules has been provided before the Arizona Corporation Commission in the dockets listed below. Unless otherwise indicated, work performed was on behalf of the utility.

Filing Year	Utility(ies)	Filing Type(s)	Docket(s)
1992	Sun City West Utilities Company	CC&N Extension (Expansion of Sun City West)	U-2334-92-244
1993	Sun City Water Company Sun City Sewer Company	CC&N Extension (Addition of Coyote Lakes)	U-1656-93-060 U-2276-93-060
1993	Tubac Valley Water Co., Inc.	CC&N Extension (Various Subdivisions on western border)	U-1595-93-241
1993	Sun City West Utilities Company	CC&N Extension (Expansion of Sun City West)	U-2334-93-293
1995	Citizens Utilities Company Sun City Water Company Sun City Sewer Company Sun City West Utilities Company Tubac Valley Water Company	Ratemaking	E-1032-95-417 U-1656-95-417 U-2276-95-417 U-2334-95-417 U-1595-95-417
1996	City Water Company Sun City Sewer Company	CC&N Extension (Acquisition of Youngtown)	U-1656-96-282 U-2276-96-282
1996	Citizens Utilities Company	CC&N Extension and Deletion (Realignment of Surprise Bdry.)	E-1032-96-518

Filing Year	Utility(ies)	Filing Type(s)	Docket(s)
1998	Sun City Water Company Sun City West Utilities Company	CAP Water Plan and Accounting Order (Sun Cities CAP plan)	W-01656A-98-0577 SW-02334A-98-0577
2000	Citizens Water Resources Company of Arizona Citizens Water Services Company of Arizona	CC&N Extension and Accounting Order (Anthen Jacka Property and Phoenix Treatment Agreement)	SW-3455-00-1022 SW-3454-00-1022
2000	Citizens Communications Company Citizens Water Services Company of Arizona	CC&N Extension and Approval of Hook-Up Fee (Verrado)	W-0132B-00-1043 SW-0354A-00-1043
2002	Arizona-American Water Company	Ratemaking	WS-01303A-02-0867 WS-01303A-02-0868 WS-01303A-02-0869 WS-01303A-02-0870 WS-01303A-02-0908
2004	Arizona-American Water Company Rancho Cabrillo Water Company Rancho Cabrillo Sewer Company	CC&N Transfer	WS-01303A-04-0089 W-01303A-04-0089 SW-03898A-04-0089
2004	Johnson Utilities Company, LLC (Representing Pulte Home Corporation)	CC&N Extension	WS-02987A-04-0288
2005	Perkins Mountain Utility Company Perkins Mountain Water Company	New CC&N & Initial Rates	WS-20379A-05-0489 W-20380A-05-0490
2005	West End Water Company	CC&N Extension	W-01157A-05-706
2005	Arizona-American Water Company	Approvals Associated with Construction of Surface Water Treatment Facility	W-01303A-05-0718
2006	Arizona-American Water Company	Ratemaking	WS-01303A-06-0403
2008	Sunrise Water Company	Ratemaking	W-02069A-08-0406
2009	Baca Float Water Company	Ratemaking	WS-01678A-09-0376
2009	Aubrey Water Company	Lost Water Evaluation (Rate Case Compliance)	W-03476A-06-0425
2009	White Horse Ranch Owner's Assn.	Ratemaking	W-04161A-09-0471
2010	Litchfield Park Service Company	Ratemaking	W-01427A-09-0104
2010	Chino Meadows II Water Company	Ratemaking	W-02370A-10-0519
2011	Pima Utility Company	Ratemaking	W-021999A-11-0329 WS-02199A-11-0330
2011	Tusayan Water Development Association, Inc. (Representing the Town of Tusayan)	Ratemaking	W-02350A-10-0163

Filing Year	Utility(ies)	Filing Type(s)	Docket(s)
2012	Valley Utilities Water Company, Inc.	Ratemaking	W-01412A-12-0195
2012	Far West Water & Sewer, Inc.	Ratemaking	WS-03478A-12-0307
2012	Sahuarita Water Company, LLC	Amend Off-Site Facilities Hook-Up Fee	W-03718A-09-0359
2012	New River Utility Company	Ratemaking	W-01737A-12-0478
2013	Far West Water & Sewer, Inc.	New Off-Site Facilities Hook-Up Fees	WS-03478A-13-0200
2012	Adman Mutual Water Company	Ratemaking	W-01997A-12-0501
2013	Far West Water & Sewer, Inc.	CC&N Extension	WS-03478A-13-0250
2013	Lago Del Oro Water Company	Ratemaking	W-01944A-13-0215
2013	Lago Del Oro Water Company	Financing	W-01944A-13-0242
2012	Sunrise Water Company	Financing	W-02069A-12-0261
2010	Far West Water & Sewer, Inc.	CC&N Extension	WS-03478A-10-0523
2014	Granite Mountain Water Co., Inc.	Ratemaking	W-02467A-14-0230
2014	Chino Meadows II Water Co., Inc.	Ratemaking	W-02370A-14-0231
2014	Quail Creek Water Company	Ratemaking	W-02514A-14-0343
2015	Cordes Lakes Water Company	Ratemaking	W-02060A-15-0245
2015	Community Water Company of Green Valley	Ratemaking	W-02304A-15-0263
2015	BN Leasing Corporation d.b.a. Aubrey Water Company	Ratemaking	W-03476A-15-0286
2016	Rio Verde Utilities, Inc.	Ratemaking	WS-02156A-16-0201
2016	Pima Utility Company	Ratemaking	W-021999A-16-0421 WS-02199A-16-0422
2017	Cordes Lakes Water Company	Emergency Ratemaking Emergency Financing	W-02060A-17-0228
2017	Cordes Lakes Water Company	Ratemaking	W-02060A-17-0274

Filing Year	Utility(ies)	Filing Type(s)	Docket(s)
2017	Brooke Water, LLC	Ratemaking	W-03039A-17-0295
2017	Biasi Water Company, Inc.	Ratemaking	WS-02812A-17-0321
2018	Rio Verde Utilities, Inc.	Tariff Revision – Federal Tax Reform	WS-02156A-18-0089
2018	Far West Water & Sewer, Inc.	Tariff Revision – Federal Tax Reform	WS-03478A-18-0090
2018	Big Park Water Company	Tariff Revision – Federal Tax Reform	W-01624A-18-0091
2018	Little Park Water Company, Inc.	Ratemaking	W-02192A-18-0093
2019	Johnson Utilities, LLC (Representing the Water Utilities Association of Arizona)	Evaluation of Certificate of Convenience and Necessity	WS-02987A-18-0329 et al.
2019	Brooke Water, LLC	Joint Application to Transfer Assets to EPCOR Water Arizona, Inc.	WS-03039A-19-0092 WS-01303A-19-0092
2019	Big Park Water Company	Ratemaking	W-01624A-19-0106
2019	Far West Water & Sewer, Inc.	Extension of CC&N Territory	WS-03478A-19-0275
2019	Big Park Water Company	Revision – Arsenic Impact Hook-Up Fee Tariff	WS-01624A-19-0302
2020	Johnson Utilities, LLC (Through its Interim Manager, EPCOR Water Arizona, Inc.)	Ratemaking	WS-02987A-20-0025
2020	Saddlebrooke Utility Company	Ratemaking	SW-02849A-20-0262
2020	Big Park Water Company	Tank Coating Surcharge and Tariff	W-01624A-20-0260
2020	Big Park Water Company	Financing	W-01624A-20-0280
2020	Big Park Water Company	Fire Sprinkler Service Line Tariff	W-01624A-20-0375
2021	EPCOR Water Arizona, Inc. San Tan Water and Wastewater District	Ratemaking	WS-01303A-20-0025

Filing Year	Utility(ies)	Filing Type(s)	Docket(s)
2021	Cactus State Utility Operating Company, LLC	Transfer of Certificate of Convenience and Necessity and Transfer of Utility Assets	WS-21155A-21-0135 WS-21155A-21-0137 WS-21155A-21-0138 WS-21155A-21-0139 WS-21155A-21-0140 WS-21155A-21-0141 WS-21155A-21-0143 WS-21155A-21-0149 WS-21155A-21-0150 WS-21155A-21-0151 WS-21155A-21-0152 WS-21155A-21-0153 WS-21155A-21-0154 WS-21155A-21-0155 WS-21155A-21-0156 WS-21155A-21-0161
2021	Adaman Mutual Water Company	Ratemaking	W-01997A-21-0280
2021	Adaman Mutual Water Company	Financing	W-01997A-21-0297
2021	Adaman Mutual Water Company	Fire Service Line Tariff	W-01997A-21-0304
2022	Far West Water & Sewer, Inc.	Transfer of Certificate of Convenience and Necessity and Transfer of Utility Assets	WS-03478A-22-0058
2022	Far West Water & Sewer, Inc. Foothills Water & Sewer, LLC	Extension of CC&N Territory	WS-03478A-22-0109 WS-21182A-22-0109
2022	Cactus State Utility Operating Company, LLC	Transfer of Certificate of Convenience and Necessity and Transfer of Utility Assets	WS-21155A-22-0051 WS-21155A-22-0052 WS-21155A-22-0055 WS-21155A-22-0061
2022	Cactus State Utility Operating Company, LLC	Extension of CC&N Territory (New Service District)	WS-21155A-22-0198
2022	Graham County Electric Cooperative, Inc (Water Division)	Ratemaking	W-01749A-22-0310
2022 2023	Cactus State Utility Operating Company, LLC	Transfer of Certificate of Convenience and Necessity and Transfer of Utility Assets	WS-21155A-22-0309 WS-21155A-22-0314 WS-21155A-22-0319 WS-21155A-22-0324 WS-21155A-22-0327 WS-21155A-23-0013
2023	Valley Utilities Water Company, Inc. Tierra Buena Water Company, Inc.	Ratemaking / Sale of Assets and Consolidation	W-01412A-23-0070 W-02076A-23-0071 W-02076A-23-0072
2023	Cactus State Utility Operating Company, LLC	Transfer of Certificate of Convenience and Necessity and Transfer of Utility Assets	WS-21155A-23-0227
2023	Cactus State Utility Operating Company, LLC	Transfer of Certificate of Convenience and Necessity and Transfer of Utility Assets	WS-21155A-23-0267

Filing Year	Utility(ies)	Filing Type(s)	Docket(s)
2023	Cactus State Utility Operating Company, LLC	Transfer of Certificate of Convenience and Necessity and Transfer of Utility Assets	WS-21155A-23-0268
2023	Cactus State Utility Operating Company, LLC	Transfer of Certificate of Convenience and Necessity and Transfer of Utility Assets	WS-21155A-23-0269
2023	Foothills Water & Sewer, LLC	Ratemaking	WS-21182A-23-0292
2023	Cactus State Utility Operating Company, LLC	Transfer of Certificate of Convenience and Necessity and Transfer of Utility Assets	WS-21155A-23-0322

December 2024

BACA FLOAT
EXHIBIT RLJ-DT2

Standard Schedules - Water

Line No.	Original Cost Rate Base				
1	\$ 650,746				
2					
3	26,428				
4					
5	4.06%				
6					
7	10.00%				
8					
9	\$ 65,075				
10					
11	\$ 38,647				
12					
13	1.3514				
14					
15	\$ 52,227				
16					
17	\$ 314,940				
18					
19	\$ 367,168				
20					
21	16.58%				
22					
23	17.72%				
24					
25					
26					
27					
28					
29		Current	Projected	Projected	%
30	<u>Customer Classification</u>	<u>Rates</u>	<u>Rates</u>	<u>Increase Due To Rates</u>	<u>Dollar Increase</u>
31					
32	Fire Lines	-	-	\$ -	n/a
33					
34	<u>Metered Revenue</u>				
35	Residential - Small Meters	223,915	251,232	27,318	12.20%
36	Commercial - Small Meters	15,926	18,082	2,156	13.54%
37	All Classes - Large Meters	73,911	94,338	20,427	27.64%
38	Metered Revenue	313,752	363,652	49,900	15.90%
39					
40					
41	Miscellaneous Service Revenue	3,815	6,104	2,289	60.00%
42					
43	Reconciling Amount	(2,626)	(2,588)	\$ 38	
44					
45	Subtotal	\$ 314,940	\$ 367,168	\$ 52,227	16.58%
46					
47					
48	<u>Supporting Schedules:</u>				
49	B-1 C-1				
50	C-3 H-1				
51					

Baca Float Water Company, Inc. - Water Division

Test Year Ended August 31, 2023

Summary Results of Operations

Exhibit: RLJ-DT2

Schedule A-2

Page 1

Witness: Jones

Line No.	Description	Prior Years Ended		Test Year		Projected Year	
		8/31/2021	8/31/2022	Actual 8/31/2023	Adjusted 8/31/2023	Present Rates 8/31/2024	Proposed Rates 8/31/2024
1	Gross Revenues	\$ 320,753	\$ 322,948	\$ 315,074	\$ 314,940	\$ 314,940	\$ 367,168
2	Revenue Deductions and						
3	Operating Expenses	282,368	279,586	299,305	288,512	294,888	304,436
4	Operating Income	38,385	43,362	15,769	26,428	20,052	62,732
5							
6	Other Income and						
7	Deductions	69	35	-	-	-	-
8	Interest Expense	-	-	-	-	-	-
9	Net Income	\$ 38,454	\$ 43,397	\$ 15,769	\$ 26,428	\$ 20,052	\$ 62,732
10							
11	Earned Per Average						
12	Common Share	\$ 25	\$ 29	\$ 10	\$ 17	\$ 13	\$ 41
13							
14	Dividends Per						
15	Common Share	\$ 90.94	\$ 16.53	\$ 24.80	\$ 24.80	\$ 24.80	\$ 24.80
16							
17	Payout Ratio	357.6%	57.6%	237.8%	141.9%	187.0%	59.8%
18							
19	Return on Average						
20	Invested Capital	3.5%	4.1%	1.4%	2.3%	1.6%	5.1%
21							
22	Return on Year End						
23	Capital	3.7%	4.0%	1.4%	2.2%	1.6%	5.0%
24							
25	Return on Average						
26	Common Equity	5.9%	7.0%	2.5%	4.2%	3.2%	10.0%
27							
28	Return on Year End						
29	Common Equity	6.4%	6.8%	2.5%	4.2%	3.2%	10.0%
30							
31	Times Bond Interest Earned						
32	Before Income Taxes	2,346,682.75	n/a	n/a	n/a	n/a	n/a
33							
34	Times Total Interest and						
35	Preferred Dividends Earned						
36	After Income Taxes	959,633.75	n/a	n/a	n/a	n/a	n/a
37							
38							
39	<u>Supporting Schedules:</u>						
40	E-2 F-1						
41	C-1						
42							

Baca Float Water Company, Inc. - Water Division

Test Year Ended August 31, 2023

Summary of Capital Structure

Exhibit: RLJ-DT2

Schedule A-3

Page 1

Witness: Jones

Line No.	Description:	Prior Years Ended		Test Year	Projected Year
		8/31/2021	8/31/2022	8/31/2023	8/31/2024
3	Short-Term Debt	-	-	-	-
4	Long-Term Debt	-	-	-	-
5	Total Debt	\$ -	\$ -	\$ -	\$ -
7	Preferred Stock	-	-	-	-
8	Common Equity	596,526	640,292	628,272	628,272
9	Total Capital & Debt	\$ 596,526	\$ 640,292	\$ 628,272	\$ 628,272
12	Capitalization Ratios:				
14	Short-Term Debt	0.00%	0.00%	0.00%	0.00%
15	Long-Term Debt	0.00%	0.00%	0.00%	0.00%
16	Total Debt	0.00%	0.00%	0.00%	0.00%
18	Preferred Stock	0.00%	0.00%	0.00%	0.00%
19	Common Equity	100.00%	100.00%	100.00%	100.00%
20	Total Capital	100.00%	100.00%	100.00%	100.00%
22	Weighted Cost of Short-term Debt	0.0000%	0.0000%	0.0000%	0.0000%
26	Weighted Cost of Long-term Debt	#DIV/0!	#DIV/0!	0.0000%	0.0000%
29	Weighted Cost of Senior Capital	#DIV/0!	#DIV/0!	0.0000%	0.0000%
35	Supporting Schedules:				
36	E-1 D-1				

Baca Float Water Company, Inc. - Water Division
Test Year Ended August 31, 2023
Construction Expenditures and Gross Utility Plant In Service

Exhibit: RLJ-DT2
Schedule A-4
Page 1
Witness: Jones

Line No.	Year		Construction Expenditures	Net Plant Placed In Service	Gross Utility Plant In Service
1					
2	Prior Year Ended	8/31/2021	\$ 2,860	\$ 2,860	\$ 1,667,658
3					
4	Prior Year Ended	8/31/2022	75,565	75,565	1,743,222
5					
6	Test Year Ended	8/31/2023	32,948	32,948	1,776,171
7					
8	Projected Year Ending	8/31/2024	51,900	51,900	1,828,071
9					
10	Projected Year Ending	8/31/2025	30,040	30,040	1,858,111
11					
12	Projected Year Ending	8/31/2026	30,040	30,040	1,888,151
13					
14	<u>Supporting Schedules:</u>				
15	F-3				
16					
17					

Baca Float Water Company, Inc. - Water Division

Test Year Ended August 31, 2023

Summary Changes In Financial Position

Exhibit: RLJ-DT2

Schedule A-5

Page 1

Witness: Jones

Line No.		Prior	Prior	Test	Projected Year	
		Year Ended 8/31/2021	Year Ended 8/31/2022	Year Ended 8/31/2023	Present Rates 8/31/2024	Proposed Rates 8/31/2025
1	<u>Source of Funds</u>					
2	Operations	\$ 116,211	\$ 114,256	\$ 81,341	\$ 66,739	\$ 109,419
3						
4	Outside Financing	-	-	-	-	-
5						
6	Total Funds Provided	\$ 116,211	\$ 114,256	\$ 81,341	\$ 66,739	\$ 109,419
7						
8	<u>Application of Funds</u>					
9	Constriction Expenditures	\$ (2,860)	\$ (75,565)	\$ (32,948)	\$ (51,900)	\$ (30,040)
10						
11	Dividends/Distributions	(137,500)	(25,000)	(37,500)	(37,500)	(37,500)
12						
13	Other	-	-	-	-	-
14						
15	Total Funds Applied	\$ (140,360)	\$ (100,565)	\$ (70,448)	\$ (89,400)	\$ (67,540)
16						
17	Change in Allocation between Departments	\$ (3,973)	\$ 25,369	\$ 9,546	\$ -	\$ -
18						
19	Net Increase/(Decrease) in Cash	\$ (28,122)	\$ 39,060	\$ 20,439	\$ (22,661)	\$ 41,879
20						
21						
22						
23	<u>Supporting Schedules:</u>					
24	E-3					
25	F-2					
26						

Baca Float Water Company, Inc. - Water Division

Test Year Ended August 31, 2023

Summary of Original Cost Rate Base Elements

Exhibit: RLJ-DT2

Schedule B-1

Page 1

Witness: Jones

Line No.		Original Cost Rate Base*
1		
2	Gross Utility Plant in Service	\$ 1,815,319
3		
4	Less: Accumulated Depreciation	<u>(873,072)</u>
5		
6	Net Utility Plant in Service	942,247
7		
8	Less:	
9	Advances in Aid of Construction	27,120
10		
11	Contributions in Aid of Construction	856,283
12	Accumulated Amortization of CIAC	<u>(504,893)</u>
13	Contributions in Aid of Construction - Net	351,390
14		
15	Customer Security Deposits	-
16	Deferred Income Taxes	(61,615)
17		
18	Plus:	
19	Working Capital	25,395
20	Net Regulatory Asset / (Liability)	-
21		
22	Rate Base	<u>\$ 650,746</u>

23
24 * including pro forma adjustments

25
26
27 Supporting Schedules:

28 B-2 B-5

29 E-1

30

Recap Schedules:

A-1

Line No.	Actual End of Test Year	ADJ OC-1	ADJ OC-2	ADJ OC-3	Not Used	Total Pro Forma Adjustments	Adjusted End of Test Year
1							
2	\$ 1,776,171	\$ 39,148				\$ 39,148	\$ 1,815,319
3							
4	(880,946)		7,874			7,874	(873,072)
5							
6	895,225	39,148	7,874			47,022	942,247
7							
8	Less:						
9	Advances in Aid of Construction	27,120				-	27,120
10							
11	Contributions in Aid of Construction	856,283				-	856,283
12	Accumulated Amortization of CIAC	(504,890)			(3)	(3)	(504,893)
13	Contributions in Aid of Construction - Net	351,393			(3)	(3)	351,390
14							
15	Customer Security Deposits	-				-	-
16	Deferred Income Taxes	(61,615)				-	(61,615)
17							
18	Plus:						
19	Working Capital	25,395				-	25,395
20	Net Regulatory Asset / (Liability)					-	-
21							
22	Rate Base	\$ 603,721	\$ 39,148	\$ 7,874	\$ 3	\$ -	\$ 47,025
23							\$ 650,746

28 Supporting Schedules:
 29 E-1
 30

Recap Schedules:
 B-1

Line No.	Acct No.	Description	Book Adjustments			Adjusted Book End of Test Year	Rate Making Adjustments				Total Rate Making Adjustments	Adjusted End of Test Year
			Actual End of Test Year	Not Used	Not Used		[OC-1.1] Allocated Plant Sierra Vista	[OC-1.2] Allocated Plant Glendale	Not Used	Not Used		
4	301	Organization Cost	\$ 1,084			1,084	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,084
5	302	Franchise Cost	-			-						-
6	303	Land and Land Rights	-			-						-
7	304	Structures & Improvements	63,790			63,790	215	2,609			2,609	66,614
8	305	Collecting & Impounding Reservoirs	-			-						-
9	306	Lake, River, Canal Intakes	-			-						-
10	307	Wells & Springs	121,345			121,345						121,345
11	308	Infiltration Galleries	-			-						-
12	309	Raw Water Supply Mains	-			-						-
13	310	Power Generation Equipment	76,860			76,860						76,860
14	311	Pumping Equipment	93,181			93,181						93,181
15	320	Water Treatment Equipment	-			-						-
16	320.1	Water Treatment Plants	155,538			155,538						155,538
17	320.2	Solution Chemical Feeders	3,189			3,189						3,189
18	320.3	Point-of-Use Treatment Devices	-			-						-
19	320.4	Arsenic Treatment Media	95,308			95,308						95,308
20	330	Distribution Reservoirs & Standpipes	-			-						-
21	330.1	Storage Tanks	265,998			265,998						265,998
22	330.2	Pressure Tanks	3,005			3,005						3,005
23	331	Transmission & Distribution Mains	609,344			609,344						609,344
24	333	Services	82,593			82,593						82,593
25	334	Meters	72,929			72,929						72,929
26	335	Hydrants	81,000			81,000						81,000
27	336	Backflow Prevention Devices	-			-						-
28	339	Other Plant & Misc. Equipment	24,594			24,594						24,594
29	340	Office Furniture & Equipment	2,360			2,360	924	243			243	3,527
30	340.1	Computers & Software	-			-		10,516			10,516	10,516
31	341	Transportation Equipment	21,299			21,299	19,108	-				40,406
32	342	Stores Equipment	-			-						-
33	343	Tools, Shop & Garage Equipment	2,754			2,754	5,534	-				8,288
34	344	Laboratory Equipment	-			-						-
35	345	Power Operated Equipment	-			-						-
36	346	Communication Equipment	-			-						-
37	347	Miscellaneous Equipment	-			-						-
38	348	Other Tangible Plant	-			-						-
39	TOTALS		\$ 1,776,171	\$ -	\$ -	\$ 1,776,171	\$ 25,780	\$ 13,368	\$ -	\$ -	\$ 13,368	\$ 1,815,319
40	Equity Adjustments (Schedule D-1)											\$ -
42	Plant In Service per Books											\$ 1,776,171
44	Increase / (Decrease) in Plant in Service											\$ 39,148

47 Supporting Schedules: Workpapers:
 48 See following pages for workpapers

Allocated Corporate Plant - Sierra Vista Operations Office

This adjustment allocates Hearthstone Water corporate plant associated with the Sierra Vista Operations Office serving the Baca Float water system. The costs are allocated based on a 3-Factor allocation methodology between the five water and two sewer operations serviced by the Sierra Vista Operations Office.

Line No.	Plant Acct	Description	Allocated Plant	Less TY Baca Plant Allocated	Adjustment
1					
2	304	Structures & Improvements	\$ 215.07		\$ 215.07
3	340	Office Furniture & Equip	924.02		924.02
4	340.1	Computer & Software	-		-
5	341	Transportation Equip	40,406.36	(21,298.67)	19,107.69
6	343	Tools, Shop & Garage Equip	5,533.51		5,533.51
7			47,078.96	(21,298.67)	25,780.29
8					
9					
10		Total Increase/(Decrease) in Plant In Service			\$ 25,780.29
11					
12		<u>Workpapers:</u>			
13		HWS Shared Cost Allocation.xlsx			
14		HWI 3-Factor Allocation 2023.08.31 (Annualized) Rev2.xlsx			
15					

Allocated Corporate Plant - Glendale Corporate Office

This adjustment allocates Hearthstone Water corporate plant associated with the Glendale, Arizona Corporate Office. The costs are allocated based on a 3-Factor allocation methodology between all Hearthstone Water utility subsidiaries.

Line No.	Plant Acct	Description	Allocated Plant
1			
2	304	Structures & Improvements	2,609.13
3	340	Office Furniture & Equip	243.21
4	340.1	Computer & Software	10,515.53
5	341	Transportation Equip	-
6	343	Tools, Shop & Garage Equip	-
7			<u>13,367.87</u>
8			
9			
10		Total Increase/(Decrease) in Plant In Service	<u>\$ 13,367.87</u>
11			
12		<u>Workpapers:</u>	
13		HWS Shared Cost Allocation.xlsx	
14		HWI 3-Factor Allocation 2023.08.31 (Annualized) Rev2.xlsx	
15			

Baca Float Water Company, Inc. - Water Division
 Test Year Ended August 31, 2023
 Rate Base Adjustment OC-2
 Accumulated Depreciation Adjustments

Exhibit: RLI-DT2
 Schedule B-2
 Page 5
 Jones
 Witness:

Line No.	Acct No.	Description	Book Adjustments			Rate Making Adjustments				Total Rate Making Adjustments	Adjusted End of Test Year		
			Actual End of Test Year	[OC-2.1] Classify A/D To Plant Accounts	Not Used	Adjusted Book End of Test Year	[OC-2.2] Allocated A/D Sierra Vista	[OC-2.3] Allocated A/D Glendale	Not Used			Not Used	
4	301	Organization Cost		\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
5	302	Franchise Cost		-		-	-	-	-	-	-		
6	303	Land and Land Rights		-		-	-	-	-	-	-		
7	304	Structures & Improvements		41,079		41,079	8	181	-	-	189	41,268	
8	305	Collecting & Impounding Reservoirs		-		-	-	-	-	-	-	-	
9	306	Lake, River, Canal Intakes		-		-	-	-	-	-	-	-	
10	307	Wells & Springs		86,357		86,357	-	-	-	-	-	86,357	
11	308	Infiltration Galleries		-		-	-	-	-	-	-	-	
12	309	Raw Water Supply Mains		-		-	-	-	-	-	-	-	
13	310	Power Generation Equipment		57,144		57,144	-	-	-	-	-	57,144	
14	311	Pumping Equipment		66,698		66,698	-	-	-	-	-	66,698	
15	320	Water Treatment Equipment		-		-	-	-	-	-	-	-	
16	320.1	Water Treatment Plants		88,852		88,852	-	-	-	-	-	88,852	
17	320.2	Solution Chemical Feeders		3,015		3,015	-	-	-	-	-	3,015	
18	320.3	Point-of-Use Treatment Devices		-		-	-	-	-	-	-	-	
19	320.4	Arsenic Treatment Media		57,077		57,077	-	-	-	-	-	57,077	
20	330	Distribution Reservoirs & Standpipes		-		-	-	-	-	-	-	-	
21	330.1	Storage Tanks		101,206		101,206	-	-	-	-	-	101,206	
22	330.2	Pressure Tanks		1,828		1,828	-	-	-	-	-	1,828	
23	331	Transmission & Distribution Mains		206,999		206,999	-	-	-	-	-	206,999	
24	333	Services		41,509		41,509	-	-	-	-	-	41,509	
25	334	Meters		54,149		54,149	-	-	-	-	-	54,149	
26	335	Hydrants		26,190		26,190	-	-	-	-	-	26,190	
27	336	Backflow Prevention Devices		-		-	-	-	-	-	-	-	
28	339	Other Plant & Misc. Equipment		24,594		24,594	-	-	-	-	-	24,594	
29	340	Office Furniture & Equipment		1,914		1,914	33	30	-	-	63	1,976	
30	340.1	Computers & Software		446		446	-	1,068	-	-	1,068	1,514	
31	341	Transportation Equipment		20,319		20,319	(9,173)	-	-	-	(9,173)	11,147	
32	342	Stores Equipment		-		-	-	-	-	-	-	-	
33	343	Tools, Shop & Garage Equipment		1,406		1,406	143	-	-	-	143	1,549	
34	344	Laboratory Equipment		-		-	-	-	-	-	-	-	
35	345	Power Operated Equipment		-		-	-	-	-	-	-	-	
36	346	Communication Equipment		-		-	-	-	-	-	-	-	
37	347	Miscellaneous Equipment		-		-	-	-	-	-	-	-	
38	348	Other Tangible Plant		-		-	-	-	-	-	-	-	
39				880,946	(880,946)	-	-	-	-	-	-	-	
40		TOTALS	\$	880,946	\$ (163)	\$ -	\$ 880,783	\$ (8,989)	\$ 1,278	\$ -	\$ (7,711)	\$ 873,072	Total Equity Adj.
41		Equity Adjustments (Schedule D-1)		\$ 163	\$ -	\$ -		\$ -	\$ -	\$ -		\$ 163	
43		Accumulated Depreciation per Books										\$ 880,946	
45		Increase / (Decrease) in Accumulated Depreciation										\$ (7,874)	

48 Supporting Schedules: Workpapers:
 49 See following pages for workpapers
 50

Classify Accumulated Depreciation to Plant Accounts

This adjustment classifies accumulated depreciation to various plant accounts based on detailed plant and depreciation schedule.

Line No.	Plant Acct Description	Accumulated Depreciation Per Detailed Plant Schedule	Accumulated Depreciation Per General Ledger	Adjustment
1	301 Organization Cost	\$ -		\$ -
2	302 Franchise Cost	-		-
3	303 Land and Land Rights	-		-
4	304 Structures & Improvements	41,078.97		41,078.97
5	305 Collecting & Impounding Reservoirs	-		-
6	306 Lake, River, Canal Intakes	-		-
7	307 Wells & Springs	86,356.98		86,356.98
8	308 Infiltration Galleries	-		-
9	309 Raw Water Supply Mains	-		-
10	310 Power Generation Equipment	57,144.28		57,144.28
11	311 Pumping Equipment	66,697.78		66,697.78
12	320 Water Treatment Equipment	-		-
13	320.1 Water Treatment Plants	88,852.22		88,852.22
14	320.2 Solution Chemical Feeders	3,015.33		3,015.33
15	320.3 Point-of-Use Treatment Devices	-		-
16	320.4 Arsenic Treatment Media	57,076.64		57,076.64
17	330 Distribution Reservoirs & Standpipes	-		-
18	330.1 Storage Tanks	101,206.37		101,206.37
19	330.2 Pressure Tanks	1,827.93		1,827.93
20	331 Transmission & Distribution Mains	206,999.38		206,999.38
21	333 Services	41,508.67		41,508.67
22	334 Meters	54,149.05		54,149.05
23	335 Hydrants	26,190.00		26,190.00
24	336 Backflow Prevention Devices	-		-
25	339 Other Plant & Misc. Equipment	24,594.09		24,594.09
26	340 Office Furniture & Equipment	1,913.57		1,913.57
27	340.1 Computers & Software	446.48		446.48
28	341 Transportation Equipment	20,319.34		20,319.34
29	342 Stores Equipment	-		-
30	343 Tools, Shop & Garage Equipment	1,405.92		1,405.92
31	344 Laboratory Equipment	-		-
32	345 Power Operated Equipment	-		-
33	346 Communication Equipment	-		-
34	347 Miscellaneous Equipment	-		-
35	348 Other Tangible Plant	-		-
36			880,946.14	(880,946.14)
37		\$ 880,783.00	\$ 880,946.14	\$ (163.14)
38				
39				
40	Total Increase/(Decrease) in Accumulated Depreciation			<u>\$ (163.14)</u>

Workpapers:

Baca book depreciation.xlsx, Tab: Water UPIS

44
45

Allocated Corporate Accumulated Depreciation - Sierra Vista Operations Office

This adjustment allocates Hearthstone Water corporate accumulated depreciation associated with the plant located at the Sierra Vista Operations Office serving the Clear Springs water system. The costs are allocated based on a 3-Factor allocation methodology between the five water and two sewer operations serviced by the Sierra Vista Operations Office.

Line No.	Plant Acct	Description	Allocated A/D	Less TY Baca A/D Allocated	Adjustment
1					
2	304	Structures & Improvements	8.36		\$ 8.36
3	340	Office Furniture & Equip	32.79		32.79
4	340.1	Computer & Software	-		-
5	341	Transportation Equip	11,146.58	(20,319.34)	(9,172.76)
6	343	Tools, Shop & Garage Equip	142.61		142.61
7			11,330.34	(20,319.34)	(8,989.00)
8					
9					
10		Total Increase/(Decrease) in Accumulated Depreciation			\$ (8,989.00)
11					
12		<u>Workpapers:</u>			
13		HWS Shared Cost Allocation.xlsx			
14		HWI 3-Factor Allocation 2023.08.31 (Annualized) Rev2.xlsx			
15					

Allocated Corporate Accumulated Depreciation - Glendale Corporate Office

This adjustment allocates Hearststone Water corporate accumulated depreciation associated with the plant located at the Glendale, Arizona Corporate Office. The costs are allocated based on a 3-Factor allocation methodology between all Hearststone Water utility subsidiaries.

