

**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 FOOTHILLS WATER & SEWER, LLC,  
AN ARIZONA CORPORATION, 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 BY ITS WATER  
AND WASTEWATER DIVISIONS AND  
FOR CERTAIN RELATED APPROVALS.

DOCKET NO. WS-21182A-23-\_\_\_\_\_

**APPLICATION**

Foothills Water & Sewer, LLC ("Foothills" or "Company"), two Class B Utilities under the Arizona Corporation Commission ("Commission") regulations, submits this Application ("Application") for an order determining the fair value of its utility plant and property and approving adjustments to its rates and charges for its water and wastewater divisions. In support thereof, Foothills states as follows:

1. Foothills is an Arizona limited liability corporation that provides public utility water and wastewater services to the Fortuna Foothills area, located in Yuma County, Arizona, pursuant to certificates of convenience and necessity granted by the Commission. At present, Foothills provides service to 25,000 water and wastewater service connections.

2. Foothills' central business office is located at 13157 E. 44<sup>th</sup> St., Yuma, Arizona 85367. Foothills' mailing address, phone number, and e-mail contact for Mr. Ed Fortner, the Company's General Manager and primary management contact, is:

1 Ed Fortner  
2 General Manager, Foothills Water & Sewer, LLC  
3 12486 Foothills Boulevard  
4 Yuma, AZ 85367

5 3. Eric Nelsen, Foothills' in-house regulatory counsel, is the person  
6 responsible for overseeing and directing the conduct of this Application, in conjunction  
7 with outside legal counsel, Meghan Grabel. All parties should please direct copies of  
8 all notices, filings, discovery, data requests and similar requests, and other papers  
9 related to this Application to Mr. Nelsen, Ms. Grabel, and the generic NW Natural e-  
filing address as follows:

10 Eric W. Nelsen  
11 Senior Regulatory Attorney, NW Natural Water  
12 250 SW Taylor Street  
13 Portland, Oregon 97204  
Phone: 503-610-7618  
E-mail:

14 Ms. Meghan H. Grabel  
15 Osborn Maledon  
16 2929 N. Central Avenue, 20th Floor  
17 Phoenix, AZ 85012  
Phone: 602-640-9399  
18 E-mail: [mgrabel@omlaw.com](mailto:mgrabel@omlaw.com)

19 e-Filing  
20 NW Natural, Rates and Regulatory Affairs  
21 250 SW Taylor Street  
22 Portland, Oregon 97204  
Phone: (503) 610-7330  
Email: [eFiling@nwnatural.com](mailto:eFiling@nwnatural.com)

23 4. In this Application, Foothills seeks adjustments to its rates and charges  
24 for utility service for Foothills' water and wastewater divisions.

25 5. On October 5, 2022, Foothills acquired the assets of Far West Water &  
26 Sewer, Inc. ("Far West") and began providing water and sewer services to the former  
27 Far West service area.  
28

1           6.       As shown in the testimony filed with this Application, Foothills’ need to  
2 file this Application and Foothills’ rising cost of service is primarily driven by  
3 investments in the systems needed to operate the systems safely and reliably and to  
4 compensate for the previous owner’s deferred investment in water and wastewater  
5 infrastructure. Specifically, Foothills must upgrade aging and failing infrastructure;  
6 purchase and install new AMR smart meters; and invest in lift stations, manholes, odor  
7 control, pump replacement, and Membrane Bio Reactor replacements. These costs  
8 have dramatically risen in recent years and have a material impact on Foothills’ capital  
9 needs. This, compounded by the length of time that has passed since the water and  
10 wastewater systems were last in for a rate case, has increased Foothills’ rate base  
11 substantially.

12           7.       This rate case is also driven by the need to update Foothills’ existing  
13 depreciation rates. Because Foothills’ existing depreciation rates are currently using  
14 plant lives significantly shorter than actual plant lives, the value of infrastructure  
15 investments erodes more rapidly than the functional life of the asset. Foothills  
16 respectfully requests that the proposed depreciation rates be implemented as of July 1,  
17 2023 – the end of the test year – to preserve the value of necessary plant investment  
18 that Foothills has made and will continue to make, consistent with past Commission  
19 decisions. *See, e.g.*, Decision No. 58533 (Feb. 24, 1994) (authorizing retroactive  
20 approval of depreciation rates); Decision No. 65436 (Dec. 9, 2002) (authorizing  
21 retroactive approval of depreciation rates); Decision No. 72897 (Feb. 22, 2012)  
22 (“Deferral of depreciation on utility plant that has never been recognized in rate base or  
23 rates, is not retroactive ratemaking.”). In support of this request, Foothills conducted a  
24 depreciation study to determine the annual depreciation accrual rates and amounts for  
25 book and ratemaking purposes. Foothills’ depreciation-related requests are set forth in  
26 the Direct Testimonies of Mr. Ray Jones, Mr. Ed Fortner, and Mr. John Spanos.

1           8.     Foothills served approximately 25,000 water and wastewater service  
2 connections at the end of the June 30, 2023 test year (“Test Year”) used in this  
3 Application.

4           9.     Foothills filed its last rate case for its water division in March 1999 using  
5 a test year ending September 30, 1998 (Docket No. WS-03478A-99-0144). The  
6 Commission approved new rates in that proceeding in Decision No. 62649, which  
7 implemented rates set in an intervening interim rate case (June 13, 2000). The approved  
8 rates went into effect on July 1, 1999.

9           10.    Foothills filed its last rate case for its wastewater division in July 2012  
10 using a test year ending December 31, 2011 (Docket No. WS-03478A-12-0307). The  
11 Commission approved new rates in that proceeding in Decision No. 74097 (Sept. 23,  
12 2013). The approved rates went into effect on November 1, 2013.

13          11.    The rates approved for Foothills in Decision No. 62649 and 74097,  
14 respectively, are presently inadequate to allow Foothills the opportunity to recover its  
15 cost of service, including the cost of its capital deployed in the provision of such service.

16          12.    During the Test Year, Foothills had adjusted gross revenues of  
17 approximately \$5.89 million and adjusted operating income of approximately \$771,722  
18 million for the water system, and gross revenues of approximately \$6.48 million and  
19 adjusted operating income of approximately \$428,482 for the wastewater system.  
20 Foothills’ adjusted original cost rate base for the water system is \$18.44 million and its  
21 adjusted fair value rate base for the water system is \$22.25 million. Foothills adjusted  
22 original cost rate base for the wastewater system is \$33.95 million and its adjusted fair  
23 value rate base for the wastewater system is \$43.92 million. The rate of return on  
24 original cost rate base for the adjusted test year was only 4.19% for water and 1.26%  
25 for wastewater. Each respective rate of return does not allow Foothills to service its  
26 debt and attract capital on reasonable and acceptable terms so that Foothills may invest  
27 in necessary utility plant to adequately serve its customers.



1           13. Accordingly, Foothills requests that the Commission approve  
2 adjustments to its rates and charges for utility service. Foothills is seeking an increase  
3 in annual utility operating revenues of \$3,300,493, or 50.96%, for its wastewater system  
4 and \$1,047,567, or 17.78%, for its water system. These requests include the addition  
5 of 12-months post-Test Year plant in rate base. The Company's overall requests  
6 produce a 6.96% return on the fair value rate base of \$22.25 million or an 8.40% return  
7 on the original cost rate base of \$18.44 million for water customers and a 6.55% return  
8 on the fair value rate base of \$43.92 million or an 8.47% return on the original cost rate  
9 base of \$33.95 million for wastewater customers. The Company proposes that its new  
10 rates take effect at the earliest possible time but no later than November 30, 2024.

11           14. Foothills proposes a return of 0.90% on the Fair Value Increment, which  
12 is the difference between the Fair Value Rate Base and the Original Cost Rate Base and  
13 is a conservative calculation of that return. Foothills proposes to use an adjusted Test  
14 Year capital structure consisting of 39.40% debt, which is NW Natural's actual Test  
15 Year amount of debt adjusted to include NW Natural's recent long-term debt issuance,  
16 and 60.60% equity, and a cost of debt of 5.48%, which is similarly NW Natural's actual  
17 Test Year cost of debt. As discussed by Foothills cost of capital witness Mr. Dylan W.  
18 D'Ascendis, Foothills proposes a return on equity of 10.0%.

19           15. Foothills requests authority to implement a System Improvement  
20 Benefits ("SIB") mechanism for the water and wastewater systems to replace aging and  
21 failing infrastructure and reduce water loss, as described in the Direct Testimonies of  
22 Mr. Ed Fortner and Mr. Ray Jones.

23           16. Foothills also requests implementation of a Purchased Power Adjustor  
24 Mechanism ("PPAM") and a Purchased Water Adjustor Mechanism ("PWAM") to  
25 allow it to adjust rates for power and water cost decreases and increases on a timely  
26 basis.

1           17.     Foothills' other requests for relief, including its request for a regulatory  
2 expense surcharge and a change in the rate design for its water system to encourage  
3 water conservation and move towards compliance with the Commission's water policy  
4 regarding rate design, are set forth in the direct testimony of its witnesses. Filed  
5 concurrently with and in support of this Application is the direct testimony of Foothills'  
6 witnesses Ed Fortner, Ray Jones, John Spanos, and Dylan D'Ascendis.

7           21.     With this Application, Foothills has also filed an exhibit that consists of  
8 the schedules required by A.A.C. R14-2-103 for Class B water and Class B sewer utility  
9 rate applications. To prepare its schedules, Foothills used a Test Year consisting of the  
10 12-month period ending June 30, 2023. Foothills requests that the Commission use this  
11 Test Year in connection with this Application.

12           22.     Attached as the appendix to this Application is the additional information  
13 required for Class A, B, and C utilities pursuant to A.A.C. R14-2-103.B.5. This  
14 information consists of the amount of water pumped and sold during the Test Year and  
15 a list of major plant in service.

16           WHEREFORE, Foothills requests the following relief:

17           A.     That the Commission, upon proper notice and at the earliest possible time,  
18 approve Foothills' requests summarized in this Application and as more particularly  
19 set forth in the exhibits, schedules, and testimony of its witnesses as they relate to  
20 Foothills' water and wastewater divisions; and

21           B.     That the Commission authorize such other and further relief as may be  
22 appropriate to ensure that Foothills has an opportunity to recover its prudently incurred  
23 cost of service, including the cost of its capital deployed in the provision of such service.

24           RESPECTFULLY SUBMITTED this 31st day of October, 2023.

25  
26                   OSBORN MALEDON, P.A.

27           By

  
Meghan H. Gabel  
Elias Ancharski

Osborn Maledon, PA  
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Phoenix, Arizona 85012

Attorneys for Foothills Water & Sewer LLC

Copy e-filed this 31st day of October,  
2023, with:

<https://efiling.azcc.gov>

ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
Phoenix, Arizona 85007

Copy of the foregoing emailed  
This 31st day of October, 2023 to:

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*Patricia A. Palmer*

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# APPENDIX

Foothills Water & Sewer, LLC  
 dba Foothills Utilities, LLC  
 Water Use Data Sheet  
 6/30/2023

| Water Use Data Sheet             |                     |
|----------------------------------|---------------------|
| Name of the System:              | Foothills Utilities |
| ADEQ Public Water System Number: | AZ0414004           |

| Month     | Year | Number of Customers | Gallons Sold (thousands) <sup>1</sup> | Gallons Pumped     |
|-----------|------|---------------------|---------------------------------------|--------------------|
| June      | 2022 | 15,741              | 146,841,931                           | 22,859,899         |
| July      | 2022 | 15,620              | 159,932,172                           | 35,303,880         |
| August    | 2022 | 15,594              | 149,948,639                           | 26,334,618         |
| September | 2022 | 15,642              | 154,583,976                           | 25,651,626         |
| October   | 2022 | 15,780              | 137,227,175                           | 20,560,044         |
| November  | 2022 | 16,365              | 143,006,496                           | 42,705,372         |
| December  | 2022 | 16,798              | 152,355,158                           | 39,546,264         |
| January   | 2023 | 17,011              | 134,960,529                           | 22,612,278         |
| February  | 2023 | 17,096              | 124,346,222                           | 264,246            |
| March     | 2023 | 17,185              | 114,636,633                           | 15,900             |
| April     | 2023 | 17,323              | 125,754,745                           | 7,293,924          |
| May       | 2023 | 16,363              | 135,386,969                           | 3,514,200          |
| June      | 2023 | 15,873              | 129,576,583                           | 9,785,139          |
|           |      | <b>Totals</b>       | <b>1,808,557,228</b>                  | <b>256,447,390</b> |

| STORAGE TANKS |          | WELLS        |                  |
|---------------|----------|--------------|------------------|
| Capacity      | Quantity | ADWR ID No * | Pump Yield (gpm) |
| 3,000,000     | 1        | 55-543192    | 1,000            |
| 1,000,000     | 2        | 55-543193    | 1,000            |
| 500,000       | 1        | 55-559652    | 1,400            |
| 280,000       | 1        | 55-514224    | 300              |
| 170,000       | 1        | 55-514221    | 150              |
|               |          | 55-514223    | 150              |
|               |          | 55-538052    | 220              |
|               |          | 55-538053    | 375              |
|               |          | 55-538054    | 300              |
|               |          | 55-621469    | 375              |
|               |          | 55-621470    | 425              |
|               |          | 55-621471    | 425              |
|               |          | 55-621474    | 425              |
|               |          | 55-517794    | 180              |
|               |          | 55-517795    | 375              |
|               |          | 55-539876    | 375              |
|               |          | 55-539877    | 425              |
|               |          | 55-537274    | 425              |
|               |          | 55-562251    | 1,400            |
|               |          | 55-544946    | 1,000            |
|               |          | 55-544947    | 1,000            |
|               |          | 55-511849    | 425              |

OTHER WATER SOURCES - 4650 GPM

FIRE HYDRANTS ON SYSTEM - Yes

Total Water Pumped Last 13 Months (Gallons in Thousands) 256,447,390

Wastewater Utility Plant Description

|  |               |
|--|---------------|
| Name of System:                              | Villa Del Rey |
| Wastewater Inventory Number (if applicable): | 511483        |

| Wastewater Flows |                    |                           |                         |                                      |                                    |
|------------------|--------------------|---------------------------|-------------------------|--------------------------------------|------------------------------------|
| Month            | Number of Services | Total Monthly Sewage Flow | Sewage Flow on Peak Day | Purchased Power Expense <sup>1</sup> | Purchased Power (kWh) <sup>2</sup> |
| January          | 159                | 584,000                   | 23,000                  | \$832                                | 6,243                              |
| February         | 152                | 523,000                   | 23,000                  | 865                                  | 6,660                              |
| March            | 152                | 572,000                   | 30,000                  | 942                                  | 7,588                              |
| April            | 160                | 532,000                   | 22,000                  | 990                                  | 6,766                              |
| May              | 150                | 490,000                   | 21,000                  | 1,075                                | 7,461                              |
| June             | 151                | 549,000                   | 21,000                  | 994                                  | 6,588                              |
| July             | 152                | 450,000                   | 19,000                  | 965                                  | 6,293                              |
| August           | 158                | 522,000                   | 27,000                  | 1,080                                | 7,507                              |
| September        | 150                | 477,000                   | 20,000                  | 943                                  | 6,079                              |
| October          | 152                | 537,000                   | 21,000                  | 904                                  | 6,891                              |
| November         | 161                | 549,000                   | 22,000                  | 972                                  | 7,431                              |
| December         | 154                | 549,000                   | 25,000                  | 945                                  | 7,346                              |
|                  | <b>Totals</b>      | <b>6,334,000</b>          | <b>274,000</b>          | <b>\$11,510</b>                      | <b>82,853</b>                      |

Provide the following information as applicable per wastewater system:

|   |                               |
|---|-------------------------------|
| Method of Effluent Disposal                   | Reuse                         |
| Groundwater Permit Number                     | None                          |
| ADEQ Aquifer Protection Permit ("APP") Number | 511483                        |
| ADEQ Reuse Permit Number                      | R100221                       |
| EPA NPDES Permit Number                       | None                          |
| APP Effluent Treatment Requirement (Class)?   | B                             |
| Permitted Flow Rate                           | 45,000                        |
| Permitted Organic Capacity                    | n/a                           |
| Hydraulic Capacity                            | 45000%                        |
| Type of Biological Treatment                  | Sequenced Batch Reactor (SBR) |

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Report

Wastewater Utility Plant Description

|  |              |
|--|--------------|
| Name of System:                              | Marwood WWTP |
| Wastewater Inventory Number (if applicable): | 102829       |

| Wastewater Flows |                    |                           |                         |                                      |                                    |
|------------------|--------------------|---------------------------|-------------------------|--------------------------------------|------------------------------------|
| Month            | Number of Services | Total Monthly Sewage Flow | Sewage Flow on Peak Day | Purchased Power Expense <sup>1</sup> | Purchased Power (kWh) <sup>2</sup> |
| January          | 1,744              | 10,180,000                | 368,000                 | \$4,264                              | 35,786                             |
| February         | 1,776              | 6,758,000                 | 278,000                 | 5,342                                | 47,016                             |
| March            | 1,783              | 7,827,000                 | 273,000                 | 5,316                                | 48,113                             |
| April            | 1,852              | 6,103,000                 | 253,000                 | 6,292                                | 48,467                             |
| May              | 1,661              | 4,392,000                 | 170,000                 | 6,311                                | 51,350                             |
| June             | 1,601              | 3,903,000                 | 149,000                 | 6,113                                | 47,656                             |
| July             | 1,593              | 4,391,000                 | 175,000                 | 6,378                                | 49,058                             |
| August           | 1,591              | 4,500,000                 | 192,000                 | 6,605                                | 53,413                             |
| September        | 1,583              | 4,681,000                 | 209,000                 | 5,406                                | 42,600                             |
| October          | 1,642              | 5,632,000                 | 222,000                 | 4,981                                | 44,893                             |
| November         | 1,728              | 6,167,000                 | 233,000                 | 5,237                                | 46,057                             |
| December         | 1,790              | 6,252,000                 | 239,000                 | 5,399                                | 48,462                             |
|                  | <b>Totals</b>      | <b>70,786,000</b>         | <b>2,761,000</b>        | <b>\$67,643</b>                      | <b>562,871</b>                     |

Provide the following information as applicable per wastewater system:

|   |                               |
|---|-------------------------------|
| Method of Effluent Disposal                   | Reuse                         |
| Groundwater Permit Number                     | None                          |
| ADEQ Aquifer Protection Permit ("APP") Number | 102829                        |
| ADEQ Reuse Permit Number                      | R102829                       |
| EPA NPDES Permit Number                       | None                          |
| APP Effluent Treatment Requirement (Class)?   | B                             |
| Permitted Flow Rate                           | 340,000                       |
| Permitted Organic Capacity                    | n/a                           |
| Hydraulic Capacity                            | 34000%                        |
| Type of Biological Treatment                  | Sequenced Batch Reactor (SBR) |

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Wastewater Utility Plant Description

|  |              |
|--|--------------|
| Name of System:                              | Del Oro WWTP |
| Wastewater Inventory Number (if applicable): | 101816       |

| Wastewater Flows |                    |                           |                         |                                      |                                    |
|------------------|--------------------|---------------------------|-------------------------|--------------------------------------|------------------------------------|
| Month            | Number of Services | Total Monthly Sewage Flow | Sewage Flow on Peak Day | Purchased Power Expense <sup>1</sup> | Purchased Power (kWh) <sup>2</sup> |
| January          | 1,407              | 8,473,000                 | 306,000                 | \$6,633                              | 59,839                             |
| February         | 1,407              | 7,804,000                 | 323,000                 | 7,287                                | 69,207                             |
| March            | 1,391              | 8,862,000                 | 341,000                 | 7,582                                | 74,491                             |
| April            | 1,427              | 7,445,000                 | 299,000                 | 7,968                                | 64,814                             |
| May              | 1,432              | 7,019,000                 | 260,000                 | 7,729                                | 63,965                             |
| June             | 1,424              | 7,019,000                 | 245,000                 | 8,211                                | 69,048                             |
| July             | 1,424              | 7,635,000                 | 281,000                 | 8,193                                | 66,324                             |
| August           | 1,443              | 7,773,000                 | 332,000                 | 8,556                                | 70,861                             |
| September        | 1,427              | 7,477,000                 | 281,000                 | 8,673                                | 72,451                             |
| October          | 1,413              | 8,038,000                 | 305,000                 | 7,002                                | 65,787                             |
| November         | 1,415              | 8,141,000                 | 297,000                 | 6,677                                | 64,988                             |
| December         | 1,419              | 8,466,000                 | 296,000                 | 7,158                                | 70,017                             |
|                  | <b>Totals</b>      | <b>94,152,000</b>         | <b>3,566,000</b>        | <b>\$91,669</b>                      | <b>811,792</b>                     |

Provide the following information as applicable per wastewater system:

|   |                            |
|---|----------------------------|
| Method of Effluent Disposal                   | Reuse                      |
| Groundwater Permit Number                     | None                       |
| ADEQ Aquifer Protection Permit ("APP") Number | 101816                     |
| ADEQ Reuse Permit Number                      | R100221                    |
| EPA NPDES Permit Number                       | None                       |
| APP Effluent Treatment Requirement (Class)?   | A+                         |
| Permitted Flow Rate                           | 495,000                    |
| Permitted Organic Capacity                    | n/a                        |
| Hydraulic Capacity                            | 495000%                    |
| Type of Biological Treatment                  | Membrane Bio Reactor (MBR) |



Wastewater Utility Plant Description

|  |            |
|--|------------|
| Name of System:                              | Section 14 |
| Wastewater Inventory Number (if applicable): | 105014     |

| Wastewater Flows |                    |                           |                         |                                      |                                    |
|------------------|--------------------|---------------------------|-------------------------|--------------------------------------|------------------------------------|
| Month            | Number of Services | Total Monthly Sewage Flow | Sewage Flow on Peak Day | Purchased Power Expense <sup>1</sup> | Purchased Power (kWh) <sup>2</sup> |
| January          | 5,094              | 22,225,000                | 785,000                 | \$15,109                             | 139,729                            |
| February         | 5,067              | 19,929,000                | 779,000                 | 15,969                               | 139,209                            |
| March            | 5,101              | 20,905,000                | 759,000                 | 17,301                               | 161,249                            |
| April            | 5,161              | 19,103,000                | 707,000                 | 18,912                               | 148,685                            |
| May              | 5,051              | 18,096,000                | 655,000                 | 17,362                               | 136,653                            |
| June             | 4,970              | 16,792,000                | 588,000                 | 16,303                               | 132,131                            |
| July             | 4,941              | 16,412,000                | 590,000                 | 14,255                               | 114,151                            |
| August           | 4,892              | 17,198,000                | 617,000                 | 16,255                               | 125,803                            |
| September        | 4,974              | 16,590,000                | 621,000                 | 16,583                               | 126,806                            |
| October          | 5,087              | 17,990,000                | 677,000                 | 13,981                               | 122,195                            |
| November         | 5,180              | 20,482,000                | 775,000                 | 14,503                               | 131,133                            |
| December         | 5,241              | 21,430,000                | 742,000                 | 15,117                               | 138,555                            |
|                  | <b>Totals</b>      | <b>227,152,000</b>        | <b>8,295,000</b>        | <b>\$191,650</b>                     | <b>1,616,299</b>                   |

Provide the following information as applicable per wastewater system:

|   |                            |
|---|----------------------------|
| Method of Effluent Disposal                   | Reuse                      |
| Groundwater Permit Number                     | None                       |
| ADEQ Aquifer Protection Permit ("APP") Number | 105014                     |
| ADEQ Reuse Permit Number                      | R105014                    |
| EPA NPDES Permit Number                       | None                       |
| APP Effluent Treatment Requirement (Class)?   | A+                         |
| Permitted Flow Rate                           | 1.3 MGD                    |
| Permitted Organic Capacity                    | n/a                        |
| Hydraulic Capacity                            | 1.3 MGD %                  |
| Type of Biological Treatment                  | Membrane Bio Reactor (MBR) |

Foothills Water & Sewer, LLC Annual  
Report

Wastewater Utility Plant Description

|  |         |
|--|---------|
| Name of System:                              | Seasons |
| Wastewater Inventory Number (if applicable): | 103618  |

| Wastewater Flows |                    |                           |                         |                                      |                                    |
|------------------|--------------------|---------------------------|-------------------------|--------------------------------------|------------------------------------|
| Month            | Number of Services | Total Monthly Sewage Flow | Sewage Flow on Peak Day | Purchased Power Expense <sup>1</sup> | Purchased Power (kWh) <sup>2</sup> |
| January          | 686                | 2,500,000                 | 94,000                  | \$3,480                              | 34,480                             |
| February         | 676                | 2,443,000                 | 112,000                 | 3,366                                | 33,600                             |
| March            | 668                | 2,955,000                 | 119,000                 | 3,558                                | 36,560                             |
| April            | 678                | 2,976,000                 | 129,000                 | 3,935                                | 33,800                             |
| May              | 667                | 2,583,000                 | 109,000                 | 3,806                                | 32,880                             |
| June             | 647                | 2,091,000                 | 77,000                  | 4,281                                | 37,320                             |
| July             | 640                | 2,135,000                 | 85,000                  | 4,126                                | 35,400                             |
| August           | 658                | 2,019,000                 | 90,000                  | 4,180                                | 35,800                             |
| September        | 643                | 2,219,000                 | 96,000                  | 4,261                                | 37,360                             |
| October          | 652                | 2,621,000                 | 120,000                 | 3,594                                | 36,440                             |
| November         | 678                | 2,436,000                 | 104,000                 | 3,733                                | 38,320                             |
| December         | 667                | 2,461,000                 | 94,000                  | 3,986                                | 41,280                             |
|                  | <b>Totals</b>      | <b>29,439,000</b>         | <b>1,229,000</b>        | <b>\$46,306</b>                      | <b>433,240</b>                     |

Provide the following information as applicable per wastewater system:

|   |                            |
|---|----------------------------|
| Method of Effluent Disposal                   | Percolation                |
| Groundwater Permit Number                     | None                       |
| ADEQ Aquifer Protection Permit ("APP") Number | 103618                     |
| ADEQ Reuse Permit Number                      | None                       |
| EPA NPDES Permit Number                       | None                       |
| APP Effluent Treatment Requirement (Class)?   | A+                         |
| Permitted Flow Rate                           | 150,000                    |
| Permitted Organic Capacity                    | n/a                        |
| Hydraulic Capacity                            | 15000%                     |
| Type of Biological Treatment                  | Membrane Bio Reactor (MBR) |

| Water Utility Plant Description  |  |                |  |
|----------------------------------|--|----------------|--|
| Name of the System:              |  | Far West Water |  |
| ADEQ Public Water System Number: |  | AZ0414004      |  |
| ADWR PCC Number:                 |  | #N/A           |  |

| MAINS          |          |               |
|----------------|----------|---------------|
| Sizes (inches) | Material | Length (feet) |
| 2.00           | PVC      | 4,007         |
| 3.00           | PVC      | 10,849        |
| 4.00           | PVC      | 194,966       |
| 6.00           | PVC      | 658,219       |
| 8.00           | PVC      | 122,058       |
| 10.00          | PVC      | 25,462        |
| 12.00          | PVC      | 62,202        |
| 16.00          | PVC      | 21,008        |
| 0.00           | 0        | 0             |
| 0.00           | 0        | 0             |
| 0.00           | 0        | 0             |
| 0.00           | 0        | 0             |
| 0.00           | 0        | 0             |
| 0.00           | 0        | 0             |

| SERVICE LINES |                   |                |  |
|---------------|-------------------|----------------|--|
| Material      | Percent of system | Year installed |  |
| PVC           | 85%               | 1998           |  |
| Other         | 10%               | 1998           |  |
| PVC           | 5%                | 1998           |  |
| NA            | 0%                | 0              |  |
| NA            | 0%                | 0              |  |

| BOOSTER PUMPS |       |          |  |
|---------------|-------|----------|--|
| Horsepower    | GPM   | Quantity |  |
| 3-15 hp pump  | 500   | 1        |  |
| 30            | 425   | 1        |  |
| 40            | 475   | 4        |  |
| 60            | 875   | 1        |  |
| 75            | 1,000 | 13       |  |

| STORAGE TANKS      |          |          |                |
|--------------------|----------|----------|----------------|
| Capacity (gallons) | Material | Quantity | Year installed |
| 3,000,000          | Steel    | 1        | 1997           |
| 1,000,000          | Steel    | 2        | 1994           |
| 500,000            | Steel    | 1        | 1994           |
| 280,000            | Steel    | 1        | 1994           |
| 170,000            | Steel    | 1        | 1994           |

| CUSTOMER METERS |          |                                |                           |
|-----------------|----------|--------------------------------|---------------------------|
| Size (inches)   | Quantity | Percent over 1,000,000 gallons | Percent over 10 years old |
| 5/8 x 3/4       | 16,288   | 0%                             | 50%                       |
| 1               | 88       | 8%                             | 50%                       |
| 1 1/2           | 22       | 0%                             | 50%                       |
| 2               | 89       | 90%                            | 50%                       |
| 3               | 1        | 100%                           | 50%                       |
| 4               | 1        | 0%                             | 50%                       |
| 6               | 2        | 100%                           | 50%                       |
| Compound 5/8    | 4        | 100%                           | 0%                        |
| Compound 3      | 2        | 100%                           | 0%                        |
| Compound 4      | 1        | 100%                           | 0%                        |
| Compound 6      | 1        | 100%                           | 0%                        |
| Standpipe       | 7        | 0%                             | 0%                        |
| NA              | 0        | 0%                             | 0%                        |
| NA              | 0        | 0%                             | 0%                        |
| NA              | 0        | 0%                             | 0%                        |
| NA              | 0        | 0%                             | 0%                        |
| NA              | 0        | 0%                             | 0%                        |

| FIRE HYDRANTS |          |
|---------------|----------|
| Type          | Quantity |
| Standard *    | 812      |
| Other         | 0        |

| PRESSURE/BLADDER TANKS |          |          |                |
|------------------------|----------|----------|----------------|
| Capacity (gallons)     | Material | Quantity | Year installed |
| 0                      | 0        | 0        | 0              |
| 0                      | 0        | 0        | 0              |
| 0                      | 0        | 0        | 0              |
| 0                      | 0        | 0        | 0              |
| 0                      | 0        | 0        | 0              |

|  |
|--|
|  |
|--|

**Water Utility Plant Description (Continued)**

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

|                             |   |
|-----------------------------|---|
| <b>TREATMENT EQUIPMENT:</b> | 3 each MTV Sand Filters, 3 each Chlorine Pumps, 3 each Alum Pumps, 5 each Polymer Pumps, 3 each Raw Water Pumps, 3 each Finished Water Pumps., 3 each Backwash Pumps, 3 each Decant Pumps, 2 each Sludge Pumps, 3 each Air Blowers, 2 each Chlorine Analyzers, 2 each PH Analyzer, 5 each Turbidity Meters. |
| <b>STRUCTURES:</b>          | Water Treatment Plant, Distribution Shop Building, 6 Water Booster Stations.  |
| <b>OTHER:</b>               | Various Lab Equipment and Vehicles.   |

**Provide a calculation used to determine the value of one water equivalent residential connection (ERC).**

Use one of the following methods:

- (a) If actual flow data are available from the preceding 12 months, divide the total annual single family residence (SFR) gallons sold by the average number of single family residence customers for the same period and divide the result by 365 days.

- (b) If no historical flow data are available, use:

$$\text{ERC} = ( \text{Total SFR gallons sold (Omit 000)} / 365 \text{ days} / 350 \text{ gallons per day} )$$

ERC 

|     |
|-----|
| 231 |
|-----|

  
 Method used: 

|     |
|-----|
| (a) |
|-----|

Wastewater Utility Plant Description

| Wastewater Utility Plant Description         |            |         |
|--|------------|---------|
| Name of System:                              | Section 14 |         |
| Wastewater Inventory Number (if applicable): |            | 105014  |
| Type of Treatment                            | MBR        |         |
| Design Capacity of Plant (Gallons per day)   |            | 1300000 |

| LIFT STATION FACILITIES |                   |                     |                               |                          |                  |
|-------------------------|-------------------|---------------------|-------------------------------|--------------------------|------------------|
| Location                | Quantity of Pumps | Horsepower Per Pump | Rated Capacity Per Pump (GPM) | Wet Well Capacity (gals) | Year Constructed |
| 12651 Ave 14 E          | 2                 | 30                  | 360                           | 8000                     | 2011             |
| 3352 Puesta Del Sol     | 2                 | 15                  | 300                           | 4000                     | 2011             |
| 9700 E 40th St          | 2                 | 100                 | 1200                          | 6000                     | 2011             |
| 13712 44th St           | 2                 | 2                   | 60                            | 4000                     | 2010             |
| 11890 S Foothills Blvd  | 2                 | 30                  | 550                           | 9000                     | 2019             |
| 12587 S Foothills Blvd  | 1                 | 30                  | 360                           | 4000                     | 1999             |
| 12500 44th St           | 2                 | 11                  | 220                           | 4000                     | 1998             |
| 11720 S Foothills Blvd  | 1                 | 2                   | 40                            | 2000                     | 1999             |
| 11792 S Foothills Blvd  | 1                 | 3                   | 60                            | 2000                     | 1999             |
| 11748 S Foothills Blvd  | 1                 | 3                   | 60                            | 2000                     | 1999             |
| 11361 S Foothills Blvd  | 2                 | 2                   | 30                            | 2000                     | 1999             |
| 12871B S Frontage Rd    | 1                 | 2                   | 60                            | 2000                     | 1999             |
| 13110 38th St           | 2                 | 8                   | 150                           | 3000                     | 1995             |
| 0                       | 0                 | 0                   | 0                             | 0                        | 0                |
| 0                       | 0                 | 0                   | 0                             | 0                        | 0                |
| 0                       | 0                 | 0                   | 0                             | 0                        | 0                |

| FORCE MAINS |          |               |
|-------------|----------|---------------|
| Size        | Material | Length (Feet) |
| 3 inch      | PVC      | 427           |
| 4 inch      | PVC      | 10,188        |
| 6 inch      | PVC      | 17,420        |
| 8 inch      | PVC      | 4,129         |
| 12 Inch     | PVC      | 26,147        |
| 14 inch     | PVC      | 153           |
| 0           | 0        | 0             |

| MANHOLES |          |
|----------|----------|
| Type     | Quantity |
| Standard | 573      |
| Drop     | 4        |

| CLEANOUTS |
|-----------|
| Quantity  |
| 80        |
| 0         |
| 0         |
| 0         |

**Note:** If you are filing for more than one system, please provide separate sheets for each system.

**Instructions:** Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or

Wastewater Utility Plant Description (Continued)

| Wastewater Utility Plant Description (Continued) |                          |               |                   |          |          |
|--|--------------------------|---------------|-------------------|----------|----------|
| COLLECTION MAINS                                 |                          |               | SERVICES/LATERALS |          |          |
| Sizes (inches)                                   | Material                 | Length (feet) | Size (inches)     | Material | Quantity |
| 6  | PVC                      | 14,575        | 4                 | PVC      | 4,279    |
| 8  | PVC                      | 191,278       | 8                 | PVC      | 0        |
| 10   | PVC                      | 10,378        | 0                 | 0        | 0        |
| 12   | PVC                      | 23,227        | 0                 | 0        | 0        |
| 15   | PVC                      | 3,955         |                   |          |          |
| 18   | PVC                      | 3,714         |                   |          |          |
| 2  | HDPE Low pressure system | 2,043         |                   |          |          |
| 3  | HDPE Low pressure system | 3,237         |                   |          |          |
| 4  | HDPE Low pressure system | 1,590         |                   |          |          |
| 6  | HDPE Low pressure system | 3,474         |                   |          |          |
| 0  | NA                       | 0             |                   |          |          |
| 0  | NA                       | 0             |                   |          |          |
| 0  | NA                       | 0             |                   |          |          |
| 0  | NA                       | 0             |                   |          |          |
| 0  | NA                       | 0             |                   |          |          |

For the following five items, list the utility owned assets in each category for each system.

|   |  |
|---|--|
| <b>SOLIDS PROCESSING AND HANDLING FACILITIES</b>                                      | Somat - Solids Dewatering System   |
| <b>DISINFECTION EQUIPMENT</b><br>(Chlorinator, Ultra-Violet, Etc.)                    | Trojan - UV Disinfection Unit  |
| <b>FILTRATION EQUIPMENT</b> (Rapid Sand, Slow Sand, Activated Carbon, Etc.)           | MBR - Membrane Filtration System   |
| <b>STRUCTURES</b><br>(Buildings, Fences, Etc.)  | Wood Frame, Stucco, Com. Roof. 3,360 Sq Ft Control Building, 936 sq ft Lab Building, 1,800 sq ft Screening, Sludge Building, 480 sq ft Aeration Blower Shade Structure, Surrounded by 8 ft Block Wall          |
| <b>Other</b> (Laboratory Equipment, Tools, Vehicles, Standby, Power Generators, Etc.) | (1) Vac-Con Unit, Various Vehicle, Laboratory Equipment and Tools Shared by all WWTPs. (1) 750 KVA Caterpillar Generator at Section 14 WWTP. (1) Generac SD250 313 KVA Generator at Palm Shadows Lift Station. |

**Note:** If you are filing for more than one system, please provide separate sheets for each system.

**Instructions:** Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there

|  |              |        |
|--|--------------|--------|
| Name of System:                              | Del Oro WWTP |        |
| Wastewater Inventory Number (if applicable): |              | 101816 |
| Type of Treatment                            | MBR          |        |
| Design Capacity of Plant (Gallons per day)   |              | 495000 |

[illegible][illegible]

| MANHOLES |          |
|----------|----------|
| Type     | Quantity |
| Standard | 229      |
| Drop     | 0        |

| CLEANOUTS |
|-----------|
| Quantity  |
| 0         |
| 0         |
| 0         |
| 0         |

**Instructions:** Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or

Wastewater Utility Plant Description (Continued)

| Wastewater Utility Plant Description (Continued) |          |               |                   |          |          |
|--|----------|---------------|-------------------|----------|----------|
| COLLECTION MAINS                                 |          |               | SERVICES/LATERALS |          |          |
| Sizes (inches)                                   | Material | Length (feet) | Size (inches)     | Material | Quantity |
| 6  | PVC      | 0             | 4                 | PVC      | 1,458    |
| 8  | PVC      | 70,256        | 6                 | PVC      | 0        |
| 10   | PVC      | 2,478         | 0                 | 0        | 0        |
| 12   | PVC      | 2,639         | 0                 | 0        | 0        |
| 0  | NA       | 0             |                   |          |          |
| 0  | NA       | 0             |                   |          |          |
| 0  | NA       | 0             |                   |          |          |
| 0  | NA       | 0             |                   |          |          |
| 0  | NA       | 0             |                   |          |          |
| 0  | NA       | 0             |                   |          |          |
| 0  | NA       | 0             |                   |          |          |
| 0  | NA       | 0             |                   |          |          |
| 0  | NA       | 0             |                   |          |          |
| 0  | NA       | 0             |                   |          |          |
| 0  | NA       | 0             |                   |          |          |
| 0  | NA       | 0             |                   |          |          |

For the following five items, list the utility owned assets in each category for each system.

|   |  |
|---|--|
| <b>SOLIDS PROCESSING AND HANDLING FACILITIES</b>                                      | Somat - Solids Dewatering System   |
| <b>DISINFECTION EQUIPMENT</b><br>(Chlorinator, Ultra-Violet, Etc.)                    | Trojan - UV Disinfection Unit  |
| <b>FILTRATION EQUIPMENT</b> (Rapid Sand, Slow Sand, Activated Carbon, Etc.)           | MBR - Membrane Filtration System   |
| <b>STRUCTURES</b><br>(Buildings, Fences, Etc.)  | Wood Frame, Stucco, Comp. Roof. 2,160 sq ft Control Building, 800 sq ft Lab Building, surrounded by 6 ft Block Wall.                       |
| <b>Other</b> (Laboratory Equipment, Tools, Vehicles, Standby, Power Generators, Etc.) | (1) Vac-Con Unit, Various Vehicle, Laboratory Equipment and Tools Shared by all WWTPs. (1) 7350 KVA Caterpillar Generator at Del Oro WWTP. |

**Note:** If you are filing for more than one system, please provide separate sheets for each system.

**Instructions:** Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there



|  |          |  |
|--|----------|--|
| Name of System:                              | Seasons  |  |
| Wastewater Inventory Number (if applicable): | 103618   |  |
| Type of Treatment                            | Membrane |  |
| Design Capacity of Plant (Gallons per day)   | 150000   |  |

[illegible][illegible]

| MANHOLES |          |
|----------|----------|
| Type     | Quantity |
| Standard | 51       |
| Drop     | 0        |

| CLEANOUTS |  |
|-----------|--|
| Quantity  |  |
| 0         |  |
| 0         |  |
| 0         |  |
| 0         |  |

**Instructions:** Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or

Wastewater Utility Plant Description (Continued)

| Wastewater Utility Plant Description (Continued) |          |               |  | SERVICES/LATERALS |          |          |
|--|----------|---------------|--|-------------------|----------|----------|
| COLLECTION MAINS                                 |          |               |  | Size (inches)     | Material | Quantity |
| Sizes (inches)                                   | Material | Length (feet) |  |                   |          |          |
| 8  | PVC      | 21,779        |  | 4                 | PVC      | 685      |
| 12   | PVC      | 808           |  | 0                 | 0        | 0        |
| NA   | NA       | 0             |  | 0                 | 0        | 0        |
| NA   | NA       | 0             |  | 0                 | 0        | 0        |
| NA   | NA       | 0             |  |                   |          |          |
| NA   | NA       | 0             |  |                   |          |          |
| NA   | NA       | 0             |  |                   |          |          |
| NA   | NA       | 0             |  |                   |          |          |
| NA   | NA       | 0             |  |                   |          |          |
| NA   | NA       | 0             |  |                   |          |          |
| NA   | NA       | 0             |  |                   |          |          |
| NA   | NA       | 0             |  |                   |          |          |
| NA   | NA       | 0             |  |                   |          |          |
| NA   | NA       | 0             |  |                   |          |          |
| NA   | NA       | 0             |  |                   |          |          |
| NA   | NA       | 0             |  |                   |          |          |

For the following five items, list the utility owned assets in each category for each system.

|   |   |
|---|---|
| <b>SOLIDS PROCESSING AND HANDLING FACILITIES</b>                                      | Somat - Solids Dewatering System  |
| <b>DISINFECTION EQUIPMENT</b><br>(Chlorinator, Ultra-Violet, Etc.)                    | Trojan - UV Disinfection Unit   |
| <b>FILTRATION EQUIPMENT</b> (Rapid Sand, Slow Sand, Activated Carbon, Etc.)           | MBR - Membrane Filtration System  |
| <b>STRUCTURES</b><br>(Buildings, Fences, Etc.)  | Wood Frame, Stucco, Comp. Roof. 980 sq ft Building, 517 sq ft Zenon Metal Building, Surrounded by 6 ft Block Wall |
| <b>Other</b> (Laboratory Equipment, Tools, Vehicles, Standby, Power Generators, Etc.) | (1) Vac-Con Unit, Various Vehicle, Laboratory Equipment and Tools Shared by all WWTPs.                            |

**Note:** If you are filing for more than one system, please provide separate sheets for each system.

**Instructions:** Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there

|   |                   |  |
|---|-------------------|--|
| <u>Name of System:</u>                              | Marwood WWTP      |  |
| <u>Wastewater Inventory Number (if applicable):</u> | 102829            |  |
| <u>Type of Treatment</u>                            | Extended Aeration |  |
| <u>Design Capacity of Plant (Gallons per day)</u>   | 340000            |  |

[illegible]

| FORCE MAINS |          |               |
|-------------|----------|---------------|
| Size        | Material | Length (Feet) |
| 2 inch      | PVC      | 464           |
| 3 inch      | PVC      | 3,571         |
| 4 inch      | PVC      | 7,918         |
| 0           | 0        | 0             |
| 0           | 0        | 0             |
| 0           | 0        | 0             |
| 0           | 0        | 0             |

| MANHOLES |          |
|----------|----------|
| Type     | Quantity |
| Standard | 293      |
| Drop     | 0        |

| CLEANOUTS |  |
|-----------|--|
| Quantity  |  |
| 0         |  |
| 0         |  |
| 0         |  |
| 0         |  |

**Instructions:** Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or

Wastewater Utility Plant Description (Continued)

| Wastewater Utility Plant Description (Continued) |                          |               |                   |          |          |
|--|--------------------------|---------------|-------------------|----------|----------|
| COLLECTION MAINS                                 |                          |               | SERVICES/LATERALS |          |          |
| Sizes (inches)                                   | Material                 | Length (feet) | Size (inches)     | Material | Quantity |
| 2  | HDPE Low pressure system | 0             | 4                 | PVC      | 2,712    |
| 3  | HDPE Low pressure system | 0             | 6                 | PVC      | 0        |
| 4  | HDPE Low pressure system | 0             | 8                 | PVC      | 0        |
| 6  | HDPE Low pressure system | 0             | 0                 | 0        | 0        |
| 6  | PVC                      | 5,711         |                   |          |          |
| 8  | PVC                      | 115,686       |                   |          |          |
| 10   | PVC                      | 844           |                   |          |          |
| 12   | PVC                      | 4,444         |                   |          |          |
| 15   | PVC                      | 0             |                   |          |          |
| 0  | NA                       | 0             |                   |          |          |
| 0  | NA                       | 0             |                   |          |          |
| 0  | NA                       | 0             |                   |          |          |
| 0  | NA                       | 0             |                   |          |          |
| 0  | NA                       | 0             |                   |          |          |
| 0  | NA                       | 0             |                   |          |          |

For the following five items, list the utility owned assets in each category for each system.

|   |  |
|---|--|
| <b>SOLIDS PROCESSING AND HANDLING FACILITIES</b>                                      | Somat-Solids Dewatering System   |
| <b>DISINFECTION EQUIPMENT</b><br>(Chlorinator, Ultra-Violet, Etc.)                    | Chorine Tablets  |
| <b>FILTRATION EQUIPMENT</b> (Rapid Sand, Slow Sand, Activated Carbon, Etc.)           | None   |
| <b>STRUCTURES</b><br>(Buildings, Fences, Etc.)  | Wood Frame, Stucco, Metal Roof, 14,100 sq ft Building, Wood Frame, Stucco, Comp Roof 672 sq ft Lab Building, Surrounded by 6 ft block wall and chain link fence. |
| <b>Other</b> (Laboratory Equipment, Tools, Vehicles, Standby, Power Generators, Etc.) | (1) Vac-Con Unit, Various Vehicle, Laboratory Equipment and Tools Shared by all WWTPs.   |

**Note:** If you are filing for more than one system, please provide separate sheets for each system.

**Instructions:** Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there

|   |                   |  |
|---|-------------------|--|
| <u>Name of System:</u>                              | Villa Del Rey     |  |
| <u>Wastewater Inventory Number (if applicable):</u> | 511483            |  |
| <u>Type of Treatment</u>                            | Extended Aeration |  |
| <u>Design Capacity of Plant (Gallons per day)</u>   | 45000             |  |

[illegible][illegible]

| MANHOLES |          |
|----------|----------|
| Type     | Quantity |
| Standard | 80       |
| Drop     | 0        |

| CLEANOUTS |  |
|-----------|--|
| Quantity  |  |
| 0         |  |
| 0         |  |
| 0         |  |
| 0         |  |

**Note:** If you are filing for more than one system, please provide separate sheets for each system.

**Instructions:** Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or

Wastewater Utility Plant Description (Continued)

| Wastewater Utility Plant Description (Continued) |          |               |                   |          |          |
|--|----------|---------------|-------------------|----------|----------|
| COLLECTION MAINS                                 |          |               | SERVICES/LATERALS |          |          |
| Sizes (inches)                                   | Material | Length (feet) | Size (inches)     | Material | Quantity |
| 6  | PVC      | 2,368         | 4                 | PVC      | 78       |
| 8  | PVC      | 2,638         | 0                 | 0        | 0        |
| 10   | PVC      | 1,420         | 0                 | 0        | 0        |
| 12   | PVC      | 8,596         | 0                 | 0        | 0        |
| 0  | NA       | 0             |                   |          |          |
| 0  | NA       | 0             |                   |          |          |
| 0  | NA       | 0             |                   |          |          |
| 0  | NA       | 0             |                   |          |          |
| 0  | NA       | 0             |                   |          |          |
| 0  | NA       | 0             |                   |          |          |
| 0  | NA       | 0             |                   |          |          |
| 0  | NA       | 0             |                   |          |          |
| 0  | NA       | 0             |                   |          |          |
| 0  | NA       | 0             |                   |          |          |
| 0  | NA       | 0             |                   |          |          |
| 0  | NA       | 0             |                   |          |          |

For the following five items, list the utility owned assets in each category for each system.

|   |  |
|---|--|
| <b>SOLIDS PROCESSING AND HANDLING FACILITIES</b>                                      | None   |
| <b>DISINFECTION EQUIPMENT</b><br>(Chlorinator, Ultra-Violet, Etc.)                    | Chlorine Tablets   |
| <b>FILTRATION EQUIPMENT</b> (Rapid Sand, Slow Sand, Activated Carbon, Etc.)           | None   |
| <b>STRUCTURES</b><br>(Buildings, Fences, Etc.)  | WWTP surrounded by 6 ft chain link fence   |
| <b>Other</b> (Laboratory Equipment, Tools, Vehicles, Standby, Power Generators, Etc.) | (1) Vac-Con Unit, Various Vehicle, Laboratory Equipment and Tools Shared by all WWTPs. |

**Note:** If you are filing for more than one system, please provide separate sheets for each system.

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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 FOOTHILLS WATER & SEWER, LLC,  
AN ARIZONA CORPORATION, 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 BY ITS WATER  
AND WASTEWATER DIVISIONS AND  
FOR CERTAIN RELATED APPROVALS.

DOCKET NO. WS-03478A-23-

TESTIMONY OF  
ED FORTNER  
ON BEHALF OF  
FOOTHILLS WATER & SEWER, LLC

October 31, 2023

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MECHANISM .....16

Exhibits

- Exhibit EF-1, Consent Order for Far West system
- Exhibit EF-2, Termination of Consent Order for Far West system
- Exhibit EF-3, Foothills Water Master Plan
- Exhibit EF-4, Foothills Wastewater Master Plan
- Exhibit EF-5, PTYP Water Project Summary
- Exhibit EF-6, PTYP Wastewater Project Summary
- Exhibit EF-7, SIB Plant Table 1 – Water Division
- Exhibit EF-8, SIB Plant Table 1 – Sewer Division



1 **FOOTHILLS WATER & SEWER, LLC**

2 **Testimony of**

3 **Ed Fortner**

4 **I. INTRODUCTION**

5 **Q. PLEASE STATE YOUR NAME, EMPLOYER, AND TITLE.**

6 A. My name is Ed Fortner. I am employed by Foothills Water & Sewer, LLC  
7 d/b/a Foothills Utilities (“Foothills” or “Company”) as its General Manager. I  
8 am also the Southwest Regional Manager for NW Natural Water Company,  
9 LLC (“NW Natural Water”) – an affiliate of Foothills. As such, I am  
10 responsible for the day-to-day management and operations of Foothills.  
11

12 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.**

13 A. I received a Bachelor of Arts in Organizational Management and a Master of  
14 Business Administration from Midway University. In addition, I have held  
15 certifications in Water Treatment, Water Distribution, Wastewater Treatment,  
16 and Wastewater Collections in multiple states, most recently in California.  
17

18 **Q. PLEASE DESCRIBE YOUR WORK EXPERIENCE.**

19 A. I have worked in the Utility Industry for 37 years. Over that time, I have held  
20 roles as a Lead Water Plant Operator, Lab Director, Hydrogeologist Technician,  
21 Plant Manager, Water Treatment and Quality Manager, Utility Director, General  
22 Manager, Regulator, and Regional Manager. I managed utilities with water  
23 treatment, wastewater treatment, and electric divisions. I began working in  
24 water treatment with Richmond, KY Municipal Utilities in the mid-1980s. I am  
25 a former American Water Works Association (“AWWA”) Top Ops National  
26 Champion. During my time with the Kentucky Environmental Protection  
27 Cabinet, I provided technical assistance to Water Treatment Utilities. I was a  
28

1 Utility Director and I supported a variety of positions, including certified Water  
2 Laboratories; Water and Wastewater Plant Operations; Plant Management;  
3 Collection and Distribution Management; and Technical Assistance. I was the  
4 Treatment and Water Quality Manager with Aqua PA, where I was responsible  
5 for water quality for over 150 million gallons per day (“MGD”). I also served  
6 as Utility Director for the City of Berea Municipal Utilities (KY). I was District  
7 Manager for Paradise Irrigation District (CA). I was General Manager of  
8 Sweetwater Springs Water District in Sonoma County (CA) for three years.  
9 While at Sweetwater Springs Water District, I upgraded water rights, updated  
10 the Urban Water Management Plan and the Water Shortage Contingency Plan,  
11 created our own Local Hazard Mitigation Plan, managed several Capital  
12 Projects, and re-negotiated labor agreements.

13  
14 Additionally, I have been a member of various professional organizations: the  
15 American Water Works Association; Kentucky Water and Wastewater  
16 Operators Association; Kentucky Rural Water Association; California Rural  
17 Water Association; Kentucky Municipal Utilities Association; Water  
18 Environment Federation; American Public Power Association; and Water  
19 Utilities Association of Arizona.

20 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE ARIZONA**  
21 **CORPORATION COMMISSION (“COMMISSION”)?**

22 A. Yes, I testified in the Truxton Canyon Water Company and Cerbat Water  
23 Company acquisition proceedings (Docket No. W-02168A-23-0034).

24  
25 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

26 A. My testimony gives a general overview of Foothills and of the Company’s rate  
27 application. My testimony then summarizes the challenges facing Foothills in  
28

1 improving an aging legacy system recently acquired from ownership that  
2 deferred needed plant investments and maintenance and thus had significant  
3 operational and regulatory compliance issues. The Company has developed an  
4 infrastructure plan and budget to organize and construct necessary utility plant  
5 additions and improvements to provide safe and reliable service to customers. I  
6 provide a detailed overview of that plan, which, among other things, evidences  
7 Foothills' need for rate relief and regulatory support at a level that will allow  
8 Foothills to attract the capital needed to continue to improve the system and  
9 serve customers safely and reliably.

10  
11 I also testify regarding the necessary post-test year plant ("PTYP") additions that  
12 have been completed to date or are expected to be placed in service prior to the  
13 close of the 12-month post-test year period. These projects benefit customers  
14 today, or will do so before new rates are effective, and should be included in rate  
15 base. I also provide testimony in support of Foothills' request for a System  
16 Improvement Benefits ("SIB") recovery mechanism to facilitate the replacement  
17 of aging and failing infrastructure.

18 **Q. ARE OTHER COMPANY WITNESSES SPONSORING PRE-FILED**  
19 **DIRECT TESTIMONY IN THIS PROCEEDING?**

20 **A.** Yes. In addition to my testimony, Foothills has filed Testimony from the  
21 following witnesses:

- 22 · Ray Jones: Mr. Jones provides testimony and evidence supporting the  
23 Company's adjusted rate base and net operating income for the twelve-month  
24 period ending June 30, 2023 ("Test Year"). Mr. Jones presents the  
25 calculation of the associated increase in gross revenue requirement and the  
26 Company's proposed rate design for water and wastewater customers. Mr.  
27 Jones also provides evidence and testimony supporting the calculation of  
28

1 Replacement Cost New Less Depreciation (“RCND”) of the Company’s  
2 utility plant, the Company’s Fair Value Rate Base, and Fair Value Increment.  
3 Mr. Jones further describes the surcharges that Foothills requests in this case,  
4 including the SIB surcharge, the Purchased Power Adjustor Mechanism  
5 (“PPAM”), and the Purchased Water Adjustor Mechanism (“PWAM”).

- 6 · John Spanos: Mr. Spanos provides testimony and evidence supporting the  
7 application of new depreciation rates for Foothills’ water and sewer  
8 divisions.
- 9 · Dylan W. D’Ascendis: Mr. D’Ascendis provides testimony and evidence  
10 supporting the Company’s overall required rate of return on rate base,  
11 including the return on equity (“ROE”) and rate of return on the Fair Value  
12 Increment.

## 13 14 **II. GENERAL BACKGROUND OF FOOTHILLS AND ITS APPLICATION**

### 15 **Q. PLEASE PROVIDE A BRIEF OVERVIEW OF FOOTHILLS.**

16 A. On September 20, 2022, the Commission issued Decision No. 78716  
17 approving the sale and transfer of the Far West Water and Sewer Company’s  
18 (“Far West”) water and wastewater assets and certificates of convenience and  
19 necessity (“CC&Ns”) to Foothills. On October 5, 2022, Foothills closed the  
20 transaction, acquired the assets of Far West, and began providing water and  
21 sewer services to the former Far West service area. Foothills is a Class B  
22 water utility and a Class B wastewater utility providing service to the Fortuna  
23 Foothills area, located in Yuma County, Arizona. Foothills employs 39 people  
24 to provide service to over 25,000 water and wastewater service connections.  
25 Foothills is a wholly-owned and operated subsidiary of NW Natural Water of  
26 Arizona, LLC (“NW Natural Water of Arizona”), which is a wholly-owned  
27 subsidiary of NW Natural Water. NW Natural Water of Arizona is NW  
28

1 Natural Water's corporate vehicle for owning and operating regulated utility  
2 assets in Arizona.

3  
4 Through its subsidiaries, NW Natural Water currently owns and operates water  
5 and wastewater utility systems in five states (Arizona, Oregon, Washington,  
6 Idaho, and Texas). NW Natural Water is a wholly-owned subsidiary of  
7 Northwest Natural Holding Company ("NW Natural Holdings"), which has  
8 provided safe, reliable and affordable utility services for 165 years. Through  
9 its history, NW Natural Holdings and its subsidiaries have developed core  
10 competencies that include constructing and maintaining critical utility  
11 infrastructure, providing exemplary customer service, ensuring safe and  
12 reliable utility service, and effectively managing regulated utilities.

13  
14 Since assuming ownership of the Far West utilities, Foothills has been  
15 evaluating and investing in the water and wastewater systems to improve the  
16 safety and reliability of the water and wastewater services provided. Foothills  
17 is dedicated to ensuring that these systems comply with all applicable rules and  
18 regulations and has materially improved the compliance status and  
19 performance of the utilities since it took over operations approximately one  
20 year ago, as discussed later in this testimony.

21  
22 **Q. PLEASE SUMMARIZE FOOTHILLS' GENERAL RATE CASE**  
23 **APPLICATION.**

24 **A.** Foothills seeks an increase in annual utility operating revenues in the amount of  
25 \$3,300,493, or 50.96% for its wastewater system and \$1,047,567, or 17.78% for  
26 its water system. This proposed new rate equates to a 5% annual increase since  
27 the last rate case for wastewater and a 0.7% annual increase since the last water  
28

1 rate case. This requested increase is primarily driven by investments in the  
2 system needed to operate the system safely and reliably and to compensate for  
3 the previous owner's deferred investment in water and wastewater  
4 infrastructure. Specifically, Foothills must upgrade aging and failing  
5 infrastructure; purchase and install new AMR smart meters; and invest in lift  
6 stations, manholes, odor control, pump replacement, and Membrane Bio Reactor  
7 replacements. These costs have dramatically risen in recent years and have a  
8 material impact on Foothills' capital needs. Foothills must invest \$56,241,000  
9 over the next five years to ensure customers receive safe and reliable water and  
10 wastewater service.

11  
12 As discussed in the testimony of Mr. Ray Jones, the Company's overall request  
13 produces a 6.96% return on the fair value rate base of \$22.25 million or an 8.40%  
14 return on the original cost rate base of \$18.44 million for water customers and a  
15 6.55% return on the fair value rate base of \$43.92 million or an 8.47% return on  
16 the original cost rate base of \$33.95 million for wastewater customers. Mr.  
17 Dylan D'Ascendis describes in his testimony how Foothills determined the  
18 proposed return for each system and why those returns are required for Foothills  
19 to continue providing safe and reliable utility service to customers.

20 Foothills witness Mr. Ray Jones discusses Foothills' proposal to change the  
21 current rate design structure for water customers, to move it towards compliance  
22 with the Commission's water policy on rate design. The proposal moves  
23 Foothills' rate design from one tier to three tiers and aligns cost recovery more  
24 closely to the per-tier percentages recommended in the Commission's water  
25 policy. The Company does not propose any changes to the rate design for its  
26 wastewater customers.

1 Witness Mr. Ray Jones also provides rate support for the Company's request for  
2 authorization of a SIB mechanism, which has been approved for several Arizona  
3 utilities. As I describe, the Company's water and wastewater systems have aging  
4 and failing infrastructure that has reached the end of its useful life. The water  
5 system has water loss of over 10%, which is the measure typically used by the  
6 Commission to approve a SIB request for water utilities. My testimony provides  
7 additional details as to the Company's plan to reduce water loss and replace  
8 aging and failing infrastructure in both its water and wastewater systems.

9  
10 Foothills proposes to implement a PWAM for the water division and a PPAM  
11 for both the water and wastewater divisions. Consistent with the adjustment  
12 mechanisms approved for other Arizona utilities, the PPAM and PWAM allow  
13 Foothills to pass through in rates any increases or decreases in purchased power  
14 and water costs resulting from rate changes from the power and water providers  
15 that serve the Company. As detailed in the testimony of Mr. Ray Jones, these  
16 adjustors will aid in recovering or refunding costs that are outside of Foothills'  
17 control.

18 Another important request for Foothills is an update to its depreciation rates, as  
19 discussed in the testimony of Mr. John Spanos. A key request with respect to the  
20 new depreciation rates is that they be implemented as of July 1, 2023. Doing so  
21 is critical to preserve the value of the plant investment that Foothills has made  
22 since taking ownership of the utility. New water meters are a particularly good  
23 example of the problem. Under current depreciation rates, meters have a seven-  
24 year life, which means that if the Company's request to apply new depreciation  
25 rates starting at the close of the test year is not granted and the new depreciation  
26 rates are applied at the close of this case, the value of the meters will have  
27 materially eroded, by as much as \$1.07 million. This is a substantial hit on a \$9  
28

1 million meter replacement program, which, with proper depreciation rates,  
2 would incur approximately \$0.4 million in depreciation over the same period. I  
3 understand that the Commission has allowed the application of depreciation  
4 rates for other utilities prior to the date of the rate decision, and we respectfully  
5 ask that it do so for Foothills under these unique circumstances. Foothills  
6 Witness Mr. Ray Jones describes this request in greater detail in his testimony.

7  
8 Finally, Foothills proposes to include 12 months of PTYP in rate base. As  
9 described herein, these projects are substantial projects required for Foothills to  
10 continue to provide safe and reliable water and wastewater service. This  
11 adjustment is needed to account for the regulatory lag inherent in the use of a  
12 historical test year in an inflationary and cost-intensive capital environment.  
13 Other revenue requirement items are discussed in the testimony of Mr. Ray  
14 Jones.

15 **Q. WHEN WERE THE COMPANY'S CURRENT RATES AND CHARGES**  
16 **FOR WATER AND WASTEWATER SERVICE PLACED INTO**  
17 **EFFECT?**

18 A. Foothills' current water rates were approved in Decision No. 62649 (June 13,  
19 2000) – over 23 years ago. Foothills' current wastewater rates were phased in  
20 over two phases, pursuant to Decision No. 74097 (Sept. 23, 2013) –  
21 approximately 10 years ago.

22  
23 **Q. HAS THE COMPANY EXPERIENCED ANY CUSTOMER GROWTH**  
24 **SINCE THE LAST RATE CASE(S)?**

25 A. Yes, the Company has experienced significant growth since its last water and  
26 wastewater rate cases. It has also had several requests from developers to serve  
27  
28



1 new areas outside of its present CC&N, and thus expects to experience additional  
2 growth in the foreseeable future.

3  
4 **Q. Foothills Requests a Material Increase to Base Rates**  
5 **and Multiple Adjustment Mechanisms. Why is Granting**  
6 **those Requests in the Public Interest?**

7 A. Foothills' requests are necessary and in the public interest because they will (1)  
8 bring Foothills' rates in line with its current cost structure and allow Foothills to  
9 recover its costs of doing business; (2) assist in the replacement of failing and  
10 aging infrastructure, which reduces water loss and improves reliability; (3) allow  
11 Foothills to make necessary systems upgrades that have been put off for too long  
12 by the utilities' prior ownership; and (4) promote rate gradualism, which benefits  
13 customers and the Company.

14  
15 Foothills has not had a rate increase in a decade or more. Customers on the  
16 wastewater system are benefitting from rates set over 10 years ago. Customers  
17 on the water system are benefitting from rates set over 23 years ago. Foothills  
18 takes seriously its obligation to provide safe and reliable utility service. To do  
19 so, Foothills must be able to earn the necessary revenue to provide such service,  
20 which it cannot do with existing rates.

21 The Company's proposed adjustment mechanisms will help Foothills recover  
22 large expenditures in between rate cases, while also mitigating bill impacts to  
23 rate payers. Rather than waiting to recover large expenditures in a future rate  
24 case (with a concomitant large bill impact), the proposed adjusters will allow the  
25 Company to recover the costs gradually over time, as the costs are incurred.  
26 Ultimately, the Company's requests will promote a moderate bill impact on  
27  
28

1 customers while supporting Foothills' need to invest in utility plant and provide  
2 safe and reliable service.

3  
4 **III. DRIVERS OF THE RATE APPLICATION**

5 **Q. WHAT CHALLENGES DOES FOOTHILLS FACE THAT REQUIRE**  
6 **THE RELIEF REQUESTED IN THIS RATE APPLICATION?**

7 A. Aging and failing infrastructure is a significant concern for Foothills. Some  
8 components of the system's infrastructure are approaching upwards of 60 years  
9 old, and much of it is nearing the end of its useful life. The already deteriorating  
10 condition of the infrastructure was unfortunately exacerbated by the systems'  
11 previous ownership, which deferred capital improvements and upgrades for too  
12 long.

13  
14 Upon acquiring the water and wastewater systems, Foothills immediately began  
15 a system-wide analysis to identify the condition of the water system and sewer  
16 system and to formulate plans to bring the systems into regulatory compliance  
17 and operate the systems safely and reliably while improving the customer and  
18 employee experience with regard to water and wastewater service. As a result  
19 of that work, Foothills developed a Water Master Plan and Wastewater Master  
20 Plan, attached to this testimony as exhibits EF-3 and EF-4.

21  
22 The primary upgrades and improvements on the wastewater system include the  
23 abandonment of the deteriorating Del Rey WWTP and necessary upgrades to the  
24 Section 14 WWTP, improvements to the SCADA system, and upgrades to lift  
25 stations. The water system upgrades consist of replacing fire hydrants, valves,  
26 pumps and pump station meters, chlorine analyzers, and upgrading an existing  
27 water treatment plant. The upgrades and improvements identified in those plans  
28

1 are additive to the general need to replace aging and failing infrastructure, as  
2 well as making necessary operational improvements in the normal course of  
3 business.

4  
5 Over the next five years, the master plans require the Company to spend  
6 approximately \$56 million, with approximately \$50 million of the total  
7 recommended expenditures focused on regulatory compliance, improving  
8 operations and safety, addressing aging and failing infrastructure, and improving  
9 the customer and employee experience.

10  
11 **Q. HAVE SYSTEM IMPROVEMENTS ALREADY BEEN MADE BY**  
12 **FOOTHILLS?**

13 A. Yes. Foothills began addressing the needs of the water and sewer systems  
14 immediately upon acquiring the systems. Since taking over operations, and  
15 through the post-test year, Foothills anticipates that it will have spent  
16 approximately \$29.5 million to ensure safe and reliable water and wastewater  
17 service for customers.

18  
19 **Q. IS FOOTHILLS CURRENTLY OPERATING IN COMPLIANCE WITH**  
20 **ALL FEDERAL, STATE, AND COUNTY AND/OR LOCAL**  
21 **REGULATIONS?**

22 A. Yes, Foothills is in full compliance with all federal, state, and county regulations.  
23 This wasn't always the case. Far West had, for many years, deferred investment  
24 in infrastructure resulting in numerous Notices of Violations from the Arizona  
25 Department of Environmental Quality ("ADEQ") and, ultimately, a Consent  
26 Order with ADEQ (attached hereto as exhibit EF-1). The resulting Consent  
27 Order required upgrades in the rehabilitation of manholes and lift stations, an  
28 Odor Control Plan, and implementation of a capacity, management, operations,

1 and maintenance (“CMOM”) Program. Immediately upon taking over the  
2 systems, Foothills implemented a strategy to alleviate any outstanding non-  
3 compliance. Accordingly, Foothills remedied the items that were the subject of  
4 the Consent order, as demonstrated by the Termination of Consent Order  
5 (attached hereto as exhibit EF-2). Today, Foothills is operating in full  
6 compliance with all applicable regulations.

7  
8 **Q. EVEN THOUGH FOOTHILLS IS IN FULL COMPLIANCE WITH ALL**  
9 **FEDERAL, STATE, AND COUNTY REGULATIONS, DOES**  
10 **FOOTHILLS NEED TO CONTINUE INVESTING IN THE WATER AND**  
11 **WASTEWATER SYSTEMS? WHY?**

12 A. Yes. As discussed above, Foothills corrected the outstanding compliance items,  
13 but it must continue to rehabilitate the systems in order to ensure continued  
14 compliance and to provide safe and reliable utility service to customers.  
15 Achieving compliance represents the minimum standard for providing such  
16 service. Foothills will continue to make investments that keep the systems above  
17 the minimal levels of compliance to ensure that it does not fall out of compliance  
18 in the future, which benefits customers. Foothills does not intend to comply only  
19 with the minimum levels of compliance; Foothills is working to achieve parity  
20 with industry standards for providing safe and reliable utility service. Foothills’  
21 investment plan demonstrates that commitment.

22 **Q. DO YOU ANTICIPATE THAT CONSTRUCTION COSTS WILL**  
23 **INCREASE OVER THE NEXT SEVERAL YEARS? WHY?**

24 A. Yes. As a general matter, the costs to do business have risen markedly over  
25 the past several years. Most industries, including construction, are dealing  
26 with increasing economic burdens and supply chain shortages. Particularly in  
27  
28

1 today's highly inflationary environment, Foothills anticipates that the costs to  
2 do business will continue to increase.

3  
4 **IV. POST-TEST YEAR UTILITY PLANT ADDITIONS**

5 **Q. DOES THE COMPANY PROPOSE TO INCLUDE POST-TEAT YEAR**  
6 **PLANT ADDITIONS IN RATE BASE IN THIS PROCEEDING?**

7 A. Yes. The PTYP period for this rate case – based on 12 months of PTYP  
8 additions – is July 1, 2023 through June 30, 2024. The proposed PTYP is  
9 currently in service, or will be in service by the end of the PTY period, and is  
10 needed to provide safe and reliable utility service. Exhibit EF-5, attached to  
11 my testimony, contains detailed project information, descriptions, and  
12 supporting data for each PTYP project for the water system. Exhibit EF-6,  
13 attached to my testimony, contains detailed project information, descriptions,  
14 and supporting data for each PTYP project for the wastewater system. The  
15 total projected cost of post-test year plant improvements is \$13,674,946 for the  
16 water system and \$11,519,013 for the sewer system.

17  
18 **Q. ARE ANY OF THE PROJECTS IN THE COMPANY'S PTYP**  
19 **ADJUSTMENT DESIGNED TO SERVE FUTURE CUSTOMERS OR TO**  
20 **EXPAND SYSTEM CAPACITY?**

21 A. No. All of the projects included in the PTYP adjustment are designed to serve  
22 the needs of customers receiving service during the test year. The PTYP  
23 projects are known and needed investments necessary for the provision of safe  
24 and reliable service today.

1 **V. AGING INFRASTRUCTURE AND THE NEED FOR A SIB**  
2 **MECHANISM**

3 **Q. IS IT YOUR UNDERSTANDING THAT THE COMMISSION**  
4 **REGULARLY RECOMMENDS THAT UTILITIES KEEP WATER**  
5 **LOSS BELOW 10%?**

6 A. Yes.

7  
8 **Q. IS FOOTHILLS' WATER LOSS ABOVE THE RECOMMENDED 10%**  
9 **LOSS THRESHOLD?**

10 A. Yes. Foothills' Water Division experienced water loss of over 10% during the  
11 test year, primarily as a result of its aging and failing infrastructure.

12  
13 **Q. HAS THE COMPANY DEVELOPED A PLAN TO ADDRESS THE**  
14 **WATER LOSS ISSUES?**

15 A. Yes. Foothills' plan for addressing water loss is incorporated into its Water  
16 Master Plan, attached as Exhibit EF-3.

17  
18 **Q. DID THE COMPANY PREPARE A COST ESTIMATE OF SIB**  
19 **ELIGIBLE PROJECTS TO REPLACE THIS AGING WATER**  
20 **INFRASTRUCTURE?**

21 A. Yes. Foothills estimates that it will need to spend \$5,990,000 over the next five  
22 years on SIB-eligible projects in its water division to address the existing  
23 infrastructure issues. Required descriptions of the identified projects are  
24 provided on proposed Water Division SIB Plant Table 1 attached as Exhibit EF-  
25 7.

1 **Q. WILL THESE PROJECTS HELP MITIGATE WATER LOSS?**

2 A. Yes. The purpose of the SIB projects is to replace aging and failing water and  
3 wastewater infrastructure. As is the case with most water utilities across the  
4 country, aging infrastructure is the primary cause of water loss due to breaks or  
5 leaks as the materials approach the end of their useful life. The meter  
6 replacements will also improve tracking accuracy. Foothills has developed an  
7 aggressive plan to identify and replace the aging and failing infrastructure that  
8 would benefit from timely cost recovery through the implementation of a SIB.

9  
10 **Q. DOES FOOTHILLS ALSO REQUEST IMPLEMENTATION OF A SIB  
11 FOR THE WASTEWATER SYSTEM? WHY?**

12 A. Yes. Foothills' wastewater system similarly suffers from aging and failing  
13 infrastructure. As the wastewater system approaches the end of its useful life,  
14 breaks and failures become more common. Foothills' plan for addressing the  
15 aging and failing wastewater system is incorporated into its Wastewater Master  
16 Plan, attached as Exhibit EF-4.

17 **Q. DID THE COMPANY PREPARE A COST ESTIMATE TO REPLACE  
18 THIS AGING INFRASTRUCTURE FOR ITS WASTEWATER  
19 SYSTEM?**

20 A. Yes. Foothills estimates that it will need to spend \$5,034,600 over the next five  
21 years on SIB-eligible projects for its wastewater system to address the existing  
22 infrastructure issues. Required descriptions of the identified projects are  
23 provided on proposed Sewer Division SIB Plant Table 1 attached as Exhibit EF-  
24 8.

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**Q. DO YOU HAVE ANY FINAL COMMENTS AT THIS TIME?**

A. Foothills, through its robust affiliate network, is bringing significant resources to the former Far West service area. Foothills is committed to maintaining and improving the water and wastewater systems, while creating a new employee culture focused on high ethical standards, customer service, and community involvement to best serve our customers' needs. We respectfully ask the Commission to provide needed regulatory support so that Foothills may accomplish these important objectives.

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

A. Yes.



## Exhibit EF-1



**BEFORE THE DIRECTOR OF THE  
ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY**

**In the Matter of:**

## CONSENT ORDER

Far West Sewer Collections System located at  
12476 S Foothills Blvd, Yuma, Yuma County,  
Arizona

PL 6922

**Docket No.** WS-01-23

## I. RECITALS

- A. Foothills Utilities (Foothills) is the owner and operator of Far West Sewer Collections System located at 12476 S Foothills Blvd, Yuma, Yuma County, Arizona.
- B. Tim Smith, Regional Manager, is a representative of Foothills and certifies that he is fully authorized to execute this Consent Order on behalf of Foothills and to legally bind Foothills to this Consent Order.
- C. The Director of the Arizona Department of Environmental Quality (ADEQ) has jurisdiction of this action's subject matter and is authorized to issue this Consent Order pursuant to the Arizona Revised Statutes (A.R.S.) § 49-261, § 41-1004, and § 41-1092.07(F)(5).
- D. Foothills agrees that the Director of ADEQ has jurisdiction of this action's subject matter.
- E. This Consent Order contains the full terms of the agreement between Foothills and ADEQ.
- F. Foothills voluntarily agrees to this Consent Order based only on the terms contained in the Consent Order.
- G. Foothills understands that agreeing to this Consent Order does not resolve any liability that it may have for civil penalties for a violation of any state or federal environmental law.
- H. Foothills understands that agreeing to this Consent Order does not mean it admits to any civil or criminal liability, or waives any right or assertion of any defense available to Foothills under applicable law.
- I. Foothills does not admit the validity of any Agency Determinations and Findings contained in this Consent Order.

- J. Foothills agrees not to dispute the validity or terms of this Consent Order in any future proceeding to enforce the terms of this Consent Order.
- K. Foothills retains the right to dispute the validity of any Agency Determinations and Findings contained in this Consent Order in any proceeding other than a proceeding to enforce the terms of this Consent Order.

## **II. AGENCY DETERMINATIONS AND FINDINGS**

The Director makes the following Agency Determinations and Findings: Foothills has violated a requirement of the A.R.S., the Arizona Administrative Code (A.A.C.), or an ADEQ issued permit, as described below:

### **A. A.A.C. R18-9-E301(B)**

#### **Failure to ensure that sewage collection systems are designed, constructed, and operated to maintain performance requirements.**

During the February 15-16, 2022 ADEQ inspections, it was identified that Foothills had failed to ensure their sewage collection systems (SCSs) were constructed, operated and maintained in a manner that meets the performance requirements. The lift stations listed below were observed to be in disrepair and were not adequately maintained and/or operated:

1. Lift Station 11: The soffit was very corroded with aggregate missing and the cement/coating was flaking off. The sidewalls and soffit were corroded and needed to be relined. There was no backflow prevention assembly (BPA) on the hose bib and the conduits entering the manhole did not have any duct seal.
2. Lift Station 12: The soffit was very corroded and the cement/coating was flaking off. The wet well needed to be resealed and recoated because there was concrete powdering/flaking on the sidewall and soffit. There was no air release valve or BPA.
3. 40th Street Lift Station: The odor control was not being operated or maintained properly. The wood chips were not replaced on a regular basis and there were no beds

to prevent the media from being submersed nor drain valves to allow drainage. There were no hydrogen sulfide testing ports after the carbon vessel, nor holes for flow meters to measure the velocity of air flow. The diffuser was not properly installed on the bottom of the pump station and the float alarms were not communicating with the beacon, pumps, or operator call-out.

4. Lift Station 16: The lift station was operating with only one pump (two are required). Debris and a large ball of rags was present in the manhole in the discharge to Section 14. The float alarms in this manhole were not operational and the soffit was corroded.
5. Lift Station 15: The liner was peeling and needed recoating.
6. Lift Station 27: The electrical conduits in the wet well were not sealed and the wet well needed recoating.
7. Lift Station 25: Operations staff were unable to find a key to the valve vault or remove the lock. The pump station wet well was made out of manhole barrels intended to have steps. The holes for the steps and lifting holes for these barrel sections were never grouted or sealed. The barrel had cracks in it, and the electrical conduits protruded through the barrel wall without duct seal. Although a compressor was present, and hose was going into the lift station, the diffused air was not being entrained in the wet well.
8. Las Brancas Lift Station: The odor control system and BPA were not present.

**B. A.A.C. R18-9-E301(D)(5)(c)(vi)**

**Failure to ensure that lift stations are designed to prevent odor from emanating beyond the lift station site.**

During the February 15-16, 2022 ADEQ inspections, it was identified that the lift stations were emanating odor beyond the lift station sites. In addition, at the time of the inspection, the odor control chemicals and/or devices were not operating correctly.

### **III. COMPLIANCE SCHEDULE**

ADEQ has established the compliance requirements. ADEQ and Foothills have agreed on the completion deadlines. Foothills agrees to comply with the provisions of this Consent Order as follows:

- A. No later than July 30, 2023, Foothills shall submit to ADEQ documentation that the following repairs/modifications have been made to the lift stations:
1. Lift Station 11: Documentation that the soffit and sidewall have been repaired, including cement/coating, BPA installation on the hose bib, and duct seal on the conduits entering the manhole.
  2. Lift Station 12: Documentation that the soffit and sidewall have been repaired, including cement/coating, wet well resealing/recoating, and installation of an air release valve and BPA.
  3. 40th Street Lift Station: Documentation that the odor control has been repaired or replaced, proper installation of the diffuser on the bottom of the pump station, and documentation that the float alarms are communicating with the beacon, pumps, and operator call-out.
  4. Lift Station 16: Documentation that the lift station is operating with two pumps, that there are no rags present in the manhole, and that the float alarms in the manhole are operational and the soffit has been replaced.
  5. Lift Station 15: Documentation that the liner has been recoated.
  6. Lift Station 27: Documentation that the electrical conduits in the wet well are sealed and the wet well has been recoated.

7. Lift Station 25: Documentation that the key to the valve vault is available to operators, that the pump station wet well is sealed (including electrical conduits), and that diffused air is being entrained in the wet well.
8. Las Blancas Lift Station: Documentation that the odor control system and BPA are present.

#### **IV. STATUS REPORTS**

- A. Foothills agrees to submit a written status report to ADEQ every thirty (30) calendar days beginning thirty (30) days from the effective date of this Consent Order, until this Consent Order terminates. Each written status report must:
  1. Describe what measures have been taken under Section III of this Consent Order;
  2. Certify when compliance with the requirements of Section III of this Order are achieved;
  3. Be accompanied by evidence showing compliance, as appropriate. Evidence showing compliance can include documents, photographs, or copies of any other supporting information that Foothills deems necessary.
- B. ADEQ will review the status reports and inform Foothills in writing of any disputes. Foothills must incorporate all required modifications, changes or other alterations that ADEQ requests within a reasonable time specified by ADEQ.

#### **V. COMPLIANCE WITH OTHER LAWS**

- A. This Consent Order does not include issues regarding releases, contamination, sources, operations, facilities or processes not expressly stated by the terms of this Consent Order, and does not interfere with the rights that the State of Arizona or Foothills have under any federal or Arizona environmental statutes and rules regarding such issues.
- B. This Consent Order is not a permit of any kind, does not modify any permit of any kind, nor is it an agreement to issue a permit of any kind under federal, state or local law.
- C. This Consent Order does not alter, modify or revoke federal, state, or local law.
- D. This Consent Order is not a defense to any action to enforce any such permits or laws.
- E. Foothills has an obligation to:

1. Apply for, obtain, and comply with all applicable permits.
2. Comply with federal, state or local law.
3. Comply with the terms of this Consent Order.

## **VI. SITE ACCESS**

Upon presenting credentials to authorized personnel on duty, ADEQ may at any time enter the premises at the Facility in order to observe and monitor compliance with the provisions of this Consent Order. This right of entry is in addition to ADEQ's rights under applicable law.

## **VII. CORRESPONDENCE**

- A. Foothills shall send all correspondence by email, mail, or hand delivery, such as documents, materials, plans, notices, or other items under this Consent Order, to:

Arizona Department of Environmental Quality  
ADEQ Water Division  
Attention: Danielle Duncan, Environmental Science Specialist III  
1110 West Washington Street  
Phoenix, Arizona 85007-2935  
Telephone: (602) 884-6705  
Email: [duncan.danielle@azdeq.gov](mailto:duncan.danielle@azdeq.gov)

- B. Any submission to ADEQ is treated as submitted when ADEQ receives it.
- C. ADEQ shall send all correspondence by email, mail, or hand delivery under this Consent Order to:

Tim Smith, Regional Manager  
Foothills Utilities  
13157 E 44th St.  
Yuma, AZ 85367  
[tsmith@sunriverutilities.com](mailto:tsmith@sunriverutilities.com)

## **VIII. RESERVATION OF RIGHTS**

- A. ADEQ agrees to this Consent Order based solely upon currently available information. If additional information is discovered, which indicates that the actions under this Consent Order are or will be inadequate to protect human health, safety, or the environment, or to conform with applicable federal or state laws, ADEQ has the right to require further action.
- B. ADEQ has the right to:

1. Seek civil penalties for any and all violations of A.R.S. Title 49 or the applicable rules, occurring before the effective date of this Consent Order;
  2. Disapprove Foothills' work that fails to comply with this Consent Order;
  3. Take enforcement action for any and all violations of this Consent Order; and,
  4. Take enforcement action for any and all violations of A.R.S. Title 49 or the applicable rules, occurring after the effective date of this Consent Order.
- C. As to this Consent Order, Foothills waives all rights to appeal this Order under A.R.S. Title 41, pursuant to the ability to waive this right based on A.R.S. § 41-1004.

#### **IX. VIOLATIONS OF ORDER**

If Foothills fails to comply with this Consent Order, Foothills can be liable for other administrative or judicial sanctions, including civil penalties under A.R.S. § 49-262, the same as if for a violation of any State or Federal environmental law.

#### **X. SEVERABILITY**

If a court of law declares that any provision of this Consent Order is invalid or unenforceable, all other provisions of this Consent Order remain in full force and effect.

#### **XI. AMENDMENTS**

Any amendments of this Consent Order must be in writing and Foothills and ADEQ both must approve the amendments.

#### **XII. EFFECTIVE DATE**

The effective date of this Consent Order is the date this Consent Order is signed by ADEQ and Foothills. If ADEQ and Foothills sign on different dates, the later date is the effective date of this Consent Order.

#### **XIII. PARTIES BOUND**

Foothills is responsible, and will remain responsible, for carrying out all activities required under this Consent Order, regardless of change in ownership, corporate status, or partnership status, or transfer of assets or real or personal property relating to the subject of this Consent Order, unless:




- A. The Party to whom the right, title, or interest has been sold, transferred, or assigned agrees in writing to fulfill the obligations of this Consent Order; and,
- B. ADEQ approves the provisions transferring the obligation.

#### **XIV. TERMINATION**

- A. ADEQ will notify Foothills in writing that this Consent Order is ended when ADEQ determines that Foothills has demonstrated that all of the terms of this Consent Order have been completed or satisfied.
- B. If ADEQ denies Foothills' request for termination, ADEQ will notify Foothills in writing and describe which terms of the Consent Order have not been completed to ADEQ's satisfaction.
- C. ADEQ reserves the right to terminate this Consent Order unilaterally at any time for any reason, but will notify Foothills in writing as to the reason(s) for termination.

Signed this 3/15/2023.

DocuSigned by:  
  
B394CB7059FD416  
Randall Matas, Deputy Director  
Water Quality Division  
Arizona Department of Environmental Quality

#### **CONSENT TO ORDER**

Tim Smith, Regional Manager, on behalf of Foothills acknowledges that he has read all of the Consent Order. Foothills agrees:

- A. With the statements made,
- B. To this Consent Order with the Arizona Department of Environmental Quality, and,
- C. That Foothills will comply with Consent Order and waive any right to appeal.

Signed this 3/14/2023.

DocuSigned by:  
  
956945CF3993482...

Tim Smith, Regional Manager  
Foothills Utilities

**I HEREBY CERTIFY** that on 3/24/2023, the **ORIGINAL** was filed in the facility file located at:

Arizona Department of Environmental Quality  
1110 W Washington St  
Phoenix, AZ 85007-2935

**I HEREBY CERTIFY** that on 3/24/2023, a true and correct copy was emailed, if provided, or sent via USPS regular mail to:


Tim Smith, Regional Manager  
Foothills Utilities  
13157 E 44th St.  
Yuma, AZ 85367  
[tsmith@sunriverutilities.com](mailto:tsmith@sunriverutilities.com)

**I HEREBY CERTIFY** that on 3/24/2023, a true and correct copy was emailed, if provided, or sent via USPS regular mail to:

Arizona Department of Environmental Quality  
Office of Administrative Counsel

Curtis Cox, Chief Counsel, Environmental Enforcement Section, Office of the Attorney General  
Tim Pippenger, Unit Manager, Groundwater  
Danielle Duncan, Case Manager, Groundwater

Diana Gomez  
Director, Health District  
Yuma County Public Health Services  
2200 W. 28th Street  
Yuma, AZ 85364  
[diana.gomez@yumacountyaz.gov](mailto:diana.gomez@yumacountyaz.gov)

DocuSigned by:  
  
91CB831A12994E3...  
Hearing Administrator

## Exhibit EF-2



**BEFORE THE DIRECTOR OF THE  
ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY**

**In the Matter of:**

Far West Sewer Collections System located  
at 12476 S Foothills Blvd, Yuma, Yuma  
County, Arizona

PL 6922

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)

**TERMINATION OF CONSENT ORDER**

**Docket No. WS-01-23**

**TO:** Foothills Utilities:

The Arizona Department of Environmental Quality is hereby terminating Consent Order, Docket No. WS-01-23, issued on March 15, 2023. The Order is being terminated for the following reason(s):

Foothills has submitted to ADEQ documentation that the following repairs/modifications have been made to the lift stations:

1. Lift Station 11: The soffit and sidewall have been repaired, including cement/coating, a backflow prevention assembly (BPA) was installed on the hose bib, and duct seal on the conduits entering the manhole was repaired. In addition, the odor control system was replaced with a Titus Twister Ozone Odor control system.
2. Lift Station 12: the soffit and sidewall have been repaired, including cement/coating, the wet well has been resealed/recoated, and an air release valve and BPA were installed.
3. 40th Street Lift Station: The odor control system has been replaced with a Titus Twister Ozone Odor control system. A new Ozone Diffuser has been installed at the bottom of the wet

well, and the float alarms are communicating with the beacon, pumps, and operator call-out. The floats have been replaced with a new beacon installed at the control panel.

4. Lift Station 16: This lift station was eliminated from the system.

5. Lift Station 15: The liner has been recoated.

6. Lift Station 27: This lift station was eliminated from the system.

7. Lift Station 25: New locks and keys are available to operators for the valve vault, all conduits have been sealed from the wet well, the odor control system has been replaced with a Titus Twister Ozone Odor control system, and a new Ozone Diffuser has been installed at the bottom of the wet well.

8. Las Brancas Lift Station: An air compressor odor control system and BPA were installed.

**ISSUED** on 8/23/2023.

DocuSigned by:  
  
B394CB7051FD416  
Randy Matas, Deputy Director  
Water Quality Division  
Arizona Department of Environmental Quality

**I HEREBY CERTIFY** that on 8/24/2023, the **ORIGINAL** was filed in the facility file located at:

Arizona Department of Environmental Quality  
1110 W Washington St  
Phoenix, AZ 85007-2935

**I HEREBY CERTIFY** that on 8/24/2023, a true and correct copy was sent via CERTIFIED MAIL to:

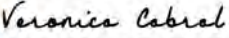
Ed Fortner, Regional Manager  
Foothills Utilities  
13157 E 44th St.  
Yuma, AZ 85367  
[efortner@foothillsutilities.com](mailto:efortner@foothillsutilities.com)

**I HEREBY CERTIFY** that on 8/24/2023, a true and correct copy was emailed, if provided, or sent via USPS regular mail to:

Arizona Department of Environmental Quality  
Office of Administrative Counsel

Curtis Cox, Chief Counsel, Environmental Enforcement Section, Office of the Attorney General  
Tim Pippenger, Unit Manager, Groundwater  
Danielle Duncan, Case Manager, Groundwater

Diana Gomez  
Director, Health District  
Yuma County Public Health Services  
2200 W. 28th Street  
Yuma, AZ 85364  
[diana.gomez@yumacountyaz.gov](mailto:diana.gomez@yumacountyaz.gov)

DocuSigned by:  
  
91CB831A12994E3  
Hearing Administrator

## Exhibit EF-3

DRAFT

October 27, 2023

# FOOTHILLS UTILITIES

Yuma County, Arizona

## Water Master Plan

Prepared for:

**Foothills Utilities**

12486 S. Foothills Blvd.

Yuma, Arizona 85367

Contact: Ed Fortner

928.342.3344

Prepared by:

**Coe & Van Loo II LLC**

4550 N. 12th Street

Phoenix, AZ 85014

Contact: Cassandra Alejandro, P.E.

602.285.4763

calejandro@cvlc.com

Job # 1.14.0400701

# WATER MASTER PLAN





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**EXECUTIVE SUMMARY**

The following Water Master Plan analyzes the Foothills Utilities water system. The system encompasses approximately 13 square miles and is located within Yuma County (Fortuna Foothills area). The service area provides water service to approximately 17,000 customers and operates within a single pressure zone.

Summaries of the existing infrastructure may be seen below . Foothills has an agreement to receive delivery of water from the Yuma Mesa Irrigation District for up to 7,500 acre-feet per year of Colorado River water. Foothills also utilizes wells to extract groundwater to supplement the YMIDD water and provide water then the YMIDD is offline for maintenance.

**Table ES-1: Foothills Reservoir and Booster Pump Station Capacity by Site**

| Site Name       | Storage Tank Capacity (MG)     | Total Booster Pump Capacity (gpm) | Output Pressure | Wells                     |
|-----------------|--------------------------------|-----------------------------------|-----------------|---------------------------|
| Mesa del Sol    | 1.00                           | 3,300                             | 70 psi          | 27, 28, 35                |
| Hanks Hwy       | 0.29                           | 1,750                             | 70-105 psi      | 14,15,16,21,22,23         |
| Foothills North |                                | 600                               |                 |                           |
| Far West        | Tank #1 = 1.0<br>Tank#2 = 0.49 | 4,000                             |                 | 4,5,7,8,19,20,24,25,26,36 |
| 40th St         | 0.17                           | 1,200                             |                 | 18, 29, 30                |
| 44th St         | 3.00                           | 1,000                             | 75-85 psi       |                           |
| 52nd St         | 0.10                           |                                   |                 |                           |
| Raw Water       |                                | 3 pumps - 250 HP                  | 130 psi         |                           |

Table ES-2: Foothills Well Site Capacity

| Well Site Name | ADWR Registration Number | Status         | Well Capacity     | Size    |
|----------------|--------------------------|----------------|-------------------|---------|
| Well 27        | 55-543192                | Decommissioned |                   | 6"      |
| Well 28        | 55-543193                |                |                   |         |
| Well 35        | 55-559652                |                |                   |         |
| Well 16        |                          | Active         |                   | 3" - 4" |
| Well 22        | 55-538053                | Decommissioned |                   | 3"      |
| Well 21        | 55-538052                | Decommissioned |                   | 3"      |
| Well 23        | 55-538054                | Active         |                   |         |
| Well 14        | 55-514224                | Decommissioned |                   | 3"      |
| Well 15        | 55-514221                | Decommissioned |                   | 4"      |
| Well 19        | 55-517794                | Arsenic        |                   |         |
| Well 30        |                          | Decommissioned | 500 gpm           | 6"      |
| Well 18        |                          | Decommissioned |                   | 6"      |
| Well 29        |                          | Decommissioned |                   | 6"      |
| Well 25        | 55-539877                | Inservice      | 270 gpm           | 4"      |
| Well 8         | 55-621474                |                | 222 gpm           | 4"      |
| Well 26        | 55-537274                | Decommissioned | 300 gpm           |         |
| Well 24        | 55-539876                |                |                   | 3"      |
| Well 20        | 55-517795                |                | 5 MGD             | 4"      |
| Well 5         | 55-621470                |                |                   | 4"      |
| Well 7         | 55-621471                |                | 5 - 6.2 MGD       | 4"      |
| Well 4         | 55-621469                |                |                   | 4"      |
| Well 36        | 55-562251                |                | 2,000 - 2,500 gpm | 10"     |
| Well 44        | 55-564716                | Arsenic        |                   | 10"     |

**Table ES-3: Foothills Service Area Population Projection Total at Buildout Based on  
1.25% Growth Rate**

| Area         | 2023<br>Customer<br>Count | 2028<br>Customer<br>Count | 2033<br>Customer<br>Count | Buildout<br>Customer<br>Count | Buildout<br>Year |
|--------------|---------------------------|---------------------------|---------------------------|-------------------------------|------------------|
| NW           | 4139                      | 4,404                     | 4,686                     | 5,508                         | 2046             |
| SW           | 3652                      | 3,886                     | 4,135                     | 4,550                         | 2041             |
| NE           | 778                       | 828                       | 881                       | 3,615                         | 2147             |
| SE           | 8215                      | 8,741                     | 9,302                     | 9,098                         | 2031             |
| <b>Total</b> | <b>16,784</b>             | <b>17,860</b>             | <b>19,004</b>             | <b>22,771</b>                 | <b>2147</b>      |

**Table ES-4: Foothills Service Area Production Required**

| Area         | 5-Year Production<br>Required (gpm) | 10-Year Production<br>Required (gpm) | Buildout Production<br>Required (gpm) |
|--------------|-------------------------------------|--------------------------------------|---------------------------------------|
| NW           | 1,616                               | 1,719                                | 2,021                                 |
| SW           | 1,426                               | 1,517                                | 1,669                                 |
| NE           | 304                                 | 323                                  | 1,326                                 |
| SE           | 3,207                               | 3,337                                | 3,337                                 |
| <b>TOTAL</b> | <b>6,551</b>                        | <b>6,897</b>                         | <b>8,353</b>                          |

The current customer count by area was determined based on the location and open space. In addition to the customer count, growth projections were completed to determine the total customer count of the Foothills service area at buildout. A growth rate of 1.25% was calculated for the Foothills service area. The total customer count for the service area at buildout was determined to be 22,771 customers estimated to occur in 2147.

As part of the Foothills Comprehensive Planning Study demand factors were calculated based on available billing data for the service area. A summary of these values for the Foothills water system may be found in Table ES-5.

**Table ES-5: Foothills Demand Factor Summary**

|                                  | <b>Foothills Calculated Factor</b> |
|----------------------------------|------------------------------------|
| <b>Average Day Demand</b>        | 265 gpd/du                         |
| <b>Maximum Day Demand Factor</b> | 1.3                                |
| <b>Maximum Day Demand</b>        | 344.5 gpd/du                       |
| <b>Peak Hour Demand Factor</b>   | 3                                  |
| <b>Peak Hour Demand</b>          | 795 gpd/du                         |
| <b>Fire Flow (residential)</b>   | 1,000 gpm x 2 hrs = 120,000 gal    |
| <b>Fire Flow (commercial)</b>    | 2,000 gpm x 4 hrs = 480,000 gal    |

These values were used to develop total demands for the 4 scenarios analyzed, existing conditions, 5-year growth project, 10-year growth projection and buildout.

**Table ES-6: Foothills Service Area Demand Summary**

|                 | <b>Average Day Demand (gpm)</b> | <b>Maximum Day Demand (gpm)</b> | <b>Peak Hour Demand (gpm)</b> |
|-----------------|---------------------------------|---------------------------------|-------------------------------|
| <b>Existing</b> | 3,089                           | 4,015                           | 9,266                         |
| <b>5-Year</b>   | 3,287                           | 4,273                           | 9,860                         |
| <b>10-Year</b>  | 3,460                           | 4,498                           | 10,379                        |
| <b>Buildout</b> | 4,191                           | 5,448                           | 12,572                        |

The demands outlined above in Table ES-6 were used to analyze the existing and future storage, booster pump and production capacity required. The total storage capacity required and available is summarized in Table ES-7 and booster pump capacity in Table ES-8.

A result of this master plan is a proposed zonal split to create two pressure zones within the system. Capacities required were also calculated by zone to analyze the feasibility of the zonal split and are summarized in Tables ES-9 and ES-10.

Table ES-7: Foothills Service Area Storage Capacity by Area

| Area  | Capacity by Reservoir (MG) |           |          |                     |                     | Storage Avail. (MG) | Storage Req'd. (MG) |         |          |
|-------|----------------------------|-----------|----------|---------------------|---------------------|---------------------|---------------------|---------|----------|
|       | Mesa Del Sol               | Hanks Hwy | Far West | 40 <sup>th</sup> St | 44 <sup>th</sup> St |                     | 5-Year              | 10-Year | Buildout |
| NW    | 1.0                        |           |          |                     |                     | 1.00                | 0.94                | 0.96    | 1.04     |
| SW    |                            |           | 1.49     | 0.17                |                     | 1.66                | 0.88                | 0.91    | 0.95     |
| NE    |                            | 0.29      |          |                     |                     | 0.29                | 0.57                | 0.57    | 0.85     |
| SE    |                            |           |          |                     | 3.00                | 3.00                | 1.38                | 1.42    | 1.42     |
| Total |                            |           |          |                     |                     | 5.95                | 2.46                | 2.59    | 3.62     |

Table ES-8: Foothills Service Area Booster Pump Capacity by Zone

| Area | Capacity by BPS (gpm)             |                          |                                   |                          |                                   |                          |                                   |                          |                                   |                          |                                   |                          | Total Firm Capacity Available (gpm) | Booster Pump Capacity Required (gpm) |         |         |          |
|------|-----------------------------------|--------------------------|-----------------------------------|--------------------------|-----------------------------------|--------------------------|-----------------------------------|--------------------------|-----------------------------------|--------------------------|-----------------------------------|--------------------------|-------------------------------------|--------------------------------------|---------|---------|----------|
|      | Mesa Del Sol                      |                          | Hanks Hwy                         |                          | Far West                          |                          | 40 <sup>th</sup> St               |                          | 44 <sup>th</sup> St               |                          | Foothills North                   |                          |                                     | Ex.                                  | 5- Year | 10-Year | Buildout |
|      | Booster Pump Rated Capacity (gpm) | Firm Pump Capacity (gpm) | Booster Pump Rated Capacity (gpm) | Firm Pump Capacity (gpm) | Booster Pump Rated Capacity (gpm) | Firm Pump Capacity (gpm) | Booster Pump Rated Capacity (gpm) | Firm Pump Capacity (gpm) | Booster Pump Rated Capacity (gpm) | Firm Pump Capacity (gpm) | Booster Pump Rated Capacity (gpm) | Firm Pump Capacity (gpm) |                                     |                                      |         |         |          |
| NW   | 5,500                             | 4,400                    |                                   |                          |                                   |                          |                                   |                          |                                   |                          |                                   |                          | 4,400                               | 2,285                                | 2,432   | 2,587   | 3,041    |
| SW   |                                   |                          |                                   |                          | 4,000                             | 3,200                    | 1,200                             | 600                      |                                   |                          |                                   |                          | 3,800                               | 2,016                                | 2,145   | 2,283   | 2,512    |
| NE   |                                   |                          | 1,750                             | 875                      |                                   |                          |                                   |                          |                                   |                          | 600                               | 400                      | 1,275                               | 1,186                                | 1,198   | 1,211   | 1,996    |
| SE   |                                   |                          |                                   |                          |                                   |                          |                                   |                          | 3,000                             | 2,000                    |                                   |                          | 2,000                               | 4,535                                | 4,826   | 5,023   | 5,023    |



Table ES-9: Foothills Service Area Storage Capacity After Pressure Zone Split

| Pressure Zone | Capacity by Reservoir (MG) |           |          |                     |                     | Storage Avail. (MG) | Storage Req'd. (MG) |        |         |          |
|---------------|----------------------------|-----------|----------|---------------------|---------------------|---------------------|---------------------|--------|---------|----------|
|               | Mesa Del Sol               | Hanks Hwy | Far West | 40 <sup>th</sup> St | 44 <sup>th</sup> St |                     | Ex.                 | 5-Year | 10-Year | Buildout |
| 1             | 1.0                        |           | 1.49     | 0.17                |                     | 2.66                | 1.48                | 1.55   | 1.61    | 1.74     |
| 2             |                            | 0.29      |          |                     | 3.00                | 3.29                | 1.21                | 1.26   | 1.30    | 1.58     |
| Total         |                            |           |          |                     |                     | 5.95                | 2.31                | 2.46   | 2.59    | 3.62     |

Table ES-10: Foothills Service Area Booster Pump Capacity After Pressure Zone Split

| Pressure Zone | Capacity by BPS (gpm)             |                          |                                   |                          |                                   |                          |                                   |                          |                                   |                          |                                   |                          | Total Firm Available (gpm) | Booster Pump Capacity Required (gpm) |         |         |          |
|---------------|-----------------------------------|--------------------------|-----------------------------------|--------------------------|-----------------------------------|--------------------------|-----------------------------------|--------------------------|-----------------------------------|--------------------------|-----------------------------------|--------------------------|----------------------------|--------------------------------------|---------|---------|----------|
|               | Mesa Del Sol                      |                          | Hanks Hwy                         |                          | Far West                          |                          | 40 <sup>th</sup> St               |                          | 44 <sup>th</sup> St               |                          | Foothills North                   |                          |                            | Ex.                                  | 5- Year | 10-Year | Buildout |
|               | Booster Pump Rated Capacity (gpm) | Firm Pump Capacity (gpm) | Booster Pump Rated Capacity (gpm) | Firm Pump Capacity (gpm) | Booster Pump Rated Capacity (gpm) | Firm Pump Capacity (gpm) | Booster Pump Rated Capacity (gpm) | Firm Pump Capacity (gpm) | Booster Pump Rated Capacity (gpm) | Firm Pump Capacity (gpm) | Booster Pump Rated Capacity (gpm) | Firm Pump Capacity (gpm) |                            |                                      |         |         |          |
| 1             | 5,500                             | 4,400                    |                                   |                          | 4,000                             | 3,200                    | 1,200                             | 600                      | 3,000                             | 2,000                    |                                   |                          | 10,200                     | 5,366                                | 5,710   | 6,025   | 6,708    |
| 2             |                                   |                          | 1,750                             | 875                      |                                   |                          |                                   |                          | 6,250 <sup>1</sup>                | 5,000 <sup>1</sup>       | 600                               | 400                      | 6,275                      | 3,900                                | 4,150   | 4,354   | 5,864    |

<sup>1</sup>Proposed project for dual booster pump station at the 40<sup>th</sup> St water plant to provide necessary storage for zonal split.

A water model was created for the Foothills service area using available GIS data. Demands for all existing and future customers were included in the model and recommendations were completed on system improvements to provide adequate pressure and flow for future development within the area all the way to buildout. Project recommendations based on the results of the model and needs within the service area were developed and are discussed within Section 9.0 and in Appendix C.

## **1.0 INTRODUCTION**

### **1.1. General Description**

Foothills Utilities is a private water provider within Yuma County that provides water service to residential developments as well as commercial and industrial sites. The Foothills Utilities Water Service area within Yuma County serves approximately 16,784 customers.

CVL has been retained by Foothills Utilities to complete a Water Master Plan for the Foothills service area. Growth projections for the area will be completed and existing infrastructure will be reviewed and analyzed to determine additional infrastructure required to serve future growth in the service area. For the purposes of this report, we have identified four areas within the system (NW, NE, SW and SE). The system is all one pressure zone, however identifying the areas allows us to better evaluate the reach each storage and booster pump site has within the system.

### **1.2. Project Location**

The Foothills Utilities Area is located in Fortuna Foothills, Arizona. The area encompasses approximately 13.38 square miles (12,178 acres) of land. The foothills service area consists of 1 water system and is bounded to the north by undeveloped flat land, to the west by S Avenue 15 E, to the south by undeveloped flat land and to the west by S Ave 9 ½ E. See Figure 1. State Land parcels exist within and adjacent to the Foothills service Area CC&N.

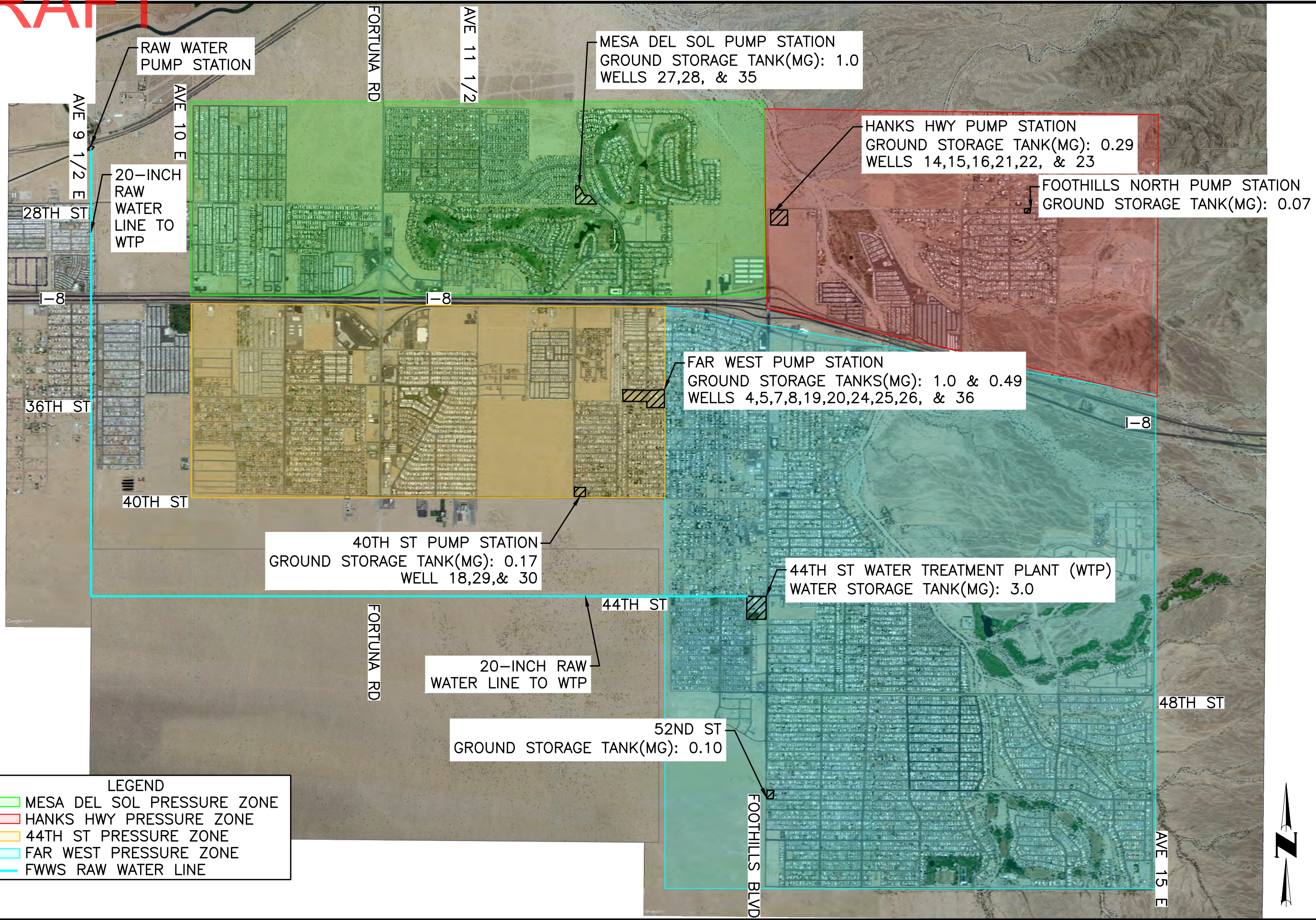
### **1.3. Land Use**

Residential and commercial properties receive water service from Foothills Utilities in the Foothills service areas. A summary of the number of existing residential and commercial services by area with the system may be found in Table 1.



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## FOOTHILLS WATER

## SERVICE AREA

SCALE 1" = 2500'

FIGURE 1

4550 North 12th Street  
Phoenix, Arizona 85014  
Phone 602-264-6831  
<http://www.cvlci.com>





**Table 1: Existing Foothills Services by Area**

| <b>Pressure Zone</b> | <b>2023 Customer Count</b> |
|----------------------|----------------------------|
| NW                   | 4,139                      |
| SW                   | 3,652                      |
| NE                   | 778                        |
| SE1                  | 1,928                      |
| SE2                  | 6,287                      |
| <b>Total</b>         | <b>16,784</b>              |

#### **1.4. Topographic Conditions**

Elevations in the Foothills Service Area range from 436 feet above sea level in the southeast corner of the area to 212 feet above sea level at the northwest corner of the system.

## 2.0 DESIGN CRITERIA

The following are the design standards used for this analysis. See Section 2.1 through 2.7 below for details regarding the design criteria used. Standards are a combination of Foothills specific factors to be utilized and industry standards for sizing of water infrastructure.

### 2.1. Demand Factors

To more accurately design for water demands in the Foothills service area, water demand factors were established based on meter data from the water plant. The demand factors were calculated as described below:

- Average Day Demand: Calculated the average customer monthly usage from the meter data for the service areas. The average was found for each month then the months were averaged to find an overall average for each land use.
- Maximum Day Demand: Calculated using the highest monthly usage in the service area. The peak month value was divided by the number of days in that month to get the maximum day demand for the peak month.
- Peak Hour Demand: 3 times the Average Day Demand.

Table 3 summarizes the calculated service connections demand factors used. The calculated peak factors are also summarized in this table.

**Table 2: Water Demand Factors**

|                                      | <b>Foothills<br/>Calculated<br/>Factor</b> |
|--------------------------------------|--|
| <b>Average Day Demand</b>            | 265 gpd/du                                 |
| <b>Maximum Day Demand<br/>Factor</b> | 1.3  |
| <b>Maximum Day Demand</b>            | 344.5 gpd/du                               |
| <b>Peak Hour Demand Factor</b>       | 3  |
| <b>Peak Hour Demand</b>              | 795 gpd/du                                 |

**2.2. Fire Flow**

Land Uses in the Foothills Water System consists of residential, commercial, and school uses. The fire flow requirements used for this analysis may be seen below in Table 5. The fire flow demands listed below are based on the International Fire Code (2021 IFC). These demands are what may be required by the Fire Marshall or building department for new developments or redevelopments. Foothills does not have fire flow requirements. A commercial fire flow demand of 2,000 gpm was used as an average. Actual fire flow demands within the service area will vary by building and depend on the building size and type. Commercial fire flow demand may be able to be reduced if sprinkler systems are included in the construction of the building. Existing buildings have grandfathered fire flow requirements from the time that the building was constructed that may be less than those listed here.

The total fire flow demands that are achievable due to the line sizes with the existing system will be analyzed within Section 7.2.

**Table 3: Fire Flow Requirements**

| Land Use    | Flow Rate | Duration |
|-------------|-----------|----------|
| Residential | 1,000 gpm | 2 hours  |
| Commercial  | 2,000 gpm | 4 hours  |

**2.3. Storage Requirements**

Storage is required for equalization and the greater of either emergency reserve or fire flow. Table 6 outlines the storage requirements. When analyzing existing systems achievable fire flow demand based on existing system line sizes should be considered when calculating system storage requirements.

**Table 4: Storage Requirements**

| Item                    | Storage Requirements            |
|-------------------------|---------------------------------|
| Equalization            | 30 % of maximum day demand      |
| Emergency Reserve       | 10% of maximum day demand       |
| Fire Flow (residential) | 1,000 gpm x 2 hrs = 120,000 gal |
| Fire Flow (commercial)  | 2,000 gpm x 4 hrs = 480,000 gal |

**2.4. Booster Pump Capacity Requirements**

The required booster pump capacity may be found in Table 7. The booster pump capacity must be met with the largest pump out of service.

**Table 5: Booster Pump Capacity Requirements**

| <b>The Greater Of</b>      |
|----------------------------|
| Peak Hour Demand           |
| Maximum Day Plus Fire Flow |

**2.5. Pressures**

Pressure requirements used are summarized below in Table 8. These standards are desired pressures. Within existing system's constraints due to existing pipeline diameters may lead to pressures less than the desired pressures listed below. The need for individual pressure reducing valves is based on a Uniform Plumbing Code requirement.

**Table 6: Pressure Requirements**

|                                   | <b>Pressure Required</b> |
|-----------------------------------|--------------------------|
| <b>Static Conditions</b>          | 55 psi                   |
| <b>Peak Hour Demand</b>           | 40 psi                   |
| <b>Maximum Day Plus Fire Flow</b> | 20 psi                   |
| <b>Individual PRVs Required</b>   | > 80 psi                 |

**2.6. Velocity and Headloss**

Table 9 summarizes the maximum velocity and headloss used.

**Table 7: Maximum Velocity and Headloss**

|  | <b>Velocity/Headloss Requirement</b> |
|--|--------------------------------------|
| <b>Average, Maximum or Peak Demand</b> | 5 fps maximum velocity               |
| <b>Maximum Day Plus Fire Flow</b>      | 10 fps maximum velocity              |
| <b>Maximum Headloss</b>                | 8 feet/ 1,000 LF of pipe             |



## **3.0 EXISTING INFRASTRUCTURE**

Foothills service area includes 23 wells, 7 storage tanks, and 8 booster pump stations. See Figure 2 for the location of these facilities. Additional details regarding each site may be found in Section 3.2.

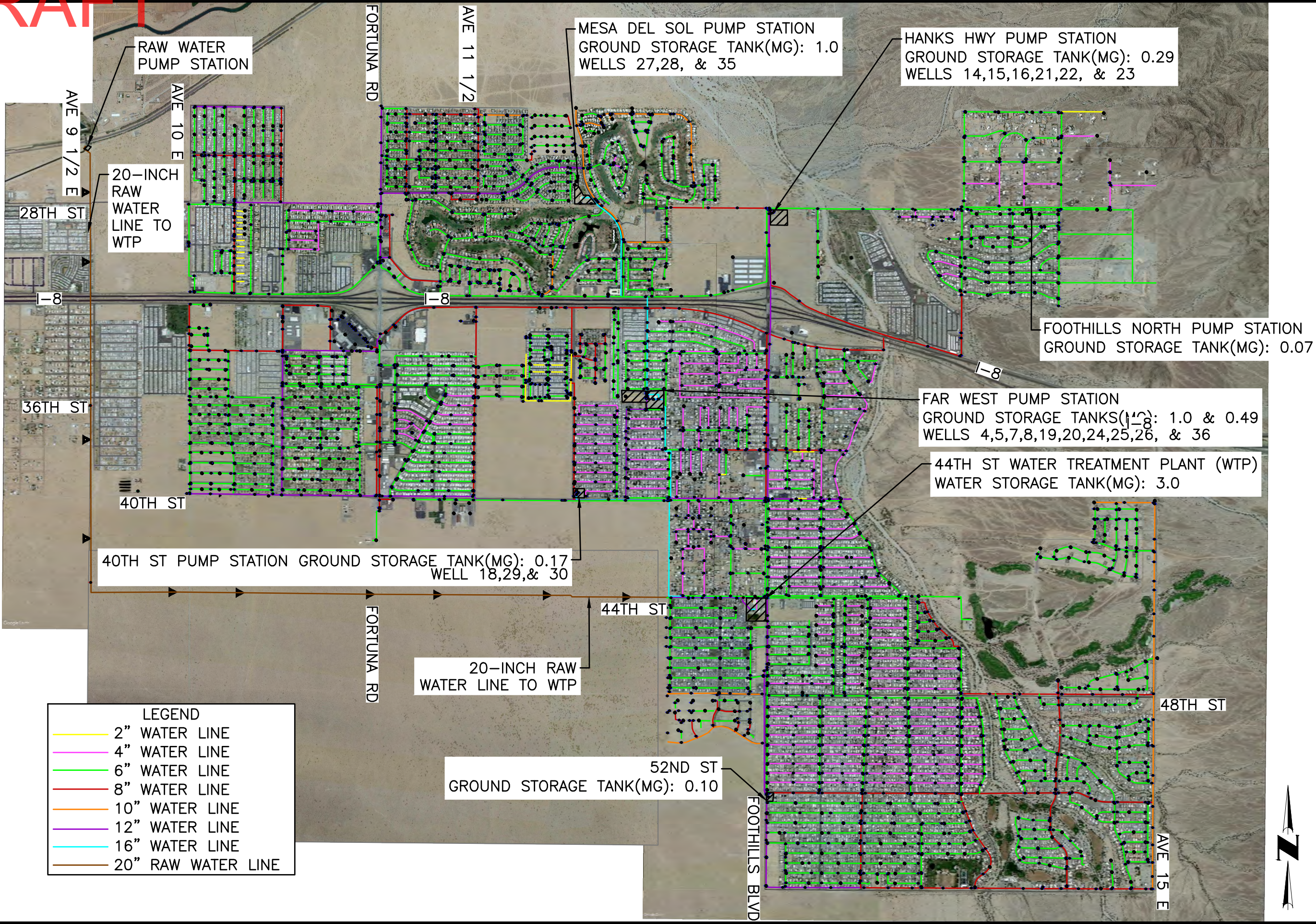
### **3.1. Pressure Zones**

The Foothills service area contains one pressure zone. Evaluation of increasing the number of pressure zones in the system was completed as part of this master plan and is discussed within each section below in regard to each infrastructure component. The proposed pressure zones may be found in Figure 3.



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LEGEND

- 2" WATER LINE
- 4" WATER LINE
- 6" WATER LINE
- 8" WATER LINE
- 10" WATER LINE
- 12" WATER LINE
- 16" WATER LINE
- 20" RAW WATER LINE



SCALE 1" = 2500'

FIGURE 2

4550 North 12th Street  
Phoenix, Arizona 85014  
Phone 602-264-6831  
<http://www.cvici.com>

FOOTHILLS WATER

POTABLE WATER SYSTEM

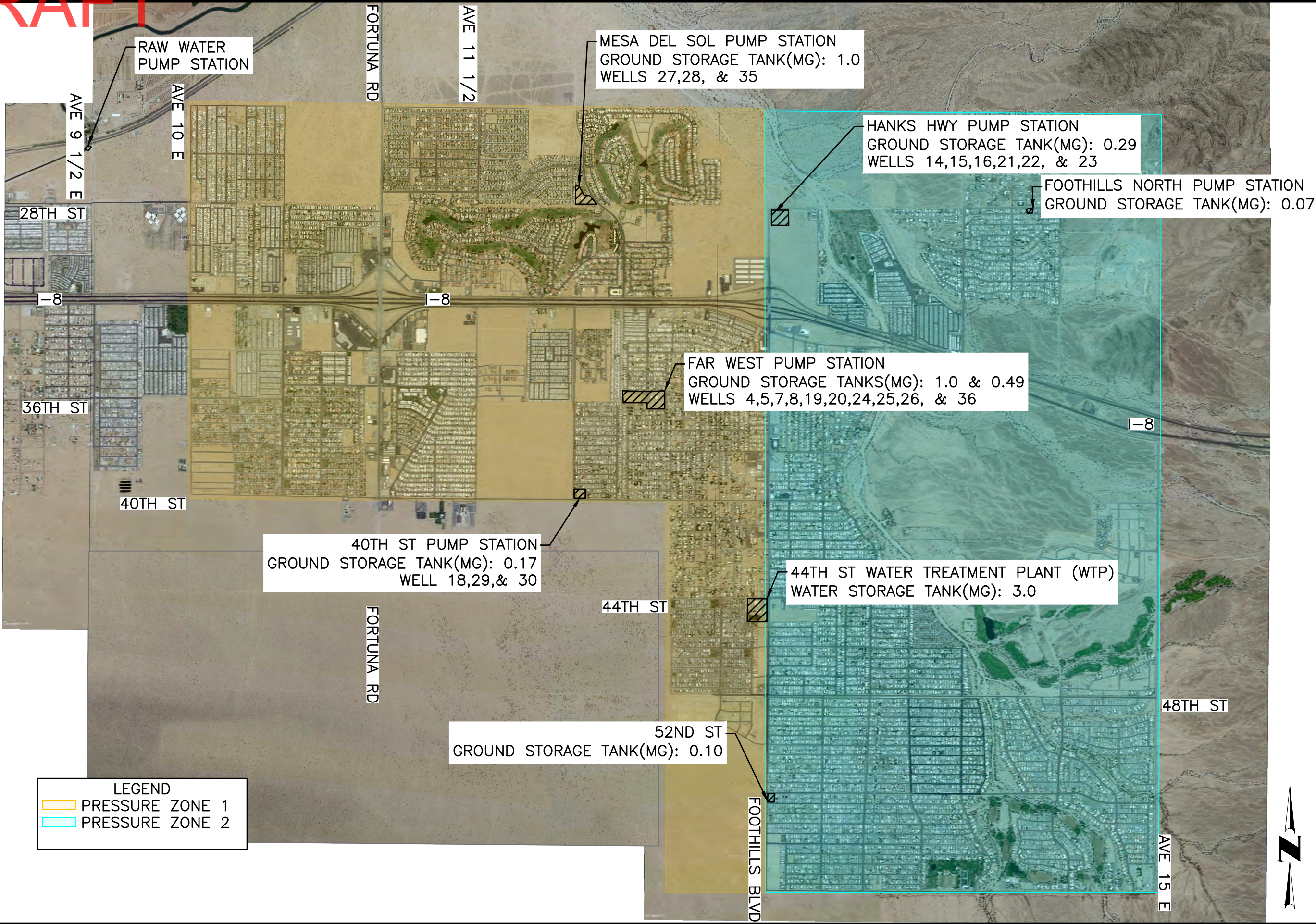


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FOOTHILLS WATER

PROPOSED WATER SYSTEM PRESSURE ZONES



**3.2. Foothills Existing Tank, Booster Pump Station and Well Sites**

Foothills service area has twenty-three (23) wells, seven (7) storage tanks, eight (8) booster pump stations and one water treatment plant. Of the twenty-three (23) existing wells, nine (9) are offline due to water quality issues. A summary of the storage and booster pump capacities for the Foothills service area may be seen in Table 9. Site exhibits for each storage/booster pump station site have also been created to detail the infrastructure included within each site. See Appendix A.

**Table 8: Storage Tank and Booster Pump Station Capacity by Site**

| Site Name         | Storage Tank Capacity (MG)     | Total Booster Pump Capacity (gpm) | Output Pressure | Wells                     |
|-------------------|--------------------------------|-----------------------------------|-----------------|---------------------------|
| Mesa del Sol      | 1.00                           | 3,300                             | 70 psi          | 27, 28, 35                |
| Hanks Hwy         | 0.29                           | 1,750                             | 70-105 psi      | 14,15,16,21,22,23         |
| Foothills North   | 0.07 (offline)                 | 600                               |                 |                           |
| Far West          | Tank #1 = 1.0<br>Tank#2 = 0.49 | 4,000                             |                 | 4,5,7,8,19,20,24,25,26,36 |
| 40th St           | 0.17                           | 1,200                             |                 | 18, 29, 30                |
| 44th St           | 3.00                           | 1,000                             | 75-85 psi       |                           |
| 52nd St (offline) | 0.10                           |                                   |                 |                           |
| Raw Water         | N/A                            | 3 pumps - 250 HP                  | 130 psi         |                           |

**Table 9: Foothills Well Site Capacity**

| Well Site Name | ADWR Registration Number | Status         | Site it Feeds | Well Capacity     | Size   |
|----------------|--------------------------|----------------|---------------|-------------------|--------|
| Well 27        | 55-543192                | Decommissioned |               |                   | 6"     |
| Well 28        | 55-543193                |                |               |                   |        |
| Well 35        | 55-559652                |                |               |                   |        |
| Well 16        |                          | Active         |               |                   | 3"- 4" |
| Well 22        | 55-538053                | Decommissioned |               |                   | 3"     |
| Well 21        | 55-538052                | Decommissioned |               |                   | 3"     |
| Well 23        | 55-538054                | Active         |               |                   |        |
| Well 14        | 55-514224                | Decommissioned |               |                   | 3"     |
| Well 15        | 55-514221                | Decommissioned |               |                   | 4"     |
| Well 19        | 55-517794                | Arsenic        |               |                   |        |
| Well 30        |                          | Decommissioned |               | 500 gpm           | 6"     |
| Well 18        |                          | Decommissioned |               |                   | 6"     |
| Well 29        |                          | Decommissioned |               |                   | 6"     |
| Well 25        | 55-539877                | Inservice      |               | 270 gpm           | 4"     |
| Well 8         | 55-621474                |                |               | 222 gpm           | 4"     |
| Well 26        | 55-537274                | Decommissioned |               | 300 gpm           |        |
| Well 24        | 55-539876                |                |               |                   | 3"     |
| Well 20        | 55-517795                |                |               | 5 MGD             | 4"     |
| Well 5         | 55-621470                |                |               |                   | 4"     |
| Well 7         | 55-621471                |                |               | 5 - 6.2 MGD       | 4"     |
| Well 4         | 55-621469                |                |               |                   | 4"     |
| Well 36        | 55-562251                |                |               | 2,000 - 2,500 gpm | 10"    |
| Well 44        | 55-564716                | Arsenic        |               |                   | 10"    |

### 3.3. Condition Assessment

A condition assessment was completed for the Foothills Water System. Pipe, valves and fire hydrants were assessed based on installation date and remaining useful life. Site visits of all the booster pump stations, storage tanks and the water treatment plant were completed and condition assessment based on these visits is included below.

### **3.3.1. Pipeline Valves and Fire Hydrants**

Construction of the Foothills Water System occurred as developments were constructed. This began in 1969 and included PVC pipe, valves and fire hydrants. Acceptable life span for such items are 70 years for PVC pipe, 25-40 years for valves and 50 years for fire hydrants. These life spans are based on quality of installation, and maintenance of the system. Life span may be less if proposed maintenance was not administered throughout the components entire life span or if proper bedding was not implemented during construction.

With the oldest portions of the system being over 50 years old, it is important to have an annual replacement program to properly replace old and failing portions of the system. This includes replacement programs for pipeline, valves, and fire hydrants. Selection of replacement locations each year should be based on age, and known leaks or maintenance problem areas.

### **3.3.2. Booster Pump Stations, Storage Tanks, and Well Sites.**

During site visits completed of all storage tanks booster pump stations and well sites, condition of the facilities was noted and components requiring maintenance for continued use were noted. The following is a summary of infrastructure requiring improvements for continued use.

Storage tanks at the WTP and Far West require full inspection and replacement/Repair. To do this, new storage tanks are required for tank redundancy when the existing tanks are taken offline. This will also allow for better maintenance of the tanks without service interruption.

Rusting was noted at Foothills North and 40<sup>th</sup> Street Pump Stations. All pump stations should have mechanical piping, and pump seals inspected for repair, and repainting as needed.

### **3.3.3. Water Treatment Plant**

During the WTP site visit, required upgrades to the chlorination system, storage tank, and increase of overall capacity were noted. Backwash pumps were in the process of being rehabilitated.

**4.0 POPULATION GROWTH PROJECTIONS**

To analyze what additional infrastructure will be required to provide service to future developments within the Foothills service area, four scenarios were created. These scenarios include existing service connections, 5-Year growth projection, 10-Year growth projection and buildout growth projection. This will allow for phased infrastructure improvements as growth continues within the service area.

A growth rate of 1.25% compounded annually for Foothills service area and future developments was assumed. The growth rate is based census data for Yuma County.

A summary of the growth projections for the Foothills service area may be seen in Table 11. Buildout for the Foothills service area occurs in 2050.

**Table 10: Foothills Service Area Population Projection Total at Buildout Based on 1.25% Growth Rate**

| <b>Area</b>  | <b>2023<br/>Customer<br/>Count</b> | <b>2028<br/>Customer<br/>Count</b> | <b>2033<br/>Customer<br/>Count</b> | <b>Buildout<br/>Customer<br/>Count</b> | <b>Buildout<br/>Year</b> |
|--------------|------------------------------------|------------------------------------|------------------------------------|--|--------------------------|
| NW           | 4139                               | 4,404                              | 4,686                              | 5,508                                  | 2046                     |
| SW           | 3652                               | 3,886                              | 4,135                              | 4,550                                  | 2041                     |
| NE           | 778                                | 828                                | 881                                | 3,615                                  | 2147                     |
| SE           | 8215                               | 8,741                              | 9,098                              | 9,098                                  | 2031                     |
| <b>Total</b> | <b>16,784</b>                      | <b>17,860</b>                      | <b>18,801</b>                      | <b>22,771</b>                          | <b>2147</b>              |

**5.0 WATER DEMANDS AND CAPACITY REQUIRED**

Using the number of customers established in Section 4.0 water demands were calculated by areas for each of the four scenarios: Current, 5-Year, 10-Year and Buildout.

A result of this master plan is a proposed zonal split to create two pressure zones within the system. Demands were also calculated by zone to analyze the feasibility of the zonal split and are summarized in the sections below.

**5.1. Current Water Demands**

Water demands for existing development within the Foothills service area may be found in Tables 11 and 12.

**Table 11: Foothills Current Water Demands**

| Area         | 2023 Customer Count | ADD (gpd)        | ADD (gpm)    | MDD (gpd)        | MDD (gpm)    | PHD (gpd)         | PHD (gpm)    | Percent of Total Demand |
|--------------|---------------------|------------------|--------------|------------------|--------------|-------------------|--------------|-------------------------|
| NW           | 4,139               | 1,096,835        | 762          | 1,425,886        | 990          | 3,290,505         | 2,285        | 24.66%                  |
| SW           | 3,652               | 967,780          | 672          | 1,258,114        | 874          | 2,903,340         | 2,016        | 21.76%                  |
| NE           | 778                 | 206,170          | 143          | 268,021          | 186          | 618,510           | 430          | 4.64%                   |
| SE           | 8,215               | 2,176,975        | 1,512        | 2,830,068        | 1,965        | 6,530,925         | 4,535        | 48.95%                  |
| <b>Total</b> | <b>16,784</b>       | <b>4,447,760</b> | <b>3,089</b> | <b>5,782,088</b> | <b>4,015</b> | <b>13,343,280</b> | <b>9,266</b> | <b>100.00%</b>          |

**Table 12: Foothills Current Water Demands After Zonal Split**

| Pressure Zone | 2023 Customer Count | ADD (gpd)        | ADD (gpm)    | MDD (gpd)        | MDD (gpm)    | PHD (gpd)         | PHD (gpm)    | Percent of Total Demand |
|---------------|---------------------|------------------|--------------|------------------|--------------|-------------------|--------------|-------------------------|
| 1             | 9,719               | 2,575,535        | 1,789        | 3,348,196        | 2,325        | 7,726,605         | 5,366        | 57.91%                  |
| 2             | 7,065               | 1,872,225        | 1,300        | 2,433,893        | 1,690        | 5,616,675         | 3,900        | 42.09%                  |
| <b>Total</b>  | <b>16,784</b>       | <b>4,447,760</b> | <b>3,089</b> | <b>5,782,088</b> | <b>4,015</b> | <b>13,343,280</b> | <b>9,266</b> | <b>100.00%</b>          |



**5.2. 5-Year Water Demands**

Water demands for 5-Year growth projection within Foothills service areas may be found in Table 13 and 14. It is assumed that steady growth has occurred in the service area with growth focused on the remaining developments currently in progress.

**Table 13: Foothills 5-Year Water Demands**

| Area         | 2028 Customer Count | ADD (gpd)        | ADD (gpm)    | MDD (gpd)        | MDD (gpm)    | PHD (gpd)         | PHD (gpm)    | Percent of Total Demand |
|--------------|---------------------|------------------|--------------|------------------|--------------|-------------------|--------------|-------------------------|
| NW           | 4,404               | 1,167,123        | 811          | 1,517,259        | 1,054        | 3,501,368         | 2,432        | 24.66%                  |
| SW           | 3,886               | 1,029,797        | 715          | 1,338,737        | 930          | 3,089,392         | 2,145        | 21.76%                  |
| NE           | 828                 | 219,382          | 152          | 285,196          | 198          | 658,145           | 457          | 4.64%                   |
| SE           | 8,741               | 2,316,480        | 1,609        | 3,011,424        | 2,091        | 6,949,441         | 4,826        | 48.95%                  |
| <b>Total</b> | <b>17,860</b>       | <b>4,732,782</b> | <b>3,287</b> | <b>6,152,617</b> | <b>4,273</b> | <b>14,198,346</b> | <b>9,860</b> | <b>100.00%</b>          |

**Table 14: Foothills 5-Year Water Demands After Zonal Split**

| Pressure Zone | 2028 Customer Count | ADD (gpd)        | ADD (gpm)    | MDD (gpd)        | MDD (gpm)    | PHD (gpd)         | PHD (gpm)    | Percent of Total Demand |
|---------------|---------------------|------------------|--------------|------------------|--------------|-------------------|--------------|-------------------------|
| 1             | 10,342              | 2,740,581        | 1,903        | 3,562,755        | 2,474        | 8,221,742         | 5,710        | 57.91%                  |
| 2             | 7,518               | 1,992,201        | 1,383        | 2,589,862        | 1,799        | 5,976,604         | 4,150        | 42.09%                  |
| <b>Total</b>  | <b>17,860</b>       | <b>4,732,782</b> | <b>3,287</b> | <b>6,152,617</b> | <b>4,273</b> | <b>14,198,346</b> | <b>9,860</b> | <b>100.00%</b>          |

**5.3. 10-Year Water Demands**

Water demands for 10-Year growth projection within Foothills service areas may be found in Table 15 and 16.

Table 15: Foothills 10-Year Water Demands

| Area         | 2033<br>Customer<br>Count | ADD (gpd)        | ADD (gpm)    | MDD (gpd)        | MDD<br>(gpm) | PHD (gpd)         | PHD (gpm)     | Percent of<br>Total<br>Demand |
|--------------|---------------------------|------------------|--------------|------------------|--------------|-------------------|---------------|-------------------------------|
| NW           | 4,686                     | 1,241,914        | 862          | 1,614,489        | 1,121        | 3,725,743         | 2,587         | 23.06%                        |
| SW           | 4,135                     | 1,095,789        | 761          | 1,424,526        | 989          | 3,287,367         | 2,283         | 20.35%                        |
| NE           | 881                       | 233,440          | 162          | 303,472          | 211          | 700,321           | 486           | 4.33%                         |
| SE           | 9,098                     | 2,411,015        | 1,674        | 3,134,320        | 2,177        | 7,233,045         | 5,023         | 52.26%                        |
| <b>Total</b> | <b>18,801</b>             | <b>4,982,159</b> | <b>3,460</b> | <b>6,476,806</b> | <b>4,498</b> | <b>14,946,476</b> | <b>10,379</b> | <b>100.00%</b>                |

Table 16: Foothills 10-Year Water Demands After Zonal Split

| Pressure<br>Zone | 2033<br>Customer<br>Count | ADD<br>(gpd)     | ADD<br>(gpm) | MDD<br>(gpd)     | MDD<br>(gpm) | PHD (gpd)         | PHD<br>(gpm)  | Percent<br>of Total<br>Demand |
|------------------|---------------------------|------------------|--------------|------------------|--------------|-------------------|---------------|-------------------------------|
| 1                | 10,914                    | 2,892,237        | 2,008        | 3,759,908        | 2,611        | 8,676,710         | 6,025         | 55.93%                        |
| 2                | 7,886                     | 2,089,922        | 1,451        | 2,716,898        | 1,887        | 6,269,766         | 4,354         | 44.07%                        |
| <b>Total</b>     | <b>18,801</b>             | <b>4,982,159</b> | <b>3,460</b> | <b>6,476,806</b> | <b>4,498</b> | <b>14,946,476</b> | <b>10,379</b> | <b>100.00%</b>                |

**5.4. Buildout Water Demands**

Water demands for Buildout growth projection within Foothills service areas may be found in Tables 17 and 18.

**Table 17: Foothills Buildout Water Demands**

| Area         | Buildout Customer Count | ADD (gpd)        | ADD (gpm)    | MDD (gpd)        | MDD (gpm)    | PHD (gpd)         | PHD (gpm)     | Percent of Total Demand |
|--------------|-------------------------|------------------|--------------|------------------|--------------|-------------------|---------------|-------------------------|
| NW           | 5,508                   | 1,459,660        | 1,014        | 1,897,558        | 1,318        | 4,378,979         | 3,041         | 22.86%                  |
| SW           | 4,550                   | 1,205,721        | 837          | 1,567,437        | 1,088        | 3,617,163         | 2,512         | 19.01%                  |
| NE           | 3,615                   | 958,002          | 665          | 1,245,402        | 865          | 2,874,005         | 1,996         | 14.01%                  |
| SE           | 9,098                   | 2,411,015        | 1,674        | 3,134,320        | 2,177        | 7,233,045         | 5,023         | 44.12%                  |
| <b>Total</b> | <b>22,771</b>           | <b>6,034,397</b> | <b>4,191</b> | <b>7,844,716</b> | <b>5,448</b> | <b>18,103,191</b> | <b>12,572</b> | <b>100.00%</b>          |

**Table 18: Foothills Buildout Water Demands After Zonal Split**

| Pressure Zone | Buildout Customer Count | ADD (gpd)        | ADD (gpm)    | MDD (gpd)        | MDD (gpm)    | PHD (gpd)         | PHD (gpm)     | Percent of Total Demand |
|---------------|-------------------------|------------------|--------------|------------------|--------------|-------------------|---------------|-------------------------|
| 1             | 12,151                  | 3,219,914        | 2,236        | 4,185,888        | 2,907        | 9,659,742         | 6,708         | 52.02%                  |
| 2             | 10,621                  | 2,814,483        | 1,955        | 3,658,828        | 2,541        | 8,443,449         | 5,864         | 47.98%                  |
| <b>Total</b>  | <b>22,771</b>           | <b>6,034,397</b> | <b>4,191</b> | <b>7,844,716</b> | <b>5,448</b> | <b>18,103,191</b> | <b>12,572</b> | <b>100.00%</b>          |

## 5.5. Storage and Booster Pump Capacity Required

As growth occurs within the Foothills service area, storage, and booster pump capacity required increases. An analysis was completed to determine the existing and required storage and booster pump capacity by areas for the 5-Year, 10-Year and Buildout scenarios. The results are summarized in Table 19 and 20 for the Foothills service area.

As part of this master plan, a zonal split to create two pressure zones within the system is proposed. Storage and booster pump capacity after the zonal split was analyzed. The results are summarized in Tables 21 and 22.

The system was split into four identified areas to evaluate storage capacity based on the immediate area around it, and how effectively the storage can reach the area. The required storage for each area is provided and totaled. Sufficient storage exists to meet anticipated buildout demands for the service area when the system remains within one zone as well as if the proposed zonal split were to occur. However, in addition to capacity, how the tanks are utilized, and their location was reviewed. As well and redundancy to allow for tanks to be taken offline for maintenance. For example, if the 3.0 MG tank at the 44<sup>th</sup> St Water Plant were taken offline, most of the system would experience drops in pressure and flow due to the 3.0 MG tank not providing capacity to the system. Additional storage is proposed to allow for redundancy and tank maintenance.

For booster pump capacity, if the system were to remain within a single zone, additional booster pump capacity would be required within both the north and south eastern portions of the system. As a whole, the system has sufficient capacity however, due to the elevation change and locations of the booster pump stations, the system experiences difficulties maintaining pressures along the eastern portion of the system.

When the system is split into two zones, additional booster pump capacity is required within Zone 2 (the eastern zone). It is proposed that the BPS at the 44<sup>th</sup> St Water Plant be improved to be a dual booster pump station with five 1,250 gpm pumps added at the higher zone 2 HGL.

Table 19: Foothills Service Area Storage Capacity by Area

| Area  | Capacity by Reservoir (MG) |           |          |                     |                     | Storage Avail. (MG) | Storage Req'd. (MG) |         |          |
|-------|----------------------------|-----------|----------|---------------------|---------------------|---------------------|---------------------|---------|----------|
|       | Mesa Del Sol               | Hanks Hwy | Far West | 40 <sup>th</sup> St | 44 <sup>th</sup> St |                     | 5-Year              | 10-Year | Buildout |
| NW    | 1.0                        |           |          |                     |                     | 1.00                | 0.94                | 0.96    | 1.04     |
| SW    |                            |           | 1.49     | 0.17                |                     | 1.66                | 0.88                | 0.91    | 0.95     |
| NE    |                            | 0.29      |          |                     |                     | 0.29                | 0.57                | 0.57    | 0.85     |
| SE    |                            |           |          |                     | 3.00                | 3.00                | 1.38                | 1.42    | 1.42     |
| Total |                            |           |          |                     |                     | 5.95                | 2.46                | 2.59    | 3.62     |

Table 20: Foothills Service Area Booster Pump Capacity by Zone

| Area | Capacity by BPS (gpm)             |                          |                                   |                          |                                   |                          |                                   |                          |                                   |                          |                                   |                          | Total Firm Capacity Available (gpm) | Booster Pump Capacity Required (gpm) |         |         |          |
|------|-----------------------------------|--------------------------|-----------------------------------|--------------------------|-----------------------------------|--------------------------|-----------------------------------|--------------------------|-----------------------------------|--------------------------|-----------------------------------|--------------------------|-------------------------------------|--------------------------------------|---------|---------|----------|
|      | Mesa Del Sol                      |                          | Hanks Hwy                         |                          | Far West                          |                          | 40 <sup>th</sup> St               |                          | 44 <sup>th</sup> St               |                          | Foothills North                   |                          |                                     | Ex.                                  | 5- Year | 10-Year | Buildout |
|      | Booster Pump Rated Capacity (gpm) | Firm Pump Capacity (gpm) | Booster Pump Rated Capacity (gpm) | Firm Pump Capacity (gpm) | Booster Pump Rated Capacity (gpm) | Firm Pump Capacity (gpm) | Booster Pump Rated Capacity (gpm) | Firm Pump Capacity (gpm) | Booster Pump Rated Capacity (gpm) | Firm Pump Capacity (gpm) | Booster Pump Rated Capacity (gpm) | Firm Pump Capacity (gpm) |                                     |                                      |         |         |          |
| NW   | 5,500                             | 4,400                    |                                   |                          |                                   |                          |                                   |                          |                                   |                          |                                   |                          | 4,400                               | 2,285                                | 2,432   | 2,587   | 3,041    |
| SW   |                                   |                          |                                   |                          | 4,000                             | 3,200                    | 1,200                             | 600                      |                                   |                          |                                   |                          | 3,800                               | 2,016                                | 2,145   | 2,283   | 2,512    |
| NE   |                                   |                          | 1,750                             | 875                      |                                   |                          |                                   |                          |                                   |                          | 600                               | 400                      | 1,275                               | 1,186                                | 1,198   | 1,211   | 1,996    |
| SE   |                                   |                          |                                   |                          |                                   |                          |                                   |                          | 3,000                             | 2,000                    |                                   |                          | 2,000                               | 4,535                                | 4,826   | 5,023   | 5,023    |

Table 21: Foothills Service Area Storage Capacity After Pressure Zone Split

| Area  | Capacity by Reservoir (MG) |           |          |                     |                     | Storage Avail. (MG) | Storage Req'd. (MG) |        |         |          |
|-------|----------------------------|-----------|----------|---------------------|---------------------|---------------------|---------------------|--------|---------|----------|
|       | Mesa Del Sol               | Hanks Hwy | Far West | 40 <sup>th</sup> St | 44 <sup>th</sup> St |                     | Ex.                 | 5-Year | 10-Year | Buildout |
| 1     | 1.0                        |           | 1.49     | 0.17                |                     | 2.66                | 1.48                | 1.55   | 1.61    | 1.74     |
| 2     |                            | 0.29      |          |                     | 3.00                | 3.29                | 1.21                | 1.26   | 1.30    | 1.58     |
| Total |                            |           |          |                     |                     | 5.95                | 2.31                | 2.46   | 2.59    | 3.62     |

Table 22: Foothills Service Area Booster Pump Capacity After Pressure Zone Split

| Area | Capacity by BPS (gpm)             |                          |                                   |                          |                                   |                          |                                   |                          |                                   |                          |                                   |                          | Total Firm Available (gpm) | Booster Pump Capacity Required (gpm) |         |         |          |
|------|-----------------------------------|--------------------------|-----------------------------------|--------------------------|-----------------------------------|--------------------------|-----------------------------------|--------------------------|-----------------------------------|--------------------------|-----------------------------------|--------------------------|----------------------------|--------------------------------------|---------|---------|----------|
|      | Mesa Del Sol                      |                          | Hanks Hwy                         |                          | Far West                          |                          | 40 <sup>th</sup> St               |                          | 44 <sup>th</sup> St               |                          | Foothills North                   |                          |                            | Ex.                                  | 5- Year | 10-Year | Buildout |
|      | Booster Pump Rated Capacity (gpm) | Firm Pump Capacity (gpm) | Booster Pump Rated Capacity (gpm) | Firm Pump Capacity (gpm) | Booster Pump Rated Capacity (gpm) | Firm Pump Capacity (gpm) | Booster Pump Rated Capacity (gpm) | Firm Pump Capacity (gpm) | Booster Pump Rated Capacity (gpm) | Firm Pump Capacity (gpm) | Booster Pump Rated Capacity (gpm) | Firm Pump Capacity (gpm) |                            |                                      |         |         |          |
| 1    | 5,500                             | 4,400                    |                                   |                          | 4,000                             | 3,200                    | 1,200                             | 600                      | 3,000                             | 2,000                    |                                   |                          | 10,200                     | 5,366                                | 5,710   | 6,025   | 6,708    |
| 2    |                                   |                          | 1,750                             | 875                      |                                   |                          | 6,250 <sup>1</sup>                | 5,000 <sup>1</sup>       |                                   |                          | 600                               | 400                      | 6,275                      | 3,900                                | 4,150   | 4,354   | 5,864    |

<sup>1</sup>Proposed project for dual booster pump station at the 40<sup>th</sup> St water plant to provide necessary storage for zonal split.

**5.6. Water Production Required**

Foothills has an agreement to receive delivery of water from the Yuma Mesa Irrigation District for up to 7,500 acre-feet per year of Colorado River water. Foothills also utilizes wells to extract groundwater to supplement the YMIDD water and provide water then the YMIDD is offline for maintenance.

Surface water capacity required for 5-Year, 10-Year and Buildout is summarized in Table 23 for the Foothills service area. This total is equal to maximum day demand. The current allocation will be exceeded in approximately 6 years if the growth rate of customers increases at approximately 1.25% per year (the current Yuma County average). At this time, Foothills will need to supplement with groundwater or obtain additional surface water allocation.

**Table 23: Surface Water Flow Rate Required**

| Area         | 5-Year Production Required (gpm) | 5-Year Production Required (MGD) | 5-Year Production Required (AC-FT/Year) | 10-Year Production Required (gpm) | 10-Year Production Required (MGD) | 10-Year Production Required (AC-FT/Year) | Buildout Production Required (gpm) | Buildout Production Required (MGD) | Buildout Production Required (AC-FT/Year) |
|--------------|----------------------------------|----------------------------------|---|-----------------------------------|-----------------------------------|--|------------------------------------|------------------------------------|---|
| NW           | 1,054                            | 1.52                             | 1,700                                   | 1,121                             | 1.61                              | 1,809                                    | 1,318                              | 1.90                               | 2,126                                     |
| SW           | 930                              | 1.34                             | 1,500                                   | 989                               | 1.42                              | 1,596                                    | 1,088                              | 1.57                               | 1,756                                     |
| NE           | 198                              | 0.29                             | 319                                     | 211                               | 0.30                              | 340                                      | 865                                | 1.25                               | 1,395                                     |
| SE           | 2,091                            | 3.01                             | 3,373                                   | 2,177                             | 3.13                              | 3,511                                    | 2,177                              | 3.13                               | 3,511                                     |
| <b>TOTAL</b> | <b>4,273</b>                     | <b>6.15</b>                      | <b>6,892</b>                            | <b>4,498</b>                      | <b>6.48</b>                       | <b>7,255</b>                             | <b>5,448</b>                       | <b>7.84</b>                        | <b>8,788</b>                              |

If wells are the sole source of water, the firm production capacity required is summarized in Table 24. Calculations for well capacity include utilizing the maximum day demand, pumped within 18 hours including a 15% factor of safety for waste or loss.

**Table 24: Firm Well Capacity Required if Sole Source**

| Area         | 5-Year Production Required (gpm) | 10-Year Production Required (gpm) | Buildout Production Required (gpm) |
|--------------|----------------------------------|-----------------------------------|------------------------------------|
| NW           | 1,616                            | 1,719                             | 2,021                              |
| SW           | 1,426                            | 1,517                             | 1,669                              |
| NE           | 304                              | 323                               | 1,326                              |
| SE           | 3,207                            | 3,337                             | 3,337                              |
| <b>TOTAL</b> | <b>6,551</b>                     | <b>6,897</b>                      | <b>8,353</b>                       |

**5.7. Treatment Adequacy**

Foothills currently treats water received from YMIDD at the 44<sup>th</sup> St Water Treatment Plant. The plant utilizes decant tanks, adsorption clarifier media and mixed media filters to treat the surface water. From here, water is stored in a 3.0 MG tank, and pumped into the system (including other storage tanks) as needed. The treatment plant currently has a capacity of 6.0 MG.

Treatment required must meet maximum day demand. Total water treatment for surface water is summarized in Table 25. An expansion of the WTP is required within the next 5 years. The suggested plant expansion includes adding an additional treatment train, expanding the plant capacity to 8.0 MGD.

**Table 25: Surface Water Treatment Capacity Required**

| Area         | 5-Year<br>Treatment<br>Capacity<br>Required<br>(MGD) | 10-Year<br>Treatment<br>Capacity<br>Required<br>(MGD) | Buildout<br>Treatment<br>Capacity<br>Required<br>(MGD) |
|--------------|--|---|--|
| NW           | 1.52   | 1.61  | 1.90   |
| SW           | 1.34   | 1.42  | 1.57   |
| NE           | 0.29   | 0.30  | 1.25   |
| SE           | 3.01   | 3.13  | 3.13   |
| <b>TOTAL</b> | <b>6.15</b>  | <b>6.48</b>   | <b>7.84</b>  |



## **6.0 WATER SYSTEM MODELING**

### **6.1. System Set Up and Calibration**

A water system model was created in InfoWater using the latest GIS files provided. Waterline location, diameter, pressure zone, and alignment were setup for all waterlines within the system. Tanks, reservoirs, and pumps were used to model all existing storage tanks, booster pump stations and well sites. Existing system set points and zone hydraulic grade lines were used to calibrate the existing pumps. Once the model setup was complete, pressures at various locations throughout the water system were confirmed using pressure data obtained from Foothills.

## 7.0 PROJECT RECOMMENDATIONS AND COSTS

A series of improvements are proposed to increase capacity and efficiency throughout the service area as well as optimize pressure ranges by splitting the system into two pressure zones. Annually replacement/maintenance programs are also included. Descriptions of each proposed improvement are outlined below. A full CIP including costs and year the improvements are required is included in Appendix B.

### 7.1. Annual Water Capital Improvement Recommendations

- Valve Replacement Program
  - Replacement of 30 valves annually
- Fire Hydrant Replacement Program
  - Replacement of 10 fire hydrants annually
- Watermain Replacement Program
  - Replacement of 2,000 LF of watermain annually
- Well Flow Meters
  - Addition of flow meters at all wells over 5 years
- Discharge Header Replacement (all BPS stations)
  - Discharge header replacement at all BPS stations over 5 years
- Rebuild all altitude valves and PRV's
  - Rebuild all altitude valves and PRV's over 5 years
- Chemical Pump Replacement
  - Replacement of all chemical feed pumps at 3 per year for 5 years

### 7.2. System Wide Capital Improvement Recommendations

- Misc WTP Component replacement
  - Addition of new sludge pump and rebuild of backwash pump
- Smart Meter Replacement Program
  - Replacement of all meters to smart meters
- SCADA Improvements
  - SCADA upgrades for standardizing platform and upgrading hardware
- WTP and BPS Generator Replacement
  - Replacement of all generators at water treatment plant and BPS sites.
- Far West High Capacity Well
  - Construction of a high capacity well within the Far West BPS site.
- WTP Expansion Preliminary Engineering Report
  - Study/Report to define scope of required future WTP Expansion

- 44th St WTP Tank Evaluation/Inspection
  - Full tank inspection and improvement recommendations
- 44th St WTP Tank Replacement
  - Full tank inspection and improvement recommendations
- THM Mitigation Units All Tanks
  - Evaluation and placement of THM mitigation system at all tank sites. GridBee system proposed.
- WTP Chlorination System Upgrade
  - As part of plant expansion, upgrade chlorination system to more modern technology.
- Mesa Del Sol Pump Replacement
  - Mesa Del Sol Pump Replacement
- Misc WTP Component replacement
  - Replacement of the WTP decant collector sludge pump, decant collector rake, decant pump.
- Security System Upgrades
- WTP HVAC Replacement
  - Replacement of the HVAC system for the water treatment plant treatment building.
- Mesa Del Sol HVAC Replacement
  - Replacement of the HVAC system for the Mesa Del Sol Pump Room.
- Raw Water Pump Rehab
  - Rebuild of a 250hp pump at the Raw Water BPS
- WTP Backwash Tank
  - Design and construction of a 0.50 MG storage tank for backwash water
- Far West Tank Evaluation/Inspection
  - Full tank inspection and improvement recommendations
- Foothills North BPS Pump Maintenance
  - Pump maintenance to clean corrosion and gaskets as needed.
- Hanks Hwy BPS Header Rehab/Repair
  - Rust removal, spot repair of header. Repaint pump station.
- Raw Water Pump Rebuild
  - Rebuild of a 250hp pump at the Raw Water BPS
- WTP Back Wash Pump Rebuild
  - Rebuild of the backwash pumps at the WTP site
- WTP Expansion

- Expansion of WTP to a minimum of 8.5 MGD based on recommendations in completed PER
- WTP Dual Pump Station Upgrade
  - Construction of High Zone BPS. Evaluate existing BPS building for space planning or construct within a new building.
- Pressure Zone Split Disconnections and Waterline Extensions
  - Total of 8 system disconnections and 2,500 LF of 12" waterline construction
- Far West Tank Replacement
  - Replacement of the 1.0 MG Tank
- Far West BPS Chlorination System and Building Rehab
  - Building and chlorination system replacement.
- Raw Water BPS Pump Upgrade/Addition
  - Addition of pumps to meet new buildout WTP capacity of 8. mgd.
- Far West TDS Treatment by RO
  - Construction of RO treatment to remove TDS from groundwater. Coordination with Palm Shadows WWTP project for waste disposal required.
- Far West Site Wells Manifold
  - Manifold all Far West Well sites together for routing to new MBR treatment onsite.
- Far West BPS Upgrade
  - Increase BPS Capacity by adding 2 more 800 gpm pumps

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**APPENDIX A**  
*Site Exhibits*


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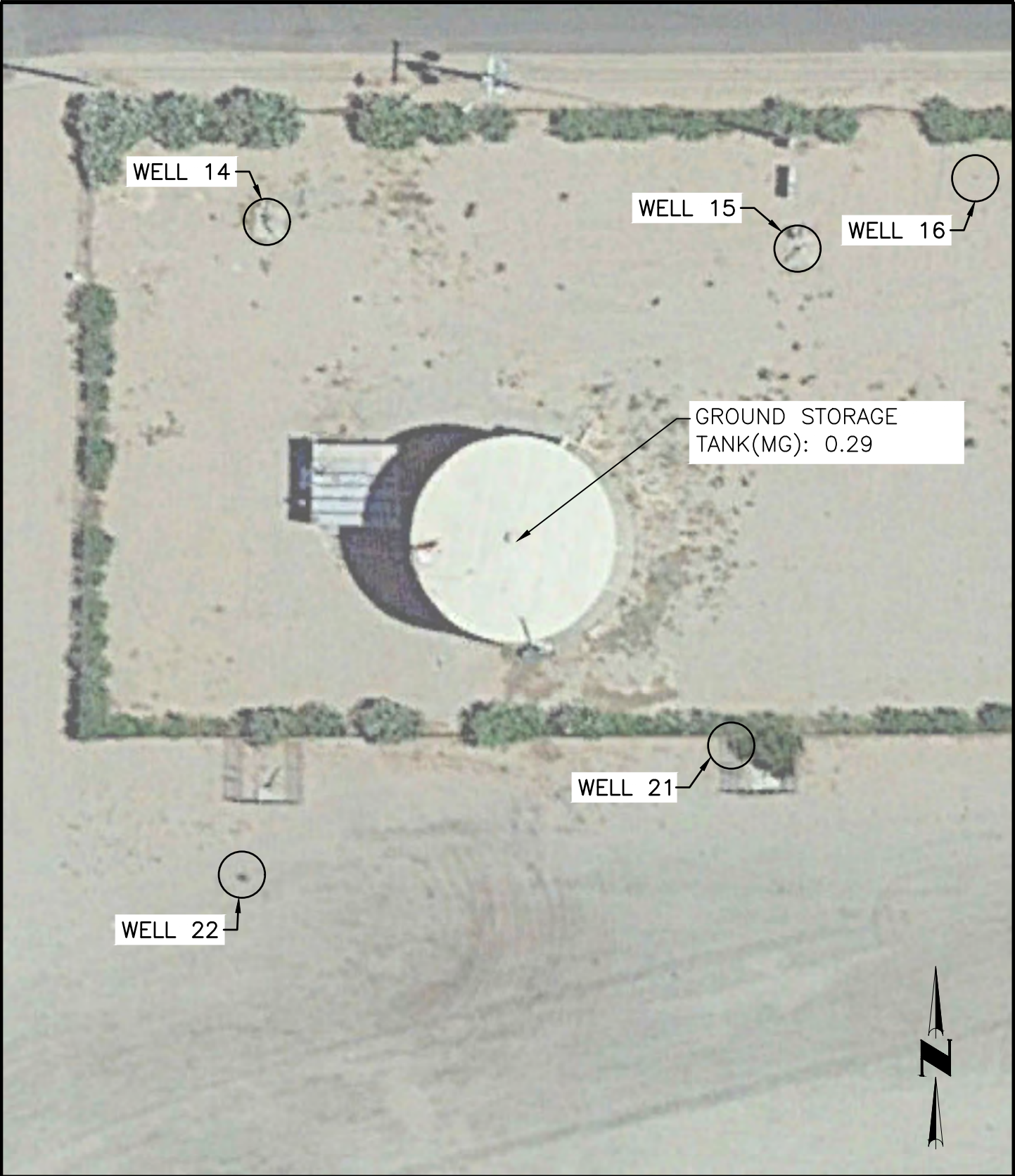


|  |                        |   |
|--|------------------------|---|
| NOT TO SCALE<br>EXHIBIT<br>4550 North 12th Street<br>Phoenix, Arizona 85014<br>Phone 602-264-6831<br><a href="http://www.cvlci.com">http://www.cvlci.com</a> | FOOTHILLS              | <br>01 OF 09 |
|  | RAW WATER PUMP STATION |   |





|   |                           |   |
|---|---------------------------|---|
| NOT TO SCALE  | FOOTHILLS                 |  |
| EXHIBIT   |                           |   |
| 4550 North 12th Street<br>Phoenix, Arizona 85014<br>Phone 602-264-6831<br><a href="http://www.cvlci.com">http://www.cvlci.com</a> | MESA DEL SOL PUMP STATION | 02 OF 09  |



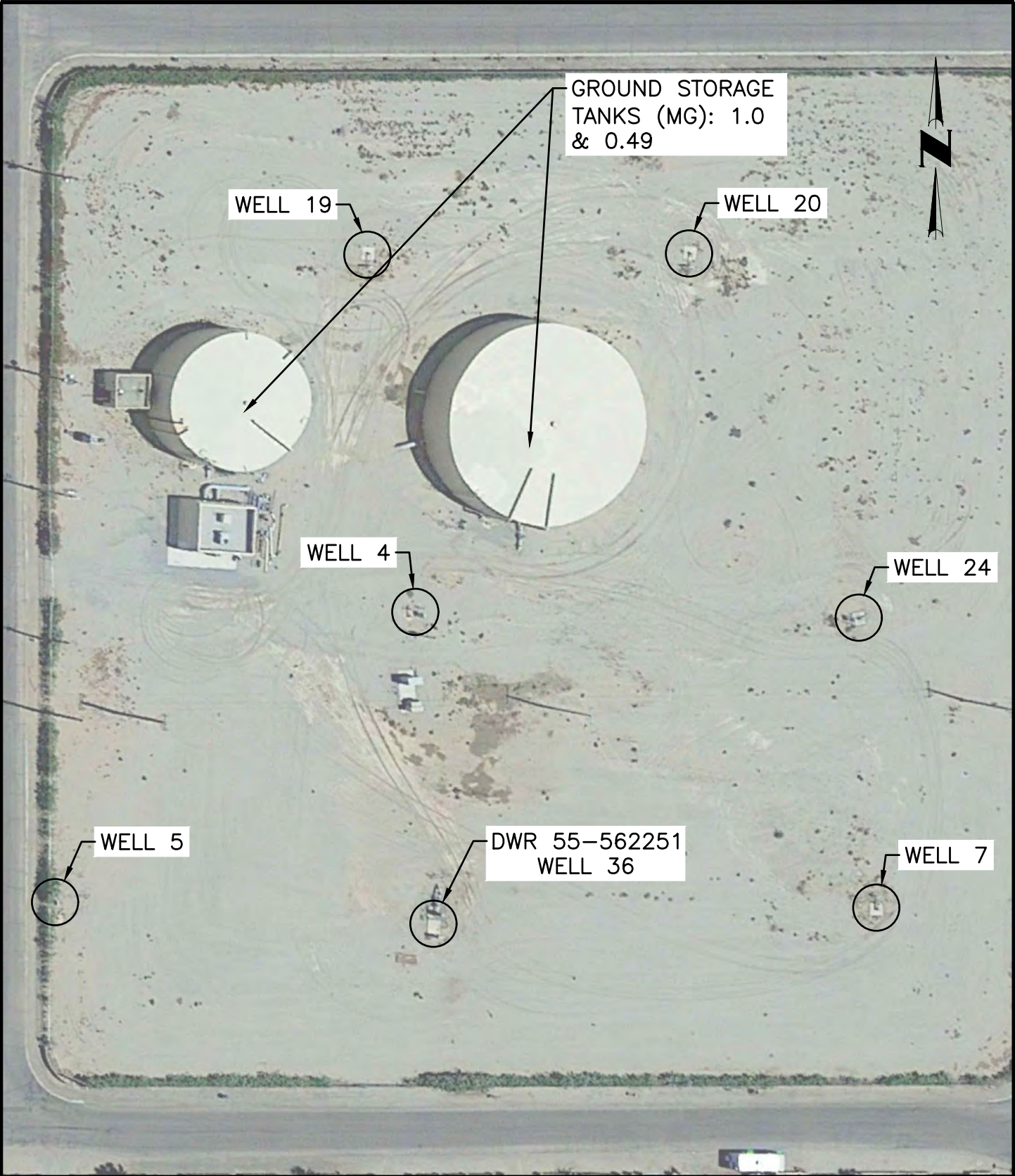
|   |                        |   |
|---|------------------------|---|
| NOT TO SCALE  | FOOTHILLS              |  |
| EXHIBIT   |                        |   |
| 4550 North 12th Street<br>Phoenix, Arizona 85014<br>Phone 602-264-6831<br><a href="http://www.cvlci.com">http://www.cvlci.com</a> | HANKS HWY PUMP STATION | 03 OF 09  |





GROUND STORAGE TANK (MG): 0.07

|   |                              |   |
|---|------------------------------|---|
| NOT TO SCALE  | FOOTHILLS                    |  |
| EXHIBIT   |                              |   |
| 4550 North 12th Street<br>Phoenix, Arizona 85014<br>Phone 602-264-6831<br><a href="http://www.cvlci.com">http://www.cvlci.com</a> | FOOTHILLS NORTH PUMP STATION | 04 OF 09  |



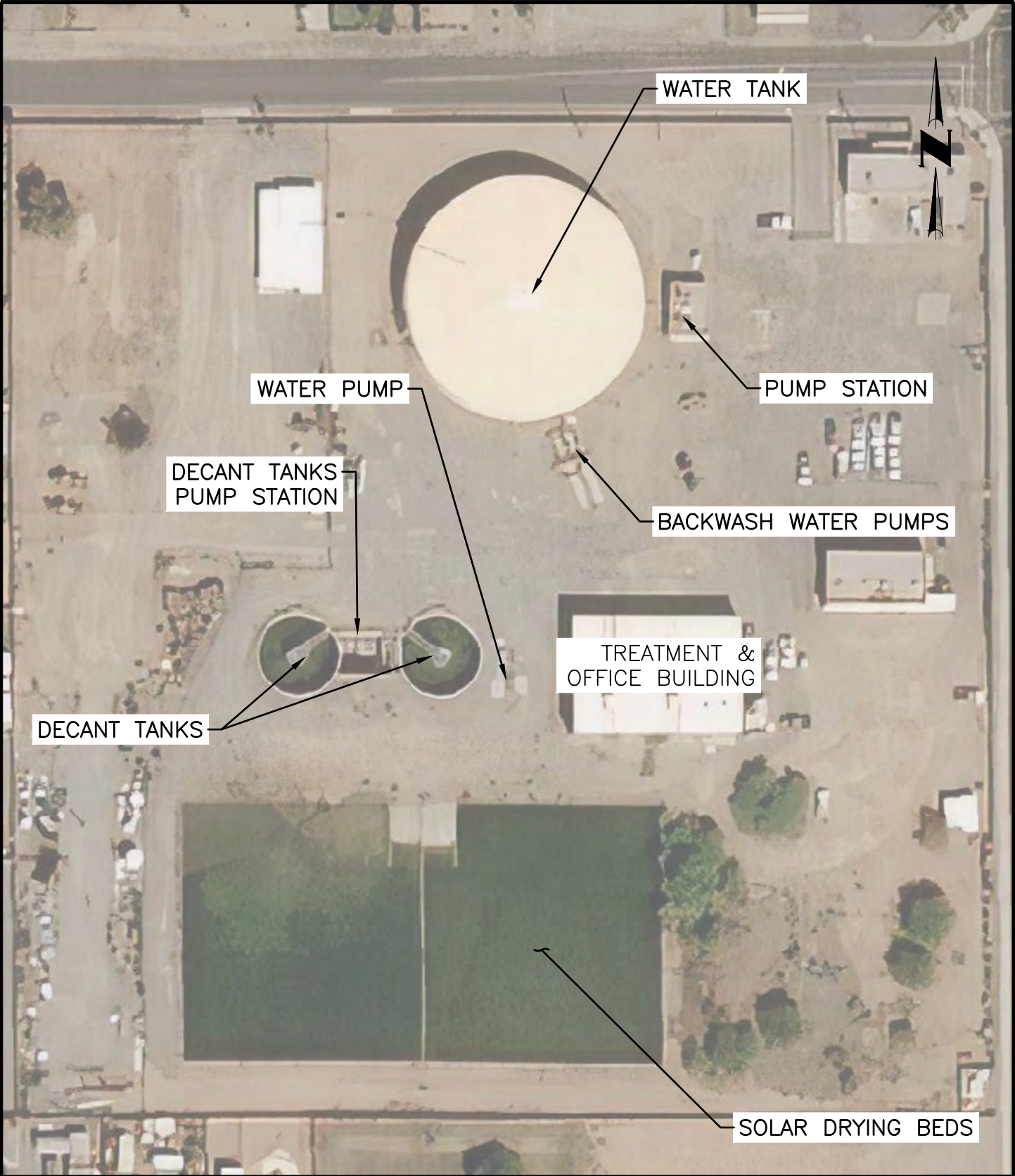
|   |                       |   |
|---|-----------------------|---|
| NOT TO SCALE  | FOOTHILLS             |  |
| EXHIBIT   |                       |   |
| 4550 North 12th Street<br>Phoenix, Arizona 85014<br>Phone 602-264-6831<br><a href="http://www.cvlci.com">http://www.cvlci.com</a> | FAR WEST PUMP STATION | 05 OF 09  |





GROUND STORAGE  
TANK (MG): 0.17

|   |                      |   |
|---|----------------------|---|
| NOT TO SCALE  | FOOTHILLS            |  |
| EXHIBIT   |                      |   |
| 4550 North 12th Street<br>Phoenix, Arizona 85014<br>Phone 602-264-6831<br><a href="http://www.cvlci.com">http://www.cvlci.com</a> | 40TH ST PUMP STATION | 06 OF 09  |



|  |                             |   |
|--|-----------------------------|---|
| NOT TO SCALE<br>EXHIBIT<br>4550 North 12th Street<br>Phoenix, Arizona 85014<br>Phone 602-264-6831<br><a href="http://www.cvlci.com">http://www.cvlci.com</a> | FOOTHILLS                   | <br>07 OF 09 |
|  | WATER TREATMENT PLANT (WTP) |   |

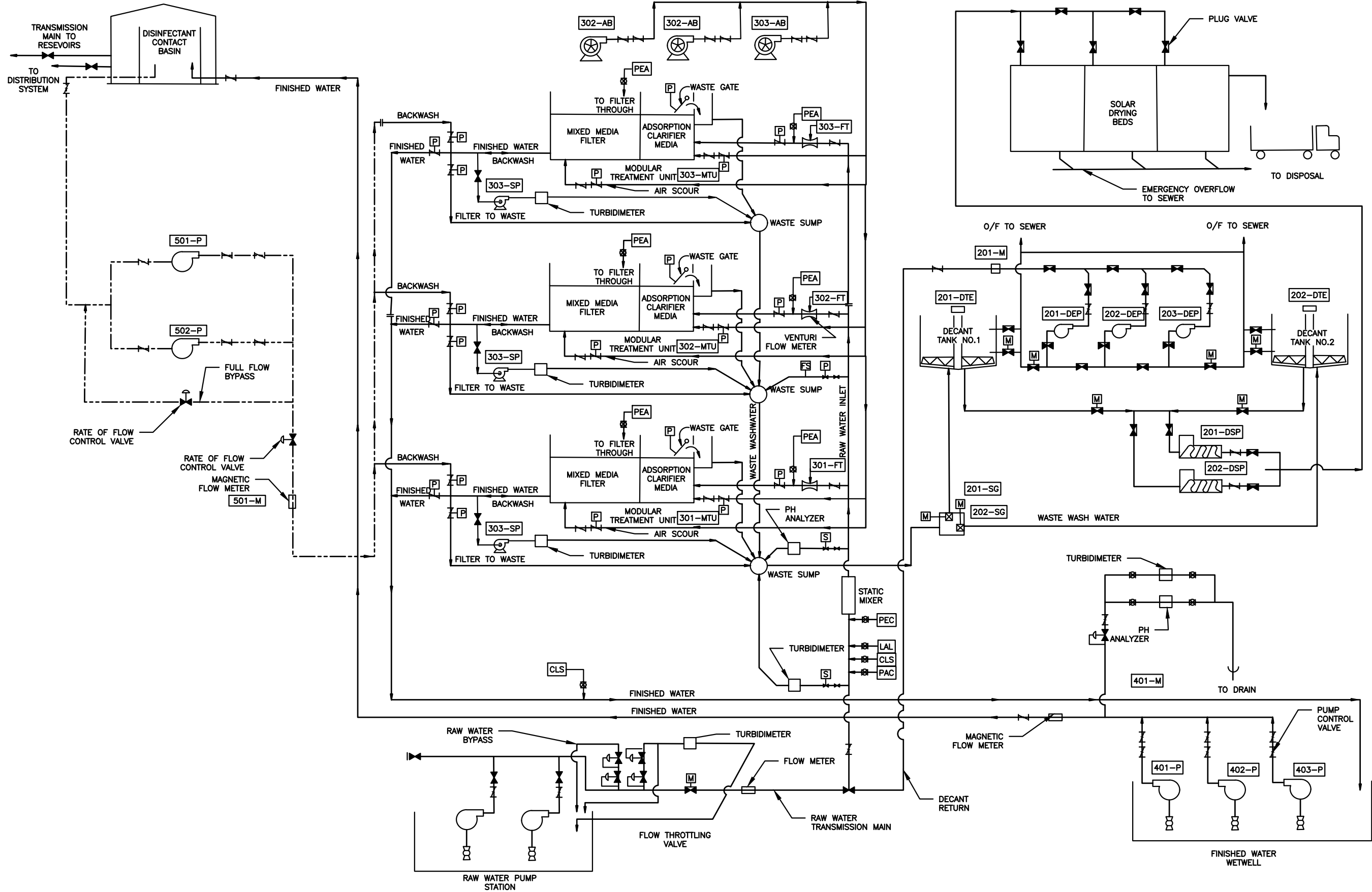




|   |                      |   |
|---|----------------------|---|
| NOT TO SCALE  | FOOTHILLS            |  |
| EXHIBIT   |                      |   |
| 4550 North 12th Street<br>Phoenix, Arizona 85014<br>Phone 602-264-6831<br><a href="http://www.cvlci.com">http://www.cvlci.com</a> | 52ND ST PUMP STATION | 09 OF 09  |

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FOOTHILLS WTP

SOUTH WATER TREATMENT PLANT



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**APPENDIX B**  
***Water CIP***

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| FOOTHILLS UTILITIES - 2023 WATER CAPITAL IMPROVEMENT PROJECTS |   |   |               |             |
|---|---|---|---------------|-------------|
| Project No.   | PROJECT NAME                                    | PROJECT DESCRIPTION   | YEAR REQUIRED | YEARLY COST |
| 1   | Valve Replacement Program                       | Replacement of 30 valves annually   | Annually      | \$390,000   |
| 2   | Fire Hydrant Replacement Program                | Replacement of 10 fire hydrants annually  | Annually      | \$130,000   |
| 3   | Watermain Replacement Program                   | Replacement of 2,000 LF of watermain annually   | Annually      | \$500,000   |
| 4   | Well Flow Meters                                | Addition of flow meters at all wells over 5 years   | 2024-2028     | \$25,000    |
| 5   | Discharge Header Replacement (all BPS stations) | Discharge header replacement at all BPS stations over 5 years                                 | 2024-2028     | \$50,000    |
| 6   | Rebuild all altitude valves and PRV's           | Rebuild all altitude valves and PRV's over 5 years  | 2023-2024     | \$50,000    |
| 7   | Chemical Pump Replacement                       | Replacement of all chemical feed pumps at 3 per year for 5 years                              | 2024-2028     | \$15,000    |
| 8   | Misc WTP Component replacement                  | Addition of new sludge pump and rebuild of backwash pump                                      | 2023          | \$70,000    |
| 9   | Smart Meter Replacement Program                 | Replacement of all meters to smart meters   | 2024          | \$6,800,000 |
| 10  | SCADA Improvements                              | SCADA upgrades for standardizing platform and upgrading hardware                              | 2024          | \$150,000   |
| 11  | WTP and BPS Generator Replacement               | Replacement of all generators at water treatment plant and BPS sites.                         | 2024          | \$1,050,000 |
| 12  | Far West High Capacity Well                     | Construction of a high capacity well within the Far West BPS site.                            | 2024          | \$250,000   |
| 13  | WTP Expansion Preliminary Engineering Report    | Study/Report to define scope of required future WTP Expansion                                 | 2024          | \$175,000   |
| 14  | 44th St WTP Tank Evaluation/Inspection          | Full tank inspection and improvement recommendations  | 2024          | \$150,000   |
| 15  | 44th St WTP Tank Replacement                    | Replacement of the existing 3MG tank  | 2025          | \$4,000,000 |
| 16  | THM Mitigation Units All Tanks                  | Evaluation and placement of THM mitigation system at all tank sites. GridBee system proposed. | 2025          | \$125,000   |
| 17  | WTP Chlorination System Upgrade                 | As part of plant expansion, upgrade chlorination system to more modern technology.            | 2023          | \$250,000   |
| 18  | Mesa Del Sol Pump Replacement                   | Mesa Del Sol Pump Replacement   | 2025          | \$150,000   |
| 19  | Misc WTP Component replacement                  | Replacement of the WTP decant collector sludge pump, decant collector rake, decant pump.      | 2024          | \$200,000   |
| 20  | Security System Upgrades                        |   | 2024          | \$100,000   |
| 21  | WTP HVAC Replacement                            | Replacement of the HVAC system for the water treatment plant treatment building.              | 2025          | \$750,000   |
| 22  | Mesa Del Sol HVAC Replacement                   | Replacement of the HVAC system for the Mesa Del Sol Pump Room.                                | 2024          | \$75,000    |
| 23  | Raw Water Pump Rehab                            | Rebuild of a 250hp pump at the Raw Water BPS  | 2024          | \$65,000    |
| 24  | WTP Backwash Tank                               | Design and construction of a 0.50 MG storage tank for backwash water                          | 2024          | \$750,000   |



| FOOTHILLS UTILITIES - 2023 WATER CAPITAL IMPROVEMENT PROJECTS |   |   |               |             |
|---|---|---|---------------|-------------|
| Project No.   | PROJECT NAME  | PROJECT DESCRIPTION   | YEAR REQUIRED | YEARLY COST |
| 25  | Far West Tank Evaluation/Inspection                         | Full tank inspection and improvement recommendations  | 2024          | \$150,000   |
| 26  | Foothills North BPS Pump Maintenance                        | Pump maintenance to clean corrosion and gaskets as needed.  | 2025          | \$75,000    |
| 27  | Hanks Hwy BPS Header Rehab/Repair                           | Rust removal, spot repair of header. Repaint pump station.  | 2025          | \$75,000    |
| 28  | Raw Water Pump Rebuild                                      | Rebuild of a 250hp pump at the Raw Water BPS  | 2023          | \$80,000    |
| 29  | WTP Back Wash Pump Rebuild                                  | Rebuild of the backwash pumps at the WTP site   | 2023          | \$50,000    |
| 30  | WTP Expansion   | Expansion of WTP to a minimum of 8.5 MGD based on recommendations in completed PER  | 2026          | \$2,000,000 |
| 31  | WTP Dual Pump Station Upgrade                               | Construction of High Zone BPS. Evaluate existing BPS building for space planning or construct within a new building.                  | 2026          | \$500,000   |
| 32  | Pressure Zone Split Disconnections and Waterline Extensions | Total of 8 system disconnections and 2,500 LF of 12" waterline construction   | 2026          | \$575,000   |
| 33  | Farwest Tank Replacement                                    | Replacement of the 1.0 MG Tank  | 2026          | \$1,500,000 |
| 34  | Far West BPS Chlorination System and Building Rehab         | Building and chlorination system replacement.   | 2028          | \$350,000   |
| 35  | Raw Water BPS Pump Upgrade/Addition                         | Addition of pumps to meet new buildout WTP capacity of 8.5 mgd.   | 2030          | \$450,000   |
| 36  | Far West TDS Treatment by RO                                | Construction of RO treatment to remove TDS from groundwater. Coordiantion with Palm Shadows WWTP project for waste disposal required. | 2031          | \$1,500,000 |
| 37  | Far West Site Wells Manifold                                | Manifold all Far West Well sites together for routing to new MBR treatment onsite.  | 2031          | \$170,000   |
| 38  | Far West BPS Upgrade  | Increase BPS Capacity by adding 2 more 800 gpm pumps  | 2033          | \$105,000   |

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## Foothills Utilities - 2023 Water Capital Improvement Projects

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## Exhibit EF-4

# DRAFT

October 27, 2023

## FOOTHILLS UTILITIES

Yuma County, Arizona

### Wastewater Master Plan

Prepared for:

**Foothills Utilities**

12486 S. Foothills Blvd.

Yuma, Arizona 85367

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Prepared by:

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Phoenix, AZ 85014

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Job # 1.14.0400702



# WASTEWATER MASTER PLAN

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# DRAFT

*Foothills Utilities  
Wastewater Master Plan*

*Coe & Van Loo II LLC  
CVL Project No. 1.14.0400702*

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## **EXECUTIVE SUMMARY**

To be written after report main body is completed.



**1.0 INTRODUCTION****1.1. General Description**

Foothills Utilities (Foothills) is a private water and wastewater utility providing services with Yuma County to residential developments as well as commercial sites. Foothills Utilities serves approximately 9,271 customers.

CVL has been retained by Foothills Utilities to complete a Wastewater Master Plan (WWMP). Tasks include preparation of a Capital Improvement Plan (CIP) for the Foothills service area.

**1.2. Project Location**

The Foothills Area is located in Fortuna Foothills, Arizona. The area encompasses approximately 13.38 square miles (12,178 acres) of land. The foothills wastewater service area is bounded to the north by undeveloped flat land, to the west by S Avenue 15 E, to the south by undeveloped flat land and to the west by S Ave 9 ½ E. See Figure 1. State Land parcels exist within and adjacent to the Foothills Utilities service area CC&N.

**1.3. Land Use**

Residential and commercial properties receive wastewater service from Foothills Utilities in the Foothills service areas. A summary of the number of existing residential and commercial services by sewer basins is in Table 1. The table includes five wastewater treatment plants and the Palm Shadows Lift Station. The basins denoted are identified by the Wastewater Treatment serving the basin with the exception of Palm Shadows. Palm Shadows is a lift station that ultimately pumps to Section 14, however, it has been evaluated separately as a subbasin.

**Table 1: Existing Foothills Sewer Basins**

| <b>Basin</b>  | <b>Service Connections (Current)</b> | <b>Commercial Area</b> |
|---------------|--------------------------------------|------------------------|
| Del Oro       | 1,366                                | 30.39                  |
| Marwood       | 1,348                                |                        |
| Seasons       | 693                                  |                        |
| Section 14    | 1,705                                |                        |
| Palm Shadows  | 2,604                                | 273.00                 |
| Villa Del Rey | 186                                  |                        |
| <b>Total</b>  | <b>7,902</b>                         | <b>303.39</b>          |

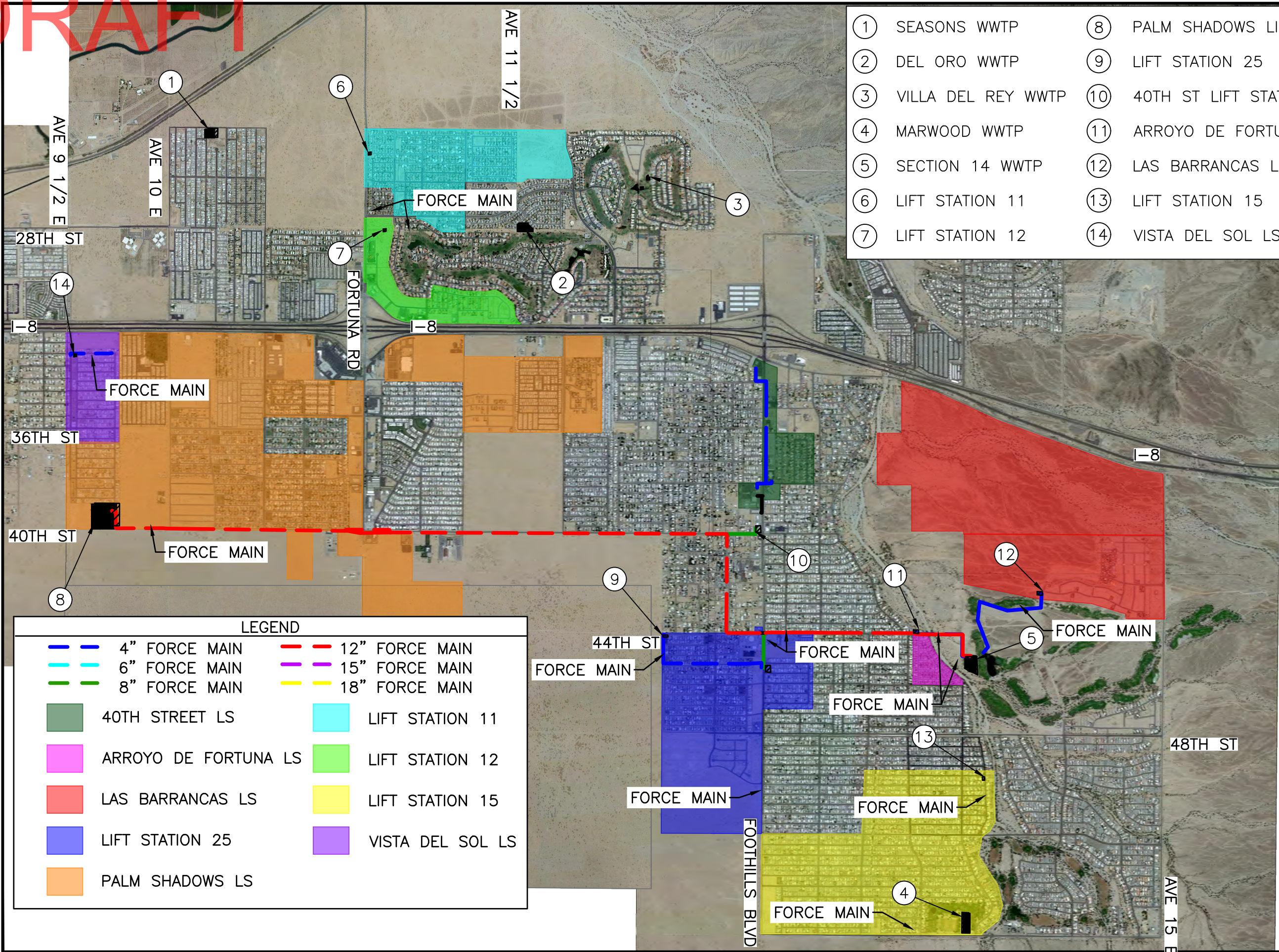
**1.4. Topographic Conditions**

Elevations in the Foothill Utilities service area range from 436 feet above sea level in the northwest corner of the area to 212 feet above sea level along the eastern boundary.




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- |                      |                             |
|----------------------|-----------------------------|
| ① SEASONS WWTP       | ⑧ PALM SHADOWS LIFT STATION |
| ② DEL ORO WWTP       | ⑨ LIFT STATION 25           |
| ③ VILLA DEL REY WWTP | ⑩ 40TH ST LIFT STATION      |
| ④ MARWOOD WWTP       | ⑪ ARROYO DE FORTUNA LS      |
| ⑤ SECTION 14 WWTP    | ⑫ LAS BARRANCAS LS          |
| ⑥ LIFT STATION 11    | ⑬ LIFT STATION 15           |
| ⑦ LIFT STATION 12    | ⑭ VISTA DEL SOL LS          |

| LEGEND |                      |  |                  |
|--------|----------------------|--|------------------|
|        | 4" FORCE MAIN        |  | 12" FORCE MAIN   |
|        | 6" FORCE MAIN        |  | 15" FORCE MAIN   |
|        | 8" FORCE MAIN        |  | 18" FORCE MAIN   |
|        | 40TH STREET LS       |  | LIFT STATION 11  |
|        | ARROYO DE FORTUNA LS |  | LIFT STATION 12  |
|        | LAS BARRANCAS LS     |  | LIFT STATION 15  |
|        | LIFT STATION 25      |  | VISTA DEL SOL LS |
|        | PALM SHADOWS LS      |  |                  |



CELEBRATING 60 YEARS

FOOTHILLS UTILITIES

LIFT STATION SUB BASINS

SCALE 1" = 2500'

FIGURE 1

4550 North 12th Street  
Phoenix, Arizona 85014  
Phone 602-264-6831  
<http://www.cvlci.com>

1.01.0329701



**2.0 DESIGN CRITERIA**

The following are the design standards used for this analysis. See Section 2.1 through 2.7 below for details regarding the design criteria used.

**2.1. Flow Factors**

To more accurately design for wastewater flows in the Foothills Utilities service area, wastewater flow factors were established based on WWTP flow data from 2022. The flow factors were calculated as described below:

- **Average Day Flow:** Calculated the average customer monthly usage from the flow data for the service areas. The average was found for each month then the maximum flow months were averaged to find an overall average for each land use.
- **Peak Hour Flow:** Average Day Flow X Peak Hour Factor. The Peak Hour Factor is a population based factor from Section D.1.B of the Arizona Administrative Code AAC-R18-9-E301.

Table 2 summarizes the calculated flow factors. The calculated peak factors are also summarized in this table.

**Table 2: Wastewater Flow Factors**

| Basin         | Average Day Factor (gpd/DU) | Peaking Factor |
|---------------|-----------------------------|----------------|
| Del Oro       | 200                         | 2.04           |
| Marwood       | 196                         | 2.05           |
| Seasons       | 156                         | 2.20           |
| Section 14    | 170                         | 2.00           |
| Palm Shadows  | 170                         | 1.91           |
| Villa Del Rey | 102                         | 2.64           |

- Velocities
  - Minimum = 2.0 ft/s
  - Maximum = 10.0 ft/s
- Manning's Roughness Coefficient (n) = 0.013
- Maximum Manhole Spacing
  - Pipe diameters less than 8 inches = 400 feet

- Pipe diameters 8 to less than 18 inches = 500 feet
- Pipe diameters 18 to less than 36 inches = 600 feet
- Flow Depth, d/D:
  - $d/D \leq 0.75$
- Minimum Cover = 3 feet from

## 2.2. Lift Station and Force Mains

Design criteria and standards presented in this section are per the AAC: Title 18, Chapter 9, Part E, effective after July 2022.

- Force Main Velocity (FPS):  $3.0 < V < 7.0$
- Cycle Time (CT), (minutes):  $10 < CT < 30$
- Minimum working volume ( $V_{W,min}$ )  $V_{W,min} = \frac{D_p * CT_{min}}{4}$ 
  - Pump Discharge Rate =  $D_p$
- Pipe Material
  - Ductile Iron Pipe (D.I.P.)
  - HDPE DIPS DR 11 pipe
  - C900 PVC
- Hazen Williams Coefficient  $C_{HDPE} = 150, C_{D.I.P.} = 120$   
 $C_{PVC} = 150, C_{PVC, Existing} = 130$
- Lift Station shall be designed for peak inlet flow.
- Pumping capacity to be met with the largest pump out of service.

**3.0 EXISTING INFRASTRUCTURE**

Foothills Utilities service area includes 5 WWTP, 9 lift stations, and force mains and gravity sewer lines of varying diameters. See Figure 1 for the location of these facilities. Additional details regarding the existing infrastructure may be found in Sections 3.1-3.3. Site exhibits and flow diagrams for all WWTPs may be found in Appendix A.

**3.1. Sewer Basins**

The sewer basins serving Foothills Utilities convey the wastewater flows to the five WWTP's. The WWTP's current capacities and inflows are shown in Table 3. The basins denoted are identified by the wastewater treatment plant serving the basin with the exception of Palm Shadows. Palm Shadows is a lift station that ultimately pumps to Section 14, however, it has been evaluated separately as a basin.

**Table 3: WWTPs and Treatment Capacities**

| Basin         | Permitted Capacity | # of Customers | ADF              | Population    | PF          | PHF              | WW Facility Capacity |
|---------------|--------------------|----------------|------------------|---------------|-------------|------------------|----------------------|
| Del Oro       | 495,000            | 1,366          | 273,000          | 3,702         | 2.04        | 557,639          | 55%                  |
| Marwood       | 340,000            | 1,348          | 264,000          | 3,653         | 2.05        | 540,024          | 78%                  |
| Seasons       | 150,000            | 693            | 108,000          | 1,878         | 2.20        | 237,992          | 72%                  |
| Section 14    | 1,300,000          | 5,279          | 733,000          | 14,306        | 1.79        | 1,313,954        | 56%                  |
| Villa Del Rey | 45,000             | 186            | 19,000           | 504           | 2.64        | 50,098           | 42%                  |
| <b>Total</b>  | <b>2,330,000</b>   | <b>8,872</b>   | <b>1,397,000</b> | <b>24,043</b> | <b>1.72</b> | <b>2,398,443</b> | <b>60%</b>           |

The five WWTPs have capacity to treat the current Average Day and Peak Day Flows. Section 14 and Del Oro discharge Class A+ effluent. The remaining plants discharge Class B or less effluent. Seasons discharges the effluent to percolation ponds and the other WWTPs discharge the effluent to golf courses for irrigation. Marwood also has on-site percolation ponds. Section 14 has a vadose zone injection well for additional effluent for when the golf course has reached capacity.

**3.2. Sewer Mains and Manholes**

The existing wastewater collection system consists of gravity sewer lines, manholes, and force mains. Gravity sewer lines range in diameter from 6 to 18-inches and force mains 2 to 12-inches. The existing wastewater collection system has the capacity to convey flows from the customers to the corresponding WWTPs while meeting the design criteria mentioned in Section 2.

**3.3. Lift Stations and Force Mains**

Foothills Utilities is served by 9 lift stations. Table 4 shows the flows conveyed to the WWTP's by each lift station and the lift station's pumping capacities, wet well working volumes, and force main sizes.

**Table 4: Lift Stations and Pumping Capacities**

| Lift Station      | Discharge Location | Pumping Capacity (gpm) | Wet Well Volume (gal) | Force Main Diameter (in) |
|-------------------|--------------------|------------------------|-----------------------|--------------------------|
| LS 11             | LS 12              | 138                    | 211                   | 4                        |
| LS 12             | Del Oro WWTP       | 90                     | --                    | 6                        |
| Las Barrancas     | Section 14         | 160                    | 704                   | 4                        |
| Arroyo De Fortuna | Section 14         | 60                     | 622                   | 4                        |
| Palm Shadows      | Section 14         | 833                    | 2,203                 | 12                       |
| Vista Del Sol     | Palm Shadows       | 140                    | --                    | 4                        |
| 40th Street       | Section 14         | 220                    | 752                   | 8                        |
| LS 25             | Section 14         | 140                    | 698                   | 4                        |
| LS 15             | Marwood            | 310                    | 1,692                 | 6                        |

**3.4. Condition Assessment**

The existing Foothills Utilities wastewater collection system is fully operational at the current wastewater inflow rates. However, growth is projected to occur in a number of the sewer sub-basins. The current wastewater system will limit the growth by lack of capacity in the sewer mains, lift stations, and wastewater treatment plants.

**3.4.1. Gravity Sewer Mains and Manholes**

The existing gravity sewer mains and manholes are adequate for the current wastewater flows. In order for the existing gravity sewer mains to have sufficient capacity at buildout, two sections of sewer line will need to be upsized. Adequately maintained manholes can have a 40-50 year lifespan. However, because of the corrosive nature of the wastewater, many manholes within the system may be on the later end of their lifespan.

**3.4.2. Lift Station and Force Mains**

The wastewater collection system utilizes lift stations to convey wastewater flows throughout the system. Several of these lift stations have been decommissioned and properly abandoned by Foothills. Of the 9 active lift stations, there are some inadequacies in the pumps, force mains, and wet wells. In addition, a few of the lift stations will be over capacity prior to the flow generation reaching buildout.

**3.4.3. Wastewater Treatment Plants**

There are five active Wastewater Treatment Plants in the Foothills Utilities service area. The five WWTPs have capacity to treat the current Average Day Flows. Summaries of each plant including its condition are included below.

**SECTION 14 WASTEWATER TREATMENT PLANT**

This facility is located at 12651 S. Avenue 14E. in Yuma, AZ 85367 and has a current permitted flow rate of 980,000 gallons per day for Phase II and 1,300,000 gallons per day for Phase III (APP). The plant employs biological treatment based on the activated sludge principal utilizing membrane bioreactors under ADEQ's Inventory/Permit # P-105014 and is designed to serve a population of > 5001 persons. Based upon field visits conducted by CVL during the week of May 1<sup>st</sup>, 2023, a number of process and/or maintenance issues were revealed at this plant. Some of the major items included, but were not limited to the following needs:

- Institute a FOG program at this plant.
- Replace /Repair the grit removal system.
- Replace the Pre and Post- Anoxic Tank submersible mixers/motors.
- Replace Aeration sleeves with Disc Air Diffusers and repair minor leaks in Aeration Tanks.
- Rehabilitate 3 of the 8 Membrane Bioreactor Tanks.
- Upgrade/Replace Recirculation Pumps.
- Resolve issues with UV Disinfection System.
- Abandon one Recharge Well and add a new well.
- Perform modifications to the SCADA system .

A number of these items have since been addressed by plant staff.

**DEL ORO WASTEWATER TREATMENT PLANT**

This facility is located at 11717 Omega Lane in Yuma, AZ 85367 and has a current permitted flow rate of 495,000 gallons per day (APP). The plant employs biological treatment based on the activated sludge principal utilizing membrane bioreactors under ADEQ's Inventory/Permit # P-101816 and is designed to serve a population of > 5001 persons. Based upon field visits conducted by CVL during the week of May 1<sup>st</sup>, 2023, a number of process and/or maintenance issues were revealed at this plant. Some of the major items included, but were not limited to the following needs:

- Upgrade the Rotary Drum Screen System and add an enclosure to include the existing dumpster.
- Replace Aeration sleeves with Disc Air Diffusers.
- Eliminate the Effluent Discharge Lift Station and route flow directly to the Golf Course.

**MARWOOD WASTEWATER TREATMENT PLANT**

This facility is located at 14000 East 14<sup>th</sup> Street, Yuma, AZ 85367 and has a current permitted flow rate of 275,000 gallons per day for Phase I and 340,000 gallons per day for Phase II (APP). The plant employs biological treatment based on the activated sludge principal under ADEQ's Inventory/Permit # P-102829. The plant is currently operating as an Extended Air plant and is designed to serve a population of < 5000 persons. Based upon field visits conducted by CVL during the week of May 1<sup>st</sup>, 2023, a number of process and/or maintenance issues and structural deficiencies were revealed at this plant. Some of the major items included, but were not limited to the following issues:

- Screening and solids collection bagging are not enclosed.
- Odor control unit on enclosed splitter box has been removed.
- Microbiological growth exists on the surface of the South Effluent Pond.
- Advanced structural degradation exists at the existing concrete tanks which include cracking of the walls and top slab, exposure of steel reinforcing and seepage of solids through the foundation(s) of the tanks.
- No SCADA was present at the plant site.

It is anticipated that this plant will be decommissioned in the near future.

**PALM SHADOWS LIFT STATION/WASTEWATER TREATMENT PLANT EMERGENCY STORAGE FACILITY**

This facility is located at 12<sup>th</sup> Street and Avenue 9 ½ E., Yuma, AZ 85367 and has been converted from a WWTP originally permitted under ADEQ's Inventory/Permit # P-103608 at a flow rate of 430,000 gallons per day (APP). It has since been converted to an Emergency Storage Facility for up to 450,000 gallons per day of influent wastewater which is pumped back to Section 14 WWTP under ADEQ's Aquifer Protection Permit #105014. Based upon field visits conducted by CVL during the week of May 1<sup>st</sup>, 2023, a number of issues and equipment failures were revealed at this Lift Station. Some of the major items included, but were not limited to the following needs:

- Replace UG Schedule 80 PVC piping with restrained DIP.
- Replace Pump Guide rails in wet well in kind.
- Replace Piping in wet well in kind.
- Replace above-ground corroded conduit in kind.

A number of these items have since been partially addressed by Foothills staff.

**VILLA DEL REY WASTEWATER TREATMENT PLANT**

This facility is located at 12343 E. Del Rico, Yuma, AZ 85367 which has a current permitted flow rate of 45,000 gallons per day (APP). The plant employs biological treatment based on the activated sludge principal under ADEQ's inventory/Permit # P-511483 and is designed to serve a population of < 5000 persons. Based upon field visits conducted by CVL during the week of May 1<sup>st</sup>, 2023, a number of process and/or maintenance issues were revealed at this plant. Some of the major items included, but were not limited to the following issues:



- Flow patterns are not predictable.
- Internal baffles of the process tanks are deteriorated and not functioning as designed.
- Tank manways are damaged and do not seal adequately.

This plant has reached the end of its useful life and will be decommissioned in the near future.

### **SEASONS WASTEWATER TREATMENT PLANT**

This facility is located at 10301 County 10th Street Yuma, Arizona, 85365 which has a current permitted flow rate of 150,000 gallons per day for Phase I (APP). The plant employs biological treatment based on the activated sludge principal utilizing membrane bioreactors under ADEQ's Inventory/Permit # P- 103618 and is designed to serve a population of < 5000 persons. Based upon field visits conducted by CVL during the week of May 1<sup>st</sup>, 2023, a number of process and/or maintenance issues were revealed at this plant. Some of the major items included, but were not limited to the following needs:

- Upgrade Influent Screening Unit.
- Replace Somat Grit Screening/Removal System.
- Enclose existing Back-pulse Tank located at the UV Disinfection Unit.
- Add instrumentation to enable monitoring of process flow parameters.

**4.0 POPULATION GROWTH PROJECTIONS**

To analyze what additional infrastructure will be required to provide service to future developments within the Foothills service area, four growth scenarios were created. These scenarios include existing service connections, 5-Year growth projection, 10-Year growth projection and buildout growth projection. This will allow for phased infrastructure improvements as growth continues within the service area.

A growth rate of 1.25% compounded annually for Foothills service area and future developments was assumed. The growth rate is based on the location and open spaces available for development.

A summary of the growth projections for the Foothills services area can be seen in Table 5 and Figure 3. Buildout for the Foothills service area occurs in 2050.

**Table 5: Population Based on 1.25% Growth Rate**

| Basin         | Permitted Capacity | DUs (Current) | DUs (5 year) 2028 | DUs (10 year) 2033 | DUs (Buildout) | Date of Buildout |
|---------------|--------------------|---------------|-------------------|--------------------|----------------|------------------|
| Del Oro       | 495,000            | 1,366         | 1,454             | 1,488              | 1,488          | 2,030            |
| Marwood       | 340,000            | 1,348         | 1,399             | 1,399              | 1,399          | 2,026            |
| Seasons       | 150,000            | 693           | 693               | 693                | 693            | 2,023            |
| Section 14    | 1,300,000          | 5,279         | 5,617             | 5,977              | 12,394         | 2,092            |
| Villa Del Rey | 45,000             | 186           | 186               | 186                | 186            | 2,023            |
| <b>Total</b>  | <b>2,330,000</b>   | <b>8,872</b>  | <b>9,349</b>      | <b>9,744</b>       | <b>16,160</b>  | <b>2,092</b>     |

**5.0 SYSTEM FLOWS**

Using the number of customers established in Section 4.0 wastewater flows were calculated by sub-basins for each of the four scenarios: Current, 5-Year, 10-Year and Buildout.

**5.1. Current Sewer Flows**

Wastewater flows for existing development within the Foothills Utilities Sub-Basins may be found in Table 6.

**Table 6: Current Wastewater Flows (2023)**

| Basin         | Permitted Capacity | # of Customers | ADF              | Population    | PF          | PHF              | WW Facility Capacity |
|---------------|--------------------|----------------|------------------|---------------|-------------|------------------|----------------------|
| Del Oro       | 495,000            | 1,366          | 273,000          | 3,702         | 2.04        | 557,639          | 55%                  |
| Marwood       | 340,000            | 1,348          | 264,000          | 3,653         | 2.05        | 540,024          | 78%                  |
| Seasons       | 150,000            | 693            | 108,000          | 1,878         | 2.20        | 237,992          | 72%                  |
| Section 14    | 1,300,000          | 5,279          | 733,000          | 14,306        | 1.79        | 1,313,954        | 56%                  |
| Villa Del Rey | 45,000             | 186            | 19,000           | 504           | 2.64        | 50,098           | 42%                  |
| <b>Total</b>  | <b>2,330,000</b>   | <b>8,872</b>   | <b>1,397,000</b> | <b>24,043</b> | <b>1.72</b> | <b>2,398,443</b> | <b>60%</b>           |

**5.2. 5-Year Sewer Flows**

Wastewater flows for 5-Year growth projection within the Foothills Utilities Sub-Basins may be found in Table 7. It is assumed that steady growth has occurred in both the residential and commercial portions of the service areas with growth focused on the remaining developments currently in progress.

**Table 7: 5-Year Wastewater Flows**

| Basin         | Permitted Capacity | # of Customers | ADF              | Population    | PF          | PHF              | WW Facility Capacity |
|---------------|--------------------|----------------|------------------|---------------|-------------|------------------|----------------------|
| Del Oro       | 495,000            | 1,454          | 290,494          | 3,939         | 2.03        | 589,448          | 59%                  |
| Marwood       | 340,000            | 1,399          | 273,988          | 3,791         | 2.04        | 558,228          | 81%                  |
| Seasons       | 150,000            | 693            | 108,000          | 1,878         | 2.20        | 237,992          | 72%                  |
| Section 14    | 1,300,000          | 5,617          | 779,972          | 15,223        | 1.78        | 1,390,708        | 60%                  |
| Villa Del Rey | 45,000             | 186            | 19,000           | 504           | 2.64        | 50,098           | 42%                  |
| <b>Total</b>  | <b>2,330,000</b>   | <b>9,349</b>   | <b>1,471,455</b> | <b>25,335</b> | <b>1.71</b> | <b>2,515,767</b> | <b>63%</b>           |

**5.3. 10-Year Sewer Flows**

Wastewater flows for 10-Year growth projection within the Foothills Utilities Sub-Basins may be found in Table 8.

**Table 8: 10-Year Wastewater Flows**

| Basin         | Permitted Capacity | # of Customers | ADF              | Population    | PF          | PHF              | WW Facility Capacity |
|---------------|--------------------|----------------|------------------|---------------|-------------|------------------|----------------------|
| Del Oro       | 495,000            | 1,488          | 297,455          | 4,033         | 2.02        | 602,055          | 60%                  |
| Marwood       | 340,000            | 1,399          | 273,988          | 3,791         | 2.04        | 558,228          | 81%                  |
| Seasons       | 150,000            | 693            | 108,000          | 1,878         | 2.20        | 237,992          | 72%                  |
| Section 14    | 1,300,000          | 5,977          | 829,955          | 16,198        | 1.77        | 1,472,016        | 64%                  |
| Villa Del Rey | 45,000             | 186            | 19,000           | 504           | 2.64        | 50,098           | 42%                  |
| <b>Total</b>  | <b>2,330,000</b>   | <b>9,744</b>   | <b>1,528,398</b> | <b>26,405</b> | <b>1.70</b> | <b>2,604,595</b> | <b>66%</b>           |

**5.4. Buildout Water Flows**

Wastewater flows for Buildout growth projection within the Foothills Utilities Sub-Basins may be found in Tables 9.

**Table 9: Buildout Wastewater Flows**

| Basin         | Permitted Capacity | # of Customers | ADF              | Population    | PF          | PHF              | WW Facility Capacity | Date of Buildout |
|---------------|--------------------|----------------|------------------|---------------|-------------|------------------|----------------------|------------------|
| Del Oro       | 495,000            | 1,488          | 297,455          | 4,033         | 2.02        | 602,055          | 60%                  | 2,030            |
| Marwood       | 340,000            | 1,399          | 273,988          | 3,791         | 2.04        | 558,228          | 81%                  | 2,026            |
| Seasons       | 150,000            | 693            | 108,000          | 1,878         | 2.20        | 237,992          | 72%                  | 2,023            |
| Section 14    | 1,300,000          | 12,394         | 1,720,898        | 33,587        | 1.67        | 2,878,593        | 132%                 | 2,092            |
| Villa Del Rey | 45,000             | 186            | 19,000           | 504           | 2.64        | 50,098           | 42%                  | 2,023            |
| <b>Total</b>  | <b>2,330,000</b>   | <b>16,160</b>  | <b>2,419,341</b> | <b>43,794</b> | <b>1.64</b> | <b>3,967,885</b> | <b>104%</b>          |                  |

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## 6.0 WASTEWATER SYSTEM MODELING AND HYDRAULIC ANALYSIS

All calculations for the existing wastewater collection system for Foothills Utilities were completed using Microsoft Excel. The sewer calculations determine whether the required wastewater design criteria were met. For a list of design criteria see Section 2.0. All design criteria are based on Arizona Administrative Code AAC-R18-9-E301, unless otherwise noted.

Input parameters of the gravity sewer system modeling include:

- a. Minimum Pipe Slope (ft/ft)
- b. Pipe Diameter (in)
- c. Pipe Material
- d. Pipe Manning's n value (0.013)
- e. Contributing Flow (gpd)
- f. Contributing Flow Factors
- g. Cumulative Average Daily Flow (gpd)
- h. Peaking Factor (4 x ADF)
- i. Total Peak Flow (gpd)
- j. Design Pipe Capacity, Full (gpd)
- k. d/D (Max > 0.75)
- l. Velocity (ft/sec)

### 6.1. Existing Sub-Basin Capacity Analysis

#### 6.1.1. Sewer Trunk Lines

The existing gravity sewer system line capacity will be sufficient for the next 15 years. In 2,038, the 12-inch gravity sewer line flowing into the Section 14 WWTP will reach its max capacity with a depth of flow ratio equal to 0.75. In 2,067, the 12-inch gravity sewer line in the Palm Shadows sub-basin will have capacity issues. The location of the mentioned sewer lines are denoted within Figure 2.

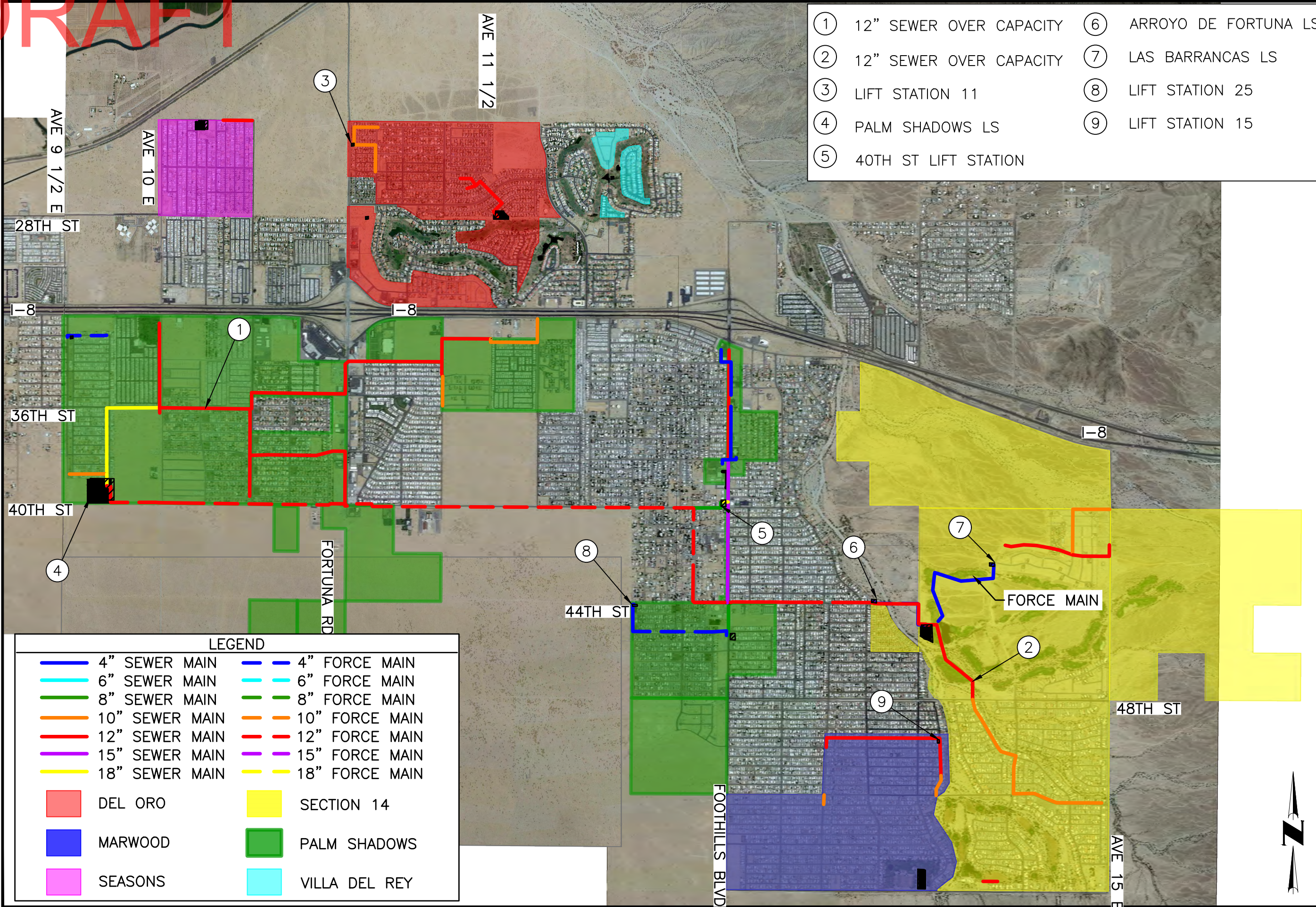
#### 6.1.2. Lift Stations and Force Mains

Per available as-built plans provided by Foothills Utilities, a majority of the lift stations will need immediate attention. Lift Stations 11, 15, 25, and 40<sup>th</sup> Street will require an increased pumping capacity. The force mains from Lift Station 25 and Las Barrancas will need to be upsized to handle buildout flows. The wet well volumes of each of the lift stations will be sufficient throughout the buildout of the Foothills Utilities service area. Minor adjustments to the working volume can be achieved with the existing wet wells. Table 10 shows the dates of the required improvements.




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- |                           |                        |
|---------------------------|------------------------|
| ① 12" SEWER OVER CAPACITY | ⑥ ARROYO DE FORTUNA LS |
| ② 12" SEWER OVER CAPACITY | ⑦ LAS BARRANCAS LS     |
| ③ LIFT STATION 11         | ⑧ LIFT STATION 25      |
| ④ PALM SHADOWS LS         | ⑨ LIFT STATION 15      |
| ⑤ 40TH ST LIFT STATION    |                        |

| LEGEND |                |  |                |
|--------|----------------|--|----------------|
|        | 4" SEWER MAIN  |  | 4" FORCE MAIN  |
|        | 6" SEWER MAIN  |  | 6" FORCE MAIN  |
|        | 8" SEWER MAIN  |  | 8" FORCE MAIN  |
|        | 10" SEWER MAIN |  | 10" FORCE MAIN |
|        | 12" SEWER MAIN |  | 12" FORCE MAIN |
|        | 15" SEWER MAIN |  | 15" FORCE MAIN |
|        | 18" SEWER MAIN |  | 18" FORCE MAIN |
|        | DEL ORO        |  | SECTION 14     |
|        | MARWOOD        |  | PALM SHADOWS   |
|        | SEASONS        |  | VILLA DEL REY  |



CELEBRATING 60 YEARS

1.01.0329701

FOOTHILLS UTILITIES

WASTEWATER CAPITAL IMPROVEMENTS

SCALE 1" = 2500'

FIGURE 2

4550 North 12th Street

Phoenix, Arizona 85014

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**Table 10: Lift Station Improvements**

| Lift Station      | Discharge Location | Buildout Year | Date of Required Improvement |            |                |
|-------------------|--------------------|---------------|------------------------------|------------|----------------|
|                   |                    |               | Pump                         | Force Main | Working Volume |
| LS 11             | LS 12              | 2023          | 2023                         | ---        | 2023           |
| LS 12             | Del Oro WWTP       | 2073          | ---                          | ---        | ---            |
| Las Barrancas     | Section 14         | 2203          | 2089                         | 2150       | 2099           |
| Arroyo De Fortuna | Section 14         | 2023          | ---                          | ---        | 2023           |
| Palm Shadows      | Section 14         | 2083          | 2023                         | ---        | ---            |
| Vista Del Sol     | Section 15         | 2033          | ---                          | ---        | ---            |
| 40th Street       | Section 14         | 2057          | 2023                         | ---        | 2061           |
| LS 25             | Section 14         | 2050          | 2023                         | 2049       | 2031           |
| LS 15             | Marwood            | 2026          | 2023                         | ---        | ---            |

**6.1.3. WWTP**

The current WWTP layout has unnecessary redundancies causing higher costs and additional maintenance. The existing system utilizes five lower capacity WWTPs rather than one or two regional plants. Four of the WWTPs are serving sub-basins that are either at full buildout or will reach full buildout within the next seven years. Section 14 will reach full buildout in the year 2092. Section 14 WWTP will experience double the sewer flow at the time of buildout.

Two immediate opportunities for WWTP consolidation include decommissioning Marwood and diverting flows to Section 14 WWTP as well as decommissioning Villa Del Rey and diverting flows to Del Oro.

**6.2. Optional Scenario Sub-Basin Revisions Capacity Analysis**

The following options will require a higher level of planning and construction but will ultimately produce the most efficient and effective wastewater system.

**6.2.1. Lift Stations and Force Mains**

Decommission the Del Oro WWTP and force main the flows to Seasons WWTP. Decommission the Seasons WWTP and force main the flows to Palm Shadows.

**6.2.2. WWTP**

Convert Palm Shadows Lift Station to a new WWTP. The new WWTP will reduce the flows to Section 14 WWTP by three quarters. The new Palm Shadows WWTP will need to be expanded to accept the flows from Seasons, Del Oro, and Villa Del Rey. Seasons, Del Oro, and Villa Del Rey WWTP's will be decommissioned.

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## 7.0 PROJECT RECOMMENDATIONS AND COSTS

A series of improvements are proposed to increase capacity and efficiency throughout the Foothills Utilities Sewer Sub-Basins as well as optimize the existing capacity of the local wastewater treatment plants. Descriptions of each proposed improvement are outlined below. A full Capital Improvement Plan including a recommended year and cost is included within Appendix B.

### 7.1. Foothills Utilities Annual Wastewater Recommendations

- Manhole Rehab/Replacement Program
  - Wastewater corrodes concrete over time. It is recommended that a system be put in place to systematically rehab/replace 30 manholes a year to proactively prevent seepage from the system.
- Sewer Main Replacement
  - Replace 2,000 LF of sewer main.
- Lift Station Pump Replacement
  - Replace 6 pumps.
- Odor Control Media Replacement
  - The activated carbon needs to be replaced for odor scrubbers to work effectively.
- Membrane Panel Maintenance
  - Physical and chemical cleaning.

### 7.2. Foothills Utilities Sub-Basin Recommendations

- System Improvements
  - Odor Control System Installation
    - Installation of H<sub>2</sub>S Scrubbers at the following treatment plant and lift station sites: Sec 14, Del Oro, Marwood, Seasons, LS 15, LS 27, LS 12, LS 11, LS Barrancas, LS Arroyo.
  - Generator Installations at LS and WWTP Sites
    - Generator purchase and installation for 40th St LS, Arroyo LS, Las Barrancas LS, LS 11, LS 12, LS 15, LS 25, LS 27, Marwood and Palm Shadows
  - Study - Flow Transfer from the Del Rey WWTP to Del Oro WWTP.



- Prepare a Preliminary Engineering Report for the transfer of flow from the Del Rey WWTP to the Del Oro WWTP and the subsequent decommissioning of the Del Rey WWTP.
- Del Rey WWTP
  - Influent Lift Station
    - Upgrade the existing influent lift station at the Del Rey WWTP or construct a new lift station to pump to the Del Oro WWTP.
  - Force Main to Del Oro WWTP
    - Construct approximately 4,500 LF of 4" force main to transfer flow from the Del Rey WWTP to the Del Oro WWTP.
  - Decommission WWTP
    - Prepare a Clean Closure Plan, design documents and permitting as required by ADEQ, the ACC and other Regulatory Authorities for decommissioning of the Del Rey WWTP.
- Del Oro WWTP –
  - Influent Lift Station
    - Upgrade the existing influent lift station or construct a new influent lift station at the Del Oro WWTP to accommodate flow from the Del Rey WWTP Subbasin.
  - Rotary Drum Screen
    - Upgrade the LACKEYBY rotary drum screen system and add an enclosure and scrubber for the drum screen and dumpster.
  - Aeration Tanks
    - Replace existing aeration sleeves with disc air diffusers for two aeration tanks.
  - Effluent Discharge Lift Station
    - Eliminate the effluent discharge pump station and route flow directly to golf course.
- Marwood
  - Study - Flow Transfer from the Marwood WWTP to Section 14 WWTP

- 
- Prepare a Preliminary Engineering Report for the transfer of flow from Marwood WWTP to the Section 14 WWTP and the subsequent abandonment of the Marwood WWTP.
  - Lift Station 15 Improvement
    - Upgrade existing Lift Station 15 to pump to the Section 14 WWTP.
  - Force Main from Lift Station 15 to Section 14
    - Construct approximately 6,500 LF of 6" force main to transfer flow from Lift Station 15 to the Section 14 WWTP.
  - Decommission WWTP
    - Prepare a Clean Closure Plan, design documents and permitting as required by ADEQ, the ACC and other Regulatory Authorities for closure of the Marwood WWTP.
  - Section 14 WWTP
    - MBR Tank and Sludge Thickening Tank
      - Construct MBR tank and sludge thickening tank at Section 14 WWTP.
    - Influent Lift Station
      - Upgrade the existing influent lift station or construct a new influent lift station at the Section 14 WWTP to accommodate flow from the Marwood WWTP Sub-basin.
    - Sub-basin Relief Sewer
      - Replace existing sewer from 48th Street east of Onammi Avenue to Section 14 WWTP.
    - Grit Removal System
      - Replace EUTEK Collection Chamber and Hydrocyclone (Teacup) Grit removal System.
    - Equalization Tanks
      - Increase equalization volume to provide tankage for flow from the Marwood WWTP sub basin.
    - Pre-Anoxic Tanks 1 & 5

- 
- Replace submersible mixers/motors.
  - Aeration Tanks 2, 3, 6 & 7
    - Replace existing aeration sleeves with disc air diffusers - weld and/or repair minor leaks in tanks from tank interior.
  - Post- Anoxic Tanks 4 & 8
    - Replace submersible mixers/motors.
  - Membrane Bioreactor Tanks (8)
    - Rehabilitate 3 of the 8 Tanks.
  - Recirculation Pumps
    - Upgrade/Replace recirculation pumps.
  - UV Disinfection Units (3)
    - Upgrade 3 units with automatic wipers and replace sensors for accuracy.
  - Vadose Zone Recharge Well
    - Abandon one recharge well and add a new well at a location TBD to prevent “mounding” of water table.
  - SCADA System
    - Perform modifications to SCADA system to correct issues with aeration basin process control.
  - Headworks Improvements
    - Replace the screening and screw presses and odor control.
  - Phase 1 Expansion Design
    - Prepare Preliminary Engineering Report and design documents for 0.45 MGD plant expansion.
  - Phase 1 Expansion Construction
    - Construct 0.45 MGD plant expansion.
  - Comprehensive Performance Evaluation (CPE)

- Prepare a Comprehensive Performance Evaluation of Section 14 WWTP.
- Screening and Presses
  - Replacement of the screening and screw presses.
- 
- Seasons WWTP
  - Influent Bar Screen
    - Upgrade influent screening unit with drum screen from Section 14.
  - Sludge Dewatering System
    - Replace SOMAT sludge dewatering unit with dewatering unit from Section 14.
  - UV Disinfection Unit
    - Enclose the existing Back pulse Tank.
  - Lift Station
    - Rehabilitate the Seasons Lift Station
  - MBR Tank
- Lift Station SCADA Improvements
  - Fully integrate all lift stations into a standard SCADA system.
- Palm Shadows WWTP
  - Sub-basin Relief Sewer
    - Replace existing sewer in 36th Street with 15" gravity main from Payson Drive to Avenue 10 E.
- Lift Station Improvements
  - Lift Station Abandonments
    - Work to abandon the following lift stations: Dominos, Yuma Liquidation, LS 7, Ocotillo Plaza
  - Lift Station Rehabilitations Phase1

- Rehabilitation to complete necessary improvements to maintain operation of the following lift stations: Palm Shadows, LS 15, LS 12, and LS 11.
- Lift Station Rehabilitations Phase2
  - Rehabilitation to complete necessary improvements to maintain operation of the following lift stations: LS 12, Las Barrancas, Arroyo De Fortuna
- Lift Station Splash Repairs
  - Repairs to prevent splash issues within susceptible lift stations.
- List Station 25 Force Main
  - Replace or install parallel force main.
- Palm Shadows Lift Station - Pump Capacity
  - Replace pumps and upgrade electrical to increase discharge capacity.
- Lift Station 11 - Pump Capacity
  - Replace pumps to increase discharge capacity.

### **7.3. Foothills Utilities Optional Recommendations**

- Palm Shadows New WWTP
  - Construct new Palm Shadows WWTP plant to treat flow currently pumped by the Palm Shadows Lift Station to the Section 14 WWTP.
- Palm Shadows WWTP Expansion
  - Expand the Palm Shadows WWTP to accept flow diverted from the Seasons and Del Oro Sub-basins.
- Seasons WWTP - Rehabilitate or New Lift Station
  - Upgrade the existing lift station at Seasons WWTP or construct new lift station to pump flow to the new Palm Shadows WWTP
- Seasons WWTP - Force Main to Palm Shadows
  - Construct approximately 9,000 LF of 4" force main to transfer flow from the Seasons WWTP site to the trunk sewer at 36th St and Ave 10 E. Flow ultimately outfalls to the New Palm Shadows WWTP.

- Seasons WWTP - Decommission WWTP
  - Prepare a Clean Closure Plan, permitting and all documents required by ADEQ, the ACC and other Regulatory Authorities for closure of the Seasons WWTP.
- Del Oro WWT - Rehabilitate or New Lift Station
  - Upgrade the existing influent lift station at the Del Oro WWTP or construct a new lift station to pump to the new Palm Shadows WWTP.
- Del Oro WWTP - Force Main to Palm Shadows
  - Construct approximately 10,000 LF of 4" force main to transfer flow from the Del Oro WWTP Sub-basin to the Seasons force main at CR 10 1/2 ST and S Ave 10 E. Flow will outfall to the New Palm Shadows WWTP.
- Del Oro WWTP - Decommission WWTP
  - Prepare a Clean Closure Plan, permitting and all documents required by ADEQ, the ACC and other Regulatory Authorities for closure of the Del Oro WWTP.

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## **APPENDIX A**

### ***Site Exhibits and Flow Diagrams***

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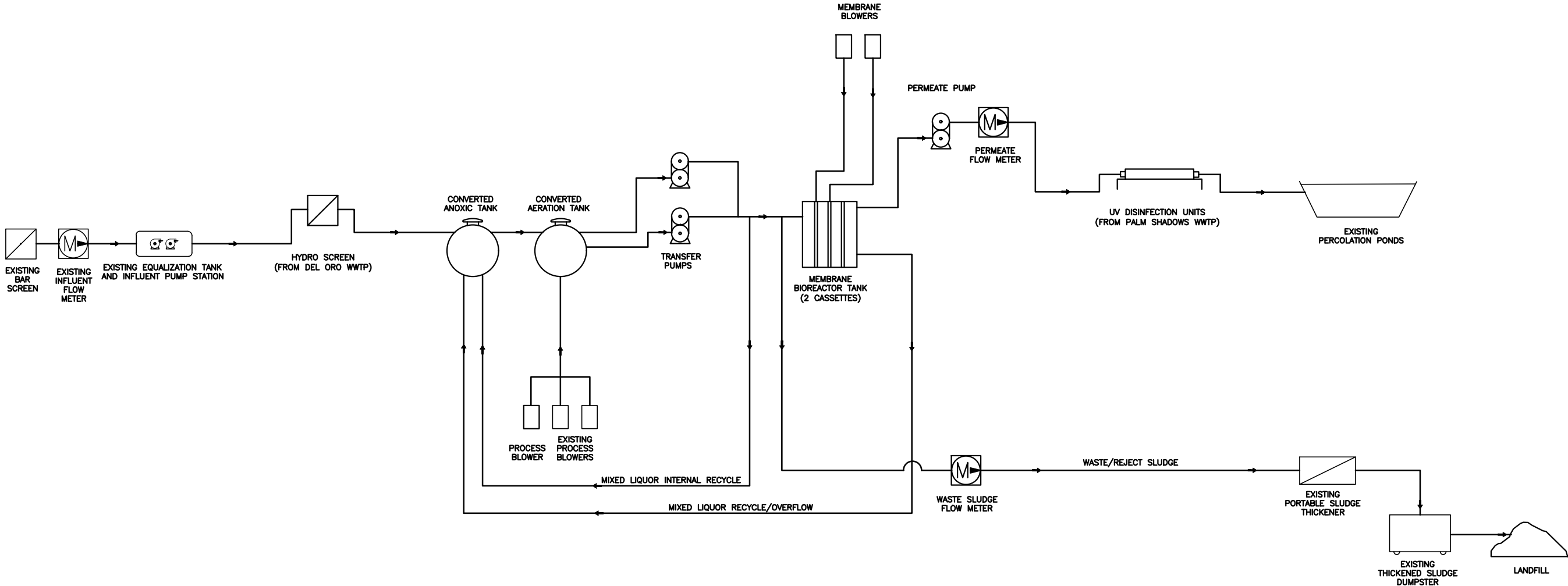


|   |              |   |
|---|--------------|---|
| NOT TO SCALE  | FOOTHILLS    |  |
| EXHIBIT   |              |   |
| 4550 North 12th Street<br>Phoenix, Arizona 85014<br>Phone 602-264-6831<br><a href="http://www.cvlci.com">http://www.cvlci.com</a> | SEASONS WWTP | 01 OF 14  |



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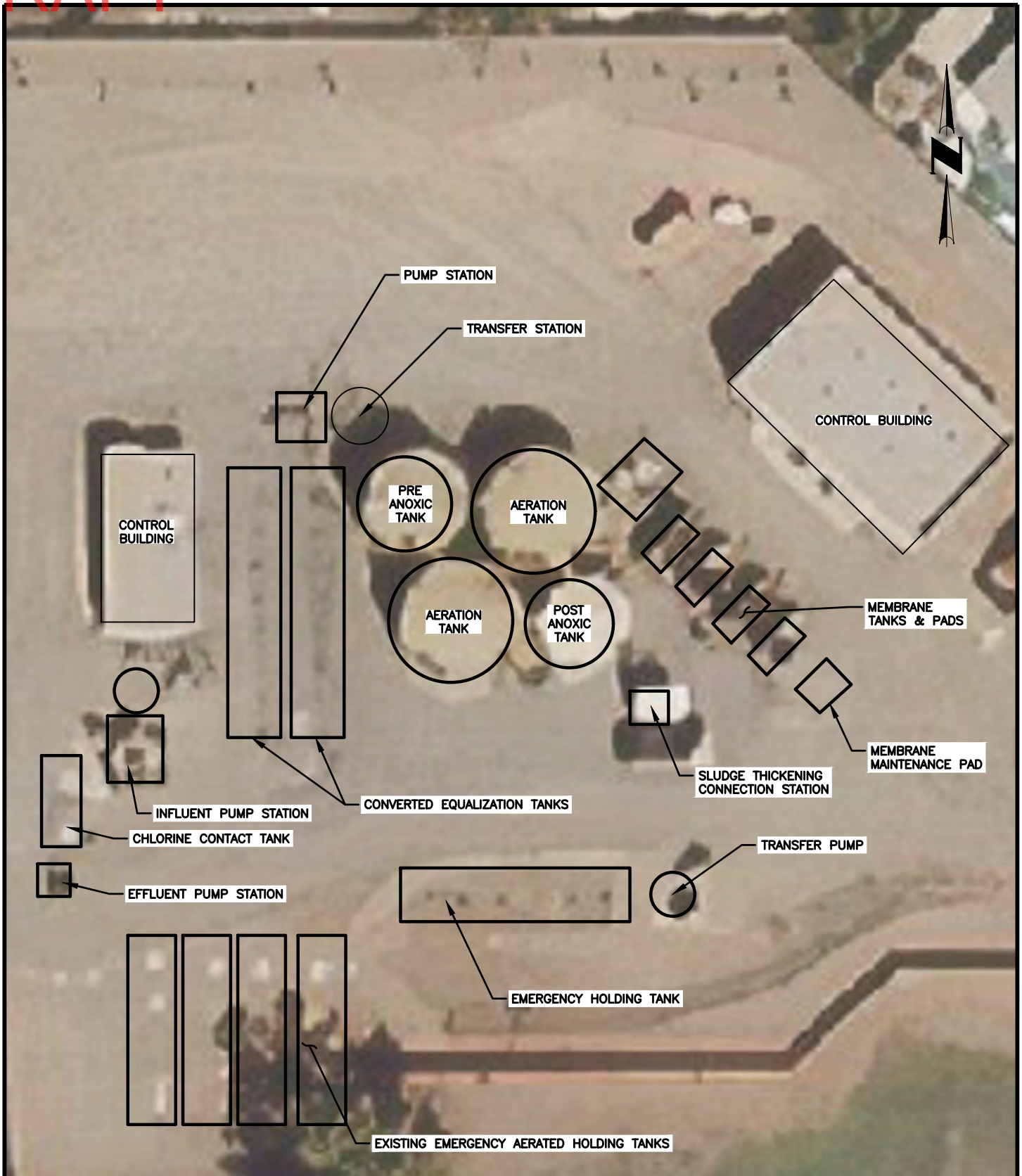
FIGURE 2


4550 North 12th Street  
Phoenix, Arizona 85014  
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FOOTHILLS WWTP

SEASONS WWTP  
PROCESS FLOW DIAGRAM

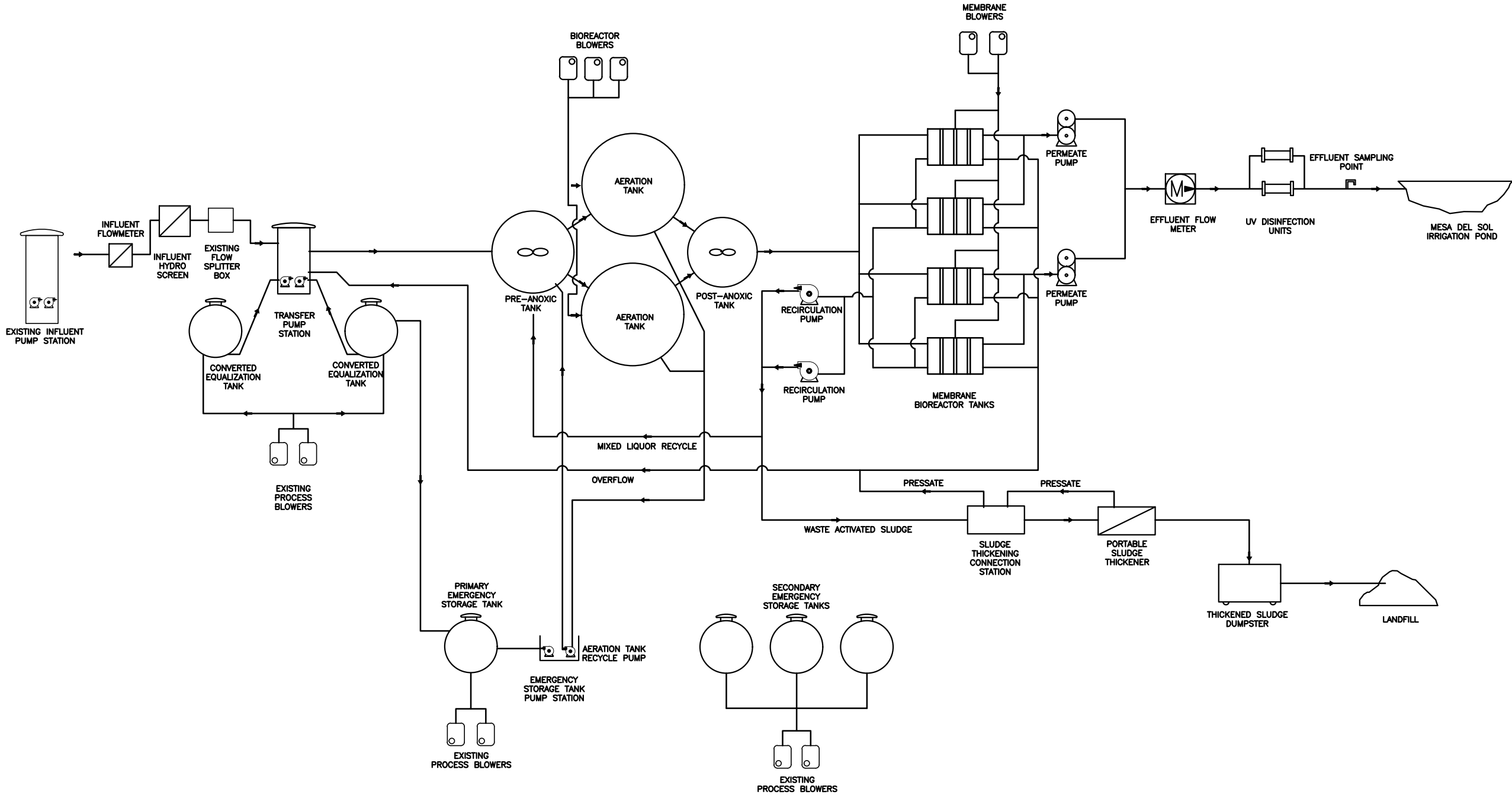




|   |                            |   |
|---|----------------------------|---|
| NOT TO SCALE  | FOOTHILLS                  |  |
| EXHIBIT   |                            |   |
| 4550 North 12th Street<br>Phoenix, Arizona 85014<br>Phone 602-264-6831<br><a href="http://www.cvlci.com">http://www.cvlci.com</a> | DEL ORO WWTP LIFT STATIONS | 02 OF 14  |

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FOOTHILLS WWTP

DEL ORO WWTP  
PROCESS FLOW DIAGRAM

SCALE: N.T.S.

FIGURE 3

4550 North 12th Street  
Phoenix, Arizona 85014  
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http://www.cvici.com

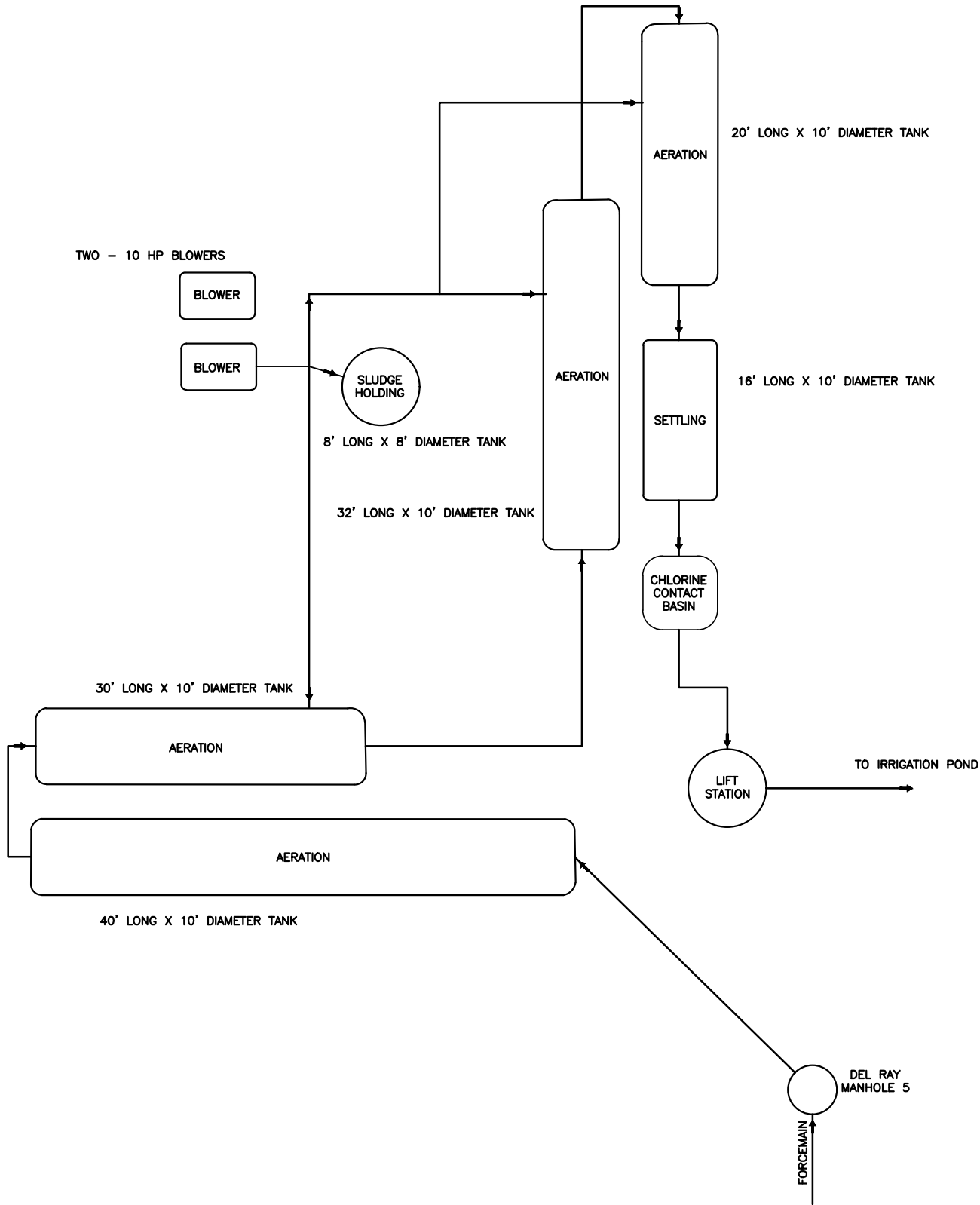


|   |                    |   |
|---|--------------------|---|
| NOT TO SCALE  | FOOTHILLS          |  |
| EXHIBIT   |                    |   |
| 4550 North 12th Street<br>Phoenix, Arizona 85014<br>Phone 602-264-6831<br><a href="http://www.cvlci.com">http://www.cvlci.com</a> | VILLA DEL REY WWTP | 03 OF 14  |



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SCALE: N.T.S.

FIGURE 4

4550 North 12th Street  
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FOOTHILLS WWTP

DEL RAY WWTP  
PROCESS FLOW DIAGRAM



4 OF X

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|   |              |   |
|---|--------------|---|
| NOT TO SCALE  | FOOTHILLS    |  |
| EXHIBIT   |              |   |
| 4550 North 12th Street<br>Phoenix, Arizona 85014<br>Phone 602-264-6831<br><a href="http://www.cvlci.com">http://www.cvlci.com</a> | MARWOOD WWTP | 04 OF 14  |



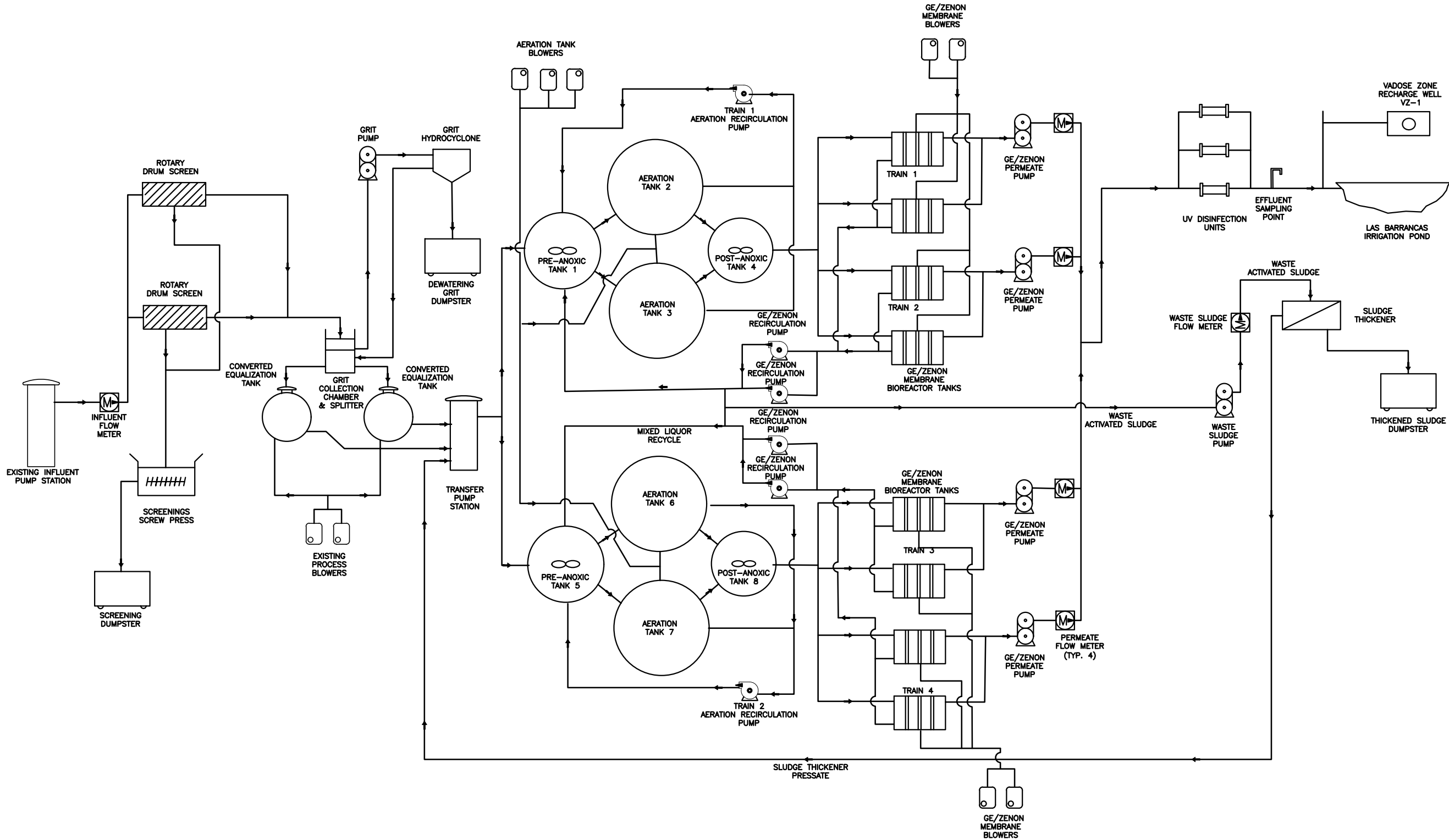
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|   |   |   |
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| NOT TO SCALE  | FOOTHILLS   |  |
| EXHIBIT   |   |   |
| 4550 North 12th Street<br>Phoenix, Arizona 85014<br>Phone 602-264-6831<br><a href="http://www.cvlci.com">http://www.cvlci.com</a> | SECTION 14 LIFT STATION WWTP<br>(INFLUENT & TRANSFER) | 5 OF 14   |

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N:\14 Coe and Van Loo II LLC\0400702\CADD\EX.FLOW.WWTP.dwg Hunters September 11, 2023



SCALE: N.T.S.

