



March 25, 2011

David W. Danner, Executive Director and Secretary
Washington Utilities and Transportation Commission
Post Office Box 47250
Olympia, WA 98504-7250

2011 MAR 29 AM 9:00

Subject: Suncadia Water Company, LLC
Actions required by docket UW-081226 Dated October 30, 2008, including Water Usage "True-Up" and Water Rate Case.

Dear Mr. Danner,

Enclosed is a General Rate Case Filing for the Suncadia Water Company, LLC (Suncadia Water) to be effective June 1, 2011 as required by the WUTC letter dated August 4, 2010. This Rate Case and associated revised tariff addresses administrative issues and the water rate case required by docket UW-081226 dated October 30, 2008. In addition, supporting documentation for the "water usage true-up", also required by docket UW-081226, and affiliated interests are included. The details of these items are outlined below.

1. Water Usage True-Up — During the rate setting process for the Suncadia Water Company finalized in November, 2008, deferred accounting treatment was applied to the variable portion of the purchased water component in the usage charges. At that time a requirement was made to "true-up" the difference between projected and actual water usage.

After an analysis of the system-wide water usage it was determined that the actual consumption water usage in the 12 month study period was lower than the system-wide predicted water consumption (used to set the tariff approved consumption rate) by 1,722,524 gallons, or approximately 2.2%. This results in a true-up adjustment amount of \$0.10 per 1000 gallons, or a total of \$7,168.61 due from the rate payers. This amounts to an increase in operating revenue of less than 1.0% based on study year data.

The amount due from rate payers will be collected on a monthly basis for 12 months or until the true-up dollar amount is reached. Charges will vary by meter size as indicated below.

Customer Class (Residential and Commercial)	Monthly True-Up Charge for one (1) Year
1-inch meter	\$ 0.81
2-inch meter	\$ 5.10
3-inch meter	\$ 11.06
4-inch meter	\$ 34.63

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8:00 AM TO 4:00 PM DAILY

2. Water Rate Case — This General Rate Case was required by Docket UW-081226. The WUTC Microsoft Excel based General Rate Case Workbook Application is utilized in the preparation of this filing and contains the Work Papers required. Issues addressed and highlighted changes from the past rate case are as follows:
- One full year (November 2009 through October 2009) of actual metered water usage data is utilized. All services within the water service area are metered. December-to-December data is not utilized because meters are not read in the winter months due to freezing conditions and snowfall.
 - One full year (2009) of employee time keeping is utilized. Timesheets are maintained by all employees of the Suncadia Water Company. Calculation of time spent on water company business is calculated and used in the setting of the rates. These calculations are shown in the workbook spreadsheet sent electronically to the WUTC.
 - The Lodge special water rate is discontinued and the Lodge service is now treated the same as other metered services.
 - Special irrigation rates are eliminated. All services of a given size pay the same amount regardless of how water is used by the end customer.
 - Tiered rates are adopted to encourage conservation.

Consistent with the past filing, utilization of a “Used and Useful” concept continues, as does the use of special charges for dedicated fire lines. A Ready-To-Serve calculation is also included and updated.

In total, the changes amount to an increase in gross operating revenue of approximately 22% based on study year data, although the increase could be significantly less if the tiered rates result in significant water conservation. For example, in 2009 the top 16% of residential water users consumed 50% of all the water delivered to residential services. If the top residential customers change habits and reduce their water usage, the amount of revenue collected would be reduced significantly.

A summary of the changes is as follows:

Customer Class	Existing Monthly Base Charge	Proposed Monthly Base Charge	Percentage Change
Residential, Standard Meters			
1-inch meter	\$ 41.79	\$ 42.00	+0.5%
Commercial, Standard Meters			
1-inch meter	\$ 41.79	\$ 42.00	+0.5%
1 1/2-inch meter	No Rate Set	\$ 84.00	N/A
2-inch meter	\$ 133.79	\$ 134.40	+0.5%
3-inch meter	\$ 250.74	\$ 252.00	+0.5%
4-inch meter	\$ 417.90	\$ 420.00	+0.5%

Dedicated Fire Lines*				
1-inch		\$ 5.35	\$ 3.91	-27%
2-inch		\$ 17.12	\$ 12.50	-27%
3-inch		No Rate Set	\$ 23.44	N/A
4-inch		\$ 53.50	\$ 39.06	-27%
6-inch		\$ 107.00	\$ 78.13	-27%
8-inch (Lodge)		\$ 171.20	\$125.00	-27%
Consumption Charge Example.				
		Existing Usage Charge	Proposed Usage Charge	Percentage Change
1-inch meter	Usage, 0 to 9000 gallons	\$ 2.52 per 1000 gallons	\$ 2.75 per 1000 gallons	+9%
	Usage, 9001 to 32,000 gallons	\$ 2.52 per 1000 gallons	\$ 5.25 per 1000 gallons	+106
	32,001 + gallons	\$ 2.52 per 1000 gallons	\$ 6.00 per 1000 gallons	+138
Other meter sizes are changed based on standard meter equivalents.				
Monthly Ready-To-Serve Charge	Existing: \$ 19.85	Proposed: \$ 25.41	Change: +28%	

The chart below reveals how each customer class would be impacted by the water rate changes. The chart calculations are based on study year water consumption in all classes.

Customer Class (Residential and Commercial)	Revenue by Class EXISTING RATES (using model year consumption)	Revenue by Class PROPOSED RATES (using model year consumption)	Percentage Change due to proposed rate change
1-inch meter	\$ 230,778	\$ 298,262	+29%
2-inch meter	\$ 48,521	\$ 75,007	+55%
3-inch meter	\$ 62,716	\$ 104,961	+67%
4-inch meter	\$ 170,766	\$ 107,561	-37%*
Ready to Serve	\$ 196,991	\$ 252,133	+28%

*Note that the majority of the change in this category is due to how the Lodge is treated. If the Lodge were removed from the calculations the impact to the other services in this class due to the proposed rate change would be +64%.

The irrigation system that supplies water to the golf courses in Suncadia and Tumble Creek is completely separate from the domestic water supply system, which is the subject of this letter. Costs related to supplying water to the golf courses are not included in the costs that make up the water rates shown in the chart above.

3. **Affiliated Interests** - The purpose of this section is to update the disclosure of affiliated interest transactions relating to Suncadia Water Company, LLC, previously made on September 8, 2008, and to obtain approval of these affiliated interest transactions, pursuant to RCW 80.16 and WAC 480-110-545. Attached to this letter are true and correct copies of related supporting documentation.

Suncadia LLC (“the parent company”) is engaged in developing a master-planned community, Suncadia Resort. In order to provide water service to the residents of Suncadia Resort, Suncadia LLC created and funded Suncadia Water Company LLC (“Suncadia Water”). Suncadia Water is 100% owned by the parent company, so the parent company is an affiliated interest with respect to Suncadia Water.

Many of the buildings and vacant lots in the community are owned by Suncadia LLC and have ready-to-serve or active water services from Suncadia Water. All of these lots and services are charged and payment is made to Suncadia Water at the approved tariff rates.

Suncadia Water is seeking Commission approval for three types of affiliated interest transactions with the parent company: intercompany debt, lease of office and shop space, and reimbursement of operating costs pursuant to a management agreement. These transactions are identical to the transactions disclosed in the September 8, 2008 filing with the exception of the management agreement. The management agreement was put together to document the services and cost reimbursement related to the accounting and management services disclosed in the September 8, 2008 filing.

Intercompany Debt

The parent company has provided a \$3,000,000 intercompany note as debt financing to Suncadia Water. The interest rate on the note is set equal to the rate for the parent company’s own cost of debt, at 7.81%. Interest is payable monthly. The entire outstanding balance of principal and interest of this Note is due on December 31, 2011.

Lease of Office and Shop Space

Suncadia Water will pay Suncadia LLC \$1,000 per month for lease of approximately 1,350 square feet of office and shop space. The lease is a full service lease and includes utilities, property taxes, insurance and office cleaning services.

Reimbursement of Operating Costs pursuant to a Management Agreement

The Reimbursement of Operating Costs, as defined in the Management Agreement, is the amount that Suncadia Water pays the parent company for the accounting and management services provided for in the Management Agreement plus the reimbursement of any out-of-pocket costs that parent company incurs on behalf of Suncadia Water in performing its duties under the Management Agreement. Suncadia Water pays a Management Agreement Fee for the accounting and management services provided by the parent company. This Management Agreement Fee is equal to \$37,500 per year, payable in equal monthly installments.

The accounting and management services provided by the parent company are set forth in the Management Agreement and include preparation of annual budget, preparation of forecasts, cash management services, maintenance of general ledger and preparation of financial statements, maintenance of payroll records and filing of required governmental employment reports, providing assistance to auditors examining the books and records, preparation of reporting required by the Washington Utilities and Transportation Commission, providing access to computer servers, networks, and telephone systems, management oversight of Suncadia Water, preparation and filing of tax returns, and maintenance of accounts payable and accounts receivable systems.

Please note that the requested effective date of this rate case is June 1, 2010. We are requesting this date specifically to allow ample time for our customers to comment and be a part of the process. A meeting has already been held with a

group of customers to communicate our intentions during this rate case. We have not sent out a formal notice to owners but will be communicating shortly with the customer group and supplying them with the rate case supporting documents. A formal notice to owners will be issued when a open meeting date is set with the WUTC and at least one month prior to the effective date of the proposed rates.

A revised tariff is provided with this letter. Mr. Gary Kittleson, as the Vice President, for Easton Ridge Investors LLC, the managing member of Suncadia LLC, who is the sole member of Suncadia Water Company, is authorized to sign the tariff.

Thank you,



Cape Powers
Director of Utilities

Attachments: Water Usage True-up Calculations
Work Papers printed from WUTC Excel Workbook
Revised Tariff
2009 Employee Timesheet Data
Customer Notice
Documentation of intercompany note
Management Agreement

Suncadia Water Company, LLC

December 7, 2009

Water Usage "True Up"

Consumption Rate Calculation in Approved Tariff - 76,845,000 gallons

Revenue requirements applicable to consumption rate:			
Variable cost of water purchased from Cle Elum	\$	35,887	
Other revenue requirements applicable to consumption rate	\$	157,934	
Total revenue requirement applicable to consumption rate		\$	193,821
Projected 2008/2009 metered consumption (1,000 gallons)		÷	76,845
			<hr/>
		\$	2.52

True-Up Calculations after 12 Months

Actual variable cost of water purchased from Cle Elum	\$	38,711	
Other revenue requirements applicable to consumption rate	\$	157,934	
Total revenue requirement applicable to consumption rate		\$	196,645
Actual metered consumption (1000 gallons)		÷	75,122
Adjusted consumption rate (per 1000 gallons)		\$	2.62
			<hr/>
Adjustment per 1,000 gallons		\$	0.10
			<hr/>
Amount to be recovered (added to bills)-All Customers combined		\$	7,168.61

- NOTES: 1. This true-up is required by Docket UW-081226 dated October 30, 2008. The projected amount of water usage used to set the rates was changed during final rate setting negotiations. Values used above are as shown on the final rate setting calculations, and in some instances differ from what is shown in the Docket example.
2. Metered customer consumption usage was less than projected, so the adjustment will result in amounts being added to each bill.

Suncadia Water Company, LLC

December 7, 2009

Historical DATA

Month	Water Purchased from Cle Elum (CF)	Water Purchased from Cle Elum (1,000 gal)	Variable Cost of water from Cle Elum	Consumption Rate (per 1000 gallons)= \$			Revenue from Metered Consumption
				Total Metered Commercial Consumption (gallons)	Total Metered Residential Consumption (gallons)	Total Metered Consumption	
2008 Nov	449465	3,362,000	\$ 1,569	950,030	502,370	1,452,400	\$ 3,660
2008 Dec	429947	3,216,000	\$ 1,501	-	-	-	\$ -
2009 Jan	437299	3,271,000	\$ 1,526	2,375,410	-	2,375,410	\$ 5,986
2009 Feb	348128	2,604,000	\$ 1,215	648,620	-	648,620	\$ 1,635
2009 Mar	231110	1,728,700	\$ 807	1,184,370	15,150	1,199,520	\$ 3,023
2009 Apr	398342	2,979,600	\$ 1,390	3,147,050	4,064,620	7,211,670	\$ 18,173
2009 May	1213556	9,077,400	\$ 4,235	5,707,970	2,514,614	8,222,584	\$ 20,721
2009 Jun	1594519	11,927,000	\$ 5,565	6,436,076	4,234,472	10,670,548	\$ 26,890
2009 Jul	2079291	15,553,100	\$ 7,257	10,043,140	6,373,767	16,416,907	\$ 41,371
2009 Aug	2093061	15,656,100	\$ 7,305	8,746,550	6,348,154	15,094,704	\$ 38,039
2009 Sep	1344880	10,059,700	\$ 4,694	4,463,350	4,180,953	8,644,303	\$ 21,784
2009 Oct	472380	3,533,400	\$ 1,649	1,736,900	1,448,910	3,185,810	\$ 8,028
		82,968,000	\$ 38,711	45,439,466	29,683,010	75,122,476	\$ 189,309
				60.5%	39.5%		
				System loss = 9.5%			

Notes: Consumption meter reading did not occur consistently in the winter months. This is allowed per the tariff.
 Consumption charges shown above for April include consumption in Dec, Jan, Feb, and Mar, for all residential customers, and most commercial.
 This is allowed per the tariff.

Suncadia Water Company								
Treated Domestic Water Usage								
Usage reported is from individual water service meter readings								
Usage shown is in gallons								
Service ID	Street #	Street Name	Ref #	Unit	Meter Size (in)	Past 1-Year Usage	True Up Amount Due	
SF Residential								
103112	71	POWDER CAP COURT	157	G	1	777,520	\$ 74.20	
302030	91	RUSHING WATER LANE	212	G	1	693,400	\$ 66.17	
305012	181	SILVER QUEEN LANE	232	G	1	587,920	\$ 56.10	
103086	100	JELLABEL COURT	148	G	1	524,010	\$ 50.00	
303021	211	TIP TOP LANE	220	G	1	467,440	\$ 44.61	
305010	81	SILVER QUEEN LANE	230	G	1	445,180	\$ 42.48	
307001	2090	RUBY KING LOOP	242	G	1	431,480	\$ 41.17	
103084	130	JELLABEL COURT	146	G	1	399,490	\$ 38.12	
306009	141	BLUE FLAME LANE	234	G	1	373,280	\$ 35.62	
302003	200	JUST IN TIME LANE	206	G	1	367,500	\$ 35.07	
305005	201	RUBY KING LOOP	226	G	1	349,470	\$ 33.35	
302024	201	WHITE STAR LANE	209	G	1	346,210	\$ 33.04	
306014	210	BLUE FLAME LANE	236	G	1	337,550	\$ 32.21	
307024	150	HARD SCRABBLE LANE	248	G	1	336,050	\$ 32.07	
304005	140	GOLD FOUNTAIN LANE	222	G	1	330,460	\$ 31.53	
102017	50	GOLDENROD COURT	84	G	1	310,490	\$ 29.63	
309052	30	FORTUNE CREEK LANE	258	G	1	309,970	\$ 29.58	
302028	151	RUSHING WATER LANE	211	G	1	309,810	\$ 29.56	
303024	70	TIP TOP LANE	221	G	1	302,950	\$ 28.91	
103085	120	JELLABEL COURT	147	G	1	302,780	\$ 28.89	
303019	101	TIP TOP LANE	219	G	1	300,970	\$ 28.72	
307029	121	HARD SCRABBLE LANE	249	G	1	300,830	\$ 28.71	
305008	320	RUBY KING LOOP	228	G	1	298,780	\$ 28.51	
306010	181	BLUE FLAME LANE	235	G	1	285,420	\$ 27.24	
102004	51	THIMBLEBERRY COURT	78	G	1	284,410	\$ 27.14	
302001	40	JUST IN TIME LANE	205	G	1	282,220	\$ 26.93	
307020	121	JUMBO MINE COURT	247	G	1	280,890	\$ 26.80	
303007	650	IRON MONARCH LOOP	215	G	1	270,810	\$ 25.84	
103149	71	CARBIDE COURT	161	G	1	268,130	\$ 25.59	
303003	820	IRON MONARCH LOOP	213	G	1	266,060	\$ 25.39	
307031	41	HARD SCRABBLE LANE	250	G	1	243,660	\$ 23.25	
103136	330	TIPPLE HILL LOOP	160	G	1	241,710	\$ 23.07	
102074	890	MAPLE LEAF LOOP	97	G	1	235,350	\$ 22.46	
103108	930	COAL MINE WAY	156	G	1	235,270	\$ 22.45	
102083	60	YARROW COURT	99	G	1	233,970	\$ 22.33	
89976		DIV 5 IRRIGATION	Irri-Division 5	285	G	1	229,420	\$ 21.89
101089	1491	LARKSPUR LOOP	28	G	1	224,400	\$ 21.41	
101246	990	PINEGRASS LOOP	76	G	1	223,910	\$ 21.37	
101132	131	SPIREA COURT	43	G	1	222,480	\$ 21.23	
305003	141	KING SOLOMON LANE	225	G	1	222,130	\$ 21.20	
101088	1531	LARKSPUR LOOP	27	G	1	218,570	\$ 20.86	
101027	920	LARKSPUR LOOP	8	G	1	217,020	\$ 20.71	
101224	1251	PINEGRASS LOOP	65	G	1	216,290	\$ 20.64	
103014	2191	COAL MINE WAY	130	G	1	201,150	\$ 19.19	
102116	191	SOLSTICE DRIVE	114	G	1	198,960	\$ 18.99	
102133	490	EQUINOX DRIVE	120	G	1	198,400	\$ 18.93	
105067	440	SWEET SHOP LANE	191	G	1	197,830	\$ 18.88	
101134	91	SPIREA COURT	44	G	1	195,780	\$ 18.68	
102138	31	ROCKING CHAIR ROAD	123	G	1	192,180	\$ 18.34	