Line No.	Plant Acct	Description	Allocated A/D
1			
2	304	Structures & Improvements	180.63
3	340	Office Furniture & Equip	29.72
4	340.1	Computer & Software	1,067.89
5	341	Transportation Equip	-
6	343	Tools, Shop & Garage Equip	-
7			1,278.24
8			
9			
10		Total Increase/(Decrease) in Accumulated Depreciation	\$ 1,278.24
11			
12		<u>Workpapers:</u>	
13		HWS Shared Cost Allocation.xlsx	
14		HWI 3-Factor Allocation 2023.08.31 (Annualized) Rev2.xlsx	
15			

Contributions-In-Aid of Construction (CIAC) and Accumulated Amortization of CIAC

<u>Line No.</u>		<u>CIAC</u>	<u>Accumulated Amortization</u>
1			
2	Workpaper Balance at 08/31/2023	\$ 856,283.00	\$ 504,893.10
3			
4	Book Balance at 08/31/2023	\$ 856,283.00	\$ 504,890.42
5			
6	Increase / (Decrease) in CIAC or AA CIAC	\$ -	\$ 2.68
7			
8	Equity Adjustments (Schedule D-1)	\$ -	\$ 2.68
9			
10			
11			
12			
13			
14			
15	<u>Supporting Schedules:</u>	<u>Workpaper:</u>	
16	Schedule B-2, Page 8	Baca book depreciation.xlsx, Tab: Water CIAC	
17			

Baca Float Water Company, Inc. - Water Division

Test Year Ended August 31, 2023

Computation of Working Capital

Exhibit: RLJ-DT2

Schedule B-5

Page 1

Witness: Jones

Line No.		<u>Working Capital</u>
1		
2	Cash Working Capital	\$ 25,298
3		
4	Material and Supplies Inventories	-
5		
6	Working Funds and Special Deposits	
7		
10		
11		
12	Prepayments	.97
13		
14	Total Working Capital Allowance	<u>\$ 25,395</u>
15		
16	<u>Supporting Schedules:</u>	
17	E-1	
18		

Recap Schedules:

B-1

Baca Float Water Company, Inc. - Water Division

Test Year Ended August 31, 2023

Computation of Working Capital

Exhibit: RLJ-DT2

Schedule B-5

Page 2

Witness: Jones

Line		
<u>No.</u>		
1		
2	Operation and Maintenance Expense	\$ 196,295
3	Less depreciation, taxes, purchased	
4	power and purchased water	
5	Factor - 1/8	<u>0.1250</u>
6		\$ 24,537
7		
8	Purchased Power and Purchased Water	\$ 18,256
9	Factor - 1/24	<u>0.0417</u>
10		\$ 761
11		
12	Total Cash Working Capital	<u>\$ 25,298</u>
13		
14		

Baca Float Water Company, Inc. - Water Division
 Test Year Ended August 31, 2023
 Adjusted Test Year Income Statement

Exhibit: RJJ-DT2
 Schedule C-1
 Page 1
 Witness: Jones

Line No.		Actual for Test Year Ended 8/31/2023	Total Pro forma Adjustments	Test Year Results After Pro forma Adjustments	Proposed Rate Increase	Adjusted With Rate Increase
1	Revenues					
2	461 Metered Water Revenues	\$ 311,204	\$ (79)	\$ 311,125	49,939	\$ 361,064
3	469 Guaranteed Revenues	-	-	-	-	-
4	471 Miscellaneous Service Revenue	3,869	(55)	3,815	2,289	6,104
5	474 Other Water Revenues	-	-	-	-	-
6	Total Revenues	\$ 315,074	\$ (133)	\$ 314,940	\$ 52,227	\$ 367,168
7	Operating Expenses					
8	601 Salaries and Wages	\$ 73,370	\$ 9,264	\$ 82,634		\$ 82,634
9	603 Salaries and Wages - Officers and Directors	-	-	-		-
10	604 Employee Pension and Benefits	2,852	2,318	5,170		5,170
11	610 Purchased Water	-	-	-		-
12	615 Purchased Power	18,256	-	18,256		18,256
13	618 Chemicals	1,132	-	1,132		1,132
14	620 Materials and Supplies	-	-	-		-
15	620.1 Repairs and Maintenance	8,788	5,021	13,809		13,809
16	620.2 Office Supplies Expense	2,891	2,364	5,255		5,255
17	631 Contractual Services - Engineering	-	-	-		-
18	632 Contractual Services - Accounting	3,918	56	3,974		
19	633 Contractual Services - Legal	664	125	789		789
20	634 Contractual Services - Management Fees	73,867	(41,472)	32,395		32,395
21	635 Contractual Services - Testing	8,593	-	8,593		8,593
22	636 Contractual Services - Other	-	8,234	8,234		8,234
23	641 Rent - Buildings	-	3,437	3,437		3,437
24	642 Rent - Equipment	-	-	-		-
25	650 Transportation Expense	4,838	5,147	9,985		9,985
26	656 Insurance - Vehicle	-	-	-		-
27	657 Insurance - General Liability	7,398	733	8,131		8,131
28	658 Insurance - Worker's Compensation	404	(199)	205		205
29	659 Insurance - Other	7,846	(1,069)	6,778		6,778
30	666 Regulatory Commission Expense - Rate Case	-	-	-		-
31	667 Regulatory Expense - Other	500	-	500		500
32	670 Bad Debt Expense	154	-	154	26	179
33	675 Miscellaneous Expense	2,895	2,225	5,121		5,121
34	403 Depreciation Expense	33,294	13,393	46,687		46,687
35	407 Amortization Expense	-	-	-		-
36	408 Taxes Other Than Income	5,249	143	5,392		5,392
37	408.11 Property Taxes	13,584	(450)	13,135	761	13,896
38	409 Income Tax	28,813	(20,064)	8,749	12,794	21,543
39	427.1 Interest Expense Security Deposits	-	-	-		-
40	Total Operating Expenses	\$ 299,305	\$ (10,793)	\$ 288,512	\$ 13,581	\$ 302,093
41	Operating Income	\$ 15,769	\$ 10,659	\$ 26,428	\$ 38,647	\$ 65,075
42	Other Income (Expense)					
43	419 Interest and Dividend Income	\$ -	\$ -	\$ -		\$ -
44	421 Non-Utility Income	\$ -	\$ -	\$ -		\$ -
45	426 Miscellaneous Non-Utility Expenses	-	-	-		-
46	427 Interest Expense	-	-	-		-
47	428 Amortization of Debt Discount and Expense	-	-	-		-
48	429 Amortization of Premium on Debt	-	-	-		-
49	Total Other Income (Expense)	\$ -	\$ -	\$ -	\$ -	\$ -
50	Net Income (Loss)	\$ 15,769	\$ 10,659	\$ 26,428	\$ 38,647	\$ 65,075

51
 52 Supporting Schedules:
 53 E-2
 54
 55

Recap Schedules:
 A-1

Line No.		Actual for Test Year Ended 8/31/2023	ADJ IS-1	ADJ IS-2	ADJ IS-3	ADJ IS-4	Not Used IS-5	Not Used IS-6
1	Revenues							
2	461 Metered Water Revenues	\$ 311,204				\$ (79)		
3	469 Guaranteed Revenues	-						
4	471 Miscellaneous Service Revenue	3,869				(55)		
5	474 Other Water Revenues	-						
6	Total Revenues	\$ 315,074	\$ -	\$ -	\$ -	\$ (133)	\$ -	\$ -
7	Operating Expenses							
8	601 Salaries and Wages	\$ 73,370		\$ (11,569)	\$ 20,833			
9	603 Salaries and Wages - Officers and Directors	-						
10	604 Employee Pension and Benefits	2,852		883	1,435			
11	610 Purchased Water	-						
12	615 Purchased Power	18,256						
13	618 Chemicals	1,132						
14	620 Materials and Supplies	-						
15	620.1 Repairs and Maintenance	8,788		5,021				
16	620.2 Office Supplies Expense	2,891		2,067	297			
17	631 Contractual Services - Engineering	-						
18	632 Contractual Services - Accounting	3,918			56			
19	633 Contractual Services - Legal	664			125			
20	634 Contractual Services - Management Fees	73,867	(11,467)		(30,005)			
21	635 Contractual Services - Testing	8,593						
22	636 Contractual Services - Other	-			8,234			
23	641 Rent - Buildings	-		2,491	947			
24	642 Rent - Equipment	-						
25	650 Transportation Expense	4,838		5,133	14			
26	656 Insurance - Vehicle	-						
27	657 Insurance - General Liability	7,398			733			
28	658 Insurance - Worker's Compensation	404		(229)	30			
29	659 Insurance - Other	7,846		(1,251)	182			
30	666 Regulatory Commission Expense - Rate Case	-						
31	667 Regulatory Expense - Other	500						
32	670 Bad Debt Expense	154						
33	675 Miscellaneous Expense	2,895		1,061	1,165			
34	403 Depreciation Expense	33,294		6,066	1,522			
35	407 Amortization Expense	-						
36	408 Taxes Other Than Income	5,249		(992)	1,135			
37	408.11 Property Taxes	13,584						
38	409 Income Tax	28,813						
39	427.1 Interest Expense Security Deposits	-						
40	Total Operating Expenses	\$ 299,305	\$ (11,467)	\$ 8,681	\$ 6,702	\$ -	\$ -	\$ -
41	Operating Income	\$ 15,769	\$ 11,467	\$ (8,681)	\$ (6,702)	\$ (133)	\$ -	\$ -
42	Other Income (Expense)							
43	419 Interest and Dividend Income	\$ -						
44	421 Non-Utility Income	-						
45	426 Miscellaneous Non-Utility Expenses	-						
46	427 Interest Expense	-						
47	428 Amortization of Debt Discount and Expense	-						
48	429 Amortization of Premium on Debt	-						
49	Total Other Income (Expense)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
50	Net Income (Loss)	\$ 15,769	\$ 11,467	\$ (8,681)	\$ (6,702)	\$ (133)	\$ -	\$ -

52 Supporting Schedules:

Recap Schedules:

C-1

53
54
55

Line No.		Not Used IS-7	ADJ IS-8	ADJ IS-9	ADJ IS-10	Total Adjustments	Test Year Adjusted Results
1	Revenues						
2	461 Metered Water Revenues					\$ (79)	\$ 311,125
3	469 Guaranteed Revenues					-	-
4	471 Miscellaneous Service Revenue					(55)	3,815
5	474 Other Water Revenues					-	-
6	Total Revenues	\$ -	\$ -	\$ -	\$ -	\$ (133)	\$ 314,940
7	Operating Expenses						
8	601 Salaries and Wages					\$ 9,264	\$ 82,634
9	603 Salaries and Wages - Officers and Directors					-	-
10	604 Employee Pension and Benefits					2,318	5,170
11	610 Purchased Water					-	-
12	615 Purchased Power					-	18,256
13	618 Chemicals					-	1,132
14	620 Materials and Supplies					-	-
15	620.1 Repairs and Maintenance					5,021	13,809
16	620.2 Office Supplies Expense					2,364	5,255
17	631 Contractual Services - Engineering					-	-
18	632 Contractual Services - Accounting					56	3,974
19	633 Contractual Services - Legal					125	789
20	634 Contractual Services - Management Fees					(41,472)	32,395
21	635 Contractual Services - Testing					-	8,593
22	636 Contractual Services - Other					8,234	8,234
23	641 Rent - Buildings					3,437	3,437
24	642 Rent - Equipment					-	-
25	650 Transportation Expense					5,147	9,985
26	656 Insurance - Vehicle					-	-
27	657 Insurance - General Liability					733	8,131
28	658 Insurance - Worker's Compensation					(199)	205
29	659 Insurance - Other					(1,069)	6,778
30	666 Regulatory Commission Expense - Rate Case					-	-
31	667 Regulatory Expense - Other					-	500
32	670 Bad Debt Expense					-	154
33	675 Miscellaneous Expense					2,225	5,121
34	403 Depreciation Expense		5,806			13,393	46,687
35	407 Amortization Expense		-			-	-
36	408 Taxes Other Than Income:					143	5,392
37	408.11 Property Taxes			(450)		(450)	13,135
38	409 Income Tax				(20,064)	(20,064)	8,749
39	427.1 Interest Expense Security Deposits					-	-
40	Total Operating Expenses	\$ -	\$ 5,806	\$ (450)	\$ (20,064)	\$ (10,793)	\$ 288,512
41	Operating Income	\$ -	\$ (5,806)	\$ 450	\$ 20,064	\$ 10,659	\$ 26,428
42	Other Income (Expense)						
43	419 Interest and Dividend Income					\$ -	\$ -
44	421 Non-Utility Income					-	-
45	426 Miscellaneous Non-Utility Expenses					-	-
46	427 Interest Expense					-	-
47	428 Amortization of Debt Discount and Expense					-	-
48	429 Amortization of Premium on Debt					-	-
49	Total Other Income (Expense)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
50	Net Income (Loss)	\$ -	\$ (5,806)	\$ 450	\$ 20,064	\$ 10,659	\$ 26,428

51 Supporting Schedules:

52
 53
 54
 55

Line

No.

1 Adjust Management Fees to eliminate Southwestern Utility Management Fees
 2
 3 This adjustment removes management fees paid to Southwestern Utility Management (SUM)
 4 during the test year. This adjustment is necessary because Baca Float discontinued
 5 the use of SUM and is providing the services formerly provided by SUM via a new workforce
 6 employed by Hearthstone Water or via shared services provided by Hearthstone Water.
 7

8
 9 Southwestern Utility Management Costs

<u>NARUC</u>	<u>Account</u>	<u>TY Amount</u>	<u>Adjustment</u>
634	Contractual Services - Management Fees	11,467.11	(11,467.11)
		<u>\$ 11,467.11</u>	<u>\$ (11,467.11)</u>
	Increase/(Decrease) in Contractual Services - Management Fees		<u>\$ (11,467.11)</u>

19 Workpaper:
 20 HWS Rate Case Data.xlsx, Tab: BF IS
 21

Line
No.

1 Allocate cost of New Workforce and Related Costs

2
 3 This adjustment allocates costs for personnel and operations incurred to operate the
 4 Baca Float water system. The costs are allocated based on a 3-Factor allocation methodology
 5 between the five water and two sewer operations serviced by Hearthstone Water's Sierra Vista
 6 Operations office upon discontinuation of services provided by Southwestern Utility Management.
 7

		Test Year	Less TY Charge	
	<u>NARUC</u>	<u>Allocation</u>	<u>to Baca</u>	<u>Adjustment</u>
10	601	\$ 61,800.78	\$ (73,370)	\$ (11,568.89)
11	604	3,735.01	(2,852)	882.85
12	620.1	5,021.40		5,021.40
13	620.2	2,067.14		2,067.14
14	641	2,490.73		2,490.73
15	650	5,133.45		5,133.45
16	658	175.47	(404)	(228.71)
17	659	6,595.62	(7,846)	(1,250.79)
18	675	1,060.88		1,060.88
19	403	6,065.61		6,065.61
20	408	4,256.43	(5,249)	(992.39)
21				
22		\$ 98,402.52	\$ (89,721.24)	\$ 8,681.28

25 Increase/(Decrease) in Net Income \$ 8,681.28

26
 27 Workpaper:
 28 HWS Shared Cost Allocation.xlsx
 29 HWI 3-Factor Allocation 2023.08.31 (Annualized) Rev2.xlsx
 30

Line

No.

1 Normalize Shared Services Cost
 2
 3 This adjustment updates and allocates management fees to reflect the actual ongoing cost of shared services
 4 provided by Hearthstone Water and affiliates. Shared services costs are allocated to all utilities
 5 owned by Hearthstone Water based on a 3-Factor allocation methodology.
 6

7 Allocated Shared Services (Annualized):

8	<u>NARUC</u>	<u>Account</u>	<u>Amount</u>
9	601	Salaries and Wages	\$ 20,833.26
10	604	Employee Pension and Benefits	1,434.78
11	620.2	Office Supplies Expense	297.15
12	632	Contractual Services - Accounting	55.87
13	633	Contractual Services - Legal	125.43
14	634	Contractual Services - Management Fees	32,395.21
15	636	Contractual Services - Other	3,224.14
16	636	636.10 - Contractual Svcs - EWM Acct	1,227.22
17	636	636.20 - Contractual Svcs - EWM CSR	3,782.14
18	641	Rent - Buildings	946.59
19	650	Transportation Expense	13.68
20	657	Insurance - General Liability	732.74
21	658	Insurance - Worker's Compensation	29.59
22	659	Insurance - Health & Life	182.19
23	675	Miscellaneous Expense	1,164.55
24	403	Depreciation Expense	1,521.55
25	408	Taxes Other Than Income	1,135.48
26			<u>\$ 69,101.57</u>
27	Less Test Year Triton Management Fees Paid:		
28	634	Contractual Services Management Fees	(62,400.00)
29			
30		Increase/(Decrease) in Management Fees & Operating Expenses	<u>\$ 6,701.57</u>

31
 32 Workpaper:

33 HWS Shared Cost Allocation.xlsx
 34 HWI 3-Factor Allocation 2023.08.31 (Annualized) Rev2.xlsx
 35 HWS Rate Case Data.xlsx, Tab: BF IS
 36

Line

No.

1 Adjust Test Year Revenue to Actual

2

3 Due to a delay in receiving monthly revenue reporting from Southwestern Utility Management, Baca
 4 Float books estimated revenue each month. During the following month the estimated revenue
 5 entry is reversed and the actual revenue amount is booked. This causes test year revenue booked
 6 on the general ledger to incorrect. This adjustment corrects the revenue to reflect the actual revenue
 7 for the test year. This adjustment also eliminates nonrecurring reconciling entries.

8

9

		TY G/L	
	<u>NARUC</u>	<u>Account</u>	<u>Amount</u> <u>Adjustment</u>
10	461	Metered Water Revenues	\$ 311,204.08
11		Less: Estimates, Nonrecurring and Prev. Period	(28,380.31) (28,380.31)
12		Plus: August '23 Actual	28,301.70 28,301.70
13		Adjusted Test Year Revenue	<u>\$ 311,125.47 \$ (78.61)</u>
14			
15			
16	471	Miscellaneous Service Revenue	\$ 3,869.45
17		Less: Estimates, Nonrecurring and Prev. Period	(334.61) (334.61)
18		Plus: August '23 Actual	279.99 279.99
19		Adjusted Test Year Revenue	<u>\$ 3,814.83 \$ (54.62)</u>
20			
21			
22		Increase/(Decrease) in Metered Water Revenues	<u>\$ (78.61)</u>
23			
24		Increase/(Decrease) in Miscellaneous Service Revenues	<u>\$ (54.62)</u>

25

26 Workpaper:

27 HWS Rate Case Data.xlsx, Tab: BF Revenue

28

29

Normalize Depreciation & Amortization Expense

Line No.	Acct	Description	Adjusted Test Year Balance 8/31/2023	Non / Fully Depreciated Plant	Depreciable Plant	Proposed Depreciation Rate	Depreciation Expense
1							
2	301	Organization Cost	\$ 1,084	\$ (1,084)	\$ -	0.00%	\$ -
3	302	Franchise Cost	-	-	-	0.00%	-
4	303	Land and Land Rights	-	-	-	0.00%	-
5	304	Structures & Improvements	66,614	-	66,614	3.33%	2,218
6	305	Collecting & Impounding Reservoirs	-	-	-	2.50%	-
7	306	Lake, River, Canal Intakes	-	-	-	2.50%	-
8	307	Wells & Springs	121,345	-	121,345	3.33%	4,041
9	308	Infiltration Galleries	-	-	-	6.67%	-
10	309	Raw Water Supply Mains	-	-	-	2.00%	-
11	310	Power Generation Equipment	76,860	-	76,860	5.00%	3,843
12	311	Pumping Equipment	93,181	(45,594)	47,587	12.50%	5,948
13	320	Water Treatment Equipment	-	-	-	-	-
14	320.1	Water Treatment Plants	155,538	-	155,538	3.33%	5,179
15	320.2	Solution Chemical Feeders	3,189	(2,147)	1,042	20.00%	174
16	320.3	Point-of-Use Treatment Devices	-	-	-	10.00%	-
17	320.4	Arsenic Treatment Media	95,308	(45,441)	49,867	20.00%	9,973
18	330	Distribution Reservoirs & Standpipes	-	-	-	-	-
19	330.1	Storage Tanks	265,998	-	265,998	2.22%	5,905
20	330.2	Pressure Tanks	3,005	-	3,005	5.00%	150
21	331	Transmission & Distribution Mains	609,344	-	609,344	2.00%	12,187
22	333	Services	82,593	-	82,593	3.33%	2,750
23	334	Meters	72,929	(49,944)	22,985	8.33%	1,915
24	335	Hydrants	81,000	-	81,000	2.00%	1,620
25	336	Backflow Prevention Devices	-	-	-	6.67%	-
26	339	Other Plant & Misc. Equipment	24,594	(24,594)	(0)	6.67%	(0)
27	340	Office Furniture & Equipment	3,527	(1,914)	1,614	6.67%	108
28	340.1	Computers & Software	10,516	(446)	10,069	20.00%	2,014
29	341	Transportation Equipment	40,406	(3,774)	36,633	20.00%	7,327
30	342	Stores Equipment	-	-	-	4.00%	-
31	343	Tools, Shop & Garage Equipment	8,288	-	8,288	5.00%	414
32	344	Laboratory Equipment	-	-	-	10.00%	-
33	345	Power Operated Equipment	-	-	-	5.00%	-
34	346	Communication Equipment	-	-	-	10.00%	-
35	347	Miscellaneous Equipment	-	-	-	10.00%	-
36	348	Other Tangible Plant	-	-	-	-	-
37		TOTALS	\$ 1,815,319	\$ (174,937)	\$ 1,640,382		\$ 65,767
38							
39		Less: Amortization of CIAC	\$ 856,283	\$ (226,579)	629,704	3.03%	19,080
40		Adjusted Test Year Depreciation Expense					\$ 46,687
41							
42		Test Year Depreciation Expense					33,294
43		Allocated HWI Depreciation Expense					7,587
44							40,881
45							
46		Increase / (Decrease) in Depreciation Expense					\$ 5,806
47							

Baca Float Water Company, Inc. - Water Division

Test Year Ended August 31, 2023

Income Statement Adjustment IS-9

Exhibit: RLJ-DT2

Schedule C-2

Page 8

Witness: Jones

Property Tax Expense

Line No.	Description	Company As Adjusted	Company Proposed
1	Adjusted Test Year Revenue	\$ 314,940 x3	\$ 314,940 x2
2			
3	Proposed Revenues after Increase		367,168 x1
4			
5	3-Year Revenue Total	944,821	997,048
6			
7	Average of three year's of revenue	314,940	332,349
8	Average of three year's of revenue, times 2	629,881	664,699
9	Add:		
10	Construction Work In Progress at 10%	-	-
11	Deduct:		
12	Net Book Value of Transportation Equipment	29,260	29,260
13			
14	Full Cash Value	600,621	635,439
15	Assessment Ratio (2024 Tax Year)	16.5%	16.5%
16	Assessed Value	99,102	104,847
17	Property Tax Rate (2023 Tax Year)	13.2535%	13.2535%
18			
19	Adjusted Test Year Property Tax	\$ 13,135	
20	Recorded Test Year Property Tax	13,584	
21	Test Year Adjustment	\$ (450)	
22			
23	Property Tax at Proposed Rates		\$ 13,896
24	Adjusted Test Year Property Tax		13,135
25	Increase in Property Tax due to Rate Increase		\$ 761
26			
27	<u>Calculation of Property Tax Factor</u>		
28	Increase to Property Tax Expense		\$ 761
29	Increase in Revenue Requirement		\$ 52,227
30	Property Tax Factor (L25 / L26)		1.4579%
31			

Baca Float Water Company, Inc. - Water Division

Test Year Ended August 31, 2023
Income Statement Adjustment IS-10

Exhibit: RLJ-DT2
Schedule C-2
Page 9
Witness: Jones

Income Tax Expense

Line No.	Description	Adjusted Test Year	Proposed with Increase
1			
2	<u>Calculation of Income Tax:</u>		
3	Revenue	\$ 314,940	\$ 367,168
4	Less: Operating Expenses (Excluding Income Taxes)	279,764	280,551
5	Less: Synchronized Interest	-	-
6	State Taxable Income	<u>\$ 35,177</u>	<u>\$ 86,617</u>
7			
8	All Income at 4.90%	1,724	4,244
9			
10	State Income Tax	<u>\$ 1,724</u>	<u>\$ 4,244</u>
11			
12	Federal Taxable Income	\$ 33,453	\$ 82,373
13			
14	All Income at 21.00%	7,025	17,298
15			
16	Total Federal Income Tax	<u>\$ 7,025</u>	<u>\$ 17,298</u>
17			
18	Combined Federal and State Income Tax	<u>\$ 8,749</u>	<u>\$ 21,543</u>
19			
20	Effective State Tax Rate	4.9000%	4.9000%
21	Effective Federal Tax Rate	21.0000%	21.0000%
22	Effective Combined Tax Rate	24.8710%	24.8710%
23			
24	Applicable Arizona State Income Tax Rate (Rate Applicable to Revenue Increase)		4.9000%
25	Applicable Federal Income Tax Rate (Rate Applicable to Revenue Increase)		21.0000%
26			
27	<u>Calculation of Interest Synchronization</u>		
28	Rate Base	\$ 650,746	
29	Weighted Average Cost of Debt	0.0000%	
30	Synchronized Interest	<u>\$ -</u>	
31			
32	<u>Income Tax Adjustments</u>		
33	Test Year Income Taxes - Booked	<u>\$ 28,813</u>	
34	Increase / (decrease) in Income Taxes (L21 - L32)	<u>(20,064)</u>	
35			
36	Test Year Income Taxes - Adjusted		<u>\$ 8,749</u>
37	Increase / (decrease) in Federal Income Taxes (L21 - L35)		<u>12,794</u>
38			
39			

Line			
<u>No.</u>	<u>Calculation of Gross Revenue Conversion Factor</u>		
1	Revenue		100.0000%
2	Uncollectable Factor (Line 11)		0.0367%
3	Revenue (L1 - L2)		<u>99.9633%</u>
4	Combined Income Tax and Property Tax Rate (Line 23)		25.9663%
5	Operating Income Percentage (L3 -L4)		<u>73.9970%</u>
6	Gross Revenue Conversion Factor (L1 / L5)		<u><u>1.351406</u></u>
	<u>Calculation of Uncollectable Factor</u>		
7	Unity		100.0000%
8	Combined Federal and State Tax Rate (Line 17)		24.8710%
9	One Minus Combined Federal and State Tax Rate (L7 - L8)		<u>75.1290%</u>
10	Uncollectable Rate (Line 26)		0.0488%
11	Uncollectable Factor (L9 * L10)		<u>0.0367%</u>
	<u>Calculation of Effective Tax Rate</u>		
12	Operating Income Before Taxes		100.0000%
13	Applicable Arizona State Tax Rate (from Schedule C-2)		4.9000%
14	Federal Taxable Income (L12 - L13)		<u>95.1000%</u>
15	Applicable Federal Tax Rate (from Schedule C-2)		21.0000%
16	Effective Federal Tax Rate (L14 * L15)		<u>19.9710%</u>
17	Combined Federal and State Tax Rate (L13 + L16)		<u>24.8710%</u>
	<u>Calculation of Effective Property Tax Rate</u>		
18	Unity		100.0000%
19	Combined Federal and State Tax Rate (Line 17)		24.8710%
20	One Minus Combined Income Tax Rate (L18 - L19)		<u>75.1290%</u>
21	Property Tax Factor (from Schedule C-2)		1.4579%
22	Effective Property Tax Factor (L20 * L21)		<u>1.0953%</u>
23	Combined Federal and State Income Tax Rate and Property Tax Rate (L17 + L22)		<u><u>25.9663%</u></u>
	<u>Calculation of Uncollectable Rate</u>		
24	Bad Debt Expense (from Schedule C-1)	\$ 154	
25	Total Revenues (from Schedule C-1)	<u>314,940</u>	
26	Uncollectable Rate (L24 / L25)		0.0488%
27	Revenue Increase (from Schedule C-1)	\$ 52,227	
28	Uncollectable Rate (Line 26)	<u>0.0488%</u>	
29	Bad Debt Expense due to Increase	\$ 26	
30	<u>Supporting Schedules:</u>		<u>Recap Schedules:</u>
31			A-1

Line No.	Invested Capital	End of Test Year (Adjusted)				End of Projected Year (Current Rates)				End of Projected Year (Proposed Rates)			
		Amount	Percent of Total	Cost Rate	Weighted Cost	Amount	Percent of Total	Cost Rate	Weighted Cost	Amount	Percent of Total	Cost Rate	Weighted Cost
1													
2	Long-Term Debt	\$ -	0.00%	0.0000%	0.000%	\$ -	0.00%	0.0000%	0.000%	\$ -	0.00%	0.0000%	0.000%
3	Short-Term Debt	-	0.00%	0.0000%	0.000%	-	0.00%	0.0000%	0.000%	-	0.00%	0.0000%	0.000%
4	Adjusted Common Equity	628,272	100.00%	10.0000%	10.000%	628,272	100.00%	10.0000%	10.000%	628,272	100.00%	10.0000%	10.000%
5	Totals	\$ 628,272	100.00%		10.000%	\$ 628,272	100.00%		10.000%	\$ 628,272	100.00%		10.000%
6													
7													
8	Required Rate of Return				10.00%								
9													
10													
11													
12	Equity Adjustments												
13	Common Equity per Sch. E-1	\$ 628,106											
14													
15	PIS Equity Adjustments	\$ -											
16	A/D Equity Adjustments	163											
17	AIAC Equity Adjustment	-											
18	CIAC Equity Adjustment	-											
19	AA CIAC Equity Adjustment	3											
20													
21													
22	Adjusted Common Equity	\$ 628,272											
23													
24													
25	Supporting Schedules:												
26	D-2 D-3												
27	D-4 E-1												
28													

Recap Schedules:
 A-3

Baca Float Water Company, Inc. - Water Division

Test Year Ended August 31, 2023

Cost of Long-Term and Short-Term Debt

Exhibit: RLI-DT2

Schedule D-2

Page 1

Witness: Jones

Line
No.

	End of Test Year			End of Projected Year			
	Amount Outstanding	Annual Interest	Interest Rate	Amount Outstanding	Annual Interest	Interest Rate	
1							
2							
3							
4	<u>Total Company Long-Term Debt</u>						
5				\$ -	\$ -	0.000%	
6				-	-	0.000%	
7				-	-	0.000%	
8	<u>Total Long-Term Debt</u>	<u>\$ -</u>	<u>\$ -</u>	<u>0.000%</u>	<u>\$ -</u>	<u>\$ -</u>	<u>#DIV/0!</u>
9							
10							
11	<u>Short-Term Debt</u>						
12	None						
13							
14	<u>Total Short-Term Debt</u>	<u>\$ -</u>	<u>\$ -</u>	<u>0.000%</u>	<u>\$ -</u>	<u>\$ -</u>	<u>0.000%</u>
15							
16	<u>Total All Debt</u>	<u>\$ -</u>	<u>\$ -</u>	<u>#DIV/0!</u>	<u>\$ -</u>	<u>\$ -</u>	<u>#DIV/0!</u>

17
18
19
20
21
22
23
24

Supporting Schedules:

E-1

Recap Schedules:

D-1

Baca Float Water Company, Inc. - Water Division
 Test Year Ended August 31, 2023
 Comparative Balance Sheet

Exhibit: RLJ-DT2
 Schedule E-1
 Page 1
 Witness: Jones

Line No.		Test Year Ended 8/31/2023	Prior Year Ended 8/31/2022	Prior Year Ended 8/31/2021
1	ASSETS			
2	PROPERTY PLANT AND EQUIPMENT			
3	101 Utility Plant In Service	\$ 1,776,171	\$ 1,743,222	\$ 1,667,658
4	103 Plant Held for Future Use	-	-	-
5	105 Construction Work in Progress	-	-	-
6	108 Accumulated Depreciation	(880,946)	(820,936)	(761,579)
7	114 Utility Plant Acquisition Adjustments	-	-	-
8	121 Non Utility Property	-	-	-
9	122 Accumulated Depreciation Nonutility Property	-	-	-
10	Net Plant	<u>\$ 895,225</u>	<u>\$ 922,286</u>	<u>\$ 906,078</u>
11				
12	CURRENT ASSETS			
13	131 Cash and Equivalents	\$ 71,418	\$ 50,980	\$ 11,919
14	132 Special Deposits	-	-	-
15	141 Customer Accounts Receivable	(181)	150	1,837
16	142 Other Accounts Receivable	-	-	-
17	143 Accumulated Provision for Uncollectible Accounts	-	-	-
18	145 Accounts Receivable from Associated Companies	-	-	-
19	146 Notes Receivable from Associated Companies	-	-	-
20	151 Plant Materials and Supplies	-	-	-
21	162 Prepayments	97	5,673	8,880
22	174 Miscellaneous Current and Accrued Assets	-	-	-
23	Total Current Assets	<u>\$ 71,334</u>	<u>\$ 56,802</u>	<u>\$ 22,636</u>
24				
25	DEFERRED DEBITS			
26	181 Unamortized Debt and Discount Expense	\$ -	\$ -	\$ -
27	186 Miscellaneous Deferred Debits	-	-	-
28	190 Accumulated Deferred Income Taxes	186,159	104,490	104,256
29	Total Deferred Debits	<u>\$ 186,159</u>	<u>\$ 104,490</u>	<u>\$ 104,256</u>
30				
31	TOTAL ASSETS	<u>\$ 1,152,717</u>	<u>\$ 1,083,578</u>	<u>\$ 1,032,970</u>
32				

Line No.		Test Year Ended 8/31/2023	Prior Year Ended 8/31/2022	Prior Year Ended 8/31/2021
1	LIABILITIES AND STOCKHOLDERS' EQUITY			
2	CAPITAL ACCOUNTS			
3	201 Common Stock	\$ 7,711	\$ 7,711	\$ 7,711
4	211 Paid in Capital	839,214	839,214	839,214
5	215 Retained Earnings	(218,819)	(206,633)	(250,399)
6	Total Capital	<u>\$ 628,106</u>	<u>\$ 640,292</u>	<u>\$ 596,526</u>
7				
8	LONG-TERM DEBT			
9	221 Bonds	\$ -	\$ -	\$ -
10	224 Other Long-Term Debt	-	-	-
11	Total long-Term Debt	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
12				
13	CURRENT LIABILITIES			
14	231 Accounts Payable	\$ 3,159	\$ 3,208	\$ 4,064
15	232 Notes Payable	-	-	-
16	233 Accounts Payable Associated Companies	-	882	-
17	234 Notes Payable Associated Companies	-	-	-
18	235 Customer Deposits	-	-	25
19	236 Accrued Taxes	11,105	11,275	11,220
20	237 Accrued Interest	-	-	-
21	241 Miscellaneous Current Liabilities	7,291	1,942	503
22	Total Current Liabilities	<u>\$ 21,555</u>	<u>\$ 17,308</u>	<u>\$ 15,812</u>
23				
24	DEFERRED CREDITS			
25	251 Unamortized Premium on Debt	\$ -	\$ -	\$ -
26	252 Advances in Aid of Construction	27,120	15,857	15,808
27	253 Other Deferred Credits	-	-	-
28	271 Contributions in Aid of Construction	856,283	856,283	856,283
29	272 Accumulated Amortization CIAC	(504,890)	(478,174)	(451,458)
30	281 Accumulated Deferred Income Tax	124,544	32,013	-
31	Total Deferred Credits	<u>\$ 503,057</u>	<u>\$ 425,979</u>	<u>\$ 420,633</u>
32				
33	Total Liabilities & Common Equity	<u>\$ 1,152,717</u>	<u>\$ 1,083,578</u>	<u>\$ 1,032,970</u>
34				
35	<u>Supporting Schedules:</u>	<u>Workpapers:</u>	<u>Recap Schedules:</u>	
36	E-5	HWI Rate Case Data.xlsx, Tab:BF BS	A-3	
37				