FIGURE 1

4550 North 12th Street  
Phoenix, Arizona 85014  
Phone 602-264-6831  
<http://www.cvici.com>

FOOTHILLS WWTP

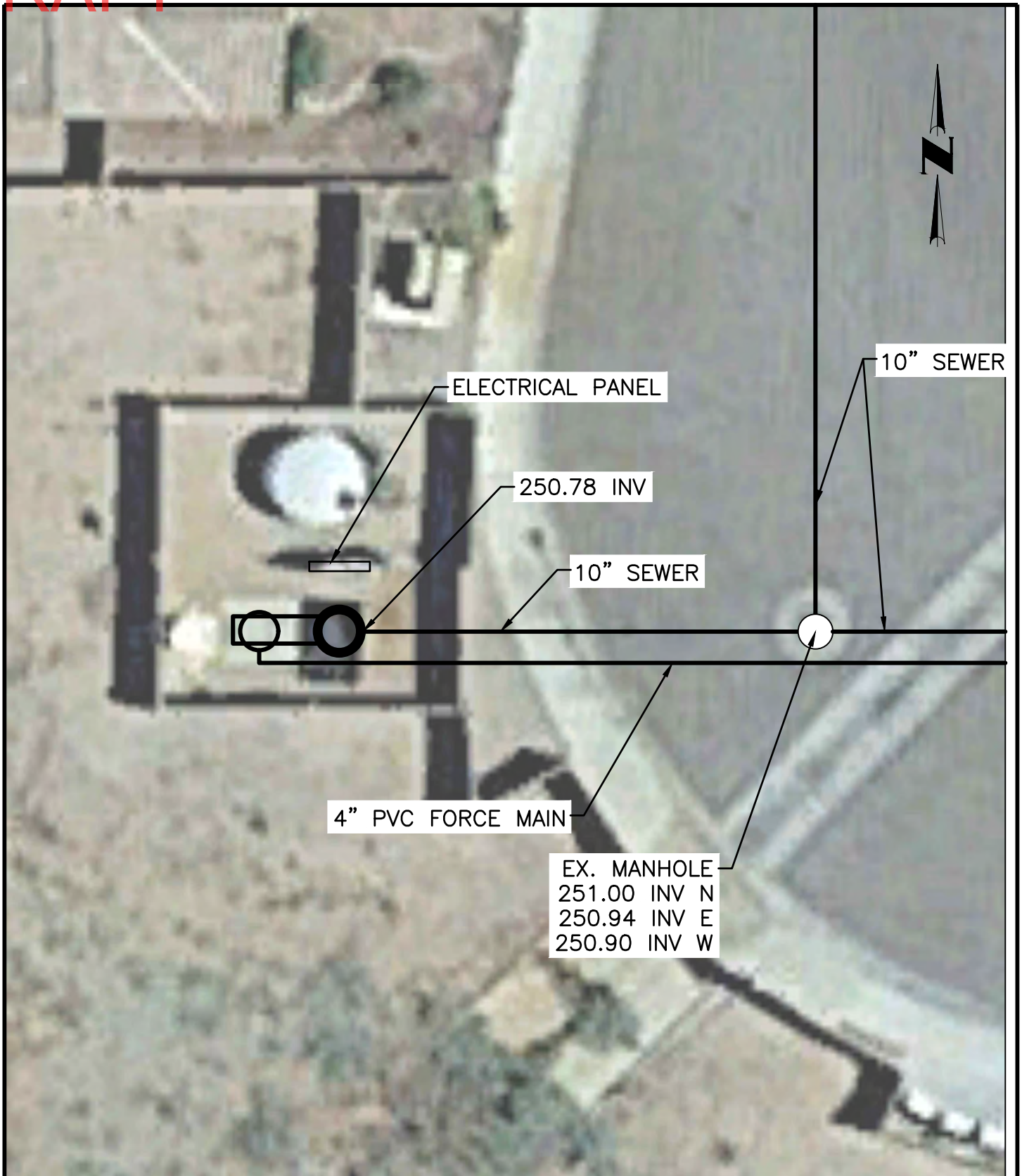
SECTION 14 WWTP  
PROCESS FLOW DIAGRAM



1 OF X



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|   |                 |   |
|---|-----------------|---|
| NOT TO SCALE  | FOOTHILLS       |  |
| EXHIBIT   |                 |   |
| 4550 North 12th Street<br>Phoenix, Arizona 85014<br>Phone 602-264-6831<br><a href="http://www.cvlci.com">http://www.cvlci.com</a> | LIFT STATION 11 | 06 OF 14  |

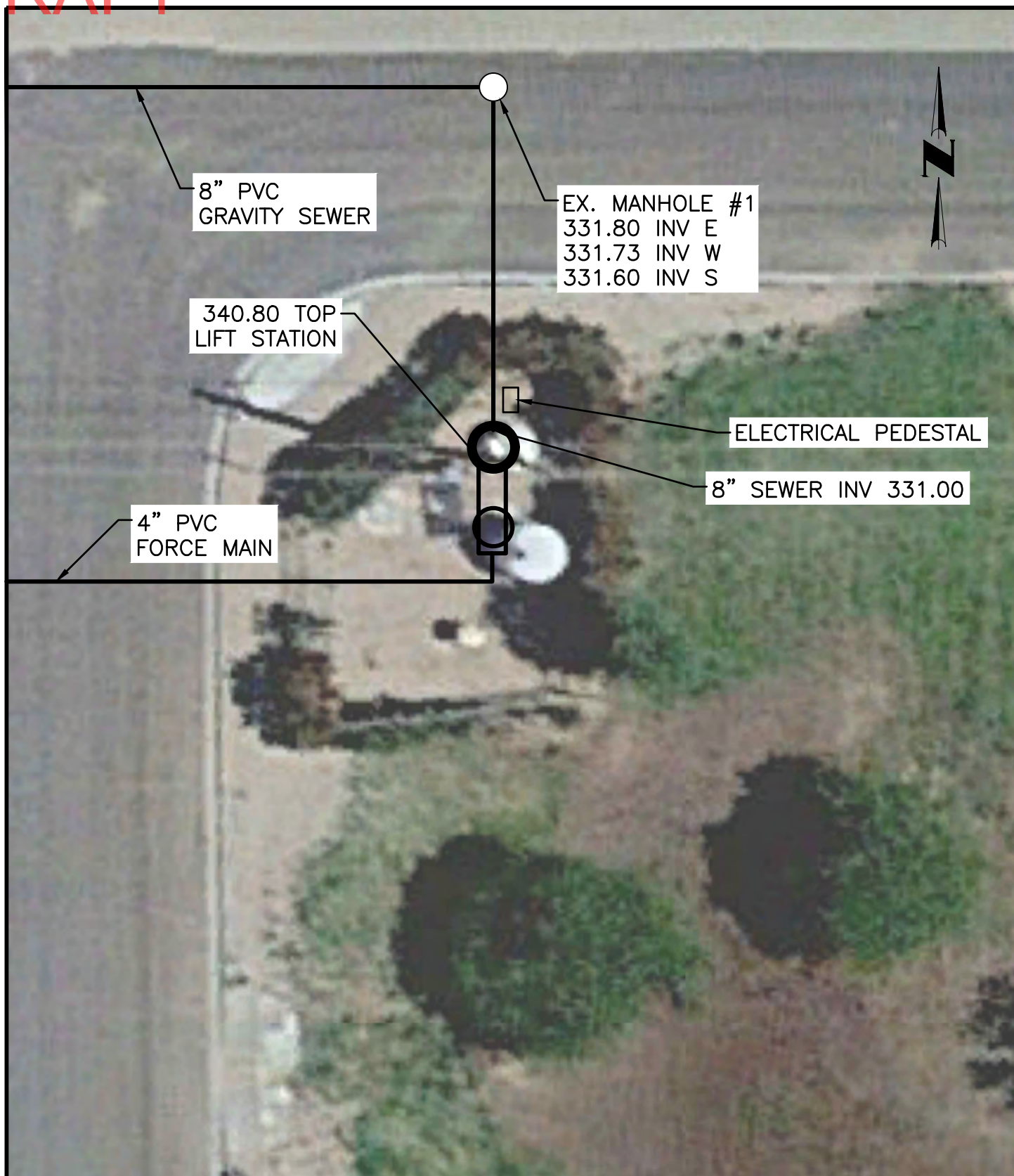



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| NOT TO SCALE  | FOOTHILLS       |  |
| EXHIBIT   |                 |   |
| 4550 North 12th Street<br>Phoenix, Arizona 85014<br>Phone 602-264-6831<br><a href="http://www.cvlci.com">http://www.cvlci.com</a> | LIFT STATION 12 | 07 OF 14  |





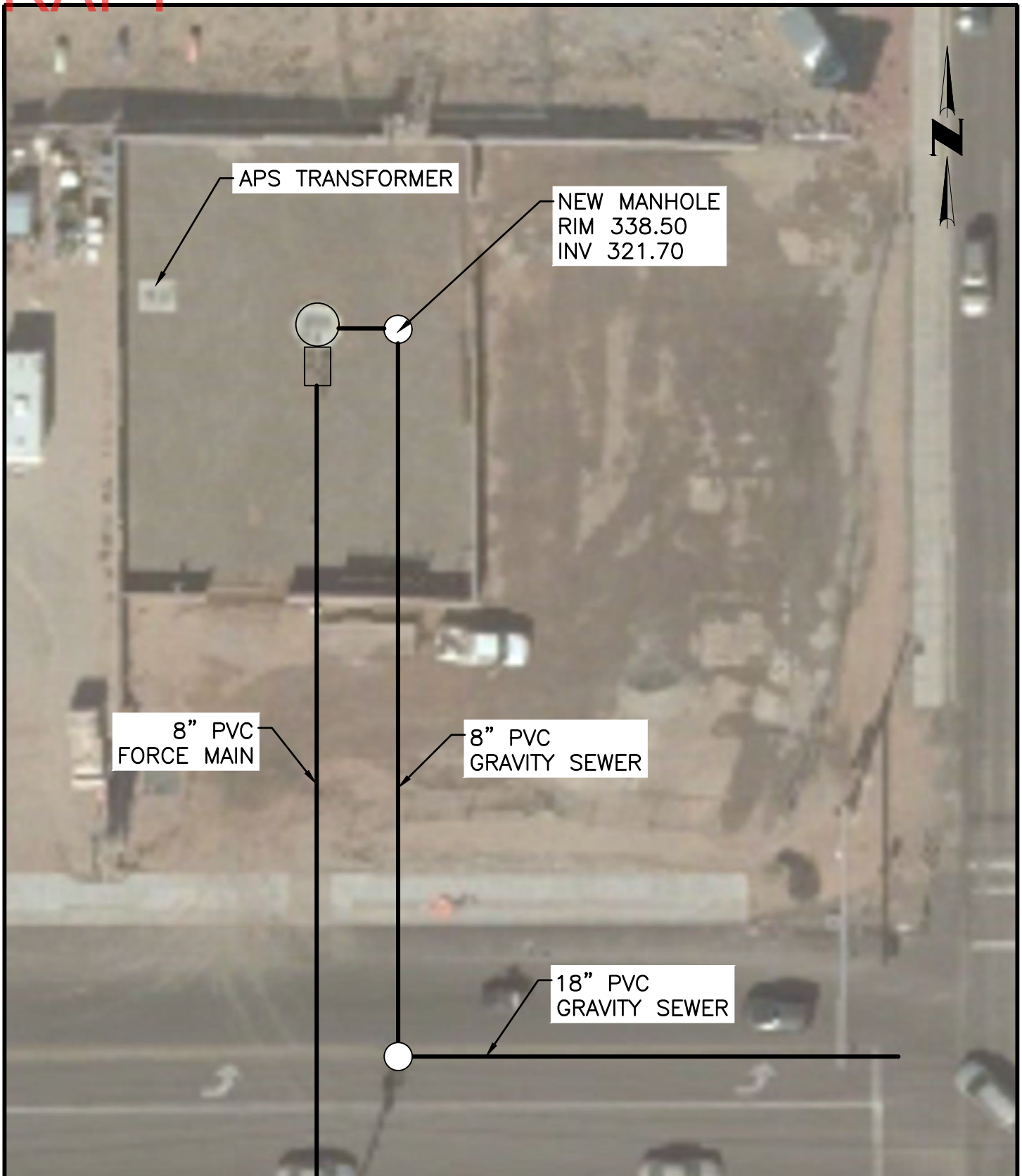
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|---|---------------------------|---|
| NOT TO SCALE  | FOOTHILLS                 |  |
| EXHIBIT   |                           |   |
| 4550 North 12th Street<br>Phoenix, Arizona 85014<br>Phone 602-264-6831<br><a href="http://www.cvlci.com">http://www.cvlci.com</a> | PALM SHADOWS LIFT STATION | 08 OF 14  |



|   |                 |   |
|---|-----------------|---|
| NOT TO SCALE  | FOOTHILLS       |  |
| EXHIBIT   |                 |   |
| 4550 North 12th Street<br>Phoenix, Arizona 85014<br>Phone 602-264-6831<br><a href="http://www.cvlci.com">http://www.cvlci.com</a> | LIFT STATION 25 | 09 OF 14  |



DRAFT

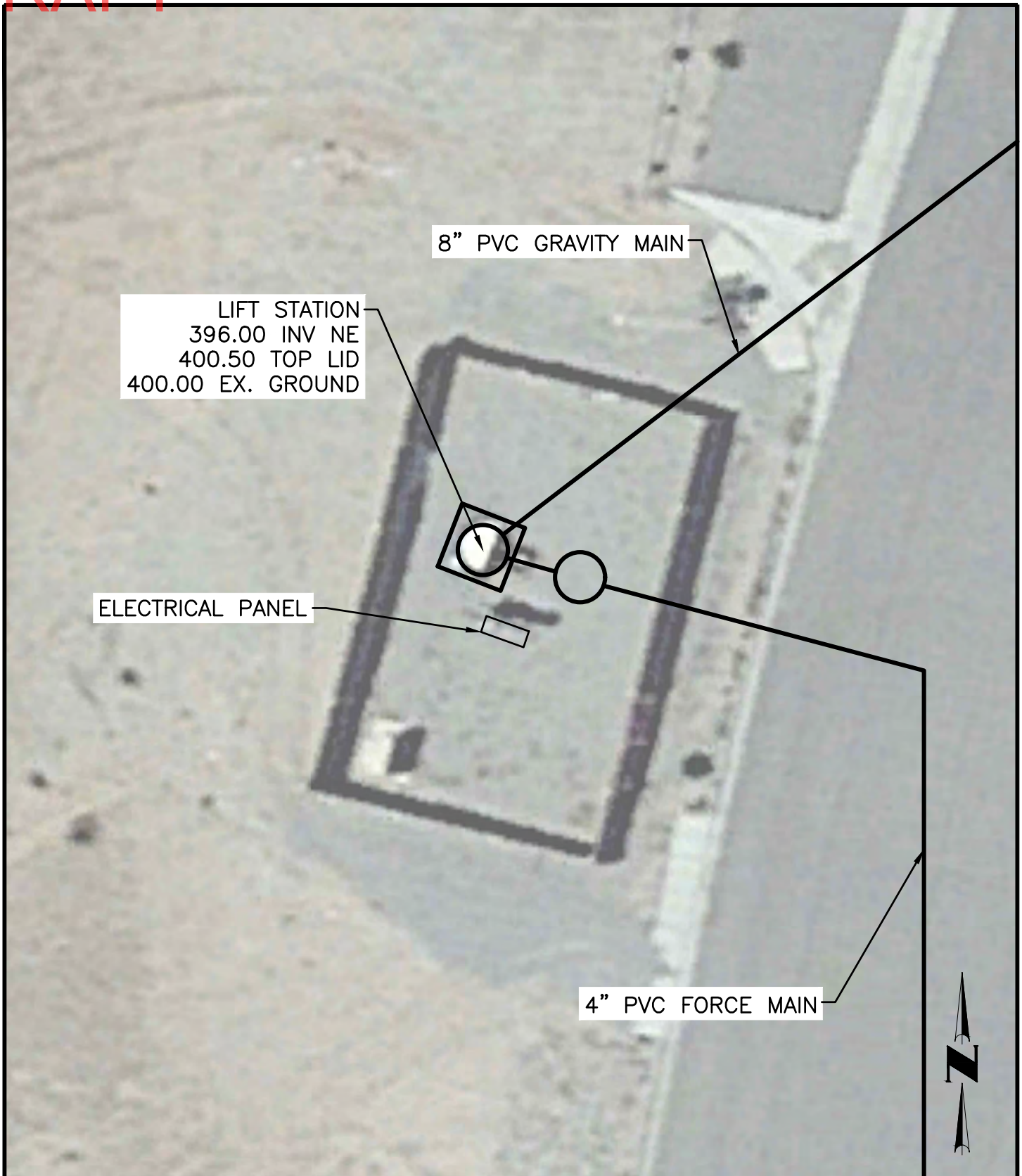



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|---|----------------------|---|
| NOT TO SCALE  | FOOTHILLS            |  |
| EXHIBIT   |                      |   |
| 4550 North 12th Street<br>Phoenix, Arizona 85014<br>Phone 602-264-6831<br><a href="http://www.cvlci.com">http://www.cvlci.com</a> | 40TH ST LIFT STATION | 10 OF 14  |

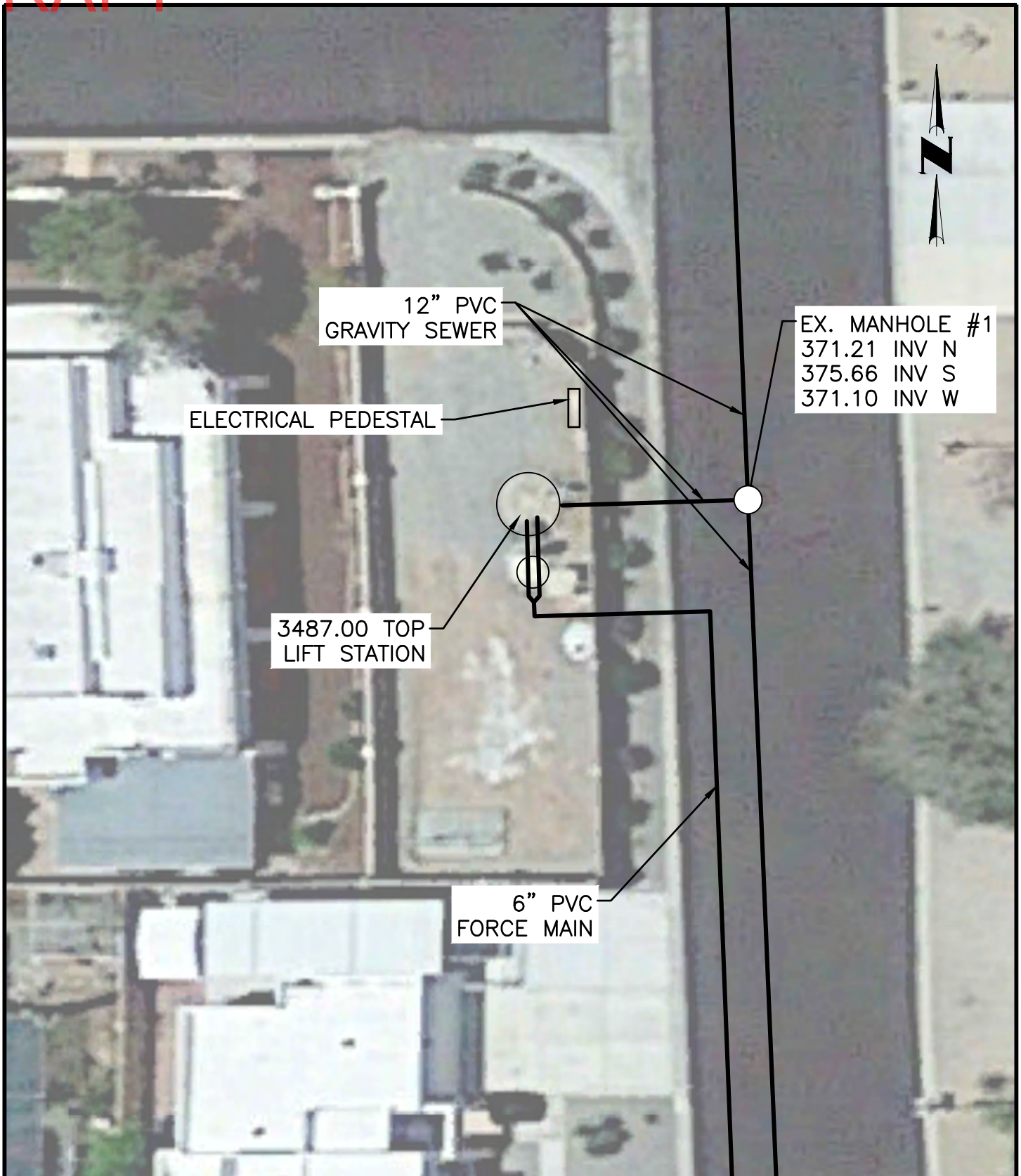


|  |                                |   |
|--|--------------------------------|---|
| NOT TO SCALE<br>EXHIBIT<br>4550 North 12th Street<br>Phoenix, Arizona 85014<br>Phone 602-264-6831<br><a href="http://www.cvlci.com">http://www.cvlci.com</a> | FOOTHILLS                      | <br>11 OF 14 |
|  | ARROYO DE FORTUNA LIFT STATION |   |





|   |                            |   |
|---|----------------------------|---|
| NOT TO SCALE  | FOOTHILLS                  | <br>12 OF 14 |
| EXHIBIT   |                            |   |
| 4550 North 12th Street<br>Phoenix, Arizona 85014<br>Phone 602-264-6831<br><a href="http://www.cvlci.com">http://www.cvlci.com</a> | LAS BARRANCAS LIFT STATION |   |



|   |                 |   |
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| NOT TO SCALE  | FOOTHILLS       |  |
| EXHIBIT   |                 |   |
| 4550 North 12th Street<br>Phoenix, Arizona 85014<br>Phone 602-264-6831<br><a href="http://www.cvlci.com">http://www.cvlci.com</a> | LIFT STATION 15 | 13 OF 14  |





|   |                            |   |
|---|----------------------------|---|
| NOT TO SCALE  | FOOTHILLS                  |  |
| EXHIBIT   |                            |   |
| 4550 North 12th Street<br>Phoenix, Arizona 85014<br>Phone 602-264-6831<br><a href="http://www.cvlci.com">http://www.cvlci.com</a> | VISTA DEL SOL LIFT STATION | 14 OF 14  |

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**APPENDIX B**  
***Foothills Wastewater CIP***

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## Exhibit EF-5

**Exhibit EF-5**  
**Foothills Water and Sewer, LLC**  
**Water Division**  
**Post-Test Year Plant Projects**

| Project Name                      | Project Description   | PTY Cost Estimate    |
|-----------------------------------|---|----------------------|
| WTP and PS Generators             | Generator purchase and installation at several Water Pump Stations. Two mobile generators are also purchased for flexibility responding to power outages. All these are for reliability.  | 800,000              |
| Trucks (2) - Pickups              | These two vehicles will replace two trucks well beyond their useful life.   | 130,000              |
| Valve Replacement and Labor       | Sixty valves will be replaced within the Valve Replacement program. A valve exercise program was not practiced under previous ownership. All valves replaced will be non-operable and beyond their useful lives.  | 780,000              |
| Valve Exercise Trailer            | A new hydropneumatic excavator/ valve exercise trailer was purchased to accomplish the valve exercise/ replacement program.   | 60,000               |
| Raw Water pump rehabilitation     | Originally the three raw water pumps were budgeted for replacement. These pumps were all rebuilt extending their useful lives at a lower cost than replacement.   | 50,000               |
| WTP Chlorination System           | The existing water plant chlorination system will be upgraded to an automated HTH feed system for better reliability and safety.  | 250,000              |
| Chemical Pumps                    | Three chemical feed pumps at our various water pump stations will be replaced annually for pumps beyond their useful lives.   | 15,000               |
| Far West high capacity wells      | A new high capacity well will be established at our Far West Well Pump Station. This aquifer is high water quality and volume and will improve capacity, flow, pressures, and water quality when in use.  | 1,000,000            |
| WTP BW and PS pump rehabilitation | Originally the three backwash and booster station water pumps were budgeted for replacement. These pumps were all rebuilt extending their useful lives at a lower cost than replacement.  | 100,000              |
| Rebuild PRVs                      | All our pressure reducing valves will be rebuilt as they are well beyond the required rebuild or replace frequency.   | 100,000              |
| Fire Hydrants Replacements        | Under our fire hydrant exercise and replacement program, we will replace ten hydrants annually that are not functional and beyond their useful lives. This program was not in place historically.   | 150,000              |
| Flow Meters for all wells         | Our well pump stations will have new flow meters installed and tied to SCADA.   | 100,000              |
| HVAC replacement at WTP           | The WTP HVAC system is not functional and beyond its useful life. A newly designed HVAC system will be installed.   | 750,000              |
| Smart Meters and Labor            | Meters - The new Kamstrup ultrasonic AMR meters are the majority of the overall meter replacement program of 18,000 meters for the entire service area. These new meters replace meters beyond their useful life. There had not been a meter replacement program in the past. | 9,000,000            |
| SCADA Hardware                    | Supervisory Control and Data Acquisition (SCADA) servers, Programmable Logic Controllers, Human Machine Interface (HMI)s, and communication equipment will be replaced in all treatment and pump stations in the Water Treatment System.                                      | 55,346               |
| Physical Security Upgrades        | An upgraded alarm, camera system, monitoring system, and programmable key cards will be installed at multiple key locations.  | 12,000               |
| SCADA Upgrade                     | The SCADA system platform will be standardized with Mission software integration.   | 178,000              |
| Rave Deployment                   | Rave platform notification system will be installed system wide to allow alert notification for emergencies.  | 12,000               |
| CIS Replacement                   | UMS billing software is being implemented for the customer billing division. This system replaces a badly outdated CUBIC system. Better customer service, billing accuracy, reporting, and streamlined workflow will be achieved.   | 132,600              |
| <b>ESTIMATED TOTAL COST</b>       |   | <b>\$ 13,674,946</b> |

## Exhibit EF-6

**Exhibit EF-6**  
**Foothills Water and Sewer, LLC**  
**Sewer Division**  
**Post-Test Year Plant Projects**

| Project Name                                   | Project Description   | PTY Cost Estimate    |
|--|---|----------------------|
| Jet Vac Truck                                  | The Jet Vac Truck will replace equipment beyond its useful life. This piece of equipment will allow us to implement our CMOM program to maintain, clean, and vacuum our Sewer Mains.  | \$ 800,000           |
| Trucks (2)                                     | These two pick up trucks will replace two trucks well beyond their useful life.   | 130,000              |
| Generators                                     | Generator purchase and installation at the Del Oro WWTP, Marwood WWTP, Seasons WWTP, Arroyo lift station (LS), Las Barancas lift station, Palm Shadow LS, LS 15,27,12,11. All these are for reliability.  | 1,000,000            |
| LSs Splash Upgrades                            | Influent splash upgrades for all the LSs will be completed. This involves downturning the influent piping to submerge into the wet well to minimize odor as part of our Odor Control Plan.  | 100,000              |
| Seasons Lift Station                           | The Seasons WWTP has a poor design for the influent headwork section that is a underground rectangular shallow tank that is very challenging to clean and maintain. A new lift station to feed the WWTP will be completed. This will allow easier maintenace. | 200,000              |
| Section 14 MBR Tank and Sludge Thickening Tank | A new thickening tank will be completed at the Section 14 WWTP to improve sludge thickening and allow for temporary storage for reliability. A MBR tank will be constructed to allow maintenance of the Membrane Casettes.                                    | 2,000,000            |
| Seasons MBR Tank                               | A new MBR tank will be constructed at the Seasons WWTP to establish redundancy for membrane cleaning and general maintenance and reliablitiy.   | 1,000,000            |
| Foothills CMOM Plan                            | ADEQ required Foothills Water and Sewer to establish a Capacity, Management, Operations, and Maintenance Plan. The CMOM plan has been completed and implemented.  | 11,800               |
| Seasons Driveway for Screw Press               | The driveway into Seasons WWTP was upgraded to stop sludge spillage for removal of sludge roll offs.  | 7,550                |
| CPE Section 14                                 | Secion 14 WWTP will have a Comprehensive Performance Evaluation to optimize treatment and recommend changes and upgrades to the treatment process.  | 30,000               |
| Screen and Presses Section 14                  | A upgrade replacement of the headworks screening and solids handling process will be completed at the Section 14 WWTP. The original equipment was originally undersized and unreliable.   | 4,740,000            |
| Manhole Rehab - 27 total                       | Twenty seven manholes will be rehabilitated with spray liner epoxy and bases. These manholes are beyond their useful lives.   | 315,400              |
| Lift Station #15 Rehab                         | This rehabilitation was completed including expoxy spray coating, new railing and base.   | 323,010              |
| Lift Station #12 Rehab                         | This rehabilitation was completed including expoxy spray coating, new railing and base.   | 125,354              |
| Lift Station #11 Rehab                         | This rehabilitation was completed including expoxy spray coating, new railing and base.   | 261,480              |
| SCADA Hardware                                 | Supervisory Control and Data Acquisition (SCADA) servers, Programmable Logic Controllers, Human Machine Interface (HMI)s, and communication equipment will be replaced in all treatment and lift stations in the Sewer System.                                | 83,019               |
| Physical Security Upgrades                     | An upgraded alarm, camera system, monitoring system, and programmable key cards will be installed at multiple key locations.  | 18,000               |
| SCADA Upgrade                                  | The SCADA system platform will be standardized with Mission software integration.   | 267,000              |
| Rave Deployment                                | Rave platform notification system will be installed system wide to allow alert notification for emergencies.  | 18,000               |
| CIS Replacement                                | UMS billing software is being implemented for the customer billing division. This system replaces a badly outdated CUBIC system. Better customer service, billing accuracy, reporting, and streamlined workflow will be achieved.                             | 88,400               |
| <b>ESTIMATED TOTAL COST</b>                    |   | <b>\$ 11,519,013</b> |



## Exhibit EF-7

**Exhibit EF-7**  
**Foothills Water and Sewer, LLC**  
**Water Division**  
**SIB Plant Table 1**

Information to be included with SIB-Eligible Project Filings

| Project No. | Description  | Cost Estimate       |                     |                     |                     |                     |                     |
|-------------|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|             |  | 2024                | 2025                | 2026                | 2027                | 2028                | Total               |
| W-1         | Annual Valve Replacement Program - This project will replace inoperable and unserviceable valves in the water distribution system. The program will target 30 valves per year. This replacement program is a result of the valve exercise maintenance program implemented. | \$ -                | \$ 390,000          | \$ 390,000          | \$ 390,000          | \$ 390,000          | \$ 1,560,000        |
| W-2         | Fire Hydrant Replacement Program - This project will replace 10 hydrants annually. This replacement program is a result of the hydrant exercising maintenance program implemented. The hydrants replaced are not functioning and are beyond their useful lives.            | \$ -                | \$ 130,000          | \$ 130,000          | \$ 130,000          | \$ 130,000          | \$ 520,000          |
| W-3         | Watermain Replacement Program - This project will replace 2,000 linear feet of 8" and 6" water mains in the water main replacement program. This program is to replace water mains aged over sixty years.  | \$ 500,000          | \$ 500,000          | \$ 500,000          | \$ 500,000          | \$ 500,000          | \$ 2,500,000        |
| W-4         | Well Flow Meters - All of the well flow meters will be replaced at all the pump stations over a five year period.  | \$ -                | \$ 25,000           | \$ 25,000           | \$ 25,000           | \$ 25,000           | \$ 100,000          |
| W-5         | Discharge Header Replacement (all BPS stations) - The discharge headers at all the booster pump stations will be replaced over a five year period. These headers are beyond their useful lives.  | \$ 50,000           | \$ 50,000           | \$ 50,000           | \$ 50,000           | \$ 50,000           | \$ 250,000          |
| W-6         | Rebuild all altitude valves and PRV's - All altitude valves and pressure reducing valves will be rebuilt over a five year period.  | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                |
| W-7         | Chemical Pump Replacement - All chemical feed pumps will be replaced over a five year period, three per year. These pumps are beyond their useful lives.   | \$ -                | \$ 15,000           | \$ 15,000           | \$ 15,000           | \$ 15,000           | \$ 60,000           |
| W-8         | Meters - The new Kamstrup ultrasonic AMR meters are a portion of the overall meter replacement program of 18,000 meters for the entire service area. These new meters replace meters beyond their useful life. There had not been a meter replacement program in the past. | \$ 1,000,000        | \$ -                | \$ -                | \$ -                | \$ -                | \$ 1,000,000        |
|             | <b>ESTIMATED TOTAL COST</b>  | <b>\$ 1,550,000</b> | <b>\$ 1,110,000</b> | <b>\$ 1,110,000</b> | <b>\$ 1,110,000</b> | <b>\$ 1,110,000</b> | <b>\$ 5,990,000</b> |

## Exhibit EF-8

**Exhibit EF-8**  
**Foothills Water and Sewer, LLC**  
**Sewer Division**  
**SIB Plant Table 1**

Information to be included with SIB-Eligible Project Filings

| Project No. | Description   | Cost Estimate     |                     |                     |                     |                     |                     |
|-------------|---|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|             |   | 2024              | 2025                | 2026                | 2027                | 2028                | Total               |
| S-1         | Manhole Rehab/Replacement Program - The program will replace or rehabilitate 30 manholes annually. These replacements are part of the CMOM program.   | \$ 184,600        | \$ 500,000          | \$ 500,000          | \$ 500,000          | \$ 500,000          | \$ 2,184,600        |
| S-2         | Sewer Main Replacement - This project will replace 2,000 linear feet of 12", 10", 8", and 6" sewer mains in the sewer main replacement program. This program is to replace sewer mains beyond their useful life.      | \$ 390,000        | \$ 390,000          | \$ 390,000          | \$ 390,000          | \$ 390,000          | \$ 1,950,000        |
| S-3         | Lift Station Pump Replacement - This project will replace six pumps annually at our various lift stations replacing pumps beyond their useful life.   | \$ 90,000         | \$ 90,000           | \$ 90,000           | \$ 90,000           | \$ 90,000           | \$ 450,000          |
| S-4         | Odor Control Media Replacement - This project will replace spent carbon media in our odor scrubbers and replacement of rehabilitation of ozone generating odor control units as a component of the Odor Control Plan. | \$ 30,000         | \$ 30,000           | \$ 30,000           | \$ 30,000           | \$ 30,000           | \$ 150,000          |
| S-5         | Membrane Panel Maintenance - This project will replace failed membranes in our Membrane Bioreactor Wastewater Treatment Facilities that are beyond their useful lives.  | \$ 60,000         | \$ 60,000           | \$ 60,000           | \$ 60,000           | \$ 60,000           | \$ 300,000          |
|             | <b>ESTIMATED TOTAL COST</b>   | <b>\$ 756,624</b> | <b>\$ 1,072,025</b> | <b>\$ 1,072,026</b> | <b>\$ 1,072,027</b> | <b>\$ 1,072,028</b> | <b>\$ 5,034,600</b> |

**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 FOOTHILLS WATER & SEWER, LLC,  
AN ARIZONA CORPORATION, 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 BY ITS WATER  
AND WASTEWATER DIVISIONS AND  
FOR CERTAIN RELATED APPROVALS.

DOCKET NO. WS-03478A-23-

**DIRECT TESTIMONY  
OF  
RAY L. JONES, P.E.  
ON BEHALF OF  
FOOTHILLS WATER & SEWER, LLC**

October 31, 2023

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**EXHIBITS**

Exhibit RLJ-DT1 – Resume Ray L. Jones, P.E.

Exhibit RLJ-DT2 – Water Schedules

Exhibit RLJ-DT3 – Sewer Schedules

Exhibit RLJ-DT4 – Regulatory Expense Surcharge Calculation

Exhibit RLJ-DT5 – PPAM Plan of Administration

Exhibit RLJ-DT6 – PWAM Plan of Administration

Exhibit RLJ-DT7 – SIB Plan of Administration – Water Division

Exhibit RLJ-DT8 - SIB Plan of Administration – Sewer Division

**I INTRODUCTION**

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

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

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

A. I am testifying on behalf of the Applicant, Foothills Water & Sewer, LLC (“Foothills” or “Company”).

**Q. WHAT IS YOUR RELATIONSHIP WITH FOOTHILLS?**

A. I have been retained by Foothills to provide consulting services in support of its application for rate relief before the Arizona Corporation Commission (“Commission”).

**Q. ARE YOU FAMILIAR WITH THE OPERATIONS AND FACILITIES OWNED BY FOOTHILLS?**

A. Yes. Foothills acquired the facilities from Far West Water & Sewer, Inc. (“Far West”) on October 5, 2022. I have provided consulting services to Far West for several years, including providing testimony for Far West’s last sewer rate case. Over the term of my consulting for Far West, I became familiar with the facilities and operations now owned by Foothills.

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

A. I am the owner and principal of ARICOR Water Solutions LC (“ARICOR”), a consulting 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

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

**II PURPOSE OF TESTIMONY**

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

A. My testimony supports Foothills' application for rate relief ("Application") for its water division ("Foothills Water") and for its sewer division ("Foothills Sewer"). I am sponsoring Schedules "A" through "H" (as required for a Class B utility) for both Foothills Water and Foothills Sewer. The schedules are being filed concurrently herewith in support of Foothills' application. I was responsible for and/or supervised the preparation of these schedules based on my investigation and review of Foothills' relevant books and records and records obtained from Far West. The Applicant's service area consists overwhelmingly of residential customers with only a small percentage of commercial customers. Accordingly, Foothills has not prepared a cost-of-service study (G schedules), and the G Schedules are omitted from this filing for both the water and sewer divisions.

**III OVERVIEW OF FOOTHILLS' APPLICATION**

**Q. PLEASE SUMMARIZE THE COMPANY'S APPLICATION.**

A. The test year is the 12-month period ending on June 30, 2023. Foothills Water requests a revenue increase of \$1,047,567, or 17.78% over existing revenues. Foothills Water's fair value rate base is \$22,250,952. Foothills Sewer requests a revenue increase of

1           \$3,300,493, or 50.96% over existing revenues. Foothills Sewer's fair value rate base is  
2           \$43,918,996. Foothills Water and Foothills Sewer propose certain pro forma adjustments  
3           to account for known and measurable changes to rate base, expenses and revenues, and to  
4           present a normalized and more realistic relationship between revenues, expenses and rate  
5           base. Foothills Water is requesting inclusion of post-test year plant in the amount of  
6           \$13,674,946, and Foothills Sewer is requesting inclusion of post-test year plant in the  
7           amount of \$11,519,013. Foothills expects all post-test year plant to be in service not later  
8           than June 30, 2024.

9   **Q.   WHAT IS THE IMPACT OF FOOTHILLS' PROPOSED RATES ON TYPICAL**  
10 **RESIDENTIAL CUSTOMERS?**

11 A.   Foothills Water residential customers use 5/8" x 3/4 meters almost exclusively<sup>1</sup>. For  
12 residential customers with a 5/8" x 3/4" meter and median usage of 3,490 gallons per  
13 month the increase is \$1.14 per month or 5.58%. Foothills Sewer residential customers  
14 will see their flat rate monthly charge for sewer service increase by \$29.28 per month or  
15 52.33%.

16 **Q.   PLEASE IDENTIFY THE RATE CASE SCHEDULES PROVIDED WITH YOUR**  
17 **TESTIMONY.**

18 A.   I have prepared the following schedules for both Foothills Water and Foothills Sewer:

- 19           • Schedules A-1 through A-5 – Summary Information.
- 20           • Schedules B-1 through B-5 – Rate Base Information and Adjustments.

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<sup>1</sup> Foothills has a single residential customer with a 1" meter.

- Schedules C-1 through C-3 – Income Statements and Adjustments.
- Schedules D-1 through D-4 – Cost of Capital Information.
- Schedules E-1 through E-5 and E-6 through E-9 – Financial Statements and Statistical Data.
- Schedules F-1 through F-4 – Projections and Forecasts.
- Schedules H-1 through H-5 – Effect of Proposed Rate Schedules.

Foothills Water schedules are attached as **Exhibit RLJ-DT2** to my direct testimony and Foothills Sewer schedules are attached as **Exhibit RLJ-DT3** to my direct testimony. I prepared these schedules based on my investigation and review of the relevant books and records of Foothills.

**IV COST OF CAPITAL**

**Q. HAVE YOU PREPARED STANDARD COST OF CAPITAL SCHEDULES FOR Foothills?**

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

**Q. WHAT IS Foothills' CAPITAL STRUCTURE?**

A. As shown on Schedule D-1 for both Foothills Water and Foothills Sewer, Foothills' capital structure used for ratemaking is 39.40% long-term debt and 60.60% equity. As explained in more detail by Mr. Dylan D'Ascendis in his direct testimony, Foothills proposes to use the actual corporate capital structure of NW Natural Water for ratemaking, rather than Foothill's actual capital structure of 100% equity.



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

A. Foothills has proposed a cost of debt of 5.48%, a cost of equity of 10.0%, and a return on the fair value increment of 0.90%. Cost of capital testimony is provided by Mr. Dylan D'Ascendis.

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

A. For Foothills Water, the required rate of return on fair value rate base is 6.96%. For Foothills Sewer, the required rate of return on fair value rate base is 6.55%. The following tables provide details for the capital structure and required rate of return.

| <b>Capital Structure for FVRB - Water Division</b> |               |          |                  |             |
|--|---------------|----------|------------------|-------------|
| Capital Structure with                             |               |          |                  | Weighted    |
| <u>Fair Value Increment</u>                        | <u>Amount</u> | <u>%</u> | <u>Cost Rate</u> | <u>Cost</u> |
| Long-Term Debt                                     | 7,264,256     | 32.65%   | 5.48%            | 1.79%       |
| Short-Term Debt                                    | -             | 0.00%    | 0.00%            | 0.00%       |
| Common Equity                                      | 11,172,942    | 50.21%   | 10.00%           | 5.02%       |
| Fair Value Increment                               | 3,813,754     | 17.14%   | 0.90%            | 0.15%       |
| Fair Value Rate Base                               | \$ 22,250,952 | 100.00%  |                  | 6.96%       |

| <b>Capital Structure for FVRB - Sewer Division</b> |               |          |                  |             |
|--|---------------|----------|------------------|-------------|
| Capital Structure with                             |               |          |                  | Weighted    |
| <u>Fair Value Increment</u>                        | <u>Amount</u> | <u>%</u> | <u>Cost Rate</u> | <u>Cost</u> |
| Long-Term Debt                                     | \$ 13,375,698 | 30.46%   | 5.48%            | 1.67%       |
| Short-Term Debt                                    | -             | 0.00%    | 0.00%            | 0.00%       |
| Common Equity                                      | 20,572,774    | 46.84%   | 10.00%           | 4.68%       |
| Fair Value Increment                               | 9,970,525     | 22.70%   | 0.90%            | 0.20%       |
| Fair Value Rate Base                               | \$ 43,918,996 | 100.00%  |                  | 6.55%       |

**V WATER DIVISION**

**A ORIGINAL COST RATE BASE AND RATE BASE ADJUSTMENTS**

**1. General**

**Q. HAVE YOU PREPARED STANDARD ORIGINAL COST RATE BASE SCHEDULES FOR FOOTHILLS WATER?**

A. Yes. I have prepared all required rate base schedules and established an original cost rate base for Foothills Water. Foothills Water's original cost rate base is shown on Schedule B-1, Line 22.

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

A. The original cost rate base was calculated by establishing the balance of utility plant in service at the end of the test year. Deductions were made for accumulated depreciation, advances in aid of construction ("AIAC"), net contributions in aid of construction ("CIAC"), and customer security deposits. Deferred income taxes and working capital were additions to rate base. In arriving at the original cost rate base, Foothills Water made various pro forma adjustments [OC-1 through OC-4] to the actual test-year-end balances to arrive at the adjusted test-year-end original cost rate base of \$18,437,198.

**Q. IN ESTABLISHING THE ORIGINAL COST RATE BASE, WAS FOOTHILLS WATER ABLE TO RELY ON FAR WEST'S HISTORICAL FINANCIAL DATA?**

A. Foothills does have access to Far West's financial records. However, because the Foothills assets were acquired in an asset purchase, many balance sheet accounts did not directly transfer from Far West to Foothills. For example, items such as deferred income

1 tax, accounts payable, debt and other liabilities did not transfer to Foothills. Foothills  
2 Water did not assume most of Far West's AIAC liabilities. Plant in service transferred to  
3 Foothills, but the value of the transferred assets did not agree with Far West's general  
4 ledger balance, likely due to unrecorded retirements and possibly other accounting issues.  
5 Foothills found that Far West's recorded accumulated depreciation balance had not been  
6 established using depreciation rates approved by the Commission in Far West's rate case  
7 decisions. Foothills also discovered that Far West's amortization of CIAC balance for  
8 the water division had not been conformed to Far West's last water rate case decision.

9 **Q. CONSIDERING THESE ISSUES WITH FAR WEST'S FINANCIAL RECORDS,**  
10 **HOW DID FOOTHILLS ESTABLISH ITS PLANT IN SERVICE AND**  
11 **ACCUMULATED DEPRECIATION BALANCES FOR THE WATER DIVISION?**

12 **A.** As part of the asset purchase process, Foothills developed a comprehensive listing of the  
13 actual utility assets being purchased, including the vintage year of the asset and the  
14 original cost of the asset. This listing provided the beginning plant in service balance for  
15 Foothills Water. Because Far West's accumulated depreciation balances were unreliable,  
16 Foothills recalculated depreciation for each asset on the asset listing from its original  
17 acquisition date by Far West to the end of the test year using the depreciation rates  
18 approved for Far West in its previous rate orders. Assets acquired by Foothills after  
19 closing the transaction with Far West through the end of the test year were treated in the  
20 same manner as the assets acquired from Far West. Through this method, Foothills  
21 Water was able to establish plant in service, accumulated depreciation and net plant

1 balances that comply with NARUC accounting requirements to book acquired assets at  
2 their correctly depreciated amounts.

3 **Q. HOW WERE CIAC AND ACCUMULATED AMORTIZATION OF CIAC**  
4 **HANDLED BY FOOTHILLS?**

5 A NARUC requires CIAC and accumulated amortization of CIAC balances to transfer with  
6 the underlying assets. In accordance with NARUC requirements, the balances from Far  
7 West's detailed CIAC subledgers were booked by Foothills Water. During preparation of  
8 this case, Foothills reconciled the balances to Far West's previous rate orders,  
9 recalculated the amortization since the last rate order, and booked the appropriate  
10 adjustments. For the water division, Foothills discovered that the CIAC balance had not  
11 been reconciled and conformed to the approved balance in the previous rate decision, so  
12 the adjustments are significant. This adjustment was booked as part of this filing and is  
13 discussed in more detail below.

14 **Q. DO YOU BELIEVE THE NET PLANT AND CIAC BALANCES PRESENTED BY**  
15 **FOOTHILLS WATER COMPLY WITH NARUC ACCOUNTING**  
16 **REQUIREMENTS FOR ACQUIRED ASSETS?**

17 A. Yes. The approach to booking plant assets and CIAC used by Foothills Water  
18 substantially corrects the flaws in the financial data maintained by Far West, resulting in  
19 net plant and net CIAC balances that comply with NARUC accounting requirements and  
20 the previous decisions of the Commission issued to Far West.

**2. Original Cost Rate Base Adjustments**

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

A. Rate Base Adjustment OC-1, detailed on page 2 of Schedule B-2, increases the plant in service balance by \$11,729,527. This adjustment is made up of four separate plant in service adjustments labeled [OC-1.1] through [OC-1.4]. Adjustments [OC-1.1] through [OC-1.4] are further detailed on pages 3 through 6 of Schedule B-2.

Adjustment [OC-1.1] decreases plant in service by \$85,823.81 to remove the booked cost of a new customer information system that was not in service at the end of the test year.

This item of plant was incorrectly recorded as plant in service rather than construction work in progress. Adjustment [OC-1.1] is detailed on Page 3 of Schedule B-2 and on the referenced workpapers.

Adjustment [OC-1.2] decreases plant in service by \$216,125.60 to record the retirement of various items of transportation equipment and power operated equipment that were physically retired at the end of the test year but not recorded on Foothills Water's books.

Adjustment [OC-1.2] is detailed on Page 4 of Schedule B-2 and on the referenced workpapers.

Adjustment [OC-1.3] reclassifies \$639,247.00 of plant from account 320.1 – Water Treatment Plants to account 311 – Pumping Equipment. This adjustment brings plant balances into agreement with the balances presented in the depreciation study performed by Gannett Fleming and presented in the direct testimony of Mr. John Spanos. The adjustment is needed because Far West incorrectly credited a retirement of Water Treatment Plant Equipment to the Pumping Equipment account. This adjustment corrects

1 the error. Adjustment [OC-1.3] is detailed on Page 5 of Schedule B-2 and on the  
2 referenced workpapers.

3 Adjustment [OC-1.4] increases plant in service by \$13,674,945.81 to record items of  
4 post-test year plant projected to be placed in service by Foothills Water between July 1,  
5 2023 and June 30, 2024. Adjustment [OC-1.4] also decreases plant in service by  
6 \$1,643,469.01 to record post-test year plant retirements associated with the post-test year  
7 plant additions. The net adjustment to plant in service is an increase to plant in service of  
8 \$12,031,476.80. Adjustment [OC-1.4] is detailed on Page 6 of Schedule B-2 and on the  
9 referenced workpapers.

10 **Q. PLEASE EXPLAIN RATE BASE ADJUSTMENT OC-2.**

11 A. Rate Base Adjustment OC-2 decreases the accumulated depreciation balance by  
12 \$1,596,004 after considering six separate accumulated depreciation adjustments labeled  
13 [OC-2.1] through [OC-2.6].

14 Adjustment [OC-2.1] classifies accumulated depreciation to various plant accounts based  
15 on the Company's detailed depreciation schedule. Due to a minor difference between the  
16 general ledger balance and the detailed schedules, Adjustment [OC-2.1] increases  
17 accumulated depreciation by \$995.67. Adjustment [OC-2.1] is detailed on Page 8 of  
18 Schedule B-2 and on the referenced workpapers.

19 Adjustment [OC-2.2] decreases accumulated depreciation by \$3,733.81 to remove the  
20 booked depreciation on a new customer information system that was not in service at the  
21 end of the test year. This adjustment is a companion adjustment to Adjustment [OC-1.1]



1 previously discussed. Adjustment [OC-2.2] is detailed on Page 9 of Schedule B-2 and on  
2 the referenced workpapers.

3 Adjustment [OC-2.3] decreases accumulated depreciation by \$186,965.60 to record the  
4 retirement of various items of transportation equipment and power operated equipment  
5 that were physically retired at the end of the test year but not recorded on Foothills  
6 Water's books. This adjustment is a companion adjustment to Adjustment [OC-1.2]  
7 previously discussed. Adjustment [OC-2.3] is detailed on Page 10 of Schedule B-2 and  
8 on the referenced workpapers.

9 Adjustment [OC-2.4] reclassifies \$639,247.00 of accumulated depreciation from account  
10 320.1 – Water Treatment Plants to account 311 – Pumping Equipment. This adjustment  
11 brings accumulated depreciation balances into agreement with the balances presented in  
12 the depreciation study performed by Gannett Fleming and presented in the direct  
13 testimony of Mr. John Spanos. This adjustment is a companion adjustment to  
14 Adjustment [OC-1.3] previously discussed. Adjustment [OC-2.4] is detailed on Page 11  
15 of Schedule B-2 and on the referenced workpapers.

16 Adjustment [OC-2.5] decreases accumulated depreciation by \$1,639,719.01 to record  
17 post-test year plant retirements associated with the post-test year plant additions. The  
18 accumulated depreciation adjustment includes a provision for expected salvage values.

19 All retirements are projected to occur between July 1, 2023 and June 30, 2024 as post-test  
20 year plant is placed into service. This adjustment is a companion adjustment to  
21 Adjustment [OC-1.4] previously discussed. Adjustment [OC-2.5] is detailed on Page 12  
22 of Schedule B-2 and on the referenced workpapers.

Adjustment [OC-2.6] increases accumulated depreciation by \$233,418.50 to reflect one half year of depreciation on items of post-test year plant placed into service between July 1, 2023 and June 1, 2024. The adjustment also reflects the accumulated depreciation impact of the post-test year retirements. Because Foothills Water has requested to implement requested depreciation rates effective July 1, 2023, the Company has used its requested depreciation rates to calculate this adjustment. This adjustment is a companion adjustment to Adjustment [OC-1.4]. Adjustment [OC-2.6] is detailed on Page 13 of Schedule B-2 and the referenced workpapers.

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

A. Rate Base Adjustment OC-3 adjusts CIAC and accumulated amortization of CIAC pursuant to reconstructed balances. Adjustment OC-3 decreases CIAC by \$486,903.73 and increases accumulated amortization of CIAC by \$352,833.30. The reconstruction of CIAC and accumulated amortization of CIAC is presented on pages 14 through 17 of Schedule B-2 and supported by the referenced workpapers.

**Q. PLEASE EXPLAIN RATE BASE ADJUSTMENT OC-4.**

A. Rate Base Adjustment OC-4 decreases the AIAC balance by \$41,490.00 to account for meter deposit refunds made in November of 2022. These refunds of AIAC were incorrectly debited to residential revenue rather than the AIAC account. Adjustment OC-4 is detailed on Page 13 of Schedule B-2 and the referenced workpapers.

**B RECONSTRUCTION COST RATE BASE AND RATE BASE ADJUSTMENTS**

***1. General***

**Q. HAVE YOU PREPARED STANDARD RECONSTRUCTION COST LESS DEPRECIATION RATE BASE SCHEDULES FOR FOOTHILLS WATER?**

A. Yes. I have prepared all required rate base schedules and established a reconstruction cost less depreciation ("RCND") rate base for Foothills Water. Foothills Water's RCND rate base is shown on Schedule B-1, Line 22.

**Q. HOW DID FOOTHILLS WATER ARRIVE AT ITS TEST YEAR RCND RATE BASE SHOWN ON SCHEDULE B-1, LINE 22?**

A. The RCND rate base was established using a trended original cost study ("RCND Study") as described in the direct testimony prepared by Mr. Dylan D'Ascendis. The results of the RCND Study are presented as the adjusted end of test year data on Schedule B-3. Schedule B-4 provides a summary of the plant and accumulated depreciation data from the RCND Study. In arriving at the final RCND rate base, Foothills Water made various pro forma adjustments [RCN-1 through RCN-3] to the adjusted test-year-end balances to arrive at the adjusted test-year-end reconstruction original cost rate base of \$26,064,706.

***2. Reconstruction Cost Rate Base Adjustments***

**Q. PLEASE EXPLAIN RATE BASE ADJUSTMENT RCN-1.**

A. Adjustment RCN-1 increases plant in service by \$13,674,945.81 to record items of post-test year plant projected to be placed in service by Foothills Water between July 1, 2023 and June 30, 2024. Adjustment RCN-1 is detailed on Page 2 of Schedule B-3 and on the referenced workpapers.

**Q. PLEASE EXPLAIN RATE BASE ADJUSTMENT RCN-2.**

A. Adjustment RCN-2 decreases plant in service by \$4,766,771.94 to reflect the trended cost of post-test year retirements. Adjustment RCN-2 also decreases accumulated depreciation by \$4,763,021.94 to reflect trended post-test year plant retirements associated with the post-test year plant additions. The accumulated depreciation adjustment includes a provision for expected salvage values. All retirements are projected to occur between July 1, 2023 and June 30, 2024 as post-test year plant is placed into service. This adjustment is a companion adjustment to Adjustment RCN-1 previously discussed. Adjustment RCN-2 is detailed on Page 3 of Schedule B-3 and on the referenced workpapers.

**Q. PLEASE EXPLAIN RATE BASE ADJUSTMENT RCN-3.**

A. Adjustment RCN-3 increases accumulated depreciation by \$233,418.50 to reflect one half year of depreciation on items of post-test year plant placed into service between July 1, 2023 and June 1, 2024. The adjustment also reflects the accumulated depreciation impact of the post-test year retirements. Because Foothills Water has requested to implement requested depreciation rates effective July 1, 2023, the Company has used its requested depreciation rates to calculate this adjustment. This adjustment is a companion adjustment to Adjustment RCN-1. Adjustment RCN-3 is detailed on Page 5 of Schedule B-3 and the referenced workpapers.

**C INCOME STATEMENT AND INCOME STATEMENT ADJUSTMENTS**

***1. General***

**Q. HAVE YOU PREPARED STANDARD INCOME STATEMENT SCHEDULES FOR FOOTHILLS WATER?**

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

***2. Operating Income Adjustments***

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

A. This adjustment removes operating expenses and other income and deductions incurred by Far West during the test year that will not be incurred by Foothills Water on a going forward basis. All eliminated items are based on the actual costs incurred and recorded by Far West. Income Statement Adjustment IS-1 decreases various operating expenses by a total of \$160,602.92. Other income and deductions were increased by a total of 175,700.17. In total, the adjustments increase net income by \$336,303.09. Income Statement Adjustment IS-1 is detailed on Page 3 of Schedule C-2 and on the referenced workpapers.

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

A. This adjustment removes non-recurring operating expenses and other deductions incurred by Foothills Water during the test year that will not be incurred by Foothills Water on a going forward basis. All eliminated items are based on the actual costs incurred and recorded by Foothills Water. Income Statement Adjustment IS-2 decreases contractual

1 services - legal by \$55,241.94, decreases transportation expense by \$286.44, and  
2 increases miscellaneous nonutility expenses by \$25,435.00. Income Statement  
3 Adjustment IS-2 is detailed on Page 4 of Schedule C-2 and on the referenced workpapers.

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

5 A. Foothills Water's payroll and related costs have increased since the test year. This  
6 adjustment provides for a normalized level of salaries and wages, employee pension and  
7 benefits, and payroll taxes based on the known and measurable current actual costs.  
8 Income Statement Adjustment IS-3 increases salaries and wages costs by \$82,126.00,  
9 increases employee pension and benefits costs by \$131,363.36, and increases payroll  
10 taxes by \$26,997.10. Income Statement Adjustment IS-3 is detailed on Page 5 of  
11 Schedule C-2 and on the indicated workpaper.

12 **Q. WHAT IS THE PURPOSE OF INCOME STATEMENT ADJUSTMENT IS-4?**

13 A. This adjustment normalizes Foothills Water's shared services costs. This adjustment is  
14 needed because Foothills Water only operated for nine months during the test year (the  
15 utilities were operated by Far West for the other three months of the year). This  
16 adjustment normalizes Foothills Water's shared services costs to a full year of costs  
17 based on the current level of shared services costs. Income Statement Adjustment IS-4  
18 increases contractual services -other by \$1,716.19. Income Statement Adjustment IS-4 is  
19 detailed on Page 6 of Schedule C-2 and on the indicated workpaper.

20 **Q. PLEASE DESCRIBE INCOME STATEMENT ADJUSTMENT IS-5.**

21 A. Foothills Water's insurance costs have increased since the test year. This adjustment  
22 provides for a normalized level of insurance costs based on the known and measurable



1 current actual costs. Income Statement Adjustment IS-5 increases vehicle insurance costs  
2 by \$14,097.73, increases general liability insurance costs by \$22,166.09, and decreases  
3 workers compensation costs by \$3,879.63. Income Statement Adjustment IS-5 is detailed  
4 on Page 7 of Schedule C-2 and on the indicated workpaper.

5 **Q. PLEASE EXPLAIN INCOME STATEMENT ADJUSTMENT IS-6.**

6 A. This adjustment eliminates various non-recurring adjustments to revenue accounts that  
7 were based on reconciliations performed during the test year. Income Statement  
8 Adjustment IS-6 decreases revenue by \$99,046.83. Income Statement Adjustment IS-6 is  
9 detailed on Page 8 of Schedule C-2 and on the indicated workpaper.

10 **Q. WHAT IS INCOME STATEMENT ADJUSTMENT IS-7?**

11 A. Income Statement Adjustment IS-7 increases the test year purchased water costs by  
12 \$153,038.33 to reflect known and measurable increases in the cost of purchasing water  
13 from the Yuma Mesa Irrigation and Drainage District. Income Statement Adjustment IS-  
14 7 is detailed on Page 9 of Schedule C-2.

15 **Q. WHAT IS INCOME STATEMENT ADJUSTMENT IS-8?**

16 A. Income statement adjustment IS-8 synchronizes interest expense with the test-year  
17 adjusted rate base and debt structure for Foothills Water. Income statement adjustment  
18 IS-8 increases interest expense by \$398,243 and is detailed on Page 10 of Schedule C-2.

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

20 A. Income statement adjustment IS-9 normalizes depreciation expense using adjusted test-  
21 year-end plant balances and proposed depreciation rates. For all plant accounts with

1 plant balances, Foothills Water has used depreciation rates established by a depreciation  
2 study detailed in the direct testimony of Mr. John Spanos. The Company is proposing  
3 Staff's standard recommended depreciation rate for use in the event that the Company  
4 adds plant to a currently unused plant account in the future. Fully depreciated plant  
5 balances are taken from the depreciation study, with the exception of the meters account.  
6 For normalized depreciation expense, the existing meters account is assumed to be fully  
7 depreciated. This change is made because the Company has implemented a meter  
8 replacement program and expects that all existing meters will be either fully depreciated  
9 or retired by the time requested rates go into effect. The Company has amortized  
10 subdivision CIAC at 2.00% consistent with Far West's previous water rate order and has  
11 amortized hook-up fee CIAC at 5.00% consistent with the treatment authorized in Far  
12 West's previous sewer rate order. Income statement adjustment IS-9 increases  
13 depreciation expense by \$289,464 and is detailed on Page 11 of Schedule C-2.

14 **Q. WHAT IS INCOME STATEMENT ADJUSTMENT IS-10?**

15 A. Income statement adjustment IS-10 restates property taxes consistent with the method  
16 supported by Commission Staff and approved in numerous Commission decisions.  
17 Specifically, following the Arizona Department of Revenue - Centrally Valued Properties  
18 method, full cash value was determined by using twice the average of three years of  
19 revenue, plus an addition for CWIP and a deduction for the book value of transportation  
20 equipment. Consistent with Commission practice, three times the adjusted revenues for  
21 the test year was used to determine the average revenue. The assessed value (16.5% of  
22 full cash value based on expected 2024 ratio) was then multiplied by the actual tax year

2023 property tax rate to determine adjusted property tax expense. Income statement adjustment IS-10 decreases property tax expense by \$83,192 for the test year, and after considering the effect of the proposed rate increase, property tax expense is increased by \$9,745 from the test year adjusted amount. Income statement adjustment IS-10 is detailed on Page 12 of Schedule C-2.

**Q. WHAT IS INCOME STATEMENT ADJUSTMENT IS-11?**

A. Income statement adjustment IS-11 calculates the test year income tax expense for Foothills Water, 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-11 increases the test year income tax expense by \$101,463, and after considering the effect of the proposed rate increase, income tax expense is increased by \$257,203 from the test year adjusted amount. Income Statement IS-11 is detailed on Page 13 of Schedule C-2.

**D RATE DESIGN AND REVENUE PROOF**

**1. 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 also shown by meter size and in total. Lastly, Schedule H-2 contains supplemental schedules that provide a breakdown of revenue at the existing and proposed rates by the

1 components of the proposed rate design. Schedule H-3 compares present and proposed  
2 rates and shows the changes in each rate. Schedule H-4 compares present and proposed  
3 rates and shows the amount of present and proposed bills and the percentage increase at  
4 various consumption levels for each meter size. Schedule H-5 is the bill count of the bills  
5 issued during the test year.

6 **2. Rate Design**

7 **Q. PLEASE DESCRIBE FOOTHILLS WATER'S CURRENT RATE DESIGN.**

8 A. Foothills Water currently uses a single-tier rate design for all customer classes and meter  
9 sizes. Foothills Water's rate design was established prior to the Commission adopting  
10 Policy Statement No. 2 in Decision No. 75626 requiring a three-tier rate design.

11 **Q. PLEASE DESCRIBE FOOTHILLS WATER'S PROPOSED RATE DESIGN.**

12 A. Foothills Water proposes to implement an increasing block three-tier rate design moving  
13 toward typical Arizona water company rate designs and compliance with the  
14 requirements of Policy Statement No. 2. Foothills Water's proposed rate design lowers  
15 revenue from the basic service charge from 53.3% to 36.9%. The 1<sup>st</sup> tier includes usage  
16 up to 3,000 gallons and is applicable only to small residential meters. The 1<sup>st</sup> tier  
17 provides 8.4% of revenue. On a combined basis the basic service charge and 1<sup>st</sup> tier  
18 provide 45.3% of revenue, remaining slightly below the 50% requirement of Policy  
19 Statement No. 2. The 2<sup>nd</sup> usage tier includes usage up to 10,000 gallons for 5/8" x 3/4"  
20 and 3/4" meters with the usage tier increasing for larger meter sizes. The new 3rd tier is  
21 structured to collect 18.1% of revenue.

1 Considering the need to implement a conservation oriented three-tier rate design with a  
2 small overall increase in rates, the new rate design provides a reasonable distribution of  
3 the rate increase, with 6.9% of the increase being collected in the basic service charge  
4 and 93.1% of the increase being collected in the commodity charges.

5 The rate design was achieved by increasing the basic service charge for 5/8" x 3/4" meter  
6 by 7.0%. Basic service charges for larger meters were scaled from the 5/8" x 3/4" meter  
7 charge by using AWWA meter size multipliers. The Tier 2 rate was set by increasing the  
8 current commodity rate by 11.5%, slightly more than the basic service charge increase.

9 The Tier 1 rate was set at 90% of the Tier 2 rate. The Tier 3 rate was set by increasing  
10 the Tier 2 rate by approximately 42.5%. This approach results in reasonable differences  
11 between the Tier 1, Tier 2 and Tier 3 rates, while moving the overall rate design toward  
12 compliance with Policy Statement No. 2 of Decision No. 75626.

13 To summarize, in constructing the rate design, Foothills Water's goals were to implement  
14 a relatively small increase through a conservation-oriented rate design that provides a  
15 measure of revenue stability while moving into compliance with the requirements of  
16 Policy Statement No. 2 of Decision No. 75626.

17 **Q. WHAT IS THE IMPACT OF FOOTHILLS WATER'S PROPOSED RATES ON**  
18 **TYPICAL RESIDENTIAL CUSTOMERS?**

19 A. Foothills Water residential customers use 5/8" x 3/4" meters almost exclusively. For  
20 residential customers with a 5/8" by 3/4" meter and median usage of 3,490 gallons per  
21 month, the increase is \$1.14 per month or 5.58%. For residential customers with a 5/8"

1 by 3/4" meter and average usage of 6,959 gallons per month, the increase is \$1.80 per  
2 month or 6.89%.

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

5 A. Yes. Foothills Water proposes to increase the fire sprinkler rate from \$5.00 per month to  
6 \$12.00 per month. Foothills Water believes this charge is more consistent with charges  
7 approved by the Commission in recent years.

8 **Q. IS FOOTHILLS WATER PROPOSING ANY CHANGES TO MISCELLANEOUS**  
9 **SERVICE CHARGES?**

10 A. As detailed in Schedule H-3, Foothills Water is proposing minor adjustments to its  
11 miscellaneous charges to better reflect the costs of providing the services. Foothills  
12 Water is also proposing to update its re-establishment charge to provide for billing the  
13 base charge for the months the customer was not taking service prior to reestablishing  
14 service. This approach is consistent with the sewer division tariff and prevents seasonal  
15 customers from being subsidized by full time customers.

16 **Q. ARE THERE ANY CHANGES TO METER AND SERVICE LINE**  
17 **INSTALLATION CHARGES?**

18 A. Yes. As detailed in Schedule H-3, Foothills Water is proposing to increase service line  
19 costs to better reflect actual costs.



1                                    **3. Revenue Proof**

2    **Q       DID FOOTHILLS WATER VERIFY AND PROVE THE TEST YEAR**  
3                    **REVENUES?**

4    A.    Yes. Schedule H-5 lists the number of bills by thousand-gallon block and the cumulative  
5           consumption by rate block for each class of customer and meter size. As shown on  
6           Schedule H-1, line 16, total calculated revenues, using bill counts, at present rates for the  
7           test year were \$5,887,455. The total per-book adjusted revenues were \$5,892,218 as  
8           shown on Schedule H-1, line 21. The unreconciled difference of \$4,763 amounts to  
9           0.08% of per-book adjusted revenues, as shown on Schedule H-1, lines 23 and 24.

10 **VI       SEWER DIVISION**

11    **A       ORIGINAL COST RATE BASE AND RATE BASE ADJUSTMENTS**

12                                    **1. General**

13 **Q.       HAVE YOU PREPARED STANDARD ORIGINAL COST RATE BASE**  
14                    **SCHEDULES FOR FOOTHILLS SEWER?**

15 A.    Yes. I have prepared all required rate base schedules and established an original cost rate  
16           base for Foothills Sewer. Foothills Sewer's original cost rate base is shown on Schedule  
17           B-1, Line 22.

18 **Q.       HOW DID FOOTHILLS SEWER ARRIVE AT ITS TEST YEAR ORIGINAL**  
19                    **COST RATE BASE SHOWN ON SCHEDULE B-1, LINE 22?**

20 A.    The original cost rate base was calculated by establishing the balance of utility plant in  
21           service at the end of the test year. Deductions were made for accumulated depreciation,  
22           AIAC, net CIAC, customer security deposits and deferred income taxes. Working capital

1 is an addition to rate base. In arriving at the rate base, Foothills Sewer made various pro  
2 forma adjustments [OC-1 through OC-4] to the actual test-year-end balances to arrive at  
3 the adjusted test-year-end original cost rate base of \$33,948,471.

4 **Q. IN ESTABLISHING THE ORIGINAL COST RATE BASE, WAS FOOTHILLS**  
5 **SEWER ABLE TO RELY ON FAR WEST'S HISTORICAL FINANCIAL DATA?**

6 A. Foothills does have access to Far West's financial records. However, because the  
7 Foothills assets were acquired in an asset purchase, many balance sheet accounts did not  
8 directly transfer from Far West to Foothills. For example, items such as deferred income  
9 tax, accounts payable, debt and other liabilities did not transfer to Foothills. Foothills  
10 Sewer did not assume Far West's AIAC liabilities. Plant in service transferred to  
11 Foothills, but the value of the transferred assets did not agree with Far West's general  
12 ledger balance, likely due to unrecorded retirements and possibly other accounting issues.  
13 Foothills found that Far West's recorded accumulated depreciation balance had not been  
14 established using depreciation rates approved by the Commission in Far West's rate case  
15 decisions.

16 **Q. CONSIDERING THESE ISSUES WITH FAR WEST'S FINANCIAL RECORDS,**  
17 **HOW DID FOOTHILLS ESTABLISH ITS PLANT IN SERVICE AND**  
18 **ACCUMULATED DEPRECIATION BALANCES FOR THE SEWER DIVISION?**

19 A. As part of the asset purchase process, Foothills developed a comprehensive listing of the  
20 actual utility assets being purchased, including the vintage year of the asset and the  
21 original cost of the asset. This listing provided the beginning plant in service balance for  
22 Foothills Sewer. Because Far West's accumulated depreciation balances were unreliable,

1 Foothills recalculated depreciation for each asset on the asset listing form its original  
2 acquisition date by Far West to the end of the test year using the depreciation rates  
3 approved for Far West in its previous rate orders. Assets acquired by Foothills after  
4 closing the transaction with Far West through the end of the test year were treated in the  
5 same manner as the assets acquired from Far West. Through this method, Foothills  
6 Sewer was able to establish plant in service, accumulated depreciation and net plant  
7 balances that comply with NARUC accounting requirements to book acquired assets at  
8 their correctly depreciated amounts.

9 **Q. HOW WERE CIAC AND ACCUMULATED AMORTIZATION OF CIAC**  
10 **HANDLED BY FOOTHILLS?**

11 A NARUC requires CIAC and accumulated amortization of CIAC balances to transfer with  
12 the underlying assets. In accordance with NARUC requirements, the balances from Far  
13 West's detailed CIAC subledgers were booked by Foothills Sewer. During preparation  
14 of this case, Foothills reconciled the balances to Far West's previous rate orders,  
15 recalculated the amortization since the last rate order, and booked the appropriate  
16 adjustments. For the sewer division, Foothills discovered that the CIAC balance had  
17 been reconciled and conformed to the approved balance in the previous rate decision, so  
18 the adjustments were small. The CIAC adjustments was booked as part of this filing and  
19 is discussed in more detail below.

1 **Q. DO YOU BELIEVE THE NET PLANT AND CIAC BALANCES PRESENTED BY**  
2 **FOOTHILLS SEWER COMPLY WITH NARUC ACCOUNTING**  
3 **REQUIREMENTS FOR TRANSFERRED ASSETS?**

4 A. Yes. The approach to booking plant assets and CIAC used by Foothills Sewer  
5 substantially corrects the flaws in the financial data maintained by Far West, resulting in  
6 net plant and net CIAC balances that comply with NARUC accounting requirements and  
7 the previous decisions of the Commission issued to Far West.

8 **2. Original Cost Rate Base Adjustments**

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

10 A. Rate Base Adjustment OC-1, detailed on page 2 of Schedule B-2, increases the plant in  
11 service balance by \$9,270,224. This adjustment is made up of four separate plant in  
12 service adjustments labeled [OC-1.1] through [OC-1.4]. Adjustments [OC-1.1] through  
13 [OC-1.4] are further detailed on pages 3 through 6 of Schedule B-2.

14 Adjustment [OC-1.1] reclasses plant balances between plant account 380 and plant  
15 account 371. The adjustment is needed to properly reflect the uses of an item of  
16 equipment and to bring the general ledger into agreement with detailed plant records.

17 Adjustment [OC-1.1] has no net impact on the plant in service balance. Adjustment  
18 [OC-1.1] is detailed on Page 3 of Schedule B-2 and on the referenced workpapers.

19 Adjustment [OC-1.2] decreases plant in service by \$202,348.81 to remove the booked  
20 cost of items of plant that were not in service at the end of the test year. The plant items  
21 include a lift station rehabilitation and vadose zone well that were under construction but  
22 not in service. Also included is the booked cost of a new customer information system

1 that was not in service at the end of the test year. These items of plant were incorrectly  
2 recorded as plant in service rather than construction work in progress. Adjustment [OC-  
3 1.2] is detailed on Page 4 of Schedule B-2 and on the referenced workpapers.

4 Adjustment [OC-1.3] decreases plant in service by \$737,674.46 to record the retirement  
5 of various items of general plant, transportation equipment and power operated  
6 equipment that were physically retired at the end of the test year but not recorded on  
7 Foothills Sewer's books. Adjustment [OC-1.3] is detailed on Page 5 of Schedule B-2 and  
8 on the referenced workpapers.

9 Adjustment [OC-1.4] increases plant in service by \$11,519,012.71 to record items of  
10 post-test year plant projected to be placed in service by Foothills Sewer between July 1,  
11 2023 and June 30, 2024. Adjustment [OC-1.4] also decreases plant in service by  
12 \$1,308,765.05 to record post-test year plant retirements associated with the post-test year  
13 plant additions. The net adjustment to plant in service is an increase to plant in service of  
14 \$10,210,247.66. Adjustment [OC-1.4] is detailed on Page 6 of Schedule B-2 and on the  
15 referenced workpapers.

16 **Q. PLEASE EXPLAIN RATE BASE ADJUSTMENT OC-2.**

17 A. Rate Base Adjustment OC-2 decreases the accumulated depreciation balance by  
18 \$1,903,045 after considering six separate accumulated depreciation adjustments labeled  
19 [OC-2.1] through [OC-2.6].

20 Adjustment [OC-2.1] classifies accumulated depreciation to various plant accounts based  
21 on the Company's detailed depreciation schedule. Due to a minor difference between the

1           general ledger balance and the detailed schedules, Adjustment [OC-2.1] increases  
2           accumulated depreciation by \$660.99. Adjustment [OC-2.1] is detailed on Page 8 of  
3           Schedule B-2 and on the referenced workpapers.

4           Adjustment [OC-2.2] decreases accumulated depreciation by \$4,534.4 to remove the  
5           booked depreciation on various items of plant that was not in service at the end of the test  
6           year. This adjustment is a companion adjustment to Adjustment [OC-1.2] previously  
7           discussed. Adjustment [OC-2.2] is detailed on Page 9 of Schedule B-2 and on the  
8           referenced workpapers.

9           Adjustment [OC-2.3] decreases accumulated depreciation by \$715,134.46 to record the  
10          retirement of various items of general plant, transportation equipment and power operated  
11          equipment that were physically retired at the end of the test year but not recorded on  
12          Foothills Sewer's books. This adjustment is a companion adjustment to Adjustment  
13          [OC-1.3] previously discussed. Adjustment [OC-2.3] is detailed on Page 10 of Schedule  
14          B-2 and on the referenced workpapers.

15          Adjustment [OC-2.4] reclassifies accumulated depreciation from account 390 – Office  
16          Furniture and Equipment to account 390.1 – Computers and Software. This adjustment  
17          brings accumulated depreciation balances into agreement with the balances presented in  
18          the depreciation study performed by Gannett Fleming and presented in the direct  
19          testimony of Mr. John Spanos. Adjustment [OC-2.4] is detailed on Page 11 of Schedule  
20          B-2 and on the referenced workpapers.



1 Adjustment [OC-2.5] decreases accumulated depreciation by \$1,298,015.05 to record  
2 post-test year plant retirements associated with the post-test year plant additions. The  
3 accumulated depreciation adjustment includes a provision for expected salvage values.  
4 All retirements are projected to occur between July 1, 2023 and June 30, 2024 as post-test  
5 year plant is placed into service. This adjustment is a companion adjustment to  
6 Adjustment [OC-1.4] previously discussed. Adjustment [OC-2.5] is detailed on Page 12  
7 of Schedule B-2 and on the referenced workpapers.

8 Adjustment [OC-2.6] increases accumulated depreciation by \$113,978.08 to reflect one  
9 half year of depreciation on items of post-test year plant placed into service between July  
10 1, 2023 and June 1, 2024. The adjustment also reflects the accumulated depreciation  
11 impact of the post-test year retirements. Because Foothills Sewer has requested to  
12 implement requested depreciation rates effective July 1, 2023, the Company has used its  
13 requested depreciation rates to calculate this adjustment. This adjustment is a companion  
14 adjustment to Adjustment [OC-1.4]. Adjustment [OC-2.6] is detailed on Page 13 of  
15 Schedule B-2 and the referenced workpapers.

16 **Q. PLEASE EXPLAIN RATE BASE ADJUSTMENT OC-3.**

17 A. Rate Base Adjustment OC-3 adjusts accumulated amortization of CIAC. Adjustment  
18 OC-3 increases the accumulated amortization of CIAC by \$36,283.91. The  
19 reconstruction of the accumulated amortization of CIAC is presented on pages 14 and 15  
20 of Schedule B-2.

**B RECONSTRUCTION COST RATE BASE AND RATE BASE ADJUSTMENTS**

***1. General***

**Q. HAVE YOU PREPARED STANDARD RECONSTRUCTION COST LESS DEPRECIATION RATE BASE SCHEDULES FOR FoothILLS SEWER?**

A. Yes. I have prepared all required rate base schedules and established a reconstruction cost less depreciation ("RCND") rate base for Foothills Sewer. Foothills Sewer's RCND rate base is shown on Schedule B-1, Line 22.

**Q. HOW DID FoothILLS SEWER ARRIVE AT ITS TEST YEAR RCND RATE BASE SHOWN ON SCHEDULE B-1, LINE 22?**

A. The RCND rate base was established using a trended original cost study ("RCND Study") as described in the direct testimony prepared by Mr. Dylan D'Ascendis. The results of the RCND Study are presented as the adjusted end of test year data on Schedule B-3. Schedule B-4 provides a summary of the plant and accumulated depreciation data from the RCND Study. In arriving at the final RCND rate base, Foothills Sewer made various pro forma adjustments [RCN-1 through RCN-3] to the adjusted test-year-end balances to arrive at the adjusted test-year-end reconstruction original cost rate base of \$53,889,521.

***2. Reconstruction Cost Rate Base Adjustments***

**Q. PLEASE EXPLAIN RATE BASE ADJUSTMENT RCN-1.**

A. Adjustment RCN-1 increases plant in service by \$11,519,012.71 to record items of post-test year plant projected to be placed in service by Foothills Sewer between July 1, 2023 and June 30, 2024. Adjustment RCN-1 is detailed on Page 2 of Schedule B-3 and on the referenced workpapers.

1 **Q. PLEASE EXPLAINING RATE BASE ADJUSTMENT RCN-2.**

2 A. Adjustment RCN-2 decreases plant in service by \$2,261,415.89 to reflect the trended cost  
3 of post-test year retirements. Adjustment RCN-2 also decreases accumulated  
4 depreciation by \$2,250,665.89 to record post-test year plant retirements associated with  
5 the post-test year plant additions. The accumulated depreciation adjustment includes a  
6 provision for expected salvage values. All retirements are projected to occur between  
7 July 1, 2023 and June 30, 2024 as post-test year plant is placed into service. This  
8 adjustment is a companion adjustment to Adjustment RCN-1 previously discussed.  
9 Adjustment RCN-2 is detailed on Page 3 of Schedule B-3 and on the referenced  
10 workpapers.

11 **Q. PLEASE EXPLAIN RATE BASE ADJUSTMENT RCN-3?**

12 A. Adjustment RCN-3 increases accumulated depreciation by \$113,978.08 to reflect one  
13 half year of depreciation on items of post-test year plant placed into service between July  
14 1, 2023 and June 1, 2024. The adjustment also reflects the accumulated depreciation  
15 impact of the post-test year retirements. Because Foothills Sewer has requested to  
16 implement requested depreciation rates effective July 1, 2023, the Company has used its  
17 requested depreciation rates to calculate this adjustment. This adjustment is a companion  
18 adjustment to Adjustment RCN-1. Adjustment RCN-3 is detailed on Page 5 of Schedule  
19 B-3 and the referenced workpapers.

**C INCOME STATEMENT AND INCOME STATEMENT ADJUSTMENTS**

***1. General***

**Q. HAVE YOU PREPARED STANDARD INCOME STATEMENT SCHEDULES FOR FOOTHILLS SEWER?**

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

***2. Operating Income Adjustments***

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

A. This adjustment removes operating expenses and other income and deductions incurred by Far West during the test year that will not be incurred by Foothills Sewer on a going forward basis. All eliminated items are based on the actual costs incurred and recorded by Far West. Income Statement Adjustment IS-1 decreases various operating expenses by a total of \$169,488.03. Other income and deductions were increased by a total of 597,833.56. In total the adjustments increase net income by \$767,321.59. Income Statement Adjustment IS-1 is detailed on Page 4 of Schedule C-2 and on the referenced workpapers.

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

A. This adjustment removes non-recurring operating expenses and other deductions incurred by Foothills Sewer during the test year that will not be incurred by Foothills Sewer on a going forward basis. All eliminated items are based on the actual costs incurred and recorded by Foothills Sewer. Income Statement Adjustment IS-2 decreases contractual

1 services - legal by \$55,241.94 and decreases transportation expense by \$286.44. Income  
2 Statement Adjustment IS-2 is detailed on Page 5 of Schedule C-2 and on the referenced  
3 workpapers.

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

5 A. Foothills Sewer's payroll and related costs have increased since the test year. This  
6 adjustment provides for a normalized level of salaries and wages, employee pension and  
7 benefits and payroll taxes based on the known and measurable current actual costs.  
8 Income Statement Adjustment IS-3 increases salaries and wages costs by \$161,988.88,  
9 increases employee pension and benefits costs by \$144,506.87 and increases payroll  
10 taxes by \$99,244.08. Income Statement Adjustment IS-3 is detailed on Page 6 of  
11 Schedule C-2 and on the indicated workpaper.

12 **Q. WHAT IS THE PURPOSE OF INCOME STATEMENT ADJUSTMENT IS-4?**

13 A. This adjustment normalizes Foothills Sewer's shared services costs. This adjustment is  
14 needed because Foothills Sewer only operated for nine months during the test year (Far  
15 West operated the system the other three months of the test year). This adjustment  
16 normalizes shared services costs to a full year of costs based on current level of shared  
17 services costs. Income Statement Adjustment IS-4 increases contractual services - other  
18 by \$133,693.71. Income Statement Adjustment IS-4 is detailed on Page 7 of Schedule C-  
19 2 and on the indicated workpaper.

20 **Q. PLEASE DESCRIBE INCOME STATEMENT ADJUSTMENT IS-5.**

21 A. Foothills Sewer's insurance costs have increased since the test year. This adjustment  
22 provides for a normalized level of insurance costs based on the known and measurable

1 current actual costs. Income Statement Adjustment IS-5 increases vehicle insurance costs  
2 by \$12,298.92, increases general liability insurance costs by \$18,620.58 and decreases  
3 workers compensation costs by \$1,790.10. Income Statement Adjustment IS-5 is detailed  
4 on Page 8 of Schedule C-2 and on the indicated workpaper.

5 **Q. WHAT IS THE REASON FOR INCOME STATEMENT ADJUSTMENT IS-6?**

6 A. During the test year, Foothills Sewer recorded salvage amounts received for sales of  
7 retired vehicles as a credit to transportation expenses rather than as a credit to  
8 accumulated depreciation as required by NARUC accounting requirements. This  
9 adjustment adjusts transportation expense to eliminate the credits for salvage values  
10 received. Income Statement Adjustment IS-6 increases transportation expense by  
11 \$20,825.00. Income Statement Adjustment IS-6 is detailed on Page 9 of Schedule C-2  
12 and on the indicated workpapers.

13 **Q. PLEASE EXPLAIN INCOME STATEMENT ADJUSTMENT IS-7.**

14 A. This adjustment eliminates various non-recurring adjustments to revenue accounts that  
15 were based on reconciliations performed during the test year. Income Statement  
16 Adjustment IS-7 decreases revenue by \$241,248.56. Income Statement Adjustment IS-7  
17 is detailed on Page 10 of Schedule C-2 and on the indicated workpaper.

18 **Q. WHAT IS THE PURPOSE OF INCOME STATEMENT ADJUSTMENT IS-8?**

19 A. This adjustment is needed to properly reflect effluent sales during the test year. The test  
20 year effluent billings included effluent usage for some months prior to the beginning of  
21 the test year and excluded billings for some months during the test year. This adjustment  
22 eliminates revenue for months billed prior to the test year and adds revenue for months



1 not billed during the test year. Income Statement Adjustment IS-8 increases metered  
2 reuse revenue by \$38,200.85. Income Statement Adjustment IS-8 is detailed on Page 11  
3 of Schedule C-2 and on the indicated workpaper.

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

5 A. Income statement adjustment IS-9 synchronizes interest expense with the test-year  
6 adjusted rate base and debt structure for Foothills Sewer. Income statement adjustment  
7 IS-10 increases interest expense by \$733,287 and is detailed on Page 13 of Schedule C-2.

8 **Q. WHAT IS INCOME STATEMENT ADJUSTMENT IS-10?**

9 A. Income statement adjustment IS-10 normalizes depreciation expense using adjusted test-  
10 year-end plant balances and proposed depreciation rates. For all plant accounts with  
11 plant balances, Foothills Sewer has used depreciation rates established by a depreciation  
12 study detailed in the direct testimony of Mr. John Spanos. For any plant account without  
13 a current plant balance, the Company is proposing Staff's standard recommended  
14 depreciation rate for use in the event that the Company adds plant to a currently unused  
15 plant account in the future. Fully depreciated plant balances are taken from the  
16 depreciation study. The Company has amortized subdivision CIAC at 2.00% and has  
17 amortized hook-up fee CIAC at 5.00% consistent with the treatment authorized in Far  
18 West's previous sewer rate order. Income statement adjustment IS-10 decreases  
19 depreciation expense by \$471,765 and is detailed on Page 14 of Schedule C-2.

20 **Q. WHAT IS INCOME STATEMENT ADJUSTMENT IS-11?**

21 A. Income statement adjustment IS-11 restates property taxes consistent with the method  
22 supported by Commission Staff and approved in numerous Commission decisions.

Specifically, following the Arizona Department of Revenue - Centrally Valued Properties method, full cash value was determined by using twice the average of three years of revenue, plus an addition for CWIP and a deduction for the book value of transportation equipment. Consistent with Commission practice, three times the adjusted revenues for the test year was used to determine the average revenue. The assessed value (16.5% of full cash value based on expected 2024 ratio) was then multiplied by the actual tax year 2023 property tax rate to determine adjusted property tax expense. Income statement adjustment IS-11 increases property tax expense by \$17,216 for the test year, and after considering the effect of the proposed rate increase, property tax expense is increased by \$36,912 from the test year adjusted amount. Income statement adjustment IS-11 is detailed on Page 15 of Schedule C-2.

**Q. WHAT IS INCOME STATEMENT ADJUSTMENT IS-12?**

A. Income statement adjustment IS-12 calculates the test year income tax expense for Foothills Sewer, 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-12 decreases the test year income tax expense by \$183,059, and after considering the effect of the proposed rate increase, income tax expense is increased by \$809,709 from the test year adjusted amount. Income Statement IS-12 is detailed on Page 16 of Schedule C-2.

**D RATE DESIGN AND REVENUE PROOF**

***1. 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 sewer 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 also shown by meter size and in total. Schedule H-3 compares present and proposed rates and shows the changes in each rate. Schedule H-4 compares present and proposed rates and shows the amount of present and proposed bills and the percentage increase. Schedule H-5 is the bill count of the bills issued during the test year.

***2. Rate Design***

**Q. PLEASE DESCRIBE FOOTHILLS SEWER'S CURRENT RATE DESIGN.**

A. Foothills Sewer currently uses a flat rate monthly charge for all sewer service customer classes and water meter sizes. The RV Park class uses a two-part rate with a flat rate monthly charge applicable as a base charge and a separate flat rate per RV space being assessed. Effluent sales are at a market rate which may not exceed \$1.00 per 1,000 gallons and not less than \$0.25 per 1,000 gallons. During the test year, all effluent sales were billed at \$0.25 per 1,000 gallons.

1 **Q. PLEASE DESCRIBE Foothills Sewer's PROPOSED RATE DESIGN.**

2 A. Foothills Sewer proposes to keep its current flat rate monthly charge rate design with all  
3 charges increasing by approximately the overall rate increase percentage. Foothills  
4 proposes to keep its effluent rate unchanged.

5 **Q. WHAT IS THE IMPACT OF Foothills Sewer's PROPOSED RATES ON**  
6 **TYPICAL RESIDENTIAL CUSTOMERS?**

7 A. Foothills Sewer residential customers' monthly charge will increase from \$55.95 to  
8 \$85.23, an increase of \$29.28 or 52.33%.

9 **Q. DOES Foothills Sewer PROPOSE ANY NEW RATES?**

10 A. No.

11 **Q. IS Foothills Sewer PROPOSING ANY CHANGES TO MISCELLANEOUS**  
12 **SERVICE CHARGES?**

13 A. As detailed in Schedule H-3, Foothills Sewer is not proposing any adjustments to its  
14 miscellaneous charges.

15 ***3. Revenue Proof***

16 **Q DID Foothills Sewer VERIFY AND PROVE THE TEST YEAR**  
17 **REVENUES?**

18 A. Yes. Schedule H-5 lists the number of bills for each class of customer and meter size.  
19 As shown on Schedule H-1, line 13, total calculated revenues, using bill counts, at  
20 present rates for the test year were \$6,473,669. The total per-book adjusted revenues  
21 were \$6,476,952 as shown on Schedule H-1, line 19. The unreconciled difference of

1           \$3,283 amounts to 0.05% of per-book adjusted revenues, as shown on Schedule H-1,  
2           lines 21 and 22.

3   **VII    OTHER MATTERS**

4       **A   DEPRECIATION RATES**

5   **Q.   HAS FOOTHILLS PREPARED A DEPRECIATION STUDY FOR THIS CASE?**

6   A.   Yes. As noted above, Gannett Fleming Valuation and Rate Consultants, LLC prepared a  
7       depreciation study as detailed in the direct testimony of Mr. John Spanos.

8   **Q.   DO THE RECOMMENDATIONS PRESENTED IN THE DEPRECIATION**  
9       **STUDY RAISE ANY POLICY ISSUES THAT IMPACT FOOTHILLS?**

10 A.   Yes. The depreciation study recommends substantial reductions in the group  
11       depreciation rate for most asset classes, indicating that the assets purchased by Foothills  
12       from Far West are over-depreciated relative to the actual expected life of the assets.  
13       Matching regulatory depreciation of assets to actual expected asset lives is an important  
14       regulatory principle that assures that plant investments are recovered over the  
15       approximate actual lives of the assets. When assets are depreciated prematurely, as in the  
16       case of Far West, a disincentive to new investment is created. This disincentive exists  
17       because new investments can become significantly depreciated prior to a Company being  
18       able to increase rates to recover the investment. Essentially, regulatory lag is multiplied,  
19       and plant investments are routinely and substantially under-recovered. It is this persistent  
20       under-recovery that is a disincentive to investment.

**Q. HOW IS FoothILLS IMPACTED BY THIS ISSUE?**

A. In October of 2022, Foothills purchased the assets of Far West. Far West was a historically troubled utility with a history of under investment and regulatory compliance issues. Through the end of the test year on June 30, 2023, Foothills has depreciated the acquired assets at the rates prescribed for Far West. The depreciation is in excess of the true depletion of the assets, prematurely eroding the value of Foothill's investment in the former Far West assets. In addition, due to the compliance issues and critical infrastructure needs of Far West, additional significant investment is immediately required. If left unaddressed, this new investment will also erode in value prematurely and before Foothills can obtain regulatory recovery. Without regulatory relief, Foothills' ability to fund the necessary investments now and in the future may be impaired, delaying the time to bring the troubled former operations and facilities of Far West up to the standards expected by regulators and customers alike.

**Q. HOW IS FoothILLS REQUESTING TO ADDRESS THE HISTORICAL OVER DEPRECIATION AND DISINCENTIVE TO INVESTMENT?**

A. Foothills is requesting that the depreciation rates recommend in the depreciation study be made effective on July 1, 2023, rather than upon issuance of a decision in this case. Considering that Foothills has acquired the assets of a troubled utility and is making its first rate filing in Arizona, it is good public policy to implement new depreciation rates, based on Foothills' depreciation study, in a timely manner as requested by Foothills. To do otherwise would not only harm Foothills' ability to make the investments needed to

1 improve the former Far West water and sewer systems, but it would also disincentivize  
2 the future acquisition of trouble systems by Foothills and other Arizona utilities.

3 **Q. DO PAST COMMISSION DECISIONS SUPPORT FOOTHILLS' REQUEST?**

4 A. Yes. My understanding is that the Commission has granted similar depreciation requests  
5 in the past. Several of those decisions are cited in the Application initiating this rate case.

6 **B SURCHARGE REQUESTS**

7 ***1. Regulatory Expense Surcharge***

8 **Q. HOW IS FOOTHILLS REQUESTING RECOVERY OF RATE CASE EXPENSE?**

9 A. Foothills is requesting recovery of rate case expense through a regulatory expense  
10 surcharge.

11 **Q. WHY IS FOOTHILLS REQUESTING APPROVAL OF A REGULATORY**  
12 **EXPENSE SURCHARGE?**

13 A. It is my understanding that, in recent cases, Commission Staff has indicated a preference  
14 for recovering rate case expense in a surcharge rather than in rates as a normalized  
15 expense. Further, the surcharge method is fair to both Foothills and its customers  
16 because it avoids potential over or under recovery of rate case expense that can happen  
17 when rate case expense is treated as a normalized expense. Rate case expense is incurred  
18 for a special purpose, outside of the test year and recurs at an uncertain interval. If  
19 treated as a normalized expense, if the utility is authorized new rates before the end of the  
20 amortization period, any unrecovered rate case expense is stranded. Conversely, if the  
21 utility stays out longer than the amortization period, the utility over recovers.



1 A surcharge avoids both possible outcomes, provided the order authorizing the surcharge  
2 allows it to be collected throughout the adopted amortization period irrespective of  
3 whether new rates are set before the amortization period expires. For that reason,  
4 Foothills proposes that it be allowed to collect the surcharge until it recovers the  
5 authorized level of rate case expense and then the surcharge will be terminated,  
6 regardless of when subsequent new rates are authorized. Under this surcharge approach,  
7 Foothills will recover the amount authorized, no more, and no less.

8 **Q. WHAT IS THE TOTAL RATE CASE EXPENSE REQUESTED FOR**  
9 **RECOVERY?**

10 A. Foothills is requesting recovery of \$600,000 in total, with \$300,000 allocated to the water  
11 division and \$300,000 allocated to the sewer division. The Company used estimated  
12 amounts from external consultants and outside counsel for its regulatory expense. The  
13 total rate case costs also include the costs of public noticing, printing, hearings, and other  
14 rate case expenses during the Company's rate case proceeding.

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

17 A. The resulting monthly regulatory expense surcharge to a typical residential customer  
18 would be \$0.48 for water and \$0.89 for sewer. **Exhibit RLJ-DT4** provides details for the  
19 surcharge calculation and charges for other classes of customers.

1                                    **2. Purchased Power Adjustor Mechanism**

2    **Q.     WOULD YOU SUMMARIZE THE PURCHASED POWER ADJUSTOR**  
3           **MECHANISM (“PPAM”) REQUESTED BY FOOTHILLS?**

4    A.     The PPAM will allow Foothills to increase or decrease rates to address changes in  
5           electric rates without going through a general rate case. The changes in rates are beyond  
6           the control of Foothills. Foothills proposes a PPAM for both the water division and the  
7           sewer division.

8    **Q.     IS PURCHASED POWER A SIGNIFICANT EXPENSE FOR FOOTHILLS?**

9    A.     Yes. Purchased power is a significant expense for both the water and sewer division,  
10          accounting for 7.5% and 8.1% of water and sewer operating expenses, respectively.

11   **Q.     HOW WILL THE PPAM WORK?**

12   A.     Under the PPAM, increases or decreases in power costs will be allocated on a per 1,000  
13          gallon basis for the water division and on an equivalent customer basis for the sewer  
14          division. The PPAM will be passed through to customers as a separate line item on the  
15          customer bill. The PPAM Plan of Administration ("POA"), attached as **Exhibit RLJ-**  
16          **DT5**, outlines the implementation and filing requirements as well as how the surcharge  
17          will be computed. Foothills understands that its proposed POA is consistent with PPAM  
18          POAs approved for other Arizona water and wastewater utilities regulated by the  
19          Commission.

1                                    **3. Purchased Water Adjustor Mechanism**

2    **Q.     WOULD YOU SUMMARIZE THE PURCHASED WATER ADJUSTOR**  
3           **MECHANISM (“PWAM”) REQUESTED BY FOOTHILLS?**

4    A.     The PWAM will allow Foothills to increase or decrease rates to address changes in the  
5           rates charged for delivery of Colorado River water received from the Yuma Mesa  
6           Irrigation and Drainage District (“YMIDD”) without going through a general rate case.  
7           The changes in YMIDD’s rates occur pursuant to contract and are beyond the control of  
8           Foothills. Foothills proposes a PWAM for the water division, but not its sewer division.

9    **Q.     IS PURCHASED WATER A SIGNIFICANT EXPENSE FOR FOOTHILLS**  
10           **WATER?**

11   A.     Yes. Purchased water is a significant expense for the water division, accounting for  
12           19.7% of water operating expenses.

13   **Q.     HOW WILL THE PWAM WORK?**

14   A.     Under the PWAM, increases or decreases in purchased water costs will be allocated on a  
15           per 1,000 gallon basis and passed through to customers as a separate line item on the  
16           customer bill. The PWAM Plan of Administration ("POA"), attached as **Exhibit RLJ-**  
17           **DT6**, outlines the implementation and filing requirements as well as how the surcharge  
18           will be computed. Foothills understands that its proposed POA for the water division is  
19           consistent with PWAM POAs approved for other Arizona water utilities regulated by the  
20           Commission.

**4. System Improvement Benefit Surcharge Mechanism**

**Q. PLEASE PROVIDE AN OVERVIEW OF THE SIB MECHANISM.**

A. The SIB Mechanism is a ratemaking tool that allows utilities to recover a limited portion of the capital costs (depreciation and return) of pre-approved distribution system and collection system improvement projects completed between rate cases.

**Q. DOES THE COMPANY SEEK THE IMPLEMENTATION OF A SIB MECHANISM IN THIS CASE?**

A. Yes. As Mr. Fortner describes in his direct testimony, and as demonstrated by the Capital Improvement Plans ("Capital Plans"), which are attached to Mr. Fortner's direct testimony, the Company's capital replacement needs are significant. Foothills is requesting approval of eight SIB projects totaling over \$5.9 million for the water division and five SIB projects totaling over \$5.0 million for the sewer division. These projects will be constructed over the next five years. The Commission developed the SIB mechanism to allow water and sewer utilities to gradually increase the level of investment made to replace aging and failing distribution and collection infrastructure, while sharing the benefits with customers in the form of an Efficiency Credit and recovering a portion of the cost of those investments gradually over the rate case cycle in a way that avoids customer rate shock. Accordingly, the Company requests that the Commission approve a SIB mechanism for Foothill's water and sewer divisions.

1 **Q. CAN THESE INFRASTRUCTURE REPLACEMENTS BE HANDLED AS PART**  
2 **OF THE COMPANY'S NORMAL MAINTENANCE AND REPLACEMENT**  
3 **PROGRAM?**

4 A. No. Replacing this water and sewer infrastructure is essential to the Company's ability to  
5 provide safe, reliable, and adequate water and sewer service, but also significantly  
6 increases the Company's cost of providing those services. Given the magnitude of the  
7 total required water and sewer infrastructure replacements, without the SIB or similar  
8 cost recovery vehicle, the Company may be unable to make these needed investments  
9 without materially weakening its financial condition.

10 **Q. PLEASE SUMMARIZE THE SIB FILING REQUIREMENTS.**

11 A. The Commission requires the Company to provide the information required in SIB Plant  
12 Table I, which consists of a list of SIB eligible projects, including the relevant plant  
13 account, quantity, size, and estimated cost and a narrative describing why the  
14 infrastructure needs to be replaced.

15 **Q. DOES THE COMPANY PROPOSE A SIB PLAN OF ADMINISTRATION**  
16 **("POA") FOR FOOTHILLS WATER AND FOOTHILLS SEWER?**

17 A. Yes. The Company proposes the SIB POAs attached as **Exhibit RLJ-DT7** and **Exhibit**  
18 **RLJ-DT8** for the water and sewer division, respectively.

19 **Q. WHAT ARE THE CUSTOMER BENEFITS OF A SIB?**

20 A. There are a number of customer benefits of a SIB mechanism. Primary among them are  
21 improved water and sewer system reliability, improved drinking water quality, improved  
22 sewer odor control and improved effluent quality. Aging and failing water and sewer

1 infrastructure can cause a number of customer service issues such as degradation of water  
2 quality, objectionable odors, sewer overflows, and increased service interruptions.  
3 Additionally, leaking water mains result in significant water loss each year. The water  
4 division SIB mechanism will allow the Company to improve the integrity and reliability  
5 of its water distribution systems and reduce water losses and service interruptions caused  
6 by water distribution system failures. The sewer division SIB will allow the Company to  
7 improve the integrity and reliability of its sewer collection system.

8 **C ELIMINATED TARIFF**

9 **Q. IS FOOTHILLS PROPOSING TO ELIMINATE ANY TARIFFS?**

10 A. Yes, Foothills proposes to eliminate the 2018 Federal Tax Act Credit Tariff for both its  
11 water and sewer divisions. The tariff is no longer needed as all income tax expense will  
12 be included in base rates upon issuance of a decision in this case.

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

14 A. Yes.

# **EXHIBIT RLJ-DT1**

**Resume Ray L. Jones, P.E.**





**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 | <p><b>Arizona-American Water Company</b><br/><b>President</b></p> <p>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.</p>  |
| 1998 to 2002 | <p><b>Citizens Water Resources, Arizona Operations</b><br/><b>Vice President and General Manager</b></p> <p>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.</p>  |
| 1990 to 1998 | <p><b>Citizens Water Resources, Arizona Operations</b><br/><b>Engineering and Development Services Manager</b></p> <p>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&amp;N's and Franchises), and management of capital budgeting functions and capital accounting functions.</p> |
| 1985 to 1990 | <p><b>Citizens Water Resources, Arizona Operations</b><br/><b>Civil Engineer</b></p> <p>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.</p>   |

### **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.

| <b>Filing Year</b> | <b>Utility(ies)</b>   | <b>Filing Type(s)</b>                                       | <b>Docket(s)</b>  |
|--------------------|---|---|---|
| 1992               | Sun City West Utilities Company   | CC&N Extension (Expansion of Sun City West)                 | U-2334-92-244   |
| 1993               | Sun City Water Company<br>Sun City Sewer Company  | CC&N Extension (Addition of Coyote Lakes)                   | U-1656-93-060<br>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<br>Sun City Water Company<br>Sun City Sewer Company<br>Sun City West Utilities Company<br>Tubac Valley Water Company | Ratemaking  | E-1032-95-417<br>U-1656-95-417<br>U-2276-95-417<br>U-2334-95-417<br>U-1595-95-417 |
| 1996               | City Water Company<br>Sun City Sewer Company  | CC&N Extension (Acquisition of Youngtown)                   | U-1656-96-282<br>U-2276-96-282  |
| 1996               | Citizens Utilities Company  | CC&N Extension and Deletion (Realignment of Surprise Bdry.) | E-1032-96-518   |

| <b>Filing Year</b> | <b>Utility(ies)</b>  | <b>Filing Type(s)</b>   | <b>Docket(s)</b>  |
|--------------------|--|---|---|
| 1998               | Sun City Water Company<br>Sun City West Utilities Company  | CAP Water Plan and Accounting Order (Sun Cities CAP plan)                                   | W-01656A-98-0577<br>SW-02334A-98-0577   |
| 2000               | Citizens Water Resources Company of Arizona<br>Citizens Water Services Company of Arizona        | CC&N Extension and Accounting Order (Anthen Jacka Property and Phoenix Treatment Agreement) | SW-3455-00-1022<br>SW-3454-00-1022  |
| 2000               | Citizens Communications Company<br>Citizens Water Services Company of Arizona                    | CC&N Extension and Approval of Hook-Up Fee (Verrado)  | W-0132B-00-1043<br>SW-0354A-00-1043   |
| 2002               | Arizona-American Water Company   | Ratemaking  | WS-01303A-02-0867<br>WS-01303A-02-0868<br>WS-01303A-02-0869<br>WS-01303A-02-0870<br>WS-01303A-02-0908 |
| 2004               | Arizona-American Water Company<br>Rancho Cabrillo Water Company<br>Rancho Cabrillo Sewer Company | CC&N Transfer   | WS-01303A-04-0089<br>W-01303A-04-0089<br>SW-03898A-04-0089  |
| 2004               | Johnson Utilities Company, LLC<br>(Representing Pulte Home Corporation)                          | CC&N Extension  | WS-02987A-04-0288   |
| 2005               | Perkins Mountain Utility Company<br>Perkins Mountain Water Company                               | New CC&N & Initial Rates  | WS-20379A-05-0489<br>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<br>WS-02199A-11-0330  |
| 2011               | Tusayan Water Development Association, Inc.<br>(Representing the Town of Tusayan)                | Ratemaking  | W-02350A-10-0163  |

| <b>Filing Year</b> | <b>Utility(ies)</b>                                   | <b>Filing Type(s)</b>                       | <b>Docket(s)</b>                       |
|--------------------|---|---|--|
| 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<br>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<br>WS-02199A-16-0422 |
| 2017               | Cordes Lakes Water Company                            | Emergency Ratemaking<br>Emergency Financing | W-02060A-17-0228                       |
| 2017               | Cordes Lakes Water Company                            | Ratemaking                                  | W-02060A-17-0274                       |

| <b>Filing Year</b> | <b>Utility(ies)</b>   | <b>Filing Type(s)</b>   | <b>Docket(s)</b>                       |
|--------------------|---|---|--|
| 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<br>(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<br>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<br>(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.<br>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<br>WS-21155A-21-0137<br>WS-21155A-21-0138<br>WS-21155A-21-0139<br>WS-21155A-21-0140<br>WS-21155A-21-0141<br>WS-21155A-21-0143<br>WS-21155A-21-0149<br>WS-21155A-21-0150<br>WS-21155A-21-0151<br>WS-21155A-21-0152<br>WS-21155A-21-0153<br>WS-21155A-21-0154<br>WS-21155A-21-0155<br>WS-21155A-21-0156<br>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.<br>Foothills Water & Sewer, LLC             | Extension of CC&N Territory   | WS-03478A-22-0109<br>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<br>WS-21155A-22-0052<br>WS-21155A-22-0055<br>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<br>2023 | Cactus State Utility Operating Company, LLC                              | Transfer of Certificate of Convenience and Necessity and Transfer of Utility Assets | WS-21155A-22-0309<br>WS-21155A-22-0314<br>WS-21155A-22-0319<br>WS-21155A-22-0324<br>WS-21155A-22-0327<br>WS-21155A-23-0013   |
| 2023         | Valley Utilities Water Company, Inc.<br>Tierra Buena Water Company, Inc. | Ratemaking / Sale of Assets and Consolidation                                       | W-01412A-23-0070<br>W-02076A-23-0071<br>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 |

October 2023



# **EXHIBIT RLJ-DT2**

## **Water Schedules**

**Foothills Water & Sewer, LLC - Water Division**  
Test Year Ended June 30, 2023  
Computation of Increase in Gross Revenue Requirements

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

| Line No. |                                    | Original Cost Rate Base | RCND            | Fair Value Rate Base                    | Fair Value Increment |
|----------|------------------------------------|-------------------------|-----------------|---|----------------------|
| 1        | Adjusted Rate Base                 | \$ 18,437,198           | \$ 26,064,706   | \$ 22,250,952                           |                      |
| 2        |                                    |                         |                 |   |                      |
| 3        | Adjusted Operating Income          | 771,722                 | 771,722         | 771,722                                 |                      |
| 4        |                                    |                         |                 |   |                      |
| 5        | Current Rate of Return             | 4.19%                   | 2.96%           | 3.47%                                   |                      |
| 6        |                                    |                         |                 |   |                      |
| 7        | Weighted Average Cost of Capital   | 8.22%                   | 8.22%           | 8.22%                                   |                      |
| 8        | Fair Value Adjustment              | 0.18%                   | -2.28%          | -1.26%                                  |                      |
| 9        | Required Rate of Return            | 8.40%                   | 5.94%           | 6.96%                                   |                      |
| 10       |                                    |                         |                 |   |                      |
| 11       | Required Operating Income          | \$ 1,548,666            | \$ 1,548,666    | \$ 1,548,666                            |                      |
| 12       |                                    |                         |                 |   |                      |
| 13       | Operating Income Deficiency        | \$ 776,944              | \$ 776,944      | \$ 776,944                              | \$ 33,129            |
| 14       |                                    |                         |                 |   |                      |
| 15       | Gross Revenue Conversion Factor    | 1.3483                  | 1.3483          | 1.3483                                  | 1.3483               |
| 16       |                                    |                         |                 |   |                      |
| 17       | Required Increase in Gross Revenue | \$ 1,047,567            | \$ 1,047,567    | \$ 1,047,567                            | \$ 44,668            |
| 18       |                                    |                         |                 |   |                      |
| 19       | Adjusted Test Year Revenue         |                         |                 | \$ 5,892,218                            |                      |
| 20       |                                    |                         |                 |   |                      |
| 21       | Proposed Annual Revenue            |                         |                 | \$ 6,939,785                            |                      |
| 22       |                                    |                         |                 |   |                      |
| 23       | Percent Increase in Gross Revenue  |                         |                 | 17.78%                                  |                      |
| 24       |                                    |                         |                 |   |                      |
| 25       | Resulting Operating Margin         |                         |                 | 22.32%                                  |                      |
| 26       |                                    |                         |                 |   |                      |
| 27       |                                    |                         |                 |   |                      |
| 28       |                                    |                         |                 |   |                      |
| 29       |                                    |                         |                 |   |                      |
| 30       |                                    |                         |                 | Projected Revenue Increase Due To Rates | % Dollar Increase    |
| 31       |                                    | Current Rates           | Projected Rates |   |                      |
| 32       | <u>Customer Classification</u>     |                         |                 |   |                      |
| 33       |                                    |                         |                 |   |                      |
| 34       | Fire Lines                         | -                       | -               | \$ -                                    | n/a                  |
| 35       |                                    |                         |                 |   |                      |
| 36       | <u>Metered Revenue</u>             |                         |                 |   |                      |
| 37       | Residential                        | 4,970,534               | 5,655,254       | 684,720                                 | 13.78%               |
| 38       | Commercial                         | 739,418                 | 969,855         | 230,436                                 | 31.16%               |
| 39       | Standpipe                          | 27,158                  | 35,876          | 8,718                                   | 32.10%               |
| 40       | Metered Revenue                    | 5,737,111               | 6,660,985       | 923,874                                 | 16.10%               |
| 41       |                                    |                         |                 |   |                      |
| 42       |                                    |                         |                 |   |                      |
| 43       | Miscellaneous Service Revenue      | 146,187                 | 269,863         | 123,676                                 | 84.60%               |
| 44       |                                    |                         |                 |   |                      |
| 45       | Reconciling Amount                 | 4,763                   | 4,780           | \$ 17                                   |                      |
| 46       |                                    |                         |                 |   |                      |
| 47       | Subtotal                           | \$ 5,892,218            | \$ 6,939,785    | \$ 1,047,567                            | 17.78%               |
| 48       |                                    |                         |                 |   |                      |
| 49       |                                    |                         |                 |   |                      |
| 50       | <u>Supporting Schedules:</u>       |                         |                 |   |                      |
| 51       | B-1 C-1                            |                         |                 |   |                      |
| 52       | C-3 H-1                            |                         |                 |   |                      |
| 53       |                                    |                         |                 |   |                      |

**Foothills Water & Sewer, LLC - Water Division**  
Test Year Ended June 30, 2023  
Summary Results of Operations

Exhibit: RLJ-DT2  
Schedule A-2  
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Witness: Jones

| Line No. | Description                  | Prior Years Ended |              | Test Year           |                       | Projected Year                |                                |
|----------|------------------------------|-------------------|--------------|---------------------|-----------------------|-------------------------------|--------------------------------|
|          |                              | 6/30/2021         | 6/30/2022    | Actual<br>6/30/2023 | Adjusted<br>6/30/2023 | Present<br>Rates<br>6/30/2024 | Proposed<br>Rates<br>6/30/2024 |
| 1        | Gross Revenues               | \$ 5,804,315      | \$ 6,369,409 | \$ 5,991,265        | \$ 5,892,218          | \$ 5,892,218                  | \$ 6,939,785                   |
| 2        | Revenue Deductions and       |                   |              |                     |                       |                               |                                |
| 3        | Operating Expenses           | 4,190,368         | 4,415,501    | 4,551,268           | 5,120,496             | 5,224,624                     | 5,495,220                      |
| 4        | Operating Income             | 1,613,947         | 1,953,908    | 1,439,997           | 771,722               | 667,595                       | 1,444,565                      |
| 5        |                              |                   |              |                     |                       |                               |                                |
| 6        | Other Income and             |                   |              |                     |                       |                               |                                |
| 7        | Deductions                   | 50,445            | (347,517)    | (401,534)           | (598,434)             | (598,804)                     | (598,804)                      |
| 8        | Interest Expense             | 793               | 793          | 209                 | -                     | -                             | -                              |
| 9        | Net Income                   | \$ 1,665,185      | \$ 1,607,184 | \$ 1,038,672        | \$ 173,289            | \$ 68,790                     | \$ 845,761                     |
| 10       |                              |                   |              |                     |                       |                               |                                |
| 11       | Earned Per Average           |                   |              |                     |                       |                               |                                |
| 12       | Common Share                 | n/a               | n/a          | n/a                 | n/a                   | n/a                           | n/a                            |
| 13       |                              |                   |              |                     |                       |                               |                                |
| 14       | Dividends Per                |                   |              |                     |                       |                               |                                |
| 15       | Common Share                 | n/a               | n/a          | n/a                 | n/a                   | n/a                           | n/a                            |
| 16       |                              |                   |              |                     |                       |                               |                                |
| 17       | Payout Ratio                 | n/a               | n/a          | n/a                 | n/a                   | n/a                           | n/a                            |
| 18       |                              |                   |              |                     |                       |                               |                                |
| 19       | Return on Average            |                   |              |                     |                       |                               |                                |
| 20       | Invested Capital             | 6.4%              | 5.9%         | 4.8%                | 0.5%                  | 0.2%                          | 2.3%                           |
| 21       |                              |                   |              |                     |                       |                               |                                |
| 22       | Return on Year End           |                   |              |                     |                       |                               |                                |
| 23       | Capital                      | 6.2%              | 5.9%         | 6.5%                | 0.6%                  | 0.2%                          | 1.9%                           |
| 24       |                              |                   |              |                     |                       |                               |                                |
| 25       | Return on Average            |                   |              |                     |                       |                               |                                |
| 26       | Common Equity                | 19.2%             | 15.4%        | 18.1%               | 2.6%                  | 0.8%                          | 9.9%                           |
| 27       |                              |                   |              |                     |                       |                               |                                |
| 28       | Return on Year End           |                   |              |                     |                       |                               |                                |
| 29       | Common Equity                | 16.8%             | 14.6%        | 209.6%              | 12.6%                 | 0.5%                          | 5.4%                           |
| 30       |                              |                   |              |                     |                       |                               |                                |
| 31       | Times Bond Interest Earned   |                   |              |                     |                       |                               |                                |
| 32       | Before Income Taxes          | 3.65              | 5.64         | 8.60                | 2.25                  | 1.99                          | 4.58                           |
| 33       |                              |                   |              |                     |                       |                               |                                |
| 34       | Times Total Interest and     |                   |              |                     |                       |                               |                                |
| 35       | Preferred Dividends Earned   |                   |              |                     |                       |                               |                                |
| 36       | After Income Taxes           | 3.65              | 5.64         | 8.77                | 1.94                  | 1.68                          | 3.63                           |
| 37       |                              |                   |              |                     |                       |                               |                                |
| 38       |                              |                   |              |                     |                       |                               |                                |
| 39       | <u>Supporting Schedules:</u> |                   |              |                     |                       |                               |                                |
| 40       | E-2 F-1                      |                   |              |                     |                       |                               |                                |
| 41       | C-1                          |                   |              |                     |                       |                               |                                |
| 42       |                              |                   |              |                     |                       |                               |                                |

**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 2023

Summary of Capital Structure

Exhibit: RLJ-DT2

Schedule A-3

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Witness: Jones

| Line No. | Description:           | Prior Years Ended |               | Test Year  | Projected Year |
|----------|------------------------|-------------------|---------------|------------|----------------|
|          |                        | 6/30/2021         | 6/30/2022     | 6/30/2023  | 6/30/2024      |
| 3        | Short-Term Debt        | 788,087           | 788,087       | -          | -              |
| 4        | Long-Term Debt         | 5,310,324         | 3,291,514     | -          | -              |
| 5        | Total Debt             | \$ 6,098,411      | \$ 4,079,601  | \$ -       | \$ -           |
| 7        | Preferred Stock        | -                 | -             | -          | -              |
| 8        | Common Equity          | 9,917,390         | 10,997,801    | 495,553    | 14,821,046     |
| 9        | Total Capital & Debt   | \$ 16,015,801     | \$ 15,077,402 | \$ 495,553 | \$ 14,821,046  |
| 12       | Capitalization Ratios: |                   |               |            |                |
| 14       | Short-Term Debt        | 4.92%             | 5.23%         | 0.00%      | 0.00%          |
| 15       | Long-Term Debt         | 33.16%            | 21.83%        | 0.00%      | 0.00%          |
| 16       | Total Debt             | 38.08%            | 27.06%        | 0.00%      | 0.00%          |
| 18       | Preferred Stock        | 0.00%             | 0.00%         | 0.00%      | 0.00%          |
| 19       | Common Equity          | 61.92%            | 72.94%        | 100.00%    | 100.00%        |
| 20       | Total Capital          | 100.00%           | 100.00%       | 100.00%    | 100.00%        |
| 22       | Weighted Cost of       |                   |               |            |                |
| 23       | Short-term Debt        | 0.0000%           | 0.0000%       | 0.0000%    | 0.0000%        |
| 25       | Weighted Cost of       |                   |               |            |                |
| 26       | Long-term Debt         | 2.7620%           | 2.2992%       | 0.0000%    | 0.0000%        |
| 28       | Weighted Cost of       |                   |               |            |                |
| 29       | Senior Capital         | 2.7620%           | 2.2992%       | 0.0000%    | 0.0000%        |
| 35       | Supporting Schedules:  |                   |               |            |                |
| 36       | E-1 D-1                |                   |               |            |                |

**Foothills Water & Sewer, LLC - Water Division**  
Test Year Ended June 30, 2023  
Construction Expenditures and Gross Utility Plant In Service

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

| Line<br>No. | Year                         |           | Construction<br>Expenditures | Net Plant Placed<br>In Service | Gross Utility<br>Plant In Service |
|-------------|------------------------------|-----------|------------------------------|--------------------------------|-----------------------------------|
| 1           |                              |           |                              |                                |                                   |
| 2           | Prior Year Ended             | 6/30/2021 | \$ 566,631                   | \$ 610,012                     | \$ 32,450,554                     |
| 3           |                              |           |                              |                                |                                   |
| 4           | Prior Year Ended             | 6/30/2022 | 969,896                      | 807,904                        | 33,258,458                        |
| 5           |                              |           |                              |                                |                                   |
| 6           | Test Year Ended              | 6/30/2023 | 1,422,951                    | 907,570                        | 34,166,028                        |
| 7           |                              |           |                              |                                |                                   |
| 8           | Projected Year Ending        | 6/30/2024 | 14,424,946                   | 13,703,699                     | 47,869,726                        |
| 9           |                              |           |                              |                                |                                   |
| 10          | Projected Year Ending        | 6/30/2025 | 10,125,000                   | 9,618,750                      | 57,488,476                        |
| 11          |                              |           |                              |                                |                                   |
| 12          | Projected Year Ending        | 6/30/2026 | 6,225,000                    | 5,913,750                      | 63,402,226                        |
| 13          |                              |           |                              |                                |                                   |
| 14          | <u>Supporting Schedules:</u> |           |                              |                                |                                   |
| 15          | F-3                          |           |                              |                                |                                   |
| 16          | B-2.1                        |           |                              |                                |                                   |
| 17          |                              |           |                              |                                |                                   |

**Foothills Water & Sewer, LLC - Water Division**  
Test Year Ended June 30, 2023  
Summary Changes In Financial Position

Exhibit: RLJ-DT2  
Schedule A-5  
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Witness: Jones

| Line<br>No. |  | Prior<br>Year<br>Ended<br>6/30/2021 | Prior<br>Year<br>Ended<br>6/30/2022 | Test<br>Year<br>Ended<br>6/30/2023 | <u>Projected Year</u>         |                                |
|-------------|--|-------------------------------------|-------------------------------------|------------------------------------|-------------------------------|--------------------------------|
|             |  |                                     |                                     |                                    | Present<br>Rates<br>6/30/2024 | Proposed<br>Rates<br>6/30/2025 |
| 1           | <u>Source of Funds</u>                   |                                     |                                     |                                    |                               |                                |
| 2           | Operations                               | \$ 409,975                          | \$ 2,906,129                        | \$ 6,123,725                       | \$ 1,476,080                  | \$ 2,253,051                   |
| 3           |  |                                     |                                     |                                    |                               |                                |
| 4           | Outside Financing                        | 1,096,564                           | (1,712,600)                         | 8,913,140                          | 12,800,000                    | 7,875,000                      |
| 5           |  |                                     |                                     |                                    |                               |                                |
| 6           | Total Funds Provided                     | \$ 1,506,539                        | \$ 1,193,529                        | \$ 15,036,865                      | \$ 14,276,080                 | \$ 10,128,051                  |
| 7           |  |                                     |                                     |                                    |                               |                                |
| 8           | <u>Application of Funds</u>              |                                     |                                     |                                    |                               |                                |
| 9           | Constriction Expenditures                | \$ (576,101)                        | \$ (977,633)                        | \$ (14,668,786)                    | \$ (14,424,946)               | \$ (10,125,000)                |
| 10          |  |                                     |                                     |                                    |                               |                                |
| 11          | Dividends/Distributions                  | -                                   | -                                   | -                                  | -                             | -                              |
| 12          |  |                                     |                                     |                                    |                               |                                |
| 13          | Other                                    | -                                   | -                                   | -                                  | -                             | -                              |
| 14          |  |                                     |                                     |                                    |                               |                                |
| 15          | Total Funds Applied                      | \$ (576,101)                        | \$ (977,633)                        | \$ (14,668,786)                    | \$ (14,424,946)               | \$ (10,125,000)                |
| 16          |  |                                     |                                     |                                    |                               |                                |
| 17          | Change in Allocation between Departments | \$ (838,162)                        | \$ (526,776)                        | \$ -                               | \$ -                          | \$ -                           |
| 18          |  |                                     |                                     |                                    |                               |                                |
| 19          | Net Increase/(Decrease) in Cash          | \$ 92,276                           | \$ (310,880)                        | \$ 368,079                         | \$ (148,866)                  | \$ 3,051                       |
| 20          |  |                                     |                                     |                                    |                               |                                |
| 21          |  |                                     |                                     |                                    |                               |                                |
| 22          |  |                                     |                                     |                                    |                               |                                |
| 23          | <u>Supporting Schedules:</u>             |                                     |                                     |                                    |                               |                                |
| 24          | E-3                                      |                                     |                                     |                                    |                               |                                |
| 25          | F-2                                      |                                     |                                     |                                    |                               |                                |
| 26          |  |                                     |                                     |                                    |                               |                                |

| Line<br>No. |  | Original<br>Cost<br>Rate Base* | RCND<br>Rate Base* | Fair Value<br>Rate Base<br>(50/50) |
|-------------|--|--------------------------------|--------------------|------------------------------------|
| 1           |  |                                |                    |                                    |
| 2           | Gross Utility Plant in Service             | \$ 45,895,555                  | \$ 108,761,326     | \$ 77,328,441                      |
| 3           |  |                                |                    |                                    |
| 4           | Less: Accumulated Depreciation             | (19,426,822)                   | (64,740,303)       | (42,083,562)                       |
| 5           |  |                                |                    |                                    |
| 6           | Net Utility Plant in Service               | 26,468,734                     | 44,021,022         | 35,244,878                         |
| 7           |  |                                |                    |                                    |
| 8           | Less:                                      |                                |                    |                                    |
| 9           | Advances in Aid of Construction            | 279,704                        | 615,393            | 447,549                            |
| 10          |  |                                |                    |                                    |
| 11          | Contributions in Aid of Construction       | 13,043,335                     | 28,697,417         | 20,870,376                         |
| 12          | Accumulated Amortization of CIAC           | (4,588,327)                    | (10,095,051)       | (7,341,689)                        |
| 13          | Contributions in Aid of Construction - Net | 8,455,008                      | 18,602,366         | 13,528,687                         |
| 14          |  |                                |                    |                                    |
| 15          | Customer Security Deposits                 | 75,854                         | 75,854             | 75,854                             |
| 16          | Deferred Income Taxes                      | (465,160)                      | (1,023,426)        | (744,293)                          |
| 17          |  |                                |                    |                                    |
| 18          | Plus:                                      |                                |                    |                                    |
| 19          | Working Capital                            | 313,871                        | 313,871            | 313,871                            |
| 20          | Net Regulatory Asset / (Liability)         | -                              | -                  | -                                  |
| 21          |  |                                |                    |                                    |
| 22          | Rate Base                                  | \$ 18,437,198                  | 26,064,706         | 22,250,952                         |
| 23          |  |                                |                    |                                    |
| 24          | * including pro forma adjustments          |                                |                    |                                    |
| 25          |  |                                |                    |                                    |
| 26          |  |                                |                    |                                    |
| 27          | <u>Supporting Schedules:</u>               |                                |                    | <u>Recap Schedules:</u>            |
| 28          | B-2 B-5                                    |                                |                    | A-1                                |
| 29          | B-3 E-1                                    |                                |                    |                                    |
| 30          |  |                                |                    |                                    |



| Line<br>No. |  | Actual<br>End of<br>Test Year | ADJ<br>OC-1   | ADJ<br>OC-2  | ADJ<br>OC-3 | ADJ<br>OC-4 | Total<br>Pro Forma<br>Adjustments | Adjusted<br>End of<br>Test Year |
|-------------|--|-------------------------------|---------------|--------------|-------------|-------------|-----------------------------------|---------------------------------|
| 1           |  |                               |               |              |             |             |                                   |                                 |
| 2           | Gross Utility Plant in Service             | \$ 34,166,028                 | \$ 11,729,527 |              |             |             | \$ 11,729,527                     | \$ 45,895,555                   |
| 3           |  |                               |               |              |             |             |                                   |                                 |
| 4           | Less: Accumulated Depreciation             | (21,022,826)                  |               | 1,596,004    |             |             | 1,596,004                         | (19,426,822)                    |
| 5           |  |                               |               |              |             |             |                                   |                                 |
| 6           | Net Utility Plant in Service               | 13,143,202                    | 11,729,527    | 1,596,004    | -           | -           | 13,325,532                        | 26,468,734                      |
| 7           |  |                               |               |              |             |             |                                   |                                 |
| 8           | Less:                                      |                               |               |              |             |             |                                   |                                 |
| 9           | Advances in Aid of Construction            | 321,194                       |               |              |             | (41,490)    | (41,490)                          | 279,704                         |
| 10          |  |                               |               |              |             |             |                                   |                                 |
| 11          | Contributions in Aid of Construction       | 13,530,239                    |               |              | (486,904)   |             | (486,904)                         | 13,043,335                      |
| 12          | Accumulated Amortization of CIAC           | (4,235,494)                   |               |              | (352,833)   |             | (352,833)                         | (4,588,327)                     |
| 13          | Contributions in Aid of Construction - Net | 9,294,745                     | -             | -            | (839,737)   | -           | (839,737)                         | 8,455,008                       |
| 14          |  |                               |               |              |             |             |                                   |                                 |
| 15          | Customer Security Deposits                 | 75,854                        |               |              |             |             | -                                 | 75,854                          |
| 16          | Deferred Income Taxes                      | (465,160)                     |               |              |             |             | -                                 | (465,160)                       |
| 17          |  |                               |               |              |             |             |                                   |                                 |
| 18          | Plus:                                      |                               |               |              |             |             |                                   |                                 |
| 19          | Working Capital                            | 313,871                       |               |              |             |             | -                                 | 313,871                         |
| 20          | Net Regulatory Asset / (Liability)         | -                             |               |              |             |             | -                                 | -                               |
| 21          |  |                               |               |              |             |             |                                   |                                 |
| 22          | Rate Base                                  | \$ 4,230,440                  | \$ 11,729,527 | \$ 1,596,004 | \$ 839,737  | \$ 41,490   | \$ 14,206,759                     | \$ 18,437,198                   |
| 23          |  |                               |               |              |             |             |                                   |                                 |
| 24          |  |                               |               |              |             |             |                                   |                                 |
| 25          |  |                               |               |              |             |             |                                   |                                 |
| 26          |  |                               |               |              |             |             |                                   |                                 |
| 27          |  |                               |               |              |             |             |                                   |                                 |
| 28          | <u>Supporting Schedules:</u>               |                               |               |              |             |             | <u>Recap Schedules:</u>           |                                 |
| 29          | E-1  |                               |               |              |             |             | B-1                               |                                 |
| 30          |  |                               |               |              |             |             |                                   |                                 |

| Line No. | Acct No. | Description                               | Actual End of Test Year | Book Adjustments                     |                                      |  | Adjusted Book End of Test Year | Rate Making Adjustments       |                                     | Total Rate Making Adjustments | Adjusted End of Test Year |
|----------|----------|---|-------------------------|--------------------------------------|--------------------------------------|--|--------------------------------|-------------------------------|-------------------------------------|-------------------------------|---------------------------|
|          |          |   |                         | [OC-1.1] Remove Plant Not In Service | [OC-1.2] Record Unbooked Retirements | [OC-1.3] Adjust Per Depreciation Study |                                | [OC-1.4] Post-Test Year Plant | [OC-1.4] Post-Test Year Retirements |                               |                           |
| 1        |          |   |                         |                                      |                                      |  |                                |                               |                                     |                               |                           |
| 2        |          |   |                         |                                      |                                      |  |                                |                               |                                     |                               |                           |
| 3        |          |   |                         |                                      |                                      |  |                                |                               |                                     |                               |                           |
| 4        | 301      | Organization Cost                         | \$ 1,626                |                                      | \$ -                                 |  | 1,626                          | \$ -                          | \$ -                                | \$ -                          | \$ 1,626                  |
| 5        | 302      | Franchise Cost                            | 14,501                  |                                      | -                                    |  | 14,501                         | -                             | -                                   | -                             | 14,501                    |
| 6        | 303      | Land and Land Rights                      | 1,201,450               |                                      | -                                    |  | 1,201,450                      | -                             | -                                   | -                             | 1,201,450                 |
| 7        | 304      | Structures & Improvements                 | 767,454                 |                                      | -                                    |  | 767,454                        | 862,000                       | (1,800)                             | 860,200                       | 1,627,654                 |
| 8        | 305      | Collecting & Impounding Reservoirs        | -                       |                                      | -                                    |  | -                              | -                             | -                                   | -                             | -                         |
| 9        | 306      | Lake, River, Canal Intakes                | -                       |                                      | -                                    |  | -                              | -                             | -                                   | -                             | -                         |
| 10       | 307      | Wells & Springs                           | 635,961                 |                                      | -                                    |  | 635,961                        | 400,000                       | -                                   | 400,000                       | 1,035,961                 |
| 11       | 308      | Infiltration Galleries                    | -                       |                                      | -                                    |  | -                              | -                             | -                                   | -                             | -                         |
| 12       | 309      | Raw Water Supply Mains                    | -                       |                                      | -                                    |  | -                              | -                             | -                                   | -                             | -                         |
| 13       | 310      | Power Generation Equipment                | 65,800                  |                                      | -                                    |  | 65,800                         | 800,000                       | -                                   | 800,000                       | 865,800                   |
| 14       | 311      | Pumping Equipment                         | 1,235,141               |                                      | -                                    | 639,247                                | 1,874,388                      | 750,000                       | (33,000)                            | 717,000                       | 2,591,388                 |
| 15       | 320      | Water Treatment Equipment                 | -                       |                                      | -                                    |  | -                              | -                             | -                                   | -                             | -                         |
| 16       | 320.1    | Water Treatment Plants                    | 6,916,496               |                                      | -                                    | (639,247)                              | 6,277,249                      | 265,000                       | (367,500)                           | (102,500)                     | 6,174,749                 |
| 17       | 320.2    | Solution Chemical Feeders                 | -                       |                                      | -                                    |  | -                              | -                             | -                                   | -                             | -                         |
| 18       | 320.3    | Point-of-Use Treatment Devices            | -                       |                                      | -                                    |  | -                              | -                             | -                                   | -                             | -                         |
| 19       | 320.4    | Arsenic Treatment Media                   | -                       |                                      | -                                    |  | -                              | -                             | -                                   | -                             | -                         |
| 20       | 330      | Distribution Reservoirs & Standpipes      | -                       |                                      | -                                    |  | -                              | -                             | -                                   | -                             | -                         |
| 21       | 330.1    | Storage Tanks                             | 782,103                 |                                      | -                                    |  | 782,103                        | -                             | -                                   | -                             | 782,103                   |
| 22       | 330.2    | Pressure Tanks                            | -                       |                                      | -                                    |  | -                              | -                             | -                                   | -                             | -                         |
| 23       | 331      | Transmission & Distribution Mains         | 17,807,926              |                                      | -                                    |  | 17,807,926                     | 880,000                       | (77,138)                            | 802,862                       | 18,610,787                |
| 24       | 333      | Services                                  | 899,395                 |                                      | -                                    |  | 899,395                        | -                             | -                                   | -                             | 899,395                   |
| 25       | 334      | Meters                                    | 1,027,007               |                                      | -                                    |  | 1,027,007                      | 9,000,000                     | (897,810)                           | 8,102,190                     | 9,129,197                 |
| 26       | 335      | Hydrants                                  | 614,476                 |                                      | -                                    |  | 614,476                        | 150,000                       | (37,500)                            | 112,500                       | 726,976                   |
| 27       | 336      | Backflow Prevention Devices               | 6,771                   |                                      | -                                    |  | 6,771                          | -                             | -                                   | -                             | 6,771                     |
| 28       | 339      | Other Plant & Misc. Equipment             | -                       |                                      | -                                    |  | -                              | -                             | -                                   | -                             | -                         |
| 29       | 340      | Office Furniture & Equipment              | 490,900                 |                                      | -                                    |  | 490,900                        | -                             | (211,371)                           | (211,371)                     | 279,529                   |
| 30       | 340.1    | Computers & Software                      | 317,242                 | (85,824)                             | -                                    |  | 231,418                        | 144,600                       | -                                   | 144,600                       | 376,018                   |
| 31       | 341      | Transportation Equipment                  | 599,826                 |                                      | (183,626)                            |  | 416,200                        | 130,000                       | (17,350)                            | 112,650                       | 528,850                   |
| 32       | 342      | Stores Equipment                          | -                       |                                      | -                                    |  | -                              | -                             | -                                   | -                             | -                         |
| 33       | 343      | Tools, Shop & Garage Equipment            | 66,813                  |                                      | -                                    |  | 66,813                         | -                             | -                                   | -                             | 66,813                    |
| 34       | 344      | Laboratory Equipment                      | 5,675                   |                                      | -                                    |  | 5,675                          | -                             | -                                   | -                             | 5,675                     |
| 35       | 345      | Power Operated Equipment                  | 126,359                 |                                      | (32,500)                             |  | 93,859                         | 60,000                        | -                                   | 60,000                        | 153,859                   |
| 36       | 346      | Communication Equipment                   | 40,845                  |                                      | -                                    |  | 40,845                         | 233,346                       | -                                   | 233,346                       | 274,190                   |
| 37       | 347      | Miscellaneous Equipment                   | 74,976                  |                                      | -                                    |  | 74,976                         | -                             | -                                   | -                             | 74,976                    |
| 38       | 348      | Other Tangible Plant                      | 467,286                 |                                      | -                                    |  | 467,286                        | -                             | -                                   | -                             | 467,286                   |
| 39       |          | TOTALS                                    | \$ 34,166,028           | \$ (85,824)                          | \$ (216,126)                         | \$ -                                   | \$ 33,864,079                  | \$ 13,674,946                 | \$ (1,643,469)                      | \$ 12,031,477                 | \$ 45,895,555             |
| 40       |          | Equity Adjustments (Schedule D-1)         |                         |                                      |                                      |  |                                | \$ 13,674,946                 |                                     |                               | \$ 13,674,946             |
| 41       |          |   |                         |                                      |                                      |  |                                |                               |                                     |                               |                           |
| 42       |          | Plant In Service per Books                |                         |                                      |                                      |  |                                |                               |                                     |                               | \$ 34,166,028             |
| 43       |          |   |                         |                                      |                                      |  |                                |                               |                                     |                               |                           |
| 44       |          | Increase / (Decrease) in Plant in Service |                         |                                      |                                      |  |                                |                               |                                     |                               | \$ 11,729,527             |
| 45       |          |   |                         |                                      |                                      |  |                                |                               |                                     |                               |                           |
| 46       |          |   |                         |                                      |                                      |  |                                |                               |                                     |                               |                           |
| 47       |          | Supporting Schedules:                     |                         |                                      |                                      |  |                                |                               |                                     |                               |                           |
| 48       |          |   |                         |                                      |                                      |  |                                |                               |                                     |                               |                           |

Original Cost Plant Summary

Adjusted Plant \$ 33,864,079

Adjusted A/D 20,833,122

Net Plant \$ 13,030,956

Post-Test Year Plant Summary

Post-Test Year Plant \$ 12,031,477

Post-Test Year A/D (1,406,301) (This line from Page 7)

Net Plant \$ 13,437,777

See following pages for workpapers

Remove Plant Not In Service

This adjustment removes an item of plant that was not in service on 6/30/2023, but was recorded as plant in service on the general ledger.

| Line<br>No. | Plant<br>Acct | Description  | Per General<br>Ledger | Corrected<br>Amount | Adjustment            |
|-------------|---------------|--|-----------------------|---------------------|-----------------------|
| 1           |               |  |                       |                     |                       |
| 2           | 340.1         | CIS Replacement - CUSI                                 | \$ 85,823.81          | \$ -                | \$ (85,823.81)        |
| 3           |               |  |                       |                     |                       |
| 4           |               |  |                       |                     |                       |
| 5           |               | Total Increase/(Decrease) in Plant In Service          |                       |                     | <u>\$ (85,823.81)</u> |
| 6           |               |  |                       |                     |                       |
| 7           |               | <u>Workpapers:</u>                                     |                       |                     |                       |
| 8           |               | FH Rate Case Data.xlsx; TAB:FH W&S Plant               |                       |                     |                       |
| 9           |               | FH Rate Case Data.xlsx; TAB:Plant Adjust-Retire Detail |                       |                     |                       |
| 10          |               |  |                       |                     |                       |

Record Unbooked Retirements

This adjustment records retirement of items of plant prior to the end of the test year that were not booked by Foothills Water & Sewer.

| Line | Plant | General<br>Plant<br>Retirements               | Vehicles / Equip                         |  | Total           |
|------|-------|---|--|--|-----------------|
|      |       |   | Retired by<br>Far West<br>Prior to Close | Retired by<br>Foothills<br>Prior to TY End |                 |
| 1    | 301   | Organization Cost                             |  |  | \$ -            |
| 2    | 302   | Franchise Cost                                |  |  | -               |
| 3    | 303   | Land and Land Rights                          |  |  | -               |
| 4    | 304   | Structures & Improvements                     |  |  | -               |
| 5    | 305   | Collecting & Impounding Reservoirs            |  |  | -               |
| 6    | 306   | Lake, River, Canal Intakes                    |  |  | -               |
| 7    | 307   | Wells & Springs                               |  |  | -               |
| 8    | 308   | Infiltration Galleries                        |  |  | -               |
| 9    | 309   | Raw Water Supply Mains                        |  |  | -               |
| 10   | 310   | Power Generation Equipment                    |  |  | -               |
| 11   | 311   | Pumping Equipment                             |  |  | -               |
| 12   | 320   | Water Treatment Equipment                     |  |  | -               |
| 13   | 320.1 | Water Treatment Plants                        |  |  | -               |
| 14   | 320.2 | Solution Chemical Feeders                     |  |  | -               |
| 15   | 320.3 | Point-of-Use Treatment Devices                |  |  | -               |
| 16   | 320.4 | Arsenic Treatment Media                       |  |  | -               |
| 17   | 330   | Distribution Reservoirs & Standpipes          |  |  | -               |
| 18   | 330.1 | Storage Tanks                                 |  |  | -               |
| 19   | 330.2 | Pressure Tanks                                |  |  | -               |
| 20   | 331   | Transmission & Distribution Mains             |  |  | -               |
| 21   | 333   | Services                                      |  |  | -               |
| 22   | 334   | Meters  |  |  | -               |
| 23   | 335   | Hydrants                                      |  |  | -               |
| 24   | 336   | Backflow Prevention Devices                   |  |  | -               |
| 25   | 339   | Other Plant & Misc. Equipment                 |  |  | -               |
| 26   | 340   | Office Furniture & Equipment                  |  |  | -               |
| 27   | 340.1 | Computers & Software                          |  |  | -               |
| 28   | 341   | Transportation Equipment                      | 59,412.00                                | 124,213.60                                 | 183,625.60      |
| 29   | 342   | Stores Equipment                              |  |  | -               |
| 30   | 343   | Tools, Shop & Garage Equipment                |  |  | -               |
| 31   | 344   | Laboratory Equipment                          |  |  | -               |
| 32   | 345   | Power Operated Equipment                      |  | 32,500.00                                  | 32,500.00       |
| 33   | 346   | Communication Equipment                       |  |  |                 |
| 34   | 347   | Miscellaneous Equipment                       |  |  |                 |
| 35   | 348   | Other Tangible Plant                          |  |  |                 |
| 36   |       |   | \$ -                                     | \$ 59,412.00                               | \$ 156,713.60   |
| 37   |       |   |  |  |                 |
| 38   |       |   |  |  |                 |
| 39   |       | Total Increase/(Decrease) in Plant In Service |  |  | \$ (216,125.60) |

Workpapers:

FH Rate Case Data.xlsx; TAB:FH W&S Plant

FH Rate Case Data.xlsx; TAB:Plant Adjust-Retire Detail

FH Rate Case Data.xlsx; TAB:Vehicle-Equipment

45

Correct Retirement Per Depreciation Study

This adjustment reclassifies plant balances to bring into agreement with the Depreciation Study.  
The adjustment is needed because Far West incorrectly credited a retirement of Water Treatment Plant Equipment to the Pumping Equipment account.

| Line | No.   | Plant   | Adjusted<br>Balance Per<br>Books | Adjusted<br>Balance Per<br>Depr. Study | Difference   |
|------|-------|---|----------------------------------|--|--------------|
| 1    | Acct  | Description                                   |                                  |  |              |
| 2    | 311   | Pumping Equipment                             | 1,235,140.74                     | 1,874,387.74                           | 639,247.00   |
| 3    | 320.1 | Water Treatment Plants                        | 6,916,495.95                     | 6,277,248.95                           | (639,247.00) |
| 4    |       |   | \$ 8,151,636.69                  | \$ 8,151,636.69                        | \$ -         |
| 5    |       |   |                                  |  |              |
| 6    |       | Total Increase/(Decrease) in Plant In Service |                                  |  | \$ -         |
| 7    |       |   |                                  |  |              |
| 8    |       |   |                                  |  |              |
| 9    |       |   |                                  |  |              |
| 10   |       | <u>Workpapers:</u>                            |                                  |  |              |
| 11   |       | Depreciation Study                            |                                  |  |              |
| 12   |       |   |                                  |  |              |

Post-Test Year Plant and Retirements

This adjustment records items of plant expected to be placed in service by Foothills Sewer between 7/1/23 and 6/30/24. This adjustment also removes the book cost of plant in service items to be retired between 7/1/23 and 6/30/2024 due to post-test year plant additions.

| Line No. | Plant Acct | Description  | Plant Addition Amount   | Plant Retirement Amount |
|----------|------------|--|-------------------------|-------------------------|
| 1        |            |  |                         |                         |
| 2        | 301        | Organization Cost                                      | \$ -                    | \$ -                    |
| 3        | 302        | Franchise Cost   | -                       | -                       |
| 4        | 303        | Land and Land Rights                                   | -                       | -                       |
| 5        | 304        | Structures & Improvements                              | 862,000.00              | 1,800.00                |
| 6        | 305        | Collecting & Impounding Reservoirs                     | -                       | -                       |
| 7        | 306        | Lake, River, Canal Intakes                             | -                       | -                       |
| 8        | 307        | Wells & Springs  | 400,000.00              | -                       |
| 9        | 308        | Infiltration Galleries                                 | -                       | -                       |
| 10       | 309        | Raw Water Supply Mains                                 | -                       | -                       |
| 11       | 310        | Power Generation Equipment                             | 800,000.00              | -                       |
| 12       | 311        | Pumping Equipment                                      | 750,000.00              | 33,000.00               |
| 13       | 320        | Water Treatment Equipment                              | -                       | -                       |
| 14       | 320.1      | Water Treatment Plants                                 | 265,000.00              | 367,500.00              |
| 15       | 320.2      | Solution Chemical Feeders                              | -                       | -                       |
| 16       | 320.3      | Point-of-Use Treatment Devices                         | -                       | -                       |
| 17       | 320.4      | Arsenic Treatment Media                                | -                       | -                       |
| 18       | 330        | Distribution Reservoirs & Standpipes                   | -                       | -                       |
| 19       | 330.1      | Storage Tanks  | -                       | -                       |
| 20       | 330.2      | Pressure Tanks   | -                       | -                       |
| 21       | 331        | Transmission & Distribution Mains                      | 880,000.00              | 77,138.32               |
| 22       | 333        | Services   | -                       | -                       |
| 23       | 334        | Meters   | 9,000,000.00            | 897,809.69              |
| 24       | 335        | Hydrants   | 150,000.00              | 37,500.00               |
| 25       | 336        | Backflow Prevention Devices                            | -                       | -                       |
| 26       | 339        | Other Plant & Misc. Equipment                          | -                       | -                       |
| 27       | 340        | Office Furniture & Equipment                           | -                       | 211,371.00              |
| 28       | 340.1      | Computers & Software                                   | 144,600.00              | -                       |
| 29       | 341        | Transportation Equipment                               | 130,000.00              | 17,350.00               |
| 30       | 342        | Stores Equipment                                       | -                       | -                       |
| 31       | 343        | Tools, Shop & Garage Equipment                         | -                       | -                       |
| 32       | 344        | Laboratory Equipment                                   | -                       | -                       |
| 33       | 345        | Power Operated Equipment                               | 60,000.00               | -                       |
| 34       | 346        | Communication Equipment                                | 233,345.81              | -                       |
| 35       | 347        | Miscellaneous Equipment                                | -                       | -                       |
| 36       | 348        | Other Tangible Plant                                   | -                       | -                       |
| 37       |            |  | <u>\$ 13,674,945.81</u> | <u>\$ 1,643,469.01</u>  |
| 38       |            |  |                         |                         |
| 39       |            | Total Increase/(Decrease) in Plant In Service          |                         | <u>\$ 12,031,476.80</u> |
| 40       |            |  |                         |                         |
| 41       |            | <u>Workpapers:</u>                                     |                         |                         |
| 42       |            | FH Rate Case Data.xlsx; TAB:Plant Adjust-Retire Detail |                         |                         |
| 43       |            | FH Retirement Workpaper.xlsx                           |                         |                         |
| 44       |            |  |                         |                         |

Exhibit: RLJ-DT2

Schedule B-2

Page 7

Jones

Witness: Jones

[illegible]

\$ 21,022,826

\$ (1,596,004)

Workpapers:

See following pages for wokpapers



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  | Accumulated Depreciation Per Detailed Plant Schedule | Accumulated Depreciation Per General Ledger | Adjustment       |
|----------|--|--|---|------------------|
| 1        | <u>Acct Description</u>  |  |   |                  |
| 2        | 301 Organization Cost  | \$ -   |   | \$ -             |
| 3        | 302 Franchise Cost   | -  |   | -                |
| 4        | 303 Land and Land Rights   | -  |   | -                |
| 5        | 304 Structures & Improvements  | 611,758.21   |   | 611,758.21       |
| 6        | 305 Collecting & Impounding Reservoirs                                     | -  |   | -                |
| 7        | 306 Lake, River, Canal Intakes   | -  |   | -                |
| 8        | 307 Wells & Springs  | 557,976.52   |   | 557,976.52       |
| 9        | 308 Infiltration Galleries   | -  |   | -                |
| 10       | 309 Raw Water Supply Mains   | -  |   | -                |
| 11       | 310 Power Generation Equipment   | 1,093.66   |   | 1,093.66         |
| 12       | 311 Pumping Equipment  | 934,518.14   |   | 934,518.14       |
| 13       | 320 Water Treatment Equipment  | -  |   | -                |
| 14       | 320.1 Water Treatment Plants   | 6,719,711.11   |   | 6,719,711.11     |
| 15       | 320.2 Solution Chemical Feeders  | -  |   | -                |
| 16       | 320.3 Point-of-Use Treatment Devices                                       | -  |   | -                |
| 17       | 320.4 Arsenic Treatment Media  | -  |   | -                |
| 18       | 330 Distribution Reservoirs & Standpipes                                   | -  |   | -                |
| 19       | 330.1 Storage Tanks  | 776,133.83   |   | 776,133.83       |
| 20       | 330.2 Pressure Tanks   | -  |   | -                |
| 21       | 331 Transmission & Distribution Mains                                      | 8,141,564.17   |   | 8,141,564.17     |
| 22       | 333 Services   | 408,246.61   |   | 408,246.61       |
| 23       | 334 Meters   | 910,454.89   |   | 910,454.89       |
| 24       | 335 Hydrants   | 248,200.11   |   | 248,200.11       |
| 25       | 336 Backflow Prevention Devices  | 2,425.78   |   | 2,425.78         |
| 26       | 339 Other Plant & Misc. Equipment  | -  |   | -                |
| 27       | 340 Office Furniture & Equipment   | 488,444.80   |   | 488,444.80       |
| 28       | 340.1 Computers & Software   | 120,471.23   |   | 120,471.23       |
| 29       | 341 Transportation Equipment   | 388,816.10   |   | 388,816.10       |
| 30       | 342 Stores Equipment   | -  |   | -                |
| 31       | 343 Tools, Shop & Garage Equipment   | 44,523.05  |   | 44,523.05        |
| 32       | 344 Laboratory Equipment   | 5,674.80   |   | 5,674.80         |
| 33       | 345 Power Operated Equipment   | 126,359.00   |   | 126,359.00       |
| 34       | 346 Communication Equipment  | 6,392.10   |   | 6,392.10         |
| 35       | 347 Miscellaneous Equipment  | 63,771.50  |   | 63,771.50        |
| 36       | 348 Other Tangible Plant   | 467,286.00   |   | 467,286.00       |
| 37       |  |  | 21,022,825.94                               | (21,022,825.94)  |
| 38       |  | \$ 21,023,821.61                                     | \$ 21,022,825.94                            | \$ 995.67        |
| 39       |  |  |   |                  |
| 40       | Total Increase/(Decrease) in Accumulated Depreciation                      |  |   | <u>\$ 995.67</u> |
| 41       |  |  |   |                  |
| 42       | <u>Workpapers:</u>   |  |   |                  |
| 43       | Foothills PPE Depreciation Sch. June2023_updated CIAC schedules - RLJ.xlsx |  |   |                  |
| 44       |  |  |   |                  |
| 45       |  |  |   |                  |

Remove Plant Not In Service

This adjustment removes an item of plant that was not in service on 6/30/2023, but was recorded as plant in service on the general ledger.

| <u>Line</u><br>No. | <u>Plant</u><br><u>Acct</u> <u>Description</u>                             | <u>Accumulated</u><br><u>Depreciation</u><br><u>Per Detailed</u><br><u>Plant Schedule</u> | <u>Adjustment</u>    |
|--------------------|--|---|----------------------|
| 1                  |  |   |                      |
| 2                  | 340.1 CIS Replacement - CUSI   | 3,733.81  | (3,733.81)           |
| 3                  |  |   |                      |
| 4                  |  |   |                      |
| 5                  | Total Increase/(Decrease) in Accumulated Depreciation                      |   | <u>\$ (3,733.81)</u> |
| 6                  |  |   |                      |
| 7                  | <u>Workpapers:</u>   |   |                      |
| 8                  | Foothills PPE Depreciation Sch. June2023_updated CIAC schedules - RLJ.xlsx |   |                      |
| 9                  |  |   |                      |
| 10                 |  |   |                      |
| 11                 |  |   |                      |

Record Unbooked Retirements

This adjustment records retirement of items of plant prior to the end of the test year that were not booked by Foothills Water & Sewer.

| Line<br>No. | Plant<br>Acct Description                | General<br>Plant<br>Retirements | Vehicles / Equip                         |  |                     | Total         |
|-------------|--|---------------------------------|--|--|---------------------|---------------|
|             |  |                                 | Retired by<br>Far West<br>Prior to Close | Retired by<br>Foothills<br>Prior to TY End | Expensed<br>Salvage |               |
| 2           | 301 Organization Cost                    |                                 |  |  |                     | \$ -          |
| 3           | 302 Franchise Cost                       |                                 |  |  |                     | -             |
| 4           | 303 Land and Land Rights                 |                                 |  |  |                     | -             |
| 5           | 304 Structures & Improvements            |                                 |  |  |                     | -             |
| 6           | 305 Collecting & Impounding Reservoirs   |                                 |  |  |                     | -             |
| 7           | 306 Lake, River, Canal Intakes           |                                 |  |  |                     | -             |
| 8           | 307 Wells & Springs                      |                                 |  |  |                     | -             |
| 9           | 308 Infiltration Galleries               |                                 |  |  |                     | -             |
| 10          | 309 Raw Water Supply Mains               |                                 |  |  |                     | -             |
| 11          | 310 Power Generation Equipment           |                                 |  |  |                     | -             |
| 12          | 311 Pumping Equipment                    |                                 |  |  |                     | -             |
| 13          | 320 Water Treatment Equipment            |                                 |  |  |                     | -             |
| 14          | 320.1 Water Treatment Plants             |                                 |  |  |                     | -             |
| 15          | 320.2 Solution Chemical Feeders          |                                 |  |  |                     | -             |
| 16          | 320.3 Point-of-Use Treatment Devices     |                                 |  |  |                     | -             |
| 17          | 320.4 Arsenic Treatment Media            |                                 |  |  |                     | -             |
| 18          | 330 Distribution Reservoirs & Standpipes |                                 |  |  |                     | -             |
| 19          | 330.1 Storage Tanks                      |                                 |  |  |                     | -             |
| 20          | 330.2 Pressure Tanks                     |                                 |  |  |                     | -             |
| 21          | 331 Transmission & Distribution Mains    |                                 |  |  |                     | -             |
| 22          | 333 Services                             |                                 |  |  |                     | -             |
| 23          | 334 Meters                               |                                 |  |  |                     | -             |
| 24          | 335 Hydrants                             |                                 |  |  |                     | -             |
| 25          | 336 Backflow Prevention Devices          |                                 |  |  |                     | -             |
| 26          | 339 Other Plant & Misc. Equipment        |                                 |  |  |                     | -             |
| 27          | 340 Office Furniture & Equipment         |                                 |  |  |                     | -             |
| 28          | 340.1 Computers & Software               |                                 |  |  |                     | -             |
| 29          | 341 Transportation Equipment             |                                 | 59,412.00                                | 124,213.60                                 | (15,160.00)         | 168,465.60    |
| 30          | 342 Stores Equipment                     |                                 |  |  |                     | -             |
| 31          | 343 Tools, Shop & Garage Equipment       |                                 |  |  |                     | -             |
| 32          | 344 Laboratory Equipment                 |                                 |  |  |                     | -             |
| 33          | 345 Power Operated Equipment             |                                 |  | 32,500.00                                  | (14,000.00)         | 18,500.00     |
| 34          | 346 Communication Equipment              |                                 |  |  |                     |               |
| 35          | 347 Miscellaneous Equipment              |                                 |  |  |                     |               |
| 36          | 348 Other Tangible Plant                 |                                 |  |  |                     |               |
| 37          |  | \$ -                            | \$ 59,412.00                             | \$ 156,713.60                              | \$ (29,160.00)      | \$ 186,965.60 |

Total Increase/(Decrease) in Accumulated Depreciation \$ (186,965.60)

Workpapers:

FH Rate Case Data.xlsx; TAB:FH W&S Plant

FH Rate Case Data.xlsx; TAB:Plant Adjust-Retire Detail

FH Rate Case Data.xlsx; TAB:Vehicle-Equipment

Correct Retirement Per Depreciation Study

This adjustment reclassifies accumulated depreciation into agreement with the Depreciation Study.  
The adjustment is needed because Far West incorrectly debited a retirement of Water Treatment Plant Equipment to the Pumping Equipment account.

| Line No. | Plant Acct | Description   | Adjusted Balance Per Books | Adjusted Balance Per Depr. Study | Difference   |
|----------|------------|---|----------------------------|----------------------------------|--------------|
| 47       |            |   |                            |                                  |              |
| 48       | 311        | Pumping Equipment                                     | 934,518.14                 | 1,573,765.14                     | 639,247.00   |
| 49       | 320.1      | Water Treatment Plants                                | 6,719,711.11               | 6,080,464.11                     | (639,247.00) |
| 50       |            |   | \$ 7,654,229.25            | \$ 7,654,229.25                  | \$ -         |
| 51       |            |   |                            |                                  |              |
| 52       |            | Total Increase/(Decrease) in Accumulated Depreciation |                            |                                  | \$ -         |
| 53       |            |   |                            |                                  |              |
| 54       |            |   |                            |                                  |              |
| 55       |            |   |                            |                                  |              |
| 56       |            | <u>Workpapers:</u>                                    |                            |                                  |              |
| 57       |            | Depreciation Study                                    |                            |                                  |              |
| 58       |            |   |                            |                                  |              |

Post-Test Year Plant & Retirements

This adjustment records the accumulated depreciation impact associated with the retirement of items of plant replaced by post-test year plant additions. This adjustment also records the accumulated depreciation impact associated with salvage received from retirement of plant items.

| Line No. | Plant Acct | Description   | Post-Test Year Plant Retirement | Post-Test Year Salvage | Total                    |
|----------|------------|---|---------------------------------|------------------------|--------------------------|
| 1        | 301        | Organization Cost                                     | \$ -                            |                        | \$ -                     |
| 2        | 302        | Franchise Cost  | -                               |                        | -                        |
| 3        | 303        | Land and Land Rights                                  | -                               |                        | -                        |
| 4        | 304        | Structures & Improvements                             | 1,800.00                        |                        | 1,800.00                 |
| 5        | 305        | Collecting & Impounding Reservoirs                    | -                               |                        | -                        |
| 6        | 306        | Lake, River, Canal Intakes                            | -                               |                        | -                        |
| 7        | 307        | Wells & Springs                                       | -                               |                        | -                        |
| 8        | 308        | Infiltration Galleries                                | -                               |                        | -                        |
| 9        | 309        | Raw Water Supply Mains                                | -                               |                        | -                        |
| 10       | 310        | Power Generation Equipment                            | -                               |                        | -                        |
| 11       | 311        | Pumping Equipment                                     | 33,000.00                       |                        | 33,000.00                |
| 12       | 320        | Water Treatment Equipment                             | -                               |                        | -                        |
| 13       | 320.1      | Water Treatment Plants                                | 367,500.00                      |                        | 367,500.00               |
| 14       | 320.2      | Solution Chemical Feeders                             | -                               |                        | -                        |
| 15       | 320.3      | Point-of-Use Treatment Devices                        | -                               |                        | -                        |
| 16       | 320.4      | Arsenic Treatment Media                               | -                               |                        | -                        |
| 17       | 330        | Distribution Reservoirs & Standpipes                  | -                               |                        | -                        |
| 18       | 330.1      | Storage Tanks   | -                               |                        | -                        |
| 19       | 330.2      | Pressure Tanks  | -                               |                        | -                        |
| 20       | 331        | Transmission & Distribution Mains                     | 77,138.32                       |                        | 77,138.32                |
| 21       | 333        | Services  | -                               |                        | -                        |
| 22       | 334        | Meters  | 897,809.69                      |                        | 897,809.69               |
| 23       | 335        | Hydrants  | 37,500.00                       |                        | 37,500.00                |
| 24       | 336        | Backflow Prevention Devices                           | -                               |                        | -                        |
| 25       | 339        | Other Plant & Misc. Equipment                         | -                               |                        | -                        |
| 26       | 340        | Office Furniture & Equipment                          | 211,371.00                      |                        | 211,371.00               |
| 27       | 340.1      | Computers & Software                                  | -                               |                        | -                        |
| 28       | 341        | Transportation Equipment                              | 17,350.00                       | (3,750.00)             | 13,600.00                |
| 29       | 342        | Stores Equipment                                      | -                               |                        | -                        |
| 30       | 343        | Tools, Shop & Garage Equipment                        | -                               |                        | -                        |
| 31       | 344        | Laboratory Equipment                                  | -                               |                        | -                        |
| 32       | 345        | Power Operated Equipment                              | -                               |                        | -                        |
| 33       | 346        | Communication Equipment                               | -                               |                        | -                        |
| 34       | 347        | Miscellaneous Equipment                               | -                               |                        | -                        |
| 35       | 348        | Other Tangible Plant                                  | -                               |                        | -                        |
| 36       |            |   | \$ 1,643,469.01                 | \$ (3,750.00)          | \$ 1,639,719.01          |
| 37       |            |   |                                 |                        |                          |
| 38       |            |   |                                 |                        |                          |
| 39       |            | Total Increase/(Decrease) in Accumulated Depreciation |                                 |                        | <u>\$ (1,639,719.01)</u> |

Workpapers:

44 FH Rate Case Data.xlsx; TAB:FH W&S Plant  
45 FH Rate Case Data.xlsx; TAB:Plant Adjust-Retire Detail  
46 FH Rate Case Data.xlsx; TAB:Vehicle-Equipment  
47

### Rate Base Adjustment OC-2.6

Witness: Jones

48

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

| Line<br>No. |  | CIAC                                 | Accumulated<br>Amortization |
|-------------|--|--------------------------------------|-----------------------------|
| 1           |  |                                      |                             |
| 2           | Calculated Balance at 6/30/23            | \$ 13,043,335.38                     | \$ 4,588,327.00             |
| 3           |  |                                      |                             |
| 4           | Book Balance at 6/30/23                  | \$ 13,530,239.11                     | \$ 4,235,493.70             |
| 5           |  |                                      |                             |
| 6           | Increase / (Decrease) in CIAC or AA CIAC | <u>\$ (486,903.73)</u>               | <u>\$ 352,833.30</u>        |
| 7           |  |                                      |                             |
| 8           | Equity Adjustments (Schedule D-1)        | \$ 486,903.73                        | \$ 352,833.30               |
| 9           |  |                                      |                             |
| 10          |  |                                      |                             |
| 11          |  |                                      |                             |
| 12          |  |                                      |                             |
| 13          |  |                                      |                             |
| 14          |  |                                      |                             |
| 15          | Supporting Schedules:                    | Workpaper:                           |                             |
| 16          | Schedule B-2, Page 8                     | FH Rate Case Data.xlsx; TAB CIAC Wtr |                             |
| 17          |  |                                      |                             |



## Decision No.

62649

4th Quarter

[illegible]

| 2013             |            | 2014             |            | 2015             |            | 2016             |            | 2017             |            |
|------------------|------------|------------------|------------|------------------|------------|------------------|------------|------------------|------------|
| Additions        | Balance    | Additions        | Balance    | Additions        | Balance    | Additions        | Balance    | Additions        | Balance    |
| (142,068)        | 7,209,189  | 1,323,642        | 8,532,831  | -                | 8,532,831  | -                | 8,532,831  | 677,086          | 9,209,916  |
| 4,000            | 4,000      | 52,000           | 56,000     | 52,000           | 108,000    | 64,000           | 172,000    | 122,000          | 294,000    |
| (138,068)        | 7,213,189  | 1,375,642        | 8,588,831  | 52,000           | 8,640,831  | 64,000           | 8,704,831  | 799,086          | 9,503,916  |
|                  |            |                  |            |                  |            |                  |            |                  |            |
| 2.0000%          |            | 2.0000%          |            | 2.0000%          |            | 2.0000%          |            | 2.0000%          |            |
| 5.0000%          |            | 5.0000%          |            | 5.0000%          |            | 5.0000%          |            | 5.0000%          |            |
|                  |            |                  |            |                  |            |                  |            |                  |            |
| (142,068)        | -          | -                | -          | -                | -          | -                | -          | -                | -          |
| 145,604          | 2,311,006  | 157,420          | 2,468,426  | 170,657          | 2,639,083  | 170,657          | 2,809,740  | 177,427          | 2,987,167  |
| 100              | 100        | 1,500            | 1,600      | 4,100            | 5,700      | 7,000            | 12,700     | 11,650           | 24,350     |
| 3,636            | 2,311,106  | 158,920          | 2,470,026  | 174,757          | 2,644,783  | 177,657          | 2,822,440  | 189,077          | 3,011,517  |
| <u>4,902,083</u> |            | <u>6,118,805</u> |            | <u>5,996,048</u> |            | <u>5,882,391</u> |            | <u>6,492,395</u> |            |
|                  |            |                  |            |                  |            |                  |            |                  |            |
| 2018             |            | 2019             |            | 2020             |            | 2021             |            | 2022             |            |
| Additions        | Balance    | Additions        | Balance    | Additions        | Balance    | Additions        | Balance    | Additions        | Balance    |
| 1,563,994        | 10,773,911 | -                | 10,773,911 | -                | 10,773,911 | 83,497           | 10,857,407 | -                | 10,857,407 |
| 676,928          | 970,928    | 202,000          | 1,172,928  | 504,497          | 1,677,425  | 278,000          | 1,955,425  | 190,504          | 2,145,928  |
| 2,240,922        | 11,744,839 | 202,000          | 11,946,839 | 504,497          | 12,451,335 | 361,497          | 12,812,832 | 190,504          | 13,003,335 |
|                  |            |                  |            |                  |            |                  |            |                  |            |
| 2.0000%          |            | 2.0000%          |            | 2.0000%          |            | 2.0000%          |            | 2.0000%          |            |
| 5.0000%          |            | 5.0000%          |            | 5.0000%          |            | 5.0000%          |            | 5.0000%          |            |
|                  |            |                  |            |                  |            |                  |            |                  |            |
| -                | -          | -                | -          | -                | -          | -                | -          | -                | -          |
| 199,838          | 3,187,005  | 215,478          | 3,402,483  | 215,478          | 3,617,961  | 216,313          | 3,834,274  | 217,148          | 4,051,422  |
| 31,623           | 55,973     | 53,596           | 109,569    | 71,259           | 180,828    | 90,821           | 271,649    | 102,534          | 374,183    |
| 231,461          | 3,242,978  | 269,074          | 3,512,052  | 286,737          | 3,798,789  | 307,134          | 4,105,923  | 319,682          | 4,425,605  |
| <u>8,501,861</u> |            | <u>8,434,787</u> |            | <u>8,652,546</u> |            | <u>8,706,909</u> |            | <u>8,577,730</u> |            |

Calculation of CIAC Balances

| Line       |   | Amortization at 50% of Full Year |                |
|------------|---|----------------------------------|----------------|
|            |   | At 6/30/23                       |                |
| <u>No.</u> |   | <u>2023</u>                      |                |
|            |   | <u>Additions</u>                 | <u>Balance</u> |
| 1          | <u>CIAC</u>                                   |                                  |                |
| 2          | Subdivisions                                  | -                                | 10,857,407     |
| 3          | Hook-Up Fees                                  | 40,000                           | 2,185,928      |
| 4          | Total CIAC                                    | 40,000                           | 13,043,335     |
| 5          |   |                                  |                |
| 6          | <u>Amortization Rate</u>                      |                                  |                |
| 7          | Subdivisions                                  | 2.0000%                          |                |
| 8          | Hook-Up Fees                                  | 5.0000%                          |                |
| 9          |   |                                  |                |
| 10         | <u>Amortization CIAC (half-yr convention)</u> |                                  |                |
| 11         | Retirement                                    | -                                | -              |
| 12         | Subdivisions                                  | 108,574                          | 4,159,996      |
| 13         | Hook-Up Fees                                  | 54,148                           | 428,331        |
| 14         | Accumulated Amortization of CIAC              | 162,722                          | 4,588,327      |
| 15         |   |                                  |                |
| 16         | Net CIAC                                      |                                  | 8,455,008      |
| 17         |   |                                  |                |
| 18         |   |                                  |                |

Line

No.

1 Adjust Advances In Aid of Construction

2

3 This adjustment decreases Advances in Aid of Construction to account for meter deposit refunds made  
4 in November 2022. These refunds to customers were incorrectly debited to Residential Revenue rather  
5 than Advances in Aid of Construction.

6 Note: Off-setting revenue adjustment is included as part of Income Statement Adjustment IS-6, eliminating  
7 non-recurring revenue entries.

8

9

10 NARUC Account

Refund Per

Billing Register

11 252 Advances for Construction

\$ 41,490.00

12

13 Increase/(Decrease) in Advances is Aid of Construction

\$ (41,490.00)

14

15

16

Equity Adjustments (Schedule D-1)

\$ 41,490.00

17

18 Workpapers:

19 FHW TY Billing Journal.xlsx; Tab: Nov

20

**Foothills Water & Sewer, LLC - Water Division**  
Test Year Ended June 30, 2023  
Reconstruction Cost Rate Base Pro forma Adjustments

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

| Line |  | Adjusted<br>End of<br>Test Year <sup>1</sup> | ADJ<br>RCN-1  | ADJ<br>RCN-2   | ADJ<br>RCN-3 | Total<br>Pro Forma<br>Adjustments | RCND<br>Rate Base |
|------|--|--|---------------|----------------|--------------|-----------------------------------|-------------------|
| No.  |  |  |               |                |              |                                   |                   |
| 1    |  |  |               |                |              |                                   |                   |
| 2    |  |  |               |                |              |                                   |                   |
| 3    |  |  |               |                |              |                                   |                   |
| 4    | Gross Utility Plant in Service             | \$ 99,853,152                                | \$ 13,674,946 | \$ (4,766,772) |              | \$ 8,908,174                      | \$ 108,761,326    |
| 5    |  |  |               |                |              |                                   |                   |
| 6    | Less: Accumulated Depreciation             | (69,269,907)                                 |               | 4,763,022      | (233,419)    | 4,529,603                         | (64,740,303)      |
| 7    |  |  |               |                |              |                                   |                   |
| 8    | Net Utility Plant in Service               | 30,583,245                                   | 13,674,946    | (3,750)        | (233,419)    | 13,437,777                        | 44,021,022        |
| 9    |  |  |               |                |              |                                   |                   |
| 10   | Less:                                      |  |               |                |              |                                   |                   |
| 11   | Advances in Aid of Construction            | 615,393                                      |               |                |              | -                                 | 615,393           |
| 12   |  |  |               |                |              |                                   |                   |
| 13   | Contributions in Aid of Construction       | 28,697,417                                   |               |                |              | -                                 | 28,697,417        |
| 14   | Accumulated Amortization of CIAC           | (10,095,051)                                 |               |                |              | -                                 | (10,095,051)      |
| 15   | Contributions in Aid of Construction - Net | 18,602,366                                   | -             | -              | -            | -                                 | 18,602,366        |
| 16   |  |  |               |                |              |                                   |                   |
| 17   | Customer Security Deposits                 | 75,854                                       |               |                |              | -                                 | 75,854            |
| 18   | Deferred Income Taxes                      | (1,023,426)                                  |               |                |              | -                                 | (1,023,426)       |
| 19   |  |  |               |                |              |                                   |                   |
| 20   | Plus:                                      |  |               |                |              |                                   |                   |
| 21   | Working Capital                            | 313,871                                      |               |                |              | -                                 | 313,871           |
| 22   | Net Regulatory Asset / (Liability)         | -  |               |                |              | -                                 | -                 |
| 23   |  |  |               |                |              |                                   |                   |
| 24   | Rate Base                                  | \$ 12,626,929                                | \$ 13,674,946 | \$ (3,750)     | \$ (233,419) | \$ 13,437,777                     | \$ 26,064,706     |

<sup>1</sup> From RCND Study

Supporting Schedules:  
B-4

Workpapers  
FH FVRB Schedules.xlsx

Recap Schedules:  
B-1

**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 2023

Rate Base Adjustment RCN-1

Exhibit: RLJ-DT2

Schedule B-3

Page 2

Witness: Jones

Post-Test Year Plant

This adjustment records items of plant expected to be placed in service by Foothills Water between 7/1/23 and 6/30/24.

| Line | Plant |  | Plant                          |
|------|-------|--|--------------------------------|
| No.  | Acct  | Description  | Addition<br>Amount             |
| 1    |       |  |                                |
| 2    | 301   | Organization Cost                                      | \$ -                           |
| 3    | 302   | Franchise Cost   | -                              |
| 4    | 303   | Land and Land Rights                                   | -                              |
| 5    | 304   | Structures & Improvements                              | 862,000.00                     |
| 6    | 305   | Collecting & Impounding Reservoirs                     | -                              |
| 7    | 306   | Lake, River, Canal Intakes                             | -                              |
| 8    | 307   | Wells & Springs  | 400,000.00                     |
| 9    | 308   | Infiltration Galleries                                 | -                              |
| 10   | 309   | Raw Water Supply Mains                                 | -                              |
| 11   | 310   | Power Generation Equipment                             | 800,000.00                     |
| 12   | 311   | Pumping Equipment                                      | 750,000.00                     |
| 13   | 320   | Water Treatment Equipment                              | -                              |
| 14   | 320.1 | Water Treatment Plants                                 | 265,000.00                     |
| 15   | 320.2 | Solution Chemical Feeders                              | -                              |
| 16   | 320.3 | Point-of-Use Treatment Devices                         | -                              |
| 17   | 320.4 | Arsenic Treatment Media                                | -                              |
| 18   | 330   | Distribution Reservoirs & Standpipes                   | -                              |
| 19   | 330.1 | Storage Tanks  | -                              |
| 20   | 330.2 | Pressure Tanks   | -                              |
| 21   | 331   | Transmission & Distribution Mains                      | 880,000.00                     |
| 22   | 333   | Services   | -                              |
| 23   | 334   | Meters   | 9,000,000.00                   |
| 24   | 335   | Hydrants   | 150,000.00                     |
| 25   | 336   | Backflow Prevention Devices                            | -                              |
| 26   | 339   | Other Plant & Misc. Equipment                          | -                              |
| 27   | 340   | Office Furniture & Equipment                           | -                              |
| 28   | 340.1 | Computers & Software                                   | 144,600.00                     |
| 29   | 341   | Transportation Equipment                               | 130,000.00                     |
| 30   | 342   | Stores Equipment                                       | -                              |
| 31   | 343   | Tools, Shop & Garage Equipment                         | -                              |
| 32   | 344   | Laboratory Equipment                                   | -                              |
| 33   | 345   | Power Operated Equipment                               | 60,000.00                      |
| 34   | 346   | Communication Equipment                                | 233,345.81                     |
| 35   | 347   | Miscellaneous Equipment                                | -                              |
| 36   | 348   | Other Tangible Plant                                   | -                              |
| 37   |       |  | <u>\$ 13,674,945.81</u>        |
| 38   |       |  |                                |
| 39   |       | Total Increase/(Decrease) in Plant In Service          | <u><u>\$ 13,674,945.81</u></u> |
| 40   |       |  |                                |
| 41   |       | <u>Workpapers:</u>                                     |                                |
| 42   |       | FH Rate Case Data.xlsx; TAB:Plant Adjust-Retire Detail |                                |
| 43   |       | FH Retirement Workpaper.xlsx                           |                                |
| 44   |       |  |                                |

Post-Test Year Retirements

This adjustment removes the trended book cost of plant in service items expected to be retired between 7/1/23 and 6/30/24 due to post-test year plant additions. This adjustment also removes the trended book cost, net of expected salvage, of plant in service items expected to be retired from trended accumulated depreciation.

| Line | Plant | Original Cost<br>Plant<br>Retirement<br>Amount | Trending<br>Factor <sup>1</sup> | Trended<br>Plant<br>Retirement<br>Amount | Post-Test<br>Year<br>Salvage | Trended<br>Accumulated<br>Depreciation<br>Retirement<br>Amount |
|------|-------|--|---------------------------------|--|------------------------------|--|
| No.  | Acct  | Description                                    |                                 |  |                              |  |
| 1    |       |  |                                 |  |                              |  |
| 2    | 301   | Organization Cost                              |                                 | \$ -                                     | \$ -                         | \$ -   |
| 3    | 302   | Franchise Cost                                 |                                 | -  | -                            | -  |
| 4    | 303   | Land and Land Rights                           |                                 | -  | -                            | -  |
| 5    | 304   | Structures & Improvements                      | 1,800.00                        | 2.19                                     | 3,950.93                     | 3,950.93   |
| 6    | 305   | Collecting & Impounding Reservoirs             | -                               | N/A                                      | -                            | N/A  |
| 7    | 306   | Lake, River, Canal Intakes                     | -                               | N/A                                      | -                            | N/A  |
| 8    | 307   | Wells & Springs                                | -                               | 2.08                                     | -                            | -  |
| 9    | 308   | Infiltration Galleries                         | -                               | N/A                                      | -                            | N/A  |
| 10   | 309   | Raw Water Supply Mains                         | -                               | N/A                                      | -                            | N/A  |
| 11   | 310   | Power Generation Equipment                     | -                               | 1.00                                     | -                            | -  |
| 12   | 311   | Pumping Equipment                              | 33,000.00                       | 2.64                                     | 87,173.28                    | 87,173.28  |
| 13   | 320   | Water Treatment Equipment                      | -                               | N/A                                      | -                            | N/A  |
| 14   | 320.1 | Water Treatment Plants                         | 367,500.00                      | 2.82                                     | 1,037,644.09                 | 1,037,644.09   |
| 15   | 320.2 | Solution Chemical Feeders                      | -                               | N/A                                      | -                            | N/A  |
| 16   | 320.3 | Point-of-Use Treatment Devices                 | -                               | N/A                                      | -                            | N/A  |
| 17   | 320.4 | Arsenic Treatment Media                        | -                               | N/A                                      | -                            | N/A  |
| 18   | 330   | Distribution Reservoirs & Standpipes           | -                               | N/A                                      | -                            | N/A  |
| 19   | 330.1 | Storage Tanks                                  | -                               | 4.57                                     | -                            | -  |
| 20   | 330.2 | Pressure Tanks                                 | -                               | N/A                                      | -                            | N/A  |
| 21   | 331   | Transmission & Distribution Mains              | 77,138.32                       | 3.35                                     | 258,399.37                   | 258,399.37   |
| 22   | 333   | Services                                       | -                               | 2.69                                     | -                            | -  |
| 23   | 334   | Meters   | 897,809.69                      | 3.38                                     | 3,038,237.56                 | 3,038,237.56   |
| 24   | 335   | Hydrants                                       | 37,500.00                       | 2.78                                     | 104,289.54                   | 104,289.54   |
| 25   | 336   | Backflow Prevention Devices                    | -                               | 1.38                                     | -                            | -  |
| 26   | 339   | Other Plant & Misc. Equipment                  | -                               | N/A                                      | -                            | N/A  |
| 27   | 340   | Office Furniture & Equipment                   | 211,371.00                      | 1.03                                     | 218,180.19                   | 218,180.19   |
| 28   | 340.1 | Computers & Software                           | -                               | 0.96                                     | -                            | -  |
| 29   | 341   | Transportation Equipment                       | 17,350.00                       | 1.09                                     | 18,896.98                    | 15,146.98  |
| 30   | 342   | Stores Equipment                               | -                               | N/A                                      | -                            | N/A  |
| 31   | 343   | Tools, Shop & Garage Equipment                 | -                               | 1.16                                     | -                            | -  |
| 32   | 344   | Laboratory Equipment                           | -                               | 1.29                                     | -                            | -  |
| 33   | 345   | Power Operated Equipment                       | -                               | 1.53                                     | -                            | -  |
| 34   | 346   | Communication Equipment                        | -                               | 1.00                                     | -                            | -  |
| 35   | 347   | Miscellaneous Equipment                        | -                               | 1.27                                     | -                            | -  |
| 36   | 348   | Other Tangible Plant                           | -                               | 1.06                                     | -                            | -  |
| 37   |       |  | <u>\$ 1,643,469.01</u>          |  | <u>\$ 4,766,771.94</u>       | <u>\$ (3,750.00)</u>   |
| 38   |       |  |                                 |  |                              | <u>\$ 4,763,021.94</u>   |
| 39   |       | Total Increase/(Decrease) in Plant In Service  |                                 | <u>\$ (4,766,771.94)</u>                 |                              |  |

<sup>1</sup> Composite Factor from RCND Study

Total Increase/(Decrease) in Accumulated Depreciation \$ (4,763,021.94)

Workpapers:

FH Rate Case Data.xlsx; TAB:Plant Adjust-Retire Detail  
FH Retirement Workpaper.xlsx  
FH FVRB Schedules Draft.xlsx

### Rate Base Adjustment RCN-3

Page 4

FH Rate Case Data.xlsx; TAB:Vehicle-Equipment

48



| Line<br>No. | Acct<br>No. | Description                          | RCN           | Depletion<br>Percent | Accumulated<br>Depreciation | RCND          |
|-------------|-------------|--------------------------------------|---------------|----------------------|-----------------------------|---------------|
| 1           | 301         | Organization Cost                    | \$ 1,626.00   | 0.0%                 | \$ -                        | \$ 1,626.00   |
| 2           | 302         | Franchise Cost                       | 14,501.00     | 0.0%                 | -                           | 14,501.00     |
| 3           | 303         | Land and Land Rights                 | 1,201,450.00  | 0.0%                 | -                           | 1,201,450.00  |
| 4           | 304         | Structures & Improvements            | 1,684,532.13  | 86.7%                | 1,461,223.20                | 223,308.93    |
| 5           | 305         | Collecting & Impounding Reservoirs   | -             | N/A                  | -                           | -             |
| 6           | 306         | Lake, River, Canal Intakes           | -             | N/A                  | -                           | -             |
| 7           | 307         | Wells & Springs                      | 1,324,382.44  | 91.5%                | 1,211,449.39                | 112,933.05    |
| 8           | 308         | Infiltration Galleries               | -             | N/A                  | -                           | -             |
| 9           | 309         | Raw Water Supply Mains               | -             | N/A                  | -                           | -             |
| 10          | 310         | Power Generation Equipment           | 65,800.00     | 1.7%                 | 1,093.66                    | 64,706.34     |
| 11          | 311         | Pumping Equipment                    | 4,951,409.93  | 93.1%                | 4,608,826.10                | 342,583.82    |
| 12          | 320         | Water Treatment Equipment            | -             | N/A                  | -                           | -             |
| 13          | 320.1       | Water Treatment Plants               | 17,723,946.32 | 98.2%                | 17,407,878.48               | 316,067.85    |
| 14          | 320.2       | Solution Chemical Feeders            | -             | N/A                  | -                           | -             |
| 15          | 320.3       | Point-of-Use Treatment Devices       | -             | N/A                  | -                           | -             |
| 16          | 320.4       | Arsenic Treatment Media              | -             | N/A                  | -                           | -             |
| 17          | 330         | Distribution Reservoirs & Standpipes | -             | N/A                  | -                           | -             |
| 18          | 330.1       | Storage Tanks                        | 3,577,271.93  | 99.7%                | 3,567,934.40                | 9,337.53      |
| 19          | 330.2       | Pressure Tanks                       | -             | N/A                  | -                           | -             |
| 20          | 331         | Transmission & Distribution Mains    | 59,653,317.50 | 56.6%                | 33,775,162.20               | 25,878,155.30 |
| 21          | 333         | Services                             | 2,420,085.06  | 58.9%                | 1,425,885.48                | 994,199.58    |
| 22          | 334         | Meters                               | 3,475,447.58  | 94.8%                | 3,294,009.92                | 181,437.65    |
| 23          | 335         | Hydrants                             | 1,708,891.72  | 49.7%                | 848,560.57                  | 860,331.15    |
| 24          | 336         | Backflow Prevention Devices          | 9,356.40      | 49.9%                | 4,667.64                    | 4,688.77      |
| 25          | 339         | Other Plant & Misc. Equipment        | -             | N/A                  | -                           | -             |
| 26          | 340         | Office Furniture & Equipment         | 506,713.63    | 99.5%                | 504,258.84                  | 2,454.78      |
| 27          | 340.1       | Computers & Software                 | 222,189.37    | 48.2%                | 107,153.01                  | 115,036.36    |
| 28          | 341         | Transportation Equipment             | 453,309.77    | 57.8%                | 262,120.29                  | 191,189.48    |
| 29          | 342         | Stores Equipment                     | -             | N/A                  | -                           | -             |
| 30          | 343         | Tools, Shop & Garage Equipment       | 77,668.28     | 69.9%                | 54,316.17                   | 23,352.11     |
| 31          | 344         | Laboratory Equipment                 | 7,338.92      | 100.0%               | 7,338.92                    | -             |
| 32          | 345         | Power Operated Equipment             | 143,787.56    | 100.0%               | 143,787.56                  | -             |
| 33          | 346         | Communication Equipment              | 40,720.12     | 15.3%                | 6,223.64                    | 34,496.48     |
| 34          | 347         | Miscellaneous Equipment              | 95,111.42     | 88.0%                | 83,722.50                   | 11,388.92     |
| 35          | 348         | Other Tangible Plant                 | 494,294.72    | 100.0%               | 494,294.72                  | -             |
| 36          | TOTALS      |                                      | \$ 99,853,152 |                      | \$ 69,269,907               | \$ 30,583,245 |

Note: All data from RCND Study

Workpaper:  
FH FVRB Schedules.xlsx

Recap Schedules:  
B-3

| Line |                                    |                        |
|------|------------------------------------|------------------------|
| No.  |                                    | <u>Working Capital</u> |
| 1    |                                    |                        |
| 2    | Cash Working Capital               | \$ -                   |
| 3    |                                    |                        |
| 4    | Material and Supplies Inventories  | 209,854                |
| 5    |                                    |                        |
| 6    | Working Funds and Special Deposits |                        |
| 7    | None                               |                        |
| 8    |                                    |                        |
| 9    |                                    |                        |
| 10   | Prepayments                        | 104,016                |
| 11   |                                    |                        |
| 12   | Total Working Capital Allowance    | <u>\$ 313,871</u>      |
| 13   |                                    |                        |
| 14   | <u>Supporting Schedules:</u>       |                        |
| 15   | E-1                                |                        |
| 16   |                                    |                        |

Recap Schedules:  
B-1

**Foothills Water & Sewer, LLC - Water Division**  
Test Year Ended June 30, 2023  
Adjusted Test Year Income Statement

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

| Line No. |   | Actual for<br>Test Year<br>Ended<br>6/30/2023 | Total<br>Pro forma<br>Adjustments | Test Year<br>Results<br>After<br>Pro forma<br>Adjustments | Proposed<br>Rate<br>Increase | Adjusted<br>With Rate<br>Increase |
|----------|---|---|-----------------------------------|---|------------------------------|-----------------------------------|
| 1        | <b>Revenues</b>                                 |   |                                   |   |                              |                                   |
| 2        | 461 Metered Water Revenues                      | \$ 5,846,000                                  | \$ (104,126)                      | \$ 5,741,874  | 923,891                      | \$ 6,665,764                      |
| 3        | 462 Fire Protection Revenue                     | -   |                                   | -   |                              | -                                 |
| 4        | 471 Miscellaneous Service Revenue               | 148,728                                       | (2,540)                           | 146,187   | 123,676                      | 269,863                           |
| 5        | 474 Other Water Revenues                        | (3,462)                                       | 7,620                             | 4,157   | -                            | 4,157                             |
| 6        | <b>Total Revenues</b>                           | \$ 5,991,265                                  | \$ (99,047)                       | \$ 5,892,218  | \$ 1,047,567                 | \$ 6,939,785                      |
| 7        | <b>Operating Expenses</b>                       |   |                                   |   |                              |                                   |
| 8        | 601 Salaries and Wages                          | \$ 991,725                                    | \$ 82,126                         | \$ 1,073,851  |                              | \$ 1,073,851                      |
| 9        | 603 Salaries and Wages - Officers and Directors | 78,000  | (78,000)                          | -   |                              | -                                 |
| 10       | 604 Employee Pension and Benefits               | 20,296  | 131,363                           | 151,659   |                              | 151,659                           |
| 11       | 610 Purchased Water                             | 855,534                                       | 153,038                           | 1,008,572   |                              | 1,008,572                         |
| 12       | 615 Purchased Power                             | 385,145                                       | -                                 | 385,145   |                              | 385,145                           |
| 13       | 618 Chemicals                                   | 294,440                                       | -                                 | 294,440   |                              | 294,440                           |
| 14       | 620 Materials and Supplies                      | 75,405  | -                                 | 75,405  |                              | 75,405                            |
| 15       | 620.1 Repairs and Maintenance                   | 33,460  | -                                 | 33,460  |                              | 33,460                            |
| 16       | 620.2 Office Supplies Expense                   | 156,321                                       | -                                 | 156,321   |                              | 156,321                           |
| 17       | 631 Contractual Services - Engineering          | 15,255  | -                                 | 15,255  |                              | 15,255                            |
| 18       | 632 Contractual Services - Accounting           | 15,026  | (15,000)                          | 26  |                              |                                   |
| 19       | 633 Contractual Services - Legal                | 83,049  | (83,049)                          | -   |                              | -                                 |
| 20       | 634 Contractual Services - Management Fees      | 39,000  | (39,000)                          | -   |                              | -                                 |
| 21       | 635 Contractual Services - Testing              | 37,276  | -                                 | 37,276  |                              | 37,276                            |
| 22       | 636 Contractual Services - Other                | 339,121                                       | 1,716                             | 340,837   |                              | 340,837                           |
| 23       | 641 Rent - Buildings                            | 69,654  | -                                 | 69,654  |                              | 69,654                            |
| 24       | 642 Rent - Equipment                            | 30,225  | -                                 | 30,225  |                              | 30,225                            |
| 25       | 650 Transportation Expense                      | 77,001  | (1,082)                           | 75,919  |                              | 75,919                            |
| 26       | 656 Insurance - Vehicle                         | 42,645  | 14,098                            | 56,743  |                              | 56,743                            |
| 27       | 657 Insurance - General Liability               | 75,938  | 22,166                            | 98,104  |                              | 98,104                            |
| 28       | 658 Insurance -Worker's Compensation            | 31,378  | (3,880)                           | 27,498  |                              | 27,498                            |
| 29       | 659 Insurance - Other                           | 1,535   | -                                 | 1,535   |                              | 1,535                             |
| 30       | 666 Regulatory Commission Expense - Rate Case   | -   | -                                 | -   |                              | -                                 |
| 31       | 667 Regulatory Expense - Other                  | -   | -                                 | -   |                              | -                                 |
| 32       | 670 Bad Debt Expense                            | 20,672  | -                                 | 20,672  | 3,675                        | 24,347                            |
| 33       | 675 Miscellaneous Expense                       | 84,732  | -                                 | 84,732  |                              | 84,732                            |
| 34       | 403 Depreciation Expense                        | 367,826                                       | 289,464                           | 657,290   |                              | 657,290                           |
| 35       | 407 Amortization Expense                        | -   | -                                 | -   |                              | -                                 |
| 36       | 408 Taxes Other Than Income                     | 74,268  | 26,997                            | 101,265   |                              | 101,265                           |
| 37       | 408.1 Property Taxes                            | 281,971                                       | (83,192)                          | 198,779   | 9,745                        | 208,523                           |
| 38       | 409 Income Tax                                  | (27,825)                                      | 151,463                           | 123,638   | 257,203                      | 380,840                           |
| 39       | 427.1 Interest Expense Security Deposits        | 2,196   | -                                 | 2,196   |                              | 2,196                             |
| 40       | <b>Total Operating Expenses</b>                 | \$ 4,551,268                                  | \$ 569,228                        | \$ 5,120,496  | \$ 270,622                   | \$ 5,391,119                      |
| 41       | <b>Operating Income</b>                         | \$ 1,439,997                                  | \$ (668,275)                      | \$ 771,722  | \$ 776,944                   | \$ 1,548,666                      |
| 42       | <b>Other Income (Expense)</b>                   |   |                                   |   |                              |                                   |
| 43       | 419 Interest and Dividend Income                | \$ -  | \$ -                              | \$ -  |                              | \$ -                              |
| 44       | 421 Non-Utility Income                          | \$ 371  | \$ -                              | \$ 371  |                              | \$ 371                            |
| 45       | 426 Miscellaneous Non-Utility Expenses          | (235,126)                                     | 34,565                            | (200,561)   |                              | (200,561)                         |
| 46       | 427 Interest Expense                            | (164,285)                                     | (233,959)                         | (398,243)   |                              | (398,243)                         |
| 47       | 428 Amortization of Debt Discount and Expense   | (2,494)                                       | 2,494                             | -   |                              | -                                 |
| 48       | 429 Amortization of Premium on Debt             | 209   | (209)                             | -   |                              | -                                 |
| 49       | <b>Total Other Income (Expense)</b>             | \$ (401,325)                                  | \$ (197,108)                      | \$ (598,434)  | \$ -                         | \$ (598,434)                      |
| 50       | <b>Net Income (Loss)</b>                        | \$ 1,038,672                                  | \$ (865,383)                      | \$ 173,289  | \$ 776,944                   | \$ 950,233                        |

Supporting Schedules:

E-2

Recap Schedules:

A-1

**Foothills Water & Sewer, LLC - Water Division**  
Test Year Ended June 30, 2023  
Income Statement Pro forma Adjustments

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

| Line No. |   | Actual for<br>Test Year<br>Ended<br>6/30/2023 | ADJ<br>IS-1  | ADJ<br>IS-2 | ADJ<br>IS-3  | ADJ<br>IS-4 | ADJ<br>IS-5 | ADJ<br>IS-6  |
|----------|---|---|--------------|-------------|--------------|-------------|-------------|--------------|
| 1        | <b>Revenues</b>                                 |   |              |             |              |             |             |              |
| 2        | 461 Metered Water Revenues                      | \$ 5,846,000                                  |              |             |              |             |             | \$ (104,126) |
| 3        | 469 Guaranteed Revenues                         | -   |              |             |              |             |             |              |
| 4        | 471 Miscellaneous Service Revenue               | 148,728                                       |              |             |              |             |             | (2,540)      |
| 5        | 474 Other Water Revenues                        | (3,462)                                       |              |             |              |             |             | 7,620        |
| 6        | <b>Total Revenues</b>                           | \$ 5,991,265                                  | \$ -         | \$ -        | \$ -         | \$ -        | \$ -        | \$ (99,047)  |
| 7        | <b>Operating Expenses</b>                       |   |              |             |              |             |             |              |
| 8        | 601 Salaries and Wages                          | \$ 991,725                                    |              |             | \$ 82,126    |             |             |              |
| 9        | 603 Salaries and Wages - Officers and Directors | 78,000  | (78,000)     |             |              |             |             |              |
| 10       | 604 Employee Pension and Benefits               | 20,296  |              |             | 131,363      |             |             |              |
| 11       | 610 Purchased Water                             | 855,534                                       |              |             |              |             |             |              |
| 12       | 615 Purchased Power                             | 385,145                                       |              |             |              |             |             |              |
| 13       | 618 Chemicals                                   | 294,440                                       |              |             |              |             |             |              |
| 14       | 620 Materials and Supplies                      | 75,405  |              |             |              |             |             |              |
| 15       | 620.1 Repairs and Maintenance                   | 33,460  |              |             |              |             |             |              |
| 16       | 620.2 Office Supplies Expense                   | 156,321                                       |              |             |              |             |             |              |
| 17       | 631 Contractual Services - Engineering          | 15,255  |              |             |              |             |             |              |
| 18       | 632 Contractual Services - Accounting           | 15,026  | (15,000)     |             |              |             |             |              |
| 19       | 633 Contractual Services - Legal                | 83,049  | (27,807)     | (55,242)    |              |             |             |              |
| 20       | 634 Contractual Services - Management Fees      | 39,000  | (39,000)     | -           |              |             |             |              |
| 21       | 635 Contractual Services - Testing              | 37,276  |              |             |              |             |             |              |
| 22       | 636 Contractual Services - Other                | 339,121                                       |              | -           |              | 1,716       |             |              |
| 23       | 641 Rent - Buildings                            | 69,654  |              |             |              |             |             |              |
| 24       | 642 Rent - Equipment                            | 30,225  |              |             |              |             |             |              |
| 25       | 650 Transportation Expense                      | 77,001  | (796)        | (286)       |              |             |             |              |
| 26       | 656 Insurance - Vehicle                         | 42,645  |              |             |              |             | 14,098      |              |
| 27       | 657 Insurance - General Liability               | 75,938  |              |             |              |             | 22,166      |              |
| 28       | 658 Insurance -Worker's Compensation            | 31,378  |              |             |              |             | (3,880)     |              |
| 29       | 659 Insurance - Other                           | 1,535   |              |             |              |             |             |              |
| 30       | 666 Regulatory Commission Expense - Rate Case   | -   |              |             |              |             |             |              |
| 31       | 667 Regulatory Expense - Other                  | -   |              |             |              |             |             |              |
| 32       | 670 Bad Debt Expense                            | 20,672  |              |             |              |             |             |              |
| 33       | 675 Miscellaneous Expense                       | 84,732  |              |             |              |             |             |              |
| 34       | 403 Depreciation Expense                        | 367,826                                       |              |             |              |             |             |              |
| 35       | 407 Amortization Expense                        | -   |              |             |              |             |             |              |
| 36       | 408 Taxes Other Than Income                     | 74,268  |              |             | 26,997       |             |             |              |
| 37       | 408.11 Property Taxes                           | 281,971                                       |              |             |              |             |             |              |
| 38       | 409 Income Tax                                  | (27,825)                                      |              |             |              |             |             |              |
| 39       | 427.1 Interest Expense Security Deposits        | 2,196   |              |             |              |             |             |              |
| 40       | <b>Total Operating Expenses</b>                 | \$ 4,551,268                                  | \$ (160,603) | \$ (55,528) | \$ 240,486   | \$ 1,716    | \$ 32,384   | \$ -         |
| 41       | <b>Operating Income</b>                         | \$ 1,439,997                                  | \$ 160,603   | \$ 55,528   | \$ (240,486) | \$ (1,716)  | \$ (32,384) | \$ (99,047)  |
| 42       | <b>Other Income (Expense)</b>                   |   |              |             |              |             |             |              |
| 43       | 419 Interest and Dividend Income                | \$ -  |              |             |              |             |             |              |
| 44       | 421 Non-Utility Income                          | 371   |              |             |              |             |             |              |
| 45       | 426 Miscellaneous Non-Utility Expenses          | (235,126)                                     | \$ 9,130     | \$ 25,435   |              |             |             |              |
| 46       | 427 Interest Expense                            | (164,285)                                     | 164,285      |             |              |             |             |              |
| 47       | 428 Amortization of Debt Discount and Expense   | (2,494)                                       | 2,494        |             |              |             |             |              |
| 48       | 429 Amortization of Premium on Debt             | 209   | (209)        |             |              |             |             |              |
| 49       | <b>Total Other Income (Expense)</b>             | \$ (401,325)                                  | \$ 175,700   | \$ 25,435   | \$ -         | \$ -        | \$ -        | \$ -         |
| 50       | <b>Net Income (Loss)</b>                        | \$ 1,038,672                                  | \$ 336,303   | \$ 80,963   | \$ (240,486) | \$ (1,716)  | \$ (32,384) | \$ (99,047)  |

Supporting Schedules:

Recap Schedules:

C-1

**Foothills Water & Sewer, LLC - Water Division**  
Test Year Ended June 30, 2023  
Income Statement Pro forma Adjustments

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

| Line No. |   | ADJ<br><u>IS-7</u> | ADJ<br><u>IS-8</u> | ADJ<br><u>IS-9</u> | ADJ<br><u>IS-10</u> | ADJ<br><u>IS-11</u> | Total<br><u>Adjustments</u> | Test Year<br>Adjusted<br><u>Results</u> |
|----------|---|--------------------|--------------------|--------------------|---------------------|---------------------|-----------------------------|---|
| 1        | <b>Revenues</b>                                 |                    |                    |                    |                     |                     |                             |   |
| 2        | 461 Metered Water Revenues                      |                    |                    |                    |                     |                     | \$ (104,126)                | \$ 5,741,874                            |
| 3        | 469 Guaranteed Revenues                         |                    |                    |                    |                     |                     | -                           | -                                       |
| 4        | 471 Miscellaneous Service Revenue               |                    |                    |                    |                     |                     | (2,540)                     | 146,187                                 |
| 5        | 474 Other Water Revenues                        |                    |                    |                    |                     |                     | 7,620                       | 4,157                                   |
| 6        | <b>Total Revenues</b>                           | \$ -               | \$ -               | \$ -               | \$ -                | \$ -                | (99,047)                    | \$ 5,892,218                            |
| 7        | <b>Operating Expenses</b>                       |                    |                    |                    |                     |                     |                             |   |
| 8        | 601 Salaries and Wages                          |                    |                    |                    |                     |                     | \$ 82,126                   | \$ 1,073,851                            |
| 9        | 603 Salaries and Wages - Officers and Directors |                    |                    |                    |                     |                     | (78,000)                    | -                                       |
| 10       | 604 Employee Pension and Benefits               |                    |                    |                    |                     |                     | 131,363                     | 151,659                                 |
| 11       | 610 Purchased Water                             | 153,038            |                    |                    |                     |                     | 153,038                     | 1,008,572                               |
| 12       | 615 Purchased Power                             |                    |                    |                    |                     |                     | -                           | 385,145                                 |
| 13       | 618 Chemicals                                   |                    |                    |                    |                     |                     | -                           | 294,440                                 |
| 14       | 620 Materials and Supplies                      |                    |                    |                    |                     |                     | -                           | 75,405                                  |
| 15       | 620.1 Repairs and Maintenance                   |                    |                    |                    |                     |                     | -                           | 33,460                                  |
| 16       | 620.2 Office Supplies Expense                   |                    |                    |                    |                     |                     | -                           | 156,321                                 |
| 17       | 631 Contractual Services - Engineering          |                    |                    |                    |                     |                     | -                           | 15,255                                  |
| 18       | 632 Contractual Services - Accounting           |                    |                    |                    |                     |                     | (15,000)                    | 26                                      |
| 19       | 633 Contractual Services - Legal                |                    |                    |                    |                     |                     | (83,049)                    | -                                       |
| 20       | 634 Contractual Services - Management Fees      |                    |                    |                    |                     |                     | (39,000)                    | -                                       |
| 21       | 635 Contractual Services - Testing              |                    |                    |                    |                     |                     | -                           | 37,276                                  |
| 22       | 636 Contractual Services - Other                |                    |                    |                    |                     |                     | 1,716                       | 340,837                                 |
| 23       | 641 Rent - Buildings                            |                    |                    |                    |                     |                     | -                           | 69,654                                  |
| 24       | 642 Rent - Equipment                            |                    |                    |                    |                     |                     | -                           | 30,225                                  |
| 25       | 650 Transportation Expense                      |                    |                    |                    |                     |                     | (1,082)                     | 75,919                                  |
| 26       | 656 Insurance - Vehicle                         |                    |                    |                    |                     |                     | 14,098                      | 56,743                                  |
| 27       | 657 Insurance - General Liability               |                    |                    |                    |                     |                     | 22,166                      | 98,104                                  |
| 28       | 658 Insurance -Worker's Compensation            |                    |                    |                    |                     |                     | (3,880)                     | 27,498                                  |
| 29       | 659 Insurance - Other                           |                    |                    |                    |                     |                     | -                           | 1,535                                   |
| 30       | 666 Regulatory Commission Expense - Rate Case   |                    |                    |                    |                     |                     | -                           | -                                       |
| 31       | 667 Regulatory Expense - Other                  |                    |                    |                    |                     |                     | -                           | -                                       |
| 32       | 670 Bad Debt Expense                            |                    |                    |                    |                     |                     | -                           | 20,672                                  |
| 33       | 675 Miscellaneous Expense                       |                    |                    |                    |                     |                     | -                           | 84,732                                  |
| 34       | 403 Depreciation Expense                        |                    |                    | 289,464            |                     |                     | 289,464                     | 657,290                                 |
| 35       | 407 Amortization Expense                        |                    |                    |                    |                     |                     | -                           | -                                       |
| 36       | 408 Taxes Other Than Income                     |                    |                    |                    |                     |                     | 26,997                      | 101,265                                 |
| 37       | 408.11 Property Taxes                           |                    |                    |                    | (83,192)            |                     | (83,192)                    | 198,779                                 |
| 38       | 409 Income Tax                                  |                    |                    |                    |                     | 151,463             | 151,463                     | 123,638                                 |
| 39       | 427.1 Interest Expense Security Deposits        |                    |                    |                    |                     |                     | -                           | 2,196                                   |
| 40       | <b>Total Operating Expenses</b>                 | \$ 153,038         | \$ -               | \$ 289,464         | \$ (83,192)         | \$ 151,463          | \$ 569,228                  | \$ 5,120,496                            |
| 41       | <b>Operating Income</b>                         | \$ (153,038)       | \$ -               | \$ (289,464)       | \$ 83,192           | \$ (151,463)        | \$ (668,275)                | \$ 771,722                              |
| 42       | <b>Other Income (Expense)</b>                   |                    |                    |                    |                     |                     |                             |   |
| 43       | 419 Interest and Dividend Income                |                    |                    |                    |                     |                     | \$ -                        | \$ -                                    |
| 44       | 421 Non-Utility Income                          |                    |                    |                    |                     |                     | -                           | 371                                     |
| 45       | 426 Miscellaneous Non-Utility Expenses          |                    |                    |                    |                     |                     | 34,565                      | (200,561)                               |
| 46       | 427 Interest Expense                            |                    | (398,243)          |                    |                     |                     | (233,959)                   | (398,243)                               |
| 47       | 428 Amortization of Debt Discount and Expense   |                    |                    |                    |                     |                     | 2,494                       | -                                       |
| 48       | 429 Amortization of Premium on Debt             |                    |                    |                    |                     |                     | (209)                       | -                                       |
| 49       | <b>Total Other Income (Expense)</b>             | \$ -               | \$ (398,243)       | \$ -               | \$ -                | \$ -                | (197,108)                   | (598,434)                               |
| 50       | <b>Net Income (Loss)</b>                        | \$ (153,038)       | \$ (398,243)       | \$ (289,464)       | \$ 83,192           | \$ (151,463)        | \$ (865,383)                | \$ 173,289                              |

51  
52 Supporting Schedules:  
53  
54  
55

Line

No.

1 Adjust Income Statement to Remove Eliminated Far West Expenses and Income

2

3 This adjustment removes operating expenses, other income and deductions and interest expense  
4 incurred by Far West in the test year that will not be similarly incurred by Foothills on a  
5 going forward basis.

6

7

8 Income and costs incurred by Far West that will not be similarly incurred by Foothills:

9

|    | <u>NARUC</u> | <u>Account</u>                              | <u>TY Amount</u>     | <u>Adjustment</u>      |
|----|--------------|---|----------------------|------------------------|
| 10 |              |   |                      |                        |
| 11 |              | Operating Expenses                          |                      |                        |
| 12 | 603          | Salaries and Wages - Officers and Directors | \$ 78,000.00         | \$ (78,000.00)         |
| 13 | 632          | Contractual Services - Accounting           | 15,000.00            | (15,000.00)            |
| 14 | 633          | Contractual Services - Legal                | 27,807.39            | (27,807.39)            |
| 15 | 634          | Contractual Services - Management Fees      | 39,000.00            | (39,000.00)            |
| 16 | 650          | Transportation Expense                      | 795.53               | (795.53)               |
| 17 |              |   | <u>\$ 160,602.92</u> | <u>\$ (160,602.92)</u> |

18

19 Other Income and Deductions

|    |     |   |                        |                      |
|----|-----|---|------------------------|----------------------|
| 20 | 426 | Miscellaneous Nonutility Expenses         | \$ (9,130.33)          | \$ 9,130.33          |
| 21 | 427 | Interest Expense                          | (164,284.80)           | 164,284.80           |
| 22 | 428 | Amortization of Debt Discount and Expense | (2,494.26)             | 2,494.26             |
| 23 | 429 | Amortization of Premium on Debt           | 209.22                 | (209.22)             |
| 24 |     |   | <u>\$ (175,700.17)</u> | <u>\$ 175,700.17</u> |

25

26 Net Income \$ (336,303.09) \$ 336,303.09

27

28

29

30 Increase/(Decrease) in Net Income \$ 336,303.09

31

32 Workpaper:

33 FH Rate Case Data.xlsx; TAB: FW Eliminated Income & Expense

34

Line

No.

1 Adjust Income Statement to Remove Non-Recurring Foothills Water & Sewer Expenses

2

3 This adjustment removes operating expenses and other deductions incurred by Foothills

4 Water & Sewer in the test year that are not expected to recur on a going forward basis.

5

6

7 NARUC Account TY Amount Adjustment

8 Operating Expenses

9 633 Contractual Services - Legal \$ 55,241.94 \$ (55,241.94)

10 634 Contractual Services - Management Fees - -

11 636 Contractual Services - Other - -

12 650 Transportation Expense 286.44 (286.44)

13 \$ 55,528.38 \$ (55,528.38)

14

15 Other Deductions

16 426 Miscellaneous Nonutility Expenses \$ (25,435.00) \$ 25,435.00

17

18 Net Income \$ (80,963.38) \$ 80,963.38

19

20

21

22 Increase/(Decrease) in Net Income \$ 80,963.38

23

24 Workpaper:

25 FH Rate Case Data.xlsx; TAB: FH Nonrecurring Expense

26

Line  
No.

1 Adjust Payroll and Related Costs to Foothills Proforma Costs

2

3 Due to post acquisition changes to personnel, pay rates and benefits offered, costs related  
4 payroll, benefits and related costs have changed. This adjustment updates costs to Foothill's  
5 expected going forward costs. This adjustment also properly allocates payroll taxes between  
6 water and sewer divisions.

7

8

9

|    |                                   | Test Year       | Normalized      | Expense           |
|----|-----------------------------------|-----------------|-----------------|-------------------|
|    |                                   | <u>Adjusted</u> | <u>Expense</u>  | <u>Adjustment</u> |
| 10 | <u>NARUC</u> <u>Account</u>       |                 |                 |                   |
| 11 | 601 Salaries and Wages            | \$ 991,724.55   | \$ 1,073,850.55 | \$ 82,126.00      |
| 12 | 604 Employee Pension and Benefits | 20,295.93       | 151,659.29      | 131,363.36        |
| 13 | 408 Payroll Taxes                 | 56,709.30       | 83,706.40       | 26,997.10         |
| 14 |                                   | 1,068,729.78    | 1,309,216.24    | 240,486.46        |

15

16

17 Increase/(Decrease) in Salaries and Wages \$ 82,126.00

18

19 Increase/(Decrease) in Employee Pension and Benefits \$ 131,363.36

20

21 Increase/(Decrease) in Taxes Other Than Income \$ 26,997.10

22

23

24 Workpaper:

25 FH Rate Case Data.xlsx; TAB: Payroll

26 FH Rate Case Data.xlsx; TAB: Enrolled Medical

27



Line

No.

1 Normalize Shared Services Cost

2

3 This adjustment normalizes shared services costs. Because Foothills Water & Sewer  
4 operated for only nine months in the test year, shared services costs must be  
5 normalized to account for a full year of shared services

6

7

8 Shared Services Costs

9 Shared Services Expense per G/L \$ 284,765.81

10

11 Budgeted Shared Services for 2023 \$ 286,482.00

12

13 Expense

14 Per

15 G/L

Normalized

Expense

Expense

Adjustment

16 NARUC Account

17 636 Contractual Services - Other

18

19

20 Increase/(Decrease) in Contractual Services - Other

21

22

23 Workpaper:

24 FH Rate Case Data.xlsx; TAB: Shared Services

25

| Expense<br>Per<br>G/L | Normalized<br>Expense | Expense<br>Adjustment |
|-----------------------|-----------------------|-----------------------|
| 284,765.81            | 286,482.00            | 1,716.19              |
|                       |                       | <u>\$ 1,716.19</u>    |

Line

No.

1 Adjust Insurance expense to reflect Foothills Water & Sewer Actual Costs

2

3 This adjustment replaces the insurance costs incurred during the test year by Far West  
4 with the actual costs of insurance being incurred by Foothills Water & Sewer.

5

|    |              |                       | Foothills<br>Actual Cost | Months<br>Charged | Normalized<br>Cost   |
|----|--------------|-----------------------|--------------------------|-------------------|----------------------|
| 6  |              |                       |                          |                   |                      |
| 7  | <u>NARUC</u> | <u>Insurance Type</u> |                          |                   |                      |
| 8  | 656          | Auto                  | \$ 37,828.40             | 8                 | \$ 56,742.60         |
| 9  | 657          | General Liability     | 65,402.48                | 8                 | 98,103.72            |
| 10 | 658          | Workers Compensation  | 18,332.32                | 8                 | 27,498.48            |
| 11 |              |                       | <u>\$ 121,563.20</u>     |                   | <u>\$ 182,344.80</u> |

12

13

|    |              |                                  | Expense<br>Per G/L   | Normalized<br>Expense | Expense<br>Adjustment |
|----|--------------|----------------------------------|----------------------|-----------------------|-----------------------|
| 14 |              |                                  |                      |                       |                       |
| 15 | <u>NARUC</u> | <u>Account</u>                   |                      |                       |                       |
| 16 | 656          | Insurance - Vehicle              | 42,644.77            | \$ 56,742.60          | \$ 14,097.83          |
| 17 | 657          | Insurance - General Liability    | 75,937.63            | 98,103.72             | 22,166.09             |
| 18 | 658          | Insurance -Worker's Compensation | 31,378.11            | 27,498.48             | (3,879.63)            |
| 19 |              |                                  | <u>\$ 149,960.51</u> | <u>\$ 182,344.80</u>  | <u>\$ 32,384.29</u>   |

20

21

22 Increase/(Decrease) in Insurance - Vehicle \$ 14,097.83

23

24 Increase/(Decrease) in Insurance - General Liability \$ 22,166.09

25

26 Increase/(Decrease) in Insurance - Worker's Compensation \$ (3,879.63)

27

28

Line

No.

1 Adjust Revenue Accounts to Eliminate Non-Recurring Items

2

3 This adjustment adjusts other revenue accounts to eliminate non-recurring reconciliation items.

4

5 Reconciling Items

6

|    |              |                               | Entry            |
|----|--------------|-------------------------------|------------------|
|    | <u>NARUC</u> | <u>Account</u>                | <u>Per G/L</u>   |
| 8  | 461          | Metered Water Revenues        | \$ 104,126.29    |
| 9  | 471          | Miscellaneous Service Revenue | 2,540.24         |
| 10 | 474          | Other Water Revenues          | (7,619.70)       |
| 11 |              |                               | <u>99,046.83</u> |

12

|    |                                |                       |
|----|--------------------------------|-----------------------|
| 13 | Increase/(Decrease) in Revenue | <u>\$ (99,046.83)</u> |
|----|--------------------------------|-----------------------|

14

15

16 Workpaper:

17 FH Rate Case Data.xlsx; TAB: FH Nonrecurring Revenue Entries

18

Line

No.

1 Adjust Purchased Water Expense

2

3 This adjustment updates purchased water costs to reflect annual increase in the cost to purchase water from  
4 the Yuma Mesa Irrigation and Drainage District as set forth in the contract between Foothills and Yuma Mesa  
5 Irrigation and Drainage District.

6

7

8

9

10

11 NARUC Account

12 615 Purchased Water

13

14

15 Increase/(Decrease) in Purchased Water

16

17

18 Workpaper:

19 FH Rate Case Data.xlsx; TAB: Purchased Water

20

| Expense<br>Per<br>G/L | Expense at<br>2024<br>Rate | Expense<br>Adjustment |
|-----------------------|----------------------------|-----------------------|
| 855,533.70            | 1,008,572.03               | 153,038.33            |
|                       |                            | <u>\$ 153,038.33</u>  |

**Foothills Water & Sewer, LLC - Water Division**  
Test Year Ended June 30, 2023  
Income Statement Adjustment IS-8

Exhibit: RLJ-DT2  
Schedule C-2  
Page 10  
Witness: Jones

Synchronize Interest Expense with Rate Base

|            |   |    |            |          |
|------------|---|----|------------|----------|
| Line       |   |    |            |          |
| <u>No.</u> |   |    |            |          |
| 1          | Adjusted Rate Base                        | \$ | 18,437,198 | Sch. B-1 |
| 2          |   |    |            |          |
| 3          | Weighted Cost of Long-Term Debt           |    | 2.1600%    | Sch. D-1 |
| 4          | Weighted Cost of Short-Term Debt          |    | 0.0000%    | Sch. D-1 |
| 5          |   |    |            |          |
| 6          | Synchronized Long-Term Interest           | \$ | 398,243    |          |
| 7          | Synchronized Short-Term Interest          |    | -          |          |
| 8          | Synchronized Interest Expense             | \$ | 398,243    |          |
| 9          |   |    |            |          |
| 10         | Test Year Interest Expense                | \$ | 164,285    |          |
| 11         | Adjustment to Interest Expense (IS-1)     |    | (164,285)  |          |
| 12         | Adjusted Test Year Interest Expense       | \$ | -          |          |
| 13         |   |    |            |          |
| 14         | Increase / (Decrease) In Interest Expense | \$ | 398,243    |          |
| 15         |   |    |            |          |

Normalize Depreciation Expense

| Line |       |   | Adjusted<br>Test Year<br>Balance<br>6/30/2023 | Non /<br>Fully<br>Depreciated<br>Plant | Depreciable<br>Plant | Proposed<br>Depreciation<br>Rate | Depreciation<br>Expense |
|------|-------|---|---|--|----------------------|----------------------------------|-------------------------|
| No.  | Acct  | Description                                   |   |  |                      |                                  |                         |
| 1    |       |   |   |  |                      |                                  |                         |
| 2    | 301   | Organization Cost                             | \$ 1,626                                      | \$ (1,626)                             | \$ -                 | 0.00%                            | \$ -                    |
| 3    | 302   | Franchise Cost                                | 14,501  | (14,501)                               | -                    | 0.00%                            | -                       |
| 4    | 303   | Land and Land Rights                          | 1,201,450                                     | (1,201,450)                            | -                    | 0.00%                            | -                       |
| 5    | 304   | Structures & Improvements                     | 1,627,654                                     |  | 1,627,654            | 0.89%                            | 14,486                  |
| 6    | 305   | Collecting & Impounding Reservoirs            | -   |  | -                    | 2.50%                            | -                       |
| 7    | 306   | Lake, River, Canal Intakes                    | -   |  | -                    | 2.50%                            | -                       |
| 8    | 307   | Wells & Springs                               | 1,035,961                                     |  | 1,035,961            | 0.69%                            | 7,148                   |
| 9    | 308   | Infiltration Galleries                        | -   |  | -                    | 6.67%                            | -                       |
| 10   | 309   | Raw Water Supply Mains                        | -   |  | -                    | 2.00%                            | -                       |
| 11   | 310   | Power Generation Equipment                    | 865,800                                       |  | 865,800              | 2.97%                            | 25,714                  |
| 12   | 311   | Pumping Equipment                             | 2,591,388                                     |  | 2,591,388            | 0.83%                            | 21,509                  |
| 13   | 320   | Water Treatment Equipment                     | -   |  | -                    |                                  | -                       |
| 14   | 320.1 | Water Treatment Plants                        | 6,174,749                                     |  | 6,174,749            | 0.84%                            | 51,868                  |
| 15   | 320.2 | Solution Chemical Feeders                     | -   |  | -                    | 20.00%                           | -                       |
| 16   | 320.3 | Point-of-Use Treatment Devices                | -   |  | -                    | 10.00%                           | -                       |
| 17   | 320.4 | Arsenic Treatment Media                       | -   |  | -                    | Note 1                           | -                       |
| 18   | 330   | Distribution Reservoirs & Standpipes          | -   |  | -                    |                                  | -                       |
| 19   | 330.1 | Storage Tanks                                 | 782,103                                       |  | 782,103              | 0.54%                            | 4,223                   |
| 20   | 330.2 | Pressure Tanks                                | -   |  | -                    | 5.00%                            | -                       |
| 21   | 331   | Transmission & Distribution Mains             | 18,610,787                                    |  | 18,610,787           | 1.19%                            | 221,468                 |
| 22   | 333   | Services                                      | 899,395                                       |  | 899,395              | 2.75%                            | 24,733                  |
| 23   | 334   | Meters  | 129,197                                       | (129,197)                              | -                    | 14.66%                           | -                       |
| 24   | 334   | Meters - Post-Test Year                       | 9,000,000                                     |  | 9,000,000            | 5.64%                            | 507,600                 |
| 25   | 335   | Hydrants                                      | 726,976                                       |  | 726,976              | 2.18%                            | 15,848                  |
| 26   | 336   | Backflow Prevention Devices                   | 6,771   |  | 6,771                | 1.95%                            | 132                     |
| 27   | 339   | Other Plant & Misc. Equipment                 | -   |  | -                    | 6.67%                            | -                       |
| 28   | 340   | Office Furniture & Equipment                  | 276,935                                       |  | 276,935              | 0.11%                            | 305                     |
| 29   | 340   | Office Furniture & Equipment - New            | 2,594   |  | 2,594                | 5.00%                            | 130                     |
| 30   | 340.1 | Computers & Software                          | 376,018                                       |  | 376,018              | 11.06%                           | 41,588                  |
| 31   | 341   | Transportation Equipment                      | 528,850                                       |  | 528,850              | 4.13%                            | 21,842                  |
| 32   | 342   | Stores Equipment                              | -   |  | -                    | 4.00%                            | -                       |
| 33   | 343   | Tools, Shop & Garage Equipment                | 66,813  |  | 66,813               | 1.38%                            | 922                     |
| 34   | 344   | Laboratory Equipment                          | 5,675   | (5,675)                                | -                    | 5.00%                            | -                       |
| 35   | 345   | Power Operated Equipment                      | 153,859                                       | (93,859)                               | 60,000               | 8.50%                            | 5,100                   |
| 36   | 346   | Communication Equipment                       | 274,190                                       |  | 274,190              | 6.03%                            | 16,534                  |
| 37   | 347   | Miscellaneous Equipment                       | 74,976  |  | 74,976               | 0.78%                            | 585                     |
| 38   | 348   | Other Tangible Plant                          | 467,286                                       | (467,286)                              | -                    | 5.00%                            | -                       |
| 39   |       | TOTALS  | \$ 45,895,555                                 | \$ (1,913,594)                         | \$ 43,981,961        |                                  | \$ 981,734              |
| 40   |       |   |   |  |                      |                                  |                         |
| 41   |       |   | Total CIAC                                    | Type CIAC                              | Amount               |                                  |                         |
| 42   | Less: | Amortization of CIAC                          | \$ 13,043,335                                 | Subdivisions                           | \$ 10,857,407        | 2.00%                            | \$ 217,148              |
| 43   |       |   |   | Hook-Up Fees                           | 2,145,928            | 5.00%                            | 107,296                 |
| 44   |       |   |   | Total                                  | \$ 13,003,335        |                                  | \$ 324,445              |
| 45   |       |   |   |  |                      |                                  |                         |
| 46   |       | Adjusted Test Year Depreciation Expense       |   |  |                      |                                  | \$ 657,290              |
| 47   |       |   |   |  |                      |                                  |                         |
| 48   |       | Test Year Depreciation Expense                |   |  |                      |                                  | 367,826                 |
| 49   |       | Increase / (Decrease) in Depreciation Expense |   |  |                      |                                  | \$ 289,464              |

Shading indicates ACC Staff recommended depreciation rates for accounts with no current assets

Note 1: The depreciation rate to be set in accordance with the specific service life of the arsenic media.

Property Tax Expense

| Line<br>No. | Description                                   | Company<br>As Adjusted | Company<br>Proposed |
|-------------|---|------------------------|---------------------|
| 1           | Adjusted Test Year Revenue                    | \$ 5,892,218 x3        | \$ 5,892,218 x2     |
| 2           |   |                        |                     |
| 3           | Proposed Revenues after Increase              |                        | 6,939,785 x1        |
| 4           |   |                        |                     |
| 5           | 3-Year Revenue Total                          | 17,676,655             | 18,724,222          |
| 6           |   |                        |                     |
| 7           | Average of three year's of revenue            | 5,892,218              | 6,241,407           |
| 8           | Average of three year's of revenue, times 2   | 11,784,437             | 12,482,814          |
| 9           | Add:  |                        |                     |
| 10          | Construction Work In Progress at 10%          | 129,662                | 129,662             |
| 11          | Deduct:                                       |                        |                     |
| 12          | Net Book Value of Transportation Equipment    | 195,850                | 319,773             |
| 13          |   |                        |                     |
| 14          | Full Cash Value                               | 11,718,249             | 12,292,703          |
| 15          | Assessment Ratio (2024 Tax Year)              | 16.5%                  | 16.5%               |
| 16          | Assessed Value                                | 1,933,511              | 2,028,296           |
| 17          | Property Tax Rate (2023 Tax Year)             | 10.2807%               | 10.2807%            |
| 18          |   |                        |                     |
| 19          | Adjusted Test Year Property Tax               | \$ 198,779             |                     |
| 20          | Recorded Test Year Property Tax               | 281,971                |                     |
| 21          | Test Year Adjustment                          | \$ (83,192)            |                     |
| 22          |   |                        |                     |
| 23          | Property Tax at Proposed Rates                |                        | \$ 208,523          |
| 24          | Adjusted Test Year Property Tax               |                        | 198,779             |
| 25          | Increase in Property Tax due to Rate Increase |                        | \$ 9,745            |
| 26          |   |                        |                     |
| 27          | <u>Calculation of Property Tax Factor</u>     |                        |                     |
| 28          | Increase to Property Tax Expense              |                        | \$ 9,745            |
| 29          | Increase in Revenue Requirement               |                        | \$ 1,047,567        |
| 30          | Property Tax Factor (L25 / L26)               |                        | 0.9302%             |
| 31          |   |                        |                     |

Income Tax Expense

| Line No. | Description  | Adjusted Test Year | Proposed with Increase |
|----------|--|--------------------|------------------------|
| 1        |  |                    |                        |
| 2        | <u>Calculation of Income Tax:</u>  |                    |                        |
| 3        | Revenue  | \$ 5,892,218       | \$ 6,939,785           |
| 4        | Less: Operating Expenses (Excluding Income Taxes)                              | 4,996,858          | 5,010,278              |
| 5        | Less: Synchronized Interest  | 398,243            | 398,243                |
| 6        | State Taxable Income   | \$ 497,117         | \$ 1,531,263           |
| 7        |  |                    |                        |
| 8        | All Income at 4.90%  | 24,359             | 75,032                 |
| 9        |  |                    |                        |
| 10       | State Income Tax   | \$ 24,359          | \$ 75,032              |
| 11       |  |                    |                        |
| 12       | Federal Taxable Income   | \$ 472,758         | \$ 1,456,231           |
| 13       |  |                    |                        |
| 14       | All Income at 21.00%   | 99,279             | 305,809                |
| 15       |  |                    |                        |
| 16       | Total Federal Income Tax   | \$ 99,279          | \$ 305,809             |
| 17       |  |                    |                        |
| 18       | Combined Federal and State Income Tax  | \$ 123,638         | \$ 380,840             |
| 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  | \$ 18,437,198      |                        |
| 29       | Weighted Average Cost of Debt  | 2.1600%            |                        |
| 30       | Synchronized Interest  | \$ 398,243         |                        |
| 31       |  |                    |                        |
| 32       | <u>Income Tax Adjustments</u>  |                    |                        |
| 33       | Test Year Income Taxes - Booked  | \$ (27,825)        |                        |
| 34       | Increase / (decrease) in Income Taxes (L21 - L32)                              | 151,463            |                        |
| 35       |  |                    |                        |
| 36       | Test Year Income Taxes - Adjusted  |                    | \$ 123,638             |
| 37       | Increase / (decrease) in Federal Income Taxes (L21 - L35)                      |                    | 257,203                |
| 38       |  |                    |                        |
| 39       |  |                    |                        |



|      |  |              |                         |
|------|--|--------------|-------------------------|
| Line |  |              |                         |
| No.  | <u>Calculation of Gross Revenue Conversion Factor</u>                        |              |                         |
| 1    | Revenue  |              | 100.0000%               |
| 2    | Uncollectable Factor (Line 11)   |              | 0.2636%                 |
| 3    | Revenue (L1 - L2)  |              | 99.7364%                |
| 4    | Combined Income Tax and Property Tax Rate (Line 23)                          |              | 25.5699%                |
| 5    | Operating Income Percentage (L3 -L4)   |              | 74.1666%                |
| 6    | Gross Revenue Conversion Factor (L1 / L5)                                    |              | 1.348316                |
|      | <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)   |              | 0.3508%                 |
| 11   | Uncollectable Factor (L9 * L10)  |              | 0.2636%                 |
|      | <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)                              |              | 24.8710%                |
|      | <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)                                      |              | 0.9302%                 |
| 22   | Effective Property Tax Factor (L20 * L21)                                    |              | 0.6989%                 |
| 23   | Combined Federal and State Income Tax Rate and Property Tax Rate (L17 + L22) |              | 25.5699%                |
|      | <u>Calculation of Uncollectable Rate</u>                                     |              |                         |
| 24   | Bad Debt Expense (from Schedule C-1)   | \$ 20,672    |                         |
| 25   | Total Revenues (from Schedule C-1)   | 5,892,218    |                         |
| 26   | Uncollectable Rate (L24 / L25)   |              | 0.3508%                 |
| 27   | Revenue Increase (from Schedule C-1)   | \$ 1,047,567 |                         |
| 28   | Uncollectable Rate (Line 26)   |              | 0.3508%                 |
| 29   | Bad Debt Expense due to Increase   | \$ 3,675     |                         |
| 30   | <u>Supporting Schedules:</u>   |              | <u>Recap Schedules:</u> |
| 31   |  |              | A-1                     |

**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 2023

Summary Cost of Capital

Exhibit: RLJ-DT2

Schedule D-1

Page 1

Witness: Jones

| 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%          | 0.0000%         | \$ -  | 0.00%            | 0.0000%   | 0.0000%         | \$ -                                   | 0.00%            | 0.0000%   | 0.0000%         |
| 3        | Short-Term Debt                    | -                           | 0.00%             | 0.0000%          | 0.0000%         | -   | 0.00%            | 0.0000%   | 0.0000%         | -                                      | 0.00%            | 0.0000%   | 0.0000%         |
| 4        | Adjusted Common Equity             | 1,379,519                   | 100.00%           | 10.0000%         | 10.0000%        | 14,821,046  | 100.00%          | 10.0000%  | 10.0000%        | 15,666,807                             | 100.00%          | 10.0000%  | 10.0000%        |
| 5        | Totals                             | <u>\$ 1,379,519</u>         | <u>100.00%</u>    |                  | <u>10.0000%</u> | <u>\$ 14,821,046</u>  | <u>100.00%</u>   |           | <u>10.0000%</u> | <u>\$ 15,666,807</u>                   | <u>100.00%</u>   |           | <u>10.0000%</u> |
| 6        |                                    |                             |                   |                  |                 |   |                  |           |                 |  |                  |           |                 |
| 7        |                                    |                             |                   |                  |                 |   |                  |           |                 |  |                  |           |                 |
| 8        | Required Rate of Return            |                             |                   |                  | <u>8.22%</u>    | <div> <div> Foothills Water &amp; Sewer, LLC<br/>Capital Structure </div> <div> NW Natural Water Company, LLC<br/>Capital Structure </div> </div> |                  |           |                 |  |                  |           |                 |
| 9        |                                    |                             |                   |                  |                 |   |                  |           |                 |  |                  |           |                 |
| 10       |                                    |                             |                   |                  |                 |   |                  |           |                 |  |                  |           |                 |
| 11       |                                    |                             |                   |                  |                 |   |                  |           |                 |  |                  |           |                 |
| 12       | Equity Adjustments                 |                             |                   |                  |                 |   |                  |           |                 |  |                  |           |                 |
| 13       | Common Equity per Sch. E-1         | \$ 495,553                  |                   |                  |                 |   |                  |           |                 |  |                  |           |                 |
| 14       |                                    |                             | PTY Plt           |                  |                 |   |                  |           |                 |  |                  |           |                 |
| 15       | PIS Equity Adjustments             | \$ 13,674,946               | 13,674,946        |                  |                 |   |                  |           |                 |  |                  |           |                 |
| 16       | A/D Equity Adjustments             | (230,680)                   | (233,419)         |                  |                 |   |                  |           |                 |  |                  |           |                 |
| 17       | AIAC Equity Adjustment             | -                           |                   |                  |                 |   |                  |           |                 |  |                  |           |                 |
| 18       | CIAC Equity Adjustment             | 486,904                     |                   |                  |                 |   |                  |           |                 |  |                  |           |                 |
| 19       | AA CIAC Equity Adjustment          | 352,833                     |                   |                  |                 |   |                  |           |                 |  |                  |           |                 |
| 20       | AIAC Equity Adjustment             | 41,490                      |                   |                  |                 |   |                  |           |                 |  |                  |           |                 |
| 21       |                                    |                             | <u>13,441,527</u> | Total PTY Adj.   |                 |   |                  |           |                 |  |                  |           |                 |
| 22       | Adjusted Common Equity             | <u>\$ 14,821,046</u>        |                   |                  |                 |   |                  |           |                 |  |                  |           |                 |
| 23       |                                    |                             |                   |                  |                 |   |                  |           |                 |  |                  |           |                 |
| 24       |                                    |                             |                   |                  |                 |   |                  |           |                 |  |                  |           |                 |
| 25       | <b>Capital Structure for OCRB</b>  |                             |                   |                  |                 |   |                  |           |                 |  |                  |           |                 |
| 26       |                                    |                             |                   |                  | Weighted        |   |                  |           |                 |  |                  |           |                 |
| 27       | <u>Test Year Capital Structure</u> | <u>Amount</u>               | <u>%</u>          | <u>Cost Rate</u> | <u>Cost</u>     |   |                  |           |                 |  |                  |           |                 |
| 28       | Long-Term Debt                     | \$ 7,264,256                | 39.40%            | 5.48%            | 2.16%           |   |                  |           |                 |  |                  |           |                 |
| 29       | Short-Term Debt                    | -                           | 0.00%             | 0.00%            | 0.00%           |   |                  |           |                 |  |                  |           |                 |
| 30       | Common Equity                      | 11,172,942                  | 60.60%            | 10.00%           | 6.06%           |   |                  |           |                 |  |                  |           |                 |
| 31       | Original Cost Rate Base            | <u>\$ 18,437,198</u>        | <u>100.00%</u>    |                  | <u>8.22%</u>    |   |                  |           |                 |  |                  |           |                 |
| 32       |                                    |                             |                   |                  |                 |   |                  |           |                 |  |                  |           |                 |
| 33       |                                    |                             |                   |                  |                 |   |                  |           |                 |  |                  |           |                 |
| 34       | <b>Capital Structure for FVRB</b>  |                             |                   |                  |                 |   |                  |           |                 |  |                  |           |                 |
| 35       |                                    |                             |                   |                  | Weighted        |   |                  |           |                 |  |                  |           |                 |
| 36       | Capital Structure with             |                             |                   |                  |                 |   |                  |           |                 |  |                  |           |                 |
| 37       | <u>Fair Value Increment</u>        | <u>Amount</u>               | <u>%</u>          | <u>Cost Rate</u> | <u>Cost</u>     |   |                  |           |                 |  |                  |           |                 |
| 38       | Long-Term Debt                     | 7,264,256                   | 32.65%            | 5.48%            | 1.79%           |   |                  |           |                 |  |                  |           |                 |
| 39       | Short-Term Debt                    | -                           | 0.00%             | 0.00%            | 0.00%           |   |                  |           |                 |  |                  |           |                 |
| 40       | Common Equity                      | 11,172,942                  | 50.21%            | 10.00%           | 5.02%           |   |                  |           |                 |  |                  |           |                 |
| 41       | Fair Value Increment               | 3,813,754                   | 17.14%            | 0.90%            | 0.15%           |   |                  |           |                 |  |                  |           |                 |
| 42       | Fair Value Rate Base               | <u>\$ 22,250,952</u>        | <u>100.00%</u>    |                  | <u>6.96%</u>    |   |                  |           |                 |  |                  |           |                 |
| 43       |                                    |                             |                   |                  |                 |   |                  |           |                 |  |                  |           |                 |
| 44       | <u>Supporting Schedules:</u>       |                             |                   |                  |                 |   |                  |           |                 |  |                  |           |                 |
| 45       | D-2 D-3                            |                             |                   |                  |                 |   |                  |           |                 |  |                  |           |                 |
| 46       | D-4 E-1                            |                             |                   |                  |                 |   |                  |           |                 |  |                  |           |                 |
| 47       |                                    |                             |                   |                  |                 |   |                  |           |                 |  |                  |           |                 |

Recap Schedules:

A-3

| Line No. |                                     | End of Test Year   |                 |               | End of Projected Year   |                 |               |
|----------|-------------------------------------|--------------------|-----------------|---------------|-------------------------|-----------------|---------------|
|          |                                     | Amount Outstanding | Annual Interest | Interest Rate | Amount Outstanding      | Annual Interest | Interest Rate |
| 4        | <u>Total Company Long-Term Debt</u> |                    |                 |               |                         |                 |               |
| 5        |                                     |                    |                 |               | \$ -                    | 0.00%           |               |
| 6        |                                     |                    |                 |               | -                       | 0.00%           |               |
| 7        |                                     |                    |                 |               | -                       | 0.00%           |               |
| 8        |                                     |                    |                 |               | -                       | 0.00%           |               |
| 9        |                                     |                    |                 |               | -                       | 0.00%           |               |
| 10       | Total Long-Term Debt                | \$ -               | \$ -            | #DIV/0!       | \$ -                    | \$ -            | #DIV/0!       |
| 12       | <u>Short-Term Debt</u>              |                    |                 |               |                         |                 |               |
| 13       | Notes Payable                       | \$ -               |                 |               |                         |                 |               |
| 14       | Notes Payable Associated Companies  | -                  |                 |               |                         |                 |               |
| 18       | Total Short-Term Debt               | \$ -               | \$ -            | #DIV/0!       | \$ -                    | \$ -            | #DIV/0!       |
| 20       | Total All Debt                      | \$ -               | \$ -            | #DIV/0!       | \$ -                    | \$ -            | #DIV/0!       |
| 26       | <u>Supporting Schedules:</u>        |                    |                 |               | <u>Recap Schedules:</u> |                 |               |
| 27       | E-1                                 |                    |                 |               | D-1                     |                 |               |

| Line       |   |
|------------|---|
| <u>No.</u> |   |
| 1          |   |
| 2          | Not Applicable - No preferred stock issued or outstanding |
| 3          |   |
| 4          | <u>Supporting Schedules:</u>                              |
| 5          |   |
| 6          |   |

Recap Schedules:  
D-1

Line  
No.