311007	531	CABIN TRAIL DRIVE	265	G	1	191,910	\$	18.31
311010	350	SADDLE RIDGE LOOP	268	G	1	191,790	\$	18.30
103107	950	COAL MINE WAY	155	G	1	190,530	\$	18.18
102010	51	ARNICA COURT	82	G	1	189,530	\$	18.09
101229	1650	PINEGRASS LOOP	69	G	1	186,630	\$	17.81
101240	1200	PINEGRASS LOOP	75	G	1	186,230	\$	17.77
105009	222	CAKE BOX LANE	171	G	1	185,890	\$	17.74
303008	60	LAST EAGLE LANE	216	G	1	184,100	\$	17.57
309047	250	FORTUNE CREEK LANE	256	G	1	180,410	\$	17.22
305009	41	SILVER QUEEN LANE	229	G	1	176,850	\$	16.88
302005	141	JUST IN TIME LANE	207	G	1	173,720	\$	16.58
307013	91	LITTLE EUREKA LANE	245	G	1	171,660	\$	16.38
101014	440	LARKSPUR LOOP	6	G	1	171,150	\$	16.33
311017	81	SADDLE RIDGE LOOP	275	G	1	165,950	\$	15.84
104065	91	WOOD ROSE COURT	164	G	1	165,595	\$	15.80
103117	140	POWDER CAP COURT	158	G	1	162,550	\$	15.51
101196	31	ELK SEDGE COURT	57	G	1	160,480	\$	15.31
304009	171	GOLD FOUNTAIN LANE	223	G	1	159,810	\$	15.25
305007	371	RUBY KING LOOP	227	G	1	158,040	\$	15.08
307014	110	LITTLE EUREKA LANE	246	G	1	155,770	\$	14.86
101239	1240	PINEGRASS LOOP	74	G	1	154,620	\$	14.75
309044	161	BELL CREEK LANE	255	G	1	152,620	\$	14.56
102156	420	ROCKING CHAIR ROAD	125	G	1	152,580	\$	14.56
102008	40	THIMBLEBERRY COURT	81	G	1	152,520	\$	14.55
101076	61	ELDERBERRY COURT	22	G	1	151,020	\$	14.41
101001	20	LARKSPUR LOOP	1	G	1	146,240	\$	13.96
101028	950	LARKSPUR LOOP	9	G	1	146,150	\$	13.95
103078	1431	COAL MINE WAY	143	G	1	145,660	\$	13.90
101129	60	SPIREA COURT	42	G	1	144,890	\$	13.83
103012	2251	COAL MINE WAY	129	G	1	144,560	\$	13.79
103048	51	STEAM GIN LOOP	135	G	1	144,360	\$	13.78
101031	1031	LARKSPUR LOOP	10	G	1	141,560	\$	13.51
102093	571	EQUINOX DRIVE	102	G	1	139,990	\$	13.36
311001	711	CABIN TRAIL DRIVE	259	G	1	139,420	\$	13.30
101040	140	WOOD ROSE COURT	13	G	1	135,660	\$	12.95
102079	51	BLACKBERRY COURT	98	G	1	135,140	\$	12.90
103004	2160	COAL MINE WAY	128	G	1	133,190	\$	12.71
105011	192	CAKE BOX LANE	173	G	1	131,310	\$	12.53
103103	1060	COAL MINE WAY	153	G	1	128,010	\$	12.22
306003	3421	JENKINS DRIVE	233	G	1	127,830	\$	12.20
305011	121	SILVER QUEEN LANE	231	G	1	124,280	\$	11.86
306021	161	MORNING STAR LANE	240	G	1	122,350	\$	11.68
103093	1091	COAL MINE WAY	149	G	1	121,410	\$	11.59
102002	40	YELLOW BELL COURT	77	G	1	117,600	\$	11.22
102104	191	EQUINOX DRIVE	108	G	1	114,590	\$	10.93
103065	1690	COAL MINE WAY	142	G	1	114,160	\$	10.89
102084	51	YARROW COURT	100	G	1	113,330	\$	10.81
303004	790	IRON MONARCH LOOP	214	G	1	113,320	\$	10.81
311002	681	CABIN TRAIL DRIVE	260	G	1	111,300	\$	10.62
101214	1451	SNOWBERRY LOOP	61	G	1	111,220	\$	10.61
312030	150	THREE QUEENS LOOP	282	G	1	110,080	\$	10.50
103064	1660	COAL MINE WAY	141	G	1	109,360	\$	10.44
311016	151	SADDLE RIDGE LOOP	274	G	1	108,830	\$	10.39
101232	1520	PINEGRASS LOOP	70	G	1	108,460	\$	10.35
306016	100	BLUE FLAME LANE	238	G	1	105,750	\$	10.09
101112	71	DOGWOOD COURT	34	G	1	103,700	\$	9.90
102103	221	EQUINOX DRIVE	107	G	1	102,430	\$	9.77
102139	41	ROCKING CHAIR ROAD	124	G	1	99,890	\$	9.53

102096	461	EQUINOX DRIVE	103	G	1	97,430	\$	9.30
311009	370	SADDLE RIDGE LOOP	267	G	1	96,640	\$	9.22
311011	240	SADDLE RIDGE LOOP	269	G	1	96,280	\$	9.19
101225	1291	PINEGRASS LOOP	66	G	1	94,790	\$	9.05
103122	41	BIG DIRTY COURT	159	G	1	87,980	\$	8.40
102006	80	THIMBLEBERRY COURT	80	G	1	87,470	\$	8.35
104077	401	LARKSPUR LOOP	167	G	1	86,040	\$	8.21
102112	130	EQUINOX DRIVE	111	G	1	85,930	\$	8.20
103079	31	JELABEL COURT	144	G	1	85,260	\$	8.14
102028	30	LILY COURT	87	G	1	82,820	\$	7.90
312029	61	SASSE LANE	281	G	1	81,880	\$	7.81
311012	210	SADDLE RIDGE LOOP	270	G	1	81,710	\$	7.80
311014	150	SADDLE RIDGE LOOP	272	G	1	79,670	\$	7.60
103023	1911	COAL MINE WAY	132	G	1	79,580	\$	7.59
306015	150	BLUE FLAME LANE	237	G	1	79,300	\$	7.57
307005	1971	RUBY KING LOOP	243	G	1	78,680	\$	7.51
103043	311	STEAM GIN LOOP	134	G	1	75,450	\$	7.20
102127	210	SOLSTICE DRIVE	117	G	1	75,420	\$	7.20
102015	51	GOLDENROD COURT	83	G	1	74,160	\$	7.08
102005	71	THIMBLEBERRY COURT	79	G	1	73,860	\$	7.05
101069	1730	LARKSPUR LOOP	20	G	1	73,260	\$	6.99
102110	60	EQUINOX DRIVE	110	G	1	73,200	\$	6.99
309021	50	SCATTER CREEK LANE	254	G	1	72,400	\$	6.91
103049	1160	COAL MINE WAY	136	G	1	71,940	\$	6.86
101086	1581	LARKSPUR LOOP	26	G	1	71,200	\$	6.79
101118	210	OCEAN SPRAY COURT	39	G	1	70,490	\$	6.73
303017	330	IRON MONARCH LOOP	218	G	1	68,740	\$	6.56
101059	120	BUNCHBERRY COURT	17	G	1	68,090	\$	6.50
102134	520	EQUINOX DRIVE	121	G	1	67,970	\$	6.49
312034	21	THREE QUEENS LOOP	284	G	1	67,590	\$	6.45
101234	1450	PINEGRASS LOOP	72	G	1	67,120	\$	6.40
102135	550	EQUINOX DRIVE	122	G	1	66,700	\$	6.36
102022	831	MAPLE LEAF LOOP	85	G	1	65,930	\$	6.29
311006	561	CABIN TRAIL DRIVE	264	G	1	64,940	\$	6.20
302027	150	RUSHING WATER LANE	210	G	1	63,920	\$	6.10
101201	120	ELK SEDGE COURT	59	G	1	62,710	\$	5.98
101163	101	SNOWBERRY LOOP	47	G	1	62,310	\$	5.95
103152	21	CARBIDE COURT	162	G	1	62,060	\$	5.92
104081	261	LARKSPUR LOOP	168	G	1	61,240	\$	5.84
102044	281	MAPLE LEAF LOOP	91	G	1	60,120	\$	5.74
311013	180	SADDLE RIDGE LOOP	271	G	1	58,950	\$	5.63
101104	1060	SNOWBERRY LOOP	32	G	1	58,920	\$	5.62
102158	350	ROCKING CHAIR ROAD	126	G	1	58,320	\$	5.57
102159	310	ROCKING CHAIR ROAD	127	G	1	56,120	\$	5.36
102099	351	EQUINOX DRIVE	105	G	1	55,370	\$	5.28
312032	80	THREE QUEENS LOOP	283	G	1	55,010	\$	5.25
101195	1051	SNOWBERRY LOOP	56	G	1	54,920	\$	5.24
101103	1090	SNOWBERRY LOOP	31	G	1	54,920	\$	5.24
311021	21	SADDLE RIDGE LOOP	279	G	1	53,800	\$	5.13
307008	1753	RUBY KING LOOP	244	G	1	53,760	\$	5.13
101063	141	BUNCHBERRY COURT	18	G	1	53,630	\$	5.12
311005	591	CABIN TRAIL DRIVE	263	G	1	52,010	\$	4.96
101113	61	DOGWOOD COURT	35	G	1	51,520	\$	4.92
311020	30	SADDLE RIDGE LOOP	278	G	1	51,120	\$	4.88
303014	490	IRON MONARCH LOOP	217	G	1	48,810	\$	4.66
311015	130	SADDLE RIDGE LOOP	273	G	1	47,740	\$	4.56
102114	190	EQUINOX DRIVE	112	G	1	46,670	\$	4.45
105065	433	SWEET SHOP LANE	189	G	1	46,040	\$	4.39

101213	1421	SNOWBERRY LOOP	60	G	1	45,970	\$	4.39
104076	461	LARKSPUR LOOP	166	G	1	45,970	\$	4.39
102030	70	LILY COURT	88	G	1	45,960	\$	4.39
311008	471	CABIN TRAIL DRIVE	266	G	1	44,610	\$	4.26
101227	1491	PINEGRASS LOOP	68	G	1	44,170	\$	4.21
105012	190	CAKE BOX LANE	174	G	1	43,410	\$	4.14
103104	1040	COAL MINE WAY	154	G	1	43,120	\$	4.11
101109	111	OCEAN SPRAY COURT	33	G	1	42,450	\$	4.05
101085	1601	LARKSPUR LOOP	25	G	1	42,220	\$	4.03
102097	431	EQUINOX DRIVE	104	G	1	41,900	\$	4.00
105016	110	CAKE BOX LANE	178	G	1	39,220	\$	3.74
101178	40	BUTTERCUP COURT	49	G	1	38,620	\$	3.69
103083	141	JELABEL COURT	145	G	1	36,660	\$	3.50
101049	1230	LARKSPUR LOOP	15	G	1	35,180	\$	3.36
311004	621	CABIN TRAIL DRIVE	262	G	1	34,720	\$	3.31
311019	70	SADDLE RIDGE LOOP	277	G	1	34,610	\$	3.30
105014	150	CAKE BOX LANE	176	G	1	34,430	\$	3.29
102032	71	LILY COURT	89	G	1	34,000	\$	3.24
105002	360	CAKE BOX LANE	169	G	1	33,560	\$	3.20
101180	120	BUTTERCUP COURT	50	G	1	32,530	\$	3.10
105013	152	CAKE BOX LANE	175	G	1	32,400	\$	3.09
101150	330	SNOWBERRY LOOP	45	G	1	30,550	\$	2.92
105059	333	SWEET SHOP LANE	184	G	1	30,290	\$	2.89
103062	1600	COAL MINE WAY	140	G	1	29,390	\$	2.80
102054	120	SANCTUARY COURT	93	G	1	29,180	\$	2.78
101002	50	LARKSPUR LOOP	2	G	1	28,790	\$	2.75
307035	181	ORPHAN NUGGET LANE	251	G	1	28,640	\$	2.73
105058	331	SWEET SHOP LANE	183	G	1	28,140	\$	2.69
311018	71	SADDLE RIDGE LOOP	276	G	1	27,930	\$	2.67
305002	111	KING SOLOMON LANE	224	G	1	27,780	\$	2.65
102025	741	MAPLE LEAF LOOP	86	G	1	27,690	\$	2.64
105066	442	SWEET SHOP LANE	190	G	1	27,540	\$	2.63
101091	1371	LARKSPUR LOOP	29	G	1	27,070	\$	2.58
101197	61	ELK SEDGE COURT	58	G	1	26,850	\$	2.56
101188	801	SNOWBERRY LOOP	53	G	1	25,820	\$	2.46
102121	31	SOLSTICE DRIVE	116	G	1	25,250	\$	2.41
101125	890	SNOWBERRY LOOP	41	G	1	24,870	\$	2.37
101124	910	SNOWBERRY LOOP	40	G	1	24,640	\$	2.35
103100	231	MONABEL COURT	150	G	1	24,540	\$	2.34
101084	1611	LARKSPUR LOOP	24	G	1	24,240	\$	2.31
105063	403	SWEET SHOP LANE	187	G	1	24,140	\$	2.30
102047	31	SANCTUARY COURT	92	G	1	23,200	\$	2.21
309050	90	FORTUNE CREEK LANE	257	G	1	22,710	\$	2.17
105015	112	CAKEBOX LANE	177	G	1	22,350	\$	2.13
101222	1181	PINEGRASS LOOP	64	G	1	21,820	\$	2.08
101043	210	WOOD ROSE COURT	14	G	1	21,800	\$	2.08
311003	651	CABIN TRAIL DRIVE	261	G	1	21,270	\$	2.03
102132	460	EQUINOX DRIVE	119	G	1	20,370	\$	1.94
101168	251	SNOWBERRY LOOP	48	G	1	20,330	\$	1.94
101116	201	OCEAN SPRAY COURT	37	G	1	20,240	\$	1.93
102108	61	EQUINOX DRIVE	109	G	1	20,020	\$	1.91
103054	1330	COAL MINE WAY	139	G	1	19,880	\$	1.90
312022	401	CABIN TRAIL DRIVE	280	G	1	19,310	\$	1.84
102115	230	EQUINOX DRIVE	113	G	1	19,100	\$	1.82
101221	1141	PINEGRASS LOOP	63	G	1	19,060	\$	1.82
102033	51	LILY COURT	90	G	1	17,860	\$	1.70
103102	1090	COAL MINE WAY	152	G	1	16,850	\$	1.61
103017	2101	COAL MINE WAY	131	G	1	16,120	\$	1.54

102057	60	SANCTUARY COURT		94	G	1	16,050	\$	1.53
101114	21	DOGWOOD COURT		36	G	1	15,650	\$	1.49
306018	21	MORNING STAR LANE		239	G	1	15,630	\$	1.49
101215	1481	SNOWBERRY LOOP		62	G	1	15,610	\$	1.49
101054	1410	LARKSPUR LOOP		16	G	1	14,210	\$	1.36
105018	80	CAKE BOX LANE		180	G	1	13,730	\$	1.31
102063	390	MAPLE LEAF LOOP		95	G	1	13,660	\$	1.30
101194	981	SNOWBERRY LOOP		55	G	1	13,460	\$	1.28
102131	430	EQUINOX DRIVE		118	G	1	13,130	\$	1.25
101078	40	ELDERBERRY COURT		23	G	1	12,840	\$	1.23
101098	1240	SNOWBERRY LOOP		30	G	1	12,490	\$	1.19
102100	321	EQUINOX DRIVE		106	G	1	12,040	\$	1.15
101012	380	LARKSPUR LOOP		5	G	1	11,940	\$	1.14
301007	200	LEADEN QUEEN LANE		204	G	1	11,890	\$	1.13
104019	87	SINGLE JACK COURT		163	G	1	11,870	\$	1.13
105064	431	SWEET SHOP LANE		188	G	1	11,610	\$	1.11
309010	350	GOAT CREEK LANE		253	G	1	10,630	\$	1.01
101181	140	BUTTERCUP COURT		51	G	1	10,530	\$	1.00
105020	30	CAKE BOX LANE		182	G	1	8,370	\$	0.80
105087	183	CAKE BOX LANE		196	G	1	7,360	\$	0.70
101233	1480	PINEGRASS LOOP		71	G	1	7,010	\$	0.67
102118	121	SOLSTICE DRIVE		115	G	1	6,970	\$	0.67
103101	1120	COAL MINE WAY		151	G	1	6,260	\$	0.60
102091	621	EQUINOX DRIVE		101	G	1	5,890	\$	0.56
101184	101	BUTTERCUP COURT		52	G	1	5,840	\$	0.56
103051	1230	COAL MINE WAY		137	G	1	5,100	\$	0.49
101066	41	BUNCHBERRY COURT		19	G	1	5,080	\$	0.48
306023	241	MORNING STAR LANE		241	G	1	4,730	\$	0.45
103052	1270	COAL MINE WAY		138	G	1	4,650	\$	0.44
101117	211	OCEAN SPRAY COURT		38	G	1	4,430	\$	0.42
113008	71	BIG HILL DRIVE		198	G	1	4,060	\$	0.39
102071	40	FIREWEED COURT		96	G	1	3,540	\$	0.34
HM002		BLACK NUGGET LANE	Temp Hydrant Meter	286	G	1	2,500	\$	0.24
101155	170	SNOWBERRY LOOP		46	G	1	2,220	\$	0.21
101035	901	LARKSPUR LOOP		12	G	1	2,200	\$	0.21
103032	821	STEAM GIN LOOP		133	G	1	1,490	\$	0.14
101226	1451	PINEGRASS LOOP		67	G	1	1,400	\$	0.13
105010	220	CAKE BOX LANE		172	G	1	1,330	\$	0.13
113009	73	BIG HILL DRIVE		199	G	1	1,160	\$	0.11
113011	77	BIG HILL DRIVE		201	G	1	910	\$	0.09
105079	43	CAKE BOX LANE		194	G	1	710	\$	0.07
101024	810	LARKSPUR LOOP		7	G	1	660	\$	0.06
101238	1280	PINEGRASS LOOP		73	G	1	620	\$	0.06
104068	181	WOOD ROSE COURT		165	G	1	555	\$	0.05
302010	1240	RUBY KING LOOP		208	G	1	370	\$	0.04
105060	361	SWEET SHOP LANE		185	G	1	340	\$	0.03
105017	82	CAKE BOX LANE		179	G	1	290	\$	0.03
105069	410	SWEET SHOP LANE		193	G	1	260	\$	0.02
113010	75	BIG HILL DRIVE		200	G	1	200	\$	0.02
113072	97	BIG HILL DRIVE		202	G	1	200	\$	0.02
105068	412	SWEET SHOP LANE		192	G	1	90	\$	0.01
105088	221	CAKE BOX LANE		197	G	1	50	\$	0.00
101190	851	SNOWBERRY LOOP		54	G	1	-	\$	-
202010	230	RINKY DINK LANE		203	G	1	-	\$	-
101004	110	LARKSPUR LOOP		3	G	1	-	\$	-
101006	180	LARKSPUR LOOP		4	G	1	-	\$	-
101034	921	LARKSPUR LOOP		11	G	1	-	\$	-
101074	21	ELDERBERRY COURT		21	G	1	-	\$	-