Baca Float Water Company, Inc. - Water Division
 Test Year Ended August 31, 2023
 Comparative Income Statements

Exhibit: RLJ-DT2
 Schedule E-2
 Page 1
 Witness: Jones

Line No.		Test Year Ended 8/31/2023	Prior Year Ended 8/31/2022	Prior Year Ended 8/31/2021
1	Revenues			
2	461 Metered Water Revenues	\$ 311,204	\$ 317,684	\$ 317,097
3	462 Fire Protection Revenue	-	-	-
4	471 Miscellaneous Service Revenue	3,869	5,264	3,657
5	474 Other Water Revenues	-	-	-
6	Total Revenues	\$ 315,074	\$ 322,948	\$ 320,753
7	Operating Expenses			
8	601 Salaries and Wages	\$ 73,370	\$ 61,949	\$ 58,634
9	603 Salaries and Wages - Officers and Directors	-	-	-
10	604 Employee Pension and Benefits	2,852	-	-
11	610 Purchased Water	-	-	-
12	615 Purchased Power	18,256	16,580	16,412
13	618 Chemicals	1,132	1,146	919
14	620 Materials and Supplies	-	-	-
15	620.1 Repairs and Maintenance	8,788	7,810	6,130
16	620.2 Office Supplies Expense	2,891	2,107	1,911
17	631 Contractual Services - Engineering	-	-	-
18	632 Contractual Services - Accounting	3,918	857	1,765
19	633 Contractual Services - Legal	664	506	155
20	634 Contractual Services - Management Fees	73,867	72,706	71,530
21	635 Contractual Services - Testing	8,593	6,421	2,062
22	636 Contractual Services - Other	-	896	-
23	641 Rent - Buildings	-	-	-
24	642 Rent - Equipment	-	-	-
25	650 Transportation Expense	4,838	5,837	3,450
26	656 Insurance - Vehicle	-	-	-
27	657 Insurance - General Liability	7,398	3,734	3,370
28	658 Insurance - Worker's Compensation	404	1,711	859
29	659 Insurance - Other	7,846	7,102	8,080
30	666 Regulatory Commission Expense - Rate Case	-	-	-
31	667 Regulatory Expense - Other	500	741	1,070
32	668 Water Resource Conservation Expense	-	-	-
33	670 Bad Debt Expense	154	339	1,427
34	675 Miscellaneous Expense	2,895	2,245	733
35	403 Depreciation Expense	33,294	32,641	29,537
36	407 Amortization Expense	-	-	-
37	408 Taxes Other Than Income	5,249	4,672	4,534
38	408.11 Property Taxes	13,584	14,255	14,304
39	409 Income Tax	28,813	35,318	55,482
40	427.1 Interest Expense Security Deposits	-	12	5
41	Total Operating Expenses	\$ 299,305	\$ 279,586	\$ 282,368
42	Operating Income	\$ 15,769	\$ 43,362	\$ 38,385
43	Other Income (Expense)			
44	419 Interest and Dividend Income	\$ -	\$ -	\$ -
45	421 Non-Utility Income	-	34.78	68.97
46	426 Miscellaneous Non-Utility Expenses	-	-	-
47	427 Interest Expense	-	-	(0)
48	428 Amortization of Debt Discount and Expense	-	-	-
49	429 Amortization of Premium on Debt	-	-	-
50	Total Other Income (Expense)	\$ -	\$ 35	\$ 69
51	Net Income (Loss)	\$ 15,769	\$ 43,397	\$ 38,454

52
 53 Workpapers:
 54 HWI Rate Case Data.xlsx, Tab:BF IS
 55

Recap Schedules:
 A-2

Baca Float Water Company, Inc. - Water Division
 Test Year Ended August 31, 2023
 Comparative Statement of Changes in Financial Position

Exhibit: RLJ-DT2
 Schedule E-3
 Page 1
 Witness: Jones

Line No.		Test Year Ended 8/31/2023	Prior Year Ended 8/31/2022	Prior Year Ended 8/31/2021
1	<u>Source of Funds</u>			
2	Cash Flow from Operations:			
3	Net Income	\$ 15,769	\$ 43,397	\$ 38,454
4	Adjustments to reconcile net income to net cash			
5	403 Depreciation and Amortization	33,294	32,641	29,537
6	Changes in Assets & Liabilities			
7	132 Special Deposits	-	-	-
8	141 Customer Accounts Receivable	331	1,687	3,232
9	143 Accumulated Provision for Uncollectible Accounts	-	-	-
10	145 Accounts Receivable from Associated Companies	-	-	-
11	151 Plant Materials and Supplies	-	-	-
12	162 Prepayments	5,576	3,207	(8,880)
13	174 Miscellaneous Current and Accrued Assets	-	-	-
14	181 Unamortized Debt and Discount Expense	-	-	-
15	186 Miscellaneous Deferred Debits	-	-	-
16	190 Accumulated Deferred Income Taxes	(81,669)	(234)	46,266
17	231 Accounts Payable	(49)	(856)	1,260
18	232 Notes Payable	-	-	-
19	233 Accounts Payable Associated Companies	(882)	882	-
20	235 Customer Deposits	-	(25)	(100)
21	236 Accrued Taxes	(170)	55	(160)
22	237 Accrued Interest	-	-	-
23	241 Miscellaneous Current Liabilities	5,349	1,439	246
24	252 Advances in Aid of Construction	11,263	49	5,569
25	253 Other Deferred Credits	-	-	-
26	281 Accumulated Deferred Income Tax	92,531	32,013	-
27	Total From Operations	\$ 81,341	\$ 114,256	\$ 116,211
28				
29	Cash Flow from Financing:			
30	221 Bonds	-	-	-
31	224 Other Long-Term Debt	-	-	-
32	251 Unamortized Premium on Debt	-	-	-
33	271 Contributions in Aid of Construction	-	-	-
34	201 Common Stock	-	-	-
35	211 Paid in Capital	-	-	-
36	Total From Financing	\$ -	\$ -	\$ -
37				
38	<u>Application of Funds</u>			
39	Cash Flow from Investing Activities			
40	Capital Expenditures	(32,948)	(75,565)	(2,860)
41	Dividends Paid	(37,500)	(25,000)	(137,500)
42	Other	-	-	-
43	Total From Investing Activities	\$ (70,448)	\$ (100,565)	\$ (140,360)
44				
45	Change in Allocation between Departments & Other	\$ 9,546	\$ 25,369	\$ (3,973)
46				
47	Net Increase/(Decrease) in Cash	\$ 20,439	\$ 39,060	\$ (28,122)
48				
49	Cash, Beginning of Year	\$ 50,980	\$ 11,919	\$ 40,042
50	Cash, End of Year	\$ 71,418	\$ 50,980	\$ 11,919

51
 52 Workpapers:
 53
 54 Recap Schedules:
 A-5

Baca Float Water Company, Inc. - Water Division

Test Year Ended August 31, 2023

Statement of Changes in Stockholder's Equity

Exhibit: RLI-DT2

Schedule E-4

Page 1

Witness: Jones

Line No.		Common Shares	Common Stk Member's Equity	Additional Paid In Capital	Retained Earnings	Total
1						
2						
3						
4	Balance, August 31, 2020	1,512	\$ 7,711	\$ 839,214	\$ (147,381)	\$ 699,544
5	Additional Paid In Capital					-
6	Dividends				(137,500)	(137,500)
7	Adjustments/Other				(3,973)	(3,973)
8	Net Income				38,454	38,454
9						
10	Balance, August 31, 2021	1,512	\$ 7,711	\$ 839,214	\$ (250,399)	\$ 596,526
11	Additional Paid In Capital					-
12	Dividends				(25,000)	(25,000)
13	Adjustments/Other				25,369	25,369
14	Net Income				43,397	43,397
15						
16	Balance, August 31, 2022	1,512	\$ 7,711	\$ 839,214	\$ (206,633)	\$ 640,292
17	Additional Paid In Capital					-
18	Dividends				(37,500)	(37,500)
19	Adjustments/Other				9,546	9,546
20	Net Income				15,769	15,769
21						
22	Balance, August 31, 2023	1,512	\$ 7,711	\$ 839,214	\$ (218,819)	\$ 628,106
23						

25 Supporting Schedules:

Recap Schedules:

26
27

Baca Float Water Company, Inc. - Water Division

Test Year Ended August 31, 2023

Detail of Utility Plant

Exhibit:

RLJ-DT2

Schedule E-5

Page 1

Witness:

Jones

Line No.	Acct. No.	Plant Description	Plant Balance at 8/31/2022	Plant Additions, Reclassifications or Retirements	Plant Balance at 8/31/2023
1					
2	301	Organization Cost	\$ 1,084	\$ -	\$ 1,084
3	302	Franchise Cost	-	-	-
4	303	Land and Land Rights	-	-	-
5	304	Structures & Improvements	63,790	-	63,790
6	305	Collecting & Impounding Reservoirs	-	-	-
7	306	Lake, River, Canal Intakes	-	-	-
8	307	Wells & Springs	121,345	-	121,345
9	308	Infiltration Galleries	-	-	-
10	309	Raw Water Supply Mains	-	-	-
11	310	Power Generation Equipment	76,860	-	76,860
12	311	Pumping Equipment	85,775	7,406	93,181
13	320	Water Treatment Equipment	-	-	-
14	320.1	Water Treatment Plants	155,538	-	155,538
15	320.2	Solution Chemical Feeders	3,189	-	3,189
16	320.3	Point-of-Use Treatment Devices	-	-	-
17	320.4	Arsenic Treatment Media	95,308	-	95,308
18	330	Distribution Reservoirs & Standpipes	-	-	-
19	330.1	Storage Tanks	265,998	-	265,998
20	330.2	Pressure Tanks	3,005	-	3,005
21	331	Transmission & Distribution Mains	599,410	9,934	609,344
22	333	Services	79,367	3,226	82,593
23	334	Meters	60,546	12,382	72,929
24	335	Hydrants	81,000	-	81,000
25	336	Backflow Prevention Devices	-	-	-
26	339	Other Plant & Misc. Equipment	24,594	-	24,594
27	340	Office Furniture & Equipment	2,360	-	2,360
28	340.1	Computers & Software	-	-	-
29	341	Transportation Equipment	21,299	-	21,299
30	342	Stores Equipment	-	-	-
31	343	Tools, Shop & Garage Equipment	2,754	-	2,754
32	344	Laboratory Equipment	-	-	-
33	345	Power Operated Equipment	-	-	-
34	346	Communication Equipment	-	-	-
35	347	Miscellaneous Equipment	-	-	-
36	348	Other Tangible Plant	-	-	-
37					
38		TOTAL WATER PLANT	\$ 1,743,222	\$ 32,948	\$ 1,776,171

39
40 Workpapers:
41 FH Water Rate Case Data.xlsx; TAB:BF BS

Recap Schedules:
E-1
A-4

42
43

Baca Float Water Company, Inc. - Water Division

Test Year Ended August 31, 2023

Operating Statistics

Exhibit:

RLJ-DT2

Schedule E-7

Page 1

Jones

Witness:

Line No.	Test Year Ended	Prior Year Ended	Prior Year Ended	
	<u>8/31/2023</u>	<u>8/31/2022</u>	<u>8/31/2021</u>	
1				
2	Gallons Sold - By Class of Service (Thousands)			
3	Residential - Small Meters	17,431	17,442	18,345
4	Commercial - Small Meters	1,467	1,468	1,544
5	All Classes - Large Meters	6,474	6,478	6,813
6				
7	Total Gallons Sold	25,372	25,388	26,702
8				
9	Average Number of Customers			
10	Residential - Small Meters	416	404	398
11	Commercial - Small Meters	15	15	14
12	All Classes - Large Meters	21	20	20
13				
14	Total Average Number of Customers	452	439	432
15				
16	Gallons Per Residential Customer	41,902	43,174	46,093
17				
18	Revenue Per Residential Customer	\$ 538	\$ 561	\$ 569
19				
20	Pumping Cost Per 1,000 Gallons	\$ 0.7195	\$ 0.6531	\$ 0.6147
21				

Baca Float Water Company, Inc. - Water Division

Test Year Ended August 31, 2023

Taxes Charged to Operations

Exhibit: RLJ-DT2

Schedule E-8

Page 1

Witness: Jones

Line No.	Description	Test Year Ended 8/31/2023	Prior Year Ended 8/31/2022	Prior Year Ended 8/31/2021
1				
2				
3	Federal Income Tax	25,021	35,318	55,482
4	State Income Tax	3,792	-	-
5	Taxes Other Than Income	5,392	4,672	4,534
6	Property Tax	13,584	14,255	14,304
7				
8	Totals	<u>\$ 47,789</u>	<u>\$ 54,245</u>	<u>\$ 74,320</u>

9

10 Workpapers:

Recap Schedules:

11

12

Baca Float Water Company, Inc. - Water Division

Test Year Ended August 31, 2023

Notes to Financial Statements

Exhibit: RLI-DT2

Schedule E-9

Page 1

Witness: Jones

Line

No.

1

2 The Company does not conduct independent audits.

3

4 The Company uses the NARUC System of Accounts.

5

6 The Company normalizes Income Tax Expense.

7

8

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20 Supporting Schedules:

Recap Schedules:

21

22

Line No.		Projected Year		
		Actual Test Year Ended 8/31/2023	At Present Rates Year Ended 8/31/2024	At Proposed Rates Year Ended 8/31/2024
1	Revenues			
2	461 Metered Water Revenues	\$ 311,204	\$ 311,125	\$ 361,064
3	462 Fire Protection Revenue	-	-	-
4	469 Guaranteed Revenues	-	-	-
5	471 Miscellaneous Service Revenue	3,869	3,815	6,104
6	474 Other Water Revenues	-	-	-
7	Total Revenues	\$ 315,074	\$ 314,940	\$ 367,168
8	Operating Expenses			
9	601 Salaries and Wages	\$ 73,370	\$ 85,113	\$ 85,113
10	603 Salaries and Wages - Officers and Directors	-	-	-
11	604 Employee Pension and Benefits	2,852	5,325	5,325
12	610 Purchased Water	-	-	-
13	615 Purchased Power	18,256	19,168	19,168
14	618 Chemicals	1,132	1,149	1,149
15	620.1 Repairs and Maintenance	8,788	14,362	14,362
16	620.2 Office Supplies Expense	2,891	5,465	5,465
17	630 Outside Services	-	-	-
18	631 Contractual Services - Engineering	-	-	-
19	632 Contractual Services - Accounting	3,918	4,033	-
20	633 Contractual Services - Legal	664	801	801
21	634 Contractual Services - Management Fees	73,867	32,881	32,881
22	635 Contractual Services - Testing	8,593	8,721	8,721
23	636 Contractual Services - Other	-	8,357	8,357
24	641 Rent - Buildings	-	3,489	3,489
25	642 Rent - Equipment	-	-	-
26	650 Transportation Expense	4,838	10,485	10,485
27	656 Insurance - Vehicle	-	-	-
28	657 Insurance - General Liability	7,398	8,456	8,456
29	658 Insurance - Worker's Compensation	404	213	213
30	659 Insurance - Other	7,846	7,049	7,049
31	666 Regulatory Commission Expense - Rate Case	-	-	-
32	667 Regulatory Expense - Other	500	507	507
33	670 Bad Debt Expense	154	154	179
34	675 Miscellaneous Expense	2,895	5,198	5,198
35	403 Depreciation Expense	33,294	46,687	46,687
36	407 Amortization Expense	-	-	-
37	408 Taxes Other Than Income	5,249	5,392	5,392
38	408.11 Property Taxes	13,584	13,135	13,896
39	409 Income Tax	28,813	8,749	21,543
40	427 Interest Expense Security Deposits	-	-	-
41	Total Operating Expenses	\$ 299,305	\$ 294,888	\$ 304,436
42	Operating Income	\$ 15,769	\$ 20,052	\$ 62,732
43	Other Income (Expense)			
44	421 Non-Utility Income	-	-	-
45	427 Interest Expense	-	-	-
46	428 Amortization of Debt Discount and Expense	-	-	-
47	429 Amortization of Premium on Debt	-	-	-
48	Total Other Income (Expense)	\$ -	\$ -	\$ -
49	Net Income (Loss)	\$ 15,769	\$ 20,052	\$ 62,732

51 Supporting Schedules:
 52 E-2
 53

Recap Schedules:
 A-2

Baca Float Water Company, Inc. - Water Division
 Test Year Ended August 31, 2023
 Projected Changes In Financial Position - Present and Proposed Rates

Exhibit: RLJ-DT2
 Schedule F-2
 Page 1
 Jones
 Witness:

Line No.		Test Year Ended 8/31/2023	At Present Rates Year Ended 8/31/2024	At Proposed Rates Year Ended 8/31/2025
1	<u>Source of Funds</u>			
2	Cash Flow from Operations:			
3	Net Income	\$ 15,769	\$ 20,052	\$ 62,732
4	Adjustments to reconcile net income to net cash			
5	403 Depreciation and Amortization	33,294	46,687	46,687
6	Changes in Assets & Liabilities			
7	132 Special Deposits	-		
8	141 Customer Accounts Receivable	331		
9	143 Accumulated Provision for Uncollectible Accounts	-		
10	145 Accounts Receivable from Associated Companies	-		
11	151 Plant Materials and Supplies	-		
12	162 Prepayments	5,576		
13	174 Miscellaneous Current and Accrued Assets	-		
14	181 Unamortized Debt and Discount Expense	-		
15	186 Miscellaneous Deferred Debits	-		
16	190 Accumulated Deferred Income Taxes	(81,669)		
17	231 Accounts Payable	(49)		
18	232 Notes Payable	-		
19	233 Accounts Payable Associated Companies	(882)		
20	235 Customer Deposits	-		
21	236 Accrued Taxes	(170)		
22	237 Accrued Interest	-		
23	241 Miscellaneous Current Liabilities	5,349		
24	252 Advances in Aid of Construction	11,263		
25	253 Other Deferred Credits	-		
26	281 Accumulated Deferred Income Tax	92,531		
27	Total From Operations	\$ 81,341	\$ 66,739	\$ 109,419
28				
29	Cash Flow from Financing:			
30	221 Bonds	-		
31	224 Other Long-Term Debt	-		
32	251 Unamortized Premium on Debt	-		
33	271 Contributions in Aid of Construction	-		
34	201 Common Stock	-		
35	211 Paid In Capital	-		
36	Total From Financing	\$ -	\$ -	\$ -
37				
38	<u>Application of Funds</u>			
39	Cash Flow from Investing Activities			
40	Capital Expenditures	(32,948)	(51,900)	(30,040)
41	Dividends Paid	(37,500)	(37,500)	(37,500)
42	Other	-		
43	Total From Investing Activities	\$ (70,448)	\$ (89,400)	\$ (67,540)
44				
45	Change in Allocation between Departments	\$ 9,546	\$ -	\$ -
46				
47	Net Increase/(Decrease) in Cash	\$ 20,439	\$ (22,661)	\$ 41,879
48				
49	Cash, Beginning of Year	\$ 50,980	\$ 71,418	\$ 48,757
50	Cash, End of Year	\$ 71,418	\$ 48,757	\$ 90,635
51				
52	<u>Supporting Schedules:</u>		<u>Recap Schedules:</u>	
53	E-3		A-5	
54	F-3			
55				

Line No.	Property Classification	Adjusted Test Year 8/31/2023	Projected Thru 8/31/2024	Projected Thru 8/31/2025	Projected Thru 8/31/2026
5	Intangible Plant	\$ -	\$ -	\$ -	\$ -
7	Source of Supply and Pumping Plant	7,406	-	-	-
9	Water Treatment Plant	-	-	-	-
11	Transmission and Distribution Plant	25,543	51,900	30,040	30,040
13	General Plant	-	-	-	-
15	Total Plant	\$ 32,948	\$ 51,900	\$ 30,040	\$ 30,040

18 Workpapers: Recap Schedules:
 19 F-2 A-4
 20

Baca Float Water Company, Inc. - Water Division

Test Year Ended August 31, 2023

Assumptions Used in Developing Projection

Exhibit: RLJ-DT2

Schedule F-4

Page 1

Witness: Jones

Line

No.

1

2 No Customer Growth

3

4 Per Test Year Adjustments

5

6 Expenses increase for inflation

7

8

9

10

11

12 Supporting Schedules:

13

14

Recap Schedules:

Baca Float Water Company, Inc. - Water Division

Test Year Ended August 31, 2023

Summary of Revenues by Customer Classification - Present and Proposed Rates

Exhibit: RLJ-DT2

Schedule H-1

Page 1

Witness: Jones

Line No.	Customer Classification	Revenues in the Test Year		Proposed Increase	
		Present Rates	Proposed Rates	Amount	%
1					
2	<u>Unmetered Water Revenue</u>				
3	Fire Lines	\$ -	\$ -	\$ -	n/a
4					
5	<u>Metered Water Revenue</u>				
6	Residential - Small Meters	223,915	251,232	27,318	12.20%
7	Commercial - Small Meters	15,926	18,082	2,156	13.54%
8	All Classes - Large Meters	73,911	94,338	20,427	27.64%
9					
10	Miscellaneous Service Revenue	3,815	6,104	2,289	60.00%
11	Other Water Revenues	-	-	-	n/a
12					
13	Total Water Revenues - Per Bill Counts	<u>\$ 317,567</u>	<u>\$ 369,756</u>	<u>\$ 52,189</u>	<u>16.43%</u>
14					
15	<u>Reconciliation</u>				
16	Bill Count Revenue	\$ 317,567			
17					
18	Water Revenues per G.L.	315,074			
19	Less Surcharge Revenue				
20	Billed Water Revenues per G.L.	<u>315,074</u>			
21	Revenue Adjustments				
22	Adjustment IS-4	(133)			
23	Adjustment IS-5	-			
24	Adjusted G.L. Revenue	<u>\$ 314,940</u>			
25					
26	Unreconciled Difference	\$ (2,626)			
27	Percentage Difference	-0.83%			
28					
29					
30	<u>Supporting Schedules:</u>			<u>Recap Schedules:</u>	
31	H-2			A-1	
32					

Baca Float Water Company, Inc. - Water Division

Test Year Ended August 31, 2023

Analysis of Revenue by Detailed Class

Exhibit: RLJ-DT2

Schedule H-2

Page 1

Witness: Jones

Line No.	Description	Average Number Customers	Monthly Average Consumption	Revenues		Proposed	
				Present Rates	Proposed Rates	Increase Amount	Increase %
1							
2	<u>Metered Water Revenue</u>						
3	Residential - Small Meters						
4	5/8 x 3/4" Meter	278	4,223	\$ 165,764	\$ 186,249	\$ 20,485	12.36%
5	3/4" Meter	138	2,027	58,150	64,983	6,832	11.75%
6	Commercial - Small Meters						
7	5/8 x 3/4" Meter	9	1,699	3,924	4,387	463	11.80%
8	3/4" Meter	6	17,823	12,002	13,695	1,693	14.11%
9	All Classes - Large Meters						
10	1" Meter	9	16,952	19,633	22,898	3,265	16.63%
11	1 1/2" Meter						n/a
12	2" Meter	12	32,242	54,278	71,440	17,162	31.62%
13	3" Meter						n/a
14	4" Meter						n/a
15	6" Meter						n/a
16							
17	Totals:						
18	<u>Metered Water Revenue</u>						
19	Residential - Small Meters	416		223,915	251,232	27,318	12.20%
20	Commercial - Small Meters	15		15,926	18,082	2,156	13.54%
21	All Classes - Large Meters	21		73,911	94,338	20,427	27.64%
22	Subtotal Metered	452		\$ 313,752	\$ 363,652	\$ 49,900	15.90%
23							
24	Miscellaneous Service Revenue			3,815	6,104	2,289	60.00%
25	Other Water Revenues			-	-	-	n/a
26							
27	Total	452		\$ 317,567	\$ 369,756	\$ 52,189	16.43%

Supporting Schedules:

Recap Schedules:

H-1

31

Baca Float Water Company, Inc. - Water Division

Test Year Ended August 31, 2023

Analysis of Revenue by Detailed Class

Exhibit: RLJ-DT2

Schedule H-2

Page 2

Witness: Jones

Supplemental Schedule
 Breakdown of Metered Water Revenue at Current Rates
 By Rate Components

Line No.	Description	Revenue at Current Rates					Total Revenue
		Base Charge	1st Tier	2nd Tier	3rd Tier	Base + 1st Tier	
1	Residential - Small Meters						
2	5/8 x 3/4" Meter	\$ 78,373	\$ 38,752	\$ 33,236	\$ 15,404	\$ 117,124	\$ 165,764
3	3/4" Meter	38,799	12,703	3,869	2,780	51,501	58,150
4	Commercial - Small Meters						
5	5/8 x 3/4" Meter	2,538	-	809	577	2,538	3,924
6	3/4" Meter	1,692	-	2,790	7,520	1,692	12,002
7	All Classes - Large Meters						
8	1" Meter	5,616	-	7,210	6,806	5,616	19,633
9	1 1/2" Meter						
10	2" Meter	18,795	-	18,575	16,908	18,795	54,278
11	3" Meter						
12	4" Meter						
13	6" Meter						
14							
15	Total Revenue	\$ 145,812	\$ 51,455	\$ 66,489	\$ 49,996	\$ 197,267	\$ 313,752
16							
17	Percentage of Total	46.5%	16.4%	21.2%	15.9%	62.9%	100.0%
18							

Baca Float Water Company, Inc. - Water Division

Test Year Ended August 31, 2023

Analysis of Revenue by Detailed Class

Exhibit: RLJ-DT2

Schedule H-2

Page 3

Witness: Jones

Supplemental Schedule
 Breakdown of Metered Water Revenue at Proposed Rates
 By Rate Components

Line No.	Description	Revenue at Proposed Rates					Total Revenue
		Base Charge	1st Tier	2nd Tier	3rd Tier	Base + 1st Tier	
1	Residential - Small Meters						
2	5/8 x 3/4" Meter	86,943	43,793	32,487	23,026	\$ 130,737	\$ 186,249
3	3/4" Meter	43,042	14,356	3,792	3,794	57,397	64,983
4	Commercial - Small Meters						
5	5/8 x 3/4" Meter	2,816	-	832	740	2,816	4,387
6	3/4" Meter	1,877	-	2,518	9,299	1,877	13,695
7	All Classes - Large Meters						
8	1" Meter	7,039	-	7,603	8,256	7,039	22,898
9	1 1/2" Meter						
10	2" Meter	30,033	-	14,511	26,896	30,033	71,440
11	3" Meter						
12	4" Meter						
13	6" Meter						
14							
15	Total Revenue	\$ 171,750	\$ 58,149	\$ 61,742	\$ 72,011	\$ 229,899	\$ 363,652
16							
17	Percentage of Total	47.2%	16.0%	17.0%	19.8%	63.2%	100.0%
18							

Supplemental Schedule
 Metered Water Revenue at Current and Proposed Rates
 Analysis of Increases by Rate Tier

Line No.		Base Charge	1st Tier	2nd Tier	3rd Tier	Base + 1st Tier	Total Revenue
1	Current Rate	\$ 145,812	\$ 51,455	\$ 66,489	\$ 49,996	\$ 197,267	\$ 313,752
2	Company's Proposed Rates	171,750	58,149	61,742	72,011	229,899	363,652
3	Increase in Rates	\$ 25,938	\$ 6,694	\$ (4,746)	\$ 22,015	\$ 32,632	\$ 49,900
4							
5	Percentage Increase by Tier	17.8%	13.0%	-7.1%	44.0%	16.5%	15.9%
6	Percentage of Increase within Tier	52.0%	13.4%	-9.5%	44.1%	65.4%	100.0%
7							
8							
9							
10		Base Charge	1st Tier	2nd Tier	3rd Tier	Base + 1st Tier	Total Revenue
11							
12	Revenue at Current Rates	\$ 145,812	\$ 51,455	\$ 66,489	\$ 49,996	\$ 197,267	\$ 313,752
13	Revenue at Company's Proposed Rates	\$ 171,750	\$ 58,149	\$ 61,742	\$ 72,011	\$ 229,899	\$ 363,652
14							
15	<u>Percentage of Total Revenue</u>						
16	Current Rates	46.5%	16.4%	21.2%	15.9%	62.9%	100.0%
17	Company's Proposed Rates	47.2%	16.0%	17.0%	19.8%	63.2%	100.0%
18	Change	0.8%	-0.4%	-4.2%	3.9%	0.3%	0.0%
19							
20							

Baca Float Water Company, Inc. - Water Division

Test Year Ended August 31, 2023

Changes in Representative Rate Schedules

Exhibit: RLJ-DT2

Schedule H-3

Page 1

Witness: Jones

Line No.	Description	Tier	Present Rate Tiers	Proposed Rate Tiers	Base Charge			Volume Charge (per 1,000 gallons)		
			Upper Limits (gallons)	Upper Limits (gallons)	Present Rate	Proposed Rate	Change	Present Rate	Proposed Rate	Change
2	Residential & Commercial Service									
6	R1 - 5/8" x 3/4" Meter (Residential)	Tier 1	3,000	3,000	\$ 23.50	\$ 26.07	\$ 2.57	\$ 5.15	\$ 5.82	\$ 0.67
7		Tier 2	10,000	8,000				\$ 7.00	\$ 7.76	\$ 0.76
8		Tier 3	999,999,000	999,999,000				\$ 8.50	\$ 9.70	\$ 1.20
10	R2 - 3/4" Meter (Residential)	Tier 1	3,000	3,000	\$ 23.50	\$ 26.07	\$ 2.57	\$ 5.15	\$ 5.82	\$ 0.67
11		Tier 2	10,000	8,000				\$ 7.00	\$ 7.76	\$ 0.76
12		Tier 3	999,999,000	999,999,000				\$ 8.50	\$ 9.70	\$ 1.20
15	R3 - 1" Meter (All)	Tier 1								n/a
16		Tier 2	16,000	15,000	\$ 52.00	\$ 65.18	\$ 13.18	\$ 7.00	\$ 7.76	\$ 0.76
17		Tier 3	999,999,000	999,999,000				\$ 8.50	\$ 9.70	\$ 1.20
19	R1C - 5/8" x 3/4" Meter (Commercial)	Tier 1								n/a
20		Tier 2	10,000	8,000	\$ 23.50	\$ 26.07	\$ 2.57	\$ 7.00	\$ 7.76	\$ 0.76
21		Tier 3	999,999,000	999,999,000				\$ 8.50	\$ 9.70	\$ 1.20
23	R2C - 3/4" Meter (Commercial)	Tier 1								n/a
24		Tier 2	10,000	8,000	\$ 23.50	\$ 26.07	\$ 2.57	\$ 7.00	\$ 7.76	\$ 0.76
25		Tier 3	999,999,000	999,999,000				\$ 8.50	\$ 9.70	\$ 1.20
27	R4 - 1.5" Meter (All)	Tier 1								n/a
28		Tier 2	48,000	30,000	\$ 104.00	\$ 130.35	\$ 26.35	\$ 7.00	\$ 7.76	\$ 0.76
29		Tier 3	999,999,000	999,999,000				\$ 8.50	\$ 9.70	\$ 1.20
31	R5 - 2" Meter (All)	Tier 1								n/a
32		Tier 2	90,000	50,000	\$ 130.52	\$ 208.56	\$ 78.04	\$ 7.00	\$ 7.76	\$ 0.76
33		Tier 3	999,999,000	999,999,000				\$ 8.50	\$ 9.70	\$ 1.20
35	R6 - 3" Meter (All)	Tier 1								n/a
36		Tier 2	160,000	110,000	\$ 261.04	\$ 417.12	\$ 156.08	\$ 7.00	\$ 7.76	\$ 0.76
37		Tier 3	999,999,000	999,999,000				\$ 8.50	\$ 9.70	\$ 1.20
39	R7 - 4" Meter (All)	Tier 1								n/a
40		Tier 2	285,000	180,000	\$ 407.88	\$ 651.75	\$ 243.87	\$ 7.00	\$ 7.76	\$ 0.76
41		Tier 3	999,999,000	999,999,000				\$ 8.50	\$ 9.70	\$ 1.20
43	R8 - 6" Meter	Tier 1								n/a
44		Tier 2	640,000	380,000	\$ 1,175.00	\$ 1,303.50	\$ 128.50	\$ 7.00	\$ 7.76	\$ 0.76
45		Tier 3	999,999,000	999,999,000				\$ 8.50	\$ 9.70	\$ 1.20
47	Indicates No Tariff									

Line No.	Description	Present		Proposed		Volume Charge (per 1,000 gallons)			
		Rate Tiers	Upper Limits (gallons)	Rate Tiers	Upper Limits (gallons)	Present Rate	Proposed Rate	Change	
1									
2	Standpipe and Construction Service								
3									
4									
5									
6									
7	R12 - Standpipe	999,999,000	999,999,000	By Mtr Size	By Mtr Size	n/a	\$ 8.50	\$ 9.70	\$ 1.20

Indicates No Tariff

Monthly Service Charge for Fire Sprinkler

All Sizes n/t ** Applies to service lines separate and distinct from the primary service line.

** Greater of \$12.00 or 2 percent of the general service rate for a similar size meter

The service charge for fire sprinklers is only applicable for service lines separate and distinct from the primary water service line.

n/a - indicates not applicable

Privilege, Sales or Use Tax

In addition to all other rates and charges authorized herein, the Company shall collect from its customers all applicable sales, transaction, privilege, regulatory or other taxes and assessments as may apply now or in the future, per Rule R14-2-409.D.5.

	Present Rates	Proposed Rates
Service Charges		
Establishment of Service	\$ 25.00	\$ 40.00
Reconnection of Service - Delinquent	\$ 35.00	\$ 40.00
After Hours Charge (in addition to other service charges)	\$ 35.00	\$ 45.00
Meter Re-Read (If correct)	\$ 15.00	\$ 30.00
Meter Test (If correct)	\$ 30.00	\$ 30.00
Insufficient Funds Check Charge	\$ 25.00 (a)	\$ 30.00 (a)
Deposit	*	n/t
Deposit Requirement (Residential)	(b)	(b)
Deposit Requirement (Non-Residential)	(c)	(c)
Interest Rate on Customer Deposits	(d)	(d)
Re-Establishment (Within 12 Months)	(e)	(e)
Late Payment Penalty (Per Month)	1.50%	(f)
Deferred Payment (Per Month)	1.5%	1.5%
Moving Customer Meter (at Customer's Request)	Cost	Cost

* Per Commission Rule R14-2-403(B)

(a) Company may only charge one NSF fee when customers are billed for water and wastewater services on one bill.

(b) Two times the average residential class bill, per Commission Rule A.A.C. R-14-2-403.B.7.a.

(c) 2 1/2 times the customers estimated maximum monthly bill, per Commission Rule A.A.C. R-14-2-403.B.7.b.

(d) 6.0%, per Commission Rule A.A.C. R-14-2-403.B.3.

(e) Number of months off system times the monthly minimum, per Commission Rule A.A.C. R14-2-403.D.