- 1
- 2 Foothills Water & Sewer, LLC - Water Division is proposing an 10.0% cost of common equity per its filed testimony
- 3
- 4 Supporting Schedules:
- 5
- 6

Recap Schedules:  
D-1

**Foothills Water & Sewer, LLC - Water Division**  
Test Year Ended June 30, 2023  
Comparative Balance Sheet

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

| Line No. |  | Test Year Ended<br>6/30/2023 | Prior Year Ended<br>6/30/2022 | Prior Year Ended<br>6/30/2021 |
|----------|--|------------------------------|-------------------------------|-------------------------------|
| 1        | <b>ASSETS</b>  |                              |                               |                               |
| 2        | <b>PROPERTY PLANT AND EQUIPMENT</b>                  |                              |                               |                               |
| 3        | 101 Utility Plant In Service                         | \$ 34,166,028                | \$ 33,258,458                 | \$ 32,450,554                 |
| 4        | 103 Plant Held for Future Use                        | -                            | -                             | -                             |
| 5        | 105 Construction Work in Progress                    | 1,296,617                    | 781,236                       | 619,244                       |
| 6        | 108 Accumulated Depreciation                         | (21,022,826)                 | (15,406,261)                  | (14,621,996)                  |
| 7        | 114 Utility Plant Acquisition Adjustments            | -                            | -                             | -                             |
| 8        | 121 Non Utility Property                             | 753,259                      | 217,503                       | 217,503                       |
| 9        | 122 Accumulated Depreciation Nonutility Property     | (32,220)                     | (32,220)                      | (32,220)                      |
| 10       | <b>Net Plant</b>                                     | <u>\$ 15,160,859</u>         | <u>\$ 18,818,717</u>          | <u>\$ 18,633,085</u>          |
| 11       |  |                              |                               |                               |
| 12       | <b>CURRENT ASSETS</b>                                |                              |                               |                               |
| 13       | 131 Cash and Equivalents                             | \$ 368,079                   | \$ 67,723                     | \$ 378,603                    |
| 14       | 132 Special Deposits                                 | -                            | 491,539                       | 251,603                       |
| 15       | 141 Customer Accounts Receivable                     | 735,068                      | 474,248                       | 133,962                       |
| 16       | 142 Other Accounts Receivable                        | -                            | -                             | -                             |
| 17       | 143 Accumulated Provision for Uncollectible Accounts | (136,180)                    | (115,508)                     | (93,388)                      |
| 18       | 145 Accounts Receivable from Associated Companies    | (436,551)                    | -                             | 138,465                       |
| 19       | 146 Notes Receivable from Associated Companies       | -                            | -                             | -                             |
| 20       | 151 Plant Materials and Supplies                     | 209,854                      | 40,836                        | 40,836                        |
| 21       | 162 Prepayments                                      | 104,016                      | 42,242                        | 47,833                        |
| 22       | 174 Miscellaneous Current and Accrued Assets         | 6,313                        | 1,153                         | (15,777)                      |
| 23       | <b>Total Current Assets</b>                          | <u>\$ 850,599</u>            | <u>\$ 1,002,233</u>           | <u>\$ 882,136</u>             |
| 24       |  |                              |                               |                               |
| 25       | <b>DEFERRED DEBITS</b>                               |                              |                               |                               |
| 26       | 181 Unamortized Debt and Discount Expense            | \$ -                         | \$ 109,706                    | \$ 116,784                    |
| 27       | 186 Miscellaneous Deferred Debits                    | -                            | 36,795.22                     | 39,169.18                     |
| 28       | 190 Accumulated Deferred Income Taxes                | -                            | 7,294,311                     | 7,294,311                     |
| 29       | <b>Total Deferred Debits</b>                         | <u>\$ -</u>                  | <u>\$ 7,440,812</u>           | <u>\$ 7,450,264</u>           |
| 30       |  |                              |                               |                               |
| 31       | <b>TOTAL ASSETS</b>                                  | <u><u>\$ 16,011,458</u></u>  | <u><u>\$ 27,261,762</u></u>   | <u><u>\$ 26,965,486</u></u>   |
| 32       |  |                              |                               |                               |

| Line No. |  | Test Year Ended<br>6/30/2023         | Prior Year Ended<br>6/30/2022 | Prior Year Ended<br>6/30/2021 |
|----------|--|--------------------------------------|-------------------------------|-------------------------------|
| 1        | <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>  |                                      |                               |                               |
| 2        | <b>CAPITAL ACCOUNTS</b>                      |                                      |                               |                               |
| 3        | 201 Common Stock                             | \$ (381,605)                         | \$ 450,003                    | \$ 450,000                    |
| 4        | 211 Paid in Capital                          | -                                    | 5,488,041                     | 5,488,041                     |
| 5        | 215 Retained Earnings                        | 877,159                              | 5,059,757                     | 3,979,349                     |
| 6        | <b>Total Capital</b>                         | <u>\$ 495,553</u>                    | <u>\$ 10,997,801</u>          | <u>\$ 9,917,390</u>           |
| 7        |  |                                      |                               |                               |
| 8        | <b>LONG-TERM DEBT</b>                        |                                      |                               |                               |
| 9        | 221 Bonds                                    | \$ -                                 | \$ 3,657,388                  | \$ 3,787,108                  |
| 10       | 224 Other Long-Term Debt                     | -                                    | (365,874)                     | 1,523,215                     |
| 11       | <b>Total long-Term Debt</b>                  | <u>\$ -</u>                          | <u>\$ 3,291,514</u>           | <u>\$ 5,310,324</u>           |
| 12       |  |                                      |                               |                               |
| 13       | <b>CURRENT LIABILITIES</b>                   |                                      |                               |                               |
| 14       | 231 Accounts Payable                         | \$ 982,479                           | \$ 109,638                    | \$ 81,187                     |
| 15       | 232 Notes Payable                            | -                                    | 788,087                       | 788,087                       |
| 16       | 233 Accounts Payable Associated Companies    | (74)                                 | 598,911                       | -                             |
| 17       | 234 Notes Payable Associated Companies       | -                                    | -                             | -                             |
| 18       | 235 Customer Deposits                        | 75,854                               | 62,033                        | 54,379                        |
| 19       | 236 Accrued Taxes                            | 133,047                              | 132,255                       | 135,067                       |
| 20       | 237 Accrued Interest                         | -                                    | 24,228                        | 144,764                       |
| 21       | 241 Miscellaneous Current Liabilities        | 316,041                              | 7,973                         | 8,120                         |
| 22       | <b>Total Current Liabilities</b>             | <u>\$ 1,507,346</u>                  | <u>\$ 1,723,126</u>           | <u>\$ 1,211,605</u>           |
| 23       |  |                                      |                               |                               |
| 24       | <b>DEFERRED CREDITS</b>                      |                                      |                               |                               |
| 25       | 251 Unamortized Premium on Debt              | \$ -                                 | \$ 12,286                     | \$ 13,079                     |
| 26       | 252 Advances in Aid of Construction          | 321,194                              | 2,080,654                     | 1,401,690                     |
| 27       | 253 Other Deferred Credits                   | 4,857,779                            | -                             | -                             |
| 28       | 271 Contributions in Aid of Construction     | 13,530,239                           | 13,462,239                    | 13,155,239                    |
| 29       | 272 Accumulated Amortization CIAC            | (4,235,494)                          | (4,305,859)                   | (4,043,840)                   |
| 30       | 281 Accumulated Deferred Income Tax          | (465,160)                            | -                             | -                             |
| 31       | <b>Total Deferred Credits</b>                | <u>\$ 14,008,558</u>                 | <u>\$ 11,249,321</u>          | <u>\$ 10,526,167</u>          |
| 32       |  |                                      |                               |                               |
| 33       | <b>Total Liabilities &amp; Common Equity</b> | <u><u>\$ 16,011,458</u></u>          | <u><u>\$ 27,261,762</u></u>   | <u><u>\$ 26,965,486</u></u>   |
| 34       |  |                                      |                               |                               |
| 35       | <u>Supporting Schedules:</u>                 | <u>Workpapers:</u>                   | <u>Recap Schedules:</u>       |                               |
| 36       | E-5  | FH Rate Case Data.xlsx, Tab:22-19 BS | A-3                           |                               |
| 37       |  |                                      |                               |                               |

**Foothills Water & Sewer, LLC - Water Division**  
Test Year Ended June 30, 2023  
Comparative Income Statements

Exhibit:

RLJ-DT2  
Schedule E-2

Page 1

Witness:

Jones

| Line No. |   | Test Year Ended 6/30/2023 | Prior Year Ended 6/30/2022 | Prior Year Ended 6/30/2021 |
|----------|---|---------------------------|----------------------------|----------------------------|
| 1        | <b>Revenues</b>                                 |                           |                            |                            |
| 2        | 461 Metered Water Revenues                      | \$ 5,846,000              | \$ 6,166,052               | \$ 5,657,107               |
| 3        | 462 Fire Protection Revenue                     | -                         | -                          | -                          |
| 4        | 471 Miscellaneous Service Revenue               | 148,728                   | 168,775                    | 136,599                    |
| 5        | 474 Other Water Revenues                        | (3,462)                   | 34,582                     | 10,609                     |
| 6        | <b>Total Revenues</b>                           | <b>\$ 5,991,265</b>       | <b>\$ 6,369,409</b>        | <b>\$ 5,804,315</b>        |
| 7        | <b>Operating Expenses</b>                       |                           |                            |                            |
| 8        | 601 Salaries and Wages                          | \$ 991,725                | \$ 855,311                 | \$ 834,253                 |
| 9        | 603 Salaries and Wages - Officers and Directors | 78,000                    | 260,000                    | 260,000                    |
| 10       | 604 Employee Pension and Benefits               | 20,296                    | 18,396                     | 16,866                     |
| 11       | 610 Purchased Water                             | 855,534                   | 743,841                    | 734,066                    |
| 12       | 615 Purchased Power                             | 385,145                   | 497,165                    | 461,971                    |
| 13       | 618 Chemicals                                   | 294,440                   | 230,483                    | 221,794                    |
| 14       | 620 Materials and Supplies                      | 75,405                    | 72,378                     | 81,393                     |
| 15       | 620.1 Repairs and Maintenance                   | 33,460                    | 5,761                      | 34,634                     |
| 16       | 620.2 Office Supplies Expense                   | 156,321                   | 102,189                    | 93,423                     |
| 17       | 631 Contractual Services - Engineering          | 15,255                    | -                          | -                          |
| 18       | 632 Contractual Services - Accounting           | 15,026                    | 71,663                     | 4,856                      |
| 19       | 633 Contractual Services - Legal                | 83,049                    | 77,678                     | 76,592                     |
| 20       | 634 Contractual Services - Management Fees      | 39,000                    | 130,000                    | 130,000                    |
| 21       | 635 Contractual Services - Testing              | 37,276                    | 41,544                     | 31,924                     |
| 22       | 636 Contractual Services - Other                | 339,121                   | 35,175                     | 24,976                     |
| 23       | 641 Rent - Buildings                            | 69,654                    | 64,612                     | 46,840                     |
| 24       | 642 Rent - Equipment                            | 30,225                    | 17,291                     | 4,890                      |
| 25       | 650 Transportation Expense                      | 77,001                    | 93,036                     | 73,542                     |
| 26       | 656 Insurance - Vehicle                         | 42,645                    | 17,926                     | 17,217                     |
| 27       | 657 Insurance - General Liability               | 75,938                    | 39,842                     | 37,552                     |
| 28       | 658 Insurance - Worker's Compensation           | 31,378                    | 28,420                     | 18,953                     |
| 29       | 659 Insurance - Other                           | 1,535                     | -                          | -                          |
| 30       | 666 Regulatory Commission Expense - Rate Case   | -                         | -                          | -                          |
| 31       | 667 Regulatory Expense - Other                  | -                         | -                          | -                          |
| 32       | 668 Water Resource Conservation Expense         | -                         | -                          | -                          |
| 33       | 670 Bad Debt Expense                            | 20,672                    | 27,934                     | 27,934                     |
| 34       | 675 Miscellaneous Expense                       | 84,732                    | 65,714                     | 47,931                     |
| 35       | 403 Depreciation Expense                        | 367,826                   | 529,984                    | 527,031                    |
| 36       | 407 Amortization Expense                        | -                         | -                          | -                          |
| 37       | 408 Taxes Other Than Income                     | 74,268                    | 163,414                    | 173,146                    |
| 38       | 408.11 Property Taxes                           | 281,971                   | 223,403                    | 205,910                    |
| 39       | 409 Income Tax                                  | (27,825)                  | -                          | 50                         |
| 40       | 427.1 Interest Expense Security Deposits        | 2,196                     | 2,341                      | 2,624                      |
| 41       | <b>Total Operating Expenses</b>                 | <b>\$ 4,551,268</b>       | <b>\$ 4,415,501</b>        | <b>\$ 4,190,368</b>        |
| 42       | <b>Operating Income</b>                         | <b>\$ 1,439,997</b>       | <b>\$ 1,953,908</b>        | <b>\$ 1,613,947</b>        |
| 43       | <b>Other Income (Expense)</b>                   |                           |                            |                            |
| 44       | 419 Interest and Dividend Income                | \$ -                      | \$ -                       | \$ -                       |
| 45       | 421 Non-Utility Income                          | 370.54                    | 30,023.91                  | 523,337.96                 |
| 46       | 426 Miscellaneous Non-Utility Expenses          | (235,126)                 | (21,432)                   | (11,279)                   |
| 47       | 427 Interest Expense                            | (164,285)                 | (346,657)                  | (442,353)                  |
| 48       | 428 Amortization of Debt Discount and Expense   | (2,494)                   | (9,452)                    | (9,452)                    |
| 49       | 429 Amortization of Premium on Debt             | 209                       | 793                        | 793                        |
| 50       | <b>Total Other Income (Expense)</b>             | <b>\$ (401,325)</b>       | <b>\$ (346,724)</b>        | <b>\$ 51,238</b>           |
| 51       | <b>Net Income (Loss)</b>                        | <b>\$ 1,038,672</b>       | <b>\$ 1,607,184</b>        | <b>\$ 1,665,185</b>        |

Workpapers:

FH Rate Case Data.xlsx, Tabs:TB, 22-19 IS

Recap Schedules:

A-2



**Foothills Water & Sewer, LLC - Water Division**  
Test Year Ended June 30, 2023  
Comparative Statement of Changes in Financial Position

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

| Line No. |  | Test Year Ended 6/30/2023 | Prior Year Ended 6/30/2022 | Prior Year Ended 6/30/2021 |
|----------|--|---------------------------|----------------------------|----------------------------|
| 1        | <u>Source of Funds</u>                               |                           |                            |                            |
| 2        | Cash Flow from Operations:                           |                           |                            |                            |
| 3        | Net Income   | \$ 877,159                | \$ 1,607,184               | \$ 1,665,185               |
| 4        | Adjustments to reconcile net income to net cash      |                           |                            |                            |
| 5        | 403 Depreciation and Amortization                    | 228,967                   | 529,984                    | 527,031                    |
| 6        | Changes in Assets & Liabilities                      |                           |                            |                            |
| 7        | 121 Non Utility Property                             | (721,039)                 | -                          | -                          |
| 8        | 132 Special Deposits                                 | -                         | (239,936)                  | (40,195)                   |
| 9        | 141 Customer Accounts Receivable                     | (735,068)                 | (340,286)                  | 56,510                     |
| 10       | 143 Accumulated Provision for Uncollectible Accounts | 136,180                   | 22,120                     | 1,920                      |
| 11       | 145 Accounts Receivable from Associated Companies    | 436,551                   | 138,465                    | (1,497)                    |
| 12       | 151 Plant Materials and Supplies                     | (209,854)                 | -                          | -                          |
| 13       | 162 Prepayments                                      | (104,016)                 | 5,591                      | 4,605                      |
| 14       | 174 Miscellaneous Current and Accrued Assets         | (6,313)                   | (16,930)                   | 18,812                     |
| 15       | 181 Unamortized Debt and Discount Expense            | -                         | 7,078                      | 7,078                      |
| 16       | 186 Miscellaneous Deferred Debits                    | -                         | 2,374                      | 2,374                      |
| 17       | 190 Accumulated Deferred Income Taxes                | -                         | -                          | (1,682,872)                |
| 18       | 231 Accounts Payable                                 | 982,479                   | 28,451                     | (31,711)                   |
| 19       | 232 Notes Payable                                    | -                         | -                          | (74,977)                   |
| 20       | 233 Accounts Payable Associated Companies            | (74)                      | 598,911                    | (39,580)                   |
| 21       | 235 Customer Deposits                                | 75,854                    | 7,655                      | 2,141                      |
| 22       | 236 Accrued Taxes                                    | 133,047                   | (2,812)                    | (2,634)                    |
| 23       | 237 Accrued Interest                                 | -                         | (120,536)                  | (327,696)                  |
| 24       | 241 Miscellaneous Current Liabilities                | 316,041                   | (147)                      | (5,243)                    |
| 25       | 252 Advances in Aid of Construction                  | 321,194                   | 678,965                    | 330,724                    |
| 26       | 253 Other Deferred Credits                           | 4,857,779                 | -                          | -                          |
| 27       | 281 Accumulated Deferred Income Tax                  | (465,160)                 | -                          | -                          |
| 28       | Total From Operations                                | \$ 6,123,725              | \$ 2,906,129               | \$ 409,975                 |
| 29       |  |                           |                            |                            |
| 30       | Cash Flow from Financing:                            |                           |                            |                            |
| 31       | 221 Bonds  | -                         | (129,721)                  | (121,976)                  |
| 32       | 224 Other Long-Term Debt                             | -                         | (1,889,089)                | (995,867)                  |
| 33       | 251 Unamortized Premium on Debt                      | -                         | (793)                      | (793)                      |
| 34       | 271 Contributions in Aid of Construction             | 9,294,745                 | 307,000                    | 527,497                    |
| 35       | 201 Common Stock                                     | (381,605)                 | 3                          | -                          |
| 36       | 215 Retained Earnings                                | -                         | -                          | 1,687,704                  |
| 37       | Total From Financing                                 | \$ 8,913,140              | \$ (1,712,600)             | \$ 1,096,564               |
| 38       |  |                           |                            |                            |
| 39       | <u>Application of Funds</u>                          |                           |                            |                            |
| 40       | Cash Flow from Investing Activities                  |                           |                            |                            |
| 41       | Capital Expenditures                                 | (14,668,786)              | (977,633)                  | (576,101)                  |
| 42       | Dividends Paid                                       |                           |                            |                            |
| 43       | Allocate Cash between Water and Sewer                |                           | -                          | -                          |
| 44       | Total From Investing Activities                      | \$ (14,668,786)           | \$ (977,633)               | \$ (576,101)               |
| 45       |  |                           |                            |                            |
| 46       | Change in Allocation between Departments & Other     | \$                        | (526,776)                  | \$ (838,162)               |
| 47       |  |                           |                            |                            |
| 48       | Net Increase/(Decrease) in Cash                      | \$ 368,079                | \$ (310,880)               | \$ 92,276                  |
| 49       |  |                           |                            |                            |
| 50       | Cash, Beginning of Year                              | \$ -                      | \$ 378,603                 | \$ 286,327                 |
| 51       | Cash, End of Year                                    | \$ 368,079                | \$ 67,723                  | \$ 378,603                 |
| 52       |  |                           |                            |                            |
| 53       | <u>Workpapers:</u>                                   |                           |                            | <u>Recap Schedules:</u>    |
| 54       | Cash Flow Schedules.xlsx                             |                           |                            | A-5                        |
| 55       |  |                           |                            |                            |

**Foothills Water & Sewer, LLC - Water Division**  
Test Year Ended June 30, 2023  
Statement of Changes in Stockholder's Equity

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

| Line No. |                              | Common Shares | Common Stk Member's Equity | Additional Paid In Capital | Retained Earnings       | Total         |
|----------|------------------------------|---------------|----------------------------|----------------------------|-------------------------|---------------|
| 3        | <u>Far West</u>              |               |                            |                            |                         |               |
| 4        | Balance, June 30, 2020       | 100,000       | \$ 450,000                 | \$ 5,488,041               | \$ 1,464,623            | \$ 7,402,664  |
| 5        | Additional Paid In Capital   |               |                            |                            |                         | -             |
| 6        | Dividends                    |               |                            |                            | -                       | -             |
| 7        | Adjustments/Other            |               |                            |                            | 1,687,703               | 1,687,703     |
| 8        | Net Income                   |               |                            |                            | 1,665,185               | 1,665,185     |
| 9        |                              |               |                            |                            |                         |               |
| 10       | Balance, June 30, 2021       | 100,000       | \$ 450,000                 | \$ 5,488,041               | \$ 4,817,511            | \$ 10,755,552 |
| 11       | Additional Paid In Capital   |               |                            |                            |                         | -             |
| 12       | Dividends                    |               |                            |                            | -                       | -             |
| 13       | Adjustments/Other            |               | 3                          |                            | -                       | 3             |
| 14       | Net Income                   |               |                            |                            | 1,607,184               | 1,607,184     |
| 15       |                              |               |                            |                            |                         |               |
| 16       | Balance, June 30, 2022       | 100,000       | \$ 450,003                 | \$ 5,488,041               | \$ 6,424,694            | \$ 12,362,738 |
| 17       |                              |               |                            |                            |                         |               |
| 18       | <u>Foothills</u>             |               |                            |                            |                         |               |
| 19       | Additional Paid In Capital   |               | \$ (381,605)               |                            |                         | (381,605)     |
| 20       | Dividends                    |               |                            |                            | -                       | -             |
| 21       | Adjustments/Other            |               |                            |                            | -                       | -             |
| 22       | Net Income                   |               |                            |                            | 877,159                 | 877,159       |
| 23       |                              |               |                            |                            |                         |               |
| 24       | Balance, June 30, 2023       |               | \$ (381,605)               | \$ -                       | \$ 877,159              | \$ 495,553    |
| 25       |                              |               |                            |                            |                         |               |
| 26       |                              |               |                            |                            |                         |               |
| 27       | <u>Supporting Schedules:</u> |               |                            |                            | <u>Recap Schedules:</u> |               |
| 28       |                              |               |                            |                            |                         |               |
| 29       |                              |               |                            |                            |                         |               |

| Line<br>No. | Acct.<br>No. | Plant Description                    | Plant<br>Balance<br>at<br>6/30/2022 | Plant<br>Additions,<br>Reclassifications<br>or<br>Retirements | Plant<br>Balance<br>at<br>6/30/2023 |
|-------------|--------------|--------------------------------------|-------------------------------------|---|-------------------------------------|
| 1           |              |                                      |                                     |   |                                     |
| 2           | 301          | Organization Cost                    | \$ 1,626                            | \$ -  | \$ 1,626                            |
| 3           | 302          | Franchise Cost                       | 14,501                              | 0   | 14,501                              |
| 4           | 303          | Land and Land Rights                 | 1,201,450                           | -   | 1,201,450                           |
| 5           | 304          | Structures & Improvements            | 715,741                             | 51,714  | 767,454                             |
| 6           | 305          | Collecting & Impounding Reservoirs   | -                                   | -   | -                                   |
| 7           | 306          | Lake, River, Canal Intakes           | -                                   | -   | -                                   |
| 8           | 307          | Wells & Springs                      | 635,962                             | (1)   | 635,961                             |
| 9           | 308          | Infiltration Galleries               | -                                   | -   | -                                   |
| 10          | 309          | Raw Water Supply Mains               | -                                   | -   | -                                   |
| 11          | 310          | Power Generation Equipment           | -                                   | 65,800  | 65,800                              |
| 12          | 311          | Pumping Equipment                    | 1,063,659                           | 171,482   | 1,235,141                           |
| 13          | 320          | Water Treatment Equipment            | -                                   | -   | -                                   |
| 14          | 320.1        | Water Treatment Plants               | 6,914,105                           | 2,391   | 6,916,496                           |
| 15          | 320.2        | Solution Chemical Feeders            | -                                   | -   | -                                   |
| 16          | 320.3        | Point-of-Use Treatment Devices       | -                                   | -   | -                                   |
| 17          | 320.4        | Arsenic Treatment Media              | -                                   | -   | -                                   |
| 18          | 330          | Distribution Reservoirs & Standpipes | -                                   | -   | -                                   |
| 19          | 330.1        | Storage Tanks                        | 782,103                             | 0   | 782,103                             |
| 20          | 330.2        | Pressure Tanks                       | -                                   | -   | -                                   |
| 21          | 331          | Transmission & Distribution Mains    | 17,350,121                          | 457,805   | 17,807,926                          |
| 22          | 333          | Services                             | 976,372                             | (76,977)  | 899,395                             |
| 23          | 334          | Meters                               | 995,909                             | 31,098  | 1,027,007                           |
| 24          | 335          | Hydrants                             | 678,260                             | (63,784)  | 614,476                             |
| 25          | 336          | Backflow Prevention Devices          | 6,923                               | (152)   | 6,771                               |
| 26          | 339          | Other Plant & Misc. Equipment        | -                                   | -   | -                                   |
| 27          | 340          | Office Furniture & Equipment         | 488,305                             | 2,595   | 490,900                             |
| 28          | 340.1        | Computers & Software                 | 125,378                             | 191,864   | 317,242                             |
| 29          | 341          | Transportation Equipment             | 587,746                             | 12,079  | 599,826                             |
| 30          | 342          | Stores Equipment                     | -                                   | -   | -                                   |
| 31          | 343          | Tools, Shop & Garage Equipment       | 44,003                              | 22,811  | 66,813                              |
| 32          | 344          | Laboratory Equipment                 | 5,675                               | (0)   | 5,675                               |
| 33          | 345          | Power Operated Equipment             | 126,359                             | (0)   | 126,359                             |
| 34          | 346          | Communication Equipment              | 12,250                              | 28,594  | 40,845                              |
| 35          | 347          | Miscellaneous Equipment              | 64,724                              | 10,252  | 74,976                              |
| 36          | 348          | Other Tangible Plant                 | 467,286                             | (0)   | 467,286                             |
| 37          |              |                                      |                                     |   |                                     |
| 38          |              | TOTAL WATER PLANT                    | \$ 33,258,458                       | \$ 907,570  | \$ 34,166,028                       |

Workpapers:

FH Water Rate Case Data.xlsx; TAB:22-19 BS

Recap Schedules:

E-1

A-4

**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 2023

Operating Statistics

Exhibit:

RLJ-DT2

Schedule E-7

Page 1

Witness:

Jones

| Line<br>No. |  | Test<br>Year<br>Ended<br><u>6/30/2023</u> | Prior<br>Year<br>Ended<br><u>6/30/2022</u> | Prior<br>Year<br>Ended<br><u>6/30/2021</u> |
|-------------|--|---|--|--|
| 1           |  |   |  |  |
| 2           | Gallons Sold - By Class of Service (Thousands) |   |  |  |
| 3           | Residential                                    | 1,325,152                                 | 1,369,773                                  | 1,420,270                                  |
| 4           | Commercial                                     | 267,030                                   | 354,267                                    | 319,665                                    |
| 5           | Standpipe                                      | 44,900                                    | 11,118                                     | 6,809                                      |
| 6           |  |   |  |  |
| 7           | Total Gallons Sold                             | 1,637,082                                 | 1,735,158                                  | 1,746,744                                  |
| 8           |  |   |  |  |
| 9           | Average Number of Customers                    |   |  |  |
| 10          | Residential                                    | 15,845                                    | 14,997                                     | 14,940                                     |
| 11          | Commercial                                     | 286                                       | 292  | 278  |
| 12          | Standpipe                                      | 5   | 5  | 5  |
| 13          |  |   |  |  |
| 14          | Total Average Number of Customers              | 16,136                                    | 15,289                                     | 15,218                                     |
| 15          |  |   |  |  |
| 16          | Gallons Per Residential Customer               | 83,632                                    | 91,336                                     | 95,065                                     |
| 17          |  |   |  |  |
| 18          | Revenue Per Residential Customer               | \$ 314                                    | \$ 356                                     | \$ 328                                     |
| 19          |  |   |  |  |
| 20          | Pumping Cost Per 1,000 Gallons                 | \$ 0.2353                                 | \$ 0.2865                                  | \$ 0.2645                                  |
| 21          |  |   |  |  |

**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 2023

Taxes Charged to Operations

Exhibit: RLJ-DT2

Schedule E-8

Page 1

Witness: Jones

| Line<br>No. |                         | Test<br>Year<br>Ended<br><u>6/30/2023</u> | Prior<br>Year<br>Ended<br><u>6/30/2022</u> | Prior<br>Year<br>Ended<br><u>6/30/2021</u> |
|-------------|-------------------------|---|--|--|
| 1           | <u>Description</u>      |   |  |  |
| 2           |                         |   |  |  |
| 3           | Federal Income Tax      | (22,343)                                  | -  | -  |
| 4           | State Income Tax        | (5,482)                                   | -  | 50   |
| 5           | Taxes Other Than Income | 74,268                                    | 163,414                                    | 173,146                                    |
| 6           | Property Tax            | 281,971                                   | 223,403                                    | 205,910                                    |
| 7           |                         |   |  |  |
| 8           | Totals                  | <u>\$ 328,414</u>                         | <u>\$ 386,816</u>                          | <u>\$ 379,106</u>                          |

9

10 Workpapers:Recap Schedules:

11

12

|            |  |
|------------|--|
| Line       |  |
| <u>No.</u> |  |
| 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          |  |
| 9          |  |
| 10         |  |
| 11         |  |
| 12         |  |
| 13         |  |
| 14         |  |
| 15         |  |
| 16         |  |
| 17         |  |
| 18         |  |
| 19         |  |
| 20         | <u>Supporting Schedules:</u>                     |
| 21         |  |
| 22         |  |

Recap Schedules:

**Foothills Water & Sewer, LLC - Water Division**  
Test Year Ended June 30, 2023  
Projected Income Statements - Present and Proposed Rates

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

| Line<br>No. |   | Projected Year                            |  |   |
|-------------|---|---|--|---|
|             |   | Actual<br>Test Year<br>Ended<br>6/30/2023 | At Present<br>Rates<br>Year Ended<br>6/30/2024 | At Proposed<br>Rates<br>Year Ended<br>6/30/2024 |
| 1           | <b>Revenues</b>                                 |   |  |   |
| 2           | 461 Metered Water Revenues                      | \$ 5,846,000                              | \$ 5,741,874                                   | \$ 6,665,764                                    |
| 3           | 462 Fire Protection Revenue                     | -   | -  | -   |
| 4           | 471 Miscellaneous Service Revenue               | 148,728                                   | 146,187  | 269,863   |
| 5           | 474 Other Water Revenues                        | (3,462)                                   | 4,157  | 4,157   |
| 6           | <b>Total Revenues</b>                           | <b>\$ 5,991,265</b>                       | <b>\$ 5,892,218</b>                            | <b>\$ 6,939,785</b>                             |
| 7           | <b>Operating Expenses</b>                       |   |  |   |
| 8           | 601 Salaries and Wages                          | \$ 991,725                                | \$ 1,106,066                                   | \$ 1,106,066                                    |
| 9           | 603 Salaries and Wages - Officers and Directors | 78,000                                    | -  | -   |
| 10          | 604 Employee Pension and Benefits               | 20,296                                    | 156,209  | 156,209   |
| 11          | 610 Purchased Water                             | 855,534                                   | 1,023,701                                      | 1,023,701                                       |
| 12          | 615 Purchased Power                             | 385,145                                   | 390,922  | 390,922   |
| 13          | 618 Chemicals                                   | 294,440                                   | 298,857  | 298,857   |
| 14          | 620.1 Repairs and Maintenance                   | 33,460                                    | 34,798   | 34,798  |
| 15          | 620.2 Office Supplies Expense                   | 156,321                                   | 162,574  | 162,574   |
| 16          | 630 Outside Services                            | -   | -  | -   |
| 17          | 631 Contractual Services - Engineering          | 15,255                                    | 15,484   | 15,484  |
| 18          | 632 Contractual Services - Accounting           | 15,026                                    | 27   | -   |
| 19          | 633 Contractual Services - Legal                | 83,049                                    | -  | -   |
| 20          | 634 Contractual Services - Management Fees      | 39,000                                    | -  | -   |
| 21          | 635 Contractual Services - Testing              | 37,276                                    | 37,835   | 37,835  |
| 22          | 636 Contractual Services - Other                | 339,121                                   | 345,950  | 345,950   |
| 23          | 641 Rent - Buildings                            | 69,654                                    | 70,699   | 70,699  |
| 24          | 642 Rent - Equipment                            | 30,225                                    | 30,225   | 30,225  |
| 25          | 650 Transportation Expense                      | 77,001                                    | 79,715   | 79,715  |
| 26          | 656 Insurance - Vehicle                         | 42,645                                    | 59,012   | 59,012  |
| 27          | 657 Insurance - General Liability               | 75,938                                    | 102,028  | 102,028   |
| 28          | 658 Insurance - Worker's Compensation           | 31,378                                    | 28,598   | 28,598  |
| 29          | 659 Insurance - Other                           | 1,535                                     | 1,596  | 1,596   |
| 30          | 666 Regulatory Commission Expense - Rate Case   | -   | -  | -   |
| 31          | 667 Regulatory Expense - Other                  | -   | -  | -   |
| 32          | 670 Bad Debt Expense                            | 20,672                                    | 20,672   | 24,347  |
| 33          | 675 Miscellaneous Expense                       | 84,732                                    | 86,003   | 86,003  |
| 34          | 403 Depreciation Expense                        | 367,826                                   | 657,290  | 657,290   |
| 35          | 407 Amortization Expense                        | -   | -  | -   |
| 36          | 408 Taxes Other Than Income                     | 74,268                                    | 101,265  | 101,265   |
| 37          | 408.11 Property Taxes                           | 281,971                                   | 198,779  | 208,523   |
| 38          | 409 Income Tax                                  | (27,825)                                  | 123,638  | 380,840   |
| 39          | 427 Interest Expense Security Deposits          | 2,196                                     | 2,196  | 2,196   |
| 40          | <b>Total Operating Expenses</b>                 | <b>\$ 4,551,268</b>                       | <b>\$ 5,224,624</b>                            | <b>\$ 5,495,220</b>                             |
| 41          | <b>Operating Income</b>                         | <b>\$ 1,439,997</b>                       | <b>\$ 667,595</b>                              | <b>\$ 1,444,565</b>                             |
| 42          | <b>Other Income (Expense)</b>                   |   |  |   |
| 43          | 421 Non-Utility Income                          | 371                                       | -  | -   |
| 44          | 427 Interest Expense                            | (164,285)                                 | (398,243)                                      | (398,243)                                       |
| 45          | 428 Amortization of Debt Discount and Expense   | (2,494)                                   | -  | -   |
| 46          | 429 Amortization of Premium on Debt             | 209                                       | -  | -   |
| 47          | <b>Total Other Income (Expense)</b>             | <b>\$ (401,325)</b>                       | <b>\$ (598,804)</b>                            | <b>\$ (598,804)</b>                             |
| 48          | <b>Net Income (Loss)</b>                        | <b>\$ 1,038,672</b>                       | <b>\$ 68,790</b>                               | <b>\$ 845,761</b>                               |

Supporting Schedules:

E-2

Recap Schedules:

A-2

**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 2023

Projected Changes In Financial Position - Present and Proposed Rates

Exhibit:

RLJ-DT2

Schedule F-2

Page 1

Witness:

Jones

| Line<br>No. |  | Test<br>Year<br>Ended<br>6/30/2023 | At Present<br>Rates<br>Year<br>Ended<br>6/30/2024 | At Proposed<br>Rates<br>Year<br>Ended<br>6/30/2025 |
|-------------|--|------------------------------------|---|--|
| 1           | <u>Source of Funds</u>                               |                                    |   |  |
| 2           | Cash Flow from Operations:                           |                                    |   |  |
| 3           | Net Income   | \$ 877,159                         | \$ 68,790   | \$ 845,761   |
| 4           | Adjustments to reconcile net income to net cash      |                                    |   |  |
| 5           | 403 Depreciation and Amortization                    | 228,967                            | 657,290   | 657,290  |
| 6           | Changes in Assets & Liabilities                      |                                    |   |  |
| 7           | 121 Non Utility Property                             | (721,039)                          |   |  |
| 8           | 132 Special Deposits                                 | -                                  |   |  |
| 9           | 141 Customer Accounts Receivable                     | (735,068)                          |   |  |
| 10          | 143 Accumulated Provision for Uncollectible Accounts | 136,180                            |   |  |
| 11          | 145 Accounts Receivable from Associated Companies    | 436,551                            |   |  |
| 12          | 151 Plant Materials and Supplies                     | (209,854)                          |   |  |
| 13          | 162 Prepayments                                      | (104,016)                          |   |  |
| 14          | 174 Miscellaneous Current and Accrued Assets         | (6,313)                            |   |  |
| 15          | 181 Unamortized Debt and Discount Expense            | -                                  |   |  |
| 16          | 186 Miscellaneous Deferred Debits                    | -                                  |   |  |
| 17          | 190 Accumulated Deferred Income Taxes                | -                                  |   |  |
| 18          | 231 Accounts Payable                                 | 982,479                            |   |  |
| 19          | 232 Notes Payable                                    | -                                  |   |  |
| 20          | 233 Accounts Payable Associated Companies            | (74)                               |   |  |
| 21          | 235 Customer Deposits                                | 75,854                             |   |  |
| 22          | 236 Accrued Taxes                                    | 133,047                            |   |  |
| 23          | 237 Accrued Interest                                 | -                                  |   |  |
| 24          | 241 Miscellaneous Current Liabilities                | 316,041                            |   |  |
| 25          | 252 Advances in Aid of Construction                  | 321,194                            | 750,000   | 750,000  |
| 26          | 253 Other Deferred Credits                           | 4,857,779                          |   |  |
| 27          | 281 Accumulated Deferred Income Tax                  | (465,160)                          |   |  |
| 28          | Total From Operations                                | \$ 6,123,725                       | \$ 1,476,080                                      | \$ 2,253,051                                       |
| 29          |  |                                    |   |  |
| 30          | Cash Flow from Financing:                            |                                    |   |  |
| 31          | 221 Bonds  | -                                  |   |  |
| 32          | 224 Other Long-Term Debt                             | -                                  | -   | -  |
| 33          | 251 Unamortized Premium on Debt                      | -                                  |   |  |
| 34          | 271 Contributions in Aid of Construction             | 9,294,745                          | 250,000   | 250,000  |
| 35          | 201 Common Stock                                     | (381,605)                          |   |  |
| 36          | 211 Paid In Capital                                  | -                                  | 12,550,000  | 7,625,000  |
| 37          | Total From Financing                                 | \$ 8,913,140                       | \$ 12,800,000                                     | \$ 7,875,000                                       |
| 38          |  |                                    |   |  |
| 39          | <u>Application of Funds</u>                          |                                    |   |  |
| 40          | Cash Flow from Investing Activities                  |                                    |   |  |
| 41          | Capital Expenditures                                 | (14,668,786)                       | (14,424,946)                                      | (10,125,000)                                       |
| 42          | Dividends Paid                                       | -                                  | -   | -  |
| 43          | Other  | -                                  |   |  |
| 44          | Total From Investing Activities                      | \$ (14,668,786)                    | \$ (14,424,946)                                   | \$ (10,125,000)                                    |
| 45          |  |                                    |   |  |
| 46          | Net Increase/(Decrease) in Cash                      | \$ 368,079                         | \$ (148,866)                                      | \$ 3,051   |
| 47          |  |                                    |   |  |
| 48          | Cash, Beginning of Year                              | \$ -                               | \$ 368,079  | \$ 219,213   |
| 49          | Cash, End of Year                                    | \$ 368,079                         | \$ 219,213  | \$ 222,264   |

Supporting Schedules:

E-3

F-3

Recap Schedules:

A-5



|      |                                     |                  |                  |                         |                  |
|------|-------------------------------------|------------------|------------------|-------------------------|------------------|
| Line |                                     |                  |                  |                         |                  |
| No.  |                                     |                  |                  |                         |                  |
| 1    |                                     | Adjusted         | Projected        |                         |                  |
| 2    |                                     | Test Year        | Thru             | Thru                    | Thru             |
| 3    | <u>Property Classification</u>      | <u>6/30/2023</u> | <u>6/30/2024</u> | <u>6/30/2025</u>        | <u>6/30/2026</u> |
| 4    |                                     |                  |                  |                         |                  |
| 5    | Intangible Plant                    | \$ -             | \$ -             | \$ 500,000              | \$ -             |
| 6    |                                     |                  |                  |                         |                  |
| 7    | Source of Supply and Pumping Plant  | 288,995          | 1,981,000        | 865,000                 | 1,050,000        |
| 8    |                                     |                  |                  |                         |                  |
| 9    | Water Treatment Plant               | 2,391            | 1,096,000        | 3,285,000               | 3,625,000        |
| 10   |                                     |                  |                  |                         |                  |
| 11   | Transmission and Distribution Plant | 347,989          | 10,780,000       | 5,225,000               | 1,300,000        |
| 12   |                                     |                  |                  |                         |                  |
| 13   | General Plant                       | 268,194          | 567,946          | 250,000                 | 250,000          |
| 14   |                                     |                  |                  |                         |                  |
| 15   | Total Plant                         | \$ 907,569       | \$ 14,424,946    | \$ 10,125,000           | \$ 6,225,000     |
| 16   |                                     |                  |                  |                         |                  |
| 17   |                                     |                  |                  |                         |                  |
| 18   | <u>Workpapers:</u>                  |                  |                  | <u>Recap Schedules:</u> |                  |
| 19   |                                     |                  |                  | F-2 A-4                 |                  |
| 20   |                                     |                  |                  |                         |                  |

|            |                                 |
|------------|---------------------------------|
| Line       |                                 |
| <u>No.</u> |                                 |
| 1          |                                 |
| 2          | No Customer Growth              |
| 3          |                                 |
| 4          | Per Test Year Adjustments       |
| 5          |                                 |
| 6          | Expenses increase for inflation |
| 7          |                                 |
| 8          |                                 |
| 9          |                                 |
| 10         |                                 |
| 11         |                                 |
| 12         | <u>Supporting Schedules:</u>    |
| 13         |                                 |
| 14         |                                 |

Recap Schedules:

**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 2023

## Summary of Revenues by Customer Classification - Present and Proposed Rates

Exhibit: RLJ-DT2

Schedule H-1

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Witness: Jones

| Line<br>No. | Customer Classification                | <u>Revenues in the Test Year</u> |                           | <u>Proposed Increase</u> |          |
|-------------|--|----------------------------------|---------------------------|--------------------------|----------|
|             |  | <u>Present<br/>Rates</u>         | <u>Proposed<br/>Rates</u> | <u>Amount</u>            | <u>%</u> |
| 1           |  |                                  |                           |                          |          |
| 2           | <u>Unmetered Water Revenue</u>         |                                  |                           |                          |          |
| 3           | Fire Lines                             | \$ -                             | \$ -                      | \$ -                     | n/a      |
| 4           |  |                                  |                           |                          |          |
| 5           | <u>Metered Water Revenue</u>           |                                  |                           |                          |          |
| 6           | Residential                            | 4,970,534                        | 5,655,254                 | 684,720                  | 13.78%   |
| 7           | Commercial                             | 739,418                          | 969,855                   | 230,436                  | 31.16%   |
| 8           | Standpipe                              | 27,158                           | 35,876                    | 8,718                    | 32.10%   |
| 9           |  |                                  |                           |                          |          |
| 10          | Miscellaneous Service Revenue          | 146,187                          | 269,863                   | 123,676                  | 84.60%   |
| 11          | Other Water Revenues                   | 4,157                            | 4,157                     | -                        | 0.00%    |
| 12          |  |                                  |                           |                          |          |
| 13          | Total Water Revenues - Per Bill Counts | \$ 5,887,455                     | \$ 6,935,005              | \$ 1,047,550             | 17.79%   |
| 14          |  |                                  |                           |                          |          |
| 15          | <u>Reconciliation</u>                  |                                  |                           |                          |          |
| 16          | Bill Count Revenue                     | \$ 5,887,455                     |                           |                          |          |
| 17          |  |                                  |                           |                          |          |
| 18          | Water Revenues per G.L.                | 5,991,265                        |                           |                          |          |
| 19          | Revenue Adjustments                    |                                  |                           |                          |          |
| 20          | Adjustment IS-6                        | (99,047)                         |                           |                          |          |
| 21          | Adjusted G.L. Revenue                  | \$ 5,892,218                     |                           |                          |          |
| 22          |  |                                  |                           |                          |          |
| 23          | Unreconciled Difference                | \$ 4,763                         |                           |                          |          |
| 24          | Percentage Difference                  | 0.08%                            |                           |                          |          |
| 25          |  |                                  |                           |                          |          |
| 26          |  |                                  |                           |                          |          |
| 27          | <u>Supporting Schedules:</u>           |                                  |                           | <u>Recap Schedules:</u>  |          |
| 28          | H-2                                    |                                  |                           | A-1                      |          |
| 29          |  |                                  |                           |                          |          |

**Foothills Water & Sewer, LLC - Water Division**  
Test Year Ended June 30, 2023  
Analysis of Revenue by Detailed Class

Exhibit: RLJ-DT2  
Schedule H-2  
Page 1  
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| 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                    |                          |                             |               |                |                         |            |
| 4        | 5/8 x 3/4" Meter               | 15,844                   | \$ 6,959                    | \$ 4,966,807  | \$ 5,649,867   | \$ 683,060              | 13.75%     |
| 5        | 3/4" Meter                     | -                        | -                           | -             | -              | -                       | n/a        |
| 6        | 1" Meter                       | 1                        | 167,305                     | 3,727         | 5,387          | 1,660                   | 44.55%     |
| 7        | Commercial                     |                          |                             |               |                |                         |            |
| 8        | 5/8 x 3/4" Meter               | 77                       | 26,031                      | 52,989        | 73,284         | 20,295                  | 38.30%     |
| 9        | 3/4" Meter                     | -                        | -                           | -             | -              | -                       | n/a        |
| 10       | 1" Meter                       | 89                       | 47,257                      | 121,421       | 158,600        | 37,179                  | 30.62%     |
| 11       | 1 1/2" Meter                   | 23                       | 47,240                      | 41,418        | 49,660         | 8,242                   | 19.90%     |
| 12       | 2" Meter                       | 89                       | 144,073                     | 375,354       | 491,627        | 116,273                 | 30.98%     |
| 13       | 3" Meter                       | 3                        | 131,555                     | 17,994        | 20,701         | 2,707                   | 15.04%     |
| 14       | 4" Meter                       | 2                        | 582,324                     | 30,354        | 41,285         | 10,931                  | 36.01%     |
| 15       | 6" Meter                       | 3                        | 1,247,220                   | 99,888        | 134,698        | 34,809                  | 34.85%     |
| 16       | Standpipe                      |                          |                             |               |                |                         |            |
| 17       | 3" Meter                       | 5                        | 128,725                     | 27,158        | 35,876         | 8,718                   | 32.10%     |
| 18       |                                |                          |                             |               |                |                         |            |
| 19       | <b>Totals:</b>                 |                          |                             |               |                |                         |            |
| 20       | <u>Unmetered Water Revenue</u> |                          |                             |               |                |                         |            |
| 21       | Fire Lines                     | -                        |                             | \$ -          | \$ -           | \$ -                    | n/a        |
| 22       |                                |                          |                             |               |                |                         |            |
| 23       | <u>Metered Water Revenue</u>   |                          |                             |               |                |                         |            |
| 24       | Residential                    | 15,845                   |                             | 4,970,534     | 5,655,254      | 684,720                 | 13.78%     |
| 25       | Commercial                     | 286                      |                             | 739,418       | 969,855        | 230,436                 | 31.16%     |
| 26       | Standpipe                      | 5                        |                             | 27,158        | 35,876         | 8,718                   | 32.10%     |
| 27       | Subtotal Metered               | 16,136                   |                             | \$ 5,737,111  | \$ 6,660,985   | \$ 923,874              | 16.10%     |
| 28       |                                |                          |                             |               |                |                         |            |
| 29       | Miscellaneous Service Revenue  |                          |                             | 146,187       | 269,863        | 123,676                 | 84.60%     |
| 30       | Other Water Revenues           |                          |                             | 4,157         | 4,157          | -                       | 0.00%      |
| 31       |                                |                          |                             |               |                |                         |            |
| 32       | Total                          | 16,136                   |                             | \$ 5,887,455  | \$ 6,935,005   | \$ 1,047,550            | 17.79%     |
| 33       |                                |                          |                             |               |                |                         |            |
| 34       | <u>Supporting Schedules:</u>   |                          |                             |               |                | <u>Recap Schedules:</u> |            |
| 35       |                                |                          |                             |               |                | H-1                     |            |
| 36       |                                |                          |                             |               |                |                         |            |

**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 2023

Analysis of Revenue by Detailed Class

Exhibit: RLJ-DT2

Schedule H-2

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Witness: Jones

## Supplemental Schedule

## Breakdown of Metered Water Revenue at Current Rates

## By Rate Components

| Line<br>No. | Description         | Revenue at Current Rates |              |             |             |                    | Total<br>Revenue |
|-------------|---------------------|--------------------------|--------------|-------------|-------------|--------------------|------------------|
|             |                     | Base<br>Charge           | 1st<br>Tier  | 2nd<br>Tier | 3rd<br>Tier | Base +<br>1st Tier |                  |
| 1           | Residential         |                          |              |             |             |                    |                  |
| 2           | 5/8 x 3/4" Meter    | \$ 2,800,541             | \$ 2,166,266 | \$ -        | \$ -        | \$ 4,966,807       | \$ 4,966,807     |
| 3           | 3/4" Meter          | -                        | -            | -           | -           | -                  | -                |
| 4           | 1" Meter            | 440                      | 3,287        | -           | -           | 3,727              | 3,727            |
| 5           | Commercial          |                          |              |             |             |                    |                  |
| 6           | 5/8 x 3/4" Meter    | 13,611                   | 39,379       | -           | -           | 52,989             | 52,989           |
| 7           | 3/4" Meter          | -                        | -            | -           | -           | -                  | -                |
| 8           | 1" Meter            | 39,022                   | 82,399       | -           | -           | 121,421            | 121,421          |
| 9           | 1 1/2" Meter        | 20,149                   | 21,269       | -           | -           | 41,418             | 41,418           |
| 10          | 2" Meter            | 124,615                  | 250,739      | -           | -           | 375,354            | 375,354          |
| 11          | 3" Meter            | 14,303                   | 12,856       | -           | -           | 27,158             | 27,158           |
| 12          | 4" Meter            | 9,379                    | 8,615        | -           | -           | 17,994             | 17,994           |
| 13          | 6" Meter            | 8,426                    | 21,928       | -           | -           | 30,354             | 30,354           |
| 14          | Standpipe           |                          |              |             |             |                    |                  |
| 15          | 3" Meter            | 26,378                   | 73,511       | -           | -           | 99,888             | 99,888           |
| 16          |                     |                          |              |             |             |                    |                  |
| 17          | Total Revenue       | \$ 3,056,863             | \$ 2,680,248 | \$ -        | \$ -        | \$ 5,737,111       | \$ 5,737,111     |
| 18          |                     |                          |              |             |             |                    |                  |
| 19          | Percentage of Total | 53.3%                    | 46.7%        | 0.0%        | 0.0%        | 100.0%             | 100.0%           |
| 20          |                     |                          |              |             |             |                    |                  |

**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 2023

Analysis of Revenue by Detailed Class

Exhibit: RLJ-DT2

Schedule H-2

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Witness: Jones

## Supplemental Schedule

## Breakdown of Metered Water Revenue at Proposed Rates

## By Rate Components

| Line<br>No. | Description         | Revenue at Proposed Rates |             |              |              |                    | Total<br>Revenue |
|-------------|---------------------|---------------------------|-------------|--------------|--------------|--------------------|------------------|
|             |                     | Base<br>Charge            | 1st<br>Tier | 2nd<br>Tier  | 3rd<br>Tier  | Base +<br>1st Tier |                  |
| 1           | Residential         |                           |             |              |              |                    |                  |
| 2           | 5/8 x 3/4" Meter    | 2,996,370                 | 740,765     | 848,781      | 1,063,951    | \$ 3,737,135       | \$ 5,649,867     |
| 3           | 3/4" Meter          | -                         | -           | -            | -            | -                  | -                |
| 4           | 1" Meter            | 473                       | -           | 765          | 4,149        | 473                | 5,387            |
| 5           | Commercial          |                           |             |              |              |                    |                  |
| 6           | 5/8 x 3/4" Meter    | 14,562                    | -           | 9,513        | 49,209       | 14,562             | 73,284           |
| 7           | 3/4" Meter          | -                         | -           | -            | -            | -                  | -                |
| 8           | 1" Meter            | 41,961                    | -           | 34,534       | 82,105       | 41,961             | 158,600          |
| 9           | 1 1/2" Meter        | 21,670                    | -           | 13,880       | 14,110       | 21,670             | 49,660           |
| 10          | 2" Meter            | 134,023                   | -           | 98,813       | 258,792      | 134,023            | 491,627          |
| 11          | 3" Meter            | 15,382                    | -           | -            | 20,494       | 15,382             | 35,876           |
| 12          | 4" Meter            | 10,086                    | -           | 7,320        | 3,294        | 10,086             | 20,701           |
| 13          | 6" Meter            | 9,062                     | -           | 6,414        | 25,809       | 9,062              | 41,285           |
| 14          | Standpipe           |                           |             |              |              |                    |                  |
| 15          | 3" Meter            | 28,368                    | -           | 25,477       | 80,852       | 28,368             | 134,698          |
| 16          |                     |                           |             |              |              |                    |                  |
| 17          | Total Revenue       | \$ 3,271,957              | \$ 740,765  | \$ 3,245,498 | \$ 1,602,765 | \$ 4,012,722       | \$ 8,860,985     |
| 18          |                     |                           |             |              |              |                    |                  |
| 19          | Percentage of Total | 36.9%                     | 8.4%        | 36.6%        | 18.1%        | 45.3%              | 100.0%           |
| 20          |                     |                           |             |              |              |                    |                  |

**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 2023

Analysis of Revenue by Detailed Class

Exhibit: RLJ-DT2

Schedule H-2

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Witness: Jones

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                        | \$ 3,056,863     | \$ 2,680,248   | \$ -             | \$ -             | \$ 5,737,111     | \$ 5,737,111     |
| 2        | Company's Proposed Rates            | <u>3,271,957</u> | <u>740,765</u> | <u>3,245,498</u> | <u>1,602,765</u> | <u>4,012,722</u> | <u>8,860,985</u> |
| 3        | Increase in Rates                   | \$ 215,094       | \$ (1,939,483) | \$ 3,245,498     | \$ 1,602,765     | \$ (1,724,388)   | \$ 3,123,874     |
| 4        |                                     |                  |                |                  |                  |                  |                  |
| 5        | Percentage Increase by Tier         | 7.0%             | -72.4%         |                  |                  | -30.1%           | 54.5%            |
| 6        | Percentage of Increase within Tier  | 6.9%             | -62.1%         | 103.9%           | 51.3%            | -55.2%           | 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            | \$ 3,056,863     | \$ 2,680,248   | \$ -             | \$ -             | \$ 5,737,111     | \$ 5,737,111     |
| 13       | Revenue at Company's Proposed Rates | \$ 3,271,957     | \$ 740,765     | \$ 3,245,498     | \$ 1,602,765     | \$ 4,012,722     | \$ 8,860,985     |
| 14       |                                     |                  |                |                  |                  |                  |                  |
| 15       | <u>Percentage of Total Revenue</u>  |                  |                |                  |                  |                  |                  |
| 16       | Current Rates                       | 53.3%            | 46.7%          | 0.0%             | 0.0%             | 100.0%           | 100.0%           |
| 17       | Company's Proposed Rates            | <u>36.9%</u>     | <u>8.4%</u>    | <u>36.6%</u>     | <u>18.1%</u>     | <u>45.3%</u>     | <u>100.0%</u>    |
| 18       | Change                              | -16.4%           | -38.4%         | 36.6%            | 18.1%            | -54.7%           | 0.0%             |
| 19       |                                     |                  |                |                  |                  |                  |                  |
| 20       |                                     |                  |                |                  |                  |                  |                  |

| Line No. |   |        | Present Rate Tiers | Proposed Rate Tiers | Base Charge               |               |          | Volume Charge (per 1,000 gallons) |               |         |
|----------|---|--------|--------------------|---------------------|---------------------------|---------------|----------|-----------------------------------|---------------|---------|
|          |   |        | Upper Limits       | Upper Limits        | Present Rate <sup>1</sup> | Proposed Rate | Change   | Present Rate                      | Proposed Rate | Change  |
|          | Description                                 |        | (gallons)          | (gallons)           |                           |               |          |                                   |               |         |
| 1        |   |        |                    |                     |                           |               |          |                                   |               |         |
| 2        | <b>Residential &amp; Commercial Service</b> |        |                    |                     |                           |               |          |                                   |               |         |
| 3        |   |        |                    |                     |                           |               |          |                                   |               |         |
| 4        |   |        |                    |                     |                           |               |          |                                   |               |         |
| 5        |   |        |                    |                     |                           |               |          |                                   |               |         |
| 6        | R1 - 5/8" x 3/4" Meter                      | Tier 1 | 999,999,000        | 3,000               | \$ 14.73                  | \$ 15.76      | \$ 1.03  | \$ 1.64                           | \$ 1.64       | \$ 0.00 |
| 7        | (Residential)                               | Tier 2 |                    | 10,000              |                           |               |          |                                   | \$ 1.83       | n/a     |
| 8        |   | Tier 3 |                    | 999,999,000         |                           |               |          |                                   | \$ 2.61       | n/a     |
| 9        |   |        |                    |                     |                           |               |          |                                   |               |         |
| 10       | R2 - 3/4" Meter                             | Tier 1 | 999,999,000        | 3,000               | \$ 21.99                  | \$ 23.64      | \$ 1.65  | \$ 1.64                           | \$ 1.64       | \$ 0.00 |
| 11       | (Residential)                               | Tier 2 |                    | 15,000              |                           |               |          |                                   | \$ 1.83       | n/a     |
| 12       |   | Tier 3 |                    | 999,999,000         |                           |               |          |                                   | \$ 2.61       | n/a     |
| 13       |   |        |                    |                     |                           |               |          |                                   |               |         |
| 14       |   | Tier 1 | 999,999,000        |                     |                           |               |          | \$ 1.64                           |               | n/a     |
| 15       | R3 - 1" Meter                               | Tier 2 |                    | 35,000              | \$ 36.64                  | \$ 39.40      | \$ 2.76  |                                   | \$ 1.83       | n/a     |
| 16       | (All)                                       | Tier 3 |                    | 999,999,000         |                           |               |          |                                   | \$ 2.61       | n/a     |
| 17       |   |        |                    |                     |                           |               |          |                                   |               |         |
| 18       |   | Tier 1 | 999,999,000        |                     |                           |               |          | \$ 1.64                           |               | n/a     |
| 19       | R1C - 5/8" x 3/4" Meter                     | Tier 2 |                    | 10,000              | \$ 14.73                  | \$ 15.76      | \$ 1.03  |                                   | \$ 1.83       | n/a     |
| 20       | (Commercial)                                | Tier 3 |                    | 999,999,000         |                           |               |          |                                   | \$ 2.61       | n/a     |
| 21       |   |        |                    |                     |                           |               |          |                                   |               |         |
| 22       |   | Tier 1 | 999,999,000        |                     |                           |               |          | \$ 1.64                           |               | n/a     |
| 23       | R2C - 3/4" Meter                            | Tier 2 |                    | 15,000              | \$ 21.99                  | \$ 23.64      | \$ 1.65  |                                   | \$ 1.83       | n/a     |
| 24       | (Commercial)                                | Tier 3 |                    | 999,999,000         |                           |               |          |                                   | \$ 2.61       | n/a     |
| 25       |   |        |                    |                     |                           |               |          |                                   |               |         |
| 26       |   | Tier 1 | 999,999,000        |                     |                           |               |          | \$ 1.64                           |               | n/a     |
| 27       | R4 - 1.5" Meter                             | Tier 2 |                    | 50,000              | \$ 73.27                  | \$ 78.80      | \$ 5.53  |                                   | \$ 1.83       | n/a     |
| 28       | (All)                                       | Tier 3 |                    | 999,999,000         |                           |               |          |                                   | \$ 2.61       | n/a     |
| 29       |   |        |                    |                     |                           |               |          |                                   |               |         |
| 30       |   | Tier 1 | 999,999,000        |                     |                           |               |          | \$ 1.64                           |               | n/a     |
| 31       | R5 - 2" Meter                               | Tier 2 |                    | 80,000              | \$ 117.23                 | \$ 126.08     | \$ 8.85  |                                   | \$ 1.83       | n/a     |
| 32       | (All)                                       | Tier 3 |                    | 999,999,000         |                           |               |          |                                   | \$ 2.61       | n/a     |
| 33       |   |        |                    |                     |                           |               |          |                                   |               |         |
| 34       |   | Tier 1 | 999,999,000        |                     |                           |               |          | \$ 1.64                           |               | n/a     |
| 35       | R6 - 3" Meter                               | Tier 2 |                    | 160,000             | \$ 234.47                 | \$ 252.16     | \$ 17.69 |                                   | \$ 1.83       | n/a     |
| 36       | (All)                                       | Tier 3 |                    | 999,999,000         |                           |               |          |                                   | \$ 2.61       | n/a     |
| 37       |   |        |                    |                     |                           |               |          |                                   |               |         |
| 38       |   | Tier 1 | 999,999,000        |                     |                           |               |          | \$ 1.64                           |               | n/a     |
| 39       | R7 - 4" Meter                               | Tier 2 |                    | 300,000             | \$ 366.36                 | \$ 394.00     | \$ 27.64 |                                   | \$ 1.83       | n/a     |
| 40       | (All)                                       | Tier 3 |                    | 999,999,000         |                           |               |          |                                   | \$ 2.61       | n/a     |
| 41       |   |        |                    |                     |                           |               |          |                                   |               |         |
| 42       |   | Tier 1 | 999,999,000        | -                   |                           |               |          | \$ 1.64                           |               | n/a     |
| 43       | R8 - 6" Meter                               | Tier 2 |                    | 500,000             | \$ 732.71                 | \$ 788.00     | \$ 55.29 |                                   | \$ 1.83       | n/a     |
| 44       |   | Tier 3 |                    | 999,999,000         |                           |               |          |                                   | \$ 2.61       | n/a     |
| 45       |   |        |                    |                     |                           |               |          |                                   |               |         |
| 46       |   |        |                    |                     |                           |               |          |                                   |               |         |
| 47       |   |        |                    |                     |                           |               |          |                                   |               |         |
| 48       |   |        |                    |                     |                           |               |          |                                   |               |         |

Indicates No Tariff



|          |  |              |              |   |           |          |                                   |          |         |
|----------|--|--------------|--------------|---|-----------|----------|-----------------------------------|----------|---------|
| Line No. |  |              |              |   |           |          |                                   |          |         |
| 1        |  | Present      | Proposed     |   |           |          |                                   |          |         |
| 2        | <b><u>Standpipe and Construction Service</u></b>   | Present      | Proposed     |   |           |          |                                   |          |         |
| 3        |  | Rate Tiers   | Rate Tiers   | Base Charge   |           |          | Volume Charge (per 1,000 gallons) |          |         |
| 4        |  | Upper Limits | Upper Limits | Present   | Proposed  |          | Present                           | Proposed |         |
| 5        | Description  | (gallons)    | (gallons)    | Rate <sup>1</sup>   | Rate      | Change   | Rate                              | Rate     | Change  |
| 6        |  |              |              |   |           |          |                                   |          |         |
| 7        | R12 - Construction Water   | 999,999,000  | 999,999,000  | \$ 234.47   | \$ 252.16 | \$ 17.69 | \$ 1.64                           | \$ 2.61  | \$ 0.97 |
| 8        |  |              |              |   |           |          |                                   |          |         |
| 9        |  |              |              |   |           |          |                                   |          |         |
| 10       |  |              |              |   |           |          |                                   |          |         |
| 11       |  |              |              |   |           |          |                                   |          |         |
| 12       |  |              |              |   |           |          |                                   |          |         |
| 13       | <b><u>Monthly Service Charge for Fire Sprinkler</u></b>  |              |              |   |           |          |                                   |          |         |
| 14       |  | Present      | Proposed     |   |           |          |                                   |          |         |
| 15       |  | <u>Rates</u> | <u>Rates</u> |   |           |          |                                   |          |         |
| 16       | All Sizes  | *            | **           | Applies to service lines separate and distinct from the primary service line. |           |          |                                   |          |         |
| 17       | * Greater of \$5.00 or 1 percent of the general service rate for a similar size meter  |              |              |   |           |          |                                   |          |         |
| 18       | ** Greater of \$12.00 or 2 percent of the general service rate for a similar size meter  |              |              |   |           |          |                                   |          |         |
| 19       | The service charge for fire sprinklers is only applicable for service lines separate and distinct from the primary water service line. |              |              |   |           |          |                                   |          |         |
| 20       |  |              |              |   |           |          |                                   |          |         |
| 21       | <sup>1</sup> Present rate is net of 2018 Federal Tax Act Credit  |              |              |   |           |          |                                   |          |         |
| 22       | n/a - indicates not applicable   |              |              |   |           |          |                                   |          |         |
| 23       |  |              |              |   |           |          |                                   |          |         |
| 24       | <b><u>Privilege, Sales or Use Tax</u></b>  |              |              |   |           |          |                                   |          |         |
| 25       | In addition to all other rates and charges authorized herein, the Company shall collect  |              |              |   |           |          |                                   |          |         |
| 26       | from its customers all applicable sales, transaction, privilege, regulatory or other taxes   |              |              |   |           |          |                                   |          |         |
| 27       | and assessments as may apply now or in the future, per Rule R14-2-409.D.5.   |              |              |   |           |          |                                   |          |         |
| 28       |  |              |              |   |           |          |                                   |          |         |
| 29       |  |              |              |   |           |          |                                   |          |         |

Indicates No Tariff

Line  
No.

|   | Present<br>Rates | Proposed<br>Rates |
|---|------------------|-------------------|
| 1   |                  |                   |
| 2   |                  |                   |
| 3 <b><u>Service Charges</u></b>   |                  |                   |
| 4 Establishment of Service  | \$ 25.00         | \$ 50.00          |
| 5 Establishment of Service - After Hours  | \$ 40.00         | n/t               |
| 6 Reconnection of Service - Delinquent  | \$ 25.00         | \$ 50.00          |
| 7 Reconnection of Service - After Hours   | \$ 40.00         | n/t               |
| 8 After Hours Charge (in addition to other service charges)   | n/t              | \$ 35.00          |
| 9 Meter Re-Read (If correct)  | \$ 10.00         | \$ 25.00          |
| 10 Meter Test (If correct)  | \$ 20.00         | \$ 25.00          |
| 11 Insufficient Funds Check Charge  | \$ 15.00         | \$ 30.00          |
| 12 Deposit Requirement (Residential)  | (a)              | (a)               |
| 13 Deposit Requirement (Non-Residential)  | (b)              | (b)               |
| 14 Interest Rate on Customer Deposits   | (c)              | (c)               |
| 15 Late Payment Penalty (Per Month)   | 1.50%            | 1.50%             |
| 16 Re-Establishment (Within 12 Months)  | \$ 25.00         | (d)               |
| 17 Re-Establishment (After Hours - additional charge)   | \$ 40.00         | n/t               |
| 18 Deferred Payment (Per Month)   | 1.5%             | 1.5%              |
| 19 Moving Customer Meter (at Customer's Request)  | Cost             | Cost              |
| 20 Temporary Turn-Off   | \$ 25.00         | \$ 25.00          |
| 21 Tampering with Meter   | (e)              | (e)               |
| 22  |                  |                   |
| 23 (a) Two times the average residential class bill, per Commission Rule A.A.C. R-14-2-403.B.7.a.             |                  |                   |
| 24 (b) 2 1/2 times the customers estimated maximum monthly bill, per Commission Rule A.A.C. R-14-2-403.B.7.b. |                  |                   |
| 25 (c) 6.0%, per Commission Rule A.A.C. R-14-2-403.B.3.   |                  |                   |
| 26 (d) Number of months off system times the monthly minimum, per Commission Rule A.A.C. R14-2-403.D.         |                  |                   |
| 27 (e) Customer Responsibility per Commission Rule A.A.C. R14-2-407.B.  |                  |                   |

28  
29 All items billed at cost shall include labor, materials and parts, overheads and all applicable taxes.  
30

|  | Current Rates                |              | Proposed Rates    |              |              |
|--|------------------------------|--------------|-------------------|--------------|--------------|
|  | <u>Srv. Line &amp; Meter</u> | <u>Total</u> | <u>Srv. Line*</u> | <u>Meter</u> | <u>Total</u> |
| 31 <b><u>Service Line and Meter Installation Charges</u></b> |                              |              |                   |              |              |
| 32   |                              |              |                   |              |              |
| 33 5/8" x 3/4" Meter   | \$ 333                       | \$ 333       | \$ 565            | \$ 440       | \$ 1,005     |
| 34 3/4" Meter  | 375                          | 375          | 565               | 440          | 1,005        |
| 35 1" Meter  | 440                          | 440          | 629               | 660          | 1,289        |
| 36 1 1/2" Meter  | 660                          | 660          | 699               | 1,320        | 2,019        |
| 37 2" Meter  | 1,720                        | 1,720        | 1,054             | 1,610        | 2,664        |
| 38 3" Meter  | 2,260                        | 2,260        | 1,327             | 2,660        | 3,987        |
| 39 4" Meter  | 3,245                        | 3,245        | 1,892             | 3,760        | 5,652        |
| 40 6" Meter  | 6,350                        | 6,350        | 2,807             | 4,820        | 7,627        |
| 41 8" or Larger Meters                                       |                              |              | Cost              | Cost         | Cost         |
| 42 Asphalt Cut, Patch and Slurry (if Required)               | n/t                          |              | Cost              | n/a          | Cost         |
| 43 Road Boring (If Required)                                 | n/t                          |              | Cost              | n/a          | Cost         |

44  
45 \* Note: To include the actual cost incurred when road crossing is required.  
46

47 All advances and/or contributions are to include labor, materials, overheads, and all applicable  
48 taxes, including all gross-up taxes for income taxes, if applicable.  
49

50 All items billed at cost shall include labor, materials and parts, overheads and all applicable taxes.  
51

52 **Privilege, Sales or Use Tax**

53 In addition to all other rates and charges authorized herein, the Company shall collect  
54 from its customers all applicable sales, transaction, privilege, regulatory or other taxes  
55 and assessments as may apply now or in the future, per Rule R14-2-409.D.5.  
56  
57

Line

No.

**Proposed Surcharge Tariffs:**

**Regulatory Expense Surcharge (RES)**

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 expense. The Company proposes to recover approved rate case expense until fully recovered with a planned three year recovery period. The RES will be structured as a monthly charge to a customer's bill based on the customers meter size.

The RES will be applicable to residential, commercial, construction and standpipe classes, including Re-Establishment Charges.

**Purchased Power Adjustor Mechanism (PPAM)**

The purpose of the Purchased Power Adjustor is to pass-through increases or decreases in purchased power costs that are due to changes in the rates for electric utility service. The intent of the PPAM is to isolate changes in purchased power cost that is due exclusively to a rate change that is beyond the control of Company. The increases/decreases in power costs will be allocated on a per 1,000-gallon basis and passed-through to customers as a separate line item on the customers' bill. The Company will develop a Plan of Administration, to be approved by Commission Staff, that outlines the implementation and filing requirements as well as how the surcharge will be computed.

The PPAM will be applicable to residential, commercial, construction and standpipe sales.

**Purchased Water Adjustor Mechanism (PWAM)**

The purpose of the Purchased Water Adjustor is to pass-through increases or decreases in purchased water costs that are due to changes in the rates for delivery of Colorado River water received from the Yuma Mesa Irrigation and Drainage District. The intent of the PWAM is to isolate changes in purchased water cost that is due exclusively to a rate change that is beyond the control of Company. The increases/decreases in purchased water will be allocated on a per 1,000-gallon basis and passed-through to customers as a separate line item on the customers' bill. The Company will develop a Plan of Administration, to be approved by Commission Staff, that outlines the implementation and filing requirements as well as how the surcharge will be computed.

The PWAM will be applicable to residential, commercial, construction and standpipe sales.

**System Improvement Benefit Surcharge Mechanism (SIB)**

The purpose of the System Improvement Benefit Surcharge Mechanism is to provide for recovery of the capital costs (return on investment, income taxes and depreciation expense) associated with distribution system improvement projects that have been verified to be complete and placed in service and where the costs have not been included in rate base for recovery in the current rate case are necessary to provide and continue to provide proper, adequate and reliable customers; are not designed to serve or promote customer growth; and will not comprise an upgrade or expansion of existing plant unless justified for existing customers. Any expenditures offset by contributions in aid of construction or advances in aid of construction are not eligible for inclusion in the SIB. The SIB will be structured as a monthly surcharge to a customer's bill based on the customers meter size.

The SIB will be applicable to residential, commercial, construction and standpipe classes, including Re-Establishment Charges.

**Privilege, Sales or Use Tax**

In addition to the surcharges 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 R14-2-608.D.5.

**Eliminated Tariff:**

The Company proposes to eliminate the 2018 Federal Tax Act Credit Tariff.

**Foothills Water & Sewer, LLC - Water Division**  
Test Year Ended June 30, 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        | <b><u>Present Rates:</u></b>  | -             | \$ 14.73     | \$ 15.76      | \$ 1.03         | 6.99%            |
| 2        | Base Charge:                  | 1,000         | \$ 16.37     | \$ 17.40      | \$ 1.03         | 6.29%            |
| 3        |                               | 2,000         | \$ 18.00     | \$ 19.04      | \$ 1.04         | 5.78%            |
| 4        |                               | 3,000         | \$ 19.64     | \$ 20.68      | \$ 1.04         | 5.30%            |
| 5        | Tier One Rate:                | 4,000         | \$ 21.28     | \$ 22.51      | \$ 1.23         | 5.78%            |
| 6        | Tier Two Rate:                | 5,000         | \$ 22.92     | \$ 24.34      | \$ 1.42         | 6.20%            |
| 7        | Tier Three Rate:              | 6,000         | \$ 24.55     | \$ 26.17      | \$ 1.62         | 6.60%            |
| 8        |                               | 7,000         | \$ 26.19     | \$ 28.00      | \$ 1.81         | 6.91%            |
| 9        | Tier One Breakover (M gal):   | 8,000         | \$ 27.83     | \$ 29.83      | \$ 2.00         | 7.19%            |
| 10       | Tier Two Breakover (M gal):   | 9,000         | \$ 29.46     | \$ 31.66      | \$ 2.20         | 7.47%            |
| 11       | Tier Three Breakover (M gal): | 10,000        | \$ 31.10     | \$ 33.49      | \$ 2.39         | 7.68%            |
| 12       |                               | 12,000        | \$ 34.38     | \$ 38.71      | \$ 4.33         | 12.59%           |
| 13       |                               | 14,000        | \$ 37.65     | \$ 43.93      | \$ 6.28         | 16.68%           |
| 14       | <b><u>Proposed Rates:</u></b> | 16,000        | \$ 40.93     | \$ 49.15      | \$ 8.22         | 20.08%           |
| 15       | Base Charge:                  | 18,000        | \$ 44.20     | \$ 54.37      | \$ 10.17        | 23.01%           |
| 16       |                               | 20,000        | \$ 47.47     | \$ 59.59      | \$ 12.12        | 25.53%           |
| 17       |                               | 25,000        | \$ 55.66     | \$ 72.64      | \$ 16.98        | 30.51%           |
| 18       | Tier One Rate:                | 30,000        | \$ 63.85     | \$ 85.69      | \$ 21.84        | 34.21%           |
| 19       | Tier Two Rate:                | 35,000        | \$ 72.03     | \$ 98.74      | \$ 26.71        | 37.08%           |
| 20       | Tier Three Rate:              | 40,000        | \$ 80.22     | \$ 111.79     | \$ 31.57        | 39.35%           |
| 21       |                               | 45,000        | \$ 88.40     | \$ 124.84     | \$ 36.44        | 41.22%           |
| 22       | Tier One Breakover (M gal):   | 50,000        | \$ 96.59     | \$ 137.89     | \$ 41.30        | 42.76%           |
| 23       | Tier Two Breakover (M gal):   | 60,000        | \$ 112.96    | \$ 163.99     | \$ 51.03        | 45.18%           |
| 24       | Tier Three Breakover (M gal): | 70,000        | \$ 129.33    | \$ 190.09     | \$ 60.76        | 46.98%           |
| 25       |                               | 80,000        | \$ 145.71    | \$ 216.19     | \$ 70.48        | 48.37%           |
| 26       |                               | 90,000        | \$ 162.08    | \$ 242.29     | \$ 80.21        | 49.49%           |
| 27       |                               | 100,000       | \$ 178.45    | \$ 268.39     | \$ 89.94        | 50.40%           |
| 28       |                               |               |              |               |                 |                  |
| 29       |                               | Average Usage |              |               |                 |                  |
| 30       |                               | 6,959         | \$ 26.12     | \$ 27.92      | \$ 1.80         | 6.89%            |
| 31       |                               | Median Usage  |              |               |                 |                  |
| 32       |                               | 3,490         | \$ 20.44     | \$ 21.58      | \$ 1.14         | 5.58%            |
| 33       |                               |               |              |               |                 |                  |
| 34       |                               |               |              |               |                 |                  |

**Foothills Water & Sewer, LLC - Water Division**  
Test Year Ended June 30, 2023  
Typical Bill Analysis

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

Class: Residential  
Meter Size: 1"  
Sub Class:

| Line No. | Rate Schedules                | Usage         | Present Bill      | Proposed Bill | Dollar Increase | Percent Increase |
|----------|-------------------------------|---------------|-------------------|---------------|-----------------|------------------|
| 1        | <b><u>Present Rates:</u></b>  | -             | \$ 36.64          | \$ 39.40      | \$ 2.76         | 7.53%            |
| 2        | Base Charge:                  | \$ 36.64      | 2,000 \$ 39.91    | \$ 43.06      | \$ 3.15         | 7.89%            |
| 3        |                               | 4,000         | \$ 43.19          | \$ 46.72      | \$ 3.53         | 8.17%            |
| 4        |                               | 6,000         | \$ 46.46          | \$ 50.38      | \$ 3.92         | 8.44%            |
| 5        | Tier One Rate:                | \$ 1.64       | 4,000 \$ 43.19    | \$ 46.72      | \$ 3.53         | 8.17%            |
| 6        | Tier Two Rate:                | \$ -          | 8,000 \$ 49.74    | \$ 54.04      | \$ 4.30         | 8.64%            |
| 7        | Tier Three Rate:              | \$ -          | 10,000 \$ 53.01   | \$ 57.70      | \$ 4.69         | 8.85%            |
| 8        |                               | 15,000        | \$ 61.20          | \$ 66.85      | \$ 5.65         | 9.23%            |
| 9        | Tier One Breakover (M gal):   | 999,999       | 20,000 \$ 69.38   | \$ 76.00      | \$ 6.62         | 9.54%            |
| 10       | Tier Two Breakover (M gal):   | -             | 25,000 \$ 77.57   | \$ 85.15      | \$ 7.58         | 9.77%            |
| 11       | Tier Three Breakover (M gal): | -             | 30,000 \$ 85.76   | \$ 94.30      | \$ 8.54         | 9.96%            |
| 12       |                               | 35,000        | \$ 93.94          | \$ 103.45     | \$ 9.51         | 10.12%           |
| 13       |                               | 40,000        | \$ 102.13         | \$ 116.50     | \$ 14.37        | 14.07%           |
| 14       | <b><u>Proposed Rates:</u></b> | 45,000        | \$ 110.31         | \$ 129.55     | \$ 19.24        | 17.44%           |
| 15       | Base Charge:                  | \$ 39.40      | 50,000 \$ 118.50  | \$ 142.60     | \$ 24.10        | 20.34%           |
| 16       |                               | 60,000        | \$ 134.87         | \$ 168.70     | \$ 33.83        | 25.08%           |
| 17       |                               | 70,000        | \$ 151.24         | \$ 194.80     | \$ 43.56        | 28.80%           |
| 18       | Tier One Rate:                | \$ -          | 80,000 \$ 167.62  | \$ 220.90     | \$ 53.28        | 31.79%           |
| 19       | Tier Two Rate:                | \$ 1.83       | 90,000 \$ 183.99  | \$ 247.00     | \$ 63.01        | 34.25%           |
| 20       | Tier Three Rate:              | \$ 2.61       | 100,000 \$ 200.36 | \$ 273.10     | \$ 72.74        | 36.30%           |
| 21       |                               | 120,000       | \$ 233.11         | \$ 325.30     | \$ 92.19        | 39.55%           |
| 22       | Tier One Breakover (M gal):   | -             | 140,000 \$ 265.85 | \$ 377.50     | \$ 111.65       | 42.00%           |
| 23       | Tier Two Breakover (M gal):   | 35            | 160,000 \$ 298.59 | \$ 429.70     | \$ 131.11       | 43.91%           |
| 24       | Tier Three Breakover (M gal): | 999,999       | 180,000 \$ 331.34 | \$ 481.90     | \$ 150.56       | 45.44%           |
| 25       |                               | 200,000       | \$ 364.08         | \$ 534.10     | \$ 170.02       | 46.70%           |
| 26       |                               | 250,000       | \$ 445.94         | \$ 664.60     | \$ 218.66       | 49.03%           |
| 27       |                               | 300,000       | \$ 527.80         | \$ 795.10     | \$ 267.30       | 50.64%           |
| 28       |                               |               |                   |               |                 |                  |
| 29       |                               | Average Usage |                   |               |                 |                  |
| 30       |                               | 167,305       | \$ 310.55         | \$ 448.77     | \$ 138.22       | 44.51%           |
| 31       |                               | Median Usage  |                   |               |                 |                  |
| 32       |                               | 190,650       | \$ 348.77         | \$ 509.70     | \$ 160.93       | 46.14%           |
| 33       |                               |               |                   |               |                 |                  |
| 34       |                               |               |                   |               |                 |                  |

**Foothills Water & Sewer, LLC - Water Division**  
Test Year Ended June 30, 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        | <b><u>Present Rates:</u></b>  | -             | \$ 14.73         | \$ 15.76      | \$ 1.03         | 6.99%            |
| 2        | Base Charge:                  | \$ 14.73      | 1,000 \$ 16.37   | \$ 17.59      | \$ 1.22         | 7.45%            |
| 3        |                               | 2,000         | \$ 18.00         | \$ 19.42      | \$ 1.42         | 7.89%            |
| 4        |                               | 3,000         | \$ 19.64         | \$ 21.25      | \$ 1.61         | 8.20%            |
| 5        | Tier One Rate:                | \$ 1.64       | 4,000 \$ 21.28   | \$ 23.08      | \$ 1.80         | 8.46%            |
| 6        | Tier Two Rate:                | \$ -          | 5,000 \$ 22.92   | \$ 24.91      | \$ 1.99         | 8.68%            |
| 7        | Tier Three Rate:              | \$ -          | 6,000 \$ 24.55   | \$ 26.74      | \$ 2.19         | 8.92%            |
| 8        |                               | 7,000         | \$ 26.19         | \$ 28.57      | \$ 2.38         | 9.09%            |
| 9        | Tier One Breakover (M gal):   | 999,999       | 8,000 \$ 27.83   | \$ 30.40      | \$ 2.57         | 9.23%            |
| 10       | Tier Two Breakover (M gal):   | -             | 9,000 \$ 29.46   | \$ 32.23      | \$ 2.77         | 9.40%            |
| 11       | Tier Three Breakover (M gal): | -             | 10,000 \$ 31.10  | \$ 34.06      | \$ 2.96         | 9.52%            |
| 12       |                               | 12,000        | \$ 34.38         | \$ 39.28      | \$ 4.90         | 14.25%           |
| 13       |                               | 14,000        | \$ 37.65         | \$ 44.50      | \$ 6.85         | 18.19%           |
| 14       | <b><u>Proposed Rates:</u></b> | 16,000        | \$ 40.93         | \$ 49.72      | \$ 8.79         | 21.48%           |
| 15       | Base Charge:                  | \$ 15.76      | 18,000 \$ 44.20  | \$ 54.94      | \$ 10.74        | 24.30%           |
| 16       |                               | 20,000        | \$ 47.47         | \$ 60.16      | \$ 12.69        | 26.73%           |
| 17       |                               | 25,000        | \$ 55.66         | \$ 73.21      | \$ 17.55        | 31.53%           |
| 18       | Tier One Rate:                | \$ -          | 30,000 \$ 63.85  | \$ 86.26      | \$ 22.41        | 35.10%           |
| 19       | Tier Two Rate:                | \$ 1.83       | 35,000 \$ 72.03  | \$ 99.31      | \$ 27.28        | 37.87%           |
| 20       | Tier Three Rate:              | \$ 2.61       | 40,000 \$ 80.22  | \$ 112.36     | \$ 32.14        | 40.06%           |
| 21       |                               | 45,000        | \$ 88.40         | \$ 125.41     | \$ 37.01        | 41.87%           |
| 22       | Tier One Breakover (M gal):   | -             | 50,000 \$ 96.59  | \$ 138.46     | \$ 41.87        | 43.35%           |
| 23       | Tier Two Breakover (M gal):   | 10            | 60,000 \$ 112.96 | \$ 164.56     | \$ 51.60        | 45.68%           |
| 24       | Tier Three Breakover (M gal): | 999,999       | 70,000 \$ 129.33 | \$ 190.66     | \$ 61.33        | 47.42%           |
| 25       |                               | 80,000        | \$ 145.71        | \$ 216.76     | \$ 71.05        | 48.76%           |
| 26       |                               | 90,000        | \$ 162.08        | \$ 242.86     | \$ 80.78        | 49.84%           |
| 27       |                               | 100,000       | \$ 178.45        | \$ 268.96     | \$ 90.51        | 50.72%           |
| 28       |                               |               |                  |               |                 |                  |
| 29       |                               | Average Usage |                  |               |                 |                  |
| 30       |                               | 26,031        | \$ 57.35         | \$ 75.90      | \$ 18.55        | 32.35%           |
| 31       |                               | Median Usage  |                  |               |                 |                  |
| 32       |                               | 5,515         | \$ 23.76         | \$ 25.85      | \$ 2.09         | 8.80%            |
| 33       |                               |               |                  |               |                 |                  |
| 34       |                               |               |                  |               |                 |                  |

**Foothills Water & Sewer, LLC - Water Division**  
Test Year Ended June 30, 2023  
Typical Bill Analysis

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

Class: Commercial  
Meter Size: 1"  
Sub Class:

| Line No. | Rate Schedules                | Usage         | Present Bill      | Proposed Bill | Dollar Increase | Percent Increase |
|----------|-------------------------------|---------------|-------------------|---------------|-----------------|------------------|
| 1        | <b><u>Present Rates:</u></b>  | -             | \$ 36.64          | \$ 39.40      | \$ 2.76         | 7.53%            |
| 2        | Base Charge:                  | \$ 36.64      | 2,000 \$ 39.91    | \$ 43.06      | \$ 3.15         | 7.89%            |
| 3        |                               | 4,000         | \$ 43.19          | \$ 46.72      | \$ 3.53         | 8.17%            |
| 4        |                               | 6,000         | \$ 46.46          | \$ 50.38      | \$ 3.92         | 8.44%            |
| 5        | Tier One Rate:                | \$ 1.64       | 4,000 \$ 43.19    | \$ 46.72      | \$ 3.53         | 8.17%            |
| 6        | Tier Two Rate:                | \$ -          | 8,000 \$ 49.74    | \$ 54.04      | \$ 4.30         | 8.64%            |
| 7        | Tier Three Rate:              | \$ -          | 10,000 \$ 53.01   | \$ 57.70      | \$ 4.69         | 8.85%            |
| 8        |                               | 15,000        | \$ 61.20          | \$ 66.85      | \$ 5.65         | 9.23%            |
| 9        | Tier One Breakover (M gal):   | 999,999       | 20,000 \$ 69.38   | \$ 76.00      | \$ 6.62         | 9.54%            |
| 10       | Tier Two Breakover (M gal):   | -             | 25,000 \$ 77.57   | \$ 85.15      | \$ 7.58         | 9.77%            |
| 11       | Tier Three Breakover (M gal): | -             | 30,000 \$ 85.76   | \$ 94.30      | \$ 8.54         | 9.96%            |
| 12       |                               | 35,000        | \$ 93.94          | \$ 103.45     | \$ 9.51         | 10.12%           |
| 13       |                               | 40,000        | \$ 102.13         | \$ 116.50     | \$ 14.37        | 14.07%           |
| 14       | <b><u>Proposed Rates:</u></b> | 45,000        | \$ 110.31         | \$ 129.55     | \$ 19.24        | 17.44%           |
| 15       | Base Charge:                  | \$ 39.40      | 50,000 \$ 118.50  | \$ 142.60     | \$ 24.10        | 20.34%           |
| 16       |                               | 60,000        | \$ 134.87         | \$ 168.70     | \$ 33.83        | 25.08%           |
| 17       |                               | 70,000        | \$ 151.24         | \$ 194.80     | \$ 43.56        | 28.80%           |
| 18       | Tier One Rate:                | \$ -          | 80,000 \$ 167.62  | \$ 220.90     | \$ 53.28        | 31.79%           |
| 19       | Tier Two Rate:                | \$ 1.83       | 90,000 \$ 183.99  | \$ 247.00     | \$ 63.01        | 34.25%           |
| 20       | Tier Three Rate:              | \$ 2.61       | 100,000 \$ 200.36 | \$ 273.10     | \$ 72.74        | 36.30%           |
| 21       |                               | 120,000       | \$ 233.11         | \$ 325.30     | \$ 92.19        | 39.55%           |
| 22       | Tier One Breakover (M gal):   | -             | 140,000 \$ 265.85 | \$ 377.50     | \$ 111.65       | 42.00%           |
| 23       | Tier Two Breakover (M gal):   | 35            | 160,000 \$ 298.59 | \$ 429.70     | \$ 131.11       | 43.91%           |
| 24       | Tier Three Breakover (M gal): | 999,999       | 180,000 \$ 331.34 | \$ 481.90     | \$ 150.56       | 45.44%           |
| 25       |                               | 200,000       | \$ 364.08         | \$ 534.10     | \$ 170.02       | 46.70%           |
| 26       |                               | 250,000       | \$ 445.94         | \$ 664.60     | \$ 218.66       | 49.03%           |
| 27       |                               | 300,000       | \$ 527.80         | \$ 795.10     | \$ 267.30       | 50.64%           |
| 28       |                               |               |                   |               |                 |                  |
| 29       |                               | Average Usage |                   |               |                 |                  |
| 30       |                               | 47,257        | \$ 114.01         | \$ 135.44     | \$ 21.43        | 18.80%           |
| 31       |                               | Median Usage  |                   |               |                 |                  |
| 32       |                               | 15,387        | \$ 61.83          | \$ 67.56      | \$ 5.73         | 9.27%            |
| 33       |                               |               |                   |               |                 |                  |
| 34       |                               |               |                   |               |                 |                  |

**Foothills Water & Sewer, LLC - Water Division**  
Test Year Ended June 30, 2023  
Typical Bill Analysis

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

Class: Commercial  
Meter Size: 1-1/2"  
Sub Class:

| Line No. | Rate Schedules                | Usage         | Present Bill | Proposed Bill | Dollar Increase | Percent Increase |
|----------|-------------------------------|---------------|--------------|---------------|-----------------|------------------|
| 1        | <b><u>Present Rates:</u></b>  | -             | \$ 73.27     | \$ 78.80      | \$ 5.53         | 7.55%            |
| 2        | Base Charge:                  | \$ 73.27      | \$ 81.46     | \$ 87.95      | \$ 6.49         | 7.97%            |
| 3        |                               | 10,000        | \$ 89.64     | \$ 97.10      | \$ 7.46         | 8.32%            |
| 4        |                               | 15,000        | \$ 97.83     | \$ 106.25     | \$ 8.42         | 8.61%            |
| 5        | Tier One Rate:                | \$ 1.64       | \$ 106.01    | \$ 115.40     | \$ 9.39         | 8.86%            |
| 6        | Tier Two Rate:                | \$ -          | \$ 114.20    | \$ 124.55     | \$ 10.35        | 9.06%            |
| 7        | Tier Three Rate:              | \$ -          | \$ 122.39    | \$ 133.70     | \$ 11.31        | 9.24%            |
| 8        |                               | 35,000        | \$ 130.57    | \$ 142.85     | \$ 12.28        | 9.40%            |
| 9        | Tier One Breakover (M gal):   | 999,999       | \$ 138.76    | \$ 152.00     | \$ 13.24        | 9.54%            |
| 10       | Tier Two Breakover (M gal):   | -             | \$ 146.94    | \$ 161.15     | \$ 14.21        | 9.67%            |
| 11       | Tier Three Breakover (M gal): | -             | \$ 155.13    | \$ 170.30     | \$ 15.17        | 9.78%            |
| 12       |                               | 60,000        | \$ 171.50    | \$ 196.40     | \$ 24.90        | 14.52%           |
| 13       |                               | 70,000        | \$ 187.87    | \$ 222.50     | \$ 34.63        | 18.43%           |
| 14       | <b><u>Proposed Rates:</u></b> | 80,000        | \$ 204.25    | \$ 248.60     | \$ 44.35        | 21.71%           |
| 15       | Base Charge:                  | \$ 78.80      | \$ 220.62    | \$ 274.70     | \$ 54.08        | 24.51%           |
| 16       |                               | 100,000       | \$ 236.99    | \$ 300.80     | \$ 63.81        | 26.93%           |
| 17       |                               | 110,000       | \$ 253.36    | \$ 326.90     | \$ 73.54        | 29.03%           |
| 18       | Tier One Rate:                | \$ -          | \$ 269.74    | \$ 353.00     | \$ 83.26        | 30.87%           |
| 19       | Tier Two Rate:                | \$ 1.83       | \$ 286.11    | \$ 379.10     | \$ 92.99        | 32.50%           |
| 20       | Tier Three Rate:              | \$ 2.61       | \$ 302.48    | \$ 405.20     | \$ 102.72       | 33.96%           |
| 21       |                               | 150,000       | \$ 318.85    | \$ 431.30     | \$ 112.45       | 35.27%           |
| 22       | Tier One Breakover (M gal):   | -             | \$ 359.78    | \$ 496.55     | \$ 136.77       | 38.01%           |
| 23       | Tier Two Breakover (M gal):   | 50            | \$ 400.71    | \$ 561.80     | \$ 161.09       | 40.20%           |
| 24       | Tier Three Breakover (M gal): | 999,999       | \$ 441.64    | \$ 627.05     | \$ 185.41       | 41.98%           |
| 25       |                               | 250,000       | \$ 482.57    | \$ 692.30     | \$ 209.73       | 43.46%           |
| 26       |                               | 275,000       | \$ 523.50    | \$ 757.55     | \$ 234.05       | 44.71%           |
| 27       |                               | 300,000       | \$ 564.43    | \$ 822.80     | \$ 258.37       | 45.78%           |
| 28       |                               |               |              |               |                 |                  |
| 29       |                               | Average Usage |              |               |                 |                  |
| 30       |                               | 47,240        | \$ 150.61    | \$ 165.25     | \$ 14.64        | 9.72%            |
| 31       |                               | Median Usage  |              |               |                 |                  |
| 32       |                               | 29,900        | \$ 122.22    | \$ 133.52     | \$ 11.30        | 9.25%            |
| 33       |                               |               |              |               |                 |                  |
| 34       |                               |               |              |               |                 |                  |



**Foothills Water & Sewer, LLC - Water Division**  
Test Year Ended June 30, 2023  
Typical Bill Analysis

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

Class: Commercial  
Meter Size: 2"  
Sub Class:

| Line No. | Rate Schedules                |           | Usage         | Present Bill | Proposed Bill | Dollar Increase | Percent Increase |
|----------|-------------------------------|-----------|---------------|--------------|---------------|-----------------|------------------|
| 1        | <b><u>Present Rates:</u></b>  |           | -             | \$ 117.23    | \$ 126.08     | \$ 8.85         | 7.55%            |
| 2        | Base Charge:                  | \$ 117.23 | 5,000         | \$ 125.42    | \$ 135.23     | \$ 9.81         | 7.82%            |
| 3        |                               |           | 10,000        | \$ 133.60    | \$ 144.38     | \$ 10.78        | 8.07%            |
| 4        |                               |           | 15,000        | \$ 141.79    | \$ 153.53     | \$ 11.74        | 8.28%            |
| 5        | Tier One Rate:                | \$ 1.64   | 20,000        | \$ 149.97    | \$ 162.68     | \$ 12.71        | 8.48%            |
| 6        | Tier Two Rate:                | \$ -      | 25,000        | \$ 158.16    | \$ 171.83     | \$ 13.67        | 8.64%            |
| 7        | Tier Three Rate:              | \$ -      | 30,000        | \$ 166.35    | \$ 180.98     | \$ 14.63        | 8.79%            |
| 8        |                               |           | 35,000        | \$ 174.53    | \$ 190.13     | \$ 15.60        | 8.94%            |
| 9        | Tier One Breakover (M gal):   | 999,999   | 40,000        | \$ 182.72    | \$ 199.28     | \$ 16.56        | 9.06%            |
| 10       | Tier Two Breakover (M gal):   | -         | 45,000        | \$ 190.90    | \$ 208.43     | \$ 17.53        | 9.18%            |
| 11       | Tier Three Breakover (M gal): | -         | 50,000        | \$ 199.09    | \$ 217.58     | \$ 18.49        | 9.29%            |
| 12       |                               |           | 60,000        | \$ 215.46    | \$ 235.88     | \$ 20.42        | 9.48%            |
| 13       |                               |           | 70,000        | \$ 231.83    | \$ 254.18     | \$ 22.35        | 9.64%            |
| 14       | <b><u>Proposed Rates:</u></b> |           | 80,000        | \$ 248.21    | \$ 272.48     | \$ 24.27        | 9.78%            |
| 15       | Base Charge:                  | \$ 126.08 | 90,000        | \$ 264.58    | \$ 298.58     | \$ 34.00        | 12.85%           |
| 16       |                               |           | 100,000       | \$ 280.95    | \$ 324.68     | \$ 43.73        | 15.57%           |
| 17       |                               |           | 110,000       | \$ 297.32    | \$ 350.78     | \$ 53.46        | 17.98%           |
| 18       | Tier One Rate:                | \$ -      | 120,000       | \$ 313.70    | \$ 376.88     | \$ 63.18        | 20.14%           |
| 19       | Tier Two Rate:                | \$ 1.83   | 130,000       | \$ 330.07    | \$ 402.98     | \$ 72.91        | 22.09%           |
| 20       | Tier Three Rate:              | \$ 2.61   | 140,000       | \$ 346.44    | \$ 429.08     | \$ 82.64        | 23.85%           |
| 21       |                               |           | 150,000       | \$ 362.81    | \$ 455.18     | \$ 92.37        | 25.46%           |
| 22       | Tier One Breakover (M gal):   | -         | 175,000       | \$ 403.74    | \$ 520.43     | \$ 116.69       | 28.90%           |
| 23       | Tier Two Breakover (M gal):   | 80        | 200,000       | \$ 444.67    | \$ 585.68     | \$ 141.01       | 31.71%           |
| 24       | Tier Three Breakover (M gal): | 999,999   | 225,000       | \$ 485.60    | \$ 650.93     | \$ 165.33       | 34.05%           |
| 25       |                               |           | 250,000       | \$ 526.53    | \$ 716.18     | \$ 189.65       | 36.02%           |
| 26       |                               |           | 275,000       | \$ 567.46    | \$ 781.43     | \$ 213.97       | 37.71%           |
| 27       |                               |           | 300,000       | \$ 608.39    | \$ 846.68     | \$ 238.29       | 39.17%           |
| 28       |                               |           |               |              |               |                 |                  |
| 29       |                               |           | Average Usage |              |               |                 |                  |
| 30       |                               |           | 144,073       | \$ 353.11    | \$ 439.71     | \$ 86.60        | 24.52%           |
| 31       |                               |           | Median Usage  |              |               |                 |                  |
| 32       |                               |           | 67,563        | \$ 227.84    | \$ 249.72     | \$ 21.88        | 9.60%            |
| 33       |                               |           |               |              |               |                 |                  |
| 34       |                               |           |               |              |               |                 |                  |

**Foothills Water & Sewer, LLC - Water Division**  
Test Year Ended June 30, 2023  
Typical Bill Analysis

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

Class: Standpipe  
Meter Size: 3" Meter  
Sub Class:

| Line No. | Rate Schedules                | Usage         | Present Bill      | Proposed Bill | Dollar Increase | Percent Increase |
|----------|-------------------------------|---------------|-------------------|---------------|-----------------|------------------|
| 1        | <b><u>Present Rates:</u></b>  | -             | \$ 234.47         | \$ 252.16     | \$ 17.69        | 7.54%            |
| 2        | Base Charge:                  | \$ 234.47     | 5,000 \$ 242.66   | \$ 265.21     | \$ 22.55        | 9.29%            |
| 3        |                               | 10,000        | \$ 250.84         | \$ 278.26     | \$ 27.42        | 10.93%           |
| 4        |                               | 15,000        | \$ 259.03         | \$ 291.31     | \$ 32.28        | 12.46%           |
| 5        | Tier One Rate:                | \$ 1.64       | 20,000 \$ 267.21  | \$ 304.36     | \$ 37.15        | 13.90%           |
| 6        | Tier Two Rate:                | \$ -          | 25,000 \$ 275.40  | \$ 317.41     | \$ 42.01        | 15.25%           |
| 7        | Tier Three Rate:              | \$ -          | 30,000 \$ 283.59  | \$ 330.46     | \$ 46.87        | 16.53%           |
| 8        |                               | 35,000        | \$ 291.77         | \$ 343.51     | \$ 51.74        | 17.73%           |
| 9        | Tier One Breakover (M gal):   | 999,999       | 40,000 \$ 299.96  | \$ 356.56     | \$ 56.60        | 18.87%           |
| 10       | Tier Two Breakover (M gal):   | -             | 45,000 \$ 308.14  | \$ 369.61     | \$ 61.47        | 19.95%           |
| 11       | Tier Three Breakover (M gal): | -             | 50,000 \$ 316.33  | \$ 382.66     | \$ 66.33        | 20.97%           |
| 12       |                               | 60,000        | \$ 332.70         | \$ 408.76     | \$ 76.06        | 22.86%           |
| 13       |                               | 70,000        | \$ 349.07         | \$ 434.86     | \$ 85.79        | 24.58%           |
| 14       | <b><u>Proposed Rates:</u></b> | 80,000        | \$ 365.45         | \$ 460.96     | \$ 95.51        | 26.13%           |
| 15       | Base Charge:                  | \$ 252.16     | 90,000 \$ 381.82  | \$ 487.06     | \$ 105.24       | 27.56%           |
| 16       |                               | 100,000       | \$ 398.19         | \$ 513.16     | \$ 114.97       | 28.87%           |
| 17       |                               | 110,000       | \$ 414.56         | \$ 539.26     | \$ 124.70       | 30.08%           |
| 18       | Tier One Rate:                | \$ -          | 120,000 \$ 430.94 | \$ 565.36     | \$ 134.42       | 31.19%           |
| 19       | Tier Two Rate:                | \$ -          | 130,000 \$ 447.31 | \$ 591.46     | \$ 144.15       | 32.23%           |
| 20       | Tier Three Rate:              | \$ 2.61       | 140,000 \$ 463.68 | \$ 617.56     | \$ 153.88       | 33.19%           |
| 21       |                               | 150,000       | \$ 480.05         | \$ 643.66     | \$ 163.61       | 34.08%           |
| 22       | Tier One Breakover (M gal):   | -             | 175,000 \$ 520.98 | \$ 708.91     | \$ 187.93       | 36.07%           |
| 23       | Tier Two Breakover (M gal):   | -             | 200,000 \$ 561.91 | \$ 774.16     | \$ 212.25       | 37.77%           |
| 24       | Tier Three Breakover (M gal): | 999,999       | 225,000 \$ 602.84 | \$ 839.41     | \$ 236.57       | 39.24%           |
| 25       |                               | 250,000       | \$ 643.77         | \$ 904.66     | \$ 260.89       | 40.53%           |
| 26       |                               | 275,000       | \$ 684.70         | \$ 969.91     | \$ 285.21       | 41.65%           |
| 27       |                               | 300,000       | \$ 725.63         | \$ 1,035.16   | \$ 309.53       | 42.66%           |
| 28       |                               |               |                   |               |                 |                  |
| 29       |                               | Average Usage |                   |               |                 |                  |
| 30       |                               | 128,725       | \$ 445.22         | \$ 588.13     | \$ 142.91       | 32.10%           |
| 31       |                               | Median Usage  |                   |               |                 |                  |
| 32       |                               | 12,700        | \$ 255.26         | \$ 285.31     | \$ 30.05        | 11.77%           |
| 33       |                               |               |                   |               |                 |                  |
| 34       |                               |               |                   |               |                 |                  |

**Foothills Water & Sewer, LLC - Water Division**  
Test Year Ended June 30, 2023  
Typical Bill Analysis

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

Class: Commercial  
Meter Size: 3"  
Sub Class:

| Line No. | Rate Schedules                | Usage         | Present Bill      | Proposed Bill | Dollar Increase | Percent Increase |
|----------|-------------------------------|---------------|-------------------|---------------|-----------------|------------------|
| 1        | <b><u>Present Rates:</u></b>  | -             | \$ 234.47         | \$ 252.16     | \$ 17.69        | 7.54%            |
| 2        | Base Charge:                  | \$ 234.47     | 5,000 \$ 242.66   | \$ 261.31     | \$ 18.65        | 7.69%            |
| 3        |                               | 10,000        | \$ 250.84         | \$ 270.46     | \$ 19.62        | 7.82%            |
| 4        |                               | 15,000        | \$ 259.03         | \$ 279.61     | \$ 20.58        | 7.95%            |
| 5        | Tier One Rate:                | \$ 1.64       | 20,000 \$ 267.21  | \$ 288.76     | \$ 21.55        | 8.06%            |
| 6        | Tier Two Rate:                | \$ -          | 25,000 \$ 275.40  | \$ 297.91     | \$ 22.51        | 8.17%            |
| 7        | Tier Three Rate:              | \$ -          | 30,000 \$ 283.59  | \$ 307.06     | \$ 23.47        | 8.28%            |
| 8        |                               | 35,000        | \$ 291.77         | \$ 316.21     | \$ 24.44        | 8.38%            |
| 9        | Tier One Breakover (M gal):   | 999,999       | 40,000 \$ 299.96  | \$ 325.36     | \$ 25.40        | 8.47%            |
| 10       | Tier Two Breakover (M gal):   | -             | 45,000 \$ 308.14  | \$ 334.51     | \$ 26.37        | 8.56%            |
| 11       | Tier Three Breakover (M gal): | -             | 50,000 \$ 316.33  | \$ 343.66     | \$ 27.33        | 8.64%            |
| 12       |                               | 60,000        | \$ 332.70         | \$ 361.96     | \$ 29.26        | 8.79%            |
| 13       |                               | 70,000        | \$ 349.07         | \$ 380.26     | \$ 31.19        | 8.94%            |
| 14       | <b><u>Proposed Rates:</u></b> | 80,000        | \$ 365.45         | \$ 398.56     | \$ 33.11        | 9.06%            |
| 15       | Base Charge:                  | \$ 252.16     | 90,000 \$ 381.82  | \$ 416.86     | \$ 35.04        | 9.18%            |
| 16       |                               | 100,000       | \$ 398.19         | \$ 435.16     | \$ 36.97        | 9.28%            |
| 17       |                               | 110,000       | \$ 414.56         | \$ 453.46     | \$ 38.90        | 9.38%            |
| 18       | Tier One Rate:                | \$ -          | 120,000 \$ 430.94 | \$ 471.76     | \$ 40.82        | 9.47%            |
| 19       | Tier Two Rate:                | \$ 1.83       | 130,000 \$ 447.31 | \$ 490.06     | \$ 42.75        | 9.56%            |
| 20       | Tier Three Rate:              | \$ 2.61       | 140,000 \$ 463.68 | \$ 508.36     | \$ 44.68        | 9.64%            |
| 21       |                               | 150,000       | \$ 480.05         | \$ 526.66     | \$ 46.61        | 9.71%            |
| 22       | Tier One Breakover (M gal):   | -             | 175,000 \$ 520.98 | \$ 584.11     | \$ 63.13        | 12.12%           |
| 23       | Tier Two Breakover (M gal):   | 160           | 200,000 \$ 561.91 | \$ 649.36     | \$ 87.45        | 15.56%           |
| 24       | Tier Three Breakover (M gal): | 999,999       | 225,000 \$ 602.84 | \$ 714.61     | \$ 111.77       | 18.54%           |
| 25       |                               | 250,000       | \$ 643.77         | \$ 779.86     | \$ 136.09       | 21.14%           |
| 26       |                               | 275,000       | \$ 684.70         | \$ 845.11     | \$ 160.41       | 23.43%           |
| 27       |                               | 300,000       | \$ 725.63         | \$ 910.36     | \$ 184.73       | 25.46%           |
| 28       |                               |               |                   |               |                 |                  |
| 29       |                               | Average Usage |                   |               |                 |                  |
| 30       |                               | 131,555       | \$ 449.85         | \$ 492.91     | \$ 43.06        | 9.57%            |
| 31       |                               | Median Usage  |                   |               |                 |                  |
| 32       |                               | -             | \$ 234.47         | \$ 252.16     | \$ 17.69        | 7.54%            |
| 33       |                               |               |                   |               |                 |                  |
| 34       |                               |               |                   |               |                 |                  |

**Foothills Water & Sewer, LLC - Water Division**  
Test Year Ended June 30, 2023  
Typical Bill Analysis

Exhibit: RLJ-DT2  
Schedule H-5  
Witness: Jones

Class: Commercial  
Meter Size: 4"  
Sub lass:

| Line No. | Rate Schedules                | Usage         | Present Bill | Proposed Bill | Dollar Increase | Percent Increase |
|----------|-------------------------------|---------------|--------------|---------------|-----------------|------------------|
| 1        | <b><u>Present Rates:</u></b>  | -             | \$ 366.36    | \$ 394.00     | \$ 27.64        | 7.54%            |
| 2        | Base charge:                  | 10,000        | \$ 382.73    | \$ 412.30     | \$ 29.57        | 7.73%            |
| 3        |                               | 20,000        | \$ 399.10    | \$ 430.60     | \$ 31.50        | 7.89%            |
| 4        |                               | 30,000        | \$ 415.48    | \$ 448.90     | \$ 33.42        | 8.04%            |
| 5        | Tier One Rate:                | 40,000        | \$ 431.85    | \$ 467.20     | \$ 35.35        | 8.19%            |
| 6        | Tier Two Rate:                | 50,000        | \$ 448.22    | \$ 485.50     | \$ 37.28        | 8.32%            |
| 7        | Tier Three Rate:              | 60,000        | \$ 464.59    | \$ 503.80     | \$ 39.21        | 8.44%            |
| 8        |                               | 70,000        | \$ 480.96    | \$ 522.10     | \$ 41.14        | 8.55%            |
| 9        | Tier One Breakover (M gal):   | 80,000        | \$ 497.34    | \$ 540.40     | \$ 43.06        | 8.66%            |
| 10       | Tier Two Breakover (M gal):   | 90,000        | \$ 513.71    | \$ 558.70     | \$ 44.99        | 8.76%            |
| 11       | Tier Three Breakover (M gal): | 100,000       | \$ 530.08    | \$ 577.00     | \$ 46.92        | 8.85%            |
| 12       |                               | 125,000       | \$ 571.01    | \$ 622.75     | \$ 51.74        | 9.06%            |
| 13       |                               | 150,000       | \$ 611.94    | \$ 668.50     | \$ 56.56        | 9.24%            |
| 14       | <b><u>Proposed Rates:</u></b> | 175,000       | \$ 652.87    | \$ 714.25     | \$ 61.38        | 9.40%            |
| 15       | Base charge:                  | 200,000       | \$ 693.80    | \$ 760.00     | \$ 66.20        | 9.54%            |
| 16       |                               | 250,000       | \$ 775.66    | \$ 851.50     | \$ 75.84        | 9.78%            |
| 17       |                               | 300,000       | \$ 857.52    | \$ 943.00     | \$ 85.48        | 9.97%            |
| 18       | Tier One Rate:                | 350,000       | \$ 939.38    | \$ 1,073.50   | \$ 134.12       | 14.28%           |
| 19       | Tier Two Rate:                | 400,000       | \$ 1,021.24  | \$ 1,204.00   | \$ 182.76       | 17.90%           |
| 20       | Tier Three Rate:              | 450,000       | \$ 1,103.10  | \$ 1,334.50   | \$ 231.40       | 20.98%           |
| 21       |                               | 500,000       | \$ 1,184.97  | \$ 1,465.00   | \$ 280.03       | 23.63%           |
| 22       | Tier One Breakover (M gal):   | 550,000       | \$ 1,266.83  | \$ 1,595.50   | \$ 328.67       | 25.94%           |
| 23       | Tier Two Breakover (M gal):   | 600,000       | \$ 1,348.69  | \$ 1,726.00   | \$ 377.31       | 27.98%           |
| 24       | Tier Three Breakover (M gal): | 650,000       | \$ 1,430.55  | \$ 1,856.50   | \$ 425.95       | 29.78%           |
| 25       |                               | 700,000       | \$ 1,512.41  | \$ 1,987.00   | \$ 474.59       | 31.38%           |
| 26       |                               | 750,000       | \$ 1,594.27  | \$ 2,117.50   | \$ 523.23       | 32.82%           |
| 27       |                               | 800,000       | \$ 1,676.13  | \$ 2,248.00   | \$ 571.87       | 34.12%           |
| 28       |                               |               |              |               |                 |                  |
| 29       |                               | Average Usage |              |               |                 |                  |
| 30       |                               | 582,324       | \$ 1,319.75  | \$ 1,679.87   | \$ 360.12       | 27.29%           |
| 31       |                               | Median Usage  |              |               |                 |                  |
| 32       |                               | 57,700        | \$ 460.83    | \$ 499.59     | \$ 38.76        | 8.41%            |
| 33       |                               |               |              |               |                 |                  |
| 34       |                               |               |              |               |                 |                  |

**Foothills Water & Sewer, LLC - Water Division**  
Test Year Ended June 30, 2023  
Typical Bill Analysis

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

Class: Commercial  
Meter Size: 6"  
Sub Class:

| Line No. | Rate Schedules                | Usage         | Present Bill          | Proposed Bill | Dollar Increase | Percent Increase |
|----------|-------------------------------|---------------|-----------------------|---------------|-----------------|------------------|
| 1        | <b><u>Present Rates:</u></b>  | -             | \$ 732.71             | \$ 788.00     | \$ 55.29        | 7.55%            |
| 2        | Base Charge:                  | \$ 732.71     | 25,000 \$ 773.64      | \$ 833.75     | \$ 60.11        | 7.77%            |
| 3        |                               | 50,000        | \$ 814.57             | \$ 879.50     | \$ 64.93        | 7.97%            |
| 4        |                               | 75,000        | \$ 855.50             | \$ 925.25     | \$ 69.75        | 8.15%            |
| 5        | Tier One Rate:                | \$ 1.64       | 100,000 \$ 896.43     | \$ 971.00     | \$ 74.57        | 8.32%            |
| 6        | Tier Two Rate:                | \$ -          | 150,000 \$ 978.29     | \$ 1,062.50   | \$ 84.21        | 8.61%            |
| 7        | Tier Three Rate:              | \$ -          | 200,000 \$ 1,060.15   | \$ 1,154.00   | \$ 93.85        | 8.85%            |
| 8        |                               | 300,000       | \$ 1,223.87           | \$ 1,337.00   | \$ 113.13       | 9.24%            |
| 9        | Tier One Breakover (M gal):   | 999,999       | 400,000 \$ 1,387.59   | \$ 1,520.00   | \$ 132.41       | 9.54%            |
| 10       | Tier Two Breakover (M gal):   | -             | 500,000 \$ 1,551.32   | \$ 1,703.00   | \$ 151.68       | 9.78%            |
| 11       | Tier Three Breakover (M gal): | -             | 600,000 \$ 1,715.04   | \$ 1,964.00   | \$ 248.96       | 14.52%           |
| 12       |                               | 700,000       | \$ 1,878.76           | \$ 2,225.00   | \$ 346.24       | 18.43%           |
| 13       |                               | 800,000       | \$ 2,042.48           | \$ 2,486.00   | \$ 443.52       | 21.71%           |
| 14       | <b><u>Proposed Rates:</u></b> | 900,000       | \$ 2,206.20           | \$ 2,747.00   | \$ 540.80       | 24.51%           |
| 15       | Base Charge:                  | \$ 788.00     | 1,000,000 \$ 2,369.92 | \$ 3,008.00   | \$ 638.08       | 26.92%           |
| 16       |                               | 1,100,000     | \$ 2,533.64           | \$ 3,269.00   | \$ 735.36       | 29.02%           |
| 17       |                               | 1,200,000     | \$ 2,697.36           | \$ 3,530.00   | \$ 832.64       | 30.87%           |
| 18       | Tier One Rate:                | \$ -          | 1,300,000 \$ 2,861.08 | \$ 3,791.00   | \$ 929.92       | 32.50%           |
| 19       | Tier Two Rate:                | \$ 1.83       | 1,400,000 \$ 3,024.80 | \$ 4,052.00   | \$ 1,027.20     | 33.96%           |
| 20       | Tier Three Rate:              | \$ 2.61       | 1,500,000 \$ 3,188.53 | \$ 4,313.00   | \$ 1,124.47     | 35.27%           |
| 21       |                               | 1,600,000     | \$ 3,352.25           | \$ 4,574.00   | \$ 1,221.75     | 36.45%           |
| 22       | Tier One Breakover (M gal):   | -             | 1,700,000 \$ 3,515.97 | \$ 4,835.00   | \$ 1,319.03     | 37.52%           |
| 23       | Tier Two Breakover (M gal):   | 500           | 1,800,000 \$ 3,679.69 | \$ 5,096.00   | \$ 1,416.31     | 38.49%           |
| 24       | Tier Three Breakover (M gal): | 999,999       | 1,900,000 \$ 3,843.41 | \$ 5,357.00   | \$ 1,513.59     | 39.38%           |
| 25       |                               | 2,000,000     | \$ 4,007.13           | \$ 5,618.00   | \$ 1,610.87     | 40.20%           |
| 26       |                               | 2,100,000     | \$ 4,170.85           | \$ 5,879.00   | \$ 1,708.15     | 40.95%           |
| 27       |                               | 2,200,000     | \$ 4,334.57           | \$ 6,140.00   | \$ 1,805.43     | 41.65%           |
| 28       |                               |               |                       |               |                 |                  |
| 29       |                               | Average Usage |                       |               |                 |                  |
| 30       |                               | 1,247,220     | \$ 2,774.67           | \$ 3,653.24   | \$ 878.57       | 31.66%           |
| 31       |                               | Median Usage  |                       |               |                 |                  |
| 32       |                               | 1,101,000     | \$ 2,535.28           | \$ 3,271.61   | \$ 736.33       | 29.04%           |
| 33       |                               |               |                       |               |                 |                  |
| 34       |                               |               |                       |               |                 |                  |

**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 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 |
|-------------------------------|---------------|----------------|
| Tier One Breakover (M gal):   | 999,999       | 3              |
| Tier Two Breakover (M gal):   | -             | 10             |
| Tier Three Breakover (M gal): | -             | 999,999        |

| Charges             | Present Rates | Proposed Rates |
|---------------------|---------------|----------------|
| Base Charge: \$     | 14.73         | \$ 15.76       |
| Tier One Rate: \$   | 1.64          | \$ 1.64        |
| Tier Two Rate: \$   | -             | \$ 1.83        |
| Tier Three Rate: \$ | -             | \$ 2.61        |

| Line |        |   |        | Number      | Average     |             |                  |            |                        |            |  |  |
|------|--------|---|--------|-------------|-------------|-------------|------------------|------------|------------------------|------------|--|--|
| No.  | Block  |   |        | of Bills in | Consumption | Consumption | Cumulative Bills |            | Cumulative Consumption |            |  |  |
|      |        |   |        | Block       | in Block    | in Block    | No.              | % of Total | Amount                 | % of Total |  |  |
| 1    | -      | - | -      | 8,979       | -           | -           | 8,979            | 4.65%      | -                      | 0.00%      |  |  |
| 2    | 1      | - | 1,000  | 21,413      | 471         | 10,085,133  | 30,392           | 15.75%     | 10,085,133             | 0.76%      |  |  |
| 3    | 1,001  | - | 2,000  | 23,281      | 1,511       | 35,179,440  | 53,673           | 27.81%     | 45,264,573             | 3.42%      |  |  |
| 4    | 2,001  | - | 3,000  | 23,251      | 2,500       | 58,124,359  | 76,924           | 39.85%     | 103,388,932            | 7.81%      |  |  |
| 5    | 3,001  | - | 4,000  | 20,258      | 3,490       | 70,705,815  | 97,182           | 50.35%     | 174,094,747            | 13.16%     |  |  |
| 6    | 4,001  | - | 5,000  | 16,380      | 4,485       | 73,463,761  | 113,562          | 58.83%     | 247,558,508            | 18.71%     |  |  |
| 7    | 5,001  | - | 6,000  | 12,834      | 5,486       | 70,409,441  | 126,396          | 65.48%     | 317,967,949            | 24.03%     |  |  |
| 8    | 6,001  | - | 7,000  | 10,190      | 6,484       | 66,074,063  | 136,586          | 70.76%     | 384,042,012            | 29.02%     |  |  |
| 9    | 7,001  | - | 8,000  | 8,136       | 7,479       | 60,850,951  | 144,722          | 74.98%     | 444,892,963            | 33.62%     |  |  |
| 10   | 8,001  | - | 9,000  | 6,458       | 8,486       | 54,803,691  | 151,180          | 78.32%     | 499,696,654            | 37.77%     |  |  |
| 11   | 9,001  | - | 10,000 | 5,139       | 9,489       | 48,764,018  | 156,319          | 80.98%     | 548,460,672            | 41.45%     |  |  |
| 12   | 10,001 | - | 11,000 | 4,378       | 10,489      | 45,922,657  | 160,697          | 83.25%     | 594,383,329            | 44.92%     |  |  |
| 13   | 11,001 | - | 12,000 | 3,689       | 11,493      | 42,398,677  | 164,386          | 85.16%     | 636,782,006            | 48.13%     |  |  |
| 14   | 12,001 | - | 13,000 | 3,213       | 12,494      | 40,142,991  | 167,599          | 86.83%     | 676,924,997            | 51.16%     |  |  |
| 15   | 13,001 | - | 14,000 | 2,637       | 13,500      | 35,599,870  | 170,236          | 88.19%     | 712,524,867            | 53.85%     |  |  |
| 16   | 14,001 | - | 15,000 | 2,408       | 14,492      | 34,897,488  | 172,644          | 89.44%     | 747,422,355            | 56.49%     |  |  |
| 17   | 15,001 | - | 16,000 | 1,993       | 15,485      | 30,861,604  | 174,637          | 90.47%     | 778,283,959            | 58.82%     |  |  |
| 18   | 16,001 | - | 17,000 | 1,798       | 16,499      | 29,665,581  | 176,435          | 91.41%     | 807,949,540            | 61.06%     |  |  |
| 19   | 17,001 | - | 18,000 | 1,561       | 17,485      | 27,294,712  | 177,996          | 92.21%     | 835,244,252            | 63.13%     |  |  |
| 20   | 18,001 | - | 19,000 | 1,345       | 18,497      | 24,878,317  | 179,341          | 92.91%     | 860,122,569            | 65.01%     |  |  |
| 21   | 19,001 | - | 20,000 | 1,219       | 19,496      | 23,765,782  | 180,560          | 93.54%     | 883,888,351            | 66.80%     |  |  |
| 22   | 20,001 | - | 21,000 | 1,087       | 20,497      | 22,280,327  | 181,647          | 94.11%     | 906,168,678            | 68.49%     |  |  |
| 23   | 21,001 | - | 22,000 | 945         | 21,489      | 20,306,638  | 182,592          | 94.60%     | 926,475,316            | 70.02%     |  |  |
| 24   | 22,001 | - | 23,000 | 877         | 22,490      | 19,723,530  | 183,469          | 95.05%     | 946,198,846            | 71.51%     |  |  |
| 25   | 23,001 | - | 24,000 | 795         | 23,492      | 18,676,010  | 184,264          | 95.46%     | 964,874,856            | 72.92%     |  |  |
| 26   | 24,001 | - | 25,000 | 709         | 24,511      | 17,378,373  | 184,973          | 95.83%     | 982,253,229            | 74.24%     |  |  |
| 27   | 25,001 | - | 26,000 | 637         | 25,487      | 16,235,160  | 185,610          | 96.16%     | 998,488,389            | 75.46%     |  |  |
| 28   | 26,001 | - | 27,000 | 547         | 26,503      | 14,497,380  | 186,157          | 96.44%     | 1,012,985,769          | 76.56%     |  |  |
| 29   | 27,001 | - | 28,000 | 532         | 27,478      | 14,618,120  | 186,689          | 96.72%     | 1,027,603,889          | 77.66%     |  |  |
| 30   | 28,001 | - | 29,000 | 505         | 28,494      | 14,389,633  | 187,194          | 96.98%     | 1,041,993,522          | 78.75%     |  |  |
| 31   | 29,001 | - | 30,000 | 430         | 29,500      | 12,684,790  | 187,624          | 97.20%     | 1,054,678,312          | 79.71%     |  |  |
| 32   | 30,001 | - | 31,000 | 413         | 30,509      | 12,600,210  | 188,037          | 97.42%     | 1,067,278,522          | 80.66%     |  |  |
| 33   | 31,001 | - | 32,000 | 382         | 31,485      | 12,027,240  | 188,419          | 97.61%     | 1,079,305,762          | 81.57%     |  |  |
| 34   | 32,001 | - | 33,000 | 333         | 32,484      | 10,817,299  | 188,752          | 97.79%     | 1,090,123,061          | 82.39%     |  |  |
| 35   | 33,001 | - | 34,000 | 302         | 33,503      | 10,117,980  | 189,054          | 97.94%     | 1,100,241,041          | 83.15%     |  |  |
| 36   | 34,001 | - | 35,000 | 253         | 34,515      | 8,732,374   | 189,307          | 98.07%     | 1,108,973,415          | 83.81%     |  |  |
| 37   | 35,001 | - | 36,000 | 253         | 35,515      | 8,985,211   | 189,560          | 98.21%     | 1,117,958,626          | 84.49%     |  |  |
| 38   | 36,001 | - | 37,000 | 242         | 36,513      | 8,836,188   | 189,802          | 98.33%     | 1,126,794,814          | 85.16%     |  |  |
| 39   | 37,001 | - | 38,000 | 230         | 37,464      | 8,616,640   | 190,032          | 98.45%     | 1,135,411,454          | 85.81%     |  |  |
| 40   | 38,001 | - | 39,000 | 196         | 38,490      | 7,544,090   | 190,228          | 98.55%     | 1,142,955,544          | 86.38%     |  |  |
| 41   | 39,001 | - | 40,000 | 167         | 39,534      | 6,602,100   | 190,395          | 98.64%     | 1,149,557,644          | 86.88%     |  |  |
| 42   | 40,001 | - | 41,000 | 155         | 40,493      | 6,276,410   | 190,550          | 98.72%     | 1,155,834,054          | 87.36%     |  |  |
| 43   | 41,001 | - | 42,000 | 157         | 41,505      | 6,516,350   | 190,707          | 98.80%     | 1,162,350,404          | 87.85%     |  |  |
| 44   | 42,001 | - | 43,000 | 146         | 42,496      | 6,204,348   | 190,853          | 98.88%     | 1,168,554,752          | 88.32%     |  |  |
| 45   | 43,001 | - | 44,000 | 116         | 43,482      | 5,043,900   | 190,969          | 98.94%     | 1,173,598,652          | 88.70%     |  |  |
| 46   | 44,001 | - | 45,000 | 123         | 44,488      | 5,472,040   | 191,092          | 99.00%     | 1,179,070,692          | 89.11%     |  |  |
| 47   | 45,001 | - | 46,000 | 109         | 45,458      | 4,954,910   | 191,201          | 99.06%     | 1,184,025,602          | 89.49%     |  |  |
| 48   | 46,001 | - | 47,000 | 107         | 46,450      | 4,970,170   | 191,308          | 99.11%     | 1,188,995,772          | 89.86%     |  |  |
| 49   | 47,001 | - | 48,000 | 88          | 47,479      | 4,178,180   | 191,396          | 99.16%     | 1,193,173,952          | 90.18%     |  |  |
| 50   | 48,001 | - | 49,000 | 94          | 48,486      | 4,557,650   | 191,490          | 99.21%     | 1,197,731,602          | 90.52%     |  |  |
| 51   | 49,001 | - | 50,000 | 81          | 49,493      | 4,008,960   | 191,571          | 99.25%     | 1,201,740,562          | 90.82%     |  |  |
| 52   | 50,001 | - | 51,000 | 61          | 50,522      | 3,081,870   | 191,632          | 99.28%     | 1,204,822,432          | 91.06%     |  |  |
| 53   | 51,001 | - | 52,000 | 70          | 51,570      | 3,609,870   | 191,702          | 99.32%     | 1,208,432,302          | 91.33%     |  |  |

**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 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 |
|-------------------------------|---------------|----------------|
| Tier One Breakover (M gal):   | 999,999       | 3              |
| Tier Two Breakover (M gal):   | -             | 10             |
| Tier Three Breakover (M gal): | -             | 999,999        |

| Charges             | Present Rates | Proposed Rates |
|---------------------|---------------|----------------|
| Base Charge: \$     | 14.73         | \$ 15.76       |
| Tier One Rate: \$   | 1.64          | \$ 1.64        |
| Tier Two Rate: \$   | -             | \$ 1.83        |
| Tier Three Rate: \$ | -             | \$ 2.61        |

| Line | Number of Bills in |   |         | Average Consumption |         | Consumption | Cumulative Bills |            | Cumulative Consumption |            |
|------|--------------------|---|---------|---------------------|---------|-------------|------------------|------------|------------------------|------------|
| No.  | Block              |   | Block   | in Block            |         | in Block    | No.              | % of Total | Amount                 | % of Total |
| 54   | 52,001             | - | 53,000  | 47                  | 52,461  | 2,465,690   | 191,749          | 99.34%     | 1,210,897,992          | 91.52%     |
| 55   | 53,001             | - | 54,000  | 64                  | 53,461  | 3,421,500   | 191,813          | 99.37%     | 1,214,319,492          | 91.78%     |
| 56   | 54,001             | - | 55,000  | 57                  | 54,547  | 3,109,170   | 191,870          | 99.40%     | 1,217,428,662          | 92.01%     |
| 57   | 55,001             | - | 56,000  | 52                  | 55,511  | 2,886,560   | 191,922          | 99.43%     | 1,220,315,222          | 92.23%     |
| 58   | 56,001             | - | 57,000  | 45                  | 56,558  | 2,545,110   | 191,967          | 99.45%     | 1,222,860,332          | 92.42%     |
| 59   | 57,001             | - | 58,000  | 52                  | 57,540  | 2,992,088   | 192,019          | 99.48%     | 1,225,852,420          | 92.65%     |
| 60   | 58,001             | - | 59,000  | 40                  | 58,575  | 2,343,010   | 192,059          | 99.50%     | 1,228,195,430          | 92.82%     |
| 61   | 59,001             | - | 60,000  | 38                  | 59,564  | 2,263,420   | 192,097          | 99.52%     | 1,230,458,850          | 93.00%     |
| 62   | 60,001             | - | 61,000  | 52                  | 60,457  | 3,143,740   | 192,149          | 99.55%     | 1,233,602,590          | 93.23%     |
| 63   | 61,001             | - | 62,000  | 27                  | 61,603  | 1,663,290   | 192,176          | 99.56%     | 1,235,265,880          | 93.36%     |
| 64   | 62,001             | - | 63,000  | 31                  | 62,478  | 1,936,820   | 192,207          | 99.58%     | 1,237,202,700          | 93.50%     |
| 65   | 63,001             | - | 64,000  | 30                  | 63,463  | 1,903,900   | 192,237          | 99.59%     | 1,239,106,600          | 93.65%     |
| 66   | 64,001             | - | 65,000  | 27                  | 64,524  | 1,742,150   | 192,264          | 99.61%     | 1,240,848,750          | 93.78%     |
| 67   | 65,001             | - | 66,000  | 31                  | 65,489  | 2,030,160   | 192,295          | 99.62%     | 1,242,878,910          | 93.93%     |
| 68   | 66,001             | - | 67,000  | 32                  | 66,511  | 2,128,340   | 192,327          | 99.64%     | 1,245,007,250          | 94.09%     |
| 69   | 67,001             | - | 68,000  | 25                  | 67,472  | 1,686,800   | 192,352          | 99.65%     | 1,246,694,050          | 94.22%     |
| 70   | 68,001             | - | 69,000  | 30                  | 68,467  | 2,054,010   | 192,382          | 99.67%     | 1,248,748,060          | 94.38%     |
| 71   | 69,001             | - | 70,000  | 20                  | 69,381  | 1,387,610   | 192,402          | 99.68%     | 1,250,135,670          | 94.48%     |
| 72   | 70,001             | - | 71,000  | 19                  | 70,461  | 1,338,760   | 192,421          | 99.69%     | 1,251,474,430          | 94.58%     |
| 73   | 71,001             | - | 72,000  | 13                  | 71,415  | 928,390     | 192,434          | 99.69%     | 1,252,402,820          | 94.65%     |
| 74   | 72,001             | - | 73,000  | 25                  | 72,486  | 1,812,140   | 192,459          | 99.71%     | 1,254,214,960          | 94.79%     |
| 75   | 73,001             | - | 74,000  | 15                  | 73,475  | 1,102,130   | 192,474          | 99.72%     | 1,255,317,090          | 94.87%     |
| 76   | 74,001             | - | 75,000  | 17                  | 74,515  | 1,266,760   | 192,491          | 99.72%     | 1,256,583,850          | 94.97%     |
| 77   | 75,001             | - | 76,000  | 16                  | 75,414  | 1,206,630   | 192,507          | 99.73%     | 1,257,790,480          | 95.06%     |
| 78   | 76,001             | - | 77,000  | 13                  | 76,499  | 994,490     | 192,520          | 99.74%     | 1,258,784,970          | 95.14%     |
| 79   | 77,001             | - | 78,000  | 20                  | 77,480  | 1,549,590   | 192,540          | 99.75%     | 1,260,334,560          | 95.25%     |
| 80   | 78,001             | - | 79,000  | 6                   | 78,570  | 471,420     | 192,546          | 99.75%     | 1,260,805,980          | 95.29%     |
| 81   | 79,001             | - | 80,000  | 11                  | 79,486  | 874,350     | 192,557          | 99.76%     | 1,261,680,330          | 95.35%     |
| 82   | 80,001             | - | 81,000  | 7                   | 80,470  | 563,290     | 192,564          | 99.76%     | 1,262,243,620          | 95.40%     |
| 83   | 81,001             | - | 82,000  | 17                  | 81,639  | 1,387,870   | 192,581          | 99.77%     | 1,263,631,490          | 95.50%     |
| 84   | 82,001             | - | 83,000  | 14                  | 82,372  | 1,153,210   | 192,595          | 99.78%     | 1,264,784,700          | 95.59%     |
| 85   | 83,001             | - | 84,000  | 9                   | 83,353  | 750,180     | 192,604          | 99.78%     | 1,265,534,880          | 95.65%     |
| 86   | 84,001             | - | 85,000  | 10                  | 84,501  | 845,010     | 192,614          | 99.79%     | 1,266,379,890          | 95.71%     |
| 87   | 85,001             | - | 86,000  | 10                  | 85,484  | 854,839     | 192,624          | 99.79%     | 1,267,234,729          | 95.77%     |
| 88   | 86,001             | - | 87,000  | 13                  | 86,342  | 1,122,440   | 192,637          | 99.80%     | 1,268,357,169          | 95.86%     |
| 89   | 87,001             | - | 88,000  | 17                  | 87,394  | 1,485,690   | 192,654          | 99.81%     | 1,269,842,859          | 95.97%     |
| 90   | 88,001             | - | 89,000  | 5                   | 88,552  | 442,760     | 192,659          | 99.81%     | 1,270,285,619          | 96.01%     |
| 91   | 89,001             | - | 90,000  | 11                  | 89,523  | 984,750     | 192,670          | 99.82%     | 1,271,270,369          | 96.08%     |
| 92   | 90,001             | - | 91,000  | 8                   | 90,458  | 723,660     | 192,678          | 99.82%     | 1,271,994,029          | 96.13%     |
| 93   | 91,001             | - | 92,000  | 12                  | 91,503  | 1,098,041   | 192,690          | 99.83%     | 1,273,092,070          | 96.22%     |
| 94   | 92,001             | - | 93,000  | 14                  | 92,464  | 1,294,500   | 192,704          | 99.83%     | 1,274,386,570          | 96.31%     |
| 95   | 93,001             | - | 94,000  | 10                  | 93,588  | 935,880     | 192,714          | 99.84%     | 1,275,322,450          | 96.39%     |
| 96   | 94,001             | - | 95,000  | 10                  | 94,411  | 944,110     | 192,724          | 99.85%     | 1,276,266,560          | 96.46%     |
| 97   | 95,001             | - | 96,000  | 6                   | 95,387  | 572,320     | 192,730          | 99.85%     | 1,276,838,880          | 96.50%     |
| 98   | 96,001             | - | 97,000  | 6                   | 96,495  | 578,970     | 192,736          | 99.85%     | 1,277,417,850          | 96.54%     |
| 99   | 97,001             | - | 98,000  | 10                  | 97,499  | 974,990     | 192,746          | 99.86%     | 1,278,392,840          | 96.62%     |
| 100  | 98,001             | - | 99,000  | 5                   | 98,552  | 492,760     | 192,751          | 99.86%     | 1,278,885,600          | 96.65%     |
| 101  | 99,001             | - | 100,000 | 7                   | 99,549  | 696,840     | 192,758          | 99.86%     | 1,279,582,440          | 96.71%     |
| 102  | 100,270            | - | 100,270 | 1                   | 100,270 | 100,270     | 192,759          | 99.86%     | 1,279,682,710          | 96.72%     |
| 103  | 100,330            | - | 100,330 | 1                   | 100,330 | 100,330     | 192,760          | 99.86%     | 1,279,783,040          | 96.72%     |
| 104  | 100,670            | - | 100,670 | 1                   | 100,670 | 100,670     | 192,761          | 99.86%     | 1,279,883,710          | 96.73%     |
| 105  | 100,710            | - | 100,710 | 1                   | 100,710 | 100,710     | 192,762          | 99.86%     | 1,279,984,420          | 96.74%     |
| 106  | 100,780            | - | 100,780 | 1                   | 100,780 | 100,780     | 192,763          | 99.87%     | 1,280,085,200          | 96.75%     |

**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 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 |
|-------------------------------|---------------|----------------|
| Tier One Breakover (M gal):   | 999,999       | 3              |
| Tier Two Breakover (M gal):   | -             | 10             |
| Tier Three Breakover (M gal): | -             | 999,999        |

| Charges             | Present Rates | Proposed Rates |
|---------------------|---------------|----------------|
| Base Charge: \$     | 14.73         | \$ 15.76       |
| Tier One Rate: \$   | 1.64          | \$ 1.64        |
| Tier Two Rate: \$   | -             | \$ 1.83        |
| Tier Three Rate: \$ | -             | \$ 2.61        |

| 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 |
|----------|-------------------|--------------------------|------------------------------|----------------------|----------------------|------------|-------------------------------|------------|
| 107      | 100,810 - 100,810 | 1                        | 100,810                      | 100,810              | 192,764              | 99.87%     | 1,280,186,010                 | 96.75%     |
| 108      | 101,210 - 101,210 | 1                        | 101,210                      | 101,210              | 192,765              | 99.87%     | 1,280,287,220                 | 96.76%     |
| 109      | 101,300 - 101,300 | 1                        | 101,300                      | 101,300              | 192,766              | 99.87%     | 1,280,388,520                 | 96.77%     |
| 110      | 101,870 - 101,870 | 1                        | 101,870                      | 101,870              | 192,767              | 99.87%     | 1,280,490,390                 | 96.78%     |
| 111      | 102,130 - 102,130 | 1                        | 102,130                      | 102,130              | 192,768              | 99.87%     | 1,280,592,520                 | 96.78%     |
| 112      | 102,660 - 102,660 | 1                        | 102,660                      | 102,660              | 192,769              | 99.87%     | 1,280,695,180                 | 96.79%     |
| 113      | 102,730 - 102,730 | 1                        | 102,730                      | 102,730              | 192,770              | 99.87%     | 1,280,797,910                 | 96.80%     |
| 114      | 102,810 - 102,810 | 1                        | 102,810                      | 102,810              | 192,771              | 99.87%     | 1,280,900,720                 | 96.81%     |
| 115      | 102,880 - 102,880 | 1                        | 102,880                      | 102,880              | 192,772              | 99.87%     | 1,281,003,600                 | 96.82%     |
| 116      | 103,210 - 103,210 | 1                        | 103,210                      | 103,210              | 192,773              | 99.87%     | 1,281,106,810                 | 96.82%     |
| 117      | 103,320 - 103,320 | 1                        | 103,320                      | 103,320              | 192,774              | 99.87%     | 1,281,210,130                 | 96.83%     |
| 118      | 103,460 - 103,460 | 1                        | 103,460                      | 103,460              | 192,775              | 99.87%     | 1,281,313,590                 | 96.84%     |
| 119      | 103,590 - 103,590 | 1                        | 103,590                      | 103,590              | 192,776              | 99.87%     | 1,281,417,180                 | 96.85%     |
| 120      | 103,720 - 103,720 | 1                        | 103,720                      | 103,720              | 192,777              | 99.87%     | 1,281,520,900                 | 96.85%     |
| 121      | 104,370 - 104,370 | 1                        | 104,370                      | 104,370              | 192,778              | 99.87%     | 1,281,625,270                 | 96.86%     |
| 122      | 104,650 - 104,650 | 1                        | 104,650                      | 104,650              | 192,779              | 99.87%     | 1,281,729,920                 | 96.87%     |
| 123      | 104,700 - 104,700 | 1                        | 104,700                      | 104,700              | 192,780              | 99.87%     | 1,281,834,620                 | 96.88%     |
| 124      | 104,870 - 104,870 | 1                        | 104,870                      | 104,870              | 192,781              | 99.87%     | 1,281,939,490                 | 96.89%     |
| 125      | 104,940 - 104,940 | 1                        | 104,940                      | 104,940              | 192,782              | 99.88%     | 1,282,044,430                 | 96.89%     |
| 126      | 105,110 - 105,110 | 1                        | 105,110                      | 105,110              | 192,783              | 99.88%     | 1,282,149,540                 | 96.90%     |
| 127      | 105,180 - 105,180 | 1                        | 105,180                      | 105,180              | 192,784              | 99.88%     | 1,282,254,720                 | 96.91%     |
| 128      | 105,750 - 105,750 | 1                        | 105,750                      | 105,750              | 192,785              | 99.88%     | 1,282,360,470                 | 96.92%     |
| 129      | 105,980 - 105,980 | 1                        | 105,980                      | 105,980              | 192,786              | 99.88%     | 1,282,466,450                 | 96.93%     |
| 130      | 106,210 - 106,210 | 1                        | 106,210                      | 106,210              | 192,787              | 99.88%     | 1,282,572,660                 | 96.93%     |
| 131      | 106,320 - 106,320 | 1                        | 106,320                      | 106,320              | 192,788              | 99.88%     | 1,282,678,980                 | 96.94%     |
| 132      | 106,710 - 106,710 | 1                        | 106,710                      | 106,710              | 192,789              | 99.88%     | 1,282,785,690                 | 96.95%     |
| 133      | 106,770 - 106,770 | 2                        | 106,770                      | 213,540              | 192,791              | 99.88%     | 1,282,999,230                 | 96.97%     |
| 134      | 107,310 - 107,310 | 1                        | 107,310                      | 107,310              | 192,792              | 99.88%     | 1,283,106,540                 | 96.97%     |
| 135      | 107,580 - 107,580 | 1                        | 107,580                      | 107,580              | 192,793              | 99.88%     | 1,283,214,120                 | 96.98%     |
| 136      | 107,690 - 107,690 | 1                        | 107,690                      | 107,690              | 192,794              | 99.88%     | 1,283,321,810                 | 96.99%     |
| 137      | 108,180 - 108,180 | 1                        | 108,180                      | 108,180              | 192,795              | 99.88%     | 1,283,429,990                 | 97.00%     |
| 138      | 108,440 - 108,440 | 1                        | 108,440                      | 108,440              | 192,796              | 99.88%     | 1,283,538,430                 | 97.01%     |
| 139      | 108,690 - 108,690 | 1                        | 108,690                      | 108,690              | 192,797              | 99.88%     | 1,283,647,120                 | 97.01%     |
| 140      | 108,950 - 108,950 | 1                        | 108,950                      | 108,950              | 192,798              | 99.88%     | 1,283,756,070                 | 97.02%     |
| 141      | 108,990 - 108,990 | 1                        | 108,990                      | 108,990              | 192,799              | 99.88%     | 1,283,865,060                 | 97.03%     |
| 142      | 109,010 - 109,010 | 1                        | 109,010                      | 109,010              | 192,800              | 99.88%     | 1,283,974,070                 | 97.04%     |
| 143      | 109,030 - 109,030 | 1                        | 109,030                      | 109,030              | 192,801              | 99.88%     | 1,284,083,100                 | 97.05%     |
| 144      | 109,190 - 109,190 | 1                        | 109,190                      | 109,190              | 192,802              | 99.89%     | 1,284,192,290                 | 97.06%     |
| 145      | 109,360 - 109,360 | 1                        | 109,360                      | 109,360              | 192,803              | 99.89%     | 1,284,301,650                 | 97.06%     |
| 146      | 109,590 - 109,590 | 1                        | 109,590                      | 109,590              | 192,804              | 99.89%     | 1,284,411,240                 | 97.07%     |
| 147      | 109,600 - 109,600 | 1                        | 109,600                      | 109,600              | 192,805              | 99.89%     | 1,284,520,840                 | 97.08%     |
| 148      | 109,630 - 109,630 | 1                        | 109,630                      | 109,630              | 192,806              | 99.89%     | 1,284,630,470                 | 97.09%     |
| 149      | 110,210 - 110,210 | 1                        | 110,210                      | 110,210              | 192,807              | 99.89%     | 1,284,740,680                 | 97.10%     |
| 150      | 110,250 - 110,250 | 1                        | 110,250                      | 110,250              | 192,808              | 99.89%     | 1,284,850,930                 | 97.11%     |
| 151      | 110,300 - 110,300 | 1                        | 110,300                      | 110,300              | 192,809              | 99.89%     | 1,284,961,230                 | 97.11%     |
| 152      | 110,480 - 110,480 | 1                        | 110,480                      | 110,480              | 192,810              | 99.89%     | 1,285,071,710                 | 97.12%     |
| 153      | 110,570 - 110,570 | 1                        | 110,570                      | 110,570              | 192,811              | 99.89%     | 1,285,182,280                 | 97.13%     |
| 154      | 110,750 - 110,750 | 1                        | 110,750                      | 110,750              | 192,812              | 99.89%     | 1,285,293,030                 | 97.14%     |
| 155      | 111,370 - 111,370 | 1                        | 111,370                      | 111,370              | 192,813              | 99.89%     | 1,285,404,400                 | 97.15%     |
| 156      | 111,660 - 111,660 | 1                        | 111,660                      | 111,660              | 192,814              | 99.89%     | 1,285,516,060                 | 97.16%     |
| 157      | 111,690 - 111,690 | 1                        | 111,690                      | 111,690              | 192,815              | 99.89%     | 1,285,627,750                 | 97.16%     |
| 158      | 111,740 - 111,740 | 1                        | 111,740                      | 111,740              | 192,816              | 99.89%     | 1,285,739,490                 | 97.17%     |
| 159      | 111,830 - 111,830 | 1                        | 111,830                      | 111,830              | 192,817              | 99.89%     | 1,285,851,320                 | 97.18%     |



**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 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 |
|-------------------------------|---------------|----------------|
| Tier One Breakover (M gal):   | 999,999       | 3              |
| Tier Two Breakover (M gal):   | -             | 10             |
| Tier Three Breakover (M gal): | -             | 999,999        |

| Charges             | Present Rates | Proposed Rates |
|---------------------|---------------|----------------|
| Base Charge: \$     | 14.73         | \$ 15.76       |
| Tier One Rate: \$   | 1.64          | \$ 1.64        |
| Tier Two Rate: \$   | -             | \$ 1.83        |
| Tier Three Rate: \$ | -             | \$ 2.61        |

| 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 |
|----------|-------------------|--------------------------|------------------------------|----------------------|----------------------|------------|-------------------------------|------------|
| 160      | 112,340 - 112,340 | 1                        | 112,340                      | 112,340              | 192,818              | 99.89%     | 1,285,963,660                 | 97.19%     |
| 161      | 112,620 - 112,620 | 1                        | 112,620                      | 112,620              | 192,819              | 99.89%     | 1,286,076,280                 | 97.20%     |
| 162      | 113,010 - 113,010 | 1                        | 113,010                      | 113,010              | 192,820              | 99.89%     | 1,286,189,290                 | 97.21%     |
| 163      | 113,160 - 113,160 | 1                        | 113,160                      | 113,160              | 192,821              | 99.90%     | 1,286,302,450                 | 97.22%     |
| 164      | 113,430 - 113,430 | 1                        | 113,430                      | 113,430              | 192,822              | 99.90%     | 1,286,415,880                 | 97.22%     |
| 165      | 113,760 - 113,760 | 1                        | 113,760                      | 113,760              | 192,823              | 99.90%     | 1,286,529,640                 | 97.23%     |
| 166      | 114,400 - 114,400 | 1                        | 114,400                      | 114,400              | 192,824              | 99.90%     | 1,286,644,040                 | 97.24%     |
| 167      | 115,050 - 115,050 | 1                        | 115,050                      | 115,050              | 192,825              | 99.90%     | 1,286,759,090                 | 97.25%     |
| 168      | 115,290 - 115,290 | 1                        | 115,290                      | 115,290              | 192,826              | 99.90%     | 1,286,874,380                 | 97.26%     |
| 169      | 115,440 - 115,440 | 1                        | 115,440                      | 115,440              | 192,827              | 99.90%     | 1,286,989,820                 | 97.27%     |
| 170      | 115,820 - 115,820 | 1                        | 115,820                      | 115,820              | 192,828              | 99.90%     | 1,287,105,640                 | 97.28%     |
| 171      | 115,990 - 115,990 | 1                        | 115,990                      | 115,990              | 192,829              | 99.90%     | 1,287,221,630                 | 97.29%     |
| 172      | 116,150 - 116,150 | 1                        | 116,150                      | 116,150              | 192,830              | 99.90%     | 1,287,337,780                 | 97.29%     |
| 173      | 117,410 - 117,410 | 1                        | 117,410                      | 117,410              | 192,831              | 99.90%     | 1,287,455,190                 | 97.30%     |
| 174      | 117,580 - 117,580 | 1                        | 117,580                      | 117,580              | 192,832              | 99.90%     | 1,287,572,770                 | 97.31%     |
| 175      | 117,640 - 117,640 | 1                        | 117,640                      | 117,640              | 192,833              | 99.90%     | 1,287,690,410                 | 97.32%     |
| 176      | 118,370 - 118,370 | 1                        | 118,370                      | 118,370              | 192,834              | 99.90%     | 1,287,808,780                 | 97.33%     |
| 177      | 118,990 - 118,990 | 1                        | 118,990                      | 118,990              | 192,835              | 99.90%     | 1,287,927,770                 | 97.34%     |
| 178      | 119,070 - 119,070 | 1                        | 119,070                      | 119,070              | 192,836              | 99.90%     | 1,288,046,840                 | 97.35%     |
| 179      | 119,100 - 119,100 | 1                        | 119,100                      | 119,100              | 192,837              | 99.90%     | 1,288,165,940                 | 97.36%     |
| 180      | 119,210 - 119,210 | 1                        | 119,210                      | 119,210              | 192,838              | 99.90%     | 1,288,285,150                 | 97.37%     |
| 181      | 119,410 - 119,410 | 1                        | 119,410                      | 119,410              | 192,839              | 99.90%     | 1,288,404,560                 | 97.37%     |
| 182      | 119,470 - 119,470 | 1                        | 119,470                      | 119,470              | 192,840              | 99.91%     | 1,288,524,030                 | 97.38%     |
| 183      | 119,550 - 119,550 | 2                        | 119,550                      | 239,100              | 192,842              | 99.91%     | 1,288,763,130                 | 97.40%     |
| 184      | 120,050 - 120,050 | 1                        | 120,050                      | 120,050              | 192,843              | 99.91%     | 1,288,883,180                 | 97.41%     |
| 185      | 120,510 - 120,510 | 1                        | 120,510                      | 120,510              | 192,844              | 99.91%     | 1,289,003,690                 | 97.42%     |
| 186      | 120,690 - 120,690 | 1                        | 120,690                      | 120,690              | 192,845              | 99.91%     | 1,289,124,380                 | 97.43%     |
| 187      | 120,790 - 120,790 | 1                        | 120,790                      | 120,790              | 192,846              | 99.91%     | 1,289,245,170                 | 97.44%     |
| 188      | 121,130 - 121,130 | 1                        | 121,130                      | 121,130              | 192,847              | 99.91%     | 1,289,366,300                 | 97.45%     |
| 189      | 121,340 - 121,340 | 1                        | 121,340                      | 121,340              | 192,848              | 99.91%     | 1,289,487,640                 | 97.46%     |
| 190      | 121,520 - 121,520 | 1                        | 121,520                      | 121,520              | 192,849              | 99.91%     | 1,289,609,160                 | 97.47%     |
| 191      | 121,740 - 121,740 | 1                        | 121,740                      | 121,740              | 192,850              | 99.91%     | 1,289,730,900                 | 97.47%     |
| 192      | 122,040 - 122,040 | 1                        | 122,040                      | 122,040              | 192,851              | 99.91%     | 1,289,852,940                 | 97.48%     |
| 193      | 122,480 - 122,480 | 1                        | 122,480                      | 122,480              | 192,852              | 99.91%     | 1,289,975,420                 | 97.49%     |
| 194      | 122,710 - 122,710 | 1                        | 122,710                      | 122,710              | 192,853              | 99.91%     | 1,290,098,130                 | 97.50%     |
| 195      | 123,070 - 123,070 | 1                        | 123,070                      | 123,070              | 192,854              | 99.91%     | 1,290,221,200                 | 97.51%     |
| 196      | 123,460 - 123,460 | 1                        | 123,460                      | 123,460              | 192,855              | 99.91%     | 1,290,344,660                 | 97.52%     |
| 197      | 123,950 - 123,950 | 1                        | 123,950                      | 123,950              | 192,856              | 99.91%     | 1,290,468,610                 | 97.53%     |
| 198      | 124,100 - 124,100 | 1                        | 124,100                      | 124,100              | 192,857              | 99.91%     | 1,290,592,710                 | 97.54%     |
| 199      | 124,510 - 124,510 | 1                        | 124,510                      | 124,510              | 192,858              | 99.91%     | 1,290,717,220                 | 97.55%     |
| 200      | 124,710 - 124,710 | 1                        | 124,710                      | 124,710              | 192,859              | 99.92%     | 1,290,841,930                 | 97.56%     |
| 201      | 125,530 - 125,530 | 1                        | 125,530                      | 125,530              | 192,860              | 99.92%     | 1,290,967,460                 | 97.57%     |
| 202      | 126,250 - 126,250 | 1                        | 126,250                      | 126,250              | 192,861              | 99.92%     | 1,291,093,710                 | 97.58%     |
| 203      | 126,500 - 126,500 | 1                        | 126,500                      | 126,500              | 192,862              | 99.92%     | 1,291,220,210                 | 97.59%     |
| 204      | 126,750 - 126,750 | 1                        | 126,750                      | 126,750              | 192,863              | 99.92%     | 1,291,346,960                 | 97.60%     |
| 205      | 126,900 - 126,900 | 1                        | 126,900                      | 126,900              | 192,864              | 99.92%     | 1,291,473,860                 | 97.61%     |
| 206      | 127,070 - 127,070 | 2                        | 127,070                      | 254,140              | 192,866              | 99.92%     | 1,291,728,000                 | 97.63%     |
| 207      | 128,190 - 128,190 | 1                        | 128,190                      | 128,190              | 192,867              | 99.92%     | 1,291,856,190                 | 97.64%     |
| 208      | 128,550 - 128,550 | 1                        | 128,550                      | 128,550              | 192,868              | 99.92%     | 1,291,984,740                 | 97.64%     |
| 209      | 128,560 - 128,560 | 1                        | 128,560                      | 128,560              | 192,869              | 99.92%     | 1,292,113,300                 | 97.65%     |
| 210      | 129,350 - 129,350 | 1                        | 129,350                      | 129,350              | 192,870              | 99.92%     | 1,292,242,650                 | 97.66%     |
| 211      | 129,570 - 129,570 | 1                        | 129,570                      | 129,570              | 192,871              | 99.92%     | 1,292,372,220                 | 97.67%     |
| 212      | 129,740 - 129,740 | 1                        | 129,740                      | 129,740              | 192,872              | 99.92%     | 1,292,501,960                 | 97.68%     |

**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 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 |
|-------------------------------|---------------|----------------|
| Tier One Breakover (M gal):   | 999,999       | 3              |
| Tier Two Breakover (M gal):   | -             | 10             |
| Tier Three Breakover (M gal): | -             | 999,999        |

| Charges             | Present Rates | Proposed Rates |
|---------------------|---------------|----------------|
| Base Charge: \$     | 14.73         | \$ 15.76       |
| Tier One Rate: \$   | 1.64          | \$ 1.64        |
| Tier Two Rate: \$   | -             | \$ 1.83        |
| Tier Three Rate: \$ | -             | \$ 2.61        |

| 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 |
|----------|-------------------|--------------------------|------------------------------|----------------------|----------------------|------------|-------------------------------|------------|
| 213      | 130,610 - 130,610 | 1                        | 130,610                      | 130,610              | 192,873              | 99.92%     | 1,292,632,570                 | 97.69%     |
| 214      | 130,890 - 130,890 | 1                        | 130,890                      | 130,890              | 192,874              | 99.92%     | 1,292,763,460                 | 97.70%     |
| 215      | 131,130 - 131,130 | 1                        | 131,130                      | 131,130              | 192,875              | 99.92%     | 1,292,894,590                 | 97.71%     |
| 216      | 131,170 - 131,170 | 1                        | 131,170                      | 131,170              | 192,876              | 99.92%     | 1,293,025,760                 | 97.72%     |
| 217      | 131,700 - 131,700 | 1                        | 131,700                      | 131,700              | 192,877              | 99.92%     | 1,293,157,460                 | 97.73%     |
| 218      | 131,950 - 131,950 | 1                        | 131,950                      | 131,950              | 192,878              | 99.92%     | 1,293,289,410                 | 97.74%     |
| 219      | 132,250 - 132,250 | 1                        | 132,250                      | 132,250              | 192,879              | 99.93%     | 1,293,421,660                 | 97.75%     |
| 220      | 132,650 - 132,650 | 1                        | 132,650                      | 132,650              | 192,880              | 99.93%     | 1,293,554,310                 | 97.76%     |
| 221      | 133,480 - 133,480 | 1                        | 133,480                      | 133,480              | 192,881              | 99.93%     | 1,293,687,790                 | 97.77%     |
| 222      | 133,710 - 133,710 | 1                        | 133,710                      | 133,710              | 192,882              | 99.93%     | 1,293,821,500                 | 97.78%     |
| 223      | 134,340 - 134,340 | 1                        | 134,340                      | 134,340              | 192,883              | 99.93%     | 1,293,955,840                 | 97.79%     |
| 224      | 135,230 - 135,230 | 1                        | 135,230                      | 135,230              | 192,884              | 99.93%     | 1,294,091,070                 | 97.80%     |
| 225      | 135,990 - 135,990 | 1                        | 135,990                      | 135,990              | 192,885              | 99.93%     | 1,294,227,060                 | 97.81%     |
| 226      | 136,890 - 136,890 | 1                        | 136,890                      | 136,890              | 192,886              | 99.93%     | 1,294,363,950                 | 97.82%     |
| 227      | 137,040 - 137,040 | 1                        | 137,040                      | 137,040              | 192,887              | 99.93%     | 1,294,500,990                 | 97.84%     |
| 228      | 137,100 - 137,100 | 1                        | 137,100                      | 137,100              | 192,888              | 99.93%     | 1,294,638,090                 | 97.85%     |
| 229      | 137,180 - 137,180 | 1                        | 137,180                      | 137,180              | 192,889              | 99.93%     | 1,294,775,270                 | 97.86%     |
| 230      | 137,790 - 137,790 | 1                        | 137,790                      | 137,790              | 192,890              | 99.93%     | 1,294,913,060                 | 97.87%     |
| 231      | 138,320 - 138,320 | 1                        | 138,320                      | 138,320              | 192,891              | 99.93%     | 1,295,051,380                 | 97.88%     |
| 232      | 138,920 - 138,920 | 1                        | 138,920                      | 138,920              | 192,892              | 99.93%     | 1,295,190,300                 | 97.89%     |
| 233      | 139,050 - 139,050 | 1                        | 139,050                      | 139,050              | 192,893              | 99.93%     | 1,295,329,350                 | 97.90%     |
| 234      | 139,890 - 139,890 | 1                        | 139,890                      | 139,890              | 192,894              | 99.93%     | 1,295,469,240                 | 97.91%     |
| 235      | 140,790 - 140,790 | 1                        | 140,790                      | 140,790              | 192,895              | 99.93%     | 1,295,610,030                 | 97.92%     |
| 236      | 141,400 - 141,400 | 1                        | 141,400                      | 141,400              | 192,896              | 99.93%     | 1,295,751,430                 | 97.93%     |
| 237      | 141,440 - 141,440 | 1                        | 141,440                      | 141,440              | 192,897              | 99.93%     | 1,295,892,870                 | 97.94%     |
| 238      | 142,090 - 142,090 | 1                        | 142,090                      | 142,090              | 192,898              | 99.94%     | 1,296,034,960                 | 97.95%     |
| 239      | 142,970 - 142,970 | 1                        | 142,970                      | 142,970              | 192,899              | 99.94%     | 1,296,177,930                 | 97.96%     |
| 240      | 143,730 - 143,730 | 1                        | 143,730                      | 143,730              | 192,900              | 99.94%     | 1,296,321,660                 | 97.97%     |
| 241      | 144,660 - 144,660 | 1                        | 144,660                      | 144,660              | 192,901              | 99.94%     | 1,296,466,320                 | 97.98%     |
| 242      | 144,760 - 144,760 | 1                        | 144,760                      | 144,760              | 192,902              | 99.94%     | 1,296,611,080                 | 97.99%     |
| 243      | 144,780 - 144,780 | 1                        | 144,780                      | 144,780              | 192,903              | 99.94%     | 1,296,755,860                 | 98.01%     |
| 244      | 145,420 - 145,420 | 1                        | 145,420                      | 145,420              | 192,904              | 99.94%     | 1,296,901,280                 | 98.02%     |
| 245      | 145,490 - 145,490 | 1                        | 145,490                      | 145,490              | 192,905              | 99.94%     | 1,297,046,770                 | 98.03%     |
| 246      | 145,530 - 145,530 | 1                        | 145,530                      | 145,530              | 192,906              | 99.94%     | 1,297,192,300                 | 98.04%     |
| 247      | 146,020 - 146,020 | 1                        | 146,020                      | 146,020              | 192,907              | 99.94%     | 1,297,338,320                 | 98.05%     |
| 248      | 146,110 - 146,110 | 1                        | 146,110                      | 146,110              | 192,908              | 99.94%     | 1,297,484,430                 | 98.06%     |
| 249      | 146,370 - 146,370 | 1                        | 146,370                      | 146,370              | 192,909              | 99.94%     | 1,297,630,800                 | 98.07%     |
| 250      | 146,920 - 146,920 | 1                        | 146,920                      | 146,920              | 192,910              | 99.94%     | 1,297,777,720                 | 98.08%     |
| 251      | 146,990 - 146,990 | 1                        | 146,990                      | 146,990              | 192,911              | 99.94%     | 1,297,924,710                 | 98.09%     |
| 252      | 147,300 - 147,300 | 1                        | 147,300                      | 147,300              | 192,912              | 99.94%     | 1,298,072,010                 | 98.11%     |
| 253      | 147,440 - 147,440 | 1                        | 147,440                      | 147,440              | 192,913              | 99.94%     | 1,298,219,450                 | 98.12%     |
| 254      | 147,490 - 147,490 | 1                        | 147,490                      | 147,490              | 192,914              | 99.94%     | 1,298,366,940                 | 98.13%     |
| 255      | 148,980 - 148,980 | 1                        | 148,980                      | 148,980              | 192,915              | 99.94%     | 1,298,515,920                 | 98.14%     |
| 256      | 149,260 - 149,260 | 1                        | 149,260                      | 149,260              | 192,916              | 99.94%     | 1,298,665,180                 | 98.15%     |
| 257      | 149,510 - 149,510 | 1                        | 149,510                      | 149,510              | 192,917              | 99.95%     | 1,298,814,690                 | 98.16%     |
| 258      | 149,750 - 149,750 | 1                        | 149,750                      | 149,750              | 192,918              | 99.95%     | 1,298,964,440                 | 98.17%     |
| 259      | 150,310 - 150,310 | 1                        | 150,310                      | 150,310              | 192,919              | 99.95%     | 1,299,114,750                 | 98.18%     |
| 260      | 151,630 - 151,630 | 1                        | 151,630                      | 151,630              | 192,920              | 99.95%     | 1,299,266,380                 | 98.20%     |
| 261      | 152,140 - 152,140 | 1                        | 152,140                      | 152,140              | 192,921              | 99.95%     | 1,299,418,520                 | 98.21%     |
| 262      | 153,200 - 153,200 | 1                        | 153,200                      | 153,200              | 192,922              | 99.95%     | 1,299,571,720                 | 98.22%     |
| 263      | 153,430 - 153,430 | 1                        | 153,430                      | 153,430              | 192,923              | 99.95%     | 1,299,725,150                 | 98.23%     |
| 264      | 153,670 - 153,670 | 1                        | 153,670                      | 153,670              | 192,924              | 99.95%     | 1,299,878,820                 | 98.24%     |
| 265      | 154,060 - 154,060 | 1                        | 154,060                      | 154,060              | 192,925              | 99.95%     | 1,300,032,880                 | 98.25%     |

**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 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 |
|-------------------------------|---------------|----------------|
| Tier One Breakover (M gal):   | 999,999       | 3              |
| Tier Two Breakover (M gal):   | -             | 10             |
| Tier Three Breakover (M gal): | -             | 999,999        |

| Charges             | Present Rates | Proposed Rates |
|---------------------|---------------|----------------|
| Base Charge: \$     | 14.73         | \$ 15.76       |
| Tier One Rate: \$   | 1.64          | \$ 1.64        |
| Tier Two Rate: \$   | -             | \$ 1.83        |
| Tier Three Rate: \$ | -             | \$ 2.61        |

| 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 |
|----------|-------------------|--------------------------|------------------------------|----------------------|----------------------|------------|-------------------------------|------------|
| 266      | 155,600 - 155,600 | 1                        | 155,600                      | 155,600              | 192,926              | 99.95%     | 1,300,188,480                 | 98.27%     |
| 267      | 155,980 - 155,980 | 1                        | 155,980                      | 155,980              | 192,927              | 99.95%     | 1,300,344,460                 | 98.28%     |
| 268      | 156,950 - 156,950 | 1                        | 156,950                      | 156,950              | 192,928              | 99.95%     | 1,300,501,410                 | 98.29%     |
| 269      | 157,540 - 157,540 | 1                        | 157,540                      | 157,540              | 192,929              | 99.95%     | 1,300,658,950                 | 98.30%     |
| 270      | 158,160 - 158,160 | 1                        | 158,160                      | 158,160              | 192,930              | 99.95%     | 1,300,817,110                 | 98.31%     |
| 271      | 158,980 - 158,980 | 1                        | 158,980                      | 158,980              | 192,931              | 99.95%     | 1,300,976,090                 | 98.32%     |
| 272      | 159,180 - 159,180 | 1                        | 159,180                      | 159,180              | 192,932              | 99.95%     | 1,301,135,270                 | 98.34%     |
| 273      | 161,130 - 161,130 | 1                        | 161,130                      | 161,130              | 192,933              | 99.95%     | 1,301,296,400                 | 98.35%     |
| 274      | 161,830 - 161,830 | 1                        | 161,830                      | 161,830              | 192,934              | 99.95%     | 1,301,458,230                 | 98.36%     |
| 275      | 162,720 - 162,720 | 1                        | 162,720                      | 162,720              | 192,935              | 99.95%     | 1,301,620,950                 | 98.37%     |
| 276      | 164,050 - 164,050 | 1                        | 164,050                      | 164,050              | 192,936              | 99.95%     | 1,301,785,000                 | 98.39%     |
| 277      | 164,610 - 164,610 | 1                        | 164,610                      | 164,610              | 192,937              | 99.96%     | 1,301,949,610                 | 98.40%     |
| 278      | 165,420 - 165,420 | 1                        | 165,420                      | 165,420              | 192,938              | 99.96%     | 1,302,115,030                 | 98.41%     |
| 279      | 165,540 - 165,540 | 1                        | 165,540                      | 165,540              | 192,939              | 99.96%     | 1,302,280,570                 | 98.42%     |
| 280      | 165,950 - 165,950 | 1                        | 165,950                      | 165,950              | 192,940              | 99.96%     | 1,302,446,520                 | 98.44%     |
| 281      | 167,650 - 167,650 | 1                        | 167,650                      | 167,650              | 192,941              | 99.96%     | 1,302,614,170                 | 98.45%     |
| 282      | 168,120 - 168,120 | 1                        | 168,120                      | 168,120              | 192,942              | 99.96%     | 1,302,782,290                 | 98.46%     |
| 283      | 168,840 - 168,840 | 1                        | 168,840                      | 168,840              | 192,943              | 99.96%     | 1,302,951,130                 | 98.47%     |
| 284      | 168,860 - 168,860 | 1                        | 168,860                      | 168,860              | 192,944              | 99.96%     | 1,303,119,990                 | 98.49%     |
| 285      | 169,550 - 169,550 | 1                        | 169,550                      | 169,550              | 192,945              | 99.96%     | 1,303,289,540                 | 98.50%     |
| 286      | 170,280 - 170,280 | 1                        | 170,280                      | 170,280              | 192,946              | 99.96%     | 1,303,459,820                 | 98.51%     |
| 287      | 170,370 - 170,370 | 1                        | 170,370                      | 170,370              | 192,947              | 99.96%     | 1,303,630,190                 | 98.53%     |
| 288      | 173,150 - 173,150 | 1                        | 173,150                      | 173,150              | 192,948              | 99.96%     | 1,303,803,340                 | 98.54%     |
| 289      | 173,190 - 173,190 | 1                        | 173,190                      | 173,190              | 192,949              | 99.96%     | 1,303,976,530                 | 98.55%     |
| 290      | 173,430 - 173,430 | 1                        | 173,430                      | 173,430              | 192,950              | 99.96%     | 1,304,149,960                 | 98.56%     |
| 291      | 173,870 - 173,870 | 1                        | 173,870                      | 173,870              | 192,951              | 99.96%     | 1,304,323,830                 | 98.58%     |
| 292      | 175,030 - 175,030 | 1                        | 175,030                      | 175,030              | 192,952              | 99.96%     | 1,304,498,860                 | 98.59%     |
| 293      | 175,680 - 175,680 | 1                        | 175,680                      | 175,680              | 192,953              | 99.96%     | 1,304,674,540                 | 98.60%     |
| 294      | 175,970 - 175,970 | 1                        | 175,970                      | 175,970              | 192,954              | 99.96%     | 1,304,850,510                 | 98.62%     |
| 295      | 179,300 - 179,300 | 1                        | 179,300                      | 179,300              | 192,955              | 99.96%     | 1,305,029,810                 | 98.63%     |
| 296      | 179,760 - 179,760 | 1                        | 179,760                      | 179,760              | 192,956              | 99.97%     | 1,305,209,570                 | 98.64%     |
| 297      | 181,430 - 181,430 | 1                        | 181,430                      | 181,430              | 192,957              | 99.97%     | 1,305,391,000                 | 98.66%     |
| 298      | 185,150 - 185,150 | 1                        | 185,150                      | 185,150              | 192,958              | 99.97%     | 1,305,576,150                 | 98.67%     |
| 299      | 190,230 - 190,230 | 1                        | 190,230                      | 190,230              | 192,959              | 99.97%     | 1,305,766,380                 | 98.69%     |
| 300      | 190,360 - 190,360 | 1                        | 190,360                      | 190,360              | 192,960              | 99.97%     | 1,305,956,740                 | 98.70%     |
| 301      | 190,890 - 190,890 | 1                        | 190,890                      | 190,890              | 192,961              | 99.97%     | 1,306,147,630                 | 98.72%     |
| 302      | 190,920 - 190,920 | 1                        | 190,920                      | 190,920              | 192,962              | 99.97%     | 1,306,338,550                 | 98.73%     |
| 303      | 191,210 - 191,210 | 1                        | 191,210                      | 191,210              | 192,963              | 99.97%     | 1,306,529,760                 | 98.74%     |
| 304      | 193,750 - 193,750 | 1                        | 193,750                      | 193,750              | 192,964              | 99.97%     | 1,306,723,510                 | 98.76%     |
| 305      | 195,190 - 195,190 | 1                        | 195,190                      | 195,190              | 192,965              | 99.97%     | 1,306,918,700                 | 98.77%     |
| 306      | 196,960 - 196,960 | 1                        | 196,960                      | 196,960              | 192,966              | 99.97%     | 1,307,115,660                 | 98.79%     |
| 307      | 198,000 - 198,000 | 1                        | 198,000                      | 198,000              | 192,967              | 99.97%     | 1,307,313,660                 | 98.80%     |
| 308      | 202,150 - 202,150 | 1                        | 202,150                      | 202,150              | 192,968              | 99.97%     | 1,307,515,810                 | 98.82%     |
| 309      | 205,220 - 205,220 | 1                        | 205,220                      | 205,220              | 192,969              | 99.97%     | 1,307,721,030                 | 98.83%     |
| 310      | 205,480 - 205,480 | 1                        | 205,480                      | 205,480              | 192,970              | 99.97%     | 1,307,926,510                 | 98.85%     |
| 311      | 205,970 - 205,970 | 1                        | 205,970                      | 205,970              | 192,971              | 99.97%     | 1,308,132,480                 | 98.87%     |
| 312      | 207,130 - 207,130 | 1                        | 207,130                      | 207,130              | 192,972              | 99.97%     | 1,308,339,610                 | 98.88%     |
| 313      | 207,520 - 207,520 | 1                        | 207,520                      | 207,520              | 192,973              | 99.97%     | 1,308,547,130                 | 98.90%     |
| 314      | 208,340 - 208,340 | 1                        | 208,340                      | 208,340              | 192,974              | 99.97%     | 1,308,755,470                 | 98.91%     |
| 315      | 210,000 - 210,000 | 1                        | 210,000                      | 210,000              | 192,975              | 99.98%     | 1,308,965,470                 | 98.93%     |
| 316      | 210,760 - 210,760 | 1                        | 210,760                      | 210,760              | 192,976              | 99.98%     | 1,309,176,230                 | 98.94%     |
| 317      | 211,560 - 211,560 | 1                        | 211,560                      | 211,560              | 192,977              | 99.98%     | 1,309,387,790                 | 98.96%     |
| 318      | 216,300 - 216,300 | 1                        | 216,300                      | 216,300              | 192,978              | 99.98%     | 1,309,604,090                 | 98.98%     |

**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 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 |
|-------------------------------|---------------|----------------|---------------------|---------------|----------------|
|                               |               |                | Base Charge: \$     | 14.73         | \$ 15.76       |
| Tier One Breakover (M gal):   | 999,999       | 3              | Tier One Rate: \$   | 1.64          | \$ 1.64        |
| Tier Two Breakover (M gal):   | -             | 10             | Tier Two Rate: \$   | -             | \$ 1.83        |
| Tier Three Breakover (M gal): | -             | 999,999        | Tier Three Rate: \$ | -             | \$ 2.61        |

| Line |         |   |         | Number      | Average     |             |                  |            |                        |            |  |
|------|---------|---|---------|-------------|-------------|-------------|------------------|------------|------------------------|------------|--|
|      |         |   |         | of Bills in | Consumption | Consumption | Cumulative Bills |            | Cumulative Consumption |            |  |
| No.  | Block   |   | Block   |             | in Block    | in Block    | No.              | % of Total | Amount                 | % of Total |  |
| 319  | 218,580 | - | 218,580 | 1           | 218,580     | 218,580     | 192,979          | 99.98%     | 1,309,822,670          | 98.99%     |  |
| 320  | 219,770 | - | 219,770 | 1           | 219,770     | 219,770     | 192,980          | 99.98%     | 1,310,042,440          | 99.01%     |  |
| 321  | 220,060 | - | 220,060 | 1           | 220,060     | 220,060     | 192,981          | 99.98%     | 1,310,262,500          | 99.03%     |  |
| 322  | 221,670 | - | 221,670 | 1           | 221,670     | 221,670     | 192,982          | 99.98%     | 1,310,484,170          | 99.04%     |  |
| 323  | 224,830 | - | 224,830 | 1           | 224,830     | 224,830     | 192,983          | 99.98%     | 1,310,709,000          | 99.06%     |  |
| 324  | 225,560 | - | 225,560 | 1           | 225,560     | 225,560     | 192,984          | 99.98%     | 1,310,934,560          | 99.08%     |  |
| 325  | 227,830 | - | 227,830 | 1           | 227,830     | 227,830     | 192,985          | 99.98%     | 1,311,162,390          | 99.09%     |  |
| 326  | 230,470 | - | 230,470 | 1           | 230,470     | 230,470     | 192,986          | 99.98%     | 1,311,392,860          | 99.11%     |  |
| 327  | 235,100 | - | 235,100 | 1           | 235,100     | 235,100     | 192,987          | 99.98%     | 1,311,627,960          | 99.13%     |  |
| 328  | 235,930 | - | 235,930 | 1           | 235,930     | 235,930     | 192,988          | 99.98%     | 1,311,863,890          | 99.15%     |  |
| 329  | 239,590 | - | 239,590 | 1           | 239,590     | 239,590     | 192,989          | 99.98%     | 1,312,103,480          | 99.17%     |  |
| 330  | 239,990 | - | 239,990 | 1           | 239,990     | 239,990     | 192,990          | 99.98%     | 1,312,343,470          | 99.18%     |  |
| 331  | 241,770 | - | 241,770 | 1           | 241,770     | 241,770     | 192,991          | 99.98%     | 1,312,585,240          | 99.20%     |  |
| 332  | 241,790 | - | 241,790 | 1           | 241,790     | 241,790     | 192,992          | 99.98%     | 1,312,827,030          | 99.22%     |  |
| 333  | 245,790 | - | 245,790 | 1           | 245,790     | 245,790     | 192,993          | 99.98%     | 1,313,072,820          | 99.24%     |  |
| 334  | 246,515 | - | 246,515 | 1           | 246,515     | 246,515     | 192,994          | 99.98%     | 1,313,319,335          | 99.26%     |  |
| 335  | 250,970 | - | 250,970 | 1           | 250,970     | 250,970     | 192,995          | 99.99%     | 1,313,570,305          | 99.28%     |  |
| 336  | 252,530 | - | 252,530 | 1           | 252,530     | 252,530     | 192,996          | 99.99%     | 1,313,822,835          | 99.30%     |  |
| 337  | 254,690 | - | 254,690 | 1           | 254,690     | 254,690     | 192,997          | 99.99%     | 1,314,077,525          | 99.31%     |  |
| 338  | 263,620 | - | 263,620 | 1           | 263,620     | 263,620     | 192,998          | 99.99%     | 1,314,341,145          | 99.33%     |  |
| 339  | 265,550 | - | 265,550 | 1           | 265,550     | 265,550     | 192,999          | 99.99%     | 1,314,606,695          | 99.35%     |  |
| 340  | 268,180 | - | 268,180 | 1           | 268,180     | 268,180     | 193,000          | 99.99%     | 1,314,874,875          | 99.37%     |  |
| 341  | 275,810 | - | 275,810 | 1           | 275,810     | 275,810     | 193,001          | 99.99%     | 1,315,150,685          | 99.40%     |  |
| 342  | 278,570 | - | 278,570 | 1           | 278,570     | 278,570     | 193,002          | 99.99%     | 1,315,429,255          | 99.42%     |  |
| 343  | 278,650 | - | 278,650 | 1           | 278,650     | 278,650     | 193,003          | 99.99%     | 1,315,707,905          | 99.44%     |  |
| 344  | 281,550 | - | 281,550 | 1           | 281,550     | 281,550     | 193,004          | 99.99%     | 1,315,989,455          | 99.46%     |  |
| 345  | 283,530 | - | 283,530 | 1           | 283,530     | 283,530     | 193,005          | 99.99%     | 1,316,272,985          | 99.48%     |  |
| 346  | 283,950 | - | 283,950 | 1           | 283,950     | 283,950     | 193,006          | 99.99%     | 1,316,556,935          | 99.50%     |  |
| 347  | 286,160 | - | 286,160 | 1           | 286,160     | 286,160     | 193,007          | 99.99%     | 1,316,843,095          | 99.52%     |  |
| 348  | 286,380 | - | 286,380 | 1           | 286,380     | 286,380     | 193,008          | 99.99%     | 1,317,129,475          | 99.55%     |  |
| 349  | 297,310 | - | 297,310 | 1           | 297,310     | 297,310     | 193,009          | 99.99%     | 1,317,426,785          | 99.57%     |  |
| 350  | 304,100 | - | 304,100 | 1           | 304,100     | 304,100     | 193,010          | 99.99%     | 1,317,730,885          | 99.59%     |  |
| 351  | 315,280 | - | 315,280 | 1           | 315,280     | 315,280     | 193,011          | 99.99%     | 1,318,046,165          | 99.61%     |  |
| 352  | 330,730 | - | 330,730 | 1           | 330,730     | 330,730     | 193,012          | 99.99%     | 1,318,376,895          | 99.64%     |  |
| 353  | 338,740 | - | 338,740 | 1           | 338,740     | 338,740     | 193,013          | 99.99%     | 1,318,715,635          | 99.67%     |  |
| 354  | 345,130 | - | 345,130 | 1           | 345,130     | 345,130     | 193,014          | 100.00%    | 1,319,060,765          | 99.69%     |  |
| 355  | 355,350 | - | 355,350 | 1           | 355,350     | 355,350     | 193,015          | 100.00%    | 1,319,416,115          | 99.72%     |  |
| 356  | 365,260 | - | 365,260 | 1           | 365,260     | 365,260     | 193,016          | 100.00%    | 1,319,781,375          | 99.75%     |  |
| 357  | 376,740 | - | 376,740 | 1           | 376,740     | 376,740     | 193,017          | 100.00%    | 1,320,158,115          | 99.77%     |  |
| 358  | 382,130 | - | 382,130 | 1           | 382,130     | 382,130     | 193,018          | 100.00%    | 1,320,540,245          | 99.80%     |  |
| 359  | 388,820 | - | 388,820 | 1           | 388,820     | 388,820     | 193,019          | 100.00%    | 1,320,929,065          | 99.83%     |  |
| 360  | 398,530 | - | 398,530 | 1           | 398,530     | 398,530     | 193,020          | 100.00%    | 1,321,327,595          | 99.86%     |  |
| 361  | 408,500 | - | 408,500 | 1           | 408,500     | 408,500     | 193,021          | 100.00%    | 1,321,736,095          | 99.89%     |  |
| 362  | 697,840 | - | 697,840 | 1           | 697,840     | 697,840     | 193,022          | 100.00%    | 1,322,433,935          | 99.95%     |  |
| 363  | 710,900 | - | 710,900 | 1           | 710,900     | 710,900     | 193,023          | 100.00%    | 1,323,144,835          | 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:     | \$ 14.73      | \$ 15.76       |
| Tier One Breakover (M gal):   | 999,999       | 3              | Tier One Rate:   | \$ 1.64       | \$ 1.64        |
| Tier Two Breakover (M gal):   | -             | 10             | Tier Two Rate:   | \$ -          | \$ 1.83        |
| Tier Three Breakover (M gal): | -             | 999,999        | Tier Three Rate: | \$ -          | \$ 2.61        |

| 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 |
|----------|---------------------------------------|--------------------------|------------------------------|----------------------|----------------------|------------|-------------------------------|------------|
| 364      |                                       |                          |                              |                      |                      |            |                               |            |
| 365      | Totals                                | 193,023                  |                              | 1,323,144,835        | 193,023              |            | 1,323,144,835                 |            |
| 366      | Prorated Bills Reduction <sup>1</sup> | (2,898)                  |                              |                      |                      |            |                               |            |
| 367      | Total Bills                           | 190,125                  |                              |                      |                      |            |                               |            |
| 368      |                                       |                          |                              |                      |                      |            |                               |            |
| 369      |                                       |                          |                              |                      |                      |            |                               |            |
| 370      |                                       |                          |                              |                      |                      |            |                               |            |
| 371      | Average Number of Customers           | 15,844                   |                              |                      |                      |            |                               |            |
| 372      |                                       |                          |                              |                      |                      |            |                               |            |
| 373      | Average Consumption (gallons)         | 6,959                    |                              |                      |                      |            |                               |            |
| 374      |                                       |                          |                              |                      |                      |            |                               |            |
| 375      | Median Consumption (gallons)          | 3,490                    |                              |                      |                      |            |                               |            |
| 376      |                                       |                          |                              |                      |                      |            |                               |            |
| 377      |                                       |                          |                              |                      |                      |            |                               |            |
| 378      |                                       |                          |                              |                      |                      |            |                               |            |
| 379      |                                       |                          |                              |                      |                      |            |                               |            |

|                 | Current Rates |              | Proposed Rates |              |
|-----------------|---------------|--------------|----------------|--------------|
|                 | Units         | Revenue      | Units          | Revenue      |
| Base Charge     | 190,125       | \$ 2,800,541 | 190,125        | \$ 2,996,370 |
| Usage (gallons) |               |              |                |              |
| Tier One        | 1,323,144,835 | \$ 2,166,266 | 451,685,932    | \$ 740,765   |
| Tier Two        | -             | -            | 463,814,740    | 848,781      |
| Tier Three      | -             | -            | 407,644,163    | 1,063,951    |
| Usage Totals    | 1,323,144,835 |              | 1,323,144,835  |              |
| Revenue Totals  |               | \$ 4,966,807 |                | \$ 5,649,867 |

<sup>1</sup>Customer 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.

**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 2023

Bill Count

Exhibit: RLJ-DT2

Schedule H-5

Witness: Jones

Class: Residential  
Meter Size: 1"  
Sub Class:

|                               | Present Rates | Proposed Rates | Charges             | Present Rates | Proposed Rates |
|-------------------------------|---------------|----------------|---------------------|---------------|----------------|
| Base Charge:                  |               |                | \$                  | 36.64         | \$ 39.40       |
| Tier One Breakover (M gal):   | 999,999       | -              | Tier One Rate: \$   | 1.64          | \$ -           |
| Tier Two Breakover (M gal):   | -             | 35             | Tier Two Rate: \$   | -             | \$ 1.83        |
| Tier Three Breakover (M gal): | -             | 999,999        | Tier Three Rate: \$ | -             | \$ 2.61        |

| Line |        |   | Number      | Average     |             |        | Cumulative Bills |        | Cumulative Consumption |       |
|------|--------|---|-------------|-------------|-------------|--------|------------------|--------|------------------------|-------|
| No.  | Block  |   | of Bills by | Consumption | Consumption |        |                  |        |                        |       |
|      |        |   | Block       | in Block    | by Blocks   | No.    | % of Total       | Amount | % of Total             |       |
| 1    | -      | - | -           | -           | -           | -      | 0.00%            | -      |                        | 0.00% |
| 2    | 1      | - | 1,000       | -           | -           | -      | 0.00%            | -      |                        | 0.00% |
| 3    | 1,001  | - | 2,000       | -           | -           | -      | 0.00%            | -      |                        | 0.00% |
| 4    | 2,001  | - | 3,000       | -           | -           | -      | 0.00%            | -      |                        | 0.00% |
| 5    | 3,001  | - | 4,000       | -           | -           | -      | 0.00%            | -      |                        | 0.00% |
| 6    | 4,001  | - | 5,000       | -           | -           | -      | 0.00%            | -      |                        | 0.00% |
| 7    | 5,001  | - | 6,000       | -           | -           | -      | 0.00%            | -      |                        | 0.00% |
| 8    | 6,001  | - | 7,000       | -           | -           | -      | 0.00%            | -      |                        | 0.00% |
| 9    | 7,001  | - | 8,000       | -           | -           | -      | 0.00%            | -      |                        | 0.00% |
| 10   | 8,001  | - | 9,000       | -           | -           | -      | 0.00%            | -      |                        | 0.00% |
| 11   | 9,001  | - | 10,000      | -           | -           | -      | 0.00%            | -      |                        | 0.00% |
| 12   | 10,001 | - | 11,000      | -           | -           | -      | 0.00%            | -      |                        | 0.00% |
| 13   | 11,001 | - | 12,000      | -           | -           | -      | 0.00%            | -      |                        | 0.00% |
| 14   | 12,001 | - | 13,000      | -           | -           | -      | 0.00%            | -      |                        | 0.00% |
| 15   | 13,001 | - | 14,000      | -           | -           | -      | 0.00%            | -      |                        | 0.00% |
| 16   | 14,001 | - | 15,000      | -           | -           | -      | 0.00%            | -      |                        | 0.00% |
| 17   | 15,001 | - | 16,000      | -           | -           | -      | 0.00%            | -      |                        | 0.00% |
| 18   | 16,001 | - | 17,000      | -           | -           | -      | 0.00%            | -      |                        | 0.00% |
| 19   | 17,001 | - | 18,000      | -           | -           | -      | 0.00%            | -      |                        | 0.00% |
| 20   | 18,001 | - | 19,000      | -           | -           | -      | 0.00%            | -      |                        | 0.00% |
| 21   | 19,001 | - | 20,000      | -           | -           | -      | 0.00%            | -      |                        | 0.00% |
| 22   | 20,001 | - | 21,000      | -           | -           | -      | 0.00%            | -      |                        | 0.00% |
| 23   | 21,001 | - | 22,000      | -           | -           | -      | 0.00%            | -      |                        | 0.00% |
| 24   | 22,001 | - | 23,000      | -           | -           | -      | 0.00%            | -      |                        | 0.00% |
| 25   | 23,001 | - | 24,000      | -           | -           | -      | 0.00%            | -      |                        | 0.00% |
| 26   | 24,001 | - | 25,000      | -           | -           | -      | 0.00%            | -      |                        | 0.00% |
| 27   | 25,001 | - | 26,000      | -           | -           | -      | 0.00%            | -      |                        | 0.00% |
| 28   | 26,001 | - | 27,000      | -           | -           | -      | 0.00%            | -      |                        | 0.00% |
| 29   | 27,001 | - | 28,000      | -           | -           | -      | 0.00%            | -      |                        | 0.00% |
| 30   | 28,001 | - | 29,000      | -           | -           | -      | 0.00%            | -      |                        | 0.00% |
| 31   | 29,001 | - | 30,000      | -           | -           | -      | 0.00%            | -      |                        | 0.00% |
| 32   | 30,001 | - | 31,000      | -           | -           | -      | 0.00%            | -      |                        | 0.00% |
| 33   | 31,001 | - | 32,000      | -           | -           | -      | 0.00%            | -      |                        | 0.00% |
| 34   | 32,001 | - | 33,000      | 1           | 32,990      | 32,990 | 1                | 8.33%  | 32,990                 | 1.64% |
| 35   | 33,001 | - | 34,000      | -           | -           | -      | 1                | 8.33%  | 32,990                 | 1.64% |
| 36   | 34,001 | - | 35,000      | -           | -           | -      | 1                | 8.33%  | 32,990                 | 1.64% |
| 37   | 35,001 | - | 36,000      | -           | -           | -      | 1                | 8.33%  | 32,990                 | 1.64% |
| 38   | 36,001 | - | 37,000      | -           | -           | -      | 1                | 8.33%  | 32,990                 | 1.64% |
| 39   | 37,001 | - | 38,000      | -           | -           | -      | 1                | 8.33%  | 32,990                 | 1.64% |
| 40   | 38,001 | - | 39,000      | -           | -           | -      | 1                | 8.33%  | 32,990                 | 1.64% |
| 41   | 39,001 | - | 40,000      | 1           | 39,890      | 39,890 | 2                | 16.67% | 72,880                 | 3.63% |
| 42   | 40,001 | - | 41,000      | -           | -           | -      | 2                | 16.67% | 72,880                 | 3.63% |
| 43   | 41,001 | - | 42,000      | -           | -           | -      | 2                | 16.67% | 72,880                 | 3.63% |
| 44   | 42,001 | - | 43,000      | -           | -           | -      | 2                | 16.67% | 72,880                 | 3.63% |
| 45   | 43,001 | - | 44,000      | -           | -           | -      | 2                | 16.67% | 72,880                 | 3.63% |
| 46   | 44,001 | - | 45,000      | -           | -           | -      | 2                | 16.67% | 72,880                 | 3.63% |
| 47   | 45,001 | - | 46,000      | -           | -           | -      | 2                | 16.67% | 72,880                 | 3.63% |
| 48   | 46,001 | - | 47,000      | -           | -           | -      | 2                | 16.67% | 72,880                 | 3.63% |
| 49   | 47,001 | - | 48,000      | -           | -           | -      | 2                | 16.67% | 72,880                 | 3.63% |
| 50   | 48,001 | - | 49,000      | -           | -           | -      | 2                | 16.67% | 72,880                 | 3.63% |
| 51   | 49,001 | - | 50,000      | -           | -           | -      | 2                | 16.67% | 72,880                 | 3.63% |
| 52   | 50,001 | - | 51,000      | -           | -           | -      | 2                | 16.67% | 72,880                 | 3.63% |
| 53   | 51,001 | - | 52,000      | -           | -           | -      | 2                | 16.67% | 72,880                 | 3.63% |

**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 2023

Bill Count

Exhibit:

RLJ-DT2

Schedule H-5

Witness:

Jones

Class: Residential  
Meter Size: 1"  
Sub Class:

|                               | Present Rates | Proposed Rates | Charges             | Present Rates | Proposed Rates |
|-------------------------------|---------------|----------------|---------------------|---------------|----------------|
| Base Charge:                  | \$            | 36.64          | \$                  | 39.40         |                |
| Tier One Breakover (M gal):   | 999,999       | -              | Tier One Rate: \$   | 1.64          | \$ -           |
| Tier Two Breakover (M gal):   | -             | 35             | Tier Two Rate: \$   | -             | \$ 1.83        |
| Tier Three Breakover (M gal): | -             | 999,999        | Tier Three Rate: \$ | -             | \$ 2.61        |

| 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   | -                        | -                            | -                     | 2                    | 16.67%     | 72,880                        | 3.63%      |
| 55       | 53,001 - 54,000   | -                        | -                            | -                     | 2                    | 16.67%     | 72,880                        | 3.63%      |
| 56       | 54,001 - 55,000   | -                        | -                            | -                     | 2                    | 16.67%     | 72,880                        | 3.63%      |
| 57       | 55,001 - 56,000   | -                        | -                            | -                     | 2                    | 16.67%     | 72,880                        | 3.63%      |
| 58       | 56,001 - 57,000   | -                        | -                            | -                     | 2                    | 16.67%     | 72,880                        | 3.63%      |
| 59       | 57,001 - 58,000   | -                        | -                            | -                     | 2                    | 16.67%     | 72,880                        | 3.63%      |
| 60       | 58,001 - 59,000   | -                        | -                            | -                     | 2                    | 16.67%     | 72,880                        | 3.63%      |
| 61       | 59,001 - 60,000   | -                        | -                            | -                     | 2                    | 16.67%     | 72,880                        | 3.63%      |
| 62       | 60,001 - 61,000   | -                        | -                            | -                     | 2                    | 16.67%     | 72,880                        | 3.63%      |
| 63       | 61,001 - 62,000   | 1                        | 61,260                       | 61,260                | 3                    | 25.00%     | 134,140                       | 6.68%      |
| 64       | 62,001 - 63,000   | -                        | -                            | -                     | 3                    | 25.00%     | 134,140                       | 6.68%      |
| 65       | 63,001 - 64,000   | -                        | -                            | -                     | 3                    | 25.00%     | 134,140                       | 6.68%      |
| 66       | 64,001 - 65,000   | -                        | -                            | -                     | 3                    | 25.00%     | 134,140                       | 6.68%      |
| 67       | 65,001 - 66,000   | -                        | -                            | -                     | 3                    | 25.00%     | 134,140                       | 6.68%      |
| 68       | 66,001 - 67,000   | -                        | -                            | -                     | 3                    | 25.00%     | 134,140                       | 6.68%      |
| 69       | 67,001 - 68,000   | -                        | -                            | -                     | 3                    | 25.00%     | 134,140                       | 6.68%      |
| 70       | 68,001 - 69,000   | -                        | -                            | -                     | 3                    | 25.00%     | 134,140                       | 6.68%      |
| 71       | 69,001 - 70,000   | -                        | -                            | -                     | 3                    | 25.00%     | 134,140                       | 6.68%      |
| 72       | 70,001 - 71,000   | -                        | -                            | -                     | 3                    | 25.00%     | 134,140                       | 6.68%      |
| 73       | 71,001 - 72,000   | -                        | -                            | -                     | 3                    | 25.00%     | 134,140                       | 6.68%      |
| 74       | 72,001 - 73,000   | -                        | -                            | -                     | 3                    | 25.00%     | 134,140                       | 6.68%      |
| 75       | 73,001 - 74,000   | -                        | -                            | -                     | 3                    | 25.00%     | 134,140                       | 6.68%      |
| 76       | 74,001 - 75,000   | -                        | -                            | -                     | 3                    | 25.00%     | 134,140                       | 6.68%      |
| 77       | 75,001 - 76,000   | -                        | -                            | -                     | 3                    | 25.00%     | 134,140                       | 6.68%      |
| 78       | 76,001 - 77,000   | -                        | -                            | -                     | 3                    | 25.00%     | 134,140                       | 6.68%      |
| 79       | 77,001 - 78,000   | -                        | -                            | -                     | 3                    | 25.00%     | 134,140                       | 6.68%      |
| 80       | 78,001 - 79,000   | -                        | -                            | -                     | 3                    | 25.00%     | 134,140                       | 6.68%      |
| 81       | 79,001 - 80,000   | -                        | -                            | -                     | 3                    | 25.00%     | 134,140                       | 6.68%      |
| 82       | 80,001 - 81,000   | -                        | -                            | -                     | 3                    | 25.00%     | 134,140                       | 6.68%      |
| 83       | 81,001 - 82,000   | -                        | -                            | -                     | 3                    | 25.00%     | 134,140                       | 6.68%      |
| 84       | 82,001 - 83,000   | -                        | -                            | -                     | 3                    | 25.00%     | 134,140                       | 6.68%      |
| 85       | 83,001 - 84,000   | -                        | -                            | -                     | 3                    | 25.00%     | 134,140                       | 6.68%      |
| 86       | 84,001 - 85,000   | -                        | -                            | -                     | 3                    | 25.00%     | 134,140                       | 6.68%      |
| 87       | 85,001 - 86,000   | -                        | -                            | -                     | 3                    | 25.00%     | 134,140                       | 6.68%      |
| 88       | 86,001 - 87,000   | -                        | -                            | -                     | 3                    | 25.00%     | 134,140                       | 6.68%      |
| 89       | 87,001 - 88,000   | -                        | -                            | -                     | 3                    | 25.00%     | 134,140                       | 6.68%      |
| 90       | 88,001 - 89,000   | -                        | -                            | -                     | 3                    | 25.00%     | 134,140                       | 6.68%      |
| 91       | 89,001 - 90,000   | -                        | -                            | -                     | 3                    | 25.00%     | 134,140                       | 6.68%      |
| 92       | 90,001 - 91,000   | -                        | -                            | -                     | 3                    | 25.00%     | 134,140                       | 6.68%      |
| 93       | 91,001 - 92,000   | -                        | -                            | -                     | 3                    | 25.00%     | 134,140                       | 6.68%      |
| 94       | 92,001 - 93,000   | -                        | -                            | -                     | 3                    | 25.00%     | 134,140                       | 6.68%      |
| 95       | 93,001 - 94,000   | -                        | -                            | -                     | 3                    | 25.00%     | 134,140                       | 6.68%      |
| 96       | 94,001 - 95,000   | 1                        | 94,900                       | 94,900                | 4                    | 33.33%     | 229,040                       | 11.41%     |
| 97       | 95,001 - 96,000   | -                        | -                            | -                     | 4                    | 33.33%     | 229,040                       | 11.41%     |
| 98       | 96,001 - 97,000   | -                        | -                            | -                     | 4                    | 33.33%     | 229,040                       | 11.41%     |
| 99       | 97,001 - 98,000   | -                        | -                            | -                     | 4                    | 33.33%     | 229,040                       | 11.41%     |
| 100      | 98,001 - 99,000   | -                        | -                            | -                     | 4                    | 33.33%     | 229,040                       | 11.41%     |
| 101      | 99,001 - 100,000  | -                        | -                            | -                     | 4                    | 33.33%     | 229,040                       | 11.41%     |
| 102      | 133,050 - 133,050 | 1                        | 133,050                      | 133,050               | 5                    | 41.67%     | 362,090                       | 18.04%     |
| 103      | 190,650 - 190,650 | 1                        | 190,650                      | 190,650               | 6                    | 50.00%     | 552,740                       | 27.53%     |
| 104      | 194,860 - 194,860 | 1                        | 194,860                      | 194,860               | 7                    | 58.33%     | 747,600                       | 37.24%     |
| 105      | 210,370 - 210,370 | 1                        | 210,370                      | 210,370               | 8                    | 66.67%     | 957,970                       | 47.72%     |
| 106      | 220,260 - 220,260 | 1                        | 220,260                      | 220,260               | 9                    | 75.00%     | 1,178,230                     | 58.69%     |

Class: Residential  
Meter Size: 1"  
Sub Class:

|                               | Present Rates | Proposed Rates | Charges             | Present Rates | Proposed Rates |
|-------------------------------|---------------|----------------|---------------------|---------------|----------------|
| Base Charge:                  |               |                | \$                  | 36.64         | \$ 39.40       |
| Tier One Breakover (M gal):   | 999,999       | -              | Tier One Rate: \$   | 1.64          | \$ -           |
| Tier Two Breakover (M gal):   | -             | 35             | Tier Two Rate: \$   | -             | \$ 1.83        |
| Tier Three Breakover (M gal): | -             | 999,999        | Tier Three Rate: \$ | -             | \$ 2.61        |

| 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      | 234,940 - 234,940                     | 1                        | 234,940                      | 234,940               | 10                   | 83.33%     | 1,413,170                     | 70.39%     |
| 108      | 273,080 - 273,080                     | 1                        | 273,080                      | 273,080               | 11                   | 91.67%     | 1,686,250                     | 83.99%     |
| 109      | 321,410 - 321,410                     | 1                        | 321,410                      | 321,410               | 12                   | 100.00%    | 2,007,660                     | 100.00%    |
| 110      |                                       |                          |                              |                       |                      |            |                               |            |
| 111      | Totals                                | 12                       |                              | 2,007,660             | 12                   |            | 2,007,660                     |            |
| 112      | Prorated Bills Reduction <sup>1</sup> | -                        |                              |                       |                      |            |                               |            |
| 113      | Total Bills                           | 12                       |                              |                       |                      |            |                               |            |

|                               | Current Rates      | Proposed Rates  |
|-------------------------------|--------------------|-----------------|
|                               | Units Revenue      | Units Revenue   |
| Base Charge                   | 12 \$ 440          | 12 \$ 473       |
| Average Number of Customers   | 1                  |                 |
| Average Consumption (gallons) | 167,305            |                 |
| Median Consumption (gallons)  | 190,650            |                 |
| Usage (gallons)               |                    |                 |
| Tier One                      | 2,007,660 \$ 3,287 | - \$ -          |
| Tier Two                      | - -                | 417,990 765     |
| Tier Three                    | - -                | 1,589,670 4,149 |
| Usage Totals                  | 2,007,660          | 2,007,660       |
| Revenue Totals                | \$ 3,727           | \$ 5,387        |

<sup>1</sup>Customer 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.



**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 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 |
|-------------------------------|---------------|----------------|---------------------|---------------|----------------|
|                               |               |                | Base Charge: \$     | 14.73         | \$ 15.76       |
| Tier One Breakover (M gal):   | 999,999       | -              | Tier One Rate: \$   | 1.64          | \$ -           |
| Tier Two Breakover (M gal):   | -             | 10             | Tier Two Rate: \$   | -             | \$ 1.83        |
| Tier Three Breakover (M gal): | -             | 999,999        | Tier Three Rate: \$ | -             | \$ 2.61        |

| 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        | - -      | 41                       | -                            | -                     | 41                   | 4.41%      | -                             | 0.00%      |
| 2        | 1 -      | 162                      | 430                          | 69,740                | 203                  | 21.83%     | 69,740                        | 0.29%      |
| 3        | 1,001 -  | 79                       | 1,498                        | 118,380               | 282                  | 30.32%     | 188,120                       | 0.78%      |
| 4        | 2,001 -  | 69                       | 2,546                        | 175,670               | 351                  | 37.74%     | 363,790                       | 1.51%      |
| 5        | 3,001 -  | 54                       | 3,559                        | 192,210               | 405                  | 43.55%     | 556,000                       | 2.31%      |
| 6        | 4,001 -  | 44                       | 4,502                        | 198,080               | 449                  | 48.28%     | 754,080                       | 3.14%      |
| 7        | 5,001 -  | 36                       | 5,515                        | 198,550               | 485                  | 52.15%     | 952,630                       | 3.96%      |
| 8        | 6,001 -  | 26                       | 6,516                        | 169,410               | 511                  | 54.95%     | 1,122,040                     | 4.66%      |
| 9        | 7,001 -  | 30                       | 7,490                        | 224,690               | 541                  | 58.17%     | 1,346,730                     | 5.60%      |
| 10       | 8,001 -  | 18                       | 8,334                        | 150,010               | 559                  | 60.11%     | 1,496,740                     | 6.22%      |
| 11       | 9,001 -  | 12                       | 9,301                        | 111,610               | 571                  | 61.40%     | 1,608,350                     | 6.69%      |
| 12       | 10,001 - | 17                       | 10,418                       | 177,100               | 588                  | 63.23%     | 1,785,450                     | 7.42%      |
| 13       | 11,001 - | 9                        | 11,464                       | 103,180               | 597                  | 64.19%     | 1,888,630                     | 7.85%      |
| 14       | 12,001 - | 14                       | 12,462                       | 174,470               | 611                  | 65.70%     | 2,063,100                     | 8.58%      |
| 15       | 13,001 - | 8                        | 13,491                       | 107,930               | 619                  | 66.56%     | 2,171,030                     | 9.03%      |
| 16       | 14,001 - | 10                       | 14,456                       | 144,560               | 629                  | 67.63%     | 2,315,590                     | 9.63%      |
| 17       | 15,001 - | 12                       | 15,470                       | 185,640               | 641                  | 68.92%     | 2,501,230                     | 10.40%     |
| 18       | 16,001 - | 6                        | 16,643                       | 99,860                | 647                  | 69.57%     | 2,601,090                     | 10.81%     |
| 19       | 17,001 - | 12                       | 17,574                       | 210,890               | 659                  | 70.86%     | 2,811,980                     | 11.69%     |
| 20       | 18,001 - | 5                        | 18,502                       | 92,510                | 664                  | 71.40%     | 2,904,490                     | 12.08%     |
| 21       | 19,001 - | 7                        | 19,397                       | 135,780               | 671                  | 72.15%     | 3,040,270                     | 12.64%     |
| 22       | 20,001 - | 11                       | 20,347                       | 223,820               | 682                  | 73.33%     | 3,264,090                     | 13.57%     |
| 23       | 21,001 - | 10                       | 21,507                       | 215,070               | 692                  | 74.41%     | 3,479,160                     | 14.46%     |
| 24       | 22,001 - | 7                        | 22,717                       | 159,020               | 699                  | 75.16%     | 3,638,180                     | 15.13%     |
| 25       | 23,001 - | 9                        | 23,548                       | 211,930               | 708                  | 76.13%     | 3,850,110                     | 16.01%     |
| 26       | 24,001 - | 8                        | 24,536                       | 196,290               | 716                  | 76.99%     | 4,046,400                     | 16.82%     |
| 27       | 25,001 - | 5                        | 25,308                       | 126,540               | 721                  | 77.53%     | 4,172,940                     | 17.35%     |
| 28       | 26,001 - | 4                        | 26,653                       | 106,610               | 725                  | 77.96%     | 4,279,550                     | 17.79%     |
| 29       | 27,001 - | 7                        | 27,506                       | 192,540               | 732                  | 78.71%     | 4,472,090                     | 18.59%     |
| 30       | 28,001 - | 4                        | 28,285                       | 113,140               | 736                  | 79.14%     | 4,585,230                     | 19.06%     |
| 31       | 29,001 - | 5                        | 29,674                       | 148,370               | 741                  | 79.68%     | 4,733,600                     | 19.68%     |
| 32       | 30,001 - | 5                        | 30,620                       | 153,100               | 746                  | 80.22%     | 4,886,700                     | 20.32%     |
| 33       | 31,001 - | 10                       | 31,425                       | 314,250               | 756                  | 81.29%     | 5,200,950                     | 21.62%     |
| 34       | 32,001 - | 1                        | 32,070                       | 32,070                | 757                  | 81.40%     | 5,233,020                     | 21.76%     |
| 35       | 33,001 - | 4                        | 33,440                       | 133,760               | 761                  | 81.83%     | 5,366,780                     | 22.31%     |
| 36       | 34,001 - | 3                        | 34,487                       | 103,460               | 764                  | 82.15%     | 5,470,240                     | 22.74%     |
| 37       | 35,001 - | 6                        | 35,505                       | 213,030               | 770                  | 82.80%     | 5,683,270                     | 23.63%     |
| 38       | 36,001 - | 7                        | 36,504                       | 255,530               | 777                  | 83.55%     | 5,938,800                     | 24.69%     |
| 39       | 37,001 - | 5                        | 37,388                       | 186,940               | 782                  | 84.09%     | 6,125,740                     | 25.47%     |
| 40       | 38,001 - | 3                        | 38,670                       | 116,010               | 785                  | 84.41%     | 6,241,750                     | 25.95%     |
| 41       | 39,001 - | 1                        | 39,210                       | 39,210                | 786                  | 84.52%     | 6,280,960                     | 26.11%     |
| 42       | 40,001 - | 2                        | 40,815                       | 81,630                | 788                  | 84.73%     | 6,362,590                     | 26.45%     |
| 43       | 41,001 - | 2                        | 41,755                       | 83,510                | 790                  | 84.95%     | 6,446,100                     | 26.80%     |
| 44       | 42,001 - | 2                        | 42,560                       | 85,120                | 792                  | 85.16%     | 6,531,220                     | 27.15%     |
| 45       | 43,001 - | 3                        | 43,497                       | 130,490               | 795                  | 85.48%     | 6,661,710                     | 27.70%     |
| 46       | 44,001 - | 1                        | 44,480                       | 44,480                | 796                  | 85.59%     | 6,706,190                     | 27.88%     |
| 47       | 45,001 - | 3                        | 45,507                       | 136,520               | 799                  | 85.91%     | 6,842,710                     | 28.45%     |
| 48       | 46,001 - | 2                        | 46,555                       | 93,110                | 801                  | 86.13%     | 6,935,820                     | 28.84%     |
| 49       | 47,001 - | 3                        | 47,410                       | 142,230               | 804                  | 86.45%     | 7,078,050                     | 29.43%     |
| 50       | 48,001 - | 1                        | 48,800                       | 48,800                | 805                  | 86.56%     | 7,126,850                     | 29.63%     |
| 51       | 49,001 - | -                        | -                            | -                     | 805                  | 86.56%     | 7,126,850                     | 29.63%     |
| 52       | 50,001 - | 1                        | 50,100                       | 50,100                | 806                  | 86.67%     | 7,176,950                     | 29.84%     |
| 53       | 51,001 - | 3                        | 51,567                       | 154,700               | 809                  | 86.99%     | 7,331,650                     | 30.48%     |

**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 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 |
|-------------------------------|---------------|----------------|---------------------|---------------|----------------|
|                               |               |                | Base Charge: \$     | 14.73         | \$ 15.76       |
| Tier One Breakover (M gal):   | 999,999       | -              | Tier One Rate: \$   | 1.64          | \$ -           |
| Tier Two Breakover (M gal):   | -             | 10             | Tier Two Rate: \$   | -             | \$ 1.83        |
| Tier Three Breakover (M gal): | -             | 999,999        | Tier Three Rate: \$ | -             | \$ 2.61        |

| 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   | -                        | -                            | -                     | 809                  | 86.99%     | 7,331,650                     | 30.48%     |
| 55       | 53,001 - 54,000   | -                        | -                            | -                     | 809                  | 86.99%     | 7,331,650                     | 30.48%     |
| 56       | 54,001 - 55,000   | 2                        | 54,270                       | 108,540               | 811                  | 87.20%     | 7,440,190                     | 30.93%     |
| 57       | 55,001 - 56,000   | 3                        | 55,420                       | 166,260               | 814                  | 87.53%     | 7,606,450                     | 31.62%     |
| 58       | 56,001 - 57,000   | 4                        | 56,683                       | 226,730               | 818                  | 87.96%     | 7,833,180                     | 32.57%     |
| 59       | 57,001 - 58,000   | -                        | -                            | -                     | 818                  | 87.96%     | 7,833,180                     | 32.57%     |
| 60       | 58,001 - 59,000   | 1                        | 58,860                       | 58,860                | 819                  | 88.06%     | 7,892,040                     | 32.81%     |
| 61       | 59,001 - 60,000   | -                        | -                            | -                     | 819                  | 88.06%     | 7,892,040                     | 32.81%     |
| 62       | 60,001 - 61,000   | -                        | -                            | -                     | 819                  | 88.06%     | 7,892,040                     | 32.81%     |
| 63       | 61,001 - 62,000   | -                        | -                            | -                     | 819                  | 88.06%     | 7,892,040                     | 32.81%     |
| 64       | 62,001 - 63,000   | 7                        | 62,723                       | 439,060               | 826                  | 88.82%     | 8,331,100                     | 34.64%     |
| 65       | 63,001 - 64,000   | 4                        | 63,655                       | 254,620               | 830                  | 89.25%     | 8,585,720                     | 35.70%     |
| 66       | 64,001 - 65,000   | 2                        | 64,720                       | 129,440               | 832                  | 89.46%     | 8,715,160                     | 36.23%     |
| 67       | 65,001 - 66,000   | 2                        | 65,340                       | 130,680               | 834                  | 89.68%     | 8,845,840                     | 36.78%     |
| 68       | 66,001 - 67,000   | 5                        | 66,542                       | 332,710               | 839                  | 90.22%     | 9,178,550                     | 38.16%     |
| 69       | 67,001 - 68,000   | 2                        | 67,505                       | 135,010               | 841                  | 90.43%     | 9,313,560                     | 38.72%     |
| 70       | 68,001 - 69,000   | 2                        | 68,700                       | 137,400               | 843                  | 90.65%     | 9,450,960                     | 39.29%     |
| 71       | 69,001 - 70,000   | 2                        | 69,335                       | 138,670               | 845                  | 90.86%     | 9,589,630                     | 39.87%     |
| 72       | 70,001 - 71,000   | 2                        | 70,880                       | 141,760               | 847                  | 91.08%     | 9,731,390                     | 40.46%     |
| 73       | 71,001 - 72,000   | -                        | -                            | -                     | 847                  | 91.08%     | 9,731,390                     | 40.46%     |
| 74       | 72,001 - 73,000   | 1                        | 72,400                       | 72,400                | 848                  | 91.18%     | 9,803,790                     | 40.76%     |
| 75       | 73,001 - 74,000   | 1                        | 73,390                       | 73,390                | 849                  | 91.29%     | 9,877,180                     | 41.07%     |
| 76       | 74,001 - 75,000   | 1                        | 74,300                       | 74,300                | 850                  | 91.40%     | 9,951,480                     | 41.37%     |
| 77       | 75,001 - 76,000   | 1                        | 76,000                       | 76,000                | 851                  | 91.51%     | 10,027,480                    | 41.69%     |
| 78       | 76,001 - 77,000   | 2                        | 76,300                       | 152,600               | 853                  | 91.72%     | 10,180,080                    | 42.32%     |
| 79       | 77,001 - 78,000   | 1                        | 77,860                       | 77,860                | 854                  | 91.83%     | 10,257,940                    | 42.65%     |
| 80       | 78,001 - 79,000   | 3                        | 78,833                       | 236,500               | 857                  | 92.15%     | 10,494,440                    | 43.63%     |
| 81       | 79,001 - 80,000   | 3                        | 79,753                       | 239,260               | 860                  | 92.47%     | 10,733,700                    | 44.63%     |
| 82       | 80,001 - 81,000   | 1                        | 80,080                       | 80,080                | 861                  | 92.58%     | 10,813,780                    | 44.96%     |
| 83       | 81,001 - 82,000   | 1                        | 81,830                       | 81,830                | 862                  | 92.69%     | 10,895,610                    | 45.30%     |
| 84       | 82,001 - 83,000   | 2                        | 82,700                       | 165,400               | 864                  | 92.90%     | 11,061,010                    | 45.99%     |
| 85       | 83,001 - 84,000   | -                        | -                            | -                     | 864                  | 92.90%     | 11,061,010                    | 45.99%     |
| 86       | 84,001 - 85,000   | -                        | -                            | -                     | 864                  | 92.90%     | 11,061,010                    | 45.99%     |
| 87       | 85,001 - 86,000   | 2                        | 85,630                       | 171,260               | 866                  | 93.12%     | 11,232,270                    | 46.70%     |
| 88       | 86,001 - 87,000   | 1                        | 86,200                       | 86,200                | 867                  | 93.23%     | 11,318,470                    | 47.06%     |
| 89       | 87,001 - 88,000   | -                        | -                            | -                     | 867                  | 93.23%     | 11,318,470                    | 47.06%     |
| 90       | 88,001 - 89,000   | -                        | -                            | -                     | 867                  | 93.23%     | 11,318,470                    | 47.06%     |
| 91       | 89,001 - 90,000   | -                        | -                            | -                     | 867                  | 93.23%     | 11,318,470                    | 47.06%     |
| 92       | 90,001 - 91,000   | 2                        | 90,495                       | 180,990               | 869                  | 93.44%     | 11,499,460                    | 47.81%     |
| 93       | 91,001 - 92,000   | -                        | -                            | -                     | 869                  | 93.44%     | 11,499,460                    | 47.81%     |
| 94       | 92,001 - 93,000   | 2                        | 92,450                       | 184,900               | 871                  | 93.66%     | 11,684,360                    | 48.58%     |
| 95       | 93,001 - 94,000   | -                        | -                            | -                     | 871                  | 93.66%     | 11,684,360                    | 48.58%     |
| 96       | 94,001 - 95,000   | 2                        | 94,600                       | 189,200               | 873                  | 93.87%     | 11,873,560                    | 49.37%     |
| 97       | 95,001 - 96,000   | -                        | -                            | -                     | 873                  | 93.87%     | 11,873,560                    | 49.37%     |
| 98       | 96,001 - 97,000   | 1                        | 96,550                       | 96,550                | 874                  | 93.98%     | 11,970,110                    | 49.77%     |
| 99       | 97,001 - 98,000   | -                        | -                            | -                     | 874                  | 93.98%     | 11,970,110                    | 49.77%     |
| 100      | 98,001 - 99,000   | 2                        | 98,365                       | 196,730               | 876                  | 94.19%     | 12,166,840                    | 50.58%     |
| 101      | 99,001 - 100,000  | 1                        | 99,630                       | 99,630                | 877                  | 94.30%     | 12,266,470                    | 51.00%     |
| 102      | 106,400 - 106,400 | 1                        | 106,400                      | 106,400               | 878                  | 94.41%     | 12,372,870                    | 51.44%     |
| 103      | 106,600 - 106,600 | 1                        | 106,600                      | 106,600               | 879                  | 94.52%     | 12,479,470                    | 51.88%     |
| 104      | 108,300 - 108,300 | 1                        | 108,300                      | 108,300               | 880                  | 94.62%     | 12,587,770                    | 52.33%     |
| 105      | 108,400 - 108,400 | 1                        | 108,400                      | 108,400               | 881                  | 94.73%     | 12,696,170                    | 52.79%     |
| 106      | 111,200 - 111,200 | 1                        | 111,200                      | 111,200               | 882                  | 94.84%     | 12,807,370                    | 53.25%     |

**Foothills Water & Sewer, LLC - Water Division**  
Test Year Ended June 30, 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 |
|-------------------------------|---------------|----------------|---------------------|---------------|----------------|
|                               |               |                | Base Charge: \$     | 14.73         | \$ 15.76       |
| Tier One Breakover (M gal):   | 999,999       | -              | Tier One Rate: \$   | 1.64          | \$ -           |
| Tier Two Breakover (M gal):   | -             | 10             | Tier Two Rate: \$   | -             | \$ 1.83        |
| Tier Three Breakover (M gal): | -             | 999,999        | Tier Three Rate: \$ | -             | \$ 2.61        |

| Line |         |   | Number      |   | Average     |             |                  |            |                        |            |  |
|------|---------|---|-------------|---|-------------|-------------|------------------|------------|------------------------|------------|--|
| No.  | Block   |   | of Bills by |   | Consumption | Consumption | Cumulative Bills |            | Cumulative Consumption |            |  |
|      |         |   | Block       |   | in Block    | by Blocks   | No.              | % of Total | Amount                 | % of Total |  |
| 107  | 111,750 | - | 111,750     | 1 | 111,750     | 111,750     | 883              | 94.95%     | 12,919,120             | 53.71%     |  |
| 108  | 112,490 | - | 112,490     | 1 | 112,490     | 112,490     | 884              | 95.05%     | 13,031,610             | 54.18%     |  |
| 109  | 115,600 | - | 115,600     | 1 | 115,600     | 115,600     | 885              | 95.16%     | 13,147,210             | 54.66%     |  |
| 110  | 121,060 | - | 121,060     | 1 | 121,060     | 121,060     | 886              | 95.27%     | 13,268,270             | 55.16%     |  |
| 111  | 136,650 | - | 136,650     | 1 | 136,650     | 136,650     | 887              | 95.38%     | 13,404,920             | 55.73%     |  |
| 112  | 137,930 | - | 137,930     | 1 | 137,930     | 137,930     | 888              | 95.48%     | 13,542,850             | 56.31%     |  |
| 113  | 139,800 | - | 139,800     | 1 | 139,800     | 139,800     | 889              | 95.59%     | 13,682,650             | 56.89%     |  |
| 114  | 141,060 | - | 141,060     | 1 | 141,060     | 141,060     | 890              | 95.70%     | 13,823,710             | 57.47%     |  |
| 115  | 148,620 | - | 148,620     | 1 | 148,620     | 148,620     | 891              | 95.81%     | 13,972,330             | 58.09%     |  |
| 116  | 153,540 | - | 153,540     | 1 | 153,540     | 153,540     | 892              | 95.91%     | 14,125,870             | 58.73%     |  |
| 117  | 166,200 | - | 166,200     | 1 | 166,200     | 166,200     | 893              | 96.02%     | 14,292,070             | 59.42%     |  |
| 118  | 170,970 | - | 170,970     | 1 | 170,970     | 170,970     | 894              | 96.13%     | 14,463,040             | 60.13%     |  |
| 119  | 171,360 | - | 171,360     | 1 | 171,360     | 171,360     | 895              | 96.24%     | 14,634,400             | 60.84%     |  |
| 120  | 172,970 | - | 172,970     | 1 | 172,970     | 172,970     | 896              | 96.34%     | 14,807,370             | 61.56%     |  |
| 121  | 174,580 | - | 174,580     | 1 | 174,580     | 174,580     | 897              | 96.45%     | 14,981,950             | 62.29%     |  |
| 122  | 176,100 | - | 176,100     | 1 | 176,100     | 176,100     | 898              | 96.56%     | 15,158,050             | 63.02%     |  |
| 123  | 180,200 | - | 180,200     | 1 | 180,200     | 180,200     | 899              | 96.67%     | 15,338,250             | 63.77%     |  |
| 124  | 181,740 | - | 181,740     | 1 | 181,740     | 181,740     | 900              | 96.77%     | 15,519,990             | 64.53%     |  |
| 125  | 191,400 | - | 191,400     | 1 | 191,400     | 191,400     | 901              | 96.88%     | 15,711,390             | 65.32%     |  |
| 126  | 193,590 | - | 193,590     | 1 | 193,590     | 193,590     | 902              | 96.99%     | 15,904,980             | 66.13%     |  |
| 127  | 194,870 | - | 194,870     | 1 | 194,870     | 194,870     | 903              | 97.10%     | 16,099,850             | 66.94%     |  |
| 128  | 195,150 | - | 195,150     | 1 | 195,150     | 195,150     | 904              | 97.20%     | 16,295,000             | 67.75%     |  |
| 129  | 200,360 | - | 200,360     | 1 | 200,360     | 200,360     | 905              | 97.31%     | 16,495,360             | 68.58%     |  |
| 130  | 201,500 | - | 201,500     | 1 | 201,500     | 201,500     | 906              | 97.42%     | 16,696,860             | 69.42%     |  |
| 131  | 202,270 | - | 202,270     | 1 | 202,270     | 202,270     | 907              | 97.53%     | 16,899,130             | 70.26%     |  |
| 132  | 202,900 | - | 202,900     | 1 | 202,900     | 202,900     | 908              | 97.63%     | 17,102,030             | 71.10%     |  |
| 133  | 209,880 | - | 209,880     | 1 | 209,880     | 209,880     | 909              | 97.74%     | 17,311,910             | 71.98%     |  |
| 134  | 216,130 | - | 216,130     | 1 | 216,130     | 216,130     | 910              | 97.85%     | 17,528,040             | 72.87%     |  |
| 135  | 219,050 | - | 219,050     | 1 | 219,050     | 219,050     | 911              | 97.96%     | 17,747,090             | 73.79%     |  |
| 136  | 227,030 | - | 227,030     | 1 | 227,030     | 227,030     | 912              | 98.06%     | 17,974,120             | 74.73%     |  |
| 137  | 232,400 | - | 232,400     | 1 | 232,400     | 232,400     | 913              | 98.17%     | 18,206,520             | 75.70%     |  |
| 138  | 242,890 | - | 242,890     | 1 | 242,890     | 242,890     | 914              | 98.28%     | 18,449,410             | 76.71%     |  |
| 139  | 245,090 | - | 245,090     | 1 | 245,090     | 245,090     | 915              | 98.39%     | 18,694,500             | 77.72%     |  |
| 140  | 260,000 | - | 260,000     | 1 | 260,000     | 260,000     | 916              | 98.49%     | 18,954,500             | 78.81%     |  |
| 141  | 266,760 | - | 266,760     | 1 | 266,760     | 266,760     | 917              | 98.60%     | 19,221,260             | 79.91%     |  |
| 142  | 266,790 | - | 266,790     | 1 | 266,790     | 266,790     | 918              | 98.71%     | 19,488,050             | 81.02%     |  |
| 143  | 311,180 | - | 311,180     | 1 | 311,180     | 311,180     | 919              | 98.82%     | 19,799,230             | 82.32%     |  |
| 144  | 331,480 | - | 331,480     | 1 | 331,480     | 331,480     | 920              | 98.92%     | 20,130,710             | 83.70%     |  |
| 145  | 340,700 | - | 340,700     | 1 | 340,700     | 340,700     | 921              | 99.03%     | 20,471,410             | 85.11%     |  |
| 146  | 348,350 | - | 348,350     | 1 | 348,350     | 348,350     | 922              | 99.14%     | 20,819,760             | 86.56%     |  |
| 147  | 362,680 | - | 362,680     | 1 | 362,680     | 362,680     | 923              | 99.25%     | 21,182,440             | 88.07%     |  |
| 148  | 371,300 | - | 371,300     | 1 | 371,300     | 371,300     | 924              | 99.35%     | 21,553,740             | 89.61%     |  |
| 149  | 376,030 | - | 376,030     | 1 | 376,030     | 376,030     | 925              | 99.46%     | 21,929,770             | 91.18%     |  |
| 150  | 378,100 | - | 378,100     | 1 | 378,100     | 378,100     | 926              | 99.57%     | 22,307,870             | 92.75%     |  |
| 151  | 386,810 | - | 386,810     | 1 | 386,810     | 386,810     | 927              | 99.68%     | 22,694,680             | 94.36%     |  |
| 152  | 402,190 | - | 402,190     | 1 | 402,190     | 402,190     | 928              | 99.78%     | 23,096,870             | 96.03%     |  |
| 153  | 442,500 | - | 442,500     | 1 | 442,500     | 442,500     | 929              | 99.89%     | 23,539,370             | 97.87%     |  |
| 154  | 512,960 | - | 512,960     | 1 | 512,960     | 512,960     | 930              | 100.00%    | 24,052,330             | 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:     | \$ 14.73      | \$ 15.76       |
| Tier One Breakover (M gal):   | 999,999       | -              | Tier One Rate:   | \$ 1.64       | \$ -           |
| Tier Two Breakover (M gal):   | -             | 10             | Tier Two Rate:   | \$ -          | \$ 1.83        |
| Tier Three Breakover (M gal): | -             | 999,999        | Tier Three Rate: | \$ -          | \$ 2.61        |

| 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 |
|----------|---------------------------------------|--------------------------|------------------------------|-----------------------|----------------------|------------|-------------------------------|------------|
| 155      |                                       |                          |                              |                       |                      |            |                               |            |
| 156      | Totals                                | 930                      |                              | 24,052,330            | 930                  |            | 24,052,330                    |            |
| 157      | Prorated Bills Reduction <sup>1</sup> | (6)                      |                              |                       |                      |            |                               |            |
| 158      | Total Bills                           | 924                      |                              |                       |                      |            |                               |            |
| 159      |                                       |                          |                              |                       |                      |            |                               |            |
| 160      |                                       |                          |                              |                       |                      |            |                               |            |
| 161      |                                       |                          |                              |                       |                      |            |                               |            |
| 162      | Average Number of Customers           | 77                       |                              |                       |                      |            |                               |            |
| 163      |                                       |                          |                              |                       |                      |            |                               |            |
| 164      | Average Consumption (gallons)         | 26,031                   |                              |                       |                      |            |                               |            |
| 165      |                                       |                          |                              |                       |                      |            |                               |            |
| 166      | Median Consumption (gallons)          | 5,515                    |                              |                       |                      |            |                               |            |
| 167      |                                       |                          |                              |                       |                      |            |                               |            |
| 168      |                                       |                          |                              |                       |                      |            |                               |            |
| 169      |                                       |                          |                              |                       |                      |            |                               |            |
| 170      |                                       |                          |                              |                       |                      |            |                               |            |

|                 | Current Rates |           | Proposed Rates |           |
|-----------------|---------------|-----------|----------------|-----------|
|                 | Units         | Revenue   | Units          | Revenue   |
| Base Charge     | 924           | \$ 13,611 | 924            | \$ 14,562 |
| Usage (gallons) |               |           |                |           |
| Tier One        | 24,052,330    | \$ 39,379 | -              | \$ -      |
| Tier Two        | -             | -         | 5,198,350      | 9,513     |
| Tier Three      | -             | -         | 18,853,980     | 49,209    |
| Usage Totals    | 24,052,330    |           | 24,052,330     |           |
| Revenue Totals  |               | \$ 52,989 |                | \$ 73,284 |

<sup>1</sup>Customer 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.

**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 2023

Bill Count

Exhibit:

RLJ-DT2

Schedule H-5

Witness:

Jones

Class: Commercial  
Meter Size: 1"  
Sub Class:

| Rate Tiers                    | Present Rates | Proposed Rates | Charges             | Present Rates | Proposed Rates |
|-------------------------------|---------------|----------------|---------------------|---------------|----------------|
|                               |               |                | Base Charge: \$     | 36.64         | \$ 39.40       |
| Tier One Breakover (M gal):   | 999,999       | -              | Tier One Rate: \$   | 1.64          | \$ -           |
| Tier Two Breakover (M gal):   | -             | 35             | Tier Two Rate: \$   | -             | \$ 1.83        |
| Tier Three Breakover (M gal): | -             | 999,999        | Tier Three Rate: \$ | -             | \$ 2.61        |

| 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        | - -      | 139                      | -                            | -                     | 139                  | 13.01%     | -                             | 0.00%      |
| 2        | 1 -      | 93                       | 478                          | 44,490                | 232                  | 21.72%     | 44,490                        | 0.09%      |
| 3        | 1,001 -  | 34                       | 1,406                        | 47,800                | 266                  | 24.91%     | 92,290                        | 0.18%      |
| 4        | 2,001 -  | 34                       | 2,423                        | 82,370                | 300                  | 28.09%     | 174,660                       | 0.35%      |
| 5        | 3,001 -  | 29                       | 3,623                        | 105,070               | 329                  | 30.81%     | 279,730                       | 0.56%      |
| 6        | 4,001 -  | 32                       | 4,537                        | 145,170               | 361                  | 33.80%     | 424,900                       | 0.84%      |
| 7        | 5,001 -  | 27                       | 5,512                        | 148,830               | 388                  | 36.33%     | 573,730                       | 1.14%      |
| 8        | 6,001 -  | 24                       | 6,618                        | 158,840               | 412                  | 38.58%     | 732,570                       | 1.46%      |
| 9        | 7,001 -  | 17                       | 7,525                        | 127,930               | 429                  | 40.17%     | 860,500                       | 1.71%      |
| 10       | 8,001 -  | 9                        | 8,474                        | 76,270                | 438                  | 41.01%     | 936,770                       | 1.86%      |
| 11       | 9,001 -  | 7                        | 9,404                        | 65,830                | 445                  | 41.67%     | 1,002,600                     | 1.99%      |
| 12       | 10,001 - | 10                       | 10,677                       | 106,770               | 455                  | 42.60%     | 1,109,370                     | 2.20%      |
| 13       | 11,001 - | 21                       | 11,433                       | 240,100               | 476                  | 44.57%     | 1,349,470                     | 2.68%      |
| 14       | 12,001 - | 13                       | 12,525                       | 162,820               | 489                  | 45.79%     | 1,512,290                     | 3.00%      |
| 15       | 13,001 - | 21                       | 13,405                       | 281,500               | 510                  | 47.75%     | 1,793,790                     | 3.56%      |
| 16       | 14,001 - | 18                       | 14,444                       | 259,990               | 528                  | 49.44%     | 2,053,780                     | 4.08%      |
| 17       | 15,001 - | 14                       | 15,387                       | 215,420               | 542                  | 50.75%     | 2,269,200                     | 4.51%      |
| 18       | 16,001 - | 14                       | 16,620                       | 232,680               | 556                  | 52.06%     | 2,501,880                     | 4.97%      |
| 19       | 17,001 - | 20                       | 17,369                       | 347,380               | 576                  | 53.93%     | 2,849,260                     | 5.66%      |
| 20       | 18,001 - | 8                        | 18,530                       | 148,240               | 584                  | 54.68%     | 2,997,500                     | 5.96%      |
| 21       | 19,001 - | 9                        | 19,447                       | 175,020               | 593                  | 55.52%     | 3,172,520                     | 6.30%      |
| 22       | 20,001 - | 9                        | 20,534                       | 184,810               | 602                  | 56.37%     | 3,357,330                     | 6.67%      |
| 23       | 21,001 - | 14                       | 21,447                       | 300,260               | 616                  | 57.68%     | 3,657,590                     | 7.27%      |
| 24       | 22,001 - | 10                       | 22,538                       | 225,380               | 626                  | 58.61%     | 3,882,970                     | 7.72%      |
| 25       | 23,001 - | 9                        | 23,504                       | 211,540               | 635                  | 59.46%     | 4,094,510                     | 8.14%      |
| 26       | 24,001 - | 8                        | 24,418                       | 195,340               | 643                  | 60.21%     | 4,289,850                     | 8.52%      |
| 27       | 25,001 - | 9                        | 25,606                       | 230,450               | 652                  | 61.05%     | 4,520,300                     | 8.98%      |
| 28       | 26,001 - | 6                        | 26,702                       | 160,210               | 658                  | 61.61%     | 4,680,510                     | 9.30%      |
| 29       | 27,001 - | 10                       | 27,589                       | 275,890               | 668                  | 62.55%     | 4,956,400                     | 9.85%      |
| 30       | 28,001 - | 2                        | 28,680                       | 57,360                | 670                  | 62.73%     | 5,013,760                     | 9.96%      |
| 31       | 29,001 - | 3                        | 29,303                       | 87,910                | 673                  | 63.01%     | 5,101,670                     | 10.14%     |
| 32       | 30,001 - | 3                        | 30,400                       | 91,200                | 676                  | 63.30%     | 5,192,870                     | 10.32%     |
| 33       | 31,001 - | 7                        | 31,413                       | 219,890               | 683                  | 63.95%     | 5,412,760                     | 10.75%     |
| 34       | 32,001 - | 5                        | 32,576                       | 162,880               | 688                  | 64.42%     | 5,575,640                     | 11.08%     |
| 35       | 33,001 - | 3                        | 33,683                       | 101,050               | 691                  | 64.70%     | 5,676,690                     | 11.28%     |
| 36       | 34,001 - | 2                        | 34,640                       | 69,280                | 693                  | 64.89%     | 5,745,970                     | 11.42%     |
| 37       | 35,001 - | -                        | -                            | -                     | 693                  | 64.89%     | 5,745,970                     | 11.42%     |
| 38       | 36,001 - | 3                        | 36,667                       | 110,000               | 696                  | 65.17%     | 5,855,970                     | 11.64%     |
| 39       | 37,001 - | 2                        | 37,560                       | 75,120                | 698                  | 65.36%     | 5,931,090                     | 11.78%     |
| 40       | 38,001 - | 3                        | 38,400                       | 115,200               | 701                  | 65.64%     | 6,046,290                     | 12.01%     |
| 41       | 39,001 - | 1                        | 39,080                       | 39,080                | 702                  | 65.73%     | 6,085,370                     | 12.09%     |
| 42       | 40,001 - | 6                        | 40,392                       | 242,350               | 708                  | 66.29%     | 6,327,720                     | 12.57%     |
| 43       | 41,001 - | 1                        | 41,410                       | 41,410                | 709                  | 66.39%     | 6,369,130                     | 12.66%     |
| 44       | 42,001 - | 3                        | 42,463                       | 127,390               | 712                  | 66.67%     | 6,496,520                     | 12.91%     |
| 45       | 43,001 - | 4                        | 43,415                       | 173,660               | 716                  | 67.04%     | 6,670,180                     | 13.25%     |
| 46       | 44,001 - | 4                        | 44,390                       | 177,560               | 720                  | 67.42%     | 6,847,740                     | 13.61%     |
| 47       | 45,001 - | 1                        | 45,280                       | 45,280                | 721                  | 67.51%     | 6,893,020                     | 13.70%     |
| 48       | 46,001 - | 4                        | 46,448                       | 185,790               | 725                  | 67.88%     | 7,078,810                     | 14.07%     |
| 49       | 47,001 - | 3                        | 47,680                       | 143,040               | 728                  | 68.16%     | 7,221,850                     | 14.35%     |
| 50       | 48,001 - | 3                        | 48,460                       | 145,380               | 731                  | 68.45%     | 7,367,230                     | 14.64%     |
| 51       | 49,001 - | 2                        | 49,245                       | 98,490                | 733                  | 68.63%     | 7,465,720                     | 14.83%     |
| 52       | 50,001 - | 2                        | 50,830                       | 101,660               | 735                  | 68.82%     | 7,567,380                     | 15.04%     |
| 53       | 51,001 - | 1                        | 51,080                       | 51,080                | 736                  | 68.91%     | 7,618,460                     | 15.14%     |

**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 2023

Bill Count

Exhibit:

RLJ-DT2

Schedule H-5

Witness:

Jones

Class: Commercial  
Meter Size: 1"  
Sub Class:

| Rate Tiers                    | Present Rates | Proposed Rates | Charges             | Present Rates | Proposed Rates |
|-------------------------------|---------------|----------------|---------------------|---------------|----------------|
|                               |               |                | Base Charge: \$     | 36.64         | \$ 39.40       |
| Tier One Breakover (M gal):   | 999,999       | -              | Tier One Rate: \$   | 1.64          | \$ -           |
| Tier Two Breakover (M gal):   | -             | 35             | Tier Two Rate: \$   | -             | \$ 1.83        |
| Tier Three Breakover (M gal): | -             | 999,999        | Tier Three Rate: \$ | -             | \$ 2.61        |

| 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   | 2                        | 52,680                       | 105,360               | 738                  | 69.10%     | 7,723,820                     | 15.35%     |
| 55       | 53,001 - 54,000   | 4                        | 53,605                       | 214,420               | 742                  | 69.48%     | 7,938,240                     | 15.77%     |
| 56       | 54,001 - 55,000   | 6                        | 54,442                       | 326,650               | 748                  | 70.04%     | 8,264,890                     | 16.42%     |
| 57       | 55,001 - 56,000   | 5                        | 55,706                       | 278,530               | 753                  | 70.51%     | 8,543,420                     | 16.98%     |
| 58       | 56,001 - 57,000   | 4                        | 56,498                       | 225,990               | 757                  | 70.88%     | 8,769,410                     | 17.42%     |
| 59       | 57,001 - 58,000   | 2                        | 57,445                       | 114,890               | 759                  | 71.07%     | 8,884,300                     | 17.65%     |
| 60       | 58,001 - 59,000   | 6                        | 58,642                       | 351,850               | 765                  | 71.63%     | 9,236,150                     | 18.35%     |
| 61       | 59,001 - 60,000   | 5                        | 59,680                       | 298,400               | 770                  | 72.10%     | 9,534,550                     | 18.94%     |
| 62       | 60,001 - 61,000   | 7                        | 60,519                       | 423,630               | 777                  | 72.75%     | 9,958,180                     | 19.79%     |
| 63       | 61,001 - 62,000   | 2                        | 61,385                       | 122,770               | 779                  | 72.94%     | 10,080,950                    | 20.03%     |
| 64       | 62,001 - 63,000   | 3                        | 62,510                       | 187,530               | 782                  | 73.22%     | 10,268,480                    | 20.40%     |
| 65       | 63,001 - 64,000   | 5                        | 63,536                       | 317,680               | 787                  | 73.69%     | 10,586,160                    | 21.03%     |
| 66       | 64,001 - 65,000   | 3                        | 64,620                       | 193,860               | 790                  | 73.97%     | 10,780,020                    | 21.42%     |
| 67       | 65,001 - 66,000   | 1                        | 65,640                       | 65,640                | 791                  | 74.06%     | 10,845,660                    | 21.55%     |
| 68       | 66,001 - 67,000   | 5                        | 66,406                       | 332,030               | 796                  | 74.53%     | 11,177,690                    | 22.21%     |
| 69       | 67,001 - 68,000   | 5                        | 67,482                       | 337,410               | 801                  | 75.00%     | 11,515,100                    | 22.88%     |
| 70       | 68,001 - 69,000   | 4                        | 68,518                       | 274,070               | 805                  | 75.37%     | 11,789,170                    | 23.42%     |
| 71       | 69,001 - 70,000   | 7                        | 69,417                       | 485,920               | 812                  | 76.03%     | 12,275,090                    | 24.39%     |
| 72       | 70,001 - 71,000   | 5                        | 70,602                       | 353,010               | 817                  | 76.50%     | 12,628,100                    | 25.09%     |
| 73       | 71,001 - 72,000   | 3                        | 71,627                       | 214,880               | 820                  | 76.78%     | 12,842,980                    | 25.52%     |
| 74       | 72,001 - 73,000   | 1                        | 72,530                       | 72,530                | 821                  | 76.87%     | 12,915,510                    | 25.66%     |
| 75       | 73,001 - 74,000   | 3                        | 73,777                       | 221,330               | 824                  | 77.15%     | 13,136,840                    | 26.10%     |
| 76       | 74,001 - 75,000   | 4                        | 74,458                       | 297,830               | 828                  | 77.53%     | 13,434,670                    | 26.69%     |
| 77       | 75,001 - 76,000   | 3                        | 75,703                       | 227,110               | 831                  | 77.81%     | 13,661,780                    | 27.15%     |
| 78       | 76,001 - 77,000   | 3                        | 76,423                       | 229,270               | 834                  | 78.09%     | 13,891,050                    | 27.60%     |
| 79       | 77,001 - 78,000   | -                        | -                            | -                     | 834                  | 78.09%     | 13,891,050                    | 27.60%     |
| 80       | 78,001 - 79,000   | -                        | -                            | -                     | 834                  | 78.09%     | 13,891,050                    | 27.60%     |
| 81       | 79,001 - 80,000   | 6                        | 79,723                       | 478,340               | 840                  | 78.65%     | 14,369,390                    | 28.55%     |
| 82       | 80,001 - 81,000   | 4                        | 80,645                       | 322,580               | 844                  | 79.03%     | 14,691,970                    | 29.19%     |
| 83       | 81,001 - 82,000   | 2                        | 81,255                       | 162,510               | 846                  | 79.21%     | 14,854,480                    | 29.51%     |
| 84       | 82,001 - 83,000   | 1                        | 82,880                       | 82,880                | 847                  | 79.31%     | 14,937,360                    | 29.68%     |
| 85       | 83,001 - 84,000   | 4                        | 83,465                       | 333,860               | 851                  | 79.68%     | 15,271,220                    | 30.34%     |
| 86       | 84,001 - 85,000   | 4                        | 84,633                       | 338,530               | 855                  | 80.06%     | 15,609,750                    | 31.02%     |
| 87       | 85,001 - 86,000   | 1                        | 85,170                       | 85,170                | 856                  | 80.15%     | 15,694,920                    | 31.18%     |
| 88       | 86,001 - 87,000   | 3                        | 86,480                       | 259,440               | 859                  | 80.43%     | 15,954,360                    | 31.70%     |
| 89       | 87,001 - 88,000   | 3                        | 87,293                       | 261,880               | 862                  | 80.71%     | 16,216,240                    | 32.22%     |
| 90       | 88,001 - 89,000   | 4                        | 88,515                       | 354,060               | 866                  | 81.09%     | 16,570,300                    | 32.92%     |
| 91       | 89,001 - 90,000   | 3                        | 89,430                       | 268,290               | 869                  | 81.37%     | 16,838,590                    | 33.46%     |
| 92       | 90,001 - 91,000   | 3                        | 90,490                       | 271,470               | 872                  | 81.65%     | 17,110,060                    | 34.00%     |
| 93       | 91,001 - 92,000   | 1                        | 91,730                       | 91,730                | 873                  | 81.74%     | 17,201,790                    | 34.18%     |
| 94       | 92,001 - 93,000   | 4                        | 92,420                       | 369,680               | 877                  | 82.12%     | 17,571,470                    | 34.91%     |
| 95       | 93,001 - 94,000   | 1                        | 93,770                       | 93,770                | 878                  | 82.21%     | 17,665,240                    | 35.10%     |
| 96       | 94,001 - 95,000   | 4                        | 94,580                       | 378,320               | 882                  | 82.58%     | 18,043,560                    | 35.85%     |
| 97       | 95,001 - 96,000   | 2                        | 95,820                       | 191,640               | 884                  | 82.77%     | 18,235,200                    | 36.23%     |
| 98       | 96,001 - 97,000   | 1                        | 96,400                       | 96,400                | 885                  | 82.87%     | 18,331,600                    | 36.42%     |
| 99       | 97,001 - 98,000   | 1                        | 97,810                       | 97,810                | 886                  | 82.96%     | 18,429,410                    | 36.62%     |
| 100      | 98,001 - 99,000   | 4                        | 98,355                       | 393,420               | 890                  | 83.33%     | 18,822,830                    | 37.40%     |
| 101      | 99,001 - 99,001   | -                        | -                            | -                     | 890                  | 83.33%     | 18,822,830                    | 37.40%     |
| 102      | 100,870 - 100,870 | 1                        | 100,870                      | 100,870               | 891                  | 83.43%     | 18,923,700                    | 37.60%     |
| 103      | 101,730 - 101,730 | 1                        | 101,730                      | 101,730               | 892                  | 83.52%     | 19,025,430                    | 37.80%     |
| 104      | 102,110 - 102,110 | 1                        | 102,110                      | 102,110               | 893                  | 83.61%     | 19,127,540                    | 38.01%     |
| 105      | 102,330 - 102,330 | 1                        | 102,330                      | 102,330               | 894                  | 83.71%     | 19,229,870                    | 38.21%     |
| 106      | 102,410 - 102,410 | 1                        | 102,410                      | 102,410               | 895                  | 83.80%     | 19,332,280                    | 38.41%     |

**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 2023

Bill Count

Exhibit:

RLJ-DT2

Schedule H-5

Witness:

Jones

Class: Commercial  
Meter Size: 1"  
Sub Class:

| Rate Tiers                    | Present Rates | Proposed Rates | Charges             | Present Rates | Proposed Rates |
|-------------------------------|---------------|----------------|---------------------|---------------|----------------|
|                               |               |                | Base Charge: \$     | 36.64         | \$ 39.40       |
| Tier One Breakover (M gal):   | 999,999       | -              | Tier One Rate: \$   | 1.64          | \$ -           |
| Tier Two Breakover (M gal):   | -             | 35             | Tier Two Rate: \$   | -             | \$ 1.83        |
| Tier Three Breakover (M gal): | -             | 999,999        | Tier Three Rate: \$ | -             | \$ 2.61        |

| 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      | 103,060 - 103,060 | 1                        | 103,060                      | 103,060               | 896                  | 83.90%     | 19,435,340                    | 38.62%     |
| 108      | 103,070 - 103,070 | 1                        | 103,070                      | 103,070               | 897                  | 83.99%     | 19,538,410                    | 38.82%     |
| 109      | 103,150 - 103,150 | 1                        | 103,150                      | 103,150               | 898                  | 84.08%     | 19,641,560                    | 39.03%     |
| 110      | 103,490 - 103,490 | 1                        | 103,490                      | 103,490               | 899                  | 84.18%     | 19,745,050                    | 39.23%     |
| 111      | 103,560 - 103,560 | 1                        | 103,560                      | 103,560               | 900                  | 84.27%     | 19,848,610                    | 39.44%     |
| 112      | 104,050 - 104,050 | 1                        | 104,050                      | 104,050               | 901                  | 84.36%     | 19,952,660                    | 39.64%     |
| 113      | 106,450 - 106,450 | 1                        | 106,450                      | 106,450               | 902                  | 84.46%     | 20,059,110                    | 39.86%     |
| 114      | 106,500 - 106,500 | 1                        | 106,500                      | 106,500               | 903                  | 84.55%     | 20,165,610                    | 40.07%     |
| 115      | 106,720 - 106,720 | 1                        | 106,720                      | 106,720               | 904                  | 84.64%     | 20,272,330                    | 40.28%     |
| 116      | 107,350 - 107,350 | 1                        | 107,350                      | 107,350               | 905                  | 84.74%     | 20,379,680                    | 40.49%     |
| 117      | 108,630 - 108,630 | 1                        | 108,630                      | 108,630               | 906                  | 84.83%     | 20,488,310                    | 40.71%     |
| 118      | 110,710 - 110,710 | 1                        | 110,710                      | 110,710               | 907                  | 84.93%     | 20,599,020                    | 40.93%     |
| 119      | 110,760 - 110,760 | 1                        | 110,760                      | 110,760               | 908                  | 85.02%     | 20,709,780                    | 41.15%     |
| 120      | 111,050 - 111,050 | 1                        | 111,050                      | 111,050               | 909                  | 85.11%     | 20,820,830                    | 41.37%     |
| 121      | 111,150 - 111,150 | 1                        | 111,150                      | 111,150               | 910                  | 85.21%     | 20,931,980                    | 41.59%     |
| 122      | 111,200 - 111,200 | 1                        | 111,200                      | 111,200               | 911                  | 85.30%     | 21,043,180                    | 41.81%     |
| 123      | 111,990 - 111,990 | 1                        | 111,990                      | 111,990               | 912                  | 85.39%     | 21,155,170                    | 42.03%     |
| 124      | 113,740 - 113,740 | 1                        | 113,740                      | 113,740               | 913                  | 85.49%     | 21,268,910                    | 42.26%     |
| 125      | 114,040 - 114,040 | 1                        | 114,040                      | 114,040               | 914                  | 85.58%     | 21,382,950                    | 42.49%     |
| 126      | 114,640 - 114,640 | 1                        | 114,640                      | 114,640               | 915                  | 85.67%     | 21,497,590                    | 42.71%     |
| 127      | 114,820 - 114,820 | 1                        | 114,820                      | 114,820               | 916                  | 85.77%     | 21,612,410                    | 42.94%     |
| 128      | 115,640 - 115,640 | 2                        | 115,640                      | 231,280               | 918                  | 85.96%     | 21,843,690                    | 43.40%     |
| 129      | 116,070 - 116,070 | 1                        | 116,070                      | 116,070               | 919                  | 86.05%     | 21,959,760                    | 43.63%     |
| 130      | 117,380 - 117,380 | 1                        | 117,380                      | 117,380               | 920                  | 86.14%     | 22,077,140                    | 43.87%     |
| 131      | 117,890 - 117,890 | 1                        | 117,890                      | 117,890               | 921                  | 86.24%     | 22,195,030                    | 44.10%     |
| 132      | 118,680 - 118,680 | 1                        | 118,680                      | 118,680               | 922                  | 86.33%     | 22,313,710                    | 44.34%     |
| 133      | 119,650 - 119,650 | 1                        | 119,650                      | 119,650               | 923                  | 86.42%     | 22,433,360                    | 44.57%     |
| 134      | 120,050 - 120,050 | 1                        | 120,050                      | 120,050               | 924                  | 86.52%     | 22,553,410                    | 44.81%     |
| 135      | 120,400 - 120,400 | 1                        | 120,400                      | 120,400               | 925                  | 86.61%     | 22,673,810                    | 45.05%     |
| 136      | 122,100 - 122,100 | 1                        | 122,100                      | 122,100               | 926                  | 86.70%     | 22,795,910                    | 45.29%     |
| 137      | 123,370 - 123,370 | 1                        | 123,370                      | 123,370               | 927                  | 86.80%     | 22,919,280                    | 45.54%     |
| 138      | 123,740 - 123,740 | 1                        | 123,740                      | 123,740               | 928                  | 86.89%     | 23,043,020                    | 45.78%     |
| 139      | 124,050 - 124,050 | 1                        | 124,050                      | 124,050               | 929                  | 86.99%     | 23,167,070                    | 46.03%     |
| 140      | 124,160 - 124,160 | 1                        | 124,160                      | 124,160               | 930                  | 87.08%     | 23,291,230                    | 46.28%     |
| 141      | 124,410 - 124,410 | 1                        | 124,410                      | 124,410               | 931                  | 87.17%     | 23,415,640                    | 46.53%     |
| 142      | 125,460 - 125,460 | 1                        | 125,460                      | 125,460               | 932                  | 87.27%     | 23,541,100                    | 46.77%     |
| 143      | 126,000 - 126,000 | 1                        | 126,000                      | 126,000               | 933                  | 87.36%     | 23,667,100                    | 47.02%     |
| 144      | 127,010 - 127,010 | 1                        | 127,010                      | 127,010               | 934                  | 87.45%     | 23,794,110                    | 47.28%     |
| 145      | 127,680 - 127,680 | 1                        | 127,680                      | 127,680               | 935                  | 87.55%     | 23,921,790                    | 47.53%     |
| 146      | 128,050 - 128,050 | 1                        | 128,050                      | 128,050               | 936                  | 87.64%     | 24,049,840                    | 47.79%     |
| 147      | 128,360 - 128,360 | 1                        | 128,360                      | 128,360               | 937                  | 87.73%     | 24,178,200                    | 48.04%     |
| 148      | 129,190 - 129,190 | 1                        | 129,190                      | 129,190               | 938                  | 87.83%     | 24,307,390                    | 48.30%     |
| 149      | 129,270 - 129,270 | 1                        | 129,270                      | 129,270               | 939                  | 87.92%     | 24,436,660                    | 48.55%     |
| 150      | 129,850 - 129,850 | 1                        | 129,850                      | 129,850               | 940                  | 88.01%     | 24,566,510                    | 48.81%     |
| 151      | 130,160 - 130,160 | 1                        | 130,160                      | 130,160               | 941                  | 88.11%     | 24,696,670                    | 49.07%     |
| 152      | 131,200 - 131,200 | 1                        | 131,200                      | 131,200               | 942                  | 88.20%     | 24,827,870                    | 49.33%     |
| 153      | 131,380 - 131,380 | 1                        | 131,380                      | 131,380               | 943                  | 88.30%     | 24,959,250                    | 49.59%     |
| 154      | 133,650 - 133,650 | 1                        | 133,650                      | 133,650               | 944                  | 88.39%     | 25,092,900                    | 49.86%     |
| 155      | 135,590 - 135,590 | 1                        | 135,590                      | 135,590               | 945                  | 88.48%     | 25,228,490                    | 50.13%     |
| 156      | 135,920 - 135,920 | 1                        | 135,920                      | 135,920               | 946                  | 88.58%     | 25,364,410                    | 50.40%     |
| 157      | 136,630 - 136,630 | 1                        | 136,630                      | 136,630               | 947                  | 88.67%     | 25,501,040                    | 50.67%     |
| 158      | 138,420 - 138,420 | 1                        | 138,420                      | 138,420               | 948                  | 88.76%     | 25,639,460                    | 50.94%     |
| 159      | 138,500 - 138,500 | 1                        | 138,500                      | 138,500               | 949                  | 88.86%     | 25,777,960                    | 51.22%     |

**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 2023

Bill Count

Exhibit:

RLJ-DT2

Schedule H-5

Witness:

Jones

 Class: Commercial  
 Meter Size: 1"  
 Sub Class:

|                               | Present Rates | Proposed Rates | Charges             | Present Rates | Proposed Rates |
|-------------------------------|---------------|----------------|---------------------|---------------|----------------|
| Rate Tiers                    |               |                | Base Charge: \$     | 36.64         | \$ 39.40       |
| Tier One Breakover (M gal):   | 999,999       | -              | Tier One Rate: \$   | 1.64          | \$ -           |
| Tier Two Breakover (M gal):   | -             | 35             | Tier Two Rate: \$   | -             | \$ 1.83        |
| Tier Three Breakover (M gal): | -             | 999,999        | Tier Three Rate: \$ | -             | \$ 2.61        |

| 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 |
|----------|-------------------|--------------------------|------------------------------|-----------------------|----------------------|------------|-------------------------------|------------|
| 160      | 140,600 - 140,600 | 1                        | 140,600                      | 140,600               | 950                  | 88.95%     | 25,918,560                    | 51.50%     |
| 161      | 142,070 - 142,070 | 1                        | 142,070                      | 142,070               | 951                  | 89.04%     | 26,060,630                    | 51.78%     |
| 162      | 142,710 - 142,710 | 1                        | 142,710                      | 142,710               | 952                  | 89.14%     | 26,203,340                    | 52.06%     |
| 163      | 143,110 - 143,110 | 1                        | 143,110                      | 143,110               | 953                  | 89.23%     | 26,346,450                    | 52.35%     |
| 164      | 144,750 - 144,750 | 1                        | 144,750                      | 144,750               | 954                  | 89.33%     | 26,491,200                    | 52.64%     |
| 165      | 145,770 - 145,770 | 1                        | 145,770                      | 145,770               | 955                  | 89.42%     | 26,636,970                    | 52.93%     |
| 166      | 146,020 - 146,020 | 1                        | 146,020                      | 146,020               | 956                  | 89.51%     | 26,782,990                    | 53.22%     |
| 167      | 148,080 - 148,080 | 1                        | 148,080                      | 148,080               | 957                  | 89.61%     | 26,931,070                    | 53.51%     |
| 168      | 148,090 - 148,090 | 1                        | 148,090                      | 148,090               | 958                  | 89.70%     | 27,079,160                    | 53.80%     |
| 169      | 148,920 - 148,920 | 1                        | 148,920                      | 148,920               | 959                  | 89.79%     | 27,228,080                    | 54.10%     |
| 170      | 149,010 - 149,010 | 1                        | 149,010                      | 149,010               | 960                  | 89.89%     | 27,377,090                    | 54.40%     |
| 171      | 149,420 - 149,420 | 1                        | 149,420                      | 149,420               | 961                  | 89.98%     | 27,526,510                    | 54.69%     |
| 172      | 150,580 - 150,580 | 1                        | 150,580                      | 150,580               | 962                  | 90.07%     | 27,677,090                    | 54.99%     |
| 173      | 152,090 - 152,090 | 1                        | 152,090                      | 152,090               | 963                  | 90.17%     | 27,829,180                    | 55.29%     |
| 174      | 152,580 - 152,580 | 1                        | 152,580                      | 152,580               | 964                  | 90.26%     | 27,981,760                    | 55.60%     |
| 175      | 153,000 - 153,000 | 1                        | 153,000                      | 153,000               | 965                  | 90.36%     | 28,134,760                    | 55.90%     |
| 176      | 153,480 - 153,480 | 1                        | 153,480                      | 153,480               | 966                  | 90.45%     | 28,288,240                    | 56.21%     |
| 177      | 153,510 - 153,510 | 1                        | 153,510                      | 153,510               | 967                  | 90.54%     | 28,441,750                    | 56.51%     |
| 178      | 154,240 - 154,240 | 1                        | 154,240                      | 154,240               | 968                  | 90.64%     | 28,595,990                    | 56.82%     |
| 179      | 154,320 - 154,320 | 1                        | 154,320                      | 154,320               | 969                  | 90.73%     | 28,750,310                    | 57.12%     |
| 180      | 154,790 - 154,790 | 1                        | 154,790                      | 154,790               | 970                  | 90.82%     | 28,905,100                    | 57.43%     |
| 181      | 155,390 - 155,390 | 1                        | 155,390                      | 155,390               | 971                  | 90.92%     | 29,060,490                    | 57.74%     |
| 182      | 155,770 - 155,770 | 1                        | 155,770                      | 155,770               | 972                  | 91.01%     | 29,216,260                    | 58.05%     |
| 183      | 156,490 - 156,490 | 1                        | 156,490                      | 156,490               | 973                  | 91.10%     | 29,372,750                    | 58.36%     |
| 184      | 156,690 - 156,690 | 1                        | 156,690                      | 156,690               | 974                  | 91.20%     | 29,529,440                    | 58.67%     |
| 185      | 157,870 - 157,870 | 1                        | 157,870                      | 157,870               | 975                  | 91.29%     | 29,687,310                    | 58.99%     |
| 186      | 158,280 - 158,280 | 1                        | 158,280                      | 158,280               | 976                  | 91.39%     | 29,845,590                    | 59.30%     |
| 187      | 159,670 - 159,670 | 1                        | 159,670                      | 159,670               | 977                  | 91.48%     | 30,005,260                    | 59.62%     |
| 188      | 160,520 - 160,520 | 1                        | 160,520                      | 160,520               | 978                  | 91.57%     | 30,165,780                    | 59.94%     |
| 189      | 161,130 - 161,130 | 1                        | 161,130                      | 161,130               | 979                  | 91.67%     | 30,326,910                    | 60.26%     |
| 190      | 161,350 - 161,350 | 1                        | 161,350                      | 161,350               | 980                  | 91.76%     | 30,488,260                    | 60.58%     |
| 191      | 162,280 - 162,280 | 1                        | 162,280                      | 162,280               | 981                  | 91.85%     | 30,650,540                    | 60.90%     |
| 192      | 162,470 - 162,470 | 1                        | 162,470                      | 162,470               | 982                  | 91.95%     | 30,813,010                    | 61.22%     |
| 193      | 162,660 - 162,660 | 1                        | 162,660                      | 162,660               | 983                  | 92.04%     | 30,975,670                    | 61.55%     |
| 194      | 163,180 - 163,180 | 1                        | 163,180                      | 163,180               | 984                  | 92.13%     | 31,138,850                    | 61.87%     |
| 195      | 163,610 - 163,610 | 1                        | 163,610                      | 163,610               | 985                  | 92.23%     | 31,302,460                    | 62.20%     |
| 196      | 164,490 - 164,490 | 1                        | 164,490                      | 164,490               | 986                  | 92.32%     | 31,466,950                    | 62.52%     |
| 197      | 165,190 - 165,190 | 1                        | 165,190                      | 165,190               | 987                  | 92.42%     | 31,632,140                    | 62.85%     |
| 198      | 166,600 - 166,600 | 1                        | 166,600                      | 166,600               | 988                  | 92.51%     | 31,798,740                    | 63.18%     |
| 199      | 167,320 - 167,320 | 1                        | 167,320                      | 167,320               | 989                  | 92.60%     | 31,966,060                    | 63.51%     |
| 200      | 168,400 - 168,400 | 1                        | 168,400                      | 168,400               | 990                  | 92.70%     | 32,134,460                    | 63.85%     |
| 201      | 169,160 - 169,160 | 1                        | 169,160                      | 169,160               | 991                  | 92.79%     | 32,303,620                    | 64.19%     |
| 202      | 169,290 - 169,290 | 1                        | 169,290                      | 169,290               | 992                  | 92.88%     | 32,472,910                    | 64.52%     |
| 203      | 169,330 - 169,330 | 1                        | 169,330                      | 169,330               | 993                  | 92.98%     | 32,642,240                    | 64.86%     |
| 204      | 169,700 - 169,700 | 1                        | 169,700                      | 169,700               | 994                  | 93.07%     | 32,811,940                    | 65.20%     |
| 205      | 170,020 - 170,020 | 1                        | 170,020                      | 170,020               | 995                  | 93.16%     | 32,981,960                    | 65.53%     |
| 206      | 172,260 - 172,260 | 1                        | 172,260                      | 172,260               | 996                  | 93.26%     | 33,154,220                    | 65.88%     |
| 207      | 172,800 - 172,800 | 1                        | 172,800                      | 172,800               | 997                  | 93.35%     | 33,327,020                    | 66.22%     |
| 208      | 174,410 - 174,410 | 1                        | 174,410                      | 174,410               | 998                  | 93.45%     | 33,501,430                    | 66.57%     |
| 209      | 175,780 - 175,780 | 1                        | 175,780                      | 175,780               | 999                  | 93.54%     | 33,677,210                    | 66.91%     |
| 210      | 177,640 - 177,640 | 1                        | 177,640                      | 177,640               | 1,000                | 93.63%     | 33,854,850                    | 67.27%     |
| 211      | 177,650 - 177,650 | 1                        | 177,650                      | 177,650               | 1,001                | 93.73%     | 34,032,500                    | 67.62%     |
| 212      | 178,400 - 178,400 | 1                        | 178,400                      | 178,400               | 1,002                | 93.82%     | 34,210,900                    | 67.97%     |



**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 2023

Bill Count

Exhibit:

RLJ-DT2

Schedule H-5

Witness:

Jones

Class: Commercial  
Meter Size: 1"  
Sub Class:

| Rate Tiers                    | Present Rates | Proposed Rates | Charges             | Present Rates | Proposed Rates |
|-------------------------------|---------------|----------------|---------------------|---------------|----------------|
|                               |               |                | Base Charge: \$     | 36.64         | \$ 39.40       |
| Tier One Breakover (M gal):   | 999,999       | -              | Tier One Rate: \$   | 1.64          | \$ -           |
| Tier Two Breakover (M gal):   | -             | 35             | Tier Two Rate: \$   | -             | \$ 1.83        |
| Tier Three Breakover (M gal): | -             | 999,999        | Tier Three Rate: \$ | -             | \$ 2.61        |

| 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 |
|----------|-------------------|--------------------------|------------------------------|-----------------------|----------------------|------------|-------------------------------|------------|
| 213      | 180,400 - 180,400 | 1                        | 180,400                      | 180,400               | 1,003                | 93.91%     | 34,391,300                    | 68.33%     |
| 214      | 181,640 - 181,640 | 1                        | 181,640                      | 181,640               | 1,004                | 94.01%     | 34,572,940                    | 68.69%     |
| 215      | 182,610 - 182,610 | 1                        | 182,610                      | 182,610               | 1,005                | 94.10%     | 34,755,550                    | 69.06%     |
| 216      | 182,650 - 182,650 | 1                        | 182,650                      | 182,650               | 1,006                | 94.19%     | 34,938,200                    | 69.42%     |
| 217      | 183,600 - 183,600 | 1                        | 183,600                      | 183,600               | 1,007                | 94.29%     | 35,121,800                    | 69.78%     |
| 218      | 184,730 - 184,730 | 1                        | 184,730                      | 184,730               | 1,008                | 94.38%     | 35,306,530                    | 70.15%     |
| 219      | 185,070 - 185,070 | 1                        | 185,070                      | 185,070               | 1,009                | 94.48%     | 35,491,600                    | 70.52%     |
| 220      | 185,770 - 185,770 | 1                        | 185,770                      | 185,770               | 1,010                | 94.57%     | 35,677,370                    | 70.89%     |
| 221      | 187,020 - 187,020 | 1                        | 187,020                      | 187,020               | 1,011                | 94.66%     | 35,864,390                    | 71.26%     |
| 222      | 187,080 - 187,080 | 1                        | 187,080                      | 187,080               | 1,012                | 94.76%     | 36,051,470                    | 71.63%     |
| 223      | 187,190 - 187,190 | 1                        | 187,190                      | 187,190               | 1,013                | 94.85%     | 36,238,660                    | 72.00%     |
| 224      | 187,700 - 187,700 | 1                        | 187,700                      | 187,700               | 1,014                | 94.94%     | 36,426,360                    | 72.38%     |
| 225      | 188,070 - 188,070 | 1                        | 188,070                      | 188,070               | 1,015                | 95.04%     | 36,614,430                    | 72.75%     |
| 226      | 188,130 - 188,130 | 1                        | 188,130                      | 188,130               | 1,016                | 95.13%     | 36,802,560                    | 73.12%     |
| 227      | 188,890 - 188,890 | 1                        | 188,890                      | 188,890               | 1,017                | 95.22%     | 36,991,450                    | 73.50%     |
| 228      | 189,190 - 189,190 | 1                        | 189,190                      | 189,190               | 1,018                | 95.32%     | 37,180,640                    | 73.88%     |
| 229      | 190,300 - 190,300 | 1                        | 190,300                      | 190,300               | 1,019                | 95.41%     | 37,370,940                    | 74.25%     |
| 230      | 192,220 - 192,220 | 1                        | 192,220                      | 192,220               | 1,020                | 95.51%     | 37,563,160                    | 74.64%     |
| 231      | 199,160 - 199,160 | 1                        | 199,160                      | 199,160               | 1,021                | 95.60%     | 37,762,320                    | 75.03%     |
| 232      | 200,150 - 200,150 | 1                        | 200,150                      | 200,150               | 1,022                | 95.69%     | 37,962,470                    | 75.43%     |
| 233      | 202,970 - 202,970 | 1                        | 202,970                      | 202,970               | 1,023                | 95.79%     | 38,165,440                    | 75.83%     |
| 234      | 205,060 - 205,060 | 1                        | 205,060                      | 205,060               | 1,024                | 95.88%     | 38,370,500                    | 76.24%     |
| 235      | 205,210 - 205,210 | 1                        | 205,210                      | 205,210               | 1,025                | 95.97%     | 38,575,710                    | 76.65%     |
| 236      | 209,810 - 209,810 | 1                        | 209,810                      | 209,810               | 1,026                | 96.07%     | 38,785,520                    | 77.06%     |
| 237      | 210,570 - 210,570 | 1                        | 210,570                      | 210,570               | 1,027                | 96.16%     | 38,996,090                    | 77.48%     |
| 238      | 210,980 - 210,980 | 1                        | 210,980                      | 210,980               | 1,028                | 96.25%     | 39,207,070                    | 77.90%     |
| 239      | 212,910 - 212,910 | 1                        | 212,910                      | 212,910               | 1,029                | 96.35%     | 39,419,980                    | 78.32%     |
| 240      | 213,340 - 213,340 | 1                        | 213,340                      | 213,340               | 1,030                | 96.44%     | 39,633,320                    | 78.75%     |
| 241      | 213,720 - 213,720 | 1                        | 213,720                      | 213,720               | 1,031                | 96.54%     | 39,847,040                    | 79.17%     |
| 242      | 214,080 - 214,080 | 1                        | 214,080                      | 214,080               | 1,032                | 96.63%     | 40,061,120                    | 79.60%     |
| 243      | 219,530 - 219,530 | 1                        | 219,530                      | 219,530               | 1,033                | 96.72%     | 40,280,650                    | 80.03%     |
| 244      | 220,970 - 220,970 | 1                        | 220,970                      | 220,970               | 1,034                | 96.82%     | 40,501,620                    | 80.47%     |
| 245      | 221,360 - 221,360 | 1                        | 221,360                      | 221,360               | 1,035                | 96.91%     | 40,722,980                    | 80.91%     |
| 246      | 222,300 - 222,300 | 1                        | 222,300                      | 222,300               | 1,036                | 97.00%     | 40,945,280                    | 81.36%     |
| 247      | 222,890 - 222,890 | 1                        | 222,890                      | 222,890               | 1,037                | 97.10%     | 41,168,170                    | 81.80%     |
| 248      | 222,900 - 222,900 | 1                        | 222,900                      | 222,900               | 1,038                | 97.19%     | 41,391,070                    | 82.24%     |
| 249      | 229,410 - 229,410 | 1                        | 229,410                      | 229,410               | 1,039                | 97.28%     | 41,620,480                    | 82.70%     |
| 250      | 232,490 - 232,490 | 1                        | 232,490                      | 232,490               | 1,040                | 97.38%     | 41,852,970                    | 83.16%     |
| 251      | 232,590 - 232,590 | 1                        | 232,590                      | 232,590               | 1,041                | 97.47%     | 42,085,560                    | 83.62%     |
| 252      | 240,160 - 240,160 | 1                        | 240,160                      | 240,160               | 1,042                | 97.57%     | 42,325,720                    | 84.10%     |
| 253      | 241,420 - 241,420 | 1                        | 241,420                      | 241,420               | 1,043                | 97.66%     | 42,567,140                    | 84.58%     |
| 254      | 245,390 - 245,390 | 1                        | 245,390                      | 245,390               | 1,044                | 97.75%     | 42,812,530                    | 85.07%     |
| 255      | 246,450 - 246,450 | 1                        | 246,450                      | 246,450               | 1,045                | 97.85%     | 43,058,980                    | 85.56%     |
| 256      | 248,660 - 248,660 | 1                        | 248,660                      | 248,660               | 1,046                | 97.94%     | 43,307,640                    | 86.05%     |
| 257      | 256,720 - 256,720 | 1                        | 256,720                      | 256,720               | 1,047                | 98.03%     | 43,564,360                    | 86.56%     |
| 258      | 257,910 - 257,910 | 1                        | 257,910                      | 257,910               | 1,048                | 98.13%     | 43,822,270                    | 87.07%     |
| 259      | 258,700 - 258,700 | 1                        | 258,700                      | 258,700               | 1,049                | 98.22%     | 44,080,970                    | 87.59%     |
| 260      | 259,460 - 259,460 | 1                        | 259,460                      | 259,460               | 1,050                | 98.31%     | 44,340,430                    | 88.10%     |
| 261      | 265,850 - 265,850 | 1                        | 265,850                      | 265,850               | 1,051                | 98.41%     | 44,606,280                    | 88.63%     |
| 262      | 266,080 - 266,080 | 1                        | 266,080                      | 266,080               | 1,052                | 98.50%     | 44,872,360                    | 89.16%     |
| 263      | 268,070 - 268,070 | 1                        | 268,070                      | 268,070               | 1,053                | 98.60%     | 45,140,430                    | 89.69%     |
| 264      | 271,070 - 271,070 | 1                        | 271,070                      | 271,070               | 1,054                | 98.69%     | 45,411,500                    | 90.23%     |
| 265      | 271,460 - 271,460 | 1                        | 271,460                      | 271,460               | 1,055                | 98.78%     | 45,682,960                    | 90.77%     |

## Bill Count

Witness: Jones

Class: Commercial  
Meter Size: 1"  
Sub Class:

| 1"                            |               |                | Present          |          | Proposed |  |
|-------------------------------|---------------|----------------|------------------|----------|----------|--|
|                               |               |                | Charges          | Rates    | Rates    |  |
|                               |               |                | Base Charge:     | \$ 36.64 | \$ 39.40 |  |
| Rate Tiers                    | Present Rates | Proposed Rates |                  |          |          |  |
| Tier One Breakover (M gal):   | 999,999       | -              | Tier One Rate:   | \$ 1.64  | \$ -     |  |
| Tier Two Breakover (M gal):   | -             | 35             | Tier Two Rate:   | \$ -     | \$ 1.83  |  |
| Tier Three Breakover (M gal): | -             | 999,999        | Tier Three Rate: | \$ -     | \$ 2.61  |  |

| Line |                                       |   |         | Number<br>of Bills by | Average<br>Consumption | Consumption | Cumulative Bills |            | Cumulative Consumption |            |
|------|---------------------------------------|---|---------|-----------------------|------------------------|-------------|------------------|------------|------------------------|------------|
| No.  | Block                                 |   |         | Block                 | in Block               | by Blocks   | No.              | % of Total | Amount                 | % of Total |
| 266  | 271,830                               | - | 271,830 | 1                     | 271,830                | 271,830     | 1,056            | 98.88%     | 45,954,790             | 91.31%     |
| 267  | 271,880                               | - | 271,880 | 1                     | 271,880                | 271,880     | 1,057            | 98.97%     | 46,226,670             | 91.85%     |
| 268  | 280,890                               | - | 280,890 | 1                     | 280,890                | 280,890     | 1,058            | 99.06%     | 46,507,560             | 92.41%     |
| 269  | 287,370                               | - | 287,370 | 1                     | 287,370                | 287,370     | 1,059            | 99.16%     | 46,794,930             | 92.98%     |
| 270  | 315,260                               | - | 315,260 | 1                     | 315,260                | 315,260     | 1,060            | 99.25%     | 47,110,190             | 93.60%     |
| 271  | 328,950                               | - | 328,950 | 1                     | 328,950                | 328,950     | 1,061            | 99.34%     | 47,439,140             | 94.26%     |
| 272  | 357,100                               | - | 357,100 | 1                     | 357,100                | 357,100     | 1,062            | 99.44%     | 47,796,240             | 94.97%     |
| 273  | 365,920                               | - | 365,920 | 1                     | 365,920                | 365,920     | 1,063            | 99.53%     | 48,162,160             | 95.69%     |
| 274  | 366,870                               | - | 366,870 | 1                     | 366,870                | 366,870     | 1,064            | 99.63%     | 48,529,030             | 96.42%     |
| 275  | 386,600                               | - | 386,600 | 1                     | 386,600                | 386,600     | 1,065            | 99.72%     | 48,915,630             | 97.19%     |
| 276  | 421,810                               | - | 421,810 | 1                     | 421,810                | 421,810     | 1,066            | 99.81%     | 49,337,440             | 98.03%     |
| 277  | 492,460                               | - | 492,460 | 1                     | 492,460                | 492,460     | 1,067            | 99.91%     | 49,829,900             | 99.01%     |
| 278  | 498,980                               | - | 498,980 | 1                     | 498,980                | 498,980     | 1,068            | 100.00%    | 50,328,880             | 100.00%    |
| 279  |                                       |   |         |                       |                        |             |                  |            |                        |            |
| 280  | Totals                                |   |         | 1,068                 |                        | 50,328,880  | 1,068            |            | 50,328,880             |            |
| 281  | Prorated Bills Reduction <sup>1</sup> |   |         | (3)                   |                        |             |                  |            |                        |            |
| 282  | Total Bills                           |   |         | 1,065                 |                        |             |                  |            |                        |            |

|     |                               |        |                 |               |            |                |            |
|-----|-------------------------------|--------|-----------------|---------------|------------|----------------|------------|
| 283 |                               |        |                 | Current Rates |            | Proposed Rates |            |
| 284 |                               |        |                 | Units         | Revenue    | Units          | Revenue    |
| 285 |                               |        | Base Charge     | 1,065         | \$ 39,022  | 1,065          | \$ 41,961  |
| 286 | Average Number of Customers   | 89     |                 |               |            |                |            |
| 287 |                               |        | Usage (gallons) |               |            |                |            |
| 288 | Average Consumption (gallons) | 47,257 | Tier One        | 50,328,880    | \$ 82,399  | -              | \$ -       |
| 289 |                               |        | Tier Two        | -             | -          | 18,870,970     | 34,534     |
| 290 | Median Consumption (gallons)  | 15,387 | Tier Three      | -             | -          | 31,457,910     | 82,105     |
| 291 |                               |        | Usage Totals    | 50,328,880    |            | 50,328,880     |            |
| 292 |                               |        | Revenue Totals  |               | \$ 121,421 |                | \$ 158,600 |

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

**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 2023

Bill Count

Exhibit:

RLJ-DT2

Schedule H-5

Witness:

Jones

Class: Commercial  
Meter Size: 1-1/2"  
Sub Class:

| Rate Tiers                    | Present Rates | Proposed Rates | Charges             | Present Rates | Proposed Rates |
|-------------------------------|---------------|----------------|---------------------|---------------|----------------|
|                               |               |                | Base Charge: \$     | 73.27         | \$ 78.80       |
| Tier One Breakover (M gal):   | 999,999       | -              | Tier One Rate: \$   | 1.64          | \$ -           |
| Tier Two Breakover (M gal):   | -             | 50             | Tier Two Rate: \$   | -             | \$ 1.83        |
| Tier Three Breakover (M gal): | -             | 999,999        | Tier Three Rate: \$ | -             | \$ 2.61        |

| Line |        |   | Number      | Average     |             |         | Cumulative Bills |            | Cumulative Consumption |            |
|------|--------|---|-------------|-------------|-------------|---------|------------------|------------|------------------------|------------|
| No.  | Block  |   | of Bills by | Consumption | Consumption |         | No.              | % of Total | Amount                 | % of Total |
|      |        |   | Block       | in Block    | by Blocks   |         |                  |            |                        |            |
| 1    | -      | - | -           | 29          | -           | -       | 29               | 10.55%     | -                      | 0.00%      |
| 2    | 1      | - | 1,000       | 13          | 591         | 7,685   | 42               | 15.27%     | 7,685                  | 0.06%      |
| 3    | 1,001  | - | 2,000       | 13          | 1,323       | 17,200  | 55               | 20.00%     | 24,885                 | 0.19%      |
| 4    | 2,001  | - | 3,000       | 8           | 2,625       | 21,000  | 63               | 22.91%     | 45,885                 | 0.35%      |
| 5    | 3,001  | - | 4,000       | 11          | 3,509       | 38,600  | 74               | 26.91%     | 84,485                 | 0.65%      |
| 6    | 4,001  | - | 5,000       | 5           | 4,600       | 23,000  | 79               | 28.73%     | 107,485                | 0.83%      |
| 7    | 5,001  | - | 6,000       | 6           | 5,517       | 33,100  | 85               | 30.91%     | 140,585                | 1.08%      |
| 8    | 6,001  | - | 7,000       | 3           | 6,833       | 20,500  | 88               | 32.00%     | 161,085                | 1.24%      |
| 9    | 7,001  | - | 8,000       | 2           | 7,400       | 14,800  | 90               | 32.73%     | 175,885                | 1.35%      |
| 10   | 8,001  | - | 9,000       | 2           | 8,400       | 16,800  | 92               | 33.45%     | 192,685                | 1.48%      |
| 11   | 9,001  | - | 10,000      | 4           | 9,525       | 38,100  | 96               | 34.91%     | 230,785                | 1.78%      |
| 12   | 10,001 | - | 11,000      | 2           | 10,600      | 21,200  | 98               | 35.64%     | 251,985                | 1.94%      |
| 13   | 11,001 | - | 12,000      | 5           | 11,300      | 56,500  | 103              | 37.45%     | 308,485                | 2.37%      |
| 14   | 12,001 | - | 13,000      | 1           | 12,900      | 12,900  | 104              | 37.82%     | 321,385                | 2.47%      |
| 15   | 13,001 | - | 14,000      | 3           | 13,833      | 41,500  | 107              | 38.91%     | 362,885                | 2.79%      |
| 16   | 14,001 | - | 15,000      | 1           | 14,800      | 14,800  | 108              | 39.27%     | 377,685                | 2.91%      |
| 17   | 15,001 | - | 16,000      | -           | -           | -       | 108              | 39.27%     | 377,685                | 2.91%      |
| 18   | 16,001 | - | 17,000      | 4           | 16,459      | 65,835  | 112              | 40.73%     | 443,520                | 3.41%      |
| 19   | 17,001 | - | 18,000      | 2           | 17,100      | 34,200  | 114              | 41.45%     | 477,720                | 3.68%      |
| 20   | 18,001 | - | 19,000      | 2           | 18,750      | 37,500  | 116              | 42.18%     | 515,220                | 3.97%      |
| 21   | 19,001 | - | 20,000      | 5           | 19,360      | 96,800  | 121              | 44.00%     | 612,020                | 4.71%      |
| 22   | 20,001 | - | 21,000      | 4           | 20,575      | 82,300  | 125              | 45.45%     | 694,320                | 5.34%      |
| 23   | 21,001 | - | 22,000      | 3           | 21,567      | 64,700  | 128              | 46.55%     | 759,020                | 5.84%      |
| 24   | 22,001 | - | 23,000      | 2           | 22,500      | 45,000  | 130              | 47.27%     | 804,020                | 6.19%      |
| 25   | 23,001 | - | 24,000      | 1           | 23,800      | 23,800  | 131              | 47.64%     | 827,820                | 6.37%      |
| 26   | 24,001 | - | 25,000      | 2           | 24,600      | 49,200  | 133              | 48.36%     | 877,020                | 6.75%      |
| 27   | 25,001 | - | 26,000      | 2           | 26,000      | 52,000  | 135              | 49.09%     | 929,020                | 7.15%      |
| 28   | 26,001 | - | 27,000      | 1           | 26,400      | 26,400  | 136              | 49.45%     | 955,420                | 7.35%      |
| 29   | 27,001 | - | 28,000      | -           | -           | -       | 136              | 49.45%     | 955,420                | 7.35%      |
| 30   | 28,001 | - | 29,000      | 1           | 28,700      | 28,700  | 137              | 49.82%     | 984,120                | 7.58%      |
| 31   | 29,001 | - | 30,000      | 2           | 29,900      | 59,800  | 139              | 50.55%     | 1,043,920              | 8.04%      |
| 32   | 30,001 | - | 31,000      | 3           | 30,233      | 90,700  | 142              | 51.64%     | 1,134,620              | 8.73%      |
| 33   | 31,001 | - | 32,000      | -           | -           | -       | 142              | 51.64%     | 1,134,620              | 8.73%      |
| 34   | 32,001 | - | 33,000      | -           | -           | -       | 142              | 51.64%     | 1,134,620              | 8.73%      |
| 35   | 33,001 | - | 34,000      | 1           | 33,200      | 33,200  | 143              | 52.00%     | 1,167,820              | 8.99%      |
| 36   | 34,001 | - | 35,000      | 2           | 34,350      | 68,700  | 145              | 52.73%     | 1,236,520              | 9.52%      |
| 37   | 35,001 | - | 36,000      | 1           | 35,800      | 35,800  | 146              | 53.09%     | 1,272,320              | 9.79%      |
| 38   | 36,001 | - | 37,000      | -           | -           | -       | 146              | 53.09%     | 1,272,320              | 9.79%      |
| 39   | 37,001 | - | 38,000      | 1           | 37,300      | 37,300  | 147              | 53.45%     | 1,309,620              | 10.08%     |
| 40   | 38,001 | - | 39,000      | 1           | 38,600      | 38,600  | 148              | 53.82%     | 1,348,220              | 10.38%     |
| 41   | 39,001 | - | 40,000      | 3           | 39,633      | 118,900 | 151              | 54.91%     | 1,467,120              | 11.29%     |
| 42   | 40,001 | - | 41,000      | 1           | 40,800      | 40,800  | 152              | 55.27%     | 1,507,920              | 11.61%     |
| 43   | 41,001 | - | 42,000      | -           | -           | -       | 152              | 55.27%     | 1,507,920              | 11.61%     |
| 44   | 42,001 | - | 43,000      | 4           | 42,425      | 169,700 | 156              | 56.73%     | 1,677,620              | 12.91%     |
| 45   | 43,001 | - | 44,000      | 3           | 43,500      | 130,500 | 159              | 57.82%     | 1,808,120              | 13.92%     |
| 46   | 44,001 | - | 45,000      | 1           | 44,700      | 44,700  | 160              | 58.18%     | 1,852,820              | 14.26%     |
| 47   | 45,001 | - | 46,000      | 1           | 45,100      | 45,100  | 161              | 58.55%     | 1,897,920              | 14.61%     |
| 48   | 46,001 | - | 47,000      | 2           | 46,250      | 92,500  | 163              | 59.27%     | 1,990,420              | 15.32%     |
| 49   | 47,001 | - | 48,000      | 2           | 47,550      | 95,100  | 165              | 60.00%     | 2,085,520              | 16.05%     |
| 50   | 48,001 | - | 49,000      | -           | -           | -       | 165              | 60.00%     | 2,085,520              | 16.05%     |
| 51   | 49,001 | - | 50,000      | 1           | 49,400      | 49,400  | 166              | 60.36%     | 2,134,920              | 16.43%     |
| 52   | 50,001 | - | 51,000      | 2           | 50,450      | 100,900 | 168              | 61.09%     | 2,235,820              | 17.21%     |
| 53   | 51,001 | - | 52,000      | 1           | 51,200      | 51,200  | 169              | 61.45%     | 2,287,020              | 17.60%     |

**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 2023

Bill Count

Exhibit:

RLJ-DT2

Schedule H-5

Witness:

Jones

Class: Commercial  
Meter Size: 1-1/2"  
Sub Class:

| Rate Tiers                    | Present Rates | Proposed Rates | Charges             | Present Rates | Proposed Rates |
|-------------------------------|---------------|----------------|---------------------|---------------|----------------|
|                               |               |                | Base Charge: \$     | 73.27         | \$ 78.80       |
| Tier One Breakover (M gal):   | 999,999       | -              | Tier One Rate: \$   | 1.64          | \$ -           |
| Tier Two Breakover (M gal):   | -             | 50             | Tier Two Rate: \$   | -             | \$ 1.83        |
| Tier Three Breakover (M gal): | -             | 999,999        | Tier Three Rate: \$ | -             | \$ 2.61        |

| 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   | 1                        | 52,200                       | 52,200                | 170                  | 61.82%     | 2,339,220                     | 18.01%     |
| 55       | 53,001 - 54,000   | 1                        | 53,200                       | 53,200                | 171                  | 62.18%     | 2,392,420                     | 18.42%     |
| 56       | 54,001 - 55,000   | 3                        | 54,633                       | 163,900               | 174                  | 63.27%     | 2,556,320                     | 19.68%     |
| 57       | 55,001 - 56,000   | 2                        | 55,700                       | 111,400               | 176                  | 64.00%     | 2,667,720                     | 20.54%     |
| 58       | 56,001 - 57,000   | -                        | -                            | -                     | 176                  | 64.00%     | 2,667,720                     | 20.54%     |
| 59       | 57,001 - 58,000   | 2                        | 57,800                       | 115,600               | 178                  | 64.73%     | 2,783,320                     | 21.43%     |
| 60       | 58,001 - 59,000   | -                        | -                            | -                     | 178                  | 64.73%     | 2,783,320                     | 21.43%     |
| 61       | 59,001 - 60,000   | 1                        | 59,100                       | 59,100                | 179                  | 65.09%     | 2,842,420                     | 21.88%     |
| 62       | 60,001 - 61,000   | 3                        | 60,333                       | 181,000               | 182                  | 66.18%     | 3,023,420                     | 23.27%     |
| 63       | 61,001 - 62,000   | -                        | -                            | -                     | 182                  | 66.18%     | 3,023,420                     | 23.27%     |
| 64       | 62,001 - 63,000   | 1                        | 62,100                       | 62,100                | 183                  | 66.55%     | 3,085,520                     | 23.75%     |
| 65       | 63,001 - 64,000   | 1                        | 63,600                       | 63,600                | 184                  | 66.91%     | 3,149,120                     | 24.24%     |
| 66       | 64,001 - 65,000   | 2                        | 64,400                       | 128,800               | 186                  | 67.64%     | 3,277,920                     | 25.23%     |
| 67       | 65,001 - 66,000   | 2                        | 65,550                       | 131,100               | 188                  | 68.36%     | 3,409,020                     | 26.24%     |
| 68       | 66,001 - 67,000   | -                        | -                            | -                     | 188                  | 68.36%     | 3,409,020                     | 26.24%     |
| 69       | 67,001 - 68,000   | -                        | -                            | -                     | 188                  | 68.36%     | 3,409,020                     | 26.24%     |
| 70       | 68,001 - 69,000   | 1                        | 68,200                       | 68,200                | 189                  | 68.73%     | 3,477,220                     | 26.77%     |
| 71       | 69,001 - 70,000   | 2                        | 69,200                       | 138,400               | 191                  | 69.45%     | 3,615,620                     | 27.83%     |
| 72       | 70,001 - 71,000   | 2                        | 70,500                       | 141,000               | 193                  | 70.18%     | 3,756,620                     | 28.92%     |
| 73       | 71,001 - 72,000   | 5                        | 71,540                       | 357,700               | 198                  | 72.00%     | 4,114,320                     | 31.67%     |
| 74       | 72,001 - 73,000   | 2                        | 72,250                       | 144,500               | 200                  | 72.73%     | 4,258,820                     | 32.78%     |
| 75       | 73,001 - 74,000   | 1                        | 73,500                       | 73,500                | 201                  | 73.09%     | 4,332,320                     | 33.35%     |
| 76       | 74,001 - 75,000   | 2                        | 74,450                       | 148,900               | 203                  | 73.82%     | 4,481,220                     | 34.50%     |
| 77       | 75,001 - 76,000   | -                        | -                            | -                     | 203                  | 73.82%     | 4,481,220                     | 34.50%     |
| 78       | 76,001 - 77,000   | 1                        | 76,200                       | 76,200                | 204                  | 74.18%     | 4,557,420                     | 35.08%     |
| 79       | 77,001 - 78,000   | 1                        | 77,100                       | 77,100                | 205                  | 74.55%     | 4,634,520                     | 35.68%     |
| 80       | 78,001 - 79,000   | -                        | -                            | -                     | 205                  | 74.55%     | 4,634,520                     | 35.68%     |
| 81       | 79,001 - 80,000   | -                        | -                            | -                     | 205                  | 74.55%     | 4,634,520                     | 35.68%     |
| 82       | 80,001 - 81,000   | 1                        | 80,400                       | 80,400                | 206                  | 74.91%     | 4,714,920                     | 36.29%     |
| 83       | 81,001 - 82,000   | 2                        | 81,900                       | 163,800               | 208                  | 75.64%     | 4,878,720                     | 37.55%     |
| 84       | 82,001 - 83,000   | 5                        | 82,660                       | 413,300               | 213                  | 77.45%     | 5,292,020                     | 40.74%     |
| 85       | 83,001 - 84,000   | 1                        | 83,400                       | 83,400                | 214                  | 77.82%     | 5,375,420                     | 41.38%     |
| 86       | 84,001 - 85,000   | 3                        | 84,700                       | 254,100               | 217                  | 78.91%     | 5,629,520                     | 43.33%     |
| 87       | 85,001 - 86,000   | 1                        | 85,900                       | 85,900                | 218                  | 79.27%     | 5,715,420                     | 44.00%     |
| 88       | 86,001 - 87,000   | 3                        | 86,800                       | 260,400               | 221                  | 80.36%     | 5,975,820                     | 46.00%     |
| 89       | 87,001 - 88,000   | -                        | -                            | -                     | 221                  | 80.36%     | 5,975,820                     | 46.00%     |
| 90       | 88,001 - 89,000   | 2                        | 88,750                       | 177,500               | 223                  | 81.09%     | 6,153,320                     | 47.37%     |
| 91       | 89,001 - 90,000   | 4                        | 89,350                       | 357,400               | 227                  | 82.55%     | 6,510,720                     | 50.12%     |
| 92       | 90,001 - 91,000   | 5                        | 90,660                       | 453,300               | 232                  | 84.36%     | 6,964,020                     | 53.61%     |
| 93       | 91,001 - 92,000   | -                        | -                            | -                     | 232                  | 84.36%     | 6,964,020                     | 53.61%     |
| 94       | 92,001 - 93,000   | 1                        | 92,100                       | 92,100                | 233                  | 84.73%     | 7,056,120                     | 54.32%     |
| 95       | 93,001 - 94,000   | 2                        | 93,350                       | 186,700               | 235                  | 85.45%     | 7,242,820                     | 55.75%     |
| 96       | 94,001 - 95,000   | -                        | -                            | -                     | 235                  | 85.45%     | 7,242,820                     | 55.75%     |
| 97       | 95,001 - 96,000   | -                        | -                            | -                     | 235                  | 85.45%     | 7,242,820                     | 55.75%     |
| 98       | 96,001 - 97,000   | -                        | -                            | -                     | 235                  | 85.45%     | 7,242,820                     | 55.75%     |
| 99       | 97,001 - 98,000   | -                        | -                            | -                     | 235                  | 85.45%     | 7,242,820                     | 55.75%     |
| 100      | 98,001 - 99,000   | 1                        | 98,500                       | 98,500                | 236                  | 85.82%     | 7,341,320                     | 56.51%     |
| 101      | 99,001 - 100,000  | 3                        | 99,700                       | 299,100               | 239                  | 86.91%     | 7,640,420                     | 58.81%     |
| 102      | 101,100 - 101,100 | 1                        | 101,100                      | 101,100               | 240                  | 87.27%     | 7,741,520                     | 59.59%     |
| 103      | 101,900 - 101,900 | 1                        | 101,900                      | 101,900               | 241                  | 87.64%     | 7,843,420                     | 60.38%     |
| 104      | 102,000 - 102,000 | 1                        | 102,000                      | 102,000               | 242                  | 88.00%     | 7,945,420                     | 61.16%     |
| 105      | 104,100 - 104,100 | 1                        | 104,100                      | 104,100               | 243                  | 88.36%     | 8,049,520                     | 61.96%     |
| 106      | 106,500 - 106,500 | 2                        | 106,500                      | 213,000               | 245                  | 89.09%     | 8,262,520                     | 63.60%     |

**Foothills Water & Sewer, LLC - Water Division**  
Test Year Ended June 30, 2023  
Bill Count

Exhibit: RLJ-DT2  
Schedule H-5  
Witness: Jones

Class: Commercial  
Meter Size: 1-1/2"  
Sub Class:

| Rate Tiers                    | Present Rates | Proposed Rates | Charges             | Present Rates | Proposed Rates |
|-------------------------------|---------------|----------------|---------------------|---------------|----------------|
|                               |               |                | Base Charge: \$     | 73.27         | \$ 78.80       |
| Tier One Breakover (M gal):   | 999,999       | -              | Tier One Rate: \$   | 1.64          | \$ -           |
| Tier Two Breakover (M gal):   | -             | 50             | Tier Two Rate: \$   | -             | \$ 1.83        |
| Tier Three Breakover (M gal): | -             | 999,999        | Tier Three Rate: \$ | -             | \$ 2.61        |

| Line |         |   | Number  |   | Average     |             | Cumulative Bills |            | Cumulative Consumption |            |
|------|---------|---|---------|---|-------------|-------------|------------------|------------|------------------------|------------|
| No.  | Block   |   | Block   |   | Consumption | Consumption | No.              | % of Total | Amount                 | % of Total |
|      |         |   |         |   | in Block    | by Blocks   |                  |            |                        |            |
| 107  | 107,000 | - | 107,000 | 1 | 107,000     | 107,000     | 246              | 89.45%     | 8,369,520              | 64.43%     |
| 108  | 108,000 | - | 108,000 | 1 | 108,000     | 108,000     | 247              | 89.82%     | 8,477,520              | 65.26%     |
| 109  | 108,400 | - | 108,400 | 1 | 108,400     | 108,400     | 248              | 90.18%     | 8,585,920              | 66.09%     |
| 110  | 116,500 | - | 116,500 | 1 | 116,500     | 116,500     | 249              | 90.55%     | 8,702,420              | 66.99%     |
| 111  | 120,700 | - | 120,700 | 1 | 120,700     | 120,700     | 250              | 90.91%     | 8,823,120              | 67.92%     |
| 112  | 124,300 | - | 124,300 | 1 | 124,300     | 124,300     | 251              | 91.27%     | 8,947,420              | 68.87%     |
| 113  | 124,900 | - | 124,900 | 1 | 124,900     | 124,900     | 252              | 91.64%     | 9,072,320              | 69.84%     |
| 114  | 126,800 | - | 126,800 | 1 | 126,800     | 126,800     | 253              | 92.00%     | 9,199,120              | 70.81%     |
| 115  | 127,400 | - | 127,400 | 1 | 127,400     | 127,400     | 254              | 92.36%     | 9,326,520              | 71.79%     |
| 116  | 131,400 | - | 131,400 | 1 | 131,400     | 131,400     | 255              | 92.73%     | 9,457,920              | 72.80%     |
| 117  | 136,100 | - | 136,100 | 1 | 136,100     | 136,100     | 256              | 93.09%     | 9,594,020              | 73.85%     |
| 118  | 136,400 | - | 136,400 | 1 | 136,400     | 136,400     | 257              | 93.45%     | 9,730,420              | 74.90%     |
| 119  | 137,200 | - | 137,200 | 1 | 137,200     | 137,200     | 258              | 93.82%     | 9,867,620              | 75.96%     |
| 120  | 138,000 | - | 138,000 | 1 | 138,000     | 138,000     | 259              | 94.18%     | 10,005,620             | 77.02%     |
| 121  | 140,100 | - | 140,100 | 1 | 140,100     | 140,100     | 260              | 94.55%     | 10,145,720             | 78.10%     |
| 122  | 144,800 | - | 144,800 | 1 | 144,800     | 144,800     | 261              | 94.91%     | 10,290,520             | 79.21%     |
| 123  | 145,900 | - | 145,900 | 1 | 145,900     | 145,900     | 262              | 95.27%     | 10,436,420             | 80.34%     |
| 124  | 146,100 | - | 146,100 | 1 | 146,100     | 146,100     | 263              | 95.64%     | 10,582,520             | 81.46%     |
| 125  | 146,400 | - | 146,400 | 1 | 146,400     | 146,400     | 264              | 96.00%     | 10,728,920             | 82.59%     |
| 126  | 153,600 | - | 153,600 | 1 | 153,600     | 153,600     | 265              | 96.36%     | 10,882,520             | 83.77%     |
| 127  | 154,500 | - | 154,500 | 1 | 154,500     | 154,500     | 266              | 96.73%     | 11,037,020             | 84.96%     |
| 128  | 159,300 | - | 159,300 | 1 | 159,300     | 159,300     | 267              | 97.09%     | 11,196,320             | 86.19%     |
| 129  | 161,000 | - | 161,000 | 1 | 161,000     | 161,000     | 268              | 97.45%     | 11,357,320             | 87.43%     |
| 130  | 168,500 | - | 168,500 | 1 | 168,500     | 168,500     | 269              | 97.82%     | 11,525,820             | 88.72%     |
| 131  | 168,700 | - | 168,700 | 1 | 168,700     | 168,700     | 270              | 98.18%     | 11,694,520             | 90.02%     |
| 132  | 189,100 | - | 189,100 | 1 | 189,100     | 189,100     | 271              | 98.55%     | 11,883,620             | 91.48%     |
| 133  | 255,200 | - | 255,200 | 1 | 255,200     | 255,200     | 272              | 98.91%     | 12,138,820             | 93.44%     |
| 134  | 266,900 | - | 266,900 | 1 | 266,900     | 266,900     | 273              | 99.27%     | 12,405,720             | 95.50%     |
| 135  | 286,400 | - | 286,400 | 1 | 286,400     | 286,400     | 274              | 99.64%     | 12,692,120             | 97.70%     |
| 136  | 298,800 | - | 298,800 | 1 | 298,800     | 298,800     | 275              | 100.00%    | 12,990,920             | 100.00%    |

Class: Commercial  
Meter Size: 1-1/2"  
Sub Class:

| Rate Tiers                    | Present Rates | Proposed Rates | Charges          | Present Rates | Proposed Rates |
|-------------------------------|---------------|----------------|------------------|---------------|----------------|
|                               |               |                | Base Charge:     | \$ 73.27      | \$ 78.80       |
| Tier One Breakover (M gal):   | 999,999       | -              | Tier One Rate:   | \$ 1.64       | \$ -           |
| Tier Two Breakover (M gal):   | -             | 50             | Tier Two Rate:   | \$ -          | \$ 1.83        |
| Tier Three Breakover (M gal): | -             | 999,999        | Tier Three Rate: | \$ -          | \$ 2.61        |

| 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 |
|----------|-------|--------------------------|------------------------------|-----------------------|----------------------|------------|-------------------------------|------------|
|----------|-------|--------------------------|------------------------------|-----------------------|----------------------|------------|-------------------------------|------------|

|     |                                       |     |  |            |     |  |            |  |
|-----|---------------------------------------|-----|--|------------|-----|--|------------|--|
| 137 |                                       |     |  |            |     |  |            |  |
| 138 | Totals                                | 275 |  | 12,990,920 | 275 |  | 12,990,920 |  |
| 139 | Prorated Bills Reduction <sup>1</sup> | -   |  |            |     |  |            |  |
| 140 | Total Bills                           | 275 |  |            |     |  |            |  |

|     |                               |        |  |                 | Current Rates |           | Proposed Rates |           |
|-----|-------------------------------|--------|--|-----------------|---------------|-----------|----------------|-----------|
|     |                               |        |  |                 | Units         | Revenue   | Units          | Revenue   |
| 142 |                               |        |  |                 |               |           |                |           |
| 143 |                               |        |  | Base Charge     | 275           | \$ 20,149 | 275            | \$ 21,670 |
| 144 | Average Number of Customers   | 23     |  |                 |               |           |                |           |
| 145 |                               |        |  | Usage (gallons) |               |           |                |           |
| 146 | Average Consumption (gallons) | 47,240 |  | Tier One        | 12,990,920    | \$ 21,269 | -              | \$ -      |
| 147 |                               |        |  | Tier Two        | -             | -         | 7,584,920      | 13,880    |
| 148 | Median Consumption (gallons)  | 29,900 |  | Tier Three      | -             | -         | 5,406,000      | 14,110    |
| 149 |                               |        |  | Usage Totals    | 12,990,920    |           | 12,990,920     |           |
| 150 |                               |        |  | Revenue Totals  |               | \$ 41,418 |                | \$ 49,660 |

<sup>1</sup>Customer 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.