	105008	240	CAKE BOX LANE		170	G	1	-	\$ -
	105019	32	CAKE BOX LANE		181	G	1	-	\$ -
	105061	363	SWEET SHOP LANE		186	G	1	-	\$ -
	105086	181	CAKE BOX LANE		195	G	1	-	\$ -
	309001	31	GOAT CREEK LANE		252	G	1	-	\$ -
								Total SF Residential	29,683,010
									\$ 2,832.52
Ref #	Service ID	Street #	Street Name			Unit	Meter Size (in)		
Commercial 1-inch									
5	812032F	3501	SUNCADIA TRAIL	Pavillion		G	1	963,500	\$ 91.94
27	WM0003	23	BIG HILL DRIVE	Temp Hydrant Meter		G	1	242,790	\$ 23.17
4	812032E	531	ROPE RIDER DRIVE	Turf Care Wash Area		G	1	182,860	\$ 17.45
21	812036J			Irri-TC Croquet Crt.		G	1	151,200	\$ 14.43
26	WM0002		97 BIG HILL	Temp Hydrant Meter		G	1	141,526	\$ 13.51
16	812036D	190	TUMBLE CREEK DRIVE	TC Greeters Cottage		G	1	121,480	\$ 11.59
1	810045	301	ROPE RIDER DRIVE	Winery		G	1	101,300	\$ 9.67
3	812032D	531	ROPE RIDER DRIVE	Turf Care Wash Area		G	1	102,780	\$ 9.81
10	812033	541	HONOLULU DRIVE	TC Clubhouse		G	1	94,280	\$ 9.00
11	812033D			TC Truf Care		G	1	94,880	\$ 9.05
14	812034B	540	SUNCADIA TRAIL	Greeters Cottage		G	1	64,990	\$ 6.20
2	812030	770	SUNCADIA TRAIL	Sales Center		G	1	53,520	\$ 5.11
17	812036F			TC Cabins Parking #1		G	1	27,090	\$ 2.59
19	812036H			TC Cabins Parking #3		G	1	26,420	\$ 2.52
8	812032K	3450	SUNCADIA TRAIL	Kids Center		G	1	24,800	\$ 2.37
18	812036G			TC Cabins Parking #2		G	1	19,030	\$ 1.82
7	812032J			Prospect-CS #14		G	1	12,160	\$ 1.16
6	812032I			Prospect-CS #5		G	1	9,610	\$ 0.92
13	812033F			TC CS # 14		G	1	6,080	\$ 0.58
12	812033E			TC CS #5		G	1	5,920	\$ 0.56
25	952894	31	FIREHOUSE ROAD	District 7 Fire Station 76		G	1	3,640	\$ 0.35
9	812032L	3452	SUNCADIA TRAIL	HM Office Space		G	1	4,350	\$ 0.42
23	89974B	102	LAST EAGLE LANE	UC#7		G	1	730	\$ 0.07
28	89974	40	TUMBLE CREEK DRIVE	UC#5		G	1	630	\$ 0.06
22	89974A	2600	TUMBLE CREEK DRIVE	UC#6		G	1	490	\$ 0.05
20	812036I			TC Cabins Parking #4		G	1	200	\$ 0.02
24	89974C	2680	JENKINS DRIVE	UC#8		G	1	150	\$ 0.01
15	812034E			Waste Management Sta			1	-	\$ -
				Total Commercial 1-inch				2,456,406	\$ 234.40
								Total Amount Due from 1" Meters (Residential and Commercial)	\$ 3,066.93
								Total 1" Services (Residential and Commercial)	314
								Amount Due per Service per Year	\$ 9.77
								Amount Due per Service per Month	\$ 0.81
Commercial 2-inch									
4	812552C	3600	SUNCADIA TRAIL	Irr-Lodge #3 by loading dk.		G	2	1,963,400	\$ 187.36
9	812036A			Cabin Trail Lake		G	2	1,535,400	\$ 146.52
16	812036			Ruby King Lake		G	2	1,221,400	\$ 116.55
12	812036E			Irri-TC entrance		G	2	1,139,400	\$ 108.73
10	812036B			Big Bug Creek-TC Div 7		G	2	859,700	\$ 82.04
7	812033C	851	HONOLULU DRIVE	Hill House Irrigation		G	2	826,700	\$ 78.89
15	812034	20	SUNCADIA TRAIL	Bullfrog RAB Irri		G	2	805,000	\$ 76.82
3	812032C			Resort Core Lake		G	2	731,200	\$ 69.78
6	812033B	851	HONOLULU DRIVE	TC Splash Pad		G	2	493,300	\$ 47.07
8	812034C	3598	SUNCADIA TRAIL	Irri-Lodge #2 by Ampitheater		G	2	306,700	\$ 29.27
13	812552A	3600	SUNCADIA TRAIL	Irri-Lodge #1 by main sign		G	2	203,400	\$ 19.41

14	HM0001		BIG HILL DRIVE	Temp Hydrant Meter	G	2	71,910	\$	6.86
1	81000A	3770	SUNCADIA TRAIL	Temp Hydrant Meter	G	2	44,100	\$	4.21
5	812032G	350	BIG HILL DRIVE	Ice Rink	G	2	36,100	\$	3.44
2	812030H		SWIFTWATER DRIVE	Temp Hydrant Meter		2	30,700	\$	2.93
11	812036C			Scatter Creek-TC Div 9	G	2	120	\$	0.01
Total Commercial 2-inch							10,268,530	\$	979.88
							Total Amount Due from 2" Meters	\$	979.88
							Total 2" Services		16
							Amount Due per Service	\$	61.24
							Amount Due per Service per Month	\$	5.10
Commercial 3-inch									
11	812034D	431	COAL MINE WAY	Dawson Park	G	3	7,500,900	\$	715.78
1	812030A	3600	SUNCADIA TRAIL	BF Pit Slope Irrigation		3	4,308,200	\$	411.11
10	812034A			Bautista Park	G	3	1,335,700	\$	127.46
8	812032H	3320	SUNCADIA TRAIL	The Inn	G	3	640,200	\$	61.09
7	812030G			Irr-East Side Lrg Bridg		3	367,500	\$	35.07
3	812030C			Irr-Hyd Mtr		3	347,300	\$	33.14
9	812033A	851	HONOLULU DRIVE	Hill House	G	3	275,850	\$	26.32
6	812030F			Irr-Wst Side Lrg Bridg		3	157,300	\$	15.01
5	812030E			Irr-Wst Side Sml Bridg		3	157,900	\$	15.07
2	812030B			Irr-Hyd Mtr		3	141,700	\$	13.52
4	812030D			Irr-Hyd Mtr		3	63,700	\$	6.08
Total Commercial 3-inch							15,296,250	\$	1,459.65
							Total Amount Due from 3" Meters	\$	1,459.65
							Total 3" Services		11
							Amount Due per Service	\$	132.70
							Amount Due per Service per Month	\$	11.06
Commercial 4-inch									
3	812552	3600	SUNCADIA TRAIL	The Lodge	G	4	6,799,380	\$	648.84
2	812032B	500	BIG HILL DRIVE	Spa	G	4	5,667,340	\$	540.81
1	812032A	270	BIG HILL DRIVE	Swim and Fitness Ctr	G	4	4,553,110	\$	434.48
4	112001	3770	SUNCADIA TRAIL		G	4	398,450	\$	38.02
Total Commercial 4-inch							17,418,280	\$	1,662.15
							Total Amount Due from 4" Meters	\$	1,662.15
							Total 4" Services		4
							Amount Due per Service	\$	415.54
							Amount Due per Service per Month	\$	34.63
Total Residential							29,683,010	\$	2,832.52
Total Commercial							45,439,466	\$	4,336.09
Total All Classes							75,122,476	\$	7,168.61

(a) Description List	(b) Company Information
Company's Full Legal Name	Vater Company, LLC
Test Period Ending	12/31/2009
Billing Cycle	Monthly
Customer Count - Unmetered	827
Customer Count - Metered	345
Current Rate Design	
Base	\$ 41.79
Rate 1	\$ 2.52
Rate 2	\$ 2.52
Rate 3	\$ 2.52
Usage Per Allowance	1,000
Block 1	10
Block 2	20
Block 3 (Over)	-

(c) Description List	(d) Company End of Year	(e) Restated Adjustments	(f) Pro Forma Adjustments
	\$	\$	\$
REVENUES			
Metered Sales	495,652		
Un-Metered Sales	188,446		
Ready-to-Serve	12,429		
Fire Protection / Irrigation			
Jobbing	26,082		
Other Income, Ancillary Charges	\$722,608		
OPERATING REVENUE			
EXPENSES			
Salary and Wages - Employees	84,920		43,998
Salary and Wages - Officers	18,975		870
Employee Pensions and Benefits	170,627	(13,139)	
Purchased Power/Water	1,888		
Chemicals & Testing	4,076		
Material & Supplies			
Contractual Engineer	25,705		
Contractual Accounting	428		
Contractual Legal	64,148		
Contractual Operations			
Jobbing			
Rental of Building, Property, and Equipment	8,973		
Transportation	1,603		
Insurance - Vehicle, General Liability, Workman's Comp.	7,533		
Regulatory Commission Expenses - Fees	497		
Regulatory Commission Expenses - Amort. Rate Case			
Travel, Education, CCR, and Public Relations	887		
Office, Postage, Phone, and Bank Charges	9,337		
Bad Debt	23,000		
Repairs	8,472		
Net Depreciation/Amortization	366,509		
Utility Excise Tax	19,249		
Property Tax	1,324		
Payroll Tax	5,056		
Other Taxes & Licenses (DOH/PWB/ESD/DOE)			
Miscellaneous			
OPERATING EXPENSES	\$823,207	-\$13,139	\$44,868
OPERATING INCOME before taxes	(100,599)		
Interest Expense	234,300		
Fed Income Tax			
TOTAL EXPENSE	1,057,507		
INCOME (LOSS)	(\$334,899)		
NET OPERATING INCOME	(\$100,599)		
RATE BASE			
Utility Plant in Service (UPIS)	11,089,231		
Accumulated Depreciation	-788,498		
Net Acquisition Adjustment	-2,554,580		
CIAC Plant in Service	87,781		
Accumulated Amortization	\$7,833,934		
NET RATE BASE			

8,534,651

Capital Structure			(i) Company Interest Rate
(g) Year	(h) Description	(i) Principal	%
#	Drop-Down List	\$	
Debt			
2000	Loan - Bank		6.25%
2000	Loan - Owner		12.00%
2000	Loan - Other		15.00%
2000	Loan - DWSRF		20.00%
2000	Loan - Bank		20.00%
2000	Loan - DWSRF		5.00%
2000	Loan - Owner		5.00%
2000	Loan - Other		8.30%
2000	Loan - Bank		8.57%
2000	Loan - Owner		1.50%
2000	Loan - Other		5.00%
Equity			
	Common Stock		
	Paid In Capital		
	Other Paid In Capital		
	Retained Earning		

For Irrigation

For Irrigation

Used and Useful
For non-CIAC irr
BOY Dep?? -for non-CIAC irr dep
BOY DEP??-for CIAC IRR

Allowable

Depreciation, CIAC, and Acquisition Adjustment Schedules

(k)	(l)	(m)	(n)	(o)	(p)
Asset Description	Type of Schedule	in Servic	Original Asset Cost	Asset Disposal	
Drop-Down List	Drop-Down List	Yr	\$	Yr.	\$
Total Assets			\$11,089,231		\$ -
Pumping Equipment	Depreciation (Depn)	2005	\$ 177,121		
Pumping Equipment	Depreciation (Depn)	2007	\$ 125,935		
Pumping Equipment	Depreciation (Depn)	2005	\$ 111,124		
Pumping Equipment	Depreciation (Depn)	2007	\$ 185,003		
Power Generation Equipment	Depreciation (Depn)	2007	\$ 28,000		
Communication Equipment	Depreciation (Depn)	2007	\$ 31,897		
Communication Equipment	Depreciation (Depn)	2007	\$ 58,841		
Pumping Equipment	Depreciation (Depn)	2008	\$ 520,824		
Distribution Reservoirs and Tanks	Depreciation (Depn)	2005	\$ 488,349		
Distribution Reservoirs and Tanks	Depreciation (Depn)	2007	\$ 1,159,851		
Trans. and Dist. Mains	Depreciation (Depn)	2007	\$ 1,024,601		
Trans. and Dist. Mains	Depreciation (Depn)	2007	\$ 467,225		
Trans. and Dist. Mains	Depreciation (Depn)	2007	\$ 124,507		
Trans. and Dist. Mains	Depreciation (Depn)	2007	\$ 135,470		
Trans. and Dist. Mains	Depreciation (Depn)	2007	\$ 599,066		
Trans. and Dist. Mains	Depreciation (Depn)	2007	\$ 17,835		
Trans. and Dist. Mains	Depreciation (Depn)	2007	\$ 87,237		
Trans. and Dist. Mains	Depreciation (Depn)	2007	\$ 212,198		
Trans. and Dist. Mains	Depreciation (Depn)	2007	\$ 104,365		
Trans. and Dist. Mains	Depreciation (Depn)	2007	\$ 124,571		
Trans. and Dist. Mains	Depreciation (Depn)	2007	\$ 548,533		
Trans. and Dist. Mains	Depreciation (Depn)	2007	\$ 685,940		
Trans. and Dist. Mains	Depreciation (Depn)	2007	\$ 174,452		
Trans. and Dist. Mains	Depreciation (Depn)	2007	\$ 277,826		
Trans. and Dist. Mains	Depreciation (Depn)	2008	\$ 167,223		
Trans. and Dist. Mains	Depreciation (Depn)	2008	\$ 227,896		
Meters	Depreciation (Depn)	2006	\$ 69,809		
Meters	Depreciation (Depn)	2006	\$ 7,058		
Meters	Depreciation (Depn)	2006	\$ 142,243		
Meters	Depreciation (Depn)	2006	\$ 2,651		
Meters	Depreciation (Depn)	2007	\$ 951		
Meters	Depreciation (Depn)	2007	\$ 476		
Meters	Depreciation (Depn)	2007	\$ 511		
Meters	Depreciation (Depn)	2006	\$ 2,169		
Meters	Depreciation (Depn)	2006	\$ 5,600		
Computers or Peripheral Office Equipment	Depreciation (Depn)	2005	\$ 3,825		
Computers or Peripheral Office Equipment	Depreciation (Depn)	2006	\$ 2,452		
Computers or Peripheral Office Equipment	Depreciation (Depn)	2007	\$ 2,982		
Transportation Equipment	Depreciation (Depn)	2005	\$ 41,584		
Tools, Shop and Garage Equip.	Depreciation (Depn)	2005	\$ 11,215		
Tools, Shop and Garage Equip.	Depreciation (Depn)	2005	\$ 7,033		
Tools, Shop and Garage Equip.	Depreciation (Depn)	2005	\$ 163		
Tools, Shop and Garage Equip.	Depreciation (Depn)	2005	\$ 2,937		
Tools, Shop and Garage Equip.	Depreciation (Depn)	2005	\$ 3,625		
Tools, Shop and Garage Equip.	Depreciation (Depn)	2006	\$ 4,124		
Tools, Shop and Garage Equip.	Depreciation (Depn)	2006	\$ 6,518		
Communication Equipment	Depreciation (Depn)	2006	\$ 2,444		
Miscellaneous Equipment	Depreciation (Depn)	2006	\$ 10,079		
Miscellaneous Equipment	Depreciation (Depn)	2006	\$ 17,155		
Miscellaneous Equipment	Depreciation (Depn)	2006	\$ 3,862		
Miscellaneous Equipment	Depreciation (Depn)	2007	\$ 779		
Miscellaneous Equipment	Depreciation (Depn)	2006	\$ 965		
Trans. and Dist. Mains	Depreciation (Depn)	2008	\$ 180,780		
Meters	Depreciation (Depn)	2006	\$ 76,391		
Tools, Shop and Garage Equip.	Depreciation (Depn)	2008	\$ 16,200		
Meters	Depreciation (Depn)	2008	\$ 9,000		
Meters	Depreciation (Depn)	2006	\$ 7,447		
Meters	Depreciation (Depn)	2006	\$ 6,583		
Meters	Depreciation (Depn)	2008	\$ 3,377		
Tools, Shop and Garage Equip.	Depreciation (Depn)	2008	\$ 3,492		
Meters	Depreciation (Depn)	2008	\$ 3,345		
Meters	Depreciation (Depn)	2008	\$ 1,710		
Tools, Shop and Garage Equip.	Depreciation (Depn)	2001	\$ 1,507		
Tools, Shop and Garage Equip.	Depreciation (Depn)	2001	\$ 1,507		
Meters	Depreciation (Depn)	2008	\$ 1,037		
Meters	Depreciation (Depn)	2008	\$ 950		
Communication Equipment	Depreciation (Depn)	2005	\$ 620		
Communication Equipment	Depreciation (Depn)	2005	\$ 403		
Meters	Depreciation (Depn)	2006	\$ 389		
Communication Equipment	Depreciation (Depn)	2005	\$ 233		
Communication Equipment	Depreciation (Depn)	2005	\$ 232		
Communication Equipment	Depreciation (Depn)	2005	\$ 213		
Communication Equipment	Depreciation (Depn)	2005	\$ 135		
Structures and Improvements - Pumping Plant	Depreciation (Depn)	2005	\$ -		
Pumping Equipment	Depreciation (Depn)	2005	\$ -		
Pumping Equipment	Depreciation (Depn)	2007	\$ -		
Pumping Equipment	Depreciation (Depn)	2007	\$ -		
Communication Equipment	Depreciation (Depn)	2007	\$ -		
Communication Equipment	Depreciation (Depn)	2007	\$ -		
Transportation Equipment	Depreciation (Depn)	2005	\$ -		
Tools, Shop and Garage Equip.	Depreciation (Depn)	2006	\$ -		
Miscellaneous Equipment	Depreciation (Depn)	2006	\$ -		

	Tools, Shop and Garage Equip.	Depreciation (Depn)	2005	\$	-
	Tools, Shop and Garage Equip.	Depreciation (Depn)	2006	\$	-
	Tools, Shop and Garage Equip.	Depreciation (Depn)	2006	\$	-
	Office Furniture and Equipment	Depreciation (Depn)	2005	\$	-
	Tools, Shop and Garage Equip.	Depreciation (Depn)	2005	\$	-
	Office Furniture and Equipment	Depreciation (Depn)	2007	\$	-
	Tools, Shop and Garage Equip.	Depreciation (Depn)	2005	\$	-
	Office Furniture and Equipment	Depreciation (Depn)	2006	\$	-
	Communication Equipment	Depreciation (Depn)	2006	\$	-
	Power Generation Equipment	Depreciation (Depn)	2006	\$	-
	Tools, Shop and Garage Equip.	Depreciation (Depn)	2005	\$	-
		Both (Depn & CIAC)	2007	\$	-
	Pumping Equipment	Both (Depn & CIAC)	2007	\$	-
	Distribution Reservoirs and Tanks	Both (Depn & CIAC)	2007	\$	-
	Trans. and Dist. Mains	Both (Depn & CIAC)	2007	\$	617,379
	Trans. and Dist. Mains	Both (Depn & CIAC)	2007	\$	457,830
	Trans. and Dist. Mains	Both (Depn & CIAC)	2007	\$	141,159
	Trans. and Dist. Mains	Both (Depn & CIAC)	2007	\$	66,557
	Trans. and Dist. Mains	Both (Depn & CIAC)	2007	\$	353,061
	Trans. and Dist. Mains	Both (Depn & CIAC)	2007	\$	419,522
	Trans. and Dist. Mains	Both (Depn & CIAC)	2008	\$	278,024
	Trans. and Dist. Mains	Both (Depn & CIAC)	2008	\$	221,048
P3D12		Both (Depn & CIAC)	2007	\$	-
	Structures and Improvements - General Plant	Both (Depn & CIAC)	2007	\$	-
	Structures and Improvements - General Plant	Both (Depn & CIAC)	2007	\$	-
	Trans. and Dist. Mains	Both (Depn & CIAC)	2007	\$	-
	Trans. and Dist. Mains	Both (Depn & CIAC)	2007	\$	-
	Trans. and Dist. Mains	Both (Depn & CIAC)	2007	\$	-

