

AMERICAN WATER RESOURCES, INC.
Staff's Gain on Sale Accounting of Birchfield Water System
August 2003

RATE BASE

	Birchfield Water
Utility Plant in Service	77,522
Accumulated Depreciation	(8,522)
Net Plant	69,000

Less Net CIAC	0
Rate Base	69,000

Sale Price	325,500
Rate Base	(69,000)
Gain on Sale	\$256,500

11,500 Assumption of Outstanding expense by LCW&SD 5

CAPITAL STRUCTURE

NET PLANT financed by:

4 Year Averaging

Debt	855,951	49%		
CIAC	699,774	40%		89% Customers
Equity	198,392	11%		11% Shareholders
	1,754,117	100%		100%

	Birchfield Water
Sale Price	325,500
Rate Base	(69,000)
Gain on Sale	256,500
Expenses of Sale	0
Acquisition Adjustment	0
Tax / Escrow Cost Estimate	(38,475)
Net Sale Proceeds / Gain	218,025

15%

ALLOCATION

Allocation of Gain	218,025
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Customers	Shareholders
89%	11%

	Rate Base				
Allocation of Gain		193,366		24,659	
		193,366		93,659	287,025
Total					

AMERICAN WATER RESOURCES, INC.

CAPITAL STRUCTURE

NET PLANT financed by:

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>Total</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>Average</u>	
Debt	1,013,326	1,213,596	675,863	521,019	3,423,804	55.1%	61.0%	58.9%	67.9%	60.7%	
CIAC	783,935	649,043	660,171	705,949	2,799,098	35.8%	31.4%	45.6%	36.3%	37.3%	98%
Equity	(76,252)	(76,164)	446,312	499,670	793,566	9.1%	7.6%	-4.4%	-4.3%	2.0%	2%
	<u>1,721,009</u>	<u>1,786,476</u>	<u>1,782,346</u>	<u>1,726,637</u>	<u>7,016,468</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

4 Year Averaging

Debt	855,951	49%			
CIAC	699,774	40%	89%		Customer
Equity	198,392	11%	11%		Shareholder
	<u>1,754,117</u>	<u>100%</u>	<u>100%</u>		