**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 2023

Bill Count

Exhibit:

RLJ-DT2

Schedule H-5

Witness:

Jones

Class: Commercial  
Meter Size: 2"  
Sub Class:

| Rate Tiers                    | Present Rates | Proposed Rates | Charges             | Present Rates | Proposed Rates |
|-------------------------------|---------------|----------------|---------------------|---------------|----------------|
|                               |               |                | Base Charge: \$     | 117.23        | \$ 126.08      |
| Tier One Breakover (M gal):   | 999,999       | -              | Tier One Rate: \$   | 1.64          | \$ -           |
| Tier Two Breakover (M gal):   | -             | 80             | Tier Two Rate: \$   | -             | \$ 1.83        |
| Tier Three Breakover (M gal): | -             | 999,999        | Tier Three Rate: \$ | -             | \$ 2.61        |

| 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        | - -      | 38                       | -                            | -                     | 38                   | 3.56%      | -                             | 0.00%      |
| 2        | 1 -      | 33                       | 724                          | 23,882                | 71                   | 6.65%      | 23,882                        | 0.02%      |
| 3        | 1,001 -  | 26                       | 1,573                        | 40,900                | 97                   | 9.09%      | 64,782                        | 0.04%      |
| 4        | 2,001 -  | 23                       | 2,513                        | 57,800                | 120                  | 11.25%     | 122,582                       | 0.08%      |
| 5        | 3,001 -  | 10                       | 3,620                        | 36,200                | 130                  | 12.18%     | 158,782                       | 0.10%      |
| 6        | 4,001 -  | 14                       | 4,543                        | 63,600                | 144                  | 13.50%     | 222,382                       | 0.15%      |
| 7        | 5,001 -  | 6                        | 5,467                        | 32,800                | 150                  | 14.06%     | 255,182                       | 0.17%      |
| 8        | 6,001 -  | 4                        | 6,675                        | 26,700                | 154                  | 14.43%     | 281,882                       | 0.18%      |
| 9        | 7,001 -  | 11                       | 7,636                        | 84,000                | 165                  | 15.46%     | 365,882                       | 0.24%      |
| 10       | 8,001 -  | 20                       | 8,485                        | 169,700               | 185                  | 17.34%     | 535,582                       | 0.35%      |
| 11       | 9,001 -  | 11                       | 9,482                        | 104,300               | 196                  | 18.37%     | 639,882                       | 0.42%      |
| 12       | 10,001 - | 15                       | 10,607                       | 159,100               | 211                  | 19.78%     | 798,982                       | 0.52%      |
| 13       | 11,001 - | 14                       | 11,493                       | 160,900               | 225                  | 21.09%     | 959,882                       | 0.63%      |
| 14       | 12,001 - | 8                        | 12,513                       | 100,100               | 233                  | 21.84%     | 1,059,982                     | 0.69%      |
| 15       | 13,001 - | 15                       | 13,507                       | 202,600               | 248                  | 23.24%     | 1,262,582                     | 0.82%      |
| 16       | 14,001 - | 17                       | 14,594                       | 248,100               | 265                  | 24.84%     | 1,510,682                     | 0.99%      |
| 17       | 15,001 - | 6                        | 15,450                       | 92,700                | 271                  | 25.40%     | 1,603,382                     | 1.05%      |
| 18       | 16,001 - | 7                        | 16,571                       | 116,000               | 278                  | 26.05%     | 1,719,382                     | 1.12%      |
| 19       | 17,001 - | 6                        | 17,733                       | 106,400               | 284                  | 26.62%     | 1,825,782                     | 1.19%      |
| 20       | 18,001 - | 9                        | 18,533                       | 166,800               | 293                  | 27.46%     | 1,992,582                     | 1.30%      |
| 21       | 19,001 - | 14                       | 19,650                       | 275,100               | 307                  | 28.77%     | 2,267,682                     | 1.48%      |
| 22       | 20,001 - | 5                        | 20,640                       | 103,200               | 312                  | 29.24%     | 2,370,882                     | 1.55%      |
| 23       | 21,001 - | 6                        | 21,400                       | 128,400               | 318                  | 29.80%     | 2,499,282                     | 1.63%      |
| 24       | 22,001 - | 4                        | 22,375                       | 89,500                | 322                  | 30.18%     | 2,588,782                     | 1.69%      |
| 25       | 23,001 - | 4                        | 23,650                       | 94,600                | 326                  | 30.55%     | 2,683,382                     | 1.75%      |
| 26       | 24,001 - | 4                        | 24,475                       | 97,900                | 330                  | 30.93%     | 2,781,282                     | 1.82%      |
| 27       | 25,001 - | 5                        | 25,560                       | 127,800               | 335                  | 31.40%     | 2,909,082                     | 1.90%      |
| 28       | 26,001 - | 5                        | 26,640                       | 133,200               | 340                  | 31.87%     | 3,042,282                     | 1.99%      |
| 29       | 27,001 - | 3                        | 27,800                       | 83,400                | 343                  | 32.15%     | 3,125,682                     | 2.04%      |
| 30       | 28,001 - | 5                        | 28,600                       | 143,000               | 348                  | 32.61%     | 3,268,682                     | 2.13%      |
| 31       | 29,001 - | 10                       | 29,580                       | 295,800               | 358                  | 33.55%     | 3,564,482                     | 2.33%      |
| 32       | 30,001 - | 6                        | 30,283                       | 181,700               | 364                  | 34.11%     | 3,746,182                     | 2.45%      |
| 33       | 31,001 - | 9                        | 31,544                       | 283,900               | 373                  | 34.96%     | 4,030,082                     | 2.63%      |
| 34       | 32,001 - | 7                        | 32,514                       | 227,600               | 380                  | 35.61%     | 4,257,682                     | 2.78%      |
| 35       | 33,001 - | 5                        | 33,360                       | 166,800               | 385                  | 36.08%     | 4,424,482                     | 2.89%      |
| 36       | 34,001 - | 7                        | 34,629                       | 242,400               | 392                  | 36.74%     | 4,666,882                     | 3.05%      |
| 37       | 35,001 - | 6                        | 35,517                       | 213,100               | 398                  | 37.30%     | 4,879,982                     | 3.19%      |
| 38       | 36,001 - | 3                        | 36,567                       | 109,700               | 401                  | 37.58%     | 4,989,682                     | 3.26%      |
| 39       | 37,001 - | 5                        | 37,620                       | 188,100               | 406                  | 38.05%     | 5,177,782                     | 3.38%      |
| 40       | 38,001 - | 8                        | 38,413                       | 307,300               | 414                  | 38.80%     | 5,485,082                     | 3.58%      |
| 41       | 39,001 - | 9                        | 39,544                       | 355,900               | 423                  | 39.64%     | 5,840,982                     | 3.81%      |
| 42       | 40,001 - | 4                        | 40,675                       | 162,700               | 427                  | 40.02%     | 6,003,682                     | 3.92%      |
| 43       | 41,001 - | 9                        | 41,600                       | 374,400               | 436                  | 40.86%     | 6,378,082                     | 4.16%      |
| 44       | 42,001 - | 1                        | 42,300                       | 42,300                | 437                  | 40.96%     | 6,420,382                     | 4.19%      |
| 45       | 43,001 - | 3                        | 43,600                       | 130,800               | 440                  | 41.24%     | 6,551,182                     | 4.28%      |
| 46       | 44,001 - | 4                        | 44,750                       | 179,000               | 444                  | 41.61%     | 6,730,182                     | 4.39%      |
| 47       | 45,001 - | 6                        | 45,483                       | 272,900               | 450                  | 42.17%     | 7,003,082                     | 4.57%      |
| 48       | 46,001 - | 5                        | 46,380                       | 231,900               | 455                  | 42.64%     | 7,234,982                     | 4.72%      |
| 49       | 47,001 - | 7                        | 47,429                       | 332,000               | 462                  | 43.30%     | 7,566,982                     | 4.94%      |
| 50       | 48,001 - | 5                        | 48,620                       | 243,100               | 467                  | 43.77%     | 7,810,082                     | 5.10%      |
| 51       | 49,001 - | 7                        | 49,557                       | 346,900               | 474                  | 44.42%     | 8,156,982                     | 5.33%      |
| 52       | 50,001 - | 7                        | 50,371                       | 352,600               | 481                  | 45.08%     | 8,509,582                     | 5.56%      |
| 53       | 51,001 - | 4                        | 51,475                       | 205,900               | 485                  | 45.45%     | 8,715,482                     | 5.69%      |

**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 2023

Bill Count

Exhibit:

RLJ-DT2

Schedule H-5

Witness:

Jones

 Class: Commercial  
 Meter Size: 2"  
 Sub Class:

| Rate Tiers                    | Present Rates | Proposed Rates | Charges             | Present Rates | Proposed Rates |
|-------------------------------|---------------|----------------|---------------------|---------------|----------------|
|                               |               |                | Base Charge: \$     | 117.23        | \$ 126.08      |
| Tier One Breakover (M gal):   | 999,999       | -              | Tier One Rate: \$   | 1.64          | \$ -           |
| Tier Two Breakover (M gal):   | -             | 80             | Tier Two Rate: \$   | -             | \$ 1.83        |
| Tier Three Breakover (M gal): | -             | 999,999        | Tier Three Rate: \$ | -             | \$ 2.61        |

| 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   | 2                        | 52,350                       | 104,700               | 487                  | 45.64%     | 8,820,182                     | 5.76%      |
| 55       | 53,001 - 54,000   | 6                        | 53,733                       | 322,400               | 493                  | 46.20%     | 9,142,582                     | 5.97%      |
| 56       | 54,001 - 55,000   | 2                        | 54,700                       | 109,400               | 495                  | 46.39%     | 9,251,982                     | 6.04%      |
| 57       | 55,001 - 56,000   | 2                        | 55,200                       | 110,400               | 497                  | 46.58%     | 9,362,382                     | 6.11%      |
| 58       | 56,001 - 57,000   | 3                        | 56,700                       | 170,100               | 500                  | 46.86%     | 9,532,482                     | 6.22%      |
| 59       | 57,001 - 58,000   | 2                        | 57,300                       | 114,600               | 502                  | 47.05%     | 9,647,082                     | 6.30%      |
| 60       | 58,001 - 59,000   | 4                        | 58,475                       | 233,900               | 506                  | 47.42%     | 9,880,982                     | 6.45%      |
| 61       | 59,001 - 60,000   | 3                        | 59,567                       | 178,700               | 509                  | 47.70%     | 10,059,682                    | 6.57%      |
| 62       | 60,001 - 61,000   | 4                        | 60,750                       | 243,000               | 513                  | 48.08%     | 10,302,682                    | 6.73%      |
| 63       | 61,001 - 62,000   | 6                        | 61,617                       | 369,700               | 519                  | 48.64%     | 10,672,382                    | 6.97%      |
| 64       | 62,001 - 63,000   | -                        | -                            | -                     | 519                  | 48.64%     | 10,672,382                    | 6.97%      |
| 65       | 63,001 - 64,000   | 4                        | 63,425                       | 253,700               | 523                  | 49.02%     | 10,926,082                    | 7.13%      |
| 66       | 64,001 - 65,000   | 5                        | 64,540                       | 322,700               | 528                  | 49.48%     | 11,248,782                    | 7.34%      |
| 67       | 65,001 - 66,000   | -                        | -                            | -                     | 528                  | 49.48%     | 11,248,782                    | 7.34%      |
| 68       | 66,001 - 67,000   | 1                        | 66,800                       | 66,800                | 529                  | 49.58%     | 11,315,582                    | 7.39%      |
| 69       | 67,001 - 68,000   | 8                        | 67,563                       | 540,500               | 537                  | 50.33%     | 11,856,082                    | 7.74%      |
| 70       | 68,001 - 69,000   | 2                        | 68,500                       | 137,000               | 539                  | 50.52%     | 11,993,082                    | 7.83%      |
| 71       | 69,001 - 70,000   | 4                        | 69,575                       | 278,300               | 543                  | 50.89%     | 12,271,382                    | 8.01%      |
| 72       | 70,001 - 71,000   | 3                        | 70,600                       | 211,800               | 546                  | 51.17%     | 12,483,182                    | 8.15%      |
| 73       | 71,001 - 72,000   | 4                        | 71,675                       | 286,700               | 550                  | 51.55%     | 12,769,882                    | 8.34%      |
| 74       | 72,001 - 73,000   | 3                        | 72,233                       | 216,700               | 553                  | 51.83%     | 12,986,582                    | 8.48%      |
| 75       | 73,001 - 74,000   | 8                        | 73,550                       | 588,400               | 561                  | 52.58%     | 13,574,982                    | 8.86%      |
| 76       | 74,001 - 75,000   | 2                        | 74,900                       | 149,800               | 563                  | 52.76%     | 13,724,782                    | 8.96%      |
| 77       | 75,001 - 76,000   | 7                        | 75,700                       | 529,900               | 570                  | 53.42%     | 14,254,682                    | 9.31%      |
| 78       | 76,001 - 77,000   | 3                        | 76,567                       | 229,700               | 573                  | 53.70%     | 14,484,382                    | 9.46%      |
| 79       | 77,001 - 78,000   | 3                        | 77,433                       | 232,300               | 576                  | 53.98%     | 14,716,682                    | 9.61%      |
| 80       | 78,001 - 79,000   | -                        | -                            | -                     | 576                  | 53.98%     | 14,716,682                    | 9.61%      |
| 81       | 79,001 - 80,000   | 1                        | 79,300                       | 79,300                | 577                  | 54.08%     | 14,795,982                    | 9.66%      |
| 82       | 80,001 - 81,000   | 6                        | 80,717                       | 484,300               | 583                  | 54.64%     | 15,280,282                    | 9.98%      |
| 83       | 81,001 - 82,000   | 6                        | 81,500                       | 489,000               | 589                  | 55.20%     | 15,769,282                    | 10.30%     |
| 84       | 82,001 - 83,000   | 5                        | 82,560                       | 412,800               | 594                  | 55.67%     | 16,182,082                    | 10.57%     |
| 85       | 83,001 - 84,000   | 4                        | 83,525                       | 334,100               | 598                  | 56.04%     | 16,516,182                    | 10.78%     |
| 86       | 84,001 - 85,000   | 1                        | 84,100                       | 84,100                | 599                  | 56.14%     | 16,600,282                    | 10.84%     |
| 87       | 85,001 - 86,000   | 1                        | 85,400                       | 85,400                | 600                  | 56.23%     | 16,685,682                    | 10.90%     |
| 88       | 86,001 - 87,000   | 4                        | 86,550                       | 346,200               | 604                  | 56.61%     | 17,031,882                    | 11.12%     |
| 89       | 87,001 - 88,000   | 1                        | 88,000                       | 88,000                | 605                  | 56.70%     | 17,119,882                    | 11.18%     |
| 90       | 88,001 - 89,000   | 2                        | 88,550                       | 177,100               | 607                  | 56.89%     | 17,296,982                    | 11.29%     |
| 91       | 89,001 - 90,000   | 3                        | 89,533                       | 268,600               | 610                  | 57.17%     | 17,565,582                    | 11.47%     |
| 92       | 90,001 - 91,000   | 2                        | 90,350                       | 180,700               | 612                  | 57.36%     | 17,746,282                    | 11.59%     |
| 93       | 91,001 - 92,000   | 6                        | 91,633                       | 549,800               | 618                  | 57.92%     | 18,296,082                    | 11.95%     |
| 94       | 92,001 - 93,000   | 3                        | 92,267                       | 276,800               | 621                  | 58.20%     | 18,572,882                    | 12.13%     |
| 95       | 93,001 - 94,000   | 7                        | 93,500                       | 654,500               | 628                  | 58.86%     | 19,227,382                    | 12.55%     |
| 96       | 94,001 - 95,000   | 2                        | 94,650                       | 189,300               | 630                  | 59.04%     | 19,416,682                    | 12.68%     |
| 97       | 95,001 - 96,000   | 3                        | 95,267                       | 285,800               | 633                  | 59.33%     | 19,702,482                    | 12.86%     |
| 98       | 96,001 - 97,000   | 4                        | 96,675                       | 386,700               | 637                  | 59.70%     | 20,089,182                    | 13.12%     |
| 99       | 97,001 - 98,000   | 4                        | 97,400                       | 389,600               | 641                  | 60.07%     | 20,478,782                    | 13.37%     |
| 100      | 98,001 - 99,000   | 5                        | 98,640                       | 493,200               | 646                  | 60.54%     | 20,971,982                    | 13.69%     |
| 101      | 99,001 - 100,000  | 5                        | 99,640                       | 498,200               | 651                  | 61.01%     | 21,470,182                    | 14.02%     |
| 102      | 100,100 - 100,100 | 1                        | 100,100                      | 100,100               | 652                  | 61.11%     | 21,570,282                    | 14.08%     |
| 103      | 100,400 - 100,400 | 1                        | 100,400                      | 100,400               | 653                  | 61.20%     | 21,670,682                    | 14.15%     |
| 104      | 100,600 - 100,600 | 2                        | 100,600                      | 201,200               | 655                  | 61.39%     | 21,871,882                    | 14.28%     |
| 105      | 100,800 - 100,800 | 1                        | 100,800                      | 100,800               | 656                  | 61.48%     | 21,972,682                    | 14.35%     |
| 106      | 101,000 - 101,000 | 1                        | 101,000                      | 101,000               | 657                  | 61.57%     | 22,073,682                    | 14.41%     |



**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 2023

Bill Count

Exhibit:

RLJ-DT2

Schedule H-5

Witness:

Jones

Class: Commercial  
Meter Size: 2"  
Sub Class:

| Rate Tiers                    | Present Rates | Proposed Rates | Charges             | Present Rates | Proposed Rates |
|-------------------------------|---------------|----------------|---------------------|---------------|----------------|
|                               |               |                | Base Charge: \$     | 117.23        | \$ 126.08      |
| Tier One Breakover (M gal):   | 999,999       | -              | Tier One Rate: \$   | 1.64          | \$ -           |
| Tier Two Breakover (M gal):   | -             | 80             | Tier Two Rate: \$   | -             | \$ 1.83        |
| Tier Three Breakover (M gal): | -             | 999,999        | Tier Three Rate: \$ | -             | \$ 2.61        |

| Line |         |   | Number      | Average     |             |         | Cumulative Bills |            | Cumulative Consumption |            |
|------|---------|---|-------------|-------------|-------------|---------|------------------|------------|------------------------|------------|
| No.  | Block   |   | of Bills by | Consumption | Consumption |         | No.              | % of Total | Amount                 | % of Total |
|      |         |   | Block       | in Block    | by Blocks   |         |                  |            |                        |            |
| 107  | 101,200 | - | 101,200     | 1           | 101,200     | 101,200 | 658              | 61.67%     | 22,174,882             | 14.48%     |
| 108  | 101,400 | - | 101,400     | 2           | 101,400     | 202,800 | 660              | 61.86%     | 22,377,682             | 14.61%     |
| 109  | 101,500 | - | 101,500     | 1           | 101,500     | 101,500 | 661              | 61.95%     | 22,479,182             | 14.68%     |
| 110  | 102,100 | - | 102,100     | 2           | 102,100     | 204,200 | 663              | 62.14%     | 22,683,382             | 14.81%     |
| 111  | 102,300 | - | 102,300     | 1           | 102,300     | 102,300 | 664              | 62.23%     | 22,785,682             | 14.88%     |
| 112  | 102,600 | - | 102,600     | 1           | 102,600     | 102,600 | 665              | 62.32%     | 22,888,282             | 14.95%     |
| 113  | 103,000 | - | 103,000     | 1           | 103,000     | 103,000 | 666              | 62.42%     | 22,991,282             | 15.01%     |
| 114  | 103,700 | - | 103,700     | 1           | 103,700     | 103,700 | 667              | 62.51%     | 23,094,982             | 15.08%     |
| 115  | 103,800 | - | 103,800     | 1           | 103,800     | 103,800 | 668              | 62.61%     | 23,198,782             | 15.15%     |
| 116  | 103,900 | - | 103,900     | 1           | 103,900     | 103,900 | 669              | 62.70%     | 23,302,682             | 15.22%     |
| 117  | 104,100 | - | 104,100     | 2           | 104,100     | 208,200 | 671              | 62.89%     | 23,510,882             | 15.35%     |
| 118  | 104,600 | - | 104,600     | 1           | 104,600     | 104,600 | 672              | 62.98%     | 23,615,482             | 15.42%     |
| 119  | 104,900 | - | 104,900     | 2           | 104,900     | 209,800 | 674              | 63.17%     | 23,825,282             | 15.56%     |
| 120  | 105,600 | - | 105,600     | 1           | 105,600     | 105,600 | 675              | 63.26%     | 23,930,882             | 15.63%     |
| 121  | 105,700 | - | 105,700     | 1           | 105,700     | 105,700 | 676              | 63.36%     | 24,036,582             | 15.69%     |
| 122  | 106,000 | - | 106,000     | 1           | 106,000     | 106,000 | 677              | 63.45%     | 24,142,582             | 15.76%     |
| 123  | 106,200 | - | 106,200     | 2           | 106,200     | 212,400 | 679              | 63.64%     | 24,354,982             | 15.90%     |
| 124  | 106,400 | - | 106,400     | 1           | 106,400     | 106,400 | 680              | 63.73%     | 24,461,382             | 15.97%     |
| 125  | 106,600 | - | 106,600     | 1           | 106,600     | 106,600 | 681              | 63.82%     | 24,567,982             | 16.04%     |
| 126  | 106,700 | - | 106,700     | 1           | 106,700     | 106,700 | 682              | 63.92%     | 24,674,682             | 16.11%     |
| 127  | 107,200 | - | 107,200     | 1           | 107,200     | 107,200 | 683              | 64.01%     | 24,781,882             | 16.18%     |
| 128  | 107,900 | - | 107,900     | 1           | 107,900     | 107,900 | 684              | 64.10%     | 24,889,782             | 16.25%     |
| 129  | 108,000 | - | 108,000     | 1           | 108,000     | 108,000 | 685              | 64.20%     | 24,997,782             | 16.32%     |
| 130  | 108,100 | - | 108,100     | 1           | 108,100     | 108,100 | 686              | 64.29%     | 25,105,882             | 16.39%     |
| 131  | 108,200 | - | 108,200     | 1           | 108,200     | 108,200 | 687              | 64.39%     | 25,214,082             | 16.46%     |
| 132  | 108,700 | - | 108,700     | 1           | 108,700     | 108,700 | 688              | 64.48%     | 25,322,782             | 16.53%     |
| 133  | 109,400 | - | 109,400     | 1           | 109,400     | 109,400 | 689              | 64.57%     | 25,432,182             | 16.61%     |
| 134  | 109,500 | - | 109,500     | 1           | 109,500     | 109,500 | 690              | 64.67%     | 25,541,682             | 16.68%     |
| 135  | 109,800 | - | 109,800     | 1           | 109,800     | 109,800 | 691              | 64.76%     | 25,651,482             | 16.75%     |
| 136  | 110,300 | - | 110,300     | 1           | 110,300     | 110,300 | 692              | 64.85%     | 25,761,782             | 16.82%     |
| 137  | 110,900 | - | 110,900     | 1           | 110,900     | 110,900 | 693              | 64.95%     | 25,872,682             | 16.89%     |
| 138  | 111,100 | - | 111,100     | 1           | 111,100     | 111,100 | 694              | 65.04%     | 25,983,782             | 16.97%     |
| 139  | 111,400 | - | 111,400     | 1           | 111,400     | 111,400 | 695              | 65.14%     | 26,095,182             | 17.04%     |
| 140  | 111,700 | - | 111,700     | 2           | 111,700     | 223,400 | 697              | 65.32%     | 26,318,582             | 17.18%     |
| 141  | 112,000 | - | 112,000     | 1           | 112,000     | 112,000 | 698              | 65.42%     | 26,430,582             | 17.26%     |
| 142  | 112,100 | - | 112,100     | 1           | 112,100     | 112,100 | 699              | 65.51%     | 26,542,682             | 17.33%     |
| 143  | 112,300 | - | 112,300     | 1           | 112,300     | 112,300 | 700              | 65.60%     | 26,654,982             | 17.40%     |
| 144  | 112,600 | - | 112,600     | 1           | 112,600     | 112,600 | 701              | 65.70%     | 26,767,582             | 17.48%     |
| 145  | 113,000 | - | 113,000     | 1           | 113,000     | 113,000 | 702              | 65.79%     | 26,880,582             | 17.55%     |
| 146  | 113,200 | - | 113,200     | 3           | 113,200     | 339,600 | 705              | 66.07%     | 27,220,182             | 17.77%     |
| 147  | 113,400 | - | 113,400     | 1           | 113,400     | 113,400 | 706              | 66.17%     | 27,333,582             | 17.85%     |
| 148  | 113,800 | - | 113,800     | 1           | 113,800     | 113,800 | 707              | 66.26%     | 27,447,382             | 17.92%     |
| 149  | 113,900 | - | 113,900     | 1           | 113,900     | 113,900 | 708              | 66.35%     | 27,561,282             | 18.00%     |
| 150  | 114,200 | - | 114,200     | 2           | 114,200     | 228,400 | 710              | 66.54%     | 27,789,682             | 18.15%     |
| 151  | 114,300 | - | 114,300     | 2           | 114,300     | 228,600 | 712              | 66.73%     | 28,018,282             | 18.29%     |
| 152  | 114,600 | - | 114,600     | 1           | 114,600     | 114,600 | 713              | 66.82%     | 28,132,882             | 18.37%     |
| 153  | 115,000 | - | 115,000     | 1           | 115,000     | 115,000 | 714              | 66.92%     | 28,247,882             | 18.44%     |
| 154  | 115,600 | - | 115,600     | 1           | 115,600     | 115,600 | 715              | 67.01%     | 28,363,482             | 18.52%     |
| 155  | 117,100 | - | 117,100     | 1           | 117,100     | 117,100 | 716              | 67.10%     | 28,480,582             | 18.60%     |
| 156  | 117,500 | - | 117,500     | 1           | 117,500     | 117,500 | 717              | 67.20%     | 28,598,082             | 18.67%     |
| 157  | 117,800 | - | 117,800     | 1           | 117,800     | 117,800 | 718              | 67.29%     | 28,715,882             | 18.75%     |
| 158  | 118,400 | - | 118,400     | 1           | 118,400     | 118,400 | 719              | 67.39%     | 28,834,282             | 18.83%     |
| 159  | 118,600 | - | 118,600     | 1           | 118,600     | 118,600 | 720              | 67.48%     | 28,952,882             | 18.90%     |

**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 2023

Bill Count

Exhibit:

RLJ-DT2

Schedule H-5

Witness:

Jones

Class: Commercial  
Meter Size: 2"  
Sub Class:

| Rate Tiers                    | Present Rates | Proposed Rates |
|-------------------------------|---------------|----------------|
| Tier One Breakover (M gal):   | 999,999       | -              |
| Tier Two Breakover (M gal):   | -             | 80             |
| Tier Three Breakover (M gal): | -             | 999,999        |

| Charges             | Present Rates | Proposed Rates |
|---------------------|---------------|----------------|
| Base Charge: \$     | 117.23        | \$ 126.08      |
| Tier One Rate: \$   | 1.64          | \$ -           |
| Tier Two Rate: \$   | -             | \$ 1.83        |
| Tier Three Rate: \$ | -             | \$ 2.61        |

| 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 |
|----------|-------------------|--------------------------|------------------------------|-----------------------|----------------------|------------|-------------------------------|------------|
| 160      | 118,800 - 118,800 | 1                        | 118,800                      | 118,800               | 721                  | 67.57%     | 29,071,682                    | 18.98%     |
| 161      | 118,900 - 118,900 | 1                        | 118,900                      | 118,900               | 722                  | 67.67%     | 29,190,582                    | 19.06%     |
| 162      | 119,200 - 119,200 | 1                        | 119,200                      | 119,200               | 723                  | 67.76%     | 29,309,782                    | 19.14%     |
| 163      | 119,700 - 119,700 | 3                        | 119,700                      | 359,100               | 726                  | 68.04%     | 29,668,882                    | 19.37%     |
| 164      | 120,600 - 120,600 | 1                        | 120,600                      | 120,600               | 727                  | 68.13%     | 29,789,482                    | 19.45%     |
| 165      | 120,700 - 120,700 | 1                        | 120,700                      | 120,700               | 728                  | 68.23%     | 29,910,182                    | 19.53%     |
| 166      | 120,800 - 120,800 | 1                        | 120,800                      | 120,800               | 729                  | 68.32%     | 30,030,982                    | 19.61%     |
| 167      | 121,000 - 121,000 | 1                        | 121,000                      | 121,000               | 730                  | 68.42%     | 30,151,982                    | 19.69%     |
| 168      | 121,200 - 121,200 | 1                        | 121,200                      | 121,200               | 731                  | 68.51%     | 30,273,182                    | 19.77%     |
| 169      | 122,700 - 122,700 | 1                        | 122,700                      | 122,700               | 732                  | 68.60%     | 30,395,882                    | 19.85%     |
| 170      | 123,100 - 123,100 | 1                        | 123,100                      | 123,100               | 733                  | 68.70%     | 30,518,982                    | 19.93%     |
| 171      | 123,300 - 123,300 | 1                        | 123,300                      | 123,300               | 734                  | 68.79%     | 30,642,282                    | 20.01%     |
| 172      | 123,800 - 123,800 | 1                        | 123,800                      | 123,800               | 735                  | 68.88%     | 30,766,082                    | 20.09%     |
| 173      | 123,900 - 123,900 | 1                        | 123,900                      | 123,900               | 736                  | 68.98%     | 30,889,982                    | 20.17%     |
| 174      | 124,100 - 124,100 | 1                        | 124,100                      | 124,100               | 737                  | 69.07%     | 31,014,082                    | 20.25%     |
| 175      | 124,700 - 124,700 | 1                        | 124,700                      | 124,700               | 738                  | 69.17%     | 31,138,782                    | 20.33%     |
| 176      | 124,800 - 124,800 | 1                        | 124,800                      | 124,800               | 739                  | 69.26%     | 31,263,582                    | 20.41%     |
| 177      | 125,200 - 125,200 | 1                        | 125,200                      | 125,200               | 740                  | 69.35%     | 31,388,782                    | 20.50%     |
| 178      | 125,500 - 125,500 | 1                        | 125,500                      | 125,500               | 741                  | 69.45%     | 31,514,282                    | 20.58%     |
| 179      | 126,400 - 126,400 | 1                        | 126,400                      | 126,400               | 742                  | 69.54%     | 31,640,682                    | 20.66%     |
| 180      | 127,300 - 127,300 | 1                        | 127,300                      | 127,300               | 743                  | 69.63%     | 31,767,982                    | 20.74%     |
| 181      | 127,400 - 127,400 | 1                        | 127,400                      | 127,400               | 744                  | 69.73%     | 31,895,382                    | 20.83%     |
| 182      | 128,000 - 128,000 | 3                        | 128,000                      | 384,000               | 747                  | 70.01%     | 32,279,382                    | 21.08%     |
| 183      | 128,700 - 128,700 | 1                        | 128,700                      | 128,700               | 748                  | 70.10%     | 32,408,082                    | 21.16%     |
| 184      | 130,700 - 130,700 | 1                        | 130,700                      | 130,700               | 749                  | 70.20%     | 32,538,782                    | 21.25%     |
| 185      | 130,900 - 130,900 | 1                        | 130,900                      | 130,900               | 750                  | 70.29%     | 32,669,682                    | 21.33%     |
| 186      | 131,600 - 131,600 | 1                        | 131,600                      | 131,600               | 751                  | 70.38%     | 32,801,282                    | 21.42%     |
| 187      | 131,700 - 131,700 | 1                        | 131,700                      | 131,700               | 752                  | 70.48%     | 32,932,982                    | 21.50%     |
| 188      | 132,300 - 132,300 | 2                        | 132,300                      | 264,600               | 754                  | 70.67%     | 33,197,582                    | 21.68%     |
| 189      | 133,300 - 133,300 | 1                        | 133,300                      | 133,300               | 755                  | 70.76%     | 33,330,882                    | 21.76%     |
| 190      | 133,900 - 133,900 | 2                        | 133,900                      | 267,800               | 757                  | 70.95%     | 33,598,682                    | 21.94%     |
| 191      | 134,200 - 134,200 | 2                        | 134,200                      | 268,400               | 759                  | 71.13%     | 33,867,082                    | 22.11%     |
| 192      | 134,400 - 134,400 | 1                        | 134,400                      | 134,400               | 760                  | 71.23%     | 34,001,482                    | 22.20%     |
| 193      | 134,700 - 134,700 | 1                        | 134,700                      | 134,700               | 761                  | 71.32%     | 34,136,182                    | 22.29%     |
| 194      | 134,800 - 134,800 | 1                        | 134,800                      | 134,800               | 762                  | 71.42%     | 34,270,982                    | 22.38%     |
| 195      | 134,900 - 134,900 | 1                        | 134,900                      | 134,900               | 763                  | 71.51%     | 34,405,882                    | 22.47%     |
| 196      | 135,000 - 135,000 | 2                        | 135,000                      | 270,000               | 765                  | 71.70%     | 34,675,882                    | 22.64%     |
| 197      | 135,100 - 135,100 | 1                        | 135,100                      | 135,100               | 766                  | 71.79%     | 34,810,982                    | 22.73%     |
| 198      | 135,300 - 135,300 | 2                        | 135,300                      | 270,600               | 768                  | 71.98%     | 35,081,582                    | 22.91%     |
| 199      | 136,200 - 136,200 | 1                        | 136,200                      | 136,200               | 769                  | 72.07%     | 35,217,782                    | 23.00%     |
| 200      | 136,300 - 136,300 | 1                        | 136,300                      | 136,300               | 770                  | 72.16%     | 35,354,082                    | 23.08%     |
| 201      | 137,700 - 137,700 | 1                        | 137,700                      | 137,700               | 771                  | 72.26%     | 35,491,782                    | 23.17%     |
| 202      | 138,000 - 138,000 | 1                        | 138,000                      | 138,000               | 772                  | 72.35%     | 35,629,782                    | 23.26%     |
| 203      | 138,800 - 138,800 | 1                        | 138,800                      | 138,800               | 773                  | 72.45%     | 35,768,582                    | 23.36%     |
| 204      | 139,200 - 139,200 | 1                        | 139,200                      | 139,200               | 774                  | 72.54%     | 35,907,782                    | 23.45%     |
| 205      | 139,300 - 139,300 | 2                        | 139,300                      | 278,600               | 776                  | 72.73%     | 36,186,382                    | 23.63%     |
| 206      | 140,600 - 140,600 | 1                        | 140,600                      | 140,600               | 777                  | 72.82%     | 36,326,982                    | 23.72%     |
| 207      | 140,800 - 140,800 | 1                        | 140,800                      | 140,800               | 778                  | 72.91%     | 36,467,782                    | 23.81%     |
| 208      | 140,900 - 140,900 | 1                        | 140,900                      | 140,900               | 779                  | 73.01%     | 36,608,682                    | 23.90%     |
| 209      | 141,800 - 141,800 | 1                        | 141,800                      | 141,800               | 780                  | 73.10%     | 36,750,482                    | 24.00%     |
| 210      | 142,400 - 142,400 | 1                        | 142,400                      | 142,400               | 781                  | 73.20%     | 36,892,882                    | 24.09%     |
| 211      | 142,900 - 142,900 | 1                        | 142,900                      | 142,900               | 782                  | 73.29%     | 37,035,782                    | 24.18%     |
| 212      | 143,900 - 143,900 | 1                        | 143,900                      | 143,900               | 783                  | 73.38%     | 37,179,682                    | 24.28%     |

**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 2023

Bill Count

Exhibit:

RLJ-DT2

Schedule H-5

Witness:

Jones

Class: Commercial  
Meter Size: 2"  
Sub Class:

| Rate Tiers                    | Present Rates | Proposed Rates | Charges             | Present Rates | Proposed Rates |
|-------------------------------|---------------|----------------|---------------------|---------------|----------------|
|                               |               |                | Base Charge: \$     | 117.23        | \$ 126.08      |
| Tier One Breakover (M gal):   | 999,999       | -              | Tier One Rate: \$   | 1.64          | \$ -           |
| Tier Two Breakover (M gal):   | -             | 80             | Tier Two Rate: \$   | -             | \$ 1.83        |
| Tier Three Breakover (M gal): | -             | 999,999        | Tier Three Rate: \$ | -             | \$ 2.61        |

| 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 |
|----------|-------------------|--------------------------|------------------------------|-----------------------|----------------------|------------|-------------------------------|------------|
| 213      | 144,300 - 144,300 | 1                        | 144,300                      | 144,300               | 784                  | 73.48%     | 37,323,982                    | 24.37%     |
| 214      | 144,400 - 144,400 | 1                        | 144,400                      | 144,400               | 785                  | 73.57%     | 37,468,382                    | 24.47%     |
| 215      | 144,600 - 144,600 | 2                        | 144,600                      | 289,200               | 787                  | 73.76%     | 37,757,582                    | 24.65%     |
| 216      | 144,700 - 144,700 | 1                        | 144,700                      | 144,700               | 788                  | 73.85%     | 37,902,282                    | 24.75%     |
| 217      | 145,500 - 145,500 | 1                        | 145,500                      | 145,500               | 789                  | 73.95%     | 38,047,782                    | 24.84%     |
| 218      | 145,600 - 145,600 | 1                        | 145,600                      | 145,600               | 790                  | 74.04%     | 38,193,382                    | 24.94%     |
| 219      | 145,900 - 145,900 | 1                        | 145,900                      | 145,900               | 791                  | 74.13%     | 38,339,282                    | 25.03%     |
| 220      | 146,600 - 146,600 | 1                        | 146,600                      | 146,600               | 792                  | 74.23%     | 38,485,882                    | 25.13%     |
| 221      | 147,000 - 147,000 | 1                        | 147,000                      | 147,000               | 793                  | 74.32%     | 38,632,882                    | 25.23%     |
| 222      | 147,100 - 147,100 | 1                        | 147,100                      | 147,100               | 794                  | 74.41%     | 38,779,982                    | 25.32%     |
| 223      | 148,700 - 148,700 | 1                        | 148,700                      | 148,700               | 795                  | 74.51%     | 38,928,682                    | 25.42%     |
| 224      | 150,100 - 150,100 | 1                        | 150,100                      | 150,100               | 796                  | 74.60%     | 39,078,782                    | 25.52%     |
| 225      | 150,700 - 150,700 | 1                        | 150,700                      | 150,700               | 797                  | 74.70%     | 39,229,482                    | 25.62%     |
| 226      | 151,900 - 151,900 | 1                        | 151,900                      | 151,900               | 798                  | 74.79%     | 39,381,382                    | 25.71%     |
| 227      | 152,600 - 152,600 | 1                        | 152,600                      | 152,600               | 799                  | 74.88%     | 39,533,982                    | 25.81%     |
| 228      | 153,100 - 153,100 | 1                        | 153,100                      | 153,100               | 800                  | 74.98%     | 39,687,082                    | 25.91%     |
| 229      | 153,400 - 153,400 | 2                        | 153,400                      | 306,800               | 802                  | 75.16%     | 39,993,882                    | 26.11%     |
| 230      | 154,100 - 154,100 | 1                        | 154,100                      | 154,100               | 803                  | 75.26%     | 40,147,982                    | 26.21%     |
| 231      | 154,900 - 154,900 | 1                        | 154,900                      | 154,900               | 804                  | 75.35%     | 40,302,882                    | 26.32%     |
| 232      | 155,400 - 155,400 | 1                        | 155,400                      | 155,400               | 805                  | 75.45%     | 40,458,282                    | 26.42%     |
| 233      | 156,100 - 156,100 | 2                        | 156,100                      | 312,200               | 807                  | 75.63%     | 40,770,482                    | 26.62%     |
| 234      | 156,300 - 156,300 | 1                        | 156,300                      | 156,300               | 808                  | 75.73%     | 40,926,782                    | 26.72%     |
| 235      | 156,400 - 156,400 | 1                        | 156,400                      | 156,400               | 809                  | 75.82%     | 41,083,182                    | 26.83%     |
| 236      | 157,900 - 157,900 | 1                        | 157,900                      | 157,900               | 810                  | 75.91%     | 41,241,082                    | 26.93%     |
| 237      | 158,200 - 158,200 | 1                        | 158,200                      | 158,200               | 811                  | 76.01%     | 41,399,282                    | 27.03%     |
| 238      | 158,400 - 158,400 | 1                        | 158,400                      | 158,400               | 812                  | 76.10%     | 41,557,682                    | 27.14%     |
| 239      | 159,100 - 159,100 | 2                        | 159,100                      | 318,200               | 814                  | 76.29%     | 41,875,882                    | 27.34%     |
| 240      | 159,400 - 159,400 | 1                        | 159,400                      | 159,400               | 815                  | 76.38%     | 42,035,282                    | 27.45%     |
| 241      | 159,900 - 159,900 | 1                        | 159,900                      | 159,900               | 816                  | 76.48%     | 42,195,182                    | 27.55%     |
| 242      | 160,000 - 160,000 | 1                        | 160,000                      | 160,000               | 817                  | 76.57%     | 42,355,182                    | 27.66%     |
| 243      | 160,600 - 160,600 | 1                        | 160,600                      | 160,600               | 818                  | 76.66%     | 42,515,782                    | 27.76%     |
| 244      | 160,700 - 160,700 | 1                        | 160,700                      | 160,700               | 819                  | 76.76%     | 42,676,482                    | 27.87%     |
| 245      | 160,800 - 160,800 | 1                        | 160,800                      | 160,800               | 820                  | 76.85%     | 42,837,282                    | 27.97%     |
| 246      | 161,100 - 161,100 | 1                        | 161,100                      | 161,100               | 821                  | 76.94%     | 42,998,382                    | 28.08%     |
| 247      | 161,300 - 161,300 | 2                        | 161,300                      | 322,600               | 823                  | 77.13%     | 43,320,982                    | 28.29%     |
| 248      | 161,800 - 161,800 | 1                        | 161,800                      | 161,800               | 824                  | 77.23%     | 43,482,782                    | 28.39%     |
| 249      | 163,700 - 163,700 | 1                        | 163,700                      | 163,700               | 825                  | 77.32%     | 43,646,482                    | 28.50%     |
| 250      | 164,000 - 164,000 | 1                        | 164,000                      | 164,000               | 826                  | 77.41%     | 43,810,482                    | 28.61%     |
| 251      | 164,100 - 164,100 | 1                        | 164,100                      | 164,100               | 827                  | 77.51%     | 43,974,582                    | 28.71%     |
| 252      | 164,600 - 164,600 | 1                        | 164,600                      | 164,600               | 828                  | 77.60%     | 44,139,182                    | 28.82%     |
| 253      | 164,700 - 164,700 | 1                        | 164,700                      | 164,700               | 829                  | 77.69%     | 44,303,882                    | 28.93%     |
| 254      | 166,100 - 166,100 | 1                        | 166,100                      | 166,100               | 830                  | 77.79%     | 44,469,982                    | 29.04%     |
| 255      | 167,200 - 167,200 | 1                        | 167,200                      | 167,200               | 831                  | 77.88%     | 44,637,182                    | 29.15%     |
| 256      | 167,900 - 167,900 | 1                        | 167,900                      | 167,900               | 832                  | 77.98%     | 44,805,082                    | 29.26%     |
| 257      | 168,400 - 168,400 | 1                        | 168,400                      | 168,400               | 833                  | 78.07%     | 44,973,482                    | 29.37%     |
| 258      | 169,500 - 169,500 | 1                        | 169,500                      | 169,500               | 834                  | 78.16%     | 45,142,982                    | 29.48%     |
| 259      | 170,100 - 170,100 | 2                        | 170,100                      | 340,200               | 836                  | 78.35%     | 45,483,182                    | 29.70%     |
| 260      | 170,400 - 170,400 | 1                        | 170,400                      | 170,400               | 837                  | 78.44%     | 45,653,582                    | 29.81%     |
| 261      | 170,600 - 170,600 | 1                        | 170,600                      | 170,600               | 838                  | 78.54%     | 45,824,182                    | 29.92%     |
| 262      | 170,800 - 170,800 | 1                        | 170,800                      | 170,800               | 839                  | 78.63%     | 45,994,982                    | 30.03%     |
| 263      | 171,900 - 171,900 | 1                        | 171,900                      | 171,900               | 840                  | 78.73%     | 46,166,882                    | 30.14%     |
| 264      | 173,000 - 173,000 | 1                        | 173,000                      | 173,000               | 841                  | 78.82%     | 46,339,882                    | 30.26%     |
| 265      | 173,500 - 173,500 | 1                        | 173,500                      | 173,500               | 842                  | 78.91%     | 46,513,382                    | 30.37%     |

**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 2023

Bill Count

Exhibit:

RLJ-DT2

Schedule H-5

Witness:

Jones

Class: Commercial  
Meter Size: 2"  
Sub Class:

| Rate Tiers                    | Present Rates | Proposed Rates |
|-------------------------------|---------------|----------------|
| Tier One Breakover (M gal):   | 999,999       | -              |
| Tier Two Breakover (M gal):   | -             | 80             |
| Tier Three Breakover (M gal): | -             | 999,999        |

| Charges             | Present Rates | Proposed Rates |
|---------------------|---------------|----------------|
| Base Charge: \$     | 117.23        | \$ 126.08      |
| Tier One Rate: \$   | 1.64          | \$ -           |
| Tier Two Rate: \$   | -             | \$ 1.83        |
| Tier Three Rate: \$ | -             | \$ 2.61        |

| 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 |
|----------|-------------------|--------------------------|------------------------------|-----------------------|----------------------|------------|-------------------------------|------------|
| 266      | 173,700 - 173,700 | 1                        | 173,700                      | 173,700               | 843                  | 79.01%     | 46,687,082                    | 30.48%     |
| 267      | 174,600 - 174,600 | 1                        | 174,600                      | 174,600               | 844                  | 79.10%     | 46,861,682                    | 30.60%     |
| 268      | 175,000 - 175,000 | 1                        | 175,000                      | 175,000               | 845                  | 79.19%     | 47,036,682                    | 30.71%     |
| 269      | 175,200 - 175,200 | 1                        | 175,200                      | 175,200               | 846                  | 79.29%     | 47,211,882                    | 30.83%     |
| 270      | 175,500 - 175,500 | 1                        | 175,500                      | 175,500               | 847                  | 79.38%     | 47,387,382                    | 30.94%     |
| 271      | 175,700 - 175,700 | 1                        | 175,700                      | 175,700               | 848                  | 79.48%     | 47,563,082                    | 31.06%     |
| 272      | 177,000 - 177,000 | 1                        | 177,000                      | 177,000               | 849                  | 79.57%     | 47,740,082                    | 31.17%     |
| 273      | 180,000 - 180,000 | 3                        | 180,000                      | 540,000               | 852                  | 79.85%     | 48,280,082                    | 31.52%     |
| 274      | 180,100 - 180,100 | 1                        | 180,100                      | 180,100               | 853                  | 79.94%     | 48,460,182                    | 31.64%     |
| 275      | 180,500 - 180,500 | 1                        | 180,500                      | 180,500               | 854                  | 80.04%     | 48,640,682                    | 31.76%     |
| 276      | 183,300 - 183,300 | 1                        | 183,300                      | 183,300               | 855                  | 80.13%     | 48,823,982                    | 31.88%     |
| 277      | 183,400 - 183,400 | 1                        | 183,400                      | 183,400               | 856                  | 80.22%     | 49,007,382                    | 32.00%     |
| 278      | 184,900 - 184,900 | 1                        | 184,900                      | 184,900               | 857                  | 80.32%     | 49,192,282                    | 32.12%     |
| 279      | 185,600 - 185,600 | 1                        | 185,600                      | 185,600               | 858                  | 80.41%     | 49,377,882                    | 32.24%     |
| 280      | 186,300 - 186,300 | 1                        | 186,300                      | 186,300               | 859                  | 80.51%     | 49,564,182                    | 32.36%     |
| 281      | 186,800 - 186,800 | 1                        | 186,800                      | 186,800               | 860                  | 80.60%     | 49,750,982                    | 32.49%     |
| 282      | 187,000 - 187,000 | 1                        | 187,000                      | 187,000               | 861                  | 80.69%     | 49,937,982                    | 32.61%     |
| 283      | 188,300 - 188,300 | 1                        | 188,300                      | 188,300               | 862                  | 80.79%     | 50,126,282                    | 32.73%     |
| 284      | 188,400 - 188,400 | 1                        | 188,400                      | 188,400               | 863                  | 80.88%     | 50,314,682                    | 32.85%     |
| 285      | 188,800 - 188,800 | 1                        | 188,800                      | 188,800               | 864                  | 80.97%     | 50,503,482                    | 32.98%     |
| 286      | 190,000 - 190,000 | 1                        | 190,000                      | 190,000               | 865                  | 81.07%     | 50,693,482                    | 33.10%     |
| 287      | 191,400 - 191,400 | 1                        | 191,400                      | 191,400               | 866                  | 81.16%     | 50,884,882                    | 33.23%     |
| 288      | 191,500 - 191,500 | 1                        | 191,500                      | 191,500               | 867                  | 81.26%     | 51,076,382                    | 33.35%     |
| 289      | 194,300 - 194,300 | 1                        | 194,300                      | 194,300               | 868                  | 81.35%     | 51,270,682                    | 33.48%     |
| 290      | 195,100 - 195,100 | 1                        | 195,100                      | 195,100               | 869                  | 81.44%     | 51,465,782                    | 33.60%     |
| 291      | 195,900 - 195,900 | 2                        | 195,900                      | 391,800               | 871                  | 81.63%     | 51,857,582                    | 33.86%     |
| 292      | 198,400 - 198,400 | 1                        | 198,400                      | 198,400               | 872                  | 81.72%     | 52,055,982                    | 33.99%     |
| 293      | 198,700 - 198,700 | 1                        | 198,700                      | 198,700               | 873                  | 81.82%     | 52,254,682                    | 34.12%     |
| 294      | 200,400 - 200,400 | 1                        | 200,400                      | 200,400               | 874                  | 81.91%     | 52,455,082                    | 34.25%     |
| 295      | 200,700 - 200,700 | 1                        | 200,700                      | 200,700               | 875                  | 82.01%     | 52,655,782                    | 34.38%     |
| 296      | 201,100 - 201,100 | 1                        | 201,100                      | 201,100               | 876                  | 82.10%     | 52,856,882                    | 34.51%     |
| 297      | 201,700 - 201,700 | 1                        | 201,700                      | 201,700               | 877                  | 82.19%     | 53,058,582                    | 34.64%     |
| 298      | 202,700 - 202,700 | 1                        | 202,700                      | 202,700               | 878                  | 82.29%     | 53,261,282                    | 34.78%     |
| 299      | 203,200 - 203,200 | 1                        | 203,200                      | 203,200               | 879                  | 82.38%     | 53,464,482                    | 34.91%     |
| 300      | 204,200 - 204,200 | 1                        | 204,200                      | 204,200               | 880                  | 82.47%     | 53,668,682                    | 35.04%     |
| 301      | 211,100 - 211,100 | 1                        | 211,100                      | 211,100               | 881                  | 82.57%     | 53,879,782                    | 35.18%     |
| 302      | 211,400 - 211,400 | 1                        | 211,400                      | 211,400               | 882                  | 82.66%     | 54,091,182                    | 35.32%     |
| 303      | 211,600 - 211,600 | 1                        | 211,600                      | 211,600               | 883                  | 82.76%     | 54,302,782                    | 35.46%     |
| 304      | 213,300 - 213,300 | 1                        | 213,300                      | 213,300               | 884                  | 82.85%     | 54,516,082                    | 35.60%     |
| 305      | 214,100 - 214,100 | 1                        | 214,100                      | 214,100               | 885                  | 82.94%     | 54,730,182                    | 35.74%     |
| 306      | 214,600 - 214,600 | 1                        | 214,600                      | 214,600               | 886                  | 83.04%     | 54,944,782                    | 35.88%     |
| 307      | 216,300 - 216,300 | 1                        | 216,300                      | 216,300               | 887                  | 83.13%     | 55,161,082                    | 36.02%     |
| 308      | 216,600 - 216,600 | 1                        | 216,600                      | 216,600               | 888                  | 83.22%     | 55,377,682                    | 36.16%     |
| 309      | 219,100 - 219,100 | 1                        | 219,100                      | 219,100               | 889                  | 83.32%     | 55,596,782                    | 36.30%     |
| 310      | 222,100 - 222,100 | 1                        | 222,100                      | 222,100               | 890                  | 83.41%     | 55,818,882                    | 36.45%     |
| 311      | 223,400 - 223,400 | 1                        | 223,400                      | 223,400               | 891                  | 83.51%     | 56,042,282                    | 36.59%     |
| 312      | 223,600 - 223,600 | 1                        | 223,600                      | 223,600               | 892                  | 83.60%     | 56,265,882                    | 36.74%     |
| 313      | 223,700 - 223,700 | 1                        | 223,700                      | 223,700               | 893                  | 83.69%     | 56,489,582                    | 36.89%     |
| 314      | 224,500 - 224,500 | 1                        | 224,500                      | 224,500               | 894                  | 83.79%     | 56,714,082                    | 37.03%     |
| 315      | 225,900 - 225,900 | 1                        | 225,900                      | 225,900               | 895                  | 83.88%     | 56,939,982                    | 37.18%     |
| 316      | 226,200 - 226,200 | 1                        | 226,200                      | 226,200               | 896                  | 83.97%     | 57,166,182                    | 37.33%     |
| 317      | 227,300 - 227,300 | 2                        | 227,300                      | 454,600               | 898                  | 84.16%     | 57,620,782                    | 37.62%     |
| 318      | 228,000 - 228,000 | 1                        | 228,000                      | 228,000               | 899                  | 84.25%     | 57,848,782                    | 37.77%     |

**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 2023

Bill Count

Exhibit:

RLJ-DT2

Schedule H-5

Witness:

Jones

Class: Commercial  
Meter Size: 2"  
Sub Class:

| Rate Tiers                    | Present Rates | Proposed Rates | Charges             | Present Rates | Proposed Rates |
|-------------------------------|---------------|----------------|---------------------|---------------|----------------|
|                               |               |                | Base Charge: \$     | 117.23        | \$ 126.08      |
| Tier One Breakover (M gal):   | 999,999       | -              | Tier One Rate: \$   | 1.64          | \$ -           |
| Tier Two Breakover (M gal):   | -             | 80             | Tier Two Rate: \$   | -             | \$ 1.83        |
| Tier Three Breakover (M gal): | -             | 999,999        | Tier Three Rate: \$ | -             | \$ 2.61        |

| 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 |
|----------|-------------------|--------------------------|------------------------------|-----------------------|----------------------|------------|-------------------------------|------------|
| 319      | 228,900 - 228,900 | 1                        | 228,900                      | 228,900               | 900                  | 84.35%     | 58,077,682                    | 37.92%     |
| 320      | 231,500 - 231,500 | 1                        | 231,500                      | 231,500               | 901                  | 84.44%     | 58,309,182                    | 38.07%     |
| 321      | 236,600 - 236,600 | 1                        | 236,600                      | 236,600               | 902                  | 84.54%     | 58,545,782                    | 38.23%     |
| 322      | 239,300 - 239,300 | 1                        | 239,300                      | 239,300               | 903                  | 84.63%     | 58,785,082                    | 38.38%     |
| 323      | 239,600 - 239,600 | 1                        | 239,600                      | 239,600               | 904                  | 84.72%     | 59,024,682                    | 38.54%     |
| 324      | 244,500 - 244,500 | 1                        | 244,500                      | 244,500               | 905                  | 84.82%     | 59,269,182                    | 38.70%     |
| 325      | 246,400 - 246,400 | 1                        | 246,400                      | 246,400               | 906                  | 84.91%     | 59,515,582                    | 38.86%     |
| 326      | 247,400 - 247,400 | 1                        | 247,400                      | 247,400               | 907                  | 85.00%     | 59,762,982                    | 39.02%     |
| 327      | 249,600 - 249,600 | 1                        | 249,600                      | 249,600               | 908                  | 85.10%     | 60,012,582                    | 39.19%     |
| 328      | 251,400 - 251,400 | 1                        | 251,400                      | 251,400               | 909                  | 85.19%     | 60,263,982                    | 39.35%     |
| 329      | 254,300 - 254,300 | 1                        | 254,300                      | 254,300               | 910                  | 85.29%     | 60,518,282                    | 39.52%     |
| 330      | 254,600 - 254,600 | 1                        | 254,600                      | 254,600               | 911                  | 85.38%     | 60,772,882                    | 39.68%     |
| 331      | 255,100 - 255,100 | 1                        | 255,100                      | 255,100               | 912                  | 85.47%     | 61,027,982                    | 39.85%     |
| 332      | 255,900 - 255,900 | 1                        | 255,900                      | 255,900               | 913                  | 85.57%     | 61,283,882                    | 40.02%     |
| 333      | 256,200 - 256,200 | 1                        | 256,200                      | 256,200               | 914                  | 85.66%     | 61,540,082                    | 40.18%     |
| 334      | 256,600 - 256,600 | 1                        | 256,600                      | 256,600               | 915                  | 85.75%     | 61,796,682                    | 40.35%     |
| 335      | 256,800 - 256,800 | 1                        | 256,800                      | 256,800               | 916                  | 85.85%     | 62,053,482                    | 40.52%     |
| 336      | 257,400 - 257,400 | 1                        | 257,400                      | 257,400               | 917                  | 85.94%     | 62,310,882                    | 40.69%     |
| 337      | 257,700 - 257,700 | 1                        | 257,700                      | 257,700               | 918                  | 86.04%     | 62,568,582                    | 40.85%     |
| 338      | 259,700 - 259,700 | 1                        | 259,700                      | 259,700               | 919                  | 86.13%     | 62,828,282                    | 41.02%     |
| 339      | 262,000 - 262,000 | 1                        | 262,000                      | 262,000               | 920                  | 86.22%     | 63,090,282                    | 41.20%     |
| 340      | 262,200 - 262,200 | 1                        | 262,200                      | 262,200               | 921                  | 86.32%     | 63,352,482                    | 41.37%     |
| 341      | 263,100 - 263,100 | 1                        | 263,100                      | 263,100               | 922                  | 86.41%     | 63,615,582                    | 41.54%     |
| 342      | 263,600 - 263,600 | 1                        | 263,600                      | 263,600               | 923                  | 86.50%     | 63,879,182                    | 41.71%     |
| 343      | 266,100 - 266,100 | 1                        | 266,100                      | 266,100               | 924                  | 86.60%     | 64,145,282                    | 41.88%     |
| 344      | 267,600 - 267,600 | 1                        | 267,600                      | 267,600               | 925                  | 86.69%     | 64,412,882                    | 42.06%     |
| 345      | 269,800 - 269,800 | 1                        | 269,800                      | 269,800               | 926                  | 86.79%     | 64,682,682                    | 42.23%     |
| 346      | 270,000 - 270,000 | 1                        | 270,000                      | 270,000               | 927                  | 86.88%     | 64,952,682                    | 42.41%     |
| 347      | 271,000 - 271,000 | 1                        | 271,000                      | 271,000               | 928                  | 86.97%     | 65,223,682                    | 42.59%     |
| 348      | 274,600 - 274,600 | 2                        | 274,600                      | 549,200               | 930                  | 87.16%     | 65,772,882                    | 42.95%     |
| 349      | 280,800 - 280,800 | 1                        | 280,800                      | 280,800               | 931                  | 87.25%     | 66,053,682                    | 43.13%     |
| 350      | 284,600 - 284,600 | 1                        | 284,600                      | 284,600               | 932                  | 87.35%     | 66,338,282                    | 43.32%     |
| 351      | 286,900 - 286,900 | 1                        | 286,900                      | 286,900               | 933                  | 87.44%     | 66,625,182                    | 43.50%     |
| 352      | 291,700 - 291,700 | 1                        | 291,700                      | 291,700               | 934                  | 87.54%     | 66,916,882                    | 43.69%     |
| 353      | 294,900 - 294,900 | 2                        | 294,900                      | 589,800               | 936                  | 87.72%     | 67,506,682                    | 44.08%     |
| 354      | 299,300 - 299,300 | 1                        | 299,300                      | 299,300               | 937                  | 87.82%     | 67,805,982                    | 44.27%     |
| 355      | 301,900 - 301,900 | 1                        | 301,900                      | 301,900               | 938                  | 87.91%     | 68,107,882                    | 44.47%     |
| 356      | 306,300 - 306,300 | 1                        | 306,300                      | 306,300               | 939                  | 88.00%     | 68,414,182                    | 44.67%     |
| 357      | 311,000 - 311,000 | 1                        | 311,000                      | 311,000               | 940                  | 88.10%     | 68,725,182                    | 44.87%     |
| 358      | 313,200 - 313,200 | 2                        | 313,200                      | 626,400               | 942                  | 88.28%     | 69,351,582                    | 45.28%     |
| 359      | 313,300 - 313,300 | 1                        | 313,300                      | 313,300               | 943                  | 88.38%     | 69,664,882                    | 45.49%     |
| 360      | 315,300 - 315,300 | 1                        | 315,300                      | 315,300               | 944                  | 88.47%     | 69,980,182                    | 45.69%     |
| 361      | 318,400 - 318,400 | 1                        | 318,400                      | 318,400               | 945                  | 88.57%     | 70,298,582                    | 45.90%     |
| 362      | 318,700 - 318,700 | 1                        | 318,700                      | 318,700               | 946                  | 88.66%     | 70,617,282                    | 46.11%     |
| 363      | 320,800 - 320,800 | 1                        | 320,800                      | 320,800               | 947                  | 88.75%     | 70,938,082                    | 46.32%     |
| 364      | 322,800 - 322,800 | 2                        | 322,800                      | 645,600               | 949                  | 88.94%     | 71,583,682                    | 46.74%     |
| 365      | 323,000 - 323,000 | 1                        | 323,000                      | 323,000               | 950                  | 89.03%     | 71,906,682                    | 46.95%     |
| 366      | 323,100 - 323,100 | 1                        | 323,100                      | 323,100               | 951                  | 89.13%     | 72,229,782                    | 47.16%     |
| 367      | 323,800 - 323,800 | 1                        | 323,800                      | 323,800               | 952                  | 89.22%     | 72,553,582                    | 47.37%     |
| 368      | 324,100 - 324,100 | 1                        | 324,100                      | 324,100               | 953                  | 89.32%     | 72,877,682                    | 47.59%     |
| 369      | 325,100 - 325,100 | 1                        | 325,100                      | 325,100               | 954                  | 89.41%     | 73,202,782                    | 47.80%     |
| 370      | 325,400 - 325,400 | 1                        | 325,400                      | 325,400               | 955                  | 89.50%     | 73,528,182                    | 48.01%     |
| 371      | 327,000 - 327,000 | 1                        | 327,000                      | 327,000               | 956                  | 89.60%     | 73,855,182                    | 48.22%     |

**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 2023

Bill Count

Exhibit:

RLJ-DT2

Schedule H-5

Witness:

Jones

Class: Commercial  
Meter Size: 2"  
Sub Class:

| Rate Tiers                    | Present Rates | Proposed Rates | Charges             | Present Rates | Proposed Rates |
|-------------------------------|---------------|----------------|---------------------|---------------|----------------|
|                               |               |                | Base Charge: \$     | 117.23        | \$ 126.08      |
| Tier One Breakover (M gal):   | 999,999       | -              | Tier One Rate: \$   | 1.64          | \$ -           |
| Tier Two Breakover (M gal):   | -             | 80             | Tier Two Rate: \$   | -             | \$ 1.83        |
| Tier Three Breakover (M gal): | -             | 999,999        | Tier Three Rate: \$ | -             | \$ 2.61        |

| Line |         |   | Number      |   | Average     |             | Cumulative Bills |            | Cumulative Consumption |            |
|------|---------|---|-------------|---|-------------|-------------|------------------|------------|------------------------|------------|
| No.  | Block   |   | of Bills by |   | Consumption | Consumption | No.              | % of Total | Amount                 | % of Total |
|      |         |   | Block       |   | in Block    | by Blocks   |                  |            |                        |            |
| 372  | 328,700 | - | 328,700     | 1 | 328,700     | 328,700     | 957              | 89.69%     | 74,183,882             | 48.44%     |
| 373  | 328,900 | - | 328,900     | 1 | 328,900     | 328,900     | 958              | 89.78%     | 74,512,782             | 48.65%     |
| 374  | 332,300 | - | 332,300     | 1 | 332,300     | 332,300     | 959              | 89.88%     | 74,845,082             | 48.87%     |
| 375  | 333,500 | - | 333,500     | 1 | 333,500     | 333,500     | 960              | 89.97%     | 75,178,582             | 49.09%     |
| 376  | 334,800 | - | 334,800     | 1 | 334,800     | 334,800     | 961              | 90.07%     | 75,513,382             | 49.31%     |
| 377  | 340,500 | - | 340,500     | 1 | 340,500     | 340,500     | 962              | 90.16%     | 75,853,882             | 49.53%     |
| 378  | 345,300 | - | 345,300     | 1 | 345,300     | 345,300     | 963              | 90.25%     | 76,199,182             | 49.75%     |
| 379  | 356,800 | - | 356,800     | 1 | 356,800     | 356,800     | 964              | 90.35%     | 76,555,982             | 49.99%     |
| 380  | 357,800 | - | 357,800     | 1 | 357,800     | 357,800     | 965              | 90.44%     | 76,913,782             | 50.22%     |
| 381  | 363,300 | - | 363,300     | 1 | 363,300     | 363,300     | 966              | 90.53%     | 77,277,082             | 50.46%     |
| 382  | 364,300 | - | 364,300     | 1 | 364,300     | 364,300     | 967              | 90.63%     | 77,641,382             | 50.70%     |
| 383  | 365,600 | - | 365,600     | 1 | 365,600     | 365,600     | 968              | 90.72%     | 78,006,982             | 50.94%     |
| 384  | 371,400 | - | 371,400     | 1 | 371,400     | 371,400     | 969              | 90.82%     | 78,378,382             | 51.18%     |
| 385  | 373,600 | - | 373,600     | 1 | 373,600     | 373,600     | 970              | 90.91%     | 78,751,982             | 51.42%     |
| 386  | 373,900 | - | 373,900     | 1 | 373,900     | 373,900     | 971              | 91.00%     | 79,125,882             | 51.67%     |
| 387  | 374,100 | - | 374,100     | 1 | 374,100     | 374,100     | 972              | 91.10%     | 79,499,982             | 51.91%     |
| 388  | 378,700 | - | 378,700     | 1 | 378,700     | 378,700     | 973              | 91.19%     | 79,878,682             | 52.16%     |
| 389  | 381,000 | - | 381,000     | 1 | 381,000     | 381,000     | 974              | 91.28%     | 80,259,682             | 52.41%     |
| 390  | 381,700 | - | 381,700     | 1 | 381,700     | 381,700     | 975              | 91.38%     | 80,641,382             | 52.66%     |
| 391  | 384,200 | - | 384,200     | 1 | 384,200     | 384,200     | 976              | 91.47%     | 81,025,582             | 52.91%     |
| 392  | 386,100 | - | 386,100     | 1 | 386,100     | 386,100     | 977              | 91.57%     | 81,411,682             | 53.16%     |
| 393  | 390,800 | - | 390,800     | 1 | 390,800     | 390,800     | 978              | 91.66%     | 81,802,482             | 53.41%     |
| 394  | 391,800 | - | 391,800     | 1 | 391,800     | 391,800     | 979              | 91.75%     | 82,194,282             | 53.67%     |
| 395  | 396,700 | - | 396,700     | 1 | 396,700     | 396,700     | 980              | 91.85%     | 82,590,982             | 53.93%     |
| 396  | 404,800 | - | 404,800     | 1 | 404,800     | 404,800     | 981              | 91.94%     | 82,995,782             | 54.19%     |
| 397  | 407,000 | - | 407,000     | 1 | 407,000     | 407,000     | 982              | 92.03%     | 83,402,782             | 54.46%     |
| 398  | 413,800 | - | 413,800     | 1 | 413,800     | 413,800     | 983              | 92.13%     | 83,816,582             | 54.73%     |
| 399  | 424,400 | - | 424,400     | 1 | 424,400     | 424,400     | 984              | 92.22%     | 84,240,982             | 55.01%     |
| 400  | 424,500 | - | 424,500     | 1 | 424,500     | 424,500     | 985              | 92.31%     | 84,665,482             | 55.28%     |
| 401  | 426,200 | - | 426,200     | 1 | 426,200     | 426,200     | 986              | 92.41%     | 85,091,682             | 55.56%     |
| 402  | 428,500 | - | 428,500     | 1 | 428,500     | 428,500     | 987              | 92.50%     | 85,520,182             | 55.84%     |
| 403  | 432,500 | - | 432,500     | 1 | 432,500     | 432,500     | 988              | 92.60%     | 85,952,682             | 56.12%     |
| 404  | 439,600 | - | 439,600     | 1 | 439,600     | 439,600     | 989              | 92.69%     | 86,392,282             | 56.41%     |
| 405  | 443,000 | - | 443,000     | 1 | 443,000     | 443,000     | 990              | 92.78%     | 86,835,282             | 56.70%     |
| 406  | 448,800 | - | 448,800     | 1 | 448,800     | 448,800     | 991              | 92.88%     | 87,284,082             | 56.99%     |
| 407  | 450,400 | - | 450,400     | 1 | 450,400     | 450,400     | 992              | 92.97%     | 87,734,482             | 57.29%     |
| 408  | 452,500 | - | 452,500     | 1 | 452,500     | 452,500     | 993              | 93.06%     | 88,186,982             | 57.58%     |
| 409  | 452,900 | - | 452,900     | 1 | 452,900     | 452,900     | 994              | 93.16%     | 88,639,882             | 57.88%     |
| 410  | 457,500 | - | 457,500     | 1 | 457,500     | 457,500     | 995              | 93.25%     | 89,097,382             | 58.18%     |
| 411  | 460,400 | - | 460,400     | 1 | 460,400     | 460,400     | 996              | 93.35%     | 89,557,782             | 58.48%     |
| 412  | 465,300 | - | 465,300     | 1 | 465,300     | 465,300     | 997              | 93.44%     | 90,023,082             | 58.78%     |
| 413  | 469,400 | - | 469,400     | 1 | 469,400     | 469,400     | 998              | 93.53%     | 90,492,482             | 59.09%     |
| 414  | 479,600 | - | 479,600     | 1 | 479,600     | 479,600     | 999              | 93.63%     | 90,972,082             | 59.40%     |
| 415  | 479,800 | - | 479,800     | 1 | 479,800     | 479,800     | 1,000            | 93.72%     | 91,451,882             | 59.71%     |
| 416  | 482,100 | - | 482,100     | 1 | 482,100     | 482,100     | 1,001            | 93.81%     | 91,933,982             | 60.03%     |
| 417  | 482,700 | - | 482,700     | 1 | 482,700     | 482,700     | 1,002            | 93.91%     | 92,416,682             | 60.34%     |
| 418  | 484,500 | - | 484,500     | 1 | 484,500     | 484,500     | 1,003            | 94.00%     | 92,901,182             | 60.66%     |
| 419  | 487,100 | - | 487,100     | 1 | 487,100     | 487,100     | 1,004            | 94.10%     | 93,388,282             | 60.98%     |
| 420  | 487,400 | - | 487,400     | 1 | 487,400     | 487,400     | 1,005            | 94.19%     | 93,875,682             | 61.30%     |
| 421  | 492,000 | - | 492,000     | 1 | 492,000     | 492,000     | 1,006            | 94.28%     | 94,367,682             | 61.62%     |
| 422  | 497,700 | - | 497,700     | 1 | 497,700     | 497,700     | 1,007            | 94.38%     | 94,865,382             | 61.94%     |
| 423  | 505,000 | - | 505,000     | 1 | 505,000     | 505,000     | 1,008            | 94.47%     | 95,370,382             | 62.27%     |
| 424  | 505,300 | - | 505,300     | 1 | 505,300     | 505,300     | 1,009            | 94.56%     | 95,875,682             | 62.60%     |

**Foothills Water & Sewer, LLC - Water Division**  
Test Year Ended June 30, 2023  
Bill Count

Exhibit: RLJ-DT2  
Schedule H-5  
Witness: Jones

Class: Commercial  
Meter Size: 2"  
Sub Class:

| Rate Tiers                    | Present Rates | Proposed Rates | Charges             | Present Rates | Proposed Rates |
|-------------------------------|---------------|----------------|---------------------|---------------|----------------|
|                               |               |                | Base Charge: \$     | 117.23        | \$ 126.08      |
| Tier One Breakover (M gal):   | 999,999       | -              | Tier One Rate: \$   | 1.64          | \$ -           |
| Tier Two Breakover (M gal):   | -             | 80             | Tier Two Rate: \$   | -             | \$ 1.83        |
| Tier Three Breakover (M gal): | -             | 999,999        | Tier Three Rate: \$ | -             | \$ 2.61        |

| 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 |
|----------|-----------------------|--------------------------|------------------------------|-----------------------|----------------------|------------|-------------------------------|------------|
| 425      | 506,000 - 506,000     | 1                        | 506,000                      | 506,000               | 1,010                | 94.66%     | 96,381,682                    | 62.93%     |
| 426      | 508,100 - 508,100     | 1                        | 508,100                      | 508,100               | 1,011                | 94.75%     | 96,889,782                    | 63.26%     |
| 427      | 508,900 - 508,900     | 1                        | 508,900                      | 508,900               | 1,012                | 94.85%     | 97,398,682                    | 63.60%     |
| 428      | 530,800 - 530,800     | 1                        | 530,800                      | 530,800               | 1,013                | 94.94%     | 97,929,482                    | 63.94%     |
| 429      | 536,000 - 536,000     | 1                        | 536,000                      | 536,000               | 1,014                | 95.03%     | 98,465,482                    | 64.29%     |
| 430      | 543,000 - 543,000     | 1                        | 543,000                      | 543,000               | 1,015                | 95.13%     | 99,008,482                    | 64.65%     |
| 431      | 545,200 - 545,200     | 1                        | 545,200                      | 545,200               | 1,016                | 95.22%     | 99,553,682                    | 65.00%     |
| 432      | 546,600 - 546,600     | 1                        | 546,600                      | 546,600               | 1,017                | 95.31%     | 100,100,282                   | 65.36%     |
| 433      | 547,000 - 547,000     | 1                        | 547,000                      | 547,000               | 1,018                | 95.41%     | 100,647,282                   | 65.72%     |
| 434      | 567,800 - 567,800     | 1                        | 567,800                      | 567,800               | 1,019                | 95.50%     | 101,215,082                   | 66.09%     |
| 435      | 572,300 - 572,300     | 1                        | 572,300                      | 572,300               | 1,020                | 95.60%     | 101,787,382                   | 66.46%     |
| 436      | 573,100 - 573,100     | 1                        | 573,100                      | 573,100               | 1,021                | 95.69%     | 102,360,482                   | 66.84%     |
| 437      | 581,700 - 581,700     | 1                        | 581,700                      | 581,700               | 1,022                | 95.78%     | 102,942,182                   | 67.22%     |
| 438      | 599,800 - 599,800     | 1                        | 599,800                      | 599,800               | 1,023                | 95.88%     | 103,541,982                   | 67.61%     |
| 439      | 604,300 - 604,300     | 1                        | 604,300                      | 604,300               | 1,024                | 95.97%     | 104,146,282                   | 68.00%     |
| 440      | 618,900 - 618,900     | 1                        | 618,900                      | 618,900               | 1,025                | 96.06%     | 104,765,182                   | 68.41%     |
| 441      | 627,600 - 627,600     | 1                        | 627,600                      | 627,600               | 1,026                | 96.16%     | 105,392,782                   | 68.82%     |
| 442      | 638,800 - 638,800     | 1                        | 638,800                      | 638,800               | 1,027                | 96.25%     | 106,031,582                   | 69.23%     |
| 443      | 641,100 - 641,100     | 1                        | 641,100                      | 641,100               | 1,028                | 96.34%     | 106,672,682                   | 69.65%     |
| 444      | 652,600 - 652,600     | 1                        | 652,600                      | 652,600               | 1,029                | 96.44%     | 107,325,282                   | 70.08%     |
| 445      | 653,900 - 653,900     | 1                        | 653,900                      | 653,900               | 1,030                | 96.53%     | 107,979,182                   | 70.51%     |
| 446      | 667,700 - 667,700     | 1                        | 667,700                      | 667,700               | 1,031                | 96.63%     | 108,646,882                   | 70.94%     |
| 447      | 667,800 - 667,800     | 1                        | 667,800                      | 667,800               | 1,032                | 96.72%     | 109,314,682                   | 71.38%     |
| 448      | 699,800 - 699,800     | 1                        | 699,800                      | 699,800               | 1,033                | 96.81%     | 110,014,482                   | 71.83%     |
| 449      | 705,400 - 705,400     | 1                        | 705,400                      | 705,400               | 1,034                | 96.91%     | 110,719,882                   | 72.30%     |
| 450      | 722,700 - 722,700     | 1                        | 722,700                      | 722,700               | 1,035                | 97.00%     | 111,442,582                   | 72.77%     |
| 451      | 735,600 - 735,600     | 1                        | 735,600                      | 735,600               | 1,036                | 97.09%     | 112,178,182                   | 73.25%     |
| 452      | 781,300 - 781,300     | 1                        | 781,300                      | 781,300               | 1,037                | 97.19%     | 112,959,482                   | 73.76%     |
| 453      | 799,200 - 799,200     | 1                        | 799,200                      | 799,200               | 1,038                | 97.28%     | 113,758,682                   | 74.28%     |
| 454      | 819,500 - 819,500     | 1                        | 819,500                      | 819,500               | 1,039                | 97.38%     | 114,578,182                   | 74.81%     |
| 455      | 830,300 - 830,300     | 1                        | 830,300                      | 830,300               | 1,040                | 97.47%     | 115,408,482                   | 75.36%     |
| 456      | 877,500 - 877,500     | 1                        | 877,500                      | 877,500               | 1,041                | 97.56%     | 116,285,982                   | 75.93%     |
| 457      | 970,300 - 970,300     | 1                        | 970,300                      | 970,300               | 1,042                | 97.66%     | 117,256,282                   | 76.56%     |
| 458      | 1,112,500 - 1,112,500 | 1                        | 1,112,500                    | 1,112,500             | 1,043                | 97.75%     | 118,368,782                   | 77.29%     |
| 459      | 1,133,600 - 1,133,600 | 1                        | 1,133,600                    | 1,133,600             | 1,044                | 97.84%     | 119,502,382                   | 78.03%     |
| 460      | 1,243,100 - 1,243,100 | 1                        | 1,243,100                    | 1,243,100             | 1,045                | 97.94%     | 120,745,482                   | 78.84%     |
| 461      | 1,254,300 - 1,254,300 | 1                        | 1,254,300                    | 1,254,300             | 1,046                | 98.03%     | 121,999,782                   | 79.66%     |
| 462      | 1,269,900 - 1,269,900 | 1                        | 1,269,900                    | 1,269,900             | 1,047                | 98.13%     | 123,269,682                   | 80.49%     |
| 463      | 1,284,500 - 1,284,500 | 1                        | 1,284,500                    | 1,284,500             | 1,048                | 98.22%     | 124,554,182                   | 81.33%     |
| 464      | 1,286,100 - 1,286,100 | 1                        | 1,286,100                    | 1,286,100             | 1,049                | 98.31%     | 125,840,282                   | 82.17%     |
| 465      | 1,304,600 - 1,304,600 | 1                        | 1,304,600                    | 1,304,600             | 1,050                | 98.41%     | 127,144,882                   | 83.02%     |
| 466      | 1,305,700 - 1,305,700 | 1                        | 1,305,700                    | 1,305,700             | 1,051                | 98.50%     | 128,450,582                   | 83.87%     |
| 467      | 1,313,800 - 1,313,800 | 1                        | 1,313,800                    | 1,313,800             | 1,052                | 98.59%     | 129,764,382                   | 84.73%     |
| 468      | 1,363,400 - 1,363,400 | 1                        | 1,363,400                    | 1,363,400             | 1,053                | 98.69%     | 131,127,782                   | 85.62%     |
| 469      | 1,373,300 - 1,373,300 | 1                        | 1,373,300                    | 1,373,300             | 1,054                | 98.78%     | 132,501,082                   | 86.52%     |
| 470      | 1,421,800 - 1,421,800 | 1                        | 1,421,800                    | 1,421,800             | 1,055                | 98.88%     | 133,922,882                   | 87.45%     |
| 471      | 1,437,300 - 1,437,300 | 1                        | 1,437,300                    | 1,437,300             | 1,056                | 98.97%     | 135,360,182                   | 88.38%     |
| 472      | 1,454,300 - 1,454,300 | 1                        | 1,454,300                    | 1,454,300             | 1,057                | 99.06%     | 136,814,482                   | 89.33%     |
| 473      | 1,484,700 - 1,484,700 | 1                        | 1,484,700                    | 1,484,700             | 1,058                | 99.16%     | 138,299,182                   | 90.30%     |
| 474      | 1,496,500 - 1,496,500 | 1                        | 1,496,500                    | 1,496,500             | 1,059                | 99.25%     | 139,795,682                   | 91.28%     |
| 475      | 1,499,500 - 1,499,500 | 1                        | 1,499,500                    | 1,499,500             | 1,060                | 99.34%     | 141,295,182                   | 92.26%     |
| 476      | 1,561,200 - 1,561,200 | 1                        | 1,561,200                    | 1,561,200             | 1,061                | 99.44%     | 142,856,382                   | 93.28%     |
| 477      | 1,634,600 - 1,634,600 | 1                        | 1,634,600                    | 1,634,600             | 1,062                | 99.53%     | 144,490,982                   | 94.35%     |

Class: Commercial  
Meter Size: 2"  
Sub Class:

|                               | Present Rates | Proposed Rates | Charges             | Present Rates | Proposed Rates |
|-------------------------------|---------------|----------------|---------------------|---------------|----------------|
| Base Charge:                  |               |                | \$                  | 117.23        | \$ 126.08      |
| Tier One Breakover (M gal):   | 999,999       | -              | Tier One Rate: \$   | 1.64          | \$ -           |
| Tier Two Breakover (M gal):   | -             | 80             | Tier Two Rate: \$   | -             | \$ 1.83        |
| Tier Three Breakover (M gal): | -             | 999,999        | Tier Three Rate: \$ | -             | \$ 2.61        |

| 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 |
|----------|---------------------------------------|--------------------------|------------------------------|-----------------------|----------------------|------------|-------------------------------|------------|
| 478      | 1,661,100 - 1,661,100                 | 1                        | 1,661,100                    | 1,661,100             | 1,063                | 99.63%     | 146,152,082                   | 95.43%     |
| 479      | 1,666,400 - 1,666,400                 | 1                        | 1,666,400                    | 1,666,400             | 1,064                | 99.72%     | 147,818,482                   | 96.52%     |
| 480      | 1,686,100 - 1,686,100                 | 1                        | 1,686,100                    | 1,686,100             | 1,065                | 99.81%     | 149,504,582                   | 97.62%     |
| 481      | 1,694,600 - 1,694,600                 | 1                        | 1,694,600                    | 1,694,600             | 1,066                | 99.91%     | 151,199,182                   | 98.73%     |
| 482      | 1,950,700 - 1,950,700                 | 1                        | 1,950,700                    | 1,950,700             | 1,067                | 100.00%    | 153,149,882                   | 100.00%    |
| 483      |                                       |                          |                              |                       |                      |            |                               |            |
| 484      | Totals                                | 1,067                    |                              | 153,149,882           | 1,067                |            | 153,149,882                   |            |
| 485      | Prorated Bills Reduction <sup>1</sup> | (4)                      |                              |                       |                      |            |                               |            |
| 486      | Total Bills                           | 1,063                    |                              |                       |                      |            |                               |            |

|     |                               |         |                 |                        |                    |         |
|-----|-------------------------------|---------|-----------------|------------------------|--------------------|---------|
| 487 |                               |         | Current Rates   |                        | Proposed Rates     |         |
| 488 |                               |         | Units           | Revenue                | Units              | Revenue |
| 489 |                               |         | Base Charge     | 1,063 \$ 124,615       | 1,063 \$ 134,023   |         |
| 490 | Average Number of Customers   | 89      |                 |                        |                    |         |
| 491 |                               |         | Usage (gallons) |                        |                    |         |
| 492 | Average Consumption (gallons) | 144,073 | Tier One        | 153,149,882 \$ 250,739 | - \$ -             |         |
| 493 |                               |         | Tier Two        | - -                    | 53,995,982 98,813  |         |
| 494 | Median Consumption (gallons)  | 67,563  | Tier Three      | - -                    | 99,153,900 258,792 |         |
| 495 |                               |         | Usage Totals    | 153,149,882            | 153,149,882        |         |
| 496 |                               |         | Revenue Totals  | \$ 375,354             | \$ 491,627         |         |

<sup>1</sup>Customer 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.



**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 2023

Bill Count

Exhibit:

RLJ-DT2

Schedule H-5

Witness:

Jones

Class: Standpipe  
Meter Size: 3" Meter  
Sub Class:

| Rate Tiers                    | Present Rates | Proposed Rates | Charges           | Present Rates | Proposed Rates |
|-------------------------------|---------------|----------------|-------------------|---------------|----------------|
| Tier One Breakover (M gal):   | 999,999       |                | Base Charge: \$   | 234.47        | \$ 252.16      |
| Tier Two Breakover (M gal):   |               |                | Tier One Rate: \$ | 1.64          |                |
| Tier Three Breakover (M gal): |               | 999,999        | Tier Two Rate:    |               |                |
|                               |               |                | Tier Three Rate:  |               | \$ 2.61        |

| 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        | - -      | 16                       | -                            | -                     | 16                   | 24.24%     | -                             | 0.00%      |
| 2        | 1 -      | -                        | -                            | -                     | 16                   | 24.24%     | -                             | 0.00%      |
| 3        | 1,001 -  | 2                        | 1,750                        | 3,500                 | 18                   | 27.27%     | 3,500                         | 0.04%      |
| 4        | 2,001 -  | 3                        | 2,900                        | 8,700                 | 21                   | 31.82%     | 12,200                        | 0.16%      |
| 5        | 3,001 -  | 2                        | 3,900                        | 7,800                 | 23                   | 34.85%     | 20,000                        | 0.25%      |
| 6        | 4,001 -  | 2                        | 4,350                        | 8,700                 | 25                   | 37.88%     | 28,700                        | 0.37%      |
| 7        | 5,001 -  | 4                        | 5,450                        | 21,800                | 29                   | 43.94%     | 50,500                        | 0.64%      |
| 8        | 6,001 -  | 1                        | 6,600                        | 6,600                 | 30                   | 45.45%     | 57,100                        | 0.73%      |
| 9        | 7,001 -  | -                        | -                            | -                     | 30                   | 45.45%     | 57,100                        | 0.73%      |
| 10       | 8,001 -  | 2                        | 8,800                        | 17,600                | 32                   | 48.48%     | 74,700                        | 0.95%      |
| 11       | 9,001 -  | -                        | -                            | -                     | 32                   | 48.48%     | 74,700                        | 0.95%      |
| 12       | 10,001 - | -                        | -                            | -                     | 32                   | 48.48%     | 74,700                        | 0.95%      |
| 13       | 11,001 - | -                        | -                            | -                     | 32                   | 48.48%     | 74,700                        | 0.95%      |
| 14       | 12,001 - | 1                        | 12,700                       | 12,700                | 33                   | 50.00%     | 87,400                        | 1.11%      |
| 15       | 13,001 - | 1                        | 13,800                       | 13,800                | 34                   | 51.52%     | 101,200                       | 1.29%      |
| 16       | 14,001 - | 1                        | 14,600                       | 14,600                | 35                   | 53.03%     | 115,800                       | 1.47%      |
| 17       | 15,001 - | -                        | -                            | -                     | 35                   | 53.03%     | 115,800                       | 1.47%      |
| 18       | 16,001 - | -                        | -                            | -                     | 35                   | 53.03%     | 115,800                       | 1.47%      |
| 19       | 17,001 - | -                        | -                            | -                     | 35                   | 53.03%     | 115,800                       | 1.47%      |
| 20       | 18,001 - | -                        | -                            | -                     | 35                   | 53.03%     | 115,800                       | 1.47%      |
| 21       | 19,001 - | 1                        | 19,600                       | 19,600                | 36                   | 54.55%     | 135,400                       | 1.72%      |
| 22       | 20,001 - | 1                        | 20,400                       | 20,400                | 37                   | 56.06%     | 155,800                       | 1.98%      |
| 23       | 21,001 - | -                        | -                            | -                     | 37                   | 56.06%     | 155,800                       | 1.98%      |
| 24       | 22,001 - | 2                        | 22,500                       | 45,000                | 39                   | 59.09%     | 200,800                       | 2.56%      |
| 25       | 23,001 - | -                        | -                            | -                     | 39                   | 59.09%     | 200,800                       | 2.56%      |
| 26       | 24,001 - | -                        | -                            | -                     | 39                   | 59.09%     | 200,800                       | 2.56%      |
| 27       | 25,001 - | -                        | -                            | -                     | 39                   | 59.09%     | 200,800                       | 2.56%      |
| 28       | 26,001 - | 1                        | 26,800                       | 26,800                | 40                   | 60.61%     | 227,600                       | 2.90%      |
| 29       | 27,001 - | -                        | -                            | -                     | 40                   | 60.61%     | 227,600                       | 2.90%      |
| 30       | 28,001 - | 1                        | 28,200                       | 28,200                | 41                   | 62.12%     | 255,800                       | 3.26%      |
| 31       | 29,001 - | -                        | -                            | -                     | 41                   | 62.12%     | 255,800                       | 3.26%      |
| 32       | 30,001 - | 1                        | 30,300                       | 30,300                | 42                   | 63.64%     | 286,100                       | 3.64%      |
| 33       | 31,001 - | -                        | -                            | -                     | 42                   | 63.64%     | 286,100                       | 3.64%      |
| 34       | 32,001 - | -                        | -                            | -                     | 42                   | 63.64%     | 286,100                       | 3.64%      |
| 35       | 33,001 - | -                        | -                            | -                     | 42                   | 63.64%     | 286,100                       | 3.64%      |
| 36       | 34,001 - | -                        | -                            | -                     | 42                   | 63.64%     | 286,100                       | 3.64%      |
| 37       | 35,001 - | -                        | -                            | -                     | 42                   | 63.64%     | 286,100                       | 3.64%      |
| 38       | 36,001 - | -                        | -                            | -                     | 42                   | 63.64%     | 286,100                       | 3.64%      |
| 39       | 37,001 - | -                        | -                            | -                     | 42                   | 63.64%     | 286,100                       | 3.64%      |
| 40       | 38,001 - | -                        | -                            | -                     | 42                   | 63.64%     | 286,100                       | 3.64%      |
| 41       | 39,001 - | -                        | -                            | -                     | 42                   | 63.64%     | 286,100                       | 3.64%      |
| 42       | 40,001 - | -                        | -                            | -                     | 42                   | 63.64%     | 286,100                       | 3.64%      |
| 43       | 41,001 - | -                        | -                            | -                     | 42                   | 63.64%     | 286,100                       | 3.64%      |
| 44       | 42,001 - | 1                        | 42,600                       | 42,600                | 43                   | 65.15%     | 328,700                       | 4.19%      |
| 45       | 43,001 - | -                        | -                            | -                     | 43                   | 65.15%     | 328,700                       | 4.19%      |
| 46       | 44,001 - | -                        | -                            | -                     | 43                   | 65.15%     | 328,700                       | 4.19%      |
| 47       | 45,001 - | -                        | -                            | -                     | 43                   | 65.15%     | 328,700                       | 4.19%      |
| 48       | 46,001 - | 1                        | 46,100                       | 46,100                | 44                   | 66.67%     | 374,800                       | 4.77%      |
| 49       | 47,001 - | -                        | -                            | -                     | 44                   | 66.67%     | 374,800                       | 4.77%      |
| 50       | 48,001 - | 2                        | 48,300                       | 96,600                | 46                   | 69.70%     | 471,400                       | 6.00%      |
| 51       | 49,001 - | 1                        | 49,500                       | 49,500                | 47                   | 71.21%     | 520,900                       | 6.63%      |
| 52       | 50,001 - | -                        | -                            | -                     | 47                   | 71.21%     | 520,900                       | 6.63%      |
| 53       | 51,001 - | -                        | -                            | -                     | 47                   | 71.21%     | 520,900                       | 6.63%      |

**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 2023

Bill Count

Exhibit:

RLJ-DT2

Schedule H-5

Witness:

Jones

Class: Standpipe  
Meter Size: 3" Meter  
Sub Class:

| Rate Tiers                    | Present Rates | Proposed Rates | Charges           | Present Rates | Proposed Rates |
|-------------------------------|---------------|----------------|-------------------|---------------|----------------|
| Tier One Breakover (M gal):   | 999,999       |                | Base Charge: \$   | 234.47        | \$ 252.16      |
| Tier Two Breakover (M gal):   |               |                | Tier One Rate: \$ | 1.64          |                |
| Tier Three Breakover (M gal): |               | 999,999        | Tier Two Rate:    |               |                |
|                               |               |                | Tier Three Rate:  |               | \$ 2.61        |

| 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   | -                        |                              | -                     | 47                   | 71.21%     | 520,900                       | 6.63%      |
| 55       | 53,001 - 54,000   | -                        |                              | -                     | 47                   | 71.21%     | 520,900                       | 6.63%      |
| 56       | 54,001 - 55,000   | 1                        | 54,400                       | 54,400                | 48                   | 72.73%     | 575,300                       | 7.33%      |
| 57       | 55,001 - 56,000   | -                        |                              | -                     | 48                   | 72.73%     | 575,300                       | 7.33%      |
| 58       | 56,001 - 57,000   | -                        |                              | -                     | 48                   | 72.73%     | 575,300                       | 7.33%      |
| 59       | 57,001 - 58,000   | -                        |                              | -                     | 48                   | 72.73%     | 575,300                       | 7.33%      |
| 60       | 58,001 - 59,000   | -                        |                              | -                     | 48                   | 72.73%     | 575,300                       | 7.33%      |
| 61       | 59,001 - 60,000   | -                        |                              | -                     | 48                   | 72.73%     | 575,300                       | 7.33%      |
| 62       | 60,001 - 61,000   | -                        |                              | -                     | 48                   | 72.73%     | 575,300                       | 7.33%      |
| 63       | 61,001 - 62,000   | 1                        | 61,700                       | 61,700                | 49                   | 74.24%     | 637,000                       | 8.11%      |
| 64       | 62,001 - 63,000   | -                        |                              | -                     | 49                   | 74.24%     | 637,000                       | 8.11%      |
| 65       | 63,001 - 64,000   | -                        |                              | -                     | 49                   | 74.24%     | 637,000                       | 8.11%      |
| 66       | 64,001 - 65,000   | -                        |                              | -                     | 49                   | 74.24%     | 637,000                       | 8.11%      |
| 67       | 65,001 - 66,000   | -                        |                              | -                     | 49                   | 74.24%     | 637,000                       | 8.11%      |
| 68       | 66,001 - 67,000   | -                        |                              | -                     | 49                   | 74.24%     | 637,000                       | 8.11%      |
| 69       | 67,001 - 68,000   | -                        |                              | -                     | 49                   | 74.24%     | 637,000                       | 8.11%      |
| 70       | 68,001 - 69,000   | -                        |                              | -                     | 49                   | 74.24%     | 637,000                       | 8.11%      |
| 71       | 69,001 - 70,000   | -                        |                              | -                     | 49                   | 74.24%     | 637,000                       | 8.11%      |
| 72       | 70,001 - 71,000   | -                        |                              | -                     | 49                   | 74.24%     | 637,000                       | 8.11%      |
| 73       | 71,001 - 72,000   | -                        |                              | -                     | 49                   | 74.24%     | 637,000                       | 8.11%      |
| 74       | 72,001 - 73,000   | 1                        | 72,800                       | 72,800                | 50                   | 75.76%     | 709,800                       | 9.04%      |
| 75       | 73,001 - 74,000   | -                        |                              | -                     | 50                   | 75.76%     | 709,800                       | 9.04%      |
| 76       | 74,001 - 75,000   | -                        |                              | -                     | 50                   | 75.76%     | 709,800                       | 9.04%      |
| 77       | 75,001 - 76,000   | -                        |                              | -                     | 50                   | 75.76%     | 709,800                       | 9.04%      |
| 78       | 76,001 - 77,000   | 1                        | 76,800                       | 76,800                | 51                   | 77.27%     | 786,600                       | 10.02%     |
| 79       | 77,001 - 78,000   | 1                        | 77,400                       | 77,400                | 52                   | 78.79%     | 864,000                       | 11.00%     |
| 80       | 78,001 - 79,000   | -                        |                              | -                     | 52                   | 78.79%     | 864,000                       | 11.00%     |
| 81       | 79,001 - 80,000   | -                        |                              | -                     | 52                   | 78.79%     | 864,000                       | 11.00%     |
| 82       | 80,001 - 81,000   | 1                        | 80,700                       | 80,700                | 53                   | 80.30%     | 944,700                       | 12.03%     |
| 83       | 81,001 - 82,000   | -                        |                              | -                     | 53                   | 80.30%     | 944,700                       | 12.03%     |
| 84       | 82,001 - 83,000   | -                        |                              | -                     | 53                   | 80.30%     | 944,700                       | 12.03%     |
| 85       | 83,001 - 84,000   | -                        |                              | -                     | 53                   | 80.30%     | 944,700                       | 12.03%     |
| 86       | 84,001 - 85,000   | -                        |                              | -                     | 53                   | 80.30%     | 944,700                       | 12.03%     |
| 87       | 85,001 - 86,000   | -                        |                              | -                     | 53                   | 80.30%     | 944,700                       | 12.03%     |
| 88       | 86,001 - 87,000   | -                        |                              | -                     | 53                   | 80.30%     | 944,700                       | 12.03%     |
| 89       | 87,001 - 88,000   | 1                        | 87,300                       | 87,300                | 54                   | 81.82%     | 1,032,000                     | 13.14%     |
| 90       | 88,001 - 89,000   | -                        |                              | -                     | 54                   | 81.82%     | 1,032,000                     | 13.14%     |
| 91       | 89,001 - 90,000   | -                        |                              | -                     | 54                   | 81.82%     | 1,032,000                     | 13.14%     |
| 92       | 90,001 - 91,000   | -                        |                              | -                     | 54                   | 81.82%     | 1,032,000                     | 13.14%     |
| 93       | 91,001 - 92,000   | -                        |                              | -                     | 54                   | 81.82%     | 1,032,000                     | 13.14%     |
| 94       | 92,001 - 93,000   | -                        |                              | -                     | 54                   | 81.82%     | 1,032,000                     | 13.14%     |
| 95       | 93,001 - 94,000   | -                        |                              | -                     | 54                   | 81.82%     | 1,032,000                     | 13.14%     |
| 96       | 94,001 - 95,000   | -                        |                              | -                     | 54                   | 81.82%     | 1,032,000                     | 13.14%     |
| 97       | 95,001 - 96,000   | -                        |                              | -                     | 54                   | 81.82%     | 1,032,000                     | 13.14%     |
| 98       | 96,001 - 97,000   | -                        |                              | -                     | 54                   | 81.82%     | 1,032,000                     | 13.14%     |
| 99       | 97,001 - 98,000   | -                        |                              | -                     | 54                   | 81.82%     | 1,032,000                     | 13.14%     |
| 100      | 98,001 - 99,000   | -                        |                              | -                     | 54                   | 81.82%     | 1,032,000                     | 13.14%     |
| 101      | 99,001 - 100,000  | -                        |                              | -                     | 54                   | 81.82%     | 1,032,000                     | 13.14%     |
| 102      | 256,600 - 256,600 | 1                        | 256,600                      | 256,600               | 55                   | 83.33%     | 1,288,600                     | 16.41%     |
| 103      | 105,000 - 105,000 | 1                        | 105,000                      | 105,000               | 56                   | 84.85%     | 1,393,600                     | 17.75%     |
| 104      | 114,700 - 114,700 | 1                        | 114,700                      | 114,700               | 57                   | 86.36%     | 1,508,300                     | 19.21%     |
| 105      | 253,900 - 253,900 | 1                        | 253,900                      | 253,900               | 58                   | 87.88%     | 1,762,200                     | 22.44%     |
| 106      | 795,700 - 795,700 | 1                        | 795,700                      | 795,700               | 59                   | 89.39%     | 2,557,900                     | 32.58%     |

**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 2023

Bill Count

Exhibit: RLJ-DT2

Schedule H-5

Witness: Jones

Class: Standpipe

Meter Size: 3" Meter

Sub Class:

|                               | Present Rates | Proposed Rates | Charges          | Present Rates | Proposed Rates |
|-------------------------------|---------------|----------------|------------------|---------------|----------------|
| Rate Tiers                    |               |                | Base Charge:     | \$ 234.47     | \$ 252.16      |
| Tier One Breakover (M gal):   | 999,999       |                | Tier One Rate:   | \$ 1.64       |                |
| Tier Two Breakover (M gal):   |               |                | Tier Two Rate:   |               |                |
| Tier Three Breakover (M gal): |               | 999,999        | Tier Three Rate: |               | \$ 2.61        |

| 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      | 220,000 - 220,000                     | 1                        | 220,000                      | 220,000               | 60                   | 90.91%     | 2,777,900                     | 35.38%     |
| 108      | 176,600 - 176,600                     | 1                        | 176,600                      | 176,600               | 61                   | 92.42%     | 2,954,500                     | 37.63%     |
| 109      | 104,600 - 104,600                     | 1                        | 104,600                      | 104,600               | 62                   | 93.94%     | 3,059,100                     | 38.96%     |
| 110      | 101,200 - 101,200                     | 1                        | 101,200                      | 101,200               | 63                   | 95.45%     | 3,160,300                     | 40.25%     |
| 111      | 100,400 - 100,400                     | 1                        | 100,400                      | 100,400               | 64                   | 96.97%     | 3,260,700                     | 41.53%     |
| 112      | 2,169,500 - 2,169,500                 | 1                        | 2,169,500                    | 2,169,500             | 65                   | 98.48%     | 5,430,200                     | 69.16%     |
| 113      | 2,422,000 - 2,422,000                 | 1                        | 2,422,000                    | 2,422,000             | 66                   | 100.00%    | 7,852,200                     | 100.00%    |
| 114      |                                       |                          |                              |                       |                      |            |                               |            |
| 115      | Totals                                | 66                       |                              | 7,852,200             | 66                   |            | 7,852,200                     |            |
| 116      | Prorated Bills Reduction <sup>1</sup> | (5)                      |                              |                       |                      |            |                               |            |
| 117      | Total Bills                           | 61                       |                              |                       |                      |            |                               |            |
| 118      |                                       |                          |                              |                       |                      |            |                               |            |

|                               | Current Rates                | Proposed Rates   |
|-------------------------------|------------------------------|------------------|
|                               | Units Revenue                | Units Revenue    |
| Base Charge                   | 61 \$ 14,303                 | 61 \$ 15,382     |
| Average Number of Customers   | 5                            |                  |
|                               | Usage (gallons)              |                  |
| Average Consumption (gallons) | 128,725                      |                  |
|                               | Tier One 7,852,200 \$ 12,856 | - \$ -           |
|                               | Tier Two - -                 | - -              |
| Median Consumption (gallons)  | 12,700                       |                  |
|                               | Tier Three - -               | 7,852,200 20,494 |
|                               | Usage Totals 7,852,200       | 7,852,200        |
|                               | Revenue Totals \$ 27,158     | \$ 35,876        |
| 129                           |                              |                  |

<sup>1</sup>Customer 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.

**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 2023

Bill Count

Exhibit:

RLJ-DT2

Schedule H-5

Witness:

Jones

Class: Commercial  
Meter Size: 3"  
Sub Class:

| Rate Tiers                    | Present Rates | Proposed Rates | Charges             | Present Rates | Proposed Rates |
|-------------------------------|---------------|----------------|---------------------|---------------|----------------|
|                               |               |                | Base Charge: \$     | 234.47        | \$ 252.16      |
| Tier One Breakover (M gal):   | 999,999       | -              | Tier One Rate: \$   | 1.64          | \$ -           |
| Tier Two Breakover (M gal):   | -             | 160            | Tier Two Rate: \$   | -             | \$ 1.83        |
| Tier Three Breakover (M gal): | -             | 999,999        | Tier Three Rate: \$ | -             | \$ 2.61        |

| Line |        |   | Number      | Average     |             |        | Cumulative Bills |            | Cumulative Consumption |            |
|------|--------|---|-------------|-------------|-------------|--------|------------------|------------|------------------------|------------|
| No.  | Block  |   | of Bills by | Consumption | Consumption |        | No.              | % of Total | Amount                 | % of Total |
|      |        |   | Block       | in Block    | by Blocks   |        |                  |            |                        |            |
| 1    | -      | - | -           | -           | -           | -      | -                | 0.00%      | -                      | 0.00%      |
| 2    | 1      | - | 1,000       | -           | -           | -      | -                | 0.00%      | -                      | 0.00%      |
| 3    | 1,001  | - | 2,000       | 2           | 1,650       | 3,300  | 2                | 5.00%      | 3,300                  | 0.06%      |
| 4    | 2,001  | - | 3,000       | 2           | 2,660       | 5,320  | 4                | 10.00%     | 8,620                  | 0.16%      |
| 5    | 3,001  | - | 4,000       | -           | -           | -      | 4                | 10.00%     | 8,620                  | 0.16%      |
| 6    | 4,001  | - | 5,000       | 1           | 4,520       | 4,520  | 5                | 12.50%     | 13,140                 | 0.25%      |
| 7    | 5,001  | - | 6,000       | -           | -           | -      | 5                | 12.50%     | 13,140                 | 0.25%      |
| 8    | 6,001  | - | 7,000       | 1           | 6,800       | 6,800  | 6                | 15.00%     | 19,940                 | 0.38%      |
| 9    | 7,001  | - | 8,000       | -           | -           | -      | 6                | 15.00%     | 19,940                 | 0.38%      |
| 10   | 8,001  | - | 9,000       | -           | -           | -      | 6                | 15.00%     | 19,940                 | 0.38%      |
| 11   | 9,001  | - | 10,000      | 2           | 9,600       | 19,200 | 8                | 20.00%     | 39,140                 | 0.74%      |
| 12   | 10,001 | - | 11,000      | -           | -           | -      | 8                | 20.00%     | 39,140                 | 0.74%      |
| 13   | 11,001 | - | 12,000      | -           | -           | -      | 8                | 20.00%     | 39,140                 | 0.74%      |
| 14   | 12,001 | - | 13,000      | -           | -           | -      | 8                | 20.00%     | 39,140                 | 0.74%      |
| 15   | 13,001 | - | 14,000      | -           | -           | -      | 8                | 20.00%     | 39,140                 | 0.74%      |
| 16   | 14,001 | - | 15,000      | -           | -           | -      | 8                | 20.00%     | 39,140                 | 0.74%      |
| 17   | 15,001 | - | 16,000      | 1           | 15,110      | 15,110 | 9                | 22.50%     | 54,250                 | 1.03%      |
| 18   | 16,001 | - | 17,000      | -           | -           | -      | 9                | 22.50%     | 54,250                 | 1.03%      |
| 19   | 17,001 | - | 18,000      | -           | -           | -      | 9                | 22.50%     | 54,250                 | 1.03%      |
| 20   | 18,001 | - | 19,000      | -           | -           | -      | 9                | 22.50%     | 54,250                 | 1.03%      |
| 21   | 19,001 | - | 20,000      | -           | -           | -      | 9                | 22.50%     | 54,250                 | 1.03%      |
| 22   | 20,001 | - | 21,000      | 1           | 20,470      | 20,470 | 10               | 25.00%     | 74,720                 | 1.42%      |
| 23   | 21,001 | - | 22,000      | -           | -           | -      | 10               | 25.00%     | 74,720                 | 1.42%      |
| 24   | 22,001 | - | 23,000      | -           | -           | -      | 10               | 25.00%     | 74,720                 | 1.42%      |
| 25   | 23,001 | - | 24,000      | -           | -           | -      | 10               | 25.00%     | 74,720                 | 1.42%      |
| 26   | 24,001 | - | 25,000      | 1           | 24,540      | 24,540 | 11               | 27.50%     | 99,260                 | 1.89%      |
| 27   | 25,001 | - | 26,000      | 1           | 25,960      | 25,960 | 12               | 30.00%     | 125,220                | 2.38%      |
| 28   | 26,001 | - | 27,000      | -           | -           | -      | 12               | 30.00%     | 125,220                | 2.38%      |
| 29   | 27,001 | - | 28,000      | -           | -           | -      | 12               | 30.00%     | 125,220                | 2.38%      |
| 30   | 28,001 | - | 29,000      | -           | -           | -      | 12               | 30.00%     | 125,220                | 2.38%      |
| 31   | 29,001 | - | 30,000      | -           | -           | -      | 12               | 30.00%     | 125,220                | 2.38%      |
| 32   | 30,001 | - | 31,000      | 1           | 30,890      | 30,890 | 13               | 32.50%     | 156,110                | 2.97%      |
| 33   | 31,001 | - | 32,000      | -           | -           | -      | 13               | 32.50%     | 156,110                | 2.97%      |
| 34   | 32,001 | - | 33,000      | -           | -           | -      | 13               | 32.50%     | 156,110                | 2.97%      |
| 35   | 33,001 | - | 34,000      | 1           | 33,670      | 33,670 | 14               | 35.00%     | 189,780                | 3.61%      |
| 36   | 34,001 | - | 35,000      | -           | -           | -      | 14               | 35.00%     | 189,780                | 3.61%      |
| 37   | 35,001 | - | 36,000      | -           | -           | -      | 14               | 35.00%     | 189,780                | 3.61%      |
| 38   | 36,001 | - | 37,000      | -           | -           | -      | 14               | 35.00%     | 189,780                | 3.61%      |
| 39   | 37,001 | - | 38,000      | -           | -           | -      | 14               | 35.00%     | 189,780                | 3.61%      |
| 40   | 38,001 | - | 39,000      | -           | -           | -      | 14               | 35.00%     | 189,780                | 3.61%      |
| 41   | 39,001 | - | 40,000      | -           | -           | -      | 14               | 35.00%     | 189,780                | 3.61%      |
| 42   | 40,001 | - | 41,000      | 1           | 40,600      | 40,600 | 15               | 37.50%     | 230,380                | 4.38%      |
| 43   | 41,001 | - | 42,000      | -           | -           | -      | 15               | 37.50%     | 230,380                | 4.38%      |
| 44   | 42,001 | - | 43,000      | -           | -           | -      | 15               | 37.50%     | 230,380                | 4.38%      |
| 45   | 43,001 | - | 44,000      | -           | -           | -      | 15               | 37.50%     | 230,380                | 4.38%      |
| 46   | 44,001 | - | 45,000      | -           | -           | -      | 15               | 37.50%     | 230,380                | 4.38%      |
| 47   | 45,001 | - | 46,000      | 1           | 45,190      | 45,190 | 16               | 40.00%     | 275,570                | 5.24%      |
| 48   | 46,001 | - | 47,000      | -           | -           | -      | 16               | 40.00%     | 275,570                | 5.24%      |
| 49   | 47,001 | - | 48,000      | -           | -           | -      | 16               | 40.00%     | 275,570                | 5.24%      |
| 50   | 48,001 | - | 49,000      | -           | -           | -      | 16               | 40.00%     | 275,570                | 5.24%      |
| 51   | 49,001 | - | 50,000      | -           | -           | -      | 16               | 40.00%     | 275,570                | 5.24%      |
| 52   | 50,001 | - | 51,000      | -           | -           | -      | 16               | 40.00%     | 275,570                | 5.24%      |
| 53   | 51,001 | - | 52,000      | -           | -           | -      | 16               | 40.00%     | 275,570                | 5.24%      |

**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 2023

Bill Count

Exhibit:

RLJ-DT2

Schedule H-5

Witness:

Jones

Class: Commercial  
Meter Size: 3"  
Sub Class:

|                               | Present Rates | Proposed Rates | Charges          | Present Rates | Proposed Rates |
|-------------------------------|---------------|----------------|------------------|---------------|----------------|
| Base Charge:                  |               |                | \$               | 234.47        | \$ 252.16      |
| Tier One Breakover (M gal):   | 999,999       | -              | Tier One Rate:   | \$ 1.64       | \$ -           |
| Tier Two Breakover (M gal):   | -             | 160            | Tier Two Rate:   | \$ -          | \$ 1.83        |
| Tier Three Breakover (M gal): | -             | 999,999        | Tier Three Rate: | \$ -          | \$ 2.61        |

| 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   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 55       | 53,001 - 54,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 56       | 54,001 - 55,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 57       | 55,001 - 56,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 58       | 56,001 - 57,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 59       | 57,001 - 58,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 60       | 58,001 - 59,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 61       | 59,001 - 60,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 62       | 60,001 - 61,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 63       | 61,001 - 62,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 64       | 62,001 - 63,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 65       | 63,001 - 64,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 66       | 64,001 - 65,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 67       | 65,001 - 66,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 68       | 66,001 - 67,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 69       | 67,001 - 68,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 70       | 68,001 - 69,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 71       | 69,001 - 70,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 72       | 70,001 - 71,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 73       | 71,001 - 72,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 74       | 72,001 - 73,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 75       | 73,001 - 74,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 76       | 74,001 - 75,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 77       | 75,001 - 76,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 78       | 76,001 - 77,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 79       | 77,001 - 78,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 80       | 78,001 - 79,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 81       | 79,001 - 80,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 82       | 80,001 - 81,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 83       | 81,001 - 82,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 84       | 82,001 - 83,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 85       | 83,001 - 84,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 86       | 84,001 - 85,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 87       | 85,001 - 86,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 88       | 86,001 - 87,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 89       | 87,001 - 88,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 90       | 88,001 - 89,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 91       | 89,001 - 90,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 92       | 90,001 - 91,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 93       | 91,001 - 92,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 94       | 92,001 - 93,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 95       | 93,001 - 94,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 96       | 94,001 - 95,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 97       | 95,001 - 96,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 98       | 96,001 - 97,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 99       | 97,001 - 98,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 100      | 98,001 - 99,000   | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 101      | 99,001 - 100,000  | -                        | -                            | -                     | 16                   | 40.00%     | 275,570                       | 5.24%      |
| 102      | 118,590 - 118,590 | 1                        | 118,590                      | 118,590               | 17                   | 42.50%     | 394,160                       | 7.49%      |
| 103      | 120,840 - 120,840 | 1                        | 120,840                      | 120,840               | 18                   | 45.00%     | 515,000                       | 9.79%      |
| 104      | 138,210 - 138,210 | 1                        | 138,210                      | 138,210               | 19                   | 47.50%     | 653,210                       | 12.41%     |
| 105      | 150,440 - 150,440 | 1                        | 150,440                      | 150,440               | 20                   | 50.00%     | 803,650                       | 15.27%     |
| 106      | 156,460 - 156,460 | 1                        | 156,460                      | 156,460               | 21                   | 52.50%     | 960,110                       | 18.25%     |

**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 2023

Bill Count

Exhibit: RLJ-DT2

Schedule H-5

Witness: Jones

Class: Commercial  
Meter Size: 3"  
Sub Class:

| Charges          | Present Rates | Proposed Rates |
|------------------|---------------|----------------|
| Base Charge:     | \$ 234.47     | \$ 252.16      |
| Tier One Rate:   | \$ 1.64       | \$ -           |
| Tier Two Rate:   | \$ -          | \$ 1.83        |
| Tier Three Rate: | \$ -          | \$ 2.61        |

| Rate Tiers                    | Present Rates | Proposed Rates |
|-------------------------------|---------------|----------------|
| Tier One Breakover (M gal):   | 999,999       | -              |
| Tier Two Breakover (M gal):   | -             | 160            |
| Tier Three Breakover (M gal): | -             | 999,999        |

| Line | Number of Bills by                    |         | Average Consumption | Consumption | Cumulative Bills |            | Cumulative Consumption |            |         |
|------|---------------------------------------|---------|---------------------|-------------|------------------|------------|------------------------|------------|---------|
| No.  | Block                                 | Block   | in Block            | by Blocks   | No.              | % of Total | Amount                 | % of Total |         |
| 107  | 163,140                               | 163,140 | 1                   | 163,140     | 163,140          | 22         | 55.00%                 | 1,123,250  | 21.35%  |
| 108  | 183,800                               | 183,800 | 1                   | 183,800     | 183,800          | 23         | 57.50%                 | 1,307,050  | 24.84%  |
| 109  | 188,500                               | 188,500 | 1                   | 188,500     | 188,500          | 24         | 60.00%                 | 1,495,550  | 28.42%  |
| 110  | 189,100                               | 189,100 | 1                   | 189,100     | 189,100          | 25         | 62.50%                 | 1,684,650  | 32.01%  |
| 111  | 203,590                               | 203,590 | 1                   | 203,590     | 203,590          | 26         | 65.00%                 | 1,888,240  | 35.88%  |
| 112  | 211,290                               | 211,290 | 1                   | 211,290     | 211,290          | 27         | 67.50%                 | 2,099,530  | 39.90%  |
| 113  | 214,300                               | 214,300 | 1                   | 214,300     | 214,300          | 28         | 70.00%                 | 2,313,830  | 43.97%  |
| 114  | 223,010                               | 223,010 | 1                   | 223,010     | 223,010          | 29         | 72.50%                 | 2,536,840  | 48.21%  |
| 115  | 225,200                               | 225,200 | 1                   | 225,200     | 225,200          | 30         | 75.00%                 | 2,762,040  | 52.49%  |
| 116  | 227,600                               | 227,600 | 1                   | 227,600     | 227,600          | 31         | 77.50%                 | 2,989,640  | 56.81%  |
| 117  | 228,000                               | 228,000 | 1                   | 228,000     | 228,000          | 32         | 80.00%                 | 3,217,640  | 61.15%  |
| 118  | 228,200                               | 228,200 | 1                   | 228,200     | 228,200          | 33         | 82.50%                 | 3,445,840  | 65.48%  |
| 119  | 238,080                               | 238,080 | 1                   | 238,080     | 238,080          | 34         | 85.00%                 | 3,683,920  | 70.01%  |
| 120  | 238,500                               | 238,500 | 1                   | 238,500     | 238,500          | 35         | 87.50%                 | 3,922,420  | 74.54%  |
| 121  | 254,600                               | 254,600 | 1                   | 254,600     | 254,600          | 36         | 90.00%                 | 4,177,020  | 79.38%  |
| 122  | 266,900                               | 266,900 | 1                   | 266,900     | 266,900          | 37         | 92.50%                 | 4,443,920  | 84.45%  |
| 123  | 268,600                               | 268,600 | 1                   | 268,600     | 268,600          | 38         | 95.00%                 | 4,712,520  | 89.55%  |
| 124  | 272,690                               | 272,690 | 1                   | 272,690     | 272,690          | 39         | 97.50%                 | 4,985,210  | 94.74%  |
| 125  | 277,000                               | 277,000 | 1                   | 277,000     | 277,000          | 40         | 100.00%                | 5,262,210  | 100.00% |
| 126  |                                       |         |                     |             |                  |            |                        |            |         |
| 127  | Totals                                |         | 40                  |             | 5,262,210        | 40         |                        | 5,262,210  |         |
| 128  | Prorated Bills Reduction <sup>1</sup> |         | -                   |             |                  |            |                        |            |         |
| 129  | Total Bills                           |         | 40                  |             |                  |            |                        |            |         |

|     |                               |         |                 |                    |                 |         |
|-----|-------------------------------|---------|-----------------|--------------------|-----------------|---------|
| 130 |                               |         | Current Rates   |                    | Proposed Rates  |         |
| 131 |                               |         | Units           | Revenue            | Units           | Revenue |
| 132 |                               |         | Base Charge     | 40 \$ 9,379        | 40 \$ 10,086    |         |
| 133 | Average Number of Customers   | 3       |                 |                    |                 |         |
| 134 |                               |         | Usage (gallons) |                    |                 |         |
| 135 | Average Consumption (gallons) | 131,555 | Tier One        | 5,262,210 \$ 8,615 | - \$ -          |         |
| 136 |                               |         | Tier Two        | - -                | 4,000,110 7,320 |         |
| 137 | Median Consumption (gallons)  | -       | Tier Three      | - -                | 1,262,100 3,294 |         |
| 138 |                               |         | Usage Totals    | 5,262,210          | 5,262,210       |         |
| 139 |                               |         | Revenue Totals  | \$ 17,994          | \$ 20,701       |         |

<sup>1</sup>Customer 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.

**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 2023

Bill Count

Exhibit:

RLJ-DT2

Schedule H-5

Witness:

Jones

Class: Commercial  
Meter Size: 4"  
Sub Class:

|                               | Present Rates | Proposed Rates | Charges             | Present Rates | Proposed Rates |
|-------------------------------|---------------|----------------|---------------------|---------------|----------------|
| Rate Tiers                    |               |                | Base charge: \$     | 366.36        | \$ 394.00      |
| Tier One Breakover (M gal):   | 999,999       | -              | Tier One Rate: \$   | 1.64          | \$ -           |
| Tier Two Breakover (M gal):   | -             | 300            | Tier Two Rate: \$   | -             | \$ 1.83        |
| Tier Three Breakover (M gal): | -             | 999,999        | Tier Three Rate: \$ | -             | \$ 2.61        |

| Line | Number of Bills by |   |        | Average consumption | consumption | cumulative Bills |            | cumulative consumption |            |       |
|------|--------------------|---|--------|---------------------|-------------|------------------|------------|------------------------|------------|-------|
| No.  | Blok               |   | Block  | in Block            | by Blocks   | No.              | % of Total | Amount                 | % of Total |       |
| 1    | -                  | - | -      | -                   | -           | -                | 0.00%      | -                      | 0.00%      |       |
| 2    | 1                  | - | 1,000  | -                   | -           | -                | 0.00%      | -                      | 0.00%      |       |
| 3    | 1,001              | - | 2,000  | -                   | -           | -                | 0.00%      | -                      | 0.00%      |       |
| 4    | 2,001              | - | 3,000  | -                   | -           | -                | 0.00%      | -                      | 0.00%      |       |
| 5    | 3,001              | - | 4,000  | -                   | -           | -                | 0.00%      | -                      | 0.00%      |       |
| 6    | 4,001              | - | 5,000  | -                   | -           | -                | 0.00%      | -                      | 0.00%      |       |
| 7    | 5,001              | - | 6,000  | -                   | -           | -                | 0.00%      | -                      | 0.00%      |       |
| 8    | 6,001              | - | 7,000  | -                   | -           | -                | 0.00%      | -                      | 0.00%      |       |
| 9    | 7,001              | - | 8,000  | -                   | -           | -                | 0.00%      | -                      | 0.00%      |       |
| 10   | 8,001              | - | 9,000  | -                   | -           | -                | 0.00%      | -                      | 0.00%      |       |
| 11   | 9,001              | - | 10,000 | -                   | -           | -                | 0.00%      | -                      | 0.00%      |       |
| 12   | 10,001             | - | 11,000 | -                   | -           | -                | 0.00%      | -                      | 0.00%      |       |
| 13   | 11,001             | - | 12,000 | -                   | -           | -                | 0.00%      | -                      | 0.00%      |       |
| 14   | 12,001             | - | 13,000 | -                   | -           | -                | 0.00%      | -                      | 0.00%      |       |
| 15   | 13,001             | - | 14,000 | -                   | -           | -                | 0.00%      | -                      | 0.00%      |       |
| 16   | 14,001             | - | 15,000 | -                   | -           | -                | 0.00%      | -                      | 0.00%      |       |
| 17   | 15,001             | - | 16,000 | -                   | -           | -                | 0.00%      | -                      | 0.00%      |       |
| 18   | 16,001             | - | 17,000 | 1                   | 16,800      | 16,800           | 1          | 4.35%                  | 16,800     | 0.13% |
| 19   | 17,001             | - | 18,000 | 1                   | 17,900      | 17,900           | 2          | 8.70%                  | 34,700     | 0.26% |
| 20   | 18,001             | - | 19,000 | 1                   | 19,000      | 19,000           | 3          | 13.04%                 | 53,700     | 0.40% |
| 21   | 19,001             | - | 20,000 | -                   | -           | -                | 3          | 13.04%                 | 53,700     | 0.40% |
| 22   | 20,001             | - | 21,000 | -                   | -           | -                | 3          | 13.04%                 | 53,700     | 0.40% |
| 23   | 21,001             | - | 22,000 | 2                   | 21,800      | 43,600           | 5          | 21.74%                 | 97,300     | 0.73% |
| 24   | 22,001             | - | 23,000 | 1                   | 22,200      | 22,200           | 6          | 26.09%                 | 119,500    | 0.89% |
| 25   | 23,001             | - | 24,000 | -                   | -           | -                | 6          | 26.09%                 | 119,500    | 0.89% |
| 26   | 24,001             | - | 25,000 | 2                   | 24,350      | 48,700           | 8          | 34.78%                 | 168,200    | 1.26% |
| 27   | 25,001             | - | 26,000 | -                   | -           | -                | 8          | 34.78%                 | 168,200    | 1.26% |
| 28   | 26,001             | - | 27,000 | -                   | -           | -                | 8          | 34.78%                 | 168,200    | 1.26% |
| 29   | 27,001             | - | 28,000 | -                   | -           | -                | 8          | 34.78%                 | 168,200    | 1.26% |
| 30   | 28,001             | - | 29,000 | -                   | -           | -                | 8          | 34.78%                 | 168,200    | 1.26% |
| 31   | 29,001             | - | 30,000 | 1                   | 29,400      | 29,400           | 9          | 39.13%                 | 197,600    | 1.48% |
| 32   | 30,001             | - | 31,000 | 1                   | 31,000      | 31,000           | 10         | 43.48%                 | 228,600    | 1.71% |
| 33   | 31,001             | - | 32,000 | -                   | -           | -                | 10         | 43.48%                 | 228,600    | 1.71% |
| 34   | 32,001             | - | 33,000 | -                   | -           | -                | 10         | 43.48%                 | 228,600    | 1.71% |
| 35   | 33,001             | - | 34,000 | -                   | -           | -                | 10         | 43.48%                 | 228,600    | 1.71% |
| 36   | 34,001             | - | 35,000 | -                   | -           | -                | 10         | 43.48%                 | 228,600    | 1.71% |
| 37   | 35,001             | - | 36,000 | -                   | -           | -                | 10         | 43.48%                 | 228,600    | 1.71% |
| 38   | 36,001             | - | 37,000 | -                   | -           | -                | 10         | 43.48%                 | 228,600    | 1.71% |
| 39   | 37,001             | - | 38,000 | 1                   | 37,100      | 37,100           | 11         | 47.83%                 | 265,700    | 1.98% |
| 40   | 38,001             | - | 39,000 | -                   | -           | -                | 11         | 47.83%                 | 265,700    | 1.98% |
| 41   | 39,001             | - | 40,000 | -                   | -           | -                | 11         | 47.83%                 | 265,700    | 1.98% |
| 42   | 40,001             | - | 41,000 | -                   | -           | -                | 11         | 47.83%                 | 265,700    | 1.98% |
| 43   | 41,001             | - | 42,000 | -                   | -           | -                | 11         | 47.83%                 | 265,700    | 1.98% |
| 44   | 42,001             | - | 43,000 | -                   | -           | -                | 11         | 47.83%                 | 265,700    | 1.98% |
| 45   | 43,001             | - | 44,000 | -                   | -           | -                | 11         | 47.83%                 | 265,700    | 1.98% |
| 46   | 44,001             | - | 45,000 | -                   | -           | -                | 11         | 47.83%                 | 265,700    | 1.98% |
| 47   | 45,001             | - | 46,000 | -                   | -           | -                | 11         | 47.83%                 | 265,700    | 1.98% |
| 48   | 46,001             | - | 47,000 | -                   | -           | -                | 11         | 47.83%                 | 265,700    | 1.98% |
| 49   | 47,001             | - | 48,000 | -                   | -           | -                | 11         | 47.83%                 | 265,700    | 1.98% |
| 50   | 48,001             | - | 49,000 | -                   | -           | -                | 11         | 47.83%                 | 265,700    | 1.98% |
| 51   | 49,001             | - | 50,000 | -                   | -           | -                | 11         | 47.83%                 | 265,700    | 1.98% |
| 52   | 50,001             | - | 51,000 | -                   | -           | -                | 11         | 47.83%                 | 265,700    | 1.98% |
| 53   | 51,001             | - | 52,000 | -                   | -           | -                | 11         | 47.83%                 | 265,700    | 1.98% |

**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 2023

Bill Count

Exhibit:

RLJ-DT2

Schedule H-5

Witness:

Jones

Class: Commercial  
Meter Size: 4"  
Sub Class:

|                               | Present Rates | Proposed Rates | Charges             | Present Rates | Proposed Rates |
|-------------------------------|---------------|----------------|---------------------|---------------|----------------|
| Rate Tiers                    |               |                | Base charge: \$     | 366.36        | \$ 394.00      |
| Tier One Breakover (M gal):   | 999,999       | -              | Tier One Rate: \$   | 1.64          | \$ -           |
| Tier Two Breakover (M gal):   | -             | 300            | Tier Two Rate: \$   | -             | \$ 1.83        |
| Tier Three Breakover (M gal): | -             | 999,999        | Tier Three Rate: \$ | -             | \$ 2.61        |

| Line No. | Blok        | Number of Bills by Block | Average consumption in Block | consumption by Blocks | <u>cumulative Bills</u><br>No. | % of Total | <u>cumulative consumption</u><br>Amount | % of Total |
|----------|-------------|--------------------------|------------------------------|-----------------------|--------------------------------|------------|---|------------|
| 54       | 52,001 -    | 53,000                   | -                            | -                     | 11                             | 47.83%     | 265,700                                 | 1.98%      |
| 55       | 53,001 -    | 54,000                   | -                            | -                     | 11                             | 47.83%     | 265,700                                 | 1.98%      |
| 56       | 54,001 -    | 55,000                   | -                            | -                     | 11                             | 47.83%     | 265,700                                 | 1.98%      |
| 57       | 55,001 -    | 56,000                   | -                            | -                     | 11                             | 47.83%     | 265,700                                 | 1.98%      |
| 58       | 56,001 -    | 57,000                   | -                            | -                     | 11                             | 47.83%     | 265,700                                 | 1.98%      |
| 59       | 57,001 -    | 58,000                   | 1                            | 57,700                | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 60       | 58,001 -    | 59,000                   | -                            | -                     | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 61       | 59,001 -    | 60,000                   | -                            | -                     | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 62       | 60,001 -    | 61,000                   | -                            | -                     | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 63       | 61,001 -    | 62,000                   | -                            | -                     | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 64       | 62,001 -    | 63,000                   | -                            | -                     | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 65       | 63,001 -    | 64,000                   | -                            | -                     | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 66       | 64,001 -    | 65,000                   | -                            | -                     | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 67       | 65,001 -    | 66,000                   | -                            | -                     | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 68       | 66,001 -    | 67,000                   | -                            | -                     | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 69       | 67,001 -    | 68,000                   | -                            | -                     | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 70       | 68,001 -    | 69,000                   | -                            | -                     | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 71       | 69,001 -    | 70,000                   | -                            | -                     | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 72       | 70,001 -    | 71,000                   | -                            | -                     | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 73       | 71,001 -    | 72,000                   | -                            | -                     | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 74       | 72,001 -    | 73,000                   | -                            | -                     | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 75       | 73,001 -    | 74,000                   | -                            | -                     | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 76       | 74,001 -    | 75,000                   | -                            | -                     | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 77       | 75,001 -    | 76,000                   | -                            | -                     | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 78       | 76,001 -    | 77,000                   | -                            | -                     | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 79       | 77,001 -    | 78,000                   | -                            | -                     | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 80       | 78,001 -    | 79,000                   | -                            | -                     | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 81       | 79,001 -    | 80,000                   | -                            | -                     | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 82       | 80,001 -    | 81,000                   | -                            | -                     | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 83       | 81,001 -    | 82,000                   | -                            | -                     | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 84       | 82,001 -    | 83,000                   | -                            | -                     | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 85       | 83,001 -    | 84,000                   | -                            | -                     | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 86       | 84,001 -    | 85,000                   | -                            | -                     | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 87       | 85,001 -    | 86,000                   | -                            | -                     | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 88       | 86,001 -    | 87,000                   | -                            | -                     | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 89       | 87,001 -    | 88,000                   | -                            | -                     | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 90       | 88,001 -    | 89,000                   | -                            | -                     | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 91       | 89,001 -    | 90,000                   | -                            | -                     | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 92       | 90,001 -    | 91,000                   | -                            | -                     | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 93       | 91,001 -    | 92,000                   | -                            | -                     | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 94       | 92,001 -    | 93,000                   | -                            | -                     | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 95       | 93,001 -    | 94,000                   | -                            | -                     | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 96       | 94,001 -    | 95,000                   | -                            | -                     | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 97       | 95,001 -    | 96,000                   | -                            | -                     | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 98       | 96,001 -    | 97,000                   | -                            | -                     | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 99       | 97,001 -    | 98,000                   | -                            | -                     | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 100      | 98,001 -    | 99,000                   | -                            | -                     | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 101      | 99,001 -    | 100,000                  | -                            | -                     | 12                             | 52.17%     | 323,400                                 | 2.41%      |
| 102      | 181,660 -   | 181,660                  | 1                            | 181,660               | 13                             | 56.52%     | 505,060                                 | 3.77%      |
| 103      | 907,000 -   | 907,000                  | 1                            | 907,000               | 14                             | 60.87%     | 1,412,060                               | 10.54%     |
| 104      | 1,106,000 - | 1,106,000                | 1                            | 1,106,000             | 15                             | 65.22%     | 2,518,060                               | 18.80%     |
| 105      | 1,179,900 - | 1,179,900                | 1                            | 1,179,900             | 16                             | 69.57%     | 3,697,960                               | 27.61%     |
| 106      | 1,212,600 - | 1,212,600                | 1                            | 1,212,600             | 17                             | 73.91%     | 4,910,560                               | 36.66%     |



Class: Commercial  
Meter Size: 4"  
Sub Class:

|                               | Present Rates | Proposed Rates | Charges             | Present Rates | Proposed Rates |
|-------------------------------|---------------|----------------|---------------------|---------------|----------------|
| Base charge:                  | \$            | 366.36         | \$                  | 394.00        |                |
| Tier One Breakover (M gal):   | 999,999       | -              | Tier One Rate: \$   | 1.64          | \$ -           |
| Tier Two Breakover (M gal):   | -             | 300            | Tier Two Rate: \$   | -             | \$ 1.83        |
| Tier Three Breakover (M gal): | -             | 999,999        | Tier Three Rate: \$ | -             | \$ 2.61        |

| Line No. | Blok                                  | Number of Bills by Block | Average consumption in Block | consumption by Blocks | cumulative Bills No. | % of Total | cumulative consumption Amount | % of Total |
|----------|---------------------------------------|--------------------------|------------------------------|-----------------------|----------------------|------------|-------------------------------|------------|
| 107      | 1,289,200 - 1,289,200                 | 1                        | 1,289,200                    | 1,289,200             | 18                   | 78.26%     | 6,199,760                     | 46.29%     |
| 108      | 1,297,800 - 1,297,800                 | 1                        | 1,297,800                    | 1,297,800             | 19                   | 82.61%     | 7,497,560                     | 55.98%     |
| 109      | 1,311,400 - 1,311,400                 | 1                        | 1,311,400                    | 1,311,400             | 20                   | 86.96%     | 8,808,960                     | 65.77%     |
| 110      | 1,417,200 - 1,417,200                 | 1                        | 1,417,200                    | 1,417,200             | 21                   | 91.30%     | 10,226,160                    | 76.35%     |
| 111      | 1,571,500 - 1,571,500                 | 1                        | 1,571,500                    | 1,571,500             | 22                   | 95.65%     | 11,797,660                    | 88.09%     |
| 112      | 1,595,800 - 1,595,800                 | 1                        | 1,595,800                    | 1,595,800             | 23                   | 100.00%    | 13,393,460                    | 100.00%    |
| 113      |                                       |                          |                              |                       |                      |            |                               |            |
| 114      | Totals                                | 23                       |                              | 13,393,460            | 23                   |            | 13,393,460                    |            |
| 115      | Prorated Bills Reduction <sup>1</sup> | -                        |                              |                       |                      |            |                               |            |
| 116      | Total Bills                           | 23                       |                              |                       |                      |            |                               |            |

|                               | Current Rates        | Proposed Rates   |
|-------------------------------|----------------------|------------------|
|                               | Units Revenue        | Units Revenue    |
| Base Charge                   | 23 \$ 8,426          | 23 \$ 9,062      |
| Average Number of Customers   | 2                    |                  |
| Average Consumption (gallons) | 582,324              |                  |
| Median Consumption (gallons)  | 57,700               |                  |
| Usage (gallons)               |                      |                  |
| Tier One                      | 13,393,460 \$ 21,928 | - \$ -           |
| Tier Two                      | - -                  | 3,505,060 6,414  |
| Tier Three                    | - -                  | 9,888,400 25,809 |
| Usage Totals                  | 13,393,460           | 13,393,460       |
| Revenue Totals                | \$ 30,354            | \$ 41,285        |

<sup>1</sup>Customer 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.

**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 2023

Bill Count

Exhibit:

RLJ-DT2

Schedule H-5

Witness:

Jones

Class: Commercial  
Meter Size: 6"  
Sub Class:

| Rate Tiers                    | Present Rates | Proposed Rates | Charges             | Present Rates | Proposed Rates |
|-------------------------------|---------------|----------------|---------------------|---------------|----------------|
|                               |               |                | Base Charge: \$     | 732.71        | \$ 788.00      |
| Tier One Breakover (M gal):   | 999,999       | -              | Tier One Rate: \$   | 1.64          | \$ -           |
| Tier Two Breakover (M gal):   | -             | 500            | Tier Two Rate: \$   | -             | \$ 1.83        |
| Tier Three Breakover (M gal): | -             | 999,999        | Tier Three Rate: \$ | -             | \$ 2.61        |

| 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        | -      | -                        | -                            | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 2        | 1      | -                        | 1,000                        | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 3        | 1,001  | -                        | 2,000                        | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 4        | 2,001  | -                        | 3,000                        | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 5        | 3,001  | -                        | 4,000                        | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 6        | 4,001  | -                        | 5,000                        | 1 5,000               | 1                    | 2.78%      | 5,000                         | 0.01%      |
| 7        | 5,001  | -                        | 6,000                        | -                     | 1                    | 2.78%      | 5,000                         | 0.01%      |
| 8        | 6,001  | -                        | 7,000                        | -                     | 1                    | 2.78%      | 5,000                         | 0.01%      |
| 9        | 7,001  | -                        | 8,000                        | -                     | 1                    | 2.78%      | 5,000                         | 0.01%      |
| 10       | 8,001  | -                        | 9,000                        | -                     | 1                    | 2.78%      | 5,000                         | 0.01%      |
| 11       | 9,001  | -                        | 10,000                       | -                     | 1                    | 2.78%      | 5,000                         | 0.01%      |
| 12       | 10,001 | -                        | 11,000                       | -                     | 1                    | 2.78%      | 5,000                         | 0.01%      |
| 13       | 11,001 | -                        | 12,000                       | -                     | 1                    | 2.78%      | 5,000                         | 0.01%      |
| 14       | 12,001 | -                        | 13,000                       | -                     | 1                    | 2.78%      | 5,000                         | 0.01%      |
| 15       | 13,001 | -                        | 14,000                       | 1 14,000              | 2                    | 5.56%      | 19,000                        | 0.04%      |
| 16       | 14,001 | -                        | 15,000                       | -                     | 2                    | 5.56%      | 19,000                        | 0.04%      |
| 17       | 15,001 | -                        | 16,000                       | -                     | 2                    | 5.56%      | 19,000                        | 0.04%      |
| 18       | 16,001 | -                        | 17,000                       | 1 17,000              | 3                    | 8.33%      | 36,000                        | 0.08%      |
| 19       | 17,001 | -                        | 18,000                       | -                     | 3                    | 8.33%      | 36,000                        | 0.08%      |
| 20       | 18,001 | -                        | 19,000                       | -                     | 3                    | 8.33%      | 36,000                        | 0.08%      |
| 21       | 19,001 | -                        | 20,000                       | -                     | 3                    | 8.33%      | 36,000                        | 0.08%      |
| 22       | 20,001 | -                        | 21,000                       | -                     | 3                    | 8.33%      | 36,000                        | 0.08%      |
| 23       | 21,001 | -                        | 22,000                       | -                     | 3                    | 8.33%      | 36,000                        | 0.08%      |
| 24       | 22,001 | -                        | 23,000                       | -                     | 3                    | 8.33%      | 36,000                        | 0.08%      |
| 25       | 23,001 | -                        | 24,000                       | -                     | 3                    | 8.33%      | 36,000                        | 0.08%      |
| 26       | 24,001 | -                        | 25,000                       | -                     | 3                    | 8.33%      | 36,000                        | 0.08%      |
| 27       | 25,001 | -                        | 26,000                       | -                     | 3                    | 8.33%      | 36,000                        | 0.08%      |
| 28       | 26,001 | -                        | 27,000                       | -                     | 3                    | 8.33%      | 36,000                        | 0.08%      |
| 29       | 27,001 | -                        | 28,000                       | -                     | 3                    | 8.33%      | 36,000                        | 0.08%      |
| 30       | 28,001 | -                        | 29,000                       | -                     | 3                    | 8.33%      | 36,000                        | 0.08%      |
| 31       | 29,001 | -                        | 30,000                       | 1 30,000              | 4                    | 11.11%     | 66,000                        | 0.15%      |
| 32       | 30,001 | -                        | 31,000                       | -                     | 4                    | 11.11%     | 66,000                        | 0.15%      |
| 33       | 31,001 | -                        | 32,000                       | -                     | 4                    | 11.11%     | 66,000                        | 0.15%      |
| 34       | 32,001 | -                        | 33,000                       | -                     | 4                    | 11.11%     | 66,000                        | 0.15%      |
| 35       | 33,001 | -                        | 34,000                       | -                     | 4                    | 11.11%     | 66,000                        | 0.15%      |
| 36       | 34,001 | -                        | 35,000                       | -                     | 4                    | 11.11%     | 66,000                        | 0.15%      |
| 37       | 35,001 | -                        | 36,000                       | -                     | 4                    | 11.11%     | 66,000                        | 0.15%      |
| 38       | 36,001 | -                        | 37,000                       | -                     | 4                    | 11.11%     | 66,000                        | 0.15%      |
| 39       | 37,001 | -                        | 38,000                       | -                     | 4                    | 11.11%     | 66,000                        | 0.15%      |
| 40       | 38,001 | -                        | 39,000                       | -                     | 4                    | 11.11%     | 66,000                        | 0.15%      |
| 41       | 39,001 | -                        | 40,000                       | -                     | 4                    | 11.11%     | 66,000                        | 0.15%      |
| 42       | 40,001 | -                        | 41,000                       | -                     | 4                    | 11.11%     | 66,000                        | 0.15%      |
| 43       | 41,001 | -                        | 42,000                       | -                     | 4                    | 11.11%     | 66,000                        | 0.15%      |
| 44       | 42,001 | -                        | 43,000                       | -                     | 4                    | 11.11%     | 66,000                        | 0.15%      |
| 45       | 43,001 | -                        | 44,000                       | -                     | 4                    | 11.11%     | 66,000                        | 0.15%      |
| 46       | 44,001 | -                        | 45,000                       | -                     | 4                    | 11.11%     | 66,000                        | 0.15%      |
| 47       | 45,001 | -                        | 46,000                       | -                     | 4                    | 11.11%     | 66,000                        | 0.15%      |
| 48       | 46,001 | -                        | 47,000                       | -                     | 4                    | 11.11%     | 66,000                        | 0.15%      |
| 49       | 47,001 | -                        | 48,000                       | -                     | 4                    | 11.11%     | 66,000                        | 0.15%      |
| 50       | 48,001 | -                        | 49,000                       | 1 49,000              | 5                    | 13.89%     | 115,000                       | 0.26%      |
| 51       | 49,001 | -                        | 50,000                       | -                     | 5                    | 13.89%     | 115,000                       | 0.26%      |
| 52       | 50,001 | -                        | 51,000                       | -                     | 5                    | 13.89%     | 115,000                       | 0.26%      |
| 53       | 51,001 | -                        | 52,000                       | -                     | 5                    | 13.89%     | 115,000                       | 0.26%      |

**Foothills Water & Sewer, LLC - Water Division**

Test Year Ended June 30, 2023

Bill Count

Exhibit:

RLJ-DT2

Schedule H-5

Witness:

Jones

Class: Commercial  
Meter Size: 6"  
Sub Class:

|                               | Present Rates | Proposed Rates | Charges          | Present Rates | Proposed Rates |
|-------------------------------|---------------|----------------|------------------|---------------|----------------|
| Base Charge:                  |               |                | \$               | 732.71        | \$ 788.00      |
| Tier One Breakover (M gal):   | 999,999       | -              | Tier One Rate:   | \$ 1.64       | \$ -           |
| Tier Two Breakover (M gal):   | -             | 500            | Tier Two Rate:   | \$ -          | \$ 1.83        |
| Tier Three Breakover (M gal): | -             | 999,999        | Tier Three Rate: | \$ -          | \$ 2.61        |

| 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   | -                        | -                            | -                     | 5                    | 13.89%     | 115,000                       | 0.26%      |
| 55       | 53,001 - 54,000   | -                        | -                            | -                     | 5                    | 13.89%     | 115,000                       | 0.26%      |
| 56       | 54,001 - 55,000   | -                        | -                            | -                     | 5                    | 13.89%     | 115,000                       | 0.26%      |
| 57       | 55,001 - 56,000   | -                        | -                            | -                     | 5                    | 13.89%     | 115,000                       | 0.26%      |
| 58       | 56,001 - 57,000   | -                        | -                            | -                     | 5                    | 13.89%     | 115,000                       | 0.26%      |
| 59       | 57,001 - 58,000   | -                        | -                            | -                     | 5                    | 13.89%     | 115,000                       | 0.26%      |
| 60       | 58,001 - 59,000   | -                        | -                            | -                     | 5                    | 13.89%     | 115,000                       | 0.26%      |
| 61       | 59,001 - 60,000   | 1                        | 60,000                       | 60,000                | 6                    | 16.67%     | 175,000                       | 0.39%      |
| 62       | 60,001 - 61,000   | -                        | -                            | -                     | 6                    | 16.67%     | 175,000                       | 0.39%      |
| 63       | 61,001 - 62,000   | -                        | -                            | -                     | 6                    | 16.67%     | 175,000                       | 0.39%      |
| 64       | 62,001 - 63,000   | 1                        | 63,000                       | 63,000                | 7                    | 19.44%     | 238,000                       | 0.53%      |
| 65       | 63,001 - 64,000   | -                        | -                            | -                     | 7                    | 19.44%     | 238,000                       | 0.53%      |
| 66       | 64,001 - 65,000   | -                        | -                            | -                     | 7                    | 19.44%     | 238,000                       | 0.53%      |
| 67       | 65,001 - 66,000   | -                        | -                            | -                     | 7                    | 19.44%     | 238,000                       | 0.53%      |
| 68       | 66,001 - 67,000   | -                        | -                            | -                     | 7                    | 19.44%     | 238,000                       | 0.53%      |
| 69       | 67,001 - 68,000   | -                        | -                            | -                     | 7                    | 19.44%     | 238,000                       | 0.53%      |
| 70       | 68,001 - 69,000   | -                        | -                            | -                     | 7                    | 19.44%     | 238,000                       | 0.53%      |
| 71       | 69,001 - 70,000   | -                        | -                            | -                     | 7                    | 19.44%     | 238,000                       | 0.53%      |
| 72       | 70,001 - 71,000   | -                        | -                            | -                     | 7                    | 19.44%     | 238,000                       | 0.53%      |
| 73       | 71,001 - 72,000   | -                        | -                            | -                     | 7                    | 19.44%     | 238,000                       | 0.53%      |
| 74       | 72,001 - 73,000   | -                        | -                            | -                     | 7                    | 19.44%     | 238,000                       | 0.53%      |
| 75       | 73,001 - 74,000   | -                        | -                            | -                     | 7                    | 19.44%     | 238,000                       | 0.53%      |
| 76       | 74,001 - 75,000   | -                        | -                            | -                     | 7                    | 19.44%     | 238,000                       | 0.53%      |
| 77       | 75,001 - 76,000   | -                        | -                            | -                     | 7                    | 19.44%     | 238,000                       | 0.53%      |
| 78       | 76,001 - 77,000   | -                        | -                            | -                     | 7                    | 19.44%     | 238,000                       | 0.53%      |
| 79       | 77,001 - 78,000   | -                        | -                            | -                     | 7                    | 19.44%     | 238,000                       | 0.53%      |
| 80       | 78,001 - 79,000   | -                        | -                            | -                     | 7                    | 19.44%     | 238,000                       | 0.53%      |
| 81       | 79,001 - 80,000   | -                        | -                            | -                     | 7                    | 19.44%     | 238,000                       | 0.53%      |
| 82       | 80,001 - 81,000   | -                        | -                            | -                     | 7                    | 19.44%     | 238,000                       | 0.53%      |
| 83       | 81,001 - 82,000   | -                        | -                            | -                     | 7                    | 19.44%     | 238,000                       | 0.53%      |
| 84       | 82,001 - 83,000   | -                        | -                            | -                     | 7                    | 19.44%     | 238,000                       | 0.53%      |
| 85       | 83,001 - 84,000   | -                        | -                            | -                     | 7                    | 19.44%     | 238,000                       | 0.53%      |
| 86       | 84,001 - 85,000   | -                        | -                            | -                     | 7                    | 19.44%     | 238,000                       | 0.53%      |
| 87       | 85,001 - 86,000   | -                        | -                            | -                     | 7                    | 19.44%     | 238,000                       | 0.53%      |
| 88       | 86,001 - 87,000   | -                        | -                            | -                     | 7                    | 19.44%     | 238,000                       | 0.53%      |
| 89       | 87,001 - 88,000   | -                        | -                            | -                     | 7                    | 19.44%     | 238,000                       | 0.53%      |
| 90       | 88,001 - 89,000   | 1                        | 89,000                       | 89,000                | 8                    | 22.22%     | 327,000                       | 0.73%      |
| 91       | 89,001 - 90,000   | -                        | -                            | -                     | 8                    | 22.22%     | 327,000                       | 0.73%      |
| 92       | 90,001 - 91,000   | -                        | -                            | -                     | 8                    | 22.22%     | 327,000                       | 0.73%      |
| 93       | 91,001 - 92,000   | -                        | -                            | -                     | 8                    | 22.22%     | 327,000                       | 0.73%      |
| 94       | 92,001 - 93,000   | -                        | -                            | -                     | 8                    | 22.22%     | 327,000                       | 0.73%      |
| 95       | 93,001 - 94,000   | -                        | -                            | -                     | 8                    | 22.22%     | 327,000                       | 0.73%      |
| 96       | 94,001 - 95,000   | 1                        | 95,000                       | 95,000                | 9                    | 25.00%     | 422,000                       | 0.94%      |
| 97       | 95,001 - 96,000   | -                        | -                            | -                     | 9                    | 25.00%     | 422,000                       | 0.94%      |
| 98       | 96,001 - 97,000   | -                        | -                            | -                     | 9                    | 25.00%     | 422,000                       | 0.94%      |
| 99       | 97,001 - 98,000   | -                        | -                            | -                     | 9                    | 25.00%     | 422,000                       | 0.94%      |
| 100      | 98,001 - 99,000   | -                        | -                            | -                     | 9                    | 25.00%     | 422,000                       | 0.94%      |
| 101      | 99,001 - 100,000  | -                        | -                            | -                     | 9                    | 25.00%     | 422,000                       | 0.94%      |
| 102      | 810,000 - 810,000 | 1                        | 810,000                      | 810,000               | 10                   | 27.78%     | 1,232,000                     | 2.74%      |
| 103      | 836,000 - 836,000 | 1                        | 836,000                      | 836,000               | 11                   | 30.56%     | 2,068,000                     | 4.61%      |
| 104      | 847,000 - 847,000 | 1                        | 847,000                      | 847,000               | 12                   | 33.33%     | 2,915,000                     | 6.49%      |
| 105      | 859,000 - 859,000 | 1                        | 859,000                      | 859,000               | 13                   | 36.11%     | 3,774,000                     | 8.41%      |
| 106      | 927,230 - 927,230 | 1                        | 927,230                      | 927,230               | 14                   | 38.89%     | 4,701,230                     | 10.47%     |

Class: Commercial  
Meter Size: 6"  
Sub Class:

|                               | Present Rates | Proposed Rates | Charges             | Present Rates | Proposed Rates |
|-------------------------------|---------------|----------------|---------------------|---------------|----------------|
| Base Charge:                  | \$            | 732.71         | \$                  | 788.00        |                |
| Tier One Breakover (M gal):   | 999,999       | -              | Tier One Rate: \$   | 1.64          | \$ -           |
| Tier Two Breakover (M gal):   | -             | 500            | Tier Two Rate: \$   | -             | \$ 1.83        |
| Tier Three Breakover (M gal): | -             | 999,999        | Tier Three Rate: \$ | -             | \$ 2.61        |

| 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      | 931,000 - 931,000                     | 1                        | 931,000                      | 931,000               | 15                   | 41.67%     | 5,632,230                     | 12.54%     |
| 108      | 986,000 - 986,000                     | 1                        | 986,000                      | 986,000               | 16                   | 44.44%     | 6,618,230                     | 14.74%     |
| 109      | 992,000 - 992,000                     | 1                        | 992,000                      | 992,000               | 17                   | 47.22%     | 7,610,230                     | 16.95%     |
| 110      | 1,101,000 - 1,101,000                 | 1                        | 1,101,000                    | 1,101,000             | 18                   | 50.00%     | 8,711,230                     | 19.40%     |
| 111      | 1,189,000 - 1,189,000                 | 1                        | 1,189,000                    | 1,189,000             | 19                   | 52.78%     | 9,900,230                     | 22.05%     |
| 112      | 1,202,000 - 1,202,000                 | 1                        | 1,202,000                    | 1,202,000             | 20                   | 55.56%     | 11,102,230                    | 24.73%     |
| 113      | 1,221,790 - 1,221,790                 | 1                        | 1,221,790                    | 1,221,790             | 21                   | 58.33%     | 12,324,020                    | 27.45%     |
| 114      | 1,242,000 - 1,242,000                 | 1                        | 1,242,000                    | 1,242,000             | 22                   | 61.11%     | 13,566,020                    | 30.21%     |
| 115      | 1,274,000 - 1,274,000                 | 1                        | 1,274,000                    | 1,274,000             | 23                   | 63.89%     | 14,840,020                    | 33.05%     |
| 116      | 1,306,770 - 1,306,770                 | 1                        | 1,306,770                    | 1,306,770             | 24                   | 66.67%     | 16,146,790                    | 35.96%     |
| 117      | 1,318,390 - 1,318,390                 | 1                        | 1,318,390                    | 1,318,390             | 25                   | 69.44%     | 17,465,180                    | 38.90%     |
| 118      | 1,394,000 - 1,394,000                 | 1                        | 1,394,000                    | 1,394,000             | 26                   | 72.22%     | 18,859,180                    | 42.00%     |
| 119      | 1,609,000 - 1,609,000                 | 1                        | 1,609,000                    | 1,609,000             | 27                   | 75.00%     | 20,468,180                    | 45.59%     |
| 120      | 1,782,870 - 1,782,870                 | 1                        | 1,782,870                    | 1,782,870             | 28                   | 77.78%     | 22,251,050                    | 49.56%     |
| 121      | 1,784,000 - 1,784,000                 | 1                        | 1,784,000                    | 1,784,000             | 29                   | 80.56%     | 24,035,050                    | 53.53%     |
| 122      | 1,981,000 - 1,981,000                 | 1                        | 1,981,000                    | 1,981,000             | 30                   | 83.33%     | 26,016,050                    | 57.94%     |
| 123      | 2,161,400 - 2,161,400                 | 1                        | 2,161,400                    | 2,161,400             | 31                   | 86.11%     | 28,177,450                    | 62.76%     |
| 124      | 2,249,000 - 2,249,000                 | 1                        | 2,249,000                    | 2,249,000             | 32                   | 88.89%     | 30,426,450                    | 67.77%     |
| 125      | 2,621,080 - 2,621,080                 | 1                        | 2,621,080                    | 2,621,080             | 33                   | 91.67%     | 33,047,530                    | 73.60%     |
| 126      | 2,780,560 - 2,780,560                 | 1                        | 2,780,560                    | 2,780,560             | 34                   | 94.44%     | 35,828,090                    | 79.80%     |
| 127      | 3,146,840 - 3,146,840                 | 1                        | 3,146,840                    | 3,146,840             | 35                   | 97.22%     | 38,974,930                    | 86.80%     |
| 128      | 5,925,000 - 5,925,000                 | 1                        | 5,925,000                    | 5,925,000             | 36                   | 100.00%    | 44,899,930                    | 100.00%    |
| 129      |                                       |                          |                              |                       |                      |            |                               |            |
| 130      | Totals                                | 36                       |                              | 44,899,930            | 36                   |            | 44,899,930                    |            |
| 131      | Prorated Bills Reduction <sup>1</sup> | -                        |                              |                       |                      |            |                               |            |
| 132      | Total Bills                           | 36                       |                              |                       |                      |            |                               |            |

|     |                               |           |                 |                      |                |         |
|-----|-------------------------------|-----------|-----------------|----------------------|----------------|---------|
| 133 |                               |           | Current Rates   |                      | Proposed Rates |         |
| 134 |                               |           | Units           | Revenue              | Units          | Revenue |
| 135 |                               |           | Base Charge     | 36 \$ 26,378         | 36 \$ 28,368   |         |
| 136 | Average Number of Customers   | 3         |                 |                      |                |         |
| 137 |                               |           | Usage (gallons) |                      |                |         |
| 138 | Average Consumption (gallons) | 1,247,220 | Tier One        | 44,899,930 \$ 73,511 | - \$ -         | -       |
| 139 |                               |           | Tier Two        | - -                  | 13,922,000     | 25,477  |
| 140 | Median Consumption (gallons)  | 1,101,000 | Tier Three      | - -                  | 30,977,930     | 80,852  |
| 141 |                               |           | Usage Totals    | 44,899,930           | 44,899,930     |         |
| 142 |                               |           | Revenue Totals  | \$ 99,888            | \$ 134,698     |         |

<sup>1</sup>Customer 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.

# **EXHIBIT RLJ-DT3**

## **Sewer Schedules**

**Foothills Water & Sewer, LLC - Sewer Division**  
Test Year Ended June 30, 2023  
Computation of Increase in Gross Revenue Requirements

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

| Line No. |                                    | Original Cost<br>Rate Base | RCND            | Fair Value<br>Rate Base                 | Fair Value<br>Increment |
|----------|------------------------------------|----------------------------|-----------------|---|-------------------------|
| 1        | Adjusted Rate Base                 | \$ 33,948,471              | \$ 53,889,521   | \$ 43,918,996                           |                         |
| 2        |                                    |                            |                 |   |                         |
| 3        | Adjusted Operating Income          | 430,767                    | 430,767         | 430,767                                 |                         |
| 4        |                                    |                            |                 |   |                         |
| 5        | Current Rate of Return             | 1.27%                      | 0.80%           | 0.98%                                   |                         |
| 6        |                                    |                            |                 |   |                         |
| 7        | Weighted Average Cost of Capital   | 8.22%                      | 8.22%           | 8.22%                                   |                         |
| 8        | Fair Value Adjustment              | 0.25%                      | -2.88%          | -1.67%                                  |                         |
| 9        | Required Rate of Return            | 8.47%                      | 5.34%           | 6.55%                                   |                         |
| 10       |                                    |                            |                 |   |                         |
| 11       | Required Operating Income          | \$ 2,876,694               | \$ 2,876,694    | \$ 2,876,694                            |                         |
| 12       |                                    |                            |                 |   |                         |
| 13       | Operating Income Deficiency        | \$ 2,445,927               | \$ 2,445,927    | \$ 2,445,927                            | \$ 86,130               |
| 14       |                                    |                            |                 |   |                         |
| 15       | Gross Revenue Conversion Factor    | 1.3494                     | 1.3494          | 1.3494                                  | 1.3494                  |
| 16       |                                    |                            |                 |   |                         |
| 17       | Required Increase in Gross Revenue | \$ 3,300,493               | \$ 3,300,493    | \$ 3,300,493                            | \$ 116,222              |
| 18       |                                    |                            |                 |   |                         |
| 19       | Adjusted Test Year Revenue         |                            |                 | \$ 6,476,952                            |                         |
| 20       |                                    |                            |                 |   |                         |
| 21       | Proposed Annual Revenue            |                            |                 | \$ 9,777,445                            |                         |
| 22       |                                    |                            |                 |   |                         |
| 23       | Percent Increase in Gross Revenue  |                            |                 | 50.96%                                  |                         |
| 24       |                                    |                            |                 |   |                         |
| 25       | Resulting Operating Margin         |                            |                 | 29.42%                                  |                         |
| 26       |                                    |                            |                 |   |                         |
| 27       |                                    |                            |                 |   |                         |
| 28       |                                    |                            |                 |   |                         |
| 29       |                                    |                            |                 |   |                         |
| 30       |                                    |                            |                 |   |                         |
| 31       |                                    | Current Rates              | Projected Rates | Projected Revenue Increase Due To Rates | % Dollar Increase       |
| 32       | <u>Customer Classification</u>     |                            |                 |   |                         |
| 33       |                                    |                            |                 |   |                         |
| 34       | <u>Flat Rate Revenue</u>           |                            |                 |   |                         |
| 35       | Residential                        | 5,917,496                  | 9,014,266       | 3,096,770                               | 52.33%                  |
| 36       | Commercial                         | 274,637                    | 422,036         | 147,399                                 | 53.67%                  |
| 37       | Recreational Vehicle Park          | 109,998                    | 165,956         | 55,958                                  | 50.87%                  |
| 38       |                                    | -                          | -               | -                                       | 0.00%                   |
| 39       | Subtotal Flat Rate                 | 6,302,131                  | 9,602,258       | 3,300,127                               | 52.37%                  |
| 40       |                                    |                            |                 |   |                         |
| 41       | Measured Reuse Revenue             | 68,263                     | 68,263          | -                                       | 0.00%                   |
| 42       | Other Wastewater Revenues          | 103,275                    | 103,275         | -                                       | 0.00%                   |
| 43       |                                    |                            |                 |   |                         |
| 44       | Reconciling Amount                 | 3,283                      | 3,650           | \$ 366                                  |                         |
| 45       |                                    |                            |                 |   |                         |
| 46       | Subtotal                           | \$ 6,476,952               | \$ 9,777,445    | \$ 3,300,493                            | 50.96%                  |
| 47       |                                    |                            |                 |   |                         |
| 48       |                                    |                            |                 |   |                         |
| 49       | <u>Supporting Schedules:</u>       |                            |                 |   |                         |
| 50       | B-1 C-1                            |                            |                 |   |                         |
| 51       | C-3 H-1                            |                            |                 |   |                         |
| 52       |                                    |                            |                 |   |                         |

**Foothills Water & Sewer, LLC - Sewer Division**  
Test Year Ended June 30, 2023  
Summary Results of Operations

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

| Line<br>No. | Description                  | Prior Years Ended |              | Test Year           |                       | Projected Year                |                                |
|-------------|------------------------------|-------------------|--------------|---------------------|-----------------------|-------------------------------|--------------------------------|
|             |                              | 6/30/2021         | 6/30/2022    | Actual<br>6/30/2023 | Adjusted<br>6/30/2023 | Present<br>Rates<br>6/30/2024 | Proposed<br>Rates<br>6/30/2024 |
| 1           | Gross Revenues               | \$ 6,123,689      | \$ 6,768,340 | \$ 6,680,349        | \$ 6,476,952          | \$ 6,476,952                  | \$ 9,777,445                   |
| 2           | Revenue Deductions and       |                   |              |                     |                       |                               |                                |
| 3           | Operating Expenses           | 4,739,836         | 5,294,446    | 6,319,422           | 6,046,185             | 6,192,385                     | 7,031,467                      |
| 4           | Operating Income             | 1,383,853         | 1,473,894    | 360,927             | 430,767               | 284,568                       | 2,745,978                      |
| 5           |                              |                   |              |                     |                       |                               |                                |
| 6           | Other Income and             |                   |              |                     |                       |                               |                                |
| 7           | Deductions                   | (881,332)         | (1,204,461)  | (799,262)           | (933,848)             | (933,848)                     | (933,848)                      |
| 8           | Interest Expense             | 3,285             | 3,285        | 867                 | -                     | -                             | -                              |
| 9           | Net Income                   | \$ 505,806        | \$ 272,718   | \$ (437,468)        | \$ (503,081)          | \$ (649,280)                  | \$ 1,812,130                   |
| 10          |                              |                   |              |                     |                       |                               |                                |
| 11          | Earned Per Average           |                   |              |                     |                       |                               |                                |
| 12          | Common Share                 | n/a               | n/a          | n/a                 | n/a                   | n/a                           | n/a                            |
| 13          |                              |                   |              |                     |                       |                               |                                |
| 14          | Dividends Per                |                   |              |                     |                       |                               |                                |
| 15          | Common Share                 | n/a               | n/a          | n/a                 | n/a                   | n/a                           | n/a                            |
| 16          |                              |                   |              |                     |                       |                               |                                |
| 17          | Payout Ratio                 | n/a               | n/a          | n/a                 | n/a                   | n/a                           | n/a                            |
| 18          |                              |                   |              |                     |                       |                               |                                |
| 19          | Return on Average            |                   |              |                     |                       |                               |                                |
| 20          | Invested Capital             | 1.7%              | 0.9%         | -1.5%               | -1.2%                 | -1.4%                         | 3.9%                           |
| 21          |                              |                   |              |                     |                       |                               |                                |
| 22          | Return on Year End           |                   |              |                     |                       |                               |                                |
| 23          | Capital                      | 1.7%              | 0.9%         | -1.5%               | -1.3%                 | -1.2%                         | 3.5%                           |
| 24          |                              |                   |              |                     |                       |                               |                                |
| 25          | Return on Average            |                   |              |                     |                       |                               |                                |
| 26          | Common Equity                | 316.2%            | 22.1%        | -4.5%               | -5.2%                 | -2.8%                         | 7.4%                           |
| 27          |                              |                   |              |                     |                       |                               |                                |
| 28          | Return on Year End           |                   |              |                     |                       |                               |                                |
| 29          | Common Equity                | 60.8%             | 16.7%        | -2.5%               | -2.8%                 | -2.2%                         | 5.8%                           |
| 30          |                              |                   |              |                     |                       |                               |                                |
| 31          | Times Bond Interest Earned   |                   |              |                     |                       |                               |                                |
| 32          | Before Income Taxes          | 1.23              | 1.30         | 0.75                | 0.45                  | 0.25                          | 4.71                           |
| 33          |                              |                   |              |                     |                       |                               |                                |
| 34          | Times Total Interest and     |                   |              |                     |                       |                               |                                |
| 35          | Preferred Dividends Earned   |                   |              |                     |                       |                               |                                |
| 36          | After Income Taxes           | 1.23              | 1.30         | 0.61                | 0.59                  | 0.39                          | 3.74                           |
| 37          |                              |                   |              |                     |                       |                               |                                |
| 38          |                              |                   |              |                     |                       |                               |                                |
| 39          | <u>Supporting Schedules:</u> |                   |              |                     |                       |                               |                                |
| 40          | E-2 F-1                      |                   |              |                     |                       |                               |                                |
| 41          | C-1                          |                   |              |                     |                       |                               |                                |
| 42          |                              |                   |              |                     |                       |                               |                                |

**Foothills Water & Sewer, LLC - Sewer Division**

Test Year Ended June 30, 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 |
|----------|------------------------|-------------------|---------------|---------------|----------------|
|          |                        | 6/30/2021         | 6/30/2022     | 6/30/2023     | 6/30/2024      |
| 3        | Short-Term Debt        | 334,797           | 334,797       | -             | -              |
| 4        | Long-Term Debt         | 15,869,833        | 15,183,830    | -             | -              |
| 5        | Total Debt             | \$ 16,204,629     | \$ 15,518,626 | \$ -          | \$ -           |
| 7        | Preferred Stock        | -                 | -             | -             | -              |
| 8        | Common Equity          | 831,951           | 1,631,447     | 17,731,004    | 29,176,197     |
| 9        | Total Capital & Debt   | \$ 17,036,580     | \$ 17,150,073 | \$ 17,731,004 | \$ 29,176,197  |
| 12       | Capitalization Ratios: |                   |               |               |                |
| 14       | Short-Term Debt        | 1.97%             | 1.95%         | 0.00%         | 0.00%          |
| 15       | Long-Term Debt         | 93.15%            | 88.54%        | 0.00%         | 0.00%          |
| 16       | Total Debt             | 95.12%            | 90.49%        | 0.00%         | 0.00%          |
| 18       | Preferred Stock        | 0.00%             | 0.00%         | 0.00%         | 0.00%          |
| 19       | Common Equity          | 4.88%             | 9.51%         | 100.00%       | 100.00%        |
| 20       | Total Capital          | 100.00%           | 100.00%       | 100.00%       | 100.00%        |
| 22       | Weighted Cost of       |                   |               |               |                |
| 23       | Short-term Debt        | 0.0000%           | 0.0000%       | 0.0000%       | 0.0000%        |
| 25       | Weighted Cost of       |                   |               |               |                |
| 26       | Long-term Debt         | 6.6104%           | 6.6345%       | 0.0000%       | 0.0000%        |
| 28       | Weighted Cost of       |                   |               |               |                |
| 29       | Senior Capital         | 6.6104%           | 6.6345%       | 0.0000%       | 0.0000%        |
| 35       | Supporting Schedules:  |                   |               |               |                |
| 36       | E-1 D-1                |                   |               |               |                |



**Foothills Water & Sewer, LLC - Sewer Division**  
Test Year Ended June 30, 2023  
Construction Expenditures and Gross Utility Plant In Service

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

| Line<br>No. | Year                         |           | Construction<br>Expenditures | Net Plant Placed<br>In Service | Gross Utility<br>Plant In Service |
|-------------|------------------------------|-----------|------------------------------|--------------------------------|-----------------------------------|
| 1           |                              |           |                              |                                |                                   |
| 2           | Prior Year Ended             | 6/30/2021 | \$ 916,385                   | \$ 928,964                     | \$ 47,407,401                     |
| 3           |                              |           |                              |                                |                                   |
| 4           | Prior Year Ended             | 6/30/2022 | 1,045,688                    | 1,019,223                      | 48,535,901                        |
| 5           |                              |           |                              |                                |                                   |
| 6           | Test Year Ended              | 6/30/2023 | 450,619                      | 1,061,586                      | 51,517,163                        |
| 7           |                              |           |                              |                                |                                   |
| 8           | Projected Year Ending        | 6/30/2024 | 12,364,013                   | 11,745,812                     | 63,262,975                        |
| 9           |                              |           |                              |                                |                                   |
| 10          | Projected Year Ending        | 6/30/2025 | 13,425,000                   | 12,753,750                     | 76,016,725                        |
| 11          |                              |           |                              |                                |                                   |
| 12          | Projected Year Ending        | 6/30/2026 | 7,950,000                    | 7,552,500                      | 83,569,225                        |
| 13          |                              |           |                              |                                |                                   |
| 14          | <u>Supporting Schedules:</u> |           |                              |                                |                                   |
| 15          | F-3                          |           |                              |                                |                                   |
| 16          | B-2.1                        |           |                              |                                |                                   |
| 17          |                              |           |                              |                                |                                   |

**Foothills Water & Sewer, LLC - Sewer Division**  
Test Year Ended June 30, 2023  
Summary Changes In Financial Position

Exhibit: RLJ-DT3  
Schedule A-5  
Page 1  
Witness: Jones

| Line No. |  | Prior Year Ended 6/30/2021 | Prior Year Ended 6/30/2022 | Test Year Ended 6/30/2023 | Projected Year Present Rates 6/30/2024 | Projected Year Proposed Rates 6/30/2025 |
|----------|--|----------------------------|----------------------------|---------------------------|--|---|
| 1        | <u>Source of Funds</u>                   |                            |                            |                           |  |   |
| 2        | Operations                               | \$ 662,721                 | \$ 278,996                 | \$ 7,509,775              | \$ 992,318                             | \$ 3,453,728                            |
| 3        |  |                            |                            |                           |  |   |
| 4        | Outside Financing                        | (147,899)                  | 38,313                     | 20,106,441                | 11,250,000                             | 9,975,000                               |
| 5        |  |                            |                            |                           |  |   |
| 6        | Total Funds Provided                     | \$ 514,821                 | \$ 317,310                 | \$ 27,616,216             | \$ 12,242,318                          | \$ 13,428,728                           |
| 7        |  |                            |                            |                           |  |   |
| 8        | <u>Application of Funds</u>              |                            |                            |                           |  |   |
| 9        | Constriction Expenditures                | \$ (1,260,707)             | \$ (1,154,965)             | \$ (27,248,137)           | \$ (12,364,013)                        | \$ (13,425,000)                         |
| 10       |  |                            |                            |                           |  |   |
| 11       | Dividends/Distributions                  | -                          | -                          | -                         | -                                      | -                                       |
| 12       |  |                            |                            |                           |  |   |
| 13       | Other                                    | -                          | -                          | -                         | -                                      | -                                       |
| 14       |  |                            |                            |                           |  |   |
| 15       | Total Funds Applied                      | \$ (1,260,707)             | \$ (1,154,965)             | \$ (27,248,137)           | \$ (12,364,013)                        | \$ (13,425,000)                         |
| 16       |  |                            |                            |                           |  |   |
| 17       | Change in Allocation between Departments | \$ 838,162                 | \$ 526,776                 | \$ -                      | \$ -                                   | \$ -                                    |
| 18       |  |                            |                            |                           |  |   |
| 19       | Net Increase/(Decrease) in Cash          | \$ 92,276                  | \$ (310,880)               | \$ 368,079                | \$ (121,695)                           | \$ 3,728                                |
| 20       |  |                            |                            |                           |  |   |
| 21       |  |                            |                            |                           |  |   |
| 22       |  |                            |                            |                           |  |   |
| 23       | <u>Supporting Schedules:</u>             |                            |                            |                           |  |   |
| 24       | E-3                                      |                            |                            |                           |  |   |
| 25       | F-2                                      |                            |                            |                           |  |   |
| 26       |  |                            |                            |                           |  |   |

**Foothills Water & Sewer, LLC - Sewer Division**  
Test Year Ended June 30, 2023  
Summary of Original Cost Rate Base Elements

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

| Line<br>No. |  | Original<br>Cost<br>Rate Base* | RCND*          | Fair Value<br>Rate Base<br>(50/50) |
|-------------|--|--------------------------------|----------------|------------------------------------|
| 1           |  |                                |                |                                    |
| 2           | Gross Utility Plant in Service             | \$ 60,787,387                  | \$ 111,247,974 | \$ 86,017,681                      |
| 3           |  |                                |                |                                    |
| 4           | Less: Accumulated Depreciation             | (23,653,992)                   | (52,392,752)   | (38,023,372)                       |
| 5           |  |                                |                |                                    |
| 6           | Net Utility Plant in Service               | 37,133,395                     | 58,855,222     | 47,994,308                         |
| 7           |  |                                |                |                                    |
| 8           | Less:                                      |                                |                |                                    |
| 9           | Advances in Aid of Construction            | -                              | -              | -                                  |
| 10          |  |                                |                |                                    |
| 11          | Contributions in Aid of Construction       | 3,682,495                      | 5,673,301      | 4,677,898                          |
| 12          | Accumulated Amortization of CIAC           | (1,359,482)                    | (2,094,436)    | (1,726,959)                        |
| 13          | Contributions in Aid of Construction - Net | 2,323,013                      | 3,578,865      | 2,950,939                          |
| 14          |  |                                |                |                                    |
| 15          | Customer Security Deposits                 | 90,705                         | 90,705         | 90,705                             |
| 16          | Deferred Income Taxes                      | 970,981                        | 1,495,906      | 1,233,444                          |
| 17          |  |                                |                |                                    |
| 18          | Plus:                                      |                                |                |                                    |
| 19          | Working Capital                            | 199,775                        | 199,775        | 199,775                            |
| 20          | Net Regulatory Asset / (Liability)         | -                              | -              | -                                  |
| 21          |  |                                |                |                                    |
| 22          | Rate Base                                  | \$ 33,948,471                  | 53,889,521     | 43,918,996                         |

23  
24 \* including pro forma adjustments  
25  
26

27 Supporting Schedules:

28 B-2 B-5

29 B-3 E-1

30

Recap Schedules:

A-1

| Line<br>No. |  | Actual<br>End of<br>Test Year | ADJ<br>OC-1  | ADJ<br>OC-2  | ADJ<br>OC-3 | ADJ<br>OC-4 | Total<br>Pro Forma<br>Adjustments | Adjusted<br>End of<br>Test Year |
|-------------|--|-------------------------------|--------------|--------------|-------------|-------------|-----------------------------------|---------------------------------|
| 1           |  |                               |              |              |             |             |                                   |                                 |
| 2           | Gross Utility Plant in Service             | \$ 51,517,163                 | \$ 9,270,224 |              |             |             | \$ 9,270,224                      | \$ 60,787,387                   |
| 3           |  |                               |              |              |             |             |                                   |                                 |
| 4           | Less: Accumulated Depreciation             | (25,557,037)                  |              | 1,903,045    |             |             | 1,903,045                         | (23,653,992)                    |
| 5           |  |                               |              |              |             |             |                                   |                                 |
| 6           | Net Utility Plant in Service               | 25,960,126                    | 9,270,224    | 1,903,045    | -           | -           | 11,173,269                        | 37,133,395                      |
| 7           |  |                               |              |              |             |             |                                   |                                 |
| 8           | Less:                                      |                               |              |              |             |             |                                   |                                 |
| 9           | Advances in Aid of Construction            | -                             |              |              |             |             | -                                 | -                               |
| 10          |  |                               |              |              |             |             |                                   |                                 |
| 11          | Contributions in Aid of Construction       | 3,682,495                     |              |              | (0)         |             | (0)                               | 3,682,495                       |
| 12          | Accumulated Amortization of CIAC           | (1,323,198)                   |              |              | (36,284)    |             | (36,284)                          | (1,359,482)                     |
| 13          | Contributions in Aid of Construction - Net | 2,359,297                     | -            | -            | (36,284)    | -           | (36,284)                          | 2,323,013                       |
| 14          |  |                               |              |              |             |             |                                   |                                 |
| 15          | Customer Security Deposits                 | 90,705                        |              |              |             |             | -                                 | 90,705                          |
| 16          | Deferred Income Taxes                      | 970,981                       |              |              |             |             | -                                 | 970,981                         |
| 17          |  |                               |              |              |             |             |                                   |                                 |
| 18          | Plus:                                      |                               |              |              |             |             |                                   |                                 |
| 19          | Working Capital                            | 199,775                       |              |              |             |             | -                                 | 199,775                         |
| 20          | Net Regulatory Asset / (Liability)         | -                             |              |              |             |             | -                                 | -                               |
| 21          |  |                               |              |              |             |             |                                   |                                 |
| 22          | Rate Base                                  | \$ 22,738,918                 | \$ 9,270,224 | \$ 1,903,045 | \$ 36,284   | \$ -        | \$ 11,209,554                     | \$ 33,948,471                   |
| 23          |  |                               |              |              |             |             |                                   |                                 |
| 24          |  |                               |              |              |             |             |                                   |                                 |
| 25          |  |                               |              |              |             |             |                                   |                                 |
| 26          |  |                               |              |              |             |             |                                   |                                 |
| 27          |  |                               |              |              |             |             |                                   |                                 |
| 28          | <u>Supporting Schedules:</u>               |                               |              |              |             |             | <u>Recap Schedules:</u>           |                                 |
| 29          | E-1  |                               |              |              |             |             | B-1                               |                                 |
| 30          |  |                               |              |              |             |             |                                   |                                 |

### Plant In Service Adjustments

Witness: Jones

| Line No. | Book Adjustments                          |  |                                      |                                      |              | Rate Making Adjustments        |                               |                                    | Total Rate Making Adjustments | Adjusted End of Test Year |               |               |               |
|----------|---|--|--------------------------------------|--------------------------------------|--------------|--------------------------------|-------------------------------|------------------------------------|-------------------------------|---------------------------|---------------|---------------|---------------|
|          | Actual End of Test Year                   | [OC-1.1] Reclass Plant                     | [OC-1.2] Remove Plant Not In Service | [OC-1.3] Record Unbooked Retirements | Not Used     | Adjusted Book End of Test Year | [OC-1.4] Post-Test Year Plant | [OC-1.4] Post-Test Year Retirement |                               |                           |               |               |               |
| 1        | Acct                                      |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
| 2        | No.                                       | Description                                |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
| 3        |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
| 4        | 351                                       | Organization Cost                          | \$ -                                 |                                      | \$ -         | \$ -                           | \$ -                          | \$ -                               | \$ -                          | \$ -                      |               |               |               |
| 5        | 352                                       | Franchise Cost                             | 3,076                                |                                      | -            | 3,076                          | -                             | -                                  | -                             | 3,076                     |               |               |               |
| 6        | 353                                       | Land and Land Rights                       | 1,538,615                            |                                      | (3,000)      | 1,535,615                      | -                             | -                                  | -                             | 1,535,615                 |               |               |               |
| 7        | 354                                       | Structures & Improvements                  | 2,703,984                            |                                      | (1,972)      | 2,702,012                      | 125,550                       | (2,700)                            | 122,850                       | 2,824,862                 |               |               |               |
| 8        | 355                                       | Power Generation Equipment                 | 209,067                              |                                      | -            | 209,067                        | 1,000,000                     | -                                  | 1,000,000                     | 1,209,067                 |               |               |               |
| 9        | 360                                       | Collection Sewers - Force                  | 3,267,485                            |                                      | (250,261)    | 3,017,224                      | -                             | (25,000)                           | (25,000)                      | 2,992,224                 |               |               |               |
| 10       | 360.1                                     | Collection Sewers - Lift Station           | 1,905,145                            | (18,500)                             | (5,736)      | 1,880,909                      | 909,844                       | (100,000)                          | 809,844                       | 2,690,753                 |               |               |               |
| 11       | 361                                       | Collection Sewers - Gravity                | 9,462,614                            |                                      | -            | 9,462,614                      | 327,200                       | -                                  | 327,200                       | 9,789,814                 |               |               |               |
| 12       | 362                                       | Special Collection Structures              | -                                    |                                      | -            | -                              | -                             | -                                  | -                             | -                         |               |               |               |
| 13       | 363                                       | Services to Customers                      | 270,020                              |                                      | -            | 270,020                        | -                             | -                                  | -                             | 270,020                   |               |               |               |
| 14       | 364                                       | Flow Measuring Devices                     | 37,121                               |                                      | -            | 37,121                         | -                             | -                                  | -                             | 37,121                    |               |               |               |
| 15       | 365                                       | Flow Measuring Installations               | 11,378                               |                                      | -            | 11,378                         | -                             | -                                  | -                             | 11,378                    |               |               |               |
| 16       | 366                                       | Reuse Services                             | -                                    |                                      | -            | -                              | -                             | -                                  | -                             | -                         |               |               |               |
| 17       | 367                                       | Reuse Meters and Meter Installations       | 2,097                                |                                      | -            | 2,097                          | -                             | -                                  | -                             | 2,097                     |               |               |               |
| 18       | 370                                       | Receiving Wells                            | 88,512                               |                                      | -            | 88,512                         | -                             | -                                  | -                             | 88,512                    |               |               |               |
| 19       | 371                                       | Pumping Equipment                          | 2,711,905                            | 22,737                               | (73,276)     | 2,661,365                      | -                             | -                                  | -                             | 2,661,365                 |               |               |               |
| 20       | 374                                       | Reuse Distribution Reservoirs              | -                                    |                                      | -            | -                              | -                             | -                                  | -                             | -                         |               |               |               |
| 21       | 375                                       | Reuse Transmission and Distribution System | -                                    |                                      | -            | -                              | -                             | -                                  | -                             | -                         |               |               |               |
| 22       | 380                                       | Treatment and Disposal Equipment           | 25,609,692                           | (22,737)                             | (295,860)    | 25,291,095                     | 7,770,000                     | (944,838)                          | 6,825,162                     | 32,116,257                |               |               |               |
| 23       | 381                                       | Plant Sewers                               | 700,089                              |                                      | -            | 700,089                        | -                             | -                                  | -                             | 700,089                   |               |               |               |
| 24       | 382                                       | Outfall Sewer Lines                        | 353,366                              |                                      | -            | 353,366                        | -                             | -                                  | -                             | 353,366                   |               |               |               |
| 25       | 389                                       | Other Plant & Misc. Equipment              | 715,807                              | (98,025)                             | -            | 617,782                        | -                             | -                                  | -                             | 617,782                   |               |               |               |
| 26       | 390                                       | Office Furniture & Equipment               | 258,191                              |                                      | -            | 258,191                        | -                             | (105,685)                          | (105,685)                     | 152,506                   |               |               |               |
| 27       | 390.1                                     | Computers & Software                       | 317,421                              | (85,824)                             | -            | 231,597                        | 106,400                       | -                                  | 106,400                       | 337,997                   |               |               |               |
| 28       | 391                                       | Transportation Equipment                   | 567,462                              |                                      | (73,150)     | 494,313                        | 930,000                       | (97,335)                           | 832,665                       | 1,326,978                 |               |               |               |
| 29       | 392                                       | Stores Equipment                           | -                                    |                                      | -            | -                              | -                             | -                                  | -                             | -                         |               |               |               |
| 30       | 393                                       | Tools, Shop & Garage Equipment             | 55,509                               |                                      | -            | 55,509                         | -                             | -                                  | -                             | 55,509                    |               |               |               |
| 31       | 394                                       | Laboratory Equipment                       | 35,122                               |                                      | -            | 35,122                         | -                             | -                                  | -                             | 35,122                    |               |               |               |
| 32       | 395                                       | Power Operated Equipment                   | 146,137                              |                                      | (32,500)     | 113,637                        | -                             | -                                  | -                             | 113,637                   |               |               |               |
| 33       | 396                                       | Communication Equipment                    | 99,176                               |                                      | -            | 99,176                         | 350,019                       | (33,207)                           | 316,811                       | 415,988                   |               |               |               |
| 34       | 397                                       | Miscellaneous Equipment                    | 209,347                              |                                      | (1,920)      | 207,427                        | -                             | -                                  | -                             | 207,427                   |               |               |               |
| 35       | 398                                       | Other Tangible Plant                       | 238,825                              |                                      | -            | 238,825                        | -                             | -                                  | -                             | 238,825                   |               |               |               |
| 39       | TOTALS                                    |  | \$ 51,517,163                        | \$ -                                 | \$ (202,349) | \$ (737,674)                   | \$ -                          | \$ 50,577,139                      | \$ 11,519,013                 | \$ (1,308,765)            | \$ 10,210,248 | \$ 60,787,387 | Equity Adj.   |
| 40       | Equity Adjustments (Schedule D-1)         |  |                                      |                                      |              |                                |                               | \$ 11,519,013                      |                               |                           |               |               | \$ 11,519,013 |
| 41       |   |  | -                                    |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
| 42       | Plant In Service per Books                |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               | \$ 51,517,163 |
| 43       |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
| 44       | Increase / (Decrease) in Plant in Service |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               | \$ 9,270,224  |
| 45       |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
| 46       |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
| 47       | Supporting Schedules:                     |  | Workpapers:                          |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
| 48       |   |  | See following pages for workpapers   |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |
|          |   |  |                                      |                                      |              |                                |                               |                                    |                               |                           |               |               |               |

Reclass Plant Balances

This adjustment reclassifies an asset from treatment equipment to pumping equipment to properly reflect the use of the equipment and to match detailed plant records.

| Line No. | Plant Acct | Description  | Per General Ledger | Corrected Amount | Adjustment     |
|----------|------------|--|--------------------|------------------|----------------|
| 1        |            |  |                    |                  |                |
| 2        | 380        | Mosherflo Pump replacements for the membrane tank      | \$ 22,736.89       | \$ -             | \$ (22,736.89) |
| 3        |            |  |                    |                  |                |
| 4        | 371        | Mosherflo Pump replacements for the membrane tank      | -                  | 22,736.89        | \$ 22,736.89   |
| 5        |            |  |                    |                  |                |
| 6        |            |  |                    |                  |                |
| 7        |            | Total Increase/(Decrease) in Plant In Service          |                    |                  | <u>\$ -</u>    |
| 8        |            |  |                    |                  |                |
| 9        |            | <u>Workpapers:</u>                                     |                    |                  |                |
| 10       |            | FH Rate Case Data.xlsx; TAB:FH W&S Plant               |                    |                  |                |
| 11       |            | FH Rate Case Data.xlsx; TAB:Plant Adjust-Retire Detail |                    |                  |                |
| 12       |            |  |                    |                  |                |

Remove Plant Not In Service

This adjustment removes items of plant that were not in service on 6/30/2023, but were recorded as plant in service on the general ledger.

| Line<br>No. | Plant<br>Acct | Description  | Per General<br>Ledger | Corrected<br>Amount | Adjustment             |
|-------------|---------------|--|-----------------------|---------------------|------------------------|
| 1           |               |  |                       |                     |                        |
| 2           | 360.1         | Lift Station/ Rehabilitation of Lift Station #12       | \$ 18,500.00          | -                   | \$ (18,500.00)         |
| 3           | 389           | Drilling of Vadose Well @ Section 14                   | 98,025.00             | -                   | (98,025.00)            |
| 4           | 390.1         | CIS Replacement - CUSI                                 | 85,823.81             | -                   | (85,823.81)            |
| 5           |               |  |                       |                     |                        |
| 6           |               | Total Increase/(Decrease) in Plant In Service          |                       |                     | <u>\$ (202,348.81)</u> |
| 7           |               |  |                       |                     |                        |
| 8           |               | <u>Workpapers:</u>                                     |                       |                     |                        |
| 9           |               | FH Rate Case Data.xlsx; TAB:FH W&S Plant               |                       |                     |                        |
| 10          |               | FH Rate Case Data.xlsx; TAB:Plant Adjust-Retire Detail |                       |                     |                        |
| 11          |               |  |                       |                     |                        |

Record Unbooked Retirements

This adjustment records retirement of items of plant prior to the end of the test year that were not booked by Foothills Water & Sewer.

| Line No. | Plant | Description                                   | General Plant Retirements | Vehicles / Equip                   |                                      | Total         |
|----------|-------|---|---------------------------|------------------------------------|--------------------------------------|---------------|
|          |       |   |                           | Retired by Far West Prior to Close | Retired by Foothills Prior to TY End |               |
| 1        | Acct  |   |                           |                                    |                                      |               |
| 2        | 351   | Organization Cost                             | \$ -                      |                                    |                                      | \$ -          |
| 3        | 352   | Franchise Cost                                | -                         |                                    |                                      | -             |
| 4        | 353   | Land and Land Rights                          | 3,000.00                  |                                    |                                      | 3,000.00      |
| 5        | 354   | Structures & Improvements                     | 1,972.00                  |                                    |                                      | 1,972.00      |
| 6        | 355   | Power Generation Equipment                    | -                         |                                    |                                      | -             |
| 7        | 360   | Collection Sewers - Force                     | 250,261.00                |                                    |                                      | 250,261.00    |
| 8        | 360.1 | Collection Sewers - Lift Station              | 5,736.00                  |                                    |                                      | 5,736.00      |
| 9        | 361   | Collection Sewers - Gravity                   | -                         |                                    |                                      | -             |
| 10       | 362   | Special Collection Structures                 | -                         |                                    |                                      | -             |
| 11       | 363   | Services to Customers                         | -                         |                                    |                                      | -             |
| 12       | 364   | Flow Measuring Devices                        | -                         |                                    |                                      | -             |
| 13       | 365   | Flow Measuring Installations                  | -                         |                                    |                                      | -             |
| 14       | 366   | Reuse Services                                | -                         |                                    |                                      | -             |
| 15       | 367   | Reuse Meters and Meter Installations          | -                         |                                    |                                      | -             |
| 16       | 370   | Reuse Transmission and Distribution System    | -                         |                                    |                                      | -             |
| 17       | 371   | Pumping Equipment                             | 73,275.96                 |                                    |                                      | 73,275.96     |
| 18       | 374   | Reuse Distribution Reservoirs                 | -                         |                                    |                                      | -             |
| 19       | 375   | Reuse Transmission and Distribution System    | -                         |                                    |                                      | -             |
| 20       | 380   | Treatment and Disposal Equipment              | 295,860.00                |                                    |                                      | 295,860.00    |
| 21       | 381   | Plant Sewers                                  | -                         |                                    |                                      | -             |
| 22       | 382   | Outfall Sewer Lines                           | -                         |                                    |                                      | -             |
| 23       | 389   | Other Plant & Misc. Equipment                 | -                         |                                    |                                      | -             |
| 24       | 390   | Office Furniture & Equipment                  | -                         |                                    |                                      | -             |
| 25       | 390.1 | Computers & Software                          | -                         |                                    |                                      | -             |
| 26       | 391   | Transportation Equipment                      | -                         | 39,224.00                          | 33,925.50                            | 73,149.50     |
| 27       | 392   | Stores Equipment                              | -                         |                                    |                                      | -             |
| 28       | 393   | Tools, Shop & Garage Equipment                | -                         |                                    |                                      | -             |
| 29       | 394   | Laboratory Equipment                          | -                         |                                    |                                      | -             |
| 30       | 395   | Power Operated Equipment                      | -                         |                                    | 32,500.00                            | 32,500.00     |
| 31       | 396   | Communication Equipment                       | -                         |                                    |                                      | -             |
| 32       | 397   | Miscellaneous Equipment                       | 1,920.00                  |                                    |                                      | 1,920.00      |
| 33       | 398   | Other Tangible Plant                          | -                         |                                    |                                      | -             |
| 34       |       |   | \$ 632,024.96             | \$ 39,224.00                       | \$ 66,425.50                         | \$ 737,674.46 |
| 35       |       |   |                           |                                    |                                      |               |
| 36       |       |   |                           |                                    |                                      |               |
| 37       |       | Total Increase/(Decrease) in Plant In Service | <u>\$ (737,674.46)</u>    |                                    |                                      |               |

Workpapers:

FH Rate Case Data.xlsx; TAB:FH W&S Plant

FH Rate Case Data.xlsx; TAB:Plant Adjust-Retire Detail

FH Rate Case Data.xlsx; TAB:Vehicle-Equipment

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Post-Test Year Plant and Retirements

This adjustment records items of plant expected to be placed in service by Foothills Sewer between 7/1/23 and 6/30/24. This adjustment also records the related retirement of plant in service items between 7/1/23 and 6/30/2024.

| Line No. | Plant Acct | Description  | Plant Addition Amount   | Plant Retirement Amount |
|----------|------------|--|-------------------------|-------------------------|
| 1        |            |  |                         |                         |
| 2        | 351        | Organization Cost                                      | \$ -                    | \$ -                    |
| 3        | 352        | Franchise Cost   | -                       | -                       |
| 4        | 353        | Land and Land Rights                                   | -                       | -                       |
| 5        | 354        | Structures & Improvements                              | 125,550.00              | 2,700.00                |
| 6        | 355        | Power Generation Equipment                             | 1,000,000.00            | -                       |
| 7        | 360        | Collection Sewers - Force                              | -                       | 25,000.00               |
| 8        | 360.1      | Collection Sewers - Lift Station                       | 909,844.00              | 100,000.00              |
| 9        | 361        | Collection Sewers - Gravity                            | 327,200.00              | -                       |
| 10       | 362        | Special Collection Structures                          | -                       | -                       |
| 11       | 363        | Services to Customers                                  | -                       | -                       |
| 12       | 364        | Flow Measuring Devices                                 | -                       | -                       |
| 13       | 365        | Flow Measuring Installations                           | -                       | -                       |
| 14       | 366        | Reuse Services   | -                       | -                       |
| 15       | 367        | Reuse Meters and Meter Installations                   | -                       | -                       |
| 16       | 370        | Receiving Wells  | -                       | -                       |
| 17       | 371        | Pumping Equipment                                      | -                       | -                       |
| 18       | 374        | Reuse Distribution Reservoirs                          | -                       | -                       |
| 19       | 375        | Reuse Transmission and Distribution System             | -                       | -                       |
| 20       | 380        | Treatment and Disposal Equipment                       | 7,770,000.00            | 944,838.00              |
| 21       | 381        | Plant Sewers   | -                       | -                       |
| 22       | 382        | Outfall Sewer Lines                                    | -                       | -                       |
| 23       | 389        | Other Plant & Misc. Equipment                          | -                       | -                       |
| 24       | 390        | Office Furniture & Equipment                           | -                       | 105,685.00              |
| 25       | 390.1      | Computers & Software                                   | 106,400.00              | -                       |
| 26       | 391        | Transportation Equipment                               | 930,000.00              | 97,334.57               |
| 27       | 392        | Stores Equipment                                       | -                       | -                       |
| 28       | 393        | Tools, Shop & Garage Equipment                         | -                       | -                       |
| 29       | 394        | Laboratory Equipment                                   | -                       | -                       |
| 30       | 395        | Power Operated Equipment                               | -                       | -                       |
| 31       | 396        | Communication Equipment                                | 350,018.71              | 33,207.48               |
| 32       | 397        | Miscellaneous Equipment                                | -                       | -                       |
| 33       | 398        | Other Tangible Plant                                   | -                       | -                       |
| 34       |            |  | <u>\$ 11,519,012.71</u> | <u>\$ 1,308,765.05</u>  |
| 35       |            |  |                         |                         |
| 36       |            | Total Increase/(Decrease) in Plant In Service          |                         | <u>\$ 10,210,247.66</u> |
| 37       |            |  |                         |                         |
| 38       |            | <u>Workpapers:</u>                                     |                         |                         |
| 39       |            | FH Rate Case Data.xlsx; TAB:Plant Adjust-Retire Detail |                         |                         |
| 40       |            | FH Retirement Workpaper.xlsx                           |                         |                         |
| 41       |            |  |                         |                         |

Exhibit: RLJ-DT3

Schedule B-2

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Witness: Jones

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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  | Accumulated Depreciation Per Detailed Plant Schedule | Accumulated Depreciation Per General Ledger | Adjustment      |
|----------|--|--|---|-----------------|
| 1        | <u>Acct Description</u>  |  |   |                 |
| 2        | 351 Organization Cost  | \$ -   |   | \$ -            |
| 3        | 352 Franchise Cost   | -  |   | -               |
| 4        | 353 Land and Land Rights   | -  |   | -               |
| 5        | 354 Structures & Improvements  | 1,089,677.68   |   | 1,089,677.68    |
| 6        | 355 Power Generation Equipment   | 39,250.24  |   | 39,250.24       |
| 7        | 360 Collection Sewers - Force  | 925,670.21   |   | 925,670.21      |
| 8        | 360.1 Collection Sewers - Lift Station                                     | 160,779.58   |   | 160,779.58      |
| 9        | 361 Collection Sewers - Gravity  | 3,574,004.21   |   | 3,574,004.21    |
| 10       | 362 Special Collection Structures  | -  |   | -               |
| 11       | 363 Services to Customers  | 53,969.08  |   | 53,969.08       |
| 12       | 364 Flow Measuring Devices   | 31,828.58  |   | 31,828.58       |
| 13       | 365 Flow Measuring Installations   | 11,378.00  |   | 11,378.00       |
| 14       | 366 Reuse Services   | -  |   | -               |
| 15       | 367 Reuse Meters and Meter Installations                                   | 2,097.12   |   | 2,097.12        |
| 16       | 370 Reuse Transmission and Distribution System                             | 35,313.57  |   | 35,313.57       |
| 17       | 371 Pumping Equipment  | 2,045,749.94   |   | 2,045,749.94    |
| 18       | 374 Reuse Distribution Reservoirs  | -  |   | -               |
| 19       | 375 Reuse Transmission and Distribution System                             | -  |   | -               |
| 20       | 380 Treatment and Disposal Equipment                                       | 15,423,947.03  |   | 15,423,947.03   |
| 21       | 381 Plant Sewers   | 424,764.93   |   | 424,764.93      |
| 22       | 382 Outfall Sewer Lines  | 83,091.20  |   | 83,091.20       |
| 23       | 389 Other Plant & Misc. Equipment  | 393,077.56   |   | 393,077.56      |
| 24       | 390 Office Furniture & Equipment   | 220,564.50   |   | 220,564.50      |
| 25       | 390.1 Computers & Software   | 61,935.78  |   | 61,935.78       |
| 26       | 391 Transportation Equipment   | 379,590.55   |   | 379,590.55      |
| 27       | 392 Stores Equipment   | -  |   | -               |
| 28       | 393 Tools, Shop & Garage Equipment   | 25,283.27  |   | 25,283.27       |
| 29       | 394 Laboratory Equipment   | 34,754.99  |   | 34,754.99       |
| 30       | 395 Power Operated Equipment   | 96,166.97  |   | 96,166.97       |
| 31       | 396 Communication Equipment  | 38,367.25  |   | 38,367.25       |
| 32       | 397 Miscellaneous Equipment  | 167,610.49   |   | 167,610.49      |
| 33       | 398 Other Tangible Plant   | 238,825.00   |   | 238,825.00      |
| 34       | Unclassified Accumulated Depreciation                                      |  | 25,557,036.74                               | (25,557,036.74) |
| 35       |  | \$ 25,557,697.73                                     | \$ 25,557,036.74                            | \$ 660.99       |
| 36       |  |  |   |                 |
| 37       | Total Increase/(Decrease) in Accumulated Depreciation                      |  |   | \$ 660.99       |
| 38       |  |  |   |                 |
| 39       | <u>Workpapers:</u>   |  |   |                 |
| 40       | Foothills PPE Depreciation Sch. June2023_updated CIAC schedules - RLJ.xlsx |  |   |                 |
| 41       |  |  |   |                 |
| 42       |  |  |   |                 |

Remove Plant Not In Service

This adjustment removes items of plant that were not in service on 6/30/2023, but were recorded as plant in service on the general ledger.

| <u>Line</u><br>No. | <u>Plant</u><br><u>Acct</u> <u>Description</u>                             | <u>Accumulated</u><br><u>Depreciation</u><br><u>Per Detailed</u><br><u>Plant Schedule</u> | <u>Adjustment</u>    |
|--------------------|--|---|----------------------|
| 1                  |  |   |                      |
| 2                  | 360.1 Lift Station/ Rehabilitation of Lift Station #12                     | -   | -                    |
| 3                  | 389 Drilling of Vadose Well @ Section 14                                   | 806.09  | (806.09)             |
| 4                  | 390.1 CIS Replacement - CUSI   | 3,728.31  | (3,728.31)           |
| 5                  |  |   |                      |
| 6                  |  |   |                      |
| 7                  | Total Increase/(Decrease) in Accumulated Depreciation                      |   | <u>\$ (4,534.40)</u> |
| 8                  |  |   |                      |
| 9                  | <u>Workpapers:</u>   |   |                      |
| 10                 | Foothills PPE Depreciation Sch. June2023_updated CIAC schedules - RLJ.xlsx |   |                      |
| 11                 |  |   |                      |
| 12                 |  |   |                      |

Record Unbooked Retirements

This adjustment records retirement of items of plant prior to the end of the test year that were not booked by Foothills Water & Sewer.

| Line No. | Plant | Description   | General Plant Retirements | Vehicles / Equip                   |                                      |                        | Total         |
|----------|-------|---|---------------------------|------------------------------------|--------------------------------------|------------------------|---------------|
|          |       |   |                           | Retired by Far West Prior to Close | Retired by Foothills Prior to TY End | Expensed Salvage       |               |
| 1        | Acct  | Description   |                           |                                    |                                      |                        |               |
| 2        | 351   | Organization Cost                                     | \$ -                      |                                    |                                      |                        | \$ -          |
| 3        | 352   | Franchise Cost  | -                         |                                    |                                      |                        | -             |
| 4        | 353   | Land and Land Rights                                  | -                         |                                    |                                      |                        | -             |
| 5        | 354   | Structures & Improvements                             | 1,972.00                  |                                    |                                      |                        | 1,972.00      |
| 6        | 355   | Power Generation Equipment                            | -                         |                                    |                                      |                        | -             |
| 7        | 360   | Collection Sewers - Force                             | 250,261.00                |                                    |                                      |                        | 250,261.00    |
| 8        | 360.1 | Collection Sewers - Lift Station                      | 5,736.00                  |                                    |                                      |                        | 5,736.00      |
| 9        | 361   | Collection Sewers - Gravity                           | -                         |                                    |                                      |                        | -             |
| 10       | 362   | Special Collection Structures                         | -                         |                                    |                                      |                        | -             |
| 11       | 363   | Services to Customers                                 | -                         |                                    |                                      |                        | -             |
| 12       | 364   | Flow Measuring Devices                                | -                         |                                    |                                      |                        | -             |
| 13       | 365   | Flow Measuring Installations                          | -                         |                                    |                                      |                        | -             |
| 14       | 366   | Reuse Services  | -                         |                                    |                                      |                        | -             |
| 15       | 367   | Reuse Meters and Meter Installations                  | -                         |                                    |                                      |                        | -             |
| 16       | 370   | Reuse Transmission and Distribution System            | -                         |                                    |                                      |                        | -             |
| 17       | 371   | Pumping Equipment                                     | 73,275.96                 |                                    |                                      |                        | 73,275.96     |
| 18       | 374   | Reuse Distribution Reservoirs                         | -                         |                                    |                                      |                        | -             |
| 19       | 375   | Reuse Transmission and Distribution System            | -                         |                                    |                                      |                        | -             |
| 20       | 380   | Treatment and Disposal Equipment                      | 295,860.00                |                                    |                                      |                        | 295,860.00    |
| 21       | 381   | Plant Sewers  | -                         |                                    |                                      |                        | -             |
| 22       | 382   | Outfall Sewer Lines                                   | -                         |                                    |                                      |                        | -             |
| 23       | 389   | Other Plant & Misc. Equipment                         | -                         |                                    |                                      |                        | -             |
| 24       | 390   | Office Furniture & Equipment                          | -                         |                                    |                                      |                        | -             |
| 25       | 390.1 | Computers & Software                                  | -                         |                                    |                                      |                        | -             |
| 26       | 391   | Transportation Equipment                              | -                         | 39,224.00                          | 33,925.50                            | (6,540.00)             | 66,609.50     |
| 27       | 392   | Stores Equipment                                      | -                         |                                    |                                      |                        | -             |
| 28       | 393   | Tools, Shop & Garage Equipment                        | -                         |                                    |                                      |                        | -             |
| 29       | 394   | Laboratory Equipment                                  | -                         |                                    |                                      |                        | -             |
| 30       | 395   | Power Operated Equipment                              | -                         |                                    | 32,500.00                            | (13,000.00)            | 19,500.00     |
| 31       | 396   | Communication Equipment                               | -                         |                                    |                                      |                        | -             |
| 32       | 397   | Miscellaneous Equipment                               | 1,920.00                  |                                    |                                      |                        | 1,920.00      |
| 33       | 398   | Other Tangible Plant                                  | -                         |                                    |                                      |                        | -             |
| 34       |       |   | \$ 629,024.96             | \$ 39,224.00                       | \$ 66,425.50                         | \$ (19,540.00)         | \$ 715,134.46 |
| 35       |       |   |                           |                                    |                                      |                        |               |
| 36       |       |   |                           |                                    |                                      |                        |               |
| 37       |       | Total Increase/(Decrease) in Accumulated Depreciation |                           |                                    |                                      | <u>\$ (715,134.46)</u> |               |

Workpapers:

FH Rate Case Data.xlsx; TAB:FH W&S Plant

FH Rate Case Data.xlsx; TAB:Plant Adjust-Retire Detail

FH Rate Case Data.xlsx; TAB:Vehicle-Equipment

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Conform Balances to Depreciation Study

This adjustment brings the accumulated depreciation balances into agreement with the Depreciation Study. The adjustment is needed due to certain items of computer equipment being recorded in the incorrect account.

| Line No. | Plant   | Adjusted Balance Per | Adjusted Balance Per |                   |
|----------|---|----------------------|----------------------|-------------------|
|          | <u>Acct</u> <u>Description</u>                        | <u>Books</u>         | <u>Depr. Study</u>   | <u>Difference</u> |
| 2        | 390 Office Furniture & Equipment                      | 220,564.50           | 190,564.50           | (30,000.00)       |
| 3        | 390.1 Computers & Software                            | 58,207.47            | 88,207.47            | 30,000.00         |
| 4        |   | \$ 278,771.97        | \$ 278,771.97        | \$ -              |
| 5        |   |                      |                      |                   |
| 6        | Total Increase/(Decrease) in Accumulated Depreciation |                      |                      | <u>\$ -</u>       |
| 7        |   |                      |                      |                   |
| 8        |   |                      |                      |                   |
| 9        |   |                      |                      |                   |
| 10       | <u>Workpapers:</u>                                    |                      |                      |                   |
| 11       | Depreciation Study                                    |                      |                      |                   |
| 12       |   |                      |                      |                   |

Post-Test Year Plant & Retirements

This adjustment records the accumulated depreciation impact associated with the retirement of items of plant replaced by post-test year plant additions. This adjustment also records the accumulated depreciation impact associated with salvage received from retirement of plant items.

| Line |             | Post-Test  |                 | Post-Test      |                          |
|------|-------------|--|-----------------|----------------|--------------------------|
| No.  | Plant       | Year   | Year            |                |                          |
|      | Acct        | Plant  | Salvage         | Total          |                          |
|      | Description | Retirement   |                 |                |                          |
| 1    | 351         | Organization Cost                                      | \$ -            | \$ -           | -                        |
| 2    | 352         | Franchise Cost   | -               | -              | -                        |
| 3    | 353         | Land and Land Rights                                   | -               | -              | -                        |
| 4    | 354         | Structures & Improvements                              | 2,700.00        | 2,700.00       | -                        |
| 5    | 355         | Power Generation Equipment                             | -               | -              | -                        |
| 6    | 360         | Collection Sewers - Force                              | 25,000.00       | 25,000.00      | -                        |
| 7    | 360.1       | Collection Sewers - Lift Station                       | 100,000.00      | 100,000.00     | -                        |
| 8    | 361         | Collection Sewers - Gravity                            | -               | -              | -                        |
| 9    | 362         | Special Collection Structures                          | -               | -              | -                        |
| 10   | 363         | Services to Customers                                  | -               | -              | -                        |
| 11   | 364         | Flow Measuring Devices                                 | -               | -              | -                        |
| 12   | 365         | Flow Measuring Installations                           | -               | -              | -                        |
| 13   | 366         | Reuse Services   | -               | -              | -                        |
| 14   | 367         | Reuse Meters and Meter Installations                   | -               | -              | -                        |
| 15   | 370         | Reuse Transmission and Distribution System             | -               | -              | -                        |
| 16   | 371         | Pumping Equipment                                      | -               | -              | -                        |
| 17   | 374         | Reuse Distribution Reservoirs                          | -               | -              | -                        |
| 18   | 375         | Reuse Transmission and Distribution System             | -               | -              | -                        |
| 19   | 380         | Treatment and Disposal Equipment                       | 944,838.00      | 944,838.00     | -                        |
| 20   | 381         | Plant Sewers   | -               | -              | -                        |
| 21   | 382         | Outfall Sewer Lines                                    | -               | -              | -                        |
| 22   | 389         | Other Plant & Misc. Equipment                          | -               | -              | -                        |
| 23   | 390         | Office Furniture & Equipment                           | 105,685.00      | 105,685.00     | -                        |
| 24   | 390.1       | Computers & Software                                   | -               | -              | -                        |
| 25   | 391         | Transportation Equipment                               | 97,334.57       | (10,750.00)    | 86,584.57                |
| 26   | 392         | Stores Equipment                                       | -               | -              | -                        |
| 27   | 393         | Tools, Shop & Garage Equipment                         | -               | -              | -                        |
| 28   | 394         | Laboratory Equipment                                   | -               | -              | -                        |
| 29   | 395         | Power Operated Equipment                               | -               | -              | -                        |
| 30   | 396         | Communication Equipment                                | 33,207.48       | 33,207.48      | -                        |
| 31   | 397         | Miscellaneous Equipment                                | -               | -              | -                        |
| 32   | 398         | Other Tangible Plant                                   | -               | -              | -                        |
| 33   |             |  | \$ 1,308,765.05 | \$ (10,750.00) | \$ 1,298,015.05          |
| 34   |             |  |                 |                |                          |
| 35   |             |  |                 |                |                          |
| 36   |             | Total Increase/(Decrease) in Accumulated Depreciation  |                 |                | <u>\$ (1,298,015.05)</u> |
| 37   |             |  |                 |                |                          |
| 38   |             |  |                 |                |                          |
| 39   |             |  |                 |                |                          |
| 40   |             | <u>Workpapers:</u>                                     |                 |                |                          |
| 41   |             | FH Rate Case Data.xlsx; TAB:FH W&S Plant               |                 |                |                          |
| 42   |             | FH Rate Case Data.xlsx; TAB:Plant Adjust-Retire Detail |                 |                |                          |
| 43   |             | FH Rate Case Data.xlsx; TAB:Vehicle-Equipment          |                 |                |                          |
| 44   |             |  |                 |                |                          |

Post-Test Year Plant & Retirements

This adjustment records 1/2 year of accumulated depreciation for items of plant expected to be placed in service and retired between 7/1/2023 and 6/30/2024.

| Line No. | Plant  | Post-Test Year Plant Addition | Post-Test Year Plant Retirement | Net Plant Addition      | Depreciation Rate | Post-Test Year Accumulated Depreciation |
|----------|--|-------------------------------|---------------------------------|-------------------------|-------------------|---|
| 1        | <u>Acct Description</u>                                | <u>Addition</u>               | <u>Retirement</u>               | <u>Addition</u>         | <u>Rate</u>       | <u>Depreciation</u>                     |
| 2        | 351 Organization Cost                                  | \$ -                          | \$ -                            | \$ -                    | 0.00%             | \$ -                                    |
| 3        | 352 Franchise Cost                                     | -                             | -                               | -                       | 0.00%             | -                                       |
| 4        | 353 Land and Land Rights                               | -                             | -                               | -                       | 0.00%             | -                                       |
| 5        | 354 Structures & Improvements                          | 125,550.00                    | 2,700.00                        | 122,850.00              | 1.92%             | 1,179.36                                |
| 6        | 355 Power Generation Equipment                         | 1,000,000.00                  | -                               | 1,000,000.00            | 2.99%             | 14,950.00                               |
| 7        | 360 Collection Sewers - Force                          | -                             | 25,000.00                       | (25,000.00)             | 1.76%             | (220.00)                                |
| 8        | 360.1 Collection Sewers - Lift Station                 | 909,844.00                    | 100,000.00                      | 809,844.00              | 1.81%             | 7,329.09                                |
| 9        | 361 Collection Sewers - Gravity                        | 327,200.00                    | -                               | 327,200.00              | 1.89%             | 3,092.04                                |
| 10       | 362 Special Collection Structures                      | -                             | -                               | -                       | 2.00%             | -                                       |
| 11       | 363 Services to Customers                              | -                             | -                               | -                       | 2.18%             | -                                       |
| 12       | 364 Flow Measuring Devices                             | -                             | -                               | -                       | 0.49%             | -                                       |
| 13       | 365 Flow Measuring Installations                       | -                             | -                               | -                       | 3.36%             | -                                       |
| 14       | 366 Reuse Services                                     | -                             | -                               | -                       | 2.00%             | -                                       |
| 15       | 367 Reuse Meters and Meter Installations               | -                             | -                               | -                       | 5.06%             | -                                       |
| 16       | 370 Reuse Transmission and Distribution System         | -                             | -                               | -                       | 2.14%             | -                                       |
| 17       | 371 Pumping Equipment                                  | -                             | -                               | -                       | 1.30%             | -                                       |
| 18       | 374 Reuse Distribution Reservoirs                      | -                             | -                               | -                       | 2.50%             | -                                       |
| 19       | 375 Reuse Transmission and Distribution System         | -                             | -                               | -                       | 2.50%             | -                                       |
| 20       | 380 Treatment and Disposal Equipment                   | 7,770,000.00                  | 944,838.00                      | 6,825,162.00            | 1.97%             | 67,227.85                               |
| 21       | 381 Plant Sewers                                       | -                             | -                               | -                       | 1.29%             | -                                       |
| 22       | 382 Outfall Sewer Lines                                | -                             | -                               | -                       | 2.27%             | -                                       |
| 23       | 389 Other Plant & Misc. Equipment                      | -                             | -                               | -                       | 1.47%             | -                                       |
| 24       | 390 Office Furniture & Equipment                       | -                             | 105,685.00                      | (105,685.00)            | 3.56%             | (1,881.19)                              |
| 25       | 390.1 Computers & Software                             | 106,400.00                    | -                               | 106,400.00              | 16.76%            | 8,916.32                                |
| 26       | 391 Transportation Equipment                           | 930,000.00                    | 97,334.57                       | 832,665.43              | 1.40%             | 5,828.66                                |
| 27       | 392 Stores Equipment                                   | -                             | -                               | -                       | 4.00%             | -                                       |
| 28       | 393 Tools, Shop & Garage Equipment                     | -                             | -                               | -                       | 3.26%             | -                                       |
| 29       | 394 Laboratory Equipment                               | -                             | -                               | -                       | 0.90%             | -                                       |
| 30       | 395 Power Operated Equipment                           | -                             | -                               | -                       | 4.76%             | -                                       |
| 31       | 396 Communication Equipment                            | 350,018.71                    | 33,207.48                       | 316,811.23              | 4.77%             | 7,555.95                                |
| 32       | 397 Miscellaneous Equipment                            | -                             | -                               | -                       | 1.06%             | -                                       |
| 33       | 398 Other Tangible Plant                               | -                             | -                               | -                       | 5.00%             | -                                       |
| 34       |  | <u>\$ 11,519,012.71</u>       | <u>\$ 1,308,765.05</u>          | <u>\$ 10,210,247.66</u> |                   | <u>\$ 113,978.08</u>                    |
| 35       |  |                               |                                 |                         |                   |   |
| 36       |  |                               |                                 |                         |                   |   |
| 37       |  |                               |                                 |                         |                   |   |
| 38       |  |                               |                                 |                         |                   |   |
| 39       |  |                               |                                 |                         |                   |   |
| 40       | <u>Workpapers:</u>                                     |                               |                                 |                         |                   |   |
| 41       | FH Rate Case Data.xlsx; TAB:FH W&S Plant               |                               |                                 |                         |                   |   |
| 42       | FH Rate Case Data.xlsx; TAB:Plant Adjust-Retire Detail |                               |                                 |                         |                   |   |
| 43       | FH Rate Case Data.xlsx; TAB:Vehicle-Equipment          |                               |                                 |                         |                   |   |
| 44       |  |                               |                                 |                         |                   |   |

Total Increase/(Decrease) in Accumulated Depreciation \$ 113,978.08



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

| Line<br>No. |  | CIAC                                 | Accumulated<br>Amortization |
|-------------|--|--------------------------------------|-----------------------------|
| 1           |  |                                      |                             |
| 2           | Calculated Balance at 3/31/2022          | \$ 3,682,494.80                      | \$ 1,359,482.11             |
| 3           |  |                                      |                             |
| 4           | Book Balance at 3/21/22                  | \$ 3,682,495.25                      | \$ 1,323,198.20             |
| 5           |  |                                      |                             |
| 6           | Increase / (Decrease) in CIAC or AA CIAC | \$ (0.45)                            | \$ 36,283.91                |
| 7           |  |                                      |                             |
| 8           | Equity Adjustments (Schedule D-1)        | \$ 0.45                              | \$ 36,283.91                |
| 9           |  |                                      |                             |
| 10          |  |                                      |                             |
| 11          |  |                                      |                             |
| 12          |  |                                      |                             |
| 13          |  |                                      |                             |
| 14          |  |                                      |                             |
| 15          | Supporting Schedules:                    | Workpaper:                           |                             |
| 16          | Schedule B-2, Page 8                     | FH Rate Case Data.xlsx; TAB CIAC Swr |                             |
| 17          |  |                                      |                             |

**Foothills Water & Sewer, LLC - Sewer Division**

Test Year Ended June 30, 2023

Rate Base Adjustment OC-3

Exhibit: RLU-DT3

Schedule B-2

Page 15

Witness: Jones

Decision No.

**77922**

Calculation of CIAC Balances

| Line No. | Balance 12/31/2011 | 2012 Additions Balance | 2013 Additions Balance | 2014 Additions Balance | 2015 Additions Balance | 2016 Additions Balance |
|----------|--------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| 1        |                    |                        |                        |                        |                        |                        |
| 2        |                    |                        |                        |                        |                        |                        |
| 3        |                    |                        |                        |                        |                        |                        |
| 4        |                    |                        |                        |                        |                        |                        |
| 5        |                    |                        |                        |                        |                        |                        |
| 6        |                    |                        |                        |                        |                        |                        |
| 7        |                    |                        |                        |                        |                        |                        |
| 8        |                    |                        |                        |                        |                        |                        |
| 9        |                    |                        |                        |                        |                        |                        |
| 10       |                    |                        |                        |                        |                        |                        |
| 11       |                    |                        |                        |                        |                        |                        |
| 12       |                    |                        |                        |                        |                        |                        |
| 13       |                    |                        |                        |                        |                        |                        |
| 14       |                    |                        |                        |                        |                        |                        |
| 15       |                    |                        |                        |                        |                        |                        |
| 16       |                    |                        |                        |                        |                        |                        |
| 17       |                    |                        |                        |                        |                        |                        |
| 18       |                    |                        |                        |                        |                        |                        |
| 19       |                    |                        |                        |                        |                        |                        |
| 20       |                    |                        |                        |                        |                        |                        |
| 21       |                    |                        |                        |                        |                        |                        |
| 22       |                    |                        |                        |                        |                        |                        |
| 23       |                    |                        |                        |                        |                        |                        |
| 24       |                    |                        |                        |                        |                        |                        |
| 25       |                    |                        |                        |                        |                        |                        |
| 26       |                    |                        |                        |                        |                        |                        |
| 27       |                    |                        |                        |                        |                        |                        |
| 28       |                    |                        |                        |                        |                        |                        |
| 29       |                    |                        |                        |                        |                        |                        |
| 30       |                    |                        |                        |                        |                        |                        |
| 31       |                    |                        |                        |                        |                        |                        |
| 32       |                    |                        |                        |                        |                        |                        |
| 33       |                    |                        |                        |                        |                        |                        |
| 34       |                    |                        |                        |                        |                        |                        |
| 35       |                    |                        |                        |                        |                        |                        |
| 36       |                    |                        |                        |                        |                        |                        |
| 37       |                    |                        |                        |                        |                        |                        |
| 38       |                    |                        |                        |                        |                        |                        |
| 39       |                    |                        |                        |                        |                        |                        |
| 40       |                    |                        |                        |                        |                        |                        |
| 41       |                    |                        |                        |                        |                        |                        |
| 42       |                    |                        |                        |                        |                        |                        |
| 43       |                    |                        |                        |                        |                        |                        |
| 44       |                    |                        |                        |                        |                        |                        |
| 45       |                    |                        |                        |                        |                        |                        |
| 46       |                    |                        |                        |                        |                        |                        |
| 47       |                    |                        |                        |                        |                        |                        |
| 48       |                    |                        |                        |                        |                        |                        |
| 49       |                    |                        |                        |                        |                        |                        |
| 50       |                    |                        |                        |                        |                        |                        |
| 51       |                    |                        |                        |                        |                        |                        |
| 52       |                    |                        |                        |                        |                        |                        |
| 53       |                    |                        |                        |                        |                        |                        |
| 54       |                    |                        |                        |                        |                        |                        |
| 55       |                    |                        |                        |                        |                        |                        |

**Foothills Water & Sewer, LLC - Sewer Division**  
Test Year Ended June 30, 2023  
Reconstruction Cost Rate Base Pro forma Adjustments

Exhibit: RLJ-DT3  
Schedule B-3  
Page 1  
Witness: Jones

| Line |  | Actual<br>End of<br><u>Test Year</u> <sup>1</sup> | ADJ<br><u>RCN-1</u>  | ADJ<br><u>RCN-2</u> | ADJ<br><u>RCN-3</u> | Total<br>Pro Forma<br><u>Adjustments</u> | Adjusted<br>End of<br><u>Test Year</u> |
|------|--|---|----------------------|---------------------|---------------------|--|--|
| 1    |  |   |                      |                     |                     |  |  |
| 2    |  |   |                      |                     |                     |  |  |
| 3    |  |   |                      |                     |                     |  |  |
| 4    | Gross Utility Plant in Service             | \$ 101,990,377                                    | \$ 11,519,013        | \$ (2,261,416)      |                     | \$ 9,257,597                             | \$ 111,247,974                         |
| 5    |  |   |                      |                     |                     |  |  |
| 6    | Less: Accumulated Depreciation             | (54,529,440)                                      |                      | 2,250,666           | (113,978)           | 2,136,688                                | (52,392,752)                           |
| 7    |  |   |                      |                     |                     |  |  |
| 8    | Net Utility Plant in Service               | 47,460,937  | 11,519,013           | (10,750)            | (113,978)           | 11,394,285                               | 58,855,222                             |
| 9    |  |   |                      |                     |                     |  |  |
| 10   | Less:                                      |   |                      |                     |                     |  |  |
| 11   | Advances in Aid of Construction            | -   |                      |                     |                     | -  | -                                      |
| 12   |  |   |                      |                     |                     |  |  |
| 13   | Contributions in Aid of Construction       | 5,673,301   |                      |                     |                     | -  | 5,673,301                              |
| 14   | Accumulated Amortization of CIAC           | (2,094,436)                                       |                      |                     |                     | -  | (2,094,436)                            |
| 15   | Contributions in Aid of Construction - Net | 3,578,865   | -                    | -                   | -                   | -  | 3,578,865                              |
| 16   |  |   |                      |                     |                     |  |  |
| 17   | Customer Security Deposits                 | 90,705  |                      |                     |                     | -  | 90,705                                 |
| 18   | Deferred Income Taxes                      | 1,495,906   |                      |                     |                     | -  | 1,495,906                              |
| 19   |  |   |                      |                     |                     |  |  |
| 20   | Plus:                                      |   |                      |                     |                     |  |  |
| 21   | Working Capital                            | 199,775   |                      |                     |                     | -  | 199,775                                |
| 22   | Net Regulatory Asset / (Liability)         | -   |                      |                     |                     | -  | -                                      |
| 23   |  |   |                      |                     |                     |  |  |
| 24   | Rate Base                                  | <u>\$ 42,495,236</u>                              | <u>\$ 11,519,013</u> | <u>\$ (10,750)</u>  | <u>\$ (113,978)</u> | <u>\$ 11,394,285</u>                     | <u>\$ 53,889,521</u>                   |

<sup>1</sup> From RCND Study

Supporting Schedules:  
B-4

Workpapers  
FH FVRB Schedules.xlsx

Recap Schedules:  
B-1

**Foothills Water & Sewer, LLC - Sewer Division**

Test Year Ended June 30, 2023

Rate Base Adjustment RCN-1

Exhibit: RLJ-DT3

Schedule B-3

Page 2

Witness: Jones

Post-Test Year Plant

This adjustment records items of plant expected to be placed in service by Foothills Sewer between 7/1/23 and 6/30/24.

| Line | Plant |  | Plant                          |
|------|-------|--|--------------------------------|
| No.  | Acct  | Description  | Addition<br>Amount             |
| 1    |       |  |                                |
| 2    | 351   | Organization Cost                                      | \$ -                           |
| 3    | 352   | Franchise Cost   | -                              |
| 4    | 353   | Land and Land Rights                                   | -                              |
| 5    | 354   | Structures & Improvements                              | 125,550.00                     |
| 6    | 355   | Power Generation Equipment                             | 1,000,000.00                   |
| 7    | 360   | Collection Sewers - Force                              | -                              |
| 8    | 360.1 | Collection Sewers - Lift Station                       | 909,844.00                     |
| 9    | 361   | Collection Sewers - Gravity                            | 327,200.00                     |
| 10   | 362   | Special Collection Structures                          | -                              |
| 11   | 363   | Services to Customers                                  | -                              |
| 12   | 364   | Flow Measuring Devices                                 | -                              |
| 13   | 365   | Flow Measuring Installations                           | -                              |
| 14   | 366   | Reuse Services   | -                              |
| 15   | 367   | Reuse Meters and Meter Installations                   | -                              |
| 16   | 370   | Receiving Wells  | -                              |
| 17   | 371   | Pumping Equipment                                      | -                              |
| 18   | 374   | Reuse Distribution Reservoirs                          | -                              |
| 19   | 375   | Reuse Transmission and Distribution System             | -                              |
| 20   | 380   | Treatment and Disposal Equipment                       | 7,770,000.00                   |
| 21   | 381   | Plant Sewers   | -                              |
| 22   | 382   | Outfall Sewer Lines                                    | -                              |
| 23   | 389   | Other Plant & Misc. Equipment                          | -                              |
| 24   | 390   | Office Furniture & Equipment                           | -                              |
| 25   | 390.1 | Computers & Software                                   | 106,400.00                     |
| 26   | 391   | Transportation Equipment                               | 930,000.00                     |
| 27   | 392   | Stores Equipment                                       | -                              |
| 28   | 393   | Tools, Shop & Garage Equipment                         | -                              |
| 29   | 394   | Laboratory Equipment                                   | -                              |
| 30   | 395   | Power Operated Equipment                               | -                              |
| 31   | 396   | Communication Equipment                                | 350,018.71                     |
| 32   | 397   | Miscellaneous Equipment                                | -                              |
| 33   | 398   | Other Tangible Plant                                   | -                              |
| 34   |       |  | <u>\$ 11,519,012.71</u>        |
| 35   |       |  |                                |
| 36   |       | Total Increase/(Decrease) in Plant In Service          | <u><u>\$ 11,519,012.71</u></u> |
| 37   |       |  |                                |
| 38   |       | <u>Workpapers:</u>                                     |                                |
| 39   |       | FH Rate Case Data.xlsx; TAB:Plant Adjust-Retire Detail |                                |
| 40   |       | FH Retirement Workpaper.xlsx                           |                                |
| 41   |       |  |                                |

Post-Test Year Retirements

This adjustment removes the trended book cost of plant in service items expected to be retired between 7/1/23 and 6/30/24 due to post-test year plant additions. This adjustment also removes the trended book cost, net of expected salvage, of plant in service items expected to be retired from trended accumulated depreciation.

| Line | Plant |   | Original Cost<br>Plant<br>Retirement<br>Amount | Trending<br>Factor <sup>1</sup> | Trended<br>Plant<br>Retirement<br>Amount | Post-Test<br>Year<br>Salvage | Trended<br>Accumulated<br>Depreciation<br>Retirement<br>Amount |
|------|-------|---|--|---------------------------------|--|------------------------------|--|
| No.  | Acct  | Description                                   |  |                                 |  |                              |  |
| 1    |       |   |  |                                 |  |                              |  |
| 2    | 351   | Organization Cost                             | \$ -   | N/A                             | N/A                                      | \$ -                         | N/A  |
| 3    | 352   | Franchise Cost                                | -  | 1.00                            | -  | -                            | -  |
| 4    | 353   | Land and Land Rights                          | -  | 1.00                            | -  | -                            | -  |
| 5    | 354   | Structures & Improvements                     | 2,700.00                                       | 1.67                            | 4,518.16                                 | -                            | 4,518.16   |
| 6    | 355   | Power Generation Equipment                    | -  | 1.42                            | -  | -                            | -  |
| 7    | 360   | Collection Sewers - Force                     | 25,000.00                                      | 2.04                            | 51,077.46                                | -                            | 51,077.46  |
| 8    | 360.1 | Collection Sewers - Lift Station              | 100,000.00                                     | 1.47                            | 146,666.86                               | -                            | 146,666.86   |
| 9    | 361   | Collection Sewers - Gravity                   | -  | 2.87                            | -  | -                            | -  |
| 10   | 362   | Special Collection Structures                 | -  | N/A                             | N/A                                      | -                            | N/A  |
| 11   | 363   | Services to Customers                         | -  | 1.44                            | -  | -                            | -  |
| 12   | 364   | Flow Measuring Devices                        | -  | 4.13                            | -  | -                            | -  |
| 13   | 365   | Flow Measuring Installations                  | -  | 2.84                            | -  | -                            | -  |
| 14   | 366   | Reuse Services                                | -  | N/A                             | N/A                                      | -                            | N/A  |
| 15   | 367   | Reuse Meters and Meter Installations          | -  | 2.57                            | -  | -                            | -  |
| 16   | 370   | Receiving Wells                               | -  | 1.84                            | -  | -                            | -  |
| 17   | 371   | Pumping Equipment                             | -  | 1.90                            | -  | -                            | -  |
| 18   | 374   | Reuse Distribution Reservoirs                 | -  | N/A                             | N/A                                      | -                            | N/A  |
| 19   | 375   | Reuse Transmission and Distribution System    | -  | N/A                             | N/A                                      | -                            | N/A  |
| 20   | 380   | Treatment and Disposal Equipment              | 944,838.00                                     | 1.92                            | 1,810,030.19                             | -                            | 1,810,030.19   |
| 21   | 381   | Plant Sewers                                  | -  | 1.86                            | -  | -                            | -  |
| 22   | 382   | Outfall Sewer Lines                           | -  | 1.56                            | -  | -                            | -  |
| 23   | 389   | Other Plant & Misc. Equipment                 | -  | 1.70                            | -  | -                            | -  |
| 24   | 390   | Office Furniture & Equipment                  | 105,685.00                                     | 1.03                            | 109,030.11                               | -                            | 109,030.11   |
| 25   | 390.1 | Computers & Software                          | -  | 0.97                            | -  | -                            | -  |
| 26   | 391   | Transportation Equipment                      | 97,334.57                                      | 1.11                            | 107,611.77                               | -                            | 107,611.77   |
| 27   | 392   | Stores Equipment                              | -  | N/A                             | N/A                                      | -                            | N/A  |
| 28   | 393   | Tools, Shop & Garage Equipment                | -  | 1.19                            | -  | -                            | -  |
| 29   | 394   | Laboratory Equipment                          | -  | 1.32                            | -  | (10,750.00)                  | (10,750.00)  |
| 30   | 395   | Power Operated Equipment                      | -  | 1.52                            | -  | -                            | -  |
| 31   | 396   | Communication Equipment                       | 33,207.48                                      | 0.98                            | 32,481.34                                | -                            | 32,481.34  |
| 32   | 397   | Miscellaneous Equipment                       | -  | 1.95                            | -  | -                            | -  |
| 33   | 398   | Other Tangible Plant                          | -  | 2.26                            | -  | -                            | -  |
| 34   |       |   | <u>\$ 1,308,765.05</u>                         |                                 | <u>\$ 2,261,415.89</u>                   | <u>\$ (10,750.00)</u>        | <u>\$ 2,250,665.89</u>   |
| 35   |       |   |  |                                 |  |                              |  |
| 36   |       | Total Increase/(Decrease) in Plant In Service |  |                                 | <u>\$ (2,261,415.89)</u>                 |                              |  |
| 37   |       |   |  |                                 |  |                              |  |
| 38   |       | <sup>1</sup> Composite Factor from RCND Study |  |                                 |  |                              | <u>\$ (2,250,665.89)</u>                                       |

<sup>1</sup> Composite Factor from RCND Study

Total Increase/(Decrease) in Accumulated Depreciation \$ (2,250,665.89)

Workpapers:

FH Rate Case Data.xlsx; TAB:Plant Adjust-Retire Detail

FH Retirement Workpaper.xlsx

FH FVRB Schedules Draft.xlsx

### Rate Base Adjustment RCN-3

Page 4

This adjustment records 1/2 year of accumulated depreciation for items of plant expected to be placed in service and retired between 7/1/2023 and 6/30/2024.

40 Workpapers:  
41 FH Rate Case Data.xlsx; TAB:FH W&S Plant  
42 FH Rate Case Data.xlsx; TAB:Plant Adjust-Retire Detail  
43 FH Rate Case Data.xlsx; TAB:Vehicle-Equipment  
44

|            |                                |  |                |                |                         |               |
|------------|--------------------------------|--|----------------|----------------|-------------------------|---------------|
| Line       |                                |  |                |                |                         |               |
| <u>No.</u> |                                |  |                |                |                         |               |
| 1          | Acct                           |  | Depletion      | Accumulated    |                         |               |
| 2          | <u>No.</u>                     | <u>Description</u>                         | <u>RCN</u>     | <u>Percent</u> | <u>Depreciation</u>     | <u>RCND</u>   |
| 3          |                                |  |                |                |                         |               |
| 4          | 351                            | Organization Cost                          | \$ -           | N/A            | \$ -                    | \$ -          |
| 5          | 352                            | Franchise Cost                             | 3,076          | 0.0%           | -                       | 3,076.00      |
| 6          | 353                            | Land and Land Rights                       | 1,535,615      | 0.0%           | -                       | 1,535,615.00  |
| 7          | 354                            | Structures & Improvements                  | 4,521,527      | 42.0%          | 1,898,204               | 2,623,323.60  |
| 8          | 355                            | Power Generation Equipment                 | 296,113        | 30.9%          | 91,396                  | 204,716.91    |
| 9          | 360                            | Collection Sewers - Force                  | 6,164,486      | 21.5%          | 1,327,322               | 4,837,163.85  |
| 10         | 360.1                          | Collection Sewers - Lift Station           | 2,758,670      | 12.1%          | 334,206                 | 2,424,464.07  |
| 11         | 361                            | Collection Sewers - Gravity                | 27,200,048     | 41.3%          | 11,235,811              | 15,964,236.39 |
| 12         | 362                            | Special Collection Structures              | -              | N/A            | -                       | -             |
| 13         | 363                            | Services to Customers                      | 388,949        | 21.5%          | 83,687                  | 305,262.60    |
| 14         | 364                            | Flow Measuring Devices                     | 153,354        | 96.1%          | 147,345                 | 6,009.00      |
| 15         | 365                            | Flow Measuring Installations               | 32,297         | 100.0%         | 32,297                  | -             |
| 16         | 366                            | Reuse Services                             | -              | N/A            | -                       | -             |
| 17         | 367                            | Reuse Meters and Meter Installations       | 5,384          | 100.0%         | 5,384                   | (0.30)        |
| 18         | 370                            | Receiving Wells                            | 163,054        | 39.9%          | 65,054                  | 98,000.36     |
| 19         | 371                            | Pumping Equipment                          | 5,046,126      | 83.8%          | 4,229,809               | 816,317.70    |
| 20         | 374                            | Reuse Distribution Reservoirs              | -              | N/A            | -                       | -             |
| 21         | 375                            | Reuse Transmission and Distribution System | -              | N/A            | -                       | -             |
| 22         | 380                            | Treatment and Disposal Equipment           | 48,450,260     | 65.4%          | 31,669,648              | 16,780,611.83 |
| 23         | 381                            | Plant Sewers                               | 1,300,919      | 61.0%          | 793,104                 | 507,814.17    |
| 24         | 382                            | Outfall Sewer Lines                        | 550,493        | 23.5%          | 129,535                 | 420,957.67    |
| 25         | 389                            | Other Plant & Misc. Equipment              | 1,053,041      | 68.3%          | 718,940                 | 334,100.85    |
| 26         | 390                            | Office Furniture & Equipment               | 266,363        | 73.9%          | 196,774                 | 69,589.18     |
| 27         | 390.1                          | Computers & Software                       | 225,366        | 36.1%          | 81,409                  | 143,957.21    |
| 28         | 391                            | Transportation Equipment                   | 546,505        | 65.4%          | 357,459                 | 189,046.61    |
| 29         | 392                            | Stores Equipment                           | -              | N/A            | -                       | -             |
| 30         | 393                            | Tools, Shop & Garage Equipment             | 66,088         | 46.8%          | 30,956                  | 35,131.35     |
| 31         | 394                            | Laboratory Equipment                       | 46,520         | 99.0%          | 46,055                  | 465.49        |
| 32         | 395                            | Power Operated Equipment                   | 173,171        | 68.6%          | 118,828                 | 54,343.08     |
| 33         | 396                            | Communication Equipment                    | 97,008         | 36.8%          | 35,711                  | 61,296.29     |
| 34         | 397                            | Miscellaneous Equipment                    | 405,275        | 88.8%          | 359,836                 | 45,438.06     |
| 35         | 398                            | Other Tangible Plant                       | 540,671        | 100.0%         | 540,671                 | -             |
| 36         |                                |  |                |                |                         |               |
| 37         | TOTALS                         |  | \$ 101,990,377 |                | \$ 54,529,440           | \$ 47,460,937 |
| 38         |                                |  |                |                |                         |               |
| 39         | Note: All data from RCND Study |  |                |                |                         |               |
| 40         |                                |  |                |                |                         |               |
| 41         | <u>Workpaper:</u>              |  |                |                | <u>Recap Schedules:</u> |               |
| 42         | FH FVRB Schedules.xlsx         |  |                |                | B-3                     |               |
| 43         |                                |  |                |                |                         |               |

| Line |                                    |                        |
|------|------------------------------------|------------------------|
| No.  |                                    | <u>Working Capital</u> |
| 1    |                                    |                        |
| 2    | Cash Working Capital               | \$ -                   |
| 3    |                                    |                        |
| 4    | Material and Supplies Inventories  | 126,351                |
| 5    |                                    |                        |
| 6    | Working Funds and Special Deposits |                        |
| 7    | None                               |                        |
| 8    |                                    |                        |
| 9    |                                    |                        |
| 10   | Prepayments                        | 73,424                 |
| 11   |                                    |                        |
| 12   | Total Working Capital Allowance    | <u>\$ 199,775</u>      |
| 13   |                                    |                        |
| 14   | <u>Supporting Schedules:</u>       |                        |
| 15   | E-1                                |                        |
| 16   |                                    |                        |

Recap Schedules:  
B-1



**Foothills Water & Sewer, LLC - Sewer Division**  
Test Year Ended June 30, 2023  
Adjusted Test Year Income Statement

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

| Line No. |   | Actual for<br>Test Year<br>Ended<br>6/30/2023 | Total<br>Pro forma<br>Adjustments | Test Year<br>Results<br>After<br>Pro forma<br>Adjustments | Proposed<br>Rate<br>Increase | Adjusted<br>With Rate<br>Increase |
|----------|---|---|-----------------------------------|---|------------------------------|-----------------------------------|
| 1        | <b>Revenues</b>                                 |   |                                   |   |                              |                                   |
| 2        | 521 Flat Rate Revenue                           | \$ 6,516,663                                  | \$ (211,249)                      | \$ 6,305,414  | 3,300,493                    | \$ 9,605,907                      |
| 3        | 522 Measured Revenues                           | -   |                                   | -   |                              | -                                 |
| 4        | 536 Other Wastewater Revenue                    | 103,562                                       | (287)                             | 103,275   | -                            | 103,275                           |
| 5        | 541 Measured Reuse Revenue                      | 60,125  | 8,139                             | 68,263  | -                            | 68,263                            |
| 6        | <b>Total Revenues</b>                           | \$ 6,680,349                                  | \$ (203,397)                      | \$ 6,476,952  | \$ 3,300,493                 | \$ 9,777,445                      |
| 7        | <b>Operating Expenses</b>                       |   |                                   |   |                              |                                   |
| 8        | 701 Salaries and Wages                          | \$ 1,147,284                                  | \$ 161,989                        | \$ 1,309,273  |                              | \$ 1,309,273                      |
| 9        | 703 Salaries and Wages - Officers and Directors | 78,000  | (78,000)                          | -   |                              | -                                 |
| 10       | 704 Employee Pension and Benefits               | 23,380  | 144,507                           | 167,887   |                              | 167,887                           |
| 11       | 710 Purchased Wastewater                        | -   | -                                 | -   |                              | -                                 |
| 12       | 711 Sludge Removal Expense                      | 467,423                                       | -                                 | 467,423   |                              | 467,423                           |
| 13       | 715 Purchased Power                             | 491,916                                       | -                                 | 491,916   |                              | 491,916                           |
| 14       | 718 Chemicals                                   | 551,292                                       | -                                 | 551,292   |                              | 551,292                           |
| 15       | 720.0 Materials and Supplies                    | 154,621                                       | -                                 | 154,621   |                              | 154,621                           |
| 16       | 720.1 Repairs and Maintenance                   | 141,817                                       | -                                 | 141,817   |                              | 141,817                           |
| 17       | 720 Office Supplies Expense                     | 159,015                                       | -                                 | 159,015   |                              | 159,015                           |
| 18       | 731 Contractual Services - Engineering          | 15,255  | -                                 | 15,255  |                              |                                   |
| 19       | 732 Contractual Services - Accounting           | 15,026  | (15,000)                          | 26  |                              | 26                                |
| 20       | 733 Contractual Services - Legal                | 101,439                                       | (91,935)                          | 9,504   |                              | 9,504                             |
| 21       | 734 Contractual Services - Management Fees      | 39,000  | (39,000)                          | -   |                              | -                                 |
| 22       | 735 Contractual Services - Testing              | 97,673  | -                                 | 97,673  |                              | 97,673                            |
| 23       | 736 Contractual Services - Other                | 314,920                                       | 133,694                           | 448,614   |                              | 448,614                           |
| 24       | 741 Rent - Buildings                            | 81,412  | -                                 | 81,412  |                              | 81,412                            |
| 25       | 742 Rent - Equipment                            | 71,520  | -                                 | 71,520  |                              | 71,520                            |
| 26       | 750 Transportation Expense                      | 160,627                                       | 19,743                            | 180,371   |                              | 180,371                           |
| 27       | 756 Insurance - Vehicle                         | 44,444  | 12,299                            | 56,742  |                              | 56,742                            |
| 28       | 757 Insurance - General Liability               | 79,483  | 18,621                            | 98,104  |                              | 98,104                            |
| 29       | 758 Insurance - Worker's Compensation           | 29,289  | (1,790)                           | 27,498  |                              | 27,498                            |
| 30       | 759 Insurance - Other                           | 4,167   | -                                 | 4,167   |                              | 4,167                             |
| 31       | 766 Regulatory Commission Expense - Rate Case   | -   | -                                 | -   |                              | -                                 |
| 32       | 770 Bad Debt Expense                            | 15,592  | -                                 | 15,592  | 7,945                        | 23,537                            |
| 33       | 775 Miscellaneous Expense                       | 192,436                                       | -                                 | 192,436   |                              | 192,436                           |
| 34       | 403 Depreciation Expense                        | 1,507,298                                     | (471,765)                         | 1,035,532   |                              | 1,035,532                         |
| 35       | 407 Amortization Expense                        | -   | -                                 | -   |                              | -                                 |
| 36       | 408 Taxes Other Than Income                     | 52,395  | 99,244                            | 151,640   |                              | 151,640                           |
| 37       | 408.1 Property Taxes                            | 197,077                                       | 17,216                            | 214,293   | 36,912                       | 251,205                           |
| 38       | 409 Income Tax                                  | 82,912  | (183,059)                         | (100,147)   | 809,709                      | 709,562                           |
| 39       | 427.1 Interest Expense Security Deposits        | 2,710   | -                                 | 2,710   |                              | 2,710                             |
| 40       | <b>Total Operating Expenses</b>                 | \$ 6,319,422                                  | \$ (273,237)                      | \$ 6,046,185  | \$ 854,566                   | \$ 6,900,751                      |
| 41       | <b>Operating Income</b>                         | \$ 360,927                                    | \$ 69,840                         | \$ 430,767  | \$ 2,445,927                 | \$ 2,876,694                      |
| 42       | <b>Other Income (Expense)</b>                   |   |                                   |   |                              |                                   |
| 43       | 419 Interest and Dividend Income                | \$ 13,449                                     | \$ (13,449)                       | -   |                              | \$ -                              |
| 44       | 421 Non-Utility Income                          | -   | -                                 | -   |                              | -                                 |
| 45       | 426 Miscellaneous Non-Utility Expenses          | (209,379)                                     | 8,818                             | (200,561)   |                              | (200,561)                         |
| 46       | 427 Interest Expense                            | (591,908)                                     | (141,379)                         | (733,287)   |                              | (733,287)                         |
| 47       | 428 Amortization of Debt Discount and Expense   | (11,424)                                      | 11,424                            | -   |                              | -                                 |
| 48       | 429 Amortization of Premium on Debt             | 867   | (867)                             | -   |                              | -                                 |
| 49       | <b>Total Other Income (Expense)</b>             | \$ (798,395)                                  | \$ (135,453)                      | \$ (933,848)  | \$ -                         | \$ (933,848)                      |
| 50       | <b>Net Income (Loss)</b>                        | \$ (437,468)                                  | \$ (65,613)                       | \$ (503,081)  | \$ 2,445,927                 | \$ 1,942,846                      |

Supporting Schedules:

E-2

Recap Schedules:

A-1

**Foothills Water & Sewer, LLC - Sewer Division**  
Test Year Ended June 30, 2023  
Income Statement Pro forma Adjustments

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

| Line No. |   | Actual for<br>Test Year<br>Ended<br>6/30/2023 | ADJ<br>IS-1  | ADJ<br>IS-2 | ADJ<br>IS-3  | ADJ<br>IS-4  | ADJ<br>IS-5 |
|----------|---|---|--------------|-------------|--------------|--------------|-------------|
| 1        | <b>Revenues</b>                                 |   |              |             |              |              |             |
| 2        | 521 Flat Rate Revenue                           | \$ 6,516,663                                  |              |             |              |              |             |
| 3        | 536 Other Wastewater Revenue                    | 103,562                                       |              |             |              |              |             |
| 4        | 541 Measured Reuse Revenue                      | 60,125  |              |             |              |              |             |
| 5        | <b>Total Revenues</b>                           | \$ 6,680,349                                  | \$ -         | \$ -        | \$ -         | \$ -         | \$ -        |
| 6        | <b>Operating Expenses</b>                       |   |              |             |              |              |             |
| 7        | 701 Salaries and Wages                          | \$ 1,147,284                                  |              |             | \$ 161,989   |              |             |
| 8        | 703 Salaries and Wages - Officers and Directors | 78,000  | (78,000)     |             |              |              |             |
| 9        | 704 Employee Pension and Benefits               | 23,380  |              |             | 144,507      |              |             |
| 10       | 710 Purchased Wastewater                        | -   |              |             |              |              |             |
| 11       | 711 Sludge Removal Expense                      | 467,423                                       |              |             |              |              |             |
| 12       | 715 Purchased Power                             | 491,916                                       |              |             |              |              |             |
| 13       | 718 Chemicals                                   | 551,292                                       |              |             |              |              |             |
| 14       | 720 Materials and Supplies                      | 154,621                                       |              |             |              |              |             |
| 15       | 720.1 Repairs and Maintenance                   | 141,817                                       |              |             |              |              |             |
| 16       | 720.2 Office Supplies Expense                   | 159,015                                       |              |             |              |              |             |
| 17       | 731 Contractual Services - Engineering          | 15,255  |              |             |              |              |             |
| 18       | 732 Contractual Services - Accounting           | 15,026  | (15,000)     |             |              |              |             |
| 19       | 733 Contractual Services - Legal                | 101,439                                       | (36,693)     | (55,242)    |              |              |             |
| 20       | 734 Contractual Services - Management Fees      | 39,000  | (39,000)     | -           |              |              |             |
| 21       | 735 Contractual Services - Testing              | 97,673  |              |             |              |              |             |
| 22       | 736 Contractual Services - Other                | 314,920                                       |              | -           |              | 133,694      |             |
| 23       | 741 Rent - Buildings                            | 81,412  |              |             |              |              |             |
| 24       | 742 Rent - Equipment                            | 71,520  |              |             |              |              |             |
| 25       | 750 Transportation Expense                      | 160,627                                       | (795)        | (286)       |              |              |             |
| 26       | 756 Insurance - Vehicle                         | 44,444  |              |             |              |              | 12,299      |
| 27       | 757 Insurance - General Liability               | 79,483  |              |             |              |              | 18,621      |
| 28       | 758 Insurance -Worker's Compensation            | 29,289  |              |             |              |              | (1,790)     |
| 29       | 766 Regulatory Commission Expense - Rate Case   | -   |              |             |              |              |             |
| 30       | 770 Bad Debt Expense                            | 15,592  |              |             |              |              |             |
| 31       | 775 Miscellaneous Expense                       | 192,436                                       |              |             |              |              |             |
| 32       | 403 Depreciation Expense                        | 1,507,298                                     |              |             |              |              |             |
| 33       | 407 Amortization Expense                        | -   |              |             |              |              |             |
| 34       | 408 Taxes Other Than Income                     | 52,395  |              |             | 99,244       |              |             |
| 35       | 408.11 Property Taxes                           | 197,077                                       |              |             |              |              |             |
| 36       | 409 Income Tax                                  | 82,912  |              |             |              |              |             |
| 37       | 427.1 Interest Expense Security Deposits        | 2,710   |              |             |              |              |             |
| 38       | <b>Total Operating Expenses</b>                 | \$ 6,319,422                                  | \$ (169,488) | \$ (55,528) | \$ 405,740   | \$ 133,694   | \$ 29,129   |
| 39       | <b>Operating Income</b>                         | \$ 360,927                                    | \$ 169,488   | \$ 55,528   | \$ (405,740) | \$ (133,694) | \$ (29,129) |
| 40       | <b>Other Income (Expense)</b>                   |   |              |             |              |              |             |
| 41       | 419 Interest and Dividend Income                | \$ 13,449                                     | \$ (13,449)  |             |              |              |             |
| 42       | 421 Non-Utility Income                          | -   |              |             |              |              |             |
| 43       | 426 Miscellaneous Non-Utility Expenses          | (209,379)                                     | 8,818        |             |              |              |             |
| 44       | 427 Interest Expense                            | (591,908)                                     | 591,908      |             |              |              |             |
| 45       | 428 Amortization of Debt Discount and Expense   | (11,424)                                      | 11,424       |             |              |              |             |
| 46       | 429 Amortization of Premium on Debt             | 867   | (867)        |             |              |              |             |
| 47       | <b>Total Other Income (Expense)</b>             | \$ (798,395)                                  | \$ 597,834   | \$ -        | \$ -         | \$ -         | \$ -        |
| 48       | <b>Net Income (Loss)</b>                        | \$ (437,468)                                  | \$ 767,322   | \$ 55,528   | \$ (405,740) | \$ (133,694) | \$ (29,129) |

Supporting Schedules:

Recap Schedules:

C-1

| Line No. |   | ADJ<br>IS-6 | ADJ<br>IS-7  | ADJ<br>IS-8 | ADJ<br>IS-9  | ADJ<br>IS-10 |
|----------|---|-------------|--------------|-------------|--------------|--------------|
| 1        | <b>Revenues</b>                                 |             |              |             |              |              |
| 2        | 521 Flat Rate Revenue                           |             | \$ (211,249) |             |              |              |
| 3        | 536 Other Wastewater Revenue                    |             | (287)        |             |              |              |
| 4        | 541 Measured Reuse Revenue                      |             | (30,062)     | 38,201      |              |              |
| 5        | <b>Total Revenues</b>                           | \$ -        | \$ (241,597) | \$ 38,201   | \$ -         | \$ -         |
| 6        | <b>Operating Expenses</b>                       |             |              |             |              |              |
| 7        | 701 Salaries and Wages                          |             |              |             |              |              |
| 8        | 703 Salaries and Wages - Officers and Directors |             |              |             |              |              |
| 9        | 704 Employee Pension and Benefits               |             |              |             |              |              |
| 10       | 710 Purchased Wastewater                        |             |              |             |              |              |
| 11       | 711 Sludge Removal Expense                      |             |              |             |              |              |
| 12       | 715 Purchased Power                             |             |              |             |              |              |
| 13       | 718 Chemicals                                   |             |              |             |              |              |
| 14       | 720 Materials and Supplies                      |             |              |             |              |              |
| 15       | 720.1 Repairs and Maintenance                   |             |              |             |              |              |
| 16       | 720.2 Office Supplies Expense                   |             |              |             |              |              |
| 17       | 731 Contractual Services - Engineering          |             |              |             |              |              |
| 18       | 732 Contractual Services - Accounting           |             |              |             |              |              |
| 19       | 733 Contractual Services - Legal                |             |              |             |              |              |
| 20       | 734 Contractual Services - Management Fees      |             |              |             |              |              |
| 21       | 735 Contractual Services - Testing              |             |              |             |              |              |
| 22       | 736 Contractual Services - Other                |             |              |             |              |              |
| 23       | 741 Rent - Buildings                            |             |              |             |              |              |
| 24       | 742 Rent - Equipment                            |             |              |             |              |              |
| 25       | 750 Transportation Expense                      | 20,825      |              |             |              |              |
| 26       | 756 Insurance - Vehicle                         |             |              |             |              |              |
| 27       | 757 Insurance - General Liability               |             |              |             |              |              |
| 28       | 758 Insurance -Worker's Compensation            |             |              |             |              |              |
| 29       | 766 Regulatory Commission Expense - Rate Case   |             |              |             |              |              |
| 30       | 770 Bad Debt Expense                            |             |              |             |              |              |
| 31       | 775 Miscellaneous Expense                       |             |              |             |              |              |
| 32       | 403 Depreciation Expense                        |             |              |             |              | (471,765)    |
| 33       | 407 Amortization Expense                        |             |              |             |              |              |
| 34       | 408 Taxes Other Than Income                     |             |              |             |              |              |
| 35       | 408.11 Property Taxes                           |             |              |             |              |              |
| 36       | 409 Income Tax                                  |             |              |             |              |              |
| 37       | 427.1 Interest Expense Security Deposits        |             |              |             |              |              |
| 38       | <b>Total Operating Expenses</b>                 | \$ 20,825   | \$ -         | \$ -        | \$ -         | \$ (471,765) |
| 39       | <b>Operating Income</b>                         | \$ (20,825) | \$ (241,597) | \$ 38,201   | \$ -         | \$ 471,765   |
| 40       | <b>Other Income (Expense)</b>                   |             |              |             |              |              |
| 41       | 419 Interest and Dividend Income                |             |              |             |              |              |
| 42       | 421 Non-Utility Income                          |             |              |             |              |              |
| 43       | 426 Miscellaneous Non-Utility Expenses          |             |              |             |              |              |
| 44       | 427 Interest Expense                            |             |              |             | (733,287)    |              |
| 45       | 428 Amortization of Debt Discount and Expense   |             |              |             |              |              |
| 46       | 429 Amortization of Premium on Debt             |             |              |             |              |              |
| 47       | <b>Total Other Income (Expense)</b>             | \$ -        | \$ -         | \$ -        | \$ (733,287) | \$ -         |
| 48       | <b>Net Income (Loss)</b>                        | \$ (20,825) | \$ (241,597) | \$ 38,201   | \$ (733,287) | \$ 471,765   |
| 49       |   |             |              |             |              |              |
| 50       | <u>Supporting Schedules:</u>                    |             |              |             |              |              |
| 51       |   |             |              |             |              |              |
| 52       |   |             |              |             |              |              |

| Line No. |   | ADJ<br><u>IS-11</u> | ADJ<br><u>IS-12</u> | Total<br><u>Adjustments</u> | Test Year<br>Adjusted<br><u>Results</u> |
|----------|---|---------------------|---------------------|-----------------------------|---|
| 1        | <b>Revenues</b>                                 |                     |                     |                             |   |
| 2        | 521 Flat Rate Revenue                           |                     |                     | \$ (211,249)                | \$ 6,305,414                            |
| 3        | 536 Other Wastewater Revenue                    |                     |                     | (287)                       | 103,275                                 |
| 4        | 541 Measured Reuse Revenue                      |                     |                     | 8,139                       | 68,263                                  |
| 5        | <b>Total Revenues</b>                           | \$ -                | \$ -                | \$ (203,397)                | \$ 6,476,952                            |
| 6        | <b>Operating Expenses</b>                       |                     |                     |                             |   |
| 7        | 701 Salaries and Wages                          |                     |                     | \$ 161,989                  | \$ 1,309,273                            |
| 8        | 703 Salaries and Wages - Officers and Directors |                     |                     | (78,000)                    | -                                       |
| 9        | 704 Employee Pension and Benefits               |                     |                     | 144,507                     | 167,887                                 |
| 10       | 710 Purchased Wastewater                        |                     |                     | -                           | -                                       |
| 11       | 711 Sludge Removal Expense                      |                     |                     | -                           | 467,423                                 |
| 12       | 715 Purchased Power                             |                     |                     | -                           | 491,916                                 |
| 13       | 718 Chemicals                                   |                     |                     | -                           | 551,292                                 |
| 14       | 720 Materials and Supplies                      |                     |                     | -                           | 154,621                                 |
| 15       | 720.1 Repairs and Maintenance                   |                     |                     | -                           | 141,817                                 |
| 16       | 720.2 Office Supplies Expense                   |                     |                     | -                           | 159,015                                 |
| 17       | 731 Contractual Services - Engineering          |                     |                     | -                           | 15,255                                  |
| 18       | 732 Contractual Services - Accounting           |                     |                     | (15,000)                    | 26                                      |
| 19       | 733 Contractual Services - Legal                |                     |                     | (91,935)                    | 9,504                                   |
| 20       | 734 Contractual Services - Management Fees      |                     |                     | (39,000)                    | -                                       |
| 21       | 735 Contractual Services - Testing              |                     |                     | -                           | 97,673                                  |
| 22       | 736 Contractual Services - Other                |                     |                     | 133,694                     | 448,614                                 |
| 23       | 741 Rent - Buildings                            |                     |                     | -                           | 81,412                                  |
| 24       | 742 Rent - Equipment                            |                     |                     | -                           | 71,520                                  |
| 25       | 750 Transportation Expense                      |                     |                     | 19,743                      | 180,371                                 |
| 26       | 756 Insurance - Vehicle                         |                     |                     | 12,299                      | 56,742                                  |
| 27       | 757 Insurance - General Liability               |                     |                     | 18,621                      | 98,104                                  |
| 28       | 758 Insurance -Worker's Compensation            |                     |                     | (1,790)                     | 27,498                                  |
| 29       | 766 Regulatory Commission Expense - Rate Case   |                     |                     | -                           | -                                       |
| 30       | 770 Bad Debt Expense                            |                     |                     | -                           | 15,592                                  |
| 31       | 775 Miscellaneous Expense                       |                     |                     | -                           | 192,436                                 |
| 32       | 403 Depreciation Expense                        |                     |                     | (471,765)                   | 1,035,532                               |
| 33       | 407 Amortization Expense                        |                     |                     | -                           | -                                       |
| 34       | 408 Taxes Other Than Income                     |                     |                     | 99,244                      | 151,640                                 |
| 35       | 408.11 Property Taxes                           | 17,216              |                     | 17,216                      | 214,293                                 |
| 36       | 409 Income Tax                                  |                     | (183,059)           | (183,059)                   | (100,147)                               |
| 37       | 427.1 Interest Expense Security Deposits        |                     |                     | -                           | 2,710                                   |
| 38       | <b>Total Operating Expenses</b>                 | \$ 17,216           | \$ (183,059)        | \$ (273,237)                | \$ 6,046,185                            |
| 39       | <b>Operating Income</b>                         | \$ (17,216)         | \$ 183,059          | \$ 69,840                   | \$ 430,767                              |
| 40       | <b>Other Income (Expense)</b>                   |                     |                     |                             |   |
| 41       | 419 Interest and Dividend Income                |                     |                     | \$ (13,449)                 | \$ -                                    |
| 42       | 421 Non-Utility Income                          |                     |                     | -                           | -                                       |
| 43       | 426 Miscellaneous Non-Utility Expenses          |                     |                     | 8,818                       | (200,561)                               |
| 44       | 427 Interest Expense                            |                     |                     | (141,379)                   | (733,287)                               |
| 45       | 428 Amortization of Debt Discount and Expense   |                     |                     | 11,424                      | -                                       |
| 46       | 429 Amortization of Premium on Debt             |                     |                     | (867)                       | -                                       |
| 47       | <b>Total Other Income (Expense)</b>             | \$ -                | \$ -                | \$ (135,453)                | \$ (933,848)                            |
| 48       | <b>Net Income (Loss)</b>                        | \$ (17,216)         | \$ 183,059          | \$ (65,613)                 | \$ (503,081)                            |

Supporting Schedules:

**Foothills Water & Sewer, LLC - Sewer Division**

Test Year Ended June 30, 2023

Income Statement Adjustment IS-1

Exhibit: RLJ-DT3

Schedule C-2

Page 4

Witness: Jones

Line

No.1 Adjust Income Statement to Remove Eliminated Far West Expenses and Income

2

3 This adjustment removes operating expenses, other income and deductions and interest expense  
4 incurred by Far West in the test year that will not be similarly incurred by Foothills on a  
5 going forward basis.