1-inch	10	-	-	-	-	280	20	40	50	20	260	30
1-inch	-	-	-	-	-	600	-	10	-	-	10	-
1-inch	-	-	-	-	-	-	-	-	-	-	-	-
1-inch	10	-	-	-	-	310	75	20	140	-	-	-
1-inch	-	-	-	-	-	60	30	80	100	70	-	-
1-inch	-	-	-	-	-	-	-	50	20	60	10	60
1-inch	-	-	-	-	-	-	-	-	-	110	10	80
1-inch	-	-	-	-	-	-	-	-	-	-	40	10
1-inch	50	-	-	-	-	40	-	-	-	-	-	-
1-inch	230	-	-	-	-	10	10	-	10	-	-	-
1-inch	-	-	-	-	-	-	-	-	-	-	-	-
1-inch	-	-	-	-	-	-	-	-	-	-	-	-
1-inch	-	-	-	-	-	-	-	-	-	-	-	-
1-inch	-	-	-	-	-	-	-	-	-	-	-	-
1-inch	290	-	-	-	-	-	-	-	-	-	-	-
1-inch	-	-	-	-	-	-	-	-	-	-	-	-
1-inch	-	-	-	-	-	-	-	-	-	-	-	-
1-inch	-	-	-	-	-	-	-	-	-	-	-	-
1-inch	-	-	-	-	-	-	-	-	-	-	-	-
1-inch	500	-	1,300	500	300	35,200	182,700	163,500	224,300	247,700	107,100	400
1-inch	-	-	-	-	-	-	-	8,880	53,140	72,320	92,330	16,120
1-inch	10,470	-	33,920	9,500	27,610	9,470	14,220	18,700	20,800	9,500	8,140	20,530
1-inch	-	-	-	-	-	1,700	19,090	23,330	30,620	55,340	21,050	70
1-inch	-	-	-	-	-	-	-	33,236	70,200	-	29,360	8,730
1-inch	1,920	-	1,900	1,170	1,000	4,400	36,230	-	14,850	32,560	26,210	1,240
1-inch	-	-	-	-	-	-	-	-	-	-	30,400	70,900
1-inch	3,810	-	-	-	-	5,570	9,820	15,660	23,860	20,350	19,130	4,580
1-inch	5,550	-	-	-	-	42,770	5,560	9,160	8,810	10,820	7,230	4,380
1-inch	15,970	-	11,690	80	2,530	7,270	33,060	2,880	9,200	4,560	1,930	5,710
1-inch	1,320	-	2,790	1,380	1,780	3,430	6,970	10,650	14,300	12,340	8,630	1,400
1-inch	3,010	-	6,460	6,240	17,640	7,700	2,030	1,910	2,390	2,250	2,020	1,870
1-inch	-	-	-	-	-	-	470	9,600	6,540	7,780	2,700	-
1-inch	-	-	-	-	-	-	1,180	6,020	6,750	7,200	5,270	-
1-inch	1,060	-	-	17,520	1,980	1,360	810	360	790	610	260	50
1-inch	-	-	-	-	-	-	660	4,770	5,200	6,190	2,210	-
1-inch	-	-	-	-	-	830	4,530	-	1,640	2,650	1,670	840
1-inch	-	-	-	-	-	690	1,320	1,640	1,910	1,980	1,340	730
1-inch	-	-	-	-	-	500	700	1,020	1,380	1,240	940	300
1-inch	-	-	-	-	-	310	720	1,030	1,350	1,260	870	380
1-inch	-	-	-	-	-	-	-	-	-	-	2,370	1,270
1-inch	20	-	280	370	720	700	560	510	460	270	230	230
1-inch	-	-	-	-	-	-	-	-	90	160	480	-
1-inch	-	-	-	-	-	-	-	-	320	220	80	10
1-inch	-	-	-	-	-	270	10	20	90	50	50	-
1-inch	-	-	-	-	-	10	-	-	190	-	-	-
1-inch	-	-	-	-	-	-	-	-	-	100	50	-
1-inch	-	-	-	-	-	-	-	-	-	-	-	-
2-inch	-	-	-	-	-	38,800	206,600	366,400	615,600	651,900	83,800	300
2-inch	-	-	-	-	-	200	67,400	345,000	488,100	427,900	169,900	36,900
2-inch	-	-	-	-	-	61,500	159,500	281,800	266,600	281,400	107,900	62,700
2-inch	-	-	-	-	-	169,700	254,800	204,700	281,100	218,600	10,500	-
2-inch	-	-	-	-	-	-	92,300	178,000	198,300	201,600	129,600	59,900
2-inch	-	-	-	-	-	-	89,300	153,200	165,100	207,700	157,300	54,100
2-inch	-	-	-	-	-	66,700	79,300	119,400	214,600	215,700	109,300	-
2-inch	-	-	-	-	-	25,900	98,000	139,300	170,300	203,400	94,300	-
2-inch	-	-	-	-	-	-	69,300	60,700	243,500	115,800	3,300	700
2-inch	-	-	-	-	-	5,300	28,100	61,500	86,700	56,200	55,900	13,000
2-inch	100	-	-	-	-	3,300	16,700	14,200	74,100	69,300	25,600	100
2-inch	-	-	-	-	-	-	1,200	-	5,900	64,810	-	-
2-inch	-	-	-	-	-	-	-	10,300	18,900	7,000	7,900	-
2-inch	8,600	-	16,600	6,900	2,600	1,300	-	-	100	-	-	-
2-inch	-	-	-	-	-	-	-	-	8,500	18,500	3,700	-
2-inch	-	-	-	-	-	100	-	-	-	20	-	-
3-inch	-	-	-	-	-	722,500	789,700	1,285,700	2,274,300	1,546,200	839,100	43,400
3-inch	-	-	-	-	-	221,100	893,900	902,700	1,113,200	1,030,900	146,400	-
3-inch	-	-	-	-	-	4,500	197,800	257,100	536,500	250,300	82,500	7,000
3-inch	8,600	-	21,000	6,300	2,160	15,160	62,750	62,950	122,650	144,570	126,800	67,260
3-inch	-	-	-	-	-	-	48,700	34,700	42,100	82,300	159,500	200
3-inch	-	-	-	-	-	73,800	66,800	27,100	26,500	46,100	107,000	-
3-inch	5,370	-	13,160	7,530	4,950	23,330	51,500	29,290	55,610	39,690	24,430	20,990
3-inch	-	-	-	-	-	-	22,700	17,800	16,900	33,800	66,100	-
3-inch	-	-	-	-	-	-	24,300	17,000	17,200	32,900	65,900	600
3-inch	-	-	-	-	-	54,100	63,200	5,300	19,100	-	-	-
3-inch	-	-	-	-	-	27,300	24,000	12,400	-	-	-	-
4-inch	412,660	-	393,490	19,530	419,030	668,310	938,400	573,690	753,020	607,910	549,190	332,110
4-inch	45,000	-	#####	172,550	194,600	291,650	354,860	357,700	784,790	680,650	398,720	166,910
4-inch	-	-	-	-	-	8,280	4,610	8,030	64,520	121,720	118,480	72,810

Lodge

6

<i>Tax Rate</i>	
(ad)	(ae)
Federal Income Tax (FIT)	Suggested FIT Rate
Drop-Down	%
15%	15%

7

<i>Factor</i>	
(af)	(ag)
Conversion Factor (CF)	Suggested CF
Input	%
14.195%	14.195%

Revenue Requirement

List	\$
Metered Sales	95,654
Un-Metered Sales	0
Ready-to-Serve	63,687
Total Additional Revenue	\$159,341
Percentage Change	22.1%

Monthly Rates (Proposed Rate Design)

1-inch	
Base	\$42.00 Allowance -
Rate 1	\$2.75 Block 1 9,000
Rate 2	\$5.25 Block 2 32,000
Rate 3	\$6.00 Block 3 32,001

Unmetered	
Base	\$ 339.96

RTS	
Base	\$25.41

1 1/2-inch	
Base	\$84.00 Allowance -
Rate 1	\$2.75 Block 1 18,000
Rate 2	\$5.25 Block 2 64,000
Rate 3	\$6.00 Block 3 64,001

4-inch	
Base	\$420.00 Allowance -
Rate 1	\$2.75 Block 1 90,000
Rate 2	\$5.25 Block 2 320,000
Rate 3	\$6.00 Block 3 320,001

2-inch	
Base	\$134.40 Allowance -
Rate 1	\$2.75 Block 1 28,800
Rate 2	\$5.25 Block 2 102,400
Rate 3	\$6.00 Block 3 102,401

Lodge	
Base	\$9,332.40 Allowance -
Rate 1	\$2.75 Block 1 1,999,800
Rate 2	\$5.25 Block 2 7,110,400
Rate 3	\$6.00 Block 3 7,110,401

3-inch	
Base	\$252.00 Allowance -
Rate 1	\$2.75 Block 1 54,000
Rate 2	\$5.25 Block 2 192,000
Rate 3	\$6.00 Block 3 192,001

Unused	
Base	\$0.00 Allowance -
Rate 1	\$2.75 Block 1 -
Rate 2	\$5.25 Block 2 -
Rate 3	\$6.00 Block 3 1

Index Key

Input Area	
Feeds another Worksheet/Cell	
From another Worksheet/Cell	
Critical Number	

Information

Name	Suncadia Water Company, LLC
Docket	UW-0
Test Period	For the test period ending December 31, 2009
Customers	1,135

Dates

Test Period Beginning	12/31/2008
Test Period Ending	12/31/2009
Filed Date	6/12/2009
Effective Date	6/26/2009
Agenda Date	6/25/2009

Schedules

PFIS	Pro Forma Income Statement (Results of Operations)
Sch 1 ADJs	Summary of Adjustments
Sch 2.1 Co Restating	Company Restating Adjustments
Sch 2.2 Co ProForma	Company Pro Forma Adjustments
Sch 3.1 Staff Restating	Staff Restating Adjustments
Sch 3.2 Staff ProForma	Staff Pro Forma Adjustments
Sch 4 Cap	Capital Structure
Sch 5 NTG Factor	Net-to-Gross Conversion Factor
Sch 6 Rev Req	Revenue Requirement Calculation
Sch 7 Interest Sync	Interest Synchronization Adjustments
Sch 8 BEOY	Beginning End of Year
Sch 9 DEPN	Straight-Line Depreciation Schedule
Sch 10 CIAC + ACQ	Contribution in Aid of Construction Schedule + Acquisition Adjustment
Sch 11 Rate Design	Rate Design
Sch 12 Crossover	Crossover Chart (Monthly Bill Comparison)
Sch 13 Worksheet Cal Adjs	Worksheet Calculation Adjustments
Sch 14 Service Lives	Depreciation Service Lives
Sch 15 Ratios	Ratio Analysis & Distress Model

Pro Forma Income Statement (Results of Operations)

Line No.	(a) Description	(b) Company End of Year	(c) Total Restating Adjustment	(d) Restated Results	(e) Total Pro Forma Adjustment	(f) Pro Forma Results	(g) Staff Proposed Revenue	(h) Results of Staff Rates
	Source	Input	Schedule 1	(b) + (c)	Schedule 1	(d) + (e)	Schedule 5	(f) + (g)
2	REVENUES							
3	Metered Sales	495,652		495,652		495,652	95,654	591,306
4	Un-Metered Sales							
5	Ready-to-Serve	188,446		188,446		188,446	63,687	252,133
6	Fire Protection / Irrigation	12,429		12,429		12,429		12,429
7	Jobbing							
8	Other Income, Ancillary Charges	26,082		26,082		26,082		26,082
9	OPERATING REVENUE	\$722,608		\$722,608		\$722,608	\$159,341	\$881,949
11	EXPENSES							
12	Salary and Wages - Employees	84,920	5,445	90,365	50,989	141,354		141,354
13	Salary and Wages - Officers							
14	Employee Pensions and Benefits	18,975	1,217	20,191	11,393	31,585		31,585
15	Purchased Power/Water	170,627	(13,139)	157,488		157,488		157,488
16	Chemicals & Testing	1,888		1,888		1,888		1,888
17	Material & Supplies	4,076		4,076		4,076		4,076
18	Contractual Engineer							
19	Contractual Accounting	25,705		25,705	383	26,088		26,088
20	Contractual Legal	428		428	6	435		435
21	Contractual Operations	64,148		64,148	956	65,104		65,104
22	Jobbing							
23	Rental of Building, Property, and Equipment	8,973		8,973		8,973		8,973
24	Transportation	1,603		1,603		1,603		1,603
25	Insurance - Vehicle, General Liability, Workman's Comp.	7,533		7,533		7,533		7,533
26	Regulatory Commission Expenses - Fees	497	826	1,323		1,323	542	1,865
27	Regulatory Commission Expenses - Amort. Rate Case							
28	Travel, Education, CCR, and Public Relations	887		887		887		887
29	Office, Postage, Phone, and Bank Charges	9,337		9,337		9,337		9,337
30	Bad Debt	23,000	(21,955)	1,045		1,045		1,045
31	Repairs	8,472		8,472		8,472		8,472
32	Net Depreciation/Amortization	366,509	(111,799)	254,710		254,710		254,710
33	Utility Excise Tax	19,249	15,779	35,028		35,028	8,013	43,042
34	Property Tax	1,324		1,324		1,324		1,324
35	Payroll Tax	5,056	4,884	9,940	5,609	15,549		15,549
36	Other Taxes & Licenses (DOH/PWB/ESD/DOE)							
37	Miscellaneous							
38	OPERATING EXPENSES	\$823,207	(\$118,741)	\$704,466	\$69,337	\$773,803	\$8,555	\$782,358
39								
40	OPERATING INCOME before taxes	(100,599)	118,741	18,143	(69,337)	(51,195)		99,591
41	Interest Expense	234,300		234,300	17,935	252,235		252,235
42	Fed Income Tax - 15%				(45,514)	(45,514)	22,618	(22,897)
43	TOTAL EXPENSE	1,057,507		938,766		980,523		1,011,696
44	INCOME (LOSS)	(\$334,899)	\$118,741	(\$216,157)	(\$23,823)	(\$257,915)		(\$129,747)
45	NET OPERATING INCOME	(\$100,599)		\$18,143		(\$5,680)		\$122,488
46								
47	RATE BASE							
48	Utility Plant in Service (UPIS)	11,089,231		11,089,231		11,089,231		11,089,231
49	Accumulated Depreciation	(788,498)	257,045	(531,453)		(531,453)		(531,453)
50	Acquisition Adjustment							
51	CIAC Plant in Service	(2,554,580)		(2,554,580)		(2,554,580)		(2,554,580)
52	Accumulated Amortization	87,781	(16,867)	70,914		70,914		70,914
53	NET RATE BASE	\$7,833,934		\$8,074,111		\$8,074,111		\$8,074,111
54								
55	RATE OF RETURN %	-1.28%		0.22%		-0.07%		1.52%
56	Customer Count	1,135		1,135		1,135		1,135

Suncadia Water Company, LLC
 UW-0
 For the test period ending December 31, 2009
 Summary of Adjustments

Schedule 1

Line No.	(a) Description	Source	(b)	(c)	(d)	(e)	(f)	(g)
			Company Restating Adjustment Sch 2.1	Staff Restating Adjustment Sch 3.1	Difference (c) - (b)	Company Pro Forma Adjustment Sch 2.2	Staff Pro Forma Adjustment Sch 3.2	Difference (f) - (e)
	REVENUES							
1	Metered Sales							
2	Un-Metered Sales							
3	Ready-to-Serve							
4	Fire Protection / Irrigation							
5	Jobbing							
6	Other Income, Ancillary Charges							
7	OPERATING REVENUE							
8								
9	EXPENSES							
10	Salary and Wages - Employees		5,445		(5,445)	50,989	1,347	(49,642)
11	Salary and Wages - Officers							
12	Employee Pensions and Benefits		1,217		(1,217)	11,393	301	(11,092)
13	Purchased Power/Water		(13,139)		13,139			
14	Chemicals & Testing							
15	Material & Supplies							
16	Contractual Engineer							
17	Contractual Accounting					383	383	
18	Contractual Legal					6	6	
19	Contractual Operations					956	956	
20	Jobbing							
21	Rental of Building, Property, and Equipment							
22	Transportation							
23	Insurance - Vehicle, General Liability, Workman's Comp.							
24	Regulatory Commission Expenses - Fees		826	826				
25	Regulatory Commission Expenses - Amort. Rate Case							
26	Travel, Education, CCR, and Public Relations							
27	Office, Postage, Phone, and Bank Charges							
28	Bad Debt		(21,955)	(21,955)				
29	Repairs							
30	Net Depreciation/Amortization			(111,799)	(111,799)			
31	Utility Excise Tax		15,779	15,779				
32	Property Tax							
33	Payroll Tax		4,884	4,884		5,609	5,609	
34	Other Taxes & Licenses (DOH/PWB/ESD/DOE)							
35	Miscellaneous							
36	OPERATING EXPENSES		(6,943)	(112,264)	(105,322)	69,337	8,603	(60,734)
37								
38	OPERATING INCOME before taxes		6,943	112,264	105,322	(69,337)	(8,603)	60,734
39	Interest Expense						17,935	17,935
40	Fed Income Tax - 15%						(45,514)	(45,514)
41	TOTAL EXPENSE		(6,943)	(112,264)	(105,322)	69,337	(18,976)	(88,313)
42	INCOME (LOSS)		\$6,943	\$112,264	\$105,322	(\$69,337)	\$18,976	\$88,313
43	NET OPERATING INCOME		\$6,943	\$112,264	\$105,322	(\$69,337)	\$36,912	\$106,249
44								
45	RATE BASE							
46	Utility Plant in Service (UPIS)							
47	Accumulated Depreciation			257,045	257,045			
48	Acquisition Adjustment							
49	CLAC Plant in Service							
50	Accumulated Amortization			(16,867)	(16,867)			
51	NET RATE BASE			240,177	240,177			
52								
53	RATE OF RETURN %							
54	Customer Count							

Line No.	Description	Source	Company Restating Adjustment														
			(b) Sum (c-h)	(c) Metered Sales Restated	(d) Un-Metered Sales Restated	(e) Ready-to-Serve Restated	(f) Fire Protection / Irrigation Restated	(g) Jobbing Restated	(h) Other Income, Ancillary Charges Restated	(i) Taxes, Fees, and Bad Debt Restated	(j) PFIS	(k) Salary Employees Restated	(l) Salary Officers Restated	(m) Pension/Benefit Restated			
	REVENUES																
1	Metered Sales																
2	Un-Metered Sales																
3	Ready-to-Serve																
4	Fire Protection / Irrigation																
5	Jobbing																
6	Other Income, Ancillary Charges																
7	OPERATING REVENUE																
8																	
9	EXPENSES																
10	Salary and Wages - Employees		5,445														
11	Salary and Wages - Officers																
12	Employee Pensions and Benefits		1,217														
13	Purchased Power/Water		(13,139)														
14	Chemicals & Testing																
15	Material & Supplies																
16	Contractual Engineer																
17	Contractual Accounting																
18	Contractual Legal																
19	Contractual Operations																
20	Jobbing																
21	Rental of Building, Property, and Equipment																
22	Transportation																
23	Insurance - Vehicle, General Liability, Workman's Comp.																
24	Regulatory Commission Expenses - Fees		826														
25	Regulatory Commission Expenses - Amort. Rate Case																
26	Travel, Education, CCR, and Public Relations																
27	Office, Postage, Phone, and Bank Charges																
28	Bad Debt		(21,955)														
29	Repairs																
30	Net Depreciation/Amortization																
31	Utility Excise Tax		15,779														
32	Property Tax																
33	Payroll Tax		4,884														
34	Other Taxes & Licenses (DOH/PWBESD/DOE)																
35	Miscellaneous																
36	OPERATING EXPENSES		(6,943)														
37																	
38	OPERATING INCOME before taxes																
39	Interest Expense																
40	Fed Income Tax - 15%																
41	TOTAL EXPENSE		(6,943)														
42	INCOME (LOSS)		6,943														
43	NET OPERATING INCOME																
44																	
45	RATE BASE																
46	Utility Plant in Service (UPIs)																
47	Accumulated Depreciation																
48	Acquisition Adjustment																
49	CIAC Plant in Service																
50	Accumulated Amortization																
51	NET RATE BASE																
52																	
53	RATE OF RETURN %																
54	Customer Count																

(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)	(v)	(w)	(x)	(y)	(z)	(aa)	(ab)
CR-12	CR-13	CR-14	CR-15	CR-16	CR-17	CR-18	CR-19	CR-20	CR-21	CR-22	CR-23	CR-24	CR-25	CR-26
Purchased Power/Water Restated	Chemicals Restated	Material & Supplies Restated	Contractual Engineer Restated	Contractual Accounting Restated	Contractual Legal Restated	Contractual Ops Restated	Jobbing Restated	Building, Property Restated	Transportation Restated	Insurance Restated	Regulatory, Fees / Rate Case Restated	Bank Charges / Dues / Subscriptions Restated	Travel / Education / CCR Restated	Office / Postage Restated

(13,139)

(13,139)