(f) Greater of 1.50% or \$5.00

All items billed at cost shall include labor, materials and parts, overheads and all applicable taxes.

n/t - no tariff

Baca Float Water Company, Inc. - Water Division
 Test Year Ended August 31, 2023
 Typical Bill Analysis

Exhibit: RLJ-DT2
 Schedule H-4
 Witness: Jones

Class: Residential
 Meter Size: 5/8 x 3/4
 Sub Class:

Line No.	Rate Schedules	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase	
1	Present Rates:	-	\$ 23.50	\$ 26.07	\$ 2.57	10.94%	
2	Base Charge:	1,000	\$ 28.65	\$ 31.89	\$ 3.24	11.31%	
3		2,000	\$ 33.80	\$ 37.71	\$ 3.91	11.57%	
4		3,000	\$ 38.95	\$ 43.53	\$ 4.58	11.76%	
5	Tier One Rate:	4,000	\$ 45.95	\$ 51.29	\$ 5.34	11.62%	
6	Tier Two Rate:	5,000	\$ 52.95	\$ 59.05	\$ 6.10	11.52%	
7	Tier Three Rate:	6,000	\$ 59.95	\$ 66.81	\$ 6.86	11.44%	
8		7,000	\$ 66.95	\$ 74.57	\$ 7.62	11.38%	
9	Tier One Breakover (M gal):	3	\$ 8,000	\$ 73.95	\$ 82.33	\$ 8.38	11.33%
10	Tier Two Breakover (M gal):	10	\$ 9,000	\$ 80.95	\$ 92.03	\$ 11.08	13.69%
11	Tier Three Breakover (M gal):	999,999	\$ 10,000	\$ 87.95	\$ 101.73	\$ 13.78	15.67%
12			\$ 12,000	\$ 104.95	\$ 121.13	\$ 16.18	15.42%
13			\$ 14,000	\$ 121.95	\$ 140.53	\$ 18.58	15.24%
14	Proposed Rates:	16,000	\$ 138.95	\$ 159.93	\$ 20.98	15.10%	
15	Base Charge:	18,000	\$ 155.95	\$ 179.33	\$ 23.38	14.99%	
16		20,000	\$ 172.95	\$ 198.73	\$ 25.78	14.91%	
17		25,000	\$ 215.45	\$ 247.23	\$ 31.78	14.75%	
18	Tier One Rate:	30,000	\$ 257.95	\$ 295.73	\$ 37.78	14.65%	
19	Tier Two Rate:	35,000	\$ 300.45	\$ 344.23	\$ 43.78	14.57%	
20	Tier Three Rate:	40,000	\$ 342.95	\$ 392.73	\$ 49.78	14.52%	
21		45,000	\$ 385.45	\$ 441.23	\$ 55.78	14.47%	
22	Tier One Breakover (M gal):	3	\$ 50,000	\$ 427.95	\$ 489.73	\$ 61.78	14.44%
23	Tier Two Breakover (M gal):	8	\$ 60,000	\$ 512.95	\$ 586.73	\$ 73.78	14.38%
24	Tier Three Breakover (M gal):	999,999	\$ 70,000	\$ 597.95	\$ 683.73	\$ 85.78	14.35%
25			\$ 80,000	\$ 682.95	\$ 780.73	\$ 97.78	14.32%
26			\$ 90,000	\$ 767.95	\$ 877.73	\$ 109.78	14.30%
27			\$ 100,000	\$ 852.95	\$ 974.73	\$ 121.78	14.28%
28							
29		Average Usage					
30		4,223	\$ 47.51	\$ 53.02	\$ 5.51	11.60%	
31		Median Usage					
32		3,508	\$ 42.51	\$ 47.47	\$ 4.96	11.67%	
33							
34							

Baca Float Water Company, Inc. - Water Division
 Test Year Ended August 31, 2023
 Typical Bill Analysis

Exhibit: RLJ-DT2
 Schedule H-4
 Witness: Jones

Class: Residential
 Meter Size: 3/4"
 Sub Class:

Line No.	Rate Schedules	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase	
1	Present Rates:	-	\$ 23.50	\$ 26.07	\$ 2.57	10.94%	
2	Base Charge:	1,000	\$ 28.65	\$ 31.89	\$ 3.24	11.31%	
3		2,000	\$ 33.80	\$ 37.71	\$ 3.91	11.57%	
4		3,000	\$ 38.95	\$ 43.53	\$ 4.58	11.76%	
5	Tier One Rate:	4,000	\$ 45.95	\$ 51.29	\$ 5.34	11.62%	
6	Tier Two Rate:	5,000	\$ 52.95	\$ 59.05	\$ 6.10	11.52%	
7	Tier Three Rate:	6,000	\$ 59.95	\$ 66.81	\$ 6.86	11.44%	
8		7,000	\$ 66.95	\$ 74.57	\$ 7.62	11.38%	
9	Tier One Breakover (M gal):	3	\$ 8,000	\$ 73.95	\$ 82.33	\$ 8.38	11.33%
10	Tier Two Breakover (M gal):	10	\$ 9,000	\$ 80.95	\$ 92.03	\$ 11.08	13.69%
11	Tier Three Breakover (M gal):	999,999	\$ 10,000	\$ 87.95	\$ 101.73	\$ 13.78	15.67%
12		12,000	\$ 104.95	\$ 121.13	\$ 16.18	15.42%	
13		14,000	\$ 121.95	\$ 140.53	\$ 18.58	15.24%	
14	Proposed Rates:	16,000	\$ 138.95	\$ 159.93	\$ 20.98	15.10%	
15	Base Charge:	18,000	\$ 155.95	\$ 179.33	\$ 23.38	14.99%	
16		20,000	\$ 172.95	\$ 198.73	\$ 25.78	14.91%	
17		25,000	\$ 215.45	\$ 247.23	\$ 31.78	14.75%	
18	Tier One Rate:	30,000	\$ 257.95	\$ 295.73	\$ 37.78	14.65%	
19	Tier Two Rate:	35,000	\$ 300.45	\$ 344.23	\$ 43.78	14.57%	
20	Tier Three Rate:	40,000	\$ 342.95	\$ 392.73	\$ 49.78	14.52%	
21		45,000	\$ 385.45	\$ 441.23	\$ 55.78	14.47%	
22	Tier One Breakover (M gal):	3	\$ 50,000	\$ 427.95	\$ 489.73	\$ 61.78	14.44%
23	Tier Two Breakover (M gal):	8	\$ 60,000	\$ 512.95	\$ 586.73	\$ 73.78	14.38%
24	Tier Three Breakover (M gal):	999,999	\$ 70,000	\$ 597.95	\$ 683.73	\$ 85.78	14.35%
25		80,000	\$ 682.95	\$ 780.73	\$ 97.78	14.32%	
26		90,000	\$ 767.95	\$ 877.73	\$ 109.78	14.30%	
27		100,000	\$ 852.95	\$ 974.73	\$ 121.78	14.28%	
28							
29		Average Usage					
30		2,027	\$ 33.94	\$ 37.87	\$ 3.93	11.58%	
31		Median Usage					
32		1,465	\$ 31.04	\$ 34.60	\$ 3.56	11.47%	
33							
34							

Baca Float Water Company, Inc. - Water Division
 Test Year Ended August 31, 2023
 Typical Bill Analysis

Exhibit: RLJ-DT2
 Schedule H-4
 Witness: Jones

Class: Commercial
 Meter Size: 5/8"x3/4"
 Sub Class:

Line No.	Rate Schedules	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase	
1	Present Rates:	-	\$ 23.50	\$ 26.07	\$ 2.57	10.94%	
2	Base Charge:	\$ 23.50	1,000 \$ 30.50	33.83	3.33	10.92%	
3			2,000 \$ 37.50	41.59	4.09	10.91%	
4			3,000 \$ 44.50	49.35	4.85	10.90%	
5	Tier One Rate:	\$ -	4,000 \$ 51.50	57.11	5.61	10.89%	
6	Tier Two Rate:	\$ 7.00	5,000 \$ 58.50	64.87	6.37	10.89%	
7	Tier Three Rate:	\$ 8.50	6,000 \$ 65.50	72.63	7.13	10.89%	
8			7,000 \$ 72.50	80.39	7.89	10.88%	
9	Tier One Breakover (M gal):	-	8,000 \$ 79.50	88.15	8.65	10.88%	
10	Tier Two Breakover (M gal):	10	9,000 \$ 86.50	97.85	11.35	13.12%	
11	Tier Three Breakover (M gal):	999,999	10,000 \$ 93.50	107.55	14.05	15.03%	
12			12,000 \$ 110.50	126.95	16.45	14.89%	
13			14,000 \$ 127.50	146.35	18.85	14.78%	
14	Proposed Rates:		16,000 \$ 144.50	165.75	21.25	14.71%	
15	Base Charge:	\$ 26.07	18,000 \$ 161.50	185.15	23.65	14.64%	
16			20,000 \$ 178.50	204.55	26.05	14.59%	
17			25,000 \$ 221.00	253.05	32.05	14.50%	
18	Tier One Rate:	\$ -	30,000 \$ 263.50	301.55	38.05	14.44%	
19	Tier Two Rate:	\$ 7.76	35,000 \$ 306.00	350.05	44.05	14.40%	
20	Tier Three Rate:	\$ 9.70	40,000 \$ 348.50	398.55	50.05	14.36%	
21			45,000 \$ 391.00	447.05	56.05	14.34%	
22	Tier One Breakover (M gal):	-	50,000 \$ 433.50	495.55	62.05	14.31%	
23	Tier Two Breakover (M gal):	8	60,000 \$ 518.50	592.55	74.05	14.28%	
24	Tier Three Breakover (M gal):	999,999	70,000 \$ 603.50	689.55	86.05	14.26%	
25			80,000 \$ 688.50	786.55	98.05	14.24%	
26			90,000 \$ 773.50	883.55	110.05	14.23%	
27			100,000 \$ 858.50	980.55	122.05	14.22%	
28							
29			Average Usage				
30			1,699 \$	35.39	39.25	3.86	10.91%
31			Median Usage				
32			270 \$	25.39	28.17	2.78	10.95%
33							
34							

Baca Float Water Company, Inc. - Water Division
 Test Year Ended August 31, 2023
 Typical Bill Analysis

Exhibit: RLJ-DT2
 Schedule H-4
 Witness: Jones

Class: Commercial
 Meter Size: 3/4"
 Sub Class:

Line No.	Rate Schedules	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	Present Rates:	-	\$ 23.50	\$ 26.07	\$ 2.57	10.94%
2	Base Charge:	\$ 23.50	1,000 \$ 30.50	33.83	3.33	10.92%
3			2,000 \$ 37.50	41.59	4.09	10.91%
4			3,000 \$ 44.50	49.35	4.85	10.90%
5	Tier One Rate:	\$ -	4,000 \$ 51.50	57.11	5.61	10.89%
6	Tier Two Rate:	\$ 7.00	5,000 \$ 58.50	64.87	6.37	10.89%
7	Tier Three Rate:	\$ 8.50	6,000 \$ 65.50	72.63	7.13	10.89%
8			7,000 \$ 72.50	80.39	7.89	10.88%
9	Tier One Breakover (M gal):	-	8,000 \$ 79.50	88.15	8.65	10.88%
10	Tier Two Breakover (M gal):	10	9,000 \$ 86.50	97.85	11.35	13.12%
11	Tier Three Breakover (M gal):	999,999	10,000 \$ 93.50	107.55	14.05	15.03%
12			12,000 \$ 110.50	126.95	16.45	14.89%
13			14,000 \$ 127.50	146.35	18.85	14.78%
14	Proposed Rates:		16,000 \$ 144.50	165.75	21.25	14.71%
15	Base Charge:	\$ 26.07	18,000 \$ 161.50	185.15	23.65	14.64%
16			20,000 \$ 178.50	204.55	26.05	14.59%
17			25,000 \$ 221.00	253.05	32.05	14.50%
18	Tier One Rate:	\$ -	30,000 \$ 263.50	301.55	38.05	14.44%
19	Tier Two Rate:	\$ 7.76	35,000 \$ 306.00	350.05	44.05	14.40%
20	Tier Three Rate:	\$ 9.70	40,000 \$ 348.50	398.55	50.05	14.36%
21			45,000 \$ 391.00	447.05	56.05	14.34%
22	Tier One Breakover (M gal):	-	50,000 \$ 433.50	495.55	62.05	14.31%
23	Tier Two Breakover (M gal):	8	60,000 \$ 518.50	592.55	74.05	14.28%
24	Tier Three Breakover (M gal):	999,999	70,000 \$ 603.50	689.55	86.05	14.26%
25			80,000 \$ 688.50	786.55	98.05	14.24%
26			90,000 \$ 773.50	883.55	110.05	14.23%
27			100,000 \$ 858.50	980.55	122.05	14.22%
28						
29						
30		Average Usage	17,823 \$ 160.00	183.43	23.43	14.64%
31						
32		Median Usage	10,310 \$ 96.14	110.56	14.42	15.00%
33						
34						

Baca Float Water Company, Inc. - Water Division
 Test Year Ended August 31, 2023
 Typical Bill Analysis

Exhibit: RLJ-DT2
 Schedule H-4
 Witness: Jones

Class: All
 Meter Size: 1"
 Sub Class:

Line No.	Rate Schedules	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	Present Rates:	-	\$ 52.00	\$ 65.18	\$ 13.18	25.35%
2	Base Charge:	\$ 52.00	1,000 \$ 59.00	72.94	13.94	23.63%
3			2,000 \$ 66.00	80.70	14.70	22.27%
4			3,000 \$ 73.00	88.46	15.46	21.18%
5	Tier One Rate:	\$ -	4,000 \$ 80.00	96.22	16.22	20.28%
6	Tier Two Rate:	\$ 7.00	5,000 \$ 87.00	103.98	16.98	19.52%
7	Tier Three Rate:	\$ 8.50	6,000 \$ 94.00	111.74	17.74	18.87%
8			7,000 \$ 101.00	119.50	18.50	18.32%
9	Tier One Breakover (M gal):	-	8,000 \$ 108.00	127.26	19.26	17.83%
10	Tier Two Breakover (M gal):	16	9,000 \$ 115.00	135.02	20.02	17.41%
11	Tier Three Breakover (M gal):	999,999	10,000 \$ 122.00	142.78	20.78	17.03%
12			12,000 \$ 136.00	158.30	22.30	16.40%
13			14,000 \$ 150.00	173.82	23.82	15.88%
14	Proposed Rates:		16,000 \$ 164.00	191.28	27.28	16.63%
15	Base Charge:	\$ 65.18	18,000 \$ 181.00	210.68	29.68	16.40%
16			20,000 \$ 198.00	230.08	32.08	16.20%
17			25,000 \$ 240.50	278.58	38.08	15.83%
18	Tier One Rate:	\$ -	30,000 \$ 283.00	327.08	44.08	15.58%
19	Tier Two Rate:	\$ 7.76	35,000 \$ 325.50	375.58	50.08	15.39%
20	Tier Three Rate:	\$ 9.70	40,000 \$ 368.00	424.08	56.08	15.24%
21			45,000 \$ 410.50	472.58	62.08	15.12%
22	Tier One Breakover (M gal):	-	50,000 \$ 453.00	521.08	68.08	15.03%
23	Tier Two Breakover (M gal):	15	60,000 \$ 538.00	618.08	80.08	14.88%
24	Tier Three Breakover (M gal):	999,999	70,000 \$ 623.00	715.08	92.08	14.78%
25			80,000 \$ 708.00	812.08	104.08	14.70%
26			90,000 \$ 793.00	909.08	116.08	14.64%
27			100,000 \$ 878.00	1,006.08	128.08	14.59%
28						
29						
30		Average Usage	16,952 \$ 172.09	200.51	28.42	16.51%
31						
32		Median Usage	12,303 \$ 138.12	160.65	22.53	16.31%
33						
34						

Class: All
 Meter Size: 2"
 Sub Class:

Line No.	Rate Schedules	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	Present Rates:	-	\$ 130.52	\$ 208.56	\$ 78.04	59.79%
2	Base Charge:	1,000	\$ 137.52	\$ 216.32	\$ 78.80	57.30%
3		2,000	\$ 144.52	\$ 224.08	\$ 79.56	55.05%
4		3,000	\$ 151.52	\$ 231.84	\$ 80.32	53.01%
5	Tier One Rate:	4,000	\$ 158.52	\$ 239.60	\$ 81.08	51.15%
6	Tier Two Rate:	5,000	\$ 165.52	\$ 247.36	\$ 81.84	49.44%
7	Tier Three Rate:	6,000	\$ 172.52	\$ 255.12	\$ 82.60	47.88%
8		7,000	\$ 179.52	\$ 262.88	\$ 83.36	46.43%
9	Tier One Breakover (M gal):	8,000	\$ 186.52	\$ 270.64	\$ 84.12	45.10%
10	Tier Two Breakover (M gal):	9,000	\$ 193.52	\$ 278.40	\$ 84.88	43.86%
11	Tier Three Breakover (M gal):	10,000	\$ 200.52	\$ 286.16	\$ 85.64	42.71%
12		12,000	\$ 214.52	\$ 301.68	\$ 87.16	40.63%
13		14,000	\$ 228.52	\$ 317.20	\$ 88.68	38.81%
14	Proposed Rates:	16,000	\$ 242.52	\$ 332.72	\$ 90.20	37.19%
15	Base Charge:	18,000	\$ 256.52	\$ 348.24	\$ 91.72	35.76%
16		20,000	\$ 270.52	\$ 363.76	\$ 93.24	34.47%
17		25,000	\$ 305.52	\$ 402.56	\$ 97.04	31.76%
18	Tier One Rate:	30,000	\$ 340.52	\$ 441.36	\$ 100.84	29.61%
19	Tier Two Rate:	35,000	\$ 375.52	\$ 480.16	\$ 104.64	27.87%
20	Tier Three Rate:	40,000	\$ 410.52	\$ 518.96	\$ 108.44	26.42%
21		45,000	\$ 445.52	\$ 557.76	\$ 112.24	25.19%
22	Tier One Breakover (M gal):	50,000	\$ 480.52	\$ 596.56	\$ 116.04	24.15%
23	Tier Two Breakover (M gal):	60,000	\$ 550.52	\$ 693.56	\$ 143.04	25.98%
24	Tier Three Breakover (M gal):	70,000	\$ 620.52	\$ 790.56	\$ 170.04	27.40%
25		80,000	\$ 690.52	\$ 887.56	\$ 197.04	28.54%
26		90,000	\$ 760.52	\$ 984.56	\$ 224.04	29.46%
27		100,000	\$ 845.52	\$ 1,081.56	\$ 236.04	27.92%
28						
29		Average Usage				
30		32,242	\$ 356.21	\$ 458.76	\$ 102.55	28.79%
31		Median Usage				
32		5,700	\$ 170.42	\$ 252.79	\$ 82.37	48.33%
33						
34						

Class: Residential
 Meter Size: 5/8 x 3/4
 Sub Class:

Rate Tiers	Present Rates	Proposed Rates	Charges	Present Rates	Proposed Rates
Tier One Breakover (M gal):	3	3	Base Charge:	\$ 23.50	\$ 26.07
Tier Two Breakover (M gal):	10	8	Tier One Rate:	\$ 5.15	\$ 5.82
Tier Three Breakover (M gal):	999,999	999,999	Tier Two Rate:	\$ 7.00	\$ 7.76
			Tier Three Rate:	\$ 8.50	\$ 9.70

Line No.	Block	Number of Bills in Block	Average Consumption in Block	Consumption in Block	Cumulative Bills No.	% of Total	Cumulative Consumption Amount	% of Total
1	-	91	-	-	91	2.71%	-	0.00%
2	1	458	417	191,158	549	16.32%	191,158	1.36%
3	1,001	578	1,535	887,195	1,127	33.51%	1,078,353	7.66%
4	2,001	545	2,520	1,373,272	1,672	49.72%	2,451,625	17.41%
5	3,001	477	3,508	1,673,088	2,149	63.90%	4,124,713	29.28%
6	4,001	354	4,490	1,589,358	2,503	74.43%	5,714,071	40.57%
7	5,001	237	5,520	1,308,253	2,740	81.47%	7,022,324	49.86%
8	6,001	162	6,496	1,052,348	2,902	86.29%	8,074,672	57.33%
9	7,001	97	7,468	724,382	2,999	89.18%	8,799,054	62.47%
10	8,001	83	8,464	702,542	3,082	91.64%	9,501,596	67.46%
11	9,001	71	9,451	671,011	3,153	93.76%	10,172,607	72.22%
12	10,001	34	10,413	354,055	3,187	94.77%	10,526,662	74.74%
13	11,001	24	11,431	274,334	3,211	95.48%	10,800,996	76.69%
14	12,001	25	12,504	312,597	3,236	96.22%	11,113,593	78.90%
15	13,001	22	13,468	296,306	3,258	96.88%	11,409,899	81.01%
16	14,001	17	14,498	246,466	3,275	97.38%	11,656,365	82.76%
17	15,001	11	15,622	171,838	3,286	97.71%	11,828,203	83.98%
18	16,001	5	16,393	81,964	3,291	97.86%	11,910,167	84.56%
19	17,001	8	17,480	139,839	3,299	98.10%	12,050,006	85.55%
20	18,001	9	18,527	166,742	3,308	98.36%	12,216,748	86.74%
21	19,001	4	19,473	77,890	3,312	98.48%	12,294,638	87.29%
22	20,001	7	20,510	143,573	3,319	98.69%	12,438,211	88.31%
23	21,001	4	21,672	86,689	3,323	98.81%	12,524,900	88.92%
24	22,001	4	22,506	90,023	3,327	98.93%	12,614,923	89.56%
25	23,001	1	23,870	23,870	3,328	98.96%	12,638,793	89.73%
26	24,001	2	24,495	48,990	3,330	99.02%	12,687,783	90.08%
27	25,001	3	25,223	75,670	3,333	99.11%	12,763,453	90.62%
28	26,001	1	26,370	26,370	3,334	99.14%	12,789,823	90.81%
29	27,001	-	-	-	3,334	99.14%	12,789,823	90.81%
30	28,001	-	-	-	3,334	99.14%	12,789,823	90.81%
31	29,001	4	29,701	118,805	3,338	99.26%	12,908,628	91.65%
32	30,001	4	30,478	121,910	3,342	99.38%	13,030,538	92.51%
33	31,001	2	31,725	63,450	3,344	99.44%	13,093,988	92.96%
34	32,001	1	32,670	32,670	3,345	99.46%	13,126,658	93.20%
35	33,001	1	33,900	33,900	3,346	99.49%	13,160,558	93.44%
36	34,001	2	34,280	68,560	3,348	99.55%	13,229,118	93.92%
37	35,001	2	35,554	71,108	3,350	99.61%	13,300,226	94.43%
38	36,001	-	-	-	3,350	99.61%	13,300,226	94.43%
39	37,001	-	-	-	3,350	99.61%	13,300,226	94.43%
40	38,001	3	38,553	115,660	3,353	99.70%	13,415,886	95.25%
41	39,001	-	-	-	3,353	99.70%	13,415,886	95.25%
42	40,001	2	40,371	80,742	3,355	99.76%	13,496,628	95.82%
43	41,001	-	-	-	3,355	99.76%	13,496,628	95.82%
44	42,001	-	-	-	3,355	99.76%	13,496,628	95.82%
45	43,001	-	-	-	3,355	99.76%	13,496,628	95.82%
46	44,001	1	44,745	44,745	3,356	99.79%	13,541,373	96.14%
47	45,001	-	-	-	3,356	99.79%	13,541,373	96.14%
48	46,001	-	-	-	3,356	99.79%	13,541,373	96.14%
49	47,001	-	-	-	3,356	99.79%	13,541,373	96.14%
50	48,001	1	48,840	48,840	3,357	99.82%	13,590,213	96.49%
51	49,001	1	49,628	49,628	3,358	99.85%	13,639,841	96.84%
52	50,001	1	50,920	50,920	3,359	99.88%	13,690,761	97.20%
53	51,001	1	51,422	51,422	3,360	99.91%	13,742,183	97.57%

Baca Float Water Company, Inc. - Water Division

Test Year Ended August 31, 2023

Bill Count

Exhibit: RLJ-DT2

Schedule H-5

Witness: Jones

Class: Residential
 Meter Size: 5/8 x 3/4
 Sub Class:

Rate Tiers	Present Rates		Proposed Rates		Charges	
	Present Rates	Proposed Rates	Present Rates	Proposed Rates	Base Charge:	
Tier One Breakover (M gal):	3	3	Tier One Rate:	\$ 5.15	\$	5.82
Tier Two Breakover (M gal):	10	8	Tier Two Rate:	\$ 7.00	\$	7.76
Tier Three Breakover (M gal):	999,999	999,999	Tier Three Rate:	\$ 8.50	\$	9.70

Line No.	Block	Number of Bills in Block	Average Consumption in Block	Consumption in Block	Cumulative Bills		Cumulative Consumption	
					No.	% of Total	Amount	% of Total
54	52,001 -	53,000	-	-	3,360	99.91%	13,742,183	97.57%
55	53,001 -	54,000	-	-	3,360	99.91%	13,742,183	97.57%
56	54,001 -	55,000	-	-	3,360	99.91%	13,742,183	97.57%
57	55,001 -	56,000	-	-	3,360	99.91%	13,742,183	97.57%
58	56,001 -	57,000	-	-	3,360	99.91%	13,742,183	97.57%
59	57,001 -	58,000	-	-	3,360	99.91%	13,742,183	97.57%
60	58,001 -	59,000	-	-	3,360	99.91%	13,742,183	97.57%
61	59,001 -	60,000	-	-	3,360	99.91%	13,742,183	97.57%
62	60,001 -	61,000	-	-	3,360	99.91%	13,742,183	97.57%
63	61,001 -	62,000	1	61,591	3,361	99.94%	13,803,774	98.00%
64	62,001 -	63,000	-	-	3,361	99.94%	13,803,774	98.00%
65	63,001 -	64,000	-	-	3,361	99.94%	13,803,774	98.00%
66	64,001 -	65,000	-	-	3,361	99.94%	13,803,774	98.00%
67	65,001 -	66,000	-	-	3,361	99.94%	13,803,774	98.00%
68	66,001 -	67,000	-	-	3,361	99.94%	13,803,774	98.00%
69	67,001 -	68,000	-	-	3,361	99.94%	13,803,774	98.00%
70	68,001 -	69,000	-	-	3,361	99.94%	13,803,774	98.00%
71	69,001 -	70,000	-	-	3,361	99.94%	13,803,774	98.00%
72	70,001 -	71,000	-	-	3,361	99.94%	13,803,774	98.00%
73	71,001 -	72,000	-	-	3,361	99.94%	13,803,774	98.00%
74	72,001 -	73,000	-	-	3,361	99.94%	13,803,774	98.00%
75	73,001 -	74,000	-	-	3,361	99.94%	13,803,774	98.00%
76	74,001 -	75,000	-	-	3,361	99.94%	13,803,774	98.00%
77	75,001 -	76,000	-	-	3,361	99.94%	13,803,774	98.00%
78	76,001 -	77,000	-	-	3,361	99.94%	13,803,774	98.00%
79	77,001 -	78,000	-	-	3,361	99.94%	13,803,774	98.00%
80	78,001 -	79,000	-	-	3,361	99.94%	13,803,774	98.00%
81	79,001 -	80,000	-	-	3,361	99.94%	13,803,774	98.00%
82	80,001 -	81,000	-	-	3,361	99.94%	13,803,774	98.00%
83	81,001 -	82,000	-	-	3,361	99.94%	13,803,774	98.00%
84	82,001 -	83,000	-	-	3,361	99.94%	13,803,774	98.00%
85	83,001 -	84,000	-	-	3,361	99.94%	13,803,774	98.00%
86	84,001 -	85,000	-	-	3,361	99.94%	13,803,774	98.00%
87	85,001 -	86,000	-	-	3,361	99.94%	13,803,774	98.00%
88	86,001 -	87,000	-	-	3,361	99.94%	13,803,774	98.00%
89	87,001 -	88,000	-	-	3,361	99.94%	13,803,774	98.00%
90	88,001 -	89,000	-	-	3,361	99.94%	13,803,774	98.00%
91	89,001 -	90,000	-	-	3,361	99.94%	13,803,774	98.00%
92	90,001 -	91,000	-	-	3,361	99.94%	13,803,774	98.00%
93	91,001 -	92,000	-	-	3,361	99.94%	13,803,774	98.00%
94	92,001 -	93,000	-	-	3,361	99.94%	13,803,774	98.00%
95	93,001 -	94,000	-	-	3,361	99.94%	13,803,774	98.00%
96	94,001 -	95,000	-	-	3,361	99.94%	13,803,774	98.00%
97	95,001 -	96,000	-	-	3,361	99.94%	13,803,774	98.00%
98	96,001 -	97,000	-	-	3,361	99.94%	13,803,774	98.00%
99	97,001 -	98,000	-	-	3,361	99.94%	13,803,774	98.00%
100	98,001 -	99,000	-	-	3,361	99.94%	13,803,774	98.00%
101	99,001 -	100,000	-	-	3,361	99.94%	13,803,774	98.00%
102	102,810 -	102,810	1	102,810	3,362	99.97%	13,906,584	98.73%
103	178,274 -	178,274	1	178,274	3,363	100.00%	14,084,858	100.00%

Class: Residential
 Meter Size: 5/8 x 3/4
 Sub Class:

Rate Tiers	Present Rates	Proposed Rates	Charges	Present Rates	Proposed Rates
			Base Charge:	\$ 23.50	\$ 26.07
Tier One Breakover (M gal):	3	3	Tier One Rate:	\$ 5.15	\$ 5.82
Tier Two Breakover (M gal):	10	8	Tier Two Rate:	\$ 7.00	\$ 7.76
Tier Three Breakover (M gal):	999,999	999,999	Tier Three Rate:	\$ 8.50	\$ 9.70

Line No.	Block	Number of Bills in Block	Average Consumption in Block	Consumption in Block	Cumulative Bills No.	% of Total	Cumulative Consumption Amount	% of Total
104								
105	Totals	3,363		14,084,858	3,363		14,084,858	
106	Prorated Bills Reduction ¹	(28)						
107	Total Bills	3,335						
108								
109								
110								
111	Average Number of Customers		278					
112								
113	Average Consumption (gallons)		4,223					
114								
115	Median Consumption (gallons)		3,508					
116								
117								
118								
119								
120								
121								
122								
123								
124								
125								
126								

¹Customer Base Charges are prorated for billing periods less than 25 days and greater than 35 days. When homes change ownership during a month, two bills are generated. One for each owner for the portion of the month that owner took water service. The sum of the Minimum Charge billed on each of the two billings will approximately equal to the monthly minimum charge for the meter size. New accounts are also prorated for the first month of service and will average to approximately 1/2 of the Minimum Charge. The reduction in bill count is necessary to avoid double counting billing units during months when account ownership changes. The reduction is based on the actual number of meters in this class discontinuing and establishing service during the test year.