6

7

| 8  | <u>NARUC</u>                | <u>Account</u>                              | <u>TY Amount</u>       | <u>Adjustment</u>      |
|----|-----------------------------|---|------------------------|------------------------|
| 9  | Operating Expenses          |   |                        |                        |
| 10 | 703                         | Salaries and Wages - Officers and Directors | \$ 78,000.00           | \$ (78,000.00)         |
| 11 | 732                         | Contractual Services - Accounting           | 15,000.00              | (15,000.00)            |
| 12 | 733                         | Contractual Services - Legal                | 36,692.61              | (36,692.61)            |
| 13 | 734                         | Contractual Services - Management Fees      | 39,000.00              | (39,000.00)            |
| 14 | 750                         | Transportation Expense                      | 795.42                 | (795.42)               |
| 15 |                             |   | <u>\$ 169,488.03</u>   | <u>\$ (169,488.03)</u> |
| 16 |                             |   |                        |                        |
| 17 | Other Income and Deductions |   |                        |                        |
| 18 | 419                         | Interest and Dividend Income                | \$ 13,448.51           | \$ (13,448.51)         |
| 19 | 426                         | Miscellaneous Nonutility Expenses           | (8,817.83)             | 8,817.83               |
| 20 | 427                         | Interest Expense                            | (591,907.56)           | 591,907.56             |
| 21 | 428                         | Amortization of Debt Discount and Expense   | (11,423.62)            | 11,423.62              |
| 22 | 429                         | Amortization of Premium on Debt             | 866.94                 | (866.94)               |
| 23 |                             |   | <u>\$ (597,833.56)</u> | <u>\$ 597,833.56</u>   |
| 24 |                             |   |                        |                        |
| 25 |                             | Net Income                                  | <u>\$ (767,321.59)</u> | <u>\$ 767,321.59</u>   |

26

27

28

29 Increase/(Decrease) in Net Income

\$ 767,321.59

30

31 Workpaper:

32 FH Rate Case Data.xlsx; TAB: FW Eliminated Income &amp; Expense

33

Line

No.

1 Adjust Income Statement to Remove Non-Recurring Foothills Water & Sewer Expenses

2

3 This adjustment removes operating expenses and other deductions incurred by Foothills  
4 Water & Sewer in the test year that are not expected to recur on a going forward basis.

5

6

7 Costs incurred by Foothills Water & Sewer that will not recur on a going forward basis:

8

9 NARUC Account

TY Amount

Adjustment

10 Operating Expenses

11 733 Contractual Services - Legal \$ 55,241.93 \$ (55,241.93)

12 734 Contractual Services - Management Fees - -

13 736 Contractual Services - Other - -

14 750 Transportation Expense 286.41 (286.41)

15 \$ 55,528.34 \$ (55,528.34)

16

17 Net Income \$ (55,528.34) \$ 55,528.34

18

19

20

21 Increase/(Decrease) in Net Income \$ 55,528.34

22

23 Workpaper:

24 FH Rate Case Data.xlsx; TAB: FH Nonrecurring Expense

25

Line  
No.

1 Adjust Payroll and Related Costs to Foothills Proforma Costs

2

3 Due to post acquisition changes to personnel, pay rates and benefits offered, costs related  
4 payroll, benefits and related costs have changed. This adjustment updates costs to Foothill's  
5 expected going forward costs. This adjustment also properly allocates payroll taxes between  
6 water and sewer divisions.

7

8

9

|    |                                   | Test Year       | Normalized      | Expense           |
|----|-----------------------------------|-----------------|-----------------|-------------------|
|    |                                   | <u>Adjusted</u> | <u>Expense</u>  | <u>Adjustment</u> |
| 10 | <u>NARUC</u> <u>Account</u>       |                 |                 |                   |
| 11 | 701 Salaries and Wages            | \$ 1,147,284.02 | \$ 1,309,272.90 | \$ 161,988.88     |
| 12 | 704 Employee Pension and Benefits | 23,379.71       | 167,886.58      | 144,506.87        |
| 13 | 408 Payroll Taxes                 | 2,535.26        | 101,779.34      | 99,244.08         |
| 14 |                                   | 1,173,198.99    | 1,578,938.83    | 405,739.84        |

15

16

17 Increase/(Decrease) in Salaries and Wages \$ 161,988.88

18

19 Increase/(Decrease) in Employee Pension and Benefits \$ 144,506.87

20

21 Increase/(Decrease) in Taxes Other Than Income \$ 99,244.08

22

23

24 Workpaper:

25 FH Rate Case Data.xlsx; TAB: Payroll

26 FH Rate Case Data.xlsx; TAB: Enrolled Medical

27

Line

No.

1 Normalize Shared Services Cost

2

3 This adjustment normalizes shared services costs. Because Foothills Water & Sewer  
4 operated for only nine months in the test year, shared services costs must be  
5 normalized to account for a full year of shared services

6

7

8 Shared Services Costs

9 Shared Services Expense per G/L \$ 250,020.29

10

11 Budgeted Shared Services for 2023 \$ 383,714.00

12

13

14

15

16 NARUC Account

17

18

19

20 Increase/(Decrease) in Contractual Services - Other

21

22

23 Workpaper:

24 FH Rate Case Data.xlsx; TAB: Shared Services

25

Expense

Per

G/L

Normalized

Expense

Expense

Adjustment

636

Contractual Services - Other

250,020.29

383,714.00

133,693.71

\$ 133,693.71



Line

No.

1 Adjust Insurance expense to reflect Foothills Water & Sewer Actual Costs

2

3 This adjustment replaces the insurance costs incurred during the test year by Far West  
4 and Foothills with the normalized costs of insurance being incurred by Foothills Water & Sewer.

5

|    | <u>NARUC</u> | <u>Insurance Type</u> | <u>Foothills<br/>Actual Cost</u> | <u>Months<br/>Charged</u> | <u>Normalized<br/>Cost</u> |
|----|--------------|-----------------------|----------------------------------|---------------------------|----------------------------|
| 8  | 756          | Auto                  | \$ 37,828.32                     | 8                         | \$ 56,742.48               |
| 9  | 757          | General Liability     | 65,402.40                        | 8                         | 98,103.60                  |
| 10 | 758          | Workers Compensation  | 18,332.32                        | 8                         | 27,498.48                  |
| 11 |              |                       | <u>\$ 121,563.04</u>             |                           | <u>\$ 182,344.56</u>       |

12

13

|    | <u>NARUC</u> | <u>Account</u>                   | <u>Expense<br/>Per G/L</u> | <u>Normalized<br/>Expense</u> | <u>Expense<br/>Adjustment</u> |
|----|--------------|----------------------------------|----------------------------|-------------------------------|-------------------------------|
| 16 | 756          | Insurance - Vehicle              | 44,443.58                  | \$ 56,742.48                  | \$ 12,298.90                  |
| 17 | 757          | Insurance - General Liability    | 79,482.92                  | 98,103.60                     | 18,620.68                     |
| 18 | 758          | Insurance -Worker's Compensation | 29,288.60                  | 27,498.48                     | (1,790.12)                    |
| 19 |              |                                  | <u>\$ 153,215.10</u>       | <u>\$ 182,344.56</u>          | <u>\$ 29,129.46</u>           |

20

21 Increase/(Decrease) in Insurance - Vehicle \$ 12,298.90

22

23 Increase/(Decrease) in Insurance - General Liability \$ 18,620.68

24

25 Increase/(Decrease) in Insurance - Worker's Compensation \$ (1,790.12)

26

27

Line

No.

1 Adjust Transportation Expense to Eliminate Credited Salvage

2

3 This adjustment adjusts transportation expense to eliminate credits for salvage value  
4 received from the sale of vehicles. The salvage amounts were incorrectly charged to the  
5 transportation expense account rather than as credits to accumulated depreciation per  
6 NARUC accounting requirements.

7

8

9 Salvage Values

10

|    |                               | Expense<br>Credit<br>Per G/L | Adjustment   | Adjusted<br>Expense |
|----|-------------------------------|------------------------------|--------------|---------------------|
| 11 | <u>NARUC</u> <u>Account</u>   |                              |              |                     |
| 12 | 750    Transportation Expense | \$ (20,825.00)               | \$ 20,825.00 | \$ -                |

13

14

|    |   |  |                     |
|----|---|--|---------------------|
| 15 | Increase/(Decrease) in Transportation Expense |  | <u>\$ 20,825.00</u> |
|----|---|--|---------------------|

16

17

18

19 Workpapers:

20 FH Rate Case Data.xlsx; TAB:Vehicle-Equipment

21 FH Rate Case Data.xlsx; TAB:Expensed Salvage

22

Line

No.

1 Adjust Revenue Accounts to Eliminate Non-Recurring Items

2

3 This adjustment adjusts other revenue accounts to eliminate non-recurring reconciliation items.

4

5 Reconciling Items

6

|    |              |                          | Entry             |
|----|--------------|--------------------------|-------------------|
|    | <u>NARUC</u> | <u>Account</u>           | <u>Per G/L</u>    |
| 8  | 521          | Flat Rate Revenue        | \$ 211,248.56     |
| 9  | 536          | Other Wastewater Revenue | 286.66            |
| 10 | 541          | Measured Reuse Revenue   | 30,062.25         |
| 11 |              |                          | <u>241,597.47</u> |

12

|    |                                |                        |
|----|--------------------------------|------------------------|
| 13 | Increase/(Decrease) in Revenue | <u>\$ (241,597.47)</u> |
|----|--------------------------------|------------------------|

14

15

16 Workpaper:

17 FH Rate Case Data.xlsx; TAB: FH Nonrecurring Revenue Entries

18

Line

No.

1 Adjust Measured Reuse Revenue

2

3 This adjustment adjusts revenue from effluent sales so that effluent revenue reflects sales during the  
4 twelve months of the test year. The test year billings included effluent usage for months prior to the  
5 beginning of the test year. This adjustment removes revenue associated with effluent sales occurring  
6 prior to the beginning of the test year. Additionally, several months of effluent usage occurring during  
7 the test year was not billed until after the end of the the test year. This adjustment adds post-test year  
8 revenue for effluent sales occurring during the test year.

9

10

11 NARUC

12

|    |                                    | <u>Remove</u>      | <u>Add</u>       | <u>Net</u>        |
|----|------------------------------------|--------------------|------------------|-------------------|
|    |                                    | <u>Revenue</u>     | <u>Revenue</u>   | <u>Adjustment</u> |
| 13 | 541 Las Barrancas Golf Course      | (11,314.75)        | 39,271.60        | 27,956.85         |
| 14 | 541 Par 3 & Executive Golf Courses | (4,059.50)         | 14,303.50        | 10,244.00         |
| 15 |                                    | <u>(15,374.25)</u> | <u>53,575.10</u> | <u>38,200.85</u>  |

16

17

|    |  |  |  |                     |
|----|--|--|--|---------------------|
| 18 | Increase/(Decrease) in Metered Reuse Revenue |  |  | <u>\$ 38,200.85</u> |
|----|--|--|--|---------------------|

19

20 Workpaper:

21 FH Rate Case Data.xlsx; TAB: Effluent

22

**Foothills Water & Sewer, LLC - Sewer Division**  
Test Year Ended June 30, 2023  
Income Statement Adjustment IS-9

Exhibit: RLJ-DT3  
Schedule C-2  
Page 12  
Witness: Jones

Synchronize Interest Expense with Rate Base

|            |   |                  |          |
|------------|---|------------------|----------|
| Line       |   |                  |          |
| <u>No.</u> |   |                  |          |
| 1          | Adjusted Rate Base                        | \$ 33,948,471    | Sch. B-1 |
| 2          |   |                  |          |
| 3          | Weighted Cost of Long-Term Debt           | 2.1600%          | Sch. D-1 |
| 4          | Weighted Cost of Short-Term Debt          | 0.0000%          | Sch. D-1 |
| 5          |   |                  |          |
| 6          | Synchronized Long-Term Interest           | \$ 733,287       |          |
| 7          | Synchronized Short-Term Interest          | -                |          |
| 8          | Synchronized Interest Expense             | <u>733,287</u>   |          |
| 9          |   |                  |          |
| 10         | Test Year Interest Expense                | 591,908          |          |
| 11         | Adjustment to Interest Expense (IS-1)     | <u>(591,908)</u> |          |
| 12         | Adjusted Test Year Interest Expense       | -                |          |
| 13         |   |                  |          |
| 14         | Increase / (Decrease) In Interest Expense | 733,287          |          |
| 15         |   |                  |          |

Normalize Depreciation Expense

| Line |       |  | Adjusted<br>Test Year<br>Balance<br>6/30/2023 | Non /<br>Fully<br>Depreciated<br>Plant | Depreciable<br>Plant | Proposed<br>Depreciation<br>Rate | Depreciation<br>Expense |
|------|-------|--|---|--|----------------------|----------------------------------|-------------------------|
| No.  | Acct  | Description  |   |  |                      |                                  |                         |
| 1    |       |  |   |  |                      |                                  |                         |
| 2    | 351   | Organization Cost  | \$ -  | \$ -                                   | \$ -                 | 0.00%                            | \$ -                    |
| 3    | 352   | Franchise Cost   | 3,076   | (3,076)                                | -                    | 0.00%                            | -                       |
| 4    | 353   | Land and Land Rights   | 1,535,615                                     | (1,535,615)                            | -                    | 0.00%                            | -                       |
| 5    | 354   | Structures & Improvements  | 2,824,862                                     |  | 2,824,862            | 1.92%                            | 54,237                  |
| 6    | 355   | Power Generation Equipment   | 1,209,067                                     |  | 1,209,067            | 2.99%                            | 36,151                  |
| 7    | 360   | Collection Sewers - Force  | 2,992,224                                     |  | 2,992,224            | 1.76%                            | 52,663                  |
| 8    | 360.1 | Collection Sewers - Lift Station   | 2,690,753                                     |  | 2,690,753            | 1.81%                            | 48,703                  |
| 9    | 361   | Collection Sewers - Gravity  | 9,789,814                                     |  | 9,789,814            | 1.89%                            | 185,027                 |
| 10   | 362   | Special Collection Structures  | -   |  | -                    | 2.00%                            | -                       |
| 11   | 363   | Services to Customers  | 270,020                                       |  | 270,020              | 2.18%                            | 5,886                   |
| 12   | 364   | Flow Measuring Devices   | 37,121  |  | 37,121               | 0.49%                            | 182                     |
| 13   | 365   | Flow Measuring Installations   | 11,378  | (11,378)                               | -                    | 3.36%                            | -                       |
| 14   | 366   | Reuse Services   | -   |  | -                    | 2.00%                            | -                       |
| 15   | 367   | Reuse Meters and Meter Installations   | 2,097   | (2,097)                                | -                    | 5.06%                            | -                       |
| 16   | 370   | Receiving Wells  | 88,512  |  | 88,512               | 2.14%                            | 1,894                   |
| 17   | 371   | Pumping Equipment  | 2,661,365                                     |  | 2,661,365            | 1.30%                            | 34,598                  |
| 18   | 374   | Reuse Distribution Reservoirs  | -   |  | -                    | 2.50%                            | -                       |
| 19   | 375   | Reuse Transmission and Distribution System   | -   |  | -                    | 2.50%                            | -                       |
| 20   | 380   | Treatment and Disposal Equipment   | 32,116,257                                    |  | 32,116,257           | 1.97%                            | 632,690                 |
| 21   | 381   | Plant Sewers   | 700,089                                       |  | 700,089              | 1.29%                            | 9,031                   |
| 22   | 382   | Outfall Sewer Lines  | 353,366                                       |  | 353,366              | 2.27%                            | 8,021                   |
| 23   | 389   | Other Plant & Misc. Equipment  | 617,782                                       |  | 617,782              | 1.47%                            | 9,081                   |
| 24   | 390   | Office Furniture & Equipment   | 152,506                                       |  | 152,506              | 3.56%                            | 5,429                   |
| 25   | 390.1 | Computers & Software   | 337,997                                       |  | 337,997              | 16.76%                           | 56,648                  |
| 26   | 391   | Transportation Equipment   | 1,326,978                                     |  | 1,326,978            | 1.40%                            | 18,578                  |
| 27   | 392   | Stores Equipment   | -   |  | -                    | 4.00%                            | -                       |
| 28   | 393   | Tools, Shop & Garage Equipment   | 55,509  |  | 55,509               | 3.26%                            | 1,810                   |
| 29   | 394   | Laboratory Equipment   | 35,122  |  | 35,122               | 0.90%                            | 316                     |
| 30   | 395   | Power Operated Equipment   | 113,637                                       |  | 113,637              | 4.76%                            | 5,409                   |
| 31   | 396   | Communication Equipment  | 415,988                                       |  | 415,988              | 4.77%                            | 19,843                  |
| 32   | 397   | Miscellaneous Equipment  | 207,427                                       |  | 207,427              | 1.06%                            | 2,199                   |
| 33   | 398   | Other Tangible Plant   | 238,825                                       | (238,825)                              | -                    | 5.00%                            | -                       |
| 37   |       | TOTALS   | \$ 60,787,387                                 | \$ (1,790,991)                         | \$ 58,996,396        |                                  | \$ 1,188,398            |
| 38   |       |  |   |  |                      |                                  |                         |
| 39   |       |  | Total CIAC                                    | Type CIAC                              | Amount               |                                  |                         |
| 40   | Less: | Amortization of CIAC   | \$ 3,682,495                                  | Subdivisions                           | \$ 1,009,481         | 2.00%                            | \$ 20,190               |
| 41   |       |  |   | Hook-Up Fees / Treatment               | 2,653,514            | 5.00%                            | 132,676                 |
| 42   |       |  |   | Total                                  | \$ 3,662,995         |                                  | \$ 152,865              |
| 43   |       |  |   |  |                      |                                  |                         |
| 44   |       | Adjusted Test Year Depreciation Expense  |   |  |                      |                                  | \$ 1,035,532            |
| 45   |       |  |   |  |                      |                                  |                         |
| 46   |       | Test Year Depreciation Expense   |   |  |                      |                                  | \$ 1,507,298            |
| 47   |       |  |   |  |                      |                                  |                         |
| 48   |       | Increase / (Decrease) in Depreciation Expense  |   |  |                      |                                  | \$ (471,765)            |
| 49   |       |  |   |  |                      |                                  |                         |
| 50   |       | Shading indicates ACC Staff recommended depreciation rates for accounts with no current assets |   |  |                      |                                  |                         |
| 51   |       |  |   |  |                      |                                  |                         |

Property Tax Expense

| Line No. | Description                                   | Company As Adjusted | Company Proposed |
|----------|---|---------------------|------------------|
| 1        | Adjusted Test Year Revenue                    | \$ 6,476,952 x3     | \$ 6,476,952 x2  |
| 2        |   |                     |                  |
| 3        | Proposed Revenues after Increase              |                     | 9,777,445 x1     |
| 4        |   |                     |                  |
| 5        | 3-Year Revenue Total                          | 19,430,857          | 22,731,350       |
| 6        |   |                     |                  |
| 7        | Average of three year's of revenue            | 6,476,952           | 7,577,117        |
| 8        | Average of three year's of revenue, times 2   | 12,953,905          | 15,154,233       |
| 9        | Add:  |                     |                  |
| 10       | Construction Work In Progress at 10%          | 1,533               | 1,533            |
| 11       | Deduct:                                       |                     |                  |
| 12       | Net Book Value of Transportation Equipment    | 181,332             | 181,332          |
| 13       |   |                     |                  |
| 14       | Full Cash Value                               | 12,774,106          | 14,974,435       |
| 15       | Assessment Ratio (2024 Tax Year)              | 16.5%               | 16.5%            |
| 16       | Assessed Value                                | 2,107,728           | 2,470,782        |
| 17       | Property Tax Rate (2023 Tax Year)             | 10.1670%            | 10.1670%         |
| 18       |   |                     |                  |
| 19       | Adjusted Test Year Property Tax               | \$ 214,293          |                  |
| 20       | Recorded Test Year Property Tax               | 197,077             |                  |
| 21       | Test Year Adjustment                          | \$ 17,216           |                  |
| 22       |   |                     |                  |
| 23       | Property Tax at Proposed Rates                |                     | \$ 251,205       |
| 24       | Adjusted Test Year Property Tax               |                     | 214,293          |
| 25       | Increase in Property Tax due to Rate Increase |                     | \$ 36,912        |
| 26       |   |                     |                  |
| 27       | <u>Calculation of Property Tax Factor</u>     |                     |                  |
| 28       | Increase to Property Tax Expense              |                     | \$ 36,912        |
| 29       | Increase in Revenue Requirement               |                     | \$ 3,300,493     |
| 30       | Property Tax Factor (L25 / L26)               |                     | 1.1184%          |
| 31       |   |                     |                  |

Income Tax Expense

| Line No. | Description  | Adjusted Test Year | Proposed with Increase |
|----------|--|--------------------|------------------------|
| 1        |  |                    |                        |
| 2        | <u>Calculation of Income Tax:</u>  |                    |                        |
| 3        | Revenue  | \$ 6,476,952       | \$ 9,777,445           |
| 4        | Less: Operating Expenses (Excluding Income Taxes)                              | 6,146,332          | 6,191,189              |
| 5        | Less: Synchronized Interest  | 733,287            | 733,287                |
| 6        | State Taxable Income   | \$ (402,667)       | \$ 2,852,969           |
| 7        |  |                    |                        |
| 8        | All Income at 4.90%  | (19,731)           | 139,795                |
| 9        |  |                    |                        |
| 10       | State Income Tax   | \$ (19,731)        | \$ 139,795             |
| 11       |  |                    |                        |
| 12       | Federal Taxable Income   | \$ (382,936)       | \$ 2,713,174           |
| 13       |  |                    |                        |
| 14       | All Income at 21.00%   | (80,417)           | 569,766                |
| 15       |  |                    |                        |
| 16       | Total Federal Income Tax   | \$ (80,417)        | \$ 569,766             |
| 17       |  |                    |                        |
| 18       | Combined Federal and State Income Tax  | \$ (100,147)       | \$ 709,562             |
| 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  | \$ 33,948,471      |                        |
| 29       | Weighted Average Cost of Debt  | 2.1600%            |                        |
| 30       | Synchronized Interest  | \$ 733,287         |                        |
| 31       |  |                    |                        |
| 32       | <u>Income Tax Adjustments</u>  |                    |                        |
| 33       | Test Year Income Taxes - Booked  | \$ 82,912          |                        |
| 34       | Increase / (decrease) in Income Taxes (L21 - L32)                              | (183,059)          |                        |
| 35       |  |                    |                        |
| 36       | Test Year Income Taxes - Adjusted  |                    | \$ (100,147)           |
| 37       | Increase / (decrease) in Federal Income Taxes (L21 - L35)                      |                    | 809,709                |
| 38       |  |                    |                        |
| 39       |  |                    |                        |



|      |  |              |                         |
|------|--|--------------|-------------------------|
| Line |  |              |                         |
| No.  | <u>Calculation of Gross Revenue Conversion Factor</u>                        |              |                         |
| 1    | Revenue  |              | 100.0000%               |
| 2    | Uncollectable Factor (Line 11)   |              | 0.1809%                 |
| 3    | Revenue (L1 - L2)  |              | 99.8191%                |
| 4    | Combined Income Tax and Property Tax Rate (Line 23)                          |              | 25.7112%                |
| 5    | Operating Income Percentage (L3 -L4)   |              | 74.1079%                |
| 6    | Gross Revenue Conversion Factor (L1 / L5)                                    |              | 1.349383                |
|      | <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)   |              | 0.2407%                 |
| 11   | Uncollectable Factor (L9 * L10)  |              | 0.1809%                 |
|      | <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)                              |              | 24.8710%                |
|      | <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)                                      |              | 1.1184%                 |
| 22   | Effective Property Tax Factor (L20 * L21)                                    |              | 0.8402%                 |
| 23   | Combined Federal and State Income Tax Rate and Property Tax Rate (L17 + L22) |              | 25.7112%                |
|      | <u>Calculation of Uncollectable Rate</u>                                     |              |                         |
| 24   | Bad Debt Expense (from Schedule C-1)   | \$ 15,592    |                         |
| 25   | Total Revenues (from Schedule C-1)   | 6,476,952    |                         |
| 26   | Uncollectable Rate (L24 / L25)   |              | 0.2407%                 |
| 27   | Revenue Increase (from Schedule C-1)   | \$ 3,300,493 |                         |
| 28   | Uncollectable Rate (Line 26)   |              | 0.2407%                 |
| 29   | Bad Debt Expense due to Increase   | \$ 7,945     |                         |
| 30   | <u>Supporting Schedules:</u>   |              | <u>Recap Schedules:</u> |
| 31   |  |              | A-1                     |

**Foothills Water & Sewer, LLC - Sewer Division**

Test Year Ended June 30, 2023

Summary Cost of Capital

Exhibit: RLJ-DT3

Schedule D-1

Page 1

Witness: Jones

| 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%          | 0.0000%              | \$ -                                  | 0.00%            | 0.0000%   | 0.0000%         | \$ -                                   | 0.00%            | 0.0000%   | 0.0000%         |
| 3        | Short-Term Debt                    | -                           | 0.00%            | 0.0000%          | 0.0000%              | -                                     | 0.00%            | 0.0000%   | 0.0000%         | -                                      | 0.00%            | 0.0000%   | 0.0000%         |
| 4        | Adjusted Common Equity             | 17,771,162                  | 100.00%          | 10.5000%         | 10.5000%             | 29,176,197                            | 100.00%          | 10.5000%  | 10.5000%        | 30,988,327                             | 100.00%          | 10.5000%  | 10.5000%        |
| 5        | Totals                             | <u>\$ 17,771,162</u>        | <u>100.00%</u>   |                  | <u>10.5000%</u>      | <u>\$ 29,176,197</u>                  | <u>100.00%</u>   |           | <u>10.5000%</u> | <u>\$ 30,988,327</u>                   | <u>100.00%</u>   |           | <u>10.5000%</u> |
| 6        |                                    |                             |                  |                  |                      |                                       |                  |           |                 |  |                  |           |                 |
| 7        |                                    |                             |                  |                  |                      |                                       |                  |           |                 |  |                  |           |                 |
| 8        | Required Rate of Return            |                             |                  |                  | <u>8.22%</u>         |                                       |                  |           |                 |  |                  |           |                 |
| 9        |                                    |                             |                  |                  |                      |                                       |                  |           |                 |  |                  |           |                 |
| 10       |                                    |                             |                  |                  |                      |                                       |                  |           |                 |  |                  |           |                 |
| 11       |                                    |                             |                  |                  |                      |                                       |                  |           |                 |  |                  |           |                 |
| 12       | Equity Adjustments                 |                             |                  |                  |                      |                                       |                  |           |                 |  |                  |           |                 |
| 13       | Common Equity per Sch. E-1         | \$ 17,731,004               |                  |                  |                      |                                       |                  |           |                 |  |                  |           |                 |
| 14       |                                    |                             | PTY Plt          |                  |                      |                                       |                  |           |                 |  |                  |           |                 |
| 15       | PIS Equity Adjustments             | \$ 11,519,013               | 11,519,013       |                  |                      |                                       |                  |           |                 |  |                  |           |                 |
| 16       | A/D Equity Adjustments             | (110,105)                   | (113,978)        |                  |                      |                                       |                  |           |                 |  |                  |           |                 |
| 17       | AIAC Equity Adjustment             | -                           |                  |                  |                      |                                       |                  |           |                 |  |                  |           |                 |
| 18       | CIAC Equity Adjustment             | 0                           |                  |                  |                      |                                       |                  |           |                 |  |                  |           |                 |
| 19       | AA CIAC Equity Adjustment          | 36,284                      |                  |                  |                      |                                       |                  |           |                 |  |                  |           |                 |
| 20       |                                    |                             |                  |                  |                      |                                       |                  |           |                 |  |                  |           |                 |
| 21       |                                    |                             | 11,405,035       | Total PTY Adj.   |                      |                                       |                  |           |                 |  |                  |           |                 |
| 22       | Adjusted Common Equity             | <u>\$ 29,176,197</u>        |                  |                  |                      |                                       |                  |           |                 |  |                  |           |                 |
| 23       |                                    |                             |                  |                  |                      |                                       |                  |           |                 |  |                  |           |                 |
| 24       |                                    |                             |                  |                  |                      |                                       |                  |           |                 |  |                  |           |                 |
| 25       | <b>Capital Structure for OCRB</b>  |                             |                  |                  |                      |                                       |                  |           |                 |  |                  |           |                 |
| 26       |                                    |                             |                  |                  |                      |                                       |                  |           |                 |  |                  |           |                 |
| 27       | <u>Test Year Capital Structure</u> | <u>Amount</u>               | <u>%</u>         | <u>Cost Rate</u> | <u>Weighted Cost</u> |                                       |                  |           |                 |  |                  |           |                 |
| 28       | Long-Term Debt                     | \$ 13,375,698               | 39.40%           | 5.48%            | 2.16%                |                                       |                  |           |                 |  |                  |           |                 |
| 29       | Short-Term Debt                    | -                           | 0.00%            | 0.00%            | 0.00%                |                                       |                  |           |                 |  |                  |           |                 |
| 30       | Common Equity                      | 20,572,774                  | 60.60%           | 10.00%           | 6.06%                |                                       |                  |           |                 |  |                  |           |                 |
| 31       | Original Cost Rate Base            | <u>\$ 33,948,471</u>        | <u>100.00%</u>   |                  | <u>8.22%</u>         |                                       |                  |           |                 |  |                  |           |                 |
| 32       |                                    |                             |                  |                  |                      |                                       |                  |           |                 |  |                  |           |                 |
| 33       |                                    |                             |                  |                  |                      |                                       |                  |           |                 |  |                  |           |                 |
| 34       | <b>Capital Structure for FVRB</b>  |                             |                  |                  |                      |                                       |                  |           |                 |  |                  |           |                 |
| 35       |                                    |                             |                  |                  |                      |                                       |                  |           |                 |  |                  |           |                 |
| 36       | Capital Structure with             |                             |                  |                  |                      |                                       |                  |           |                 |  |                  |           |                 |
| 37       | <u>Fair Value Increment</u>        | <u>Amount</u>               | <u>%</u>         | <u>Cost Rate</u> | <u>Weighted Cost</u> |                                       |                  |           |                 |  |                  |           |                 |
| 38       | Long-Term Debt                     | \$ 13,375,698               | 30.46%           | 5.48%            | 1.67%                |                                       |                  |           |                 |  |                  |           |                 |
| 39       | Short-Term Debt                    | -                           | 0.00%            | 0.00%            | 0.00%                |                                       |                  |           |                 |  |                  |           |                 |
| 40       | Common Equity                      | 20,572,774                  | 46.84%           | 10.00%           | 4.68%                |                                       |                  |           |                 |  |                  |           |                 |
| 41       | Fair Value Increment               | 9,970,525                   | 22.70%           | 0.90%            | 0.20%                |                                       |                  |           |                 |  |                  |           |                 |
| 42       | Fair Value Rate Base               | <u>\$ 43,918,996</u>        | <u>100.00%</u>   |                  | <u>6.55%</u>         |                                       |                  |           |                 |  |                  |           |                 |
| 43       |                                    |                             |                  |                  |                      |                                       |                  |           |                 |  |                  |           |                 |
| 44       | <u>Supporting Schedules:</u>       |                             |                  |                  |                      |                                       |                  |           |                 |  |                  |           |                 |
| 45       | D-2 D-3                            |                             |                  |                  |                      |                                       |                  |           |                 |  |                  |           |                 |
| 46       | D-4 E-1                            |                             |                  |                  |                      |                                       |                  |           |                 |  |                  |           |                 |
| 47       |                                    |                             |                  |                  |                      |                                       |                  |           |                 |  |                  |           |                 |

## NW Natrual Water Company, LLC

## Capital Structure

|         | Percent | Cost   | Weighted |
|---------|---------|--------|----------|
| LT Debt | 39.40%  | 5.48%  | 2.16%    |
| ST Debt | 0.00%   |        | 0.00%    |
| Equity  | 60.60%  | 10.00% | 6.06%    |
|         | 100.00% |        | 8.22%    |

| Line No. |                                     | End of Test Year   |                 |               | End of Projected Year   |                 |               |
|----------|-------------------------------------|--------------------|-----------------|---------------|-------------------------|-----------------|---------------|
|          |                                     | Amount Outstanding | Annual Interest | Interest Rate | Amount Outstanding      | Annual Interest | Interest Rate |
| 4        | <u>Total Company Long-Term Debt</u> |                    |                 |               |                         |                 |               |
| 5        |                                     |                    |                 |               | \$ -                    | 0.00%           |               |
| 6        |                                     |                    |                 |               | -                       | 0.00%           |               |
| 7        |                                     |                    |                 |               | -                       | 0.00%           |               |
| 8        |                                     |                    |                 |               | -                       | 0.00%           |               |
| 9        |                                     |                    |                 |               | -                       | 0.00%           |               |
| 10       | Total Long-Term Debt                | \$ -               | \$ -            | #DIV/0!       | \$ -                    | \$ -            | #DIV/0!       |
| 12       | <u>Short-Term Debt</u>              |                    |                 |               |                         |                 |               |
| 13       | Notes Payable                       | \$ -               |                 |               |                         |                 |               |
| 14       | Notes Payable Associated Companies  | -                  |                 |               |                         |                 |               |
| 18       | Total Short-Term Debt               | \$ -               | \$ -            | #DIV/0!       | \$ -                    | \$ -            | #DIV/0!       |
| 20       | Total All Debt                      | \$ -               | \$ -            | #DIV/0!       | \$ -                    | \$ -            | #DIV/0!       |
| 26       | <u>Supporting Schedules:</u>        |                    |                 |               | <u>Recap Schedules:</u> |                 |               |
| 27       | E-1                                 |                    |                 |               | D-1                     |                 |               |

| Line       |   |
|------------|---|
| <u>No.</u> |   |
| 1          |   |
| 2          | Not Applicable - No preferred stock issued or outstanding |
| 3          |   |
| 4          | <u>Supporting Schedules:</u>                              |
| 5          |   |
| 6          |   |

Recap Schedules:  
D-1

Line  
No.

- 1
- 2 Foothills Water & Sewer, LLC - Sewer Division is proposing an 10.0% cost of common equity per its filed testimony
- 3
- 4 Supporting Schedules:
- 5
- 6

Recap Schedules:  
D-1

**Foothills Water & Sewer, LLC - Sewer Division**  
Test Year Ended June 30, 2023  
Comparative Balance Sheet

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

| Line No. |  | Test Year Ended<br>6/30/2023 | Prior Year Ended<br>6/30/2022 | Prior Year Ended<br>6/30/2021 |
|----------|--|------------------------------|-------------------------------|-------------------------------|
| 1        | <b>ASSETS</b>  |                              |                               |                               |
| 2        | <b>PROPERTY PLANT AND EQUIPMENT</b>                  |                              |                               |                               |
| 3        | 101 Utility Plant In Service                         | \$ 51,517,163                | \$ 48,535,901                 | \$ 47,407,401                 |
| 4        | 103 Plant Held for Future Use                        | -                            | 22,232                        | 22,232                        |
| 5        | 105 Construction Work in Progress                    | 15,331                       | 604,067                       | 577,602                       |
| 6        | 108 Accumulated Depreciation                         | (25,557,037)                 | (15,235,273)                  | (14,012,431)                  |
| 7        | 121 Non Utility Property                             | 298,875                      | 217,503                       | 217,503                       |
| 8        | 122 Accumulated Depreciation Nonutility Property     | (32,220)                     | (32,220)                      | (32,220)                      |
| 9        | <b>Net Plant</b>                                     | <u>\$ 26,242,112</u>         | <u>\$ 34,112,209</u>          | <u>\$ 34,180,086</u>          |
| 10       |  |                              |                               |                               |
| 11       | <b>CURRENT ASSETS</b>                                |                              |                               |                               |
| 12       | 131 Cash and Equivalents                             | \$ 368,079                   | \$ 67,723                     | \$ 378,603                    |
| 13       | 132 Special Deposits                                 | -                            | 2,047,205                     | 1,047,897                     |
| 14       | 141 Customer Accounts Receivable                     | 929,921                      | 822,298                       | 346,866                       |
| 15       | 142 Other Accounts Receivable                        | -                            | 12,041                        | 6,503                         |
| 16       | 143 Accumulated Provision for Uncollectible Accounts | (24,092)                     | (8,500)                       | 7,127                         |
| 17       | 145 Accounts Receivable from Associated Companies    | 847,408                      | 20,573                        | 34,068                        |
| 18       | 146 Notes Receivable from Associated Companies       | -                            | -                             | -                             |
| 19       | 151 Plant Materials and Supplies                     | 126,351                      | 7,768                         | 7,768                         |
| 20       | 162 Prepayments                                      | 73,424                       | 35,395                        | 34,119                        |
| 21       | 174 Miscellaneous Current and Accrued Assets         | -                            | -                             | -                             |
| 22       | <b>Total Current Assets</b>                          | <u>\$ 2,321,091</u>          | <u>\$ 3,004,503</u>           | <u>\$ 1,862,952</u>           |
| 23       |  |                              |                               |                               |
| 24       | <b>DEFERRED DEBITS</b>                               |                              |                               |                               |
| 25       | 181 Unamortized Debt and Discount Expense            | \$ -                         | \$ 498,712                    | \$ 530,887                    |
| 26       | 186 Miscellaneous Deferred Debits                    | -                            | 270,063                       | 287,481                       |
| 27       | 190 Accumulated Deferred Income Taxes                | -                            | (6,533,388)                   | (6,533,388)                   |
| 28       | <b>Total Deferred Debits</b>                         | <u>\$ -</u>                  | <u>\$ (5,764,613)</u>         | <u>\$ (5,715,020)</u>         |
| 29       |  |                              |                               |                               |
| 30       | <b>TOTAL ASSETS</b>                                  | <u><u>\$ 28,563,203</u></u>  | <u><u>\$ 31,352,099</u></u>   | <u><u>\$ 30,328,018</u></u>   |
| 31       |  |                              |                               |                               |

| Line No. |  | Test Year Ended<br>6/30/2023         | Prior Year Ended<br>6/30/2022 | Prior Year Ended<br>6/30/2021 |
|----------|--|--------------------------------------|-------------------------------|-------------------------------|
| 1        | <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>  |                                      |                               |                               |
| 2        | <b>CAPITAL ACCOUNTS</b>                      |                                      |                               |                               |
| 3        | 201 Common Stock                             | \$ 17,747,144                        | \$ 450,003                    | \$ 450,000                    |
| 4        | 211 Paid in Capital                          | -                                    | 12,017,037                    | 12,017,037                    |
| 5        | 215 Retained Earnings                        | (16,139)                             | (10,835,593)                  | (11,635,086)                  |
| 6        | <b>Total Capital</b>                         | <u>\$ 17,731,004</u>                 | <u>\$ 1,631,447</u>           | <u>\$ 831,951</u>             |
| 7        |  |                                      |                               |                               |
| 8        | <b>LONG-TERM DEBT</b>                        |                                      |                               |                               |
| 9        | 221 Bonds                                    | -                                    | 15,232,612                    | 15,772,892                    |
| 10       | 224 Other Long-Term Debt                     | -                                    | (48,783)                      | 96,941                        |
| 11       | <b>Total long-Term Debt</b>                  | <u>\$ -</u>                          | <u>\$ 15,183,830</u>          | <u>\$ 15,869,833</u>          |
| 12       |  |                                      |                               |                               |
| 13       | <b>CURRENT LIABILITIES</b>                   |                                      |                               |                               |
| 14       | 231 Accounts Payable                         | \$ 1,439,378                         | \$ 718,988                    | \$ 693,962                    |
| 15       | 232 Notes Payable                            | -                                    | 334,797                       | 334,797                       |
| 16       | 233 Accounts Payable Associated Companies    | 1,395,115                            | 691,333                       | -                             |
| 17       | 234 Notes Payable Associated Companies       | -                                    | -                             | -                             |
| 18       | 235 Customer Deposits                        | 90,705                               | 73,479                        | 65,144                        |
| 19       | 236 Accrued Taxes                            | 141,533                              | 107,660                       | 116,918                       |
| 20       | 237 Accrued Interest                         | -                                    | 101,041                       | 84,556                        |
| 21       | 241 Miscellaneous Current Liabilities        | 151,651                              | 7,973                         | 8,120                         |
| 22       | <b>Total Current Liabilities</b>             | <u>\$ 3,218,382</u>                  | <u>\$ 2,035,270</u>           | <u>\$ 1,303,498</u>           |
| 23       |  |                                      |                               |                               |
| 24       | <b>DEFERRED CREDITS</b>                      |                                      |                               |                               |
| 25       | 251 Unamortized Premium on Debt              | \$ -                                 | \$ 50,918                     | \$ 54,203                     |
| 26       | 252 Advances in Aid of Construction          | -                                    | 8,497,173                     | 8,901,168                     |
| 27       | 253 Other Deferred Credits                   | 4,283,539                            | 1,460,078                     | 1,460,078                     |
| 28       | 271 Contributions in Aid of Construction     | 3,682,495                            | 3,641,994                     | 2,914,395                     |
| 29       | 272 Accumulated Amortization CIAC            | (1,323,198)                          | (1,148,611)                   | (1,007,108)                   |
| 30       | 281 Accumulated Deferred Income Tax          | 970,981                              | -                             | -                             |
| 31       | <b>Total Deferred Credits</b>                | <u>\$ 7,613,817</u>                  | <u>\$ 12,501,552</u>          | <u>\$ 12,322,737</u>          |
| 32       |  |                                      |                               |                               |
| 33       | <b>Total Liabilities &amp; Common Equity</b> | <u><u>\$ 28,563,203</u></u>          | <u><u>\$ 31,352,099</u></u>   | <u><u>\$ 30,328,018</u></u>   |
| 34       |  |                                      |                               |                               |
| 35       | <u>Supporting Schedules:</u>                 | <u>Workpapers:</u>                   | <u>Recap Schedules:</u>       |                               |
| 36       | E-5  | FH Rate Case Data.xlsx, Tab:22-19 BS | A-3                           |                               |
| 37       |  |                                      |                               |                               |

**Foothills Water & Sewer, LLC - Sewer Division**  
Test Year Ended June 30, 2023  
Comparative Income Statements

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

| Line No. |   | Test Year Ended 6/30/2023 | Prior Year Ended 6/30/2022 | Prior Year Ended 6/30/2021 |
|----------|---|---------------------------|----------------------------|----------------------------|
| 1        | <b>Revenues</b>                                 |                           |                            |                            |
| 2        | 521 Flat Rate Revenue                           | \$ 6,516,663              | \$ 6,530,790               | \$ 5,938,324               |
| 3        | 522 Measured Revenues                           | -                         | -                          | -                          |
| 4        | 536 Other Wastewater Revenue                    | 103,562                   | 169,701                    | 101,146                    |
| 5        | 541 Measured Reuse Revenue                      | 60,125                    | 67,849                     | 84,219                     |
| 6        | <b>Total Revenues</b>                           | <b>\$ 6,680,349</b>       | <b>\$ 6,768,340</b>        | <b>\$ 6,123,689</b>        |
| 7        | <b>Operating Expenses</b>                       |                           |                            |                            |
| 8        | 701 Salaries and Wages                          | \$ 1,147,284              | \$ 1,078,792               | \$ 1,173,511               |
| 9        | 703 Salaries and Wages - Officers and Directors | 78,000                    | 260,000                    | 260,000                    |
| 10       | 704 Employee Pension and Benefits               | 23,380                    | 17,882                     | 21,269                     |
| 11       | 710 Purchased Wastewater                        | -                         | -                          | -                          |
| 12       | 711 Sludge Removal Expense                      | 467,423                   | 172,830                    | 119,185                    |
| 13       | 715 Purchased Power                             | 491,916                   | 354,646                    | 300,630                    |
| 14       | 718 Chemicals                                   | 551,292                   | 548,845                    | 318,109                    |
| 15       | 720 Materials and Supplies                      | 154,621                   | 185,945                    | 218,258                    |
| 16       | 720.1 Repairs and Maintenance                   | 141,817                   | 168,334                    | 131,561                    |
| 17       | 720.2 Office Supplies Expense                   | 159,015                   | 106,243                    | 90,027                     |
| 18       | 731 Contractual Services - Engineering          | 15,255                    | -                          | -                          |
| 19       | 732 Contractual Services - Accounting           | 15,026                    | 71,663                     | 4,856                      |
| 20       | 733 Contractual Services - Legal                | 101,439                   | 99,289                     | 94,555                     |
| 21       | 734 Contractual Services - Management Fees      | 39,000                    | 130,000                    | 130,000                    |
| 22       | 735 Contractual Services - Testing              | 97,673                    | 67,565                     | 73,686                     |
| 23       | 736 Contractual Services - Other                | 314,920                   | 48,533                     | 32,585                     |
| 24       | 741 Rent - Buildings                            | 81,412                    | 72,515                     | 54,743                     |
| 25       | 742 Rent - Equipment                            | 71,520                    | 64,817                     | 41,804                     |
| 26       | 750 Transportation Expense                      | 160,627                   | 138,023                    | 111,270                    |
| 27       | 756 Insurance - Vehicle                         | 44,444                    | 24,012                     | 23,541                     |
| 28       | 757 Insurance - General Liability               | 79,483                    | 52,900                     | 54,121                     |
| 29       | 758 Insurance - Worker's Compensation           | 29,289                    | 28,276                     | 20,408                     |
| 30       | 759 Insurance - Other                           | 4,167                     | 9,716                      | 9,715                      |
| 31       | 766 Regulatory Commission Expense - Rate Case   | -                         | -                          | -                          |
| 32       | 767 Regulatory Expense - Other                  | -                         | -                          | -                          |
| 33       | 770 Bad Debt Expense                            | 15,592                    | 21,389                     | 19,916                     |
| 34       | 775 Miscellaneous Expense                       | 192,436                   | 219,878                    | 51,252                     |
| 35       | 403 Depreciation Expense                        | 1,507,298                 | 1,081,339                  | 1,104,612                  |
| 36       | 407 Amortization Expense                        | -                         | -                          | -                          |
| 37       | 408 Taxes Other Than Income                     | 52,395                    | 31,545                     | 38,225                     |
| 38       | 408.11 Property Taxes                           | 197,077                   | 236,685                    | 233,837                    |
| 39       | 409 Income Tax                                  | 82,912                    | -                          | 4,832                      |
| 40       | 427.1 Interest Expense Security Deposits        | 2,710                     | 2,786                      | 3,328                      |
| 41       | <b>Total Operating Expenses</b>                 | <b>\$ 6,319,422</b>       | <b>\$ 5,294,446</b>        | <b>\$ 4,739,836</b>        |
| 42       | <b>Operating Income</b>                         | <b>\$ 360,927</b>         | <b>\$ 1,473,894</b>        | <b>\$ 1,383,853</b>        |
| 43       | <b>Other Income (Expense)</b>                   |                           |                            |                            |
| 44       | 419 Interest and Dividend Income                | \$ 13,449                 | \$ 922                     | \$ 133                     |
| 45       | 421 Non-Utility Income                          | -                         | 1,192                      | 301,946                    |
| 46       | 426 Miscellaneous Non-Utility Expenses          | (209,379)                 | (19,167)                   | (7,626)                    |
| 47       | 427 Interest Expense                            | (591,908)                 | (1,137,815)                | (1,126,193)                |
| 48       | 428 Amortization of Debt Discount and Expense   | (11,424)                  | (49,593)                   | (49,593)                   |
| 49       | 429 Amortization of Premium on Debt             | 867                       | 3,285                      | 3,285                      |
| 50       | <b>Total Other Income (Expense)</b>             | <b>\$ (798,395)</b>       | <b>\$ (1,201,176)</b>      | <b>\$ (878,047)</b>        |
| 51       | <b>Net Income (Loss)</b>                        | <b>\$ (437,468)</b>       | <b>\$ 272,718</b>          | <b>\$ 505,806</b>          |

Workpapers:  
FH Rate Case Data.xlsx, Tabs:TB, 22-19 IS

Recap Schedules:  
A-2



**Foothills Water & Sewer, LLC - Sewer Division**  
Test Year Ended June 30, 2023  
Comparative Statement of Changes in Financial Position

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

| Line No. |  | Test Year Ended 6/30/2023 | Prior Year Ended 6/30/2022 | Prior Year Ended 6/30/2021 |
|----------|--|---------------------------|----------------------------|----------------------------|
| 1        | <u>Source of Funds</u>                               |                           |                            |                            |
| 2        | Cash Flow from Operations:                           |                           |                            |                            |
| 3        | Net Income   | \$ (16,139)               | \$ 272,718                 | \$ 505,806                 |
| 4        | Adjustments to reconcile net income to net cash      |                           |                            |                            |
| 5        | 403 Depreciation and Amortization                    | 1,272,680                 | 1,081,339                  | 1,104,612                  |
| 6        | Other Adjustments                                    | -                         | -                          | -                          |
| 7        | Changes in Assets & Liabilities                      |                           |                            |                            |
| 8        | 121 Non Utility Property                             | (266,655)                 | -                          | -                          |
| 9        | 132 Special Deposits                                 | -                         | (999,307)                  | (167,407)                  |
| 10       | 141 Customer Accounts Receivable                     | (929,921)                 | (475,431)                  | (28,672)                   |
| 11       | 142 Other Accounts Receivable                        | -                         | (5,539)                    | (5,182)                    |
| 12       | 143 Accumulated Provision for Uncollectible Accounts | 24,092                    | 15,627                     | (13,227)                   |
| 13       | 145 Accounts Receivable from Associated Companies    | (847,408)                 | 13,495                     | 579                        |
| 14       | 151 Plant Materials and Supplies                     | (126,351)                 | -                          | -                          |
| 15       | 162 Prepayments                                      | (73,424)                  | (1,276)                    | (4,682)                    |
| 16       | 181 Unamortized Debt and Discount Expense            | -                         | 32,175                     | 32,175                     |
| 17       | 186 Miscellaneous Deferred Debits                    | -                         | 17,418                     | 17,418                     |
| 18       | 190 Accumulated Deferred Income Taxes                | -                         | -                          | -                          |
| 19       | 231 Accounts Payable                                 | 1,439,378                 | 25,026                     | (315,242)                  |
| 20       | 232 Notes Payable                                    | -                         | -                          | (46,303)                   |
| 21       | 233 Accounts Payable Associated Companies            | 1,395,115                 | 691,333                    | (39,580)                   |
| 22       | 235 Customer Deposits                                | 90,705                    | 8,334                      | (2,346)                    |
| 23       | 236 Accrued Taxes                                    | 141,533                   | (9,258)                    | -                          |
| 24       | 237 Accrued Interest                                 | -                         | 16,485                     | (5,240)                    |
| 25       | 241 Miscellaneous Current Liabilities                | 151,651                   | (147)                      | (5,243)                    |
| 26       | 252 Advances in Aid of Construction                  | -                         | (403,996)                  | (364,745)                  |
| 27       | 253 Other Deferred Credits                           | 4,283,539                 | -                          | -                          |
| 28       | 281 Accumulated Deferred Income Tax                  | 970,981                   | -                          | -                          |
| 29       | Total From Operations                                | <u>\$ 7,509,775</u>       | <u>\$ 278,996</u>          | <u>\$ 662,721</u>          |
| 30       |  |                           |                            |                            |
| 31       | Cash Flow from Financing:                            |                           |                            |                            |
| 32       | 221 Bonds  | -                         | (540,279)                  | (508,024)                  |
| 33       | 224 Other Long-Term Debt                             | -                         | (145,724)                  | (195,220)                  |
| 34       | 251 Unamortized Premium on Debt                      | -                         | (3,285)                    | (3,285)                    |
| 35       | 271 Contributions in Aid of Construction             | 2,359,297                 | 727,599                    | 558,630                    |
| 36       | 201 Common Stock                                     | 17,747,144                | 3                          | -                          |
| 37       | 211 Paid in Capital                                  | -                         | -                          | -                          |
| 38       | Total From Financing                                 | <u>\$ 20,106,441</u>      | <u>\$ 38,313</u>           | <u>\$ (147,899)</u>        |
| 39       |  |                           |                            |                            |
| 40       | <u>Application of Funds</u>                          |                           |                            |                            |
| 41       | Cash Flow from Investing Activities                  |                           |                            |                            |
| 42       | Capital Expenditures                                 | (27,248,137)              | (1,154,965)                | (1,260,707)                |
| 43       | Dividends Paid                                       |                           |                            |                            |
| 44       | Other  |                           | -                          | -                          |
| 45       | Total From Investing Activities                      | <u>\$ (27,248,137)</u>    | <u>\$ (1,154,965)</u>      | <u>\$ (1,260,707)</u>      |
| 46       |  |                           |                            |                            |
| 47       | Change in Allocation between Departments & Other     | <u>\$</u>                 | <u>526,776</u>             | <u>\$ 838,162</u>          |
| 48       |  |                           |                            |                            |
| 49       | Net Increase/(Decrease) in Cash                      | \$ 368,079                | \$ (310,880)               | \$ 92,276                  |
| 50       |  |                           |                            |                            |
| 51       | Cash, Beginning of Year                              | \$ -                      | \$ 378,603                 | \$ 286,327                 |
| 52       | Cash, End of Year                                    | <u>\$ 368,079</u>         | <u>\$ 67,723</u>           | <u>\$ 378,603</u>          |
| 53       |  |                           |                            |                            |
| 54       | <u>Workpapers:</u>                                   |                           |                            | <u>Recap Schedules:</u>    |
| 55       | Cash Flow Schedules.xlsx                             |                           |                            | A-5                        |

**Foothills Water & Sewer, LLC - Sewer Division**  
Test Year Ended June 30, 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, June 30, 2020       | 100,000       | \$ 450,000    | \$ 12,017,037              | \$ (12,979,055)         | \$ (512,018)  |
| 5        | Additional Paid In Capital   |               |               |                            | -                       | -             |
| 6        | Dividends                    |               |               |                            | -                       | -             |
| 7        | Adjustments/Other            |               |               |                            | 1                       | 1             |
| 8        | Net Income                   |               |               |                            | 505,806                 | 505,806       |
| 9        |                              |               |               |                            |                         |               |
| 10       | Balance, June 30, 2021       | 100,000       | \$ 450,000    | \$ 12,017,037              | \$ (12,473,248)         | \$ (6,211)    |
| 11       | Additional Paid In Capital   |               |               |                            | -                       | -             |
| 12       | Dividends                    |               |               |                            | -                       | -             |
| 13       | Adjustments/Other            |               |               | 3                          | -                       | 3             |
| 14       | Net Income                   |               |               |                            | 272,718                 | 272,718       |
| 15       |                              |               |               |                            |                         |               |
| 16       | Balance, June 30, 2022       | 100,000       | \$ 450,003    | \$ 12,017,037              | \$ (12,200,530)         | \$ 266,509    |
| 17       |                              |               |               |                            |                         |               |
| 18       | <u>Foothills</u>             |               |               |                            |                         |               |
| 19       | Additional Paid In Capital   |               |               | 17,747,144                 |                         | 17,747,144    |
| 20       | Dividends                    |               |               |                            | -                       | -             |
| 21       | Adjustments/Other            |               |               |                            | -                       | -             |
| 22       | Net Income                   |               |               |                            | (16,139)                | (16,139)      |
| 23       |                              |               |               |                            |                         |               |
| 24       | Balance, June 30, 2023       |               | \$ 17,747,144 | \$ -                       | \$ (16,139)             | \$ 17,731,004 |
| 25       |                              |               |               |                            |                         |               |
| 26       |                              |               |               |                            |                         |               |
| 27       | <u>Supporting Schedules:</u> |               |               |                            | <u>Recap Schedules:</u> |               |
| 28       |                              |               |               |                            |                         |               |
| 29       |                              |               |               |                            |                         |               |

**Foothills Water & Sewer, LLC - Sewer Division**

Test Year Ended June 30, 2023

Detail of Utility Plant

Exhibit:

RLJ-DT3

Schedule E-5

Page 1

Witness:

Jones

| Line<br>No. | Acct.<br>No. | Plant Description                          | Plant<br>Balance<br>at<br>6/30/2022 | Plant<br>Additions,<br>Reclassifications<br>or<br>Retirements | Plant<br>Balance<br>at<br>6/30/2023 |
|-------------|--------------|--|-------------------------------------|---|-------------------------------------|
| 1           |              |  |                                     |   |                                     |
| 2           | 351          | Organization Cost                          | \$ -                                | \$ -  | \$ -                                |
| 3           | 352          | Franchise Cost                             | 3,076                               | -   | 3,076                               |
| 4           | 353          | Land and Land Rights                       | 1,538,615                           | -   | 1,538,615                           |
| 5           | 354          | Structures & Improvements                  | 2,622,065                           | 81,919  | 2,703,984                           |
| 6           | 355          | Power Generation Equipment                 | 62,268                              | 146,800   | 209,067                             |
| 7           | 360          | Collection Sewers - Force                  | 3,627,914                           | (360,428)   | 3,267,485                           |
| 8           | 360.1        | Collection Sewers - Lift Station           | 950,071                             | 955,074   | 1,905,145                           |
| 9           | 361          | Collection Sewers - Gravity                | 9,313,989                           | 148,624   | 9,462,614                           |
| 10          | 362          | Special Collection Structures              | -                                   | -   | -                                   |
| 11          | 363          | Services to Customers                      | 270,021                             | (1)   | 270,020                             |
| 12          | 364          | Flow Measuring Devices                     | 31,313                              | 5,808   | 37,121                              |
| 13          | 365          | Flow Measuring Installations               | 11,378                              | -   | 11,378                              |
| 14          | 366          | Reuse Services                             | -                                   | -   | -                                   |
| 15          | 367          | Reuse Meters and Meter Installations       | 2,097                               | -   | 2,097                               |
| 16          | 370          | Receiving Wells                            | 88,512                              | -   | 88,512                              |
| 17          | 371          | Pumping Equipment                          | 2,547,503                           | 164,401   | 2,711,905                           |
| 18          | 374          | Reuse Distribution Reservoirs              | -                                   | -   | -                                   |
| 19          | 375          | Reuse Transmission and Distribution System | -                                   | -   | -                                   |
| 20          | 380          | Treatment and Disposal Equipment           | 24,499,886                          | 1,109,806   | 25,609,692                          |
| 21          | 381          | Plant Sewers                               | 700,089                             | -   | 700,089                             |
| 22          | 382          | Outfall Sewer Lines                        | 1,941                               | 351,425   | 353,366                             |
| 23          | 389          | Other Plant & Misc. Equipment              | 617,782                             | 98,026  | 715,807                             |
| 24          | 390          | Office Furniture & Equipment               | 255,127                             | 3,064   | 258,191                             |
| 25          | 390.1        | Computers & Software                       | 110,816                             | 206,605   | 317,421                             |
| 26          | 391          | Transportation Equipment                   | 562,459                             | 5,003   | 567,462                             |
| 27          | 392          | Stores Equipment                           | -                                   | -   | -                                   |
| 28          | 393          | Tools, Shop & Garage Equipment             | 42,938                              | 12,571  | 55,509                              |
| 29          | 394          | Laboratory Equipment                       | 35,122                              | -   | 35,122                              |
| 30          | 395          | Power Operated Equipment                   | 146,137                             | -   | 146,137                             |
| 31          | 396          | Communication Equipment                    | 74,157                              | 25,020  | 99,176                              |
| 32          | 397          | Miscellaneous Equipment                    | 181,799                             | 27,548  | 209,347                             |
| 33          | 398          | Other Tangible Plant                       | 238,828                             | (3)   | 238,825                             |
| 34          | 999          |  | -                                   | -   | -                                   |
| 35          | 999          |  | -                                   | -   | -                                   |
| 36          | 999          |  | -                                   | -   | -                                   |
| 37          |              |  |                                     |   |                                     |
| 38          |              | TOTAL WATER PLANT                          | \$ 48,535,901                       | \$ 2,981,262  | \$ 51,517,163                       |

Workpapers:

FH Water Rate Case Data.xlsx; TAB:22-19 BS

Recap Schedules:

E-1

A-4

**Foothills Water & Sewer, LLC - Sewer Division**

Test Year Ended June 30, 2023

Operating Statistics

Exhibit:

RLJ-DT3

Schedule E-7

Page 1

Witness:

Jones

| Line<br>No. |                                   | Test<br>Year<br>Ended<br><u>6/30/2023</u> | Prior<br>Year<br>Ended<br><u>6/30/2022</u> | Prior<br>Year<br>Ended<br><u>6/30/2021</u> |
|-------------|-----------------------------------|---|--|--|
| 1           |                                   |   |  |  |
| 2           | Total Wastewater Treated          | 428,149,000                               | 423,463,000                                | 392,992,000                                |
| 3           |                                   |   |  |  |
| 4           | Average Number of Customers       |   |  |  |
| 5           | Residential                       | 8,814                                     | 8,475                                      | 8,444                                      |
| 6           | Commercial                        | 74  | 71   | 71   |
| 7           | Recreational Vehicle Park         | 3   | 3  | 3  |
| 8           |                                   |   |  |  |
| 9           | Total Average Number of Customers | 8,893                                     | 8,546                                      | 8,515                                      |
| 10          |                                   |   |  |  |
| 11          | Wastewater Treated Per Customer   | 48,144                                    | 49,551                                     | 46,153                                     |
| 12          |                                   |   |  |  |
| 13          | Revenue Per Residential Customer  | \$ 671                                    | \$ 724                                     | \$ 660                                     |
| 14          |                                   |   |  |  |

**Foothills Water & Sewer, LLC - Sewer Division**

Test Year Ended June 30, 2023

Taxes Charged to Operations

Exhibit: RLJ-DT3

Schedule E-8

Page 1

Witness: Jones

| Line<br>No. |                    | Test<br>Year<br>Ended<br><u>6/30/2023</u> | Prior<br>Year<br>Ended<br><u>6/30/2022</u> | Prior<br>Year<br>Ended<br><u>6/30/2021</u> |
|-------------|--------------------|---|--|--|
| 1           | <u>Description</u> |   |  |  |
| 2           |                    |   |  |  |
| 3           | Federal Income Tax | -   | -  | -  |
| 4           | State Income Tax   | -   | -  | -  |
| 5           | Payroll Tax        | 52,395                                    | 31,545                                     | 38,225                                     |
| 6           | Property Tax       | 197,077                                   | 236,685                                    | 233,837                                    |
| 7           |                    |   |  |  |
| 8           | Totals             | <u>\$ 249,472</u>                         | <u>\$ 268,229</u>                          | <u>\$ 272,061</u>                          |

9

10 Workpapers:Recap Schedules:

11

12

|            |  |
|------------|--|
| Line       |  |
| <u>No.</u> |  |
| 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          |  |
| 9          |  |
| 10         |  |
| 11         |  |
| 12         |  |
| 13         |  |
| 14         |  |
| 15         |  |
| 16         |  |
| 17         |  |
| 18         |  |
| 19         |  |
| 20         | <u>Supporting Schedules:</u>                     |
| 21         |  |
| 22         |  |

Recap Schedules:

**Foothills Water & Sewer, LLC - Sewer Division**  
Test Year Ended June 30, 2023  
Projected Income Statements - Present and Proposed Rates

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

| Line<br>No. |                               |   | Projected Year                            |  |   |
|-------------|-------------------------------|---|---|--|---|
|             |                               |   | Actual<br>Test Year<br>Ended<br>6/30/2023 | At Present<br>Rates<br>Year Ended<br>6/30/2024 | At Proposed<br>Rates<br>Year Ended<br>6/30/2024 |
| 1           | <b>Revenues</b>               |   |   |  |   |
| 2           | 521                           | Flat Rate Revenue                           | \$ 6,516,663                              | \$ 6,305,414                                   | \$ 9,605,907                                    |
| 3           | 522                           | Measured Revenues                           | -   | -  | -   |
| 4           | 536                           | Other Wastewater Revenue                    | 103,562                                   | 103,275  | 103,275   |
| 5           | 541                           | Measured Reuse Revenue                      | 60,125                                    | 68,263   | 68,263  |
| 6           |                               | <b>Total Revenues</b>                       | <b>\$ 6,680,349</b>                       | <b>\$ 6,476,952</b>                            | <b>\$ 9,777,445</b>                             |
| 7           | <b>Operating Expenses</b>     |   |   |  |   |
| 8           | 701                           | Salaries and Wages                          | \$ 1,147,284                              | \$ 1,348,551                                   | \$ 1,348,551                                    |
| 9           | 703                           | Salaries and Wages - Officers and Directors | 78,000                                    | -  | -   |
| 10          | 704                           | Employee Pension and Benefits               | 23,380                                    | 172,923  | 172,923   |
| 11          | 710                           | Purchased Wastewater                        | -   | -  | -   |
| 12          | 711                           | Sludge Removal Expense                      | 467,423                                   | 474,435  | 474,435   |
| 13          | 715                           | Purchased Power                             | 491,916                                   | 499,295  | 499,295   |
| 14          | 720.0                         | Materials and Supplies                      | 154,621                                   | 160,806  | 160,806   |
| 15          | 720.1                         | Repairs and Maintenance                     | 141,817                                   | 147,490  | 147,490   |
| 16          | 720                           | Office Supplies Expense                     | 159,015                                   | 165,376  | 165,376   |
| 17          | 730                           | Outside Services                            | -   | -  | -   |
| 18          | 731                           | Contractual Services - Engineering          | 15,255                                    | 15,484   | -   |
| 19          | 732                           | Contractual Services - Accounting           | 15,026                                    | 27   | 27  |
| 20          | 733                           | Contractual Services - Legal                | 101,439                                   | 9,884  | 9,884   |
| 21          | 734                           | Contractual Services - Management Fees      | 39,000                                    | -  | -   |
| 22          | 735                           | Contractual Services - Testing              | 97,673                                    | 99,138   | 99,138  |
| 23          | 736                           | Contractual Services - Other                | 314,920                                   | 455,343  | 455,343   |
| 24          | 741                           | Rent - Buildings                            | 81,412                                    | 81,412   | 81,412  |
| 25          | 742                           | Rent - Equipment                            | 71,520                                    | 75,096   | 75,096  |
| 26          | 750                           | Transportation Expense                      | 160,627                                   | 187,585  | 187,585   |
| 27          | 756                           | Insurance - Vehicle                         | 44,444                                    | 59,012   | 59,012  |
| 28          | 757                           | Insurance - General Liability               | 79,483                                    | 102,028  | 102,028   |
| 29          | 758                           | Insurance - Worker's Compensation           | 29,289                                    | 28,598   | 28,598  |
| 30          | 760                           | Advertising Expense                         | -   | -  | -   |
| 31          | 766                           | Regulatory Commission Expense - Rate Case   | -   | -  | -   |
| 32          | 770                           | Bad Debt Expense                            | 15,592                                    | 15,592   | 23,537  |
| 33          | 775                           | Miscellaneous Expense                       | 192,436                                   | 195,323  | 195,323   |
| 34          | 403                           | Depreciation Expense                        | 1,507,298                                 | 1,066,598                                      | 1,066,598                                       |
| 35          | 407                           | Amortization Expense                        | -   | -  | -   |
| 36          | 408                           | Taxes Other Than Income                     | 52,395                                    | 151,640  | 151,640   |
| 37          | 408.11                        | Property Taxes                              | 197,077                                   | 214,293  | 251,205   |
| 38          | 409                           | Income Tax                                  | 82,912                                    | (100,147)                                      | 709,562   |
| 39          | 427                           | Interest Expense Security Deposits          | 2,710                                     | 2,710  | 2,710   |
| 40          |                               | <b>Total Operating Expenses</b>             | <b>\$ 6,319,422</b>                       | <b>\$ 6,192,385</b>                            | <b>\$ 7,031,467</b>                             |
| 41          |                               | <b>Operating Income</b>                     | <b>\$ 360,927</b>                         | <b>\$ 284,568</b>                              | <b>\$ 2,745,978</b>                             |
| 42          | <b>Other Income (Expense)</b> |   |   |  |   |
| 43          | 421                           | Non-Utility Income                          | -   | -  | -   |
| 44          | 427                           | Interest Expense                            | (591,908)                                 | (733,287)                                      | (733,287)                                       |
| 45          | 428                           | Amortization of Debt Discount and Expense   | (11,424)                                  | -  | -   |
| 46          | 429                           | Amortization of Premium on Debt             | 867                                       | -  | -   |
| 47          |                               | <b>Total Other Income (Expense)</b>         | <b>\$ (798,395)</b>                       | <b>\$ (933,848)</b>                            | <b>\$ (933,848)</b>                             |
| 48          |                               | <b>Net Income (Loss)</b>                    | <b>\$ (437,468)</b>                       | <b>\$ (649,280)</b>                            | <b>\$ 1,812,130</b>                             |

Supporting Schedules:

E-2

Recap Schedules:

A-2

**Foothills Water & Sewer, LLC - Sewer Division**

Test Year Ended June 30, 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 6/30/2023 | At Present Rates Year Ended 6/30/2024 | At Proposed Rates Year Ended 6/30/2025 |
|----------|--|---------------------------|---------------------------------------|--|
| 1        | <u>Source of Funds</u>                               |                           |                                       |  |
| 2        | Cash Flow from Operations:                           |                           |                                       |  |
| 3        | Net Income   | \$ (16,139)               | \$ (649,280)                          | \$ 1,812,130                           |
| 4        | Adjustments to reconcile net income to net cash      |                           |                                       |  |
| 5        | 403 Depreciation and Amortization                    | 1,272,680                 | 1,066,598                             | 1,066,598                              |
| 6        | Other Adjustments                                    | -                         |                                       |  |
| 7        | Changes in Assets & Liabilities                      |                           |                                       |  |
| 8        | 121 Non Utility Property                             | (266,655)                 |                                       |  |
| 9        | 132 Special Deposits                                 | -                         |                                       |  |
| 10       | 141 Customer Accounts Receivable                     | (929,921)                 |                                       |  |
| 11       | 143 Accumulated Provision for Uncollectible Accounts | 24,092                    |                                       |  |
| 12       | 145 Accounts Receivable from Associated Companies    | (847,408)                 |                                       |  |
| 13       | 151 Plant Materials and Supplies                     | (126,351)                 |                                       |  |
| 14       | 162 Prepayments                                      | (73,424)                  |                                       |  |
| 15       | 181 Unamortized Debt and Discount Expense            | -                         |                                       |  |
| 16       | 186 Miscellaneous Deferred Debits                    | -                         |                                       |  |
| 17       | 190 Accumulated Deferred Income Taxes                | -                         |                                       |  |
| 18       | 231 Accounts Payable                                 | 1,439,378                 |                                       |  |
| 19       | 232 Notes Payable                                    | -                         |                                       |  |
| 20       | 233 Accounts Payable Associated Companies            | 1,395,115                 |                                       |  |
| 21       | 235 Customer Deposits                                | 90,705                    |                                       |  |
| 22       | 236 Accrued Taxes                                    | 141,533                   |                                       |  |
| 23       | 237 Accrued Interest                                 | -                         |                                       |  |
| 24       | 241 Miscellaneous Current Liabilities                | 151,651                   |                                       |  |
| 25       | 252 Advances in Aid of Construction                  | -                         | 575,000                               | 575,000                                |
| 26       | 253 Other Deferred Credits                           | 4,283,539                 |                                       |  |
| 27       | 281 Accumulated Deferred Income Tax                  | 970,981                   |                                       |  |
| 28       | Total From Operations                                | \$ 7,509,775              | \$ 992,318                            | \$ 3,453,728                           |
| 29       |  |                           |                                       |  |
| 30       | Cash Flow from Financing:                            |                           |                                       |  |
| 31       | 221 Bonds  | -                         |                                       |  |
| 32       | 224 Other Long-Term Debt                             | -                         | -                                     | -                                      |
| 33       | 251 Unamortized Premium on Debt                      | -                         |                                       |  |
| 34       | 271 Contributions in Aid of Construction             | 2,359,297                 | 325,000                               | 325,000                                |
| 35       | 201 Common Stock                                     | 17,747,144                |                                       |  |
| 36       | 211 Paid in Capital                                  | -                         | 10,925,000                            | 9,650,000                              |
| 37       | Total From Financing                                 | \$ 20,106,441             | \$ 11,250,000                         | \$ 9,975,000                           |
| 38       |  |                           |                                       |  |
| 39       | <u>Application of Funds</u>                          |                           |                                       |  |
| 40       | Cash Flow from Investing Activities                  |                           |                                       |  |
| 41       | Capital Expenditures                                 | (27,248,137)              | (12,364,013)                          | (13,425,000)                           |
| 42       | Dividends Paid                                       | -                         | -                                     | -                                      |
| 43       | Received from (Payment to) Electric Division         | -                         |                                       |  |
| 44       | Total From Investing Activities                      | \$ (27,248,137)           | \$ (12,364,013)                       | \$ (13,425,000)                        |
| 45       |  |                           |                                       |  |
| 46       | Net Increase/(Decrease) in Cash                      | \$ 368,079                | \$ (121,695)                          | \$ 3,728                               |
| 47       |  |                           |                                       |  |
| 48       | Cash, Beginning of Year                              | \$ -                      | \$ 368,079                            | \$ 246,384                             |
| 49       | Cash, End of Year                                    | \$ 368,079                | \$ 246,384                            | \$ 250,112                             |
| 50       |  |                           |                                       |  |
| 51       |  |                           |                                       |  |
| 52       | <u>Supporting Schedules:</u>                         |                           | <u>Recap Schedules:</u>               |  |
| 53       | E-3  |                           | A-5                                   |  |
| 54       | F-3  |                           |                                       |  |
| 55       |  |                           |                                       |  |



**Foothills Water & Sewer, LLC - Sewer Division**  
Test Year Ended June 30, 2023  
Projected Construction Requirements

Exhibit: RLJ-DT3  
Schedule F-3  
Page 1  
Witness: Jones

Line  
No.

|    |                                | Projected    |               |               |              |
|----|--------------------------------|--------------|---------------|---------------|--------------|
|    |                                | Adjusted     | Thru          | Thru          | Thru         |
|    |                                | Test Year    | 6/30/2024     | 6/30/2025     | 6/30/2026    |
|    |                                | 6/30/2023    |               |               |              |
| 3  | <u>Property Classification</u> |              |               |               |              |
| 4  |                                |              |               |               |              |
| 5  | Intangible Plant               | \$ -         | \$ -          | \$ 500,000    | \$ -         |
| 6  |                                |              |               |               |              |
| 7  | Collection Plant               | 977,796      | 2,937,594     | 2,175,000     | 1,250,000    |
| 8  |                                |              |               |               |              |
| 9  | Sewer Treatment Plant          | 1,723,658    | 8,040,000     | 10,500,000    | 6,450,000    |
| 10 |                                |              |               |               |              |
| 11 | Reuse Plant                    | -            | -             | -             | -            |
| 12 |                                |              |               |               |              |
| 13 | General Plant                  | 279,808      | 1,386,419     | 250,000       | 250,000      |
| 14 |                                |              |               |               |              |
| 15 | Total Plant                    | \$ 2,981,262 | \$ 12,364,013 | \$ 13,425,000 | \$ 7,950,000 |

16  
17  
18  
19  
20

Workpapers:

Recap Schedules:  
F-2 A-4

|            |                                 |
|------------|---------------------------------|
| Line       |                                 |
| <u>No.</u> |                                 |
| 1          |                                 |
| 2          | No Customer Growth              |
| 3          |                                 |
| 4          | Per Test Year Adjustments       |
| 5          |                                 |
| 6          | Expenses increase for inflation |
| 7          |                                 |
| 8          |                                 |
| 9          |                                 |
| 10         |                                 |
| 11         |                                 |
| 12         | <u>Supporting Schedules:</u>    |
| 13         |                                 |
| 14         |                                 |

Recap Schedules:

**Foothills Water & Sewer, LLC - Sewer Division**

Test Year Ended June 30, 2023

Summary of Revenues by Customer Classification - Present and Proposed Rates

Exhibit: RLJ-DT3

Schedule H-1

Page 1

Witness: Jones

| Line<br>No. | Customer Classification                | <u>Revenues in the Test Year</u> |                           | <u>Proposed Increase</u> |               |
|-------------|--|----------------------------------|---------------------------|--------------------------|---------------|
|             |  | <u>Present<br/>Rates</u>         | <u>Proposed<br/>Rates</u> | <u>Amount</u>            | <u>%</u>      |
| 1           |  |                                  |                           |                          |               |
| 2           | <u>Flat Rate Sewer Revenue</u>         |                                  |                           |                          |               |
| 3           | Residential                            | 5,917,496                        | 9,014,266                 | 3,096,770                | 52.33%        |
| 4           | Commercial                             | 274,637                          | 422,036                   | 147,399                  | 53.67%        |
| 5           | Recreational Vehicle Park              | 109,998                          | 165,956                   | 55,958                   | 50.87%        |
| 6           |  |                                  |                           |                          |               |
| 7           | Measured Reuse Revenue                 | 68,263                           | 68,263                    | -                        | 0.00%         |
| 8           | Other Wastewater Revenues              | 103,275                          | 103,275                   | -                        | 0.00%         |
| 9           |  |                                  |                           |                          |               |
| 10          | Total Water Revenues - Per Bill Counts | <u>\$ 6,473,669</u>              | <u>\$ 9,773,796</u>       | <u>\$ 3,300,127</u>      | <u>50.98%</u> |
| 11          |  |                                  |                           |                          |               |
| 12          | <u>Reconciliation</u>                  |                                  |                           |                          |               |
| 13          | Bill Count Revenue                     | \$ 6,473,669                     |                           |                          |               |
| 14          |  |                                  |                           |                          |               |
| 15          | Billed Sewer Revenues per G.L.         | 6,680,349                        |                           |                          |               |
| 16          | Revenue Adjustments                    |                                  |                           |                          |               |
| 17          | Adjustment IS-8                        | (241,597)                        |                           |                          |               |
| 18          | Adjustment IS-9                        | <u>38,201</u>                    |                           |                          |               |
| 19          | Adjusted G.L. Revenue                  | <u>\$ 6,476,952</u>              |                           |                          |               |
| 20          |  |                                  |                           |                          |               |
| 21          | Unreconciled Difference                | \$ 3,283                         |                           |                          |               |
| 22          | Percentage Difference                  | 0.05%                            |                           |                          |               |
| 23          |  |                                  |                           |                          |               |
| 24          |  |                                  |                           |                          |               |
| 25          | <u>Supporting Schedules:</u>           |                                  |                           | <u>Recap Schedules:</u>  |               |
| 26          | H-2                                    |                                  |                           | A-1                      |               |
| 27          |  |                                  |                           |                          |               |

**Foothills Water & Sewer, LLC - Sewer Division**  
Test Year Ended June 30, 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 (Except RV)   | 8,598                    |                             | \$ 5,772,585  | \$ 8,793,520   | \$ 3,020,935            | 52.33%     |
| 5        | Re-Establishment Charges      | 216                      |                             | 144,911       | 220,746        | 75,835                  | 52.33%     |
| 6        | Commercial                    |                          |                             |               |                |                         |            |
| 7        | 5/8 x 3/4" Meter              | 16                       |                             | 16,115        | 24,547         | 8,433                   | 52.33%     |
| 8        | 3/4" Meter                    | -                        |                             | -             | -              | -                       |            |
| 9        | 1" Meter                      | 15                       |                             | 26,185        | 40,273         | 14,089                  | 53.80%     |
| 10       | 1 1/2" Meter                  | 11                       |                             | 38,404        | 59,067         | 20,663                  | 53.80%     |
| 11       | 2" Meter                      | 30                       |                             | 163,329       | 250,332        | 87,003                  | 53.27%     |
| 12       | 3" Meter                      | 1                        |                             | 15,218        | 23,908         | 8,690                   | 57.10%     |
| 13       | 4" Meter                      | 1                        |                             | 15,386        | 23,908         | 8,522                   | 55.39%     |
| 14       | 6" Meter                      | -                        |                             | -             | -              | -                       |            |
| 15       | Recreational Vehicle Park     |                          |                             |               |                |                         |            |
| 16       | Common Area Only              | 3                        |                             | 3,021         | 4,603          | 1,581                   | 52.33%     |
| 17       | RV Spaces                     | 478                      |                             | 106,976       | 161,354        | 54,377                  | 50.83%     |
| 18       | <u>Measured Reuse Revenue</u> |                          |                             |               |                |                         |            |
| 19       | Effluent                      |                          |                             |               |                |                         |            |
| 20       | All Meter Sizes               | 2                        | 11,377,183                  | 68,263        | 68,263         | -                       | 0.00%      |
| 21       |                               |                          |                             |               |                |                         |            |
| 22       | <b>Totals:</b>                |                          |                             |               |                |                         |            |
| 23       | <u>Flat Rate Revenue</u>      |                          |                             |               |                |                         |            |
| 24       | Residential                   | 8,814                    |                             | 5,917,496     | 9,014,266      | 3,096,770               | 52.33%     |
| 25       | Commercial                    | 74                       |                             | 274,637       | 422,036        | 147,399                 | 53.67%     |
| 26       | Recreational Vehicle Park     | 3                        |                             | 109,998       | 165,956        | 55,958                  | 50.87%     |
| 27       |                               |                          |                             |               |                |                         |            |
| 28       | Subtotal Flat Rate            | 8,891                    |                             | \$ 6,302,131  | \$ 9,602,258   | \$ 3,300,127            | 52.37%     |
| 29       |                               |                          |                             |               |                |                         |            |
| 30       | Measured Reuse Revenue        | 2                        |                             | 68,263        | 68,263         | -                       | 0.00%      |
| 31       | Other Wastewater Revenues     |                          |                             | 103,275       | 103,275        | -                       | 0.00%      |
| 32       |                               |                          |                             |               |                |                         |            |
| 33       | Total                         | 8,893                    |                             | \$ 6,473,669  | \$ 9,773,796   | \$ 3,300,127            | 50.98%     |
| 34       |                               |                          |                             |               |                |                         |            |
| 35       | <u>Supporting Schedules:</u>  |                          |                             |               |                | <u>Recap Schedules:</u> |            |
| 36       |                               |                          |                             |               |                | H-1                     |            |
| 37       |                               |                          |                             |               |                |                         |            |

Line  
No.

|    |  | Monthly Charge               |                  |          | Volume Charge (per 1,000 gallons) |                     |           |
|----|--|------------------------------|------------------|----------|-----------------------------------|---------------------|-----------|
|    |  | Present<br>Rate <sup>1</sup> | Proposed<br>Rate | Change   | Present<br>Rate                   | Proposed<br>Rate    | Change    |
| 2  | <b><u>Residential &amp; Commercial Service</u></b> |                              |                  |          |                                   |                     |           |
| 6  | Residential  | \$ 55.95                     | \$ 85.23         | \$ 29.28 | n/t                               | n/t                 | n/a       |
| 7  | Commercial:  |                              |                  |          |                                   |                     |           |
| 8  | 5/8" x 3/4" Meter                                  | \$ 83.93                     | \$ 127.85        | \$ 43.92 | n/t                               | n/t                 | n/a       |
| 9  | 3/4" Meter   | 83.93                        | 159.81           | 75.88    | n/t                               | n/t                 | n/a       |
| 10 | 1" Meter   | 145.47                       | 223.74           | 78.27    | n/t                               | n/t                 | n/a       |
| 11 | 1 1/2" Meter                                       | 290.94                       | 447.48           | 156.54   | n/t                               | n/t                 | n/a       |
| 12 | 2" Meter   | 458.79                       | 703.18           | 244.39   | n/t                               | n/t                 | n/a       |
| 13 | 3" Meter   | 895.20                       | 1,406.35         | 511.15   | n/t                               | n/t                 | n/a       |
| 14 | 4" Meter   | 1,398.75                     | 2,173.45         | 774.70   | n/t                               | n/t                 | n/a       |
| 15 | 6" Meter   | 2,797.51                     | 4,474.75         | 1,677.24 | n/t                               | n/t                 | n/a       |
| 16 | RV Park:   |                              |                  |          |                                   |                     |           |
| 17 | RV Park Base Charge                                | \$ 83.93                     | \$ 127.85        | \$ 43.92 | n/t                               | n/t                 | n/a       |
| 18 | RV Park - Per Space                                | 18.65                        | 28.13            | 9.48     | n/t                               | n/t                 | n/a       |
| 19 | Effluent Reuse                                     | -                            | -                | n/a      | Market <sup>2</sup>               | Market <sup>2</sup> | No Change |

<sup>1</sup>Present rate is net of 2018 Federal Tax Act Credit

<sup>2</sup>Market rate not to exceed \$1.00 per 1,000 gallons and not less than \$0.25 per 1,000 gallons.

n/t - Indicates no tariff

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 R14-2-608.D.5.

Line

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|  | Present      | Proposed     |
|--|--------------|--------------|
|  | <u>Rates</u> | <u>Rates</u> |
| <b><u>Service Charges</u></b>  |              |              |
| Establishment of Service   | \$ 40.00     | \$ 40.00     |
| Reconnection of Service - Delinquent   | \$ 30.00     | \$ 30.00     |
| Re-establishment (within 12 months)  | (c)          | (c)          |
| After Hours Service Charge   | \$ 35.00     | \$ 35.00     |
| Disconnect and Reconnect (Delinquent)  | Cost         | Cost         |
| (For Non-Foothills water customers only, where physical disconnection and reconnection is performed)       |              |              |
| Insufficient Funds Check Charge  | \$ 30.00     | \$ 30.00     |
| Deposit Requirement (Residential)  | (a)          | (a)          |
| Deposit Requirement (Non-Residential)  | (b)          | (b)          |
| Interest Rate on Customer Deposits   | (d)          | (d)          |
| Late Charge per Month  | 1.5%         | 1.5%         |
| Deferred Payment (Per Month)   | 1.5%         | 1.5%         |
| (a) Two times the average residential class bill, per Commission Rule A.A.C. R-14-2-603.B.7.a.             |              |              |
| (b) 2 1/2 times the customers estimated maximum monthly bill, per Commission Rule A.A.C. R-14-2-603.B.7.b. |              |              |
| (c) 6.0%, per Commission Rule A.A.C. R-14-2-603.B.3.   |              |              |
| (d) Number of months off system times the monthly minimum, per Commission Rule A.A.C. R14-2-603.D.         |              |              |
| All items billed at cost shall include labor, materials and parts, overheads and all applicable taxes.     |              |              |
|  |              |              |
|  |              |              |
|  |              |              |
| <b><u>Privilege, Sales or Use Tax</u></b>  |              |              |
| 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 R14-2-608.D.5.                                 |              |              |

Line

No.

**Proposed Surcharge Tariffs:**

**Regulatory Expense Surcharge (RES)**

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 expense. The Company proposes to recover approved rate case expense until fully recovered with a planned three year recovery period. The RES will be structured as a monthly charge to a customer's bill with costs allocated on a per equivalent residential customer basis.

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

**Purchased Power Adjustor Mechanism (PPAM)**

The purpose of the Purchased Power Adjustor is to pass-through increases or decreases in purchased power costs that are due to changes in the rates for electric utility service. The intent of the PPAM is to isolate changes in purchased power cost that is due exclusively to a rate change that is beyond the control of Company. The increases/decreases in power costs will be allocated on a per equivalent residential customer basis and passed-through to customers as a separate line item on the customers' bill. The Company will develop a Plan of Administration, to be approved by Commission Staff, that outlines the implementation and filing requirements as well as how the surcharge will be computed.

The PPAM will be applicable to residential, commercial, and RV Park classes, including Re-Establishment Charges.

**System Improvement Benefit Surcharge Mechanism (SIB)**

The purpose of the System Improvement Benefit Surcharge Mechanism is to provide for recovery of the capital costs (return on investment, income taxes and depreciation expense) associated with collection system improvement projects that have been verified to be complete and placed in service and where the costs have not been included in rate base for recovery in the current rate case are necessary to provide and continue to provide proper, adequate and reliable customers; are not designed to serve or promote customer growth; and will not comprise an upgrade or expansion of existing plant unless justified for existing customers. Any expenditures offset by contributions in aid of construction or advances in aid of construction are not eligible for inclusion in the SIB. The SIB will be structured as a monthly surcharge to a customer's bill based on a per equivalent residential customer basis.

The SIB will be applicable to residential, commercial, and RV Park, including Re-Establishment Charges.

**Privilege, Sales or Use Tax**

In addition to the surcharges 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 R14-2-608.D.5.

**Eliminated Tariff:**

The Company proposes to eliminate the 2018 Federal Tax Act Credit Tariff.

Class: Residential  
Meter Size: All  
Sub Class:

| Line No. | Rate Schedules                |          | Usage | Present Bill | Proposed Bill | Dollar Increase | Percent Increase |
|----------|-------------------------------|----------|-------|--------------|---------------|-----------------|------------------|
| 1        | <b><u>Present Rates:</u></b>  |          |       |              |               |                 |                  |
| 2        | Monthly Charge:               | \$ 55.95 | -     | \$ 55.95     | \$ 85.23      | \$ 29.28        | 52.33%           |
| 3        |                               |          |       |              |               |                 |                  |
| 4        | <b><u>Proposed Rates:</u></b> |          |       |              |               |                 |                  |
| 5        | Monthly Charge:               | \$ 85.23 |       |              |               |                 |                  |
| 6        |                               |          |       |              |               |                 |                  |



**Foothills Water & Sewer, LLC - Sewer Division**

Test Year Ended June 30, 2023

Typical Bill Analysis

Exhibit: RLJ-DT3

Schedule H-4

Witness: Jones

Class: Commercial

Meter Size: 5/8" x 3/4"

Sub Class:

| Line<br>No. | Rate Schedules                |    |        | Usage | Present<br>Bill | Proposed<br>Bill | Dollar<br>Increase | Percent<br>Increase |
|-------------|-------------------------------|----|--------|-------|-----------------|------------------|--------------------|---------------------|
| 1           | <b><u>Present Rates:</u></b>  |    |        |       |                 |                  |                    |                     |
| 2           | Monthly Charge:               | \$ | 83.93  | -     | \$ 83.93        | \$ 127.85        | \$ 43.92           | 52.33%              |
| 3           |                               |    |        |       |                 |                  |                    |                     |
| 4           | <b><u>Proposed Rates:</u></b> |    |        |       |                 |                  |                    |                     |
| 5           | Monthly Charge:               | \$ | 127.85 |       |                 |                  |                    |                     |
| 6           |                               |    |        |       |                 |                  |                    |                     |

Class: Commercial  
Meter Size: 1"  
Sub Class:

| Line<br>No. | Rate Schedules                |    |        | Usage | Present<br>Bill | Proposed<br>Bill | Dollar<br>Increase | Percent<br>Increase |
|-------------|-------------------------------|----|--------|-------|-----------------|------------------|--------------------|---------------------|
| 1           | <b><u>Present Rates:</u></b>  |    |        |       |                 |                  |                    |                     |
| 2           | Monthly Charge:               | \$ | 145.47 | -     | \$ 145.47       | \$ 223.74        | \$ 78.27           | 53.80%              |
| 3           |                               |    |        |       |                 |                  |                    |                     |
| 4           | <b><u>Proposed Rates:</u></b> |    |        |       |                 |                  |                    |                     |
| 5           | Monthly Charge:               | \$ | 223.74 |       |                 |                  |                    |                     |
| 6           |                               |    |        |       |                 |                  |                    |                     |

Foothills Water & Sewer, LLC - Sewer Division  
Test Year Ended June 30, 2023  
Typical Bill Analysis

Exhibit: RLJ-DT3  
Schedule H-4  
Witness: Jones

Class: Commercial  
Meter Size: 1-1/2"  
Sub Class:

| Line<br>No. | Rate Schedules                |    |        | Usage | Present<br>Bill | Proposed<br>Bill | Dollar<br>Increase | Percent<br>Increase |
|-------------|-------------------------------|----|--------|-------|-----------------|------------------|--------------------|---------------------|
| 1           | <b><u>Present Rates:</u></b>  |    |        |       |                 |                  |                    |                     |
| 2           | Monthly Charge:               | \$ | 290.94 | -     | \$ 290.94       | \$ 447.48        | \$ 156.54          | 53.80%              |
| 3           |                               |    |        |       |                 |                  |                    |                     |
| 4           | <b><u>Proposed Rates:</u></b> |    |        |       |                 |                  |                    |                     |
| 5           | Monthly Charge:               | \$ | 447.48 |       |                 |                  |                    |                     |
| 6           |                               |    |        |       |                 |                  |                    |                     |

Foothills Water & Sewer, LLC - Sewer Division  
Test Year Ended June 30, 2023  
Typical Bill Analysis

Exhibit: RLJ-DT3  
Schedule H-4  
Witness: Jones

Class: Commercial  
Meter Size: 2"  
Sub Class:

| Line<br>No. | Rate Schedules                |    |        | Usage | Present<br>Bill | Proposed<br>Bill | Dollar<br>Increase | Percent<br>Increase |
|-------------|-------------------------------|----|--------|-------|-----------------|------------------|--------------------|---------------------|
| 1           | <b><u>Present Rates:</u></b>  |    |        |       |                 |                  |                    |                     |
| 2           | Monthly Charge:               | \$ | 458.79 | -     | \$ 458.79       | \$ 703.18        | \$ 244.39          | 53.27%              |
| 3           |                               |    |        |       |                 |                  |                    |                     |
| 4           | <b><u>Proposed Rates:</u></b> |    |        |       |                 |                  |                    |                     |
| 5           | Monthly Charge:               | \$ | 703.18 |       |                 |                  |                    |                     |
| 6           |                               |    |        |       |                 |                  |                    |                     |

Class: Commercial  
Meter Size: 3"  
Sub Class:

| Line<br>No. | Rate Schedules                |    |          | Usage | Present<br>Bill | Proposed<br>Bill | Dollar<br>Increase | Percent<br>Increase |
|-------------|-------------------------------|----|----------|-------|-----------------|------------------|--------------------|---------------------|
| 1           | <b><u>Present Rates:</u></b>  |    |          |       |                 |                  |                    |                     |
| 2           | Monthly Charge:               | \$ | 895.20   | -     | \$ 895.20       | \$ 1,406.35      | \$ 511.15          | 57.10%              |
| 3           |                               |    |          |       |                 |                  |                    |                     |
| 4           | <b><u>Proposed Rates:</u></b> |    |          |       |                 |                  |                    |                     |
| 5           | Monthly Charge:               | \$ | 1,406.35 |       |                 |                  |                    |                     |
| 6           |                               |    |          |       |                 |                  |                    |                     |

Foothills Water & Sewer, LLC - Sewer Division  
Test Year Ended June 30, 2023  
Typical Bill Analysis

Exhibit: RLJ-DT3  
Schedule H-4  
Witness: Jones

Class: Commercial  
Meter Size: 4"  
Sub Class:

| Line<br>No. | Rate Schedules                |             | Usage | Present<br>Bill | Proposed<br>Bill | Dollar<br>Increase | Percent<br>Increase |
|-------------|-------------------------------|-------------|-------|-----------------|------------------|--------------------|---------------------|
| 1           | <b><u>Present Rates:</u></b>  |             |       |                 |                  |                    |                     |
| 2           | Monthly Charge:               | \$ 1,398.75 | -     | \$ 1,398.75     | \$ 2,173.45      | \$ 774.70          | 55.39%              |
| 3           |                               |             |       |                 |                  |                    |                     |
| 4           | <b><u>Proposed Rates:</u></b> |             |       |                 |                  |                    |                     |
| 5           | Monthly Charge:               | \$ 2,173.45 |       |                 |                  |                    |                     |
| 6           |                               |             |       |                 |                  |                    |                     |

Foothills Water & Sewer, LLC - Sewer Division  
Test Year Ended June 30, 2023  
Typical Bill Analysis

Exhibit: RLJ-DT3  
Schedule H-4  
Witness: Jones

Class: RV  
Meter Size: Common  
Sub Class:

| Line<br>No. | Rate Schedules                |    |        | Usage | Present<br>Bill | Proposed<br>Bill | Dollar<br>Increase | Percent<br>Increase |
|-------------|-------------------------------|----|--------|-------|-----------------|------------------|--------------------|---------------------|
| 1           | <b><u>Present Rates:</u></b>  |    |        |       |                 |                  |                    |                     |
| 2           | Monthly Charge:               | \$ | 83.93  | -     | \$ 83.93        | \$ 127.85        | \$ 43.92           | 52.33%              |
| 3           |                               |    |        |       |                 |                  |                    |                     |
| 4           | <b><u>Proposed Rates:</u></b> |    |        |       |                 |                  |                    |                     |
| 5           | Monthly Charge:               | \$ | 127.85 |       |                 |                  |                    |                     |
| 6           |                               |    |        |       |                 |                  |                    |                     |

Class: RV  
Meter Size: Space  
Sub Class:

| Line<br>No. | Rate Schedules                |    |       | Usage | Present<br>Bill | Proposed<br>Bill | Dollar<br>Increase | Percent<br>Increase |
|-------------|-------------------------------|----|-------|-------|-----------------|------------------|--------------------|---------------------|
| 1           | <b><u>Present Rates:</u></b>  |    |       |       |                 |                  |                    |                     |
| 2           | Monthly Charge:               | \$ | 18.65 | -     | \$ 18.65        | \$ 28.13         | \$ 9.48            | 50.83%              |
| 3           |                               |    |       |       |                 |                  |                    |                     |
| 4           | <b><u>Proposed Rates:</u></b> |    |       |       |                 |                  |                    |                     |
| 5           | Monthly Charge:               | \$ | 28.13 |       |                 |                  |                    |                     |
| 6           |                               |    |       |       |                 |                  |                    |                     |



Class: Residential  
Meter Size: Re-Establishment  
Sub Class:

| Line<br>No. | Rate Schedules                |    |       | <u>Usage</u> | Present<br>Bill | Proposed<br>Bill | Dollar<br>Increase | Percent<br>Increase |
|-------------|-------------------------------|----|-------|--------------|-----------------|------------------|--------------------|---------------------|
| 1           | <b><u>Present Rates:</u></b>  |    |       |              |                 |                  |                    |                     |
| 2           | Monthly Charge:               | \$ | 55.95 | -            | \$ 55.95        | \$ 85.23         | \$ 29.28           | 52.33%              |
| 3           |                               |    |       |              |                 |                  |                    |                     |
| 4           | <b><u>Proposed Rates:</u></b> |    |       |              |                 |                  |                    |                     |
| 5           | Monthly Charge:               | \$ | 85.23 |              |                 |                  |                    |                     |
| 6           |                               |    |       |              |                 |                  |                    |                     |

**Foothills Water & Sewer, LLC - Sewer Division**  
Test Year Ended June 30, 2023  
Typical Bill Analysis

Exhibit: RLJ-DT3  
Schedule H-4  
Witness: Jones

Class: Effluent Reuse  
Meter Size: All  
Sub Class:

| Line No. | Rate Schedules                | Usage         | Present Bill | Proposed Bill | Dollar Increase | Percent Increase |
|----------|-------------------------------|---------------|--------------|---------------|-----------------|------------------|
| 1        | <b><u>Present Rates:</u></b>  |               |              |               |                 |                  |
| 2        | Monthly Charge:               | \$ -          | \$ -         | \$ -          | \$ -            | #DIV/0!          |
| 3        |                               | 2,000,000     | \$ 500.00    | \$ 500.00     | \$ -            | 0.00%            |
| 4        |                               | 3,000,000     | \$ 750.00    | \$ 750.00     | \$ -            | 0.00%            |
| 5        |                               | 4,000,000     | \$ 1,000.00  | \$ 1,000.00   | \$ -            | 0.00%            |
| 6        |                               | 5,000,000     | \$ 1,250.00  | \$ 1,250.00   | \$ -            | 0.00%            |
| 7        |                               | 6,000,000     | \$ 1,500.00  | \$ 1,500.00   | \$ -            | 0.00%            |
| 8        | Market Rate                   | \$ 0.25       | \$ 1,750.00  | \$ 1,750.00   | \$ -            | 0.00%            |
| 9        |                               | 8,000,000     | \$ 2,000.00  | \$ 2,000.00   | \$ -            | 0.00%            |
| 10       |                               | 9,000,000     | \$ 2,250.00  | \$ 2,250.00   | \$ -            | 0.00%            |
| 11       |                               | 10,000,000    | \$ 2,500.00  | \$ 2,500.00   | \$ -            | 0.00%            |
| 12       |                               | 11,000,000    | \$ 2,750.00  | \$ 2,750.00   | \$ -            | 0.00%            |
| 13       |                               | 12,000,000    | \$ 3,000.00  | \$ 3,000.00   | \$ -            | 0.00%            |
| 14       |                               | 13,000,000    | \$ 3,250.00  | \$ 3,250.00   | \$ -            | 0.00%            |
| 15       | <b><u>Proposed Rates:</u></b> |               |              |               |                 |                  |
| 16       | Monthly Charge:               | \$ -          | \$ 3,500.00  | \$ 3,500.00   | \$ -            | 0.00%            |
| 17       |                               | 15,000,000    | \$ 3,750.00  | \$ 3,750.00   | \$ -            | 0.00%            |
| 18       |                               | 16,000,000    | \$ 4,000.00  | \$ 4,000.00   | \$ -            | 0.00%            |
| 19       |                               | 17,000,000    | \$ 4,250.00  | \$ 4,250.00   | \$ -            | 0.00%            |
| 20       |                               | 18,000,000    | \$ 4,500.00  | \$ 4,500.00   | \$ -            | 0.00%            |
| 21       | Market Rate                   | \$ 0.25       | \$ 4,750.00  | \$ 4,750.00   | \$ -            | 0.00%            |
| 22       |                               | 20,000,000    | \$ 5,000.00  | \$ 5,000.00   | \$ -            | 0.00%            |
| 23       |                               | 21,000,000    | \$ 5,250.00  | \$ 5,250.00   | \$ -            | 0.00%            |
| 24       |                               | 22,000,000    | \$ 5,500.00  | \$ 5,500.00   | \$ -            | 0.00%            |
| 25       |                               | 23,000,000    | \$ 5,750.00  | \$ 5,750.00   | \$ -            | 0.00%            |
| 26       |                               | 24,000,000    | \$ 6,000.00  | \$ 6,000.00   | \$ -            | 0.00%            |
| 27       |                               | 25,000,000    | \$ 6,250.00  | \$ 6,250.00   | \$ -            | 0.00%            |
| 28       |                               | 26,000,000    | \$ 6,500.00  | \$ 6,500.00   | \$ -            | 0.00%            |
| 29       |                               | 27,000,000    | \$ 6,750.00  | \$ 6,750.00   | \$ -            | 0.00%            |
| 30       |                               | Average Usage |              |               |                 |                  |
| 31       |                               | 11,377,183    | \$ 2,844.30  | \$ 2,844.30   | \$ -            | 0.00%            |
| 32       |                               | Median Usage  |              |               |                 |                  |
| 33       |                               | 10,180,000    | \$ 2,545.00  | \$ 2,545.00   | \$ -            | 0.00%            |
| 34       |                               |               |              |               |                 |                  |

Class: Residential  
Meter Size: All  
Sub Class:

|                 | <u>Charges</u> | <u>Present Rates</u> | <u>Proposed Rates</u> |
|-----------------|----------------|----------------------|-----------------------|
| Monthly Charge: | \$             | 55.95                | \$ 85.23              |

| Line No. | Block                                 | Number of Bills in Block |   | <u>Cumulative Bills</u> |                   |
|----------|---------------------------------------|--------------------------|---|-------------------------|-------------------|
|          |                                       |                          |   | <u>No.</u>              | <u>% of Total</u> |
| 1        | - - -                                 | 104,136                  | - | 104,136                 | 100.00%           |
| 2        |                                       |                          |   |                         |                   |
| 3        | Totals                                | 104,136                  | - | 104,136                 | -                 |
| 4        | Prorated Bills Reduction <sup>1</sup> | (962)                    |   |                         |                   |
| 5        | Total Bills                           | 103,174                  |   |                         |                   |

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<sup>1</sup>Customer 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. New accounts are also prorated for the first month of service.  
Analysis of actual prorated bills for the test year indicates that the sum of the charges billed on the prorated billings equals 59.2% of billing the full Monthly Charge. The reduction in bill count is necessary to avoid over 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 and the actual prorated billing equaling 59.2% of billing the full Monthly Charge.

Class: Commercial  
Meter Size: 5/8" x 3/4"  
Sub Class:

|                 | <u>Charges</u> | <u>Present Rates</u> | <u>Proposed Rates</u> |
|-----------------|----------------|----------------------|-----------------------|
| Monthly Charge: | \$             | 83.93                | \$ 127.85             |

| Line No. | Block                                 | Number of Bills by Block | <u>Cumulative Bills</u> | <u>% of Total</u> |
|----------|---------------------------------------|--------------------------|-------------------------|-------------------|
| 1        | - - -                                 | 192                      | -                       | 192 100.00%       |
| 2        |                                       |                          |                         |                   |
| 3        | Totals                                | 192                      | -                       | 192 -             |
| 4        | Prorated Bills Reduction <sup>1</sup> | -                        |                         |                   |
| 5        | Total Bills                           | 192                      |                         |                   |

|   |                             |    |                |               |           |                |           |
|---|-----------------------------|----|----------------|---------------|-----------|----------------|-----------|
| 6 |                             |    |                | Current Rates |           | Proposed Rates |           |
| 7 |                             |    |                | Units         | Revenue   | Units          | Revenue   |
| 8 |                             |    | Monthly Charge | 192           | \$ 16,115 | 192            | \$ 24,547 |
| 9 | Average Number of Customers | 16 |                |               |           |                |           |

<sup>1</sup>Customer 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: 1"  
Sub Class:

|                 | <u>Charges</u> | <u>Present Rates</u> | <u>Proposed Rates</u> |
|-----------------|----------------|----------------------|-----------------------|
| Monthly Charge: | \$             | 145.47               | \$ 223.74             |

| Line No. | Block                                 | Number of Bills by Block | <u>Cumulative Bills</u> | <u>% of Total</u> |
|----------|---------------------------------------|--------------------------|-------------------------|-------------------|
| 1        | - - -                                 | 180                      | -                       | 180 100.00%       |
| 2        |                                       |                          |                         |                   |
| 3        | Totals                                | 180                      | -                       | 180 -             |
| 4        | Prorated Bills Reduction <sup>1</sup> | -                        |                         |                   |
| 5        | Total Bills                           | 180                      |                         |                   |

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<sup>1</sup>Customer 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: 1-1/2"  
Sub Class:

|                 | <u>Charges</u> | <u>Present Rates</u> | <u>Proposed Rates</u> |
|-----------------|----------------|----------------------|-----------------------|
| Monthly Charge: | \$             | 290.94               | \$ 447.48             |

| Line No. | Block                                 | Number of Bills by Block | <u>Cumulative Bills</u> | <u>% of Total</u> |
|----------|---------------------------------------|--------------------------|-------------------------|-------------------|
| 1        | - - -                                 | 132                      | -                       | 132 100.00%       |
| 2        |                                       |                          |                         |                   |
| 3        | Totals                                | 132                      | -                       | 132 -             |
| 4        | Prorated Bills Reduction <sup>1</sup> | -                        |                         |                   |
| 5        | Total Bills                           | 132                      |                         |                   |

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10  
11

<sup>1</sup>Customer 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.

19

Class: Commercial  
Meter Size: 2"  
Sub Class:

|                 | <u>Charges</u> | <u>Present Rates</u> | <u>Proposed Rates</u> |
|-----------------|----------------|----------------------|-----------------------|
| Monthly Charge: | \$             | 458.79               | \$ 703.18             |

| Line No. | Block                                 | Number of Bills by Block | <u>Cumulative Bills</u> | <u>% of Total</u> |
|----------|---------------------------------------|--------------------------|-------------------------|-------------------|
| 1        | - - -                                 | 356                      | -                       | 356 100.00%       |
| 2        |                                       |                          |                         |                   |
| 3        | Totals                                | 356                      | -                       | 356 -             |
| 4        | Prorated Bills Reduction <sup>1</sup> | -                        |                         |                   |
| 5        | Total Bills                           | 356                      |                         |                   |

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<sup>1</sup>Customer 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: 3"  
Sub Class:

|                 | <u>Charges</u> | <u>Present Rates</u> | <u>Proposed Rates</u> |
|-----------------|----------------|----------------------|-----------------------|
| Monthly Charge: | \$             | 895.20               | \$ 1,406.35           |

| Line No. | Block                                 | Number of Bills by Block | <u>Cumulative Bills</u> | <u>% of Total</u> |
|----------|---------------------------------------|--------------------------|-------------------------|-------------------|
| 1        | - - -                                 | 17                       | -                       | 17 100.00%        |
| 2        |                                       |                          |                         |                   |
| 3        | Totals                                | 17                       | -                       | 17 -              |
| 4        | Prorated Bills Reduction <sup>1</sup> | -                        |                         |                   |
| 5        | Total Bills                           | 17                       |                         |                   |

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<sup>1</sup>Customer 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: 4"  
Sub Class:

|                 | <u>Charges</u> | <u>Present Rates</u> | <u>Proposed Rates</u> |
|-----------------|----------------|----------------------|-----------------------|
| Monthly Charge: | \$             | 1,398.75             | \$ 2,173.45           |

| Line No. | Block                                 | Number of Bills by Block | <u>Cumulative Bills</u> | <u>% of Total</u> |
|----------|---------------------------------------|--------------------------|-------------------------|-------------------|
| 1        | - - -                                 | 11                       | -                       | 11 100.00%        |
| 2        |                                       |                          |                         |                   |
| 3        | Totals                                | 11                       | -                       | 11 -              |
| 4        | Prorated Bills Reduction <sup>1</sup> | -                        |                         |                   |
| 5        | Total Bills                           | 11                       |                         |                   |

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<sup>1</sup>Customer 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: RV  
Meter Size: Common  
Sub Class:

|                 | <u>Charges</u> | <u>Present Rates</u> | <u>Proposed Rates</u> |
|-----------------|----------------|----------------------|-----------------------|
| Monthly Charge: | \$             | 83.93                | \$ 127.85             |

| Line No. | Block                       | Number of Bills by Block | <u>Cumulative Bills</u> |                   |         |
|----------|-----------------------------|--------------------------|-------------------------|-------------------|---------|
|          |                             |                          | <u>No.</u>              | <u>% of Total</u> |         |
| 1        | - - -                       | 36                       | -                       | 36                | 100.00% |
| 2        |                             |                          |                         |                   |         |
| 3        | Totals                      | 36                       | -                       | 36                | -       |
| 4        |                             |                          |                         |                   |         |
| 5        | Total Bills                 | 36                       |                         |                   |         |
| 6        |                             |                          |                         |                   |         |
| 7        |                             |                          |                         |                   |         |
| 8        |                             |                          |                         |                   |         |
| 9        | Average Number of Customers | 3                        |                         |                   |         |
| 10       |                             |                          |                         |                   |         |

| <u>Current Rates</u> |              |                | <u>Proposed Rates</u> |              |                |
|----------------------|--------------|----------------|-----------------------|--------------|----------------|
|                      | <u>Units</u> | <u>Revenue</u> |                       | <u>Units</u> | <u>Revenue</u> |
| Monthly Charge       | 36           | \$ 3,021       |                       | 36           | \$ 4,603       |

Class: RV  
Meter Size: Space  
Sub Class:

|                 | <u>Charges</u> | <u>Present Rates</u> | <u>Proposed Rates</u> |
|-----------------|----------------|----------------------|-----------------------|
| Monthly Charge: | \$             | 18.65                | \$ 28.13              |

| Line       | Number of Bills by          |              |       | <u>Cumulative Bills</u> |                   |            |                  |
|------------|-----------------------------|--------------|-------|-------------------------|-------------------|------------|------------------|
| <u>No.</u> | <u>Block</u>                | <u>Block</u> |       | <u>No.</u>              | <u>% of Total</u> |            |                  |
| 1          | -                           | -            | 5,736 | -                       | 5,736             | 100.00%    |                  |
| 2          |                             |              |       |                         |                   |            |                  |
| 3          | Totals                      |              | 5,736 | -                       | 5,736             | -          |                  |
| 4          |                             |              |       |                         |                   |            |                  |
| 5          | Total Bills                 |              | 5,736 |                         |                   |            |                  |
| 6          |                             |              |       |                         |                   |            |                  |
| 7          |                             |              |       |                         |                   |            |                  |
| 8          |                             |              |       | Monthly Charge          | Units             | Revenue    | Units Revenue    |
| 9          | Average Number of Customers |              | 478   |                         | 5,736             | \$ 106,976 | 5,736 \$ 161,354 |
| 10         |                             |              |       |                         |                   |            |                  |

Class: Residential  
Meter Size: Re-Establishment  
Sub Class:

|                 | <u>Charges</u> | <u>Present Rates</u> | <u>Proposed Rates</u> |
|-----------------|----------------|----------------------|-----------------------|
| Monthly Charge: | \$             | 55.95                | \$ 85.23              |

| Line No. | <u>Block</u> | Number of Bills by Block | Average Consumption in Block | Consumption by Blocks | <u>Cumulative Bills</u> |            |
|----------|--------------|--------------------------|------------------------------|-----------------------|-------------------------|------------|
|          |              |                          |                              |                       | No.                     | % of Total |
| 1        | - - -        | 2,590                    | -                            |                       | 2,590                   | 100.00%    |
| 2        |              |                          |                              |                       |                         |            |
| 3        | Totals       | 2,590                    |                              | -                     | 2,590                   | -          |
| 4        |              |                          |                              |                       |                         |            |
| 5        | Total Bills  | 2,590                    |                              |                       |                         |            |
| 6        |              |                          |                              |                       |                         |            |
| 7        |              |                          |                              |                       |                         |            |
| 8        |              |                          |                              |                       |                         |            |
| 9        |              |                          |                              |                       |                         |            |

|             | <u>Current Rates</u> |            | <u>Proposed Rates</u> |            |
|-------------|----------------------|------------|-----------------------|------------|
|             | Units                | Revenue    | Units                 | Revenue    |
| Base Charge | 2,590                | \$ 144,911 | 2,590                 | \$ 220,746 |

Class: Effluent Reuse  
 Meter Size: All  
 Sub Class:

|                 | Charges | Present Rates | Proposed Rates |
|-----------------|---------|---------------|----------------|
| Monthly Charge: | \$      | -             | \$ -           |

Market Rate \$ 0.25 \$ 0.25

| 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        | -      | -                        | -                            | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 2        | 1      | -                        | 1,000                        | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 3        | 1,001  | -                        | 2,000                        | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 4        | 2,001  | -                        | 3,000                        | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 5        | 3,001  | -                        | 4,000                        | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 6        | 4,001  | -                        | 5,000                        | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 7        | 5,001  | -                        | 6,000                        | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 8        | 6,001  | -                        | 7,000                        | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 9        | 7,001  | -                        | 8,000                        | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 10       | 8,001  | -                        | 9,000                        | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 11       | 9,001  | -                        | 10,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 12       | 10,001 | -                        | 11,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 13       | 11,001 | -                        | 12,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 14       | 12,001 | -                        | 13,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 15       | 13,001 | -                        | 14,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 16       | 14,001 | -                        | 15,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 17       | 15,001 | -                        | 16,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 18       | 16,001 | -                        | 17,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 19       | 17,001 | -                        | 18,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 20       | 18,001 | -                        | 19,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 21       | 19,001 | -                        | 20,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 22       | 20,001 | -                        | 21,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 23       | 21,001 | -                        | 22,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 24       | 22,001 | -                        | 23,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 25       | 23,001 | -                        | 24,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 26       | 24,001 | -                        | 25,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 27       | 25,001 | -                        | 26,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 28       | 26,001 | -                        | 27,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 29       | 27,001 | -                        | 28,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 30       | 28,001 | -                        | 29,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 31       | 29,001 | -                        | 30,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 32       | 30,001 | -                        | 31,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 33       | 31,001 | -                        | 32,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 34       | 32,001 | -                        | 33,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 35       | 33,001 | -                        | 34,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 36       | 34,001 | -                        | 35,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 37       | 35,001 | -                        | 36,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 38       | 36,001 | -                        | 37,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 39       | 37,001 | -                        | 38,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 40       | 38,001 | -                        | 39,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 41       | 39,001 | -                        | 40,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 42       | 40,001 | -                        | 41,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 43       | 41,001 | -                        | 42,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 44       | 42,001 | -                        | 43,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 45       | 43,001 | -                        | 44,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 46       | 44,001 | -                        | 45,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 47       | 45,001 | -                        | 46,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 48       | 46,001 | -                        | 47,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 49       | 47,001 | -                        | 48,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 50       | 48,001 | -                        | 49,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 51       | 49,001 | -                        | 50,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 52       | 50,001 | -                        | 51,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |
| 53       | 51,001 | -                        | 52,000                       | -                     | -                    | 0.00%      | -                             | 0.00%      |

Class: Effluent Reuse  
 Meter Size: All  
 Sub Class:

|                 | Charges | Present Rates | Proposed Rates |
|-----------------|---------|---------------|----------------|
| Monthly Charge: | \$      | -             | \$ -           |

Market Rate \$ 0.25 \$ 0.25

| Line |           |           | Number      | Average     | Consumption | Cumulative Bills |            | Cumulative Consumption |            |
|------|-----------|-----------|-------------|-------------|-------------|------------------|------------|------------------------|------------|
| No.  | Block     |           | of Bills by | Consumption | Consumption | No.              | % of Total | Amount                 | % of Total |
|      |           |           | Block       | in Block    | by Blocks   |                  |            |                        |            |
| 54   | 52,001    | -         | 53,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 55   | 53,001    | -         | 54,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 56   | 54,001    | -         | 55,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 57   | 55,001    | -         | 56,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 58   | 56,001    | -         | 57,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 59   | 57,001    | -         | 58,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 60   | 58,001    | -         | 59,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 61   | 59,001    | -         | 60,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 62   | 60,001    | -         | 61,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 63   | 61,001    | -         | 62,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 64   | 62,001    | -         | 63,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 65   | 63,001    | -         | 64,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 66   | 64,001    | -         | 65,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 67   | 65,001    | -         | 66,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 68   | 66,001    | -         | 67,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 69   | 67,001    | -         | 68,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 70   | 68,001    | -         | 69,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 71   | 69,001    | -         | 70,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 72   | 70,001    | -         | 71,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 73   | 71,001    | -         | 72,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 74   | 72,001    | -         | 73,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 75   | 73,001    | -         | 74,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 76   | 74,001    | -         | 75,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 77   | 75,001    | -         | 76,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 78   | 76,001    | -         | 77,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 79   | 77,001    | -         | 78,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 80   | 78,001    | -         | 79,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 81   | 79,001    | -         | 80,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 82   | 80,001    | -         | 81,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 83   | 81,001    | -         | 82,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 84   | 82,001    | -         | 83,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 85   | 83,001    | -         | 84,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 86   | 84,001    | -         | 85,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 87   | 85,001    | -         | 86,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 88   | 86,001    | -         | 87,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 89   | 87,001    | -         | 88,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 90   | 88,001    | -         | 89,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 91   | 89,001    | -         | 90,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 92   | 90,001    | -         | 91,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 93   | 91,001    | -         | 92,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 94   | 92,001    | -         | 93,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 95   | 93,001    | -         | 94,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 96   | 94,001    | -         | 95,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 97   | 95,001    | -         | 96,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 98   | 96,001    | -         | 97,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 99   | 97,001    | -         | 98,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 100  | 98,001    | -         | 99,000      | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 101  | 99,001    |           | 100,000     | -           |             | -                | 0.00%      | -                      | 0.00%      |
| 102  | 3,903,000 | 3,903,000 | 1           | 3,903,000   | 3,903,000   | 1                | 4.17%      | 3,903,000              | 1.43%      |
| 103  | 4,391,000 | 4,391,000 | 1           | 4,391,000   | 4,391,000   | 2                | 8.33%      | 8,294,000              | 3.04%      |
| 104  | 4,392,000 | 4,392,000 | 1           | 4,392,000   | 4,392,000   | 3                | 12.50%     | 12,686,000             | 4.65%      |
| 105  | 4,500,000 | 4,500,000 | 1           | 4,500,000   | 4,500,000   | 4                | 16.67%     | 17,186,000             | 6.29%      |
| 106  | 4,681,000 | 4,681,000 | 1           | 4,681,000   | 4,681,000   | 5                | 20.83%     | 21,867,000             | 8.01%      |

Class: Effluent Reuse  
Meter Size: All  
Sub Class:

| Charges            | Present Rates | Proposed Rates |
|--------------------|---------------|----------------|
| Monthly Charge: \$ | -             | \$ -           |

Market Rate \$ 0.25 \$ 0.25

| Line |            |            | Number      | Average     |             |                  |            |                        |            |  |
|------|------------|------------|-------------|-------------|-------------|------------------|------------|------------------------|------------|--|
|      |            |            | of Bills by | Consumption | Consumption | Cumulative Bills |            | Cumulative Consumption |            |  |
| No.  | Block      | Block      | Block       | in Block    | by Blocks   | No.              | % of Total | Amount                 | % of Total |  |
| 107  | 5,632,000  | 5,632,000  | 1           | 5,632,000   | 5,632,000   | 6                | 25.00%     | 27,499,000             | 10.07%     |  |
| 108  | 6,103,000  | 6,103,000  | 1           | 6,103,000   | 6,103,000   | 7                | 29.17%     | 33,602,000             | 12.31%     |  |
| 109  | 6,167,000  | 6,167,000  | 1           | 6,167,000   | 6,167,000   | 8                | 33.33%     | 39,769,000             | 14.56%     |  |
| 110  | 6,252,000  | 6,252,000  | 1           | 6,252,000   | 6,252,000   | 9                | 37.50%     | 46,021,000             | 16.85%     |  |
| 111  | 6,758,000  | 6,758,000  | 1           | 6,758,000   | 6,758,000   | 10               | 41.67%     | 52,779,000             | 19.33%     |  |
| 112  | 7,827,000  | 7,827,000  | 1           | 7,827,000   | 7,827,000   | 11               | 45.83%     | 60,606,000             | 22.20%     |  |
| 113  | 10,180,000 | 10,180,000 | 1           | 10,180,000  | 10,180,000  | 12               | 50.00%     | 70,786,000             | 25.92%     |  |
| 114  | 14,771,000 | 14,771,000 | 1           | 14,771,000  | 14,771,000  | 13               | 54.17%     | 85,557,000             | 31.33%     |  |
| 115  | 14,931,000 | 14,931,000 | 1           | 14,931,000  | 14,931,000  | 14               | 58.33%     | 100,488,000            | 36.80%     |  |
| 116  | 15,478,000 | 15,478,000 | 1           | 15,478,000  | 15,478,000  | 15               | 62.50%     | 115,966,000            | 42.47%     |  |
| 117  | 15,480,400 | 15,480,400 | 1           | 15,480,400  | 15,480,400  | 16               | 66.67%     | 131,446,400            | 48.14%     |  |
| 118  | 16,067,000 | 16,067,000 | 1           | 16,067,000  | 16,067,000  | 17               | 70.83%     | 147,513,400            | 54.02%     |  |
| 119  | 16,226,000 | 16,226,000 | 1           | 16,226,000  | 16,226,000  | 18               | 75.00%     | 163,739,400            | 59.97%     |  |
| 120  | 16,313,000 | 16,313,000 | 1           | 16,313,000  | 16,313,000  | 19               | 79.17%     | 180,052,400            | 65.94%     |  |
| 121  | 16,792,000 | 16,792,000 | 1           | 16,792,000  | 16,792,000  | 20               | 83.33%     | 196,844,400            | 72.09%     |  |
| 122  | 18,096,000 | 18,096,000 | 1           | 18,096,000  | 18,096,000  | 21               | 87.50%     | 214,940,400            | 78.72%     |  |
| 123  | 18,527,000 | 18,527,000 | 1           | 18,527,000  | 18,527,000  | 22               | 91.67%     | 233,467,400            | 85.50%     |  |
| 124  | 19,103,000 | 19,103,000 | 1           | 19,103,000  | 19,103,000  | 23               | 95.83%     | 252,570,400            | 92.50%     |  |
| 125  | 20,482,000 | 20,482,000 | 1           | 20,482,000  | 20,482,000  | 24               | 100.00%    | 273,052,400            | 100.00%    |  |

|     |        |  |    |  |             |    |  |             |  |
|-----|--------|--|----|--|-------------|----|--|-------------|--|
| 126 |        |  |    |  |             |    |  |             |  |
| 127 | Totals |  | 24 |  | 273,052,400 | 24 |  | 273,052,400 |  |

|     |             |  |    |  |  |  |  |  |  |
|-----|-------------|--|----|--|--|--|--|--|--|
| 128 |             |  |    |  |  |  |  |  |  |
| 129 | Total Bills |  | 24 |  |  |  |  |  |  |

|     |                               |  |            |  |                 | Current Rates |           | Proposed Rates |           |
|-----|-------------------------------|--|------------|--|-----------------|---------------|-----------|----------------|-----------|
|     |                               |  |            |  |                 | Units         | Revenue   | Units          | Revenue   |
| 131 |                               |  |            |  |                 |               |           |                |           |
| 132 |                               |  |            |  | Base Charge     | 24            | \$ -      | 24             | \$ -      |
| 133 | Average Number of Customers   |  | 2          |  |                 |               |           |                |           |
| 134 |                               |  |            |  | Usage (gallons) |               |           |                |           |
| 135 | Average Consumption (gallons) |  | 11,377,183 |  |                 |               |           |                | \$ -      |
| 136 |                               |  |            |  |                 |               |           |                | -         |
| 137 | Median Consumption (gallons)  |  | 10,180,000 |  | All Usage       | 273,052,400   | 68,263    | 273,052,400    | 68,263    |
| 138 |                               |  |            |  | Usage Totals    | 273,052,400   |           | 273,052,400    |           |
| 139 |                               |  |            |  | Revenue Totals  |               | \$ 68,263 |                | \$ 68,263 |

## **EXHIBIT RLJ-DT4**

### **Regulatory Expense Surcharge Calculation**



Foothills Water & Sewer, LLC - Water Division  
Rate Case Surcharge Calculation

Exhibit RLJ-DT4  
10/23/2023

Line

No.

|   |                             |    |            |    |            |
|---|-----------------------------|----|------------|----|------------|
| 1 | Estimated Rate Case Expense | \$ | 600,000.00 |    |            |
| 2 | Water Allocation            |    | 50.0%      | \$ | 300,000.00 |
| 3 | Sewer Allocation            |    | 50.0%      | \$ | 300,000.00 |

|   |                 |   |       |  |  |
|---|-----------------|---|-------|--|--|
| 4 |                 |   |       |  |  |
| 5 | Recovery Period | 3 | Years |  |  |
| 6 |                 |   |       |  |  |

| 7  | <u>Equivalent Bills</u> |                  |    | Proposed    |                   | Equivalent     |
|----|-------------------------|------------------|----|-------------|-------------------|----------------|
| 8  |                         | <u># of Cust</u> |    | <u>Rate</u> | <u>Multiplier</u> | <u>Bills</u>   |
| 9  | Residential             |                  |    |             |                   |                |
| 10 | 5/8 x 3/4" Meter        | 15,844           | \$ | 15.76       | 1.00              | 15,844         |
| 11 | 3/4" Meter              | -                |    | 23.64       | 1.50              | -              |
| 12 | 1" Meter                | 1                |    | 39.40       | 2.50              | 3              |
| 13 | 1 1/2" Meter            |                  |    | 78.80       | 5.00              | -              |
| 14 | 2" Meter                |                  |    | 126.08      | 8.00              | -              |
| 15 | 3" Meter                |                  |    | 252.16      | 16.00             | -              |
| 16 | 4" Meter                |                  |    | 394.00      | 25.00             | -              |
| 17 | 6" Meter                |                  |    | 788.00      | 50.00             | -              |
| 18 |                         |                  |    |             |                   |                |
| 19 | Commercial              |                  |    |             |                   |                |
| 20 | 5/8 x 3/4" Meter        | 77               |    | 15.76       | 1.00              | 77             |
| 21 | 3/4" Meter              | -                |    | 23.64       | 1.50              | -              |
| 22 | 1" Meter                | 89               |    | 39.40       | 2.50              | 223            |
| 23 | 1 1/2" Meter            | 23               |    | 78.80       | 5.00              | 115            |
| 24 | 2" Meter                | 89               |    | 126.08      | 8.00              | 712            |
| 25 | 3" Meter                | 3                |    | 252.16      | 16.00             | 48             |
| 26 | 4" Meter                | 2                |    | 394.00      | 25.00             | 50             |
| 27 | 6" Meter                | 3                |    | 788.00      | 50.00             | 150            |
| 28 |                         |                  |    |             |                   |                |
| 29 | Construction/Standpipe  | 5                |    | 252.16      | 16.00             | 80             |
| 30 |                         |                  |    |             |                   |                |
| 31 | Firelines 4" or smaller |                  |    | 12.00       | 0.76              | -              |
| 32 | Firelines 6"            |                  |    | 15.76       | 1.00              | -              |
| 33 |                         |                  |    |             |                   |                |
| 34 | Monthly Totals          | <u>16,136</u>    |    |             |                   | <u>17,302</u>  |
| 35 | Annual Total            |                  |    |             | x 12              | <u>207,624</u> |

38 Base Surcharge - 5/8" x 3/4" Meter Size

|    |   |                |                       |  |  |
|----|---|----------------|-----------------------|--|--|
| 39 |   |                |                       |  |  |
| 40 | Rate Case Surcharge                     |                |                       |  |  |
| 41 | Total Rate Case Expense                 | 300,000.00     | Line [2]              |  |  |
| 42 | Recovery Period                         | <u>3.00</u>    | Line [5]              |  |  |
| 43 | Annual Rate Case Surcharge Requirement  | 100,000.00     | Line [41] / Line [42] |  |  |
| 44 | Total Number of Equivalent Bills        | <u>207,624</u> | Line [35]             |  |  |
| 45 | Monthly Surcharge for 5/8" x 3/4" Meter | <u>\$ 0.48</u> | Line [43] / Line [44] |  |  |

Foothills Water & Sewer, LLC - Water Division  
Rate Case Surcharge Calculation

Exhibit RJ-DT4  
10/23/2023

Line

No.

| <u>Surcharge By Meter Size and Class</u> |                                    | <u>Rate Case Surcharge</u> |  |                                       |
|--|------------------------------------|----------------------------|--|---------------------------------------|
|  |                                    | <u>Multiplier</u>          | <u>5/8" x 3/4"</u><br><u>Surcharge</u> | <u>Meter Size</u><br><u>Surcharge</u> |
| 4  | Residential                        |                            |  |                                       |
| 5  | 5/8 x 3/4" Meter                   | 1.00                       | \$ 0.48                                | \$ 0.48                               |
| 6  | 3/4" Meter                         | 1.50                       | 0.48                                   | 0.72                                  |
| 7  | 1" Meter                           | 2.50                       | 0.48                                   | 1.20                                  |
| 8  | 1 1/2" Meter                       | 5.00                       | 0.48                                   | 2.40                                  |
| 9  | 2" Meter                           | 8.00                       | 0.48                                   | 3.84                                  |
| 10                                       | 3" Meter                           | 16.00                      | 0.48                                   | 7.68                                  |
| 11                                       | 4" Meter                           | 25.00                      | 0.48                                   | 12.00                                 |
| 12                                       | 6" Meter                           | 50.00                      | 0.48                                   | 24.00                                 |
| 13                                       |                                    |                            |  |                                       |
| 14                                       | Commercial                         |                            |  |                                       |
| 15                                       | 5/8 x 3/4" Meter                   | 1.00                       | 0.48                                   | 0.48                                  |
| 16                                       | 3/4" Meter                         | 1.50                       | 0.48                                   | 0.72                                  |
| 17                                       | 1" Meter                           | 2.50                       | 0.48                                   | 1.20                                  |
| 18                                       | 1 1/2" Meter                       | 5.00                       | 0.48                                   | 2.40                                  |
| 19                                       | 2" Meter                           | 8.00                       | 0.48                                   | 3.84                                  |
| 20                                       | 3" Meter                           | 16.00                      | 0.48                                   | 7.68                                  |
| 21                                       | 4" Meter                           | 25.00                      | 0.48                                   | 12.00                                 |
| 22                                       | 6" Meter                           | 50.00                      | 0.48                                   | 24.00                                 |
| 23                                       |                                    |                            |  |                                       |
| 24                                       | Construction/Standpipe             | 16.00                      | 0.48                                   | 7.68                                  |
| 25                                       |                                    |                            |  |                                       |
| 26                                       | Firelines 4" or smaller            | 0.76                       | 0.48                                   | 0.36                                  |
| 27                                       | Firelines 6"                       | 1.00                       | 0.48                                   | 0.48                                  |
| 28                                       |                                    |                            |  |                                       |
| 29                                       |                                    |                            |  |                                       |
| 30                                       | <u>Surcharge Revenue Generated</u> |                            | <u>Rate Case Surcharge</u>             |                                       |
| 31                                       |                                    |                            |  | <u>Monthly</u>                        |
| 32                                       | Residential                        | <u># of Cust</u>           | <u>Surcharge</u>                       | <u>Revenue</u>                        |
| 33                                       | 5/8 x 3/4" Meter                   | 15,844                     | \$ 0.48                                | \$ 7,605.12                           |
| 34                                       | 3/4" Meter                         | -                          | 0.72                                   | -                                     |
| 35                                       | 1" Meter                           | 1                          | 1.20                                   | 1.20                                  |
| 36                                       | 1 1/2" Meter                       | -                          | 2.40                                   | -                                     |
| 37                                       | 2" Meter                           | -                          | 3.84                                   | -                                     |
| 38                                       | 3" Meter                           | -                          | 7.68                                   | -                                     |
| 39                                       | 4" Meter                           | -                          | 12.00                                  | -                                     |
| 40                                       | 6" Meter                           | -                          | 24.00                                  | -                                     |
| 41                                       |                                    |                            |  |                                       |
| 42                                       | Commercial                         |                            |  |                                       |
| 43                                       | 5/8 x 3/4" Meter                   | 77                         | 0.48                                   | 36.96                                 |
| 44                                       | 3/4" Meter                         | -                          | 0.72                                   | -                                     |
| 45                                       | 1" Meter                           | 89                         | 1.20                                   | 106.80                                |
| 46                                       | 1 1/2" Meter                       | 23                         | 2.40                                   | 55.20                                 |
| 47                                       | 2" Meter                           | 89                         | 3.84                                   | 341.76                                |
| 48                                       | 3" Meter                           | 3                          | 7.68                                   | 23.04                                 |
| 49                                       | 4" Meter                           | 2                          | 12.00                                  | 24.00                                 |
| 50                                       | 6" Meter                           | 3                          | 24.00                                  | 72.00                                 |
| 51                                       |                                    |                            |  |                                       |
| 52                                       | Construction/Standpipe             | 5                          | 7.68                                   | 38.40                                 |
| 53                                       |                                    |                            |  |                                       |
| 54                                       | Firelines 4" or smaller            | -                          | 0.36                                   | -                                     |
| 55                                       | Firelines 6"                       | -                          | 0.48                                   | -                                     |
| 56                                       |                                    |                            |  |                                       |
| 57                                       | Monthly Totals                     | <u>16,136</u>              | <u>\$</u>                              | <u>8,304.48</u>                       |
| 58                                       |                                    |                            |  |                                       |
| 59                                       | Annual Total Surcharge Revenue     |                            | x 12                                   | <u>\$ 99,653.76</u>                   |
| 60                                       |                                    |                            |  |                                       |

Foothills Water & Sewer, LLC - Sewer Division  
Rate Case Surcharge Calculation

Exhibit RLJ-DT4  
10/23/2023

|      |   |                  |                       |                   |                |
|------|---|------------------|-----------------------|-------------------|----------------|
| Line |   |                  |                       |                   |                |
| No.  |   |                  |                       |                   |                |
| 1    | Estimated Rate Case Expense                           | \$               | 600,000.00            |                   |                |
| 2    | Water Allocation                                      | 50.0%            | \$ 300,000.00         |                   |                |
| 3    | Sewer Allocation                                      | 50.0%            | \$ 300,000.00         |                   |                |
| 4    |   |                  |                       |                   |                |
| 5    | Recovery Period                                       | 3.00             | Years                 |                   |                |
| 6    |   |                  |                       |                   |                |
| 7    | <u>Equivalent Bills</u>                               |                  | Proposed              |                   | Equivalent     |
| 8    |   | <u># of Cust</u> | <u>Rate</u>           | <u>Multiplier</u> | <u>Bills</u>   |
| 9    | Residential   |                  |                       |                   |                |
| 10   | All Meter Sizes (Except RV)                           | 8,598            | \$ 85.26              | 1.00              | 8,598          |
| 11   |   |                  |                       |                   |                |
| 12   | Commercial  |                  |                       |                   |                |
| 13   | 5/8 x 3/4" Meter                                      | 16               | 127.89                | 1.50              | 24             |
| 14   | 3/4" Meter  | -                | 159.86                | 1.87              | -              |
| 15   | 1" Meter  | 15               | 223.81                | 2.63              | 39             |
| 16   | 1 1/2" Meter  | 11               | 447.62                | 5.25              | 58             |
| 17   | 2" Meter  | 30               | 703.40                | 8.25              | 248            |
| 18   | 3" Meter  | 1                | 1,406.79              | 16.50             | 17             |
| 19   | 4" Meter  | 1                | 2,174.13              | 25.50             | 26             |
| 20   | 6" Meter  | -                | 4,476.15              | 52.50             | -              |
| 21   |   |                  |                       |                   |                |
| 22   | RV Park   |                  |                       |                   |                |
| 23   | RV Park Base Charge                                   | 3                | 127.89                | 1.50              | 5              |
| 24   | RV Park - Per Space                                   | 478              | 28.14                 | 0.33              | 158            |
| 25   |   |                  |                       |                   |                |
| 26   |   |                  |                       |                   |                |
| 27   |   |                  |                       |                   |                |
| 28   | Monthly Totals  | <u>9,153</u>     |                       |                   | <u>9,173</u>   |
| 29   | Annual Total Regular Bill                             |                  |                       | x 12              | <u>110,076</u> |
| 30   |   |                  |                       |                   |                |
| 31   | Residential Re-Establishment Charges (total for year) |                  |                       |                   | 2,590          |
| 32   |   |                  |                       |                   |                |
| 33   | Annual Total Equivalent Bills                         |                  |                       |                   | <u>112,666</u> |
| 34   |   |                  |                       |                   |                |
| 35   | <u>Base Surcharge - Residential Class</u>             |                  |                       |                   |                |
| 36   |   |                  |                       |                   |                |
| 37   | Rate Case Surcharge                                   |                  |                       |                   |                |
| 38   | Total Rate Case Expense                               | 300,000.00       | Line [3]              |                   |                |
| 39   | Recovery Period                                       | 3.00             | Line [5]              |                   |                |
| 40   | Annual Rate Case Surcharge Requirement                | 100,000.00       | Line [33] / Line [34] |                   |                |
| 41   | Total Number of Equivalent Bills                      | 112,666          | Line [27]             |                   |                |
| 42   | Monthly Surcharge for Residential Class               | <u>\$ 0.89</u>   | Line [35] / Line [36] |                   |                |
| 43   |   |                  |                       |                   |                |
| 44   |   |                  |                       |                   |                |
| 45   |   |                  |                       |                   |                |

Foothills Water & Sewer, LLC - Sewer Division  
Rate Case Surcharge Calculation

Exhibit RLJ-DT4  
10/23/2023

|          |  |                   |    |                            |                          |
|----------|--|-------------------|----|----------------------------|--------------------------|
| Line No. |  |                   |    |                            |                          |
| 1        | <u>Surcharge By Meter Size and Class</u> |                   |    | <u>Rate Case Surcharge</u> |                          |
| 2        |  |                   |    | Residential                | Meter Size               |
| 3        |  | <u>Multiplier</u> |    | <u>Surcharge</u>           | <u>Surcharge</u>         |
| 4        | Residential                              |                   |    |                            |                          |
| 5        | All Meter Sizes (Except RV)              | 1.00              | \$ | 0.89                       | \$ 0.89                  |
| 6        |  |                   |    |                            |                          |
| 7        | Commercial                               |                   |    |                            |                          |
| 8        | 5/8 x 3/4" Meter                         | 1.50              |    | 0.89                       | 1.34                     |
| 9        | 3/4" Meter                               | 1.87              |    | 0.89                       | 1.66                     |
| 10       | 1" Meter                                 | 2.63              |    | 0.89                       | 2.34                     |
| 11       | 1 1/2" Meter                             | 5.25              |    | 0.89                       | 4.67                     |
| 12       | 2" Meter                                 | 8.25              |    | 0.89                       | 7.34                     |
| 13       | 3" Meter                                 | 16.50             |    | 0.89                       | 14.69                    |
| 14       | 4" Meter                                 | 25.50             |    | 0.89                       | 22.70                    |
| 15       | 6" Meter                                 | 52.50             |    | 0.89                       | 46.73                    |
| 16       |  |                   |    |                            |                          |
| 17       | RV Park                                  |                   |    |                            |                          |
| 18       | RV Park Base Charge                      | 1.50              |    | 0.89                       | 1.34                     |
| 19       | RV Park - Per Space                      | 0.33              |    | 0.89                       | 0.29                     |
| 20       |  |                   |    |                            |                          |
| 21       |  |                   |    |                            |                          |
| 22       |  |                   |    |                            |                          |
| 23       | <u>Surcharge Revenue Generated</u>       |                   |    | <u>Rate Case Surcharge</u> |                          |
| 24       |  |                   |    | Residential                | Monthly                  |
| 25       |  | <u># of Cust</u>  |    | <u>Surcharge</u>           | <u>Revenue</u>           |
| 26       | Residential                              |                   |    |                            |                          |
| 27       | All Meter Sizes (Except RV)              | 8,598             | \$ | 0.89                       | \$ 7,652.22              |
| 28       |  |                   |    |                            |                          |
| 29       | Commercial                               |                   |    |                            |                          |
| 30       | 5/8 x 3/4" Meter                         | 16                |    | 1.34                       | 21.44                    |
| 31       | 3/4" Meter                               | -                 |    | 1.66                       | -                        |
| 32       | 1" Meter                                 | 15                |    | 2.34                       | 35.10                    |
| 33       | 1 1/2" Meter                             | 11                |    | 4.67                       | 51.37                    |
| 34       | 2" Meter                                 | 30                |    | 7.34                       | 220.20                   |
| 35       | 3" Meter                                 | 1                 |    | 14.69                      | 14.69                    |
| 36       | 4" Meter                                 | 1                 |    | 22.70                      | 22.70                    |
| 37       | 6" Meter                                 | -                 |    | 46.73                      | -                        |
| 38       |  |                   |    |                            |                          |
| 39       | RV Park                                  |                   |    |                            |                          |
| 40       | RV Park Base Charge                      | 3                 |    | 1.34                       | 4.02                     |
| 41       | RV Park - Per Space                      | 478               |    | 0.29                       | 138.62                   |
| 42       |  |                   |    |                            |                          |
| 43       |  |                   |    |                            |                          |
| 44       | Monthly Totals                           | <u>9,153</u>      |    |                            | <u>\$ 8,160.36</u>       |
| 45       |  |                   |    |                            |                          |
| 46       | Annual Totals - Regular Bills            |                   |    | x 12                       | <u>\$ 97,924.32</u>      |
| 47       |  |                   |    |                            |                          |
| 48       | Residential Re-Establishment Charges     | 2,590             | \$ | 0.89                       | \$ 2,305.10              |
| 49       |  |                   |    |                            |                          |
| 50       | Annual Total Surcharge Revenue           |                   |    |                            | <u><u>100,229.42</u></u> |
| 51       |  |                   |    |                            |                          |

# **EXHIBIT RLJ-DT5**

## **PPAM Plan of Administration**

## **FOOTHILLS WATER & SEWER, LLC**

### **PROPOSED PLAN OF ADMINISTRATION FOR PURCHASED POWER ADJUSTMENT MECHANISM**

#### **I. GENERAL DESCRIPTION**

This document is the Plan of Administration (“POA”) for the Purchased Power Adjustment Mechanism (“PPAM”) for Foothills Water & Sewer, LLC (“Foothills” or “Company”) approved by the Arizona Corporation Commission (“Commission”) in Decision No. on\_\_\_\_\_. The PPAM allows Foothills to pass through to its customers the increase or decrease in purchased power costs that result from a rate change for an electric service provider supplying electric service to the Company.

#### **II. PPAM RELATED FILINGS**

**A.** Whenever Foothills’ electric power provider alters the rates they charge relative to the rates reflected in the purchased power expense adopted by the Arizona Corporation Commission in the Company’s last general rate case, the Company may, in accordance with the provisions of this PPAM, file a new schedule with the Commission, setting forth a surcharge designed to recover such increased or decreased purchased power expenses due to the rate decrease or increase.

**B.** The Company will provide the Commission with spreadsheets detailing exactly how the Company’s purchased power expenses were calculated in the time period prior to a change in the rate that the Company must pay for purchased power. These calculations will include basic service charges and rate and volume figures. That is, the Company will break down its total purchased power bill into the amount due to fixed fees, volume of electricity used, and the rates paid per unit of electricity. For the period following the rate change, the Company will provide the same information, then compare the two periods, isolating any change in purchased power cost that is due exclusively to a rate change. The specific intent is to show exactly how much of any increase or decrease is due to changes in rates beyond the Company’s control and how much is due to a change in the amount of power that the Company consumes. The Company will only recover increases or refund decreases that are due to changes in rates.

**C.** All revised schedules filed with the Commission pursuant to the provisions of this PPAM will be accompanied by documentation prepared by the Company in a format approved by Utilities Division Staff of the Commission and will contain sufficient detail to enable the Commission to verify accuracy of the Company’s calculations.

**D.** The surcharges will become effective 30 days after such filing, unless suspended by Staff. Any suspended tariff filing will become effective upon approval by Staff or the Commission.

**E.** The Company shall provide notice (in a form acceptable to Staff) of the rate increases to customers with the bill where the rate increase first appears.

**III. APPLICATION TO WATER CUSTOMERS**

**A.** The increase or decrease in purchased power costs that are due to changes in rates at the Company's water facilities will be allocated on a per 1,000 gallon basis to water sales for all classes of water customers.

**B.** See the following example:

| <i>Test Year</i>        |           | <i>Current Year</i>     |           |
|-------------------------|-----------|-------------------------|-----------|
| Gallons Sold (1,000s)   | 1,600,000 | Gallons Sold (1,000s)   | 1,660,000 |
| Kilowatt Hours Used     | 3,850,000 | Kilowatt Hours Used     | 4,000,000 |
| Purchased Power Expense | \$385,000 | Purchased Power Expense | \$480,000 |
| Effective Rate per KWH  | \$0.10    | Effective Rate per KWH  | \$0.12    |

| <i>Pass Through Calculation</i>                          |           |  |           |
|--|-----------|--|-----------|
| Current year power expense subject to surcharge:         |           |  |           |
| Test Year Kilowatt Hours Used                            | 3,850,000 |  |           |
| Current Year Rate per KWH                                | 0.12      |  |           |
|  |           |  |           |
| Current year power expense subject to surcharge          | \$462,000 |  |           |
| Test Year Purchased Power Expense                        |           |  | \$385,000 |
| Increase in Purchased Power Expense Due to Rate Increase |           |  | \$77,000  |

| <i>PPAM Charge on Sample Customer Bill</i>               |           |
|--|-----------|
| Increase in Purchased Power Expense Due to Rate Increase | \$77,000  |
| Test Year Gallons Sold (1,000s)                          | 1,600,000 |
| PPAM Charge per 1,000 Gallons Sold                       | \$0.048   |

**IV. APPLICATION TO SEWER CUSTOMERS.**

**A.** The increase or decrease in purchased power costs that are due to changes in rates at the Company's sewer facilities will be allocated on a per equivalent customer basis to all classes of sewer customers, excepting effluent sales that are billed at market rate. The PPAM will also be applicable to Re-Establishment Charges.

**B.** See the following example:

| <i>Test Year</i>                                      |           | <i>Current Year</i>                      |           |
|---|-----------|--|-----------|
| Sewer Customers (Equivalent Residential) <sup>1</sup> | 9,400     | Sewer Customers (Equivalent Residential) | 9,600     |
| Kilowatt Hours Used                                   | 4,900,000 | Kilowatt Hours Used                      | 5,045,000 |
| Purchased Power Expense                               | \$490,000 | Purchased Power Expense                  | \$605,400 |
| Effective Rate per KWH                                | \$0.10    | Effective Rate per KWH                   | \$0.12    |

| <i>Pass Through Calculation</i>                          |           |  |           |
|--|-----------|--|-----------|
| Current year power expense subject to surcharge:         |           |  |           |
| Test Year Kilowatt Hours Used                            | 4,900,000 |  |           |
| Current Year Rate per KWH                                | 0.12      |  |           |
|  |           |  |           |
| Current year power expense subject to surcharge          | \$588,000 |  |           |
| Test Year Purchased Power Expense                        |           |  | \$490,000 |
| Increase in Purchased Power Expense Due to Rate Increase |           |  | \$98,000  |

| <i>PPAM Charge on Sample Customer Bill</i>               |          |
|--|----------|
| Increase in Purchased Power Expense Due to Rate Increase | \$98,000 |
| Test Year Sewer Customers (Equivalent Residential)       | 9,400    |
| PPAM Charge per Customer (Month)                         | \$0.869  |

<sup>1</sup> Includes each test year Re-Establishment Fee as an equivalent customer.



# **EXHIBIT RLJ-DT6**

## **PWAM Plan of Administration**

## **FOOTHILLS WATER & SEWER, LLC**

### **PROPOSED PLAN OF ADMINISTRATION FOR PURCHASED WATER ADJUSTMENT MECHANISM**

#### **I. GENERAL DESCRIPTION**

This document is the Plan of Administration (“POA”) for the Purchased Water Adjustment Mechanism (“PWAM”) for Foothills Water & Sewer, LLC (“Foothills” or “Company”) approved by the Arizona Corporation Commission (“Commission”) in Decision No. on\_\_\_\_\_. The PWAM allows Foothills to pass through to its customers the increase or decrease in purchased water costs that result from a rate change for delivery of Colorado River water received from the Yuma Mesa Irrigation and Drainage District (“YMIDD”).

#### **II. PWAM RELATED FILINGS**

**A.** Whenever the rates charged by the YMIDD for delivery of Colorado River water change relative to the rates reflected in the purchased water expense adopted by the Arizona Corporation Commission in the Company's last general rate case, the Company may, in accordance with the provisions of this PWAM, file a new schedule with the Commission, setting forth a surcharge designed to recover such increased or decreased purchased water expenses due to the rate decrease or increase.

**B.** The Company will provide the Commission with spreadsheets detailing exactly how the Company’s purchased water expenses were calculated in the time period prior to a change in the rate that the Company must pay for purchased water. These calculations will include basic service charges and rate and volume figures. That is, the Company will break down its total purchased water bill into the amount due to fixed fees, volume of water delivered, and the rates paid per unit of delivery. For the period following the rate change, the Company will provide the same information, then compare the two periods, isolating any change in purchased water cost that is due exclusively to a rate change. The specific intent is to show exactly how much of any increase or decrease is due to changes in rates beyond the Company’s control and how much is due to a change in the amount of water that the Company consumes. The Company will only recover increases or refund decreases that are due to changes in rates.

**C.** All revised schedules filed with the Commission pursuant to the provisions of this PWAM will be accompanied by documentation prepared by the Company in a format approved by Utilities Division Staff of the Commission and will contain sufficient detail to enable the Commission to verify accuracy of the Company’s calculations.

**D.** The surcharges will become effective 30 days after such filing, unless suspended by Staff. Any suspended tariff filing will become effective upon approval by Staff or the Commission.

**E.** The Company shall provide notice (in a form acceptable to Staff) of the rate increases to customers with the bill where the rate increase first appears.

**III. APPLICATION TO WATER CUSTOMERS**

**A.** The increase or decrease in purchased water costs that are due to changes in rates will be allocated on a per 1,000 gallon basis to water sales for all classes of water customers.

**B.** See the following example:

| <i>Test Year</i>        |             | <i>Current Year</i>     |             |
|-------------------------|-------------|-------------------------|-------------|
| Gallons Sold (1,000s)   | 1,600,000   | Gallons Sold (1,000s)   | 1,660,000   |
| Water Purchased (AF)    | 5,000       | Water Purchased (AF)    | 5,150       |
| Purchased Water Expense | \$1,000,000 | Purchased Water Expense | \$1,200,000 |
| Effective Rate per AF   | \$200.00    | Effective Rate per KWH  | \$233.00    |

| <i>Pass Through Calculation</i>                            |             |  |             |
|--|-------------|--|-------------|
| Current year purchased water expense subject to surcharge: |             |  |             |
| Test Year Water Purchased (AF)                             | 5,000       |  |             |
| Current Year Rate per AF                                   | 233.00      |  |             |
|  |             |  |             |
| Current year purchased water expense subject to surcharge  | \$1,165,000 |  |             |
| Test Year Purchased Water Expense                          |             |  | \$1,000,000 |
| Increase in Purchased Water Expense Due to Rate Increase   |             |  | \$165,000   |

| <i>PWAM Charge on Sample Customer Bill</i>               |           |
|--|-----------|
| Increase in Purchased Water Expense Due to Rate Increase | \$165,000 |
| Test Year Gallons Sold (1,000s)                          | 1,600,000 |
| PWAM Charge per 1,000 Gallons Sold                       | \$0.103   |

## **EXHIBIT RLJ-DT7**

### **SIB Plan of Administration – Water Division**

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## **EXHIBITS**

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| SIB Plant Table II ..... | EXHIBIT 2 |
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| SIB Schedule C .....     | EXHIBIT 5 |
| SIB Schedule D.....      | EXHIBIT 6 |

## **I. GENERAL DESCRIPTION**

This document is the Plan of Administration ("POA") for the System Improvement Benefits ("SIB") Mechanism approved for the water division of Foothills Water & Sewer, LLC ("Company") by the Arizona Corporation Commission ("Commission") in Decision No. XXXXX (DATE). The SIB mechanism provides for the timely recovery of the capital costs (pre-tax return on investment and depreciation expense, net of associated plant retirements) associated with distribution system improvement projects that: (1) have not been included in rate base for recovery in Decision No. XXXXX (DATE); (2) are listed in the latest Commission-approved SIB Plant Table I; (3) have been verified as completed<sup>1</sup>; and (4) have been placed in service per SIB Plant Table II. Any expenditures offset by contributions in aid of construction or advances in aid of construction are not eligible for inclusion in the SIB mechanism.

## **II. DEFINITIONS**

- A. NARUC – National Association of Regulatory Utility Commissioners
- B. SIB – The System Improvement Benefits mechanism implemented between rate proceedings to support investment in SIB Eligible Plant.
- C. SIB Eligible Plant – Investments in utility plant recorded in the SIB Eligible NARUC accounts.
- D. SIB Eligible NARUC accounts:
  - 1. NARUC Account No. 311 – Pumping Equipment
  - 2. NARUC Account No. 320.2 – Solution Chemical Feeders
  - 3. NARUC Account No. 331 – Transmission and Distribution Mains
  - 4. NARUC Account No. 333 – Services
  - 5. NARUC Account No. 334 – Meters and Meter Installations
  - 6. NARUC Account No. 335 – Hydrants
- E. SIB Plant Table I (is attached to this POA as Exhibit 1) – The schedule of planned SIB Eligible Plant projects that was either approved in the Company's most recent rate case or updated and approved by a subsequent Commission decision. As used herein, this term refers to the latest Commission-approved SIB Plant Table I available unless reference is made to a particular Commission decision.

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<sup>1</sup> Acceptable forms of verification may include the Arizona Department of Environmental Quality Approval of Construction or signed Construction Placed in Service Notice signed by Professional Engineer where Approval of Construction is not applicable.

- F. SIB Plant Table II (is attached to this POA as Exhibit 2) – The schedule of completed, verified, and placed in service SIB Eligible Plant projects from the latest Commission-approved SIB Plant Table I, including the associated plant retirements.
- G. Total Revenue Requirement – The revenue requirement approved in Decision No. XXXXX (DATE), plus the SIB Authorized Revenue.
- H. SIB Revenue Requirement – The revenue requirement equal to the pre-tax return on investment and depreciation expense associated with SIB Eligible Plant projects that have been completed, verified, and placed into service per SIB Plant Table II, net of associated plant retirements.
- I. SIB Revenue Requirement Efficiency Credit – An amount equal to five percent (5%) of the SIB Revenue Requirement.
- J. SIB Authorized Revenue – An amount equal to the SIB Revenue Requirement less the SIB Revenue Requirement Efficiency Credit, plus or minus any SIB True-up Adjustment, if applicable.
- K. Gross SIB Surcharge – An amount to be shown on customers' bills, based on meter size, without consideration of the SIB Surcharge Efficiency Credit.
- L. SIB Surcharge Efficiency Credit – An amount equal to five percent (5%) of the Gross SIB Surcharge, to be shown on customers' bills.
- M. SIB Surcharge – The amount equal to the Gross SIB Surcharge less the SIB Surcharge Efficiency Credit, based on meter size, calculated to recover the SIB Authorized Revenue. The SIB Surcharge is to be shown as a separate line item on customer bills.
- N. SIB True-up Adjustment – The reconciliation of over- or under-collection of the SIB Authorized Revenue, as compared with the total SIB Surcharges collected for the preceding 12-month period. Each SIB True-up Adjustment shall also analyze the cumulative over- or under-collections to include a comparison of all past SIB Authorized Revenues, total SIB Surcharge collections, and prior SIB True-up Adjustments to be used in calculating the individual SIB True-up Adjustment by meter size.

### **III. SIB RELATED FILING**

- A. Progress Reports – The Company must file with Docket Control semi-annual status reports delineating the status of all SIB Eligible Plant projects, as listed in the latest Commission approved SIB Plant Table I. The status report will be a table of all SIB Eligible Projects by water system, which includes the following four columns: (1) SIB project number; (2) SIB project description; (3) expected in service date; and (4) project status. An example of the SIB Status Report table is as follows:

**SIB Status Report**  
**Foothills Water & Sewer, LLC No. XX-XXX**

| Item No. | Project No. | Project Description                              | Estimated In-Service Date | Project Status   |
|----------|-------------|--|---------------------------|--|
| 1        | XX-XX       | [Insert Project Description Approved in Table 1] | [Insert Date]             | [Insert Status]<br><i>Not started;</i><br><i>Under Design;</i><br><i>Under Construction;</i><br><i>Placed In-Service</i> |
| 2        | XX-XX       |  |                           |  |

- B. Reconciliation and True-up – Once a SIB Surcharge is implemented, the Company must file annually to true-up its SIB Surcharge collections over the preceding 12 months with the SIB Authorized Revenue for that period, and establish a surcharge or credit to true-up any over- or under-collections, regardless of whether it seeks a new surcharge. The filing dates for these annual true-ups shall be established in the Commission's Decision approving the SIB Surcharge.
- C. SIB Surcharge Requests – The Company must file the following with each SIB Surcharge request:
1. SIB Plant Table II (with supporting information and documentation), listing the SIB Eligible Plant projects that have been completed and placed in service, for which the Company seeks cost recovery. Such SIB Eligible Plant must:
    - a. Be projects listed in the latest Commission approved SIB Plant Table I;
    - b. Have been completed and placed in service by the Company;
    - c. Have been verified (see footnote 1); and
    - d. Actually be serving customers.
  2. A summary of the Commission-approved SIB Eligible Plant projects (shown on SIB Plant Table I approved in Decision No. XXXXX (DATE) the Company expects to complete and place in service during the next 12 months for inclusion in the next SIB Surcharge, to enable the Commission to establish the latest SIB Plant Table I.<sup>2</sup>

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<sup>2</sup> Beginning with its SIB Surcharge request for the second 12-month surcharge period, the Company may request a change from the estimated Cost/Unit (shown on the SIB Plant Table I approved in Decision No. XXXXX (DATE) due to inflation using the latest calendar year Consumer Price Index. This may be done only if the original SIB Plant Table I Cost/Unit did not account for inflation.



3. SIB Schedule A (an example is attached to this POA as Exhibit 3), showing a calculation of the SIB Revenue Requirement, SIB Revenue Requirement Efficiency Credit, SIB Authorized Revenue, Gross SIB Surcharge, SIB Surcharge Efficiency Credit and the SIB Surcharge. Schedule A shall be supported by revenue requirement schedules supporting the revenue requirement approved in Decision No. XXXXX (DATE) and the pro-forma revenue requirements including the effect of including SIB Eligible Plant.
  4. SIB Schedule B (an example is attached to this POA as Exhibit 4) showing the SIB True-up Adjustment calculation for the prior 12-month SIB Surcharge period, as well as the individual SIB True-up Adjustment by meter size.
  5. SIB Schedule C (an example is attached to this POA as Exhibit 5) showing the effect of the SIB Surcharge on a typical residential customer's monthly bill for both median and average usage.
  6. SIB Schedule D (an example is attached to this POA as Exhibit 6) which shall include an analysis of the impact of completed SIB Eligible Plant projects on the fair value rate base, revenue, and the fair value rate of return. The Company shall also include the following as part of SIB Schedule D:
    - a. The most current balance sheet at the time of the filing;
    - b. The most current income statement;
    - c. An earnings test schedule;
    - d. A rate review schedule (including the incremental and pro forma effect of the proposed increase);
    - e. An adjusted rate base schedule; and,
    - f. A construction work in progress ("CWIP") ledger for each project showing the accumulation of charges by month and paid contractor invoices, including a summary page showing the calculation of the SIB Eligible Plant rate base and depreciation expense net of associated retirements.
- D. The Company will maintain and provide to the Commission's Utilities Division ("Staff") and the Residential Utility Consumer Office ("RUCO") schedules in Microsoft Excel format (with all formulae intact) supporting the revenue requirement approved in Decision No. XXXXX (DATE) and the effects of including the SIB Eligible Plant underlying the current SIB Surcharge request and any previously approved SIB Surcharge and SIB True-up Adjustment requests.
- E. The Company may file its initial SIB Surcharge request with Docket Control no earlier than 12 months after the entry of Decision No. XXXXX (DATE).

- F. The Company may make no more than one SIB Surcharge request every 12 months with no more than five (5) SIB Surcharge requests between rate case decisions. A SIB True-up Adjustment must be filed with each SIB Surcharge request, except the first SIB Surcharge request.
- G. Unless otherwise authorized by the Commission, the Company is required to file its next general rate case no later than DATE, with a test year ending no later than DATE.
- H. Any SIB Surcharges that are in effect shall be reset to zero upon the date new rates become effective in the Company's next general rate case.

#### **IV. SIB SURCHARGE CALCULATIONS**

- A. Calculation of Amounts to Be Collected By the SIB Surcharge
  - 1. The amount to be collected by the SIB Authorized Revenue shall be equal to the SIB Revenue Requirement minus the SIB Revenue Requirement Efficiency Credit, plus any SIB True-up Adjustment. For purposes of calculating the SIB Revenue Requirement:
    - a. The required rate of return is equal to the overall rate of return authorized in Decision No. XXXXX (DATE);
    - b. The gross revenue conversion factor/tax multiplier is equal to the gross revenue conversion factor/tax multiplier approved in Decision No. XXXXX (DATE); and
    - c. The applicable depreciation rate(s) is equal to the depreciation rate(s) approved in Decision No. XXXXX (DATE).
  - 2. The SIB Eligible Plant unit cost to be used in calculating the SIB Revenue Requirement shall be the lesser of the installed SIB Eligible Plant unit cost listed in SIB Plant Table II, or 110 percent (110%) of the SIB Eligible Plant estimated unit cost listed in the latest Commission-approved SIB Plant Table I (*See Exhibit 2*).
  - 3. The amount to be collected by each SIB Surcharge shall be capped annually at five percent (5%) of the revenue requirement authorized in Decision No. XXXXX (DATE).
- B. Reconciliation and True-Ups
  - 1. The revenue collected pursuant to the SIB Surcharge over the preceding 12 months shall be trued-up and reconciled with the SIB Authorized Revenue for that period.
  - 2. A new SIB Surcharge shall be combined with an existing SIB Surcharge such that a single SIB Surcharge and a single SIB Efficiency Credit are shown on a customer's bill.

3. For each 12-month period that a SIB Surcharge is in effect, the Company shall reconcile the amounts collected by the SIB Surcharge with the SIB Authorized Revenue, for that 12-month period, consistent with Schedule B.
4. Any under- or over-collected SIB Authorized Revenues shall be recovered or refunded, without interest, over a 12-month period by means of a SIB True-up Adjustment.
5. Starting with the second annual SIB Surcharge, where there are over- or under-collected balances, such over- or under-collected balances shall be carried over to the next year and considered in the calculation of the new SIB True-up Adjustment. If, at the time new rates go into effect in the Company's next rate case, there remains an over- or under-collected balance, such balance shall be reset to zero, and addressed in the next rate case.

C. Earnings Test

1. Once a SIB Surcharge is in effect, the Company is required to perform an annual earnings test calculation for each SIB Surcharge request to determine whether the actual rate of return reflected by the operating income for the affected service area for the relevant 12-month period exceeded the most recently authorized fair value rate of return for the affected system or division.
2. The earnings test shall be:
  - a. Based on the most recent available operating income;
  - b. Adjusted for any operating revenue and expense adjustments adopted in the most recent general rate case; and
  - c. Based on the rate base adopted in the most recent general rate case, updated to recognize changes in plant, accumulated depreciation, contributions in aid of construction, advances in aid of construction, and accumulated deferred income taxes through the most recent available financial statement (quarterly or longer).

**V. ADDING PROJECTS TO SIB PLANT TABLE I UNDER EMERGENCY CIRCUMSTANCES**

- A. The Company may seek Commission approval to add projects to SIB Plant Table I under emergency circumstances. No changes may be made to SIB Plant Table I without Commission approval.
- B. Any addition to SIB Plant Table I must be plant investment that maintains or improves existing customer service, system reliability, integrity and safety. Eligible plant additions are limited to plant replacement projects. The costs of extending facilities or capacity to serve new customers are not recoverable through the SIB mechanism.

- C. To be eligible for SIB treatment, a project must be SIB Eligible Plant.
- D. SIB Eligible Plant must satisfy at least one of the following criteria:
  - 1. Water loss for the system exceeds ten percent (10%), as calculated by the following formula:  $((\text{volume of water produced and/or purchased}) - (\text{volume of water sold} + \text{volume of water put to beneficial use}))$  divided by  $(\text{volume of water produced and/or purchased})$ . If the volume of water put to beneficial use is not metered, it shall be established in a reliable, verifiable manner.
  - 2. Plant assets that have remained in service beyond their useful service lives (based on the Company's authorized utility plant depreciation rates) and are in need of replacement due to being worn out or in a deteriorating condition through no fault of the Company;
  - 3. Any other engineering, operational or financial justification supporting the need for a plant asset replacement, other than the Company's negligence or improper maintenance, including, but not limited to:
    - a. A documented increasing level of repairs to, or failures of, a plant asset justifying its replacement prior to reaching the end of its useful service life (e.g. black poly pipe);
    - b. Assets that are required to be moved, replaced or abandoned by a governmental agency or political subdivision, if the Company can show that it has made a good faith effort to seek reimbursement for all or part of the costs incurred.

## VI. SIB SURCHARGE RATE DESIGN

- A. The SIB Surcharge rate design shall be as follows:
  - 1. The SIB Surcharge shall be a fixed monthly surcharge containing a Gross SIB Surcharge and the SIB Surcharge Efficiency Credit as its two components.
  - 2. The SIB Surcharge shall be calculated by dividing the SIB Authorized Revenue by the number of active equivalent 5/8 x 3/4-inch meters at the end of the most recent 12-month period, and shall increase with meter size based on the following meter capacity multipliers:

|                     |           |
|---------------------|-----------|
| 5/8-inch x 3/4-inch | 1.0 times |
| 3/4-inch            | 1.5 times |
| 1-inch              | 2.5 times |
| 1-1/2-inch          | 5 times   |
| 2-inch              | 8 times   |
| 3-inch              | 16 times  |
| 4-inch              | 25 times  |
| 6-inch              | 50 times  |

- B. The SIB Surcharge shall apply to all of the Company's metered customers,.

**VII. SIB SURCHARGE NOTICE REQUIREMENTS**

- A. Thirty days prior to filing each application to implement a SIB Surcharge, the Company shall file a proposed form of notice to Staff for review, and a Summary of what the Company will be requesting in the application. Once the notice is approved by Staff, the Company shall provide a copy of the approved notice to its customers via newsletter or bill insert. After providing notice, the Company shall file a copy of the notice and a description of when and how it provided notice with each application to implement a SIB Surcharge. The Summary and Notice shall include at least the following information:
1. The individual Gross SIB Surcharge, by meter size;
  2. The individual SIB Surcharge Efficiency Credit, by meter size;
  3. The SIB Surcharge, by meter size; and
  4. Directions to where the customer may obtain a summary of the projects included in the current SIB Surcharge request, including a description of each project and its cost.
- B. A SIB Surcharge shall not become effective until approved by the Commission.
- C. The Company shall notice its customers of the SIB Surcharge approved as soon as possible in a form acceptable to Staff and consistent with the notice requirements of Decision No. XXXXX (DATE).
- D. The Company shall not implement the SIB Surcharge until 30 days after having filed documentation in Docket Control providing the date when all effected customers have been notified of the Commission approved SIB Surcharge.

## **EXHIBIT RLJ-DT8**

### **SIB Plan of Administration – Sewer Division**

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## EXHIBITS

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## **I. GENERAL DESCRIPTION**

This document is the Plan of Administration ("POA") FOR THE System Improvement Benefits ("SIB") approved for the sewer division of Foothills Water & Sewer, LLC ("Company") by the Arizona Corporation Commission ("Commission") in Decision No. XXXXX (DATE). The SIB mechanism provides for the timely recovery of the capital costs (pre-tax return on investment and depreciation expense, net of associated plant retirements) associated with distribution system improvement projects that: (1) have not been included in rate base for recovery; (2) are listed in the latest Commission-approved SIB Plant Table I; (3) have been verified as completed<sup>1</sup>; and (4) have been placed in service per SIB Plant Table II. Any expenditures offset by contributions in aid of construction or advances in aid of construction are not eligible for inclusion in the SIB mechanism.

## **II. DEFINITIONS**

- A. NARUC – National Association of Regulatory Utility Commissioners
- B. SIB – The System Improvement Benefits mechanism implemented between rate proceedings to support investment in SIB Eligible Plant.
- C. SIB Eligible Plant – Investments in utility plant recorded in the SIB Eligible NARUC accounts.
- D. SIB Eligible NARUC accounts:
  - 1. NARUC Account No. 360 – Collection Sewers – Force
  - 2. NARUC Account No. 360.1 – Collection Sewers – Lift Station
  - 3. NARUC Account No. 361 – Collection Sewers - Gravity
  - 4. NARUC Account No. 363 – Services to Customers
  - 5. NARUC Account No. 380 – Treatment and Disposal Equipment (Membranes)
- E. SIB Plant Table I (is attached to this POA as Exhibit 1) – The schedule of planned SIB Eligible Plant projects that was either approved in the Company's most recent rate case or updated and approved by a subsequent Commission decision. As used herein, this term refers to the latest Commission-approved SIB Plant Table I available unless reference is made to a particular Commission decision.
- F. SIB Plant Table II (is attached to this POA as Exhibit 2) – The schedule of completed, verified, and placed in service SIB Eligible Plant projects from the latest Commission-approved SIB Plant Table I, including the associated plant retirements.

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<sup>1</sup> Acceptable forms of verification may include the Arizona Department of Environmental Quality Approval of Construction or signed Construction Placed in Service Notice signed by Professional Engineer where Approval of Construction is not applicable.



- G. Total Revenue Requirement – The revenue requirement approved in Decision No. XXXXX (DATE), plus the SIB Authorized Revenue.
- H. SIB Revenue Requirement – The revenue requirement equal to the pre-tax return on investment and depreciation expense associated with SIB Eligible Plant projects that have been completed, verified, and placed into service per SIB Plant Table II, net of associated plant retirements.
- I. SIB Revenue Requirement Efficiency Credit – An amount equal to five percent (5%) of the SIB Revenue Requirement.
- J. SIB Authorized Revenue – An amount equal to the SIB Revenue Requirement less the SIB Revenue Requirement Efficiency Credit, plus or minus any SIB True-up Adjustment, if applicable.
- K. Gross SIB Surcharge – An amount to be shown on customers' bills, based on service size, without consideration of the SIB Surcharge Efficiency Credit.
- L. SIB Surcharge Efficiency Credit – An amount equal to five percent (5%) of the Gross SIB Surcharge, to be shown on customers' bills.
- M. SIB Surcharge – The amount equal to the Gross SIB Surcharge less the SIB Surcharge Efficiency Credit, based on service size, calculated to recover the SIB Authorized Revenue. The SIB Surcharge is to be shown as a separate line item on customer bills.
- N. SIB True-up Adjustment – The reconciliation of over- or under-collection of the SIB Authorized Revenue, as compared with the total SIB Surcharges collected for the preceding 12-month period. Each SIB True-up Adjustment shall also analyze the cumulative over- or under-collections to include a comparison of all past SIB Authorized Revenues, total SIB Surcharge collections, and prior SIB True-up Adjustments to be used in calculating the individual SIB True-up Adjustment by service lateral size.

### **III. SIB RELATED FILING**

- A. Progress Reports – The Company must file with Docket Control semi-annual status reports delineating the status of all SIB Eligible Plant projects, as listed in the latest Commission approved SIB Plant Table I. The status report will be a table of all SIB Eligible Projects by water system, which includes the following four columns: (1) SIB project number; (2) SIB project description; (3) expected in service date; and (4) project status. An example of the SIB Status Report table is as follows:

**SIB Status Report**  
**Foothills Water & Sewer, LLC No. XX-XXX**

| Item No. | Project No. | Project Description                              | Estimated In-Service Date | Project Status   |
|----------|-------------|--|---------------------------|--|
| 1        | XX-XX       | [Insert Project Description Approved in Table 1] | [Insert Date]             | [Insert Status]<br><i>Not started;</i><br><i>Under Design;</i><br><i>Under Construction;</i><br><i>Placed In-Service</i> |
| 2        | XX-XX       |  |                           |  |

- B. Reconciliation and True-up – Once a SIB Surcharge is implemented, the Company must file annually to true-up its SIB Surcharge collections over the preceding 12 months with the SIB Authorized Revenue for that period, and establish a surcharge or credit to true-up any over- or under-collections, regardless of whether it seeks a new surcharge. The filing dates for these annual true-ups shall be established in the Commission's Decision approving the SIB Surcharge.
- C. SIB Surcharge Requests – The Company must file the following with each SIB Surcharge request:
1. SIB Plant Table II (with supporting information and documentation), listing the SIB Eligible Plant projects that have been completed and placed in service, for which the Company seeks cost recovery. Such SIB Eligible Plant must:
    - a. Be projects listed in the latest Commission approved SIB Plant Table I;
    - b. Have been completed and placed in service by the Company;
    - c. Have been verified (see footnote 1); and
    - d. Actually be serving customers.
  2. A summary of the Commission-approved SIB Eligible Plant projects (shown on SIB Plant Table I approved in Decision No. XXXXX (DATE) the Company expects to complete and place in service during the next 12 months for inclusion in the next SIB Surcharge, to enable the Commission to establish the latest SIB Plant Table I.<sup>2</sup>
  3. SIB Schedule A (an example is attached to this POA as Exhibit 3), showing a calculation of the SIB Revenue Requirement, SIB Revenue Requirement Efficiency Credit, SIB Authorized Revenue, Gross SIB Surcharge, SIB Surcharge Efficiency Credit and the SIB Surcharge. Schedule A shall be supported by

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<sup>2</sup> Beginning with its SIB Surcharge request for the second 12-month surcharge period, the Company may request a change from the estimated Cost/Unit (shown on the SIB Plant Table I approved in Decision No. XXXXX (DATE) due to inflation using the latest calendar year Consumer Price Index. This may be done only if the original SIB Plant Table I Cost/Unit did not account for inflation.

revenue requirement schedules supporting the revenue requirement approved in Decision No. XXXXX (DATE) and the pro-forma revenue requirements including the effect of including SIB Eligible Plant.

4. SIB Schedule B (an example is attached to this POA as Exhibit 4) showing the SIB True-up Adjustment calculation for the prior 12-month SIB Surcharge period, as well as the individual SIB True-up Adjustment by service size.
  5. SIB Schedule C (an example is attached to this POA as Exhibit 5) showing the effect of the SIB Surcharge on a typical residential customer's monthly bill.
  6. SIB Schedule D (an example is attached to this POA as Exhibit 6) which shall include an analysis of the impact of completed SIB Eligible Plant projects on the fair value rate base, revenue, and the fair value rate of return. The Company shall also include the following as part of SIB Schedule D:
    - a. The most current balance sheet at the time of the filing;
    - b. The most current income statement;
    - c. An earnings test schedule;
    - d. A rate review schedule (including the incremental and pro forma effect of the proposed increase);
    - e. An adjusted rate base schedule; and,
    - f. A construction work in progress ("CWIP") ledger for each project showing the accumulation of charges by month and paid contractor invoices, including a summary page showing the calculation of the SIB Eligible Plant rate base and depreciation expense net of associated retirements.
- D. The Company will maintain and provide to the Commission's Utilities Division ("Staff") and the Residential Utility Consumer Office ("RUCO") schedules in Microsoft Excel format (with all formulae intact) supporting the revenue requirement approved in Decision No. XXXXX (DATE) and the effects of including the SIB Eligible Plant underlying the current SIB Surcharge request and any previously approved SIB Surcharge and SIB True-up Adjustment requests.
- E. The Company may file its initial SIB Surcharge request with Docket Control no earlier than 12 months after the entry of Decision No. XXXXX (DATE).
- F. The Company may make no more than one SIB Surcharge request every 12 months with no more than five (5) SIB Surcharge requests between rate case decisions. A SIB True-up Adjustment must-be filed with each SIB Surcharge request, except the first SIB Surcharge request.

- G. Unless otherwise authorized by the Commission, the Company is required to file its next general rate case no later than DATE, with a test year ending no later than DATE.
- H. Any SIB Surcharges that are in effect shall be reset to zero upon the date new rates become effective in the Company's next general rate case.

#### IV. SIB SURCHARGE CALCULATIONS

##### A. Calculation of Amounts to Be Collected By the SIB Surcharge

- 1. The amount to be collected by the SIB Authorized Revenue shall be equal to the SIB Revenue Requirement minus the SIB Revenue Requirement Efficiency Credit, plus any SIB True-up Adjustment. For purposes of calculating the SIB Revenue Requirement:
  - a. The required rate of return is equal to the overall rate of return authorized in Decision No. XXXXX (DATE);
  - b. The gross revenue conversion factor/tax multiplier is equal to the gross revenue conversion factor/tax multiplier approved in Decision No. XXXXX (DATE); and
  - c. The applicable depreciation rate(s) is equal to the depreciation rate(s) approved in Decision No. XXXXX (DATE).
- 2. The SIB Eligible Plant unit cost to be used in calculating the SIB Revenue Requirement shall be the lesser of the installed SIB Eligible Plant unit cost listed in SIB Plant Table II, or 110 percent (110%) of the SIB Eligible Plant estimated unit cost listed in the latest Commission-approved SIB Plant Table I (*See* Exhibit 2).
- 3. The amount to be collected by each SIB Surcharge shall be capped annually at five percent (5%) of the revenue requirement authorized in Decision No. XXXXX (DATE).

##### B. Reconciliation and True-Ups

- 1. The revenue collected pursuant to the SIB Surcharge over the preceding 12 months shall be trued-up and reconciled with the SIB Authorized Revenue for that period.
- 2. A new SIB Surcharge shall be combined with an existing SIB Surcharge such that a single SIB Surcharge and a single SIB Efficiency Credit are shown on a customer's bill.
- 3. For each 12-month period that a SIB Surcharge is in effect, the Company shall reconcile the amounts collected by the SIB Surcharge with the SIB Authorized Revenue, for that 12-month period, consistent with Schedule B.

4. Any under- or over-collected SIB Authorized Revenues shall be recovered or refunded, without interest, over a 12-month period by means of a SIB True-up Adjustment.
5. Starting with the second annual SIB Surcharge, where there are over- or under-collected balances, such over- or under-collected balances shall be carried over to the next year and considered in the calculation of the new SIB True-up Adjustment. If, at the time new rates go into effect in the Company's next rate case, there remains an over- or under-collected balance, such balance shall be reset to zero, and addressed in the next rate case.

C. Earnings Test

1. Once a SIB Surcharge is in effect, the Company is required to perform an annual earnings test calculation for each SIB Surcharge request to determine whether the actual rate of return reflected by the operating income for the affected service area for the relevant 12-month period exceeded the most recently authorized fair value rate of return for the affected system or division.
2. The earnings test shall be:
  - a. Based on the most recent available operating income;
  - b. Adjusted for any operating revenue and expense adjustments adopted in the most recent general rate case; and
  - c. Based on the rate base adopted in the most recent general rate case, updated to recognize changes in plant, accumulated depreciation, contributions in aid of construction, advances in aid of construction, and accumulated deferred income taxes through the most recent available financial statement (quarterly or longer).

**V. ADDING PROJECTS TO SIB PLANT TABLE I UNDER EMERGENCY CIRCUMSTANCES**

- A. The Company may seek Commission approval to add projects to SIB Plant Table I under emergency circumstances. No changes may be made to SIB Plant Table I without Commission approval.
- B. Any addition to SIB Plant Table I must be plant investment that maintains or improves existing customer service, system reliability, integrity and safety. Eligible plant additions are limited to plant replacement projects. The costs of extending facilities or capacity to serve new customers are not recoverable through the SIB mechanism.
- C. To be eligible for SIB treatment, a project must be SIB Eligible Plant.
- D. SIB Eligible Plant must satisfy at least one of the following criteria:

1. Replacement Plant is necessary to address excessive infiltration and inflow ("I/I") adversely affecting treatment plant, and indicating the probability of sewer system collapse causing a public health and safety hazard.
2. Plant assets that have remained in service beyond their useful service lives (based on the Company's authorized utility plant depreciation rates) and are in need of replacement due to being worn out or in a deteriorating condition through no fault of the Company;
3. Any other engineering, operational or financial justification supporting the need for a plant asset replacement, other than the Company's negligence or improper maintenance, including, but not limited to:
  - a. A documented increasing level of repairs to, or failures of, a plant asset justifying its replacement prior to reaching the end of its useful service life;
  - b. Assets that are required to be moved, replaced or abandoned by a governmental agency or political subdivision, if the Company can show that it has made a good faith effort to seek reimbursement for all or part of the costs incurred.

## VI. SIB SURCHARGE RATE DESIGN

A. The SIB Surcharge rate design shall be as follows:

1. The SIB Surcharge shall be a fixed monthly surcharge containing a Gross SIB Surcharge and the SIB Surcharge Efficiency Credit as its two components.
2. The SIB Surcharge shall be calculated by dividing the SIB Authorized Revenue by the number of equivalent residential services at the end of the most recent 12-month period, and shall increase with meter size based on the following capacity multipliers:

| <u>Class / Meter Size</u> | <u>Factor</u> |
|---------------------------|---------------|
| Residential / All         | 1.000         |
| <u>Commercial</u>         |               |
| 5/8" x 3/4" Meter         | 1.500         |
| 3/4" Meter                | 1.875         |
| 1" Meter                  | 2.625         |
| 1 1/2" Meter              | 5.250         |
| 2" Meter                  | 8.250         |
| 3" Meter                  | 16.500        |
| 4" Meter                  | 25.500        |
| 6" Meter                  | 52.500        |
| RV Park Base Chg.         | 1.500         |
| RV Park – Per Space       | 0.330         |

- B. The SIB Surcharge shall apply to all of the Company's customers.

**VII. SIB SURCHARGE NOTICE REQUIREMENTS**

- A. Thirty days prior to filing each application to implement a SIB Surcharge, the Company shall file a proposed form of notice to Staff for review, and a Summary of what the Company will be requesting in the application. Once the notice is approved by Staff, the Company shall provide a copy of the approved notice to its customers via newsletter or bill insert. After providing notice, the Company shall file a copy of the notice and a description of when and how it provided notice with each application to implement a SIB Surcharge. The Summary and Notice shall include at least the following information:
1. The individual Gross SIB Surcharge, by service lateral size;
  2. The individual SIB Surcharge Efficiency Credit, by service lateral size;
  3. The SIB Surcharge, by service lateral size; and
  4. Directions to where the customer may obtain a summary of the projects included in the current SIB Surcharge request, including a description of each project and its cost.
- B. A SIB Surcharge shall not become effective until approved by the Commission.
- C. The Company shall notice its customers of the SIB Surcharge approved as soon as possible in a form acceptable to Staff and consistent with the notice requirements of Decision No. XXXXX (DATE).
- D. The Company shall not implement the SIB Surcharge until 30 days after having filed documentation in Docket Control providing the date when all effected customers have been notified of the Commission approved SIB Surcharge.

**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 FOOTHILLS WATER & SEWER, LLC,  
AN ARIZONA CORPORATION, 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 BY ITS WATER  
AND WASTEWATER DIVISIONS AND  
FOR CERTAIN RELATED APPROVALS.

DOCKET NO. WS-03478A-23-

TESTIMONY OF

JOHN. J. SPANOS

ON BEHALF OF

FOOTHILLS WATER & SEWER, LLC

October 31, 2023



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1 I. INTRODUCTION

2 1. Q. Please state your name and address.

3 A. John J. Spanos. My business address is 207 Senate Avenue, Camp Hill,  
4 Pennsylvania.

5 2. Q. With what firm are you associated?

6 A. I am associated with the firm of Gannett Fleming Valuation and Rate  
7 Consultants, LLC ("Gannett Fleming").

8 3. Q. How long have you been associated with Gannett Fleming?

9 A. I have been associated with the firm since June 1986.

10 4. Q. What is your position in the firm?

11 A. I am President.

12 5. Q. What is your educational background?

13 A. I have Bachelor of Science degrees in Industrial Management and Mathematics  
14 from Carnegie-Mellon University and a Master of Business Administration from  
15 York College of Pennsylvania.

16 6. Q. Are you a member of any professional societies?

17 A. Yes. I am a Past President and member of the Society of Depreciation  
18 Professionals. I am also a member of the American Gas Association/Edison  
19 Electric Institute Industry Accounting Committee.

20 7. Q. Have you taken the certification examination for depreciation  
21 professionals?

22 A. Yes. I passed the certification examination of the Society of Depreciation  
23 Professionals in September 1997 and was recertified in August 2003, February  
24 2008, January 2013, February 2018 and February 2023.

1 **8. Q. Will you outline your experience in the field of depreciation?**

2 A. Yes. I have over 37 years of depreciation experience which includes giving expert  
3 testimony in more than 440 cases before 46 regulatory commissions, including  
4 this Commission. These cases have included depreciation studies in the electric,  
5 gas, water, wastewater and pipeline industries. In addition to cases where I have  
6 submitted testimony, I have also supervised over 800 other depreciation or  
7 valuation assignments. Please refer to Appendix A for my qualifications  
8 statement, which includes further information with respect to my work history,  
9 case experience, and leadership in the Society of Depreciation Professionals.

10 **9. Q. What is the purpose of your testimony?**

11 A. My testimony is in support of the water and wastewater depreciation studies  
12 conducted under my direction and supervision for Foothills Water and Sewer  
13 Company, LLC Company (the "Company"). Based upon the studies, I am  
14 recommending that new depreciation accrual rates be adopted by the Company.

15 **II. OVERVIEW**

16 **10. Q. Please describe what you mean by the term "depreciation."**

17 A. "Depreciation" refers to the loss in service value not restored by current  
18 maintenance, incurred in connection with the consumption or prospective  
19 retirement of utility plant in the course of service from causes which are known to  
20 be in current operation and against which the Company is not protected by  
21 insurance. Among the causes to be given consideration are wear and tear,  
22 decay, action of the elements, inadequacy, obsolescence, changes in the art,  
23 changes in demand, and the requirements of public authorities. Depreciation  
24 accrual rates are used to allocate, for accounting purposes, the cost of assets

1 over their service lives.

2 In the studies that I performed and which is the basis for my testimony, I used  
3 the straight line remaining life method of depreciation, with the average service  
4 life procedure to develop recommended depreciation accrual rates. The total  
5 annual depreciation is based on a system of depreciation accounting which aims  
6 to distribute the cost of fixed capital assets over the estimated useful life of the  
7 unit, or group of assets, in a systematic and rational manner.

8 For General Plant Accounts 340, 340.1, 343, 344, 346, 347 and 348 for water  
9 assets and Accounts 390, 390.1, 393, 394, 396, 397 and 398 for wastewater  
10 assets, I used the straight line method of amortization. The annual amortization  
11 is based on amortization accounting which distributes the unrecovered cost of  
12 fixed capital assets over the remaining amortization period selected for each  
13 account and vintage.

14 **11. Q. Have you prepared exhibits presenting the results of your studies?**

15 A. Yes. The report titled, "2023 Depreciation Study – Calculated Annual  
16 Depreciation Accruals Related to Water and Wastewater Plant as of June 30,  
17 2023" which has been marked Exhibit No. JJS-1 sets forth the results of my  
18 combined water and wastewater study.

19 **12. Q. How did you determine the recommended annual depreciation accrual**  
20 **rates?**

21 A. The determination of annual depreciation accrual rates consists of two phases.  
22 In the first phase, service life and net salvage characteristics are estimated for  
23 each depreciable group, that is, each plant account or subaccount identified as  
24 having similar characteristics. In the second phase, the annual depreciation

accrual rates are calculated based on the service life and net salvage estimates determined in the first phase.

### III. ESTIMATION OF SERVICE LIFE AND NET SALVAGE

**13. Q. Please describe the first phase of each study, that is, the manner in which you estimated the service life and net salvage characteristics for each depreciable group.**

A. The service life studies consisted of compiling historical data from records related to the Company's plant; analyzing these data to obtain historical trends of survivor characteristics; obtaining supplementary information from management and operating personnel concerning the Company's practices and plans as they relate to plant operations; and interpreting the above data and the estimates used by other water and wastewater utilities to form judgments of average service life and net salvage characteristics.

**14. Q. What historical data did you analyze for the purpose of estimating the service life characteristics of the Company's plant?**

A. The data consisted of the entries made by the Company to record plant transactions through 2022. The transactions included additions, retirements, transfers and the related balances. The Company, in accordance with my instructions, classified the data by depreciable group, type of transaction, the year in which the transaction took place, and the year in which the plant was installed.

**15. Q. What method did you use to analyze this service life data?**

A. I used the retirement rate method. That method is the most appropriate when aged retirement data are available, because it develops the average rates of retirement actually experienced during the period of study. Other methods of life

analysis infer the rates of retirement based on a selected type of survivor curve.

**16. Q. Please describe the results of your use of the retirement rate method.**

A. Each retirement rate analysis resulted in a life table which, when plotted, formed an original survivor curve. Each original survivor curve as plotted from the life table represents the average survivor pattern experienced by the several vintage groups during the experience band studied. Inasmuch as this survivor pattern does not necessarily describe the life characteristics of the property group, interpretation of the original curves is required in order to use them as valid considerations in service life estimation. Iowa type survivor curves were used in these interpretations.

**17. Q. Please explain briefly what an "Iowa-type survivor curve" is and how you use it in estimating service life characteristics for each depreciable group.**

A. The range of survivor characteristics usually experienced by utility and industrial properties is encompassed by a system of generalized survivor curves known as the Iowa type curves. The Iowa curves were developed at the Iowa State College Engineering Experiment Station through an extensive process of observation and classification of the ages at which industrial property had been retired.

Iowa type curves are used to smooth and extrapolate original survivor curves determined by the retirement rate method. The Iowa curves were used in this study to describe the forecasted rates of retirement based on the observed rates of retirement and the outlook for future retirements.

The estimated survivor curve designations for each depreciable group indicate the average service life, the family within the Iowa system and the relative height of the mode. For example, the Iowa 60-R3 indicates an average service

1 life of sixty years; a right-moded, or R, type curve (the mode occurs after average  
2 life for right-moded curves); and a moderate height, 3, for the mode (possible  
3 modes for R type curves range from 1 to 5).

4 **18. Q. Did you physically observe the Company's plants and equipment as part of**  
5 **your depreciation study?**

6 A. Yes. I made a field review of the Company's property on March 13, 2023 to  
7 observe representative portions of plant. Field reviews are conducted to become  
8 familiar with Company operations and obtain an understanding of the function of  
9 the plant and information with respect to the reasons for past retirements and the  
10 expected future causes of retirements. This knowledge, as well as information  
11 from other discussions with management, was incorporated in the interpretation  
12 and extrapolation of the statistical analyses.

13 **19. Q. How did your experience in development of other depreciation studies**  
14 **affect your work in this case?**

15 A. Because I customarily conduct field reviews for my depreciation studies, I have  
16 had the opportunity to visit scores of similar plants and meet with operations  
17 personnel at other companies. The knowledge accumulated from those visits and  
18 meetings provide me useful information that I can draw on to confirm or challenge  
19 my numerical analyses concerning plant condition and remaining life estimates.

20 **20. Q. Would you please explain the concept of "net salvage"?**

21 A. Net salvage is a component of the service value of capital assets that is recovered  
22 through depreciation rates. The service value of an asset is its original cost less  
23 its net salvage. Net salvage is the salvage value received for the asset upon

1 retirement less the cost to retire the asset. When the cost to retire exceeds the  
2 salvage value, the result is negative net salvage.

3 Inasmuch as depreciation expense is the loss in service value of an asset  
4 during a defined period, *e.g.*, one year, it must include a ratable portion of both  
5 the original cost and the net salvage. That is, the net salvage related to an asset  
6 should be incorporated in the cost of service during the same period as its original  
7 cost so that customers receiving service from the asset pay rates that include a  
8 portion of both elements of the asset's service value, the original cost and the net  
9 salvage value.

10 For example, the full recovery of the service value of a \$2,500 pump will  
11 include not only the \$2,500 of original cost, but also, on average, \$275 to remove  
12 the pump at the end of its life and \$25 in salvage value. In this example, the net  
13 salvage component is negative \$250 ( $\$25 - \$275$ ), and the net salvage percent  
14 is negative 10% ( $(\$25 - \$275)/\$2,500$ ).

15 **21. Q. Please describe how you estimated net salvage percentages.**

16 A. I estimated the net salvage percentages based on judgment that considered  
17 estimates for other water and wastewater companies. There has been little to no  
18 net salvage data recorded to date for water and wastewater assets so the net  
19 salvage estimates are for future practices for full recovery. The future historical  
20 analyses will include the net salvage, cost of removal and gross salvage amounts  
21 expressed as percents of the original cost retired. These percents will be  
22 calculated on annual and three-year moving average bases to determine future  
23 levels..



1 IV. CALCULATION OF DEPRECIATION

2 **22. Q. Please describe the second phase of the process that you used, that is, the**  
3 **calculation of annual depreciation accrual rates.**

4 A. After I estimated the service life and net salvage characteristics for each  
5 depreciable group, I calculated annual depreciation accrual rates for each group  
6 in accordance with the straight line remaining life method, using the average  
7 service life procedure. The annual depreciation accrual rates were developed as  
8 of June 30, 2023.

9 **23. Q. Please describe the straight line remaining life method of depreciation.**

10 A. The straight line remaining life method of depreciation allocates the original cost  
11 of the property, less accumulated depreciation, less future net salvage, in equal  
12 amounts to each year of remaining service life.

13 **24. Q. Please describe the average service life procedure for calculating**  
14 **remaining life accrual rates.**

15 A. The average service life procedure defines the group for which the remaining life  
16 annual accrual is determined. Under this procedure, the annual accrual rate is  
17 determined for the entire group or account based on its average remaining life  
18 and this rate is applied to the surviving balance of the group's cost. The average  
19 remaining life of the group is calculated by first dividing the future book accruals  
20 (original cost less allocated book reserve less future net salvage) by the average  
21 remaining life for each vintage. The average remaining life for each vintage is  
22 derived from the area under the survivor curve between the attained age of the  
23 vintage and the maximum age. Then, the sum of the future book accruals is  
24 divided by the sum of the annual accruals to determine the average remaining life

of the entire group for use in calculating the annual depreciation accrual rate.

**25. Q. Please briefly describe the amortization of certain General Plant accounts.**

A. General Plant Accounts 340, 340.1, 343, 344, 346, 347 and 348 for water assets and Accounts 390, 390.1, 393, 394, 396, 397 and 398 for wastewater assets include a large number of units but represent approximately four percent of depreciable water plant and approximately two percent of depreciable wastewater plant. Depreciation accounting is difficult for these assets, inasmuch as periodic inventories are required to properly reflect plant in service. In amortization accounting, units of property are capitalized in the same manner as they are in depreciation accounting. However, retirements are recorded when a vintage is fully amortized rather than as the units are removed from service. That is, there is no dispersion of retirement. All units are retired when the age of the vintage reaches the amortization period.

**V. DESCRIPTION OF REPORT**

**26. Q. Please outline the contents of your reports.**

A. Each report is presented in nine parts. Part I, Introduction includes statements related to the scope and basis of the depreciation study. Part II, Estimation of Survivor Curves includes descriptions of the methodology of estimating survivor curves. Parts III and IV set forth the analysis of determining life and net salvage estimation. Part V, Calculation of Annual and Accrued Depreciation includes the concepts of depreciation and amortization using the remaining life. Part VI, Results of Study presents a description of the results, and a summary of the depreciation calculations. Parts VII and VIII include graphs and tables that relate to the service life analyses, and the detailed depreciation calculations.

Table 1 presents the estimated survivor curve, the net salvage percent, the original cost as of June 30, 2023, the book reserve, the calculated annual depreciation accrual amount and rate, future accruals and the composite remaining life for each account or subaccount for water assets. Table 2 sets forth the same information for wastewater assets. Part VII presents the results of the retirement rate analyses prepared as the historical bases for the service life estimates. Part VIII presents the depreciation calculations related to surviving original cost as of June 30, 2023. The detailed depreciation calculation results are brought forward to Tables 1 and 2.

**27. Q. Please use an example to illustrate the manner in which the studies were presented in the report.**

A. I will use Water Account 334, Meters, as my example, inasmuch as it is a large depreciable group and is representative of the presentation.

The retirement rate method was used to analyze the survivor characteristics of this property group. Aged plant accounting data were compiled from 2000 through 2022 and analyzed for periods that best represent the overall service life of this property. The life table for the 2000-2022 experience band is presented on page VII-23 of the report. The life table displays the retirement and surviving ratios of the aged plant data exposed to retirement by age interval. For example, page VII-23 shows \$27,207 retired during age interval 2.5-3.5 with \$969,532 exposed to retirement at the beginning of the interval. Consequently, the retirement ratio is 0.0279 ( $\$27,207/\$969,532$ ) and the surviving ratio is 0.9721 ( $1 - .0279$ ). The percent surviving at age 2.5 of 1.0000 percent is multiplied by the survivor ratio of 97.21 to derive the percent surviving at age 3.5 of 97.21 percent.

1 This process continues for the remaining age intervals for which plant was  
2 exposed to retirement during the period 2000-2022. The resultant life table, or  
3 original survivor curve, is plotted along with the estimated smooth survivor curve,  
4 the 20-S1 on page VII-22.

5 My calculation of the annual depreciation related to original cost of Account  
6 334, Meters, as of June 30, 2023, is presented on page VIII-12 of the report. The  
7 calculation is based on the 20-S1 survivor curve, ten percent negative net  
8 salvage, the attained age, and the allocated book reserve. The tabulation sets  
9 forth the installation year, the original cost, calculated accrued depreciation,  
10 allocated book reserve, future accruals, remaining life and annual accrual. These  
11 totals are brought forward to the table on page VI-4.

## 12 VI. RECOMMENDATION

13 **28. Q. What is your recommendation regarding annual depreciation accrual rates**  
14 **for the Company?**

15 A. I recommend that the Company use a composite annual depreciation accrual rate  
16 for water and wastewater accounts or subaccounts. My recommended  
17 depreciation accrual rates, based on the depreciation studies, are set forth for  
18 each account in column 8 of Table 1 on pages VI-4 and VI-5 and Table 2 on page  
19 VI-6 of Exhibit JJS-1. In my opinion, these are reasonable and appropriate  
20 depreciation accrual rates for the Company.

21 **29. Q. Does this complete your direct testimony?**

22 A. Yes, it does.

## Appendix A

## **JOHN SPANOS**

### **DEPRECIATION EXPERIENCE**

**Q. Please state your name.**

A. My name is John J. Spanos.

**Q. What is your educational background?**

A. I have Bachelor of Science degrees in Industrial Management and Mathematics from Carnegie-Mellon University and a Master of Business Administration from York College.

**Q. Do you belong to any professional societies?**

A. Yes. I am a member and past President of the Society of Depreciation Professionals and a member of the American Gas Association/Edison Electric Institute Industry Accounting Committee.

**Q. Do you hold any special certification as a depreciation expert?**

A. Yes. The Society of Depreciation Professionals has established national standards for depreciation professionals. The Society administers an examination to become certified in this field. I passed the certification exam in September 1997 and was recertified in August 2003, February 2008, January 2013, February 2018 and February 2023.

**Q. Please outline your experience in the field of depreciation.**

A. In June 1986, I was employed by Gannett Fleming Valuation and Rate Consultants, Inc. as a Depreciation Analyst. During the period from June 1986 through December 1995, I helped prepare numerous depreciation and original cost studies for utility companies in various industries. I helped perform depreciation studies for the following telephone companies: United Telephone of Pennsylvania, United Telephone of New Jersey, and Anchorage Telephone Utility. I helped perform depreciation studies for the following companies in

the railroad industry: Union Pacific Railroad, Burlington Northern Railroad, and Wisconsin Central Transportation Corporation.

I helped perform depreciation studies for the following organizations in the electric utility industry: Chugach Electric Association, The Cincinnati Gas and Electric Company (CG&E), The Union Light, Heat and Power Company (ULH&P), Northwest Territories Power Corporation, and the City of Calgary - Electric System.

I helped perform depreciation studies for the following pipeline companies: TransCanada Pipelines Limited, Trans Mountain Pipe Line Company Ltd., Interprovincial Pipe Line Inc., Nova Gas Transmission Limited and Lakehead Pipeline Company.

I helped perform depreciation studies for the following gas utility companies: Columbia Gas of Pennsylvania, Columbia Gas of Maryland, The Peoples Natural Gas Company, T. W. Phillips Gas & Oil Company, CG&E, ULH&P, Lawrenceburg Gas Company and Penn Fuel Gas, Inc.

I helped perform depreciation studies for the following water utility companies: Indiana-American Water Company, Consumers Pennsylvania Water Company and The York Water Company; and depreciation and original cost studies for Philadelphia Suburban Water Company and Pennsylvania-American Water Company.

In each of the above studies, I assembled and analyzed historical and simulated data, performed field reviews, developed preliminary estimates of service life and net salvage, calculated annual depreciation, and prepared reports for submission to state public utility commissions or federal regulatory agencies. I performed these studies under the general direction of William M. Stout, P.E.

In January 1996, I was assigned to the position of Supervisor of Depreciation Studies. In July 1999, I was promoted to the position of Manager, Depreciation and

Valuation Studies. In December 2000, I was promoted to the position as Vice-President of Gannett Fleming Valuation and Rate Consultants, Inc., in April 2012, I was promoted to the position as Senior Vice President of the Valuation and Rate Division of Gannett Fleming Inc. (now doing business as Gannett Fleming Valuation and Rate Consultants, LLC) and in January of 2019, I was promoted to my present position of President of Gannett Fleming Valuation and Rate Consultants, LLC. In my current position I am responsible for conducting all depreciation, valuation and original cost studies, including the preparation of final exhibits and responses to data requests for submission to the appropriate regulatory bodies.

Since January 1996, I have conducted depreciation studies similar to those previously listed including assignments for Pennsylvania-American Water Company; Aqua Pennsylvania; Kentucky-American Water Company; Virginia-American Water Company; Indiana-American Water Company; Iowa-American Water Company; New Jersey-American Water Company; Hampton Water Works Company; Omaha Public Power District; Enbridge Pipe Line Company; Inc.; Columbia Gas of Virginia, Inc.; Virginia Natural Gas Company National Fuel Gas Distribution Corporation - New York and Pennsylvania Divisions; The City of Bethlehem - Bureau of Water; The City of Coatesville Authority; The City of Lancaster - Bureau of Water; Peoples Energy Corporation; The York Water Company; Public Service Company of Colorado; Enbridge Pipelines; Enbridge Gas Distribution, Inc.; Reliant Energy-HLP; Massachusetts-American Water Company; St. Louis County Water Company; Missouri-American Water Company; Chugach Electric Association; Alliant Energy; Oklahoma Gas & Electric Company; Nevada Power Company; Dominion Virginia Power; NUI-Virginia Gas Companies; Pacific Gas & Electric Company; PSI Energy; NUI - Elizabethtown Gas Company; Cinergy Corporation – CG&E; Cinergy



Corporation – ULH&P; Columbia Gas of Kentucky; South Carolina Electric & Gas Company; Idaho Power Company; El Paso Electric Company; Aqua North Carolina; Aqua Ohio; Aqua Texas, Inc.; Aqua Illinois, Inc.; Ameren Missouri; Central Hudson Gas & Electric; Centennial Pipeline Company; CenterPoint Energy-Arkansas; CenterPoint Energy – Oklahoma; CenterPoint Energy – Entex; CenterPoint Energy - Louisiana; NSTAR – Boston Edison Company; Westar Energy, Inc.; United Water Pennsylvania; PPL Electric Utilities; PPL Gas Utilities; Wisconsin Power & Light Company; TransAlaska Pipeline; Avista Corporation; Northwest Natural Gas; Allegheny Energy Supply, Inc.; Public Service Company of North Carolina; South Jersey Gas Company; Duquesne Light Company; MidAmerican Energy Company; Laclede Gas; Duke Energy Company; E.ON U.S. Services Inc.; Elkton Gas Services; Anchorage Water and Wastewater Utility; Kansas City Power and Light; Duke Energy North Carolina; Duke Energy South Carolina; Monongahela Power Company; Potomac Edison Company; Duke Energy Ohio Gas; Duke Energy Kentucky; Duke Energy Indiana; Duke Energy Progress; Northern Indiana Public Service Company; Tennessee- American Water Company; Columbia Gas of Maryland; Maryland-American Water Company; Bonneville Power Administration; NSTAR Electric and Gas Company; EPCOR Distribution, Inc.; B. C. Gas Utility, Ltd; Entergy Arkansas; Entergy Texas; Entergy Mississippi; Entergy Louisiana; Entergy Gulf States Louisiana; the Borough of Hanover; Louisville Gas and Electric Company; Kentucky Utilities Company; Madison Gas and Electric; Central Maine Power; PEPCO; PacifiCorp; Minnesota Energy Resource Group; Jersey Central Power & Light Company; Cheyenne Light, Fuel and Power Company; United Water Arkansas; Central Vermont Public Service Corporation; Green Mountain Power; Portland General Electric Company; Atlantic City Electric; Nicor Gas Company; Black Hills Power; Black Hills Colorado Gas; Black Hills Energy Arkansas, Inc.; Black Hills Kansas

Gas; Black Hills Service Company; Black Hills Utility Holdings; Public Service Company of Oklahoma; City of Dubois; Peoples Gas Light and Coke Company; North Shore Gas Company; Connecticut Light and Power; New York State Electric and Gas Corporation; Rochester Gas and Electric Corporation; Greater Missouri Operations; Tennessee Valley Authority; Omaha Public Power District; Indianapolis Power & Light Company; Vermont Gas Systems, Inc.; Metropolitan Edison; Pennsylvania Electric; West Penn Power; Pennsylvania Power; PHI Service Company - Delmarva Power and Light; Atmos Energy Corporation; Citizens Energy Group; PSE&G Company; Berkshire Gas Company; Alabama Gas Corporation; Mid-Atlantic Interstate Transmission, LLC; SUEZ Water; WEC Energy Group; Rocky Mountain Natural Gas, LLC; Illinois-American Water Company; Northern Illinois Gas Company; Public Service of New Hampshire; FirstEnergy Service Corporation; Northeast Ohio Natural Gas Corporation; Blue Granite Water Company; Spire Missouri, Inc.; Dominion Energy South Carolina, Inc.; South FirstEnergy Operating Companies; Dayton Power and Light Company; Liberty Utilities; East Kentucky Power Cooperative; Bangor Natural Gas; Hanover Borough Municipal Water Works; West Virginia American Water Company; Evergy Metro; Evergy Missouri West; Granite State Electric; Bluegrass Water; The Borough of Ambler; Newtown Artesian Water Company and Connecticut Water Company.

My additional duties include determining final life and salvage estimates, conducting field reviews, presenting recommended depreciation rates to management for its consideration and supporting such rates before regulatory bodies.

**Q. Have you submitted testimony to any state utility commission on the subject of utility plant depreciation?**

A. Yes. I have submitted testimony to the Pennsylvania Public Utility Commission; the

Commonwealth of Kentucky Public Service Commission; the Public Utilities Commission of Ohio; the Nevada Public Utility Commission; the Public Utilities Board of New Jersey; the Missouri Public Service Commission; the Massachusetts Department of Telecommunications and Energy; the Alberta Energy & Utility Board; the Idaho Public Utility Commission; the Louisiana Public Service Commission; the State Corporation Commission of Kansas; the Oklahoma Corporate Commission; the Public Service Commission of South Carolina; Railroad Commission of Texas – Gas Services Division; the New York Public Service Commission; Illinois Commerce Commission; the Indiana Utility Regulatory Commission; the California Public Utilities Commission; the Federal Energy Regulatory Commission (“FERC”); the Arkansas Public Service Commission; the Public Utility Commission of Texas; Maryland Public Service Commission; Washington Utilities and Transportation Commission; The Tennessee Regulatory Commission; the Regulatory Commission of Alaska; Minnesota Public Utility Commission; Utah Public Service Commission; District of Columbia Public Service Commission; the Mississippi Public Service Commission; Delaware Public Service Commission; Virginia State Corporation Commission; Colorado Public Utility Commission; Oregon Public Utility Commission; South Dakota Public Utilities Commission; Wisconsin Public Service Commission; Wyoming Public Service Commission; the Public Service Commission of West Virginia; Maine Public Utility Commission; Iowa Utility Board; Connecticut Public Utilities Regulatory Authority; New Mexico Public Regulation Commission; Commonwealth of Massachusetts Department of Public Utilities; Rhode Island Public Utilities Commission and the North Carolina Utilities Commission.

**Q. Have you had any additional education relating to utility plant depreciation?**

A. Yes. I have completed the following courses conducted by Depreciation Programs, Inc.:

“Techniques of Life Analysis,” “Techniques of Salvage and Depreciation Analysis,” “Forecasting Life and Salvage,” “Modeling and Life Analysis Using Simulation,” and “Managing a Depreciation Study.” I have also completed the “Introduction to Public Utility Accounting” program conducted by the American Gas Association.

**Q. Does this conclude your qualification statement?**

A. Yes.

# LIST OF CASES IN WHICH JOHN J. SPANOS SUBMITTED TESTIMONY

|     | <u>Year</u> | <u>Jurisdiction</u> | <u>Docket No.</u> | <u>Client Utility</u>                               | <u>Subject</u>                 |
|-----|-------------|---------------------|-------------------|---|--------------------------------|
| 01. | 1998        | PA PUC              | R-00984375        | City of Bethlehem – Bureau of Water                 | Original Cost and Depreciation |
| 02. | 1998        | PA PUC              | R-00984567        | City of Lancaster                                   | Original Cost and Depreciation |
| 03. | 1999        | PA PUC              | R-00994605        | The York Water Company                              | Depreciation                   |
| 04. | 2000        | D.T.&E.             | DTE 00-105        | Massachusetts-American Water Company                | Depreciation                   |
| 05. | 2001        | PA PUC              | R-00016114        | City of Lancaster                                   | Original Cost and Depreciation |
| 06. | 2001        | PA PUC              | R-00017236        | The York Water Company                              | Depreciation                   |
| 07. | 2001        | PA PUC              | R-00016339        | Pennsylvania-American Water Company                 | Depreciation                   |
| 08. | 2001        | OH PUC              | 01-1228-GA-AIR    | Cinergy Corp – Cincinnati Gas & Elect Company       | Depreciation                   |
| 09. | 2001        | KY PSC              | 2001-092          | Cinergy Corp – Union Light, Heat & Power Co.        | Depreciation                   |
| 10. | 2002        | PA PUC              | R-00016750        | Philadelphia Suburban Water Company                 | Depreciation                   |
| 11. | 2002        | KY PSC              | 2002-00145        | Columbia Gas of Kentucky                            | Depreciation                   |
| 12. | 2002        | NJ BPU              | GF02040245        | NUI Corporation/Elizabethtown Gas Company           | Depreciation                   |
| 13. | 2002        | ID PUC              | IPC-E-03-7        | Idaho Power Company                                 | Depreciation                   |
| 14. | 2003        | PA PUC              | R-0027975         | The York Water Company                              | Depreciation                   |
| 15. | 2003        | IN URC              | R-0027975         | Cinergy Corp – PSI Energy, Inc.                     | Depreciation                   |
| 16. | 2003        | PA PUC              | R-00038304        | Pennsylvania-American Water Company                 | Depreciation                   |
| 17. | 2003        | MO PSC              | WR-2003-0500      | Missouri-American Water Company                     | Depreciation                   |
| 18. | 2003        | FERC                | ER03-1274-000     | NSTAR-Boston Edison Company                         | Depreciation                   |
| 19. | 2003        | NJ BPU              | BPU 03080683      | South Jersey Gas Company                            | Depreciation                   |
| 20. | 2003        | NV PUC              | 03-10001          | Nevada Power Company                                | Depreciation                   |
| 21. | 2003        | LA PSC              | U-27676           | CenterPoint Energy – Arkla                          | Depreciation                   |
| 22. | 2003        | PA PUC              | R-00038805        | Pennsylvania Suburban Water Company                 | Depreciation                   |
| 23. | 2004        | AB En/Util Bd       | 1306821           | EPCOR Distribution, Inc.                            | Depreciation                   |
| 24. | 2004        | PA PUC              | R-00038168        | National Fuel Gas Distribution Corp (PA)            | Depreciation                   |
| 25. | 2004        | PA PUC              | R-00049255        | PPL Electric Utilities                              | Depreciation                   |
| 26. | 2004        | PA PUC              | R-00049165        | The York Water Company                              | Depreciation                   |
| 27. | 2004        | OK Corp Cm          | PUC 200400187     | CenterPoint Energy – Arkla                          | Depreciation                   |
| 28. | 2004        | OH PUC              | 04-680-EI-AIR     | Cinergy Corp. – Cincinnati Gas and Electric Company | Depreciation                   |
| 29. | 2004        | RR Com of TX        | GUD#              | CenterPoint Energy – Entex Gas Services Div.        | Depreciation                   |
| 30. | 2004        | NY PUC              | 04-G-1047         | National Fuel Gas Distribution Gas (NY)             | Depreciation                   |
| 31. | 2004        | AR PSC              | 04-121-U          | CenterPoint Energy – Arkla                          | Depreciation                   |
| 32. | 2005        | IL CC               | 05-ICC-06         | North Shore Gas Company                             | Depreciation                   |
| 33. | 2005        | IL CC               | 05-ICC-06         | Peoples Gas Light and Coke Company                  | Depreciation                   |
| 34. | 2005        | KY PSC              | 2005-00042        | Union Light Heat & Power                            | Depreciation                   |

LIST OF CASES IN WHICH JOHN J. SPANOS SUBMITTED TESTIMONY, cont.

|     | <u>Year</u> | <u>Jurisdiction</u>     | <u>Docket No.</u>              | <u>Client Utility</u>                        | <u>Subject</u> |
|-----|-------------|-------------------------|--------------------------------|--|----------------|
| 35. | 2005        | IL CC                   | 05-0308                        | MidAmerican Energy Company                   | Depreciation   |
| 36. | 2005        | MO PSC                  | GF-2005                        | Laclede Gas Company                          | Depreciation   |
| 37. | 2005        | KS CC                   | 05-WSEE-981-RTS                | Westar Energy                                | Depreciation   |
| 38. | 2005        | RR Com of TX            | GUD #                          | CenterPoint Energy – Entex Gas Services Div. | Depreciation   |
| 39. | 2005        | US District Court       | Cause No. 1:99-CV-1693-LJM/VSS | Cinergy Corporation                          | Accounting     |
| 40. | 2005        | OK CC                   | PUD 200500151                  | Oklahoma Gas and Electric Company            | Depreciation   |
| 41. | 2005        | MA Dept Tele-com & Ergy | DTE 05-85                      | NSTAR  | Depreciation   |
| 42. | 2005        | NY PUC                  | 05-E-934/05-G-0935             | Central Hudson Gas & Electric Company        | Depreciation   |
| 43. | 2005        | AK Reg Com              | U-04-102                       | Chugach Electric Association                 | Depreciation   |
| 44. | 2005        | CA PUC                  | A05-12-002                     | Pacific Gas & Electric                       | Depreciation   |
| 45. | 2006        | PA PUC                  | R-00051030                     | Aqua Pennsylvania, Inc.                      | Depreciation   |
| 46. | 2006        | PA PUC                  | R-00051178                     | T.W. Phillips Gas and Oil Company            | Depreciation   |
| 47. | 2006        | NC Util Cm.             | G-5, Sub522                    | Pub. Service Company of North Carolina       | Depreciation   |
| 48. | 2006        | PA PUC                  | R-00051167                     | City of Lancaster                            | Depreciation   |
| 49. | 2006        | PA PUC                  | R00061346                      | Duquesne Light Company                       | Depreciation   |
| 50. | 2006        | PA PUC                  | R-00061322                     | The York Water Company                       | Depreciation   |
| 51. | 2006        | PA PUC                  | R-00051298                     | PPL GAS Utilities                            | Depreciation   |
| 52. | 2006        | PUC of TX               | 32093                          | CenterPoint Energy – Houston Electric        | Depreciation   |
| 53. | 2006        | KY PSC                  | 2006-00172                     | Duke Energy Kentucky                         | Depreciation   |
| 54. | 2006        | SC PSC                  |                                | SCANA  | Accounting     |
| 55. | 2006        | AK Reg Com              | U-06-6                         | Municipal Light and Power                    | Depreciation   |
| 56. | 2006        | DE PSC                  | 06-284                         | Delmarva Power and Light                     | Depreciation   |
| 57. | 2006        | IN URC                  | IURC43081                      | Indiana American Water Company               | Depreciation   |
| 58. | 2006        | AK Reg Com              | U-06-134                       | Chugach Electric Association                 | Depreciation   |
| 59. | 2006        | MO PSC                  | WR-2007-0216                   | Missouri American Water Company              | Depreciation   |
| 60. | 2006        | FERC                    | IS05-82-002, et al             | TransAlaska Pipeline                         | Depreciation   |
| 61. | 2006        | PA PUC                  | R-00061493                     | National Fuel Gas Distribution Corp. (PA)    | Depreciation   |
| 62. | 2007        | NC Util Com.            | E-7 SUB 828                    | Duke Energy Carolinas, LLC                   | Depreciation   |
| 63. | 2007        | OH PSC                  | 08-709-EL-AIR                  | Duke Energy Ohio Gas                         | Depreciation   |
| 64. | 2007        | PA PUC                  | R-00072155                     | PPL Electric Utilities Corporation           | Depreciation   |
| 65. | 2007        | KY PSC                  | 2007-00143                     | Kentucky American Water Company              | Depreciation   |

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| 66. | 2007        | PA PUC              | R-00072229             | Pennsylvania American Water Company          | Depreciation   |
| 67. | 2007        | KY PSC              | 2007-0008              | NiSource – Columbia Gas of Kentucky          | Depreciation   |
| 68. | 2007        | NY PSC              | 07-G-0141              | National Fuel Gas Distribution Corp (NY)     | Depreciation   |
| 69. | 2008        | AK PSC              | U-08-004               | Anchorage Water & Wastewater Utility         | Depreciation   |
| 70. | 2008        | TN Reg Auth         | 08-00039               | Tennessee-American Water Company             | Depreciation   |
| 71. | 2008        | DE PSC              | 08-96                  | Artesian Water Company                       | Depreciation   |
| 72. | 2008        | PA PUC              | R-2008-2023067         | The York Water Company                       | Depreciation   |
| 73. | 2008        | KS CC               | 08-WSEE1-RTS           | Westar Energy                                | Depreciation   |
| 74. | 2008        | IN URC              | 43526                  | Northern Indiana Public Service Company      | Depreciation   |
| 75. | 2008        | IN URC              | 43501                  | Duke Energy Indiana                          | Depreciation   |
| 76. | 2008        | MD PSC              | 9159                   | NiSource – Columbia Gas of Maryland          | Depreciation   |
| 77. | 2008        | KY PSC              | 2008-000251            | Kentucky Utilities                           | Depreciation   |
| 78. | 2008        | KY PSC              | 2008-000252            | Louisville Gas & Electric                    | Depreciation   |
| 79. | 2008        | PA PUC              | 2008-20322689          | Pennsylvania American Water Co. - Wastewater | Depreciation   |
| 80. | 2008        | NY PSC              | 08-E887/08-00888       | Central Hudson                               | Depreciation   |
| 81. | 2008        | WV TC               | VE-080416/VG-8080417   | Avista Corporation                           | Depreciation   |
| 82. | 2008        | IL CC               | ICC-09-166             | Peoples Gas, Light and Coke Company          | Depreciation   |
| 83. | 2009        | IL CC               | ICC-09-167             | North Shore Gas Company                      | Depreciation   |
| 84. | 2009        | DC PSC              | 1076                   | Potomac Electric Power Company               | Depreciation   |
| 85. | 2009        | KY PSC              | 2009-00141             | NiSource – Columbia Gas of Kentucky          | Depreciation   |
| 86. | 2009        | FERC                | ER08-1056-002          | Entergy Services                             | Depreciation   |
| 87. | 2009        | PA PUC              | R-2009-2097323         | Pennsylvania American Water Company          | Depreciation   |
| 88. | 2009        | NC Util Cm          | E-7, Sub 090           | Duke Energy Carolinas, LLC                   | Depreciation   |
| 89. | 2009        | KY PSC              | 2009-00202             | Duke Energy Kentucky                         | Depreciation   |
| 90. | 2009        | VA St. CC           | PUE-2009-00059         | Aqua Virginia, Inc.                          | Depreciation   |
| 91. | 2009        | PA PUC              | 2009-2132019           | Aqua Pennsylvania, Inc.                      | Depreciation   |
| 92. | 2009        | MS PSC              | Docket No. 2011-UA-183 | Entergy Mississippi                          | Depreciation   |
| 93. | 2009        | AK PSC              | 09-08-U                | Entergy Arkansas                             | Depreciation   |
| 94. | 2009        | TX PUC              | 37744                  | Entergy Texas                                | Depreciation   |
| 95. | 2009        | TX PUC              | 37690                  | El Paso Electric Company                     | Depreciation   |
| 96. | 2009        | PA PUC              | R-2009-2106908         | The Borough of Hanover                       | Depreciation   |
| 97. | 2009        | KS CC               | 10-KCPE-415-RTS        | Kansas City Power & Light                    | Depreciation   |
| 98. | 2009        | PA PUC              | R-2009-                | United Water Pennsylvania                    | Depreciation   |

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| 99.  | 2009        | OH PUC              |                   | Aqua Ohio Water Company                      | Depreciation   |
| 100. | 2009        | WI PSC              | 3270-DU-103       | Madison Gas & Electric Company               | Depreciation   |
| 101. | 2009        | MO PSC              | WR-2010           | Missouri American Water Company              | Depreciation   |
| 102. | 2009        | AK Reg Cm           | U-09-097          | Chugach Electric Association                 | Depreciation   |
| 103. | 2010        | IN URC              | 43969             | Northern Indiana Public Service Company      | Depreciation   |
| 104. | 2010        | WI PSC              | 6690-DU-104       | Wisconsin Public Service Corp.               | Depreciation   |
| 105. | 2010        | PA PUC              | R-2010-2161694    | PPL Electric Utilities Corp.                 | Depreciation   |
| 106. | 2010        | KY PSC              | 2010-00036        | Kentucky American Water Company              | Depreciation   |
| 107. | 2010        | PA PUC              | R-2009-2149262    | Columbia Gas of Pennsylvania                 | Depreciation   |
| 108. | 2010        | MO PSC              | GR-2010-0171      | Laclede Gas Company                          | Depreciation   |
| 109. | 2010        | SC PSC              | 2009-489-E        | South Carolina Electric & Gas Company        | Depreciation   |
| 110. | 2010        | NJ BD OF PU         | ER09080664        | Atlantic City Electric                       | Depreciation   |
| 111. | 2010        | VA St. CC           | PUE-2010-00001    | Virginia American Water Company              | Depreciation   |
| 112. | 2010        | PA PUC              | R-2010-2157140    | The York Water Company                       | Depreciation   |
| 113. | 2010        | MO PSC              | ER-2010-0356      | Greater Missouri Operations Company          | Depreciation   |
| 114. | 2010        | MO PSC              | ER-2010-0355      | Kansas City Power and Light                  | Depreciation   |
| 115. | 2010        | PA PUC              | R-2010-2167797    | T.W. Phillips Gas and Oil Company            | Depreciation   |
| 116. | 2010        | PSC SC              | 2009-489-E        | SCANA – Electric                             | Depreciation   |
| 117. | 2010        | PA PUC              | R-2010-22010702   | Peoples Natural Gas, LLC                     | Depreciation   |
| 118. | 2010        | AK PSC              | 10-067-U          | Oklahoma Gas and Electric Company            | Depreciation   |
| 119. | 2010        | IN URC              | Cause No. 43894   | Northern Indiana Public Serv. Company - NIFL | Depreciation   |
| 120. | 2010        | IN URC              | Cause No. 43894   | Northern Indiana Public Serv. Co. - Kokomo   | Depreciation   |
| 121. | 2010        | PA PUC              | R-2010-2166212    | Pennsylvania American Water Co. - WW         | Depreciation   |
| 122. | 2010        | NC Util Cn.         | W-218,SUB310      | Aqua North Carolina, Inc.                    | Depreciation   |
| 123. | 2011        | OH PUC              | 11-4161-WS-AIR    | Ohio American Water Company                  | Depreciation   |
| 124. | 2011        | MS PSC              | EC-123-0082-00    | Entergy Mississippi                          | Depreciation   |
| 125. | 2011        | CO PUC              | 11AL-387E         | Black Hills Colorado                         | Depreciation   |
| 126. | 2011        | PA PUC              | R-2010-2215623    | Columbia Gas of Pennsylvania                 | Depreciation   |
| 127. | 2011        | PA PUC              | R-2010-2179103    | City of Lancaster – Bureau of Water          | Depreciation   |
| 128. | 2011        | IN URC              | 43114 IGCC 4S     | Duke Energy Indiana                          | Depreciation   |
| 129. | 2011        | FERC                | IS11-146-000      | Enbridge Pipelines (Southern Lights)         | Depreciation   |
| 130. | 2011        | IL CC               | 11-0217           | MidAmerican Energy Corporation               | Depreciation   |
| 131. | 2011        | OK CC               | 201100087         | Oklahoma Gas & Electric Company              | Depreciation   |
| 132. | 2011        | PA PUC              | 2011-2232243      | Pennsylvania American Water Company          | Depreciation   |



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| 133. | 2011        | FERC                | RP11-____-000                           | Carolina Gas Transmission                   | Depreciation   |
| 134. | 2012        | WA UTC              | UE-120436/UG-120437                     | Avista Corporation                          | Depreciation   |
| 135. | 2012        | AK Reg Cm           | U-12-009                                | Chugach Electric Association                | Depreciation   |
| 136. | 2012        | MA PUC              | DPU 12-25                               | Columbia Gas of Massachusetts               | Depreciation   |
| 137. | 2012        | TX PUC              | 40094                                   | El Paso Electric Company                    | Depreciation   |
| 138. | 2012        | ID PUC              | IPC-E-12                                | Idaho Power Company                         | Depreciation   |
| 139. | 2012        | PA PUC              | R-2012-2290597                          | PPL Electric Utilities                      | Depreciation   |
| 140. | 2012        | PA PUC              | R-2012-2311725                          | Borough of Hanover – Bureau of Water        | Depreciation   |
| 141. | 2012        | KY PSC              | 2012-00222                              | Louisville Gas and Electric Company         | Depreciation   |
| 142. | 2012        | KY PSC              | 2012-00221                              | Kentucky Utilities Company                  | Depreciation   |
| 143. | 2012        | PA PUC              | R-2012-2285985                          | Peoples Natural Gas Company                 | Depreciation   |
| 144. | 2012        | DC PSC              | Case 1087                               | Potomac Electric Power Company              | Depreciation   |
| 145. | 2012        | OH PSC              | 12-1682-EL-AIR                          | Duke Energy Ohio (Electric)                 | Depreciation   |
| 146. | 2012        | OH PSC              | 12-1685-GA-AIR                          | Duke Energy Ohio (Gas)                      | Depreciation   |
| 147. | 2012        | PA PUC              | R-2012-2310366                          | City of Lancaster – Sewer Fund              | Depreciation   |
| 148. | 2012        | PA PUC              | R-2012-2321748                          | Columbia Gas of Pennsylvania                | Depreciation   |
| 149. | 2012        | FERC                | ER-12-2681-000                          | ITC Holdings                                | Depreciation   |
| 150. | 2012        | MO PSC              | ER-2012-0174                            | Kansas City Power and Light                 | Depreciation   |
| 151. | 2012        | MO PSC              | ER-2012-0175                            | KCPL Greater Missouri Operations Company    | Depreciation   |
| 152. | 2012        | MO PSC              | GO-2012-0363                            | Laclede Gas Company                         | Depreciation   |
| 153. | 2012        | MN PUC              | G007,001/D-12-533                       | Integrus – MN Energy Resource Group         | Depreciation   |
| 154. | 2012        | TX PUC              | SOAH 582-14-1051/<br>TECQ 2013-2007-UCR | Aqua Texas                                  | Depreciation   |
| 155. | 2012        | PA PUC              | 2012-2336379                            | York Water Company                          | Depreciation   |
| 156. | 2013        | NJ BPU              | ER12121071                              | PHI Service Company– Atlantic City Electric | Depreciation   |
| 157. | 2013        | KY PSC              | 2013-00167                              | Columbia Gas of Kentucky                    | Depreciation   |
| 158. | 2013        | VA St CC            | 2013-00020                              | Virginia Electric and Power Company         | Depreciation   |
| 159. | 2013        | IA Util Bd          | 2013-0004                               | MidAmerican Energy Corporation              | Depreciation   |
| 160. | 2013        | PA PUC              | 2013-2355276                            | Pennsylvania American Water Company         | Depreciation   |
| 161. | 2013        | NY PSC              | 13-E-0030, 13-G-0031,<br>13-S-0032      | Consolidated Edison of New York             | Depreciation   |
| 162. | 2013        | PA PUC              | 2013-2355886                            | Peoples TWP LLC                             | Depreciation   |
| 163. | 2013        | TN Reg Auth         | 12-0504                                 | Tennessee American Water                    | Depreciation   |
| 164. | 2013        | ME PUC              | 2013-168                                | Central Maine Power Company                 | Depreciation   |
| 165. | 2013        | DC PSC              | Case 1103                               | PHI Service Company – PEPCO                 | Depreciation   |

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| 166. | 2013        | WY PSC              | 2003-ER-13        | Cheyenne Light, Fuel and Power Company     | Depreciation   |
| 167. | 2013        | FERC                | ER13-2428-0000    | Kentucky Utilities                         | Depreciation   |
| 168. | 2013        | FERC                | ER13- -0000       | MidAmerican Energy Company                 | Depreciation   |
| 169. | 2013        | FERC                | ER13-2410-0000    | PPL Utilities                              | Depreciation   |
| 170. | 2013        | PA PUC              | R-2013-2372129    | Duquesne Light Company                     | Depreciation   |
| 171. | 2013        | NJ BPU              | ER12111052        | Jersey Central Power and Light Company     | Depreciation   |
| 172. | 2013        | PA PUC              | R-2013-2390244    | Bethlehem, City of – Bureau of Water       | Depreciation   |
| 173. | 2013        | OK CC               | UM 1679           | Oklahoma, Public Service Company of        | Depreciation   |
| 174. | 2013        | IL CC               | 13-0500           | Nicor Gas Company                          | Depreciation   |
| 175. | 2013        | WY PSC              | 20000-427-EA-13   | PacifiCorp                                 | Depreciation   |
| 176. | 2013        | UT PSC              | 13-035-02         | PacifiCorp                                 | Depreciation   |
| 177. | 2013        | OR PUC              | UM 1647           | PacifiCorp                                 | Depreciation   |
| 178. | 2013        | PA PUC              | 2013-2350509      | Dubois, City of                            | Depreciation   |
| 179. | 2014        | IL CC               | 14-0224           | North Shore Gas Company                    | Depreciation   |
| 180. | 2014        | FERC                | ER14- -0000       | Duquesne Light Company                     | Depreciation   |
| 181. | 2014        | SD PUC              | EL14-026          | Black Hills Power Company                  | Depreciation   |
| 182. | 2014        | WY PSC              | 20002-91-ER-14    | Black Hills Power Company                  | Depreciation   |
| 183. | 2014        | PA PUC              | 2014-2428304      | Borough of Hanover – Municipal Water Works | Depreciation   |
| 184. | 2014        | PA PUC              | 2014-2406274      | Columbia Gas of Pennsylvania               | Depreciation   |
| 185. | 2014        | IL CC               | 14-0225           | Peoples Gas Light and Coke Company         | Depreciation   |
| 186. | 2014        | MO PSC              | ER-2014-0258      | Ameren Missouri                            | Depreciation   |
| 187. | 2014        | KS CC               | 14-BHCG-502-RTS   | Black Hills Service Company                | Depreciation   |
| 188. | 2014        | KS CC               | 14-BHCG-502-RTS   | Black Hills Utility Holdings               | Depreciation   |
| 189. | 2014        | KS CC               | 14-BHCG-502-RTS   | Black Hills Kansas Gas                     | Depreciation   |
| 190. | 2014        | PA PUC              | 2014-2418872      | Lancaster, City of – Bureau of Water       | Depreciation   |
| 191. | 2014        | WV PSC              | 14-0701-E-D       | First Energy – MonPower/PotomacEdison      | Depreciation   |
| 192. | 2014        | VA St CC            | PUC-2014-00045    | Aqua Virginia                              | Depreciation   |
| 193. | 2014        | VA St CC            | PUE-2013          | Virginia American Water Company            | Depreciation   |
| 194. | 2014        | OK CC               | PUD201400229      | Oklahoma Gas and Electric Company          | Depreciation   |
| 195. | 2014        | OR PUC              | UM1679            | Portland General Electric                  | Depreciation   |
| 196. | 2014        | IN URC              | Cause No. 44576   | Indianapolis Power & Light                 | Depreciation   |
| 197. | 2014        | MA DPU              | DPU. 14-150       | NSTAR Gas                                  | Depreciation   |
| 198. | 2014        | CT PURA             | 14-05-06          | Connecticut Light and Power                | Depreciation   |
| 199. | 2014        | MO PSC              | ER-2014-0370      | Kansas City Power & Light                  | Depreciation   |

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| 200. | 2014        | KY PSC              | 2014-00371                  | Kentucky Utilities Company                                    | Depreciation   |
| 201. | 2014        | KY PSC              | 2014-00372                  | Louisville Gas and Electric Company                           | Depreciation   |
| 202. | 2015        | PA PUC              | R-2015-2462723              | United Water Pennsylvania Inc.                                | Depreciation   |
| 203. | 2015        | PA PUC              | R-2015-2468056              | NiSource - Columbia Gas of Pennsylvania                       | Depreciation   |
| 204. | 2015        | NY PSC              | 15-E-0283/15-G-0284         | New York State Electric and Gas Corporation                   | Depreciation   |
| 205. | 2015        | NY PSC              | 15-E-0285/15-G-0286         | Rochester Gas and Electric Corporation                        | Depreciation   |
| 206. | 2015        | MO PSC              | WR-2015-0301/SR-2015-0302   | Missouri American Water Company                               | Depreciation   |
| 207. | 2015        | OK CC               | PUD 201500208               | Oklahoma, Public Service Company of                           | Depreciation   |
| 208. | 2015        | WV PSC              | 15-0676-W-42T               | West Virginia American Water Company                          | Depreciation   |
| 209. | 2015        | PA PUC              | 2015-2469275                | PPL Electric Utilities  | Depreciation   |
| 210. | 2015        | IN URC              | Cause No. 44688             | Northern Indiana Public Service Company                       | Depreciation   |
| 211. | 2015        | OH PSC              | 14-1929-EL-RDR              | First Energy-Ohio Edison/Cleveland Electric/<br>Toledo Edison | Depreciation   |
| 212. | 2015        | NM PRC              | 15-00127-UT                 | El Paso Electric  | Depreciation   |
| 213. | 2015        | TX PUC              | PUC-44941; SOAH 473-15-5257 | El Paso Electric  | Depreciation   |
| 214. | 2015        | WI PSC              | 3270-DU-104                 | Madison Gas and Electric Company                              | Depreciation   |
| 215. | 2015        | OK CC               | PUD 201500273               | Oklahoma Gas and Electric                                     | Depreciation   |
| 216. | 2015        | KY PSC              | Doc. No. 2015-00418         | Kentucky American Water Company                               | Depreciation   |
| 217. | 2015        | NC UC               | Doc. No. G-5, Sub 565       | Public Service Company of North Carolina                      | Depreciation   |
| 218. | 2016        | WA UTC              | Docket UE-17                | Puget Sound Energy  | Depreciation   |
| 219. | 2016        | NY PSC              | Case No. 16-W-0130          | SUEZ Water New York, Inc.                                     | Depreciation   |
| 220. | 2016        | MO PSC              | ER-2016-0156                | KCPL – Greater Missouri                                       | Depreciation   |
| 221. | 2016        | WI PSC              |                             | Wisconsin Public Service Corporation                          | Depreciation   |
| 222. | 2016        | KY PSC              | Case No. 2016-00026         | Kentucky Utilities Company                                    | Depreciation   |
| 223. | 2016        | KY PSC              | Case No. 2016-00027         | Louisville Gas and Electric Company                           | Depreciation   |
| 224. | 2016        | OH PUC              | Case No. 16-0907-WW-AIR     | Aqua Ohio   | Depreciation   |
| 225. | 2016        | MD PSC              | Case 9417                   | NiSource - Columbia Gas of Maryland                           | Depreciation   |
| 226. | 2016        | KY PSC              | 2016-00162                  | Columbia Gas of Kentucky                                      | Depreciation   |
| 227. | 2016        | DE PSC              | 16-0649                     | Delmarva Power and Light Company – Electric                   | Depreciation   |
| 228. | 2016        | DE PSC              | 16-0650                     | Delmarva Power and Light Company – Gas                        | Depreciation   |
| 229. | 2016        | NY PSC              | Case 16-G-0257              | National Fuel Gas Distribution Corp – NY Div                  | Depreciation   |
| 230. | 2016        | PA PUC              | R-2016-2537349              | Metropolitan Edison Company                                   | Depreciation   |
| 231. | 2016        | PA PUC              | R-2016-2537352              | Pennsylvania Electric Company                                 | Depreciation   |
| 232. | 2016        | PA PUC              | R-2016-2537355              | Pennsylvania Power Company                                    | Depreciation   |

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| 233. | 2016        | PA PUC              | R-2016-2537359              | West Penn Power Company  | Depreciation   |
| 234. | 2016        | PA PUC              | R-2016-2529660              | NiSource - Columbia Gas of PA  | Depreciation   |
| 235. | 2016        | KY PSC              | Case No. 2016-00063         | Kentucky Utilities / Louisville Gas & Electric Co                    | Depreciation   |
| 236. | 2016        | MO PSC              | ER-2016-0285                | KCPL Missouri  | Depreciation   |
| 237. | 2016        | AR PSC              | 16-052-U                    | Oklahoma Gas & Electric Co   | Depreciation   |
| 238. | 2016        | PSCW                | 6680-DU-104                 | Wisconsin Power and Light  | Depreciation   |
| 239. | 2016        | ID PUC              | IPC-E-16-23                 | Idaho Power Company  | Depreciation   |
| 240. | 2016        | OR PUC              | UM1801                      | Idaho Power Company  | Depreciation   |
| 241. | 2016        | ILL CC              | 16-                         | MidAmerican Energy Company   | Depreciation   |
| 242. | 2016        | KY PSC              | Case No. 2016-00370         | Kentucky Utilities Company   | Depreciation   |
| 243. | 2016        | KY PSC              | Case No. 2016-00371         | Louisville Gas and Electric Company                                  | Depreciation   |
| 244. | 2016        | IN URC              | Cause No. 45029             | Indianapolis Power & Light   | Depreciation   |
| 245. | 2016        | AL RC               | U-16-081                    | Chugach Electric Association   | Depreciation   |
| 246. | 2017        | MA DPU              | D.P.U. 17-05                | NSTAR Electric Company and Western<br>Massachusetts Electric Company | Depreciation   |
| 247. | 2017        | TX PUC              | PUC-26831, SOAH 973-17-2686 | El Paso Electric Company   | Depreciation   |
| 248. | 2017        | WA UTC              | UE-17033 and UG-170034      | Puget Sound Energy   | Depreciation   |
| 249. | 2017        | OH PUC              | Case No. 17-0032-EL-AIR     | Duke Energy Ohio   | Depreciation   |
| 250. | 2017        | VA SCC              | Case No. PUE-2016-00413     | Virginia Natural Gas, Inc.   | Depreciation   |
| 251. | 2017        | OK CC               | Case No. PUD201700151       | Public Service Company of Oklahoma                                   | Depreciation   |
| 252. | 2017        | MD PSC              | Case No. 9447               | Columbia Gas of Maryland   | Depreciation   |
| 253. | 2017        | NC UC               | Docket No. E-2, Sub 1142    | Duke Energy Progress   | Depreciation   |
| 254. | 2017        | VA SCC              | Case No. PUR-2017-00090     | Dominion Virginia Electric and Power Company                         | Depreciation   |
| 255. | 2017        | FERC                | ER17-1162                   | MidAmerican Energy Company   | Depreciation   |
| 256. | 2017        | PA PUC              | R-2017-2595853              | Pennsylvania American Water Company                                  | Depreciation   |
| 257. | 2017        | OR PUC              | UM1809                      | Portland General Electric  | Depreciation   |
| 258. | 2017        | FERC                | ER17-217-000                | Jersey Central Power & Light   | Depreciation   |
| 259. | 2017        | FERC                | ER17-211-000                | Mid-Atlantic Interstate Transmission, LLC                            | Depreciation   |
| 260. | 2017        | MN PUC              | Docket No. G007/D-17-442    | Minnesota Energy Resources Corporation                               | Depreciation   |
| 261. | 2017        | IL CC               | Docket No. 17-0124          | Northern Illinois Gas Company  | Depreciation   |
| 262. | 2017        | OR PUC              | UM1808                      | Northwest Natural Gas Company  | Depreciation   |
| 263. | 2017        | NY PSC              | Case No. 17-W-0528          | SUEZ Water Owego-Nichols   | Depreciation   |
| 264. | 2017        | MO PSC              | GR-2017-0215                | Laclede Gas Company  | Depreciation   |
| 265. | 2017        | MO PSC              | GR-2017-0216                | Missouri Gas Energy  | Depreciation   |

LIST OF CASES IN WHICH JOHN J. SPANOS SUBMITTED TESTIMONY, cont.

|      | <u>Year</u> | <u>Jurisdiction</u> | <u>Docket No.</u>         | <u>Client Utility</u>                         | <u>Subject</u> |
|------|-------------|---------------------|---------------------------|---|----------------|
| 266. | 2017        | ILL CC              | Docket No. 17-0337        | Illinois-American Water Company               | Depreciation   |
| 267. | 2017        | FERC                | Docket No. ER18-22-000    | PPL Electric Utilities Corporation            | Depreciation   |
| 268. | 2017        | IN URC              | Cause No. 44988           | Northern Indiana Public Service Company       | Depreciation   |
| 269. | 2017        | NJ BPU              | BPU Docket No. WR17090985 | New Jersey American Water Company, Inc.       | Depreciation   |
| 270. | 2017        | RI PUC              | Docket No. 4800           | SUEZ Water Rhode Island                       | Depreciation   |
| 271. | 2017        | OK CC               | Cause No. PUD 201700496   | Oklahoma Gas and Electric Company             | Depreciation   |
| 272. | 2017        | NJ BPU              | ER18010029 & GR18010030   | Public Service Electric and Gas Company       | Depreciation   |
| 273. | 2017        | NC Util Com.        | Docket No. E-7, SUB 1146  | Duke Energy Carolinas, LLC                    | Depreciation   |
| 274. | 2017        | KY PSC              | Case No. 2017-00321       | Duke Energy Kentucky, Inc.                    | Depreciation   |
| 275. | 2017        | MA DPU              | D.P.U. 18-40              | Berkshire Gas Company                         | Depreciation   |
| 276. | 2018        | IN IURC             | Cause No. 44992           | Indiana-American Water Company, Inc.          | Depreciation   |
| 277. | 2018        | IN IURC             | Cause No. 45029           | Indianapolis Power and Light                  | Depreciation   |
| 278. | 2018        | NC Util Com.        | Docket No. W-218, Sub 497 | Aqua North Carolina, Inc.                     | Depreciation   |
| 279. | 2018        | PA PUC              | Docket No. R-2018-2647577 | NiSource - Columbia Gas of Pennsylvania, Inc. | Depreciation   |
| 280. | 2018        | OR PUC              | Docket UM 1933            | Avista Corporation                            | Depreciation   |
| 281. | 2018        | WA UTC              | Docket No. UE-108167      | Avista Corporation                            | Depreciation   |
| 282. | 2018        | ID PUC              | AVU-E-18-03, AVU-G-18-02  | Avista Corporation                            | Depreciation   |
| 283. | 2018        | IN URC              | Cause No. 45039           | Citizens Energy Group                         | Depreciation   |
| 284. | 2018        | FERC                | Docket No. ER18-          | Duke Energy Progress                          | Depreciation   |
| 285. | 2018        | PA PUC              | Docket No. R-2018-3000124 | Duquesne Light Company                        | Depreciation   |
| 286. | 2018        | MD PSC              | Case No. 948              | NiSource - Columbia Gas of Maryland           | Depreciation   |
| 287. | 2018        | MA DPU              | D.P.U. 18-45              | NiSource - Columbia Gas of Massachusetts      | Depreciation   |
| 288. | 2018        | OH PUC              | Case No. 18-0299-GA-ALT   | Vectren Energy Delivery of Ohio               | Depreciation   |
| 289. | 2018        | PA PUC              | Docket No. R-2018-3000834 | SUEZ Water Pennsylvania Inc.                  | Depreciation   |
| 290. | 2018        | MD PSC              | Case No. 9847             | Maryland-American Water Company               | Depreciation   |
| 291. | 2018        | PA PUC              | Docket No. R-2018-3000019 | The York Water Company                        | Depreciation   |
| 292. | 2018        | FERC                | ER-18-2231-000            | Duke Energy Carolinas, LLC                    | Depreciation   |
| 293. | 2018        | KY PSC              | Case No. 2018-00261       | Duke Energy Kentucky, Inc.                    | Depreciation   |
| 294. | 2018        | NJ BPU              | BPU Docket No. WR18050593 | SUEZ Water New Jersey                         | Depreciation   |
| 295. | 2018        | WA UTC              | Docket No. UE-180778      | PacifiCorp                                    | Depreciation   |
| 296. | 2018        | UT PSC              | Docket No. 18-035-36      | PacifiCorp                                    | Depreciation   |
| 297. | 2018        | OR PUC              | Docket No. UM-1968        | PacifiCorp                                    | Depreciation   |
| 298. | 2018        | ID PUC              | Case No. PAC-E-18-08      | PacifiCorp                                    | Depreciation   |
| 299. | 2018        | WY PSC              | 20000-539-EA-18           | PacifiCorp                                    | Depreciation   |
| 300. | 2018        | PA PUC              | Docket No. R-2018-3003068 | Aqua Pennsylvania, Inc.                       | Depreciation   |

LIST OF CASES IN WHICH JOHN J. SPANOS SUBMITTED TESTIMONY, cont.

|      | <u>Year</u> | <u>Jurisdiction</u> | <u>Docket No.</u>            | <u>Client Utility</u>                         | <u>Subject</u> |
|------|-------------|---------------------|------------------------------|---|----------------|
| 301. | 2018        | IL CC               | Docket No. 18-1467           | Aqua Illinois, Inc.                           | Depreciation   |
| 302. | 2018        | KY PSC              | Case No. 2018-00294          | Louisville Gas & Electric Company             | Depreciation   |
| 303. | 2018        | KY PSC              | Case No. 2018-00295          | Kentucky Utilities Company                    | Depreciation   |
| 304. | 2018        | IN URC              | Cause No. 45159              | Northern Indiana Public Service Company       | Depreciation   |
| 305. | 2018        | VA SCC              | Case No. PUR-2019-00175      | Virginia American Water Company               | Depreciation   |
| 306. | 2019        | PA PUC              | Docket No. R-2018-3006818    | Peoples Natural Gas Company, LLC              | Depreciation   |
| 307. | 2019        | OK CC               | Cause No. PUD201800140       | Oklahoma Gas and Electric Company             | Depreciation   |
| 308. | 2019        | MD PSC              | Case No. 9490                | FirstEnergy – Potomac Edison                  | Depreciation   |
| 309. | 2019        | SC PSC              | Docket No. 2018-318-E        | Duke Energy Progress                          | Depreciation   |
| 310. | 2019        | SC PSC              | Docket No. 2018-319-E        | Duke Energy Carolinas                         | Depreciation   |
| 311. | 2019        | DE PSC              | DE 19-057                    | Public Service of New Hampshire               | Depreciation   |
| 312. | 2019        | NY PSC              | Case No. 19-W-0168 & 19-W-   | SUEZ Water New York                           | Depreciation   |
| 313. | 2019        | PA PUC              | Docket No. R-2019-3006904    | Newtown Artesian Water Company                | Depreciation   |
| 314. | 2019        | MO PSC              | ER-2019-0335                 | Ameren Missouri                               | Depreciation   |
| 315. | 2019        | MO PSC              | EC-2019-0200                 | KCP&L Greater Missouri Operations Company     | Depreciation   |
| 316. | 2019        | MN DOC              | G011/D-19-377                | Minnesota Energy Resource Corp.               | Depreciation   |
| 317. | 2019        | NY PSC              | Case 19-E-0378 & 19-G-0379   | New York State Electric and Gas Corporation   | Depreciation   |
| 318. | 2019        | NY PSC              | Case 19-E-0380 & 19-G-0381   | Rochester Gas and Electric Corporation        | Depreciation   |
| 319. | 2019        | WA UTC              | Docket UE-190529 / UG-190530 | Puget Sound Energy                            | Depreciation   |
| 320. | 2019        | PA PUC              | Docket No. R-2019-3010955    | City of Lancaster                             | Depreciation   |
| 321. | 2019        | IURC                | Cause No. 45253              | Duke Energy Indiana                           | Depreciation   |
| 322. | 2019        | KY PSC              | Case No. 2019-00271          | Duke Energy Kentucky, Inc.                    | Depreciation   |
| 323. | 2019        | OH PUC              | Case No. 18-1720-GA-AIR      | Northeast Ohio Natural Gas Corp               | Depreciation   |
| 324. | 2019        | NC Util. Com.       | Docket No. E-2, Sub 1219     | Duke Energy Carolinas                         | Depreciation   |
| 325. | 2019        | FERC                | Docket No. ER20-277-000      | Jersey Central Power & Light Company          | Depreciation   |
| 326. | 2019        | MA DPU              | D.P.U. 19-120                | NSTAR Gas Company                             | Depreciation   |
| 327. | 2019        | SC PSC              | Docket No. 2019-290-WS       | Blue Granite Water Company                    | Depreciation   |
| 328. | 2019        | NC Util. Com.       | Docket No. E-2, Sub 1219     | Duke Energy Progress                          | Depreciation   |
| 329. | 2019        | MD PSC              | Case No. 9609                | NiSource Columbia Gas of Maryland, Inc.       | Depreciation   |
| 330. | 2020        | NJ BPU              | Docket No. ER20020146        | Jersey Central Power & Light Company          | Depreciation   |
| 331. | 2020        | PA PUC              | Docket No. R-2020-3018835    | NiSource - Columbia Gas of Pennsylvania, Inc. | Depreciation   |
| 332. | 2020        | PA PUC              | Docket No. R-2020-3019369    | Pennsylvania-American Water Company           | Depreciation   |
| 333. | 2020        | PA PUC              | Docket No. R-2020-3019371    | Pennsylvania-American Water Company           | Depreciation   |
| 334. | 2020        | MO PSC              | GO-2018-0309, GO-2018-0310   | Spire Missouri, Inc.                          | Depreciation   |
| 335. | 2020        | NM PRC              | Case No. 20-00104-UT         | El Paso Electric Company                      | Depreciation   |
| 336. | 2020        | MD PSC              | Case No. 9644                | Columbia Gas of Maryland, Inc.                | Depreciation   |
| 337. | 2020        | MO PSC              | GO-2018-0309, GO-2018-0310   | Spire Missouri, Inc.                          | Depreciation   |
| 338. | 2020        | VA St CC            | Case No. PUR-2020-00095      | Virginia Natural Gas Company                  | Depreciation   |

LIST OF CASES IN WHICH JOHN J. SPANOS SUBMITTED TESTIMONY, cont.

|      | <u>Year</u> | <u>Jurisdiction</u> | <u>Docket No.</u>  | <u>Client Utility</u>                                      | <u>Subject</u> |
|------|-------------|---------------------|--|--|----------------|
| 339. | 2020        | SC PSC              | Docket No. 2020-125-E                                    | Dominion Energy South Carolina, Inc.                       | Depreciation   |
| 340. | 2020        | WV PSC              | Case No. 20-0745-G-D                                     | Hope Gas, Inc. d/b/a Dominion Energy West Virginia         | Depreciation   |
| 341. | 2020        | VA St CC            | Case No. PUR-2020-00106                                  | Aqua Virginia, Inc.  | Depreciation   |
| 342. | 2020        | PA PUC              | Docket No. R-2020-3020256                                | City of Bethlehem – Bureau of Water                        | Depreciation   |
| 343. | 2020        | NE PSC              | Docket No. NG-109  | Black Hills Nebraska                                       | Depreciation   |
| 344. | 2020        | NY PSC              | Case No. 20-E-0428 & 20-G-0429                           | Central Hudson Gas & Electric Corporation                  | Depreciation   |
| 345. | 2020        | FERC                | ER20-598   | Duke Energy Indiana  | Depreciation   |
| 346. | 2020        | FERC                | ER20-855   | Northern Indiana Public Service Company                    | Depreciation   |
| 347. | 2020        | OR PSC              | UE 374   | PacifiCorp   | Depreciation   |
| 348. | 2020        | MD PSC              | Case No. 9490 Phase II                                   | Potomac Edison – Maryland                                  | Depreciation   |
| 349. | 2020        | IN URC              | Case No. 45447   | Southern Indiana Gas and Electric Company                  | Depreciation   |
| 350. | 2020        | IN URC              | IURC Cause No. 45468                                     | Indiana Gas Company, Inc. d/b/a Vectren Energy Delivery of | Depreciation   |
| 351. | 2020        | KY PSC              | Case No. 2020-00349                                      | Kentucky Utilities Company                                 | Depreciation   |
| 352. | 2020        | KY PSC              | Case No. 2020-00350                                      | Louisville Gas and Electric Company                        | Depreciation   |
| 353. | 2020        | FERC                | Docket No. ER21- 000                                     | South FirstEnergy Operating Companies                      | Depreciation   |
| 354. | 2020        | OH PUC              | Case Nos 20-1651-EL-AIR, 20-1652-EL-AAM & 20-1653-EL-ATA | Dayton Power and Light Company                             | Depreciation   |
| 355. | 2020        | OR PSC              | UG 388   | Northwest Natural Gas Company                              | Depreciation   |
| 356. | 2020        | MO PSC              | Case No. GR-2021-0241                                    | Ameren Missouri Gas  | Depreciation   |
| 357. | 2021        | KY PSC              | Case No. 2021-00103                                      | East Kentucky Power Cooperative                            | Depreciation   |
| 358. | 2021        | MPUC                | Docket No. 2021-00024                                    | Bangor Natural Gas   | Depreciation   |
| 359. | 2021        | PA PUC              | Docket No. R-2021-3024296                                | Columbia Gas of Pennsylvania, Inc.                         | Depreciation   |
| 360. | 2021        | NC Util. Com.       | Doc. No. G-5, Sub 632                                    | Public Service of North Carolina                           | Depreciation   |
| 361. | 2021        | MO PSC              | ER-2021-0240   | Ameren Missouri  | Depreciation   |
| 362. | 2021        | PA PUC              | Docket No. R-2021-3024750                                | Duquesne Light Company                                     | Depreciation   |
| 363. | 2021        | KS PSC              | 21-BHCG-418-RTS  | Black Hills Kansas Gas                                     | Depreciation   |
| 364. | 2021        | KY PSC              | Case No. 2021-00190                                      | Duke Energy Kentucky                                       | Depreciation   |
| 365. | 2021        | OR PSC              | Docket UM 2152   | Portland General Electric                                  | Depreciation   |
| 366. | 2021        | ILL CC              | Docket No. 20-0810                                       | North Shore Gas Company                                    | Depreciation   |
| 367. | 2021        | FERC                | ER21-1939-000  | Duke Energy Progress                                       | Depreciation   |
| 368. | 2021        | FERC                | ER21-1940-000  | Duke Energy Carolina                                       | Depreciation   |
| 369. | 2021        | KY PSC              | Case No. 2021-00183                                      | NiSource Columbia Gas of Kentucky                          | Depreciation   |
| 370. | 2021        | MD PSC              | Case No. 9664  | NiSource Columbia Gas of Maryland                          | Depreciation   |
| 371. | 2021        | OH PUC              | Case No. 21-0596-ST-AIR                                  | Aqua Ohio  | Depreciation   |
| 372. | 2021        | PA PUC              | Docket No. R-2021-3026116                                | Hanover Borough Municipal Water Works                      | Depreciation   |
| 373. | 2021        | OR PSC              | UM-2180  | Idaho Power Company  | Depreciation   |
| 374. | 2021        | ID PUC              | Case No. IPC-E-21-18                                     | Idaho Power Company  | Depreciation   |
| 375. | 2021        | WPSC                | 6690-DU-104  | Wisconsin Public Service Company                           | Depreciation   |

LIST OF CASES IN WHICH JOHN J. SPANOS SUBMITTED TESTIMONY, cont.

|      | <u>Year</u> | <u>Jurisdiction</u> | <u>Docket No.</u>   | <u>Client Utility</u>   | <u>Subject</u> |
|------|-------------|---------------------|---|---|----------------|
| 376. | 2021        | PAPUC               | Docket No. R-2021-3026116   | Borough of Hanover  | Depreciation   |
| 377. | 2021        | OH PUC              | Case No. 21-637-GA-AIR;<br>Case No. 21-638-GA-ALT;<br>Case No. 21-639-GA-UNC;<br>Case No. 21-640-GA-AAM | NiSource Columbia Gas of Ohio                                 | Depreciation   |
| 378. | 2021        | TX PUC              | Texas PUC Docket No. 52195;<br>SOHA Docket No. 473-21-2606  | El Paso Electric  | Depreciation   |
| 379. | 2021        | MO PSC              | Case No. GR.2021-0108   | Spire Missouri  | Depreciation   |
| 380. | 2021        | WV PSC              | Case No. 21-0215-WS-P   | West Virginia American Water Company                          | Depreciation   |
| 381. | 2021        | FERC                | ER21-2736   | Duke Energy Carolinas   | Depreciation   |
| 382. | 2021        | FERC                | ER21-2737   | Duke Energy Progress  | Depreciation   |
| 383. | 2021        | IN URC              | Cause #45621  | Northern Indiana Public Service Company                       | Depreciation   |
| 384. | 2021        | PA PUC              | Docket No. R-2021-3026682   | City of Lancaster   | Depreciation   |
| 385. | 2021        | OH PUC              | Case No. 21-887-EL-AIR;<br>Case No. 21-888-EL-ATA;<br>Case No. 889-EL-AAM                               | Duke Energy Ohio  | Depreciation   |
| 386. | 2021        | AK PSC              | Docket No. 21-097-U   | Black Hills Energy Arkansas, Inc.                             | Depreciation   |
| 387. | 2021        | OK CC               | Cause No. PUD202100164  | Oklahoma Gas & Electric                                       | Depreciation   |
| 388. | 2021        | FERC                | Case ER-22-392-001  | El Paso Electric  | Depreciation   |
| 389. | 2021        | FERC                | Case ER-21-XXX  | MidAmerican Electric  | Depreciation   |
| 390. | 2021        | PA PUC              | Docket Nos. R-2021-3027385,<br>R-2021-3027386   | Aqua Pennsylvania, Inc.<br>Aqua Pennsylvania Wastewater, Inc. | Depreciation   |
| 391. | 2022        | FERC                | Case ER-22-282-000  | El Paso Electric  | Depreciation   |
| 392. | 2022        | ILL CC              | Docket No. 22-0154  | MidAmerican Gas   | Depreciation   |
| 393. | 2022        | MO PSC              | Case No. ER-2022-0129   | Evergy Metro  | Depreciation   |
| 394. | 2022        | MO PSC              | Case No. ER-2022-0130   | Evergy Missouri West  | Depreciation   |
| 395. | 2022        | PA PUC              | Docket No. R-2022-3031211   | NiSource Columbia Gas of Pennsylvania, Inc.                   | Depreciation   |
| 396. | 2022        | MA DPU              | D.P.U. 22-20  | The Berkshire Gas Company                                     | Depreciation   |
| 397. | 2022        | PA PUC              | R-2022-3031672; R-2022-   | Pennsylvania-American Water Company                           | Depreciation   |
| 398. | 2022        | SD PUC              | Docket No. NG22-  | MidAmerican Gas   | Depreciation   |
| 399. | 2022        | MD PSC              | Case No. 9680   | NiSource Columbia Gas of Maryland                             | Depreciation   |
| 400. | 2022        | WYPSC               | Docket No. 20003-214-ER-22  | Black Hills Energy – Cheyenne Light, Fuel and Power Company   | Depreciation   |
| 401. | 2022        | MA DPU              | D.P.U. 22.22  | NSTAR Electric Company d/b/a Eversource Energy                | Depreciation   |
| 402. | 2022        | NC Util Com         | Docket No. W-218, Sub 573   | Aqua North Carolina, Inc.                                     | Depreciation   |
| 403. | 2022        | OR PUC              | UM2213  | Northwest Natural Gas   | Depreciation   |
| 404. | 2022        | OR PUC              | UM2214  | Northwest Natural Gas   | Depreciation   |
| 405. | 2022        | ME PUC              | Docket No. 2022-00152   | Central Maine Power   | Depreciation   |



LIST OF CASES IN WHICH JOHN J. SPANOS SUBMITTED TESTIMONY, cont.

|      | <u>Year</u> | <u>Jurisdiction</u> | <u>Docket No.</u>              | <u>Client Utility</u>                                    | <u>Subject</u> |
|------|-------------|---------------------|--------------------------------|--|----------------|
| 406. | 2022        | SC PSC              | Docket No. 2022-254-E          | Duke Energy Progress                                     | Depreciation   |
| 407. | 2022        | NC Util Com         | Docket No. E-2, SUB 1300       | Duke Energy Progress                                     | Depreciation   |
| 408. | 2022        | IN URC              | Cause #45772                   | Northern Indiana Public Service Company                  | Depreciation   |
| 409. | 2022        | PA PUC              | R-2022-3031340                 | The York Water Company                                   | Depreciation   |
| 410. | 2022        | PA PUC              | R-2022-3032806                 | The York Water Company                                   | Depreciation   |
| 411. | 2022        | PA PUC              | R-2022-3031704                 | Borough of Ambler  | Depreciation   |
| 412. | 2022        | MO PSC              | ER-2022-0337                   | Ameren Missouri  | Depreciation   |
| 413. | 2022        | OH PUC              | Case No. 22-507-GA-AIR         | Duke Energy Ohio   | Depreciation   |
| 414. | 2022        | PA PUC              | R-2022-3035730                 | National Fuel Gas Distribution Corporation – PA Division | Depreciation   |
| 415. | 2022        | WY PSC              | 20003-214-ER-22                | Cheyenne Light, Fuel and Power Company                   | Depreciation   |
| 416. | 2022        | NJ BPU              | BPU Docket No. ER2303144       | Jersey Central Power & Light Company                     | Depreciation   |
| 417. | 2022        | KY PSC              | Case No. 2022-00372            | Duke Energy Kentucky                                     | Depreciation   |
| 418. | 2022        | TX PUC              | SOAH Docket No. 473-23-04521   | Aqua Texas, Inc.   | Depreciation   |
| 419. | 2022        | NC Util Com         | Docket No. E-7, Sub 1276       | Duke Energy Carolinas, LLC                               | Depreciation   |
| 420. | 2022        | KY PSC              | Case No. 2022-00432            | Bluegrass Water  | Depreciation   |
| 421. | 2023        | ILL CC              | Docket No. 23-0069             | The Peoples Gas Light and Coke Company                   | Depreciation   |
| 422. | 2023        | ILL CC              | Docket No. 23-0068             | North Shore Gas Company                                  | Depreciation   |
| 423. | 2023        | WV PSC              | Case No. 23-0030-E-D           | Monongahela Power Company and The Potomac Edison Company | Depreciation   |
| 424. | 2023        | ID PUC              | AVU-E-23-01; AVU-G-23-01       | Avista Corporation                                       | Depreciation   |
| 425. | 2023        | ILL CC              | Docket No. 23-0066             | Northern Illinois Gas Company d/b/a Nicor Gas Company    | Depreciation   |
| 426. | 2023        | SC PSC              | Docket No. 2023-70-G           | Dominion Energy South Carolina, Inc.                     | Depreciation   |
| 427. | 2023        | FERC                | Docket No. ER23-xxx-00         | Duke Energy Ohio, Inc.                                   | Depreciation   |
| 428. | 2023        | WY PSC              | Docket No. 30036-78-GR-23      | Black Hills Wyoming Gas Company d/b/a Black Hills Energy | Depreciation   |
| 429. | 2023        | PSC MD              | Case No. 9695                  | The Potomac Edison Company                               | Depreciation   |
| 430. | 2023        | OR PUC              | Case No. UM2277                | Avista Corporation                                       | Depreciation   |
| 431. | 2023        | FERC                | Docket No. ER23-xxx-000        | PPL Electric Utilities                                   | Depreciation   |
| 432. | 2023        | OH PUC              | Case No. 23-0154-GA-AIR        | Northeast Ohio Natural Gas Corporation                   | Depreciation   |
| 433. | 2023        | DE PSC              | PSC Docket No. 23-0601         | Artesian Water Company                                   | Depreciation   |
| 434. | 2023        | CO PUC              | No. 23AL-0231G                 | Black Hills Colorado d/b/a Black Hills Energy            | Depreciation   |
| 435. | 2023        | NH PUC              | Docket No. DE 23-039           | Granite State Electric d/b/a Liberty Utilities           | Depreciation   |
| 436. | 2023        | MD PSC              | Case No. 9701                  | Columbia Gas of Maryland                                 | Depreciation   |
| 437. | 2023        | NY PSC              | Case Nos. 23-E-0418; 23-G-0419 | Central Hudson Gas and Electric                          | Depreciation   |
| 438. | 2023        | FERC                | Docket No. ER23-xxx-000        | Central Maine Power Company                              | Depreciation   |
| 439. | 2023        | SD PUC              | Docket Number EL23-016         | Northwestern Energy                                      | Depreciation   |
| 440. | 2023        | CT PURA             | Docket No. 23-08-32            | Connecticut Water Company                                | Depreciation   |
| 441. | 2023        | IN URC              | Cause No. 45911                | Indianapolis Power & Light                               | Depreciation   |
| 442. | 2023        | IN URC              | Cause No. 45967                | Northern Indiana Public Service Company                  | Depreciation   |

Exhibit JJS-1

# **FOOTHILLS WATER AND SEWER, LLC**

## **WATER AND SEWER DIVISIONS**

### **2023 DEPRECIATION STUDY**

CALCULATED ANNUAL DEPRECIATION  
ACCRUALS RELATED TO WATER AND WASTEWATER PLANT  
AS OF JUNE 30, 2023

*Prepared by:*



# **GANNETT FLEMING**

**Excellence Delivered As Promised**

FOOTHILLS WATER AND SEWER, LLC

Yuma, Arizona

WATER AND SEWER DIVISIONS

2023 DEPRECIATION STUDY

CALCULATED ANNUAL DEPRECIATION

ACCRUALS RELATED TO WATER AND WASTEWATER PLANT

AS OF JUNE 30, 2023

GANNETT FLEMING VALUATION AND RATE CONSULTANTS, LLC

Camp Hill, Pennsylvania



**Gannett Fleming**  
**Valuation and Rate Consultants, LLC**

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207 Senate Avenue  
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October 25, 2023

Foothills Water and Sewer LLC  
12486 Foothills Boulevard  
Yuma, AZ 85367

Attention Ed Fortner  
Southwest Region Manager, NW Natural Water Company, LLC  
General Manager, Foothills Water & Sewer, LLC d/b/a Foothills Utilities

Ladies and Gentlemen:

Pursuant to your request, we have conducted a depreciation study related to the water and wastewater plant of Foothills Water and Sewer, LLC as of June 30, 2023. The attached report presents a description of the methods used in the estimation of depreciation, the summary of annual depreciation accrual rates, the statistical support for the service life estimates and the detailed tabulations of annual depreciation.