(13,139)
13,139

(ac)	(ad)	(ae)	(af)	(ag)	(ah)	(ai)	(aj)	(ak)	(al)	(am)	(an)	(ao)
CR-27	CR-28	CR-29	CR-30	CR-31	CR-32	CR-33	CR-34	CR-35	CR-36	CR-37	CR-38	CR-39
Public Relations / Advertising / Phone	Repairs	Net Depreciation/Amortization	Utility Excise Tax	Property Tax	Payroll Tax	(DOH/UTC/ESD License)	Other Expenses / Bad Debt	Interest Expense	Fed Income Tax	Utility Plant in Service (UPIS)	Acquisition Adjustment	CIAC Plant in Service
Restated	Restated	Restated	Restated	Restated	Restated	Restated	Restated	Restated	Restated	Restated	Restated	Restated

Line No.	(a) Description	(b) Company Pro Forma Adjustment Sum (c-h)	(c) Metered Sales Pro Forma	(d) Un-Metered Sales Pro Forma	(e) Ready-to-Serve Pro Forma	(f) Fire Protection / Irrigation Pro Forma	(g) Jobbing Pro Forma	(h) Other Income, Ancillary Charges Pro Forma	(i) CP-7 Taxes, Fees, and Bad Debt Pro Forma	(j) CP-8 Total Compensation (30/50) Pro Forma	(k) CP-9 Benefits & Payroll Taxes (11) Pro Forma	(l) CP-10 Salary Employees Pro Forma	(m) CP-11 Salary Officers Pro Forma
REVENUES													
1	Metered Sales												
2	Un-Metered Sales												
3	Ready-to-Serve												
4	Fire Protection / Irrigation												
5	Jobbing												
6	Other Income, Ancillary Charges												
7	OPERATING REVENUE												
8													
9	EXPENSES												
10	Salary and Wages - Employees	50,989								6,991		43,998	
11	Salary and Wages - Officers												
12	Employee Pensions and Benefits	11,393								326			
13	Purchased Power/Water												
14	Chemicals & Testing												
15	Material & Supplies												
16	Contractual Engineer	383								383			
17	Contractual Accounting	6								6			
18	Contractual Legal												
19	Contractual Operations	956								956			
20	Jobbing												
21	Rental of Building, Property, and Equipment												
22	Transportation												
23	Insurance - Vehicle, General Liability, Workman's Comp.												
24	Regulatory Commission Expenses - Fees												
25	Regulatory Commission Expenses - Amort. Rate Case												
26	Travel, Education, CCR, and Public Relations												
27	Office, Postage, Phone, and Bank Charges												
28	Bad Debt												
29	Repairs												
30	Net Depreciation/Amortization												
31	Utility Excise Tax												
32	Property Tax												
33	Payroll Tax	5,609									5,609		
34	Other Taxes & Licenses (DOH/PWB/ESD/DOE)												
35	Miscellaneous												
36	OPERATING EXPENSES	69,337								8,663	15,806	43,998	
37													
38	OPERATING INCOME before taxes												
39	Interest Expense												
40	Fed Income Tax - 15%												
41	TOTAL EXPENSE	69,337								8,663	15,806	43,998	
42	INCOME (LOSS)	(69,337)								(8,663)	(15,806)	(43,998)	
43	NET OPERATING INCOME												
44													
45	RATE BASE												
46	Utility Plant in Service (UPIS)												
47	Accumulated Depreciation												
48	Acquisition Adjustment												
49	CIAC Plant in Service												
50	Accumulated Amortization												
51	NET RATE BASE												
52													
53	RATE OF RETURN %												
54	Customer Count												

(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)	(v)	(w)	(x)	(y)	(z)	(aa)	(ab)
CP-12	CP-13	CP-14	CP-15	CP-16	CP-17	CP-18	CP-19	CP-20	CP-21	CP-22	CP-23	CP-24	CP-25	CP-26
Employee Pension/Benefit	Purchased Power/Water	Chemicals	Material & Supplies	Contractual Engineer	Contractual Accounting	Contractual Legal	Contractual Ops	Jobbing	Rents / Building, Property	Transportation	Insurance	Regulatory, Fees / Rate Case	Bank Charges / Dues / Subscriptions	Travel / Education / CCR
Pro Forma	Pro Forma	Pro Forma	Pro Forma	Pro Forma	Pro Forma	Pro Forma	Pro Forma	Pro Forma	Pro Forma	Pro Forma	Pro Forma	Pro Forma	Pro Forma	Pro Forma

870

870

870
(870)

(ac) CP-27	(ad) CP-28	(ae) CP-29	(af) CP-30	(ag) CP-31	(ah) CP-32	(ai) CP-33	(aj) CP-34	(ak) CP-35	(al) CP-36	(am) CP-37	(an) CP-38	(ao) CP-39	(ap) CP-40
Office / Postage Pro Forma	Public Relations / Advertising / Phone Pro Forma	Repairs Pro Forma	Depreciation/A mortization Pro Forma	Utility Excise Tax Pro Forma	Property Tax Pro Forma	Payroll Tax Pro Forma	(DOH/UTC/ESD License) Pro Forma	Other Expenses / Bad Debt Pro Forma	Interest Expense Pro Forma	Fed Income Tax Pro Forma	Utility Plant in Service (UPIS) Pro Forma	Acquisition Adjustment Pro Forma	CIAC Plant in Service Pro Forma

(n)	SR-12	Other Income, Ancillary Charges	Restated	(o)	SR-13	Salary Employees	Restated	(p)	SR-14	Salary Officers	Restated	(q)	SR-15	Employee Pension/Benefit	Restated	(r)	SR-16	Purchased Power/Water	Restated	(s)	SR-17	Chemicals	Restated	(t)	SR-18	Material & Supplies	Restated	(u)	SR-19	Contractual Engineer	Restated	(v)	SR-20	Contractual Accounting	Restated	(w)	SR-21	Contractual Legal	Restated	(x)	SR-22	Contractual Ops	Restated	(y)	SR-23	Jobbing	Restated	(z)	SR-24	Rentis / Building, Property	Restated	(aa)	SR-25	Transportation	Restated	(ab)	SR-26	Insurance	Restated	(ac)	SR-27	Regulatory, Fees / Rate Case	Restated	(ad)	SR-28	Bank Charges / Dues / Subscriptions	Restated
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Schedule 3.1

(ac)	(af)	(ag)	(ah)	(ai)	(aj)	(ak)	(al)	(am)	(an)	(ao)
SR-29	SR-30	SR-31	SR-32	SR-33	SR-34	SR-35	SR-36	SR-37	SR-38	SR-39
Travel/ Education / CCR	Office / Postage	Public Relations / Advertising / Phone	Repairs	Depreciation/ Amortization / Net	Utility Excise Tax	Property Tax	Payroll Tax	Other Tax & License (DOH/UTC/ESD)	Other Expenses / Bad Debt	Interest Expense
Restated	Restated	Restated	Restated	Restated	Restated	Restated	Restated	Restated	Restated	Restated

Suncadia Water Company, LLC
 UW-0
 For the test period ending December 31, 2009
 Staff Pro Forma Adjustments

Line No.	Description	Source	Total Staff Pro Forma Adjustment														
			(b) Sum (c-h)	(c) Pro Forma Synchronization Schedule 7	(d) Pro Forma Income Tax Schedule 7	(e) Pro Forma Adjustment for Capital Improve Schedule 8	(f) Depreciation Adjustment (if zero rate base) Schedule 9 & 10	(g) Taxes, Fees, and Bad Debt PFFIS	(h) Total Compensation (30/50) PFFIS	(i) Benefits & Payroll Taxes (11) PFFIS	(j) Metered Sales Restated	(k) Un-Metered Sales Restated	(l) Ready-to-Serve Restated	(m) Fire Protection / Irrigation Restated			
1	Metered Sales																
2	Un-Metered Sales																
3	Ready-to-Serve																
4	Fire Protection / Irrigation																
5	Jobbing																
6	Other Income, Ancillary Charges																
7	OPERATING REVENUE																
8																	
9	EXPENSES																
10	Salary and Wages - Employees		1,347														
11	Salary and Wages - Officers																
12	Employee Pensions and Benefits		301														
13	Purchased Power/Water																
14	Chemicals & Testing																
15	Material & Supplies																
16	Contractual Engineer		383														
17	Contractual Accounting		6														
18	Contractual Legal		956														
19	Contractual Operations																
20	Jobbing																
21	Rental of Building, Property, and Equipment																
22	Transportation																
23	Insurance - Vehicle, General Liability, Workman's Comp																
24	Regulatory Commission Expenses - Fees																
25	Regulatory Commission Expenses - Amort. Rate Case																
26	Travel, Education, CCR, and Public Relations																
27	Office, Postage, Phone, and Bank Charges																
28	Bad Debt																
29	Repairs																
30	Net Depreciation/Amortization																
31	Utility Excise Tax																
32	Property Tax																
33	Payroll Tax																
34	Other Taxes & Licenses (DOH/PWB/ESD/DOE)		5,609														
35	Miscellaneous																
36	OPERATING EXPENSES		8,603														
37																	
38	OPERATING INCOME before taxes																
39	Interest Expense		17,935	17,935													
40	Fed Income Tax - 15%		(45,514)	(45,514)													
41	TOTAL EXPENSE		(18,976)	(18,976)													
42	INCOME (LOSS)		18,976	(17,935)													
43	NET OPERATING INCOME		45,514	45,514													
44																	
45	RATE BASE																
46	Utility Plant in Service (UPIS)																
47	Accumulated Depreciation																
48	Acquisition Adjustment																
49	CIAC Plant in Service																
50	Accumulated Amortization																
51	NET RATE BASE																
52																	
53	RATE OF RETURN %																
54	Customer Count																

	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)	(v)	(w)	(x)	(y)	(z)	(aa)	(ab)	(ac)
	SP-9	SP-10	SR-8	SP-11	SP-12	SR-9	SP-13	SP-14	SR-10	SP-15	SP-16	SR-11	SP-17	SP-18	SR-12	SP-19
	Jobbing	Other Income, Ancillary	Salary	Salary Officers	Employee Pension/Benefit	Purchased Power/Water	Chemicals	Material & Supplies	Contractual Engineer	Contractual Accounting	Contractual Legal	Contractual Ops	Jobbing	Rents / Building, Property	Transportation	Insurance
	Restated	Restated	Restated	Restated	Restated	Restated	Restated	Restated	Restated	Restated	Restated	Restated	Restated	Restated	Restated	Restated

(ad)	(ae)	(af)	(ag)	(ah)	(ai)	(aj)	(ak)	(al)	(am)	(ao)	(ap)	
SP-20	SR-13	SP-21	SP-22	SR-14	SP-23	SP-24	SR-15	SP-25	SP-26	SP-27	SP-28	
Regulatory, Fees / Rate Case Restated	Bank Charges / Dues / Subscriptions Restated	Travel / Education / CCR Restated	Office / Postage Restated	Public Relations / Advertising / Phone Restated	Repairs Restated	Net Depreciation/A mortization Restated	Utility Excise Tax Restated	Property Tax Restated	Payroll Tax Restated	Other Tax & License (DOH/UTC/ES D) Restated	Other Expenses / Bad Debt Restated	Interest Expense Restated

Line No.	(a) Month	(b) Year	(c) Description	(d) Company Principal	(e) Company Interest Rate	(f) Rate Case Principal	(g) Percent of Total	(h) Regulated Case Interest Rate	(i) Weighted Cost Rate	(j) Prime + 200 Basis Points 2009	(k)	
1			Debt							5.25%		
2	1	2000	Loan - Bank		6.25%			6.25%				
3	1	2000	Loan - Owner	3,000,000	7.81%	3,000,000	100.00%	7.81%	7.81%			
4	1	2000	Loan - Other		15.00%			11.19%				
5	1	2000	Loan - DWSRF		20.00%			20.00%				
6	1	2000	Loan - Bank		20.00%			20.00%				
7	1	2000	Loan - DWSRF		5.00%			5.00%				
8	1	2000	Loan - Owner		5.00%			5.00%				
9	1	2000	Loan - Other		8.30%			8.30%				
10	1	2000	Loan - Bank		8.57%			8.57%				
11	1	2000	Loan - Owner		1.50%			1.50%				
12	1											
13	1											
14	1											
15	1											
16	1											
17	1											
18	1											
19	1	2000	Loan - Other		5.00%			5.00%				
20			Payroll Liabilities									
21			Accounts Payable									
22												
23			Weighted Cost of Debt			3,000,000	100%		7.81%			
24			Total Liabilities	3,000,000								
25												
26			Total Debt	3,000,000								
27												
28			Equity									
29			Common Stock					12.00%				
30			Paid In Capital					12.00%				
31			Other Paid In Capital	8,043,730		8,043,730	102.76%	12.00%	12.33%			
32												
33			Retained Earning					12.00%				
34			Net Income	(334,899)		(216,157)	-2.76%	12.00%	-0.33%			
35			Weighted Cost of Equity	7,708,831		7,827,573	100%		12.00%			
36												
37			Regulatory Capital Structure									
38									Actual's	Hypothetical's		
39						3,000,000	27.71%	7.81%	2.16%	40/60	80/20	
40										3.12%	6.25%	
41						7,827,573	72.29%	12.00%	8.68%	7.20%	2.40%	
42												
43						10,827,573	100%					
44												
45									Weighted Average Cost of Capital	10.84%	10.32%	8.65%
46												
47			Override Control (Hypothetical Regulatory Capital Structure)									
48			Normal Formula Calculations									

Suncadia Water Company, LLC
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 For the test period ending December 31, 2009
 Net-to-Gross Conversion Factor

Schedule 5

Line No.	(a) Description	(b) Source	(c) Rate	(d) Factor	(e) Staff Proposed Revenue To ROR Column G
1	Revenues	Sch 6 C 10		100%	159,341
2					
3	UTC Regulatory Fee	input	0.00190	0.19%	303
4	City B&O Tax	input	0.00000	0.00%	0
5	Uncollectible	input	0.00150	0.15%	239
6	Utility B&O Tax	input	0.05029	5.03%	8,013
7	Total Revenue Sensitive Expenses	Ln 3 thru Ln 5		5.37%	8,555
8					
9	Income Before Income Tax	Ln 1 - Ln 6		94.63%	150,786
10	Pro Forma Net Income Before FIT	Sch 7 D 15			(303,430)
11	Taxable Income after Interest	Ln 9 - Ln 10			(152,644)
12	Less: Federal Income Tax (FIT)	Ln 11 * D12	0.15000	14.195%	(22,897)
13	Proforma Results Federal Tax	Sch 7 D 17			(45,514)
14	Federal Tax Adjustment	Ln 12 - Ln 13			22,618
15					
16	Total adjustments	Ln 6 + Ln 10		19.56%	
17					
18	Revenue Conversion Factor	Ln 1 - Ln 12		80.44%	128,168
19					
20					

Corporation Tax Rates (IRS)					
Over-	But not Over-	Tax is-		Of the Amount Over-	
\$0	\$50,000		15%		\$0
\$50,000	\$75,000	\$7,500	+ 25%		\$50,000
\$75,000	\$100,000	\$13,750	+ 34%		\$75,000
\$100,000	\$335,000	\$22,250	+ 39%		\$100,000
\$335,000	\$10,000,000	\$113,900	+ 34%		\$335,000
\$10,000,000	\$15,000,000	\$3,400,000	+ 35%		\$10,000,000
\$15,000,000	\$18,333,333	\$5,150,000	+ 38%		\$15,000,000
\$18,333,333			35%		

Suncadia Water Company, LLC
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 For the test period ending December 31, 2009
 Revenue Requirement Calculation

Schedule 6

Line No.	(a) Description	(b) Source	(c) Pro Forma Results
1	Net Pro Forma Average Rate Base	PFIS F 53	8,074,111
1a	Used and Useful		14.70%
1b	Net Pro Forma Average Rate Base after U&U		1,186,894
2	Weighted Cost of Capital	Sch 4 F/G 28	10.32%
3	Operating Income Requirement	Ln 1b * Ln 2	122,487
4			
5	Pro Forma Net Operating Income (Loss)	PFIS F 45	(5,680)
6			
7	Operating Income Deficiency (Excess)	Ln 3 - Ln 5	128,168
8			
9	Revenue Conversion Factor	Sch 5 D 18	80.44%
10	Additional Revenue Requirement (Reduction)	Ln 7 / Ln 9	159,341
11			
12			

Suncadia Water Company, LLC
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 For the test period ending December 31, 2009
 Interest Synchronization Adjustments

Schedule 7

Line No.	(a) Description	(b) Source	(c) Interest Results	(d) Tax Results
1	Net Pro Forma Average Rate Base	PFIS F 53	\$8,074,111	
2				
3	Weighted Cost of Debt	Sch 4 - F/G 22	3.12%	
4	Pro Forma Interest Expense	Ln 1 * Ln 3	<u>\$252,235</u>	
5				
6				
7	Pro Forma Interest Expense	Ln 4	\$252,235	
8	Interest Expense per Books	PFIS D 41	\$234,300	
9	Adjustment to Interest Expense	Ln 4 - Ln 5	<u>\$17,935</u>	
10			Sch 3.2	
11				
12	Income Tax rate	Sch 5 C 12		15.00%
13	Net Income before Interest and Federal Tax	PFIS F 40		(\$51,195)
14	Pro Forma Interest Expense	Ln 4		(\$252,235)
15	Pro Forma Interest Expense Less Prior Income	Ln 13 + Ln 14		<u>(\$303,430)</u>
16				
17	Income Tax Effect	Ln 15 * Ln 12 - PFIS D 42		<u>(\$45,514)</u>
18				Sch 3.2
19				
20	Net Income after Interest and Federal Tax			<u>(\$257,915)</u>

Suncadia Water Company, LLC

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For the test period ending December 31, 2009
Beginning End of Year

Schedule 8

Line No.	(a) Description	(b) BOY	(c)	(d) EOY	(e) BEOY	(f) ADJ
	#####		December 31, 2009			RB 1
1	UTILITY PLANT IN SERVICE (UPIS)	11,089,231	11,089,231	11,089,231	11,089,231	0
2	ACCUM DEPRECIATION	(378,552)	(684,354)	(684,354)	(531,453)	152,901
3	ACQUISITION ADJUSTMENT	0	0	0	0	0
4	ACCUM AMORTIZATION	0	0	0	0	0
5	CIAC PLANT IN SERVE	(2,554,580)	(2,554,580)	(2,554,580)	(2,554,580)	0
6	ACCUM AMORTIZATION	45,368	96,459	96,459	70,914	(25,546)
7	NET RATE BASE	8,201,467	7,946,756	7,946,756	8,074,111	127,355
8						
9	Net UPIS	10,710,679	10,404,877	10,404,877	10,557,778	
10	Net ACQ	0	0	0	0	
11	Net CIAC	(2,509,212)	(2,458,121)	(2,458,121)	(2,483,666)	
12	NET RATE BASE	8,201,467	7,946,756	7,946,756	8,074,111	
13						
14						
15						
16						
17	Computers or Peripheral Office Equipment	0	0	0	0	0
18	Structures and Improvements - General Plant	0	0	0	0	0
19	Wells and Springs	0	0	0	0	0
20	Water System Plan	0	0	0	0	0
21		0	0	0	0	0
22		0	0	0	0	0
23						
24	Computers or Peripheral Office Equipment	0	0	0	0	0
25						
26						
27						
28						
29	Net Plant	0	0	0	0	0
30						
31						

Net Rate Base 8,074,111

Table with columns: First Year, Second Year, Mo, Yr, Mo, Yr. Values: 12, 2009, 0, 2010.

Table with columns: A, B, C, D, E. Values: 2007, 2010, 2008, 2009, 2007, 2010, 2008, 2009, 2007, 2010, 2008, 2009.

Main table with columns: Asset Description, Date in Service, Original Asset Cost, Salvage Value, Service Life, Fully Depreciated, Depreciable Cost, Monthly Depreciation, Year Depn, Total Test Yr, % Alloc, Total Depn, Accumulated Depreciation, Average Investment, Rate Base.