Baca Float Water Company, Inc. - Water Division

Test Year Ended August 31, 2023

Bill Count

Exhibit: RLJ-DT2

Schedule H-5

Witness: Jones

Class: Residential
 Meter Size: 3/4"
 Sub Class:

Rate Tiers	Present Rates	Proposed Rates	Charges	Present Rates	Proposed Rates
Tier One Breakover (M gal):	3	3	Base Charge:	\$ 23.50	\$ 26.07
Tier Two Breakover (M gal):	10	8	Tier One Rate:	\$ 5.15	\$ 5.82
Tier Three Breakover (M gal):	999,999	999,999	Tier Two Rate:	\$ 7.00	\$ 7.76
			Tier Three Rate:	\$ 8.50	\$ 9.70

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	% of Total	Cumulative Consumption Amount	% of Total
1	-	122	-	-	122	7.36%	-	0.00%
2	1	483	461	222,741	605	36.51%	222,741	6.66%
3	1,001	499	1,465	731,036	1,104	66.63%	953,777	28.50%
4	2,001	281	2,480	696,812	1,385	83.58%	1,650,589	49.32%
5	3,001	128	3,400	435,247	1,513	91.31%	2,085,836	62.33%
6	4,001	51	4,498	229,414	1,564	94.39%	2,315,250	69.19%
7	5,001	30	5,382	161,450	1,594	96.20%	2,476,700	74.01%
8	6,001	11	6,310	69,410	1,605	96.86%	2,546,110	76.09%
9	7,001	12	7,427	89,129	1,617	97.59%	2,635,239	78.75%
10	8,001	10	8,675	86,746	1,627	98.19%	2,721,985	81.34%
11	9,001	4	9,325	37,298	1,631	98.43%	2,759,283	82.46%
12	10,001	2	10,175	20,350	1,633	98.55%	2,779,633	83.06%
13	11,001	4	11,371	45,485	1,637	98.79%	2,825,118	84.42%
14	12,001	-	-	-	1,637	98.79%	2,825,118	84.42%
15	13,001	2	13,605	27,210	1,639	98.91%	2,852,328	85.24%
16	14,001	1	14,430	14,430	1,640	98.97%	2,866,758	85.67%
17	15,001	1	15,890	15,890	1,641	99.03%	2,882,648	86.14%
18	16,001	1	16,532	16,532	1,642	99.09%	2,899,180	86.64%
19	17,001	2	17,250	34,500	1,644	99.22%	2,933,680	87.67%
20	18,001	-	-	-	1,644	99.22%	2,933,680	87.67%
21	19,001	1	19,823	19,823	1,645	99.28%	2,953,503	88.26%
22	20,001	-	-	-	1,645	99.28%	2,953,503	88.26%
23	21,001	1	21,480	21,480	1,646	99.34%	2,974,983	88.90%
24	22,001	2	22,170	44,340	1,648	99.46%	3,019,323	90.23%
25	23,001	-	-	-	1,648	99.46%	3,019,323	90.23%
26	24,001	-	-	-	1,648	99.46%	3,019,323	90.23%
27	25,001	1	25,420	25,420	1,649	99.52%	3,044,743	90.99%
28	26,001	1	26,640	26,640	1,650	99.58%	3,071,383	91.78%
29	27,001	-	-	-	1,650	99.58%	3,071,383	91.78%
30	28,001	1	28,420	28,420	1,651	99.64%	3,099,803	92.63%
31	29,001	-	-	-	1,651	99.64%	3,099,803	92.63%
32	30,001	1	30,230	30,230	1,652	99.70%	3,130,033	93.54%
33	31,001	-	-	-	1,652	99.70%	3,130,033	93.54%
34	32,001	1	32,860	32,860	1,653	99.76%	3,162,893	94.52%
35	33,001	-	-	-	1,653	99.76%	3,162,893	94.52%
36	34,001	-	-	-	1,653	99.76%	3,162,893	94.52%
37	35,001	-	-	-	1,653	99.76%	3,162,893	94.52%
38	36,001	-	-	-	1,653	99.76%	3,162,893	94.52%
39	37,001	-	-	-	1,653	99.76%	3,162,893	94.52%
40	38,001	1	38,340	38,340	1,654	99.82%	3,201,233	95.66%
41	39,001	-	-	-	1,654	99.82%	3,201,233	95.66%
42	40,001	-	-	-	1,654	99.82%	3,201,233	95.66%
43	41,001	-	-	-	1,654	99.82%	3,201,233	95.66%
44	42,001	-	-	-	1,654	99.82%	3,201,233	95.66%
45	43,001	-	-	-	1,654	99.82%	3,201,233	95.66%
46	44,001	-	-	-	1,654	99.82%	3,201,233	95.66%
47	45,001	-	-	-	1,654	99.82%	3,201,233	95.66%
48	46,001	-	-	-	1,654	99.82%	3,201,233	95.66%
49	47,001	1	47,576	47,576	1,655	99.88%	3,248,809	97.08%
50	48,001	1	48,474	48,474	1,656	99.94%	3,297,283	98.53%
51	49,001	1	49,080	49,080	1,657	100.00%	3,346,363	100.00%
52	50,001	-	-	-	1,657	100.00%	3,346,363	100.00%
53	51,001	-	-	-	1,657	100.00%	3,346,363	100.00%

Class: Residential
 Meter Size: 3/4"
 Sub Class:

Rate Tiers	Charges		Present Rates	Proposed Rates
	Base Charge:		\$ 23.50	\$ 26.07
Tier One Breakover (M gal):	3		\$ 5.15	\$ 5.82
Tier Two Breakover (M gal):	10		\$ 7.00	\$ 7.76
Tier Three Breakover (M gal):	999,999		\$ 8.50	\$ 9.70

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills		Cumulative Consumption	
					No.	% of Total	Amount	% of Total
54	52,001 -	53,000	-	-	1,657	100.00%	3,346,363	100.00%
55	53,001 -	54,000	-	-	1,657	100.00%	3,346,363	100.00%
56	54,001 -	55,000	-	-	1,657	100.00%	3,346,363	100.00%
57	55,001 -	56,000	-	-	1,657	100.00%	3,346,363	100.00%
58	56,001 -	57,000	-	-	1,657	100.00%	3,346,363	100.00%
59	57,001 -	58,000	-	-	1,657	100.00%	3,346,363	100.00%
60	58,001 -	59,000	-	-	1,657	100.00%	3,346,363	100.00%
61	59,001 -	60,000	-	-	1,657	100.00%	3,346,363	100.00%
62	60,001 -	61,000	-	-	1,657	100.00%	3,346,363	100.00%
63	61,001 -	62,000	-	-	1,657	100.00%	3,346,363	100.00%
64	62,001 -	63,000	-	-	1,657	100.00%	3,346,363	100.00%
65	63,001 -	64,000	-	-	1,657	100.00%	3,346,363	100.00%
66	64,001 -	65,000	-	-	1,657	100.00%	3,346,363	100.00%
67	65,001 -	66,000	-	-	1,657	100.00%	3,346,363	100.00%
68	66,001 -	67,000	-	-	1,657	100.00%	3,346,363	100.00%
69	67,001 -	68,000	-	-	1,657	100.00%	3,346,363	100.00%
70	68,001 -	69,000	-	-	1,657	100.00%	3,346,363	100.00%
71	69,001 -	70,000	-	-	1,657	100.00%	3,346,363	100.00%
72	70,001 -	71,000	-	-	1,657	100.00%	3,346,363	100.00%
73	71,001 -	72,000	-	-	1,657	100.00%	3,346,363	100.00%
74	72,001 -	73,000	-	-	1,657	100.00%	3,346,363	100.00%
75	73,001 -	74,000	-	-	1,657	100.00%	3,346,363	100.00%
76	74,001 -	75,000	-	-	1,657	100.00%	3,346,363	100.00%
77	75,001 -	76,000	-	-	1,657	100.00%	3,346,363	100.00%
78	76,001 -	77,000	-	-	1,657	100.00%	3,346,363	100.00%
79	77,001 -	78,000	-	-	1,657	100.00%	3,346,363	100.00%
80	78,001 -	79,000	-	-	1,657	100.00%	3,346,363	100.00%
81	79,001 -	80,000	-	-	1,657	100.00%	3,346,363	100.00%
82	80,001 -	81,000	-	-	1,657	100.00%	3,346,363	100.00%
83	81,001 -	82,000	-	-	1,657	100.00%	3,346,363	100.00%
84	82,001 -	83,000	-	-	1,657	100.00%	3,346,363	100.00%
85	83,001 -	84,000	-	-	1,657	100.00%	3,346,363	100.00%
86	84,001 -	85,000	-	-	1,657	100.00%	3,346,363	100.00%
87	85,001 -	86,000	-	-	1,657	100.00%	3,346,363	100.00%
88	86,001 -	87,000	-	-	1,657	100.00%	3,346,363	100.00%
89	87,001 -	88,000	-	-	1,657	100.00%	3,346,363	100.00%
90	88,001 -	89,000	-	-	1,657	100.00%	3,346,363	100.00%
91	89,001 -	90,000	-	-	1,657	100.00%	3,346,363	100.00%
92	90,001 -	91,000	-	-	1,657	100.00%	3,346,363	100.00%
93	91,001 -	92,000	-	-	1,657	100.00%	3,346,363	100.00%
94	92,001 -	93,000	-	-	1,657	100.00%	3,346,363	100.00%
95	93,001 -	94,000	-	-	1,657	100.00%	3,346,363	100.00%
96	94,001 -	95,000	-	-	1,657	100.00%	3,346,363	100.00%
97	95,001 -	96,000	-	-	1,657	100.00%	3,346,363	100.00%
98	96,001 -	97,000	-	-	1,657	100.00%	3,346,363	100.00%
99	97,001 -	98,000	-	-	1,657	100.00%	3,346,363	100.00%
100	98,001 -	99,000	-	-	1,657	100.00%	3,346,363	100.00%
101	99,001 -	100,000	-	-	1,657	100.00%	3,346,363	100.00%

Class: Residential
 Meter Size: 3/4"
 Sub Class:

Rate Tiers	Present Rates	Proposed Rates	Charges	
			Present Rates	Proposed Rates
Base Charge:			\$ 23.50	\$ 26.07
Tier One Breakover (M gal):	3	3	Tier One Rate: \$ 5.15	\$ 5.82
Tier Two Breakover (M gal):	10	8	Tier Two Rate: \$ 7.00	\$ 7.76
Tier Three Breakover (M gal):	999,999	999,999	Tier Three Rate: \$ 8.50	\$ 9.70

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills		Cumulative Consumption	
					No.	% of Total	Amount	% of Total
102								
103	Totals	1,657		3,346,363	1,657		3,346,363	
104	Prorated Bills Reduction ¹	(6)						
105	Total Bills	1,651						
106								
107								
108								
109	Average Number of Customers		138					
110								
111	Average Consumption (gallons)		2,027					
112								
113	Median Consumption (gallons)		1,465					
114								
115								
116								
117								
118								
119								
120								
121								
122								
123								
124								

¹Customer Base Charges are prorated for billing periods less than 25 days and greater than 35 days. When homes change ownership during a month, two bills are generated. One for each owner for the portion of the month that owner took water service. The sum of the Minimum Charge billed on each of the two billings will approximately equal to the monthly minimum charge for the meter size. New accounts are also prorated for the first month of service and will average to approximately 1/2 of the Minimum Charge. The reduction in bill count is necessary to avoid double counting billing units during months when account ownership changes. The reduction is based on the actual number of meters in this class discontinuing and establishing service during the test year.

Baca Float Water Company, Inc. - Water Division

Test Year Ended August 31, 2023

Bill Count

Exhibit: RLJ-DT2

Schedule H-5

Witness: Jones

Class: Commercial
 Meter Size: 5/8"x3/4"
 Sub Class:

Rate Tiers	Present Rates	Proposed Rates	Charges	Present Rates	Proposed Rates
Tier One Breakover (M gal):	-	-	Base Charge:	\$ 23.50	\$ 26.07
Tier Two Breakover (M gal):	10	8	Tier One Rate:	\$ -	\$ -
Tier Three Breakover (M gal):	999,999	999,999	Tier Two Rate:	\$ 7.00	\$ 7.76
			Tier Three Rate:	\$ 8.50	\$ 9.70

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	% of Total	Cumulative Consumption Amount	% of Total
1	-	45	-	-	45	41.67%	-	0.00%
2	1	38	270	10,250	83	76.85%	10,250	5.59%
3	1,001	11	1,224	13,460	94	87.04%	23,710	12.92%
4	2,001	2	2,235	4,470	96	88.89%	28,180	15.36%
5	3,001	1	3,680	3,680	97	89.81%	31,860	17.36%
6	4,001	1	4,100	4,100	98	90.74%	35,960	19.60%
7	5,001	3	5,217	15,650	101	93.52%	51,610	28.13%
8	6,001	-	-	-	101	93.52%	51,610	28.13%
9	7,001	1	7,570	7,570	102	94.44%	59,180	32.25%
10	8,001	2	8,185	16,370	104	96.30%	75,550	41.17%
11	9,001	-	-	-	104	96.30%	75,550	41.17%
12	10,001	-	-	-	104	96.30%	75,550	41.17%
13	11,001	-	-	-	104	96.30%	75,550	41.17%
14	12,001	-	-	-	104	96.30%	75,550	41.17%
15	13,001	-	-	-	104	96.30%	75,550	41.17%
16	14,001	-	-	-	104	96.30%	75,550	41.17%
17	15,001	-	-	-	104	96.30%	75,550	41.17%
18	16,001	1	16,290	16,290	105	97.22%	91,840	50.05%
19	17,001	-	-	-	105	97.22%	91,840	50.05%
20	18,001	-	-	-	105	97.22%	91,840	50.05%
21	19,001	-	-	-	105	97.22%	91,840	50.05%
22	20,001	1	20,750	20,750	106	98.15%	112,590	61.36%
23	21,001	-	-	-	106	98.15%	112,590	61.36%
24	22,001	-	-	-	106	98.15%	112,590	61.36%
25	23,001	-	-	-	106	98.15%	112,590	61.36%
26	24,001	-	-	-	106	98.15%	112,590	61.36%
27	25,001	-	-	-	106	98.15%	112,590	61.36%
28	26,001	-	-	-	106	98.15%	112,590	61.36%
29	27,001	1	27,930	27,930	107	99.07%	140,520	76.58%
30	28,001	-	-	-	107	99.07%	140,520	76.58%
31	29,001	-	-	-	107	99.07%	140,520	76.58%
32	30,001	-	-	-	107	99.07%	140,520	76.58%
33	31,001	-	-	-	107	99.07%	140,520	76.58%
34	32,001	-	-	-	107	99.07%	140,520	76.58%
35	33,001	-	-	-	107	99.07%	140,520	76.58%
36	34,001	-	-	-	107	99.07%	140,520	76.58%
37	35,001	-	-	-	107	99.07%	140,520	76.58%
38	36,001	-	-	-	107	99.07%	140,520	76.58%
39	37,001	-	-	-	107	99.07%	140,520	76.58%
40	38,001	-	-	-	107	99.07%	140,520	76.58%
41	39,001	-	-	-	107	99.07%	140,520	76.58%
42	40,001	-	-	-	107	99.07%	140,520	76.58%
43	41,001	-	-	-	107	99.07%	140,520	76.58%
44	42,001	1	42,970	42,970	108	100.00%	183,490	100.00%
45	43,001	-	-	-	108	100.00%	183,490	100.00%
46	44,001	-	-	-	108	100.00%	183,490	100.00%
47	45,001	-	-	-	108	100.00%	183,490	100.00%
48	46,001	-	-	-	108	100.00%	183,490	100.00%
49	47,001	-	-	-	108	100.00%	183,490	100.00%
50	48,001	-	-	-	108	100.00%	183,490	100.00%
51	49,001	-	-	-	108	100.00%	183,490	100.00%
52	50,001	-	-	-	108	100.00%	183,490	100.00%
53	51,001	-	-	-	108	100.00%	183,490	100.00%

Baca Float Water Company, Inc. - Water Division

Test Year Ended August 31, 2023

Bill Count

Exhibit: RLJ-DT2

Schedule H-5

Witness: Jones

Class: Commercial
 Meter Size: 5/8"x3/4"
 Sub Class:

Rate Tiers	Charges		Present Rates	Proposed Rates
	Base Charge:		\$ 23.50	\$ 26.07
Tier One Breakover (M gal):	-	-	\$ -	\$ -
Tier Two Breakover (M gal):	10	8	\$ 7.00	\$ 7.76
Tier Three Breakover (M gal):	999,999	999,999	\$ 8.50	\$ 9.70

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills		Cumulative Consumption	
					No.	% of Total	Amount	% of Total
54	52,001 -	53,000	-	-	108	100.00%	183,490	100.00%
55	53,001 -	54,000	-	-	108	100.00%	183,490	100.00%
56	54,001 -	55,000	-	-	108	100.00%	183,490	100.00%
57	55,001 -	56,000	-	-	108	100.00%	183,490	100.00%
58	56,001 -	57,000	-	-	108	100.00%	183,490	100.00%
59	57,001 -	58,000	-	-	108	100.00%	183,490	100.00%
60	58,001 -	59,000	-	-	108	100.00%	183,490	100.00%
61	59,001 -	60,000	-	-	108	100.00%	183,490	100.00%
62	60,001 -	61,000	-	-	108	100.00%	183,490	100.00%
63	61,001 -	62,000	-	-	108	100.00%	183,490	100.00%
64	62,001 -	63,000	-	-	108	100.00%	183,490	100.00%
65	63,001 -	64,000	-	-	108	100.00%	183,490	100.00%
66	64,001 -	65,000	-	-	108	100.00%	183,490	100.00%
67	65,001 -	66,000	-	-	108	100.00%	183,490	100.00%
68	66,001 -	67,000	-	-	108	100.00%	183,490	100.00%
69	67,001 -	68,000	-	-	108	100.00%	183,490	100.00%
70	68,001 -	69,000	-	-	108	100.00%	183,490	100.00%
71	69,001 -	70,000	-	-	108	100.00%	183,490	100.00%
72	70,001 -	71,000	-	-	108	100.00%	183,490	100.00%
73	71,001 -	72,000	-	-	108	100.00%	183,490	100.00%
74	72,001 -	73,000	-	-	108	100.00%	183,490	100.00%
75	73,001 -	74,000	-	-	108	100.00%	183,490	100.00%
76	74,001 -	75,000	-	-	108	100.00%	183,490	100.00%
77	75,001 -	76,000	-	-	108	100.00%	183,490	100.00%
78	76,001 -	77,000	-	-	108	100.00%	183,490	100.00%
79	77,001 -	78,000	-	-	108	100.00%	183,490	100.00%
80	78,001 -	79,000	-	-	108	100.00%	183,490	100.00%
81	79,001 -	80,000	-	-	108	100.00%	183,490	100.00%
82	80,001 -	81,000	-	-	108	100.00%	183,490	100.00%
83	81,001 -	82,000	-	-	108	100.00%	183,490	100.00%
84	82,001 -	83,000	-	-	108	100.00%	183,490	100.00%
85	83,001 -	84,000	-	-	108	100.00%	183,490	100.00%
86	84,001 -	85,000	-	-	108	100.00%	183,490	100.00%
87	85,001 -	86,000	-	-	108	100.00%	183,490	100.00%
88	86,001 -	87,000	-	-	108	100.00%	183,490	100.00%
89	87,001 -	88,000	-	-	108	100.00%	183,490	100.00%
90	88,001 -	89,000	-	-	108	100.00%	183,490	100.00%
91	89,001 -	90,000	-	-	108	100.00%	183,490	100.00%
92	90,001 -	91,000	-	-	108	100.00%	183,490	100.00%
93	91,001 -	92,000	-	-	108	100.00%	183,490	100.00%
94	92,001 -	93,000	-	-	108	100.00%	183,490	100.00%
95	93,001 -	94,000	-	-	108	100.00%	183,490	100.00%
96	94,001 -	95,000	-	-	108	100.00%	183,490	100.00%
97	95,001 -	96,000	-	-	108	100.00%	183,490	100.00%
98	96,001 -	97,000	-	-	108	100.00%	183,490	100.00%
99	97,001 -	98,000	-	-	108	100.00%	183,490	100.00%
100	98,001 -	99,000	-	-	108	100.00%	183,490	100.00%
101	99,001 -	100,000	-	-	108	100.00%	183,490	100.00%

Class: Commercial
 Meter Size: 5/8"x3/4"
 Sub Class:

Rate Tiers	Present Rates	Proposed Rates	Charges	Present Rates	Proposed Rates
			Base Charge:	\$ 23.50	\$ 26.07
Tier One Breakover (M gal):	-	-	Tier One Rate:	\$ -	\$ -
Tier Two Breakover (M gal):	10	8	Tier Two Rate:	\$ 7.00	\$ 7.76
Tier Three Breakover (M gal):	999,999	999,999	Tier Three Rate:	\$ 8.50	\$ 9.70

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	% of Total	Cumulative Consumption Amount	% of Total
102								
103	Totals	108		183,490	108		183,490	
104	Prorated Bills Reduction ¹	-						
105	Total Bills	108						
106								
107								
108								
109	Average Number of Customers		9					
110								
111	Average Consumption (gallons)		1,699					
112								
113	Median Consumption (gallons)		270					
114								
115								
116								
117								
118								
119								
120								
121								
122								
123								
124								

¹Customer Base Charges are prorated for billing periods less than 25 days and greater than 35 days. When homes change ownership during a month, two bills are generated. One for each owner for the portion of the month that owner took water service. The sum of the Minimum Charge billed on each of the two billings will approximately equal to the monthly minimum charge for the meter size. New accounts are also prorated for the first month of service and will average to approximately 1/2 of the Minimum Charge. The reduction in bill count is necessary to avoid double counting billing units during months when account ownership changes. The reduction is based on the actual number of meters in this class discontinuing and establishing service during the test year.

Baca Float Water Company, Inc. - Water Division

Test Year Ended August 31, 2023

Bill Count

Exhibit: RLJ-DT2

Schedule H-5

Witness: Jones

Class: Commercial
 Meter Size: 3/4"
 Sub Class:

Rate Tiers	Present Rates	Proposed Rates	Charges	Present Rates	Proposed Rates
Tier One Breakover (M gal):	-	-	Base Charge:	\$ 23.50	\$ 26.07
Tier Two Breakover (M gal):	10	8	Tier One Rate:	\$ -	\$ -
Tier Three Breakover (M gal):	999,999	999,999	Tier Two Rate:	\$ 7.00	\$ 7.76
			Tier Three Rate:	\$ 8.50	\$ 9.70

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	% of Total	Cumulative Consumption Amount	% of Total
1	-	9	-	-	9	12.50%	-	0.00%
2	1	13	550	7,150	22	30.56%	7,150	0.56%
3	1,001	8	1,268	10,140	30	41.67%	17,290	1.35%
4	2,001	5	2,250	11,250	35	48.61%	28,540	2.22%
5	3,001	-	-	-	35	48.61%	28,540	2.22%
6	4,001	-	-	-	35	48.61%	28,540	2.22%
7	5,001	-	-	-	35	48.61%	28,540	2.22%
8	6,001	-	-	-	35	48.61%	28,540	2.22%
9	7,001	-	-	-	35	48.61%	28,540	2.22%
10	8,001	-	-	-	35	48.61%	28,540	2.22%
11	9,001	-	-	-	35	48.61%	28,540	2.22%
12	10,001	1	10,310	10,310	36	50.00%	38,850	3.03%
13	11,001	2	11,365	22,730	38	52.78%	61,580	4.80%
14	12,001	-	-	-	38	52.78%	61,580	4.80%
15	13,001	1	13,380	13,380	39	54.17%	74,960	5.84%
16	14,001	-	-	-	39	54.17%	74,960	5.84%
17	15,001	2	15,435	30,870	41	56.94%	105,830	8.25%
18	16,001	1	16,590	16,590	42	58.33%	122,420	9.54%
19	17,001	-	-	-	42	58.33%	122,420	9.54%
20	18,001	1	18,220	18,220	43	59.72%	140,640	10.96%
21	19,001	-	-	-	43	59.72%	140,640	10.96%
22	20,001	2	20,465	40,930	45	62.50%	181,570	14.15%
23	21,001	1	21,940	21,940	46	63.89%	203,510	15.86%
24	22,001	2	22,765	45,530	48	66.67%	249,040	19.41%
25	23,001	-	-	-	48	66.67%	249,040	19.41%
26	24,001	1	24,420	24,420	49	68.06%	273,460	21.31%
27	25,001	1	25,320	25,320	50	69.44%	298,780	23.28%
28	26,001	1	26,700	26,700	51	70.83%	325,480	25.36%
29	27,001	1	27,820	27,820	52	72.22%	353,300	27.53%
30	28,001	1	28,510	28,510	53	73.61%	381,810	29.75%
31	29,001	-	-	-	53	73.61%	381,810	29.75%
32	30,001	-	-	-	53	73.61%	381,810	29.75%
33	31,001	-	-	-	53	73.61%	381,810	29.75%
34	32,001	-	-	-	53	73.61%	381,810	29.75%
35	33,001	2	33,375	66,750	55	76.39%	448,560	34.96%
36	34,001	2	34,235	68,470	57	79.17%	517,030	40.29%
37	35,001	-	-	-	57	79.17%	517,030	40.29%
38	36,001	-	-	-	57	79.17%	517,030	40.29%
39	37,001	1	37,010	37,010	58	80.56%	554,040	43.18%
40	38,001	1	38,520	38,520	59	81.94%	592,560	46.18%
41	39,001	1	39,870	39,870	60	83.33%	632,430	49.28%
42	40,001	-	-	-	60	83.33%	632,430	49.28%
43	41,001	1	41,290	41,290	61	84.72%	673,720	52.50%
44	42,001	-	-	-	61	84.72%	673,720	52.50%
45	43,001	1	43,270	43,270	62	86.11%	716,990	55.87%
46	44,001	1	44,520	44,520	63	87.50%	761,510	59.34%
47	45,001	-	-	-	63	87.50%	761,510	59.34%
48	46,001	1	46,890	46,890	64	88.89%	808,400	63.00%
49	47,001	1	47,310	47,310	65	90.28%	855,710	66.68%
50	48,001	-	-	-	65	90.28%	855,710	66.68%
51	49,001	1	49,330	49,330	66	91.67%	905,040	70.53%
52	50,001	-	-	-	66	91.67%	905,040	70.53%
53	51,001	-	-	-	66	91.67%	905,040	70.53%

Class: Commercial
 Meter Size: 3/4"
 Sub Class:

Rate Tiers	Present Rates	Proposed Rates	Charges	
			Present Rates	Proposed Rates
Base Charge:			\$ 23.50	\$ 26.07
Tier One Breakover (M gal):	-	-	Tier One Rate: \$ -	\$ -
Tier Two Breakover (M gal):	10	8	Tier Two Rate: \$ 7.00	\$ 7.76
Tier Three Breakover (M gal):	999,999	999,999	Tier Three Rate: \$ 8.50	\$ 9.70

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills		Cumulative Consumption	
					No.	% of Total	Amount	% of Total
54	52,001 - 53,000	1	52,970	52,970	67	93.06%	958,010	74.66%
55	53,001 - 54,000	-	-	-	67	93.06%	958,010	74.66%
56	54,001 - 55,000	1	54,730	54,730	68	94.44%	1,012,740	78.92%
57	55,001 - 56,000	-	-	-	68	94.44%	1,012,740	78.92%
58	56,001 - 57,000	1	56,410	56,410	69	95.83%	1,069,150	83.32%
59	57,001 - 58,000	-	-	-	69	95.83%	1,069,150	83.32%
60	58,001 - 59,000	-	-	-	69	95.83%	1,069,150	83.32%
61	59,001 - 60,000	-	-	-	69	95.83%	1,069,150	83.32%
62	60,001 - 61,000	-	-	-	69	95.83%	1,069,150	83.32%
63	61,001 - 62,000	-	-	-	69	95.83%	1,069,150	83.32%
64	62,001 - 63,000	-	-	-	69	95.83%	1,069,150	83.32%
65	63,001 - 64,000	-	-	-	69	95.83%	1,069,150	83.32%
66	64,001 - 65,000	1	64,430	64,430	70	97.22%	1,133,580	88.34%
67	65,001 - 66,000	1	65,020	65,020	71	98.61%	1,198,600	93.41%
68	66,001 - 67,000	-	-	-	71	98.61%	1,198,600	93.41%
69	67,001 - 68,000	-	-	-	71	98.61%	1,198,600	93.41%
70	68,001 - 69,000	-	-	-	71	98.61%	1,198,600	93.41%
71	69,001 - 70,000	-	-	-	71	98.61%	1,198,600	93.41%
72	70,001 - 71,000	-	-	-	71	98.61%	1,198,600	93.41%
73	71,001 - 72,000	-	-	-	71	98.61%	1,198,600	93.41%
74	72,001 - 73,000	-	-	-	71	98.61%	1,198,600	93.41%
75	73,001 - 74,000	-	-	-	71	98.61%	1,198,600	93.41%
76	74,001 - 75,000	-	-	-	71	98.61%	1,198,600	93.41%
77	75,001 - 76,000	-	-	-	71	98.61%	1,198,600	93.41%
78	76,001 - 77,000	-	-	-	71	98.61%	1,198,600	93.41%
79	77,001 - 78,000	-	-	-	71	98.61%	1,198,600	93.41%
80	78,001 - 79,000	-	-	-	71	98.61%	1,198,600	93.41%
81	79,001 - 80,000	-	-	-	71	98.61%	1,198,600	93.41%
82	80,001 - 81,000	-	-	-	71	98.61%	1,198,600	93.41%
83	81,001 - 82,000	-	-	-	71	98.61%	1,198,600	93.41%
84	82,001 - 83,000	-	-	-	71	98.61%	1,198,600	93.41%
85	83,001 - 84,000	-	-	-	71	98.61%	1,198,600	93.41%
86	84,001 - 85,000	1	84,620	84,620	72	100.00%	1,283,220	100.00%
87	85,001 - 86,000	-	-	-	72	100.00%	1,283,220	100.00%
88	86,001 - 87,000	-	-	-	72	100.00%	1,283,220	100.00%
89	87,001 - 88,000	-	-	-	72	100.00%	1,283,220	100.00%
90	88,001 - 89,000	-	-	-	72	100.00%	1,283,220	100.00%
91	89,001 - 90,000	-	-	-	72	100.00%	1,283,220	100.00%
92	90,001 - 91,000	-	-	-	72	100.00%	1,283,220	100.00%
93	91,001 - 92,000	-	-	-	72	100.00%	1,283,220	100.00%
94	92,001 - 93,000	-	-	-	72	100.00%	1,283,220	100.00%
95	93,001 - 94,000	-	-	-	72	100.00%	1,283,220	100.00%
96	94,001 - 95,000	-	-	-	72	100.00%	1,283,220	100.00%
97	95,001 - 96,000	-	-	-	72	100.00%	1,283,220	100.00%
98	96,001 - 97,000	-	-	-	72	100.00%	1,283,220	100.00%
99	97,001 - 98,000	-	-	-	72	100.00%	1,283,220	100.00%
100	98,001 - 99,000	-	-	-	72	100.00%	1,283,220	100.00%
101	99,001 - 100,000	-	-	-	72	100.00%	1,283,220	100.00%

Class: Commercial
 Meter Size: 3/4"
 Sub Class:

Rate Tiers	Present Rates	Proposed Rates	Charges	
			Present Rates	Proposed Rates
Base Charge:			\$ 23.50	\$ 26.07
Tier One Breakover (M gal):	-	-	Tier One Rate: \$ -	\$ -
Tier Two Breakover (M gal):	10	8	Tier Two Rate: \$ 7.00	\$ 7.76
Tier Three Breakover (M gal):	999,999	999,999	Tier Three Rate: \$ 8.50	\$ 9.70

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	% of Total	Cumulative Consumption Amount	% of Total
102								
103	Totals	72		1,283,220	72		1,283,220	
104	Prorated Bills Reduction ¹	-						
105	Total Bills	72						

Line No.	Description	Current Rates		Proposed Rates	
		Units	Revenue	Units	Revenue
108	Base Charge	72	\$ 1,692	72	\$ 1,877
109	Average Number of Customers		6		
110	Usage (gallons)				
111	Average Consumption (gallons)		17,823		
112					
113	Median Consumption (gallons)		10,310		
114					
115	Usage Totals	1,283,220		1,283,220	
116	Metered Revenue Total		\$ 12,002		\$ 13,695

118 ¹Customer Base Charges are prorated for billing periods less than 25 days and greater than 35 days.
 119 When homes change ownership during a month, two bills are generated. One for each owner for the portion of
 120 the month that owner took water service. The sum of the Minimum Charge billed on each of the two billings
 121 will approximately equal to the monthly minimum charge for the meter size. New accounts are also prorated
 122 for the first month of service and will average to approximately 1/2 of the Minimum Charge. The reduction in bill count
 123 is necessary to avoid double counting billing units during months when account ownership changes. The reduction is
 124 based on the actual number of meters in this class discontinuing and establishing service during the test year.

Class: All
 Meter Size: 1"
 Sub Class:

Rate Tiers	Present Rates	Proposed Rates	Charges	Present Rates	Proposed Rates
Tier One Breakover (M gal):	-	-	Base Charge:	\$ 52.00	\$ 65.18
Tier Two Breakover (M gal):	16	15	Tier One Rate:	\$ -	\$ -
Tier Three Breakover (M gal):	999,999	999,999	Tier Two Rate:	\$ 7.00	\$ 7.76
			Tier Three Rate:	\$ 8.50	\$ 9.70

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	% of Total	Cumulative Consumption Amount	% of Total
1	-	19	-	-	19	17.59%	-	0.00%
2	1	11	628	6,910	30	27.78%	6,910	0.38%
3	1,001	2	1,190	2,380	32	29.63%	9,290	0.51%
4	2,001	1	2,700	2,700	33	30.56%	11,990	0.65%
5	3,001	3	3,667	11,000	36	33.33%	22,990	1.26%
6	4,001	3	4,630	13,890	39	36.11%	36,880	2.01%
7	5,001	1	5,380	5,380	40	37.04%	42,260	2.31%
8	6,001	3	6,277	18,830	43	39.81%	61,090	3.34%
9	7,001	3	7,577	22,730	46	42.59%	83,820	4.58%
10	8,001	1	8,070	8,070	47	43.52%	91,890	5.02%
11	9,001	2	9,875	19,750	49	45.37%	111,640	6.10%
12	10,001	-	-	-	49	45.37%	111,640	6.10%
13	11,001	2	11,500	23,000	51	47.22%	134,640	7.35%
14	12,001	3	12,303	36,910	54	50.00%	171,550	9.37%
15	13,001	1	13,160	13,160	55	50.93%	184,710	10.09%
16	14,001	-	-	-	55	50.93%	184,710	10.09%
17	15,001	4	15,338	61,350	59	54.63%	246,060	13.44%
18	16,001	4	16,580	66,320	63	58.33%	312,380	17.06%
19	17,001	4	17,253	69,010	67	62.04%	381,390	20.83%
20	18,001	1	18,850	18,850	68	62.96%	400,240	21.86%
21	19,001	2	19,385	38,770	70	64.81%	439,010	23.98%
22	20,001	5	20,532	102,660	75	69.44%	541,670	29.59%
23	21,001	1	21,420	21,420	76	70.37%	563,090	30.76%
24	22,001	3	22,520	67,560	79	73.15%	630,650	34.45%
25	23,001	2	23,305	46,610	81	75.00%	677,260	36.99%
26	24,001	-	-	-	81	75.00%	677,260	36.99%
27	25,001	-	-	-	81	75.00%	677,260	36.99%
28	26,001	-	-	-	81	75.00%	677,260	36.99%
29	27,001	-	-	-	81	75.00%	677,260	36.99%
30	28,001	-	-	-	81	75.00%	677,260	36.99%
31	29,001	1	29,580	29,580	82	75.93%	706,840	38.61%
32	30,001	-	-	-	82	75.93%	706,840	38.61%
33	31,001	2	31,140	62,280	84	77.78%	769,120	42.01%
34	32,001	1	32,720	32,720	85	78.70%	801,840	43.80%
35	33,001	-	-	-	85	78.70%	801,840	43.80%
36	34,001	-	-	-	85	78.70%	801,840	43.80%
37	35,001	2	35,220	70,440	87	80.56%	872,280	47.64%
38	36,001	2	36,595	73,190	89	82.41%	945,470	51.64%
39	37,001	2	37,095	74,190	91	84.26%	1,019,660	55.69%
40	38,001	-	-	-	91	84.26%	1,019,660	55.69%
41	39,001	-	-	-	91	84.26%	1,019,660	55.69%
42	40,001	3	40,563	121,690	94	87.04%	1,141,350	62.34%
43	41,001	2	41,525	83,050	96	88.89%	1,224,400	66.88%
44	42,001	-	-	-	96	88.89%	1,224,400	66.88%
45	43,001	3	43,450	130,350	99	91.67%	1,354,750	74.00%
46	44,001	1	44,500	44,500	100	92.59%	1,399,250	76.43%
47	45,001	1	45,220	45,220	101	93.52%	1,444,470	78.90%
48	46,001	1	46,790	46,790	102	94.44%	1,491,260	81.45%
49	47,001	1	47,550	47,550	103	95.37%	1,538,810	84.05%
50	48,001	-	-	-	103	95.37%	1,538,810	84.05%
51	49,001	-	-	-	103	95.37%	1,538,810	84.05%
52	50,001	-	-	-	103	95.37%	1,538,810	84.05%
53	51,001	1	51,540	51,540	104	96.30%	1,590,350	86.87%

Baca Float Water Company, Inc. - Water Division

Test Year Ended August 31, 2023

Bill Count

Exhibit: RLJ-DT2

Schedule H-5

Witness: Jones

Class: All
 Meter Size: 1"
 Sub Class:

Rate Tiers	Present Rates	Proposed Rates	Charges	
			Present Rates	Proposed Rates
Base Charge:			\$ 52.00	\$ 65.18
Tier One Breakover (M gal):	-	-	Tier One Rate: \$ -	\$ -
Tier Two Breakover (M gal):	16	15	Tier Two Rate: \$ 7.00	\$ 7.76
Tier Three Breakover (M gal):	999,999	999,999	Tier Three Rate: \$ 8.50	\$ 9.70

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills		Cumulative Consumption	
					No.	% of Total	Amount	% of Total
54	52,001 -	53,000	-	-	104	96.30%	1,590,350	86.87%
55	53,001 -	54,000	1	53,290	105	97.22%	1,643,640	89.78%
56	54,001 -	55,000	-	-	105	97.22%	1,643,640	89.78%
57	55,001 -	56,000	-	-	105	97.22%	1,643,640	89.78%
58	56,001 -	57,000	-	-	105	97.22%	1,643,640	89.78%
59	57,001 -	58,000	-	-	105	97.22%	1,643,640	89.78%
60	58,001 -	59,000	2	58,525	107	99.07%	1,760,690	96.17%
61	59,001 -	60,000	-	-	107	99.07%	1,760,690	96.17%
62	60,001 -	61,000	-	-	107	99.07%	1,760,690	96.17%
63	61,001 -	62,000	-	-	107	99.07%	1,760,690	96.17%
64	62,001 -	63,000	-	-	107	99.07%	1,760,690	96.17%
65	63,001 -	64,000	-	-	107	99.07%	1,760,690	96.17%
66	64,001 -	65,000	-	-	107	99.07%	1,760,690	96.17%
67	65,001 -	66,000	-	-	107	99.07%	1,760,690	96.17%
68	66,001 -	67,000	-	-	107	99.07%	1,760,690	96.17%
69	67,001 -	68,000	-	-	107	99.07%	1,760,690	96.17%
70	68,001 -	69,000	-	-	107	99.07%	1,760,690	96.17%
71	69,001 -	70,000	-	-	107	99.07%	1,760,690	96.17%
72	70,001 -	71,000	1	70,130	108	100.00%	1,830,820	100.00%
73	71,001 -	72,000	-	-	108	100.00%	1,830,820	100.00%
74	72,001 -	73,000	-	-	108	100.00%	1,830,820	100.00%
75	73,001 -	74,000	-	-	108	100.00%	1,830,820	100.00%
76	74,001 -	75,000	-	-	108	100.00%	1,830,820	100.00%
77	75,001 -	76,000	-	-	108	100.00%	1,830,820	100.00%
78	76,001 -	77,000	-	-	108	100.00%	1,830,820	100.00%
79	77,001 -	78,000	-	-	108	100.00%	1,830,820	100.00%
80	78,001 -	79,000	-	-	108	100.00%	1,830,820	100.00%
81	79,001 -	80,000	-	-	108	100.00%	1,830,820	100.00%
82	80,001 -	81,000	-	-	108	100.00%	1,830,820	100.00%
83	81,001 -	82,000	-	-	108	100.00%	1,830,820	100.00%
84	82,001 -	83,000	-	-	108	100.00%	1,830,820	100.00%
85	83,001 -	84,000	-	-	108	100.00%	1,830,820	100.00%
86	84,001 -	85,000	-	-	108	100.00%	1,830,820	100.00%
87	85,001 -	86,000	-	-	108	100.00%	1,830,820	100.00%
88	86,001 -	87,000	-	-	108	100.00%	1,830,820	100.00%
89	87,001 -	88,000	-	-	108	100.00%	1,830,820	100.00%
90	88,001 -	89,000	-	-	108	100.00%	1,830,820	100.00%
91	89,001 -	90,000	-	-	108	100.00%	1,830,820	100.00%
92	90,001 -	91,000	-	-	108	100.00%	1,830,820	100.00%
93	91,001 -	92,000	-	-	108	100.00%	1,830,820	100.00%
94	92,001 -	93,000	-	-	108	100.00%	1,830,820	100.00%
95	93,001 -	94,000	-	-	108	100.00%	1,830,820	100.00%
96	94,001 -	95,000	-	-	108	100.00%	1,830,820	100.00%
97	95,001 -	96,000	-	-	108	100.00%	1,830,820	100.00%
98	96,001 -	97,000	-	-	108	100.00%	1,830,820	100.00%
99	97,001 -	98,000	-	-	108	100.00%	1,830,820	100.00%
100	98,001 -	99,000	-	-	108	100.00%	1,830,820	100.00%
101	99,001 -	100,000	-	-	108	100.00%	1,830,820	100.00%

Class: All
 Meter Size: 1"
 Sub Class:

Rate Tiers	Present Rates	Proposed Rates	Charges	Present Rates	Proposed Rates
Tier One Breakover (M gal):	-	-	Base Charge:	\$ 52.00	\$ 65.18
Tier Two Breakover (M gal):	16	15	Tier One Rate:	\$ -	\$ -
Tier Three Breakover (M gal):	999,999	999,999	Tier Two Rate:	\$ 7.00	\$ 7.76
			Tier Three Rate:	\$ 8.50	\$ 9.70

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	% of Total	Cumulative Consumption Amount	% of Total
102								
103	Totals	108		1,830,820	108		1,830,820	
104	Prorated Bills Reduction ¹	-						
105	Total Bills	108						
106								
107								
108								
109	Average Number of Customers		9					
110								
111	Average Consumption (gallons)		16,952					
112								
113	Median Consumption (gallons)		12,303					
114								
115								
116								
117								
118								
119								
120								
121								
122								
123								
124								

¹Customer Base Charges are prorated for billing periods less than 25 days and greater than 35 days. When homes change ownership during a month, two bills are generated. One for each owner for the portion of the month that owner took water service. The sum of the Minimum Charge billed on each of the two billings will approximately equal to the monthly minimum charge for the meter size. New accounts are also prorated for the first month of service and will average to approximately 1/2 of the Minimum Charge. The reduction in bill count is necessary to avoid double counting billing units during months when account ownership changes. The reduction is based on the actual number of meters in this class discontinuing and establishing service during the test year.