We gratefully acknowledge the assistance of Foothills Water and Sewer, LLC personnel in the conduct of the study.

Respectfully submitted,

GANNETT FLEMING VALUATION  
AND RATE CONSULTANTS, LLC

A handwritten signature in blue ink that reads "John J. Spanos".

JOHN J. SPANOS  
President

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## EXECUTIVE SUMMARY

Pursuant to Foothills Water and Sewer, LLC's ("Foothills" or "Company") request, Gannett Fleming Valuation and Rate Consultants, LLC ("Gannett Fleming") has conducted a depreciation study related to Foothills' water and wastewater assets as of June 30, 2023. The purpose of this study was to determine the annual depreciation accrual rates and amounts for book and ratemaking purposes.

The depreciation rates are based on the straight line method using the average service life ("ASL") procedure and were applied on a remaining life basis. The calculations were based on attained ages and estimated average service life as well as forecasted net salvage characteristics for each depreciable group of assets.

Gannett Fleming recommends the calculated annual depreciation accrual rates proposed herein apply specifically to Foothills Water and Sewer's plant in service as of June 30, 2023 for water and wastewater assets as summarized in Table 1 and 2 of the study. The study sets forth a total annual depreciation expense of \$534,468 as applied to the depreciable original cost of \$32.6 million for water plant in service and \$970,842 as applied to the depreciable original cost of \$49 million for wastewater plant in service as of June 30, 2023.

### SUMMARY OF ORIGINAL COST, ACCRUAL RATES AND AMOUNTS

| <u>FUNCTION</u>   | <u>ORIGINAL<br/>COST</u> | <u>ACCRUAL<br/>RATE</u> | <u>ANNUAL<br/>ACCRUAL</u> |
|-------------------|--------------------------|-------------------------|---------------------------|
| <b>WATER</b>      |                          |                         |                           |
| DEPRECIABLE PLANT | \$32,646,501.56          | 1.64                    | \$534,468                 |
| <b>WASTEWATER</b> |                          |                         |                           |
| DEPRECIABLE PLANT | \$49,038,447.88          | 1.98                    | \$970,842                 |
| <b>TOTAL</b>      | \$81,684,949.44          | 1.81                    | \$1,505,310               |



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## **PART I. INTRODUCTION**

# **FOOTHILLS WATER AND SEWER, LLC**

## **DEPRECIATION STUDY**

### **PART I. INTRODUCTION**

#### **SCOPE**

This report presents the results of the depreciation study prepared for Foothills Water and Sewer's assets as applied to water and wastewater plant in service as of June 30, 2023. It relates to the concepts, methods, and basic judgments which underlie recommended annual depreciation accrual rates related to current utility plant in service.

The service life and net salvage estimates resulting from the study were based on informed judgment which incorporated analyses of available historical plant retirement data as recorded through December 2022; a review of Company practice and outlook as they relate to plant operation and retirement; and consideration of current practice in the wastewater industry, including knowledge of service life and net salvage estimates used for other water and wastewater companies.

#### **PLAN OF REPORT**

Part I, Introduction, contains statements with respect to the plan of the report, and the basis of the study. Part II, Estimation of Survivor Curves, presents descriptions of the considerations and the methods used in the service life and net salvage studies. Part III, Service Life Considerations, presents the factors and judgment utilized in the average service life analysis. Part IV, Net Salvage Considerations, presents the judgment utilized of the net salvage study. Part V, Calculation of Annual and Accrued Depreciation, describes the procedures used in the calculation of group depreciation. Part VI, Results of Study, presents summaries by depreciable group of annual depreciation accrual rates and amounts, as well as composite remaining lives. Part VII, Service Life Statistics presents the statistical analysis of service life estimates, and Part VIII, Detailed Depreciation Calculations presents the detailed tabulations of annual depreciation.

## **BASIS OF THE STUDY**

### **Depreciation**

Depreciation, in public utility regulation, is the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of utility plant in the course of service from causes which are known to be in current operation, against which the utility is not protected by insurance. Among causes to be given consideration are wear and tear, deterioration, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand, and the requirements of public authorities.

Depreciation, as used in accounting, is a method of distributing fixed capital costs, less net salvage, over a period of time by allocating annual amounts to expense. Each annual amount of such depreciation expense is part of that year's total cost of providing wastewater utility service. Normally, the period of time over which the fixed capital cost is allocated to the cost of service is equal to the period of time over which an item renders service, that is, the item's service life. The most prevalent method of allocation is to distribute an equal amount of cost to each year of service life. This method is known as the straight line method of depreciation.

For most accounts, the annual depreciation was calculated by the straight line method using the average service life procedure and the remaining life basis. For certain General Plant accounts, the annual depreciation is based on amortization accounting. Both types of calculations were based on original cost, attained ages, and estimates of service lives and net salvage.

The straight line method, average service life procedure is a commonly used depreciation calculation procedure that has been widely accepted in jurisdictions throughout North America. Amortization accounting is used for certain General Plant accounts because of the disproportionate plant accounting effort required when

compared to the minimal original cost of the large number of items in these accounts. An explanation of the calculation of annual and accrued amortization is presented beginning on page V-4 of the report.

### **Service Life and Net Salvage Estimates**

The service life and net salvage estimates used in the depreciation and amortization calculations were based on informed judgment which incorporated a review of management's plans, policies and outlook, a general knowledge of the water and wastewater utility industries, and comparisons of the service life and net salvage estimates from our studies of other water and wastewater utilities. The use of survivor curves to reflect the expected dispersion of retirement provides a consistent method of estimating depreciation for wastewater plant. Iowa type survivor curves were used to depict the estimated survivor curves for the plant accounts not subject to amortization accounting.

The procedure for estimating service lives consisted of compiling historical data for the plant accounts or depreciable groups, analyzing this history through the use of widely accepted techniques, and forecasting the survivor characteristics for each depreciable group on the basis of interpretations of the historical data analyses and the probable future. The combination of the historical experience and the estimated future yielded estimated survivor curves from which the average service lives were derived.

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## **PART II. ESTIMATION OF SURVIVOR CURVES**

## **PART II. ESTIMATION OF SURVIVOR CURVES**

The calculation of annual depreciation based on the straight line method requires the estimation of survivor curves and the selection of group depreciation procedures. The estimation of survivor curves is discussed below and the development of net salvage is discussed in later sections of this report.

### **SURVIVOR CURVES**

The use of an average service life for a property group implies that the various units in the group have different lives. Thus, the average life may be obtained by determining the separate lives of each of the units or by constructing a survivor curve by plotting the number of units which survive at successive ages.

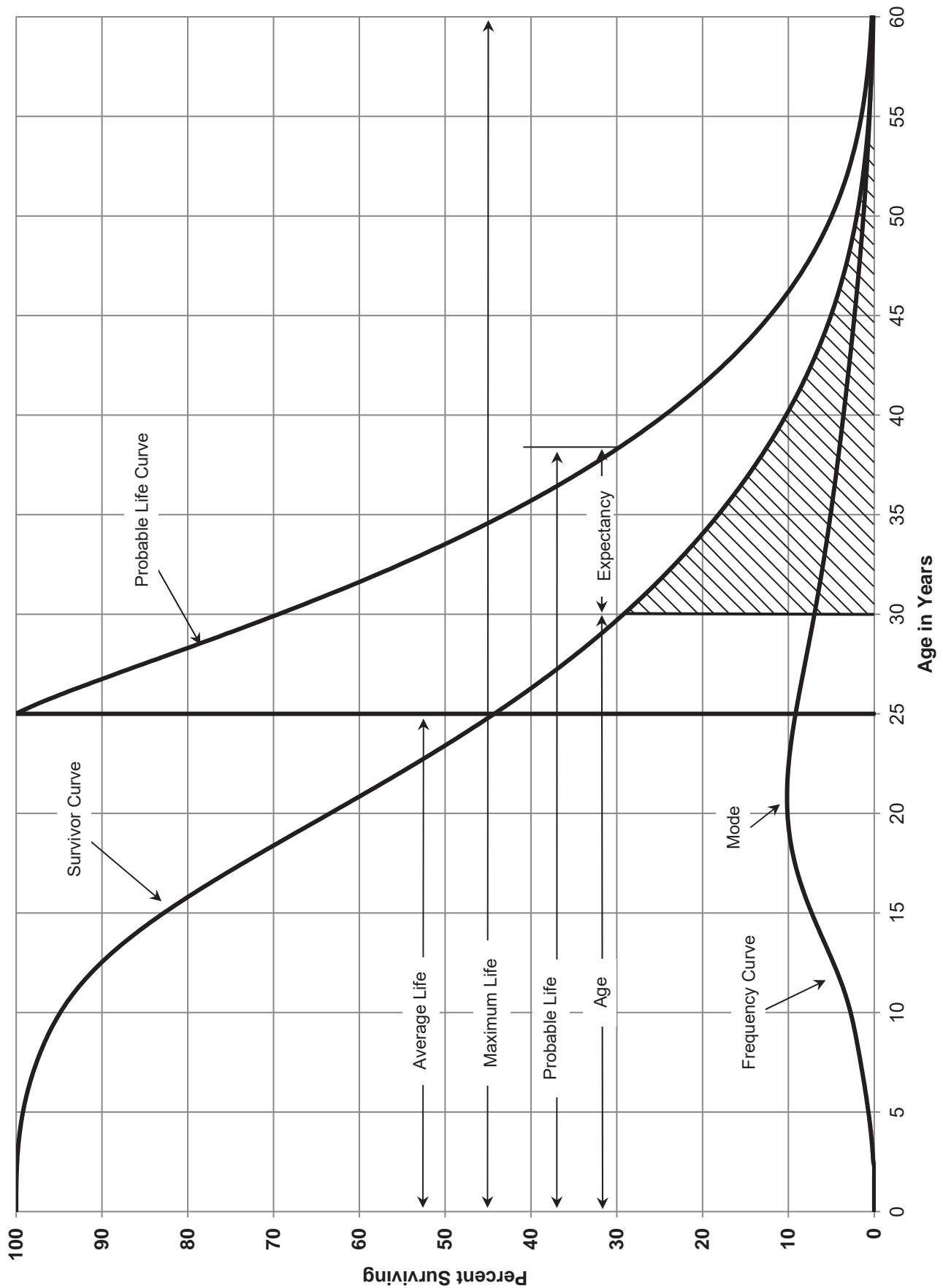
The survivor curve graphically depicts the amount of property existing at each age throughout the life of an original group. From the survivor curve, the average life of the group, the remaining life expectancy, the probable life, and the frequency curve can be calculated. In Figure 1, a typical smooth survivor curve and the derived curves are illustrated. The average life is obtained by calculating the area under the survivor curve, from age zero to the maximum age, and dividing this area by the ordinate at age zero. The remaining life expectancy at any age can be calculated by obtaining the area under the curve, from the observation age to the maximum age, and dividing this area by the percent surviving at the observation age. For example, in Figure 1, the remaining life at age 30 is equal to the crosshatched area under the survivor curve divided by 29.5 percent surviving at age 30. The probable life at any age is developed by adding the age and remaining life. If the probable life of the property is calculated for each year of age, the probable life curve shown in the chart can be developed. The frequency curve presents the number of units retired in each age interval. It is derived by obtaining the differences between the amount of property surviving at the beginning and at the end of each interval.

This study has incorporated the use of Iowa curves developed from a retirement rate analysis of historical retirement history. A discussion of the concepts of survivor curves and of the development of survivor curves using the retirement rate method is presented below.

### **Iowa Type Curves**

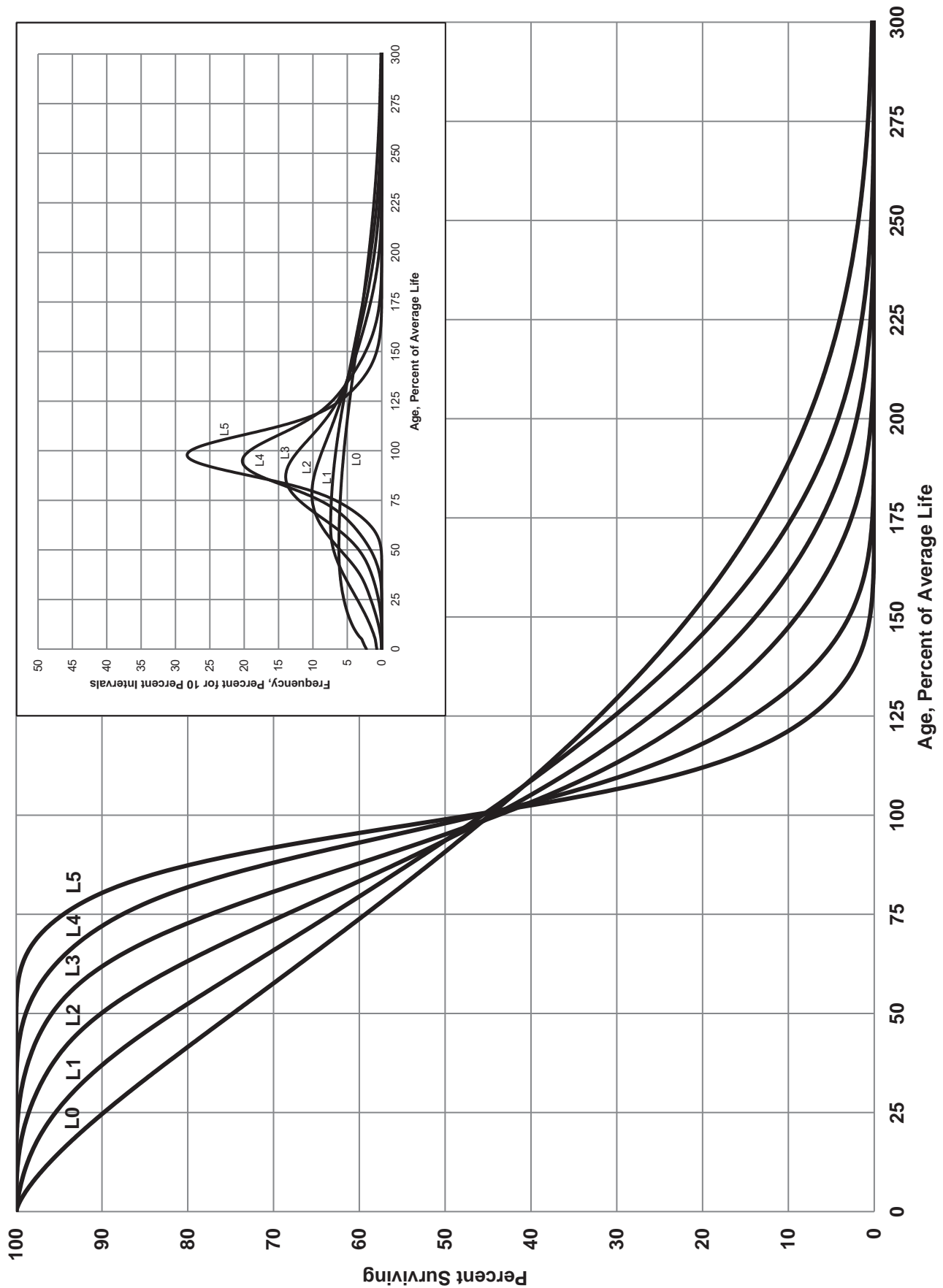
The range of survivor characteristics usually experienced by utility and industrial properties is encompassed by a system of generalized survivor curves known as the Iowa type curves. There are four families in the Iowa system, labeled in accordance with the location of the modes of the retirements (or the portion of the frequency curve with the highest level of retirements) in relationship to the average life and the relative height of the modes. The left moded curves, presented in Figure 2, are those in which the greatest frequency of retirement occurs to the left of, or prior to, average service life. The symmetrical moded curves, presented in Figure 3, are those in which the greatest frequency of retirement occurs at average service life. The right moded curves, presented in Figure 4, are those in which the greatest frequency occurs to the right of, or after, average service life. The origin moded curves, presented in Figure 5, are those in which the greatest frequency of retirement occurs at the origin, or immediately after age zero. The letter designation of each family of curves (L, S, R or O) represents the location of the mode of the associated frequency curve with respect to the average service life. The numbers represent the relative heights of the modes of the frequency curves within each family. A higher number designates a higher mode curve.

The Iowa curves were developed at the Iowa State College Engineering Experiment Station through an extensive process of observation and classification of the ages at which industrial property had been retired. A report of the study which resulted in the classification of property survivor characteristics into 18 type curves, which constitute three of the four families, was published in 1935 in the form of the Experiment Station's Bulletin 125.

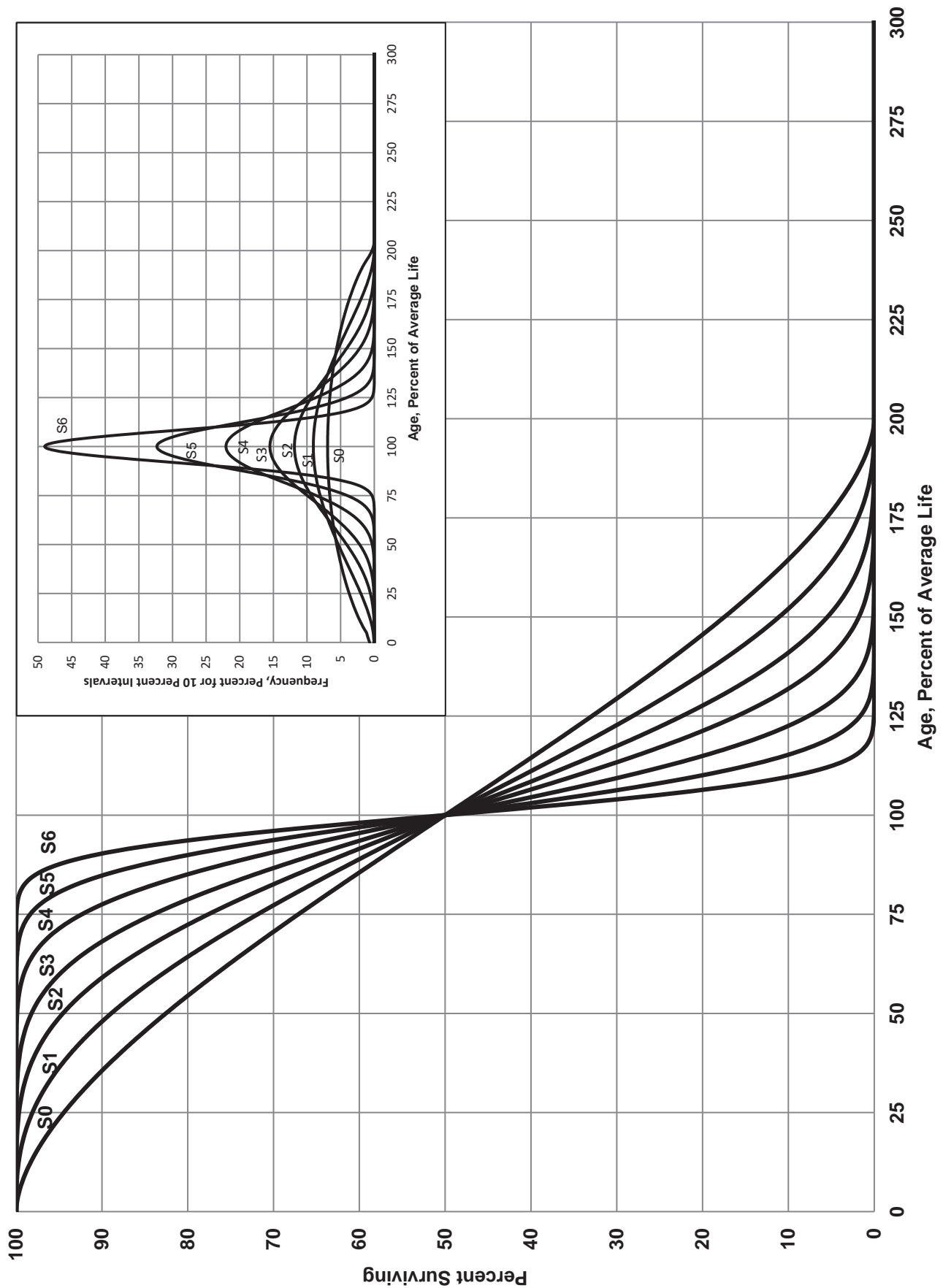


**FIGURE 1. TYPICAL SURVIVOR CURVE AND DERIVED CURVES**

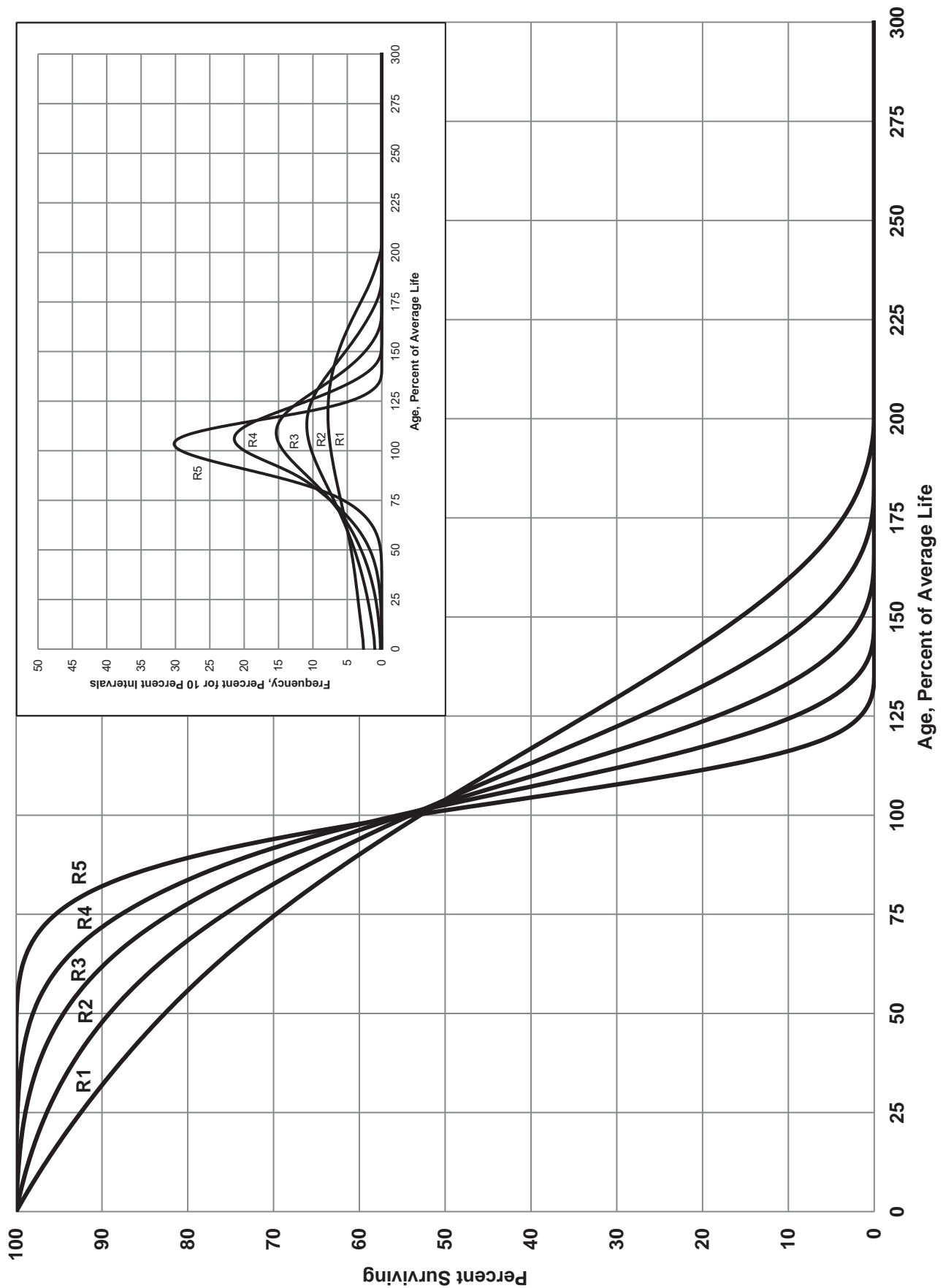




**FIGURE 2. LEFT MODAL OR "L" IOWA TYPE SURVIVOR CURVES**



**FIGURE 3. SYMMETRICAL OR "S" IOWA TYPE SURVIVOR CURVES**



**FIGURE 4. RIGHT MODAL OR "R" IOWA TYPE SURVIVOR CURVES**

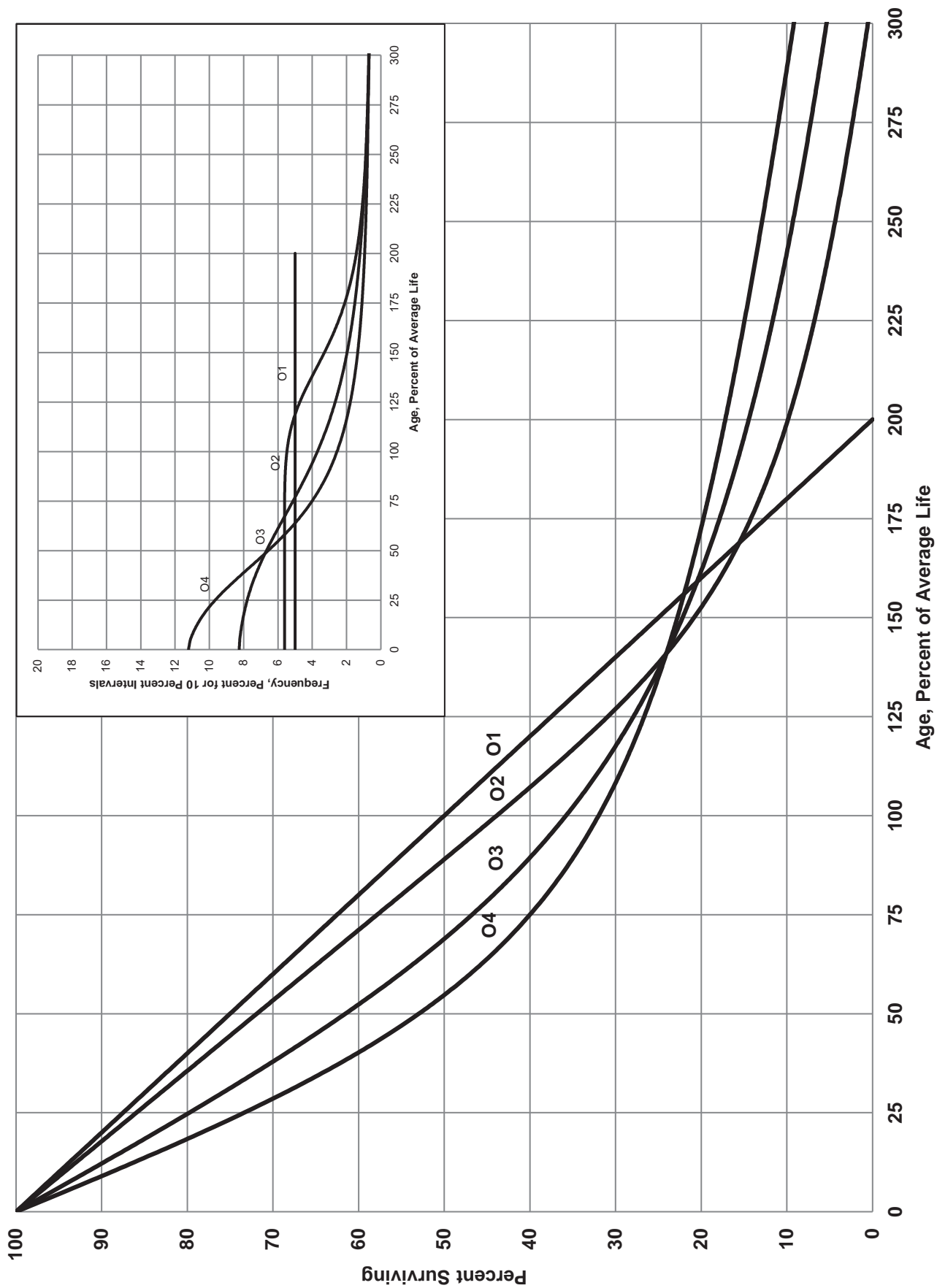


FIGURE 5. ORIGIN MODAL OR "O" IOWA TYPE SURVIVOR CURVES

These curve types have also been presented in subsequent Experiment Station bulletins and in the text, "Engineering Valuation and Depreciation."<sup>1</sup> In 1957, Frank V. B. Couch, Jr., an Iowa State College graduate student, submitted a thesis presenting his development of the fourth family consisting of the four O type survivor curves.

### **Retirement Rate Method of Analysis**

The retirement rate method is an actuarial method of deriving survivor curves using the average rates at which property of each age group is retired. The method relates to property groups for which aged accounting experience is available and is the method used to develop the original stub survivor curves in this study. The method (also known as the annual rate method) is illustrated through the use of an example in the following text and is also explained in several publications including "Statistical Analyses of Industrial Property Retirements,"<sup>2</sup> "Engineering Valuation and Depreciation,"<sup>3</sup> and "Depreciation Systems."<sup>4</sup>

The average rate of retirement used in the calculation of the percent surviving for the survivor curve (life table) requires two sets of data: first, the property retired during a period of observation, identified by the property's age at retirement; and second, the property exposed to retirement at the beginning of the age intervals during the same period. The period of observation is referred to as the experience band. The band of years which represent the installation dates of the property exposed to retirement during the experience band is referred to as the placement band. An example of the calculations used in the development of a life table follows. The example includes schedules of annual aged property transactions, a schedule of plant exposed to retirement, a life table and illustrations of smoothing the stub survivor curve.

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<sup>1</sup>Marston, Anson, Robley Winfrey and Jean C. Hempstead. Engineering Valuation and Depreciation, 2nd Edition. New York, McGraw-Hill Book Company. 1953.

<sup>2</sup>Winfrey, Robley, Statistical Analyses of Industrial Property Retirements. Iowa State College, Engineering Experiment Station, Bulletin 125. 1935.

<sup>3</sup>Marston, Anson, Robley Winfrey, and Jean C. Hempstead, Supra Note 1.

<sup>4</sup>Wolf, Frank K. and W. Chester Fitch. Depreciation Systems. Iowa State University Press. 1994.

## **Schedules of Annual Transactions in Plant Records**

The property group used to illustrate the retirement rate method is observed for the experience band 2013-2022 for which there were placements during the years 2008-2022. In order to illustrate the summation of the aged data by age interval, the data were compiled in the manner presented in Schedules 1 and 2 on pages II-11 and II-12. In Schedule 1, the year of installation (year placed) and the year of retirement are shown. The age interval during which a retirement occurred is determined from this information. In the example which follows, \$10,000 of the dollars invested in 2008 were retired in 2013. The \$10,000 retirement occurred during the age interval between 4½ and 5½ years on the basis that approximately one-half of the amount of property was installed prior to and subsequent to July 1 of each year. That is, on the average, property installed during a year is placed in service at the midpoint of the year for the purpose of the analysis. All retirements also are stated as occurring at the midpoint of a one-year age interval of time, except the first age interval which encompasses only one-half year.

The total retirements occurring in each age interval in a band are determined by summing the amounts for each transaction year-installation year combination for that age interval. For example, the total of \$143,000 retired for age interval 4½-5½ is the sum of the retirements entered on Schedule 1 immediately above the stair step line drawn on the table beginning with the 2013 retirements of 2008 installations and ending with the 2022 retirements of the 2017 installations. Thus, the total amount of 143 for age interval 4½-5½ equals the sum of:

$$10 + 12 + 13 + 11 + 13 + 13 + 15 + 17 + 19 + 20.$$

SCHEDULE 1. RETIREMENTS FOR EACH YEAR 2013-2022  
SUMMARIZED BY AGE INTERVAL

| Experience Band 2013-2022 |                                   |                    |                    |                    |                    |                    |                    |                    |                     | Placement Band 2008-2022 |                                      |                         |
|---------------------------|-----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|--------------------------|--------------------------------------|-------------------------|
| Year                      | Retirements, Thousands of Dollars |                    |                    |                    |                    |                    |                    |                    |                     |                          | Total During<br>Age Interval<br>(12) | Age<br>Interval<br>(13) |
|                           | During Year                       |                    |                    |                    |                    |                    |                    |                    |                     |                          |                                      |                         |
|                           | <u>2013</u><br>(2)                | <u>2014</u><br>(3) | <u>2015</u><br>(4) | <u>2016</u><br>(5) | <u>2017</u><br>(6) | <u>2018</u><br>(7) | <u>2019</u><br>(8) | <u>2020</u><br>(9) | <u>2021</u><br>(10) | <u>2022</u><br>(11)      |                                      |                         |
| <u>Placed</u><br>(1)      |                                   |                    |                    |                    |                    |                    |                    |                    |                     |                          |                                      |                         |
| 2008                      | 10                                | 11                 | 12                 | 13                 | 14                 | 16                 | 23                 | 24                 | 25                  | 26                       | 26                                   | 13½-14½                 |
| 2009                      | 11                                | 12                 | 13                 | 15                 | 16                 | 18                 | 20                 | 21                 | 22                  | 19                       | 44                                   | 12½-13½                 |
| 2010                      | 11                                | 12                 | 13                 | 14                 | 16                 | 17                 | 19                 | 21                 | 22                  | 18                       | 64                                   | 11½-12½                 |
| 2011                      | 8                                 | 9                  | 10                 | 11                 | 11                 | 13                 | 14                 | 15                 | 16                  | 17                       | 83                                   | 10½-11½                 |
| 2012                      | 9                                 | 10                 | 11                 | 12                 | 13                 | 14                 | 16                 | 17                 | 19                  | 20                       | 93                                   | 9½-10½                  |
| 2013                      | 4                                 | 9                  | 10                 | 11                 | 12                 | 13                 | 14                 | 15                 | 16                  | 20                       | 105                                  | 8½-9½                   |
| 2014                      |                                   | 5                  | 11                 | 12                 | 13                 | 14                 | 15                 | 16                 | 18                  | 20                       | 113                                  | 7½-8½                   |
| 2015                      |                                   |                    | 6                  | 12                 | 13                 | 15                 | 16                 | 17                 | 19                  | 19                       | 124                                  | 6½-7½                   |
| 2016                      |                                   |                    |                    | 6                  | 13                 | 15                 | 16                 | 17                 | 19                  | 19                       | 131                                  | 5½-6½                   |
| 2017                      |                                   |                    |                    |                    | 7                  | 14                 | 16                 | 17                 | 19                  | 20                       | 143                                  | 4½-5½                   |
| 2018                      |                                   |                    |                    |                    |                    | 8                  | 18                 | 20                 | 22                  | 23                       | 146                                  | 3½-4½                   |
| 2019                      |                                   |                    |                    |                    |                    |                    | 9                  | 20                 | 22                  | 25                       | 150                                  | 2½-3½                   |
| 2020                      |                                   |                    |                    |                    |                    |                    |                    | 11                 | 23                  | 25                       | 151                                  | 1½-2½                   |
| 2021                      |                                   |                    |                    |                    |                    |                    |                    |                    | 11                  | 24                       | 153                                  | ½-1½                    |
| 2022                      |                                   |                    |                    |                    |                    |                    |                    |                    |                     | 13                       | 80                                   | 0-½                     |
| Total                     | 53                                | 68                 | 86                 | 106                | 128                | 157                | 196                | 231                | 273                 | 308                      | 1,606                                |                         |

**SCHEDULE 2. OTHER TRANSACTIONS FOR EACH YEAR 2013-2022**  
**SUMMARIZED BY AGE INTERVAL**

| Experience Band 2013-2022                               |      |      |      |      |      |      |                 |                   |                 |       |                    | Placement Band 2008-2022 |         |  |  |
|---|------|------|------|------|------|------|-----------------|-------------------|-----------------|-------|--------------------|--------------------------|---------|--|--|
| Acquisitions, Transfers and Sales, Thousands of Dollars |      |      |      |      |      |      |                 |                   |                 |       |                    |                          |         |  |  |
| During Year   |      |      |      |      |      |      |                 |                   |                 |       |                    |                          |         |  |  |
| Year  | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019            | 2020              | 2021            | 2022  | Total During       | Age Interval             | Age     |  |  |
| Placed  | (1)  | (2)  | (3)  | (4)  | (5)  | (6)  | (7)             | (8)               | (9)             | (10)  | (11)               | (12)                     | (13)    |  |  |
|   |      |      |      |      |      |      |                 |                   |                 |       |                    |                          |         |  |  |
| 2008  | -    | -    | -    | -    | -    | -    | 60 <sup>a</sup> | -                 | -               | -     | -                  | -                        | 13½-14½ |  |  |
| 2009  | -    | -    | -    | -    | -    | -    | -               | -                 | -               | -     | -                  | -                        | 12½-13½ |  |  |
| 2010  | -    | -    | -    | -    | -    | -    | -               | -                 | -               | -     | -                  | -                        | 11½-12½ |  |  |
| 2011  | -    | -    | -    | -    | -    | -    | -               | (5) <sup>b</sup>  | -               | -     | -                  | 60                       | 10½-11½ |  |  |
| 2012  | -    | -    | -    | -    | -    | -    | -               | 6 <sup>a</sup>    | -               | -     | -                  | -                        | 9½-10½  |  |  |
| 2013  | -    | -    | -    | -    | -    | -    | -               | -                 | -               | -     | -                  | (5)                      | 8½-9½   |  |  |
| 2014  | -    | -    | -    | -    | -    | -    | -               | -                 | -               | -     | -                  | 6                        | 7½-8½   |  |  |
| 2015  | -    | -    | -    | -    | -    | -    | -               | -                 | -               | -     | -                  | -                        | 6½-7½   |  |  |
| 2016  | -    | -    | -    | -    | -    | -    | -               | (12) <sup>b</sup> | -               | -     | -                  | -                        | 5½-6½   |  |  |
| 2017  | -    | -    | -    | -    | -    | -    | -               | -                 | 22 <sup>a</sup> | -     | -                  | -                        | 4½-5½   |  |  |
| 2018  | -    | -    | -    | -    | -    | -    | -               | (19) <sup>b</sup> | -               | -     | -                  | 10                       | 3½-4½   |  |  |
| 2019  | -    | -    | -    | -    | -    | -    | -               | -                 | -               | -     | -                  | -                        | 2½-3½   |  |  |
| 2020  | -    | -    | -    | -    | -    | -    | -               | -                 | -               | -     | (102) <sup>c</sup> | (121)                    | 1½-2½   |  |  |
| 2021  | -    | -    | -    | -    | -    | -    | -               | -                 | -               | -     | -                  | -                        | ½-1½    |  |  |
| 2022  | -    | -    | -    | -    | -    | -    | -               | -                 | -               | -     | -                  | -                        | 0-½     |  |  |
| Total   | -    | -    | -    | -    | -    | -    | 60              | (30)              | 22              | (102) | (50)               | (50)                     |         |  |  |

<sup>a</sup> Transfer Affecting Exposures at Beginning of Year

<sup>b</sup> Transfer Affecting Exposures at End of Year

<sup>c</sup> Sale with Continued Use

Parentheses Denote Credit Amount.



In Schedule 2, other transactions which affect the group are recorded in a similar manner. The entries illustrated include transfers and sales. The entries which are credits to the plant account are shown in parentheses. The items recorded on this schedule are not totaled with the retirements, but are used in developing the exposures at the beginning of each age interval.

### **Schedule of Plant Exposed to Retirement**

The development of the amount of plant exposed to retirement at the beginning of each age interval is illustrated in Schedule 3 on page II-14. The surviving plant at the beginning of each year from 2013 through 2022 is recorded by year in the portion of the table headed "Annual Survivors at the Beginning of the Year." The last amount entered in each column is the amount of new plant added to the group during the year. The amounts entered in Schedule 3 for each successive year following the beginning balance or addition are obtained by adding or subtracting the net entries shown on Schedules 1 and 2. For the purpose of determining the plant exposed to retirement, transfers-in are considered as being exposed to retirement in this group at the beginning of the year in which they occurred, and the sales and transfers-out are considered to be removed from the plant exposed to retirement at the beginning of the following year. Thus, the amounts of plant shown at the beginning of each year are the amounts of plant from each placement year considered to be exposed to retirement at the beginning of each successive transaction year. For example, the exposures for the installation year 2018 are calculated in the following manner:

|                     |                                   |             |
|---------------------|-----------------------------------|-------------|
| Exposures at age 0  | = amount of addition              | = \$750,000 |
| Exposures at age ½  | = \$750,000 - \$ 8,000            | = \$742,000 |
| Exposures at age 1½ | = \$742,000 - \$18,000            | = \$724,000 |
| Exposures at age 2½ | = \$724,000 - \$20,000 - \$19,000 | = \$685,000 |
| Exposures at age 3½ | = \$685,000 - \$22,000            | = \$663,000 |

**SCHEDULE 3. PLANT EXPOSED TO RETIREMENT**  
**JANUARY 1 OF EACH YEAR 2013-2022**  
**SUMMARIZED BY AGE INTERVAL**

| Experience Band 2013-2022 |                                 |                  |                  |                  |                  |                  |                  |                  |                    | Placement Band 2008-2022 |                              |                 |
|---------------------------|---------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|--------------------------|------------------------------|-----------------|
| Year<br>Placed            | Exposures, Thousands of Dollars |                  |                  |                  |                  |                  |                  |                  |                    |                          | Total at                     |                 |
|                           | 2013                            | 2014             | 2015             | 2016             | 2017             | 2018             | 2019             | 2020             | 2021               | 2022                     | Beginning of<br>Age Interval | Age<br>Interval |
| (1)                       | (2)                             | (3)              | (4)              | (5)              | (6)              | (7)              | (8)              | (9)              | (10)               | (11)                     | (12)                         | (13)            |
| 2008                      | 255                             | 245              | 234              | 222              | 209              | 195              | 239              | 216              | 192                | 167                      | 167                          | 13½-14½         |
| 2009                      | 279                             | 268              | 256              | 243              | 228              | 212              | 194              | 174              | 153                | 131                      | 323                          | 12½-13½         |
| 2010                      | 307                             | 296              | 284              | 271              | 257              | 241              | 224              | 205              | 184                | 162                      | 531                          | 11½-12½         |
| 2011                      | 338                             | 330              | 321              | 311              | 300              | 289              | 276              | 262              | 242                | 226                      | 823                          | 10½-11½         |
| 2012                      | 376                             | 367              | 357              | 346              | 334              | 321              | 307              | 297              | 280                | 261                      | 1,097                        | 9½-10½          |
| 2013                      | 420 <sup>a</sup>                | 416              | 407              | 397              | 386              | 374              | 361              | 347              | 332                | 316                      | 1,503                        | 8½-9½           |
| 2014                      |                                 | 460 <sup>a</sup> | 455              | 444              | 432              | 419              | 405              | 390              | 374                | 356                      | 1,952                        | 7½-8½           |
| 2015                      |                                 |                  | 510 <sup>a</sup> | 504              | 492              | 479              | 464              | 448              | 431                | 412                      | 2,463                        | 6½-7½           |
| 2016                      |                                 |                  |                  | 580 <sup>a</sup> | 574              | 561              | 546              | 530              | 501                | 482                      | 3,057                        | 5½-6½           |
| 2017                      |                                 |                  |                  |                  | 660 <sup>a</sup> | 653              | 639              | 623              | 628                | 609                      | 3,789                        | 4½-5½           |
| 2018                      |                                 |                  |                  |                  |                  | 750 <sup>a</sup> | 742              | 724              | 685                | 663                      | 4,332                        | 3½-4½           |
| 2019                      |                                 |                  |                  |                  |                  |                  | 850 <sup>a</sup> | 841              | 821                | 799                      | 4,955                        | 2½-3½           |
| 2020                      |                                 |                  |                  |                  |                  |                  |                  | 960 <sup>a</sup> | 949                | 926                      | 5,719                        | 1½-2½           |
| 2021                      |                                 |                  |                  |                  |                  |                  |                  |                  | 1,080 <sup>a</sup> | 1,069                    | 6,579                        | ½-1½            |
| 2022                      |                                 |                  |                  |                  |                  |                  |                  |                  |                    | 1,220 <sup>a</sup>       | 7,490                        | 0-½             |
| <b>Total</b>              | <b>1,975</b>                    | <b>2,382</b>     | <b>2,824</b>     | <b>3,318</b>     | <b>3,872</b>     | <b>4,494</b>     | <b>5,247</b>     | <b>6,017</b>     | <b>6,852</b>       | <b>7,799</b>             | <b>44,780</b>                |                 |

<sup>a</sup>Additions during the year

For the entire experience band 2013-2022, the total exposures at the beginning of an age interval are obtained by summing diagonally in a manner similar to the summing of the retirements during an age interval (Schedule 1). For example, the figure of 3,789, shown as the total exposures at the beginning of age interval 4½-5½, is obtained by summing:

$$255 + 268 + 284 + 311 + 334 + 374 + 405 + 448 + 501 + 609.$$

### **Original Life Table**

The original life table, illustrated in Schedule 4 on page II-16, is developed from the totals shown on the schedules of retirements and exposures, Schedules 1 and 3, respectively. The exposures at the beginning of the age interval are obtained from the corresponding age interval of the exposure schedule, and the retirements during the age interval are obtained from the corresponding age interval of the retirement schedule. The retirement ratio is the result of dividing the retirements during the age interval by the exposures at the beginning of the age interval. The percent surviving at the beginning of each age interval is derived from survivor ratios, each of which equals one minus the retirement ratio. The percent surviving is developed by starting with 100% at age zero and successively multiplying the percent surviving at the beginning of each interval by the survivor ratio, i.e., one minus the retirement ratio for that age interval. The calculations necessary to determine the percent surviving at age 5½ are as follows:

|                               |   |                     |          |
|-------------------------------|---|---------------------|----------|
| Percent surviving at age 4½   | = | 88.15               |          |
| Exposures at age 4½           | = | 3,789,000           |          |
| Retirements from age 4½ to 5½ | = | 143,000             |          |
| Retirement Ratio              | = | 143,000 ÷ 3,789,000 | = 0.0377 |
| Survivor Ratio                | = | 1.000 - 0.0377      | = 0.9623 |
| Percent surviving at age 5½   | = | (88.15) x (0.9623)  | = 84.83  |

The totals of the exposures and retirements (columns 2 and 3) are shown for the purpose of checking with the respective totals in Schedules 1 and 3. The ratio of the total retirements to the total exposures, other than for each age interval, is meaningless.

SCHEDULE 4. ORIGINAL LIFE TABLE  
CALCULATED BY THE RETIREMENT RATE METHOD

Experience Band 2013-2022

Placement Band 2008-2022

(Exposure and Retirement Amounts are in Thousands of Dollars)

| Age at<br>Beginning of<br>Interval | Exposures at<br>Beginning of<br>Age Interval | Retirements<br>During Age<br>Interval | Retirement<br>Ratio | Survivor<br>Ratio | Percent<br>Surviving at<br>Beginning of<br>Age Interval |
|------------------------------------|--|---------------------------------------|---------------------|-------------------|---|
| (1)                                | (2)  | (3)                                   | (4)                 | (5)               | (6)   |
| 0.0                                | 7,490  | 80                                    | 0.0107              | 0.9893            | 100.00  |
| 0.5                                | 6,579  | 153                                   | 0.0233              | 0.9767            | 98.93   |
| 1.5                                | 5,719  | 151                                   | 0.0264              | 0.9736            | 96.62   |
| 2.5                                | 4,955  | 150                                   | 0.0303              | 0.9697            | 94.07   |
| 3.5                                | 4,332  | 146                                   | 0.0337              | 0.9663            | 91.22   |
| 4.5                                | 3,789  | 143                                   | 0.0377              | 0.9623            | 88.15   |
| 5.5                                | 3,057  | 131                                   | 0.0429              | 0.9571            | 84.83   |
| 6.5                                | 2,463  | 124                                   | 0.0503              | 0.9497            | 81.19   |
| 7.5                                | 1,952  | 113                                   | 0.0579              | 0.9421            | 77.11   |
| 8.5                                | 1,503  | 105                                   | 0.0699              | 0.9301            | 72.65   |
| 9.5                                | 1,097  | 93                                    | 0.0848              | 0.9152            | 67.57   |
| 10.5                               | 823  | 83                                    | 0.1009              | 0.8991            | 61.84   |
| 11.5                               | 531  | 64                                    | 0.1205              | 0.8795            | 55.60   |
| 12.5                               | 323  | 44                                    | 0.1362              | 0.8638            | 48.90   |
| 13.5                               | <u>167</u>                                   | <u>26</u>                             | 0.1557              | 0.8443            | 42.24   |
|                                    |  |                                       |                     |                   | 35.66   |
| Total                              | <u>44,780</u>                                | <u>1,606</u>                          |                     |                   |   |

Column 2 from Schedule 3, Column 12, Plant Exposed to Retirement.

Column 3 from Schedule 1, Column 12, Retirements for Each Year.

Column 4 = Column 3 Divided by Column 2.

Column 5 = 1.0000 Minus Column 4.

Column 6 = Column 5 Multiplied by Column 6 as of the Preceding Age Interval.

The original survivor curve is plotted from the original life table (column 6, Schedule 4). When the curve terminates at a percent surviving greater than zero, it is called a stub survivor curve. Survivor curves developed from retirement rate studies generally are stub curves.

### **Smoothing the Original Survivor Curve**

The smoothing of the original survivor curve eliminates any irregularities and serves as the basis for the preliminary extrapolation to zero percent surviving of the original stub curve. Even if the original survivor curve is complete from 100% to zero percent, it is desirable to eliminate any irregularities, as there is still an extrapolation for the vintages which have not yet lived to the age at which the curve reaches zero percent. In this study, the smoothing of the original curve with established type curves was used to eliminate irregularities in the original curve.

The Iowa type curves are used in this study to smooth those original stub curves which are expressed as percents surviving at ages in years. Each original survivor curve was compared to the Iowa curves using visual and mathematical matching in order to determine the better fitting smooth curves. In Figures 6, 7, and 8, the original curve developed in Schedule 4 is compared with the L, S, and R Iowa type curves which most nearly fit the original survivor curve. In Figure 6, the L1 curve with an average life between 12 and 13 years appears to be the best fit. In Figure 7, the S0 type curve with a 12-year average life appears to be the best fit and appears to be better than the L1 fitting. In Figure 8, the R1 type curve with a 12-year average life appears to be the best fit and appears to be better than either the L1 or the S0.

In Figure 9, the three fittings, 12-L1, 12-S0 and 12-R1 are drawn for comparison purposes. It is probable that the 12-R1 Iowa curve would be selected as the most representative of the plotted survivor characteristics of the group.

FIGURE 6. ILLUSTRATION OF THE MATCHING OF AN ORIGINAL SURVIVOR CURVE WITH AN L1 IOWA TYPE CURVE  
ORIGINAL AND SMOOTH SURVIVOR CURVES

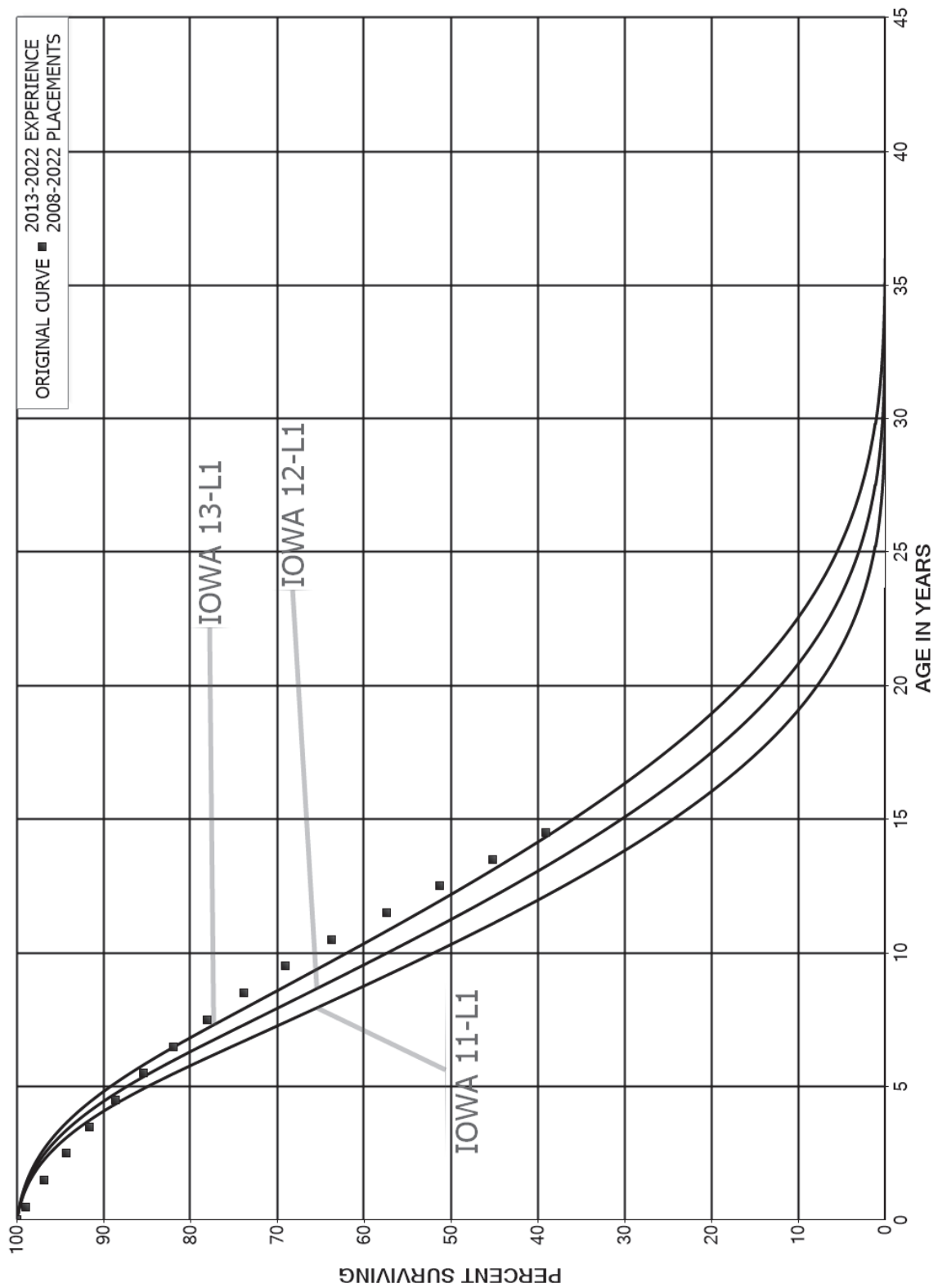


FIGURE 7. ILLUSTRATION OF THE MATCHING OF AN ORIGINAL SURVIVOR CURVE WITH AN S0 IOWA TYPE CURVE  
ORIGINAL AND SMOOTH SURVIVOR CURVES

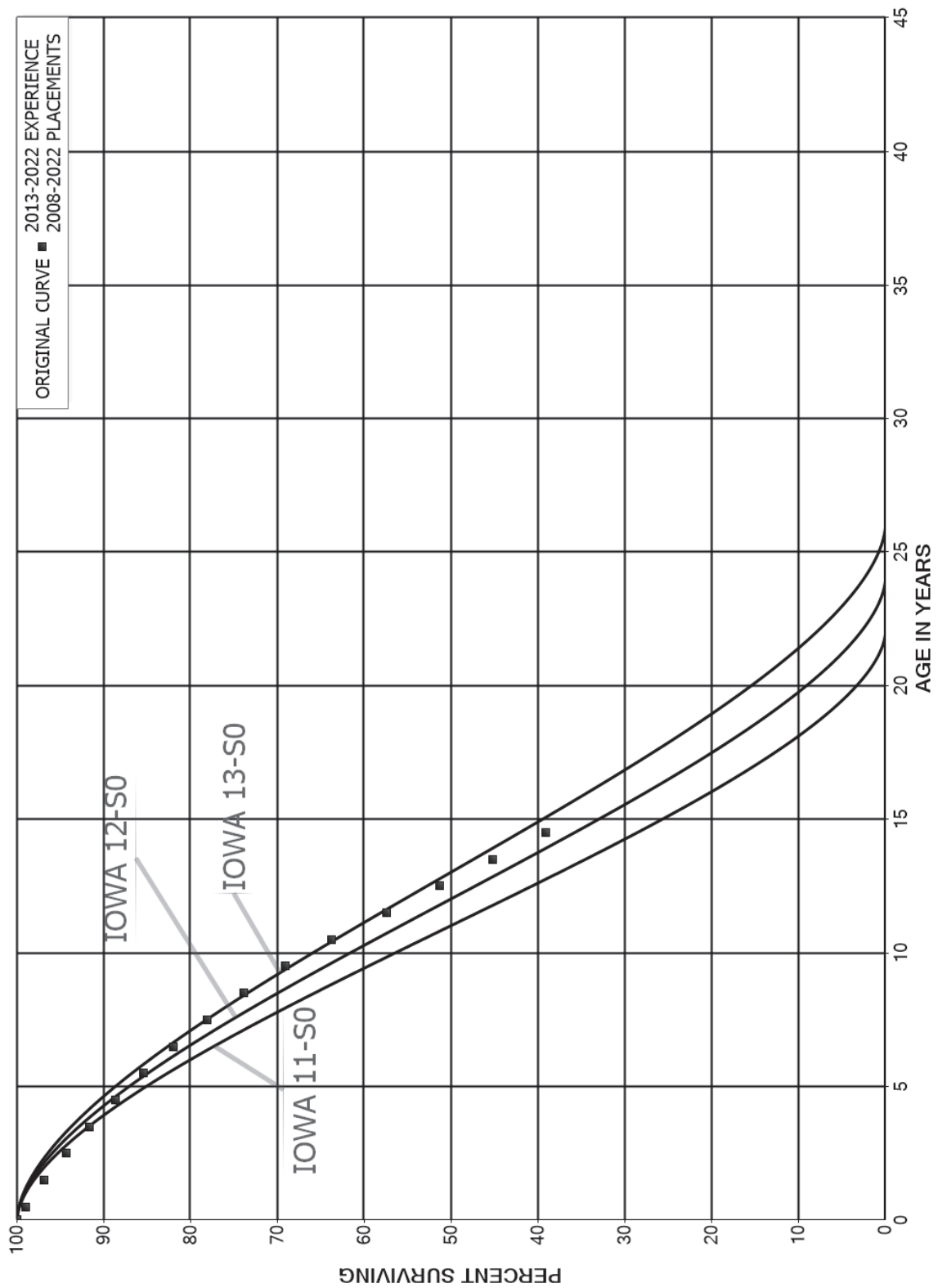


FIGURE 8. ILLUSTRATION OF THE MATCHING OF AN ORIGINAL SURVIVOR CURVE WITH AN R1 IOWA TYPE CURVE  
ORIGINAL AND SMOOTH SURVIVOR CURVES

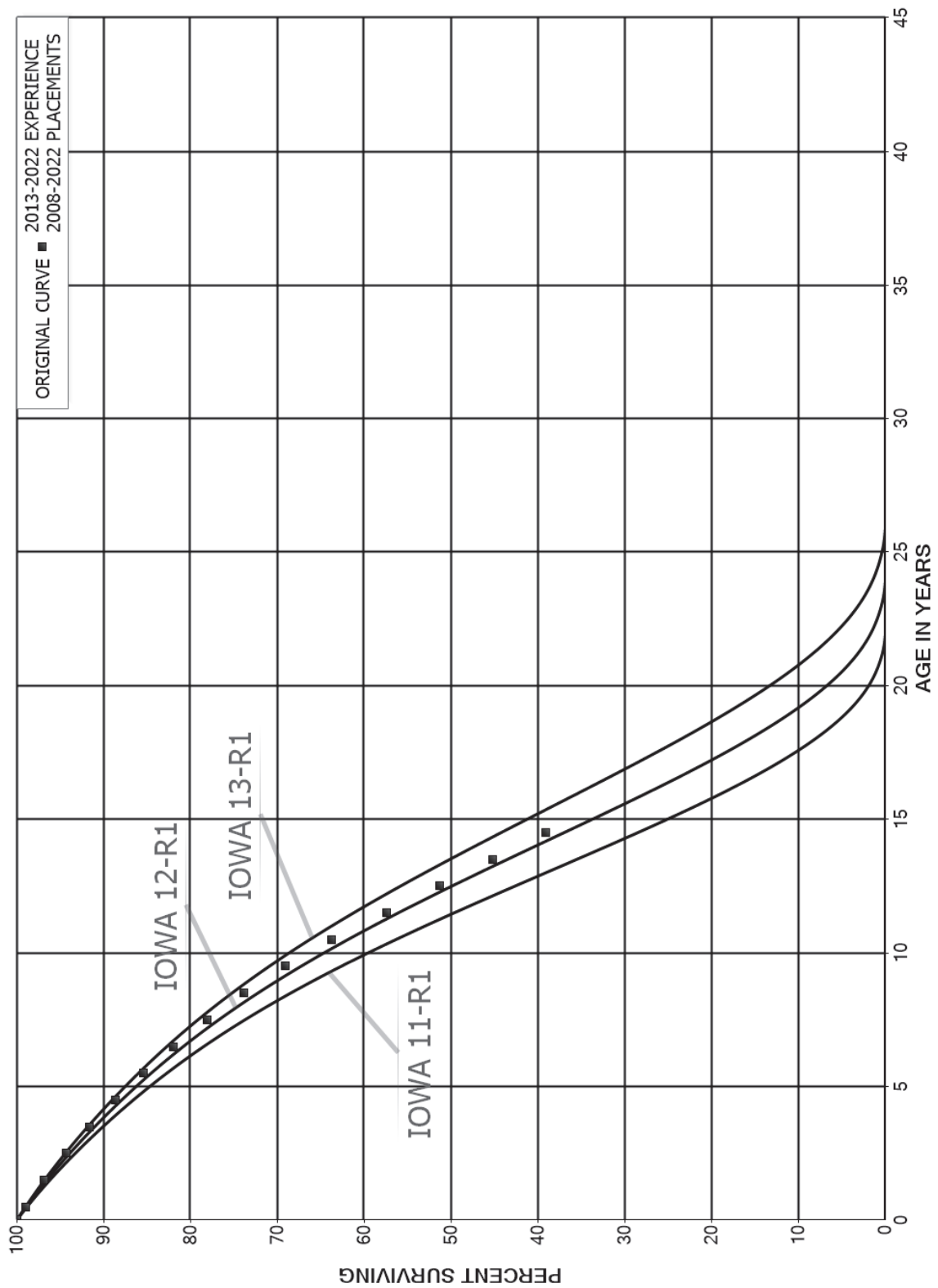
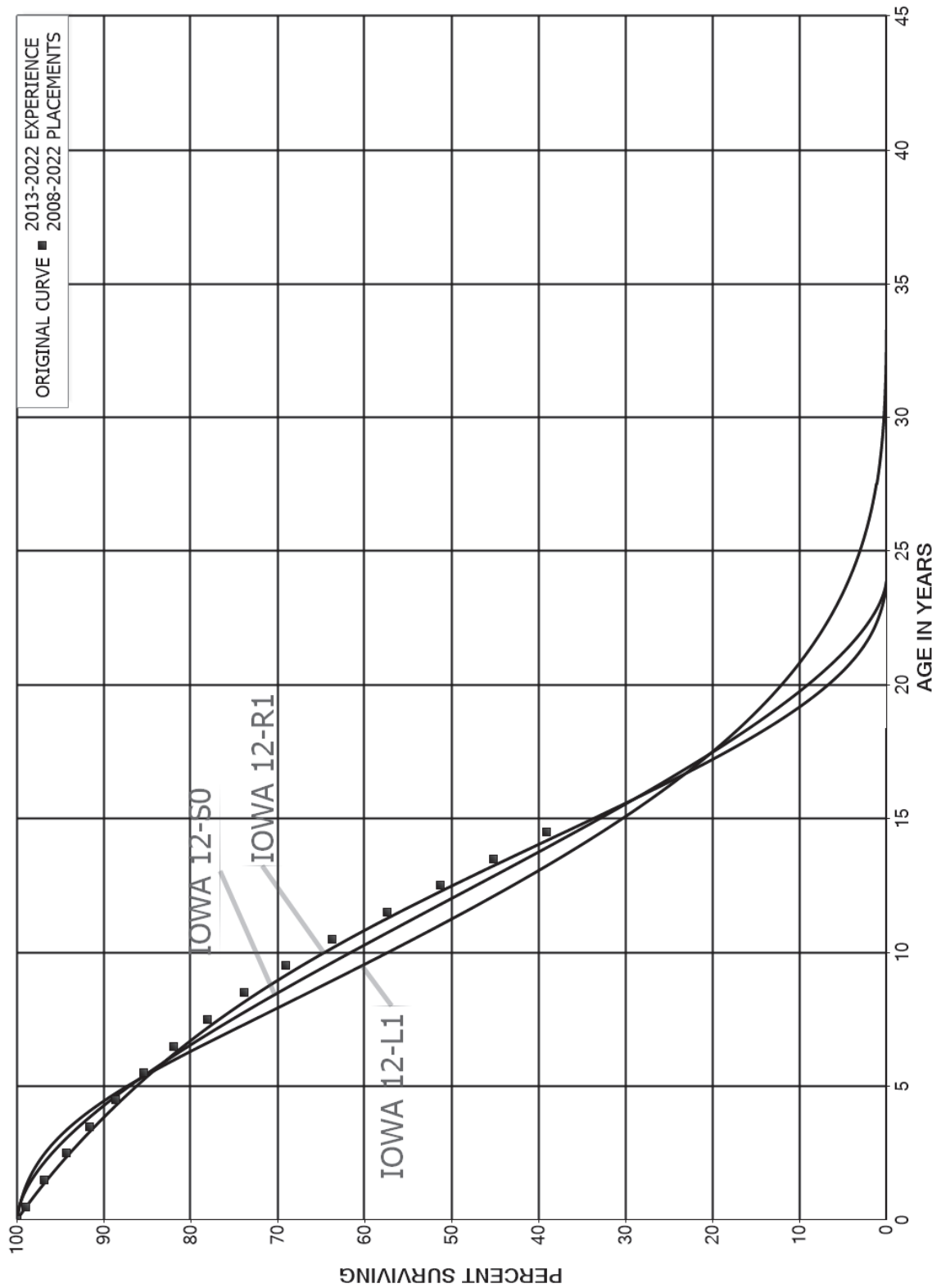




FIGURE 9. ILLUSTRATION OF THE MATCHING OF AN ORIGINAL SURVIVOR CURVE WITH AN L1, S0 AND R1 IOWA TYPE CURVE  
ORIGINAL AND SMOOTH SURVIVOR CURVES



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## **PART III. SERVICE LIFE CONSIDERATIONS**

## **PART III. SERVICE LIFE CONSIDERATIONS**

### **FIELD TRIPS**

In order to be familiar with the operation of the Company and observe representative portions of the plant, a field trip was conducted for the study. A general understanding of the function of the plant and information with respect to the reasons for past retirements and the expected future causes of retirements are obtained during field trips. This knowledge and information were incorporated in the interpretation and extrapolation of the statistical analyses.

The following is a list of the locations visited during the initial field trip.

#### March 13, 2023

- Foothills Water Treatment Plant
- Water Treatment / Pump Station
- Raw Water Intake
- Fire West Pump Station and Tanks
- Section 14 Wastewater Plant
- Marwood Wastewater Treatment Plant
- Del Rey Wastewater Plant
- Del Oro Wastewater Plant
- Season's Wastewater Treatment Plant
- Palm Shadows Lift Station

### **Service Life Analysis**

The service life estimates were based on judgment which considered a number of factors. The primary factors were the current company policies and outlook as determined during on-site visits and conversations with management; and the survivor curve estimates from previous studies of this company and other water and wastewater companies.

Account 380.00, Treatment and Disposal Equipment, is used to illustrate the manner in which the study was conducted for each account. Due to the limited available historical data, life analysis based on the retirement rate method did not provide

meaningful results. Therefore, the service life estimates were based on other factors, which include information obtained from Company subject-matter experts, the current estimates prescribed for Foothills and the estimates for similar utilities. The industry range for wastewater treatment equipment is between 30 and 50 years. The recommended survivor curve estimate for this account is the 35-L2 and is plotted on page VII-56. Given the composition and history of Foothills' assets, an estimate that is slightly closer to the lower end of the industry range is reasonable for this account.

For Water assets, Account 331.00 Transmission and Distribution Mains, is used to discuss the water assets. There was limited historical data to analyze so conclusive life characteristics were not able to be determined. Therefore, the life characteristics were once again based on an understanding of type of asset and company plans for the mains as well as the estimates of other water utilities. The industry range for water mains is between 60 and 100 years. The recommended survivor curve estimate for this account is the 90-R2.5 and is plotted on page VII-16. Based on plans and location of the Foothills assets, an estimate that is at the upper end of the industry range is reasonable for this account.

Amortization accounting is proposed for certain General Plant accounts that represent numerous units of property, but a small portion of the depreciable plant in service. A discussion of the basis for the amortization periods is presented in the section "Calculation of Annual and Accrued Amortization".

Generally, the estimates for the remaining accounts of the total depreciable plant in service were based on judgments which considered the nature of the plant and equipment, the previous estimate for this company and a general knowledge of service lives for similar equipment in other water and wastewater companies. The survivor curve estimate for each account is presented in the section beginning on page VII-2.

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## **PART IV. NET SALVAGE CONSIDERATIONS**

## **PART IV. NET SALVAGE CONSIDERATIONS**

The estimates of net salvage were based primarily on judgment which considered a number of factors. The primary factors were the knowledge of management's plans and operating policies and net salvage estimates from previous studies of other water and wastewater companies. The net salvage estimates are expressed as a percent of the original cost of plant retired. The net salvage estimate for general plant accounts with amortization accounting implemented will be zero percent.

Account 380.00, Treatment and Disposal Equipment, is used to illustrate the manner in which the study was conducted for each account. Due to the limited available historical data, the net salvage analysis did not provide meaningful results. The industry range for wastewater treatment and disposal equipment is between 0 and negative 25 percent. Cost of removal is typically incurred when treatment equipment is retired or replaced and a negative net salvage estimate is reasonable and common for this account. The proposed estimate of negative 10 percent is at the lower end of the typical industry range.

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## **PART V. CALCULATION OF ANNUAL AND ACCRUED DEPRECIATION**

## **PART V. CALCULATION OF ANNUAL AND ACCRUED DEPRECIATION**

### **GROUP DEPRECIATION PROCEDURES**

A group procedure for depreciation is appropriate when considering more than a single item of property. Normally the items within a group do not have identical service lives, but have lives that are dispersed over a range of time. There are two primary group procedures, namely, average service life and equal life group. In the average service life procedure, the rate of annual depreciation is based on the average life or average remaining life of the group, and this rate is applied to the surviving balances of the group's cost. A characteristic of this procedure is that the cost of plant retired prior to average life is not fully recouped at the time of retirement, whereas the cost of plant retired subsequent to average life is more than fully recouped. Over the entire life cycle, the portion of cost not recouped prior to average life is balanced by the cost recouped subsequent to average life.

#### **Single Unit of Property**

The calculation of straight line depreciation for a single unit of property is straightforward. For example, if a \$1,000 unit of property attains an age of four years and has a life expectancy of six years, the annual accrual over the total life is:

$$\frac{\$1,000}{(4 + 6)} = \$100 \text{ per year.}$$

The accrued depreciation is:

$$\$1,000 \left( 1 - \frac{6}{10} \right) = \$400.$$



## **Group Depreciation Procedures**

When more than a single item of property is under consideration, a group procedure for depreciation is appropriate because normally all of the items within a group do not have identical service lives, but have lives that are dispersed over a range of time. There are two primary group procedures, namely, average service life and equal life group.

## **Remaining Life Annual Accruals**

For the purpose of calculating remaining life accruals as of June 30, 2023, the depreciation reserve for each plant account is allocated among vintages in proportion to the calculated accrued depreciation for the account. Explanations of remaining life accruals and calculated accrued depreciation follow. The detailed calculations as of June 30, 2023, are set forth in the Results of Study section of the report.

## **Average Service Life Procedure**

In the average service life procedure, the remaining life annual accrual for each vintage is determined by dividing future book accruals (original cost less book reserve) by the average remaining life of the vintage. The average remaining life is a directly weighted average derived from the estimated future survivor curve in accordance with the average service life procedure.

The calculated accrued depreciation for each depreciable property group represents that portion of the depreciable cost of the group which would not be allocated to expense through future depreciation accruals, if current forecasts of life characteristics are used as the basis for such accruals. The accrued depreciation calculation consists of applying an appropriate ratio to the surviving original cost of each vintage of each

account, based upon the attained age and service life. The straight line accrued depreciation ratios are calculated as follows for the average service life procedure:

$$\text{Ratio} = 1 - \frac{\text{Average Remaining Life}}{\text{Average Service Life}}.$$

## **CALCULATION OF ANNUAL AND ACCRUED AMORTIZATION**

Amortization is the gradual extinguishment of an amount in an account by distributing such amount over a fixed period, over the life of the asset or liability to which it applies, or over the period during which it is anticipated the benefit will be realized. Normally, the distribution of the amount is in equal amounts to each year of the amortization period.

The calculation of annual and accrued amortization requires the selection of an amortization period. The amortization periods used in this report were based on judgment which incorporated a consideration of the period during which the assets will render most of their service, the amortization period and service lives used by other utilities, and the service life estimates previously used for the asset under depreciation accounting.

Amortization accounting is proposed for certain General Plant accounts that represent numerous units of property, but a very small portion of depreciable utility plant in service. The accounts and their amortization periods are as follows:

| <u>Account</u>  | <u>Amortization<br/>Period,<br/>Years</u> |
|---|---|
| <u>WATER ASSETS</u>   |   |
| 340.00 Office Furniture and Equipment – Furniture             | 20  |
| 340.10 Office Furniture and Equipment – Computer<br>Equipment | 5   |
| 343.00 Stores, Shop and Garage Equipment                      | 25  |
| 344.00 Laboratory Equipment                                   | 20  |
| 346.00 Communication Equipment                                | 15  |
| 347.00 Miscellaneous Equipment                                | 20  |
| 348.00 Other Tangible Plant                                   | 20  |
| <u>WASTEWATER ASSETS</u>                                      |   |
| 390.00 Office Furniture and Equipment – Furniture             | 20  |
| 390.10 Office Furniture and Equipment – Computer<br>Equipment | 5   |
| 393.00 Tools, Shop and Garage Equipment                       | 25  |
| 394.00 Laboratory Equipment                                   | 20  |
| 396.00 Communication Equipment                                | 15  |
| 397.00 Miscellaneous Equipment                                | 20  |
| 398.00 Other Tangible Plant                                   | 20  |

The calculated accrued amortization is equal to the original cost multiplied by the ratio of the vintage's age to its amortization period. The annual amortization amount is determined by dividing the original cost by the period of amortization for the account.

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## **PART VI. RESULTS OF STUDY**

## **PART VI. RESULTS OF STUDY**

### **QUALIFICATION OF RESULTS**

The calculated annual and accrued depreciation are the principal results of the study. Continued surveillance and periodic revisions are normally required to maintain continued use of appropriate annual depreciation accrual rates. An assumption that accrual rates can remain unchanged over a long period of time implies a disregard for the inherent variability in service lives and net salvage and for the change of the composition of property in service. The annual accrual rates were calculated in accordance with the straight line remaining life method of depreciation, using the average service life procedure based on estimates which reflect considerations of current historical evidence and expected future conditions.

The annual depreciation accrual rates are applicable specifically to the water and wastewater plant in service as of June 30, 2023. For most plant accounts, the application of such rates to future balances that reflect additions subsequent to June 30, 2023, is reasonable for a period of three to five years.

### **DESCRIPTION OF DETAILED TABULATIONS**

Summaries of the results of the study, as applied to the original cost of water and wastewater plant in service as of June 30, 2023, are presented on pages VI-4 through VI-6 of this report. The tables set forth the original cost, the book depreciation reserve, future accruals, the calculated annual depreciation rate and amount, and the composite remaining life related to water and wastewater plant.

The service life estimates were based on judgment that incorporated statistical analysis of available retirement data, discussions with management and consideration of

estimates made for other water and wastewater utilities. The results of the statistical analysis of service life are presented in the section beginning on page VII-2, within the supporting documents of this report.

For each depreciable group, a chart depicting the estimated survivor curve is provided. The survivor curves estimated for the depreciable groups are shown as dark smooth curves on the charts. Each smooth survivor curve is denoted by a numeral followed by the curve type designation. The numeral used is the average life derived from the entire curve from 100 percent to zero percent surviving.

The tables of the calculated annual depreciation applicable to depreciable assets as of June 30, 2023 are presented in account sequence starting on page VIII-2 of the supporting documents. The tables indicate the estimated survivor curve and net salvage percent for the account and set forth, for each installation year, the original cost, the calculated accrued depreciation, the allocated book reserve, future accruals, the remaining life, and the calculated annual accrual amount.

**FOOTHILLS WATER & SEWER, LLC  
WATER DIVISION**

**TABLE 1. SUMMARY OF ESTIMATED SURVIVOR CURVE, NET SALVAGE PERCENT, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND  
CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO WATER PLANT AS OF JUNE 30, 2023**

|                         | DEPRECIABLE GROUP<br>(1)   | PROBABLE<br>RETIREMENT<br>DATE<br>(2) | SURVIVOR<br>CURVE<br>(3) | NET<br>SALVAGE<br>PERCENT<br>(4) | ORIGINAL COST<br>AS OF<br>JUNE 30, 2023<br>(5) | BOOK<br>DEPRECIATION<br>RESERVE<br>(6) | FUTURE<br>ACCRUALS<br>(7) | CALCULATED ANNUAL            |                                | COMPOSITE<br>REMAINING<br>LIFE<br>(10) |
|-------------------------|--|---------------------------------------|--------------------------|----------------------------------|--|--|---------------------------|------------------------------|--------------------------------|--|
|                         |  |                                       |                          |                                  |  |  |                           | ACCUMULATED<br>AMOUNT<br>(8) | ACCURAL<br>RATE<br>(9)=(8)/(5) |  |
| DEPRECIABLE PLANT       |  |                                       |                          |                                  |  |  |                           |                              |                                |  |
| 304.00                  | STRUCTURES AND IMPROVEMENTS<br>SECTION 14 WATER TREATMENT PLANT<br>OTHER |                                       | 45-R3<br>45-R3           | (10)<br>(10)                     | 55,482.27<br>711,972.06                        | 28,386<br>583,372                      | 32,644<br>199,797         | 935<br>5,862                 | 1.69<br>0.82                   | 34.9<br>34.1                           |
|                         | TOTAL STRUCTURES AND IMPROVEMENTS  |                                       |                          |                                  | 767,454.33                                     | 611,758                                | 232,441                   | 6,797                        | 0.89                           |  |
| 307.00                  | WELLS AND SPRINGS  |                                       | 45-R2                    | (10)                             | 635,961.17                                     | 557,977                                | 141,581                   | 4,357                        | 0.69                           | 32.5                                   |
| 310.00                  | POWER GENERATING EQUIPMENT - MOBILE                                      |                                       | 35-R2.5                  | (5)                              | 65,800.00                                      | 1,094                                  | 67,996                    | 1,956                        | 2.97                           | 34.8                                   |
| 311.00                  | PUMPING EQUIPMENT  |                                       | 35-S1                    | (10)                             | 1,874,387.74                                   | 1,573,765                              | 488,061                   | 15,470                       | 0.83                           | 31.5                                   |
| 320.00                  | WATER TREATMENT EQUIPMENT<br>STRUCTURES AND IMPROVEMENTS<br>EQUIPMENT    |                                       | 40-R2.5<br>40-R2.5       | (15)<br>(15)                     | 5,128,856.91<br>1,148,392.04                   | 5,035,995<br>1,044,469                 | 862,190<br>276,182        | 41,049<br>11,981             | 0.80<br>1.04                   | 21.0<br>23.0                           |
|                         | TOTAL WATER TREATMENT AND EQUIPMENT                                      |                                       |                          |                                  | 6,277,248.95                                   | 6,080,464                              | 1,138,372                 | 53,040                       | 0.84                           |  |
| 330.00                  | DISTRIBUTION RESERVOIRS AND EQUIPMENT                                    |                                       | 50-R2.5                  | (15)                             | 782,102.94                                     | 776,134                                | 123,285                   | 4,207                        | 0.54                           | 29.3                                   |
| 331.00                  | TRANSMISSION AND DISTRIBUTION MAINS                                      |                                       | 90-R2.5                  | (30)                             | 17,807,925.69                                  | 8,141,564                              | 15,008,739                | 212,368                      | 1.19                           | 70.7                                   |
| 333.00                  | SERVICES   |                                       | 60-R3                    | (50)                             | 899,395.00                                     | 408,247                                | 940,846                   | 24,738                       | 2.75                           | 38.0                                   |
| 334.00                  | METERS   | 12-2024                               | 20-S1                    | (10)                             | 1,027,006.76                                   | 910,455                                | 219,253                   | 150,579                      | 14.66 *                        | 1.5                                    |
| 335.00                  | FIRE HYDRANTS  |                                       | 60-R3                    | (30)                             | 614,476.18                                     | 248,200                                | 550,619                   | 13,390                       | 2.18                           | 41.1                                   |
| 336.00                  | BACKFLOW PREVENTION DEVICES  |                                       | 35-S2.5                  | 0                                | 6,770.73                                       | 2,426                                  | 4,345                     | 132                          | 1.95                           | 32.9                                   |
| 340.00                  | OFFICE FURNITURE AND EQUIPMENT   |                                       | 20-SQ                    | 0                                | 488,306.00                                     | 484,663                                | 3,643                     | 520                          | 0.11 **                        | 7.0                                    |
| 340.01                  | FURNITURE AND EQUIPMENT - NEW  |                                       | 20-SQ                    | 0                                | 2,593.58                                       | 48                                     | 2,546                     | 129                          | 4.97                           | 19.7                                   |
| 340.10                  | COMPUTER EQUIPMENT   |                                       | 5-SQ                     | 0                                | 231,418.47                                     | 120,471                                | 110,947                   | 25,606                       | 11.06                          | 4.3                                    |
|                         | TOTAL OFFICE FURNITURE AND EQUIPMENT                                     |                                       |                          |                                  | 722,318.05                                     | 605,182                                | 117,136                   | 26,255                       | 3.63                           |  |
| 341.00                  | TRANSPORTATION EQUIPMENT   |                                       | 11-SQ                    | 10                               | 416,200.07                                     | 220,350                                | 154,230                   | 17,209                       | 4.13                           | 9.0                                    |
| 343.00                  | STORES, SHOP AND GARAGE EQUIPMENT  |                                       | 25-SQ                    | 0                                | 66,813.32                                      | 44,523                                 | 22,290                    | 925                          | 1.38                           | 24.1                                   |
| 344.00                  | LABORATORY EQUIPMENT   |                                       | 20-SQ                    | 0                                | 5,674.80                                       | 5,675                                  | 0                         | 0                            | - **                           | -                                      |
| 345.00                  | POWER OPERATED EQUIPMENT   |                                       | 12-SQ                    | 0                                | 93,859.00                                      | 107,859                                | (14,000)                  | 0                            | - **                           | -                                      |
| 346.00                  | COMMUNICATION EQUIPMENT  |                                       | 15-SQ                    | 0                                | 40,844.60                                      | 6,392                                  | 34,452                    | 2,463                        | 6.03                           | 14.0                                   |
| 347.00                  | MISCELLANEOUS EQUIPMENT  |                                       | 20-SQ                    | 0                                | 74,976.23                                      | 63,772                                 | 11,205                    | 582                          | 0.78                           | 19.3                                   |
| 348.00                  | OTHER TANGIBLE PLANT   |                                       | 20-SQ                    | 0                                | 467,286.00                                     | 467,286                                | 0                         | 0                            | - **                           | -                                      |
| TOTAL DEPRECIABLE PLANT |  |                                       |                          |                                  | 32,646,501.56                                  | 20,833,122                             | 19,240,851                | 534,468                      | 1.64                           |  |

FOOTHILLS WATER & SEWER, LLC  
WATER DIVISION

TABLE 1. SUMMARY OF ESTIMATED SURVIVOR CURVE, NET SALVAGE PERCENT, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO WATER PLANT AS OF JUNE 30, 2023

| DEPRECIABLE GROUP<br>(1)          | PROBABLE<br>RETIREMENT<br>DATE<br>(2) | SURVIVOR<br>CURVE<br>(3) | NET<br>SALVAGE<br>PERCENT<br>(4) | ORIGINAL COST<br>AS OF<br>JUNE 30, 2023<br>(5) | BOOK<br>DEPRECIATION<br>RESERVE<br>(6) | FUTURE<br>ACCRUALS<br>(7) | CALCULATED ANNUAL<br>ACCRUAL<br>AMOUNT<br>(8) | ACCUMULATED ANNUAL<br>ACCRUAL<br>RATE<br>(9)=(8)/(5) | COMPOSITE<br>REMAINING<br>LIFE<br>(10) |
|-----------------------------------|---------------------------------------|--------------------------|----------------------------------|--|--|---------------------------|---|--|--|
| <b>NONDEPRECIABLE PLANT</b>       |                                       |                          |                                  |  |  |                           |   |  |  |
| 301.00 ORGANIZATION COSTS         |                                       |                          |                                  | 1,626.00                                       |  |                           |   |  |  |
| 302.00 FRANCHISES AND CONSENTS    |                                       |                          |                                  | 14,501.00                                      |  |                           |   |  |  |
| 303.00 LAND AND LAND RIGHTS       |                                       |                          |                                  | 1,201,450.00                                   |  |                           |   |  |  |
| <b>TOTAL NONDEPRECIABLE PLANT</b> |                                       |                          |                                  | <b>1,217,577.00</b>                            |  |                           |   |  |  |
| <b>TOTAL WATER PLANT</b>          |                                       |                          |                                  | <b>33,864,078.56</b>                           | <b>20,833,122</b>                      |                           |   |  |  |

\* ADDITIONS RECORDED IN THIS ACCOUNT AS OF JULY 1, 2023 WILL USE AN ANNUAL ACCRUAL RATE OF 5.64% CONSISTENT WITH A 20-S1 SURVIVOR CURVE AND (10)% NET SALVAGE.

\*\* ADDITIONS RECORDED IN THIS ACCOUNT AS OF JULY 1, 2023 WILL USE AN ANNUAL ACCRUAL RATE OF 5.00% CONSISTENT WITH A 20-S0 SURVIVOR CURVE AND 0% NET SALVAGE.

\*\*\* ADDITIONS RECORDED IN THIS ACCOUNT AS OF JULY 1, 2023 WILL USE AN ANNUAL ACCRUAL RATE OF 8.50% CONSISTENT WITH A 12-S0 SURVIVOR CURVE AND 0% NET SALVAGE.



**FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION**

**TABLE 2. SUMMARY OF ESTIMATED SURVIVOR CURVE, NET SALVAGE PERCENT, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND  
CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO SEWER PLANT AS OF JUNE 30, 2023**

|                            | DEPRECIABLE GROUP<br>(1)                            | SURVIVOR<br>CURVE<br>(2) | NET<br>SALVAGE<br>PERCENT<br>(3) | ORIGINAL COST<br>AS OF<br>JUNE 30, 2023<br>(4) | BOOK<br>DEPRECIATION<br>RESERVE<br>(5) | FUTURE<br>ACCRUALS<br>(6) | CALCULATED ANNUAL        |                                | COMPOSITE<br>REMAINING<br>LIFE<br>(9) |
|----------------------------|---|--------------------------|----------------------------------|--|--|---------------------------|--------------------------|--------------------------------|---------------------------------------|
|                            |   |                          |                                  |  |  |                           | ACCURAL<br>AMOUNT<br>(7) | ACCURAL<br>RATE<br>(8)=(8)/(4) |                                       |
| DEPRECIABLE PLANT          |   |                          |                                  |  |  |                           |                          |                                |                                       |
| 354.00                     | STRUCTURES AND IMPROVEMENTS                         | 45-R3                    | (5)                              | 2,702,011.99                                   | 1,087,706                              | 1,749,407                 | 51,967                   | 1.92                           | 33.7                                  |
| 355.00                     | POWER GENERATION EQUIPMENT                          | 30-S2.5                  | 0                                | 209,067.39                                     | 39,250                                 | 169,817                   | 6,242                    | 2.99                           | 27.2                                  |
| 360.00                     | COLLECTION SEWERS - FORCE                           | 60-R3                    | (10)                             | 3,017,224.36                                   | 675,409                                | 2,643,538                 | 56,262                   | 1.86                           | 47.0                                  |
| 360.10                     | COLLECTION SEWERS - LIFT STATION                    | 60-R2.5                  | (10)                             | 1,880,908.83                                   | 155,044                                | 1,913,956                 | 34,175                   | 1.82                           | 56.0                                  |
| 361.00                     | COLLECTION SEWERS - GRAVITY                         | 55-R2.5                  | (10)                             | 9,462,613.51                                   | 3,574,004                              | 6,834,871                 | 178,650                  | 1.89                           | 38.3                                  |
| 363.00                     | SERVICES TO CUSTOMERS                               | 55-R2.5                  | (20)                             | 270,020.00                                     | 53,969                                 | 270,055                   | 5,885                    | 2.18                           | 45.9                                  |
| 364.00                     | FLOW MEASURING DEVICES                              | 30-R3                    | 0                                | 37,121.19                                      | 31,829                                 | 5,293                     | 182                      | 0.49                           | 29.1                                  |
| 365.00                     | FLOW MEASURING INSTALLATIONS                        | 30-S2.5                  | 0                                | 11,378.00                                      | 11,378                                 | 0                         | 0                        | -                              | *                                     |
| 367.00                     | REUSE METERS AND METER INSTALLATIONS                | 20-S2.5                  | 0                                | 2,097.00                                       | 2,097                                  | 0                         | 0                        | -                              | **                                    |
| 370.00                     | RECEIVING WELLS                                     | 40-S2.5                  | 0                                | 88,511.80                                      | 35,314                                 | 53,198                    | 1,892                    | 2.14                           | 28.1                                  |
| 371.00                     | PUMPING EQUIPMENT                                   | 30-S0.5                  | (10)                             | 2,661,365.45                                   | 1,972,474                              | 955,028                   | 35,359                   | 1.33                           | 27.0                                  |
| 380.00                     | TREATMENT AND DISPOSAL EQUIPMENT                    | 35-L2                    | (10)                             | 25,291,094.99                                  | 15,128,087                             | 12,692,117                | 507,890                  | 2.01                           | 25.0                                  |
| 381.00                     | PLANT SEWERS  | 50-R3                    | (10)                             | 700,088.87                                     | 424,765                                | 345,333                   | 9,001                    | 1.29                           | 38.4                                  |
| 382.00                     | OUTFALL SEWER LINES                                 | 45-R3                    | (10)                             | 353,366.03                                     | 83,091                                 | 305,611                   | 8,008                    | 2.27                           | 38.2                                  |
| 389.00                     | OTHER PLANT AND MISCELLANEOUS EQUIPMENT             | 35-R2                    | 0                                | 617,782.11                                     | 392,271                                | 225,511                   | 7,722                    | 1.25                           | 29.2                                  |
| 390.00                     | OFFICE FURNITURE AND EQUIPMENT - FURNITURE          | 20-SQ                    | 0                                | 258,190.61                                     | 190,565                                | 67,626                    | 9,180                    | 3.56                           | 7.4                                   |
| 390.10                     | OFFICE FURNITURE AND EQUIPMENT - COMPUTER EQUIPMENT | 5-SQ                     | 0                                | 231,597.41                                     | 88,207                                 | 143,390                   | 36,605                   | 15.81                          | 3.9                                   |
| 391.00                     | TRANSPORTATION EQUIPMENT                            | 18-S0.5                  | 10                               | 494,312.72                                     | 312,981                                | 131,901                   | 7,991                    | 1.62                           | 16.5                                  |
| 393.00                     | TOOLS, SHOP AND GARAGE EQUIPMENT                    | 25-SQ                    | 0                                | 55,509.20                                      | 25,283                                 | 30,226                    | 1,812                    | 3.26                           | 16.7                                  |
| 394.00                     | LABORATORY EQUIPMENT                                | 20-SQ                    | 0                                | 35,121.98                                      | 34,755                                 | 367                       | 33                       | 0.09                           | 11.1                                  |
| 395.00                     | POWER OPERATED EQUIPMENT                            | 15-L1.5                  | 0                                | 113,636.52                                     | 76,667                                 | 36,970                    | 5,028                    | 4.42                           | 7.4                                   |
| 396.00                     | COMMUNICATION EQUIPMENT                             | 15-SQ                    | 0                                | 99,176.34                                      | 38,367                                 | 60,809                    | 4,732                    | 4.77                           | 12.9                                  |
| 397.00                     | MISCELLANEOUS EQUIPMENT                             | 20-SQ                    | 0                                | 207,426.58                                     | 165,690                                | 41,736                    | 2,226                    | 1.07                           | 18.7                                  |
| 398.00                     | OTHER TANGIBLE PLANT                                | 20-SQ                    | 0                                | 238,825.00                                     | 238,825                                | 0                         | 0                        | -                              | ***                                   |
| TOTAL DEPRECIABLE PLANT    |   |                          |                                  | 49,038,447.88                                  | 24,838,028                             | 28,676,760                | 970,842                  | 1.98                           |                                       |
| NONDEPRECIABLE PLANT       |   |                          |                                  |  |  |                           |                          |                                |                                       |
| 302.00                     | FRANCHISES AND CONSENTS                             |                          |                                  | 3,076.00                                       |  |                           |                          |                                |                                       |
| 303.00                     | LAND AND LAND RIGHTS                                |                          |                                  | 1,535,615.00                                   | (3,000)                                |                           |                          |                                |                                       |
| TOTAL NONDEPRECIABLE PLANT |   |                          |                                  | 1,538,691.00                                   | (3,000.00)                             |                           |                          |                                |                                       |
| TOTAL SEWER PLANT          |   |                          |                                  | 50,577,138.88                                  | 24,835,028                             |                           |                          |                                |                                       |

\* ADDITIONS RECORDED IN THIS ACCOUNT AS OF JULY 1, 2023 WILL USE AN ANNUAL ACCRUAL RATE OF 3.36% CONSISTENT WITH A 30-S2.5 SURVIVOR CURVE AND 0% NET SALVAGE.

\*\* ADDITIONS RECORDED IN THIS ACCOUNT AS OF JULY 1, 2023 WILL USE AN ANNUAL ACCRUAL RATE OF 5.06% CONSISTENT WITH A 20-S2.5 SURVIVOR CURVE AND 0% NET SALVAGE.

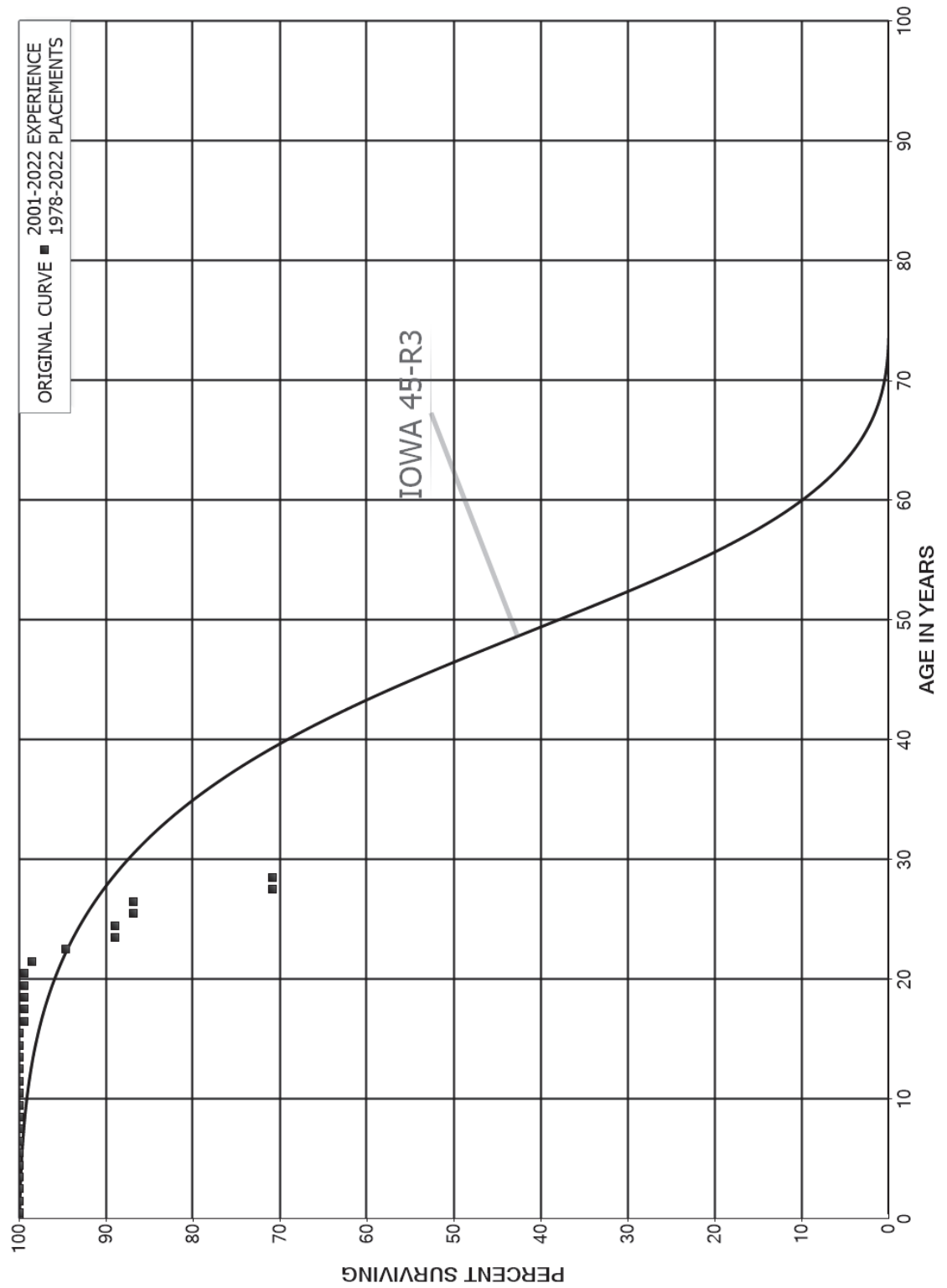
\*\*\* ADDITIONS RECORDED IN THIS ACCOUNT AS OF JULY 1, 2023 WILL USE AN ANNUAL ACCRUAL RATE OF 5.00% CONSISTENT WITH A 20-SQ SURVIVOR CURVE AND 0% NET SALVAGE.

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## **PART VII. SERVICE LIFE STATISTICS**

## **WATER DIVISION**

FOOTHILLS WATER & SEWER, LLC  
 WATER DIVISION  
 ACCOUNT 304.00 STRUCTURES AND IMPROVEMENTS  
 ORIGINAL AND SMOOTH SURVIVOR CURVES



FOOTHILLS WATER & SEWER, LLC  
WATER DIVISION

ACCOUNT 304.00 STRUCTURES AND IMPROVEMENTS

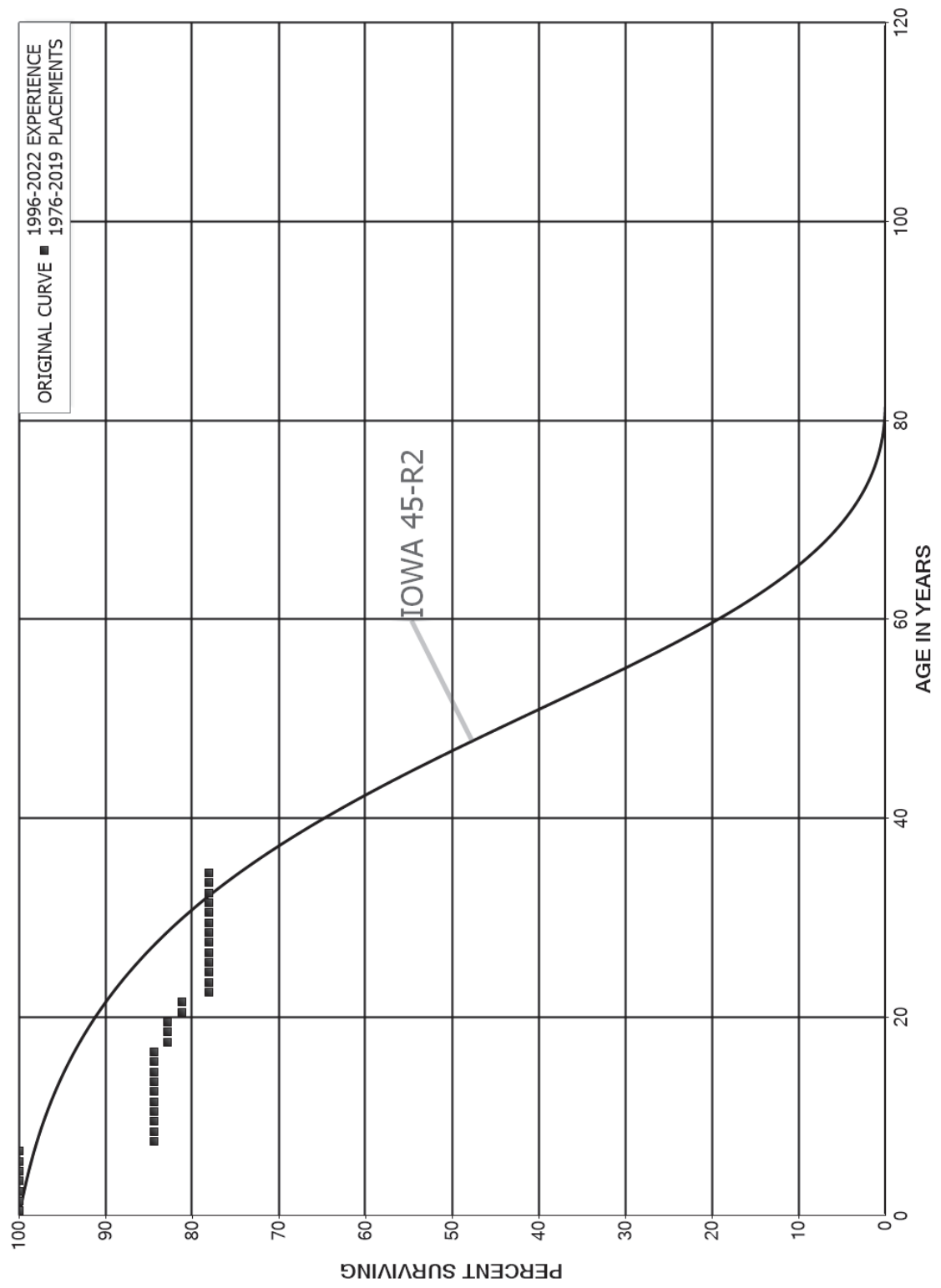
ORIGINAL LIFE TABLE

PLACEMENT BAND 1978-2022

EXPERIENCE BAND 2001-2022

| AGE AT<br>BEGIN OF<br>INTERVAL | EXPOSURES AT<br>BEGINNING OF<br>AGE INTERVAL | RETIREMENTS<br>DURING AGE<br>INTERVAL | RETMT<br>RATIO | SURV<br>RATIO | PCT SURV<br>BEGIN OF<br>INTERVAL |
|--------------------------------|--|---------------------------------------|----------------|---------------|----------------------------------|
| 0.0                            | 377,897                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 0.5                            | 517,897                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 1.5                            | 528,861                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 2.5                            | 525,660                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 3.5                            | 578,901                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 4.5                            | 669,572                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 5.5                            | 666,807                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 6.5                            | 668,379                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 7.5                            | 670,396                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 8.5                            | 666,727                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 9.5                            | 666,727                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 10.5                           | 665,615                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 11.5                           | 665,615                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 12.5                           | 664,772                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 13.5                           | 543,191                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 14.5                           | 549,311                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 15.5                           | 552,109                                      | 3,207                                 | 0.0058         | 0.9942        | 100.00                           |
| 16.5                           | 471,487                                      |                                       | 0.0000         | 1.0000        | 99.42                            |
| 17.5                           | 378,420                                      |                                       | 0.0000         | 1.0000        | 99.42                            |
| 18.5                           | 368,930                                      |                                       | 0.0000         | 1.0000        | 99.42                            |
| 19.5                           | 373,041                                      |                                       | 0.0000         | 1.0000        | 99.42                            |
| 20.5                           | 373,394                                      | 3,253                                 | 0.0087         | 0.9913        | 99.42                            |
| 21.5                           | 369,100                                      | 14,860                                | 0.0403         | 0.9597        | 98.55                            |
| 22.5                           | 206,724                                      | 12,285                                | 0.0594         | 0.9406        | 94.59                            |
| 23.5                           | 183,475                                      |                                       | 0.0000         | 1.0000        | 88.96                            |
| 24.5                           | 173,346                                      | 4,111                                 | 0.0237         | 0.9763        | 88.96                            |
| 25.5                           | 109,432                                      |                                       | 0.0000         | 1.0000        | 86.85                            |
| 26.5                           | 4,911  | 904                                   | 0.1841         | 0.8159        | 86.85                            |
| 27.5                           | 1,572  |                                       | 0.0000         | 1.0000        | 70.87                            |
| 28.5                           |  |                                       |                |               | 70.87                            |

FOOTHILLS WATER & SEWER, LLC  
 WATER DIVISION  
 ACCOUNT 307.00 WELLS AND SPRINGS  
 ORIGINAL AND SMOOTH SURVIVOR CURVES



FOOTHILLS WATER & SEWER, LLC  
WATER DIVISION

ACCOUNT 307.00 WELLS AND SPRINGS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1976-2019

EXPERIENCE BAND 1996-2022

| AGE AT<br>BEGIN OF<br>INTERVAL | EXPOSURES AT<br>BEGINNING OF<br>AGE INTERVAL | RETIREMENTS<br>DURING AGE<br>INTERVAL | RETMT<br>RATIO | SURV<br>RATIO | PCT SURV<br>BEGIN OF<br>INTERVAL |
|--------------------------------|--|---------------------------------------|----------------|---------------|----------------------------------|
| 0.0                            | 519,608                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 0.5                            | 519,608                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 1.5                            | 669,123                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 2.5                            | 697,495                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 3.5                            | 665,552                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 4.5                            | 665,552                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 5.5                            | 665,552                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 6.5                            | 665,552                                      | 103,890                               | 0.1561         | 0.8439        | 100.00                           |
| 7.5                            | 557,058                                      |                                       | 0.0000         | 1.0000        | 84.39                            |
| 8.5                            | 570,114                                      |                                       | 0.0000         | 1.0000        | 84.39                            |
| 9.5                            | 567,125                                      |                                       | 0.0000         | 1.0000        | 84.39                            |
| 10.5                           | 567,125                                      |                                       | 0.0000         | 1.0000        | 84.39                            |
| 11.5                           | 591,253                                      |                                       | 0.0000         | 1.0000        | 84.39                            |
| 12.5                           | 584,881                                      |                                       | 0.0000         | 1.0000        | 84.39                            |
| 13.5                           | 471,464                                      |                                       | 0.0000         | 1.0000        | 84.39                            |
| 14.5                           | 470,010                                      |                                       | 0.0000         | 1.0000        | 84.39                            |
| 15.5                           | 465,382                                      |                                       | 0.0000         | 1.0000        | 84.39                            |
| 16.5                           | 465,382                                      | 8,643                                 | 0.0186         | 0.9814        | 84.39                            |
| 17.5                           | 456,739                                      |                                       | 0.0000         | 1.0000        | 82.82                            |
| 18.5                           | 456,739                                      |                                       | 0.0000         | 1.0000        | 82.82                            |
| 19.5                           | 465,955                                      | 9,216                                 | 0.0198         | 0.9802        | 82.82                            |
| 20.5                           | 456,739                                      |                                       | 0.0000         | 1.0000        | 81.18                            |
| 21.5                           | 456,739                                      | 17,640                                | 0.0386         | 0.9614        | 81.18                            |
| 22.5                           | 439,099                                      |                                       | 0.0000         | 1.0000        | 78.05                            |
| 23.5                           | 439,099                                      |                                       | 0.0000         | 1.0000        | 78.05                            |
| 24.5                           | 439,099                                      |                                       | 0.0000         | 1.0000        | 78.05                            |
| 25.5                           | 308,739                                      |                                       | 0.0000         | 1.0000        | 78.05                            |
| 26.5                           | 220,243                                      |                                       | 0.0000         | 1.0000        | 78.05                            |
| 27.5                           | 220,243                                      |                                       | 0.0000         | 1.0000        | 78.05                            |
| 28.5                           | 70,728                                       |                                       | 0.0000         | 1.0000        | 78.05                            |
| 29.5                           | 42,356                                       |                                       | 0.0000         | 1.0000        | 78.05                            |
| 30.5                           | 42,356                                       |                                       | 0.0000         | 1.0000        | 78.05                            |
| 31.5                           | 42,356                                       |                                       | 0.0000         | 1.0000        | 78.05                            |
| 32.5                           | 42,356                                       |                                       | 0.0000         | 1.0000        | 78.05                            |
| 33.5                           | 42,356                                       |                                       | 0.0000         | 1.0000        | 78.05                            |
| 34.5                           | 42,356                                       |                                       | 0.0000         | 1.0000        | 78.05                            |
| 35.5                           | 27,983                                       |                                       | 0.0000         | 1.0000        | 78.05                            |
| 36.5                           | 27,983                                       |                                       | 0.0000         | 1.0000        | 78.05                            |
| 37.5                           | 27,983                                       |                                       | 0.0000         | 1.0000        | 78.05                            |
| 38.5                           | 8,000  |                                       | 0.0000         | 1.0000        | 78.05                            |

FOOTHILLS WATER & SEWER, LLC  
WATER DIVISION

ACCOUNT 307.00 WELLS AND SPRINGS

ORIGINAL LIFE TABLE, CONT.

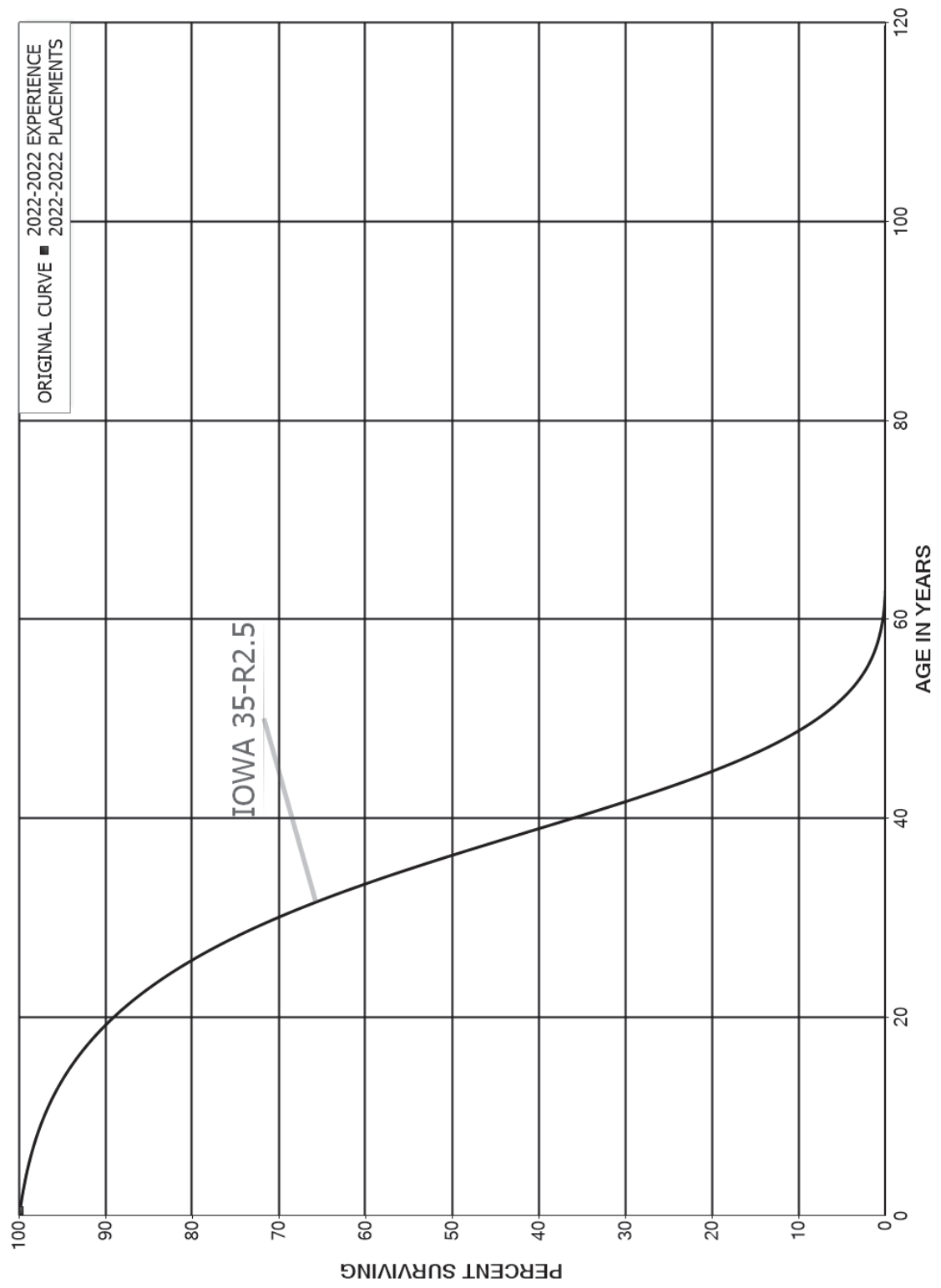
PLACEMENT BAND 1976-2019

EXPERIENCE BAND 1996-2022

| AGE AT<br>BEGIN OF<br>INTERVAL | EXPOSURES AT<br>BEGINNING OF<br>AGE INTERVAL | RETIREMENTS<br>DURING AGE<br>INTERVAL | RETMT<br>RATIO | SURV<br>RATIO | PCT SURV<br>BEGIN OF<br>INTERVAL |
|--------------------------------|--|---------------------------------------|----------------|---------------|----------------------------------|
| 39.5                           | 8,000  |                                       | 0.0000         | 1.0000        | 78.05                            |
| 40.5                           |  |                                       |                |               | 78.05                            |



FOOTHILLS WATER & SEWER, LLC  
 WATER DIVISION  
 ACCOUNT 310.00 POWER GENERATING EQUIPMENT - MOBILE  
 ORIGINAL AND SMOOTH SURVIVOR CURVES



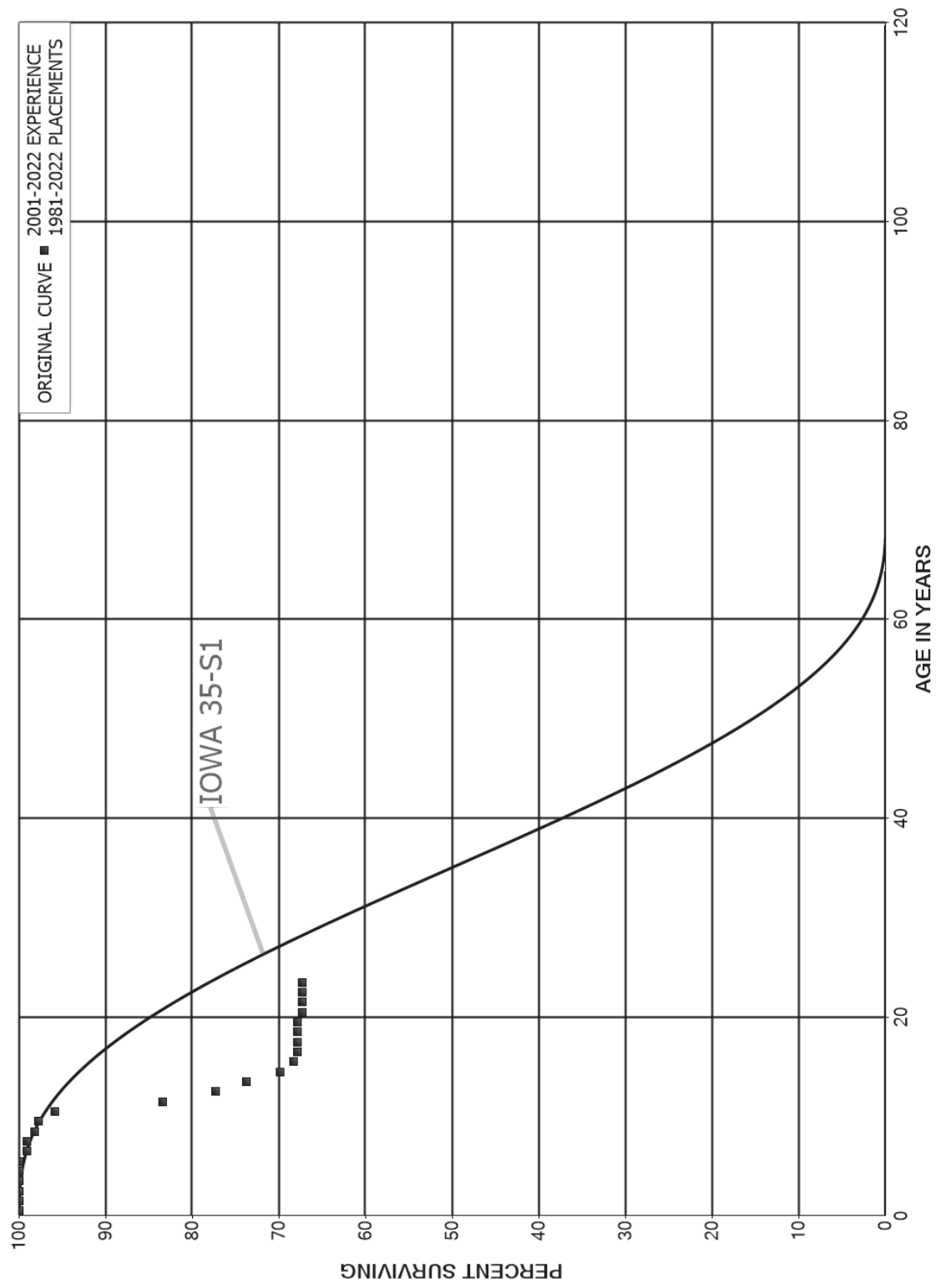
FOOTHILLS WATER & SEWER, LLC  
WATER DIVISION

ACCOUNT 310.00 POWER GENERATING EQUIPMENT - MOBILE

ORIGINAL LIFE TABLE

| PLACEMENT BAND 2022-2022       |  |                                       | EXPERIENCE BAND 2022-2022 |               |                                  |
|--------------------------------|--|---------------------------------------|---------------------------|---------------|----------------------------------|
| AGE AT<br>BEGIN OF<br>INTERVAL | EXPOSURES AT<br>BEGINNING OF<br>AGE INTERVAL | RETIREMENTS<br>DURING AGE<br>INTERVAL | RETMT<br>RATIO            | SURV<br>RATIO | PCT SURV<br>BEGIN OF<br>INTERVAL |
| 0.0                            | 1,000,000                                    |                                       | 0.0000                    | 1.0000        | 100.00                           |
| 0.5                            |  |                                       |                           |               | 100.00                           |

FOOTHILLS WATER & SEWER, LLC  
 WATER DIVISION  
 ACCOUNT 311.00 PUMPING EQUIPMENT  
 ORIGINAL AND SMOOTH SURVIVOR CURVES



FOOTHILLS WATER & SEWER, LLC  
WATER DIVISION

ACCOUNT 311.00 PUMPING EQUIPMENT

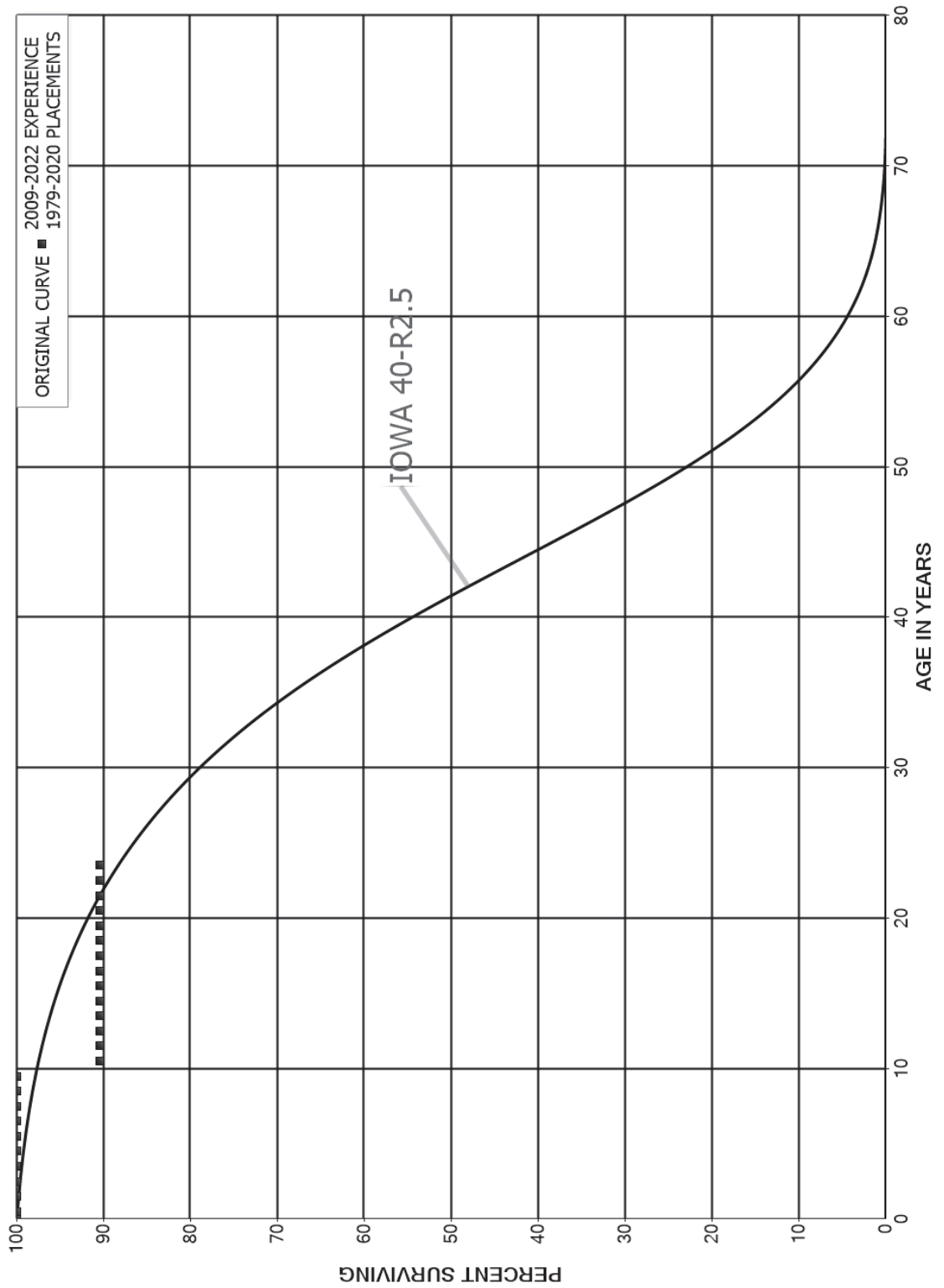
ORIGINAL LIFE TABLE

PLACEMENT BAND 1981-2022

EXPERIENCE BAND 2001-2022

| AGE AT<br>BEGIN OF<br>INTERVAL | EXPOSURES AT<br>BEGINNING OF<br>AGE INTERVAL | RETIREMENTS<br>DURING AGE<br>INTERVAL | RETMT<br>RATIO | SURV<br>RATIO | PCT SURV<br>BEGIN OF<br>INTERVAL |
|--------------------------------|--|---------------------------------------|----------------|---------------|----------------------------------|
| 0.0                            | 1,098,656                                    |                                       | 0.0000         | 1.0000        | 100.00                           |
| 0.5                            | 1,097,943                                    |                                       | 0.0000         | 1.0000        | 100.00                           |
| 1.5                            | 1,725,333                                    |                                       | 0.0000         | 1.0000        | 100.00                           |
| 2.5                            | 1,618,108                                    |                                       | 0.0000         | 1.0000        | 100.00                           |
| 3.5                            | 1,757,384                                    |                                       | 0.0000         | 1.0000        | 100.00                           |
| 4.5                            | 1,833,066                                    |                                       | 0.0000         | 1.0000        | 100.00                           |
| 5.5                            | 1,864,926                                    | 17,896                                | 0.0096         | 0.9904        | 100.00                           |
| 6.5                            | 1,853,267                                    |                                       | 0.0000         | 1.0000        | 99.04                            |
| 7.5                            | 1,849,662                                    | 17,103                                | 0.0092         | 0.9908        | 99.04                            |
| 8.5                            | 1,758,698                                    | 7,220                                 | 0.0041         | 0.9959        | 98.12                            |
| 9.5                            | 1,716,748                                    | 33,799                                | 0.0197         | 0.9803        | 97.72                            |
| 10.5                           | 1,657,306                                    | 214,997                               | 0.1297         | 0.8703        | 95.80                            |
| 11.5                           | 1,420,823                                    | 104,017                               | 0.0732         | 0.9268        | 83.37                            |
| 12.5                           | 1,306,463                                    | 59,988                                | 0.0459         | 0.9541        | 77.27                            |
| 13.5                           | 1,228,261                                    | 63,835                                | 0.0520         | 0.9480        | 73.72                            |
| 14.5                           | 1,130,662                                    | 26,049                                | 0.0230         | 0.9770        | 69.89                            |
| 15.5                           | 1,108,910                                    | 6,972                                 | 0.0063         | 0.9937        | 68.28                            |
| 16.5                           | 1,056,589                                    |                                       | 0.0000         | 1.0000        | 67.85                            |
| 17.5                           | 983,292                                      |                                       | 0.0000         | 1.0000        | 67.85                            |
| 18.5                           | 639,247                                      |                                       | 0.0000         | 1.0000        | 67.85                            |
| 19.5                           | 644,822                                      | 5,575                                 | 0.0086         | 0.9914        | 67.85                            |
| 20.5                           | 639,247                                      |                                       | 0.0000         | 1.0000        | 67.26                            |
| 21.5                           | 639,247                                      |                                       | 0.0000         | 1.0000        | 67.26                            |
| 22.5                           | 639,247                                      |                                       | 0.0000         | 1.0000        | 67.26                            |
| 23.5                           |  |                                       |                |               | 67.26                            |

FOOTHILLS WATER & SEWER, LLC  
 WATER DIVISION  
 ACCOUNT 320.00 WATER TREATMENT EQUIPMENT  
 ORIGINAL AND SMOOTH SURVIVOR CURVES



FOOTHILLS WATER & SEWER, LLC  
WATER DIVISION

ACCOUNT 320.00 WATER TREATMENT EQUIPMENT

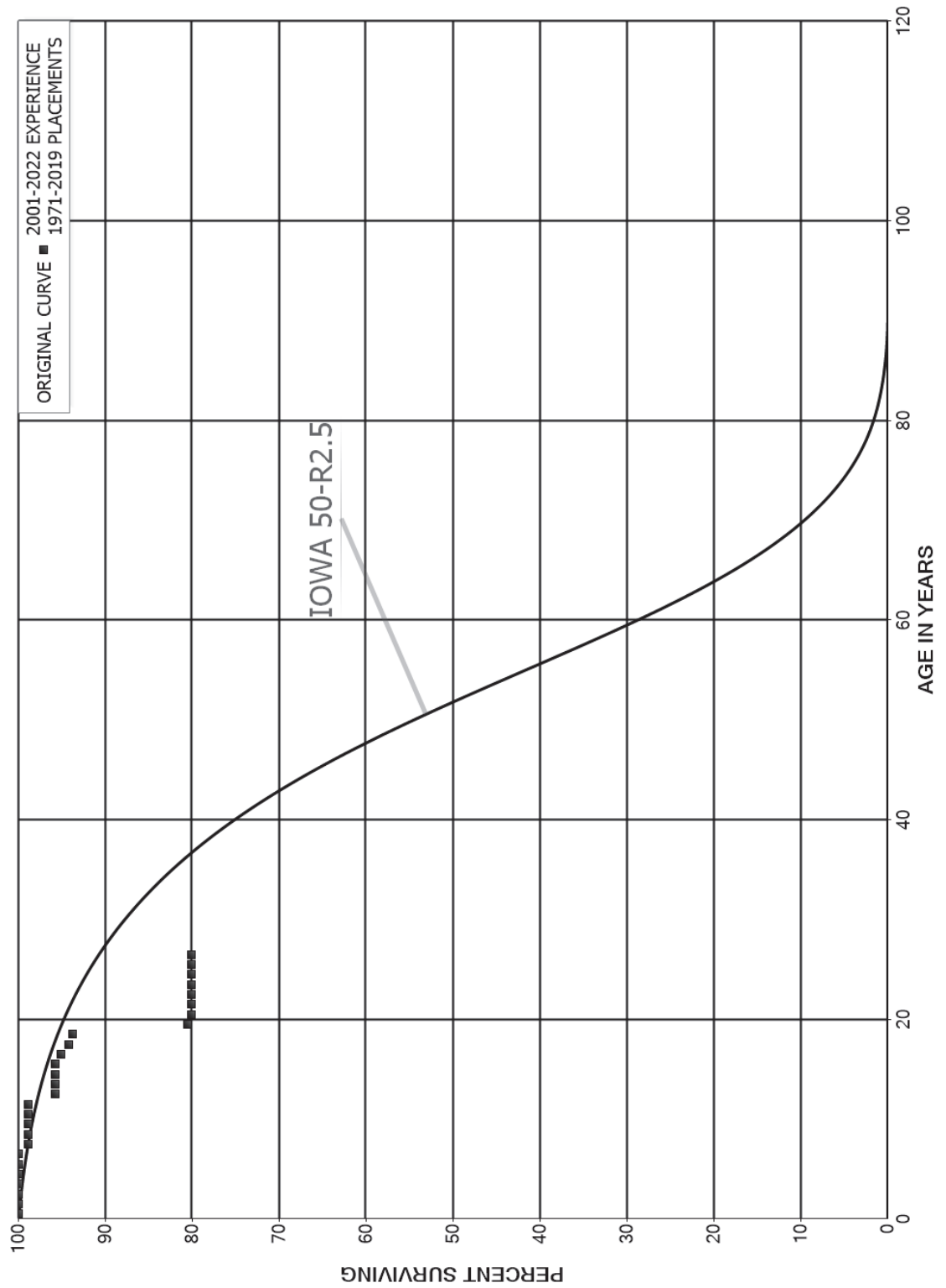
ORIGINAL LIFE TABLE

PLACEMENT BAND 1979-2020

EXPERIENCE BAND 2009-2022

| AGE AT<br>BEGIN OF<br>INTERVAL | EXPOSURES AT<br>BEGINNING OF<br>AGE INTERVAL | RETIREMENTS<br>DURING AGE<br>INTERVAL | RETMT<br>RATIO | SURV<br>RATIO | PCT SURV<br>BEGIN OF<br>INTERVAL |
|--------------------------------|--|---------------------------------------|----------------|---------------|----------------------------------|
| 0.0                            | 337,587                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 0.5                            | 338,391                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 1.5                            | 343,247                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 2.5                            | 304,444                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 3.5                            | 312,374                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 4.5                            | 312,374                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 5.5                            | 312,374                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 6.5                            | 312,374                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 7.5                            | 233,412                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 8.5                            | 1,293,587                                    |                                       | 0.0000         | 1.0000        | 100.00                           |
| 9.5                            | 6,654,686                                    | 639,247                               | 0.0961         | 0.9039        | 100.00                           |
| 10.5                           | 5,947,299                                    |                                       | 0.0000         | 1.0000        | 90.39                            |
| 11.5                           | 5,910,693                                    |                                       | 0.0000         | 1.0000        | 90.39                            |
| 12.5                           | 5,930,102                                    |                                       | 0.0000         | 1.0000        | 90.39                            |
| 13.5                           | 5,937,269                                    |                                       | 0.0000         | 1.0000        | 90.39                            |
| 14.5                           | 5,936,465                                    |                                       | 0.0000         | 1.0000        | 90.39                            |
| 15.5                           | 5,931,609                                    |                                       | 0.0000         | 1.0000        | 90.39                            |
| 16.5                           | 5,926,923                                    |                                       | 0.0000         | 1.0000        | 90.39                            |
| 17.5                           | 5,918,993                                    |                                       | 0.0000         | 1.0000        | 90.39                            |
| 18.5                           | 5,918,993                                    |                                       | 0.0000         | 1.0000        | 90.39                            |
| 19.5                           | 5,918,993                                    |                                       | 0.0000         | 1.0000        | 90.39                            |
| 20.5                           | 5,918,993                                    |                                       | 0.0000         | 1.0000        | 90.39                            |
| 21.5                           | 5,902,247                                    |                                       | 0.0000         | 1.0000        | 90.39                            |
| 22.5                           | 4,773,522                                    |                                       | 0.0000         | 1.0000        | 90.39                            |
| 23.5                           | 37,152                                       |                                       | 0.0000         | 1.0000        | 90.39                            |
| 24.5                           | 37,152                                       |                                       | 0.0000         | 1.0000        | 90.39                            |
| 25.5                           | 37,152                                       |                                       | 0.0000         | 1.0000        | 90.39                            |
| 26.5                           | 7,167  |                                       | 0.0000         | 1.0000        | 90.39                            |
| 27.5                           |  |                                       |                |               | 90.39                            |
| 28.5                           |  |                                       |                |               |                                  |
| 29.5                           | 641  |                                       | 0.0000         |               |                                  |
| 30.5                           | 641  |                                       | 0.0000         |               |                                  |
| 31.5                           | 641  |                                       | 0.0000         |               |                                  |
| 32.5                           | 641  |                                       | 0.0000         |               |                                  |
| 33.5                           | 641  | 641                                   | 1.0000         |               |                                  |
| 34.5                           |  |                                       |                |               |                                  |

FOOTHILLS WATER & SEWER, LLC  
 WATER DIVISION  
 ACCOUNT 330.00 DISTRIBUTION RESERVOIRS AND EQUIPMENT  
 ORIGINAL AND SMOOTH SURVIVOR CURVES



FOOTHILLS WATER & SEWER, LLC  
WATER DIVISION

ACCOUNT 330.00 DISTRIBUTION RESERVOIRS AND EQUIPMENT

ORIGINAL LIFE TABLE

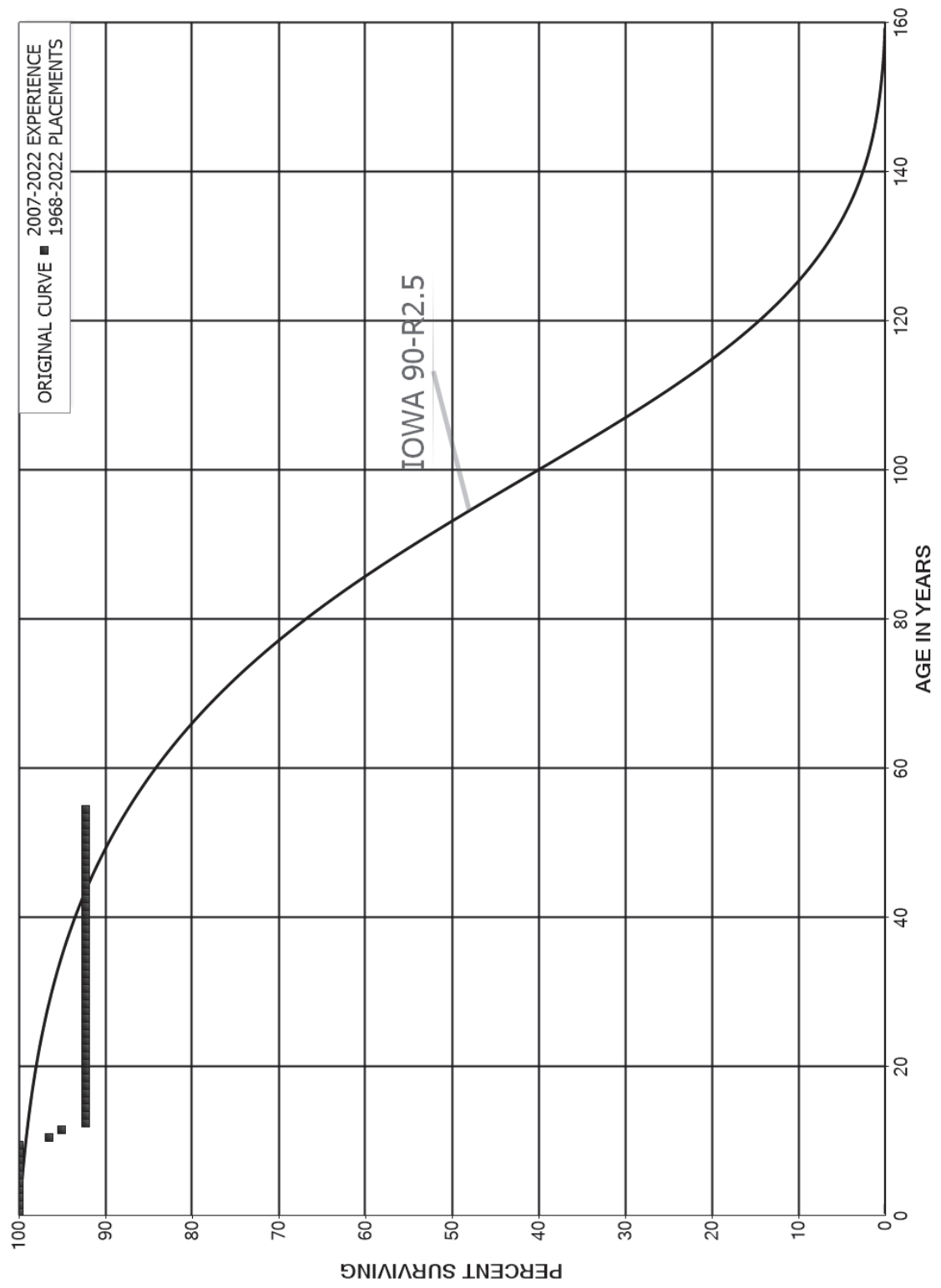
PLACEMENT BAND 1971-2019

EXPERIENCE BAND 2001-2022

| AGE AT<br>BEGIN OF<br>INTERVAL | EXPOSURES AT<br>BEGINNING OF<br>AGE INTERVAL | RETIREMENTS<br>DURING AGE<br>INTERVAL | RETMT<br>RATIO | SURV<br>RATIO | PCT SURV<br>BEGIN OF<br>INTERVAL |
|--------------------------------|--|---------------------------------------|----------------|---------------|----------------------------------|
| 0.0                            | 39,494                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 0.5                            | 39,494                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 1.5                            | 592,103                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 2.5                            | 592,103                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 3.5                            | 586,710                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 4.5                            | 776,710                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 5.5                            | 776,710                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 6.5                            | 785,460                                      | 8,750                                 | 0.0111         | 0.9889        | 100.00                           |
| 7.5                            | 802,710                                      |                                       | 0.0000         | 1.0000        | 98.89                            |
| 8.5                            | 802,710                                      |                                       | 0.0000         | 1.0000        | 98.89                            |
| 9.5                            | 802,710                                      |                                       | 0.0000         | 1.0000        | 98.89                            |
| 10.5                           | 802,710                                      |                                       | 0.0000         | 1.0000        | 98.89                            |
| 11.5                           | 804,824                                      | 26,000                                | 0.0323         | 0.9677        | 98.89                            |
| 12.5                           | 778,824                                      |                                       | 0.0000         | 1.0000        | 95.69                            |
| 13.5                           | 778,824                                      |                                       | 0.0000         | 1.0000        | 95.69                            |
| 14.5                           | 897,740                                      |                                       | 0.0000         | 1.0000        | 95.69                            |
| 15.5                           | 901,376                                      | 5,750                                 | 0.0064         | 0.9936        | 95.69                            |
| 16.5                           | 904,190                                      | 8,564                                 | 0.0095         | 0.9905        | 95.08                            |
| 17.5                           | 899,786                                      | 4,160                                 | 0.0046         | 0.9954        | 94.18                            |
| 18.5                           | 895,626                                      | 126,000                               | 0.1407         | 0.8593        | 93.75                            |
| 19.5                           | 774,098                                      | 4,472                                 | 0.0058         | 0.9942        | 80.56                            |
| 20.5                           | 769,626                                      |                                       | 0.0000         | 1.0000        | 80.09                            |
| 21.5                           | 742,609                                      |                                       | 0.0000         | 1.0000        | 80.09                            |
| 22.5                           | 742,609                                      |                                       | 0.0000         | 1.0000        | 80.09                            |
| 23.5                           | 190,000                                      |                                       | 0.0000         | 1.0000        | 80.09                            |
| 24.5                           | 190,000                                      |                                       | 0.0000         | 1.0000        | 80.09                            |
| 25.5                           | 190,000                                      |                                       | 0.0000         | 1.0000        | 80.09                            |
| 26.5                           |  |                                       |                |               | 80.09                            |
| 27.5                           |  |                                       |                |               |                                  |
| 28.5                           |  |                                       |                |               |                                  |
| 29.5                           | 104,332                                      |                                       | 0.0000         |               |                                  |
| 30.5                           | 104,332                                      |                                       | 0.0000         |               |                                  |
| 31.5                           | 104,332                                      |                                       | 0.0000         |               |                                  |
| 32.5                           | 104,332                                      |                                       | 0.0000         |               |                                  |
| 33.5                           | 104,332                                      | 104,332                               | 1.0000         |               |                                  |
| 34.5                           |  |                                       |                |               |                                  |



FOOTHILLS WATER & SEWER, LLC  
 WATER DIVISION  
 ACCOUNT 331.00 TRANSMISSION AND DISTRIBUTION MAINS  
 ORIGINAL AND SMOOTH SURVIVOR CURVES



FOOTHILLS WATER & SEWER, LLC  
WATER DIVISION

ACCOUNT 331.00 TRANSMISSION AND DISTRIBUTION MAINS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1968-2022

EXPERIENCE BAND 2007-2022

| AGE AT<br>BEGIN OF<br>INTERVAL | EXPOSURES AT<br>BEGINNING OF<br>AGE INTERVAL | RETIREMENTS<br>DURING AGE<br>INTERVAL | RETMT<br>RATIO | SURV<br>RATIO | PCT SURV<br>BEGIN OF<br>INTERVAL |
|--------------------------------|--|---------------------------------------|----------------|---------------|----------------------------------|
| 0.0                            | 3,336,505                                    |                                       | 0.0000         | 1.0000        | 100.00                           |
| 0.5                            | 3,637,436                                    |                                       | 0.0000         | 1.0000        | 100.00                           |
| 1.5                            | 3,746,978                                    |                                       | 0.0000         | 1.0000        | 100.00                           |
| 2.5                            | 4,538,070                                    |                                       | 0.0000         | 1.0000        | 100.00                           |
| 3.5                            | 5,278,016                                    |                                       | 0.0000         | 1.0000        | 100.00                           |
| 4.5                            | 4,931,380                                    |                                       | 0.0000         | 1.0000        | 100.00                           |
| 5.5                            | 6,261,596                                    |                                       | 0.0000         | 1.0000        | 100.00                           |
| 6.5                            | 7,337,955                                    |                                       | 0.0000         | 1.0000        | 100.00                           |
| 7.5                            | 9,069,873                                    |                                       | 0.0000         | 1.0000        | 100.00                           |
| 8.5                            | 9,533,495                                    |                                       | 0.0000         | 1.0000        | 100.00                           |
| 9.5                            | 11,128,321                                   | 383,623                               | 0.0345         | 0.9655        | 100.00                           |
| 10.5                           | 11,164,385                                   | 175,196                               | 0.0157         | 0.9843        | 96.55                            |
| 11.5                           | 11,122,251                                   | 325,381                               | 0.0293         | 0.9707        | 95.04                            |
| 12.5                           | 10,563,196                                   |                                       | 0.0000         | 1.0000        | 92.26                            |
| 13.5                           | 10,681,045                                   |                                       | 0.0000         | 1.0000        | 92.26                            |
| 14.5                           | 10,656,979                                   |                                       | 0.0000         | 1.0000        | 92.26                            |
| 15.5                           | 10,271,807                                   |                                       | 0.0000         | 1.0000        | 92.26                            |
| 16.5                           | 9,999,012                                    |                                       | 0.0000         | 1.0000        | 92.26                            |
| 17.5                           | 9,755,496                                    |                                       | 0.0000         | 1.0000        | 92.26                            |
| 18.5                           | 8,800,259                                    |                                       | 0.0000         | 1.0000        | 92.26                            |
| 19.5                           | 8,105,292                                    |                                       | 0.0000         | 1.0000        | 92.26                            |
| 20.5                           | 7,954,515                                    |                                       | 0.0000         | 1.0000        | 92.26                            |
| 21.5                           | 6,670,104                                    |                                       | 0.0000         | 1.0000        | 92.26                            |
| 22.5                           | 5,802,540                                    |                                       | 0.0000         | 1.0000        | 92.26                            |
| 23.5                           | 4,312,687                                    |                                       | 0.0000         | 1.0000        | 92.26                            |
| 24.5                           | 4,159,358                                    |                                       | 0.0000         | 1.0000        | 92.26                            |
| 25.5                           | 3,133,228                                    |                                       | 0.0000         | 1.0000        | 92.26                            |
| 26.5                           | 3,062,122                                    |                                       | 0.0000         | 1.0000        | 92.26                            |
| 27.5                           | 2,877,876                                    |                                       | 0.0000         | 1.0000        | 92.26                            |
| 28.5                           | 2,825,099                                    |                                       | 0.0000         | 1.0000        | 92.26                            |
| 29.5                           | 2,765,432                                    |                                       | 0.0000         | 1.0000        | 92.26                            |
| 30.5                           | 2,806,546                                    |                                       | 0.0000         | 1.0000        | 92.26                            |
| 31.5                           | 2,924,573                                    |                                       | 0.0000         | 1.0000        | 92.26                            |
| 32.5                           | 2,930,573                                    |                                       | 0.0000         | 1.0000        | 92.26                            |
| 33.5                           | 2,740,283                                    |                                       | 0.0000         | 1.0000        | 92.26                            |
| 34.5                           | 2,903,433                                    |                                       | 0.0000         | 1.0000        | 92.26                            |
| 35.5                           | 2,882,124                                    |                                       | 0.0000         | 1.0000        | 92.26                            |
| 36.5                           | 2,592,662                                    |                                       | 0.0000         | 1.0000        | 92.26                            |
| 37.5                           | 2,599,517                                    |                                       | 0.0000         | 1.0000        | 92.26                            |
| 38.5                           | 2,170,115                                    |                                       | 0.0000         | 1.0000        | 92.26                            |

FOOTHILLS WATER & SEWER, LLC  
WATER DIVISION

ACCOUNT 331.00 TRANSMISSION AND DISTRIBUTION MAINS

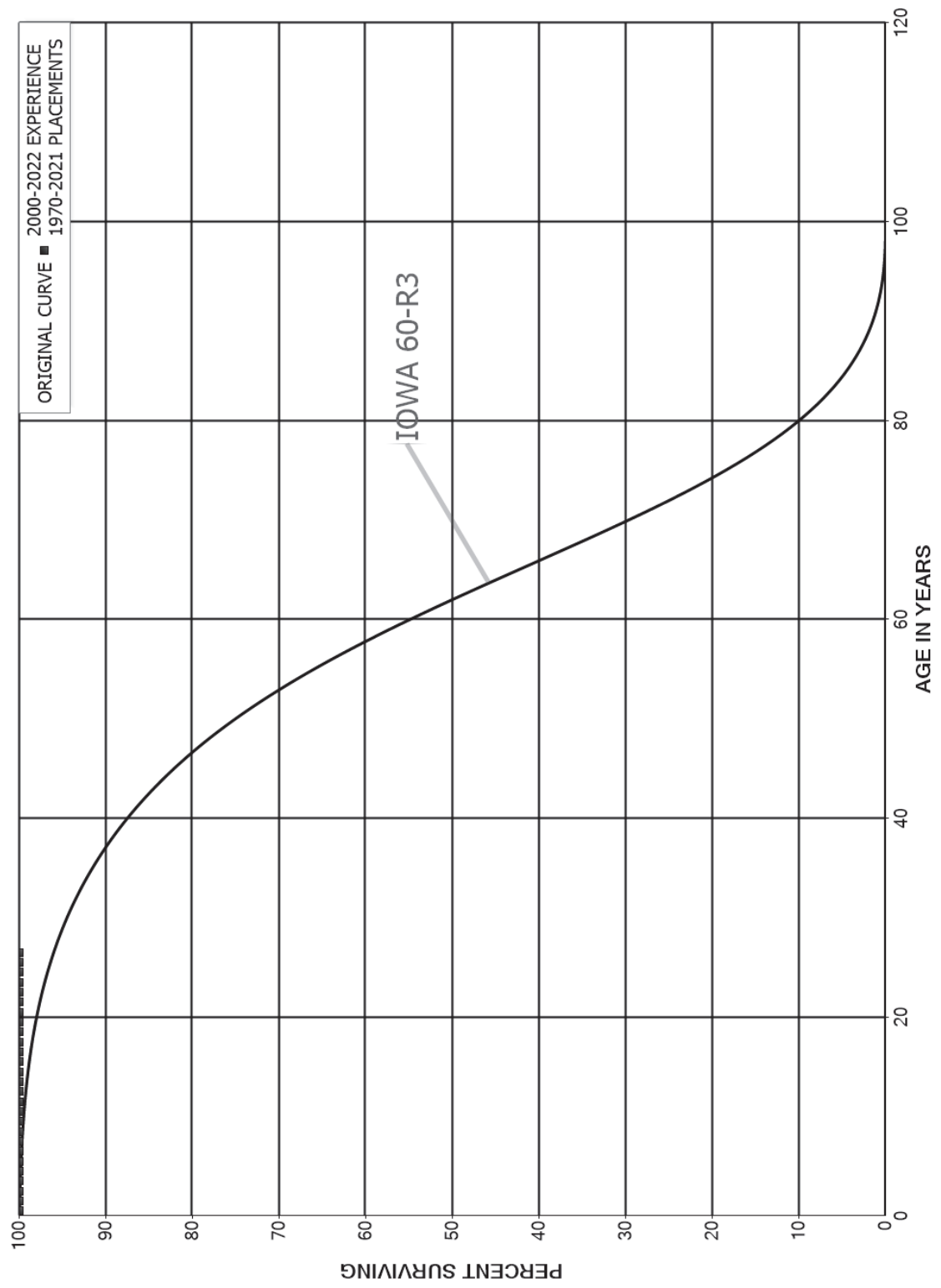
ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1968-2022

EXPERIENCE BAND 2007-2022

| AGE AT<br>BEGIN OF<br>INTERVAL | EXPOSURES AT<br>BEGINNING OF<br>AGE INTERVAL | RETIREMENTS<br>DURING AGE<br>INTERVAL | RETMT<br>RATIO | SURV<br>RATIO | PCT SURV<br>BEGIN OF<br>INTERVAL |
|--------------------------------|--|---------------------------------------|----------------|---------------|----------------------------------|
| 39.5                           | 1,880,369                                    |                                       | 0.0000         | 1.0000        | 92.26                            |
| 40.5                           | 1,719,955                                    |                                       | 0.0000         | 1.0000        | 92.26                            |
| 41.5                           | 1,293,180                                    |                                       | 0.0000         | 1.0000        | 92.26                            |
| 42.5                           | 1,098,013                                    |                                       | 0.0000         | 1.0000        | 92.26                            |
| 43.5                           | 1,002,242                                    |                                       | 0.0000         | 1.0000        | 92.26                            |
| 44.5                           | 868,774                                      |                                       | 0.0000         | 1.0000        | 92.26                            |
| 45.5                           | 645,917                                      |                                       | 0.0000         | 1.0000        | 92.26                            |
| 46.5                           | 604,803                                      |                                       | 0.0000         | 1.0000        | 92.26                            |
| 47.5                           | 486,776                                      |                                       | 0.0000         | 1.0000        | 92.26                            |
| 48.5                           | 447,176                                      |                                       | 0.0000         | 1.0000        | 92.26                            |
| 49.5                           | 447,176                                      |                                       | 0.0000         | 1.0000        | 92.26                            |
| 50.5                           | 284,026                                      |                                       | 0.0000         | 1.0000        | 92.26                            |
| 51.5                           | 237,215                                      |                                       | 0.0000         | 1.0000        | 92.26                            |
| 52.5                           | 148,611                                      |                                       | 0.0000         | 1.0000        | 92.26                            |
| 53.5                           | 21,600                                       |                                       | 0.0000         | 1.0000        | 92.26                            |
| 54.5                           |  |                                       |                |               | 92.26                            |

FOOTHILLS WATER & SEWER, LLC  
 WATER DIVISION  
 ACCOUNT 333.00 SERVICES  
 ORIGINAL AND SMOOTH SURVIVOR CURVES



FOOTHILLS WATER & SEWER, LLC  
WATER DIVISION

ACCOUNT 333.00 SERVICES

ORIGINAL LIFE TABLE

PLACEMENT BAND 1970-2021

EXPERIENCE BAND 2000-2022

| AGE AT<br>BEGIN OF<br>INTERVAL | EXPOSURES AT<br>BEGINNING OF<br>AGE INTERVAL | RETIREMENTS<br>DURING AGE<br>INTERVAL | RETMT<br>RATIO | SURV<br>RATIO | PCT SURV<br>BEGIN OF<br>INTERVAL |
|--------------------------------|--|---------------------------------------|----------------|---------------|----------------------------------|
| 0.0                            | 290,873                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 0.5                            | 428,020                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 1.5                            | 455,165                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 2.5                            | 659,956                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 3.5                            | 726,160                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 4.5                            | 726,160                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 5.5                            | 726,160                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 6.5                            | 726,160                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 7.5                            | 726,160                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 8.5                            | 726,160                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 9.5                            | 726,160                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 10.5                           | 726,160                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 11.5                           | 702,876                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 12.5                           | 601,839                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 13.5                           | 601,839                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 14.5                           | 601,839                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 15.5                           | 534,184                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 16.5                           | 532,973                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 17.5                           | 532,973                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 18.5                           | 532,973                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 19.5                           | 532,973                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 20.5                           | 530,237                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 21.5                           | 530,237                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 22.5                           | 530,237                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 23.5                           | 393,090                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 24.5                           | 333,795                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 25.5                           | 66,204                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 26.5                           |  |                                       |                |               | 100.00                           |
| 27.5                           |  |                                       |                |               |                                  |
| 28.5                           |  |                                       |                |               |                                  |
| 29.5                           | 78,285                                       |                                       | 0.0000         |               |                                  |
| 30.5                           | 78,285                                       |                                       | 0.0000         |               |                                  |
| 31.5                           | 78,285                                       |                                       | 0.0000         |               |                                  |
| 32.5                           | 78,285                                       |                                       | 0.0000         |               |                                  |
| 33.5                           | 78,285                                       |                                       | 0.0000         |               |                                  |
| 34.5                           | 78,285                                       |                                       | 0.0000         |               |                                  |
| 35.5                           | 78,285                                       |                                       | 0.0000         |               |                                  |
| 36.5                           | 78,285                                       |                                       | 0.0000         |               |                                  |
| 37.5                           | 78,285                                       |                                       | 0.0000         |               |                                  |
| 38.5                           | 78,285                                       |                                       | 0.0000         |               |                                  |

FOOTHILLS WATER & SEWER, LLC  
WATER DIVISION

ACCOUNT 333.00 SERVICES

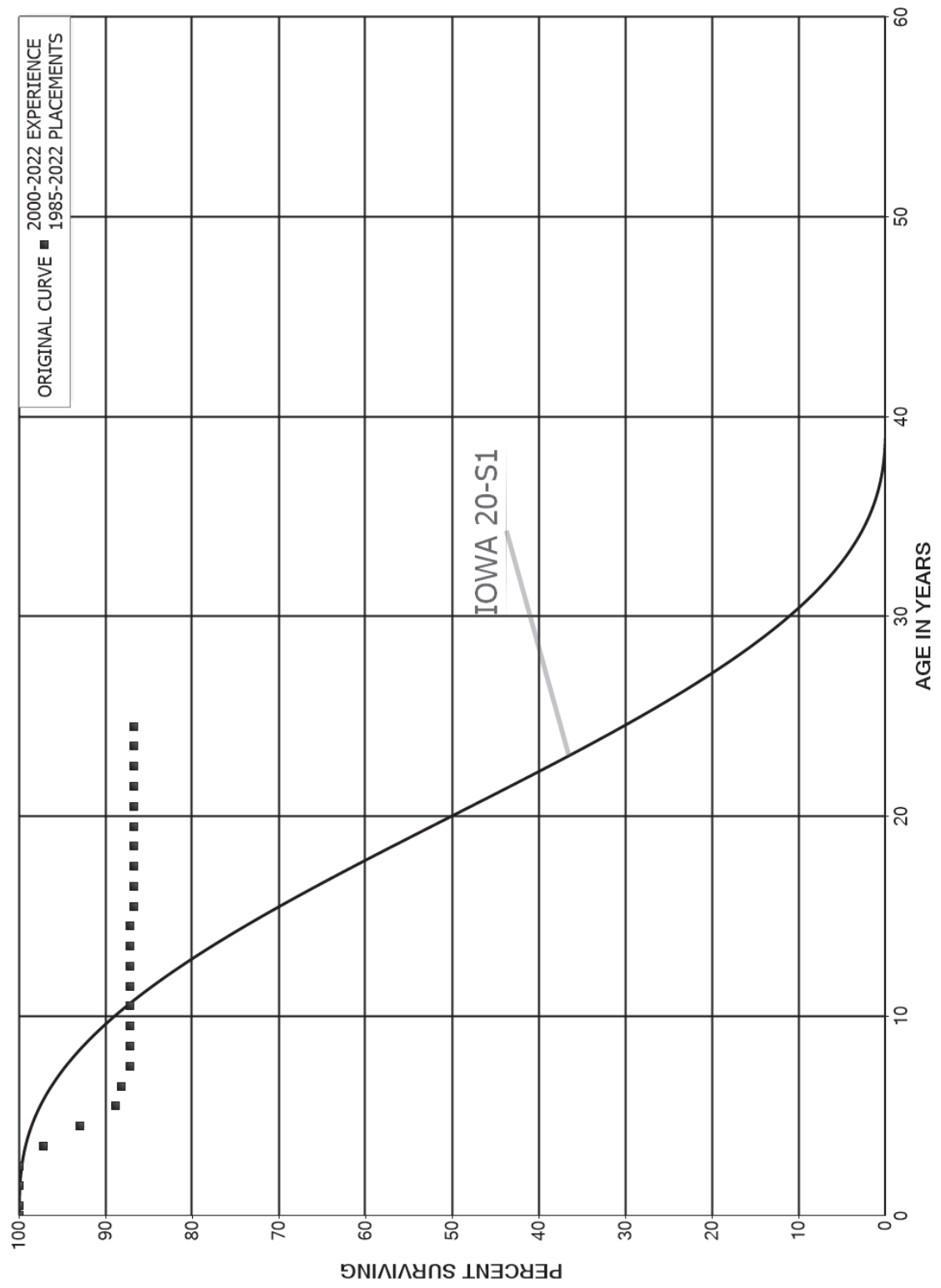
ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1970-2021

EXPERIENCE BAND 2000-2022

| AGE AT<br>BEGIN OF<br>INTERVAL | EXPOSURES AT<br>BEGINNING OF<br>AGE INTERVAL | RETIREMENTS<br>DURING AGE<br>INTERVAL | RETMT<br>RATIO | SURV<br>RATIO | PCT SURV<br>BEGIN OF<br>INTERVAL |
|--------------------------------|--|---------------------------------------|----------------|---------------|----------------------------------|
| 39.5                           | 78,285                                       |                                       | 0.0000         |               |                                  |
| 40.5                           | 78,285                                       |                                       | 0.0000         |               |                                  |
| 41.5                           | 78,285                                       |                                       | 0.0000         |               |                                  |
| 42.5                           | 78,285                                       |                                       | 0.0000         |               |                                  |
| 43.5                           | 78,285                                       |                                       | 0.0000         |               |                                  |
| 44.5                           | 78,285                                       |                                       | 0.0000         |               |                                  |
| 45.5                           | 78,285                                       |                                       | 0.0000         |               |                                  |
| 46.5                           | 78,285                                       |                                       | 0.0000         |               |                                  |
| 47.5                           | 78,285                                       |                                       | 0.0000         |               |                                  |
| 48.5                           | 78,285                                       |                                       | 0.0000         |               |                                  |
| 49.5                           | 78,285                                       |                                       | 0.0000         |               |                                  |
| 50.5                           | 78,285                                       |                                       | 0.0000         |               |                                  |
| 51.5                           | 78,285                                       |                                       | 0.0000         |               |                                  |
| 52.5                           |  |                                       |                |               |                                  |

FOOTHILLS WATER & SEWER, LLC  
 WATER DIVISION  
 ACCOUNT 334.00 METERS  
 ORIGINAL AND SMOOTH SURVIVOR CURVES



FOOTHILLS WATER & SEWER, LLC  
WATER DIVISION

ACCOUNT 334.00 METERS

ORIGINAL LIFE TABLE

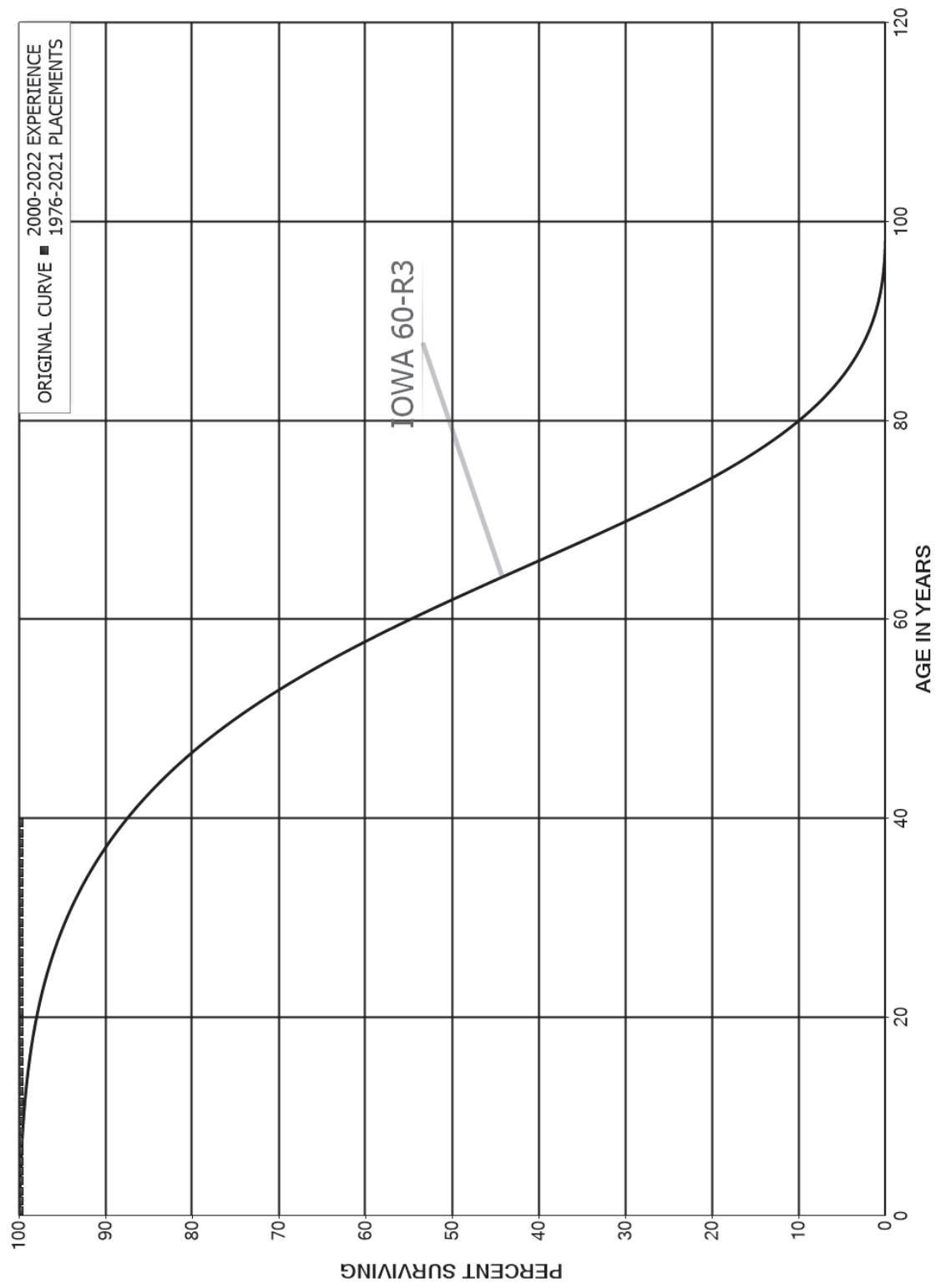
PLACEMENT BAND 1985-2022

EXPERIENCE BAND 2000-2022

| AGE AT<br>BEGIN OF<br>INTERVAL | EXPOSURES AT<br>BEGINNING OF<br>AGE INTERVAL | RETIREMENTS<br>DURING AGE<br>INTERVAL | RETMT<br>RATIO | SURV<br>RATIO | PCT SURV<br>BEGIN OF<br>INTERVAL |
|--------------------------------|--|---------------------------------------|----------------|---------------|----------------------------------|
| 0.0                            | 951,383                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 0.5                            | 962,018                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 1.5                            | 960,957                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 2.5                            | 969,532                                      | 27,027                                | 0.0279         | 0.9721        | 100.00                           |
| 3.5                            | 950,103                                      | 42,212                                | 0.0444         | 0.9556        | 97.21                            |
| 4.5                            | 889,048                                      | 38,697                                | 0.0435         | 0.9565        | 92.89                            |
| 5.5                            | 839,331                                      | 5,996                                 | 0.0071         | 0.9929        | 88.85                            |
| 6.5                            | 814,214                                      | 9,311                                 | 0.0114         | 0.9886        | 88.22                            |
| 7.5                            | 766,834                                      |                                       | 0.0000         | 1.0000        | 87.21                            |
| 8.5                            | 719,633                                      |                                       | 0.0000         | 1.0000        | 87.21                            |
| 9.5                            | 697,713                                      |                                       | 0.0000         | 1.0000        | 87.21                            |
| 10.5                           | 664,787                                      |                                       | 0.0000         | 1.0000        | 87.21                            |
| 11.5                           | 644,074                                      |                                       | 0.0000         | 1.0000        | 87.21                            |
| 12.5                           | 599,315                                      |                                       | 0.0000         | 1.0000        | 87.21                            |
| 13.5                           | 578,556                                      |                                       | 0.0000         | 1.0000        | 87.21                            |
| 14.5                           | 514,477                                      | 3,157                                 | 0.0061         | 0.9939        | 87.21                            |
| 15.5                           | 486,649                                      |                                       | 0.0000         | 1.0000        | 86.67                            |
| 16.5                           | 416,936                                      |                                       | 0.0000         | 1.0000        | 86.67                            |
| 17.5                           | 332,048                                      |                                       | 0.0000         | 1.0000        | 86.67                            |
| 18.5                           | 251,210                                      |                                       | 0.0000         | 1.0000        | 86.67                            |
| 19.5                           | 180,170                                      |                                       | 0.0000         | 1.0000        | 86.67                            |
| 20.5                           | 100,372                                      |                                       | 0.0000         | 1.0000        | 86.67                            |
| 21.5                           | 68,103                                       |                                       | 0.0000         | 1.0000        | 86.67                            |
| 22.5                           | 54,256                                       |                                       | 0.0000         | 1.0000        | 86.67                            |
| 23.5                           | 1,094  |                                       | 0.0000         | 1.0000        | 86.67                            |
| 24.5                           |  |                                       |                |               | 86.67                            |



FOOTHILLS WATER & SEWER, LLC  
 WATER DIVISION  
 ACCOUNT 335.00 FIRE HYDRANTS  
 ORIGINAL AND SMOOTH SURVIVOR CURVES



FOOTHILLS WATER & SEWER, LLC  
WATER DIVISION

ACCOUNT 335.00 FIRE HYDRANTS

ORIGINAL LIFE TABLE

PLACEMENT BAND 1976-2021

EXPERIENCE BAND 2000-2022

| AGE AT<br>BEGIN OF<br>INTERVAL | EXPOSURES AT<br>BEGINNING OF<br>AGE INTERVAL | RETIREMENTS<br>DURING AGE<br>INTERVAL | RETMT<br>RATIO | SURV<br>RATIO | PCT SURV<br>BEGIN OF<br>INTERVAL |
|--------------------------------|--|---------------------------------------|----------------|---------------|----------------------------------|
| 0.0                            | 293,418                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 0.5                            | 354,018                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 1.5                            | 338,569                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 2.5                            | 438,644                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 3.5                            | 472,504                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 4.5                            | 472,504                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 5.5                            | 473,174                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 6.5                            | 473,728                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 7.5                            | 472,234                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 8.5                            | 472,234                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 9.5                            | 472,647                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 10.5                           | 472,647                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 11.5                           | 453,834                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 12.5                           | 389,570                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 13.5                           | 374,112                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 14.5                           | 389,264                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 15.5                           | 302,820                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 16.5                           | 303,342                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 17.5                           | 303,342                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 18.5                           | 303,342                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 19.5                           | 303,342                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 20.5                           | 301,862                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 21.5                           | 301,556                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 22.5                           | 301,556                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 23.5                           | 260,458                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 24.5                           | 233,457                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 25.5                           | 97,382                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 26.5                           | 59,582                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 27.5                           | 59,582                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 28.5                           | 58,912                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 29.5                           | 56,792                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 30.5                           | 56,792                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 31.5                           | 56,792                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 32.5                           | 56,379                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 33.5                           | 56,379                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 34.5                           | 56,379                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 35.5                           | 56,379                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 36.5                           | 56,379                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 37.5                           | 34,950                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 38.5                           | 29,332                                       |                                       | 0.0000         | 1.0000        | 100.00                           |

FOOTHILLS WATER & SEWER, LLC  
WATER DIVISION

ACCOUNT 335.00 FIRE HYDRANTS

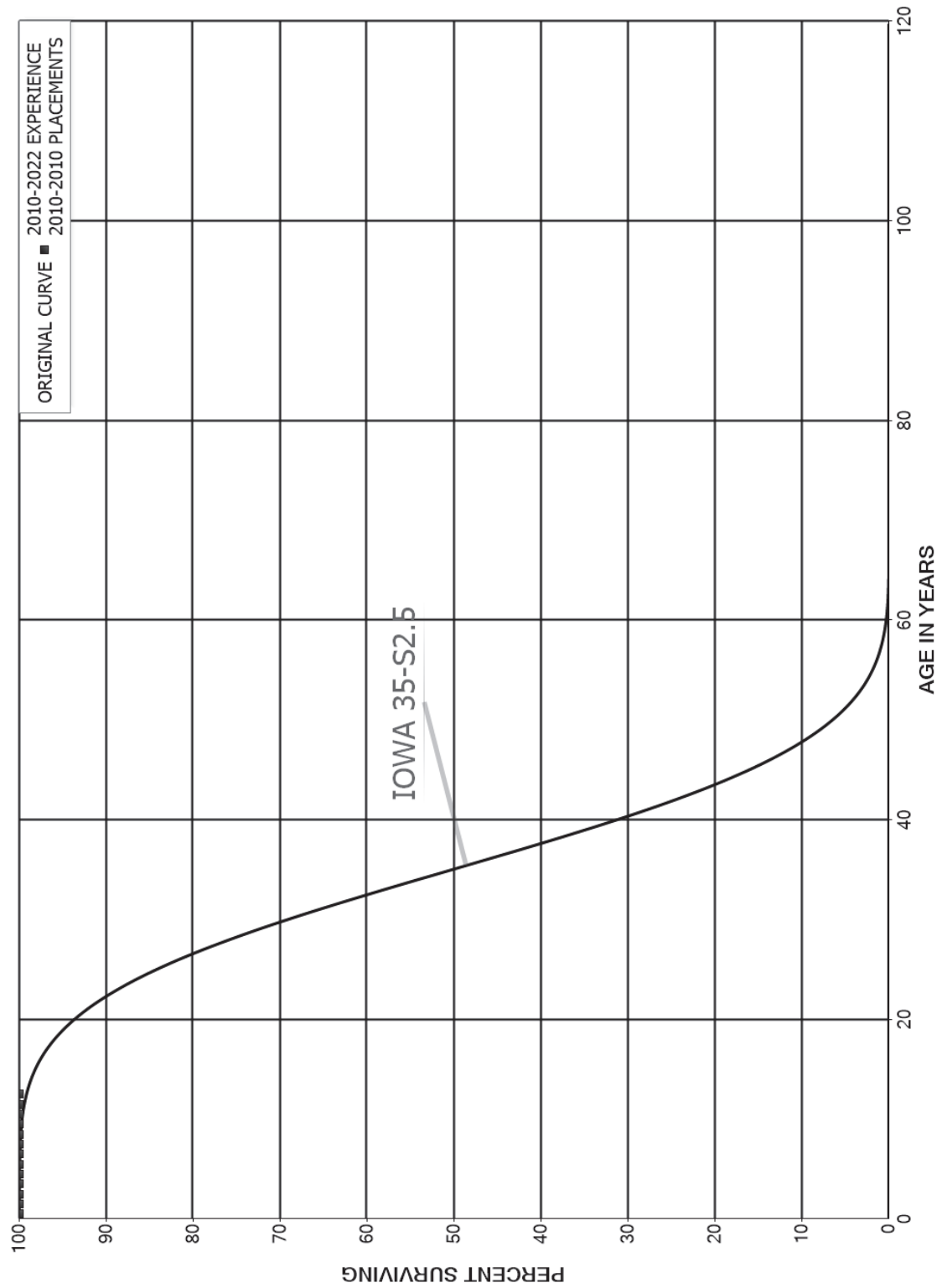
ORIGINAL LIFE TABLE, CONT.

PLACEMENT BAND 1976-2021

EXPERIENCE BAND 2000-2022

| AGE AT<br>BEGIN OF<br>INTERVAL | EXPOSURES AT<br>BEGINNING OF<br>AGE INTERVAL | RETIREMENTS<br>DURING AGE<br>INTERVAL | RETMT<br>RATIO | SURV<br>RATIO | PCT SURV<br>BEGIN OF<br>INTERVAL |
|--------------------------------|--|---------------------------------------|----------------|---------------|----------------------------------|
| 39.5                           | 19,502                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 40.5                           | 19,502                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 41.5                           | 19,502                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 42.5                           | 19,502                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 43.5                           | 19,502                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 44.5                           | 19,502                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 45.5                           | 19,502                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 46.5                           |  |                                       |                |               | 100.00                           |

FOOTHILLS WATER & SEWER, LLC  
 WATER DIVISION  
 ACCOUNT 336.00 BACKFLOW PREVENTION DEVICES  
 ORIGINAL AND SMOOTH SURVIVOR CURVES



FOOTHILLS WATER & SEWER, LLC  
WATER DIVISION

ACCOUNT 336.00 BACKFLOW PREVENTION DEVICES

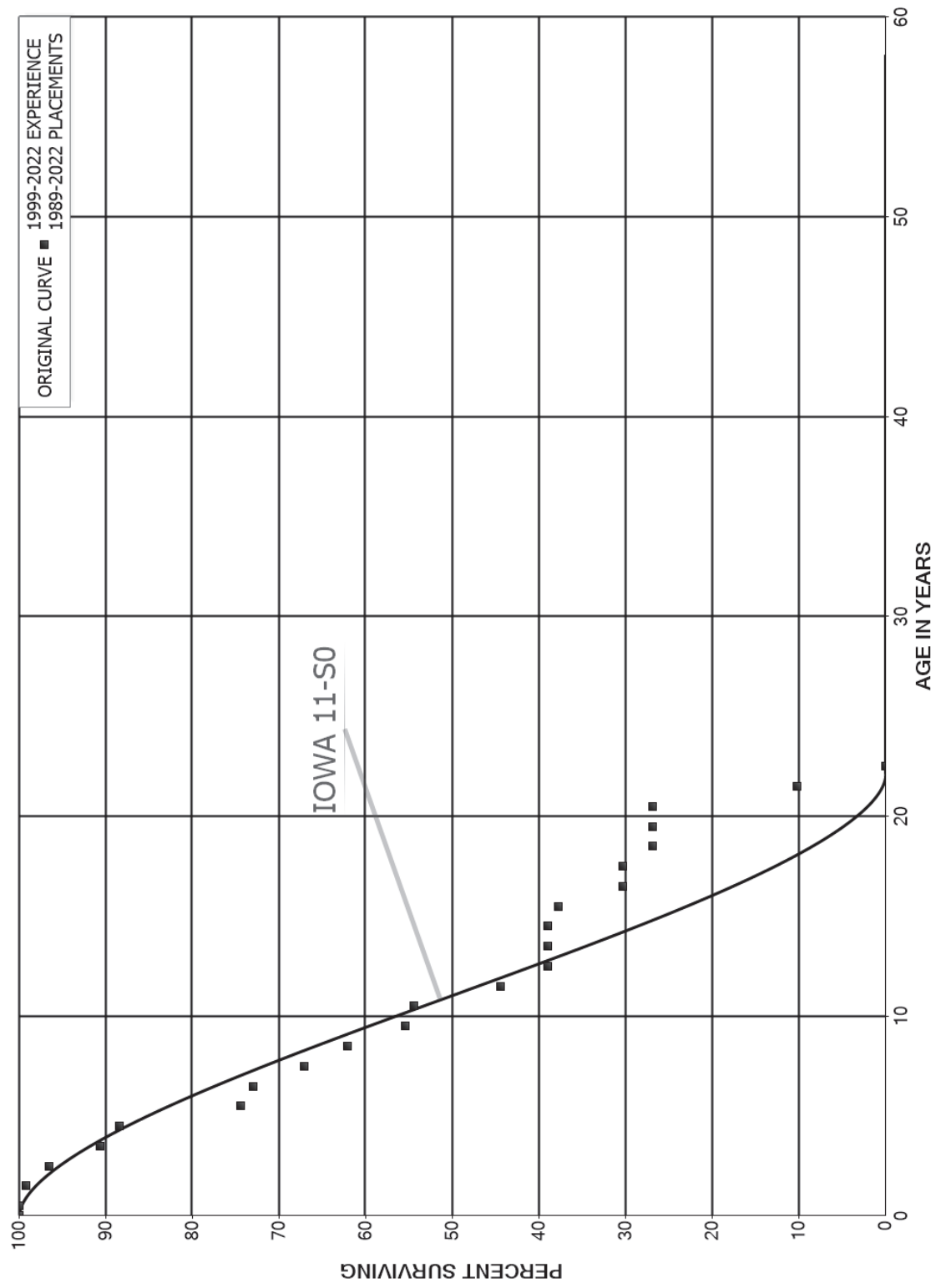
ORIGINAL LIFE TABLE

PLACEMENT BAND 2010-2010

EXPERIENCE BAND 2010-2022

| AGE AT<br>BEGIN OF<br>INTERVAL | EXPOSURES AT<br>BEGINNING OF<br>AGE INTERVAL | RETIREMENTS<br>DURING AGE<br>INTERVAL | RETMT<br>RATIO | SURV<br>RATIO | PCT SURV<br>BEGIN OF<br>INTERVAL |
|--------------------------------|--|---------------------------------------|----------------|---------------|----------------------------------|
| 0.0                            | 2,771  |                                       | 0.0000         | 1.0000        | 100.00                           |
| 0.5                            | 2,771  |                                       | 0.0000         | 1.0000        | 100.00                           |
| 1.5                            | 2,771  |                                       | 0.0000         | 1.0000        | 100.00                           |
| 2.5                            | 2,771  |                                       | 0.0000         | 1.0000        | 100.00                           |
| 3.5                            | 2,771  |                                       | 0.0000         | 1.0000        | 100.00                           |
| 4.5                            | 2,771  |                                       | 0.0000         | 1.0000        | 100.00                           |
| 5.5                            | 2,771  |                                       | 0.0000         | 1.0000        | 100.00                           |
| 6.5                            | 2,771  |                                       | 0.0000         | 1.0000        | 100.00                           |
| 7.5                            | 2,771  |                                       | 0.0000         | 1.0000        | 100.00                           |
| 8.5                            | 2,771  |                                       | 0.0000         | 1.0000        | 100.00                           |
| 9.5                            | 2,771  |                                       | 0.0000         | 1.0000        | 100.00                           |
| 10.5                           | 2,771  |                                       | 0.0000         | 1.0000        | 100.00                           |
| 11.5                           | 2,771  |                                       | 0.0000         | 1.0000        | 100.00                           |
| 12.5                           |  |                                       |                |               | 100.00                           |

FOOTHILLS WATER & SEWER, LLC  
 WATER DIVISION  
 ACCOUNT 341.00 TRANSPORTATION EQUIPMENT  
 ORIGINAL AND SMOOTH SURVIVOR CURVES



FOOTHILLS WATER & SEWER, LLC  
WATER DIVISION

ACCOUNT 341.00 TRANSPORTATION EQUIPMENT

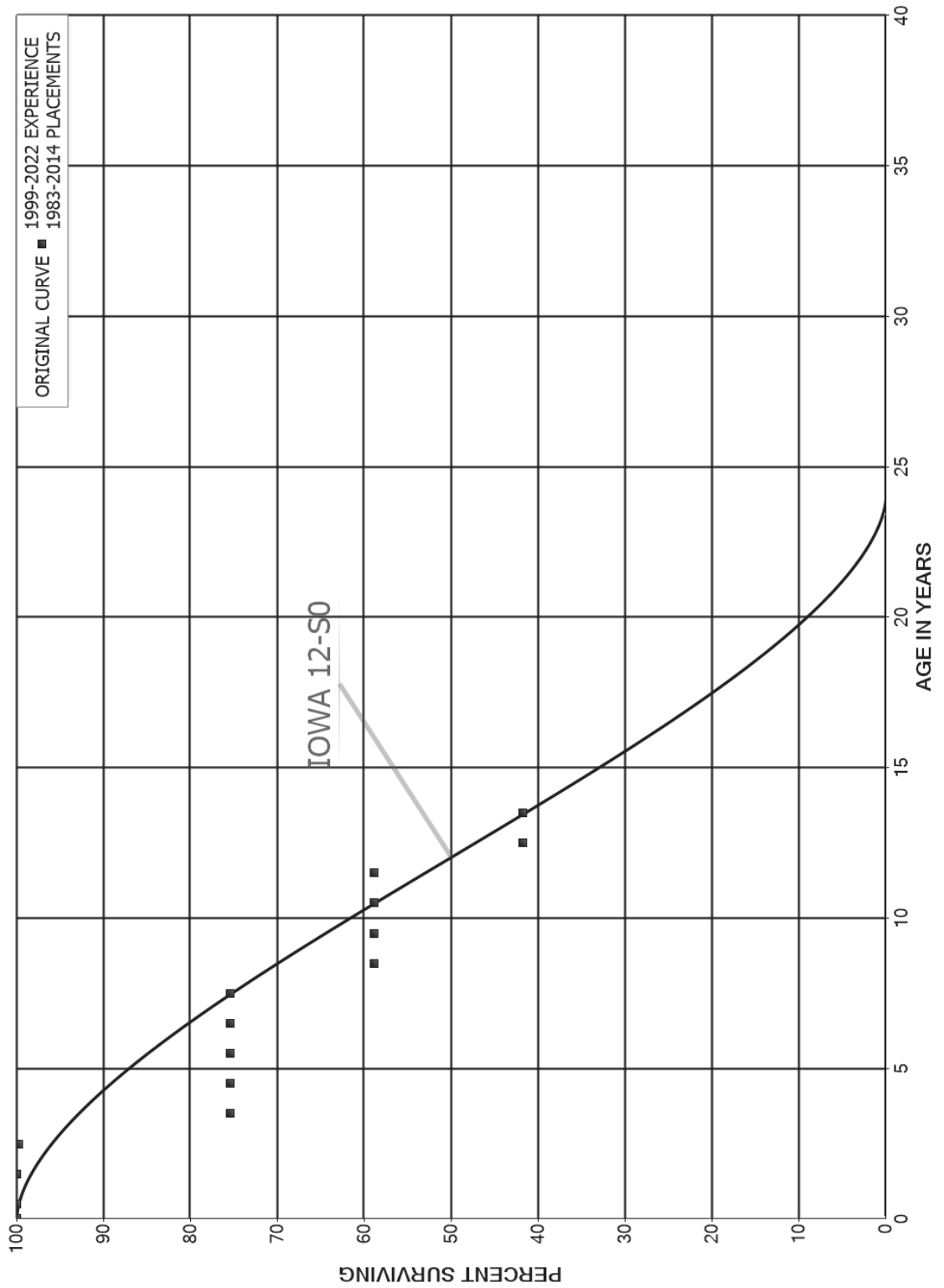
ORIGINAL LIFE TABLE

PLACEMENT BAND 1989-2022

EXPERIENCE BAND 1999-2022

| AGE AT<br>BEGIN OF<br>INTERVAL | EXPOSURES AT<br>BEGINNING OF<br>AGE INTERVAL | RETIREMENTS<br>DURING AGE<br>INTERVAL | RETMT<br>RATIO | SURV<br>RATIO | PCT SURV<br>BEGIN OF<br>INTERVAL |
|--------------------------------|--|---------------------------------------|----------------|---------------|----------------------------------|
| 0.0                            | 805,423                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 0.5                            | 810,223                                      | 6,608                                 | 0.0082         | 0.9918        | 100.00                           |
| 1.5                            | 815,032                                      | 21,898                                | 0.0269         | 0.9731        | 99.18                            |
| 2.5                            | 516,353                                      | 31,307                                | 0.0606         | 0.9394        | 96.52                            |
| 3.5                            | 487,646                                      | 12,500                                | 0.0256         | 0.9744        | 90.67                            |
| 4.5                            | 514,971                                      | 81,584                                | 0.1584         | 0.8416        | 88.34                            |
| 5.5                            | 488,730                                      | 9,000                                 | 0.0184         | 0.9816        | 74.35                            |
| 6.5                            | 484,607                                      | 39,024                                | 0.0805         | 0.9195        | 72.98                            |
| 7.5                            | 435,233                                      | 32,741                                | 0.0752         | 0.9248        | 67.10                            |
| 8.5                            | 395,005                                      | 42,531                                | 0.1077         | 0.8923        | 62.05                            |
| 9.5                            | 356,149                                      | 6,044                                 | 0.0170         | 0.9830        | 55.37                            |
| 10.5                           | 301,456                                      | 55,343                                | 0.1836         | 0.8164        | 54.43                            |
| 11.5                           | 242,351                                      | 30,250                                | 0.1248         | 0.8752        | 44.44                            |
| 12.5                           | 212,101                                      |                                       | 0.0000         | 1.0000        | 38.89                            |
| 13.5                           | 170,851                                      |                                       | 0.0000         | 1.0000        | 38.89                            |
| 14.5                           | 119,180                                      | 3,675                                 | 0.0308         | 0.9692        | 38.89                            |
| 15.5                           | 115,505                                      | 22,746                                | 0.1969         | 0.8031        | 37.69                            |
| 16.5                           | 80,719                                       |                                       | 0.0000         | 1.0000        | 30.27                            |
| 17.5                           | 70,482                                       | 8,000                                 | 0.1135         | 0.8865        | 30.27                            |
| 18.5                           | 52,211                                       |                                       | 0.0000         | 1.0000        | 26.83                            |
| 19.5                           | 37,762                                       |                                       | 0.0000         | 1.0000        | 26.83                            |
| 20.5                           | 36,571                                       | 22,746                                | 0.6220         | 0.3780        | 26.83                            |
| 21.5                           | 13,825                                       | 13,825                                | 1.0000         |               | 10.14                            |
| 22.5                           |  |                                       |                |               |                                  |

FOOTHILLS WATER & SEWER, LLC  
 WATER DIVISION  
 ACCOUNT 345.00 POWER OPERATED EQUIPMENT  
 ORIGINAL AND SMOOTH SURVIVOR CURVES





FOOTHILLS WATER & SEWER, LLC  
WATER DIVISION

ACCOUNT 345.00 POWER OPERATED EQUIPMENT

ORIGINAL LIFE TABLE

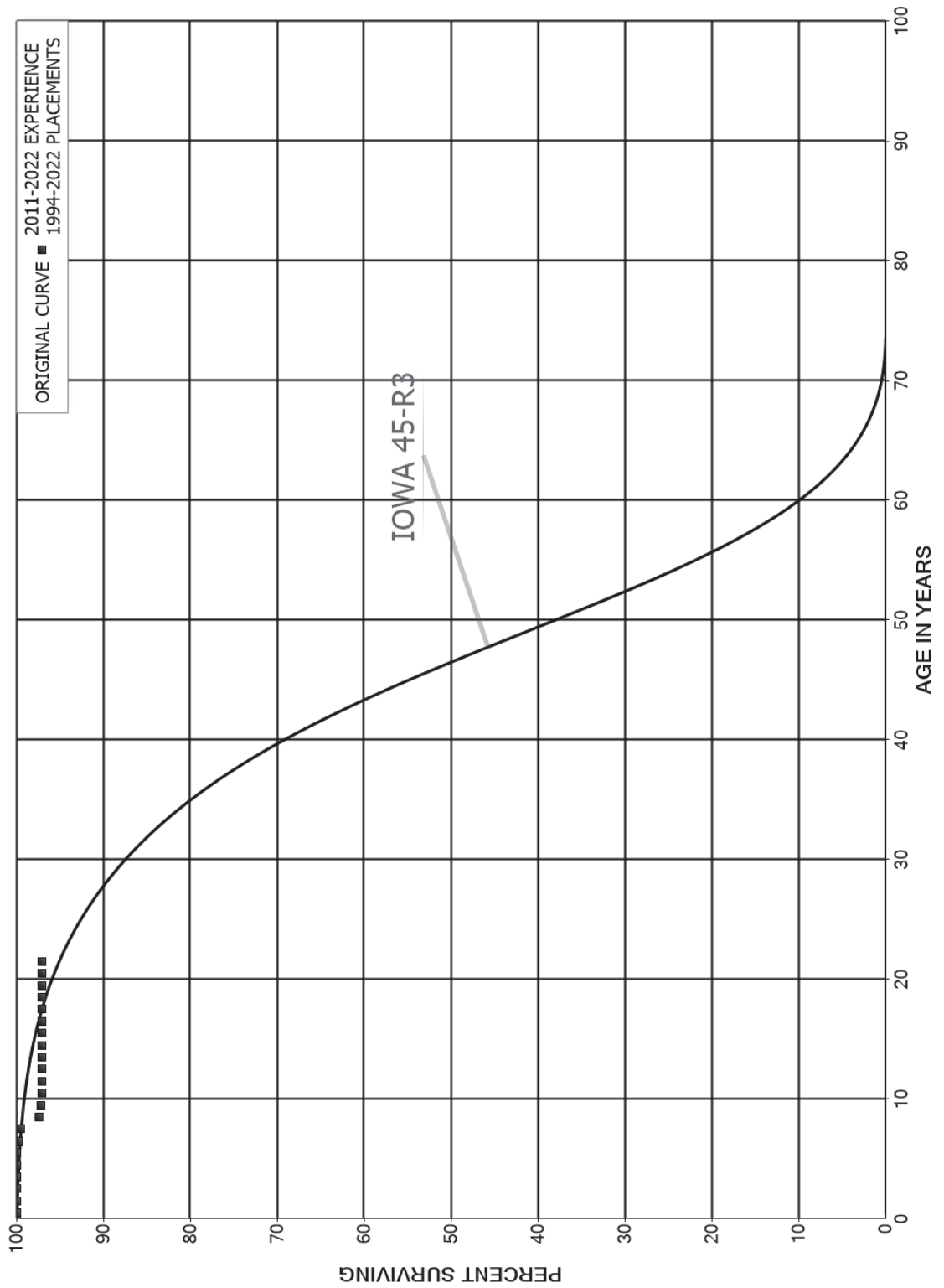
PLACEMENT BAND 1983-2014

EXPERIENCE BAND 1999-2022

| AGE AT<br>BEGIN OF<br>INTERVAL | EXPOSURES AT<br>BEGINNING OF<br>AGE INTERVAL | RETIREMENTS<br>DURING AGE<br>INTERVAL | RETMT<br>RATIO | SURV<br>RATIO | PCT SURV<br>BEGIN OF<br>INTERVAL |
|--------------------------------|--|---------------------------------------|----------------|---------------|----------------------------------|
| 0.0                            | 231,609                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 0.5                            | 231,609                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 1.5                            | 277,280                                      | 805                                   | 0.0029         | 0.9971        | 100.00                           |
| 2.5                            | 290,317                                      | 70,842                                | 0.2440         | 0.7560        | 99.71                            |
| 3.5                            | 219,475                                      |                                       | 0.0000         | 1.0000        | 75.38                            |
| 4.5                            | 219,475                                      |                                       | 0.0000         | 1.0000        | 75.38                            |
| 5.5                            | 219,475                                      |                                       | 0.0000         | 1.0000        | 75.38                            |
| 6.5                            | 219,475                                      |                                       | 0.0000         | 1.0000        | 75.38                            |
| 7.5                            | 219,475                                      | 48,250                                | 0.2198         | 0.7802        | 75.38                            |
| 8.5                            | 167,260                                      |                                       | 0.0000         | 1.0000        | 58.81                            |
| 9.5                            | 166,258                                      |                                       | 0.0000         | 1.0000        | 58.81                            |
| 10.5                           | 163,084                                      |                                       | 0.0000         | 1.0000        | 58.81                            |
| 11.5                           | 154,741                                      | 44,866                                | 0.2899         | 0.7101        | 58.81                            |
| 12.5                           | 109,875                                      |                                       | 0.0000         | 1.0000        | 41.76                            |
| 13.5                           |  |                                       |                |               | 41.76                            |
| 14.5                           |  |                                       |                |               |                                  |
| 15.5                           | 8,000  | 8,000                                 | 1.0000         |               |                                  |
| 16.5                           |  |                                       |                |               |                                  |

## SEWER DIVISION

FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION  
ACCOUNT 354.00 STRUCTURES AND IMPROVEMENTS  
ORIGINAL AND SMOOTH SURVIVOR CURVES



FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION

ACCOUNT 354.00 STRUCTURES AND IMPROVEMENTS

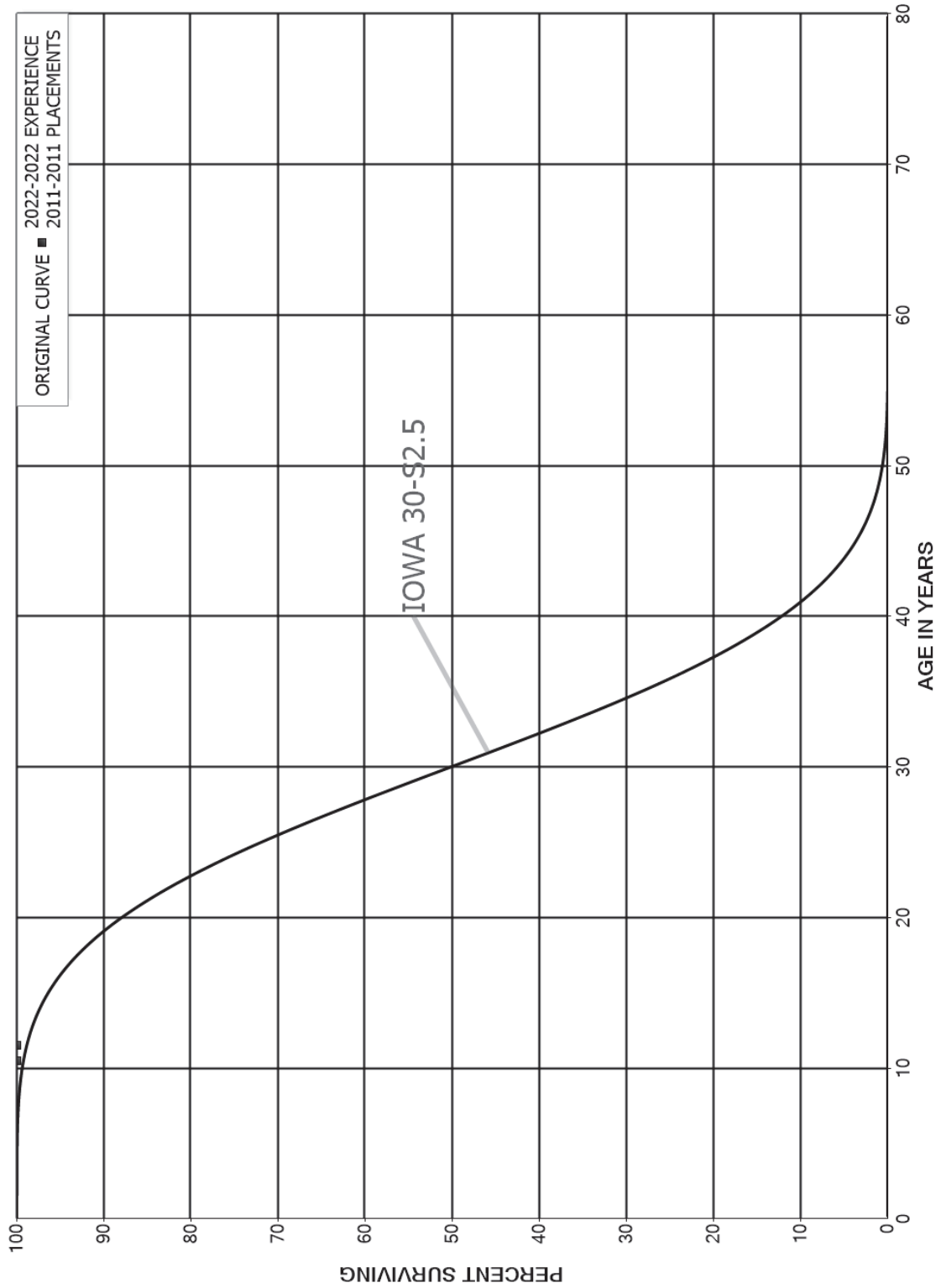
ORIGINAL LIFE TABLE

PLACEMENT BAND 1994-2022

EXPERIENCE BAND 2011-2022

| AGE AT<br>BEGIN OF<br>INTERVAL | EXPOSURES AT<br>BEGINNING OF<br>AGE INTERVAL | RETIREMENTS<br>DURING AGE<br>INTERVAL | RETMT<br>RATIO | SURV<br>RATIO | PCT SURV<br>BEGIN OF<br>INTERVAL |
|--------------------------------|--|---------------------------------------|----------------|---------------|----------------------------------|
| 0.0                            | 2,233,451                                    |                                       | 0.0000         | 1.0000        | 100.00                           |
| 0.5                            | 2,231,001                                    |                                       | 0.0000         | 1.0000        | 100.00                           |
| 1.5                            | 2,357,343                                    |                                       | 0.0000         | 1.0000        | 100.00                           |
| 2.5                            | 2,378,743                                    |                                       | 0.0000         | 1.0000        | 100.00                           |
| 3.5                            | 2,438,373                                    |                                       | 0.0000         | 1.0000        | 100.00                           |
| 4.5                            | 2,433,130                                    |                                       | 0.0000         | 1.0000        | 100.00                           |
| 5.5                            | 2,430,028                                    | 5,825                                 | 0.0024         | 0.9976        | 100.00                           |
| 6.5                            | 2,370,037                                    | 6,225                                 | 0.0026         | 0.9974        | 99.76                            |
| 7.5                            | 2,408,308                                    | 51,786                                | 0.0215         | 0.9785        | 99.50                            |
| 8.5                            | 2,368,113                                    | 5,293                                 | 0.0022         | 0.9978        | 97.36                            |
| 9.5                            | 2,450,852                                    | 2,430                                 | 0.0010         | 0.9990        | 97.14                            |
| 10.5                           | 2,431,295                                    |                                       | 0.0000         | 1.0000        | 97.04                            |
| 11.5                           | 372,535                                      |                                       | 0.0000         | 1.0000        | 97.04                            |
| 12.5                           | 382,861                                      |                                       | 0.0000         | 1.0000        | 97.04                            |
| 13.5                           | 253,494                                      |                                       | 0.0000         | 1.0000        | 97.04                            |
| 14.5                           | 227,765                                      |                                       | 0.0000         | 1.0000        | 97.04                            |
| 15.5                           | 152,560                                      |                                       | 0.0000         | 1.0000        | 97.04                            |
| 16.5                           | 145,156                                      |                                       | 0.0000         | 1.0000        | 97.04                            |
| 17.5                           | 137,841                                      |                                       | 0.0000         | 1.0000        | 97.04                            |
| 18.5                           | 137,841                                      |                                       | 0.0000         | 1.0000        | 97.04                            |
| 19.5                           | 134,841                                      |                                       | 0.0000         | 1.0000        | 97.04                            |
| 20.5                           | 124,131                                      |                                       | 0.0000         | 1.0000        | 97.04                            |
| 21.5                           | 25,582                                       |                                       | 0.0000         | 1.0000        | 97.04                            |
| 22.5                           | 25,582                                       |                                       | 0.0000         | 1.0000        | 97.04                            |
| 23.5                           | 16,850                                       |                                       | 0.0000         | 1.0000        | 97.04                            |
| 24.5                           | 5,681  |                                       | 0.0000         | 1.0000        | 97.04                            |
| 25.5                           | 3,303  |                                       | 0.0000         | 1.0000        | 97.04                            |
| 26.5                           | 3,303  |                                       | 0.0000         | 1.0000        | 97.04                            |
| 27.5                           | 3,303  |                                       | 0.0000         | 1.0000        | 97.04                            |
| 28.5                           |  |                                       |                |               | 97.04                            |

FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION  
ACCOUNT 355.00 POWER GENERATION EQUIPMENT  
ORIGINAL AND SMOOTH SURVIVOR CURVES



FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION

ACCOUNT 355.00 POWER GENERATION EQUIPMENT

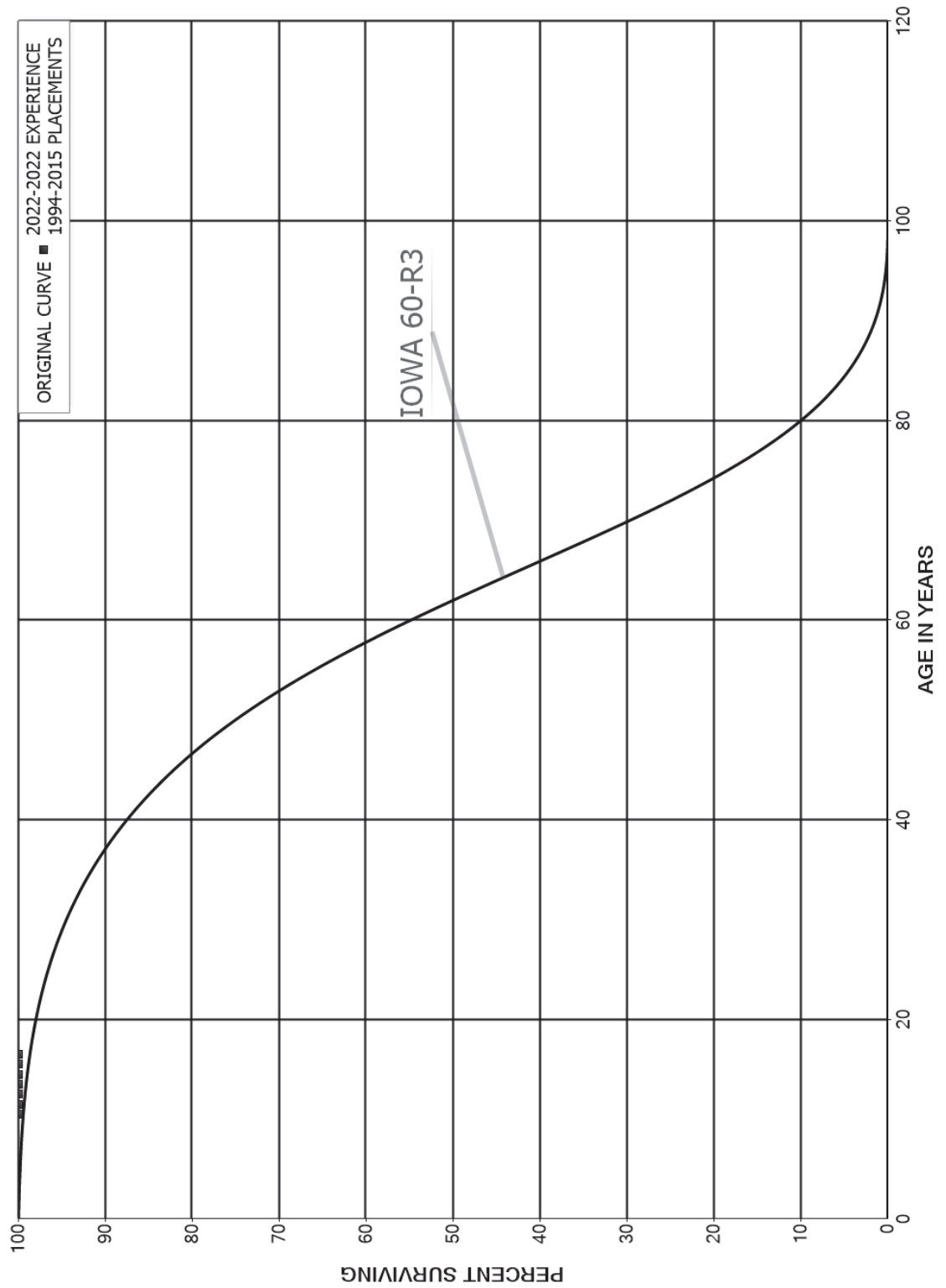
ORIGINAL LIFE TABLE

PLACEMENT BAND 2011-2011

EXPERIENCE BAND 2022-2022

| AGE AT<br>BEGIN OF<br>INTERVAL | EXPOSURES AT<br>BEGINNING OF<br>AGE INTERVAL | RETIREMENTS<br>DURING AGE<br>INTERVAL | RETMT<br>RATIO | SURV<br>RATIO | PCT SURV<br>BEGIN OF<br>INTERVAL |
|--------------------------------|--|---------------------------------------|----------------|---------------|----------------------------------|
| 0.0                            |  |                                       |                |               |                                  |
| 0.5                            |  |                                       |                |               |                                  |
| 1.5                            |  |                                       |                |               |                                  |
| 2.5                            |  |                                       |                |               |                                  |
| 3.5                            |  |                                       |                |               |                                  |
| 4.5                            |  |                                       |                |               |                                  |
| 5.5                            |  |                                       |                |               |                                  |
| 6.5                            |  |                                       |                |               |                                  |
| 7.5                            |  |                                       |                |               |                                  |
| 8.5                            |  |                                       |                |               |                                  |
| 9.5                            |  |                                       |                |               |                                  |
| 10.5                           | 62,268                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 11.5                           |  |                                       |                |               | 100.00                           |

FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION  
ACCOUNT 360.00 COLLECTION SEWERS - FORCE  
ORIGINAL AND SMOOTH SURVIVOR CURVES



FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION

ACCOUNT 360.00 COLLECTION SEWERS - FORCE

ORIGINAL LIFE TABLE

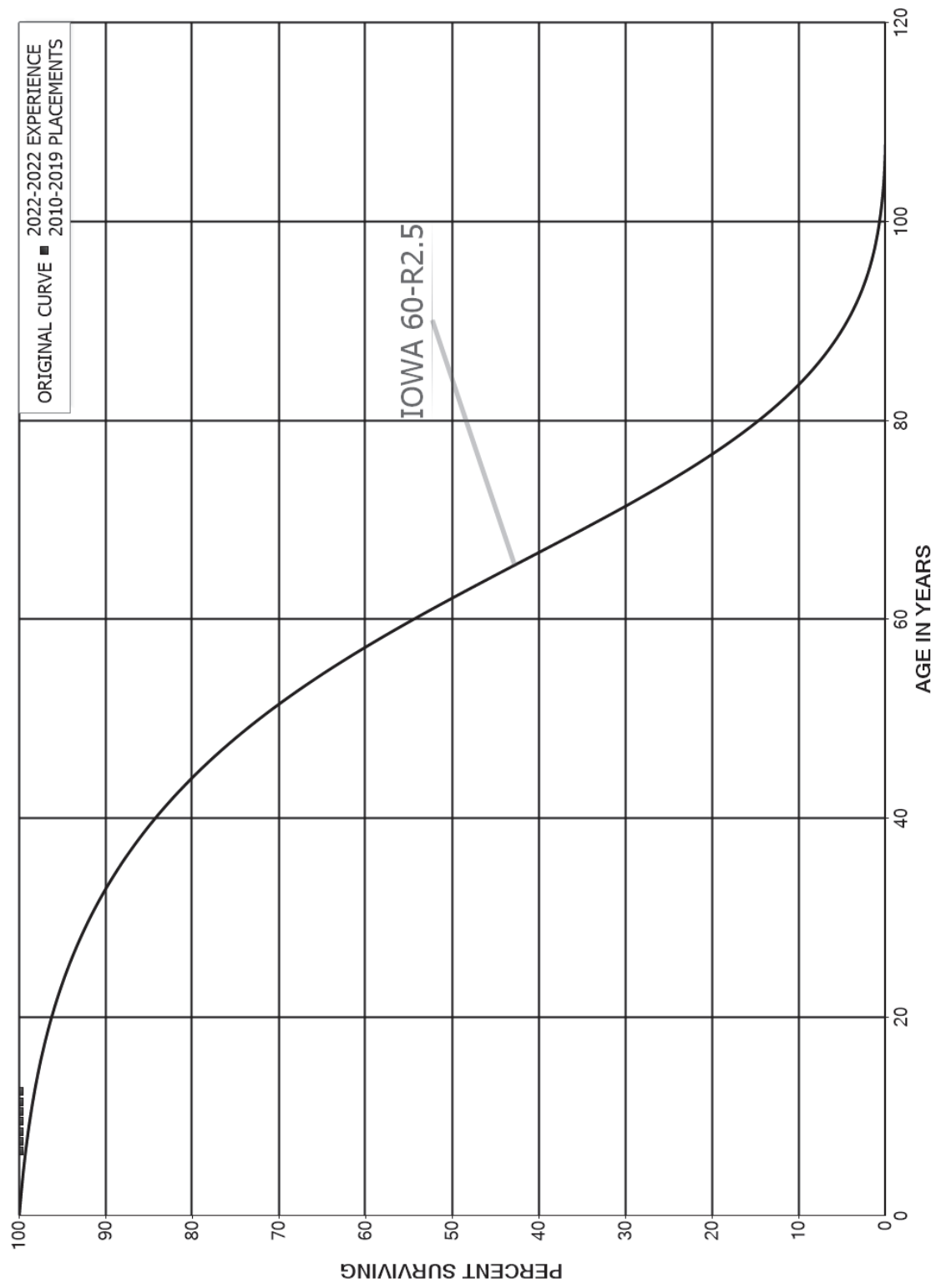
PLACEMENT BAND 1994-2015

EXPERIENCE BAND 2022-2022

| AGE AT<br>BEGIN OF<br>INTERVAL | EXPOSURES AT<br>BEGINNING OF<br>AGE INTERVAL | RETIREMENTS<br>DURING AGE<br>INTERVAL | RETMT<br>RATIO | SURV<br>RATIO | PCT SURV<br>BEGIN OF<br>INTERVAL |
|--------------------------------|--|---------------------------------------|----------------|---------------|----------------------------------|
| 0.0                            |  |                                       |                |               |                                  |
| 0.5                            |  |                                       |                |               |                                  |
| 1.5                            |  |                                       |                |               |                                  |
| 2.5                            |  |                                       |                |               |                                  |
| 3.5                            |  |                                       |                |               |                                  |
| 4.5                            |  |                                       |                |               |                                  |
| 5.5                            |  |                                       |                |               |                                  |
| 6.5                            | 1,042  |                                       | 0.0000         |               |                                  |
| 7.5                            | 1,833  |                                       | 0.0000         |               |                                  |
| 8.5                            | 11,202                                       |                                       | 0.0000         |               |                                  |
| 9.5                            | 12,755                                       |                                       | 0.0000         |               |                                  |
| 10.5                           | 2,254,405                                    |                                       | 0.0000         | 1.0000        | 100.00                           |
| 11.5                           | 239,938                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 12.5                           | 3,775  |                                       | 0.0000         | 1.0000        | 100.00                           |
| 13.5                           | 21,950                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 14.5                           | 2,768  |                                       | 0.0000         | 1.0000        | 100.00                           |
| 15.5                           | 291,768                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 16.5                           |  |                                       |                |               | 100.00                           |
| 17.5                           | 14,923                                       |                                       | 0.0000         |               |                                  |
| 18.5                           |  |                                       |                |               |                                  |
| 19.5                           | 35,000                                       |                                       | 0.0000         |               |                                  |
| 20.5                           | 75,000                                       |                                       | 0.0000         |               |                                  |
| 21.5                           |  |                                       |                |               |                                  |
| 22.5                           | 73,000                                       |                                       | 0.0000         |               |                                  |
| 23.5                           | 40,000                                       |                                       | 0.0000         |               |                                  |
| 24.5                           | 130,000                                      |                                       | 0.0000         |               |                                  |
| 25.5                           | 3,763  |                                       | 0.0000         |               |                                  |
| 26.5                           |  |                                       |                |               |                                  |
| 27.5                           | 54,363                                       |                                       | 0.0000         |               |                                  |
| 28.5                           |  |                                       |                |               |                                  |



FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION  
ACCOUNT 360.10 COLLECTION SEWERS - LIFT STATION  
ORIGINAL AND SMOOTH SURVIVOR CURVES



FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION

ACCOUNT 360.10 COLLECTION SEWERS - LIFT STATION

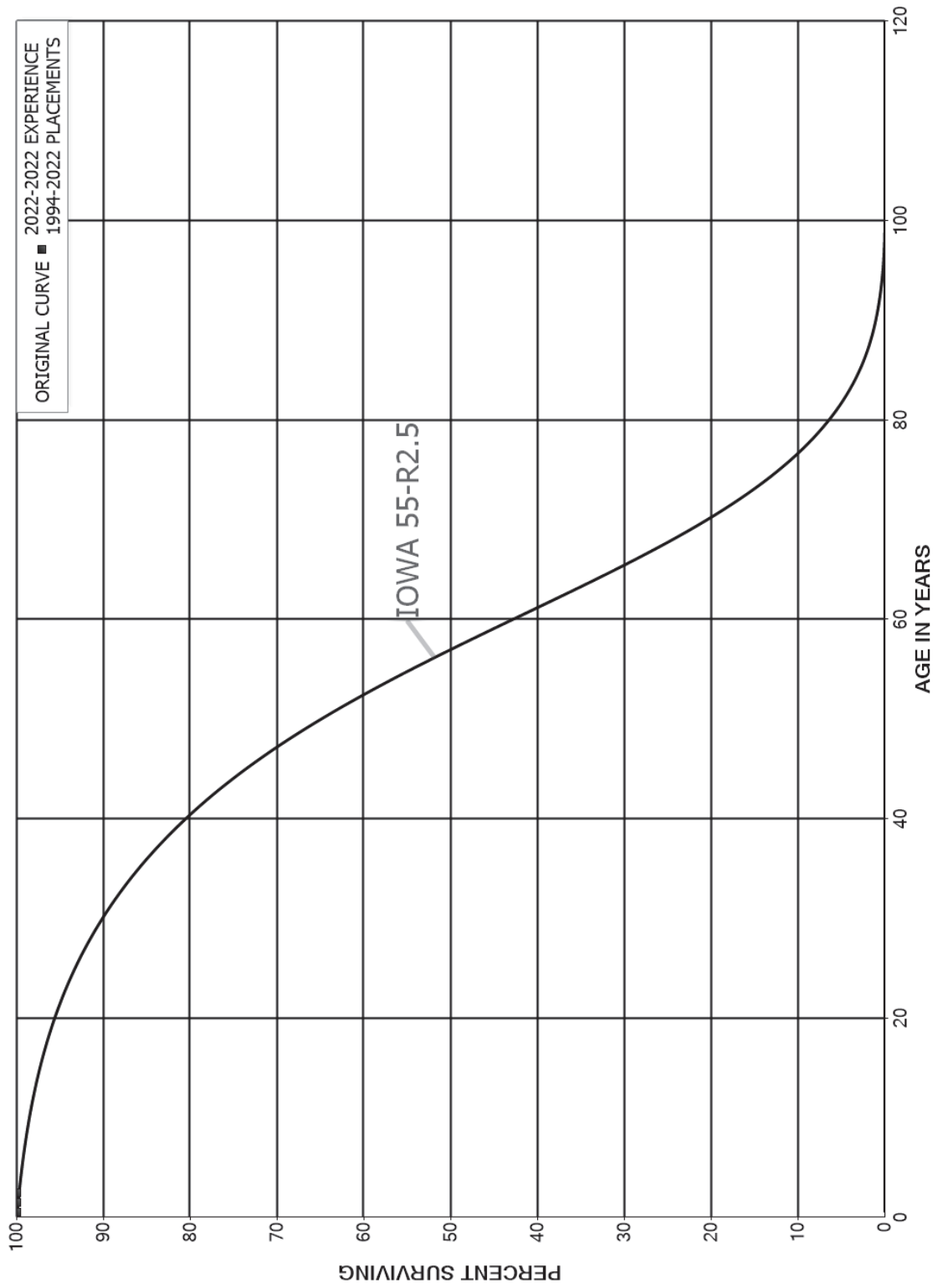
ORIGINAL LIFE TABLE

PLACEMENT BAND 2010-2019

EXPERIENCE BAND 2022-2022

| AGE AT<br>BEGIN OF<br>INTERVAL | EXPOSURES AT<br>BEGINNING OF<br>AGE INTERVAL | RETIREMENTS<br>DURING AGE<br>INTERVAL | RETMT<br>RATIO | SURV<br>RATIO | PCT SURV<br>BEGIN OF<br>INTERVAL |
|--------------------------------|--|---------------------------------------|----------------|---------------|----------------------------------|
| 0.0                            |  |                                       |                |               |                                  |
| 0.5                            |  |                                       |                |               |                                  |
| 1.5                            |  |                                       |                |               |                                  |
| 2.5                            | 427,172                                      |                                       | 0.0000         |               |                                  |
| 3.5                            |  |                                       |                |               |                                  |
| 4.5                            |  |                                       |                |               |                                  |
| 5.5                            |  |                                       |                |               |                                  |
| 6.5                            | 16,677                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 7.5                            | 537  |                                       | 0.0000         | 1.0000        | 100.00                           |
| 8.5                            | 11,682                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 9.5                            | 35,923                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 10.5                           | 380,732                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 11.5                           | 77,348                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 12.5                           |  |                                       |                |               | 100.00                           |

FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION  
ACCOUNT 361.00 COLLECTION SEWERS - GRAVITY  
ORIGINAL AND SMOOTH SURVIVOR CURVES



FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION

ACCOUNT 361.00 COLLECTION SEWERS - GRAVITY

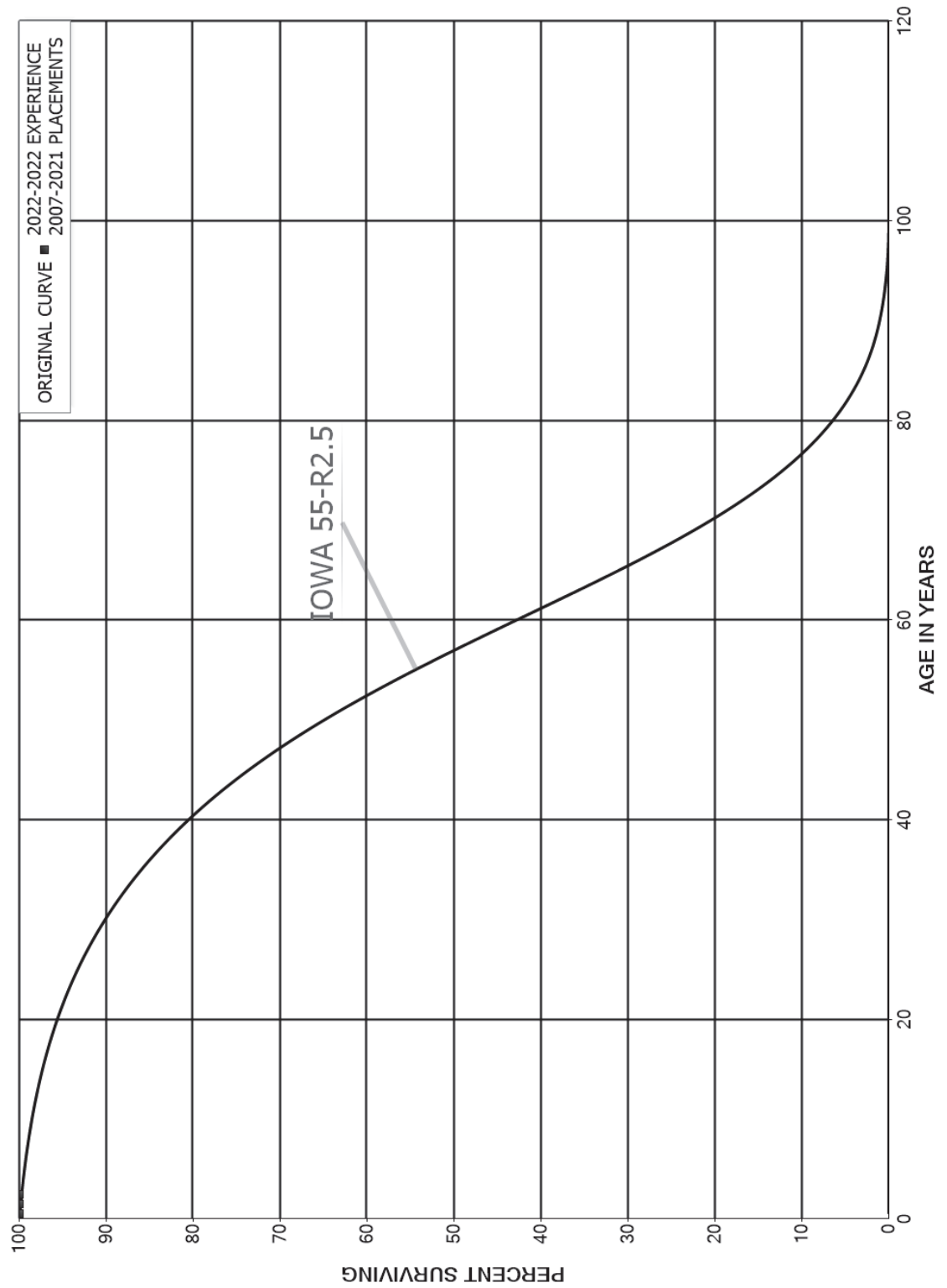
ORIGINAL LIFE TABLE

PLACEMENT BAND 1994-2022

EXPERIENCE BAND 2022-2022

| AGE AT<br>BEGIN OF<br>INTERVAL | EXPOSURES AT<br>BEGINNING OF<br>AGE INTERVAL | RETIREMENTS<br>DURING AGE<br>INTERVAL | RETMT<br>RATIO | SURV<br>RATIO | PCT SURV<br>BEGIN OF<br>INTERVAL |
|--------------------------------|--|---------------------------------------|----------------|---------------|----------------------------------|
| 0.0                            | 14,000                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 0.5                            | 210,887                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 1.5                            | 179,883                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 2.5                            |  |                                       |                |               | 100.00                           |
| 3.5                            | 1,050,994                                    |                                       | 0.0000         |               |                                  |
| 4.5                            |  |                                       |                |               |                                  |
| 5.5                            |  |                                       |                |               |                                  |
| 6.5                            |  |                                       |                |               |                                  |
| 7.5                            |  |                                       |                |               |                                  |
| 8.5                            | 48,013                                       |                                       | 0.0000         |               |                                  |
| 9.5                            | 708  |                                       | 0.0000         |               |                                  |
| 10.5                           | 102,815                                      |                                       | 0.0000         |               |                                  |
| 11.5                           | 112,949                                      |                                       | 0.0000         |               |                                  |
| 12.5                           |  |                                       |                |               |                                  |
| 13.5                           |  |                                       |                |               |                                  |
| 14.5                           | 202,122                                      |                                       | 0.0000         |               |                                  |
| 15.5                           |  |                                       |                |               |                                  |
| 16.5                           | 19,605                                       |                                       | 0.0000         |               |                                  |
| 17.5                           | 1,476,943                                    |                                       | 0.0000         |               |                                  |
| 18.5                           | 1,375,144                                    |                                       | 0.0000         |               |                                  |
| 19.5                           | 484,887                                      |                                       | 0.0000         |               |                                  |
| 20.5                           | 1,749,582                                    |                                       | 0.0000         |               |                                  |
| 21.5                           | 159,228                                      |                                       | 0.0000         |               |                                  |
| 22.5                           | 891,602                                      |                                       | 0.0000         |               |                                  |
| 23.5                           | 240,550                                      |                                       | 0.0000         |               |                                  |
| 24.5                           | 326,475                                      |                                       | 0.0000         |               |                                  |
| 25.5                           | 253,399                                      |                                       | 0.0000         |               |                                  |
| 26.5                           | 254,413                                      |                                       | 0.0000         |               |                                  |
| 27.5                           | 258,966                                      |                                       | 0.0000         |               |                                  |
| 28.5                           |  |                                       |                |               |                                  |

FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION  
ACCOUNT 363.00 SERVICES TO CUSTOMERS  
ORIGINAL AND SMOOTH SURVIVOR CURVES



FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION

ACCOUNT 363.00 SERVICES TO CUSTOMERS

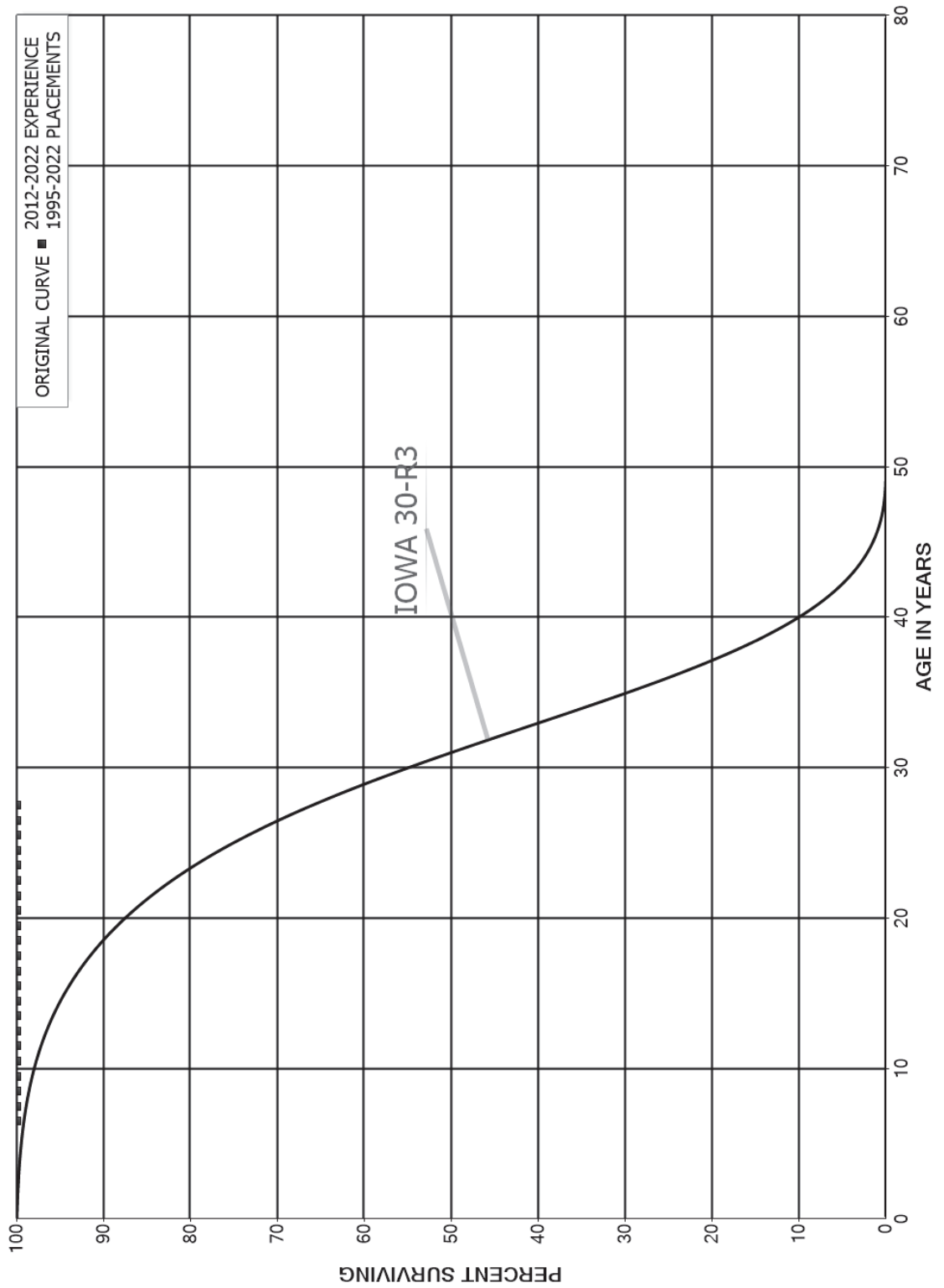
ORIGINAL LIFE TABLE

PLACEMENT BAND 2007-2021

EXPERIENCE BAND 2022-2022

| AGE AT<br>BEGIN OF<br>INTERVAL | EXPOSURES AT<br>BEGINNING OF<br>AGE INTERVAL | RETIREMENTS<br>DURING AGE<br>INTERVAL | RETMT<br>RATIO | SURV<br>RATIO | PCT SURV<br>BEGIN OF<br>INTERVAL |
|--------------------------------|--|---------------------------------------|----------------|---------------|----------------------------------|
| 0.0                            |  |                                       |                |               |                                  |
| 0.5                            | 28,200                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 1.5                            | 68,200                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 2.5                            |  |                                       |                |               | 100.00                           |
| 3.5                            |  |                                       |                |               |                                  |
| 4.5                            |  |                                       |                |               |                                  |
| 5.5                            |  |                                       |                |               |                                  |
| 6.5                            |  |                                       |                |               |                                  |
| 7.5                            |  |                                       |                |               |                                  |
| 8.5                            |  |                                       |                |               |                                  |
| 9.5                            |  |                                       |                |               |                                  |
| 10.5                           | 25,533                                       |                                       | 0.0000         |               |                                  |
| 11.5                           | 86,471                                       |                                       | 0.0000         |               |                                  |
| 12.5                           |  |                                       |                |               |                                  |
| 13.5                           |  |                                       |                |               |                                  |
| 14.5                           | 61,616                                       |                                       | 0.0000         |               |                                  |
| 15.5                           |  |                                       |                |               |                                  |

FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION  
ACCOUNT 364.00 FLOW MEASURING DEVICES  
ORIGINAL AND SMOOTH SURVIVOR CURVES



FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION

ACCOUNT 364.00 FLOW MEASURING DEVICES

ORIGINAL LIFE TABLE

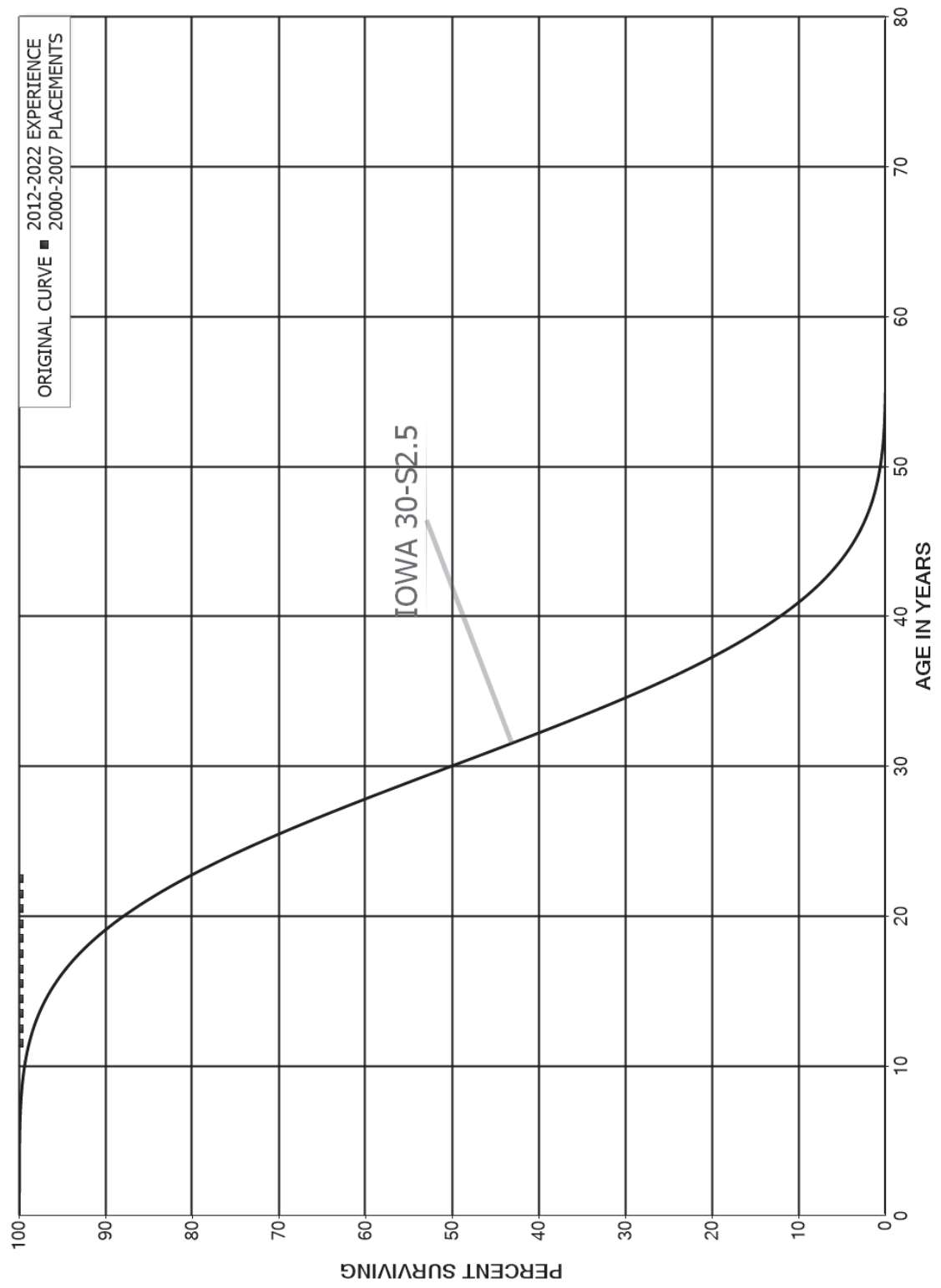
PLACEMENT BAND 1995-2022

EXPERIENCE BAND 2012-2022

| AGE AT<br>BEGIN OF<br>INTERVAL | EXPOSURES AT<br>BEGINNING OF<br>AGE INTERVAL | RETIREMENTS<br>DURING AGE<br>INTERVAL | RETMT<br>RATIO | SURV<br>RATIO | PCT SURV<br>BEGIN OF<br>INTERVAL |
|--------------------------------|--|---------------------------------------|----------------|---------------|----------------------------------|
| 0.0                            | 5,808  |                                       | 0.0000         |               |                                  |
| 0.5                            |  |                                       |                |               |                                  |
| 1.5                            |  |                                       |                |               |                                  |
| 2.5                            |  |                                       |                |               |                                  |
| 3.5                            |  |                                       |                |               |                                  |
| 4.5                            | 1,155  | 1,155                                 | 1.0000         |               |                                  |
| 5.5                            |  |                                       |                |               |                                  |
| 6.5                            | 5,588  |                                       | 0.0000         | 1.0000        | 100.00                           |
| 7.5                            | 5,588  |                                       | 0.0000         | 1.0000        | 100.00                           |
| 8.5                            | 5,588  |                                       | 0.0000         | 1.0000        | 100.00                           |
| 9.5                            | 5,588  |                                       | 0.0000         | 1.0000        | 100.00                           |
| 10.5                           | 5,588  |                                       | 0.0000         | 1.0000        | 100.00                           |
| 11.5                           | 5,588  |                                       | 0.0000         | 1.0000        | 100.00                           |
| 12.5                           | 5,588  |                                       | 0.0000         | 1.0000        | 100.00                           |
| 13.5                           | 5,588  |                                       | 0.0000         | 1.0000        | 100.00                           |
| 14.5                           | 5,588  |                                       | 0.0000         | 1.0000        | 100.00                           |
| 15.5                           | 29,511                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 16.5                           | 31,313                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 17.5                           | 25,725                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 18.5                           | 25,725                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 19.5                           | 25,725                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 20.5                           | 25,725                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 21.5                           | 25,725                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 22.5                           | 25,725                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 23.5                           | 25,725                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 24.5                           | 25,725                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 25.5                           | 25,725                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 26.5                           | 1,802  |                                       | 0.0000         | 1.0000        | 100.00                           |
| 27.5                           |  |                                       |                |               | 100.00                           |



FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION  
ACCOUNT 365.00 FLOW MEASURING INSTALLATIONS  
ORIGINAL AND SMOOTH SURVIVOR CURVES



FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION

ACCOUNT 365.00 FLOW MEASURING INSTALLATIONS

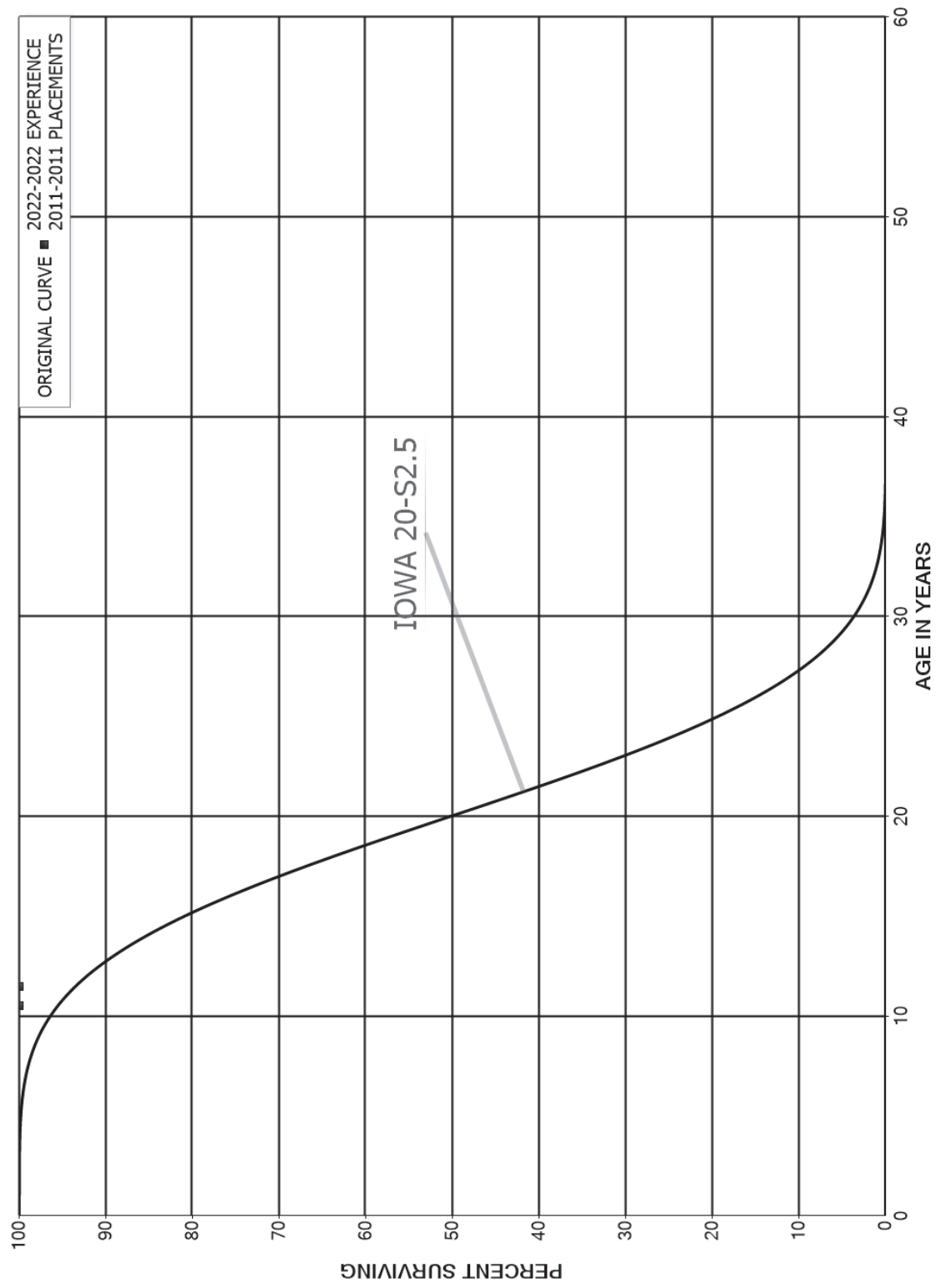
ORIGINAL LIFE TABLE

PLACEMENT BAND 2000-2007

EXPERIENCE BAND 2012-2022

| AGE AT<br>BEGIN OF<br>INTERVAL | EXPOSURES AT<br>BEGINNING OF<br>AGE INTERVAL | RETIREMENTS<br>DURING AGE<br>INTERVAL | RETMT<br>RATIO | SURV<br>RATIO | PCT SURV<br>BEGIN OF<br>INTERVAL |
|--------------------------------|--|---------------------------------------|----------------|---------------|----------------------------------|
| 0.0                            |  |                                       |                |               |                                  |
| 0.5                            |  |                                       |                |               |                                  |
| 1.5                            |  |                                       |                |               |                                  |
| 2.5                            |  |                                       |                |               |                                  |
| 3.5                            |  |                                       |                |               |                                  |
| 4.5                            | 5,305  | 5,305                                 | 1.0000         |               |                                  |
| 5.5                            |  |                                       |                |               |                                  |
| 6.5                            |  |                                       |                |               |                                  |
| 7.5                            |  |                                       |                |               |                                  |
| 8.5                            |  |                                       |                |               |                                  |
| 9.5                            |  |                                       |                |               |                                  |
| 10.5                           |  |                                       |                |               |                                  |
| 11.5                           | 11,378                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 12.5                           | 11,378                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 13.5                           | 11,378                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 14.5                           | 11,378                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 15.5                           | 11,378                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 16.5                           | 11,378                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 17.5                           | 11,378                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 18.5                           | 11,378                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 19.5                           | 11,378                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 20.5                           | 11,378                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 21.5                           | 11,378                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 22.5                           |  |                                       |                |               | 100.00                           |

FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION  
ACCOUNT 367.00 REUSE METERS AND METER INSTALLATIONS  
ORIGINAL AND SMOOTH SURVIVOR CURVES