Suncadia Water Company, LLC

UW-0

For the test period ending December 31, 2009
 Contribution in Aid of Construction Schedule +
 Acquisition Adjustment

Mo	First Year	Mo	Second Year
	Yr		Yr
12	2009	0	2010

Contribution in Aid of Construction

Asset Description List	Date in Service		Original Asset Cost \$	Salvage Value %	Service Life		Fully Depreciated Yr	Asset Disposal		Depreciable Cost \$	Test Year Depreciation		Accumulated Depreciation		Average Investment \$	Rate Base \$
	Mo	Yr			Yrs	Mo		Yr	Monthly		Yearly	Beginning	Ending			
Total Assets	12	0	\$ 2,554,580							\$ (2,554,580)	\$ (4,258)	\$ (51,092)	\$ (45,368)	\$ (96,459)	\$ (2,483,666)	\$ (2,458,121)
	12	0	\$	0%	1	1	1			\$	\$	\$	\$	\$	\$	\$
	12	0	\$	0%	1	1	1			\$	\$	\$	\$	\$	\$	\$
	12	0	\$	0%	1	1	1			\$	\$	\$	\$	\$	\$	\$
	12	0	\$	0%	1	1	1			\$	\$	\$	\$	\$	\$	\$
	12	0	\$	0%	1	1	1			\$	\$	\$	\$	\$	\$	\$
	12	0	\$	0%	1	1	1			\$	\$	\$	\$	\$	\$	\$
	12	0	\$	0%	1	1	1			\$	\$	\$	\$	\$	\$	\$
	12	0	\$	0%	1	1	1			\$	\$	\$	\$	\$	\$	\$
	12	0	\$	0%	1	1	1			\$	\$	\$	\$	\$	\$	\$
	12	0	\$	0%	1	1	1			\$	\$	\$	\$	\$	\$	\$
	12	0	\$	0%	1	1	1			\$	\$	\$	\$	\$	\$	\$
	12	0	\$	0%	1	1	1			\$	\$	\$	\$	\$	\$	\$
	12	0	\$	0%	1	1	1			\$	\$	\$	\$	\$	\$	\$
	12	0	\$	0%	1	1	1			\$	\$	\$	\$	\$	\$	\$
	12	0	\$	0%	1	1	1			\$	\$	\$	\$	\$	\$	\$
	12	0	\$	0%	1	1	1			\$	\$	\$	\$	\$	\$	\$
	12	0	\$	0%	1	1	1			\$	\$	\$	\$	\$	\$	\$
	12	0	\$	0%	1	1	1			\$	\$	\$	\$	\$	\$	\$
	12	0	\$	0%	1	1	1			\$	\$	\$	\$	\$	\$	\$
	12	0	\$	0%	1	1	1			\$	\$	\$	\$	\$	\$	\$
	12	0	\$	0%	1	1	1			\$	\$	\$	\$	\$	\$	\$
	12	0	\$	0%	1	1	1			\$	\$	\$	\$	\$	\$	\$
	12	0	\$	0%	1	1	1			\$	\$	\$	\$	\$	\$	\$
	12	0	\$	0%	1	1	1			\$	\$	\$	\$	\$	\$	\$
	12	0	\$	0%	1	1	1			\$	\$	\$	\$	\$	\$	\$
	12	0	\$	0%	1	1	1			\$	\$	\$	\$	\$	\$	\$

Acquisition Adjustment

Asset Description	Date in Service		Original Asset Cost	Salvage Value %	Service Life Yrs	Fully Depreciated Yr	Asset Disposal		Depreciable Cost	Test Year Depreciation		Accumulated Depreciation		Average Investment	Rate Base	
	Mo	Yr					Mo	Yr		Monthly	Yearly	Beginning	Ending			\$
	List		\$					Mo.	Yr.	\$					\$	\$
	12	0	\$	0%	1	1				\$	\$	\$	\$		\$	\$
	12	0	\$	0%	1	1				\$	\$	\$	\$		\$	\$
	12	0	\$	0%	1	1				\$	\$	\$	\$		\$	\$
	12	0	\$	0%	1	1				\$	\$	\$	\$		\$	\$
	12	0	\$	0%	1	1				\$	\$	\$	\$		\$	\$
	12	0	\$	0%	1	1				\$	\$	\$	\$		\$	\$
	12	0	\$	0%	1	1				\$	\$	\$	\$		\$	\$
	12	0	\$	0%	1	1				\$	\$	\$	\$		\$	\$
	12	0	\$	0%	1	1				\$	\$	\$	\$		\$	\$
	12	0	\$	0%	1	1				\$	\$	\$	\$		\$	\$
	12	0	\$	0%	1	1				\$	\$	\$	\$		\$	\$
	12	0	\$	0%	1	1				\$	\$	\$	\$		\$	\$
	12	0	\$	0%	1	1				\$	\$	\$	\$		\$	\$
	12	0	\$	0%	1	1				\$	\$	\$	\$		\$	\$
	12	0	\$	0%	1	1				\$	\$	\$	\$		\$	\$
	12	0	\$	0%	1	1				\$	\$	\$	\$		\$	\$
	12	0	\$	0%	1	1				\$	\$	\$	\$		\$	\$
	12	0	\$	0%	1	1				\$	\$	\$	\$		\$	\$
	12	0	\$	0%	1	1				\$	\$	\$	\$		\$	\$
	12	0	\$	0%	1	1				\$	\$	\$	\$		\$	\$
	12	0	\$	0%	1	1				\$	\$	\$	\$		\$	\$
	12	0	\$	0%	1	1				\$	\$	\$	\$		\$	\$
	12	0	\$	0%	1	1				\$	\$	\$	\$		\$	\$
	12	0	\$	0%	1	1				\$	\$	\$	\$		\$	\$
	12	0	\$	0%	1	1				\$	\$	\$	\$		\$	\$
	12	0	\$	0%	1	1				\$	\$	\$	\$		\$	\$
	12	0	\$	0%	1	1				\$	\$	\$	\$		\$	\$

For the test period ending December 31, 2009

Rate Design

Rate Design	1-inch	1 1/2-inch	2-inch	3-inch	4-inch	8"	Unmetered
Base %	50.0%	Base \$42.00	Allowance				Base \$ 339.96
Rate 1 %	28.0%	Rate 1 \$2.75	Block 1 9,000	\$252.00	\$420.00	\$9,332.40	1,999,800
Rate 2 %	18.0%	Rate 2 \$5.25	Block 2 32,000	54,000	90,000	7,110,400	RTS
Rate 3 %	14.0%	Rate 3 \$6.00	Block 3 32,001	192,000	320,000	7,110,401	Base \$25.41

Rate Design Override

Base %	Override 1-inch			Upsize Meter Factor		Unmetered
	Base \$	Rate 1 \$	Rate 2 \$	Rate 3 \$	6.00	
50.0%	42.00	2.75	5.25	6.00	(Not Used)	Base \$ -
Rate 1 %	2.50	9,000	32,000			RTS
Rate 2 %	0.75					Base \$ 25.41
Rate 3 %						

63.12 50% of Ops and 100% of Rate Base Calculation

Monthly Revenue	63.12 50% of Ops and 100% of Rate Base Calculation				Total		%
	Unmetered	RTS	Block 1	Block 2	Block 3	Usage Per 1,000	
Nov	\$ -	\$ 21,011	\$ 16,111	\$ 1,791	\$ 2,876	\$ 43,310	5.2%
Dec	\$ -	\$ 21,011	\$ 16,111	\$ -	\$ 3,757	\$ 37,122	4.4%
Jan	\$ -	\$ 21,011	\$ 16,111	\$ 967	\$ 3,757	\$ 49,696	5.9%
Feb	\$ -	\$ 21,011	\$ 16,069	\$ 682	\$ 1,688	\$ 39,925	4.8%
Mar	\$ -	\$ 21,011	\$ 16,447	\$ 866	\$ 3,140	\$ 43,183	5.2%
Apr	\$ -	\$ 21,011	\$ 18,337	\$ 5,944	\$ 11,163	\$ 73,998	8.8%
May	\$ -	\$ 21,011	\$ 18,472	\$ 6,158	\$ 13,905	\$ 79,555	9.5%
Jun	\$ -	\$ 21,011	\$ 18,858	\$ 6,644	\$ 17,558	\$ 93,533	11.2%
Jul	\$ -	\$ 21,011	\$ 19,110	\$ 7,827	\$ 23,045	\$ 126,080	15.0%
Aug	\$ -	\$ 21,011	\$ 19,244	\$ 8,058	\$ 23,368	\$ 117,963	14.1%
Sep	\$ -	\$ 21,011	\$ 19,362	\$ 7,404	\$ 18,923	\$ 80,786	9.6%
Oct	\$ -	\$ 21,011	\$ 18,337	\$ 4,049	\$ 6,317	\$ 52,375	6.3%
Total	\$ -	\$ 252,133	\$ 212,570	\$ 50,389	\$ 125,741	\$ 197,092	100.0%
%		30.1%	25.4%	6.0%	15.0%	837,925	100.0%

Season Averages

Season Averages	Unmetered		RTS		Base		Block 1		Block 2		Block 3		Average Total		Monthly		%	
	Revenue	Gallons	% Usage	Revenue	Gallons	% Usage	Revenue	Gallons	% Usage	Revenue	Gallons	% Usage	Revenue	Gallons	% Usage	Revenue		Gallons
Winter	\$ -	\$ 21,011	33.2%	\$ 17,017	\$ 902,580	33.2%	\$ 2,482	\$ 1,065,430	39.2%	\$ 5,594	\$ 749,747	27.6%	\$ 50,602	\$ 2,717,757	21.7%	\$ 92.08	\$ 8,824	36.2%
Summer	\$ -	\$ 21,011	21.9%	\$ 18,411	\$ 2,151,299	21.9%	\$ 5,916	\$ 2,926,338	29.9%	\$ 15,363	\$ 4,725,019	48.2%	\$ 89,052	\$ 9,802,656	78.3%	\$ 209.34	\$ 31,827	63.8%
Annual	\$ -	\$ 21,011	24%	\$ 17,714	\$ 1,526,940	24%	\$ 4,199	\$ 1,995,884	32%	\$ 10,478	\$ 2,737,383	44%	\$ 69,827	\$ 6,260,206	20.325	\$ 150.71	\$ 20,325	78.3%

Monthly Usage

Month	Gallons	Average	%
Nov	1,452,400	4,716	1.9%
Dec	-	-	-
Jan	2,375,410	7,712	3.2%
Feb	648,620	2,106	0.9%
Mar	1,199,520	3,895	1.6%
Apr	7,211,670	23,415	9.6%
May	8,222,584	26,697	10.9%
Jun	10,670,548	34,645	14.2%
Jul	16,416,907	53,302	21.9%
Aug	15,094,704	49,009	20.1%
Sep	8,644,303	28,066	11.5%
Oct	3,185,810	10,344	4.2%
Total	75,122,476	22,173	100.0%

Revenue

Requirement Generated	\$ 843,439
Difference	\$ 837,925
From Fire Line Charges	\$ (5,514)
Total	\$ 9,647

Customer Count

Unmetered	827
RTS	308
Metered	1,135
Total Customers	2,270

Typical Average Service Lives, Salvage Rates, and Depreciation Rates for Water Utilities

<i>NARUC - 1996 Account Numbers</i>	<i>Class of Plant</i>	<i>Average Service Lives</i>	<i>Net Salvage Percent</i>	<i>Depreciation Rate</i>
Class A/B/C	Source of Supply Plant	Years **	%	Short
301	Organization			XXX
302	Franchises			XXX
303	Land and Water Rights			XXX
304	Structures and Improvements	35		2.86%
305	Collect. and Impounding Res.	50		2.00%
306	Lake, River and Other Intakes	35		2.76%
307	Wells and Springs	25		4.00%
308	Infiltration Galleries and Tunnels	25		4.00%
309	Supply Mains	50		2.00%
310	Power Generation Equipment	10		10.00%
	Pumping Plant			
304	Structures and Improvements	35		2.86%
311	Pumping Equipment	20		5.00%
311	Other Pumping Plant	25		4.00%
	Water Treatment Plant			
304	Structures and Improvements	35		2.86%
320	Water Treatment Equipment	20		5.00%
	Transmission and Distribution Plant			
304	Structures and Improvements	35		2.86%
330	Distribution Reservoirs and Tanks	30		3.33%
331	Trans. and Dist. Mains	50		2.00%
331	Fire Mains	50		2.00%
333	Service Connections	30		3.33%
334	Meters	20	10%	5.00%
334	Meter Installations	40		2.50%
335	Hydrants	40	5%	2.50%
	General Plant			
304	Structures and Improvements	35		2.86%
339	Other Plant	40		2.50%
340	Office Furniture and Equipment	20	5%	5.00%
340	Computers or Peripheral Office Equipment	5		20.00%
341	Transportation Equipment	7	10%	14.30%
342	Stores and Equipment	20		5.00%
343	Tools, Shop and Garage Equip.	15	5%	6.67%
344	Laboratory Equipment	15		6.67%
345	Power Operated Equipment	10	10%	10.00%
346	Communication Equipment	10	10%	10.00%
347	Miscellaneous Equipment	10	10%	10.00%
348	Other Plant Assets	10	10%	10.00%
348	Water System Plan	6	10%	16.67%

** These lives are intended as a guide; longer or shorter lives should be used if experience shows it is warranted.

Distress Model

<i>Distress Model</i>	<i>Before</i>	<i>After</i>
<i>Ratio: Profitability</i>	0.0384	0.1597
<i>Ratio: Liquidity</i>	#DIV/0!	#DIV/0!
<i>Ratio: Leverage</i>	0.7429	0.7429
<i>Ratio: Profit Trend</i>	0.0000	0.0000
<i>Ratio: Growth and Efficiency</i>	0.0667	0.0815
<i>Ratio: Efficiency and Profitability</i>	0.8778	1.1273
<i>Ratio: Profitability 2</i>	-0.4068	-0.1658
Distress Score (Sum of Ratios)	#DIV/0!	#DIV/0!

Distress Score Meaning	#DIV/0!
-------------------------------	----------------

Other Ratios

<i>Owner's Equity to Total Assets</i>	72.54%
<i>Creditor's Equity to Total Assets</i>	27.05%
<i>Owner's Equity to Total Liabilities</i>	268.12%
<i>Net Income to Owner's Equity</i>	-2.69%
<i>Sales to Owner's Equity</i>	97.31%
<i>Net Assets to Fixed Liabilities</i>	269.14%
<i>Net Assets to Owner's Equity</i>	100.38%
<i>Sales to Total Equity</i>	10.96%
<i>Sales to Net Assets</i>	10.92%
<i>Book Value per Share of Common Stock</i>	#DIV/0!
<i>Net Income to Net Sales</i>	13.89%
<i>Net Income per Share of Common Stock</i>	#DIV/0!

Balance Sheet

Assets		Liabilities	
Current Assets	\$ -	Current Liabilities	\$ -
Cash	\$ -	Notes Payable	\$ -
Petty Cash	\$ -	Accounts Payable	\$ -
Temporary Investments	\$ -	Wages Payable	\$ -
Accounts Receivable (net)	\$ -	Interest Payable	\$ -
Inventory	\$ -	Taxes Payable	\$ -
Supplies	\$ -	Warranty Liability	\$ -
Prepaid Insurance/Expenses	\$ -	Unearned Revenues	\$ -
<i>Total Current Assets</i>	<i>\$ -</i>	<i>Total Current Liabilities</i>	<i>\$ -</i>

Labor Hours and Calculations

	General Administration		Water Company Admin		Environmental Company Admin		Categorized Hours	Total Allocated Hours	% of Total
	Hours	%	Hours	%	Hours	%			
Outside Agency Support (uncategorized)	333	10.2%					333		
Water Company		0.0%							
Water	1436	44.0%	75.75	50.0%			2644	4155.75	46.2%
Irrigation	15	0.5%	75.75	50.0%			1158	1248.75	13.9%
Environmental Company		0.0%							
Sewer	1436	44.0%			176.5	94.6%	1403	3015.5	33.6%
Storm	15	0.5%			.10	5.4%	104	129	1.4%
Communications Company	30	0.9%					76	106	1.2%
Total	3265		151.5		186.5		5385	8988	

	2009	2010 (Projected, 2% increase)	Water Co Contribution	2009 Actuals	Adjustment
Total Salary and Taxes (incl. Co. match of FICA, FUCA, SUI)	\$ 273,355	\$ 278,822	\$ 128,918.06	\$ 84,920	\$ 43,998.24
Total Benefits	\$ 42,078	\$ 42,920	\$ 19,844.63	\$ 18,975	\$ 869.91
Total	\$ 315,433	\$ 321,742	\$ 148,763	\$ 103,895	\$ 44,868
Average Cost per Hour			\$ 35.80		

Assets Related to Fire Protection

Assumptions:

By Kittitas County code, the system is required to be able to deliver a fire flow of 1,500 gpm for 2 hours for residential structures and 1,500 gpm for 4 hours for commercial structures. In Suncadia, all residential and commercial structures are sprinklered. Because of the sprinklers, all single-family homes must use a 1-inch meter instead of the 5/8 x 3/4-inch size that would otherwise be adequate.

Assume in allocating the cost of the system to the fire protection function:

- Fire protection is unrelated to source of supply or pumping assets.
- Within the transmission and distribution system, the fire protection share is the cost of the hydrants, plus the cost of using larger pipe in order to accommodate the required fire flow. According to Ed Cebron, a typical oversizing premium to meet fire flow requirements in water line construction is about 5% of the cost.
- The share of reservoir capacity related to fire protection is shown in the Water System Plan, Table 3-3.

The buildings with dedicated fire lines are receiving an additional benefit that is not received by the smaller commercial buildings and single-family residential homes, for which a 1-inch meter serves both a fire protection function and normal consumption needs. Commercial buildings have a higher requirement for water storage than single-family homes: four hours at 1,500 gpm instead of 2 hours at 1,500 gpm. The larger buildings that have dedicated fire lines (including the Suncadia Lodge, though it contains condominiums) are the primary beneficiaries of the second increment of storage capacity, since a fire in the larger buildings would take longer to control. For that reason, the following methodology divides the fire protection costs related to reservoir capacity into two equal parts. The first half of the reservoir-related fire protection costs, along with those fire protection costs related to hydrants and distribution lines, is assumed to apply proportionately to all buildings in the system, based on the same ERUS used to allocate other fixed costs. However, the other half of the reservoir-related costs is allocated only to those structures with dedicated fire lines, based on the size of their fire lines.

Weighted Cost of Capital 14.70%
10.32%

	Original Asset Cost	Beg of Year Accum Deprec	BOY Net Book Value	% Non-CIAC
	1,648,200	92,075	1,556,125	100%

Fire share of reservoir storage requirement (million gallons):

Distribution reservoirs and tanks
 Non-CIAC potable: 1,648,200 92,075 1,556,125 100%

	Phases 1 & 2	Phase 3	Total
Reservoir Capacity	500,000	570,000	1,070,000
Fire Storage Requirement	360,000	720,000	1,080,000
Fire as percentage of total storage requirement	72.0%	63.2%	67.3%
			Used and Useful
			228,750
			153,925

BOY net book value of reservoir assets
 Fire protection component of reservoir asset value (all non-CIAC)

Pipe oversizing costs due to fire protection requirements:

Transmission & distribution mains
 Non-CIAC potable: 5,159,725 100,276 5,059,449 67%

	Non-CIAC
	2,554,580 45,368 2,509,212
	Used and Useful
	252,972
	37,187

Assumed % of T&D assets
 Non-CIAC assets related to fire protection.