Class: All
 Meter Size: 2"
 Sub Class:

Rate Tiers	Present Rates	Proposed Rates	Charges	Present Rates	Proposed Rates
Tier One Breakover (M gal):	-	-	Base Charge:	\$ 130.52	\$ 208.56
Tier Two Breakover (M gal):	90	50	Tier One Rate:	\$ -	\$ -
Tier Three Breakover (M gal):	999,999	999,999	Tier Two Rate:	\$ 7.00	\$ 7.76
			Tier Three Rate:	\$ 8.50	\$ 9.70

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	% of Total	Cumulative Consumption Amount	% of Total
1	-	33	-	-	33	22.92%	-	0.00%
2	1	16	480	7,680	49	34.03%	7,680	0.17%
3	1,001	6	1,400	8,400	55	38.19%	16,080	0.35%
4	2,001	8	2,788	22,300	63	43.75%	38,380	0.83%
5	3,001	5	3,580	17,900	68	47.22%	56,280	1.21%
6	4,001	3	4,433	13,300	71	49.31%	69,580	1.50%
7	5,001	2	5,700	11,400	73	50.69%	80,980	1.74%
8	6,001	4	6,600	26,400	77	53.47%	107,380	2.31%
9	7,001	5	7,760	38,800	82	56.94%	146,180	3.15%
10	8,001	4	8,745	34,980	86	59.72%	181,160	3.90%
11	9,001	7	9,679	67,754	93	64.58%	248,914	5.36%
12	10,001	5	10,463	52,316	98	68.06%	301,230	6.49%
13	11,001	4	11,303	45,211	102	70.83%	346,441	7.46%
14	12,001	5	12,720	63,600	107	74.31%	410,041	8.83%
15	13,001	2	13,229	26,458	109	75.69%	436,499	9.40%
16	14,001	1	14,600	14,600	110	76.39%	451,099	9.72%
17	15,001	3	15,560	46,680	113	78.47%	497,779	10.72%
18	16,001	1	16,200	16,200	114	79.17%	513,979	11.07%
19	17,001	1	18,000	18,000	115	79.86%	531,979	11.46%
20	18,001	-	-	-	115	79.86%	531,979	11.46%
21	19,001	-	-	-	115	79.86%	531,979	11.46%
22	20,001	-	-	-	115	79.86%	531,979	11.46%
23	21,001	-	-	-	115	79.86%	531,979	11.46%
24	22,001	-	-	-	115	79.86%	531,979	11.46%
25	23,001	2	23,300	46,600	117	81.25%	578,579	12.46%
26	24,001	-	-	-	117	81.25%	578,579	12.46%
27	25,001	-	-	-	117	81.25%	578,579	12.46%
28	26,001	-	-	-	117	81.25%	578,579	12.46%
29	27,001	-	-	-	117	81.25%	578,579	12.46%
30	28,001	1	28,800	28,800	118	81.94%	607,379	13.08%
31	29,001	-	-	-	118	81.94%	607,379	13.08%
32	30,001	1	30,600	30,600	119	82.64%	637,979	13.74%
33	31,001	-	-	-	119	82.64%	637,979	13.74%
34	32,001	-	-	-	119	82.64%	637,979	13.74%
35	33,001	1	33,700	33,700	120	83.33%	671,679	14.47%
36	34,001	-	-	-	120	83.33%	671,679	14.47%
37	35,001	-	-	-	120	83.33%	671,679	14.47%
38	36,001	-	-	-	120	83.33%	671,679	14.47%
39	37,001	-	-	-	120	83.33%	671,679	14.47%
40	38,001	-	-	-	120	83.33%	671,679	14.47%
41	39,001	-	-	-	120	83.33%	671,679	14.47%
42	40,001	-	-	-	120	83.33%	671,679	14.47%
43	41,001	-	-	-	120	83.33%	671,679	14.47%
44	42,001	-	-	-	120	83.33%	671,679	14.47%
45	43,001	-	-	-	120	83.33%	671,679	14.47%
46	44,001	-	-	-	120	83.33%	671,679	14.47%
47	45,001	-	-	-	120	83.33%	671,679	14.47%
48	46,001	-	-	-	120	83.33%	671,679	14.47%
49	47,001	-	-	-	120	83.33%	671,679	14.47%
50	48,001	1	48,300	48,300	121	84.03%	719,979	15.51%
51	49,001	-	-	-	121	84.03%	719,979	15.51%
52	50,001	-	-	-	121	84.03%	719,979	15.51%
53	51,001	-	-	-	121	84.03%	719,979	15.51%

Class: All
 Meter Size: 2"
 Sub Class:

Rate Tiers	Present Rates	Proposed Rates	Charges	Present Rates	Proposed Rates
Tier One Breakover (M gal):	-	-	Base Charge:	\$ 130.52	\$ 208.56
Tier Two Breakover (M gal):	90	50	Tier One Rate:	\$ -	\$ -
Tier Three Breakover (M gal):	999,999	999,999	Tier Two Rate:	\$ 7.00	\$ 7.76
			Tier Three Rate:	\$ 8.50	\$ 9.70

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	% of Total	Cumulative Consumption Amount	% of Total
54	52,001 - 53,000	-	-	-	121	84.03%	719,979	15.51%
55	53,001 - 54,000	-	-	-	121	84.03%	719,979	15.51%
56	54,001 - 55,000	1	54,100	54,100	122	84.72%	774,079	16.67%
57	55,001 - 56,000	-	-	-	122	84.72%	774,079	16.67%
58	56,001 - 57,000	-	-	-	122	84.72%	774,079	16.67%
59	57,001 - 58,000	-	-	-	122	84.72%	774,079	16.67%
60	58,001 - 59,000	-	-	-	122	84.72%	774,079	16.67%
61	59,001 - 60,000	-	-	-	122	84.72%	774,079	16.67%
62	60,001 - 61,000	-	-	-	122	84.72%	774,079	16.67%
63	61,001 - 62,000	1	61,800	61,800	123	85.42%	835,879	18.00%
64	62,001 - 63,000	1	62,700	62,700	124	86.11%	898,579	19.35%
65	63,001 - 64,000	-	-	-	124	86.11%	898,579	19.35%
66	64,001 - 65,000	-	-	-	124	86.11%	898,579	19.35%
67	65,001 - 66,000	-	-	-	124	86.11%	898,579	19.35%
68	66,001 - 67,000	1	66,700	66,700	125	86.81%	965,279	20.79%
69	67,001 - 68,000	-	-	-	125	86.81%	965,279	20.79%
70	68,001 - 69,000	-	-	-	125	86.81%	965,279	20.79%
71	69,001 - 70,000	-	-	-	125	86.81%	965,279	20.79%
72	70,001 - 71,000	-	-	-	125	86.81%	965,279	20.79%
73	71,001 - 72,000	-	-	-	125	86.81%	965,279	20.79%
74	72,001 - 73,000	-	-	-	125	86.81%	965,279	20.79%
75	73,001 - 74,000	-	-	-	125	86.81%	965,279	20.79%
76	74,001 - 75,000	-	-	-	125	86.81%	965,279	20.79%
77	75,001 - 76,000	-	-	-	125	86.81%	965,279	20.79%
78	76,001 - 77,000	-	-	-	125	86.81%	965,279	20.79%
79	77,001 - 78,000	-	-	-	125	86.81%	965,279	20.79%
80	78,001 - 79,000	-	-	-	125	86.81%	965,279	20.79%
81	79,001 - 80,000	-	-	-	125	86.81%	965,279	20.79%
82	80,001 - 81,000	2	80,600	161,200	127	88.19%	1,126,479	24.26%
83	81,001 - 82,000	-	-	-	127	88.19%	1,126,479	24.26%
84	82,001 - 83,000	-	-	-	127	88.19%	1,126,479	24.26%
85	83,001 - 84,000	-	-	-	127	88.19%	1,126,479	24.26%
86	84,001 - 85,000	-	-	-	127	88.19%	1,126,479	24.26%
87	85,001 - 86,000	-	-	-	127	88.19%	1,126,479	24.26%
88	86,001 - 87,000	-	-	-	127	88.19%	1,126,479	24.26%
89	87,001 - 88,000	1	87,100	87,100	128	88.89%	1,213,579	26.14%
90	88,001 - 89,000	-	-	-	128	88.89%	1,213,579	26.14%
91	89,001 - 90,000	-	-	-	128	88.89%	1,213,579	26.14%
92	90,001 - 91,000	-	-	-	128	88.89%	1,213,579	26.14%
93	91,001 - 92,000	1	91,800	91,800	129	89.58%	1,305,379	28.12%
94	92,001 - 93,000	1	92,300	92,300	130	90.28%	1,397,679	30.10%
95	93,001 - 94,000	-	-	-	130	90.28%	1,397,679	30.10%
96	94,001 - 95,000	-	-	-	130	90.28%	1,397,679	30.10%
97	95,001 - 96,000	-	-	-	130	90.28%	1,397,679	30.10%
98	96,001 - 97,000	-	-	-	130	90.28%	1,397,679	30.10%
99	97,001 - 98,000	-	-	-	130	90.28%	1,397,679	30.10%
100	98,001 - 99,000	-	-	-	130	90.28%	1,397,679	30.10%
101	99,001 - 100,000	-	-	-	130	90.28%	1,397,679	30.10%
102	131,300 - 131,300	1	131,300	131,300	131	90.97%	1,528,979	32.93%
103	135,200 - 135,200	1	135,200	135,200	132	91.67%	1,664,179	35.84%
104	165,200 - 165,200	1	165,200	165,200	133	92.36%	1,829,379	39.40%
105	205,300 - 205,300	1	205,300	205,300	134	93.06%	2,034,679	43.82%
106	219,200 - 219,200	1	219,200	219,200	135	93.75%	2,253,879	48.55%

Baca Float Water Company, Inc. - Water Division

Test Year Ended August 31, 2023

Bill Count

Exhibit: RLJ-DT2

Schedule H-5

Witness: Jones

Class: All
 Meter Size: 2"
 Sub Class:

Rate Tiers	Present Rates	Proposed Rates	Charges	Present Rates	Proposed Rates
			Base Charge:	\$ 130.52	\$ 208.56
Tier One Breakover (M gal):	-	-	Tier One Rate:	\$ -	\$ -
Tier Two Breakover (M gal):	90	50	Tier Two Rate:	\$ 7.00	\$ 7.76
Tier Three Breakover (M gal):	999,999	999,999	Tier Three Rate:	\$ 8.50	\$ 9.70

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	% of Total	Cumulative Consumption Amount	% of Total	
107	233,300 -	233,300	1	233,300	233,300	136	94.44%	2,487,179	53.57%
108	234,500 -	234,500	1	234,500	234,500	137	95.14%	2,721,679	58.62%
109	236,100 -	236,100	1	236,100	236,100	138	95.83%	2,957,779	63.71%
110	245,600 -	245,600	1	245,600	245,600	139	96.53%	3,203,379	69.00%
111	255,600 -	255,600	1	255,600	255,600	140	97.22%	3,458,979	74.50%
112	265,600 -	265,600	1	265,600	265,600	141	97.92%	3,724,579	80.22%
113	291,800 -	291,800	1	291,800	291,800	142	98.61%	4,016,379	86.51%
114	293,100 -	293,100	1	293,100	293,100	143	99.31%	4,309,479	92.82%
115	333,300 -	333,300	1	333,300	333,300	144	100.00%	4,642,779	100.00%
116									
117	Totals		144	4,642,779	144		4,642,779		
118	Prorated Bills Reduction ¹		-						
119	Total Bills		144						

	Current Rates	Proposed Rates		
	Units	Revenue	Units	Revenue
121	Base Charge	144 \$ 18,795	144 \$ 30,033	
122				
123	Average Number of Customers	12		
124				
125	Average Consumption (gallons)	32,242		
126				
127	Median Consumption (gallons)	5,700		
128				
129	Metered Revenue Total	\$ 54,278	\$ 71,440	

122
 123 ¹Customer Base Charges are prorated for billing periods less than 25 days and greater than 35 days.
 124 When homes change ownership during a month, two bills are generated. One for each owner for the portion of
 125 the month that owner took water service. The sum of the Minimum Charge billed on each of the two billings
 126 will approximately equal to the monthly minimum charge for the meter size. New accounts are also prorated
 127 for the first month of service and will average to approximately 1/2 of the Minimum Charge. The reduction in bill count
 128 is necessary to avoid double counting billing units during months when account ownership changes. The reduction is
 129 based on the actual number of meters in this class discontinuing and establishing service during the test year.
 130
 131

BACA FLOAT
EXHIBIT RLJ-DT3

Standard Schedules - Sewer

Line No.	Original Cost Rate Base			
1	\$ 549,385			
2				
3	43,167			
4				
5	7.86%			
6				
7	10.00%			
8				
9	\$ 54,938			
10				
11	\$ 11,771			
12				
13	1.3522			
14				
15	\$ 15,917			
16				
17	\$ 339,883			
18				
19	\$ 355,800			
20				
21	4.68%			
22				
23	15.44%			
24				
25				
26				
27				
28				
29		Current	Projected	Projected
30	<u>Customer Classification</u>	<u>Rates</u>	<u>Rates</u>	Revenue Increase Due To Rates
31				%
32	<u>Flat Rate Revenue</u>			<u>Dollar</u> <u>Increase</u>
33	Residential	329,124	343,094	13,969
34	Commercial	10,555	11,026	470
35	Subtotal Measured	339,680	354,119	14,440
36				4.25%
37	Guaranteed Revenue	-	-	-
38	Other Wastewater Revenues	2,448	3,917	1,469
39				60.00%
40	Reconciling Amount	(2,244)	(2,235)	\$ 9
41				
42	Subtotal	\$ 339,883	\$ 355,800	\$ 15,917
43				4.68%
44				
45	<u>Supporting Schedules:</u>			
46	B-1 C-1			
47	C-3 H-1			
48				

Baca Float Water Company, Inc. - Sewer Division

Test Year Ended August 31, 2023

Summary Results of Operations

Exhibit: RLJ-DT3

Schedule A-2

Page 1

Witness: Jones

Line No.	Description	Prior Years Ended		Test Year		Projected Year	
		8/31/2021	8/31/2022	Actual 8/31/2023	Adjusted 8/31/2023	Present Rates 8/31/2024	Proposed Rates 8/31/2024
1	Gross Revenues	\$ 326,527	\$ 334,617	\$ 340,170	\$ 339,883	\$ 339,883	\$ 355,800
2	Revenue Deductions and						
3	Operating Expenses	302,852	293,420	323,397	296,716	303,495	303,757
4	Operating Income	23,675	41,198	16,773	43,167	36,388	52,043
5							
6	Other Income and						
7	Deductions	66	33	-	-	-	-
8	Interest Expense	-	-	-	-	-	-
9	Net Income	\$ 23,741	\$ 41,231	\$ 16,773	\$ 43,167	\$ 36,388	\$ 52,043
10							
11	Earned Per Average						
12	Common Share	\$ 16	\$ 27	\$ 11	\$ 29	\$ 24	\$ 34
13							
14	Dividends Per						
15	Common Share	\$ 90.94	\$ 16.53	\$ 24.80	\$ 24.80	\$ 24.80	\$ 24.80
16							
17	Payout Ratio	579.2%	60.6%	223.6%	86.9%	103.1%	72.1%
18							
19	Return on Average						
20	Invested Capital	1.9%	3.6%	1.5%	3.7%	3.1%	4.5%
21							
22	Return on Year End						
23	Capital	2.0%	3.7%	1.5%	3.7%	3.1%	4.5%
24							
25	Return on Average						
26	Common Equity	3.5%	6.8%	2.8%	7.4%	6.4%	9.1%
27							
28	Return on Year End						
29	Common Equity	3.9%	6.8%	2.9%	7.6%	6.4%	9.1%
30							
31	Times Bond Interest Earned						
32	Before Income Taxes	1,841,903.50	n/a	n/a	n/a	n/a	n/a
33							
34	Times Total Interest and						
35	Preferred Dividends Earned						
36	After Income Taxes	591,877.50	n/a	n/a	n/a	n/a	n/a
37							
38							
39	<u>Supporting Schedules:</u>						
40	E-2 F-1						
41	C-1						
42							

Baca Float Water Company, Inc. - Sewer Division

Test Year Ended August 31, 2023

Summary of Capital Structure

Exhibit: RLJ-DT3

Schedule A-3

Page 1

Witness: Jones

Line No.	Description:	Prior Years Ended		Test Year	Projected Year
		8/31/2021	8/31/2022	8/31/2023	8/31/2024
1					
2					
3	Short-Term Debt	-	-	-	-
4	Long-Term Debt	-	-	-	-
5	Total Debt	\$ -	\$ -	\$ -	\$ -
6					
7	Preferred Stock	-	-	-	-
8	Common Equity	614,900	605,762	575,489	569,773
9	Total Capital & Debt	\$ 614,900	\$ 605,762	\$ 575,489	\$ 569,773
10					
11					
12	Capitalization Ratios:				
13					
14	Short-Term Debt	0.00%	0.00%	0.00%	0.00%
15	Long-Term Debt	0.00%	0.00%	0.00%	0.00%
16	Total Debt	0.00%	0.00%	0.00%	0.00%
17					
18	Preferred Stock	0.00%	0.00%	0.00%	0.00%
19	Common Equity	100.00%	100.00%	100.00%	100.00%
20	Total Capital	100.00%	100.00%	100.00%	100.00%
21					
22	Weighted Cost of				
23	Short-term Debt	0.0000%	0.0000%	0.0000%	0.0000%
24					
25	Weighted Cost of				
26	Long-term Debt	#DIV/0!	#DIV/0!	0.0000%	0.0000%
27					
28	Weighted Cost of				
29	Senior Capital	#DIV/0!	#DIV/0!	0.0000%	0.0000%
30					
31					
32					
33					
34					
35	Supporting Schedules:				
36	E-1 D-1				
37					

Baca Float Water Company, Inc. - Sewer Division
 Test Year Ended August 31, 2023
 Construction Expenditures and Gross Utility Plant In Service

Exhibit: RLI-DT3
 Schedule A-4
 Page 1
 Witness: Jones

Line No.	Year		Construction Expenditures	Net Plant Placed In Service	Gross Utility Plant In Service
1					
2	Prior Year Ended	8/31/2021	\$ 31,290	\$ 25,264	\$ 3,592,248
3					
4	Prior Year Ended	8/31/2022	41,493	33,095	3,625,344
5					
6	Test Year Ended	8/31/2023	21,426	35,850	3,661,193
7					
8	Projected Year Ending	8/31/2024	5,000	5,000	3,666,193
9					
10	Projected Year Ending	8/31/2025	50,000	50,000	3,716,193
11					
12	Projected Year Ending	8/31/2026	50,000	50,000	3,766,193
13					
14	<u>Supporting Schedules:</u>				
15	F-3				
16					
17					

Baca Float Water Company, Inc. - Sewer Division

Test Year Ended August 31, 2023

Summary Changes In Financial Position

Exhibit: RLJ-DT3

Schedule A-5

Page 1

Witness: Jones

Line No.		Prior	Prior	Test	Projected Year	
		Year Ended 8/31/2021	Year Ended 8/31/2022	Year Ended 8/31/2023	Present Rates 8/31/2024	Proposed Rates 8/31/2025
1	<u>Source of Funds</u>					
2	Operations	\$ 125,895	\$ 119,223	\$ 70,010	\$ 67,345	\$ 83,000
3						
4	Outside Financing	10,800	11,700	18,900	-	-
5						
6	Total Funds Provided	\$ 136,695	\$ 130,923	\$ 88,910	\$ 67,345	\$ 83,000
7						
8	<u>Application of Funds</u>					
9	Constriction Expenditures	\$ (31,290)	\$ (41,493)	\$ (21,426)	\$ (5,000)	\$ (50,000)
10						
11	Dividends/Distributions	(137,500)	(25,000)	(37,500)	(37,500)	(37,500)
12						
13	Other	-	-	-	-	-
14						
15	Total Funds Applied	\$ (168,790)	\$ (66,493)	\$ (58,926)	\$ (42,500)	\$ (87,500)
16						
17	Change in Allocation between Departments	\$ 3,973	\$ (25,369)	\$ (9,546)	\$ -	\$ -
18						
19	Net Increase/(Decrease) in Cash	\$ (28,122)	\$ 39,060	\$ 20,439	\$ 24,845	\$ (4,500)
20						
21						
22						
23	<u>Supporting Schedules:</u>					
24	E-3					
25	F-2					
26						

Baca Float Water Company, Inc. - Sewer Division
 Test Year Ended August 31, 2023
 Summary of Original Cost Rate Base Elements

Exhibit: RLJ-DT3
 Schedule B-1
 Page 1
 Witness: Jones

Line No.	Original Cost Rate Base*
1	
2	Gross Utility Plant in Service \$ 3,719,270
3	
4	Less: Accumulated Depreciation (2,885,442)
5	
6	Net Utility Plant in Service 833,827
7	
8	Less:
9	Advances in Aid of Construction -
10	
11	Contributions in Aid of Construction 2,578,302
12	Accumulated Amortization of CIAC (2,145,134)
13	Contributions in Aid of Construction - Net 433,168
14	
15	Customer Security Deposits -
16	Deferred Income Taxes (120,861)
17	
18	Plus:
19	Working Capital 27,865
20	Net Regulatory Asset / (Liability) -
21	
22	Rate Base \$ 549,385
23	
24	* including pro forma adjustments
25	
26	
27	<u>Supporting Schedules:</u>
28	B-2 B-5
29	E-1
30	

Recap Schedules:
 A-1

Line No.	Actual End of Test Year	ADJ OC-1	ADJ OC-2	ADJ OC-3	ADJ OC-4	Total Pro Forma Adjustments	Adjusted End of Test Year
1							
2	\$ 3,661,193	\$ 58,076				\$ 58,076	\$ 3,719,270
3							
4	(2,867,443)		(17,999)			(17,999)	(2,885,442)
5							
6	793,750	58,076	(17,999)	-	-	40,077	833,827
7							
8	Less:						
9	Advances in Aid of Construction	-				-	-
10							
11	2,578,302			-		-	2,578,302
12	(2,144,965)			(169)		(169)	(2,145,134)
13	433,337	-	-	(169)	-	(169)	433,168
14							
15	Customer Security Deposits	-				-	-
16	Deferred Income Taxes	(120,861)				-	(120,861)
17							
18	Plus:						
19	Working Capital	27,865				-	27,865
20	Net Regulatory Asset / (Liability)					-	-
21							
22	\$ 509,139	\$ 58,076	\$ (17,999)	\$ 169	\$ -	\$ 40,246	\$ 549,385
23							
24							
25							
26							
27							
28	<u>Supporting Schedules:</u>					<u>Recap Schedules:</u>	
29	E-1					B-1	
30							

Baca Float Water Company, Inc. - Sewer Division

Test Year Ended August 31, 2023

Rate Base Adjustment OC-1

Plant In Service Adjustments

Exhibit: RLJ-DT3

Schedule B-2

Page 2

Witness: Jones

Baca Float Water Company, Inc. - Sewer Division

Line No.	Acct No.	Description	Book Adjustments		Adjusted Book End of Test Year	Rate Making Adjustments				Total Rate Making Adjustments	Adjusted End of Test Year
			Actual End of Test Year	Not Used		Not Used	[OC-1.1] Allocated Plant Sierra Vista	[OC-1.2] Allocated Plant Glendale	Not Used		
4	351	Organization Cost	\$ -		\$ -	\$ -	\$ -			\$ -	\$ -
5	352	Franchise Cost	-		-					-	-
6	353	Land and Land Rights	1,631		1,631					-	1,631
7	354	Structures & Improvements	79,242		79,242	207	2,507			2,713	81,956
8	355	Power Generation Equipment	1,935		1,935					-	1,935
9	360	Collection Sewers - Force	-		-					-	-
10	360.1	Collection Sewers - Lift Station	-		-					-	-
11	361	Collection Sewers - Gravity	2,186,640		2,186,640					-	2,186,640
12	362	Special Collection Structures	5,200		5,200					-	5,200
13	363	Services to Customers	6,925		6,925					-	6,925
14	364	Flow Measuring Devices	293		293					-	293
15	365	Flow Measuring Installations	-		-					-	-
16	366	Reuse Services	-		-					-	-
17	367	Reuse Meters and Meter Installations	-		-					-	-
18	370	Receiving Wells	-		-					-	-
19	371	Pumping Equipment	111,919		111,919					-	111,919
20	374	Reuse Distribution Reservoirs	-		-					-	-
21	375	Reuse Transmission and Distribution System	-		-					-	-
22	380	Treatment and Disposal Equipment	733,153		733,153					-	733,153
23	381	Plant Sewers	483,762		483,762					-	483,762
24	382	Outfall Sewer Lines	-		-					-	-
25	389	Other Plant & Misc. Equipment	27,595		27,595					-	27,595
26	390	Office Furniture & Equipment	981		981	888	234			1,121	2,102
27	390.1	Computers & Software	-		-	-	10,103			10,103	10,103
28	391	Transportation Equipment	20,847		20,847	38,822	-			38,822	59,668
29	392	Stores Equipment	-		-					-	-
30	393	Tools, Shop & Garage Equipment	1,071		1,071	5,317	-			5,317	6,388
31	394	Laboratory Equipment	-		-					-	-
32	395	Power Operated Equipment	-		-					-	-
33	396	Communication Equipment	-		-					-	-
34	397	Miscellaneous Equipment	-		-					-	-
35	398	Other Tangible Plant	-		-					-	0
39		TOTALS	\$ 3,661,193	\$ -	\$ 3,661,193	\$ 45,233	\$ 12,844	\$ -	\$ -	\$ 58,076	\$ 3,719,270
40		Equity Adjustments (Schedule D-1)									Equity Adj. \$ -
42		Plant In Service per Books									\$ 3,661,193
44		Increase / (Decrease) in Plant in Service									\$ 58,076

47 Supporting Schedules:

Workpapers:

See following pages for workpapers

Allocated Corporate Plant - Sierra Vista Operations Office

This adjustment allocates Hearthstone Water corporate plant associated with the Sierra Vista Operations Office serving the Baca Float sewer system. The costs are allocated based on a 3-Factor allocation methodology between the five water and two sewer operations serviced by the Sierra Vista Operations Office.

Line No.	Plant Acct	Description	Allocated Plant	Less TY Baca Plant Allocated	Adjustment
1					
2	354	Structures & Improvements	206.64		\$ 206.64
3	390	Office Furniture & Equip	887.79		887.79
4	390.1	Computer & Software	-		-
5	391	Transportation Equip	38,821.79	(20,846.65)	17,975.14
6	393	Tools, Shop & Garage Equip	5,316.51		5,316.51
7			45,232.73	(20,846.65)	24,386.08
8					
9					
10		Total Increase/(Decrease) in Plant In Service			\$ 24,386.08
11					
12		<u>Workpapers:</u>			
13		HWS Shared Cost Allocation.xlsx			
14		HWI 3-Factor Allocation 2023.08.31 (Annualized) Rev2.xlsx			
15					

Allocated Corporate Plant - Glendale Corporate Office

This adjustment allocates Hearthstone Water corporate plant associated with the Glendale, Arizona Corporate Office. The costs are allocated based on a 3-Factor allocation methodology between all Hearthston Water utility subsidiaries.

Line No.	Plant Acct	Description	Allocated Plant
1			
2	354	Structures & Improvements	2,506.81
3	390	Office Furniture & Equip	233.67
4	390.1	Computer & Software	10,103.16
5	391	Transportation Equip	-
6	393	Tools, Shop & Garage Equip	-
7			<u>12,843.64</u>
8			
9			
10		Total Increase/(Decrease) in Plant In Service	<u>\$ 12,843.64</u>
11			
12		<u>Workpapers:</u>	
13		HWS Shared Cost Allocation.xlsx	
14		HWI 3-Factor Allocation 2023.08.31 (Annualized) Rev2.xlsx	
15			

Line No.	Acct No.	Description	Book Adjustments			Rate Making Adjustments				Total Rate Making Adjustments	Adjusted End of Test Year		
			Actual End of Test Year	[OC-2.1] Classify A/D To Plant Accounts	Not Used	Adjusted Book End of Test Year ¹	[OC-2.2] Allocated A/D Sierra Vista	[OC-2.3] Allocated A/D Glendale	Not Used			Not Used	
4	351	Organization Cost		\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
5	352	Franchise Cost		-		-	-	-	-	-	-		
6	353	Land and Land Rights		-		-	-	-	-	-	-		
7	354	Structures & Improvements		50,945		50,945	8	174	-	-	182	51,127	
8	355	Power Generation Equipment		1,080		1,080	-	-	-	-	-	1,080	
9	360	Collection Sewers - Force		-		-	-	-	-	-	-	-	
10	360.1	Collection Sewers - Lift Station		-		-	-	-	-	-	-	-	
11	361	Collection Sewers - Gravity		1,671,462		1,671,462	-	-	-	-	-	1,671,462	
12	362	Special Collection Structures		537		537	-	-	-	-	-	537	
13	363	Services to Customers		1,364		1,364	-	-	-	-	-	1,364	
14	364	Flow Measuring Devices		293		293	-	-	-	-	-	293	
15	365	Flow Measuring Installations		-		-	-	-	-	-	-	-	
16	366	Reuse Services		-		-	-	-	-	-	-	-	
17	367	Reuse Distribution Reservoirs		-		-	-	-	-	-	-	-	
18	370	Receiving Wells		-		-	-	-	-	-	-	-	
19	371	Pumping Equipment		25,177		25,177	-	-	-	-	-	25,177	
20	374	Reuse Distribution Reservoirs		-		-	-	-	-	-	-	-	
21	375	Reuse Transmission and Distribution System		-		-	-	-	-	-	-	-	
22	380	Treatment and Disposal Equipment		733,153		733,153	-	-	-	-	-	733,153	
23	381	Plant Sewers		340,961		340,961	-	-	-	-	-	340,961	
24	382	Outfall Sewer Lines		-		-	-	-	-	-	-	-	
25	389	Other Plant & Misc. Equipment		26,910		26,910	-	-	-	-	-	26,910	
26	390	Office Furniture & Equipment		981		981	32	29	-	-	60	1,041	
27	390.1	Computers & Software		-		-	-	1,026	-	-	1,026	1,026	
28	391	Transportation Equipment		19,943		19,943	10,709	-	-	-	10,709	30,652	
29	392	Stores Equipment		-		-	-	-	-	-	-	-	
30	393	Tools, Shop & Garage Equipment		521		521	137	-	-	-	137	658	
31	394	Laboratory Equipment		-		-	-	-	-	-	-	-	
32	395	Power Operated Equipment		-		-	-	-	-	-	-	-	
33	396	Communication Equipment		-		-	-	-	-	-	-	-	
34	397	Miscellaneous Equipment		-		-	-	-	-	-	-	-	
35	398	Other Tangible Plant		-		-	-	-	-	-	-	-	
39		Unspecified Plant Account	2,867,443	(2,867,443)		-	-	-	-	-	-	-	
40		TOTALS	\$ 2,867,443	\$ 5,885	\$ -	\$ 2,873,328	\$ 10,886	\$ 1,228	\$ -	\$ -	\$ 12,114	\$ 2,885,442	Total Equity Adj: \$ (5,885)
41		Equity Adjustments (Schedule D-1)		\$ (5,885)					\$ -				
43		Accumulated Depreciation per Books										\$ 2,867,443	
45		Increase / (Decrease) in Accumulated Depreciation										\$ 17,999	
48		Supporting Schedules:											
49													
50													

Workpapers:
 See following pages for workpapers

Classify Accumulated Depreciation to Plant Accounts

This adjustment classifies accumulated depreciation to various plant accounts based on detailed plant and depreciation schedule.