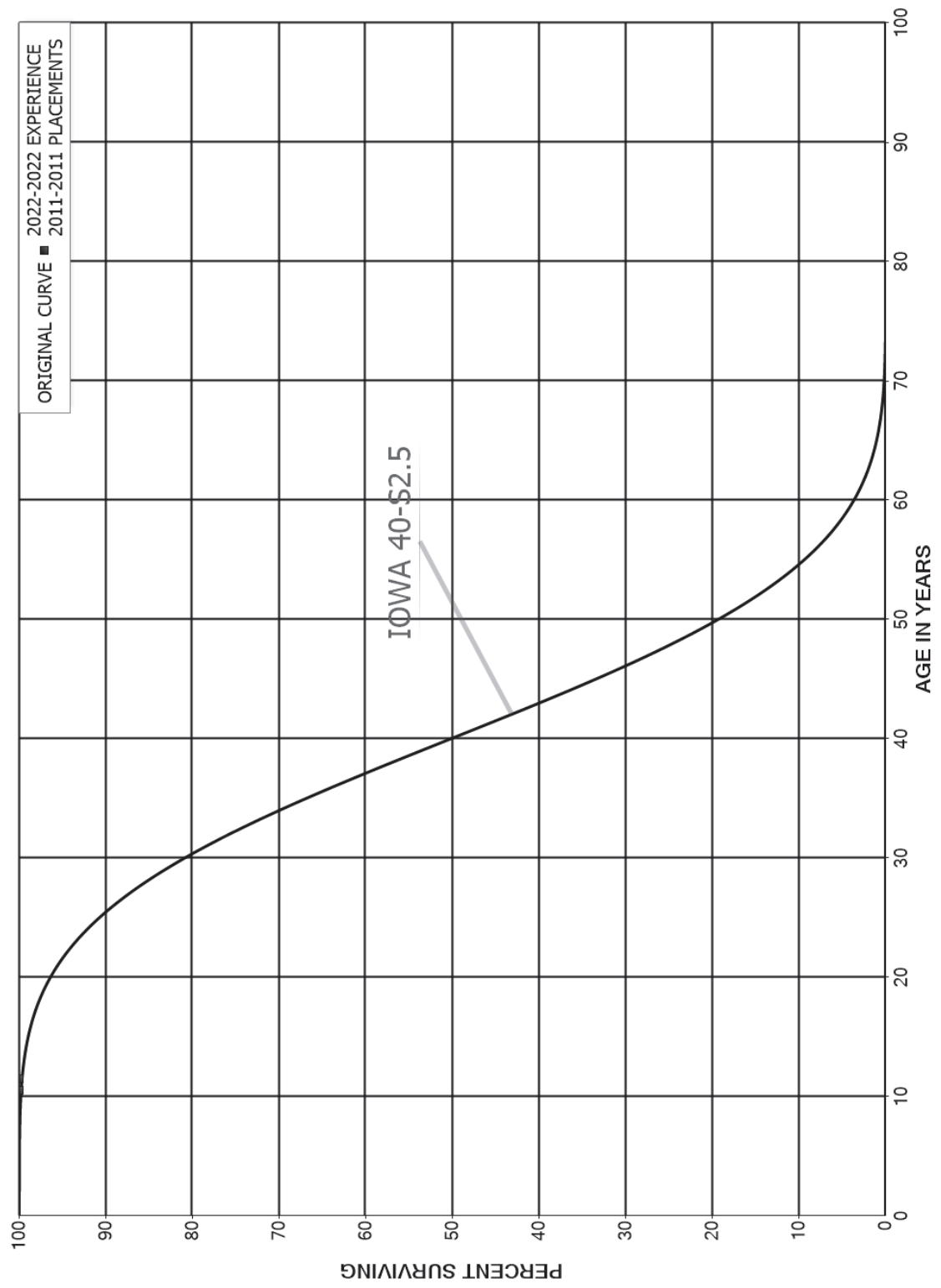
FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION

ACCOUNT 367.00 REUSE METERS AND METER INSTALLATIONS

ORIGINAL LIFE TABLE

| PLACEMENT BAND 2011-2011       |  |                                       | EXPERIENCE BAND 2022-2022 |               |                                  |
|--------------------------------|--|---------------------------------------|---------------------------|---------------|----------------------------------|
| AGE AT<br>BEGIN OF<br>INTERVAL | EXPOSURES AT<br>BEGINNING OF<br>AGE INTERVAL | RETIREMENTS<br>DURING AGE<br>INTERVAL | RETMT<br>RATIO            | SURV<br>RATIO | PCT SURV<br>BEGIN OF<br>INTERVAL |
| 0.0                            |  |                                       |                           |               |                                  |
| 0.5                            |  |                                       |                           |               |                                  |
| 1.5                            |  |                                       |                           |               |                                  |
| 2.5                            |  |                                       |                           |               |                                  |
| 3.5                            |  |                                       |                           |               |                                  |
| 4.5                            |  |                                       |                           |               |                                  |
| 5.5                            |  |                                       |                           |               |                                  |
| 6.5                            |  |                                       |                           |               |                                  |
| 7.5                            |  |                                       |                           |               |                                  |
| 8.5                            |  |                                       |                           |               |                                  |
| 9.5                            |  |                                       |                           |               |                                  |
| 10.5                           | 2,097  |                                       | 0.0000                    | 1.0000        | 100.00                           |
| 11.5                           |  |                                       |                           |               | 100.00                           |

FOOTHILLS WATER & SEWER, LLC  
 SEWER DIVISION  
 ACCOUNT 370.00 RECEIVING WELLS  
 ORIGINAL AND SMOOTH SURVIVOR CURVES



FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION

ACCOUNT 370.00 RECEIVING WELLS

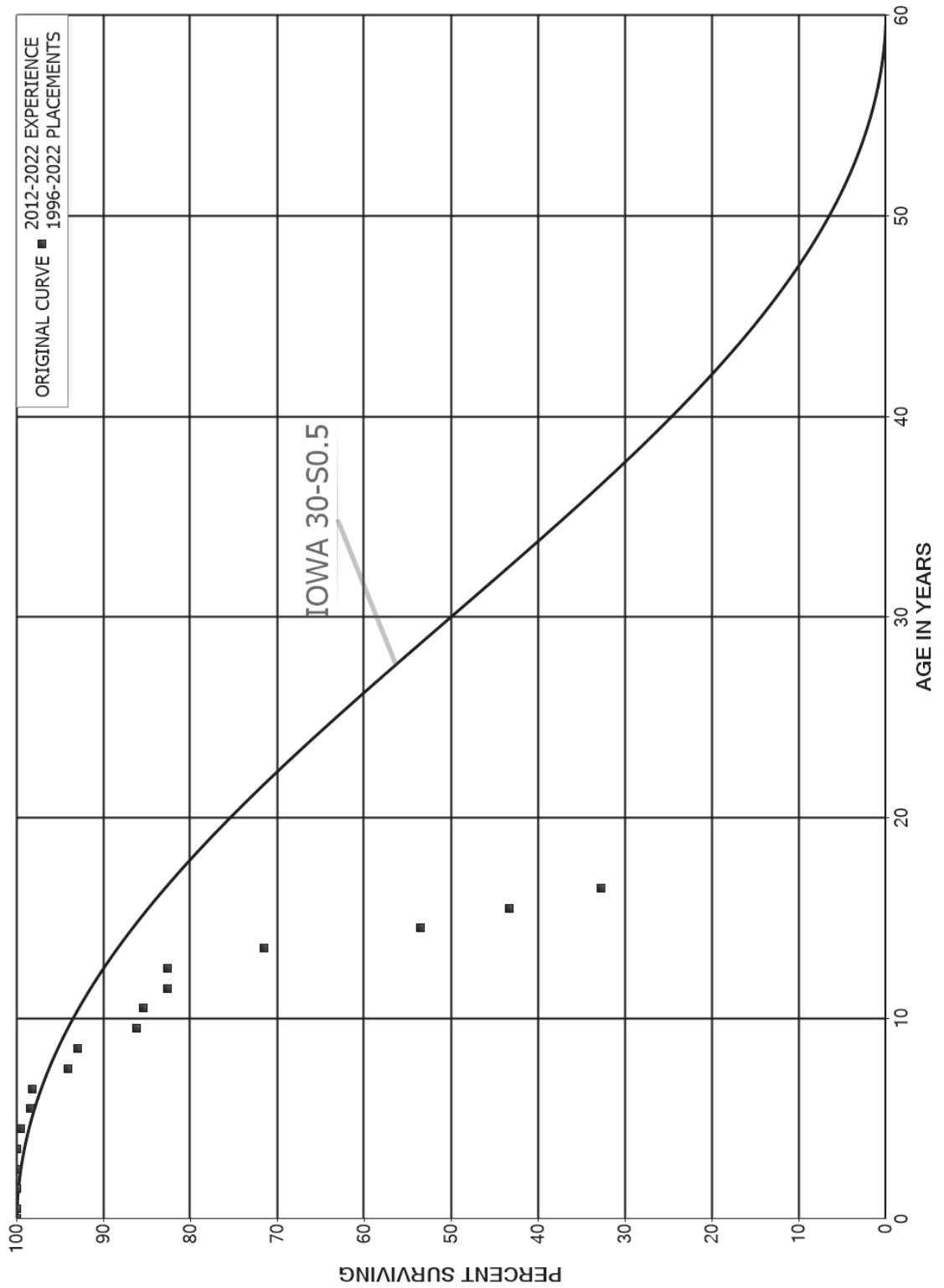
ORIGINAL LIFE TABLE

PLACEMENT BAND 2011-2011

EXPERIENCE BAND 2022-2022

| AGE AT<br>BEGIN OF<br>INTERVAL | EXPOSURES AT<br>BEGINNING OF<br>AGE INTERVAL | RETIREMENTS<br>DURING AGE<br>INTERVAL | RETMT<br>RATIO | SURV<br>RATIO | PCT SURV<br>BEGIN OF<br>INTERVAL |
|--------------------------------|--|---------------------------------------|----------------|---------------|----------------------------------|
| 0.0                            |  |                                       |                |               |                                  |
| 0.5                            |  |                                       |                |               |                                  |
| 1.5                            |  |                                       |                |               |                                  |
| 2.5                            |  |                                       |                |               |                                  |
| 3.5                            |  |                                       |                |               |                                  |
| 4.5                            |  |                                       |                |               |                                  |
| 5.5                            |  |                                       |                |               |                                  |
| 6.5                            |  |                                       |                |               |                                  |
| 7.5                            |  |                                       |                |               |                                  |
| 8.5                            |  |                                       |                |               |                                  |
| 9.5                            |  |                                       |                |               |                                  |
| 10.5                           | 88,512                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 11.5                           |  |                                       |                |               | 100.00                           |

FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION  
ACCOUNT 371.00 PUMPING EQUIPMENT  
ORIGINAL AND SMOOTH SURVIVOR CURVES



FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION

ACCOUNT 371.00 PUMPING EQUIPMENT

ORIGINAL LIFE TABLE

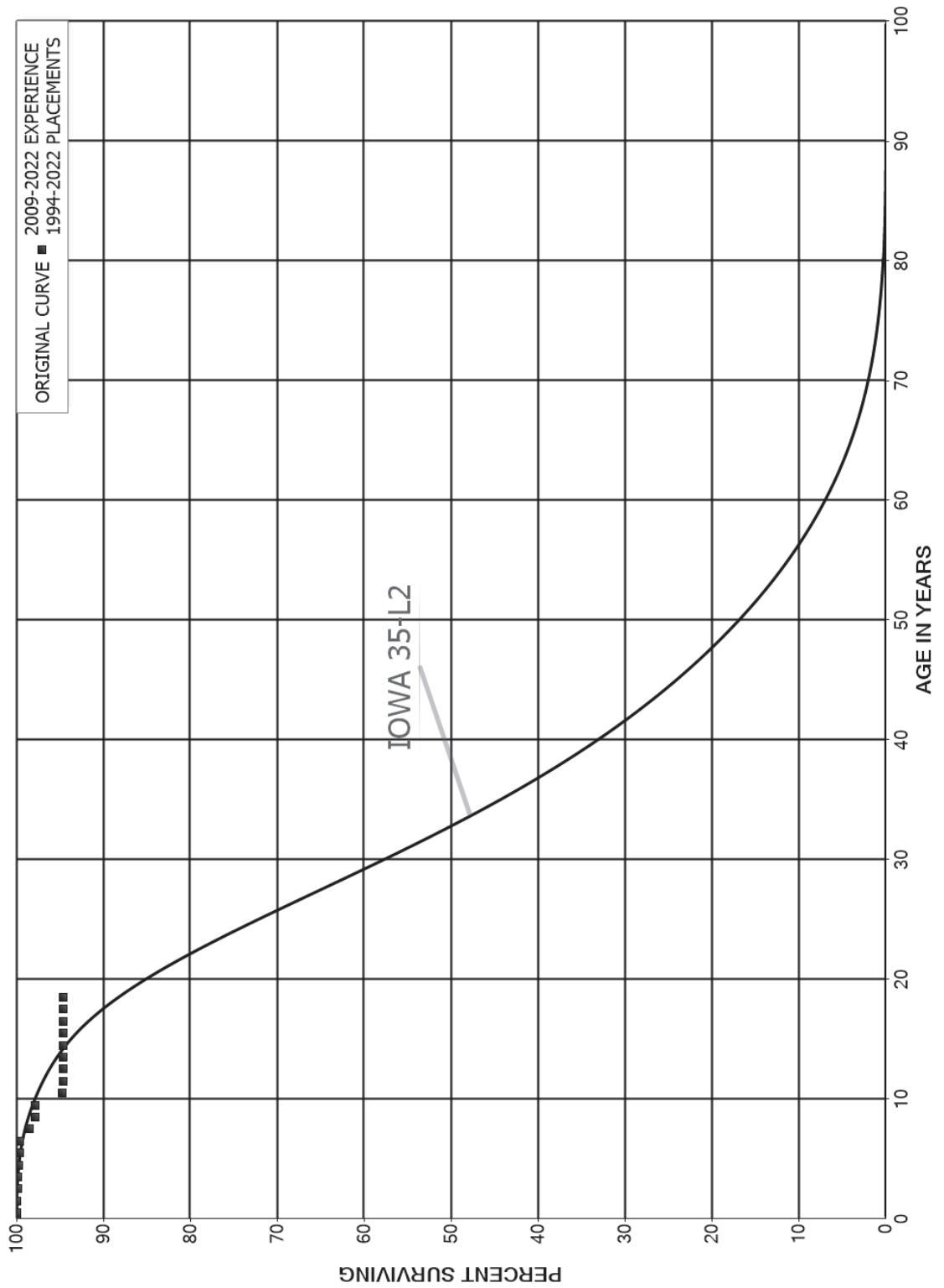
PLACEMENT BAND 1996-2022

EXPERIENCE BAND 2012-2022

| AGE AT<br>BEGIN OF<br>INTERVAL | EXPOSURES AT<br>BEGINNING OF<br>AGE INTERVAL | RETIREMENTS<br>DURING AGE<br>INTERVAL | RETMT<br>RATIO | SURV<br>RATIO | PCT SURV<br>BEGIN OF<br>INTERVAL |
|--------------------------------|--|---------------------------------------|----------------|---------------|----------------------------------|
| 0.0                            | 1,443,619                                    |                                       | 0.0000         | 1.0000        | 100.00                           |
| 0.5                            | 2,339,397                                    |                                       | 0.0000         | 1.0000        | 100.00                           |
| 1.5                            | 2,105,851                                    | 285                                   | 0.0001         | 0.9999        | 100.00                           |
| 2.5                            | 1,958,585                                    | 1,460                                 | 0.0007         | 0.9993        | 99.99                            |
| 3.5                            | 1,820,782                                    | 8,106                                 | 0.0045         | 0.9955        | 99.91                            |
| 4.5                            | 1,768,934                                    | 19,910                                | 0.0113         | 0.9887        | 99.47                            |
| 5.5                            | 1,814,110                                    | 3,729                                 | 0.0021         | 0.9979        | 98.35                            |
| 6.5                            | 1,782,617                                    | 74,780                                | 0.0419         | 0.9581        | 98.15                            |
| 7.5                            | 1,609,910                                    | 18,971                                | 0.0118         | 0.9882        | 94.03                            |
| 8.5                            | 1,490,277                                    | 108,082                               | 0.0725         | 0.9275        | 92.92                            |
| 9.5                            | 1,181,528                                    | 11,533                                | 0.0098         | 0.9902        | 86.18                            |
| 10.5                           | 1,182,624                                    | 37,537                                | 0.0317         | 0.9683        | 85.34                            |
| 11.5                           | 118,910                                      |                                       | 0.0000         | 1.0000        | 82.63                            |
| 12.5                           | 92,108                                       | 12,346                                | 0.1340         | 0.8660        | 82.63                            |
| 13.5                           | 83,026                                       | 20,964                                | 0.2525         | 0.7475        | 71.56                            |
| 14.5                           | 37,011                                       | 7,034                                 | 0.1901         | 0.8099        | 53.49                            |
| 15.5                           | 30,016                                       | 7,310                                 | 0.2435         | 0.7565        | 43.32                            |
| 16.5                           |  |                                       |                |               | 32.77                            |



FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION  
ACCOUNT 380.00 TREATMENT AND DISPOSAL EQUIPMENT  
ORIGINAL AND SMOOTH SURVIVOR CURVES



FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION

ACCOUNT 380.00 TREATMENT AND DISPOSAL EQUIPMENT

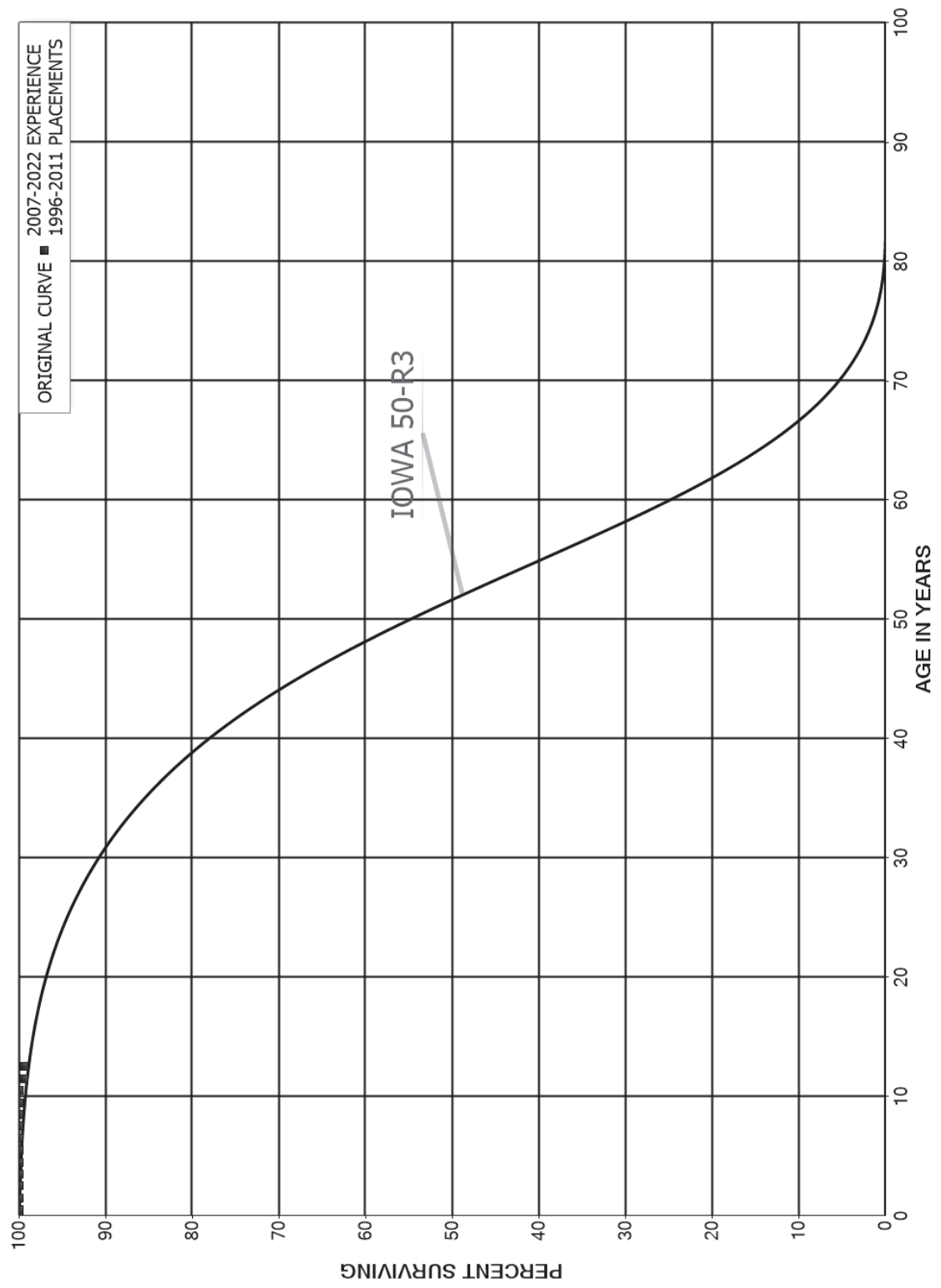
ORIGINAL LIFE TABLE

PLACEMENT BAND 1994-2022

EXPERIENCE BAND 2009-2022

| AGE AT<br>BEGIN OF<br>INTERVAL | EXPOSURES AT<br>BEGINNING OF<br>AGE INTERVAL | RETIREMENTS<br>DURING AGE<br>INTERVAL | RETMT<br>RATIO | SURV<br>RATIO | PCT SURV<br>BEGIN OF<br>INTERVAL |
|--------------------------------|--|---------------------------------------|----------------|---------------|----------------------------------|
| 0.0                            | 17,990,047                                   |                                       | 0.0000         | 1.0000        | 100.00                           |
| 0.5                            | 17,747,904                                   |                                       | 0.0000         | 1.0000        | 100.00                           |
| 1.5                            | 18,666,366                                   | 25,113                                | 0.0013         | 0.9987        | 100.00                           |
| 2.5                            | 19,090,841                                   | 492                                   | 0.0000         | 1.0000        | 99.87                            |
| 3.5                            | 19,787,482                                   | 32,889                                | 0.0017         | 0.9983        | 99.86                            |
| 4.5                            | 21,268,400                                   | 6,943                                 | 0.0003         | 0.9997        | 99.70                            |
| 5.5                            | 21,768,679                                   | 5,907                                 | 0.0003         | 0.9997        | 99.66                            |
| 6.5                            | 21,694,912                                   | 239,753                               | 0.0111         | 0.9889        | 99.64                            |
| 7.5                            | 21,989,404                                   | 149,944                               | 0.0068         | 0.9932        | 98.54                            |
| 8.5                            | 21,236,794                                   |                                       | 0.0000         | 1.0000        | 97.86                            |
| 9.5                            | 19,611,688                                   | 632,650                               | 0.0323         | 0.9677        | 97.86                            |
| 10.5                           | 18,667,396                                   | 10,100                                | 0.0005         | 0.9995        | 94.71                            |
| 11.5                           | 6,147,305                                    | 5,478                                 | 0.0009         | 0.9991        | 94.66                            |
| 12.5                           | 6,223,005                                    |                                       | 0.0000         | 1.0000        | 94.57                            |
| 13.5                           | 6,096,098                                    |                                       | 0.0000         | 1.0000        | 94.57                            |
| 14.5                           | 6,088,978                                    |                                       | 0.0000         | 1.0000        | 94.57                            |
| 15.5                           | 4,823,236                                    |                                       | 0.0000         | 1.0000        | 94.57                            |
| 16.5                           | 4,178,898                                    |                                       | 0.0000         | 1.0000        | 94.57                            |
| 17.5                           | 3,314,394                                    |                                       | 0.0000         | 1.0000        | 94.57                            |
| 18.5                           | 1,901,615                                    |                                       | 0.0000         | 1.0000        | 94.57                            |
| 19.5                           | 1,421,013                                    |                                       | 0.0000         | 1.0000        | 94.57                            |
| 20.5                           | 1,416,634                                    |                                       | 0.0000         | 1.0000        | 94.57                            |
| 21.5                           | 1,225,235                                    |                                       | 0.0000         | 1.0000        | 94.57                            |
| 22.5                           | 1,201,671                                    |                                       | 0.0000         | 1.0000        | 94.57                            |
| 23.5                           | 601,054                                      |                                       | 0.0000         | 1.0000        | 94.57                            |
| 24.5                           | 596,584                                      |                                       | 0.0000         | 1.0000        | 94.57                            |
| 25.5                           | 247,176                                      |                                       | 0.0000         | 1.0000        | 94.57                            |
| 26.5                           | 142,119                                      |                                       | 0.0000         | 1.0000        | 94.57                            |
| 27.5                           | 142,119                                      |                                       | 0.0000         | 1.0000        | 94.57                            |
| 28.5                           |  |                                       |                |               | 94.57                            |

FOOTHILLS WATER & SEWER, LLC  
 SEWER DIVISION  
 ACCOUNT 381.00 PLANT SEWERS  
 ORIGINAL AND SMOOTH SURVIVOR CURVES



FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION

ACCOUNT 381.00 PLANT SEWERS

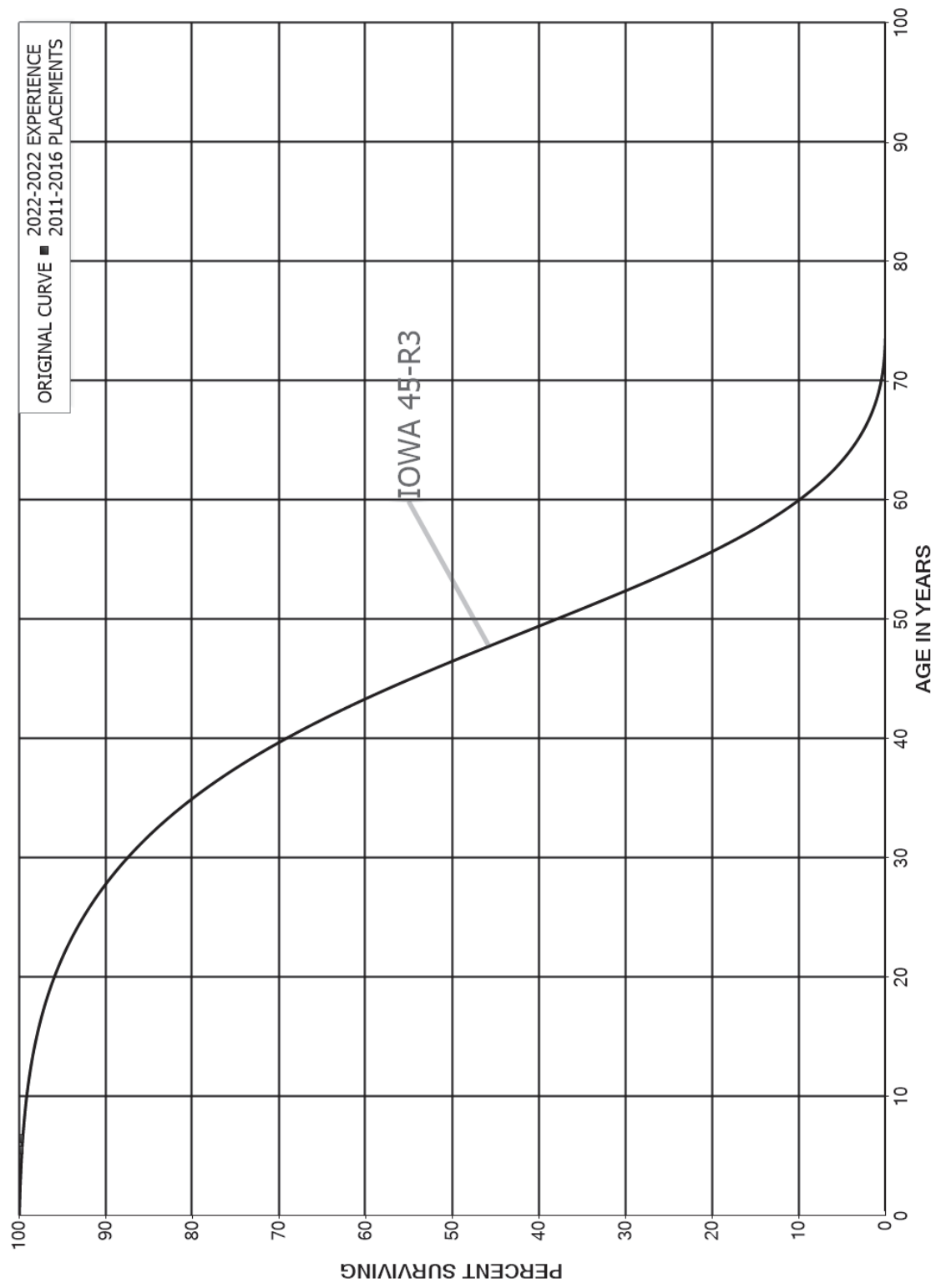
ORIGINAL LIFE TABLE

PLACEMENT BAND 1996-2011

EXPERIENCE BAND 2007-2022

| AGE AT<br>BEGIN OF<br>INTERVAL | EXPOSURES AT<br>BEGINNING OF<br>AGE INTERVAL | RETIREMENTS<br>DURING AGE<br>INTERVAL | RETMT<br>RATIO | SURV<br>RATIO | PCT SURV<br>BEGIN OF<br>INTERVAL |
|--------------------------------|--|---------------------------------------|----------------|---------------|----------------------------------|
| 0.0                            | 684,490                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 0.5                            | 684,490                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 1.5                            | 684,490                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 2.5                            | 700,089                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 3.5                            | 700,089                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 4.5                            | 700,089                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 5.5                            | 700,089                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 6.5                            | 700,089                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 7.5                            | 700,089                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 8.5                            | 700,089                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 9.5                            | 700,089                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 10.5                           | 704,658                                      | 4,569                                 | 0.0065         | 0.9935        | 100.00                           |
| 11.5                           | 19,410                                       |                                       | 0.0000         | 1.0000        | 99.35                            |
| 12.5                           | 15,599                                       |                                       | 0.0000         | 1.0000        | 99.35                            |
| 13.5                           | 15,599                                       |                                       | 0.0000         | 1.0000        | 99.35                            |
| 14.5                           | 15,599                                       |                                       | 0.0000         | 1.0000        | 99.35                            |
| 15.5                           | 15,599                                       |                                       | 0.0000         | 1.0000        | 99.35                            |
| 16.5                           | 15,599                                       |                                       | 0.0000         | 1.0000        | 99.35                            |
| 17.5                           | 15,599                                       |                                       | 0.0000         | 1.0000        | 99.35                            |
| 18.5                           |  |                                       |                |               | 99.35                            |

FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION  
ACCOUNT 382.00 OUTFALL SEWER LINES  
ORIGINAL AND SMOOTH SURVIVOR CURVES



FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION

ACCOUNT 382.00 OUTFALL SEWER LINES

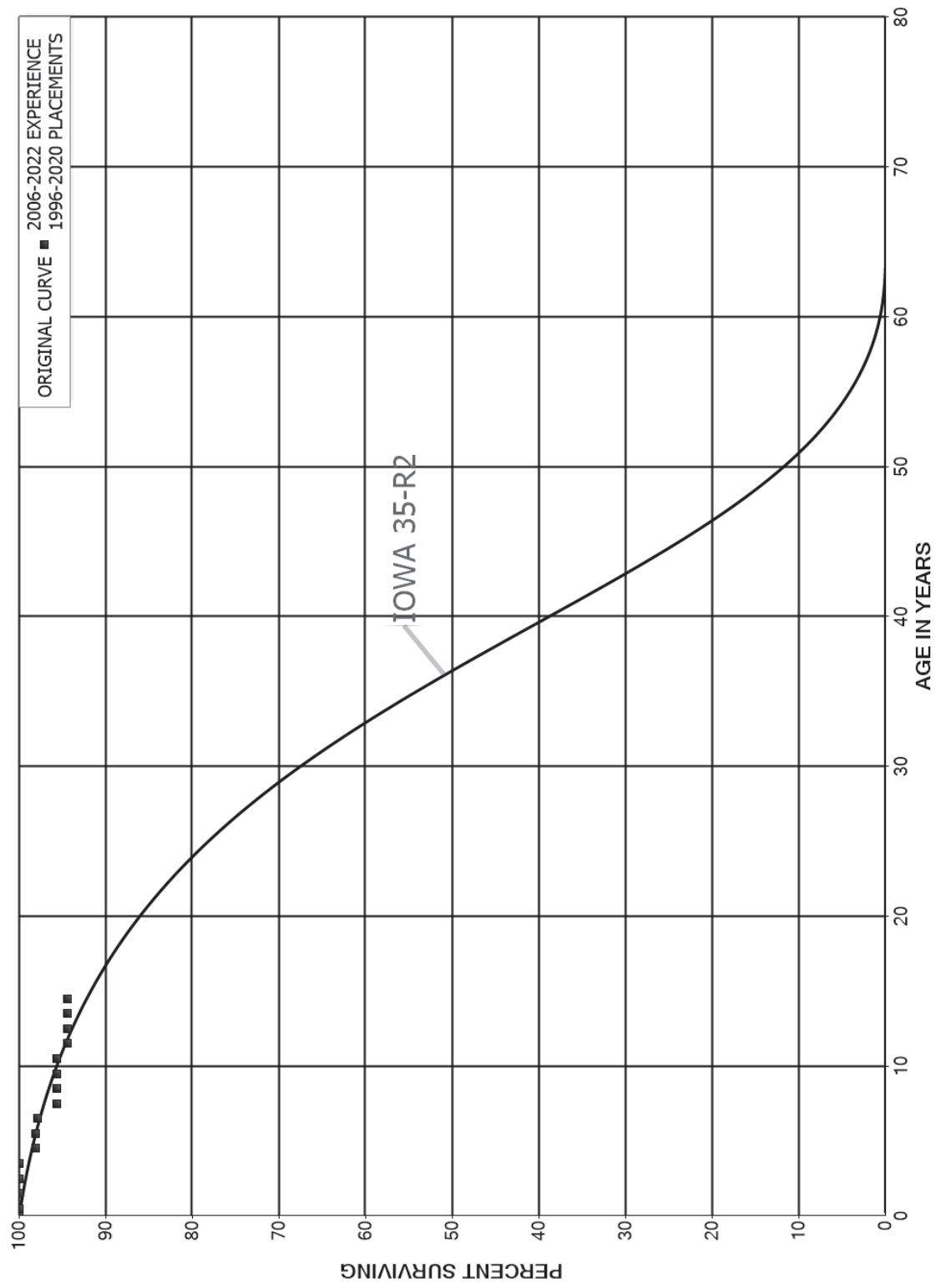
ORIGINAL LIFE TABLE

PLACEMENT BAND 2011-2016

EXPERIENCE BAND 2022-2022

| AGE AT<br>BEGIN OF<br>INTERVAL | EXPOSURES AT<br>BEGINNING OF<br>AGE INTERVAL | RETIREMENTS<br>DURING AGE<br>INTERVAL | RETMT<br>RATIO | SURV<br>RATIO | PCT SURV<br>BEGIN OF<br>INTERVAL |
|--------------------------------|--|---------------------------------------|----------------|---------------|----------------------------------|
| 0.0                            |  |                                       |                |               |                                  |
| 0.5                            |  |                                       |                |               |                                  |
| 1.5                            |  |                                       |                |               |                                  |
| 2.5                            |  |                                       |                |               |                                  |
| 3.5                            |  |                                       |                |               |                                  |
| 4.5                            |  |                                       |                |               |                                  |
| 5.5                            | 351,424                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 6.5                            |  |                                       |                |               | 100.00                           |
| 7.5                            |  |                                       |                |               |                                  |
| 8.5                            |  |                                       |                |               |                                  |
| 9.5                            |  |                                       |                |               |                                  |
| 10.5                           | 1,942  |                                       | 0.0000         |               |                                  |
| 11.5                           |  |                                       |                |               |                                  |

FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION  
ACCOUNT 389.00 OTHER PLANT AND MISCELLANEOUS EQUIPMENT  
ORIGINAL AND SMOOTH SURVIVOR CURVES



FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION

ACCOUNT 389.00 OTHER PLANT AND MISCELLANEOUS EQUIPMENT

ORIGINAL LIFE TABLE

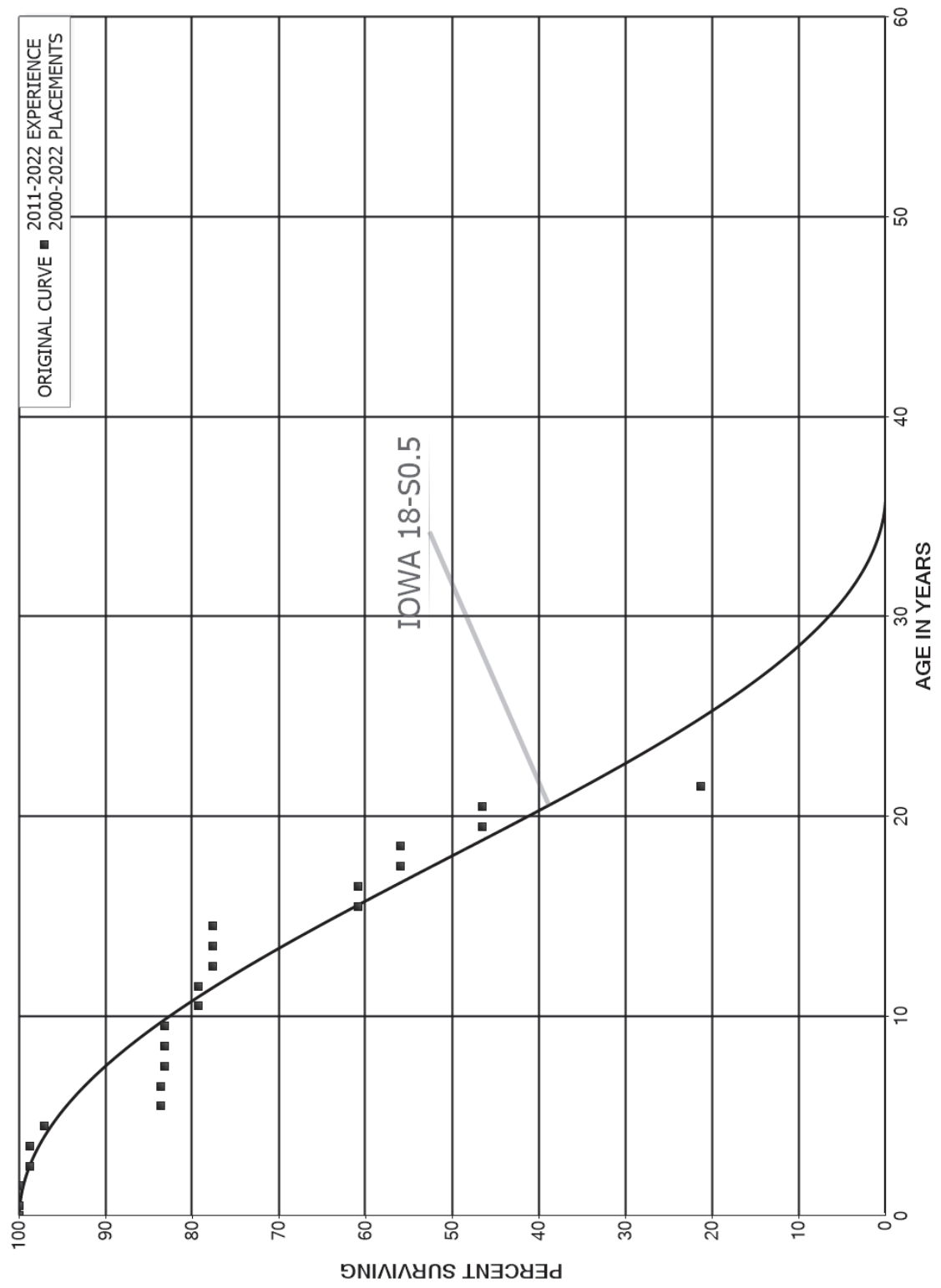
PLACEMENT BAND 1996-2020

EXPERIENCE BAND 2006-2022

| AGE AT<br>BEGIN OF<br>INTERVAL | EXPOSURES AT<br>BEGINNING OF<br>AGE INTERVAL | RETIREMENTS<br>DURING AGE<br>INTERVAL | RETMT<br>RATIO | SURV<br>RATIO | PCT SURV<br>BEGIN OF<br>INTERVAL |
|--------------------------------|--|---------------------------------------|----------------|---------------|----------------------------------|
| 0.0                            | 620,688                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 0.5                            | 621,451                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 1.5                            | 626,284                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 2.5                            | 441,618                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 3.5                            | 442,903                                      | 8,502                                 | 0.0192         | 0.9808        | 100.00                           |
| 4.5                            | 434,401                                      |                                       | 0.0000         | 1.0000        | 98.08                            |
| 5.5                            | 441,751                                      | 1,285                                 | 0.0029         | 0.9971        | 98.08                            |
| 6.5                            | 442,806                                      | 9,690                                 | 0.0219         | 0.9781        | 97.80                            |
| 7.5                            | 433,116                                      |                                       | 0.0000         | 1.0000        | 95.66                            |
| 8.5                            | 433,116                                      |                                       | 0.0000         | 1.0000        | 95.66                            |
| 9.5                            | 435,508                                      |                                       | 0.0000         | 1.0000        | 95.66                            |
| 10.5                           | 384,297                                      | 5,069                                 | 0.0132         | 0.9868        | 95.66                            |
| 11.5                           | 70,248                                       |                                       | 0.0000         | 1.0000        | 94.39                            |
| 12.5                           | 70,248                                       |                                       | 0.0000         | 1.0000        | 94.39                            |
| 13.5                           | 70,248                                       |                                       | 0.0000         | 1.0000        | 94.39                            |
| 14.5                           | 6,348  |                                       | 0.0000         | 1.0000        | 94.39                            |
| 15.5                           | 6,348  |                                       | 0.0000         | 1.0000        | 94.39                            |
| 16.5                           | 4,833  |                                       | 0.0000         | 1.0000        | 94.39                            |
| 17.5                           | 4,833  |                                       | 0.0000         | 1.0000        | 94.39                            |
| 18.5                           |  |                                       |                |               | 94.39                            |



FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION  
ACCOUNT 391.00 TRANSPORTATION EQUIPMENT  
ORIGINAL AND SMOOTH SURVIVOR CURVES



FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION

ACCOUNT 391.00 TRANSPORTATION EQUIPMENT

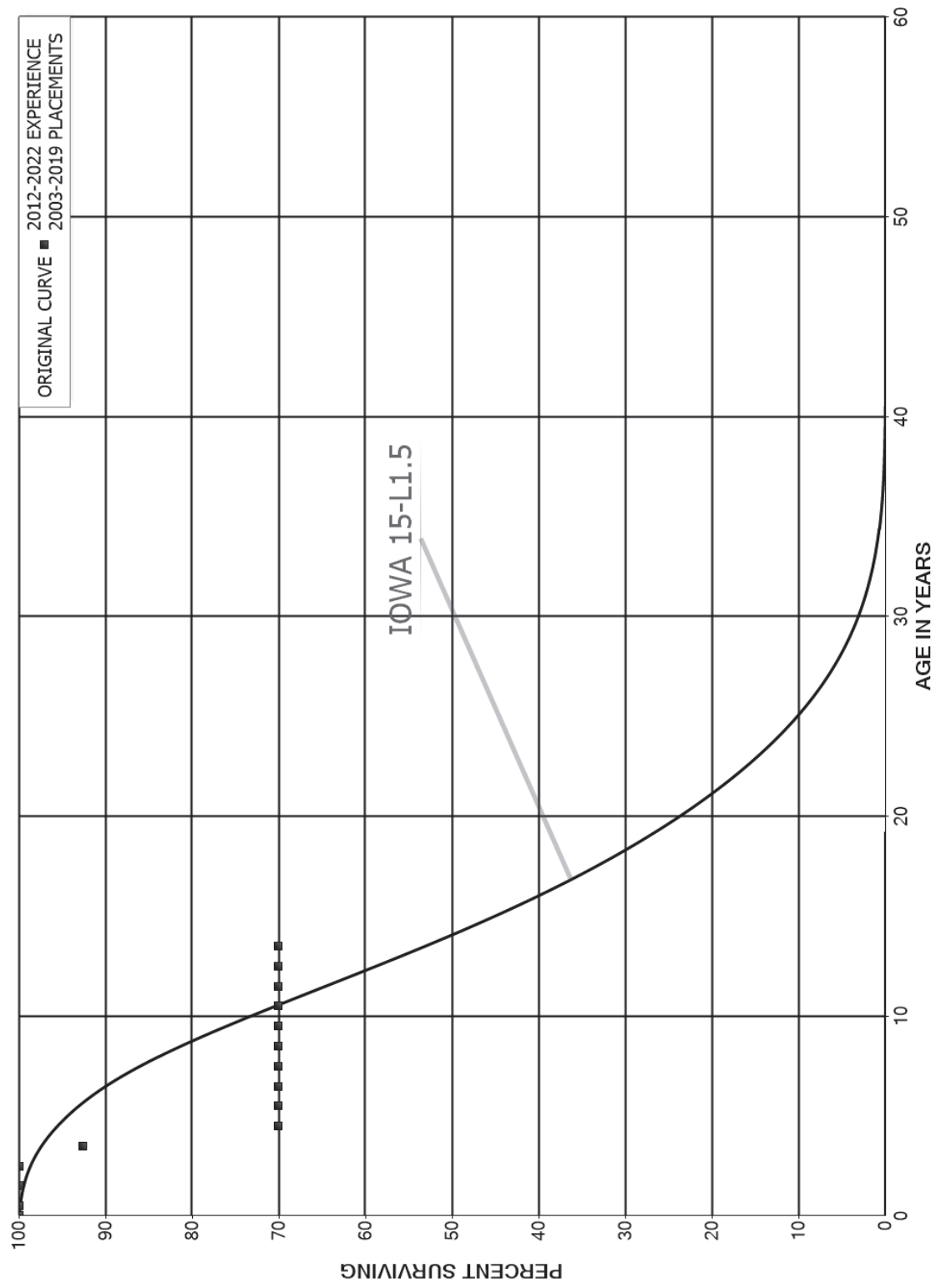
ORIGINAL LIFE TABLE

PLACEMENT BAND 2000-2022

EXPERIENCE BAND 2011-2022

| AGE AT<br>BEGIN OF<br>INTERVAL | EXPOSURES AT<br>BEGINNING OF<br>AGE INTERVAL | RETIREMENTS<br>DURING AGE<br>INTERVAL | RETMT<br>RATIO | SURV<br>RATIO | PCT SURV<br>BEGIN OF<br>INTERVAL |
|--------------------------------|--|---------------------------------------|----------------|---------------|----------------------------------|
| 0.0                            | 361,361                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 0.5                            | 372,852                                      |                                       | 0.0000         | 1.0000        | 100.00                           |
| 1.5                            | 372,554                                      | 4,750                                 | 0.0127         | 0.9873        | 100.00                           |
| 2.5                            | 240,990                                      |                                       | 0.0000         | 1.0000        | 98.73                            |
| 3.5                            | 235,590                                      | 4,067                                 | 0.0173         | 0.9827        | 98.73                            |
| 4.5                            | 253,044                                      | 34,972                                | 0.1382         | 0.8618        | 97.02                            |
| 5.5                            | 213,132                                      |                                       | 0.0000         | 1.0000        | 83.61                            |
| 6.5                            | 216,439                                      | 1,232                                 | 0.0057         | 0.9943        | 83.61                            |
| 7.5                            | 233,070                                      |                                       | 0.0000         | 1.0000        | 83.14                            |
| 8.5                            | 205,201                                      |                                       | 0.0000         | 1.0000        | 83.14                            |
| 9.5                            | 213,871                                      | 10,000                                | 0.0468         | 0.9532        | 83.14                            |
| 10.5                           | 221,539                                      |                                       | 0.0000         | 1.0000        | 79.25                            |
| 11.5                           | 186,083                                      | 3,750                                 | 0.0202         | 0.9798        | 79.25                            |
| 12.5                           | 163,042                                      |                                       | 0.0000         | 1.0000        | 77.65                            |
| 13.5                           | 121,792                                      |                                       | 0.0000         | 1.0000        | 77.65                            |
| 14.5                           | 93,952                                       | 20,289                                | 0.2160         | 0.7840        | 77.65                            |
| 15.5                           | 73,663                                       |                                       | 0.0000         | 1.0000        | 60.88                            |
| 16.5                           | 73,663                                       | 5,929                                 | 0.0805         | 0.9195        | 60.88                            |
| 17.5                           | 67,734                                       |                                       | 0.0000         | 1.0000        | 55.98                            |
| 18.5                           | 67,734                                       | 11,410                                | 0.1685         | 0.8315        | 55.98                            |
| 19.5                           | 35,824                                       |                                       | 0.0000         | 1.0000        | 46.55                            |
| 20.5                           | 35,824                                       | 19,424                                | 0.5422         | 0.4578        | 46.55                            |
| 21.5                           |  |                                       |                |               | 21.31                            |

FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION  
ACCOUNT 395.00 POWER OPERATED EQUIPMENT  
ORIGINAL AND SMOOTH SURVIVOR CURVES



FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION

ACCOUNT 395.00 POWER OPERATED EQUIPMENT

ORIGINAL LIFE TABLE

PLACEMENT BAND 2003-2019

EXPERIENCE BAND 2012-2022

| AGE AT<br>BEGIN OF<br>INTERVAL | EXPOSURES AT<br>BEGINNING OF<br>AGE INTERVAL | RETIREMENTS<br>DURING AGE<br>INTERVAL | RETMT<br>RATIO | SURV<br>RATIO | PCT SURV<br>BEGIN OF<br>INTERVAL |
|--------------------------------|--|---------------------------------------|----------------|---------------|----------------------------------|
| 0.0                            | 21,470                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 0.5                            | 29,813                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 1.5                            | 29,813                                       |                                       | 0.0000         | 1.0000        | 100.00                           |
| 2.5                            | 196,688                                      | 14,500                                | 0.0737         | 0.9263        | 100.00                           |
| 3.5                            | 174,738                                      | 42,500                                | 0.2432         | 0.7568        | 92.63                            |
| 4.5                            | 132,238                                      |                                       | 0.0000         | 1.0000        | 70.10                            |
| 5.5                            | 132,238                                      |                                       | 0.0000         | 1.0000        | 70.10                            |
| 6.5                            | 135,747                                      |                                       | 0.0000         | 1.0000        | 70.10                            |
| 7.5                            | 131,767                                      |                                       | 0.0000         | 1.0000        | 70.10                            |
| 8.5                            | 129,701                                      |                                       | 0.0000         | 1.0000        | 70.10                            |
| 9.5                            | 127,841                                      |                                       | 0.0000         | 1.0000        | 70.10                            |
| 10.5                           | 124,667                                      |                                       | 0.0000         | 1.0000        | 70.10                            |
| 11.5                           | 116,324                                      |                                       | 0.0000         | 1.0000        | 70.10                            |
| 12.5                           | 116,324                                      |                                       | 0.0000         | 1.0000        | 70.10                            |
| 13.5                           | 6,449  |                                       | 0.0000         | 1.0000        | 70.10                            |
| 14.5                           | 6,449  |                                       | 0.0000         | 1.0000        | 70.10                            |
| 15.5                           | 6,449  |                                       | 0.0000         | 1.0000        | 70.10                            |
| 16.5                           | 6,449  |                                       | 0.0000         | 1.0000        | 70.10                            |
| 17.5                           | 2,940  |                                       | 0.0000         | 1.0000        | 70.10                            |
| 18.5                           | 2,940  |                                       | 0.0000         | 1.0000        | 70.10                            |
| 19.5                           |  |                                       |                |               | 70.10                            |

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## **PART VIII. DETAILED DEPRECIATION CALCULATIONS**

## **WATER DIVISION**

FOOTHILLS WATER & SEWER, LLC  
WATER DIVISION

ACCOUNT 304.00 STRUCTURES AND IMPROVEMENTS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1)                      | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|----------------------------------|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| SECTION 14 WATER TREATMENT PLANT |                         |                              |                               |                                |                     |                          |
| SURVIVOR CURVE.. IOWA 45-R3      |                         |                              |                               |                                |                     |                          |
| NET SALVAGE PERCENT.. -10        |                         |                              |                               |                                |                     |                          |
| 2009                             | 37,062.00               | 12,113                       | 23,525                        | 17,243                         | 31.63               | 545                      |
| 2014                             | 3,669.00                | 782                          | 1,519                         | 2,517                          | 36.28               | 69                       |
| 2018                             | 13,850.00               | 1,656                        | 3,216                         | 12,019                         | 40.11               | 300                      |
| 2020                             | 901.27                  | 65                           | 126                           | 865                            | 42.06               | 21                       |
|                                  | 55,482.27               | 14,616                       | 28,386                        | 32,644                         |                     | 935                      |

OTHER

SURVIVOR CURVE.. IOWA 45-R3  
NET SALVAGE PERCENT.. -10

|      |            |         |         |         |       |       |
|------|------------|---------|---------|---------|-------|-------|
| 1994 | 1,572.00   | 997     | 1,729   |         |       |       |
| 1995 | 2,435.00   | 1,499   | 2,679   |         |       |       |
| 1996 | 104,521.00 | 62,366  | 114,973 |         |       |       |
| 1997 | 59,803.00  | 34,543  | 65,783  |         |       |       |
| 1998 | 10,129.00  | 5,653   | 11,142  |         |       |       |
| 1999 | 10,964.00  | 5,904   | 11,700  | 360     | 22.97 | 16    |
| 2000 | 148,420.00 | 76,950  | 152,492 | 10,770  | 23.79 | 453   |
| 2001 | 1,335.00   | 665     | 1,318   | 151     | 24.62 | 6     |
| 2002 | 2,900.00   | 1,385   | 2,745   | 445     | 25.46 | 17    |
| 2004 | 9,490.00   | 4,134   | 8,192   | 2,247   | 27.18 | 83    |
| 2005 | 94,658.00  | 39,220  | 77,722  | 26,401  | 28.05 | 941   |
| 2006 | 78,570.00  | 30,864  | 61,163  | 25,264  | 28.93 | 873   |
| 2007 | 821.00     | 305     | 604     | 299     | 29.82 | 10    |
| 2008 | 955.00     | 333     | 660     | 391     | 30.72 | 13    |
| 2009 | 97,929.50  | 32,005  | 63,424  | 44,298  | 31.63 | 1,401 |
| 2010 | 843.00     | 257     | 509     | 418     | 32.54 | 13    |
| 2012 | 1,112.00   | 288     | 571     | 652     | 34.40 | 19    |
| 2015 | 1,190.00   | 226     | 448     | 861     | 37.23 | 23    |
| 2017 | 5,200.00   | 744     | 1,474   | 4,246   | 39.15 | 108   |
| 2019 | 6,562.67   | 629     | 1,246   | 5,972   | 41.08 | 145   |
| 2020 | 12,428.15  | 893     | 1,770   | 11,901  | 42.06 | 283   |
| 2022 | 8,420.00   | 202     | 400     | 8,862   | 44.02 | 201   |
| 2023 | 51,713.74  | 316     | 626     | 56,259  | 44.75 | 1,257 |
|      | 711,972.06 | 300,378 | 583,372 | 199,797 |       | 5,862 |
|      | 767,454.33 | 314,994 | 611,758 | 232,441 |       | 6,797 |

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 34.2 0.89

FOOTHILLS WATER & SEWER, LLC  
WATER DIVISION

ACCOUNT 307.00 WELLS AND SPRINGS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1)                 | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|-----------------------------|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| SURVIVOR CURVE.. IOWA 45-R2 |                         |                              |                               |                                |                     |                          |
| NET SALVAGE PERCENT.. -10   |                         |                              |                               |                                |                     |                          |
| 1982                        | 8,000.00                | 5,972                        | 8,800                         |                                |                     |                          |
| 1984                        | 19,983.00               | 14,390                       | 21,981                        |                                |                     |                          |
| 1987                        | 14,373.00               | 9,746                        | 15,810                        |                                |                     |                          |
| 1993                        | 28,372.00               | 16,624                       | 31,209                        |                                |                     |                          |
| 1994                        | 149,515.00              | 85,157                       | 163,101                       | 1,366                          | 21.70               | 63                       |
| 1996                        | 88,496.00               | 47,439                       | 90,860                        | 6,486                          | 23.07               | 281                      |
| 1997                        | 130,360.00              | 67,651                       | 129,572                       | 13,824                         | 23.77               | 582                      |
| 2007                        | 4,628.00                | 1,549                        | 2,967                         | 2,124                          | 31.31               | 68                       |
| 2008                        | 1,454.00                | 458                          | 877                           | 722                            | 32.11               | 22                       |
| 2009                        | 139,057.00              | 41,061                       | 78,644                        | 74,319                         | 32.92               | 2,258                    |
| 2010                        | 6,372.00                | 1,755                        | 3,361                         | 3,648                          | 33.73               | 108                      |
| 2011                        | 4,498.00                | 1,148                        | 2,199                         | 2,749                          | 34.56               | 80                       |
| 2013                        | 2,989.43                | 641                          | 1,228                         | 2,060                          | 36.23               | 57                       |
| 2014                        | 1,316.69                | 255                          | 488                           | 960                            | 37.08               | 26                       |
| 2015                        | 4,604.00                | 796                          | 1,525                         | 3,539                          | 37.93               | 93                       |
| 2019                        | 31,943.05               | 2,796                        | 5,355                         | 29,783                         | 41.42               | 719                      |
|                             | 635,961.17              | 297,438                      | 557,977                       | 141,581                        |                     | 4,357                    |

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 32.5    0.69



FOOTHILLS WATER & SEWER, LLC  
WATER DIVISION

ACCOUNT 310.00 POWER GENERATING EQUIPMENT - MOBILE

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1)  | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|--|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| SURVIVOR CURVE.. IOWA 35-R2.5                                |                         |                              |                               |                                |                     |                          |
| NET SALVAGE PERCENT.. -5                                     |                         |                              |                               |                                |                     |                          |
| 2023   | 65,800.00               | 474                          | 1,094                         | 67,996                         | 34.76               | 1,956                    |
|  | 65,800.00               | 474                          | 1,094                         | 67,996                         |                     | 1,956                    |
| COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. |                         |                              |                               |                                |                     | 34.8 2.97                |

FOOTHILLS WATER & SEWER, LLC  
WATER DIVISION

ACCOUNT 311.00 PUMPING EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1)                 | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|-----------------------------|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| SURVIVOR CURVE.. IOWA 35-S1 |                         |                              |                               |                                |                     |                          |
| NET SALVAGE PERCENT.. -10   |                         |                              |                               |                                |                     |                          |
| 1999                        | 639,247.00              | 372,681                      | 703,172                       |                                |                     |                          |
| 2004                        | 344,045.00              | 169,220                      | 378,450                       |                                |                     |                          |
| 2005                        | 73,297.00               | 34,600                       | 80,627                        |                                |                     |                          |
| 2006                        | 45,349.00               | 20,481                       | 49,884                        |                                |                     |                          |
| 2007                        | 2,675.00                | 1,152                        | 2,942                         |                                |                     |                          |
| 2008                        | 33,764.00               | 13,805                       | 37,140                        |                                |                     |                          |
| 2009                        | 18,214.00               | 7,041                        | 20,032                        | 3                              | 22.70               |                          |
| 2010                        | 10,343.00               | 3,761                        | 10,700                        | 677                            | 23.43               | 29                       |
| 2011                        | 21,486.00               | 7,300                        | 20,769                        | 2,866                          | 24.19               | 118                      |
| 2012                        | 25,643.00               | 8,083                        | 22,997                        | 5,210                          | 24.97               | 209                      |
| 2013                        | 43,501.02               | 12,619                       | 35,902                        | 11,949                         | 25.77               | 464                      |
| 2014                        | 81,081.00               | 21,431                       | 60,972                        | 28,217                         | 26.59               | 1,061                    |
| 2015                        | 29,653.79               | 7,046                        | 20,046                        | 12,573                         | 27.44               | 458                      |
| 2016                        | 57,598.40               | 12,093                       | 34,405                        | 28,953                         | 28.32               | 1,022                    |
| 2017                        | 28,127.79               | 5,118                        | 14,561                        | 16,380                         | 29.21               | 561                      |
| 2018                        | 28,335.10               | 4,337                        | 12,339                        | 18,830                         | 30.13               | 625                      |
| 2019                        | 75,720.65               | 9,353                        | 26,610                        | 56,683                         | 31.07               | 1,824                    |
| 2020                        | 110,821.76              | 10,345                       | 29,432                        | 92,472                         | 32.03               | 2,887                    |
| 2021                        | 33,288.98               | 2,082                        | 5,923                         | 30,695                         | 33.01               | 930                      |
| 2022                        | 44,949.91               | 1,413                        | 4,020                         | 45,425                         | 34.00               | 1,336                    |
| 2023                        | 127,246.34              | 999                          | 2,842                         | 137,129                        | 34.75               | 3,946                    |
|                             | 1,874,387.74            | 724,960                      | 1,573,765                     | 488,061                        |                     | 15,470                   |

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 31.5    0.83

FOOTHILLS WATER & SEWER, LLC  
WATER DIVISION

ACCOUNT 320.00 WATER TREATMENT EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1)                   | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|-------------------------------|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| STRUCTURES AND IMPROVEMENTS   |                         |                              |                               |                                |                     |                          |
| SURVIVOR CURVE.. IOWA 40-R2.5 |                         |                              |                               |                                |                     |                          |
| NET SALVAGE PERCENT.. -15     |                         |                              |                               |                                |                     |                          |
| 1999                          | 4,736,370.00            | 2,809,200                    | 4,777,545                     | 669,281                        | 19.37               | 34,552                   |
| 2000                          | 196,633.00              | 112,442                      | 191,228                       | 34,900                         | 20.11               | 1,735                    |
| 2007                          | 3,564.00                | 1,469                        | 2,498                         | 1,600                          | 25.66               | 62                       |
| 2011                          | 17,276.00               | 5,434                        | 9,241                         | 10,626                         | 29.06               | 366                      |
| 2014                          | 43,146.29               | 10,296                       | 17,510                        | 32,108                         | 31.70               | 1,013                    |
| 2015                          | 88,378.20               | 18,802                       | 31,976                        | 69,659                         | 32.60               | 2,137                    |
| 2020                          | 43,489.42               | 3,526                        | 5,997                         | 44,016                         | 37.18               | 1,184                    |
|                               | 5,128,856.91            | 2,961,169                    | 5,035,995                     | 862,190                        |                     | 41,049                   |

EQUIPMENT

SURVIVOR CURVE.. IOWA 40-R2.5  
NET SALVAGE PERCENT.. -15

|      |              |           |           |           |       |        |
|------|--------------|-----------|-----------|-----------|-------|--------|
| 1995 | 7,167.00     | 4,840     | 8,231     | 11        | 16.51 | 1      |
| 1996 | 29,985.00    | 19,647    | 33,413    | 1,070     | 17.21 | 62     |
| 2000 | 932,092.00   | 533,005   | 906,469   | 165,437   | 20.11 | 8,227  |
| 2001 | 16,746.00    | 9,210     | 15,663    | 3,595     | 20.87 | 172    |
| 2005 | 7,930.00     | 3,643     | 6,196     | 2,924     | 24.02 | 122    |
| 2006 | 4,686.00     | 2,042     | 3,473     | 1,916     | 24.84 | 77     |
| 2007 | 1,292.00     | 533       | 906       | 579       | 25.66 | 23     |
| 2008 | 804.00       | 312       | 531       | 394       | 26.50 | 15     |
| 2010 | 10,576.00    | 3,588     | 6,102     | 6,060     | 28.20 | 215    |
| 2011 | 19,330.00    | 6,080     | 10,340    | 11,889    | 29.06 | 409    |
| 2012 | 68,140.00    | 19,727    | 33,549    | 44,812    | 29.93 | 1,497  |
| 2013 | 14,517.93    | 3,836     | 6,524     | 10,172    | 30.81 | 330    |
| 2014 | 25,404.00    | 6,062     | 10,310    | 18,905    | 31.70 | 596    |
| 2015 | 7,329.57     | 1,559     | 2,651     | 5,778     | 32.60 | 177    |
| 2022 | 2,392.54     | 65        | 111       | 2,641     | 39.06 | 68     |
|      | 1,148,392.04 | 614,149   | 1,044,469 | 276,182   |       | 11,991 |
|      | 6,277,248.95 | 3,575,318 | 6,080,464 | 1,138,372 |       | 53,040 |

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 21.5 0.84

FOOTHILLS WATER & SEWER, LLC  
WATER DIVISION

ACCOUNT 330.00 DISTRIBUTION RESERVOIRS AND EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1)  | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|--|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| SURVIVOR CURVE.. IOWA 50-R2.5                                |                         |                              |                               |                                |                     |                          |
| NET SALVAGE PERCENT.. -15                                    |                         |                              |                               |                                |                     |                          |
| 1996   | 190,000.00              | 102,826                      | 206,285                       | 12,215                         | 26.47               | 461                      |
| 1999   | 552,609.00              | 269,198                      | 540,051                       | 95,449                         | 28.82               | 3,312                    |
| 2001   | 27,017.00               | 12,161                       | 24,397                        | 6,673                          | 30.43               | 219                      |
| 2008   | 7,084.00                | 2,227                        | 4,468                         | 3,679                          | 36.33               | 101                      |
| 2019   | 5,392.94                | 465                          | 933                           | 5,269                          | 46.25               | 114                      |
|  | 782,102.94              | 386,877                      | 776,134                       | 123,285                        |                     | 4,207                    |
| COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. |                         |                              |                               |                                |                     | 29.3 0.54                |

FOOTHILLS WATER & SEWER, LLC  
WATER DIVISION

ACCOUNT 331.00 TRANSMISSION AND DISTRIBUTION MAINS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1)                   | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|-------------------------------|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| SURVIVOR CURVE.. IOWA 90-R2.5 |                         |                              |                               |                                |                     |                          |
| NET SALVAGE PERCENT.. -30     |                         |                              |                               |                                |                     |                          |
| 1968                          | 21,600.00               | 14,714                       | 22,394                        | 5,686                          | 42.84               | 133                      |
| 1969                          | 127,011.00              | 85,181                       | 129,642                       | 35,472                         | 43.57               | 814                      |
| 1970                          | 88,604.00               | 58,476                       | 88,998                        | 26,187                         | 44.31               | 591                      |
| 1971                          | 46,811.00               | 30,386                       | 46,246                        | 14,608                         | 45.06               | 324                      |
| 1972                          | 163,150.00              | 104,115                      | 158,458                       | 53,637                         | 45.82               | 1,171                    |
| 1974                          | 39,600.00               | 24,402                       | 37,139                        | 14,341                         | 47.34               | 303                      |
| 1975                          | 118,027.00              | 71,415                       | 108,690                       | 44,745                         | 48.11               | 930                      |
| 1976                          | 41,114.00               | 24,420                       | 37,166                        | 16,282                         | 48.88               | 333                      |
| 1977                          | 222,857.00              | 129,856                      | 197,635                       | 92,079                         | 49.66               | 1,854                    |
| 1978                          | 133,468.00              | 76,247                       | 116,044                       | 57,464                         | 50.45               | 1,139                    |
| 1979                          | 95,771.00               | 53,619                       | 81,606                        | 42,896                         | 51.24               | 837                      |
| 1980                          | 195,167.00              | 107,041                      | 162,912                       | 90,805                         | 52.03               | 1,745                    |
| 1981                          | 426,775.00              | 229,074                      | 348,640                       | 206,168                        | 52.84               | 3,902                    |
| 1982                          | 160,414.00              | 84,249                       | 128,223                       | 80,315                         | 53.64               | 1,497                    |
| 1983                          | 289,746.00              | 148,785                      | 226,444                       | 150,226                        | 54.45               | 2,759                    |
| 1984                          | 451,002.00              | 226,313                      | 344,438                       | 241,865                        | 55.26               | 4,377                    |
| 1985                          | 120,156.00              | 58,871                       | 89,599                        | 66,604                         | 56.08               | 1,188                    |
| 1986                          | 378,066.00              | 180,705                      | 275,025                       | 216,461                        | 56.91               | 3,804                    |
| 1987                          | 68,120.00               | 31,742                       | 48,310                        | 40,246                         | 57.74               | 697                      |
| 1989                          | 190,290.00              | 84,081                       | 127,967                       | 119,410                        | 59.41               | 2,010                    |
| 1990                          | 33,600.00               | 14,439                       | 21,975                        | 21,705                         | 60.25               | 360                      |
| 1993                          | 282,524.00              | 111,000                      | 168,937                       | 198,344                        | 62.80               | 3,158                    |
| 1994                          | 186,245.00              | 70,861                       | 107,847                       | 134,272                        | 63.66               | 2,109                    |
| 1995                          | 280,017.00              | 103,058                      | 156,850                       | 207,172                        | 64.52               | 3,211                    |
| 1996                          | 266,273.00              | 94,653                       | 144,058                       | 202,097                        | 65.39               | 3,091                    |
| 1997                          | 1,452,905.00            | 498,221                      | 758,270                       | 1,130,506                      | 66.26               | 17,062                   |
| 1998                          | 313,743.00              | 103,643                      | 157,740                       | 250,126                        | 67.13               | 3,726                    |
| 1999                          | 1,779,598.79            | 565,252                      | 860,288                       | 1,453,190                      | 68.01               | 21,367                   |
| 2000                          | 1,318,566.00            | 402,068                      | 611,929                       | 1,102,207                      | 68.89               | 16,000                   |
| 2001                          | 1,404,567.00            | 410,233                      | 624,356                       | 1,201,581                      | 69.78               | 17,220                   |
| 2002                          | 528,843.00              | 147,736                      | 224,847                       | 462,649                        | 70.66               | 6,548                    |
| 2003                          | 763,087.50              | 203,254                      | 309,343                       | 682,671                        | 71.56               | 9,540                    |
| 2004                          | 955,236.62              | 242,152                      | 368,544                       | 873,264                        | 72.45               | 12,053                   |
| 2005                          | 433,806.19              | 104,330                      | 158,786                       | 405,162                        | 73.35               | 5,524                    |
| 2006                          | 306,395.00              | 69,705                       | 106,088                       | 292,226                        | 74.25               | 3,936                    |
| 2007                          | 385,172.00              | 82,564                       | 125,659                       | 375,065                        | 75.16               | 4,990                    |
| 2008                          | 24,066.00               | 4,842                        | 7,369                         | 23,917                         | 76.07               | 314                      |
| 2009                          | 164,675.00              | 30,971                       | 47,136                        | 166,942                        | 76.98               | 2,169                    |
| 2010                          | 419,919.00              | 73,456                       | 111,797                       | 434,098                        | 77.89               | 5,573                    |
| 2011                          | 270,258.00              | 43,682                       | 66,482                        | 284,853                        | 78.81               | 3,614                    |
| 2012                          | 10,762.00               | 1,596                        | 2,429                         | 11,562                         | 79.73               | 145                      |

FOOTHILLS WATER & SEWER, LLC  
WATER DIVISION

ACCOUNT 331.00 TRANSMISSION AND DISTRIBUTION MAINS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1)   | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|---|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| SURVIVOR CURVE.. IOWA 90-R2.5                                     |                         |                              |                               |                                |                     |                          |
| NET SALVAGE PERCENT.. -30   |                         |                              |                               |                                |                     |                          |
| 2013  | 14,106.00               | 1,905                        | 2,899                         | 15,439                         | 80.65               | 191                      |
| 2014  | 88,736.94               | 10,806                       | 16,446                        | 98,912                         | 81.57               | 1,213                    |
| 2015  | 249,758.39              | 27,056                       | 41,178                        | 283,508                        | 82.50               | 3,436                    |
| 2016  | 242,207.32              | 22,985                       | 34,982                        | 279,888                        | 83.43               | 3,355                    |
| 2017  | 74,351.51               | 6,057                        | 9,219                         | 87,438                         | 84.36               | 1,036                    |
| 2018  | 875,478.68              | 59,433                       | 90,454                        | 1,047,668                      | 85.30               | 12,282                   |
| 2019  | 23,141.74               | 1,260                        | 1,918                         | 28,166                         | 86.23               | 327                      |
| 2020  | 164,143.86              | 6,709                        | 10,211                        | 203,176                        | 87.17               | 2,331                    |
| 2021  | 324,264.58              | 8,852                        | 13,472                        | 408,072                        | 88.11               | 4,631                    |
| 2022  | 18,563.84               | 252                          | 384                           | 23,749                         | 89.06               | 267                      |
| 2023  | 775,164.73              | 2,691                        | 4,095                         | 1,003,619                      | 89.76               | 11,181                   |
|   | 17,807,925.69           | 5,349,414                    | 8,141,564                     | 15,008,739                     |                     | 212,368                  |
| COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 70.7 |                         |                              |                               |                                |                     | 1.19                     |

FOOTHILLS WATER & SEWER, LLC  
WATER DIVISION

ACCOUNT 333.00 SERVICES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1)   | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|---|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| SURVIVOR CURVE.. IOWA 60-R3                                       |                         |                              |                               |                                |                     |                          |
| NET SALVAGE PERCENT.. -50   |                         |                              |                               |                                |                     |                          |
| 1970  | 78,285.00               | 86,544                       | 74,228                        | 43,200                         | 15.78               | 2,738                    |
| 1996  | 66,204.00               | 41,709                       | 35,773                        | 63,533                         | 34.80               | 1,826                    |
| 1997  | 267,591.00              | 162,830                      | 139,658                       | 261,728                        | 35.66               | 7,340                    |
| 1998  | 59,295.00               | 34,806                       | 29,853                        | 59,090                         | 36.52               | 1,618                    |
| 1999  | 137,147.00              | 77,489                       | 66,461                        | 139,260                        | 37.40               | 3,724                    |
| 2002  | 2,736.00                | 1,364                        | 1,170                         | 2,934                          | 40.06               | 73                       |
| 2006  | 1,211.00                | 493                          | 423                           | 1,394                          | 43.70               | 32                       |
| 2007  | 67,655.00               | 26,013                       | 22,311                        | 79,172                         | 44.62               | 1,774                    |
| 2010  | 101,037.00              | 31,751                       | 27,233                        | 124,322                        | 47.43               | 2,621                    |
| 2011  | 23,284.00               | 6,770                        | 5,806                         | 29,120                         | 48.37               | 602                      |
| 2020  | 62,800.00               | 4,632                        | 3,973                         | 90,227                         | 57.05               | 1,582                    |
| 2021  | 32,150.00               | 1,583                        | 1,358                         | 46,867                         | 58.03               | 808                      |
|   | 899,395.00              | 475,984                      | 408,247                       | 940,846                        |                     | 24,738                   |
| COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 38.0 |                         |                              |                               |                                |                     | 2.75                     |

FOOTHILLS WATER & SEWER, LLC  
WATER DIVISION

ACCOUNT 334.00 METERS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1)  | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|--|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| INTERIM SURVIVOR CURVE.. IOWA 20-S1                              |                         |                              |                               |                                |                     |                          |
| PROBABLE RETIREMENT YEAR.. 12-2024                               |                         |                              |                               |                                |                     |                          |
| NET SALVAGE PERCENT.. -10  |                         |                              |                               |                                |                     |                          |
| 1998   | 1,094.02                | 1,119                        | 1,074                         | 129                            | 1.34                | 96                       |
| 1999   | 53,162.00               | 54,264                       | 52,093                        | 6,385                          | 1.36                | 4,695                    |
| 2000   | 13,847.00               | 14,109                       | 13,545                        | 1,687                          | 1.37                | 1,231                    |
| 2001   | 32,269.00               | 32,813                       | 31,500                        | 3,996                          | 1.38                | 2,896                    |
| 2002   | 79,798.00               | 80,962                       | 77,723                        | 10,055                         | 1.39                | 7,234                    |
| 2003   | 71,040.00               | 71,889                       | 69,013                        | 9,131                          | 1.40                | 6,522                    |
| 2004   | 80,838.00               | 81,559                       | 78,296                        | 10,626                         | 1.41                | 7,536                    |
| 2005   | 84,888.00               | 85,412                       | 81,995                        | 11,382                         | 1.41                | 8,072                    |
| 2006   | 69,713.00               | 69,874                       | 67,078                        | 9,606                          | 1.42                | 6,765                    |
| 2007   | 24,671.00               | 24,618                       | 23,633                        | 3,505                          | 1.43                | 2,451                    |
| 2008   | 67,236.00               | 66,744                       | 64,073                        | 9,887                          | 1.44                | 6,866                    |
| 2009   | 20,759.00               | 20,501                       | 19,681                        | 3,154                          | 1.44                | 2,190                    |
| 2010   | 44,759.00               | 43,895                       | 42,139                        | 7,096                          | 1.45                | 4,894                    |
| 2011   | 20,713.00               | 20,164                       | 19,357                        | 3,427                          | 1.45                | 2,363                    |
| 2012   | 32,926.00               | 31,745                       | 30,475                        | 5,744                          | 1.46                | 3,934                    |
| 2013   | 21,919.88               | 20,909                       | 20,072                        | 4,040                          | 1.46                | 2,767                    |
| 2014   | 47,201.00               | 44,387                       | 42,611                        | 9,310                          | 1.47                | 6,333                    |
| 2015   | 38,069.23               | 35,214                       | 33,805                        | 8,071                          | 1.47                | 5,490                    |
| 2016   | 20,511.50               | 18,549                       | 17,807                        | 4,756                          | 1.48                | 3,214                    |
| 2017   | 23,085.50               | 20,308                       | 19,495                        | 5,899                          | 1.48                | 3,986                    |
| 2018   | 20,693.43               | 17,488                       | 16,788                        | 5,975                          | 1.49                | 4,010                    |
| 2019   | 31,099.38               | 24,874                       | 23,879                        | 10,330                         | 1.49                | 6,933                    |
| 2020   | 33,636.99               | 24,695                       | 23,707                        | 13,294                         | 1.49                | 8,922                    |
| 2021   | 29,182.44               | 18,304                       | 17,572                        | 14,529                         | 1.50                | 9,686                    |
| 2022   | 49,366.94               | 21,721                       | 20,852                        | 33,452                         | 1.50                | 22,301                   |
| 2023   | 14,527.45               | 2,283                        | 2,192                         | 13,788                         | 1.50                | 9,192                    |
|  | 1,027,006.76            | 948,400                      | 910,455                       | 219,253                        |                     | 150,579                  |
| COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 1.5 |                         |                              |                               |                                |                     | 14.66                    |



FOOTHILLS WATER & SEWER, LLC  
WATER DIVISION

ACCOUNT 335.00 FIRE HYDRANTS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1)                 | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|-----------------------------|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| SURVIVOR CURVE.. IOWA 60-R3 |                         |                              |                               |                                |                     |                          |
| NET SALVAGE PERCENT.. -30   |                         |                              |                               |                                |                     |                          |
| 1976                        | 19,502.00               | 17,109                       | 16,924                        | 8,429                          | 19.51               | 432                      |
| 1983                        | 9,830.00                | 7,580                        | 7,498                         | 5,281                          | 24.41               | 216                      |
| 1984                        | 5,618.00                | 4,241                        | 4,195                         | 3,108                          | 25.16               | 124                      |
| 1985                        | 21,429.00               | 15,828                       | 15,657                        | 12,201                         | 25.91               | 471                      |
| 1990                        | 413.00                  | 270                          | 267                           | 270                            | 29.82               | 9                        |
| 1993                        | 2,120.00                | 1,273                        | 1,259                         | 1,497                          | 32.28               | 46                       |
| 1994                        | 670.00                  | 390                          | 386                           | 485                            | 33.11               | 15                       |
| 1996                        | 37,800.00               | 20,639                       | 20,416                        | 28,724                         | 34.80               | 825                      |
| 1997                        | 136,075.00              | 71,762                       | 70,988                        | 105,910                        | 35.66               | 2,970                    |
| 1998                        | 27,001.00               | 13,736                       | 13,588                        | 21,513                         | 36.52               | 589                      |
| 1999                        | 60,600.00               | 29,674                       | 29,354                        | 49,426                         | 37.40               | 1,322                    |
| 2001                        | 306.00                  | 138                          | 137                           | 261                            | 39.16               | 7                        |
| 2002                        | 1,480.00                | 639                          | 632                           | 1,292                          | 40.06               | 32                       |
| 2006                        | 9,308.00                | 3,287                        | 3,252                         | 8,848                          | 43.70               | 202                      |
| 2007                        | 92,062.00               | 30,678                       | 30,347                        | 89,334                         | 44.62               | 2,002                    |
| 2008                        | 6,277.00                | 1,965                        | 1,944                         | 6,216                          | 45.55               | 136                      |
| 2009                        | 15,458.00               | 4,525                        | 4,476                         | 15,619                         | 46.49               | 336                      |
| 2010                        | 64,264.00               | 17,502                       | 17,313                        | 66,230                         | 47.43               | 1,396                    |
| 2011                        | 18,813.00               | 4,740                        | 4,689                         | 19,768                         | 48.37               | 409                      |
| 2015                        | 1,493.80                | 252                          | 249                           | 1,693                          | 52.20               | 32                       |
| 2016                        | 1,566.38                | 232                          | 229                           | 1,807                          | 53.16               | 34                       |
| 2019                        | 3,940.00                | 335                          | 331                           | 4,791                          | 56.08               | 85                       |
| 2020                        | 36,000.00               | 2,301                        | 2,276                         | 44,524                         | 57.05               | 780                      |
| 2021                        | 42,450.00               | 1,812                        | 1,793                         | 53,392                         | 58.03               | 920                      |
|                             | 614,476.18              | 250,908                      | 248,200                       | 550,619                        |                     | 13,390                   |

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 41.1 2.18

FOOTHILLS WATER & SEWER, LLC  
WATER DIVISION

ACCOUNT 336.00 BACKFLOW PREVENTION DEVICES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1)  | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|--|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| SURVIVOR CURVE.. IOWA 35-S2.5                                |                         |                              |                               |                                |                     |                          |
| NET SALVAGE PERCENT.. 0                                      |                         |                              |                               |                                |                     |                          |
| 2010   | 2,771.00                | 1,010                        | 2,358                         | 413                            | 22.24               | 19                       |
| 2023   | 3,999.73                | 29                           | 68                            | 3,932                          | 34.75               | 113                      |
|  | 6,770.73                | 1,039                        | 2,426                         | 4,345                          |                     | 132                      |
| COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. |                         |                              |                               |                                |                     | 32.9 1.95                |

FOOTHILLS WATER & SEWER, LLC  
WATER DIVISION

ACCOUNT 340.00 OFFICE FURNITURE AND EQUIPMENT - FURNITURE AND EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1)                | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|----------------------------|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| SURVIVOR CURVE.. 20-SQUARE |                         |                              |                               |                                |                     |                          |
| NET SALVAGE PERCENT.. 0    |                         |                              |                               |                                |                     |                          |
| 2001                       | 771.00                  | 771                          | 771                           |                                |                     |                          |
| 2002                       | 1,941.00                | 1,941                        | 1,941                         |                                |                     |                          |
| 2004                       | 8,976.00                | 8,527                        | 8,976                         |                                |                     |                          |
| 2005                       | 3,871.00                | 3,484                        | 3,871                         |                                |                     |                          |
| 2006                       | 871.00                  | 740                          | 871                           |                                |                     |                          |
| 2008                       | 1,550.00                | 1,162                        | 1,550                         |                                |                     |                          |
| 2009                       | 380.00                  | 266                          | 380                           |                                |                     |                          |
| 2010                       | 469,946.00              | 305,465                      | 466,303                       | 3,643                          | 7.00                | 520                      |
|                            | 488,306.00              | 322,356                      | 484,663                       | 3,643                          |                     | 520                      |

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 7.0    0.11

FOOTHILLS WATER & SEWER, LLC  
WATER DIVISION

ACCOUNT 340.00 OFFICE FURNITURE AND EQUIPMENT - FURNITURE AND EQUIPMENT - NEW

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1)  | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|--|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| SURVIVOR CURVE.. 20-SQUARE                                   |                         |                              |                               |                                |                     |                          |
| NET SALVAGE PERCENT.. 0                                      |                         |                              |                               |                                |                     |                          |
| 2023   | 2,593.58                | 32                           | 48                            | 2,546                          | 19.75               | 129                      |
|  | 2,593.58                | 32                           | 48                            | 2,546                          |                     | 129                      |
| COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. |                         |                              |                               |                                |                     | 19.7 4.97                |

FOOTHILLS WATER & SEWER, LLC  
WATER DIVISION

ACCOUNT 340.10 OFFICE FURNITURE AND EQUIPMENT - COMPUTER EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1)               | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|---------------------------|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| SURVIVOR CURVE.. 5-SQUARE |                         |                              |                               |                                |                     |                          |
| NET SALVAGE PERCENT.. 0   |                         |                              |                               |                                |                     |                          |
| 2008                      | 9,463.00                | 9,463                        | 9,463                         |                                |                     |                          |
| 2009                      | 1,248.00                | 1,248                        | 1,248                         |                                |                     |                          |
| 2010                      | 4,179.00                | 4,179                        | 4,179                         |                                |                     |                          |
| 2011                      | 729.00                  | 729                          | 729                           |                                |                     |                          |
| 2012                      | 12,984.00               | 12,984                       | 12,984                        |                                |                     |                          |
| 2013                      | 21,689.39               | 21,689                       | 21,689                        |                                |                     |                          |
| 2014                      | 11,279.00               | 11,279                       | 11,279                        |                                |                     |                          |
| 2015                      | 12,048.54               | 12,049                       | 12,049                        |                                |                     |                          |
| 2016                      | 19,723.93               | 19,724                       | 19,724                        |                                |                     |                          |
| 2017                      | 2,119.51                | 2,120                        | 2,120                         |                                |                     |                          |
| 2018                      | 5,623.80                | 5,624                        | 5,624                         |                                |                     |                          |
| 2019                      | 2,743.05                | 2,194                        | 2,318                         | 425                            | 1.00                | 425                      |
| 2020                      | 12,133.48               | 7,280                        | 7,693                         | 4,440                          | 2.00                | 2,220                    |
| 2021                      | 8,419.42                | 3,368                        | 3,559                         | 4,860                          | 3.00                | 1,620                    |
| 2022                      | 994.72                  | 199                          | 210                           | 785                            | 4.00                | 196                      |
| 2023                      | 106,040.63              | 5,302                        | 5,603                         | 100,438                        | 4.75                | 21,145                   |
|                           | 231,418.47              | 119,431                      | 120,471                       | 110,947                        |                     | 25,606                   |

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 4.3 11.06

FOOTHILLS WATER & SEWER, LLC  
WATER DIVISION

ACCOUNT 341.00 TRANSPORTATION EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1)                 | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|-----------------------------|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| SURVIVOR CURVE.. IOWA 11-S0 |                         |                              |                               |                                |                     |                          |
| NET SALVAGE PERCENT.. +10   |                         |                              |                               |                                |                     |                          |
| 2009                        | 26,750.00               | 17,334                       | 24,075                        |                                |                     |                          |
| 2012                        | 454.00                  | 246                          | 409                           |                                |                     |                          |
| 2014                        | 3,150.00                | 1,469                        | 2,835                         |                                |                     |                          |
| 2019                        | 5,400.00                | 1,334                        | 3,786                         | 1,074                          | 7.98                | 135                      |
| 2020                        | 309,521.93              | 60,018                       | 170,330                       | 108,240                        | 8.63                | 12,542                   |
| 2021                        | 29,339.14               | 4,009                        | 11,377                        | 15,028                         | 9.33                | 1,611                    |
| 2022                        | 34,065.00               | 2,508                        | 7,118                         | 23,540                         | 10.10               | 2,331                    |
| 2023                        | 7,520.00                | 148                          | 420                           | 6,348                          | 10.76               | 590                      |
|                             | 416,200.07              | 87,066                       | 220,350                       | 154,230                        |                     | 17,209                   |

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 9.0 4.13

FOOTHILLS WATER & SEWER, LLC  
WATER DIVISION

ACCOUNT 343.00 TOOLS, SHOP AND GARAGE EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1)                | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|----------------------------|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| SURVIVOR CURVE.. 25-SQUARE |                         |                              |                               |                                |                     |                          |
| NET SALVAGE PERCENT.. 0    |                         |                              |                               |                                |                     |                          |
| 2006                       | 516.00                  | 351                          | 516                           |                                |                     |                          |
| 2009                       | 29,463.00               | 16,499                       | 29,463                        |                                |                     |                          |
| 2010                       | 1,618.00                | 841                          | 1,618                         |                                |                     |                          |
| 2011                       | 2,802.00                | 1,345                        | 2,802                         |                                |                     |                          |
| 2013                       | 2,333.00                | 933                          | 2,333                         |                                |                     |                          |
| 2014                       | 575.00                  | 207                          | 575                           |                                |                     |                          |
| 2015                       | 3,181.12                | 1,018                        | 3,161                         | 20                             | 17.00               | 1                        |
| 2016                       | 650.25                  | 182                          | 565                           | 85                             | 18.00               | 5                        |
| 2017                       | 1,225.00                | 294                          | 913                           | 312                            | 19.00               | 16                       |
| 2018                       | 938.98                  | 188                          | 584                           | 355                            | 20.00               | 18                       |
| 2021                       | 694.10                  | 56                           | 174                           | 520                            | 23.00               | 23                       |
| 2022                       | 11,936.24               | 477                          | 1,481                         | 10,455                         | 24.00               | 436                      |
| 2023                       | 10,880.63               | 109                          | 338                           | 10,543                         | 24.75               | 426                      |
|                            | 66,813.32               | 22,500                       | 44,523                        | 22,290                         |                     | 925                      |

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 24.1    1.38

FOOTHILLS WATER & SEWER, LLC  
WATER DIVISION

ACCOUNT 344.00 LABORATORY EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1) | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|-------------|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
|-------------|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|

SURVIVOR CURVE.. 20-SQUARE  
NET SALVAGE PERCENT.. 0

|      |          |       |       |  |  |
|------|----------|-------|-------|--|--|
| 2008 | 908.00   | 681   | 908   |  |  |
| 2013 | 3,980.00 | 1,990 | 3,980 |  |  |
| 2014 | 786.80   | 354   | 787   |  |  |
|      | 5,674.80 | 3,025 | 5,675 |  |  |

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 0.0    0.00



FOOTHILLS WATER & SEWER, LLC  
WATER DIVISION

ACCOUNT 345.00 POWER OPERATED EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1) | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|-------------|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
|-------------|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|

SURVIVOR CURVE.. IOWA 12-S0  
NET SALVAGE PERCENT.. 0

|      |           |        |         |         |  |  |
|------|-----------|--------|---------|---------|--|--|
| 2009 | 77,375.00 | 52,228 | 77,375  |         |  |  |
| 2011 | 8,343.00  | 5,027  | 8,343   |         |  |  |
| 2012 | 3,174.00  | 1,793  | 3,174   |         |  |  |
| 2013 | 1,002.00  | 527    | 1,002   |         |  |  |
| 2014 | 3,965.00  | 1,923  | 17,965  | 14,000- |  |  |
|      | 93,859.00 | 61,498 | 107,859 | 14,000- |  |  |

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 0.0 0.00

FOOTHILLS WATER & SEWER, LLC  
WATER DIVISION

ACCOUNT 346.00 COMUNICATION EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1)   | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|---|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| SURVIVOR CURVE.. 15-SQUARE  |                         |                              |                               |                                |                     |                          |
| NET SALVAGE PERCENT.. 0   |                         |                              |                               |                                |                     |                          |
| 2011  | 844.00                  | 675                          | 844                           |                                |                     |                          |
| 2015  | 429.08                  | 229                          | 380                           | 49                             | 7.00                | 7                        |
| 2017  | 334.89                  | 134                          | 222                           | 113                            | 9.00                | 13                       |
| 2018  | 3,614.34                | 1,205                        | 1,999                         | 1,615                          | 10.00               | 162                      |
| 2019  | 2,727.62                | 727                          | 1,206                         | 1,522                          | 11.00               | 138                      |
| 2021  | 4,300.00                | 573                          | 950                           | 3,350                          | 13.00               | 258                      |
| 2023  | 28,594.67               | 477                          | 791                           | 27,804                         | 14.75               | 1,885                    |
|   | 40,844.60               | 4,020                        | 6,392                         | 34,452                         |                     | 2,463                    |
| COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 14.0 |                         |                              |                               |                                |                     | 6.03                     |

FOOTHILLS WATER & SEWER, LLC  
WATER DIVISION

ACCOUNT 347.00 MISCELLANEOUS EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1)                | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|----------------------------|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| SURVIVOR CURVE.. 20-SQUARE |                         |                              |                               |                                |                     |                          |
| NET SALVAGE PERCENT.. 0    |                         |                              |                               |                                |                     |                          |
| 2007                       | 12,229.00               | 9,783                        | 12,229                        |                                |                     |                          |
| 2008                       | 15,124.00               | 11,343                       | 15,124                        |                                |                     |                          |
| 2009                       | 1,236.00                | 865                          | 1,236                         |                                |                     |                          |
| 2010                       | 5,874.00                | 3,818                        | 5,874                         |                                |                     |                          |
| 2011                       | 14,548.00               | 8,729                        | 14,548                        |                                |                     |                          |
| 2012                       | 1,105.00                | 608                          | 1,105                         |                                |                     |                          |
| 2013                       | 2,004.00                | 1,002                        | 2,004                         |                                |                     |                          |
| 2014                       | 8,654.67                | 3,895                        | 8,655                         |                                |                     |                          |
| 2015                       | 520.68                  | 208                          | 521                           |                                |                     |                          |
| 2017                       | 1,504.31                | 451                          | 1,238                         | 266                            | 14.00               | 19                       |
| 2019                       | 680.48                  | 136                          | 373                           | 307                            | 16.00               | 19                       |
| 2020                       | 1,244.11                | 187                          | 513                           | 731                            | 17.00               | 43                       |
| 2023                       | 10,251.98               | 128                          | 352                           | 9,900                          | 19.75               | 501                      |
|                            | 74,976.23               | 41,153                       | 63,772                        | 11,205                         |                     | 582                      |

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 19.3    0.78

FOOTHILLS WATER & SEWER, LLC  
WATER DIVISION

ACCOUNT 348.00 OTHER TANGIBLE PLANT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1) | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|-------------|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
|-------------|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|

SURVIVOR CURVE.. 20-SQUARE  
NET SALVAGE PERCENT.. 0

|      |            |         |         |  |  |  |
|------|------------|---------|---------|--|--|--|
| 2007 | 259,172.00 | 207,338 | 259,172 |  |  |  |
| 2008 | 208,114.00 | 156,086 | 208,114 |  |  |  |
|      | 467,286.00 | 363,424 | 467,286 |  |  |  |

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 0.0    0.00

## SEWER DIVISION

FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION

ACCOUNT 354.00 STRUCTURES AND IMPROVEMENTS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1)  | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|--|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| SURVIVOR CURVE.. IOWA 45-R3  |                         |                              |                               |                                |                     |                          |
| NET SALVAGE PERCENT.. -5   |                         |                              |                               |                                |                     |                          |
| 1994   | 3,303.00                | 1,999                        | 2,972                         | 496                            | 19.06               | 26                       |
| 1997   | 2,378.00                | 1,311                        | 1,949                         | 548                            | 21.37               | 26                       |
| 1998   | 11,169.00               | 5,950                        | 8,846                         | 2,881                          | 22.17               | 130                      |
| 1999   | 8,732.00                | 4,489                        | 6,674                         | 2,495                          | 22.97               | 109                      |
| 2001   | 96,577.00               | 45,926                       | 68,278                        | 33,128                         | 24.62               | 1,346                    |
| 2002   | 10,710.00               | 4,883                        | 7,260                         | 3,986                          | 25.46               | 157                      |
| 2003   | 3,000.00                | 1,308                        | 1,945                         | 1,205                          | 26.31               | 46                       |
| 2005   | 7,315.00                | 2,893                        | 4,301                         | 3,380                          | 28.05               | 120                      |
| 2006   | 10,707.00               | 4,015                        | 5,969                         | 5,273                          | 28.93               | 182                      |
| 2007   | 75,205.00               | 26,637                       | 39,601                        | 39,364                         | 29.82               | 1,320                    |
| 2008   | 25,729.19               | 8,573                        | 12,746                        | 14,270                         | 30.72               | 465                      |
| 2009   | 131,745.00              | 41,100                       | 61,104                        | 77,228                         | 31.63               | 2,442                    |
| 2010   | 843.00                  | 245                          | 364                           | 521                            | 32.54               | 16                       |
| 2011   | 2,067,492.27            | 556,220                      | 826,935                       | 1,343,932                      | 33.47               | 40,153                   |
| 2012   | 17,127.00               | 4,236                        | 6,298                         | 11,685                         | 34.40               | 340                      |
| 2013   | 12,946.22               | 2,921                        | 4,343                         | 9,251                          | 35.33               | 262                      |
| 2014   | 4,412.54                | 898                          | 1,335                         | 3,298                          | 36.28               | 91                       |
| 2015   | 10,289.64               | 1,866                        | 2,774                         | 8,030                          | 37.23               | 216                      |
| 2016   | 60,390.72               | 9,596                        | 14,266                        | 49,144                         | 38.19               | 1,287                    |
| 2017   | 16,242.08               | 2,217                        | 3,296                         | 13,758                         | 39.15               | 351                      |
| 2018   | 15,950.00               | 1,820                        | 2,706                         | 14,042                         | 40.11               | 350                      |
| 2019   | 15,575.00               | 1,425                        | 2,119                         | 14,235                         | 41.08               | 347                      |
| 2020   | 4,329.87                | 297                          | 441                           | 4,105                          | 42.06               | 98                       |
| 2021   | 5,402.77                | 247                          | 367                           | 5,306                          | 43.04               | 123                      |
| 2022   | 3,293.28                | 75                           | 112                           | 3,346                          | 44.02               | 76                       |
| 2023   | 81,147.41               | 474                          | 705                           | 84,500                         | 44.75               | 1,888                    |
|  | 2,702,011.99            | 731,621                      | 1,087,706                     | 1,749,407                      |                     | 51,967                   |
| COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 33.7 1.92 |                         |                              |                               |                                |                     |                          |

FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION

ACCOUNT 355.00 POWER GENERATION EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1)  | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|--|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| SURVIVOR CURVE.. IOWA 30-S2.5                                |                         |                              |                               |                                |                     |                          |
| NET SALVAGE PERCENT.. 0                                      |                         |                              |                               |                                |                     |                          |
| 2011   | 62,268.00               | 24,326                       | 37,173                        | 25,095                         | 18.28               | 1,373                    |
| 2022   | 5,449.45                | 182                          | 278                           | 5,171                          | 29.00               | 178                      |
| 2023   | 141,349.94              | 1,177                        | 1,799                         | 139,551                        | 29.75               | 4,691                    |
|  | 209,067.39              | 25,685                       | 39,250                        | 169,817                        |                     | 6,242                    |
| COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. |                         |                              |                               |                                |                     | 27.2 2.99                |

FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION

ACCOUNT 360.00 COLLECTION SEWERS - FORCE

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1)  | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|--|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| SURVIVOR CURVE.. IOWA 60-R3  |                         |                              |                               |                                |                     |                          |
| NET SALVAGE PERCENT.. -10  |                         |                              |                               |                                |                     |                          |
| 1994   | 54,363.00               | 26,800                       | 25,187                        | 34,612                         | 33.11               | 1,045                    |
| 1996   | 3,763.00                | 1,739                        | 1,634                         | 2,505                          | 34.80               | 72                       |
| 1997   | 50,000.00               | 22,312                       | 20,969                        | 34,031                         | 35.66               | 954                      |
| 1998   | 40,000.00               | 17,219                       | 16,183                        | 27,817                         | 36.52               | 762                      |
| 2001   | 35,000.00               | 13,372                       | 12,567                        | 25,933                         | 39.16               | 662                      |
| 2002   | 35,000.00               | 12,795                       | 12,025                        | 26,475                         | 40.06               | 661                      |
| 2004   | 2,923.00                | 972                          | 914                           | 2,301                          | 41.86               | 55                       |
| 2006   | 274,585.00              | 82,056                       | 77,119                        | 224,924                        | 43.70               | 5,147                    |
| 2007   | 2,458.00                | 693                          | 651                           | 2,053                          | 44.62               | 46                       |
| 2009   | 3,775.00                | 935                          | 879                           | 3,274                          | 46.49               | 70                       |
| 2010   | 239,938.00              | 55,294                       | 51,967                        | 211,965                        | 47.43               | 4,469                    |
| 2011   | 2,254,404.85            | 480,668                      | 451,745                       | 2,028,100                      | 48.37               | 41,929                   |
| 2012   | 6,937.00                | 1,358                        | 1,276                         | 6,355                          | 49.32               | 129                      |
| 2013   | 11,202.09               | 1,996                        | 1,876                         | 10,446                         | 50.28               | 208                      |
| 2014   | 1,833.00                | 295                          | 277                           | 1,739                          | 51.23               | 34                       |
| 2015   | 1,042.42                | 149                          | 140                           | 1,006                          | 52.20               | 19                       |
|  | 3,017,224.36            | 718,653                      | 675,409                       | 2,643,538                      |                     | 56,262                   |
| COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 47.0 1.86 |                         |                              |                               |                                |                     |                          |



FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION

ACCOUNT 360.10 COLLECTION SEWERS - LIFT STATION

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1)   | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|---|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| SURVIVOR CURVE.. IOWA 60-R2.5                                     |                         |                              |                               |                                |                     |                          |
| NET SALVAGE PERCENT.. -10   |                         |                              |                               |                                |                     |                          |
| 2010  | 77,348.00               | 17,017                       | 18,917                        | 66,166                         | 48.00               | 1,378                    |
| 2011  | 378,160.79              | 76,956                       | 85,546                        | 330,431                        | 48.90               | 6,757                    |
| 2012  | 33,295.00               | 6,226                        | 6,921                         | 29,704                         | 49.80               | 596                      |
| 2013  | 11,681.61               | 1,990                        | 2,212                         | 10,638                         | 50.71               | 210                      |
| 2015  | 16,676.82               | 2,281                        | 2,536                         | 15,809                         | 52.54               | 301                      |
| 2019  | 449,403.83              | 30,981                       | 34,439                        | 459,905                        | 56.24               | 8,178                    |
| 2023  | 914,342.78              | 4,023                        | 4,473                         | 1,001,304                      | 59.76               | 16,755                   |
|   | 1,880,908.83            | 139,474                      | 155,044                       | 1,913,956                      |                     | 34,175                   |
| COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 56.0 |                         |                              |                               |                                |                     | 1.82                     |

FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION

ACCOUNT 361.00 COLLECTION SEWERS - GRAVITY

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1)  | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|--|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| SURVIVOR CURVE.. IOWA 55-R2.5                                |                         |                              |                               |                                |                     |                          |
| NET SALVAGE PERCENT.. -10                                    |                         |                              |                               |                                |                     |                          |
| 1994   | 258,966.00              | 131,245                      | 146,654                       | 138,209                        | 29.66               | 4,660                    |
| 1995   | 254,413.00              | 124,969                      | 139,641                       | 140,213                        | 30.44               | 4,606                    |
| 1996   | 253,399.00              | 120,516                      | 134,665                       | 144,074                        | 31.22               | 4,615                    |
| 1997   | 326,475.00              | 150,049                      | 167,666                       | 191,456                        | 32.02               | 5,979                    |
| 1998   | 240,550.00              | 106,660                      | 119,183                       | 145,422                        | 32.83               | 4,430                    |
| 1999   | 891,602.00              | 380,889                      | 425,608                       | 555,154                        | 33.64               | 16,503                   |
| 2000   | 159,228.00              | 65,410                       | 73,090                        | 102,061                        | 34.46               | 2,962                    |
| 2001   | 1,749,582.00            | 690,044                      | 771,060                       | 1,153,480                      | 35.28               | 32,695                   |
| 2002   | 484,887.25              | 183,092                      | 204,588                       | 328,788                        | 36.12               | 9,103                    |
| 2003   | 1,375,144.00            | 496,152                      | 554,404                       | 958,254                        | 36.96               | 25,927                   |
| 2004   | 1,476,943.00            | 507,780                      | 567,398                       | 1,057,239                      | 37.81               | 27,962                   |
| 2005   | 19,605.00               | 6,407                        | 7,159                         | 14,406                         | 38.66               | 373                      |
| 2007   | 202,122.00              | 59,061                       | 65,995                        | 156,339                        | 40.39               | 3,871                    |
| 2010   | 112,949.00              | 27,017                       | 30,189                        | 94,055                         | 43.04               | 2,185                    |
| 2011   | 102,815.00              | 22,763                       | 25,436                        | 87,660                         | 43.93               | 1,995                    |
| 2012   | 708.00                  | 144                          | 161                           | 618                            | 44.83               | 14                       |
| 2013   | 48,013.15               | 8,902                        | 9,947                         | 42,867                         | 45.73               | 937                      |
| 2018   | 1,050,994.00            | 98,580                       | 110,154                       | 1,045,939                      | 50.31               | 20,790                   |
| 2020   | 179,883.00              | 10,145                       | 11,336                        | 186,535                        | 52.18               | 3,575                    |
| 2021   | 210,887.00              | 7,971                        | 8,907                         | 223,069                        | 53.11               | 4,200                    |
| 2022   | 27,085.00               | 509                          | 569                           | 29,224                         | 54.06               | 541                      |
| 2023   | 36,363.11               | 174                          | 194                           | 39,805                         | 54.76               | 727                      |
|  | 9,462,613.51            | 3,198,479                    | 3,574,004                     | 6,834,871                      |                     | 178,650                  |
| COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. |                         |                              |                               |                                |                     | 38.3 1.89                |

FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION

ACCOUNT 363.00 SERVICES TO CUSTOMERS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1)  | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|--|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| SURVIVOR CURVE.. IOWA 55-R2.5                                |                         |                              |                               |                                |                     |                          |
| NET SALVAGE PERCENT.. -20                                    |                         |                              |                               |                                |                     |                          |
| 2007   | 61,616.00               | 19,641                       | 19,728                        | 54,211                         | 40.39               | 1,342                    |
| 2010   | 86,471.00               | 22,564                       | 22,664                        | 81,101                         | 43.04               | 1,884                    |
| 2011   | 25,533.00               | 6,167                        | 6,194                         | 24,446                         | 43.93               | 556                      |
| 2020   | 68,200.00               | 4,196                        | 4,215                         | 77,625                         | 52.18               | 1,488                    |
| 2021   | 28,200.00               | 1,163                        | 1,168                         | 32,672                         | 53.11               | 615                      |
|  | 270,020.00              | 53,731                       | 53,969                        | 270,055                        |                     | 5,885                    |
| COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. |                         |                              |                               |                                |                     | 45.9 2.18                |

FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION

ACCOUNT 364.00 FLOW MEASURING DEVICES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1)  | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|--|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| SURVIVOR CURVE.. IOWA 30-R3                                  |                         |                              |                               |                                |                     |                          |
| NET SALVAGE PERCENT.. 0                                      |                         |                              |                               |                                |                     |                          |
| 1995   | 1,802.00                | 1,378                        | 1,802                         |                                |                     |                          |
| 1996   | 23,923.00               | 17,863                       | 23,923                        |                                |                     |                          |
| 2005   | 5,588.00                | 3,032                        | 5,588                         |                                |                     |                          |
| 2022   | 5,808.19                | 190                          | 516                           | 5,293                          | 29.02               | 182                      |
|  | 37,121.19               | 22,463                       | 31,829                        | 5,293                          |                     | 182                      |
| COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. |                         |                              |                               |                                |                     | 29.1 0.49                |

FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION

ACCOUNT 365.00 FLOW MEASURING INSTALLATIONS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1)   | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|---|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| SURVIVOR CURVE.. IOWA 30-S2.5   |                         |                              |                               |                                |                     |                          |
| NET SALVAGE PERCENT.. 0   |                         |                              |                               |                                |                     |                          |
| 2000  | 11,378.00               | 7,566                        | 11,378                        |                                |                     |                          |
|   | 11,378.00               | 7,566                        | 11,378                        |                                |                     |                          |
| COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 0.0 0.00 |                         |                              |                               |                                |                     |                          |

FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION

ACCOUNT 367.00 REUSE METERS AND METER INSTALLATIONS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1) | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|-------------|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
|-------------|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|

SURVIVOR CURVE.. IOWA 20-S2.5  
NET SALVAGE PERCENT.. 0

|      |          |       |       |  |  |  |
|------|----------|-------|-------|--|--|--|
| 2011 | 2,097.00 | 1,166 | 2,097 |  |  |  |
|      | 2,097.00 | 1,166 | 2,097 |  |  |  |

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 0.0 0.00

FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION

ACCOUNT 370.00 REVEIVING WELLS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1)  | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|--|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| SURVIVOR CURVE.. IOWA 40-S2.5                                |                         |                              |                               |                                |                     |                          |
| NET SALVAGE PERCENT.. 0                                      |                         |                              |                               |                                |                     |                          |
| 2011   | 88,511.80               | 26,288                       | 35,314                        | 53,198                         | 28.12               | 1,892                    |
|  | 88,511.80               | 26,288                       | 35,314                        | 53,198                         |                     | 1,892                    |
| COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. |                         |                              |                               |                                |                     | 28.1 2.14                |

FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION

ACCOUNT 371.00 PUMPING EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1)  | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|--|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| SURVIVOR CURVE.. IOWA 30-S0.5  |                         |                              |                               |                                |                     |                          |
| NET SALVAGE PERCENT.. -10  |                         |                              |                               |                                |                     |                          |
| 2006   | 22,706.00               | 10,690                       | 24,977                        |                                |                     |                          |
| 2007   | 4,381.00                | 1,968                        | 4,819                         |                                |                     |                          |
| 2008   | 32,085.00               | 13,706                       | 35,294                        |                                |                     |                          |
| 2009   | 12,484.00               | 5,049                        | 13,732                        |                                |                     |                          |
| 2010   | 31,879.00               | 12,157                       | 35,067                        |                                |                     |                          |
| 2011   | 1,018,521.22            | 363,752                      | 1,120,373                     |                                |                     |                          |
| 2012   | 20,557.67               | 6,837                        | 21,098                        | 1,515                          | 20.93               | 72                       |
| 2013   | 191,739.18              | 58,845                       | 181,591                       | 29,322                         | 21.63               | 1,356                    |
| 2014   | 142,713.00              | 40,031                       | 123,533                       | 33,451                         | 22.35               | 1,497                    |
| 2015   | 162,419.92              | 41,151                       | 126,989                       | 51,673                         | 23.09               | 2,238                    |
| 2016   | 39,512.36               | 8,896                        | 27,452                        | 16,012                         | 23.86               | 671                      |
| 2017   | 36,128.92               | 7,087                        | 21,870                        | 17,872                         | 24.65               | 725                      |
| 2018   | 70,922.77               | 11,780                       | 36,352                        | 41,663                         | 25.47               | 1,636                    |
| 2019   | 161,084.20              | 21,795                       | 67,258                        | 109,935                        | 26.31               | 4,178                    |
| 2020   | 164,917.45              | 16,993                       | 52,439                        | 128,970                        | 27.19               | 4,743                    |
| 2021   | 272,978.97              | 19,119                       | 59,000                        | 241,277                        | 28.09               | 8,589                    |
| 2022   | 157,337.79              | 5,595                        | 17,266                        | 155,806                        | 29.03               | 5,367                    |
| 2023   | 118,997.00              | 1,090                        | 3,364                         | 127,533                        | 29.75               | 4,287                    |
|  | 2,661,365.45            | 646,541                      | 1,972,474                     | 955,028                        |                     | 35,359                   |
| COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 27.0 1.33 |                         |                              |                               |                                |                     |                          |



FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION

ACCOUNT 380.00 TREATMENT AND DISPOSAL EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1)                 | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|-----------------------------|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| SURVIVOR CURVE.. IOWA 35-L2 |                         |                              |                               |                                |                     |                          |
| NET SALVAGE PERCENT.. -10   |                         |                              |                               |                                |                     |                          |
| 1994                        | 142,119.00              | 88,707                       | 152,291                       | 4,040                          | 15.14               | 267                      |
| 1996                        | 105,057.00              | 63,659                       | 109,289                       | 6,274                          | 15.72               | 399                      |
| 1997                        | 349,408.00              | 208,206                      | 357,445                       | 26,904                         | 16.04               | 1,677                    |
| 1998                        | 4,470.00                | 2,616                        | 4,491                         | 426                            | 16.38               | 26                       |
| 1999                        | 600,617.38              | 344,498                      | 591,429                       | 69,250                         | 16.75               | 4,134                    |
| 2000                        | 23,564.00               | 13,227                       | 22,708                        | 3,212                          | 17.14               | 187                      |
| 2001                        | 191,399.00              | 104,848                      | 180,002                       | 30,537                         | 17.57               | 1,738                    |
| 2002                        | 4,379.00                | 2,337                        | 4,012                         | 805                            | 18.02               | 45                       |
| 2003                        | 480,601.81              | 248,926                      | 427,353                       | 101,309                        | 18.52               | 5,470                    |
| 2004                        | 1,412,779.00            | 708,199                      | 1,215,826                     | 338,231                        | 19.05               | 17,755                   |
| 2005                        | 864,504.00              | 417,602                      | 716,933                       | 234,021                        | 19.63               | 11,922                   |
| 2006                        | 644,338.00              | 298,896                      | 513,140                       | 195,632                        | 20.24               | 9,666                    |
| 2007                        | 1,265,741.98            | 560,908                      | 962,959                       | 429,357                        | 20.90               | 20,543                   |
| 2008                        | 149,239.00              | 62,851                       | 107,902                       | 56,261                         | 21.60               | 2,605                    |
| 2009                        | 126,907.00              | 50,494                       | 86,687                        | 52,911                         | 22.34               | 2,368                    |
| 2010                        | 23,879.00               | 8,916                        | 15,307                        | 10,960                         | 23.12               | 474                      |
| 2011                        | 12,859,398.62           | 4,477,990                    | 7,687,751                     | 6,457,587                      | 23.92               | 269,966                  |
| 2012                        | 316,112.00              | 101,834                      | 174,827                       | 172,896                        | 24.75               | 6,986                    |
| 2013                        | 2,225,723.83            | 658,249                      | 1,130,073                     | 1,318,223                      | 25.59               | 51,513                   |
| 2014                        | 641,560.00              | 172,399                      | 295,972                       | 409,744                        | 26.45               | 15,491                   |
| 2015                        | 289,804.32              | 69,769                       | 119,779                       | 199,006                        | 27.34               | 7,279                    |
| 2016                        | 72,239.28               | 15,348                       | 26,349                        | 53,114                         | 28.24               | 1,881                    |
| 2017                        | 123,323.94              | 22,636                       | 38,861                        | 96,795                         | 29.16               | 3,319                    |
| 2018                        | 138,725.31              | 21,364                       | 36,678                        | 115,920                        | 30.10               | 3,851                    |
| 2019                        | 171,266.02              | 21,262                       | 36,502                        | 151,891                        | 31.05               | 4,892                    |
| 2020                        | 202,772.03              | 18,990                       | 32,602                        | 190,447                        | 32.02               | 5,948                    |
| 2021                        | 405,843.51              | 25,384                       | 43,579                        | 402,849                        | 33.01               | 12,204                   |
| 2022                        | 437,766.04              | 13,758                       | 23,620                        | 457,923                        | 34.00               | 13,468                   |
| 2023                        | 1,017,556.92            | 7,992                        | 13,720                        | 1,105,593                      | 34.75               | 31,816                   |
|                             | 25,291,094.99           | 8,811,865                    | 15,128,087                    | 12,692,117                     |                     | 507,890                  |

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 25.0 2.01

FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION

ACCOUNT 381.00 PLANT SEWERS

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1)  | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|--|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| SURVIVOR CURVE.. IOWA 50-R3                                  |                         |                              |                               |                                |                     |                          |
| NET SALVAGE PERCENT.. -10                                    |                         |                              |                               |                                |                     |                          |
| 2004   | 15,599.00               | 6,163                        | 14,505                        | 2,654                          | 32.04               | 83                       |
| 2010   | 3,811.00                | 1,049                        | 2,469                         | 1,723                          | 37.49               | 46                       |
| 2011   | 680,678.87              | 173,260                      | 407,791                       | 340,956                        | 38.43               | 8,872                    |
|  | 700,088.87              | 180,472                      | 424,765                       | 345,333                        |                     | 9,001                    |
| COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. |                         |                              |                               |                                |                     | 38.4 1.29                |

FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION

ACCOUNT 382.00 OUTFALL SEWER LINES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1)  | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|--|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| SURVIVOR CURVE.. IOWA 45-R3                                  |                         |                              |                               |                                |                     |                          |
| NET SALVAGE PERCENT.. -10                                    |                         |                              |                               |                                |                     |                          |
| 2011   | 1,942.00                | 547                          | 770                           | 1,366                          | 33.47               | 41                       |
| 2016   | 351,424.03              | 58,499                       | 82,321                        | 304,245                        | 38.19               | 7,967                    |
|  | 353,366.03              | 59,046                       | 83,091                        | 305,611                        |                     | 8,008                    |
| COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. |                         |                              |                               |                                |                     | 38.2 2.27                |

FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION

ACCOUNT 389.00 OTHER PLANT AND MISCELLANEOUS EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1)  | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|--|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| SURVIVOR CURVE.. IOWA 35-R2                                  |                         |                              |                               |                                |                     |                          |
| NET SALVAGE PERCENT.. 0                                      |                         |                              |                               |                                |                     |                          |
| 2004   | 4,833.00                | 2,160                        | 4,833                         |                                |                     |                          |
| 2006   | 1,515.00                | 613                          | 1,515                         |                                |                     |                          |
| 2008   | 63,900.00               | 23,095                       | 62,430                        | 1,470                          | 22.35               | 66                       |
| 2011   | 308,979.83              | 90,930                       | 245,801                       | 63,179                         | 24.70               | 2,558                    |
| 2012   | 51,211.00               | 13,885                       | 37,534                        | 13,677                         | 25.51               | 536                      |
| 2013   | 2,677.00                | 663                          | 1,792                         | 885                            | 26.33               | 34                       |
| 2020   | 184,666.28              | 14,193                       | 38,366                        | 146,300                        | 32.31               | 4,528                    |
|  | 617,782.11              | 145,539                      | 392,271                       | 225,511                        |                     | 7,722                    |
| COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. |                         |                              |                               |                                |                     | 29.2 1.25                |

FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION

ACCOUNT 390.00 OFFICE FURNITURE AND EQUIPMENT - FURNITURE

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1)                | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|----------------------------|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| SURVIVOR CURVE.. 20-SQUARE |                         |                              |                               |                                |                     |                          |
| NET SALVAGE PERCENT.. 0    |                         |                              |                               |                                |                     |                          |
| 2001                       | 1,489.00                | 1,489                        | 1,489                         |                                |                     |                          |
| 2004                       | 3,322.00                | 3,156                        | 3,322                         |                                |                     |                          |
| 2005                       | 4,046.00                | 3,641                        | 4,046                         |                                |                     |                          |
| 2006                       | 4,391.00                | 3,732                        | 4,264                         | 127                            | 3.00                | 42                       |
| 2008                       | 516.00                  | 387                          | 442                           | 74                             | 5.00                | 15                       |
| 2009                       | 330.00                  | 231                          | 264                           | 66                             | 6.00                | 11                       |
| 2010                       | 204,013.00              | 132,608                      | 151,525                       | 52,488                         | 7.00                | 7,498                    |
| 2011                       | 35,674.00               | 21,404                       | 24,457                        | 11,217                         | 8.00                | 1,402                    |
| 2013                       | 356.00                  | 178                          | 203                           | 153                            | 10.00               | 15                       |
| 2014                       | 988.76                  | 445                          | 509                           | 480                            | 11.00               | 44                       |
| 2023                       | 3,064.85                | 38                           | 44                            | 3,021                          | 19.75               | 153                      |
|                            | 258,190.61              | 167,309                      | 190,565                       | 67,626                         |                     | 9,180                    |

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 7.4    3.56

FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION

ACCOUNT 390.10 OFFICE FURNITURE AND EQUIPMENT - COMPUTER EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1)               | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|---------------------------|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| SURVIVOR CURVE.. 5-SQUARE |                         |                              |                               |                                |                     |                          |
| NET SALVAGE PERCENT.. 0   |                         |                              |                               |                                |                     |                          |
| 2006                      | 3,445.00                | 3,445                        | 3,445                         |                                |                     |                          |
| 2007                      | 599.00                  | 599                          | 599                           |                                |                     |                          |
| 2008                      | 2,421.00                | 2,421                        | 2,421                         |                                |                     |                          |
| 2009                      | 347.00                  | 347                          | 347                           |                                |                     |                          |
| 2010                      | 4,179.00                | 4,179                        | 4,179                         |                                |                     |                          |
| 2011                      | 365.00                  | 365                          | 365                           |                                |                     |                          |
| 2012                      | 7,526.00                | 7,526                        | 7,526                         |                                |                     |                          |
| 2013                      | 2,287.50                | 2,288                        | 2,288                         |                                |                     |                          |
| 2014                      | 10,767.00               | 10,767                       | 10,767                        |                                |                     |                          |
| 2015                      | 20,108.81               | 20,109                       | 20,109                        |                                |                     |                          |
| 2016                      | 28,119.94               | 28,120                       | 28,120                        |                                |                     |                          |
| 2017                      | 2,991.75                | 2,992                        | 2,992                         |                                |                     |                          |
| 2018                      | 5,191.72                | 5,192                        | 5,192                         |                                |                     |                          |
| 2019                      | 2,743.06                | 2,194                        | 17-                           | 2,760                          | 1.00                | 2,760                    |
| 2020                      | 11,285.45               | 6,771                        | 53-                           | 11,338                         | 2.00                | 5,669                    |
| 2021                      | 7,446.05                | 2,978                        | 23-                           | 7,469                          | 3.00                | 2,490                    |
| 2022                      | 994.72                  | 199                          | 2-                            | 997                            | 4.00                | 249                      |
| 2023                      | 120,779.41              | 6,039                        | 48-                           | 120,827                        | 4.75                | 25,437                   |
|                           | 231,597.41              | 106,531                      | 88,207                        | 143,390                        |                     | 36,605                   |

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 3.9 15.81

FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION

ACCOUNT 391.00 TRANSPORTATION EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1)                   | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|-------------------------------|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| SURVIVOR CURVE.. IOWA 18-S0.5 |                         |                              |                               |                                |                     |                          |
| NET SALVAGE PERCENT.. +10     |                         |                              |                               |                                |                     |                          |
| 2001                          | 16,400.00               | 10,767                       | 14,760                        |                                |                     |                          |
| 2008                          | 13,920.00               | 7,092                        | 12,528                        |                                |                     |                          |
| 2009                          | 16,750.00               | 8,132                        | 15,075                        |                                |                     |                          |
| 2010                          | 19,291.00               | 8,893                        | 17,362                        |                                |                     |                          |
| 2011                          | 31,693.00               | 13,786                       | 28,524                        |                                |                     |                          |
| 2012                          | 1,756.00                | 716                          | 1,580                         |                                |                     |                          |
| 2013                          | 7,730.22                | 2,934                        | 6,957                         |                                |                     |                          |
| 2014                          | 31,435.00               | 10,986                       | 28,292                        |                                |                     |                          |
| 2015                          | 12,636.36               | 4,025                        | 11,373                        |                                |                     |                          |
| 2017                          | 4,939.57                | 1,240                        | 4,446                         |                                |                     |                          |
| 2019                          | 5,400.00                | 953                          | 4,800                         | 60                             | 14.47               | 4                        |
| 2020                          | 189,626.52              | 25,789                       | 129,887                       | 40,777                         | 15.28               | 2,669                    |
| 2021                          | 54,115.07               | 5,033                        | 25,349                        | 23,355                         | 16.14               | 1,447                    |
| 2022                          | 36,161.78               | 1,736                        | 8,744                         | 23,802                         | 17.04               | 1,397                    |
| 2023                          | 52,458.20               | 656                          | 3,304                         | 43,909                         | 17.75               | 2,474                    |
|                               | 494,312.72              | 102,738                      | 312,981                       | 131,901                        |                     | 7,991                    |

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 16.5    1.62

FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION

ACCOUNT 393.00 TOOLS, SHOP AND GARAGE EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1)  | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|--|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| SURVIVOR CURVE.. 25-SQUARE   |                         |                              |                               |                                |                     |                          |
| NET SALVAGE PERCENT.. 0  |                         |                              |                               |                                |                     |                          |
| 2009   | 23,663.00               | 13,251                       | 16,501                        | 7,162                          | 11.00               | 651                      |
| 2010   | 1,618.00                | 841                          | 1,047                         | 571                            | 12.00               | 48                       |
| 2011   | 1,788.00                | 858                          | 1,068                         | 720                            | 13.00               | 55                       |
| 2012   | 942.00                  | 414                          | 516                           | 426                            | 14.00               | 30                       |
| 2013   | 3,300.01                | 1,320                        | 1,644                         | 1,656                          | 15.00               | 110                      |
| 2014   | 1,068.00                | 384                          | 478                           | 590                            | 16.00               | 37                       |
| 2015   | 5,776.80                | 1,849                        | 2,302                         | 3,475                          | 17.00               | 204                      |
| 2016   | 1,218.75                | 341                          | 425                           | 794                            | 18.00               | 44                       |
| 2017   | 2,275.00                | 546                          | 680                           | 1,595                          | 19.00               | 84                       |
| 2021   | 1,289.04                | 103                          | 128                           | 1,161                          | 23.00               | 50                       |
| 2022   | 9,014.75                | 361                          | 449                           | 8,566                          | 24.00               | 357                      |
| 2023   | 3,555.85                | 36                           | 45                            | 3,511                          | 24.75               | 142                      |
|  | 55,509.20               | 20,304                       | 25,283                        | 30,226                         |                     | 1,812                    |
| COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 16.7 3.26 |                         |                              |                               |                                |                     |                          |



FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION

ACCOUNT 394.00 LABORATORY EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1)  | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|--|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| SURVIVOR CURVE.. 20-SQUARE                                   |                         |                              |                               |                                |                     |                          |
| NET SALVAGE PERCENT.. 0                                      |                         |                              |                               |                                |                     |                          |
| 2005   | 11,573.00               | 10,416                       | 11,573                        |                                |                     |                          |
| 2011   | 5,844.00                | 3,506                        | 5,844                         |                                |                     |                          |
| 2012   | 1,149.00                | 632                          | 1,149                         |                                |                     |                          |
| 2013   | 12,875.98               | 6,438                        | 12,876                        |                                |                     |                          |
| 2014   | 3,680.00                | 1,656                        | 3,313                         | 367                            | 11.00               | 33                       |
|  | 35,121.98               | 22,648                       | 34,755                        | 367                            |                     | 33                       |
| COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. |                         |                              |                               |                                |                     | 11.1 0.09                |

FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION

ACCOUNT 395.00 POWER OPERATED EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1)  | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|--|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| SURVIVOR CURVE.. IOWA 15-L1.5                                |                         |                              |                               |                                |                     |                          |
| NET SALVAGE PERCENT.. 0                                      |                         |                              |                               |                                |                     |                          |
| 2003   | 2,940.00                | 1,935                        | 2,506                         | 434                            | 5.13                | 85                       |
| 2005   | 3,509.00                | 2,187                        | 2,832                         | 677                            | 5.65                | 120                      |
| 2009   | 77,375.00               | 42,763                       | 55,372                        | 22,003                         | 6.71                | 3,279                    |
| 2011   | 8,343.00                | 4,288                        | 5,553                         | 2,790                          | 7.29                | 383                      |
| 2012   | 3,174.00                | 1,562                        | 2,023                         | 1,151                          | 7.62                | 151                      |
| 2013   | 1,859.52                | 870                          | 1,126                         | 734                            | 7.98                | 92                       |
| 2014   | 5,006.00                | 2,206                        | 2,856                         | 2,150                          | 8.39                | 256                      |
| 2015   | 3,980.00                | 1,629                        | 2,109                         | 1,871                          | 8.86                | 211                      |
| 2019   | 7,450.00                | 1,768                        | 2,290                         | 5,160                          | 11.44               | 451                      |
|  | 113,636.52              | 59,208                       | 76,667                        | 36,970                         |                     | 5,028                    |
| COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. |                         |                              |                               |                                |                     | 7.4 4.42                 |

FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION

ACCOUNT 396.00 COMMUNICATION EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1)                | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|----------------------------|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| SURVIVOR CURVE.. 15-SQUARE |                         |                              |                               |                                |                     |                          |
| NET SALVAGE PERCENT.. 0    |                         |                              |                               |                                |                     |                          |
| 2011                       | 13,660.00               | 10,928                       | 13,660                        |                                |                     |                          |
| 2012                       | 3,939.00                | 2,889                        | 3,939                         |                                |                     |                          |
| 2014                       | 2,352.00                | 1,411                        | 2,096                         | 256                            | 6.00                | 43                       |
| 2015                       | 2,261.57                | 1,206                        | 1,791                         | 471                            | 7.00                | 67                       |
| 2017                       | 7,903.32                | 3,161                        | 4,695                         | 3,208                          | 9.00                | 356                      |
| 2018                       | 6,270.87                | 2,090                        | 3,104                         | 3,167                          | 10.00               | 317                      |
| 2019                       | 6,632.70                | 1,769                        | 2,628                         | 4,005                          | 11.00               | 364                      |
| 2021                       | 23,689.52               | 3,159                        | 4,693                         | 18,997                         | 13.00               | 1,461                    |
| 2022                       | 12,900.25               | 860                          | 1,277                         | 11,623                         | 14.00               | 830                      |
| 2023                       | 19,567.11               | 326                          | 484                           | 19,083                         | 14.75               | 1,294                    |
|                            | 99,176.34               | 27,799                       | 38,367                        | 60,809                         |                     | 4,732                    |

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 12.9    4.77

FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION

ACCOUNT 397.00 MISCELLANEOUS EQUIPMENT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1)                | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|----------------------------|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
| SURVIVOR CURVE.. 20-SQUARE |                         |                              |                               |                                |                     |                          |
| NET SALVAGE PERCENT.. 0    |                         |                              |                               |                                |                     |                          |
| 2002                       | 24,679.00               | 24,679                       | 24,679                        |                                |                     |                          |
| 2004                       | 759.00                  | 721                          | 759                           |                                |                     |                          |
| 2005                       | 1,923.00                | 1,731                        | 1,923                         |                                |                     |                          |
| 2006                       | 8,989.00                | 7,641                        | 8,989                         |                                |                     |                          |
| 2007                       | 75,102.00               | 60,082                       | 75,102                        |                                |                     |                          |
| 2008                       | 10,826.00               | 8,120                        | 10,826                        |                                |                     |                          |
| 2010                       | 5,277.00                | 3,430                        | 5,277                         |                                |                     |                          |
| 2011                       | 6,877.00                | 4,126                        | 6,877                         |                                |                     |                          |
| 2012                       | 13,601.00               | 7,481                        | 13,601                        |                                |                     |                          |
| 2013                       | 8,187.10                | 4,094                        | 8,187                         |                                |                     |                          |
| 2014                       | 2,812.00                | 1,265                        | 2,582                         | 230                            | 11.00               | 21                       |
| 2015                       | 520.68                  | 208                          | 425                           | 96                             | 12.00               | 8                        |
| 2017                       | 1,504.29                | 451                          | 920                           | 584                            | 14.00               | 42                       |
| 2018                       | 1,163.93                | 291                          | 594                           | 570                            | 15.00               | 38                       |
| 2019                       | 712.92                  | 143                          | 292                           | 421                            | 16.00               | 26                       |
| 2020                       | 6,220.55                | 933                          | 1,904                         | 4,317                          | 17.00               | 254                      |
| 2021                       | 9,371.22                | 937                          | 1,913                         | 7,458                          | 18.00               | 414                      |
| 2022                       | 1,353.00                | 68                           | 139                           | 1,214                          | 19.00               | 64                       |
| 2023                       | 27,547.89               | 344                          | 701                           | 26,846                         | 19.75               | 1,359                    |
|                            | 207,426.58              | 126,745                      | 165,690                       | 41,736                         |                     | 2,226                    |

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 18.7 1.07

FOOTHILLS WATER & SEWER, LLC  
SEWER DIVISION

ACCOUNT 398.00 OTHER TANGIBLE PLANT

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF JUNE 30, 2023

| YEAR<br>(1) | ORIGINAL<br>COST<br>(2) | CALCULATED<br>ACCRUED<br>(3) | ALLOC. BOOK<br>RESERVE<br>(4) | FUTURE BOOK<br>ACCRUALS<br>(5) | REM.<br>LIFE<br>(6) | ANNUAL<br>ACCRUAL<br>(7) |
|-------------|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|
|-------------|-------------------------|------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------|

SURVIVOR CURVE.. 20-SQUARE  
NET SALVAGE PERCENT.. 0

|      |            |         |         |  |  |  |
|------|------------|---------|---------|--|--|--|
| 2007 | 238,825.00 | 191,060 | 238,825 |  |  |  |
|      | 238,825.00 | 191,060 | 238,825 |  |  |  |

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 0.0    0.00

1                   **BEFORE THE ARIZONA CORPORATION COMMISSION**

2    **COMMISSIONERS**

3    JIM O’CONNOR - Chairman  
4    LEA MARQUEZ PETERSON  
5    ANNA TOVAR  
6    KEVIN THOMPSON  
7    NICK MYERS

8    IN THE MATTER OF THE APPLICATION  
9    OF FOOTHILLS WATER & SEWER, LLC,  
10   AN ARIZONA CORPORATION, FOR A  
11   DETERMINATION OF THE CURRENT  
12   FAIR VALUE OF ITS UTILITY PLANT  
13   AND PROPERTY AND FOR CHANGES IN  
14   ITS RATES AND CHARGES THEREON  
15   FOR UTILITY SERVICE BY ITS WATER  
16   AND WASTEWATER DIVISIONS AND  
17   FOR CERTAIN RELATED APPROVALS.

DOCKET NO. WS-03478A-23-

18                                   TESTIMONY OF  
19                                   DYLAN W. D’ASCENDIS  
20                                   ON BEHALF OF  
21                                   FOOTHILLS WATER & SEWER, LLC

22                                   October 31, 2023

**DIRECT TESTIMONY  
OF  
DYLAN W. D'ASCENDIS, CRRA, CVA  
ON BEHALF OF  
Foothills Water & Sewer, LLC  
October 31, 2023**

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## **EXECUTIVE SUMMARY**

### **Foothills Water & Sewer, LLC's Cost of Common Equity and Overall Required Rate of Return**

Mr. D'Ascendis concludes that the range of common equity cost rates applicable to Foothills Water & Sewer, LLC ("Foothills" or "Company") cost of common equity is between 9.60% and 12.55%. From this range, the Company requests a return on common equity ("ROE") of 10.00%. In combination with the Company's requested capital structure, consisting of 39.40% long-term debt at an embedded debt cost rate of 5.48% and 60.60% common equity, The Company's requested overall weighted average cost of capital ("WACC") is 8.22%.

Mr. D'Ascendis' recommended range of common equity cost rates is based on the results of his Discounted Cash Flow ("DCF") model, Risk Premium Model ("RPM"), and Capital Asset Pricing Model ("CAPM") analyses applied to a Utility Proxy Group, comprised of six water utilities. Mr. D'Ascendis uses multiple cost of common equity models as the primary tools in arriving at his recommended range of common equity cost rates as no single model is so inherently precise that it can be relied on to the exclusion of other theoretically sound models.

Mr. D'Ascendis then compares Foothills' risk to the Utility Proxy Group and determines an upward adjustment of 1.00% due to the Company's smaller size and riskier regulatory environment relative to the Utility Proxy Group. Applying this adjustment to the indicated ROE range derived from the Utility Proxy Group market data results in an ROE range of 9.60% to 12.55%, which is applicable to Foothills.



1 Foothills Water & Sewer, LLC's Fair Value Rate Base and Return on the Fair Value  
2 Increment

3 Mr. D'Ascendis also details the calculation of Foothills' water and sewer fair value  
4 rate bases ("FVRB"), the fair value increments (i.e., the differences between the  
5 Company's original cost rate bases and the FVRBs), and the associated returns for those  
6 fair value increments. The return on the fair value increment for Foothills' water and sewer  
7 operations is 0.90%, based on measures of the nominal risk-free rate and inflation.  
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1 **I. Introduction**

2 **Q. PLEASE STATE YOUR NAME, OCCUPATION AND BUSINESS ADDRESS.**

3 A. My name is Dylan W. D'Ascendis. I am a Partner at ScottMadden, Inc. My  
4 business address is 3000 Atrium Way, Suite 200, Mount Laurel, NJ 08054.

5 **Q. PLEASE SUMMARIZE YOUR PROFESSIONAL EXPERIENCE AND**  
6 **EDUCATIONAL BACKGROUND.**

7 A. I have offered expert testimony on behalf of investor-owned utilities in over 35 state  
8 regulatory commissions in the United States, the Federal Energy Regulatory  
9 Commission, the Alberta Utility Commission, the Canadian Energy Regulator, one  
10 American Arbitration Association panel, and the Superior Court of Rhode Island  
11 on issues including, but not limited to, common equity cost rate, rate of return,  
12 valuation, capital structure, class cost of service, and rate design.

13  
14 On behalf of the American Gas Association ("AGA"), I calculate the AGA  
15 Gas Index, which serves as the benchmark against which the performance of the  
16 American Gas Index Fund ("AGIF") is measured on a monthly basis. The AGA  
17 Gas Index and AGIF are a market capitalization-weighted index and mutual fund,  
18 respectively, comprised of the common stocks of the publicly traded corporate  
19 members of the AGA.  
20

21 I am a member of the Society of Utility and Regulatory Financial Analysts  
22 ("SURFA"). In 2011, I was awarded the professional designation "Certified Rate  
23 of Return Analyst" by SURFA, which is based on education, experience, and the  
24 successful completion of a comprehensive written examination.  
25  
26  
27  
28

1 I am also a member of the National Association of Certified Valuation  
2 Analysts (“NACVA”) and was awarded the professional designation “Certified  
3 Valuation Analyst” by the NACVA in 2015.

4 I am a graduate of the University of Pennsylvania, where I received a  
5 Bachelor of Arts degree in Economic History. I have also received a Master of  
6 Business Administration with high honors and concentrations in Finance and  
7 International Business from Rutgers University.

8 The details of my educational background and expert witness appearances  
9 are included in Appendix B.  
10

11 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

12 A. The purpose of my Direct Testimony is to present evidence on behalf of the  
13 Company and recommend an appropriate ratemaking capital structure and  
14 corresponding cost rates, including a range of common equity cost rates,  
15 applicable to the Company’s fair value rate base. This testimony also details the  
16 calculation of the Company’s water and sewer FVRB before adjustments for post-  
17 test year plant and calculates the return on the fair value increment (“FVI”), which  
18 is the difference between the original cost rate base and the FVRB.  
19

20 **Q. HOW IS THE REMAINDER OF YOUR DIRECT TESTIMONY ORGANIZED?**

21 A. The remainder of my Direct Testimony is organized as follows:  
22 · Section II – Provides a summary of my recommended cost of capital;  
23 · Section III – Provides a summary of financial theory and regulatory principles  
24 pertinent to the development of the cost of common equity;  
25 · Section IV – Explains my selection of the Utility Proxy Group used to develop  
26 my cost of common equity analytical results;  
27  
28

- Section V – Explains the reasonableness of the proposed capital structure;
- Section VI – Describes the analyses on which my cost of common equity recommendation is based;
- Section VII – Summarizes my common equity cost rate before adjustments to reflect Company-specific factors;
- Section VIII – Explains my adjustments to my common equity cost rate to reflect Company-specific factors;
- Section IX – Explains my calculation of the FVRB for the Company’s water and sewer operations;
- Section X – Describes the calculation of the return on the FVI; and
- Section XI – Presents my conclusions.

**Q. HAVE YOU PREPARED EXHIBITS THAT SUPPORT YOUR RECOMMENDATIONS?**

A. Yes. They are Exhibits DWD-1 through DWD-10.

**II. Summary**

**Q. WHAT IS YOUR RECOMMENDED RANGE OF COMMON EQUITY COST RATES?**

A. I recommend that the Arizona Corporation Commission (“ACC” or “the Commission”) authorize the Company the opportunity to earn a WACC between 7.98% and 9.77% based on the Company’s ratemaking capital structure, which consists of 39.40% long-term debt at an embedded cost rate of 5.48% and 60.60% common equity cost rate at my recommended range of common equity cost rates between 9.60% and 12.55%, as summarized on page 1 of Exhibit DWD-1 and in Table 1 below:

**Table 1: Summary of the Weighted Average Cost of Capital**

| <u>Type of Capital</u> | <u>Ratios</u>  | <u>Cost Rate</u> | <u>Weighted Cost Rate</u> |
|------------------------|----------------|------------------|---------------------------|
| Long-Term Debt         | 39.40%         | 5.48%            | 2.16%                     |
| Common Equity          | <u>60.60%</u>  | 9.60% - 12.55%   | <u>5.82% - 7.61%</u>      |
| Total                  | <u>100.00%</u> |                  | <u>7.98% - 9.77%</u>      |

From my recommended range of common equity cost rates, the Company requests a ROE of 10.00%, which corresponds to an 8.22% WACC.

**Q. PLEASE SUMMARIZE YOUR RECOMMENDED RANGE OF COMMON EQUITY COST RATES.**

A. My recommended range of common equity cost rates is summarized on page 2 of Exhibit DWD-1. I have assessed the market-based common equity cost rates of companies of relatively similar, but not necessarily identical, risk to Foothills. Using companies of relatively comparable risk as proxies is consistent with the principles of a fair rate of return. No proxy group can be identical in risk to any single company. Consequently, there must be an evaluation of relative risk between the Company and the proxy group to determine if it is appropriate to adjust the proxy group's indicated rate of return.

My recommendation results from applying several cost of common equity models,<sup>1</sup> specifically the DCF model, the RPM, and the CAPM, to the market data of a Utility Proxy Group whose selection criteria will be discussed below. The results derived from each of the analyses are as follows:

---

<sup>1</sup> In an attempt to limit areas of dispute between parties in this proceeding, I am not presenting the Predictive Risk Premium Model or the application of ROE models to a non-price regulated proxy group similar in risk to my Utility Proxy Group even though I maintain the applicability of those models to the cost of capital for utilities.

**Table 2: Summary of Common Equity Cost Rate**

|   | <u>Utility Proxy Group</u> |
|---|----------------------------|
| Discounted Cash Flow Model                                    | 8.60%                      |
| Risk Premium Model  | 11.25%                     |
| Capital Asset Pricing Model                                   | <u>11.55%</u>              |
| Indicated Range of Common Equity Cost Rates before Adjustment | 8.60% - 11.55%             |
| Business Risk Adjustment                                      | <u>1.00%</u>               |
| Indicated Range of Common Equity Cost Rates after Adjustment  | <u>9.60% - 12.55%</u>      |
| Company Requested ROE   | <u>10.00%</u>              |

As shown in Table 2, the indicated range of common equity cost rates applicable to the Utility Proxy Group is between 8.60% and 11.55% before any Company-specific adjustments. The indicated range of common equity cost rates was then adjusted upward by 1.00% to reflect Foothills' smaller size and increased business risk relative to the Utility Proxy Group. After adjustment, my recommended Company-specific range of common equity cost rate is between 9.60% and 12.55%. From that range, the Company requests a common equity cost rate of 10.00% for the Commission's consideration. Given my recommended range of common equity cost rates, the Company's requested ROE is reasonable and conservative.

**III. General Principles**

**Q. WHAT GENERAL PRINCIPLES HAVE YOU CONSIDERED IN ARRIVING AT YOUR RECOMMENDED RANGE OF COMMON EQUITY COST RATES?**

A. The cost of common equity is the return investors require to make an equity investment in a given firm. From the firm's perspective, that required return,

1 whether it is provided to debt or equity investors, has a cost. Collectively, the “cost  
2 of debt” and the “cost of equity” are referred to as the “cost of capital.”

3 The cost of capital is based on the economic principle of “opportunity cost,”  
4 meaning that investing in any asset or security implies a forgone opportunity to  
5 invest in alternative assets or securities. The opportunity cost of an investment  
6 should equal the return available on investments of comparable risk.

7 Although both debt and equity have costs, those costs differ fundamentally.  
8 The cost of debt is often contractually defined and can be directly observed in the  
9 market as the interest rate or yield on debt securities. In contrast, the cost of equity  
10 is not normally contractually defined, nor can it be directly observed in the market.  
11 Rather, because common equity investors have a claim on a firm’s cash flows only  
12 after debt holders are paid, it is the uncertainty (or risk) associated with the equity  
13 investors' lower priority or junior position to receive those residual cash flows  
14 compared to debt holders that determines the cost of equity. In other words,  
15 because common equity investors bear this “residual risk,” they require higher  
16 returns than debt holders. In that sense, common equity and debt investors are  
17 distinct: they invest in different securities, face different risks, and require different  
18 returns. That is not to say that the risks facing debt and equity investors are  
19 completely separate and distinct; the two may share common risks, but only to a  
20 point. Commentary from both debt and equity analysts is instructive and helps  
21 inform the determination of the required return.

22 According to the basic financial principle of risk and return, the investor-  
23 required return on investment is a function of the level of investor-perceived risk  
24 as reflected in the market prices paid by investors. The higher/lower the investor-  
25  
26  
27  
28

1 perceived risk, the higher/lower the investor-required return. The investor-required  
2 return is forward-looking, or expectational, as it is the return which the investor  
3 expects to receive in the future for investing capital today and is based on expected  
4 economic and capital market conditions.

5 In unregulated industries, the competition of the marketplace is the principal  
6 determinant of the price of products or services. For regulated public utilities, like  
7 Foothills, regulation acts as a substitute for marketplace competition. A sufficient  
8 level of earnings is required to assure that the utility can: (1) fulfill its obligation to  
9 provide safe and reliable service at all times; (2) maintain the integrity of presently  
10 invested capital through future reinvestment; and (3) attract needed new capital at  
11 a reasonable cost and on reasonable terms in competition with other firms of  
12 comparable risk. This is consistent with the previously noted rate of return  
13 standard established by the Arizona Supreme Court in the *Simms* case.<sup>2</sup>

15 In rate base/rate of return regulation, the authorized return on common  
16 equity is defined as the investor-required return. In turn, the investor-required  
17 return is defined as the return required by the investor on the funds invested in the  
18 publicly traded common stocks of firms. As stated previously, the cost of common  
19 equity is not directly observable in the capital markets since there is no contractual  
20 basis or obligation on the part of a firm to provide a return to its common  
21 shareholders, unlike the contractual coupon or interest rate on its debt obligations.  
22 Therefore, the cost of common equity must be estimated from market (economic  
23 and financial) data, using financial models developed for that purpose, such as the  
24  
25  
26

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27 <sup>2</sup> *Simms v. Round Valley Light and Power Company*, 294 P.2d 378 (Ariz. 1956).  
28



1 DCF, RPM, and CAPM. Therefore, my recommended common equity cost rate is  
2 based on the marketplace data of a proxy group of utilities that are as similar in  
3 risk as possible to Foothills based on selection criteria discussed below.

4 Because empirical financial models for determining the cost of common  
5 equity are subject to limiting assumptions or other constraints, most finance texts  
6 recommend using multiple approaches to estimate the cost of common equity. As  
7 a practical matter, no individual model is more reliable than all others under all  
8 market conditions. The use of multiple common equity cost rate models adds  
9 reliability to the estimation of the investor-required return.  
10

11 Using both the market data of a proxy group of similar risk and multiple  
12 common equity cost rate models adds reliability to the informed expert judgment  
13 used in estimating the common equity cost rate. Therefore, it is prudent and  
14 appropriate to use multiple methodologies to mitigate the effects of limiting  
15 assumptions and inputs associated with any single approach.

16 **A. Business Risk**

17 **Q. PLEASE DEFINE BUSINESS RISK AND EXPLAIN WHY IT IS IMPORTANT TO**  
18 **THE DETERMINATION OF A REASONABLE RATE OF RETURN.**

19 **A.** Business risk is the riskiness of a company's common stock without the use of  
20 debt and/or preferred capital. Examples of such general business risks faced by  
21 all utilities (i.e., electric, natural gas distribution, and water) include size, the quality  
22 of management, the regulatory environment in which utilities operate, customer  
23 mix and concentration of customers, service territory growth, and capital intensity.  
24 All of these have a direct bearing on earnings.  
25  
26  
27  
28

Consistent with the basic financial principle of risk and return, business risk is important to the determination of a fair rate of return, because the higher the level of risk, the higher the rate of return investors demand.

**Q. WHAT BUSINESS RISKS DO UTILITIES IN THE WATER AND WASTEWATER INDUSTRY IN GENERAL FACE TODAY?**

A. Water and wastewater utilities have an ever-increasing responsibility to be stewards of the environment from which water supplies are drawn in order to preserve and protect essential natural resources of the United States. This increased environmental stewardship is a direct result of compliance with the Safe Drinking Water Act, as well as a response to continuous monitoring by the Environmental Protection Agency and state and local governments, of the water supply for potential contaminants and their resultant regulations and the treatment of wastewater service. This, plus aging infrastructure, necessitate additional capital investment in the distribution and treatment of water and wastewater, exacerbating the pressure on free cash flows arising from increased capital expenditures for infrastructure repair and replacement. The significant amount of capital investment and, hence, high capital intensity, is a major risk factor for the water and wastewater utility industry.

*Value Line Investment Survey* (“*Value Line*”) observes the following about the water utility industry:

In our Water Industry reports, we highlight how the average age of pipelines in many water districts in the U.S. is between 50 to 80 years old. Many of these assets should have been replaced a long time ago, but they were not because both the regulators and water companies were satisfied charging too small a fee for water service. This lead to underinvestment in upgrading antiquated assets. About a decade ago, the two

1 got together and realized that greater amounts had to be  
2 spent to modernize these assets. This has meant higher bills  
3 for customers, but a gradually improved water system that still  
4 has a long way to go.<sup>3</sup>

5 In addition to its capital-intensive nature, the water and wastewater utility  
6 industry also experiences low depreciation rates. Given that depreciation is one  
7 of the principal sources of internally generated cash flows for all utilities, low  
8 depreciation rates mean that utilities cannot rely on depreciation as a source of  
9 cash like other industries do. Because utility assets have long lives and, hence,  
10 long capital recovery periods, utilities face increased risk due to inflation, which  
11 results in a significantly higher cost to replace decades-old utility plant where  
12 original cost was a small fraction of the cost of the plant to replace it.

13 **Q. HOW WILL WATER AND WASTEWATER UTILITIES RAISE THE CAPITAL**  
14 **REQUIRED TO FUND NECESSARY INFRASTRUCTURE REPLACEMENTS?**

15 **A.** The water and wastewater utility industry's high degree of capital intensity and low  
16 depreciation rates, coupled with the need for substantial infrastructure capital  
17 spending, require regulatory support in the form of adequate and timely rate relief,  
18 and in particular, a sufficient authorized return on common equity, so that the  
19 industry can successfully meet the challenges it faces.

20 Substantial capital expenditures, as noted by *Value Line*, will require  
21 significant financing. The three sources of financing typically used are debt, equity  
22 (common and preferred), and cash flow. All three are intricately linked to the  
23 opportunity to earn a sufficient rate of return as well as the ability to achieve that  
24 return. The return must be sufficient to maintain credit quality as well as enable  
25

---

26  
27 <sup>3</sup> *Value Line Investment Survey*, July 7, 2023.

1 the attraction of necessary new capital, be it debt or equity capital. If unable to  
2 raise debt or equity capital, the utility must turn to either retained earnings or free  
3 cash flow,<sup>4</sup> both of which are directly linked to earning a sufficient rate of return.  
4 The level of free cash flow represents a utility's ability to meet the needs of its debt  
5 and equity holders. If either retained earnings or free cash flow is inadequate, it  
6 will be nearly impossible for the utility to attract the needed capital for new  
7 infrastructure investment necessary to ensure quality service to its customers. An  
8 insufficient rate of return can be financially devastating for utilities as well as a  
9 public safety issue for their customers.  
10

11 **B. Financial Risk**

12 **Q. PLEASE DEFINE FINANCIAL RISK AND EXPLAIN WHY IT IS IMPORTANT TO**  
13 **THE DETERMINATION OF A FAIR RATE OF RETURN.**

14 A. Financial risk is created by the introduction of senior capital, i.e., debt and preferred  
15 stock, into the capital structure. As noted above, it is the additional risk that a  
16 company may not have sufficient cash flows to meet its financial obligations. The  
17 higher the proportion of debt in the capital structure, the higher the financial risk  
18 which must be factored into the common equity cost rate, consistent with the  
19 previously mentioned basic financial principle of risk and return, i.e., investors  
20 demand a higher common equity return as compensation for bearing higher  
21 investment risk.  
22  
23  
24  
25  
26

---

27 <sup>4</sup> Free Cash Flow = Operating Cash Flow (Funds From Operations) minus Capital Expenditures.  
28

1 **Q. CAN THE COMBINED BUSINESS AND FINANCIAL RISKS (I.E., INVESTMENT**  
2 **RISK) OF AN ENTERPRISE BE PROXIED BY BOND AND CREDIT RATINGS?**

3 A. Yes, similar bond ratings/issuer credit ratings reflect, and are representative of,  
4 similar combined business and financial risks (i.e., total risk) faced by bond  
5 investors.<sup>5</sup> Although specific business or financial risks may differ between  
6 companies, the same bond/credit rating indicates that the combined risks are  
7 roughly similar, albeit not necessarily equal, as the purpose of the bond/credit  
8 rating process is to assess credit quality or credit risk, and not common equity risk.

9 **Q. THAT BEING SAID, DO RATING AGENCIES REFLECT COMPANY SIZE IN**  
10 **THEIR BOND RATINGS?**

11 A. No. Neither S&P nor Moody's have minimum company size requirements for any  
12 given rating level. This means, all else equal, a relative size analysis needs to be  
13 conducted for companies with similar bond ratings.

14  
15 **IV. Foothills and the Utility Proxy Group**

16 **Q. HAVE YOU REVIEWED FINANCIAL DATA FOR FOOTHILLS?**

17 A. Yes. Foothills provides water and wastewater service to over 16,000 water and  
18 8,600 wastewater customer connections throughout Arizona. Foothills is an  
19 indirect operating subsidiary of NW Natural Water Company, LLC, which is itself is  
20 a wholly-owned subsidiary of Northwest Natural Holding Company. Therefore,  
21 Foothills' common stock is not publicly-traded.  
22  
23  
24  
25

---

26 <sup>5</sup> Risk distinctions within S&P's bond rating categories are recognized by a plus or minus, i.e., within the  
27 A category, an S&P rating can be at A+, A, or A-. Similarly, risk distinctions for Moody's ratings are  
28 distinguished by numerical rating gradations, i.e., within the A category, a Moody's rating can be A1, A2  
and A3.

1 **V. Utility Proxy Group**

2 **Q. PLEASE EXPLAIN HOW YOU CHOSE THE UTILITY PROXY GROUP.**

3 A. I chose the Utility Proxy Group by selecting those water companies that met the  
4 following criteria:<sup>6</sup>

- 5 1) They are included in the Water Utility Group of *Value Line's* Standard  
6 Edition (July 7, 2023);  
7  
8 2) They have 60% or greater of 2022 total operating income derived from,  
9 or 60% or greater of 2022 total assets devoted to, regulated water  
10 operations;  
11  
12 3) They had not publicly announced involvement in any major merger or  
13 acquisition activity (i.e., one publicly-traded utility merging with or  
14 acquiring another) at the time of the preparation of this testimony;  
15  
16 4) They have not cut or omitted their common dividends during the past  
17 five years or through the time of the preparation of this testimony;  
18  
19 5) They have *Value Line* and Bloomberg adjusted Beta coefficients  
20 ("beta");  
21  
22 6) They have a positive *Value Line* five-year dividends per share ("DPS")  
23 growth rate projection; and,  
24  
25 7) They have *Value Line*, Bloomberg, Zacks or Yahoo! Finance, consensus  
26 five-year earnings per share ("EPS") growth rate projections.

27 The following six companies meet these criteria:  
28

---

<sup>6</sup> There are no publicly traded wastewater only utilities. As discussed above, water and wastewater utilities have similar operating risks.

**Table 3: Utility Proxy Group Companies**

| Company Name                       | Ticker Symbol |
|------------------------------------|---------------|
| American States Water Company      | AWR           |
| American Water Works Company, Inc. | AWK           |
| California Water Service Corp.     | CWT           |
| Essential Utilities Inc.           | WTRG          |
| Middlesex Water Company            | MSEX          |
| SJW Group                          | SJW           |

**Q. HAVE YOU REVIEWED FINANCIAL DATA FOR THE UTILITY PROXY GROUP?**

A. Yes. Page 1 of Exhibit DWD-2 contains comparative capitalization and financial statistics for the Utility Proxy Group identified above for the years 2018 to 2022. During the five-year period ending 2022, the historically achieved earnings rate on book common equity for the group averaged 10.02%. The average common equity ratio based on total permanent capital (excluding short-term debt) was 51.06%, and the average dividend payout ratio was 60.40%.

Total debt to earnings before interest, taxes, depreciation, and amortization for the years 2018 to 2022 ranges between 4.37x and 5.91x, with an average of 5.21x. Funds from operations to total debt range from 11.39% to 22.17%, with an average of 14.79%.

**VI. Capital Structure**

**Q. WHAT CAPITAL STRUCTURE RATIOS DO YOU RECOMMEND BE EMPLOYED IN DEVELOPING AN OVERALL FAIR RATE OF RETURN APPROPRIATE FOR THE COMPANY IN THIS PROCEEDING?**

A. I recommend the Commission authorize the actual capital structure of the Company's parent, NW Natural Water Company, LLC, which consists of 39.40% long-term debt and 60.60% common equity.

1 Q. WHAT ARE THE TYPICAL SOURCES OF CAPITAL COMMONLY  
2 CONSIDERED IN ESTABLISHING A UTILITY'S CAPITAL STRUCTURE?

3 A. Common equity and long-term debt are commonly considered in establishing a  
4 utility's capital structure because they are the typical sources of capital financing a  
5 utility's rate base.

6 Q. PLEASE EXPLAIN.

7 A. Long-lived assets are typically financed with long-lived securities, so that the  
8 overall term structure of the utility's long-term liabilities (both debt and equity)  
9 closely match the life of the assets being financed. As stated by Brigham and  
10 Houston:

12 In practice, firms don't finance each specific asset with a type  
13 of capital that has a maturity equal to the asset's life.  
14 However, academic studies do show that most firms tend to  
15 finance short-term assets from short-term sources and long-  
16 term assets from long-term sources.<sup>7</sup>

17 Whereas short-term debt has a maturity of one year or less, long-term debt may  
18 have maturities of thirty years or longer. Although there are practical financing  
19 constraints, such as the need to "stagger" long-term debt maturities, the general  
20 objective is to extend the average life of long-term debt. Still, long-term debt has  
21 a finite life, which is likely to be less than the life of the assets included in rate base.  
22 Common equity, on the other hand is outstanding into perpetuity. Thus, common  
23 equity more accurately matches the life of the going concern of the utility, which is  
24 also assumed to operate in perpetuity. Consequently, it is both typical and

---

26 <sup>7</sup> Eugene F. Brigham and Joel F. Houston, Fundamentals of Financial Management, Concise 4th Ed.,  
27 Thomson South-Western, 2004, at 574.



important for utilities to have significant proportions of common equity in their capital structures.

**Q. HOW DOES THE COMPANY'S COMMON EQUITY RATIO OF 60.60% FOR FOOTHILLS COMPARE WITH THE COMMON EQUITY RATIOS MAINTAINED BY THE UTILITY PROXY GROUP?**

A. As shown on page 2 of Schedule DWD-2, the common equity ratios maintained by the Utility Proxy Group range from 40.70% to 61.35% with an average of 50.28% in 2022. Because the Company's ratemaking common equity ratio of 60.60% falls within the range of common equity ratios maintained by the Utility Proxy Group, it is reasonable and appropriate.

**Q. WHAT EMBEDDED LONG-TERM DEBT COST RATE DO YOU RECOMMEND FOR RATEMAKING PURPOSES FOR THE COMPANY?**

A. I recommend a long-term debt cost rate of 5.48%, which is the actual embedded cost of long-term debt for NW Natural Water Company, LLC as of June 30, 2023.

**VII. Common Equity Cost Rate Models**

**Q. IS IT IMPORTANT THAT COST OF COMMON EQUITY MODELS BE MARKET-BASED?**

A. Yes. Regulated utilities, like Foothills, must compete for equity along with all other companies with commensurate risk, which includes non-utilities. The cost of common equity is thus determined based on equity market expectations for the returns of those companies. If an individual investor is choosing to invest their capital among companies with comparable risk, they will choose the company providing a higher return over a company providing a lower return.

1 **Q. ARE THE COST OF COMMON EQUITY MODELS YOU USE MARKET-BASED**  
2 **MODELS?**

3 A. Yes. The DCF model is market-based in that market prices are used in developing  
4 the dividend yield component of the model. The RPM and CAPM are also market-  
5 based in that the bond/issuer ratings and expected bond yields/risk-free rate used  
6 in the application of the RPM and CAPM reflect the market's assessment of  
7 bond/credit risk. In addition, the use of beta to determine the equity risk premium  
8 also reflects the market's assessment of market/systematic risk, as betas are  
9 derived from regression analyses of market prices. Moreover, market prices are  
10 used in the development of the monthly returns and equity risk premiums used in  
11 the RPM.  
12

13 **Q. WHAT ANALYTICAL APPROACHES DID YOU USE TO DETERMINE THE**  
14 **COMPANY'S ROE?**

15 A. As discussed earlier, I have relied on the DCF model, the RPM, and the CAPM,  
16 which I apply to the Utility Proxy Group described above.  
17

18 I rely on these models because reasonable investors use a variety of tools  
19 and do not rely exclusively on a single source of information or single model.  
20 Moreover, the models on which I rely focus on different aspects of return  
21 requirements and provide different insights to investors' views of risk and return.  
22 The DCF model, for example, estimates the investor-required return assuming a  
23 constant expected dividend yield and growth rate in perpetuity, while Risk  
24 Premium-based methods (*i.e.*, the RPM and CAPM approaches) provide the ability  
25 to reflect investors' views of risk, future market returns, and the relationship  
26 between interest rates and the cost of equity. Just as the use of market data for  
27  
28

the Utility Proxy Group adds the reliability necessary to inform expert judgment in arriving at a recommended common equity cost rate, the use of multiple generally accepted common equity cost rate models also adds reliability and accuracy when arriving at a recommended common equity cost rate.

**Q. PLEASE BRIEFLY DESCRIBE THE CONSTANT GROWTH DCF MODEL.**

A. The constant growth DCF approach defines the ROE as the sum of (1) the expected dividend yield, and (2) expected long-term growth. As explained in Appendix A, part A, the model often is expressed in the familiar form  $K_e = (D_0 (1+g))/P + g$ , where the expected dividend yield (“ $D_0$ ”) generally equals the expected annual dividend divided by the current stock price, and the growth rate (“ $g$ ”) is based on analysts’ expectations of earnings growth. The constant growth DCF formula is derived from the present value DCF formula,<sup>8</sup> and requires several simplifying assumptions, including that inputs remain constant in perpetuity.

Under the model’s strict assumptions, the growth rate equals the rate of capital appreciation (that is, the growth in the stock price). Given that assumption, it does not matter whether the investor holds the stock in perpetuity, or whether they hold the stock for some period of time, collect the dividends, then sell at the prevailing market price. Given that, the indicated result based on the DCF model today is assumed to remain the same in perpetuity, regardless of market changes.

---

<sup>8</sup> See, Appendix A, part A.

1 **Q. PLEASE SUMMARIZE THE DCF MODEL RESULTS.**

2 A. As shown on page 1 of Exhibit DWD-3, the average of the mean and median  
3 constant growth DCF model results is 8.44%. The average of the mean and  
4 median results excluding Middlesex Water is 8.76%.<sup>9</sup> I have averaged these two  
5 results in arriving at a conclusion of a DCF-indicated common equity cost rate of  
6 8.60% for the Utility Proxy Group. The inputs used and application of the DCF  
7 model are explained in detail in Appendix A, part A.

8 **Q. PLEASE DESCRIBE THE THEORETICAL BASIS OF THE RPM.**

9 A. The RPM is based on the fundamental financial principle of risk and return, namely,  
10 that investors require greater returns for bearing greater risk. The RPM recognizes  
11 that common equity capital has greater investment risk than debt capital, as  
12 common equity shareholders are behind debt holders in any claim on a company's  
13 assets and earnings. As a result, investors require higher returns from common  
14 stocks than from investment in bonds, to compensate them for bearing the  
15 additional risk.

16  
17 While it is possible to directly observe bond returns and yields, investors'  
18 required common equity return cannot be directly determined or observed.  
19 According to RPM theory, one can estimate a common equity risk premium over  
20 bonds (either historically or prospectively) and use that premium to derive a cost  
21  
22

---

23 <sup>9</sup> Because the Middlesex indicated DCF result of 5.43% is substantially lower than the prospective yield  
24 on A-rated utility debt (5.72%), it violates the basic financial principle of risk and return, namely that  
25 investors require greater returns for bearing greater risk. It is generally accepted that common equity  
26 capital has greater investment risk than debt capital, as common equity shareholders sit behind debt  
27 holders in any claim on a company's assets and earnings. Because of this, any investor required return  
28 on equity at or below the marginal yield on long-term debt related to that particular stock is non-sensical  
and should not be considered. Given that Middlesex's long-term credit rating from S&P is A, and the  
prospective yield on A-rated utility bonds of 5.72%, Middlesex's indicated DCF of 5.43% result violates  
the principle of risk and return stated above and should be eliminated.

1 rate of common equity. The cost of common equity equals the expected cost rate  
2 for long-term debt capital, plus a risk premium over that cost rate, to compensate  
3 common shareholders for the added risk of being unsecured and last-in-line for  
4 any claim on the corporation's assets and earnings in the event of a liquidation.

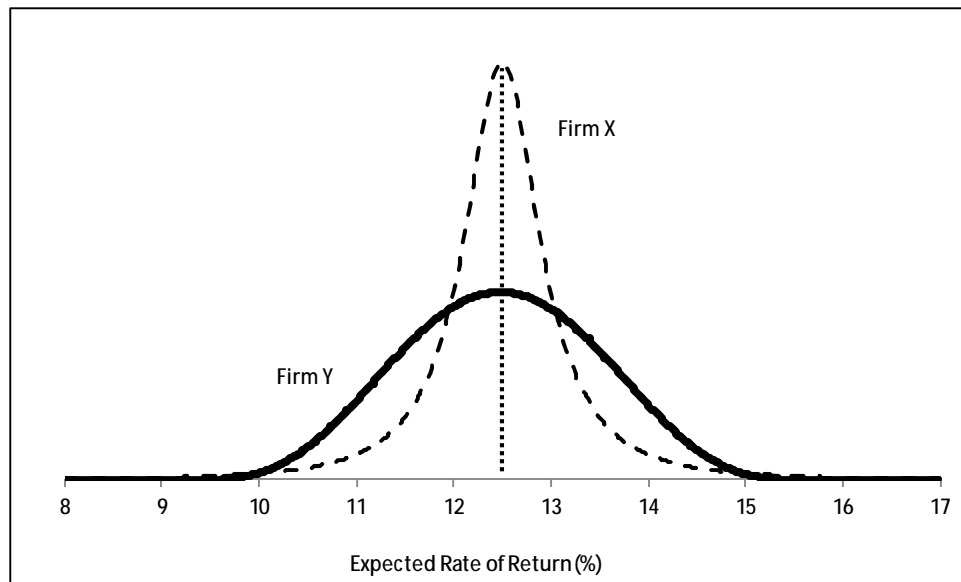
5 **Q. WHAT IS THE INDICATED RPM COMMON EQUITY COST RATE FOR THE**  
6 **UTILITY PROXY GROUP?**

7 A. As shown on line 7 of Exhibit DWD-4, page 1, I calculated a common equity cost  
8 rate of 11.25% for the Utility Proxy Group based on the RPM. The inputs used and  
9 application of the RPM are explained in detail in Appendix A, part B.  
10

11 **Q. PLEASE BRIEFLY EXPLAIN THE CAPM.**

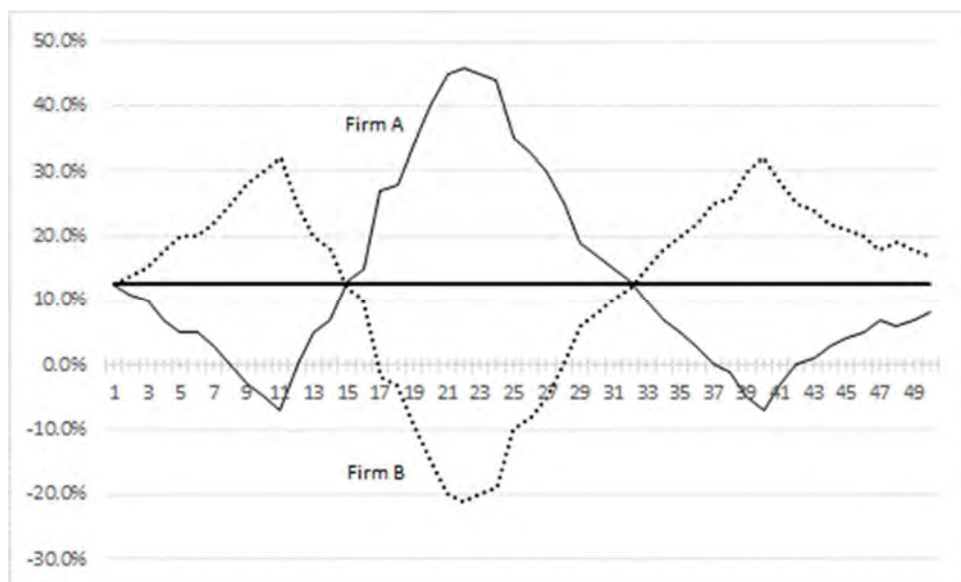
12 A. As noted above, risk premium-based models, which the CAPM falls under, focus  
13 on the additional return that investors require for taking on greater risk, with "risk"  
14 generally referring to the variation in expected returns, rather than the expected  
15 return, itself. Consider two firms, X and Y, with expected returns, and the expected  
16 variation in returns noted in Chart 2, below. Although the two have the same  
17 expected return (12.50%), Firm Y's are far more variable (i.e., uncertain). As such,  
18 Firm Y would be considered the riskier investment.  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**Chart 2: Expected Return and Risk**



Now consider two other firms, Firm A and Firm B. Both have expected returns of 12.50%, and both are equally risky as measured by their volatility. But as Firm A's returns go up, Firm B's returns go down. That is, the returns are negatively correlated.

**Chart 3: Relative Risk**



1 If we were to combine Firms A and B into a portfolio, we would expect a  
2 12.50% return with no uncertainty because their risk profiles counteract each other.  
3 That is, we can diversify the risk away. As long as two stocks are not perfectly  
4 correlated, we can achieve diversification benefits by combining them in a portfolio.  
5 That is the premise of the CAPM - because we can combine firms into a portfolio,  
6 the only risk that matters is the risk that remains after diversification, i.e., the “non-  
7 diversifiable” risk.

8 The CAPM defines the ROE as the sum of the “risk-free” rate, and a  
9 premium to reflect the additional risk associated with equity investments. The “risk-  
10 free” rate is the yield on a security viewed as having no default risk, such as long-  
11 term Treasury bonds. The risk-free rate essentially sets the baseline of the CAPM.  
12 That is, an investor would expect a higher return than the risk-free rate to purchase  
13 an asset that carries risk. The difference between that higher return (i.e., the  
14 required return) and the risk-free rate is the risk premium:  
15

$$\text{Risk-Free Rate} + \text{Risk Premium} = \text{ROE}$$

16  
17 The risk premium is defined as a security’s beta multiplied by the risk  
18 premium of the overall market (the “Market Risk Premium” or “MRP”).<sup>10</sup> Beta is a  
19 measure of the subject company’s risk relative to the overall market, i.e., the “non-  
20 diversifiable” risk. A beta of 1.00 means the security is as risky as the overall  
21 market; a value below 1.00 represents a security with less risk than the overall  
22 market, and a value over 1.00 represents a security with more risk than the overall  
23 market. In general, the CAPM is expressed as follows:  
24  
25  
26

---

27 <sup>10</sup> The determination of the MRP is discussed in Appendix A, part C.

$$\text{Risk-Free Rate} + (\text{Beta} \times \text{MRP}) = \text{ROE}$$

Appendix A, part C explains that betas reflect two aspects of stock price movements: (1) the variability of the subject company's returns relative to the market; and (2) the correlation of the subject company's returns to the market's returns. Financial and empirical evidence have shown, however, that the CAPM tends to underestimate returns for low-beta stocks and over-estimate returns for high-beta stocks. The empirical CAPM ("ECAPM") adjusts the CAPM to account for this tendency.

**Q. What are the results of your application of the traditional and empirical CAPM to the Utility Proxy Group?**

A. As shown on page 1 of Exhibit DWD-5, the mean result of my CAPM/ECAPM analysis is 11.75%, the median is 11.34%, and the average of the two is 11.55%. Consistent with my reliance on the average of mean and median DCF results discussed above, the indicated common equity cost rate using the CAPM/ECAPM is 11.55%. The inputs used and application of the CAPM/ECAPM are explained in detail in Appendix A, part C.

**VIII. Indicated Common Equity Cost Rate Before Adjustment for Company-Specific Risk**

**Q. WHAT IS THE INDICATED RANGE OF COMMON EQUITY COST RATES BASED ON THE COST OF COMMON EQUITY MODEL RESULTS?**

A. Based on the common equity cost rates resulting from the application of cost of common equity models to the Utility Proxy Group as shown on Table 2, above, and page 2 of Exhibit DWD-1 is between 8.60% and 11.55%. As discussed above,



1 I employ multiple cost of common equity models as primary tools in arriving at my  
2 recommended common equity cost rate because:

- 3 1) No single model is so inherently precise that it can be relied on solely to  
4 the exclusion of other theoretically sound models;  
5 2) All of the models are market-based;  
6 3) The use of multiple models adds reliability to the estimation of the  
7 common equity cost rate; and  
8 4) The prudence of using multiple cost of common equity models is  
9 supported in both the financial literature and regulatory precedent.  
10

11 Based on these common equity cost rate results, I conclude that a range of  
12 common equity cost rates between 8.60% and 11.55% is indicated for the Utility  
13 Proxy Group before determining if any Company-specific adjustments are also  
14 needed.  
15

16 **A. Business Risk Adjustment**

17 **Q. DOES FOOTHILLS FACE ADDITIONAL BUSINESS RISK RELATIVE TO THE**  
18 **UTILITY PROXY GROUP?**

19 A. Yes. Foothills' smaller size and greater regulatory risk relative to the Utility Proxy  
20 Group, are cause for consideration in determining the appropriate common equity  
21 cost rate for Foothills.

22 **Q. DOES FOOTHILLS' SMALLER SIZE COMPARED WITH THE UTILITY PROXY**  
23 **GROUP INCREASE ITS BUSINESS RISK?**

24 A. Yes. Foothills' smaller size relative to the Utility Proxy Group companies indicates  
25 greater relative business risk for the Company because, all else being equal, size  
26 has a material bearing on risk.  
27

1           Size affects business risk because smaller companies generally are less  
2           able to cope with significant events that affect sales, revenues and earnings. For  
3           example, smaller companies face more risk exposure to business cycles and  
4           economic conditions, both nationally and locally. Additionally, the loss of revenues  
5           from a few larger customers would have a greater effect on a small company than  
6           on a bigger company with a larger, more diverse, customer base.

7           As further evidence illustrates that smaller firms are riskier, investors  
8           generally demand greater returns from smaller firms to compensate for less  
9           marketability and liquidity of their securities. Kroll's Cost of Capital Navigator: U.S.  
10          Cost of Capital Module ("Kroll") discusses the nature of the small-size  
11          phenomenon, providing an indication of the magnitude of the size premium based  
12          on several measures of size. In discussing "Size as a Predictor of Equity  
13          Premiums," Kroll states:

15               The size effect is based on the empirical observation that companies  
16               of smaller size are associated with greater risk and, therefore, have  
17               greater cost of capital [sic]. The "size" of a company is one of the  
18               most important risk elements to consider when developing cost of  
19               equity capital estimates for use in valuing a business simply because  
20               size has been shown to be a *predictor* of equity returns. In other  
21               words, there is a significant (negative) relationship between size and  
22               historical equity returns - as size *decreases*, returns tend to *increase*,  
23               and vice versa. (footnote omitted) (emphasis in original)<sup>11</sup>

24          Furthermore, in "The Capital Asset Pricing Model: Theory and Evidence,"  
25          Fama and French note size is indeed a risk factor which must be reflected when  
26          estimating the cost of common equity. On page 14, they note:

27               . . . the higher average returns on small stocks and high book-to-  
28               market stocks reflect unidentified state variables that produce

---

<sup>11</sup> Kroll, Cost of Capital Navigator: U.S. Cost of Capital Module, Size as a Predictor of Returns, at 1.

undiversifiable risks (covariances) in returns not captured in the market return and are priced separately from market betas.<sup>12</sup>

Based on this evidence, Fama and French proposed their three-factor model which includes a size variable in recognition of the effect size has on the cost of common equity.

Also, it is a basic financial principle that the use of funds invested, and not the source of funds, is what gives rise to the risk of any investment.<sup>13</sup> Simply put, risks of investments should be looked at as stand-alone operations and not how they are financed. Eugene Brigham, a well-known authority, states:

A number of researchers have observed that portfolios of small-firms (sic) have earned consistently higher average returns than those of large-firm stocks; this is called the “small-firm effect.” On the surface, it would seem to be advantageous to the small firms to provide average returns in a stock market that are higher than those of larger firms. In reality, it is bad news for the small firm; **what the small-firm effect means is that the capital market demands higher returns on stocks of small firms than on otherwise similar stocks of the large firms.** (emphasis added)<sup>14</sup>

Consistent with the financial principle of risk and return discussed above, increased relative risk due to small size must be considered in the allowed rate of return on common equity. Therefore, the Commission’s authorization of a cost rate of common equity in this proceeding must appropriately reflect the unique risks of Foothills, including its small size, which is justified and supported above by evidence in the financial literature.

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<sup>12</sup> Eugene F. Fama and Kenneth R. French, “The Capital Asset Pricing Model: Theory and Evidence,” *Journal of Economic Perspectives*, Volume 18, Number 3, Summer 2004, at 25-43.

<sup>13</sup> Brealey, Richard A. and Myers, Stewart C., Principles of Corporate Finance (McGraw-Hill Book Company, 1996), at 204-205, 229.

<sup>14</sup> Brigham, Eugene F., Fundamentals of Financial Management, Fifth Edition (The Dryden Press, 1989), at 623.

1 Q. IS THERE ANY PRECEDENT THAT IDENTIFIES THE REGULATORY RISK  
2 FACED BY UTILITIES?

3 A. Yes. In *Duquesne*, the Supreme Court noted the risks to utilities of ratemaking  
4 treatment and the importance of establishing ratemaking treatment that does not  
5 continuously favor customers to the continuous detriment of investors:

6 [t]he risks a utility faces are in large part defined by the rate  
7 methodology because utilities are virtually always public monopolies  
8 dealing in essential service, and so relatively immune to the usual  
9 market risks. Consequently, a State's decision to arbitrarily switch  
10 back and forth between methodologies in a way which required  
investors to bear the risk of bad investments at some times while  
denying them the benefit of good investments at others would raise  
serious constitutional questions.<sup>15</sup>

11 Q. HOW DOES THE REGULATORY ENVIRONMENT IN WHICH A UTILITY  
12 OPERATES AFFECT ITS ACCESS TO AND COST OF CAPITAL?

13 A. The regulatory environment can significantly affect a utility's access to capital and  
14 its cost of capital in several ways. First, the proportion and cost of debt capital  
15 available to utility companies are influenced by the rating agencies' assessment of  
16 the regulatory environment. As noted by Moody's, "[b]roadly speaking, the  
17 Regulatory Framework is the foundation for how all the decisions that affect utilities  
18 are made (including the setting of rates), as well as the predictability and  
19 consistency of decision-making provided by that foundation."<sup>16</sup> Moody's further  
20 noted that:

21  
22 A utility operating in a regulatory framework that is characterized by  
23 legislation that is credit supportive of utilities and eliminates doubt by  
24 prescribing many of the procedures that the regulators will use in  
25 determining fair rates (which legislation may show evidence of being  
responsive to the needs of the utility in general or specific ways), a

26  
27 <sup>15</sup> *Duquesne Light Co. v. Barasch*, 488 U.S. 299, 315 (1989).

28 <sup>16</sup> Moody's Investors Service, *Regulated Electric and Gas Utilities*, June 23, 2017, at 6.

1 long history of transparent rate-setting, and a judiciary that has  
2 provided ample precedent by impartially adjudicating disagreements  
3 in a manner that addresses ambiguities in the laws and rules will  
4 receive higher scores in the Legislative and Judicial Underpinnings  
5 sub-factor. A utility operating in a regulatory framework that, by  
6 statute or practice, allows the regulator to arbitrarily prevent the utility  
7 from recovering its costs or earning a reasonable return on prudently  
8 incurred investments, or where regulatory decisions may be  
9 reversed by politicians seeking to enhance their populist appeal will  
10 receive a much lower score.<sup>17</sup>

11 S&P also notes that the ability of a utility to “recover all its costs, on time  
12 and in full” is key in assessing its regulatory framework.<sup>18</sup> Moody's agrees that  
13 timely cost recovery is an important determinant of credit quality, stating that “[t]he  
14 ability to recover prudently incurred costs on a timely basis and to attract debt and  
15 equity capital are crucial credit considerations. The inability to recover costs, for  
16 instance if fuel or purchased power costs ballooned during a rate freeze period,  
17 has been one of the greatest drivers of financial stress in this sector, as well as the  
18 cause of some utility defaults.”<sup>19</sup> Similarly, Fitch Ratings notes that in the current  
19 environment of rising costs, utilities will require more frequent rate increases to  
20 maintain financial results, resulting in further exposure to regulatory risks.<sup>20</sup>

21 **Q. HOW IS THE ARIZONA REGULATORY ENVIRONMENT PERCEIVED BY**  
22 **EQUITY INVESTORS?**

23 **A.** Regulatory Research Associates (“RRA”)<sup>21</sup> ranks Arizona as Below Average/3  
24 from an investor viewpoint. Specifically, RRA notes:

25 Regulatory Research Associates, a group within S&P Global Market  
26 Intelligence, views the Arizona regulatory environment as restrictive

27 <sup>17</sup> Moody's Investors Service, Regulated Electric and Gas Utilities, June 23, 2017, at 7.

28 <sup>18</sup> Standard and Poor's, RatingsDirect, Key Credit Factors for the Regulated Utilities Industry, November 19, 2013, at 6.

<sup>19</sup> Moody's Investors Service, Regulated Electric and Gas Utilities, June 23, 2017, at 12.

<sup>20</sup> FitchRatings, U.S. Utilities, Power, and Gas 2010 Outlook, December 4, 2009, at 1.

<sup>21</sup> RRA, accessed on August 31, 2023.

1 from an investor point of view. While recent rate case decisions  
2 rendered by the ACC had specified below average returns, a more  
3 recent decision for Arizona Public Service Co., or APS, accorded the  
4 company an equity return that is among the lowest returns observed  
5 by RRA for a vertically integrated utility in the last 30 years. The  
6 decision for APS, the state's largest electric utility, reflected a 20-  
7 basis-point penalty related to customer education programs  
8 pertaining to rate design changes implemented by the utility in 2017.  
9 In addition, the ACC imposed substantial disallowances associated  
10 with several of the utility's generation assets. More generally,  
11 regulatory lag associated with protracted rate cases and the  
12 commission's reliance on historical test years remains a pervasive  
13 problem for the Arizona utilities, rendering it difficult for the utilities to  
14 earn their authorized returns. The general policies of the  
15 commission, which is comprised of elected officials, continue to be  
16 highly politicized, contributing to a heightened degree of risk for the  
17 state's utilities. There also continues to be a relatively high rate of  
18 turnover in the ACC's leadership, with a majority of the current  
19 commissioners seated for fewer than three years, further increasing  
20 uncertainty as the regulators get up to speed on complex issues.<sup>22</sup>

21 Furthermore, as shown on Exhibit DWD-6, the average RRA regulatory ranking for  
22 the Utility Proxy Group is Average/2, which indicates that Foothills faces significant  
23 regulatory risk as compared to the Utility Proxy Group as viewed by RRA.

24 In view of the above, it is apparent that Foothills is facing extraordinary  
25 regulatory risk relative to the Utility Proxy Group and its investors must be  
26 compensated for that risk.

27 **Q. IS THERE A WAY TO QUANTIFY AN ADJUSTMENT TO COMPENSATE**  
28 **FOOTHILLS FOR GREATER BUSINESS RISK DUE TO ITS SMALLER SIZE**  
**AND GREATER REGULATORY RISK RELATIVE TO THE UTILITY PROXY**  
**GROUP?**

A. Yes. As a proxy for Foothills' unique risk (*i.e.*, smaller size and riskier regulatory  
environment), I have used the size premium study available in the Kroll Cost of

---

<sup>22</sup> RRA, accessed on August 31, 2023.

Capital Navigator. The size premium study compares relative size, as measured by estimated market capitalization, of Foothills and the Utility Proxy Group to determine the implied risk premium.

**Table 4: Size as Measured by Market Capitalization for Foothills and the Utility Proxy Group**

|                                | <u>Market<br/>Capitalization*</u><br>(\$ Millions) | <u>Times<br/>Greater than the<br/>Company</u> |
|--------------------------------|--|---|
| Foothills                      | \$84.044   |   |
| Utility Proxy Group            | \$2,953.195  | 35.1x   |
| *From page 1 of Exhibit DWD-7. |  |   |

Foothills' estimated market capitalization was \$84.044 million as of August 31, 2023,<sup>23</sup> compared with the market capitalization of the median company in the Utility Proxy Group of \$3.0 billion as of August 31, 2023. The median company in the Utility Proxy Group has a market capitalization 35.1 times the size of Foothills' estimated market capitalization.

As a result, it is necessary to upwardly adjust the indicated range of common equity cost rates applicable to the Utility Proxy Group of 8.60% to 11.55% to reflect Foothills' greater risk due to its smaller relative size. The determination is based on the size premiums for portfolios of New York Stock Exchange, American Stock Exchange, and NASDAQ listed companies ranked by deciles for the 1926 to 2022 period as shown on the bottom half of page 1 of Exhibit DWD-7. The average size premium for the Utility Proxy Group with a market capitalization

<sup>23</sup> \$84.044 = \$51.081M (Foothills total requested rate base) \* 60.60% (Foothills requested equity ratio) \* 271.5% (market-to-book ratio of the Utility Proxy Group) as demonstrated on page 2 of Exhibit DWD-7.

1 of \$3.0 billion falls in the 5<sup>th</sup> decile, while the Company's estimated market  
2 capitalization of \$84 million places it in the 10<sup>th</sup> decile. The size premium spread  
3 between the 5<sup>th</sup> decile and the 10<sup>th</sup> decile is 3.90% as shown on the top of page 1  
4 of Exhibit DWD-7. In view of the Company's small size and riskier regulatory  
5 environment compared to the Utility Proxy Group and the indicated 3.90%  
6 indicated size adjustment, I conservatively recommend a business risk adjustment  
7 of 1.00% be added to the Utility Proxy Group-specific range of ROEs to reflect  
8 Foothills' unique risks.

9  
10 **Q. WHAT IS THE INDICATED RANGE OF COMMON EQUITY COST RATES**  
11 **AFTER YOUR COMPANY-SPECIFIC ADJUSTMENT?**

12 A. Applying the 1.00% business risk adjustment to the indicated range of common  
13 equity cost rates between 8.60% and 11.55% results in a Company-specific range  
14 of common equity rates between 9.60% and 12.55%. In consideration of the  
15 indicated range and the tumultuous economic environment, the Company requests  
16 an ROE of 10.00% for Foothills in this proceeding.

17  
18 **IX. Calculation of the Fair Value Rate Base**

19 **Q. WHAT FVRB VALUES HAVE YOU CALCULATED FOR THE COMPANY'S**  
20 **WATER AND SEWER OPERATIONS BEFORE ADJUSTMENTS FOR POST-**  
21 **TEST YEAR PLANT?**

22 A. I have calculated FVRBs of \$22,250,952 and \$43,918,996 for the Company's  
23 water and sewer operations, respectively, as shown on page 1 of Exhibit DWD-8  
24 and Table 5, below:



**Table 5: Summary of Calculation of FVRB for Foothills' Water and Sewer Operations**

|   | <u>Water Operations</u> | <u>Sewer Operations</u> |
|---|-------------------------|-------------------------|
| Rate Base (original cost) <sup>24</sup>                       | \$4,999,421             | \$22,554,187            |
| Rate Base (trended original cost)                             | <u>\$12,626,929</u>     | <u>\$42,495,236</u>     |
| FVRB before Adjustment for Post-Test Year Plant <sup>25</sup> | \$8,813,175             | \$32,524,711            |
| Adjustment for Post-Test Year Plant <sup>26</sup>             | <u>\$13,437,777</u>     | <u>\$11,394,285</u>     |
| FVRB for Ratemaking Purposes                                  | \$22,250,952            | \$43,918,996            |

The calculation of the original cost rate base and the adjustments for post-test year plant are sponsored by Company Witness Ray L. Jones, P.E. The calculation of the trended original cost rate base will be explained in the remainder of this Direct Testimony.

**Q. WHAT IS INCLUDED IN THE COMPANY'S TRENDED ORIGINAL COST RATE BASE BEFORE ADJUSTMENTS FOR POST-TEST YEAR PLANT?**

A. The Company's trended original cost rate base includes the following inputs: (1) the fair value of the Company's plant in service; (2) the fair value of customer contributions and advances in aid of construction; (3) the fair value of accumulated deferred income taxes; (4) working capital; and (5) customer security deposits.

<sup>24</sup> From Company Witness Ray L. Jones, P.E. Rate base includes plant in service, customer contributions, advances and deposits, deferred income taxes, and working capital.

<sup>25</sup> Average of original cost and trended original cost rate bases.

<sup>26</sup> From Company Witness Ray L. Jones, P.E.

1 **Q. HOW IS THE FAIR VALUE OF PLANT IN SERVICE CALCULATED?**

2 A. The fair value of plant in service (which includes contributions and advances in aid  
3 of construction) is calculated by conducting a trended original cost study to  
4 determine the reconstruction cost new less depreciation ("RCNLD").

5 **Q. WHAT IS AN RCNLD STUDY?**

6 A. The Arizona Administrative Code defines RCNLD as:

7  
8 An amount consisting of the depreciated reconstruction cost  
9 new of the property (exclusive of contribution and/or advances  
10 in aid of construction) at the end of the test year, used and  
11 useful, plus a proper allowance for working capital and  
12 including all applicable pro forma adjustments. Contributions  
13 and advances in aid of construction, if recorded in the  
14 accounts of the public service corporation, shall be increased  
15 to a reconstruction new basis. (A.A.C. R14-2-103(A)(3)(n))

16 RCNLD refers to the estimated cost of reconstructing the Company's  
17 property new at today's cost after deducting accumulated depreciation and  
18 amortization, which are also both restated in current dollars.

19 **Q. PLEASE EXPLAIN HOW YOU CALCULATED THE RCNLD.**

20 A. As mentioned above, the RCNLD was determined through a trended original cost  
21 study. In order to arrive at the RCNLD for Foothills' water and sewer rate bases, I  
22 began with the original cost of the water and sewer assets provided to me by Mr.  
23 Jones. I then used the Handy-Whitman Index (the "Index") to determine the current  
24 reconstruction value. The Index is prepared specifically for electric, gas, and water  
25 utilities, and is the only publication of its kind available to the public. The Index has  
26 been published continuously since 1924. The Index is comprised of historical index  
27 values for various accounts prescribed by the National Association of Regulatory  
28 Utility Commissioners ("NARUC") Uniform System of Accounts, as well as for

1 construction, material, and labor, by geographic region of the United States. For  
2 assets not included in the Index, I used the Producer Pricing Index.<sup>27</sup>

3 The trended original cost method consists of the development of adjustment  
4 factors from the time when the asset was put into service to the current date. For  
5 example, an average main (NARUC account 331) placed into service in 1985 with  
6 an original cost of \$100,000 would be trended forward by the ratio of the index  
7 value at the current date divided by the index value at the time of installation. The  
8 index value of NARUC account 331 in January 2023 is 1055.00, and the index  
9 value in 1985 when the assets were installed was 248.00, which means the ratio  
10 applied to the original cost of the distribution main would be 4.25.<sup>28</sup> This would  
11 translate into a current cost for that main of \$425,000.<sup>29</sup>

13 The next step in deriving the RCNLD for the Company's water and sewer  
14 operations is to quantify the amount of physical deterioration, functional  
15 obsolescence, and economic obsolescence of the assets. Physical deterioration is  
16 caused by use, wear and tear, and the aging process. Functional obsolescence is  
17 caused by changes in design or construction to create efficiencies not present in  
18 the current asset. Economic obsolescence is a loss in value due to external factors  
19 not in the control of the entity such as economic conditions. The most common  
20 measure of physical deterioration is the reserve held for depreciation, which is  
21 based on the asset's remaining life versus its average useful life. Functional  
22 obsolescence is measured by comparing the subject asset to a replacement asset  
23  
24  
25

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26 <sup>27</sup> Specifically communication equipment and computers, construction equipment, laboratory equipment, office  
equipment, tools, and vehicles.

27 <sup>28</sup>  $1,055.00 / 248.00 = 4.25$ .

28 <sup>29</sup>  $(1,055.00 / 248.00) \times \$100,000 = \$425,000$ .

1 with current technology. The Company indicated that there is no significant  
2 functional obsolescence for their assets. Economic obsolescence is usually  
3 measured by market conditions, which have been supportive towards the water  
4 and wastewater industries in the recent past, as well as prospectively, so I do not  
5 believe there is significant economic obsolescence present in the Company's  
6 assets. Since the only applicable measure of loss of value is physical  
7 deterioration, the useful lives for each asset were determined, and reserves for  
8 depreciation were calculated for each asset as provided to me by Mr. Jones.

9 **Q. ARE TRENDED ORIGINAL COST STUDIES AN ACCEPTED APPROACH TO**  
10 **DETERMINING RCNLD?**  
11

12 A. Yes, they are. The use of trended original cost studies and the Handy-Whitman  
13 indices to determine RCNLD values are a common practice accepted by the  
14 Commission.<sup>30</sup>  
15

16 **Q. WHAT ARE THE RCNLD VALUES OF FOOTHILLS' WATER AND SEWER**  
17 **PLANT IN SERVICE AT THE END OF THE ADJUSTED TEST YEAR?**

18 A. The RCNLD for Foothills' water and sewer plant in service are \$30,583,245 and  
19 \$47,460,937, as shown on pages 1 and 2 of Exhibit DWD-8, respectively. The  
20 detailed trending analyses for the water and sewer plant in service are presented  
21 in pages 3 through 6 (water) and 7 through 10 (sewer) in Exhibit DWD-8  
22  
23

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24 <sup>30</sup> See, e.g. Citizens Communications, inc., Decision No. 60172 (May 7, 1997), Paradise Valley Water  
25 Company, Decision No. 60220 (May 29, 1997), Chaparral City Water Company, Decision No. 68176  
26 (September 30, 2005), Chaparral City Water Company, Decision No. 71308 (October 21, 2009),  
27 Tucson Electric Power Company, Decision No. 73912 (June 27, 2013), UNS Gas, Inc., Decision No.  
28 73142 (May 1, 2012), EPCOR Water Arizona inc. Decision No. 76162 (June 28, 2017) (Arizona  
wastewater districts minus Luke 303 and San Tan), and EPCOR Water Arizona Inc. Decision No.  
78439 (February 1, 2022) (Arizona water districts minus San Tan).

1 **Q. WHAT ELSE NEEDS TO BE ADDED TO THE RCNLD TO COMPLETE THE**  
2 **RATE BASE CALCULATION?**

3 A. To complete the rate base calculation, fair values of accumulated deferred income  
4 taxes, advances in aid of construction, and contributions in aid of construction need  
5 to be added to the RCNLD in addition to the Company's working capital needs and  
6 customer deposits, which are not adjusted.

7 **Q. HOW DID YOU CALCULATE THE FAIR VALUE OF THE ABOVE VARIABLES?**

8 A. To calculate the fair value of accumulated deferred income taxes and advances  
9 and contributions in aid of construction, I used the average weighted age of each  
10 system (approximately 17 and 9 years for the water and sewer systems,  
11 respectively) and from there used the weighted average Index ratio to calculate  
12 the trending ratio used for the calculation of the fair values of those assets. The  
13 2.20 (water) and 1.54 (sewer) Index ratios are put forth on pages 3 and 7 of Exhibit  
14 DWD-8, respectively. Those ratios are then applied to the original cost values to  
15 derive the fair value.  
16  
17

18 **Q. WHAT ARE THE RCNLD RATE BASES FOR FOOTHILL'S WATER AND**  
19 **SEWER OPERATIONS?**

20 A. They are \$26,064,706 (water) and \$53,889,521 (sewer) as shown on line 9 of  
21 pages 1 and 2, respectively, of Exhibit DWD-8.

22 **Q. HOW DO YOU CALCULATE THE FVI?**

23 A. The FVI is simply the difference between the original cost less depreciation rate  
24 base ("OCRB") and the FVRB. As shown on line 11 of pages 1 and 2 of Exhibit  
25 DWD-8, the FVIs for the water and sewer operations are \$3,813,754 and  
26 \$9,970,525, respectively.  
27  
28

1 X. Rate of Return on the Fair Value Incremental Rate Base

2 Q. IS FOOTHILLS REQUESTING THAT RATES BE SET IN THIS PROCEEDING  
3 BASED ON A FAIR VALUE RATE BASE?

4 A. Yes.

5 Q. HOW DOES THE COMMISSION TYPICALLY ESTIMATE THE FAIR VALUE  
6 RATE OF RETURN ("FVROR") ON THE FAIR VALUE RATE BASE?

7 A. It is my understanding that the Commission has estimated the FVROR on the  
8 FVRB by first applying the overall rate of return based on a market-based cost of  
9 common equity relative to the common equity portion of the OCRB and the debt  
10 cost rate relative to the debt portion of the OCRB. Then, the Commission applies  
11 a return loosely based on the estimated real risk-free rate to the difference between  
12 the OCRB and the FVRB, with this difference known as the FVII.<sup>31</sup>

14 Q. DO YOU AGREE WITH THE COMMISSION'S TRADITIONAL METHOD OF  
15 ESTIMATING THE RETURN ON THE FAIR VALUE INCREMENT?

16 A, No, I believe that the Commission's traditional approach is conservative. Because  
17 common equity investors bear greater investment risk being last in line in any claim  
18 on a firm's assets and earnings, they require a greater return than do debt investors  
19 as discussed previously. Therefore, the basic premise of the Commission's  
20 method, namely, that equity investors require a lower return than the nominal risk-  
21 free rate on the FVI to rate base is inconsistent with the basic financial principle of  
22 risk and return. My cost of common equity analysis is based on the market data of  
23 utilities of comparable risk to Foothills. Moreover, investors purchase stock at the  
24  
25

26  
27 <sup>31</sup> Decision No. 70665, Docket No. G-01551A-07-0504 (Southwest Gas Corporation) (Dec. 24, 2008) at  
28 32.

1 market value of that stock, requiring and expecting to receive a return on that  
2 market value. Thus, the FVRB and the FVI are analogous to a return on the market  
3 value of investors' investment.

4 In regulation, rate base, no matter whether measured by book value or fair  
5 value, is presumed to be financed with a mix of both debt and common equity.  
6 Thus, there is no basis for presuming that the FVRB is financed with any other mix  
7 of capital than what is contained in a utility's book value capital structure.  
8 Therefore, the return on the FVI should be a return based on the same mix of debt  
9 and common equity cost rates as the overall rate of return applied to the OCRB.  
10 Despite my disagreement with the approach the Commission has used in  
11 establishing the return on the fair value increment, Foothills is willing to accept the  
12 Commission's traditional method in this case so long as the Commission properly  
13 addresses fair value in establishing the overall revenue requirement.  
14

15 **Q. SHOULD THE RETURN SET ON THE FVI BE 0.00%?**

16 **A.** No, it should not. Although I am not an attorney and defer to the Company's legal  
17 counsel on this issue, applying a zero-percent return is contrary to the  
18 constitutional obligation to consider and utilize fair value to establish the utility's  
19 revenue requirement. In other words, while the Company can accept the  
20 Commission's methodology, Foothills believes a zero-percent return on the fair  
21 value increment improperly ignores fair value in determining the utility's revenue  
22 requirement.  
23  
24  
25  
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28

1 Q. HAVE YOU ESTIMATED A RETURN ON THE FVI USING THE COMMISSION'S  
2 METHOD?

3 A. Yes. However, in doing so, I have recognized the fact that the FVRB is an equal  
4 blend, or average, of the OCRB and the RCNLD rate base by estimating inflation  
5 as an average of historical and projected inflation, and the nominal risk-free rate  
6 as an average of an historical and projected risk-free rate.

7 Q. HOW DID YOU ESTIMATE INFLATION?

8 A. First, as shown on line 1 of Exhibit DWD-9, I estimated historical inflation of 3.87%  
9 as the average annual inflation from 1962 – 2022 from SBBI - 2023.<sup>32</sup> I have used  
10 the 1962 – 2022 (61 years) time frame because the average life of Foothill's utility  
11 plant is approximately 61 years based on the composite depreciation rate of the  
12 components of their utility plant.<sup>33</sup>

14 Second, I averaged two measures of projected inflation. As shown on line  
15 2 of Exhibit DWD-9, I estimated projected inflation of 2.36% based on projections  
16 from 2022 - 2032 of the Consumer Price Index from the U.S. Annual Energy  
17 Outlook 2023 ("AEO")<sup>34</sup>. On line 3, I estimated projected inflation of 2.20% by  
18 averaging the long-range forecasts for 2025 – 2029 (2.20%) and 2030 – 2034  
19 (2.20%) from the June 1, 2023 *Blue Chip Financial Forecast* ("Blue Chip").<sup>35</sup>  
20 Averaging the AEO projected inflation of 2.36% with projected inflation of 2.20%  
21 results in projected inflation of 2.28% as shown on line 4 of Exhibit DWD-9.

25  
26 <sup>32</sup> SBBI- 2023 Appendices A-7 and A-15.

<sup>33</sup> Weighted average Composite depreciation rate = 1.72%.  $1 / 1.72\% = \sim 61$  years.

<sup>34</sup> Table 20. Macroeconomic Indicators. <http://www.eia.gov/forecasts/aeo/>

<sup>35</sup> See page 8 of Exhibit DWD-4.



1 Finally, I averaged historical inflation of 3.87% with the mean projected  
2 inflation of 2.28%, resulting in an inflation rate of 3.08% as shown on line 5 of  
3 Exhibit DWD-9.

4 **Q. HOW DID YOU ESTIMATE THE NOMINAL RISK-FREE RATE?**

5 A. First, as shown on line 6 of Exhibit DWD-9, the nominal historical risk-free rate of  
6 6.01% is estimated as the average annual income return on long-term U.S.  
7 government bonds from the same 1962 – 2022 time period discussed above from  
8 SBBI - 2023.<sup>36</sup>  
9

10 Second, as shown on line 7 of Exhibit DWD-9, I estimated the nominal  
11 projected risk-free rate of 3.85% by averaging the long-range forecasts for 2025 –  
12 2029 (3.80%) and 2030 – 2034 (3.90%) from the June 1, 2023 *Blue Chip*.

13 Averaging the nominal historical risk-free rate of 6.01% with the nominal  
14 projected risk-free of 3.85% results in a nominal projected risk-free rate of 4.93%  
15 as shown on line 8 of Exhibit DWD-9.

16 **Q. HOW DID YOU ESTIMATE THE REAL RISK-FREE RATE?**

17 A. I estimated the real risk-free rate by adjusting the mean nominal risk-free rate of  
18 4.93% by the mean inflation rate of 3.08% as shown on line 5 of Exhibit DWD-9;  
19 using the formula in note 7 on Exhibit DWD-8, resulted in a mean real risk-free rate  
20 of 1.79%.<sup>37</sup>  
21

22 The resulting return on the FVI is one-half of the 1.79% real risk-free rate,  
23 or 0.90%, as shown on line 10 on Exhibit DWD-9.  
24  
25

26  
27 <sup>36</sup> SBBI - 2023 Appendix A-7.

<sup>37</sup>  $1.79\% = ((1 + 4.93\%) / (1 + 3.08\%)) - 1$ .

**XI. Overall Fair Rate of Return**

**Q. WHAT ARE THE COMPANY'S REQUESTED FVRORS FOR ITS WATER AND SEWER OPERATIONS?**

A. The Company's requested FVRORs for its water and sewer operations are summarized on Exhibit DWD-10 and Tables 6 and 7, below:

**Table 6: Summary of the Weighted Average Cost of Capital – Water FVRB**

| <u>Type of Capital</u> | <u>Ratios</u>  | <u>Cost Rate</u> | <u>Weighted Cost Rate</u> |
|------------------------|----------------|------------------|---------------------------|
| Long-Term Debt         | 32.65%         | 5.48%            | 1.79%                     |
| Common Equity          | 51.21%         | 10.00%           | 5.02%                     |
| FVI                    | <u>17.14%</u>  | 0.90%            | <u>0.15%</u>              |
| Total                  | <u>100.00%</u> |                  | <u>6.96%</u>              |

**Table 7: Summary of the Weighted Average Cost of Capital – Sewer FVRB**

| <u>Type of Capital</u> | <u>Ratios</u>  | <u>Cost Rate</u> | <u>Weighted Cost Rate</u> |
|------------------------|----------------|------------------|---------------------------|
| Long-Term Debt         | 30.46%         | 5.48%            | 1.67%                     |
| Common Equity          | 46.84%         | 10.00%           | 4.68%                     |
| FVI                    | <u>22.70%</u>  | 0.90%            | <u>0.20%</u>              |
| Total                  | <u>100.00%</u> |                  | <u>6.55%</u>              |

**XII. Conclusion**

**Q. PLEASE STATE YOUR CONCLUSIONS.**

A. The Company's requested common equity cost rate of 10.00% is a just and reasonable return which ensures the integrity of presently invested capital and enables the attraction of needed new capital on reasonable terms given the results of my analyses. It also ensures that Foothills will be able to continue providing safe, adequate, and reliable water service to the benefit of customers. Thus, it balances the interests of both customers and the Company.

1 Likewise, the Company's proposed capital structure, which consists of  
2 39.40% long-term debt at an embedded cost rate of 5.48% and 60.60% common  
3 equity is reasonable as it is comparable with the capital structures maintained by  
4 the Utility Proxy Group

5 Finally, the Company's requested return on the FVI of 0.90% is a  
6 conservative measure of the return that would be required by investors, as  
7 compared to my independent analysis.

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

9 **A.** Yes.  
10  
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## Appendix A: Cost of Common Equity Models

### A. Discounted Cash Flow Model

**Q. PLEASE DESCRIBE THE SINGLE-STAGE CONSTANT GROWTH DCF MODEL.**

**A.** As noted above, the DCF model is based on the theory that the present value of an expected future stream of net cash flows during the investment holding period can be determined by discounting those cash flows at the cost of capital, or the investors' capitalization rate. Mathematically this is shown as:

$$P_0 = \frac{D_1}{(1+ke)} + \frac{D_2}{(1+ke)^2} + \dots + \frac{D_t}{(1+ke)^t}$$

where:

$k$  = the required Return on Common Equity;

$D_1 \dots D_t$  = the future expected dividends; and

$P_0$  = the current stock price.

The above equation can be rearranged to form the single-stage constant growth DCF model as such:

$$K_e = (D_0 (1+g))/P + g$$

where:

$K_e$  = the required Return on Common Equity;

$D_0$  = the annualized Dividend Per Share;

$P$  = the current stock price; and

$g$  = the growth rate.

In this form, the required ROE is equal to the expected dividend yield plus an expected long-term growth rate.

1 Q. PLEASE DESCRIBE THE DIVIDEND YIELD YOU USED IN YOUR  
2 APPLICATION OF THE DCF MODEL.

3 A. The unadjusted dividend yields are based on the proxy companies' dividends as  
4 of August 31, 2023, divided by the average of closing market prices for the 60  
5 trading days ending August 31, 2023.<sup>38</sup>

6 Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO THE DIVIDEND YIELD.

7 A. Because dividends are paid periodically (quarterly), as opposed to continuously  
8 (daily), an adjustment must be made to the dividend yield. This is often referred  
9 to as the discrete, or the Gordon Periodic, version of the DCF model.

10  
11 DCF theory calls for the use of the full growth rate, or  $D_1$ , in calculating the  
12 dividend yield component of the model. Since the various companies in the Utility  
13 Proxy Group increase their quarterly dividend at various times during the year, a  
14 reasonable assumption is to reflect one-half the annual dividend growth rate in the  
15 dividend yield component, or  $D_{1/2}$ . Because the dividend should be representative  
16 of the next 12-month period, my adjustment is a conservative approach that does  
17 not overstate the dividend yield. Therefore, the actual average dividend yields in  
18 Column 1 on page 1 of Exhibit DWD-3 have been adjusted upward to reflect one-  
19 half the average projected growth rate shown in Column 5.

20  
21 Q. PLEASE EXPLAIN THE BASIS OF THE GROWTH RATES YOU APPLIED TO  
22 THE UTILITY PROXY GROUP IN YOUR DCF MODEL.

23 A. Investors with more limited resources than institutional investors are likely to rely  
24 on widely available financial information services, such as *Value Line*, *Zacks*, and  
25

26  
27 <sup>38</sup> See, Exhibit DWD-3, page 1, Column 1.

1 Yahoo! Finance. Investors realize that analysts have significant insight into the  
2 dynamics of the industries and individual companies they analyze, as well as  
3 companies' abilities to effectively manage the effects of changing laws and  
4 regulations, and ever-changing economic and market conditions. For these  
5 reasons, I used analysts' five-year forecasts of EPS growth in my DCF analysis.

6 Over the long run, there can be no growth in DPS without growth in EPS.  
7 Security analysts' earnings expectations have a more significant influence on  
8 market prices than dividend expectations. Thus, using projected earnings growth  
9 rates in a DCF analysis provides a better match between investors' market price  
10 appreciation expectations and the growth rate component of the DCF.  
11

12 **B. The Risk Premium Model**

13 **Q. PLEASE EXPLAIN HOW YOU DERIVED YOUR INDICATED COST OF**  
14 **COMMON EQUITY BASED ON THE RPM.**

15 A. I relied on the application of the RPM using a total market approach. The total  
16 market approach indirectly derives a risk premium by using known metrics as a  
17 proxy for risk. The risk premium is subsequently applied to an expected bond yield  
18 of 5.79% applicable to the Utility Proxy Group.  
19

20 **Q. PLEASE EXPLAIN THE BASIS OF THE EXPECTED BOND YIELD OF 5.79%**  
21 **APPLICABLE TO THE UTILITY PROXY GROUP.**

22 A. The first step in the total market approach RPM analysis is to determine the  
23 expected bond yield. Because both ratemaking and the cost of capital, including  
24 common equity cost rate, are prospective in nature, a prospective yield on  
25 similarly-rated long-term debt is essential. I rely on a consensus forecast of about  
26 50 economists of the expected yield on Aaa-rated corporate bonds for the six  
27  
28

1 calendar quarters ending with the fourth calendar quarter of 2024, and the long-  
2 term projections for 2025 to 2029, and 2030 to 2034 from *Blue Chip*. As shown on  
3 line 1 of page 1 of Exhibit DWD-4, the average expected yield on Moody's Aaa-  
4 rated corporate bonds is 4.94%. In order to derive an expected yield on A2-rated  
5 public utility bonds, I make an upward adjustment of 0.74%, which represents a  
6 recent spread between Aaa-rated corporate bonds and A2-rated public utility  
7 bonds, in order to adjust the expected Aaa-rated corporate bond yield to an  
8 equivalent Moody's A2-rated public utility bond.<sup>39</sup> Adding that recent 0.74% spread  
9 to the expected Aaa-rated corporate bond yield of 4.94% results in an expected  
10 A2-rated public utility bond of 5.68%.  
11

12 Since the Utility Proxy Group's average Moody's long-term issuer rating is  
13 A3, another adjustment to the expected A2 rated public utility bond yield is needed  
14 to reflect the difference in bond ratings. An upward adjustment of 0.11%, which  
15 represents one-third of a recent spread between A2 and Baa2 rated public utility  
16 bond yields, is necessary to make the A2 rated prospective bond yield applicable  
17 to an A3 rated public utility bond.<sup>40</sup> Adding the 0.11% to the 5.68% prospective A2  
18 rated public utility bond yield results in a 5.79% expected bond yield for the Utility  
19 Proxy Group.  
20  
21  
22  
23  
24

25 <sup>39</sup> As shown on line 2 and explained in note 2 of page 1 of Exhibit DWD-4.

26 <sup>40</sup> As shown on line 4 and explained in note 3, page 3 of Schedule DWD-4. Moody's does not provide  
27 public utility bond yields for A3 rated bonds. As such, it was necessary to estimate the difference  
28 between A2 rated and A3 rated public utility bonds. Because there are three steps between Baa2 and  
A2 (Baa2 to Baa1, Baa1 to A3, and A3 to A2) I assumed an adjustment of one-third of the difference  
between the A2 rated and Baa2 rated public utility bond yield was appropriate.

**Table A-1: Summary of the Calculation of the Utility Proxy Group Projected Bond Yield<sup>41</sup>**

|   |              |
|---|--------------|
| Prospective Yield on Moody's Aaa Rated Corporate Bonds ( <i>Blue Chip</i> )                                     | 4.94%        |
| Adjustment to Reflect Yield Spread Between Moody's Aaa Rated Corporate Bonds and Moody's A2 Rated Utility Bonds | 0.74%        |
| Adjustment to Reflect the Utility Proxy Group's Average Moody's Bond Rating of A3                               | <u>0.11%</u> |
| Prospective Bond Yield Applicable to the Utility Proxy Group  | <u>5.79%</u> |

To develop the indicated ROE using the total market approach RPM, this prospective bond yield is then added to the average of the three different equity risk premiums described below.

**Q. PLEASE EXPLAIN HOW THE BETA-DERIVED EQUITY RISK PREMIUM IS DETERMINED.**

A. The components of the beta-derived risk premium model are: 1) an expected market equity risk premium over corporate bonds, and 2) beta. The derivation of the beta-derived equity risk premium that I applied to the Utility Proxy Group is shown on lines 1 through 9 of page 6 of Exhibit DWD-4. The total beta-derived equity risk premium I applied was based on an average of: 1) Ibbotson-based equity risk premiums; 2) *Value Line*-based equity risk premiums; and 3) Bloomberg-based equity risk premium. Each of these is described in turn.

**Q. HOW DID YOU DERIVE A MARKET EQUITY RISK PREMIUM BASED ON LONG-TERM HISTORICAL DATA?**

A. To derive a historical market equity risk premium, I used the most recent holding period returns for the large company common stocks from the Stocks, Bonds, Bills,

<sup>41</sup> As shown on page 1 of Exhibit DWD-4.



1 and Inflation (“SBBI”) 2023 Yearbook (“SBBI – 2023”)<sup>42</sup> less the average historical  
2 yield on Moody’s Aaa/Aa-rated corporate bonds for the period 1928 to 2022. The  
3 use of holding period returns over a very long period of time is appropriate because  
4 it is consistent with the long-term investment horizon presumed by investing in a  
5 going concern, *i.e.*, a company expected to operate in perpetuity.

6 SBBI-2023’s long-term arithmetic mean monthly total return rate on large  
7 company common stocks was 11.78% and the long-term arithmetic mean monthly  
8 yield on Moody’s Aaa/Aa-rated corporate bonds was 5.96% from 1928 to 2022.<sup>43</sup>  
9 As shown on line 1 of page 6 of Exhibit DWD-4, subtracting the mean monthly  
10 bond yield from the total return on large company stocks results in a long-term  
11 historical equity risk premium of 5.82%.

12  
13 I used the arithmetic mean monthly total return rates for the large company  
14 stocks and yields (income returns) for the Moody’s Aaa/Aa-rated corporate bonds,  
15 because they are appropriate for the purpose of estimating the cost of capital as  
16 noted in SBBI – 2023.<sup>44</sup> The use of the arithmetic mean return rates and yields is  
17 appropriate because historical total returns and equity risk premiums provide  
18 insight into the variance and standard deviation of returns needed by investors in  
19 estimating future risk when making a current investment. If investors relied on the  
20 geometric mean of historical equity risk premiums, they would have no insight into  
21 the potential variance of future returns because the geometric mean relates to the  
22

23  
24  
25  
26 <sup>42</sup> SBBI-2023 Appendix A Tables: Morningstar Stocks, Bonds, Bills, & Inflation 1926-2022.

27 <sup>43</sup> As explained in note 1 on page 6 of Exhibit DWD-4.

28 <sup>44</sup> SBBI – 2023, at 200-201.

change over many periods to a constant rate of change, thereby obviating the year-to-year fluctuations, or variance, which is critical to risk analysis.

**Q. PLEASE EXPLAIN THE DERIVATION OF THE REGRESSION-BASED MARKET EQUITY RISK PREMIUM.**

A. To derive the regression analysis-derived market equity risk premium of 7.22%, shown on line 2 of page 6 of Exhibit DWD-4, I used the same monthly annualized total returns on large company common stocks relative to the monthly annualized yields on Moody's Aaa/Aa-rated corporate bonds as mentioned above. The relationship between interest rates and the market equity risk premium was modeled using the observed monthly market equity risk premium as the dependent variable, and the monthly yield on Moody's Aaa/Aa-rated corporate bonds as the independent variable. I used a linear Ordinary Least Squares ("OLS") regression, in which the market equity risk premium is expressed as a function of the Moody's Aaa/Aa-rated corporate bond yield:

$$RP = \alpha + \beta (R_{Aaa/Aa})$$

Using the equation generated by the regression, an expected equity risk premium of 7.22% is calculated using the average forecast of Aaa corporate bond yield of 4.94%, as discussed above.

**Q. PLEASE EXPLAIN THE DERIVATION OF A PROJECTED EQUITY RISK PREMIUM BASED ON *VALUE LINE* SUMMARY & INDEX DATA FOR YOUR RPM ANALYSIS.**

A. As noted previously, because both ratemaking and the cost of capital are prospective, a prospective market equity risk premium is needed. The derivation of the forecasted or prospective market equity risk premium can be found in note

3 on page 6 of Exhibit DWD-4. Consistent with the premise that capital appreciation plus income returns equal total returns, this prospective market return is derived from an average of the three to five-year median market price appreciation potential by *Value Line's* Summary & Index for the 13 weeks ending September 1, 2023, plus an average of the median estimated dividend yield for the common stocks of the 1,700 firms covered in *Value Line's* Standard Edition.<sup>45</sup>

The average median expected price appreciation is 58%, which translates to a 12.12% annual appreciation, and when added to the average of *Value Line's* median expected dividend yields of 2.25%, equates to a forecasted annual total return rate on the market of 14.37%. The forecasted Aaa-rated bond yield of 4.94% is deducted from the total market return of 14.37%, resulting in an equity risk premium of 9.43%, shown on page 6, line 3 of Exhibit DWD-4.

**Q. PLEASE EXPLAIN THE DERIVATION OF AN EQUITY RISK PREMIUM BASED ON VALUE LINE DATA FOR THE S&P 500 COMPANIES.**

A. Using data from *Value Line*, I calculated an expected total return on the S&P 500 using expected dividend yields as a proxy for income returns and long-term growth estimates as a proxy for capital appreciation. The expected total return for the S&P 500 is 13.78%. Subtracting the prospective yield on Aaa-rated Corporate bonds of 4.94% results in an 8.84% projected equity risk premium.

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<sup>45</sup> As explained in detail in page 2, note 1 of Exhibit DWD-5.

1 Q. PLEASE EXPLAIN THE DERIVATION OF AN EQUITY RISK PREMIUM BASED  
2 ON BLOOMBERG DATA.

3 A. Using data from Bloomberg, I calculated an expected total return on the S&P 500  
4 using expected dividend yields as a proxy for income returns and long-term growth  
5 estimates as a proxy for capital appreciation, identical to the method described  
6 above. The expected total return for the S&P 500 is 16.46%. Subtracting the  
7 prospective yield on Aaa-rated Corporate bonds of 4.94% resulted in an 11.52%  
8 projected equity risk premium.

9 Q. WHAT IS YOUR CONCLUSION OF A BETA-DERIVED EQUITY RISK PREMIUM  
10 FOR USE IN YOUR RPM ANALYSIS?  
11

12 A. I gave equal weight to the five equity risk premiums in arriving at my conclusion of  
13 8.56%.<sup>46</sup>

14 **Table A-2: Summary of the Calculation of the Equity Risk Premium Using**  
15 **Total Market Returns**<sup>47</sup>

|   |                     |
|---|---------------------|
| Historical Spread Between Total Returns of Large Stocks and Aaa and Aa2-Rated Corporate Bond Yields (1928 – 2022)   | 5.82%               |
| Regression Analysis on Historical Data  | 7.22%               |
| Prospective Equity Risk Premium using Total Market Returns from <i>Value Line</i> Summary & Index less Projected Aaa Corporate Bond Yields  | 9.43%               |
| Prospective Equity Risk Premium using Measures of Capital Appreciation and Income Returns from <i>Value Line</i> for the S&P 500 less Projected Aaa Corporate Bond Yields               | 8.84%               |
| Prospective Equity Risk Premium using Measures of Capital Appreciation and Income Returns from Bloomberg Professional Services for the S&P 500 less Projected Aaa Corporate Bond Yields | <u>11.52%</u>       |
| <b>Average</b>  | <u><b>8.56%</b></u> |

26  
27 <sup>46</sup> See, line 6 on page 6 of Exhibit DWD-4.

28 <sup>47</sup> As shown on page 6 of Exhibit DWD-4.

After calculating the average market equity risk premium of 8.56%, I adjusted it by beta to account for the risk of the Utility Proxy Group. As discussed below, the beta is a meaningful measure of prospective relative risk to the market as a whole and is a logical means by which to allocate a company's, or proxy group's, share of the market's total equity risk premium relative to corporate bond yields. As shown on page 1 of Exhibit DWD-5, the average of the mean and median beta for the Utility Proxy Group is 0.76. Multiplying the beta of the Utility Proxy Group of 0.76 by the market equity risk premium of 8.56% resulted in a beta-adjusted equity risk premium of 6.51% for the Utility Proxy Group.

**Q. HOW DID YOU DERIVE THE EQUITY RISK PREMIUM BASED ON THE S&P UTILITY INDEX AND MOODY'S A-RATED PUBLIC UTILITY BONDS?**

A. I estimated two equity risk premiums based on S&P Utility Index holding returns, and two equity risk premiums based on the expected returns of the S&P Utilities Index, using *Value Line* and Bloomberg data, respectively. Turning first to the S&P Utility Index holding period returns, I derived a long-term monthly arithmetic mean equity risk premium between the S&P Utility Index total returns of 10.63% and monthly A-rated public utility bond yields of 6.44% from 1928 to 2021, to arrive at an equity risk premium of 4.20%.<sup>48</sup> I then used the same historical data to derive an equity risk premium of 4.97% based on a regression of the monthly equity risk premiums.

I then derived expected total returns on the S&P Utilities Index of 9.72% and 10.07% using data from *Value Line* and Bloomberg, respectively, and

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<sup>48</sup> As shown on line 1 on page 9 of Exhibit DWD-4.

subtracted the prospective A2-rated public utility bond yield (5.68%)<sup>49</sup>, which results in risk premiums of 4.04% and 4.39%, respectively. As with the market equity risk premiums, I averaged each risk premium to arrive at my utility-specific equity risk premium of 4.40%.

**Table A-3: Summary of the Calculation of the Equity Risk Premium Using S&P Utility Index Holding Returns<sup>50</sup>**

|  |                     |
|--|---------------------|
| Historical Spread Between Total Returns of the S&P Utilities Index and A2-Rated Utility Bond Yields (1928 – 2022)  | 4.20%               |
| Regression Analysis on Historical Data   | 4.97%               |
| Prospective Equity Risk Premium using Measures of Capital Appreciation and Income Returns from <i>Value Line</i> for the S&P Utilities Index less Projected A2 Utility Bond Yields               | 4.04%               |
| Prospective Equity Risk Premium using Measures of Capital Appreciation and Income Returns from Bloomberg Professional Services for the S&P Utilities Index less Projected A2 Utility Bond Yields | <u>4.39%</u>        |
| <b>Average</b>   | <u><b>4.40%</b></u> |

**Q. WHAT IS YOUR CONCLUSION OF AN EQUITY RISK PREMIUM FOR USE IN YOUR TOTAL MARKET APPROACH RPM ANALYSIS?**

A. The equity risk premium I applied to the Utility Proxy Group is 5.46%, which is the average of the beta-derived and the S&P utility equity risk premiums of 6.51% and 4.40%, respectively.<sup>51</sup>

**Q. WHAT IS THE INDICATED RPM COMMON EQUITY COST RATE FOR THE UTILITY PROXY GROUP?**

A. As shown on line 7 of Exhibit DWD-4, page 1, I calculated a common equity cost rate of 11.25% for the Utility Proxy Group based on the RPM.

<sup>49</sup> Derived on line 3 of page 1 of Exhibit DWD-4.

<sup>50</sup> As shown on page 9 of Exhibit DWD-4.

<sup>51</sup> As shown on page 5 of Exhibit DWD-4.

**Table A-4: Summary of the Risk Premium Model<sup>52</sup>**

|  |               |
|--|---------------|
| Prospective Moody's A3-Rated Utility Bond<br>Applicable to the Utility Proxy Group | 5.79%         |
| Prospective Equity Risk Premium  | <u>5.46%</u>  |
| Indicated Cost of Common Equity  | <u>11.25%</u> |

**C. The Capital Asset Pricing Model**

**Q. Please explain the theoretical basis of the CAPM.**

A. CAPM theory defines risk as the co-variability of a security's returns with the market's returns as measured by beta ( $\beta$ ). A beta of less than 1.0 indicates lower variability than the market as a whole, while a beta greater than 1.0 indicates greater variability than the market.

The CAPM assumes that all other risk (i.e., all non-market or unsystematic risk) can be eliminated through diversification. The risk that cannot be eliminated through diversification is called market, or systematic, risk. In addition, the CAPM presumes that investors require compensation only for systematic risk, which is the result of macroeconomic and other events that affect the returns on all assets. The model is applied by adding a risk-free rate of return to a market risk premium, which is adjusted proportionately to reflect the systematic risk of the individual security relative to the total market, as measured by beta. The traditional CAPM model is expressed as:

$$R_s = R_f + \beta(R_m - R_f)$$

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<sup>52</sup> As shown on page 1 of Exhibit DWD-4.

Where:  $R_s$  = Return rate on the common stock;  
 $R_f$  = Risk-free rate of return;  
 $R_m$  = Return rate on the market as a whole; and  
 $\beta$  = Adjusted beta (volatility of the security relative to the market as a whole).

Numerous tests of the CAPM have measured the extent to which security returns and beta are related as predicted by the CAPM, confirming its validity. The ECAPM reflects the reality that while the results of these tests support the notion that beta is related to security returns, the empirical Security Market Line ("SML") described by the CAPM formula is not as steeply sloped as the predicted SML.<sup>53</sup> The ECAPM reflects this empirical reality. Fama and French clearly state regarding Figure 2, below, that "[t]he returns on the low beta portfolios are too high, and the returns on the high beta portfolios are too low."<sup>54</sup>

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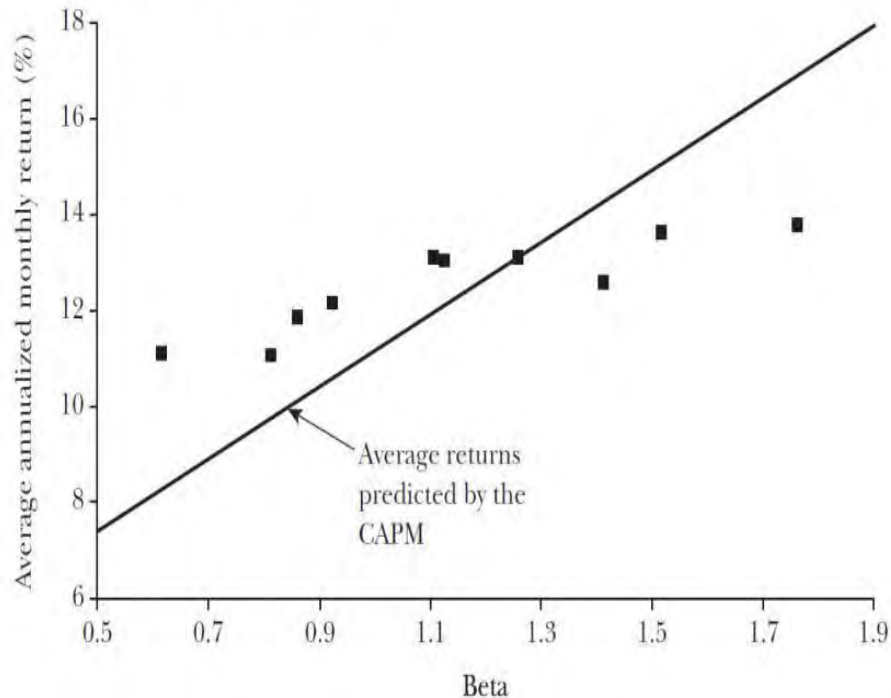
<sup>53</sup> Roger A. Morin, *Modern Regulatory Finance*, Public Utility Reports, Inc., 2021, at 205-209. ("Morin")

<sup>54</sup> Eugene F. Fama and Kenneth R. French, "The Capital Asset Pricing Model: Theory and Evidence", *Journal of Economic Perspectives*, Vol. 18, No. 3, Summer 2004 at 33 ("Fama & French").  
<http://pubs.aeaweb.org/doi/pdfplus/10.1257/0895330042162430>.



Figure 2 <http://pubs.aeaweb.org/doi/pdfplus/10.1257/0895330042162430>

Average Annualized Monthly Return versus Beta for Value Weight Portfolios Formed on Prior Beta, 1928–2003



In addition, Morin observes that while the results of these tests support the notion that beta is related to security returns, the empirical SML described by the CAPM formula is not as steeply sloped as the predicted SML. Morin states:

With few exceptions, the empirical studies agree that ... low-beta securities earn returns somewhat higher than the CAPM would predict, and high-beta securities earn less than predicted.<sup>55</sup>

\* \* \*

Therefore, the empirical evidence suggests that the expected return on a security is related to its risk by the following approximation:

$$K = R_F + x \beta(R_M - R_F) + (1-x) \beta(R_M - R_F)$$

where  $x$  is a fraction to be determined empirically. The value of  $x$  that best explains the observed relationship [is]  $\text{Return} = 0.0829 +$

<sup>55</sup> Morin, at 207.

0.0520  $\beta$  is between 0.25 and 0.30. If  $x = 0.25$ , the equation becomes:

$$K = R_F + 0.25(R_M - R_F) + 0.75 \beta(R_M - R_F)^{56}$$

Fama and French provide similar support for the ECAPM when they state:

The early tests firmly reject the Sharpe-Lintner version of the CAPM. There is a positive relation between beta and average return, but it is too 'flat.'... The regressions consistently find that the intercept is greater than the average risk-free rate... and the coefficient on beta is less than the average excess market return... This is true in the early tests... as well as in more recent cross-section regressions tests, like Fama and French (1992).<sup>57</sup>

Finally, Fama and French further note:

Confirming earlier evidence, the relation between beta and average return for the ten portfolios is much flatter than the Sharpe-Lintner CAPM predicts. The returns on low beta portfolios are too high, and the returns on the high beta portfolios are too low. For example, the predicted return on the portfolio with the lowest beta is 8.3 percent per year; the actual return as 11.1 percent. The predicted return on the portfolio with the highest beta is 16.8 percent per year; the actual is 13.7 percent.<sup>58</sup>

Clearly, the justification from Morin, Fama, and French along with their reviews of other academic research on the CAPM, validate the use of the ECAPM.

In view of theory and practical research, I have applied both the traditional CAPM and the ECAPM to the companies in the Utility Proxy Group and averaged the results.

**Q. What beta did you use in your CAPM analysis?**

A. With respect to beta, I considered two methods of calculation: 1) the average beta of the Utility Proxy Group companies reported by Bloomberg Professional Services; and 2) the average beta of the Utility Proxy Group companies as reported

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<sup>56</sup> Morin, at 221.

<sup>57</sup> Fama & French, at 32.

<sup>58</sup> Fama & French, at 33.

1 by *Value Line*. While both of those services adjust their calculated (or “raw”) betas  
2 to reflect the tendency of beta to regress to the market mean of 1.00, *Value Line*  
3 calculates beta over a five-year period, while Bloomberg’s calculation is based on  
4 two years of data.

5 **Q. Please describe your selection of a risk-free rate of return.**

6 A. As shown in Exhibit DWD-5, the risk-free rate adopted for application of the CAPM  
7 is 4.00%. This risk-free rate of 4.00% is based on the average of the *Blue Chip*  
8 consensus forecast of the expected yields on 30-year U.S. Treasury bonds for the  
9 six quarters ending with the fourth calendar quarter of 2024, and long-term  
10 projections for the years 2025 to 2029 and 2030 to 2034.

12 **Q. Why do you use the projected 30-year Treasury yield in your analyses?**

13 A. The yield on long-term U.S. Treasury Bonds is almost risk-free, and its term is  
14 consistent with the long-term cost of capital to public utilities measured by the  
15 yields on A2-rated public utility bonds, the long-term investment horizon inherent  
16 in utilities’ common stocks, and the long-term life of the jurisdictional rate base to  
17 which the allowed fair rate of return (*i.e.*, cost of capital) will be applied. In contrast,  
18 short-term U.S. Treasury yields are more volatile and largely a function of Federal  
19 Reserve monetary policy.

21 **Q. Please explain the estimation of the expected risk premium for the market**  
22 **used in your CAPM analyses.**

23 A. The basis of the market risk premium is explained in detail in note 1 on page 2 of  
24 Exhibit DWD-5. As discussed previously, the market risk premium is derived from  
25 an average of:

- 26 1) Ibbotson-based market risk premiums;



**Table A-5: Summary of the Calculation of the Market Risk Premium for Use  
in the CAPM<sup>60</sup>**

|  |                     |
|--|---------------------|
| Historical Spread Between Total Returns of Large Stocks and Long-Term Government Bond Yields (1926 – 2023)   | 7.03%               |
| Regression Analysis on Historical Data   | 8.43%               |
| Prospective Equity Risk Premium using Total Market Returns from <i>Value Line</i> Summary & Index less Projected 30-Year Treasury Bond Yields  | 10.37%              |
| Prospective Equity Risk Premium using Measures of Capital Appreciation and Income Returns from <i>Value Line</i> for the S&P 500 less Projected 30-Year Treasury Bond Yields               | 9.78%               |
| Prospective Equity Risk Premium using Measures of Capital Appreciation and Income Returns from Bloomberg Professional Services for the S&P 500 less Projected 30-Year Treasury Bond Yields | <u>12.46%</u>       |
| <b>Average</b>   | <u><b>9.61%</b></u> |

**Q. What are the results of your application of the traditional and empirical CAPM to the Utility Proxy Group?**

A. As shown on page 1 of Exhibit DWD-5, the mean result of my CAPM/ECAPM analysis is 11.75%, the median is 11.34%, and the average of the two is 11.55%. Consistent with my reliance on the average of mean and median DCF results discussed above, the indicated common equity cost rate using the CAPM/ECAPM is 11.55%.

<sup>60</sup> As shown on page 2 of Exhibit DWD-5.

### *Summary*

Dylan is an experienced consultant and a Certified Rate of Return Analyst (CRRA) and Certified Valuation Analyst (CVA). Dylan joined ScottMadden in 2016 and has become a leading expert witness with respect to cost of capital and capital structure. He has served as a consultant for investor-owned and municipal utilities and authorities for 15 years. Dylan has testified as an expert witness on over 150 occasions regarding rate of return, cost of service, rate design, and valuation before more than 35 regulatory jurisdictions in the United States and Canada, an American Arbitration Association panel, and the Superior Court of Rhode Island. He also maintains the benchmark index against which the Hennessy Gas Utility Mutual Fund performance is measured. Dylan holds a B.A. in economic history from the University of Pennsylvania and an M.B.A. with concentrations in finance and international business from Rutgers University.

### *Areas of Specialization*

- Regulation and Rates
- Rate of Return
- Valuation
- Mutual Fund Benchmarking
- Capital Market Risk
- Regulatory Strategy
- Cost of Service

### *Recent Expert Testimony Submission/Appearance*

- Regulatory Commission of Alaska – Capital Structure
- Federal Energy Regulatory Commission – Rate of Return
- Public Utility Commission of Texas – Return on Equity
- Hawaii Public Utilities Commission – Cost of Service / Rate Design
- Pennsylvania Public Utility Commission - Valuation

### *Recent Assignments*

- Provided expert testimony on the cost of capital for ratemaking purposes before numerous state utility regulatory agencies
- Sponsored valuation testimony for a large municipal water company in front of an American Arbitration Association Board to justify the reasonability of their lease payments to the City
- Co-authored a valuation report on behalf of a large investor-owned utility company in response to a new state regulation which allowed the appraised value of acquired assets into rate base

### *Recent Articles and Speeches*

- Co-Author of: “Decoupling, Risk Impacts and the Cost of Capital”, co-authored with Richard A. Michelfelder, Ph.D., Rutgers University and Pauline M. Ahern. The Electricity Journal, March, 2020
- Co-Author of: “Decoupling Impact and Public Utility Conservation Investment”, co-authored with Richard A. Michelfelder, Ph.D., Rutgers University and Pauline M. Ahern. Energy Policy Journal, 130 (2019), 311-319
- “Establishing Alternative Proxy Groups”, before the Society of Utility and Regulatory Financial Analysts: 51st Financial Forum, April 4, 2019, New Orleans, LA
- “Past is Prologue: Future Test Year”, Presentation before the National Association of Water Companies 2017 Southeast Water Infrastructure Summit, May 2, 2017, Savannah, GA.
- Co-author of: “Comparative Evaluation of the Predictive Risk Premium Model™, the Discounted Cash Flow Model and the Capital Asset Pricing Model”, co-authored with Richard A. Michelfelder, Ph.D., Rutgers University, Pauline M. Ahern, and Frank J. Hanley, The Electricity Journal, May, 2013
- “Decoupling: Impact on the Risk and Cost of Common Equity of Public Utility Stocks”, before the Society of Utility and Regulatory Financial Analysts: 45th Financial Forum, April 17-18, 2013, Indianapolis, IN

| Sponsor  | Date  | Case/Applicant   | Docket No.   | Subject                                     |
|--|-------|--|--|---|
| <i>Regulatory Commission of Alaska</i>                       |       |  |  |   |
| Alaska Power Company   | 08/23 | Alaska Power Company   | Docket No. TA 909-2 / U-23-054                     | Capital Structure                           |
| ENSTAR Natural Gas Company                                   | 08/22 | ENSTAR Natural Gas Company                                   | Docket No. TA334-4                                 | Rate of Return                              |
| Cook Inlet Natural Gas Storage Alaska, LLC                   | 07/21 | Cook Inlet Natural Gas Storage Alaska, LLC                   | Docket No. TA45-733                                | Capital Structure                           |
| Alaska Power Company   | 09/20 | Alaska Power Company; Goat Lake Hydro, Inc.; BBL Hydro, Inc. | Tariff Nos. TA886-2; TA6-521; TA4-573              | Capital Structure                           |
| Alaska Power Company   | 07/16 | Alaska Power Company   | Docket No. TA857-2                                 | Rate of Return                              |
| <i>Alberta Utilities Commission</i>                          |       |  |  |   |
| AltaLink, L.P., and EPCOR Distribution & Transmission, Inc.  | 02/23 | AltaLink, L.P., and EPCOR Distribution & Transmission, Inc.  | Proceeding ID. 27084                               | Determination of Cost-of-Capital Parameters |
| AltaLink, L.P., and EPCOR Distribution & Transmission, Inc.  | 01/20 | AltaLink, L.P., and EPCOR Distribution & Transmission, Inc.  | 2021 Generic Cost of Capital, Proceeding ID. 24110 | Rate of Return                              |
| <i>Arizona Corporation Commission</i>                        |       |  |  |   |
| Arizona Water Company  | 12/22 | Arizona Water Company – Eastern Group                        | Docket No. W-01445A-22-0286                        | Rate of Return                              |
| EPCOR Water Arizona, Inc.                                    | 08/22 | EPCOR Water Arizona, Inc.                                    | Docket No. WS-01303A-22-0236                       | Rate of Return                              |
| EPCOR Water Arizona, Inc.                                    | 06/20 | EPCOR Water Arizona, Inc.                                    | Docket No. WS-01303A-20-0177                       | Rate of Return                              |
| Arizona Water Company  | 12/19 | Arizona Water Company – Western Group                        | Docket No. W-01445A-19-0278                        | Rate of Return                              |
| Arizona Water Company  | 08/18 | Arizona Water Company – Northern Group                       | Docket No. W-01445A-18-0164                        | Rate of Return                              |
| <i>Arkansas Public Service Commission</i>                    |       |  |  |   |
| Southwestern Electric Power Co.                              | 07/21 | Southwestern Electric Power Co.                              | Docket No. 21-070-U                                | Return on Equity                            |
| CenterPoint Energy Resources Corp.                           | 05/21 | CenterPoint Arkansas Gas                                     | Docket No. 21-004-U                                | Return on Equity                            |
| <i>California Public Utilities Commission</i>                |       |  |  |   |
| San Gabriel Valley Water Company                             | 05/23 | San Gabriel Valley Water Company                             | Docket No. A23-05-001                              | Return on Equity                            |
| <i>Colorado Public Utilities Commission</i>                  |       |  |  |   |
| Atmos Energy Corporation                                     | 08/22 | Atmos Energy Corporation                                     | Docket No. 22AL-0348G                              | Rate of Return                              |
| Summit Utilities, Inc.                                       | 04/18 | Colorado Natural Gas Company                                 | Docket No. 18AL-0305G                              | Rate of Return                              |
| Atmos Energy Corporation                                     | 06/17 | Atmos Energy Corporation                                     | Docket No. 17AL-0429G                              | Rate of Return                              |
| <i>Commission of the Canada Energy Regulator</i>             |       |  |  |   |
| Trans-Northern Pipelines Inc.                                | 11/22 | Trans-Northern Pipelines Inc.                                | Docket No. C-22197                                 | Cost of Capital                             |
| <i>Delaware Public Service Commission</i>                    |       |  |  |   |
| Artesian Water Company, Inc.                                 | 04/23 | Artesian Water Company, Inc.                                 | Docket No. 23-0601                                 | Rate of Return                              |
| Delmarva Power & Light Co.                                   | 12/22 | Delmarva Power & Light Co.                                   | Docket No. 22-0897 (Electric)                      | Return on Equity                            |
| Delmarva Power & Light Co.                                   | 01/22 | Delmarva Power & Light Co.                                   | Docket No. 22-002 (Gas)                            | Return on Equity                            |
| Delmarva Power & Light Co.                                   | 11/20 | Delmarva Power & Light Co.                                   | Docket No. 20-0149 (Electric)                      | Return on Equity                            |
| Delmarva Power & Light Co.                                   | 10/20 | Delmarva Power & Light Co.                                   | Docket No. 20-0150 (Gas)                           | Return on Equity                            |
| Tidewater Utilities, Inc.                                    | 11/13 | Tidewater Utilities, Inc.                                    | Docket No. 13-466                                  | Capital Structure                           |
| <i>Public Service Commission of the District of Columbia</i> |       |  |  |   |
| Washington Gas Light Company                                 | 04/22 | Washington Gas Light Company                                 | Formal Case No. 1169                               | Rate of Return                              |

| Sponsor  | Date  | Case/Applicant                                   | Docket No.   | Subject                          |
|--|-------|--|--|----------------------------------|
| Washington Gas Light Company                     | 09/20 | Washington Gas Light Company                     | Formal Case No. 1162                               | Rate of Return                   |
| <i>Federal Energy Regulatory Commission</i>      |       |  |  |                                  |
| LS Power Grid California, LLC                    | 10/20 | LS Power Grid California, LLC                    | Docket No. ER21-195-000                            | Rate of Return                   |
| <i>Florida Public Service Commission</i>         |       |  |  |                                  |
| Peoples Gas System, Inc.                         | 04/23 | Peoples Gas System, Inc.                         | Docket No. 20230023-GU                             | Rate of Return                   |
| Tampa Electric Company                           | 04/21 | Tampa Electric Company                           | Docket No. 20210034-EI                             | Return on Equity                 |
| Peoples Gas System, Inc.                         | 09/20 | Peoples Gas System, Inc.                         | Docket No. 20200051-GU                             | Rate of Return                   |
| Utilities, Inc. of Florida                       | 06/20 | Utilities, Inc. of Florida                       | Docket No. 20200139-WS                             | Rate of Return                   |
| <i>Hawaii Public Utilities Commission</i>        |       |  |  |                                  |
| Launiupoko Irrigation Company, Inc.              | 12/20 | Launiupoko Irrigation Company, Inc.              | Docket No. 2020-0217 /<br>Transferred to 2020-0089 | Capital Structure                |
| Lanai Water Company, Inc.                        | 12/19 | Lanai Water Company, Inc.                        | Docket No. 2019-0386                               | Cost of Service /<br>Rate Design |
| Manele Water Resources, LLC                      | 08/19 | Manele Water Resources, LLC                      | Docket No. 2019-0311                               | Cost of Service /<br>Rate Design |
| Kaupulehu Water Company                          | 02/18 | Kaupulehu Water Company                          | Docket No. 2016-0363                               | Rate of Return                   |
| Aqua Engineers, LLC                              | 05/17 | Puhi Sewer & Water Company                       | Docket No. 2017-0118                               | Cost of Service /<br>Rate Design |
| Hawaii Resources, Inc.                           | 09/16 | Laie Water Company                               | Docket No. 2016-0229                               | Cost of Service /<br>Rate Design |
| <i>Illinois Commerce Commission</i>              |       |  |  |                                  |
| Ameren Illinois Company d/b/a<br>Ameren Illinois | 01/23 | Ameren Illinois Company d/b/a<br>Ameren Illinois | Docket No. 23-0082 (Electric)                      | Return on Equity                 |
| Ameren Illinois Company d/b/a<br>Ameren Illinois | 01/23 | Ameren Illinois Company d/b/a<br>Ameren Illinois | Docket No. 23-0067 (Gas)                           | Return on Equity                 |
| Utility Services of Illinois, Inc.               | 02/21 | Utility Services of Illinois, Inc.               | Docket No. 21-0198                                 | Rate of Return                   |
| Ameren Illinois Company d/b/a<br>Ameren Illinois | 07/20 | Ameren Illinois Company d/b/a<br>Ameren Illinois | Docket No. 20-0308                                 | Return on Equity                 |
| Utility Services of Illinois, Inc.               | 11/17 | Utility Services of Illinois, Inc.               | Docket No. 17-1106                                 | Cost of Service /<br>Rate Design |
| Aqua Illinois, Inc.                              | 04/17 | Aqua Illinois, Inc.                              | Docket No. 17-0259                                 | Rate of Return                   |
| Utility Services of Illinois, Inc.               | 04/15 | Utility Services of Illinois, Inc.               | Docket No. 14-0741                                 | Rate of Return                   |
| <i>Indiana Utility Regulatory Commission</i>     |       |  |  |                                  |
| Aqua Indiana, Inc.                               | 03/16 | Aqua Indiana, Inc. Aboite<br>Wastewater Division | Docket No. 44752                                   | Rate of Return                   |
| Twin Lakes, Utilities, Inc.                      | 08/13 | Twin Lakes, Utilities, Inc.                      | Docket No. 44388                                   | Rate of Return                   |
| <i>Kansas Corporation Commission</i>             |       |  |  |                                  |
| Atmos Energy Corporation                         | 07/19 | Atmos Energy Corporation                         | 19-ATMG-525-RTS                                    | Rate of Return                   |
| <i>Kentucky Public Service Commission</i>        |       |  |  |                                  |
| Bluegrass Water Utility Operating<br>Company     | 02/23 | Bluegrass Water Utility Operating<br>Company     | 2022-00432   | Return on Equity                 |
| Atmos Energy Corporation                         | 07/22 | Atmos Energy Corporation                         | 2022-00222   | PRP Rider Rate                   |
| Water Service Corporation of KY                  | 06/22 | Water Service Corporation of KY                  | 2022-00147   | Rate of Return                   |
| Atmos Energy Corporation                         | 07/21 | Atmos Energy Corporation                         | 2021-00304   | PRP Rider Rate                   |
| Atmos Energy Corporation                         | 06/21 | Atmos Energy Corporation                         | 2021-00214   | Rate of Return                   |
| Duke Energy Kentucky, Inc.                       | 06/21 | Duke Energy Kentucky, Inc.                       | 2021-00190   | Return on Equity                 |
| Bluegrass Water Utility Operating<br>Company     | 10/20 | Bluegrass Water Utility Operating<br>Company     | 2020-00290   | Return on Equity                 |



| Sponsor   | Date  | Case/Applicant  | Docket No.                         | Subject           |
|---|-------|---|------------------------------------|-------------------|
| <i>Louisiana Public Service Commission</i>          |       |   |                                    |                   |
| Utilities, Inc. of Louisiana                        | 05/21 | Utilities, Inc. of Louisiana                            | Docket No. U-36003                 | Rate of Return    |
| Southwestern Electric Power Company                 | 12/20 | Southwestern Electric Power Company                     | Docket No. U-35441                 | Return on Equity  |
| Atmos Energy Corporation                            | 04/20 | Atmos Energy Corporation                                | Docket No. U-35535                 | Rate of Return    |
| Louisiana Water Service, Inc.                       | 06/13 | Louisiana Water Service, Inc.                           | Docket No. U-32848                 | Rate of Return    |
| <i>Maine Public Utilities Commission</i>            |       |   |                                    |                   |
| Northern Utilities, Inc. d/b/a Unitil               | 05/23 | Northern Utilities, Inc. d/b/a Unitil                   | Docket No. 2023-00051              | Return on Equity  |
| Summit Natural Gas of Maine, Inc.                   | 03/22 | Summit Natural Gas of Maine, Inc.                       | Docket No. 2022-00025              | Rate of Return    |
| The Maine Water Company                             | 09/21 | The Maine Water Company                                 | Docket No. 2021-00053              | Rate of Return    |
| <i>Maryland Public Service Commission</i>           |       |   |                                    |                   |
| Washington Gas Light Company                        | 05/23 | Washington Gas Light Company                            | Case No. 9704                      | Rate of Return    |
| FirstEnergy Service Company                         | 03/23 | Potomac Edison Company                                  | Case No. 9695                      | Rate of Return    |
| Washington Gas Light Company                        | 08/20 | Washington Gas Light Company                            | Case No. 9651                      | Rate of Return    |
| FirstEnergy Corporation                             | 08/18 | Potomac Edison Company                                  | Case No. 9490                      | Rate of Return    |
| <i>Massachusetts Department of Public Utilities</i> |       |   |                                    |                   |
| Unitil Corporation                                  | 9/23  | Fitchburg Gas & Electric Co. (Elec.)                    | D.P.U. 23-80                       | Rate of Return    |
| Unitil Corporation                                  | 9/23  | Fitchburg Gas & Electric Co. (Gas)                      | D.P.U. 23-81                       | Rate of Return    |
| Unitil Corporation                                  | 12/19 | Fitchburg Gas & Electric Co. (Elec.)                    | D.P.U. 19-130                      | Rate of Return    |
| Unitil Corporation                                  | 12/19 | Fitchburg Gas & Electric Co. (Gas)                      | D.P.U. 19-131                      | Rate of Return    |
| Liberty Utilities                                   | 07/15 | Liberty Utilities d/b/a New England Natural Gas Company | D.P.U. 15-75                       | Rate of Return    |
| <i>Minnesota Public Utilities Commission</i>        |       |   |                                    |                   |
| Northern States Power Company                       | 11/01 | Northern States Power Company                           | Docket No. G002/GR-21-678          | Return on Equity  |
| Northern States Power Company                       | 10/21 | Northern States Power Company                           | Docket No. E002/GR-21-630          | Return on Equity  |
| Northern States Power Company                       | 11/20 | Northern States Power Company                           | Docket No. E002/GR-20-723          | Return on Equity  |
| <i>Mississippi Public Service Commission</i>        |       |   |                                    |                   |
| Great River Utility Operating Co.                   | 07/22 | Great River Utility Operating Co.                       | Docket No. 2022-UN-86              | Rate of Return    |
| Atmos Energy Corporation                            | 03/19 | Atmos Energy Corporation                                | Docket No. 2015-UN-049             | Capital Structure |
| Atmos Energy Corporation                            | 07/18 | Atmos Energy Corporation                                | Docket No. 2015-UN-049             | Capital Structure |
| <i>Missouri Public Service Commission</i>           |       |   |                                    |                   |
| Confluence Rivers Utility Operating Company, Inc.   | 01/23 | Confluence Rivers Utility Operating Company, Inc.       | Case No. WR-2023-0006/SR-2023-0007 | Rate of Return    |
| Spire Missouri, Inc.                                | 12/20 | Spire Missouri, Inc.                                    | Case No. GR-2021-0108              | Return on Equity  |
| Indian Hills Utility Operating Company, Inc.        | 10/17 | Indian Hills Utility Operating Company, Inc.            | Case No. SR-2017-0259              | Rate of Return    |
| Raccoon Creek Utility Operating Company, Inc.       | 09/16 | Raccoon Creek Utility Operating Company, Inc.           | Case No. SR-2016-0202              | Rate of Return    |
| <i>Public Utilities Commission of Nevada</i>        |       |   |                                    |                   |
| Southwest Gas Corporation                           | 09/23 | Southwest Gas Corporation                               | Docket No. 23-09012                | Return on Equity  |
| Southwest Gas Corporation                           | 09/21 | Southwest Gas Corporation                               | Docket No. 21-09001                | Return on Equity  |
| Southwest Gas Corporation                           | 08/20 | Southwest Gas Corporation                               | Docket No. 20-02023                | Return on Equity  |
| <i>New Hampshire Public Utilities Commission</i>    |       |   |                                    |                   |
| Aquarion Water Company of New Hampshire, Inc.       | 12/20 | Aquarion Water Company of New Hampshire, Inc.           | Docket No. DW 20-184               | Rate of Return    |
| <i>New Jersey Board of Public Utilities</i>         |       |   |                                    |                   |
| Middlesex Water Company                             | 05/23 | Middlesex Water Company                                 | Docket No. WR23050292              | Rate of Return    |

| Sponsor  | Date  | Case/Applicant                                   | Docket No.                | Subject                       |
|--|-------|--|---------------------------|-------------------------------|
| FirstEnergy Service Company                      | 03/23 | Jersey Central Power & Light Co.                 | Docket No. ER23030144     | Rate of Return                |
| Atlantic City Electric Company                   | 02/23 | Atlantic City Electric Company                   | Docket No. ER20120746     | Return on Equity              |
| Middlesex Water Company                          | 05/21 | Middlesex Water Company                          | Docket No. WR21050813     | Rate of Return                |
| Atlantic City Electric Company                   | 12/20 | Atlantic City Electric Company                   | Docket No. ER20120746     | Return on Equity              |
| FirstEnergy Service Company                      | 02/20 | Jersey Central Power & Light Co.                 | Docket No. ER20020146     | Rate of Return                |
| Aqua New Jersey, Inc.                            | 12/18 | Aqua New Jersey, Inc.                            | Docket No. WR18121351     | Rate of Return                |
| Middlesex Water Company                          | 10/17 | Middlesex Water Company                          | Docket No. WR17101049     | Rate of Return                |
| Middlesex Water Company                          | 03/15 | Middlesex Water Company                          | Docket No. WR15030391     | Rate of Return                |
| The Atlantic City Sewerage Company               | 10/14 | The Atlantic City Sewerage Company               | Docket No. WR14101263     | Cost of Service / Rate Design |
| Middlesex Water Company                          | 11/13 | Middlesex Water Company                          | Docket No. WR1311059      | Capital Structure             |
| <b>New Mexico Public Regulation Commission</b>   |       |  |                           |                               |
| New Mexico Gas Company                           | 09/23 | New Mexico Gas Company                           | Case No. 23-00255-UT      | Return on Equity              |
| Southwestern Public Service Co.                  | 11/22 | Southwestern Public Service Co.                  | Case No. 22-00286-UT      | Return on Equity              |
| Southwestern Public Service Co.                  | 01/21 | Southwestern Public Service Co.                  | Case No. 20-00238-UT      | Return on Equity              |
| <b>North Carolina Utilities Commission</b>       |       |  |                           |                               |
| Carolina Water Service, Inc.                     | 07/22 | Carolina Water Service, Inc.                     | Docket No. W-354 Sub 400  | Rate of Return                |
| Aqua North Carolina, Inc.                        | 06/22 | Aqua North Carolina, Inc.                        | Docket No. W-218 Sub 573  | Rate of Return                |
| Carolina Water Service, Inc.                     | 07/21 | Carolina Water Service, Inc.                     | Docket No. W-354 Sub 384  | Rate of Return                |
| Piedmont Natural Gas Co., Inc.                   | 03/21 | Piedmont Natural Gas Co., Inc.                   | Docket No. G-9, Sub 781   | Return on Equity              |
| Duke Energy Carolinas, LLC                       | 07/20 | Duke Energy Carolinas, LLC                       | Docket No. E-7, Sub 1214  | Return on Equity              |
| Duke Energy Progress, LLC                        | 07/20 | Duke Energy Progress, LLC                        | Docket No. E-2, Sub 1219  | Return on Equity              |
| Aqua North Carolina, Inc.                        | 12/19 | Aqua North Carolina, Inc.                        | Docket No. W-218 Sub 526  | Rate of Return                |
| Carolina Water Service, Inc.                     | 06/19 | Carolina Water Service, Inc.                     | Docket No. W-354 Sub 364  | Rate of Return                |
| Carolina Water Service, Inc.                     | 09/18 | Carolina Water Service, Inc.                     | Docket No. W-354 Sub 360  | Rate of Return                |
| Aqua North Carolina, Inc.                        | 07/18 | Aqua North Carolina, Inc.                        | Docket No. W-218 Sub 497  | Rate of Return                |
| <b>North Dakota Public Service Commission</b>    |       |  |                           |                               |
| Northern States Power Company                    | 09/21 | Northern States Power Company                    | Case No. PU-21-381        | Rate of Return                |
| Northern States Power Company                    | 11/20 | Northern States Power Company                    | Case No. PU-20-441        | Rate of Return                |
| <b>Public Utilities Commission of Ohio</b>       |       |  |                           |                               |
| Aqua Ohio, Inc.                                  | 11/22 | Aqua Ohio, Inc.                                  | Case No. 22-1094-WW-AIR   | Rate of Return                |
| Duke Energy Ohio, Inc.                           | 10/21 | Duke Energy Ohio, Inc.                           | Case No. 21-887-EL-AIR    | Return on Equity              |
| Aqua Ohio, Inc.                                  | 07/21 | Aqua Ohio, Inc.                                  | Case No. 21-0595-WW-AIR   | Rate of Return                |
| Aqua Ohio, Inc.                                  | 05/16 | Aqua Ohio, Inc.                                  | Case No. 16-0907-WW-AIR   | Rate of Return                |
| <b>Pennsylvania Public Utility Commission</b>    |       |  |                           |                               |
| Columbia Water Company                           | 05/23 | Columbia Water Company                           | Docket No. R-2023-3040258 | Rate of Return                |
| Borough of Ambler                                | 06/22 | Borough of Ambler – Bureau of Water              | Docket No. R-2022-3031704 | Rate of Return                |
| Citizens' Electric Company of Lewisburg          | 05/22 | C&T Enterprises                                  | Docket No. R-2022-3032369 | Rate of Return                |
| Valley Energy Company                            | 05/22 | C&T Enterprises                                  | Docket No. R-2022-3032300 | Rate of Return                |
| Community Utilities of Pennsylvania, Inc.        | 04/21 | Community Utilities of Pennsylvania, Inc.        | Docket No. R-2021-3025207 | Rate of Return                |
| Vicinity Energy Philadelphia, Inc.               | 04/21 | Vicinity Energy Philadelphia, Inc.               | Docket No. R-2021-3024060 | Rate of Return                |
| Delaware County Regional Water Control Authority | 02/20 | Delaware County Regional Water Control Authority | Docket No. A-2019-3015173 | Valuation                     |

| Sponsor  | Date  | Case/Applicant   | Docket No.                | Subject                                      |
|--|-------|--|---------------------------|--|
| Valley Energy, Inc.  | 07/19 | C&T Enterprises  | Docket No. R-2019-3008209 | Rate of Return                               |
| Wellsboro Electric Company                                     | 07/19 | C&T Enterprises  | Docket No. R-2019-3008208 | Rate of Return                               |
| Citizens' Electric Company of Lewisburg                        | 07/19 | C&T Enterprises  | Docket No. R-2019-3008212 | Rate of Return                               |
| Steelton Borough Authority                                     | 01/19 | Steelton Borough Authority                                     | Docket No. A-2019-3006880 | Valuation                                    |
| Mahoning Township, PA  | 08/18 | Mahoning Township, PA  | Docket No. A-2018-3003519 | Valuation                                    |
| SUEZ Water Pennsylvania Inc.                                   | 04/18 | SUEZ Water Pennsylvania Inc.                                   | Docket No. R-2018-000834  | Rate of Return                               |
| Columbia Water Company   | 09/17 | Columbia Water Company   | Docket No. R-2017-2598203 | Rate of Return                               |
| Veolia Energy Philadelphia, Inc.                               | 06/17 | Veolia Energy Philadelphia, Inc.                               | Docket No. R-2017-2593142 | Rate of Return                               |
| Emporium Water Company   | 07/14 | Emporium Water Company   | Docket No. R-2014-2402324 | Rate of Return                               |
| Columbia Water Company   | 07/13 | Columbia Water Company   | Docket No. R-2013-2360798 | Rate of Return                               |
| Penn Estates Utilities, Inc.                                   | 12/11 | Penn Estates, Utilities, Inc.                                  | Docket No. R-2011-2255159 | Capital Structure / Long-Term Debt Cost Rate |
| <b>South Carolina Public Service Commission</b>                |       |  |                           |  |
| Blue Granite Water Co.   | 12/19 | Blue Granite Water Company                                     | Docket No. 2019-292-WS    | Rate of Return                               |
| Carolina Water Service, Inc.                                   | 02/18 | Carolina Water Service, Inc.                                   | Docket No. 2017-292-WS    | Rate of Return                               |
| Carolina Water Service, Inc.                                   | 06/15 | Carolina Water Service, Inc.                                   | Docket No. 2015-199-WS    | Rate of Return                               |
| Carolina Water Service, Inc.                                   | 11/13 | Carolina Water Service, Inc.                                   | Docket No. 2013-275-WS    | Rate of Return                               |
| United Utility Companies, Inc.                                 | 09/13 | United Utility Companies, Inc.                                 | Docket No. 2013-199-WS    | Rate of Return                               |
| Utility Services of South Carolina, Inc.                       | 09/13 | Utility Services of South Carolina, Inc.                       | Docket No. 2013-201-WS    | Rate of Return                               |
| Tega Cay Water Services, Inc.                                  | 11/12 | Tega Cay Water Services, Inc.                                  | Docket No. 2012-177-WS    | Capital Structure                            |
| <b>South Dakota Public Service Commission</b>                  |       |  |                           |  |
| Northern States Power Company                                  | 06/22 | Northern States Power Company                                  | Docket No. EL22-017       | Rate of Return                               |
| <b>Tennessee Public Utility Commission</b>                     |       |  |                           |  |
| Piedmont Natural Gas Company                                   | 07/20 | Piedmont Natural Gas Company                                   | Docket No. 20-00086       | Return on Equity                             |
| <b>Public Utility Commission of Texas</b>                      |       |  |                           |  |
| Southwestern Public Service Co.                                | 02/23 | Southwestern Public Service Co.                                | Docket No. 54634          | Return on Equity                             |
| CSWR – Texas Utility Operating Company, LLC                    | 02/23 | CSWR – Texas Utility Operating Company, LLC                    | Docket No. 54565          | Rate of Return                               |
| Oncor Electric Delivery Co. LLC                                | 05/22 | Oncor Electric Delivery Co. LLC                                | Docket No. 53601          | Return on Equity                             |
| Southwestern Public Service Co.                                | 02/21 | Southwestern Public Service Co.                                | Docket No. 51802          | Return on Equity                             |
| Southwestern Electric Power Co.                                | 10/20 | Southwestern Electric Power Co.                                | Docket No. 51415          | Rate of Return                               |
| <b>Texas Railroad Commission</b>                               |       |  |                           |  |
| Atmos Pipeline – Texas, a Division of Atmos Energy Corporation | 05/23 | Atmos Pipeline – Texas, a Division of Atmos Energy Corporation | Docket No. OS-23-00013758 | Return on Equity                             |
| <b>Virginia State Corporation Commission</b>                   |       |  |                           |  |
| Washington Gas Light Company                                   | 06/22 | Washington Gas Light Company                                   | PUR-2022-00054            | Return on Equity                             |
| Virginia Natural Gas, Inc.                                     | 04/21 | Virginia Natural Gas, Inc.                                     | PUR-2020-00095            | Return on Equity                             |
| Massanutten Public Service Corporation                         | 12/20 | Massanutten Public Service Corporation                         | PUE-2020-00039            | Return on Equity                             |
| Aqua Virginia, Inc.  | 07/20 | Aqua Virginia, Inc.  | PUR-2020-00106            | Rate of Return                               |
| WGL Holdings, Inc.   | 07/18 | Washington Gas Light Company                                   | PUR-2018-00080            | Rate of Return                               |
| Atmos Energy Corporation                                       | 05/18 | Atmos Energy Corporation                                       | PUR-2018-00014            | Rate of Return                               |
| Aqua Virginia, Inc.  | 07/17 | Aqua Virginia, Inc.  | PUR-2017-00082            | Rate of Return                               |

| Sponsor   | Date  | Case/Applicant  | Docket No.                   | Subject                         |
|---|-------|---|------------------------------|---------------------------------|
| Massanutten Public Service Corp.                  | 08/14 | Massanutten Public Service Corp.                            | PUE-2014-00035               | Rate of Return /<br>Rate Design |
| <i>Public Service Commission of West Virginia</i> |       |   |                              |                                 |
| FirstEnergy Service Company                       | 05/23 | Monongahela Power Company and<br>The Potomac Edison Company | Case No. 23-0460-E-42T       | Return on Equity                |
| FirstEnergy Service Company                       | 12/21 | Monongahela Power Company and<br>The Potomac Edison Company | Case No. 21-0857-E-CN (ELG)  | Return on Equity                |
| FirstEnergy Service Company                       | 11/21 | Monongahela Power Company and<br>The Potomac Edison Company | Case No. 21-0813-E-P (Solar) | Return on Equity                |

Foothills Water & Sewer, LLC  
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Supporting Exhibits Accompanying the Direct Testimony of  
Dylan W. D'Ascendis, CRRA, CVA

|   | <u>Exhibit</u> |
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| Summary of Capital Structure and Recommended Cost Rates                           | DWD-1          |
| Financial Profile of the Utility Proxy Group                                      | DWD-2          |
| Indicated Common Equity Cost Rate Using the Discounted<br>Cash Flow Model         | DWD-3          |
| Indicated Common Equity Cost Rate Using the Risk Premium Model                    | DWD-4          |
| Indicated Common Equity Cost Rate Using the Capital Asset<br>Pricing Model        | DWD-5          |
| Regulatory Research Associates Regulatory Rankings<br>for the Utility Proxy Group | DWD-6          |
| Derivation of Business Risk Adjustment  | DWD-7          |
| Calculation of the Fair Value Rate Base   | DWD-8          |
| Calculation of the Return on the Fair Value Increment                             | DWD-9          |
| Summary of Fair Value Rate of Return  | DWD-10         |

Foothills Water & Sewer, LLC  
Recommended Capital Structure and Cost Rates  
for Ratemaking Purposes

| <u>Type Of Capital</u> | <u>Ratios (1)</u> | <u>Cost Rate</u>   | <u>Weighted Cost Rate</u> |
|------------------------|-------------------|--------------------|---------------------------|
| Long-Term Debt         | 39.40%            | 5.48% (1)          | 2.16%                     |
| Common Equity          | <u>60.60%</u>     | 9.60% - 12.55% (2) | <u>5.82% - 7.61%</u>      |
| Total                  | <u>100.00%</u>    |                    | <u>7.98% - 9.77%</u>      |

Notes:

(1) Company-provided

(2) From page 2 of this Exhibit.