Hydrant costs

	Approx # of Hydrants	Cost per Hydrant	Cost	% Non-CIAC Trans Mains	Non-CIAC Hydrants	Used and Useful
Total Hydrants	250	2,500	625,000	67%	417,796	61,416

Field Staff
 Hourly Rate

0.25
 250

Total Fire Used and Useful
 252,528

Maintenance Staff Time:
 Exercising the hydrant valves
 Hours required per hydrant per year
 Estimated number of hydrants

Total maintenance staff hours/year 63
 Average Cost Per Labor Hour 35.80
 Cost Per Year Allocated to Fire Protection 2,237

	General Benefit	Special Benefit (1/2 of Tank)
Summary of Fire-related Assets	177,803	76,963
Fire Related Depreciation	37,677	16,516
Weighted Cost of Capital	10.32%	10.32%
Allowable Return On Fire Related Investment	22,238	9,647

Allocation of Fire Related Costs

	Main Service Size	Fire Line Size	Fire Line 1" Equivalents	Customers	1" Line Equivalents	General Benefit	Special Benefit	Special Benefit per Month	Per Customer Total Yearly Cost	Per Customer Total Monthly Cost
<i>Single Family Residential</i>										
<i>Current Non Residential customers without dedicated fire lines:</i>										
	1		1	286	286	10,429.5			36.47	3.04
	1		1	16	16	583.5			36.47	3.04
	2		3.2	15	48	1,750.4			116.69	9.72
	3		6	9	54	1,969.2			218.80	18.23
<i>Current customers with dedicated fire lines:</i>										
Tumble Creek Greeters Cottage	1		1.0	1.0	1	36.5	46.9	3.91	83.34	6.95
Suncadia Greeters Cottage	1		3.2	1.0	3	116.7	150.0	12.50	266.70	22.22
Pavilion	1		3.2	1.0	3	116.7	150.0	12.50	266.70	22.22
Office Space near Driving Range	1		3.2	1.0	3	116.7	150.0	12.50	266.70	22.22
Suncadia Turf Care	1		10.0	1.0	10	364.7	468.8	39.06	833.43	69.45
Fire District 7 Station	1		10.0	1.0	10	364.7	468.8	39.06	833.43	69.45
Sales Center	1		10.0	1.0	10	364.7	468.8	39.06	833.43	69.45
Tumble Creek Golf House	1		10.0	1.0	10	364.7	468.8	39.06	833.43	69.45
TC Cabins Parking #1	1		10.0	1.0	10	364.7	468.8	39.06	833.43	69.45
TC Cabins Parking #2	1		10.0	1.0	10	364.7	468.8	39.06	833.43	69.45
TC Cabins Parking #3	1		10.0	1.0	10	364.7	468.8	39.06	833.43	69.45
TC Cabins Parking #4	1		10.0	1.0	10	364.7	468.8	39.06	833.43	69.45
Ice Rink	2		3.2	1.0	3	116.7	150.0	12.50	266.70	22.22
Tumble Creek Hill House	3		10.0	1.0	10	364.7	468.8	39.06	833.43	69.45
The Inn at Suncadia	3		20.0	1.0	20	729.3	937.5	78.13	1666.85	138.90
Suncadia Swim & Fitness	4		10.0	1.0	10	364.7	468.8	39.06	833.43	69.45
The Lodge Spa	4		20.0	1.0	20	729.3	937.5	78.13	1666.85	138.90
TrailHead Condo's	4		6	2.0	6	229.3	286.7	23.89	466.85	39.06
Suncadia Lodge	4		32.0	1.0	32	1,166.9	1,500.0	125.00	2666.97	222.25
Total Special Benefit Line Equivalents					609.8	22,237.5	9,647.0			
Total General Benefit Line Equivalents					206					

Number of customers and meter-equivalents (MEs)
Current system as of January 31, 2009

	Customers	Meter-Equivalents/ERUs	Customers with Dedicated Fire Lines	Customers Projected at Build-out	Meter-Equivalents Projected at Build-out
Potable:					
Single-family residential:					
Connected customers	286	286.0		2,929	2,929.0
Ready-to-serve included with connected	-	-		-	0.0
Total single-family residential	286	286.0		2,929	2,929.0

Excludes connections after Jan 31, 2009.

Projected future residential and commercial units comes from a June 2008 forecast prepared by Suncadia management.

Commercial buildings:

Meter size (in.)	Meter-equivalents				
1.00	1.00	28	28.0	28	28.0
1.50	2.00	-	-	-	-
2.00	3.20	16	51.2	16	51.2
3.00	6.00	11	66.0	11	66.0
4.00	10.00	4	40.0	4	40.0
6.00	20.00	-	-	-	-
8.00	32.00	-	-	-	-
Total current commercial		59	185.2	59	185.2
Projected future commercial				68	88.0
Current and future commercial		59	185.2	127	273.2

Includes Lodge

Total Potable Water

345	471	-	3,056	3,202
Active Services Used and Useful				14.7%

Percentage of plant in service that is used and useful - potable water

Current Meter-Equivalents/ERUs divided by equivalent values projected at build-out. This figure is used to discount the return on capital investment, depreciation, and operating costs driven by the amount of utility plant. For operating costs driven by consumption or the number of customers (including most staff costs and purchased water), 100% of the relevant costs relate to the portion of the system that is used and useful.

Summary of Cost Allocations Between Connected and Ready to Serve Customers Capital Recovery and Depreciation Only

	Connected Customers	Ready To Serve Customers	Projected Future Customers	Total Customers at Full Build Out
Number of ERU's	471	827.0	1,904	3,202
Percentage of ERU's	14.7%	25.8%	59.5%	100.0%
Net Rate Base	1,186,894	2,083,121	4,804,096	8,074,111
Fire Protection Assets	252,528	443,213	1,022,139	1,717,881
Net Minust Fire Assets	934,366	1,639,908	3,781,957	6,356,231
Weighted Average Cost of Capital 10.32%				
Return on Capital Investment - Non Fire Assets	96,427	169,238	390,298	655,963
Return on Capital Investment - Fire Assets	26,061	45,740	105,485	177,285
Depreciation-NON Fire Related Assets	29,476	51,733	119,308	200,517
Depreciation - Fire Related Assets	7,966	13,982	32,245	54,193
Capital Costs Allowed To Be Recovered (No Fire for RTS)	159,930	220,972	528,028	
Average Annual Capital Recovery per ERU	339	267	277	
Average Monthly Capital Recovery per ERU	28.28	22.27	23.11	
	Allocated to Fire Protection and Monthly	Allocated to Monthly Fire held for Future Recovery	Held For Future Recovery	

Projected Future Commercial Customers

	Units	Estimated Equivalent Units
Potable domestic water		
Rope Rider Comfort Stations	2	2.00
Retail village	60	60.00
Rope Rider clubhouse	1	2.00
Back of house compound	1	6.00
Winery	1	6.00
Tumble Creek Great House	1	10.00
Tumble Creek Domerie cabin	1	1.00
Tumble Creek Pavilion/Outlook	1	1.00
Total	68	88.00

Costs Relevant to Ready-to-Serve Customers

Note: The only current service being charged to ready-to-serve (RTS) customers is the customer billing staff and supplies costs. Otherwise, they are only charged for their share of the system capacity or potential service. The costs shown here are after subtracting fire protection costs, applying the "used and useful" percentage, and subtracting costs to be recovered from the consumption charge.

		Potable Cost Recoverable from Base Charge	Cost per ERU	Monthly Cost per ERU
Capital Costs Allowed To Be Recovered (No Fire for RTS)		220,972	267	22.27 See Used and Useful Tab
No. ERUs - connected customers	471			
No. RTS customers	827.0			
Total connected ERUs plus RTS	1,298.2			
% Recovered by Base Rate				50%
Other O&M costs applicable to RTS:				
Costs driven by plant in service		4,487	3.46	0.29
Property tax		662	0.51	0.04
Utility excise tax		17,514	13.49	1.12
Staff - Only includes one staff person for billing and admin		21,617	16.65	1.39
Office/postage/phone		4,668	3.60	0.30
		48,948	38	3.14 Cost per ERU, both RTS and Connected Customers
Total costs relevant to RTS customers		269,920	305	25.41

Note: This calculation arrives at an RTS charge by way of the potable rates. In other words, for the applicable costs, the RTS rate should be the same as what the connected customers pay for those same costs.

REVENUES

Metered Sales
Un-Metered Sales
Ready-to-Serve
Fire Protection / Irrigation
Jobbing
Other Income, Ancillary Charges
OPERATING REVENUE

EXPENSES

Salary and Wages - Employees
Salary and Wages - Officers
Employee Pensions and Benefits
Purchased Power/Water
Chemicals & Testing
Material & Supplies
Contractual Engineer
Contractual Accounting
Contractual Legal
Contractual Operations
Jobbing
Rental of Building, Property, and Equipment
Transportation
Insurance - Vehicle, General Liability, Workman's Comp.
Regulatory Commission Expenses - Fees
Regulatory Commission Expenses - Amort. Rate Case
Travel, Education, CCR, and Public Relations
Office, Postage, Phone, and Bank Charges
Bad Debt
Repairs
Net Depreciation/Amortization
Utility Excise Tax
Property Tax
Payroll Tax
Other Taxes & Licenses (DOH/PWB/ESD/DOE)
Miscellaneous
OPERATING EXPENSES

OPERATING INCOME before taxes

Interest Expense
Fed Income Tax

See "Labor" Tab
See "Labor" Tab
See "Labor" Tab

TOTAL EXPENSE
INCOME (LOSS)
NET OPERATING INCOME

RATE BASE

Utility Plant in Service (UPIS)
Accumulated Depreciation
Net Acquisition Adjustment
CIAC Plant in Service
Accumulated Amortization
NET RATE BASE

See "Used and Usefu
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Suncadia Water Company, LLC

Income Statement

Description List	End of		Excluding
	Year	Irrigation	Irrigation
	\$	\$	\$
REVENUES			
Metered Sales	495,652	0	495,652
Un-Metered Sales	0	0	0
Ready-to-Serve	188,446	0	188,446
Fire Protection / Irrigation	12,429	0	12,429
Jobbing	0		0
Other Income, Ancillary Charges	242,662	-216,580	26,082
OPERATING REVENUE	\$939,188	-\$216,580	\$722,608
EXPENSES			
Salary and Wages - Employees	84,920	0	84,920
Salary and Wages - Officers	0	0	0
Employee Pensions and Benefits	18,975	0	18,975
Purchased Power/Water	238,119	(67,492)	170,627
Chemicals & Testing	1,888	0	1,888
Material & Supplies	5,451	(1,375)	4,076
Contractual Engineer	0	0	0
Contractual Accounting	34,375	(8,670)	25,705
Contractual Legal	428	0	428
Contractual Operations	85,785	(21,637)	64,148
Jobbing	0	0	0
Rental of Building, Property, and Equipment	12,000	(3,027)	8,973
Transportation	2,144	(541)	1,603
Insurance - Vehicle, General Liability, Workman's Com	10,074	(2,541)	7,533
Regulatory Commission Expenses - Fees	497	0	497
Regulatory Commission Expenses - Amort. Rate Case	0	0	0
Travel, Education, CCR, and Public Relations	887	0	887
Office, Postage, Phone, and Bank Charges	9,337	0	9,337
Bad Debt	23,000	0	23,000
Repairs	11,329	(2,858)	8,472
Net Depreciation/Amortization	410,179	(43,670)	366,509
Utility Excise Tax	25,018	(5,769)	19,249
Property Tax	1,770	(447)	1,324
Payroll Tax	6,762	(1,705)	5,056
Other Taxes & Licenses (DOH/PWB/ESD/DOE)		0	0
Miscellaneous	0	0	0
OPERATING EXPENSES	\$982,938	-\$159,731	\$823,207
OPERATING INCOME before taxes	(43,749)	(56,849)	(100,599)
Interest Expense	234,300	0	234,300
Fed Income Tax	0	0	0
TOTAL EXPENSE	1,217,238	-159,731	1,057,507
INCOME (LOSS)	(\$278,049)	(\$56,849)	(\$334,899)
NET OPERATING INCOME	(\$43,749)	(\$56,849)	(\$100,599)
RATE BASE			#REF!
Utility Plant in Service (UPIS)	13,292,288	(2,203,057)	11,089,231
Accumulated Depreciation	(978,636)	190,138	-788,498
Net Acquisition Adjustment			0
CIAC Plant in Service	(4,091,861)	1,537,281	-2,554,580
Accumulated Amortization	152,911	(65,130)	87,781
NET RATE BASE	\$8,374,702	-\$540,768	\$7,833,934

Allocation of Utility Plant Between Irrigation and Potable

	Irrigation	Potable	Total
0 Utility Plant in Service	2,203,057	8,534,651	10,737,708
0 CIAC Plant in Service	1,537,281	2,554,580	4,091,861
Utility Plant in Service	3,740,338	11,089,231	14,829,569
<i>Percentage of Total Plant in Service</i>	<i>25.2%</i>	<i>74.8%</i>	

	Irrigation Adjustment See Restated Adjustments in Input Tab	Totals From "Input" Tab	
Salary and Wages - Employees		84,920	Based on Timesheets
Salary and Wages - Officers		-	Based on Timesheets
Employee Pensions and Benefits		18,975	Based on Timesheets
Purchased Power/Water	67,492	238,119	Adjust made based on actuals and Water Use
Chemicals & Testing		1,888	No Irrigation Chemicals or Testing
Material & Supplies	1,375	5,451	
Contractual Engineer		-	Adjust made based on actuals
Contractual Accounting	8,670	34,375	Insignificant Amt contributable to Irrigation
Contractual Legal		428	Insignificant Amt contributable to Irrigation
Contractual Operations	21,637	85,785	
Jobbing		-	Adjust made based on actuals
Rental of Building, Property, and Equipment	3,027	12,000	
Transportation	541	2,144	
Insurance - Vehicle, General Liability, Workman's Comp.	2,541	10,074	
Regulatory Commission Expenses - Fees		497	Not applicable to Irrigation
Regulatory Commission Expenses - Amort. Rate Case		-	Not applicable to Irrigation
Regulatory Commission Expenses - CCR, and Public Relations		887	Insignificant Amt contributable to Irrigation
Office, Postage, Phone, and Bank Charges		9,337	Insignificant Amt contributable to Irrigation
Bad Debt		23,000	Insignificant Amt contributable to Irrigation
Repairs	2,858	11,329	
Net Depreciation/Amortization	43,670	410,179	Adjust made elsewhere in Rate Case
Utility Excise Tax	5,769	25,018	Adjust made based on actuals
Property Tax	447	1,770	
Payroll Tax	1,705	6,762	
Other Taxes & Licenses (DOH/PWB/ESD/DOE)		-	Insignificant Amt contributable to Irrigation
Miscellaneous	159,731	-	

	Irrigation Water Used	Potable Water Used	Total
Electricity	236,625,051	75,122,476	311,747,527
	<i>75.90%</i>	<i>24.10%</i>	

Employee Year	Combined GF, DO, GG, CP
	2009

General Administration	ACCT	Month												Totals	% of large categories	sub-% of large categories	% Overall
		January	February	March	April	May	June	July	August	September	October	November	December				
Administration/Meetings		114	94	127	117	96	92	88	72	86	107	75	86	1154		35.3%	
Locates		0	0	0	0	2	0	0	0	0	0	0	0	2		0.1%	
Professional Growth/Training		0	69	0	0	0	0	0	8	0	0	32	0	109		3.3%	
Customer Relations		35	18	75	74	52	60	57	55	73	53	54	65	671		20.6%	
General O&M		8	12	102	0	0	0	0	4	0	0	0	0	126		3.9%	
Outside Agency Support		31	16	31	37	32	37	30	20	26	20	28	25	333		10.2%	
Construction Inspection		0	0	0	0	0	0	0	0	0	0	0	0	0		0.0%	
Holiday		64	24	0	0	0	0	24	0	32	8	64	32	248		7.6%	
Vacation		0	0	48	32	16	56	80	48	16	16	16	112	440		13.5%	
Sick		16	8	2	13	15	8	8	24	8	16	48	16	182		5.6%	
Sub-Total GA		268	241	385	273	213	253	287	231	241	220	317	336	3265	36.3%	36.3%	

Water Company	ACCT	Month												TOTALS	% of large categories	sub-% of large categories	
		1	2	3	4	5	6	7	8	9	10	11	12				
Administrative/Meetings		11	3	3.5	2	10	12	15	12	6	7	20	6	107.5			
Water Rights		4	6	3	0	0	1	1	13	5	2	1	0	36			
Inspections		1	0	2	0	0	0	5	0	0	0	0	0	8		3.8%	1.7%
Water		0	0	0	0	0	0	0	3	0	0	0	0	3			
Reports		73.5	72	64	58	56	67	54	57	68	60	62	68	759.5			
Meter Reading		0	0	16	0	61	32	16	32	65	32	24	47	325			
Water Rights		0	0	0	0	0	8	0	0	0	0	0	0	8			
Winterization		0	14	0	0	0	0	0	0	0	100	80	0	194			
General O&M		209.5	89	66	75	47	80	142	61	22	111	112	114	1128.5			
Leaks		8	0	0	0	0	0	0	0	0	16	0	202	226		66.9%	29.4%
Irrigation		0	0	0	0	0	0	10	6	1	0	0	0	17			
Reports		0	0	0	1	0	0	0	0	0	0	0	0	1			
Meter Reading		0	0	0	0	0	0	0	0	0	0	0	0	0			
Water Rights		0	0	0	0	0	8	0	0	0	0	0	0	8			
Winterization		0	4	0	0	0	0	0	0	0	28	0	0	32			
General O&M		40	42	45	166	181	174	135	165	116	27	0	1	1092			
Leaks		8	0	0	0	0	0	0	0	0	0	0	0	8		29.3%	12.9%
Sub-Total Water		355	230	200	302	355	382	378	349	283	383	299	438	3953.5	44.0%		

Environmental Company	ACCT	Month												TOTALS	% of large categories	sub-% of large categories	
		1	2	3	4	5	6	7	8	9	10	11	12				
Administrative/Meetings		14	62	9.5	6	27	1	7	8	12	12	13	10	181.5			
Inspections		0	0	2	0	0	0	1	2	0	0	0	0	5		11.0%	2.1%
Sewer		0	0	0	0	0	0	1	0	0	0	0	0	1			
Reports		72.5	80	58	34	45	55	51	55	63	52	50	55	670.5			
Winterization		0	2	0	0	0	0	0	0	0	12	22	0	36			
General O&M		52.5	35	70	118	60	46	54	68	147	27	13	2	692.5			
Leaks		0	0	0	0	0	0	3	0	0	0	0	0	3		82.8%	15.6%
Storm		0	0	0	2	0	0	0	0	0	0	0	0	2			
Reports		0	0	0	0	0	0	2	0	0	0	0	0	2			
Winterization		0	2	0	0	0	0	0	0	0	2	0	0	4			
General O&M		17	32	14	26	0	2	4	0	0	1	0	0	96		6.1%	1.2%
Sub-Total Environmental		156	213	154	186	132	104	123	133	222	106	98	67	1693.5	18.8%		

Communications	ACCT	Month												TOTALS	% of large categories	sub-% of large categories	
		1	2	3	4	5	6	7	8	9	10	11	12				
Administrative/Meetings		1	0	0	0	3	0	6	10	20	13	2	1	56			
General O&M		0	2	0	0	8	8	0	0	0	0	0	0	18			
Inspections		0	0	2	0	0	0	0	0	0	0	0	0	2			
Sub-Total Communications		1	2	2	0	11	8	6	10	20	13	2	1	76	0.8%	0.8%	

Grand Total-All Categories 780 686 740 761 711 747 794 723 766 722 716 842 8988



Suncadia Water and Environmental Company Customer



IMPORTANT NOTICE
Water Rate Notification Letter

March 30, 2011

Dear Suncadia Water Company Customer:

The purpose of this letter is to inform you of upcoming changes that will affect your water rate charges. The amount of change varies according to service type and the amount of water consumed. A chart below in the body of this letter summarizes the changes.