Line No.	Plant Acct	Description	Accumulated Depreciation Per Detailed Plant Schedule	Accumulated Depreciation Per General Ledger	Adjustment
1	351	Organization Cost	\$ -		\$ -
2	352	Franchise Cost	-		-
3	353	Land and Land Rights	-		-
4	354	Structures & Improvements	50,945.41		50,945.41
5	355	Power Generation Equipment	1,080.38		1,080.38
6	360	Collection Sewers - Force	-		-
7	360.1	Collection Sewers - Lift Station	-		-
8	361	Collection Sewers - Gravity	1,671,461.72		1,671,461.72
9	362	Special Collection Structures	537.37		537.37
10	363	Services to Customers	1,364.42		1,364.42
11	364	Flow Measuring Devices	293.28		293.28
12	365	Flow Measuring Installations	-		-
13	366	Reuse Services	-		-
14	367	Reuse Distribution Reservoirs	-		-
15	370	Receiving Wells	-		-
16	371	Pumping Equipment	25,177.05		25,177.05
17	374	Reuse Distribution Reservoirs	-		-
18	375	Reuse Transmission and Distribution System	-		-
19	380	Treatment and Disposal Equipment	733,153.00		733,153.00
20	381	Plant Sewers	340,960.88		340,960.88
21	382	Outfall Sewer Lines	-		-
22	389	Other Plant & Misc. Equipment	26,909.68		26,909.68
23	390	Office Furniture & Equipment	981.00		981.00
24	390.1	Computers & Software	-		-
25	391	Transportation Equipment	19,942.65		19,942.65
26	392	Stores Equipment	-		-
27	393	Tools, Shop & Garage Equipment	521.33		521.33
28	394	Laboratory Equipment	-		-
29	395	Power Operated Equipment	-		-
30	396	Communication Equipment	-		-
31	397	Miscellaneous Equipment	-		-
32	398	Other Tangible Plant	-		-
33				2,867,442.79	(2,867,442.79)
34			\$ 2,873,328.17	\$ 2,867,442.79	\$ 5,885.38
35					
36					
37		Total Increase/(Decrease) in Accumulated Depreciation			\$ 5,885.38

Workpapers:

Baca book depreciation.xlsx, Tab: Sewer UPIS

41
42

Allocated Corporate Accumulated Depreciation - Sierra Vista Operations Office

This adjustment allocates Hearststone Water corporate accumulated depreciation associated with the plant located at the Sierra Vista Operations Office serving the Baca Float sewer system. The costs are allocated based on a 3-Factor allocation methodology between the five water and two sewer operations serviced by the Sierra Vista Operations Office.

Line No.	Plant Acct	Description	Allocated A/D	Less TY Baca A/D Allocated	Adjustment
1					
2	354	Structures & Improvements	8.03		\$ 8.03
3	390	Office Furniture & Equip	31.50		31.50
4	390.1	Computer & Software	-		-
5	391	Transportation Equip	10,709.45	(19,942.65)	(9,233.20)
6	393	Tools, Shop & Garage Equip	137.01		137.01
7			10,885.99	(19,942.65)	(9,056.66)
8					
9					
10		Total Increase/(Decrease) in Accumulated Depreciation			\$ (9,056.66)
11					
12		<u>Workpapers:</u>			
13		HWS Shared Cost Allocation.xlsx			
14		HWI 3-Factor Allocation 2023.08.31 (Annualized) Rev2.xlsx			
15					

Allocated Corporate Accumulated Depreciation - Glendale Corporate Office

This adjustment allocates Hearststone Water corporate accumulated depreciation associated with the plant located at the Glendale, Arizona Corporate Office. The costs are allocated based on a 3-Factor allocation methodology between all Hearststone Water utility subsidiaries.

Line No.	Plant Acct	Description	Allocated A/D
1			
2	354	Structures & Improvements	173.54
3	390	Office Furniture & Equip	28.56
4	390.1	Computer & Software	1,026.01
5	391	Transportation Equip	-
6	393	Tools, Shop & Garage Equip	-
7			1,228.11
8			
9			
10		Total Increase/(Decrease) in Accumulated Depreciation	\$ 1,228.11
11			
12		<u>Workpapers:</u>	
13		HWS Shared Cost Allocation.xlsx	
14		HWI 3-Factor Allocation 2023.08.31 (Annualized) Rev2.xlsx	
15			

Contributions-In-Aid of Construction (CIAC) and Accumulated Amortization of CIAC

<u>Line No.</u>		<u>CIAC</u>	<u>Accumulated Amortization</u>
1			
2	Workpaper Balance at 08/31/2023	\$ 2,578,302.00	\$ 2,145,133.98
3			
4	Book Balance at 08/31/2023	\$ 2,578,302.00	\$ 2,144,964.88
5			
6	Increase / (Decrease) in CIAC or AA CIAC	\$ -	\$ 169.10
7			
8	Equity Adjustments (Schedule D-1)	\$ -	\$ 169.10
9			
10			
11			
12			
13			
14			
15	<u>Supporting Schedules:</u>	<u>Workpaper:</u>	
16	Schedule B-2, Page 8	Baca book depreciation.xlsx, Tab: Sewer CIAC	
17			

Baca Float Water Company, Inc. - Sewer Division

Test Year Ended August 31, 2023

Computation of Working Capital

Exhibit: RLJ-DT3

Schedule B-5

Page 1

Witness: Jones

<u>Line</u>		<u>Working Capital</u>
<u>No.</u>		
1		
2	Cash Working Capital	\$ 27,771
3		
4	Material and Supplies Inventories	-
5		
6	Working Funds and Special Deposits	
7	CoBank Debt Reserve	
8	Investment in CoBank	
9		
10	Prepayments	93
11		
12	Total Working Capital Allowance	<u>\$ 27,865</u>
13		
14	<u>Supporting Schedules:</u>	
15	E-1	
16		

Recap Schedules:

B-1

Baca Float Water Company, Inc. - Sewer Division

Test Year Ended August 31, 2023

Computation of Working Capital

Exhibit: RLJ-DT3

Schedule B-5

Page 2

Witness: Jones

Line		
<u>No.</u>		
1		
2	Operation and Maintenance Expense	\$ 216,771
3	Less depreciation, taxes, purchased	
4	power and purchased treatment	
5	Factor - 1/8	<u>0.1250</u>
6		\$ 27,096
7		
8	Purchased Power and Purchased Treatment	\$ 16,202
9	Factor - 1/24	<u>0.0417</u>
10		\$ 675
11		
12	Total Cash Working Capital	<u><u>\$ 27,771</u></u>
13		
14		

Baca Float Water Company, Inc. - Sewer Division
 Test Year Ended August 31, 2023
 Adjusted Test Year Income Statement

Exhibit: RLI-DT3
 Schedule C-1
 Page 1
 Witness: Jones

Line No.		Actual for Test Year Ended 8/31/2023	Total Pro forma Adjustments	Test Year Results After Pro forma Adjustments	Proposed Rate Increase	Adjusted With Rate Increase
1	Revenues					
2	521 Flat Rate Revenue	\$ 337,698	\$ (263)	\$ 337,435	14,448	\$ 351,884
3	522 Measured Revenues	-	-	-		-
4	530 Guaranteed Revenues	-	-	-		-
5	536 Other Wastewater Revenue	2,471	(23)	2,448	1,469	3,917
6	Total Revenues	\$ 340,170	\$ (287)	\$ 339,883	\$ 15,917	\$ 355,800
7	Operating Expenses					
8	701 Salaries and Wages	\$ 70,492	\$ 8,901	\$ 79,394		\$ 79,394
9	703 Salaries and Wages - Officers and Directors	-	-	-		-
10	704 Employee Pension and Benefits	2,740	2,227	4,967		4,967
11	710 Purchased Wastewater	-	-	-		-
12	711 Sludge Removal Expense	-	-	-		-
13	715 Purchased Power	16,202	-	16,202		16,202
14	718 Chemicals	10,184	-	10,184		10,184
15	720.0 Materials and Supplies	-	-	-		-
16	720.1 Repairs and Maintenance	7,217	4,824	12,042		12,042
17	720 Office Supplies Expense	2,738	2,272	5,010		5,010
18	731 Contractual Services - Engineering	3,827	-	3,827		-
19	732 Contractual Services - Accounting	3,764	54	3,818		3,818
20	733 Contractual Services - Legal	3,597	121	3,718		3,718
21	734 Contractual Services - Management Fees	70,152	(39,027)	31,125		31,125
22	735 Contractual Services - Testing	21,466	-	21,466		21,466
23	736 Contractual Services - Other	-	7,911	7,911		7,911
24	741 Rent - Buildings	-	3,303	3,303		3,303
25	742 Rent - Equipment	-	-	-		-
26	750 Transportation Expense	4,648	4,945	9,594		9,594
27	756 Insurance - Vehicle	-	-	-		-
28	757 Insurance - General Liability	7,108	704	7,812		7,812
29	758 Insurance -Worker's Compensation	388	(191)	197		197
30	759 Insurance - Other	7,538	(1,026)	6,512		6,512
31	766 Regulatory Commission Expense - Rate Case	-	-	-		-
32	770 Bad Debt Expense	370	-	370	17	387
33	775 Miscellaneous Expense	1,360	2,138	3,498		3,498
34	403 Depreciation Expense	38,975	(8,920)	30,055		30,055
35	407 Amortization Expense	-	-	-		-
36	408 Taxes Other Than Income	5,043	137	5,180		5,180
37	408.1 Property Taxes	14,413	(196)	14,217	232	14,449
38	409 Income Tax	29,147	(14,857)	14,290	3,897	18,187
39	427.1 Interest Expense Security Deposits	-	-	-		-
40	Total Operating Expenses	\$ 323,397	\$ (26,681)	\$ 296,716	\$ 4,146	\$ 300,862
41	Operating Income	\$ 16,773	\$ 26,395	\$ 43,167	\$ 11,771	\$ 54,938
42	Other Income (Expense)					
43	419 Interest and Dividend Income	\$ -	\$ -	\$ -		\$ -
44	421 Non-Utility Income	-	-	-		-
45	426 Miscellaneous Non-Utility Expenses	-	-	-		-
46	427 Interest Expense	-	-	-		-
47	428 Amortization of Debt Discount and Expense	-	-	-		-
48	429 Amortization of Premium on Debt	-	-	-		-
49	Total Other Income (Expense)	\$ -	\$ -	\$ -	\$ -	\$ -
50	Net Income (Loss)	\$ 16,773	\$ 26,395	\$ 43,167	\$ 11,771	\$ 54,938

51
 52 Supporting Schedules:
 53 E-2
 54
 55

Recap Schedules:
 A-1

Baca Float Water Company, Inc. - Sewer Division
 Test Year Ended August 31, 2023
 Income Statement Pro forma Adjustments

Exhibit: RLJ-DT3
 Schedule C-2
 Page 1
 Witness: Jones

Line No.		Actual for Test Year Ended 8/31/2023	ADJ IS-1	ADJ IS-2	ADJ IS-3	ADJ IS-4	Not Used IS-5	Not Used IS-6
1	Revenues							
2	521 Flat Rate Revenue	\$ 337,698				\$ (263)		
3	522 Measured Revenues	-						
4	530 Guaranteed Revenues	-						
5	536 Other Wastewater Revenue	2,471				(23)		
6	Total Revenues	<u>\$ 340,170</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (287)</u>	<u>\$ -</u>	<u>\$ -</u>
7	Operating Expenses							
8	701 Salaries and Wages	\$ 70,492		\$ (11,115)	\$ 20,016			
9	703 Salaries and Wages - Officers and Directors	-						
10	704 Employee Pension and Benefits	2,740		848	1,379			
11	710 Purchased Wastewater	-						
12	711 Sludge Removal Expense	-						
13	715 Purchased Power	16,202						
14	718 Chemicals	10,184						
15	720 Materials and Supplies	-						
16	720.1 Repairs and Maintenance	7,217		4,824				
17	720.2 Office Supplies Expense	2,738		1,986	286			
18	731 Contractual Services - Engineering	3,827						
19	732 Contractual Services - Accounting	3,764				54		
20	733 Contractual Services - Legal	3,597				121		
21	734 Contractual Services - Management Fees	70,152	(10,152)		(28,875)			
22	735 Contractual Services - Testing	21,466						
23	736 Contractual Services - Other	-				7,911		
24	741 Rent - Buildings	-		2,393	909			
25	742 Rent - Equipment	-						
26	750 Transportation Expense	4,648		4,932	13			
27	756 Insurance - Vehicle	-						
28	757 Insurance - General Liability	7,108				704		
29	758 Insurance - Worker's Compensation	388		(220)	28			
30	759 Insurance - Other	7,538		(1,201)	175			
31	766 Regulatory Commission Expense - Rate Case	-						
32	770 Bad Debt Expense	370						
33	775 Miscellaneous Expense	1,360		1,019	1,119			
34	403 Depreciation Expense	38,975		5,828	1,462			
35	407 Amortization Expense	-						
36	408 Taxes Other Than Income	5,043		(954)	1,091			
37	408.11 Property Taxes	14,413						
38	409 Income Tax	29,147						
39	427.1 Interest Expense Security Deposits	-						
40	Total Operating Expenses	<u>\$ 323,397</u>	<u>\$ (10,152)</u>	<u>\$ 8,341</u>	<u>\$ 6,392</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
41	Operating Income	<u>\$ 16,773</u>	<u>\$ 10,152</u>	<u>\$ (8,341)</u>	<u>\$ (6,392)</u>	<u>\$ (287)</u>	<u>\$ -</u>	<u>\$ -</u>
42	Other Income (Expense)							
43	419 Interest and Dividend Income	\$ -						
44	421 Non-Utility Income	-						
45	426 Miscellaneous Non-Utility Expenses	-						
46	427 Interest Expense	-						
47	Total Other Income (Expense)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
48	Net Income (Loss)	<u>\$ 16,773</u>	<u>\$ 10,152</u>	<u>\$ (8,341)</u>	<u>\$ (6,392)</u>	<u>\$ (287)</u>	<u>\$ -</u>	<u>\$ -</u>

50 Supporting Schedules:
 51
 52

Recap Schedules:
 C-1

Line No.		Not Used IS-7	ADJ IS-8	ADJ IS-9	ADJ IS-10	Total Adjustments	Test Year Adjusted Results
1	Revenues						
2	521 Flat Rate Revenue					\$ (263)	\$ 337,435
3	522 Measured Revenues					-	-
4	530 Guaranteed Revenues					-	-
5	536 Other Wastewater Revenue					(23)	2,448
6	Total Revenues	\$ -	\$ -	\$ -	\$ -	\$ (287)	\$ 339,883
7	Operating Expenses						
8	701 Salaries and Wages					\$ 8,901	\$ 79,394
9	703 Salaries and Wages - Officers and Directors					-	-
10	704 Employee Pension and Benefits					2,227	4,967
11	710 Purchased Wastewater					-	-
12	711 Sludge Removal Expense					-	-
13	715 Purchased Power					-	16,202
14	718 Chemicals					-	10,184
15	720 Materials and Supplies					-	-
16	720.1 Repairs and Maintenance					4,824	12,042
17	720.2 Office Supplies Expense					2,272	5,010
18	731 Contractual Services - Engineering					-	3,827
19	732 Contractual Services - Accounting					54	3,818
20	733 Contractual Services - Legal					121	3,718
21	734 Contractual Services - Management Fees					(39,027)	31,125
22	735 Contractual Services - Testing					-	21,466
23	736 Contractual Services - Other					7,911	7,911
24	741 Rent - Buildings					3,303	3,303
25	742 Rent - Equipment					-	-
26	750 Transportation Expense					4,945	9,594
27	756 Insurance - Vehicle					-	-
28	757 Insurance - General Liability					704	7,812
29	758 Insurance - Worker's Compensation					(191)	197
30	759 Insurance - Other					(1,026)	6,512
31	766 Regulatory Commission Expense - Rate Case					-	-
32	770 Bad Debt Expense					-	370
33	775 Miscellaneous Expense					2,138	3,498
34	403 Depreciation Expense		(16,209)			(8,920)	30,055
35	407 Amortization Expense					-	-
36	408 Taxes Other Than Income					137	5,180
37	408.11 Property Taxes			(196)		(196)	14,217
38	409 Income Tax				(14,857)	(14,857)	14,290
39	427.1 Interest Expense Security Deposits					-	-
40	Total Operating Expenses	\$ -	\$ (16,209)	\$ (196)	\$ (14,857)	\$ (26,681)	\$ 296,716
41	Operating Income	\$ -	\$ 16,209	\$ 196	\$ 14,857	\$ 26,395	\$ 43,167
42	Other Income (Expense)						
43	419 Interest and Dividend Income					\$ -	\$ -
44	421 Non-Utility Income					-	-
45	426 Miscellaneous Non-Utility Expenses					-	-
46	427 Interest Expense					-	-
47	Total Other Income (Expense)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
48	Net Income (Loss)	\$ -	\$ 16,209	\$ 196	\$ 14,857	\$ 26,395	\$ 43,167

49
 50 Supporting Schedules:
 51
 52

Line
No.

1	<u>Adjust Management Fees to eliminate Southwestern Utility Management Fees</u>			
2				
3	This adjustment removes management fees paid to Southwestern Utility Management (SUM)			
4	during the test year. This adjustment is necessary because Baca Float discontinued			
5	the use of SUM and is providing the services formerly provided by SUM via a new workforce			
6	employed by Hearthstone Water or via shared services provided by Hearthstone Water.			
7				
8				
9	Southwestern Utility Management Costs			
10				
11	<u>NARUC</u>	<u>Account</u>	<u>TY Amount</u>	<u>Adjustment</u>
12	734	Contractual Services - Management Fees	10,152.00	(10,152.00)
13				
14			\$ 10,152.00	\$ (10,152.00)
15				
16				
17		Increase/(Decrease) in Contractual Services - Management Fees		\$ (10,152.00)
18				
19	<u>Workpaper:</u>			
20	HWS Rate Case Data.xlsx, Tab: BF IS			
21				

Line
No.

1 Allocate cost of New Workforce and Related Costs

2

3 This adjustment allocates costs for personnel and operations incurred to operate the
 4 Baca Float sewer system. The costs are allocated based on a 3-Factor allocation methodology
 5 between the five water and two sewer operations serviced by Hearthstone Water's Sierra Vista
 6 Operations office upon discontinuation of services provided by Southwestern Utility Management.

7

8

			Test Year Allocation	Less TY Charge to Baca	Adjustment
9	<u>NARUC</u>	<u>Account</u>			
10	701	Salaries and Wages	\$ 59,377.23	\$ (70,492)	\$ (11,115.20)
11	704	Employee Pension and Benefits	3,588.54	(2,740)	848.26
12	720.1	Repairs and Maintenance	4,824.48		4,824.48
13	720.2	Office Supplies Expense	1,986.08		1,986.08
14	741	Rent - Buildings	2,393.05		2,393.05
15	750	Transportation Expense	4,932.14		4,932.14
16	758	Insurance -Worker's Compensation	168.58	(388)	(219.73)
17	759	Insurance -Other	6,336.96	(7,538)	(1,201.49)
18	775	Miscellaneous Expense	1,019.27		1,019.27
19	403	Depreciation Expense	5,827.74		5,827.74
20	408	Taxes Other Than Income	4,089.50	(5,043)	(953.52)
21					
22			\$ 94,543.57	\$ (86,202.49)	\$ 8,341.08

23

24

25 Increase/(Decrease) in Net Income \$ 8,341.08

26

27 Workpaper:

28 HWS Shared Cost Allocation.xlsx

29 HWI 3-Factor Allocation 2023.08.31 (Annualized) Rev2.xlsx

30

Line
No.

1 Normalize Shared Services Cost
 2
 3 This adjustment updates and allocates management fees to reflect the actual ongoing cost of shared services
 4 provided by Hearthstone Water and affiliates. Shared services costs are allocated to all utilities
 5 owned by Hearthstone Water based on a 3-Factor allocation methodology.
 6

7 Allocated Shared Services (Annualized):			
8	<u>NARUC</u>	<u>Account</u>	<u>Amount</u>
9	701	Salaries and Wages	\$ 20,016.27
10	704	Employee Pension and Benefits	1,378.51
11	720.2	Office Supplies Expense	285.50
12	732	Contractual Services - Accounting	53.67
13	733	Contractual Services - Legal	120.51
14	734	Contractual Services - Management Fees	31,124.80
15	736	Contractual Services - Other	3,097.70
16	736	636.10 - Contractual Svcs - EWM Acct	1,179.10
17	736	636.20 - Contractual Svcs - EWM CSR	3,633.82
18	741	Rent - Buildings	909.47
19	750	Transportation Expense	13.15
20	757	Insurance - General Liability	704.01
21	758	Insurance - Worker's Compensation	28.43
22	759	Insurance - Health & Life	175.05
23	775	Miscellaneous Expense	1,118.89
24	403	Depreciation Expense	1,461.88
25	408	Taxes Other Than Income	1,090.95
26			\$ 66,391.71
27	Less Test Year Triton Management Fees Paid:		
28	734	Contractual Services Management Fees	(60,000.00)
29			
30	Increase/(Decrease) in Management Fees & Operating Expenses		<u>\$ 6,391.71</u>

31
 32 Workpaper:
 33 HWS Shared Cost Allocation.xlsx
 34 HWI 3-Factor Allocation 2023.08.31 (Annualized) Rev2.xlsx
 35 HWS Rate Case Data.xlsx, Tab: BS IS
 36

Line
No.

1 Adjust Test Year Revenue to Actual

2
 3 Due to a delay in receiving monthly revenue reporting from Southwestern Utility Management, Clear
 4 Springs books estimated revenue each month. During the following month the estimated revenue
 5 entry is reversed and the actual revenue amount is booked. This causes test year revenue booked
 6 on the general ledger to be incorrect. This adjustment corrects the revenue to reflect the actual revenue
 7 for the test year. This adjustment also eliminates nonrecurring reconciling entries.

		TY G/L	
	<u>NARUC</u> <u>Account</u>	<u>Amount</u>	<u>Adjustment</u>
11	521 Flat Rate Revenues	\$ 337,698.44	
12	Less: Estimates, Nonrecurring and Prev. Period	(28,844.27)	(28,844.27)
13	Plus: August '23 Actual	28,581.21	28,581.21
14	Adjusted Test Year Revenue	\$ 337,435.38	\$ (263.06)
15			
16	536 Miscellaneous Service Revenue	\$ 2,471.30	
17	Less: Estimates, Nonrecurring and Prev. Period	(185.67)	(185.67)
18	Plus: August '23 Actual	162.21	162.21
19	Adjusted Test Year Revenue	\$ 2,447.84	\$ (23.46)
20			
21			
22	Increase/(Decrease) in Flat Rate Revenues		<u>\$ (263.06)</u>
23			
24	Increase/(Decrease) in Miscellaneous Service Revenues		<u>\$ (23.46)</u>

25
 26 Workpaper:
 27 HWS Rate Case Data.xlsx, Tab: BF Revenue
 28
 29

Normalize Depreciation & Amortization Expense

Line	No.	Acct	Description	Adjusted Test Year Balance 8/31/2023	Non / Fully Depreciated Plant	Depreciable Plant	Proposed Depreciation Rate	Depreciation Expense
1								
2	351		Organization Cost	\$ -	\$ -	\$ -	0.00%	\$ -
3	352		Franchise Cost	-	-	-	0.00%	-
4	353		Land and Land Rights	1,631	(1,631)	-	0.00%	-
5	354		Structures & Improvements	81,956		81,956	3.33%	2,729
6	355		Power Generation Equipment	1,935		1,935	5.00%	97
7	360		Collection Sewers - Force	-		-	2.00%	-
8	360.1		Collection Sewers - Lift Station	-		-		-
9	361		Collection Sewers - Gravity	2,186,640		2,186,640	2.00%	43,733
10	362		Special Collection Structures	5,200		5,200	2.00%	104
11	363		Services to Customers	6,925		6,925	2.00%	139
12	364		Flow Measuring Devices	293	(293)	-	10.00%	-
13	365		Flow Measuring Installations	-		-	10.00%	-
14	366		Reuse Services	-		-	2.00%	-
15	367		Reuse Meters and Meter Installations	-		-	8.33%	-
16	370		Receiving Wells	-		-	3.33%	-
17	371		Pumping Equipment	111,919		111,919	12.50%	13,990
18	374		Reuse Distribution Reservoirs	-		-	2.50%	-
19	375		Reuse Transmission and Distribution System	-		-	2.50%	-
20	380		Treatment and Disposal Equipment	733,153	(733,153)	(0)	5.00%	-
21	381		Plant Sewers	483,762		483,762	5.00%	24,188
22	382		Outfall Sewer Lines	-		-	3.33%	-
23	389		Other Plant & Misc. Equipment	27,595		27,595	6.67%	1,841
24	390		Office Furniture & Equipment	2,102	(981)	1,121	6.67%	75
25	390.1		Computers & Software	10,103		10,103	20.00%	2,021
26	391		Transportation Equipment	59,668	(3,626)	56,043	20.00%	11,209
27	392		Stores Equipment	-		-	4.00%	-
28	393		Tools, Shop & Garage Equipment	6,388		6,388	5.00%	319
29	394		Laboratory Equipment	-		-	10.00%	-
30	395		Power Operated Equipment	-		-	5.00%	-
31	396		Communication Equipment	-		-	10.00%	-
32	397		Miscellaneous Equipment	-		-	10.00%	-
33	398		Other Tangible Plant	-		-		-
37			TOTALS	\$ 3,719,270	\$ (739,683)	\$ 2,979,586		\$ 100,443
40			Less: Amortization of CIAC	\$ 2,578,302		\$ 2,578,302	2.73%	\$ 70,388
44			Adjusted Test Year Depreciation Expense					\$ 30,055
45								
46			Test Year Depreciation Expense					\$ 38,975
47			Allocated HWI Depreciation Expense					7,290
48								\$ 46,265
49								
48			Increase / (Decrease) in Depreciation Expense					\$ (16,209)

Baca Float Water Company, Inc. - Sewer Division

Test Year Ended August 31, 2023

Income Statement Adjustment IS-9

Exhibit: RLJ-DT3

Schedule C-2

Page 8

Witness: Jones

Property Tax Expense

Line No.	Description	Company As Adjusted	Company Proposed
1	Adjusted Test Year Revenue	\$ 339,883 x3	\$ 339,883 x2
2			
3	Proposed Revenues after Increase		355,800 x1
4			
5	3-Year Revenue Total	1,019,650	1,035,567
6			
7	Average of three year's of revenue	339,883	345,189
8	Average of three year's of revenue, times 2	679,766	690,378
9	Add:		
10	Construction Work In Progress at 10%	-	-
11	Deduct:		
12	Net Book Value of Transportation Equipment	29,016	29,016
13			
14	Full Cash Value	650,750	661,362
15	Assessment Ratio (2024 Tax Year)	16.5%	16.5%
16	Assessed Value	107,374	109,125
17	Property Tax Rate (2023 Tax Year)	13.2405%	13.2405%
18			
19	Adjusted Test Year Property Tax	\$ 14,217	
20	Recorded Test Year Property Tax	14,413	
21	Test Year Adjustment	\$ (196)	
22			
23	Property Tax at Proposed Rates		\$ 14,449
24	Adjusted Test Year Property Tax		14,217
25	Increase in Property Tax due to Rate Increase		\$ 232
26			
27	<u>Calculation of Property Tax Factor</u>		
28	Increase to Property Tax Expense		\$ 232
29	Increase in Revenue Requirement		\$ 15,917
30	Property Tax Factor (L25 / L26)		1.4565%
31			

Income Tax Expense

Line No.	Description	Adjusted Test Year	Proposed with Increase
1			
2	<u>Calculation of Income Tax:</u>		
3	Revenue	\$ 339,883	\$ 355,800
4	Less: Operating Expenses (Excluding Income Taxes)	282,426	282,675
5	Less: Synchronized Interest	-	-
6	State Taxable Income	\$ 57,458	\$ 73,126
7			
8	All Income at 4.90%	2,815	3,583
9			
10	State Income Tax	\$ 2,815	\$ 3,583
11			
12	Federal Taxable Income	\$ 54,642	\$ 69,542
13			
14	All Income at 21.00%	11,475	14,604
15			
16	Total Federal Income Tax	\$ 11,475	\$ 14,604
17			
18	Combined Federal and State Income Tax	\$ 14,290	\$ 18,187
19			
20	Effective State Tax Rate	4.9000%	4.9000%
21	Effective Federal Tax Rate	21.0000%	21.0000%
22	Effective Combined Tax Rate	24.8710%	24.8710%
23			
24	Applicable Arizona State Income Tax Rate (Rate Applicable to Revenue Increase)		4.9000%
25	Applicable Federal Income Tax Rate (Rate Applicable to Revenue Increase)		21.0000%
26			
27	<u>Calculation of Interest Synchronization</u>		
28	Rate Base	\$ 549,385	
29	Weighted Average Cost of Debt	0.0000%	
30	Synchronized Interest	\$ -	
31			
32	<u>Income Tax Adjustments</u>		
33	Test Year Income Taxes - Booked	\$ 29,147	
34	Increase / (decrease) in Income Taxes (L21 - L32)	(14,857)	
35			
36	Test Year Income Taxes - Adjusted		\$ 14,290
37	Increase / (decrease) in Federal Income Taxes (L21 - L35)		3,897
38			
39			

Line			
<u>No.</u>	<u>Calculation of Gross Revenue Conversion Factor</u>		
1	Revenue		100.0000%
2	Uncollectable Factor (Line 11)		0.0818%
3	Revenue (L1 - L2)		99.9182%
4	Combined Income Tax and Property Tax Rate (Line 23)		25.9652%
5	Operating Income Percentage (L3 -L4)		73.9530%
6	Gross Revenue Conversion Factor (L1 / L5)		<u>1.352211</u>
	<u>Calculation of Uncollectable Factor</u>		
7	Unity		100.0000%
8	Combined Federal and State Tax Rate (Line 17)		24.8710%
9	One Minus Combined Federal and State Tax Rate (L7 - L8)		75.1290%
10	Uncollectable Rate (Line 26)		0.1089%
11	Uncollectable Factor (L9 * L10)		0.0818%
	<u>Calculation of Effective Tax Rate</u>		
12	Operating Income Before Taxes		100.0000%
13	Applicable Arizona State Tax Rate (from Schedule C-2)		4.9000%
14	Federal Taxable Income (L12 - L13)		95.1000%
15	Applicable Federal Tax Rate (from Schedule C-2)		21.0000%
16	Effective Federal Tax Rate (L14 * L15)		19.9710%
17	Combined Federal and State Tax Rate (L13 + L16)		<u>24.8710%</u>
	<u>Calculation of Effective Property Tax Rate</u>		
18	Unity		100.0000%
19	Combined Federal and State Tax Rate (Line 17)		24.8710%
20	One Minus Combined Income Tax Rate (L18 - L19)		75.1290%
21	Property Tax Factor (from Schedule C-2)		1.4565%
22	Effective Property Tax Factor (L20 * L21)		<u>1.0942%</u>
23	Combined Federal and State Income Tax Rate and Property Tax Rate (L17 + L22)		<u>25.9652%</u>
	<u>Calculation of Uncollectable Rate</u>		
24	Bad Debt Expense (from Schedule C-1)	\$ 370	
25	Total Revenues (from Schedule C-1)	<u>339,883</u>	
26	Uncollectable Rate (L24 / L25)		0.1089%
27	Revenue Increase (from Schedule C-1)	\$ 15,917	
28	Uncollectable Rate (Line 26)	<u>0.1089%</u>	
29	Bad Debt Expense due to Increase	\$ 17	
30	<u>Supporting Schedules:</u>		<u>Recap Schedules:</u>
31			A-1

Line No.	Invested Capital	End of Test Year (Adjusted)				End of Projected Year (Current Rates)				End of Projected Year (Proposed Rates)			
		Amount	Percent of Total	Cost Rate	Weighted Cost	Amount	Percent of Total	Cost Rate	Weighted Cost	Amount	Percent of Total	Cost Rate	Weighted Cost
1													
2	Long-Term Debt	\$ -	0.00%	0.0000%	0.000%	\$ -	0.00%	0.0000%	0.000%	\$ -	0.00%	0.0000%	0.000%
3	Short-Term Debt	-	0.00%	0.0000%	0.000%	-	0.00%	0.0000%	0.000%	-	0.00%	0.0000%	0.000%
4	Adjusted Common Equity	569,773	100.00%	10.0000%	10.000%	569,773	100.00%	10.0000%	10.000%	569,773	100.00%	10.0000%	10.000%
5	Totals	\$ 569,773	100.00%		10.000%	\$ 569,773	100.00%		10.000%	\$ 569,773	100.00%		10.000%
6													
7													
8	Required Rate of Return				10.00%	←							
9													
10													
11													
12	<u>Equity Adjustments</u>												
13	Common Equity per Sch. E-1	\$ 575,489											
14													
15	PIS Equity Adjustments	\$ -											
16	A/D Equity Adjustments	(5,885)											
17	AIAC Equity Adjustment	-											
18	CIAC Equity Adjustment	-											
19	AA CIAC Equity Adjustment	169											
20													
21													
22	Adjusted Common Equity	\$ 569,773											
23													
24													
25	<u>Supporting Schedules:</u>												
26	D-2 D-3												
27	D-4 E-1												
28													

Recap Schedules:
 A-3

Baca Float Water Company, Inc. - Sewer Division

Test Year Ended August 31, 2023

Cost of Long-Term and Short-Term Debt

Exhibit: RLJ-DT3

Schedule D-2

Page 1

Witness: Jones

Line
No.