Foothills Water & Sewer, LLC  
Brief Summary of Common Equity Cost Rate

| <u>Line No.</u> | <u>Principal Methods</u>   | <u>Proxy Group of Six Water Companies</u> |
|-----------------|--|---|
| 1.              | Discounted Cash Flow Model (DCF) (1)   | 8.60%                                     |
| 2.              | Risk Premium Model (RPM) (2)   | 11.25%                                    |
| 3.              | Capital Asset Pricing Model (CAPM) (3)   | <u>11.55%</u>                             |
| 4.              | Indicated Range of Common Equity Cost Rates before Adjustment for Company-Specific Risk  | 8.60% - 11.55%                            |
| 5.              | Business Risk Adjustment (4)   | <u>1.00%</u>                              |
| 6.              | Recommended Range of Common Equity Cost Rates after Adjustment for Company-Specific Risk | <u>9.60% - 12.55%</u>                     |
| 7.              | Requested Cost of Common Equity Cost Rate  | <u>10.00%</u>                             |

Notes: (1) From page 1 of Exhibit DWD-3.  
(2) From page 1 of Exhibit DWD-4.  
(3) From page 1 of Exhibit DWD-5.  
(4) Business risk adjustment to reflect the Company's unique risk compared to the Utility Proxy Group as detailed in the accompanying Direct Testimony.

Proxy Group of Six Water Companies  
CAPITALIZATION AND FINANCIAL STATISTICS (1)  
2018 - 2022, Inclusive

|   | 2022                  | 2021               | 2020               | 2019               | 2018               |                   |
|---|-----------------------|--------------------|--------------------|--------------------|--------------------|-------------------|
|   | (MILLIONS OF DOLLARS) |                    |                    |                    |                    |                   |
| <u>Capitalization Statistics</u>                    |                       |                    |                    |                    |                    |                   |
| <u>Amount of Capital Employed</u>                   |                       |                    |                    |                    |                    |                   |
| Total Permanent Capital                             | \$6,283.805           | \$5,897.865        | \$5,348.616        | \$4,493.345        | \$3,706.817        |                   |
| Short-Term Debt                                     | \$285.096             | \$155.749          | \$340.249          | \$220.672          | \$214.758          |                   |
| Total Capital Employed                              | <u>\$6,568.901</u>    | <u>\$6,053.614</u> | <u>\$5,688.865</u> | <u>\$4,714.017</u> | <u>\$3,921.575</u> |                   |
| <u>Indicated Average Capital Cost Rates (2)</u>     |                       |                    |                    |                    |                    |                   |
| Total Debt  | 3.73 %                | 3.51 %             | 3.78 %             | 4.01 %             | 4.55 %             |                   |
| Preferred Stock                                     | 5.76 %                | 5.76 %             | 5.76 %             | 5.84 %             | 5.92 %             |                   |
|   |                       |                    |                    |                    |                    | 5 YEAR<br>AVERAGE |
| <u>Capital Structure Ratios</u>                     |                       |                    |                    |                    |                    |                   |
| Based on Total Permanent Capital:                   |                       |                    |                    |                    |                    |                   |
| Long-Term Debt                                      | 49.68 %               | 50.40 %            | 50.92 %            | 47.81 %            | 45.58 %            | 48.88 %           |
| Preferred Stock                                     | 0.05                  | 0.05               | 0.06               | 0.07               | 0.11               | 0.07              |
| Common Equity                                       | 50.28                 | 49.54              | 49.02              | 52.13              | 54.31              | 51.06             |
| Total   | <u>100.00 %</u>       | <u>100.00 %</u>    | <u>100.00 %</u>    | <u>100.00 %</u>    | <u>100.00 %</u>    | <u>100.00 %</u>   |
| Based on Total Capital:                             |                       |                    |                    |                    |                    |                   |
| Total Debt, Including Short-Term Debt               | 51.76 %               | 52.56 %            | 54.67 %            | 51.78 %            | 49.31 %            | 52.02 %           |
| Preferred Stock                                     | 0.05                  | 0.05               | 0.06               | 0.07               | 0.10               | 0.06              |
| Common Equity                                       | 48.19                 | 47.39              | 45.28              | 48.16              | 50.60              | 47.92             |
| Total   | <u>100.00 %</u>       | <u>100.00 %</u>    | <u>100.00 %</u>    | <u>100.00 %</u>    | <u>100.00 %</u>    | <u>100.00 %</u>   |
| <u>Financial Statistics</u>                         |                       |                    |                    |                    |                    |                   |
| <u>Financial Ratios - Market Based</u>              |                       |                    |                    |                    |                    |                   |
| Earnings / Price Ratio                              | 3.00 %                | 3.20 %             | 3.24 %             | 2.64 %             | 3.33 %             | 3.08 %            |
| Market / Average Book Ratio                         | 329.40                | 352.63             | 315.40             | 332.39             | 304.57             | 326.88            |
| Dividend Yield                                      | 1.83                  | 1.67               | 1.83               | 1.77               | 1.97               | 1.82              |
| Dividend Payout Ratio                               | 59.26                 | 52.51              | 56.85              | 74.00              | 59.40              | 60.40             |
| <u>Rate of Return on Average Book Common Equity</u> | 9.43 %                | 11.22 %            | 10.24 %            | 9.22 %             | 9.99 %             | 10.02 %           |
| <u>Total Debt / EBITDA (3)</u>                      | 5.17 x                | 5.04 x             | 5.57 x             | 5.91 x             | 4.37 x             | 5.21 x            |
| <u>Funds from Operations / Total Debt (4)</u>       | 13.76 %               | 11.39 %            | 12.12 %            | 14.53 %            | 22.17 %            | 14.79 %           |
| <u>Total Debt / Total Capital</u>                   | 51.76 %               | 52.56 %            | 54.67 %            | 51.78 %            | 49.31 %            | 52.01 %           |

Notes:

- (1) All capitalization and financial statistics for the group are the arithmetic average of the achieved results for each individual company in the group, and are based upon financial statements as originally reported in each year.
- (2) Computed by relating actual total debt interest or preferred stock dividends booked to average of beginning and ending total debt or preferred stock reported to be outstanding.
- (3) Total debt relative to EBITDA (Earnings before Interest, Income Taxes, Depreciation and Amortization).
- (4) Funds from operations (sum of net income, depreciation, amortization, net deferred income tax and investment tax credits, less total AFUDC) plus interest charges as a percentage of total debt.

Source of Information: Company Annual Forms 10-K



Capital Structure Based upon Total Permanent Capital for the  
Proxy Group of Six Water Companies  
2018 - 2022, Inclusive

|   | <u>2022</u>     | <u>2021</u>     | <u>2020</u>     | <u>2019</u>     | <u>2018</u>     | <u>5 YEAR<br/>AVERAGE</u> |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|---------------------------|
| <u>American States Water Company</u>      |                 |                 |                 |                 |                 |                           |
| Long-Term Debt                            | 38.65 %         | 37.56 %         | 40.72 %         | 31.87 %         | 36.54 %         | 37.07 %                   |
| Preferred Stock                           | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00                      |
| Common Equity                             | 61.35           | 62.44           | 59.28           | 68.13           | 63.46           | 62.93                     |
| Total Capital                             | <u>100.00 %</u> | <u>100.00 %</u> | <u>100.00 %</u> | <u>100.00 %</u> | <u>100.00 %</u> | <u>100.00 %</u>           |
| <u>American Water Works Company, Inc.</u> |                 |                 |                 |                 |                 |                           |
| Long-Term Debt                            | 59.29 %         | 58.75 %         | 59.93 %         | 58.59 %         | 56.55 %         | 58.62 %                   |
| Preferred Stock                           | 0.01            | 0.02            | 0.02            | 0.03            | 0.05            | 0.03                      |
| Common Equity                             | 40.7            | 41.23           | 40.05           | 41.38           | 43.4            | 41.35                     |
| Total Capital                             | <u>100.00 %</u> | <u>100.00 %</u> | <u>100.00 %</u> | <u>100.00 %</u> | <u>100.00 %</u> | <u>100.00 %</u>           |
| <u>California Water Service Group</u>     |                 |                 |                 |                 |                 |                           |
| Long-Term Debt                            | 44.39 %         | 47.28 %         | 46.04 %         | 50.9 %          | 52.74 %         | 48.27 %                   |
| Preferred Stock                           | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00                      |
| Common Equity                             | 55.61           | 52.72           | 53.96           | 49.1            | 47.26           | 51.73                     |
| Total Capital                             | <u>100.00 %</u> | <u>100.00 %</u> | <u>100.00 %</u> | <u>100.00 %</u> | <u>100.00 %</u> | <u>100.00 %</u>           |
| <u>Essential Utilities Inc.</u>           |                 |                 |                 |                 |                 |                           |
| Long-Term Debt                            | 54.99 %         | 53.28 %         | 54.42 %         | 44.23 %         | 56.06 %         | 52.60 %                   |
| Preferred Stock                           | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00                      |
| Common Equity                             | 45.01           | 46.72           | 45.58           | 55.77           | 43.94           | 47.40                     |
| Total Capital                             | <u>100.00 %</u> | <u>100.00 %</u> | <u>100.00 %</u> | <u>100.00 %</u> | <u>100.00 %</u> | <u>100.00 %</u>           |
| <u>Middlesex Water Company</u>            |                 |                 |                 |                 |                 |                           |
| Long-Term Debt                            | 43.34 %         | 45.86 %         | 44.61 %         | 42.2 %          | 38.94 %         | 42.99 %                   |
| Preferred Stock                           | 0.29            | 0.30            | 0.33            | 0.37            | 0.59            | 0.38                      |
| Common Equity                             | 56.37           | 53.84           | 55.06           | 57.43           | 60.47           | 56.63                     |
| Total Capital                             | <u>100.00 %</u> | <u>100.00 %</u> | <u>100.00 %</u> | <u>100.00 %</u> | <u>100.00 %</u> | <u>100.00 %</u>           |
| <u>SIW Group</u>                          |                 |                 |                 |                 |                 |                           |
| Long-Term Debt                            | 57.39 %         | 59.69 %         | 59.79 %         | 59.05 %         | 32.67 %         | 53.72 %                   |
| Preferred Stock                           | 0.00            | 0.00            | 0.00            | 0.00            | 0.00            | 0.00                      |
| Common Equity                             | 42.61           | 40.31           | 40.21           | 40.95           | 67.33           | 46.28                     |
| Total Capital                             | <u>100.00 %</u> | <u>100.00 %</u> | <u>100.00 %</u> | <u>100.00 %</u> | <u>100.00 %</u> | <u>100.00 %</u>           |
| <u>Proxy Group of Six Water Companies</u> |                 |                 |                 |                 |                 |                           |
| Long-Term Debt                            | 49.68 %         | 50.41 %         | 50.92 %         | 47.80 %         | 45.58 %         | 48.88 %                   |
| Preferred Stock                           | 0.05            | 0.05            | 0.06            | 0.07            | 0.11            | 0.07                      |
| Common Equity                             | 50.28           | 49.54           | 49.02           | 52.13           | 54.31           | 51.05                     |
| Total Capital                             | <u>100.01 %</u> | <u>100.00 %</u> | <u>100.00 %</u> | <u>100.00 %</u> | <u>100.00 %</u> | <u>100.00 %</u>           |

Source of Information  
Annual Forms 10-K

Foothills Water & Sewer, LLC  
Indicated Common Equity Cost Rate Using the Discounted Cash Flow Model for the  
Proxy Group of Six Water Companies

| [1]                                | [2]                        | [3]                 | [4]            | [5]            | [6]  | [7]           |
|------------------------------------|----------------------------|---------------------|----------------|----------------|--|---------------|
|                                    |                            |                     | Yahoo! Finance |                |  |               |
|                                    | Value Line                 | Zack's Five         | Projected      | Average        |  |               |
|                                    | Projected Five             | Year Projected      | Five Year      | Projected Five | Adjusted Dividend  | Indicated     |
|                                    | Year Growth in             | Year Growth Rate in | Growth in      | Year Growth    | Yield (4)  | Common Equity |
|                                    | EPS (2)                    | EPS                 | EPS            | in EPS (3)     |  | Cost Rate (5) |
| Proxy Group of Six Water Companies | Average Dividend Yield (1) |                     |                |                |  |               |
| American States Water Company      | 1.98 %                     | 6.30 %              | 4.40 %         | 5.73 %         | 2.04 %   | 7.77 %        |
| American Water Works Company, Inc. | 1.97                       | 8.20                | 8.07           | 6.42           | 2.03   | 8.45          |
| California Water Service Group     | 2.00                       | NA                  | 10.80          | 8.65           | 2.09   | 10.74         |
| Essential Utilities Inc.           | 3.06                       | 5.60                | 5.40           | 6.17           | 3.15   | 9.32          |
| Middlesex Water Company            | 1.55                       | NA                  | 2.70           | 3.85           | 1.58   | 5.43          |
| SJW Group                          | 2.18                       | NA                  | 6.10           | 6.30           | 2.25   | 8.55          |
|                                    |                            |                     |                |                | Average  | 8.38 %        |
|                                    |                            |                     |                |                | Median   | 8.50 %        |
|                                    |                            |                     |                |                | Average of Mean and Median                               | 8.44 %        |
|                                    |                            |                     |                |                | Average of Mean and Median Excluding Middlesex Water (6) | 8.76 %        |
|                                    |                            |                     |                |                | Indicated DCF Result                                     | 8.60 %        |
| NA= Not Available                  |                            |                     |                |                |  |               |

NA= Not Available

Notes:

- (1) Indicated dividend at 08/31/2023 divided by the average closing price of the last 60 trading days ending 08/31/2023 for each company.
- (2) From pages 2 through 7 of this Exhibit.
- (3) Average of columns 2 through 4 excluding negative growth rates.
- (4) This reflects a growth rate component equal to one-half the conclusion of growth rate (from column 5) x column 1 to reflect the periodic payment of dividends (Gordon Model) as opposed to the continuous payment. Thus, for American States Water Company,  $1.98\% \times (1 + (1/2 \times 5.73\%)) = 2.04\%$ .
- (5) Column 5 + column 6.
- (6) The indicated DCF cost rate for Middlesex Water Company is excluded as it is below the yield on A-rated public utility bonds.

Source of Information:

Value Line Investment Survey  
www.zacks.com Downloaded on 08/31/2023  
www.yahoo.com Downloaded on 08/31/2023

AMERICAN WATER

NYSE-AWK

RECENT PRICE

140.23

P/E RATIO

29.5

(Trailing: 30.8)

Median: 28.0

RELATIVE P/E RATIO

1.78

DIV YLD

2.1%

VALUE LINE

TIMELINESS

3

Raised 5/12/23

SAFETY

3

New 7/25/08

TECHNICAL

4

Lowered 6/30/23

BETA

.90

(1.00 = Market)

18-Month Target Price Range

Low-High

Midpoint (% to Mid)

\$116-\$216

\$166 (20%)

2026-28 PROJECTIONS

High

Low

Price

200

130

Gain

(+45%)

(-5%)

Ann'l Total Return

11%

1%

Institutional Decisions

302022

4Q2022

1Q2023

To Buy

448

471

460

To Sell

405

416

404

Hld's(000)

152383

156427

165074

Percent shares traded

21

14

7

2007E

2008E

2009

2010

2011

2012

2013

2014

2015

2016

2017

2018

2019

2020

2021

2022

2023

2024

13.84

14.61

13.98

15.49

15.18

16.25

16.28

16.78

17.72

18.54

18.81

19.04

19.97

20.83

21.58

20.85

21.40

22.75

d.47

2.87

2.89

3.56

3.73

4.27

4.36

4.75

5.13

5.26

5.14

6.15

6.65

7.24

10.46

8.08

8.35

8.95

d2.14

1.10

1.25

1.53

1.72

2.11

2.06

2.39

2.64

2.62

2.38

3.15

3.43

3.91

6.95

4.51

4.75

5.10

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4.74

6.31

4.50

4.38

5.27

5.25

5.50

5.33

6.51

7.36

8.04

8.78

9.15

10.05

9.71

12.63

12.80

12.75

28.39

25.64

22.91

23.59

24.11

25.11

26.52

27.39

28.25

29.24

30.13

32.42

33.83

35.58

40.18

42.30

48.95

52.75

160.00

160.00

174.63

175.00

175.66

176.99

178.25

179.46

178.28

178.10

178.44

180.68

180.81

181.30

181.61

181.86

195.00

195.25

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18.9

15.6

14.6

16.8

16.7

19.9

20.0

20.5

27.7

33.8

27.3

32.9

35.3

23.6

33.6

195.00

195.25

--

1.14

1.04

.93

1.05

1.06

1.12

1.05

1.03

1.45

1.70

1.47

1.75

1.81

1.28

1.95

195.00

195.25

--

1.9%

4.2%

3.8%

3.1%

3.4%

2.0%

2.5%

2.5%

2.0%

2.0%

2.1%

1.7%

1.6%

1.4%

1.7%

195.00

195.25

CAPITAL STRUCTURE as of 3/31/23

Total Debt \$11214 mil.

Due in 5 Yrs \$2486 mil.

LT Debt \$10487 mil.

LT Interest \$412 mil.

(52% of Cap'l)

2901.9

3011.3

3159.0

3302.0

3357.0

3440.0

3610.0

3777.0

3920.0

3792.0

4170

4440

369.3

429.8

476.0

476.0

426.0

567.0

621.0

709.0

1263.0

820.0

925

995

39.1%

39.4%

39.1%

39.2%

53.3%

28.2%

25.5%

23.3%

23.0%

18.7%

20.5%

21.0%

5.1%

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5.1%

2.9%

3.5%

4.5%

Leases, Uncapitalized:

Annual rentals \$9.0 mil.

Pension Assets 12/22 \$1578.0 mil

Oblig. \$1413.0 mil.

Pfd Div'd \$ .2 mil

52.4%

52.4%

53.7%

52.4%

54.7%

56.3%

58.5%

59.1%

58.6%

58.7%

53.0%

55.0%

47.6%

47.4%

46.2%

47.5%

45.3%

43.6%

41.4%

40.9%

41.4%

41.3%

47.0%

45.0%

Pfd Stock \$3.0 mil.

19940.7

10364

10911

10967

11875

13433

14760

15787

17639

18619

21100

22650

12391

12900

13933

14992

16246

17409

18232

19710

21084

23223

25000

27000

5.1%

5.5%

5.7%

5.6%

4.9%

5.4%

5.4%

5.7%

8.2%

5.5%

5.5%

5.5%

7.8%

8.7%

9.4%

9.0%

7.9%

9.7%

10.1%

11.0%

17.3%

10.7%

9.5%

9.5%

7.8%

8.7%

9.4%

9.0%

7.9%

9.7%

10.1%

11.0%

17.3%

10.7%

9.5%

9.5%

Common Stock

194,643,611 shares

as of 4/20/23

4.7%

4.3%

4.7%

4.0%

2.5%

4.2%

4.4%

5.0%

11.4%

4.6%

4.0%

3.5%

40%

50%

50%

56%

68%

56%

57%

55%

34%

57%

59%

59%

MARKET CAP: \$27.3 billion (Large Cap)

CURRENT POSITION (\$MILL.)

2021

2022

3/31/23

Cash Assets

136

117

242

Accts Receivable

271

334

318

Other

1147

799

778

Current Assets

1554

1250

1338

Accts Payable

235

254

193

Debt Due

641

1456

727

Other

1265

1101

972

Current Liab.

2141

2811

1892

ANNUAL RATES of change (per sh)

Past 10 Yrs.

Past 5 Yrs.

Est'd '20-'22 to '26-'28

Revenues

3.0%

3.0%

4.0%

"Cash Flow"

8.5%

10.5%

3.0%

Earnings

11.0%

15.0%

3.0%

Dividends

9.0%

10.0%

8.5%

Book Value

5.0%

6.0%

6.5%

QUARTERLY REVENUES (\$ mil.)

Cal-endar

Mar.31

Jun.30

Sep.30

Dec.31

Full Year

2020

844

931

1079

923

3777

2021

888

999

1082

951

3920

2022

842

937

1082

931

3792

2023

938

1002

1165

1065

4170

2024

1000

1070

1235

1135

4440

EARNINGS PER SHARE ^

Cal-endar

Mar.31

Jun.30

Sep.30

Dec.31

Full Year

2020

.68

.97

1.46

.80

3.91

2021

.73

1.14

1.53

3.55

6.95

2022

.87

1.20

1.63

.81

4.51

2023

.91

1.30

1.69

.85

4.75

2024

.95

1.35

1.90

.90

5.10

QUARTERLY DIVIDENDS PAID ^

Cal-endar

Mar.31

Jun.30

Sep.30

Dec.31

Full Year

2019

.455

.50

.50

.50

1.96

2020

.50

.55

.55

.55

2.15

2021

.55

.6025

.6025

.6025

2.36

2022

.6025

.655

.655

.655

2.57

2023

.655

.7075

BUSINESS:

American Water Works Company, Inc. is the largest investor-owned water and wastewater utility in the U.S., providing services to approximately 14 million people in 24 states. Nonregulated business assists municipalities and military bases with the maintenance and upkeep as well. Regulated operations made up 86% of 2022 revenues. New Jersey is its largest market accounting

for 25.9% of regulated revenues; Pennsylvania, 23.4%; Missouri, 10.9%. Has 6,500 employees. Vanguard owns 11.7% of outstanding shares; BlackRock, 8.6%; State St., 5.4%; officers & directors, less than 1.0% (3/23 Proxy). President & CEO: Susan Hardwick. Non-executive Board Chair. Address: 1 Water Street, Camden, NJ 08102. Tel.: 856-346-8200. Internet: www.amwater.com.

American Water Works' year is proceeding as expected.

In the first quarter, the water utility recorded share earnings of \$0.91, a 5% gain over the previous year and slightly above our \$0.90 estimate. Management has reaffirmed its share earnings guidance of about \$4.75 for 2023, a solid 5% year-over-year gain. With the aid of additional rate relief in effect next year, we think a 7% increase in earnings per share to \$5.10 is possible.

The construction program remains massive.

Capital expenditures totalled over \$525 million in the March period alone, as the company is spending heavily to replace its existing pipelines. The building project is likely to be an ongoing process because of the age and poor condition of domestic pipelines. External funds will be required to finance the improvement of its infrastructure, but American Water has a balance sheet that can handle the rising debt load.

Growth through acquisitions will remain an integral part of the company's long-term strategy.

The water sector is perhaps the most fragmented major business operation in the United States. In

our Water Utility Industry, there are currently only six investor-owned corporations. That's because most water utilities are very small, inefficient, and municipally run. For some time, American Water has been buying up these minor entities and integrating them into its operations. In the water industry, unlike synergies promised in many other mergers, expense ratios actually do decline because of the elimination of many redundant tasks. In any case, the firm is able to expand its asset base (on which it earns a return), by 2%-3% annually. This is one of the prime reasons for the company's impressive record for earnings and dividends over the past five- and 10-year periods.

Despite American Water's many strengths, we would advise investors to bypass the stock.

For starters, the equity is only ranked to perform in line with the market in both the year ahead and the next 18-month period. Furthermore, the outlook over the next three to five years is unattractive as AWK's total return potential is substantially below the Value Line median.

James A. Flood

July 7, 2023

|   |   |  |
|---|---|--|
| (A) Diluted earnings. Excludes nonrecr. losses: '08, \$4.62; '09, \$2.63; '11, \$0.07. Disc. oper.: '06, '06('04); '11, \$0.03; '12, (\$0.10); '13 (\$0.01). GAAP used as of 2014. Includes | \$2.70 sh. gain from sale of HOS sub.in Q4/'21. Next earnings report due late July.<br>(B) Dividends paid in March, June, September, and December. ■ Div. reinvestment available. | (C) In millions. (D) Includes intangibles. On 12/31/22: \$1.225 billion, \$6.75/share.<br>(E) Pro forma numbers for '07. |
|---|---|--|

|                              |     |
|------------------------------|-----|
| Company's Financial Strength | B++ |
| Stock's Price Stability      | 80  |
| Price Growth Persistence     | 80  |
| Earnings Predictability      | 70  |

**To subscribe call 1-800-VALUELINE**

| AMER. STATES WATER NYSE-AWR   |     |                 |  |   |                                 |                    |  |  |      | RECENT PRICE | 84.86 | P/E RATIO | 27.4 (Trailing: 31.9 Median: 30.0) | RELATIVE P/E RATIO | 1.65 | DIV'D YLD | 2.0% | VALUE LINE | Target Price Range |  |  |  |  |  |  |  |
|---|-----|-----------------|--|---|---------------------------------|--------------------|--|--|------|--------------|-------|-----------|------------------------------------|--------------------|------|-----------|------|------------|--------------------|--|--|--|--|--|--|--|
| TIMELINESS  | 2   | Raised 6/30/23  | High: 24.1 33.1 38.7 44.1 47.2 58.4 69.6 96.0 96.6 | Low: 17.0 24.0 27.0 35.8 37.3 41.1 50.1 63.3 65.1   | 103.8 103.4 99.2 70.1 71.2 82.5 | Target Price Range |  |  | 2026 | 2027         | 2028  |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| SAFETY  | 2   | Raised 7/20/12  | LEGENDS  |   |                                 | 128                |  |  | 96   |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| TECHNICAL   | 2   | Raised 6/23/23  | 18.0 x "Cash Flow" p sh                            |   |                                 | 80                 |  |  | 64   |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| BETA  | .65 | (1.00 = Market) | Relative Price Strength                            |   |                                 | 48                 |  |  | 40   |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| 18-Month Target Price Range   |     |                 |  | 2-for-1 split 9/13  |                                 |                    | 32   |  |      | 24           |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| Low-High  |     |                 |  | Options: Yes  |                                 |                    | 16   |  |      | 12           |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| Midpoint (% to Mid)   |     |                 |  | Shaded area indicates recession   |                                 |                    |  |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| \$71-\$139  |     |                 |  |   |                                 |                    |  |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| \$105 (25%)   |     |                 |  |   |                                 |                    |  |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| 2026-28 PROJECTIONS   |     |                 |  |   |                                 |                    |  |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| High Low  |     |                 |  |   |                                 |                    |  |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| Price 100   |     |                 |  |   |                                 |                    |  |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| Gain (+20%)   |     |                 |  |   |                                 |                    |  |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| Ann'l Total Return 6%   |     |                 |  |   |                                 |                    |  |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| Low (-20%)  |     |                 |  |   |                                 |                    |  |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| Institutional Decisions   |     |                 |  |   |                                 |                    |  |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| 3Q2022 4Q2022 1Q2023  |     |                 |  |   |                                 |                    |  |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| to Buy 133 148 124  |     |                 |  |   |                                 |                    |  |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| to Sell 124 127 158   |     |                 |  |   |                                 |                    |  |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| Hld's(000) 27450 28267 27587  |     |                 |  |   |                                 |                    |  |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| Percent shares traded 24 16 8   |     |                 |  |   |                                 |                    |  |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024                   |     |                 |  |   |                                 |                    |  |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| 8.75 9.21 9.74 10.71 11.12 12.12 12.19 12.17 12.56 11.92 12.01 11.88 12.86 13.24 13.51 13.30 15.45 14.95    |     |                 |  |   |                                 |                    |  |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| 1.65 1.69 1.70 2.11 2.13 2.48 2.65 2.67 2.81 2.70 2.96 2.84 3.26 3.34 3.64 3.25 4.50 4.45                   |     |                 |  |   |                                 |                    |  |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| .81 .78 .81 1.11 1.12 1.41 1.61 1.57 1.61 1.62 1.88 1.72 2.28 2.33 2.55 2.11 3.10 2.95                      |     |                 |  |   |                                 |                    |  |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| .48 .50 .51 .52 .55 .64 .76 .83 .87 .91 .99 1.06 1.16 1.28 1.40 1.53 1.66 1.80                              |     |                 |  |   |                                 |                    |  |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| 1.45 2.23 2.09 2.12 2.13 1.77 2.52 1.89 2.39 3.55 3.08 3.44 4.12 3.54 3.91 4.50 5.25 5.25                   |     |                 |  |   |                                 |                    |  |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| 8.77 8.97 9.70 10.13 10.84 11.80 12.72 13.24 12.77 13.52 14.45 15.19 16.33 17.39 18.57 19.20 20.70 21.60    |     |                 |  |   |                                 |                    |  |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| 34.46 34.60 37.06 37.26 37.70 38.53 38.72 38.29 36.50 36.57 36.68 36.76 36.85 36.89 36.94 36.96 37.00 37.00 |     |                 |  |   |                                 |                    |  |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| 24.0 22.6 21.2 15.7 15.4 14.3 17.2 20.1 24.6 25.6 25.7 34.0 34.4 34.3 33.2 41.0 41.0 41.0                   |     |                 |  |   |                                 |                    |  |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| 1.27 1.36 1.41 1.00 .97 .91 1.7 1.06 1.24 1.34 1.29 1.84 1.83 1.76 1.79 2.38 2.38                           |     |                 |  |   |                                 |                    |  |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| 2.5% 2.9% 2.9% 3.0% 3.2% 3.1% 2.7% 2.6% 2.2% 2.2% 2.0% 1.8% 1.5% 1.6% 1.7% 1.8%                             |     |                 |  |   |                                 |                    |  |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| CAPITAL STRUCTURE as of 3/31/23   |     |                 |  | 472.1 465.8 458.6 436.1 440.6 436.8 473.9 488.2 498.9 491.5 580 560   |                                 |                    | Revenues (\$mill)  |  |      | 720          |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| Total Debt \$752.3 mill. Due in 5 Yrs \$178.1 mill.   |     |                 |  | 62.7 61.1 60.5 59.7 69.4 63.9 84.3 86.4 94.3 78.4 116 110   |                                 |                    | Net Profit (\$mill)  |  |      | 130          |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| LT Debt \$576.4 mill. LT Interest \$28.0 mill. (44% of Cap'l)   |     |                 |  | 36.3% 38.4% 38.4% 36.8% 36.0% 22.0% 22.6% 24.6% 24.4% 23.2% 24.0% 24.0%   |                                 |                    | Income Tax Rate  |  |      | 24.0%        |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| Leases, Uncapitalized: Annual rentals \$2.3 mill.   |     |                 |  | -- -- -- -- -- -- -- -- -- -- -- -- -- -- --  |                                 |                    | AFUDC % to Net Profit  |  |      | 1.5%         |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| Pension Assets-12/22 \$190.7 mill. Oblig. \$186.9 mill.   |     |                 |  | 39.8% 39.1% 41.1% 39.4% 38.0% 40.5% 44.4% 47.2% 46.1% 39.9% 47.5% 46.5%   |                                 |                    | Long-Term Debt Ratio   |  |      | 50.0%        |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| Pfd Stock None  |     |                 |  | 60.2% 60.9% 58.9% 60.6% 62.0% 59.5% 55.6% 52.8% 53.9% 60.1% 52.5% 53.5%   |                                 |                    | Common Equity Ratio  |  |      | 50.0%        |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| Common Stock 36,976,400 shs. as of 5/9/23   |     |                 |  | 818.4 832.6 791.5 815.3 854.9 938.4 1082.5 1216.2 1272.6 1181.5 1455 1600   |                                 |                    | Total Capital (\$mill)   |  |      | 1840         |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| MARKET CAP: \$3.1 billion (Mid Cap)   |     |                 |  | 981.5 1003.5 1060.8 1150.9 1205.0 1296.3 1415.7 1512.0 1626.0 1753.8 1860 1975  |                                 |                    | Net Plant (\$mill)   |  |      | 2225         |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| CURRENT POSITION (SMILL.)   |     |                 |  | 8.9% 8.6% 9.0% 8.6% 9.3% 7.9% 8.9% 8.0% 8.3% 7.6% 9.0% 8.0%   |                                 |                    | Return on Total Cap'l  |  |      | 8.0%         |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| CASH ASSETS   |     |                 |  | 12.7% 12.0% 13.0% 12.1% 13.1% 11.4% 14.0% 13.5% 13.8% 11.0% 15.0% 14.0%   |                                 |                    | Return on Shr. Equity  |  |      | 14.0%        |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| ACCTS RECEIVABLE  |     |                 |  | 12.7% 12.0% 13.0% 12.1% 13.1% 11.4% 14.0% 13.5% 13.8% 11.0% 15.0% 14.0%   |                                 |                    | Return on Com Equity   |  |      | 14.0%        |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| OTHER   |     |                 |  | 6.8% 5.7% 6.0% 5.3% 6.2% 4.5% 6.9% 6.1% 6.2% 3.1% 7.0% 5.5%   |                                 |                    | Retained to Com Eq   |  |      | 4.5%         |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| CURRENT ASSETS  |     |                 |  | 47% 53% 54% 56% 52% 61% 51% 55%   |                                 |                    | All Div's to Net Prof  |  |      | 68%          |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| ACCTS PAYABLE   |     |                 |  | BUSINESS: American States Water Co. operates as a holding company. Through its principal subsidiary, Golden State Water Co., it supplies water to 263,265 customers in 10 California counties. Service areas include the metropolitan areas of Los Angeles and Orange Counties. The company also provides electricity to 24,705 customers in Big Bear Lake and San Bernardino Cnty. Provides  |                                 |                    | water & wastewater services to U.S. military bases through its ASUS subsidiary. Sold Chaparral City Wtr. of AZ. (6/11). Employs 811. BlackRock, Inc. owns 18.6% of out. shares; State St., 16.6%; off. & dir., 0.8% (4/23 Proxy). Chairman: Lloyd Ross. Pres. & CEO: Robert Sprowls. Inc. CA. Address: 630 East Foothill Blvd., San Dimas, CA 91773. Tel.: 909-394-3600. Internet: www.aswater.com.  |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| DEBT DUE  |     |                 |  | American States Water's first-quarter results were boosted by a one-time gain. In California, utilities typically file for rate relief triennially. The California Public Utility Commission (CPUC) held up ruling on the water company's last case until earlier this year. Hence, its Golden States Water subsidiary had to absorb the higher costs in the interim from when it filed the petition. Since the increase in rates was retroactive to when the petition was filed, income worth \$0.36 a share was recognized in the March period. We do not exclude this from American States' bottom line because it is just recapturing increased expenses from 2022. |                                 |                    | the company with good growth potential. Golden States Water's returns are capped by the CPUC. American States has a business that was established to manage water facilities at military bases in the United States, which have been being privatized. Through its ASUS subsidiary, the firm has won its fair share of the bidding for the work. Unlike Golden States, returns on equity here are unrestricted. In the first quarter, ASUS was responsible for \$0.15 of ASW's share earnings. |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| OTHER   |     |                 |  | We expect share earnings to spike this year. In addition to the benefit of the retroactive revenues, the new rates will be in effect for the full year. With the help of the nonregulated business (more below), we think share earnings will climb 47% in 2023, to \$3.10. Assuming inflation does not accelerate, the bottom line ought to normalize in 2024 and earnings per share should decline 5%, but remain at a more-than respectable level of \$2.95.   |                                 |                    | A healthy dividend hike is likely this summer. In mid-August, we expect the quarterly share payout to be raised from 39.75 cents to slightly above 43 cents. This would represent an increase of about 8% and is among the highest growth rates in the industry.   |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| CURRENT LIAB.   |     |                 |  | The nonregulated operations provide   |                                 |                    | These shares are only appropriate for short-term investors. The equity is ranked to outperform the market in the year ahead. Appreciation potential over the next 18-month period is also good. However, accounts looking out to the 2026-2028 horizon can find much better selections elsewhere.  |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| ANNUAL RATES  |     |                 |  | James A. Flood  |                                 |                    | July 7, 2023   |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| Past 10 Yrs.  |     |                 |  |   |                                 |                    |  |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| Past 5 Yrs.   |     |                 |  |   |                                 |                    |  |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| Est'd '20-'22   |     |                 |  |   |                                 |                    |  |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| to '26-'28  |     |                 |  |   |                                 |                    |  |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| Revenues  |     |                 |  |   |                                 |                    |  |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| "Cash Flow"   |     |                 |  |   |                                 |                    |  |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| Earnings  |     |                 |  |   |                                 |                    |  |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| Dividends   |     |                 |  |   |                                 |                    |  |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| Book Value  |     |                 |  |   |                                 |                    |  |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| Cal-endar   |     |                 |  |   |                                 |                    |  |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| QUARTERLY REVENUES (\$ mill.)   |     |                 |  |   |                                 |                    |  |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| Mar.31 Jun.30 Sep.30 Dec.31   |     |                 |  |   |                                 |                    |  |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| Full Year   |     |                 |  |   |                                 |                    |  |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |
| 2020  |     |                 |  |   |                                 |                    |  |  |      |              |       |           |                                    |                    |      |           |      |            |                    |  |  |  |  |  |  |  |



| CALIFORNIA WATER NYSE-CWT                            |  |                 |  |        |       | RECENT PRICE | 49.90  | P/E RATIO | 28.5   | (Trailing: 37.2; Median: 28.0) | RELATIVE P/E RATIO | 1.72   | DIV'D YLD | 2.1%   | VALUE LINE |                  |                    |                                  |       |  |  |  |  |
|--|--|-----------------|--|--------|-------|--------------|--------|-----------|--------|--------------------------------|--------------------|--------|-----------|--------|------------|------------------|--------------------|----------------------------------|-------|--|--|--|--|
| TIMELINESS   | 5  | Lowered 6/23/23 | High: 19.3   | 23.4   | 26.4  | 26.0         | 36.8   | 46.2      | 49.1   | 57.5                           | 57.4               | 72.1   | 72.0      | 63.9   |            |                  | Target Price Range | 2026 2027 2028                   |       |  |  |  |  |
| SAFETY   | 3  | Lowered 7/27/07 | Low: 16.8  | 18.4   | 20.3  | 19.5         | 22.5   | 32.4      | 35.3   | 44.6                           | 39.7               | 51.0   | 48.5      | 49.8   |            |                  |                    |                                  |       |  |  |  |  |
| TECHNICAL  | 3  | Raised 6/23/23  | LEGENDS<br>50.00 x Dividends p sh divided by Interest Rate<br>..... Relative Price Strength<br>2-for-1 split 6/11<br>Options: Yes<br>Shaded area indicates recession |        |       |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| BETA   | .70  | (1.00 = Market) |  |        |       |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| 18-Month Target Price Range                          |  |                 |  |        |       |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| Low-High Midpoint (% to Mid)                         |  |                 |  |        |       |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| \$41-\$86 \$64 (25%)                                 |  |                 |  |        |       |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| 2026-28 PROJECTIONS                                  |  |                 |  |        |       |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| High   | Price                                      | Gain            | Ann'l  | Total  |       |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| Low  | 80   | (+60%)          | 14%  | 14%    |       |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
|  | 55   | (+10%)          | 5%   | 5%     |       |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| Institutional Decisions                              |  |                 |  |        |       |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| 3Q2022   | 4Q2022                                     | 1Q2023          | Percent  | 18     |       |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| to Buy   | 140  | 141             | 125  | shares | 12    |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| to Sell  | 102  | 113             | 124  | traded | 6     |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| Hld's(000)   | 43549                                      | 45352           | 44814  |        |       |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| 2007   | 2008                                       | 2009            | 2010   | 2011   | 2012  | 2013         | 2014   | 2015      | 2016   | 2017                           | 2018               | 2019   | 2020      | 2021   | 2022       | 2023             | 2024               | © VALUE LINE PUB. LLC            | 26-28 |  |  |  |  |
| 8.88   | 9.90                                       | 10.82           | 11.05  | 12.00  | 13.34 | 12.23        | 12.50  | 12.29     | 12.70  | 13.89                          | 14.53              | 14.72  | 15.78     | 14.72  | 15.22      | 15.35            | 17.70              | Revenues per sh                  | 19.30 |  |  |  |  |
| 1.56   | 1.86                                       | 1.93            | 1.93   | 2.07   | 2.32  | 2.21         | 2.47   | 2.22      | 2.34   | 3.00                           | 3.11               | 3.14   | 3.88      | 3.91   | 3.79       | 3.20             | 4.00               | "Cash Flow" per sh               | 4.35  |  |  |  |  |
| .75  | .95  | .98             | .91  | .86    | 1.02  | 1.02         | 1.19   | .94       | 1.01   | 1.40                           | 1.36               | 1.31   | 1.97      | 1.96   | 1.77       | 1.75             | 2.45               | Earnings per sh <sup>A</sup>     | 2.75  |  |  |  |  |
| .58  | .59  | .59             | .60  | .62    | .63   | .64          | .65    | .67       | .69    | .72                            | .75                | .79    | .85       | .92    | 1.00       | 1.04             | 1.12               | Div'd Decl'd per sh <sup>B</sup> | 1.35  |  |  |  |  |
| 1.84   | 2.41                                       | 2.66            | 2.97   | 2.83   | 3.04  | 2.58         | 2.76   | 3.69      | 4.77   | 5.40                           | 5.65               | 5.64   | 5.93      | 5.46   | 5.90       | 6.00             | 6.15               | Cap'l Spending per sh            | 6.45  |  |  |  |  |
| 9.25   | 9.72                                       | 10.13           | 10.45  | 10.76  | 11.28 | 12.54        | 13.11  | 13.41     | 13.75  | 14.44                          | 15.19              | 16.07  | 18.30     | 21.92  | 23.70      | 24.80            | 27.10              | Book Value per sh <sup>C</sup>   | 29.50 |  |  |  |  |
| 41.33  | 41.45                                      | 41.53           | 41.67  | 41.82  | 41.98 | 47.74        | 47.81  | 47.88     | 47.97  | 48.01                          | 48.07              | 48.53  | 50.33     | 53.72  | 55.60      | 55.00            | 52.00              | Common Shs Outst'g <sup>D</sup>  | 50.00 |  |  |  |  |
| 26.1   | 19.8                                       | 19.7            | 20.3   | 21.3   | 17.9  | 20.1         | 19.7   | 24.8      | 29.6   | 26.9                           | 30.3               | 39.3   | 24.9      | 30.5   | 33.0       | Bold figures are |                    | Avg Ann'l P/E Ratio              | 24.0  |  |  |  |  |
| 1.39   | 1.19                                       | 1.31            | 1.29   | 1.34   | 1.14  | 1.13         | 1.04   | 1.25      | 1.55   | 1.35                           | 1.64               | 2.09   | 1.28      | 1.65   | 1.92       | Value Line       |                    | Relative P/E Ratio               | 1.30  |  |  |  |  |
| 3.0%   | 3.1%                                       | 3.1%            | 3.2%   | 3.4%   | 3.5%  | 3.1%         | 2.8%   | 2.9%      | 2.3%   | 1.9%                           | 1.8%               | 1.5%   | 1.7%      | 1.5%   | 1.7%       | estimates        |                    | Avg Ann'l Div'd Yield            | 2.0%  |  |  |  |  |
| CAPITAL STRUCTURE as of 3/31/23                      |  |                 |  |        |       | 584.1        | 597.5  | 588.4     | 609.4  | 666.9                          | 698.2              | 714.6  | 794.3     | 790.9  | 846.4      | 845              | 920                | Revenues (\$mill) <sup>E</sup>   | 965   |  |  |  |  |
| Total Debt \$1185.6 mill. Due in 5 Yrs \$357.0 mill. |  |                 |  |        |       | 47.3         | 56.7   | 45.0      | 48.7   | 67.2                           | 65.6               | 63.1   | 96.8      | 101.1  | 96.0       | 96.0             | 128                | Net Profit (\$mill)              | 138   |  |  |  |  |
| LT Debt \$1052.3 mill. LT Interest \$40.0 mill.      |  |                 |  |        |       | 30.3%        | 33.0%  | 36.0%     | 35.5%  | 30.1%                          | 24.5%              | 19.1%  | 11.1%     | 20.1%  | 3.3%       | 21.0%            | 21.0%              | Income Tax Rate                  | 21.0% |  |  |  |  |
| (Total interest coverage: 1.0x) (44% of Cap'l)       |  |                 |  |        |       | 4.3%         | 2.7%   | 4.3%      | 6.1%   | 3.5%                           | 3.1%               | 5.8%   | 3.3%      | 1.7%   | 1.7%       | 5.0%             | 5.0%               | AFUDC % to Net Profit            | 5.0%  |  |  |  |  |
| Pension Assets-12/22 \$637.3 mill.                   |  |                 |  |        |       | 41.6%        | 40.1%  | 44.4%     | 44.6%  | 42.7%                          | 49.3%              | 50.2%  | 45.9%     | 47.3%  | 44.4%      | 42.5%            | 41.0%              | Long-Term Debt Ratio             | 38.0% |  |  |  |  |
| Oblig. \$685.3 mill.                                 |  |                 |  |        |       | 58.4%        | 59.9%  | 55.6%     | 55.4%  | 57.3%                          | 50.7%              | 49.8%  | 54.1%     | 52.7%  | 55.6%      | 57.5%            | 59.0%              | Common Equity Ratio              | 62.0% |  |  |  |  |
| Pfd Stock None                                       |  |                 |  |        |       | 1024.9       | 1045.9 | 1154.4    | 1191.2 | 1209.3                         | 1440.2             | 1566.7 | 1702.4    | 2233.4 | 2370.1     | 2365             | 2385               | Total Capital (\$mill)           | 2375  |  |  |  |  |
| Common Stock 55,990,000 shs.                         |  |                 |  |        |       | 1515.8       | 1590.4 | 1701.8    | 1859.3 | 2048.0                         | 2232.7             | 2406.4 | 2650.6    | 2846.9 | 3058.9     | 3085             | 3120               | Net Plant (\$mill)               | 3200  |  |  |  |  |
| MARKET CAP: \$2.8 billion (Mid Cap)                  |  |                 |  |        |       | 6.0%         | 6.3%   | 5.2%      | 5.5%   | 7.1%                           | 5.9%               | 5.5%   | 7.0%      | 5.5%   | 5.0%       | 4.5%             | 6.0%               | Return on Total Cap'l            | 6.5%  |  |  |  |  |
| CURRENT POSITION                                     |  |                 |  |        |       | 7.9%         | 9.1%   | 7.0%      | 7.4%   | 9.7%                           | 9.0%               | 8.1%   | 10.5%     | 8.6%   | 7.3%       | 7.0%             | 9.0%               | Return on Shr. Equity            | 9.5%  |  |  |  |  |
| (SMILL.)   |  |                 |  |        |       | 7.9%         | 9.1%   | 7.0%      | 7.4%   | 9.7%                           | 9.0%               | 8.1%   | 10.5%     | 8.6%   | 7.3%       | 7.0%             | 9.0%               | Return on Com Equity             | 9.5%  |  |  |  |  |
| Cash Assets  |  |                 |  |        |       | 3.4%         | 4.1%   | 2.0%      | 2.4%   | 4.7%                           | 4.0%               | 3.2%   | 6.0%      | 4.6%   | 3.2%       | 3.0%             | 5.0%               | Retained to Com Eq               | 4.5%  |  |  |  |  |
| Other  |  |                 |  |        |       | 56%          | 55%    | 71%       | 68%    | 51%                            | 55%                | 60%    | 43%       | 47%    | 56%        | 60%              | 46%                | All Div'ds to Net Prof           | 49%   |  |  |  |  |
| Current Assets                                       |  |                 |  |        |       |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| Accts Payable  |  |                 |  |        |       |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| Debt Due   |  |                 |  |        |       |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| Other  |  |                 |  |        |       |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| Current Liab.  |  |                 |  |        |       |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| ANNUAL RATES   |  |                 |  |        |       |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| of change (per sh)                                   |  |                 |  |        |       |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| Past 10 Yrs.   |  |                 |  |        |       |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| Past 5 Yrs.  |  |                 |  |        |       |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| Est'd '20-'22  |  |                 |  |        |       |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| Revenues   |  |                 |  |        |       |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| "Cash Flow"  |  |                 |  |        |       |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| Earnings   |  |                 |  |        |       |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| Dividends  |  |                 |  |        |       |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| Book Value   |  |                 |  |        |       |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| Cal-   | QUARTERLY REVENUES (\$ mill.) <sup>F</sup> |                 |  |        | Full  |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| endar  | Mar.31                                     | Jun.30          | Sep.30   | Dec.31 | Year  |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| 2020   | 125.6                                      | 175.5           | 304.1  | 189.1  | 794.3 |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| 2021   | 147.7                                      | 213.1           | 256.7  | 173.4  | 790.9 |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| 2022   | 173.0                                      | 206.2           | 266.3  | 200.9  | 846.4 |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| 2023   | 131.1                                      | 220             | 280  | 214.9  | 845   |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| 2024   | 190  | 225             | 285  | 220    | 920   |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| Cal-   | EARNINGS PER SHARE <sup>A</sup>            |                 |  |        | Full  |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| endar  | Mar.31                                     | Jun.30          | Sep.30   | Dec.31 | Year  |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| 2020   | d.42                                       | .11             | 1.94   | .31    | 1.97  |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| 2021   | d.06                                       | .75             | 1.20   | .07    | 1.96  |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| 2022   | .02  | .36             | 1.03   | .35    | 1.77  |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| 2023   | d.40                                       | .55             | 1.15   | .45    | 1.75  |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| 2024   | .15  | .60             | 1.20   | .50    | 2.45  |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| Cal-   | QUARTERLY DIVIDENDS PAID <sup>B</sup>      |                 |  |        | Full  |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| endar  | Mar.31                                     | Jun.30          | Sep.30   | Dec.31 | Year  |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| 2019   | .1975                                      | .1975           | .1975  | .1975  | .79   |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| 2020   | .2125                                      | .2125           | .2125  | .2125  | .85   |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| 2021   | .230                                       | .230            | .230   | .230   | .92   |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| 2022   | .250                                       | .250            | .250   | .250   | 1.00  |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |
| 2023   | .260                                       | .26             |  |        |       |              |        |           |        |                                |                    |        |           |        |            |                  |                    |                                  |       |  |  |  |  |

**BUSINESS:** California Water Service Group provides regulated and nonregulated water service to 496,400 customers in 100 communities in the state of California. Accounts for about 90% of total customers. Also operates in Washington, New Mexico, and Hawaii. Main service areas: San Francisco Bay area, Sacramento Valley, Salinas Valley, San Joaquin Valley & parts of Los Angeles. Ac-

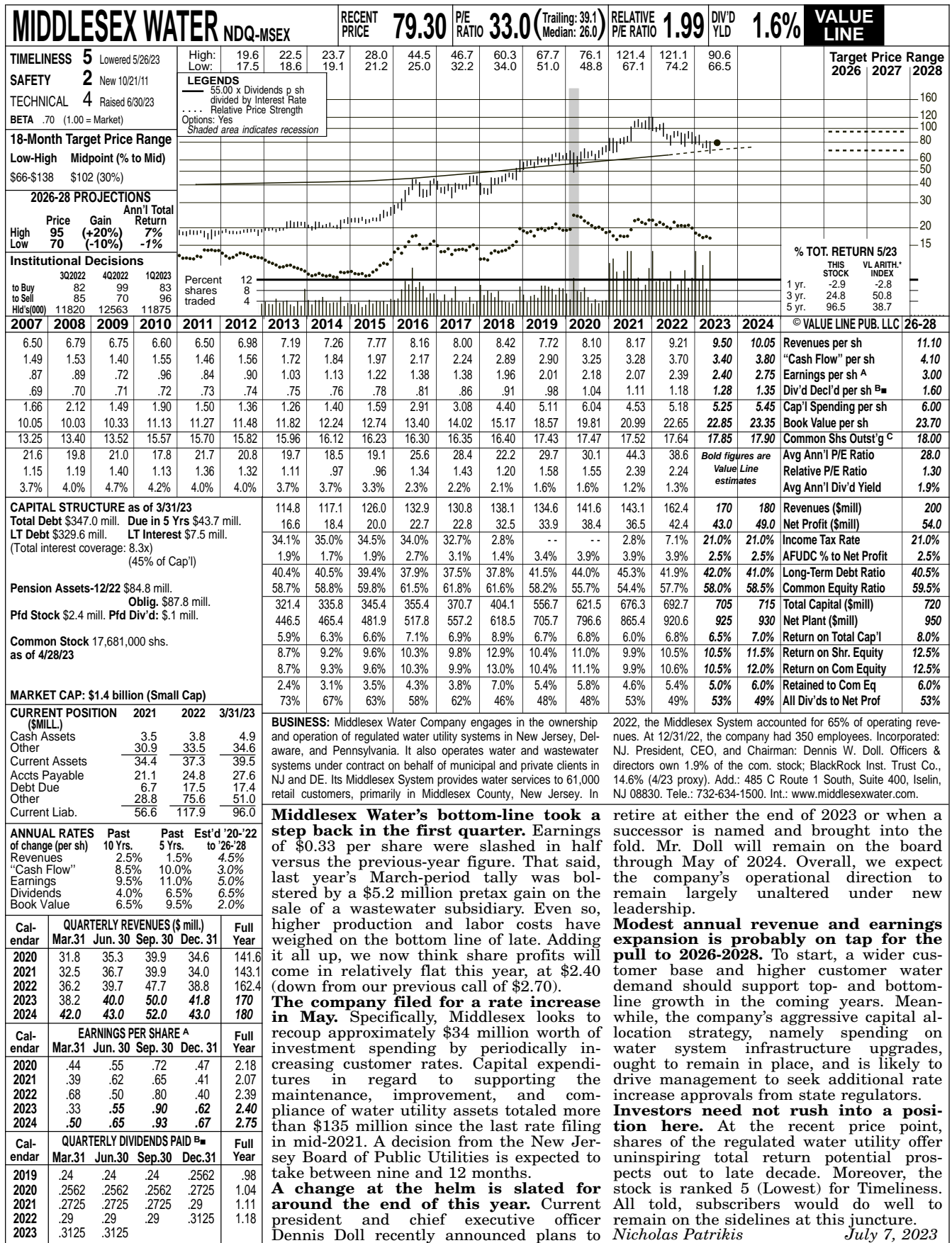
quired Rio Grande Corp; West Hawaii Utilities (9/08). Revenue breakdown, '22: residential, 67%; business, 20%; industrial, 3%; public authorities, 5%; other 5%. Off. and dir. own 1% of common stock (4/23 proxy). Has 1,184 employees. Pres. and CEO: Martin A. Kropelnicki, Inc.: DE. Addr.: 1720 North First St., San Jose, CA 95112-4598. Tel.: 408-367-8200. Internet: www.calwatergroup.com.

infrastructure spending will ramp up significantly over the coming quarters. Moreover, subsequent to a rate case approval, the company is poised to recoup a decent amount of this investment spending via increased customer rates.

**A recent increase to the company's borrowing capacity augurs well for asset acquisitions.** In March, California Water's revolving credit facility was raised to \$600 million for a five-year term, which suggests that strategic asset purchases are likely to continue over the long haul.

**Subscribers need not rush into a position here at this juncture.** California Water shares dipped modestly in value over the past three months. Based on recent price and earnings results, the stock has slipped several notches on our Timeliness ranking scale, to 5 (Lowest) and, thus no longer stands out as a favorable near-term selection. Looking at the 3- to 5-year window, the equity holds uninspiring total return potential at the recent quotation. In sum, investors looking to add a water utility to their portfolio would do well to have a look elsewhere.

Nicholas Patrikis  
July 7, 2023



(A) Diluted earnings. Quarterly figures may not sum due to rounding. Next earnings report due early August.

(B) Dividends historically paid in mid-Feb., May, Aug., and November. Div'd reinvestment plan available.

(C) In millions.

Company's Financial Strength B++  
 Stock's Price Stability 85  
 Price Growth Persistence 95  
 Earnings Predictability 90

| SJW GROUP NYSE-SJW                                  |                                       |                 |   |             | RECENT PRICE  | 69.37     | P/E RATIO | 25.2   | (Trailing: 26.1 Median: 25.0) | RELATIVE P/E RATIO | 1.52   | DIV'D YLD | 2.2%  | VALUE LINE |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
|---|---------------------------------------|-----------------|---|-------------|---------------|-----------|-----------|--------|-------------------------------|--------------------|--------|-----------|-------|------------|------------------------|--|-------|----------------------------------|-------|-----------------------|-----------|------|-------|--|--|--|--|
| TIMELINESS  | 1                                     | Raised 5/12/23  | High: 26.9  | 30.1        | 33.7          | 35.7      | 56.9      | 69.3   | 68.4                          | 74.5               | 75.0   | 73.7      | 83.9  | 83.7       |                        | Target Price Range                           | 2026  | 2027                             | 2028  |                       |           |      |       |  |  |  |  |
| SAFETY  | 3                                     | New 4/22/11     | Low: 22.6   | 24.5        | 25.5          | 27.5      | 28.6      | 45.4   | 51.3                          | 53.9               | 45.6   | 58.0      | 55.7  | 68.2       |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| TECHNICAL   | 1                                     | Raised 6/30/23  | <div>LEGENDS</div> <div>42.00 x Dividends p sh divided by Interest Rate</div> <div>Relative Price Strength</div> <div>Options: Yes</div> <div>Shaded area indicates recession</div> |             |               |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| BETA  | .80                                   | (1.00 = Market) |   |             |               |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| 18-Month Target Price Range                         |                                       |                 |   |             |               |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| Low-High  | Midpoint (% to Mid)                   |                 |   |             |               |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| \$63-\$112  |                                       |                 | \$88 (25%)  |             |               |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| 2026-28 PROJECTIONS                                 |                                       |                 |   |             |               |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| High  | Price                                 | Gain            | Ann'l Total   |             |               |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| Low   | 90                                    | (+30%)          | Return  |             |               |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
|   | 60                                    | (-15%)          | 9%  |             |               |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
|   |                                       |                 | -1%   |             |               |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| Institutional Decisions                             |                                       |                 |   |             |               |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| to Buy  | 3Q2022                                | 4Q2022          | 1Q2023  |             |               |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| Sell  | 96                                    | 128             | 94  |             |               |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| Hld's(000)  | 22026                                 | 27200           | 27281   |             |               |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
|   |                                       |                 | Percent shares traded   |             |               |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
|   |                                       |                 | 15  |             |               |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
|   |                                       |                 | 5   |             |               |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
|   |                                       |                 |   |             |               |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       | % TOT. RETURN 5/23    |           |      |       |  |  |  |  |
|   |                                       |                 |   |             |               |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       | THIS STOCK            | VL ARITH. |      |       |  |  |  |  |
|   |                                       |                 |   |             |               |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       | 1 yr.                 | 26.3      | -2.8 |       |  |  |  |  |
|   |                                       |                 |   |             |               |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       | 3 yr.                 | 29.5      | 50.8 |       |  |  |  |  |
|   |                                       |                 |   |             |               |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       | 5 yr.                 | 33.3      | 38.7 |       |  |  |  |  |
|   |                                       |                 |   |             |               |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       | © VALUE LINE PUB. LLC |           |      | 26-28 |  |  |  |  |
| 2007  | 2008                                  | 2009            | 2010  | 2011        | 2012          | 2013      | 2014      | 2015   | 2016                          | 2017               | 2018   | 2019      | 2020  | 2021       | 2022                   | 2023   | 2024  | Revenues per sh                  | 23.15 |                       |           |      |       |  |  |  |  |
| 11.25   | 12.12                                 | 11.68           | 11.62   | 12.85       | 14.01         | 13.73     | 15.76     | 14.97  | 16.61                         | 18.97              | 14.00  | 14.78     | 19.77 | 19.01      | 20.15                  | 20.65  | 21.85 | "Cash Flow" per sh               | 4.90  |                       |           |      |       |  |  |  |  |
| 2.30  | 2.44                                  | 2.21            | 2.38  | 2.80        | 2.97          | 2.90      | 4.42      | 3.86   | 4.76                          | 5.24               | 3.29   | 3.13      | 5.28  | 5.13       | 5.79                   | 4.35   | 4.60  | Earnings per sh <sup>A</sup>     | 3.25  |                       |           |      |       |  |  |  |  |
| 1.04  | 1.08                                  | .81             | .84   | 1.11        | 1.18          | 1.12      | 2.54      | 1.85   | 2.57                          | 2.86               | 1.82   | .82       | 2.14  | 2.03       | 2.43                   | 2.75   | 2.95  | Div'd Decl'd per sh <sup>B</sup> | 1.80  |                       |           |      |       |  |  |  |  |
| .61   | .65                                   | .66             | .68   | .69         | .71           | .73       | .75       | .78    | .81                           | 1.04               | 1.12   | 1.20      | 1.28  | 1.36       | 1.44                   | 1.52   | 1.60  | Cap'l Spending per sh            | 8.75  |                       |           |      |       |  |  |  |  |
| 6.62  | 3.79                                  | 3.17            | 5.65  | 3.75        | 5.67          | 4.68      | 5.02      | 5.24   | 6.95                          | 7.26               | 5.08   | 6.25      | 7.44  | 8.32       | 7.85                   | 8.00   | 8.25  | Book Value per sh                | 42.50 |                       |           |      |       |  |  |  |  |
| 12.90   | 13.99                                 | 13.66           | 13.75   | 14.20       | 14.71         | 15.92     | 17.75     | 18.83  | 20.61                         | 22.57              | 31.31  | 31.27     | 32.12 | 34.28      | 36.06                  | 37.10  | 40.00 | Common Shs Outst'g <sup>C</sup>  | 30.00 |                       |           |      |       |  |  |  |  |
| 18.36   | 18.18                                 | 18.50           | 18.55   | 18.59       | 18.67         | 20.17     | 20.29     | 20.38  | 20.46                         | 20.52              | 28.40  | 28.46     | 28.56 | 30.18      | 30.80                  | 31.00  | 30.00 |                                  |       |                       |           |      |       |  |  |  |  |
| 33.4  | 26.2                                  | 28.7            | 29.1  | 21.2        | 20.4          | 24.3      | 11.2      | 16.6   | 15.7                          | 18.8               | 32.7   | 78.8      | 30.0  | 32.9       | 27.3                   | <b>Bold figures are Value Line estimates</b> |       | Avg Ann'l P/E Ratio              | 23.0  |                       |           |      |       |  |  |  |  |
| 1.77  | 1.58                                  | 1.91            | 1.85  | 1.33        | 1.30          | 1.37      | .59       | .84    | .82                           | .95                | 1.77   | 4.20      | 1.54  | 1.78       | 1.58                   |  |       | Relative P/E Ratio               | 1.30  |                       |           |      |       |  |  |  |  |
| 1.7%  | 2.3%                                  | 2.8%            | 2.8%  | 2.9%        | 3.0%          | 2.7%      | 2.6%      | 2.5%   | 2.0%                          | 1.9%               | 1.9%   | 1.9%      | 2.0%  | 2.0%       | 2.2%                   |  |       | Avg Ann'l Div'd Yield            | 2.4%  |                       |           |      |       |  |  |  |  |
| CAPITAL STRUCTURE as of 3/31/23                     |                                       |                 |   |             |               |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| Total Debt \$1564.7 mill. Due in 5 Yrs \$39.0 mill. |                                       |                 |   |             |               |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| LT Debt \$1520.4 mill. LT Interest \$50.0 mill.     |                                       |                 |   |             |               |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| (LT Interest Coverage: 8.2x)                        |                                       |                 |   |             |               |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
|   |                                       |                 | 276.9   | 319.7       | 305.1         | 339.7     | 389.2     | 397.7  | 420.5                         | 564.5              | 573.7  | 620.7     | 640   | 655        | Revenues (\$mill)      | 695  |       |                                  |       |                       |           |      |       |  |  |  |  |
|   |                                       |                 | 23.5  | 51.8        | 37.9          | 52.8      | 59.2      | 38.8   | 23.4                          | 61.5               | 60.5   | 73.8      | 85.0  | 89.0       | Net Profit (\$mill)    | 98.0   |       |                                  |       |                       |           |      |       |  |  |  |  |
|   |                                       |                 | 38.7%   | 32.5%       | 38.1%         | 38.8%     | 36.7%     | 20.6%  | 26.4%                         | 12.0%              | 12.2%  | 10.3%     | 21.0% | 21.0%      | Income Tax Rate        | 21.0%  |       |                                  |       |                       |           |      |       |  |  |  |  |
|   |                                       |                 | --  | --          | --            | --        | --        | --     | --                            | --                 | 2.0%   | 6.4%      | 1.5%  | 1.5%       | AFUDC % to Net Profit  | 1.5%   |       |                                  |       |                       |           |      |       |  |  |  |  |
|   |                                       |                 | 51.1%   | 51.6%       | 49.8%         | 50.7%     | 48.2%     | 32.7%  | 59.1%                         | 58.4%              | 59.1%  | 57.3%     | 56.0% | 50.0%      | Long-Term Debt Ratio   | 44.0%  |       |                                  |       |                       |           |      |       |  |  |  |  |
|   |                                       |                 | 48.9%   | 48.4%       | 50.2%         | 49.3%     | 51.8%     | 67.3%  | 40.9%                         | 41.6%              | 40.9%  | 42.7%     | 44.0% | 50.0%      | Common Equity Ratio    | 56.0%  |       |                                  |       |                       |           |      |       |  |  |  |  |
|   |                                       |                 | 656.2   | 744.5       | 764.6         | 855.0     | 894.3     | 1320.7 | 2173.6                        | 2204.7             | 2527.5 | 2602.8    | 2600  | 2400       | Total Capital (\$mill) | 2275   |       |                                  |       |                       |           |      |       |  |  |  |  |
|   |                                       |                 | 898.7   | 963.0       | 1036.8        | 1146.4    | 1239.3    | 1328.8 | 2206.5                        | 2334.9             | 2497.5 | 2630.3    | 2685  | 2725       | Net Plant (\$mill)     | 2825   |       |                                  |       |                       |           |      |       |  |  |  |  |
|   |                                       |                 | 5.0%  | 8.3%        | 6.3%          | 7.4%      | 7.9%      | 3.9%   | 1.8%                          | 4.0%               | 3.5%   | 4.0%      | 4.0%  | 4.0%       | Return on Total Cap'l  | 5.0%   |       |                                  |       |                       |           |      |       |  |  |  |  |
|   |                                       |                 | 7.3%  | 14.4%       | 9.9%          | 12.5%     | 12.8%     | 4.4%   | 2.6%                          | 6.7%               | 5.8%   | 6.6%      | 7.5%  | 7.5%       | Return on Shr. Equity  | 7.5%   |       |                                  |       |                       |           |      |       |  |  |  |  |
|   |                                       |                 | 7.3%  | 14.4%       | 9.9%          | 12.5%     | 12.8%     | 4.4%   | 2.6%                          | 6.7%               | 5.8%   | 6.6%      | 7.5%  | 7.5%       | Return on Com Equity   | 7.5%   |       |                                  |       |                       |           |      |       |  |  |  |  |
|   |                                       |                 | 2.8%  | 10.2%       | 5.7%          | 8.6%      | 8.2%      | 1.8%   | NMF                           | 2.7%               | 2.0%   | 2.7%      | 3.5%  | 3.5%       | Retained to Com Eq     | 3.5%   |       |                                  |       |                       |           |      |       |  |  |  |  |
|   |                                       |                 | 62%   | 29%         | 42%           | 31%       | 36%       | 60%    | NMF                           | 59%                | 66%    | 59%       | 55%   | 54%        | All Div'ds to Net Prof | 55%  |       |                                  |       |                       |           |      |       |  |  |  |  |
| Pension Assets-12/22 \$252.0 mill.                  |                                       |                 |   |             |               |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| Oblig. \$289.1 mill.                                |                                       |                 |   |             |               |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| Pfd Stock None.                                     |                                       |                 |   |             |               |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| Common Stock 31,427,000 shs.                        |                                       |                 |   |             |               |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| MARKET CAP: \$2.2 billion (Mid Cap)                 |                                       |                 |   |             |               |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| CURRENT POSITION                                    |                                       |                 | 2021  | 2022        | 3/31/23       |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| (SMILL.)  |                                       |                 | 10.9  | 12.3        | 23.3          |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| Cash Assets   |                                       |                 | 53.7  | 58.2        | 56.5          |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| Accts Receivable                                    |                                       |                 | 69.5  | 84.2        | 114.0         |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| Other   |                                       |                 | 134.1   | 154.7       | 193.8         |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| Current Assets                                      |                                       |                 | 30.4  | 29.6        | 26.0          |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| Accts Payable                                       |                                       |                 | 39.1  | 4.4         | 44.3          |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| Debt Due  |                                       |                 | 133.8   | 230.7       | 142.7         |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| Other   |                                       |                 | 203.3   | 264.7       | 213.0         |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| Current Liab.                                       |                                       |                 |   |             |               |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| ANNUAL RATES  |                                       |                 | Past 10 Yrs.  | Past 5 Yrs. | Est'd '20-'22 |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| of change (per sh)                                  |                                       |                 | 4.5%  | 3.0%        | 3.0%          |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| Revenues  |                                       |                 | 7.0%  | 3.0%        | -1.5%         |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| "Cash Flow"   |                                       |                 | 7.5%  | -2.0%       | 6.5%          |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| Earnings  |                                       |                 | 7.0%  | 9.0%        | 5.0%          |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| Dividends   |                                       |                 | 9.0%  | 10.5%       | 3.5%          |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| Book Value  |                                       |                 |   |             |               |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| Cal-endar   | QUARTERLY REVENUES (\$ mill.)         |                 |   |             |               | Full Year |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
|   | Mar.31                                | Jun.30          | Sep.30  | Dec.31      |               |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| 2020  | 115.8                                 | 147.2           | 165.9   | 135.6       |               | 564.5     |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| 2021  | 114.8                                 | 152.2           | 166.9   | 139.8       |               | 573.7     |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| 2022  | 124.3                                 | 149.0           | 176.0   | 171.4       |               | 620.7     |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| 2023  | 137.3                                 | 160             | 180   | 162.7       |               | 640       |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| 2024  | 140                                   | 165             | 185   | 165         |               | 655       |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| Cal-endar   | EARNINGS PER SHARE <sup>A</sup>       |                 |   |             |               | Full Year |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
|   | Mar.31                                | Jun.30          | Sep.30  | Dec.31      |               |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| 2020  | .08                                   | .69             | .91   | .46         |               | 2.14      |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| 2021  | .09                                   | .69             | .64   | .60         |               | 2.03      |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| 2022  | .12                                   | .38             | .82   | 1.09        |               | 2.43      |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| 2023  | .37                                   | .57             | .95   | .86         |               | 2.75      |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| 2024  | .45                                   | .60             | 1.00  | .90         |               | 2.95      |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| Cal-endar   | QUARTERLY DIVIDENDS PAID <sup>B</sup> |                 |   |             |               | Full Year |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
|   | Mar.31                                | Jun.30          | Sep.30  | Dec.31      |               |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| 2019  | .30                                   | .30             | .30   | .30         |               | 1.20      |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| 2020  | .32                                   | .32             | .32   | .32         |               | 1.28      |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| 2021  | .34                                   | .34             | .34   | .34         |               | 1.36      |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| 2022  | .36                                   | .36             | .36   | .36         |               | 1.44      |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |
| 2023  | .38                                   | .38             |   |             |               |           |           |        |                               |                    |        |           |       |            |                        |  |       |                                  |       |                       |           |      |       |  |  |  |  |

(A) Diluted earnings. Excludes nonrecurring losses: '08, \$1.22; '10, \$0.46. GAAP accounting as of 2013. Next earnings report due early August. Quarterly eggs. may not add due to

rounding.



ESSENTIAL UTIL. NYSE-WTRG

RECENT PRICE39.84

P/E RATIO21.5 (Trailing: 23.0 Median: 26.0)

RELATIVE P/E RATIO1.30

DIV'D YLD3.1%

VALUE LINE

TIMELINESS3

Raised 5/12/23

SAFETY3

Lowered 1/8/21

TECHNICAL3

Raised 4/28/23

BETA.95

(1.00 = Market)

18-Month Target Price Range

Low-High

Midpoint (% to Mid)

\$34-\$64

\$49 (25%)

2026-28 PROJECTIONS

Ann'l Total Return

Price Gain (+90% to +25%)

High Low

Institutional Decisions

3Q2022 4Q2022 1Q2023

to Buy 301 312 268

to Sell 222 266 271

Hld's(000) 184861 194278 189507

Percent shares traded

15

10

5

High: 21.5 28.1 28.2 31.1 35.8 39.6 39.4 47.3 54.5 53.9 53.7 49.3

Low: 16.8 20.6 22.4 24.4 28.0 29.4 32.1 32.7 30.4 41.1 38.5 39.6

LEGENDS

17.5 x "Cash Flow" p sh

Relative Price Strength

5-for-4 split 9/13

Options: Yes

Shaded area indicates recession

Target Price 2026

2027

2028

128

96

80

64

48

40

32

24

16

12

% TOT. RETURN 5/23

THIS STOCK

VL ARITH. INDEX

1 yr. -9.7 -2.8

3 yr. -0.1 50.8

5 yr. 31.2 38.7

© VALUE LINE PUB. LLC

26-28

2007

2008

2009

2010

2011

2012

2013

2014

2015

2016

2017

2018

2019

2020

2021

2022

2023

2024

3.61

3.71

3.93

4.21

4.10

4.32

4.32

4.37

4.61

4.62

4.56

4.71

4.03

5.96

7.43

8.68

8.70

9.10

1.10

1.14

1.29

1.42

1.45

1.51

1.82

1.89

1.87

2.07

2.12

1.90

1.73

2.21

2.89

2.98

3.10

3.35

.57

.58

.62

.72

.83

.87

1.16

1.20

1.14

1.32

1.35

1.08

1.04

1.12

1.67

1.77

1.85

2.00

.38

.41

.44

.47

.50

.54

.58

.63

.69

.74

.79

.85

.91

.97

1.04

1.11

1.19

1.28

1.43

1.58

1.66

1.89

1.90

1.98

1.73

1.84

2.07

2.16

2.69

2.78

2.49

3.41

4.04

4.03

4.20

4.00

5.85

6.26

6.50

6.81

7.21

7.90

8.63

9.27

9.78

10.43

11.02

11.28

17.58

19.09

20.50

20.39

21.30

22.80

166.75

169.21

170.61

172.46

173.60

175.43

177.93

178.59

176.54

177.39

177.71

178.09

220.76

245.39

252.87

263.74

268.00

270.00

32.0

24.9

23.1

21.1

21.3

21.9

21.2

20.8

23.5

23.9

24.7

32.6

39.1

39.6

28.3

26.6

26.0

1.70

1.50

1.54

1.34

1.34

1.39

1.19

1.09

1.18

1.25

1.24

1.76

2.08

2.03

1.53

1.54

1.54

2.1%

2.8%

3.1%

3.1%

2.8%

2.8%

2.4%

2.5%

2.6%

2.3%

2.4%

2.4%

2.2%

2.2%

2.2%

2.4%

2.6%

768.6

779.9

814.2

819.9

809.5

838.1

889.7

1462.7

1878.1

2288.0

2330

2460

2600

205.0

213.9

201.8

234.2

239.7

192.0

224.5

284.8

431.6

465.2

495

540

670

10.0%

10.5%

6.9%

8.2%

6.6%

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8.0%

10.0%

16.0%

1.1%

2.4%

3.1%

3.8%

6.3%

6.8%

7.2%

4.5%

4.8%

1.3%

3.0%

5.0%

16.0%

48.9%

48.5%

50.3%

48.4%

50.6%

54.4%

43.1%

54.0%

52.7%

54.2%

54.0%

54.5%

56.0%

51.1%

51.5%

49.7%

51.6%

49.4%

45.6%

56.9%

46.0%

47.3%

45.8%

46.0%

45.5%

44.0%

3003.6

3216.0

3469.5

3587.7

3965.4

4407.8

6824.2

10192

10964

11748

12450

13500

16800

4167.3

4402.0

4688.9

5001.6

5399.9

5930.3

6345.8

9512.9

10252

11131

12100

12975

14600

8.0%

7.8%

6.9%

7.6%

7.1%

5.5%

4.2%

3.7%

4.8%

5.0%

5.0%

5.0%

5.0%

13.4%

12.9%

11.7%

12.7%

12.2%

9.6%

5.8%

6.1%

8.3%

8.7%

8.5%

8.5%

9.0%

13.4%

12.9%

11.7%

12.7%

12.2%

9.6%

5.8%

6.1%

8.3%

8.7%

8.5%

8.5%

9.0%

6.7%

6.1%

4.7%

5.6%

5.1%

2.1%

.9%

1.1%

3.3%

3.3%

3.0%

3.0%

2.5%

50%

52%

60%

56%

59%

79%

84%

82%

60%

62%

64%

64%

70%

CAPITAL STRUCTURE as of 3/31/23

Total Debt \$6705.7 mill. Due in 5 Yrs \$1400 mill.

LT Debt \$6484.5 mill. LT Interest \$238.0 mill.

(54% of Cap'l)

Pension Assets-12/22 \$333.2 mill.

Oblig. \$324.7 mill.

Pfd Stock None

Common Stock 264,379,508 shares as of 4/26/23

MARKET CAP: \$10.6 billion (Large Cap)

CURRENT POSITION

2021

2022

3/31/23

(MILL.)

10.6

11.4

20.1

Cash Assets

141.0

206.3

213.6

Receivables

109.6

46.6

48.4

Inventory (AvgCst)

176.6

393.9

227.7

Other

437.8

658.2

509.8

Current Assets

192.9

238.8

155.7

Accts Payable

197.1

427.9

221.2

Debt Due

285.1

355.2

426.4

Other

675.1

1021.9

803.3

Current Liab.

ANNUAL RATES

Past 10 Yrs.

Past 5 Yrs.

Est'd '20-'22 to '26-'28

of change (per sh)

5.5%

10.0%

3.5%

Revenues

6.5%

6.0%

6.0%

"Cash Flow"

6.5%

3.5%

7.5%

Earnings

7.5%

7.0%

8.0%

Dividends

10.5%

14.0%

4.5%

Book Value

QUARTERLY REVENUES (\$ mill.)

Cal-endar

Mar.31

Jun.30

Sep.30

Dec.31

Full Year

2020

255.6

384.5

348.6

474.0

1462.7

2021

583.5

397.0

361.9

535.7

1878.1

2022

699.3

448.7

434.6

705.4

2288.0

2023

726.5

470

455

678.5

2330

2024

740

510

490

720

2460

EARNINGS PER SHARE ^

Cal-endar

Mar.31

Jun.30

Sep.30

Dec.31

Full Year

2020

.21

.29

.22

.40

1.12

2021

.72

.32

.19

.44

1.67

2022

.76

.31

.26

.44

1.77

2023

.72

.33

.28

.52

1.85

2024

.80

.35

.30

.55

2.00

QUARTERLY DIVIDENDS PAID ^

Cal-endar

Mar.31

Jun.30

Sep.30

Dec.31

Full Year

2019

.219

.219

.2343

.2343

.91

2020

.2343

.2343

.2507

.2507

.97

2021

.2507

.2507

.2682

.2682

1.04

2022

.2682

.2682

.287

.287

1.11

2023

.287

.287

BUSINESS:

Essential Utilities, Inc. became the new name for Aqua America on Feb. 3, 2020, to reflect the acquisition of Peoples, a natural gas utility, which occurred in 3/20. In 2022, Aqua Amer. provided water and wastewater services in the states of PA, OH, TX, IL, NC, NJ, IN, VA NS WS. Acquired AquaSource, 7/13; N. Maine Util., 7/15; and others. Water respn. for 47% of revenues in

2022; residential, 27%; commercial, 7%; industrial, wastewater & other, 13%. Gas 50%; other, 3.0%. Employees 3,178. Off. & dir. own less than 1% of the common stock; BlackRock, 11.2%; Vanguard, 10.1%; Can. Pen. Plan 8.2% (3/23 proxy). Pres. & CEO: Christopher Franklin. Inc.: PA Addr.: 762 W Lancaster Ave., Bryn Mawr, PA 19010. Tel.: 610-525-1400. Int.: www.essential.co.

Essential Utilities will likely raise its dividend handsomely next month.

The company's board of directors usually resets the annual distribution in the second week of August. The quarterly share-payout ought to be raised from \$0.287 to somewhere around \$0.31. The 8% dividend growth rate, which we think will continue through 2026-2028, would be among the highest in the water utility sector.

Investors have not shown much enthusiasm for the stock.

After a poor start to the year, the equity has continued to underperform the broader markets. Year to date, shares of Essential are down more than 16%, compared to the 14% increase in the S&P 500 Index. WTRG has also been a laggard index.

We think 2023 will be a solid one for the company.

Essential has two main operating segments that provide water and natural gas to customers. In the first quarter, share profits were only \$0.72, versus our \$0.77 estimate and last year's \$0.76 tally. Demand for natural gas was soft, as the Pittsburgh region experienced the fourth warmest winter weather in the March period since 1955. Operating in-

come here declined over 11%. Partially offsetting this shortfall was a strong showing from the water segment, where income rose 28% thanks to higher allowed rates in four different states. Assuming normal temperatures, Essential earnings per share should rise 5%, to \$1.85.

Next year should be even better.

Besides the recent rate relief, the company has pending cases in a few states that are seeking hikes totaling \$45 million. A more normal year for the natural gas sector should help share earnings rise almost 8%, to \$2.00.

These neutrally ranked shares may appeal to investors that have to be in the water utility space.

Currently, most of the stocks in the industry have below average yields, uninspired 18-months prospects and well-below average long-term appreciation potential. The recent weakness in the value of the equity leaves it with a nice 3.1% dividend yield, and the growing dividend provides the stock with total returns, that while still being below the Value Line median, are better than most of its peers.

James A. Flood

July 7, 2023

(A) Diluted eggs. Excl. nonrec. gains: '12, 18¢. Excl. gain from disc. operations: '12, 7¢; '13, 9¢; '14, 11¢. Quarterly EPS do not add in '19 due to a large change in the number of shares

outstanding in the Dec. period. Next earnings report early August. **(B)** Dividends historically paid in early March, June, Sept., & Dec. ■ Div'd. reinvestment plan

(C) In millions, adjusted for stock split.  
(D) Includes intangibles: 12/31/22, \$2345.4 bill./\$8.89 a share.

|                              |     |
|------------------------------|-----|
| Company's Financial Strength | B++ |
| Stock's Price Stability      | 90  |
| Price Growth Persistence     | 65  |
| Earnings Predictability      | 65  |

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Foothills Water & Sewer, LLC  
Indicated Common Equity Cost Rate  
Through Use of a Risk Premium Model  
Using an Adjusted Total Market Approach

| <u>Line No.</u> |   | <u>Proxy Group of Six<br/>Water Companies</u> |
|-----------------|---|---|
| 1.              | Prospective Yield on Aaa Rated<br>Corporate Bonds (1)   | 4.94 %  |
| 2.              | Adjustment to Reflect Yield Spread<br>Between Aaa Rated Corporate<br>Bonds and A2 Rated Public<br>Utility Bonds (2) | <u>0.74</u>                                   |
| 3.              | Adjusted Prospective Yield on A2 Rated<br>Public Utility Bonds  | 5.68 %  |
| 4.              | Adjustment to Reflect Bond<br>Rating Difference of Proxy Group (3)  | <u>0.11</u>                                   |
| 5.              | Adjusted Prospective Bond Yield   | 5.79 %  |
| 6.              | Equity Risk Premium (4)   | <u>5.46</u>                                   |
| 7.              | Risk Premium Derived Common<br>Equity Cost Rate   | <u><u>11.25 %</u></u>                         |

- Notes:
- (1) Consensus forecast of Moody's Aaa Rated Corporate bonds from Blue Chip Financial Forecasts (see pages 7 and 8 of this Exhibit).
  - (2) The average yield spread of A2 rated public utility bonds over Aaa rated corporate bonds of 0.74% from page 2 of this Exhibit.
  - (3) Adjustment to reflect the A3 Moody's LT issuer rating of the Utility Proxy Group as shown on page 3 of this Exhibit. The 0.11% upward adjustment is derived by taking 1/3 of the spread between A2 and Baa2 Public Utility Bonds ( $1/3 * 0.32\% = 0.11\%$ ) as derived from page 2 of this Exhibit.
  - (4) From page 5 of this Exhibit.

Foothills Water & Sewer, LLC  
Interest Rates and Bond Spreads for  
Moody's Corporate and Public Utility Bonds

Selected Bond Yields - Moody's

|          | [1]                                 | [2]                                     | [3]   |
|----------|-------------------------------------|---|---|
|          | <u>Aaa Rated<br/>Corporate Bond</u> | <u>A2 Rated Public<br/>Utility Bond</u> | <u>Baa2 Rated<br/>Public Utility<br/>Bond</u> |
| Aug-2023 | 4.96 %                              | 5.72 %                                  | 6.01 %  |
| Jul-2023 | 4.66                                | 5.41                                    | 5.73  |
| Jun-2023 | <u>4.65</u>                         | <u>5.38</u>                             | <u>5.73</u>                                   |
| Average  | <u><u>4.76 %</u></u>                | <u><u>5.50 %</u></u>                    | <u><u>5.82 %</u></u>                          |

Selected Bond Spreads

A2 Rated Public Utility Bonds Over Aaa Rated Corporate Bonds:

0.74 % (1)

Baa2 Rated Public Utility Bonds Over A2 Rated Public Utility Bonds:

0.32 % (2)

Notes:

(1) Column [2] - Column [1].

(2) Column [3] - Column [2].

Source of Information:

Bloomberg Professional Service

Foothills Water & Sewer, LLC  
Comparison of Long-Term Issuer Ratings for  
Proxy Group of Six Water Companies

|   | Moody's                           |                            | Standard & Poor's                 |                            |
|---|-----------------------------------|----------------------------|-----------------------------------|----------------------------|
|   | Long-Term Issuer Rating           |                            | Long-Term Issuer Rating           |                            |
|   | August 2023                       |                            | August 2023                       |                            |
| <u>Proxy Group of Six Water Companies</u> | Long-Term<br>Issuer<br>Rating (1) | Numerical<br>Weighting (2) | Long-Term<br>Issuer Rating<br>(1) | Numerical<br>Weighting (2) |
| American States Water Company             | A2                                | 6.0                        | A+                                | 5.0                        |
| American Water Works Company, Inc.        | A3                                | 7.0                        | A                                 | 6.0                        |
| California Water Service Group            | NR                                | --                         | A+                                | 5.0                        |
| Essential Utilities Inc.                  | Baa1                              | 8.0                        | A                                 | 6.0                        |
| Middlesex Water Company                   | NR                                | --                         | A                                 | 6.0                        |
| SJW Group                                 | NR                                | --                         | A-                                | 7.0                        |
| Average                                   | <u>A3</u>                         | <u>7.0</u>                 | <u>A</u>                          | <u>5.8</u>                 |

Notes:

- (1) Ratings are that of the average of each company's utility operating subsidiaries.  
(2) From page 4 of this Exhibit.

Source Information:      Moody's Investors Service  
Standard & Poor's Global Utilities Rating Service

Numerical Assignment for  
Moody's and Standard & Poor's Bond Ratings

| Moody's Bond<br>Rating | Numerical Bond<br>Weighting | Standard & Poor's<br>Bond Rating |
|------------------------|-----------------------------|----------------------------------|
| Aaa                    | 1                           | AAA                              |
| Aa1                    | 2                           | AA+                              |
| Aa2                    | 3                           | AA                               |
| Aa3                    | 4                           | AA-                              |
| A1                     | 5                           | A+                               |
| A2                     | 6                           | A                                |
| A3                     | 7                           | A-                               |
| Baa1                   | 8                           | BBB+                             |
| Baa2                   | 9                           | BBB                              |
| Baa3                   | 10                          | BBB-                             |
| Ba1                    | 11                          | BB+                              |
| Ba2                    | 12                          | BB                               |
| Ba3                    | 13                          | BB-                              |
| B1                     | 14                          | B+                               |
| B2                     | 15                          | B                                |
| B3                     | 16                          | B-                               |

Foothills Water & Sewer, LLC  
Judgment of Equity Risk Premium for  
Proxy Group of Six Water Companies

| <u>Line<br/>No.</u> |   | <u>Proxy Group of Six<br/>Water Companies</u> |
|---------------------|---|---|
| 1.                  | Calculated equity risk premium based on the total market using the beta approach (1)                                  | 6.51 %  |
| 2.                  | Mean equity risk premium based on a study using the holding period returns of public utilities with A rated bonds (2) | <u>4.40</u>                                   |
| 3.                  | Average equity risk premium   | <u><u>5.46 %</u></u>                          |

Notes: (1) From page 4 of this Exhibit.  
(2) From page 9 of this Exhibit.

Foothills Water & Sewer, LLC  
Derivation of Equity Risk Premium Based on the Total Market Approach  
Using the Beta for the  
Proxy Group of Six Water Companies

| <u>Line No.</u> | <u>Equity Risk Premium Measure</u>                            | <u>Proxy Group of Six Water Companies</u> |
|-----------------|---|---|
| 1.              | Kroll Equity Risk Premium (1)                                 | 5.82 %                                    |
| 2.              | Regression on Kroll Risk Premium Data (2)                     | 7.22                                      |
| 3.              | Equity Risk Premium Based on Value Line Summary and Index (3) | 9.43                                      |
| 4.              | Equity Risk Premium Based on Value Line S&P 500 Companies (4) | 8.84                                      |
| 5               | Equity Risk Premium Based on Bloomberg S&P 500 Companies (5)  | <u>11.52</u>                              |
| 6.              | Conclusion of Equity Risk Premium                             | 8.56 %                                    |
| 7.              | Adjusted Beta (6)   | <u>0.76</u>                               |
| 8.              | Forecasted Equity Risk Premium                                | <u><u>6.51 %</u></u>                      |

Notes:

- (1) Based on the arithmetic mean historical monthly returns on large company common stocks from Kroll® SBBI® 2023 Market Report minus the arithmetic mean monthly yield of Moody's average Aaa and Aa corporate bonds from 1928-2022.
- (2) This equity risk premium is based on a regression of the monthly equity risk premiums of large company common stocks relative to Moody's average Aaa and Aa rated corporate bond yields from 1928-2022 referenced in note 1 above.
- (3) The equity risk premium based on the Value Line Summary and Index is derived by subtracting the average consensus forecast of Aaa corporate bonds of 4.94% (from pages 7 and 8 of this Exhibit) from the projected 3-5 year total annual market return of 14.37% (described fully in note 1 on page 2 of Exhibit DWD-5).
- (4) Using data from Value Line for the S&P 500, an expected total return of 13.78% was derived based upon expected dividend yields and long-term earnings growth estimates as a proxy for capital appreciation. Subtracting the average consensus forecast of Aaa corporate bonds of 4.94% results in an expected equity risk premium of 8.84%.
- (5) Using data from Bloomberg Professional Services for the S&P 500, an expected total return of 16.46% was derived based upon expected dividend yields and long-term earnings growth estimates as a proxy for capital appreciation. Subtracting the average consensus forecast of Aaa corporate bonds of 4.94% results in an expected equity risk premium of 11.52%.
- (6) Average of mean and median beta from Exhibit DWD-5.

Sources of Information:

Stocks, Bonds, Bills, and Inflation - 2023 SBBI Yearbook, Kroll, Inc.  
Value Line Summary and Index  
Blue Chip Financial Forecasts, June 1, 2023 and September 1, 2023  
Bloomberg Professional Services

2 ■ BLUE CHIP FINANCIAL FORECASTS ■ SEPTEMBER 1, 2023

## Consensus Forecasts of U.S. Interest Rates and Key Assumptions

| Interest Rates          | History                    |        |        |       |                      |      |      |         | Consensus Forecasts-Quarterly Avg. |      |      |      |      |      |
|-------------------------|----------------------------|--------|--------|-------|----------------------|------|------|---------|------------------------------------|------|------|------|------|------|
|                         | Average For Week Ending--- |        |        |       | Average For Month--- |      |      |         | 3Q                                 | 4Q   | 1Q   | 2Q   | 3Q   | 4Q   |
|                         | Aug 25                     | Aug 18 | Aug 11 | Aug 4 | Jul                  | Jun  | May  | 2Q 2023 | 2023                               | 2023 | 2024 | 2024 | 2024 | 2024 |
| Federal Funds Rate      | 5.33                       | 5.33   | 5.33   | 5.33  | 5.12                 | 5.08 | 5.06 | 4.99    | 5.3                                | 5.4  | 5.3  | 5.0  | 4.6  | 4.2  |
| Prime Rate              | 8.50                       | 8.50   | 8.50   | 8.50  | 8.29                 | 8.25 | 8.23 | 8.16    | 8.4                                | 8.6  | 8.4  | 8.1  | 7.6  | 7.3  |
| SOFR                    | 5.30                       | 5.30   | 5.30   | 5.30  | 5.09                 | 5.06 | 5.02 | 4.96    | 5.3                                | 5.4  | 5.4  | 5.1  | 4.6  | 4.2  |
| Commercial Paper, 1-mo. | 5.27                       | 5.31   | 5.31   | 5.30  | 5.16                 | 5.10 | 5.06 | 4.99    | 5.4                                | 5.5  | 5.3  | 4.9  | 4.6  | 4.2  |
| Treasury bill, 3-mo.    | 5.58                       | 5.56   | 5.55   | 5.54  | 5.49                 | 5.42 | 5.31 | 5.27    | 5.5                                | 5.5  | 5.3  | 4.9  | 4.5  | 4.2  |
| Treasury bill, 6-mo.    | 5.58                       | 5.54   | 5.53   | 5.52  | 5.53                 | 5.42 | 5.27 | 5.23    | 5.5                                | 5.5  | 5.2  | 4.9  | 4.5  | 4.2  |
| Treasury bill, 1 yr.    | 5.39                       | 5.36   | 5.34   | 5.36  | 5.37                 | 5.24 | 4.91 | 4.94    | 5.4                                | 5.3  | 5.0  | 4.6  | 4.3  | 4.0  |
| Treasury note, 2 yr.    | 4.99                       | 4.94   | 4.80   | 4.87  | 4.83                 | 4.64 | 4.13 | 4.26    | 4.8                                | 4.7  | 4.4  | 4.1  | 3.9  | 3.7  |
| Treasury note, 5 yr.    | 4.43                       | 4.39   | 4.18   | 4.22  | 4.14                 | 3.95 | 3.59 | 3.69    | 4.2                                | 4.2  | 4.0  | 3.8  | 3.8  | 3.7  |
| Treasury note, 10 yr.   | 4.27                       | 4.25   | 4.07   | 4.07  | 3.90                 | 3.75 | 3.57 | 3.59    | 4.0                                | 4.0  | 3.9  | 3.8  | 3.7  | 3.7  |
| Treasury note, 30 yr.   | 4.35                       | 4.36   | 4.23   | 4.17  | 3.96                 | 3.87 | 3.86 | 3.80    | 4.1                                | 4.2  | 4.1  | 4.0  | 4.0  | 3.9  |
| Corporate Aaa bond      | 5.31                       | 5.33   | 5.21   | 5.14  | 4.98                 | 4.95 | 4.95 | 4.88    | 5.0                                | 5.1  | 5.0  | 4.9  | 4.9  | 4.8  |
| Corporate Baa bond      | 5.98                       | 5.99   | 5.86   | 5.78  | 5.64                 | 5.64 | 5.66 | 5.58    | 6.0                                | 6.1  | 6.0  | 5.9  | 5.8  | 5.8  |
| State & Local bonds     | 4.46                       | 4.37   | 4.35   | 4.32  | 4.20                 | 4.23 | 4.21 | 4.17    | 4.3                                | 4.4  | 4.3  | 4.2  | 4.2  | 4.2  |
| Home mortgage rate      | 7.23                       | 7.09   | 6.96   | 6.90  | 6.84                 | 6.71 | 6.43 | 6.49    | 6.9                                | 6.8  | 6.6  | 6.4  | 6.3  | 6.1  |

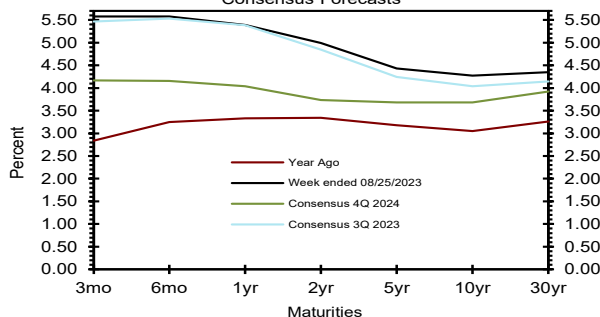
  

| Key Assumptions      | History |       |       |       |       |       |       |       | Consensus Forecasts-Quarterly |       |       |       |       |       |
|----------------------|---------|-------|-------|-------|-------|-------|-------|-------|-------------------------------|-------|-------|-------|-------|-------|
|                      | 3Q      | 4Q    | 1Q    | 2Q    | 3Q    | 4Q    | 1Q    | 2Q    | 3Q                            | 4Q    | 1Q    | 2Q    | 3Q    | 4Q    |
|                      | 2021    | 2021  | 2022  | 2022  | 2022  | 2022  | 2023  | 2023  | 2023                          | 2023  | 2024  | 2024  | 2024  | 2024  |
| Fed's AFE \$ Index   | 104.9   | 106.9 | 108.3 | 113.5 | 118.8 | 119.8 | 115.5 | 114.6 | 115.1                         | 114.8 | 114.5 | 114.2 | 114.0 | 113.7 |
| Real GDP             | 2.7     | 7.0   | -1.6  | -0.6  | 3.2   | 2.6   | 2.0   | 2.1   | 2.4                           | 0.6   | 0.1   | 0.5   | 1.3   | 1.8   |
| GDP Price Index      | 6.2     | 6.8   | 8.3   | 9.0   | 4.4   | 3.9   | 4.1   | 2.0   | 2.7                           | 2.6   | 2.4   | 2.3   | 2.2   | 2.2   |
| Consumer Price Index | 6.6     | 8.8   | 9.2   | 9.7   | 5.5   | 4.2   | 3.8   | 2.7   | 3.2                           | 2.9   | 2.5   | 2.3   | 2.4   | 2.4   |
| PCE Price Index      | 5.6     | 6.2   | 7.5   | 7.3   | 4.3   | 3.7   | 4.1   | 2.5   | 2.9                           | 2.8   | 2.4   | 2.2   | 2.2   | 2.2   |

Forecasts for interest rates and the Federal Reserve's Advanced Foreign Economies Index represent averages for the quarter. Forecasts for Real GDP, GDP Price Index, CPI and PCE Price Index are seasonally-adjusted annual rates of change (saar). Individual panel members' forecasts are on pages 4 through 9. Historical data: Treasury rates from the Federal Reserve Board's H.15; AAA-AA and A-BBB corporate bond yields from Bank of America-Merrill Lynch and are 15+ years, yield to maturity; State and local bond yields from Bank of America-Merrill Lynch, A-rated, yield to maturity; Mortgage rates from Freddie Mac, 30-year, fixed; SOFR from the New York Fed. All interest rate data are sourced from Haver Analytics. Historical data for Fed's Major Currency Index are from FRSR H.10. Historical data for Real GDP, GDP Price Index and PCE Price Index are from the Bureau of Economic Analysis (BEA). Consumer Price Index history is from the Department of Labor's Bureau of Labor Statistics (BLS).

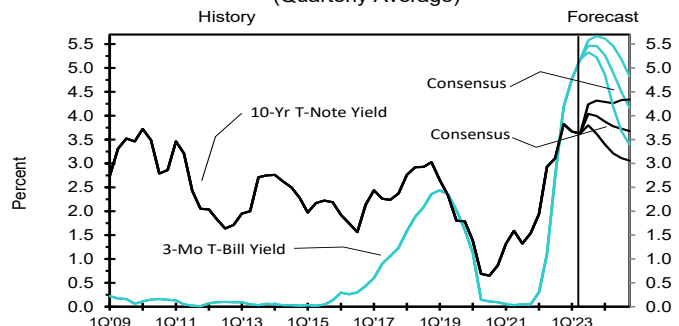
### US Treasury Yield Curve

Week ended Aug 25, 2023 & Year Ago vs.  
3Q 2023 & 4Q 2024  
Consensus Forecasts



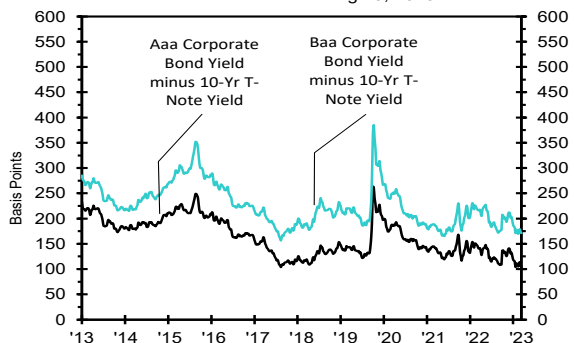
### US 3-Mo T-Bills & 10-Yr T-Note Yield

(Quarterly Average)



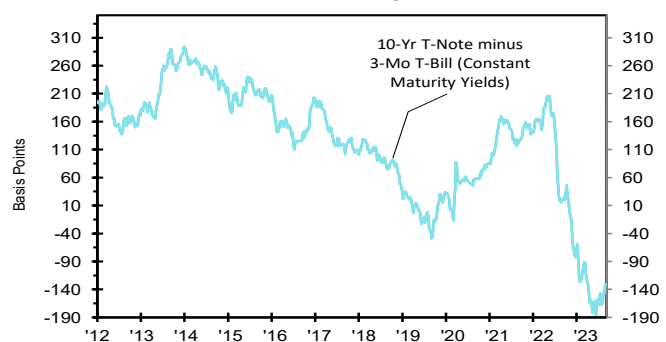
### Corporate Bond Spreads

As of week ended Aug 25, 2023



### US Treasury Yield Curve

As of week ended Aug 25, 2023



## 14 ■ BLUE CHIP FINANCIAL FORECASTS ■ JUNE 1, 2023

**Long-Range Survey:**

The table below contains the results of our twice-annual long-range CONSENSUS survey. There are also Top 10 and Bottom 10 averages for each variable. Shown are consensus estimates for the years 2024 through 2029 and averages for the five-year periods 2025-2029 and 2030-2034. Apply these projections cautiously. Few if any economic, demographic and political forces can be evaluated accurately over such long time spans.

|                                |                   | ----- Average For The Year -----     |       |       |       |       |       | Five-Year Averages |           |
|--------------------------------|-------------------|--------------------------------------|-------|-------|-------|-------|-------|--------------------|-----------|
|                                |                   | 2024                                 | 2025  | 2026  | 2027  | 2028  | 2029  | 2025-2029          | 2030-2034 |
| 1. Federal Funds Rate          | <b>CONSENSUS</b>  | 3.9                                  | 3.0   | 2.7   | 2.7   | 2.7   | 2.7   | 2.7                | 2.7       |
|                                | Top 10 Average    | 4.6                                  | 3.5   | 3.2   | 3.2   | 3.2   | 3.1   | 3.2                | 3.1       |
|                                | Bottom 10 Average | 3.1                                  | 2.4   | 2.3   | 2.2   | 2.2   | 2.3   | 2.3                | 2.3       |
| 2. Prime Rate                  | <b>CONSENSUS</b>  | 7.0                                  | 6.0   | 5.8   | 5.8   | 5.7   | 5.8   | 5.8                | 5.8       |
|                                | Top 10 Average    | 7.7                                  | 6.6   | 6.2   | 6.3   | 6.2   | 6.1   | 6.3                | 6.2       |
|                                | Bottom 10 Average | 6.3                                  | 5.5   | 5.4   | 5.3   | 5.3   | 5.4   | 5.4                | 5.4       |
| 3. SOFR                        | <b>CONSENSUS</b>  | 3.8                                  | 2.9   | 2.6   | 2.7   | 2.6   | 2.6   | 2.7                | 2.6       |
|                                | Top 10 Average    | 4.5                                  | 3.4   | 3.0   | 3.1   | 3.0   | 2.9   | 3.1                | 3.0       |
|                                | Bottom 10 Average | 3.2                                  | 2.4   | 2.3   | 2.2   | 2.2   | 2.3   | 2.3                | 2.3       |
| 4. Commercial Paper, 1-Mo      | <b>CONSENSUS</b>  | 3.7                                  | 2.9   | 2.7   | 2.8   | 2.8   | 2.8   | 2.8                | 2.8       |
|                                | Top 10 Average    | 4.3                                  | 3.3   | 3.0   | 3.1   | 3.0   | 3.0   | 3.1                | 3.0       |
|                                | Bottom 10 Average | 3.3                                  | 2.6   | 2.4   | 2.4   | 2.4   | 2.6   | 2.5                | 2.5       |
| 5. Treasury Bill Yield, 3-Mo   | <b>CONSENSUS</b>  | 3.8                                  | 2.9   | 2.7   | 2.7   | 2.7   | 2.7   | 2.7                | 2.7       |
|                                | Top 10 Average    | 4.4                                  | 3.4   | 3.1   | 3.2   | 3.2   | 3.0   | 3.2                | 3.1       |
|                                | Bottom 10 Average | 3.1                                  | 2.3   | 2.3   | 2.3   | 2.3   | 2.3   | 2.3                | 2.3       |
| 6. Treasury Bill Yield, 6-Mo   | <b>CONSENSUS</b>  | 3.8                                  | 3.0   | 2.8   | 2.8   | 2.8   | 2.8   | 2.8                | 2.8       |
|                                | Top 10 Average    | 4.4                                  | 3.5   | 3.2   | 3.3   | 3.2   | 3.1   | 3.2                | 3.1       |
|                                | Bottom 10 Average | 3.1                                  | 2.5   | 2.4   | 2.4   | 2.4   | 2.5   | 2.4                | 2.5       |
| 7. Treasury Bill Yield, 1-Yr   | <b>CONSENSUS</b>  | 3.6                                  | 3.0   | 2.9   | 2.9   | 2.9   | 2.9   | 2.9                | 2.9       |
|                                | Top 10 Average    | 4.3                                  | 3.5   | 3.3   | 3.4   | 3.3   | 3.2   | 3.3                | 3.3       |
|                                | Bottom 10 Average | 3.0                                  | 2.5   | 2.5   | 2.5   | 2.5   | 2.6   | 2.5                | 2.6       |
| 8. Treasury Note Yield, 2-Yr   | <b>CONSENSUS</b>  | 3.4                                  | 3.0   | 3.0   | 3.1   | 3.0   | 3.0   | 3.0                | 3.1       |
|                                | Top 10 Average    | 4.0                                  | 3.5   | 3.5   | 3.5   | 3.5   | 3.4   | 3.5                | 3.5       |
|                                | Bottom 10 Average | 2.8                                  | 2.6   | 2.6   | 2.6   | 2.5   | 2.7   | 2.6                | 2.7       |
| 9. Treasury Note Yield, 5-Yr   | <b>CONSENSUS</b>  | 3.4                                  | 3.1   | 3.2   | 3.2   | 3.3   | 3.2   | 3.2                | 3.3       |
|                                | Top 10 Average    | 4.0                                  | 3.6   | 3.7   | 3.8   | 3.8   | 3.6   | 3.7                | 3.8       |
|                                | Bottom 10 Average | 2.8                                  | 2.7   | 2.7   | 2.7   | 2.8   | 2.8   | 2.7                | 2.8       |
| 10. Treasury Note Yield, 10-Yr | <b>CONSENSUS</b>  | 3.4                                  | 3.3   | 3.4   | 3.5   | 3.5   | 3.5   | 3.4                | 3.6       |
|                                | Top 10 Average    | 3.9                                  | 3.7   | 4.0   | 4.1   | 4.1   | 4.0   | 4.0                | 4.2       |
|                                | Bottom 10 Average | 3.0                                  | 3.0   | 2.9   | 2.9   | 3.0   | 3.0   | 3.0                | 3.1       |
| 11. Treasury Bond Yield, 30-Yr | <b>CONSENSUS</b>  | 3.8                                  | 3.6   | 3.7   | 3.8   | 3.9   | 3.8   | 3.8                | 3.9       |
|                                | Top 10 Average    | 4.2                                  | 4.0   | 4.2   | 4.3   | 4.3   | 4.2   | 4.2                | 4.5       |
|                                | Bottom 10 Average | 3.4                                  | 3.3   | 3.3   | 3.3   | 3.4   | 3.4   | 3.3                | 3.4       |
| 12. Corporate Aaa Bond Yield   | <b>CONSENSUS</b>  | 4.7                                  | 4.6   | 4.7   | 4.8   | 4.9   | 4.8   | 4.8                | 5.0       |
|                                | Top 10 Average    | 5.1                                  | 4.9   | 5.2   | 5.4   | 5.4   | 5.3   | 5.2                | 5.6       |
|                                | Bottom 10 Average | 4.3                                  | 4.3   | 4.2   | 4.3   | 4.3   | 4.3   | 4.3                | 4.3       |
| 13. Corporate Baa Bond Yield   | <b>CONSENSUS</b>  | 5.8                                  | 5.6   | 5.7   | 5.8   | 5.8   | 5.8   | 5.7                | 5.9       |
|                                | Top 10 Average    | 6.1                                  | 5.9   | 6.1   | 6.3   | 6.3   | 6.2   | 6.1                | 6.5       |
|                                | Bottom 10 Average | 5.3                                  | 5.3   | 5.3   | 5.3   | 5.4   | 5.3   | 5.3                | 5.4       |
| 14. State & Local Bonds Yield  | <b>CONSENSUS</b>  | 4.0                                  | 3.8   | 4.0   | 4.1   | 4.1   | 4.1   | 4.0                | 4.2       |
|                                | Top 10 Average    | 4.3                                  | 4.1   | 4.3   | 4.4   | 4.5   | 4.3   | 4.3                | 4.5       |
|                                | Bottom 10 Average | 3.6                                  | 3.6   | 3.6   | 3.7   | 3.7   | 3.7   | 3.7                | 3.8       |
| 15. Home Mortgage Rate         | <b>CONSENSUS</b>  | 5.7                                  | 5.4   | 5.4   | 5.4   | 5.5   | 5.4   | 5.4                | 5.5       |
|                                | Top 10 Average    | 6.4                                  | 5.9   | 6.0   | 6.1   | 6.1   | 5.9   | 6.0                | 6.1       |
|                                | Bottom 10 Average | 5.1                                  | 4.9   | 4.7   | 4.8   | 4.8   | 4.9   | 4.8                | 4.9       |
| A. Fed's AFE Nominal \$ Index  | <b>CONSENSUS</b>  | 113.5                                | 111.8 | 111.8 | 110.9 | 110.1 | 110.1 | 111.0              | 110.0     |
|                                | Top 10 Average    | 115.5                                | 114.2 | 115.1 | 114.7 | 114.3 | 115.2 | 114.7              | 115.3     |
|                                | Bottom 10 Average | 111.5                                | 109.5 | 108.4 | 107.5 | 106.3 | 105.8 | 107.5              | 105.3     |
|                                |                   | ----- Year-Over-Year, % Change ----- |       |       |       |       |       | Five-Year Averages |           |
|                                |                   | 2024                                 | 2025  | 2026  | 2027  | 2028  | 2029  | 2025-2029          | 2030-2034 |
| B. Real GDP                    | <b>CONSENSUS</b>  | 1.1                                  | 2.1   | 2.2   | 2.1   | 2.0   | 1.9   | 2.1                | 2.0       |
|                                | Top 10 Average    | 2.0                                  | 2.5   | 2.7   | 2.5   | 2.3   | 2.1   | 2.4                | 2.3       |
|                                | Bottom 10 Average | 0.4                                  | 1.7   | 1.8   | 1.8   | 1.7   | 1.7   | 1.7                | 1.7       |
| C. GDP Chained Price Index     | <b>CONSENSUS</b>  | 2.5                                  | 2.3   | 2.2   | 2.2   | 2.1   | 2.1   | 2.2                | 2.2       |
|                                | Top 10 Average    | 3.0                                  | 2.7   | 2.5   | 2.5   | 2.3   | 2.3   | 2.5                | 2.4       |
|                                | Bottom 10 Average | 2.1                                  | 1.9   | 1.9   | 1.9   | 2.0   | 2.0   | 1.9                | 1.9       |
| D. Consumer Price Index        | <b>CONSENSUS</b>  | 2.6                                  | 2.3   | 2.2   | 2.2   | 2.2   | 2.1   | 2.2                | 2.2       |
|                                | Top 10 Average    | 3.0                                  | 2.7   | 2.5   | 2.5   | 2.3   | 2.3   | 2.5                | 2.4       |
|                                | Bottom 10 Average | 2.1                                  | 2.0   | 2.0   | 2.0   | 2.0   | 2.0   | 2.0                | 2.0       |
| E. PCE Price Index             | <b>CONSENSUS</b>  | 2.4                                  | 2.2   | 2.1   | 2.1   | 2.1   | 2.1   | 2.1                | 2.1       |
|                                | Top 10 Average    | 2.9                                  | 2.5   | 2.4   | 2.3   | 2.2   | 2.2   | 2.3                | 2.3       |
|                                | Bottom 10 Average | 2.1                                  | 1.9   | 1.9   | 1.9   | 1.9   | 1.9   | 1.9                | 1.9       |



Foothills Water & Sewer, LLC  
Derivation of Mean Equity Risk Premium Based Studies  
Using Holding Period Returns and  
Projected Market Appreciation of the S&P Utility Index

| <u>Line No.</u> |   | <u>Implied Equity Risk<br/>Premium</u> |
|-----------------|---|--|
| 1.              | Historical Equity Risk Premium (1)  | 4.20 %                                 |
| 2.              | Regression of Historical Equity Risk Premium (2)  | 4.97                                   |
| 3.              | Forecasted Equity Risk Premium based on Projected<br>Total Return on the S&P Utilities Index (Value Line<br>Data) (3) | 4.04                                   |
| 4.              | Forecasted Equity Risk Premium based on Projected<br>Total Return on the S&P Utilities Index (Bloomberg<br>Data) (4)  | <u>4.39</u>                            |
| 5.              | Average Equity Risk Premium (5)   | <u><u>4.40 %</u></u>                   |

- Notes: (1) Based on S&P Public Utility Index monthly total returns and Moody's Public Utility Bond average monthly yields from 1928-2022. Holding period returns are calculated based upon income received (dividends and interest) plus the relative change in the market value of a security over a one-year holding period.
- (2) This equity risk premium is based on a regression of the monthly equity risk premiums of the S&P Utility Index relative to Moody's A2 rated public utility bond yields from 1928 - 2022 referenced in note 1 above. Using the equation generated from the regression, an expected equity risk premium is calculated using the prospective A2 rated public utility bond yield of 5.68% (from line 3, page 1 of this Exhibit).
- (3) Using data from Value Line for the S&P Utilities Index, an expected return of 9.72% was derived based on expected dividend yields and long-term growth estimates as a proxy for market appreciation. Subtracting the expected A2 rated public utility bond yield of 5.68%, calculated on line 3 of page 1 of this Exhibit results in an equity risk premium of 4.04%. (9.72% - 5.68% = 4.04%)
- (4) Using data from Bloomberg Professional Service for the S&P Utilities Index, an expected return of 10.07% was derived based on expected dividend yields and long-term growth estimates as a proxy for market appreciation. Subtracting the expected A2 rated public utility bond yield of 5.68%, calculated on line 3 of page 1 of this Exhibit results in an equity risk premium of 4.39%. (10.07% - 5.68% = 4.39%)
- (5) Average of lines 1 through 4.

Foothills Water & Sewer, LLC  
Indicated Common Equity Cost Rate Through Use  
of the Traditional Capital Asset Pricing Model (CAPM) and Empirical Capital Asset Pricing Model (ECAPM)

|                                    | [1]                            | [2]                        | [3]             | [4]                        | [5]                   | [6]                              | [7]                | [8]  |
|------------------------------------|--------------------------------|----------------------------|-----------------|----------------------------|-----------------------|----------------------------------|--------------------|--|
| Proxy Group of Six Water Companies | Value Line<br>Adjusted<br>Beta | Bloomberg<br>Adjusted Beta | Average<br>Beta | Market Risk<br>Premium (1) | Risk-Free<br>Rate (2) | Traditional<br>CAPM Cost<br>Rate | ECAPM Cost<br>Rate | Indicated<br>Common<br>Equity Cost<br>Rate (3) |
| American States Water Company      | 0.65                           | 0.74                       | 0.69            | 9.61 %                     | 4.00 %                | 10.63 %                          | 11.38 %            | 11.01 %  |
| American Water Works Company, Inc. | 0.90                           | 0.94                       | 0.92            | 9.61                       | 4.00                  | 12.84                            | 13.04              | 12.94  |
| California Water Service Group     | 0.70                           | 0.75                       | 0.73            | 9.61                       | 4.00                  | 11.02                            | 11.67              | 11.34  |
| Essential Utilities Inc.           | 0.95                           | 0.82                       | 0.88            | 9.61                       | 4.00                  | 12.46                            | 12.75              | 12.60  |
| Middlesex Water Company            | 0.70                           | 0.74                       | 0.72            | 9.61                       | 4.00                  | 10.92                            | 11.59              | 11.26  |
| SJW Group                          | 0.80                           | 0.65                       | 0.73            | 9.61                       | 4.00                  | 11.02                            | 11.67              | 11.34  |
| Mean                               |                                |                            | <u>0.78</u>     |                            |                       | <u>11.48 %</u>                   | <u>12.01 %</u>     | <u>11.75 %</u>                                 |
| Median                             |                                |                            | <u>0.73</u>     |                            |                       | <u>11.02 %</u>                   | <u>11.67 %</u>     | <u>11.34 %</u>                                 |
| Average of Mean and Median         |                                |                            | <u>0.76</u>     |                            |                       | <u>11.25 %</u>                   | <u>11.84 %</u>     | <u>11.55 %</u>                                 |

Notes on page 2 of this Exhibit.

Foothills Water & Sewer, LLC  
Notes to Accompany the Application of the CAPM and ECAPM

Notes:

- (1) The market risk premium (MRP) is derived by using five different measures from three sources: Kroll, Value Line, and Bloomberg as illustrated below:

Historical Data MRP Estimates:

Measure 1: Kroll Arithmetic Mean MRP (1926-2022)

|   |               |
|---|---------------|
| Arithmetic Mean Monthly Returns for Large Stocks 1926-2022:   | 12.03 %       |
| Arithmetic Mean Income Returns on Long-Term Government Bonds: | 5.00          |
| MRP based on Kroll Historical Data:                           | <u>7.03 %</u> |

Measure 2: Application of a Regression Analysis to Kroll Historical Data (1926-2022)

8.43 %

Value Line MRP Estimates:

Measure 3: Value Line Projected MRP (Thirteen weeks ending September 1, 2023)

|  |                |
|--|----------------|
| Total projected return on the market 3-5 years hence*: | 14.37 %        |
| Risk-Free Rate (see note 2):                           | 4.00           |
| MRP based on Value Line Summary & Index:               | <u>10.37 %</u> |

\*Forecasted 3-5 year capital appreciation plus expected dividend yield

Measure 4: Value Line Projected Return on the Market based on the S&P 500

|  |               |
|--|---------------|
| Total return on the Market based on the S&P 500: | 13.78 %       |
| Risk-Free Rate (see note 2):                     | 4.00          |
| MRP based on Value Line data                     | <u>9.78 %</u> |

Measure 5: Bloomberg Projected MRP

|  |                |
|--|----------------|
| Total return on the Market based on the S&P 500: | 16.46 %        |
| Risk-Free Rate (see note 2):                     | 4.00           |
| MRP based on Bloomberg data                      | <u>12.46 %</u> |

Average of Value Line, Kroll, and Bloomberg MRP: 9.61 %

- (2) For reasons explained in the Direct Testimony, the appropriate risk-free rate for cost of capital purposes is the average forecast of 30 year Treasury Bonds per the consensus of nearly 50 economists reported in Blue Chip Financial Forecasts. (See pages 7 and 8 of Exhibit DWD-4.) The projection of the risk-free rate is illustrated below:

|                     |               |
|---------------------|---------------|
| Third Quarter 2023  | 4.10 %        |
| Fourth Quarter 2023 | 4.20          |
| First Quarter 2024  | 4.10          |
| Second Quarter 2024 | 4.00          |
| Third Quarter 2024  | 4.00          |
| Fourth Quarter 2024 | 3.90          |
| 2025-2029           | 3.80          |
| 2030-2034           | 3.90          |
|                     | <u>4.00 %</u> |

- (3) Average of Column 6 and Column 7.

Sources of Information:

Value Line Summary and Index  
Blue Chip Financial Forecasts, June 1, 2023 and September 1, 2023  
Stocks, Bonds, Bills, and Inflation - 2023 SBBI Yearbook, Kroll, Inc.  
Bloomberg Professional Services

Foothills Water & Sewer, LLC  
RRA Regulatory Rankings for the  
Proxy Group of Six Water Companies

| Operating Company                  | Parent | State | RRA Regulatory<br>Ranking [1] |
|------------------------------------|--------|-------|-------------------------------|
| American States Water Company      | AWR    | CA    | Average / 1                   |
| American Water Works Company, Inc. | AWK    | CA    | Average / 1                   |
| American Water Works Company, Inc. | AWK    | GA    | Above Average / 2             |
| American Water Works Company, Inc. | AWK    | HI    | Average / 2                   |
| American Water Works Company, Inc. | AWK    | IA    | Above Average / 3             |
| American Water Works Company, Inc. | AWK    | IL    | Average / 2                   |
| American Water Works Company, Inc. | AWK    | IN    | Average / 1                   |
| American Water Works Company, Inc. | AWK    | KY    | Average / 2                   |
| American Water Works Company, Inc. | AWK    | MD    | Below Average / 1             |
| American Water Works Company, Inc. | AWK    | MI    | Above Average / 3             |
| American Water Works Company, Inc. | AWK    | MO    | Average / 3                   |
| American Water Works Company, Inc. | AWK    | NJ    | Below Average / 1             |
| American Water Works Company, Inc. | AWK    | NY    | Average / 2                   |
| American Water Works Company, Inc. | AWK    | PA    | Above Average / 2             |
| American Water Works Company, Inc. | AWK    | TN    | Above Average / 3             |
| American Water Works Company, Inc. | AWK    | VA    | Average / 2                   |
| American Water Works Company, Inc. | AWK    | WV    | Below Average / 1             |
| California Water Service Group     | CWT    | CA    | Average / 1                   |
| California Water Service Group     | CWT    | HI    | Average / 2                   |
| California Water Service Group     | CWT    | NM    | Below Average / 2             |
| California Water Service Group     | CWT    | TX    | Average / 3                   |
| California Water Service Group     | CWT    | WA    | Average / 3                   |
| Essential Utilities Inc.           | WTRG   | IL    | Average / 2                   |
| Essential Utilities Inc.           | WTRG   | IN    | Average / 1                   |
| Essential Utilities Inc.           | WTRG   | NC    | Above Average / 3             |
| Essential Utilities Inc.           | WTRG   | NJ    | Below Average / 1             |
| Essential Utilities Inc.           | WTRG   | OH    | Average / 3                   |
| Essential Utilities Inc.           | WTRG   | PA    | Above Average / 2             |
| Essential Utilities Inc.           | WTRG   | TX    | Average / 3                   |
| Essential Utilities Inc.           | WTRG   | VA    | Average / 2                   |
| Middlesex Water Company            | MSEX   | DE    | Average / 3                   |
| Middlesex Water Company            | MSEX   | NJ    | Below Average / 1             |
| SJW Group                          | SJW    | CA    | Average / 1                   |
| SJW Group                          | SJW    | CT    | Below Average / 2             |
| SJW Group                          | SJW    | ME    | Average / 3                   |
| SJW Group                          | SJW    | TX    | Average / 3                   |
| Proxy Group Company                |        |       | RRA Regulatory<br>Ranking [1] |
| American States Water Company      | AWR    |       | Average / 1                   |
| American Water Works Company, Inc. | AWK    |       | Average / 2                   |
| California Water Service Group     | CWT    |       | Average / 3                   |
| Essential Utilities Inc.           | WTRG   |       | Average / 2                   |
| Middlesex Water Company            | MSEX   |       | Average / 3                   |
| SJW Group                          | SJW    |       | Average / 3                   |
| Proxy Group Average                |        |       | Average / 2                   |
| Foothills Water & Sewer, LLC       |        | AZ    | Below Average / 3             |

Sources:

[1] Regulatory Research Associates, as of August 31, 2023

Foothills Water & Sewer, LLC  
Derivation of Investment Risk Adjustment Based upon  
Kroll Size Premia for the Decile Portfolios of the NYSE/AMEX/NASDAQ

| Line No. | [1]  |                | [2]  |  | [3]   |               | [4]                                      |  |
|----------|--|----------------|--|--|---|---------------|--|--|
|          | Market capitalization on August 31, 2023 (1) | (times larger) | Applicable Decile of the NYSE/AMEX/NASDAQ (2)        |  | Applicable Size Premium (3)                         |               | Spread from Applicable Size Premium (4)  |  |
| 1.       | Foothills Water & Sewer, LLC                 | \$ 84.044      | 10   |  | 4.83%   |               |  |  |
| 2.       | Proxy Group of Six Water Companies           | \$ 2,953.195   | 35.1 x   |  | 0.93%   |               | 3.90%                                    |  |
|          |  |                | [A]  | [B]  | [C]   |               | [D]                                      |  |
|          | Decile                                       |                | Market Capitalization of Smallest Company (millions) |  | Market Capitalization of Largest Company (millions) |               | Size Premium (Return in Excess of CAPM)* |  |
|          |  |                |  |  |   |               |  |  |
|          | Largest                                      | 1              | \$   | 31,549,077                                 | \$  | 2,203,381,286 | -0.26%                                   |  |
|          |  | 2              |  | 12,372,885                                 |   | 31,316,513    | 0.45%                                    |  |
|          |  | 3              |  | 5,918,981                                  |   | 12,323,854    | 0.57%                                    |  |
|          |  | 4              |  | 3,770,176                                  |   | 5,916,017     | 0.58%                                    |  |
|          |  | 5              |  | 2,365,425                                  |   | 3,769,877     | 0.93%                                    |  |
|          |  | 6              |  | 1,389,851                                  |   | 2,365,076     | 1.16%                                    |  |
|          |  | 7              |  | 789,019                                    |   | 1,389,118     | 1.37%                                    |  |
|          |  | 8              |  | 377,076                                    |   | 782,383       | 1.18%                                    |  |
|          |  | 9              |  | 218,389                                    |   | 373,879       | 2.15%                                    |  |
|          | Smallest                                     | 10             |  | 2,015                                      |   | 218,227       | 4.83%                                    |  |
|          |  |                |  | *From 2023 Kroll Cost of Capital Navigator |   |               |  |  |

Notes:

- (1) From page 2 of this Exhibit.
- (2) Gleaned from Columns [B] and [C] on the bottom of this page. The appropriate decile (Column [A]) corresponds to the market capitalization of the proxy group, which is found in Column [1].
- (3) Corresponding risk premium to the decile is provided in Column [D] on the bottom of this page.
- (4) Line No. 1 Column [3] - Line No. 2 Column [3]. For example, the 3.90% in Column [4], Line No. 2 is derived as follows 3.90% = 4.83% - 0.93%.

Foothills Water & Sewer, LLC  
Market Capitalization of Foothills Water & Sewer, LLC and the  
Proxy Group of Six Water Companies

| Company  | Exchange | [1]<br>Common Stock<br>Shares Outstanding<br>at Fiscal Year End<br>2022<br>( millions ) | [2]<br>Book Value per<br>Share at Fiscal<br>Year End 2022<br>(1) | [3]<br>Total Common<br>Equity at Fiscal Year<br>End 2022<br>( millions ) | [4]<br>Closing Stock<br>Market Price on<br>August 31, 2023 | [5]<br>Market-to-<br>Book Ratio<br>on August 31,<br>2023 (2) | [6]<br>Market<br>Capitalization on<br>August 31, 2023<br>(3)<br>( millions ) |
|--|----------|---|--|--|--|--|--|
| Foothills Water & Sewer, LLC                     |          | NA  | NA   | 30.955 (4)   | NA   |  |  |
| Based upon Proxy Group of Six<br>Water Companies |          |   |  |  |  | 271.5 (5)  | \$ 84.044 (6)  |
| <u>Proxy Group of Six Water Companies</u>        |          |   |  |  |  |  |  |
| American States Water Company                    | NYSE     | 36.962  | \$ 19.197  | \$ 709.549   | \$ 84.210  | 438.7 %  | \$ 3,112.590   |
| American Water Works Company, Inc.               | NYSE     | 187.201   | 41.095   | 7,693.000  | 138.740  | 337.6  | 25,972.203   |
| California Water Service Group                   | NYSE     | 55.598  | 23.785   | 1,322.394  | 50.250   | 211.3  | 2,793.800  |
| Essential Utilities Inc.                         | NYSE     | 263.737   | 20.389   | 5,377.386  | 36.900   | 181.0  | 9,731.898  |
| Middlesex Water Company                          | NASDAQ   | 17.642  | 22.692   | 400.328  | 75.260   | 331.7  | 1,327.737  |
| SJW Group  | NYSE     | 30.802  | 36.065   | 1,110.868  | 65.760   | 182.3  | 2,025.534  |
| Median   |          | 46.280  | \$ 23.239  | \$ 1,216.631   | \$ 70.510  | 271.5 %  | \$ 2,953.195   |

NA= Not Available

Notes: (1) Column 3 / Column 1.  
(2) Column 4 / Column 2.  
(3) Column 1 \* Column 4.

(4) Requested rate base multiplied by the requested common equity ratio.  
(5) The market-to-book ratio of Foothills Water & Sewer, LLC on August 31, 2023 is assumed to be equal to the market-to-book ratio of Proxy Group of Six Water Companies on August 31, 2023 as appropriate.  
(6) Column [3] multiplied by Column [5].

Source of Information: 2022 Annual Forms 10K  
Bloomberg Financial Services

Foothills Water & Sewer, LLC  
Water Division Book Value and Fair Value Summary

| Line No.                                      | <u>Original Cost</u>   | <u>Trended Original Cost</u> |
|---|------------------------|------------------------------|
| 1. Net Plant In Service                       | \$ 13,030,956 (1)      | \$ 30,583,245 (1)            |
| 2. Contributions In Aid of Construction (Net) | \$ (8,455,008) (2)     | \$ (18,602,366) (3)          |
| 3. Advances in Aid of Construction            | \$ (279,704) (2)       | \$ (615,393) (3)             |
| 4. Deferred Income Taxes                      | \$ 465,160 (2)         | \$ 1,023,426 (3)             |
| 5. Working Capital                            | \$ 313,871 (2)         | \$ 313,871                   |
| 6. Customer Security Deposits                 | <u>\$ (75,854) (2)</u> | <u>\$ (75,854)</u>           |
| 7. Rate Base Before Adjustments (4)           | \$ 4,999,421           | \$ 12,626,929                |
| 8. Post-Test Year Plant Adjustments (5)       | <u>\$ 13,437,777</u>   | <u>\$ 13,437,777</u>         |
| 9. Rate Base (6)                              | \$ 18,437,198          | \$ 26,064,706                |
| 10. Fair Value Rate Base (7)                  |                        | \$ 22,250,952 (7)            |
| 11. Fair Value Increment (8)                  |                        | \$ 3,813,754                 |

Notes:

- (1) Page 3 of this Exhibit.
- (2) Exhibit RLJ-DT2, Schedule B-1, Page 1
- (3) Book value multiplied by weighted Handy Whitman ratio of 2.20x as derived on page 3 of this Exhibit.
- (4) Sum of lines 1 through 6.
- (5) Exhibit RLJ-DT2, Schedule B-1, Page 2
- (6) Sum of lines 7 and 8.
- (7) Average of book value and fair value rate bases.
- (8) Difference between Fair Value Rate Base and Original Cost Rate Base.

Foothills Water & Sewer, LLC  
Sewer Division Book Value and Fair Value Summary

| Line No. |  | <u>Original Cost</u>   | <u>Trended Original Cost</u> |
|----------|--|------------------------|------------------------------|
| 1.       | Net Plant In Service                       | \$ 25,739,110 (1)      | \$ 47,460,937 (1)            |
| 2.       | Contributions In Aid of Construction (Net) | \$ (2,323,013) (2)     | \$ (3,578,865) (3)           |
| 3.       | Advances in Aid of Construction            | \$ - (2)               | \$ -                         |
| 4.       | Deferred Income Taxes                      | \$ (970,981) (2)       | \$ (1,495,906) (3)           |
| 5.       | Working Capital                            | \$ 199,775 (2)         | \$ 199,775                   |
| 6.       | Customer Security Deposits                 | <u>\$ (90,705) (2)</u> | <u>\$ (90,705)</u>           |
| 7.       | Rate Base Before Adjustments (4)           | \$ 22,554,187          | \$ 42,495,236                |
| 8.       | Post-Test Year Plant Adjustments (5)       | <u>\$ 11,394,285</u>   | <u>\$ 11,394,285</u>         |
| 9.       | Rate Base (6)                              | \$ 33,948,471          | \$ 53,889,521                |
| 10.      | Fair Value Rate Base (7)                   |                        | \$ 43,918,996                |
| 11.      | Fair Value Increment (8)                   |                        | \$ 9,970,525                 |

Notes:

- (1) Page 7 of this Exhibit.
- (2) Exhibit RLJ-DT3, Schedule B-1, Page 1
- (3) Book value multiplied by weighted Handy Whitman ratio of 1.54x as derived on page 7 of this Exhibit.
- (4) Sum of lines 1 through 6.
- (5) Exhibit RLJ-DT3, Schedule B-1, Page 2
- (6) Sum of lines 7 and 8.
- (7) Average of book value and fair value rate bases.
- (8) Difference between Fair Value Rate Base and Original Cost Rate Base.



Foothills Water & Sewer, LLC  
Water Division - Trended Plant Values

| [1]                               | [2]   | [3]   | [4]   | [5]  | [6]                          | [7]  |
|-----------------------------------|---|---|---|--|------------------------------|--|
| Category (1)                      | Original Cost<br>Less<br>Depreciation<br>(Net Book) (1) | Trended Original<br>Cost Less<br>Depreciation (1) | Weighted<br>Original Cost<br>Less<br>Depreciation of<br>Total | Handy-<br>Whitman<br>Starting in<br>2006 (2) | Handy-<br>Whitman in<br>2023 | Original Cost<br>Weighted Handy-<br>Whitman Ratio<br>(3) |
| Organization Cost                 | \$ 1,626  | \$ 1,626  | 0.0%  | N/A  | N/A                          | N/A  |
| Franchise Cost                    | 14,501  | 14,501  | 0.1%  | N/A  | N/A                          | N/A  |
| Land and Land Rights              | 1,201,450   | 1,201,450   | 9.2%  | N/A  | N/A                          | N/A  |
| Structures & Improvements         | 155,696   | 223,309   | 1.2%  | 434.25                                       | 883.00                       | 0.02   |
| Wells & Springs                   | 77,985  | 112,933   | 0.6%  | 382.75                                       | 643.00                       | 0.01   |
| Power Generation Equipment        | 64,706  | 64,706  | 0.5%  | 434.25                                       | 883.00                       | 0.01   |
| Pumping Equipment                 | 300,623   | 342,584   | 2.3%  | 624.25                                       | 1801.00                      | 0.07   |
| Water Treatment Plants            | 196,785   | 316,068   | 1.5%  | 446.25                                       | 1068.00                      | 0.04   |
| Storage Tanks                     | 5,969   | 9,338   | 0.0%  | 398.00                                       | 1219.00                      | 0.00   |
| Transmission & Distribution Mains | 9,666,362   | 25,878,155  | 74.2%   | 423.25                                       | 1055.00                      | 1.85   |
| Services                          | 491,148   | 994,200   | 3.8%  | 362.00                                       | 682.00                       | 0.07   |
| Meters                            | 116,552   | 181,438   | 0.9%  | 247.75                                       | 973.00                       | 0.04   |
| Hydrants                          | 366,276   | 860,331   | 2.8%  | 602.50                                       | 1384.00                      | 0.06   |
| Backflow Prevention Devices       | 4,345   | 4,689   | 0.0%  | 423.25                                       | 1055.00                      | 0.00   |
| Office Furniture & Equipment      | 2,455   | 2,455   | 0.0%  | 114.68                                       | 124.67                       | 0.00   |
| Computers & Software              | 114,681   | 115,036   | 0.9%  | 76.13  | 64.27                        | 0.01   |
| Transportation Equipment          | 181,850   | 191,189   | 1.4%  | 132.96                                       | 170.96                       | 0.02   |
| Tools, Shop & Garage Equipment    | 22,290  | 23,352  | 0.2%  | 94.58  | 114.33                       | 0.00   |
| Laboratory Equipment              | 0   | 0   | 0.0%  | 132.83                                       | 181.40                       | 0.00   |
| Power Operated Equipment          | 0   | 0   | 0.0%  | 175.44                                       | 295.82                       | 0.00   |
| Communication Equipment           | 34,453  | 34,496  | 0.3%  | 76.13  | 64.27                        | 0.00   |
| Miscellaneous Equipment           | 11,205  | 11,389  | 0.1%  | 132.83                                       | 181.40                       | 0.00   |
| Other Tangible Plant              | 0   | 0   | 0.0%  | 114.68                                       | 124.67                       | 0.00   |
| <b>Totals</b>                     | <b>\$ 13,030,956</b>                                    | <b>\$ 30,583,245</b>                              |   |  |                              | <b>2.20</b>  |

Notes:

- (1) Pages 4 through 6 of this Exhibit.  
(2) Handy-Whitman Index values based on average age of CIAC-based assets.  
(3) Equal to column [4] x (column [6] / column [5])

Sources:

Handy-Whitman Index of Public Utility Construction Costs, W-5 (Plateau Region)  
Company Provided Data

Foothills Water & Sewer, LLC  
Calculation of Trended Reproduction Cost New Less Depreciation (Water Division)

| NARUC Classification | Category                   | Year in Service | Original Cost | Depreciation | Original Cost Less Depreciation (Net Book) | Handy-Whitman Classification | Handy-Whitman Lookup | Handy-Whitman in Service | Handy-Whitman in 2023 | Handy-Whitman Ratio | Trended Original Cost Less Depreciation |
|----------------------|----------------------------|-----------------|---------------|--------------|--|------------------------------|----------------------|--------------------------|-----------------------|---------------------|---|
| 301                  | Organization Cost          | 1977            | 1,626         | 0            | 1,626                                      | N/A                          | N/A                  | N/A                      | N/A                   | N/A                 | 1,626                                   |
| 302                  | Franchise Cost             | 1977            | 14,501        | 0            | 14,501                                     | N/A                          | N/A                  | N/A                      | N/A                   | N/A                 | 14,501                                  |
| 303                  | Land and Land Rights       | 1976            | 2,570         | 0            | 2,570                                      | N/A                          | N/A                  | N/A                      | N/A                   | N/A                 | 2,570                                   |
| 303                  | Land and Land Rights       | 1982            | 12,946        | 0            | 12,946                                     | N/A                          | N/A                  | N/A                      | N/A                   | N/A                 | 12,946                                  |
| 303                  | Land and Land Rights       | 1983            | 8,000         | 0            | 8,000                                      | N/A                          | N/A                  | N/A                      | N/A                   | N/A                 | 8,000                                   |
| 303                  | Land and Land Rights       | 1984            | 23,230        | 0            | 23,230                                     | N/A                          | N/A                  | N/A                      | N/A                   | N/A                 | 23,230                                  |
| 303                  | Land and Land Rights       | 1985            | 24,058        | 0            | 24,058                                     | N/A                          | N/A                  | N/A                      | N/A                   | N/A                 | 24,058                                  |
| 303                  | Land and Land Rights       | 1987            | 35,956        | 0            | 35,956                                     | N/A                          | N/A                  | N/A                      | N/A                   | N/A                 | 35,956                                  |
| 303                  | Land and Land Rights       | 1995            | 79,000        | 0            | 79,000                                     | N/A                          | N/A                  | N/A                      | N/A                   | N/A                 | 79,000                                  |
| 303                  | Land and Land Rights       | 1997            | 59,074        | 0            | 59,074                                     | N/A                          | N/A                  | N/A                      | N/A                   | N/A                 | 59,074                                  |
| 303                  | Land and Land Rights       | 1999            | 240,721       | 0            | 240,721                                    | N/A                          | N/A                  | N/A                      | N/A                   | N/A                 | 240,721                                 |
| 303                  | Land and Land Rights       | 2009            | 715,895       | 0            | 715,895                                    | N/A                          | N/A                  | N/A                      | N/A                   | N/A                 | 715,895                                 |
| 304                  | Structures & Improvements  | 1994            | 1,572         | 1,572        | 0  | Structures & Improvements    | 304                  | 291                      | 883                   | 3.03                | 0                                       |
| 304                  | Structures & Improvements  | 1995            | 2,435         | 2,435        | 0  | Structures & Improvements    | 304                  | 299                      | 883                   | 2.96                | 0                                       |
| 304                  | Structures & Improvements  | 1996            | 104,521       | 104,521      | 0  | Structures & Improvements    | 304                  | 307                      | 883                   | 2.87                | 0                                       |
| 304                  | Structures & Improvements  | 1997            | 59,803        | 59,803       | 0  | Structures & Improvements    | 304                  | 314                      | 883                   | 2.82                | 0                                       |
| 304                  | Structures & Improvements  | 1998            | 10,129        | 10,129       | 0  | Structures & Improvements    | 304                  | 319                      | 883                   | 2.77                | 0                                       |
| 304                  | Structures & Improvements  | 1999            | 10,964        | 10,964       | 0  | Structures & Improvements    | 304                  | 326                      | 883                   | 2.71                | 0                                       |
| 304                  | Structures & Improvements  | 2000            | 148,420       | 148,420      | 0  | Structures & Improvements    | 304                  | 338                      | 883                   | 2.61                | 0                                       |
| 304                  | Structures & Improvements  | 2001            | 1,335         | 1,335        | 0  | Structures & Improvements    | 304                  | 350                      | 883                   | 2.52                | 0                                       |
| 304                  | Structures & Improvements  | 2002            | 2,900         | 2,900        | 0  | Structures & Improvements    | 304                  | 362                      | 883                   | 2.44                | 0                                       |
| 304                  | Structures & Improvements  | 2004            | 9,490         | 9,019        | 471  | Structures & Improvements    | 304                  | 394                      | 883                   | 2.24                | 1,055                                   |
| 304                  | Structures & Improvements  | 2005            | 94,658        | 85,231       | 9,427                                      | Structures & Improvements    | 304                  | 419                      | 883                   | 2.11                | 19,890                                  |
| 304                  | Structures & Improvements  | 2006            | 78,570        | 66,817       | 11,753                                     | Structures & Improvements    | 304                  | 434                      | 883                   | 2.03                | 23,899                                  |
| 304                  | Structures & Improvements  | 2007            | 821           | 657          | 164  | Structures & Improvements    | 304                  | 457                      | 883                   | 1.93                | 317                                     |
| 304                  | Structures & Improvements  | 2008            | 955           | 717          | 238  | Structures & Improvements    | 304                  | 493                      | 883                   | 1.79                | 427                                     |
| 304                  | Structures & Improvements  | 2009            | 134,992       | 94,531       | 40,460                                     | Structures & Improvements    | 304                  | 494                      | 883                   | 1.79                | 72,284                                  |
| 304                  | Structures & Improvements  | 2010            | 845           | 548          | 295  | Structures & Improvements    | 304                  | 514                      | 883                   | 1.72                | 507                                     |
| 304                  | Structures & Improvements  | 2012            | 1,112         | 612          | 500  | Structures & Improvements    | 304                  | 560                      | 883                   | 1.58                | 789                                     |
| 304                  | Structures & Improvements  | 2014            | 3,669         | 1,652        | 2,017                                      | Structures & Improvements    | 304                  | 582                      | 883                   | 1.52                | 3,060                                   |
| 304                  | Structures & Improvements  | 2015            | 1,190         | 446          | 744  | Structures & Improvements    | 304                  | 600                      | 883                   | 1.47                | 1,094                                   |
| 304                  | Structures & Improvements  | 2017            | 5,200         | 1,561        | 3,639                                      | Structures & Improvements    | 304                  | 626                      | 883                   | 1.41                | 5,135                                   |
| 304                  | Structures & Improvements  | 2018            | 13,850        | 3,419        | 10,431                                     | Structures & Improvements    | 304                  | 651                      | 883                   | 1.36                | 14,143                                  |
| 304                  | Structures & Improvements  | 2019            | 6,563         | 1,342        | 5,221                                      | Structures & Improvements    | 304                  | 664                      | 883                   | 1.33                | 6,948                                   |
| 304                  | Structures & Improvements  | 2020            | 13,329        | 2,102        | 11,228                                     | Structures & Improvements    | 304                  | 683                      | 883                   | 1.29                | 14,521                                  |
| 304                  | Structures & Improvements  | 2022            | 8,420         | 463          | 7,957                                      | Structures & Improvements    | 304                  | 869                      | 883                   | 1.02                | 8,090                                   |
| 304                  | Structures & Improvements  | 2023            | 51,714        | 563          | 51,150                                     | Structures & Improvements    | 304                  | 883                      | 883                   | 1.00                | 51,150                                  |
| 307                  | Wells & Springs            | 1982            | 8,000         | 8,000        | 0  | Collecting & Impounding Res. | 305                  | 216                      | 643                   | 2.98                | 0                                       |
| 307                  | Wells & Springs            | 1984            | 19,983        | 19,983       | 0  | Collecting & Impounding Res. | 305                  | 228                      | 643                   | 2.82                | 0                                       |
| 307                  | Wells & Springs            | 1987            | 14,373        | 14,373       | 0  | Collecting & Impounding Res. | 305                  | 240                      | 643                   | 2.68                | 0                                       |
| 307                  | Wells & Springs            | 1993            | 28,372        | 28,372       | 0  | Collecting & Impounding Res. | 305                  | 258                      | 643                   | 2.49                | 0                                       |
| 307                  | Wells & Springs            | 1994            | 149,515       | 149,515      | 0  | Collecting & Impounding Res. | 305                  | 270                      | 643                   | 2.38                | 0                                       |
| 307                  | Wells & Springs            | 1996            | 88,496        | 88,496       | 0  | Collecting & Impounding Res. | 305                  | 287                      | 643                   | 2.24                | 0                                       |
| 307                  | Wells & Springs            | 1997            | 130,360       | 130,360      | 0  | Collecting & Impounding Res. | 305                  | 295                      | 643                   | 2.18                | 0                                       |
| 307                  | Wells & Springs            | 2007            | 4,628         | 3,704        | 924  | Collecting & Impounding Res. | 305                  | 403                      | 643                   | 1.60                | 1,475                                   |
| 307                  | Wells & Springs            | 2008            | 1,454         | 1,091        | 363  | Collecting & Impounding Res. | 305                  | 417                      | 643                   | 1.54                | 560                                     |
| 307                  | Wells & Springs            | 2009            | 139,057       | 97,378       | 41,679                                     | Collecting & Impounding Res. | 305                  | 408                      | 643                   | 1.58                | 65,685                                  |
| 307                  | Wells & Springs            | 2010            | 6,372         | 4,144        | 2,228                                      | Collecting & Impounding Res. | 305                  | 428                      | 643                   | 1.50                | 3,346                                   |
| 307                  | Wells & Springs            | 2011            | 4,498         | 2,700        | 1,798                                      | Collecting & Impounding Res. | 305                  | 438                      | 643                   | 1.47                | 2,638                                   |
| 307                  | Wells & Springs            | 2013            | 2,989         | 1,495        | 1,494                                      | Collecting & Impounding Res. | 305                  | 452                      | 643                   | 1.42                | 2,128                                   |
| 307                  | Wells & Springs            | 2014            | 1,317         | 593          | 724  | Collecting & Impounding Res. | 305                  | 463                      | 643                   | 1.39                | 1,007                                   |
| 307                  | Wells & Springs            | 2015            | 4,604         | 1,727        | 2,877                                      | Collecting & Impounding Res. | 305                  | 465                      | 643                   | 1.38                | 3,979                                   |
| 307                  | Wells & Springs            | 2019            | 31,943        | 6,046        | 25,897                                     | Collecting & Impounding Res. | 305                  | 519                      | 643                   | 1.24                | 32,115                                  |
| 310                  | Power Generation Equipment | 2023            | 65,800        | 1,094        | 64,706                                     | Structures & Improvements    | 304                  | 883                      | 883                   | 1.00                | 64,706                                  |
| 311                  | Pumping Equipment          | 1999            | 639,247       | 639,247      | 0  | Electric Pumping Equipment   | 311                  | 505                      | 1801                  | 3.57                | 0                                       |
| 311                  | Pumping Equipment          | 2004            | 344,045       | 344,045      | 0  | Electric Pumping Equipment   | 311                  | 572                      | 1801                  | 3.15                | 0                                       |
| 311                  | Pumping Equipment          | 2005            | 73,297        | 73,297       | 0  | Electric Pumping Equipment   | 311                  | 612                      | 1801                  | 2.95                | 0                                       |
| 311                  | Pumping Equipment          | 2006            | 45,349        | 45,349       | 0  | Electric Pumping Equipment   | 311                  | 624                      | 1801                  | 2.89                | 0                                       |
| 311                  | Pumping Equipment          | 2007            | 2,675         | 2,675        | 0  | Electric Pumping Equipment   | 311                  | 634                      | 1801                  | 2.84                | 0                                       |
| 311                  | Pumping Equipment          | 2008            | 33,764        | 33,764       | 0  | Electric Pumping Equipment   | 311                  | 663                      | 1801                  | 2.72                | 0                                       |
| 311                  | Pumping Equipment          | 2009            | 18,214        | 18,214       | 0  | Electric Pumping Equipment   | 311                  | 691                      | 1801                  | 2.61                | 0                                       |
| 311                  | Pumping Equipment          | 2010            | 10,343        | 10,343       | 0  | Electric Pumping Equipment   | 311                  | 704                      | 1801                  | 2.56                | 0                                       |
| 311                  | Pumping Equipment          | 2011            | 21,486        | 21,486       | 0  | Electric Pumping Equipment   | 311                  | 752                      | 1801                  | 2.39                | 0                                       |
| 311                  | Pumping Equipment          | 2012            | 25,643        | 25,643       | 0  | Electric Pumping Equipment   | 311                  | 788                      | 1801                  | 2.29                | 0                                       |
| 311                  | Pumping Equipment          | 2013            | 43,501        | 43,501       | 0  | Electric Pumping Equipment   | 311                  | 836                      | 1801                  | 2.15                | 0                                       |
| 311                  | Pumping Equipment          | 2014            | 81,081        | 81,081       | 0  | Electric Pumping Equipment   | 311                  | 896                      | 1801                  | 2.01                | 0                                       |
| 311                  | Pumping Equipment          | 2015            | 29,654        | 29,654       | 0  | Electric Pumping Equipment   | 311                  | 945                      | 1801                  | 1.91                | 0                                       |
| 311                  | Pumping Equipment          | 2016            | 57,598        | 57,598       | 0  | Electric Pumping Equipment   | 311                  | 1017                     | 1801                  | 1.77                | 0                                       |
| 311                  | Pumping Equipment          | 2017            | 28,128        | 23,940       | 4,188                                      | Electric Pumping Equipment   | 311                  | 1117                     | 1801                  | 1.61                | 6,752                                   |
| 311                  | Pumping Equipment          | 2018            | 28,335        | 19,949       | 8,386                                      | Electric Pumping Equipment   | 311                  | 1210                     | 1801                  | 1.49                | 12,484                                  |
| 311                  | Pumping Equipment          | 2019            | 75,721        | 40,489       | 35,232                                     | Electric Pumping Equipment   | 311                  | 1332                     | 1801                  | 1.35                | 47,646                                  |
| 311                  | Pumping Equipment          | 2020            | 110,822       | 46,895       | 63,926                                     | Electric Pumping Equipment   | 311                  | 1430                     | 1801                  | 1.26                | 80,540                                  |
| 311                  | Pumping Equipment          | 2021            | 33,289        | 9,889        | 23,400                                     | Electric Pumping Equipment   | 311                  | 1490                     | 1801                  | 1.21                | 28,289                                  |
| 311                  | Pumping Equipment          | 2022            | 44,950        | 4,144        | 40,806                                     | Electric Pumping Equipment   | 311                  | 1742                     | 1801                  | 1.03                | 42,188                                  |
| 311                  | Pumping Equipment          | 2023            | 127,246       | 2,561        | 124,685                                    | Electric Pumping Equipment   | 311                  | 1801                     | 1801                  | 1.00                | 124,685                                 |
| 320.1                | Water Treatment Plants     | 1995            | 7,167         | 7,167        | 0  | Large Treatment Plant Equip. | 320                  | 326                      | 1068                  | 3.28                | 0                                       |
| 320.1                | Water Treatment Plants     | 1996            | 29,985        | 29,985       | 0  | Large Treatment Plant Equip. | 320                  | 337                      | 1068                  | 3.17                | 0                                       |
| 320.1                | Water Treatment Plants     | 1999            | 4,736,370     | 4,736,370    | 0  | Large Treatment Plant Equip. | 320                  | 368                      | 1068                  | 2.90                | 0                                       |
| 320.1                | Water Treatment Plants     | 2000            | 1,128,725     | 1,128,725    | 0  | Large Treatment Plant Equip. | 320                  | 376                      | 1068                  | 2.84                | 0                                       |
| 320.1                | Water Treatment Plants     | 2001            | 16,746        | 16,746       | 0  | Large Treatment Plant Equip. | 320                  | 389                      | 1068                  | 2.75                | 0                                       |
| 320.1                | Water Treatment Plants     | 2005            | 7,930         | 7,140        | 790  | Large Treatment Plant Equip. | 320                  | 435                      | 1068                  | 2.46                | 1,940                                   |
| 320.1                | Water Treatment Plants     | 2006            | 4,686         | 3,985        | 701  | Large Treatment Plant Equip. | 320                  | 446                      | 1068                  | 2.39                | 1,678                                   |
| 320.1                | Water Treatment Plants     | 2007            | 4,856         | 3,887        | 969  | Large Treatment Plant Equip. | 320                  | 472                      | 1068                  | 2.26                | 2,194                                   |
| 320.1                | Water Treatment Plants     | 2008            | 804           | 603          | 201  | Large Treatment Plant Equip. | 320                  | 516                      | 1068                  | 2.07                | 416                                     |
| 320.1                | Water Treatment Plants     | 2010            | 10,576        | 6,877        | 3,699                                      | Large Treatment Plant Equip. | 320                  | 563                      | 1068                  | 1.90                | 7,016                                   |
| 320.1                | Water Treatment Plants     | 2011            | 36,606        | 21,974       | 14,632                                     | Large Treatment Plant Equip. | 320                  | 580                      | 1068                  | 1.84                | 26,955                                  |
| 320.1                | Water Treatment Plants     | 2012            | 68,140        | 37,486       | 30,654                                     | Large Treatment Plant Equip. | 320                  | 607                      | 1068                  | 1.76                | 53,957                                  |
| 320.1                | Water Treatment Plants     | 2013            | 14,518        | 7,261        | 7,257                                      | Large Treatment Plant Equip. | 320                  | 628                      | 1068                  | 1.70                | 12,346                                  |
| 320.1                | Water Treatment Plants     | 2014            | 68,550        | 30,857       | 37,693                                     | Large Treatment Plant Equip. | 320                  | 652                      | 1068                  | 1.64                | 61,790                                  |
| 320.1                | Water Treatment Plants     | 2015            | 95,708        | 35,897       | 59,811                                     | Large Treatment Plant Equip. | 320                  | 668                      | 1068                  | 1.60                | 95,661                                  |
| 320.1                | Water Treatment Plants     | 2020            | 43,489        | 5,427        | 38,062                                     | Large Treatment Plant Equip. | 320                  | 819                      | 1068                  | 1.30                | 49,649                                  |
| 320.1                | Water Treatment Plants     | 2022            | 2,393         | 76           | 2,316                                      | Large Treatment Plant Equip. | 320                  | 1004                     | 1068                  | 1.06                | 2,464                                   |
| 330.1                | Storage Tanks              | 1996            | 190,000       | 190,000      | 0  | Steel Reservoirs             | 330                  | 251                      | 1219                  | 4.86                | 0                                       |
| 330.1                | Storage Tanks              | 1999            | 552,609       | 552,609      | 0  | Steel Reservoirs             | 330                  | 268                      | 1219                  | 4.55                | 0                                       |
| 330.1                | Storage Tanks              | 2001            | 27,017        | 27,017       | 0  | Steel Reservoirs             | 330                  | 274                      | 1219                  | 4.45                | 0                                       |
| 330.1                | Storage Tanks              | 2008            | 7,084         | 5,315        | 1,769                                      | Steel Reservoirs             | 330                  | 676                      | 1219                  | 1.80                | 3,191                                   |

Foothills Water & Sewer, LLC  
Calculation of Trended Reproduction Cost New Less Depreciation (Water Division)

| NARUC Classification | Category                          | Year in Service | Original Cost | Depreciation | Original Cost Less Depreciation (Net Book) | Handy-Whitman Classification | Handy-Whitman Lookup | Handy-Whitman in Service | Handy-Whitman in 2023 | Handy-Whitman Ratio | Trended Original Cost Less Depreciation |
|----------------------|-----------------------------------|-----------------|---------------|--------------|--|------------------------------|----------------------|--------------------------|-----------------------|---------------------|---|
| 330.1                | Storage Tanks                     | 2019            | 5,393         | 1,193        | 4,200                                      | Steel Reservoirs             | 330                  | 833                      | 1219                  | 1.46                | 6,146                                   |
| 331                  | Transmission & Distribution Mains | 1968            | 21,600        | 21,600       | 0  | Mains-Average All Types      | 331                  | 80                       | 1055                  | 13.19               | 0                                       |
| 331                  | Transmission & Distribution Mains | 1969            | 127,011       | 127,011      | 0  | Mains-Average All Types      | 331                  | 83                       | 1055                  | 12.71               | 0                                       |
| 331                  | Transmission & Distribution Mains | 1970            | 88,604        | 88,604       | 0  | Mains-Average All Types      | 331                  | 87                       | 1055                  | 12.13               | 0                                       |
| 331                  | Transmission & Distribution Mains | 1971            | 46,811        | 46,811       | 0  | Mains-Average All Types      | 331                  | 95                       | 1055                  | 11.11               | 0                                       |
| 331                  | Transmission & Distribution Mains | 1972            | 163,150       | 163,150      | 0  | Mains-Average All Types      | 331                  | 98                       | 1055                  | 10.77               | 0                                       |
| 331                  | Transmission & Distribution Mains | 1974            | 39,600        | 38,832       | 768  | Mains-Average All Types      | 331                  | 133                      | 1055                  | 7.93                | 6,093                                   |
| 331                  | Transmission & Distribution Mains | 1975            | 118,027       | 113,389      | 4,638                                      | Mains-Average All Types      | 331                  | 151                      | 1055                  | 6.99                | 32,403                                  |
| 331                  | Transmission & Distribution Mains | 1976            | 41,114        | 38,670       | 2,444                                      | Mains-Average All Types      | 331                  | 159                      | 1055                  | 6.64                | 16,219                                  |
| 331                  | Transmission & Distribution Mains | 1977            | 222,857       | 205,151      | 17,706                                     | Mains-Average All Types      | 331                  | 166                      | 1055                  | 6.36                | 112,532                                 |
| 331                  | Transmission & Distribution Mains | 1978            | 133,468       | 120,194      | 13,274                                     | Mains-Average All Types      | 331                  | 179                      | 1055                  | 5.89                | 78,233                                  |
| 331                  | Transmission & Distribution Mains | 1979            | 95,771        | 84,331       | 11,440                                     | Mains-Average All Types      | 331                  | 193                      | 1055                  | 5.47                | 62,535                                  |
| 331                  | Transmission & Distribution Mains | 1980            | 195,167       | 167,972      | 27,195                                     | Mains-Average All Types      | 331                  | 209                      | 1055                  | 5.05                | 137,277                                 |
| 331                  | Transmission & Distribution Mains | 1981            | 426,775       | 358,701      | 68,074                                     | Mains-Average All Types      | 331                  | 224                      | 1055                  | 4.71                | 320,614                                 |
| 331                  | Transmission & Distribution Mains | 1982            | 160,414       | 131,619      | 28,795                                     | Mains-Average All Types      | 331                  | 239                      | 1055                  | 4.41                | 127,109                                 |
| 331                  | Transmission & Distribution Mains | 1983            | 289,746       | 231,940      | 57,806                                     | Mains-Average All Types      | 331                  | 246                      | 1055                  | 4.29                | 247,909                                 |
| 331                  | Transmission & Distribution Mains | 1984            | 451,002       | 351,979      | 99,023                                     | Mains-Average All Types      | 331                  | 244                      | 1055                  | 4.32                | 428,152                                 |
| 331                  | Transmission & Distribution Mains | 1985            | 120,156       | 91,401       | 28,755                                     | Mains-Average All Types      | 331                  | 248                      | 1055                  | 4.25                | 122,327                                 |
| 331                  | Transmission & Distribution Mains | 1986            | 378,066       | 279,935      | 98,131                                     | Mains-Average All Types      | 331                  | 245                      | 1055                  | 4.31                | 422,566                                 |
| 331                  | Transmission & Distribution Mains | 1987            | 68,120        | 49,076       | 19,044                                     | Mains-Average All Types      | 331                  | 252                      | 1055                  | 4.19                | 79,727                                  |
| 331                  | Transmission & Distribution Mains | 1989            | 190,290       | 129,276      | 61,014                                     | Mains-Average All Types      | 331                  | 272                      | 1055                  | 3.88                | 236,654                                 |
| 331                  | Transmission & Distribution Mains | 1990            | 33,600        | 22,189       | 11,411                                     | Mains-Average All Types      | 331                  | 275                      | 1055                  | 3.84                | 43,777                                  |
| 331                  | Transmission & Distribution Mains | 1993            | 282,524       | 169,557      | 112,967                                    | Mains-Average All Types      | 331                  | 286                      | 1055                  | 3.70                | 417,444                                 |
| 331                  | Transmission & Distribution Mains | 1994            | 186,245       | 108,083      | 78,162                                     | Mains-Average All Types      | 331                  | 290                      | 1055                  | 3.64                | 284,347                                 |
| 331                  | Transmission & Distribution Mains | 1995            | 280,017       | 157,725      | 122,292                                    | Mains-Average All Types      | 331                  | 288                      | 1055                  | 3.66                | 447,978                                 |
| 331                  | Transmission & Distribution Mains | 1996            | 266,273       | 143,527      | 122,746                                    | Mains-Average All Types      | 331                  | 293                      | 1055                  | 3.61                | 442,726                                 |
| 331                  | Transmission & Distribution Mains | 1997            | 1,452,905     | 752,314      | 700,591                                    | Mains-Average All Types      | 331                  | 299                      | 1055                  | 3.53                | 2,471,985                               |
| 331                  | Transmission & Distribution Mains | 1998            | 313,743       | 159,148      | 154,595                                    | Mains-Average All Types      | 331                  | 304                      | 1055                  | 3.48                | 537,388                                 |
| 331                  | Transmission & Distribution Mains | 1999            | 1,779,599     | 844,086      | 935,513                                    | Mains-Average All Types      | 331                  | 308                      | 1055                  | 3.42                | 3,201,837                               |
| 331                  | Transmission & Distribution Mains | 2000            | 1,318,566     | 606,829      | 711,737                                    | Mains-Average All Types      | 331                  | 315                      | 1055                  | 3.35                | 2,383,753                               |
| 331                  | Transmission & Distribution Mains | 2001            | 1,404,567     | 618,317      | 786,250                                    | Mains-Average All Types      | 331                  | 324                      | 1055                  | 3.26                | 2,560,165                               |
| 331                  | Transmission & Distribution Mains | 2002            | 528,843       | 222,230      | 306,613                                    | Mains-Average All Types      | 331                  | 339                      | 1055                  | 3.11                | 953,506                                 |
| 331                  | Transmission & Distribution Mains | 2003            | 763,088       | 305,402      | 457,685                                    | Mains-Average All Types      | 331                  | 344                      | 1055                  | 3.07                | 1,405,700                               |
| 331                  | Transmission & Distribution Mains | 2004            | 955,237       | 363,147      | 592,090                                    | Mains-Average All Types      | 331                  | 362                      | 1055                  | 2.91                | 1,724,374                               |
| 331                  | Transmission & Distribution Mains | 2005            | 433,806       | 156,242      | 277,565                                    | Mains-Average All Types      | 331                  | 396                      | 1055                  | 2.66                | 739,471                                 |
| 331                  | Transmission & Distribution Mains | 2006            | 306,395       | 104,225      | 202,170                                    | Mains-Average All Types      | 331                  | 423                      | 1055                  | 2.49                | 503,933                                 |
| 331                  | Transmission & Distribution Mains | 2007            | 385,172       | 123,318      | 261,854                                    | Mains-Average All Types      | 331                  | 447                      | 1055                  | 2.36                | 617,769                                 |
| 331                  | Transmission & Distribution Mains | 2008            | 24,066        | 7,222        | 16,844                                     | Mains-Average All Types      | 331                  | 503                      | 1055                  | 2.10                | 35,346                                  |
| 331                  | Transmission & Distribution Mains | 2009            | 164,675       | 46,127       | 118,548                                    | Mains-Average All Types      | 331                  | 532                      | 1055                  | 1.98                | 235,090                                 |
| 331                  | Transmission & Distribution Mains | 2010            | 419,919       | 109,225      | 310,694                                    | Mains-Average All Types      | 331                  | 546                      | 1055                  | 1.93                | 600,609                                 |
| 331                  | Transmission & Distribution Mains | 2011            | 270,258       | 64,892       | 205,366                                    | Mains-Average All Types      | 331                  | 565                      | 1055                  | 1.87                | 383,472                                 |
| 331                  | Transmission & Distribution Mains | 2012            | 10,762        | 2,368        | 8,394                                      | Mains-Average All Types      | 331                  | 613                      | 1055                  | 1.72                | 14,452                                  |
| 331                  | Transmission & Distribution Mains | 2013            | 14,106        | 2,822        | 11,284                                     | Mains-Average All Types      | 331                  | 631                      | 1055                  | 1.67                | 18,881                                  |
| 331                  | Transmission & Distribution Mains | 2014            | 88,737        | 15,978       | 72,759                                     | Mains-Average All Types      | 331                  | 664                      | 1055                  | 1.59                | 115,648                                 |
| 331                  | Transmission & Distribution Mains | 2015            | 249,758       | 37,471       | 212,288                                    | Mains-Average All Types      | 331                  | 665                      | 1055                  | 1.59                | 336,787                                 |
| 331                  | Transmission & Distribution Mains | 2016            | 242,207       | 31,653       | 210,554                                    | Mains-Average All Types      | 331                  | 678                      | 1055                  | 1.56                | 327,512                                 |
| 331                  | Transmission & Distribution Mains | 2017            | 74,352        | 8,985        | 65,367                                     | Mains-Average All Types      | 331                  | 703                      | 1055                  | 1.50                | 98,062                                  |
| 331                  | Transmission & Distribution Mains | 2018            | 875,479       | 91,458       | 784,020                                    | Mains-Average All Types      | 331                  | 727                      | 1055                  | 1.45                | 1,137,355                               |
| 331                  | Transmission & Distribution Mains | 2019            | 23,142        | 1,913        | 21,229                                     | Mains-Average All Types      | 331                  | 757                      | 1055                  | 1.39                | 29,596                                  |
| 331                  | Transmission & Distribution Mains | 2020            | 164,144       | 10,241       | 153,903                                    | Mains-Average All Types      | 331                  | 789                      | 1055                  | 1.34                | 205,789                                 |
| 331                  | Transmission & Distribution Mains | 2021            | 324,265       | 14,436       | 309,828                                    | Mains-Average All Types      | 331                  | 863                      | 1055                  | 1.22                | 378,868                                 |
| 331                  | Transmission & Distribution Mains | 2022            | 18,564        | 268          | 18,296                                     | Mains-Average All Types      | 331                  | 988                      | 1055                  | 1.07                | 19,547                                  |
| 331                  | Transmission & Distribution Mains | 2023            | 775,165       | 526          | 774,639                                    | Mains-Average All Types      | 331                  | 1055                     | 1055                  | 1.00                | 774,639                                 |
| 333                  | Services                          | 1970            | 78,285        | 78,285       | 0  | Services Installed           | 333                  | 83                       | 682                   | 8.22                | 0                                       |
| 333                  | Services                          | 1996            | 66,204        | 35,689       | 30,515                                     | Services Installed           | 333                  | 263                      | 682                   | 2.60                | 79,280                                  |
| 333                  | Services                          | 1997            | 267,591       | 138,134      | 129,457                                    | Services Installed           | 333                  | 266                      | 682                   | 2.57                | 332,228                                 |
| 333                  | Services                          | 1998            | 59,295        | 29,701       | 29,594                                     | Services Installed           | 333                  | 265                      | 682                   | 2.57                | 76,092                                  |
| 333                  | Services                          | 1999            | 137,147       | 65,905       | 71,242                                     | Services Installed           | 333                  | 274                      | 682                   | 2.49                | 177,163                                 |
| 333                  | Services                          | 2002            | 2,736         | 1,150        | 1,586                                      | Services Installed           | 333                  | 296                      | 682                   | 2.30                | 3,652                                   |
| 333                  | Services                          | 2006            | 1,211         | 412          | 799  | Services Installed           | 333                  | 362                      | 682                   | 1.88                | 1,505                                   |
| 333                  | Services                          | 2007            | 67,655        | 21,661       | 45,994                                     | Services Installed           | 333                  | 382                      | 682                   | 1.78                | 82,062                                  |
| 333                  | Services                          | 2010            | 101,037       | 26,281       | 74,756                                     | Services Installed           | 333                  | 463                      | 682                   | 1.47                | 110,116                                 |
| 333                  | Services                          | 2011            | 23,284        | 5,591        | 17,693                                     | Services Installed           | 333                  | 487                      | 682                   | 1.40                | 24,791                                  |
| 333                  | Services                          | 2020            | 62,800        | 3,835        | 58,965                                     | Services Installed           | 333                  | 559                      | 682                   | 1.22                | 71,971                                  |
| 333                  | Services                          | 2021            | 32,150        | 1,603        | 30,547                                     | Services Installed           | 333                  | 590                      | 682                   | 1.16                | 35,340                                  |
| 334                  | Meters                            | 1998            | 1,094         | 1,094        | 0  | Meters                       | 334                  | 197                      | 973                   | 4.94                | 0                                       |
| 334                  | Meters                            | 1999            | 53,162        | 53,162       | 0  | Meters                       | 334                  | 198                      | 973                   | 4.92                | 0                                       |
| 334                  | Meters                            | 2000            | 13,847        | 13,847       | 0  | Meters                       | 334                  | 205                      | 973                   | 4.76                | 0                                       |
| 334                  | Meters                            | 2001            | 32,269        | 32,269       | 0  | Meters                       | 334                  | 206                      | 973                   | 4.72                | 0                                       |
| 334                  | Meters                            | 2002            | 79,798        | 79,798       | 0  | Meters                       | 334                  | 207                      | 973                   | 4.70                | 0                                       |
| 334                  | Meters                            | 2003            | 71,040        | 71,040       | 0  | Meters                       | 334                  | 207                      | 973                   | 4.70                | 0                                       |
| 334                  | Meters                            | 2004            | 80,838        | 80,838       | 0  | Meters                       | 334                  | 207                      | 973                   | 4.70                | 0                                       |
| 334                  | Meters                            | 2005            | 84,888        | 84,888       | 0  | Meters                       | 334                  | 214                      | 973                   | 4.55                | 0                                       |
| 334                  | Meters                            | 2006            | 69,713        | 69,713       | 0  | Meters                       | 334                  | 248                      | 973                   | 3.93                | 0                                       |
| 334                  | Meters                            | 2007            | 24,671        | 24,671       | 0  | Meters                       | 334                  | 289                      | 973                   | 3.36                | 0                                       |
| 334                  | Meters                            | 2008            | 67,236        | 67,236       | 0  | Meters                       | 334                  | 373                      | 973                   | 2.61                | 0                                       |
| 334                  | Meters                            | 2009            | 20,759        | 20,759       | 0  | Meters                       | 334                  | 373                      | 973                   | 2.61                | 0                                       |
| 334                  | Meters                            | 2010            | 44,759        | 44,759       | 0  | Meters                       | 334                  | 376                      | 973                   | 2.59                | 0                                       |
| 334                  | Meters                            | 2011            | 20,713        | 20,713       | 0  | Meters                       | 334                  | 379                      | 973                   | 2.57                | 0                                       |
| 334                  | Meters                            | 2012            | 32,926        | 32,926       | 0  | Meters                       | 334                  | 379                      | 973                   | 2.57                | 0                                       |
| 334                  | Meters                            | 2013            | 21,920        | 21,920       | 0  | Meters                       | 334                  | 381                      | 973                   | 2.56                | 0                                       |
| 334                  | Meters                            | 2014            | 47,201        | 47,201       | 0  | Meters                       | 334                  | 386                      | 973                   | 2.52                | 0                                       |
| 334                  | Meters                            | 2015            | 38,069        | 38,069       | 0  | Meters                       | 334                  | 401                      | 973                   | 2.43                | 0                                       |
| 334                  | Meters                            | 2016            | 20,512        | 20,512       | 0  | Meters                       | 334                  | 403                      | 973                   | 2.41                | 0                                       |
| 334                  | Meters                            | 2017            | 23,086        | 20,739       | 2,347                                      | Meters                       | 334                  | 419                      | 973                   | 2.32                | 5,456                                   |
| 334                  | Meters                            | 2018            | 20,693        | 15,184       | 5,509                                      | Meters                       | 334                  | 436                      | 973                   | 2.23                | 12,287                                  |
| 334                  | Meters                            | 2019            | 31,099        | 18,791       | 12,308                                     | Meters                       | 334                  | 447                      | 973                   | 2.18                | 26,791                                  |
| 334                  | Meters                            | 2020            | 33,637        | 15,545       | 18,092                                     | Meters                       | 334                  | 466                      | 973                   | 2.09                | 37,816                                  |
| 334                  | Meters                            | 2021            | 29,182        | 8,653        | 20,529                                     | Meters                       | 334                  | 565                      | 973                   | 1.72                | 35,386                                  |
| 334                  | Meters                            | 2022            | 49,367        | 5,523        | 43,844                                     | Meters                       | 334                  | 857                      | 973                   | 1.14                | 49,779                                  |
| 334                  | Meters                            | 2023            | 14,527        | 605          | 13,923                                     | Meters                       | 334                  | 973                      | 973                   | 1.00                | 13,923                                  |
| 335                  | Hydrants                          | 1976            | 19,502        | 18,343       | 1,159                                      | Hydrants Installed           | 335                  | 164                      | 1384                  | 8.44                | 9,784                                   |
| 335                  | Hydrants                          | 1983            | 9,830         | 7,870        | 1,960                                      | Hydrants Installed           | 335                  | 278                      | 1384                  | 4.98                | 9,756                                   |
| 335                  | Hydrants                          | 1984            | 5,618         | 4,382        | 1,236                                      | Hydrants Installed           | 335                  | 280                      | 1384                  | 4.94                | 6,109                                   |
| 335                  | Hydrants                          | 1985            | 21,429        | 16,401       | 5,028                                      | Hydrants Installed           | 335                  | 287                      | 1384                  | 4.82                | 24,245                                  |
| 335                  | Hydrants                          | 1990            | 413           | 273          | 140  | Hydrants Installed           | 335                  | 354                      | 1384                  | 3.91                | 548                                     |
| 335                  | Hydrants                          | 1993            | 2,120         | 1,271        | 849  | Hydrants Installed           | 335                  | 369                      | 1384                  | 3.75                | 3,185                                   |
| 335                  | Hydrants                          | 1994            | 670           | 391          | 279  | Hydrants Installed           | 335                  | 369                      | 1384                  | 3.75                | 1,047                                   |
| 335                  | Hydrants                          | 1996            | 37,800        | 20,318       | 17,482                                     | Hydrants Installed           | 335                  | 394                      | 1384                  | 3.51                | 61,369                                  |
| 335                  | Hydrants                          | 1997            | 136,075       | 70,506       | 65,569                                     | Hydrants Installed           | 335                  | 454                      | 1384                  | 3.05                | 199,993                                 |

Foothills Water & Sewer, LLC  
Calculation of Trended Reproduction Cost New Less Depreciation (Water Division)

| NARUC<br>Classification | Category                       | Year in<br>Service | Original Cost | Depreciation | Original Cost Less<br>Depreciation (Net<br>Book) | Handy-Whitman Classification | Handy-<br>Whitman<br>Lookup | Handy-<br>Whitman in<br>Service | Handy-<br>Whitman in<br>2023 | Handy-<br>Whitman<br>Ratio | Trended Original<br>Cost Less<br>Depreciation |
|-------------------------|--------------------------------|--------------------|---------------|--------------|--|------------------------------|-----------------------------|---------------------------------|------------------------------|----------------------------|---|
| 335                     | Hydrants                       | 1998               | 27,001        | 13,562       | 13,439   | Hydrants Installed           | 335                         | 470                             | 1384                         | 2.94                       | 39,553  |
| 335                     | Hydrants                       | 1999               | 60,600        | 29,199       | 31,401   | Hydrants Installed           | 335                         | 487                             | 1384                         | 2.84                       | 89,331  |
| 335                     | Hydrants                       | 2001               | 306           | 135          | 171  | Hydrants Installed           | 335                         | 525                             | 1384                         | 2.63                       | 451   |
| 335                     | Hydrants                       | 2002               | 1,480         | 622          | 858  | Hydrants Installed           | 335                         | 537                             | 1384                         | 2.58                       | 2,210   |
| 335                     | Hydrants                       | 2006               | 9,308         | 3,166        | 6,142  | Hydrants Installed           | 335                         | 603                             | 1384                         | 2.30                       | 14,108  |
| 335                     | Hydrants                       | 2007               | 92,062        | 29,475       | 62,587   | Hydrants Installed           | 335                         | 626                             | 1384                         | 2.21                       | 138,344                                       |
| 335                     | Hydrants                       | 2008               | 6,277         | 1,884        | 4,393  | Hydrants Installed           | 335                         | 653                             | 1384                         | 2.12                       | 9,311   |
| 335                     | Hydrants                       | 2009               | 15,458        | 4,330        | 11,128   | Hydrants Installed           | 335                         | 677                             | 1384                         | 2.05                       | 22,766  |
| 335                     | Hydrants                       | 2010               | 64,264        | 16,716       | 47,548   | Hydrants Installed           | 335                         | 670                             | 1384                         | 2.07                       | 98,219  |
| 335                     | Hydrants                       | 2011               | 18,813        | 4,517        | 14,296   | Hydrants Installed           | 335                         | 679                             | 1384                         | 2.04                       | 29,150  |
| 335                     | Hydrants                       | 2015               | 1,494         | 224          | 1,270  | Hydrants Installed           | 335                         | 873                             | 1384                         | 1.59                       | 2,014   |
| 335                     | Hydrants                       | 2016               | 1,566         | 218          | 1,348  | Hydrants Installed           | 335                         | 922                             | 1384                         | 1.50                       | 2,024   |
| 335                     | Hydrants                       | 2019               | 3,940         | 301          | 3,639  | Hydrants Installed           | 335                         | 1008                            | 1384                         | 1.37                       | 4,997   |
| 335                     | Hydrants                       | 2020               | 36,000        | 2,194        | 33,806   | Hydrants Installed           | 335                         | 1064                            | 1384                         | 1.30                       | 43,984  |
| 335                     | Hydrants                       | 2021               | 42,450        | 1,901        | 40,549   | Hydrants Installed           | 335                         | 1173                            | 1384                         | 1.18                       | 47,832  |
| 336                     | Backflow Prevention Devices    | 2010               | 2,771         | 2,403        | 368  | Mains-Average All Types      | 331                         | 546                             | 1055                         | 1.93                       | 712   |
| 336                     | Backflow Prevention Devices    | 2023               | 4,000         | 23           | 3,976  | Mains-Average All Types      | 331                         | 1055                            | 1055                         | 1.00                       | 3,976   |
| 340                     | Office Furniture & Equipment   | 2001               | 771           | 771          | 0  | Office Equipment             | Office PPI                  | 113                             | 125                          | 1.11                       | 0   |
| 340                     | Office Furniture & Equipment   | 2002               | 1,941         | 1,941        | 0  | Office Equipment             | Office PPI                  | 113                             | 125                          | 1.11                       | 0   |
| 340                     | Office Furniture & Equipment   | 2004               | 8,976         | 8,976        | 0  | Office Equipment             | Office PPI                  | 113                             | 125                          | 1.10                       | 0   |
| 340                     | Office Furniture & Equipment   | 2005               | 3,871         | 3,871        | 0  | Office Equipment             | Office PPI                  | 115                             | 125                          | 1.08                       | 0   |
| 340                     | Office Furniture & Equipment   | 2006               | 871           | 871          | 0  | Office Equipment             | Office PPI                  | 115                             | 125                          | 1.09                       | 0   |
| 340                     | Office Furniture & Equipment   | 2008               | 1,550         | 1,550        | 0  | Office Equipment             | Office PPI                  | 122                             | 125                          | 1.02                       | 0   |
| 340                     | Office Furniture & Equipment   | 2009               | 380           | 380          | 0  | Office Equipment             | Office PPI                  | 123                             | 125                          | 1.01                       | 0   |
| 340                     | Office Furniture & Equipment   | 2010               | 469,946       | 469,946      | 0  | Office Equipment             | Office PPI                  | 121                             | 125                          | 1.03                       | 0   |
| 340                     | Office Furniture & Equipment   | 2023               | 2,594         | 139          | 2,455  | Office Equipment             | Office PPI                  | 125                             | 125                          | 1.00                       | 2,455   |
| 340.1                   | Computers & Software           | 2008               | 9,463         | 9,463        | 0  | Computer & Comms             | Computer PP                 | 74                              | 64                           | 0.87                       | 0   |
| 340.1                   | Computers & Software           | 2009               | 1,248         | 1,248        | 0  | Computer & Comms             | Computer PP                 | 74                              | 64                           | 0.86                       | 0   |
| 340.1                   | Computers & Software           | 2010               | 4,179         | 4,179        | 0  | Computer & Comms             | Computer PP                 | 73                              | 64                           | 0.88                       | 0   |
| 340.1                   | Computers & Software           | 2011               | 729           | 729          | 0  | Computer & Comms             | Computer PP                 | 73                              | 64                           | 0.88                       | 0   |
| 340.1                   | Computers & Software           | 2012               | 12,984        | 12,984       | 0  | Computer & Comms             | Computer PP                 | 73                              | 64                           | 0.88                       | 0   |
| 340.1                   | Computers & Software           | 2013               | 21,689        | 21,689       | 0  | Computer & Comms             | Computer PP                 | 75                              | 64                           | 0.86                       | 0   |
| 340.1                   | Computers & Software           | 2014               | 11,279        | 11,279       | 0  | Computer & Comms             | Computer PP                 | 76                              | 64                           | 0.84                       | 0   |
| 340.1                   | Computers & Software           | 2015               | 12,049        | 12,049       | 0  | Computer & Comms             | Computer PP                 | 71                              | 64                           | 0.90                       | 0   |
| 340.1                   | Computers & Software           | 2016               | 19,724        | 19,724       | 0  | Computer & Comms             | Computer PP                 | 65                              | 64                           | 0.99                       | 0   |
| 340.1                   | Computers & Software           | 2017               | 2,120         | 2,120        | 0  | Computer & Comms             | Computer PP                 | 66                              | 64                           | 0.98                       | 0   |
| 340.1                   | Computers & Software           | 2018               | 5,624         | 5,624        | 0  | Computer & Comms             | Computer PP                 | 67                              | 64                           | 0.96                       | 0   |
| 340.1                   | Computers & Software           | 2019               | 2,743         | 2,281        | 462  | Computer & Comms             | Computer PP                 | 64                              | 64                           | 1.00                       | 463   |
| 340.1                   | Computers & Software           | 2020               | 12,133        | 7,770        | 4,364  | Computer & Comms             | Computer PP                 | 62                              | 64                           | 1.04                       | 4,518   |
| 340.1                   | Computers & Software           | 2021               | 8,419         | 2,820        | 5,599  | Computer & Comms             | Computer PP                 | 62                              | 64                           | 1.03                       | 5,794   |
| 340.1                   | Computers & Software           | 2022               | 995           | 253          | 741  | Computer & Comms             | Computer PP                 | 64                              | 64                           | 1.01                       | 746   |
| 340.1                   | Computers & Software           | 2023               | 106,041       | 2,525        | 103,516  | Computer & Comms             | Computer PP                 | 64                              | 64                           | 1.00                       | 103,516                                       |
| 341                     | Transportation Equipment       | 2008               | 0             | 900          | (900)  | Vehicles                     | Vehicle PPI                 | 135                             | 171                          | 1.27                       | (1,139)                                       |
| 341                     | Transportation Equipment       | 2009               | 26,750        | 44,110       | (17,360)   | Vehicles                     | Vehicle PPI                 | 139                             | 171                          | 1.23                       | (21,310)                                      |
| 341                     | Transportation Equipment       | 2011               | 0             | 300          | (300)  | Vehicles                     | Vehicle PPI                 | 141                             | 171                          | 1.21                       | (364)   |
| 341                     | Transportation Equipment       | 2012               | 454           | 10,454       | (10,000)   | Vehicles                     | Vehicle PPI                 | 145                             | 171                          | 1.18                       | (11,820)                                      |
| 341                     | Transportation Equipment       | 2014               | 3,150         | 3,150        | 0  | Vehicles                     | Vehicle PPI                 | 149                             | 171                          | 1.15                       | 0   |
| 341                     | Transportation Equipment       | 2015               | 0             | 300          | (300)  | Vehicles                     | Vehicle PPI                 | 152                             | 171                          | 1.12                       | (337)   |
| 341                     | Transportation Equipment       | 2016               | 0             | 300          | (300)  | Vehicles                     | Vehicle PPI                 | 154                             | 171                          | 1.11                       | (334)   |
| 341                     | Transportation Equipment       | 2019               | 5,400         | 3,187        | 2,213  | Vehicles                     | Vehicle PPI                 | 157                             | 171                          | 1.09                       | 2,403   |
| 341                     | Transportation Equipment       | 2020               | 309,522       | 158,772      | 150,750  | Vehicles                     | Vehicle PPI                 | 157                             | 171                          | 1.09                       | 164,131                                       |
| 341                     | Transportation Equipment       | 2021               | 29,339        | 8,948        | 20,391   | Vehicles                     | Vehicle PPI                 | 161                             | 171                          | 1.06                       | 21,623  |
| 341                     | Transportation Equipment       | 2022               | 34,065        | 3,568        | 30,497   | Vehicles                     | Vehicle PPI                 | 167                             | 171                          | 1.02                       | 31,176  |
| 341                     | Transportation Equipment       | 2023               | 7,520         | 361          | 7,159  | Vehicles                     | Vehicle PPI                 | 171                             | 171                          | 1.00                       | 7,159   |
| 343                     | Tools, Shop & Garage Equipment | 2006               | 516           | 516          | 0  | Tools                        | Tool PPI                    | 95                              | 114                          | 1.21                       | 0   |
| 343                     | Tools, Shop & Garage Equipment | 2009               | 29,463        | 29,463       | 0  | Tools                        | Tool PPI                    | 94                              | 114                          | 1.21                       | 0   |
| 343                     | Tools, Shop & Garage Equipment | 2010               | 1,618         | 1,618        | 0  | Tools                        | Tool PPI                    | 92                              | 114                          | 1.25                       | 0   |
| 343                     | Tools, Shop & Garage Equipment | 2011               | 2,802         | 2,802        | 0  | Tools                        | Tool PPI                    | 92                              | 114                          | 1.25                       | 0   |
| 343                     | Tools, Shop & Garage Equipment | 2013               | 2,333         | 2,333        | 0  | Tools                        | Tool PPI                    | 92                              | 114                          | 1.24                       | 0   |
| 343                     | Tools, Shop & Garage Equipment | 2014               | 575           | 575          | 0  | Tools                        | Tool PPI                    | 91                              | 114                          | 1.25                       | 0   |
| 343                     | Tools, Shop & Garage Equipment | 2015               | 3,181         | 3,181        | 0  | Tools                        | Tool PPI                    | 91                              | 114                          | 1.26                       | 0   |
| 343                     | Tools, Shop & Garage Equipment | 2016               | 650           | 650          | 0  | Tools                        | Tool PPI                    | 90                              | 114                          | 1.27                       | 0   |
| 343                     | Tools, Shop & Garage Equipment | 2017               | 1,225         | 1,082        | 143  | Tools                        | Tool PPI                    | 90                              | 114                          | 1.28                       | 182   |
| 343                     | Tools, Shop & Garage Equipment | 2018               | 939           | 608          | 331  | Tools                        | Tool PPI                    | 90                              | 114                          | 1.28                       | 423   |
| 343                     | Tools, Shop & Garage Equipment | 2021               | 694           | 200          | 494  | Tools                        | Tool PPI                    | 96                              | 114                          | 1.19                       | 590   |
| 343                     | Tools, Shop & Garage Equipment | 2022               | 11,936        | 1,044        | 10,892   | Tools                        | Tool PPI                    | 106                             | 114                          | 1.08                       | 11,727  |
| 343                     | Tools, Shop & Garage Equipment | 2023               | 10,881        | 450          | 10,430   | Tools                        | Tool PPI                    | 114                             | 114                          | 1.00                       | 10,430  |
| 344                     | Laboratory Equipment           | 2008               | 908           | 908          | 0  | Lab Equipment                | Lab PPI                     | 136                             | 181                          | 1.34                       | 0   |
| 344                     | Laboratory Equipment           | 2013               | 3,980         | 3,980        | 0  | Lab Equipment                | Lab PPI                     | 141                             | 181                          | 1.29                       | 0   |
| 344                     | Laboratory Equipment           | 2014               | 787           | 787          | 0  | Lab Equipment                | Lab PPI                     | 143                             | 181                          | 1.27                       | 0   |
| 345                     | Power Operated Equipment       | 2009               | 77,375        | 77,375       | 0  | Construction Equipment       | Construction                | 191                             | 296                          | 1.55                       | 0   |
| 345                     | Power Operated Equipment       | 2011               | 8,343         | 8,343        | 0  | Construction Equipment       | Construction                | 197                             | 296                          | 1.50                       | 0   |
| 345                     | Power Operated Equipment       | 2012               | 3,174         | 3,174        | 0  | Construction Equipment       | Construction                | 205                             | 296                          | 1.44                       | 0   |
| 345                     | Power Operated Equipment       | 2013               | 1,002         | 1,002        | 0  | Construction Equipment       | Construction                | 211                             | 296                          | 1.40                       | 0   |
| 345                     | Power Operated Equipment       | 2014               | 3,965         | 3,965        | 0  | Construction Equipment       | Construction                | 214                             | 296                          | 1.38                       | 0   |
| 346                     | Communication Equipment        | 2011               | 844           | 844          | 0  | Computer & Comms             | Computer PP                 | 73                              | 64                           | 0.88                       | 0   |
| 346                     | Communication Equipment        | 2015               | 429           | 322          | 107  | Computer & Comms             | Computer PP                 | 71                              | 64                           | 0.90                       | 97  |
| 346                     | Communication Equipment        | 2017               | 335           | 207          | 128  | Computer & Comms             | Computer PP                 | 66                              | 64                           | 0.98                       | 125   |
| 346                     | Communication Equipment        | 2018               | 3,614         | 1,626        | 1,988  | Computer & Comms             | Computer PP                 | 67                              | 64                           | 0.96                       | 1,914   |
| 346                     | Communication Equipment        | 2019               | 2,728         | 1,120        | 1,607  | Computer & Comms             | Computer PP                 | 64                              | 64                           | 1.00                       | 1,612   |
| 346                     | Communication Equipment        | 2021               | 4,300         | 664          | 3,636  | Computer & Comms             | Computer PP                 | 62                              | 64                           | 1.03                       | 3,762   |
| 346                     | Communication Equipment        | 2023               | 28,595        | 1,609        | 26,986   | Computer & Comms             | Computer PP                 | 64                              | 64                           | 1.00                       | 26,986  |
| 347                     | Miscellaneous Equipment        | 2007               | 12,229        | 12,229       | 0  | Lab Equipment                | Lab PPI                     | 133                             | 181                          | 1.36                       | 0   |
| 347                     | Miscellaneous Equipment        | 2008               | 15,124        | 15,124       | 0  | Lab Equipment                | Lab PPI                     | 136                             | 181                          | 1.34                       | 0   |
| 347                     | Miscellaneous Equipment        | 2009               | 1,236         | 1,236        | 0  | Lab Equipment                | Lab PPI                     | 138                             | 181                          | 1.32                       | 0   |
| 347                     | Miscellaneous Equipment        | 2010               | 5,874         | 5,874        | 0  | Lab Equipment                | Lab PPI                     | 138                             | 181                          | 1.31                       | 0   |
| 347                     | Miscellaneous Equipment        | 2011               | 14,548        | 14,548       | 0  | Lab Equipment                | Lab PPI                     | 139                             | 181                          | 1.31                       | 0   |
| 347                     | Miscellaneous Equipment        | 2012               | 1,105         | 1,105        | 0  | Lab Equipment                | Lab PPI                     | 139                             | 181                          | 1.30                       | 0   |
| 347                     | Miscellaneous Equipment        | 2013               | 2,004         | 2,004        | 0  | Lab Equipment                | Lab PPI                     | 141                             | 181                          | 1.29                       | 0   |
| 347                     | Miscellaneous Equipment        | 2014               | 8,655         | 8,655        | 0  | Lab Equipment                | Lab PPI                     | 143                             | 181                          | 1.27                       | 0   |
| 347                     | Miscellaneous Equipment        | 2015               | 521           | 521          | 0  | Lab Equipment                | Lab PPI                     | 145                             | 181                          | 1.25                       | 0   |
| 347                     | Miscellaneous Equipment        | 2017               | 1,504         | 1,265        | 240  | Lab Equipment                | Lab PPI                     | 152                             | 181                          | 1.19                       | 286   |
| 347                     | Miscellaneous Equipment        | 2019               | 680           | 404          | 277  | Lab Equipment                | Lab PPI                     | 158                             | 181                          | 1.15                       | 318   |
| 347                     | Miscellaneous Equipment        | 2020               | 1,244         | 536          | 708  | Lab Equipment                | Lab PPI                     | 160                             | 181                          | 1.14                       | 805   |
| 347                     | Miscellaneous Equipment        | 2023               | 10,252        | 272          | 9,980  | Lab Equipment                | Lab PPI                     | 181                             | 181                          | 1.00                       | 9,980   |
| 348                     | Other Tangible Plant           | 2007               | 259,172       | 259,172      | 0  | Office Equipment             | Office PPI                  | 115                             | 125                          | 1.09                       | 0   |
| 348                     | Other Tangible Plant           | 2008               | 208,114       | 208,114      | 0  | Office Equipment             | Office PPI                  | 122                             | 125                          | 1.02                       | 0   |

Total Reconstruction Cost New Less Depreciation \$30,583,245

Sources:  
Handy-Whitman Index of Public Utility Construction Costs, W-5 (Plateau Region)  
Company Provided Data

Foothills Water & Sewer, LLC  
Sewer Division - Trended Plant Values

| [1]                                  | [2]   | [3]   | [4]   | [5]  | [6]                          | [7]  |
|--------------------------------------|---|---|---|--|------------------------------|--|
| Category                             | Original Cost<br>Less<br>Depreciation<br>(Net Book) (1) | Trended Original<br>Cost Less<br>Depreciation (1) | Weighted<br>Original Cost<br>Less<br>Depreciation of<br>Total | Handy-<br>Whitman<br>Starting in<br>2014 (2) | Handy-<br>Whitman in<br>2023 | Original Cost<br>Weighted Handy-<br>Whitman Ratio<br>(3) |
| Franchise Cost                       | \$ 3,076  | \$ 3,076  | 0.0%  | N/A  | N/A                          | N/A  |
| Land and Land Rights                 | 1,535,615   | 1,535,615   | 6.0%  | N/A  | N/A                          | N/A  |
| Structures & Improvements            | 1,614,306   | 2,623,324   | 6.3%  | 582.25                                       | 883.00                       | 0.10   |
| Power Generation Equipment           | 169,817   | 204,717   | 0.7%  | 896.00                                       | 1801.00                      | 0.01   |
| Collection Sewers - Force            | 2,341,815   | 4,837,164   | 9.1%  | 663.75                                       | 1055.00                      | 0.14   |
| Collection Sewers - Lift Station     | 1,725,865   | 2,424,464   | 6.7%  | 896.00                                       | 1801.00                      | 0.13   |
| Collection Sewers - Gravity          | 5,888,609   | 15,964,236  | 22.9%   | 663.75                                       | 1055.00                      | 0.36   |
| Services to Customers                | 216,051   | 305,263   | 0.8%  | 499.75                                       | 682.00                       | 0.01   |
| Flow Measuring Devices               | 5,293   | 6,009   | 0.0%  | 385.75                                       | 973.00                       | 0.00   |
| Flow Measuring Installations         | 0   | 0   | 0.0%  | 651.50                                       | 1068.00                      | 0.00   |
| Reuse Meters and Meter Installations | (0)   | (0)   | 0.0%  | 385.75                                       | 973.00                       | 0.00   |
| Receiving Wells                      | 53,198  | 98,000  | 0.2%  | 651.50                                       | 1068.00                      | 0.00   |
| Pumping Equipment                    | 688,891   | 816,318   | 2.7%  | 896.00                                       | 1801.00                      | 0.05   |
| Treatment and Disposal Equipment     | 10,163,008  | 16,780,612  | 39.5%   | 651.50                                       | 1068.00                      | 0.65   |
| Plant Sewers                         | 275,324   | 507,814   | 1.1%  | 651.50                                       | 1068.00                      | 0.02   |
| Outfall Sewer Lines                  | 270,275   | 420,958   | 1.1%  | 651.50                                       | 1068.00                      | 0.02   |
| Other Plant & Misc. Equipment        | 225,511   | 334,101   | 0.9%  | 651.50                                       | 1068.00                      | 0.01   |
| Office Furniture & Equipment         | 67,626  | 69,589  | 0.3%  | 118.83                                       | 124.67                       | 0.00   |
| Computers & Software                 | 143,390   | 143,957   | 0.6%  | 76.22  | 64.27                        | 0.00   |
| Transportation Equipment             | 181,332   | 189,047   | 0.7%  | 148.81                                       | 170.96                       | 0.01   |
| Tools, Shop & Garage Equipment       | 30,226  | 35,131  | 0.1%  | 91.28  | 114.33                       | 0.00   |
| Laboratory Equipment                 | 367   | 465   | 0.0%  | 143.02                                       | 181.40                       | 0.00   |
| Power Operated Equipment             | 36,970  | 54,343  | 0.1%  | 214.30                                       | 295.82                       | 0.00   |
| Communication Equipment              | 60,809  | 61,296  | 0.2%  | 76.22  | 64.27                        | 0.00   |
| Miscellaneous Equipment              | 41,736  | 45,438  | 0.2%  | 651.50                                       | 1068.00                      | 0.00   |
| Other Tangible Plant                 | 0   | 0   | 0.0%  | 651.50                                       | 1068.00                      | 0.00   |
| <b>Totals</b>                        | <b>\$ 25,739,110</b>                                    | <b>\$ 47,460,937</b>                              |   |  |                              | <b>1.54</b>  |

Notes:

- (1) Pages 8 through 10 of this Exhibit.  
(2) Handy-Whitman Index values based on average age of CIAC-based assets.  
(3) Equal to column [4] x (column [6] / column [5])

Sources:

Handy-Whitman Index of Public Utility Construction Costs, W-5 (Plateau Region)  
Company Provided Data

Foothills Water & Sewer, LLC  
Calculation of Trended Reproduction Cost New Less Depreciation (Sewer Division)

| NARUC Classification | Category                         | Year in Service | Original Cost | Depreciation | Original Cost Less Depreciation (Net Book) | Handy-Whitman Classification | Handy-Whitman Lookup | Handy-Whitman in Service | Handy-Whitman in 2023 | Handy-Whitman Ratio | Trended Original Cost Less Depreciation |
|----------------------|----------------------------------|-----------------|---------------|--------------|--|------------------------------|----------------------|--------------------------|-----------------------|---------------------|---|
| 352                  | Franchise Cost                   | 1994            | 1,140         | 0            | 1,140                                      | N/A                          | N/A                  | N/A                      | N/A                   | N/A                 | 1,140                                   |
| 352                  | Franchise Cost                   | 2001            | 1,936         | 0            | 1,936                                      | N/A                          | N/A                  | N/A                      | N/A                   | N/A                 | 1,936                                   |
| 353                  | Land and Land Rights             | 1999            | 79,567        | 0            | 79,567                                     | N/A                          | N/A                  | N/A                      | N/A                   | N/A                 | 79,567                                  |
| 353                  | Land and Land Rights             | 2002            | 294,587       | 0            | 294,587                                    | N/A                          | N/A                  | N/A                      | N/A                   | N/A                 | 294,587                                 |
| 353                  | Land and Land Rights             | 2004            | 40,000        | 0            | 40,000                                     | N/A                          | N/A                  | N/A                      | N/A                   | N/A                 | 40,000                                  |
| 353                  | Land and Land Rights             | 2007            | 125,179       | 0            | 125,179                                    | N/A                          | N/A                  | N/A                      | N/A                   | N/A                 | 125,179                                 |
| 353                  | Land and Land Rights             | 2008            | 201,500       | 0            | 201,500                                    | N/A                          | N/A                  | N/A                      | N/A                   | N/A                 | 201,500                                 |
| 353                  | Land and Land Rights             | 2009            | 719,461       | 0            | 719,461                                    | N/A                          | N/A                  | N/A                      | N/A                   | N/A                 | 719,461                                 |
| 353                  | Land and Land Rights             | 2011            | 75,321        | 0            | 75,321                                     | N/A                          | N/A                  | N/A                      | N/A                   | N/A                 | 75,321                                  |
| 354                  | Structures & Improvements        | 1994            | 3,303         | 3,192        | 111  | Structures & Improvements    | 304                  | 291                      | 883                   | 3.03                | 338                                     |
| 354                  | Structures & Improvements        | 1997            | 2,378         | 2,060        | 318  | Structures & Improvements    | 304                  | 314                      | 883                   | 2.82                | 896                                     |
| 354                  | Structures & Improvements        | 1998            | 11,169        | 9,303        | 1,866                                      | Structures & Improvements    | 304                  | 319                      | 883                   | 2.77                | 5,160                                   |
| 354                  | Structures & Improvements        | 1999            | 8,732         | 6,983        | 1,749                                      | Structures & Improvements    | 304                  | 326                      | 883                   | 2.71                | 4,746                                   |
| 354                  | Structures & Improvements        | 2001            | 96,577        | 70,261       | 26,316                                     | Structures & Improvements    | 304                  | 350                      | 883                   | 2.52                | 66,392                                  |
| 354                  | Structures & Improvements        | 2002            | 10,710        | 7,493        | 3,217                                      | Structures & Improvements    | 304                  | 362                      | 883                   | 2.44                | 7,841                                   |
| 354                  | Structures & Improvements        | 2003            | 3,000         | 1,999        | 1,001                                      | Structures & Improvements    | 304                  | 368                      | 883                   | 2.40                | 2,403                                   |
| 354                  | Structures & Improvements        | 2005            | 7,315         | 4,387        | 2,928                                      | Structures & Improvements    | 304                  | 419                      | 883                   | 2.11                | 6,179                                   |
| 354                  | Structures & Improvements        | 2006            | 10,707        | 6,064        | 4,643                                      | Structures & Improvements    | 304                  | 434                      | 883                   | 2.03                | 9,441                                   |
| 354                  | Structures & Improvements        | 2007            | 75,205        | 40,090       | 35,115                                     | Structures & Improvements    | 304                  | 457                      | 883                   | 1.93                | 67,855                                  |
| 354                  | Structures & Improvements        | 2008            | 25,729        | 12,856       | 12,873                                     | Structures & Improvements    | 304                  | 493                      | 883                   | 1.79                | 23,056                                  |
| 354                  | Structures & Improvements        | 2009            | 131,745       | 61,444       | 70,301                                     | Structures & Improvements    | 304                  | 494                      | 883                   | 1.79                | 125,597                                 |
| 354                  | Structures & Improvements        | 2010            | 843           | 365          | 478  | Structures & Improvements    | 304                  | 514                      | 883                   | 1.72                | 822                                     |
| 354                  | Structures & Improvements        | 2011            | 2,067,492     | 824,000      | 1,243,493                                  | Structures & Improvements    | 304                  | 539                      | 883                   | 1.64                | 2,039,005                               |
| 354                  | Structures & Improvements        | 2012            | 17,127        | 6,275        | 10,852                                     | Structures & Improvements    | 304                  | 560                      | 883                   | 1.58                | 17,111                                  |
| 354                  | Structures & Improvements        | 2013            | 12,946        | 4,264        | 8,683                                      | Structures & Improvements    | 304                  | 567                      | 883                   | 1.56                | 13,522                                  |
| 354                  | Structures & Improvements        | 2014            | 4,413         | 1,323        | 3,090                                      | Structures & Improvements    | 304                  | 582                      | 883                   | 1.52                | 4,686                                   |
| 354                  | Structures & Improvements        | 2015            | 10,290        | 2,770        | 7,519                                      | Structures & Improvements    | 304                  | 600                      | 883                   | 1.47                | 11,066                                  |
| 354                  | Structures & Improvements        | 2016            | 60,391        | 13,226       | 47,164                                     | Structures & Improvements    | 304                  | 612                      | 883                   | 1.44                | 68,049                                  |
| 354                  | Structures & Improvements        | 2017            | 16,242        | 3,087        | 13,155                                     | Structures & Improvements    | 304                  | 626                      | 883                   | 1.41                | 18,563                                  |
| 354                  | Structures & Improvements        | 2018            | 15,950        | 2,616        | 13,334                                     | Structures & Improvements    | 304                  | 651                      | 883                   | 1.36                | 18,079                                  |
| 354                  | Structures & Improvements        | 2019            | 15,575        | 1,988        | 13,587                                     | Structures & Improvements    | 304                  | 664                      | 883                   | 1.33                | 18,082                                  |
| 354                  | Structures & Improvements        | 2020            | 4,330         | 416          | 3,914                                      | Structures & Improvements    | 304                  | 683                      | 883                   | 1.29                | 5,062                                   |
| 354                  | Structures & Improvements        | 2021            | 5,403         | 421          | 4,981                                      | Structures & Improvements    | 304                  | 771                      | 883                   | 1.15                | 5,705                                   |
| 354                  | Structures & Improvements        | 2022            | 3,293         | 116          | 3,177                                      | Structures & Improvements    | 304                  | 869                      | 883                   | 1.02                | 3,230                                   |
| 354                  | Structures & Improvements        | 2023            | 81,147        | 706          | 80,441                                     | Structures & Improvements    | 304                  | 883                      | 883                   | 1.00                | 80,441                                  |
| 355                  | Power Generation Equipment       | 2011            | 62,268        | 37,378       | 24,890                                     | Electric Pumping Equipment   | 311                  | 752                      | 1801                  | 2.39                | 59,611                                  |
| 355                  | Power Generation Equipment       | 2022            | 5,449         | 155          | 5,295                                      | Electric Pumping Equipment   | 311                  | 1742                     | 1801                  | 1.03                | 5,474                                   |
| 355                  | Power Generation Equipment       | 2023            | 141,350       | 1,718        | 139,632                                    | Electric Pumping Equipment   | 311                  | 1801                     | 1801                  | 1.00                | 139,632                                 |
| 360                  | Collection Sewers - Force        | 1994            | 54,363        | 31,548       | 22,815                                     | Mains-Average All Types      | 331                  | 290                      | 1055                  | 3.64                | 82,998                                  |
| 360                  | Collection Sewers - Force        | 1996            | 3,763         | 2,033        | 1,730                                      | Mains-Average All Types      | 331                  | 293                      | 1055                  | 3.61                | 6,240                                   |
| 360                  | Collection Sewers - Force        | 1997            | 50,000        | (12,364)     | 62,364                                     | Mains-Average All Types      | 331                  | 299                      | 1055                  | 3.53                | 220,048                                 |
| 360                  | Collection Sewers - Force        | 1998            | 40,000        | 20,011       | 19,989                                     | Mains-Average All Types      | 331                  | 304                      | 1055                  | 3.48                | 69,484                                  |
| 360                  | Collection Sewers - Force        | 1999            | 0             | (37,940)     | 37,940                                     | Mains-Average All Types      | 331                  | 308                      | 1055                  | 3.42                | 129,851                                 |
| 360                  | Collection Sewers - Force        | 2001            | 35,000        | (6,984)      | 41,984                                     | Mains-Average All Types      | 331                  | 324                      | 1055                  | 3.26                | 136,706                                 |
| 360                  | Collection Sewers - Force        | 2002            | 35,000        | 14,708       | 20,292                                     | Mains-Average All Types      | 331                  | 339                      | 1055                  | 3.11                | 63,105                                  |
| 360                  | Collection Sewers - Force        | 2004            | 2,923         | (6,327)      | 9,250                                      | Mains-Average All Types      | 331                  | 362                      | 1055                  | 2.91                | 26,939                                  |
| 360                  | Collection Sewers - Force        | 2006            | 274,585       | 82,066       | 192,519                                    | Mains-Average All Types      | 331                  | 423                      | 1055                  | 2.49                | 479,876                                 |
| 360                  | Collection Sewers - Force        | 2007            | 2,458         | 576          | 1,882                                      | Mains-Average All Types      | 331                  | 447                      | 1055                  | 2.36                | 4,440                                   |
| 360                  | Collection Sewers - Force        | 2008            | 0             | (15,363)     | 15,363                                     | Mains-Average All Types      | 331                  | 503                      | 1055                  | 2.10                | 32,238                                  |
| 360                  | Collection Sewers - Force        | 2009            | 3,775         | 1,057        | 2,718                                      | Mains-Average All Types      | 331                  | 532                      | 1055                  | 1.98                | 5,389                                   |
| 360                  | Collection Sewers - Force        | 2010            | 239,938       | 62,410       | 177,528                                    | Mains-Average All Types      | 331                  | 546                      | 1055                  | 1.93                | 343,183                                 |
| 360                  | Collection Sewers - Force        | 2011            | 2,254,405     | 540,249      | 1,714,156                                  | Mains-Average All Types      | 331                  | 565                      | 1055                  | 1.87                | 3,200,769                               |
| 360                  | Collection Sewers - Force        | 2012            | 6,937         | (3,011)      | 9,948                                      | Mains-Average All Types      | 331                  | 613                      | 1055                  | 1.72                | 17,128                                  |
| 360                  | Collection Sewers - Force        | 2013            | 11,202        | 2,241        | 8,961                                      | Mains-Average All Types      | 331                  | 631                      | 1055                  | 1.67                | 14,994                                  |
| 360                  | Collection Sewers - Force        | 2014            | 1,833         | 330          | 1,503                                      | Mains-Average All Types      | 331                  | 664                      | 1055                  | 1.59                | 2,389                                   |
| 360                  | Collection Sewers - Force        | 2015            | 1,042         | 168          | 875  | Mains-Average All Types      | 331                  | 665                      | 1055                  | 1.59                | 1,388                                   |
| 360.1                | Collection Sewers - Lift Station | 2010            | 77,348        | 20,119       | 57,229                                     | Electric Pumping Equipment   | 311                  | 704                      | 1801                  | 2.56                | 146,354                                 |
| 360.1                | Collection Sewers - Lift Station | 2011            | 378,161       | 88,668       | 289,493                                    | Electric Pumping Equipment   | 311                  | 752                      | 1801                  | 2.39                | 693,320                                 |
| 360.1                | Collection Sewers - Lift Station | 2012            | 33,295        | 5,277        | 28,018                                     | Electric Pumping Equipment   | 311                  | 788                      | 1801                  | 2.29                | 64,077                                  |
| 360.1                | Collection Sewers - Lift Station | 2013            | 11,682        | 2,337        | 9,345                                      | Electric Pumping Equipment   | 311                  | 836                      | 1801                  | 2.15                | 20,131                                  |
| 360.1                | Collection Sewers - Lift Station | 2014            | 0             | (440)        | 440  | Electric Pumping Equipment   | 311                  | 896                      | 1801                  | 2.01                | 885                                     |
| 360.1                | Collection Sewers - Lift Station | 2015            | 16,677        | 2,684        | 13,993                                     | Electric Pumping Equipment   | 311                  | 945                      | 1801                  | 1.91                | 26,668                                  |
| 360.1                | Collection Sewers - Lift Station | 2019            | 449,404       | 35,952       | 413,452                                    | Electric Pumping Equipment   | 311                  | 1332                     | 1801                  | 1.35                | 559,134                                 |
| 360.1                | Collection Sewers - Lift Station | 2023            | 914,343       | 447          | 913,896                                    | Electric Pumping Equipment   | 311                  | 1801                     | 1801                  | 1.00                | 913,896                                 |
| 361                  | Collection Sewers - Gravity      | 1994            | 258,966       | 150,285      | 108,681                                    | Mains-Average All Types      | 331                  | 290                      | 1055                  | 3.64                | 395,372                                 |
| 361                  | Collection Sewers - Gravity      | 1995            | 254,413       | 142,555      | 111,858                                    | Mains-Average All Types      | 331                  | 288                      | 1055                  | 3.66                | 409,758                                 |
| 361                  | Collection Sewers - Gravity      | 1996            | 253,399       | 136,905      | 116,494                                    | Mains-Average All Types      | 331                  | 293                      | 1055                  | 3.61                | 420,175                                 |
| 361                  | Collection Sewers - Gravity      | 1997            | 326,475       | 169,856      | 156,619                                    | Mains-Average All Types      | 331                  | 299                      | 1055                  | 3.53                | 552,617                                 |
| 361                  | Collection Sewers - Gravity      | 1998            | 240,550       | 120,341      | 120,209                                    | Mains-Average All Types      | 331                  | 304                      | 1055                  | 3.48                | 417,860                                 |
| 361                  | Collection Sewers - Gravity      | 1999            | 891,602       | 428,213      | 463,389                                    | Mains-Average All Types      | 331                  | 308                      | 1055                  | 3.42                | 1,585,970                               |
| 361                  | Collection Sewers - Gravity      | 2000            | 159,228       | 73,280       | 85,948                                     | Mains-Average All Types      | 331                  | 315                      | 1055                  | 3.35                | 287,858                                 |
| 361                  | Collection Sewers - Gravity      | 2001            | 1,749,582     | 770,200      | 979,382                                    | Mains-Average All Types      | 331                  | 324                      | 1055                  | 3.26                | 3,189,039                               |
| 361                  | Collection Sewers - Gravity      | 2002            | 484,887       | 203,759      | 281,128                                    | Mains-Average All Types      | 331                  | 339                      | 1055                  | 3.11                | 874,253                                 |
| 361                  | Collection Sewers - Gravity      | 2003            | 1,375,144     | 550,359      | 824,785                                    | Mains-Average All Types      | 331                  | 344                      | 1055                  | 3.07                | 2,533,182                               |
| 361                  | Collection Sewers - Gravity      | 2004            | 1,476,943     | 561,481      | 915,462                                    | Mains-Average All Types      | 331                  | 362                      | 1055                  | 2.91                | 2,666,148                               |
| 361                  | Collection Sewers - Gravity      | 2005            | 19,605        | 7,061        | 12,544                                     | Mains-Average All Types      | 331                  | 396                      | 1055                  | 2.66                | 33,419                                  |
| 361                  | Collection Sewers - Gravity      | 2007            | 202,122       | 64,712       | 137,410                                    | Mains-Average All Types      | 331                  | 447                      | 1055                  | 2.36                | 324,179                                 |
| 361                  | Collection Sewers - Gravity      | 2010            | 112,949       | 29,379       | 83,570                                     | Mains-Average All Types      | 331                  | 546                      | 1055                  | 1.93                | 161,551                                 |
| 361                  | Collection Sewers - Gravity      | 2011            | 102,815       | 24,687       | 78,128                                     | Mains-Average All Types      | 331                  | 565                      | 1055                  | 1.87                | 145,885                                 |
| 361                  | Collection Sewers - Gravity      | 2012            | 708           | 156          | 552  | Mains-Average All Types      | 331                  | 613                      | 1055                  | 1.72                | 951                                     |
| 361                  | Collection Sewers - Gravity      | 2013            | 48,013        | 9,605        | 38,408                                     | Mains-Average All Types      | 331                  | 631                      | 1055                  | 1.67                | 64,267                                  |
| 361                  | Collection Sewers - Gravity      | 2018            | 1,050,994     | 109,819      | 941,175                                    | Mains-Average All Types      | 331                  | 727                      | 1055                  | 1.45                | 1,365,335                               |
| 361                  | Collection Sewers - Gravity      | 2020            | 179,883       | 11,125       | 168,758                                    | Mains-Average All Types      | 331                  | 789                      | 1055                  | 1.34                | 225,652                                 |
| 361                  | Collection Sewers - Gravity      | 2021            | 210,887       | 9,651        | 201,236                                    | Mains-Average All Types      | 331                  | 863                      | 1055                  | 1.22                | 246,079                                 |
| 361                  | Collection Sewers - Gravity      | 2022            | 27,085        | 574          | 26,511                                     | Mains-Average All Types      | 331                  | 988                      | 1055                  | 1.07                | 28,323                                  |
| 361                  | Collection Sewers - Gravity      | 2023            | 36,363        | 1            | 36,362                                     | Mains-Average All Types      | 331                  | 1055                     | 1055                  | 1.00                | 36,362                                  |
| 363                  | Services to Customers            | 2007            | 61,616        | 19,727       | 41,889                                     | Services Installed           | 333                  | 382                      | 682                   | 1.78                | 74,737                                  |
| 363                  | Services to Customers            | 2010            | 86,471        | 22,492       | 63,979                                     |                              |                      |                          |                       |                     |   |

Foothills Water & Sewer, LLC  
Calculation of Trended Reproduction Cost New Less Depreciation (Sewer Division)

| NARUC Classification | Category                         | Year in Service | Original Cost | Depreciation | Original Cost Less Depreciation (Net Book) | Handy-Whitman Classification | Handy-Whitman Lookup | Handy-Whitman in Service | Handy-Whitman in 2023 | Handy-Whitman Ratio | Trended Original Cost Less Depreciation |
|----------------------|----------------------------------|-----------------|---------------|--------------|--|------------------------------|----------------------|--------------------------|-----------------------|---------------------|---|
| 371                  | Pumping Equipment                | 2007            | 4,381         | 4,381        | 0  | Electric Pumping Equipment   | 311                  | 634                      | 1801                  | 2.84                | 0                                       |
| 371                  | Pumping Equipment                | 2008            | 32,085        | 32,085       | 0  | Electric Pumping Equipment   | 311                  | 663                      | 1801                  | 2.72                | 0                                       |
| 371                  | Pumping Equipment                | 2009            | 12,484        | 12,484       | 0  | Electric Pumping Equipment   | 311                  | 691                      | 1801                  | 2.61                | 0                                       |
| 371                  | Pumping Equipment                | 2010            | 31,879        | 31,879       | 0  | Electric Pumping Equipment   | 311                  | 704                      | 1801                  | 2.56                | 0                                       |
| 371                  | Pumping Equipment                | 2011            | 1,018,521     | 1,018,521    | 0  | Electric Pumping Equipment   | 311                  | 752                      | 1801                  | 2.39                | 0                                       |
| 371                  | Pumping Equipment                | 2012            | 20,558        | 20,558       | 0  | Electric Pumping Equipment   | 311                  | 788                      | 1801                  | 2.29                | 0                                       |
| 371                  | Pumping Equipment                | 2013            | 191,739       | 191,739      | 0  | Electric Pumping Equipment   | 311                  | 836                      | 1801                  | 2.15                | 0                                       |
| 371                  | Pumping Equipment                | 2014            | 142,713       | 142,713      | 0  | Electric Pumping Equipment   | 311                  | 896                      | 1801                  | 2.01                | 0                                       |
| 371                  | Pumping Equipment                | 2015            | 162,420       | 162,420      | 0  | Electric Pumping Equipment   | 311                  | 945                      | 1801                  | 1.91                | 0                                       |
| 371                  | Pumping Equipment                | 2016            | 39,512        | 35,840       | 3,672                                      | Electric Pumping Equipment   | 311                  | 1017                     | 1801                  | 1.77                | 6,503                                   |
| 371                  | Pumping Equipment                | 2017            | 36,129        | 26,627       | 9,501                                      | Electric Pumping Equipment   | 311                  | 1117                     | 1801                  | 1.61                | 15,320                                  |
| 371                  | Pumping Equipment                | 2018            | 70,923        | 43,370       | 27,552                                     | Electric Pumping Equipment   | 311                  | 1210                     | 1801                  | 1.49                | 41,018                                  |
| 371                  | Pumping Equipment                | 2019            | 161,084       | 73,457       | 87,627                                     | Electric Pumping Equipment   | 311                  | 1332                     | 1801                  | 1.35                | 118,503                                 |
| 371                  | Pumping Equipment                | 2020            | 164,917       | 59,901       | 105,017                                    | Electric Pumping Equipment   | 311                  | 1430                     | 1801                  | 1.26                | 132,309                                 |
| 371                  | Pumping Equipment                | 2021            | 272,979       | 69,444       | 203,535                                    | Electric Pumping Equipment   | 311                  | 1490                     | 1801                  | 1.21                | 246,060                                 |
| 371                  | Pumping Equipment                | 2022            | 157,338       | 20,950       | 136,388                                    | Electric Pumping Equipment   | 311                  | 1742                     | 1801                  | 1.03                | 141,007                                 |
| 371                  | Pumping Equipment                | 2023            | 118,997       | 3,398        | 115,599                                    | Electric Pumping Equipment   | 311                  | 1801                     | 1801                  | 1.00                | 115,599                                 |
| 380                  | Treatment and Disposal Equipment | 1994            | 142,119       | 142,119      | 0  | Large Treatment Plant Equip. | 320                  | 319                      | 1068                  | 3.35                | 0                                       |
| 380                  | Treatment and Disposal Equipment | 1996            | 105,057       | 105,057      | 0  | Large Treatment Plant Equip. | 320                  | 337                      | 1068                  | 3.17                | 0                                       |
| 380                  | Treatment and Disposal Equipment | 1997            | 349,408       | 349,408      | 0  | Large Treatment Plant Equip. | 320                  | 348                      | 1068                  | 3.07                | 0                                       |
| 380                  | Treatment and Disposal Equipment | 1998            | 4,470         | 4,470        | 0  | Large Treatment Plant Equip. | 320                  | 358                      | 1068                  | 2.98                | 0                                       |
| 380                  | Treatment and Disposal Equipment | 1999            | 600,617       | 600,617      | 0  | Large Treatment Plant Equip. | 320                  | 368                      | 1068                  | 2.90                | 0                                       |
| 380                  | Treatment and Disposal Equipment | 2000            | 23,564        | 23,564       | 0  | Large Treatment Plant Equip. | 320                  | 376                      | 1068                  | 2.84                | 0                                       |
| 380                  | Treatment and Disposal Equipment | 2001            | 191,399       | 191,399      | 0  | Large Treatment Plant Equip. | 320                  | 389                      | 1068                  | 2.75                | 0                                       |
| 380                  | Treatment and Disposal Equipment | 2002            | 4,379         | 4,379        | 0  | Large Treatment Plant Equip. | 320                  | 401                      | 1068                  | 2.66                | 0                                       |
| 380                  | Treatment and Disposal Equipment | 2003            | 480,602       | 480,602      | 0  | Large Treatment Plant Equip. | 320                  | 408                      | 1068                  | 2.62                | 0                                       |
| 380                  | Treatment and Disposal Equipment | 2004            | 1,412,779     | 1,342,721    | 70,058                                     | Large Treatment Plant Equip. | 320                  | 419                      | 1068                  | 2.55                | 178,574                                 |
| 380                  | Treatment and Disposal Equipment | 2005            | 864,504       | 778,409      | 86,095                                     | Large Treatment Plant Equip. | 320                  | 435                      | 1068                  | 2.46                | 211,500                                 |
| 380                  | Treatment and Disposal Equipment | 2006            | 644,338       | 547,952      | 96,386                                     | Large Treatment Plant Equip. | 320                  | 446                      | 1068                  | 2.39                | 230,678                                 |
| 380                  | Treatment and Disposal Equipment | 2007            | 1,265,742     | 1,013,114    | 252,628                                    | Large Treatment Plant Equip. | 320                  | 472                      | 1068                  | 2.26                | 571,920                                 |
| 380                  | Treatment and Disposal Equipment | 2008            | 149,239       | 111,970      | 37,269                                     | Large Treatment Plant Equip. | 320                  | 516                      | 1068                  | 2.07                | 77,175                                  |
| 380                  | Treatment and Disposal Equipment | 2009            | 126,907       | 88,870       | 38,037                                     | Large Treatment Plant Equip. | 320                  | 546                      | 1068                  | 1.96                | 74,471                                  |
| 380                  | Treatment and Disposal Equipment | 2010            | 23,879        | 15,528       | 8,351                                      | Large Treatment Plant Equip. | 320                  | 563                      | 1068                  | 1.90                | 15,842                                  |
| 380                  | Treatment and Disposal Equipment | 2011            | 12,563,786    | 7,396,480    | 5,167,306                                  | Large Treatment Plant Equip. | 320                  | 580                      | 1068                  | 1.84                | 9,519,073                               |
| 380                  | Treatment and Disposal Equipment | 2012            | 316,112       | 173,905      | 142,207                                    | Large Treatment Plant Equip. | 320                  | 607                      | 1068                  | 1.76                | 250,313                                 |
| 380                  | Treatment and Disposal Equipment | 2013            | 2,225,724     | 1,113,167    | 1,112,557                                  | Large Treatment Plant Equip. | 320                  | 628                      | 1068                  | 1.70                | 1,892,809                               |
| 380                  | Treatment and Disposal Equipment | 2014            | 641,560       | 288,654      | 352,906                                    | Large Treatment Plant Equip. | 320                  | 652                      | 1068                  | 1.64                | 578,517                                 |
| 380                  | Treatment and Disposal Equipment | 2015            | 289,804       | 115,944      | 173,860                                    | Large Treatment Plant Equip. | 320                  | 668                      | 1068                  | 1.60                | 278,072                                 |
| 380                  | Treatment and Disposal Equipment | 2016            | 72,239        | 23,484       | 48,755                                     | Large Treatment Plant Equip. | 320                  | 686                      | 1068                  | 1.56                | 75,877                                  |
| 380                  | Treatment and Disposal Equipment | 2017            | 123,324       | 37,846       | 85,478                                     | Large Treatment Plant Equip. | 320                  | 710                      | 1068                  | 1.50                | 128,623                                 |
| 380                  | Treatment and Disposal Equipment | 2018            | 138,725       | 34,504       | 104,221                                    | Large Treatment Plant Equip. | 320                  | 861                      | 1068                  | 1.24                | 129,278                                 |
| 380                  | Treatment and Disposal Equipment | 2019            | 171,266       | 36,630       | 136,636                                    | Large Treatment Plant Equip. | 320                  | 896                      | 1068                  | 1.19                | 162,956                                 |
| 380                  | Treatment and Disposal Equipment | 2020            | 202,772       | 31,116       | 171,656                                    | Large Treatment Plant Equip. | 320                  | 819                      | 1068                  | 1.30                | 223,913                                 |
| 380                  | Treatment and Disposal Equipment | 2021            | 405,844       | 41,594       | 364,250                                    | Large Treatment Plant Equip. | 320                  | 884                      | 1068                  | 1.21                | 440,191                                 |
| 380                  | Treatment and Disposal Equipment | 2022            | 437,766       | 24,082       | 413,684                                    | Large Treatment Plant Equip. | 320                  | 1004                     | 1068                  | 1.06                | 440,164                                 |
| 380                  | Treatment and Disposal Equipment | 2023            | 1,313,170     | 12,502       | 1,300,668                                  | Large Treatment Plant Equip. | 320                  | 1068                     | 1068                  | 1.00                | 1,300,668                               |
| 381                  | Plant Sewers                     | 2004            | 15,599        | 14,825       | 774  | Large Treatment Plant Equip. | 320                  | 419                      | 1068                  | 2.55                | 1,972                                   |
| 381                  | Plant Sewers                     | 2010            | 3,811         | 2,478        | 1,333                                      | Large Treatment Plant Equip. | 320                  | 563                      | 1068                  | 1.90                | 2,528                                   |
| 381                  | Plant Sewers                     | 2011            | 680,679       | 407,461      | 273,218                                    | Large Treatment Plant Equip. | 320                  | 580                      | 1068                  | 1.84                | 503,314                                 |
| 382                  | Outfall Sewer Lines              | 2011            | 1,942         | 776          | 1,166                                      | Large Treatment Plant Equip. | 320                  | 580                      | 1068                  | 1.84                | 2,147                                   |
| 382                  | Outfall Sewer Lines              | 2016            | 351,424       | 82,315       | 269,109                                    | Large Treatment Plant Equip. | 320                  | 686                      | 1068                  | 1.56                | 418,810                                 |
| 389                  | Other Plant & Misc. Equipment    | 2004            | 4,833         | 4,833        | 0  | Large Treatment Plant Equip. | 320                  | 419                      | 1068                  | 2.55                | 0                                       |
| 389                  | Other Plant & Misc. Equipment    | 2006            | 1,515         | 1,515        | 0  | Large Treatment Plant Equip. | 320                  | 446                      | 1068                  | 2.39                | 0                                       |
| 389                  | Other Plant & Misc. Equipment    | 2008            | 63,900        | 63,900       | 0  | Large Treatment Plant Equip. | 320                  | 516                      | 1068                  | 2.07                | 0                                       |
| 389                  | Other Plant & Misc. Equipment    | 2011            | 308,980       | 246,918      | 62,062                                     | Large Treatment Plant Equip. | 320                  | 580                      | 1068                  | 1.84                | 114,329                                 |
| 389                  | Other Plant & Misc. Equipment    | 2012            | 51,211        | 37,583       | 13,628                                     | Large Treatment Plant Equip. | 320                  | 607                      | 1068                  | 1.76                | 23,988                                  |
| 389                  | Other Plant & Misc. Equipment    | 2013            | 2,677         | 1,786        | 891  | Large Treatment Plant Equip. | 320                  | 628                      | 1068                  | 1.70                | 1,516                                   |
| 389                  | Other Plant & Misc. Equipment    | 2020            | 184,666       | 35,737       | 148,929                                    | Large Treatment Plant Equip. | 320                  | 819                      | 1068                  | 1.30                | 194,268                                 |
| 390                  | Office Furniture & Equipment     | 2001            | 1,489         | 1,286        | 203  | Office Equipment             | Office PPI           | 113                      | 124,668               | 1.11                | 224                                     |
| 390                  | Office Furniture & Equipment     | 2004            | 3,322         | 2,870        | 452  | Office Equipment             | Office PPI           | 113                      | 124,668               | 1.10                | 498                                     |
| 390                  | Office Furniture & Equipment     | 2005            | 4,046         | 3,496        | 550  | Office Equipment             | Office PPI           | 115                      | 124,668               | 1.08                | 596                                     |
| 390                  | Office Furniture & Equipment     | 2006            | 4,391         | 3,794        | 597  | Office Equipment             | Office PPI           | 115                      | 124,668               | 1.09                | 649                                     |
| 390                  | Office Furniture & Equipment     | 2008            | 516           | 446          | 70   | Office Equipment             | Office PPI           | 122                      | 124,668               | 1.02                | 72                                      |
| 390                  | Office Furniture & Equipment     | 2009            | 330           | 266          | 64   | Office Equipment             | Office PPI           | 123                      | 124,668               | 1.01                | 64                                      |
| 390                  | Office Furniture & Equipment     | 2010            | 204,013       | 152,903      | 51,110                                     | Office Equipment             | Office PPI           | 121                      | 124,668               | 1.03                | 52,652                                  |
| 390                  | Office Furniture & Equipment     | 2011            | 35,674        | 24,681       | 10,993                                     | Office Equipment             | Office PPI           | 122                      | 124,668               | 1.02                | 11,214                                  |
| 390                  | Office Furniture & Equipment     | 2013            | 356           | 205          | 151  | Office Equipment             | Office PPI           | 118                      | 124,668               | 1.06                | 160                                     |
| 390                  | Office Furniture & Equipment     | 2014            | 989           | 513          | 476  | Office Equipment             | Office PPI           | 119                      | 124,668               | 1.05                | 499                                     |
| 390                  | Office Furniture & Equipment     | 2023            | 3,065         | 104          | 2,961                                      | Office Equipment             | Office PPI           | 125                      | 124,668               | 1.00                | 2,961                                   |
| 390.1                | Computers & Software             | 2006            | 3,445         | 5,221        | (1,776)                                    | Computer & Comms             | Computer PP          | 76                       | 64,274,4286           | 0.84                | (1,499)                                 |
| 390.1                | Computers & Software             | 2007            | 599           | 908          | (309)                                      | Computer & Comms             | Computer PP          | 75                       | 64,274,4286           | 0.85                | (263)                                   |
| 390.1                | Computers & Software             | 2008            | 2,421         | 3,669        | (1,248)                                    | Computer & Comms             | Computer PP          | 74                       | 64,274,4286           | 0.87                | (1,081)                                 |
| 390.1                | Computers & Software             | 2009            | 347           | 491          | (144)                                      | Computer & Comms             | Computer PP          | 74                       | 64,274,4286           | 0.86                | (125)                                   |
| 390.1                | Computers & Software             | 2010            | 4,179         | 5,494        | (1,315)                                    | Computer & Comms             | Computer PP          | 73                       | 64,274,4286           | 0.88                | (1,162)                                 |
| 390.1                | Computers & Software             | 2011            | 365           | 443          | (78)                                       | Computer & Comms             | Computer PP          | 73                       | 64,274,4286           | 0.88                | (69)                                    |
| 390.1                | Computers & Software             | 2012            | 7,526         | 8,370        | (844)                                      | Computer & Comms             | Computer PP          | 73                       | 64,274,4286           | 0.88                | (740)                                   |
| 390.1                | Computers & Software             | 2013            | 2,288         | 2,313        | (25)                                       | Computer & Comms             | Computer PP          | 76                       | 64,274,4286           | 0.86                | (22)                                    |
| 390.1                | Computers & Software             | 2014            | 10,767        | 9,798        | 969  | Computer & Comms             | Computer PP          | 76                       | 64,274,4286           | 0.84                | 817                                     |
| 390.1                | Computers & Software             | 2015            | 20,109        | 16,355       | 3,754                                      | Computer & Comms             | Computer PP          | 71                       | 64,274,4286           | 0.90                | 3,393                                   |
| 390.1                | Computers & Software             | 2016            | 28,120        | 19,778       | 8,342                                      | Computer & Comms             | Computer PP          | 65                       | 64,274,4286           | 0.99                | 8,269                                   |
| 390.1                | Computers & Software             | 2017            | 2,992         | 1,838        | 1,154                                      | Computer & Comms             | Computer PP          | 66                       | 64,274,4286           | 0.98                | 1,125                                   |
| 390.1                | Computers & Software             | 2018            | 5,192         | 2,643        | 2,548                                      | Computer & Comms             | Computer PP          | 67                       | 64,274,4286           | 0.96                | 2,453                                   |
| 390.1                | Computers & Software             | 2019            | 2,743         | 1,158        | 1,585                                      | Computer & Comms             | Computer PP          | 64                       | 64,274,4286           | 1.00                | 1,590                                   |
| 390.1                | Computers & Software             | 2020            | 11,285        | 3,559        | 7,726                                      | Computer & Comms             | Computer PP          | 62                       | 64,274,4286           | 1.04                | 7,999                                   |
| 390.1                | Computers & Software             | 2021            | 7,446         | 1,248        | 6,198                                      | Computer & Comms             | Computer PP          | 62                       | 64,274,4286           | 1.03                | 6,415                                   |
| 390.1                | Computers & Software             | 2022            | 995           | 128          | 867  | Computer & Comms             | Computer PP          | 64                       | 64,274,4286           | 1.01                | 872                                     |
| 390.1                | Computers & Software             | 2023            | 120,779       | 4,796        | 115,983                                    | Computer & Comms             | Computer PP          | 64                       | 64,274,4286           | 1.00                | 115,983                                 |
| 391                  | Transportation Equipment         | 2001            | 16,400        | 16,400       | 0  | Vehicles                     | Vehicle PPI          | 138                      | 170,963,714           | 1.24                | 0                                       |
| 391                  | Transportation Equipment         | 2008            | 13,920        | 14,220       | (300)                                      | Vehicles                     | Vehicle PPI          | 135                      | 170,963,714           | 1.27                | (380)                                   |
| 391                  | Transportation Equipment         | 2009            | 16,750        | 22,990       | (6,240)                                    | Vehicles                     | Vehicle PPI          | 139                      | 170,963,714           | 1.23                | (7,660)                                 |
| 391                  | Transportation Equipment         | 2010            | 19,291        | 19,291       | 0  | Vehicles                     | Vehicle PPI          | 140                      | 170,963,714           | 1.22                | 0                                       |
| 391                  | Transportation Equipment         | 2011            | 31,693        | 31,693       | 0  | Vehicles                     | Vehicle PPI          | 141                      | 170,963,714           | 1.21                | 0                                       |
| 391                  | Transportation Equipment         | 2012            | 1,756         | 1,756        | 0  | Vehicles                     | Vehicle PPI          | 145                      | 170,963,714           | 1.18                | 0                                       |
| 391                  | Transportation Equipment         | 2013            | 7,730         | 7,730        | 0  | Vehicles                     | Vehicle PPI          | 146                      | 170,963,714           | 1.17                | 0                                       |

Foothills Water & Sewer, LLC  
Calculation of Trended Reproduction Cost New Less Depreciation (Sewer Division)

| NARUC<br>Classification | Category                       | Year in<br>Service | Original Cost | Depreciation | Original Cost Less<br>Depreciation (Net<br>Book) | Handy-Whitman Classification | Handy-<br>Whitman<br>Lookup | Handy-<br>Whitman in<br>Service | Handy-<br>Whitman in<br>2023 | Handy-<br>Whitman<br>Ratio | Trended Original<br>Cost Less<br>Depreciation |
|-------------------------|--------------------------------|--------------------|---------------|--------------|--|------------------------------|-----------------------------|---------------------------------|------------------------------|----------------------------|---|
| 391                     | Transportation Equipment       | 2014               | 31,435        | 31,435       | 0  | Vehicles                     | Vehicle PPI                 | 149                             | 170.963714                   | 1.15                       | 0   |
| 391                     | Transportation Equipment       | 2015               | 12,636        | 12,636       | 0  | Vehicles                     | Vehicle PPI                 | 152                             | 170.963714                   | 1.12                       | 0   |
| 391                     | Transportation Equipment       | 2017               | 4,940         | 4,940        | 0  | Vehicles                     | Vehicle PPI                 | 156                             | 170.963714                   | 1.10                       | 0   |
| 391                     | Transportation Equipment       | 2019               | 5,400         | 3,817        | 1,583  | Vehicles                     | Vehicle PPI                 | 157                             | 170.963714                   | 1.09                       | 1,719   |
| 391                     | Transportation Equipment       | 2020               | 189,627       | 117,900      | 71,727   | Vehicles                     | Vehicle PPI                 | 157                             | 170.963714                   | 1.09                       | 78,094  |
| 391                     | Transportation Equipment       | 2021               | 54,115        | 20,901       | 33,214   | Vehicles                     | Vehicle PPI                 | 161                             | 170.963714                   | 1.06                       | 35,220  |
| 391                     | Transportation Equipment       | 2022               | 36,162        | 4,535        | 31,627   | Vehicles                     | Vehicle PPI                 | 167                             | 170.963714                   | 1.02                       | 32,331  |
| 391                     | Transportation Equipment       | 2023               | 52,458        | 2,737        | 49,721   | Vehicles                     | Vehicle PPI                 | 171                             | 170.963714                   | 1.00                       | 49,721  |
| 393                     | Tools, Shop & Garage Equipment | 2009               | 23,663        | 16,571       | 7,092  | Tools                        | Tool PPI                    | 94                              | 114.328286                   | 1.21                       | 8,611   |
| 393                     | Tools, Shop & Garage Equipment | 2010               | 1,618         | 1,052        | 566  | Tools                        | Tool PPI                    | 92                              | 114.328286                   | 1.25                       | 706   |
| 393                     | Tools, Shop & Garage Equipment | 2011               | 1,788         | 1,073        | 715  | Tools                        | Tool PPI                    | 92                              | 114.328286                   | 1.25                       | 892   |
| 393                     | Tools, Shop & Garage Equipment | 2012               | 942           | 518          | 424  | Tools                        | Tool PPI                    | 92                              | 114.328286                   | 1.24                       | 527   |
| 393                     | Tools, Shop & Garage Equipment | 2013               | 3,300         | 1,650        | 1,650  | Tools                        | Tool PPI                    | 92                              | 114.328286                   | 1.24                       | 2,049   |
| 393                     | Tools, Shop & Garage Equipment | 2014               | 1,068         | 481          | 587  | Tools                        | Tool PPI                    | 91                              | 114.328286                   | 1.25                       | 736   |
| 393                     | Tools, Shop & Garage Equipment | 2015               | 5,777         | 2,324        | 3,453  | Tools                        | Tool PPI                    | 91                              | 114.328286                   | 1.26                       | 4,334   |
| 393                     | Tools, Shop & Garage Equipment | 2016               | 1,219         | 434          | 785  | Tools                        | Tool PPI                    | 90                              | 114.328286                   | 1.27                       | 995   |
| 393                     | Tools, Shop & Garage Equipment | 2017               | 2,275         | 703          | 1,572  | Tools                        | Tool PPI                    | 90                              | 114.328286                   | 1.28                       | 2,007   |
| 393                     | Tools, Shop & Garage Equipment | 2021               | 1,289         | 130          | 1,159  | Tools                        | Tool PPI                    | 96                              | 114.328286                   | 1.19                       | 1,384   |
| 393                     | Tools, Shop & Garage Equipment | 2022               | 9,015         | 298          | 8,716  | Tools                        | Tool PPI                    | 106                             | 114.328286                   | 1.08                       | 9,385   |
| 393                     | Tools, Shop & Garage Equipment | 2023               | 3,556         | 48           | 3,507  | Tools                        | Tool PPI                    | 114                             | 114.328286                   | 1.00                       | 3,507   |
| 394                     | Laboratory Equipment           | 2005               | 11,573        | 11,573       | 0  | Lab Equipment                | Lab PPI                     | 130                             | 181.400714                   | 1.39                       | 0   |
| 394                     | Laboratory Equipment           | 2011               | 5,844         | 5,844        | 0  | Lab Equipment                | Lab PPI                     | 139                             | 181.400714                   | 1.31                       | 0   |
| 394                     | Laboratory Equipment           | 2012               | 1,149         | 1,149        | 0  | Lab Equipment                | Lab PPI                     | 139                             | 181.400714                   | 1.30                       | 0   |
| 394                     | Laboratory Equipment           | 2013               | 12,876        | 12,876       | 0  | Lab Equipment                | Lab PPI                     | 141                             | 181.400714                   | 1.29                       | 0   |
| 394                     | Laboratory Equipment           | 2014               | 3,680         | 3,313        | 367  | Lab Equipment                | Lab PPI                     | 143                             | 181.400714                   | 1.27                       | 465   |
| 395                     | Power Operated Equipment       | 2003               | 2,940         | 2,940        | 0  | Construction Equipment       | Construction                | 153                             | 295.816714                   | 1.93                       | 0   |
| 395                     | Power Operated Equipment       | 2005               | 3,509         | 3,160        | 349  | Construction Equipment       | Construction                | 168                             | 295.816714                   | 1.76                       | 614   |
| 395                     | Power Operated Equipment       | 2009               | 77,375        | 57,443       | 19,932   | Construction Equipment       | Construction                | 191                             | 295.816714                   | 1.55                       | 30,870  |
| 395                     | Power Operated Equipment       | 2011               | 8,343         | 5,008        | 3,335  | Construction Equipment       | Construction                | 197                             | 295.816714                   | 1.50                       | 4,998   |
| 395                     | Power Operated Equipment       | 2012               | 3,174         | 1,746        | 1,428  | Construction Equipment       | Construction                | 205                             | 295.816714                   | 1.44                       | 2,057   |
| 395                     | Power Operated Equipment       | 2013               | 1,860         | 930          | 930  | Construction Equipment       | Construction                | 211                             | 295.816714                   | 1.40                       | 1,305   |
| 395                     | Power Operated Equipment       | 2014               | 5,006         | 2,253        | 2,753  | Construction Equipment       | Construction                | 214                             | 295.816714                   | 1.38                       | 3,800   |
| 395                     | Power Operated Equipment       | 2015               | 3,980         | 1,601        | 2,379  | Construction Equipment       | Construction                | 217                             | 295.816714                   | 1.36                       | 3,243   |
| 395                     | Power Operated Equipment       | 2019               | 7,450         | 1,586        | 5,864  | Construction Equipment       | Construction                | 233                             | 295.816714                   | 1.27                       | 7,457   |
| 396                     | Communication Equipment        | 2011               | 13,660        | 13,660       | 0  | Computer & Comms             | Computer PP                 | 73                              | 64.2744286                   | 0.88                       | 0   |
| 396                     | Communication Equipment        | 2012               | 3,939         | 3,939        | 0  | Computer & Comms             | Computer PP                 | 73                              | 64.2744286                   | 0.88                       | 0   |
| 396                     | Communication Equipment        | 2014               | 2,352         | 2,117        | 235  | Computer & Comms             | Computer PP                 | 76                              | 64.2744286                   | 0.84                       | 198   |
| 396                     | Communication Equipment        | 2015               | 2,262         | 1,820        | 442  | Computer & Comms             | Computer PP                 | 71                              | 64.2744286                   | 0.90                       | 399   |
| 396                     | Communication Equipment        | 2017               | 7,903         | 5,083        | 2,820  | Computer & Comms             | Computer PP                 | 66                              | 64.2744286                   | 0.98                       | 2,750   |
| 396                     | Communication Equipment        | 2018               | 6,271         | 2,843        | 3,427  | Computer & Comms             | Computer PP                 | 67                              | 64.2744286                   | 0.96                       | 3,299   |
| 396                     | Communication Equipment        | 2019               | 6,633         | 2,867        | 3,766  | Computer & Comms             | Computer PP                 | 64                              | 64.2744286                   | 1.00                       | 3,778   |
| 396                     | Communication Equipment        | 2021               | 23,690        | 4,056        | 19,633   | Computer & Comms             | Computer PP                 | 62                              | 64.2744286                   | 1.03                       | 20,319  |
| 396                     | Communication Equipment        | 2022               | 12,900        | 1,455        | 11,445   | Computer & Comms             | Computer PP                 | 64                              | 64.2744286                   | 1.01                       | 11,513  |
| 396                     | Communication Equipment        | 2023               | 19,567        | 526          | 19,041   | Computer & Comms             | Computer PP                 | 64                              | 64.2744286                   | 1.00                       | 19,041  |
| 397                     | Miscellaneous Equipment        | 2002               | 24,679        | 24,679       | 0  | Large Treatment Plant Equip. | 320                         | 401                             | 1068                         | 2.66                       | 0   |
| 397                     | Miscellaneous Equipment        | 2004               | 759           | 759          | 0  | Large Treatment Plant Equip. | 320                         | 419                             | 1068                         | 2.55                       | 0   |
| 397                     | Miscellaneous Equipment        | 2005               | 1,923         | 1,923        | 0  | Large Treatment Plant Equip. | 320                         | 435                             | 1068                         | 2.46                       | 0   |
| 397                     | Miscellaneous Equipment        | 2006               | 8,989         | 8,989        | 0  | Large Treatment Plant Equip. | 320                         | 446                             | 1068                         | 2.39                       | 0   |
| 397                     | Miscellaneous Equipment        | 2007               | 75,102        | 75,102       | 0  | Large Treatment Plant Equip. | 320                         | 472                             | 1068                         | 2.26                       | 0   |
| 397                     | Miscellaneous Equipment        | 2008               | 10,826        | 10,826       | 0  | Large Treatment Plant Equip. | 320                         | 516                             | 1068                         | 2.07                       | 0   |
| 397                     | Miscellaneous Equipment        | 2010               | 5,277         | 5,277        | 0  | Large Treatment Plant Equip. | 320                         | 563                             | 1068                         | 1.90                       | 0   |
| 397                     | Miscellaneous Equipment        | 2011               | 6,877         | 6,877        | 0  | Large Treatment Plant Equip. | 320                         | 580                             | 1068                         | 1.84                       | 0   |
| 397                     | Miscellaneous Equipment        | 2012               | 13,601        | 13,601       | 0  | Large Treatment Plant Equip. | 320                         | 607                             | 1068                         | 1.76                       | 0   |
| 397                     | Miscellaneous Equipment        | 2013               | 8,187         | 8,187        | 0  | Large Treatment Plant Equip. | 320                         | 628                             | 1068                         | 1.70                       | 0   |
| 397                     | Miscellaneous Equipment        | 2014               | 2,812         | 2,532        | 280  | Large Treatment Plant Equip. | 320                         | 652                             | 1068                         | 1.64                       | 460   |
| 397                     | Miscellaneous Equipment        | 2015               | 521           | 419          | 102  | Large Treatment Plant Equip. | 320                         | 668                             | 1068                         | 1.60                       | 163   |
| 397                     | Miscellaneous Equipment        | 2017               | 1,504         | 884          | 620  | Large Treatment Plant Equip. | 320                         | 710                             | 1068                         | 1.50                       | 933   |
| 397                     | Miscellaneous Equipment        | 2018               | 1,164         | 577          | 587  | Large Treatment Plant Equip. | 320                         | 861                             | 1068                         | 1.24                       | 728   |
| 397                     | Miscellaneous Equipment        | 2019               | 713           | 296          | 417  | Large Treatment Plant Equip. | 320                         | 896                             | 1068                         | 1.19                       | 497   |
| 397                     | Miscellaneous Equipment        | 2020               | 6,221         | 1,857        | 4,364  | Large Treatment Plant Equip. | 320                         | 819                             | 1068                         | 1.30                       | 5,692   |
| 397                     | Miscellaneous Equipment        | 2021               | 9,371         | 2,058        | 7,313  | Large Treatment Plant Equip. | 320                         | 884                             | 1068                         | 1.21                       | 8,838   |
| 397                     | Miscellaneous Equipment        | 2022               | 1,353         | 193          | 1,160  | Large Treatment Plant Equip. | 320                         | 1004                            | 1068                         | 1.06                       | 1,234   |
| 397                     | Miscellaneous Equipment        | 2023               | 27,548        | 655          | 26,893   | Large Treatment Plant Equip. | 320                         | 1068                            | 1068                         | 1.00                       | 26,893  |
| 398                     | Other Tangible Plant           | 2007               | 238,825       | 238,825      | 0  | Large Treatment Plant Equip. | 320                         | 472                             | 1068                         | 2.26                       | 0   |

Total Reconstruction Cost New Less Depreciation \$47,460,937

Sources:  
Handy-Whitman Index of Public Utility Construction Costs, W-5 (Plateau Region)  
Company Provided Data



Foothills Water & Sewer, LLC  
Calculation of Fair Value Increment Rate of Return ("FVROR")

| Line No. | Inflation   |                  |
|----------|---|------------------|
| 1.       | Historical Inflation   1962 -2022                       | <u>3.87% (1)</u> |
|          | Projected Consumer Price Index                          |                  |
|          | 2022  | 2.93% (2)        |
|          | 2032  | <u>3.70% (2)</u> |
| 2.       | Compound Annual Growth Rate                             | <u>2.36%</u>     |
|          | Projected Consumer Price Index                          |                  |
|          | 2025 - 2029   | 2.20% (3)        |
|          | 2030 - 2034   | <u>2.20% (3)</u> |
| 3.       | Mean  | <u>2.20%</u>     |
| 4.       | Mean Projected Inflation Forecast                       | <u>2.28% (4)</u> |
| 5.       | Mean Inflation Rate                                     | <u>3.08% (5)</u> |
|          | Risk-Free Rate  |                  |
| 6.       | Historical 30-Year Treasury Bond Yield<br>  1962 - 2022 | <u>6.01% (1)</u> |
|          | Projected Nominal 30-Year U.S.<br>Treasury Bond Yield   |                  |
|          | 2025 - 2029   | 3.80% (3)        |
|          | 2030 - 2034   | <u>3.90% (3)</u> |
| 7.       | Mean  | <u>3.85%</u>     |
| 8.       | Mean 30-Year Treasury Note Yield                        | <u>4.93% (6)</u> |
| 9.       | Mean Real Risk-Free Rate                                | <u>1.79% (7)</u> |
| 10.      | 50.0% of Real Risk-Free Rate                            | <u>0.90%</u>     |

Notes: (1) 2023 SBBI Yearbook - Stocks, Bonds, Bills, and Inflation - U.S. Capital Markets Performance by Asset Class 1926 - 2022, Kroll (Wiley 2019) Chicago, IL. Appendix A-15 Inflation & Appendix A-7 Long-Term Government Bonds: Income Returns.

(2) From Table 20. Macroeconomic Indicators. (2023)  
<http://www.eia.gov/forecasts/aeo/>.

(3) Blue Chip Financial Forecasts Vol. 42, No. 6, June 1, 2023 at 14.

(4) Average of lines 2 and 3.

(5) Average of lines 1 and 4.

(6) Average of lines 6 and 7.

(7)  $1.79\% = ((1 + 4.93\%)/(1 + 3.08\%)-1)$ .

Foothills Water & Sewer, LLC  
Fair Value Rate of Return - Water Division

**Fair Value Rate Base**

|  | Amount               |     |
|--|----------------------|-----|
| Original Cost (OCRB)                       | \$ 18,437,198        | (1) |
| Reconstruction Cost New Depreciated (RCND) | \$ 26,064,706        | (1) |
| Fair Value Rate Base (FVRB)                | <u>\$ 22,250,952</u> | (1) |

**Capital Structure OCRB**

|                | Amount               |     | Ratio (2)      |
|----------------|----------------------|-----|----------------|
| Common Equity  | \$ 11,172,942        | (3) | 60.60%         |
| Long-Term Debt | \$ 7,264,256         | (4) | 39.40%         |
| Total Capital  | <u>\$ 18,437,198</u> |     | <u>100.00%</u> |

**Fair Value Rate of Return (FVROR)**

|                           | Amount               |     | Ratio          | Cost       | FVROR        |
|---------------------------|----------------------|-----|----------------|------------|--------------|
| Common Equity             | \$ 11,172,942        |     | 50.21%         | 10.00% (5) | 5.02%        |
| Long-Term Debt            | \$ 7,264,256         |     | 32.65%         | 5.48% (2)  | 1.79%        |
| FVRB Increment Above OCRB | \$ 3,813,754         | (1) | 17.14%         | 0.90% (6)  | 0.15%        |
| Total Capital             | <u>\$ 22,250,952</u> |     | <u>100.00%</u> |            | <u>6.96%</u> |

**Notes:**

- (1) Page 1 of Exhibit DWD-8.
- (2) Page 1 of Exhibit DWD-1.
- (3) OCRB x common equity ratio
- (4) OCRB x long-term debt ratio
- (5) Page 2 of Exhibit DWD-1.
- (6) Page 1 of Exhibit DWD-9.

Foothills Water & Sewer, LLC  
Fair Value Rate of Return - Sewer Division

**Fair Value Rate Base**

|  | Amount               |     |
|--|----------------------|-----|
| Original Cost (OCRB)                       | \$ 33,948,471        | (1) |
| Reconstruction Cost New Depreciated (RCND) | \$ 53,889,521        | (1) |
| Fair Value Rate Base (FVRB)                | <u>\$ 43,918,996</u> | (1) |

**Capital Structure OCRB**

|                | Amount               |     | Ratio (2)      |
|----------------|----------------------|-----|----------------|
| Common Equity  | \$ 20,572,774        | (3) | 60.60%         |
| Long-Term Debt | \$ 13,375,698        | (4) | 39.40%         |
| Total Capital  | <u>\$ 33,948,471</u> |     | <u>100.00%</u> |

**Fair Value Rate of Return (FVROR)**

|                           | Amount               |     | Ratio          | Cost       | FVROR        |
|---------------------------|----------------------|-----|----------------|------------|--------------|
| Common Equity             | \$ 20,572,774        |     | 46.84%         | 10.00% (5) | 4.68%        |
| Long-Term Debt            | \$ 13,375,698        |     | 30.46%         | 5.48% (2)  | 1.67%        |
| FVRB Increment Above OCRB | \$ 9,970,525         | (1) | 22.70%         | 0.90% (6)  | 0.20%        |
| Total Capital             | <u>\$ 43,918,996</u> |     | <u>100.00%</u> |            | <u>6.55%</u> |

**Notes:**

- (1) Page 2 of Exhibit DWD-8.
- (2) Page 1 of Exhibit DWD-1.
- (3) OCRB x common equity ratio
- (4) OCRB x long-term debt ratio
- (5) Page 2 of Exhibit DWD-1.
- (6) Page 1 of Exhibit DWD-9.