The initial Suncadia Water Company (SWC) tariff and current water rates were approved by the Washington Utilities and Transportation Commission (WUTC) in 2008 with a condition that SWC file a new rate case after a "water usage true-up" was performed and additional water usage history had been accumulated, as discussed in more detail below.

- 1. Water Usage True-Up — The rate setting process for the Suncadia Water Company, finalized in November, 2008, included deferred accounting treatment for the variable purchased water component in the usage charges. The requirement was to adjust the difference between projected and actual water usage.

After an analysis of the system-wide water usage it was determined that the actual consumption water usage in the 12 month study period was lower than the system-wide predicted water consumption used to set the tariff by 1,722,524 gallons, or approximately 2.2%. This results in a true-up adjustment amount of \$0.10 per 1000 gallons, or a total of \$7,168.61 due from the rate payers, which is an increase in operating revenue of less than 1.0% based on study year data.

The \$7,168.61 due from rate payers will be collected on a monthly basis for 12 months or until the true-up dollar amount is reached. Charges will vary by meter size as indicated below.

Table with 2 columns: Customer Class (Residential and Commercial) and Monthly True-Up Charge for one (1) Year. Rows include 1-inch meter (\$0.81), 2-inch meter (\$5.10), 3-inch meter (\$11.06), and 4-inch meter (\$34.63).

- 2. Water Rate Case — This General Rate Case was required by WUTC Docket UW-081226. Changes from the past rate case are as follows. These changes are due to WUTC requirements, customer suggestions, and SWC requests.

- Tiered rates are adopted to encourage conservation.
- One full year (November 2009 through October 2009) of actual metered water usage data is utilized. December-to-December data is not utilized because meters are not read in the winter months due to freezing conditions and snowfall.
- One full year (2009) of employee time-keeping is utilized. Timesheets are maintained by all

employees of the Suncadia Water Company. Time spent on water company business is calculated and used in the setting of the rates.

- The Lodge special water rate is discontinued and the Lodge service is now treated the same as other metered services.
- Special irrigation rates are eliminated. All services of a given size pay the same amount regardless of how water is used by the end customer.

Consistent with the past filing, utilization of a "Used and Useful" concept continues, as does the use of special charges for dedicated fire lines. A Ready-To-Serve calculation is also included and updated. In total, the changes amount to an increase in operating revenue of approximately 22% based on study year data, although the increase will be less if the tiered rates result in significant water conservation. A summary of the changes is as follows:

Customer Class	Existing Monthly Base Charge	Proposed Monthly Base Charge	Percentage Change	
Residential, Standard Meters				
1-inch meter	\$ 41.79	\$ 42.00	+0.5%	
Commercial, Standard Meters				
1-inch meter	\$ 41.79	\$ 42.00	+0.5%	
1 1/2-inch meter	No Rate Set	\$ 84.00	N/A	
2-inch meter	\$ 133.79	\$ 134.40	+0.5%	
3-inch meter	\$ 250.74	\$ 252.00	+0.5%	
4-inch meter	\$ 417.90	\$ 420.00	+0.5%	
Dedicated Fire Lines				
1-inch	\$ 5.35	\$ 3.91	-27%	
2-inch	\$ 17.12	\$ 12.50	-27%	
3-inch	No Rate Set	\$ 23.44	N/A	
4-inch	\$ 53.50	\$ 39.06	-27%	
6-inch	\$ 107.00	\$ 78.13	-27%	
8-inch (Lodge)	\$ 171.20	\$ 125.00	-27%	
Consumption Charges				
		Existing Usage Charge	Proposed Usage Charge	Percentage Change
1-inch meter	Usage, 0 to 9000 gallons	\$ 2.52 per 1000 gallons	\$ 2.75 per 1000 gallons	+9%
	Usage, 9001 to 32,000 gallons	\$ 2.52 per 1000 gallons	\$ 5.25 per 1000 gallons	+106
	32,001 + gallons	\$ 2.52 per 1000 gallons	\$ 6.00 per 1000 gallons	+138
Other meter sizes are changed based on standard meter equivalents.				
Monthly Ready-To-Serve Charge	Existing: \$ 19.85	Proposed: \$ 25.41	Change: +28%	

Please note that the irrigation system that supplies water to the golf courses in Suncadia and Tumble Creek is completely separate from the domestic water supply system, which is the subject of this letter. Costs related to supplying water to the golf courses are not included in the costs that make up the water rates shown in the chart above.

If you have any questions about the proposed filing and how it will affect you, please call the Suncadia Water Company at 509-649-6370.

The commission has the authority to set final rates that may be either lower or higher from the company's request, depending on the results of its investigation. Commission staff will make a recommendation to the commissioners at an open meeting in Olympia, which is scheduled for 9:30 a.m. on [REDACTED] 2011. You will have an opportunity to comment in person at this meeting. If you are unable to attend the open meeting, the commission has a bridge line, which enables you to participate or listen by telephone. Call 360-664-1234 for instructions the day before the open meeting. You can also comment by using the "Public Comment" feature at the commission's web site at 'utc.wa.gov', or by using the contact information below.

Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
P.O. Box 47250, Olympia, WA 98504-7250
E-mail: comments@utc.wa.gov
Telephone: 1-888-333-WUTC (9882)

Please note that the requested effective date of this rate case is June 1, 2011. We are requesting this date specifically to allow ample time for our customers to comment and be a part of the process. A meeting was already held in 2010 with a group of customers to communicate our intentions during this rate case process.

Sincerely,

Cape Powers
Director of Utilities

PROMISSORY NOTE

\$3,000,000.00

December 31, 2009
Cle Elum, Washington

FOR VALUE RECEIVED, Suncadia Water Company, LLC, a Washington limited liability company ("Borrower"), promises to pay to the order of Suncadia, LLC, a Delaware limited liability company ("Lender"), the principal sum of Three Million Dollars (\$3,000,000.00), with interest thereon as provided below. Interest on the outstanding principal balance shall accrue from the date of this Note forward at the rate of 7.81% per annum. Principal and interest shall be payable in lawful money of the United States, at such place as Lender may designate.

Borrower shall pay all accrued interest on the first day of each month during the term of this Note. The entire outstanding balance of principal and interest of this Note shall be due and payable on December 31, 2011.

Borrower shall have the right, upon payment of all accrued interest to the date of payment, to prepay at any time in advance of maturity, without premium or penalty, all or any part of the principal amount of this Note.

If Borrower fails to pay any installment of principal or interest hereunder within 30 days after notice from Lender that such payment is past due, the loan evidenced by this Note may be accelerated and the outstanding principal balance and all accrued interest shall become immediately due and payable, at Lender's option and without further notice to Borrower, and the outstanding principal shall bear interest at the rate of 12% per annum from the date of default until paid in full. Further, Lender shall be entitled to pursue any and all rights and remedies available to it under law.

Borrower waives diligence, presentment, demand, protest, and notice of any kind whatsoever. The nonexercise by Lender of any of its rights hereunder in any instance shall not constitute a waiver thereof in that or any subsequent instance.

If this Note is placed in the hands of an attorney for collection after any default, Borrower promises to pay all costs of collection and a reasonable sum as attorneys' fees, whether suit is brought or not.

This Note is to be construed in all respects and enforced according to the laws of the State of Washington.

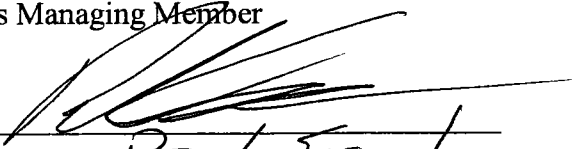
BORROWER ACKNOWLEDGES THAT ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.


BORROWER:

SUNCADIA WATER COMPANY, LLC,
a Washington limited liability company

By: Suncadia, LLC,
a Delaware limited liability company,
its Member

By: Easton Ridge Investors, LLC,
a Delaware limited liability company,
its Managing Member

By: 
Name: Paul Eisenberg
Its: Senior Vice President

By: 
Name: GARY A. KETTLESTON
Its: Vice President

**Management Agreement Between
Suncadia Water Company, LLC
And
Suncadia, LLC**

This Management Agreement (Agreement) is made this first day of January, 2009, by and between Suncadia LLC, a Delaware limited liability company, (Manager), and Suncadia Water Company, LLC, a Washington limited liability company (Company), and shall upon execution hereof by the parties constitute the sole agreement between the parties with respect to the management of the Company located in Cle Elum, Washington.

Agreements:

- I. Suncadia LLC Designated Managing Agent for the Company.
 - a. The Manager is hereby designated as "Managing Agent" for the Company and shall exercise such authority and assume such responsibility as is required under this Agreement. The specific duties of the Manager, in addition to those required by law, are as set forth in this Agreement and in Exhibit A.

- II. Duties of Suncadia LLC.
 - a. The duties of the Manager shall include the following:
 1. Manager shall provide financial management and control of all funds of the Company, shall take custody of all monies, and shall accurately account therefore to the Company.
 2. Manager shall maintain all bank accounts for the Company.
 3. Manager shall prepare interim Financial Statements for each month of the year for the Company and annual Financial Statements as required.
 4. Manager shall prepare budgets for the Company which will be presented for approval to the owners of the Company.
 5. Manager shall supervise those persons engaged in the day-to-day operations of the Company.
 6. A more detailed list of financial related duties and other duties to be performed by the Manager is set forth in Exhibit A attached to this Agreement and made a part hereof by reference.

- III. Employment Management.

- a. The Manager will advise the Company with regard to hiring and personnel matters and procedures for compliance with legal requirements regarding personnel, and shall perform such duties in connection with personnel matters as shall be requested from time to time by the Company. The Manager will maintain employee records, submit payroll reports, and process payroll for the Company.
- b. The Company agrees to reimburse the Manager for all the actual costs of the wages and benefits (including holiday pay, sick pay, vacation pay, insurance costs, worker's compensation insurance and other employee benefits) provided by the Manager to its employees necessary to perform the duties required to operate the Company. The Management Agreement Fee (Section VII c.), as adjusted from time to time, will be deemed to be the reimbursement for these actual costs. Additionally, the Manager shall be reimbursed by the Company for any actual out-of-pocket costs that the Manager incurs on behalf of the Company. Collectively, the Management Agreement Fee and reimbursement of Manager's out-of-pocket costs shall be referred to as the "Reimbursement of Operating Costs."

IV. Meetings and Minutes

- a. The Manager will provide assistance to the Company in preparation for any required meetings of the Company. Manager will assist in preparation of the meeting notice, agenda, and other proper requirements for conduct of the meeting. Manager shall maintain minutes and other records for the Company.

V. Contracting and Insurance.

- a. The Manager shall be authorized to sign contracts on behalf of the Company.
- b. Manager will be specifically named as an additional insured on the Company's insurance policies. In the event of cancellation or termination or modification or non-renewal of the aforementioned insurance, notification of such cancellation will be provided to the Manager and the Company at least thirty (30) days prior to its cancellation. The Company shall obtain, at Company's expense, a fidelity bond covering Manager's employees responsible for handling the Company's funds.

VI. Indemnification

- a. Where the Manager has acted in its capacity as consultant or agent of the Company in any of the Company's business, and has thereby become subjected to claims or liabilities related to the conduct of the Company's business, the Company shall hold the Manager harmless and defend and indemnify the Manager against any and all such claims including

reasonable attorney's fees so incurred by the Manager, provided, however, that no such saving harmless or indemnity shall extend to any such claim from which it has been determined by a court of competent jurisdiction that the claim has arisen from a reckless or negligent or willful breach of this Agreement by the Manager (or any officer, employee, or agent of the Manager) or from reckless or negligent or willful failure by the Manager (or any officer, employee or agent of Manager) to carry out the business of the Company in a prudent, faithful and diligent manner.

VII. Term of Agreement; Fees

- a. The initial term of this agreement shall be from January 1, 2009 to December 31, 2014, and shall automatically renew for successive five-year periods after December 31, 2014. This Agreement can be terminated by either party by providing written notice of such termination to the other party. The termination notice shall specify the date upon which the Agreement terminates (Termination Date), provided the Termination Date must be at least thirty (30) days after the date of the written termination notice.
- b. The Company shall pay the Manager fees for the Manager's costs incurred in performing the work as set forth in this Agreement (Management Agreement Fee). The Management Agreement Fee is payable in equal monthly installments on or before the tenth (10th) day of each calendar month.
- c. The Management Agreement Fee is set forth in Exhibit B, as is amended from time to time, in writing, signed by both parties.

VIII. Termination for Cause.

- a. If the Manager shall materially breach this Agreement or materially breach its fiduciary duty as an agent under this Agreement, the Company shall have the right to terminate this Agreement by providing written notice to Manager of such breach, subject to Manager's rights to cure as set forth below, and, in the event of an uncured material breach, to order all funds of the Company to be turned over by the Manager to the Company's own officers; provided that the Manager shall be indemnified by the Company for any loss caused by the Company related to or resulting from such termination. In exercising the power to terminate under this Agreement, the Company shall state the exact nature of the Manager's material breach of this Agreement or of Manager's fiduciary duty as an agent under this Agreement in a written notice provided to Manager, and Manager shall have sixty (60) days after receipt of such notice to cure the breach. If the material breach is of such a nature that it cannot be completely cured within the 60 day period, this Agreement shall not be subject to termination so long as the Manager commences the cure of the breach within the 60 day period and thereafter proceeds diligently and in good

faith to effect the cure as soon as practicable. In the event of a valid termination of this Agreement, the Company shall pay to Manager all of the Management Fee that is due and owing through the effective date of such termination.

IX. Disclosure of Financial Interest

- a. Suncadia LLC owns 100% of the equity interest of Suncadia Water Company, LLC.

X. Miscellaneous


- a. This Agreement shall be governed by and construed under the laws of the State of Washington.
- b. Notices given by the Manager to the Company pursuant to this Agreement shall be delivered in person or by certified mail by the Manager to any officer of the Company to 4244 Bullfrog Road, Cle Elum, WA, 90922, and by Company to the Manager shall be delivered in person or by certified mail to 4244 Bullfrog Road, Cle Elum, WA, 90922.
- c. Neither party shall assign its rights under this Agreement without the other's prior written consent. The provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto, and their respective successors and permitted assigns, if any.
- d. Manager and Company are the only parties to this Agreement and are the only parties entitled to enforce its terms. Nothing in this Agreement gives, is intended to give, or shall be construed to give or produce, any benefit or right, directly or otherwise, to third persons unless such third persons are individually identified by name herein and expressly described as intended beneficiaries of the terms of the Agreement.
- e. If any term or provision of this Agreement is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and provisions shall not be affected and the rights and obligations of the parties shall be construed and enforced as if the Agreement did not contain the particular provision held to be invalid.
- f. No modification or waiver of any of the provisions, or any future representation, promise, or addition, shall be binding upon the parties unless made in writing and signed by the parties. The terms of this Agreement shall not be waived, altered, modified, supplemented or amended in any manner whatsoever, without the written agreement of the parties.
- g. The relationship between the parties contemplated by this Agreement is that of independent entities. Nothing stated in this Agreement shall be construed as creating a partnership or joint venture between Manager and Company or creating the relationship of employer and employee. Manager is an independent contractor of the Company.

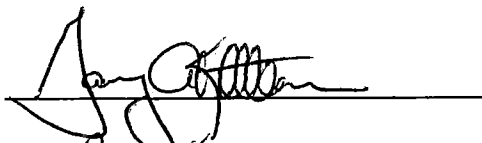
- h. This Agreement, including the exhibits, constitutes the entire agreement between the parties. There are no understandings, agreements, or representations, oral or written, not specified herein regarding this Agreement.
- i. All provisions of this Agreement, the full performance of which is not required prior to termination (including, without limitation, Article VI), and all dispute resolution provisions shall survive termination and be fully enforceable thereafter.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

Suncadia, LLC:

By: Easton Ridge Investors, LLC, a Delaware limited liability company, its managing member.



By: Paul Eisenberg
Its: Senior Vice President

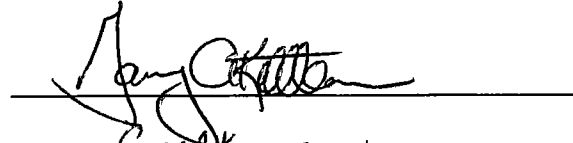

By: GARY A. KETTLESON
Its: VICE PRESIDENT

Suncadia Water Co, LLC:

By: Suncadia, LLC, a Delaware limited liability company.

By: Easton Ridge Investors, LLC, a Delaware limited liability company, its managing member.


By: Paul Eisenberg
Its: Senior Vice President


By: GARY A. KETTLESON
Its: VICE PRESIDENT

**Management Agreement Between
Suncadia Water Company, LLC
And
Suncadia, LLC**

Exhibit A

1. Prepare annual budgets.
2. Prepare monthly forecasts as required.
3. Provide cash management of funds of the Company.
 - a. Maintain bank accounts.
 - b. Monitor bank account balances.
 - c. Administer financing as required.
 - d. Manage debt repayment and compliance with banking institutions as required.
4. Maintain general ledger and prepare financial reports for the Company monthly.
5. Maintain employee payroll records and prepare all government reports.
 - a. Calculate and pay all payroll and payroll-related taxes and benefits.
 - b. Produce and submit all Federal, State, and local government reporting of employee status.
 - c. Maintain permanent records of all employees and employee related taxes and benefits.
6. Assist Company's auditors in conducting the annual outside audit by providing:
 - a. Confirmation of bank accounts.
 - b. Schedules of prepayments, delinquencies, and reconciliations.
 - c. Listing of all capital expenditures.
 - d. Provide such other accounting records as the auditor may require.
7. Prepare all financial reports required by the Washington Utilities and Transportation Commission (WUTC).
 - a. Prepare periodic reports as required by the WUTC.
 - b. Manage and provide supporting documentation for rate application process.
8. Provide access to information systems and telecommunications services.

- a. Maintain systems required for operations of the Company.
 - b. Install new systems as required.
9. Provide management oversight for onsite accounting and clerical staff.
- a. Review of work product.
 - b. Evaluate existing staff.
 - c. Evaluate new staff requirements as appropriate.
10. Provide management oversight for Director Of Utilities and Company staff.
11. Direct long range planning for the Company.
12. Tax Returns
- a. Cause Company Federal Income Tax Return to be filed, or ensure Company is included in a consolidated federal income tax return of the owners.
 - b. File and ensure payment of Company's Washington Department of Revenue Excise Tax Returns.
 - c. Complete Company's tax reporting obligations including Form 1099 reporting.
13. Accounts Payable.
- a. Maintain accounts payable system
 - b. Make timely payments to vendors and reconcile vendor accounts.
14. Accounts Receivable.
- a. Assist Company personnel with maintaining accounts receivable system and customer collections.
15. Maintain fixed assets system and calculation of depreciation.

**Management Agreement Between
Suncadia Water Company, LLC
And
Suncadia, LLC**

Exhibit B

Management Agreement Fee

The Company shall pay the Manager an annual Management Agreement Fee for performing the services described in this Agreement equal to Thirty-Seven Thousand Five Hundred Dollars (\$37,500.00) in equal monthly installments of Three Thousand One Hundred Twenty-Five Dollars (\$3,125.00).

Additionally, the Company agrees to reimburse the Manager for any out-of-pocket costs that the Manager incurs in the Company's behalf.

The Management Agreement Fee and the reimbursement of any of Manager's out-of-pocket costs shall collectively be called the "Reimbursement of Operating Costs."