	End of Test Year			End of Projected Year		
	Amount Outstanding	Annual Interest	Interest Rate	Amount Outstanding	Annual Interest	Interest Rate
1						
2						
3						
4	<u>Total Company Long-Term Debt</u>					
5				\$ -	\$ -	0.000%
6						0.000%
7	<u>\$ -</u>	<u>\$ -</u>	<u>0.000%</u>	<u>\$ -</u>	<u>\$ -</u>	<u>#DIV/0!</u>
8						
9						
10	<u>Short-Term Debt</u>					
11	None					
12						
13	<u>\$ -</u>	<u>\$ -</u>	<u>0.000%</u>	<u>\$ -</u>	<u>\$ -</u>	<u>0.000%</u>
14						
15	<u>\$ -</u>	<u>\$ -</u>	<u>#DIV/0!</u>	<u>\$ -</u>	<u>\$ -</u>	<u>#DIV/0!</u>

21 Supporting Schedules:

22 E-1

23

Recap Schedules:

D-1

Line No.		Test Year Ended 8/31/2023	Prior Year Ended 8/31/2022	Prior Year Ended 8/31/2021
1	ASSETS			
2	PROPERTY PLANT AND EQUIPMENT			
3	101 Utility Plant In Service	\$ 3,661,193	\$ 3,625,344	\$ 3,592,248
4	103 Plant Held for Future Use	-	-	-
5	105 Construction Work in Progress	-	14,424	6,026
6	108 Accumulated Depreciation	(2,867,443)	(2,758,562)	(2,638,714)
7	121 Non Utility Property	-	-	-
8	122 Accumulated Depreciation Nonutility Property	-	-	-
9	Net Plant	<u>\$ 793,750</u>	<u>\$ 881,205</u>	<u>\$ 959,560</u>
10				
11	CURRENT ASSETS			
12	131 Cash and Equivalents	\$ 71,418	\$ 50,980	\$ 11,919
13	132 Special Deposits	-	-	-
14	141 Customer Accounts Receivable	(196)	162	1,983
15	142 Other Accounts Receivable	-	-	-
16	143 Accumulated Provision for Uncollectible Accounts	-	-	-
17	145 Accounts Receivable from Associated Companies	-	-	-
18	146 Notes Receivable from Associated Companies	-	-	-
19	151 Plant Materials and Supplies	-	-	-
20	162 Prepayments	93	5,337	-
21	174 Miscellaneous Current and Accrued Assets	-	-	-
22	Total Current Assets	<u>\$ 71,316</u>	<u>\$ 56,479</u>	<u>\$ 13,902</u>
23				
24	DEFERRED DEBITS			
25	181 Unamortized Debt and Discount Expense	\$ -	\$ -	\$ -
26	186 Miscellaneous Deferred Debits	44,805	44,805	44,805
27	190 Accumulated Deferred Income Taxes	206,219	132,725	162,643
28	Total Deferred Debits	<u>\$ 251,024</u>	<u>\$ 177,530</u>	<u>\$ 207,448</u>
29				
30	TOTAL ASSETS	<u>\$ 1,116,090</u>	<u>\$ 1,115,214</u>	<u>\$ 1,180,910</u>
31				

Line No.		Test Year Ended 8/31/2023	Prior Year Ended 8/31/2022	Prior Year Ended 8/31/2021
1	LIABILITIES AND STOCKHOLDERS' EQUITY			
2	CAPITAL ACCOUNTS			
3	201 Common Stock	\$ 7,409	\$ 7,409	\$ 7,409
4	211 Paid in Capital	806,304	806,304	806,304
5	215 Retained Earnings	(238,224)	(207,951)	(198,812)
6	Total Capital	<u>\$ 575,489</u>	<u>\$ 605,762</u>	<u>\$ 614,900</u>
7				
8	LONG-TERM DEBT			
9	221 Bonds	-	-	-
10	224 Other Long-Term Debt	-	-	-
11	Total long-Term Debt	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
12				
13	CURRENT LIABILITIES			
14	231 Accounts Payable	\$ 3,035	\$ 3,083	\$ 3,905
15	232 Notes Payable	-	-	-
16	233 Accounts Payable Associated Companies	-	848	-
17	234 Notes Payable Associated Companies	-	-	-
18	235 Customer Deposits	-	-	25
19	236 Accrued Taxes	11,866	12,313	12,243
20	237 Accrued Interest	-	-	-
21	241 Miscellaneous Current Liabilities	7,005	1,866	7,473
22	Total Current Liabilities	<u>\$ 21,906</u>	<u>\$ 18,109</u>	<u>\$ 23,646</u>
23				
24	DEFERRED CREDITS			
25	251 Unamortized Premium on Debt	\$ -	\$ -	\$ -
26	252 Advances in Aid of Construction	-	7,000	-
27	253 Other Deferred Credits	-	-	-
28	271 Contributions in Aid of Construction	2,578,302	2,559,402	2,547,702
29	272 Accumulated Amortization CIAC	(2,144,965)	(2,075,059)	(2,005,337)
30	281 Accumulated Deferred Income Tax	85,358	-	-
31	Total Deferred Credits	<u>\$ 518,695</u>	<u>\$ 491,343</u>	<u>\$ 542,365</u>
32				
33	Total Liabilities & Common Equity	<u>\$ 1,116,090</u>	<u>\$ 1,115,214</u>	<u>\$ 1,180,910</u>
34				
35	<u>Supporting Schedules:</u>	<u>Workpapers:</u>	<u>Recap Schedules:</u>	
36	E-5	HWI Rate Case Data.xlsx, Tab:BF BS	A-3	
37				

Baca Float Water Company, Inc. - Sewer Division
 Test Year Ended August 31, 2023
 Comparative Income Statements

Exhibit: RJL-DT3
 Schedule E-2
 Page 1
 Witness: Jones

Line No.		Test Year Ended 8/31/2023	Prior Year Ended 8/31/2022	Prior Year Ended 8/31/2021
1	Revenues			
2	521 Flat Rate Revenue	\$ 337,698	\$ 331,897	\$ 322,830
3	522 Measured Revenues	-	-	-
4	530 Guaranteed Revenues	-	-	-
5	536 Other Wastewater Revenue	2,471	2,721	3,697
6	Total Revenues	\$ 340,170	\$ 334,617	\$ 326,527
7	Operating Expenses			
8	701 Salaries and Wages	\$ 70,492	\$ 58,414	\$ 54,123
9	703 Salaries and Wages - Officers and Directors	-	-	-
10	704 Employee Pension and Benefits	2,740	-	-
11	710 Purchased Wastewater	-	-	-
12	711 Sludge Removal Expense	-	-	-
13	715 Purchased Power	16,202	15,836	15,616
14	718 Chemicals	10,184	10,316	8,273
15	720 Materials and Supplies	-	-	-
16	720.1 Repairs and Maintenance	7,217	5,956	6,311
17	720.2 Office Supplies Expense	2,738	1,934	1,764
18	731 Contractual Services - Engineering	3,827	-	-
19	732 Contractual Services - Accounting	3,764	810	1,629
20	733 Contractual Services - Legal	3,597	-	5
21	734 Contractual Services - Management Fees	70,152	69,634	68,467
22	735 Contractual Services - Testing	21,466	7,108	10,722
23	736 Contractual Services - Other	-	861	-
24	741 Rent - Buildings	-	-	-
25	742 Rent - Equipment	-	-	-
26	750 Transportation Expense	4,648	5,564	3,184
27	756 Insurance - Vehicle	-	-	-
28	757 Insurance - General Liability	7,108	3,518	2,828
29	758 Insurance - Worker's Compensation	388	154	724
30	759 Insurance - Other	7,538	6,601	7,459
31	766 Regulatory Commission Expense - Rate Case	-	-	-
32	767 Regulatory Expense - Other	2,025	356	1,433
33	770 Bad Debt Expense	370	313	2,019
34	775 Miscellaneous Expense	1,360	1,874	702
35	403 Depreciation Expense	38,975	50,126	47,777
36	407 Amortization Expense	-	-	-
37	408 Taxes Other Than Income	5,043	4,403	4,186
38	408.11 Property Taxes	14,413	15,668	15,629
39	409 Income Tax	29,147	33,975	50,001
40	427.1 Interest Expense Security Deposits	-	-	-
41	Total Operating Expenses	\$ 323,397	\$ 293,420	\$ 302,852
42	Operating Income	\$ 16,773	\$ 41,198	\$ 23,675
43	Other Income (Expense)			
44	419 Interest and Dividend Income	\$ -	\$ -	\$ -
45	421 Non-Utility Income	-	33	66
46	426 Miscellaneous Non-Utility Expenses	-	-	-
47	427 Interest Expense	-	-	(0)
48	428 Amortization of Debt Discount and Expense	-	-	-
49	429 Amortization of Premium on Debt	-	-	-
50	Total Other Income (Expense)	\$ -	\$ 33	\$ 66
51	Net Income (Loss)	\$ 16,773	\$ 41,231	\$ 23,741

52
 53 Workpapers:
 54 HWI Rate Case Data.xlsx, Tab:CS IS
 55

Recap Schedules:
 A-2

Baca Float Water Company, Inc. - Sewer Division
 Test Year Ended August 31, 2023
 Comparative Statement of Changes in Financial Position

Exhibit: RLI-DT3
 Schedule E-3
 Page 1
 Witness: Jones

Line No.		Test Year Ended 8/31/2023	Prior Year Ended 8/31/2022	Prior Year Ended 8/31/2021
1	<u>Source of Funds</u>			
2	Cash Flow from Operations:			
3	Net Income	\$ 16,773	\$ 41,231	\$ 23,741
4	Adjustments to reconcile net income to net cash			
5	403 Depreciation and Amortization	38,975	50,126	47,777
6	Other Adjustments	-	-	-
7	Changes in Assets & Liabilities			
8	105 Construction Work in Progress			
9	108 Accumulated Depreciation			
10	114 Utility Plant Acquisition Adjustments	-	-	-
11	121 Non Utility Property	-	-	-
12	132 Special Deposits	-	-	-
13	141 Customer Accounts Receivable	358	1,821	3,489
14	142 Other Accounts Receivable	-	-	-
15	143 Accumulated Provision for Uncollectible Accounts	-	-	-
16	145 Accounts Receivable from Associated Companies	-	-	-
17	146 Notes Receivable from Associated Companies	-	-	789
18	151 Plant Materials and Supplies	-	-	-
19	161 Stores Expense	-	-	-
20	162 Prepayments	5,244	(5,337)	-
21	173 Accrued Utility Revenues	-	-	-
22	174 Miscellaneous Current and Accrued Assets	-	-	-
23	181 Unamortized Debt and Discount Expense	-	-	-
24	184 Clearing Accounts	-	-	-
25	186 Miscellaneous Deferred Debits	-	-	-
26	190 Accumulated Deferred Income Taxes	(73,494)	29,918	41,494
27	231 Accounts Payable	(47)	(822)	1,211
28	232 Notes Payable	-	-	-
29	233 Accounts Payable Associated Companies	(848)	848	-
30	234 Notes Payable Associated Companies	-	-	-
31	235 Customer Deposits	-	(25)	-
32	236 Accrued Taxes	(447)	70	157
33	237 Accrued Interest	-	-	-
34	241 Miscellaneous Current Liabilities	5,139	(5,607)	7,236
35	252 Advances in Aid of Construction	(7,000)	7,000	-
36	253 Other Deferred Credits	-	-	-
37	281 Accumulated Deferred Income Tax	85,358	-	-
38	Total From Operations	\$ 70,010	\$ 119,223	\$ 125,895
39				
40	Cash Flow from Financing:			
41	221 Bonds	-	-	-
42	224 Other Long-Term Debt	-	-	-
43	251 Unamortized Premium on Debt	-	-	-
44	271 Contributions in Aid of Construction	18,900	11,700	10,800
45	201 Common Stock	-	-	-
46	211 Paid in Capital	-	-	-
47	Total From Financing	\$ 18,900	\$ 11,700	\$ 10,800
48				
49	<u>Application of Funds</u>			
50	Cash Flow from Investing Activities			
51	Capital Expenditures	(21,426)	(41,493)	(31,290)
52	Dividends Paid	(37,500)	(25,000)	(137,500)
53	Other	-	-	-
54	Total From Investing Activities	\$ (58,926)	\$ (66,493)	\$ (168,790)
55				

56	Change in Allocation between Departments & Other	\$	(9,546)	\$	(25,369)	\$	3,973
57							
58	Net Increase/(Decrease) in Cash	\$	20,439	\$	39,060	\$	(28,122)
59							
60	Cash, Beginning of Year	\$	50,980	\$	11,919	\$	40,042
61	Cash, End of Year	\$	71,418	\$	50,980	\$	11,919
62							

63 Workpapers:
64 Cash Flow Schedules.xlsx

Recap Schedules:
A-5

Baca Float Water Company, Inc. - Sewer Division

Test Year Ended August 31, 2023

Statement of Changes in Stockholder's Equity

Exhibit: RLJ-DT3

Schedule E-4

Page 1

Witness: Jones

Line No.		Common Shares	Common Stock	Additional Paid In Capital	Retained Earnings	Total
3	<u>Far West</u>					
4	Balance, August 31, 2020	1,512	\$ 7,409	\$ 806,304	\$ (89,026)	\$ 724,686
5	Additional Paid In Capital					-
6	Dividends				(137,500)	(137,500)
7	Adjustments/Other				3,973	3,973
8	Net Income				23,741	23,741
9		<hr/>				
10	Balance, August 31, 2021	1,512	\$ 7,409	\$ 806,304	\$ (198,812)	\$ 614,900
11	Additional Paid In Capital					-
12	Dividends				(25,000)	(25,000)
13	Adjustments/Other				(25,369)	(25,369)
14	Net Income				41,231	41,231
15		<hr/>				
16	Balance, August 31, 2022	1,512	\$ 7,409	\$ 806,304	\$ (207,951)	\$ 605,762
19	Additional Paid In Capital					-
20	Dividends				(37,500)	(37,500)
21	Adjustments/Other				(9,546)	(9,546)
22	Net Income				16,773	16,773
23		<hr/>				
24	Balance, August 31, 2023	1,512	\$ 7,409	\$ 806,304	\$ (238,224)	\$ 575,489

27 Supporting Schedules:

Recap Schedules:

28
29

Baca Float Water Company, Inc. - Sewer Division

Test Year Ended August 31, 2023

Detail of Utility Plant

Exhibit:

RLJ-DT3

Schedule E-5

Page 1

Witness:

Jones

Line No.	Acct. No.	Plant Description	Plant Balance at 8/31/2022	Plant Additions, Reclassifications or Retirements	Plant Balance at 8/31/2023
1					
2	351	Organization Cost	\$ -	\$ -	\$ -
3	352	Franchise Cost	-	-	-
4	353	Land and Land Rights	1,631	-	1,631
5	354	Structures & Improvements	79,242	-	79,242
6	355	Power Generation Equipment	1,935	-	1,935
7	360	Collection Sewers - Force	-	-	-
8	360.1	Collection Sewers - Lift Station	-	-	-
9	361	Collection Sewers - Gravity	2,186,640	-	2,186,640
10	362	Special Collection Structures	5,200	-	5,200
11	363	Services to Customers	6,925	-	6,925
12	364	Flow Measuring Devices	293	-	293
13	365	Flow Measuring Installations	-	-	-
14	366	Reuse Services	-	-	-
15	367	Reuse Meters and Meter Installations	-	-	-
16	370	Receiving Wells	-	-	-
17	371	Pumping Equipment	76,069	35,850	111,919
18	374	Reuse Distribution Reservoirs	-	-	-
19	375	Reuse Transmission and Distribution System	-	-	-
20	380	Treatment and Disposal Equipment	733,153	-	733,153
21	381	Plant Sewers	483,762	-	483,762
22	382	Outfall Sewer Lines	-	-	-
23	389	Other Plant & Misc. Equipment	27,595	-	27,595
24	390	Office Furniture & Equipment	981	-	981
25	390.1	Computers & Software	-	-	-
26	391	Transportation Equipment	20,847	-	20,847
27	392	Stores Equipment	-	-	-
28	393	Tools, Shop & Garage Equipment	1,071	-	1,071
29	394	Laboratory Equipment	-	-	-
30	395	Power Operated Equipment	-	-	-
31	396	Communication Equipment	-	-	-
32	397	Miscellaneous Equipment	-	-	-
33	398	Other Tangible Plant	-	-	-
34	999		-	-	-
35	999		-	-	-
36	999		-	-	-
37					
38		TOTAL WATER PLANT	\$ 3,625,344	\$ 35,850	\$ 3,661,193

Workpapers:
HWS Rate Case Data.xlsx; Tab:BF BS

Recap Schedules:
E-1
A-4

43

Baca Float Water Company, Inc. - Sewer Division

Test Year Ended August 31, 2023

Operating Statistics

Exhibit:

RLJ-DT3

Schedule E-7

Page 1

Witness:

Jones

Line No.	Test Year Ended 8/31/2023	Prior Year Ended 8/31/2022	Prior Year Ended 8/31/2021	
1				
2	Total Wastewater Treated	3,345	1,843	2,791
3				
4	Average Number of Customers			
5	Residential	416	404	395
6	Commercial	8	8	8
7				
8	Total Average Number of Customers	424	412	403
9				
10	Wastewater Treated Per Customer	8	4	7
11				
12	Revenue Per Residential Customer	\$ 791	\$ 796	\$ 792
13				

Baca Float Water Company, Inc. - Sewer Division

Test Year Ended August 31, 2023

Taxes Charged to Operations

Exhibit: RLJ-DT3

Schedule E-8

Page 1

Witness: Jones

Line No.	Description	Test Year Ended 8/31/2023	Prior Year Ended 8/31/2022	Prior Year Ended 8/31/2021
1				
2				
3	Federal Income Tax	26,270	33,975	50,001
4	State Income Tax	2,877	-	-
5	Payroll Tax	5,180	4,403	4,186
6	Property Tax	14,413	15,668	15,629
7				
8	Totals	<u>\$ 48,740</u>	<u>\$ 54,046</u>	<u>\$ 69,816</u>
9				

10 Workpapers:

Recap Schedules:

11
12

Baca Float Water Company, Inc. - Sewer Division

Test Year Ended August 31, 2023

Notes to Financial Statements

Exhibit: RLJ-DT3

Schedule E-9

Page 1

Witness: Jones

Line

No.

1

2 The Company does not conduct independent audits.

3

4 The Company uses the NARUC System of Accounts.

5

6 The Company normalizes Income Tax Expense.

7

8

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20 Supporting Schedules:

Recap Schedules:

21

22

Line No.		Actual Test Year Ended 8/31/2023	Projected Year	
			At Present Rates Year Ended 8/31/2024	At Proposed Rates Year Ended 8/31/2024
1	Revenues			
2	521 Flat Rate Revenue	\$ 337,698	\$ 337,435	\$ 351,884
3	522 Measured Revenues	-	-	-
4	530 Guaranteed Revenues	-	-	-
5	536 Other Wastewater Revenue	2,471	2,448	3,917
6	Total Revenues	<u>\$ 340,170</u>	<u>\$ 339,883</u>	<u>\$ 355,800</u>
7	Operating Expenses			
8	701 Salaries and Wages	\$ 70,492	\$ 81,775	\$ 81,775
9	703 Salaries and Wages - Officers and Directors	-	-	-
10	704 Employee Pension and Benefits	2,740	5,116	5,116
11	710 Purchased Wastewater	-	-	-
12	711 Sludge Removal Expense	-	-	-
13	715 Purchased Power	16,202	16,445	16,445
14	720.0 Materials and Supplies	-	-	-
15	720.1 Repairs and Maintenance	7,217	12,524	12,524
16	720 Office Supplies Expense	2,738	5,210	5,210
17	730 Outside Services	-	-	-
18	731 Contractual Services - Engineering	3,827	3,884	-
19	732 Contractual Services - Accounting	3,764	3,875	3,875
20	733 Contractual Services - Legal	3,597	3,866	3,866
21	734 Contractual Services - Management Fees	70,152	31,592	31,592
22	735 Contractual Services - Testing	21,466	21,788	21,788
23	736 Contractual Services - Other	-	8,029	8,029
24	741 Rent - Buildings	-	3,303	3,303
25	742 Rent - Equipment	-	-	-
26	750 Transportation Expense	4,648	9,977	9,977
27	756 Insurance - Vehicle	-	-	-
28	757 Insurance - General Liability	7,108	8,125	8,125
29	758 Insurance -Worker's Compensation	388	205	205
30	760 Advertising Expense	-	-	-
31	766 Regulatory Commission Expense - Rate Case	-	-	-
32	770 Bad Debt Expense	370	370	387
33	775 Miscellaneous Expense	1,360	3,551	3,551
34	403 Depreciation Expense	38,975	30,957	30,957
35	407 Amortization Expense	-	-	-
36	408 Taxes Other Than Income	5,043	5,180	5,180
37	408.11 Property Taxes	14,413	14,217	14,449
38	409 Income Tax	29,147	14,290	18,187
39	427 Interest Expense Security Deposits	-	-	-
40	Total Operating Expenses	<u>\$ 323,397</u>	<u>\$ 303,495</u>	<u>\$ 303,757</u>
41	Operating Income	<u>\$ 16,773</u>	<u>\$ 36,388</u>	<u>\$ 52,043</u>
42	Other Income (Expense)			
43	421 Non-Utility Income	-	-	-
44	427 Interest Expense	-	-	-
45	428 Amortization of Debt Discount and Expense	-	-	-
46	429 Amortization of Premium on Debt	-	-	-
47	Total Other Income (Expense)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
48	Net Income (Loss)	<u>\$ 16,773</u>	<u>\$ 36,388</u>	<u>\$ 52,043</u>
49				
50	<u>Supporting Schedules:</u>		<u>Recap Schedules:</u>	
51	E-2		A-2	
52				

Baca Float Water Company, Inc. - Sewer Division
 Test Year Ended August 31, 2023
 Projected Changes In Financial Position - Present and Proposed Rates

Exhibit: RLJ-DT3
 Schedule F-2
 Page 1
 Witness: Jones

Line No.		Test Year Ended 8/31/2023	At Present Rates Year Ended 8/31/2024	At Proposed Rates Year Ended 8/31/2025
1	<u>Source of Funds</u>			
2	Cash Flow from Operations:			
3	Net Income	\$ 16,773	\$ 36,388	\$ 52,043
4	Adjustments to reconcile net income to net cash			
5	403 Depreciation and Amortization	38,975	30,957	30,957
6	Changes in Assets & Liabilities			
7	132 Special Deposits	-		
8	141 Customer Accounts Receivable	358		
9	143 Accumulated Provision for Uncollectible Accounts	-		
10	145 Accounts Receivable from Associated Companies	-		
11	151 Plant Materials and Supplies	-		
12	162 Prepayments	5,244		
13	174 Miscellaneous Current and Accrued Assets	-		
14	181 Unamortized Debt and Discount Expense	-		
15	186 Miscellaneous Deferred Debits	-		
16	190 Accumulated Deferred Income Taxes	(73,494)		
17	231 Accounts Payable	(47)		
18	232 Notes Payable	-		
19	233 Accounts Payable Associated Companies	(848)		
20	235 Customer Deposits	-		
21	236 Accrued Taxes	(447)		
22	237 Accrued Interest	-		
23	241 Miscellaneous Current Liabilities	5,139		
24	252 Advances in Aid of Construction	(7,000)		
25	253 Other Deferred Credits	-		
26	281 Accumulated Deferred Income Tax	85,358		
27	Total From Operations	\$ 70,010	\$ 67,345	\$ 83,000
28				
29	Cash Flow from Financing:			
30	221 Bonds	-		
31	224 Other Long-Term Debt	-		
32	251 Unamortized Premium on Debt	-		
33	271 Contributions in Aid of Construction	18,900		
34	201 Common Stock	-		
35	211 Paid in Capital	-		
36	Total From Financing	\$ 18,900	\$ -	\$ -
37				
38	<u>Application of Funds</u>			
39	Cash Flow from Investing Activities			
40	Capital Expenditures	(21,426)	(5,000)	(50,000)
41	Dividends Paid	(37,500)	(37,500)	(37,500)
42	Other	-		
43	Total From Investing Activities	\$ (58,926)	\$ (42,500)	\$ (87,500)
44				
45	Change in Allocation between Departments	\$ (9,546)	\$ -	\$ -
46				
47	Net Increase/(Decrease) in Cash	\$ 20,439	\$ 24,845	\$ (4,500)
48				
49	Cash, Beginning of Year	\$ 50,980	\$ 71,418	\$ 96,263
50	Cash, End of Year	\$ 71,418	\$ 96,263	\$ 91,764
51				
52	<u>Supporting Schedules:</u>		<u>Recap Schedules:</u>	
53	E-3		A-5	
54	F-3			
55				

Baca Float Water Company, Inc. - Sewer Division

Test Year Ended August 31, 2023

Projected Construction Requirements

Exhibit:

RLJ-DT3

Schedule F-3

Page 1

Witness:

Jones

Line
No.

	Adjusted	Projected		
	Test Year	Thru	Thru	Thru
	8/31/2023	8/31/2024	8/31/2025	8/31/2026
3	<u>Property Classification</u>			
4				
5	Intangible Plant	\$ -	\$ -	\$ -
6				
7	Collection Plant	-	5,000	5,000
8				
9	Sewer Treatment Plant	35,850	-	45,000
10				
11	Reuse Plant	-	-	-
12				
13	General Plant	-	-	-
14				
15	Total Plant	\$ 35,850	\$ 5,000	\$ 50,000
16				

18 Workpapers:

Recap Schedules:

F-2 A-4

19

20

Baca Float Water Company, Inc. - Sewer Division

Test Year Ended August 31, 2023

Assumptions Used in Developing Projection

Exhibit: RLJ-DT3

Schedule F-4

Page 1

Witness: Jones

Line

No.

1

2 No Customer Growth

3

4 Per Test Year Adjustments

5

6 Expenses increase for inflation

7

8

9

10

11

12 Supporting Schedules:

13

14

Recap Schedules:

Baca Float Water Company, Inc. - Sewer Division

Test Year Ended August 31, 2023

Summary of Revenues by Customer Classification - Present and Proposed Rates

Exhibit: RLJ-DT3

Schedule H-1

Page 1

Witness: Jones

Line No.	Customer Classification	Revenues in the Test Year		Proposed Increase	
		Present Rates	Proposed Rates	Amount	%
1					
2	<u>Measured Revenue</u>				
3	Residential	329,124	343,094	13,969	4.24%
4	Commercial	10,555	11,026	470	4.46%
5					
6	Other Wastewater Revenues	2,448	3,917	1,469	60.00%
7					
8	Total Water Revenues - Per Bill Counts	<u>\$ 342,127</u>	<u>\$ 358,036</u>	<u>\$ 15,908</u>	<u>4.65%</u>
9					
10	<u>Reconciliation</u>				
11	Bill Count Revenue	\$ 342,127			
12					
13	Billed Sewer Revenues per G.L.	340,170			
14	Revenue Adjustments				
15	Adjustment IS-4	(287)			
16					
17	Adjusted G.L. Revenue	<u>\$ 339,883</u>			
18					
19	Unreconciled Difference	\$ (2,244)			
20	Percentage Difference	-0.66%			
21					
22					
23	<u>Supporting Schedules:</u>			<u>Recap Schedules:</u>	
24	H-2			A-1	
25					

Baca Float Water Company, Inc. - Sewer Division

Test Year Ended August 31, 2023

Analysis of Revenue by Detailed Class

Exhibit: RLJ-DT3

Schedule H-2

Page 1

Witness: Jones

Line No.	Description	Average Number Customers	Monthly Average Consumption	Revenues		Proposed	
				Present Rates	Proposed Rates	Increase Amount	Increase %
1							
2	<u>Flat Rate Revenue</u>						
3	Residential						
4	All Meter Sizes	416		\$ 329,124	\$ 343,094	\$ 13,969	4.24%
5							
6	Commercial						
7	All Meter Sizes	8		10,555	11,026	470	4.46%
8							
9	Totals:						
10	<u>Flat Rate Revenue</u>						
11	Residential	416		329,124	343,094	13,969	4.24%
12	Commercial	8		10,555	11,026	470	4.46%
13	Subtotal Measured	424		\$ 339,680	\$ 354,119	\$ 14,440	4.25%
14							
15	Other Wastewater Revenues			2,448	3,917	1,469	60.00%
16							
17	Total	424		\$ 342,127	\$ 358,036	\$ 15,908	4.65%
18							
19	<u>Supporting Schedules:</u>					<u>Recap Schedules:</u>	
20						H-1	
21							

Baca Float Water Company, Inc. - Sewer Division

Test Year Ended August 31, 2023

Changes in Representative Rate Schedules

Exhibit: RLJ-DT3

Schedule H-3

Page 1

Witness: Jones

Line

No.

1

2 **Residential & Commercial Service**

3

4

Description

5

6

Residential

7

8

Commercial

9

10

Effluent Sales (Per 1,000 gallons)

11

12

Privilege, Sales or Use Tax

13

In addition to all other rates and charges authorized herein, the Company shall collect

14

from its customers all applicable sales, transaction, privilege, regulatory or other taxes

15

and assessments as may apply now or in the future, per Rule R14-2-409(D)(5).

16

Monthly Charge

Present Rate	Proposed Rate	Change
--------------	---------------	--------

\$ 65.97 \$ 68.77 \$ 2.80

\$ 109.95 \$ 114.85 \$ 4.90

3.27 3.41 0.14

Baca Float Water Company, Inc. - Sewer Division

Test Year Ended August 31, 2023

Changes in Representative Rate Schedules

Exhibit: RLJ-DT3

Schedule H-3

Page 2

Witness: Jones

Line

No.

1

2

Service Lateral Installatiion Charges (Per Service Line)

3

Present Proposed

4

Rate Rate

5

4-inch Lateral \$ 900.00 Cost

6

6-Inch Lateral 1,150.00 Cost

7

8-inch Lateral 1,400.00 Cost

8

10-inch Lateral 1,650.00 n/t

9

12-inch Lateral 2,000.00 n/t

10

Present

Proposed

11

Service Charges

Rate

Rate

12

Establishment of Service \$ 25.00 \$ 40.00

13

Reconnection of Service - Delinquent \$ 35.00 \$ 40.00

14

After Hours Service Charge \$ 50.00 \$ 45.00

15

Insufficient Funds Check Charge (a) \$ 25.00 \$ 25.00

16

Deposit * n/t

17

Deposit Requirement (Residential) (b) (b)

18

Deposit Requirement (Non-Residential) (c) (c)

19

Interest Rate on Customer Deposits (d) (d)

20

Late Charge per Month 1.5% (e)

21

Re-establishment (within 12 months) (f) (f)

22

Deferred Payment (Per Month) 1.5% 1.5%

23

Sewer Tap Charge (Non-Refundable) n/t Cost

24

25

* Per Commission Rule A.A.C. R14-2-603(B)

26

(a) Baca Float may only charge one NSF fee when customers are billed for water and wastewater services on one bill.

27

(b) Two times the average residential class bill, per Commission Rule A.A.C. R-14-2-603.B.7.a.

28

(c) 2 1/2 times the customers estimated maximum monthly bill, per Commission Rule A.A.C. R-14-2-603.B.7.b.

29

(d) 6.0%, per Commission Rule A.A.C. R-14-2-603.B.3.

30

(e) Greater of 1.5% or \$5.00

31

(f) Number of months off system times the monthly minimum, per Commission Rule A.A.C. R14-2-603.D.

32

33

All items billed at cost shall include labor, materials and parts, overheads and all applicable taxes.

34

35

36

Privilege, Sales or Use Tax

37

In addition to all other rates and charges authorized herein, the Company shall collect

38

from its customers all applicable sales, transaction, privilege, regulatory or other taxes

39

and assessments as may apply now or in the future, per Rule R14-2-608.D.5.

40

Line

No.

1 **Proposed Surcharge Tariffs:**

2

3 **Regulatory Expense Surcharge (RES)**

4 The purpose of the Regulatory Expense Surcharge is to allow for recovery of approved rate case expenses in a surcharge rather than as a normalized
5 expense. The Company proposes to recover approved rate case expense until fully recovered with a planned three year recovery period. The RES will
6 be structured as a monthly charge to a customer's bill with costs allocated on a per equivalent residential customer basis.

7

8 The RES will be applicable to residential and commercial customers, including Re-Establishment Charges.

9

10

Class: Residential
 Meter Size: All
 Sub Class:

Line No.	Rate Schedules	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	Present Rates:	-	\$ 65.97	\$ 68.77	\$ 2.80	4.24%
2	Monthly Charge:		\$ 65.97			
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14	Proposed Rates:					
15	Monthly Charge:		\$ 68.77			
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						

Class: Commercial
 Meter Size: All
 Sub Class:

Line No.	Rate Schedules	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	Present Rates:					
2	Monthly Charge:	-	\$ 109.95	\$ 114.85	\$ 4.90	4.46%
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14	Proposed Rates:					
15	Monthly Charge:		\$ 114.85			
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						

Class: Residential
 Meter Size: All
 Sub Class:

	<u>Charges</u>	<u>Present Rates</u>	<u>Proposed Rates</u>
Monthly Charge:	\$	65.97	\$ 68.77

Line No.	Block	Number of Bills in Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills	
					No.	% of Total
1		5,021	-		5,021	100.00%
2						
3	Totals	5,021		-	5,021	-
4	Prorated Bills Reduction ¹	(32)				
5	Total Bills	4,989				
6						
7						
8				Monthly Charge	4,989	\$ 329,124
9	Average Number of Customers		416		4,989	\$ 343,094
10						
11						

¹Customer Base Charges are prorated for billing periods less than 25 days and greater than 35 days. When homes change ownership during a month, two bills are generated. One for each owner for the portion of the month that owner took sewer service. The sum of the Monthly Charge billed on each of the two billings will approximately equal to the Monthly Charge. New accounts are also prorated for the first month of service and will average to approximately 1/2 of the Monthly Charge. The reduction in bill count is necessary to avoid double counting billing units during months when account ownership changes. The reduction is based on the actual number of customers in this class discontinuing and establishing service during the test year.

Class: Commercial
 Meter Size: All
 Sub Class:

	<u>Charges</u>	<u>Present Rates</u>	<u>Proposed Rates</u>
Monthly Charge:	\$	109.95	\$ 114.85

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	<u>Cumulative Bills</u>		<u>Cumulative Consumption</u>		
					No.	% of Total	Amount	% of Total	
1		96	-	-	96	100.00%	-	#DIV/0!	1
2									
3	Totals	96		-	96		-		
4	Prorated Bills Reduction ¹	-							
5	Total Bills	96							
6									
7									
8				Monthly Charge	96	\$	10,555	96	\$ 11,026
9	Average Number of Customers		8						

¹Customer Base Charges are prorated for billing periods less than 25 days and greater than 35 days. When homes change ownership during a month, two bills are generated. One for each owner for the portion of the month that owner took sewer service. The sum of the Monthly Charge billed on each of the two billings will approximately equal to the Monthly Charge. New accounts are also prorated for the first month of service and will average to approximately 1/2 of the Monthly Charge. The reduction in bill count is necessary to avoid double counting billing units during months when account ownership changes. The reduction is based on the actual number of customers in this class discontinuing and establishing service during the test year.